THE CITY OF NEW YORK
RENT GUIDELINES BOARD

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VIRTUAL ZOOM

PUBLIC MEETING

OF THE

DIRECTORS

---x

May 5, 2020

9:30 A.M.

B e f o r e :

DAVID REISS,

THE CHAIR

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

Board of Directors:

David Reiss

Cecilia Joza

Alex Schwartz

Christian Gonzalez-Rivera

Christina DeRose

Patti Stone

Leah Goodridge

Scott Walsh

Sheila Garcia

S T A F F:

Andrew McLaughlin

Executive Director

Brian Hoberman

Research Director

Danielle Burger

Deputy Research Director

Charmaine Superville

Office Manager

INDEX OF SPEAKERS

PROCEEDINGS

CHAIRMAN REISS: Good morning.

I'm David Reiss, Chair of the New York City Rent Guidelines Board.

And I'd like to welcome you to this virtual meeting of the board.

This is the third meeting in a series of public meetings and hearings to determine the renewal lease adjustments for rent stabilized tenants in New York City with leases commencing or being renewed on or after October 1st, 2020 and on or before September 30th, 2021.

I will now take roll call. Please respond if present.

Christina DeRose.

MS. DE ROSE: Present.

CHAIRMAN REISS: Sheila Garcia.

MS. GARCIA: Present.

CHAIRMAN REISS: Christian Gonzalez-Rivera.

MR. GONZALEZ-RIVERA: Present.

CHAIRMAN REISS: Leah Goodridge.

MS. GOODRIDGE: Present.

CHAIRMAN REISS: Cecilia Joza.

MS. JOZA: Present.

CHAIRMAN REISS: Alex Schwartz.

MR. SCHWARTZ: Present.

CHAIRMAN REISS: Patti Stone.

MS. STONE: Present.

CHAIRMAN REISS: Scott Walsh.

MR. WALSH: Present.

CHAIRMAN REISS: David Reiss, present.

The preliminary vote for rent stabilized renewal lease adjustments will be held this Thursday, May 7th. This virtual meeting will start at 7:00 p.m. You can obtain information on how to attend this meeting via our website nyc.gov/rgb in or meeting section or by calling the RGB at 212-669-7480.

If you are interested in receiving e-mail updates about upcoming RGB meetings and hearings, please go to our home page and click on RGB updates under quick links.

The proposed language for the apartment and hotel orders in anticipation for the vote on May 7th was e-mailed to the board members prior to this meeting.

Due to COVID-19 and the state of emergency for New York City, the 2020 annual disclosure filing period will be postponed until further notice. Information regarding the new filing period will be provided as soon as it becomes available.

We will begin today's meeting testimony with our owner panel, which is scheduled to go at noon -- to go to noon.

The board will take a break from noon to 1:00 p.m. Then in the afternoon, we will hear testimony from the tenant panel from 1:00 to 3:30 p.m.

MR. MC LAUGHLIN: David.

CHAIRMAN REISS: Yes.

MR. MC LAUGHLIN: Before we start, just one correction. The proposed language of the lease will be e-mailed after.

CHAIRMAN REISS: Oh, that's right. You told me that. I forgot to change that.

MR. MC LAUGHLIN: We didn't change the language.

And before we start with the panel, I just wanted to -- for our viewers out here if you're new, I just want to go again to our -- our web page to show how to give a share -- so you can sign up for our e-mails. But hold on one second here. Let me see. Just give me one second.

All right.

How's that. Okay. Can everyone see the website?

MS. STONE: Yes.

MR. MC LAUGHLIN: Okay. Great.

So we're on our home page. If you go to quick links and scroll down to RGB e-mail updates, click there. You'll come to this page and if you want to subscribe to our e-mail updates, click here and it will send you to nyc.gov section where you sign up and you would chose us off the list here, NYC Rent Guidelines Board announcements.

And since I'm here, our 2020 meeting schedule is a quick link as well. You can also get it by clicking meetings up here and then here. So here are all our meetings.

And as you can see, the preliminary vote for May 7th, here is the information that folks need in order to attend the meeting.

And we will be posting public hearing and final vote in the coming days as well and this is where you would find it -- so.

That's what I got, David.

CHAIRMAN REISS: Okay.

So, Andrew, I'm sorry, I didn't think through the order of speakers. Is that agreed upon already?

MR. MC LAUGHLIN: It's up to the panelists how they want to handle it. I would throw it over to Vito, he's the one who helped organize with Scott and Patti so I think probably we'll give it over to Vito and they can choose the order.

CHAIRMAN REISS: Okay. Sounds good.

Hey, Vito.

(No response.)

CHAIRMAN REISS: Vito, you're muted. Let's see.

MR. SIGNORILE: Is this better?

CHAIRMAN REISS: Yes.

MR. MC LAUGHLIN: There you go.

MR. SIGNORILE: Good morning,

everybody.

VOICES: Good morning.

MR. SIGNORILE: Nice to see everybody again. It's unfortunate it's under these circumstances but it is nice to see everybody and it looks like everybody is doing well. So we're very fortunate for that.

So I'd like to -- I'd like to lead off our testimony, if everybody's ready, I can begin now.

CHAIRMAN REISS: Great.

MR. SIGNORILE: Okay.

Good morning.

My name is Vito Signorile. I am the Director of Communications of the Rent Stabilization Association and I am here on behalf of our 25,000 members who own or manage the vast majority of the City's (Zoom inaudible) Department.

I'd like to welcome the new public members of the Rent Guidelines Board and express our desire to engage in a productive dialogue with you throughout this year's deliberations.

The Corona Virus pandemic has brought unprecedented consequences to New York

City, just as our country was in the midst of one of the greatest economic booms we have every seen. Unemployment numbers were reaching record lows, wages were reaching record highs and eviction and cash assistance caseloads continued to fall. With the snap of a finger, all of those positives have become an afterthought.

Until the time comes and our City's economy is operating at a normal capacity, we are left to wonder how low income tenants and tenants who have lost their jobs will be able to pay their rent.

At the same time, when nearly 40 cents of every rent dollar pays for property taxes and water bills alone, how building owners will be able to pay their operating expenses if rents are not paid is an equally important question and one that is often ignored.

Last June the State Legislature enacted the strongest rent laws ever recorded in the history of New York. While many tenant advocates mistakenly believe that the laws do not do enough, rent regulated property owners, most of which own buildings that were built pre-World War

II, are now left wondering how they will be able to properly invest back into their aging buildings.

Within three months of the laws enactment, many top level City administration figures questions whether the Housing Stability and Tenant Protect Act may have gone too far.

It was also acknowledged by many of these same officials that moving forward adequate rent increases through the City Rent Guidelines Board would now be necessary in order for building owners to keep up with their ever increasing operating expenses and maintenance needed for their apartments.

As we approach this year's deliberations, we have little doubt that the RGB data would favor the highest Rent Guideline increase that we have seen under this administration.

Four years ago, we cautioned this board after the first rent freeze in City history that a pattern of zero to minimal rent increases would ultimately affect the bottom line of rent stabilized building owners.

The 2020 RGB reports are now

reflecting the effects of those guidelines and will soon reflect the negative impact of the HSTBA. Inadequate guidelines, coupled with consistent increases in operating costs have now resulted in the first decrease in NOI in 15 years. This is not an anomaly. This will be a pattern moving forward as the board's data begins to reflect the HSTBA, additional inadequate guidelines and now the effects of the Corona Virus pandemic.

The notion that all rental property owners are making money hand over fist is not only exhausted but the furthest thing from the truth. The data provided by the 2020 Income and Expense Study, which as a reminder does not reflect the buildings with less than 11 units, cannot be taken lightly.

For the last seven years, we watched the majority of the members of this board focus solely on increased NOI, while blatantly ignoring increased operating expenses. Now, NOI has gone down and will continue to deplete as costs continue to rise. Operating expenses have increased faster than building income. Rent collections continue to decrease and the number of distressed buildings has increased for the first time in five years. This is no coincidence.

RSA acknowledges the severity of the ongoing crisis. We are well aware of the struggles that many tenants are facing as thousands are losing jobs or are left without paychecks while their place of work continues to remain closed.

However, the ripple effect of how tenants are dealing with this ongoing crisis is unjustly ignored. It is simple math. When rents are not paid, the building expenses cannot be paid. When building expenses are not paid, safe and adequate housing cannot be provided.

We are not by any means minimizing the fact that some tenants are in dire need of temporary relief. However, a one size fits all approach by enacting another politically motivated rent freeze does not provide the immediate assistance that some tenants are in need of right now.

Because -- because of financial shortfalls in the State and local government, rental subsidies will not, and cannot, be provided. This is an opportunity for the federal government to step in and rather than our local elected officials advocating for this much needed route, they have chosen the political one that only achieves newspaper headlines, such as calling for another rent freeze.

Nevertheless, the supplement to the 2020 Income and Affordability Study, acknowledges the stimulus payments of up to $3,400 have been issued and unemployment benefits have been greatly expanded for individuals to make as much as $4,800 per month and as little as $3,400 per month through the end of July.

It also cannot be ignored that households with average incomes of $31,000 are earning double the amount of monthly income under increased unemployment assistance and households averaging $49,000 in annual income are now earning approximately $1,000 more per month under these benefits.

Sure, government can do more to aid tenants in this time of need but these benefits that will continue well beyond the lifting of statewide restrictions can, and most definitely should, allow tenants to pay their rent and provide for their families.

So while some members of this board have already showed their cards and all but certainly have endorsed the rent freeze, we must ask you this question. Where are the property tax and water and sewer increases? You are blatantly telling the owners of nearly one million stabilized apartments that because of an unexpected pandemic, their operating expenses that have already increased, will continue to increase but their only source of income must be stagnant.

Furthermore, any proposal of a rent freeze will not go into effect until October 1st. And there's only a small sample of tenants whose leases expire in the next five to six months will be able to benefit from a rent freeze for the duration of their lease. How will this recommended rent freeze aid a tenant who is actually unemployed now whose next renewal may -- may occur between now and September 30th of this year? Not only is it misguided and irresponsible to assume that at a minimum this current crisis will continue through the end of this year but it is also irresponsible to assume that tenants will continue to remain unemployed throughout that entire duration.

Rent freeze or not, regardless of when it would go into effect, the rent will still be due. And another politically motivated rent freeze will do nothing to alleviate the burden for all low income tenants prior to the pandemic.

However, should this independent board continue to feel the pressure, politically or otherwise, to freeze rents, then a rent freeze should be as short as possible, affecting leases only between October 1st, 2020 and December 31st, 2020, in order to limit the damage to the housing stock, which is this board's primary responsibility.

For over 50 years now this board has had a duty to grant rent stabilized apartment owners reasonable rent guidelines to offset the ongoing increases in building operating costs and mandates. The members of this board are required to consider the studies that have been put before them based on data from the last two years. Until this board RGB process is altered this is, and should continue to be, the responsibility of this independent board.

The data from this year's Price Index and Income and Expense Study is more than enough justification for this board to put an end to politically motivated rent guidelines. It is undoubtedly time to reverse course and provide a realistic rate of rent increase.

By freezing rents again in the face of ever increasing operating expenses, in addition to the effects of the Housing Stability and Tenant Protection Act and the Corona Virus pandemic, you can guarantee that data in subsequent RGB studies will show the expedited deterioration of the City's already aging housing stock.

We urge the RGB to adopt a range that reflects the commensurate rent increases that RGB research suggests is necessary increases.

2.5 percent to 4.5 percent for a one-year lease; and,

3.5 percent to 5.5 percent for a two-year lease.

Furthermore, pursuant to clarification issued by DHCR last fall with regard to the Housing Stability and Tenant Protection Act, these renewal guidelines should also apply to vacancy and renewal leases. These guidelines would be a starting point for owners to recoup the recent inadequate guidelines and draconian changes to the State's rent laws and reverse the recent trend in which the RGB's own commensurate rent adjustments have been deliberately ignored over the last six years.

We look forward to working with all members of this board and will continue -- and will continually remain available to any questions or requests from each of you throughout the deliberation process.

On behalf of our entire membership, I thank you very much for your time and consideration.

I'd like to note that as I was reading my testimony, I noticed -- I realized that I had not sent my testimony to Andrew to share with the staff ahead of time. So I apologize. I will do that right now.

And I am open for any questions.

CHAIRMAN REISS: Thank you, Vito.

Any questions for Vito from the members?

MR. WALSH: So can you -- can you for the new members, just go over a little bit of, you know, your small owners and the kind of varying types of owners who your trade association represents, just so people can -- you might have touched on it at the beginning but I think -- I think it would be helpful to have a little more context.

MR. SIGNORILE: Of course.

So out of membership, you know, our membership ranges from large owners to small owners but the vast majority of our membership, I'd say anywhere between 70, 75 percent, are owners of smaller buildings, less than 11 units but, also, anywhere between one and 21 units on the higher end of that -- of older buildings and these are mom and pop operations. Most of them are generational immigrant owners who have taken on these buildings from their parents and their parents before them.

Any other questions?

CHAIRMAN REISS: And we certainly can come back to Vito as other speakers speak as well. But any other questions?

MR. GONZALEZ-RIVERA: Yeah. So,

Vito, thank you for your -- for your testimony.

So I'm -- you referenced that there's a lot of benefits that have come for tenants as well. I mean, it's like systemically unemployment insurance, I mean we haven't seen the numbers in CASA systems but presumably that's up as well.

So certainly I mean it's like we're -- so sort of setting up a situation where tenants are using those benefits to possibly pay rent.

What possibility do you think exists for landlords to receive some kind of relief; whether that's sort of expanded mortgage forbearance or some other kind of relief on your side?

MR. SIGNORILE: Well, as I mentioned in my testimony, our owners in terms of operating expenses and bills, it comes down to property taxes and water and sewer rates that take up the most of the building operating expenses.

And we've heard many elected officials call on, you know, rent forgiveness and -- and like I said, our owners are very understanding of what's going on right now. It's a shame that in the media that the portrayal of good property owners who are working with their tenants to not force the rent to be paid on the first of the month and come up with a program to -- and individually model to help them pay over time and work with them to get through this, it's not represented well in the media.

And, you know, if in the event there was, you know, an opportunity where a tenant could not pay rent at all and it was acknowledged by our elected officials, it would certainly be offset by the -- the same kind of forgiveness for property tax payments and water and sewer bills.

MR. GONZALEZ-RIVERA: Do you think that's a possibility? I mean, specifically considering that property tax bills are sort of within the power of government and, also, utility rates can be set by government. Do you think that's possible that there could be some relief there?

MR. SIGNORILE: Do we think it's possible? Yes. However, since this pandemic began to worsen back in March, our organization called upon these elected officials to, at a minimum, talk about the possibility of such forgiveness for -- for these operating expenses and it's gone by the wayside. You know, these elected officials have -- have down played it and not brought up the possibility of, okay, if there was some type of rent forgiveness then maybe we could provide some -- some forgiveness to owners for their operating expenses as well. But it hasn't been mentioned and unfortunately we don't see that coming up on any level of government in the near future.

MR. GONZALEZ-RIVERA: Okay.

What kind of difference do you think, of course, I mean, you know, sort of have an estimated number for how much the rent should increase on one year and two-year leases. How much help do you think, I mean, it's a -- how much of a decrease let's say, I mean, like in property taxes or in utility rates? I mean, do you have some kind of an estimate as to what kind of help you would need on that side?

MR. SIGNORILE: It's difficult to say because, you know, property tax rates vary, you know, by neighborhood. Each building owner is paying their own, you know, type of property taxes. I mean, you can have a building that's 50 units in one part of the City that's paying X amount and then a building that's six units in Lower Manhattan that's paying even more than that just because of the location of their buildings.

So it's really difficult to say. It's not a one size fits all model. It would have to be determined based on building size, rent roll, how much rent in that particular building is an owner missing out on because of tenant situations. I mean, you can have a building, whether it's completely rent stabilized or not, where all the tenants are employed and paying their rent.

At the same time, you can also have another building where, you know, half of the apartments are rent stabilized and half of the apartments are free market but the vast majority of the tenants have lost their jobs and are unable to pay rent.

So it's difficult to determine how much we'd be able to offset. It's really -- it's individual situations unfortunately.

MR. GONZALEZ-RIVERA: Okay. Thank you.

MR. SCHWARTZ: Vito, a question. Do you know what percentage of your members have mortgages on their property and to what extent they have mortgages that are guaranteed by Fannie Mae and Freddie Mac or FHA?

MR. SIGNORILE: So at the moment we don't have the data on that. It's very difficult to gauge our membership in participation for surveys to reach out in terms of this. We have run surveys in terms of rent collections and we've received minimal responses on that but at least it gave us an idea where some of our members are. But at the same time, they have acknowledged that their rent collection is vital to the paying of their mortgages. Unfortunately, we don't have a breakdown of whether they are federally funded or not.

MS. DE ROSE: Vito, what is the possibility of using the -- security deposit for arrears, rental arrears?

MR. SIGNORILE: So we know that's been mentioned a lot over the last couple of months. We've issued guidance to our members in terms of what they should do in terms of rent collections.

It's not -- it's not something we're saying, hey, you should definitely do this because this is also a one size -- it's not a one size fits all approach. However, we've given them the option of, hey, okay if this is going to help your tenants meet a monthly rent, you should definitely come up with a plan in writing with your tenant to use the security deposit to cover a month's rent and some type of system where it's replenished over time so that the security deposit is still there along the lines.

This is just one of the many items of guidance we have given our members. You know, we're not telling them, hey, this is what you have to do but it is an option if a tenant is in a particularly bad situation where they've been unemployed for some time now because of the pandemic.

MS. DE ROSE: Okay.

CHAIRMAN REISS: Other questions for Vito or if not, we can move on to the next speaker.

MS. GOODRIDGE: I have a question.

Vito, you mentioned during your testimony that the board has made political decisions and I wanted some elaboration on that because that is something that has been stated for the last couple of years and I wanted some elaboration on that, particularly in the context of, you know, we all know the numbers of how many homeless New Yorkers there are. We all know the eviction numbers. We all know that the rents in New York are pretty high. So I'm wondering what makes it a political decision?

MR. SIGNORILE: I'm sorry, Leah, I missed the last part of your question. There was some background noise.

MS. GOODRIDGE: Oh. So we all know the figures so I think that that is just numerically. So what -- and certainly the board does rely, in part, on those figures. So I'm wondering where's the political decision coming from that you mention?

MS. SIGNORILE: Well, you know, it's no secret that the Mayor has come out and said he wants the board to enact a rent freeze.

But in -- in a world where I'm all sure we wish we were living where this pandemic never happened, the data that has been provided from this year's RGB studies have -- would show greatly improved economic conditions for tenants and -- and depleted NOI for building owners and increased operating costs. I mean these are all things that would suggest, you know, larger increases in rent.

But to come out and say the board should enact a rent freeze because of a pandemic, you know, and say that the data from this year's studies are misleading is just convenient. We do understand what tenants are going through and -- and help and temporary relief should be provided. However, we strongly believe that it's not this board's responsibility to provide that.

MS. GOODRIDGE: To provide to -- I'm sorry.

So just to clarify, you don't think that it's the board's responsibility to provide relief in the form of a rent freeze at all?

MR. SIGNORILE: Correct.

MS. GOODRIDGE: Okay.

CHAIRMAN REISS: Other questions for Vito?

(No response.)

CHAIRMAN REISS: Vito, who's next amongst the speakers?

MR. LODHI: I can go.

Hey, David.

Good morning, everyone.

Good morning. My name is Palmaan Lodhi, the Real Estate Board of New York.

Thank you to the Rent Guidelines Board for the opportunity to provide our perspective regarding rent adjustments for the City's rent regulated apartments.

New York has been acutely affected by the unprecedented COVID-19, not only from devastation to public health but, also, an upending of virtually every aspect of society.

New Yorkers worry about their jobs and financial health, their ability to keep a home and food on the table. REBNY recognizes the affordability and homeless challenges of this City and recognizes the impact of COVID-19 will only exacerbate both for many months.

That is why REBNY members were the first to pledge a 90-day moratorium on evictions, enter into a voluntary rent payment plans and have tenant assistance for those with verified hardship.

Individual pain requires a compassionate and individualized response. The scope and scale of this crisis is one that can only be adequately addressed by federal resources. REBNY has been an aggressive advocate for New York City at the federal level, pushing for business interruption programs, State and local aid, reforms to expand the Paycheck Protection Program and emergency rental assistance program.

An expansion of a rental voucher program is of critical importance as it is the most direct way to appropriately relieve housing costs burdens for New York's most vulnerable populations.

The Rent Guidelines Board should be commended for the vast information they provide and the clarity with which they present the many challenges in the data. Those challenges have led to a system ill equipped to match appropriate rent increases with expenses over time.

The rate of RGB allowed rent increases has not kept up with the rate of annual expense growth. Over a 20-year period of time and across multiple mayoral administrations, RGB increases averaged 2.6 percent while expenses for property owners increased more than twice that rate, at 5.6 percent.

This incongruence is a result of highly politicized process that relies on a flawed methodology that artificially inflates NOI and arbitrarily reduces expenses. An outdated 28-year old analysis by the RGB and the Department of Finance is used as the basis for adjusting expenses downward eight percent. Similarly, costs of building facade maintenance, increased elevator inspections, lead paint abatement and many other government mandates imposed since the Price Index was updated 36 years ago, are not considered by the board.

Further, inflating reported NOI is a universe of buildings that the RGB studies. The RGB excludes data on smaller one to ten unit buildings. That leaves nearly 16,000 fully stabilized buildings unaccounted for while simultaneously including predominantly market-rate buildings with abated property taxes through programs such as Affordable New York.

Finally, the data collected to determine rent increases has a two-year lag and does not include dramatic policy changes that substantially change the economics of operating apartment buildings.

The changes enacted last June as part of the HSTPA of 2019, included the effective wholesale elimination of increases beyond those provided for by the Rent Guidelines Board at lease renewal, including:

The vacancy allowance. Rent Guidelines Board increases that vacancy.

Major capital improvements;

Individual apartment improvements;

Luxury decontrol; and,

Preferential rents.

As a result, the burden to maintain quality housing amid escalating costs falls solely on the RGB via annual rent increases.

As we shared with the board last year, an analysis suggested that the HSTPA could dramatically change the economic viability of the operations and maintenance for apartment buildings across the City. Their analysis estimated that within five years, approximately 272,000 units could be financial distressed and unable to afford any investment beyond basic maintenance, taxes and utilities.

Unfortunately, the RGB's research does not account for the sweeping legislative changes of the HSTPA. However, preliminary research suggests there are some early warning signals that owners are undertaking substantially less work and investing less in the City's regulated housing stock.

A *Wall Street Journal* study of the City Department of Buildings permits, found that the property owners started 535 fewer renovations in rent regulated buildings between July and November of last year, which represents a (Zoom inaudible) percent decline and a $71 million fall in renovation spending.

Additionally, REBNY's investment sales report for the second half of 2019, found a significant decrease in investment of rent stabilized building, with total dollar volume declining 73 percent year over year, from $5.7 billion to $1.6 billion.

With 71 percent of the rent stabilized housing stock built prior to 1947, maintenance and operational costs are a fact of business with regular cycle of necessary major system overhauls like gas, electricity, water, boiler, elevator and roof replacements.

According to the RGB's Income and Expense Report, owner expenses increased 5.8 percent. Property taxes comprised the largest share of owner expenses, averaging 30.4 percent of all costs amongst rent stabilized buildings.

From 2017 to 2018, the average monthly expenses per dwelling unit paid towards taxes increased 7.9 percent and have more than doubled since 2007.

In spite of a methodology that results in an overstatement of a building's NOI, this year's RGB Income and Expense Study shows a 0.6 decrease in NOI for the first time since 2003. It is no secret that this process and historic results are ones that landlords and tenants alike find frustrating.

The rapid adverse changes COVID-19 wrought on the market and housing landscape, lends additional credence to serious consideration moving to a new standard formula that inputs various indices for generating RGB increases that can operate independent of political machinations.

This board's determination should be the result of the consistent, predictable and transparent framework year to year to provide predictability in balancing tenant and landlord needs.

Public input is an important part of good government and it should be used to provide data discrepancies, new methodologies or to highlight sudden shifts in the market.

A two-year lag in data is unacceptable most years and more so today. We continue to believe there are merits to a formula system and, therefore, suggest a formula that encompasses the following:

Consumer Price Index and wage growth;

Property taxes;

Unfunded regulatory requirements; and,

Subsidized regulatory requirements;

Labor;

Maintenance;

Insurance;

Administrative costs;

Capital investment needs;

Debt service; and,

Utilities, such as energy, water, sewer and fuel.

Rental income and capital investment are the life blood of rental housing. Rental housing with a steady and reliable stream of income is sustainable and conversely tenants suffer by decreased building quality and services. When revenue is lacking or constrained by unrealistic restrictions on rent growth that are not sufficient to accommodate increasing expenses.

For multiple years this board, under this administration, has weighted tenant needs over rising expenses with the biggest driver of those expenses being increases to City property taxes. This deficit was previously balanced by other statutorily available revenue streams beyond RGB annual increases. Now that the State has eliminated those revenue streams with the passage of HSTPA, the role of the RGB is more critical to maintaining the economic viability of this City's rent stabilized apartment stock.

The 2020 Rent Guidelines Board PIOC study found that increases between 2.5 and 3.5 percent for one-year leases and 3.3 to 6.75 percent for two-year leases, are required to maintain owners' current dollar NOI.

REBNY recommends a minimum of a 2.3 percent increase for one-year leases, commensurate with the weighted increase of expenses dedicated to property taxes.

It's fair to consider the difference between one and two-year leases. However, the board's guidelines must apply to both renewal and initial leases moving forward.

Rightfully there are a number of regulator provisions related to health and safety that must occur in turnover, including lead abatement and painting that are not permitted as an

IAI expense. The majority of apartments do not utilize preferential rents and absent a guideline applying to initial leases will not have a chance until 2021 to even recoup a portion of those required costs, which may now include heightened cleaning procedures related to COVID-19.

The City has been experiencing an affordability crisis that impacts hundreds of thousands of New Yorkers, both in and out of rent stabilized housing for decades. We will not know the full impact of COVID-19 for some time but the numbers are deeply personal.

During this time of crisis, property owners have gone above and beyond in meeting their responsibility of providing quality and safe housing for their residents. They continue to, and must find ways to cover the increased costs for utilities and maintenance, along with the other already burdensome financial obligations they have, including property taxes.

Additionally, at a time in which many of us are at home, building owners have worked to ensure buildings are safe, clean and responsive to COVID-19 pandemic, often at a significant expense.

New Yorkers deserve responsible policies that support existing high quality rental stock and allow for property owners to meet their financial obligations in order to maintain a functioning housing ecosystem.

We must collectively ensure property taxes are paid to the City for vital programs. And now is not the time to resolve responsibility from meeting statutory requirements, all must share in the responsibility of keeping the housing market stable.

Thank you to the members of the Rent Guidelines Board for considering my testimony.

And I'll turn over if you have any questions.

CHAIRMAN REISS: Questions for Palmaan?

MS. DE ROSE: I just have a -- I just wanted to clarify, REBNY had a -- was it 2.4 percent recommendation for a one-year. Did they have a recommendation for a two year? Did I miss that?

MR. LODHI: I think what we had

said is that at a minimum it should be a 2.4 percent just based on the commensurate data for property tax increases.

MS. DE ROSE: Okay.

MR. LODHI: David, I want to go back -- there was a board member who asked a question about federal assistance. Christian, I think it was you. You know, we have been working on the federal level to identify ways in which all New Yorkers can receive the benefit and the aid that they need.

Right now in terms of aid to property owners, there really isn't any. You know, the Paycheck Protection Program explicitly excludes real estate interests.

The mortgage forbearance program is really only applicable to those who have residential mortgages that are federally backed. So if you think about the universe of multi-family housing, most -- most of them have commercial mortgages.

So, you know, really, I think the numbers that came out nationwide is that this is, you know, this forbearance basically offers protection to 25 percent of multi-family units. But that's nationwide where you have a lot smaller buildings that have residential units in them. Like think about your one to four families, which perhaps they have residential mortgages.

In New York that number's probably going to be much higher.

MR. GONZALEZ-RIVERA: So -- I'm sorry. Go ahead, David.

CHAIRMAN REISS: No, go ahead. Go ahead, Christian.

MR. GONZALEZ-RIVERA: Okay.

So thank you Palmaan for -- for those, you know, basically it's like I'm -- I'm very interested in the idea that -- I mean, it's like there's other information that could be brought out into our process to really think more realistically about what our decisions should be moving forward.

But along those same lines, you mentioned the *Wall Street Journal* analysis showing a decrease in renovations. Correct me if I'm wrong, I imagine that these renovations also include sort of elective renovations, you know, sort of renovations that aren't crucial to maintaining sort of health and safety in these buildings that are, you know, sort of improvements to the lobby, et cetera. That sort of thing.

I mean, do you think that there's a -- but correct me if I'm wrong about that. I mean Scott shaking his head.

But do you think that there's a danger right now, I mean, it's like given the way that NOI has been moving over the last five years, that there could be substantial lack of renovations that would impact the health and safety of tenants?

MR. LODHI: Yeah.

MR. GONZALEZ-RIVERA: And to what level?

MR. LODHI: So the point of sharing that data was to go back and say there are limitations here to RGB's data. And, you know, it operates on a two-year lag. So we're not, you know, all the numbers that, you know, the board is considering right now doesn't even reflect all the sweeping changes that took place as a result of HSTPA.

But, you know, there are some data

points that are more recent, like the *Wall Street Journal* that reported on permits and our own investment sales reports on -- based on like how much investment dollars are going into rent stabilized buildings to demonstrate that these changes are quite impactful. I mean both of them are around 75 percent decrease in activity.

So, you know, I raise both of those points to illustrate that the HSTPA changes were quite sweeping and quite dramatic and we're going to -- it will bear out in the data a few years from now. I would just say that, you know, two years is going to be too late. You know, we need to acknowledge that there were a lot of changes that occurred just less than a year ago that the board needs to consider.

MR. GONZALEZ-RIVERA: Okay.

Yeah, I mean, if they -- by the question, I was just sort of trying to tease out, you know, what are the indicators of these properties being less profitable than they were and what are the indicators of signs that these properties might actually be distressed? I mean, this is, of course, something that everyone has interest in avoiding.

MR. LODHI: Yeah, our initial analysis last year of the changes was that there was going to be about, you know, 270,000 distressed units throughout the City as a result of these changes.

MR. GONZALEZ-RIVERA: And on that analysis, I mean, how much of that distress comes from perhaps refinancing that expected a higher rate of return versus actual inability to sort of meet maintenance costs of the buildings? I mean, how does that split up?

MR. LODHI: Yeah. Well, typically lending activity is done based on current rent rolls. It's not based on projected or aspirational figures. Right. So, you know, that's all based on the underwriting process and typically it's conservative.

I think, you know, maybe -- maybe it's not sympathetic to hear it from the landlord groups but we are -- we are sharing information that is real, which is that expenses keep going up and up and, you know, there's going to be faults in the economic viability of these -- of these assets as a result of zero percent increases and rent freezes or minimal increases.

` And now with, you know, other revenue streams basically being eliminated by the State, the board has a greater burden to provide relief.

MR. GONZALEZ-RIVERA: Well, thank you.

And thank you, again, I mean, like for sharing that.

MR. LODHI: Yeah, you know, it's important to remember that the majority of the rent stabilized buildings were built prior to 1947. Right. So these are older buildings that require a great deal of maintenance and capital.

MR. GONZALEZ-RIVERA: All right.

Thank you.

MR. WALSH: I'd just like to add one thing just for Christian's benefit. You know, the MCI program has definitely been drug through the mud with the law changes last year. But the MCI program did not allow an owner to do a gold plated wallpaper renovation of a lobby. I mean, it was truly for infrastructure items.

So, you know, decorative -- sorry, decorative items were always excluded from the MCIs. So there wasn't a way that an owner could arbitrarily, you know, upgrade their building in a -- I don't know, some kind of, you know, incredibly fancy way on the backs of a tenant. This was for boilers, roofs. You know, this was for really kind of critical items.

So, you know, no one likes -- no one likes to have to bear those costs of what it costs to do things but we obviously have a very strong union presence in New York and that pay living wages and it costs money to build things when you pay people living wages. So I think in a lot of ways we've done the right thing. But in other ways, those costs come out in many, many places.

MR. LODHI: And, Scott, that's a good point. Because, you know, if the board -- you guys have a lot to consider, right, in balancing tenant and owner needs. But, you know, there will be -- in terms of economic impact, there will be job losses associated if this is not done responsibly.

And to Scott's point about building service workers and union wages.

MS. GOODRIDGE: I just wanted to make a quick point -- two quick points.

The first is, definitely as a tenant attorney, we have seen where there have been abusive MCIs and IAIs. What we see often as tenant advocates is unless the person has an attorney, they are often not aware of how to defend against them by answering for DHCR. But we do see oftentimes where, you know, there will be thousands of dollars worth of an alleged MCI for, you know, a boiler fix but then the tenants still have no heat.

So we -- we definitely do see rent abuses.

And then my second point I just quickly wanted to make was that it has been mentioned a few times, so I feel the need to comment about he new rent laws, the HSTPA -- sorry.

I think we need to be cautious about using the new rent laws as reason and justification to increase rent. Right. Because these in reality are protection of tenants for abuses that have -- that tenants have endured for many decades. So we're talking about being on blacklists. We're talking about MCIs, the same that I just mentioned. And so these are to protect and correct abuses that have gone on.

So, you know, there is no balancing the scale. So you wouldn't say, if -- if a law came to protect people who have disabilities from getting jobs, you wouldn't say okay, well, now that there's that law, now we have to balance the scales for other people who don't have disabilities. The whole purpose is -- the whole purpose of the law is to balance the scales already because they were already tipped over.

So I just want to caution about using the new rent law as reason to justify --

MR. LODHI: Yeah. Maybe you misunderstood me. REBNY absolutely supports greater transparency in the system with which, you know, some of the changes as part of HSTPA.

It also, you know, supported right to counsel. The point in raising the other reforms related to HSTPA was strictly to talk about it in terms of revenue streams to building owners and how they, you know, how they can meet rising expenses.

You know, I can go back to my testimony. Over a 20-year period of time, RGB averages rent increases of about 2.5 percent while, you know, expenses have increased over 5 percent.

And the reason why that -- that difference was tenable is because, you know, owners had other tools at their disposal, whether that be vacancy allowance, individual apartment improvements, major capital improvements, high rent decontrol or luxury decontrol, preferential rent.

Now all of those other streams of revenue were cut off. And it's creating an environment in which people cannot maintain their housing unless the Rent Guidelines Board increases -- and that's why the burden falls a lot more on you guys this year to -- to help balance that scale economically.

MR. SCHWARTZ: I have two questions.

To what degree have you estimated the effect of the COVID crisis, as well as the government's response so far on the ability of rent stabilized tenants to pay rent?

And my second question it's

related, is how has the COVID crisis and government response affected your recommendations in terms of rent increases? So in other words, what would it have been three months ago compared to now?

MR. LODHI: You know, I think it's important that we discuss the -- the rising expenses that are as a result of, you know, government action. So that's why it makes sense to -- to make rent increases commensurate, at minimum with property taxes.

But, you know, you've heard from -- from others that there are significant costs resulting from increases to water rates, utility rates, et cetera.

In terms of your -- to answer your first question, we do know that rent collections are down, which places greater stress on the economic viability of these buildings.

We also know that the expenses are increasing as a result of, you know, additional cleaning, the result of the public health pandemic that we've got right now.

So I'd just say it's probably too early to give you an accurate, you know, number of what the costs are. But I do know that collections are down and expenses are up.

MS. STONE: Can I also say something. In response to Leah's comment, I think it's critical to note about the sweeping changes from the new rent law and the new board members should understand that at a time when an owner could have possibly helped tenants by giving them a preferential rent, they can no longer do that because now based on the new law, the preferential rent has to last their entire tenancy.

And at a time when owners could have been making some money back for rents that they were losing with luxury deregulation, which didn't affect the vast majority of rent stabilized tenants since the owners no longer have that option either.

So the new rent laws definitely did overly, you know, shift the balance. And I'm not saying that there weren't a few bad apples in the bunch that, you know, needed to, you know, be watched. But the vast majority of owners, the vast, very vast majority of owners follow the law and do what they're required to do.

So bringing up the new rent laws is a factor here because the new rent laws went way too far and now when there are tenants that can't pay, the owners have no way to over compensate or to help them whereas they would have before the new rent law.

CHAIRMAN REISS: Palmaan, I have a question about the formula that you propose in your testimony. So you're saying that the RGB relies on too much older data and, you know, they analyze the data as soon as it's made available to them but there's a lag with some of the data.

I'm curious about your system. There is some overlap with data that the board considers, such as: utilities and labor and maintenance costs but then you throw in some other metrics. Capital investment needs, debt service.

Is REBNY prepared to sort of flush this out and kind of propose some new metrics and demonstrate that there are data sources that are, you know, objective and available to analyze to look at these additional factors that you've identified?

MR. LODHI: Yes.

CHAIRMAN REISS: We look forward to seeing that work.

MR. LODHI: Yeah.

CHAIRMAN REISS: Okay.

MR. LODHI: And, David, you know, I think the other part of it is the data set that RGB analyzes is incomplete. You've got -- you've 16,000 buildings that are fully stabilized that are under 11 units that are not accounted for. And, you know, they don't have the benefit of, you know, market rate units to help subsidize their costs. Right.

CHAIRMAN REISS: David, I think we've discussed this before. But my understanding is that the -- the City doesn't collect data on those buildings and so there's a gap in the data but it's just one that we can't fill. Am I wrong about that?

MR. LODHI: No, it's a problem. Yeah. We have the skill set.

CHAIRMAN REISS: Yeah. So, I mean, it's imperfect data but it's not like the staff is ignoring data that's out there. It's just the data doesn't exist for them to analyze.

MR. LODHI: Yeah, but there might be a way to -- to make adjustments. You know, the board makes adjustments downwards on expenses and -- and artificially inflates NOI. Right.

So there may be ways to make adjustments to the data that you do collect to more accurately represent the universe of rent stabilized buildings. So you've got -- potentially you've got a building that's 20 percent stabilized, 80 percent market and it's got a tax abatement and that one's treated just the same as -- or that one's given more weight than the building that's fully stabilized that's under ten units.

CHAIRMAN REISS: And we'd certainly welcome any kind of, you know, critique to the methodology that makes appropriate adjustments.

MR. MC LAUGHLIN: David, just for point of clarification, that's what our Income and Expense Study but our Price Index of Operating Costs is for all buildings that are containing stabilized buildings -- units rather. So that only applies to the Income and Expense Study and our commensurate rent adjustments are done through the

Price Index.

MS. GARCIA: Andrew, just a quick followup question. Have we scheduled opportunity for DHCR to come -- to come and testify for us? Because I think there were a few points made by an owner -- folks who were representing owners around like, you know, the impact of the rent laws which, you know, I'm assuming DHCR has, you know, there were comments made about MCIs not, you know, being dragged through the mud and I -- I, you know, we haven't actually gotten directive from DHCR about what they would consider as MCIs right now because the law is a little bit vague. And so they haven't issued any public memo around it.

And so I wonder if we can have then comment and shine some light on that process, as I know that they're suppose to have issued some memo and some directive as of, I think, in June they were supposed to be law say something about like some of the rent laws and how they're going to implement these things. And so I wonder if we can have that so that we can have, you know, the anecdotal comments by owners but, also, like see that data that we have seen for, you know, decades of MCIs being, you know, being close to a billion dollars just in the last, you know, decade, I think, if I'm correct, from the last report that we saw from them.

And so I just wondered what we think that world will look like and get data from DHCR directly.

Of course, that isn't going to include the, you know, six and under units that are not registered with DHCR that are not rent stabilized but, you know, I think it could shine some light to a lot of the comments made today, which I honestly have not seen, you know, data to back up. And so I would like to get, you know, sources of data from folks specifically around the rent laws.

You know, there was some comment around the security deposit, which I feel like I would like us to have shared clarity on of like what -- what does that look like and like the potential impact of that.

We talked about distressed buildings, like 270,000 units will be distressed as a result of the rent laws. We're not seeing that from data because it's a little bit older but is the City seeing more reported cases of no heat and hot water, repairs not being made in the City, specifically now even during COVID, which, you know, I personally working on the ground in the Bronx, am currently not seeing a ton of.

And so I wonder, you know, if we can get data to some of this information so that it's not sort of hanging in the air like completely factual, which I don't actually believe they are.

MR. MC LAUGHLIN: Sheila, to respond, we, you know, each year we send an annual list of questions to DHCR before they come and testify. So those have been sent to HCR with updates to ask, you know, what's happened since June.

I'd just caution you that the registration date is from April 1st of 2019. So some of the data would be reflected but MCI data, for example, would be. You know, how many MCIs have been applied for after June, the amount that was approved, the amount that was applied for. Those kind of things that we can ask.

So we have asked HCR to do that.

So hopefully they'll -- I know they're working on them and they're, you know, just like everybody else, they're -- the ability to do things quickly has been slowed down a bit since the health crisis obviously. So -- but they are working on those.

And currently, you know, there is no other meeting scheduled here. So to have them come and invite, that's something, I guess, we could talk about later on in the meeting.

So to answer your question, those have been put forward and if board members have additional questions, I can send those questions around and then I can forward them to HCR.

CHAIRMAN REISS: Other questions for Palmaan?

MR. GONZALEZ-RIVERA: I'm sorry. What's the deadline for questions -- submitting questions to you for HCR?

MR. MC LAUGHLIN: Yeah, you know, whenever you want to submit a questions, that's fine. I could just forward it, you know. I may wait until I get the board members to respond. So, I guess maybe a week from today. But I'll send that around with an e-mail and I'll show you the questions that have already been asked.

And for the new members just sort of the same questions are asked each year, just to -- but we can keep a tally or a history of what's going on with these different type of things. So we can see trends over time and we put that in a table and I can send that the latest memo around regarding that that we did last year to see where we're at. So I'll send the questions around and then that memo and then hopefully HCR will be able to get us data.

But I believe they will. It's just that they're -- they are working on it.

MR. GONZALEZ-RIVERA: All right. Thank you.

MS. GARCIA: Maybe -- I mean, I don't just think that we want the number -- the center numbers we're getting. It's just we're getting anecdotal comments. We're having an anecdotal conversation around the impact of some of the rent laws but I have not seen, you know, the DHCR's position on what is currently considered an MCI.

They aren't processing, that I

know of, any new -- or making decisions and we've been tracking some of that in buildings that we personally are working in. And so I just wonder if we could be getting more information on them, like do they have, you know, a few things were mentioned about preferential rents -- preferential rents, MCIs, IAIs, you know, other rental increases. Like could we get data on like what they're making decisions on right now in order for us to use that to move forward. Yeah.

MR. WALSH: I mean, owners, the people who have spoken so far, with all due respect, represent thousands of buildings in the City. To say that they're testimony is anecdotal, I would not say that to any of you -- to your people. So that's, you know, a bit far reaching.

It's not anecdotal when they represent thousands of owners.

MS. GARCIA: Thank you, Scott.

CHAIRMAN REISS: More questions for Palmaan?

(No response.)

CHAIRMAN REISS: Okay.

Who's next, Vito?

Hey, Joe.

We can't hear you Joe. Hold on.

There we -- how about now?

MR. CONDON: Is that better.

CHAIRMAN REISS: Yes.

MR. CONDON: Very good.

Good morning, everyone.

CHAIRMAN REISS: Good morning.

MR. CONDON: So I also did not send my electronic testimony to Andrew. So I will send that after this meeting to be distributed.

You know, so I'll just sort of get into it.

My name is Joseph Condon. I'm providing this testimony on behalf of the Community Housing Improvement Program, also known as CHIP. CHIP is a not-for-profit association. We focus on education and advocacy for rent stabilized property owners.

Most of our members are small to medium size property owners. Buildings throughout most of the five boroughs. Our members run pretty much hands on, small businesses. They manage their own buildings. They own their buildings long term.

They've become fixtures within the communities. More than, I think, more than 50 percent of our members have owned their properties for 20 or more years. So they are not speculators. They are the long -- the long term investors and part of the fabric of communities.

They also sit on local clubs or civic associations. Some sit on their Community Boards. So they are really part of the community.

I also think -- I just wanted to, it was just sort of touched on before but I wanted to highlight the fact that CHIP member buildings and about 90 to 95 percent of all the stabilized housing stock are pre-1974 construction. So most of them are pre '47 but there are some pre '74. But all of these buildings that are pre '74 are rent stabilized just because they were built before that date, January 1, 1974.

They are not stabilized in exchange for government benefits, tax subsidies, abatements, low rate financing and regulatory agreements. There is no quid pro quo but they're stabilized just because of the construction date.

And so that means that when

property -- when operating costs increase and there isn't any commensurate rent increase to cover those costs, those owners don't have those -- those expense offsets to sort of help them out. They still have all the expenses to deal with.

And what I'm saying is, these pre-1974 owners only have this board to rely on for the viability of their buildings. The guidelines based by this board are the only method they have for keeping up with increases and operating costs.

I mean, we understand that this is an unprecedented time. Unemployment numbers are skyrocketing. Businesses are closed. Streets are empty. People are struggling financially. There's a lot of uncertainty out there and in light of that, you know, our members have been working individually with some of their tenants who have reached out and who have been in some financial difficulty and they have worked with them individually.

But we ask this board to stay true to its mission. Use the data that's in front of them and while the economy may look different right now than it did last year, what's -- what's certainly not different at all are the expenses for the building. Those are still the same. COVID-19 or not, these rent stabilized properties still have to operate; property taxes, water, sewer payments, mortgage, utilities, fuel, waiver, payroll, insurance, repairs. The list goes on.

You know, unprecedented employment levels have been met with unprecedented employment benefits, expansions, additional monies. And I know we sort of talked about it a little bit but more COVID-19 relief for renters is -- is likely to come down the road from somewhere. There are a myriad of proposals at the State Legislature to deal with the crisis. And if the federal government can get their act together, maybe they can help out too.

But all that property owners have is this board. I think it was mentioned before that the Paycheck Protection Program specifically excluded rental -- rental businesses, properties from applying. Any COVID relief that has been allocated for small businesses has not applied to property owners.

And we know, just from this

board's data, we know that property owners need a rent increase because operating costs have increased. Just from this board's own data, it shows about a three percent increase is necessary for a one year and a six percent increase is necessary for a two-year lease renewal just to keep up with operating costs.

That to freeze rents under these circumstances would be a conscious decision to really ignore the data and, you know, it seems that it would be to either punish property owners or make some sort of political statement. But we don't think that that's this board's mandate. We think this board's mandate is basically to adopt a rent increase sufficient to keep a building's rental revenues consistent with increases in operating costs. It's just that simple.

It's stated in the Rent Stabilization Law. You know, it's prevent speculative, unwarranted and abnormal increases in rents. The mandate is not to keep housing affordable. It's not to keep rents low for low income people. It's not to relieve rent burdens. It's not to provide emergency relief to those who are experiencing financial difficulties because of COVID.

I mean when this board reports a 3.7 percent increase in operating costs, how can an equivalent rent increase be considered speculative, unwarranted or abnormal? On the contrary, it's really just a rent increase necessary to keep small property owners in business.

So despite this being a time where we kind of need to put politics aside, there are a lot of calls for rent freezes and using the COVID-19 crisis as an opportunity to make this call, to push this political agenda. According to a City wide rent freeze without concerns for the negative impacts on small property owners and medium size property owners, there's -- is somewhat irresponsible, especially because these owners are already feeling the pressure.

Their operating budgets are already seeing decline in revenues. And not just this year, this has started -- NOI has been decreasing the last two years. If you look at the 2018 I&E report, you see there's a chart that shows NOI was 64 percent above the 1990 level. That was in the 2018 report.

If you look at the current report, NOI is only 48 percent above the 1990 level. That's a 16 percentage point drop in the last two years. And that NOI level in this year's report is actually approaching the NOI level that existed in 2016.

Now, unfortunately, property owners can say the same for all the expenses. Property tax levies, and the other expenses for that matter, they're not returning to the 2016 levels.
Expenses to run buildings are jut not going down. And as net operating income continues to decrease, these owners are really put in a difficult place.

It's not to say that tenants suffering from COVID-19 related economic loss shouldn't get relief. It's just our position that it's not this board's responsibility to provide it. I don't -- we don't think that this board is authorized to do so.

And aside from that, just practically speaking, what -- what would a rent freeze do for someone who has lost their job and can't pay rent because of COVID-19? It doesn't help them pay rent. Does it make sure that the business they work for or the company they work for reopens? It doesn't really do any of that.

Nor does the rent freeze target as relief to COVID-19 related hardships. It would apply to all one million rent stabilized units of housing, whether they can pay rent or not, whether they lost their job or not, whether they are getting more money from unemployment or not.

And navigating this type of detail and nuance can be done through legislation or maybe even executive order but certainly not through an order of this board. And we think that COVID-19 relief should be targeted in that way. And unfortunately this board doesn't have the ability to do that.

I just wanted to mention one other technical note. I know it's been mentioned before but we wanted to raise it as well. We see no practical reason why rent increases adopted by the board should not also apply to vacancy leases.

And sort of touching on something else that was mentioned before, allowing the guidelines to apply to vacancy leases as well, reduces the increase necessary on renewal leases. And this is, also, in the O&M data. You can look at the commensurate increases in the PIOC report.

But if you look at one of the commensurate -- one of the commensurate increases, it calls for a 3.5 percent increase for one-year renewal and a 6.75 percent increase for a two-year renewal. But if those increases are also applied to vacancy leases, the necessary increase is reduced. So in that example if those also apply to vacancy leases, the data would call for a 3 percent increase as opposed to a 3.5 percent increase on one year and a 6 percent as opposed to a 6.75 percent increase on two years.

Now that's also pretty much because of the HSTPA. If you look in prior years, you will see that the difference between the straight commensurate and the commensurate with vacancy adjustments has a greater gap because HSTPA allowed for that -- that gap to be made up so to speak on a vacancy with certain additional increases that no longer exist.

So certainly the HSTPA, the

impacts of that are already being seen just in that report even though the data on the economics impact -- the economic impact on the buildings isn't out yet, it certainly impacting this board's decision.

And I think that's all I have for -- for you. Oh, I did just want to raise one other point. I know we were talking about DHCR data and that to get costs for capital improvements and renovations. If DHCR provides the board with some sort of universe of capital expenditures, not necessarily what -- whether it be what they approved or what was applied for, at least that's something that the board can use to start as some sort of analysis on how much capital budgets or capital expenditures are for buildings.

So that we can start bringing that information into -- into this board's deliberations as well. Because what's been happening is that those MCI increases, those get counted as building revenue; right? They increase rents. It inflates the NOI number but the expenses that were -- that were spent on that capital project, the cost of that capital project are nowhere to be found.

So not only are you not counting the capital expenditures but you're also counting the revenue that's generated from those capital expenditures. So it's inflating the revenue side and decreasing the expense side at the same time.

So I just wanted to raise that as one of the inconsistencies that I hope we can try to address moving forward.

That is -- that is my testimony. I'll submit a written testimony that has a little bit more detail in it. But I can get into that if there are any questions as well.

CHAIRMAN REISS: Questions for Joe?

(No response.)

CHAIRMAN REISS: Andrew, would it be possible to pull up -- I was trying to find it on my computer but I'm juggling too many things at once, to pull up the chart that Joe referenced with the NOI over time. Do you have that handy?

MR. MC LAUGHLIN: Give me a second.

Thanks.

CHAIRMAN REISS: Joe, what page

was that under. Did you reference the page?

MR. CONDON: I did not reference the page. But I have it up.

I have too many windows open.

CHAIRMAN REISS: Tell me about it.

MR. CONDON: It is on page -- page 11. Do you see it?

MR. MC LAUGHLIN: Yeah. I'm going to put it up. Hold on one second.

I think this is it; right, Joe?

MR. CONDON: Yes, that's it.

MR. MC LAUGHLIN: Yes.

MR. CONDON: So -- oh, go ahead.

MR. MC LAUGHLIN: No, go ahead. It's just this -- what this purpose of this graph, it's a point to point look at the increase in income, rent, cost and NOI from the first year that we have data, which is 1990 to 2019. So it's a point to point comparison.

MR. CONDON: Right.

MR. MC LAUGHLIN: I think what -- what Joe was pointing out was that in the 2018 report, which is 2016 -- the calendar year 2016, I think he was referring to NOI and there's a drop from NOI here, which is about 60 percent I believe he said to about 48.7.

It's -- it's, you know, it's inflation adjusted dollars so that -- that's why you're going to see different drops in, you know, other parts of the report because it's inflated.

So -- but with inflation adjustment, you know, there has been an incline from 2016 in NOI and it probably is at a level that was from 2000 -- you know, below 2015, somewhere between 2014 and 2015.

MR. CONDON: So the only reason I raised that is because I know we often look at just that -- that -- now it's 0.6 percent. Last year it was like .04 percent and, you know, we get focused on that a lot. But even -- just from this graph, it appears that NOI is dropping a little bit more drastically than indicated in those -- in those numbers and I just wanted to point that out to the board because this is -- this -- because these numbers don't include the 2019 data yet. The data on the economics from post -- he posts HSTPA, which I think will continue to go down.

But the trend has already started and, you know, some of it has to do with -- look some of it has to do with the fact that the HSTPA when it was passed, it canceled the ability to take those vacancy increases. But there have been apartments, you know, five, seven, ten years before that had been rented for the duration that will now no longer see that vacancy increase.

So they don't have the ability to bump that NOI up even though they've had this below market apartment that's been rented by the same tenant for the past 10 or 15 years.

So that's why I know, you know, some people may think it's anecdotal but when you don't have the ability to raise those rents, the income just -- you're just not going to generate it from anywhere else so the trend isn't -- isn't going to be easily turned around.

CHAIRMAN REISS: Joe, there's also another chart that you focused on from -- from one of the reports but I don't remember which one it was. What was that?

MR. CONDON: I don't know.

(Laughter.)

MR. CONDON: Let me see.

CHAIRMAN REISS: All right.

In the interim, does anyone else have questions for -- for Joe?

MR. CONDON: Oh, I was talking about the commensurate adjustments. So I don't think that's in this one. That's in the PIOC.

CHAIRMAN REISS: Okay.

All right.

But I think we can -- I mean, that's easier to visualize. Those are just numbers not actually like -- is it worth taking a look at that closer? I'm not sure that it is?

MR. CONDON: No, you, I think that's something that the board members can look on their own. But you'll see if you look at the difference between the -- the commensurate, the regular commensurate and the commensurate with vacancy increase in the 2020 year and say you look at it in the 2019 year, in 2019, the gap will be much bigger because this board had -- the statute in existence at the time gave this board more flexibility to keep the renewal -- or to keep renewal increases a little bit lower because on vacancy the increases would be a little bit higher.

But now you don't have that offset so the renewal increases have to be a little bit higher because the vacancy increases are going to be a little bit lower. If that makes sense.

MR. WALSH: I mean, I think your point is a really -- is a really helpful one.

Thank you for your testimony, Joe.

But it is -- the vacancy lease, and allowing that to float up is a tool in the toolbox to -- to try to do a lower increase at any time for the balance of tenants who aren't moving and who are staying in place.

So I think -- I know we could all look at it but I think since we have a little bit of time, I think it would be helpful, Andrew, if we could bring that up just to -- just to walk through those percentage differences and what the vacancy lease, how that tool works.

Are you okay with that, David?

CHAIRMAN REISS: Yeah, I'm totally fine with that.

Maybe while Andrew is doing that, if anyone else has an additional question, feel free to jump in.

MS. DE ROSE: David, can we get a copy of Joe's testimony?

CHAIRMAN REISS: Yeah. I think when Joe -- Joe can you send that around now; is that okay?

MR. CONDON: I'll send it, yeah.

MS. DE ROSE: Thanks.

CHAIRMAN REISS: Joe, if you just send it to Andrew, Andrew will circulate it.

MR. CONDON: Okay.

MS. GARCIA: Can I make the same request for Vito's -- to also share his written testimony.

CHAIRMAN REISS: Sheila, I think Andrew may -- let me double check. I think he may have sent it.

MR. MC LAUGHLIN: I did.

CHAIRMAN REISS: Yeah. Did you not get it, Sheila? Right around the time that Vito was testifying.

(No response.)

MR. MC LAUGHLIN: So I have to to to two separate reports. So -- to show this difference. But what Joe was pointing out was I think he used the CPI adjusted commensurate.

MR. CONDON: Yes.

MR. MC LAUGHLIN: But without vacancy, the commensurates which, again, are not -- are used for the board if they want to maintain NOI at the rate it is at. It's not a recommendation on what the board should do. It's just these formulas are used because that's what each individual board member feels like is -- the importance of what the board should do.

CHAIRMAN REISS: Andrew.

MR. MC LAUGHLIN: But they're not recommendations by staff. But I just wanted to show that the CPI adjusted NOI commensurate adjustment without the vacancy would still need (Zoom inaudible). If you add the vacancy, it is 3 percent. And that was what Joe was pointing out. Because we factor in, you know, turnover and those new tenants coming in.

MR. CONDON: Right.

MR. MC LAUGHLIN: And what their -- what the difference is between the tenant coming into the apartment versus the one that left.

CHAIRMAN REISS: Andrew, just to clarify, the commensurates really, and I'm asking as opposed to saying, the commensurates are really like comparing revenue by a rent stabilized apartment to a rent stabilized apartment.

So if you had a mixed building, a rent stabilized and market, the -- the commensurate would overstate the amount necessary to keep NOI stable?

MR. MC LAUGHLIN: They're designed to keep the unit stabilized.

CHAIRMAN REISS: Generating the same ratio --

MR. MC LAUGHLIN: But that -- I can't say it's going to overcompensate it. It depends what the market's doing, David.

CHAIRMAN REISS: That's fair. That's right.

MR. MC LAUGHLIN: If the market is going down for the free market then, yeah, it would overstate but if rents, you know, are higher, it would understate. But if rents are going up higher than stabilized units.

CHAIRMAN REISS: Got it. I

understand.

MR. MC LAUGHLIN: So I don't -- I don't -- so to say that it over -- it depends on what's happening within that building --

CHAIRMAN REISS: Got it. I understand.

MR. MC LAUGHLIN: -- and the units.

MR. CONDON: I think it might also depend where that rent stabilized rent is in comparison to the market.

CHAIRMAN REISS: Play that out, Joe. Just explain that a little bit further.

MR. CONDON: Oh, sorry. If you have -- if you have a rent stabilized apartment that's renting for $1,650 and the market for that area for the same apartment is $1,700, let's say, the 3.5 percent increase would take them over the market. So they're probably not going to be paying that -- that full 3.5 percent.

But if that apartment was $1,000 and the market was $1,700 then, obviously, the -- the 3 point -- they would pay that full 3.5 percent increase. So that's sort of what I meant.

But the reason I was pointing this out is -- is also to show that in the past the board had sort of used the vacancy leases to -- or the ability to increase rents on vacancy to give a lower -- a lower rent increase than what the commensurate called for.

So I just wanted to make sure the board knows that that flexibility doesn't exist this year. That's all.

CHAIRMAN REISS: Other questions for Joe?

MS. DE ROSE: This isn't necessarily a question for Joe but just a clarification on the report that I just want to make sure that I understand.

When it says the commensurate rate, is that -- does that mean that if the rents were increased by that 3 or 3.5 percent, whatever that commensurate rate is, that would keep NOI equal to what the previous year was?

MR. MC LAUGHLIN: Yes.

MS. DE ROSE: All right.

Thank you.

CHAIRMAN REISS: But, Christina,

just to be clear that means if everything else remained the same.

I think Joe's point is there are fewer variables that can change rents. So really the main variable now is our decision. That's the main variable. A lot of other variables were removed by the law last year.

MS. DE ROSE: Okay.

MR. CONDON: So I feel like the commensurate is much more instructive because of the removal of all the other variables than it may have been in prior years.

CHAIRMAN REISS: Any other questions for Joe?

(No response.)

CHAIRMAN REISS: Vito, should we turn to Jimmy?

MR. SILBER: Hello.

CHAIRMAN REISS: Hey, Jimmy.

MR. SILBER: Hi.

Do you hear me?

CHAIRMAN REISS: Yes.

MR. SILBER: Oh, good.

Thank you for presenting this

today.

I'm glad to see some of my old familiar spaces there and a lot of new faces. I'm just glad everybody is safe and we're dealing with this upheaval in our lives. Hopefully it will be resolved soon.

I want to express to everybody, first of all who I am.

I'm Jimmy Silber. I'm a third generation property owner and we have a group called Spony, which is the Small Property Owners of New York. It started in about 1980.

And our owners are basically people who live in their own buildings. They do not have management companies. They take care of their own buildings. A lot of our owners, in fact, are supers in the building.

These are smaller buildings. These are -- okay. These are smaller buildings. The thing that -- the thread they have in common is that they are older buildings. They are buildings that were built before 1947. Some of them are, in fact, turn of the century buildings.

Some of our owners have eight-unit

buildings. Some have 12-unit buildings. Some have 25-unit buildings. There's a wide variety. It's in every borough of New York. And the people that own these buildings, just so you can understand where the makeup is of this entire sector of this community of property owners that are small property owners, is that many -- many of our owners are immigrants.

They came from -- we have a lot of owners that came from the Caribbean Islands. We have a lot from Haiti, Grenada. We have a lot of owners that have come from Greece. We have a lot of owners who have come now from the Balkans. There are a lot of Albanians that have come to the United States.

And the thing that I think is important to know is that these owners, because they live in their buildings, and many of them bought buildings because they needed space for their families. So they might have bought an eight-unit building knowing that they could take the ground floor apartment or one next to it and make space for their own family so that these were their homes.

Most of these people have other jobs. They do not rely solely on the income from the buildings to live. They have to subsidize these buildings by other jobs. And the fact is that we, you know, we are friends and neighbors of the residents who live in our buildings. We all live under the same roof. We all want the same quality of living for our building and as a result, it's the sociology of owning a building and living in it is that you're dealing, you know, you're dealing with people that are your friends and you want to work together. There's a feeling of community.

And -- and it's not at all the kind of thing you see in large buildings where you have absentee owners or big corporations. So these are -- the people that own our buildings I would say are the backbone of the community. And, you know, and they're very troubled now, as are all of the people who live in our building. Everyone is troubled. And we are trying to lean over backwards to help those that are terribly affected by this pandemic.

We work tirelessly on an

individual basis with people in our building to understand what their situations are, if they've lost jobs completely, if they've taken maybe just a decrease in salary and can pay a lot of the rent but not all of it. You know, and some -- to be honest with you, some of our tenants have not been adversely affected because they work in industries like tech or they work in finance, in mergers and acquisitions and they're telling me that their businesses are even bigger than they were before, especially those in tech.

Those, of course, who work in the restaurant business have been wiped out. Those who work in the entertainment business and in the event planning business have been wiped out. Those who work in the travel business have been wiped out.

So there's a broad range of how this pandemic is even affecting the economics of people in the City. And our owners have gone out of their way and are continuing to do this on a day-by-day basis to feel what is the individual problem. Because you can't collectively say, if you have a building with ten tenants, you can't collectively say that all of those ten tenants have been affected the same way and are suffering economically and deserve a break. You cannot say that. It's not true.

And we -- so I think for the individual owners like we represent, it gives us the ability to really have a very good communication with our tenants and to give help where it's needed and to work out arrangements so that people can reduce their payment or delay it or pay it out over time. And that, I think, is the -- is the best approach to dealing with a situation like this.

But -- and the other end, I've got to explain to you the dilemma that the building owner that I've expressed to you is facing. Because there are, as has been said by many people, there are costs involved in running a building that unfortunately have not been reduced or deferred because of this pandemic. And it is -- these are costs that must be made, without a doubt they have to be met.

And in the past, you know, we always faced this deal of costs going above income. But in the past, I want to just explain to you that the owners of these buildings had sources of income that if the rent stabilized increases were not sufficient, and I just want you to know from the Income and Expense Statement that we are looking at now, which was for the calendar year of 2018, the average cost -- the average cost increase in that report showed a 5.8 percent increase for owners.

And yet if you look back and see what the one-year increase from the Rent Guidelines Board was to compensate owners for those increased costs, it was 1.25 percent. So there's a big disparity of what's been going on here in the last five or six years. That the increases that were intended to compensate owners, which is what the mandate was to create the Rent Guidelines Board, was this board is a compensation board, that those compensation increases have not been near what the actual costs have been measured by the price -- by the Income and Expense data.

So right away you have a problem for owners because there's a falling off of what -- of how their income is going to be adjusted to properly compensate them for the costs. But they had tools. Owners had tools so that they could deal with this phenomenon that was happening with less increases than were needed and those -- there was a few areas that I just want to remind everybody of, that there used to be a vacancy allowance. So that when an apartment became vacant there could be a 20 percent, or even larger if there was a longevity factor in it, which helped owners to compensate the income of the building for all of the rent stabilized tenants that have been there for years.

That has been eliminated by the HSTPA. We no longer have any kind of a vacancy allowance. And when a rent stabilized apartment becomes vacant today, there is absolutely no increase. None.

In addition, we had the high rent vacancy decontrol, luxury decontrol. So this was like a blood transfusion for the small building owner because you have a ten-unit building. You have all stabilized apartments who have been not been getting adequate rent increases according to the cost data from the Income and Expense and they're falling every year further and further below what a market value would be.

And now all of a sudden under the old law you could get a luxury rent, a high rent decontrol if the apartment went over a certain limit and the apartment would not be stabilized. That was like, you know, even to get one apartment like that in a ten-unit building, has the effects of a blood transfusion because it immediately injects extra cash into the building owners' ability to take care of the expenses. And HSTPA has eliminated that.

In addition, many of our small buildings, you know, eight, ten, 15, 20 have commercial space. And this income from the commercial space subsidized whatever shortfall there was in the Rent Guidelines Board's one-year increases.

And when you look at the data from the -- that's presented this year from the Income and Expense data, it fully shows you on page 4, under RPIE study, rents and income, it shows you that the average rent for a stabilized unit of $1,397 is increased to $1,568 because there is on average $171 subsidy added to it for commercial income. And that shows for this study that owners that have the commercial space are getting 12 percent. They're getting an extra ability to collect 12 percent more from commercial income.

This -- this ability to collect commercial income is zero now. Every building that has stores but we're not talking about like Apple and, you know, food markets. We're talking about mom and pop stores like the barber shop, like the shoe repair. Like maybe a small coffee shop, a dress shop, a nail salon. These are the kinds of tenants that we have in our buildings to help us subsidize the shortfall in the Rent Guidelines Board increases.

These -- this income is gone. It's gone, zero. There isn't one store paying. And the -- the sad part of this is the future looks dismal. It's not going to be like, okay, next month we'll start opening up and everybody's going back and opening their stores and every store owner is going to pay rent to the owner. That is not going to happen.

Because, first of all, store owners are going to be restricted as to the number of people they can let in. If it's a restaurant, they're going to have half of the volume that they've had because they're going to have to separate tables and maybe eliminate a bar.

So the income is not going to just all of a sudden be there for stores to say, okay, we missed three months, here in the fourth month, here's your full rent. It's not happening. This is just not happening.

And this is -- to me, it looks like this is -- for the rest of this year, at least the entire year and maybe into next year. Who knows? There's so many unknowns dealing with this pandemic.

But I don't think an owner today can count on getting any commercial income. And that's a big pitfall for us because that could be from 12 percent to 20 percent. Gone. Totally gone.

So you take that out of the equation. You take out commercial income. You take out no vacancy allowance when an apartment turns over. You take out no market rent apartments anymore. And you really are strangling the economic system for a property owner because his income is going to be vastly reduced and yet his expenses are actually over leveraged.

And I say that because we are paying real estate taxes in June -- on July 1st is our next installment of real estate taxes. And we are paying real estate taxes this year in 2020 based on the income that we made in the year 2018 because that income in 2018 was reported on our RPI filing, RPIE filing in June of last year. And it takes effect this year.

So we're paying taxes, real estate taxes on a very large income from 2018, compared to today, which is tremendously, tremendously reduced. We could be talking about a building being assessed on a rent roll from 2018 and having to pay real dollar taxes this year when his income could be 50 percent less.

And this -- this problem that we're having this year with this drop off tremendously in income for the building wouldn't be captured until next year, next June of 2021. The sad reality of all the lost income for buildings, for all real estate, for all building owners won't be captured until we file in June of 2021 and then it won't be applied in the form of a reduction in assessments until the following year of 2022.

So you see what's going on? We're really putting property owners in a stranglehold position in -- and the sense if for all of our owners is that there's going to be a total collapse in this economic system of running your building because water and sewer taxes are not being discounted. They're not being deferred.

The people who have labor, the 32BJ union labor, just got a three percent increase this week from a contract that was signed four years ago. They didn't waive the three percent increase. They didn't defer it. They expect the increase as of April 21st.

So the components of running a building of labor, of real estate taxes, of water and sewer taxes, those are not being at all affected in a decrease or deferment or discount or abatement by this pandemic. And that creates a very serious economic situation for the small property owner because it's just a matter of time until they --it doesn't balance out and we don't know, you know, the scary part of this whole thing is we don't know how we're coming out of this.

We don't know if things will start to get back to normal and then they'll be flare ups and then things will have to be shut down again. We just don't know. There's so much unknown.

But what is known is that property owners need to make these fixed expenses or they run the risk of defaulting and possibly losing their buildings. And that's a terrible scenario because the tenants that live in my building love me as a -- as most of the people who are SPONY members and it would be a horrible situation if the owner could not make -- make his real estate tax payment or his mortgage payment and went into default and in the end winds up losing the building. Because everybody suffers in that case.

So I just want you to know the horrible situation that we're confronting. You know, the Rent Guidelines Board is supposed to compensate for the costs and, you know, not to do that I think is going to really exacerbate the ability of owners to meet these expenses.

I think we need to -- everybody needs to work on this as a partnership. I don't think the Rent Guidelines Board it's -- it's fair for the Rent Guidelines Board to come out and say, okay, we're going to have a rent freeze. I think there's got to be a partnership with the Mayor and the City and if there's going to be a rent freeze then there has to be somewhat of a reduction in real estate taxes.

So it's a pass on. You know, nothing works in isolation here. This is like an ecosystem and we need a partnership. You can't just say we're going to have a rent freeze without looking at the economic components of the taxes.

And, you know, we need to be a little creative. Maybe if relief is wanted for October 1st, you know, nobody even knows -- it could be everyone's back to work in October and this won't be an issue. Or it could be that it's worse and it's like it is now. We just don't know.

So maybe we need to do some kind of a rolling -- a rolling increase like you do a small increase for three months and then we do a different increase for the next three months, depending on how the economy is reviving itself.

I think we need to be creative but

I think we need to, as I said before, I think we need to have a partnership and then if there's going to be a complete freeze on rents, then there has to be an adequate response from the Mayor and in real estate taxes.

So that's -- that's our story. That's the difficulty we face. And I guess that's about what needed and felt I had to tell everybody.

CHAIRMAN REISS: Thanks, Jimmy.

Questions for Jimmy?

Leah.

MS. GOODRIDGE: Hi.

Thank you so much for testifying and, you know, coming out to testify.

I have a question, we were talking earlier about anecdotal and I wanted to ask you in particular since you're a property owner. Where is your building?

MR. SILBER: Mine is --

MS. GOODRIDGE: What neighborhood?

MR. SILBER: Greenwich Village.

MS. GOODRIDGE: Okay. And about how many units are in your building?

MR. SILBER: I have about 90.

MS. GOODRIDGE: And what's the average rent in your building?

MR. SILBER; Oh, I would say about maybe at the $2,000 level.

MS. GOODRIDGE: In Greenwich Village?

MR. SILBER: I have a mix of stabilized, rent controlled, market rate.

MS. GOODRIDGE: So it's about $2,000 in Greenwich Village.

MR. SILBER: For regulated tenants.

MS. GOODRIDGE: I'm actually kind of surprised that it's so low. But I will --

MR. SILBER: Well, I have some regulated tenants that are paying $600. They've been there for 40 years. You know how the system works. It -- those rents, as in all small buildings, where tenants tend to not move frequently, the rents are quite low. I have six -- I have several that are under $1,000. It depends on how many times the unit is vacated, of course for what the rent then becomes.

But I have a lot of original tenants. I have a lot of tenants who've been here 40, 30, 40, 50 years.

MS. GOODRIDGE: Which is a good thing.

So it sounds like if it's about an average of 100 units and the rent regulated apartments, which are going to be lower than the market rate apartments are about $2,000 then that would be at the least like $200k coming in?

MR. SILBER: I'm sorry. I didn't follow you.

MS. GOODRIDGE: It sounds like the net operating income could be at least $200,000.

MR. SILBER: From the regulated apartments?

MS. GOODRIDGE: Yes.

MR. SILBER: No.

MS. GOODRIDGE: I'm just trying to get a sense of -- we have a lot of small business owners who -- that come up and it is important for us to talk to you because this topic often comes up and it often comes up without any sort of like tangibles and in the way that it comes up is often like people are making nothing. And so, I think, you know, I wanted to provide some context as to why I'm asking you the questions.

Because I think, you know, some people think small property owners, and maybe even small business owners are making just a couple of hundred, you know, dollars a month.

So, again, it sounds like $200,000 at the least just for the rent regulated apartments.

MR. SILBER: No. That would assume that I only had ten rent regulated apartments. I have more than that. I have about in the 30s. So we're talking about, if you're using $2,000 as a counter edge times 30 would be about $600,000.

MS. GOODRIDGE: Okay.

All right.

Well, thank you for testifying.

MR. SILBER: Thank you.

MS. GOODRIDGE: And we certainly do appreciate your perspective although we obviously have different ideas about what we agree on but we do appreciate your testimony because the narrative of the small landlord does come up a lot and I think that it's important to have a sense of, you know, as you stated how much profits, if you will or just income is coming in. And I think as you provided, it's quite a bit.

Thank you.

MR. SILBER: But, Leah -- Leah, I don't think we have differences of opinion. I think we are on the same page if we want to help in a fair way. And we want to help tenants who are really stricken by this. We really want to. They're our friends. But we need the City to be a partner in this. It's not just you and it's not just me and the Rent Guidelines Board, because it's much bigger than that.

And we want -- for this to work, this City has to partnership with us and they have to realize that they're taxing us on income from two years ago when everything was fine and dandy. And they're saying you have to pay that money. And there's deferral. We're saying we want to do exactly what you want to do and we want to work in partnership but they're part of the partnership.

And they've got to come forward

and say, okay, we're going to have a 30 percent reduction in what you owe and that could translate since, you know, the PIOC says that taxes went up six percent. So based on that it's a 30 percent expenditure, that would relate to a two percent, just on taxes, that would relate to a two percent increase to justify two percent increase for one-year leases based on the PIOC.

Okay. So that's what we need the City to do. If the City came and said, okay, everybody, we're going to reduce your buildings' taxes 30 percent then that will enable me to give a ten percent reduction to everybody in my building. That's the way this has to be looked at.

You know, it's a partnership, Leah. It's all of us working together for a common cause.

MS. GOODRIDGE: If all of us are working together for a common cause then we should have a partnership and have a rent freeze.

MR. LODHI: So, I'm sorry.

We've got -- there was some -- there is some confusion about, you know, rent role and NOI here. What Jimmy laid out for you was revenue collected, not net operating income. And there's a difference and you can't conflate the two.

MS. GOODRIDGE: I'm not conflating them. I did -- I did say it's -- that to have some kind of idea of --

MR. LODHI: It's important for Jimmy to detail how much he's spending on property taxes.

MS. GOODRIDGE: I know. And I'm definitely not conflating but I do want to point out, you know, we do have differences of opinion and we can agree that we have differences of opinion but I think in -- in a strange and ironic way, there are some parallels in the argument.

So for example, a few years ago when we made the point that tenants are overburdened then there was testimony saying that is not the goal of the Rent Guidelines Board to shift that burden to the landlord. That is for the Department of Labor and for labor issues, the City government to increase wages so that tenants can afford their rent.

And now that we're on the other

side of a heavy crisis, now the argument is the -- we're going to have higher property taxes, those are increasing and so that burden should shift to the tenants as opposed to the argument where that burden should really shift to the City government where that argument should be taken up there so that the City government could possibly lower those taxes as opposed to shifting that burden to the most vulnerable people.

So I think it -- I wanted to point that out. And I do want to say, Jimmy, I do thank you and thank you for your testimony.

We do have differences of opinion though and I do understand and do appreciate that there are landlords that along very well with their tenants and I certainly have had them and landlords that want to work well with tenants and not everything has to be this acrimonious relationship. So that is certainly understood.

I do think that what we're talking about is shifting the burden and ultimately who gets to bear the brunt of the burden here. So I think that that's what -- where we differ on opinions. But I do agree with you that it should be a partnership.

MR. SILBER: Okay.

Thanks.

MS. DE ROSE: I have --

CHAIRMAN REISS: Vito, were you trying to get in a word.

I'm just going to ask Vito to speak.

MR. SIGNORILE: So -- can you hear me?

CHAIRMAN REISS: Yes.

MR. SIGNORILE: Okay. So I don't think it's fair to say that it's a shifting of the burden here because that's not the case. What we're saying is, so look at data here that's saying that rent adjustments should be increased based on the data you have. And I know you could say, well, we have supplemental data that aren't used otherwise and, yes, we are in the midst of a crisis here. But what would the argument be had that information not been available if we weren't going through this right now?

The fact of the matter is NOI has gone down and it's a direct result of certain situations that have developed over the years and property taxes and other costs are increasing as well. So we're not saying, hey, we need a rent increase here because of -- because, you know, we're trying to force this increase onto tenants despite what they're dealing with because of this. This is what the board has to consider here. It's the real data that's put before them.

The same way you're saying that the -- at the federal government that government should step in and attempt to alleviate the burden of taxes and water rates for owners is the same way that government needs to step in here and provide relief for the tenants. It's not this board's job to provide relief in -- in the -- through a rent freeze. Because at the end of the day that's not providing relief for anybody.

Year in and year out we sit at the public hearings of this board and we hear that tenants are continuing to struggle with the same thing, regardless of an unexpected pandemic. There's clearly income issues and the data from this year have shown that -- that unemployment numbers were going to lows, wages were increasing and those were promising numbers that hopefully we can get back to once things get back to normal.

I know you can't rely on that data right now because of what's out there and what we're dealing with but at the end of the day, a rent freeze here is not going to provide any relief whatsoever. Because even if a rent freeze is enacted in June, it's going to make a nice headline but the rent is still going to be due in July, August, September and even for tenants whose leases aren't going to be coming up for awhile to reflect a rent freeze. So this isn't any relief whatsoever and it's not a shift of a burden in any way.

What we're saying is, this board has a mandate to consider the data before them. And the data is saying owner NOI is decreasing and operating costs are continuing to rise. So even when the commensurate ranges are suggesting that a rent guideline has to begin here, it's not saying that, you know, to shift any burden whatsoever. It's based on data.

MS. GOODRIDGE: What I -- what I'm saying, and I think you articulated it as well, is that the same way that there can be an argument that there are increases in expenses and costs for landlords so that is justification for why tenants should pay higher rent is akin to the argument that tenants are not able to afford the rent and, therefore, there should be a rent freeze.

So it's -- there are parallels there in -- in the arguments and I'm saying that when one is undercut, it's -- there are two parallels in the argument. But, you know, we'll -- we obviously have different viewpoints about it but respectfully.

Thank you for your testimony and your viewpoints.

MS. DE ROSE: Jimmy, I had a followup question sort of Leah's is you had talked about the rent that you're collecting. Given that tax bills are due in about a month, or I assume you have a fair idea of what that is. If the bill hasn't come, I know some of our -- where I work, some of our tax bills have already arrived. What is your real estate tax bill?

MR. SILBER: It's going to be $800,000.

MS. DE ROSE: For the six-month

period or the annual?

MR. SILBER: The six month.

MS. DE ROSE: So that's -- that's, you said eight at one point, six for the year?

MR. SILBER: Eight for the six months.

MS. DE ROSE: Yeah. Okay.

MR. SILBER: Due in June.

MS. DE ROSE: Yes.

CHAIRMAN REISS: Other questions for our panel?

MS. JOZA: So, yes.

Jimmy, hi. This is Cecilia.

MR. SILBER: Hi, Cecilia.

MS. JOZA: So I have a question about the, you know, the properties that you -- that you have is more small owners; right? And the owners are occupying the building.

Do you have an idea what the percentage of individuals or tenants have notified you that they have lost income as a result of the pandemic?

MR. SILBER: You know, it varies

building by building. We're not able to keep like a running data count of all of this. It's just from -- we're networking. We're doing, you know, we're really communicating a lot with our owners. Some buildings are fine because the tenants, as I alluded to before work in fields that haven't been affected, like technology. Technology people, even though they can't go in their offices, they're working like constant remotely and they have a tremendous amount of business that's been actually created by this pandemic.

So it's, you know, it's a mix. It's hard to say. I can't tell you offhand like what percentage are asking for a rent reduction and what aren't. It's impossible to really know.

MS. JOZA: Yes. So I'm talking about not -- not everybody in the building but I'm talking about the rent stabilized buildings.

MR. SILBER: Yeah.

MS. JOZA: How many have really shown -- how many have contacted you. I know that a lot of them don't notify the landlords. Some of them they do. Sometimes they use third party. But, you know, just in general, I'd like to have an idea of what percentage of your buildings suffer loss of income?

MR. SILBER: Well, in my particular buildings so far no stabilized tenant has indicated that they can't pay the rent. They have continued to pay it. Some have asked -- the fear is that this lasts longer because I think people seem to have like a reserve if they've lost their job, they may be using some savings. They may -- a lot of my people, a lot of my tenants have guarantors that their parents guaranteed the lease for them and they look to their parents for help. And some of their parents live in very wealthy communities.

So, you know, it's not always just the person whose name is on the lease. I have a lot of people who have guarantors so they have help from whoever guaranteed the lease in their name.

So far I'm lucky that everybody has been able to pay the rent because I thin everybody in some way or another is still working. They're working remotely. But, you know, they're able to work.

In other buildings, I've heard

from other owners that they -- it's sort of a similar situation to mine that most of the rent stabilized tenants have been able to meet their expenses and meet the obligation of paying the rent. It's looking forward, I think, that they're having fears and, you know, how long is this going to continue like this.

MS. JOZA: Thank you.

Thank you, Jimmy.

CHAIRMAN REISS: Other questions for Jimmy?

MR. WALSH: I had a question for Jimmy.

Jimmy, you said you had a lot of long term tenants, you know. You know, obviously we don't have a means test in housing but do you have a sense of -- of the means that are needed for these rents versus what the -- what the rents actually are, especially for your lower end --

MR. SILBER: Well, my -- practically all of my longer term tenants are on SCRIE. So their rents are frozen as far as what they pay. You know, the difference is reimbursed to you in real estate tax. So, you know, for that group of people if this board gave two percent increase, that would not come out of the pockets of the SCRIE, my long term tenants. It doesn't affect them at all.

In a way that would be a nice way to help owners because you're giving an increase and then the City government is then reimbursing you for that increase on your real estate taxes. So in that way you're not, you know, if the board does give an increase to that group of people on SCRIE or DRIE, they're not affected by it. The City is really -- you're telling the City to help the owner in the form of the rebate.

So for most of my -- for most of the older tenants in my building at this point, they're older, of course, because they've been here 40, 45 years and they are on SCRIE.

MR. WALSH: Yes, I think that's a very helpful point just in that -- you know, we -- this board tends to be a dead end road where there's -- I don't want to say garbage in, garbage out. But where everybody just throws their hands up in the air and is like, oh, we can't fix this. There's no partnership to be had.

I mean, the partnership is that we need means test of housing. So that the benefit gets to the right people. So we can all sit here and philosophically debate these issues to the end of time but -- but the City needs to provide subsidies for people who truly need them. People who, you know, got in at the right time and have second homes and, you know, are maybe in a bigger apartment than they need because it's such a cheap price, are not who we're trying to administer benefits to.

So I think the SCRIE and DRIE programs are an example of where government is administering benefits in a prudent way. But that program needs to be expanded to a lot more people --

MR. SILBER: Yes.

MR. WALSH: -- that economically need it.

So I wanted to ask you one second point, if I can just get one other one in.

Could you just elaborate a little bit on the SPONY member commercial space. Because I feel like given the size of your building a lot of these are single retail tenants that are, you know, a retail tenant in many cases are probably not in a lot of different economic circumstances than your membership in that they're very small businesses that run on incredibly tight margins.

What -- what do your members say, how do they weather -- how do they weather the storm where retail doesn't come back? You know, I agree with you, it probably doesn't come back this year and I think next year is a treacherous path.

MR. SILBER: This is a big dilemma, which I pointed out in my -- in my presentation. That this, you know, we have one owner down in Chinatown, he has a 20-unit building. He has two restaurants on the corner of his building, two Chinese restaurants in his building that subsidize him for his low rents. He's got all stabilized tenants. He doesn't even have a market rate apartment. But he -- his building functions because of the commercial income that he gets. That allows him to do -- to put a lot of money back into the building and to make it a beautiful environment.

You take that -- it could be 20

percent income away from him, you know, for how long, we don't know. Permanently maybe? You take that away and the building is suffering. There is no doubt about it. Anybody who has commercial space, that is going to suffer in his building.

MR. GONZALEZ-RIVERA: Jimmy, a quick question.

First of all, thank you for your testimony.

Just so I have an idea of who your members are, what share of your members have commercial space in their building?

MR. SILBER: I would say maybe a third would have commercial space. It depends. You know, if they -- if the building is mid block it probably won't have commercial space. If the building is on an avenue or on the corner of a mid block avenue, it will definitely have commercial space.

So it varies all around the City. There's no rhyme or reason to it. It's basically the location of where your property is and whether it can be zoned for commercial.

MR. GONZALEZ-RIVERA: Okay.

So for that one-third, they're able to, I mean as you said, you know, sort of cross subsidize between the commercial space and the residential spaces upstairs. How about for the other two-thirds? Are the rents different there than they are for the one-third that have commercial space? I mean, do you know how that breaks down?

MR. SILBER: Well, the rents, you know, everything is dependent on your location in New York.

MR. GONZALEZ-RIVERA: Sure. On average, I mean. I know there's a wide --

MR. SILBER: And those, you know, this subset of buildings that may be the third that have commercial space have an extra ability to finance, to subsidize expenses in their building because they have this commercial space.

The others that don't have the ability to have a store then it depends on how long their tenants have been there. You know, our typical building is say is ten units. So I'm thinking of owners that we have on the upper west side between Columbus and Amsterdam, where the have a ten-unit building and in one case the tenants have never moved. They've been there for years and years. So they're stabilized at low rents. So that's a very difficult building for this owner to -- to manage.

Probably the only reason why she keeps it is because she lives in it and it's her home. So she doesn't really think -- she has another job. She doesn't think of it as, you know, if she has to dip into her savings to repair a sidewalk, you know, she kind of does it because she lives in the building and it's her home and that's something that she needs to do.

If it's somebody who's not living in the building then they're not going to make it. That's not economically feasible. And they'll probably give it up.

Then it also depends on how many vacancies there have been in the last ten years. If any of those apartments became vacant and the owner was allowed to get the rent over the threshold and it became a market rate apartment, then that changes the whole complexity of the building because it changes the cash flow. It's like a, you know, a blood transfusion.

So, you know, each building is unique. It's -- it's hard to say, the common theme with the small owners' buildings who live in them is that they're really well taken care of. And that ironically causes tenants not to want to move so fast because they have really nice homes and it's a nice little community. But in -- the effect of that is the rents don't keep pace with what the expenses are.

MR. GONZALEZ-RIVERA: All right. Thank you.

MR. WALSH: I'd like to -- just so other board members, especially the public members, understand, you know, commercial leases are similar context to what Jimmy presented. Commercial leases, the tax increases get borne by the tenant. So there is a natural safeguard that, you know, if taxes go up or taxes go down, the tenant has that benefit.

So it is parallel to what Jimmy is saying, you know, that if rent stabilized increases at least kept pace with tax increases it would -- it would be a logical association. But I think that that -- a commercial method is much (Zoom inaudible) it's going to be to keep commercial business open, it's important people understand how those leases are structured.

MS. GOODRIDGE: I have a quick question. I think it might have been Joseph who testified that a lot of your members are like, third, second owners, like that inherited or maybe it was Mr. Silber. Who -- I'm sorry, who testified as to that? Because I'd like to ask a specific question.

So, Vito, for the -- for the members in your experience who are inheriting the properties, the second time down, the third time down, are those people still paying mortgages?

MR. SIGNORILE: Typically, you know, there's, you know, it's a lot of -- a lot of the members at this point they no longer have mortgages. The building's been in their family for, you know, over 50 years.

But a lot of cases there have been refinances and, you know, a lot of owners have put in a substantial amount of renovations in their buildings where there's additional loans and whatnot.

So I mean typically for, you know, when we have our monthly membership meetings at the -- the building owners who sit around the table and discuss their situations at those meetings, I would say almost all of them still have mortgages on their buildings to some degree.

MS. GOODRIDGE: Okay.

So the expenses then are -- some are mortgages but for the ones where the buildings are second and third, you know, like handed down, those expenses that the owners are looking at mostly the taxes and the cost to maintain the building.

MR. SIGNORILE: Well, of course.

MS. GOODRIDGE: Outside of the mortgage I'm saying.

MR. SIGNORILE: Yes. Yes.

MS. GOODRIDGE: Okay. Okay.

Thank you.

MS. GARCIA: I had a quick question for Jimmy.

So, Jimmy, we missed you last year.

MR. SILBER: I'm glad you noticed I wasn't there.

(Laughter.)

MS. GARCIA: I had a quick question about the numbers that you shared with us.

So do you feel that -- how many of the 30 regulated units that you have, have SCRIE or DRIE right now?

MR. SILBER: I would say a third.

MS. GARCIA: Okay.

And do you feel that -- you mentioned a few times that it feels like many of the folks that you're experiencing are having been impacted by COVID, do you feel that that's reflective of like, you know, are they like younger folks? Are they in specific industries?

I know that like us too for a lot of those buildings that we organize in the Bronx where folks congregate based on, you know, what's around them. Like, right, you know your cousin lives in a building and then another cousin comes in and lives in the building. I'm sure you have some of that set up in your buildings.

Do you feel like that's what's

happening in the building or do you feel like they're younger folks who are coming to New York City for work or college students? Can you give us an idea, just for the rent regulated. I know there's a lot -- it seems that like out of the 90 only 30 are rent regulated and only 20 are folks who are, you know, the folks who would be working in theory; right? Because SCRIE or DRIE, well they could be working but it freezes their rent so I think it's a little obsolete to talk about that specifically right now.

And what are your thoughts about that?

MR. SILBER: Well, the ones that aren't on SCRIE have still been in the building a long time. It's not like they're really new people. I find in Greenwich Village if you have gotten a rent stabilized apartment that any time it's very rare that you give it up. The only time I ever see people really move out of rent stabilized apartments is if they're getting married and having children and need a bigger place or they get transferred out of New York for a job.

But if you're not in one of those

two categories, I don't -- cannot remember anyone who has ever vacated a rent stabilized apartment.

So I'm -- we're not talking about really such new people that have come to New York. They've been here and as far as the kind of work, I think that most of those tenants have been in the area of finance because what you -- because we're close to Wall Street and I think they've been, you know, sort of hedge fund people or Chase Bank, you know, acquisition people. I think a lot of them have been in acquisitions and mergers and they're telling me that their business has never been better.

So go figure in this crazy pandemic how people are so busy in acquisitions and mergers. I was like really shocked. I didn't think that that could possibly be but it is.

And then I have people that -- I guess, also, besides the finance, I have a lot of people that work in tech -- technology. And they're very busy. They're telling me that their business has increased. So for those two specialties, I say that they're doing quite well.

You know, I don't really have

people who are waiters or, you know, I think that industry is like decimated. I feel so sorry for them, you know, the entertainment business and the restaurant business and the travel business. It's like, wow. It seems -- and retail, I think, you know, anybody who's worked in retail, like somebody who worked as a buyer in Bloomingdales like maybe having trouble.

So those people, you know, it's so split, Sheila. It's like there's no, you know, there's no one size fits all to this in this pandemic. I mean everybody -- it's definitely that everybody is suffering and affected because the way we do life is completely different. But the economics for people doesn't -- it doesn't seem to me to be one size fits all and everybody is hurting.

Conversely, some people are doing, as they've told me, are doing much better. So it's a crazy time and, you know, and all I can tell you is what I experienced from my, you know, encounters with people in my building.

MS. GARCIA: Yeah.

Thank you so much.

I mean, I think one of the reasons and not trying to associate on any other past folks who have testified, I think that there's a warm and a way that you look at your tenants that is different in how we tend to have conversations about tenants and landlord relationships. And so I really do appreciate that.

And thank you for that.

But on the same side, I think that, you know, your building is an example of a building that, you know, that we consider as like a bigger building, right. Like it's a bigger building in retrospect and like where it is and the location.

And so we're -- I think that like for me it's like how do I take all of the warmth and amazing work you're doing in your building to make sure that happens while, also, recognizing that that was a 90-unit building that was rent stabilized and we've lost some of those units.

And so how do I, as a tenant representative also make sure that I'm balancing and making those arguments because it is an important argument to be making. That the majority of the units in your building, for example, aren't regulated and that, you know, the folks who live in regulated buildings tend to have incomes that are a lot lower, as you probably can assess than folks who can make the market rate tenant in buildings.

And I think that that is an important to thing to highlight because we are talking about one size fits all and I think as a board, you know, and I tried to do this in the past like we should be having conversations on, you know, is there segmentations based on number of units in buildings, based on, you know, the cost of that specific buildings or those makeups and, you know, I'm open to having those conversations.

It just feels like we really need to, you know, the argument that you are making like the folks who are impacted and who may be weren't impacted are the folks the folks that we are talking about. And so those, you know, those restaurant workers that you acknowledged are hurting, those folks who have the low paying wage jobs, are the folks that we are concerned -- I'm personally concerned about, while also balancing that, you know, we want buildings to be healthy and safe for tenants, as well as owners and anyone who comes in contact with them.

And so thank you so much for your work.

Try not to miss any years because then I notice.

(Laughter.)

MR. SILBER: Thank you for all the effort you put in.

I know you put a lot of energy into this.

You know, I agree with the things that you said but it highlights, for me, that this system would work much better if we could target those people that you're talking about and have an income means test and identify the people that you're talking about may be different from the people who are living in my building.

And we need more -- we need more help for the people that you're dealing with in your area than the people maybe that are living in my building. So one size fits all and I don't think -- and I think this pandemic maybe highlights how inaccurate and inequitable it is to have a one size fits all.

Some people are absolutely hurting, as you deal with. Some people are not hurting in stabilized buildings like some of my tenants. So why should those people who are not hurting in tech and acquisitions and mergers, you know, get more of a subsidy?

In a way this subsidy that would be directed to them shouldn't be and it should be directed to the people you deal with because they're more deserving. And there's no way really for any of us on the Rent Guidelines Board to figure out who is more deserving unless we have the means test, unless we can identify the recipients of this subsidy.

And I think for all fairness and to help, really to help so many of the people that you're talking about, it would benefit them to -- extremely that extra monies that are being diverted to subsidize people that don't need it, can go to them and maybe it can be a double subsidy for them.

That's -- that's my thinking on it.

MS. GARCIA: Yeah, I think so,

Jimmy. I think the point where we defer is that you, that there is from the owners' side and of the folks who have testified today have mentioned that there is an expectation to have NOI remain the same. And I think that, you know, the Rent Guidelines Board is supposed to stimulate a fair balance, you know, market and I think that in other parts of the country that don't have rent stabilization, we do see those -- we see those discrepancies look a lot harsher. There's negotiations that happens, right. The house next door is going for a certain price. The house, you know, they're renting. They know like what the area sort of looks like and people make decisions. They can haggle.

Rent stabilization allows for some of that and, you know, I'm sure that you can acknowledge that a lot of tenants have preferential rents as a result of that, right. Like it didn't happen by accident. Like owners were working with their tenants and I think that's something that we definitely can appreciate.

But I think that the challenge for me, specifically, is like how do we see what the market could bear. Like we are in a society where, you know, you can charge $800 for a tee shirt and, also a $1 for a tee shirt. And so I think that that's the world that we exist in.

And, you know, I -- I think that the tenant that we're talking about, and most of the tenants that we have data on, specifically on our rent stabilized tenants, like their incomes aren't like 80, $90,000 a year. It's not like the folks that we're talking about because they look different on the rent stabilized side.

And I think that that's an acknowledgement to like the differences of when we say things of who's being impacted. For me like, you know, when your're making $30,000 a year and you don't work for four months, your recovery time, as we know many New Yorkers are paycheck to paycheck. So that is the harder for someone who was making $30,000 than someone who is making $100,000 and they see a decrease in their income.

And that isn't to say that the pain isn't the same but I think that there is a understanding that like, you know, tenants across -- people across the world are hurting and I think COVID is just making it, like you mentioned, showing us how bad it is.

And I think that like when we join and our lobby in Albany and in State government, I hope that owners will continue to support things like SCRIE or DRIE but I think that it still deregulates and, also, makes rents unaffordable to other New Yorkers.

And so I think that for me it's like we could save, let's not think about SCRIE or DRIE tenants. For me it's like ten years when that building -- that unit is no longer available for someone who has SCRIE or DRIE, that tenant is paying the higher rent. So what New Yorker, you know, in a building where we're organizing can pay $2,300 a month when, you know, that SCRIE tenant moves out and they no longer, you know, and they're making $30,000 a year.

Like that I think is the -- the nuance that I think we're trying to get at and we won't capture it on this board but I think that I appreciate being able to have this conversation and at the same time, also, acknowledge that many folks across the City are hurting and the same arguments that we can make for owners, we can make for tenants. And then that balance is like where do we give and take because within the confines -- and you guys remind us of this every year, owners say that we need to look at this year. We need to look at the data as it is right now.

And -- and I think that that loses sight of the fact that this data is coming from a rent freeze, two years of rent freezes. And that we see the data that NOI decreased a little bit and that's, you know, maybe not necessarily the intention that the board had. I think that many of us have different feelings about what that was for.

From my perspective it was really to make sure that we are thinking about analyzing not remaining stagnant for all tenants, all landlords because, you know, not everyone is hurting the same.

And when we had the crisis in 2008, we also saw rent increases. We didn't see tenants get relief even knowing that they were hurting and I hope that we don't make the same mistake with this crisis.

I think that we have to look at

all the points that you -- that you brought up while also balancing, you know, I think our overall mandate, which is to stimulate a fair market in the City, which doesn't exist in New York.

CHAIRMAN REISS: So it's a little bit after 12. And we have scheduled an hour break, which I'm guessing some people are looking forward to.

Is it okay if I call this a break.

And I'm going to say thank you to Vito and to Palmaan and to Joe and to Jimmy for participating in this thoughtful conversation.

And we'll reconvene at 1:00, unless I hear some protest from anyone on the board?

(No response.)

CHAIRMAN REISS: All right.

Thank you so much for participating.

VOICES: Thanks everybody.

Thank you.

(Brief recess.)

CHAIRMAN REISS: So I'd like to welcome everyone.

This is our second session today of the Rent Guidelines Board.

We have invited tenant group testimony from a series of speakers. This is following up on our morning session where we had invited testimony from a series of owner group testimony.

So I'm going to turn it over to Oksana Mironova.

MS. MIRONOVA: Great.

Thank you so much.

Can I -- is it possible for me to share my screen to show some slides?

MR. MC LAUGHLIN: You should be able to. Do you have that option available?

MS. MIRONOVA: Let me -- let me see.

MS. GARCIA: Oksana, that would be under the picture you're seeing, the center. It would have a green, share your screen button. Yeah.

MS. MIRONOVA: Great.

Are you all seeing a chart?

CHAIRMAN REISS: Not as yet. It looks like it's going to come up.

MS. MIRONOVA: Okay. So my --

CHAIRMAN REISS: It didn't come up. It looks like it was kind of loading and then it just stopped.

MS. MIRONOVA: I have an older computer that doesn't play well with Zoom. So I'm just going to read my testimony and hopefully you all can take a look at the charts.

CHAIRMAN REISS: Oksana, could you e-mail the testimony to Andrew right now and then maybe he can share the screen while you're going through your testimony.

MS. MIRONOVA: Sure.

Okay. I'm going to begin my testimony now and, yeah, hopefully you could take a look at the -- at the figures in the testimony and we'll talk a little bit later.

My name is Oksana Mironova and I'm a housing policy analyst with the Community Service Society of New York, CSS is an independent, non-profit organization that addresses some of the most problems facing low income communities in New York City, including the effects of the City's chronic housing crisis.

Thank you for the opportunity to present our comments on the potential impact of the 2020 Rent Guidelines.

The Rent Guidelines Board (Zoom inaudible) important factors (Zoom inaudible) the well being of low income New Yorkers.

About 365,000 households live in rent regulated apartments, twice the number than public and subsidized housing combined.

Every year since 2002, CSS, in partnership with Lake Research Partners, which is a top opinion public firm, has conducted a survey called the Unheard Third.

We use this survey to track the evolving hardships of New York City's low income residents and their views on what programs and policies would help them get ahead. Our data has consistently shown that many low income regulated renters are on the edge of housing instability and would have a great difficulty bearing any major economic shift.

Our Unheard Third polling has shown that almost half of all rent regulated households, that's about 175,000 households, consistently reported being unable to afford a $25 increase in rent. That is still 1.8 percent increase on the average stabilized rent of $1,400.

Since 2017, some low income renters like me fell back on their rent and eventually lost their homes while others had to make more and more difficult tradeoffs between rent, food, medical care, transit fares and other necessities.

From the 2019 Unheard Third survey, we know that 55 percent of low income rent regulated respondents had difficulty affording basic expenses. About one in three had difficulty affording a Metro Card or had to skip meals to save money.

A simple reason for these high rates of hardship is that incomes have not kept up with rising rents. The median rent to income ratio for low income regulated households bypass the severe rent burden thresholds, increasing from 40 percent in 2002 to 52 percent in 2017.

The dual culprits for the rapid of regulated rents over the past two decades were high RGB guidelines during the Bloomberg administration and the impact of rent laws, most of them now abolished with the new rent laws, which allowed landlords to raise rents well above the annual guidelines.

While tenants' real wages have stagnated over the past few decades, landlord incomes have continued to grow. Even though the NOI declined slightly since last year, it has grown significantly over longer time frame, increasing by 48.7 percent above inflation since 1990.

Given the high cost of housing, it is unsurprising that many renters have been unable to save money. The vast majority of low income regulated renters, that's 71 percent, have less than $1,000 in savings for an emergency, like an unexpected loss of income or a hospitalization.

There are also major disparities in savings by race and ethnic origin among regulated renters across all incomes. Sixty percent of Latin mixed rent regulated renters and 59 percent of black regulated renters reported having less than $1,000 in savings. That's compared to 42 percent of Asian renters and 35 percent of white renters.

This is the is in line with national research which points to a broadening racial (Zoom inaudible) across all socioeconomic levels.

COVID-19 is a major economic shock, impacting low income renters and renters of color, in particular. According to the survey conducted by the CUNY Graduate School of Public Health and Policy, as of April 19th, earners in 37 percent of all New York households lost their job.

Latin mixed households and Asian households and low income households were particularly hard hit. So that's 44 percent, 40 percent and 42 percent, respectively or higher than the raw number.

While we're unable to desegregate those job losses by housing type, analysis if 2018 census data shows that low income renter households were much more likely to include at least one person working in an industry currently lost -- job loss. So that's not an essential retail, daycare and personal care services, compared to moderate and high income renters.

So 42 percent of low income renters include a person in the non-essential -- in the non-essential job.

So similarly, Latin mix and Asian renters have -- Asian renter households were the most likely to have at least one person working in an at risk job in 2018.

In addition to renters, there is also -- that were already healthy and secure, COVID-19 has pushed hundreds of thousands of others closer to insolvency.

The City has 760,000 low and moderate income renter households who are in the labor force and did not receive federal housing assistance, like Section 8 vouchers.

Our research has shown that more than 160,000 of those renter households who rent in the private market have minimal savings and have lost much, or all of their income, as of mid April.

Expanded unemployment insurance will help some but will leave out important segments of the New York city workforce, specifically undocumented workers.

The stimulus check will offer some reprieve as well but similarly it excludes undocumented workers and it's a one-time payment.

In the short term, delays in unemployment insurance claims have been a huge problem because many renters lack the savings to get by even for a few weeks.

The RGB cannot address systemic issues like wage stagnation or federal dis-investment in the affordable housing sector. But addressing tenant hardships in rent stabilized apartments is within the board's purview. And RGB action in the past has led to material benefits for low income renters.

I hope you have a chance to look at my testimony later on and I have a figure that shows the share of low income regulated renters recording housing related hardships, which include falling behind on rents, utility shutoffs and (Zoom inaudible) rates from 2014 to 2019. And there's an observable dip in housing hardships during the two years when the RGB instituted rent freezes in 2016 and 2017.

It is important to note that the two rent freezes did not lead to increased building distress or abandonment. RGB's research shows very low shares of distressed buildings from 2016 to 2018. The last figure available for 2018 was 5.4 percent.

RGB rent freezes have eased housing hardships for rent regulated tenants in the past and can do so again during what will be an extremely trying and long pandemic recovery period.

We call on the RGB to freeze tenants' rents for both one and two-year leases to help mitigate the immediate impacts of the pandemic and, also, to provide some sense of long-term stability during an incredibly turbulent and uncertain time.

Thank you.

CHAIRMAN REISS: Thank you, Oksana.

MS. GARCIA: Sorry, Oksana, if I can -- can I share my screen because it seems like you have a lot of important figures and graphs and I want to make sure that we look at them.

MS. MIRONOVA: Sure.

MS. GARCIA: And is there any way that anyone can show their screen so that we can actually have those figures us as she was talking about?

MR. MC LAUGHLIN: I can do it.

I will do it.

CHAIRMAN REISS: In the interim, Alex, did you want to ask a question?

MR. SCHWARTZ: Yeah. First, I'd like to say I'm really, really sorry about the passing of Tom Waters. That was a huge loss. I think last time I saw him was at a Rent Guidelines meeting here. So I'm sure I'm not alone in the shock of his -- his passing.

But my question is, you mentioned briefly undocumented residents and they're not being eligible for unemployment benefits, expanded unemployment benefits and so on. I just wondered if you could expand a little bit on to what extent these residents are in rent stabilized housing and what work you've done on this topic, if any?

MS. MIRONOVA: Thank you.

Thank you so much for acknowledging Tom. I do really appreciate that and

CSS in general does as well.

We unfortunately, or fortunately, in a lot of ways, there's not that much hard data on the number of rent stabilized tenants who are either undocumented or live in mixed households where there might be a couple of people or documented people who are not.

The only thing that we know is that the housing vacancy survey, because it focuses on the unit as opposed to the individual, includes within that sample undocumented people. So within the 365,000 low income households who are -- who are rent stabilized renters, there's likely a portion of those who is very likely undocumented. But there's not -- there's not that much hard data that I can talk about.

MR. SCHWARTZ: Thank you.

CHAIRMAN REISS: Oksana, just kind of following up on that, and I'm not sure if you'll be able to answer this one, if the data's out there yet. But if we were to say like there's 100 New Yorkers before the pandemic and, you know, X percent were employed and X percent were on unemployment and X percent were on fixed incomes, and now with the pandemic, do we have a sense of like, you know, people who were employed but are not on unemployment for a variety of reasons? Do we have any way of quantifying kind of how income has changed from work and non-work sources since the pandemic has started?

MS. MIRONOVA: I don't have a good number off the top of my head. I could take a look at that and see if I can figure that out from the -- using the housing vacancy survey and some of the public data that's been becoming available through the public health -- the Keeney Public Health School.

But we do know that the rent stabilized tenants who are receiving Section 8, they're -- in the immediate term, so I'm talking the next couple of months, not necessarily looking forward. Their rents -- their subsidy will be continued to be covered through the CARES Act.

But we also know that 37 -- I think it was 37 percent of all -- all renters reported having at least one person who lost their job and a greater number of people within -- among low income households and Asian and Latin mix households as well.

And those numbers are, I think, within 40 percent or so. So it's -- it's a lot of people. It's a really huge chunk of rent stabilized tenants.

CHAIRMAN REISS: Thank you.

MS. GARCIA: Oksana, I don't know if you wanted to highlight any other slides that you had shared with us.

MS. MIRONOVA: Yeah.

Thank you, Sheila.

Could you -- you're the one who I'm sharing the screen with now; right?

MR. MC LAUGHLIN: It's me, Oksana.

MS. MIRONOVA: Great.

Thank you.

Would you be able to go to the last slide.

MR. MC LAUGHLIN: Sure.

MS. MIRONOVA: Thank you.

Yeah, so this is -- this slide shows the -- it's -- it uses our Unheard Third data survey, which is a survey we do every single year and it's a scientific survey. It's randomly sampled so it's statistically valid. It shows something that we call housing hardships and we've been tracking it every single -- basically every single year since 2002.

The top line is the number of low income regulated tenants who have fallen -- fell behind on rents.

The gray line is the number of rent regulated tenants who had their utilities shut off because they weren't able to pay to keep them on.

The yellow line is the number of tenants who are threatened with eviction. So not necessarily evicted but fell behind on the rents and either got a notice or were taken to Housing Court.

And the dotted line is RGB guidelines for one year.

And what you see is, in 2016 and 2017 there's a noticeable dip. The -- the survey, our margin of error is about three percent so I wouldn't necessarily pay too close attention to the fact that there's little fluctuation year to year but there is that notice of a little dip over the two-year period makes me fairly confident in the fact that RGB guidelines have an impact on the way that low income people are experiencing housing instability.

CHAIRMAN REISS: Oksana, just on that, I mean, so are you saying, are you hypothesizing that it -- it's a causation or just a correlation? I mean, what's your hypothesis as to why -- what that small change, you know, between a zero and a one percent would have such a big impact?

MS. MIRONOVA: So it's a correlation. I can't -- I can't -- from the way that our survey is structured, it's not longitudinal so I can't imply causation. But there's an evidence of strong correlation.

CHAIRMAN REISS: And what is your, so if we had implemented a one percent increase versus a rent freeze, I mean what -- what's the correlation that you're seeing? The size of the increase or just the absolute rent freeze? What's the correlation?

MS. MIRONOVA: I think it's an

absolute rent freeze, not necessarily a one, kind of like a zero versus one versus two percent.

CHAIRMAN REISS: Okay.

MS. GARCIA: Oksana, I've had the privilege to sit on other panels with you where you've talked about the rent laws more explicitly. Can you share with us your thoughts, you know, this morning heard a lot about how, you know, rent increases are now, you know, not going to not going to happen if RGB doesn't vote for a rent increase because of all the mechanisms are now no longer available for a lot of owners across the City because of the rent laws, you know, of June of 2019 and I wonder what is -- what is your experience? What are you drawing from that?

I've heard you speak a few times on it and I would like to hear your thoughts on this.

MS. MIRONOVA: Sure. Yes.

MR. MC LAUGHLIN: One second, Oksana. I'm going to cut out the share of screen so people can see the people that are speaking.

So -- but if you want me to go back, just let me know.

MS. MIRONOVA: Sure.

Great. So the rent -- the historic change in the rent laws that happened in 2019, it will have a huge impact. It would have had a huge impact on the way that the housing market in the City functions, whether or not COVID-19 happened. But COVID-19 happened. So we're here.

And if did do away with many of the loopholes that landlords used to hike up rents beyond the RGB increases. So the vacancy bonus being the main one.

Landlords are still able to increase rents because of major capital improvements. There is the provision, the IAI, the individual apartment improvement provisions is also still on the books even though it's capped much lower. So -- so the potential is still there and the potential to recoup costs because of improvements to the building are still -- are still very much there.

MS. STONE: Oksana, hi. This is Patti.

Thank you for your testimony

today.

Oksana, you can't be -- I'm surprised, is your opinion that -- that owners could increase IAIs and make it -- and increase the rents as high as they used to be? Because the cap has basically destroyed individual apartment improvements for owners and the lack of a vacancy increase and the lack of longevity means that owners really can't increase rents that much.

MS. MIRONOVA: Sure. Yeah, absolutely.

The cap has been lowered significantly. Major capital improvements, I think that's an open question and we will see what happens in the next couple of years. Many have argued that the -- the system was so deeply flawed that we should have gotten rid of them altogether.

But the potential -- the potentiality of recouping costs is -- is still very much there.

MS. STONE: Well, not the tenants in occupancy though. Because tenants in occupancy would have to consent to have individual apartment improvements.

MS. MIRONOVA: Right. But that was the case before the changes went into effect as well. And from what I understand, the majority of tenants didn't consent to IAIs under the old regime as well.

MS. STONE: Yeah, but having a cap of $89 is hardly much of an increase for an owner to renovate an apartment.

MS. GARCIA: I mean, I think the numbers that Oksana had mentioned earlier is that, you know, one-third of, and you can correct Me, Oksana, but if I listened to all of the numbers correctly but you mentioned the numbers of tend to a $25 increase would be impossible for them and so I think that the rent laws were responding to the extreme need and the crisis we have in this City. And I think that, you know, the elected officials were intending to lower those caps because the saw the need for rent stabilized units and I think that that's -- I think that that, you know, the numbers are bearing exactly what I think what we're intending to do.

I think that for many tenants, a $25 increase would be devastating. There are tenants that $100 it would be devastating. But I think that the point is that folks are basically one paycheck away from being homeless and not having their apartments and the decisions that we make here is super impactful, not only because of the data but because we have heard time and time again at the hearings that the impact to day to day is really real for folks.

And I think that's a pretty -- to me that's a compelling argument to have the conversations we're having around what do our adjustments look like and should we be having a rent freeze in a year like this year when we know economy will bear out in the future. But we know right now people are hurting and people have been hurting for decades before this.

MS. MIRONOVA: Absolutely. And, you know, our data shows that to -- the point about the ability to bear even a small increase of $25. There's been -- our survey over the course of three years, so 2017, 2018 and 2019, showed that -- so fluctuating between like 47 and 49 percent about half of low income tenants. So the (Zoom inaudible) is going to be 5,000 households, which is -- if you multiply it by the multiplier of 2.1 like about 400,000 people. That number of households can't bear a $25 increase.

So with that means is that for some people that the -- end result over the course of multiple years is an eviction. But for many others that means a really unsustainable situation where you're paying all of your money towards rent and can't afford to buy food or can't afford to buy a Metro card.

So it's a -- it's a situation -- and that was the situation before the pandemic happened. So they are -- were bad and things are going to get worse.

MS. STONE: I hear your argument and I'm not disagreeing on some of the facts. But don't you think this is more of a political argument that should be made to the politicians as opposed to the board whose job is to just look at the numbers. And according to the numbers, there should be rent increases.

MS. MIRONOVA: So, yeah, absolutely. This is -- and this argument is -- we're making this argument, lots of this groups are making this argument to every single level of government, including the City, the State, federal government. There needs to be -- the RGB, as a board, can't impact the, like the amount of rent relief that goes -- that comes from the federal government, right.

But what the RGB could do is use the tools at hand to do what it's supposed to do, which is consider the economic situation of the landlords but, also consider the economic situation of the tenants.

And the economic situation of the tenants before the pandemic began was already for the kind of the constituency that CSS advocates for low income tenants specifically (Zoom inaudible) bad.

And I think that we have hard data to show that. And we have some kind of rolling data that has been rolling in over the past couple of weeks to show that that situation has exploded. Things have gotten so so much worse for tenants over the course of the last seven weeks.

CHAIRMAN REISS: Oksana, what is that rolling -- what are those indicators that you're referring to?

MS. MIRONOVA: So I've specifically been looking to the -- the CUNY's School of Public Health. They have been doing the survey every single week to look at some indicators across -- across all sorts of different types of -- types of fields, including housing. But specifically talking about job loss, among tenants and tenants of color specifically.

CHAIRMAN REISS: If you could send -- if you could send Andrew the -- the sites that would be awesome.

MS. MIRONOVA: Absolutely. I could do that.

CHAIRMAN REISS: Thank you.

Any other questions for Oksana?

(No response.)

CHAIRMAN REISS: Okay.

Our next speaker, I'm just trying to go back to my agenda. I think our next speaker is Tim.

Hey, Tim.

(No response.)

CHAIRMAN REISS: We don't hear

you, Tim. You need to turn on your microphone.

MR. COLLINS: I'll take care of that. I thought I was muted on your side.

Thank you.

And I had a little bit of a technical difficulty. Can everyone hear me okay?

CHAIRMAN REISS: Yes.

MR. COLLINS: Very good.

Thanks.

First, let me, you know, offer my condolences on the passing of Tom Waters. He really was a giant in providing real information, real data, solid analysis to analyze these difficult issues, precisely the kind of thing that the board needs and which improves the process.

And thank you, Oksana, for really an excellent presentation.

I think the background is very clear. Tenants are hurting and they're probably going to be hurting much worse in the coming year. And there's nothing that precludes the board from considering those developments.

My focus is a little bit different. I'm going to kind of go back to, you know, the old -- I want to say schtick that I've been presenting the board for the last five years.

I hope, Andrew, that you received the updated report. I sent it to you by e-mail just a short time ago, just before the meeting started or as the meeting was started.

Included is my submission, as well as an updated table, which I generally refer to as the annualized commensurate rent formula, which I'll talk about in just a minute.

Andrew, were you able to get that and forward it to the other board members?

MR. MC LAUGHLIN: I did.

MR. COLLINS: Okay. Great.

Thanks.

Okay. So let me just read the preliminary statement so we can, you know, focus in on where I'm coming from. And I think it will address some of the issues that were raised in the questions that I just heard.

Like so much that has gone on for the last few months, this year's guideline setting process will be like no other. The nation and much of the world is confronted with a vexing problem of temporarily balancing a commitment to the work and dignity of each human life with the routine but vital freedoms and processes that characterize democratic societies. These are inescapable and none of them are easy, including in this corner of disrupted world, the decision to proceed with rent deliberations.

I should note that the Rent Guidelines Board staff appears to have, once again, done an outstanding job of compiling data and conducting analysis to assist the board in its deliberations. I was particularly impressed with the updates and additions regarding recent economic developments relating to -- the misreporting by certain news outlets that the staff had made recommendations and I'm quoting there, "for Guideline increases based on the various commensurate rent calculations."

I immediately and correctly concluded that this was erroneous reporting because it has never been the staff's policy to make such recommendations. The board, and the board alone, has -- is accountable for the rent setting process. The staff does not make recommendations and I believe Andrew McLaughlin's public statements were clear on that. The press should understand that.

Some issues are new and many remain the same. Owners will no doubt discuss their challenges, collection losses, legislative changes and patter of rising operating costs.

Tenants will provide evidence of pervasive job and income losses leading to unsustainable rent burdens. There will be compelling arguments all around and is often the case, agendas may be rationalized by personal or political self interest.

As board members you are, of course, free to consider all of the information and arguments that are brought to your attention. The law permits practical judgment in weighing both short term and long term variables so long as they are reasonably related to the rent setting process.

I will not attempt to address all of those issues here. For well over a decade I have focused as narrowly and as precisely as possible on the role of the board that it has played in influencing the economic health of rent stabilized buildings.

In doing so, I have taken a conservative approach, isolating and disregarding the deep and pervasive ways the political legislative process promoted higher returns, namely through laws permitting de-regulation of hundreds of thousands of units and through large rent increases related to capital and individual apartment improvements.

Last year, for example, while the RGB staff reported that owner net operating incomes had grown by 53.1 percent since 1990 after adjusting for inflation, I said that the more relevant figure was the gap between the 166 percent increase in rents needed since 1990 to keep owners whole, preserving net operating income from the effects of inflation and the 199.55 percent in increases permitted by the board, based upon the board's rent index.

This resulted in a general level of overcompensation, which is not as dramatic as the inflation adjusted NOI figure, which incorporated increases resulting from non-Rent Guide Lines adjustments, including de-regulation, MCIS and IAIs.

In 2019, the State passed the Hosing Stability and Tenant Protection Act, which effectively ended high rent, high income de-regulation, eliminated vacancy allowance and longevity bonuses and dramatically reduced both MCI increases.

As I treated Albany's de-regulation regime as irrelevant to the guideline setting process in prior years, equally irrelevant are these recent reforms, which have already begun to reduce income levels for owners, although not by that much at present.

As is described in more detail below, the central measure of the regulated buildings is the stability of net operating income over time. As the accompanying table illustrates, and you'll see that as the separate attachment to the e-mail that Andrew had circulated, as the table illustrates, annual Rent Guidelines Board and vacancy allowances permitted building incomes to cover changes in expenses and preserve net operating income with remarkable precision from 1990 through 2008.

This is seen by comparing the

closeness of the entries of the last two columns in the table I circulated. The increase is needed to prevent inflation based erosion of net operating income with the increases authorized according to the Rent Guidelines Board rent index.

Those figures went from being nearly identical in 2008 and the comparison is 207.75 percent and 208.36 percent. That's actually 107.75 percent increase, a 208.36 percent increase to a sharp divergence in 2009, where we begin to see the board's authorized increases outstrip what was needed to keep owners whole. What would have been needed to keep owners whole was 208.19 percent. What was authorized at that point was 223.89 percent. Again, above the base of 1990 rents and incomes.

And that figure continued to diverge throughout and beyond the recession years, reaching the largest gap in 2015 where there was almost a 40 percent difference between what was needed to keep owners whole and what the board authorized.

During the last recession while rents throughout the country were basically flat and, in fact, they fell for a four-year period between 2009 and 2013. Tenant incomes were sharply down and rent burdens and homelessness in New York City were reaching record levels.

The Rent Guidelines Board authorized the greatest series of unwarranted rent increases in the history of rent stabilization during that multi-year period.

Two-year guidelines in:

2008 were 8.5 percent; and,

In 2009, 6 percent;

2011, 7.25 percent; and,

2013, 7.75 percent.

Again, this was the heart of the recession.

Those increases appear to be part of a deliberate strategy to pave the way towards de-regulation. They were well outside of the board's administrative charge and given the human impact at the time, amounted to a disgraceful abdication of responsibility. And, yes, I point fingers and cast judgment because within a few short years the board had ample evidence that its numbers were way off, creating an unprecedented windfall for owners, illustrated by the growing gap noted about between what was needed to keep them whole by the excess being awarded by the board.

Still the board maintained this reckless course until reconstituted under a new administration in 2015. Fortunately, the newly constituted board immediately began to tap the brakes and over the past five years has moved rents down to where net operating incomes, those still excessive, are closer to their historic balance.

As the updated chart shows, in order to keep owners whole, the board would have had to authorize increases on the order of 175.58 percent since 1990. The board, in fact, authorized rent increases of 206.92 percent.

Now in the chart you're starting with a base of 100 so you'll see the figures of 275.58 being compared to 306.92. That's, in fact, 175 percent increase and a 206 percent increase.

Over the same period, the proportion of each rent dollar rental income devoted to operating costs fell from 63 cents in 1990, and that's not an adjusted figure, to 60.5 cents as of 2019, the last time for which this is reported.

As will be shown, given the aging of the housing stock, this figure would have -- should have grown. The sum and substance of these measures if if the board permitted rents to climb to levels significantly higher than the data warranted, the effects of that unwarranted excess are still being felt today and what follows is basically an updated version of what I have been providing for the last five years, including the chart and some recommendations for research.

Bottom line is, rents are probably around five to ten percent higher than they should be or would be had owners simply be -- had, at least from the board's input, had owners been protected from the effects that at least net operating income protected it from the effects of inflation.

Again, this is a highly conservative approach because my analysis does not even factor in the hardship that tenants experience. My analysis doesn't even factor in the decline with anticipate with the pandemic that's now effected a massive losses of jobs. This analysis simply looks at the value of net operating income over time and the point is, is that owners have already been overcompensated.

And the reason for my anxiety and, in fact, I've said in the past, it was getting to the point of sounding shrill in those years around 2010, '11, '12, when the board was adopting massive increases at at time when incomes were falling, the point is, they were unnecessary. And the hardships that were imposed on tenants were unnecessary. They were not a product of data and hard analysis and practical judgment. They were a product of impossible ideology towards rent regulation in general. It was inexcusable and the pain and dislocation that was caused really lies at the hands of those people who made those decisions.

And, again, I congratulate this board for looking at the data, I think, quite a bit more objectively over the last five years, bringing things in line.

But I want to emphasize that what this board has done since Mayor Di Blasio was elected has actually been quite cautious and to the point of being conservative. And if anybody doesn't recognize that, they need to look at the numbers.

This is not a radical board which has run away with, you know, tremendous concern about tenants and disregard for owners. The fact is, owners got away with an unprecedented windfall. This board is slowly, gradually, too gradually for my taste, begun to correct that and we need to go further.

I'm not going to make a recommendation but certainly a rent freeze and even a modest rollback would not be unwarranted under the circumstances.

And with that, I would recommend that you please read the balance of the report and I'll be happy to take questions.

CHAIRMAN REISS: In past year, owner reps have -- have critiqued your report, I sort of recollect for two reasons and I'd love to hear your response.

One is that the year that you choose as a baseline was a recessionary year and that's not, you know, the right baseline to use.

And the second is that the right

comparative is how new owners of multi-family properties in other jurisdictions, jurisdictions without rent regulation, how did their net operating income look? And that's the right comparison.

How do you respond to those two critiques?

MR. COLLINS: Well, with respect to the choice of 1990, it's not a choice that is made on the basis of some, you know, tactical or strategic, you know, effort. It's a choice that is made because that's the only year for which data, reliable data, first began to be available.

Secondly, I don't agree that this was such a significant recession. The Rent Guidelines Board had adopted a series of fairly large rent increases in the late 1980s and I believe owners of rent stabilized buildings were benefiting from those rent increases. This was not a particularly liberal administration. The Koch administration took a fairly, I think middle of the road approach, perhaps an even somewhat conservative approach to the rent guidelines.

And I, as you may recall, actually

was counsel to the board and later executive director between 1987 and 1991. So I'm familiar with what the board was doing at that time.

And although there was a dip in the economy it largely affected co-op conversions. It was not affecting income from -- for rent stabilized properties.

The second question, why don't you just repeat it?

CHAIRMAN REISS: Sure. It was that the right comparative is not historical data but how do multi-families perform in other parts of the country in unregulated markets? That's the question.

MR. COLLINS: I think, you know, it's an interesting question. I'd love to see the, you know, the data on that but it's also apples and oranges. And it's apples and oranges for a number of reasons.

First of all, the tax load in New York is quite a bit different than it is in other jurisdictions. So I think that, you know, to the extent the taxes are much higher in New York, that may affect the ratio of operating costs to overall rental income.

I also think that rents are much higher in general in New York. So that net operating income, even though in relative terms may be a somewhat smaller than in unregulated jurisdictions, in absolute terms, the income is still very substantial.

And I also would have to emphasize the fact that this is a City that is relatively older and that multi-family dwellings tend to be older and that it's clear, the evidence is very clear from a number of studies that have been done that operating costs to rent ratios rise. That is relative net operating income tends to decline as buildings age.

So I think if you were to make an apples to apples comparison, comparing New York City multi-family buildings with buildings, you know, in Ohio or Indiana or something or Colorado, it would probably be a false comparison.

I think the better comparison, and I note this and outline it in my -- in my submission, is to look at the actual rise in property values of multi-family buildings. Now this was done briefly. We looked at, I believe, 400 properties. I believe it could be done in a statistically reliable way by looking at sales price data with the Department of Finance, (Zoom inaudible) filings and so on.

Look at how multi-family buildings have increased in value over the period of rent stabilization going back to 1969 and compare it to the increase in value of multi-family buildings nationwide and compare it to the Price Index, compare it to the stock market and I think you will find that multi-family buildings have consistently been a great investment.

I notice I'm getting another -- I was having an unstable connection. Did anybody miss that last point?

CHAIRMAN REISS: No, you came through, Tim.

MR. COLLINS: Okay.

CHAIRMAN REISS: Thank you, Tim,.

Other questions?

MS. GOODRIDGE: I have a question. I'm trying to find it. A tenant e-mailed it to me so if anyone wants to go in between. No.

Okay. I think I have found it. No I haven't. But I wrote some of it down. The question the tenant had is, can we ask the City Council to amend local law 63 of 1986 to require owners of income producing properties of six or more units to file RPIE reports with the Department of Finance.

And since you were the prior executive director of the board, I'm directing this to you.

MR. COLLINS: Well, what is the amendment they're seeking? I mean, you know, we could ask them -- we could ask for, you know, a greater number of filings.

One of the issues that has come up and the others have pointed out that the -- I think it's 11 units or more are required to file and that's the database that we use to analyze operating costs and income. And so we miss out on some of the smaller buildings. And that's a valid point if you're looking at overall absolute numbers.

It's not a valid point, however, if you're looking year-to-year changes, longitudinal data. So I think the longitudinal study, which shows the trends of, you know, income and operating costs are very robust and reliable, whereas the cross sectional probably should be taken with a bit of a grain of salt.

I do recommend, by the way, that, you know, the board revisit the issue of audits and update its estimates of actual operating costs which, you know, we found during the initial set of audits many years ago it's somewhat unreliable and overstated.

Of course anyone filing taxes is going to look for lawfully, hopefully lawfully, ways of reducing their income and inflating their costs. And we did, in fact, find that that was the case with regard to income and expense reporting in connection with property taxes. So the audits should be reduced.

I think, actually, going through or trying to amend the tax law to increase the number of filings or the former filings is kind of a heavy handed way to get at what we're really looking for. The DHCR has subpoena power. The Rent Guidelines Boards in outer counties compel owners to submit income and expense filings. And this has been a very important point.

Owners come before this board every year and they have in the -- some, I guess it's now 33 years that I've actually been familiar with the process and claimed that they're losing money, that the board is killing them. That their operating margins are too limited. That a lack of an increase is going to push them over the edge. And, in fact, it doesn't and it's clear from the data that the vast, vast majority of buildings are highly profitable.

And my response is, at this point, and this used to be, you know, sort of a, you know, sort of I suppose a sharp response from the lieutenant advocates back in the '80s, you know, open your books you dirty crooks. And now we start, well, that's a little harsh. Maybe we don't need to do that. We can look for stats and so on.

But frankly, after 33 years of hearing the same line of losses and hardship and absolute resistance and refusal to disclose real numbers with some selected exceptions, occasionally they'll bring a small property owner in who will show their books.

We don't get to audit him obviously but sometimes they'll show a tight operating margin but we never have an opportunity to randomly select a number of owners and say, let's take a look at what you're making from this property and analyze whether or not the Rent Guidelines Board increases are appropriate or, you know, excessive or falling short in some respect.

So, you know, again, if there's anybody in the press listening out there, the owners need to put up or shut up on that point.

CHAIRMAN REISS: Can I just follow up on your discussion of the audit.

So are you agreeing with the owner reps who say that reliance on the findings of the 1992 audit expenses that the board should not rely on that as an adjustment to its figures?

MR. COLLINS: No. I think the board should rely on that until they're replaced with an updated audit.

Now I understand from, you know, staff comments in the past that indeed the level of reporting may have improved. The owners may be more accurate in their submissions and that perhaps the audits may even overstate the level of misrepresentation of expenses or understatement of income and that it's time to revisit that.

My point here is that the public has confidence in a process that is transparent and complete. What this board does, and it's improved immensely over the last 30 years, is to take a lot of information, make it digestible, manageable and explain the basis for its decisions. And it's vitally important that those decisions be divorced from political considerations and really relate to the goal of providing reasonably affordable housing and stability in terms of owner incomes to preserve the housing that we have.

That's not that hard to do. The problem is often that the process is so clouded with people trying to make political points or engage in self-serving agendas, that they only want the data that serves their arguments.

Now my position is, you know, if the audits are going to be hurtful to the tenants' arguments, let it be hurtful if it's real information. If they're going to be helpful, let it be helpful if it's real information.

But in the final analysis, the board should rely upon solid information.

MS. GOODRIDGE: Thank you.

I appreciate you answering my question.

Thank you -- well, the tenant's question.

All right.

MR. COLLINS: You're welcome.

MS. GOODRIDGE: That's all my questions.

CHAIRMAN REISS: Other questions for Tim before we move on to our next speaker.

(No response.)

CHAIRMAN REISS: All right.

Barika, you're up.

MS. WILLIAMS: Hello.

CHAIRMAN REISS: Hello.

MS. WILLIAMS: Hi. Let me get situated and get my testimony pulled up here.

So hello everybody.

I'm Barika Williams. I'm the executive director at Association for Neighborhood and Housing Development, ANHD.

I testified before this board any number of times but have been away for a little bit and I'm now back a couple of months in this new role.

I'm going to try to piece together some things because I don't want to repeat any of the things that other -- or Oksana has already said before me. So apologize if I end up a little scattered as I pick things live.

nd then we'll -- I'll try to send this over to you quickly. We're obviously in the middle of -- as many other orgs are, a number of COVID response but it was -- and last Year Stephanie Sosa -- in the last couple of years Stephanie Sosa has done this testimony before you guys and she just recently ANHD for a new exciting role at HPD.

But it was very important for me that ANHD still remain a part of this panel and I'm testifying before this board.

So apologies that we're not all as polished as we would like to be and I prefer to be.

Let's see. So for those of you

who don't know, ANHD is a non-profit organization. We've been around for 40 plus years. We are the association that serves non-profit community groups across the City that work on housing and economic development.

We have about an 80 plus members that we work and serve across all five boroughs in various different neighborhoods. Most of our groups work in low income and communities of color and immigrant communities in the City.

Our extensive network includes affordable housing developers. So many of our non-profit members -- actually, our founding non-profit members are New York City's earliest community development corporations, the seven original CDCs in the City are ANHD's founders.

And our -- our developer members manage over 135 units of affordable housing. So I think it's important to emphasize that we testify also understanding that our membership, our building managers themselves and landlords themselves. And we just actually had a member conversation that wa sort of joining together our tenant and landlord conversation thinking about what managing buildings and maintaining services for tenants looks like in the mix of COVID earlier today. And that conversation spanned as many as 100 different participants.

So I am, again, sorry, going to skip through so I don't repeat some of the key things. So I think one of the things, to build on some of what Oksana mentioned around this moment in time and then I'm going to tie back to some of the tools that we normally speak about.

I'm going to not do the rent burden and between both the City and the City's general stock and the rent stabilized stock. I think Oksana already captured that.

But needless to say, all of our data analysis and the City's analysis itself at HBS only further conclude and capture what Oksana has communicated in terms of we see the rent burden is higher in rent stabilized apartment buildings and units and that that is heavily focused on low income communities.

So we see more units that are severely rent burdened and moderately rent burdened on the lower end of the income scale. Those below

40 percent of AMI and that is just disproportionately found in our rent stabilized housing stock for the City.

I think this is, in this moment in time, it's important to capture that this is all the more striking and critical during this crisis. That data that has been reported by the *New York Times* looks to compare one week in March 2019 to one week in March 2020. And there was a 2,647 percent jump in unemployment claims. A key piece of this, this was distinguished between the City and the State is that the statewide data is conveying that two-thirds of those filing for unemployment are those making $40,000 or less a year.

So this is, again, heavily filing on our low income tenants and/or homeowners and for us in New York City that's disproportionately impacting those who live in New York City's rent stabilized stock.

So I think it's important to sort of emphasize that we're looking at a tenant population that is bearing the brunt of the impact to employment, the impact to income and the impact to wages and earnings that is housed in these units.

And in understanding that by affordability crisis measures, if we look at the typical renter in New York City earns $47,200. This is from the 2017 HBS data, that means that their maximum rent that could be deemed affordable under federal guidelines is only $1,080 a year.

So that's sort of our benchmark number to start from and then we know that that is the population that we're seeing as many two-third share of the total increase in unemployment filings and that is also the population that is disproportionately unable to absorb and anticipated costs when it comes to thinking about their savings or credit cards or being able to turn to other resources.

So I will -- I think, Tim covered a lot of the piece that I was going to talk about tin terms of the PIOC and the -- and the difference between the PIOC and the Income and Expense Study. So I'm going to skip through that. Maybe I'll just say it in case it's helpful.

So one thing that ANHD always

testified and speaks about is the -- the changes and the difference between the PIOC and how it's consistently increased above RGB's Income and Expense Study. So I think this is important to understand is that the PIOC number and the Income -- the actual Income and Expense numbers are -- are and continue to be different.

So from 1990 when this data was first collected all the way through to 2018 when it's available, the PIOC had increased by 129.5 percent and Income and Expense is 121 percent. So we're looking at an overstatement of at least eight percent in about a 28-year period that we have data for and that is captured.

And what that means in terms of averages is that the average growth cost is the difference between 4.6 percent and 3.9 percent in the past 14 years, just looking at the more recent data.

So I think the important thing to highlight is that the PIOC projections are used to estimate the cost of buildings have continually and consistently outpaced the actual amount that landlords report spending on their buildings and I think this goes to some of the things that Tim was just speaking to in the questions and -- and in terms of having to and needing to be at a place where we really say to them is, you must give this data and -- and be in a position to audit and look at where things really are.

And the disparity between the projected and actual expense, in recent years is significant. And what it's meant is that we have an increase in NOI for landlords over decades where that is translated into expenses and rent increases for working poor and middle income New Yorkers.

One of the things that ANHD really like to specifically highlight and can speak to because this is what our members use, is an understanding of the many different tools that are available for landlords to adapt, moderate, rehab or -- or address capital or maintenance issues in their buildings without transferring that onto increases to tenants.

And I think in this moment in time, the emphasis maybe perhaps should be on a conversation about whether or not we need to expand some of these individual resources as opposed to a conversation around passing these expenses off to tenants as has been done historically.

So the participant loan program provides a one percent interest rate of City capital of up to $90,000 per unit, depending on the affordability. And this funding can be combined with other financing from private lenders.

It includes a full or partial tax exemption for moderate or substantial rehab to building systems, structural improvement and modernization to the building's interior.

The HRP is available so that housing rehab program is available for buildings with over three units. So this is a key piece of this is available for many of the smaller landlords who need moderate improvements and a need for reducing operating expenses. This is one of the programs that I think we can see projecting an increased need and desire.

It provides a loan with an interest rate of up to three percent and for projects using this, they can borrow up to $3,500 per unit and get the full or partial tax exemption as well.

There's the Green Housing Preservation Program, which is available for properties with a minimum of five units for moderate rehab, energy efficiency, water conservation, to help manage utility costs in buildings. This is one of the resources we know many of our organizations have and continue to turn to, especially in the midst of increased regulation and desire to have more energy efficient buildings that don't contribute to climate change.

This is an HPD loan with 2.5 percent interest and it includes a full or partial tax exemption depending on how much financial assistance the building receives.

And then obviously there's the J51 program. I -- I think we all appreciate that we don't quite know where that program is going to land. It is up for renewal this year and at a certain point in time and my understanding is that the City was looking at proposals for adapting or modifying the program to put forward at the State level.

Obviously, the crisis hit and it's not quite as clear where that is. But suffice to say I think the understanding and thinking was to really modify the J51 program in order to ensure more lasting affordability but, also, to adapt the tax exemption to match the needs of buildings and building owners. But then to also ensure that we're maintaining the affordability and not seeing increases passed along to tenants as these buildings continue to benefit from J51 status.

So -- sorry, again very jumbled but I'm trying not to give you repetitive information.

So I think it's in this moment in time we feel like it's imperative to protect the City's stock of affordable housing and admits this current health and economic crisis is important to further serve affordability and further reinforce the City's commitment to protecting and preserving its affordable housing stock.

From Oksana's earlier' comments, we know that these are some of the most vulnerable tenants, including fixed income seniors and other populations that would be adversely impacted by any type of rent increase, especially in the midst of a crisis when a disproportionate share of building stock is likely seeing rent decreases -- or sorry, income decreases.

And, you know, our communities, we know that our communities are in the midst of a health and economic crisis and it's in everybody's long term interest to ensure their health and economic wellness as opposed to looking at really trying to maintain what we would view as building profits as opposed to maintaining building quality and services.

So I'll stop there. And I know I was a little bit jumping around. So apologies.

CHAIRMAN REISS: Thank you.

Questions for Barika?

MR. GONZALEZ-RIVERA: Yeah, hi, Barika.

MS. WILLIAMS: Hi.

MR. GONZALEZ-RIVERA: So thank you very much for your testimony, especially because you provided some of what I -- some of the answers to the questions that I was looking for in this.

In that I was curious about, you know, what are the -- what are the kinds of recourse that landlords can have in the event if there's a rent freeze or a modest increase. And so we talk about in the -- during the owner testimonies that the mortgage forbearance, I mean it's like it just doesn't extent to enough properties. And, you know, it would require some political will to really expand that in a big way.

But you mentioned several others. So given the totality of all of those options, do you feel that there are a majority of landlords, I mean, I think landlords that you would imagine would be in trouble, given to the reduced income from -- from a freeze, from the results of the -- of the change in rent regulation last year, all those different sources that have been mentioned. Do you think that there is actually enough recourse for landlords at this time?

MS. WILLIAMS: So I would -- I would separate out the recourse of the impact of this crisis from what the board is considering. Right. Because that would present the scenario where the board would be making a determination of rent increases to address the crisis when that is the same thing that State and federal government partners are deliberating on and hopefully delivering an aid package around. Right.

So it would potentially create a scenario where there is what we very much hope to be some rent relief package coming from the federal or State level and -- and that this board then was passing a -- something other than a rent freeze that was in some way, shape or form addressing something that's going to be served by another system of government. Does that make sense?

In some ways I think you want to separate those two. You wouldn't want to -- to -- can I mimic this? We wouldn't want in a -- to try to use a parallel example, for hospitals to say, we are increasing costs to -- to those sick coming through our doors because of COVID. The answer is that that is being addressed through increased resources through aid to localities or directly to hospitals by government and then hospitals on their own are looking at how to manage their ongoing expenses and operations. Does that make sense?

So separating those out then I think the conversation is, yes, in our experience if we sort of -- if we understand that and -- and the goal and intention is that COVID related expense impact is going to be addressed in a different way, we understand and believe that the landlords currently have the ability with much of the existing programs to address their expenses with a rent freeze. Does that make sense?

MR. GONZALEZ-RIVERA: Yes.

Thank you for that distinction as well.

I mean, like I'm just trying to sort of cast a wide net to see what's going on and if it's within our jurisdiction and what's outside of it as well. I mean, it's like to see what the -- what the balance of burden could possibly be or at least a realistic balance of burden.

Thank you.

MS. STONE: Hi, Barika.

This is Patti.

Thank you for your testimony.

So I just want to make sure what I think you just said. In other words, you're saying that you're hoping for there to be relief from the State and federal government for both parties, you know, owners, tenants. And that the board should just not -- not be focusing on the COVID and be making their decision based on other factors; is that what you're saying?

MS. WILLIAMS: No. I guess what I'm saying is - no. So to clarify, I think what I'm saying is that if the -- if COVID is the reality, right. And so I don't think it's realistic for the board to be -- to sort of put on blinders for either landlords or tenants and what COVID impacts have been on either one.

But it's in the calculations of what a -- a potential rent increase or freeze would look like. If the board was incorporating COVID, then that would dramatically and drastically change what the overall math looks like. Right now, the City understand that that's unrealistic for them to do within City finances by themselves. It would also be entirely unrealistic for a building to do, for you all to do on behalf of these buildings in and of themselves. Right.

So -- let me pull this one up. So this was a back of the envelope map to Oksana's point that I think the Chair raised earlier, we really don't have great ways of getting numbers on what this looks like with the impact as to rents across the City is.

But if you took -- there's about what, two million rental units total in the City. If you took that and you assumed that only five percent of units were being impacted, which is dramatically low. We hear that the numbers are somewhere between 25 and 30. And then assume that spreads across three months and a rental rate of somewhere between -- a rental rate of about $1,000, which also is too low, then we're talking about a total bill of about $350 million.

It's completely inconceivable that that is somehow made up and compensated by the analysis of that board. That is going to have to come from outside of tenants and -- and this is the work in the groups and many other housing groups across the City are working in collaboration on, the understanding that that's ultimately going to have to come from government.

MS. STONE: Thank you.

Because I happen to agree with you. I think it's the government's responsibility to deal with that issue to help both the tenants and the landlords and that this board needs to focus on its mandate and deal with the information that we have.

MS. WILLIAMS: But I think -- I think so. The difference though is that I would say, if you set that aside and set aside all that COVID impact and that 350 million plus bill, because it's at the minimum and you looked at the analysis just prior to that and just sort of looking at what the income and expenses -- the actual income and expenses of a building are, the actual reality of where tenants are, that we would still be in a place of asking for and advocating for a freeze.

So I think I wanted to clarify.

MS. STONE: Okay. So we can disagree on the numbers but, you know, I appreciate your submission and thank you for your testimony.

CHAIRMAN REISS: Additional questions for Barika.

MS. DE ROSE: Yeah, I have one.

Thank you for testifying.

You had mentioned in the beginning that you also do work -- or represent or part of your organization also are property owners. In that regard, is there a concern from them about the new rent regulations and about how that might impact their ability to have high functioning buildings or is that something that they feel they can sort of -- that it won't be as big of an impact as some of the property owners are saying there is.

MS. WILLIAMS: I would think most of our members were participating or signed onto many of the calls for ultimately what got passed. And because they use many of these resources, many of the government backed programs, for them that's a part of how they really approach building operations and maintenance. And then they work with government and various different government programs around the capital improvements.

And I think many of them would say that they -- they agree with what you'll likely hear, I'll know you'll hear in some of the tenant testimony to follow that this is now looking at sort of an out pacing that has happened over -- over many years preceding this.

MS. DE ROSE: Thank you.

CHAIRMAN REISS: Any other

questions?

(No response)

CHAIRMAN REISS: Okay.

So, Barika had mentioned tenant testimony so I think that's what we're going to turn to next; is that right Larry?

MR. WOOD: Hi, David.

Sorry. I just had to get my cameras.

CHAIRMAN REISS: Sure.

MR. WOOD: Yes. We are tenants representing the Rent Justice Campaign. They're going to be speaking on behalf of tens of thousands of tenants like themselves.

So they're just going to give some brief statements to highlight and put a face on the data that you've been hearing. And then that's going to be followed, a shorter presentation on SRO housing.

And that will be Liam Brian, who will be -- I see his name is in the corner there so he'll be joining us in a little bit.

CHAIRMAN REISS: Great.

Thank you.

MR. WOOD: So I guess they can unmute themselves one at a time. You can call on who -- which order.

CHAIRMAN REISS: Okay.

Okay.

So I'm not sure if I see names. Hold on -- let me see.

(Overlapping conversation.)

(Zoom feedback.)

CHAIRMAN REISS: Why do I hear feedback? I'm going to mute everyone. Hold on one second.

MS. OZIER: It might be really loud.

MS. GARCIA: Larry, can you mute yourself. I think we're getting --

MS. OZIER: So my name is --

CHAIRMAN REISS: And I'm just -- I've muted everyone else and I just -- so you might want to start over. I muted the beginning of what you said.

MS. OZIER: Okay. That's completely fine.

I just wrote something down.

I live in Crown Heights Brooklyn.

My name is Amadi Ozier. I've lived in my current rent stabilized apartment for six months.

I was invited to speak by Impact Brooklyn.

So first, thank you everyone for giving me the opportunity to speak here and I'm grateful to be able to have the means to talk about this virtually but I also recognize that this is a privilege.

So before I say anything else, I do want to say that I think that RGB cannot meet without disenfranchising many who deserve to be heard. So with that in mind, the Governor and Mayor should cancel RGB hearings.

Separate from that, I cannot afford a rent increase. I was burdened even before the COVID-19 outbreak. I live in a pre-war apartment, a converted two-bedroom with two roommates. Even with my two roommates, the landlord required us to apply with a guarantor and even with three people we cannot afford this two-bedroom apartment without a guarantor.

Yet in the past six months, I personally filed over a dozen HPD violations for problems with heat, rodents and safety issues. And I bring that up just to make clear that I live in like a luxury new building or anything like that. But it's still, you know, an expensive place to live.

I work as an instructor at a university. Any money I earn on top of my basic annual income depends upon attending academic conferences, teaching and running summer programs. Because of COVID-19 that supplemental income stream is largely gone. Conferences are cancelled. Summer programs are cancelled. I've been laid off from my teaching appointment in the fall.

Before COVID-19, my rent accounted for about 35 percent of my monthly expenses. My income for the year will likely be reduced by at least a third. So my rent is now upwards of 50 percent of my monthly expenses.

Like many New Yorkers, I lost a significant portion of my income because of the COVID-19 outbreak. The outbreak has made getting sanitation supplies and protective gear, an added expense and has made everyday tasks and conveniences like buying groceries and doing laundry more costly and time consuming.

Both of my roommates have evacuated to shelter in place elsewhere, which means that I'm also now wholly responsible for apartment utilities, on top of everything else.

So I want to echo other people who were saying during their presentations that it should -- that we should consider not getting a modest rent rollback of three percent for a one-year leases and two percent for two-year leases.

Thank you very much for listening.

CHAIRMAN REISS: Thank you.

Kim Statuto.

Kim, oh, I have too -- oh, sorry. I need to unmute, Kim. Hold on. One second.

You're unmuted. I think you're muted on your end, Kim.

MS. STATUTO: Can you hear me now?

CHAIRMAN REISS: Yes.

MS. STATUTO: Good afternoon.

Thank you for inviting me.

CHAIRMAN REISS: Good afternoon.

MS. STATUTO: I am a tenant in the Bronx. I live at 1515 Selwin Avenue. I am a CASA leader, CASA member and also a leader on my tenant association.

I have been to this board before testifying. I think it's unfair that these meetings are being held without a full impact from tenants, you only have three tenants here today, which is not what would happen if we were doing this in a public space.

Let me speak about my landlord and these rent increases, whether they get them or not.

I live in a building of 47 units. Last year we've been going through quite a bit since last year. Last year we lived without gas for 14 months. This year during the pandemic's storm hitting it, we lived for 15 days without heat and hot water.

We are in numerous court cases with my landlord and I represent a great group of tenants in my building who have lost income due to COVID-19 -- low income tenants. Okay. They can't afford.

We are now getting food deliveries when people were actually buying their own food but now we are depending on food deliveries and -- and things like that. So to even think about a rent increase at this time when people are being impacted, is not fair.

My landlord, rated No. 4 on the worst landlord's list for 2019. Do I think he deserves an increase? I do not. The money -- he has 23 buildings. He does not put his money or profits back into the building.

Landlords have been getting profit for over 17 years. This landlord does not put any profits back into this building. It was a crying shame that over 47 tenants lived without heat and hot water in the middle of a pandemic when we were being told to constantly wash our hands, constantly stay -- we could not stay inside without heat and hot water. We had to look for shelter elsewhere.

There are a lot of tenants like that on my block, on my block in particular. Not only that, we have lost a lot of people due to the COVID-19. And do you think those tenants, think about what those families are going through? No, they're ready to go in there and gut their apartments so they can get somebody new in there and get a higher price for that apartment.

So from my perspective, they don't need a rent increase. We do need a rent freeze. And to have something like this going on, a hearing without a full impact of tenants is unbelievable that they allowed this to continue to go on.

I thank you for allowing me to testify. Hope you take into consideration what tenants are really going through, especially on the low income side tenants. We're not being looked at.

I don't have money to pay rent in April. I didn't have money for April and I don't have money for May. What's going to happen after June 20th when the eviction moratorium is lifted? I'm going to be in court. What can I do? Tell me. And then they want to consider a rent increase. I don't think so.

I thank you all. I hope you can take it into consideration what low income -- what people in general are going through during this

COVID-19 because it is not fair. We didn't ask for this. It was dealt to us and we're trying to deal with as the best we can.

Thank you.

CHAIRMAN REISS: Thank you, Kim.

MS. GARCIA: Thank you, Kim,

CHAIRMAN REISS: Rita Marmor.

Rita, just try speaking just so we can make sure we can hear you.

MS. MARMOR: Hello.

CHAIRMAN REISS: We hear you.

MS. MARMOR: Okay. Can you see me now?

CHAIRMAN REISS: Yes.

MS. MARMOR: Okay. Hi.

I just wanted to quickly say thank you for the other tenants that just spoke.

I'm hearing what they said.

Thank you for allowing me to speak and to hear what I have to say as well and to reiterate what they've said.

I'm speaking on behalf of all rent stabilized tenants. I live in a rent stabilized building and for the last 17 years in a row, profit margins for landlords have increased. They went through considerable increases on rent increases in the mid 2010, '11 and '12, which I was a part of and had to pay. And it's time to balance the numbers.

Just like the last tenant that spoke, especially low income people, all of us are struggling to not have income. My job has been lost due to COVID. I can't work. I'm struggling to pay my rent and to ask New Yorkers who, A, I'm one of the people of thousands that are trying to even get unemployment and then you're going to try to A, have this meeting with the proper attendance probably and, also, to -- to consider a rent increase during this time.

It's time to balance the numbers. I'm asking for a rent freeze on top of a three percent rollback for one year and a two percent rollback for a second year. It's time to balance the numbers. All of us are struggling.

And that's, you know, it's time to be fair. What else can I say? The other two tenants have spoken very clearly and I stand behind what they have said.

CHAIRMAN REISS: Thank you, Rita.
I think Brian Sullivan is going to speak next.
No, Larry, are you going to speak? I'm sorry Larry.
MS. GARCIA: Could we, Larry -- and Brian, sorry. Try to aim to be done in half-an-hour so that we can have some question and answers and hash out some of the earlier points in the morning.
Thanks.
MR. WOOD: Sure. And I want to thank those tenants for speaking up and representing all of New York City's tenants so well. And hopefully we'll have an opportunity for more voices to be heard.
But they're right. So many people are going to be precluded from the process this year and that's -- it's just not right.
But I know that the board is struggling as well and trying to do the best they can in a difficult situation.
And I do want to start by just thanking the board for their service, which I do

every year.

So, David, Alex, Cecilia, whose -- I've been there for awhile, particularly Cecilia, you've been on the board for quite some time now.

And let me welcome the new members, Christian and Christina. You have a tough job because you're the landlord reps and the tenants reps are battling for your hearts and minds and for making the right decision.

You heard from experts on both sides about the data. I think the data supports a rollback, at the very least a rent freeze and I think if you'll listen to your heart and what tenants are going through in the City, you cannot increase the rents this time around.

So I'm really here to focus on SROs. And I sent you a lot of material. I hope you got it. And I hope you get a chance to read through it. And if you're new and really don't know what an SRO is or need more background, we'd welcome an opportunity to meet with you, off line as it were, a telephone call and give you a lot more background.

I've been at Goddard Riverside 33

years and I've been working with SRO tenants since '84, 1984. So it's -- they're my friends, my first tenants.

So let me just start. If there's a little -- within that packet there's a history of SROs and supported housing with the time line so you can look at that to see the whole history of SROs.

And just the big picture is the SRO is housing with shared bathrooms and kitchens and was outlawed in the late '50s, '56 I think it was and the City didn't allow new SRO construction except by non-profits because dormitories are basically SROs with shared bathrooms and kitchens.

There was 165,000 units of SRO housing in 1971. And the City and State encouraged the demolition and conversion of SROs because it was seen as sub standard housing.

In the late '70s, early '80s, there was recognition that landlord were, by any means necessary and they were basically terrorizing and harassing SRO tenants. And in 1981 the West Side SRO Law Project opens its doors and the East Side SRO Law Project got established at MFJ.

And a few years after that there was a one-year moratorium on the demolition and conversion of SROs. It's known as the Blackburn Report and they found 65,000 units were left in 1986. So over that 15 year period from 1971 and 1986, about two-thirds of the SRO stock was lost and that's when homelessness among individuals started to skyrocket in the City and the shelter system really started to grow and seeing people out on the streets. People who were formerly institutionalized with mental health histories and others were now out in the streets.

So now the current estimates we might have 25 to 30,000 SROs left. Only about 10,000 units are actually registered with DHCR. What has saved and preserved SROs is non-profits acquiring them and preserving them as supported housing.

Now in the packets that you have, the package that I put together it's -- what does it say there -- yeah, RGB 2020 packet. If you look at that at one point, the first page of that is a DHCR flyer that explains how rent stabilization works in the SROs, because it is different than apartments.

MS. GOODRIDGE: Do we have the packets?

MR. WOOD: I sent the packets this morning to everybody. I hope everybody --

MS. GOODRIDGE: Oh.

MR. WOOD: Right.

MS. GOODRIDGE: Sorry. I'm sorry.

MR. WOOD: Okay.

MS. GOODRIDGE: Yes, yes, yes.

MR. WOOD: Okay. So the -- in that packet there's a DHCR flyer. It's a notice of tenants' rights and responsibilities. SRO owners are supposed to give this out to somebody who's renting a unit in an SRO. Although, I've never known an SRO owner to actually do that.

Now tenants in SROs don't have leases. They're statutory tenants, similar to rent controlled tenants. An occupant in an SRO unit is considered a transient tenant or a permanent tenant under hotel stabilization.

Now when you move in, you're supposed to be given a notice that you can trigger your rights to become a stabilized tenant. It's known as doing the lease request. And you don't get a lease and it's not a request. It's a triggering of your rights to become stabilized.

It also happens automatically if you reside in an SRO for longer than six months, you're considered a permanent tenant. So we always considered this a loophole. We call it the transiency loophole that owners could owners rent out to non-stabilized tenants but it's a division of the law that's been in existence since the hotel stabilization laws were created in '74.

So it's important to know that because when I call a transiency loophole, it's allowed SRO owners to rent to non-stabilized populations. And that's where they make a huge amount of money and why SROs are so profitable and that's why there's been a rent freeze for eight years in a row.

So owners rent to tourists at daily and weekly rates. Sometimes it's not even allowed under the particular zoning classifications of their building but tourist rentals is a huge factor in their income. Others net lease to colleges. Colleges need housing for their students. That's a big issue. Because --

Oh, thank you.

-- it's a big issue for students moving into New York City and that's -- thank you, Leah, that's the notice that owners are supposed to give out explaining how to become a stabilized tenant.

And then the other source of, great source of income for SRO owners is special needs placements. The City has turned to hotels and they're turning to them during this pandemic to, you know, rent units for homeless families. Hosta rents SRO units. And these rents can be $3,000 a month. It's just very, very profitable.

The next two pages there, what Leah's pulling up is from the explanatory statement that the Rent Guidelines Board produces and an important thing to see in this is five different types of SROs.

There's a Class A residential hotel, which are basically kind of like studio apartments with hotel services. Very few of these buildings left. Most are converted straight into apartment buildings at this point.

Then you have Class B SROs, Section 248 SROs. These were built as hotels or converted from apartment buildings into facilities with shared bathrooms and kitchens.

And the other extreme you have lodging houses, also known as flop houses that existed in much greater numbers in the lower east side down on the Bowery and people live in cubicles that could be 50, 60, 70 square feet and have a chicken wire ceiling that's separating cubicles.

So there's five different classifications of SROs that you can actually produce different guidelines for.

I've always wondered why they didn't subdivide apartments into different classifications because there are different economics between small buildings and large buildings. But that's a different issue.

So do look at that to see the different categories of SROs.

And another thing in the packet that's important to note because following this is a chart of the Rent Guideline Board adjustments for the, you know, going back to the '70s. And you'll note that the last eight year there's been a rent freeze for SROs. And then in the years that there have been a guideline adjustment, there's been something called a proviso or condition that would preclude an SRO owner from getting an increase.

And I've included in your packet two legal memos about these provisos because they've been debated over the years.

Now we got provisos initially back in 1984 around the issue of warehousing which is, you know, withholding vacant units. We basically argued, you know, if a building is half empty how could a landlord argue for a rent increase if half the building is empty. If they need an increase, rent up your empty units first and if you still can't make it, open up your books and apply for a hardship increase.

So the provisos around warehousing was a way of getting around a one size fits all rent increase, which has always been frustrating for owners and landlords and tenants alike.

The other provisos is recognizing that significant percentages of SROs are very profitable and generate enough income that it makes it highly profitable and doesn't warrant an increase on the remaining rent stabilized tenants.

So the actual percentages varied over the years but if 20 percent or more of the building is, you know, rented out to non-stabilized tenants and generating a lot of income, the board has decided that doesn't warrant an increase on the remaining rent stabilized tenants. So that's important to know about those proviso tools.

In the submission, the balance of my submission and the submission from the Goddard Riverside Law Project, you're going to see a bunch of examples of rooming houses and other hotels that really illustrates what -- what I just spoke about and what you'll hear from Brian in a moment.

In addition -- in addition, the Rent Guidelines Board staff, and I want to thank Andrew and the staff there, have put together a series of memos where they've tried to look at whatever data was available for SROs and what the impact of provisos have or didn't have and, also, the number of units left and the average incomes, et cetera.

So Andrew can forward you those memos if you need them. I tried to summarize some of the findings out of those sheets. So the two pieces of paper, one page where it says part one and part two, is a kind of summary of that information. You'll see the number of units actually registered at DHCR has fallen off year after year after year. It used to be 15 to 20,000. This year it looks like for the first time less than 10,000 units are actually registered with DHCR.

We think there's under reporting and that many more units should be registered but that's the extent of the registration data now. Using that data and data from the Department of Finance, Andrew -- they've done their best to try and come up with mean -- average rents. And the rents are pretty high.

And what's interesting to note is despite the rent freezes, the average rents have continued to go up year after year. I think that's particularly true in the case of rooming houses. Many of those tenants don't know they're subject to stabilization or, you know, they move out, a new tenant moves in and the rent goes up. And tenants just don't know that that could be a potential overcharge. But -- so despite the rent freezes, rents increased -- rents have gone up.

And on a square-foot basis, SROs are a lot cheaper to operate because you have a single room, you know, where, you know, you have one common bathroom for four different units, five different units, depending on the building. And on a square-foot basis, they're far more profitable as well.

So SROs are by and large doing very well. And SRO owners haven't even shown up to testify in a large number of years now. I think we had one person last year who spoke about SROs but so many of them are doing quite well that they just can't justify asking for an increase and they've just stopped coming.

So let me hold it there and pass it to Brian and we'll save enough time for questions.

I just want to say, to summarize by saying, you know, we implore you to please keep a rent freeze in effect.

Thank you.

Sorry, Brian.

MR. SULLIVAN: No problem.

Thank you everyone for having me.

Good afternoon.

As he has every year, Larry's thorough. So I'll just highlight a few points so we can get to questions and wrap things up.

I'm a senior staff attorney at Mobilization for Justice. We -- as Larry said, have an SRO law project as well. We represent SRO tenants in Manhattan and Brooklyn and occasionally other boroughs, Bronx to Queens.

And I guess a key handful of points that we want to drive home is similarly making a request for a zero percent increase for SROs this year is that SROs remain housing of last resort for lowest income, most vulnerable New Yorkers.

They are, even though per square foot expensive, the total cost is lower than any other form of housing you can get in the sort of unsubsidized private market. And it is where many of New York's people who live with disabilities live. It's where many seniors live, working poor people. People who, without SROs would be in the homeless population. And these are tenants who are not in a position to endure -- to absorb any rent increase.

So every year I sort of go through my cases and try to pick out a couple of examples and so the two that I found this year are one of my tenants, who for confidentiality reasons, I'll just say initials are J.H., receives a little over $800 a month in Social Security and they have -- the rent is just a little bit over $700 a month.

So that leaves just under $100 a month to cover all their other expenses; food, any medical expenses that come up, if a family member needs assistance. That is a razor thin margin on which to live. And this is someone who cannot afford to absorb an increase.

I also went for one of my higher, one of my highest income SRO tenants who is on, you know, I was surprised normally we don't get SRO tenants who make this much but he makes $1,600 a month in a -- holding two jobs. He's working poor. And his rent is $915 a month. Now he's got a little bit more wiggle room but that is still not enough money to buy new clothes for yourself, to make sure you have enough money to eat and that sort of thing. And they're just living on such a thin margin that a rent increase really is devastating.

And it will, I think the board has been wise to keep the rent increases to zero percent. You know, we can all but guarantee that even a small rent increase will drive some of these SRO tenants into homelessness. These are already vulnerable people who -- who are particularly vulnerable now because -- because of their age or because of health conditions, into the homeless shelter. And it's just not a situation that those tenants or the City can afford, either in a financial or moral sense.

I think it is worth -- Larry had talked a little bit about physical layout of SROs. But particularly for members of the boards who aren't familiar with SROs, it's worth highlighting that a little bit.

There's a diversity of SROs. They come in a lot of shapes and sizes. But even at their most extravagant, you're talking about one room, maybe roughly the size of a room in your apartment or your house that sometimes it has a sink in it. Generally not. Generally it's -- it's, you know, you have to go down the hall to use the bathroom. And it gets more humble from there.

For traditional Bowery flop houses, it's called, it's a massive loft space that's been subdivided into small cubicles, very, very small. Some of them you can touch either -- either walls putting your hands out on either side. And it will have a chicken wire fence and a door that locks. And all the tenants possessions are in that small space.

It -- raising rent on such a humble home is just not -- it's not warranted particularly given some of the vulnerabilities that I talked about before.

And the sort of last point I'll make before opening it up for questions is the landlord side or the owner side of the equation.

As Larry said, and we repeat this every year, the SRO owners don't -- and to rent from rent stabilized SRO units, is not a meaningful, or at least not a huge source of income for SRO owners. That's why, as Larry said, in I think the eight years I've been doing testimony for the Rent Guidelines Board only once has an SRO owner appeared to -- to argue for a rent increase.

There are so many other profitable uses of SROs. And I think, again, going to the cases, some of the Brooklyn SROs is sort of an interesting illustration of that. Brooklyn SROs tend to be, they look like a brownstone on the outside but instead of a single family or even one household per floor, the units have been divided up. So they'll be multiple single units on each floor.

And the owners of these buildings frequently want to evict their -- their tenants or want to, you know, somehow convert this more profitable use. But the more profitable use they want from this is not marginally higher rents. They want to vacate the entire building in order to convert it to, you know, a single family home or whatever it is exactly the plan is.

A small increase in the rent, probably even a fairly large increase in the rent, doesn't change that economic calculus for that owner. It -- they're going to try to force those tenants out one way or the other.

So there -- it doesn't make any sense to -- to provide an increase for those tenants, for the reasons I've described, simply cannot absorb or there's those owners that have a valuable property or they find other profitable uses for the building, they can absorb that zero percent increase. It's not going to affect their bottom line in any meaningful way.

So as -- as the board has done for the past several years, we ask that once again you do a zero percent increase.

And, as always, we really appreciate, particularly this year when I know it's particularly taxing, appreciate you hearing our testimony.

CHAIRMAN REISS: Thank you, Brian.

Questions for Larry or Brian?

(No response.)

CHAIRMAN REISS: Okay.

Sheila said we should maybe move

to kind of a broader conversation. So let's just open the floor to a broader conversation.

MS. GARCIA: Yeah, thanks, David.

I was just -- I -- we heard a lot of testimony this morning that -- how landlord are doing under -- ask for a rent increase from this board. There were some ideas thrown around and I and I don't know if the tenants who are -- who spoke earlier are still on but I would like to one, say, the idea of thinking about folks using their security deposits seems like maybe in the fore front of cool idea for folks to be paying for back rent.

But I also want to get the impact and maybe Amadi can speak to this around the security deposit and what it means for people's ability to move when they need to, specifically since many tenants, as mentioned by Barika and others, I think Oksana mentioned this also, talking about, you know, how tenants are not only, you know, don't have savings but, also, that many of the tenants that I work with, and I'm assuming many of the tenants that, you know, folks who spoke are speaking about, don't actually have the ability to move if it weren't for that security deposit and like the impact of that.

And I want to highlight comments made by Amadi about how her recent move, because I think it's actually a highlight that, you know, many of the folks we're representing are older sometimes and then some folks who have some time to come and testify but this is truly expensive and, you know, Amadi I'm making a judgment about how young and old you are, but, you know, she is fully representative of the upcoming generation of folks who are actually finding it maybe hard to stay in the City.

And, you know, if it weren't for a rent stabilized apartment, I think that would even be harder to negotiate. And so I wanted to get your response or your thoughts on that topic specifically, if you can.

MS. OZIER: Thank you so much.

It's actually a great point that I honestly hadn't even thought so far in the future that like, yeah, that will make it more difficult to move. Like people, including myself rely on the security deposit and getting the security deposit back. And with my move specifically, I moves in October, like at the very end of October and I was asked, in addition to having a guarantor, I was asked to pay four months in advance and that was initially -- that was finally negotiated down to like two-and-a-half months in advance.

But it's still like, you know, a lot of money at the beginning that you're sort of anticipating getting back. So, yeah, like it's disruptive in a lot of different ways.

So I guess whenever people move, or at least this used to be the case whenever people move, like you're expected to put down like thousands and thousands of dollars in advance. And you're kind of relying on getting the security deposit back from the last place in order to make that work. And it doesn't make sense. It doesn't make financial sense. It's like how are you going to pay the security deposit for your next place if you don't have the security deposit from the last place.

MS. GARCIA: Thanks.

MS. STONE: And can I just make a comment about the security deposit? I think there's, I just want to make something clear on the use of the security deposit. Owners are not waiving having a right to a security deposit, they're just saying if you need to use your security deposit now to pay the rent and then you'll slowly pay back the security deposit so then when you do move later on, you will have the return of your security deposit.

MS. GARCIA: Thanks.

MS. GOODRIDGE: I think -- oh, sorry. I was going to ask a quick question but if you want to go ahead.

MS. GARCIA: No, you can go.

MS. GOODRIDGE: All right.

Well, we can as always, agree to disagree.

But I have a separate question and this was brought up a little bit earlier about the -- the factoring in the new rent reform laws and using them specifically as a reason to justify rent increases in the context of, you know, because we had HSTPA, landlords are not able to do certain things that they would have done beforehand, specifically before and after the pandemic and that's the reason why in particular now is the time for higher rent increases.

I think that that was how it was framed earlier and I would love for the folks who are testifying now to speak to that. What are your thoughts because I think it's important for the board to hear?

MS. STONE: I don't know if any of the people that spoke this morning are still on but I'll respond to that.

MS. GOODRIDGE: Well, is anyone, I don't know. Brian, are you still here?

No, Brian's gone.

CHAIRMAN REISS: I see him.

MR. SULLIVAN: I'm here, Leah, but unfortunately I lost you for a big portion of what you said.

MS. GOODRIDGE: And so I -- I was wondering if you could speak to this idea that because of the rent reform -- because of the HSTPA and because of some of the measure that was put on to protect tenants that that is now being used and factored in as a reason to increase rent. And so the specific example that was given was, you know, with preferential rent beforehand a landlord might offer preferential rent before the pandemic. But since after HSTPA, a landlord hasn't be able to do that because it would be for life. And so because of that we need higher rent increases.

That was one example that was given. But I think the general gist of it is, because of the rent reform laws, we need higher rent increases. Tenants got a win so now there needs to be some sort of balance. And I'm wondering what your thoughts are about that?

MR. SULLIVAN: So going -- I'm making a note for myself here.

So taking that in sort of two parts, I mean the preferential rent question seems pretty straightforward to defense with because if the landlord just wants to forgive a portion of the rent instead, they're welcome to do that. You don't need to enter a preferential rent agreement to say, I'm just not going to either collect rent these months or a partial rent or whatever. You wouldn't be entering a lease with a preferential rent. You wouldn't be, you know, fixing the rent for the foreseeable future or anything like that.

So that's perfectly available if they want to do that. And there's nothing about the new law that would prevent landlords from, if they feel like doing it, providing those tenants with that relief.

I think another key point is the level of sort economic devastation tenants are facing is so vast that a small decrease in their rent, the vast majority of tenants who lost all their income is not going to be particularly meaningful anyways. They need a longer term fix to that. And it is within this body's power to do.

In terms of the broader issue of the landlords, because the HSTPA was -- was helpful tenants, gave tenants a new set of rights, it was a win for tenants, that landlords need a -- a -- something now.

Again, I don't think it really follows. The key thing I'd point to is, I'd logged onto the end of -- Miller's testimony and I think he made a good point that the reality is, and actually some of the tenants had pointed this out as well, the reality is residential real estate in New York City has been an incredibly lucrative undertaking for landlords. They've made a lot of money over the years and as it still stands, it likely continues to be a -- a lucrative undertaking for landlords.

And so there really isn't a need to somehow offset the gains of -- of the HSTPA with a rent increase here. It's -- the, you know, the benefit to tenants is warranted given the many, many years of exceedingly profitable operation for landlords and giving tenants a break and giving tenants, particularly in the current circumstance, some economic security is -- is appropriate right now.

MS. GOODRIDGE: Thank you.

MR. WOOD: I guess I wanted to try to address that a tiny bit too.

You know, I think the fixes to the rent laws were long overdue because it -- it lent itself to a lot of speculation by people buying buildings and corporations buying buildings based on its future value of displacing tenants and de-regulating the units.

Buildings are very profitable. You can see it by Tim's analysis and presentation.

The return on rent stabilized housing is tremendous. And owners out there, I mean if they're taking 421A or J51 benefits and subjecting themselves to rent stabilization, they're not doing it because they're going to lose money. They're doing it because it's profitable and it guarantees an income stream.

I think a lot of the fixes were overdue. And, you know, some of my fellow tenants say, well, landlords are going to stop harassing folks because we don't have vacancy decontrol anymore. I hope that's true. But if you're a tenant with a preferential rent, there is an incentive for the landlord to get you out because they will be able to raise it up to the legal stabilized rent.

And the same for the remaining rent controlled tenants. They got it fixed last year that they don't have the very high seven-and-a-half percent increases they had every year but if that landlord can get rid of one of those 20,000 rent controlled tenants left, they're also about to float it up to some sort of fair market formula before it becomes stabilized.

So there's still an incentive to displace preferential tenants and rent controlled tenants out there that in my mind still needs to be addressed.

The notion of a rent deposit covering somebody's rent, that's just kicking the issue down the road. And it's a drop in the bucket compared to the need out there. You know, we're going to need some rent relief out of Washington and Albany to deal with what I'm calling the dam bursting.

When they lift the moratorium on evictions in June, it has t be extended and we need some sort of relief from those tenants. Courts -- there was an average of 15 to 20,000 filings a month. It was down to abut 15,000. But if it's pent up for three months and so many people have lost income and jobs and have not been able to afford the rent, I think that the number of tenants actually on a rent strike is dwarfed by the tens of thousands, if not hundreds of thousands of families who just cannot afford the rent by default.

So we have a huge pent up issue. And when the courts reopen, it's going to be like a dam bursting on potential evictions. But those are issues that have to be fixed by other entities besides the Rent Guidelines Board.

I refer you to go back to Tim's testimony. I think owners have done very well by the increases that the board had granted over the years and there's a very good argument made that they've been unduly over compensated and it's time to level the playing field. And if some landlords take it on the chin, that's okay in my mind. There is provisions for them to apply for hardship increases and to get rent increases outside the RGB system.

MR. GONZALEZ-RIVERA: I actually would like to pick upon that. Is that something, I mean, I noticed that one of the common theme throughout all of the testimonies from -- on the tenant side has really been (Zoom inaudible) dollars. I mean it's like between what the RGB is allowed and, you know, estimates on, you know, what landlords have actually needed to -- to be made whole.

So I mean this is a situation where I wish, I mean it's like the people who testified this morning on the owners' side, I mean I think we're here to add to this discussion but for, I guess, I mean it's like for Patti and -- and Scott, do you think that this is something that's relevant today? I mean given what's going on with landlords today right now, what is your response in terms of how those past increases translate to today, right now?

MS. STONE: Well, I --

MR. GONZALEZ-RIVERA: Patti, you're on --

MS. GOODRIDGE: You're muted.

MR. GONZALEZ-RIVERA: Yeah.

MS. STONE: Can you hear me now?

MR. GONZALEZ-RIVERA: Yes.

MS. STONE: Okay. In response to what's going on today, obviously this is to say the word again, unprecedented of what's going on today. But I think it needs to be made clear that owners go into business not to be made to -- to be zero, to be made whole. This is, you know, a democratic society not a socialist society. Owners do not buy buildings to just break even. They go into buying buildings to make a profit.

Putting that aside, and we hear a lot of what, you know, the tenants are suffering and losing their jobs and obviously that's true. I'm not debating that. But owners still have to pay their employees, run the buildings properly, provide heat, hot water, all services. Pay their taxes. Pay their water and sewer. You know, the -- the union just got an increase. Everything goes up.

So to say that this terrible thing is going on and everybody has to acknowledge it's a political issue and the government needs to really compensate and help the tenants that are in need. It's not the owners' job to make the tenants, you know, whole. Because they can't do that. They need to worry about their business and to say that the owners should just waive rent. Owners should not waive rent because they're not getting waived their real estate taxes or their water and sewer charges or anything to that extent.

Obviously owners are doing their best to help the tenants. They're keeping their buildings clean. They're, you know, extra cleaning and doing whatever it is to prevent the virus from spreading and to the best of their ability they're helping. But the owners are going through what hey're going through as well. Because this is not only this virus is not only affecting tenants. The virus is affecting the entire society. And it's very important that that's kept into the conversation and that that is something that needs to be considered as well.

And I think what we need to focus on is that the numbers show that owners would be entitled to an increase this year and that the HSTPA did effect what owners make and we can help that in certain ways by giving back the vacancy increase, which would maybe offset and/or lower guideline increases. And it's not a made up argument that the loss of being able to stop a preferential rent would stop an owner from offering a preferential rent now because then the preferential rent stays until the end of the tenant's tenancy.

So, you know, yes the tenants had a big win in the 2019 rent act but they have to realize they might have gone a bit too far because if vacancy increases were still permitted and/or if preferential rents didn't have to be for an eternity, things might be a little easier now for owners to help the tenants a little bit more.

So what I'm saying is, everybody is affected by this pandemic. Everybody. Not just tenants, owners too. And we have to keep that in mind and we have to look at the real numbers because we are not a political board. We are not here to make policies. We are here to mandate increases based on what the numbers show and I think that, even though it's hard on a personal level, I think we have to do our jobs. That's all I'm saying.

MS. GOODRIDGE: I have a quick point.

Thank you, Patti.

You know, I think -- I think something that Tim Collins said earlier really resonates here, which is that a rent freeze is not actually a very radical position. If -- if this board wanted to, we would arguably be well within our rights to have a rent rollback, 100 percent rent rollback, which is part of the cancel rent campaigns that have been going on. That would be actually very radical and that would actually be a systemic measure to help what's going on.

So in light of that, just telling folks that they will pay this coming lease cycle the same rent that they're paying right now is quite a moderate position.

And -- and just to sort of sum up, because I don't want to talk a long time, I'd like the tenant advocates to speak. I think as Patti mentioned, people go into business to make money. So if we were to look at what we're balancing, we are balancing people's lives and whether they're going to be kicked out over a minimal increase, as was testified to earlier by Barika versus a business venture and versus whether someone wanted to make more money.

So if we were to look thing and balancing scales, I think that it's pretty clear whether we're going to put people lives, these people that we're clapping for at 7:00 p.m. every night who are the people who are living in rent stabilized apartments or are we going to make a decision based on increasing someone's profits.

So with that --

MS. STONE: So with that, I'd just like to respond, please. I think I'd like to respond to that.

(Laughter.)

MS. GOODRIDGE: Can you tell that we're two lawyers. Can you tell? Can you tell? I don't think you can.

I think it's not very clear.

(Overlapping conversation.)

MS. STONE: Can I just respond to that? Can I just respond first, please.

MS. GOODRIDGE: I just wanted to -- objection.

(Laughter.)

MS. STONE: Well, I'm objecting to the interruption because I was speaking.

I just want to say that although owners go into business to make money, I think you're taking what I said a little out of context.

Right now they're obviously not going to be making money because there are going to be many tenants that are not paying the rent. So I think it's not a matter of giving owners an increase so they could make more money, it's trying to keep a balance is what I'm asking for, a balance of -- there's tenant issues and there's owner issues. And many of the tenant issues are going to be addressed by the government.

What I'm saying is we are not --

MS. GOODRIDGE: Landlord issues can be addressed by the government as well.

MS. STONE: They could be but --

MS. GOODRIDGE: In property taxes and all of those --

MS. STONE: -- but there's no discussion about that right now. There's no offer of that. No real estate reduction on the table. There's no water and sewer reductions on the table.

MS. GOODRIDGE: That's not for --

(Overlapping conversation.)

MS. GOODRIDGE: -- to bring up.

MS. STONE: But everyone just assumes that every landlord is wealthy and that's not the facts. There are some landlords that are wealthy. There are. But there are some landlords that are just making ends meet and I think that that's what has to be balanced.

It's not only -- if a tenant is

not working, giving them a rollback does not help them at all.

(Overlapping conversation.)

MS. GOODRIDGE: (Inaudible.)

MS. STONE: If they're not bringing in any income, a rollback doesn't help them, nor does a rent freeze. It doesn't help them. The government has to help the tenants that are in need.

I'm not saying they shouldn't. I'm just saying that we have to keep, you know, it's sort of like --

MS. GOODRIDGE: I -- I get -- I completely get what you're saying. I do want to acknowledge though that since we have folks on the line who took time out of their day here to come and testify, that -- that, you know, we want to give them -- it's good -- great to have back and forth but we do want to give them some more opportunity to speak.

So I'm wondering what some of the tenants feel about the discussions that we're having. I don't know if I cut out but I'm wondering what your thoughts are, any of you, think about the conversation that we're having about basically what to factor in, what the board should factor in making its determination of how much, if any, to increase the tenant's rent by.

MR. WOOD: I think Alex was trying to say something earlier too. I'm not sure.

CHAIRMAN REISS: Alex, you're muted.

MR. SCHWARTZ: Yeah, I mean, I'm happy to wait until the tenants comment. I just had one comment I wanted to make.

MS. GARCIA: That's exactly what I wanted to open it up to see if any additional folks had questions.

MR. SCHWARTZ: One comment that was, I think the people from CSS or maybe Barika mentioned, is the, you know, landlords do have the opportunity to reduce or exempt their property taxes by participating in HPD's programs, such as the participation loan program and others.

And, you know, the landlord reps pointed out that, and other witnesses that, you know, property taxes are at 30 percent or something of operating costs. And I'm curious to what extent rent stabilized landlords, especially smaller ones, actually participate in these programs, which would exempt them from property taxes.

Anyway, so I just think that it's -- it's an -- and they'll know if it's unlimited availability, probably not. But it is something that landlords potentially have available.

Anyway, I just wanted to bring that up.

MS. DE ROSE: Alex, if I can actually piggyback on that question because I sort of had a similar one is, you know, there's been a lot of talk today about government programs that people can access but I think one of the problems that I've been hearing about in the media, at least, and I would love to hear from the tenants, the tenant reps is, accessing unemployment is difficult. The website is crashing continually. All that.

And so I guess that similarly accessing the landlord programs is that also, you know, is it really -- it's the government. I assume it's not just like a click and you can access these programs for either party. So I just, I would love to hear some sort of more information about that -- likes do these programs exist but are they really that accessible for either -- for any party right now.

MR. WALSH: Well, the answer to that is, you know, partially yes, partially no. So I think if the board wants to have a deep dive into all of these programs so that we can prove out how many people can't qualify for them then -- then I think that the public members should make that request to the research team to do that.

I think it's a great question but I think the way it's presented, it's -- these are ubiquitous programs and everyone can get into them. It's just factually not true. I mean, it makes me angry the way that it's presented.

So let's have a conversation about what units really are eligible for it and then I think it's a discussion point.

MS. GARCIA: Thanks.

MS. GOODRIDGE: I think it's worth bringing up that a lot of the proposed legislation, specifically to cancel rent, rent forgive -- aka rent forgiveness because I think a lot of these terms end up being interchangeable or sound interchangeable, aren't actually including a measure for mortgage payments and small commercial tenants as well.

So a lot of these proposals are comprehensive and they're not solely for tenants. And a lot of them, I know we talked a little bit about means testing before but the specific one from Representative Giannaris is tailored towards people who have been impacted by COVID. So it wouldn't be something for every single tenant.

So I think it's important to bring that up because we've been sort of -- I think the nature -- if the board can manifest themselves to very, you know, tenant versus landlord, but I do think it's important to recognize since we're talking about different forms of relief that the specific things that have been put forth recently in the last couple of months have been things that address both the needs of tenants and landlords.

MR. GONZALEZ-RIVERA: What I'd actually like to take up of what -- what Scott said. I think it would actually be a great idea, you know, to the extent possible for the RGB staff to actually look at the extent to which different properties would be able to access some of these different kinds of relief, just to put that on the table.

I mean, again, just to have that data as an important piece of evidence that we can use to see how our decisions are falling, either on the landlord side or the tenant side. To the extent that that's possible, that would be great to do.

But, of course, I'd leave it up to the staff to let us know how much of a burden that would be or whether that could be done.

CHAIRMAN REISS: So just to be clear, we want the staff to identify programs to assist building owners in distress and to see if there's any data about the take up of those programs. Is that the question?

MR. GONZALEZ-RIVERA: Yeah. I mean, Scott, you know, some more details from you would be great. I mean but what I'm hearing from what Scott is saying is that they're -- not all landlords might qualify for different kinds of programs. And so the idea would be if programs were made -- if additional programs -- given the additional programs -- the programs are available and given any sort of existing possibilities for programs, to what extent do landlords have access to those or not?

I mean if this is a case where truly any landlord finds themselves to be in distress can access these programs, if that's the case then, I mean, landlords have recourse. But if it's the case that you have a certain number of properties or a certain share of properties that are not able to access these -- these kinds of resources then that's something for us to take into consideration.

I mean, we talked this morning, for instance, about how the -- the mortgage forbearance is only accessible to a fraction of landlords. So there's one example there. But what are some other examples for some other programs?

CHAIRMAN REISS: I think the -- I think the staff can look at that question and there certainly seems to be a lot of interest in it. I'll just tell you my own guess is that there's going to be very little data on take up yet. I mean, as of now there's just so little data even on default rates of lenders, you know, because we're like in the default stage and until we get to May -- May mortgage payments and June mortgage payments, my guess is there's going to be very little data.

But we can certainly see what the programs are and what possible outcomes there might be.

MR. GONZALEZ-RIVERA: Yeah, great. Thank you.

MS. GARCIA: Hey. I mean, I think that that's -- I think more data is always best on my purview because I think we should be making a decision that's best to stimulate a fair housing market in the City. But I think that even in the -- in parsing out like what small owners are compared to a larger context of what rent stabilization is.

We are talking about creating some other alternative mechanisms to address that need. I think that if we ultimately also think about that, I think we should think about the flip side of also like what does it actually mean for different renters across the City to have increases. Right.

If we know that rent stabilization on average it takes about $800 to manage the unit then, you know, at some point are we making decisions on capping rents because now we're surpassing what even breaking even look like in with the data that we have.

And I think that those -- I hope that as a board we continue to have a conversation about small owners but even the small owner we heard from today, owns a building which, you know, HPD'S west side has a 125 units. He mentioned that he has 90 units. Thirty of them are rent stabilized. You know, ten of those rent stabilized are actually have SCRIE or DRIE so our decision is not going to impact them greatly.

And so that small landlord actually owns 20 rent stabilized units and the rest are, he's able to negotiate a different way and get relief in a different way.

And so I -- I just want to make sure that like as we have these conversations, yes, we want more data. Yes, we want to get a full breadth of what's happening to rent stabilization. I also want us to do the same -- do that with the same liberty that we're doing it for landlords, for tenants. Because we're not even -- earlier we were having a conversation about forget COVID. Forget the impact of that. And now we're having the conversation for small owners about let's see what the impact of this is on them.

And so I think that we have sort of parse out all those arguments to be, you know, fair. That, you know, we have data that shows that landlords have been overcompensated. We have -- NOI has remained above 40 percent for a long time. And even when we had a rent freeze, we're seeing NOI decrease a little bit but we're still hitting that 40 mark, which is higher than a lot of other businesses across the country, across the world.

Like people come to invest in rent stabilization here because you make money, not because you don't make money. And it's true, there are some small landlords hurting out there. But there are reliefs and spaces for the landlords. And they would have to open up their books.

And I think some of the conversations on why don't they tap into these services, I think has to do a lot with, I don't want to open up my books. Once you open up your book, a lot of the applications actually get denied.

One year we had two and one was denied because -- for some reason. Maybe they didn't do the paperwork correctly. But I wouldn't say that the application for owners to talk about, you know, structuring rents to the DHCR. It's a lot more complex than an overcharge complaint that tenants tend to go through. Or a par decision that tenants have to go through with DHCR.

Taking landlords to court for repairs, like you heard from Kim, who, you know, in the middle of a crisis still had no heat or hot water after having their landlord in court for over a years and, you know, and with no gas, no heat and hot water.

So I want to make sure like that we have a balanced conversation about this. Because there is a perspective of a business venture being a venture. And there's a reality of what does it mean for us to have more homeless people in the street? And the impact of that in our system, in our City and I think that that matters.

And I -- I know, I hear the argument of our mandate is to increase rents. I hear that argument. But that isn't our mandate. That's not what is legislated. And I think that that's a real thing that we have to sort of grapple with that like when we have these conversations we have them in silos, depending on who we're speaking of.

And you saw the folks we're speaking of and you will see more of those folks when we have the hearing and hopefully people will continue to participate and share their stories because I feel that, you know, that it's even more important in the context of what these impacts will be for tenants long term.

You know, someone making $15 an hour is not going to get back on their feet in six months. I don't know of anyone who made $16 an hour. I never made that when I was a minimum wage worker and so I can imagine having a family and feeding and, you know, thinking about moving and -- and dealing with medical bills and all that stuff, complied on top of COVID.

And I don't think that like, to Leah's point earlier, I don't think there's a scale to measure out. I think the data, the numbers that we have right now, that we've used in the past to increase rents for tenants are the same numbers we have today.

And so we wanted to look at what happened before COVID. Let's do that. If we want to look at how tenants are struggling before COVID, let's do that. But let's not go back and forth of when it benefits us to talk about COVID, specifically when we have to make a decision. It really impacts so many Americans and, you know, people look to New York City as a guiding hope of what other cities should do.

And I also wanted to just bring up a few data sets that were -- came out of, you know, zero, zero. Because there was a conversation there about is a zero okay for a two-year lease. Zero, also okay -- you know, other counties have done this. Westchester County Rent Guidelines Board adopted a zero and a zero. And a zero and a negative rent -- for 1983. This is like before I was even born.

And they did it again in 2010. Westchester also adopted a zero and three in '85 -- '84. Nassau County has done the same with a zero and a .5 in 2010 and again in 2017.

You know, there is precedence for us to be looking at zero as a real standard to have a conversation when the numbers bear it. And I don't know how we see the -- the addition of, you know, from 1991 to now and think that everything is going fine for tenants and everything is so hard for landlords in this moment.

MS. GOODRIDGE: I have a question for the public members. Since you've heard from a wealth of the experts today and I -- and particularly from tenant advocates, I'm wondering if there are any key issues that stuck with you or you have any remaining questions since we kind of only have this meeting until at least the preliminary vote.

I'm wondering what resonated with you -- if anything at all that you heard today on any key issues?

MS. DE ROSE: It's actually not so much an issue but I had a question more about specifically about the SROs. So I know Brian sort of described -- you know, I'm picturing sort either like a single room, I'd say a small room and a long hallway with a common bath at the end of the hallway and maybe a common kitchen; is that a correct sort of one type of SRO?

I have actually seen SROs that are the cubicles or the -- wire on top. Those I've actually seen. And -- and I picture that the type of space where the landlords are charging this $900 or $800 a months for.

MR. SULLIVAN: Yeah, that's right. The -- what you described would be sort of the -- what I think of is the brownstones style SRO, just because it looks like a brownstone on the outside. You walk up the hallway and there's a door, door. Down the hall is a bathroom. And others that more or less fit that description might look like large hotels. You know, look like a humble hotel.

Those hotels would tend to have lower rents by and large. Although seeing, you know, $600, $700 is not uncommon. In the brownstone ones, yeah, you would -- you know, my clients who had the higher rent that I mentioned in my testimony lives in a brownstone style SRO. And yeah their rent would be that high for some of those.

MR. WOOD: Those are brownstone SROs. They're rooming houses. Those are the buildings with less than 30 units according to the RGB definitions. And those rents are high if you look at the memos that the RGB produced, the rents run significantly higher in the rooming houses than the hotels.

And a lot of the remaining hotels, they've become de facto, naturally recurring retirement communities. I think the average age of SRO tenants have really gone up over the years because it's very, very difficult, in the hotels at least, to rent a stabilized unit.

Owners really screen people out because they do not want to see people doing Weiss (phonetic) requests. So if you're a tourist, they want to see you have a return ticket to go back to Germany or, you know, wherever you may come as a tourist. Because if you've got a New York license, a New York credit card, you are not going to rental because they're so nervous about lease requests.

There's the Imperial Court Hotel in 79th Street that got some publicity about this issue about lease requests. And we cite the owner, the owner of that particular building brags about the fact that they have so much money they can afford to keep the building mostly empty and they'll never be placing a rent stabilized tenant into that building again.

That's in the submissions. You can look at the data. But the buildings that are larger than 30 units, that's where the City's right now turning to bring homeless people in and to increase distances dealing with a number of SRO tenants who are very scared about their buildings becoming re-populated with folks coming out of the shelters. But it's necessary. You have to get people off the streets and we've got to get people out of their congregate shelters.

But owners are making a huge killing on that because of the huge amounts of money the City has to pay to accommodate those placements.

CHAIRMAN REISS: We're coming up to exactly, as Larry spoke, it turned to 3:30 during this portion of our hearing.

I'd like to talk about our public hearing a little bit. This is a topic we discussed in our last meeting as well.

I'd like to just thank all the panelists who joined us today and then turn briefly to -- over to Andrew to give an update as to where the staff is in terms of planning our virtual public hearing.

So thank you to Larry and Brian.

And to -- I think they're the only two ones still on the phone of the panelists.

So thank you so much.

MR. WOOD: Thank you.

MR. SULLIVAN: Thank you very much.

CHAIRMAN REISS: Andrew, I think you have the floor.

MR. MC LAUGHLIN: Yeah, I mean, I don't -- I don't know how long this will take. I mean, I can give you a summary. I think it may be a quick discussion. I don't know if anyone needed a quick break to use the bathroom or whatever or you want to just get up and stretch.

But I can start to go into the conversation if you'd like or --

CHAIRMAN REISS: I'm going to just suggest that we -- that people who need to take a break, just give themselves a break. Because I think probably all of us would like to finish up for the day and --

MR. MC LAUGHLIN: Okay.

CHAIRMAN REISS: -- I know, I would just recommend that we just kind of get to the end of this.

MR. MC LAUGHLIN: Sure. Sure.

So, yeah, so staff and -- we've been working with David and different -- throwing different things out here and listening obviously to what the board members requested and to offer the most access to the board for people to comment.

So what we've done, first, we'll take what you can do to submit comment to the board outside the hearing and then we'll talk a little bit more about the hearing part of it.

So normally outside of the hearing, it's just written testimony that is presented in public, you know, in comment to our preliminary guideline. So normally we would do that in a very, you know, you could e-mail written testimony or mail written testimony in.

So that was, you know, the basic way we did it. So try and understand that the time that we have left and considering that we want to hear from as many people as possible, we're also going to offer two additional options.

One, where people can comment by calling a phone number and leaving a message, up to two minutes long, and so they're presenting their two-minute testimony.

These will then be turned into audio files and will be given to the board members so they can listen to it at their leisure.

At the same time, we're offering an option for people to submit video comments as well, where the -- where if you go to our website that you would click on a link and it will up load a video that you have created.

Again, we would ask folks to leave

it to two minutes as though they're testifying in front of the board. So that would be an additional way that people would be able to comment.

Those two types of comment, along with the traditional written comment would be available once the public notice went out. And so that would be something that would be done. People can comment, you know, as soon as it's in the *City Record* and going forward.

So that was one side of it that we've taken care of. We hope we're meeting the needs of, you know, what the public members wanted.

The other is having a public hearing. And the idea behind that would be a similar situation where we're doing with Zoom. Where people would need to sign up in advance for the hearing. They would be allowed into the hearing depending on whether they wanted to phone in. They could do it by phone in like they normally listen to a meeting that we have for the public. Or like today, where the tenant folks who testified and all our panelists who testified, they would be let in and they would get their two minutes to testify like they would be at any public hearing that we've had before.

They would have to register before the hearing and that would be open -- at this point, we would open the registration on June 1st. So they would have from June 1st to roughly June 9th at this point of being able to register for the public hearing.

At the same time, we would like --

MS. GARCIA: Andrew.

You said that in order for tenants to testify they would not be able to register on the day of the hearing. They would have to register ahead of the hearing?

MR. MC LAUGHLIN: Not just tenants, but everybody. Correct. There wouldn't be a way to register the day of the hearing. They would have to call up. We have to be able to let them into the Zoom.

Also, they have -- we would provide simultaneous Spanish translation. So you could listen to the entire public proceeding either in Spanish or English. And then, you know, we would accommodate people, whatever the request, either -- whether for other disabilities or for other different languages if they needed some sort of translation.

So that was -- and people could sign up for the hearing not just online but they would be able to call our office or e-mail as well. So they'd be three different ways that people could actually register for the hearing.

MS. STONE: I have one question, Andrew. You said something about June 9th. I thought the public hearing was June 16th; am I wrong?

MR. MC LAUGHLIN: Well, that's a discussion I'll have David lead about the timing of all this. I'll let him go into that.

So --

MS. GOODRIDGE: Where did we get the day of June 16th from? That's the first I'm hearing of it.

MS. STONE: That's what I had in the schedule.

MR. MC LAUGHLIN: There was a preliminary draft schedule that was sent to everybody, I want to say in the beginning of April. That was the date that was originally on there.

But I'll have David talk to that.

And then -- so that would be the different avenues that we have for people. You know, it would have to be a decision by the board about the length of hearing and whether you want to stay on. We would have to, you know, have that discussion as a board and you folks could decide how you want to go forward with that.

But -- so, that's what we've done as a staff. I think everything that we mentioned is something that we can certainly accommodate that we can do.

So, David, I'll throw it back to you.

You're on mute, David.

CHAIRMAN REISS: The only thing I have to add to Andrew is that the date in the draft schedule is -- is just a draft date and we're still trying to finalize which is the day that makes the most sense. I think there's a sense that we want to kind of move it as quickly as we can and we're just trying to finalize a schedule that allows us to do that.

MS. GARCIA: Can I -- I wanted to

understand in my previous conversation with you, David, or conversations in general that we were assuming that folks would have to register ahead of time. And so I would ask, Andrew, to -- you can give us a breakdown of how many tenants actually register ahead of time and end up testifying so that we can figure out if that is the best solution for us to actually have engagement from the tenant folks.

Because my understanding, and you can correct me, Andrew, but we tend to have to register folks on the day of. And different hearings have different processes on how to do that. And then if that's not allowable then we'll end up hearing from the first few people who tend to register ahead of time who aren't the folks we, you know, it's just a handful of folks that I have ever seen register ahead of time that way.

And, of course, that depends on the hearing. I know Manhattan is different. But I think the demographic for that is also something I'm concerned about and I would also think about if we're talking about, we think so many people could potentially testify, like what is that date doesn't work. What if people have to work or anything. We're only giving them one opportunity that they would have to register ahead of time to testify and that doesn't seem open and flexible to me or enough.

And so I'm going to go back and speak to folks but, you know, folks are actually asking for us to host multiple locations to hear from tenants. And like we do at borough hearings and then on top of that, I don't think registering ahead of time is good enough because of the numbers that I -- my understanding is we don't have all of the people who testify in any hearing end up registering ahead of time and that's never been an expectation we've ever had. And so I think that's going to have a dire impact on who we hear from too.

MR. MC LAUGHLIN: What are the obstacles of registering before the hearing?

MS. GARCIA: Every year our folks show up at the hearing. They don't know about it. They're hearing about the hearings from us. Now we are not able to be in their buildings to let them know about those hearings and now we have to call them to let them know about the hearings.

And so I think it's just the same, it's the same difficulties people have registering for hearings on a normal year.

MR. MC LAUGHLIN: The issue that we have no real control of is the order though. People would be coming up and we wouldn't have any idea of -- of an order. So people would be waiting and waiting and waiting. I don't -- that's our big problem with it and there would be really no way for us to -- we want to try to be representative of folks. This includes public members, owners and tenants. So we want to make sure that we have representation to hear from all those different groups and registering is the way that we know that that would work.

CHAIRMAN REISS: I mean, it might make sense to propose alternatives. Because there's just not -- I just don't think there's a best answer. So, you know, one thing I was going to say, I was considering was, should we just call on people randomly so, you know, a bunch of people come on and then you just randomly choose someone to speak and then that's fair in one sense because nobody gets any kind of preference but then, as Andrew said, you know, you might log on at five and you don't get called to nine and that's tough, very tough. And a lot of people will probably drop off.

And the most recent iteration that Andrew came up with about registration gives people a lot more of a sense of when they're going to be called.

So I hear what Sheila's saying but it's unclear that there's a perfect solution that matches our live hearing schedule, I guess.

MS. GOODRIDGE: How much in advance do people have to give notice if they'd like to testify? I think if I'm -- I think I heard a week. Maybe I'm wrong.

MR. MC LAUGHLIN: No. It would be, we would have it up to like mid day before the day before the hearing. They would have --

MS. GOODRIDGE: Oh, okay.

MR. MC LAUGHLIN: -- plenty, you know, we only need like 24 hours till I get it all in order so when we start the hearing we're all set to go.

So, you know, which is the normal

thing that we do for our pre-registration, is it's always noon the day before the hearing. And that's what we've done in the past when people have pre-registered. So we've kept that in place.

MS. STONE: And can I make a recommendation since we think we would need more than the three hours or so they're scheduled, maybe instead of it going until midnight, maybe we can open it up a little earlier than 5:00 since many people are now either working from home and/or out of work. So maybe if we can start it in the afternoon so it doesn't continue until midnight.

CHAIRMAN REISS: I think Alex has his hand up as well.

MR. SCHWARTZ: No, I think that's a good suggestion.

To be clear, I understand so with the preregistration, people would have a rock sense of the time in which they would be able to testify, that they would be given, whether it's done randomly or first come first serve, people would have, would be given a number or time; is that correct, Andrew?

MR. MC LAUGHLIN: Well, in the

past we have given out a number so people had an idea. We're a little hesitant to give a time because --

MR. SCHWARTZ: Because of the way --

MR. MC LAUGHLIN: Yeah, because if people aren't -- did preregister and then don't show up --

MR. SCHWARTZ: They can go on to YouTube or something --

MR. MC LAUGHLIN: Right. And I don't want -- and we certainly don't want people to sign up and then they missed, you know.

MR. SCHWARTZ: Right.

MR. MC LAUGHLIN: And we don't want gaps of time. So that's why --

MR. SCHWARTZ: And but it would be obvious though if someone goes on to the Youtube channel to see what the number is of the person who's testifying.

MR. MC LAUGHLIN: Yeah, they could -- they could keep it up that way. We would also plan to have a screen of -- where we would tell people where we are. We would give maybe upwards of maybe the ten next speakers that we have that are coming up so that they know where they are in the queue.

MR. SCHWARTZ: Right.

MR. MC LAUGHLIN: So we would have that as a screen shot, as well as, you know, with the two minutes we would have, I believe we'll be able to do it a two-minute count down timer on the screen as well so people will be able to see that --

MR. SCHWARTZ: Okay.

MR. MC LAUGHLIN: -- as they're going forward. So we're trying to, you know, we were trying to give them as much notice as we can that their time is coming up.

MR. SCHWARTZ: Okay. Now do you have a sense like of what the max -- assuming it's, let's say, four hours, do we have a sense of what the maximum number of people that testify within that time period and if there are more people that register, what the options would be? Do we just have kind of a hard cutoff or do we make it more elastic? So that's one question.

And I guess my final point is

going back to the issue of being able to organize people to testify. I think it would be probably helpful to get as many people who can provide audio or visual and video testimony in advance so that it would produce less pressure to make it into that time period, into that window for testimony.

Those are my questions.

MR. MC LAUGHLIN: Right. So in terms of the max, I mean, if you do the math, it's 30 people an hour but that, you know, I don't think is realistic. That's, you know, if it's all running. So maybe -- maybe you could do upwards from 20 to 25 people in an hour.

You know, I don't -- I don't know the interest of the board members to stay as long as they want to stay and keep listening to testimony.

Those who are registered should be heard from, obviously. And that could go past a four-hour hearing.

MR. GONZALEZ-RIVERA: Just to be clear, are we -- are we being given a choice of having sort of the audio and visual prerecording available to us or having a public hearing? Or is there a possibility to do both?

MR. MC LAUGHLIN: No, we'd be doing -- no, it's both. We would definitely -- no, we're going to have with the idea that you could do, you could do, you know, you have those options to publicly comment and then you can -- then a public hearing as well. So it's everything. Yeah.

MR. GONZALEZ-RIVERA: So people have the choice of submitting their testimony by audio or video, starting June 1st, all the way until --

MR. MC LAUGHLIN: No, no. That would actually then start sooner. That would start when the public notice came in.

So that, you know, we -- we have this idea of like, you know, once or twice a week sending links to you folks that you can sit and listen to them. I don't want to give you, you know, four hours of video all at once. But we'll take a look at it. We'll parse the videos and send you the link and you can listen to -- to those recordings, as well as, you know, obviously I believe we already sent some written testimony, you know, we had received through e-mail. We always do that and we will continue to do that as well.

MR. GONZALEZ-RIVERA: Okay.

MS. STONE: How will you stop -- how will you ensure that whoever calls in is only a two-minute message? Will there be a cutoff?

MR. MC LAUGHLIN: Well, there's a certain amount of time that's allowed in a message. You know, it's -- it's over two minutes, I think it's set up two minutes and 30 seconds or something like with the voice mail before it cuts off.

And then the videos, obviously people could submit a very long video but I think most people would -- would hopefully, you know, we would respectfully request that it's two minutes when they submit a video and hopefully they would keep to that. I would imagine there would be some people who would go beyond that but, you know, hopefully that they would be respectful of that when they're submitting the video.

MS. GOODRIDGE: Is there a clock in Zoom or anything that we'll be using for when we have the hearing via Zoom?

MR. MC LAUGHLIN: Yeah, we've done different -- I know that, and we have to figure out if there's different ways you can do it but, you know, we were watching the City Council, the City Councilmembers have two minutes to speak. So there was a clock that ran down. That would be a visual.

And I think we would probably just have a screen shot of that along with, you know, how, you know, the people that were coming up and things like that. So that would be something that would sort of be on the screen.

MS. GOODRIDGE: So thank you for, and your staff, for coming up with these ideas. We -- we are meeting with a lot of very anxious tenants who, I think some of them, as you heard earlier are very anxious about having their say and not being able to have it the same way this year.

So with that being said, I'm wondering if because we normally have at least four hearings per borough, I'm wondering if we can commit to two days, as opposed to just one? That's my first question.

CHAIRMAN REISS: So let me just respond to that. I think, because we've lost a month of our calendar and the law requires us to have one hearing, I think we've been going based on that -- on that assumption.

I think it's an open question. I would just state my personal preference, which is I think one day of hearings given our reduced schedule, you know, that we've lost that whole month of time, I think that's appropriate. I think that, you know, having the -- the recorded opportunities to testify allows for kind of a broader kind of participation that we haven't had in the past.

And so I think kind of balancing the shortened schedule and the increased access through the prerecorded, I think it's a good compromise.

MS. GOODRIDGE: Yeah. I want to point out that this year people are anxious tenants and dare I say landlords alike. I'm passionate. Sheila's passionate. Patti's passionate. Scott's passionate, as always but even more so this year. And our respective constituencies and bases are even more passionate and have a lot to say.

So I think that it's fairly likely

that there are going to be a lot more people that can fill in one day and we -- and because of that, I'm just a little bit cautious about making people feel a little bit more disenfranchised than -- than, you know, that might have been intended.

And we all, as board members, understand like the limitations and what we've been working with and that we've been working the best. But I think the public just sees it as, first of all, I can't believe they're moving forward. And second of all, now, you know, I'm not even going o get -- have like a say.

So that -- those are the reason why I bring up that maybe a second day. And it could even be a half day. It doesn't need to be, you know -- but I think just providing it. And if no one comes to testify, no one signs up, it's fine. But I don't think it hurts to just offer it as an option, sort of like maybe as a backup.

MS. DE ROSE: I have sort -- sort of a question and a comment on Leah's point for the backup.

So typically in other years there was a meeting in each borough; is that how it -- it was done before?

MS. GOODRIDGE: Before.

MS. DE ROSE: All right.

MS. GOODRIDGE: Brooklyn, Bronx, Queens, Manhattan.

MS. DE ROSE: Yeah. Couldn't think of that.

(Laughter.)

MR. WALSH: Yeah. And I --

MS. GOODRIDGE: There's not as many rental units -- well, I don't want to speak for Staten Island. But --

MR. MC LAUGHLIN: No, we've been asked this before. But there's -- there's very few stabilized units on Staten Island. I don't think we'd get much of a response if we did it there.

MS. DE ROSE: So are you talking about, like saying two already announced dates where there's meetings? Or is it like we have one but if the response is so much then we schedule a second?

MS. GOODRIDGE: No. I'm saying we definitely have two; the first one we know is definitely going to be full and the second one, you know, there may be a paltry response or it may be full. But I think just in case offering it as a backup because, and I think maybe even Patti and Scott might be hearing this but we're just hearing a lot of people are anxious and they want their -- the want their due. They want their words heard.

And whatever the decision the board makes, I can tell you people may be happy. People are going to be unhappy. And so I think just giving people the most opportunity to speak and be heard in this year is most important.

And -- and I'll quickly point out, I know it might sound contrite but I -- I just also want to say people, even though some people are not like at work, you know, some people may be working remotely and some people are employed. People are still sort of like processing this and it sounds so easy to sort of just like pick up a phone or call or whatever but it's not.

Just because, you know, people are still thinking about how to get supplies and so forth. So this, even though it sounds like a very small thing to do, like go register for the Rent Guidelines Board hearing and go testify for two minutes. I -- I just want to say, I think for a lot of people, it's -- it's not. I personally know a lot of people who have died and then people I know who know people who have died and people are sort of just processing a lot.

So I think just giving the most opportunity it would be good.

MS. GARCIA: Can I piggyback on that. I think that I lost -- and I don't know if this is just me making sure that we are as open and flexible to support -- to make sure that we get as many testimonies. But in four hearings, how many tenants do we have testify, closer to 300. And so if we do 60 in a day, is that really creating space for us to hear from tenants in a way that like feels real and genuine. I think that those are the distinctions that is important for me.

Like me, for example, tend to have in some hearings, something like 10 to 15 people sign up ahead of the hearing and most people come in and actually sign up when they get to the hearing. And so that option is taken out and now we have one day with 60 potential speakers if we stick to the two-minute rule and everything goes smoothly with no breaks whatsoever. That just doesn't feel comfortable to me and I -- I'm assuming that -- I haven't gotten a single text from tenants. They like don't approve, have only one hearing. And so I just want to make sure it's heard and I will say I'm completely opposed to having only one hearing where people can testify.

CHAIRMAN REISS: I'm sorry, Sheila. I think Alex is trying to get in on the conversation too.

MS. GOODRIDGE: You're muted, Alex.

MR. SCHWARTZ: I agree with a lot of this. I think that if there's a large outpouring of requests, it's really hard to have it in one session. And, also, given at least three different constituencies, you know, elected officials, landlords and tenants.

And let's say you have a maximum of 100 people and assuming some of them will be no shows. And let's say that fills up within a couple of days. You would know pretty quickly if you need to have an additional session or you'd have the ultimate marathon session, which is probably not a great idea.

The other thing I'm wondering is, if we should have at least a minimum number of slots for each category to be sure that there is representation. So, you know, some number of elected officials, some number of tenants, some number of landlords, to be sure if we have one session there's representation.

But, again, if there's a huge number of people who fill out the -- who fill up the 100 slots right away, I think it probably makes the case for another session. And, you know, like I said, if there isn't, we don't need to have it or it doesn't have to be that long.

But if we have a huge demand, I don't know if there will be, I think it's hard to say to leave it at one session.

CHAIRMAN REISS: Andrew, let me ask you a clarifying legal question before you get to Alex's questions.

Do we need to specify the day and time, 30 days in advance? Or do we just need to notice this and then we have some flexibility to kind of design it?

MR. MC LAUGHLIN: I -- I believe, and I may have to ask on this, Leah, what are you smiling at?

(Laughter.)

MS. GOODRIDGE: I thank you for all of your knowledge.

MR. MC LAUGHLIN: After posting of the public notice of hearing, we have to have the dates that we are providing hearings.

CHAIRMAN REISS: And the times?

MR. MC LAUGHLIN: And the times.

And I think that we need to -- so if we are going to add another hearing that we would need to know that before the public notice. Otherwise, it's another -- you would have to put another public notice to comment, I believe. Which then, and that 30 day public comment period, I believe -- I can go back and check that. But that's my understanding. I don't want to say that's definite but I'd have to go back and see if we could add hearings (Zoom inaudible.)

The one thing that we do though is if we're putting out a date for a final vote, that would -- we do need 72 hours -- this I do know. If we decide after the hearing we want another hearing, then we need 72 hours of public notice of that hearing of like any public meeting of the board. And then we can hold COVID.

So say we have a hearing on the 10th and then we decide that we want another one, you have to have that public -- and that's published in the *City Record*. So it's more like you need five days before you can have another public hearing.

CHAIRMAN REISS: And I guess part of what -- and, Alex, I'm sorry that I cut off Andrew from answering your question. But I'm guessing that we -- we're probably going to need to decide what we would do very far in advance, which is just going to impact people's decisions, I think.

MR. MC LAUGHLIN: I think that we have -- we have to -- I think you have to decide, yes, before the public notice.

MS. GOODRIDGE: Yeah. I thought it was also the date of the -- of the final vote too, like it needed to be a certain number of days before the --

MR. MC LAUGHLIN: Seventy-two hours, yes. But that's changing a date, you know.

MS. GOODRIDGE: Yeah, yeah.

MR. MC LAUGHLIN: We have a July 1st date that we're supposed to meet. Obviously, I don't even know -- for the new members, by law we're supposed to file with the City Clerk our decision by July 1 of every year. So we have that that's always sitting out there.

And then I think it's important that, you know, we do have 72 hours before notice of a final vote but we don't ever really want to do that. We want to give people opportunity to know when a hearing, and especially a final vote, when a public hearing is going to be so they have plenty of time to -- to participate. That's the whole point of where there's 30 from the time the meeting notice is put in the *City Record* to 30 days of people to respond to the notice and then public hearings.

So that's that's why it's part of (Zoom inaudible) so people aren't taking, you know, all of a sudden there's public hearings announced and three days later there they are. You know, we try to -- we try to avoid doing meetings like that if we can. I mean, I know it's a strange year but it we know going in that, you know, we want an extra hearing, I think it's something that we have to do.

Look, we can -- it doesn't preclude us from canceling meetings as well. I mean, we deserve that right. So if we have two people show up at our public hearing and we don't feel like -- I think we could probably end up canceling a public hearing, although I'm not even sure of that because that's a public hearing.

These are legal questions that I haven't had to think about before considering because the idea of every canceling a public hearing was never an option. So I'd have to go back and see if public hearings are treated differently than -- than public meetings.

I mean we always reserve the right to cancel public meetings if we have to. A public hearing may be a little bit -- that may not be the same process to do.

MS. GOODRIDGE: I -- I --

CHAIRMAN REISS: Let me -- I'm

sorry. Let me just kick it to Alex because I feel I cut him off.

MS. GOODRIDGE: You're muted.

CHAIRMAN REISS: Alex, we can't hear you.

MR. GONZALEZ-RIVERA: Sorry. Are you talking --

MR. SCHWARTZ: This might be silly but I was just wondering if there's way of treating them as two separate public hearings, treating them as one. So in another words, you don't really end the first one, you just continue on the next day? If that's -- if there's a need for it. If we don't, we can terminate it. I -- again, it's a parliamentary or legal question.

But, I mean, since it's not a physical presence, I was just wondering if you can just sort of pause it and then resume the next day if there was a need for that. And then that way you wouldn't have to worry about scheduling a second meeting in advance.

CHAIRMAN REISS: Alex, we're going to make you filibuster over -- overnight.

(Laughter.)

MR. SCHWARTZ: Anyway. The other question is --

MR. MC LAUGHLIN: Right. If there's -- I mean, yeah, you know, in reality there was a limit to, you know, when we go to a place and hire, you know, a place to go and do a public hearing, the building closes at some point. You're right. Like it's sort of the same idea that you can continue the hearing at some other point or like at a baseball game that, I think, if it goes past 2:00, you can only go 2:00 a.m. in the morning and then afterwards you've got to pick it up or something.

CHAIRMAN REISS: Maybe, Alex, maybe Andrew and I should talk to the Law Department about some of these technical questions?

MR. MC LAUGHLIN: Yeah, I think the straight and easy thing is to have the hearing. We know we're going to have it and put that in as public -- as public notice. I think that, regardless of what the Law Department says we can do, that's probably what they would most encourage us to do.

MS. GOODRIDGE: Yeah. I just --

MR. MC LAUGHLIN: Yeah. And I --

MS. GOODRIDGE: -- yeah, I think that that would -- I second that because, you know, we've just been getting a lot of questions from elected officials about whether they can testify and when debate is because their schedules are very demanding as well. And a lot of them want to know like there's specific days so that they can put it like in their schedule. And I know a lot of our tenants also would like to know like the specific days that they can schedule.

I just wanted to quickly ask if it's possible, I know we're having Spanish translation. I don't know if we can have Mandarin as well. But if it is possible, that's our second -- probably our second largest language. So --

MR. MC LAUGHLIN: I believe what we've -- yeah, we've -- we've had about three or four Mandarin speakers a year. And we work with a group, they generally come to the Manhattan hearing. It was in Lower Manhattan but last year they came to Brooklyn, I believe because it was the closest hearing.

I think we would certainly, if they request that, yes, absolutely. And we would probably treat that testimony as, you know, they -- I don't think we'd have simultaneous Mandarin for the entire time because they generally just come and leave. So I'd have to deal with that. But certainly we would allow for translation if it's requested, no question about it.

Yeah. So we could -- we could accommodate that.

I think the large majority of those who are non-English speakers are going to be Spanish so we want to provide the simultaneous, which I think will also increase the -- the number of speakers that we can hear. I think that -- that, you know, in a certain amount of time. I don't know if it's still enough time but some of the things that have, you know, part of giving people when you have four hearings it's a lot easier to do. But when someone -- when you've just got the translator, they speak and then, you know, your two minutes goes to four minutes. Here we won't have that issue.

So, you know, we will save some

time there. I can't quantify that completely but --

CHAIRMAN REISS: Andrew, when do you think they would have a final decision on this issue?

MR. MC LAUGHLIN: Well, our votes, I mean, you know the time line that -- I mean, we'd need to know tomorrow basically, I think, if you want to time -- our time line to remain the same, David. I don't --

CHAIRMAN REISS: We have to resolve this quickly. As a group we have to resolve this quickly. I kind of think --

MR. GONZALEZ-RIVERA: (Zoom inaudible) if that's okay? In terms of everything that we're talking about here. So would it be possible to have two days as is being recommended? I mean, if they can have basically four hearings, so we have two hours in the morning, two hours in the evening on one day; two hours in the morning, two hours in the evening on that second day. And all four of those notices go out tomorrow.

Just to have that ready. And then, also provide the option of sending audio and video. That way we have it all done in advance. That way, I mean, if it becomes a possibility where there are two people who come to the hearing, on any of those two-hour blocks, we don't have to sit for four hours listening to two people. We can sort of hedge our bets that way.

So basically it would be four hearings, two hours each on two separate days. And that way, I mean, I think that's going to be -- makes it more predictable for us as board members to know when it's going to happen. It will be predictable for others as well so they know that they have a variety of options to be able to participate.

And, again, I mean, if -- if it happens that some of those are not filled with people wanting -- wanting to speak, we're not on the hook for sitting there for an entire four hours or five hours or whatever it is.

I mean, push back or -- I mean, I'm curious to hear with other people think about that.

MS. GARCIA: Well, in the past we stayed -- if we say if we advertise a time frame, we stay for the time frame we advertise.

MR. GONZALEZ-RIVERA: Right.

MS. GARCIA: Just because someone might show up at the end of that time --

MR. MC LAUGHLIN: We would have to be there through the time, absolutely, Sheila, we'd have to be there.

MS. GARCIA: And I think the second part to that is that -- I think if that works in the context of, you know, giving more opportunities and different times so that folks, you know, who have small children like many of you all do can, you know, stay in that day doing that work and then maybe go and testify later in the evening and so it allows for that flexibility.

I think the challenges is, and to Andrew's point, if people are registering how do you know what day you fall into. Are you registering for a specific day and then what happens to most of the people who attend the hearings who don't register ahead of time. Like what is our remedy for that. And so -- yeah.

I mean, I think that that sounds like a reasonable thing to think through, the two days, two different time periods. I think it also brings up challenges, the same challenges that existed in the -- in the other scenario for me.

MR. GONZALEZ-RIVERA: Sure. I mean, if they can -- in terms of the decision that we have to take today or tomorrow would be sort of when the time is up. And then, of course, we have to figure out what makes sense in order to make sure that people have a slot. I mean, it's like, you know, whether it's some link that says sign up for one of the dates and you're given a number or whatever that is.

MR. MC LAUGHLIN: Yeah. If there were scenarios like that, we're essentially four hearings in two days, you would be signing up for that time period that you want to speak. That's how it would work. So either by calling our office, excuse me, I want to speak on June 10th at the evening hearing from seven to nine -- I don't know what the date would be, that's what they would be signing up for. Or if they e-mail us or if they do that online, the option would be which day that you want to sign up.

People wouldn't be -- yeah, you

know --

MS. DE ROSE: I think my personal preference, I think would be one and one. That's clear to me. I think I would personally prefer two at longer time frames so just to give you maybe the morning into the afternoon for one day and then the other one's the afternoon into the evening. But just so that -- because I think just hearing from a lot of people at once is in one sense easier to process. And for me it's easier to hear sort of the common theme that come out instead of breaking it up and so many segments.

And then just, also, I think we should notice those two times in advance because, you know, people still do have to schedules they're trying to keep or do things and so that when they register they're assured their registered for one specific date.

CHAIRMAN REISS: So what I'm hearing from -- from people, I mean, is just that people want more and they would prefer, you know, two days to one day. That seems to be the common theme. Maybe Andrew and I should kind of check in with the Law Department about some of these details and then I should report back to people tomorrow and then tell you what I hear. But that's what I'm hearing people say. Am I getting it correctly?

All right.

So then I'll do that. I'll -- Andrew and I will do a little bit more legwork and then I'll report back to people.

MR. MC LAUGHLIN: Yeah. So the idea is to have two public hearings.

CHAIRMAN REISS: Okay.

(Whereupon, the proceedings were concluded.)

STATE OF NEW YORK)
SS.
COUNTY OF NEW YORK)

I, MARC RUSSO, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing pages 1 through 299, taken at the time and place aforesaid, is a true and correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my name this 30th day of June, 2020.

Marc Russo

MARC RUSSO

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