CITY OF NEW YORK
RENT GUIDELINES BOARD

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VIRTUAL ZOOM

PUBLIC MEETING

OF

THE DIRECTORS

---x

June 3, 2021

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, The Chair

Cecilia Joza

Alex Schwartz

Christian Gonzalez-Rivera

Christina DeRose

Leah Goodridge

Sheila Garcia

Robert Erhlich

S T A F F:

Andrew McLaughlin

Executive Director

Brian Hoberman

Research Director

Danielle Burger

Deputy Research Director

Charmaine Superville

Office Manager

P R O C E E D I N G S

CHAIRMAN REISS: Good morning. I'm David Reiss, Chair of the New York City Rent Guidelines Board. I'd like to welcome you to this virtual meeting of the Board. This is the fifth meeting in a series of public meetings and hearings to determine lease adjustments for rent-stabilized housing units in New York City with leases commencing or being renewed on or after October 1, 2021 and on or before September 30, 2022.

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

Christina DeRose?

MR. DEROSE: Present.

CHAIRMAN REISS: Robert Ehrlich.

MR. EHRLICH: Present.

CHAIRMAN REISS: Sheila Garcia.

MR. GARCIA: Present.

CHAIRMAN REISS: Christian Gonzalez-Rivera.

MR. GONZALES-RIVERA: Present.

CHAIRMAN REISS: Leah Goodridge.

MS. GOODRIDGE: Present.

CHAIRMAN REISS: Cecilia Joza.

MS. JOZA: Present.

CHAIRMAN REISS: Alex Schwartz.

MS. SCHWARTZ: Present.

CHAIRMAN REISS: Scott Walsh. Not present.

David Reiss, present.

Let the record show that we have a quorum.

The next meeting of the Board will be a public hearing. Two virtual public hearings to comment on the proposed guidelines will be held on the following dates and times. Tuesday, June 15, 2021, we will have a public hearing. It will be a virtual public hearing from 4:00 p.m. to 7:00 p.m. The public can view the meeting via YouTube feed and listen via telephone.

The second public hearing is Thursday, June 17, 2021. This will also be a virtual public hearing. It will be from 5:00 p.m. to 9:00 p.m. And again, the public can view the meeting via YouTube feed and listen via telephone.

If you want to comment on the proposed rule at our virtual public hearings, you can sign up to speak. There's time at the end of each hearing after all of those who have registered have been heard, we will hear from other attendees at each virtual hearing. Registration to speak will end June 14, 2021. You can register online through our website, nyc.gov/rgb, by e-mail at C-S-U-P-E-R-V-I-L-L-E, csuperville@nyc rgb.org, or by calling (212) 669-7480 from 9:00 a.m. to 5:00 p.m. Monday through Friday.

If you're unable to attend our virtual hearings, you can submit written audio and video comments prior to the hearings for the board members review. Instructions to submit these comments are available on the Board's website at nyc.gov/rgb, by e-mail at Ask, A-S-K, @nycrgb.org, or by calling the RGB at (212) 669-7480.

The final vote will take place on June 23rd, starting in 7:00 p.m.

Board members, please note that the annual filing of a conflict of interest board financial disclosure report filing period ends tomorrow, June 4th at midnight. Please enjoy your completion of that form. Today's staff will present the 2021 Housing Supply Report and changes to the rent-stabilized Housing Stock in New York

City in 2020. Both of these reports have been posted on our website and are available to the public as well as the slides from the staff presentations.

In addition, staff will present a paper authored by Dr. James Hudson entitled, Impacts of a Recession on Owner Expenses. Just quick research on our homepage to download these documents.

After the presentations by the RGB staff, the Executive Director of the NYU Furman Center, Matthew Murphy, will be making a presentation to Board members.

I will now introduce Danielle, who will be presenting the 2021 Housing Supply Report. Danielle.

MS. BURGER: Good morning.

CHAIRMAN REISS: Morning.

MS. BURGER: Just give me one second to share my screen.

MS. DEROSE: Morning, Danielle.

MS. BURGER: Morning.

The rent stabilization law requires the Rent Guidelines Board to consider the overall supply of housing accommodations and overall vacancy rates. Therefore, our research staff produces an annual housing supply report which highlights year-to-year changes in trends and the supply of residential housing in New York City with a focus on, [ZOOM inaudible new housing and vacancy surveys, new construction and demolition data, conversions and subdivisions, co-operative and condominium activity, housing rehabilitation, and government housing programs and funding.

The major findings of this year's housing supply report are; 19,578 building permits were issued in 2020 for housing units, a decrease of 26.3 percent. In the first quarter of 2021, permits fell by 13.2 percent as compared to the same quarter of 2020. The number of housing units and newly completed buildings in 2020 fell to 10,185, an 18.5 percent decrease over the prior year. City sponsored efforts during 2020 will add or preserve 29,521 housing units to the residential stock, 75 percent of which are preservation projects and an increase in total units of 12.4 percent over the prior year.

Demolitions decreased 33.4

percent to 1,405 in 2020. There was a 32.4 percent decrease in the number of residential units in co-op or condo plans approved in 2020 to 4,451 units. And for newly certified units utilizing tax incentives, there was a 54.7 percent decrease in the number of 421-a units to 10,312 and a decrease of 85.6 percent in J-51 units to 1,940 units.

As this pie chart illustrates, as of 2017, the most recent data by the Triennial Housing and Vacancy Survey, about two-thirds of New York City's occupied housing stock is renter occupied. The largest share is private, non-regulated rentals, 43 percent, followed by pre-war stabilized 32 percent, post-war stabilized, 13 percent, other regulated units at 12 percent, and rent-controlled units, 1 percent.

Examining the number of building permits issued annually helps to determine the amount of new housing planned each year. Permit approvals for new housing units in 2020 decreased by 26.3 percent to 19,578 following a 27 percent increase in the prior year. In 2020, permits fell in all boroughs except Queens, which rose by 13.7 percent to 5,840 units. Manhattan saw the largest proportional decrease in permits, down 65.6 percent to 1,896 units. Work permits in Staten Island fell 38.3 percent to 408 permits. Permits in Brooklyn fell by 29.8 percent to 6,802 units and permits fell on the Bronx by 16.4 percent to 4,632 units.

First quarter 2021 permits decreased by 13.2 percent in comparison to the number of permits issued during the first quarter of 2020. Despite double digits increases in three of the five boroughs, including Staten Island, up 123.5 percent, the Bronx, up 94.3 percent, and Manhattan, up 91 percent. But permits issued did decrease in Queens and Brooklyn during the first quarter of 2021, down 69.4 percent and 26.1 percent respectively.

You can see from this graph that 19,578 residential building permits were issued during 2020. A decrease of 26.3 percent following an increase in 2019. Not shown here during the first quarter of 2021, permits are down 13.2 percent as compared to the first quarter of 2020.

While the city overall had 26.3 percent [ZOOM inaudible] in permits to 219,578 citywide, this map shows the [ZOOM inaudible] by borough in 2020 and the change in 2018. As already discussed and as the map illustrates, the only borough to see permits increase during 2020 was Queens.

Permit data can also be analyzed more deeply by looking at the reported size of the buildings receiving permits. In 2020, a total of 955 buildings received permits. Citywide, 95.2 percent of all permits issued were for units and five family or greater buildings, with the average five family or greater building containing 45 units for the city as a whole, and 53 units in Manhattan, both decreases from the prior year.

As this graph illustrates, almost all building permits in Manhattan were for the largest buildings while in Staten Island, virtually all permits were for either one or two family buildings. Building size was more evenly distributed in Queens.

Another way of measuring the level of housing creation is to look at the number of housing units actually completed in a given year. 2020 decreased for the second consecutive year. In 2020, there were 20,185 units and new buildings completed citywide, an 18.5 percent decrease over the prior year. Increases were only in the Bronx, which rose by 2.7 percent to 4,433 units.

Completions in new buildings are down in Queens, which fell by 42.0 percent to 2,689 units. Staten Island, which fell by 22.9 percent to 504 units. Manhattan falling 22.2 percent to 3,802 units, and Brooklyn down 14.7 percent to 8,757 units. New housing is also created by various programs sponsored by the city's Department of Housing Preservation and Development and the Housing Development Corporation. Through these programs, these agencies reported 29,521 housing starts in 2020, 75 percent of which were rehabilitations or preservations.

CHAIRMAN REISS: Danielle, can I just ask quick question? How do these two things relate to each other that the housing units completed decreased to 20,185 but then there's the additional 29,521 units of HP and HDC-sponsored housing. Do we add them up to get the total amount of housing?

MS. BURGER: No. So the city

created units that fall into two categories. There's the preservations and the new construction.

CHAIRMAN REISS: Okay.

MS. BURGER: 75 percent of these units are preservations, which mean basically, that financial incentives were offered to keep affordable housing in place that would have otherwise expired. So for instance, a Mitchell-Lama building that could -- is eligible to buy-out. And the city says, okay, we're going to give you an extra 15 years of no taxes if you keep the Mitchell-Lama in place and don't do the buyout. So that's the vast majority of these which aren't going to be counted anywhere else.

The other part of it, I think it was 7,000-something, that would fall into the category of overlapping with the permits because these are new starts. So these --

CHAIRMAN REISS: So those 7,000 are a subset of the 20,000 in the top category?

MS. BURGER: Yes. Theoretically, yes.

CHAIRMAN REISS: Okay.

MS. BURGER: They would probably

be counted in there.

CHAIRMAN REISS: Got it. Thank you.

MS. BURGER: Sure. The city sponsored program saw overall increase of 12.4 percent over 2019. This graph illustrates a number of units in newly completed buildings in each year from 2011 to 2020, which in 2020 decreased for the second consecutive year. In 2020, an estimated 20,185 housing units and new buildings were completed, an 18.5 percent decrease from 2019.

As you can see in this graph, the number of apartment units newly receiving certification of 421-a benefit 2020 decreased [zoom inaudible] consecutive year. 70 percent of these units are in Brooklyn and the Bronx [zoom inaudible] increasing between 663 and in Brooklyn, Manhattan and Queens, but more than doubling in the Bronx.

More than 40 percent of New York City's owner occupied housing is in the form of co-ops and condos. Construction of new co-ops and condos, which increase the supply of owner occupied housing and the conversion of housing to co-op or condos status, which reduces the supply of rental housing, have to be accepted by the Attorney General's Office.

The number of residential co-op and condo plans filed in 2020 with the Attorney General decreased 16.4 percent with a total of 235 plans containing 4,451 residential units, a 32.4 percent decrease in units. Similar to recent years, a majority of the 2020 plans were for new construction.

A total of 186 plans with 3,351 new residential units, And 180 units and 37 plans were for rehabilitation while the remaining 760 units were in 12 non-eviction conversion plans. More than two-thirds of plans accepted were located in Brooklyn, with 70 percent of the share of accepted co-op and condo plans. And by borough, the most units within these plans were also located in Brooklyn with 44 percent of the share of units citywide.

As this graph shows, the number of accepted residential units in co-op and condo plans decreased for the second consecutive year. The purple bar represents the proportion of accepted units that are condos and the green bar accepted co-ops units. In 2020, almost all accepted units were condos.

This chart shows the fluctuation in the number of housing units newly receiving J-51 benefits since 1998. As you can see, levels decreased 85.6 percent in 2020. Not shown here, the decrease in the number of rental units, 83.2 percent was less than that of owner units, 88.3 percent.

New York City Department of Buildings tracks the number of buildings which are demolished each year, which decreased in 2020 by 33.4 percent to 1,405 buildings. By borough, Queens had 28.9 percent of all buildings demolished in 2020, a fall of 38.8 percent. Brooklyn had a 32.0 percent share, a fall of 39.3 percent. Staten Island accounted for 13.4 percent of building demolitions, a fall of 12.1 percent. The Bronx had a 16.1 percent share, a fall of 5.7 percent. And Manhattan had the smallest share of buildings demolished, 9.3 percent, a fall, 47.2 percent.

The New York City Department of City Planning also tracks demolitions of buildings with class A units. Per that agency, the number of buildings with class A units that were demolished in 2020 decreased by 34.5 percent to 597 buildings while the number of Class A units demolished fell by 41.4 percent to 1,186 units.

So in conclusion, the number of building permits decreased by 26.3 percent in 2020 to 19,578 units and decrease by 13.2 percent in the first quarter of 2021 as compared to the same quarter of 2020. [Zoom inaudible] housing units in newly completed buildings, decreased by 18.5 percent to 20,185 units.

In addition, 32.4 percent fewer residential units were approved for co-ops and condos, a total of 4,451 units. 54.7 percent fewer units were certified with 421-a tax incentives, a total of 10,312 units while 85.6 percent fewer units were rehabilitated with J-51 tax incentives, a total of 1,940 units. And demolitions decreased by 33.4 percent for a total of 1,405 buildings.

Thank you, and if you have any questions, I'll be happy to --

MR. SCHWARTZ: Danielle, what are the classification A category? I'm not sure what that means for the -- in the planning department data.

MS. BURGER: It's basically just your normal standard apartment, like -- or unit of housing as opposed to a Class B unit, which would be an SRO.

MR. SCHWARTZ: Thank you.

MS. BURGER: So this is residential units of housing as opposed to hotel units of housing.

MR. SCHWARTZ: Okay. Thanks.

MS. JOZA: Danielle, I have a question, but I'm going by the paper presentation. So on page 9, it talks about tax benefits for property registered on the FCE with HPD. So it also says that HPD began notifying non-compliance owners in December 2016 that the benefits will be suspended. Does that mean that these buildings were already getting benefits and they just didn't comply with what? With --

MS. BURGER: Yeah. So --

MS. JOZA: -- with repairs?

MS. BURGER: It's not repairs. What happens is that when you file for 421A benefits, there's a temporary certificate of eligibility. And then when you finish construction, you're supposed to file for the final certificate of eligibility, and you're supposed to register with DHCR for the rental units so that they can be rent-stabilized.

So there were a lot of buildings that never filed for the final certificate, but they were getting the tax breaks. So they were paying partial or no taxes. They didn't register with DHCR. They may or may not have been following the rent-stabilized guidelines, I can't say. But they weren't registered so what HPD did was they said, if you don't file for the [zoom inaudible] certificate of eligibility, we are cutting off your tax benefits.

And since 2016, they've been enforcing that. So what happened was there was the surge of units that went into the 421-a data that we reported because a lot of them -- they were not new units, they were not newly completed units, they just hadn't filed for the final certificate. And as we get on year by year, that number is going down.

So I think the report says

something like 15 or 17 [zoom inaudible] the FCE in 2020 were because of the compliance issues. So that means the vast majority of those units were new construction, whereas, in prior years, 7 percent of them were not new construction. They were completed in a prior year and were just never counted.

MS. JOZA: So what do you think is the -- what do you think is the reason why they're -- they didn't want to comply?

MS. BURGER: I can't say exactly. I don't know if it's an accounting error, I don't know if it's to avoid the rent stabilization. There also owner units in 421-a, they're not all renter units. So certainly part of that was owner units and I don't have a good reason why they wouldn't do that except, fell through the cracks, didn't know the rules, but the rental units, I can't say if they're trying to avoid compliance or if things fell through the cracks. I just can't say.

The thing with 421-a too is some of these buildings are extremely large, like thousands of units. So you could have one building with 2,000 units that doesn't comply and that sort of skews everything because it looks like a lot of units didn't comply but really it's just a few very large buildings. Don't have data on that exactly to say for sure, but some of these buildings are quite -- some of them are quite small. There are three-unit buildings also, but some of them are quite large. The new luxury buildings that you see going up, a lot of those are going to have 421-a exemptions.

MS. JOZA: Thank you.

MS. BURGER: Sure.

MR. EHRLICH: Danielle, if I may.

MS. BURGER: Sure.

MR. EHRLICH: I noticed that you're using the 2017 housing vacancy survey to -- as a basis. Considering all that's changed since then, HSTPA, the pandemic, don't you think that a lot of that information is outdated and irrelevant at this point?

MS. BURGER: Yes. Unfortunately, we don't have new data. We should've had new data come out this year, but it was delayed for a year. Most of the data relating to the HSTPA was taken out of the Income and Affordability Report, which is where a lot of [zoom inaudible) goes. This data in the Housing Supply Report is more related to just the type of housing in terms of rent-stabilized, co-op/condo, you know, single-family house, and we do not have another source for that data.

So it's mostly the PI chart and over time that proportion doesn't change that much. Certainly, you have a decrease in rent-controlled units. We're going to see -- since the HSTPA, there's going to be not as much deregulation in rent-stabilized housing, but not really a shift from rental to owner housing, that sort of stays pretty calm.

I wish that we had better data. There is some data in there regarding vacancy in the 2019 American Community Survey, which is the most recent American Community survey, but unfortunately it's all that we have. And I wish we had more, but, you know, it was delayed by a year and hopefully, next year will have really good data.

MR. SCHWARTZ: Yeah. I have

another question which I don't know if you can answer it but it also pertains to some of the comments that the rent stabilization made in their report that we received yesterday. And that is, is it possible to look at units and buildings that had major capital improvements, apartment improvements, and whether or not they were taken out of rent stabilization because of luxury decontrol? I don't know if that --

MS. BURGER: That would be a better question for Brian's presentation because he actually [zoom inaudible] from HCR regarding units that came out [zoom inaudible] .

MS. SCHWARTZ: Okay.

MS. BURGER: So he might be able to answer that or he might be able to ask HCR.

MR. SCHWARTZ: Okay. Thank you.

MS. BURGER: Sure.

CHAIRMAN REISS: Any other questions for Danielle?

(No response.)

CHAIRMAN REISS: Okay. Hearing none, let's change over to the changes to the rent-stabilized Housing Stock in New York City in

2020 report.

MR. HOBERMAN: Hi. Good morning. I'll present that report as soon as I bring it up. Let's see here.

Now, does everyone see the slide properly?

CHAIRMAN REISS: Yes.

MR. HOBERMAN: Okay, great. Good morning.

Rent regulation has been a fixture in New York City's Housing market for close to 80 years although the laws that govern rent-regulated housing have been substantially changed and modified over time. Most recently, the passage of the Housing Stability and Tenant Protection Act of 2019 eliminated some of the ways that apartments could be deregulated. In addition to legislative changes, the existing laws allow for dynamic changes in the regulatory status of the significant portion of the rent-regulated housing stock in any given year. Units enter, exit, or changed status within the regulatory system.

This report is our annual update of changes to the Stabilized Housing Stock in the city. These totals do not represent every unit that has been added or subtracted from the stabilized stock but rather those that have been recorded or registered by various city and state agencies. They represent a floor or a minimum count of the actual number of newly regulated and deregulated units in these years.

Since newly constructed or substantially rehabilitated units are exempt from rent regulation, increases to the regulated housing stock are often a result of owners placing these new units under stabilization in exchange for tax benefits.

Events that lead to the addition of Stabilized units include the following: The Section 420-a Tax Exemption Program, DJ-51 Property Tax Exemption and Abatement Program, Articles 11, 14, and 15 of the Private Housing Finance Law, PHFL, Mitchell-Lama buyouts, lofts converted to stabilized units, rent controlled apartments converted to rent stabilization, as well as other types of additions.

Tax exemption and abatement programs have a significant impact on the inventory of stabilized housing. Apartments newly created with the aid of these programs must typically remain rent-stabilized for the duration of their benefits. In 2020 an estimated total of 4,030 units were added to the stabilized stock through the 421-a program. 30 percent fewer than in the prior year. The largest proportion of units was in Brooklyn, with 54 percent, followed by the Bronx, 29 percent, Queens, 12 percent, and Manhattan, 5 percent. There were none added on Staten Island.

The legal median rent of currently registered rent-stabilized apartments receiving 421-a tax abatement in 2020 was $3,258. A four percent decline from the prior year. In 2020, 67 units were added to the stabilized stock through the J-51 program, down from 196 the prior year.

Other additions to the stabilized stock in 2020 include: 146 units that were decontrolled and became rent-stabilized, that was 60 percent fewer than the 361 units they controlled the prior year. 36 loft units entered the rent stabilization system compared to 22 in the prior year. However, no Mitchell-Lama units became rent-stabilized in 2020 compared to 353 in 2019. In addition, Articles 11, 14, and 15 did not add any units in 2020 compared to 2,164 in the prior year.

Summing up all these additions, 4,279 units were added to the rent-stabilized housing stock in 2020. 51 percent decline from the prior year. Of these initially registered rent-stabilized apartments, the median legal registered rent was $2,200, a 54 percent decline from the prior year.

By the way, this year's large decline in median rent followed last year's large increase in initial legal rent, which jumps 60 percent from the previous year. If you look at Appendix 3 of your report, it shows the median and average initial registered rent annually since 2015.

Examining the number of stabilized units added by borough, Brooklyn saw the most, adding 54 percent of the total, followed by the Bronx, 28 percent, Queens, 12 percent, and Manhattan, 7 percent. In addition, there were no units added on Staten Island.

Now we'll move on to the subtraction of units from rent stabilization. Deregulation of stabilized units occur because of statutory requirements or because of physical changes to residential dwellings.

Events that have led to the removal of stabilized units include: High rent, high income deregulation, high rent vacancy deregulation, co-op/condo conversions, the expiration of 421-a and J-51 benefits, substantial rehabilitation, conversion to commercial or professional status, as well other losses to the housing stock such as through demolitions, condemnation, and apartments that are merged.

With the passage of the Housing Stability and Tenant Protection Act 2019, which went into effect in June of that year, occupied apartments could no longer be deregulated. However, prior to that date, one type of deregulation that was allowed was high rent/high income deregulation. Based on HCR records, high rent high/income deregulation removed 47 apartments from rent regulation during the year leading up to HCR's annual registration date, which is April 1, 2020 in this case.

This encompasses deregulations that were filed between April 2019 and the effective date of the new rent law, June 14, 2019. By comparison,160 units were deregulated during the prior registration period. Of these units, 60 percent -- 62 percent were in Manhattan, 30 percent in Brooklyn, 9 percent in Queens. There were none of these units on Staten Island or the Bronx.

This graph shows the number of units each year that left the stabilized housing stock due to high rent/high income deregulation since 1994 when it was first permitted. Over this 27 year period, at least 6,662 units have been removed due to this type of deregulation.

The largest number of subtractions from the rent-stabilized stock were due to high rent vacancy deregulation, which as I discussed previously, are from HCR registrations filed between April 2019 and the date deregulation was no longer allowed, June 14, 2019. 2,216 units were deregulated in 2020 due to high rent vacancy deregulation compared to 7,878 in the prior period. Of these units, 46 percent were in Manhattan, 26 percent were in Brooklyn, 23 percent were in Queens, and 4 percent were in the Bronx, there were an additional ten units on Staten Island.

This graph shows the minimum number of units that have left the stabilized stock over the 20 -- past 27 years when state law first permitted deregulation of vacant units with high rents in 1994. It illustrates the increase that occurred in most years, up until 2009, the year the largest number of units left stabilization due to high rent vacancy deregulation. Since that peak, the number of deregulations has fluctuated a great deal and with 2,216 units removed in the most recent period, 2020, that was its lowest level since 1997. And collectively, over this period, at least a 170,386 units were registered with HCRs being deregulated due to high rent vacancy deregulation.

Apartments left rent stabilization for other reasons as well. A co-op/condo status conversions, which include both newly converted units, as well as rent-stabilized tenants vacating apartments in previously converted buildings, totaled 481 units in 2020, 20 percent fewer than the prior year. Expiration of 421-a benefits resulted in a total of 1,885 units removed from the stabilization system, more than twice as many that left in the prior year.

The expiration of J-51 benefits resulted in a total of 355 units removed, 16 percent fewer than the prior year. 175 units were removed from stabilization through substantial rehabilitation, a third fewer than the prior year. Two units were converted to non-residential use compared to 12 the prior year.

Finally, other losses to the stabilized housing stock, such as the merger of pre-existing units or through demolition resulted in 1,471 additional units leaving the stabilized housing stock up 42 percent from the prior year.

So summing up the subtractions, at least 6,632 units left stabilization in 2020, 41 percent fewer than the prior year. By borough, 60 percent of all units leaving stabilization were in Manhattan, followed by Brooklyn with 23 percent. Queens, 13 percent. The Bronx, 3 percent, and there were fewer than 1 percent of the units located on Staten Island.

This table, which is also in the report itself, shows the total number of additions and subtractions from all the programs in 2020. It includes 4,279 additions to the stabilized stock and 6,632 units removed from stabilization. The difference between the two results in an estimated net decrease to the stabilized housing stock of 2,353 units last year.

As shown in the previous slide, the study found an estimated loss of at least 2,353 units to the stabilized housing stock, great majority of additions to the stabilized stock were the results of four -- excuse me, 421-a tax incentive program representing 94 percent of the additions.

Meanwhile, high rent vacancy deregulation was the largest source of measured subtractions from the stabilized stock, accounting for a third of the total number of subtractions. The next largest reason for removal from stabilization was due to units departing from 421-a, accounting for 28 percent.

This graph shows the estimated annual change in the total number of rent-stabilized units since 2003, when the RGB first examined this data annually. Since 2003, except for two years, net losses have occurred each year with as many as 15,465 units recorded as loss in 2009.

Summing up the changes since 1994, the RGB has counted 168,656 additions to the stabilized stock and at least 316,321 apartments removed from the stabilized stock, resulting in New York City experiencing a cumulative net loss of at least 147,665 rent-stabilized housing units over the last 27 years.

Thank you.

I will now take any questions you may have.

MR. EHRLICH: Brian, I have a quick question. So if you say that the 2,353 units were basically -- were taken out of the rent-stabilized stock. What percentage is that?

MR. HOBERMAN: Well, we do this on an annual basis. It's -- the numbers, I mean, depending on if you base it on HCR registrations or you base it on the housing and vacancy survey, you know, we roughly say there's a million rent-stabilized units. So, you know, depends on which number you use. So we don't calculate a percentage change.

MR. EHRLICH: So it theoretically, it could be 1 percent or effectively it's a zero. And if you'll look at it, depends on how you massage the numbers, correct? I guess.

MR. HOBERMAN: Well, I mean, the numbers are there. It depends on how you're -- you know -- you know, people can use them for however they'd like.

MR. EHRLICH: Right. Okay. I just wanted to get that out there. Okay.

MR. HOBERMAN: Yeah, I mean, we -- you know, let me take off this top. Yeah. I mean, it's -- you know, we have in the archival numbers in the appendices if you want to get the nitty-gritty details of it going back to 1994. But, yeah, we do not include the -- we do not make any comparisons to the total universe in this report?

CHAIRMAN REISS: But, Robert, I'm just trying to understand your point. Are you saying that this year's -- that this year's loss is negligible. But you're making another claim about the cumulative loss?

MR. EHRLICH: No, I'm talking about this year's loss. It's a negligible loss. I mean, that's really what it is. And I think that we need to look at this year as this year. You know, we're looking at from 1994 to the present, which is 27 years. When we're dealing with this year, which is a unique year. There were lots of unique circumstances or unique things going on. You know, I'm just wondering why we're going back to 1994 as part of this analysis?

CHAIRMAN REISS: Brian, we go back to '94, for which reason? Is that just when we started collecting this data or --

MR. HOBERMAN: Yeah. I mean, we just -- this report has been -- we've been doing this report for the last 17 years and obviously, you know, the big -- the loss of units has gone down this year and will certainly even next to year because high rent/high income, and high rent vacancy deregulation are no longer allowed. So there may -- I mean, there's a question of whether we'll do this report in the future if the numbers are so diminished that it doesn't matter.

MR. SCHWARTZ: Yeah. When did the 2019 legislation, when did that take effect in terms of prohibiting high rent/high income, and high rents vacancy deregulation?

MR. EHRLICH: It was June of 2019.

MR. SCHWARTZ: So why would units have -- any units have been converted -- been exited rent regulation after then?

MR. HOBERMAN: Well, none were. As far as we know, none were. This report, maybe I should've made it more clear. The HCR numbers we get are based on the annual registration date which covers a 12 year period prior to April 1, 2020. So that included --

MS. SCHWARTZ: Okay. So it's really --

MR. HOBERMAN: -- April, May, June of 2019.

MR. SCHWARTZ: Okay. Got it.

MR. HOBERMAN: So that's why there was a drop-off from last year and they'll be -- it should be zero in those categories in -- one year from now in the next registration period.

MR. SCHWARTZ: Yeah. And I guess I'll ask a question, I guess inappropriately asked Danielle. And that is, is it possible to link units that -- and buildings that had major capital improvements and apartment improvements with those that exited rent regulation, rent stabilization through the vacancy decontrol [zoom inaudible] --

MR. HOBERMAN: Well, certainly --

MR. SCHWARTZ: -- over two years?

MR. HOBERMAN: I mean, we don't have that data in this report. I mean, typically, it's under, you know, owners when they could do high rent vacancy deregulation, they certainly could make, you know, apartment improvements and that would allow them to raise the rent above the threshold. So I don't have any numbers.

MR. SCHWARTZ: I guess I'm asking if it's possible to get that data. Because the reason I'm asking is the Rent stabilization Association made a claim, you know, that there was a drastic drop-off in applications for improvements and claimed that that's reflective of lower, you know, diminished conditions in rent-stabilized stock.

And I thought it'd be useful to know whether -- to what extent in the past these applications for major capital improvements and the like, were basically stepping stones, for deregulation as opposed to improvements in the rent-stabilized housing. And if we were able to look backwards, if we could link that data, I think could be informative.

MR. HOBERMAN: Well, I think we'll see going forward -- every year, I believe we ask in the Board's request to HCR for data, we asked them what -- I think, for the amount of the MCIs. I'm not sure if we do individual apartment improvements, but that's certainly something we can ask them about. We can compare it to prior years and look ahead and see how it changes. After the HSTPA.

MR. MCLAUGHLIN: Yeah. I don't -- yeah. To answer your question, Alex, HCR would have to do that analysis. They would have to take a look at the actual units that receive those MCI and see whether they are still rent regulated or not. So that's something they would have to do. We don't have the data to take a look at that.

MR. SCHWARTZ: Can we make a request for that?

MR. MCLAUGHLIN: Sure. Yeah. We can make a request for that. I'm not sure how far they can go back. But once the -- you know, once the unit is -- you know, they no longer have to register, so they'd have to go back to the -- to each individual year, see the ones that have left and then go through each record to see whether or not there was an MCI or even an IAI.

MR. SCHWARTZ: I see.

MR. MCLAUGHLIN: And --

MS. GARCIA: I think I've asked this question in the past. And if I remember correctly, my understanding is that current system doesn't actually allow them to do a lot of that cross-check piece, which is why we were, four years ago very excited to hear they were upgrading and then something happened with the person -- the people they were upgrading their systems with and now the pandemic. Just doesn't look like we're going to be able to ask them for data that looks at -- like, compares different things because their system is like really, really old and doesn't allow them to do a lot of things.

MR. HOBERMAN: I mean, regarding MCIs, owners have to apply for that to get a rent increase. However, with IAIs they don't have to normally do that, so I'm not sure if they track it unless there's a complaint from a tenant and then it shows up in an overcharge, for example.

MR. EHRLICH: And mind you, IAIs are capped now. As of 2019, they're capped at 15,000 per apartment which is $83 increase. So a lot of times there's lack of incentive for an owner to even do improvements on an apartment where a tenant vacated after 40 years. You know, whether the apartment needs substantial rehab, renovation, whatever it might be, there was an incentive in the past, now there is none.

CHAIRMAN REISS: More questions for Brian?

(No response.)

CHAIRMAN REISS: Okay. Hearing none. Andrew, I'm trying to decide whether we should talk about the memo or should we take a -- it's kind of early why don't we take a -- should we do the memo first? How long do you think that presentation will go?

MR. MCLAUGHLIN: Three to four hours. No. We have it slated for about 25 minutes. It's up to you whether you want to take the break now or I guess you could take it after.

CHAIRMAN MR. REISS: Unless I hear otherwise, I say let's do this presentation then we'll take a break afterwards?

(No response.)

CHAIRMAN REISS: Okay. All right. So Andrew, let's proceed then.

MR. MCLAUGHLIN: Okay. I'm going to make this presentation. Bear with me as I -- can everyone see the slide?

CHAIRMAN MR. REISS: Yes.

MR. MCLAUGHLIN: Okay. So I've been involved with the price index for many, many years. And -- going back to the '90s. And we've taken a look this year at what an impact of recession would have on the price index. We noticed in going into the past, because it's a price index, sort of a combination of a price index, and we also measure costs as well. Costs are reflective of a recession because we're actually capturing costs that owners will have in particular a year, 12 month period. Prices however, don't measure quantity.

So we wanted to see in years where there were recessions, whether or not the items in the price index that are measured by price change would be impacted by a recession. So the costs that we -- that are in the price index that we actually take a look at the costs, the ones that are costs are insurance and taxes. We actually gathered tax data and insurance costs. So that's absolute costs. So that's not going to be, you know, something that we're going to look at here.

But we'll look -- as I go through the presentation, we'll look at the other components that are in the price index, the other five components and see -- and show us our analysis. But that's where the reason for the inception of this paper.

And we worked with Dr. James Hudson who's been working on the pricing index even before I did. So he has a very long history of working with this particular study. So that's why, at the end of the day, Jim wrote up this particular paper. Which will be available to the public after -- will have this on our website going forward after this meeting.

So staff basically has two sources -- see here -- has two sources of expense data that we use. We use RPIE filings from the Department of Finance, but they have a lag time of over one year. So we also -- we present the more timely price index of operating costs, which PIOC, which a hybrid of price index and costs index. With prices collected for most categories and for selected categories such as taxes and insurance again, costs aren't collected.

The benefits of the price index, so that the data can be collected quickly, it's easier to collect than expenditure data, and if the average quantities of purchased items don't change from year to year, it will accurately measure the change in costs. The con of the pricing index does not account for possible changes in expenditure patterns during times of economic insecurity and what were really defining as economic insecurity periods for years of recession.

So we started this again with

this hypothesis. In times a recession such as in the year that we're currently in, its been designated as a recession, will owners reduce the quantities they buy in discretionary areas? This hypothesis takes into account that some categories of the price index, such as taxes and insurance, already measure expenditures and therefore do reflect economic uncertainty during recession. It also assumes that some categories of the price index are not discretionary.

That is, building owners are unlikely to be able to change the quantities they purchase during relatively short periods of that economic uncertainty. And what we -- our assumption was that this would be fuel, which is primarily used for heating, and quantity is more based on weather than it is on any sort of economic distress or a period of economic downturn. Utilities and other administrative costs, primarily accountant and attorney fees.

So after eliminating the items where the PIOC measures expenditures and the ones that are less likely to be discretionary, the hypothesis is that building owners may reduce expenditures in the following PIOC categories when they are faced with economic uncertainty.

Labor, where there might be a change in the number of staff or their hours during the recessions and the maintenance component, where owners can defer maintenance such as painting or building repairs or the amount of supplies that they purchased.

The analysis must also define the periods of recession. So during this time period when we collect -- started collecting data that we -- good data from RPIE, which is the base year of 1990. And we go through the year 2019 because the most recent set of RPIE data.

So during that period of time, the first recession period would be the Q3 or the third quarter in 1990 through the first quarter of 1991, calendar year 2001, and the fourth quarter of 2007 through the second quarter of 2009, which we all referred to as the Great Recession. So therefore, the analysis in these years that will be what we consider to be recession years will be 1990 and '91, 2001, 2007, 2008 and 2009. So if there was a quarter that was in that particular year where considering that a recession year.

So before I go specific data aspects of this particular paper, I'd like to first provide some insight in some of the issues pertaining to the data quality. We recognize those and we wanted to be up front about that. The data that comes from samples of owners and vendors, the methods used in both the I&E and the PIOC have improved overtime, which means that the older data are likely the be less accurate than the more recent years. In addition, the analysis years do not match up perfectly, meaning that the price index is a 12 month period from April to March where the I&E is calendar year.

Since the data were limited, very simple analytical methods were used. Data quality did not support more advanced methods. Therefore, this analysis only provides a limited estimate of the effect of recessions. So there is no calculation or statistical significance.

So as previously noted, labor is one of the areas identified as being potentially discretionary. The first step was to convert all cost from the RPIE filings into constant dollar amounts. In this case, 2020 dollars. So PIOC pricing increases for labor were used to convert the annual RPIE expenditures in each year into constant dollar expenditures. So when we're trying to take a year from 2019 and you want to compare it to past years, you want to adjust for inflation in order to get a true representation of those costs. And that's what we did.

So overall, the constant dollar labor costs was a $157.49 per unit in 1990 and that dropped to $116.56 in 2019. For labor the average changed per year for your in constant dollar labor costs was a decline of $0.96 in non recession years and in the recession years a decline of $2.93. So if you extrapolate inflation adjusted L&I labor costs from 2019, the most recent data to 2020 the expected change in costs would be about 1.7 percent lower in a recession year than a non recession year.

So this graph shows the year-to-year changes in constant dollar labor expenditures from 1991 through 2019. Here the recession years are shown in red. So as you can see, each one of the recession years has a drop in costs which would indicate that in those particular recession years there was more of a decline, which we said was a little over $2, almost close to $3 actually and in the other years it was under a dollar over time.

We did the same type of analysis of the maintenance relative in the price index. So once again, we converted costs to constant 2020 dollars. Overall, the constant dollar maintenance was a 192.60 per unit in 1990 and $192.21 in 2019. So the average change per year in constant dollar for maintenance costs saw an increase of a $1.82 in non recession years and a decline of $5.89 in recession years. And if you extrapolate the inflation adjusted I&E maintenance cost from 2019 to 2020, the expected changes of cost would be four percentage lower in a recession year than a non recession year.

And here are all the different years, adjustment of maintenance in that component. So as you can see, other than 2001, there was a rise in maintenance expenditure change, a decline in all the other years.

So to sum up, we used the results

of the analysis to labor and maintenance cost in recession years to calculate a recession sensitive price index. That is how, with the overall PIOC change, that there really was 1.7 percent drop in the amount of labor purchased and a 4 percent drop in the amount of maintenance purchased.

For taxes, insurance, and management fees, we assumed the price index covers actual changes in expenditures. Those are the cost part of the PIOC where we measure costs. For the other components and items, fuel, utilities, administration, we assume no change in quantity in items purchased. Which is the standard assumption when you're doing the price index normally.

Labor prices increased by 2.8 percent, this past -- in this most current price index. But if we combine that with the 1.7 percent drop in quantity, the effective labor change would be an increase of just 1.1 percent. Similarly, if you took the maintenance price increase by 2.9 percent but combined it with a 4 percent drop in quantity, the effect of maintenance change is a decrease of 1.2 percent.

This leads to a recession price

index of 2.1 percent rather than the calculated value in our 2020 price index of 3 percent. And once the 2020 I&E data becomes available in the summer of 2021 it may be possible start confirming these results. Given the data of limitations, these findings are best preliminary. There's no measure of statistical significance, but there does appear likely to be a drop in owner expenditures in these categories of purchases during recessions.

However, I would caution you that the current recession was brought on by the pandemic which is unique compared to other recessions. So therefore, we're making assumptions in this [zoom inaudible] regarding the decline in maintenance labor expense may not be similar to pass recessions. And I simply say that because we're not sure the impact, and particularly on maintenance, what the pandemic required owners to pay for that were directly related to the pandemic. Which is unusual in a regular recession. So just bear that in mind.

So there -- this all really came -- and part of this analysis came from where for years, the price index and the I&E data went hand-in-hand for a long time in the amount of percentage in the rise and expense for owners over a long period of time when we first got the RPIE data in 1990. And when the Great Recession hit, the price index was -- measuring price and not really accounting for quantity. And that was a long recession. So we came out of that in those years of the price index and measure rising costs, the I&E measured flat costs one year and a decline in costs in another.

So it's just something that because the I&E data lacks -- lags a year from the price index, I think it's important for the Board to recognize that if we're looking at past price index and looking at in the past the RPIE data, that there can be some adjustment because we may not be measuring quantity when it comes to just the prices we collect. So that is really the impetus for this paper.

So that's my presentation and if you have any questions, I'm certainly glad to answer them.

MR. EHRLICH: Andrew, I appreciate your acknowledgment at the end that this recession being COVID-based, is totally different from anything we've ever seen. The one thing I do want to point out is, you know, with the -- you know, with the shelter at home and people staying at home, there's added stress that's put on individual buildings, whether it's pipes, boilers, usage of the individual apartments, which it's more labor costs, more fixing, more repairs in addition to whatever cleaning needed to be done. I mean, all these things need to be taken into account. I know it's not part of the report and I get that, but it's just something that the rest of the members needs to think about. Costs have gone up, labor costs have gone up, cleaning, whatever it might be. I mean it's there.

MR. MCLAUGHLIN: And I totally respect where you're coming from, Robert, because this paper, it's not about timing. I'm not -- you know, this is something I think that the Board just should know in general and I don't want to make sound like this present -- this paper was in the works for a couple of years to think about and doing. It just happens to fall in this particular year.

And I think there are things going on in the pandemic that are not part of a normal recession and I think that will play out in the RPIE data that we receive for calendar year 2020. We might find that costs indeed went up. And so I do want to put that word of caution in here. But in general, I think when, if it's, "a normal recession" and then the length of time that recession happens and overtime, if there is a prolonged recession that that's something the Board should bear in mind that that's what's happening. But it is a unique year and I understand that argument.

CHAIRMAN REISS: Andrew, just to be clear. I think you said this, but we will evaluate whether this is accurate by comparing what next year? Like, how will we do -- how we come back and evaluate this report?

MR. MCLAUGHLIN: Right. So if every time the RPIE data is released and we calculate the increase and expense, we're essentially seeing whether the price index was correct or not. And we're doing the same thing again, it's no different. We're just saying that, you know, the data from calendar year 2020, which will be in the RPIE we'll see how well we did with our price index and whether it measured -- accurately measured those costs.

There is, you know, the PIOC now measures a 3 percent increase in expense for 2020. We'll see whether that was the increase in expense with the RPIE data next year and we'll see how well we did. We maybe end up being right because it is a pandemic kind of thing that's going on. But, you know, we may find that, you know, the corrections that were made may end up being then it was rise. Even with this adjustment, we're still saying expenses are going to arise 2.1 percent rather than the 3 percent. So we're still acknowledging a rise in expenses, but it wouldn't be as much as what, you know, if you make these adjustments as much as, you know, as the 3 percent.

CHAIRMAN REISS: And Andrew, over the long-term, the variation between the RPIE data and the PIOC has been within what range?

MR. MCLAUGHLIN: Well, they were really close up until 2008, and the Great Recession happened. I mean, it's in the IME report. But if you take out those recession years of 2009, 2010, they get much closer again. They're within I think, two or three percentage points of each other. But that recession -- and then, you know, as you take, you know, growth of expenses overtime, it's accumulating on top of that increase. So, you know, over time, once that increase is in there, you're doing all other increases based on those past increases so it's, you know, keeping inflating it going forward. Most of the errors made in the -- sort of in the past will accumulate over time --

MR. GONZALES-RIVERA: I want to ask a quick question if that's okay? I actually wanted to ask it of Robert. Robert, can you detail a little bit what costs you think increased during the pandemic? I mean, it's like I'm imagining that you're referring to, you know, increased cleaning solvents. I also wonder, I mean, it's like are landlords hiring more people to do this cleaning? I mean, it's like -- can you detail a little bit? I mean, what those --

MR. EHRLICH: Well, it's hiring more people. I know that Andrew had mentioned that insurance really doesn't -- insurance and taxes is really not part of this, but insurance costs have gone up because there's additional liability due to COVID. But people are working from home. So you have people working, homeschooling so the additional wear and tear on this specific unit, you know, whereas it may have been one years worth of wear and tear, that one year has probably doubled to two years within the one-year time frame. You know, they're using pipes, they're using the boiler that much more. They're -- you know, whether it's the plumbing, whatever it might be, but all those costs add up. And by those costs adding -- by those repairs adding up, you need to hire people to fix those. So all that adds up.

MR. GONZALEZ-RIVERA: Have you seen any data that shows that, I mean, there are increased calls to the plumber, increased calls to boiler repair people, I mean, it's like that there are these kinds of increased costs?

MR. EHRLICH: I have not seen actual data, but what I've seen is -- listen, I'm a landlord/tenant litigation attorney. So I've seen what's called HP actions. I've seen all day long, because tenants are complaining about additional repairs and things that needs to be done in their apartment. So I see that.

As far as specific data, I don't have specific data outlining the numbers. I'm not an economist. I don't pull that stuff together. I deal with, you know, unit owners. I deal with multi-family building owners. I deal with, you know, landlords, management companies, people that -- they sit all day long, you know, I've got my guys on. Even during the pandemic when everyone was staying at home, these guys were out there doing it. Because they needed to do it.

MR. GONZALEZ-RIVERA: That's what I'm trying sort of get at. I mean, is it like the same building maintenance -- I mean the same labor cost. I mean, it's like being the same number of workers are just working more?

MR. EHRLICH: No. You had to bring in extra. You are bringing in extra. People weren't getting days off per se. You know, I mean, I don't know what the labor laws are in that boat, but people were working harder. You know, cleaning elevators, cleaning hallways, making sure everything's sanitary. If you did a once a week or once every other day or whatever it might be, it's being done every day. You know, sanitation was that much more. You know, it's just the cleanliness aspect and add to the top of that, the additional repair issues.

MR. GONZALEZ-RIVERA: Okay.

MS. DEROSE: Let me add to that, Christian. I know from the testimony we heard last year, another added cost that landlords brought up was the water bill because people are home all day. And just from my own personal experience, I have an unusual situation with my landlord where I pay the water bill, which is typically, I know, paid by landlords but, you know, our water bill skyrocketed because we were home all day, all the time. So that is one cost that I do remember landlords mentioning last year was the water bill, because that is a cost of the landlord do pay, typically.

MR. GONZALEZ-RIVERA: Thanks Christina and Robert.

MS. GARCIA: And I think we -- can I -- I would like to respond to, like, increase of HP because I feel like there is a reason why HPs upticked, right? Like people were home and couldn't live with leaks and mold and the front doors that don't lock and intercom that don't work. And so, you know, from a organizing perspective and folks who are supporting tenants through this, millions of people who are staying home and have to shelter in place with not having basic services was really an important.

And so I think that from the tenant movement, we actively -- and I think I would say, are proud of the fact that we were able to support so many tenants to make sure that they didn't live in horrendous conditions throughout the pandemic when we were asking them to shelter in place.

And as far as like the costs that landlords have seen, we'll see that in data next year if there is a true uptick. And so I feel like we are seeing the data -- like the data that's presented by Andrew now and making assumptions about what that means in a year, like this year. And I think that the whole preface of that presentation was, like, we want to be looking at these years so that we keep that in mind for future decisions.

This Board is not known to be looking back and say, Hey, we went up to high on the rent, let's go back next year because maybe we did something off or maybe the data's proved something. So I would also use the same caution that we're using on what we think the projected costs for landlords are, also what the projected costs for tenants, and make sure that we're balancing out that scale because we're not just here to look at what landlords expenses changes might've been or not only.

CHAIRMAN REISS: Other questions for Andrew?

(No response.)

CHAIRMAN REISS: I see that Matt Murphy has joined us. Matt, we were going to take a five-minute break before we came to your presentation. So sorry Matthew. We'll push you back about five minutes. Is that okay?

MR. MURPHY: Absolutely. Yeah.

CHAIRMAN REISS: Okay. All right. So why don't we reconvene at 10:50 everybody?

MR. HOBERMAN: Yeah. Just a

reminder, please turn off your video and audio during the break.

(Short Recess Taken.)

CHAIRMAN REISS: If people could turn on their cameras so we can know that we can reconvene. That'd be great.

MR SCHWARTZ: I have to switch to another computer. I'll be right back.

CHAIRMAN REISS: Okay. If you can -- if you're not turning your camera on, if you can just say your here, that'd be great too.

MS DEROSE: I'm back, David.

CHAIRMAN REISS: Great, thanks, Christina.

MS GARCIA: I'm back as well.

CHAIRMAN REISS: Hey, Sheila.

MR. MURPHY: And I'm here too, David.

CHAIRMAN REISS: All right. Hey there.

MS. JOZA: I'm here.

CHAIRMAN REISS: Hey, Cecilia. Hey Leah. Okay. I think we're good. I think Alex is switching to his other computer.

MR MCLAUGHLIN: David, before you announce, Matt, he sent his presentation and so I had forwarded to board members. So if they want to follow along, but that -- it's primarily slides. So you can watch it on the screen.

CHAIRMAN REISS: So Matt, are you planning on sharing the screen or no?

MR MURPHY: If I can. Yeah, I am. Is that okay?

CHAIRMAN REISS: I think so. Brian, is that --

MR. HOBERMAN: Sure. No, of course we can do that.

MR MURPHY: Okay.

CHAIRMAN REISS: Okay. So Andrew, does -- will he be able to control it or will somebody on the staff have to control it?

MR MCLAUGHLIN: No. He should -- he'll be able to control it.

CHAIRMAN REISS: Okay. All right. I think we're here. So just to say a warm welcome to Matt Murphy, who's the Executive Director of the NYU Furman Center. I think many of us rely on Furman Center research for those of us who study housing, it's a, you know, a key resource. So we're grateful for you spending time with us and sharing some of your research findings with us.

MR MURPHY: Happy to be here and thank you for having me. Terrific. So I'm going to go ahead and share my screen.

MR MCLAUGHLIN: And I misspoke a little bit earlier, his testimony, there is text to it. So if you open the word document, you can follow along if you want. On your end.

CHAIRMAN REISS: Matt, are you comfortable with questions during or would you prefer them to come afterwards?

MR MURPHY: If you want to go during that's -- yeah, that's should be -- that should be totally fine.

CHAIRMAN REISS: Okay.

MR MURPHY: All right. Here we go. Okay. Did that --

CHAIRMAN REISS: We see it.

MR MURPHY: -- work? Okay. And that, and then -- okay. All right. Great. So I will go ahead and get started and yes, please feel free to interrupt me and ask questions. So good morning.

My name is Matt Murphy and I serve as the Executive Director of NYU Furman Center. We are a joint research center between the Wagner School of Public Service and the NYU School of Law in New York University. Thank you for the opportunity to testify at this public hearing.

Each spring, we at the Furman Center release a report titled "State of New York City's Housing and Neighborhoods." This report provides data on each New York city community district, the city as a whole, as well as a focus on a special topic. In this year's special topic we focused on rent payment patterns during the pandemic.

As you guys discussed earlier and you know, It's well-documented that much of the data, real estate and housing policymakers have come to rely on, lag market conditions. Unlike household mortgage payments, there is no uniform reporting and tracking of rental payments. The board and staff face this issue in examining real property income and expense filing data, American

Community Survey Data, and the city's Housing and Vacancy Survey.

We also experienced this issue in our work. For example, when the pandemic began, many non-profit and advocacy organizations asked research organizations like ours to infer the change in rent payments given the impact of the pandemic on New York City's working households and then predict the potential magnitude of evictions and housing instability.

To do this, we relied on Unemployment Insurance Claims Data, as well as American Community Survey Data, which was the five-year average data from 2014 to 2018. We used micro data to estimate the total rental assistance potentially needed for New York city's renters given the crisis of this economic impact.

Similarly, our partners at the Urban Institute combined data from Bureau of Labor Statistics as well as the ACS to simulate the impact of job loss on renter households by industry and estimate the amount that would be necessary to return all renter households to pre pandemic rent to income ratios. While helpful for contextualizing the public debate around anticipated issues from the pandemic, these quasi predictive models both relied on outdated housing and labor information and also provided no insight into actual accumulating arrears, which is what our interest is.

Another approach to gain real-time insight into rental payment patterns during COVID has been to survey property owners. For example, a July 2020, survey of the National Association of Hispanic Real Estate Professionals found that close to 60 percent of respondents saw rent collections drop compared to the previous quarter.

Additionally, based on a survey of about 40,000 of its members units, Community Housing Improvement Program or CHIP, estimated about $1.1 billion in rental arrears, including an average rent balance of about $6,000 per behind household.

But those who respond to surveys typically provide estimates on overall trends in their portfolios and not the underlying unit level data itself. Additionally, information provided by the US Census, like the [zoom inaudible] survey, become less effective when trimming down the particular geographies given issues with sample sizes.

Finally, where there are real-time data and they're based on apartment listings and leasing data, mostly made available by real estate brokers. While these data are helpful to gain insights into market rate housing patterns, it is of more limited value in trying to understand accumulating arrears and the subsequent impact on building rent rolls, especially for New York City's low-income renters.

So I say all this to explain where we come in. Given these barriers, we worked this past year to provide additional information by partnering directly with building owners of mixed income affordable housing in New York city to provide unit level rent ledger or rent roll, I'll refer to as well, data and the patterns within them. I will know upfront that this is just a sub-part of New York city's complex housing market, as your well aware. There are many types of housing and we looked at specifically this one.

That said, we analyzed rent ledger data on over 13,000 rental units in properties that are predominantly located in the South Bronx and North Brooklyn. The median rent of these units as of February 2021 was $1,347 a month, very similar to the median rent of rent-stabilized housing. I will also caution that because of the diversity of New York City's housing stock, we do not consider these findings generalizable to all properties.

As mentioned, these are mostly income restricted units and are generally larger buildings. Additionally, unlike the HVS, is not a random sample of units. Finally, we do not have operating cost data, which I heard the Board talking about earlier. We only see the revenue side. As such, we have no insight into any compensating factors that could come from the operating side of these properties.

So with all that said, it is incredibly unique insight into COVID period rental payment patterns, especially for low-income and regulated renters which is of what our interest is. So I will now go through our findings. Again, please feel free to stop me at any time.

First, I'm going to summarize the impact we see on households. Again, these are all renter households, mostly income restricted, almost all rent-stabilized and then I will talk about the property side as well.

Okay. So what we're looking at here on this first chart is -- the blue line shows the payment rate -- the monthly payment rate of -- during the first year of COVID. So we're looking at March 2020 to February 2021 and comparing it to the year prior. So the data we have goes back to January of 2019.

And so we find that monthly payment rates were lower after the start of the COVID crisis than they were before. This is obviously much talked about a lot of anecdotal information about this, we all kind of knew that this would happen, and we have some evidence into the magnitude at least for this portfolio -- or these are several portfolios, but for this sample of properties.

So the average monthly payment rate in the first year of the pandemic was 94.7

percent, almost four percentage points lower than the prior year average of 98.1 percent. Payment rates were particularly low in April of 2020, just after the beginning of the crisis, as well as in August 2020 after the extended federal employment benefits expired in July.

I'll just note that, you know, any payment rate below 100 percent means people are getting behind or staying behind month by month. So what we see in this difference is some description of the extent of that.

CHAIRMAN REISS: Matt, when you say they're getting behind or staying behind, so if I missed one month's rent, but I paid my second month's rent, would that show up in the second month as well, the missed first month?

MR MURPHY: You would be charged your two months of rent there. And if you paid one month, then we would be showing the amount that basically you paid off. So you still wouldn't be at, you know, 100 percent.

CHAIRMAN REISS: Got it.

MR SCHWARTZ: One other quick question, Matt, in terms of vacancies when units --

rent's not paid because of vacancies, is that controlled for in here?

MR MURPHY: Yes. So we did control for that. We have -- in our full report, I didn't actually bring it to the Board today. But the vacancy rate for this portfolio is about 2 percent to begin with, much lower than the typical vacancy rate, but around the rate you see for, you know, lower cost units. We saw some evidence that the vacancy rate increased from about 2 percent to about -- or 2.1 percent to about 2.4 percent. But for the most part we are -- we're really looking at the effect on households -- and which is a difference too between what some of what we're doing and like, for example, the CHIP Survey, which I understand as showing, you know, the uncollected rent including vacancies as well.

CHAIRMAN REISS: Matt, just one more clarifying question.

MR. MURPHY: Okay.

CHAIRMAN REISS: So when we're looking at the pre COVID line, whenever the dot is on 100 percent it means that effectively people have kind of caught up in all their rent arrears.

So, like, October of 2019, that shows effectively no rent arrears. Is that a right reading of the chart?

MR MURPHY: Essentially. It basically means that of the -- yeah. Like of the total amount charged for that month, here's the percentage that was paid. So but we -- you could though. Like, one of the things that we find a lot when we look at rental payments over the course of the year, is the reflection of income volatility as well as seasonal trends in rent payments.

So if you look here in May and March, you actually see payment rates above 100 percent. This is a reflection of people kind of catching up, especially around tax refund time as the theory. You also see people kind of falling behind in November and, you know, the theory here that we hear from a lot of our tenant advocacy partners is, you know, people kind of falling behind when the holiday seasons are coming around. They typically catch backup in January, February, March, you know, and then tax refund time as well. But yeah, you are seeing some -- when you see above 100 percent, you're seeing some evidence of people kind of catching backup.

CHAIRMAN REISS: Thanks.

MR MURPHY: But the magnitude of the difference here, you know, is what we're kind of looking at broadly, which is answering this question of, like, do we see something, you know -- I don't want to say post COVID but after COVID began, compared to the prior year? And that's what we're -- that's what we do see here.

So I'll go to the next chart which is where we looked at the pattern of rental arrears across the entire portfolio. So we did see that rental arrears were increasing moderately before COVID-19, but then they more than doubled between February 2020 and February of 2021. So in the first year of the pandemic, so March 2020 to February 2021, the total accumulated rental arrears owed by tenants of all these properties increased by about a 108 percent.

Rental arrears had increased during the private year -- prior year too, but at a lower rate of 43 percent. Focusing on the pandemic period, total rental arrears increased most dramatically immediately after the economic shutdown in April and May of 2020, as well as after the expiration of expanded federal unemployment benefits in August. So again, this is an aggregate across the whole portfolio. The blue line is March 2020 to 2021. The gray line is the year before that.

MS. DEROSE: Can I ask a question here? Have you compared this to any other years where we have recessions or similar economic situations in the country or this is just like a snapshot only of 2020 and 2021? Because I feel like -- to me, I would like to have some perspective on, like, what happens on a year, whether it's some other -- I know COVID is unprecedented and is unique in itself. But can you share what your thoughts on -- or did you guys look at other years?

MR MURPHY: Yeah. So the only data that we had was 2019 and -- January of 2019 to February of 2021. So it's a good question. Well, how does this compare to other recession? But we don't have this granular level of data for, you know, the last recession for comparison.

All right. So I will now move on.

Oops. I went the wrong way. Okay. So we next -- so that was an aggregate. So we next looked at the dollar amount owed by households with renters. So these are again, only for the households at actually have arrears. Most households do not have arrears in this sample. But -- or, sorry, I should say, about 50 percent of households have arrears in this sample, but that ranges from $0.01 in this sample to tens of thousands of dollars. So we're looking now at the dollar amount owned by households with any arrears. Okay.

So what we found for this kind of subset of households is that the average rental that -- which is a term I'm using here, just the amount that's owed by these households increased by about 66 percent between February 2020 and 2021. So while the increase in the share of households with rental debt increased by five percentage points in the first year of COVID-19 compared to the prior year, this is something we had -- we found in our work, the average rent owed by those households increased much more dramatically. Between February 2020 and the following year, average rental debt among those who owed any rent increased by 66 percent from $2,073 to $3,435. In contrast, between February 19 in 2020, the average rental debt increased at a much lower rate of 25 percent.

MR. MCLAUGHLIN: Hey Matt?

MR. MURPHY: Yes.

MR. MCLAUGHLIN: A quick question. Did you take a look at the median rent owed?

MR. MURPHY: Yes, we did. And they traveled in the same direction. The median -- the median owed was -- there's some skewing, but it's just slightly lower than the average amount owed for all of these -- for all of these years.

Oops. Okay. So I'm next going to show -- sorry. I'm like, touching up and down buttons a lot. So -- so we next looked at the kind of percentage of households that owed more than $3,000. So an important threshold for eviction risk as we've come to understand, is that eviction filings typically happened when households owe somewhere between two months rent, two-and-a-half months rent to three months rent. It's typically around two months rent.

In this sample, this was about $3,000 owed. And so what we found when we looked at just households that owed more than $3,000, was that the share of tenant households who owed more than $3,000 rose to 15.8 percent in February of 2021, which was six percentage points higher than in February 2020. So this is a pretty significant change, right? This is a pretty significant growth because these are really the households, I think, where you have the most eviction risk going forward, especially.

So we also looked at the amount owed by this subset of households. So just the households that owed more than $3,000 in rent. And on average, these households owed about $10,154 in total. So this is really, like, an extreme deepening of that. That is pretty troubling both on the landlord side and tenant side, of course. And so the deepening of this debt particularly accelerated between March and May of 2020 when the economic shutdown first went into effect.

Okay. I will now move on. So I'm now going through some of the effects we see at the property level. And I showed some on the portfolio, but we're going to to talk a little bit about, you know, kind of look at -- especially how payment rates and balances changed within properties. So we have about a 150 property -- individual properties in this sample that make up the 13,000 units.

So the distribution of property's rental payment rates in the year prior to and during the crisis exhibits a clear left-ward shift as a larger number of properties experiencing -- experienced lower payment rates. So the median property's payment rate, dropped by about 4.3 percentage points between the year proceeding pandemic and the first year of the shutdown. So I'm just going to show, on the slides here, how that's distribution changed.

So we see the 4.3 percentage point drop. Similar concerning during the first year of COVID, the share of properties with payments below 95 percent, which as you know, is a typical standard for multi-family affordable housing underwriting, increased from 23 percent prior to the crisis, to 59 percent. The share of properties with very low payment rates, which we classified as below 90 percent, tripled, increasing from 7.8 percent to 21.1 percent.

Between the pre-COVID year and the first year of COVID, about 77 percent of properties saw a decline in payment rates. Even prior to COVID however, there was a notable amount of variation in property level rental payment rates. So basically, the point here is -- I'm just going to to go to the prior year.

Properties, as you know, are not homogeneous. And we see, you know, a lot of variation across the whole stock. So this again is the year prior to COVID. And what we see is that the monthly rent paid averaged around 98 percent. And the media -- oh, I'm sorry, the median was around 98 percent. And the mode or the most amount of properties were really kind of hovering around 100 percent or one.

But the shift in the distribution that we see -- we see these properties moving to the left. The median moved, right, so we dropped from 98 percent to 94 percent. But you also see a change in the distribution of properties in that there are some properties, as I mentioned, that are, you know, we're seeing below 90 percent payment rates. That's a really significant drop. And again, it means that some properties might be okay, depending on whatever conditions happen at that property. Other properties might be really far behind. And we see this obviously within this, you know, relatively small portfolio of properties. But this is something that might be kind of more generalizable as you guys know, is that the housing stock is going to have a diversity of issues to it.

Okay. So I'm going [zoom inaudible). So finally -- this is the last slide, we looked at properties, average unit rental balances. So the average amount owed per unit, which provides insight into how lower payment rates affect owner residential rent revenue at the property level.

What we found is that between February 2020 and 2021, 93 percent of properties experienced an increase in average rental balance per occupied unit. Meaning that almost all properties saw an increase in this rental balance. It wasn't that these averages are driven by, you know, a few outliers, it's that you mostly saw this distribution across the board.

In almost all the properties in our sample, the average household balance increased over the course of the first year of the crisis. For the 7 percent of properties with a drop in average unit balance, the decline was comparatively small.

As I mentioned before, there's a great deal of variation among properties. The average increase in household balances for the 25 percent of properties with the smallest increases, so basically the 25 percent of properties kind of hovering around here, was only $90 per unit. But for the 25 of properties with the largest increases, that was about $1,967 per unit. So like $2,000 per unit.

So again, when we looked at these in quartiles, we found that there are just some properties where, you know, more tenants are more behind. The distribution of change in average household balances has a long right tail with three outlined properties that saw average balances increased by more than $3,500 between February 2020 and 2021.

So I will conclude here. As I said at the beginning, this is a sub-portion of the housing stock and is not a random sample. That being said, we see evidence of accumulating arrears after the pandemic begin. We also see that building owners are experiencing loss rental revenue. We look to build on this years work going forward to gain insight going -- to gain insight, with the hope that we can inform the Board next year with more unique information like this.

Thank you for your time, questions, and consideration. I'll be happy to answer any questions about these data or other trends we are seeing through our work.

MR. EHRLICH: Matt, I have a question for you. In compiling the data, you were talking about eviction risk and whatnot. Did you take into account the state of the Housing Court or lack thereof because there were stays in a fact when contemplating -- when doing your numbers, when doing your graphs and putting that all together?

MR. MURPHY: Yeah. That's a great question. I would say in this focus chapter we didn't try to assess what the actual risk was for households. And I do think and I'd be curious what you think, but this kind of two, two-and-a-half month proxy, I think that that is potentially going to change over time.

We found that of the -- actually -- I actually have -- I can just show -- I have an extra -- I have a secret slide here. This is the -- this is just the actual private eviction filing. So this is when we take NYCHA out. Comparing '17 to '18, '19, 2020, and 2021. So we know that every year this -- the amount of eviction filings has fallen. We know that around HSTPA passage, eviction filings dipped, which is red here, and then kind of recovered to previous levels. And then of course we see when the Housing Court did shut down.

Now, there are no filings at all in that time. There were filings that kind of picked back up -- sorry in July, August, September, October. When we looked at the amount sought in these cases, it was significantly higher than the amount sought in prior years. It was more like three, four months rent. You saw some evidence that it then dipped back down to prior levels, again, that kind of two-and-a-half month threshold. And I can share with the Board this chart, the amount saw chart.

But I do think that that shows some evidence that, at least during the pandemic period, the filings that did happen were at higher amounts sought, meaning more people were behind, Landlords were maybe changing their kind of threshold for when they took people to Housing Court, could have been a shift in the type -- in the distribution of types of cases that were filed. But I just mentioned all this to say, that's the closest information we have to, like, showing something about when people kind of experience an eviction filing and what amount is owed.

I don't think that we -- we used 3,000 kind of as a proxy to kind of, you know, just set a threshold instead of trying to say the threshold might have changed in the following year. But I would be curious what you think if that might change over time or, you know, might go back to where we were before.

MR. EHRLICH: Well, no. It's just as a follow-up. It's because, you know, as you may know, the federal government allotted $2.3 billion to New York State to bail out tenants' arrears for certain time periods. Whereas, you know, that money is -- theoretically if you comport to whatever the guidelines are, there are certain restrictions and covenants that go with that. You know, so, you know, that kind of comes into play also.

MR. MURPHY: Yeah.

MR. EHRLICH: You know?

MR. MURPHY: Yeah. Absolutely. And this is something that's very interesting about this kind of going forward, we have through February 2021, ideally, we stay with this data and can see what percentage of households that were this far behind did access that federal assistance?

MR. EHRLICH: Right.

MR. MURPHY: Because I think the concern here that we're trying to highlight is this extreme deepening of that. I didn't show it here, but we have another slide that shows the growth in the number of household that owed more than $10,000 in rent. And it basically went from about 200 households in this sample to about 600. So again, it's, like, kind of a relatively small to begin with because only in ex -- you know, like, that's an example of maybe something that's unique to this portfolio is how many landlords are going to wait until, you know, households are more than $10,000 behind.

MR. EHRLICH: Right.

MR. MURPHY: But that being said, the rent relief is going to to be really important depending on the design because you -- it's supposed to cover 12 months back rent and potentially three months going forward. If arrears -- if households had arrears going into the pandemic and then those arrears deepened, those same households might still be kind of in debt, so to speak, even at the end of 12 months of assistance. And I think that's just going to to be a big question about how that actually gets designed and how we see that come through.

MR. EHRLICH: They're also a couple of other factors. I mean, just being involved in the industry and having an understanding. I mean, there's also the revenues lost from tenants that vacated. I don't know if that came into any of your analysis. And then you also have tenants who are on -- who are holdovers, they're holding over after their lease expired, who have even -- probably even larger sums.

They're probably not nice communities, but we're dealing with large numbers of money, dollars owed on units that, you know, they don't have a lease, there's nothing the landlord can do about it, and there's probably no relief for the landlords on those types of units.

MR. MURPHY: Yeah. I think -- so that was where -- so our -- the vacancy rate we saw in this portfolio was pretty low. It's -- because it's low-income housing. It grew, like, a very tiny amount.

MR. EHRLICH: Okay.

MR. MURPHY: But for the most part the numbers you're seeing are not including vacancies because we're particularly interested in kind of the effect on individual households. But this is where, like, something like the CHIP Survey, I think is interesting because they're looking at things like, you know, $4,000, $5,000 apartments that aren't leasing up, you know, that's the same impacts as somebody, you know, not paying rent. But we didn't really -- we didn't really look at that.

CHAIRMAN REISS: Alex? Alex, you're muted.

MR. SCHWARTZ: Thank you, Matt. This was really interesting and helpful. You pointed out that the median rent for these tax credit units is very close to the median for all rent-stabilized housing. I'm wondering how the incomes of tenants compare? I know you don't -- you probably don't have the data, but just roughly, if the tax credit income standard is, let's say, if it's maximum is 60 percent of area median income and let's say it's a range between 45 and 60 percent excluding people that have vouchers, how -- do we know what that maximum eligible income is or the probable income of tax credit residence is compared to the median for rent-stabilized tenants?

MR. MURPHY: Yeah. It's a great question, Alex. And we have -- we don't have the household information. We don't have the incomes. You know, the -- and even with the tax credits, we don't know what a -- I'm just going to stop share

-- what max rent is 50 percent AMI versus 60 percent AMI or 40 because we don't have information on, like, the deep rent skewing versus was this a 50 percent or 60 percent?

And then you also have this interesting kind of dynamic in tax credits, as you guys know, that there's so much overlay of other subsidies that, you know, the incomes do range and they typically actually tend to reach lower incomes than even those max rents.

That being said, I think the 2021 three or four person -- I can't remember, AMI is about -- for 60 percent AMI, which is the very max of tax credit rents, I think is about $66,000 for a family of three. If I were to place a bet which I don't necessa -- I shouldn't do, I think you're getting, you know, median incomes that do hover, you know, lower than that in this portfolio.

The other thing I should mention that I didn't show here is, there is a probably more Section 8 voucher and also city vouchers in this portfolio than you would see and others, meaning that we have a good amount of households who are, you know, paying a third of their income in rent, but are also likely, you know, to be much lower, extremely low-income households.

MR. SCHWARTZ: But presumably, they would not be -- as likely to be in arrears since -- if the rent -- if their incomes go down, the subsidy goes up unlike those that don't have Section 8.

MR. MURPHY: Yeah. That's correct. It becomes a little harder to track just based on how reimbursements happened through Section 8 program so you could accumulate a bunch of arrears that you don't actually owe and then, you know, NYCHA or whomever pays them all at once. That being said, you do have a bit more -- like, those houses are, you know, more protected when you do see kind of those income adjustments.

I'll just add that we did reach out to make NYCHA, they have looked into some of that data as well. They do see similar patterns in terms of, you know, uncollected rent. So even with households that are paying a third of their income, they're still kind of, I think, struggling to pay rent.

MS. GARCIA: Just a quick

follow-up on the MI -- AMI question. So you mentioned that the buildings that you are looking at, the portfolio, were mainly in Brooklyn and Bronx? Did you look at the AMI in those areas in comparison to Alex's question?

MR. MURPHY: So yes. So the --

MS. GARCIA: For example, the AMI in an area like the southwest Bronx is $27,000 a year speaking about a -- maybe an AMI of 67,000 for the whole city.

MR. MURPHY: Yes. I mean, we have that information. We didn't do that as part of this work. We have kind of done community district level, median incomes and -- yeah. That's -- of course, it's not homogeneous. You know, we do -- so that's part of what makes this all, you know, very complex, is that the house, it's -- you're not able to generalize the -- or even assume, you know, because this building is in this area, this is what the income of those renters are because of the nature of this, you know, type of housing.

And so some of the work that we did prior to this, that I mentioned in the testimony around kind of estimating potential impact, we mapped the -- when we looked at the type of job industries where there was the most job loss, especially early in the pandemic, where they lived and their kind of incomes and housing characteristics, you know, we -- of course, we found that, you know, a lot of the essential workers are the -- sorry, the workers that were most susceptible to job loss, you know, were lower income.

Did -- you know, there was geographic patterns kind of similar to this portfolio so, you know, -- so I do think absolutely it's a -- you know, the point here is that it's not like all properties or even all tenants are kind of, you know, experiencing or are being impacted by this in the same way. But, you know, that goes to your point that, you know, not all neighborhoods and not all residents are, you know, at those -- at the same income levels, or even people that work in the same job industries are going to have a diversity of incomes too.

MS. GARCIA: I'm also interested to hear from you. Did you compare this to other cities? Like, are other cities seeing similar issues with back rent? And I just want to -- I just want to put this into context because we've focused a lot about the, you know, people being behind on rent. And we talked about that as if it's just like an action that families and people across the city world, housing is like one of those vital, essential needs that people need in order to survive and thrive in a community, in a city, in a country.

And the fact that, for me, it's very concerning that we are looking at -- to your point earlier, maybe people who are not at the higher income levels being behind on rent for tens of thousands of dollars, whom were maybe behind on rent before the pandemic as well. And so I think that the level of debt that we're talking about for folks who are low-income is, to me, extravagant in a way that, like, I don't even know how some of these -- like, you're talking about numbers, I see the people in the Bronx and to me, like, I don't know how they get out of debt if the -- if, like, for example, the Rent Arrears Program doesn't cover all of their back rent and what kind of city we will live in and what that means for our city if all of those evictions actually come through.

And that to me has really -- the anxiousness I get. I -- I also hear, you know, that landlords might not be able to recruit what they thought before they would be able to get. I see that. But, you know, we didn't say that for 99 Cent stores who maybe shutdown for a month and said, Hey, you didn't make money for that. Like, to make sure we figure out for you to be able to make -- to sell goods.

We didn't say that for a lot of other businesses and I feel like we're focusing in a way about like the arrears without acknowledgment that like the -- even in your own presentation, I think you mentioned that the program that is set up and the State will likely cover a lot of the arrears that we're even talking about in this -- like, in this view of a year.

And to me, that's like a really -- that's what I get from this data. Like, I'm anxious about, like, what does it mean if this program doesn't work well? What does it mean for the most marginalized people in our city? The lowest income folks if they can't actually pay that back rent? And that's, like, what stands out for me from the data. Like, I think that landlords will do whatever they can, within their means, to make sure that they encourage tenants to apply for the program, make sure that they have all their ducks in a row for their program.

But I think the other side of, like, the masses -- the mass number evictions that we could potentially see, to me, is a calling to this Board to make sure that we're, like, not just looking at, you know, where the landlords -- did they remain whole, but what are we going to -- like how do we simulate a fair market in a city that has never been fair as far as, from my perspective, for renters, because they can't negotiate like other cities.

We're hearing people negotiate back rent paybacks. We're hearing people be able to, you know, exercise their rights in different ways. New York City is unique in that, like, landlords know that they will be able to rent to the next person if the person that's there right now went. And that, like, lower -- you know, we're talking about 1,300 -- about $1,300 in rent for folks making $27,000 a year in the Bronx where people are paying more than 50 percent of their income in rent, about 30 percent of them.

That, to me, is the data that, like, it's alarming and it's concerning and I hope that we balance all of that with what we're hearing, which is, you know, landlords aren't getting their money, we don't know what the program is going to look like. Let's, like, -- let's sort of take that with a grain of salt as we move through this process because the number of evictions that we might see and the number of folks really struggling and in debt cross the city is staggering to me.

MR. EHRLICH: Thanks for the monologue, you know, about telling what landlords -- what the -- the effect on landlords. At the end of the day, we have costs also. We -- taxes don't get abated. We have water bills, we have insurance, we have all that stuff.

So I was hoping not to do this in the context of Matt's discussion but, you know, we need to focus on the data that we have here and the real facts. I mean, that's really what we need to be looking at.

MS. GARCIA: Thank you, Robert. Matthew, can you please respond to any of the comments I made and what your thoughts are on on them?

MR. MURPHY: Well, yeah. I mean, I think the original question was the -- if we're seeing things similarly on other cities. The closest example we have is, we have some partners on the west coast in California who are looking at a similar subset of properties that are, you know, income restricted, low income housing, tax credit units. And they -- they're seeing very similar patterns, you know, which is the nature of the kind of national shutdown. And I think what some economists were predicting around, you know, the tine of such massive and immediate job loss with, you know, low savings.

You know, some of -- one of the things that I think is interesting that, you know, we just can't get at, is the other borrowing that people do to be able to pay rent. You know, we don't have -- like, somebody could be working very hard to be able to -- to be able to pay their rent and/or, you know, or -- when I say working hard, I mean, like, if they've lost their job, like, borrowing money from family or friends or putting other costs on their credit card.

Like, we don't have a full portrait of a household, you know, like fold-out profile, like, we're only seeing the rent side so I think that's just something that, you know, is really impossible at this moment in time to be able to understand. But I would just kind of put it out there that this, you know, rental debt that we're talking about is only one portion of a household's costs at we're kind of seeing accumulate.

And yeah. And I mean, that's kind of -- I think, you know, part of the reason as I mentioned, that we -- that we did this was to try to get as close as we can to, you know, what happened during this period so that we can get kind of some evidence of what's going on, you know, after COVID began so that we weren't, you know, using 2019 American Community Survey data, which is what we were doing our predictions on.

And we predicted and we see this in the in our prior years' focus, we did it on eviction filing patterns and, you know, eviction filing rates are higher in neighborhoods with lower income residence, you know. And I think in some neighborhoods, it's like seven times the rate as others. So all these things are tied together. And as, you know -- our goal here is to just provide some sense of what we're seeing, you know, in this kind of more real-time moment.

MS. GARCIA: And sorry to geek out for a second because I have, you know, we use --

MR. MURPHY: I love geeking out.

MS. GARCIA: -- [zoom inaudible] from the Furman Center, you know, to really have the conversation about affordability and talk about rent stabilization like the data on the district level and the changes throughout the years has -- have allowed us to be able to do the advocacy work that we've done in the -- that we did in 2019, specifically talking about deregulation and MCI work.

And so I want to, like, highlight that, you know, throughout the years you got -- your -- the data that you guys have been able to provide has been really thoughtful and intentional and I hope that you continue to do that. And I, you know, will encourage this Board next year to look at the data to see if there is shifts and changes and to react the way, you know, the data shows us.

And I don't know if you can or have ability -- you could totally say no, but, you know, the most impressive part of the data that you all provide often, to me, is the change in rent stabilization across the city from years to years and being able to look at those charts and the reports that you guys put out.

Do you -- can you speak a little bit more about like what -- and I -- I'm really, you know, we keep hearing this about, you know, there's no MCIs and that means that, you know, rents or rent stabilization is now safe because of deregulation won't happen as fast. Can you talk a little bit about, like, what you saw years prior to 2019 to sort of put us in the position that we were advocating to, you know, eliminate MCIs which are not fully eliminated, of course, including IAIs and other advocacy work that we've done? And what -- where you see the impact overall in the housing stock over the last few years?

MR. MURPHY: Yeah. And I should -- I should probably kind of disclose at this point that in 2000 -- I started at Furman Center in 2019 and prior to that, I was deputy commissioner at HPD so I'm kind of like probably mixing up my numbers from HPD experience and Furman Center experience. And, you know, I think, you know, the deregulation numbers are -- I think actually, we looked at the RGB staff frankly, for those numbers. As everybody knows, the HCR data is very hard to access.

We have provided kind of a snapshot of changes to the housing stock where we look at the loss of rent-stabilized units, the gain, new construction, alterations, things of that nature. And this is what our 2020 State of the City report kind of adds some new information on. You know, I think the -- you know, I would just point people almost to the data on the website. I mean, it's similar to what you guys experience. Like, our goals here is to just provide the data that, you know, is available and try not to get involved in the politics around -- or the intense politics around housing policy as best we can.

And so you know -- but the changes to the housing stock report changes to the state of renters section of our website as well. I would encourage people to take a look at. And then I think, you know, obviously the HSTPA was a major piece of legislation. And I think what's interesting now is, you know, what do we -- what do we see there? What impact, what changes do we see from the legislation going forward? How do people respond and behave? And obviously that gets very consumed by, you know, March of 2020 and the COVID period.

So we have this very interesting moment in history to kind of understand and try to unpack these two, you know -- these two somewhat at the same time, frankly. What effect they will have on multi-family housing. And I think that will be, you know, somewhere we'll be looking at in the next few years as well.

CHAIRMAN REISS: Alex?

MR. SCHWARTZ: Thank you. I have one more question. Do you have a sense of what proportion of the units in this portfolio would participate in the rental relief program that it's just started as of, I think, yesterday?

MR. MURPHY: That's a great question, Alex. And that's where I think, to Sheila's point too. It gets, I think, complex because it depends on the administration of the program. I would expect that based on the AMI [zoom inaudible] requirements of the program, that you would have a good deal of households that are eligible for the rental assistance.

The interpretation of, you know, economic impact due to COVID, I think would be kind of interesting in, like, how this affects, you know, this subset of households. Meaning that, you know, as I understand it, like, going onto unemployment or, you know, just some other financial documentation is what makes you -- is like a portion of eligibility.

You know, I think also to Sheila's point, like, there are just some households that are generally rent burdened and stayed employed and might've had, you know, other kinds of expenses. And we have no insight into that.

And, you know, so I do think that

that's where it'll just be really interesting to see how this rental assistance does get down and how it gets targeted. Because ideally, any household with arrears during this time period, the program would wipe out 12 months of those arrears, and we should be able to see that. But if it doesn't reach them, you know, obviously then becomes a big question about what happens.

MR. SCHWARTZ: So right -- I think it's something like 60 percent of the households are in some form of arrears.

MR. MURPHY: About 55. Yeah.

MR. SCHWARTZ: Yeah. And so not all -- you say not all of them would be eligible for rental assistance?

MR. MURPHY: I don't -- like, that's where I don't think we know because it depends on -- I think in this portion or in this portfolio -- the sample, I would think most of the households would be eligible. But this is just the big question about how the program does get administered.

That being said, I think about 50 percent we're in arrears -- some form of arrears prior to the pandemic and then that jumped to about, like, 55 or 56 percent. Which, you know, on the margin is not that big of an increase, but ideally those are the -- you know, those are like in the newly affected households that, you know, the assistance would need to be targeted too.

MR. SCHWARTZ: Okay. Thank you.

CHAIRMAN REISS: Christian?

MR. GONZALES-RIVERA: Yeah. Hi Matt. It's good to see you.

MR. MURPHY: Good to see you too.

MR. GONZALES-RIVERA: Yeah. So I just have sort of -- I'd like to put out there -- I mean, it's like some kind of discussion of what the future is likely to look like, you know. I mean, because we've looked to the past or try to guess to what might happen in the future, et cetera. So I wanted to ask, I mean, to what extent -- okay. Let's say we're being optimistic, a little bit more optimistic than what Sheila had been.

I mean, let's say that almost all of the low-income tenants who are in arrears get their rent -- basically, their landlords are made full -- are made complete by the federal stimulus program. Let's say this happens. Does everything go back to normal? Meaning, you know, do landlord's go back to their previous rate of 98 percent of -- receiving 98 percent of their rents? Do the tenants go back to the same cycle of struggling to pay rents and, you know, sort of exhibiting that seasonality that you showed in your chart where they fall behind and then once they get their tax return, they get back?

Do landlords also go back to experiencing fluctuations in costs? You know, some of which might be due to sort of the market costs of some inputs like fuel, for instance, and others due to policy decisions like tax rates? Does everything go back to normal? I mean, again, the seasonality in the -- the change in the landlord's costs, the fluctuation in tenants being able to pay or not pay their rent, doesn't, and to what extent does it not?

MR. MURPHY: Well, I wish I would be able to tell you. And if I could, I would probably be super, super wealthy.

MR. GONZALES-RIVERA: What are the things that -- what are the flies that we should be looking at at? I mean, it's like to see, what are the ways --

MR. MURPHY: Yeah.

MR. GONZALES-RIVERA: -- in which we -- we would not go back to how things were, therefore, we can't make the same assumptions about the future that we did prior to COVID? You know, that's -- what are the flags that we ought to be looking at?

MR. MURPHY: Yeah. I think that's a great question. I think the way we thought about this is, like, more like what is the new normal? Because I don't think that, you know, I don't like to speculate on this, but I do think, as I mentioned, that especially for your guys' purposes and especially the portfolio of Housing you're looking at, the normal was already going to shift because of HSTPA. And so we only have a few months of what that world looked like and that's when people were, you know, adapting to it.

So I don't think that, you know -- to certain extent, I just don't think we know what that new normal was going to look like. And then I do think, you know, this is something that's

-- a question about the economic recovery in general too is like eviction filings going forward, you know, could be more tied to the labor market than say, like, landlord behavior, which is also fundamentally changed as I think the Board was talking about earlier and because of HSTPA as well.

So what we saw with eviction filings historically, this was a cross city comparison, was that it was somewhat correlated to the strengthening of the economy, meaning eviction filing rates fell in at least America -- large American cities, you know, starting in 2013, 2014 and kind of continuing. It's hard to say what's local policy versus national there.

So you know, it's very difficult to be able to parse all of that out. And so -- but I would just say we just -- we don't really know yet. And also that, you know, for low-income renters especially, there wasn't -- we didn't see, you know, mass flight from the city. We didn't see kind of, you know, downward market adjustments, you know. At least we didn't see that in this subset of portfolios.

So I don't know. I wish I could

tell you Christian. But I do think that there are key things to look at, which is, you know, the economic recovery, how the rental assistance does get administered, eviction filings going forward, market activity in general. You know, we saw -- we have evidence that sales of multi-family properties of the declining -- been declining, like, year over year since 2015. So and HSTPA might've had some effect on that as well. So anyway, I think we're just in a very unique spot in history -- in New York City's history about, like, asking what is that new normal? And I don't think we'll see things shake out, you know, for a couple of years and then I don't know where I'll be. But that's a great question.

MR. GONZALES-RIVERA: Okay. Well, thank you, Matt. I mean, that's actually really helpful. I mean, it's like just that -- you know, whether or not COVID happened, we would still be looking for the effect of HSTPA, you know. So that's one thing. That's an analysis that still sort of continuing. And yeah, and labor market conditions as well. I mean, it's like now as always, I mean now, of course we have a big shock to the labor market, you know, But, you know, now as always, labor market conditions also affect evictions, you know. So it's good to know that there are some analyses that are at least consistent despite, I mean, it's like what happened during COVID. But thank you. This is very helpful. Yeah.

MR. MURPHY: Thanks Christian.

CHAIRMAN REISS: Any more questions for Matt?

MR. EHRLICH: No. I would just like to add though, that, you know, the one -- there's a general misconception about eviction cases that I think it just needs to get out there, that most cases it's about collecting the rent, it's not about getting the unit back. You know, holdover cases are more about getting possession of the unit, you know. Landlords want their money. That's what it is.

I mean, they're costs, they're not being abated. They're not -- you know, taxes aren't being abated. Insurances isn't being abated. None of that's being abated and they need money to pay. And that's what it is. So this money is coming out of pocket right now and no one's -- you know, and no one's thinking about that, you know, really. I mean, the tenants, they have their programs, whether it's, you know, unemployment benefits, SNAP benefits, the ERA program, HRA subsidies, you know, Section 8, wherever it might be. There are programs there. There's nothing for landlords. It's really not there.

MS. GOODRIDGE: I have a -- are you finished?

MR. EHRLICH: Yes. Thanks Leah.

MS. GOODRIDGE: I have a quick response. And -- not really a response because I don't -- you know, it doesn't need to be a back-and-forth. But in my experience as a tenant attorney, there are a lot of cases that are brought that are non-payment cases where the landlord will bring a case seeking a rent amount that's incorrect or let's say, for example, will bring a case seeking one month's rent, or a few months rent, and it's already been paid.

And when we dig deeper and we do motions to get the case dismissed, sometimes it is about getting the tenant out. Because in -- particularly in rent-regulated apartments there needs to be some kind of cause for eviction. And if you can't find anything that would be under a holdover, sometimes it's another tact, which is a non pay and seeking a rent amount that isn't really owed.

And then the second point I want to bring up is, I think it will be helpful for us to look at some of the rent relief and perhaps even frame it as landlord relief, I'm very -- and I know a lot of folks are particularly just relieved that there is monetary relief for tenants, but we also need to recognize it. This is primarily for landlords to pay for the rent in what's going on in a very difficult time.

So we aren't -- I think the way -- the way that I am at least hearing this conversation is being framed in a way as to say that landlords in New York won't see any money, but we've had a huge rent relief bill that was recently approved, and tenants are already applying for it for back rent, so there are programs and safeguards that are out there to get landlords their money.

So I think it's helpful to look at it that way.

MR. EHRLICH: And Leah, if I may. And, like, not to get into the back-and-forth because you and I can go for a cup of coffee and we can have this discussion if you want, you know, it's all good. You also have those tenants who just up and left with huge balances. So the landlord's left holding the bag on that. You have the holdovers where tenant's lease has expired and they're not leaving. And they're a nuisance. And in order for them to qualify, the landlord has to accept the money and can't bring another holdover for another year. But you're still dealing with that nuisance tenant and when you're dealing with $3,00, $4,000, $ 5,000 monthly rent, even on a rent-regulated apartment, I mean, those things needs to come into play also. So that's money that's going to be lost. And those are big monies. They're not small money, they're big monies.

MS. GOODRIDGE: I was actually going off of your statement where you said that you want to talk about non-payment cases and not holdovers, so that was my --

MR. EHRLICH: All good. All

good.

MS. GARCIA: I mean, I think that the --

MS. GOODRIDGE: I don't know if folks know, but Rob and I are frequently in court all the time back-and-forth as adversaries, so that's part -- we're trying really hard not to do the back-and-forth --

MR. EHRLICH: Right.

MS. GOODRIDGE: -- because we do it all the time in court and we do it for a long time. So we will scare you --

MR. MURPHY: Professional --

MS. GOODRIDGE: -- we'll scare you on adversarial nature.

MR. MURPHY: So I'll just add one thing which is, we do have eviction filing data on our website when we did do this kind of historical look. And as you guys know about, I think 84 percent of eviction filings are non-payment of filings. And a number of them, you know, about half do get resolved, you know, where you don't see kind of more action come back. So to a question of, like, you know, is there evidence of this being

-- I guess just a rent payment collection method? Like, you do see some of that, but you guys are much closer to the issues, but we see that in the data.

MR. MCLAUGHLIN: And we -- point that out in our --

MS. GARCIA: Alex, you can go first.

MR. MCLAUGHLIN: -- income credibility report as well. So there is data about that.

MR. SCHWARTZ: Do we have a sense, to a degree, the rent-stabilized stock has seen big increases in vacancies compared to the market rate stock?

MR. MURPHY: This is a great question. And this is something we're -- actually I mentioned trying to build on this. You know, I think something that would be great to have for next year is another kind of subset of our big portfolios of just rent-stabilized housing that doesn't have, you know, government kind of financed affordable housing or income restrictions. And specifically what's going on with vacancy rates there, because there are now two issues, right? Well, that's to Christian's question too.

Like, one, was what was going to happen to the vacancy rate anyway, given what some people talked about post-HSTPA was which was keeping units, you know, offline because of not having the vacancy bonus or other things. That was always going to be a question. And also like, remarkably hard to dig into, especially, you know, probably the HVS is going to be the closest thing to be able to do that.

Now with the COVID kind of question around vacancy, you know, I think it just becomes really, really complex as well. Especially as you know too, the diversity of rent-stabilized housing in New York City is pretty great. I mean, you have $4000 units that are rent-regulated. So I do think an interesting analysis would be looking at, you know, 100 percent rent-regulated buildings that aren't 421-a, aren't government-financed, J-51, you know, and just like what's going on in those properties. So this is something Mark Willis and I, who's a senior policy fellow at Furman, are interested in doing.

CHAIRMAN REISS: And -- I would just add, you know, when we heard from Mike Edelman from M&T and Rafael Cestero from CPC, you know, they dealt with very different kinds of properties. And -- it did seem from Raphael's presentation that the vacancy rate only, you know, crept up a little bit in those outer borough, highly regulated buildings. Whereas, it seemed like from the M&T perspective where they have more Manhattan buildings that they were describing a lot more vacancies. You know, and again, it's just two more data points, but there does seem to be some real variety based on the type of stock that we're talking about.

MR. MCLAUGHLIN: Yeah. I suspect the level of rent has more to do with the vacancies and stabilized during COVID than whether the unit in fact is stabilized. It's more at the rent level.

CHAIRMAN REISS: Right. Sheila, were you going to say something else? I thought I heard you.

MS. GARCIA: I don't know if Matthew necessarily has to hear it, but I just wanted to make sure that I actually said this out loud because I engaged in that conversation about evictions as if, you know, I thought that that was, like, the way -- the right way for us to handle our housing stock and talk about poor people, mostly of color across the city, and it's not, right?

I do personally feel like evictions are extremely violent to people. The process of people going through them, feel so violent to individuals, feels violent to families. And I wanted to make sure to say that out loud as we talk about data and numbers without putting faces to the people's lives that we're actually speaking about.

And I also wanted to just, like, highlight some of, like, what, you know -- like when I talk about that feeling violent, we're talking about people losing nights of sleep, we're talking about people doubling and tripling up to Robert's earlier point about why we're seeing what we're seeing. You know, if cost goes up, it's because people can't afford and lower rents means people can afford their own apartments, and will be able to live in their own apartments and maybe have more access and ability to move around -- about their lives.

And I just wanted to make sure I said that out loud because I think we talked about evictions as if they were a matter-of-fact kind of process. But for people it feels violent, it hurts, it impacts them. It goes along with them for gener -- you know, for years. I mean, you ask somebody who was evicted 20 years ago, they can describe it as if it happened yesterday. And I wanted to make sure that we didn't lose sight of that as we talked about potential mass evictions across the city.

If this program doesn't get rolled out correctly or if we don't actually capture, or are unable as a city and state and as a society to make sure to keep people housed through a crisis that was unprecedented for everyone, right, across the world. But I wanted to make sure to say that out loud and those people feel seen and that we're not just talking about the numbers to ignore your stories or to ignore who you are and the process that you went through and what that felt like. But to really, to be able to get at a point where we land as a Board in the best possible outcome for most people across the city.

MR. SCHWARTZ: No. I'm not.

CHAIRMAN REISS: Any more questions for Matt?

(No response.)

CHAIRMAN REISS: Okay. Matt, you know, thank you so much. I mean, we've been heaping all sorts of praise on the Furman Center. But really the work that you do personally and the Furman Center does, really helps us so much, you know, to kind of raise the level of insight into the housing market and the rent-regulated housing market. So we're really grateful for you spending time with us and giving your thoughtful responses to our questions.

MR. MURPHY: Thank you. Thanks for giving me the opportunity. And anytime you guys want to talk data or geek out, as Sheila said, I'm the ultimate, so you know where to come. So happy to do that.

CHAIRMAN REISS: Thank you.

MR. EHRLICH: Thanks, Matt.

MR. MURPHY: All right. Thanks

all.

MS. DEROSE: Thank you.

CHAIRMAN REISS: So next we have on the agenda is board discussion and I think our last discussion bled into that. But I just want to kind of open it up if people want to raise any other subjects relevant to the Board?

MR. SCHWARTZ: Yes. I have a question. So after the hearings, are we having any other discussions before the final vote?

CHAIRMAN REISS: We do not have any scheduled meetings in addition to the two hearings.

MR. SCHWARTZ: Yeah. I'm just wondering if that would make sense after the hearings to reconvene for discussion?

CHAIRMAN REISS: Andrew, is that a relative -- is that a kind of administratively difficult thing to do to add a meeting or is that --

MR. MCLAUGHLIN: You caught me --

CHAIRMAN REISS: I'm sorry, Andrew --

MR. MCLAUGHLIN: -- thinking that

-- no. I heard the question. I'm wondering -- no, I don't think so. I mean, it's just announced, and we can have a meeting if the Board wants to meet. It is a Wednesday evening. Our last hearing is a Thursday. What we do need to do though, would -- we would have to make public what the proposals are on our website and, you know, put those up. We have to do that 72 hours prior to the meeting and Sunday doesn't count toward that, so we'd really have to post those on Friday.

So what the board members, you know, proposals are so those would be out there when that meeting occurred. I don't know if that matters and not matter, but, you know, I guess it's up to the Board if they feel like they want another meeting to discuss, we can do that. So as -- yeah. Just as a reminder, you can obviously just discuss among yourselves, you know, as long as it's not four people, more than four people in the room. So those discussions can happen, but they only have to be in public when it's five members or more.

CHAIRMAN REISS: Four members or more? Five members --

MR. MCLAUGHLIN: Five members or

more, it has to be in public. So you can meet, you know and discuss among yourselves if it's four or less.

CHAIRMAN REISS: All right. So I mean, I guess I should throw this back out to the members, so Alex is suggesting another meeting. What do others think?

MS. GOODRIDGE: I think my first inclination is, you know, we obviously do have the one-on-one or the smaller group talks. But if there's something in particular that we should have an open discussion about, which I guess is more of a question for me, I'm fine with it. I think this has been a little bit of -- this year and last year has been a different year. You know, there's a lot of different narratives floating around.

And from what I've heard this year, the narrative is the struggling small landlord. And obviously, we have been struggling to sort of back that up with facts. And so maybe there could be more of a flushed out decision there if it's weighing on folks decisions. But those are also conversations that we have one-on-one --

CHAIRMAN REISS: We don't need to

decide this now, I guess. We could -- and I'm obviously open to hearing from more people as well, but we can communicate by e-mail to determine whether we would like to have an additional meeting.

MR. SCHWARTZ: I'm just thinking that rather than, or in addition to one-on-one discussions, that it might be useful to talk about the different, you know, bodies of evidence that we've seen some of which we've discussed, some of which we have not discussed. You know, I don't feel that strongly, but I thought it might be a good idea to have just an open discussion about where we are, what our concerns are, what our views are right now, after the hearings, after reading the different reports, such as the Rent Stabilization Association Report that we just got.

MR. MCLAUGHLIN: I -- it wouldn't be unprecedented. I don't think we've -- as long as I've been around the Board we haven't had a meeting after hearings. Doesn't matter, but I'm just saying we've -- I don't think we've done it.

CHAIRMAN REISS: All right. So not hearing from anyone else why don't we, you know, maybe will shoot back some e-mails and see if people, you know, want to express a preference one way or the other.

MR. GONZALEZ-RIVERA: Yeah. I mean, I've just been thinking back and forth. I mean, I agree with Leah that, I mean, I take it we have something in particular that's compelling, that we'd like to discuss, something, I think, perhaps is a specific report or specific, you know, focus area that we definitely like to discuss and that would make it worth it.

I mean, it's like all the administrative work that needs to be done in order to make another public meeting, then we can do that. But that would be, I mean, it's like doing these one-on-one meetings soon to really fall, sort of decide on what that one thing is. So that's my opinion on that.

MS. GARCIA: I want to say thank you for bringing that up because I feel like for the last eight years -- and Andrew is smiling, don't smile Andrew, I hope you're not smiling at what I'm saying. I've been constantly talking about, like, reopening the conversation because we do have to -- it's hard to get us all to talk individually. And then, you know, once you talked to someone it's been three days by the time you talk to another person. So maybe their understanding of the data or looking at the data is different than when you spoke to them at the beginning.

So I would be more than open to have a conversation if it feels like it's going to help us be at a place to be able to, like, dive deep into the data and talk about it without having to say, Let me get back to you', and the next day where we talked to three other people and then, are in a different place. So I'm open to and thankful that we are actually having this conversation because it's been eight years and this is the first time we've been in this place. And I think it's an unprecedented year to consider it.

MS. JOZA: So is it possible to do it before the hearing? The testimonials? Like, I know that there's a time that the testimony starts, is it possible to do it like an hour or two before that? I mean, that's something, you know, I'm just throwing this out there.

MS. DEROSE: [zOOM inaudible]. Since it's already scheduled with the public hearing, when speakers are done we can talk, but I don't know who will be talking at 10:30 at night, so maybe not after.

MR. MCLAUGHLIN: You know, having it at the day of the public hearing, I don't know if, you know, just because the time that it will consume, whether it would be a productive conversation or not if people, especially after a public hearing. So I -- you know, I don't know if I would advise doing something like that.

I guess the day that we would have this probably that Monday or Tuesday. What makes it possible or makes it easier is, certainly, it's because we're doing virtual. If we had to get a location to hold this, then that becomes -- but because we were having the virtual year, we have flexibility to make that decision, which is really nice in that sense, because if finding space and a location and being able to do that, that would be -- that may put up roadblocks that we wouldn't normally be able to overcome but if we're holding a virtual meeting then it's something that we can do.

CHAIRMAN REISS: All right, So maybe I'll just shoot around an e-mail to everybody later today or tomorrow, and we can kind of, you know, think it through a little bit more.

MR. MCLAUGHLIN: Yeah. I would just -- it's the public notice that's the issue. So if we had something for, like, that Monday or Tuesday of the vote, we would have to have public notice the previous week, so we certainly have time to decide this.

CHAIRMAN REISS: Okay. Any other subjects of conversation?

MS. GARCIA: Just to say feedback for the RGB Staff that folks have been registering folks and have -- I have even had a single e-mail and people have been registering folks to speak for a while, so great job on that and keeping up with them because no one has given me any feedback, and normally it's been like, 'No one answered the phone. Or, I couldn't get through. Or, The system didn't let me do something.' So thank you for setting that up to make sure that we have as many people as possible testify this year and making that happen.

MR. MCLAUGHLIN: Well, thank you for comment. I have one other thing that I want to know is, what's the win-loss record between Leah and Robert? I'll leave it at that.

MS. GOODRIDGE: I always win.

MR. MCLAUGHLIN: There you go.

MR. EHRLICH: Unlike my wife.

CHAIRMAN REISS: All right. On that note, I'm open to hearing a motion to adjourn?

MR. GONZALES-RIVERA: I so move.

MS. JOZA: I make a motion.

CHAIRMAN REISS: All right. So Christian moves and I'll accept Cecilia's as a second.

So thank you all. And I say this with some frequency, but to me, it's just such a pleasure to serve on a board where we really think through the substance of our charge. And I think today's discussion really reflected that. And I looked forward to our further deliberations. So see you all soon.

(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 129, 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 21st day of June 2021.

Marc Russo

MARC RUSSO

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