

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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March 2, 2012

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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 James F. Gennaro
Council Member Robert Jackson
Council Member Letitia James
Council Member Brad S. Lander
Council Member Melissa Mark-Viverito
Council Member Rosie Mendez
Council Member James S. Oddo
Council Member Joel Rivera
Council Member Jumaane D. Williams

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

Matthew Wambua
Commissioner
Department of Housing Preservation and Development

Elizabeth Gahmer
Director of Research
Department of Housing Preservation and Development

Ellen Davidson
Staff Attorney, Civil Law Reform Unit
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New York Legal Assistance Group

Frank Ricci
Director of Government Affairs
Rent Stabilization Association

Maggie Russell-Ciardi
Executive Director
Tenants and Neighbors

Sam Stein
Rent Regulation Campaign Coordinator
Tenants and Neighbors

Nina Marie Raposo
Citizen advocate

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

Marta White
Citizen advocate

[gavel]

CHAIRPERSON DILAN: Good morning, everybody. My name is Eric Martin Dilan and I'm the Chairperson of the City Council's Committee on Housing and Buildings. I'd like to thank everyone for attending today's hearing. Today, before the Committee of Housing and Buildings, there are two legislative items for consideration. The first is Intro 791, sponsored by Council Member Gonzalez, which is a local law to amend the Administrative Code, in relation to extending rent stabilization laws; as well as Resolution 1230, sponsored by Council Member Viverito, a Resolution determining that there is a public emergency requiring rent control in the City of New York. That public emergency continues to exist and will continue to exist on and after April 1 of 2012. The regulation of rents in the City of New York is of great concern to many New Yorkers; therefore, this Committee does intend to act to continue the rent regulation system and want to assure everyone publicly that this Committee in short order will be reporting these two items out to the entire Council for a vote. Although the Housing--the

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2 Committee today will not be voting on these items,
3 at the conclusion of this hearing these two items
4 will be laid aside, and today we will listen to
5 testimony from HPD and other experts on the
6 passage of Intro 791, or potential passage of
7 Intro 791, that would extend the rent
8 stabilization law from April 1, 2012 until April
9 1, 2015; as well as Reso 1230 which would extend
10 the rent control law from April 1, 2012 until
11 April 1, 2015. Obviously, we expected to hear
12 from HPD on the changes in data that the Housing
13 and Vacancy Survey may have provided over the past
14 three years, as well as representatives from the
15 real estate industry, tenant leaders, housing
16 advocates and other interested parties. Since we
17 potentially expect a lot of people to sign up to
18 testify, I respectfully request that all witnesses
19 summarize their testimony when possible. We'll
20 make sure that it is entered into the record in
21 its full form. And I also require that everyone
22 in the audience be courteous to those who are
23 presenting, regardless of whether you disagree
24 with their position or not. I'd like to keep the
25 clapping and hissing or any other outward gestures

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2 to a minimum. Finally, anyone who wants to
3 testify on today's items should see the Sergeant-
4 at-Arms in the back, and fill out their cell
5 phone--fill out their, fill out an appearance card
6 and state whether you are in favor or opposition
7 of the items before the Committee today. With
8 that, I see that the Commissioner is in his chair,
9 Commissioner Wambua, you are up, and you can
10 announce who's with you. You can get that cell
11 phone under control. [background comment, laughs]
12 I did the same thing, don't worry about it.
13 [laughs] And you can begin your testimony shortly
14 thereafter.

15 MATHEW WAMBUA: Absolutely. Good
16 morning, Chairman Dilan, it's a pleasure to see
17 you, and, and the members of the Housing and
18 Buildings Committee. They will be here arriving
19 I'm sure shortly. I'm Matthew Wambua from HPD, as
20 mentioned. And with me today is Dr. Mun What Lee,
21 who is Assistant Commissioner of Housing Policy
22 Analysis and Statistical Research, as well as Liz
23 Gahmer [phonetic] who is HPD's Director of
24 Research. Thank you again for the opportunity to
25 be here today to testify in support of Reso 1230

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2 and Intro 790. As you already know, we've
3 submitted selected initial findings for the 2011
4 HVS to the Council, and my testimony today
5 represents an opportunity for us to present those
6 preliminary findings, for the purposes of today's
7 testimony I've submitted both a written testimony
8 which you have a copy of, but I'm going to be
9 working off of the PowerPoint that you also have a
10 copy of, and for the viewing pleasure of the
11 audience, we're projecting it overhead. With
12 that, why don't we jump in.

13 CHAIRPERSON DILAN: Hold on one
14 sec.

15 MATHEW WAMBUA: Sure.

16 CHAIRPERSON DILAN: [pause,
17 background noise] Okay, all right, - -

18 MATHEW WAMBUA: Jump in? All
19 right. In summary, as you're already aware of,
20 Chairman, the Housing and Vacancy Survey's used to
21 determine the need for continuing, for continuing
22 the regulation of rents in New York City. The
23 survey's been carried out over the course of--or
24 every three years over the course of the last 46
25 years since 1965. It's conducted by the U.S.

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2 Census Bureau at the request of, of the City. The
3 sample for the current survey that we're going to
4 be going over the results of, is drawn from the
5 2010 decennial census, and the interviews for the
6 current surveys were conducted between February
7 and May of 2011. Ultimately, the HVS provides
8 data on the rental vacancy rate, the supply of
9 housing, median income in rents and the condition
10 of housing accommodation. As we jump into our
11 synopsis of the survey's findings, it's also worth
12 noting that because the current survey is drawn
13 from the 2010 decennial data, which is a different
14 data source than previous surveys have been drawn
15 from, it is a bit difficult to do year or very or
16 survey over survey comparisons. That said, we're
17 confident that this survey provides us with
18 invaluable, an invaluable snapshot of the current
19 housing conditions. Moving onto page three. As
20 noted, the, the primary purpose of the HVS is to
21 determine whether a housing emergency continues to
22 exist in New York City. Based on the survey
23 findings, the, the City's vacancy rate currently
24 stands at 3.12 percent, which is well below the
25 five percent threshold that has been set by the

1 State and by local laws as the condition for
2 determining the, whether a housing emergency
3 persists in New York City. Moreover, if we, if we
4 drilled down further into this finding, what we
5 see is that the vacancy rate tightens
6 significantly with respect to rental stock, which
7 is most affordable. So, on the slide that you're
8 looking at, you can see that the vacancy rate
9 ranges roughly from 1.1 percent to about 5.26
10 percent, the 1.1 percent being, representing the
11 vacancy rate amongst the most affordable units,
12 5.26 percent representing vacancy rate amongst the
13 most expensive units. Clearly, these findings
14 speak not only to the persistence of a housing
15 emergency in New York City, but also to the
16 importance of the need for us to continue
17 producing and preserving affordable housing,
18 particularly at lower stratas of the income bands.
19 Page four, please. As mentioned, the HVS provides
20 a snapshot of the City's current housing
21 inventory. Presently there's 3.35 million units
22 of housing in the City, which is the largest stock
23 recorded since the HVS has been recording this
24 statistic. Of the 3.35 million units of housing,
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2 2.1 million constitute rental units, of which
3 about 45 percent are rent regulated, about 39
4 percent are unregulated, and 14 percent make up
5 the remaining stock including public housing,
6 Mitchell-Lama, HUD regulated units, among others.
7 Of the 2.1 million rental units, 68,000 units are
8 vacant and available for rent, thereby yielding us
9 the 3.12 percent vacancy rate. Next slide,
10 please. The HVS also provides us with housing
11 quality data. Based, based on the 2011 findings,
12 we're pleased to report that the building
13 conditions in New York City are the best since the
14 survey started looking at this, at these metrics.
15 As an example, of all the renter occupied units,
16 only .3 perc--

17 CHAIRPERSON DILAN: I got to stop
18 you. Take credit for that.

19 MATHEW WAMBUA: Thank you very
20 much. It's really appreciated. Certainly it has
21 been done in conjunction with your collaborative
22 efforts, particularly around AEP and proactive,
23 which we launched with you just last year. So, we
24 appreciate it. An example of the improved quality
25 would be that .3 percent of all renter occupied

1 units are located in buildings that are
2 characterized as dilapidated, which is the lowest
3 statistic for, that we've had historically. That
4 said, while housing conditions throughout this
5 City are extremely good, the map in front of you,
6 and the map overhead, does show that there are
7 areas where housing quality lags comparatively.
8 What we're looking at here are proportions of
9 renter occupied units where renters reported three
10 or more deficiencies within their unit. So the
11 darker colors represent of deficiencies, the
12 lighter colors represent lower rates of
13 deficiencies. This map, in my estimation, clearly
14 underscores the need for continued collaboration
15 between the counsel and between the administration
16 to ensure one, improved living conditions and two,
17 higher levels of accountability amongst owners of
18 rental buildings. But as mentioned, those
19 collaborative efforts have yielded great results
20 so far. We're looking forward to more
21 collaborative efforts moving forward. Next page.
22 In terms of household incomes in rents, the 2011
23 HVS reports average median gross rents as \$1,200
24 per month. That's across all rental units. The
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2 gross rents comprising both contract rents as well
3 as utility expenditures. And median household
4 income is reported as \$38,500 per year across all
5 rental households. More importantly, these
6 figures correlate to a 33.8 percent gross rents to
7 income ratio citywide. In other words, in our
8 attempts to understand what type of rent burden
9 New Yorkers are subject to, the HVS is able to
10 tell us several things. Couched differently,
11 approximately half of all New Yorkers that are
12 renters pay a third of the gross income to housing
13 costs. If you take that same data and you reslice
14 it and recouch it, what it tells us, also, is that
15 one-third of all New Yorkers are paying over 50
16 percent of their gross income to housing costs.
17 Next page. On this page, we're attempting to
18 break out the rent burden by income band, in order
19 to give you a sense of which income bands have the
20 highest proportion of renters who are subject to
21 heavy rent burdens. So, as an example for renters
22 who earn 50 percent of the area median income, 66
23 percent of them are paying 30 percent of the gross
24 income or more towards housing costs. As you'd
25 expect, the highest proportion of rent burdened

1 tenants earn between 20 and 70 percent of their
2 median income. With the 40 to 60 percent AMI
3 bands most affected on the proportional basis.
4 Next page, please. So the statistics that we were
5 just going over clearly the data on rent and
6 income tell the story about why our ongoing work
7 at HPD to create and to preserve quality housing
8 remains imperative. This page attempts to give
9 you a sense of how we, at HPD, as well as more
10 broadly as the City, are working to support
11 residents who are most in need of affordable
12 housing. At the lower income bands, which are the
13 40 percent AMI income bands and below, there's a
14 number of existing resources that are in place to
15 help individuals in those income bands meet
16 housing needs. Amongst those are NYCHA housing,
17 Section 8 vouchers, SCRIE, which I understand is
18 going through their own hearing right now. But
19 there's a number of different resources that are
20 currently in place. However, given the fact that
21 these existing resources are generally less
22 accessible to the area median income bands,
23 between 40 percent and 80 percent AMI, that's
24 where HPD focuses on creating and preserving
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1 affordable housing primarily within those bands.
2 If you look at the housing plan, what's been
3 produced so far and what's projected to be
4 produced over the duration of the housing plan,
5 approximately 80 percent of everything we're
6 producing is within the 40 to 80 percent area
7 median income band. Next page. In conclusion,
8 the findings of the 2011 HVS demonstrate why it's
9 necessary for the administration and the Council
10 to continue pushing for ways to preserve and to
11 create affordable housing. The increased rents
12 and the plateauing incomes which we're seeing
13 obviously highlight this fact. Clearly the, the
14 State has done its part in reauthorizing the rent
15 regulation law, and importantly they have also
16 increased the control threshold at 2,500, which
17 we're very happy about to the extent that we think
18 it's going to significantly attenuate the rate or
19 the velocity of loss with respect to rent
20 regulated units. Moreover, we, at HPD, are going
21 to continue doing our part which is to
22 aggressively pursue an ambition housing production
23 agenda. However, given the determination of an
24 ongoing housing emergency, it's essential that the
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2 rent regulation law be extended. Accordingly, we,
3 we urge the Council to adopt resolution 1230, and
4 Introduction 790. With that, I want to thank you,
5 and we're happy to respond to any questions.

6 CHAIRPERSON DILAN: Thank you. And
7 I, you know, I really want to reiterate, you know,
8 I'm very pleased with the Department, and I
9 believe all three Commissioner that have been
10 Commissioner since I've been Chairman should take
11 a little bit of credit for having the housing
12 stock in the best physical condition since the
13 commencement of the Housing and Vacancy Survey.
14 And I think that is a public credit to the agency.
15 So, even though I interrupted your testimony, I
16 want to take a second to, you know, just again
17 credit the Department for that.

18 MATHEW WAMBUA: Thank you.

19 CHAIRPERSON DILAN: I'll start with
20 just some basic questions. You said in your
21 testimony that it was very difficult to collect
22 data because of, I, the turn of the decade, I
23 guess? What challenges--

24 MATHEW WAMBUA: Yeah.

25 CHAIRPERSON DILAN: --what

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challenges did that present?

MATHEW WAMBUA: So, what you're going to realize when you ask questions with regard to the methodological approach, is underlying these surveys and all the census stuff is that I'm going to be turning it over to our, my able colleagues, who--

CHAIRPERSON DILAN: That's what they're there for, yeah.

MATHEW WAMBUA: --who are going to be able to answer the questions in ways that people can actually understand them. So, I'm actually going to ask Liz to answer the question.

CHAIRPERSON DILAN: And even though the Commissioner introduced you, you have to do so in your own voice.

ELIZABETH GAHMER: Of course. Good morning, my name is Elizabeth Gahmer, and I'm Director of Research at HPD. It's, let me take a step back and just explain a little bit about how the HVS data are collected, which can help us to understand which panels the HVS can be compared to one another, and which ones experience limitations in doing so. So the HVS is a statistical sample.

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2 This year it was about 19,000 housing units, which
3 were drawn, to be able to create estimates that
4 then represent the entirety of the New York City
5 housing stock and population. Each of these
6 samples is drawn from the previous decennial
7 census, with some updates to the master address
8 file. So, for example, the 2002, 2005 and 2008
9 HVSs were all drawn from the 2000 decennial
10 census; whereas the updated 2011 HVS is drawn from
11 the recently completed 2010 decennial. What
12 happens then is that each of these sampled units
13 are weighted up so that they represent the
14 entirety of New York City. And they are weighted
15 to correspond to the estimates that are based on
16 the current estimations from the Census Bureau.
17 So for 2008, the sample was drawn from 2000, and
18 then weighted to correspond to estimates that were
19 projected out by the Census Bureau from the 2000
20 decennial. Those are known as intercensal
21 estimates of both the housing units as well as the
22 population. In 2011, we then have updated
23 information from the enumerated population from
24 the decennial, which is the most up-to-date and
25 most complete information. For the reason, some

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2 of the data and some of the estimates, if you were
3 to compare them to those based on intercensal
4 population estimates, may actually have
5 differences that are an artifact of this sampling
6 and methodology, as opposed to representing
7 observable changes. So, that's the reason that we
8 don't compare across decades, is that they're
9 weighted to different underlying population
10 estimates that come with their own limitations.

11 CHAIRPERSON DILAN: All right, I--I
12 believe I understand. [laughter] Matter of fact,
13 I know I understand, but I'm a layman in every
14 sense. You know, I should've done this at the
15 outset, so I'll stop here, but we're, I've been
16 joined by some of my colleagues: the Majority
17 Leader and Member of the Bronx Delegation, Joel
18 Rivera; Jumaane Williams of Brooklyn; and
19 Elizabeth Crowley of Queens. So, essentially, it
20 is difficult because you had to take into account
21 the new census data which I guess was readily
22 available to you at the commencement of this
23 survey, and you couldn't use the data from 2000 as
24 the pass-through surveys used?

25 ELIZABETH GAHMER: Correct. Part

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2 of the purpose of the HVS is to provide the most
3 reliable, most complete and most up-to-date
4 estimates. And it's also important that those
5 correspond to the similar updated data that the
6 Census Bureau produces in its other products. And
7 so that's the underlying reason.

8 CHAIRPERSON DILAN: So what, what
9 kind of changes did you see with the new census
10 data versus the old? And was the latest set of
11 census data more helpful or more of--well, you
12 said, it was more of a challenge, but what, was it
13 more helpful in any way, shape or form?

14 ELIZABETH GAHMER: It's always of
15 benefit to have a full and complete, enumerated
16 population to work from when you're doing this
17 kind of research. And so, with the turn at each
18 decade, it's beneficial to have an updated
19 sampling frame from which to work. These are
20 select findings and they're initial findings, so
21 additional data will continue to become available
22 over the next few weeks and months, including
23 population estimates which we do not yet currently
24 have from the HVS.

25 CHAIRPERSON DILAN: Yeah, and that

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2 actually leads into my next question, but I'm
3 pretty sure that as the 2010 census data gets
4 obviously a little bit older, as we get into the
5 next three year cycle, I'm pretty sure it'll be
6 much easier for you to manage it the next revision
7 in '15. I lost my train of thought there for
8 second. [background comment] Yeah, I guess talk
9 to us a little bit about the variations while I
10 get my frame of thought back. Sorry about that.

11 ELIZABETH GAHMER: Sure. So, I
12 think that what we saw in the 2000 panels of the
13 HVS--the '02, the '05 and the '08, where we are
14 able to compare longitudinally and look at changes
15 over time, that we saw continued challenges in
16 affordability, we see that now in 2011 as well.
17 But we see really the highest and largest housing
18 stock ever, as well as it being the best
19 conditions, which is a remarkable achievement.
20 And obviously important for the continued growth
21 and sustainability of the City.

22 CHAIRPERSON DILAN: I got it, yeah.
23 So, I want to touch on that, because you said
24 there's approximately now 3.3 million units which
25 is the highest ever, and that happened during a

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2 major economic downturn. What accounted for the,
3 the increase in the units in your opinion?

4 MATHEW WAMBUA: So, actually, I
5 would say that the bulk of that was the
6 consequence of what we're doing. One of the
7 things that we're most proud of is over the course
8 of 2003 through 2008, clearly that period
9 represented the ascent of possibly the hottest
10 real estate market in New York City's history, at
11 least one of the hottest periods. Through that
12 period, if you looked at new construction, for
13 multi-family housing or all housing, basically the
14 housing that we were producing, the new
15 construction housing we were producing, comprised
16 approximately 20 percent of the units that were
17 permitted during that period. But from 2008
18 moving on, subsequent to the economic downturn,
19 the amount of new unit production that HPD has
20 been engaging in has basically comprised close to
21 50 percent of all permitting for new construction
22 during that time. So, in large part, we have
23 tended to be the floor that has preserved much of
24 the new construction that has occurred. On the
25 market rate side, there's been significant

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2 diminishment of new construction since the market
3 obviously has turned south.

4 CHAIRPERSON DILAN: I see, you're
5 taking, you're taking all the credit for all those
6 years, is that--?

7 MATHEW WAMBUA: 50 percent.

8 CHAIRPERSON DILAN: 50 percent,
9 okay. [laughter] All right. So, with, with
10 that, we saw a decrease overall in the number of
11 stabilized units from a little over a million in
12 2008 to I believe under a million for the first
13 time, to about 986,000, resulting in the loss of
14 about 40,000 units. In the time period between
15 '05 and '08, the sur--that Housing and Vacancy
16 Survey showed a loss of only about approximately
17 17,000 units. In your opinion, what accounted for
18 the loss of about twice as many units in this
19 current period? So, your, your identification of
20 the trend is exactly correct. Undeniably we have
21 had significant loss of regulated stock and that
22 loss of regulated stock has accelerated over the
23 course of the last couple of years. And probably
24 been heaviest over the course of the last three
25 years. In large part, that is attributable to the

1 fact that the existing rent regul--or the previous
2 rent regulation law simply had a decontrol
3 threshold that was outmoded or antiquated, hadn't
4 been changed since 1993. So, as rents were
5 increasing, they were hitting up against the 2000
6 decontrol threshold, at a higher velocity than
7 they had historically. What we feel better about
8 is the fact that the current rent regulation law
9 has increased the decontrol threshold to 2,500.
10 So our expectation and our projects are that there
11 is going to be a diminishment of loss with respect
12 to the existing regulated stock. Really, based on
13 the 2,500 threshold, the new 2,500 threshold, our
14 projections for the next couple of years, from
15 now, you know, through 2019, are that 85,000 units
16 that otherwise would've been decontrolled, had the
17 decontrol threshold remained at 2,000, will remain
18 within the regulated stock.

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20 CHAIRPERSON DILAN: You expect the
21 actions of the State Legislature that they took
22 last year, you expect to see those numbers
23 stabilize by the next survey?

24 MATHEW WAMBUA: Yeah. We, our
25 expectation is that what we've been witnessing

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2 was, which was an increased velocity of loss every
3 single year; in terms of the regulated stock,
4 that's going to slow down. And we're going to see
5 smaller and smaller increments of loss relative to
6 what we'd seen historically.

7 ELIZABETH GAHMER: Thank you. If I
8 may just add, so we provided an appendix slide
9 which is projected here. We, in HPD's research
10 group, we used DHCR data on registered units as
11 well as decontrol units since 1993, to try to
12 understand the impact of both the legislative
13 changes as well as the additions to the stabilized
14 stock through the new housing marketplace plan.
15 And so, as Commissioner Wambua said, we project
16 out by 2019 that if the 2000 threshold had
17 remained in effect, that about 245,000 currently
18 stabilized units would likely decontrol through
19 high rent vacancy decontrol, with the change in
20 decontrol threshold to 2,500. We still expected
21 to see a loss of stabilized units overall from the
22 current stock, but it is, it is substantially
23 attenuated, and that in fact we estimate about
24 85,000 will stay stabilized. In addition to that,
25 another 40,000 units will be added to the

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2 stabilized stock through the efforts of the
3 housing plan. So, overall we see a significant
4 difference in what could have happened without any
5 of these changes or investments.

6 CHAIRPERSON DILAN: Okay. And
7 then, my final line of questioning, and then we'll
8 open it up to the members, does the HVS or census
9 data have information concerning the regulatory
10 status of a dwelling unit, disaggregated by
11 borough, at this time? And if, and if not, why
12 not?

13 ELIZABETH GAHMER: We do. We're
14 happy to provide the additional details to you at
15 a borough level.

16 CHAIRPERSON DILAN: Do you have it
17 here today? If you could just verbally tell us,
18 and then submit it in, in writing.

19 ELIZABETH GAHMER: Sure. [pause,
20 background noise] Sorry, just one moment.

21 CHAIRPERSON DILAN: Sure.

22 [pause, background noise]

23 CHAIRPERSON DILAN: We've been
24 joined by Council Members Viverito and Mendez,
25 both of Manhattan, while we, while we wait for the

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data.

[pause, background noise]

ELIZABETH GAHMER: I apologize, I don't have those data with us, but we're happy to follow up and get you the borough breakdowns by stabilize status.

CHAIRPERSON DILAN: And if you could do that before we, you know, before the Committee dispose of these, of these items, you know, we certainly would like to know that. Well, since you don't have that, that takes away my other question. So, at this time I don't see any members--Oh, we do have members signed up for questioning. We have Council Member Williams, and then the list is open. Council Member Williams.

COUNCIL MEMBER WILLIAMS: Thank you, Mr. Chair. Thank you, Commissioner Wambua and everyone who's there. I first want to say thank you, 'cause your office and your resources are, have always been open to my office, and to the constituency in the 45th district. So I thank you for that.

MATHEW WAMBUA: You're welcome.

COUNCIL MEMBER WILLIAMS: And thank

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2 you for the testimony. Is there any, anything in
3 the HVS or anywhere that says how long the units
4 have been on the market?

5 ELIZABETH GAHMER: No, the nature
6 of the HVS is that it's a serial cross-section
7 sample, which means that we don't track specific
8 units over time, to understand how a given unit
9 changes. But rather, we do an overall estimate to
10 look at net changes over time. So, no we don't
11 know for any given vacant or occupied unit, any
12 data that's previous to the time in which the data
13 were collected.

14 COUNCIL MEMBER WILLIAMS: Is there
15 any study that HPD or anyone does that you know of
16 that tracks anything like that.

17 ELIZABETH GAHMER: I'm sorry, for
18 the length that a vacant available unit is
19 available?

20 COUNCIL MEMBER WILLIAMS: Yes.

21 ELIZABETH GAHMER: We do not
22 collect those data here at HPD. There have been
23 previous waves of the Housing and Vacancy Survey
24 which did take some units and follow them
25 longitudinally, but we do not currently maintain

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or collect those type of data in-house.

COUNCIL MEMBER WILLIAMS: I think it would be interesting to find out. My guess is would be just as, I saw somewhere that had, as we go up in the income range, there's a higher vacancy rate. I'm sure many of those are vacant actually for quite some time. If we go lower in the income, those rates are, they're much less available. And I, you know, I'm glad that you're supporting this bill, and there was support for raising the income threshold to \$2,500, I am concerned that we've just actually set a new target as opposed to solving the problem. I'm glad that the advocates finally, a few years ago, got the Mayor to understand that we need to be trying to preserve as many as possible, 'cause we can't go, build our way out of the problem. But I'm not quite sure that there's still a full understanding of how desperate the need is. Do you know if HPD or the Administration will be supporting--which I'm sure will be the call at the next point, to eliminate vacancy decontrol and high income decontrol.

MATHEW WAMBUA: Is the question

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would the Administration be supportive of
elimination?

COUNCIL MEMBER WILLIAMS: Yes.

MATHEW WAMBUA: To date that's
never been a position of the Administration. And
quite honestly, we've been very happy about the
fact, as you've noted, that the decontrol
threshold has been increased to the extent that as
we've talked about there should be a significant
attenuation of loss, of regulated stock, but no,
we haven't ever had as position of seeking
elimination.

COUNCIL MEMBER WILLIAMS: I think
that, the elimination actually I think would help
preserve much more. I'm sure it was--

MATHEW WAMBUA: Oh, you're talking
about the elimination of the threshold.

COUNCIL MEMBER WILLIAMS: Yes.

MATHEW WAMBUA: I thought you were
talking about the elimination of the - -

COUNCIL MEMBER WILLIAMS:
[interposing] No, the threshold. And so I'm
asking, would the administration support it,
elimination of a threshold for income and

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elimination of vacancy decontrol.

MATHEW WAMBUA: To date, the Administration has not supported the elimination of, of the decontrol threshold.

COUNCIL MEMBER WILLIAMS: Or the vacancy decontrol. Which I, I'm hoping at some point they will, because I think it's, it will slow down, but not slow down enough, and we're losing--the problem with some of these units, it's not just for the tenant who's there now, it's for the tenants who are always going to come, and we are just losing these units, and they're never going to come back, and there are communities that will not be able to house people who work in this City. So we have to find a way to really begin to grow that up. We're just losing too many. So I'm hoping the Administration will change its position on that.

MATHEW WAMBUA: I agree with you on the position that we're losing too many, and one is too many, but it will--particularly given the need that we see and given, you know, the statistic that is obviously being shown right now up there, which is the almost infinitesimally

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small vacancy rate amongst the most affordable stock.

COUNCIL MEMBER WILLIAMS: And then for the substandard housing, I didn't see too much data on that. I saw a graph that basically showed which one had three or more maintenance deficiencies. How much of the--how much of the stock had three or more deficiencies in the HVS?

MATHEW WAMBUA: I don't know if we have that with us. I'd be more than happy to get that--ah, here we go, we do have it.

COUNCIL MEMBER WILLIAMS: You were well prepared.

MATHEW WAMBUA: Myself, maybe not.

COUNCIL MEMBER WILLIAMS: More than you know.

MATHEW WAMBUA: My people, yes.

ELIZABETH GAHMER: Just give me one moment--

COUNCIL MEMBER WILLIAMS: Sure.

ELIZABETH GAHMER: --it's a big table. [pause, background noise] So, overall when we look at three or more maintenance deficiencies, and this just for your information,

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2 as with previous panels of the HVS, we ask each
3 respondent to report on whether they've
4 experienced any one of seven maintenance
5 deficiencies, so this is three out of seven or
6 more, three or more out of seven. So citywide,
7 when we look at all of the 55 sub-borough areas in
8 New York, we see that just over 19 percent of
9 renter occupied units reported having three or
10 maintenance deficiencies.

11 COUNCIL MEMBER WILLIAMS: I'm
12 sorry, how many?

13 ELIZABETH GAHMER: 19, just over 19
14 percent.

15 COUNCIL MEMBER WILLIAMS: Does it
16 break down into--sorry? Does it break down into
17 income levels and racial levels?

18 ELIZABETH GAHMER: We have not yet
19 calculated those cuts of the data, but we will be
20 in the coming weeks. I--

21 COUNCIL MEMBER WILLIAMS: Well if
22 isn't--it's on the map, sort of, so it's only cut
23 by geography?

24 ELIZABETH GAHMER: Correct. We
25 just haven't cut it yet by income, as well as rent

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burden.

COUNCIL MEMBER WILLIAMS: My guess is, based on what I can see, that it would probably be much worse when you go down the income, and also depending on the racial makeup of the community--

MATHEW WAMBUA: I wouldn't just guess that, I would say that that's a fact. I'm not, you know, talking about the specific data, but yes, we'll look at the data and that's what the data's going to say. I mean, we basically put this in here to, so that we could show both sides of the coin. The positive side of the coin is that based on condition metrics, this is the best condition that the housing - - collectively has been in, historically, since any of this has been measured. The other side that can't be ignored, though, is that there still are disparities, in terms of the housing quality deficiencies. In some neighborhoods versus other neighborhoods. And that's something that we wanted to clearly be very open about. If you look at the dark areas, you know, really what you're seeing there are, you know, I mean, there's many reasons, obviously, why

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2 certain neighborhoods would have greater levels of
3 deficiencies, but most of 'em revolve around
4 different levels of investment by owners and
5 different building economics. So, if you look at,
6 you know, the darker areas, those are the areas
7 with the lowest rents and by extension the
8 argument would be the, the least robust underlying
9 economics, and those are also the areas in which a
10 lot of the time the owners tend to be smaller,
11 more poorly capitalized and, quite honestly, not
12 as invested in buildings at times. And that's not
13 to disparage owners, because there's plenty of
14 great owners all over the City. But these are
15 also the areas where HPD specifically targets its
16 services, both on the development side,
17 preservation, as well as new construction, as well
18 as on the code enforcement side, for the very
19 reasons that you're talking about.

20 COUNCIL MEMBER WILLIAMS: So, I
21 just want to make sure we pointed that out. I do
22 want to close, I want to make sure I say, I've
23 appreciated working with your tenure, and I'm
24 looking forward to continue doing that. I do hope
25 that we find some, some more ways to get this

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2 deficiency at least more equitable across the
3 board. And I do hope the Administration supports,
4 at some point, more programs that will eliminate
5 the decontrols that are happening, 'cause we're
6 losing units and perhaps I know we'll be hearing
7 from a couple of people soon that don't share my
8 position. But when it comes to the rent
9 guidelines board, that automatic rental increase
10 is further reaching the targets that we're looking
11 for, and is doing a lot dismantle affordable
12 housing, like rent stabilization, which is the
13 largest affordable housing program that we have.
14 And hopefully the Administration will join some of
15 us in asking that the rent freezes, and maybe even
16 rent rollbacks one day.

17 MATHEW WAMBUA: Well, Council
18 Member, I would like to note that it's been an
19 absolute pleasure working with you and your
20 office. You guys are clearly great advocates of
21 affordability as well as quality rental stock.
22 And we look forward to continuing to cultivate
23 that very productive relationship.

24 COUNCIL MEMBER WILLIAMS: Thank
25 you.

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2 CHAIRPERSON DILAN: Before we get
3 to Council Member Viverito, I just wanted to
4 follow up on a line of questioning. The 19
5 percent number that you cited in your answer to
6 Council Member Williams, is that 19 percent of all
7 units, or 19 percent of the stabilized units?

8 ELIZABETH GAHMER: It's 19 percent
9 of all renter occupied units.

10 CHAIRPERSON DILAN: Of all units.
11 Okay. [background comments] Go ahead, jump in,
12 go ahead.

13 COUNCIL MEMBER WILLIAMS: What's
14 the, the rent, what's the specifics for the rent
15 stabilized units?

16 ELIZABETH GAHMER: Sorry, we don't
17 yet have it broken out by stabilized status.

18 CHAIRPERSON DILAN: So that's
19 something that we'd like the Committee to be able
20 to review before we dispose of the bill. Council
21 Member, Council Member Viverito.

22 COUNCIL MEMBER MARK-VIVERITO:
23 Thank you, Mr. Chair, and apologies for coming in
24 late, so I didn't see the presentation. I know
25 you had a line of questioning at the beginning, so

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2 if this question was asked, excuse the redundancy,
3 but nice to see you Commissioner, as always. A
4 pleasure as well to work with your office. Just
5 with regard--and I'm also obviously the sponsor of
6 the Reso, so very proud to be making this
7 statement. So, with regards to the numbers
8 presented, 'cause my understanding is when it
9 comes to the affordable housing that the City
10 invests in the units that we create as a City,
11 you're then increasing the number, well, you're
12 adding to the rent stabilized units, correct?

13 MATHEW WAMBUA: Yeah.

14 COUNCIL MEMBER MARK-VIVERITO:

15 'Cause those do get registered at the State with
16 the rent stabilization. I mean, or the DHCR.
17 Used to be DHCR.

18 MATHEW WAMBUA: Yeah, that's, well,
19 first of all, absolute pleasure to see you. It
20 is, your assumption is correct. So basically
21 there's two ways obviously that we finance
22 affordable housing development. There's the
23 preservation component, then there's new
24 construction component. From the preservation
25 side, in essence what we're doing is keeping lots

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2 of stock continually regulated that otherwise
3 could've potentially come out. And then from the
4 new construction side, in all those instances,
5 what we're doing is adding incremental stock to
6 the regulated stock.

7 COUNCIL MEMBER MARK-VIVERITO:

8 Right, so I guess my question with regards to that
9 is, have you been able to analyze the number of
10 units that we're losing on a yearly basis, and
11 what in fact you're bringing in to kind of make up
12 for that. I'm sure it doesn't come anywhere near-
13 -

14 MATHEW WAMBUA: Yes.

15 COUNCIL MEMBER MARK-VIVERITO: --

16 but at least to get a perspective as to the
17 importance, obviously, of the HPD subsidies and
18 the programs and the units that are being created
19 through HPD.

20 MATHEW WAMBUA: So, speaking in the
21 aggregate and then Liz can offer some more
22 specifics, but in the aggregate, so far, we have
23 financed about 130,000 units over the course of
24 the last nine years. Of that about 115,000 have
25 been completed. Of the 115,000 that have been

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2 completed, 40,000 represent new constructed--newly
3 constructed units, and by extension incremental
4 additions to the regulated inventory. All that
5 said, you are correct, that the rate of loss that
6 is occurring with respect to regulated units
7 matriculating into the non-regulated inventory, is
8 greater than the incremental additions that we are
9 providing. Why don't we go over the--

10 COUNCIL MEMBER MARK-VIVERITO: Can
11 I, let me just, because that's alarming still,
12 right, 'cause you're saying the 40,000 units is
13 over a course of nine years, right? That that's
14 been built and that has been regulated.

15 MATHEW WAMBUA: That's correct.

16 COUNCIL MEMBER MARK-VIVERITO: Now,
17 according to our data, right, we have that in
18 2008, basically there were about 1,000--I mean,
19 I'm sorry, 1,027,000 units. Now in 2011 we're
20 down to 986,000 units, which is a loss of over
21 40,000 units. And so that's just in a three year
22 period. And you're talking about in a nine year
23 period, you've basically added 40,000, which is
24 what we've lost in three years. I mean, it comes
25 nowhere near, obviously the, what we, what the

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2 crisis is, and that's why the reason of the
3 importance of this Reso and the legislation.

4 MATHEW WAMBUA: Well, yes, I agree
5 with all of that. One of the things that, that
6 has been alarming to us, as we'd mentioned a
7 little earlier, is the rate of accelerated
8 deregulation, that we've seen. One of the things
9 that does bolster us some is the fact that the new
10 decontrol threshold is going to significantly
11 attenuate the velocity at which we have been
12 losing a lot of the units. So, I mean,
13 ultimately, obviously, our affordable housing
14 strategy as a City, as HPD is a two pronged one.
15 It is rent regulation and then also, you know, try
16 and backfill with newly constructed, newly
17 constructed units. Together, because of the
18 2,500 decontrol threshold that has been created,
19 versus the 2,000, that change in and of itself,
20 should keep about 85,000 units that otherwise
21 would've been deregulated from now through 2019,
22 in the regulated inventory. And if you throw in
23 the housing stock that we're creating--

24 COUNCIL MEMBER MARK-VIVERITO:

25 Right.

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2 MATHEW WAMBUA: --in total from now
3 until about 2019, about a 125,000 units that
4 otherwise would've been subject to deregulation or
5 not existed within the regulated stock, will be
6 preserved as regulated housing. So, you're
7 absolutely right, I guess what I'm trying to say
8 is, things were worse before, things are better
9 now--

10 COUNCIL MEMBER MARK-VIVERITO:

11 Right.

12 MATHEW WAMBUA: --there's still net
13 loss.

14 COUNCIL MEMBER MARK-VIVERITO: But
15 let me, and I appreciate that. Just one question,
16 though, because in, in the time period as I
17 mentioned before, in the time period between 2005-
18 2008, the loss as 16,800 units. And now between
19 2008 and 2011, you're talking about more than
20 twice the amount of loss. So what would you,
21 considering the \$2,000 threshold, was constant
22 through all that time period, what do you
23 attribute that rapid loss to, in terms of
24 deregulated units?

25 ELIZABETH GAHMER: So--

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COUNCIL MEMBER MARK-VIVERITO:

Right, 'cause it's \$2,000, \$2,000 threshold has been, it was in place throughout all this time period.

MATHEW WAMBUA: But it, it was--

COUNCIL MEMBER MARK-VIVERITO: That was a constant.

MATHEW WAMBUA: That was a constant, and that was the problem was, since 1993, it was in place. In 1993, when it was set, it was seen as something that was a relatively high threshold to get to.

COUNCIL MEMBER MARK-VIVERITO:

Right.

MATHEW WAMBUA: In fact, in 1993, I think there was less than 100 units that were subject to deregulation at that threshold, but basically what ended up happening is there was a constant ceiling while, you know, we basically had every ascending increasing rents, as those rents meant towards that ceiling, we started seeing a greater velocity of decontrol activity. So, the problem really has been the constant, which is the ceiling, and the need has been to raise that

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2 ceiling, so that it's more appropriate for the
3 market conditions that we're currently subject to.

4 ELIZABETH GAHMER: I just wanted to
5 take a step back for a moment and just remind us
6 and the Council that there are many ways that
7 stabilized units both leave the stock as well as
8 are added to the stock. The HVS shows the net,
9 the overall current count, right, which includes
10 both losses and additions. And then in addition
11 to the housing plan editions, coming from newly
12 constructed rental units, that the two other large
13 sources of public investment that add to the stock
14 over time are the J-51 as well as 421-A programs.
15 Here we see over time the number of units that are
16 receiving benefits at any given point in time.
17 But Department of Finance shows that since the
18 last HVS, that about 150,000 units of housing
19 began receiving J-51 benefits, and an additional
20 15,000 units since the last HVS were added with
21 421-A benefits or exemptions, that began since
22 FY'08. So, those two programs, in conjunction
23 with the housing plan, are making substantial
24 contributions to the rent stabilized stock.

25 COUNCIL MEMBER MARK-VIVERITO: And

1
2 thank you for that clarification. So, just a last
3 question, if I may. Do you, are you able to, and
4 I don't know if this was asked, again, 'cause I
5 came in a little late. So, are you, do you, are
6 you able to break down, and I know this is a
7 summary, you haven't really completed the full
8 survey. But is race or eth--and ethnicity of
9 tenants disaggregated by their rent regulation
10 status? I don't know if you've answered that, so
11 I apologize. Yeah.

12 ELIZABETH GAHMER: We did not
13 answer it. Unfortunately, no, we have not yet
14 done that. Actually, part of the reason that we
15 haven't provided population data, except in the
16 most aggregate form, is that the Census Bureau is
17 still reviewing the person file for the Housing
18 and Vacancy Survey. And making sure that all of
19 the estimates align with the decennial census
20 population counts.

21 COUNCIL MEMBER MARK-VIVERITO: Is
22 that information that at some point is going to be
23 available?

24 ELIZABETH GAHMER: Yes, absolutely.

25 COUNCIL MEMBER MARK-VIVERITO:

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2 Okay, so you're just saying it's going to take a
3 little bit more time.

4 ELIZABETH GAHMER: Correct.

5 COUNCIL MEMBER MARK-VIVERITO:

6 Okay. Well, thank you for that. Again, very
7 proud to sponsor the Reso, and obviously sign onto
8 the Intro, and I thank you for all your work in
9 continuing to preserve, and our affordable housing
10 and build more. And obviously the importance of,
11 of these subsidies is critical to that end. So,
12 thank you.

13 MATHEW WAMBUA: Thank you, Council
14 Member.

15 CHAIRPERSON DILAN: Thank you,
16 Council Member Viverito. I failed to recognize at
17 the outset that we've been joined by two
18 individuals from the New York State Department of
19 Homes and Community Renewal, who are in
20 attendance: Mr. Joseph Paziola [phonetic], as
21 well as Mr. Jeffrey Margulies [phonetic], both in
22 attendance here today. We have Council Member
23 Lander.

24 COUNCIL MEMBER LANDER: Thank you
25 very much, Mr. Chairman, of course glad we're

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2 doing this and putting the resolution forward.
3 Commissioner, thank you very much for, for all
4 your work. I've been enjoying your summaries of
5 the HVSSs for, I don't know, many, many years now,
6 so thank you for continuing to, to provide the
7 data that we need to make the case.

8 ELIZABETH GAHMER: [off mic] Only
9 Brad would say it's a pleasure.

10 COUNCIL MEMBER LANDER: You know.

11 ELIZABETH GAHMER: [laughs]

12 COUNCIL MEMBER LANDER: Got to
13 confess. Anyway, so thank you, and I appreciate
14 the clarity with which you've provided and talked
15 about the challenge. So, a couple of questions.
16 I mean, I do think, you know, I was looking back
17 at the, at the changes reported, and it looks to
18 me like we don't have the new RGB changes report
19 that reflects the 2011 data, but even last year in
20 the relative kind of post-boom quiet, three-
21 quarters of the loss was from high rent vacancy
22 decontrol, right? So, most of the losses that
23 we're talking about from the stock, from the rent
24 stabilized stock, are due to high rent vacancy
25 decontrol. Right? I mean, by far.

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MATHEW WAMBUA: Yes, correct.

COUNCIL MEMBER LANDER: Okay. So, I just want to think a little about, I mean, I appreciate your point that raising the threshold is valuable. I, you know, I think thinking about what else we can do in that direction is important. So, I know HCR has this new unit designed to help sort of investigate tenant complaints, a long running concern of tenants is that, you know, for all kinds of reasons, you know, illegal overcharges, illegal increases, illegal decontrol, have been hard to get the State to take a serious look at. And so, I want, I'm curious what--and I apologize again for coming in late, so if you talked about this, but what has your dialogue been with them on how the City and the State can work together, because obviously aggressive and coordinated enforcement is one important part of the tool.

MATHEW WAMBUA: So, actually we were excited to cultivate the dialogue. I, the director of the unit, as I understand it, is actually here today. This is a new unit, one, and I'm just meeting him today, and ultimately I did

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2 talk to Commissioner Downs [phonetic] yesterday,
3 and we do have time that is being set up in order
4 to be able to collaborate around this issue. And
5 I agree, it is another prong of ensuring that
6 we're able to maintain the regulated status of so
7 much of the stock.

8 COUNCIL MEMBER LANDER: So that's,
9 I don't know if he's, are you scheduled to
10 testify, Mr. Chairman?

11 CHAIRPERSON DILAN: At this
12 juncture, no, I just wanted to make an
13 acknowledgement that--

14 COUNCIL MEMBER LANDER: No, which I
15 really appreciate, but--

16 CHAIRPERSON DILAN: I didn't want
17 to put that type of pressure on them to testify.

18 COUNCIL MEMBER LANDER: [laughs]
19 Can you at least introduce him so people who
20 haven't had a chance--?

21 CHAIRPERSON DILAN: We did. We
22 just did.

23 COUNCIL MEMBER LANDER: Okay.

24 CHAIRPERSON DILAN: We just did,
25 right before we introduced you.

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COUNCIL MEMBER LANDER: Oh, okay.

CHAIRPERSON DILAN: [laughs]

COUNCIL MEMBER LANDER: So,
[background comment]

CHAIRPERSON DILAN: Yeah, and I don't want to put you on the spot to testify, it was your option or prerogative. We're certainly glad that you're here observing. At some point we'll have your new director testify before us, I'm sure.

MATHEW WAMBUA: And I apologize--

COUNCIL MEMBER LANDER: So when I--

MATHEW WAMBUA: --for giving you, for giving you a raise and a promotion.

[laughter] And--

COUNCIL MEMBER LANDER: So, Mr. Chairman, I appreciate your, your doing that, I appreciate your being here, and I, you know, I think one, I think the bigger challenge in the past on enforcement has been a lack of the clear focus from the State, that hopefully this unit provides, but there's also at times been a sort of City's got a role, State's got a role, and I think the more we can do together to say the shared goal

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2 is to preserve the existing affordable rental
3 stock, including the stabilized units, and
4 confronting issues of fraud around decontrol and
5 overcharges is important. So, I'm glad to hear
6 you're going to work with them to make that a City
7 priority as well as a State priority. A second
8 area, you know, in her State of the City, our
9 Speaker spoke to the desire to move forward on
10 permanent affordability. I don't know, again, if
11 these questions were already asked, someone shot
12 me down. But that is a long term issue and
13 doesn't prevent losses, you know, this year or
14 next. But I know that's a long running thing that
15 HPD's been looking at, and I, without asking for a
16 whole policy review, I guess what work are you
17 doing with her internally, in the Administration,
18 to try to figure out how we can move forward
19 toward longer term and permanent affordability.

20 MATHEW WAMBUA: Well, first of all,
21 we're excited about the opportunity to collaborate
22 around longer term affordability, and that's
23 something we're going to be doing as was indicated
24 in the State of the City over the course of the
25 next year. Some of the more immediate things that

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2 we have committed to are extending the
3 affordability term for all out, for many RFPs that
4 we're going to be engaging in. As well as
5 extending the affordability term for the nine
6 percent tax credit applications. And then there's
7 a number of other things that we're looking
8 forward to - - cultivating with, with the Speaker
9 and the Council.

10 COUNCIL MEMBER LANDER: And my last
11 question, we've now had a couple of hearings at
12 which either Citizens Housing and Planning Council
13 has talked about their making room project or
14 other people have referred to it, and I think one
15 thing that they've persuaded a lot of us is that
16 there is a need to update and rethink some of the
17 regulatory framework on rental affordability,
18 particularly around the questions of, you know,
19 where two or three unrelated adults are sharing a
20 unit, and how to have that be safe and affordable,
21 but, but normal and regular. And not suspect
22 legally, but--and, you know, that looks one way
23 for seniors, it looks a different way for
24 immigrants. There's the, you know, and this kind
25 of then blends over into the question about

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2 illegal conversions. But there was a whole, a
3 whole range of things they looked at, and in some
4 ways the HVS looks across some of the same
5 information. But I think they did a good job, I
6 know they've had a couple of conferences. When
7 I've asked, "Is there a table at which the
8 Department of Buildings and HPD and the relevant
9 City and State agencies are trying to build on
10 that report and figure out what the steps forward
11 should be, I haven't been told yes. I appreciate
12 the taskforce on illegal conversions enforcement
13 exists and is doing a better and smarter job at
14 targeting enforcement, but not a more proactive,
15 "All right, how do we use what we're learning
16 there to think about, you know, more safe,
17 affordable, effectively regulated housing. So, is
18 that going on in the Administration? If not, can
19 we get it going on in the Administration?

20 MATHEW WAMBUA: Absolutely. It is
21 going on. It is, it has been spurred in large
22 part by a lot of the work that Geraldine
23 [phonetic] has done. It's something that we had
24 been looking at collectively as an Administration.
25 It kind of waned, I think, a lot of Geraldine's

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2 work has not only been robust, but it's energized
3 the dialogue. We're currently, now, there is a
4 platform in which DOB, ourselves, DCP, Geraldine,
5 also, are engaged in a broader discussion about
6 how to navigate this. I do think that over the
7 course of the next several months, we're actually
8 also going to be in a position to make some large
9 announcements about our expectations for how we
10 can move forward with a lot of the ideas that were
11 in the report.

12 COUNCIL MEMBER LANDER: Thank you
13 very much, and thank you, Mr. Chairman.

14 CHAIRPERSON DILAN: Thank you,
15 Council Member Lander. At this time, the list is
16 open if any members have any questions they want
17 to ask the Commissioner, now is the time. We've
18 been joined by Council Member Comrie, which I
19 failed to acknowledge earlier. If there are no
20 other questions from my colleagues, I'd like to
21 thank you, Commissioner, for coming and providing
22 testimony today. And just ask that the
23 outstanding requests that the Committee has, if
24 you can get us to that, get that to us in short
25 order. Thank you all for coming.

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2 MATHEW WAMBUA: Absolutely. Thank
3 you, Chairman, and thank you, Members. It's an
4 absolute pleasure being here, and we will get you
5 the outstanding information.

6 CHAIRPERSON DILAN: All right,
7 thank you, and I'll, we'll allow the Commissioner
8 and staff to leave the dais. And we'll get to our
9 first panel. [pause, background noise] You can
10 take your time, and Sergeant, if you want, we'll
11 recess for two minutes to allow for them to exit.

12 [pause, background noise, break in audio]

13 Sergeant, I, we're ready here. We ready,
14 Sergeant? All right, I'm going to give personal
15 prerogative to a good friend of mine and former
16 Counsel to the Committee, Camilla Shideen
17 [phonetic], from NYLAG, to be first up to testify.

18 We'll do a whole legal services panel. She'll be
19 joined by Donna Chiu, Ellen Davidson, and looks
20 like Samuel, Samuel Lin [phonetic]? Lu?

21 [background comment] Lui [phonetic]. Okay.

22 That'll be the first panel. It's good to see some
23 of you guys, I saw some of you guys at caucus
24 weekend. Certainly had some fun. Learned some
25 stuff. [pause, background noise, break in audio]

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2 Well, I only had four people signed up to testify.
3 [background comments] Okay, well--[background
4 comments] Okay. All right, maybe if we just let
5 Ms. Shideen get a mic, she's going to be first up.
6 And then--[background comments] Okay, all right,
7 that's fine, we'll--[background comments] So then
8 I guess you can begin, since you're collaborating,
9 you can begin in the order that's most
10 accommodating for what you want to present.

11 ELLEN DAVIDSON: [off mic] Good
12 morning.

13 CHAIRPERSON DILAN: If you could
14 speak more directly into the mic, and obviously
15 introduce yourself before. Yeah?

16 ELLEN DAVIDSON: [off mic] Is this
17 working? No?

18 CHAIRPERSON DILAN: Doesn't sound
19 like it.

20 ELLEN DAVIDSON: Hello? Oh, that
21 works. Okay.

22 CHAIRPERSON DILAN: Just, just for
23 the benefit of the Members, before we begin the
24 testimony, these items will be laid aside at the
25 conclusion of the hearing, and we'll be voting on

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them at a future date.

ELLEN DAVIDSON: Good morning. I am Ellen Davidson from the Legal Aid Society. And I want to start by thanking the Committee for holding this hearing, for this legislation being introduced. I will say that it feels somewhat familiar to me to be talking about these issues in front of this committee. I think it was less than 12 months ago, in the spring of last year, that we were asked, there was a public hearing on the issue of the continuing emergency in the--of the continuing crisis, the continuing emergency in the housing of New York City. And certainly it's a conversation that we have been having in the City and in the State, probably for, for the last twelve months. I think all of you know that we have rent regulation in this City because we have a crisis, in the, in the affordability of housing as well as the existence of available housing. In fact, built right into the ETPA is the language that if the vacancy rate ever gets over five percent, there will be no more rent regulation. And I think we've heard, we've been at hearings year after year after year, I think we've heard

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2 that the most recent vacancy rate, even after the
3 immense amount of production that was done in the
4 last decade, is at 3.12. So, I think it's, it's
5 clear to me, it's clear to me through my work,
6 it's clear to me through being a citizen of this
7 City, that the housing emergency continues to
8 exist. And for, for, as a legal services
9 provider, I represent low income individ--
10 families. And for us, rent stabilization is the
11 primary form of affordable housing that they have.
12 What the selected findings of the HVS showed, that
13 the median household income for tent stabilized
14 housing is \$37,000 a year. You hear a lot, these
15 days, about all the incredibly wealthy folk who
16 are living in rent regulated housing, but I want
17 to bring it back to the \$37,000 a year, which is
18 the median income for families and household who
19 live in, in that type of housing. For rent
20 control, by the way, it's \$29,000. There is an
21 immense amount of data about 21 percent rent
22 stabilized tenants live in poverty, 22 percent
23 have incomes that are between 100 and 200 percent
24 of the poverty line. And I apologize, these are
25 stats from the, from the 2008 Housing Vacancy

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2 Survey since we do not have the data from 2011.
3 But based on what we've gone through in this City
4 since 2008, it would not surprise me to learn that
5 that, that those numbers and those statistics have
6 only grown. 22 percent of rent stabilized tenants
7 are African-American, 32 percent are Latino and
8 eight percent are Asian. 55 percent of rent
9 stabilized tenants are either immigrants and born,
10 or born in Puerto Rico. Low rent apartments in
11 New York City are predominately occupied by low
12 income tenants. There's a lot of statistics in my
13 data, in my testimony, I am not going to go
14 through all of them. I, I spent a lot of time
15 with the reports that the Rent Guidelines Board
16 issues every year. Not only talking about the
17 loss of affordable housing, the lack of ability
18 for tenants to actually negotiate the marketplace,
19 the fact that we have rent regulation because we
20 do not, tenants cannot go and negotiate with
21 landlords for leases like they can in other
22 places, because they have simply nowhere else to
23 go once they find an apartment. You will look at
24 the data and see that in fact the, the increases,
25 the landlords have continued to receive not only

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2 increases every year from the Rent Guidelines
3 Board, but actually continuing to do quite well,
4 according to the Rent Guideline Board reports. I
5 don't have to tell you that we are now in crisis
6 in terms of the amount of homeless families we
7 have in shelter. We are, we are at record highs
8 of 40,000 families and individuals who are in
9 shelter these days. I think it is, it is evident
10 to me, I think it will be after hearing all the
11 testimony evident to you that the housing
12 emergency continues to exist, and therefore it is
13 essential for our City, for both the Intro and the
14 Reso, to be approved and to continue to rent
15 regulation laws that we have in this City. So,
16 thank you.

17 SAMUEL LUI: Good morning, Council
18 Members. My name's Samuel Lui, Staff Attorney at
19 Manhattan Legal Services, which is part of Legal
20 Service NYC. And today, I'm speaking on behalf of
21 Legal Service NYC, the National Organization of
22 Legal Service Workers and the Local 2320 of the
23 UAW. [background comments]

24 PAVITA KRISHNASWAMY: And I am
25 Pavita Krishnaswamy, I am the Deputy Director of

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2 Litigation at South Brooklyn Legal Services, also
3 with Legal Services NYC. Good morning.

4 SAMUEL LUI: We thank the City
5 Council for holding this hearing pertaining to the
6 Introduction of Bill 791 and Resolution 1230. We
7 strongly support the renewal of the rent
8 regulation laws. Rent regulation has always been
9 vital tools in the preservation of affordable
10 housing for some of the most vulnerable
11 communities in New York City. Again, I'm going to
12 start off with, just a story, what I usually deal
13 with as staff attorney. I recently have a client
14 who's a 70 year old, non-English speaking Latino
15 woman, come to me for a nonpayment case. She is
16 SSI recipient, receiving only about \$783 per
17 month. And her rent is about \$700. We're able to
18 resolve her nonpayment case and able, I was able
19 to actually lower her portion of the monthly rent
20 through the City's SCRIE program. But as you can
21 see, even with rent stabilization, which she lives
22 in the rent stabilized apartment, even with rent
23 stabilization, she can barely even afford her
24 rent. And in another client of mine, who is also
25 a non-English speaking Chinese single mother of

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2 three, she came to me with a nonpayment case. And
3 she also live in a rent stabilized building. And
4 when I look at her rent breakdown I realize that
5 the landlord has increased her rent to an amount
6 that's not allowable under the rent regulation
7 law. Now, because of the protection of the rent
8 stabilization laws and all that, the tenant was
9 eventually able to get a credit, a rent credit, by
10 the court. So that was very helpful. But then
11 again, there are many tenants in New York City
12 facing similar situations, and many of them are
13 your constituents.

14 PAVITA KRISHNASWAMY: And these are
15 not--[clears throat] excuse me--these are not
16 isolated stories. Each year, South Brooklyn Legal
17 Services, our housing unit, sees over 400,000
18 people who come to us desperately seeking
19 representation in housing cases. Approximately 60
20 percent of them live in rent stabilized
21 apartments. And because of our extremely limited
22 resources, we are only able to provide actual
23 legal representation to about one in ten people
24 who walk through our door, which means nine out of
25 ten people wind up fighting for their tenancies on

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2 their own without the benefit of an attorney. And
3 this patterns is repeated in all of our
4 constituent offices in Manhattan and The Bronx, in
5 Staten Island and in Queens. The rent stabiliz--
6 sorry, the Rent Stabilization Association recently
7 ran a series of ads on the radio and on television
8 to convince you and other New Yorkers that rent
9 stabilization only benefits wealthy Manhattan
10 residents, who game the system. Nothing could be
11 further from the truth. As my colleague, Ms.
12 Davidson has already pointed out, the statistics
13 clearly show that this is not true. 435,000 low
14 income families live in rent regulated housing in
15 the five boroughs, 39 percent of households with
16 incomes below the federal poverty line live in
17 rent regulated housing. There's some fascinating
18 statistics that have come out of the Rent
19 Guideline Board Income and Affordability Study of
20 2011, including the fact that an individual would
21 have to work an astonishing 149 hours per week at
22 a minimum wage job in order to afford an average
23 two bedroom apartment in New York. We've talked
24 about the racial diversity of tenants who live in
25 rent stabilized apartments. 22 percent of them

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2 are black, 32 percent are Latino, and
3 approximately nine percent are Asian. 16 percent
4 of households living in rent stabilized housing
5 make less than \$10,000 a year. And these are
6 statistics from our five boroughs. These
7 statistics tell a compelling story for why this
8 Council needs to pass Bill 791. Rent
9 stabilization stands as one of the final bulwarks
10 against the rapidly encroaching economic
11 instability that comes with homelessness. Without
12 it, almost half a million low income people in our
13 City face the very real possibility that they will
14 lose the roofs over their heads. These are not
15 wealthy tenants who can easily relocate to a
16 second home in the country. These are the
17 hardworking and most vulnerable residents of New
18 York. And they need your help to maintain their
19 affordable housing. Thank you.

20 [pause, background noise]

21 DONNA CHIU: Good morning, Members
22 of the Committee. My name is Donna Chiu, and I'm
23 a Senior Staff Attorney at MFY Legal Services.
24 Thank you for inviting MFY Legal Services to this
25 hearing, and giving us this opportunity to speak

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2 to you about the critical need to extend rent
3 regulation in New York City. Okay. I work in the
4 Lower Manhattan Justice Project at MFY, and since
5 2007 when the project began, we have been
6 inundated with Court cases where rent regulated
7 tenants are singled out for eviction because
8 property owners are on a mission to drive them out
9 and deregulate every single possible unit. And
10 because I understand the time constraints, I will
11 give a summary of my written, my written
12 testimony. So first I want to echo my colleagues'
13 testimony and bring an end to the misinformed
14 notion that rent regulation primarily benefits
15 privileged middle class Manhattanites. Roughly 90
16 percent of my clients are low income immigrants.
17 And in almost every case they reside in rent
18 regulated housing. You know, some of their
19 characteristics are that they're employed at jobs
20 that constitute the backbone of our economy, they
21 work in restaurants, as cooks and wait staff,
22 they're home attendants, they're employees at
23 nonprofits, they're construction workers, hotel
24 employees, truck drivers, school janitors. You
25 know, some of them are the long term residents of

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2 Lower Manhattan, settled, they settled there in
3 pursuit of the American Dream. Some of 'em are
4 recent immigrants, but they chose to go to the
5 communities because they can access the services
6 in their native languages, and also enjoy, you
7 know, the foods and goods from their homeland.
8 And a lot of our clients are senior citizens
9 and/or they're disabled, so they rely on fixed
10 income from the social security administration.
11 Next, I want to emphasize the dangerous
12 consequences the entire City will face if rent
13 regulation is not extended. If rent regulation is
14 not extended, certainly the low income and working
15 poor New Yorkers would be forced to spend more of
16 their income on paying rent, and have less on food
17 and other necessities, such as medication. The
18 overcrowding situation that we saw reflected in
19 the 2011 New York City Housing Sur--Housing and
20 Vacancy Survey, will be even more serious. New
21 Yorkers will be forced to enter New York City's
22 already overburdened shelter system for sure, and
23 there will be a mass exodus of hardworking New
24 Yorkers from, from the City, simply because we
25 just can't afford to live here anymore. And

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2 lastly, I want to give quick brief example of the
3 real life consequences of deregulation: our
4 clients. Recently, I was part of the legal team
5 at MFY where we represented tenants in a building
6 where a fire broke out on Elizabeth Street, in the
7 neighborhood now known as Nolita [phonetic]. The
8 apartments are unprotected, many of them spoke
9 only Spanish, they're seniors, and there are other
10 low income individuals, as well. Of course,
11 initially, the landlord wanted to use this
12 opportunity to renovate the apartments and
13 renovate them to new tenants at market rates of
14 \$2,500 to \$3,000. After a year of litigation to
15 force the landlord to comply with the law, the
16 tenants apartments were finally repaired and the
17 tenants were allowed to return home. Without a
18 court battle, the building would've displaced
19 these families and seniors who had lived in this
20 community long before it was known as Nolita.
21 However, because our clients home were rent
22 regulated, they had a right to return, and pay the
23 regulated rent, and not the market rent, upon the
24 completion of repairs. And lastly, I represented
25 an elderly Chinese couple on Delancey Street. Who

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2 received eviction papers shortly after a new
3 landlord purchased the building. The tenants have
4 lived in their rent controlled apartment since
5 1967. The new landlord brought a baseless
6 eviction proceeding against this elderly couple,
7 claiming that they were not, that the landlord
8 didn't know who they were. The elderly couple
9 could not afford to move because they were on
10 fixed incomes from social security. As a
11 practical matter, they needed to live close to
12 Chinatown since they are of limited English
13 proficiency. However, their fixed incomes meant
14 they could not afford to pay the market rate rents
15 in the area, or even the rents in the outer
16 Chinese, outer boroughs Chinese community. We
17 were able to help them keep their affordable home,
18 and now instead of having to worry about being
19 evicted, they're able to volunteer their time to
20 the community. So, thank you, members of the
21 Committee, we urge you to extend rent regulation.

22 CHAIRPERSON DILAN: Thank you all.

23 Are there any questions from my colleagues?

24 Seeing one, I'd like to thank you all for your--

25 Council Member Lander.

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2 COUNCIL MEMBER LANDER: I do just
3 want to ask this same question about your work
4 with the new HCR unit. I mean, you know,
5 obviously we're going to, as a Council, advocate
6 to extend rent regulation, and you know, that, and
7 I think we can be optimistic that they'll be
8 extended, and we obviously fought the battle, too,
9 for some increase in the threshold of decontrol,
10 so I think the biggest thing on the horizon to
11 make a difference in some ways in what we're
12 talking about here, is that that HCR unit really
13 step up and do the job that you guys have long
14 been advocating that some--that there be, and so I
15 wonder if you can just tell us a little bit about
16 have you had a chance to talk with them as they've
17 been setting up the unit? How are we going to
18 know whether it's doing the job? And what can we
19 be doing together to make sure that it happens?

20 ELLEN DAVIDSON: If you don't--
21 yeah. So, the answer is that we--Legal Aid and
22 Legal Services have been part of a coalition of
23 community groups who have been working around,
24 since the, since we ended the fight of the,
25 getting the laws extended, we decided to continue

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2 the fight in terms of working with HCR, on the
3 campaign starting in the summer. So there's been
4 a coalition of community groups from all over the
5 City, as well as Legal and Legal Services, trying
6 to work with HCR. Since the announcement of TP--
7 of the creation of TPU, and more importantly, the
8 announcement that they had actually hired a
9 director, we have reached out to the Commissioner
10 to request a meeting. We are eager to sit down
11 with them and talk to them. I'm sure they have a
12 lot of ideas of how they would like to see this
13 unit work. We also, from our work in the
14 communities, have a lot of ideas of how this unit
15 could be actually helpful to tenants in New York
16 City. And we are, we are eager to do so. I did
17 speak to the two representatives of HCR this
18 morning, who acknowledged that they had received
19 our request for a meeting, and that since their
20 director was starting on Monday, they would try to
21 arrange a meeting soon thereafter. So, you know,
22 any, any movement to make the system at HCR from a
23 completely tenant initiated system that relies on
24 enough education and knowledge and comfort for
25 tenants to actually make the complaints, to one

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2 where HCR takes some responsibility of some
3 proactive enforcement and some proactive
4 investigation, is a good idea. We, we would like
5 to see where it goes.

6 COUNCIL MEMBER LANDER: Thanks very
7 much, and thanks again, Mr. Chairman, for helping
8 make the, this relationship continue to grow and
9 develop.

10 CHAIRPERSON DILAN: Thank you all.

11 PANEL: Thank you.

12 CHAIRPERSON DILAN: Okay, so now
13 I'll call up Camilla Shideen, as well as Mr. Frank
14 Ricci, from RSA. [pause, background noise] Do,
15 do you mind? Sure, yeah, yes, mm-hmm. Oh, yeah,
16 also, also been joined by good friend of mine and
17 State Assembly Member Ralf Espinal, I think many
18 people know he was my former Chief of Staff, it
19 almost looks funny seeing you sit there.
20 [laughter] Haven't seen it in a while. Okay,
21 Camilla, why don't you begin, and I have to say, I
22 haven't seen you in a while. And I'll put a
23 little bit of your personal business out there,
24 but congratulations on the baby.

25 CAMILLA SHIDEEN: Thank you. I

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have pictures later.

CHAIRPERSON DILAN: And I hope you're getting sleep and, you know, I know I'm going to break protocol, but after you testify, and I would like to see pictures. [laughter]

CAMILLA SHIDEEN: All right, thank you very much. And so thank you Councilman, and thank you everyone, Council Members and staff, for letting me testify today, I appreciate it. And as has all been discussed before, let's go--

CHAIRPERSON DILAN: Oh, Camilla, I'm disappointed, as my former counsel, you should know that you have to identify yourself for the record.

CAMILLA SHIDEEN: I was, I was about to.

CHAIRPERSON DILAN: [laughs]

CAMILLA SHIDEEN: Thank you, is it, is it on? Okay now. I was just about to say that my name is Camilla Shideen, and I'm--

CHAIRPERSON DILAN: I'm sorry [laughs]

CAMILLA SHIDEEN: --Supervising Housing Attorney at the New York Legal Assistance

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2 Group. And for full disclosure, I am former
3 Counsel to the Committee on Housing and Buildings.
4 And for more disclosure, I think I've been away
5 for about four years now. It seems a lot less,
6 yeah. So, I'm, you know, we are testifying today
7 in support--I'll try to be brief, too, in support
8 of both the bill and the Reso. Basically, I hope
9 that my testimony serves to support the testimony
10 of the other organizations. You know, the other
11 organizations sort of researched the, the numbers,
12 and so the horrific numbers that relates to the
13 continual loss of affordable housing, but what I
14 would like to talk about is in addition to not, to
15 making rents affordable, another thing that rent
16 stabilized housing, rent stabilized housing does,
17 is actually provide people with the, with the
18 right to renew their leases every year or every
19 two years. And so, in my, right now, we are
20 funded to do a lot of work in Queens. We actually
21 have an office in Queens Housing Court, a
22 satellite office, where we collect, conduct a lot
23 of intakes, a ton of intakes. And in Queens,
24 because I believe there are fewer rent stabilized
25 apartments there than in some of the other

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2 boroughs, we see clients constantly being
3 displaced. They have a one year lease or two year
4 lease, or just a month-to-month lease, and
5 whenever the landlords don't want them to stay in
6 their homes anymore, they really don't have any
7 opportunities to do that. And so we see kids like
8 having to change schools every year or two year,
9 people, you know, moving apartments, people being
10 afraid to even ask for repairs because they know
11 that if they upset the landlord, they're going to
12 get evicted. And now that there's no more
13 advantage, we see, we've already seen an increase
14 in clients coming in. Advantage clients are those
15 that were formally homeless, now found apartments.
16 The City was supposed to help them pay for the
17 apartments for a time. The City can't do that
18 anymore. And so these folks who have already been
19 in shelters, are now facing going back. And so,
20 because even in Queens, as well, the rents are
21 very, very high, people are being displaced, it's
22 just, it's almost impossible to find affordable
23 housing and I'm, you know, I think the City
24 statistics show that now there's 40,000 people in
25 shelter, and almost 17,000 kids in shelter. And

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2 you know, these sort of folks actually get in,
3 more people try to get into the shelter system and
4 can't. So, all of this, coupled with a Section 8
5 not really being available to help people either,
6 it's, it's absolutely imperative that we all work
7 together to try to save any affordable apartments
8 out there. Frankly, housing is not a legally
9 recognized human right, but it's a human right. I
10 mean, we're all born to this earth, and to tell
11 somebody that you don't have a place to live, is
12 just not, you know, I can't even, it's an
13 impossibility. You know, sort of moral kind of
14 possibility, and I think we very carefully have to
15 consider economic interest of, of owners, but that
16 those economic interests don't outweigh human
17 rights, both to affordable housing, you know,
18 stable housing, consistent housing, and--and just
19 livable housing, where repairs are effectuated.
20 So, I'll leave it at that, thank you very much for
21 letting me testify.

22 CHAIRPERSON DILAN: All right,
23 thank you. We've been joined by Council Members
24 James and Brewer.

25 FRANK RICCI: Thank you, Mr.

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2 Chairman, my name's Frank Ricci, I'm the Director
3 of Government Affairs for the Rent Stabilization
4 Association. On my left is our General Counsel,
5 Mitch Posilkin. For the record, the RSA is trade
6 association, we represent building owners in New
7 York City. Collectively, our members own or
8 manage about a million units of housing in New
9 York City. Not all of it is rent stabilized, a
10 good portion of it is either unregulated or co-
11 ops, condos, etc. I'll try and summarize, but
12 given the technical nature of the HVS, I think I
13 do have to read some of this. I think it's a
14 foregone conclusion that the Resolution and this
15 bill will both pass the Council, be signed by the
16 Mayor. I, we've been around long enough to know
17 that that's what's going to happen. The, but I
18 just want to skip down to my testimony, which I
19 handed out. And try and summarize where I can.
20 We have an issue with the goal of rent
21 stabilization, in how it really addresses housing
22 affordability and the housing shortage in New York
23 City. We don't think rent stabilization, per se,
24 does a good job of it. There's been a lot of
25 discussion today by other people who've talked

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2 about the renewal of the law, just about the
3 affordability issue. And operating housing is an
4 equation. You have expenses on one side, and you
5 have income on the other. And I got to tell you
6 that, and for those of you who have been on this
7 Council for ten years, and some of you have been
8 on shorter, the single biggest obstacle,
9 impediment to affordability for owners, and
10 consequently their tenants, right now, are
11 property taxes. Ten years ago, the property tax
12 burden for a typical building in New York City was
13 about 20 percent of the total rent role. It's up
14 to 30-35 percent now, which in effect means that
15 for a lot of buildings in New York City, the tax
16 burden has gone up 100 percent. There is no way
17 that many owners can pass that on to their
18 tenants, 'cause their tenants can't afford that
19 kind of increase. I can tell you from my personal
20 experience, in my four unit building, my taxes
21 have gone from, and Councilwoman Brewer's heard
22 this 1,000 times, this is 1,001, from \$14,000 a
23 year to \$28,000 a year. So for four tenants,
24 that's roughly \$7,000 a year increase. It's, it
25 just, you can't ask them to pay that, they can't--

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2 when you couple that with the water and sewer
3 rates, the cost of fuel, those are the things that
4 are driving affordability in New York City. And
5 for owners to be pushed on one side, to not be
6 able to increase some of that cost onto their
7 tenants, to be limited by the politics of the Rent
8 Guidelines Board, that's what's causing problems
9 in the housing market. And that's where the
10 pressure is really coming from. So I think if we--
11 --and I don't think rent regulation does anything
12 to address the affordability issue. We heard a
13 lot about low income tenants. They have an
14 affordability problem. It's not their, it's,
15 they, even with all the subsidies that we have
16 available in New York City, and there's, you know,
17 according to the Furman Center at NYU, there's
18 roughly 500,000 units of subsidized housing in the
19 City, or subsidies available to 500,000 low income
20 tenants, 25 percent of those tenants there are
21 still rent burdened. Which means, nothing's going
22 to help them other than getting their income up.
23 I think it's ironic that two floors above us right
24 now, there's an oversight hearing on two programs
25 that the City has to help low income people. And

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2 those programs have major problems for the owners
3 and for the tenants, just because of the
4 administration of it. There was a hearing several
5 months ago on Section 8, that noted the--for
6 owners to have to be forced to accept going to a
7 voluntary program of Section 8, when they're being
8 term--when tenants are being terminated for no
9 reason, when they can't get leases renewed, when
10 they can't get rent increases, this compounds the
11 problem. We just heard about the Advantage
12 Program. We're with you on that one. I mean,
13 that is the most outrageous program to entice
14 owners and tenants to join a program, then
15 abruptly terminate it two years later, is--what
16 does that do to the building? What does that do
17 to the other tenants in the building who are not
18 on Advantage, and the owner has lost that major
19 chunk of income now, with taxes going up,
20 assessments going up, water and sewer rates going
21 up. So, these are all the things that sort of
22 come together, that I think it's, after 70 years
23 of, of talking about emergencies in New York City,
24 maybe it doesn't work, maybe it's time to look at
25 something else with regard to this. I know this,

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2 these rent control, rent stabilization, will be
3 renewed today. But if there's one statistic that
4 the Commissioner talked about that, that jumped
5 out at us also, that's in my testimony, right now,
6 there's about 800 and some thousand unregulated
7 units in New York City; the actual rent, the
8 median rent on those apartments is not that much
9 different than rent stabilized apartment, yet the
10 vacancy rate's much higher for those, which sort
11 of suggests that maybe that segment of the housing
12 market's working better than the regulated
13 segment. It's something to look at in the future.
14 The only other statistic in the HVS I would look
15 at, that I think is really relevant, is the fact
16 that there's 164,000 units that the HVS says that
17 are vacant but unavailable for rent. Of those,
18 49,000 are undergoing renovation. Which means
19 they're going to be on the market with, hopefully
20 within a month or two, 'cause people don't like to
21 spend, you know, more than a month or so keeping
22 an apartment off the market. If you threw that
23 49,000 back into the equation, that would bump
24 your vacancy rate up somewhat. The last statistic
25 that came out of the Housing and Vacancy Survey

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2 they like to cite, is where the rent, based on
3 rent level, where it pierces five percent. In the
4 2008 Housing and Vacancy Survey, around \$1,400 a
5 month you did not have a housing emergency, was
6 over five percent. It's probably a little higher
7 now, around \$1,600 or \$1,700 a month, but there
8 was a lot of discussion today about, you know,
9 regulating rents at \$2,000 to \$2,500. There is no
10 housing emergency there. Period. So, with that,
11 I will stop and if there's any questions, I just
12 want to throw out things for people to, for future
13 discussions and thought.

14 CHAIRPERSON DILAN: Thank you.

15 We've been joined by Council Member Robert Jackson
16 of Manhattan. Do any of my colleagues have any
17 questions. Council Member Lander.

18 COUNCIL MEMBER LANDER: Sorry, I
19 appreciate that, and I appreciate your coming, and
20 I think there are many areas where we agree.
21 Obviously you talked about the Section 8, we
22 talked about Advantage. I hope that you guys are
23 in the mix in this dialogue that was referred to
24 in my conversation with the Commissioner about
25 regulatory changes, you know, so that the kinds of

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2 units that have a couple of unrelated adults, you
3 know, that that's good for landlords, it's good
4 for, for tenants, where appropriate, safe. But I
5 do just want to ask, I mean, at least maybe I'm
6 misreading, so I want to make sure I'm not,
7 because as I looked at the 2011 HVS numbers, the
8 median monthly contract rent for stabilized units
9 is \$1,050, and for private non-regulated is
10 \$1,369, so 30 percent higher. And the median
11 household income in stabilized units is \$37,000,
12 versus private nonregulated being \$52,000. So not
13 that that's a wealthy person, but that's a lot. I
14 mean, that says that the stabilized units are
15 providing meaningfully more affordable housing to
16 substantially lower income people.

17 FRANK RICCI: I don't have those
18 statistics in front of me, but I know that when
19 you start talking about contract rents and housing
20 costs, you know, then you're also getting into
21 utilities, which may or may not be part of it.
22 And when you do add your utility, your housing
23 costs into your contract rent, the two numbers
24 really come together quite quickly.

25 COUNCIL MEMBER LANDER: Okay, the

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2 gross rent, the gross spread is even bigger, so--I
3 mean, we should, we could continue the
4 conversation, a lot of what you said has issues, I
5 think are issues, and we want to work on them, and
6 I think the tax burden questions are valuable,
7 too. But I just, I do think that the data says
8 that the stabilized stock is an essential
9 affordable resource, and with a big difference
10 from the non-stabilized rental stock. So, thank
11 you, Mr. Chairman.

12 CHAIRPERSON DILAN: Thank you,
13 Council Member Lander. Council Member Brewer.

14 COUNCIL MEMBER BREWER: Thank you
15 very much. Thank you for being such a good
16 constituent. And I mean that completely. My
17 question, just a comment, now when you were in,
18 the difference between rent stabilization or rent
19 regulated, and market, to me is something even
20 deeper, which is that once you are a market, the
21 next lease comes up, you're not guaranteed of that
22 apartment. And I have so many people coming in
23 where the rent jumps so much that they can't stay
24 in that apartment. That's the difference between
25 rent regulated and market. So you may, you may

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2 start out, maybe, in somewhat of the same
3 ballpark, although I would argue that, but in the
4 very near future, at least in a neighborhood like
5 ours, it goes up really fast. So that's where I
6 think the trouble is, people coming into my office
7 all the time, who can't quite believe that they're
8 going to have to pay that huge new increase.
9 That's where the problem--

10 FRANK RICCI: I wouldn't argue with
11 you on that, but I know that many of our members,
12 especially the larger owners who have large
13 developments in your district, once they get a
14 decontrolled rent, many of them have an internal
15 rule where they just give rent stabilized
16 increases after that. They don't want to lose
17 their tenants, and quite frankly, in most cases,
18 just as you don't want to keep 'em, an apartment
19 off the market for a month or two doing a
20 renovation, or looking for a new tenant, you just,
21 it, for an owner, it's to his or her advantage, to
22 really keep those units full at all times, because
23 losing one month's rent, unless there's a
24 tremendous disparity between the market and what's
25 going on, there's really no advantage for an owner

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to do--

COUNCIL MEMBER BREWER: Okay. I mean, I think maybe it's, you know, obviously you often represent the better owners, if I may say that, too. I just--

FRANK RICCI: Well, I mean, I think there's a lot of small owners who feel the same way.

COUNCIL MEMBER BREWER: Okay.

FRANK RICCI: I know I certainly do.

COUNCIL MEMBER BREWER: Now, I--

FRANK RICCI: I hate to have a tenant come to me and say, "I'm leaving." It's--

COUNCIL MEMBER BREWER: No, I hear you. The other question is, I know this, I don't know if this is off topic, Mr. Chairman. I've been in the SCRIE hearing. What is the concern of owners, do you think, in terms of SCRIE.

FRANK RICCI: I'll let you answer that. I mean--

CHAIRPERSON DILAN: That is totally off topic. [laughs]

COUNCIL MEMBER BREWER: I know.

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2 FRANK RICCI: Well, I--except to
3 the extent that I guess you'd need to be rent
4 regulated in order to be a SCRIE recipient. No, I
5 think, I think the Finance Department definitely
6 went through a, a very difficult transition when
7 the program moved from DFTA to Finance. There's
8 no question that they have been very receptive,
9 Sarah Meyers and the Commissioner have been very
10 receptive to our comments, to our criticisms, to
11 our suggestions. There's definitely an open door,
12 with regard to improving the program.

13 COUNCIL MEMBER BREWER: Good.

14 FRANK RICCI: And I think certainly
15 the complaint level that we've been getting, you
16 know, the level of complaints that we were
17 receiving, has declined dramatically as they've, I
18 guess, improved their staffing and improved their
19 computer operation.

20 COUNCIL MEMBER BREWER: Thank you.

21 CHAIRPERSON DILAN: Thank you,
22 Council Member Brewer. At this juncture, if there
23 are no more questions from my colleagues--Council
24 Member Williams.

25 COUNCIL MEMBER WILLIAMS: Thank

1
2 you. Unfortunately I missed your testimony, I was
3 trying to read through. I just, one thing that
4 struck me as, as very odd, one sentence, "If the
5 goal of the rent laws is to address the shortage
6 of housing, then the rent laws must be deemed a
7 failure because they have done nothing to ease the
8 housing shortage." But I feel like the RSA are
9 always fighting many of the housing advocates, to
10 actually do just that, when we're trying to repeal
11 vacancy decontrol, income decontrol, because we're
12 losing so many housing units in rent
13 stabilization. So, I just found that line very
14 ironic.

15 FRANK RICCI: You're right, you did
16 miss my testimony, and I think I addressed that,
17 but we have a philosophical difference which I
18 don't think we're ever going to come to common
19 ground on. but decontrol, if you, if you look at
20 why the housing stock is in such great shape now,
21 one of the reasons is decontrol. And if you have
22 a small building or a large building, if you have
23 a six unit building and you decontrol one unit,
24 and you go over \$2,000, or now over \$2,500, all of
25 the sudden you're in a position to start doing

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2 things in your building that you were never able
3 to do before, like instead of patching the roof,
4 you can put in a new roof. To operate a building,
5 you cannot micromanage income on one side and
6 expenditures on the other, on a monthly basis, and
7 expect it's going to work over a long period of
8 time. To operate housing, you need to generate
9 big cash reserves, so when the boiler breaks, the
10 waterline from the main line from the street
11 breaks, the roof goes, you need to have a big bank
12 account with cash in it to pay that guy to come
13 and fix it right away. So--

14 COUNCIL MEMBER WILLIAMS: I
15 understand.

16 FRANK RICCI: --I think the
17 decontrol aspect of this--

18 COUNCIL MEMBER WILLIAMS: I
19 actually--

20 FRANK RICCI: --has actually saved
21 a lot of buildings over the last few years.

22 COUNCIL MEMBER WILLIAMS: I'm
23 actually a small owner, so I have, I have two
24 tenants, as well. So, I understand what it means,
25 but there's also a difference between the smaller

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2 owners and the much larger owners. So that's
3 sometimes--

4 FRANK RICCI: I agree with that.

5 COUNCIL MEMBER WILLIAMS: --is a
6 little frustrating, it's also frustrating that for
7 the 40 some odd years or 50 years that the Rent
8 Guidelines Board has existed, there's also been a
9 rent increase and of course RSA always supports
10 that. And there is no financial outcast in any of
11 those years, that anyone in the RSA has thought
12 would equal a rent freeze, which would've helped a
13 lot. There's never, it's just impossible, to have
14 a rent--whether you're making money forecasted,
15 you're forecasted to lose money, where you say
16 you're going to lose money for oil, but the oil
17 doesn't go as high, and that just is very
18 frustrating to me.

19 FRANK RICCI: And that's because
20 the political process, and as you know, because
21 you were probably there, some of the years when
22 the price index has been 17 and 18 percent, and
23 the owner gets a four percent increase, yeah, so
24 those outlying years, the Guidelines Board tries
25 to make up for it, because they want to spread out

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2 the increase, but you know, it's a political
3 process. You and I both know that.

4 COUNCIL MEMBER WILLIAMS: Thank
5 you.

6 CAMILLA SHIDEEN: I'm sorry, I see
7 a lot of owners who are, who are own, you know,
8 vast number of rent stabilized units, and they're
9 in fact wealthy. They have mansions outside of
10 the City, they're millionaires, billionaires. So,
11 I think just, I just want to recognize there are a
12 lot of different owners. Some are small owners,
13 some are--but there are definitely wealthy owners
14 out there who just, they have the funds, and still
15 don't do the work.

16 COUNCIL MEMBER WILLIAMS: And we
17 need to come together on those owners, is what I
18 think it is like, we--I think we should find some
19 common ground to get to these owners that we're
20 trying to get with, because the protections of all
21 owners, whether they're bad or not, whether
22 they're wealthy or not, is harming too many
23 tenants.

24 FRANK RICCI: Well, except what
25 seems to be getting overlooked here in this

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2 dialogue, is that with this focus on wealthy
3 owners, is the fact that, you know, not, it,
4 rents, rent regulation is not an income based
5 program, and I think what it needs, I think there
6 also needs to be a recognition, as part of this
7 regular renewal of the rent laws, is that the
8 program isn't focused, it's not focused on those
9 tenants who are in need, it's not focused on only
10 assisting low, moderate, middle income tenants,
11 it, you know, if--

12 COUNCIL MEMBER WILLIAMS: Well, I
13 know the Chair's not going to want me to go on all
14 day, so I'm going to try to end it--

15 FRANK RICCI: Okay, well I was--

16 COUNCIL MEMBER WILLIAMS: But, but
17 what you're missing from that, also, is one, we
18 need the affordable housings for the future, and
19 the community. Also there are rent protections
20 that we always forget about in these discussions,
21 that are also needed, and it's not just about the
22 rents themselves. But thank you very much,
23 appreciate it.

24 CHAIRPERSON DILAN: Council Member
25 James.

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COUNCIL MEMBER JAMES: Thank you.

So, I recognize that philosophically there's a, there's disagreement, and so I don't think there's a need to rehash the underlying issue. But there is some questions and perhaps, perhaps, some validity as to whether or not the program is benefiting some higher income individuals as opposed to lower and middle income individuals. I don't know whether or not that it's isolated, I don't know how widespread that is. But there is some validity to the point that you just made.

Second point is I want to focus on where we agree, and you mentioned it, and that is the Advantage Program, and--[odd noise] I guess, I don't know what that was, but--so, the, so the question is, on the Advantage Program, because you mentioned all of these subsidies, and I could recall that there was a hearing about the Advantage Program, where RSA stood with a lot of the advocates. And so, what is RSA doing to assist advocates and members of the City Council who support the Advantage Program? That would go a long way in helping - -

FRANK RICCI: [interposing] So, I

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2 mean, just, just like with Section 8, I mean, we
3 have been arm-in-arm with Legal Aid on, on these
4 issues.

5 COUNCIL MEMBER JAMES: Yes.

6 FRANK RICCI: I mean, this is a
7 remarkable time--

8 COUNCIL MEMBER JAMES: Yes.

9 FRANK RICCI: --that we're going
10 through.

11 COUNCIL MEMBER JAMES: I try to
12 focus on that which we agree on.

13 FRANK RICCI: Yeah, no, no, I got
14 it. We, we actively supported Legal Aid's
15 litigation against the City, we submitted papers
16 in support--

17 COUNCIL MEMBER JAMES: You did it
18 amicus?

19 FRANK RICCI: We, we submitted
20 affidavits in support of, that were part of Legal
21 Aid's papers, representing the position of the
22 industry and property owners.

23 COUNCIL MEMBER JAMES: Right.

24 FRANK RICCI: So, we, we have
25 worked with Steve Banks and the other people

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2 there, in support of that litigation. At this
3 juncture, as you know, the appellate division has-
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5 COUNCIL MEMBER JAMES: Right.

6 FRANK RICCI: --has stopped the
7 stay, and now they're just awaiting the decision,
8 which we, you know--

9 COUNCIL MEMBER JAMES: Have, do you
10 know, have the members of RSA been in contact with
11 the powers that be, with regards to the benefits
12 of the Advantage Program?

13 FRANK RICCI: Yeah, I don't think
14 it's a, I don't think it's a secret. I mean, we
15 have actively, we've been actively involved, and
16 it clearly affects not only at this juncture 8,000
17 tenants who were in the program as of
18 January/February, but obviously hundreds of
19 property owners--

20 COUNCIL MEMBER JAMES: Right, of
21 course.

22 FRANK RICCI: --who just like the
23 tenants, were relying on that rental income.

24 COUNCIL MEMBER JAMES: Right.

25 FRANK RICCI: You know, our

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displeasure is no secret.

COUNCIL MEMBER JAMES: Right.

FRANK RICCI: You know, I just want to add on Section 8--

COUNCIL MEMBER JAMES: Sure.

FRANK RICCI: --I, I guess it was this Committee that had the hearing a few months ago on it, you know, and Legal Aid had just sued, and we took the position that we weren't ready to sue yet, they asked us to be part of their lawsuit. And we believed NYCHA, and we said, "Look, maybe we can work this out," because they took a position that if you sue us, then we can't talk to you and work it out anymore.

COUNCIL MEMBER JAMES: Right.

FRANK RICCI: And I can tell you that we've had a lot of discussion with them, we bring a lot of issues to them, in a systematic way, that they could correct. And we're probably this far away from suing right now, because it has gotten worse in the last two months.

COUNCIL MEMBER JAMES: Wow.

FRANK RICCI: And we get nothing but complaints and we have owners who are the most

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2 responsible people, who've dealt with the Section
3 8 program for 20 years, they have experts in their
4 offices, and you know, the same problems that
5 persisted over the last year-and-a-half continue.

6 COUNCIL MEMBER JAMES: And last
7 question is, have there been discussions with the
8 Mayor of the City of New York and/or any Deputy
9 Mayor? With the Members? Because I know that
10 this, you're looking at this obviously from a
11 business perspective, it's a business decision,
12 and I can respect that and understand that. And
13 it's going to have an impact on the local economy.
14 So have there been discussions with the Mayor
15 and/or any Deputy Mayor?

16 FRANK RICCI: There's none that I
17 know of, I mean we've been trying to talk to the
18 Commissioner at NYCHA and his deputies who run it,
19 with the, the idea in mind that let's just fix it,
20 we don't want to, we don't need to grandstand
21 about it, we just want the problem fixed so that,
22 you know, tenants aren't, you know, scared that
23 they're going to be evicted and owners can
24 collect their money.

25 COUNCIL MEMBER JAMES: Correct.

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Thank you.

CHAIRPERSON DILAN: Thank you, Council Member, Council Member James. At this juncture, there are no more questions from my colleagues. Like to thank you all for your time and for your testimony.

CAMILLA SHIDEEN: Thank you.

CHAIRPERSON DILAN: Okay, next, we have [background comments] and this is the final panel: Maggie Ciardi Russell, from Tenants and Neighbors; Martha White; Sam Stein; and Nina Ropaso [phonetic]. [pause, background noise] Okay, why don't, why don't, why don't we begin in the order that, order that you were called up.

MAGGIE RUSSELL-CIARDI: Okay, so thank you so much for the opportunity to testify today, my name is Maggie Russell-Ciardi, I'm the Executive Director of Tenants and Neighbors. And Tenants and Neighbors is two affiliate organizations, I think a lot of you are familiar with the 501(c)(4) organization, the New York State Tenants and Neighbors Coalition. That organization is a membership group, with about 3,000 dues paying members that does predominately

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2 State level legislative advocacy and organizing
3 around strengthening the rent laws. We also have
4 a 501(c)(3) affiliate which is called the
5 Information Service, that does on-the-ground
6 organizing in at-risk buildings, and that
7 organization initially focused primarily on the
8 subsidized stock, the Mitchell-Lama and the
9 project based Section 8. In recent years, with
10 the massive rise of speculative investing and the
11 rent regulated stock, we've also started to do a
12 whole lot of building wide organizing and rent
13 regulated developments, too. One of the things
14 that came up earlier in today's discussion was why
15 there's been such an acceleration in the loss of
16 rent regulated housing in recent years. And I'd
17 like to sort of supplement what the Commissioner
18 said about that, by adding that we've also seen
19 this massive increase in people intentionally
20 overleveraging buildings with the intention of
21 taking those buildings out of the rent regulation
22 program. And the information service has been
23 seeing a lot of that work in tenants who are
24 really devastated by it and who are facing massive
25 RGB increases, MCI increases, basically any

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2 mechanism possible to get the rents to that
3 decontrol threshold. So I think that's part of
4 the major problem that needs to be emphasized as
5 what's, you know, in terms of what's happened in
6 recent years. Tenants and Neighbors also plays a
7 leadership role in the R3 Campaign which worked
8 last year, in a leadership role, to get the State
9 to renew and strengthen the rent laws. That was a
10 pretty massive campaign that we fought. You know,
11 we didn't achieve everything we set out to achieve
12 last year, but we did achieve several important
13 reforms that benefited tenants, and I think
14 that's, you know, pretty historic, that hasn't
15 happened in, in decades. And I did want to
16 highlight the fact that there were many Council
17 Members, including a lot of folks on this panel,
18 that were really key allies in that effort. And
19 to really publicly acknowledge and thank you for
20 the tremendous role that many of you played. So,
21 regarding the Reso 1230 and Intro 791, obviously
22 we're coming out in very strong support of both
23 bills. In our view there's pretty much nothing
24 that the Council could do this session that would
25 be more important than passing these bills and

1 taking a really strong statement about the
2 importance of rent regulation in New York City.
3 And you know, I read the Housing and Vacancy
4 Survey, and it really does reflect what we see in
5 our day-to-day work, at Tenants and Neighbors.
6 The data in that is pretty compelling, and it's a
7 pretty bleak picture of the housing market in New
8 York right now, and of the prospects that folks
9 who are struggling to get by have of finding
10 housing that they can truly afford. You know,
11 there's lots of questions that have, you know,
12 been discussed today about whether or no rent
13 regulation is actually affordable housing. You
14 know, in some ways it's not, right, like just
15 because you have a rent stabilized apartment
16 doesn't mean it's housing that you can afford.
17 You know, a lot of people are paying 40-50-60
18 percent of their income towards the rent. For
19 those folks, it's not an affordable housing
20 program, what it is is a guaranteed lease renewal
21 and regular and steady rent increases. That's
22 very important, you know, it's not the solution to
23 the housing problem in New York City, but it's a
24 critical piece of it. And I think making that
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2 distinction is important. Basically, the
3 situation in New York is that landlords have an
4 incredible amount of power because of this housing
5 shortage, and that the more unscrupulous landlords
6 could decide what they're going to do is they're
7 going to retaliate against tenants who decide to
8 organize. By not renewing their lease, or they're
9 going retaliate against tenants who complain about
10 housing conditions in the building and who call
11 HPD if there's a problem. Rent regulation makes
12 that, makes that much more difficult, because you
13 have a right to renew a lease even if you organize
14 or you complain about building conditions. And
15 also it just means that your income, your increase
16 is going to be the RGB increase. It's not going
17 to be something that's, you know, some sort of
18 retaliatory increase that you're getting for
19 trying to do good work in your building and in
20 your neighborhood. The prospect of loss of rent
21 regulated housing is really daunting for the folks
22 that we work with. You know, we talked a little
23 bit earlier about the \$37,000 household income for
24 rent stabilized tenants. We also have a big base
25 of rent control tenants among our membership, and

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2 they're median income is \$29,000. They're really
3 active group, and they're getting increasing
4 active, you know, we have a group of folks that we
5 work with that are in their 70s and 80s, that are
6 doing tremendous organizing work every day,
7 because they're so afraid of losing their homes
8 and there's, but they're currently rent
9 controlled. Like I can't even imagine what the
10 situation would be like for those folks if they
11 weren't rent controlled. So, it's a pretty dire
12 situation, I mean, it's a critical issue for the
13 Council to address and to pass these bills. But
14 of course, in our perspective, just simply
15 renewing the rent laws as is would not be
16 sufficient, and with your permission, I'd like to
17 take a few minutes to talk about some of the
18 changes we'd like to see to the rent laws that
19 we're going to be working towards this year. So,
20 I mean, last year, we raised the threshold, that's
21 you know, significant, but as Council Member
22 Williams mentioned earlier, that raising the
23 threshold is not adequate because it's going to be
24 a target, right. As long as there's a threshold
25 at which units can be removed from rent

1 regulation, landlords will have an incentive to do
2 whatever they can to get to that target. So of
3 course our long term objective of the tenant
4 movement has to be to repeal the - - control.

5 But, you know, that probably is not politically
6 feasible this year, so we have a number of other
7 smaller asks that we're working for in a pretty
8 diligent way that we think re realistic, and we
9 would like to get the Council's support for.

10 There's a couple priorities that we want to
11 emphasize, and sort of hear your reaction to at
12 some point. One thing that we, I mean, I talked a
13 little bit about the rent control tenants. They
14 were pretty much left out of the bill that passed
15 last year, there was no specific language in that
16 bill that addressed their unique situation. Many
17 of them pay increases of up to 7.5 percent every
18 single year, which is often much higher than the
19 percent increase passed by the RGB. So what we're
20 trying to do this year is actually put the rent
21 control tenants underneath the RGB. A lot of you
22 will be surprised to hear Tenants and Neighbors
23 saying that the RGB, you know, is, we want people
24 to have the protections of the RGB because we're
25

1 often out there criticizing and protesting and
2 rallying in front of it. And you know, we're
3 going to continue to do that, it's better than the
4 MBR system. So that's something that we really
5 want to push this year, is make sure that tenants,
6 rent control tenants at least have a fighting
7 chance of staying in their homes. We want to give
8 the Council oversight over the Mayor's RGB
9 appointments. I would think that would be
10 something that would be really significant, if we
11 could have a process, a more transparent and
12 public process. Not just in New York City, but
13 our bill also includes the suburban counties,
14 which have their own distinct processes for
15 setting up their boards. And the other issue
16 that's really big this year is preferential rents.
17 A lot of tenants have rents that, you know, during
18 the economic crisis, they got in at rents that are
19 lower than the lower than the legal regulated
20 rent. I would say in many cases, that's because
21 actually the legal regulated rent was too high.
22 The market can't bear those rents. So a lot of
23 them are paying lower rents, but what that means
24 is that at any moment their rent could be raised
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2 to the legal regulated rent. So the owner
3 actually still has that sort of retaliatory power
4 where they could say, "Oh, you called HPD, you
5 called 311, I'm going to jump your rent from the
6 preferential rent to the legal regulated rent."
7 We want to address that legislatively this
8 session, and provide those tenants with greater
9 protections. So, Council Member Lander talked
10 sort of at length about the Tenant Protection
11 Unit, which is this sort of new development coming
12 out of the HCR. That's not a legislative
13 campaign, but our information service, our
14 501(c)(3) affiliate is working on a pretty
15 intensive administrative campaign around the TPU.
16 The bill that came out last year, which was about
17 halfway through our campaign, did say that the
18 agency is required to promulgate rules and
19 regulations about the enforcement of the rent
20 laws. We haven't seen those rules and regulations
21 yet, and it's almost a year later, so we're going
22 to continue to be pushing for the agency to
23 promulgate those rules and regulations. But
24 that's not enough. You know, that we actually
25 need the laws to be enforced in a proactive and

1
2 targeted way. We are really pleased to see that
3 the Governor allocated \$4.8 million in the budget
4 for increased enforcement of the rent laws, and
5 has appointed Deputy Commissioner White, who's
6 going to begin shortly. So I think what we're
7 going to try to do is mobilize a sort of basically
8 a citywide coalition of groups that we're working
9 with to try to influence the TPU and make sure
10 it's really accountable to tenants and that it's
11 doing the work that needs to do, to make sure
12 landlords aren't violating the rent laws in an
13 effort to get the rent to that decontrol
14 threshold. And one of the things that we've been
15 thinking is it might be time to reconvene the old
16 DHCR working group, which a lot of Council Members
17 were involved in, and sort of speak in a unified
18 voice to the DHCR. But what we're seeing our
19 communities and how this TPU could benefit the
20 tenants in, in your districts, and the tenants
21 that are our members, and we're hoping that the
22 Council will get involved in working with us to
23 shape the TPU. And lastly, you know, this is,
24 March is the start of the RGB season, so this is
25 the year that things get really busy for us. We

1
2 have a lot of things that we're doing this year
3 and we, one thing that we particularly like to
4 highlight that it would be useful for the Council
5 to do, is to educate your, your constituents about
6 the RGB process. I think a lot of rent stabilized
7 tenants have no idea how their rent increases are
8 set, and we can't possibly get out to everybody,
9 so we could use your support, both in educating
10 people about how to participate in the process,
11 and then also advocating for the lowest possible
12 increase. So, thank you so much. This is just
13 some highlights of some of the things that we're
14 hoping to work with the Council on in terms of
15 improving and extending and strengthening the
16 laws. And also improving their enforcement. So
17 we're looking forward to working with you, and
18 thank you for your continued engagement with these
19 issues.

20 CHAIRPERSON DILAN: Thank you.

21 SAM STEIN: Good morning, my name
22 is Sam Stein, I'm the Rent Regulation Campaign
23 Coordinator at Tenants and Neighbors. And I'm
24 speaking today on behalf of the Real Rent Reform
25 Campaign, or R3, which is a coalition of over 60

1
2 tenant community labor legal and political groups
3 working at the grassroots level to pass pro-tenant
4 legislation in New York. I'd first like to thank
5 Chairman Dilan and the members of the Council who
6 are here for the opportunity to testify today. Of
7 course, the real rent reform strongly supports
8 Intro 791 and Resolution 1230. This is one of the
9 most important things to happen so that we can
10 have continued rent regulation and stronger rent
11 regulation. As HPD's 2011 Housing and Vacancy
12 Survey shows, New York City is still in the midst
13 of a serious housing emergency, with citywide
14 vacancy rent of 3.2, which is still well under the
15 five percent threshold. Market conditions are
16 strongly in, stacked in favor of landlords. Just
17 as when the housing emergency was declared in
18 1974, the City's low vacancy rate means that the
19 housing market does not work fairly for tenants.
20 Renters can't negotiate with their landlords for
21 improved services and more affordable rents
22 because they lack bargaining power. With so few
23 vacant apartments to move to, tenants can't exert
24 their greatest source of leverage. So this is
25 especially in the case when just one percent of

1
2 vacant apartments are considered low rent. HPD's
3 housing survey shows that not only is there a
4 housing emergency in New York City, but that
5 renewing and expanding rent regulation is a vital
6 part of the solution. In light of the ongoing
7 emergency, the R3 campaign is continuing our fight
8 for stronger rent laws and we need the help and
9 support of the City Council. Our top priorities
10 include repealing vacancy decontrols, has been
11 discussed before, but also opposing the renewal of
12 J51 in its current form, unless strong protections
13 can be given to tenants. And such strong
14 protections include reforming preferential rents.
15 We have, to close the loophole that's in almost a
16 quarter of stabilized leases that causes fear of
17 displacement and fear of organizing for New York
18 City and suburban counties. Fixing the MCI
19 system: rent regulated tenants pay for the same
20 major capital improvements over and over and over
21 again, every month, even though the landlord has
22 been fully repaid for the work. A similar system
23 happens with individual apartment improvements
24 especially in between tenancies, landlords will
25 raise the rent by putting in unnecessary

1
2 improvements just to get closer to that decontrol
3 threshold. We need to reform the RGB and also
4 the, abolish the MBR and MCR systems that control
5 rent control's rents. So, those are just a few of
6 the reforms that R3 is pursuing this year. The
7 real rent reform movement appreciates the City
8 Council's support not only to renew rent
9 stabilization and rent control, but to pass
10 resolutions and stand in support of statewide
11 bills that would significantly strengthen
12 protections for rent regulated tenants. Again,
13 thank you, Chairman Dilan and members of the
14 Committee for the opportunity to testify.

15 CHAIRPERSON DILAN: Thank you.

16 NINA MARIE RAPOSO: Hi, I'm Nina
17 Marie Raposo [phonetic]. I'm representing myself.
18 Thank you for letting me speak. I am actually a
19 tenant in a rent stabilized apartment. I'm an
20 immigrant and my husband is in the military. And
21 I actually had a problem with this preferential
22 rent. Just this year, my lease got renewed and my
23 rent got raised from \$1,303 to \$1,703, \$1,707,
24 which is 31 percent. I think that that would be
25 very difficult for anybody, because that's a lot.

1
2 And I'm a graduate student, so ... I'm doing some
3 research on this right now, and I actually found
4 this data that the median rent, and this is a
5 direct quote, "The median rent of initially
6 registered rent stabilized apartments in 2011 was
7 \$2,295." So, that's above the threshold that was
8 previously, and that you had just raised. But
9 it's actually only 8.9 percent above it. The
10 other thing is, a lot of people have been quoting
11 the vacancy rate of 3.12 percent, and that's
12 actually for all New York. Just the rent
13 stabilized units are 2.63 percent vacancy rate.
14 So, they're much more in demand. And I actually
15 found this is data based on February to May 2011.
16 And there's actually more current data from - -
17 reports, which says that the vacancy rate is 2.6
18 percent in Manhattan, in the third quarter of
19 2011, which is really low. So, I think that the
20 rent stabilization laws should be extended, but
21 also there should be some reforms because like the
22 preferential rate and also like the high, high
23 income, high rent decontrol and high vacancy high
24 rent decontrol. So, thank you.

25 CHAIRPERSON DILAN: Thank you.

1
2 MARTA WHITE: Hi, my name is Marta
3 White. I live in Gale's neighborhood. [laughs]
4 I'm 72 years old, I live in a rent controlled
5 apartment. The building I live in has 41 units
6 and costs \$157,000 in the mid-'50s. So, I
7 personally have paid off the building. Okay, the
8 landlord owns 22 or 23 building in the
9 neighborhood, all purchased during those times.
10 I'm rent controlled, and our MCI and MBR rates are
11 horrendous, my rent has gone up \$1,000 in two
12 years. My rent is now \$3,600. My income is
13 \$3,200. I am, I am--I had several surgeries, I am
14 on some disability and social security, I worked
15 Northwest Airlines forever. I have to, my
16 daughter now lives with me to help me, and I rent
17 two rooms, which I report. And when you rent a
18 room, they charge you ten percent more for each
19 room, so the rent goes up ten percent of the MBR.
20 Right? So, \$3,600 is not a miniscule amount of
21 money. The problem is that if you, if you could
22 pull in enough money to pay the rent, then you
23 probably will eventually, very closely, be
24 excluded from being able to rent it, because you
25 have too much money. You know, you have too much

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2 income. And I'm not eligible for SCRIE, I was
3 never eligible for SCRIE. I don't want to be out
4 of exchange with the landlord, but our landlord
5 doesn't seem to tend to notice any of those
6 concepts. Mildly put. So, the MBR MCI thing is a
7 real problem and we just got a \$90 a room
8 increase, which is, we spent \$20,000 in lawyers
9 fighting, and we can't even get them to count the
10 rooms in the apartments about 20 percent of which
11 have pantries, which hare getting charged the \$90
12 a room, and it's like, it's not neat, and it's not
13 easy. The best agency in New York is HPD. The
14 least corrupt, the most cooperative. And
15 hopefully DHCR will increase its ethics level
16 soon. And DOB will have a housecleaning. And
17 maybe some of us will have a chance to continue
18 to--we actually contribute to our community, all
19 the people in our building. It's 80 percent
20 stabilized, it's ten percent rent controlled, and
21 ten percent market. The market apartments are
22 from \$6,000 to \$8,000. And there's ten of them.
23 So, I think the changes in the rules might be a
24 good idea, because we're above stabilized. Our
25 increases are now about 20 percent above

1
2 stabilized rents. And I'm the only tenants
3 committee person who I could get to get up this
4 early today. So, thank you.

5 CHAIRPERSON DILAN: Okay. Thank
6 you all, and that's, I mean, that's astonishing.
7 How long did you say you were at your unit? How
8 many years?

9 MARTA WHITE: Since 1966, and I'm a
10 part of an interracial family, my husband was a
11 bass player with Dizzy Gillespie.

12 CHAIRPERSON DILAN: Oh, cool, very
13 cool.

14 MARTA WHITE: And it was a crap
15 neighborhood, we moved from the Lower East Side
16 where they kicked holes in our cars, up to the
17 Upper West Side where you only got robbed.
18 [laughter] You know, no one wanted to live there,
19 but as a community--

20 COUNCIL MEMBER BREWER: Wait, wait,
21 wait, wait.

22 MARTA WHITE: Yeah. [laughter]
23 Yeah, yeah, yeah.

24 COUNCIL MEMBER BREWER: [off mic] I
25 was there.

1
2 MARTA WHITE: Yeah. And as, as the
3 artists and creative teachers and stuff moved into
4 the Upper West Side, and sort of sat there and
5 made it get better--I read an article in the Times
6 that said, "Ten years after a degraded
7 neighborhood is occupied by like art types and
8 educat--" you know, sort of the middle class. It
9 starts then to be gentrified. So, we moved in
10 when it was awful, but we could all talk to each
11 other and lots of people could live there, it was
12 really a mixed neighborhood. And then in the late
13 '70s and from onward, it became an upper class
14 white neighborhood. Our landlord has not rented
15 to a new black face since 1970 something. Just
16 because they advertise to European corporations to
17 rent these apartments. And they double or triple
18 or quadruple the rent. No, I, you know, I don't
19 want to be a victim, but it's, \$3,600 a month is
20 hitting at the--

21 CHAIRPERSON DILAN: Yeah, well, I
22 was astonished by, you know, someone who's been
23 in a unit for that length of time, to have a rent
24 that high, quite frankly.

25 MARTA WHITE: Yeah, yeah. And \$200

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of it is oil. \$700 of it is the MBR.

CHAIRPERSON DILAN: I mean, it sounds like a nice building, but still, still a high rent for, for--

MARTA WHITE: It's an antique, we had to defend it, we had to get it, we got it pre-into preservation, which really made them upset 'cause they were going to tear it down. Now they're mad at us and they're showing us, boy.

CHAIRPERSON DILAN: Yeah.

MARTA WHITE: [laughs]

CHAIRPERSON DILAN: Thanks. And then, Ms. Russell-Ciardì and, forgive me, I think I always invert your last name, I'm so sorry for that.

MAGGIE RUSSELL-CIARDI: [off mic] -

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CHAIRPERSON DILAN: I'm interested and I, I'm certainly not opposed to one of the legislative proposals that you brought up, that may be more applicable on the State level, that would give the Council and advice and consent role on the RGB members. Just in theory, it sounds like something I'd like to explore and maybe help

1 shop to members of the State Legislature, so I'd
2 like to talk to you more about it.

3
4 MAGGIE RUSSELL-CIARDI: That would
5 be excellent, thank you.

6 CHAIRPERSON DILAN: Okay. So, and
7 that's the only comment that I had. I don't know
8 if any of my colleagues [background comment] Oh,
9 we've been joined by Council Member Jim Gennaro.
10 Council Member Brewer.

11 COUNCIL MEMBER BREWER: Just to say
12 that we would love to be in charge of advice and
13 consent for the public members in particular. But
14 the problem is both Speaker Quinn and I had
15 legislation to that effect, and we were told that
16 we cannot legally do it. It has to go through the
17 State. So in other words, the State could do is,
18 and give us the authorization. Just wanted to
19 make that clear.

20 MAGGIE RUSSELL-CIARDI: Yeah, so--

21 COUNCIL MEMBER BREWER: But we
22 can't do it, because we want to do it. So working
23 with Council Member Dilan, we might be able to
24 convince the State, but I just want the public to
25 understand that if we could, we would, but we

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can't do it without the State.

MAGGIE RUSSELL-CIARDI: Yeah.

CHAIRPERSON DILAN: I think I can convince one Chairman, it's the other Chairperson that--

COUNCIL MEMBER BREWER: That's your job, sir.

CHAIRPERSON DILAN: [laughs]

MAGGIE RUSSELL-CIARDI: Yeah, I mean, I did, I did outline that a bit more in my written testimony. You know, one of the things that we're of course hoping to do is repeal the - - law so that we could go to the Council and with these kinds of asks. The bill that we're supporting is a State level bill that's been introduced by Assembly Member Cavanaugh and Senator Squadron, and if we could have a Council Resolution in support of that bill, that would be tremendously significant.

COUNCIL MEMBER BREWER: Thank you.

CHAIRPERSON DILAN: Thank you, Council Member Brewer. And thank you all for your time and testimony.

MARTA WHITE: We are excused?

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2 CHAIRPERSON DILAN: For now, yeah
3 [laughter] [background comments] I do, but
4 before we, before we close, I do have a statement
5 from Council Member Gonzalez, for the record, who
6 is the sponsor of Intro 791. [background comment]
7 Oh, "While I could not attend today's hearing due
8 to a scheduling conflict, my staff has been
9 present and will report back to me about the
10 proceedings. I am proud to join Speaker Quinn in
11 introducing this bill that is so important to so
12 many New Yorkers. Rent stabilization has helped
13 maintain a strong working middle class in New York
14 City. It is a policy that truly helps make this
15 the greatest City in the world. I look forward to
16 extending rent stabilization laws into 2015 and
17 beyond with the support of my colleagues." And
18 that's a statement from Council Member Gonzalez.
19 :And we also have testimony for Community Housing
20 Improvement Program, otherwise known as CHIP, a
21 statement that will be submitted for the record.
22 [coughs] Excuse me. And I don't believe there are
23 any other statements for the record. So, at this
24 point, Intro 791, as well as Resolution No. 1230,
25 will be laid aside, and that will conclude this

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hearing.

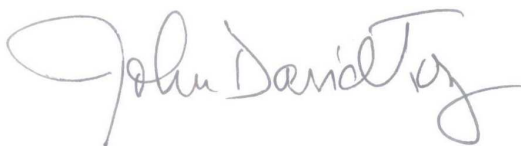
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[gavel]

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 March 21, 2012