

1 THE CITY OF NEW YORK
2 RENT GUIDELINES BOARD

3 -----X

4 MEETING OF THE DIRECTORS

5 -----X

6 April 30, 2020
7 10:00 a.m. - 12:00 p.m.

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13 TRANSCRIPT OF VIDEOCONFERENCE

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20 B E F O R E:

21 DAVID REISS,

22 THE CHAIR

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1 **A P P E A R A N C E S:**

2 **Board of Directors:**

3 David Reiss, The Chair

4 Patti Stone

5 Scott Walsh

6 Sheila Garcia

7 Leah Goodridge

8 Alex Schwartz

9 Cecilia Joza

10 Christina DeRose

11 Christian Gonzalez-Rivera

12

13 **S T A F F:**

14 Andrew McLaughlin

15 Executive Director

16 Brian Hoberman

17 Research Director

18 Danielle Burger

19 Deputy Research Director

20 Charmaine Superville

21 Office Manager

22

23

24

25

1 04-30-20 - RGB Directors' Meeting

2 CHAIRMAN REISS: Good morning.

3 I'm David Reiss, chair of the New York City
4 Rent Guidelines Board, and I'd like to welcome
5 you to this virtual meeting of the board.

6 This is the second meeting in a
7 series of public meetings and hearings to
8 determine renewal lease adjustments for
9 rent-stabilized housing units in New York
10 City, with leases commencing on or being
11 renewed on or after October 1st, 2020, and on
12 or before September 30, 2021.

13 Before I get started, I would just
14 like to reiterate something I had said last
15 week, which I'm very grateful to the staff
16 which has been very nimble in responding to
17 the impact of the pandemic on the operations
18 to the board in terms of the research they are
19 doing and adapting to this virtual
20 environment.

21 I'll now take roll call. Please
22 respond if present.

23 CHAIRMAN REISS: Christina DeRose.

24 MEMBER DeROSE: Present.

25 CHAIRMAN REISS: Sheila Garcia.

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2 MEMBER GARCIA: Present.

3 CHAIRMAN REISS: Christian

4 Gonzalez-Rivera.

5 MEMBER GONZALEZ-RIVERA: Present.

6 CHAIRMAN REISS: Leah Goodridge.

7 MEMBER GOODRIDGE: Present.

8 CHAIRMAN REISS: Cecilia Joza.

9 MEMBER JOZA: Present.

10 CHAIRMAN REISS: Alex Schwartz.

11 MEMBER SCHWARTZ: Present.

12 CHAIRMAN REISS: Patti Stone.

13 MEMBER STONE: Present.

14 CHAIRMAN REISS: Scott Walsh.

15 MEMBER WALSH: Present.

16 CHAIRMAN REISS: David Reiss.

17 Present.

18 Our next virtual meeting will be

19 May 5th starting at 9:30 a.m., the board will

20 hear testimony from speakers who have been

21 invited by the tenant and owner members of the

22 board.

23 Speakers representing owners will

24 be heard from 9:30 a.m. till noon, and

25 speakers representing tenants from 1:30 p.m.

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2 to 3:30 p.m.

3 Information on how to attend this
4 meeting is posted on our website nyc.gov/rgb
5 in our meetings.

6 If you are interested in receiving
7 e-mail updates about upcoming RGB meetings and
8 hearings, please go to our homepage and click
9 on RGB e-mail updates under Quick Links.

10 The preliminary vote for
11 rent-stabilized renewal lease adjustments is
12 currently scheduled for May 7th. This will be
13 a virtual meeting, information to attend this
14 meeting will be made available in the near
15 future.

16 Today staff will present the 2020
17 Income and Affordability Study and the 2020
18 Mortgage Survey Report. Both of these reports
19 have been posted on our website and are
20 available to the public as well as the slides
21 from the staff presentations. Just click
22 research on our homepage to download these
23 documents.

24 Before we proceed with our reports
25 I'd like to take a moment to explain when the

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2 new lease adjustments determined by this board
3 over the next few months will go into effect.

4 The current adjustments of
5 1.5 percent for a one-year lease renewal and
6 2.5 percent for two-year lease renewals are in
7 effect until September 30th. So any lease
8 renewed from now to that September 30th date
9 are subject to these current guidelines.

10 The new adjustments set by this
11 board will go into effect on October 1st and
12 will effect rent-stabilized leases renewed
13 from October 1st, 2020 through September 30th,
14 2021.

15 With that, I'd like to turn it
16 over to Andrew.

17 Andrew, you're muted.

18 EXEC. DIR. McLAUGHLIN: Before I
19 go into the little bit of presentation I was
20 going to do, I just want to share my screen
21 and just show you the quick links to our
22 e-mails and just where you can download our
23 reports for the people who are watching. So
24 I'm just going to do that quickly.

25 So this is our homepage for quick

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2 links. If you want to be added to our e-mail
3 updates, which will give you information about
4 our meetings, when they are, how to join them,
5 and also our reports, you would just click on
6 here which gives you the e-mail updates page
7 and click on this link to subscribe to our
8 updates. And then you'll go to the nyc.gov
9 e-mail updates page, just put in your e-mail,
10 create a password, put in your ZIP code. And
11 then down below here just click on New York
12 City Rent Guidelines Board so you'll get all
13 our meeting announcements. So that's how that
14 works.

15 And if you're interested in our
16 research, again, from our homepage or any one
17 of our pages, you can click on research up
18 here and you'll see our current reports that
19 have been released, including the two that
20 we're talking about today as well as our
21 presentations.

22 So if you want to follow along at
23 home, if you're an attendee on a phone and you
24 do happen to be by a computer and you want to
25 follow along with the slides, you're welcome

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2 to do so. So that's a little bit of an update
3 there.

4 So now I'm just going to go over a
5 little bit, we wanted to make sure that we're
6 responding to some of the issues you had that
7 you brought up last week in terms of the data
8 that we're presenting. So just to go over a
9 little bit about what we sent you just
10 briefly, but since this meeting has a lot to
11 do with the Income and Affordability Study,
12 which is our local economy, we sent some links
13 that I hope you had a chance to review.

14 We had sent an initial analysis of
15 housing costs of households most vulnerable to
16 job layoffs which was conducted by the NYU
17 Furman Center.

18 A summary of the Coronavirus Aide
19 Relief and Economic Security Act, the CARES
20 Protections Act, which has elements for
21 tenants and owners that are
22 federally-supported rental buildings, and that
23 was released by the Urban Institute.

24 And a report from The New School
25 Center of New York City Affairs entitled "The

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2 New Strain of Inequality: The Economic Impact
3 of Covid-19 in New York City."

4 So these have to do with the
5 economy in the city and somewhat nationally as
6 well.

7 We had also sent you some links to
8 the Federal Reserve Bank of New York and their
9 website. In particular we wanted to point out
10 the Weekly Economic Index. And this is real
11 economic activity using timely and relevant
12 high-frequency data which is posted on the
13 Federal Reserve Bank of New York website.

14 It is done by a couple of
15 economists that work for the Fed as well as a
16 Harvard economist as well, but it is something
17 that is posted on the Federal Reserve Bank
18 website. And it represents the common
19 component of ten different daily and weekly
20 series covering consumer behavior, the labor
21 market and production.

22 So it's a weekly look at what's
23 going on with the economy. So it's just
24 interesting to note that the WEI is currently
25 at a negative 11.59 percent. And for the week

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2 ending April 25th was -- that was for the week
3 ending April 25th. And ending April 18th it
4 was negative 11.08. Just to put it in some
5 context, at the end of February it was
6 1.58 percent.

7 And I know that may sound a little
8 bizarre and I think this graph probably
9 illustrates it better than what I just said,
10 but here's the weekly from 2008 going to
11 present. And I think it's a good reflection
12 of probably what we all feel and what we think
13 is happening with the economy from everything
14 we've heard.

15 So this is interesting that the
16 WEI followed, and here's the recession that we
17 had in this time period where it dropped here
18 and it was negative growth in GDP. And as you
19 go along we can see we're humming along and
20 then we sort of fall off a cliff with the
21 current Covid-19 crisis.

22 So I just wanted to put this in
23 perspective how the economy is -- what we
24 think is happening and I think this is an
25 illustration of, yeah, somebody is measuring

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2 this as we go along. And it will impact both
3 sides of the equation, owners and tenants, but
4 it gives everyone a visual of what's going on.

5 So I just wanted to point those
6 few things out.

7 Now Danielle is going to go
8 specifically more into the economy and what's
9 happening currently with New York City and New
10 York State and somewhat of national numbers as
11 well. But we just wanted -- we thought that
12 it was something that would sort of give you a
13 visual of what truly is going on.

14 So what I'm going to do is back
15 out of this and let Danielle take over with
16 the Income and Affordability Study.

17 MS. BURGER: Good morning.

18 Everyone has seen my presentation,
19 right?

20 CHAIRMAN REISS: Danielle, it's
21 not in presentation mode, it's in a different
22 mode. It includes your personal notes, I
23 think.

24 MS. BURGER: Okay. I practiced
25 this before but let me try again.

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2 Let me try this one more time. I
3 swear I practiced this.

4 Are you seeing my notes?

5 EXEC. DIR. McLAUGHLIN: No.

6 MS. BURGER: Okay.

7 Good morning. I would like to
8 start by reading a special note regarding the
9 2020 Income and Affordability Study:

10 "While published in April 2020,
11 this report focuses on data from 2019.

12 "Due to the as-of-yet unknown
13 impact of the Covid-19 virus, it does not
14 reflect the current economic condition of New
15 York City and should not be interpreted as
16 such.

17 "A supplement at the beginning of
18 the written report provides some of the
19 limited current data that is available from
20 government bodies and also follows later in
21 this presentation.

22 "Any data from this report that
23 can be updated before the final vote of the
24 2020-2021 Rent Guidelines will be distributed
25 via a memo.

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2 "Future editions of this report
3 will better reflect some of the hardships that
4 our fellow New Yorkers are experiencing."

5 Just to explain a little bit about
6 the I&A study. It is researched and presented
7 each year in accordance with Section 26-510(B)
8 of the Rent Stabilization Law which requires
9 the Rent Guidelines Board to consider relevant
10 data from the current and projected cost of
11 living industries and permits consideration of
12 the other measures of housing affordability in
13 its deliberations.

14 To assist the board in meeting
15 this obligation, RGB research staff produced
16 an annual Income and Affordability Study which
17 reports on housing affordability and tenant
18 income in New York City's rental market.

19 This study highlights year-to-year
20 changes and many major economic factors
21 affecting New York City's tenant population
22 and takes into consideration a broad range of
23 market forces, rent levels and public policies
24 affecting housing affordability.

25 Such factors include New York

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2 City's overall economic condition including
3 unemployment rates and inflation rates, as
4 well as household income and housing costs,
5 and other relevant factors such as the number
6 of eviction proceedings and homelessness
7 levels.

8 I will now briefly summarize the
9 highlights of the 2020 Income and
10 Affordability Study's 2019 data.

11 In summary, 2019 saw New York City
12 with growth in gross city product with an
13 inflation adjusted for real terms increased by
14 2.4 percent during calendar year 2014, the
15 tenth consecutive year of increase.

16 The City also gained 95,600 jobs,
17 a 2.1 percent increase. And inflation rose at
18 a slightly lower rate than the previous year,
19 with prices rising 1.7 percent on average
20 during 2019 in the metro area.

21 And inflation-adjusted wages
22 increased by 0.4 percent in real terms over
23 the prior 12 months.

24 The unemployment rate fell to
25 3.9 percent, and housing court nonpayment

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2 cases fell 24.3 percent in 2019, and
3 calendared cases fell by 22.2 percent.
4 Evictions also fell by 15.1 percent during
5 2019 and homeless staying in city shelters
6 decreased, falling by 0.9 percent while the
7 number of cash assistance recipients decreased
8 by 6.0 percent and the number of food stamp
9 recipients, now known as SNAP, decreased by
10 5.0 percent.

11 I will now focus on some of the
12 data from the supplement to the report which
13 was in the beginning of the report and is the
14 most recent data that we have.

15 The Federal Reserve recently
16 published their summary of the commentary on
17 current economic conditions by Federal Reserve
18 districts. Commonly known as The Beige Book,
19 this report is published eight times per year.
20 Each Federal Reserve Bank gathers anecdotal
21 information on current economic conditions in
22 its district through reports from bank and
23 branch directors and interviews with key
24 business contacts, economists, market experts
25 and other sources.

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2 The most recent Beige Book was
3 published on April 15th, 2020 and is based on
4 information collected on or before April 6th
5 2020.

6 Excerpts from the opening summary
7 of their assessment of the economy follows and
8 more details can be found in supplements to
9 the report.

10 Per the Federal Reserve Bank of
11 New York, the second district economy
12 deteriorated sharply in the latest reporting
13 period amidst widespread shutdowns related to
14 the Coronavirus pandemic. The job market
15 weakened substantially and wages were flat to
16 lower.

17 Home sales and rentals, commercial
18 leasing and construction activity have all
19 largely stopped.

20 Finally, financial sector contacts
21 noted deteriorating conditions and banks
22 reported widespread weakening in the loan
23 demand, tighter credit standards and higher
24 delinquency rates, but have been more lenient
25 on existing loans.

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2 One of the best measures of
3 employment and other labor force statistics is
4 the unemployment rate. This rate is based in
5 part on a survey that is conducted monthly by
6 the U.S. Bureau of Labor Statistics and is
7 called the Local Area Unemployment Statistics
8 Program.

9 Unfortunately there is a lag time
10 of approximately three weeks after the end of
11 each month in reporting of the data. For the
12 last full month of data preceding the Covid-19
13 crisis, the New York City labor market was
14 4.08 million persons.

15 In the absence of current labor
16 force data we will focus on initial
17 unemployment claims for a six-week period from
18 March 8th through April 18th, 2020, the most
19 recent data available for analysis.

20 Note that because of technical
21 difficulties with the New York State
22 unemployment application system, these figures
23 may not be a complete tally of the number of
24 people who lost employment during the six-week
25 period.

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2 While the number of initial claims
3 for unemployment insurance is an imperfect
4 proxy for the unemployment rate, it is the
5 most recent data currently available in
6 regards to the labor force.

7 Over this six-week period, 624,277
8 initial claims were filed by New York City
9 residents compared to approximately 31,328 in
10 the same period of 2019. This is an increase
11 of almost 593,000 claims or 1,833 percent.

12 By borough, the Bronx had
13 approximately 99,807 claims or an increase of
14 1,472 percent.

15 Brooklyn had approximately 184,683
16 claims or an increase of 1,819 percent.

17 Manhattan had approximately 96,916
18 claims or an increase of 1,334 percent.

19 Queens had approximately 210,647
20 claims or an increase of 2,774 percent.

21 And Staten Island had
22 approximately 32,225 claims or an increase of
23 2,285 percent.

24 These figures compare increases in
25 initial claims in New York State of

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2 1,837 percent, that's 1.4 million claims in
3 total. And the U.S. had an increase of 2,000
4 percent in claims with a total of 24.6 million
5 claims.

6 The New York State Department of
7 Labor also reports on the industry's most
8 affected and is based on initial unemployment
9 claims. This data is not available at the
10 citywide level.

11 For reference, the New York State
12 labor force was 9.6 million persons in
13 February of 2020, of which New York City makes
14 up 43 percent.

15 Further information for the six
16 weeks studied in the supplement, the industry
17 with the largest net change in employment was
18 accommodation and food services, which saw an
19 increase in initial unemployment claims of
20 272,418 or 3,233 percent.

21 The average salary in this
22 industry in New York City in the most recent
23 time period available for analysis, the fourth
24 quarter of 2018 through the third quarter of
25 2019, is \$38,122.

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2 Retail trade also saw large
3 increase in initial unemployment claims with
4 an increase of 185,569 claims in six weeks or
5 2,825 percent increase. The average salary in
6 this industry in New York City is 45,848.

7 The third highest change in
8 initial claims was in the healthcare and
9 social assistance sector, which rose by
10 148,797 claims or 2,261 percent. The average
11 salary in this industry in New York City is
12 \$51,705.

13 The construction and utility
14 sector saw an increase in initial claims of
15 117,914 during this period or an increase of
16 887 percent. The average salary in this
17 industry in New York City is \$87,543 a year.

18 The only other industry to see a
19 rise of more than 100,000 claims was in the
20 administrative and support services sector,
21 which saw an increase in initial claims of
22 111,254 or 1,072 percent. The average salary
23 in this industry in New York City is 67,737.

24 It is not possible at this time to
25 ascertain if the change in New York City in

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2 these industries would be at the same
3 proportion as New York State as a whole.

4 Prior to April of 2020, the
5 maximum New York State unemployment
6 compensation was \$504 per week or \$2,184 per
7 month for those making \$52,416 per year or
8 \$4,368 per month or more.

9 The typical compensation for those
10 making below \$52,416 is half of the salary the
11 claimant was earning before becoming
12 unemployed. New York State unemployment is
13 capped at 26 weeks of compensation.

14 In the wake of the Covid-19
15 crisis, New York State unemployment insurance
16 both expanded eligibility and increased
17 compensation for the period of at least
18 April 4th, 2020 to July 31st, 2020.

19 The new guidelines allow for some
20 of those who are not typically eligible for
21 unemployment insurance, such as the
22 self-employed among other categories, to
23 receive compensation. Individuals who would
24 not normally qualify for New York State
25 unemployment insurance will be covered at the

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2 same rates as those who do through the Federal
3 Pandemic Unemployment Assistance Program.

4 In addition, all recipients of
5 either pandemic unemployment assistance or New
6 York State unemployment insurance will receive
7 an additional \$600 per week through the
8 Federal Pandemic Unemployment Compensation
9 Program.

10 At the maximum compensation for
11 those making \$52,416 a year or more, which is
12 \$4,368 or more per month, they will now
13 receive \$1,104 per week or \$4,784 per month.

14 And just as an example, for those
15 making \$40,000 a year, which is \$3,333 per
16 month, they will now receive \$986 per week or
17 \$4,264 per month.

18 For those making \$30,000 a year,
19 which is \$2,500 per month, they will now
20 receive \$888 per week or \$3,848 per month.

21 For those making \$20,000 a year,
22 which is \$1,667 per month, they will now
23 receive \$792 per week or \$3,432 per month.

24 The pandemic unemployment
25 assistance program also provides for an extra

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2 13 weeks of compensation for a total of
3 39 weeks.

4 This graph illustrates the
5 hypothetical monthly income received by three
6 sample households: A household with one
7 minimum wage worker making \$31,200 per year, a
8 typical rent-stabilized household making
9 \$49,000 per year, and a higher income
10 household making \$80,000 per year.

11 The graph illustrates the monthly
12 payments that would be received by each of
13 these sample households over time including
14 while working full-time in February of 2020.
15 And I hope you can see my mouse.

16 And if you're unemployed and
17 receiving New York State unemployment in March
18 of 2020, this is where your income would drop
19 to. If you're unemployed and receiving either
20 New York State unemployment insurance or
21 pandemic unemployment assistance in addition
22 to the \$600 per month pandemic unemployment
23 compensation payments, which is from April to
24 July of 2020, this is where your income, your
25 monthly income would rise to for each of these

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2 households.

3 The graph then extends to August
4 of 2020 when pandemic unemployment
5 compensations are currently set to expire and
6 payments will revert to March of 2020 levels.

7 Should the pandemic unemployment
8 compensation be extended by Congress, as noted
9 by these thicker dotted lines, the payments
10 will remain at April 2020 levels. Current
11 guidelines allow for 39 weeks of compensation
12 or payments through December of 2020 for those
13 who were laid off in April. Without changes,
14 for those who continue to be unemployed in
15 January of 2021, income will go down to \$0 a
16 month.

17 These three-dashed base lines show
18 the amount of monthly income each of the
19 sample households was making while working
20 full-time. As the graph illustrates, both the
21 minimum wage household and the typical
22 rent-stabilized household receive half of
23 their income from New York State unemployment
24 insurance in March of 2020, while the higher
25 income household receives one-third of their

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2 former income and only slightly more than the
3 rent-stabilized household.

4 In April of 2020, both the minimum
5 wage households and the rent-stabilized
6 household would receive more in New York State
7 unemployment and pandemic unemployment
8 compensation payments than they were
9 previously making working full-time, while the
10 higher income household is still at a loss.

11 And as a final reminder, I would
12 like to reiterate a special note regarding the
13 2020 Income and Affordability Study. While
14 published in April of 2020, this report
15 focused on data from 2019. Due to the
16 as-yet-unknown impact of the Covid-19 virus,
17 it does not reflect the current economic
18 condition of New York City and should not be
19 interpreted as such. A supplement at the
20 beginning of the written report provides some
21 of the limited current data that is available
22 from government bodies and was presented here.
23 Any data from this report that can be updated
24 before the final vote of the 2020 to 2021 rent
25 guidelines will be distributed via a memo

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2 before the vote. Future editions of this
3 report will better reflect some of the
4 hardships that our fellow New Yorkers are
5 experiencing.

6 Thank you. And I will now take
7 any questions on either the presentation or
8 the report.

9 EXEC. DIR. McLAUGHLIN: Danielle,
10 before you do that, I think there were a few
11 indicators that came out just last night and
12 this morning and you had done a new slide for
13 that.

14 If you don't mind just pulling
15 that up, there were some late-breaking
16 economic news. If we had a scroll at the
17 bottom of our screen like CNN or one of the
18 news channels it would show that.

19 So there's a few important points
20 I think that were released.

21 And these are -- GDP in particular
22 is something that we track in our Income and
23 Affordability Study every year, so, and we do
24 quarterly data, I believe.

25 So Danielle, go for it.

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2 MS. BURGER: Sure. These are
3 numbers that came out just in the last
4 24 hours.

5 We have first quarter GDP which
6 was analyzed to a rate of negative
7 4.8 percent. So that goes from January
8 through March. Then we have the US CPI for
9 March which was negative 0.4 percent, that's
10 something we also track in the I&A study.

11 Then we have -- this is not
12 something we would normally track in the I&A
13 study, but just this morning there was the
14 initial unemployment claims for the week
15 ending of April 25th.

16 So for New York State for just
17 this week ending April 25th, there was 218,912
18 initial claims which is an increase of
19 6.7 percent over the prior week. And they
20 estimate that in the week ending April 11th,
21 which was a little over two weeks ago, the New
22 York State unemployment rate was 14.4 percent.

23 We do not have these last two
24 bullet points for New York City but this is
25 the most recent information available.

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2 So now if there's any questions.

3 (No response.)

4 MS. BURGER: No questions, okay.

5 MEMBER GOODRIDGE: Can we give
6 comments or is that after?

7 CHAIRMAN REISS: I think that's
8 totally fine to give comments, have a
9 discussion about this.

10 MEMBER GOODRIDGE: Okay. Well I
11 just wanted to point out a few things.

12 Thank you very much, Danielle, I
13 really -- we all really appreciate the
14 reports.

15 There was one part where it was
16 mentioned that nonpayment filings fell, I
17 think, by about 24 percent. And I've been a
18 tenant attorney for close to nine years and
19 one of the reasons that I can, from my
20 experience as a tenant attorney, is that when
21 the Universal Access to Counsel law passed
22 there were a lot more tenant attorneys in
23 court.

24 And we saw just on the ground that
25 as a result of that there was a lot more

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2 thinking that went into filing certain cases,
3 but we also saw that other types of
4 harassment, in terms of pushing some tenants
5 out, were also going on.

6 So I wanted to provide some
7 perspective as to those numbers, and also, you
8 know, I think that it's interesting that it
9 was mentioned on one of the graphs that, you
10 know, a typical rent-stabilized household the
11 income is about 49,000 a year.

12 I put that into a paycheck
13 calculator for New York City, and after taxes
14 are taken out that is about 1,523 every two
15 weeks, and that's not including contributing
16 to any retirement, that's just after taxes are
17 -- or any other contributions, that's just
18 after taxes are taken out.

19 And I don't know about you, but
20 when I searched for a one-bedroom apartment
21 it's pretty hard to find something under 1900.

22 So all of that to say my first
23 beginning comment and discussion is how
24 difficult it is even under normal times, but
25 then added to that, if you're not making

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2 49,000 and you're making zero, I think it's --
3 I think right now like the data we're -- you
4 know, one of the first questions or things
5 that we've put forward is whether we should
6 have a rent freeze. But honestly I think some
7 of this data reveals that we should be looking
8 at a rent rollback.

9 So that's my first comment. What
10 do you all think? I mean, if you're all in
11 agreement we can vote now.

12 MS. BURGER: Patti, you're on
13 mute.

14 MEMBER STONE: No, I certainly --
15 listen. What's going on now in the world and
16 in New York City is terrible, I'm not -- I'm
17 not saying anything different. And it's, you
18 know, certainly not only the tenants that are
19 suffering, every human being is suffering,
20 every owner is suffering every tenant is
21 suffering. Everyone across the board.

22 I cannot agree to a rent rollback
23 because I don't think that hurting the economy
24 any more is helpful in any way.

25 As far as people that aren't --

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2 that don't have anywhere to live, that's not
3 what this board is about. This board is about
4 deciding increases for people that are already
5 in place, rent-stabilized tenants.

6 So I don't think we can make this
7 more of a -- bigger than what we're supposed
8 to be doing here.

9 MEMBER GOODRIDGE: So what I've
10 seen is, from the perspective of someone who
11 is an attorney representing the people who are
12 getting evicted, a minor rent increase often
13 results in someone heading to housing court to
14 fight eviction.

15 So we are talking about
16 homelessness. We are talking about eviction
17 because a big part of our job is to determine
18 and to simulate a fair rent market. And some
19 of the factors that we consider are, as you
20 mentioned, landlords and then some of them are
21 also how it will impact tenants. And we just
22 heard a lot of data about that.

23 In terms of everyone being
24 affected. Everyone is affected but everyone
25 is being affected differently. I don't -- how

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2 can you really compare, for example, any
3 landlord who has a business, right, and a
4 tenant who if the rents increase may be
5 evicted in the middle of a pandemic, may enter
6 the homeless shelter.

7 And in fact if we have
8 stay-at-home orders or, you know, we are
9 supposed to be quarantining, what affect will
10 it really have if we have an uptick in people
11 who are getting pushed out of their homes.
12 They have to roam the streets, they have to
13 enter the homeless shelter.

14 So it's going to cause a
15 second-wave health crisis, so that's another
16 thing that we want to think about.

17 MEMBER STONE: Well I understand
18 that but right now there are no evictions
19 going on. None are permitted so --

20 MEMBER GOODRIDGE: For now.

21 MEMBER STONE: That's correct, for
22 now.

23 We can only deal with what's
24 happening now. I don't know what's going to
25 be six months from now and neither does

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2 anybody sitting on this board. We have to
3 deal with the facts as we have them.

4 And as I said, I get what you're
5 saying, I understand, but I am certainly not
6 going to minimize what owners are going
7 through here because they still have to run
8 their buildings. They still have their costs,
9 they have to pay for their employees, and they
10 have family members that are also, you know,
11 sick and going through exactly what tenants
12 are going through.

13 So it's not only because they are
14 an owner, and not every owner is a big owner,
15 there are plenty of small owners that are
16 really suffering right now through this.

17 So I just can't -- I'm sorry,
18 what?

19 MEMBER GOODRIDGE: I said it's a
20 business venture.

21 MEMBER STONE: It could be -- it's
22 their lives. Some of these small owners live
23 in the buildings. It's not just a big --
24 you're -- you are always grouping owners as,
25 you know, these -- that they own all this

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2 property and they are all wealthy and it's not
3 that -- that's not always the case.

4 I'm just -- I'm certainly not
5 minimizing what the tenants are going through,
6 I'm just saying I cannot agree to a rollback.

7 MS. BURGER: Can I interject for
8 just one second? I just want to make sure
9 Cecilia is able to speak.

10 MEMBER JOZA: Yes, I'm here.

11 MS. BURGER: Okay, thank you.

12 MEMBER GONZALEZ-RIVERA: I think
13 it's quite clear that the Covid crisis has
14 really hit New York City hard. These numbers
15 really show that and that's true for both
16 tenants and landlords. I won't say that
17 landlords and tenants, as a group, are hit
18 equally as hard, you know, but just that
19 everybody is feeling some sort of pain. I
20 think that's pretty clear.

21 But what's also true, I mean,
22 again according to the data is that the people
23 that are feeling the most pain are also the
24 people who have always felt economic pain --
25 the most economic pain, I mean, it's -- which

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2 means lower income New Yorkers, many of whom
3 are immigrants, people of color especially.

4 And, you know, while not all of
5 the usual data that we just picture of
6 economic conditions is able -- is sort of
7 available and current enough to show what's
8 happening right now, I think the Rent
9 Guidelines Board staff have done a great job
10 in pulling out what data does exist. So
11 that's really important.

12 So it's really interesting to see,
13 I mean, it's like unemployment insurance
14 claims have been up to 620,000, you've seen
15 people sort of experiencing wage cuts and
16 furloughs. And certainly when you look at the
17 Furman Center report that you mentioned
18 earlier, you're seeing that a lot of them are
19 sort of concentrated in a lot of those wage
20 cuts and a lot of those people have lost their
21 jobs are also the people who are lower income.
22 So we're seeing that.

23 And we're seeing, also this comes
24 from the Federal Reserve, that employment
25 prospects in a lot of service industries, you

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2 know, including the very large and significant
3 tourism industries and other service
4 industries are not looking good. I mean, so
5 it's not only is there is a problem now but
6 there's likely to be a problem moving forward.

7 But I think that one thing that's
8 especially relevant to us as a board, I mean,
9 it's something that we have jurisdiction over,
10 is that the data do seem to show that we have
11 reason to believe that rent-stabilized tenants
12 are especially hard-hit and will continue to
13 be hard-hit.

14 For instance, if we just look at
15 the demographics of rent-stabilized tenants,
16 42 percent are LatinX compared to 28 percent
17 of, you know, private nonregulated tenants.
18 An additional 22 percent are black
19 non-Hispanic compared to a lower percentage in
20 non-stabilized units.

21 Nearly half have a high school
22 degree or less which again it decreases your
23 job prospects, makes them more likely to be
24 lower income, less likely to have emergency
25 savings. And in fact it's like that \$46,000,

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2 the average income of a rent-stabilized tenant
3 is fully \$20,000 lower than a non-stabilized
4 tenant.

5 And so of course these numbers are
6 based on sort of older data in terms of these
7 income numbers and these demographic numbers,
8 but what we do know is that, you know, the
9 rent-stabilized tenants -- I mean, it's like
10 who were hurting before Covid are hurting even
11 more now. And the ones -- and then there are
12 others that were not hurting before Covid who
13 are much more likely to be hurting now.

14 And as a public member -- and of
15 course I'm saying all this as a public member
16 -- and sort of, kind of, you know, of course I
17 mean it's sort of my role, as it is all of our
18 roles as public members, to sort of balance
19 the needs of tenants and landlords and, you
20 know, that was true for public members even
21 before Covid, but I also think that we should
22 use our power to influence outcomes in our
23 particular corner of New York's sort of large
24 and complex economy.

25 We have the ability -- what we do

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2 have is the ability to make a decision that
3 determines whether rent-stabilized tenants
4 will bear greater burden in these uncertain
5 times.

6 And, you know, at the risk of
7 showing my cards, I mean, it's like but I
8 guess it's what we're doing here, I think that
9 for at least the next year, I mean, as it
10 concerns one-year leases, that we should not
11 increase the burden on tenants.

12 And I think that the data we have
13 supports a zero percent increase in one-year
14 leases. We can talk separately about two-year
15 leases, that's also part of what we need to
16 talk about.

17 And again, this is not to minimize
18 the pain of landlords, I'm aware -- I mean,
19 like Scott, you said last time that operating
20 expenses often get shuffled back into debt
21 service so it's not a hundred percent profit.
22 And of course that debt service is a burden
23 for landlords, but I have to believe -- and
24 again, I really want to hear from you, Scott
25 and Patti especially -- but I have to believe

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2 that there must be some sort of relief
3 available for landlords, whether that's
4 mortgage forbearance or cash assistance in
5 some buildings or other kind of relief.

6 And of course providing that sort
7 of relief for landlords is outside of our
8 jurisdiction as the Rent Guidelines Board, it
9 would be up to the decision-makers above our
10 pay grade, but the fact is that even though
11 the data show that rent -- the median
12 rent-stabilized tenant would be made whole in
13 terms of income by the additional unemployment
14 insurance benefits. Remember that that income
15 is not income from wages and salaries, that's
16 benefits. So they are already needing to get
17 benefits in order to pay rent.

18 And so I imagine there must be
19 some other kind of relief for landlords as
20 well. I mean, at this time landlords seek
21 some kind of relief to be made whole as well.

22 But again, I look forward to
23 hearing from my colleagues, especially staff,
24 especially Scott and Patti, about what you
25 think the possibility is of landlords

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2 receiving some kind of relief, and in the wake
3 of advocating for a zero percent increase in
4 one-year leases.

5 MEMBER DeROSE: If I can also add
6 that the unemployment numbers are also --
7 there are people who have been able to access
8 that unemployment, they're the ones who got
9 through, because we know those lines are
10 crashing all the time. And then those are
11 also the ones who qualify for unemployment.

12 There's a lot of people out there
13 who work, who are paid, who for whatever
14 reasons do not qualify for unemployment. And
15 I think we all have to remember that those
16 numbers that we're seeing are a lot higher
17 than the numbers because there is a lot of --
18 the economy in New York City is not sort of
19 the, you know, W-2 employee who gets -- who
20 would qualify for unemployment.

21 I also do have a question or a
22 better understanding -- I want to better
23 understand like if landlords are not able to
24 make their mortgage payments, is there -- I
25 know a lot of deals, I'm seeing it myself, are

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2 being made between landlords and their banks,
3 but it's more of a -- it's not a federal
4 program or any sort of program, it's sort of
5 they have been working with that bank for
6 years and so they are able to get forbearance
7 or whatnot.

8 But I would like to better
9 understand what sort of mortgage -- what
10 happens if the landlord isn't able to make the
11 mortgage payments, and that's just something I
12 don't know well.

13 MEMBER GOODRIDGE: You mean other
14 than the 90-day relief from the government?

15 MEMBER DeROSE: Right. My
16 understanding is that it's 90-day relief --
17 well I guess that is my question. Is it -- so
18 the landlords are also getting a 90-day relief
19 from paying their mortgage payments or is it
20 that and then at day 91 they have to pay all
21 three months back, sort of similar to the
22 rent, that forbearance that people are
23 getting. I honestly, I just don't know enough
24 about it.

25 EXEC. DIR. McLAUGHLIN: It's my

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2 understanding that there could be forbearance
3 for mortgage payments, but that is -- that
4 would be put on toward the end of the loan
5 again and you would just extend the time
6 period of the loan.

7 MEMBER STONE: Right. So it's not
8 waived.

9 EXEC. DIR. McLAUGHLIN: It's not
10 waived.

11 MEMBER DeROSE: Then if it's at
12 the end of the loan, I guess my question is:
13 Is that an automatic thing or is that
14 something that has to be negotiated on
15 case-by-case basis?

16 MEMBER SCHWARTZ: My understanding
17 is if the landlord has a mortgage that is
18 federally guaranteed, in other words, that
19 it's controlled by Fannie Mae, Freddie Mac or
20 FHA, there is forbearance as well as a
21 moratorium.

22 But if you don't have a
23 federally-supported mortgage, which accounts
24 nationally, I think, for about, I don't know,
25 60-something percent of all of all rental

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2 housing, there right now is no provision. And
3 I think it's important to know what extent the
4 current protections apply in New York. I
5 don't know the answer to that.

6 EXEC. DIR. McLAUGHLIN: We could
7 -- the staff will take a look and get back and
8 let you know what exactly is available for New
9 York owners in New York State and New York
10 City.

11 So we'll take a look into it and
12 we'll get back to you shortly.

13 MEMBER WALSH: For Andrew and
14 Patti, I mean since Christina isn't probably
15 familiar with liens and how it all plays out
16 but you don't pay your mortgage you have a
17 lien put on your property, you go in default
18 and, you know, hopefully it doesn't happen but
19 a bank can take over your property, which is
20 not good for tenants or owners.

21 So I think if that's -- the lien
22 process is very unfamiliar to people and just
23 how financing works, we should set up -- a
24 finance person should fully brief you on that
25 because if that's unchartered territory,

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2 that's a really important missing link.

3 And it's not clean and easy and
4 the whole process of being defaulted on your
5 loan creates -- these things don't get
6 resolved in a month, these things take six
7 months, a year to resolve. It's not a clean
8 easy process that some people might like to
9 make you believe.

10 Having done loan modifications, I
11 think we should have somebody talk about loan
12 modifications to this group.

13 MEMBER JOZA: Can I say something?

14 CHAIRMAN REISS: Go ahead.

15 MEMBER JOZA: Hi. So right, I do
16 loan modifications. So basically like Scott
17 said, this is not something that it gets
18 resolved immediately. There's a process, you
19 have to show hardship, it's not just stating
20 it. You really have to come up with the proof
21 that you are experiencing problems paying the
22 mortgage.

23 Now there's a forbearance, a
24 90-day forbearance, yes, for a lot of people
25 who are Freddie Mac and Fannie Mae. There are

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2 arrears, hopefully will be capitalized at the
3 end of the loan, but those that continue to
4 experience hardship it'll be considered like a
5 one-to-one I guess. The lender will revisit
6 those individuals that continue to experience
7 issues, they can really raise the payment, but
8 those will be for individuals who will
9 continue to have problems paying the mortgage.

10 This is a 90-day -- it's a
11 Band-Aid, right, it's a Band-Aid. It's 90-day
12 that will sort of like ease up the issues
13 right now and I'm pretty sure that they will
14 continue to see how the economy is going.

15 I'm pretty sure there'll be more
16 relief, right, so for smaller owners this will
17 be something that they go through on a daily
18 basis. The tenant doesn't pay, can't pay the
19 mortgage, have to find ways how to come up
20 with the money. If I can't come up with the
21 money, then I have to tell my lender, Listen I
22 can't pay. The lender submits an application
23 and there's a process, right, and then they
24 have to review your financials.

25 So what it might start with the

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2 one month, it might take six months, it might
3 take almost a year. And like Scott said a lot
4 of these people cannot pay the lender will
5 start foreclosure proceedings which is the
6 normal thing.

7 But there's a lot of assistance
8 out there and depending on what's going on in
9 the market in the economy I'm sure the
10 government will make more programs available
11 for landlords. And also for tenants, right,
12 because the tenants -- I mean, the landlords
13 will go to the lender, okay, submit an
14 application, I can't pay, make a payment plan,
15 whatever. But what about the tenants, the
16 tenants will continue to suffer, right. The
17 tenants will have to create a case for them
18 and say, Look I can't pay, I don't have a job
19 I can't come up with the money.

20 There's got to be a payment plan,
21 right, for the future when I go back to work.
22 And what the future looks like right now is
23 really up in the air. We don't know what's
24 going to happen. We -- we don't know, right,
25 so I guess we all learning as we go and we

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2 waiting on the numbers. We waiting on the
3 news, what the Mayor is going to say, what the
4 government is going to say. We don't have --
5 we don't have a -- we don't have a destination
6 yet, right.

7 So that's my thing. It's all up
8 in the air, our destiny hasn't been chartered
9 yet. So we're taking steps one day at a time
10 according to how it develops. All right.

11 Unfortunately it is sad what's
12 going on in the country and, you know, it's
13 not only in the U.S., it's actually, you know,
14 the whole world is suffering.

15 So, yeah, but that's just what I
16 wanted to say. We don't know. We look at
17 numbers, we look at data and, you know, the
18 unemployment -- the unemployment numbers are
19 -- we don't have the real numbers because
20 there's also the paper applications for the
21 people that haven't been able to connect
22 online.

23 So those numbers that we see are
24 not totally reflected, it's not reflecting
25 what it actually is right now.

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2 MEMBER GARCIA: I think that we're
3 in a really difficult position as a board, but
4 I think as like the country of what we
5 prioritize. I think that there are a lot of
6 racial inequities that have been existing in
7 this country for a very long time and I think
8 this is, you know, to Christian's point and
9 other folks point, it seems like it's flaring
10 up in a way that we have traditionally not
11 seen it, especially with this pandemic,
12 specifically with the deaths that we're
13 seeing.

14 And I think like as a person
15 that's seeing things on the ground, and I know
16 many of us are, it's been really difficult.
17 We've seen, you know, in the Bronx where
18 people are making \$25,000 a year in the
19 community that I serve on average, Community
20 Board 4 we're seeing blocks devastated with 25
21 deaths just in one block because people are so
22 densely populated and we're so afraid of
23 seeking help.

24 And I think we're also missing out
25 on a few numbers of undocumented folks who,

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2 you know, aren't -- don't qualify for any of
3 that support assistance as well as the folks
4 who are, you know, doubling and tripling up
5 that we don't count as homeless populations
6 who are now even more marginalized than
7 normal.

8 I think that this conversation to
9 me is not only extremely personal because of
10 where I live and where I grew up and
11 thankfully where I have the privilege of
12 supporting the community members right now.
13 But also, you know, just seeing the
14 devastation, seeing the devastation of loss of
15 like not only income.

16 People are not necessarily
17 thinking about, you know, how are you going to
18 get back to work, they are thinking about how
19 they bury their family members. They are
20 thinking about where are they going to get the
21 next plate of food in this moment.

22 And I know that landlords and
23 tenants are feeling this as deep as possible.
24 I just want to err us to remember not to make
25 -- like as a board not to commit the same

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2 mistakes that we made in 2008 when we saw that
3 dip and we still saw continued rent increases.

4 I want us to think broader than
5 just one-year leases and think about two-year
6 leases as many and most of the tenants that we
7 work with, and the data shows us, they are
8 signing two-year leases, and what does that
9 relief look like for them.

10 And folks do that out of
11 stability, right, even though they have a
12 right to lease that doesn't negate the
13 hardship that tenants constantly face living
14 in rent-stabilized units, you know.

15 We are -- even in the middle of
16 this pandemic when people are asked to shelter
17 in place we're working with tenants who have
18 no heat and hot water. We're working with
19 tenants who have extreme mold and
20 disinvestment in their buildings for decades.
21 And now we're seeing that flare up in a
22 different way and a more needy way because
23 everyone is stuck at home.

24 And when you have three
25 generations in one apartment sharing rooms

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2 there isn't, you know, staying at home isn't
3 as cool as maybe we might expect in other
4 communities as it is, you know, in the
5 community like the Bronx or a densely
6 populated city as New York City.

7 And I want us not to lose site of
8 that as we go into, and we're going to move
9 fairly quickly in this process. We're voting
10 on the preliminary vote next week and it
11 weighs really heavy on me for us to think
12 about, like, what does this mean long-term.

13 And yes, everyone will be hurting
14 but as we see even with relief we're seeing
15 from the federal government and even how the
16 State talks about this and says we're seeing
17 that those models of businesses are going to
18 be -- are being looked at, but we're not
19 having any conversations about what this means
20 in terms for tenants. We're not hearing that
21 from the state, we're not hearing that from
22 the federal government.

23 And I hope this board takes that
24 -- really takes on that responsibility that we
25 see that other people aren't acting and that

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2 we have to act. We have no other choice but
3 to act in this moment.

4 MEMBER STONE: Can I respond to
5 that?

6 Obviously I agree with a lot of
7 what you're saying, but I completely,
8 completely disagree with deciding for a zero
9 for two-year lease. There is no reason for a
10 tenant to have to accept a two-year lease
11 unless they are planning to get an increase.

12 We don't know what's going to be
13 happening two years from now and the board
14 meets again next year so why would you ask us
15 to basically punish landlords in advance when
16 the economy was doing great, unemployment was
17 down, more people had jobs than in years
18 before?

19 And yes, this horrible virus has
20 turned everything upsidedown for the last
21 three months but we don't know what's going to
22 happen in the future. So it's one thing to
23 ask for immediate help for the one year
24 increases but not to jump to say it should be
25 zero for two years because that would mean

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2 almost every tenant would sign a two-year
3 lease to make sure that they have zero even if
4 in six months from now things start getting
5 better and in a year from now they are much
6 better hopefully.

7 So I think that that's an
8 outrageous request.

9 MEMBER SCHWARTZ: Can I comment a
10 couple things?

11 I agree with a lot with what
12 Sheila just said. This is a catastrophic
13 situation for so many. You know, I wish that
14 our job was to provide rental assistance
15 'cause that's really what's needed, but
16 unfortunately it's not.

17 But I do think, feel very
18 strongly, we cannot exacerbate the problem,
19 that which would be a rent increase. I think
20 a two-year, I think we should be creative in
21 thinking about two years. It may not be
22 necessarily a zero increase for two years, but
23 maybe the first year should be zero regardless
24 of whether or not it's a one- or two-year
25 lease. We could talk about the second year to

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2 provide more stability.

3 But I think that it's imperative
4 and, you know, not to exacerbate the problem
5 which is, you know, increasingly severe and we
6 don't even know how severe it is right now
7 given the points that Cecilia made that the
8 unemployment claims have not all been
9 processed.

10 MEMBER STONE: The only thing I'd
11 like to respond to that is I just want to make
12 it clear people -- tenants have a choice of
13 one- or two-year lease. You cannot make it
14 the tenants can take a two-year lease and have
15 a zero percent the first year and then an
16 increase 'cause you're not permitted to have
17 escalations during the lease period.

18 So we have to have separate
19 numbers for a one-year lease and then separate
20 numbers for a two-year lease. We can't have
21 an escalation in a two-year lease. I just
22 wanted to be clear on that.

23 MEMBER GARCIA: Well I don't know
24 if that's true. I don't know if Andrew wants
25 to chime in around in the past the board has

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2 voted on segmentations of different types of
3 landlords. There was a port tax back when we
4 actually wanted a version of that for tenants
5 and then landlords were able to get that and
6 we sued them for it and they won and so that's
7 held up in court as well.

8 So we can get, you know, a memo or
9 something drop that around, you know, what are
10 the different kinds of alternate structures
11 that we can create as a board and in order to
12 decide what rental adjustments should look
13 like.

14 But I think the only thing I would
15 say is that, you know, we are, you know, when
16 it comes to what tenants are dealing with or
17 what, you know, common New Yorkers who aren't
18 making \$80,000 a year are dealing with, we
19 always have a dual way of looking at it,
20 right. Either things might get better for
21 you, but when we also do the same thing for
22 landlords we don't actually visualize that the
23 same exact way.

24 And I want to remind those that,
25 like, we are talking about New York City, an

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2 extremely segregated city. We're talking
3 about -- like we cannot ignore that there are
4 racial dynamics and implications to this and I
5 don't want to dismiss what landlords -- and as
6 a person who lives in a family-owned home
7 owned by my family and, you know, we have a
8 renter. Like I understand that plight, that
9 doesn't actually negate the fact that the
10 majority of New Yorkers are actually facing
11 the opposite and that our mandate is really to
12 decide, you know, like to make decisions on
13 what we think is going to happen with the
14 facts that we have in the moment.

15 And so there were years when we
16 saw eight percent increases on two-year leases
17 almost. We didn't think, Oh, things might get
18 worse for tenants that year. And I think that
19 that's the whole idea of the sky falling with
20 the rent freeze those two years in 2016 and
21 '17, when we saw that data we didn't see the
22 impact that folks thought would happen.

23 And so I want to be cautious on
24 overprojecting 'cause I want to recognize that
25 we don't want tenants living in buildings that

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2 are falling apart, we don't want tenants
3 living in foreclosed buildings. We work in
4 buildings that are actually closed before this
5 and it's a hard thing for tenants and it's
6 also a really hard thing to see landlords try
7 to manage because sometimes they are -- they
8 have made a bad business choice buying more,
9 purchasing more maybe. And sometimes it's
10 just like they didn't manage buildings well
11 and that's like hard for, you know, us to sort
12 of tell tenants but we have to because it's
13 recognizing the reality that there is someone
14 who is about to lose everything they put into,
15 you know, to make money to invest and that's
16 like not good for anyone.

17 But as well as the fact that we
18 for decades have seen this board, you know,
19 not look at tenants perspective in a way that
20 like has felt meaningful and I think that we
21 as a board, this iteration of this board has
22 been really thoughtful of that even in the
23 discussion we're having today, but that
24 doesn't negate the fact that saying things
25 might get better for tenants. No one who is

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2 making minimum wage is going to be back
3 working. McDonald's is not going to be hiring
4 at the same rate they were before this. Like
5 that's just real, that's just being real.

6 Restaurants are not going to have
7 enough -- as many people because we're talking
8 about social distancing in restaurants now.
9 You know, what does it look like to go to the
10 movie theatre if you work there and how many
11 employees they need then.

12 I do feel like we're in a
13 different -- we're going to be in a post world
14 that we don't know what it is, but I don't
15 think that it should prevent us from acting
16 now. And I think that that's the major thing.

17 I think for me as a takeaway
18 acting now means we protect people long-term
19 and then maybe in a year, in two years we're
20 go that be like tenants are doing well and the
21 board will decide on that basis. But I don't
22 think we should make a decision on expecting
23 things to get better for folks when it comes
24 to tenants, but not saying the same thing.

25 Tenants don't have forbearance

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2 program for their rents. When this is over,
3 there is no protection right now in place.
4 The city, state and federal government have
5 not acted and that's what we know right now.
6 I don't want to think about like what if they
7 do get some relief in July, what does that
8 actually mean for people who are now feeding
9 their kids three meals when they were in fact
10 only feeding them one? What does that impact
11 mean now that you have to buy Wi-Fi and
12 computers and think about taking care of your
13 elderly folks if you're sick yourself. Like
14 it's just a lot of unknowns that I feel like
15 we really have to come to terms with and we're
16 not in a place to make decisions other than
17 the fact that unemployment is going up, other
18 than the fact that people are asking to be
19 fed, other than the fact that public
20 assistance is increasing right now.

21 I can tell you the calls that I
22 get that are devastating. That's probably why
23 I look the way I do, is just everything is
24 weighing on us in a different way when we're
25 constantly talking to people about how to get

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2 snacks for their kids. That's just, like, not
3 a good place to be in.

4 And there's so many workers doing
5 that right now but there's so many families
6 dealing with that and the weight of that. And
7 I don't want us to say well, you know, in
8 three months it could be better. People will
9 not recover from this in three months when
10 they were making \$15 an hour before this. You
11 just can't jump back.

12 MEMBER STONE: I'm not trying to
13 minimize at all what you or anyone else is
14 going through because we're all going through
15 it to a certain extent.

16 What I'm saying is I don't think
17 that we have to make a decision today for what
18 is going to be a year or a year and a half
19 from now.

20 Right now I can understand the
21 position to say that it should be zero for a
22 year. I cannot understand nor support that
23 you think it should be zero for two years
24 because we don't know what's going to happen.
25 And this is a three-month period of time and

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2 we meet again next year and the tenants should
3 take -- if it's a zero for one year, tenants
4 should sign one-year leases and not be able to
5 sign a two-year lease. So that if things are
6 better, and hopefully they are better next
7 year, then the owners get hit again for a
8 second consecutive zero.

9 So no, we don't know how many
10 people McDonald's is going to rehire and we
11 don't know what's going to happen in the movie
12 theatres or in the restaurants, but we don't
13 know. And this is a three-month period of
14 time which is horrible for everybody and we
15 have to sort of wait and see what the
16 government is going to do, how they are going
17 to help people, et cetera.

18 But this is a board that is
19 designed to figure out increases for a
20 one-year lease or a two-year lease and I don't
21 think because of a three-month period of time
22 that it should be decided that no, on the
23 second year that owner -- I can't understand
24 that nor can I support that.

25 I understand I'm only one vote and

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2 obviously, you know, I'm here to support the
3 owners, but even as an individual, and I've
4 been a rent-stabilized tenant in the past, I
5 know what it's like, but just don't see where
6 you have to jump to the two-year period
7 because then it makes sense for almost every
8 tenant to accept a two-year lease and it would
9 be zero so why wouldn't they take a two-year
10 lease.

11 So what I'm saying is I hear you,
12 I understand you're asking for something
13 immediately, but I don't think you should be
14 able to jump that on to the next year. That's
15 my position.

16 CHAIRMAN REISS: Let me just
17 interject with something. Andrew and I had a
18 meeting with the Law Department earlier this
19 week and we've asked them to kind of advise us
20 as to how much flexibility we have in setting
21 the two-year. And so we're just waiting to
22 get advice about how broad our authority is to
23 do anything, you know, anything that --
24 anything different with a two-year lease.
25 So --

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2 MEMBER GOODRIDGE: That would
3 include a negative?

4 CHAIRMAN REISS: We've asked them
5 to give us a sense of our legal authority,
6 that's what we've asked them for. How broad
7 is our authority as opposed to just setting a
8 number, for instance.

9 MEMBER WALSH: Can I ask a
10 question about that. Is there -- we've had
11 conversations many of years and I've stated it
12 publicly many times this board should be a
13 year-round board. I said that statement so
14 many time and no one wanted to do it.

15 But nevertheless is there a
16 scenario where we can vote for the six-month
17 period and do -- and then reconvene in six
18 months to look at another period? I mean, I
19 think we need shorter economic cycle in order
20 to really evaluate this stuff.

21 I don't think a year -- I hear
22 both Sheila and Patti, I don't know how we can
23 make a decision on the two-year but I think
24 one should even question how can we make a
25 decision even on the one year?

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2 CHAIRMAN REISS: My understanding
3 -- Andrew, do you want to take that or I can
4 take the first stab at it.

5 EXEC. DIR. McLAUGHLIN: As the law
6 stands now the board cannot reopen a
7 guideline. So if it's -- and we have to set a
8 guideline for that period of October 1st
9 through September 30th. There was a time when
10 the board in the 70's, and I think it was
11 maybe 1980, and that was removed where you
12 could reopen the guideline and you could
13 readjust but they eliminated that option for
14 the board.

15 So currently under the law we
16 can't open -- reopen a guideline, that's
17 already been done, it has to be for that
18 12-month period. That's my understanding.

19 So that's what -- so we're --
20 that's the hand we're dealt.

21 CHAIRMAN REISS: Any other
22 comments on the Income and Affordability
23 Study? And then I'll take -- I'll wait for a
24 second for that, but I'll also just ask do
25 people want to take a five-minute break before

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2 we hear the Mortgage Survey Report?

3 So it sounds like we want to have
4 a five-minute break.

5 MEMBER GARCIA: Can I make a
6 comment before we take our break?

7 I was just thinking about what
8 this pandemic looks like for mostly people of
9 color, poor people across this country means
10 we go back to work before everyone else. And
11 I don't want to lose sight of that 'cause it
12 terrifies me. Thirty-one states right now are
13 reopening their economy even when they are --
14 they haven't hit the peak of the pandemic.
15 And the service industries that are opening
16 are the folks that are -- tend to be the more
17 marginalized.

18 I'm hoping we don't make the same
19 mistakes here in New York City but I do feel
20 like I think that it is a thing to consider,
21 that the folks we are talking about are the
22 folks that, you know, cleaning homes, that
23 feed us that, you know, are working at
24 warehouses through this time. And, you know,
25 those are the folks that are housed in

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2 rent-stabilized housing, right, based on the
3 income, based on the rate and based on the
4 industry.

5 And I want to make sure that we
6 know, as we have all these conversations about
7 segmentations, that we don't lose actually
8 sight of you stopping income for someone who
9 makes \$100,000 a year for one month, two
10 months or three months is different than you
11 stopping income on someone who didn't work a
12 week before and it and has already been behind
13 on their rent.

14 When the city was closing down and
15 work -- people stopped going to restaurants
16 and things like that. We saw our members lose
17 their hourly restaurant jobs right away. We
18 saw hours reduced right away. And we're not
19 -- we're not even back at what those people
20 will be working at in the future.

21 And I think that, you know, when
22 we think about those segmentations we should
23 think about who are we segmenting out because
24 they aren't, you know, the middle income
25 Americans that we are segmenting out when we

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2 talk about rent-stabilized housing. We are
3 talking about the most marginalized, the
4 browner, blacker folks in our community who
5 have been marginalized for generations.

6 And I think it's a really big
7 injustice that we're seeing this across the
8 country. I think that as New York City, and I
9 say this a lot because I really believe that
10 we are a model, we are the folks to lead the
11 country in a way that's different. And I hope
12 that we see our mandate and see the impact of
13 our board in that way because I think it is
14 that important right now and this time.

15 CHAIRMAN REISS: Any other
16 comments before we take a quick break?

17 EXEC. DIR. McLAUGHLIN: Yeah, just
18 to let people know that we're going to mute
19 you and turn your video off for the duration
20 of the break so that, you know, you don't --
21 people don't see what you're doing and then
22 they don't hear the noise in the background or
23 whatever.

24 So we'll do that on our end and
25 then when we start up the meeting we'll

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2 obviously release those controls and let
3 everyone join us as they normally have.

4 So how long do you want to take?

5 CHAIRMAN REISS: We'll say till
6 10:50, that's six minutes.

7 EXEC. DIR. McLAUGHLIN: Sure. All
8 right, great. Thank you.

9 (Pause in the proceedings.)

10 CHAIRMAN REISS: It's 10:50, is
11 everyone back?

12 MR. HOBERMAN: Good morning,
13 everyone. Thanks for joining us today. I'm
14 going to do the Mortgage Survey Report
15 presentation, you should see it on the screen
16 now.

17 This report focuses on data from
18 2019 and the early part of 2020. Due to the
19 as-of-yet unknown full impact of the Covid-19
20 virus, it does not reflect the current
21 condition of the New York City multifamily
22 building lending market and should not be
23 interpreted as such. Future editions of this
24 study will better illustrate the impact of the
25 pandemic and its economic ramifications.

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2 Since the 1980s the RGB has been
3 conducting the mortgage survey which gives a
4 sample view of the lending market faced by
5 borrowers. The board is required by the Rent
6 Stabilization Law to consider the cost
7 availability of financing in its
8 deliberations.

9 In compliance with the law, each
10 January we send out surveys to financial
11 institutions that underwrite mortgages for
12 multifamily properties in the city. The
13 survey covers four main areas: New and
14 refinanced loans, underwriting criteria,
15 nonperforming loans, characteristics of
16 building in lenders portfolios.

17 The survey findings are collected
18 in the Mortgage Survey Report which highlights
19 changes during the prior year. The report is
20 divided into three sections.

21 First we do the main mortgage
22 survey analysis which looks at all the
23 response. We do a longitudinal analysis which
24 looks at only those lenders responding in both
25 the current and prior year.

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2 interest rate for multifamily mortgages
3 declined to 3.99 percent, a decrease of
4 66 basis points or 14 percent from the year
5 earlier. The second consecutive year it has
6 declined.

7 Now this graph, and all the graphs
8 are also in the report, shows average interest
9 rates charged for new mortgages over almost
10 four decades. Interest rates were much --
11 were once much significantly higher residing
12 in the double digits throughout the 1980s.
13 And then fell to the single digits in the
14 90's. And this year the average interest
15 rate, like I said, was 3.99 percent.

16 The points which are upfront
17 service fees fell to a record low this year.
18 The average service fee charged on new loans
19 by lenders was .22 points, 16 basis points or
20 43 percent decrease from the prior year.

21 Among the survey responses they
22 ranged between zero and one with six surveyed
23 lenders charging no points on new loans.

24 This graph shows the average
25 points that were charged for new mortgages

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2 since the early 80's. After averaging between
3 one and three points in the 80's and 90's the
4 average fees have been at or below 1.4 over
5 two decades. And like I said, this year's
6 fees charged by lenders fell to .22 which was
7 the lowest level in the survey's history.

8 This year average volume of new
9 mortgage originations in our survey rose to
10 127 loans, 35 percent increase. In addition,
11 the average number of refinanced loans rose at
12 a greater rate this year almost doubling to
13 112 loans this year.

14 This year's lenders adjusted some
15 lending practices since last year. Among
16 surveyed institutions, the typical maximum
17 loan-to-value ratio, which is the maximum
18 amount respondents were willing to lend based
19 on a building's value ranged from 60 to 82 and
20 a half percent.

21 This year's average is 73 percent
22 with one percentage point higher than last
23 year's 72 percent. The debt service coverage
24 ratio, which is NOI divided by debt service,
25 remained unchanged at 1.21.

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2 Now this graph illustrates
3 lenders' standards for maximum loan-to-value
4 ratios over the last two and a half decades.
5 Like I said, this year's loan-to-value ratio
6 increased by one percentage point from last
7 year to 73 percent.

8 The survey asked lenders whether
9 their lending standards differed for
10 rent-stabilized buildings versus
11 non-stabilized multifamily properties.
12 Respondents were asked whether their new
13 financing rates, refinancing rates,
14 loan-to-value ratios and debt service coverage
15 requirements for stabilized properties were
16 higher, lower or the same as for other
17 properties.

18 Most lenders reported no
19 difference between stabilized and unregulated
20 buildings.

21 The number of lenders recording
22 that they had nonconforming loans was the same
23 this year as last year, with two lenders
24 reporting that they had nonperforming loans
25 and it represented less than one percent of

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2 each of their portfolios, the same as last
3 year.

4 And likewise just one lender
5 reported foreclosures this year, also the same
6 as last year, and that represented less one
7 percent of that lender's portfolio.

8 The size of buildings and surveyed
9 lenders' portfolios varied widely this year.
10 The average size of buildings in each of the
11 ten lenders portfolios is evenly distributed
12 among all building size groups.

13 Two lenders reported a typical
14 building was one to 10 units. Another two
15 reported a typical building was 20 to
16 49 units. Another two reported an average
17 building of 50 to 99 units. And two
18 additional lenders reported an average of a
19 hundred or more units in their typical
20 building.

21 This graph illustrates vacancy and
22 collection losses since the mid-90s with the
23 most recent year at the top and 1996 at the
24 bottom, and it shows that vacancy collection
25 losses have fallen each of the last seven

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2 years to 2.17 percent this year which is a
3 record low.

4 The survey also asked lenders
5 about the performance of their portfolios
6 compared with expectations at the time of
7 initial loan origination, recording NOI debt
8 service coverage and expenses. Most lenders
9 reported that their expectations have been met
10 or exceeded all areas among rent-stabilized
11 properties in their portfolio.

12 Specifically 80 percent said that
13 this year's expectations were qualified or
14 exceeded among all three categories, that was
15 similar to last year. And 70 percent of
16 lenders reported that they keep their
17 mortgages in their portfolio rather than
18 selling them to secondary markets. That's
19 about the same proportion as last year.

20 Next we'll move on to the
21 longitudinal analysis which examines findings
22 among institutions that responded to our
23 survey both this year as well as last year.

24 Among our ten respondents, nine
25 responded last year as well and this makes up

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2 the longitudinal group. And like the main
3 survey analysis, the longitudinal group saw
4 interest rates fall. The most recent interest
5 rates reported by lenders in the longitudinal
6 group was 4.05 percent down from 4.63 percent
7 in the same group a year earlier.

8 Among the longitudinal group,
9 average points offered by lenders also
10 declined last year from .35 to .24 this year.
11 The average maximum loan-to-value ratio rose
12 among the longitudinal group increasing from
13 72.5 percent to 72.8 percent.

14 The debt service ratio declined
15 slightly from 1.21 last year to 1.19 this
16 year, and they can see collection losses along
17 the longitudinal group decline fall from two
18 and a half percent last year to 2.38 percent
19 this year.

20 Next we'll move on to the analysis
21 of stabilized building sales data. In 2018,
22 650 buildings containing rent-stabilized units
23 were sold in the city. That was a 27 percent
24 decline from the prior year. Looking at sales
25 data by building size, the change in sales

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2 vary greatly among the smallest sized
3 rent-stabilized buildings sales fell
4 19 percent. Among the eleven to 19-unit
5 buildings, sales fell eight percent. Among 20
6 to 99-unit buildings, sales volume declined
7 44 percent. And among the largest, 100-plus
8 unit buildings, the sales actually remained
9 unchanged at 22 buildings sold in each of the
10 last two years.

11 Every borough saw sales volume
12 decline. Sales fell the most in the Bronx
13 down 48 percent, followed by Brooklyn down
14 22 percent, Manhattan down 21 percent and
15 sales fell the least in Queens down
16 17 percent.

17 And just a note as we mentioned in
18 the report that Staten Island sales are not
19 included because there were too few
20 rent-stabilized buildings sold in the borough.

21 Last June the Housing Stability
22 and Tenant Protection Act of 2019, in June we
23 decided to take a look at the change in sales
24 of buildings in the second half of 2019 and
25 compare it to the same period in the prior

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2 year.

3 In the second half of 2019, the
4 citywide sales fell 37 percent from the same
5 period of 2018. By borough they fell
6 58 percent in the Bronx. In Manhattan, they
7 fell 42 percent. In Brooklyn, 28 percent.
8 And in Queens sales fell eight percent.

9 This graph shows building wide
10 sales citywide since 2003 for the full
11 calendar year. It shows that citywide sales
12 were at their peak in 2005 in this period with
13 1,816 buildings sold and at their lowest in
14 2009 when just 521 buildings were sold. Sales
15 of buildings continued to rise until 2013, but
16 it declined in most years since then including
17 this past year when sales declined 27 percent
18 to 650 buildings sold.

19 Now we'll shift to an analysis of
20 sales, prices of buildings. The median
21 citywide sales price was \$4.2 million in 2019.
22 The highest median sales price was in
23 Manhattan at \$9.6 million. The Bronx, four
24 and a half million dollars. Brooklyn,
25 \$2.4 million. And Queens, \$2.1 million.

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2 Looking at sales prices by
3 building size, the median price for building
4 sold that contains six to 10 units was
5 \$2 million. Among eleven to 19-unit buildings
6 median prices were \$4.9 million. Building
7 with 20 to 99 units sold for a median price of
8 \$9 million. And among the largest buildings
9 which contain a hundred or more units, they
10 sold for a median price of \$36.6 million.

11 So to sum up this year's Mortgage
12 Survey Report, average interest rates declined
13 and both service fees as well as vacancy and
14 collection losses fell to their lowest level
15 in survey's history. In addition, the number
16 of rent-stabilized buildings sold declined
17 from the prior year.

18 And just a reminder, as I
19 mentioned earlier, with all our reports the
20 data does not yet fully focus on what has been
21 going on with the pandemic and future reports
22 will have a better sense of how that's
23 affecting the multifamily building lending
24 market.

25 So thank you very much for your

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2 time and if you have any questions I can now
3 answer them.

4 MEMBER DeROSE: The sales prices
5 by unit size when it was broken down by zero
6 to 10 units, is that zero to ten
7 rent-stabilized units in the overall building
8 or the overall building is, you know, zero to
9 10 units?

10 MR. HOBERMAN: Yeah, we only know
11 it by building. So we know that if the
12 building does contain rent-stabilized units
13 and it was registered with DHCR it would be
14 included. So it's the total number of units
15 not just rent-stabilized.

16 MEMBER SCHWARTZ: I have a couple
17 comments and questions.

18 One, would it be possible to show
19 the average price per unit or per square foot
20 rather than show it by building so you get a
21 better sense of it in a more granular level?
22 That's one question.

23 Another is I was struck that the
24 data on mortgage loans was going up while
25 number of sales was going down. Is that

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2 because the mortgage data reflects refinances
3 combined with purchase loans?

4 MR. HOBERMAN: Well we have
5 refinancing loans separate in terms of the
6 count.

7 MEMBER SCHWARTZ: So the building
8 purchase numbers are going up even though it's
9 a subset obviously of all the lenders.

10 MR. HOBERMAN: The number of loans
11 went up, but it's what the lenders in our
12 survey reported. So we had -- a couple of
13 them didn't say they were -- they weren't
14 reducing their loan volume necessarily.

15 MEMBER SCHWARTZ: The other thing
16 I was struck by is the decrease in building
17 sales seem to have taken place as well before
18 June as well as after. I thought that would
19 be interesting to maybe look at the sales
20 through June and after June.

21 I know you showed for the entire
22 year and then the second half, but you -- it
23 would be interesting to look at the first half
24 of the year and the second half of the year.

25 MR. HOBERMAN: Right. I'm sorry,

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2 sales except from 2018 they went up a bit, but
3 generally they have been decreasing for
4 several years so...

5 MEMBER SCHWARTZ: I think that's
6 interesting to see what the pattern is before
7 and after the law changed.

8 MEMBER WALSH: But Alex, you
9 understand people who are buying and selling
10 buildings had a lot of insight through all of
11 last year but laws would not change in favor
12 of landlords and it -- no matter which way you
13 went.

14 They went very extreme but they
15 would never favor landlords, buyers knew that
16 through all the purchases.

17 MEMBER SCHWARTZ: Just seeing the
18 data I think would be interesting.

19 MEMBER GARCIA: I would say from
20 my perspective seeing the data sort of decline
21 to me is a hopeful nod that maybe there's less
22 speculation happening. We knew that, like,
23 there were owners coming in and, you know,
24 buying buildings that, you know, three years
25 ago were bought and they were eight million

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2 and now buying them for like ten, \$15 million.

3 In the Bronx where we know the
4 rent rolls are a lot lower than other boroughs
5 and so we knew that they would be -- there was
6 going to be a lot of over leveraging if this
7 continued.

8 And so to me it's a good -- for me
9 it's hopeful that specifically in the Bronx
10 we're seeing potentially speculators buying
11 less like normally we were, like, in a
12 building and there's, like, three owners in a
13 span of two years where it's getting flipped
14 and we're not seeing that as readily as we had
15 in the past.

16 And I don't know if that's like --
17 feels out of normal, but if we have any data
18 we're seeing the quality of life with the
19 quality of buildings maintenance, you know,
20 sort of increase while we're also seeing,
21 like, the sales decrease which I think it's
22 like at odds with each other. But to me it's
23 a good indicator that maybe things are going
24 to be better and that owners who I think Patti
25 and Scott tend to represent are the owners who

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2 want to be responsible, are being more
3 responsible as we go through this process.

4 And as they go to purchase more
5 buildings, 'cause we know that's not going to
6 stop, hopefully it won't stop because people
7 -- we need to have that move, but it won't
8 happen in order to speculate because I think
9 it does -- it hurts community, but it also
10 hurts owners long-term if we have another
11 bust, which people have been redirecting
12 before the pandemic hit on over leveraging in
13 New York City, specifically multiunits,
14 multiunits across the city.

15 And I think about like if, to me,
16 it's like a nod, I don't know if there's data
17 to support what we're seeing on the ground
18 seems like hopefully that means that people
19 are being more conscious, are seeing the RGB
20 is not necessarily just increasing rents at
21 the same levels, the state laws are dialing
22 back, that means our bottom line might have to
23 be more conservative. And hopefully that
24 means they are moving with the economy with
25 what's happening on the ground and buildings

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2 that they own versus it being a bad thing
3 long-term.

4 MR. HOBERMAN: I do have data for
5 you, Alex, regarding your questions earlier.
6 I do see that we did calculate in the first
7 six months of the year 2019 did decline sales,
8 volume buildings declined 15 percent for the
9 prior year.

10 MEMBER SCHWARTZ: Thank you.

11 MR. HOBERMAN: And also I do have
12 the price I think there was a question about.
13 We can't calculate it based on square footage,
14 but the median sales price of building per
15 unit actually went up slightly. Medians of
16 all buildings sold median sales price per unit
17 it's \$389,000 in 2018. In 2019 it was
18 \$371,000.

19 EXEC. DIR. McLAUGHLIN: We did
20 share with the board a memo that took a look
21 at unit count sales versus buildings that was
22 sent to the board on Tuesday. I mean, we
23 could share -- Brian, do you have that up by
24 any chance, we could share that graph.

25 But we tracked the building sales

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2 versus unit sales and the graphs and how it,
3 you know, from year to year it was similar
4 graph.

5 MR. HOBERMAN: I don't have a
6 final copy of the memo.

7 EXEC. DIR. McLAUGHLIN: I could
8 show it on my end.

9 CHAIRMAN REISS: Alex, while
10 Andrew is doing that -- go ahead, Andrew.

11 EXEC. DIR. McLAUGHLIN: So we had
12 done the number of units versus the number of
13 buildings sold which is in this table over
14 here. And the average units per building
15 sold, but if you look at the two graphs here,
16 the top one is by building and the other is by
17 unit count.

18 So not surprisingly, I mean, there
19 are some variations but the two graphs --
20 yeah, but we can give you more granular data
21 on the sales price per unit. We could include
22 that as well for each year, Alex, and we can
23 get that to you.

24 MEMBER WALSH: Is it possible
25 before our deliberation then to ask the

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2 lenders who participated in the survey to
3 advise the board on their different collection
4 levels they are seeing in their loans. In
5 March versus April versus May.

6 I mean, we've heard in the
7 publicly-traded space, you know, these things,
8 you know, some people have had 20 percent
9 collections down already and some people have
10 reported, you know, things in the 60's and
11 70's already early in the cycle.

12 And then also my follow-up
13 question on that as well is if any of the
14 lenders in the survey could provide some
15 context on if a loan was up for refinance or
16 someone was the new bar or who, you know, had
17 a 60 percent collection in their building, how
18 would they underwrite that loan?

19 I mean, obviously we all hope this
20 is temporary but it's a complicated calculus
21 to underwrite.

22 So I just don't know if there's a
23 way that any of those survey participants
24 would actually answer that question
25 anonymously so we can have more context of how

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2 these different issues intersect with
3 stability in housing.

4 EXEC. DIR. McLAUGHLIN: We could
5 go back and see. I don't know how quickly a
6 response we would get. So in terms of our
7 deliberation I don't know if we would be able
8 to get any data prior to say our preliminary
9 vote, but afterwards if they are willing to
10 comment.

11 I know there may be some, you
12 know, I guess -- I don't know, we'll just have
13 to ask them.

14 And David, do you mind giving that
15 information? I just don't see it happening
16 before maybe in May that they would be
17 considering what happened and they could tell
18 us what happened in May.

19 MEMBER WALSH: They are going to
20 be looking at their LTVs and if people are
21 breaking their loan covenant so they are going
22 to have inside to this. It's questionable if
23 they will -- how comfortable they feel sharing
24 it, but completely sensitized to that you
25 can't get it for a preliminary vote, but I

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2 think it should be part of our deliberations
3 to just understand this lending -- this
4 similar to our first -- our first file.

5 I don't know if this presentation
6 had the Covid disclaimers on it, but this
7 whole presentation deck in addition to its all
8 been a little bit of a slim pickings. It
9 declines every year that people who respond,
10 but this kind of immediate realtime feedback
11 is helpful 'cause the data is going to look
12 greatly different when we meet next year.

13 David, you do this so you have
14 even more insight to this.

15 CHAIRMAN REISS: Scott, I was
16 actually going to ask, you had referenced what
17 you've been seeing for publicly-traded
18 securities and equities, do you think you
19 could share some of that with us and we could
20 distribute that?

21 MEMBER WALSH: I participated in a
22 ULI panel where Rose Associates presented
23 their collections for the year to date and
24 divide out the months. I don't know if they
25 would publicly provide that, that was -- but

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2 at that point there was, you know, someone
3 from a public company who their earnings
4 hadn't been released, so they couldn't say.
5 But the earnings reports for all of those
6 residential wreaths are right about now.

7 So again some of them will
8 disclose New York but a lot of times they will
9 roll it up. But I will, if I come across it
10 but, you know, the collections in this -- what
11 institutional owners would call like the
12 C-class properties that are not new
13 construction that tend to be older was
14 definitely much more impacted, you know, I
15 think the example was if new construction
16 A-class building for April had something like
17 92 percent collections, the C was, you know,
18 probably ten end of 20 percent lower.

19 And just a lot of questions on how
20 I mean, you know, some people are moving out
21 too because they are deciding to live with
22 their families or double up or do alternate
23 things.

24 So two things happening, right,
25 there's the collections not coming in but

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2 there's also units, at least in the
3 market-rate sector, that are definitely not
4 getting refilled.

5 CHAIRMAN REISS: And Alex, can I
6 follow up on a question that you had asked
7 Brian as well. You had said that you thought
8 maybe there's an inconsistency with the data,
9 can we just play that out just so we
10 understand if we need to make any tweaks?

11 MEMBER SCHWARTZ: Just noting that
12 while the sales of buildings are going down in
13 the sample of lenders, the number of building
14 purchases has gone up.

15 CHAIRMAN REISS: Brian, can you
16 pull up the slides again so we can take a look
17 at that?

18 MEMBER SCHWARTZ: But it's a
19 sample, it's no representative.

20 MR. HOBERMAN: Sure.

21 MEMBER WALSH: I think that would
22 point a little bit to somebody maybe
23 necessarily wouldn't take out a loan always at
24 their initial purchase. I mean, most people
25 would but maybe that creates a little bit of a

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2 difference in your sample.

3 MR. HOBERMAN: This is the number
4 of loans per institution. I don't have a
5 slide with both them simultaneously.

6 CHAIRMAN REISS: But now Alex is
7 comparing this, and I don't want to put words
8 in Alex's mouth, but he's comparing this to
9 the number of sales. So it's 127 times ten --
10 11 institutions so that's like 1400 loans for
11 new loans, but then the total number of sales
12 was how much for the year -- so it's an odd
13 thing. That they may be labeling new loans --
14 maybe it includes if you're refinancing from
15 another lender.

16 Brian is that possible? Because
17 we know the total units of the sales has to be
18 658.

19 MR. HOBERMAN: That's the average,
20 it doesn't mean -- I mean some lenders had
21 very few, but yeah.

22 CHAIRMAN REISS: And Brian that
23 may be something worth looking at because I
24 think Alex is right that just seems odd.

25 MR. HOBERMAN: The lender with the

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2 largest number of loans, I could check with
3 them and they said that was the accurate count
4 for rent-stabilized buildings. So I can't say
5 why there's a difference.

6 CHAIRMAN REISS: Wait so -- but
7 the first slide is all loans, not just all
8 rent-stabilized loans.

9 MR. HOBERMAN: No, it's supposed
10 to be rent-stabilized loans.

11 CHAIRMAN REISS: That's odd.

12 MEMBER SCHWARTZ: Also if you
13 could look -- instead of looking at the
14 average, just look at the total number of
15 loans across the ten lenders.

16 MR. HOBERMAN: Right.

17 MEMBER SCHWARTZ: The number would
18 be different.

19 MR. HOBERMAN: Yeah.

20 CHAIRMAN REISS: Alex, we'll
21 follow up on that.

22 MEMBER SCHWARTZ: It's not a big
23 deal, I was just struck by that.

24 But I do think that having the
25 sales price per unit would be valuable. And

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2 if it could be done by borough because as you
3 pointed out last week that in the outer
4 boroughs the percentage of rent-stabilized
5 units within the given building is much
6 higher.

7 EXEC. DIR. McLAUGHLIN: Yeah,
8 Alex, we can definitely do that.

9 Just to reiterate, these are --
10 the survey is filled out by lenders, that's
11 what they tell us, you know. We'll fact check
12 some of it, if we see some inconsistency we'll
13 call them back, but they are under the
14 understanding that it's for, you know, loan it
15 maybe somewhat of the timing of the loan
16 versus the building sale registered with
17 finance.

18 So there could be some timing as
19 well, whether loans approved with the sale,
20 I'm not sure if the sale goes through or not
21 yet. So that could have something to do with
22 it as well.

23 MEMBER GOODRIDGE: Andrew, I
24 received a question from a tenant and they
25 want to know in the 2015 report it refers to

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2 owners of rent-stabilized buildings and the
3 reports currently refer to owners of buildings
4 that contain rent-stabilized apartments.

5 I'm pretty sure I know the answer
6 but they wanted to hear from you about the
7 language and what that means.

8 EXEC. DIR. McLAUGHLIN: Yeah, we
9 simply changed the language this year. We
10 always called the building rent-stabilized, I
11 guess that's a bit deceiving. It's buildings
12 that contain rent-stabilized units because
13 there's both market rate units.

14 So to define it as a
15 rent-stabilized building versus a
16 rent-stabilized -- building that contains
17 rent-stabilized units, it was a more accurate
18 way to define the type of building.

19 It doesn't change any of the
20 numbers in any way. It doesn't change how we
21 do the report, it just clarifies the
22 definition. That's the only reason why we did
23 it.

24 But somebody out there is reading
25 our reports, I'm very happy about that.

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2 MEMBER GOODRIDGE: Yes, they do.
3 They actually -- I received multiple e-mails
4 last -- yesterday about why, like, they wanted
5 this -- today's reports now. So there are
6 actually a lot of fans reading the reports.

7 EXEC. DIR. McLAUGHLIN: Well I
8 appreciate that and we try to get it out as
9 quickly as we can. This year has been
10 particularly tough with all the changing
11 dynamics.

12 So in some way I'm apologizing to
13 those folks who we can't get it out there
14 sooner but we're trying to be as accurate and
15 with the most current data. And so we
16 appreciate -- we appreciate you saying that
17 Leah, I do. I wish I could -- but it never
18 seems to be able to be done that way.

19 MEMBER GOODRIDGE: I want to thank
20 you and the staff, Brian and Danielle, thank
21 you to all of you who just -- because I know
22 personally how difficult it has been for me to
23 sometimes just sort of, like, get up and be in
24 the mind frame of doing work. But to like do
25 a report, it's a lot.

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2 So I want to thank you for all the
3 work that you all are doing especially in
4 light of how difficult it is to just process
5 everything that's going on and then produce
6 something that's helpful to millions of New
7 Yorkers so thank you. And that many people
8 are reviewing, by the way.

9 So it's not, you know, a lot of
10 people are definitely looking at it. They
11 e-mail Sheila and I questions, they nitpick
12 and what this figure means they are comparing
13 it from five years ago. So a lot of people do
14 review your work, so thank you.

15 EXEC. DIR. McLAUGHLIN: Thank you.

16 CHAIRMAN REISS: More comments or
17 questions about the Mortgage Survey Report?

18 Okay. Should we move on to kind
19 of board discussion. I think Andrew wants to
20 kind of update the board. There was requests
21 for more information about hearing technology
22 so I'm going to turn it to Andrew to return to
23 that topic.

24 EXEC. DIR. McLAUGHLIN: Yeah, so
25 obviously we heard the -- what board members

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2 said about availability for tenants to comment
3 and owners to comment or the public in general
4 to comment. So we understand that and we're
5 being very sensitive to that.

6 So we reviewed different ways
7 different government agencies we're doing
8 their hearings. Predominantly they are doing
9 them on Zoom so that's a good thing so we use
10 Zoom which is helpful.

11 And what we looked at and what we
12 want to do and after watching all these things
13 so we're probably three or four important
14 things that we want to do.

15 One is that we want to have
16 realtime testimony so we're going to figure
17 out a platform that we can do it the best way
18 going forward. We want to also have the
19 ability for people to participate by
20 submitting written testimony. Certainly and I
21 believe that we could do a way that they could
22 submit also video testimony as well. So we
23 want to make sure that is there.

24 And we also do obviously want a
25 way that we can provide interpretation both

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2 with what's handed in and with written
3 testimony. And to the extent of what we have
4 obviously when we have our live streaming
5 testimony.

6 So those are the three things that
7 we want to ensure that we can do so we're
8 looking at different...

9 And at the same time we understand
10 that we want to have a fair and balanced way
11 of having people who come to testify have that
12 opportunity to do so.

13 So we are taking in all those
14 considerations. So we just wanted to put it
15 out there and to let you know that we are
16 looking at it. Our requirements are that we
17 have to have at least one public hearing and
18 that we also need a 30-day comment period
19 between the time of public notice for comment
20 that's put in the City Record to the time of
21 our first hearing, and those -- so those are
22 our legal requirements to do that.

23 So I just want to throw that out
24 there.

25 So we are on top of all those type

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2 of things and those are our concerns and we've
3 looked at -- we continually talk about the
4 best way of doing those. And so if there's
5 other comments you want to make on that,
6 that's fine, we would, you know, there's still
7 feedback of what we want but those are things
8 that we will include no matter how we do this.

9 And I don't know, David, if you
10 want to add anything to that but that's where
11 we are with the process.

12 CHAIRMAN REISS: Yeah, I don't
13 have much to add other than the staff and I
14 have been kind of looking at the hearings of
15 other government agencies and I think I'm just
16 going to say nobody has it perfectly but every
17 one has its strengths and weaknesses.

18 So I think the staff is trying to
19 think of what can we take from one format,
20 what can we take from another format and kind
21 of make it work best for us. So that's kind
22 of what they are trying to do.

23 MEMBER DeROSE: People taking
24 video, will there be a way to audio sort of
25 similar to leaving a voicemail or they could

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2 just call because that sort of a landline
3 phone technology might be more useful to some
4 than doing a 30 second or however long selfie
5 video.

6 EXEC. DIR. McLAUGHLIN: Sure. And
7 yeah, to that extent we would because
8 obviously we're realizing not everyone has
9 capability to do the video or the ability to
10 upload the video even if they film it. So
11 yes, we would have a place as well to do
12 audio.

13 And then obviously we have to
14 figure out the best way for it to be
15 distributed to the members of the board so
16 they can listen to it and review it as well
17 and read it.

18 And again to that, that's a good
19 point, I'm glad you brought that up, is that,
20 you know, whatever the live testimony would
21 have people would be able to participate over
22 the phone as well. It won't be something that
23 they would have to participate through Zoom
24 that they could participate with video on your
25 computer, but participate through Zoom using

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2 their telephone as well. So we want to make
3 sure that that's available to everybody and
4 that we understand that.

5 So yeah, so we're going over all
6 the different plans and ultimately if we have
7 a registration period to come on, which is
8 most likely the situation is that people could
9 register by even calling our office, by
10 e-mailing us, so the regular avenues of
11 registration would be available as well.

12 So I think I've said what I was
13 going to say.

14 MEMBER GARCIA: Question about
15 interpretation. I know that the interpreters
16 that we normally use for hearings are still
17 working through Zoom and I know that your
18 account has to be upgraded for that
19 interpretation to happen really seamlessly,
20 where you just select the language so we're
21 hearing the language -- if you hear -- if you
22 speak Spanish, you can listen to it in the
23 native language that they are speaking or if
24 you don't, you can listen to it in English.

25 But is that something that you

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2 guys are looking into?

3 EXEC. DIR. McLAUGHLIN: Yeah, and
4 if you can give us -- if there's any way you
5 can give us examples of that, you know, we
6 have the webinar through Zoom so to add on
7 anything that we need to make something like
8 that happen would be great.

9 We haven't seen an example of that
10 yet, honestly, with any public testimony. If
11 anyone out there has that's one function that
12 we have -- have seen is interpretation. So if
13 anyone has that and are willing to share it
14 and walk us through the process that would be
15 great.

16 MEMBER GARCIA: I haven't seen it
17 in public hearings, but I know that we are
18 doing it. And so I, you know, we held the
19 meeting last night and it was live stream on
20 YouTube, Facebook and people were on Zoom and
21 could call in also. And that happened all in
22 multiple languages other than English and
23 Spanish.

24 And I think that it's -- there's a
25 world where we can try to figure that piece

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2 out so that it happens the way it happens at
3 hearings. Who we normally use, they are the
4 ones providing that support and so they know
5 like if you tell them what you want to do,
6 they sort of tell you the best way to do that
7 with the tech they have or the tech that we
8 have, that you have.

9 EXEC. DIR. McLAUGHLIN: Yeah, I
10 mean ultimately if we could have simultaneous
11 where people can press a button and say I want
12 Spanish versus English, that's great because
13 that would provide more time for speakers
14 which is our big concern too because no matter
15 what we have I believe we're limited to the
16 number, certainly, of hearings that we have
17 right now, you know, we have to have one.

18 So the most time we can allow for
19 people to actually speak is really important
20 to, I think, all the members of the board and
21 us as a staff.

22 So if there's a way to have
23 simultaneous stuff going on that would be
24 wonderful.

25 MEMBER GARCIA: I was going to say

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2 that there's potential that the testimony
3 piece could go faster than normal because
4 there is an opportunity for simultaneous
5 during the hearings specifically through Zoom.

6 If it's helpful I can help
7 coordinate with like the interpreter since
8 we've been having so many meetings this way
9 and we've had some hiccups. And hopefully we
10 can -- I can share those learnings so they
11 don't happen here.

12 EXEC. DIR. McLAUGHLIN: Yeah,
13 maybe Sheila we can talk over the next couple
14 of days and figure out maybe something. That
15 would be great, thank you.

16 CHAIRMAN REISS: Other comments on
17 this topic or questions?

18 MEMBER SCHWARTZ: How many hours
19 do we have for the hearing? Is it four hours?

20 CHAIRMAN REISS: Andrew, did we
21 specify that or is that something that the
22 board could put input into?

23 MEMBER SCHWARTZ: My question is
24 what happens if there are too many people who
25 can give, let's say, two or three minutes per

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2 speaker to comment to be accommodated during
3 that four-hour period. Are there
4 contingencies? Additional hearings?
5 Extending the length of it? Cutting off?

6 I mean, I don't think we should
7 cut off the number of speakers but that is
8 obviously an option if it's first-come,
9 first-served, but I think we need to be
10 prepared if there's a lot of people that want
11 to talk.

12 MEMBER STONE: I think right now
13 you only have three hours scheduled.

14 CHAIRMAN REISS: So maybe I'll
15 check in offline with people about what they
16 think is the right approach and then we will
17 come up with a proposal the next time we --
18 Andrew and I will kind of propose something
19 based on the feedback I get from people.

20 Does that make sense?

21 MEMBER WALSH: I think our
22 longstanding method has been as long as people
23 sign up before the time ends we have stayed
24 two hours, three hours. I mean, you know, if
25 there's so many signups that it would

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2 potentially be, you know, eight hours then I
3 think we're at a different fork in the road.

4 But I think our longstanding
5 practice has worked to make sure people could
6 speak.

7 CHAIRMAN REISS: Yeah, I just
8 think the big difference is that you have
9 eight and a half million people who
10 potentially could participate from home and,
11 you know, it's conceivable you could have
12 12 hours worth of speakers going into the
13 middle of the night.

14 So we just -- I think we want to
15 set expectations appropriately but, you know,
16 there's probably a limit to what we are
17 willing and able to do in one sitting is my
18 guess.

19 So let me call around to people
20 and talk about it with Andrew and then we'll
21 make a proposal next week.

22 MEMBER WALSH: We're pretty
23 resilient, David, don't underestimate us.

24 CHAIRMAN REISS: I'm willing to
25 stay as long as you are.

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2 MEMBER WALSH: 4:00 a.m. is my
3 cutoff.

4 CHAIRMAN REISS: So Andrew and I
5 will work on that proposal, but Scott has set
6 a high bar for this.

7 Andrew, anything else on your end?

8 EXEC. DIR. McLAUGHLIN: I'm done,
9 David, I don't know if there's anything else.

10 We just we have speakers lined up,
11 I believe, from both tenant and owner members
12 for next week. So it will be a very similar
13 format to let everyone know that, you know,
14 those who are invited will be entered into the
15 Zoom and they'll have their opportunity to
16 speak before the members of the board.

17 So we have a section in the
18 morning and we've given board members a break,
19 an hour break in the middle at least, and so
20 that is the plan. We will send out all that
21 information, I have to send out a meeting
22 notice this afternoon. I'll e-mail the people
23 I've been e-mailing. Feel free to spread
24 those e-mails to whomever you think would want
25 to participate in the meeting.

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2 So that's what's on the agenda for
3 next week.

4 CHAIRMAN REISS: And for our new
5 members, I'd say in general there's usually a
6 very healthy exchange with the outside
7 speakers who come. So you should, you know,
8 it's a little artificial with Zoom but, you
9 know, they are there really to answer our
10 questions and help you make a good decision.
11 So you should treat them as a resource
12 accordingly.

13 MEMBER GARCIA: I had a question
14 about the conflict of interest stuff. Is that
15 stuff going to get mailed to us, that thing
16 that you put in our -- that we have to like
17 figure out how to get out?

18 EXEC. DIR. McLAUGHLIN: I haven't
19 heard a followup since they told me that it's
20 been pushed back. I want to say the date off
21 the top of my head was June 15th so -- but I
22 don't know for certain when that's gonna
23 happen.

24 Whether we're going to be
25 responsible for picking up the packets and

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2 distributing, I don't think they figured that
3 all out yet. I think they are pushing it off
4 to see where we are by the end of May and how
5 much -- where we are differently with people
6 going to work and doing all those kind of
7 things.

8 So I will keep you up to date on
9 that. I know that you're anxiously waiting to
10 complete the financial disclosure filings
11 but...

12 MEMBER GARCIA: I just get anxious
13 I'm going to miss the deadline.

14 EXEC. DIR. McLAUGHLIN: No,
15 there's no deadline so there are no fines
16 pending. Ironically I think it was today,
17 initially. I think it was -- no, I think it
18 was May 7th, I think it's our preliminary vote
19 that they were initially due. I think maybe
20 May -- it's usually a Friday, so I want to say
21 it was May 8th was their initial one but
22 that's obviously not --

23 MEMBER WALSH: For the new board
24 members, this is one of the highlights of our
25 serving the good citizens of New York. The

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2 first time is rough.

3 CHAIRMAN REISS: You probably want
4 to have completed your tax return before you
5 actually complete this form.

6 So any new business from members?

7 (No response.)

8 CHAIRMAN REISS: Okay.

9 MEMBER GARCIA: I don't know if
10 it's new business, but I want to recognize
11 that, like, I know that a lot of us are
12 dealing with a lot and I wanted to thank
13 everyone for, you know, making time in our
14 brains and our lives to sort of handle and
15 tackle this big mission that, you know, often
16 we're at odds with but, you know, I think
17 we're doing the best we can.

18 And I hope that as we move through
19 this, like, we continue to have the
20 conversations we're having, push or pull, I
21 think it's important and I hope we continue to
22 do that 'cause I really do appreciate like us
23 being more intentional in this time to have
24 these conversations.

25 And as we move forward and

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2 hopefully we can do the best we can given the
3 fact that we have to keep moving sort of
4 forward through this process.

5 So thank you everyone. I know
6 it's a lot to share our home while we're all
7 grieving and, you know, dealing with a lot.
8 So thank you.

9 MEMBER GONZALEZ-RIVERA: I
10 definitely want to second that.

11 First of all, thank you to all of
12 my fellow board members and also to all of the
13 staff. I mean, thank you for the work that
14 you put into this, it's really a testament to
15 public service, so this is great.

16 And in particular it's been really
17 great to be able to have a staff that is
18 pulling together all of these economic
19 indicators for us. I mean, it's so we can
20 make informed decision.

21 So that's something I want to
22 second what Leah had said earlier, it's a
23 wonderful service, especially during this time
24 to do this.

25 So thank you again also to the

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2 staff for pulling this together to help us
3 make a much more informed decision because of
4 it.

5 CHAIRMAN REISS: Okay. Everyone
6 stole my thunder because, you know, behind the
7 scenes Danielle and Brian and Andrew have
8 really been working very late on the weekends,
9 turning out multiple drafts. So all of the
10 comments to them are definitely well deserved.

11 But I'll also just say, and this
12 is echoing what Sheila said as well, I'm
13 really proud to be on this board. I'm really
14 proud to be chair of this board. I think the
15 quality of conversation we're having is
16 incredibly thoughtful and informed by facts
17 and I think we're doing New York a service by
18 serving on this board so thank you.

19 EXEC. DIR. McLAUGHLIN: And just
20 to add to that I would be remiss in getting
21 you our per diem form out to folks so when you
22 keep track of the hours that you're
23 participating in the meeting as well as
24 outside of the meeting, reading reports, and
25 talking to whomever, to each other or to, you

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2 know, your constituency that you serve.

3 I will get something to you, I
4 want to really update it where it's something
5 that can be done electronically that you don't
6 have to print it out to keep track of those
7 hours. So those per diem forms will come
8 shortly.

9 CHAIRMAN REISS: Okay.

10 EXEC. DIR. McLAUGHLIN: And thank
11 you again for all the comments. It's always
12 really nice to hear and I think it's just
13 always a morale boost when we get those kinds
14 of things.

15 So I appreciate it and I'm sure
16 the rest of the staff do too. Thank you.

17 And not to minimize Charmaine who
18 also has been answering a lot of phone calls.

19 MEMBER WALSH: That's what I
20 wanted to ask. Where is Charmaine? Could she
21 make a cameo?

22 EXEC. DIR. McLAUGHLIN: Can we put
23 her up? I don't know how, she joined. Let's
24 see.

25 MEMBER GARCIA: I just want to

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2 recognize that Charmaine is. I get calls from
3 tenants saying I couldn't answer the question
4 from you -- get you the answer to the
5 question, I called the RGB and they were able
6 to answer it. Like I cannot stress enough how
7 amazing she is on that phone making people
8 really feel heard, even though she, you know,
9 is sort of managing all of that.

10 Thanks, Charmaine.

11 MS. SUPERVILLE: Hi, everyone.

12 CHAIRMAN REISS: So I think that's
13 a good sign to end the meeting. So let me not
14 screw this up and ask for a motion to adjourn.

15 MEMBER GONZALEZ-RIVERA: So moved.

16 CHAIRMAN REISS: Do I hear a
17 second?

18 MEMBER WALSH: Second.

19 CHAIRMAN REISS: We are adjourned.
20 Thank you. See you all on
21 Tuesday.

22 (Video concluded at this time.)
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C E R T I F I C A T E

STATE OF NEW YORK)
 : S S . . :
COUNTY OF QUEENS)

I, NICOLE ELLIS, a Notary Public for and within the State of New York, do hereby certify:

I reported the proceedings in the within-entitled matter, and that the within transcript is a true record of such proceedings.

I further certify that I am not related to any of the parties to this action by blood or by marriage and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this ^ day day of ^ month 2017.

Nicole Ellis

NICOLE ELLIS