

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HOUSING AND BUILDINGS

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May 9, 2011
Start: 1:16 pm
Recess: 3:10 pm

HELD AT: Committee Room
250 Broadway, 16th Fl.

B E F O R E:

ERIK MARTIN DILAN
Chairperson

COUNCIL MEMBERS:

Erik Martin Dilan
Gale Brewer
Leroy G. Comrie, Jr.
Lewis A. Fidler
James F. Gennaro
Robert Jackson
Letitia James
Brad S. Lander
Melissa Mark-Viverito
Rosie Mendez
Joel Rivera
Jumaane D. Williams
Eric A. Ulrich
James S. Oddo

A P P E A R A N C E S

COUNCIL MEMBERS:

Margaret S. Chin
Mark Weprin
Vincent J. Gentile
Daniel R. Garodnick

A P P E A R A N C E S (CONTINUED)

Maggie Russell-Ciardi
Executive Director
New York State Tenants and Neighbors Coalition

Kama Nasser
Chhaya CDC

Colin Harris-McTigue
Working Families Party

Adriene Holder
Civil Practice
Legal Aid Society

Raun Rasmussen
Chief of Litigation and Advocacy
Legal Services NYC

Samuel W. Lui
Staff Attorney
Manhattan Legal Services

Lauren Lagasi
Tenant

Harvey Epstein
Director of Community Development
Urban Justice Center

George Tzannes
Tenant

David Hanzel
Deputy Director
Association for Neighborhood and Housing Development

Elana Shneyer
Director of Organizing
Pratt Area Community Council

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CHAIRPERSON DILAN: Good morning.
My name is Erik Dilan. I'm the chair of the City Council's Committee on Housing and Buildings. I'll take the time to acknowledge some of my colleagues who are here at this time: Council Member Melissa Mark-Viverito of Manhattan, Council Member Letitia James of Brooklyn, Council Member Susan Chin and the Resolution sponsor from Manhattan

COUNCIL MEMBER CHIN: Margaret.

CHAIRPERSON DILAN: Margaret Chin. I'm sorry. I am so sorry. I'm sorry, Margaret. Margaret Chin. Also, we have Council Member Joel Rivera of the Bronx. I'm going to pay for that one later, I know. Also, we have Council Member Brad Lander of Brooklyn.

COUNCIL MEMBER LANDER: Susan Lander.

CHAIRPERSON DILAN: If you so choose. Also, we have Council Member Mark Weprin of Queens.

I would like to thank everyone for attending this oversight hearing on the renewal of rent regulations in the City of New York and

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2 Resolution 700, which is sponsored by Margaret
3 Chin, which calls on the New York State
4 Legislature to renew and strengthen laws
5 regulating rents and the eviction of tenants.

6 Today's hearing will explore the
7 impact of the rent regulation system on the
8 residential market in the City of New York and the
9 need for the New York State Legislature to renew
10 the rent regulation system prior to its sunset
11 date of June 16th of 2011.

12 The resolution before the committee
13 today calls upon the New York State Legislature to
14 renew and strengthen laws regulating rents and the
15 eviction of tenants. The resolution recognizes
16 that there are over one million apartments covered
17 by rent regulations in the City of New York,
18 representing approximately 50 percent of New York
19 City's rental units.

20 However, New York City has a
21 housing vacancy rate of only 2.88 percent,
22 according to the 2008 Housing and Vacancy Survey.
23 In response to this housing emergency, rent
24 control and rent stabilization laws are in effect.
25 It is highly anticipated that the State

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2 Legislature and the Governor will come to an
3 agreement extending rent regulation before its
4 sunset date; however, it is uncertain whether any
5 extension will include changes to the regulatory
6 program.

7 During today's hearing, the
8 committee expects to hear testimony from tenants,
9 housing advocates, representatives of the real
10 estate industry and others interested on today's
11 agenda item. As I said before the committee
12 commenced, if you wish to testify, whether in
13 favor or opposition to the resolution on today's
14 calendar, please see the sergeant-at-arms and fill
15 out an appearance card and indicate your position
16 on today's Reso.

17 Before I turn the floor over to
18 Council Member Chin for her brief opening, I just
19 would like to announce Baaba Halm, who is sitting
20 directly to my right. She's the counsel to the
21 committee. As well as Ben Goodman, who is the
22 policy analyst to the committee, as well as Laura
23 Rogers, who is also counsel to the Housing and
24 Buildings Committee.

25 There are several hearings going on

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2 in other hearing rooms today. So members may be
3 in or out. So I just want to acknowledge that at
4 the outset. At this time, I'd like to recognize
5 Council Member Chin for a brief opening.

6 COUNCIL MEMBER CHIN: Thank you,
7 Chair Dilan, for holding this hearing on the
8 renewal of rent regulation. I also wanted to
9 thank Speaker Quinn for co-sponsoring this
10 resolution, and also for my 29 colleagues who have
11 signed on to this resolution.

12 Resolution 700 calls upon the New
13 York State Legislature to renew and strengthen the
14 rent laws, which protect approximately 2 million
15 residents in New York City and its surrounding
16 counties. Now that the state budget has been
17 passed, and we see that integral services have
18 been cut from many low income and working class
19 families, the need for stronger rent protection
20 for tenants in New York City is even greater.

21 These apartments are one of our
22 foremost sources of affordable housing in our
23 city. They are a foothold for working families,
24 single parents, recent immigrants and seniors,
25 without which, they could not afford to live in

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New York City.

This resolution is necessary to show Governor Cuomo and the State Legislature how important rent regulation and eviction protection is to New York City residents. We all know those predatory landlords have a history of harassing long-term residents in an effort to end rent protections in their building. If we allow rent regulation and eviction protection to expire, we will be condoning this activity.

With this resolution the City Council will call on Albany to renew the rent control laws already in place, and eliminate provisions that have heightened the shortage of affordable housing, such as vacancy decontrol and repeal the 1971 Urstadt Law, which ended New York City's ability to regulate itself in this matter.

Rent regulations are set to expire in a little over a month. Legislation to renew and strengthen the rent laws has already been passed in the State Assembly, thanks to the leadership of Speaker Silver and the Assembly Democrats. Now, we need the State Senate to pass reauthorization and strengthening of these laws so

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2 that the Governor can sign into law the extension
3 and strengthening of these laws, which he has
4 promised.

5 Today, we will hear from New
6 Yorkers who are directly affected by the rent
7 control and rent stabilization laws. These
8 tenants will not be able to fight back and protect
9 their affordable housing if rent regulations are
10 allowed to expire.

11 So I thank you for coming to this
12 hearing today, and let's continue to fight to make
13 sure these laws are renewed and strengthened.
14 Thank you, Chair Dilan.

15 CHAIRPERSON DILAN: Council Member
16 Chin, thanks for your opening, and again, my
17 apologies on my earlier mistake.

18 I'll say at this time, and I'll
19 take the privilege as chair, I am very
20 disappointed that the Administration has no one
21 here to testify on this matter. I know it's been
22 their past practice and policy not to comment
23 before this or any other committee about
24 resolutions, which in general I understand. But
25 as I said in my opening, this legislation affects

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2 one million apartments within the City of New
3 York.

4 I'll give the current commissioner
5 grace; he's a new commissioner. This statement is
6 certainly not intended towards him. But there are
7 others in the Administration that knew this issue
8 would be coming up and has been on the state's
9 agenda for a while, and not to hear the city's
10 position from any member of the Administration, I
11 find to be disappointing at best.

12 So with that, we will institute a
13 four member clock and listen to just general
14 stakeholders and members of the public who are
15 interested in the action before the state, so that
16 we may begin to get your positions on today's item
17 before the agenda, as well as certainly any
18 impending recommendations--your recommendations
19 for any pending matters before the State
20 Legislature.

21 Before I call the first panel, I do
22 also want to acknowledge that we've been joined by
23 Council Member Jumaane Williams.

24 The first panel will consist of
25 Maggie Ciardi Russell of Tenants and Neighbors.

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2 Excuse me; I'm having a bad day today. It's
3 Maggie Russell-Ciardi of Tenants and Neighbors.
4 Help me with this one. Kama Nasser from Chhaya
5 CDC, as well as it looks like Colin Harris-McTigue
6 from the Working Families Party. That will be the
7 first panel.

8 They'll be followed by Sam Lui of
9 Legal Services, Raun Rasmussen of Legal Services
10 and Adriene Holder of the Legal Aid Society. That
11 will be the second panel.

12 So why don't the first panel come
13 forward, and you can testify in the order that you
14 were called up. Please come forward. Have a seat
15 there. I do apologize for the temperature in the
16 room. It's very warm. We'll just try to bear
17 with it.

18 [Pause]

19 CHAIRPERSON DILAN: Just begin.
20 I'm not sure if you submitted testimony. Members
21 don't have it yet, but I'm sure the sergeants will
22 be bringing it around. Just state your name in
23 your own voice for the record, and then you can
24 begin your testimony.

25 MAGGIE RUSSELL-CIARDI: My name is

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2 Maggie Russell-Ciardi. I'm the Executive Director
3 of Tenants and Neighbors.

4 Tenants and Neighbors is comprised
5 of two affiliate organizations. One is a 501c3
6 organization that does on the ground organizing in
7 at-risk buildings, tenant organizing and education
8 and leadership development. The other affiliate
9 organization is a C4 organization that does
10 legislative organizing and advocacy work. That's
11 the New York State Tenants and Neighbors
12 Coalition, and it's on the behalf of that
13 organization that I'm testifying today.

14 CHAIRPERSON DILAN: Hold on a
15 second. Sergeant, if you're having a problem with
16 the clock at four minutes, you can just leave it
17 at three. So you're ready to go?

18 MAGGIE RUSSELL-CIARDI: So the
19 primary focus of the New York State Tenants and
20 Neighbors Coalition this year is to make sure that
21 the rent laws are renewed before they are set to
22 expire on June 15th of this year.

23 Tenants and Neighbors' Rent
24 Regulation Organizer is coordinating the Real Rent
25 Reform Campaign, which is a coalition of about 50-

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2 60 organizations that are working on making sure
3 that the laws are not only renewed but also
4 strengthened.

5 We really, in the struggle, depend
6 very much on the support of our allies in the
7 legislature and we're very pleased and happy that
8 Council Member Chin has introduced this resolution
9 and also wanted to thank Housing Chair Dilan and
10 Speaker Quinn and all the other Council Members
11 that have signed on for their support of this
12 resolution, which we think is absolutely critical.

13 Basically, every year that the rent
14 laws come up for renewal, the Legislature
15 basically makes their renewal contingent upon
16 their being weakening amendments. This happened
17 in 1993, 1997, 2003 and we expect that they're
18 going to try to have it happen again in 2011.

19 In 1993, the State Legislature
20 instituted high rent vacancy decontrol and high
21 rent high income decontrol. I won't go into the
22 details of what those are. You have it in my
23 written testimony. But suffice it to say that
24 these two decontrol provisions have led to the
25 loss of approximately 200-300,000 units of

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2 affordable rent stabilized housing in New York and
3 also a corresponding erosion of tenant rights in
4 those units.

5 In 1997, the Legislature instituted
6 a 20 percent vacancy bonus. They were rewarding
7 landlords for flipping apartments and pushing out
8 tenants and turning over the apartments as quickly
9 as they can, as often as they can. They also
10 enacted permanent high rent vacancy decontrol and
11 high income decontrol at the state level and
12 extended them to the suburban counties.

13 In 2003, they tightened the Urstadt
14 Law, mentioned earlier, which makes it impossible
15 for the city to give tenants stronger protections
16 than what the state does. They also went on to
17 change the preferential system. Many tenants have
18 rents that are less than what the legal regulated
19 rent is, and they changed it so that the rent
20 could be raised to the legal regulated rent upon
21 lease renewal rather than upon vacancy.

22 So these are really tremendously
23 devastating amendments that have been passed every
24 single time that the rent laws have come up for
25 renewal. We're very concerned that the State

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2 Legislature will try to do something like this
3 again.

4 The biggest issue that we've seen,
5 really, is this issue of the vacancy decontrol
6 provision in the laws because as long as there is
7 any threshold whatsoever at which landlords can
8 take apartments out of the rent stabilization
9 system upon vacancy, there is a tremendous
10 incentive, both for the kind of predatory
11 investing in the rent stabilized stock that was
12 mentioned earlier, and just also for doing
13 whatever you possibly can to get the rents to that
14 threshold, lawful or unlawful.

15 I think we've seen, as there has
16 been a sort of decline in the resources available
17 for enforcement of the rent laws, that a lot of
18 unscrupulous landlords who have overleveraged
19 their buildings have taken advantage of that lack
20 of enforcement to apply for fraudulent MCI
21 increase, one fortieth increases and other
22 mechanisms to get the rent to the decontrol
23 thresholds.

24 So we have a separate campaign
25 through our C3 organization that's working on

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2 enforcement questions and trying to work with the
3 DHCR to address those problems. But really, the
4 best way to address them is at the root cause of
5 the problem which is by closing the vacancy
6 decontrol loophole. So we're really very pleased
7 that that's a critical provision of this
8 resolution.

9 The other very important pieces of
10 it that I want to highlight are, of course, the
11 renewal of the rent laws, repealing the Urstadt
12 Law and extending the protections of rent
13 stabilizations to buildings leaving the Mitchell
14 Lama or Section 8 program.

15 We organize lots of those
16 buildings, and those that go straight to market,
17 we find that the tenants are in a really terrible
18 position because they can't afford the market rate
19 rents and are often pushed out of their homes and
20 communities.

21 CHAIRPERSON DILAN: You can sum up.

22 MAGGIE RUSSELL-CIARDI: Sure. So
23 there are all of those really key issues that are
24 already contained in the resolution that we think
25 are absolutely essential. We commend the Council

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2 and urge you to support this resolution
3 immediately. I mean, time is of the essence
4 really. We can't wait for June 15th for these
5 issues to be resolved. First of all, because
6 there are many tenants that are very, very
7 vulnerable right now, and don't want to wait until
8 the last minute when they're going to be asked to
9 give up more rights in exchange for keeping the
10 already meager rights that we do have. So we need
11 the Council to act right away to support the
12 provisions in this resolution.

13 There are also a number of other
14 important sort of state level reforms that we'd
15 like to see, which are outlined in my written
16 testimony, that we hope the Council will also
17 support, including a number of reforms that--

18 CHAIRPERSON DILAN: [interposing] I
19 would say, if you want to detail those points
20 verbally, that's fine. We'll do the four minute
21 clock. Generally, if there are points that people
22 feel they need to get out, they can get them out.
23 But then if they go too long, I'll cut them off.
24 So I encourage people to get in as many points, if
25 different, that they feel they need to. So if you

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have to, you can verbalize those at this time.

MAGGIE RUSSELL-CIARDI: Sure.

Thank you. So as we go on, there's some sort of negotiation happening towards the end of the session about what deal will be struck around the renewal of the rent laws and what those laws will look like on June 16th. There are a number of things that might be considered. So I just wanted to alert the Council as to what our position might be on things that might possibly come up for consideration at the state level.

One thing is there are a number of mechanisms that landlords use to get rents to the decontrol threshold, MCI, one fortieth vacancy bonus, et cetera. Also the Rent Guidelines Board, I won't say too much about that because I know Adriene Holder is here and may be speaking to that in a moment, but sort of using all of those mechanisms to get the rent to that \$2,000 threshold. If those systems could be reformed to slow down that ever-upward push towards the decontrolled thresholds, that would be very helpful in terms of at least slowing down the loss of affordable housing and the loss of tenant

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rights in New York.

There are also a number of issues that pertain to the rights of rent control tenants that may be taken up. One of our rent control members had submitted written testimony today which is available to you.

There are number of other issues that we're worried about. Namely, that the State Legislature will say if you want the laws to be continued and strengthened or perhaps even just if you want the laws to be continued you're going to have to give up something in return. That's been the precedent and there is every indication that that's going to be sort of the tone of the negotiations this year.

There are a number of things that I wanted to go on record as having said that Tenants and Neighbors would oppose. That would be, for instance, the weakening of the Roberts decision, which has been brought up in the Senate Housing Committee already by Senator Young. Our view on that is we can't ask some tenants to give up their rights in order to keep other tenants' rights; that we all have to be in this together and

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2 present a united front. So we would definitely
3 not accept any compromised solution which said
4 that units that were impacted by the Roberts
5 decision could be taken out of rent stabilization
6 as the cost of renewing and strengthening the rent
7 laws.

8 There has also been some sort of
9 comments made that rent stabilization should
10 become a means tested system. I wanted to address
11 that and say that there are a number of means
12 tested systems out there, Section 8, for instance,
13 or other subsidized housing programs. I think
14 it's very important that the Council send a strong
15 message that rent regulation is not a subsidy
16 program in any way, shape or form. It's a
17 response to a housing emergency and it's a way to
18 protect tenants from the very negative impacts of
19 a severe housing shortage.

20 To say that publicly as often as
21 you can, as loudly as you can, and to insist that
22 no one think about rent regulation as a subsidy
23 program, and in many ways even as an affordable
24 housing program but rather as a set of tenant
25 rights.

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2 So we hope that you'll sort of take
3 a strong position in supporting all of Tenants and
4 Neighbors and the Real Rent Reform Campaign's
5 positions on these issues. Join us in Albany. We
6 go up every Tuesday. We would be delighted to
7 have as many of you come with us as would like to.
8 We're also doing a lot of actions locally between
9 now and June 15th. It would certainly be very
10 helpful to have Council Members at those actions
11 as well. Please be in touch with me if you want
12 more information about any of them.

13 So thanks again to Council Member
14 Chin for this resolution and to all of you for
15 being here today, and for the opportunity to
16 testify.

17 CHAIRPERSON DILAN: Thanks. We'll
18 make sure that your statements are entered, not
19 only for you but for everyone else that does
20 summarize, that your statements be entered into
21 the record in full.

22 Before the next presenter, I just
23 want to acknowledge that we've been joined by
24 Council Member Fidler of Brooklyn, Council Member
25 Mendez of Manhattan and Council Member Brewer of

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Manhattan.

COLIN HARRIS-MCTIGUE: Hi, my name is Colin Harris-McTigue. I work at the Robert F. Kennedy Center for Human Rights and Justice and at Beacon High School on the Upper West Side.

I'd like to talk to you all today about the reason that we've all chosen to live and work in New York City, and what gives New York that energy and excitement that draws not only us but entrepreneurs and immigrants from around the globe, why it's been such a cultural hub for years, driving so many of the nation's trends and been our de facto national ambassador to the world at large and who made it this way.

Our neighbors and our community made it this way. Communities are only as strong as its inhabitants, those who work locally and get involved in improving the quality of life for everyone. The people who coach soccer or help establish farmer's markets; they volunteer at the local museums and attend the town hall meetings; people who have come to this meeting; the teachers who deserve to live in the neighborhoods they work in, as well as the construction works and the

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2 public defenders, just as much as the financial
3 executives and the doctors.

4 It is not strictly the racial
5 diversity of the city's inhabitants but also its
6 economic diversity that has allowed us to thrive.
7 The people who stuck by this city's side during
8 the tumult of the 70s and 80s, and after
9 converting the city they loved into a thriving,
10 diverse metropolis, do they not deserve to be
11 protected from rising rent laws, as well as newer
12 inhabitants such as myself?

13 So at a basic level, I just would
14 like to ask everyone what does rent stabilization
15 do. I think it allows us to focus on the things
16 that really matter. By providing people support
17 for one of the most basic tenants of human
18 necessity, which is shelter, it allows us to
19 pursue happiness in other forms. It allows us to
20 take jobs that fulfill our altruistic desires
21 without worrying that all of our income will go to
22 rent. It allows families to save money, establish
23 college funds, so that their children can expand
24 their minds and become the next generation of
25 people contributing to this city's development and

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expansion.

I grew up in Brooklyn during a time of great change. My father is a plumber. The economic prosperity that this city has experienced has allowed his small business to prosper and to grow. My mother is a nurse practitioner, who grew up in the Bronx, and started her career as a visiting nurse in the Red Hook projects. They eventually saved up enough money to buy a home in Ditmus Park in the late 80s, and create a life for us in one of the city's most--actually one of the country's most diverse neighborhoods. And I hope that one day I can do the same for my family and my children.

The renewal of the rent laws is a step forward in making my dream a dream shared by, I think, a lot of us here, my friends, my family and workers across the city, a reality. Thank you.

CHAIRPERSON DILAN: Thank you.

KAMA NASSER: Hi, my name is Kama Nasser. I originally came from Bangladesh in 1982. I moved in New York. I call myself a very proud New Yorker. But I don't know what to call

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2 myself because I'm a resident of New York City.
3 I'm not sure.

4 But when I travel outside of New
5 York City, I go and stay there two or three days,
6 and after I cross the bridge, I feel my life back
7 again in my body. That's how much I love New York
8 City. I've been living since 1993 in Brooklyn. I
9 call myself a proud Brooklynite, if you call it.

10 But I see everything. I see a lot
11 of changes. The more changes that I see in
12 housing is the people are now suffering to look
13 for an apartment. And as for you testimony,
14 there's one million rent regulated apartments. If
15 you convert it to at least three people per
16 apartment, that's three million people. They are
17 suffering. They are going to suffer if we let
18 this rent regulation go away.

19 So I see, as far as I'm concerned,
20 and I am working with Sire [phonetic] and I went
21 to Albany. And it doesn't make any sense to me
22 that state lawmakers sitting in Albany and
23 controlling our life in New York City. It does
24 not make any sense whatsoever to me. Why should
25 they are sitting in Albany and voting that how

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2 much rent we should pay and what to do in our life
3 in New York City. This is us living in New York
4 City, it should be us. Our Council Members should
5 be the ones to do the voting for the New York City
6 rent regulation.

7 [Applause]

8 KAMA NASSER: It's not Albany. It
9 should be us that should decide how we should live
10 and which people should live in New York City.

11 If you see the housing crisis going
12 all over in America, but if you look in New York
13 City, the housing price did not go down. It has
14 stayed the same, because the people are eager to
15 live here. So we should be happy and supporting
16 to the people that should stay and make their life
17 in New York City as part of New York City law, not
18 as part of Albany law.

19 We should take the law back from
20 Albany to New York City. No way, we should leave
21 it to them because I don't understand the lawmaker
22 Worcester they should vote for me. He doesn't
23 know me. I don't understand a Binghamton senator
24 which is a good city--I used to live there--but he
25 should vote for the New York City rent regulation.

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2 It doesn't make no sense whatsoever. We should
3 really get all the people and the Council Members
4 be strongly together as one body of New York City
5 to send a message to Albany. We don't want to
6 take it no more and we are not going to take it no
7 more.

8 As it goes to the regulation, I see
9 the limit of \$2,000 as soon as it goes beyond the
10 \$2,000, the landlord can do anything they want. I
11 don't think it's fair. It should be according to
12 the income of the people that how we can afford
13 this. There should be law against that law. It
14 should not be limit to the \$2,000. It should be
15 just regulated as it should be. Give the power
16 back to the people. Give some peace of mind to
17 the people that they want to make their life in
18 New York City. They will help each other. So it
19 should be nice and peaceful in New York City.
20 Thank you very much.

21 [Applause]

22 CHAIRPERSON DILAN: Thank you all
23 very much. We've been joined by Council Member
24 Leroy Comrie of Queens. We were also joined
25 briefly by the Republican leader Jimmy Oddo of

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2 Staten Island as well as Council Member Eric
3 Ulrich from Queens.

4 At this time, I'll defer my
5 questions. Council Member Williams is first.
6 After Council Member Williams, the list is open.
7 I will go to the end, as I figure the same
8 questions I'm going to ask, my members will ask
9 and it might avoid us all asking the same
10 questions anyway. Council Member Williams and
11 then the list is open.

12 COUNCIL MEMBER WILLIAMS: Thank
13 you, Mr. Chair. I pretty much have one question,
14 because everybody here is actually for it and a
15 lot of us know the answers to what they may say.
16 I also want to say I'm terribly disappointed. Is
17 anyone from the City here at all in the audience?

18 CHAIRPERSON DILAN: I don't believe
19 there is anyone from the Administration even
20 listening.

21 COUNCIL MEMBER WILLIAMS: Wow. I'm
22 a former executive director of Tenants and
23 Neighbors, so I'm always proud when Tenants and
24 Neighbors is here. So this is about money, that's
25 all it's really about. I keep trying to give the

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2 Mayor some sort of benefit of the doubt. But
3 every single time that it comes down to money, he
4 does nothing for the people of New York unless you
5 make a lot of money and you're rich. I find that
6 very, very disappointing.

7 This is actually a give-me. This
8 wasn't very difficult. It's not a huge political
9 lift to say that you are in support of this. It's
10 a political give-me. And for him not to even do
11 that just sends sound waves to me. Everything
12 else he does kind of just makes complete sense
13 now.

14 Also, you know we mentioned the
15 Rent Guidelines Board, which to me is just a huge
16 sham. This is the only industry I know that it's
17 set up to make money. That's it. It's a sham and
18 they make money and they enforce it. And if
19 you're not going to make money, they raise the
20 rent even a little bit further.

21 So the Rent Guidelines Board has
22 been around for over 40 something years and it's
23 hard for me to understand that in one of those
24 years there was never an economic climate where
25 there could have been a rent freeze and a rent

1
2 reduction. The climate always denotes that
3 landlords should make money. So I don't
4 understand how the system keeps putting that out
5 over and over again.

6 What I'm hoping, even for media
7 wise, we can change the debate a little bit,
8 because every time this happens, whether it's up
9 in Albany for the renewal or the Rent Guidelines
10 Board, they say they came in the middle so
11 everybody's happy. But that's not the way it is,
12 it's a zero sum game. Every year the tenants lose
13 and the landlords win. It's just a matter of how
14 much.

15 And I also want to make sure we
16 change the debate because one thing that I didn't
17 hear come up too much, it's not just about the
18 rent, it's the rent protections the Rent
19 Guidelines Board afford. I think whether you make
20 \$175,000 or you make \$55,000, you should be
21 afforded the same rent protections so you're not
22 just evicted just because you had an argument with
23 the landlord. So rent renewals, the ability to
24 fight for code violation improvements, all are
25 afforded in this system. We should talk about it

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2 all together. What we focus on too much is just
3 the rent aspect, which is important but the
4 protections that come along with it.

5 My question, because fortunately
6 I'm on the City Council, but unfortunately the
7 City Council only has so much that we can do. Is
8 there anything concrete that you can think of that
9 we can do that can have any effect on this?

10 MAGGIE RUSSELL-CIARDI: We would
11 love if you would all come to Albany with us and
12 have a Council bus of all the Council Members
13 going to Albany and sit in on the second floor
14 with us, or do whatever it takes up there. May
15 24th, a lot of Council Members are coming down,
16 and we'd like it to be even more.

17 Another is help us get up to Albany
18 if you possibly can, and also educate your
19 constituents about the importance of this issue.
20 You know, we're trying to get to as many rent
21 stabilized tenants as we can to engage them. A
22 lot of you have market rate tenants in your
23 district who care about the fact that their
24 communities should continue to remain diverse and
25 affordable and vibrant and stable. We would love

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2 for those tenants to join us as well in Albany.
3 So any education you could do to mobilize those
4 constituents to participate in the campaign would
5 be greatly appreciated.

6 CHAIRPERSON DILAN: As a reminder,
7 Council Member Williams, that although elected,
8 you are still an advocate.

9 COUNCIL MEMBER WILLIAMS:
10 Absolutely. Thank you. I'm definitely going to
11 come to Albany. Please contact my office. I'd
12 like to come up more than once if possible. Also,
13 there are still a tremendous amount of tenants
14 that don't even know that they could be losing
15 their rent stabilization apartment come June 15th,
16 so we have to do a lot more to get that out.

17 Just again, I'm thoroughly
18 disgusted that the Mayor didn't even send someone
19 to listen to what's going on here. Thank you.

20 CHAIRPERSON DILAN: Thank you,
21 Council Member Williams. Council Member Lander,
22 followed by Brewer. I'm sorry.

23 COLIN HARRIS-MCTIGUE: I just
24 wanted to respond to that as well. I think I
25 forgot to mention I'm here testifying on behalf of

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the Working Families Party.

CHAIRPERSON DILAN: That's how you signed up.

COLIN HARRIS-MCTIGUE: Just letting it be known. I just wanted to second your testimony as well to say that a lot of people are just completely unaware of the laws, the current laws that govern them and protect them. I think that any effort to publicize them would be a huge step in the right direction in terms of helping us who are on the ground level organizing to get people involved. So anything that you guys could do, to press releases, to signing on, to our campaign work, would just be a huge benefit. Thank you.

KAMA NASSER: No, I got nothing to say.

CHAIRPERSON DILAN: You don't have to. You don't have to; I was just giving you the opportunity to if you did. Council Member Lander, followed by Brewer. Your opening statement was fine as well; I don't think you needed to say anything after that. Council Member Lander?

COUNCIL MEMBER LANDER: Thank you,

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2 Mr. Chairman. Thanks to all of you for being
3 here. I'm looking forward to seeing you in Albany
4 on the 24th of May and many other times between
5 now and whenever these laws get renewed.

6 I guess I want to ask you each to
7 underline a little more, maybe with stories you
8 can tell about buildings and tenants where the
9 loopholes that got opened at the last renewal have
10 really led to the loss of rent stabilized units
11 throughout the city.

12 I think this so often sets up, as
13 an "oh dear, the sky is falling, the laws are
14 about to expire and we have to save the rent
15 laws." And of course, we do have to save the rent
16 laws. But I think we also have to make clear that
17 what we have to do is put back. You spoke to this
18 in your testimony, but I think getting just a
19 little more understanding of some stories from it.
20 We'll hear them from tenants, I assume, as the
21 hearing goes on.

22 You know, a series of loopholes got
23 opened up that have cost us at least a couple
24 hundred thousand rent stabilized units. If we
25 don't get them put back and if we sort of get

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2 stuck with a renewal is the best we can do, what
3 we know is we will lose several hundred thousand
4 units more of affordable housing for folks who are
5 low income, working class, middle income in every
6 neighborhood in the city and our neighborhoods
7 will be less diverse.

8 So I just want to, I guess if
9 you've got a couple of examples of places where
10 the loopholes, you know where somebody taking a
11 vacancy bonus and then combining that with a one
12 fortieth and the next thing you know the unit got
13 deregulated and then the building. Help us just
14 understand this as a crisis of the weakening of
15 the rent laws, not just a deadline for the
16 renewal.

17 KAMA NASSER: Still I have nothing
18 to say.

19 MAGGIE RUSSELL-CIARDI: So, I mean
20 I think even before this issue of predatory and
21 equity investing in the stock became such a
22 prevalent problem there was this issue of just
23 your everyday landlord trying to get the rent to
24 the decontrolled threshold, using whatever means
25 possible.

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2 That was exacerbated several years
3 ago when people started paying way more for these
4 buildings than they ever could conceivably be
5 worth, given the current rent rolls, tens of
6 thousands of units overleveraged across the city.
7 And it's not Manhattan. A lot of people say this
8 is a Manhattan issue. It's all over the city:
9 upper Manhattan, lower Manhattan, Queens,
10 Brooklyn, the Bronx. Tenants and Neighbors is
11 doing tons of work in overleveraged J51 buildings
12 in Brooklyn, Crown Heights, Prospect Heights, a
13 lot of other groups like you have, notably, are
14 doing a lot of work in the Bronx.

15 What we're seeing in these
16 buildings is owners paid way more than they
17 possibly could have or should have for these
18 buildings, with the intention of deregulating as
19 many units as they could, as quickly as they
20 could. Then, you know, so it was a bad business
21 decision to begin with. It was sort of predicated
22 on pushing people out of their homes and
23 communities.

24 Then the economy deteriorated and a
25 lot of owners said I can't displace people as fast

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2 as I need to, but what I can do is just really
3 focus on doing as many MCI applications as
4 possible, for things that really don't need to be
5 done, or one fortieth increases, just trying to
6 sort of push the cost of their bad investment off
7 to tenants. And simultaneously failing to invest
8 properly in the building, so sort of putting all
9 the money towards the debt service on the property
10 while letting conditions deteriorate and applying
11 for all of these rent increases.

12 We did a lot of work at one time
13 with the Riverton up in Harlem where the building
14 was overleveraged and actually went into
15 foreclosure, and the tenants are still battling
16 really unnecessary MCI rent increase applications
17 and trying to stay in their home, while the
18 building is currently owned by the special
19 servicer.

20 There are lots of buildings all
21 over the five boroughs--you know, we coordinate
22 the citywide Predatory Equity Working Group of
23 tenant leaders from overleveraged buildings. Over
24 the course of about a year and a half, we've been
25 working with those tenants to talk about what's

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2 going on their buildings. Like every single
3 person pretty much every meeting told us stories
4 about MCIs, one fortieth, people being pushed out
5 of their apartments so that owners could collect
6 the vacancy bonus, people being illegally
7 overcharged, people who didn't even know if they
8 were rent stabilized or not being charged much
9 more than they should have been and not even
10 knowing that they should have had the protections
11 of rent stabilization.

12 So this is something that's really
13 an issue across the whole city. And even if the
14 rent laws were not up for renewal on June 15th, it
15 would really be probably among the most serious
16 problems in our city.

17 So if the rent laws get renewed on
18 June 15th, that will be good and it will be an
19 important victory for the tenant movement, but it
20 will not even begin to address this problem in a
21 really meaningful way because the decontrol
22 threshold still exists. There is still that
23 tremendous incentive for owners to do whatever it
24 takes to push people out of their homes and
25 communities and bring in, you know as Council

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2 Member Williams I think was suggesting, people of
3 much higher income levels, really changing the
4 face of New York and eroding all of the tenant
5 rights that come along with rent regulation in the
6 process.

7 COUNCIL MEMBER LANDER: Thank you.

8 I just want to flag a few of us were together
9 earlier this morning with Speaker Quinn, with the
10 Public Advocate and with Congresswoman Velazquez
11 at a building in my district, 294 Fifth Avenue in
12 Park Slope, where a bank had lent about \$2 million
13 on a property worth about \$500,000. Exactly as
14 you say, with sort of the goal of ramping up the
15 rent roll and displacing all the tenants.

16 Now we've got to come up with a
17 whole set of backend fixes to try to deal with the
18 predatory equity problem. But if we had strong
19 rent laws in place and folks understood that you
20 could buy a building, you can make money on a
21 building, you operate under rent regulation and
22 you can't plan on a strategy of decontrol and
23 destabilization. We would be in a lot better
24 place than we are right now.

25 I also think it's worth underlining

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2 that this is not a problem that was just during
3 the financial crisis. As you say, it existed
4 before that and we already see it again. There
5 are folks gearing up with new front end products,
6 with new CDL products, already investing in the
7 next round of predatory equity and
8 destabilization. If we don't use this moment to
9 strengthen the rent laws, then we'll just be
10 sitting here again a year, two years, five years
11 from now, talking about the next couple hundred
12 thousand units. So thank you for being here and
13 for leading the fight.

14 [Applause]

15 CHAIRPERSON DILAN: Before we move
16 to Council Member Brewer, we were briefly joined
17 by Council Member Vincent Gentile, who is not a
18 member of the committee, and we've been joined by
19 Council Member Jim Gennaro, who is a member of the
20 committee. I have Council Member Brewer, followed
21 by Council Member James.

22 COUNCIL MEMBER BREWER: Thank you
23 very much, I'll be quick. I have two quick
24 questions. One is Stanley Michaels--may he rest
25 in peace--when he was in the Council, he suggested

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2 and passed, at the same time the very challenging
3 decontrol law passed, that every tenant who is
4 market can request a lease on the history of their
5 apartment. I don't think it's used much. I'm
6 wondering if that is something you find of any
7 kind of a tool whatsoever or if it's ever
8 followed, number one.

9 Number two, I have a lot of rent
10 controlled residents in my district. Obviously
11 they're not our main focus today, but I'm just
12 wondering if any of the bills that are pending, do
13 you think any of them have a chance? Are you
14 paying attention to those also? I know it's a
15 different topic and the Council plays a little bit
16 more of a role with rent control than rent
17 stabilized. Those are my two questions.

18 MAGGIE RUSSELL-CIARDI: On the
19 issue of rent control, that's a big issue, because
20 rent control tenants have a whole set of problems
21 that are very unique.

22 COUNCIL MEMBER BREWER: I'm very
23 aware of them.

24 MAGGIE RUSSELL-CIARDI: Including
25 that their rent increases are actually often

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2 higher than they are for rent stabilized tenants.
3 Tenants and Neighbors recently convened a
4 leadership committee of rent control tenants, one
5 of whom is here today in their front row. Also
6 another member of that committee has submitted
7 testimony today with a four-point platform that
8 that committee identified.

9 The big priority this session,
10 which we've been working hard to get taken up, at
11 least in the Assembly, if not as part of the
12 overall negotiations at the end of the session, is
13 a bill that would eliminate the maximum base rent
14 system and put tenants who are currently under
15 that system under the Rent Guidelines Board. We
16 don't love the Rent Guidelines Board, everybody
17 knows that, but it's sort of an indication of how
18 bad the rent increases are for rent control
19 tenants that that would be preferable to the MBR
20 system. That's our top priority, also eliminating
21 the fuel pass alongs and changing the requirements
22 for SCRE and DRE so that more seniors and disabled
23 folks are eligible.

24 COUNCIL MEMBER BREWER: And about
25 Stanley Michael's bill? The fact that people

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2 don't talk about it is the problem. When he was
3 part of the discussion for getting rid of vacancy
4 decontrol, and as a tenant advocate, I know he
5 wasn't happy to do that. He did. Then he also
6 passed at the same time a bill that says that you
7 walk into an apartment, you believe you're market,
8 but in reality you're still stabilized. You're
9 supposed to be able to get that kind of
10 indication. Is that something that's ever used as
11 a tool? Are you aware of the law, et cetera?

12 MAGGIE RUSSELL-CIARDI: I mean in
13 terms of getting rent histories for buildings,
14 it's something that really no tenants that we
15 encounter are aware of. We've been doing tons of
16 outreach, door to door, in buildings telling
17 tenants you might be rent stabilized and that you
18 should request a rental history for your property
19 and figure out if it's been illegally deregulated.

20 I know there are other
21 organizations that are also working on this, like
22 Make the Road New York has been doing a lot of
23 work to help people that are being illegally
24 overcharged. I think it's a huge problem and not
25 enough tenants are taking advantage of this.

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2 Then you also run into the issue of
3 the four-year rule where there's a statute of
4 limitations on how long you can look back. So
5 many tenants, by the time we get to them with our
6 six-person staff, we've missed that very small
7 window. So that's another priority for our
8 organization is to increase the amount of time
9 that you can look back.

10 COUNCIL MEMBER BREWER: So maybe we
11 should try to look at the time issue in the City
12 Council. Almost in Stanley's memory, that was
13 something that he really cared about, so maybe we
14 should look at that.

15 MAGGIE RUSSELL-CIARDI: It would be
16 great if every time you move into a rent
17 stabilized apartment, you got a rent stabilized
18 lease and a copy of the rental history for the
19 building. That would be incredible.

20 COUNCIL MEMBER BREWER: Thank you
21 very much.

22 CHAIRPERSON DILAN: We have Council
23 Member James, and after that the list is open.

24 COUNCIL MEMBER JAMES: Thank you.
25 So as you know, in my district in downtown

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2 Brooklyn, the communities that you mentioned:
3 Crown Heights, Prospect Heights, Fort Greene and
4 Clinton Hill, it's ground zero for predatory
5 equity, ground zero for displacement and ground
6 zero for a wholesale change of the demographic of
7 that district.

8 So I am very much concerned about
9 the extension of these protections for tenants.
10 And I'm also concerned about the impact that the
11 absence of any protection would have on, not only
12 my district, but all throughout the City of New
13 York. Particularly, as it relates to the
14 diversity that this administration purportedly
15 celebrates, but unfortunately does not put into
16 action in terms of public policy.

17 My district, as you know, during
18 the economic boom was really, in my mind,
19 represents development on steroids. The
20 displacement of people and the people who have
21 been harassed is rather traumatic. So in my
22 district, and I guess throughout the City of New
23 York, there is a serious public emergency.
24 There's a shortage of affordably public housing.
25 If in fact we do not extend rent regulations, it

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2 will lead to additional speculative policies and
3 real estate moguls moving into downtown Brooklyn
4 and engaging in all types of practices, as I have
5 witnessed, and all of the advocates in this room
6 have witnessed. I have worked with each and every
7 one of them in trying to address what is happening
8 in downtown Brooklyn, which is becoming more and
9 more monolithic.

10 It has basically destroyed the
11 fabric of the City of New York and the diversity
12 that was the reason why so many people were
13 attracted to that neighborhood. It's distressing.
14 It is really, really distressing.

15 Someone testified earlier with
16 regards to the politics of Albany. The politics
17 of Albany are basically horse trading. What are
18 they prepared to horse trade, what is on the
19 table, and what in all likelihood will citizens
20 have to sacrifice in order to get a straight
21 extender, if not some corrections and protections
22 for tenants in the City of New York?

23 CHAIRPERSON DILAN: Council Member
24 James, do you mind if I add to the question?

25 COUNCIL MEMBER JAMES: Sure.

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2 CHAIRPERSON DILAN: Just to add to
3 that, do you also believe in general that the
4 State will act prior to the deadline?

5 KAMA NASSER: I hope so. They
6 should act before the deadline, if we can put
7 enough pressure on them, people on the City
8 Council and people together. I don't think only
9 the City Council people talk over there with no
10 support. They look back and there's nobody behind
11 them. So it should be together to put the
12 pressure on Albany to pass the law before the
13 deadline.

14 COUNCIL MEMBER JAMES: Let me just
15 also say that I believe that there was a tactical
16 error that was committed in Albany. I believe the
17 extension of rent regulations should have been
18 tied to the budget. I think we missed an
19 opportunity. I think some of our allies certainly
20 basically just punted the ball. Even though I
21 don't know anything about sports, I believe that's
22 appropriate.

23 MAGGIE RUSSELL-CIARDI: Right. I
24 mean, Tenants and Neighbors and our allies in the
25 R3 campaign were working around the clock in

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2 March, quite literally, to try to get this done in
3 the budget, because really, we would have been in
4 the strongest possible negotiating position at
5 that time.

6 COUNCIL MEMBER JAMES: Without a
7 doubt.

8 MAGGIE RUSSELL-CIARDI: That didn't
9 happen and that was really a tremendous
10 disappointment. We were hoping that after this
11 long recess that the State Legislature took that
12 they would come back and this would be the first
13 issue on the agenda. It's not looking that way.
14 That's also a huge disappointment. I think
15 there's a point at which it might become
16 appropriate for our allies in the State
17 Legislature to say like why should we act on
18 issues that are important to upstate legislators
19 if you guys are not going to be done what needs to
20 be done downstate.

21 COUNCIL MEMBER JAMES: Exactly.

22 MAGGIE RUSSELL-CIARDI: So your
23 support, if and when it comes to that, would be
24 critical. I think we can't let it get to June
25 15th. If we wait until June 15th, we're in the

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2 worst possible negotiating position. So I think
3 we need to do everything possible to avoid that
4 scenario. Because I think, as you're saying, when
5 it gets down to June 15th, people will say if you
6 want to keep some rights, you better give up
7 others.

8 COUNCIL MEMBER JAMES: Right.

9 MAGGIE RUSSELL-CIARDI: We'd rather
10 say, you know, the fact that the rent laws need to
11 be continued is a given. How are they going to be
12 strengthened and not even accept the notion that
13 we should have to give up something in order to
14 get the laws corrected that have been so
15 significantly weakened in previous renewal years.

16 COUNCIL MEMBER JAMES: As a member
17 of several caucuses in this body, I think we need
18 to generate some activity and some organizing
19 strategy with likeminded individuals in the State
20 Legislature and work together to put incredible
21 pressure on the Republicans in Albany. I remember
22 working in Albany and I do know that when I worked
23 for then Assembly Member Al Vann, and at that time
24 the proposal was an expansion of prisons affecting
25 communities of color. And at that time, back in

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2 2000 and I forget what the year was, maybe it was
3 in the 90s, we shut Albany down. I believe it's
4 time to do that again. Shut it down and extend
5 rent laws. Thank you.

6 [Applause]

7 CHAIRPERSON DILAN: So I just have
8 one question in closing for this panel. I heard
9 your answer that you believe the state will act,
10 and I just want to see if you agreed with the
11 assessment that was in my opening statement. I
12 believe, as I said in my opening statement, the
13 state will act. What do you think the impact will
14 be on the residential market if the state does not
15 act?

16 MAGGIE RUSSELL-CIARDI: My view is
17 that most likely the state will act and they will
18 renew the rent laws. I think in many ways it's
19 sort of insidious, right? Like the rent laws will
20 keep getting renewed and possibly slightly
21 weakened. They're thinking that by doing this
22 they can sort of placate us and keep us from
23 taking over the capitol and shutting down Albany,
24 which is really what needs to be done.

25 Whether or not the rent laws get

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2 renewed, we're hemorrhaging units of affordable
3 housing. People are asked to give up their rights
4 every day. It's an extremely dire situation and I
5 don't think we can just sort of sit back and say
6 well it's not bad enough. It is bad enough right
7 now, so I think we have to approach all of this
8 with that in mind at all times.

9 KAMA NASSER: Yeah, I think that
10 they will act, but I think they're going to put
11 more loopholes. They are going to say to the
12 people that listen, we did something for you. So
13 we have to be on top of it so they don't make too
14 much of the loopholes. It doesn't make no sense.
15 So we have to act on that. So we have to be on
16 top of that. They will pass but they will have
17 more loopholes than ever before. I'm sure of
18 that.

19 COLIN HARRIS-MCTIGUE: Also, in
20 regards to the market, I think we just see a lot
21 more of our residents being forced out of their
22 homes into places like Poughkeepsie and upstate,
23 people who really helped develop this city and
24 turn it into the diverse capitol that it is will
25 be forced out.

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2 CHAIRPERSON DILAN: Thank you for
3 that. Along the lines of what I was looking for
4 was an opinion. Like I said, I also believe they
5 will be extended, so it won't be an issue. I
6 think the issue is how they get extended, which is
7 what I'm hearing from everybody on today's panel.
8 So I want to thank you all for your time and your
9 testimony and your advocacy. Thank you for coming
10 in today.

11 COLIN HARRIS-MCTIGUE: Thank you.

12 KAMA NASSER: Thank you very much.

13 [Applause]

14 CHAIRPERSON DILAN: Next, we have
15 Adriene Holder, Raun Rasmussen and Sam Lui.
16 They'll be followed by George Tzannes, Harvey
17 Epstein and Lauren Lagasi.

18 SAMUEL W. LUI: Good afternoon
19 Council Members.

20 CHAIRPERSON DILAN: I was very
21 careful, and I mean this totally jokingly, not to
22 call you John.

23 SAMUEL W. LUI: Thank you.

24 CHAIRPERSON DILAN: Jokingly, I
25 love John Liu also.

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2 SAMUEL W. LUI: My name is Samuel
3 Lui, Staff Attorney at Manhattan Legal Services,
4 part of Legal Services NYC.

5 CHAIRPERSON DILAN: I still got the
6 name wrong. Just check to see if your mic is on.

7 SAMUEL W. LUI: The mic is on. Is
8 it better?

9 CHAIRPERSON DILAN: Yes. If you
10 could pull it closer to you, that'd be even
11 better.

12 SAMUEL W. LUI: All right. I was
13 told I have a strong, robust voice, but I guess
14 not. Today, I'm representing Legal Services NYC,
15 a national organization of legal service workers
16 and the Local 2320 of the UAW.

17 We thank you, Council Members, for
18 holding this hearing. We also thank specifically
19 Council Member Chin for sponsoring Resolution 700.
20 We strongly support the strengthening and renewal
21 of rent laws and the repeal of the Urstadt Law.

22 The state rent regulation has been
23 the vital role for the preservation of affordable
24 housing for the city's most vulnerable residents.
25 Let me tell you a story. Recently, a Hispanic

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2 single mother came to my office, seeking help in
3 her nonpayment case in the Housing Court. The
4 landlord's claim that her apartment is not
5 regulated because the rent was already over \$2,000
6 when she first moved in, even though she was only
7 paying \$1,100 for rent.

8 When we looked at her case more
9 closely, we realized that the landlord falsely
10 characterized the rent as preferential rent and
11 that the building is actually a J51 building,
12 which should be rent regulated. Clearly, the
13 landlord is trying to evade rent law by illegally
14 deregulating the apartment.

15 This scenario represents a typical
16 case which we see regularly where an unscrupulous
17 landlord set fake preferential rent for four
18 years. After four years, when the rent goes back
19 to market level rate, the tenant will have no
20 recourse to undo the fraud. This is happening to
21 your constituents. This is why the repeal of
22 vacancy decontrol is so important.

23 Vacancy decontrol set this rent
24 threshold target for landlords to aim at. By
25 eliminating vacancy decontrol, unscrupulous

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2 landlords will have fewer means to evade rent law
3 by defrauding tenants. Therefore, we urge the
4 City Council to strengthen the rent law by
5 repealing vacancy decontrol. Thank you.

6 CHAIRPERSON DILAN: Thank you.

7 ADRIENE HOLDER: Good afternoon.

8 I'm Adriene Holder. I'm the attorney in charge of
9 the civil practice of the Legal Aid Society. I'm
10 also one of two tenant members on the Rent
11 Guidelines Board. A Board that I would happily
12 wish did not exist because it does serve year
13 after year to ensure high renewal increases and
14 profits to landlords.

15 Oftentimes, the nine member board,
16 we're all appointed by the Mayor: two owner
17 members and two tenant members, oftentimes with
18 five public members. We're placed in the
19 untenable situation of actually trying to figure
20 out what is going to happen and to negotiate
21 amongst ourselves about what the increases are
22 actually going to be. There are always increases,
23 even though the law allows there not to be. But
24 year after year there are increases, ensuring very
25 sizable profits. I just state that only just as

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2 further indication that there are so many means in
3 which landlords have been able to increase rents
4 on rent stabilized or rent regulated housing in
5 New York City. We all know, and there has been
6 the testimony before you, that even with rent
7 controlled tenants those increases are even
8 higher.

9 Today, about rent regulation, I
10 first would like to say that I'm very happy to be
11 here. This is quite a distinguished committee of
12 the City Council. I know Council Member Williams.
13 You were told by the chair that you are still an
14 advocate, but I would venture to say, because I've
15 worked with each and every one of you, this is
16 really a distinguished panel of City Council
17 Members who are truly advocates and have been
18 leaders, people that I've admired for years on
19 these issues. I thank you all for calling this
20 hearing. I thank you for how proactive in terms
21 of introducing legislation you all have been.

22 I also thank you, when the Rent
23 Guidelines Board foolishly--I was not a part of
24 that vote, but I was there--decided to go with
25 supplemental increases three years ago. I'm so

1
2 very proud of this Council that submitted papers
3 and litigation that Legal Aid and Legal Services
4 NYC brought to fight those supplemental increases.
5 We will continue to fight together, I know, and
6 the renewal of the rent laws and the strengthening
7 of the rent laws is just another are that we need
8 to do it.

9 So you all know very well what it
10 is that we'd like to see done. You know that
11 while we support every section of the bill that's
12 before us, our testimony focuses on two of the top
13 priorities. First, that the Emergency Tenant
14 Protection Act must be extended and that the
15 Urstadt Law must be repealed and local control
16 must be restored to New York City. And lastly,
17 that vacancy decontrol must be repealed, just as
18 my colleagues have been telling you. It is so
19 vitally important.

20 What we also wanted to highlight
21 today was to make sure that folks understood who
22 actually lives in rent regulated housing. It's
23 something that I constantly have to remind people
24 that I work with on the Rent Guidelines Board,
25 particularly those public members. I think the

1
2 owner members actually are very much aware of who
3 lives in rent regulated housing. The rent
4 stabilization primarily serves low income people
5 of color and immigrants.

6 Just a few statistics that are
7 taken from the housing vacancy survey as well as
8 the census. The median household income for rent
9 stabilized tenants is \$36,000 a year, compared to
10 \$50,000 for unregulated tenants and \$700,000 a
11 year for homeowners. Thirty-nine percent of
12 households with income below the federal poverty
13 line live in rent regulated housing, as do 40
14 percent of households with incomes from 100-200
15 percent of the federal poverty line. Overall,
16 435,000 low income families live in rent regulated
17 housing.

18 Twenty-two percent of rent
19 stabilized tenants are African America; 32 percent
20 are Latino; and 9 percent are Asian. Fifty-three
21 percent of rent stabilized households are headed
22 by immigrants or someone born in Puerto Rico. I'm
23 sorry.

24 Thirty-seven percent of rent
25 stabilized tenants pay rent that is more than 40

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2 percent of their income; 49 percent of rent
3 stabilized tenants pay rent that is more than 30
4 percent of their income; and 77 percent of renters
5 with income below the federal poverty line, living
6 in rent regulated apartments pay rent that is more
7 than 50 percent of their income, a drastic
8 increase from 65 percent in 2007, and on par with
9 such tenants in unregulated apartments.

10 We know that there continues to be
11 an emergency housing crisis. You all know this
12 too well. So we're not only asking that we
13 extend, but we also want folks to understand that
14 the financial cost to New York City would be
15 astronomical if these laws were not renewed. Over
16 50,000 households in New York City are covered by
17 either the SCRE or DRE benefits, and these
18 programs will cease to exist for rent stabilized
19 tenants if the laws are not renewed.

20 SCRE and DRE families are by
21 definition low income and either elderly or
22 disabled or both. These are our most vulnerable
23 households and they would be at imminent risk of
24 homelessness were the laws to expire. The cost of
25 housing these families would be enormous. And

1
2 over 400,000 low income families live in rent
3 stabilized apartments.

4 But lastly, as I go to my colleague
5 who I know will speak more, again, we're looking
6 for the repeal of Urstadt. You all know too well
7 that you all are--and like I said quite an
8 activist panel right here--wonderful
9 representatives here in New York City. People
10 that, again, that I've followed for years. You
11 all have always been very enmeshed, very concerned
12 about issues around housing in New York City. Who
13 better to decide what happens to New Yorkers than
14 you all.

15 But even more importantly, although
16 these laws may be renewed and maybe in our best
17 judgment and in our experience, we're going to see
18 the renewal of the rent laws, it's the weakening
19 that's going on right now in the bills that are
20 being proposed. We were just shown just now bills
21 that are showing for further weakening that are
22 being introduced in the Senate. One bill talking
23 about housing accommodations with legal regulated
24 rent of lowering it from \$2,000 down to \$1,500 per
25 month or more being deregulated. Another saying

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2 that for those, in terms of this whole impression
3 of the high income or deregulated, talking about
4 deregulating those apartments that are occupied by
5 persons who have a total average annual income in
6 excess of \$175,000 for the two preceding calendar
7 years. But then saying that automatically they
8 would find their apartments decontrolled. Not
9 also having to have what the current law says, the
10 accompanying legal regulated rent of \$2,000.

11 What we see here is that even if
12 the laws are renewed, any further weakening means
13 that, yes, we may be here in a couple more years,
14 but I don't really know how many units we still
15 will be fighting for. We are hemorrhaging units.
16 We have people who become displaced, or even our
17 children or other folks who are trying to stay in
18 the city who cannot find available apartments.

19 You talk about ground zero in
20 Brooklyn; we talk about ground zero in the Bronx
21 and definitely Manhattan, but even other parts of
22 Queens where people cannot afford to move to
23 larger apartments. People cannot afford to stay
24 in the apartments they're in. We cannot continue
25 to think that we are going to be able to have our

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2 children and other low income folks who are
3 displaced being able to be re-housed here.
4 Available apartments are completely unaffordable
5 and then those that are occupied, even for long
6 periods of time, remain unaffordable because of
7 enormous increases that landlords are able to
8 make.

9 We need to strengthen these laws.
10 We need to have local control. Again, I thank you
11 for your time. Keep up the good fight. Thank you
12 for all your support thus far.

13 [Applause]

14 RAUN RASMUSSEN: Good afternoon.
15 My name is Raun Rasmussen. I'm chief of
16 litigation and advocacy at Legal Services NYC. I
17 too am really actually thrilled by the leadership
18 that the City Council is providing on this issue.
19 Thank you so much, Council Member Chin, for
20 Resolution 700, which we fully support.

21 I don't know if you understand, and
22 I'm glad that Adriene referenced Casado [phonetic]
23 versus Marcus in the litigation that we jointly
24 engaged. But I don't know if you understand how
25 much we appreciate that partnership on issues that

1
2 our so important to our clients, your
3 constituents.

4 The story that Sam described about
5 the family who was being duped by her landlord is
6 exactly like the story that thousands of our
7 clients at Legal Services NYC and Legal Aid face
8 every day. Your constituents who we serve are the
9 most vulnerable New Yorkers. Eighty percent of
10 our clients are black or Hispanic. Seventy-three
11 percent are female-headed households. Twenty
12 percent are elderly. The vast majority have
13 incomes under 125 percent of the federal poverty
14 level. It's just mind-blowing to think of how a
15 family of three could survive on \$23,000 a year.
16 It certainly wouldn't be possible without rent
17 regulation.

18 I was at the press conference that
19 Council Member Lander referred to earlier. Of
20 course, he stole my thunder, but that's fine. As
21 usual, I'm used to that, having worked with him
22 for many years.

23 COUNCIL MEMBER: [off mic] So are
24 we.

25 RAUN RASMUSSEN: Yeah. But what

1
2 was so powerful about that press event was the
3 stories of the tenants who are living in the
4 apartments that are being victimized by their
5 landlords, victimized by the banks and victimized
6 by the predatory equity phenomenon that you all
7 have heard about.

8 Tenants with giant rats in their
9 apartments; tenants with huge piles of garbage,
10 that they couldn't get removed, that were making
11 their apartments rancid. Tenants who are
12 disabled, elderly, who had to huddle under
13 blankets for days on end without being able to
14 take a shower because they had no heat or hot
15 water.

16 Those horrendous conditions, which
17 we see throughout the city and you've heard the
18 names Pinnacle, Vantage, Dawnay Day, the Milbank
19 Group, those are all predatory equity owners of
20 buildings who are failing, who are refusing to
21 make repairs in the buildings because instead of
22 entering into ownership as responsible landlords,
23 they entered into ownership with a business plan
24 to evict regulated tenants and deregulate those
25 units because of high rent vacancy decontrol.

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2 So, as many folks have said today,
3 as Council Member Lander said earlier, we strongly
4 support Resolution 700. We believe that rent
5 regulation is going to be renewed. But if it's
6 not renewed with improvements, as Adriene just
7 said, we are soon going to have a situation where
8 there are no affordable apartments left to
9 regulate.

10 So thank you for your leadership.
11 We wholeheartedly support it and hope we can
12 continue to work together to improve the system.

13 CHAIRPERSON DILAN: Thank you, all.
14 I believe Council Member Lander would like to lead
15 off.

16 COUNCIL MEMBER LANDER: Thank you
17 very much for both your testimony today and all
18 that you've done in your careers to protect the
19 tenants that live in New York City and in our
20 districts.

21 I just want to extend a little on
22 some of the numbers that Ms. Holder gave, because
23 I was looking at some of these this morning and
24 getting ready. I think you're absolutely right to
25 point out, and it's important for us to remember

1
2 that 60 percent of those rent stabilized tenants
3 are people of color, that the average household
4 income is \$36,000. I do want to add two things.
5 I hear people say from time to time the difference
6 is all core Manhattan.

7 I was looking at some of the data.
8 In Brooklyn, stabilized renters make about \$31,000
9 a year versus \$41,000 a year for unregulated
10 buildings, and they pay an average rent of \$990 a
11 month, or median rent, versus \$1,170. So that's
12 nearly \$200 difference, about 15 percent lower. I
13 think that's true neighborhood by neighborhood.

14 In East Harlem, the average
15 stabilized tenant is somebody who makes \$32,000 a
16 year, paying \$900. The average unstabilized, or
17 market rate tenant makes \$60,000, paying \$1,500.

18 Even in the core neighborhoods, in
19 Chelsea or Clinton or midtown, the average
20 regulated tenant is somebody who makes \$52,000 a
21 year, paying \$1,375, instead of the market rate
22 tenant who makes \$90,000 a year, paying \$2,630 a
23 month.

24 So even in those neighborhoods
25 where it's not mostly very low income people

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2 paying very low rents, the core role of preserving
3 diversity in our neighborhoods is essential. If
4 we want to live in a city that pushes the last
5 Puerto Rican and African American families out of
6 my neighborhood in Park Slope and the last
7 teachers out of Stuy Town. Those families who are
8 in Bushwick that says to them it's time to move to
9 East New York, then we can let the rent laws
10 continue to get weakened. But if not, we should
11 listen to what you're saying and fight to
12 strengthen them. So, thank you.

13 ADRIENE HOLDER: Thank you.

14 CHAIRPERSON DILAN: Council Member
15 James?

16 COUNCIL MEMBER JAMES: The comments
17 that were made just underscore an argument that I
18 have been making against this administration.
19 That is that this administration continues to
20 promote segregation in the City of New York. Two,
21 it continues to promote the feminization of
22 poverty in the City of New York because most of
23 your clients are female-headed households.

24 So this administration, again, says
25 one thing but in fact their policies say something

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2 else. So I really dismiss a lot of what they say
3 and actually look at the policies. And if you
4 look at the policies, again, they promote
5 segregation not only in housing but in our
6 schools, et cetera. In addition to that, they
7 promote, again, the feminization of poverty which
8 is demonstrated all throughout the policies of the
9 City of New York, which is why tonight more women
10 and children will go to bed hungry and homeless.
11 Thank you.

12 CHAIRPERSON DILAN: Council Member
13 Brewer?

14 COUNCIL MEMBER BREWER: Thank you.
15 I just have a slightly different take, which is I
16 think that one of the reasons to enhance, not just
17 to continue, enhance, enhance, enhance, even more
18 is, you know, we lost Mitchell Lama. That's
19 another example of middle income housing. So,
20 it's not just a good argument for the owners and
21 the people who are against it, is the notion that
22 it's people who are lower income. But I also
23 believe that people who are middle income, this is
24 a way to stay in the city.

25 So I'm just wondering if you have

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2 some statistics along those lines. In other
3 words, is that an argument that has any merit for
4 those whom you're trying to convince? Or is that
5 something that just goes on deaf ears? The notion
6 of we do not have a middle class or we won't have
7 a middle class. Obviously, I know Manhattan; I
8 know that's true in Manhattan. But citywide,
9 unless we have affordable housing and this is one
10 way to do it. And also, a mixed income building
11 is the best way of preserving civic engagement.
12 I'm just wondering if you ever are able to use
13 that argument.

14 ADRIENE HOLDER: Well, you know,
15 definitely that's an argument that needs to be
16 made. Those aren't our constituents and the hats
17 that we wear as Legal Services attorneys where
18 we're actually representing some of the most
19 vulnerable tenants and would arguably say that the
20 most vulnerable tenants are actually the ones in
21 rent regulated housing. But you are right in the
22 sense that there are still others that are
23 considered more working class or moderate income.
24 Of course, those are issues and those are
25 statistics that I'm constantly trying to share and

1
2 reeducate the public members on the Rent
3 Guidelines Board about so that they really
4 understand the extent and how this extends.

5 What I would actually ask all of
6 you all, in your continuing roles as advocates, is
7 to really fight against this whole notion of means
8 testing. We've mentioned it and you've heard it
9 in testimony earlier, but I'm telling you it's
10 real. It's not just something that you're reading
11 that is an interesting talking point in the
12 papers; it's something that's constantly coming up
13 before the Rent Guidelines Board. It's something
14 that's constantly coming up when we go to Albany.

15 It is the idea that this is a
16 subsidy program. It is the idea that rent
17 regulation is somehow easily very noble, we're
18 told, almost in a condescending manner. That it's
19 very noble and it's something that should
20 definitely be championed for those who truly need
21 it. Not understanding that unlike food stamps or
22 other types of subsidy programs that we're not
23 talking about where there's a fair market and
24 there are some folks who are unable to actually
25 participate.

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2 What we're saying is that there is
3 in New York City a very unique situation because
4 of the vacancy rate, because of the lack of
5 ability for us to--we have not at any time, even
6 under the most ambitious programs here in the
7 city, been able to create enough affordable
8 housing to actually meet the need. Since this is
9 not a normal market like you would find in other
10 jurisdictions in this country, we need to have
11 this because this is what makes this a place that
12 does not allow for speculation and abuse for all
13 tenants that are participating not to be means
14 tested.

15 So I agree with you, there are
16 statistics and we have them and I share them with
17 my colleagues in regards to the range of incomes.
18 Although, still, the majority of incomes that are
19 in rent regulated housing are lower and are more
20 the constituents of us in the Legal Aid and Legal
21 Services world.

22 But what I am going to tell you is
23 that still in looking at this issue, what I really
24 want us to be vigilant about is the fact that
25 means testing continues to be a huge issue that we

1
2 need to continuously reeducate folks about and
3 make sure that we're having the right
4 conversations about that.

5 COUNCIL MEMBER BREWER: First of
6 all, thank you for all your service. I 100
7 percent agree with you. That's sort of what I was
8 trying to get at, which is if you don't have a
9 middle class, you don't have a city. If you don't
10 have affordable housing, you don't have a middle
11 class.

12 ADRIENE HOLDER: Right.

13 COUNCIL MEMBER BREWER: If you
14 don't have a middle class, you don't have people
15 on the community boards and the CECs and Robert
16 Putman's so-called civic engagement.

17 ADRIENE HOLDER: Yes.

18 COUNCIL MEMBER BREWER: I agree
19 with you and I'm glad you made that, and we will
20 certainly make that comment at the Rent Guidelines
21 Board when we testify. Thank you.

22 RAUN RASMUSSEN: Just one short
23 addition. First of all, Tenants and Neighbors is
24 certainly making that argument. Although the
25 income levels that you referenced are not our

1
2 constituents, certainly even in the income numbers
3 that Council Member Lander referenced, it's clear
4 that really the majority of families who live in
5 rent regulated housing are not the lowest of the
6 low incomes. They're folks who may be in a low to
7 moderate income group. So that's definitely the
8 case.

9 I think that point, though, gets
10 lost often and people assume that it's only the
11 lowest of the low income who live in rent
12 regulated housing and that's just not true.

13 COUNCIL MEMBER BREWER: We know.

14 Thank you.

15 RAUN RASMUSSEN: I know you know.

16 ADRIENE HOLDER: Thank you.

17 CHAIRPERSON DILAN: Thanks. We
18 were also briefly joined by, and we are re-joined
19 by Council Member Robert Jackson, who's looking
20 for a chair, or he's taking a chair. I'm not sure
21 what he's doing. Council Member Chin?

22 COUNCIL MEMBER CHIN: I just wanted
23 to thank the Legal Aid Society and the Legal
24 Services for all the great work that you do in
25 terms of protecting tenants. Without rent

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2 regulation, the tenants cannot fight. I mean, I
3 know that we have cases where when the apartment
4 is not protected by rent regulation there is not
5 much that they can do to preserve that affordable
6 housing. So I think that's one of the reasons
7 that at least gives people a chance to fight.

8 I just want maybe your comment in
9 terms of really elevating this to a civil rights
10 issue. If we don't have these rent protections,
11 it would have a really negative effect on a lot of
12 communities who need to be protected. So maybe if
13 you could, address that?

14 RAUN RASMUSSEN: Well, as you may
15 know, there's an international human rights right
16 to housing and there are certainly some advocates
17 and academics around the country who are pushing
18 for the adoption of a right to housing in our
19 country. We don't have one right now. I'm sure
20 there are a lot of my colleagues who would be very
21 happy to make those arguments.

22 As you may recall also, there was a
23 right to counsel proposal that this Council, Rosie
24 Mendez and others, promoted a few years ago. If
25 we can find funding for that, that would go a step

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in the right direction.

SAMUEL W. LUI: There have been cases, as you all may be aware, where Legal Aid and Legal Services have brought in New York Supreme, if not federal court, regarding harassment on tenants and even refusal by landlords to accept Section 8 subsidies and all that. We have been getting good results from court.

But nonetheless, we still have unscrupulous landlords who just want to tell tenants with those subsidies saying that we're not accepting that money, for whatever reason. They say paperwork is too much. That's just not a reason. So we try to definitely look into the civil rights angle in battling this sort of practice by a landlord.

COUNCIL MEMBER CHIN: Just thank you again for all the great work that you do.

ADRIENE HOLDER: Thank you.

RAUN RASMUSSEN: Thank you.

CHAIRPERSON DILAN: Thank you all for your time and testimony.

ADRIENE HOLDER: Thank you.

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RAUN RASMUSSEN: Thank you.

SAMUEL W. LUI: Thank you.

CHAIRPERSON DILAN: Next, we have Lauren Lagasi, Harvey Epstein and George Tzannes. They will be followed by the last panel, which is David Hanzel and Elana Shneyer, it looks like. You can correct me on the names on the record when you come up. You can begin in the order that you were called up. Just start by stating your name for the record in your own voice. Into the microphone please.

LAUREN LAGASI: My name is Lauren Lagasi. I'm from 57th and First, the Sutton Slums. I have lived here since, I guess, 1993, when I thought it was wonderful to be a rent stabilized or a rent regulated tenant and that I have rights. I find that in the 18 years that I've lived here, I've learned more about the court system and fighting for my rights because my landlord continuously takes me to court for debts that I do not owe. Then his real estate attorney flips those debts into collections. So I feel like I've been litigating basically the whole time I've been here. I just don't know what else to

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do.

I mean I've actually had to hire a lawyer in '09 for fair debt collection to stop the landlord's attorney from suing me and putting me into collections because none of the judges could stop them in Housing Court. So since then, I knew I couldn't possibly be the only person in my building of 270 people. I have started a tenant's committee and I found at the first meeting where I had 25 tenants, both market and stabilized, I found five or six other tenants that have \$3,000 to \$9,000 of arrears on their statements, and 80-year-olds who continue to be brought into court for the same bogus legal fees. It's just to the point we're all having our rights violated to be lucky to be rent stabilized tenants.

I have written to Professor Elizabeth Warren about this, to try to make landlords part of consumer protection. Because they could sue me tomorrow and I have no recourse. I'm just really tired of spending my life in a courtroom. I don't know what else to do. If anybody has suggestions, I'm open.

I have found that a lot of tenants

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2 in my building also don't know if they're
3 stabilized or not. I'm finding that now they're
4 writing in, and as you mentioned before, that they
5 have been given preferential rents and they
6 haven't been given stabilized leases. This is all
7 coming out. I am handling this building on my own
8 without any experience, and these are the things
9 that are coming out. This has only been in the
10 past three weeks that all this information is
11 coming up. It sounds like a lot of what's going
12 on with Cuomo versus Vantage.

13 However, when I go before a court
14 of law, the judge will say it's not harassment.
15 They have billing problems. Not deceptive billing
16 problems, but billing problems. Frivolous
17 lawsuits, I mean if you don't think that eight
18 lawsuits for the same legal fees repeatedly
19 constitutes harassment, then I think he should go
20 back and review his legal journal. I just don't
21 even trust the court system anymore. I mean how
22 many times do you get sued for the same things
23 that are unlawful and get a judgment of
24 harassment?

25 So I've since gone to the state at

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2 DHCR and DHCR will say well you're still living in
3 the apartment, how bad could it be? So it's
4 really a curse to be a rent regulated tenant at
5 sometime in your life because I mean I don't know
6 what else to do. I just keep fighting and
7 fighting and fighting.

8 They stopped accepting my rent; I
9 guess it was last year, after they accepted my
10 escrow rent from my attorneys. And now they're
11 suing me for the rent. I have all these problems,
12 so now I'm countersuing them for harassment again.
13 So the beat goes on. My trial is on the 19th.
14 This time I have all those tenants to bring with
15 me for all the overcharges and the legal fees. So
16 that's my story.

17 CHAIRPERSON DILAN: Thank you.

18 LAUREN LAGASI: Thank you for
19 listening.

20 HARVEY EPSTEIN: Good afternoon.
21 My name is Harvey Epstein. I'm the director of
22 community development for the Urban Justice
23 Center. I'm here on behalf of Northern Manhattan
24 Improvement Corporations, CAMBA Legal Services and
25 West Side SRO Law Project at Goddard Riverside

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Community Center.

I'm not going to read my testimony because you all know these issues as well as I do. I want to thank Council Member Dilan for his leadership and Councilwoman Chin for this bill. These are issues that you have been fighting for longer than I have, or as long as I have. I think as a community we're trying to move the issues forward together.

I think Councilwoman James said it the appropriate way. We have to figure out what the vision of New York is going to be in the next 20 years and what kind of communities do we want to live in and do we care about economic and racial diversity. It's clear what the Council's position is; it's not clear what Albany's position is.

If we do a direct extender, which is what the RSA keeps saying, a 14-year direct extender of the rent laws, we're going to have a city that I think none of us want to live in. That's the unfortunate mess. We'll have a city with no middle class. We'll have a city where there are no opportunities for our children and

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2 our grandchildren to live. We'll have a city that
3 will look like what happened in Boston. You know,
4 Boston, when the rent laws expired in Boston, the
5 city became a city of the rich, and isolated
6 pockets of poor. It's just not where we want to
7 be.

8 So you know what to do, and I
9 appreciate all of your work. The Urban Justice
10 Center, as well as Northern Manhattan, CAMBA, West
11 Side SRO has been fighting through these issues
12 for 25 years. We continue to fight with you.
13 There are tenants, like the woman next to me, and
14 tenants in the city, and I don't care whether they
15 live on Central Park South and they're seeing--you
16 know, we have a building where they're looking at
17 \$8,000 increases--\$8 million MCI increases. Or
18 buildings like Banana Kelly in the Bronx, and down
19 on Ridge Street, or tenants in the Lower East Side
20 are all facing the exact same issues.

21 We don't care, if it's from
22 Brooklyn to the Bronx, we're all experiencing the
23 same thing. This is power and the economy and
24 who's got the opportunity to control what the city
25 looks like. This is our opportunity now to say if

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2 we wait and we don't let these laws get
3 strengthened, if we do a direct extender, we're
4 going to face a city we don't want.

5 So thank you again for everything.
6 We hope to be together saying that Urstadt was
7 repealed, no more 20 percent increases, we won't
8 see these crazy MCIs or one fortieth improvements,
9 and hopefully we'll be celebrating sometime in
10 June. But it's going to take a lot of work
11 between now and then for all of us to get there.

12 GEORGE TZANNES: First of all, I'd
13 like to say ditto on everything the first speaker
14 said. In fact, my lawyer is in court this very
15 minute on exactly what you were talking about.

16 CHAIRPERSON DILAN: Excuse me, sir,
17 if you could identify yourself.

18 GEORGE TZANNES: Yes, I'm going to
19 say that right now. My name is George Tzannes.
20 I've been a rent stabilized tenant in the East
21 Village for 37 years. I'm giving testimony
22 regarding an issue that concerns the rent
23 regulations and vacancy decontrol laws soon to be
24 voted on in the Senate. The issue also has
25 relevance to the past Earth Day official concerns

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2 regarding air quality and exposure to particulates
3 and toxins in New York City, as well as the recent
4 New York City Construction Safety Week regarding
5 safe work practices and enforcement.

6 The section of the vacancy
7 decontrol laws that allow high rent deregulation
8 of a vacant stabilized apartment is a significant
9 cause of frequent tenant harassment and
10 endangerment by landlords. I bring to your
11 attention an issue that involves the interface of
12 New York City and New York State regulation, a
13 lack of oversight by DHCR, inadequate regulation
14 enforcement by New York City agencies allows
15 landlords to commit fraud and to endanger the
16 health of New York City tenants with impunity.

17 DHCR requires proof of owner
18 compliance of all government permits and
19 certifications on applications when landlords
20 request individual apartment improvements and
21 major capital improvement and one forty cost rent
22 increases. Proof of compliance is required for
23 rent increases on occupied stabilized apartments
24 that are not deregulated and remain stabilized.

25 However, for a vacant stabilized

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2 apartment, the current vacancy decontrol laws do
3 not require a landlord to show proof of compliance
4 with government permits and certifications when
5 applying for DHCR high rent deregulation based on
6 one fortieth improvement cost rent increase.

7 This lack of oversight gives
8 landlords incentive and opportunity to avoid
9 compliance with required state and New York City
10 safe work practices. Unsafe renovation and
11 construction in occupied buildings creates hazards
12 to resident tenants from exposure to asbestos,
13 lead paint, dust and toxins. The number of New
14 York City tenants who have been affected in this
15 way could be many thousands, considering the
16 hundreds of thousands of affordable stabilized
17 units deregulated in the last ten years.

18 If the current vacancy decontrol
19 laws are not repealed, as they should be, then at
20 least the existing law should be strengthened and
21 amended and enforced to protect the health and
22 safety of New York City tenants and to prevent
23 harassment by landlords that these laws encourage.
24 The harassment complaint laws are not a remedy or
25 a solution for someone who has been exposed to and

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2 apartments that have been contaminated by
3 hazardous toxins or who have been evicted because
4 they cannot defend themselves from costly baseless
5 court actions.

6 Also, this law is counterproductive
7 because it causes a loss of affordable housing.

8 The investment strategy of predatory equity puts
9 maximum profit over social responsibility.

10 However, it is public funds that have to pay the
11 cost of homelessness, which leads to joblessness
12 and health burdens. Are public funds available?

13 Should laws stand that let investors destroy
14 middle class communities and neighborhoods? These
15 are laws that increase homelessness for yet more
16 families. It is a policy that consumes taxes to
17 pay for the social consequences of speculation on
18 basic human needs. It is another let them eat
19 cake political decision.

20 I ask the City Council to lobby the
21 State Senate to repeal the high rent vacancy
22 deregulation law and to amend the existing DHCR
23 policy for improvement cost rent increases in
24 vacant apartments. Owners must be required to
25 provide proof of compliance with all applicable

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2 laws, including the New York City Housing
3 Maintenance Code before rent increases are
4 approved in a vacant apartment.

5 I also urge you to request city and
6 state agencies having jurisdiction to investigate
7 fraud and non-compliance with law in vacant units
8 that have received rent increases. If fraud is
9 proven in a rent increase or the vacant is then
10 high rent deregulated, then the unit should be
11 returned to stabilization.

12 CHAIRPERSON DILAN: Thank you. Are
13 there any questions for this panel? Seeing none,
14 I'd like to thank you all for your time and your
15 testimony today.

16 LAUREN LAGASI: I'd like to add one
17 more thing.

18 CHAIRPERSON DILAN: If you could do
19 so briefly.

20 LAUREN LAGASI: I am paying for two
21 MCIs since like 1995 for a compacter which is
22 sitting in the basement collecting dust, which I
23 don't believe has ever been used. So we're all
24 paying for that still. And windows, replacement
25 windows, and they all have condensation. We're

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2 still paying for the MCI and the windows are
3 horrible. That's it. Thank you.

4 CHAIRPERSON DILAN: All right.
5 What we'll do is DHCR matters is not a matter for
6 this committee, but we will inform the relevant
7 Council Member who may or may not know about your
8 situation.

9 LAUREN LAGASI: Okay, thank you.

10 CHAIRPERSON DILAN: Thank you. The
11 last panel is Mr. David Hanzel and Ms. Elana
12 Shneyer.

13 [Pause]

14 CHAIRPERSON DILAN: It seems like
15 you've already decided the order you're going to
16 begin. If that's accurate, you can stick by it.

17 ELANA SHNEYER: David is letting me
18 go first, so hi, good afternoon.

19 CHAIRPERSON DILAN: As any
20 gentleman rightfully should.

21 ELANA SHNEYER: My name is Elana
22 Shneyer. I'm the director of organizing for the
23 Pratt Area Community Council in Brooklyn.

24 COUNCIL MEMBER JAMES: [off mic]
25 Yay.

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2 ELANA SHNEYER: We're represented
3 by Councilwoman Tish James. Thank you, Chair
4 Dilan, for hosting this hearing. And thank you,
5 Councilwoman Chin--I almost said Assemblywoman.
6 Sorry.

7 CHAIRPERSON DILAN: People are
8 really getting in trouble with you today.

9 ELANA SHNEYER: For the resolution.
10 So PAC is a community-based not-for-profit
11 organization. We work in central Brooklyn. We
12 develop affordable housing, we manage affordable
13 housing, we do economic development and then, of
14 course, we do tenants' rights organizing. We've
15 been around for 46 years and we've seen the
16 community go through a lot of changes.

17 As an affordable housing provider,
18 we manage 740 units of rent stabilized housing and
19 provide residents with clean, safe homes in which
20 they're given the right to renew leases at RGB
21 increase, which provides stability and security in
22 their lives.

23 But what we see coming in our
24 office every day are people looking for affordable
25 housing, or people that are in affordable housing

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2 that are threatened of losing those units. I
3 wanted to talk a little bit about some examples of
4 how the current loopholes in the weak rent laws
5 create these problems that just come in the door
6 every day. The real solutions are fixing some of
7 those loopholes in the law. We really thank the
8 City Council for always showing your support in
9 fixing these and working together with us to make
10 sure that the State Legislature does the right
11 thing and actually fixes these loopholes.

12 We've been part of a campaign for
13 the past three years called the Real Rent Reform
14 Campaign which has outlined a number of different
15 ways to fix these loopholes. This year, finally,
16 we're getting a lot more attention because the
17 laws are expiring. But as was said earlier,
18 simply renewing the laws isn't going to solve the
19 problems that come into our office every day.

20 So the first thing I wanted to talk
21 about is that just sort of in our service area we
22 think about 40 percent of the units in the area,
23 the housing is rent regulated, which provides the
24 stability to keep people in the community that
25 have worked to improve the community so much. But

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2 as has been said, the neighborhood has become a
3 very hot environment. People really want to move
4 in there. So we've seen a lot of new investment
5 in the community that has resulted in people
6 aggressively pushing out long-term tenants. The
7 way that they're able to do that is sort of a
8 result of the weak rent laws.

9 So one thing that we've seen is
10 repeal of preferential rent. So people who have
11 been in their apartments for years, all of the
12 sudden a new landlord comes in and they say, you
13 know what, I could earn a lot more money in your
14 apartment, so I'm going to jump up your rent. I'm
15 no longer going to charge you the rent that you've
16 been charged for years, I'm going to increase it.

17 One young man came into our office
18 a couple of years ago. His rent increased. His
19 preferential rent was repealed and he was facing
20 increases every month of \$346 for a one-year lease
21 renewal or over \$400 for a two-year lease renewal.
22 He could not afford that in today's economy. He
23 moved out and has not had stable housing since.
24 So I think that's just one example of how the
25 preferential rent, that loophole has really hurt

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people in the community.

Another example is this individual apartment improvement loophole where a landlord is able to pass along one fortieth of the cost of an improvement of an apartment to the tenant and that increases the base rent. There is zero oversight of that program. It's really been used and abused to raise rents. We're all for improving apartments and making things better, but with no oversight it just creates a real incentive for landlords to do that.

In one situation, there were some young tenants living in an apartment where they had move in at a rent of \$1,300. A new landlord took over and said, guess what, we renovated your apartment and your rent is now \$2,100. And they're like, you didn't do that. But they thought they were going to have to move because that's a huge rent increase, \$800. Luckily a neighbor, they're an organized building, a neighbor of theirs came in and said, you know what, why don't you challenge this. They did. They got a favorable ruling.

We've seen lots of situations where

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2 that hasn't been the case, especially where a new
3 tenant moves in. They don't know what's been done
4 in the apartment. They see their rent maybe over
5 \$2,000 and deregulated or maybe not. Maybe
6 they're actually paying \$1,500 but the first time
7 they make a complaint or they see their rent going
8 from \$1,500 to \$2,000, they go back and get their
9 rent history and see their apartment was
10 deregulated. What? Nobody else in the building
11 is deregulated. They use this loophole.

12 The landlord said they added
13 however much money, they put \$40,000 into their
14 apartment but they actually didn't really make any
15 changes and then they deregulate the unit. So
16 that's another area we're seeing a lot of
17 loopholes.

18 The final thing I wanted to talk
19 about and hit on a little bit was this idea of the
20 MCIs, the major capital improvements. This is an
21 issue that really resonates with people in the
22 community. This idea that once a renovation, a
23 major capital improvement has been made in the
24 building, the tenants, even after the improvement
25 has worn out, the tenants' rent, their base rent

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2 is increased forever and they continue to pay it.
3 They've paid back their portion to pay for that
4 improvement, and then the landlord just gets this
5 bonus, this profit off of that. That really is
6 something that resonates with a lot of people in
7 the community and a lot of people feel like that's
8 an important thing that needs to be reformed.

9 So those are just three examples of
10 three loopholes that really march up the rent.
11 But the bottom line is that it's marching up the
12 rent and the reason they're using them so
13 aggressively is because once you reach \$2,000 you
14 deregulate the apartment and there are no
15 protections. The no protections obviously mean
16 unprecedented rent increases. But they really
17 mean the other side of that which is the zero
18 protections for tenants and keeping people in
19 their homes and in their community for the long
20 term.

21 I think we've seen the effects of
22 that, particularly in Fort Greene around our
23 office immediately. It's changing the face of the
24 city that we grew up in. My high school
25 colleague, Keith, doing film over there, we went

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2 to high school together. I think we can both
3 attest to growing up in New York seeing how much
4 the communities have changed in our 30 years here.

5 You guys all obviously understand
6 that and we hope that we'll be able to work
7 together to make sure that the voice of New York
8 City is really heard up in Albany. As already
9 said, it's really a shame that those laws are
10 decided by half a Legislature that has no
11 interest, that have no constituencies that
12 actually live in these areas. So obviously, we
13 also support full return of home rule to New York
14 City. Thank you.

15 [Applause]

16 DAVID HANZEL: Good afternoon.
17 Thank you, Chairman Dilan, and committee members
18 for the opportunity to testify about the need to
19 both renew, and most importantly, strengthen our
20 rent regulation laws. Thank you specifically for
21 your leadership on Resolution 700.

22 My name is David Hanzel. I'm the
23 Deputy Director for the Association for
24 Neighborhood and Housing Development, which, as
25 you all know, is the membership organization of

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2 over 100 neighborhood-based nonprofit housing
3 groups across the five boroughs of which Pratt
4 Area Community Council is one of them. I'm also
5 here as part of the Real Rent Reform Campaign.

6 I'm not going to read my testimony
7 today. Most of my colleagues have already made
8 all of my points. I just wanted to mention two
9 things. First, I think that there is a
10 misperception that all landlords oppose rent
11 regulation. ANHD's members, nonprofit housing
12 developers own and operate over 30,000 units of
13 affordable housing. This is housing that's home
14 to about 100,000 New Yorkers. They own and manage
15 that housing despite rising utility costs.
16 They're able to keep it in good repair without
17 exploiting many of the various loopholes that have
18 been talked about so much today.

19 I think this underscores that the
20 loopholes that the real estate industry says are
21 vital to the strength and sort of health of our
22 housing stock are actually really just giveaways
23 and we don't need them. So another reason why
24 those loopholes should be closed this year as part
25 of the renewal and strengthening measures.

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2 The last point is to underscore the
3 need for all of your continued support. We're
4 about five weeks away from when the laws expire.
5 The Real Rent Reform Campaign is organizing
6 actions almost every day in districts across the
7 city. It was mentioned before that on May 24th,
8 the Speaker and hopefully many of you will be
9 joining us in Albany in a big rally.

10 We're trying to get the attention
11 of not only our allies in the Assembly and the
12 Senate but also the governor. Obviously, your
13 presence and support at those actions would help
14 in that effort. So thank you in advance for your
15 continued leadership and support on this important
16 issue.

17 CHAIRPERSON DILAN: Thank you. Are
18 there any questions for this panel? Seeing none.
19 We've been joined by Council Member Dan Garodnick,
20 who has also been a strong advocate on this issue,
21 as well as the J51 issues, which were mentioned
22 before the committee.

23 I do have three items for the
24 record. This panel can step down. I have
25 testimony that will be entered into the record as

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2 read in full from Asian Americans for Equality I
3 believe to be in support; testimony from Mr.
4 Robert Amsterdam from Rent Control Tenants
5 Leadership Committee and New York State Tenants
6 and Neighbors Coalition which I also believe is in
7 support; as well as testimony from LISC NYC, which
8 is for the record, which I also believe to be in
9 support. Give me one second.

10 [Pause]

11 CHAIRPERSON DILAN: Resolution 700,
12 at this time, will be laid aside, and that will
13 conclude this hearing.

C E R T I F I C A T E

I, Donna Hintze certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature *Donna Hintze*

Date May 31, 2011