

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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June 6, 2013
Start: 1:12 p.m.
Recess: 2:19 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
ERIC MARTIN DILAN
Chairperson

COUNCIL MEMBERS:

Council Member Gale A. Brewer
Council Member Leroy G. Comrie, Jr.
Council Member Elizabeth S. Crowley
Council Member Lewis A. Fidler
Council Member Brad S. Lander
Council Member Melissa Mark-Viverito
Council Member Rosie Mendez
Council Member Joel Rivera
Council Member Eric A. Ulrich
Council Member Jumaane D. Williams

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

Kanda Gordon
Associate Commissioner for Borough Operations
Department of Buildings

Donald Ranshte
Director of Community Affairs
Department of Buildings

Chris Gonzalez
Assistant Commissioner of Government Affairs
Housing Preservation and Development

Miriam Colon
Assistant Commissioner for Housing Incentives
Housing Preservation and Development

Frank Ricci
Director of Government Affairs
Rent Stabilization Association

Mary Ann Rothman
Executive Director
Council of New York Cooperatives and Condominiums

Sheldon Licht
Bronx AIA
Architects Council of New York

Elizabeth Serrelo
Representative
National Elevator Industry, Incorporated

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2 CHAIRPERSON DILAN: Okay, good
3 morning. My name is Erik Martin Dilan, and I'm
4 the Chairperson of the City Council's Housing and
5 Buildings Committee. And today the Committee has
6 convened to conduct a hearing on two pieces of
7 legislation. The first of which is a
8 Preconsidered item in relation to the extending of
9 the waiver of certain permit and inspection fees
10 for work related to plumbing and electrical
11 systems in buildings damaged by Hurricane Sandy.
12 And Department of Buildings is first up and we'll
13 hear from them on that. The second is Intro 1010,
14 and that's in relation to exemption of taxation
15 for alterations and improvements in multiple
16 dwellings, which is otherwise known as the J51
17 extender. In regards to the Preconsidered item,
18 on December 18, 2012, this Committee passed
19 Proposed Intro 977-A, which waived all of the DOB
20 fees for buildings that were substantially damaged
21 or destroyed by Hurricane Sandy until October 31,
22 2014, and also waived Sandy related electrical and
23 plumbing fees for all other buildings until April
24 30, 2013. This is something that this--this is a
25 date that the Committee actually asked for an

1 extension for and was agreed upon by the
2 Department of Buildings. And data shows us that
3 this date needs to be extended out even further to
4 help some of the people of the City who have been
5 affected by the Hurricane. Since the end of the
6 electrical and plumbing fee waiver period, the
7 Department of Buildings has continued to receive a
8 significant number of applications and permit--
9 applications for permits, inspections and
10 construction document approval for property owners
11 whose electrical and plumbing systems were damaged
12 by the storm. As I said, the bill recognizes that
13 recovering from the property damage caused by
14 Sandy is, needs some continuous relief from some
15 of the financial impacts that homeowners are
16 facing as they prepare to rebuild their homes and
17 they undertake in this work. Consequently, this
18 bill would extend the fee waiver period related to
19 such work until December 31, 2013. Intro 1010
20 would make certain changes to the City's J-51
21 program, which provides that local real estate tax
22 exemption and abatement benefits for owners of
23 multifamily residential buildings who undertake
24 certain capital improvements on their buildings
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1 extends the program until June 30, 2015. On
2 January 30th of this year, Governor Cuomo approved
3 Chapter 4 of the laws of 2013, which authorized
4 the extension of J-51 to cover work completed by
5 June 30th of 2015. And in the City, this program
6 lapsed at the end of 2011. In addition to
7 extending the program, Chapter 4 of these laws of
8 2013, also made a number of significant changes to
9 the program for the first time, so it's not a
10 straight extend as we've seen in the past. And
11 those changes require certain projects to complete
12 work within 30 months of its commencement. It
13 precludes--precluding benefits to cooperatives and
14 condominiums with average assessed value of
15 \$30,000 or more per dwelling unit, unless the work
16 is undertaken with substantial government
17 assistance. And that's defined as federal, state
18 or local programs for the development of
19 affordable housing or housing development fund
20 companies under an agreement to limit source--
21 limit the incomes of persons entitled to purchase
22 shares, or rent housing accommodations in such a
23 building. It precludes benefits for conversion of
24 any nonresidential building or structure into a
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1 residential building, unless the conversion was
2 carried out with substantial government assistance
3 requiring that the local housing agency to charge
4 applicants two times the actual cost of a follow
5 up inspection if additional inspections verify
6 that the completion of the work are necessary.
7 And also providing that if the profit--if the
8 property's benefits are revoked, such revocation
9 would not exempt any dwelling unit in the building
10 from continued compliance with the requirements
11 from the program or any local law or ordinance
12 related to that program. And finally, it allows
13 HPD to require applications for benefits to be
14 filed electronically. Intro 1010 thus amends the
15 City Administrative Code to reflect these changes
16 in state law and makes the following additional
17 changes. It requires that certain applications
18 filed after December 31, 2011 to be filed within
19 36 months following the start of construction and
20 that was previously 48 months. And it provides
21 that buildings must be free of any hazardous or
22 immediately hazardous violations of the housing
23 maintenance code, except for violations that were
24 caused by a tenant and have not been corrected
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2 because the tenant refuses access. And this also
3 provides that an owner demonstrates proof of such
4 refusal by the tenant for--to access, and notice
5 to the tenant as required by HPD rules. I want to
6 remind those in the audience that if you would
7 like to testify on either one of these items,
8 please fill out a witness card with the Sergeant-
9 at-Arms indicating which bill you wish to testify
10 to and whether you are in favor or opposed to the
11 item before us. And as I said, we will begin with
12 the Buildings Department, then hear from testimony
13 from HPD. But before I begin, I want to just
14 introduce the members who are present here today.
15 To my left, Council Member Gale Brewer of
16 Manhattan; the Majority Leader, Council Member
17 Joel River of The Bronx; as well as Council Member
18 Lew Fidler of Brooklyn; to my immediate right is
19 the Counsel to the Committee Laura Rogers; and
20 next to her is also Counsel to the Committee,
21 Edward Atkin. So with that, we've been joined by
22 representatives from the Department of Buildings.
23 Why don't you introduce yourself and the other
24 members of the panel, in your own voices, and then
25 you can begin with your testimony.

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2 KANDA GORDON: Thank you. Good
3 afternoon, Chairman Dilan and Members of the
4 Committee, I am Kanda Gordon, Associate
5 Commissioner for Borough Operations, and I have
6 with me Donald Ranshte and also Susan Pagoda.
7 Thank you for allowing me the opportunity to
8 testify in support of this important legislation,
9 which will continue the effort that allows New
10 Yorkers to recover and rebuild. We are here today
11 in support of the bill which will amend the
12 Administrative Code of the City of New York by
13 extending the waiving of fees associated with
14 applications, permits and inspection for the
15 demolition, alteration, rebuilding or repair of
16 certain buildings and systems damaged by the
17 severe storm that occurred on October 29th and
18 30th, 2012, known as Super Storm Sandy. This bill
19 would amend Section 28-112.10.2 of the
20 Administrative Code to extend the waiving of fees
21 associated with applications, permits and
22 inspections for work on certain buildings and
23 systems that suffered serious damage arising out
24 of the storm that occurred on October 29th and
25 30th, 2012. The Department would be authorized to

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2 continue to waive those fees in connection with
3 repairs or replacement of electrical and plumbing
4 systems that were seriously damaged and unsafe to
5 occupy, as noted in post-storm inspections or
6 otherwise noted in Department records. Fees would
7 be waived for jobs where an application for
8 electrical or plumbing approval or permit between
9 enactment and December 31, 2013. This would
10 coincide with other recently passed legislation
11 for businesses that were damaged during the storm.
12 For buildings with storm damage, fees would be
13 waived for work on electrical and plumbing permits
14 where a licensed master plumber, licensed master
15 fire suppression piping contractor, or licensed
16 master electrician has certified that the proposed
17 work is related to such storm damage. Licensees
18 can submit applications for this work and obtain
19 fee free permits immediately. In addition, as
20 part of the ongoing recovery and assistance
21 operations, the Department currently has a fee
22 waiver for demos, new buildings and alterations,
23 permits and inspections related to work on
24 buildings with significant structural damage. We
25 understand that tens of thousands of buildings

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2 suffered damage during the storm. Our analysis of
3 permit applications shows that there is still a
4 demand for these types of permits. April was the
5 second highest month since the storm for plumbing
6 and boiler permit applications. March and April
7 make up more than half of all applications
8 received to-date showing that the demand for
9 permits has not yet crested. With electrical
10 permits, March and April were roughly 25 percent
11 of all permit applications received so far. We
12 believe that following these statistical trends,
13 there are still thousands of homeowners who are
14 working on repairing and replacing storm damaged
15 systems. Thank you. We urge your support and an
16 expeditious vote on this bill. I'll be happy to
17 answer any questions you might have.

18 CHAIRPERSON DILAN: Okay, so I
19 think the question has actually been answered in
20 your testimony, but the reason for the new
21 December 31 deadline, I got to imagine that the
22 new deadline was chosen by demand? But if you
23 could explain in your own words why this date was
24 chosen. And how does it compare with other fee
25 waivers that have been given to Sandy affected

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constituents?

KANDA GORDON: Okay, the date was chosen really to coincide with the Executive Order for commercial buildings, where fee waivers are until December 31st.

CHAIRPERSON DILAN: Oh, okay, and I guess could you provide us with an overview of the number of applications for electrical or plumbing permits or construction document approval filed with the Department by owners who were affected since the storm? And how has that number fluctuated over time? And does DOB expect that there'd be a continued increase in electrical and plumbing applications?

KANDA GORDON: Certainly. So, as mentioned in the testimony, for, let's take plumbing and boiler work first, in terms of the Sandy related applications, in February, for example, we had 1,500 fee exemptions requested of us. In March, it rose to over 1,800. And April is still in the 1,500 application mark. So, that is a significant number of applications where people are requesting exemptions. Electrical, even greater: in January, over 4,400; February,

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2 4,100; March, it starts to dip just a little, but
3 again still higher than what we would normally see
4 just for regular applications.

5 CHAIRPERSON DILAN: Okay [off mic,
6 "What does DOB believe - - "]

7 KANDA GORDON: I would say that
8 it's a combination of factors. It's some
9 homeowners, you know, deciding late what to do,
10 you know, they've had so many other issues to
11 contend with--choosing contractors and such. So,
12 I think it's, you know, it's really kind of
13 personal in terms of when they decide to actually
14 engage a contractor.

15 CHAIRPERSON DILAN: I got to
16 imagine that arguing with insurance companies over
17 the cost of repairs is also a part of that
18 discussion. Okay, so we certainly thank you for
19 those answers. Do any of my colleagues have any
20 questions for the Department of Buildings on this?
21 Seeing none, I certainly agree that as a City we
22 should allow those who have been affected by the
23 Hurricane the maximum amount of time to recover
24 from this storm. And if all we're doing is
25 waiving fees and not providing direct benefits

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2 like FEMA may or may not be, I think it's the
3 least we can do. So, I'm proud to be supportive
4 of this measure.

5 KANDA GORDON: Thank you very much.

6 CHAIRPERSON DILAN: So, since there
7 are no questions, we'd like to thank you for your
8 time and for your testimony.

9 KANDA GORDON: Thank you.

10 DONALD RANSHTTE: Thank you,
11 Chairman.

12 CHAIRPERSON DILAN: We will allow
13 them a few minutes to exit and we will call up the
14 Department of Housing Preservation and
15 Development, to come and testify on Intro 1010.
16 And we have, I believe we have no public
17 testimony? [background comments] For the
18 Preconsidered Resolution? [pause, background
19 noise] It's not time for that yet, you got to--
20 Oh, so wait, wait, hold on, hold on. Do you want
21 to speak? [background comment] Yeah, because
22 it's Preconsidered. So it's really in conjunction
23 by myself and the Mayor, because of the necessity
24 of what need to be done, it does require a two--
25 for three quarters of the Members of the Council

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2 to pass it. So there's no number. How do we want
3 to do testimony? Do we want to do it before?
4 [background comment] Yeah, you'll have a chance
5 to testify in favor or against both at the
6 appropriate time. [laughs] And you're having fun
7 with me and I appreciate that. [laughs] Okay,
8 so, we have HPD, why don't you introduce yourself
9 for the record, and the other person with you on
10 the panel. And you can also get right into your
11 testimony.

12 CHRIS GONZALEZ: Great. Good
13 afternoon, Chairman Dilan, Members of the Housing
14 and Building Committee, my name is Chris Gonzalez,
15 Assistant Commissioner of Government Affairs and
16 HPD.

17 MIRIAM COLON: Miriam Colon,
18 Assistant Commissioner for Housing Incentives at
19 HPD.

20 CHRIS GONZALEZ: Thank you for the
21 opportunity to testify in support of Introduction
22 1010. This bill would extend and reform the J-51
23 program, the tax exemption and/or abatement
24 program available for rehabilitation and upgrading
25 of New York City's housing stock. As you know,

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2 the J-51 program has played a significant role in
3 improvement and maintenance of New York City's
4 housing stock since the 1950s. The program was
5 initially conceived to address New York City's
6 substantial inventory of cold water flats, which
7 did not have central heating, central hot water,
8 or in some cases indoor plumbing. When the City
9 required the installation of these improvements,
10 many owners objected that they could not pay for
11 the costs of the improvements from the existing
12 rent rolls, which were limited by the rent control
13 system. The J-51 benefit program was enacted to
14 enable owners to recover a percentage of the costs
15 of improvements through tax abatements. The
16 program was largely successful from its inception
17 through 1977, with over 675,000 units of housing
18 renovated through J-51 tax incentives. Through
19 the 1980s and 1990s, J-51 was expanded to provide
20 a combination of real property tax benefits for
21 improvements to multiple dwellings that varied
22 according to location and type of building. In
23 recent years, the J-51 program has continued to be
24 an important piece of rehabilitating New York
25 City's housing stock with approximately 55,000

1 units still receiving J-51 benefits, as of FY'13.
2 The J-51 program has also historically been a
3 great benefit to tenants beyond the obvious
4 improvements in renovations to the housing stock.
5 Approval of J-51 benefits requires that rental
6 units receiving benefits be protected under the
7 laws of rent stabilization. Furthermore, current
8 law requires that owners applying for major
9 capital improvement rent increases through New
10 York State Housing and Community Renewal,
11 concurrent with receipt of J-51 benefits, must
12 offset the rent increase by 50 percent of the
13 amount of the abatement. As we all know, the
14 former J-51 program expired on December 31, 2011.
15 To ensure the continuation of the program, in
16 January of this year Governor Cuomo signed into
17 law Chapter 4 of the laws of 2013, which included
18 the extension and modification of the J-51
19 program. This bill before us today, Introduction
20 1010, represents a final, the final step in the
21 reauthorization process and we are here to express
22 HPD's strong support for the provisions of this
23 bill, and encourage the swiftest passage of this
24 legislation. Introduction 1010 would implement
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2 the provisions of Chapter 4 of the laws of 2013 in
3 the following ways. First, Chapter 4 extended the
4 completion date for projects eligible to receive
5 J-51 benefits from December 31, 2011 to June 30,
6 2015. This authorizes HPD to process and approve
7 eligible applications that have completed J-51
8 eligible work after the program expiration date on
9 December 31, 2011. Most significantly,
10 Introduction 1010 also implements Chapter 4 by
11 eliminating eligibility for J-51 benefits for
12 projects converting from nonresidential to
13 residential use, unless the project is receiving
14 substantial government assistance. Substantial
15 government assistance is defined as grants, loans
16 or subsidies from any federal, state or local
17 agency in furtherance of a program for the
18 development of affordable housing, which therefore
19 means that there will be some level of
20 affordability produced by the completion of the
21 project. Similarly, Chapter 4 restricts
22 eligibility for J-51 benefits for homeownership
23 projects in buildings or structures with an
24 average assessed value of \$30,000 or more per
25 dwelling unit, to work carried out with

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2 substantial government assistance. HPD is
3 supportive of these amendments to the J-51
4 eligibility criteria. Although we certainly
5 acknowledge the need to incentivize owners to
6 renovate and improve the City's aging housing
7 stock, we feel that market rate conversions and
8 cooperative condominium projects need not rely on
9 an incentive program such as J-51 in order to make
10 necessary repairs. And furthermore, market rate
11 homeowners are already incentivized to maximize
12 their return equity and therefore should not be
13 eligible for the J-51 benefit without an
14 additional investment in affordability within the
15 building. Also consistent with Chapter 4 of the
16 Laws of 2013, Intro 1010 reduces the completion
17 period from 36 to 30 months, for most projects
18 seeking J-51 benefits. HPD agrees that the three
19 year period from the previous provision of the J-
20 51 program is unnecessarily long for the majority
21 of J-51 projects and oftentimes delays what can
22 already be a lengthy and complicated application
23 process. Owners applying for J-51 benefits still
24 have the option of dividing complicated projects
25 up and to their component parts in order to meet

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2 the shortened completion deadline. In keeping
3 with the State law mandated reduction in the
4 project completion deadline, this bill
5 concomitantly provides for a reduction in the
6 application filing deadline from 48 to 36 months
7 after the work has been commenced. Chapter 4 of
8 2013 also authorizes, and this bill provides for,
9 the imposition of a fee equal to two times the
10 inspection costs on applicants whose work was not
11 completed at the time of initial HPD inspection.
12 The J-51 program requires renovation projects to
13 be completed at the time of application. In an
14 effort to expedite the inspection process, we have
15 found that owners will sometimes feign completion
16 and schedule an HPD inspection. When HPD
17 inspectors are called in to inspect a project that
18 is incomplete, the result is oftentimes a delay
19 for not only the project requesting inspection but
20 also all other, but for all other projects waiting
21 to be inspected. Including this fee would serve
22 as a disincentive for owners to schedule HPD
23 inspections for incomplete J-51 projects. With
24 shrinking agency resources, inspection staff time
25 must be used as efficiently as possible. Chapter

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2 4 further provided, as reflected in Intro 1010,
3 that HPD may require electronic filing for applic-
4 -of applications. Administering a complicated and
5 multifaceted benefit program through paper
6 applications limits the efficiency of the agency's
7 operation and has the potential to cause delays in
8 the approval process. Implementing a requirement
9 for electronic applications would greatly assist
10 in this process. Finally, in addition to
11 provisions codified at the State level,
12 Introduction 1010 carries the--clarifies that
13 projects eligible for J-51 benefits must be clear
14 of hazardous and immediately hazardous violations
15 under the Housing Maintenance Code. This
16 provision codifies our existing policy outlined in
17 in HPD rule and does not in any way limit and
18 owner's ability to address this requirement
19 through architect or engineer certification, also
20 outlined in HPD rule. As mentioned previously,
21 the J-51 program has been primarily responsible
22 for the rehabilitation/upgrading of New York
23 City's housing stock since the 1950s. HPD is
24 strongly supportive of the extension of the
25 program, as well as the eligibility reforms passed

1 by the State and proposed in Intro 1010.

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3 Furthermore, the J-51 program also serves as an
4 important tool in HPD's housing preservation
5 programs to upgrade and rehabilitate the City's
6 housing stock, and most importantly to enable
7 owners to maintain rent affordable to low and
8 moderate income households, while repaying
9 rehabilitation loans. We thank you for the
10 opportunity to provide you with an overview of the
11 agency's support for the extension of this program
12 and welcome any follow up questions you might
13 have.

14 CHAIRPERSON DILAN: Oh, for the
15 record, we've been joined by Council Members
16 Comrie and Mendez, and we also had a request from
17 Council Member Fidler to be a prime sponsor of the
18 Preconsidered item before us today. So tell us,
19 from your experience and your own words, what's
20 changed from the past program to the current
21 program, and why HPD sought those changes at the
22 State level?

23 CHRIS GONZALEZ: Well, I think what
24 the, as we discussed, the initial J-51
25 authorization expired at the end of 2011. And I

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2 think what we saw was an opportunity to take a
3 closer look at the program and see if it could use
4 some upgrading. And really, really with the
5 intention of focusing it on the types of
6 renovation and the types of buildings that we
7 thought were most in need of an incentive. So, by
8 reducing, by proposing the reduction in
9 eligibility for conversions and for co-ops and
10 condos, we feel that that would free up resources
11 that would enable us to use the savings that are
12 provided by the reduction eligibility and focus
13 that more on rental and affordable housing.

14 CHAIRPERSON DILAN: So how are the
15 co-ops and condos affected in the new policy?

16 CHRIS GONZALEZ: So, according to
17 Chapter 4 of 2013, co-ops and condos, the
18 eligibility for co-ops and condos was reduced to a
19 cap of \$30,000 per--a cap of \$30,000 in AV, in
20 assessed value. And--

21 CHAIRPERSON DILAN: And what was it
22 in the past?

23 CHRIS GONZALEZ: It was \$40,000.

24 CHAIRPERSON DILAN: 40, okay. And
25 you mentioned in your prior answer that the

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2 program expired in 2011. What has it been, what
3 has HPD been doing with applications for the
4 benefit since the expiration in 2011?

5 MIRIAM COLON: So, because the work
6 can be, you know, had to be completed by the end
7 of 2011, we still are processing applications for
8 work completed by then. When we receive
9 applications for work that is completed after that
10 date, then we're holding those applications aside
11 until there's some definition and--

12 CHAIRPERSON DILAN: Okay, so which
13 law would these applications that are caught in
14 this area, which law would they have to follow?
15 Would they have to follow the new program or the
16 old program?

17 MIRIAM COLON: If they complete
18 after December of 2011 of end of the end of
19 December, then it would be this chapter.

20 CHAIRPERSON DILAN: Say that again.

21 MIRIAM COLON: If they complete
22 after December 30th, I believe, of 2011, then the
23 new legislation would apply.

24 CHAIRPERSON DILAN: Okay, so
25 basically any new, any new application past

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December 31 of '11 would have to comply with this?

MIRIAM COLON: That work was completed after that date.

CHAIRPERSON DILAN: Okay, got it. So how many applications are currently pending and are waiting for the program's extension?

CHRIS GONZALEZ: So, we--we have, we've received around I would say 350 applications, which is relatively low. Usually our application intake is around 600 applications per year. But we think the number's probably low because the, you know, the authorization has been expired since 2011. So we expect to receive more once this bill gets passed.

CHAIRPERSON DILAN: Okay, so in this bill, 1010, which is in a City bill, it also specifies that buildings must be free of hazardous of immediately hazardous violations of the Housing Maintenance Code in order to qualify for the program. [background sneeze] Bless you. This current, this requirement is currently part of HPD's rules.

CHRIS GONZALEZ: Yes.

CHAIRPERSON DILAN: Why do we want

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to codify it?

CHRIS GONZALEZ: I think, this is, we want to make sure that in statute it says that, you know, if anyone is receiving what is, you know, a benefit for making improvements to a multiple dwelling, we want to make sure that the, you know, the building is free and clear of violations.

CHAIRPERSON DILAN: Had there been instances in the past where a building would be able to qualify for the benefit over the objections of HPD rules? Is there--why the need to--?

MIRIAM COLON: No, they would have had to--

CHAIRPERSON DILAN: Comply with HPD rules.

MIRIAM COLON: --comply with the HPD rule. But adding it to the local law would strengthen that requirement.

CHAIRPERSON DILAN: Okay. So, there's been zero instance of anybody applying for the benefit over the objection of HPD rule, so why we're codifying it is--You know, I can see you

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2 wanting it in law, but there's been, according to
3 your answers, just zero testimony, or zero
4 instances of anyone receiving the benefit with
5 Housing Maintenance Code violations, so that's
6 something that we can discuss later. How does
7 someone show the Department that their building is
8 free of violations currently? And will that
9 process change as a result of this being codified
10 in the bill?

11 MIRIAM COLON: So, the owners can
12 submit affidavits stating that the violations, if
13 there were any, have been corrected. They can
14 also submit documentation from the HPD code
15 enforcement, stating that the violations have been
16 cleared, on, in the record. So those are the main
17 avenues we have to enforce that.

18 CHAIRPERSON DILAN: Okay, then my
19 final question is conversions of buildings from
20 nonresidential to residential uses are no longer
21 eligible for J-51 benefits. Why was this change
22 sought?

23 CHRIS GONZALEZ: Well, and just to
24 clarify, it's conversions that are not receiving
25 substantial government assistance. So, what, when

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2 we took a look at, at the types of conversions
3 that were applying for J-51 benefits, the vast
4 majority of them were for luxury condos. And in
5 our, you know, in our vision for changing the
6 program, again we didn't really necessarily see a
7 need to incentivize the conversions from
8 nonresidential to residential, if the incentive
9 was really to go to luxury condos.

10 CHAIRPERSON DILAN: All right, [off
11 mic] so I could understand [on mic] so that the
12 intent was to save the tax resource for the luxury
13 buildings and to be used, have 'em, have the
14 benefit available for buildings that are
15 providing, providing units at the mid- and
16 affordable levels.

17 CHRIS GONZALEZ: Right.

18 CHAIRPERSON DILAN: Which is
19 understandable. How is the Loft Law affected, if
20 at all, by the change?

21 CHRIS GONZALEZ: The Loft Law is
22 not affected by the change.

23 CHAIRPERSON DILAN: Okay. Okay.
24 Well, [background comment] I guess I'll go to
25 Council Member Brewer and, and come back.

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2 COUNCIL MEMBER BREWER: Your
3 testimony's excellent, except in 1977, it was a
4 horrible bill, and it has mostly improved. I used
5 to go into J-51 buildings and peel back the
6 wallpaper, shows you all the old wallpaper that
7 had been covered over and the cockroaches in
8 between. Just so you know. That was a J-51 in
9 1977.

10 CHAIRPERSON DILAN: Only Gale would
11 know [laughter]

12 COUNCIL MEMBER BREWER: And I can
13 give you every owner who did a J-51 and nobody was
14 paying attention. So.

15 CHAIRPERSON DILAN: I don't want to
16 tell Gale how old I was in 1977. [laughter]

17 COUNCIL MEMBER BREWER: You weren't
18 born yet.

19 CHAIRPERSON DILAN: I was born, but
20 I wasn't--

21 COUNCIL MEMBER BREWER: Born yet.

22 CHAIRPERSON DILAN: [laughs]

23 COUNCIL MEMBER BREWER: So if you
24 say J-51, I just think cockroaches and wallpaper,
25 just--But I know it's changed--

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2 CHRIS GONZALEZ: We hope we can
3 change that. [laughs]

4 COUNCIL MEMBER BREWER: I know it's
5 changed a lot since. But so my question is, do
6 you ever differentiate between the co-ops and the
7 condos? 'Cause, you know, there's a, to me, I
8 know there's a lot of co-ops in my district now
9 that are coming to the end of their J-51s, and
10 it's really, you know, it's creating a lot of
11 challenges, 'cause these are middle income co-ops,
12 these are not wealthy individuals. Can, I should
13 know this, but can co-ops reapply if they have a
14 new plumbing system or anything like that? Or is
15 it just a one-time thing?

16 CHRIS GONZALEZ: No, absolutely,
17 the co-ops can, and condos, can reapply if their
18 assessed value is lower than \$30,000--

19 COUNCIL MEMBER BREWER: The new
20 amount.

21 CHRIS GONZALEZ: --and/or they are
22 receiving substantial government assistance.

23 COUNCIL MEMBER BREWER: Yeah, these
24 co-ops are probably not receiving substantial
25 government assistance. My other question is, how

1
2 do you monitor, I guess particularly in the
3 rentals, how do you monitor that the work--I know
4 you talked about it a little bit, this has been a
5 problem in the past, maybe not now, how do you
6 monitor that the work is actually being done? In
7 the old days, in the 1980s, they'd say a new heat
8 system, and the heat never worked. But I assume
9 that's not correct now, that's being monitored in
10 some way.

11 MIRIAM COLON: Well, we send out
12 inspectors before approving the J-51 benefits, to
13 make sure that the work that has been claimed in
14 the application has been indeed completed. If the
15 HPD inspector finds that, for example, half of the
16 work or a portion of the work only has been
17 completed, different from what was claimed in the
18 application, then we would reduce the benefits for
19 that portion of the work - -

20 COUNCIL MEMBER BREWER:
21 [interposing] So it's not a self-certification,
22 it's inspected?

23 MIRIAM COLON: It's, yeah, HPD
24 inspectors will go out.

25 COUNCIL MEMBER BREWER: Okay. And

1
2 do you have some sense of like, Chris gave me this
3 great map of all of the 421-A. Do you have a J-51
4 map of where they exist? [laughter] This map, I
5 framed it. [laughter]

6 MIRIAM COLON: I'm glad you did.

7 [laughter]

8 COUNCIL MEMBER BREWER: I--thank
9 you, you looked like you did all the work and he
10 took all the credit. [laughter]

11 CHRIS GONZALEZ: You're talking to
12 the right person.

13 COUNCIL MEMBER BREWER: I get it, I
14 get it. [laughter] I love my map. Thank you, I
15 framed it, I love it. But can I get a J-51 one?

16 MIRIAM COLON: When? [laughter]

17 COUNCIL MEMBER BREWER: I just
18 think, you know, I love data, I love mapping
19 things, and I, I really appreciate my 421-A. But
20 I would, I think we'd all like to know, because
21 really these co-ops and rentals that no longer
22 have, it's a problem, even though 'cause it's
23 just, at least in my area, in Manhattan, the
24 assessments go up so much. So, you know, J-51
25 kind of keeps them afloat, even though it's an

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older system. So we have a map?

CHRIS GONZALEZ: We'd be, we would
be happy to--

MIRIAM COLON: We'll put that on
the list.

CHRIS GONZALEZ: --we'd be happy to
provide a map. The--

COUNCIL MEMBER BREWER: It doesn't
have to be just the sixth council district, I
know, 'cause everybody else my like it also.

CHRIS GONZALEZ: Okay, well, that
might take longer. [laughter]

CHAIRPERSON DILAN: We suggest that
it not be just the sixth council.

COUNCIL MEMBER BREWER: Right,
exactly, I got one for the sixth council district
of 421-A.

CHAIRPERSON DILAN: Why wouldn't--

CHRIS GONZALEZ: But just--

CHAIRPERSON DILAN: I wouldn't brag
about that. [laughter]

CHRIS GONZALEZ: But just to be
clear, you know, J-51 is, as we've said, is a very
complicated program, and a lot of different

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buildings can be receiving J-51s at the same time.
So, it's a little bit--

COUNCIL MEMBER BREWER: It's a
different system, is what you're saying.

CHRIS GONZALEZ: Right, right--

MIRIAM COLON: For the same
building.

CHRIS GONZALEZ: --exactly, so the
benefit--

COUNCIL MEMBER BREWER: Oh, I
understand, different systems.

CHRIS GONZALEZ: Right, so--

COUNCIL MEMBER BREWER: More like
you have to do an overlay map.

CHRIS GONZALEZ: Exact [laughs]
Exactly. So, we'd be happy to provide that. I
can't stick, stick to a timeline right now--

COUNCIL MEMBER BREWER: Okay,
that's fair.

CHRIS GONZALEZ: --but we'll get
that to you - -

CHAIRPERSON DILAN: [interposing]
Well, we certainly hope that it doesn't add a
expense item to this bill, which right now we

1
2 don't expect that there would be one, outside of
3 the normal administrative tax benefit, but I would
4 imagine that would add some sort of administrative
5 expense.

6 COUNCIL MEMBER BREWER: One, one--

7 CHAIRPERSON DILAN: And we'd like
8 to keep that at a minimum. [laughter]

9 COUNCIL MEMBER BREWER: You don't
10 have to do one for his district, so that--
11 [laughter]

12 CHAIRPERSON DILAN: Well, they
13 won't get the bill if they do [laughter]

14 COUNCIL MEMBER BREWER: One of the-
15 -

16 CHAIRPERSON DILAN: I would doubt
17 that--I would say that mine's would be low for my
18 district, - -

19 COUNCIL MEMBER BREWER: I got, I
20 have tons of 'em. The HDFC's obviously the ones
21 that have J-51 in some cases, plus some kind of
22 benefit. So, I assume they would continue--I
23 mean, they would falling into this category. Is
24 somebody looking at the HDFCs particularly? Even
25 though--I mean, that really to me might need some

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2 kind of mapping opportunity, because I know,
3 again, in my district, or at least districts that
4 are gentrifying, where we have an HDFC, I don't
5 know, maybe you do, where the situation might be
6 dire, where there is some challenges in terms of
7 if property taxes are going to be fully paid or
8 need to be fully paid, etc., etc., 'cause we're
9 all trying--it's such a challenge to keep these
10 affordable. Is that something that you've looked
11 at? 'Cause I think they all got J-51s at some
12 point? No? Yes? I don't know.

13 CHRIS GONZALEZ: Well, HDFCs with a
14 regulatory agreement with HPD are included in the
15 definition of substantial governance.

16 COUNCIL MEMBER BREWER: That's what
17 I mean.

18 CHRIS GONZALEZ: So that--

19 COUNCIL MEMBER BREWER: So they
20 will--

21 CHRIS GONZALEZ: --they will be
22 eligible.

23 COUNCIL MEMBER BREWER: But a lot
24 of them got it, so got a J-51.

25 CHRIS GONZALEZ: Right.

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COUNCIL MEMBER BREWER: Okay.

CHRIS GONZALEZ: So they're, if they're eligible--

COUNCIL MEMBER BREWER: They're going to expire.

CHRIS GONZALEZ: --to--if there's renovation work that is J-51 eligible, then they will be eligible - -

COUNCIL MEMBER BREWER:

[interposing] Okay, well what I guess what I'm saying is something different. I'm looking at the bigger picture, 'cause right now a lot of them have a J-51, - - could help me here, they have a J-51, they are in some cases still struggling even though they have somewhat of an abatement, 'cause that's what a J-51 is. So all I'm saying is, from an affordable housing perspective, it would be good to look to see who still has it, because even, when it goes away, the J-51, you know, in terms of their work has been paid for, you know, the J-51 expires at some point. I would just pay attention to that, because believe it or not, they may not be able to pay the taxes. There's a whole water tax bill that has not been paid, there are

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2 liens on 'em. Is that something that you might
3 look at? I'm looking at the HDFC. They
4 definitely have substantial government support.

5 CHRIS GONZALEZ: Yes, we, through
6 our asset management division, we are taking a
7 look at the HDFC portfolio.

8 COUNCIL MEMBER BREWER: And J-51s.

9 CHRIS GONZALEZ: And J-51. And
10 those that are--

11 COUNCIL MEMBER BREWER: That could
12 be an easy map.

13 CHRIS GONZALEZ: [laughs] And we
14 will certainly talk to them about the
15 possibilities of putting together a map and get
16 back to you.

17 COUNCIL MEMBER BREWER: Okay.

18 CHRIS GONZALEZ: All right?

19 COUNCIL MEMBER BREWER: And then,
20 the, you don't think there are any co-ops, I
21 don't, condos are a whole other world, but you
22 don't think there are any co-ops that when the J-
23 51 expires, there might be some financial issues?
24 Or you think that's not a problem? These are the
25 ones that do not have any government subsidy.

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2 That's not going to--you haven't heard that there
3 could be any issue there.

4 CHRIS GONZALEZ: No.

5 MIRIAM COLON: I have not heard.

6 COUNCIL MEMBER BREWER: Okay. And
7 then just finally, I know you touched on the issue
8 of filing electronically. Can you just explain
9 where we are with that process?

10 MIRIAM COLON: Ground zero.

11 [laughs]

12 COUNCIL MEMBER BREWER: Okay.

13 Okay. All right--

14 MIRIAM COLON: We're still, we're
15 still like--

16 COUNCIL MEMBER BREWER: Honestly is
17 appreciated.

18 CHRIS GONZALEZ: Well, I think
19 what, you know, we needed to get state
20 authorization as well as local authorization to be
21 able to require the possib--to have the
22 possibility of requiring an electronic
23 application. So--

24 COUNCIL MEMBER BREWER: Is that
25 because there were signature issue, or why would

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you need state authorization?

CHRIS GONZALEZ: I think--

MIRIAM COLON: To require.

CHRIS GONZALEZ: Right, the state law prohibited--

COUNCIL MEMBER BREWER: Prohibits--

CHRIS GONZALEZ: --electronic
[background comment]

FEMALE VOICE: [off mic] It prohibited requiring it, mandating it.

CHRIS GONZALEZ: Right, so--

FEMALE VOICE: [off mic] You needed state legislation to - -

COUNCIL MEMBER BREWER: Is that the only program--

CHAIRPERSON DILAN: Ma'am, I have to say, if you're going to answer, you got to come forward. [background comment] Yeah, well, since you gave the answer, you got to come up. Put your name on the record, and then you can give--we have to do it for the record.

FEMALE VOICE: [off mic] It's - -
[laughter]

CHAIRPERSON DILAN: So then you

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have to remain kind of silent, all right, and let the people who are up here--

COUNCIL MEMBER BREWER: Why does the state mand--why does the state get involved in electronic - -

CHRIS GONZALEZ: [interposing] I'm certainly not an expert on this, but I believe it was an access issue. That you couldn't mandate, the state wouldn't allow you to mandate electronic applications only, for--

COUNCIL MEMBER BREWER: Oh, so you're trying to mandate electronic applications only. I see what you're saying.

CHRIS GONZALEZ: Right.

MIRIAM COLON: Right.

COUNCIL MEMBER BREWER: Okay. Is that, would this be the only program that you would do this in? Is that what you're saying? Or--

MIRIAM COLON: Well, the no, we have 421-A that we have an electronic application, not mandated, because they have not been included in the bill. We certainly want it in.

COUNCIL MEMBER BREWER: But you

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could give it option for J-51 to be electronic or paper, right, you could give it the option?

CHRIS GONZALEZ: Yes.

MIRIAM COLON: Yeah, we could, we could.

CHRIS GONZALEZ: But if--

MIRIAM COLON: --but particularly the nature of the J-51 program, that has so many, you know, avenues and bifurcations--

COUNCIL MEMBER BREWER: So it's not set up software wise yet, is what you're saying.

MIRIAM COLON: Right, no, no, definitely not.

COUNCIL MEMBER BREWER: Okay, all right, I guess thank you very much. When I hear J-51, you know what I think of. But I appreciate--

CHAIRPERSON DILAN: [laughs]

MIRIAM COLON: Roaches.

COUNCIL MEMBER BREWER: I appreciate this update. I hope it's used judiciously. Thank you.

CHAIRPERSON DILAN: She thinks of, she thinks of 1977 when I was three years old.

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2 COUNCIL MEMBER BREWER: That's
3 right.

4 CHAIRPERSON DILAN: Yeah. [laughs]
5 We've been joined by Council Member Eric Ulrich,
6 Council Member Melissa Mark-Viverito of Manhattan,
7 Council Member Ulrich is of Queens, Council Member
8 Jumaane Williams of Brooklyn. Any questions from
9 my colleagues on this? So, just one follow up
10 from me. Since you stated that it did not affect
11 the Loft Law at all on the J-51, are loft
12 buildings eligible for J-51 benefits, to your
13 knowledge?

14 CHRIS GONZALEZ: Yes.

15 CHAIRPERSON DILAN: They are, okay.
16 That's very good. Seeing no other questions from
17 my colleagues, like to thank you for your time and
18 for your testimony.

19 CHRIS GONZALEZ: Thank you.

20 CHAIRPERSON DILAN: All right, so,
21 we have just one panel. And that consists of Mr.
22 Frank Ricci from RSA; Mary Ann Rothman, who I
23 presume is here to object to [laughs] to what, to
24 this legislation; and Sheldon Light from the New
25 York Architects Council. So Mary Ann, you finally

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got me, huh? You finally got me. [laughter]

MARY ANN ROTHMAN: [off mic] I'm finally here to support something.

CHAIRPERSON DILAN: I got my wish.

COUNCIL MEMBER BREWER: She's supportive?

CHAIRPERSON DILAN: Yeah, she's supportive, yeah.

COUNCIL MEMBER BREWER: First time?

COUNCIL MEMBER BREWER: First time.

[pause background noise] And I believe this is the only panel. And just state, 'cause not everybody filled out which item they're testifying on. Just before you testify, state your name and then which items you're--which items or both that you're going to testify on.

FRANK RICCI: Thank you, Mr. Chairman, Members of the Committee, my name is Frank Ricci, I'm the Director of Government Affairs for the Rent Stabilization Association. I'm here to testify on Intro 1010 and I'm only concerned with one minor aspect of the bill today. It was actually addressed by HPD and in your follow up question, I believe. But in Section 3

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2 of the bill, they have now added language that,
3 where they're codifying the fact that immediately
4 hazardous and hazardous violations of record have
5 to be corrected, before the J-51 can be granted.
6 We have no problem with that, that's been the
7 policy for decades, as far as I know. Our issue,
8 though, is that it's always been in the rules and
9 regulations which also say that you can have an
10 engineer or an architect certify those violations
11 are corrected. The reason for that is that we all
12 know, because it's been a topic of discussion at
13 this Committee for 25 years, that the HPD record
14 is not always accurate. There are violations that
15 may exist on the record, but they may not have
16 been certified as corrected on time. They, for a
17 variety of reasons, they could actually be
18 corrected but it doesn't show up that way on the
19 HPD record. So, having an engineer or architect
20 go and inspect the premises and see that that
21 violation doesn't exist, has always been the
22 policy. For some reason, and I don't know why,
23 and I think you touched on it in your question,
24 rather than taking the full text of what's in the
25 regulations and putting it in the law, they only

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2 took part of the text and put in the law. So, my
3 suggestion is, and I know this is the first
4 hearing on the bill, either take it out altogether
5 and just let it reside in the regulations; or put
6 the full text of the regulations in here. I think
7 it's a matter of good drafting. And from my
8 perspective the, you know, all of us sitting
9 around here today, may not all be here in five
10 years or ten years and remember what was the
11 intent. So, my suggestion to HPD, if this is
12 their bill, which obviously this is their bill, is
13 just to correct it to do good drafting. And
14 that's my full testimony. I'm not commenting on
15 the DOB bill, Resolution.

16 CHAIRPERSON DILAN: Okay, Ms.

17 Rothman.

18 MARY ANN ROTHMAN: Good afternoon,
19 My name's Mary Ann Rothman, I'm the Executive
20 Director of the Council of New York Cooperatives
21 and Condominiums, which is a membership
22 organization for housing cooperatives and
23 condominiums located throughout the five boroughs
24 of New York City and beyond. More than 170,000
25 New York families make their homes in our member

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2 buildings, which span the full economic spectrum
3 from very modest housing to some very upscale
4 dwellings. Cooperative and condominium homeowners
5 can have a voice in how their homes are run.
6 They're involved in their communities, they vote
7 in significant numbers. Cooperatives and
8 condominiums are known to anchor and stabilize
9 marginal communities. They're even good for the
10 environment, benefiting from the economies of
11 scale and energy consumption, and other things.
12 It distresses me that HPD seems to think that we
13 are villains. I'm here to support both pieces of
14 legislation under consideration today, and to
15 thank this Committee for acting quickly on these
16 important issues.

17 CHAIRPERSON DILAN: Have to
18 interrupt. I will leave this Committee in six
19 months as a happy man. I finally have a piece of
20 legislation before me that you do indeed support.
21 [laughter] So I want that to be noted for the
22 record.

23 MARY ANN ROTHMAN: It's why I came
24 today. [laughter]

25 CHAIRPERSON DILAN: It took seven-

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and-a-half years, but we got it. [laughs]

MARY ANN ROTHMAN: So you'll let me rant a little for two little paragraphs.

CHAIRPERSON DILAN: Little bit, yes.

MARY ANN ROTHMAN: It's entirely fitting that permit fees be waived for needed repairs and reconstruction to buildings damaged by tropical storm Sandy. This small but significant benefit is particularly important to cooperatives and condominiums that were damaged, because we learned subsequent to Sandy that FEMA isn't presently able to provide grants for the restoration of buildings systems in cooperatives and condominiums. Astoundingly, we've been spared disasters in all the preceding years, so it was the first time FEMA had to deal with co-ops and condos, and they decided we were businesses and weren't worthy of having systems--grants to replace systems. Fortunately, after discussion with FEMA, it's now sensitive to this issue and is working with representative Steve Israel and the other Members of Congress from New York, New Jersey and Maryland, to word legislation necessary

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2 to correct this. It's my understanding that the
3 State Legislature is considering a resolution in
4 support of FEMA eligibi--FEMA grant eligibility
5 for co-ops and condos and it's my hope that the
6 City Council will see fit to do the same. I'm
7 also pleased to see swift action to implement the
8 J-51 extender enacted by the State Legislature in
9 January. It's important that this incentive
10 program continue to be available to help defray a
11 part of the cost of maintaining the housing stock
12 of our City. It's not the fault of the City
13 Council that open market cooperatives and
14 condominiums are virtually excluded from J-51
15 eligibility by the State Legislation lowering the
16 ceiling from an average assessed value of \$40,000,
17 which was put in place in 1992, down to \$30,000,
18 which excludes all but a very, very few open
19 market, low and moderate income co-ops and condos,
20 struggling to stay afloat, but not asking for
21 federal, State or City subsidies. It's
22 unfortunate. But again, not your fault. Again,
23 my thanks to this Committee, perhaps by 2015 when
24 the program will again need to be extended,
25 there'll be an opportunity to review these

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2 eligibility requirements. My thanks to the
3 Committee for its good work on these issues. As
4 many of you move on into new roles in our City and
5 beyond, I hope you'll continue to be mindful of
6 the many benefits of cooperative and condominium
7 housing for our City, and that you will look to
8 help this form of home ownership to thrive. Thank
9 you.

10 CHAIRPERSON DILAN: Thank you. And
11 finally, we have Mr. Light.

12 SHELDON LICHT: Thank you. I want
13 to say hello to everybody. I don't know any of
14 these people by name, although I floated around
15 the City Council for four years in my career.
16 [laughs] I am Assistant Commissioner DOB,
17 formerly, let me add. And I represent the Bronx
18 portion of the New York City Conglomerates of AIA.
19 But I'll get into that in my reading, if I may.
20 The Architects Council of New York is an umbrella
21 group that represents architectural organizations
22 in five boroughs of the, of New York City. The
23 Council, ACNY, is it's called, represents the New
24 York Society of Architects, Society of American
25 Registered Architects, and the Brooklyn, Queens,

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2 Staten Island and Bronx Chapters of the American
3 Institute of Architects. We support all efforts
4 to waive the fees for all Sandy storm damaged
5 buildings and their construction: plumbing,
6 electrical, and elevator repair and/or replacement
7 Department of Buildings applications. And we
8 support no real estate tax increases for storm
9 damage repairs. Additionally, the--ACNY supports
10 the Good Samaritan Law introduced as drafts S3942
11 in the New York Senate and draft A4380 in the New
12 York State Assembly. The Architects Council of
13 New York is committed to support, supporting our
14 fellow New Yorkers in disastrous times of need.
15 We urge the New York City Council to pass a
16 resolution supporting this Good Samaritan New York
17 State Legislation. The Architects Council of New
18 York is in favor of real estate tax exemptions for
19 all new and altered buildings, residential
20 developments in all boroughs of New York City.
21 These tax incentives promote economic development
22 in this City. Thank you.

23 CHAIRPERSON DILAN: Okay, thank
24 you. Thank you very much, Mr. Licht, and thank
25 you to all the members of the panel. I'll start

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2 with Mr. Ricci. So, your only concern with the
3 bill is you either want HPD's rules to be codified
4 in its entirety or to be left as rules as they
5 currently exist. Why do you think they, the
6 provision that you're requesting of the rules was
7 left out of--

8 FRANK RICCI: I can't answer that,
9 only HPD can answer it. But I just think for
10 consistency purposes, it should either be on or
11 the other, or--and not halfway, the way it is now.
12 It just makes no sense to me--

13 CHAIRPERSON DILAN: So is it of any
14 benefit to the agency to have done it halfway?

15 FRANK RICCI: I [crosstalk] don't
16 know their motivation.

17 CHAIRPERSON DILAN: From any of
18 you.

19 FRANK RICCI: I don't know, I can't
20 answer that.

21 CHAIRPERSON DILAN: Okay, no, it's--
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23 FRANK RICCI: You know, and quite
24 frankly, they've been, there's been a pattern over
25 the last few years of them being very consistent

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2 with either, you know, having laws that were not
3 so specific, yet doing it in rules and regulations
4 later to get the specifics; or one or the other.
5 And for some reason, this bill is just
6 inconsistent with the way they've drafted things
7 in the past three or four years, as far as I can
8 tell.

9 CHAIRPERSON DILAN: Well, I think
10 it's--I could see the potential for error in the
11 drafting of the legislation of the bill. I mean,
12 they certainly stated that no one has received a
13 benefit while in violation of the Housing
14 Maintenance Code. So, I didn't see the need to
15 add the rule into legislation, if it was 100
16 percent effective. If it was 75 percent
17 effective, I would said maybe we need to codify
18 it. But it was 100 percent effective. So, we
19 will reach out to them and discuss that and see
20 how we resolve that. I expect that that's
21 something that can be resolved prior to passage.
22 Ms. Rothman, you expressed some concern about the
23 decrease in the assessed value that happened on
24 the State level.

25 MARY ANN ROTHMAN: [off mic] Yes.

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2 CHAIRPERSON DILAN: Could you just
3 explain to us the impact? HPD said that they
4 would, that the high end buildings would be left
5 out. But the 10,000--

6 MARY ANN ROTHMAN: It's so far from

7 - -

8 CHAIRPERSON DILAN: [interposing]
9 Yeah, explain to us the difference of the \$10,000
10 in assessed value on the bill.

11 MARY ANN ROTHMAN: Let me explain
12 it in a slightly different way. This J-51
13 extender was part of the, of a comprehensive bill
14 which included changes in the property tax
15 abatement program. In one and the same bill, the
16 City saw fit to give higher benefits to buildings-
17 -higher property tax abatements to buildings
18 assessed at 55--\$50,000, \$55,000 and \$60,000 a
19 unit, because that was fair. In 1996, when the
20 abatement program was first implemented, the slice
21 was at \$15,000 and that was about 40 percent of
22 all co-ops and condos in the City, were below
23 \$15,000 then. I haven't, I don't have the
24 capacity to do the math myself, but I have to
25 assume that this \$60,000 average assessed value

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2 again looks to include, to give extra benefit to
3 about 40 percent of the City. Of the co-ops and
4 condos in the City. To look at \$60,000 average
5 assessment in one piece of the bill, for more
6 equitable property tax abatement benefits, and
7 then to see the J-51 sliced down from a \$40,000
8 ceiling to a \$30,000 ceiling, you have to assume
9 that it's going to cut away most of the open
10 market co-ops and condos in the City.

11 CHAIRPERSON DILAN: Okay. So your
12 issue was you lost at the State level on that
13 argument that it's not much--

14 MARY ANN ROTHMAN: Right, I can't
15 blame you, I can't blame the messenger.

16 CHAIRPERSON DILAN: And there's not
17 much that we can do about it.

18 MARY ANN ROTHMAN: I can't blame
19 the messenger and it's vitally important that this
20 very good program be extended.

21 CHAIRPERSON DILAN: So how many--

22 MARY ANN ROTHMAN: But it seems
23 unfair to slice co-ops out.

24 CHAIRPERSON DILAN: How many, how
25 many, how many buildings in your constituency do

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2 you believe this new legislation would capture?

3 None?

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5 MARY ANN ROTHMAN: I think it's
6 going to be interesting to try to research it,
7 because I have a lot of HDFC members, but they
8 qualify as government related. And their tax
9 assessments are not done the same way that open
10 market buildings are done, they have, it's not
11 exactly pilot, but they have a particular program
12 of tax assessments. I don't know, I, you know,
13 the, I'm waiting fairly breathlessly for the new
14 assessments which are supposed to be posted on May
15 25th and today is June 6th. They're not yet on the
16 Department of Finance website, where I can find
17 them easily. But I, it's going to be an extremely
18 small percentage of the open market.

18

19 CHAIRPERSON DILAN: When are the
20 tax bills due?

20

21 MARY ANN ROTHMAN: Pardon?

21

22 CHAIRPERSON DILAN: Tax bills are
23 out by Finance by when? July 1st?

23

24 MARY ANN ROTHMAN: No, they're
25 payable July 1st.

25

CHAIRPERSON DILAN: Payable.

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2 MARY ANN ROTHMAN: I think we're
3 going to see them between the 18th and the 20th.

4 CHAIRPERSON DILAN: You'll see 'em
5 soon. Yeah.

6 MARY ANN ROTHMAN: Yeah.

7 CHAIRPERSON DILAN: You don't have
8 to wait too much longer. Any questions from my
9 colleagues? And I have to acknowledge we've been
10 joined by Council Member Brad Lander, as well as
11 Council Member Elizabeth Crowley. Any questions
12 from my colleagues? If not, I would like to thank
13 you all for your time and testimony. I understand
14 that one other person asked to come up and
15 testify. You guys are, you guys free to go.
16 There's a Elizabeth Serrielo [phonetic], are you
17 here? Are you here to testify on the J-51 bill or
18 the Sandy related [background comment] Sandy
19 related? Why don't you come forward? Mr. Licht,
20 thank you for your service to the City. Perhaps
21 if I were Chairman a few years ago, we might have
22 known each other, but thank you for your service
23 to the City, as it is. [background comment]
24 We're certainly sorry to hear that. [background
25 comment] God bless. God bless, yeah.

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2 [background comment, laughter] God bless. Okay,
3 did I say your last name correctly?

4 ELIZABETH SERELLO: Yes.

5 CHAIRPERSON DILAN: Serrielo.

6 Okay, why don't you say your name in your own
7 voice, and then you can tell us a little bit of
8 your testimony, and the reason why you're here
9 today.

10 ELIZABETH SERELLO: Sure. My name
11 is Elizabeth Serrelo [phonetic].

12 CHAIRPERSON DILAN: Into the
13 microphone, 'cause we have to do it for the
14 record. Whichever one, yeah.

15 ELIZABETH SERELLO: My name is
16 Elizabeth Serrelo. And I'm a representative of
17 NEII, which is the National Elevator Industry,
18 Incorporated. I've been here a few times before
19 on different bills. When this issue came up with
20 the sandy related waivers for certain fees, in
21 December of last year, we actually had folks
22 present here, but we didn't actually speak, we
23 submitted testimony, back then to Mr. Goodman, who
24 was the prior legislative, I think, assistant for
25 the Goodman, yeah, Group. And we're kind of

1
2 coming back I guess to ask for a kind of second
3 bite at the apple. Back then, when we brought the
4 issue of adding elevators to the fee waivers, I
5 think the problem was it was right after Sandy, a
6 few months after, and the Executive Order was
7 quickly extinguishing, the Emergency Executive
8 Order, was quickly extinguishing. And there
9 really wasn't time to amend the bill. We asked,
10 nonetheless, that's why we didn't, you know--and
11 here we are again, and now there's a chance. I
12 think we don't have the time pressure so much.
13 But just to maybe revisit the conversation about
14 adding elevators which we see as another critical
15 and core building component just like the
16 electrical and plumbing and the fire suppression
17 that are mentioned in the bill. I could tell you
18 why I think you should--you know, why it would
19 make sense to do it.

20 CHAIRPERSON DILAN: I think you
21 need to make the case.

22 ELIZABETH SERELLO: Yeah.

23 CHAIRPERSON DILAN: Because I think
24 the main reason for exclusion in the first go
25 round is that there wasn't enough of a case made

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2 to include elevators. And certainly as we move
3 further away from the events of Sandy, we would
4 imagine that the majority of the elevators have
5 been repaired. So, I think if you could make the
6 case, we would consider it.

7 ELIZABETH SERELLO: Sure. I don't
8 have the exact numbers to know what has or has not
9 been repaired, but there are certainly a number of
10 ones that you probably hear about or the
11 Department of Buildings hears about, that are not
12 actually, have not been fully up to speed. But
13 there are a number that are still out, or have
14 taken a while to actually not be able to be
15 repaired right away. In addition to just the
16 elevators being up and operating for the people
17 that might be using the buildings, the workers or
18 the residents, if it's a, you know, multistory
19 house, housing complex and like. The other
20 tradespeople that need to do the work in the
21 building typically use the elevators and can't
22 either get to do their work or have to climb lots
23 and lots of stories to actually, to actually do
24 the work. So that's, it's really for the, it's
25 for the--and to have the pub--you want that up and

1
2 running. I mean, for the residents, they're
3 walking up and down, if it's--assuming the
4 building is habitable, the building might not even
5 be habitable, which could be another part of it.

6 CHAIRPERSON DILAN: So, I, you
7 know, it's unfortunate that the Buildings
8 Department is not here, because I believe after
9 the hearing, we asked them their opinion on
10 elevators and they didn't know that anybody needed
11 to do repairs related to elevators and there are
12 fees that are subsequent to that, would need an
13 extension on the timeline. I still don't have a
14 sense as to, you know, how many elevators are down
15 or not operating as a result of the Hurricane,
16 maybe someone who represents an area where that
17 was more affected than my Council district may
18 know. But it'll be something that we're going to
19 have to bring back to the Buildings Department and
20 ask for data on.

21 ELIZABETH SERELLO: We can, it was,
22 mostly it was the shoreline areas and then this
23 part of Manhattan, quite frankly, Lower Manhattan.

24 CHAIRPERSON DILAN: Oh, Lower
25 Manhattan, so we--

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ELIZABETH SERELLO: Was the part--

CHAIRPERSON DILAN: --we have a representative from Lower Manhattan, Council Member Mendez, how--you want to shed some light on this?

COUNCIL MEMBER MENDEZ: Yeah, this--am I on? Hello. I was going back and just looking at your testimony and just going through my head what we witnessed. We've had a lot of problems with elevators, some of them took a long time to get up, some of them aren't up. In some cases, where some of the work was done, we've had problems with Verizon, where you need to be able to, if you get stuck in the elevator, pick up that phone and call. And since Verizon is down, they won't issue the permit to get the elevator going, just 'cause of the Verizon problem, even though the elevator's been fixed. So we've been trying to work through those issues, and I don't know how many elevators are still down in my district, but it was a big issue for me and Margaret.

CHAIRPERSON DILAN: All right, so what we'll do is maybe we'll reach out with Council Members Lopez and Chin--sorry, Lopez, your

1
2 predecessor, Mendez, and Chin, to kind of get a
3 sense, 'cause this Committee right now has no
4 sense as to how many elevators are still
5 inoperable, as a result of the storm. It sounds
6 like many of the elevators are operational in her
7 district but not serving at the same capacity in
8 terms of communication, if somebody got stuck.
9 We'll reach out and between now and then, if you
10 could, you know, just weigh in and reach out to
11 Counsel, my Counsel, Laura Rogers, as to some more
12 hard numbers--

13 ELIZABETH SERELLO: Absolutely.

14 CHAIRPERSON DILAN: --as to how
15 many elevators are down. 'Cause it's just hard
16 for us to tell.

17 ELIZABETH SERELLO: I'll be able to
18 do that. There was a lot of with the scheduling
19 of the work, obviously getting in to do the work,
20 getting materials, 'cause everybody was looking
21 for the same materials at the same time. When the
22 saltwater got in, it corroded a lot of pieces.
23 There was much bigger jobs. And bids. It just,
24 it was a pretty involved process. And they've got
25 to be brought back to Code, which is what you're

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referring to.

COUNCIL MEMBER MENDEZ: And there was like also abatement because of the oil, the reserve oil for the elevators, spilled in the basement and contaminated the basement.

ELIZABETH SERELLO: Right.

COUNCIL MEMBER MENDEZ: And so I saw a lot of that, as well.

CHAIRPERSON DILAN: Okay, and we'll, between now and then, we'll ask them for permit data on elevator repairs.

ELIZABETH SERELLO: Great.

CHAIRPERSON DILAN: And see, see what the numbers look like, and we should be able to tell.

ELIZABETH SERELLO: Great.

CHAIRPERSON DILAN: Unfortunately, we didn't ask the Buildings Department that question, that would have helped us get an understanding, but right now we just don't have a grasp of it.

ELIZABETH SERELLO: Great.

CHAIRPERSON DILAN: Okay.

ELIZABETH SERELLO: Well, I just

1
2 appreciate being able to come back again to say
3 that, you know, we saw this on the agenda and said
4 we should just come back and touch base again and
5 see if it's a possibility to include us in the
6 group of other trades that are exempted, so, thank
7 you.

8 CHAIRPERSON DILAN: Good, I see
9 your industry's government affairs office address,
10 I certainly hope you didn't come that far.

11 ELIZABETH SERELLO: I came from
12 Hartford, Connecticut.

13 CHAIRPERSON DILAN: Oh, okay,
14 that's not as bad.

15 ELIZABETH SERELLO: [laughs]

16 CHAIRPERSON DILAN: It's not as bad
17 as--

18 ELIZABETH SERELLO: No, not Topeka,
19 no. Amy's in Topeka, Kansas. [laughter]

20 CHAIRPERSON DILAN: Okay, so we
21 certainly thank you for your time and testimony.
22 Are there any--

23 ELIZABETH SERELLO: Okay, thank you
24 very much.

25 CHAIRPERSON DILAN: Seeing no other

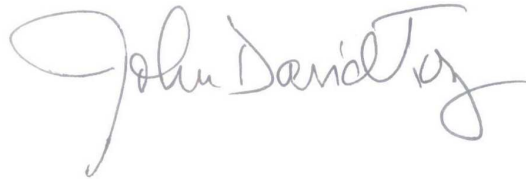
1
2 questions from, from the Members, both items, both
3 the Preconsidered item on the extension of
4 plumbing and electrical and possibly elevator
5 permits for Hurricane Sandy are laid aside; as
6 well as Intro 1010, which will be laid aside.
7 Correct, is it 1010 or 1010-A? [background
8 comment] Just 1010. Laid aside and that will
9 conclude this hearing.

10 [gavel]

C E R T I F I C A T E

I, JOHN DAVID TONG 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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in black ink and is positioned to the right of the printed word "Signature".

Date June 26, 2013