

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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November 29, 2021
Start: 1:02 P. M.
Recess: 1:42 P. M.

HELD AT: REMOTE HEARING (VIRTUAL ROOM 1)

B E F O R E: Robert E. Cornegy, Jr., Chair

COUNCIL MEMBERS:

Fernando Cabrera
Margaret S. Chin,
Mark Gjonaj
Barry S. Grodenchik
Farah N. Louis,
Bill Perkins
Carlina Rivera
Helen K. Rosenthal

OTHER COUNCIL MEMBERS IN ATTENDANCE:

Kalman Yeger

COMMITTEE ON HOUSING AND BUILDINGS

A P P E A R A N C E S

Michael McKee,
Treasurer of TenantsPAC

Judith Goldiner
Attorney-in-Charge, Civil Law Reform Unit of the
Legal Aid Society

Samuel Stein,
The Community Service Society

Joseph M. Condon,
General Counsel at Community Housing Improvement
Program

Ryan Monell
Vice President of City Legislative Affairs
Real Estate Board of New York

Daniel Benedict,
Benedict Realty Group

Amber Nicosia,
President of Mutual Redevelopment Houses [Penn South]

Warren Schreiber,
Co- President of the Presidents Co-op and Condo
Council; Co-op President Bay Terrace Greens.

Victoria Agoglia,
Asset Manager at Akelius Residential

Bob Friedrich,
President of Glen Oaks Village; Co-President and
Founder of the Presidents Co-op and Condo Council

Geoffrey Mazel,
Hankin & Mazel, PLLC, Chairperson of Queens Bar
Association Co-op and Condo Committee, Legal Advisor
to the Presidents Co-op and Condo Council

COMMITTEE ON HOUSING AND BUILDINGS

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

Lyric Thompson,
Tenant Advocate

1 SERGEANT BIONDO: Cloud is up.

2 SERGEANT PEREZ: Cloud is rolling.

3 SERGEANT BRADLEY: Thank you. Okay, good
4 afternoon, and welcome to today's New York City
5 Council hearing on Housing and Buildings.
6

7 At this time will all panelist please turn on
8 your videos?

9 To minimize disruptions, please place all
10 electronic devices on vibrate or silent mode.

11 If you wish to submit testimony, you may do so at
12 testimony@council.nyc.gov, again that is
13 testimony@council.nyc.gov.

14 Thank you for your cooperation. Chair, we're
15 ready to begin.

16 CHAIRPERSON CORNEGY, JR: Good morning, everyone,
17 I'm Council Member Robert Cornegy, Chair of the
18 Committee on Housing and Buildings.

19 We're here today to hold the hearing on a bill to
20 renew the city J-51 tax incentive program.

21 Nearly two years ago, a global pandemic that put
22 this city on pause in many ways, we want to make sure
23 we're doing what we can to make sure the city doesn't
24 fall in to disrepair. J-51 is an important tool for
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1
2 preserving affordable housing in New York and for
3 ensuring properties are kept in good repair.

4 Through the J-51 Program, property owners can
5 apply for a tax exemption or abatement for certain
6 reduced or eliminated estate taxes. At the same time
7 J-51 is meant to ensure the affordability of housing
8 units receiving these tax benefits by requiring a
9 rent stabilization for as long as the J-51 benefits
10 are enforced.

11 When properly applied, J-51 is an important way
12 to make sure the city's affordable housing stock is
13 well-maintained and its affordability protects it.

14 Periodically a state legislator authorizes this
15 city council to renew this program. The city council
16 most recently renewed the program through June 2020.

17 The pre-considered introduction we are hearing
18 today, sponsored by Council Member Yeger, extends the
19 J-51 tax abatement and exemption for rent
20 retroactively through June 30, 2020.

21 I'd like to thank my fellow committee members,
22 and I'd like to ask Committee Counsel those in the
23 room.

24 COMMITTEE COUNSEL: Sure, uh, today we're joined
25 by Council Members Chin, Gjonaj, Rivera, Rosenthal,

1
2 and the sponsor of today's legislation Council Member
3 Yeger.

4 CHAIRPERSON CORNEGY: We will now hear from bill
5 sponsors who would like to make a statement about
6 this legislation.

7 Thank you, I will now turn it over to Committee
8 Counsel Audrey Son to go over some procedural items
9 for today's remote hearing.

10 COMMITTEE COUNSEL: Thank you, Chair,

11 Uh, we will at this time hear from any bill
12 sponsors who would like to speak, uh, about the bill.

13 Council Member Yeger?

14 COUNCIL MEMBER YEGER: Uh, thank you very much.

15 Uh, thank you, Mr. Chairman. Uh, you described it so
16 eloquently and so, uh, judiciously brief that I don't
17 think I have to add anything. But, uh, I'm an
18 elected official and have a microphone, so here we
19 are.

20 Uhm, this has been long in the waiting, because
21 it's really necessary, uh, for our city's housing
22 stock, for the ability of the city to keep itself
23 from falling in to disrepair, and really to prevent
24 the disinvestment that we saw in real estate, uh,
25 going back in the 70's, uh, and even in the 80's.

1
2 Uh, this is not expensive, and it's absolutely
3 necessary. It's been awhile waiting, uh, here we are
4 today, uh, we have only about 32 days to the session
5 of the council, it's important that we pass this now,
6 Mr. Chairman. And, I'm very grateful for your
7 leadership on this topic in general, but more
8 broadly, uh, for your last four years that you've
9 been a mentor of mine, uh, and a good friend, and
10 you've been talking the common sense about the things
11 we need to in this city to keep our neighborhoods
12 strong, vibrant, and from falling into disrepair and
13 disinvestment. And, for that I'm very grateful, and
14 I give it back to you, Mr. Chair, with my thanks, uh,
15 for that and also for your co-sponsorship of this
16 bill.

17 CHAIRPERSON CORNEGY: Thank you, so much Council
18 Member Yeger, and thank you for your steadfast
19 advocacy for communities like ours. And, a lot of
20 people aren't used to me saying that, and they don't
21 understand that there are communities like ours that
22 are really suffering during this time. So, thank you
23 so much, uh, Council Member Yeger for your
24 steadfastly commitment and advocacy around issues,
25

1
2 and especially around small homeowners and uh,
3 buildings, and residents, thank you.

4 COMMITTEE COUNSEL: Thanks very much. Uh, my name
5 is Audrey Son, I am counsel to The City Council's
6 Committee on Housing and Buildings. Before we
7 proceed, I would like to remind everyone that you
8 will be on mute until you are called on to testify,
9 at which point you will be unmuted.

10 During the hearing, if council members would like
11 to ask a question, please use the Zoom Raise Hand
12 Function, and I will call on you in order.

13 In the interest of time, we will limit council
14 member questions to five minutes.

15 Uh, we did receive a note that the administration
16 will not be appearing at today's hearing. Uh, they
17 did submit written testimony for the record, which
18 will be available online following the hearing.

19 Uh, at this time, we will move directly in to
20 testimony from members of the public who have
21 registered to speak at this hearing.

22 Uhm, again, as just a reminder, uh, unlike our in
23 person hearings, we will call individuals one by one
24 to testify. Once your name is called, a member of
25 our staff will unmute you, and the Sergeant At Arms

1 will set the timer at three minutes for you to begin.

2 Uh, periodically, I will call, uh, a list of names of
3 those who will speak. So, please listen for your
4 name to be called.
5

6 Uh, we will begin by hearing from Mike McKee,
7 followed by Judith Goldiner, and Sam Stein.

8 SERGEANT AT ARMS: Starting time.

9 MIKE MCKEE: Good afternoon, my name is Michael
10 McKee, I am a treasure of Tenant's Political Action
11 Committee, and I've been a tenant organizer and
12 advocate for 51 years.

13 Uh, I don't have much to say here, except, number
14 one, I want to object to the sneak attack nature of
15 this hearing. For you to send out a notice on the
16 Wednesday afternoon, before Thanksgiving, uh, before
17 a four-day holiday, uh, for a hearing on Monday, I'm
18 sorry, that is simply... That does not pass the
19 smell test.

20 Secondly, uh, this is like Déjà vu from two years
21 ago when you renewed the rent... You renewed J-51
22 again, uh, for a year without acknowledging all of
23 the criticism that had been made of the program.

24 And, here we are again, at the end of, uh, a term
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1
2 limited city council, and you're trying to sneak this
3 through, through the end of the year. Shame on you.

4 This is basically a program that needs drastic
5 reform. It needs to be targeted to genuinely
6 affordable housing. Everyone knows that. It is
7 simply a misuse of scarce tax subsidy dollars for you
8 to be subsidizing market rate co-ops and condos to
9 improve the value of their investments. It's wrong.

10 Secondly, you're totally ignoring the lack of
11 enforcement by the city and the state of the rent
12 regulation requirements of this program, which have
13 been well documented in the testimony two years ago
14 by The Community Service Society and the Legal Aid
15 Society.

16 I mean, how can you sit there with a straight
17 face and pass this bill when you know that HPD and
18 DHCR are not going to enforce the tenant protection
19 provisions of this law? I mean, come on, get
20 serious, guys, don't do this. Uh, this is really,
21 really, uh, a disgusting move on the part of the city
22 council, and we object to it.

23 Thank you very much.

24 CHAIRPERSON CORNEGY: Thank you, Mr. McKee.

25 COMMITTEE COUNSEL: Thanks very much.

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2 We will now hear from Judith Goldiner, followed
3 by Sam Stein, and Joe Condon.

4 SERGEANT AT ARMS: Starting time.

5 JUDITH GOLDINER: Hello, my name is Judith
6 Goldiner, I am the Attorney-in-Charge of The Civil
7 Law Reform Unit at the Legal Aid Society. And, I am
8 also distressed that two years after the council last
9 renewed J-51, we are giving essentially the same
10 testimony again, because the council has done nothing
11 to respond to the very serious concerns that we
12 raised two years ago and have raised for many years.

13 This is a very expensive as of right program.
14 Costs 3 million... Almost 300 million dollars in
15 lost taxes, and a great deal of that money goes to
16 market rate co-ops and condos who do not need to be
17 subsidized.

18 We... What we really need to see here, is the
19 complete reworking of J-51 so that J-51 serves the
20 purpose of helping, uhm, low income tenants in...
21 with bad conditions, or helping HDFC co-ops who need
22 money for repairs just so that they can continue to
23 say affordable.

24 This is a program that is not targeted to ensure
25 affordability. And, there is no, as Michael said

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2 before, there is basically no enforcement to make
3 sure that the tenant rights are respected and that
4 the... what the city is paying for -- supposedly
5 paying for -- uhm, with this program, actually
6 achieves its goal.

7 Uhm, we need to make sure that if you're going to
8 have a program like J-51, it goes to making sure that
9 apartments... that we target it to the buildings
10 that need the most help, and make sure that we...
11 that we ensure the tenants get the rights that
12 they're entitled to.

13 Happy to answer any questions, but honestly, I am
14 very distressed that here we are two years later,
15 giving the same testimony, uhm, and we are not seeing
16 any changes to this program.

17 Thank you very much.

18 CHAIRPERSON CORNEGY: Thank you for your
19 testimony.

20 COMMITTEE COUNSEL: Thank you.

21 I will also like to note at this time that we
22 have been joined by Council Member Louis.

23 We will now proceed to testimony from Sam Stein,
24 followed by Joe Condon, and Ryan Monell.

25 SERGEANT AT ARMS: Starting time.

1
2 SAM STEIN: Thank you very much. Uhm, I don't
3 have much to add, because that testimony that Judith
4 Goldiner just presented was developed by our
5 organizations together by Legal Aid Society and The
6 Community Service Society. And, it is substantially
7 the same as the testimony we presented two years ago.

8 I went back in to the data to see if the facts on
9 the ground had changed, if the money was being used
10 differently or if it was costing substantially less,
11 and the answer to those questions was no. The
12 program has not changed. The problems with the
13 program have not changed. And, so, uh, refreshing it
14 without addressing the long standing criticisms would
15 be an error.

16 I will read now from the section on what we
17 believe should happen to improve this program.

18 The following changes would significantly improve
19 it:

20 Eliminate all benefits for co-ops and condos
21 except those being developed with government
22 assistance.

23 Replace the current system of restrictions on
24 exemptions and abatements with one that can more
25 directly target benefits to lower-rent apartments,

1
2 ideally by setting a limit on the average rent on
3 apartments in buildings eligible for the benefit. The
4 outdated strategy of basing eligibility on geography
5 should definitely be abandoned.

6 Finally, improve the coordination of the J-51
7 benefit with the rent increases allowed in rent-
8 stabilized buildings for major capital improvements
9 by requiring landlords to seek a J-51 exemption
10 before applying for these rent increases, and
11 document the outcome to the state agency that
12 administers rent stabilization; and by reducing the
13 rent increases by 100 percent of the value of the tax
14 benefit instead of only 50 percent.

15 We believe these are the kinds of changes that
16 make J-51 an appropriate form of tax subsidy.
17 Without it, it is a deeply regressive program.

18 Thank you.

19 CHAIRPERSON CORNEGY: Uhm, just quickly, have you
20 submitted those recommendations for...

21 SAM STEIN: Yes, we have.

22 CHAIRPERSON CORNEGY: Thank you.

23 COMMITTEE COUNSEL: Thank you.

24 We will now hear from Joe Condon, followed by
25 Ryan Monell, and Daniel Benedict.

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2 SERGEANT AT ARMS: Starting time.

3 JOSEPH CONDON: Good afternoon, thank you for the
4 opportunity to testify. My name is Joe Condon, I am
5 testifying on behalf of The Community Housing
6 Improvement Program, also known as CHIP.

7 CHIP members are long term owners of rent
8 stabilized housing. They have good relationships
9 with their tenants. They have become part of the
10 communities in which they provide housing. Our
11 members want their tenants to be happy. They want to
12 provide quality housing, excellent services, and they
13 don't really want to evict their tenants.

14 Reauthorizing the J-51 tax abatement will help
15 ensure that tens of thousands of units of rental
16 housing remain rent stabilized. More importantly, it
17 will also ensure that tenants of already rent
18 stabilized housing are able to enjoy improved living
19 conditions, as the buildings they live in get much
20 needed work done; uh, whether it is new boilers or
21 roofs from damage from recent hurricanes or storm,
22 replacing windows to be more energy efficient, or
23 installing a new elevator rather than repairing the
24 one that keeps breaking down, the J-51 program

1 enables affordable housing providers to do what is
2 right for their tenants.

3
4 Rather than patchwork repairs, these providers
5 are able to replace entire buildings components and
6 make lives better for their tenants.

7 From surveys of our membership, we see that the
8 J-51 program is heavily relied on in outer borough
9 neighborhoods, mostly neighborhoods, uhm, where low
10 and middle income families live. Many owners in
11 those areas have projects that were recently
12 completed or are soon to be completed, who are
13 counting on the J-51 tax benefit to make the numbers
14 for the project work.

15 We have also discovered that several projects
16 could not be completed by the June 2020 deadline for
17 COVID related reasons, and are now excluded from
18 applying for that tax abatement. These housing
19 providers dutifully performed important building
20 improvements during a time of great fiscal
21 difficulty and uncertainty when deferring a project
22 would have been an easy choice.

23 Reauthorizing the J-51 tax benefit for those
24 buildings is an important step. And, in fact, the J-
25 51 program has been an important part of improving

1
2 the condition of rent stabilized housing stock in New
3 York City over the last 50 years. Rent stabilized
4 buildings are very old, they have restrictions on
5 rent increases, and there is a continued need for
6 housing providers to invest and upgrade their
7 buildings. When they do so, there is a very real
8 improvement on the quality of lives for tenants -- a
9 result from these projects.

10 Failing to reauthorize J-51 at this time, would
11 discourage future investments in the housing stock
12 and have a negative impact on the quality of life for
13 tenants.

14 Until there is a viable alternative, the city
15 really needs to renew the J-51 program, uh, for the
16 foreseeable future.

17 We do think it is important for the council to do
18 more, uh, the J-51 tax benefit is relatively small
19 compared to the entire city budget and the tax
20 revenue generated from multifamily taxes. And, as
21 rent regulation becomes stricter in New York City...

22 (Cross-Talk)

23 SERGEANT AT ARMS: Time expired.
24
25

1
2 JOSEPH CONDON: deeper tax breaks are needed to
3 keep costs down while enabling housing providers to
4 continue to improve their properties.

5 Uh, thank you for the opportunity to testify.

6 CHAIRPERSON CORNEGY: Thank you for your
7 testimony.

8 COMMITTEE COUNSEL: We will now hear from Ryan
9 Monell, followed by Daniel Benedict, and then Amber
10 Nicosia.

11 SERGEANT AT ARMS: Starting time.

12 RYAN MONELL: Well, thanks, Chair Cornegy, uh, my
13 name is Ryan Monell with the Real Estate Board of New
14 York.

15 J-5 is a critical tool for improving the aging
16 building stock of New York City and is used widely
17 throughout all five boroughs. The program has
18 supported 51% of co-ops citywide, including
19 Mitchell-Lama and naturally occurring affordable
20 housing.

21 Rental income and capital investment are the
22 lifeblood of ensuring high-quality rental housing,
23 and programs like J-51 help preserve homeownership as
24 a primary wealth-building tool for low- and middle-
25 income households. J-51 allows multifamily rental

1
2 owners and low- and middle-income owners to afford
3 increasingly expensive capital upgrades without
4 spending retirement savings or other funds, nor
5 passing the cost onto equally cash-strapped tenants.
6 Continuing the J-51 program will prevent thousands of
7 New Yorkers from facing increased rents and property
8 tax bills to offset the cost of critical
9 infrastructure upgrades. Providing direct assistance
10 in the form of tax programs such as J-51 is therefore
11 critical to maintaining affordability alongside
12 quality living conditions.

13 The program has high utilization in neighborhoods
14 such as Co-op City and Hudson Manor Terrace in the
15 Bronx, Glen Oaks Village and Forest Hills South in
16 Queens, and Penn South in Manhattan. Passing an
17 extender of the J-51 program today will support a
18 pathway to homeownership and economic mobility for
19 communities of color, middle income and low-income
20 households, and working-class New Yorkers.

21 REBNY does want to note that the program is not
22 perfect and consideration for changes in the future
23 are duly warranted.

24 As we approach continued reauthorization by the
25 State in 2022, REBNY would encourage the council and

1
2 the city to consider reforms as part of the process
3 to future iterations of the program to ensure optimal
4 functionality. A new J-51 should consider reforms to
5 the Certified Reasonable Cost formula to ensure a
6 streamlined, greener, and more cost-efficient program
7 that uses public resources efficiently while
8 leveraging the program of the private sector as best
9 as possible.

10 A future iteration also of the program could
11 address ensuring new construction and opportunities
12 for substantial rehabilitation contributed to climate
13 adaptation. Adopting sustainability driven measures
14 as criteria for accessing programs, should provide an
15 opportunity for universal agreement.

16 Additionally, providing direct subsidy, uh, for
17 system-wide upgrades in existing buildings to reduce
18 emissions or electrify spaces will ensure this
19 complicated work is done.

20 Programs like J-51 should and must be reformed to
21 make it financially feasible to bring buildings into
22 the 21st century and to also meet sustainability
23 goals.

24 As always, REBNY and our members stand ready to
25 collaborate with the council and the city on ways to

1
2 improve access to housing for all New Yorkers. We
3 look forward to working with our partners in
4 government to ensure key programs like J-51 remain
5 and are functioning optimally to put this homes
6 within reach.

7 Thank you.

8 CHAIRPERSON CORNEGY: Thank you for testimony.

9 COMMITTEE COUNSEL: Thank you.

10 We will now hear from Daniel Benedict, followed
11 by Amber Nicosia, and Warren Schreiber.

12 SERGEANT AT ARMS: Starting time.

13 DANIEL BENEDICT: Thank you, my name is Daniel
14 Benedict and I manage approximately 70 buildings,
15 half of them co-ops and half of them rental
16 buildings.

17 Uhm, I join in the, uh, perhaps criticism, I also
18 received very late notice about this testimony. So,
19 I am talking, and I am speaking to you without any
20 prepared or written notes.

21 I just want to make you aware... I'll m sure
22 you're aware of the fact that co-ops which are
23 assessed over a certain number -- over a certain
24 amount, are anyway not eligible for J-51.

1
2 On the rental building, I'm just going to talk to
3 you anecdotally about a building where we started
4 work in 2000 and, uh... before COVID, the building
5 has fuses and only 30 Amps going to each apartment,
6 resulting in, uh, especially in hot days, every
7 second day, an apartment calling saying that their
8 fuses are blowing, and they cannot continue to
9 have... both charge their phone, keep some of their
10 appliances on, and turn on one or two air
11 conditioners in their apartments.

12 The only way to really fix these problems was to
13 completely rewire the building -- the building was
14 built in 1928 -- and to completely rewire the
15 building -- put in a new system, new entry, work with
16 Con Edison. And, this is for a 60-unit building. It
17 is about a 400 thousand dollar project. The entire
18 rental for the building is 900 hundred thousand
19 dollars, and about 220 thousand that the building are
20 in real estate taxes paid to the city.

21 So, the only way we could -- really the only way
22 -- this building is, uhm, a 100 stabilized buildings,
23 the average rent is in the \$1,350 per apartment, and
24 the only way to consider doing the work that we
25 started, and signed in to contract, which we had to

1
2 stop midway, is to... It was with the help of the J-
3 51.

4 Uh, I agree with many of the speakers saying that
5 the program should be -- can be -- changed, and there
6 should be a committee. And, I hope that you're going
7 to put some stakeholders and building owners on
8 there... and co-op managers on the committee to help
9 devise ways to make the program more effective. But,
10 it is a critical component of improving buildings
11 where the rent increases there have been limited.

12 Thank you for the opportunity to say these few
13 words, and I look forward to continuing hearing the
14 testimonies.

15 CHAIRPERSON CORNEGY: Wait, so, just so I'm clear,
16 and just for the record, you were opposed to the
17 fact, or took the exception to the fact that there
18 was late notice, but you agree with J-51?

19 DANIEL BENEDICT: I do.

20 Thank you.

21 CHAIRPERSON CORNEGY: Thank you.

22 COMMITTEE COUNSEL: Thanks very much.

23 We will now hear from Amber Nicosia, followed by
24 Warren Schreiber, and Victoria Agoglia.

25 SERGEANT AT ARMS: Starting time.

1
2 AMBER NICOSIA: Good afternoon, my name is Amber
3 Nicosia, I am the president of Mutual Redevelopment
4 Houses, which is also known as Penn South.

5 Penn South is a limited equity, affordable
6 housing cooperative of ten 22-story building,
7 covering six blocks. We're supervised by the New
8 York City Department of Housing Preservation and
9 Development (HPD), and our contract with the city
10 provides tax abatement in exchange for income
11 restrictions on our occupants.

12 We're incredibly proud of the 59 years that we've
13 had providing high quality affordable housing to more
14 than 5,000 low and moderate income New Yorker -- the
15 majority of whom, and our residents, are senior
16 citizens. We are the first recognized NORC
17 (Naturally Occurring Retirement Community) in the
18 country.

19 And, while we operate in a financially sound
20 manner, our community has always depended on tax
21 abatements to keep our caring charges low and
22 affordable for our residents who are fixed incomes.

23 Currently, we're in desperate need of the
24 replacement of electrical sub meters for just under
25 three thousand units, our domestic hot water and cold

1
2 water pipes, and our underground pipe replacement for
3 the HVAC system. These are projects that can no
4 longer be delayed, and they have to begin
5 immediately. Unfortunately, Penn South is unable to
6 take advantage of the J-51 tax benefits since June 30
7 of 2020 because of the sunset in the law.

8 This is also during the same period of time that
9 COVID has devastated businesses and interrupted
10 supply chains. So, now we're forced to begin capital
11 projects without the J-51 savings, and with higher
12 expenses than anybody could have anticipated because
13 of COVID. This is in essence, for us financially, a
14 perfect storm.

15 The good news is that the city council has an
16 opportunity to approve the legislation. HBD is
17 continuing to accept J-51 applications, and they can
18 begin to process those applications as soon as J-51
19 is extended.

20 Penn South desperately needs this assistance, and
21 we need your help getting this legislation voted back
22 in to our city.

23 If you must pass and amend, we fully support you
24 doing so, because we are the intended recipients of
25 any type of legislation that would be developed.

1
2 But, what we don't want is to fall through the cracks
3 while you're in the process of amending the law the
4 way that the legislator feels it should ideally be.

5 J-51 is not only in the best interest of Penn
6 South residents, but it's in the best interest of all
7 of the affordable housing residents in New York
8 City... (Cross-Talk)

9 SERGEANT AT ARMS: Time expired.

10 AMBER NICOSIA: Thank you.

11 CHAIRPERSON CORNEGY: Thank you for your
12 testimony.

13 COMMITTEE COUNSEL: Thank you, we will now hear
14 from Warren Schreiber followed by Victoria Agoglia,
15 and Bob Friedrich.

16 SERGEANT AT ARMS: Starting time.

17 WARREN SCHREIBER: Mr. Chairman, members of the
18 committee, thank you for allowing me to testify in
19 favor or extending the J-51 tax abatement.

20 My name is Warren Schreiber, and I am co-
21 president of The President's Co-op and Condo Council
22 and advocacy group representing almost a 100 middle
23 income properties in Queens. I also serve as
24 president of my own co-op located in Bay Terrace
25 Greens.

1
2 The J-51 tax abatement is not tax break for
3 wealthy co-op and condo owners. To qualify for the
4 abatement, a property cannot exceed an excess
5 valuation of 40 thousand dollars -- a value that is
6 definitely not representative of wealthy owners of
7 high end properties.

8 Residents of my co-op are a diverse mix of
9 retirees on fixed incomes, civil servants, single
10 parents, and young families just starting in life.

11 Base maintenance for an apartment in Bay Terrace
12 Cooperatives section 1, including gas and electric,
13 averages \$500.00 to \$625.00 a month. My neighbors
14 are middle class individuals living in affordable,
15 well maintained housing.

16 Over the years, thanks to the J-51 abatement, we
17 have been able to replace our windows and roofs, uh,
18 which are energy efficient projects -- without
19 imposing a considerable maintenance increase or
20 onerous assessment on the shoulders of shareholders.

21 Without the J-51, many co-op properties will put
22 off badly needed repairs or property upgrades.

23 For many people, cooperatives represent the last
24 bastion of affordable, middle class housing in New
25 York City. We must preserve that housing stock.

1
2 I urge the city council to pass the J-51
3 extender.

4 Thank you.

5 CHAIRPERSON CORNEGY: Thank you. Thank you, very
6 much for your testimony.

7 COMMITTEE COUNSEL: We will now hear from Victoria
8 Agoglia, followed by Bob Friedrich, and Geoffrey
9 Mazel.

10 SERGEANT AT ARMS: Starting time.

11 VICTORIA AGOGLIA: Hi, good afternoon, my name is
12 Victoria Agoglia, I'm an asset manager for Akelius,
13 which is a not for profit organization where 85
14 percent of our proceeds go to benefit non-political
15 charities such as SOS Children's Foundation.

16 Uhm, with decreasing benefits across the board,
17 such as MCI reductions, lack of proper apartment rent
18 increases for rent stabilized apartments, the cost of
19 owning a property in New York City and being able to
20 provide a better living accommodation to our tenants
21 is becoming unbearable for landlords that own these
22 prewar buildings, and we're suffering due to the lack
23 of support.

24 From over 1.4 million dollars in arrears rent
25 that's owed to us, despite government assisted

1
2 programs to the eviction moratorium, the J-51 tax
3 benefit was our final crutch for providing a better
4 quality of life for our residents as well as being
5 able to give back to the community.

6 We no longer have the means to continually run a
7 property that costs more to fix than it collects in
8 annual rent revenue and growth. Tax rates continually
9 rise, uh, despite evidence that repairs and parts
10 continue to rise.

11 We own a property in a landmark district in Crown
12 Heights in Brooklyn that has strongly benefited from
13 the improvements that we have made through the years
14 of neglect from prior ownership. Between plumbing,
15 façade, and full window replacement projects, we've
16 spent well over 9.5 million dollars, which would have
17 qualified for these tax saving benefits.

18 The J-51 program would also help benefit our
19 residents in that the MCI applicant for qualified
20 expenses would be reduced. The government
21 incentivizes landlords to own and make improvements
22 to these properties, as they don't have the resources
23 to do so. If you take away this incentives, then
24 everyone suffers. If landlords are unable to make
25 money, it doesn't benefit anyone -- properties will

1
2 continually become distressed, and residents will
3 suffer due to the consequences.

4 I strongly encourage those of you who make this
5 decision to consider all stakeholders and landlords
6 or older properties that are continually held as a
7 scapegoat for New York City's lack of housing, and
8 yet they continually see how dry they can make the
9 well.

10 And, I thank you for your time.

11 CHAIRPERSON CORNEGY: Thank you for your
12 testimony.

13 COMMITTEE COUNSEL: Thank you.

14 We will now hear from Bob Friedrich followed by
15 Geoffrey Mazel, and Lyric Thompson.

16 SERGEANT AT ARMS: Starting time.

17 BOB FRIEDRICH: My name is Bob Friedrich, and I am
18 the President of the largest garden apartment co-op
19 in New York, Glen Oaks Village, and also co-president
20 and founder of the President's Co-op and Condo
21 Council, the think tank of a 100 co-op board
22 presidents.

23 I cannot overemphasize the importance of the J-51
24 program. It allows affordable co-ops the ability to
25

1
2 maintain and upgrade New York City's residential
3 housing stock.

4 The J-51 program was created decades ago, and has
5 forged a partnership between the city and affordable
6 residential housing communities to provide a
7 reduction in taxes on capital improvement spending.

8 The J-51 program has been enormously successful
9 in helping maintain and upgrade the city's housing
10 stock to benefit working class families who are your
11 constituents.

12 A few years ago, Glen Oaks Village installed more
13 than 18,000 new energy efficient windows. We could
14 not have done this without the help of the J-51
15 program -- without it, monthly maintenance would have
16 had to increase double digits, which would have been
17 devastating to many of our seniors and working class
18 families.

19 Glen Oaks is just one example of an affordable
20 co-op that remains affordable because of the J-51
21 program.

22 Since 2002, we've spent millions of dollars on
23 eligible capital improvements that have been made
24 possible because of the J-51 program.

1
2 Mr. McKee, Mr. Stein, and Ms. Goldiner,
3 incorrectly characterized this program as a program
4 for wealthy co-ops. To be clear, the J-51 benefits
5 do not apply to multi-million dollar co-ops. They
6 apply to co-ops whose apartments have an assessed
7 valuation of less than \$35,000. Think about it, this
8 means the program only applies to affordable co-ops,
9 many of which are starter homes for city workers, or
10 retired seniors, or sublets to families at affordable
11 rents. But, what makes them extra special is that
12 they are in good physical condition because of the J-
13 51 program.

14 The J-51 benefits allow co-ops to improve the
15 quality of life of their residents. Without it, the
16 housing stock in these non-wealthy communities would
17 fall in to disrepair.

18 This past year, the New York State legislature,
19 as it has done in previous years, voted to extend the
20 program a year. And, as the city council has also
21 done in previous years, they voted to extend it. We
22 are asking you to do the same this year.

23 This is issue is not sexy, it does not garner
24 much attention, media coverage, or conversation
25 around the dinner table, but it's truly one of the

1
2 most important programs that help keep our affordable
3 co-ops affordable. *Please* take the time to approve
4 this one year extension. We need it. Your
5 constituents need it.

6 Thank you.

7 COMMITTEE COUNSEL: Thank you... (Cross-Talk)

8 CHAIRPERSON CORNEGY: Thank you for your
9 testimony.

10 COMMITTEE COUNSEL: Thank you.

11 We will now hear from Geoffrey Mazel, followed by
12 Lyric Thompson.

13 SERGEANT AT ARMS: (Background Noise) Starting
14 time.

15 GEOFFREY MAZEL: Uh, my name is Geoffrey Mazel,
16 and I would like to thank the chair member for
17 calling this meeting, uh, five days' notice in the
18 era of Zoom is more than adequate. And, any time we
19 get the opportunity to meet with our city council,
20 it's a function of good government and always
21 appreciated by myself and my colleagues.

22 Uh, by way of background, I am a practicing
23 attorney in the city of New York for over 35 years.
24 And, we represent co-op and condo boards exclusively.

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2 I'm the chairperson of the Queens Bar Association
3 Co-op and Condo Committee, and a legal advisor to the
4 Presidents Co-op and Condo Council, an organization
5 who's members represent over a 100,000 residents in
6 affordable co-op and condos -- mostly in outer
7 boroughs of the City of New York.

8 I would like to submit my absolute support for
9 the extension of the J-51 tax credit benefits, which
10 passed both the New York State Assembly and senate
11 with vast majorities, and was immediately signed in
12 to law... Uh, immediately signed by the governor in
13 June of 2021.

14 Uh, my research indicates that the J-51 program
15 has been around since 1955, and has been immeasurably
16 successful in this time period. It encourages
17 property owners to make capital improvements on their
18 property.

19 Uhm, as counsel for numerous co-op boards through
20 the past 35 years, I have been a witness on a day to
21 day basis of the incredible impact -- positive impact
22 -- this program has had on my clients. It has
23 encouraged and fostered much need capital
24 improvements and preventive measures that might not
25 have been taken but for the tax benefits provided.

1
2 It is essential for both the physical and monetary
3 future of the co-op housing stock in the City of New
4 York and to preserve and let these units stay
5 affordable.

6 As you heard testimony before, the program only
7 applies to assessed valuations of \$40,000 per unit,
8 which is not a multi-million dollar unit. It is
9 entry level housing, uh, mostly in the outer
10 boroughs. It is affordable housing that serves the
11 working and middle class communities. It's a
12 targeted program that benefits those co-op owners
13 that need it the most. It makes the difference
14 between having repairs made or not made. This
15 program also -- one thing no one has mentioned yet--
16 it provides good jobs for many New Yorkers in the
17 field of construction, related industries, many high
18 paying skilled jobs will be employed as a result.
19 And, again, these monies that you pay out to the
20 workers, and to the contractors, and to various other
21 people come back to the city. So, it's not a
22 giveaway. It is encouraging, uh, growth, and it is
23 encoring business, at the same time benefitting many,
24 many co-op owners.

1
2 Thank you for listening to me, and we urge your
3 support for this legislation.

4 CHAIRPERSON CORNEGY: Thank you for your
5 testimony.

6 COMMITTEE COUNSEL: Thank you.

7 We will now hear from Lyric Thompson.

8 SERGEANT AT ARMS: Starting time.

9 LYRIC THOMPSON: Hello, good afternoon, thank you
10 for having for me. Hi, Council Member Cornegy, my
11 name is Lyric Thompson.

12 I've heard a lot about how the J-51 tax
13 exemptions assists landlords in making the needed
14 repairs. However, the lack of oversight cannot be...
15 cannot be ignored. 2106 Fulton... Fulton Street in
16 Brooklyn, this building was part of the AEP program,
17 which, if you don't know, that means they were
18 getting emergency repairs from HPD. HPD even
19 installed a brand new boiler to satisfy this rent
20 stabilized building's heating and hot water
21 requirements.

22 My landlord subsequently came in, purchased the
23 building at a steal, then evicted every, single
24 tenant on a holdover -- which is illegal in a rent
25 stabilized building, but these are poor people that

1
2 don't necessarily know their rights, and HPD really
3 doesn't care about that. He then installed -- ripped
4 out that new boiler, and installed individual meters
5 in hot water heaters, because he didn't want to pay
6 for gas. Our city gave him a tax exemption for this.
7 We gave him a tax exemption for illegally evicting an
8 entire building of poor people and passing the cost
9 of gas on to the tenants.

10 Now, of course bad landlords are going to do bad
11 things, but what happens when you bring this to the
12 attention of the city and the city council?

13 Absolutely nothing. Absolutely nothing.

14 The rent in that building went from \$600.00 to
15 over \$1,800. And, for the first six years of
16 receiving the J-51, he didn't bother to give rent
17 stabilized leases or adhere to the rental schedule
18 that they had promised to adhere to.

19 So, I... I'm left here wondering, you know, the
20 system and the program might work for a few, but
21 without oversight it becomes very abusive to those
22 tenants. They're getting cleared out of the
23 buildings, so landlords can claim emergency repairs
24 as upgrades.

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2 If you're going to reinstate the J-51 or continue
3 the J-51, then the responsible thing to do would be
4 oversight of the program, because the cost to the
5 tenants and the cost to our city is more than we
6 could bear during this time of economic hardship.

7 And, those are my comments on the J-51.

8 Council Member, Cornegy, I'm still waiting for
9 the oversight hearing regarding HPD and their lack of
10 enforcement of our safety standards for egress doors.

11 Do you plan on holding said hearing before you
12 leave office?

13 CHAIRPERSON CORNEGY: Your... I have really
14 attempted to have that hearing. I still have two
15 more hearings left. I'm gonna... I don't want to
16 say bust my ass, but I'm gonna try to do everything I
17 can to have that hearing. And... and, quite...

18 (Cross-Talk)

19 LYRIC THOMPSON: Well...

20 CHAIRPERSON CORNEGY: Excuse me, quite frankly no
21 one has advocated more on behalf of issues like that
22 than you. You have my word that I will make sure
23 that that hearing takes place.

24 LYRIC THOMPSON: Well, I will hold you to it,
25 because as a citizen, I find it very disturbing that

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2 in the span of six years, we can't get a door that's
3 up to basic code on our building. And, most of that
4 is due to the fact that... (Cross-Talk)

5 SERGEANT AT ARMS: Time expired.

6 LYRIC THOMPSON: HPD does not know those
7 standards. That needs to change.

8 Thank you for your time. Have a nice day.

9 CHAIRPERSON CORNEGY: Thank you for your
10 testimony, Lyric.

11 COMMITTEE COUNSEL: Thanks very much.

12 This concludes the public testimony. If we have
13 inadvertently forgotten to call on anyone, please use
14 the Zoom Raise Hand function, and we will try to hear
15 from you now.

16 Seeing no hands, I will turn it back over to
17 Chair Cornegy to close the hearing.

18 CHAIRPERSON CORNEGY: So, I want to thank everyone
19 who testified today. As you can see, these hearings
20 are critical to moving the city's agenda forward.
21 Having heard, uh, opposite and opposing views on a
22 very critical program that's working, I want to
23 thank, uh, Council Member Yeger for bringing this
24 back to us, and to... to... to really try to make
25 sure that this program, uh, works.

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2 I'm very disappointed that the administration is
3 not here, uhm, it was mentioned on this call that we
4 had enough time based on the era of Zoom. And, I
5 think that that's absolutely true. So, I am really,
6 really disappointed, uhm, to no end that we had this
7 hearing and the administration and that the agency is
8 not hearing directly from you. However, your
9 testimonies are for the record and will be forwarded
10 to the agency to hear. But, I am very disappointed
11 that they're not here.

12 But, thank you, uh, this hearing is now
13 adjourned.

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date December 29, 2021