



New York Taxi Workers Alliance

MEDALLION DEBT RESTRUCTURING

Today, yellow cab medallion loans are largely underwater: the average loan balance is \$550,000 while the average sale price is \$100,000.

Owner-drivers, overwhelmingly immigrants of color, personally guarantee medallion loans. This means that in the event of a foreclosure, the lender will pursue the owner-driver for any balance that remains after the sale of the medallion. After years of poverty income, and loss of retirement, owner-drivers are further at risk of losing their savings, assets, and livelihood.

In a startling testament to this financial pressure, nine drivers, three of whom are owner drivers, have committed suicide since 2017.

The Crisis by the Numbers

>92%

Immigrants

50

Average age

\$550K

Average Debt

9

Drivers have committed suicide – three were owner-drivers.

>90%

Medallion value dropped from \$1m in 2014 to \$75k in 2020.

900+

Owner-Drivers have declared bankruptcy.

A solution to this crisis is possible. The addition of a government guarantee, or backstop, to a city program of \$20k cash down payments to use toward debt restructuring would facilitate real debt forgiveness. A mostly immigrant workforce that has served this city 24x7 would have their life back. As the cause and benefactor of the crisis - the city collected over \$850 million from medallion sales from 2004 to 2017- the **City has a moral obligation to right this injustice.**

Manufacturing the Medallion Crisis

Medallion Price from 2004 - 2020



Data Source: New York City Council Medallion Task Force

For generations, being a medallion owner-driver guaranteed entry into the middle class. Today, it means carrying a crushing debt and an uphill battle to make ends meet.

From 2004 to 2013, the value of the medallion increased from \$360,000 to \$965,000. **The TLC described this 518% increase as “a major agency accomplishment.”** The NYS Attorney General has called it an act of fraud.

The City set opening bids at medallion auctions, and actively pursued drivers. They sent direct mailers and advertised to potential borrowers that medallions were **one of the most secure investments.** In 2014, as the City readied to allow in Uber and Lyft unregulated, the opening bid was set at **\$850K.**

Preserving an Iconic Industry

Financial Impact

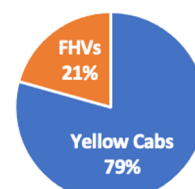
+25K

Yellow cab industry supports more than 25,000 jobs, including lease drivers, dispatchers, office staff, etc....

+\$1.2B

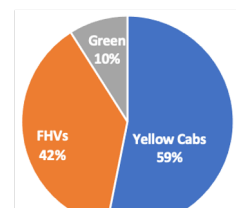
Since 2002, yellow cab drivers brought in more than \$1.2 billion in revenue to fund the MTA

Wheelchair Accessible Rides



Yellow cabs provide nearly 80% of all wheel-chair accessible rides in New York City.

Climate Impact



Nearly 60% of yellow cabs are hybrids, compared to 42% of Uber and Lyft vehicles.



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A Just and Durable Solution to the Medallion Debt Crisis

On March 9, 2021, the City announced the Taxi Medallion Owner-Driver Relief Fund to provide \$20,000 to use toward restructuring loans and \$9,000 toward 6 months of mortgage payments. The TLC's proposed rules explicitly allow for mortgages of up to \$2,000 per month. Mortgages of this amount will condemn drivers to earning sub-minimum wage. Foreclosures, bankruptcies, and life-long debt will continue. Critically, the personal guarantees will remain, putting thousands of families at risk of losing assets and wages in the event of a foreclosure. Further, owner-drivers offered a cash settlement (\$150,000 on average) to close out the loan have no avenue to borrow the monies.

We need a global solution to resolve this crisis: adding a guarantee fund would incentivize medallion lenders for significant restructuring; incentivize community lenders to loan to those who are offered cash settlements; and protect all owner-drivers against further risk.

NYTWA's Fiscally Sound Plan Sustains Drivers

Using the self-sufficiency index, owner-drivers must net \$4,000 per month for basic needs. This still does not account for their **lack of workers comp, disability, paid sick or medical leave and paid time-off**. To keep owner-drivers out of poverty, the mortgage must be under \$800.

Daily Gross Bookings	\$300	\$350	\$400
Daily Shift Expenses (Taxes, Fuel)	\$75	\$85	\$95
Proposed Monthly Medallion Mortgage	\$700	\$700	\$700
Other Monthly Operating	\$913	\$913	\$913
Net Monthly Income (288 hours worked)	\$3,787	\$4,747	\$5,707
Net Hourly Pay (12 hours, no overtime)	\$13	\$16	\$20

Our risk model,* declared "fiscally sound" by the NYC Comptroller, projects the cost of the most expensive scenario (4k loans at \$145k) of the guarantee to be \$3 million per year, or \$92 million over 30 years.

Risk Factors & Mitigators	Total	Monthly Mortgage
Participating Loans	4,000	\$692.25
Maximum Loan Amount	\$175,000	
NYC Medallion Fund**	(\$30,000)	
Guaranteed Amount	\$145,000	Debt Restructured by Lenders
Collateral	(\$75,000)	\$1,125,000,000
Default Rate	5%	
Total Exposure (over 30-y)	\$92 million	
Average Yearly Exposure	\$4 million	

*See [here](#). ** TLC maintains the \$65m fund & adds an average of \$3M a year over 30 years as the projected cost of the guarantee.

CHUCK SCHUMER, SENATE MAJORITY LEADER.

"I stand with the New York Taxi Workers Alliance in their urgent mission to forge a financial lifeline for their hard-pressed members to restructure medallion debt, salvage their future retirement, and have a fair chance at earning a living wage for all of their many hours behind the wheel."

SCOTT STRINGER NEW YORK CITY COMPTROLLER

"The taxi medallion crisis is a test of our commitment to fighting poverty and preserving pathways to the American Dream."

BERNIE SANDERS U.S. SENATOR

"Thousands of taxi workers are struggling to put food on the table because of the greed of predatory lenders and massive rideshare companies. I stand with NYTWA taking action: the debt of these workers must be forgiven now."

REP. ALEXANDRIA OCASIO-CORTEZ

"This is manufactured financial indentured servitude. And it is wrong. We need to bail out these drivers."

TISH JAMES, NEW YORK ATTORNEY GENERAL

"NYC's taxi medallion owners have been economically devastated in recent years, and the New York Taxi Workers Alliance relief package provides a responsible way to help these small businesses and the industry recover."