

# NEWS FROM THE ULSTER COUNTY OFFICE OF THE COMPTROLLER

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## **Comptroller Recommends Foreclosure of 701 Grant Avenue to Recoup \$10 Million in Taxes, Penalties, Interest and Return the Property to the Tax Roll**

Kingston, NY (June 27, 2022) – The Ulster County Comptroller, March Gallagher, released a report on delinquent property tax collections for 701 Grant Avenue after it was brought to light that the County had taken no action on the property eligible for foreclosure since 2013.

“The delinquent property taxes from 701 Grant that should be going toward services we all use, like upkeep of roads and bridges, are owed to the people of Ulster County and I am recommending to the Legislature that as much of the arrears as possible be collected through the foreclosure process,” **said Ulster County Comptroller, March Gallagher.** “Property owners should not be able to stiff the taxpayers while they line their pockets. I am also advising the Legislature to adopt a consistent policy for delinquent tax collection, foreclosure, and removal of properties from foreclosure rolls so that the people and property owners of Ulster County know what to expect and have assurance that there is a fair and equitable system in place.”

“The Legislature is grateful to have the detail contained in the Comptroller’s review of 701 Grant Avenue,” **said Ulster County Legislature Chair Tracey Bartels.** “Without hesitation, I concur that the County should foreclose upon the property immediately and have been urging the same. This property has highlighted shortcomings in our internal procedures and controls. The Legislature will be drafting a comprehensive policy regarding tax foreclosure eligible properties including a process whereby properties are recommended for removal; notification to the Legislature of said removal; a comprehensive disposition plan for properties acquired through the “in rem” delinquent tax lien foreclosure process; and related policies to respond to the complex housing needs in our county.”

Ulster Acquisitions I LLC has not paid any real property taxes on the property at 701 Grant Avenue in the Town of Ulster since 2010, and now owes over \$10.1 million in back taxes, penalties, and interest. Financial Statements provided to the court also showed that property owners have taken at least \$1.875 million in distributions from the property, however only four years of statements were available for review. LLC members continued to take distributions as recently as 2021, and the property is partially occupied with at least 6 existing office space tenants producing over \$1 million in revenues in 2021. The building which needs roof repair and maintenance, is being actively marketed for commercial rental space.

The review is the first portion of a more expansive audit of real property tax collections that began in March of this year. The Office identified the property for a special review after questions were raised in the Ulster County Legislature’s Ways & Means Committee.

The Comptroller's Office examined all available documentation including payment records, bills, internal communications and legal filings for the foreclosure and simultaneous tax certiorari cases and found the County had no reason to delay foreclosing on the property.

Although the property was next to a potentially hazardous site that has since been remediated, there were no known significant environmental risks in the record that should have prevented foreclosure. Furthermore, although the owners cited egregious tax assessment in response to the foreclosure action, that is a legally insufficient reason to prevent foreclosure. Several cases brought by the owners to contest the tax assessment were dismissed with prejudice.

The Comptroller's Office recommended to the Executive that the County proceed with foreclosure and disposition of this property to recoup as much foregone tax revenue as possible, and the County Executive's Office has indicated a plan to foreclose on the property.

The Comptroller's Office also recommends the adoption of a policy to guide delinquent tax collection and property sales that would create a real property committee and define responsibilities and documentation requirements to address the removal of properties eligible for foreclosure from foreclosure proceedings.

The report can be accessed at <https://comptroller.ulstercountyny.gov/audit-reports/comptrollers-review-701-grant-avenue> and the report appendices can be reached at [https://drive.google.com/file/d/1r\\_ljYGB7P-eUKb3d5gzckIoX-ksagt7/view?usp=sharing](https://drive.google.com/file/d/1r_ljYGB7P-eUKb3d5gzckIoX-ksagt7/view?usp=sharing)

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