

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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October 31, 2016  
Start: 10:21 a.m.  
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HELD AT: Council Chambers - City Hall

B E F O R E:

JUMAANE D. WILLIAMS  
Chairperson

COUNCIL MEMBERS:

BARRY S. GRODENCHIK  
ERIC A. ULRICH  
HELEN K. ROSENTHAL  
MARK LEVINE  
RAFAEL L. ESPINAL, JR.  
RAFAEL SALAMANCA, JR.  
RITCHIE J. TORRES  
ROBERT E. CORNEGY, JR.  
ROSIE MENDEZ  
YDANIS A. RODRIGUEZ

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

Alexandra Fisher  
Deputy Commissioner  
Legal and Regulatory Affairs  
Department of Buildings

Patrick Wehle  
Assistant Commissioner  
External Affairs  
Department of Buildings

Vito Mustaciuolo  
Deputy Commissioner  
Office of Enforcement and Neighborhood Services  
Department of Housing Preservation & Development

Matthew Murphy  
Assistant Commissioner  
Division of Strategic Planning  
Department of Housing Preservation & Development

Carl Laske  
Chief of Real Property & Legal Counsel Unit  
Legal Affairs  
Department of Finance

Meryl Block Weisman  
Assistant Commissioner  
Performance Management and Analytics  
Housing Preservation Department

Bobba Helm [sp?]  
Assistant Commissioner  
Division of Economic Opportunity & Regulatory  
Compliance  
Housing Preservation Department

Margaret Brown  
Assistant Commissioner of Policy Operations  
Office of Asset & Property Management  
Housing Preservation Department

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

Pamela harris  
Assemblymember  
New York

Andrew Gounardes  
Counsel  
Borough President Eric Adams' Office

Josephine Beckman  
District Manager  
Community Board 10

Lew Fidler  
Former Council Member

Cynthia Chaffee  
Founder  
Stop Croman Coalition

Warran Chan  
Asisan Community United Society

Tyler Cassell  
President  
North Flushing Civic Association

Matt Cassera  
On behalf of President Fran Vella-Marrone  
Dyker Heights Civic Association

Andrea Shapiro  
Program Coordinator  
Metropolitan Council on Housing

Anthony Soretti [sp?]  
Community Board 10

Bob Cassara  
Founder/President  
Brooklyn Housing Preservation Alliance

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

John Ferna [sp?]  
On behalf of Judy Barron  
Manhattan Beach Group

John Skinner  
President  
Local 46

Nicole Vecchione [sp?]  
Researcher  
Laborer's Eastern Region

Kari White  
Director of Organizing and Policy  
Urban Homesteading Assistance Board

Kariann Pauls  
Staff Attorney  
Urban Justice Center

Madeline Mendez  
Resident  
New York City

Jackie Del Valle  
Coordinator  
Stabilizing NYC

Nesly Paul  
Tenant Leader  
Flatbush Tenant Association

Nickie Ledge [sp?]  
Member  
Cooper Square Committee

[unknown] Mohammed  
Tenant Leader  
Elmhurst Queens

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

Dave Powell  
Director of Organizing  
Neighbors Helping Neighbors  
Sunset Park

Maria Roca  
Founder  
Friends of Sunset Park

Anita Ruben  
Resident  
15 W. 15<sup>th</sup> Street Manhattan

Betty Aang  
Member  
SCS Coalition [sp?]

Carmen Rodriguez  
Resident  
89<sup>th</sup> Avenue Apartment

Martina Rivera  
Representative  
Tenant's Association 825 Gerrard

Hal Bergold  
Acting translator/Organizer  
CASA

Dianna Thomas  
Resident  
New York City

Kenny May  
Member  
22 Spring Coalition

Angelica Chavez  
Resident  
Dyckman Street

[gavel]

CHAIRPERSON WILLIAMS: Morning everyone.

My name is Jumaane Williams, Chair of the Housing Buildings Committee. Currently joined by Council Member Ritchie Torres, Council Member Vincent.. Vinny Gentile, Council Member Ben Colis [phonetic], Kallos, I don't know where I got Colis from, sorry. Happy Halloween. Happy Monday. I do want to thank Council Member Torres who was prepared to chair.. Council Member Torres, he can't hear me. Council Member Ritchie Torres. Council Member Ritchie Torres?

COUNCIL MEMBER TORRES: Yes.

CHAIRPERSON WILLIAMS: Sorry. I was just thanking you for being ready to chair the committee. I didn't know if I was going to make it today so I just want to say publicly, say thank you very much.

COUNCIL MEMBER TORRES: ...eternally grateful..

CHAIRPERSON WILLIAMS: We are here today to discuss five bills. We have a lot to cover so I'm going to give a brief overview of the bills before us and then we'll hear from the

1 administration and members of the public. Intro  
2 number 930 sponsored by Council Member Kallos would  
3 expand HPD's third party transfer program which  
4 allows the city to foreclose and sell distressed  
5 residential buildings to prequalified third parties  
6 to include buildings whose owners have incurred  
7 large amounts of unsatisfied building violations.  
8 Intro number 967 sponsored by Council Member  
9 Rosenthal would require HPD to create a list of  
10 preferred contractors which would take into account  
11 incidents of wage theft and construction conditions  
12 and to create an ombudsman position to respond to  
13 such construction conditions. Intro number 1210  
14 which I am sponsoring would require HPD to create  
15 and maintain a watch list of property owners who  
16 have engaged in practices associated with predatory  
17 equity and to publish a list on its website. It  
18 would also require the Department of Finance to  
19 assist HPD in determining certain financial  
20 information about covered multiple dwellings. Intro  
21 number 1211 which I am also sponsoring would create  
22 a... I'm sorry, I'm not sponsoring any of those  
23 bills. This was written for Council Member Torres  
24 who was going to sponsor it so... Intro number 1210  
25

1  
2 which is sponsored by Council Member Torres would  
3 require HPD to create and maintain a watch list of  
4 property owners who have engaged in practices  
5 associated as predatory equity and to publish a  
6 list on its website. It would also require the  
7 Department of Finance to assist HPD in determining  
8 certain financial information about covered  
9 multiple dwellings. I was confused actually. I was  
10 trying to figure out... I was like I don't have any  
11 bills... Intro number 1211 also sponsored by Council  
12 Member Torres would create a rebuttable presumption  
13 that when a multiple dwelling has a debt service  
14 ratio of less than 1.05, harassing acts, or  
15 emissions committed by the owner of such multiple  
16 dwelling cause or were intended to cause the tenant  
17 to vacate the dwelling. Intro number 1218 co-  
18 sponsored by Council Member Gentile and myself,  
19 this one I know, at the request of Brooklyn Borough  
20 President Eric Adams would increase the minimum  
21 civil penalty for certain immediately hazardous  
22 illegal conversions, making such conversions the  
23 basis for the issuance of... and make such civil  
24 penalties when unpaid, when unpaid eligible for  
25 lean sales. And then I'll pause for opening



1 statements. We'll, we'll have Council Member Kallos  
2 and Council Member Gentile.  
3

4 COUNCIL MEMBER KALLOS: Thank you Chair  
5 Williams. And thank you to committee members as  
6 well as the stand for tenant safety coalition and  
7 all the tenants who have come out here today  
8 because we as the city council work for you. If  
9 you're a tenant or you're in favor of the SCS  
10 package can I see one of these. This is how we  
11 demonstrate support in the council. And so, I'm  
12 Council Member Ben Kallos, that's at Ben Kallos on  
13 twitter. Please feel free to let us know your  
14 thoughts during this hearing on twitter. I'm the  
15 proud sponsor of Introduction 930 which amends the  
16 definition of a distressed property by including  
17 tax leans resulting from unpaid ECB, environmental  
18 control board, or quote unquote quality of life  
19 violations along with other leans which currently  
20 can get a building classified as distressed. ECB  
21 violations that may be issued like, for things  
22 like, for certain things that people tend to  
23 experience when their landlord is trying to force  
24 them out of their apartment through construction.  
25 So, that would be excessive debris which we heard

1 about today during our press conference, illegal  
2 work on a landmarked building, noncompliance with a  
3 certificate of occupancy, illegal conversions, and  
4 violating relating to improper operation of  
5 boilers, electrical, heating, or plumbing. For  
6 these violations, a summons is issued resulting in  
7 a fine and if, if they're found guilty... What we  
8 know about ECB violations is that the city isn't  
9 very good at collecting them. There's about 1.6  
10 billion dollars in unpaid ECB debt that's been  
11 uncollected, so that's just how big the magnitude  
12 of the problem is. Which means the fines are not  
13 really incentive for some landlords to maintain  
14 their buildings because even a tax lean may not do  
15 anything. We know examples of landlords who  
16 purposely allow rent regulated apartments to fall  
17 into disrepair in order to drive tenants out and  
18 ultimately turn the buildings over to market rate  
19 tenants. It's amazing how building conditions  
20 improve once they force all the rent regulated  
21 tenants out. To rent this the laws need teeth that  
22 will compel landlords to maintain their buildings  
23 and fix issues like broken stairs, peeling paint,  
24 broken heating systems in a timely manner. The  
25

1 threat of foreclosure and losing their building to  
2 a more responsible landlord is necessary and  
3 helpful. The distressed building may end up in the  
4 third party transfer program which is where I hope  
5 to see them go which works as owners to address  
6 underlying problems in the building and make a plan  
7 to fix them or the property will be transferred to  
8 a responsible owner. Quality of life or ECB  
9 violations are a stepping stone to a distressed  
10 property. If we can compel the owner at this stage  
11 we will reduce the amounts of buildings reaching  
12 distressed levels while maintaining quality of life  
13 for tenants in those buildings and the surrounding  
14 neighborhood. Tenants deserve to live in buildings  
15 that are taken care of and not allowed to fall into  
16 disrepair. Violations such as peeling paint that  
17 may have lead, stairs, stairwells in disrepair,  
18 improper electrical or plumbing systems negatively  
19 affect the quality of life of building tenants and  
20 buildings owners have the responsibility not just  
21 correct immediate violations but to address any  
22 underlying condition which could lead to repeat  
23 problems. We want building owners to be proactive  
24 about maintaining the integrity of their buildings  
25

1 and quality of life. I want to, again, thank  
2 Housing Committee Chair Jumaane Williams as well  
3 the progressive caucus of which I'm Vice Chair of  
4 which has been championing this package of  
5 legislation for our tenants.  
6

7 CHAIRPERSON WILLIAMS: Thank you.

8 Council Member Gentile.

9 COUNCIL MEMBER GENTILE: Thank you Chair  
10 Williams. Good morning. I am Council Member Vincent  
11 Gentile representing the 43<sup>rd</sup> district in Brooklyn.  
12 As the chair mentioned one of the bills that we  
13 will be hearing today is Intro 12-18, the  
14 aggravated illegal conversions bill. This is a bill  
15 that the Brooklyn Borough President Eric Adams,  
16 Chairman Jumaane Williams, and I have worked on for  
17 nearly two years since the fatal fire of an  
18 illegally converted building in the Flatbush  
19 section of Council Member Williams' district. I  
20 thank Borough President Adams and his staff and  
21 Chair Williams and his staff for working with me  
22 and my staff to construct and draft a meaningful  
23 and tough bill that aims directly at the most  
24 egregious conversions. And today I also thank the  
25 15 other council members who have since signed on

1  
2 as co-sponsors recognizing the need for this  
3 council and this city to act on this burgeoning  
4 problem. From January 1<sup>st</sup> 2010 until last Monday  
5 there have been over 120,000 complaints of illegal  
6 residential conversions citywide. 120,000, an  
7 average of more than 45 per day. To put this in  
8 perspective that is more than the number of  
9 complaints for graffiti, smoking, and illegal  
10 fireworks combined. As the New York City, as New  
11 York City moves forward in tackling its housing  
12 dilemma it's extremely salient that we as a city  
13 council set a clear precedent that substandard  
14 housing is not affordable housing. And that is  
15 exactly what this bill seeks to do, to root out the  
16 worst purveyors of converting residential property  
17 in a grossly i.e. aggravated manner. It seeks to  
18 root out those profiteers who care not for the law,  
19 for a certificate of occupancy, or for the health  
20 or safety of a building's residents or of a  
21 surrounding neighbors'. These purveyors of profit  
22 are not the grandmas who rent out a basement but  
23 really, but the really bad actors who gut  
24 residential homes and after shoddy construction and  
25 wiring make 10, 15, even 20 subdivided rooms that

1 far exceeds their certificate of occupancy. Intro  
2 12-18 will create new sections in the  
3 administrative code, code co... co... dubbed as the  
4 aggravated illegal conversions to deter the  
5 profiteers one provision will impose a 15,000  
6 dollar fine for each illegally subdivided dwelling  
7 unit that is three or more units above the allowed  
8 certificate of occupancy or the official records.  
9 So, if a two family home is found to have been  
10 illegally converted to a, five dwelling units then  
11 a 45,000 dollar fine would be imposed on the owner  
12 of the property. I want to emphasize that the fine  
13 is placed strictly on the owner and not on the  
14 inhabitants of these buildings. The primary victims  
15 of the growing illegal conversion crisis are the  
16 people living inside. They can be living in life  
17 threatening, hazardous conditions that include  
18 faulty electrical wiring, compromised gas work,  
19 unsustainable construction, and the lack of egress  
20 in the case of a fire or other emergency. This bill  
21 none the less does provide affirmative defenses to  
22 an owner such as the owner reasonably not knowing  
23 of the illegal conversion, the owner attempting to  
24 address illegal conversion, or the property being a  
25

1  
2 lawful up to code multiple dwelling. Perhaps the  
3 strongest enforcement of this legislation is that  
4 the amount of the fine for the aggravated illegal  
5 conversion would upon a judgement rendered by the  
6 environmental control board constitute a tax lien  
7 on the property. To ensure payment of the fines and  
8 remediation of the property by the owner of the  
9 aggravated illegal conversion the property would be  
10 able to be sold by the city after one year if the  
11 penalty is not paid off. Along with the danger of  
12 structural, structural failure, danger of façade  
13 failure, inadequate fire protection, detection, or  
14 suppression, inadequate egress, and improper  
15 storage of hazardous, combustible, or toxic  
16 materials Intro 1218 will make aggravated illegal  
17 conversion an additional basis for a vacate order.  
18 It is reasonable and rational to think that a  
19 structure illegally subdivided into multiple units  
20 in an aggravated fashion as defined in this bill  
21 may not be a structurally sound building for the  
22 inhabitants inside. The conditions can sometimes  
23 but not always create an immediately hazardous  
24 condition and put the lives of the victims inside  
25 in danger. For example, just this August in the

1  
2 Dyker Heights section of my district 31 people were  
3 evacuated from an illegally converted two family  
4 home. 31 people. 13 of them children living in two  
5 floors, a basement, and a sealed in garage that was  
6 converted to living space. DOB determined the  
7 living conditions to be immediately hazardous and  
8 vacated the building yet only 4 of the 31  
9 individuals needed transitional housing services  
10 provided by HPD and other agencies in conjunction  
11 with the red cross. The remaining families had  
12 other places to lodge. Thankfully the Department of  
13 Buildings was able to gain access to the property,  
14 spot out these immediately dangerous conditions,  
15 and prevent a potential catastrophe not only for  
16 the inhabitants but for the first responders who  
17 would have a daunting task to find and rescue  
18 everyone and/or keep themselves safe in the event  
19 of an incident. Yet, more often than not, the  
20 Department of Buildings unable to gain access to  
21 the premises... essential component of Intro 1218 is  
22 to require DOB to apply to the corporation council  
23 for an access warrant after three failed attempts  
24 to gain entry. This access will allow inspectors to  
25 determine the veracity and the severity of the



1  
2 substandard living conditions and enhance the  
3 enforcement to stem the tide of illegal residential  
4 conversions. In proposing, drafting, and working on  
5 this legislation the Brooklyn Borough President,  
6 Chair Williams, and I are dealing not in  
7 hypotheticals but rather real world experiences.  
8 Illegal conversions impact not only the victims  
9 inside of these substandard homes but also the  
10 quality of life and the safety of the surrounding  
11 neighborhoods. They put a strain on local resources  
12 ranging from sewage usage, to access, to  
13 overloading of on street parking. The Department of  
14 Buildings even cited that illegal conversions  
15 quote, strain essential services and cause  
16 overcrowding, close quote. Additionally, school  
17 overcrowding can be directly correlated to illegal  
18 residential conversions. School district 20 in  
19 Brooklyn for example with a number of construction  
20 violations issued by the Department of Buildings is  
21 directly related to elementary schools operating at  
22 125, 150, and even 175 percent oh, of capacity. But  
23 this problem is citywide and continues to grow by  
24 the year in a very direct and straight forward way.  
25 And this bill with 17 sponsors represents the most

1  
2 forceful attempt to date to stem this problem and  
3 take the profit incentive away. All in all, these  
4 measures serve as strong deterrents in the first  
5 instance and if needed our strong enforcement tools  
6 against bad actors. New York City may be called the  
7 big apple but it must not tolerate bad apples who  
8 convert, who convert residential homes in the most  
9 egregious fashion. We must set a precedent that  
10 substandard housing is not affordable housing and  
11 we can do that here with Intro 1218. Thank you to  
12 all my colleagues who have co-sponsored the, this  
13 bill and I look forward to hearing the testimony  
14 from all stakeholders about this issue. And I hand  
15 this back over to Chair Williams. Thank you.

16 CHAIRPERSON WILLIAMS: Thank you very  
17 much for that statement. So, what we try to do is  
18 if you're happy with... doing you go like this. I  
19 don't know if we've figured out one that it's,  
20 you're mad... But I think it was probably not  
21 appropriate so... But I do want to say we've been  
22 joined by Council Member Garodnick and I'm just,  
23 these are... days like this I'm excited that, I'm  
24 thankful that the, a speaker allowing be chair of  
25 this, this committee coming from organizing tenants

1 and seeing so many things that were wrong. I'm very  
2 glad that we could put forth some legislation to  
3 try to help in situations that I think will help  
4 ease some of the problems that we're having with  
5 the housing market which would then hopefully help  
6 ease some of the issues that are mine and council  
7 member Gentile's bill is, is causing. And that is a  
8 issue as mentioned that happened... a fire in my  
9 district and former Council Member Phil Lewis here  
10 reminds me that there was a fire many years ago in  
11 the same area. And so, this is a issue that as  
12 across the city, across all types of districts and  
13 all types of areas bar none. It is... I, I would say  
14 it is affordable housing but it's a very dangerous  
15 housing. It's not the type of housing that we want  
16 to push forth. So, I'm just glad that we can put  
17 forth these piece of legislation. I'd like to thank  
18 the staff for the work they did to assemble this  
19 hearing including Nick Smith, Council Member  
20 William, sorry, again as... for those who weren't  
21 here my good friend Council Member Torres was going  
22 to read this because I wasn't going to be here, so  
23 no need to thank myself. So including Nick Smith,  
24 my Deputy Chief of Staff, and Legislative Director  
25

1  
2 Jen Wilcox and Megan Chin, Counsels to the  
3 Committee Guillermo Patino, and Jose Conley Policy  
4 Analyst to the Committee, Sarah Gastelum  
5 Committee's Finance Analyst. We have the  
6 administration who'll, I'm sure is going to agree  
7 with all of our bills and then getting ready to  
8 testify we have Salvatore Agostino Building  
9 Marshall DOB, Patrick Wehle Assistant Commissioner  
10 of DOB, Alex Fisher Deputy Commissioner of DOB,  
11 Vito Mustaciuolo from HPD, Margaret Brown from HPD,  
12 Meryl Block Weisman from HPD, and Matthew Murphy  
13 all from HPD. I want to remind everyone who likes  
14 to test if they... is anybody from DOF here? Are you,  
15 are you testifying also? Okay. Like to remind  
16 everyone who would like to testify to please fill  
17 out a card with the Sergeant of Arms. Can anyone  
18 who's testifying please raise your right hand?  
19 Everybody's who on the panel right now getting  
20 ready to testify please raise your right hand. Wait  
21 a minute. How many people do we have listed? Some  
22 of the people I called are not testifying, they're  
23 only here... questions, is that correct? Alright, so  
24 anybody who is on the panel right now and can raise  
25 your hand as you come up we'll, we'll affirm

1  
2 everyone. Do you have... Do you affirm to tell the  
3 truth, the whole truth, and nothing but the truth  
4 in your testimony before this committee and to  
5 respond honestly to council member questions? And  
6 you can begin at the order of your preference,  
7 thank you.

8 ALEXANDRA FISHER: Good morning Chair  
9 Williams. Is this okay volume-wise? We're good?  
10 Okay. Better? Better. Good morning Chair Williams,  
11 members of the Housing and Buildings Committee and  
12 other members of the city council. I am Alexandra  
13 Fisher, Deputy Commissioner for Legal and  
14 Regulatory Affairs at the Department of Buildings.  
15 I am joined by Assistant Commissioner for External  
16 Affairs Patrick Wehle. We are pleased to be here to  
17 offer testimony on Intro number 1218 which includes  
18 a number of proposals to address certain illegal  
19 conversions of residential buildings. Illegal  
20 conversions are violations of the city's  
21 construction codes and can lead to potentially  
22 deadly consequences for occupants, first  
23 responders, and the public at large. With heat  
24 season approaching comes an increased risk of  
25 overloading electrical outlets which are commonly

1 associated with illegal conversions. In response,  
2 the Department conducts its annual Living Safely  
3 campaign where Department staff partner with the  
4 FDNY and the Department of Housing, Preservation,  
5 and Development to distribute multi-lingual flyers  
6 to alert tenants and home owners to the dangers of  
7 illegal apartments. The Department has a number of  
8 strategies in place to address illegal conversions.  
9 The Department routinely responds to illegal  
10 conversion complaints received from 311 or  
11 referrals from our partner agencies. Depending on  
12 the conditions observed violations with associated  
13 penalties can be issued for the illegal conversion,  
14 any maintenance issues found, and for performing  
15 construction work without a permit. If construction  
16 work is in progress a stop work order will be  
17 issued. If the conditions observed present an  
18 immediate threat to occupants and the public such  
19 as inadequate egress or illegal gas work the  
20 premises will be vacated. While all of our  
21 enforcement inspectors respond to illegal  
22 conversion complaints recognizing the unique  
23 challenges associated with their enforcement the  
24 Department has a quality of life unit which  
25

1 includes a team of specially trained inspectors who  
2 can identify the indicia of illegal conversions and  
3 where appropriate work with Department attorneys  
4 and the law department to prepare access warrant  
5 requests for a court's approval. The Department  
6 also partners with the FDNY to perform after hours  
7 inspections on a weekly basis. With additional  
8 resources provided by the mayor and city council  
9 the department has hired 10 new inspectors within  
10 the quality of life unit as part of more than 100  
11 new inspectors being hired overall. The department  
12 has taken the additional step of deploying the  
13 resources of the building Marshall's office to  
14 target locations where we have seen large  
15 concentrations of illegal construction in progress  
16 resulting in illegal conversions. Most recently in  
17 Bay Ridge Brooklyn. Our work in Bay Ridge has  
18 resulted in significant increases in violations and  
19 stop work orders. Additionally, the Department  
20 works with the FDNY and the Mayor's Office of Data  
21 Analytics to target locations where illegal  
22 conversions are likely to exist. Finally, the  
23 Department is working with the Department of  
24 Finance and the Office of Administrative Trials and  
25

1  
2 Hearings to for the first time exercise the limited  
3 authority the city has to place liens on one, two,  
4 three family homes with unpaid penalties. Intro  
5 1218 establishes a new 15,000 dollar per unit  
6 penalty for illegal conversions of three units or  
7 more. Makes this penalty eligible for a lien sale  
8 if unpaid. Makes such illegal conversions a basis  
9 for a vacate order and revises the process by which  
10 the department seeks access warrants. While the  
11 department supports strong penalties for those  
12 responsible for illegally converting dwelling units  
13 the Department already has very strong penalties in  
14 place, in many cases cumulatively higher than what  
15 this bill proposes. An illegal conversion violation  
16 of the crime described in this bill would currently  
17 be assessed a 24 hundred dollar penalty for the  
18 illegal conversion, a 16 hundred dollar penalty for  
19 performing work without a permit, an additional  
20 work without a permit civil penalty with a minimum  
21 of 500 dollars for one and two family homes and  
22 5,000 dollars for all other occupancies which could  
23 be significantly larger based on the cost to  
24 correct the illegal condition, and another 15  
25 hundred dollar civil penalty if the conditions are



1 not corrected in a timely manner. Additionally,  
2 changes approved by the council in our most recent  
3 code revision in 2014 established a 1,000 dollar  
4 per day penalty up to 45,000 dollars when three or  
5 more units are illegally converted. Finally  
6 receiving additional violations within three years  
7 will result in a maximum penalty of 12,000 dollars  
8 and a penalty that is defaulted on will result in a  
9 maximum penalty of 25,000 dollars. As you can see  
10 the existing penalties are already quite  
11 significant. Furthermore, with the expansion of the  
12 1,000 dollar daily penalty in the 2014 code the  
13 department has unfortunately not seen an increase  
14 in compliance. It is likely that a 15,000 dollar  
15 per unit penalty will not result in the correction  
16 of illegal conditions just as an increase in  
17 unpaid, just an increase in unpaid debt to the  
18 city. The affirmative defenses in the proposed  
19 legislation that would relieve a property owner  
20 from this proposed penalty are particularly  
21 problematic. For example, providing a defense for  
22 an owner who is unaware of the illegal conversion  
23 is unprovable and creates a significant loophole.  
24 Additionally, a defense for an owner who attempts  
25

1 to correct the illegal condition by imitating  
2 eviction proceedings against tenants not only  
3 undermines one of the central tenants of the  
4 construction codes in that owners have an  
5 obligation to maintain their buildings in a code  
6 compliant manner but also creates the perverse  
7 incentive for owners to evict tenants. Intro 1218  
8 also makes this proposed new penalty eligible for a  
9 lean sale should it go unpaid. While as a general  
10 matter the department supports expanding lean  
11 authority as it relates to violations issues by the  
12 Department state legislation is necessary to do so.  
13 Currently the department's authority is essentially  
14 limited to unpaid penalties resulting from  
15 violations issued to one, two, and three family  
16 home owners. As mentioned the department is working  
17 with the Department of Finance and Oath to for the  
18 first time exercise this limited authority. Intro  
19 1218 also makes the illegal conversion of three or  
20 more units a basis for issuing a vacate order. The  
21 department already has the authority to issue  
22 vacate orders for illegal conversions. However, it  
23 is important to note that we exercise the... excuse  
24 me, that we exercise this authority not based on  
25

1 habitation contrary to the certificate of occupancy  
2 but on whether the conditions observed present an  
3 immediate threat to occupants and the public.

4 Should the department observe an illegal conversion  
5 where the number of illegal units was increased by  
6 three or more the department would not vacate the  
7 premises if no immediate threat existed such as a  
8 lack of egress or illegal plumbing work. Given the  
9 tremendous hardship vacates can have on residents  
10 the department orders them only when absolutely  
11 necessary. Finally Intro 1218 revises the process  
12 by which the department seeks access warrants. The  
13 department is constitutionally prohibited from  
14 forcing access into a dwelling to determine if an  
15 illegal conversion exists. The department makes two  
16 separate attempts to gain access. If access cannot  
17 be obtained and there is sufficient evidence of an  
18 illegal conversion the department consults with the  
19 law department who submits evidence to a court  
20 documenting the alleged illegal conversion in an  
21 attempt to obtain an access warrant. Obtaining an  
22 access warrant increases the likelihood that access  
23 will be obtained but it is no guarantee. The  
24 department obtained fewer access warrants in fiscal  
25

1 year 2016 as compared to fiscal year 2015 due to a  
2 loss of staff in our quality of life unit and a  
3 judge's determination that multiple doorbells do  
4 not present sufficient justification to secure an  
5 access warrant. The department has since increased  
6 staffing within the quality of life unit and the  
7 court is once again accepting multiple doorbells as  
8 sufficient evidence to obtain an access warrant.  
9 Intro 1218 requires the department to make a third  
10 attempt to obtain access following the certified  
11 mailing of the letter which informs the owner that  
12 an inspection is forthcoming. The department's  
13 current practice is to post a notice on the front  
14 door of the building and to mail a letter  
15 requesting an inspection. This practice is just as  
16 effective as what is proposed by this legislation  
17 and presents less of a burden to the department.  
18 Additionally, the bill requires the department to  
19 submit an affidavit to the law department seeking  
20 their assistance in preparing an access warrant  
21 should access not be obtained on the third attempt.  
22 Should sufficient evidence of an illegal conversion  
23 exist the department pursues an access warrant. If  
24 insufficient evidence exists there is no need to  
25

1 submit an affidavit to the law department since  
2 pursuing an access warrant without evidence is  
3 unconstitutional and no court would approve one.  
4 Requiring the department to prepare an avadavat for  
5 every complaint where no access is obtained  
6 represents an inefficient use of limited resources  
7 without any enforcement value. In some while the  
8 department appreciates the council's intent to more  
9 aggressively enforce against illegal conversions  
10 Intro 1218 is either preempted by state law,  
11 duplicates existing authority or would prove  
12 ineffective. Thank you for your attention and the  
13 opportunity to testify before you today. We welcome  
14 any questions that you may have.

16 VITO MUSTACIUOLO: Good morning Chair  
17 Williams, members of the Housing and Buildings  
18 Committee. My name is Vito Mustaciuolo and I am  
19 Deputy Commissioner for the Office of Enforcement  
20 and Neighborhood Services at the New York City  
21 Department of Housing Preservation and Development.  
22 Here with me today is Mathew Murphy, Assistant  
23 Commissioner for the Division of Strategic  
24 Planning. Thank you for the opportunity to testify  
25 today on Intros 1210 and 1211 which seek to address

1  
2 problems associated with investment practices that  
3 have been termed predatory equity. Intro 967 which  
4 proposes to amend local law 44 to create a position  
5 at HPD to address construction quality and Intro  
6 930 which amends the statutory definition of a  
7 distressed building. We'd like first to discuss the  
8 issue of predatory equity. Predatory Equity is a  
9 term generally used to refer to the practice of  
10 private equity firms, buying properties, often at  
11 high prices given New York City's real estate  
12 market assuming that they will be able to achieve  
13 high recurrents from the buildings once the  
14 buildings are deregulated as rent stabilized or  
15 rent controlled apartments. The investors sometimes  
16 assume high amounts of debt to facilitate the  
17 acquisition. Some such investors have engaged in  
18 harassing tactics in an effort to push out rent  
19 stabilized tenants and bring in higher income  
20 renters in order to earn more money from the  
21 buildings. Some landlords purposely defer  
22 maintenance in the buildings in order to discourage  
23 current tenants from remaining which may result in  
24 a high number of housing quality violations under  
25 the housing maintenance code. Some end up

1 delinquent on their outsetting [phonetic] debt and  
2 other obligations because they achieve rents less  
3 than what was expected. Whether an investment is  
4 predatory or when it becomes predatory can be  
5 difficult to pin down. And there is no agreed upon  
6 way of measuring the existence or extent of  
7 predatory equity throughout the city. We join the  
8 council in its concerns about the impact of over  
9 leveraged real estate transactions and their  
10 effects on housing stability and affordability. HPD  
11 has been working with the council on the issue of  
12 tenant harassment and code enforcement. The agency  
13 has been aggressively addressing complaints related  
14 to tenant harassment proactively investigating  
15 owners we suspect may be trying to deregulate rent  
16 regulated apartments and working to increase our  
17 current code enforcement programs and activities.  
18 Over the past few years we have expanded our work  
19 in this area in order to protect tenants in New  
20 York's ever changing housing market. As you know  
21 HPD is part of a multi-agency effort to focus  
22 available enforcement tools on landlords engaging  
23 in patterns of harassment by working with our  
24 partner agencies at local and state levels. The  
25

1 task force is a partnership between HPD, the  
2 Department of Buildings, the Attorney General's  
3 Office and the state division of housing and  
4 community renewal. The taskforce identifies a  
5 portfolio of buildings where harassment may be  
6 occurring on a widespread basis. And each agency  
7 uses its enforcement and other powers to issue  
8 violations and gather information. Following the  
9 inspections and information gathering the taskforce  
10 determines the best course of action to address any  
11 conditions and/or harassment it has found. Data  
12 analytics inform the actions of the task force and  
13 are an integral part of determining follow-up  
14 actions with respect to certain buildings. The task  
15 force has inspected buildings across the city and a  
16 number of administrative actions and criminal  
17 prosecutions already has resulted from the task  
18 force's activities. Beyond those efforts we also  
19 work with local elected officials and community  
20 groups on specific neighborhood concerns. An  
21 example of this work is HPD's continued  
22 participation in the North Brooklyn Housing  
23 Taskforce. This taskforce brings together HPD, DOB,  
24 and HCR with community based tenant advocates and  
25



1 legal services providers to target distressed  
2 buildings in the Williamsburg and Bushwick areas  
3 identified by the taskforce's community based  
4 partners. This effort has allowed us to coordinate  
5 the city's resources and tools to assist tenants  
6 that may need our help. The administration also  
7 employs an array of programs to support tenants  
8 experiencing harassment from their landlords. HRA  
9 funds a free legal services program for income  
10 eligible tenants. In fiscal year 2017 New York  
11 City's overall investment in legal services for low  
12 income city residents will exceed 100 million  
13 dollars through mayoral programs exceeding 83  
14 million dollars and city council awards of nearly  
15 28 million. In January 2016 HRA launched the anti-  
16 harassment and tenant protection legal services  
17 program which provides resources for tenant  
18 outreach and pre-litigation services with a goal of  
19 preventing eviction and displacement. HPD has also  
20 been working in partnership with council members  
21 and community groups to host tenant resource fairs  
22 and communities around the city. Those fairs  
23 provide an opportunity for residents to obtain  
24 information about their rights to consult with  
25

1  
2 legal services providers and HPD code enforcement  
3 officials about problems they are facing. To report  
4 issues with particular buildings and to report  
5 issues, I'm sorry, and landlords to submit  
6 applications for affordable housing. HPD has used a  
7 mobile van in a few communities to make it easier  
8 to report housing conditions and get help if they  
9 fear they are being harassed, evicted, or  
10 threatened with service disruptions. This fiscal  
11 year HPD will be acquiring two vans to expand this  
12 program full time in Brooklyn and the Bronx.  
13 Earlier this year HPD started working with the  
14 council and stakeholders across the city to analyze  
15 how best to reform the certification of no  
16 harassment program to make the system responsive to  
17 the current housing market. A working group  
18 consisting of HPD, DOB, the council, tenant  
19 advocates, and landlord representatives has been  
20 engaged for several months trying to find ways to  
21 best deter and punish tenant harassment and  
22 determine whether the requirement to obtain a  
23 certification of the harassment is the most  
24 effective solution. The group is divided into  
25 subgroups that are exploring how to define

1 harassment and recognize its signs, analyzing data  
2 to see if there are patterns and indicators of  
3 harassment that can be used to officially target  
4 anti-harassment efforts. Exploring alternative  
5 tools for deterring and punishing harassment and  
6 looking at the challenges of implementing a broader  
7 certification program or other anti-harassment  
8 tools. The working group will continue to meet for  
9 the end of this year and will make recommendations  
10 to the council as soon as possible thus HPD is  
11 critically concerned about the problem of  
12 harassment and any financial practices such as  
13 those described as predatory equity that may  
14 exacerbate the problem. The term predatory equity  
15 describes a transaction that counts on a rate of  
16 return achievable that existing tenants leave the  
17 building or pay significantly higher rents to  
18 remain. But not all owners who enter into overly  
19 optimistic or poor investments intend to or do  
20 disrupt the lives of tenants or engage in bad  
21 behavior. And even owners who intend to try to  
22 convert rent regulated units to higher rents, they  
23 stop short of engaging in harassment, neglect, or  
24 other displacement tactics. HPD does not have the  
25

1  
2 ability to protect which investments will be  
3 accompanied by harassment, neglective..., or other  
4 bad acts. Trying to make those predictions by  
5 tracking financial transactions in which HPD is not  
6 a party would be extremely difficult and costly.  
7 There would be limited by data constraints,  
8 regulatory and jurisdictional complications, and  
9 the perils of predicting real estate markets in  
10 general. Intro 1210 would require HPD to capture,  
11 analyze, monitor, and maintain a wide array of  
12 complex data in order to identify buildings who  
13 owners might engage in harassment or otherwise be  
14 bad landlords. Intro 1211 adds the term debt  
15 service coverage ratio to the definition section of  
16 the housing maintenance code and then creates a  
17 rebuttable presumption that if a building's debt  
18 service coverage ratio dips below 1.05 certain  
19 activities were tended to or did cause tenants to  
20 vacate their homes or surrender their rights and  
21 thus constitute harassment under the housing  
22 maintenance code. Both of these bills require the  
23 calculation of the debt service coverage ratio of  
24 every building subject to the bills. A debt service  
25 coverage ratio serves as an indicator of a

1 building's financial health by raising red flags  
2 about whether the rents received are likely to be  
3 enough to allow the owner to both pay the operating  
4 expenses and repay outstanding debt. A debt service  
5 coverage ratio is the building's net operating  
6 income divided by its total outstanding debt. The  
7 proposed legislation assumes that a ratio above one  
8 shows that the building has enough cash flow to pay  
9 its debts and that a ratio below one would indicate  
10 that the building would most likely not be able to  
11 sustain making these payments. It is not clear how  
12 city agencies would be able to calculate the debt  
13 service coverage ratio in order to accurately  
14 determine whether a building should be included on  
15 the watch list described in Intro 1210. Intro 1210  
16 requires that HPD in conjunction with the  
17 Department of Finance calculate this ratio for  
18 every building in New York City over six units  
19 which would mean that DOF would need to make the  
20 calculations for tens of thousands of buildings. In  
21 order to properly calculate the net operating  
22 income of a building that is its total gross  
23 revenue minus necessary operating expenses it is  
24 necessary to have accurate and complete financial  
25

1 information on the buildings' revenue expenses  
2 which is not always possible. It is our  
3 understanding that DOF has access to some operating  
4 and expense information through its real property  
5 income and expense RPIE statements used to value  
6 property. The information contained within real  
7 property income and expense statement is considered  
8 tax secret and DOF may divulge it except under, may  
9 not divulge it except under very limited  
10 circumstances. This confidentiality encompasses the  
11 amount of the income and expense and also any  
12 particulars set forth in the RPIE statement. Given  
13 DOF's confidentiality constraints around this  
14 information, excuse me, it would be challenging to  
15 make the calculation envisioned by these bills. The  
16 debt service coverage ratio calculation also relies  
17 on disclosure of the payments required of the debt  
18 of a property which we similarly would have trouble  
19 obtaining. Although mortgages are recorded  
20 documents and public record the terms of repayment  
21 generally are not included in a mortgage but rather  
22 the note which is not a recorded document.  
23 Currently property owners do not disclose debt  
24 service payments on loans. Further property owners  
25

1  
2 may also take out loans that are not secured by a  
3 mortgage on the property and therefore not possible  
4 to identify easily. Even if the data were available  
5 calculating the debt service coverage ratio each  
6 year for every building in the city over six units  
7 would require extensive staff, time, and resources  
8 because we would have to collect, process, and  
9 analyze data from a variety of sources for every  
10 building. The bill would most likely require the  
11 creation of a new unit within HPD with staff to  
12 collect this information and perform the complex  
13 analysis and quality control audits required to use  
14 the data. In addition, HPD would be required to  
15 track and address public submissions, nominating  
16 buildings for inclusion on the watch list. Intro  
17 1210 also creates additional technological demands  
18 on the agency in order to create an extensive  
19 online database. HPD cannot build and maintain such  
20 a database without extensive resources. In  
21 addition, if the development of such a watch list  
22 was feasible HPD would need increased funding,  
23 staff, and time in order to properly develop this  
24 online tool. We believe those resources would not  
25 be well spent. First the debt service coverage

1 ratio alone does not tell you whether an owner is  
2 likely to engage in illegal or irresponsible  
3 behavior. An owner who pays all cash for a building  
4 and therefore has no debt service at all may still  
5 be willing to engage in harassment or neglect in  
6 order to secure higher returns on his investment.  
7 Conversely an owner that finds an over estimated  
8 rent potential may take the loss rather than  
9 engaging in bad behavior. Even in a building that  
10 is adequately financed net operating income can  
11 fluctuate widely if there are significant  
12 vacancies... or an unexpected increase in the  
13 building's operating expenses. So, a debt service  
14 coverage ratio that doesn't look problematic at one  
15 point in time may mask a building in trouble. As  
16 well a landlord might buy a building with a goal of  
17 doing energy efficiency improvements which would  
18 lower expenses over time. The city should not with  
19 high operating expense should not disincentivize  
20 landlords from purchasing buildings with high  
21 operating expenses and trying to reduce those  
22 operating costs. Second, several of the watch list  
23 criteria are overbroad or impossible to capture  
24 without extensive investigation. For example, the  
25



1  
2 criteria related to the initiation of harassment  
3 cases requires identifying all harassment cases  
4 filed in any court or administrative body against  
5 the owner or other individuals associated with the  
6 building. Such information would be almost  
7 impossible to obtain. Moreover, the provision  
8 requires that such proceedings be considered even  
9 if they were dismissed for a good cause. The fact  
10 that a case was started would put these buildings  
11 on the watch list even if it were merit-less unless  
12 the court found it frivolous. HPD's housing  
13 litigation division reports that it is very rare  
14 for a case... would be dismissed... be labeled  
15 frivolous. The watch list would be over-inclusive.  
16 The, the criteria for inclusion on the watch list  
17 would capture such a large number of buildings that  
18 the list would be an inaccurate predictor of  
19 buildings in either physical or financial distress.  
20 One violation per dwelling unit is a very low  
21 threshold for inclusion on the list for example and  
22 would capture a significant share of all  
23 properties. HPD does not use this level of  
24 violation as a threshold for any HPD special  
25 enforcement program. Instead HPD's alternative

1 enforcement program requires buildings to have a  
2 much higher threshold of BNC violations and a high  
3 number of outstanding BN... and a high number of ERP  
4 charges before they are included in the program. By  
5 using this level of violations HPD is sure, ensures  
6 that it is addressing the needs of the city's  
7 buildings in most critical condition. Fourth, the  
8 tool is under-inclusive. While paying more for a  
9 building or taking out more debt than the rent  
10 regulated units can support may lead some owners to  
11 neglect their building's physical plant. There are  
12 many owners who can pay their debts monthly but  
13 still neglect to maintain their buildings. Indeed,  
14 owners may fail to take on sufficient debt to help  
15 them improve and maintain the building and instead  
16 run the building into terrible state of repair. The  
17 other bill before us today regarding predatory  
18 equity also includes provisions that are unlikely  
19 to reduce harassment or other irresponsible or  
20 illegal behavior. The harassment provisions of the  
21 housing maintenance code allow tenants to file a  
22 case in housing court. Intro 1211 adds a provision  
23 that if debt service coverage ratio is below 1.05  
24 the owner is presumed to be engaging in harassment  
25

1  
2 when certain conduct defined elsewhere to the  
3 statute occurs. Although it, there is anecdotal  
4 evidence of a connection between predatory equity  
5 and harassment creating such a presumption is not  
6 supported by factual data. This bill seems to  
7 create a presumption of legal fault by owners based  
8 solely upon their financial transactions. There are  
9 many reasons why a building may not have sufficient  
10 income to cover its debt. The bill does not  
11 describe what entity or party to this case would  
12 calculate the debt service coverage ratio. The  
13 concept of debt service coverage ratio is complex  
14 and it is unlikely that many tenants filing  
15 harassment cases would have access to necessary  
16 information to calculate the ratio. HPD is  
17 concerned about the continued expansion of the  
18 definition of harassment. The courts have rarely  
19 made findings of harassment in cases commenced.. the  
20 housing maintenance code provisions in part because  
21 although provisions are already broad in scope  
22 tenants have been unable, [clears throat] excuse  
23 me, to prevent, to present evidence persuasive to  
24 the courts. Expanding the definition to include  
25 this new provision would make tenant harassment

1 cases even more difficult to understand and harder  
2 for judges to identify. As stated previously simply  
3 calculating debt service coverage ratio does not  
4 serve as a good proxy for ascertaining the  
5 existence of harassment as the presumption  
6 requires. In sum HPD does not think the bills  
7 before us today would be sufficiently helpful in  
8 preventing harassment, neglect, or other tools that  
9 landlords use to push rent regulated tenants out of  
10 their apartments, to be worth the considerable cost  
11 they would impose upon the agency. But we certainly  
12 urge the council to work with us as we continue to  
13 find innovative solutions to ensure safe,  
14 affordable, and habitable housing to New York City  
15 residents. HPD and the council can work together to  
16 better understand the extent of the problems that  
17 plague too many of our buildings that come up with  
18 better, more practical, and more effective  
19 solutions than these bills currently offer. Council  
20 members can be most helpful in identifying  
21 problematic buildings in your communities. While we  
22 strive to reach as many buildings as possible you,  
23 as council members, know your communities best and  
24 are often extremely familiar with what's happening  
25

1  
2 in the buildings in your districts. We need your  
3 help in identifying the buildings that should  
4 receive the most attention. If you will let us know  
5 about any owner you suspect is harassing tenants,  
6 neglecting the building, or otherwise not being a  
7 responsible landlord who will inspect the building,  
8 analyze the data we have on the building and owner  
9 and take appropriate action either at HPD or  
10 through one of the taskforce initiatives that I had  
11 mentioned. We can then assess whether a particular  
12 building fits into patterns we are seeing in some  
13 of our work. We can also suggest a path forward for  
14 stabilizing a building whether that means working  
15 without preservation of finance staff to  
16 restructure the building's existing debt in  
17 exchange for a long term affordability or working  
18 with our code enforcement staff so they can address  
19 the building's physical deterioration with  
20 additional inspections or through inclusion in one  
21 of our special enforcement programs. We think a  
22 good way to move forward together would be to  
23 broaden the work that is currently underway with  
24 the anti harassment and certificate of no  
25 harassment working group. The working group could

1  
2 look at whether indicators of overleveraging are  
3 good predictors of harassment. If they are we would  
4 be able to suggest a collaborative programmatic or  
5 legislative response. All of this depends on our  
6 continued collaboration and we welcome working with  
7 the council to achieve our shared goals of helping  
8 New York City's residents. Intro 967 creates a  
9 housing development project ombudsperson at HPD.  
10 The staff member would be tasked with taking in  
11 complaints about construction conditions as defined  
12 in local law 44 coordinating the investigation of  
13 such complaints and recommending action to be  
14 taken. Further the bill would require HPD to  
15 publish a list of preferred contractors on its  
16 website. We understand the council's concerns  
17 regarding the oversight of construction issues.  
18 However, there are already established procedures  
19 and personnel to perform these functions so the  
20 bill would add duplicative and confusing  
21 requirements. The oversight of contract is in  
22 construction issues falls within three different  
23 departments at HPD. The office of develop..  
24 developments building and land services division  
25 monitors for conformance with the project's

1 construction contract and construction related  
2 laws. The labor monitoring unit within our  
3 regulatory compliance division checks for wage  
4 disparities and other labor issues for work is on  
5 HPD finance projects and the office of asset and  
6 property management tracks complaints of issues  
7 after construction's completion. Our BLDS group  
8 examines HPD financed projects during the course of  
9 construction to ensure that the quality of the  
10 construction meets our requirements. If BLDS  
11 identifies any construction issues during its site  
12 visit staff notifies the applicable HPD program,  
13 the developer, the architect engineer and the  
14 general contractor and monitors to ensure  
15 corrective action. If the issues are not resolved  
16 or the external parties are not responsive HPD will  
17 escalate the issue to one of its sister agencies  
18 having jurisdiction over that issue which may be  
19 DOB or the Department of Environmental Protection.  
20 Labor Monitoring Unit within the Division of  
21 Regulatory Compliance ensures that contractors and  
22 subcontractors working on HPD development contracts  
23 subject, subject to prevailing wage requirements  
24 comply with prevailing wage and labor laws during  
25

1 the course of construction. Labor compliance  
2 officers investigate possible violations of  
3 prevailing wage and labor law standards by one,  
4 reviewing payroll records, two, conducting site  
5 visits, and three, interviewing workers. The agency  
6 instituted a new enhanced contractor review policy,  
7 enhanced review in September of 2012. The enhanced  
8 review policy is intended to supplement, not  
9 replace, the agency's other review processes. Under  
10 enhanced review contractors for the record of  
11 outstanding labor violations and/or construction  
12 quality issues are subject to greater scrutiny  
13 prior to closing and proactive contractual and  
14 procedural measures during construction. The  
15 purpose of enhanced review is to identify and  
16 correct the behavior of those contractors that have  
17 demonstrated an inability to consistently comply  
18 with the agency's labor and/or construction quality  
19 standards. The Office of Asset and Property  
20 Management has technical staff that receives and  
21 reviews complaints for most construction  
22 conditions. In 24... 2014 HPD hired a new dedicated  
23 staff person to serve as a centralized intake point  
24 to accept complaints regarding post-construction  
25



1 conditions and assess how HPD should respond. Staff  
2 make best efforts to understand the nature of the  
3 complaint and assist the homeowner or building  
4 owner in identifying the appropriate remedy. A  
5 staff person may advise an owner how to make a  
6 claim on a warrant... and as appropriate they  
7 facilitate communication between the owner and the  
8 contractor who perform the construction. They also  
9 track the outcome of each complaint and report any  
10 findings of construction defects to the regulatory  
11 compliance division. Further, HPD already complies  
12 with the requirements of local law 44 with respect  
13 to reporting of construction conditions. This bill  
14 seeks to have HPD duplicate work better performed  
15 by experts than construction codes and practices.  
16 The bill would require HPD to assess the validity  
17 of complaints and take further appropriate action  
18 based upon that finding. Following the completion  
19 of construction however, it is often extremely  
20 difficult to ascertain the true cause of the  
21 complaint of condition. As time passes it's  
22 possible that the lack of maintenance and proper  
23 use, expected wear and tear, weather events, or  
24 other causes are responsible for the condition.  
25

1 Forensic engineers are best trained to attempt to  
2 understand the underlying cause of the condition.  
3 Intro 967 requires that HPD create a list of  
4 preferred contractors based on the number of  
5 substantial... of substantiating claims in relation  
6 to the number of dwelling units at a housing  
7 development project that a contractor worked on.  
8 This metric does not take into account that a  
9 project can only have one very serious condition  
10 that affects the entirety of the building such as  
11 foundation issues result in the contractor's  
12 unwarranted inclusion on the preferential list.  
13 Conversely a project can have many issues that are  
14 less serious in nature but would cause the  
15 contractor to be excluded from the list simply  
16 because of the number of conditions rather than the  
17 severity of the issue or cost to remediate. Further  
18 construction issues may be a matter related to the  
19 project's design, manufacturer product defect, or  
20 improper maintenance. More importantly having a  
21 preferred contractor list on the agency's website  
22 may suggest an endorsement of these businesses. HPD  
23 would not want to create an impression that has a  
24 special relationship with certain contractors.  
25

1  
2 Given the city's affordable housing crisis we are  
3 trying to encourage a wide array of businesses  
4 involved in projects that HPD finances especially  
5 MWBEs because the list is limited to contractors  
6 that have worked on housing development contracts  
7 within the last five years and have not incurred a  
8 certain threshold of substantiated construction  
9 complaints or label violations against them in  
10 recent years. It has the potential to limit the  
11 list to more established contractors. Having this  
12 list could affect the prospects of new contractors  
13 trying to enter the affordable housing development  
14 marketplace or from being considered a model  
15 company with the... the industry. HPD has been  
16 working with the council as part of tax lean...  
17 taskforce along with our agency partners at the  
18 Department of Finance, the Office of Management and  
19 Budget, and the Department of Environmental  
20 Protection. As part of HPD's analysis and  
21 recommendation of how to reform the... our agency has  
22 suggested revising the definition of distressed  
23 building to better protect chronically troubled  
24 buildings. As you know each year, excuse me, the  
25 tax lean sale statute requires properties that meet

1 statutory distress criteria to be removed from the  
2 sale. The statutory distress criteria was included  
3 in the tax lean sale legislation with the intent  
4 for the city to improve the conditions of these  
5 properties but the current definition results in a  
6 mismatch between the type of buildings that often  
7 fall under this criteria and HPD programs. While  
8 many buildings are excluded from the tax lean sale  
9 HPD has observed that many of the same buildings  
10 cycle multiple times through the tax lean sale  
11 without any positive outcomes that change the  
12 building's physical and financial needs. Based on  
13 HPD's research almost 80 percent of properties that  
14 have met the statutory distress criteria in 2016  
15 have previously been pulled from the tax lean sale  
16 at least one other time resulting in no change in  
17 the status for the building or revenue to the city.  
18 The agency believes that the definition of  
19 distressed properties should be recalibrated or on  
20 a more precise definition of distress offering them  
21 protection from tax lean sales. This would then  
22 allow the city the opportunity to examine and to  
23 better align some of these chronically troubled  
24 properties with current HPD programs to ensure  
25

1 their long term viability where feasible.

2  
3 Additionally, HPD has already pulls properties from  
4 the tax lean sale that might not meet the current  
5 definition of distressed but are already in its  
6 development pipeline. HPD would like to continue  
7 discussions with the sponsor and work with the  
8 council tax lean taskforce to study this issue  
9 further in order to address the issues

10 comprehensively and in a manner consistent with the  
11 findings of the taskforce. We thank you for the  
12 opportunity to testify on these bills. We believe  
13 that working together we can continue to help New  
14 Yorkers across the city live in safe affordable  
15 housing. And we would now be happy to answer any  
16 questions that you have.

17 CHAIRPERSON WILLIAMS: Thank you. I  
18 might recommend you just next time put a big no on  
19 all and just submit that. It might be..

20 VITO MUSTACIUOLO: That was actually a  
21 big we want to sit down with you and work with you.

22 CHAIRPERSON WILLIAMS: Well usually they  
23 put some we agree with the framework-type language.  
24 That... [cross-talk]

1  
2 VITO MUSTACIUOLO: See, no would have  
3 been a lot shorter.

4 CHAIRPERSON WILLIAMS: Thank you for  
5 the, for the testimony. We've been joined by  
6 Council Member Rosenthal, Cornegy, Espinal,  
7 Crowley, Mendez, and Rodriguez. And Council Member  
8 Salamanca. I'm going to turn it over to Council  
9 Member Rosenthal for her opening statement. Before  
10 you do that I just want to shout out Guillermo  
11 Patino, one of the best staff we have for passing  
12 his bar today. Where is he? Did he go? Where is he?  
13 Sorry. I just want to make sure we give him a big,  
14 big thank you. And he did all of that while being a  
15 staff member in the Housing and Buildings City  
16 Council. That's a very difficult thing. So,  
17 congratulations again. And Public Housing. Oh, he  
18 got two committees. Alright. Council Member  
19 Rosenthal.

20 COUNCIL MEMBER ROSENTHAL: Thanks so  
21 much. So, I think I could have given this opening  
22 statement either prior to or after your comments  
23 Vito. And I want to start by saying how much the  
24 council and I know the city appreciates all your  
25 hard work. Your taskforce is the go-to place for so

1 many of us when we're trying to help our  
2 constituents who are being harassed out of their  
3 homes one way or another. My bill in particular,  
4 967 tries to get at the issue of the contractors or  
5 the developers themselves and how they're treating  
6 their workers. And the genesis of the bill was  
7 really an HPD hearing back in April of 2015,  
8 Housing and Buildings hearing where we were, it was  
9 sort of an oversight hearing on HPD with some  
10 attention paid to 421A, in other words the  
11 intersection between our tax dollars and how  
12 they're spent and affordable housing. And through  
13 421A you know that intersection is very clear. And  
14 what we found and what we heard on, on that day was  
15 that in fact the contractors or developers who were  
16 getting money to building affordable housing, that  
17 included among those were contractors who were  
18 involved in wage theft, you know discrimination,  
19 and, and in many ways just treating their workers  
20 very badly. And we, in our oversight you know  
21 position don't want to see that happen. And I'm  
22 sure you don't want to see that happen. There's no  
23 doubt it's a somewhat convoluted process between  
24 how that, our oversight position, right, because  
25

1 the way the funding works is not direct. You know  
2 we have our sponsors and then the sponsors hire the  
3 developers who hire the contractors, who hire the  
4 subcontractors. I mean there are certainly lots of  
5 layers to swish through but that doesn't mean that  
6 we don't want to fix the problem. And we're, we're  
7 responsible to fix the problem not only as we are  
8 looking out for our residents and, and they are,  
9 and in this case they're laborers, but also as  
10 stewards of the tax dollar we don't want our tax  
11 dollars a part of something that isn't morally  
12 correct. So what this bill does is simply say let's  
13 have an ombudsman and a preferred contractor list.  
14 I, I frankly don't think it goes far enough and I  
15 don't think it really, in many ways I think it's  
16 tough being included as a position in HPD for many  
17 of the reasons you suggested but also in the sense  
18 that there might be conflicting missions of that  
19 person and the HPD commissioner. So I, I too look  
20 forward to working with you. But you know I would  
21 like to in lieu of just saying no... And, and I see  
22 why you've outlined what doesn't work, we need to  
23 come up with what does work. So if HPD is already,  
24 has a position like this and yet we're still seeing  
25



1  
2 you know, you know sites where sadly construction  
3 workers have died and it's because they're misusing  
4 equipment or, or you know just don't, aren't  
5 wearing a harness, just basic stuff that any  
6 worksite should know to be doing with their workers  
7 or you know workers still not getting... their  
8 paychecks are being paid you know at a much lower  
9 rate of what they've actually worked. You know  
10 perhaps that position should be in Department of  
11 Investigation. And perhaps that position already is  
12 but you know maybe we have to put it some place  
13 that really has teeth and has a direct clear  
14 mission. And perhaps it's not just a preferred  
15 contract list or the enhanced contract list which  
16 really frustrates me because it's not clear that  
17 we're not contracting with those same contractors  
18 who are on the enhanced list after repeated  
19 violations. But the public can't see that even. And  
20 these are our public dollars. So, I look forward to  
21 working with you too. And I actually in, in talking  
22 about this and asking questions am going to be  
23 talking about going much deeper and much more,  
24 putting more teeth into this legislation. Thank you  
25 very much.

1  
2 CHAIRPERSON WILLIAMS: Thank you for  
3 opening statement. I, I too just want to say I  
4 appreciate all the work that's being done with DOB  
5 and HPD. Obviously, it's, it's not enough so we, we  
6 have to do more. People are dying on construction  
7 sites. People are losing their homes to predatory  
8 equity. People are in danger by illegal  
9 conversions. So, we have to provide more tools  
10 wherever possible. I did have one question I want  
11 to turn over to sponsors to ask questions first;  
12 Garodnick, Torres, Kallos, and then follow up with  
13 Crowley and Rodriguez. With intros 1210 and 1211  
14 particularly you did mention how burdensome it  
15 would be. Is it illegal in your opinion? Intros  
16 1210 and 1211, dealing with the watch list and the  
17 other one changing the definition of 1.05 or.. is  
18 any, are any of those things illegal besides being  
19 burdensome.

20 VITO MUSTACIUOLO: I'm not quite sure  
21 what you mean by is it illegal..

22 CHAIRPERSON WILLIAMS: Do you have any  
23 legal concerns?

24 VITO MUSTACIUOLO: Well I... I think we  
25 need to delve a little bit deeper into what's being

1  
2 asked. I, we do have operational concerns. I'm not  
3 quite sure that... [cross-talk] information...

4 CHAIRPERSON WILLIAMS: Sure.

5 VITO MUSTACIUOLO: ...is available in a  
6 way that we can calculate with...

7 CHAIRPERSON WILLIAMS: Sure.

8 VITO MUSTACIUOLO: ...being asked.

9 CHAIRPERSON WILLIAMS: I got that. It  
10 was pretty...

11 VITO MUSTACIUOLO: Yeah.

12 CHAIRPERSON WILLIAMS: ...pretty clear.

13 VITO MUSTACIUOLO: So, it... you know...

14 CHAIRPERSON WILLIAMS: But I just wanted  
15 to know if you had legal concerns. So, if we were  
16 to pass it anyway did you think it was illegal any  
17 way?

18 VITO MUSTACIUOLO: No, I don't think... I  
19 mean we really need to discuss this further with  
20 the law department.

21 CHAIRPERSON WILLIAMS: Sure.

22 VITO MUSTACIUOLO: ...don't know of any  
23 legal impediments.

24 CHAIRPERSON WILLIAMS: Thank you. I do  
25 know for 1218 I think there was mentioned,

1  
2 preemption. I don't think, I don't know that we  
3 have the same concerns with exemption problems in  
4 the state so we may disagree on that. And I'm  
5 hoping to look into some of the other things. But  
6 let me go to the sponsors first. Garodnick, Torres,  
7 and Kallos. We'll put five minutes for the first  
8 round and see if there's a second round needed and  
9 then we'll go with Crowley Rodriguez.

10 COUNCIL MEMBER GARODNICK: Thank you  
11 very much Mr. Chairman and we thank you for your  
12 extensive testimony and obviously you laid out a  
13 variety of objections particularly intros 1210 and  
14 1211. But it sounds like the message that we should  
15 be taking from this is you have concerns about the  
16 text of the bills but you are willing to work with  
17 us on how to formulate this in a way that you might  
18 be more supportive of, is that correct? Okay let's,  
19 let's talk about the substance for a second. In  
20 your testimony you said we are not sure debt  
21 service coverage ratio is the best indicator of  
22 predatory equity. So, in the view of HPD what is  
23 the best indicator or, and best predictor of  
24 predatory equity?  
25

2 MATTHEW MURPHY: So, predatory equity as  
3 a term, there's not necessarily an agreed upon  
4 definition of what exactly over a leveraged means.  
5 So in terms of indicators of predatory equity our  
6 primary concern is actually the tenant harassment  
7 that occurs. That's... the existence of the task  
8 force and examining complaints..

9 COUNCIL MEMBER GARODNICK: So, let me  
10 stop you for one sec since I'm on a clock.

11 MATTHEW MURPHY: Sure.

12 COUNCIL MEMBER GARODNICK: What then is  
13 the best predictor of tenant harassment?

14 MATTHEW MURPHY: Well we're working in  
15 the anti-harassment working group to find out  
16 different types of predictors. On their own we have  
17 concerns about one particular predictor being used  
18 to say this is tenant harassment. For example,  
19 something under a certain debt service coverage  
20 ratio. The anti-harassment working group is looking  
21 at different indicators to see how they might  
22 relate to one another.

23 COUNCIL MEMBER GARODNICK: What are the  
24 top three indicators that would lead you to believe  
25

1  
2 that a building might result in harassment of  
3 tenants?

4 MATTHEW MURPHY: Well we're actively  
5 working on that right now. We, we're looking at  
6 things like violations, like transactions,  
7 something like the debt service coverage ratio  
8 though, the concern I think actually over the  
9 transaction so that the overwritten rents in the  
10 proforma that the bank is looking at or that the  
11 lender is looking at assumes higher rents than the  
12 current rent roll. That's a concern to us as well.  
13 And that's something the task force sees when  
14 they're looking to investigate in certain  
15 instances. But there are other instances where debt  
16 service coverage ratio fluctuates over a 1.05 and  
17 under a 1.05.

18 COUNCIL MEMBER GARODNICK: Alright so  
19 violations, existing violations are one. Two, is  
20 the transaction itself? Is that... Am I understanding  
21 you correctly? That the actual...

22 MATTHEW MURPHY: Well these are the ones  
23 we're looking at. So, we're looking at transaction  
24 itself. So, in buildings where harassment has been  
25 identified or we've worked with tenant advocates to

1 understand that harassment is occurring, it, did  
2 they sell more often than other buildings, do they  
3 sell more often in a shorter term period. We're  
4 looking at specific things like that, violations,  
5 DOB violations, HPD violations. These are all part  
6 of the...

8 VITO MUSTACIUOLO: Yeah. And if I could  
9 just add to that. I mean and putting the financial  
10 issues aside for a minute I think you know it  
11 differs from council district to council district.  
12 In one district, we seen the warehousing of vacant  
13 apartments in a building or in buildings that might  
14 be a predictor of harassment. Frivolous lawsuits  
15 filed against tenants, notices being sent to  
16 tenants saying that they're illegal and that they  
17 should leave the building, unsafe work practices,  
18 or work being conducted without proper permit.  
19 These are the types of harassment that we're seeing  
20 with the taskforce. And again, I would still argue  
21 that it differs from council district to council  
22 district. To date we have been in 35 different  
23 council districts with the taskforce and we have  
24 seen a variety of different methods being used by  
25 owners to harass tenants. Do you, do you... does HPD

1  
2 not view a scenario in which the amount of debt  
3 that is taken out for a certain property not being  
4 supported by the rental income as a reasonable  
5 predictor of something likely to go wrong there. I  
6 think that there are assumptions that we do draw  
7 from that. And certainly, referrals that we have  
8 received from external sources that have resulted  
9 in taskforce inspections and/or investigations  
10 started with, with a referral saying that, that  
11 there was an over leveraged deal that just  
12 occurred. In some of those cases we did find other  
13 types of harassment being conducted. But in other  
14 instances, we also found that there was no  
15 harassment occurring.

16 COUNCIL MEMBER GARODNICK: Okay I, I  
17 only have one second left so I'm just going to use  
18 it by, by saying that I'm a little surprised that  
19 HPD does not view that dynamic of more of a likely  
20 predictor of harassment or something else to go  
21 wrong in a way that you know there's no conclusive  
22 feeling as to whether or not this is predictive of  
23 anything from the administration's perspective  
24 today.



1  
2 MATTHEW MURPHY: No, I'm sorry if, if  
3 that's the impression I left with you, no. Each of  
4 those referrals are acted on. So, we do take those  
5 referrals seriously. So, it is a... I wouldn't say  
6 it's a predictor but it certainly is a complaint or  
7 a referral that we look into further.

8 COUNCIL MEMBER GARODNICK: Okay thank  
9 you.

10 CHAIRPERSON WILLIAMS: Just a follow-up.  
11 You said that they do provide some assumptions?  
12 What are the assumptions that they provide? With  
13 over leverage... it sound like you say the over  
14 leverage properties can give you some... you make  
15 some assumptions. What are the assumptions that you  
16 make?

17 MATTHEW MURPHY: Well over leveraged  
18 properties or basically what the debt service  
19 coverage ratio measures is your operate... it's a  
20 ratio of your net operating income so you're income  
21 and net of... and then minus your expenses over the  
22 annual debt service that is paid. So if the net  
23 operating income is actually assumed to be higher  
24 than it actually is or if the intent of the  
25 landlord is to illegally raises rents then your net

1 operating income would start off artificially high.

2 So, if a lender is assuming, or whoever, an

3 investor is assuming that the net operating income

4 is higher than it actually is then that would

5 imply, that, that's an assumption that they're

6 making. That would be their... basically...

7  
8 CHAIRPERSON WILLIAMS: No, it sounded

9 like... when you were talking with Council Member

10 Garodnick that the agency makes some assumptions

11 when they seize over leveraged buildings. So, what

12 is... what if any assumptions does the agency make?

13 Or did I hear that wrong?

14 VITO MUSTACIUOLO: No, I mean again when

15 we receive a referral from a community based

16 organization that they believe a portfolio or

17 particular building is over leveraged it's a

18 complaint that we look into. So, it does generate

19 either HPD looking further at that particular

20 building or portfolio and it could very well result

21 in a referral to the taskforce. So we do accept

22 those. And we do look into each of those

23 allegations. But again not every situation where it

24 has been presented to us that there has been an

25

1  
2 over leveraged deal results in a finding of  
3 harassment.

4 CHAIRPERSON WILLIAMS: Alright I'm going  
5 to have some more questions. But... And there is  
6 some... some change, some of the... I neglected to  
7 recognize some of the sponsors so it's going to be  
8 Torres, Kallos, Gentile, Rosenthal. Then Crowley  
9 and Rodriguez. Council Member Torres.

10 COUNCIL MEMBER TORRES: Thank you. Thank  
11 you. Listening to your testimony was thinking to  
12 myself with friends like these who needs enemies  
13 right? So, the phenomenon of predatory equity  
14 traces back to the real estate boom leading up to  
15 the financial crisis. It's a phenomenon that's been  
16 observed for 10 years. As far as I can tell in  
17 those 10 years HPD has developed no strategy for... I  
18 mean you're, you're right to point out that it is a  
19 challenge to determine the existence and extent of  
20 predatory equity but the agency has had 10 years to  
21 develop a standard for identifying predatory equity  
22 and as far as I know you have not. You can answer  
23 with a simple no if... given the time constraint.

24 VITO MUSTACIUOLO: So, we do not have a  
25 defined definition.

1  
2 COUNCIL MEMBER TORRES: Yeah. Despite  
3 the 10 years of knowledge of predatory equity.

4 VITO MUSTACIUOLO: I think it has been a  
5 moving target over the last 10 years. And we have  
6 certainly seen changes in the market. We have seen  
7 changes in how owners are financing deals. And we  
8 have certainly seen changes in how owners harass  
9 tenants.

10 COUNCIL MEMBER TORRES: Now in your  
11 testimony you indicated that there were  
12 confidentiality constraints relating to the RPIE  
13 statement but you did not specify the nature of  
14 those restraints. Are there restraints in local  
15 law, state law, federal law? What's the..

16 VITO MUSTACIUOLO: I would have to defer  
17 to my colleagues at DOF to answer that.

18 COUNCIL MEMBER TORRES: Okay.

19 CHAIRPERSON WILLIAMS: Hold on. You're  
20 going to have to come to one of the..

21 COUNCIL MEMBER TORRES: Can we, can we  
22 pause...

23 CHAIRPERSON WILLIAMS: And also, can you  
24 raise your right hand? Do you affirm to tell the  
25 truth, the whole truth, and nothing but the truth

1  
2 in your testimony before this committee and to  
3 respond honestly to council member questions. If  
4 you can just get to one of the mics and say your  
5 name and you can answer questions.

6 CARL LASKE: My name is Carl Laske. I'm  
7 the Chief of the Real Property and Legal Counsel  
8 Unit of Legal Affairs at the Department of Finance.

9 COUNCIL MEMBER TORRES: And what are,  
10 what are the... what are the confidentiality  
11 constraints?

12 CARL LASKE: It's in the New York City  
13 Administrative Code...

14 COUNCIL MEMBER TORRES: Which is in the  
15 purview of the city council?

16 CARL LASKE: Yes, it is.

17 COUNCIL MEMBER TORRES: Okay. So, we  
18 could amend the admin code to allow for, to address  
19 those confidentiality restraints.

20 CARL LASKE: Yes.

21 COUNCIL MEMBER TORRES: Okay, thank you.

22 CARL LASKE: You're welcome.

23 COUNCIL MEMBER TORRES: I have a  
24 question for HPD. Now H... now at one point HPD made  
25 a remarkable statement... testimony. You said even if

1  
2 the data were available, even if you had complete  
3 perfect data the agency is doubtful whether it's  
4 worth the cost. And so I guess my question to you  
5 is there predictive, knowing the financial  
6 conditions of a property has predictive value it  
7 tells us which affordable housing is in danger, it  
8 tells us which tenants are at risk of deferred  
9 maintenance and harassment and displacement. I mean  
10 how could that not be a sufficient value if HPD had  
11 enough data to determine predatory equity.

12 MATTHEW MURPHY: No we, we do agree with  
13 that. We do agree that if we have sufficient data  
14 that we can look at transactions and come up with  
15 some metric of whether or not there's too much debt  
16 on the property in comparison to other  
17 transactions. And we agree that this is an issue.  
18 But the debt service coverage ratio is not  
19 necessarily going to be the best metric for that.  
20 That's... we do want to explore alternatives.

21 COUNCIL MEMBER TORRES: But the debt  
22 service ratio tells us whether a building has  
23 enough income to support the debt.

24 MATTHEW MURPHY: It... well it...  
25 functionally, yes. But there are situations in

1   which the debt service could be artificially low.  
2  
3           For example, adjustable rate mortgages, balloon  
4           loans, more atypical loans than a 30-year fixed  
5           loan where you're having the same debt payment  
6           annually. You can actually have a very high debt  
7           service coverage ratio in a building we would be  
8           concerned about for other reasons. On the same  
9           note... [cross-talk]

10   COUNCIL MEMBER TORRES: Well is there,  
11           is there a point where the debt levels are so  
12           excessive that it's a clear cut egregious case of  
13           over leveraging predatory equity?

14   MATTHEW MURPHY: As a lender HPD does do  
15           loans for affordable housing transactions and we  
16           underwrite typically debt service coverage ratios  
17           of 115 or typically lenders will lend at a 120 to a  
18           125 debt service coverage ratio. There are a lot of  
19           metrics that lenders look at.

20   COUNCIL MEMBER TORRES: So, you, you  
21           feel like...

22   MATHEW: 1.25.

23   COUNCIL MEMBER TORRES: So over  
24           leveraging in your opinion is an inadequate  
25

1  
2 indicator of harassment and displacement? Is that  
3 what you're suggesting?

4 MATTHEW MURPHY: I'm not suggesting  
5 that. I'm saying we want to look at that in the  
6 anti-harassment working group. But what I'm saying  
7 is that we have actual concerns about other  
8 buildings. For example, they might not be over  
9 leveraged... [cross-talk]

10 COUNCIL MEMBER TORRES: I'm not talking  
11 about those buildings. This hearing is about over  
12 leveraging so...

13 MATTHEW MURPHY: Right but, but if I put  
14 in 50 percent equity and I'm borrowing 50 percent  
15 debt my debt service ratio could actually indicate  
16 that it's a healthier building. But that could mean  
17 that I'm also looking for a higher...

18 COUNCIL MEMBER TORRES: Right. I  
19 understand that there are causes of harassment  
20 beyond over leveraging. But the focus of my bill is  
21 over leveraging. Now, my understanding is that the  
22 Department of Financial Services in 2014 set forth  
23 what I think were known as slumlord prevention  
24 guidelines denying CRA credit for loans that lead  
25 to over leveraging and the loss of affordable



1 housing. Right? And relies upon debt service ratio.  
2  
3 And so debt service ratio is a reliable metric for  
4 Department of Financial Services which is the  
5 leading bank regulator in our city why is it not a  
6 reliable metric for HPD and DOF.

7 MATHEW: I don't know the specifics of  
8 that particular legislation but...

9 COUNCIL MEMBER TORRES: I would  
10 encourage you to look into it. So, thank you.

11 CHAIRPERSON WILLIAMS: So, you... that was  
12 kind of surprising. So, if I'm doing the math  
13 right, so you do lending up to 125 percent of the  
14 value of the property is, is that what you're  
15 saying?

16 MATTHEW MURPHY: No. So, let me clarify.  
17 So, there's several metrics that lenders look at  
18 when doing multi-family lending, one is the debt  
19 service coverage ratio, that's the net operating  
20 income over the annual debt service. Another is the  
21 loan to value. So, the amount, the proportion of  
22 the loan to value. So, 80 percent loan to value  
23 would mean 20 percent equity or 80 percent of the  
24 value of the property is debt. For example, that's  
25 another metric we would want to look at and explore

1  
2 in the anti-harassment working group. Other metrics  
3 are the income to expense ratio that implies  
4 something about the, just the, the way that the,  
5 the amount of income that's going into the  
6 property. That is what's in the RPI E-statements  
7 and done for taxation purposes. However, debt  
8 amount is not collected in the RPIE.

9 CHAIRPERSON WILLIAMS: So, you don't do...  
10 you sound like you say you do debt, debt to service  
11 ratios of 1.25.

12 MATHEW: When HPD does affordable  
13 housing transactions there are multiple loans.  
14 There's usually a senior loan from a bank like HDC  
15 or HFA. And then HPD puts in subordinate subsidy  
16 loans. So, we actively asset manage our properties  
17 and we do look at the debt service coverage ratio.  
18 We calculate it according to all the loans that are  
19 paid. But we, when we underwrite the original  
20 transaction we're look at debt service coverage  
21 ratios at about a 115 because we're trying to get  
22 as much affordability into that property without  
23 making it at risk.

24

25

1  
2 CHAIRPERSON WILLIAMS: So, one, so one..  
3 you're saying basically a... you're doing a higher  
4 than 1.05?

5 MATTHEW MURPHY: Yes which, which means..  
6 so the relationship is that the higher it is the  
7 more income you have to cover your debt. So, 115 is  
8 kind of the agreed upon debt service coverage ratio  
9 that we will do in our affordable transactions.

10 CHAIRPERSON WILLIAMS: Okay. So, higher  
11 is better?

12 MATTHEW MURPHY: Higher is better in the  
13 debt service coverage ratio but we also have to be  
14 cautious when properties might have more equity in  
15 the deal.

16 CHAIRPERSON WILLIAMS: So, I just want..  
17 so I'm clear... so our 1.05 is a lower metric than  
18 you have but this... does this metric actually  
19 signify something worse? You wouldn't cover that?

20 MATTHEW MURPHY: I, I don't know about a  
21 specific debt service coverage ratio but..

22 CHAIRPERSON WILLIAMS: You do. Wait,  
23 wait, wait, hold on.

24

25

1  
2 MATTHEW MURPHY: No, I'm saying in terms  
3 of something we'd want to say this is the right  
4 debt service coverage ratio. [cross-talk]

5 CHAIRPERSON WILLIAMS: But you usually  
6 do a 1.15, 1.25?

7 MATTHEW MURPHY: Right. And most banks  
8 will do a 1 point... I think the rank guidelines  
9 report this last year said the... the average debt  
10 service coverage ratio is a 1.21 for multi-family  
11 properties.

12 CHAIRPERSON WILLIAMS: So, I... I just got  
13 to say it's surprising to hear that... sound like  
14 we're saying it's not a predictor by itself. But  
15 then it sounds like you're saying it kind of can't  
16 predict anything which is... which is just strange to  
17 me. Like to hear that an over leveraged building  
18 can't predict something is just a very strange  
19 logic to me. And so, as we, as we have nicely said  
20 we want to work together, we want to be part of the  
21 working together so we're going to push forth on  
22 this that haven't accomplished, have been  
23 accomplished yet like defining what predatory  
24 equity and when we should step in. And I believe we  
25 have to find some predictors even if they're

1  
2 imperfect. Sometimes the best available data is bad  
3 but that doesn't mean we can't use it. And since we  
4 haven't done anything so far... it's surprising to  
5 hear so much push back on that indicator because I  
6 think you're right that it's not the only  
7 indicator. But I think it's a good one to start  
8 with. If someone's purchasing a building or has a  
9 building that their rent can't cover their expenses  
10 they have to do something about that. And we've  
11 seen... happened so many times. But I would... I've  
12 been surprised by the interactions so far. But we  
13 have Council Member Kallos, Gentile, Rosenthal, and  
14 then we'll have Crowley and Rodriguez.

15 COUNCIL MEMBER KALLOS: Thank you Chair  
16 Williams. First question is what is the total  
17 amount of debt owed to the city by bad landlords  
18 for quality of life violations broken down by  
19 what's outstanding and what's secured as liens or  
20 tax liens? Does DOF have the answer? Does anyone on  
21 this panel have the answer? I need to somebody to  
22 say that on the record.

23 CHAIRPERSON WILLIAMS: Just come to the  
24 mic. Say your name again thanks.

1  
2           CARL LASKE: Carl Laske. We need to get  
3 back to you with those statistics.

4           COUNCIL MEMBER KALLOS: Will we have  
5 that by the end of the day?

6           [background comments]

7           COUNCIL MEMBER KALLOS: Thank you. And...

8           CHAIRPERSON WILLIAMS: Wait, no, we have  
9 to get that on the record so...

10          CARL LASKE: We will try to get that to  
11 you by the end of the day.

12          COUNCIL MEMBER KALLOS: Perfect. Given  
13 all of our work on trying to collect these fines I  
14 figured it would be something we should have. Along  
15 those lines I'd also like to know how much money  
16 the city stands to make by collecting quality of  
17 life and ECB violations and these tax liens. Do we  
18 have an estimate on that if Intro 930 were to pass  
19 today?

20          [background comments]

21          CARL LASKE: We need to get back to you  
22 on that as well.

23          COUNCIL MEMBER KALLOS: And also, by the  
24 end of the day?

25          [background comments]

1                   CARL LASKE: Yes.

2                   COUNCIL MEMBER KALLOS: Thank you. In  
3 your testimony you stated quote HPD already pulls  
4 properties from the tax lien sale that might not  
5 meet the current definition of distressed but are  
6 already in its development pipeline, end quote. How  
7 many times did that happen in 2015 or 2016?  
8

9                   VITO MUSTACIUOLO: Do we have... Okay, I'm  
10 sorry we do not have that but achievable by the end  
11 of the day, yes.

12                   COUNCIL MEMBER KALLOS: It... it...  
13 ballpark, less than 100 times, more than 100 times.

14                   [background comments]

15                   COUNCIL MEMBER KALLOS: Sure, by end of  
16 the day. It's just... It was in your testimony so I  
17 would hope that you would have...

18                   CHAIRPERSON WILLIAMS: Did she... I'm  
19 sorry did you... Did you say something? So, if you  
20 can come back please... raise your right hand. Do you  
21 affirm to tell the truth, the whole truth and  
22 nothing but the truth in your testimony before this  
23 committee and to respond honestly to council member  
24 questions?

25                   MERYL BLOCK WEISMAN: Yes.

1  
2 CHAIRPERSON WILLIAMS: And also, just  
3 make sure you say your name...

4 MERYL BLOCK WEISMAN: Meryl Block  
5 Weisman.

6 CHAIRPERSON WILLIAMS: From?

7 MERYL BLOCK WEISMAN: HPD, Assistant  
8 Commissioner Performance Management and Analytics.

9 CHAIRPERSON WILLIAMS: Thank you.

10 COUNCIL MEMBER KALLOS: So you, you will  
11 have the number of times HPD has pulled properties  
12 from tax lien sales for 2015 2016 as far back as  
13 you can by the end of the day?

14 MERYL BLOCK WEISMAN: Yes. But there's a  
15 number of different ways properties are pulled from  
16 the tax lien sale. There is statutory requirements  
17 as well as the ones that we use at our discretion.

18 COUNCIL MEMBER KALLOS: So...

19 MERYL BLOCK WEISMAN: ...question?

20 COUNCIL MEMBER KALLOS: My follow-up  
21 question will likely be on that. So... And your  
22 testimony also stated almost 80 percent of the  
23 properties that met statutory distress criteria in  
24 2016 previously been pulled from tax lien sale at  
25 least one other time resulting in no change in



1 status for the building or revenue for the city.  
2  
3 Wouldn't expanding the definition to catch more  
4 buildings help deal with that problem.

5 MERYL BLOCK WEISMAN: We're currently  
6 been discussing this as part of the tax lien  
7 taskforce and we are looking at changing the  
8 definition for distressed so we are definitely...  
9 [cross-talk]

10 COUNCIL MEMBER KALLOS: And.. and  
11 expanding it so that we catch more properties  
12 specifically ones with quality of life violations?

13 MERYL BLOCK WEISMAN: We're discussing  
14 to make sure that the criteria is effective, the  
15 intent is to be able to pull properties that are  
16 considered distressed that the city can work with  
17 so...

18 COUNCIL MEMBER KALLOS: And we've been...  
19 I've been working with Finance Commissioner Jacques  
20 Jiha as well as 12 agencies righting quality of  
21 life violations. We have recently passed  
22 legislation into law earlier this year that takes  
23 into account repeat offenders should we expand the  
24 bill, this bill to cover repeat offenders who pay  
25 violations as a cost of doing business, a cost of

1  
2 displacing rent regulated tenants from affordable  
3 housing. So should we just cover these folks as  
4 well and expand it not only from having a certain  
5 amount of outstanding debt but having a certain  
6 number of violations that might help us indicate  
7 that hey if this building keeps having this problem  
8 with tenants maybe we need to get them into the  
9 third party transfer as quickly as possible.

10 MERYL BLOCK WEISMAN: So not sure what  
11 the question were there but again we are looking  
12 for... we're happy to sit down and discuss what the  
13 change... we do want to focus on changing the...  
14 updating the distress criteria so...

15 COUNCIL MEMBER KALLOS: And I guess the,  
16 the last piece which I think you were hoping to  
17 answer is why do distressed buildings get pulled  
18 from the tax lien sale without improving the,  
19 improving the building status and I just look  
20 forward to working with you and getting this  
21 package of legislation passed as quickly as  
22 possible. That is... I just need the answer of the  
23 question. So why do the buildings end up getting  
24 pulled from the...

1  
2 MERYL BLOCK WEISMAN: Oh it's just...  
3 specific... the criteria is in the tax lien  
4 legislation and some of the criteria result in  
5 buildings that are sometimes very small. At times  
6 the criteria could be that it's actually not a  
7 building any more. One of the leans would have been  
8 we've done emergency repair to actually demolish a  
9 building. So right now, there is, there is a  
10 mismatch on the criteria. So, we want to make it  
11 more effective.

12 COUNCIL MEMBER KALLOS: Just to clarify.  
13 So, if you can expand 80 percent, so 80 percent of  
14 the building become demolished buildings. Do those  
15 lots become then affordable housing lots or... what  
16 are... if you can just clarify why those 80 percents  
17 of buildings get pulled and then the buildings  
18 don't get improved.

19 MERYL BLOCK WEISMAN: Sure. A lot... some  
20 of those... a number of those buildings are small  
21 buildings. And again it is a mismatch between the  
22 programs that HPD has. So, they could be small  
23 buildings, one under 5 unit buildings. That is a  
24 mismatch with what the criteria that it might not  
25 necessarily mean that they are physically and

1  
2 financially distressed. We're looking at change in  
3 the criteria.

4 COUNCIL MEMBER KALLOS: Sure. So, if you  
5 can just get for me... and I'll wrap with this, just  
6 get me breakdown of those 80 percent of what the  
7 reasons that they end up getting pulled from the  
8 tax lien. Can you get that for us?

9 MERYL BLOCK WEISMAN: Sure. I... I mean...

10 COUNCIL MEMBER KALLOS: By the end of  
11 the week?

12 MERYL BLOCK WEISMAN: It's actually not...  
13 It's based on the criteria that right now the  
14 current tax lien... definition is that it's 15  
15 percent lien to value ratio and either 5 B and C  
16 violations per... or 1,000 dollars of ERP. So, that  
17 is the criteria for why it gets pulled.

18 COUNCIL MEMBER KALLOS: And you'll get  
19 us language on how we can expand it so that less  
20 buildings fall out?

21 MERYL BLOCK WEISMAN: Yeah. And again...

22 COUNCIL MEMBER KALLOS: Great, thank  
23 you.

24 MERYL BLOCK WEISMAN: We're looking  
25 forward to doing that.

1  
2 COUNCIL MEMBER KALLOS: Thank you  
3 Council Member Gentile, Rosenthal, Crowley, and  
4 Rodriguez.

5 COUNCIL MEMBER GENTILE: Thank you Mr.  
6 Chairman. Commissioner Fisher I just want to bring  
7 up an issue that you bring up for the first time  
8 today and that is your position at expanding the  
9 lien authority requires state legislation. Now we  
10 may have just met for the first time today but that  
11 doesn't mean that your staff, my staff, the staff  
12 of the borough president have not met repeatedly  
13 about this bill over a two year period. We met with  
14 at least the DOB staff at least on two occasions  
15 with the law department. In fact, you brought up  
16 legal issues, the law department brought up legal  
17 issues during that, those, those meetings on this  
18 bill where you said that there was an impediment in  
19 the bill that the fines imposed could not be used  
20 in what the original version of the bill created  
21 which was a displacement fund for those who are  
22 being vacated. Both the DOB and the law department  
23 told us it could only be done in an MOU after the  
24 bill became law. So, the provision had to be  
25 removed. You brought up the legal issues during our

1  
2 meetings on this bill. You conferred about this  
3 bill with our senior staff from the speaker's  
4 office and yet, and yet you never brought up this  
5 issue before about lien authority needing state  
6 legislation. I first heard about it on Friday when  
7 Mr. Wehle came to see me about this bill. So,  
8 excuse me, but if this is not disingenuous I don't  
9 know what is. We've been meeting for over two years  
10 on this bill. It's our position that in conferring  
11 with our senior council, worked on this legislation  
12 that the city created and imposed water liens,  
13 sewage liens, and unpaid emergency repair, repair  
14 fines among others. So, for you to bring this up  
15 now after two years of meeting on this bill is  
16 really disingenuous. That... that... it's not a  
17 question, it's just a statement that I think needs,  
18 needs to be made.

19 CHAIRPERSON WILLIAMS: Just as a chair  
20 and co-sponsor I just want to concur with  
21 everything that my colleague said.

22 COUNCIL MEMBER GENTILE: As, as, as to  
23 the liens, the one and three family homes... when did  
24 you first obtain that ability to place liens on the  
25 one to three family homes?

2 ALEXANDRA FISHER: I believe it's been  
3 in our code since at least the year 2000 if I'm not  
4 mistaken. I'd have to get back to you to be 100  
5 percent... [cross-talk]

6 COUNCIL MEMBER GENTILE: Okay. So, since  
7 the year 2000 we're talking 15 maybe 16 years and  
8 yet you have not, you have not placed the lien on  
9 any of those homes that you now have the authority  
10 to do?

11 ALEXANDRA FISHER: That's true. We've  
12 had some operational concerns... [cross-talk]

13 COUNCIL MEMBER GENTILE: 15 or 16 years.  
14 How long will it take you to begin imposing these  
15 liens?

16 ALEXANDRA FISHER: We've started working  
17 with Oath and Finance to have that accomplished as  
18 of about a year ago. We've started the process of  
19 sending the appropriate notifications out as per  
20 our code. So, to the extent that violations written  
21 about a year ago do not end up having payments on  
22 those penalties then liens may be placed.

23 COUNCIL MEMBER GENTILE: So, it's Oath,  
24 it's Finance, it's DOB, and it's ECB. So, you, you...  
25 it's taken 15 years to work out some kind of agreed

1  
2 mechanism among those four agencies, four units to  
3 come, to come up with something that you can do to  
4 impose the liens on these one to three family  
5 homes?

6 ALEXANDRA FISHER: It would.. it would  
7 appear that way. Some of this pre-dates me so I  
8 apologize I don't know all of the answers.

9 COUNCIL MEMBER GENTILE: Okay, okay  
10 great. We're on a time clock so let me keep moving.  
11 How many... how many 25,000 dollar maximum penalties  
12 have been imposed for illegal conversions under  
13 your current penalty structure?

14 ALEXANDRA FISHER: If you can bear with  
15 me one moment. So, the 25,000 dollar penalty is a  
16 default penalty. In fiscal year 2016 we issued a  
17 total of 842 violations across the board on illegal  
18 conversion items and 148 of those ended up being a  
19 25,000 dollar penalty.

20 COUNCIL MEMBER GENTILE: And how many  
21 12,000 dollar penalties for violations recurring  
22 within a three year period?

23 ALEXANDRA FISHER: I don't have that  
24 broken out. We can certainly get that for you.



1  
2 COUNCIL MEMBER GENTILE: And then if you  
3 add up all the penalties you say that now exist for  
4 one and two family homes we're talking about... added  
5 all the ones up that you told us about, comes to  
6 about 45 hundred dollars, no matter how many units  
7 are, are... are illegally converted. And for three  
8 family homes comes to about 9,000 dollars. 45  
9 hundred dollars is probably equal to one month's  
10 rent in illegally converted buildings. So, can you  
11 see how it is that some immediately hazardous  
12 violations are more severe than others so that... so  
13 a structure where there's a specific fine that we  
14 propose on each additional unit has a stronger  
15 impact and a deterrent factor for the bad actor  
16 property owner. It is not just a cost of their  
17 doing business. It reflects the severity of the  
18 aggravated condition by setting a base fine per  
19 unit. And then you can add the 1,000 dollars a day  
20 that you currently have in the law. That's the real  
21 impact, not this 45 hundred dollars and maybe down  
22 the road some more additional penalties. 15,000  
23 dollars per unit plus the 1,000 dollars a day.  
24 That's the real impact about fining. That's why  
25 it's not in this bill a cost of doing business.

1  
2 It's a deterrent to doing the bad act that they're  
3 doing now. Councilman I have other questions but  
4 I'll come back if you'll allow me.

5 CHAIRPERSON WILLIAMS: And I'm on this  
6 bill as well and I appreciate your passion. I just  
7 do want to have an answer about this preemption  
8 issue because it seems to have just come up and  
9 that's, that doesn't feel like good will so is that  
10 something you knew and forgot to bring up? Is that  
11 something that you just discovered recently?

12 PATRICK WEHLE: It's something we were  
13 aware of when we've had prior conversations with  
14 the council regarding a prior version of the bill.  
15 I believe it was HPD and the law department race,  
16 legal issues with a prior version...

17 COUNCIL MEMBER GENTILE: You did, you  
18 did. And, and, and we responded to those legal  
19 issues but you never brought up the issue of  
20 preemption.

21 PATRICK WEHLE: Well as of at least  
22 September we certainly did share comments with the  
23 council about this specific version of the bill.  
24 And certainly, those comments did include reference  
25 to our preemption concerns.

2 COUNCIL MEMBER GENTILE: Our, our... our  
3 counsel is not here right now Mr. Chairman but I  
4 understand that that was not the case.

5 CHAIRPERSON WILLIAMS: Sure. No, I have  
6 a, have a fantastic counsel for this committee. So,  
7 they didn't bring it up. And so, they, they're  
8 generally pretty good about that. This would be the  
9 first time that something this big was missed by  
10 them. So, I'm looking forward to reviewing whatever  
11 information was sent but this was a shocker to us  
12 coming up close to the hearing to hear that the  
13 preemption issue that wasn't brought up at all. I  
14 think from what we've heard we disagree with you  
15 and so other things we do want to talk about. But  
16 we'll go to Council Member Rosenthal. Then we'll  
17 have Council Member Crowley, Rodriguez. We'll have  
18 a second round of three minutes and that will be  
19 Torres and Gentile.

20 COUNCIL MEMBER ROSENTHAL: Thank you so  
21 much Chair Williams. I guess my questions when  
22 thinking about my bill 967 have to do with... How do  
23 you talk in this without it screaming back at you.  
24 Oh, that worked. The type of information you might  
25 collect now and how you use it to evaluate

1  
2 contractors that your sponsors accept bids for and  
3 whether or not you have legal authority to... legal  
4 authority to... sorry... to require that certain  
5 contractors perhaps aren't used?

6 CHAIRPERSON WILLIAMS: Can you please  
7 raise your right hand. Do you affirm to tell the  
8 truth, the whole truth, and nothing but the truth  
9 in your testimony before this committee and to  
10 respond honestly to council member questions. Thank  
11 you. Welcome back Bobba.

12 BOBBA HELM: So I'm Bobba Helm. I'm the  
13 Assistant Commissioner for the Division of Economic  
14 Opportunity and Regulatory Compliance.

15 MARGARET BROWN: And I'm Margaret Brown.  
16 I'm Assistant Commissioner for Policy and  
17 Operations in the Office of Asset and Property  
18 Management of HPD.

19 BOBBA HELM: Council Member Rosenthal as  
20 we mentioned in our testimony there are a couple of  
21 different divisions, units within the agency that  
22 have, are involved in tracking and monitoring  
23 projects. We have our building, land, and  
24 disposition services division builds that monitors  
25 a project during the construction to ascertain

1  
2 whether or not the project is happening according  
3 to schedule and according to plan. Our labor  
4 monitoring unit which is under my division, we are  
5 involved in monitoring the projects that are  
6 subject to prevailing wage and other wage related  
7 standards. And Margaret's division is responsible  
8 for following up and dealing with complaints  
9 related to construction quality conditions.

10 COUNCIL MEMBER ROSENTHAL: So let's talk  
11 about your division for...

12 BOBBA HELM: Sure.

13 COUNCIL MEMBER ROSENTHAL: ...one second.

14 BOBBA HELM: Sure.

15 COUNCIL MEMBER ROSENTHAL: Right now how  
16 many sites do you have an eye on for 2016 say?

17 BOBBA HELM: So, so currently we are  
18 monitoring 47 active sites and those are projects  
19 that are subject to prevailing wage requirement or  
20 are under our enhanced review policy.

21 COUNCIL MEMBER ROSENTHAL: Okay so these  
22 aren't... I... just to be clear are the 47 sites the  
23 ones that you have an eye toward because you think  
24 something might be going on or that it's 47 is the  
25 whole bucket, some are good actors, some maybe not.

1  
2 BOBBA HELM: So, 47 is the full bucket.  
3 It does not mean that we are only monitoring those  
4 sites because we... contractors on our hands. So... we  
5 have a reason to be concerned about what's  
6 happening... [cross-talk]

7 COUNCIL MEMBER ROSENTHAL: Got it. How  
8 many are on enhanced review list of the 47.

9 BOBBA HELM: So, of the 47 sites there  
10 are... so I, I just want to clarify... 47 is the  
11 enhanced review number. That is 47 active enhanced,  
12 projects that we are monitoring under our enhanced  
13 review policy. That's not the full number of sites  
14 that we're monitoring that includes prevailing wage  
15 projects.

16 COUNCIL MEMBER ROSENTHAL: Got it. So,  
17 what are the full number of sites?

18 BOBBA HELM: Well, we'll get that back  
19 to you hopefully before the end of this hearing.  
20 We're pulling that right now.

21 COUNCIL MEMBER ROSENTHAL: And are they  
22 of the 47 active sites are any, are they all  
23 separate contractors or is there some overlap where  
24 the same contractor is doing a couple of different  
25 building sites.

1  
2 BOBBA HELM: There, there is some  
3 overlap. We have some larger contractors that are  
4 able to have more than one project at a time. So,  
5 there is some overlap.

6 COUNCIL MEMBER ROSENTHAL: And so, what  
7 are you finding? Well first of all, so what's the  
8 number, what's the number of contractors of the 47  
9 getting rid of the dupes, duplicates?

10 BOBBA HELM: So, we'll, we'll parse it  
11 down to tell you how many of you know individual  
12 contract is on a 47. Again we'll, we'll get the  
13 number for you for the contract... more than one  
14 site. I think that that's what your question is.  
15 We'll see if we can get that number.

16 COUNCIL MEMBER ROSENTHAL: And so, what  
17 are you finding?

18 BOBBA HELM: In terms of?

19 COUNCIL MEMBER ROSENTHAL: On the 47  
20 sites. So, is wage abuse going on in any of the  
21 sites? Are people at every site being paid for the  
22 work they do?

23 BOBBA HELM: So, let me just talk to you  
24 a little bit about what we do and I'll... labor  
25 monitoring of these sites. So, for a site that is

1  
2 subject to enhanced review if it's a prevailing  
3 wage project we require for there to be weekly  
4 submissions of payroll records, we have compliance  
5 officers that go on site that interview workers  
6 that follows up if there's any discrepancies or  
7 reasons to be concerned. We also have a hotline  
8 that is required to be posted on all sites that are  
9 subject to prevailing wage requirements that  
10 workers could call in to us if they have concerns  
11 and they feel like they are not being paid what  
12 they're due. And so...

13 COUNCIL MEMBER ROSENTHAL: And how many  
14 phone calls have you gotten like that?

15 BOBBA HELM: You know we don't track  
16 currently. We're not tracking phone calls  
17 separately from complaints that may come in through  
18 different forms whether we're on a site... [cross-  
19 talk]

20 COUNCIL MEMBER ROSENTHAL: How many  
21 complaints have you gotten from the 47 sites?  
22 Here's my point. My point is I think there should  
23 be a public mechanism so that, so that the public  
24 knows what the city is doing to keep its eyes on  
25



1  
2 contractors who get city funds who perhaps are not  
3 following you know prevailing wage law or frankly...

4 CHAIRPERSON WILLIAMS: Council Member.

5 COUNCIL MEMBER ROSENTHAL: ...because  
6 prevailing wage... half a minute... is only 10 percent  
7 of the sites, for the other 90 percent of the sites  
8 do we know what's going on there? The point being  
9 that we're not tracking this stuff. The public  
10 doesn't see you tracking this stuff and that's the  
11 point of this legislation. So, I can come back and  
12 still work with you on this. It sounds like you  
13 guys are already doing a ton of stuff.

14 CHAIRPERSON WILLIAMS: Council Member we  
15 have a second round if you'd like to.

16 COUNCIL MEMBER ROSENTHAL: No, I'm all  
17 set. We just need to get that out there.

18 CHAIRPERSON WILLIAMS: Thank you.

19 COUNCIL MEMBER ROSENTHAL: Thank you.

20 CHAIRPERSON WILLIAMS: Thank you.

21 BOBBA HELM: We would love to sit down  
22 and, and talk to you and you know explain to you  
23 what we're doing. We...

24 COUNCIL MEMBER ROSENTHAL: Great.

1  
2 BOBBA HELM: ...do believe we're tackling  
3 much of what you've outlined.

4 COUNCIL MEMBER ROSENTHAL: Great, thank  
5 you.

6 CHAIRPERSON WILLIAMS: Council Member  
7 Crowley followed by Council Member Rodriguez. Then  
8 there'll be a second round Council Member Torres...  
9 [cross-talk]

10 COUNCIL MEMBER CROWLEY: Thank you  
11 Chair.

12 CHAIRPERSON WILLIAMS: Gentile.

13 COUNCIL MEMBER CROWLEY: Thank you  
14 Chair. To the administration, do you support  
15 Council Member Rosenthal's bill, 967?

16 ALEXANDRA FISHER: No, not in its  
17 current form.

18 COUNCIL MEMBER CROWLEY: No? And you  
19 said you have three different departments, one that  
20 makes sure the projects are on schedule, another  
21 that monitors whether there's wage theft, and  
22 another that does construction quality monitoring.

23 ALEXANDRA FISHER: Yes.  
24  
25

2 COUNCIL MEMBER CROWLEY: Shouldn't every  
3 single site be monitored for those three  
4 characteristics, three areas?

5 ALEXANDRA FISHER: Well every single  
6 site is certainly monitored for timeliness whether  
7 it's done by HPD or sometimes the bank hire  
8 monitors to be responsible for that task, for the  
9 construction quality conditions every single site  
10 is... we, we certainly pay attention to that and  
11 we're open to complaints and investigations for  
12 every single site. For our label monitoring there's  
13 only a small number of projects that are subject to  
14 prevailing wage requirements.

15 COUNCIL MEMBER CROWLEY: But every,  
16 every site is subject to minimum wage requirements  
17 and aren't some subject to living wage if they're  
18 not subject to prevailing wage?

19 ALEXANDRA FISHER: Right but the, the...

20 COUNCIL MEMBER CROWLEY: And there's no...  
21 so there's no oversight on the projects in terms of  
22 possibly having wage violations if they're not a  
23 prevailing wage job site.

24 ALEXANDRA FISHER: The minimum wage  
25 enforcement is not vested with HPD. That state or

1 federal DOL and HPD is also not charged with...

2 [cross-talk]

3 COUNCIL MEMBER CROWLEY: What about...

4 [cross-talk]

5 ALEXANDRA FISHER: ...with investigating  
6 living wage related complaints that is vested with  
7 DCA.

8 COUNCIL MEMBER CROWLEY: Okay. So, do  
9 you want the public to know about your contractors?  
10 Are you hiding anything that you know Council  
11 Member Rosenthal is looking to get from this bill?

12 ALEXANDRA FISHER: We believe in strong  
13 enforcement. We're certainly not hiding anything.

14 COUNCIL MEMBER CROWLEY: But many of  
15 your contractors have been found to be in violation  
16 of wage theft, safety, abuses, working without a  
17 permit, providing substandard work product but  
18 there's no oversight in terms of your agency on  
19 these subcontractors and, and barring them from  
20 doing work again with your agency.

21 ALEXANDRA FISHER: We do not currently  
22 bar contractors from working on our projects. For  
23 those contractors where we have reason to be  
24 concerned about their practices we subject them to  
25

1  
2 additional scrutiny under our enhanced review  
3 policy. And that...

4 COUNCIL MEMBER CROWLEY: Do this for  
5 subcontractors?

6 ALEXANDRA FISHER: Yes. If a  
7 subcontractor is on our enhanced review list before  
8 that subcontractor can participate in an HPD  
9 assisted contract the developer or the general  
10 contractor has to come to HPD and consult with us  
11 about whether or not they can use that  
12 subcontractor. And, and conditions or instances in  
13 which we have reason to be concerned about that  
14 subcontractor's practices we can subject that  
15 project to additional scrutiny which can include a  
16 third party monitor in addition to our internal  
17 monitoring.

18 COUNCIL MEMBER CROWLEY: So, is that  
19 new? Because in the past the commissioner has  
20 testified that your subcontractors are not required  
21 to follow the same procurement rules as your  
22 contractors who are concerned your main general  
23 contractors, the developer, or the owner. Do you  
24 have the same rules for subcontractors who are  
25

1  
2 receiving city dollars through working on these HPD  
3 projects.

4 ALEXANDRA FISHER: So, the extra  
5 scrutiny that we place with subcontractors is on  
6 subcontractors who are enhanced review. And those  
7 subcontractors are in enhanced review again as I  
8 said before have to come to us and we can determine  
9 whether or not we would allow them to participate.

10 COUNCIL MEMBER CROWLEY: So, you're  
11 going to hear from the Legal Aid Society who's  
12 going to talk about situations where contractors  
13 take out stairways when tenants are living in  
14 buildings or boilers without replacing them. Are  
15 there penalties for those types of contractors that  
16 abuse tenants? Is there a way for us to know when a  
17 contractor is unscrupulous from your HPD website?  
18 Is there a way the public can find out about  
19 contractors who are doing work that is substandard  
20 or abusing their workforce? Is there a way to find  
21 out on HPD website?

22 ALEXANDRA FISHER: So, other than our  
23 enhanced review list which is currently published  
24 and we publicly identify the criteria that we look  
25 at in determining whether or not a contractor

1 should be placed on enhanced review. That's public.

2 So, our enhanced review list is public so we have  
3 told you know everyone who's interested... [cross-  
4 talk]  
5

6 COUNCIL MEMBER CROWLEY: But you're  
7 still giving work to people... to contractors that  
8 are on your enhanced review list.

9 ALEXANDRA FISHER: We review every  
10 contractor on a project by project basis.

11 COUNCIL MEMBER CROWLEY: But I... I read  
12 in a... in a previous story that was written in the  
13 daily news that, that Mountco Construction and  
14 Development was on your enhanced review for owing  
15 hundreds of thousands in back pay and wages. And  
16 still, despite that, they were given over 17  
17 million dollars to work on a project in the Bronx,  
18 a Webster Avenue affordable housing project. Could  
19 that be true? Could your agency have somebody on  
20 enhanced review for being found to have owed  
21 hundreds of thousands of back pay but you still go  
22 forward with new projects and give so much as over  
23 17 million dollars in city tax dollars to those  
24 projects?  
25

1  
2 ALEXANDRA FISHER: We do not currently  
3 debar contractors across the board from ever  
4 working on a HPD project for a particular term or  
5 indefinitely. What we do is we view on a project by  
6 project basis if we feel comfortable with that  
7 contractor participating in the project. And if we  
8 believe additional conditions should be imposed on  
9 that contractor for us to feel comfortable with  
10 their participation on that project. But you don't  
11 feel comfortable putting the names of these  
12 contractors, who the principle owners are... because  
13 often they're found that once they get to a point  
14 where they're not considered eligible to apply for  
15 work that they open new companies under new names.  
16 But you're... you're saying that HPD does not want to  
17 report the names of these contractors on a website.  
18 They don't want to have a prequalified list of...

19 CHAIRPERSON WILLIAMS: Council Member.

20 COUNCIL MEMBER CROWLEY: ...construction  
21 workers, construction companies that follow the  
22 rules? You're against a pre-qualified list?

23 ALEXANDRA FISHER: So, we do have  
24 currently a published list of contractors we're  
25 concerned about. We can place related entities so



1  
2 if they form a new company we can place related  
3 entities on enhanced review list. On the preferred  
4 contractor list we're very concerned about that  
5 because we feel like there's no way for us to fully  
6 know the universe of what may be needed on a  
7 particular project. We don't want to exclude local  
8 or new businesses that can form day to day and  
9 there's no way we can keep on, on top of that and  
10 we are also concerned about giving the appearance  
11 that a contractor can, it's okay for use when  
12 complaints can come in at any point. And so, a  
13 preferred list kind of gives that assurances to  
14 folks that we think a contractor's okay to use and,  
15 and we certainly cannot do that.

16 CHAIRPERSON WILLIAMS: Thank you. Sure,  
17 if you want to be on a second round just let me  
18 know. We have Council Member Rodriguez. And then  
19 we'll go to the second round which would be Torres,  
20 Gentile, Rosenthal, and Crowley.

21 COUNCIL MEMBER RODRIGUEZ: Thank you  
22 Chair. As you know I represent the district that  
23 has a higher regulated apartment in New York City  
24 and the second in the state of New York after  
25 Buffalo. Therefore, we have leave in, we have been

1 the victim of vantage and... in the past. So... And  
2 today we know that we are in the front on many of  
3 those irresponsible landlords, those bad apple  
4 because unfortunately we have bad apple everywhere  
5 in government and in the real estate. We know that  
6 a lot people that will hardly invest their money  
7 they expect it to get a return but they provide the  
8 services. So, those minority who are the bad line...  
9 look like they have a lot of protections. You know  
10 it go, it look that they have a lot of friends  
11 everywhere. You know in governments, in media, in  
12 finance, in site agency because we been going  
13 through these cycle for decades. So, it's not that  
14 we don't know the information. It's about... it's  
15 like corruption... Albany... It was happening under the  
16 watch of everyone. Suddenling [phonetic] all the  
17 big shot, they went down and lot of people now they  
18 are surprised that they... corruption... it was  
19 happening. So, when we address predatory... I mean  
20 those landlord who get... who getting to doing  
21 everything they have to. For me it is hard to hear  
22 from... saying we been doing great jobs. I know  
23 people with a big heart. I know that the deputy  
24 commissioner, he been going there, he tried to do  
25

1 the best, the best he can. The question is; are we,  
2 the city, putting all the money that he needs to  
3 help the men and women power not only to a start an  
4 investigation but to be able you know to keep those  
5 investigation until will make those people  
6 accountable. So today who is, who can, who has  
7 based on the data that HPD, Department of Building  
8 has, who can we say is leading the list as the  
9 worst landlords who got into like you know doing  
10 illegal conversion, harassing tenants with  
11 expectation that those people will be out of the  
12 apartment... Is there any particular... do you have the  
13 data? Advantage... Is there any institution that we  
14 can say this is the one that is leading this  
15 practice that we are investigating?

17 VITO MUSTACIUOLO: So, Sir, I will take  
18 a stab at that response. We have a number of active  
19 on, and ongoing cases with the state Attorney  
20 General's Office and the state Tenant Protection  
21 Unit. Some of those are leaning more towards  
22 criminality than they are civil actions. So, I  
23 really would not want to mention any names because  
24 again we do have a number of active cases. I think  
25 to your point though I think it's important to

1 stress that we have been extremely proactive and,  
2 and thanks to, to the mayor and the city council  
3 the agencies have benefitted in gaining additional  
4 resources to be proactive and not just to be  
5 reactionary. You know I do want to make a point  
6 clear about our objections to the, the intros in  
7 front of us that we feel that there are extremely  
8 broad. There are over 54,000 properties that meet  
9 the definition laid out in the legislation, in the  
10 legislative proposal, six units or more. To create  
11 a program to track and monitor the financing of  
12 54,000 buildings is a monumental task. And even  
13 when you read the report by ANHD you know they  
14 acknowledge the fact that the data is very  
15 difficult if not impossible to obtain. It's  
16 important to point out that it's, it's part of the  
17 taskforce. Alright we have inspected well...

18  
19 COUNCIL MEMBER RODRIGUEZ: Sorry  
20 Commissioner...

21 VITO MUSTACIUOLO: Yes, Sir?

22 COUNCIL MEMBER RODRIGUEZ: Let me... If  
23 you don't mind to leave it there because...

24 VITO MUSTACIUOLO: No...

25

1  
2 COUNCIL MEMBER RODRIGUEZ: ...want to get  
3 into my second question... [cross-talk]

4 VITO MUSTACIUOLO: Yeah, go ahead,  
5 sorry.

6 COUNCIL MEMBER RODRIGUEZ: So, you know  
7 now I want to address something local. And first  
8 I'd like to say thank you to the Commissioner for  
9 being working with us because if we talk about  
10 those practice of those landlord doing all those  
11 type of things that we know we working with 78, 78  
12 Dayu [sp?] Street where we... Thank you for your  
13 leadership you been on top of that case. The  
14 reaction of the owners in the newspaper... was well I  
15 did nothing wrong. However, when you spoke to all  
16 those tenants who used to live there they say he  
17 use bad practice to push us out. What he say is  
18 that those apartment they are co-op. So how easy is  
19 it for someone who push buying tenants out...  
20 apartment and suddenly turn those percent...  
21 apartment... called?

22 VITO MUSTACIUOLO: So, I, I can't answer  
23 exactly how easy it is but I can tell you that  
24 we're looking to make it more difficult for owners  
25 to do that and certainly working in collaboration

1  
2 with the state Attorney General's Office and with  
3 the state Tenant Protection Unit we're finding  
4 additional tools to do that.

5 CHAIRPERSON WILLIAMS: Thank you. Before  
6 we go to the second round I just want to go back to  
7 that preemption issue. So, it, we did speak with my  
8 wonderful counsel through all the correspondence  
9 that we had. We found one line. It was a pretty  
10 lengthy discussion on everything except for this  
11 one line that says we think that treating  
12 violations as tax liens are preempted. No  
13 information about what it's preempted by. No  
14 information of what that preemption is. So do you  
15 have some statute or anything now that you believe  
16 preempts...

17 ALEXANDRA FISHER: So, I've been advised  
18 by the law department that tax lien authority has  
19 to come from the state legislature rather than from  
20 the city council.

21 CHAIRPERSON WILLIAMS: So, the, I know  
22 you... there's tax liens now that you do. And the  
23 triggers were decided by the city. So why would it  
24 now be to go to the state?  
25

1  
2 ALEXANDRA FISHER: No, I believe the  
3 original legislation in 2000 was also from the  
4 state, not from the local council.

5 CHAIRPERSON WILLIAMS: Okay I'm going to  
6 come back. So, let's just go for a third, a second  
7 round. It's going to be three minutes. Torres,  
8 Gentile, Rosenthal, Crowley, and Rodriguez. Council  
9 Member Torres.

10 COUNCIL MEMBER TORRES: I actually have  
11 questions for Bobba regarding labor compliance so..  
12 Hi Bobba. So here, here's what I find puzzling. If  
13 I were to steal your wallet I would be arrested, go  
14 to jail spend days if not weeks in Ryker's if I  
15 could not afford bail but if I'm a developer and I  
16 deprive workers of hundreds of thousands of dollars  
17 worth of their wages you don't go to jail, you  
18 don't get de-barred, you just go on a list. It  
19 seems to me there's something wrong with that  
20 double standard. And it shows no regard for the  
21 lives of construction workers. Is that, is that not  
22 a problem in the mind of HPD?

23 BOBBA HELM: Council Member the list is  
24 not the only enforcement action HPD takes. I mean  
25 what we look to, where we find that a workers were

1  
2 not properly paid the wages that they were required  
3 to pay. We actively seek to collect those funds and  
4 return them to workers. We think that that's one of  
5 the most important things that we could do to make  
6 sure that workers...

7 COUNCIL MEMBER TORRES: What about the  
8 punitive actions?

9 BOBBA HELM: So the punitive actions  
10 that we take is one, we can consider on sponse  
11 [phonetic] review, if that contractor comes back to  
12 us to work with us whether we want to... for them to  
13 participate on that project and our enhanced review  
14 list is our way to let the public also be aware of  
15 the contractors where we have legitimate reasons to  
16 be concerned about.

17 COUNCIL MEMBER TORRES: And to be honest  
18 with you... and I... we can explore more deeply but I  
19 only have a few minutes. I have concerns about the  
20 notion of HPD policing itself. I mean there, there,  
21 there's... no there's a real phenomenon in academia  
22 known as regulatory capture. Right? When there's a  
23 revolving door between industry and government. It  
24 exists even in the city council at every level of  
25 government we know that there are a small set of



1  
2 developers who get a disproportion to chair  
3 subsidies, a disproportion of chair bond financing  
4 who get more access to hollocy [phonetic] to  
5 housing policy makers than even members of the city  
6 council. You're essentially regulating... I mean I'm  
7 not questioning you but there are chief policy,  
8 housing policy makers who are very close to  
9 developers that we're theoretically regulating. I  
10 think there's a powerful argument to be made for an  
11 independent oversight body.

12 BOBBA HELM: So, can I just..

13 COUNCIL MEMBER TORRES: Yes.

14 BOBBA HELM: ...that really quickly  
15 because I, I agree with you about the concern about  
16 whether or not we're policing ourselves. Now the  
17 unit that is responsible for the enforcement is not  
18 the unit that entered the deal. So, we're not the  
19 ones negotiating..

20 COUNCIL MEMBER TORRES: But you report  
21 to the people who are very close to a small set of  
22 developers who dominate the industry.

23 BOBBA HELM: We report to the  
24 Commissioner. We report to the Commissioner.

25

1  
2 COUNCIL MEMBER TORRES: Who reports to  
3 the Deputy Mayor for Housing and Economic  
4 Development.

5 BOBBA HELM: Sure I, I understand you  
6 but I think HPD has a very special interest in  
7 these projects.

8 COUNCIL MEMBER TORRES: How many... how  
9 many labor compliance officers do you have?

10 BOBBA HELM: We currently have 16.

11 COUNCIL MEMBER TORRES: 16?

12 BOBBA HELM: 16.

13 COUNCIL MEMBER TORRES: Do you believe  
14 that's sufficient to meet the extent of wage theft  
15 and exploitation of workers, I don't think so, in a  
16 city of eight million people?

17 BOBBA HELM: We would love more  
18 resources. Our Commissioner since she's taken the  
19 helm has given... [cross-talk]

20 COUNCIL MEMBER TORRES: Yeah. I'm just  
21 concerned that we're in danger of creating just a  
22 dot on an organizational chart and not a real  
23 enforcement arm. That's the extent of my question.

24 CHAIRPERSON WILLIAMS: Thank you.  
25 Council Member Gentile.

1  
2 COUNCIL MEMBER GENTILE: Thank... Thank  
3 you, thank you. So, you have no liens,  
4 Commissioner, Commissioner no liens imposed yet but  
5 on the penalties that you have imposed how much  
6 have you collected on the penalties that you've  
7 imposed?

8 ALEXANDRA FISHER: The Department of  
9 Buildings does not collect the penalties. That's a  
10 function of the Department of Finance?

11 COUNCIL MEMBER GENTILE: And how much,  
12 how many building violations for illegal  
13 conversions you have collected or that the city has  
14 collected?

15 ALEXANDRA FISHER: Of course. I have  
16 some information for you. In fiscal year 2016 we've  
17 received a total of 956,000 dollars, fiscal year  
18 2015 a million three, fiscal year 2014 a million  
19 seven.

20 COUNCIL MEMBER GENTILE: And what are,  
21 what are those percentages... what percentage of, of  
22 that, of those, of fines imposed, percentage that  
23 you've collected versus the fines imposed?

24 ALEXANDRA FISHER: It's approximately  
25 one-sixth of what was imposed.

1 COUNCIL MEMBER GENTILE: One-sixth. So,  
2 that clearly tells us why the lien aspect is so  
3 important here. You've collected only one-sixth and  
4 yet you can't tell us here today, what state law  
5 preempts us from adding a lien authority in this  
6 bill. It's... you have not come up with one statute  
7 yet. How many access warrants have you obtained  
8 over the last three years?

9 ALEXANDRA FISHER: In 2014 we sought 278  
10 and we received 278. In 2015 we sought 250 and we  
11 received 250. 2016 we sought 164 and we received  
12 160.

13 COUNCIL MEMBER GENTILE: 160, okay. And  
14 I want to ask you... quick about vacate orders. I  
15 know, I get it... I... that you only issue them as a  
16 last resort but you realize that this bill doesn't  
17 change the commissioner's discretion. Commissioner  
18 still has discretion under this bill to issue a  
19 vacate order or not. But you'll agree won't you?  
20 That you can't guarantee that the conditions in an  
21 aggravated illegally converted home do not breed  
22 hazardous conditions, whether those hazardous  
23 conditions be structural failure, façade failure,  
24 inaccurate fire protection, egress. You, you can't  
25

1  
2 guarantee us that those conditions don't exist in  
3 an aggravated illegal conversion. You agree with  
4 that right?

5 ALEXANDRA FISHER: If such conditions  
6 exist and they're a danger to the tenants then we  
7 will vacate it.

8 COUNCIL MEMBER GENTILE: And so... so yes  
9 and... and therefore... and you can't ensure also that  
10 our first responders wouldn't face additional  
11 dangers through the lack of egress in an aggravated  
12 illegal converted home correct? Aggravated illegal  
13 converted home. That's why we're putting this as  
14 an... as an additional vacate order, a possibility  
15 because those things are factors aggravated illegal  
16 conversions. I'm out of time but I just want to say  
17 one thing Mr. Chairman. Originally the thinking  
18 and... and the first draft of this legislation was to  
19 have the strict fine structure accomplish two  
20 purposes, one to significantly impact and deter the  
21 bad actor profiteer motive and two, the original  
22 intent was to have the fines collected, go to a  
23 finance, to go to finance a relocation fund created  
24 under this bill to assist those who needed  
25 relocation services yet it was this provision was

1  
2 opposed in our meetings with DOB and the law  
3 department. DOB opposed it because the creation,  
4 they opposed the creation of the fund because they  
5 said that HPD already has a program in place and  
6 HPD does have a program in place. And the law  
7 department opposed it because they said it was  
8 legally, we could only accomplish the creation of a  
9 relocation fund through a memo of understanding  
10 with the administration but it only could be  
11 negotiated after this bill became law. So, that's  
12 why the creation of the relocation fund was taken  
13 out of this bill and this intro. But I know for  
14 myself and I think I could speak for the borough  
15 president also and he'll speak in a few minutes  
16 that we would welcome the opportunity to work with  
17 the administration to get this memorandum of  
18 understanding done once this bill becomes law.

19 CHAIRPERSON WILLIAMS: Thank you. I did,  
20 again want to come back to the preemption. How many  
21 violations of 28-210.1 have you given to properties  
22 other than one to three family homes?

23 ALEXANDRA FISHER: Give me one second  
24 please.

25 CHAIRPERSON WILLIAMS: Sure.

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ALEXANDRA FISHER: I'm sorry.

CHAIRPERSON WILLIAMS: I just want to say I rarely sign onto bills before they come. So, I have several bills that I'm the co-prime on which to show the importance I thought it had to come to this, come to this hearing. I'm saddened that you've had a big N-O on all of them but hopefully we'll figure it out.

PATRICK WEHLE: I'm sorry Councilman I'm not sure I'm understanding the question. Fiscal year 2016...

CHAIRPERSON WILLIAMS: Sure.

PATRICK WEHLE: We issued a total of 842 illegal conversion ECB violations.

CHAIRPERSON WILLIAMS: Any of them other than one and three family homes?

PATRICK WEHLE: Other than...

ALEXANDRA FISHER: You mean for three or more units.

CHAIRPERSON WILLIAMS: Sure.

ALEXANDRA FISHER: Understood. So, in fiscal year 2016 that was 44.

CHAIRPERSON WILLIAMS: Okay. So, you already have the, the power to turn those

1  
2 violations if they weren't collected into leans,  
3 correct?

4 ALEXANDRA FISHER: For one, two, and  
5 three family homes...

6 CHAIRPERSON WILLIAMS: Sure.

7 ALEXANDRA FISHER: ...if they are  
8 converted illegally then yes.

9 CHAIRPERSON WILLIAMS: So, what exactly  
10 is the preemption because we have set triggers and,  
11 and changed triggers to make things lienable or  
12 not. And since we already have the power to get to  
13 the lien and we have other powers to trigger lien  
14 sales what exactly is the preemption and where is  
15 it... preemption.

16 ALEXANDRA FISHER: I personally don't  
17 know where the preemption is. What I can tell you  
18 is that that can be Chapter 45 of the laws of 2000  
19 from the state legislature. I believe that is where  
20 the lien provision that we currently have in our  
21 code came from. And since that time when the 08  
22 code came into effect by a local law 33 of 2007  
23 that continued along and it still remains in our  
24 code today.



1  
2 CHAIRPERSON WILLIAMS: So, I would say..  
3 the frustration for us is that there was kind of  
4 half a sentence put in in a, in a long list of  
5 things with no follow-up information of what  
6 exactly was preempted and where it was preempted.  
7 So, there was no way that any, can, can be  
8 responded to. And it was only one correspondence.  
9 All the rest of them didn't have it. I will say  
10 this though. It doesn't really make sense because  
11 we have the ability to make the.. for lienable sales  
12 and we have made triggers and we've changed  
13 triggers. So, I don't know why this would be any  
14 different because you already have the ability to  
15 put a lien on it. And we have the ability to make  
16 things lienable. So, I really don't see where the,  
17 where it would be preempted. So, if you have  
18 something else it would actually probably been the  
19 time to talk about it now since we have a hearing  
20 on it and you bringing it up. But if you have  
21 anything else please let us know. I'm going to have  
22 additional questions. Some other of the bills,  
23 probably some more on this one as well but I want  
24 to go to Council Member Rosenthal, Crowley,  
25 Rodriguez, and, for some.. questions.

1  
2 COUNCIL MEMBER ROSENTHAL: Great. Thank  
3 you very much. I just actually want to...

4 CHAIRPERSON WILLIAMS: Sorry I keep  
5 forgetting to say that we're joined by Council  
6 Member Levine.

7 COUNCIL MEMBER ROSENTHAL: I want to go  
8 back to Council Member Crowley's line of  
9 questioning. For the company that owes hundred of...  
10 hundreds of thousands of dollars in wage theft and  
11 you agreed to use them for a project in the Bronx,  
12 is there a plan for them paying back the workers  
13 first before they can draw down any city funds?

14 ALEXANDRA FISHER: I don't have  
15 particular details for, on me today about  
16 particular projects. And also, to the extent that  
17 the company is disputing a finding of an  
18 underpayment that is still an open investigation  
19 and so we could not give you the status of that.  
20 So, I, I don't have the details about that  
21 particular project today and I don't even know if  
22 it's actually in dispute.

23 COUNCIL MEMBER ROSENTHAL: Has there  
24 ever been a case that where it's been found that  
25 the contractor did owe the wages?

1

ALEXANDRA FISHER: Absolutely.

2

3

COUNCIL MEMBER ROSENTHAL: And what was  
4 the cure?

4

5

ALEXANDRA FISHER: If... the contractor we  
6 have concluded our investigation and found the  
7 contractor owed wages our, we make all attempts to  
8 collect those wages and distribute it to the  
9 affected workers.

6

7

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10

COUNCIL MEMBER ROSENTHAL: Can you think  
11 of one example in your mind's eye and were all the  
12 wages collected and given back to the workers?

11

12

13

ALEXANDRA FISHER: I don't have  
14 individual project details with me today. I can  
15 certainly tell you that through the course of the  
16 regular work that the labor monitoring unit does  
17 collecting old wages and dispersing it to workers  
18 is something that we do yearly.

14

15

16

17

18

19

COUNCIL MEMBER ROSENTHAL: Sure. And my  
20 point being that there could very well be a case  
21 where we found that a contractor is on enhanced  
22 review, found guilty of wage theft. Perhaps you  
23 come up with although there's no way for the public  
24 to know but perhaps there's a roadmap you have for  
25 paying back the wages. But at the exact same time

20

21

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25

1  
2 we are, we've hired them to do work and our city  
3 funds are part of that payment to that exact  
4 contractor should the city have, should tax payers  
5 have confidence that that contractor won't do it  
6 again?

7 ALEXANDRA FISHER: The, the thing that  
8 we are paying what we do through our enhance review  
9 policy is not just only have a list but for every  
10 project that that particular contractor is  
11 interested in participating in the agency is going  
12 to determine whether or not we want that contract..

13 COUNCIL MEMBER ROSENTHAL: Here's my  
14 point. I'm interrupting you because I have 22  
15 seconds.

16 ALEXANDRA FISHER: Sure.

17 COUNCIL MEMBER ROSENTHAL: I have no  
18 confidence that the city is not paying money to a  
19 contractor that is guilty of, has been guilty of in  
20 the past of keeping wages. And I would like to know  
21 that they all... that they already fixed the  
22 situation before getting new tax dollars. Secondly,  
23 I'd like to know whether or not we are sharing the  
24 information about who's on the enhanced review list  
25 and why with nonmayoral agencies; NYCHA, SCA, HHC,

1  
2 are they inadvertently hiring those contractors  
3 without knowing that they're on the enhanced review  
4 list for one of 20 reasons? Right? Because the  
5 public certainly doesn't know why they're on the,  
6 why they're on the enhanced review list and so an  
7 agency wouldn't know what to look for. I have no  
8 confidence that that communication is happening  
9 behind the scenes as chair of the Contracts  
10 Committee and knowing that the systems don't talk  
11 to each other. And having been... have, having walked  
12 through...

13 CHAIRPERSON WILLIAMS: Council Member.

14 COUNCIL MEMBER ROSENTHAL: ...the, what  
15 the public sees about a contractor and how  
16 impossible it is to see on even the private agency  
17 eyes only fields, the exact reason why, and why an  
18 agency should perhaps not contract with this vendor  
19 for all those reasons..

20 CHAIRPERSON WILLIAMS: Council Member  
21 we're going to have to ask you to wrap up please.

22 COUNCIL MEMBER ROSENTHAL: ...I'm, I'm  
23 planning on pursuing this bill, actually adding  
24 more teeth to it, and adding more specifics about  
25 what the city needs to make very public on its

1  
2 website and in public reports about those  
3 contractors that we are giving city money to.

4 ALEXANDRA FISHER: So, I just want to  
5 say last year at the hearing you made the point  
6 about what information we share with nonmayoral  
7 city agencies and we thought that that was, and we  
8 thought that that was a good point. And since then  
9 we do share with other city agencies... whenever we  
10 update our list, our enhanced review list because  
11 we're not just waiting for them to go find the list  
12 on their own, so we will, we do inform them and  
13 send them the updated list and, and if they have  
14 any questions let them know who they can reach out  
15 to.

16 CHAIRPERSON WILLIAMS: Council Member,  
17 sorry, you got to... It's okay. We're going to go to  
18 Council Member Levine who did not get a first  
19 round. So I'm going to. He says he only needs  
20 three. Hopefully he'll use it. I'll put up five  
21 just in case.

22 COUNCIL MEMBER LEVINE: I'll be brief.  
23 Thank you Mr. Chair. I want to ask about Intro 930  
24 which probably hasn't gotten enough air time this  
25 morning. There's so many great bills today to

1 discuss. Concerning an expansion of the cases in  
2 which a building can be seized for the third party  
3 transfer program when, when landlords neglect these  
4 residential buildings. Am I right that this program  
5 dates back to the 70s? Would that be accurate? A  
6 very different time in the city's history. Sorry.  
7 Very different time in the city's history when  
8 landlords were walking away from buildings. In  
9 fact, many were happy to hand off the keys to the  
10 city so they wouldn't have the headaches of dealing  
11 with their buildings in a real estate market which  
12 was deeply, deeply depressed. Today buildings go on  
13 a third party transfer for very different reasons.  
14 Buildings are neglected today for very different  
15 reasons. And often it's a deliberate strategy by  
16 landlords who are hoping to smoke tenants out.  
17 You've seen this many times. And...

18  
19 ALEXANDRA FISHER: Sorry, just want to  
20 correct, it was created in 1996.

21 COUNCIL MEMBER LEVINE: 1996. Okay. So,  
22 I... interesting that it's hitting the tail end of  
23 this period of abandonment. But there's no question  
24 that today often landlords are not hoping they lose  
25 their buildings. They're hoping to lose the tenants

1 and to get high paying market rate tenants in. And  
2 we can disrupt that plan by intervening and seizing  
3 the building, and putting into TPT. I have a couple  
4 questions about how that works. How long does a  
5 building have to be distressed before we actually  
6 put it into TPT, into foreclosure? Is there a  
7 minimum, a maximum period?

9 ALEXANDRA FISHER: I just want to  
10 clarify there is a significant distinction between  
11 the tax lien sale and the third party transfer  
12 program.

13 COUNCIL MEMBER LEVINE: Yes.

14 ALEXANDRA FISHER: There is no  
15 requirement that something.. be in the tax lien sale  
16 for it to go into third party transfer program.  
17 We'll have to get back to you on the exact criteria  
18 because I am not the assistant commissioner over  
19 that. I just work with them on these issues. But it  
20 is that there needs to be property.. and other liens  
21 that are outstanding. There's no specific amount of  
22 time. I believe...

23 COUNCIL MEMBER LEVINE: And at what, at  
24 what point is the owner themselves notified that  
25 the property has been labeled distressed?



1  
2 ALEXANDRA FISHER: For the third party  
3 transfer?

4 COUNCIL MEMBER LEVINE: Yes.

5 ALEXANDRA FISHER: Again, I am not the  
6 person that can talk to you about the timing of  
7 when the letters go out. There's a few different,  
8 there's a period of time... like for example the last  
9 round of third party transfer was last year.  
10 There's a very specific process in terms of, in  
11 terms of when it goes, in terms from... the courts  
12 and then the letters that do go out. So I don't  
13 know the exact time.

14 COUNCIL MEMBER LEVINE: Do owners have  
15 any way to contest their designation?

16 ALEXANDRA FISHER: Yes, they, I believe...  
17 just jump in here. I believe there's a four-month  
18 time period.

19 PATRICK WEHLE: There is a process  
20 before... it actually leads to the transfer of title.  
21 So, there are opportunities for owners to... to... the  
22 building from the...

23 COUNCIL MEMBER LEVINE: And how often  
24 does that happen? How often do owners recapture  
25 their buildings?

2 ALEXANDRA FISHER: It's about the same.  
3 It's actually about the... it's about the same as in  
4 terms of redemption in terms of the tax lien sale.  
5 At least when we've looked at it in the past it's  
6 been you know between 75 to 85 percent of the  
7 properties.

8 PATRICK WEHLE: But we can provide you  
9 with specifics.

10 COUNCIL MEMBER LEVINE: And so how do we  
11 explain this so called death bed conversion of an  
12 owner who neglected, neglected, neglected and then  
13 finally when they're faced with losing the property  
14 does enough to recapture it. Is this, is this  
15 rewarding bad actors potentially or allowing them  
16 to skate by on minimal performance? How, how do  
17 you explain that so many owners go from neglect to  
18 taking action to retain their ownership?

19 PATRICK WEHLE: Yeah, I mean owners have  
20 a constitutional right. And I'm not suggesting that  
21 in these cases we agree with a situation where an  
22 owner may be able to recapture their property but  
23 we just can't take property. I mean so they do have  
24 rights and we have to respect their rights.

1  
2 COUNCIL MEMBER LEVINE: They sure do.  
3 Tenants have rights as well. And...

4 PATRICK WEHLE: And that's why we're  
5 vigilant in... [cross-talk] owners who harass  
6 tenants.

7 COUNCIL MEMBER LEVINE: And, and this  
8 program was designed to make sure though and as you  
9 well know Commissioner when owners are, are delict  
10 of duty that the city intervenes. And I just want  
11 to make sure, sure that we don't allow a revolving  
12 door in which owners neglect repeatedly do a  
13 minimal amount to retain ownership and then once  
14 again do the wrong thing by their tenants.

15 PATRICK WEHLE: We agree.

16 COUNCIL MEMBER LEVINE: I promised the  
17 chair I'd finish in less than five so I'm going to  
18 pass it back. Thank you Sir.

19 CHAIRPERSON WILLIAMS: Thank you.  
20 Council Member Crowley and Rodriguez.

21 COUNCIL MEMBER CROWLEY: Thank you  
22 Chair. Third party transfers, how frequently does  
23 that happen? How many units are in the midst of  
24 being transferred? How many have been transferred  
25 under the de Blasio administration.

1  
2 ALEXANDRA FISHER: There's been one  
3 round which just... was started last May so it is  
4 still in process.

5 COUNCIL MEMBER CROWLEY: So, has there  
6 been any units?

7 ALEXANDRA FISHER: There is... a process  
8 that's going on. It started out with 504 lofts. But  
9 have to get back to you about where all the, where  
10 it is in the process.

11 COUNCIL MEMBER CROWLEY: So, you don't  
12 know that one lot has been transferred?

13 ALEXANDRA FISHER: It's... But this is  
14 round 10 but it's... it's the only thing under... You  
15 asked under the de Blasio administration correct?

16 COUNCIL MEMBER CROWLEY: Correct.

17 ALEXANDRA FISHER: Yeah. So... so the,  
18 the... it started in May and I don't know where it is  
19 in the teeth, the ground..

20 COUNCIL MEMBER CROWLEY: So, it's a new  
21 program that wasn't around prior?

22 ALEXANDRA FISHER: No, what happens is  
23 there's multiple rounds so you're asking underneath  
24 the de Blasio administration when TPT actions  
25 began. So underneath the de Blasio administration

1  
2 the latest round was considered, it was called  
3 round 10 and that is still in process.

4 COUNCIL MEMBER CROWLEY: And this is  
5 different from your tenant interim lease program?

6 ALEXANDRA FISHER: Yes.

7 COUNCIL MEMBER CROWLEY: But I'm curious  
8 to know how they, they get related. I mean, well  
9 right now, the tenant, third party transfer is not  
10 really happening.

11 ALEXANDRA FISHER: No, it, it is...

12 COUNCIL MEMBER CROWLEY: Because you  
13 don't know...

14 ALEXANDRA FISHER: ...it's a current... what  
15 is, what we are saying is that the process begins  
16 and as you were saying there's an initial  
17 notification. And again, we can get back to you  
18 with more details about...

19 COUNCIL MEMBER CROWLEY: The process  
20 takes a number of years. I'm just trying...

21 ALEXANDRA FISHER: Yeah.

22 COUNCIL MEMBER CROWLEY: ...to figure out  
23 why you wouldn't have a number of how many units  
24 have been transferred under...

25 ALEXANDRA FISHER: No and...

1  
2 COUNCIL MEMBER CROWLEY: So, what  
3 happens is that it begins and as we are saying  
4 there's legal proceedings that are involved and  
5 then there is a period of time before the first  
6 transfer occurs.

7 ALEXANDRA FISHER: And there's been no  
8 transfers?

9 PATRICK WEHLE: Not, not as of today.

10 COUNCIL MEMBER CROWLEY: Okay. At what  
11 point do the tax liens... what point do the money  
12 owed in taxes and ECB violations get so high that  
13 you could put a lien on the building or the  
14 property?

15 PATRICK WEHLE: So, I'm not quite sure.  
16 I mean for instance for emergency repair charges  
17 the owner has an opportunity to, to pay before they  
18 convert to tax liens. A lot of the fees that we  
19 impose on properties, that were legislated by the  
20 city council for programs such as AEP, if they're  
21 unpaid convert to tax liens. But then we also have  
22 judgements that do not convert to tax liens.

23 COUNCIL MEMBER CROWLEY: But at what  
24 point does the, the property get to a point where  
25 it is up for sale?

1  
2           PATRICK WEHLE: Well the, I mean when  
3 you... goes into a tax lien there are triggers or  
4 when properties enter into tax lien sales. Alright,  
5 so for instance in, just in, in recent history the  
6 council passed legislation that allows the  
7 emergency repair liens to be a trigger for a tax  
8 lien sale irrespective of whether or not the owner  
9 has paid their real estate taxes and water sewer  
10 charges. So, we have some new enforcement tools.  
11 The first year that we were able to put properties  
12 into a tax lien sale because of an ERP trigger  
13 about 12 million dollars went into the lien sale  
14 and we collected about 10 of that 12 million in the  
15 first year.

16           COUNCIL MEMBER CROWLEY: So, you're more  
17 than likely going to get the landlord, the property  
18 owner to pay before you're able to, in more cases  
19 than not, to proceed in taking up the land.

20           PATRICK WEHLE: In, in more cases than  
21 not owners do pay.

22           COUNCIL MEMBER CROWLEY: Okay. I mean I  
23 have another question but it's for HPD.

24           CHAIRPERSON WILLIAMS: Go ahead, go  
25 ahead.

2 COUNCIL MEMBER CROWLEY: And HPD's not  
3 up right now. But I want to know about the  
4 reporting.

5 CHAIRPERSON WILLIAMS: HPD's not up?

6 COUNCIL MEMBER CROWLEY: Who's from HPD?  
7 All...

8 CHAIRPERSON WILLIAMS: ...the Commission...  
9 yeah.

10 COUNCIL MEMBER CROWLEY: Sorry. Somebody  
11 up was before, between Department of Buildings and  
12 HPB... HPD and Finance I'm never sure who's working  
13 where. What I'm trying to figure out is why it's  
14 important for HPD to make sure that contractors are  
15 following the federal guidelines for prevailing  
16 wage but you're not holding contractors to other  
17 wage standards. And it takes outside agencies to  
18 come in and investigate when workers are abused. I  
19 don't understand why you can't make sure that  
20 within your ownersight that all labor laws are  
21 being followed. Because these, these are our tax  
22 dollars. And you're the agency that's giving out  
23 these contracts to these contractors. It's like  
24 you're afraid to follow, you're afraid to make sure



1  
2 your contractors follow the law because so many of  
3 them are breaking the law.

4 MERYL BLOCK WEISMAN: We are  
5 specifically delegated as the enforcement entity  
6 under federal law for prevailing wage requirements.  
7 The other bodies that have jurisdiction have their  
8 own resources and determine when they are going to  
9 follow-up on a complaint. If we learn about a  
10 minimum wage violation or have concerns about a  
11 project that we are not actively monitoring. We  
12 refer it out to DOL. We refer it out to state DOL.  
13 We even refer projects to federal DOL and we work  
14 closely with them. DOI is also involved so it's not  
15 that HPD is not paying attention to these sites but  
16 we don't have active responsibility for monitoring  
17 minimum wage projects.

18 COUNCIL MEMBER CROWLEY: But...

19 CHAIRPERSON WILLIAMS: Thank you Council  
20 Member.

21 COUNCIL MEMBER CROWLEY: and then the  
22 only other thing's why are, why are you hesitant to  
23 be more transparent and allow this information to  
24 be made public such as the principle owners,  
25

1  
2 developers, and who the contracts are and what type  
3 of contracts they're getting.

4 MERYL BLOCK WEISMAN: We would certainly  
5 be open to considering that and will consult with  
6 our legal advisors about whether or not we can do  
7 so.

8 CHAIRPERSON WILLIAMS: Thank you.  
9 Council Member Rodriguez.

10 COUNCIL MEMBER RODRIGUEZ: Thank you  
11 Chair. First of all... mention it before, we walked  
12 through three building in my district together... we...  
13 Commissioner on Friday, one, five, and nine...  
14 Boulevard. 50 percent of those unit being empty for  
15 years. And they being empty now because those  
16 people who were living in regulated apartments many  
17 of them living there for 20 or 30 years they  
18 decided to leave because they didn't want to enjoy  
19 the view of the George Washington Bridge and.. push  
20 out so that the landlord, if you click right now  
21 and go into the market after year he put in those  
22 apartment for three 4,000 dollars. So how can... and  
23 again at the personal level you know someone that I  
24 can say... accessible... nine... anytime... do an  
25 inspection, doing the best he can. But how can

1  
2 they, you know an entity who own building like  
3 those are allowed to get rid of, of those situation  
4 keeping those apartments empty, apartment that they  
5 will regulated, that many of them probably were  
6 rent control, they were not markets. So how, how is  
7 that happening? And I know that we have a plan,  
8 know that we... may... and we took the... we going back  
9 this week. But you know for the public notice like  
10 how critical is that situation? How can we address  
11 those type of behave, behavior from, from those?

12 PATRICK WEHLE: Sweet. Sir thank you  
13 very much for mentioning that. And I think what  
14 we're doing is critical you know and, and we need  
15 to better educate tenants as to what their rights  
16 are. As we heard from talking to some of the  
17 tenants that remained when the owner sent notices  
18 out saying that you're illegal, you should leave,  
19 many tenants that night fled the building. So, it's  
20 important that we continue to educate tenants. The  
21 City Council passed a tenant protection law that  
22 requires that owners post notices about where  
23 tenants can, can obtain information about what  
24 their rights and, and duties are. The mayor and the  
25 city council has also put over 100 million dollars

1  
2 into legal services contracts. 24 percent reduction  
3 in evictions as a result of some of the earlier  
4 actions. I think the collaboration that we have  
5 with our state partners at HCR and at the attorney  
6 general's office is also critical to this.

7 COUNCIL MEMBER RODRIGUEZ: Okay. Second  
8 question is on, on the legal, on the legal  
9 conversion I get like having... tonight, the largest  
10 one, community board 12, on regulated apartments.  
11 We've been living that reality. We've been in the  
12 front of a target of gentrification. It... when I  
13 look at by the Department of Building that the  
14 finish... example illegal conversion you mentioning  
15 using a property... for manufacturing... to use, to be  
16 used for residential occupancy. How can... do we also  
17 have a... rate of illegal conversion of apartment  
18 building, why it supposed to be residential to be  
19 used for commercial. Because I know that I have  
20 many avenue in my district that it's supposed to be  
21 residential. And those whole first floor they been  
22 turn into commercial.

23 ALEXANDRA FISHER: There are violations  
24 that we can, we can write for things like this for  
25

1  
2 example, occupancy contrary, to the existing  
3 certificate of occupancy.

4 COUNCIL MEMBER RODRIGUEZ: How much do  
5 you enforce because I talk about a whole avenue in  
6 my district. You know this not something that you  
7 can know. I know that...

8 CHAIRPERSON WILLIAMS: Council Member.

9 COUNCIL MEMBER RODRIGUEZ: ...you, you  
10 know that. Outside too. Like whole avenue.. avenue,  
11 many place. It supposed to be residential and the  
12 whole first floor is use by doctor's office, by  
13 bodega, by other thing that it's not supposed to be  
14 used for.

15 ALEXANDRA FISHER: I'd be happy to have  
16 our inspectorial staff take a look at any of those  
17 addresses if you'd like to send them directly to  
18 me.

19 COUNCIL MEMBER RODRIGUEZ: If you can  
20 put a look on my whole district I appreciate it.

21 ALEXANDRA FISHER: Resources.

22 COUNCIL MEMBER RODRIGUEZ: Thanks. Thank  
23 you.

24 CHAIRPERSON WILLIAMS: Thank you very  
25 much Council Member. I have some more questions and

1  
2 then this wonderful Halloween discussion will move  
3 onto the advocates and tenants and some elected  
4 officials. How many contractors are annually  
5 selected for Housing Development Projects by the  
6 city?

7 ALEXANDRA FISHER: I'm, I'm not sure if  
8 we're talking about city owned sites or those that  
9 come to us for funding assistance but...

10 CHAIRPERSON WILLIAMS: Let's do both.

11 ALEXANDRA FISHER: I think there's just  
12 a handful of city sites each year but about 80  
13 projects, HPD projects each year. More?

14 CHAIRPERSON WILLIAMS: Well is that 80...

15 ALEXANDRA FISHER: Almost 200?

16 CHAIRPERSON WILLIAMS: 200 projects, how  
17 many contractors?

18 ALEXANDRA FISHER: Oh, I don't have that  
19 number before you because...

20 CHAIRPERSON WILLIAMS: Alright we'd like  
21 to know that. I mean I think it goes to just  
22 transparency on Council Member Rosenthal's bill and  
23 some of the things that were being brought up by  
24 Council Member Torres, the number of people who  
25 have access. I don't get the contracts, probably

1 not as large as we'd want. So, I just wanted to get  
2 some information.

3  
4 ALEXANDRA FISHER: Yeah, but what we do  
5 know is that the... out of that number whatever the  
6 full universe is there's only 47 projects that  
7 those contractors are subject to enhanced review.  
8 That, that's the universe of actives that we're  
9 paying attention to. So, that's 47. I don't have  
10 the total number of HPD projects per year but I do  
11 have the number of projects in which we're paying  
12 attention to...

13 CHAIRPERSON WILLIAMS: Sure.

14 ALEXANDRA FISHER: ...who those  
15 contractors are.

16 CHAIRPERSON WILLIAMS: I still would  
17 like to know how many are annually selected for...

18 ALEXANDRA FISHER: Sure.

19 CHAIRPERSON WILLIAMS: ...for projects.  
20 For intro number 1211 is there data on tenant  
21 harass... how many tenant harassment complaints have  
22 been filed in buildings owned by predatory equity  
23 companies?

24 VITO MUSTACIUOLO: I have data to show  
25 how many tenant harassment cases have been filed. I

1  
2 can't do a match up between that list and if the  
3 owner has entered into a predatory equity deal.

4 CHAIRPERSON WILLIAMS: Do you have a  
5 list of owners who entered into predatory equity  
6 review?

7 VITO MUSTACIUOLO: No I do not.

8 CHAIRPERSON WILLIAMS: Okay. And that's  
9 because you don't have a definition of predatory  
10 equity is?

11 VITO MUSTACIUOLO: Well I... I think again  
12 I think it's been made clear for me... past reports  
13 that it's a difficult designation to make. If you  
14 looked at the ANHD report I think of the 100,000  
15 apartments that they actually looked at in the  
16 portfolio they can only find data to support 27,000  
17 units where they can make the assumption that there  
18 was a predatory equity loan made.

19 CHAIRPERSON WILLIAMS: How many  
20 buildings was that?

21 VITO MUSTACIUOLO: I, I have the report.  
22 I, I don't know the exact number of buildings...

23 CHAIRPERSON WILLIAMS: Okay. Is there  
24 data of how many buildings owned by predatory  
25 equity companies are currently vacate... are



1  
2 currently vacated or have a significant number of  
3 HPD DOB violations? But I guess you have a number  
4 of violations still because you know if they're  
5 predatory equity companies, is that right?

6 VITO MUSTACIUOLO: That's correct.

7 CHAIRPERSON WILLIAMS: Well we think our  
8 bill can help you with the definition a little bit  
9 better. So hopefully we continue that conversation.  
10 For Intro number 1218 how many vacate orders are  
11 issued by DOB each year relating to immediately  
12 hazardous illegal conversions?

13 ALEXANDRA FISHER: In 20, 2015 we issued  
14 19 full vacates and 408 partial vacates.

15 CHAIRPERSON WILLIAMS: According to the  
16 MMR DOB only gets access to 40 percent of, 40  
17 percent of the time for residential illegal  
18 conversion complaints. Does that include DOB access  
19 to warrants? And just start with that.

20 PATRICK WEHLE: So, Councilman you're  
21 correct. So, in the first instance our first  
22 attempt we gain access about 45 percent of the  
23 time.

24 CHAIRPERSON WILLIAMS: First attempt.  
25

2 PATRICK WEHLE: First attempt. Second  
3 attempt, we gain access just under 30 percent of  
4 the time.

5 CHAIRPERSON WILLIAMS: 30 percent.

6 PATRICK WEHLE: In the, in the even we  
7 cannot obtain access the second time and we witness  
8 evidence of an illegal conversion, multiple mail  
9 boxes, door bells, etcetera we go down the road of  
10 pursuing an access warrant we are able to get  
11 access about 90 percent of the time.

12 CHAIRPERSON WILLIAMS: 90 percent of the  
13 warrants? How many times... so what does that bring  
14 up the 30 percent to? Because you got access to 30  
15 percent, then you got some warrants so that changes  
16 the number. So, what is the final number of access?

17 PATRICK WEHLE: It's hard to say because  
18 some, on that second attempt where we don't get  
19 access it's entirely possible that there might not  
20 be evidence of that illegal conversion. So, in that  
21 instance, we would not be pursuing that access  
22 warrant.

23 CHAIRPERSON WILLIAMS: So, what  
24 generally happens to the other 60 to 70 percent?  
25

1  
2 ALEXANDRA FISHER: The ones that we  
3 don't gain access to?

4 CHAIRPERSON WILLIAMS: Yes.

5 ALEXANDRA FISHER: And don't get an  
6 access warrant for?

7 CHAIRPERSON WILLIAMS: Yes.

8 ALEXANDRA FISHER: We do not re-inspect  
9 those after the second time. We close those out.  
10 And if there's another complaint generated then  
11 we'll go back out again.

12 CHAIRPERSON WILLIAMS: Of the 30 percent  
13 that you gained access to and the additional one  
14 that you got warrants to gain access to how many  
15 there were found to have illegal conversions?

16 ALEXANDRA FISHER: Bear with us for one  
17 second. Would it be okay if we got back to you with  
18 that number?

19 CHAIRPERSON WILLIAMS: Sure.

20 ALEXANDRA FISHER: It's a little more  
21 complicated so...

22 CHAIRPERSON WILLIAMS: Sure. And wanted  
23 to know how do you, how do you get a access warrant  
24 and don't get access?

1  
2 ALEXANDRA FISHER: In the cases of... on  
3 occasion people will still tell us no you cannot  
4 come in. But this is just an administrative warrant  
5 and the Department's only allowed to use reasonable  
6 force to gain access. So, we're not going to be  
7 breaking people's doors down.

8 CHAIRPERSON WILLIAMS: Okay so then what  
9 happens after they say no to the administrative  
10 one?

11 ALEXANDRA FISHER: At this point,  
12 nothing. We could attempt a civil contempt  
13 proceeding against them. We have yet to do that  
14 against the one or two handful of people who have  
15 refused us access. But when we do obtain an access  
16 warrant we take all the steps possible including  
17 working with the NYPD so we do gain access and  
18 we're very successful in issuing violations when we  
19 do gain access and observe conditions.

20 PATRICK WEHLE: And Council Member if I  
21 may just to get back to your earlier question when  
22 we do in fact gain access to the premises 46  
23 percent of the time we observe conditions that  
24 warrant the issuance of an illegal conversion  
25 violation.

1  
2 CHAIRPERSON WILLIAMS: Thank you very  
3 much. I do want to... you guys are usually pretty  
4 good, have the numbers ready so I appreciate that.  
5 So, I want to get back to a preemption. So, in  
6 regard to your preemption concern are you arguing  
7 that making unpaid civil penalties for violations  
8 of 28-210.1 liens are preempted or that making them  
9 a trigger for lien sale is preempted.

10 PATRICK WEHLE: So, just to start with,  
11 you know our understanding in speaking with the law  
12 department on their advice is that the city's  
13 authority to issue attach liens to building  
14 department violations is limited to one, two, and  
15 three family homes. Now, what's being proposed in  
16 this bill, this aggravated 15,000 dollar per unit  
17 penalty, should that become law, if that penalty  
18 was attached to a one, two, or three family home  
19 that would be eligible for a lien. However, if it's  
20 something other than a one, two or three offers  
21 issuing that it's preempted and requires state  
22 legislation to expand our existing authority beyond  
23 one, two, and three family homes.

24 CHAIRPERSON WILLIAMS: So, if it's... just  
25 so I know if it's over three are you still saying

1 that the preemption is making unpaid civil  
2 violations preempted or making the trigger  
3 preempted or both?  
4

5 PATRICK WEHLE: It's both. The tax lien  
6 authority has to come from the state.

7 CHAIRPERSON WILLIAMS: And how many... how  
8 many homes did you say... tell me again how many  
9 illegal conversion complaints that you gave to  
10 everybody and how many of them were over three  
11 family?

12 ALEXANDRA FISHER: So to everybody we  
13 issued a total in Fiscal Year 2016, 842. In fiscal  
14 2015 1245. And for the others, in fiscal year 2016  
15 for three or more illegal units it was 44. In 2015  
16 it was 29.

17 CHAIRPERSON WILLIAMS: So, the vast  
18 majority are for one to three family.

19 ALEXANDRA FISHER: Yeah.

20 CHAIRPERSON WILLIAMS: So, you're  
21 testifying there is no legal preemption to, for  
22 this bill for one and three family homes?

23 ALEXANDRA FISHER: Correct.

24 CHAIRPERSON WILLIAMS: Which is great  
25 because those are the ones we are focusing on.

1  
2 COUNCIL MEMBER TORRES: Mr. Chairman  
3 they should have made this very clear very early  
4 on. Really. This, this, this clarity coming at the  
5 end of their testimony is amazing here. So  
6 regardless of the number of units that have been  
7 converted if it's a one to three family home on the  
8 C of O they are eligible for the tax lien under the  
9 current law.

10 ALEXANDRA FISHER: They are, that's  
11 correct.

12 CHAIRPERSON WILLIAMS: Alright. That  
13 would have, would have saved us a lot of time. But  
14 I just want to say and... usually it's me kind of  
15 giving some hard questions but you see it was  
16 spread along my colleagues so you got it from  
17 everybody. That was good. So, I didn't have to do  
18 it all. But you see how important this stuff is to  
19 us, all of these bills. And that's because our  
20 constituents find it very important to them and  
21 that is because housing is becoming more and more  
22 of a crisis and is pushing up homelessness more and  
23 more. So, I don't think it's enough to say... hold on  
24 one second.

25 [pause]

1  
2 CHAIRPERSON WILLIAMS: Okay. Have  
3 another question but let me finish without saying..  
4 Alright so I think it's just important to see how  
5 important it is to us. We want to make sure... I  
6 don't think these bills are going to go away. So,  
7 we have to find a way for it to work. I understand  
8 that some of it can be cumbersome. Maybe we have to  
9 you know try and bring it back a little bit. But  
10 it's not enough to have these problems for so many  
11 years and nothing happens. And so, it's our job to  
12 propose. It'll be good if when you come saying no.  
13 You can have some alternatives of what could work.  
14 But after what's happening now and both agency work  
15 very hard and have good people and we really  
16 appreciate it. But it's not enough so we have to  
17 provide some more tools. And whether those tools  
18 are presented usually this back and forth goes so  
19 it's not abnormal. But we're going to continue to  
20 push just so you know. One more question on the  
21 preemption. How many violations of that, that 28-  
22 210.1 did you give for multiple dwellings?

23 ALEXANDRA FISHER: That number I don't  
24 have.

25



1  
2 CHAIRPERSON WILLIAMS: Okay. Can we get  
3 that number also?

4 ALEXANDRA FISHER: Yes.

5 CHAIRPERSON WILLIAMS: Okay. Thank you  
6 very much. Wait, hold on, is it? Thank you very  
7 much for your testimony. You got everybody riled up  
8 with the preemption stuff. But I'm glad we got to  
9 the bottom with it. I'm even more glad it was  
10 favorable for us though so.. But just so I'm clear  
11 even with that preemption dealt with you're still  
12 opposed to 28, 1218 correct?

13 VITO MUSTACIUOLO: Correct.

14 ALEXANDRA FISHER: Correct.

15 CHAIRPERSON WILLIAMS: Okay. Thank you.  
16 Thank you so much for your testimony. We're going  
17 to take about five minutes so everyone can just  
18 take a breather. And then we'll come back with  
19 Assembly Member Pamela Harris, Andrew Gounardes for  
20 Borough President Eric Adams, former Council Member  
21 Lew Fidler, and Josephine Beckman Community Board  
22 Chair of CB10. Take a recess of five minutes and  
23 we'll be back.

24 [pause]

1  
2 CHAIRPERSON WILLIAMS: Alright if we can  
3 have Assembly Member Harris, Andrew Gounardes from  
4 Borough President Adams, Lew Fidler, and Josephine  
5 Beckman. After this panel, will be Warren Chin,  
6 Tyler Cassell, Matthew Cassara, Andrea Shapiro, and  
7 Pat Cassell [sp?]. Can everybody please raise their  
8 right hand? Do you affirm to tell the truth, the  
9 whole truth, and nothing but the truth in your  
10 testimony before this committee, and to respond  
11 honestly to council member questions? We'll start  
12 with the Assembly Member and then you can start in  
13 the order of your preference.

14 ASSEMBLYMEMBER HARRIS: Good afternoon.  
15 I am here today out of grave concerns for the  
16 dangers imposed on our families, communities by  
17 illegal converted homes. This type of home  
18 modification poses serious safety risks to  
19 residents of our city. It also poses safety risks  
20 to first responders by creating potentially unsafe  
21 living conditions and not complying with building  
22 and fire codes. Illegal conversions also reduce the  
23 neighborhood's quality of life by straining  
24 essential services such as over enrollment in our  
25 local schools which I actually call over the

1 counter kids and congestion on public  
2 transportation and local roads. I believe that we  
3 could come close to resolving this issue by  
4 supporting Councilman Gentile's bill, Intro 1218.  
5 History time in, time and again has revealed how  
6 dangerous illegal conversions are to New York  
7 City's residents. In December 2013, a Brooklyn  
8 woman died in a fire in an illegally converted  
9 basement. Last year work on illegally converted  
10 conversion threatened a restaurant ceiling and  
11 businesses in Bay Ridge. And let's not forget the  
12 firefighters who jumped to their death out of the  
13 windows of illegally converted homes. These are  
14 stories that are no longer surprising for our city,  
15 city boroughs. Their chilling effects however  
16 emphasized a critical problem that must be  
17 addressed quickly and efficiently. One of the  
18 causes of illegal conversions is said to be the  
19 lack of affordable housing in our city. To be clear  
20 substantiated housing is not affordable housing. I  
21 would also like to make it clear that I am not  
22 advocating to displace residents. Many of you are  
23 aware that this past summer [phonetic], summer  
24 FDNY, Department of Buildings Inspectors, found  
25

1 that two family houses at 6705 7<sup>th</sup> Avenue in  
2 Brooklyn had been subdivided into five family  
3 dwellings. I have the information here. The  
4 residents had a multitude of safety hazards that  
5 range from lack of egress or exits to compromised  
6 plumbing, electrical, and gas work to extreme  
7 overcrowding. The American Red Cross had to  
8 relocate over 30 displaced Dyker Heights Residents  
9 which included 18 adult and 13 children to our  
10 nearby Days Inn for up to three days. I believe  
11 that we must work together to find solvency on this  
12 issue and that it's something that I will work with  
13 on my, with my colleagues in government. Illegally  
14 converted homes has become a wide spread issue  
15 particularly in Dyker Heights and Bay Ridge  
16 Neighborhoods in my district. In 2014 Dyker  
17 Heights, PS 176 saw 71 percent enrollment and was  
18 the most overcrowded of all of District 20, 20  
19 schools. And part of this can be attributed to a  
20 large amount of illegal conversions and the  
21 increase in population it brings to the  
22 neighborhood. Illegal conversions are one of the  
23 most common complaints that my office has received  
24 since I was elected last November. That is why I  
25

1 introduced my bill, 89657 on a state level to  
2 penalize home owners for unsafe living conditions.  
3 We must all do what we can to keep our residents  
4 safe. I'd like to thank Councilman Gentile and all  
5 the sponsors for introducing this legislation and  
6 recognizing the significance of illegal conversions  
7 in our community. I also too want to just state  
8 that after hearing today about state preemptions if  
9 it is indeed an issue that you can statutorily  
10 claim I can work with my colleagues to give city  
11 council authority to place tax liens on aggravated  
12 illegal conversions.  
13

14 CHAIRPERSON WILLIAMS: Thank you  
15 Assembly Member.

16 ASSEMBLYMEMBER HARRIS: Thank you.

17 ANDREW GOUNARDES: Good afternoon. My  
18 name is Andrew Gounardes. I am Counsel to Borough  
19 President Eric Adams. I'm going to read a statement  
20 on his behalf. Good afternoon Council Member  
21 Williams and members of the New York City Committee  
22 on Housing and Buildings and fellow concerned  
23 citizens. Thank you for considering Intro 1218, a  
24 bill sponsored primarily by Council Member Williams  
25 with Council Members Gentile and Grodenchik at my

1 request. This bill would increase the minimum civil  
2 penalty for certain immediately hazardous illegal  
3 conversions, make such conversions a basis for a  
4 vacate order and make such civil penalties when  
5 unpaid eligible for a lien sale. Profiteering  
6 property owners are taking advantage of our tight  
7 housing market and are creating unlivable cubicles  
8 illegally inside homes turning dwellings intended  
9 for only one to three families into dangerous  
10 cramped flop houses for dozens of people. Often the  
11 wiring and plumbing in these structures are  
12 inadequate to the task as the property was never  
13 intended to house so many people. Almost always  
14 there is a lack of proper ingress and egress. Walls  
15 are frequently made of temporary and flimsy plywood  
16 partitions. The building conversions are always  
17 done without permits so there is no way to check on  
18 the quality of any of this work before greedy  
19 owners start raking in the cash renting out these  
20 dangerous and barely habitable spaces for as much  
21 as \$500 a month if not more. These units are also  
22 dangerous to the neighborhood as well. With  
23 improper and overtaxed electrical systems they are  
24 prone to fire creating a dangerous situation not  
25

1  
2 only for those residing in the dwellings but also  
3 for innocent homeowners and occupants in  
4 surrounding buildings. Likewise, this creates an  
5 increased danger for our first responders who have  
6 to put out these fires. The problem we are  
7 addressing today is not new nor is it confined to  
8 any single neighborhood, type of neighborhood, or  
9 ethnic group. Here are just some examples. January  
10 7<sup>th</sup>, 1985, 1985. Five Haitian immigrants died in a  
11 fire on East 57<sup>th</sup> Street and East Flatbush. 14 men  
12 including the five victims were found to have been  
13 squeezed into basement cubicles with no smoke  
14 detectors or proper egress. 2003 a mother and child  
15 were killed living in cubicle apartments in Queens.  
16 2005, three children were killed in an illegally  
17 converted home in Elmhurst. 2009, three people died  
18 and four more were critically injured in an  
19 illegally converted home that was on fire in  
20 Woodside. 2011, two adults and a child died when a  
21 fire broke out in an illegally converted apartment  
22 in Belmont. 2013, a woman died in a fire in an  
23 illegally converted basement in Borough Park. The  
24 conversion was first documented by the Department  
25 of Buildings in 1990. And as Chairman Williams

1 knows all too well 2014 one man died and 15 others  
2 were injured in an illegally converted building in  
3 Flatbush. These are just some examples. Earlier  
4 this year as Assembly Member just mentioned 31  
5 residents including 13 children were removed from  
6 squallered [phonetic] and dangerous conditions in  
7 Dyker Heights. Fortunately, this is occurred before  
8 anyone else had to die. All of these incidents were  
9 in different boroughs, different communities, and  
10 in neighborhoods that differed economically and  
11 ethnically. And yet all of them have the same thing  
12 in common. People are profiteering off the backs of  
13 innocent residents who are living in substandard  
14 and dangerous housing conditions. I am not one that  
15 believes that all landlords or property owners are  
16 bad people but clearly we have some who are taking  
17 advantage of others to make a profit. We need to  
18 change the culture that allows these people to  
19 think that they can get away with it. This  
20 legislation attacks this longstanding problem by  
21 taking the profit out of the crime giving DOB the  
22 tools to effectively take the property from the  
23 hands of the bad actors and dis-incentivizing them  
24 from creating these conditions to begin with. After  
25



1  
2 31 years of public awareness we need more than  
3 words and pamphlets. Now is the time to change the  
4 law to give city government the tools that are  
5 needed to take real action. I urge this body to  
6 report Intro 1218 out of committee and for the full  
7 council to pass this legislation so that no one  
8 else dies for the sake of turning an illegal profit  
9 thank you.

10 JOSEPHINE BECKMAN: Good afternoon. My  
11 name is Josephine Beckman and I am the District  
12 Manager of Community Board 10 Brooklyn which  
13 encompasses the communities of Bay Ridge, Dyker  
14 Heights, and Fort Hamilton. I want to also thank  
15 our city council member Vincent Gentile for his  
16 efforts on this issue and, and we've partnered also  
17 with his office. We are in support of Intro 1218  
18 because we need a deterrent. In community district  
19 10 the impact of illegal conversions is  
20 significant. Offenders display blatant disregard  
21 for zoning and building code regulations illegally  
22 establishing full apartments and single room rental  
23 occupancies often creating structural and fire  
24 hazards during construction and post construction.  
25 Plans are being filed at the Department of

1  
2 Buildings for minor scopes of work. Permits are  
3 being issued and posted for minor work while in  
4 fact more extensive renovations and planned  
5 subdivisions are taking place. Complaints  
6 concerning illegal conversions are called into New  
7 York City 311 but accessed by officials to  
8 offending premises is most often denied at the door  
9 step. Community district 10 is working with the  
10 Brooklyn Housing Preservation Alliance and our  
11 partner city agencies the Brooklyn... of Department  
12 of Buildings to address the growing problem of  
13 illegal conversions. The overcrowding situations  
14 now existing in what were formerly one and two  
15 family homes in our district is substandard  
16 housing. The multiple dwelling law in New York  
17 state was enacted to provide protections to tenants  
18 living in buildings that occupy three or more  
19 families. It adds safety protection, lighting, fire  
20 escapes, safe egress, and provides tenants with  
21 certain legal protections. Illegal subdivisions in  
22 our district taking these one and two family homes  
23 in creating multiple dwellings with five, six, or  
24 seven families evades those protections. We support  
25 this bill because it will increase fines for owners

1  
2 who subject families to substandard and dangerous  
3 living conditions when converting these into three  
4 or more families. It is most troubling cases,  
5 complaints of 30 to 35 people which we, we hear  
6 often living in homes that once had occupied a  
7 family of five. I visited a vacated location small  
8 children, and saw small children and adults living  
9 in a garage portion attached to a one family home.  
10 The trend in CB10 begins with a full gut renovation  
11 of one and two family homes under an alt-2 permit.  
12 When we look at the data with new alteration 2  
13 permits from 2010 when there were only 154 permits  
14 filed for alt-2 work last year in 2015 there were  
15 711. Changes to certificate of occupancy are not  
16 required for all two even when work is extensive.  
17 Alteration one permits require plan by the  
18 examination by the Department of Buildings. And we  
19 are working on further studies to quantify this as  
20 we look at the overcrowding in our district. The  
21 strain on public amenities will continue to grow if  
22 the city of New York is unable to curtail this  
23 illegal and unsafe activity. The northern section  
24 of Dyker Heights founded by the area east of 7<sup>th</sup>  
25 Avenue toward 14<sup>th</sup> Avenue and from 62<sup>nd</sup> Street to

1 Bay Ridge Parkway has seen a tremendous impact. The  
2 most overcrowded schools are in our district,  
3 district 20. In fact, two schools were built in the  
4 last decade within this D, within the Dyker Heights  
5 Community. Two large expansions of schools were  
6 also completed but they now are already  
7 overcrowded. School district 20 is the most  
8 overcrowded district in the city with a deficit of  
9 more than 10,000 seat with funding in place to  
10 build less than half that number. But a shortage of  
11 available development sites has made this a  
12 challenge. It is our hope that this bill will serve  
13 as a deterrent, a deterrent that is needed for the  
14 safety of the tenants and residents of our  
15 community. Thank you.

17 LEWIS FIDLER: Good afternoon. My name  
18 is Lew Fiddler. Happy Halloween. I promised you  
19 guys I was going to come back and haunt you so  
20 today is as good a day as any. I, I have to tell  
21 you I, as a, just as a private citizen and I am,  
22 I'm appalled at the testimony of the Buildings  
23 Department today, that they're politely, to, to  
24 characterize their testimony as aggrisarial  
25 [phonetic] would be generous. You know Andrew

1 handed up this packet of, of articles, each of  
2 which documents the, the events that I could find  
3 online when people died, firefighters died. The  
4 first one goes back to when I was a Community Board  
5 Chairman in 1985 in Council Member Williams  
6 district where 5 Haitian immigrants died in a fire  
7 where both the buildings and the fire department  
8 had cited the, the property for its illegal  
9 conversion and hazardous condition. And back then  
10 the Buildings Department blamed the Fire  
11 Department. The Fire Department blamed the  
12 Buildings Department. Nothing happened and people  
13 died. So, the law hasn't changed. Things have  
14 gotten worse. The prior administration's answer to  
15 this problem after two firefighters died in the  
16 building was to blame the bad landlords and their  
17 solution was to print 50,000 pamphlets telling the  
18 tenants how dangerous it was for them to live in  
19 these conditions. Now obviously that's not the  
20 right solution for the Buildings Department to be  
21 sitting here reminds me, their testimony reminds me  
22 of Kevin Bacon in Animal House. When the Animal  
23 House people are rioting you know, you know during  
24 the parade him standing there waving his arms and  
25

1 saying all is well, all is well, keep calm. Well  
2 all's not well. 120,000 complaints. If one-third of  
3 them are justified all is not well. 31 years, no  
4 solution to the problem because no one is getting  
5 to the heart of it which is to take the profit of  
6 the industry. If it's not profitable building  
7 owners won't do it. If they're going to lose their  
8 property they won't do it. Now quickly to the  
9 substance of their complaints. None of which, now  
10 we've dealt with the, the preemption issue and, and  
11 quite honestly they were at best misleading for  
12 about two and half hours about that. Because I was  
13 here when we did the water lien bill and made them  
14 sellable. And I, I do want to point out to  
15 everybody the difference between something being  
16 lienable and something being sellable. Okay. Those  
17 are two different things. Making these liens  
18 sellable is what this bill does, does put the  
19 property owner of losing his property. As to the  
20 fines, we could amend the bill. I'd be happy to add  
21 the 1,000 dollar a day addition, not a problem. But  
22 this bill creates a mandatory fine. Your fine per  
23 unit is 15,000 dollars not what is decided later  
24 on. You're found guilty. It's 15,000 dollars a  
25

1 unit. If you three units, being fined 45,000  
2 dollars. Go explain that to the bank that's holding  
3 the mortgage on your property that you don't now  
4 have a lienable, sellable, 45,000 dollar lien  
5 against your property and see what the bank does.  
6 So, it's going to put a stop to it. As to the  
7 process that they described, you're saying well  
8 this is more burdensome, this was... than what we do  
9 already? Great. Come to the table. Sit down with  
10 us. We'll work that out with you. You know instead  
11 of you know, you know the October 31<sup>st</sup> surprise of  
12 saying its preempted and throwing up every possible  
13 obstacle in the way of a problem that hasn't been  
14 solved in 31 years of my life. Come to the table.  
15 We can figure that stuff out. It, it, it is really  
16 not hard. And as to their issue of the affirmative  
17 defense in suggesting that what this bill does is  
18 encourage landlords to get off the hook by evicting  
19 their tenants they are misreading the bill. The  
20 word says 'and'. Okay? It says you must for those  
21 landlords who truly did not know or reasonably did  
22 not know and who seek to take action to remediate  
23 it by evicting the tenants so that they can correct  
24 condition they will get off the hook. And I will  
25

1 point out, and I know that Council Member Williams  
2 is not a lawyer but he plays one on TV. But an  
3 affirmative defense, the burden of proof is on the  
4 person raising the burden of proof. So their  
5 comment of saying well how can we prove that they  
6 were unaware is just completely incorrect. They  
7 must prove why they were unaware, that they are,  
8 credibly unaware of the problem in order to succeed  
9 on the affirmative defense. Thank you.  
10

11 CHAIRPERSON WILLIAMS: Thank you. Got to  
12 remember. Thank you very much. I think Council  
13 Member Gentile has some questions.

14 COUNCIL MEMBER GENTILE: Thank you Mr.  
15 Chair and I must say one of the, one of the reasons  
16 Lew Fidler knows so much about the bill is he was  
17 part of the Borough President's working group on  
18 drafting portions of this bill and, and Lou thank  
19 you so much for your efforts here. And certainly,  
20 Andrew if you can take back our thanks to the  
21 Borough President for his support and his efforts  
22 to have you and, and Lou and members of your staff  
23 work on drafting this legislation we, we appreciate  
24 those, those efforts greatly. And speaking of  
25 appreciation I want to thank Assembly Member Pam



1  
2 Harris because you have thrown us the lifeline that  
3 we were looking for if we should need any type of  
4 legislation that would overcome any preemption. You  
5 have granted that to us in open door. And I thank  
6 you, I thank you for that very, very much. I just  
7 want to ask the Community Board district manager  
8 Josephine Beckman a question. Is that how a lot of  
9 these illegal conversions start out? They go for a  
10 alt, alteration 2 permit then which allows them to  
11 do some renovations but they instead gut the whole  
12 place and then change the permit after they get it  
13 approved?

14 JOSEPHINE BECKMAN: Yes. What we've seen  
15 is, is that there's filings for an alteration 2.  
16 And typically in a one or two family house the  
17 house is taken, is gutted to the brick and then  
18 it's, it's reconfigured typically in, in subdivided  
19 rooms, rooms that would meet the minimal building  
20 department requirements. Those rooms which used to  
21 in a one and two family house have a common living  
22 space, a living room, or a dining room are now  
23 typically just a kitchen and all bedrooms. And the  
24 bedrooms then after the sign offs take place the  
25 bedrooms become living units and not bedroom spaces

1 but actual living units for families that share a  
2 common bathroom and share a common kitchen.

3 COUNCIL MEMBER GENTILE: And, and in  
4 many cases we see even a garage that's been sealed  
5 in right? And used as...

6 JOSEPHINE BECKMAN: Yeah.

7 COUNCIL MEMBER GENTILE: ...and used...

8 JOSEPHINE BECKMAN: That is a... that is a  
9 common complaint.

10 COUNCIL MEMBER GENTILE: ...used as living  
11 space.

12 JOSEPHINE BECKMAN: Yes.

13 COUNCIL MEMBER GENTILE: So that, that  
14 adds to the, to the packing in of people illegally.  
15 Again I wanted to thank all of you and certainly we  
16 probably have to do some more negotiation on this,  
17 on this bill so I look forward to reaching out to  
18 all of you to, to help in that effort. So thank you  
19 very very much.

20 JOSEPHINE BECKMAN: Thank you.

21 COUNCIL MEMBER GENTILE: Thank you Mr.  
22 Chairman.

23 CHAIRPERSON WILLIAMS: Thank you Council  
24 Member. And thank you all for, for the work you're  
25

1                                    COMMITTEE ON HOUSING AND BUILDINGS                                    171  
2    doing and it's nice to have you back Council  
3    Member. Maybe. So we have a change. Say again?  
4    Yeah... we took out... So I know Pat Purcell has a  
5    couple people with him so he's going to be on the  
6    next panel. We want to make sure all the forms are  
7    filled out. So we're going to have Cynthia Chaffee,  
8    Warren Chan, Tyler Cassell, Mathew Cassara, Andrea  
9    Shapiro. We need one more chair, okay. The  
10   following panel with be Anthony Soretti, Robert...  
11   Cassara, John Ferna, Pat Purcell and I believe he  
12   has two people with him, Vicent Sibana [sp?] and  
13   Nicole Yew [sp?]. So you can prepare for the next  
14   one. Can you all please raise your right hand? Do  
15   you affirm to tell the truth, the whole truth in  
16   your testimony before this committee and to respond  
17   honestly to council member questions? Thank you.  
18   So, we're going to put it on a clock for two  
19   minutes. We have a lot of people who are, who have  
20   signed to testify. I want to make sure everybody  
21   get out at a decent time so we'll give everyone two  
22   minutes on the clock. For those in the overflow  
23   room I just want to say thank you so much for your  
24   patience. As I mentioned before it's critically  
25   important that you're here. It just really gets us

1  
2 to show, gets... we're able to show how important  
3 this issue actually is that we needed overflow  
4 rooms just to have everybody here. So, thank you  
5 for staying. You can begin in the order of your  
6 preference.

7           CYNTHIA CHAFFEE: Okay. Okay. My name is  
8 Cynthia Chaffee and I am a founding member of the  
9 Stop Croman Coalition. We are tenants living in  
10 over 185 plus buildings owned and operated by the  
11 notorious landlord Steve Croman who is indicted and  
12 arrested in May by the New York state Attorney  
13 General Eric Schneiderman. On behalf of the Stop  
14 Croman Coalition, the Stanford Tenant Safety  
15 Coalition, and myself we urge the city council to  
16 adopt Intro 930 into law. This will allow the city  
17 to put liens on buildings to discourage landlords  
18 from not paying their outstanding fines. Here is  
19 why. Our landlord Steven Harriet Croman have been  
20 scufflords [phonetic] for years. In December of  
21 2015 they owed over a million dollars in ECB fines  
22 alone and many more fines have accumulated from  
23 other agencies. These statistics contained  
24 information compiled by Cooper Square Committee and  
25 the Stop Croman Coalition in 2015. All of the

1 information comes from the New York City Department  
2 of Buildings public record. It is our hope that  
3 after hearing this you will take immediate action  
4 to protect us and protect, and collect the fines.  
5 As of December 2015, the 185 plus properties owned  
6 and operated by Steven Harriet Croman have the  
7 following; 785 ECB violations, 298 open ECB  
8 violations, 141 court defaults that they didn't  
9 show up to court for, six full stop work orders,  
10 two buildings that were vacated, that were ordered  
11 to vacate and emptied out, and they owe, Steven  
12 Harriet Crumac [phonetic] owned 1,223,734 dollars  
13 in outstanding ECB fines to the city of New York.

14  
15 CHAIRPERSON WILLIAMS: If they have any  
16 questions you can continue but no we're going to...  
17 Thank you. Yes, Sir.

18 [background comments]

19 CHAIRPERSON WILLIAMS: When we get ready  
20 for questions I'll come back...

21 [background comments]

22 WARREN CHAN: Hi. My name is Warren Chan  
23 and I represent the Asian Community United Society  
24 and my association is mostly represent the Asian  
25 community in south Brooklyn specifically

1 Bensonhurst and Sunset Park. And the Asian  
2 communities have been growing in these  
3 neighborhoods for the past more than 10, 10 years.  
4 And when our community started growing and housing  
5 shortage is, it became a problem we got housing  
6 developer taking advantage of this situations. And  
7 these developers not doing what they're supposed to  
8 do. And they're creating a housing environment that  
9 is very, very dangerous to, specifically to my  
10 ethnic groups. And in regards to the, the substan..  
11 housings they're, they're, they not creating  
12 affordable housing. They're still charging regular  
13 rent. If they're creating a, a affordable housing  
14 then I might go easy on them but they're not.  
15 They're still charging regular rent. And which  
16 makes regular homeowners, used to create a bad name  
17 for the home owners. And for regular home owners  
18 it's really unfair to them too. Because they are  
19 being outbid by these bad developers because these  
20 bad developers have more budgets than regular  
21 homeowners. And regular homeowners... also checking,  
22 check out the price for real estate and... denied.  
23 The opportunity for regular homeowners to become a..  
24 I mean potential homeowners to become a homeowners

1  
2 which is very unfair and it's how it's creating  
3 this drastic housing crisis and increase in real  
4 estate prices at least for my communities. And...  
5 Okay.

6 TYLER CASSELL: Good afternoon Council  
7 Members. My name is Tyler Cassell. I'm the  
8 President of the North Flushing Civic Association...  
9 Community Board 70 Queens for 12 years. But I'm  
10 also the Vice President with the Queens Civic  
11 Congress. The Queens Civic Congress is an umbrella  
12 organization of about 100 homeowner and civic  
13 organizations and Queens. We represent members from  
14 Whitestone to the Rockaways. We play an active role  
15 in supporting causes that our members feel are  
16 important. We're very excited about Intro 1218  
17 introduced by Councilman Vincent Gentile that  
18 supported by several Queen council members. We see  
19 the laws being a good start to enable the  
20 Department of Buildings to a legal remedy, to  
21 remedy illegal housing and to correct code  
22 violations that threaten the lives of tenants,  
23 owners, and neighbors alike and contribute to the  
24 reduction of our quality of life. The legal housing  
25 is the foundation of several problems that threaten

1 our health, safety of residents and tenants alike.  
2 Tenants are forced to live in substandard living  
3 conditions without the safety of code protection  
4 without tenant rights or any means of recourse.  
5 Unscrupulous landlords continue to profit and avoid  
6 taxes for rent payment and are rarely caught or  
7 ever prosecuted for these illegal conditions. We  
8 often hear stories about tenant injury or loss of  
9 life due to illegal hot plates and overloading of  
10 electrical lines. Further investigation usually  
11 reveals hot plates and overloading of electrical  
12 lines. Further investigation used... reveals that the  
13 Department of Buildings was denied entry on several  
14 occasion and warrants were never sought to inspect.  
15 As a result of this inaction the violations were  
16 allowed to continue until tragedy struck. We  
17 continually see these stories, say it was a shame  
18 that something wasn't done and we move on until the  
19 next one happens. The cycle continues. Any one of  
20 us in Queens can point to a multitude of illegal  
21 housing units in our respected communities. Most of  
22 us have reported hundreds of...

24 CHAIRPERSON WILLIAMS: You can complete  
25 a sentence.



1  
2 TYLER CASSELL: Most of us have reported  
3 hundreds of suspected violations on circumstantial  
4 evidence such as too many cable TV antennas,  
5 doorbells, excessive trash, delivery of wall board  
6 and building materials for subdividing rooms,  
7 occupied garages, and the coming and going of  
8 numerous visitors with suitcase just to mention a  
9 few.

10 CHAIRPERSON WILLIAMS: Thank you.

11 TYLER CASSELL: You have copies of my  
12 testimony by the way.

13 CHAIRPERSON WILLIAMS: Thank you very  
14 much.

15 MATT: Thanks. Good afternoon everyone.  
16 I'm Matt Cassara. I'll be providing testimony for  
17 Fran Vella-Marrone, President of the Dyker Heights  
18 Civic Association. On behalf of the members of the  
19 Dyker Heights Civic Association I'm expressing our  
20 support for Intro 1218 which will codify the term  
21 aggravated illegal conversion. Proliferation of  
22 illegal home conversions has caused great harm to  
23 Dyker Heights Community as well as many communities  
24 throughout New York City. Illegal home conversions  
25 create an unsafe environment for those residing in

1 those residences, the surrounding neighbors, and  
2 the community as a whole. One and two family  
3 private homes are being converted to house many  
4 times what they were intended. The increase in  
5 density cannot be supported and has caused a strain  
6 on our infrastructure and essential services such  
7 as sanitation, police, fire, water, sewer, roads,  
8 and mass transit. Our local schools are overcrowded  
9 with no relief in sight. These conversions present  
10 an immediate danger for their inhabitants as they  
11 are overcrowded, have no proper means of egress and  
12 contain non code compliant electrical, plumbing,  
13 and structural conditions. In addition the  
14 owners/developers of these properties are praying  
15 on the misfortune of others and providing  
16 substandard housing at the expense of good  
17 affordable housing. These conversions have taken  
18 traditional housing units off the market which  
19 increases rents and artificially inflates property  
20 values. This makes it unaffordable to purchase,  
21 own, or rent in our community. I believe that Intro  
22 1218 will have a great effect on battling illegal  
23 home conversions. It will provide the tools  
24 necessary to combat this problem more effectively  
25

1  
2 such as increased penalties, making such penalties  
3 eligible for a tax lien, making conversions a basis  
4 for a vacate order, and requiring the Department of  
5 Buildings to appeal to the law department for  
6 appropriate access to a suspected aggravated  
7 illegal conversion if access has been denied  
8 multiple times. I want to take this opportunity to  
9 thank Council Members Gentile, Williams, and  
10 Grodenchik for sponsoring this legislation as well  
11 as Brooklyn Borough President Adams for his  
12 support. I ask the members of the Committee to  
13 carefully consider this matter and support our  
14 efforts to combat the scourge of illegal home  
15 conversions so as to prevent the tearing of the  
16 fabric of all our communities and as such ensure  
17 that all residents of New York City can enjoy the  
18 benefits of safe affordable housing. Thank you.

19                   ANDREA: Good afternoon. My name is  
20 Andrea Shapiro and I'm the Program Coordinator at  
21 the Metropolitan Council on Housing where I run our  
22 tenants rights hotline and clinic. I am here in  
23 support of all of the bills being heard today but  
24 I'd like to specifically speak in support of Intro  
25 1218. On our tenants rights hotline every time we

1  
2 hear a call about an illegal conversion our hearts  
3 stop. We know that it's not just a tenant living in  
4 potentially a fire trap but also a landlord  
5 blatantly taking advantage of vulnerable tenants.  
6 Tenants live in fear of their landlords and in fear  
7 of vacate orders without landlords seeming to care  
8 about the consequences. Raising... fines and making  
9 properties eligible for lien sales is not wholly  
10 the answer to illegal conversions but will force  
11 landlords to think twice before converting housing  
12 to apartments. The tenants who call us about  
13 illegally converted buildings are some of the most  
14 vulnerable New Yorkers. They are often to new to  
15 New York, immigrants with children particularly.  
16 They are also tenants who are unable to get housing  
17 for other circumstances. They have bad credit.  
18 They're on the tenant blacklist or they're leaving  
19 dangerous family situations. They don't know that  
20 these apartments are illegally converted or they  
21 are unable to move anywhere else. We received one  
22 call from a tenant in College Point Queens who  
23 feels trapped. She cannot find another place to  
24 live because she is disabled and has bad credit.  
25 Her landlord harasses her by screaming at her, does

1  
2 not fix repairs to her ceiling as well as her  
3 toilet backing up. She told us that the landlord's  
4 not scared of fines and he says he'll just wait a  
5 little bit and rent it out again. Raising the fines  
6 on landlords with potential loss of their property,  
7 if these fine goes unpaid through lien sales will  
8 help landlords think twice about renting out  
9 potentially dangerous apartments and taking  
10 advantage of vulnerable tenants. And I'm glad to  
11 hear from Council Member Gentile that the plan for  
12 these fines are to go to rehousing people for the  
13 long term after a vacate order, thank you.

14 CHAIRPERSON WILLIAMS: Thank you so much  
15 for the testimony. I believe you had one thing you  
16 wanted to add?

17 CYNTHIA CHAFFEE: Okay. I would just  
18 like to add that on the, the three buildings, the  
19 joining buildings that he owns on our block on East  
20 18<sup>th</sup> Street they were... when he, when Croman first  
21 bought the building there were 70... 72 apartments  
22 full of rent regulated tenants, rent stabilized and  
23 rent controlled. There are only 10 tenants left of  
24 the original tenants. He got rid of 72 families of  
25

1 tenants. That's why we need this law, this bill  
2 signed.

3  
4 CHAIRPERSON WILLIAMS: Absolutely we  
5 know how, how, how bad he is. I wish there was only  
6 one of him. There isn't.

7 CYNTHIA CHAFFEE: That's right.

8 CHAIRPERSON WILLIAMS: So hopefully get  
9 some of these laws passed in terms of 1218 Mr. Chan  
10 thank you for coming out to testify. I know there  
11 was some, some questions of what this bill was and  
12 if we were trying to hurt specific demographics and  
13 whether it was Haitians in my district and Chinese  
14 in Council Member... district. Unfortunately, the  
15 people who were hurt many times are immigrants and  
16 people who don't have a lot of means and need our  
17 protection the most and those are people that get  
18 prayed on. So, it was definitely not aimed at any  
19 one population but to do our best to protect the  
20 entire population from Flatbush to Bay Ridge to  
21 Queens. So thank you just for, for coming out here.

22 WARREN CHAN: Yeah, I'll just thank you  
23 guys for starting Intro 1218. At first I was  
24 expecting that you guys are just talking  
25 specifically but now I, after spoking [phonetic]

1  
2 with Gentiles [phonetic] I understand that we are  
3 targeting the bad developers. These are bad apples  
4 and we don't want them [phonetic]. And also, want  
5 to add to the affirmative action you should only  
6 give this privilege to the homeowners, the person,  
7 the person that live the house, not to the LLC. So,  
8 that is something I want to add.

9 COUNCIL MEMBER TORRES: Yeah. We're  
10 taking a look at that. Thank you. And you help..  
11 your input helped us to create the, the draft that,  
12 that you see in front of you. And I just want to  
13 thank the Queens Civic Congress too because you,  
14 you mentioned very much that these things happen as  
15 was pointed out by the Brooklyn Borough President's  
16 testimony. These things happen over the years, over  
17 the years, over the years and we, we always say  
18 what a shame, what a shame as we should do  
19 something about it and then we forget about it and  
20 it happens again and it happens again. And exactly  
21 as you said it's about time we, we finally took  
22 the, the lead in doing something about it and I  
23 think that's what this bill represents. So. thank  
24 you.

2 CHAIRPERSON WILLIAMS: I did want to... I  
3 heard that you said... I was... particular point that  
4 it's not even, they're not even charging affordable  
5 rents. That, that sucks.

6 TYLER CASSELL: Yeah.

7 CHAIRPERSON WILLIAMS: I would say even  
8 if they were it'd still be pretty bad but I was  
9 surprised to hear they were charging normal rents  
10 even.

11 TYLER CASSELL: That, that's why the  
12 profit is so much in these buildings.

13 CHAIRPERSON WILLIAMS: Thank you so  
14 much.

15 WARREN CHAN: ...able to pay off the loan  
16 for five years, not like regular person like me and  
17 you 15 years 30 years only they're doing five  
18 years.

19 CHAIRPERSON WILLIAMS: Thank you so  
20 much. So, we had to switch a little bit. So the  
21 next panel is going to be Anthony Soretti, Bob  
22 Cassara, John Ferna. And the panel afterward will  
23 be Pat Purcell, Nicole Vecchione, Vincentes Invana  
24 [phonetic], and John Skinner. So right now, we have  
25 Anthony Soretti, Bob Cassara, John Ferna, and right



1  
2 after that we'll have Pat Purcell, Nicole  
3 Vecchione, I'm sure I pronounced her name wrong,  
4 sorry Nicole, Vecchione alright, Vincentes Invana  
5 [phonetic], and John Skinner. My name gets jacked  
6 up all the time so..

7 ANTHONY: Good morning. And thank you  
8 for your time.

9 CHAIRPERSON WILLIAMS: Hold on one  
10 second please.

11 ANTHONY: Oh you have to swear us in?

12 CHAIRPERSON WILLIAMS: Yeah. And just..  
13 Can everyone please raise their right hand? Do you  
14 affirm to tell the truth, the whole truth, and  
15 nothing but the truth in your testimony before this  
16 committee and to respond honestly to council member  
17 questions? Alright and you just have two minutes  
18 and you can begin. Thank you.

19 ANTHONY: And we're off. Good morning  
20 and thank you for your time as I provide my  
21 testimony in support of Intro 1218. My name is  
22 Anthony Soretti and I've been a resident of  
23 Community Board 10 for over 40 years. My statement  
24 on illegal home conversions is from the perspective  
25 of a middle-class home owner. About three years ago

1 I notice many two and three family homes were up  
2 for sale. Where there, where there were four  
3 bedrooms in a two-family home now there were 10  
4 bedrooms. I felt I had to engage. In February 2014,  
5 a town hall meeting on the subject was held by the  
6 Brooklyn Housing Preservation Alliance, the  
7 president is to my left, over 400 people came out  
8 that evening despite it being 13 degrees out. I had  
9 never went to a single subject community forum and  
10 I have been to a few where so many people showed up  
11 never mind on a cold wintery night. So where are we  
12 today. Here are some observations. There have been  
13 hundreds of illegal home conversions, stop work  
14 orders within community board 10. Neighbors are now  
15 pitted against each other. A lack of trust has  
16 severely eroded the fabric of the community. Our  
17 public schools are double legal capacity. I cannot  
18 send my children to public school because of a lack  
19 of resources from an overburdened system. Families  
20 are moving out. Once a home is sold and illegally  
21 converted people refuse to live next to a home with  
22 triple the legal occupancy. New families cannot buy  
23 a home because they cannot compete in a price  
24 bidding war against a cash investor illegally  
25

1  
2 converting. Parking has become a serious issue due  
3 to an increase in density. Lack of parking has  
4 spurred the increased tearing out of front yards,  
5 replacing them with parking spaces. As a measure to  
6 increase security many of the illegally converted  
7 homes have installed security cameras and iron bars  
8 on all first-floor windows. It is like living in an  
9 armed camp. A once beautiful aesthetic is  
10 disappearing. A block for every close to mine has  
11 the unprecedented, had, has had an unprecedented  
12 eight homes sold in the last two years. Four of the  
13 homes were issued stop work orders during  
14 renovations. On my block a new owner investor was  
15 renovating a two-family attached home. As is par  
16 for the course the owner legally excavated the  
17 cellar. A stop work order has been in effect for  
18 over four months. The investor now seeks the  
19 permission of the attached home owner to underpin  
20 foundations on both sides of the wall. I'm going to  
21 finish with one last paragraph.

22 CHAIRPERSON WILLIAMS: Wait. One last  
23 sentence.

24 ANTHONY: Okay one last sentence. Okay.  
25 If this issue continues to progress I ask the

1 following; will the city of New York one day become  
2 a city in which only two kinds of people live; a  
3 city for of the only very rich and a city of the  
4 only very poor. Thank you for your time.

5  
6 CHAIRPERSON WILLIAMS: Thank you. I  
7 don't, Bob I don't know if you can get through the  
8 whole book.

9 BOB: Well I was thinking... so I cut it  
10 down, I cut it down. Actually, good afternoon Mr.  
11 Chairman, Council Members, ladies and gentleman. I  
12 am Bob Cassara Founder and President of the  
13 Brooklyn Housing Preservation Alliance. In early  
14 2014 directly across the street from my home a  
15 house was sold and a dumpster appeared outside.  
16 Construction quickly commenced. It was a complete  
17 gun renovation under type 2 permit. Like most  
18 citizens at the time I did not recognize the early  
19 signs of what was happening to our house and  
20 ultimately to many of the recently sold homes in  
21 our community. I visited Community Board 10  
22 District Manager Josephine Beckman and she believed  
23 that they were constructing an SRO, a single room  
24 occupancy like most, most likely when completed it  
25 would contain multiple bedrooms, bathrooms, shared

1 kitchen, potentially housing 30 to 40 residents  
2 over time. Our community is zoned primarily for one  
3 and two family residents with higher density  
4 apartments, buildings along 4<sup>th</sup> Avenue and Shore  
5 Road. The house across the street from me elicited  
6 over 30 complaints including some for excavation  
7 without a permit for which they received a full  
8 stop work order, construction workers continued to  
9 work in violation of the first stop work order. And  
10 so the stop work order was issued. Finally work  
11 stopped. There are still outstanding issues and  
12 unpaid fines on this property despite the people  
13 are... despite that the people are living in this  
14 house. Here's a copy of, of the information on that  
15 house. Over 30 in outstanding fines. From what we  
16 have learned the process of, of, a process of  
17 illegally converting a house is fairly simple. The  
18 new owners/investors, some of whom are out-of-town-  
19 ers buy a building usually paying much more than  
20 the true market value. Much of the money is either  
21 cash or short term bank mortgages. The sellers are  
22 easily swayed with the high cash offers. What is  
23 currently happening is reminiscent of block busing  
24 that this city witnessed back in the 60s and the  
25

1  
2 70s. As a result of our activism and community  
3 outreach effort... Okay. Okay punchline on, on a  
4 housing affordability issue we are witnessing the  
5 rise of, rise of rents and costs of housing. We had  
6 affordable housing in our community. And with the  
7 illegal conversions our housing stock. And for  
8 those who wish to live and stay in a community with  
9 traditional housing is becoming nearly impossible.  
10 Recently on October 22<sup>nd</sup> Governor Cuomo signed into  
11 law legislation prohibiting the short-term rentals  
12 for less than 30 days with justification that this  
13 type of rental will or does eliminate affordable  
14 housing. If this is true, keep in mind there are  
15 about 33,000 Air B&B listings for New York City  
16 where there are in excess of over one million  
17 illegal conversions in this city. Wouldn't it make  
18 sense to focus on these illegal conversions which  
19 represent a much larger number of units and  
20 probably have a far greater impact on the  
21 affordable housing crisis.

22 CHAIRPERSON WILLIAMS: Thank you.

23 BOB: I support Intro 1218 and I thank  
24 you Mr. Chairman and, and Councilman Gentile and,  
25 and the rest of the, the, the..

2 CHAIRPERSON WILLIAMS: Thank you. I want  
3 to see that. I'm sure I heard a period in that last  
4 sentence there. It wasn't all commas. I just want  
5 to, want to check that out.

6 BOB: That was a period?

7 CHAIRPERSON WILLIAMS: I think there was  
8 a period...

9 BOB: Look... maybe, maybe.

10 CHAIRPERSON WILLIAMS: A semi-colon  
11 okay.

12 BOB: Thank you.

13 CHAIRPERSON WILLIAMS: Thank you so much  
14 Bob for all the, the work you've done around these  
15 issues. Thank you.

16 JOHN FERNA: Good afternoon. I'm John  
17 Ferna. I am with Bob and Mike up here. I am giving  
18 testimony regards and in the support of Intro 1218.  
19 Yes, I'm giving testimony on behalf of Judy Barron  
20 for the Manhattan Beach Group. She is the  
21 president. The issue concerning illegal conversions  
22 of housing are very troubling. Residential  
23 neighborhoods are being invaded by those who would  
24 turn one and two family homes into single room  
25 occupancies to acknowledge there is limited

1 regulations and thus there is limited enforcement  
2 regarding safety measures needed to ensure that  
3 those living within those single rooms will be safe  
4 or for that matter can, the neighbors can be safe  
5 in the event of a fire. In addition to fire safety  
6 building and health related issues must be  
7 considered when so many tenants are packed together  
8 in unsafe and regulated conditions. When one and  
9 two, when one and two family homes are converted to  
10 rooms rented by the week or the month with people  
11 coming and going at all weird hours a hotel is  
12 created in a residential neighborhood. Again, there  
13 are no assurances as to personal safety for  
14 neighbors or children. Along with this problem is a  
15 major issue concerning zoning in an area with one  
16 and two family homes only. For example, a rooming  
17 house or a single room occupancy denies those who  
18 live in those areas the benefit of knowing that  
19 their property values won't go down. If allowed to  
20 continue the neighborhood becomes saturated with  
21 those improper and illegal occupancies. Brooklyn  
22 will lose its identity as a borough of  
23 neighborhoods. Property owners will lose the value  
24 of their investment and the borough will lose the  
25



1 character of its neighborhoods that make it great.  
2  
3 These, this legislation should also consider those  
4 neighborhoods zoned for one to two family dwellings  
5 that prohibit businesses. An example of this is  
6 zoning for R3-1, one and two family neighborhoods  
7 of Manhattan Beach Brooklyn. Those that rent even a  
8 single room can create a business. Call it what you  
9 like, a hotel or a motel and air B&B type  
10 enterprise in a residential neighborhood are all in  
11 fact businesses and should be clarified in this  
12 legislation as well. That ends the testimony on  
13 behalf of Judy. Thank you.

14 CHAIRPERSON WILLIAMS: Thank you so  
15 much. And by... just so you know we... the city council  
16 has been very big on, on dealing with the Air B&B  
17 issue, myself included so... on that. Council Member  
18 Gentile.

19 COUNCIL MEMBER GENTILE: I... I... I... it's  
20 been mentioned a couple of times from different  
21 people and Bob mentioned it again and I think  
22 Anthony did also about how the property values  
23 continue to sore because of the potential profit  
24 that new investors can make in these buildings. So,  
25 the person who grew up and lived in a certain

1 community can't afford to stay in that community  
2 because the, the property value, the property  
3 prices have gone... sore, sored high because of this  
4 potential profit from the illegal conversions that,  
5 that is being made. So, it has a ripple effect that  
6 affects not only the individual building or the  
7 neighbors but it affects the whole community in  
8 that way that people cannot continue to stay and  
9 buy affordable homes in the community.

11 BOB CASSARA: Can I make a comment. I  
12 mean what... you mentioned the increased prices.  
13 What's happening also because of the increased  
14 prices it's driving up our taxes. You have the  
15 comps on all houses around you so when you get your  
16 new tax bill it's got the perverse effect of  
17 jacking our taxes up and forcing even you know  
18 older people to leave because they can't even pay  
19 the taxes anymore. So it's, you know it, it  
20 compounds as it goes along.

21 ANTHONY SORETTI: The, the taxes are an  
22 issue that I, I felt the city would be a little  
23 more interested in mainly because the property  
24 taxes, a portion of that does go towards the  
25 schools. And because the schools are being

1  
2 overpopulated and overcrowded and the city services  
3 such as transportation they're being... they're kind  
4 of... they're being stretched to... they're squeezing  
5 blood out of a rock but the homes that are being  
6 illegally converted are still listed as one and two  
7 families so the property taxes are not being  
8 collected on these houses. So it's just very... it  
9 surprised me that the city is not working in its  
10 best interest to get the proper taxes to support  
11 the services that it's basically hemorrhaging money  
12 for so...

13 BOB CASSARA: Right. They're providing  
14 more services for all these extra people but  
15 they're... these buildings are being taxed just two  
16 and three family homes when they're housing five  
17 and six families in them. So you're losing on both  
18 sides of the ledger. You're spending more on  
19 services and not getting any more money from the  
20 property tax.

21 CHAIRPERSON WILLIAMS: Well thank you  
22 very much. Please continue the work you're doing.  
23 Thank you.

24 BOB CASSARA: Thank you.

25

1  
2 CHAIRPERSON WILLIAMS: Next we have Pat  
3 Purcell. I'm just going to say Nicole, Vincentes  
4 Invanna [phonetic], John Skinner, after that will  
5 be Kari White, Nicole, that's the same one, that's  
6 a new one, Nicole Dinuchio [phonetic] from Lindon  
7 Street, Jackie Del Valle, Keriann Pauls, Madeline  
8 Mendez will be up after this. Can you please raise  
9 your right hand? Do you affirm to tell the truth,  
10 the whole truth, and nothing but the truth in your  
11 testimony before this committee and to respond  
12 honestly to council member questions? You can, you  
13 have, each have two minutes. It can begin in the  
14 order of your preference. I assume you're  
15 translating? So, we'll make sure we have four... four  
16 minutes...

17 UNKNOWN MALE: Alright. I guess I'll  
18 start this off. Yeah, you have a copy of my  
19 testimony. So first let me say thank you to the  
20 Chairman and members of the committee and Council  
21 Member Helen Rosenthal for moving forward on Intro  
22 967. Look I'm going to reserve the right to call an  
23 audible and simply just say a little bit more as to  
24 based on what I've heard from the administration.  
25 Level playing field tax payer accountability,

1 public confidence and high standards. The first  
2 step is admitting there's a problem and that seems  
3 to be HPD's biggest issue. Through years we've been  
4 trying to bring transparency and reform to this  
5 agency. The record is clear as to wage theft. The  
6 record is clear as to corruption. I have never met  
7 with a city official, council member or anyone who  
8 argues that point. That point is only being argued  
9 by the HPD bureaucrats. And the reason I say  
10 bureaucrats is I do believe there are some good  
11 people that have recently been with HPD are trying  
12 to make some changes there. But we continue to  
13 find, come across this, this opposition to  
14 transparency. And it starts not just with this,  
15 this bill but it goes back to laws that have been  
16 passed. When Intro 730, Local Law 44 was passed  
17 there was a lawsuit that this administration  
18 continue to follow through on to prevent wage  
19 requirement reporting. So even when the city  
20 council voted to put wage requirement reportings  
21 and other transparency in it this agency fought it  
22 all the way to the highest level of the state court  
23 and is now still as far as we understand not  
24 implementing law that's been passed by this  
25

1 council. So, I guess at the end of the day the  
2 issue that I would simply say is we're fully aware  
3 of the corruption. We're fully aware of the wage  
4 theft. I'm not going to sit here and, and really  
5 debate whether or not the world is flat or round  
6 because that seems to be the conversation we  
7 constantly have with HPD. But I will say this. It  
8 really begins to raise the question as to what  
9 exactly is HPD hiding? What exactly is taking place  
10 in an agency so adamant about bringing simple  
11 transparency and accountability and making sure  
12 that when there's affordable housing built it's not  
13 being done with contractors who are simply  
14 violating the law and seem opposed to making sure  
15 that tax payers are getting their best  
16 accountability for their tax dollars.

18 JOHN SKINNER: Good afternoon members of  
19 the council, Mr. Chair. My name is John Skinner.  
20 I'm the President and Political Director for Local  
21 46, Metal Lathers and Reinforcing Ironworkers here  
22 in New York City. I am here to express my concerns  
23 about HPD and to ask that they, that you either  
24 revise Intro 967 so that it carries actual  
25 protections for the people it was meant to protect

1 or scrap it and start over. In April of 2015 there  
2 were oversight hearings and we heard horrific tales  
3 of workers being abused, stolen from, degraded and  
4 forced to work in dangerous conditions, for  
5 contractors receiving our tax dollars to build  
6 affordable housing. We all agreed it was appalling  
7 and Councilman Williams' commented that these were  
8 not mistakes but planned criminal behavior. And  
9 nothing about the contracting practices has changed  
10 at HPD in a year and a half since. Contractors  
11 continue to receive lucrative projects regardless  
12 of criminal behavior and home owners and tenants  
13 continue to ask for an honest review of their  
14 home's quality. We know of well over 20 million  
15 dollars in wage theft that has occurred in our  
16 city's affordable housing project, projects in the  
17 last 10 years and yet nothing has changed in the  
18 contracting. I want to thank Council Member  
19 Rosenthal for taking the initiative and at least  
20 admitting there is a problem and drafting a  
21 solution. But I urge that recommendations which we  
22 and other labor unions have submitted here be  
23 immediately incorporated into the bill. For  
24 example, an ombudsman must have far greater powers  
25

1  
2 and work under and an independent agency with no  
3 right to... with, with, with the right to interview  
4 workers, tenants, and homeowners, a preferred  
5 contractor enrollment should have an established  
6 scoring system and contractors should be required  
7 to apply for and certify all information submitted  
8 on an annual basis. Any label or violation should  
9 be considered in the preferred contractor process  
10 all information as by preferred contractors should  
11 be made readily available to the public on HPD's  
12 website. These are public projects with public  
13 dollars and so we have the opportunity and the  
14 obligation to protect the public good. I'd like to  
15 add one other thing. I thought that when HPD was  
16 stating their original testimony here I thought I  
17 was watching a late night TV comedy show on their  
18 reaction to what they spoke about. It is  
19 ridiculous, their stand, and their evasive measure  
20 on all the questions that we put forth to them and  
21 it needs to stop now. Thank you.

22 CHAIRPERSON WILLIAMS: Thank you.

23 NICOLE VECCHIONE: Hi. My name is Nicole  
24 Vecchione and I am a Researcher with the Laborer's  
25 Eastern Region. I believe that the intention of



1 Intro 967 is to create transparency and  
2 accountability in the HPD development pipeline.  
3 However, like Mr. Skinner I do not believe that  
4 this legislation will actually address the problems  
5 at in hand, that are in hand but in fact  
6 functionally legitimize HPD's broken affordable  
7 housing procurement and contracting system.  
8 Firstly, enrollment as a preferred contractor  
9 should not simply be triggered by successfully  
10 bidding for work in the past. The system is  
11 equivalent of drawing from a poisoned well. HPD  
12 suffers from an ancillary contracting fool many of  
13 whom have histories of corruption fraud, and shoddy  
14 work. Automatic preference will also exclude  
15 contractors who have previously avoided working  
16 with HPD because the unlevel playing field  
17 corruption and unenforced regulations has created.  
18 Instead I believe that the responsible policy will  
19 be to have contractors proactively apply for  
20 preferred contractor status and certify the  
21 accuracy of the information they use. Moreover, you  
22 must broaden the criteria of consideration for  
23 becoming preferred contractor. As it stands the  
24 bill only requires consideration of prevailing wage  
25

1  
2 violations. As we heard Councilman Rosenthal say  
3 prevailing wage is applicable at about 10 percent  
4 of HPD's project. But worker exploitation is not  
5 confined to those sites. For example, you could use  
6 consideration like workers' compensation  
7 requirements or overtime violations. A level  
8 playing field will also give advantage to those  
9 firms that not only avoid breaking the law but take  
10 steps to hiding labor standards for the workers.  
11 For example, contractors that participate in a  
12 state certified apprenticeship program should be  
13 given preferential treatment. Finally, we must  
14 establish in this bill a holistic accountability  
15 for general contractors. Too often GCs are allowed  
16 to pass the buck on labor law findings against  
17 their subcontractors. If a subcontractor hired and  
18 overseen by a GC to do work on an HPD development  
19 project steals wages or endangers workers that  
20 should be considered in whether or not that GC is  
21 allowed preferred contractor status. This is the  
22 only way to incentivize GCs to do the type of  
23 project management and subcontracting that avoids  
24 these types of violations. It also helps level the  
25 playing field for GCs that do appropriate due

1  
2 diligence when hiring subcontractors. I thank you  
3 for your time and patience today. It's been a long  
4 hearing and I will submit with my testimony  
5 additional recommendations I think you should  
6 consider.

7 CHAIRPERSON WILLIAMS: Great. Thank you  
8 so much. I understand we have to... a translation you  
9 know. So we'll do two minutes. So we'll do four  
10 minutes, two minutes each for the testimony and  
11 translation, okay.

12 UNKNOWN MALE 2: [speaking Spanish]

13 TRANSLATOR: So he was just saying that  
14 he has worked on a lot of HPD, a lot of HPD  
15 projects with you and he named a lot of the  
16 contractors, one of them being Mountco and another  
17 being Galaxy which are currently on the enhanced  
18 review list. He also said that they... the  
19 contractors made him file falsely testimony.

20 UNKNOWN MALE 2: [speaking Spanish]

21 TRANSLATOR: And he was also forced to  
22 make false statements that were then used by his  
23 shop stewards as a form of extortion.

24 UNKNOWN MALE 2: [speaking Spanish]

1  
2 TRANSLATOR: He was also being paid by  
3 certified check but that was incorrect because he  
4 was actually being paid cash. So all the certified  
5 checks were false.

6 UNKNOWN MALE 2: [speaking Spanish]

7 TRANSLATOR: They were then him along  
8 with other coworkers were threatened if they were  
9 to say anything or if anybody asked any questions  
10 and they were disclose what was going on within the  
11 company there were threats made against them.

12 UNKNOWN MALE 2: [speaking Spanish]

13 TRANSLATOR: When they were officials  
14 from either HPD or any type of other officials DOB,  
15 or even when there were organizers from labor  
16 unions they were made, they were forced to hide in  
17 their basement or anywhere else.

18 UNKNOWN MALE 2: [speaking Spanish]

19 TRANSLATOR: They were... him and his  
20 coworkers were intimidated and they would, they  
21 would just not say anything to any officials and  
22 when everybody asked questions they would just say  
23 everything is well around here. But there were  
24 physical threats made.

25 UNKNOWN MALE 2: [speaking Spanish]

1  
2 TRANSLATOR: Through organizing efforts  
3 they were... organizations were able to help him and  
4 his co-workers out in filing the proper paperwork.  
5 And through that he was able to recover 80,000  
6 dollars in stolen wages.

7 UNKNOWN MALE 2: [speaking Spanish]

8 TRANSLATOR: He is saying that the  
9 reason, this is the reason, well a lot of  
10 intimidation that goes on in these jobs have... And  
11 they were... he was intimidated to the point of fact  
12 by belittling him and letting him know that he was  
13 not, he did not deserve to be paid the wages that  
14 he thought he should have been paid.

15 UNKNOWN MALE 2: [speaking Spanish]

16 TRANSLATOR: He will like for, he would  
17 like for these companies to have a stop and for  
18 them not to continue to receiving work because he  
19 still sees a lot of his co-workers that are  
20 continuing to be subject to this type of treatment  
21 by these affordable housing industry companies.

22 UNKNOWN MALE 2: [speaking Spanish]

23 CHAIRPERSON WILLIAMS: [speaking  
24 Spanish] Thank you. I'm curious what's made him  
25 come forward now to speak?

1 UNKNOWN MALE 2: [speaking Spanish]

2  
3 TRANSLATOR: He had to be brave and stop  
4 being scared.

5 CHAIRPERSON WILLIAMS: It's... you see all  
6 the hands go up alright. And that's applause for  
7 you. And it's, it's clear just from that testimony  
8 that what's happening with HPD has, something has  
9 to be done given the contracts that they're putting  
10 out and the contractors that they're, that they're  
11 working with. And having this go on and obviously  
12 this is just representative of what all have you  
13 have told us has been, has been happening, that  
14 this really is an untenable position for HPD to  
15 just keep doing this. I'm curious. Have, have all  
16 of you or any of you expressed your concerns about  
17 967 to Council Member Rosenthal.

18 UNKNOWN MALE: Yes we've met a couple  
19 times with... and to be clear I mean I think what  
20 we're trying to say is you know we get... we kind of  
21 get boxed into this opposed support. We are very  
22 grateful to Council Member Rosenthal for having the  
23 movement on this... is an issue that has not been  
24 moved... has not been moved on for years with the  
25 council. So I mean I think to our extent it's,

1  
2 it's, I'll let Mr. Skinner speak for himself but we  
3 just want to see it better. I think there was a, a,  
4 a great amount of good intention. HPD is a maze of  
5 bureaucracy. It's one of those things as you begin  
6 to try to, to fix it, every time you go around a  
7 corner thinking you fixed it you find three other  
8 things that could actually be a problem. So, I mean  
9 we know for sure, I have no question that Council  
10 Member Rosenthal is committed to working with us  
11 and not have a result of unintended consequences. I  
12 also want to mention something that the, you know  
13 the worker here and, and you go to his level of  
14 bravery and willingness to come out. But we have  
15 also and, and I did believe himself as well. We  
16 participated in no less than a half dozen hearings  
17 in the last two to three years. We have had workers  
18 show up from organizations throughout this city.  
19 And the issue of wage theft has gotten to the point  
20 where there has been over 20 million dollars in  
21 wage theft recovery specifically from HPD projects.

22 COUNCIL MEMBER TORRES: And that's just  
23 the recovery amount.

24 UNKNOWN MALE: That's just the recover  
25 and as we always say that's just what we find. And

1  
2 it's be... we, if we could go, and we, we keep  
3 finding it and finding it but the sheer thought  
4 that a city agency has problems coming forward and  
5 supporting transparency and accountability when you  
6 know there's been 20 million dollars. I mean that's  
7 the kind of stuff that usually gets headlines when  
8 you find out Walmart had 20 million dollars in  
9 violations. This is taxpayer money. To me this is  
10 ten times worse than anything a public company  
11 does, a private company does because this is  
12 taxpayers. So, I mean I commend the... for being here  
13 and, and for showing the courage he shows and for  
14 all of the workers over the last three years that  
15 have come forward to testify. And the bravery they  
16 show, they have to go before these lawyers. They  
17 have to go before these agencies. They've got to go  
18 before these folks and they put their jobs on the  
19 line just for trying to get back the dollars  
20 they've earned. And this agency sits here and acts  
21 as if there's no problem.

22 COUNCIL MEMBER TORRES: It's amazing  
23 story. You're right. It should be headlines across  
24 all the papers you know.



1  
2 UNKNOWN MALE: Yeah. And I would just... I  
3 would just like to add we met with Council Member  
4 Rosenthal a couple of days before we came to this  
5 hearing, discussed these issues with her, so we  
6 have no problem with working with her. She has no  
7 problem working with us. She knew we were coming.  
8 She knew what we had on our mind. And she was  
9 totally receptive to that and, and, and we respect  
10 and appreciate the council. In general, most of you  
11 have heard our issues and, and you're trying to  
12 help. And we, we really appreciate that. But I just  
13 want to add one thing. We have one worker here, one  
14 man, 80,000 dollars to one man that they stole. How  
15 many of these men and women are out there? There's  
16 thousands of these people that are being robbed  
17 every week and HPD is giving the jobs to the same  
18 contractors who are stealing this man's money. And  
19 this is unacceptable on every level and it's time  
20 for it to stop. The unions provide a middle-class  
21 wage. The only, one of the only true middle class  
22 wages to the, to the manual workers in the city  
23 that's, that's left out there. And I believe  
24 there's a concerted effort to destroy the union  
25 movement and destroy the jobs that beat these folks

1 should have access to. They should have a  
2 legitimate tax ID number so they can join our  
3 unions so that they can move into the middle class  
4 and buy a home and, and have what we've all had in  
5 America all our lives. And, and there's a concerted  
6 effort right now in New York City and across this,  
7 this country to stop us from having these jobs. And  
8 it's totally unacceptable.

10 COUNCIL MEMBER TORRES: Well said. Well  
11 said. And it really is outrageous, absolutely  
12 outrageous. I want to thank you all for coming in  
13 and spending the time and waiting to get a chance  
14 to testify. Thank you so much. Thank you. Okay our  
15 next panel is Kerry White, Nicole Dinuchio, Jotie  
16 Dovalley, Jackie, is it Jackie, okay Dovalley,  
17 Karryann Pauls, and Madeline Mendez. Our next panel  
18 afterward will be Albert Mohamed, oh Auckburg, not  
19 Hamed, I'm sorry, Dave Pal, Nesley Paul, Arlene  
20 Katz, and Nickie Leger, Leger. That's the next  
21 panel. Okay if you all raise your right hand. Do  
22 you affirm to tell the truth, the whole truth,  
23 nothing but the truth in your testimony before this  
24 committee to respond honestly to Council Member  
25 questions? Okay. Alright we'll put two minutes on

1  
2 the clock for each person and we'll just start  
3 here. Thank you.

4 KARI WHITE: Good morning Council  
5 Member. My name is Karrie White. I'm the Director  
6 of Organizing and Policy at the Urban Homesteady  
7 Assistance Board.

8 COUNCIL MEMBER TORRES: It's way into  
9 the afternoon now.

10 KARI WHITE: At some point. I... it just  
11 felt like time flies when you listen to HPD. You  
12 have a member of both stabilizing NYC and the  
13 Stanford Tenant Safety Coalition. I'm here to  
14 testify in support of Intros 1210 1211 as well as  
15 Intro 930. You all have my written testimony which  
16 goes into details of what predatory equity is and  
17 how we got here and why we need to take a better  
18 stance against this problem. So instead of going  
19 into that I want to talk about some of the issues  
20 that came up in HPD's testimony. First of all this  
21 denial of how over leveraging affects the  
22 harassment and condition, building conditions is  
23 either woefully ignorant or dangerously naïve I  
24 think HPD as well as the administration and members  
25 of the city council know how important this issue

1  
2 is and how it actually affects tenants in these  
3 buildings. We need to figure out how to stop  
4 predatory equity in its track. It's kind of funny  
5 and ironic that HPD sits here and talks about how  
6 they've had to triple the ways that they deal with  
7 harassment. They've created so many new programs  
8 and initiatives to deal with tenant harassment but  
9 are willing to sit up here and, and neglect to talk  
10 about what the cause of that harassment is. We know  
11 what it is. It's the speculation in our housing  
12 market. It's predatory developers who are trying to  
13 buy our affordable housing and make a profit off of  
14 it by tripling rents, by displacing tenants, and by  
15 neglecting building conditions. We have to come  
16 together to come up with a definition of what this  
17 problem is in order to like figure out what the  
18 real tools we can develop are to actually solve  
19 this problem. We haven't been able to solve this  
20 problem the last 10 years. We need a different  
21 approach and we need to stop this business practice  
22 in its tracks. We can't just continue to deal with  
23 its problems as they come across afterwards. We  
24 have to look at this problem like a disease. And  
25 right now we're, we're doing great and amazing



1 something we all know has existed. But the, the  
2 complaint that we heard from HPD was there's no way  
3 to define it. Well we aren't coming up in this  
4 legislation with one silver bullet to strike at  
5 predatory equity and aim at one thing in order to  
6 take it out. We've come up with a variety of  
7 factors that create a watch list that's the first  
8 step in advocating around... further around the fight  
9 against it. And the beauty about the way that this,  
10 these bills are contemplated is it's not saying in  
11 one way predatory equity takes this shape. It talks  
12 about the variety of ways whether it be neglect of  
13 buildings, whether it be harassment through  
14 construction, whether it's buyouts, whether it's  
15 quick turnover in stabilized buildings, that these  
16 are the different shapes and forms that predatory  
17 equity takes and that's what puts you on the watch  
18 list. Of course, owners can dispute that but let  
19 them come forward and dispute it. After we've seen  
20 the evidence of how it takes its shape. So HPD  
21 talked about its, you know it'd take a lot of  
22 resources for the agency to, to implement this and  
23 fight, and, and bring about this program. But what  
24 they ignored is the resources that tenants in this  
25

1  
2 room, tenants across the city have to put in every  
3 day just to exist in their homes. And I think  
4 that's it's silly for them to say that they can't  
5 put forth that work when the tenants, who... the  
6 agency is charged to protect. The resources that  
7 they have to put into this are being ignored. So,  
8 thank you for your time.

9 COUNCIL MEMBER TORRES: Thank, thank  
10 you, thank you for your testimony. And we do have  
11 your...

12 MADELINE MENDEZ: Hello, my name is  
13 Madeline Mendez. I'm a... member and I'm very  
14 disgusted and appauled on HPD. I feel like they  
15 have something to hide. They have came to our  
16 organization which is Scossa [phonetic], new  
17 settlement in the Bronx. They have spoken. We have  
18 construction Union workers that let them know what  
19 is going on. I mean like they know what's going on  
20 in our community and it's, you know this is crazy.  
21 Enough is enough. We're being abused. Us, poor, are  
22 being abused. They don't want us here but then they  
23 want us here to fix their new buildings, new  
24 developments. Enough is enough. You know? When is  
25 it going to stop? When? This, this, this can't keep

1  
2 going on. This has been going on... HPD knows what's  
3 going on in peoples' buildings, peoples'  
4 apartments. I mean I've been noticing that for like  
5 I don't how many years and I'm poor. I can't afford  
6 a lawyer. I can't you know... come one. Seriously?  
7 You can't ignore what's going on in New York City.  
8 And if you do know what is going on in New York  
9 City you don't care, you don't care about us. We  
10 don't deserve nothing. It's like our voice is  
11 nothing. And that's wrong. It's like we're being  
12 discriminated for being poor. And I'm tired of it.  
13 We have a voice. We have a right. You know these  
14 landlords take advantage of us because we're poor.  
15 We don't know housing rights. You know a lot of us  
16 are undocumented. Even documented people feel like  
17 they don't have no rights. We feel like we just got  
18 a living conditions that you know that's it. That's  
19 all I got to say. This needs to be stopped.

20 COUNCIL MEMBER TORRES: Thank you. Thank  
21 you for your courage being here today, thank you.

22 JACKIE DEL VALLE: Hi, good afternoon.  
23 Happy Halloween. My name is Jackie Del Valle. I  
24 work for the Urban Justice Center and I'm the  
25 coordinator of Stabilizing NYC which is a group of



1  
2 15 grassroots organizations all of which are  
3 throughout the city and in addition to giving you  
4 my testimony I also headed out our press release  
5 and you have is also a member of stabilizing.  
6 Earlier this morning at 9:00 about 200 tenants came  
7 to the city hall steps in support of Intro 1211,  
8 Intro 1210, and Intro 930 with a stand for tenant  
9 safety. Because we want landlord accountability. I  
10 started organizing 15 years ago and when I was at  
11 Costa New Settlement we first started to see these  
12 properties that were owned by known slumlords being  
13 brought up by, bought up by private equity  
14 companies with a stated intention to put out  
15 tenants. They thought our rent... are weak which they  
16 are and they wanted to capitalize on this. Well 10  
17 years later we are still fighting them and we've  
18 managed actually to keep a lot of tenants in place  
19 but we're losing tens and thousands of units all  
20 the time. And without a real definition put forth  
21 by the city of what predatory equity is it's really  
22 hard to fight this. We released a target list of,  
23 of 10 landlords that we are focusing our efforts  
24 on. And all of them demanded to see why are they  
25 predatory equity and, and really tried to debate

1  
2 this with us. And to have this tool that the city  
3 is saying this is a definition. This works. And  
4 tenants are able to, to contribute to that will be  
5 a really effective way to advance our work and our  
6 organizing. So, I want to thank you again. Everyone  
7 that came out from all over the city and have been  
8 here since 9:00 and waited outside and we filled up  
9 two overflow rooms because this is really  
10 important. And we really want to hold landlords  
11 accountable and finally put an end to predatory  
12 equity.

13 CHAIRPERSON WILLIAMS: Thank you very  
14 much for sharing your testimony. We'd appreciate...  
15 please continue to fight. Thank you. So up next we  
16 have... I believe it's Mohamed, Dave Powell, Nesly  
17 Paul, Arlene Katz [sp?], Nickie Ledge. After that  
18 panel, it will be followed by Benjamin Dolchin  
19 [sp?], Jacob Goodman, Tressie Callahan [sp?], Betty  
20 Aang, and Anita Ruben. And can you all please raise  
21 your right hand? Do you affirm to tell the truth,  
22 the whole truth, and nothing but the truth in your  
23 testimony before the committee, this committee, and  
24 to respond honestly to council member questions?  
25 You can, you just... begin order of your preference.

1  
2 NESLY PAUL: Hi. My name is Nesly Paul.  
3 I was... East 24<sup>th</sup> Street in Brooklyn. I am a tenant  
4 leader of the Flatbush Tenant Coalition. I am here  
5 today because I'm... to predatory equity landlords,  
6 my landlord... Predatory equity is this communiton  
7 [phonetic] and it causes harassment and  
8 gentrification because people of color can, cannot  
9 afford to live in their own neighborhood anymore.  
10 Therefore I... to obtain... and, and... My, my mother has  
11 been living at 538 East 21<sup>st</sup> for over 30 years. I  
12 was the... Longstanding tenants were, were placed  
13 with tenant paying higher rents. We became liable  
14 for fraudulent fees and multiple MCI increases. We  
15 suffered without essential services like heat and  
16 hot water. They offered... buyout to tenants and then  
17 once apartment were vacant they conducted what,  
18 what we call illegal subdivision to make one  
19 bedroom into two and so on. So many thing... out of  
20 the homes but... fighting. ...my mother over 18,000  
21 dollars in... back rent even though she owes nothing.  
22 They purposely took her to court just to scare her  
23 into thinking she would be kick out. She thought  
24 she was, she was going to become homeless. That is  
25 very difficult for an elderly woman with dementia,

1  
2 diabetes, and high blood pressure. And the stress  
3 was very detrimental to her health and is still  
4 mine. All this demonstration... conspiracy to harass  
5 the tenants.

6 CHAIRPERSON WILLIAMS: If you have a  
7 list sentence you can say it. You can make a  
8 closing sentence if you want.

9 NESLY PAUL: ...our elevator after... of not  
10 working properly and resume service still with  
11 issue after, after over two months. The city that,  
12 that let us need to take more... against this type of  
13 landlord. If they are being watch it could stop  
14 abuse and... equity landlord commit against their  
15 tenants.

16 CHAIRPERSON WILLIAMS: Okay.

17 NESLY PAUL: Every day. Thank you very  
18 much... [cross-talk

19 CHAIRPERSON WILLIAMS: Thank you.  
20 Alright.

21 NICKIE: My name is Nickie Ledge. I've  
22 been a tenant at 30 Sickle Street for 11 years and  
23 have been a member of Cooper Square Committee for  
24 half of that tenor. First of I want to say that all  
25 private equity firms no matter what they invest in

1 are by nature predatory, that's how they operate.  
2 For the past decade the building I live in has been  
3 owned by three predatory private equity... landlords  
4 Dermitt [sp?], A&E [sp?], and now Prauna [phonetic]  
5 Investments since San Francisco whose website reads  
6 that they specialize in underperforming properties  
7 in LA, San Francisco, and New York City. Twice I've  
8 been hauled into Housing Court on Bogus Eviction  
9 Charges and twice the judge dismissed the case as  
10 baseless. The one time I suggested the judges  
11 consisted harassment she disagreed. Presently I am  
12 fighting an MCI increase for a new boiler for which  
13 non-labor was used, non-union labor was used. Guess  
14 what within the past week tenants have had to ring  
15 3-1-1 to report inadequate heat. What am I living  
16 with now? During Hurricane Sandy water drooped onto  
17 my bed and also down one of the outside walls  
18 coming from the parapet. The then landlord repaired  
19 the roof but not the parapet. A former super was  
20 sent to scream at me in order to agree that repairs  
21 had been made. I was not convinced. Did DOB appear?  
22 No. However, two weeks and two years after Sandy  
23 after our Attorney General's sting operation in  
24 Brooklyn with a subsequent arrest of 50 inspectors  
25

1  
2 a DOB inspector arrived at my door. Yes, I was  
3 correct. The parapet required repairing and soon  
4 was. Between Sandy and the... now skip that. An  
5 environmental consultant was assessed to hire, was  
6 hired to assess for mold and moisture after Sandy  
7 of which there was sufficient evidence.  
8 Consequently my bedroom is used only for storage  
9 and now my tale of construction is harassment. The  
10 breach of my living room during the renovation of a  
11 joining apartment. When the violent shaking of the  
12 wall commenced, I removed the hanging pictures,  
13 fled to Queens, and returned weeks later after the  
14 work's completion. The air in the living room is  
15 hazy. The source of the particulate matter was a  
16 foot... that's it foot and half long narrow opening  
17 to the apartment which has been hacked into the  
18 baseboard. Do I return to Queens... purify. At last I  
19 ended up being, being prescribed antibiotics for  
20 bronchitis and I'll just end there. There's a lot...  
21 more but I can end there.

22 CHAIRPERSON WILLIAMS: Thank you very  
23 much.

24 NICKIE LEDGE: Yeah.  
25

1  
2 MOHAMMED: Good afternoon. My name is...  
3 Mohamed. I'm a tenant leader and a community  
4 organizer from Elmhurst Queens. I'm here to say  
5 that I support all the bills in the council has  
6 going on. Especially 1210 and 1210 and 1211. And  
7 the reason I support that is that I think, I hope  
8 all these bad tenants or all these bad landlords  
9 should be put out there so that the rest of the  
10 other tenants can know who these bad landlords are.  
11 If bad, if bad... if we as tenants can do that and  
12 the, and, and get together, and do all this and all  
13 that that's going to help us a lot. Thank you very  
14 much.

15 CHAIRPERSON WILLIAMS: Thank you very  
16 much. Thank you. Oh, Dave...

17 DAVE POWELL: Thank you Councilman  
18 Williams and thanks everybody for coming out  
19 citywide and representing on these issues. It feels  
20 very powerful to be with y'all here today. My name  
21 is Dave Powell. I'm a Director of Organizing with  
22 Neighbors helping Neighbors in Sunset Park and 5<sup>th</sup>  
23 Avenue Committee and Park Slope, Boerum Hill,  
24 Gowanus Section of Brooklyn. And I think you know  
25 the, the tenants and the, and the staff of the

1 organizations have already talked about really why  
2 these bills need to be passed. And I just want to  
3 say that we were joined earlier today. He wasn't  
4 able to stay with us to testify but we were joined  
5 earlier by somebody from our neighborhood, Mr.  
6 Alfredo Rivera of 144<sup>th</sup> Avenue who I think really  
7 illustrates why both of these packages of  
8 legislation need to be passed. His building  
9 experienced direct and severe harassment from their  
10 landlord through construction in the wake of the  
11 2000 rezoning of fourth avenue in our section of  
12 Brooklyn. And I want to just add that lens to it  
13 because I know Councilman Williams you and your  
14 colleagues are trying to pass these pieces of  
15 legislation in their own right. But I also want to  
16 put forward to the administration and anyone who's  
17 following the rezoning of our neighborhoods such as  
18 Gerome Avenue in the Bronx, such as the Guanos  
19 section of Brooklyn which was recently announced,  
20 our neighborhood, that these actions, these  
21 legislative actions are necessary to protect  
22 tenants in advance of the rezonings that are coming  
23 and the increased displacement pressure that we  
24 know from experience has come with rezonings right?  
25



1  
2 We've seen this, we saw this in Williamsburg and  
3 Green Point 2005. We're seeing this in East New  
4 York now. Mr. Rivera saw this in the wake of the  
5 2003 rezonings. This is a eight-unit rent  
6 stabilized apartment building. And the landlord  
7 decided after he was given the option to make more  
8 money to slap two floors on top of the existing  
9 building, Mr. Rivera and his neighbors are the only  
10 remaining tenants and they are the only ones left.  
11 Six families were displaced and they are on the top  
12 floors. There's 95 violations in this buildings.  
13 That's 40, 40 some odd per unit and had this  
14 legislation been in place, particularly Intro 930  
15 there would be a mechanism by which this building  
16 could be taken away from this unscrupulous  
17 landlord. So, we thank you for your work on this  
18 Councilman Williams and also we ask the  
19 administration if they are listening or get a  
20 record of this to please consider the speedy  
21 passage of these bills in front of the rezoned,  
22 rezoning of our neighborhoods. Thank you.

23 CHAIRPERSON WILLIAMS: Thank you very  
24 much. There are people from the administration  
25 here. So, they're listening to you. Thank you so

1  
2 much for the work you're doing. Thank you for the  
3 residents who are brave coming here and waiting  
4 this long to, to share the story and obviously...  
5 continue... appreciate your advocacy. And thank you  
6 for bringing up the rezoning and how important it  
7 is that we get ahead of it. Thank you so much.  
8 Benjamin Dolchin, Jacob Goodman, Tracy Cull... Cullon  
9 [phonetic], Betty Aang, Anita Ruben. After them we  
10 have Maria Roca, Phoenix Russel, Holly Slatten, oh  
11 thank you, Martina Rivera and Carmen Rodriguez if  
12 they can... So who, who do we have there? Anita,  
13 Anita Ruben and? Carmen Rodriguez? You're on the  
14 next panel? It's okay, you can stay. Maria Rocca,  
15 you can come up? Phoenix Russel? Is Phoenix Russel  
16 here? Is that you? No? No Phoenix Russel? Holly  
17 Slatten? Holly Slatten still here? Martina? Martina  
18 Rivera? Yeah you can come up. Can we get an extra...  
19 Now we have one last panel after that. Kenny May,  
20 is Kenny May here? Okay you'll be on the next  
21 panel. Angelica, Angelica Chavez and Diana Thomas?  
22 Okay. So... and you'll be our last panel. If anyone  
23 wants to testify and they haven't signed up you can  
24 sign up for the Sergeant of Arms, I mean at the  
25 Sergeant of Arms. So we have Martina Rivera, Maria

1  
2 Roca, Carmen Rodriguez, Betty Aang, and Anita  
3 Ruben? Can you please all raise your right hands?  
4 Do you affirm to tell the truth, the whole truth  
5 and nothing but the truth in your testimony before  
6 this committee and to respond honestly to council  
7 member questions? You'll each have two minutes and  
8 you can begin in the order of your preference.

9           MARIA ROCA: I am Maria Roca. I'm the  
10 founder of Friends of Sunset Park and a member of  
11 the Brooklyn Housing Preservation Alliance but the  
12 Brooklyn Housing Preservation Alliance has spoken  
13 rather well today so I'll re... I'll focus on Sunset  
14 Park. I'm here to speak specifically to Intro 1218  
15 but also in support of the other intros presented  
16 here today because they're all interrelated.  
17 They're many different fronts of the same war for  
18 equitable housing in the city of New York. In South  
19 Brooklyn Sunset Park was ground zero for illegal  
20 conversions beginning in the late 1980s and early  
21 1990s. However, the powers of that be deliberately  
22 refuse to acknowledge the problem and harm and risk  
23 being imposed on their own constituents. Although  
24 30 years later we're still hopeful to find a cure  
25 and today's hearing gives us that hope. The number

1  
2 of targeted properties for illegal conversions are  
3 legal one and two family houses because their  
4 physical layout make them easy to gut and convert  
5 and therefore focus on one and two families are the  
6 beginning of the problem. And we have lived it  
7 since the 19, late 1980s. What we consider equally  
8 is not more, more important gateway to illegal  
9 conversions and predatory ownership. It's overdue  
10 action on the part of municipal state and federal  
11 governance to qualify and quantify the money behind  
12 illegal inhumane substandard housing conditions.  
13 Government is mandated to enforce all violations of  
14 the property transfer laws such as cash sales using  
15 shopping bags of 50 and 100 dollar bills at real  
16 estate closings enhancing and enforcing banking  
17 laws on formal and informal money laundering and  
18 monitoring and punishing participation and illegal  
19 sales and conversions by lawyers, real estate  
20 professionals, architects, engineers, contractors,  
21 expeditors, and a myriad of other licensed  
22 professionals. Our thanks to Community Board 10 and  
23 to primarily the Brooklyn Housing Preservation  
24 Alliance for bringing these issues to the front and  
25 for the council this generation of council members

1  
2 to pay attention and, and listen to the problem.  
3 Thank you.

4 ANITA RUBEN: Good afternoon and thank  
5 you Chairman Williams. I also thank the other  
6 community... council members. And I particularly want  
7 to note my own council member Dan Garodnick as well  
8 as my state elected officials of Senator Liz Kruger  
9 and Assemblyman Richard Godfried who have lent  
10 enormous support to the problems that we're facing  
11 in our building. My name is Anita Ruben. I've lived  
12 40 years as a rent stabilized tenant at 15 West  
13 55<sup>th</sup> Street in Manhattan. We raised our family, our  
14 children there. 15 West 55<sup>th</sup> Street is a prime  
15 example of predatory equity. For 39 years since  
16 July of 1977 every vacant apartment in our building  
17 has been warehoused thereby by the time the current  
18 landlord took over three years ago there were seven  
19 rent stabilized apartments with tenants in a  
20 building of 41 units, not one bill, not one  
21 apartment had been rented for 39 years. We've... in  
22 our building we faced many of the questions that  
23 are being brought up today. And we've gone to the  
24 environmental control board and last night I  
25 documented that 15 unpaid fines have been, have not

1  
2 been paid to the environmental control board by our  
3 landlord coming to a total of 34,000 dollars that  
4 make the others that wasn't so adept at finding all  
5 of the fines. However, it's important as a  
6 councilmember Kallos has said that there'd be a  
7 vehicle to collect these fines otherwise there's no  
8 reason to even institute them because no landlord  
9 is going to pay them unless they're forced to do  
10 so. And they just look at it as the cost of doing  
11 business. I also want to mention that in August of  
12 25<sup>th</sup>... of 2015 our landlord without a permit tried  
13 to change the gas lines in our building. We are  
14 without gas for seven months. I also want to say  
15 that we were without hardline telephone, were Time  
16 Warner for five months. The bill, the lines had  
17 consistently been cut and we would have to call the  
18 agencies to come and, and repair them. We were in,  
19 in touch with the public service commission.  
20 However, that puts the onus on the tenants. We have  
21 to constantly call them to get any services  
22 restored to us. And we were never compensated for  
23 any of these losses. And as far as I know the  
24 landlord was never fined for, for not having a  
25 permit?

2 CHAIRPERSON WILLIAMS: Going to have to...

3 ANITA RUBEN: Okay. I want to say one  
4 more thing. There was extensive construction done  
5 in our building. The entire building was totally  
6 gutted. They went way beyond what the permit said  
7 they lied on their permits. There was never any  
8 way...

9 CHAIRPERSON WILLIAMS: Thank you...

10 ANITA RUBEN: ...stop them. One more  
11 thing.

12 CHAIRPERSON WILLIAMS: Wait, wait. So  
13 we'll come back... ask a question.

14 ANITA RUBEN: Just let me add this. 6  
15 rent stabilized apartments were destroyed in our  
16 building which is illegal construction and they  
17 were incorporated into a two story commercial  
18 entity.

19 CHAIRPERSON WILLIAMS: Okay thank you.

20 ANITA RUBEN: Thank you.

21 BETTY AANG: Hi. My name is Betty Aang.  
22 I'm a lifelong tenant of 90 Elizabeth Street. I am  
23 testifying in favor of bill number 093... 30 to make  
24 ECB fines lien... collectible. I'm a member of the  
25 SCS Coalition and I feel that this building...

1 Department of Buildings reforms are needed to  
2 better protect New York and city tenants. I...  
3 through many years of tenant harassment by various  
4 landlords. From multiple law cases to many cases of  
5 construction and harassment. I've had a toilet in  
6 my living room, to a nonfunctioning sink, and had  
7 ceilings collapse on me in my apartment. The worst  
8 was when the hallways became dust covered due to  
9 multiple gut renovations of empty apartments that  
10 went on. These ways of constructions have amount...  
11 and onslaughts of construction, harassment, for me  
12 and my neighbors. I've tried to go through the  
13 system of calling... and 3-1-1 and dealing with audit  
14 departments that are responsible for protections of  
15 New York. The only thing that slowed down my  
16 landlord was when a small group of the tenants in  
17 my building... obtaining a stop work order. Even then  
18 he was caught trying to continue working with  
19 unlicensed workers multiple times. The really sad  
20 part is the knowledge that the fines that were  
21 racked up will most likely never be paid. Even if  
22 they were paid there, it will only be a small  
23 amount of fines... violations. The fines are small  
24 enough they would be cheaper to just continue work...  
25



1  
2 violations prior to fixing the issues. In other  
3 words violations are just part of business for  
4 them. If they receive too many, you locate the  
5 violations... locations they just move to another  
6 location. They, they don't care. The issue is never  
7 fixed and just continue. However, I do, I believe  
8 that Councilman and... bill can make ECB fines, liens  
9 collectible will be... for tenants that have faced  
10 the issues I've described.

11 CHAIRPERSON WILLIAMS: Thank you.

12 CARMEN RODRIGUEZ: Hi. I'm Carmen  
13 Rodriguez from 162-20, 89<sup>th</sup> Avenue Apartment... I  
14 live in my apartment for 36 years. Sorra [phonetic]  
15 bought the building on March 16. Since that they  
16 have a harassment with the tenants. They want the,  
17 all the tenants take the rent on the first. Some  
18 tenant I think cannot pay the rent on the 1<sup>st</sup>. So,  
19 I'm pay my rent on the 15 before I got my check  
20 from social security I got it on the 15. So, I'm  
21 paying my rent like I told you on the 15 and they  
22 still harass... I, I got a lot of harassment from  
23 them. They put up paper on my door every month.  
24 They put up paper that they going to take. That  
25 they take five days to take my premises if I don't

1  
2 pay my rent in five days since the put the... the  
3 letter on the, on the door. So I called them and I  
4 told them you know my rent is paid. You know when I  
5 sent my rent they make believe like they don't got  
6 it. So, I called them. They say no we got your rent  
7 but the thing is that we got it undated. Then he  
8 say but, but everything is fine because we got it.  
9 And then why they got to post so many paper every  
10 month on my door that they're going to take my  
11 apartment if I don't pay in five days. Also, they  
12 gave one key, they changed the front door. And they  
13 only have one key per apartment. My son live with  
14 me so I asked him for another key but they say they  
15 only give one key per person. The one that told me  
16 that was... the one that was giving the key in the  
17 basement. Yes?

18 CHAIRPERSON WILLIAMS: Sorry. I'm going  
19 to have to ask you to give a, if you have one  
20 sentence you want to close with because you, you've  
21 used your time up for the testimony. But I  
22 appreciate you...

23 CARMEN RODRIGUEZ: Oh.  
24  
25

1  
2 CHAIRPERSON WILLIAMS: ...giving your  
3 testimony. Was there something that you wanted to  
4 say?

5 CARMEN RODRIGUEZ: Well when they bought  
6 the building they took me to court so they were  
7 charging me for another month of rent that I don't  
8 owe them.

9 CHAIRPERSON WILLIAMS: Okay.

10 CARMEN RODRIGUEZ: I told them that I  
11 went to court, they put me the paper like Saturday  
12 so on the paper from the court it doesn't say the  
13 date I got to go to court. So, I went Monday right  
14 away that... that was on April. So I went on April to  
15 court and they told me over there that they was  
16 going to give me an appointment.

17 CHAIRPERSON WILLIAMS: So, Ms.  
18 Rodriguez...

19 CARMEN RODRIGUEZ: ...they gave me an  
20 appointment.

21 CHAIRPERSON WILLIAMS: I want to thank  
22 you for giving your testimony. It sound like  
23 individual cases. We want to make sure you get  
24 assistance but I want to thank you very much...

25 CARMEN RODRIGUEZ: Okay.

1  
2 CHAIRPERSON WILLIAMS: ...testimony and  
3 sharing what you're going through.

4 CARMEN RODRIGUEZ: Okay.

5 CHAIRPERSON WILLIAMS: And I'm sorry  
6 you're going through it.

7 CARMEN RODRIGUEZ: Okay.

8 CHAIRPERSON WILLIAMS: Okay thanks.

9 CARMEN RODRIGUEZ: Thank you. Alright.

10 MARTINA RIVERA: [speaking Spanish]

11 HAL BERGOLD: My name is Martina Rivera.  
12 I'm a representative of the Tenant's Association at  
13 825 Gerrard and I'm a CASA member.

14 MARTINA RIVERA: [speaking Spanish]

15 HAL BERGOLD: I live at 825 Gerrard  
16 Avenue which is owned by Eved Parkash [phonetic]  
17 which is one of the five worst landlords in New  
18 York City. And I was living there for three years  
19 when my husband, my husband passed away. And in 15  
20 years in the US I had never been taken to court.

21 MARTINA RIVERA: [speaking Spanish]

22 HAL BERGOLD: So my father died and I  
23 was sent an eviction notice, husband, gotcha  
24 [phonetic], my husband died and I was taken to  
25 court and imagine what it's like losing your

1  
2 husband and then also being afraid of losing your  
3 home. It gave me a lot of stress.

4 MARTINA RIVERA: [speaking Spanish]

5 HAL BERGOLD: So, my apartment did have  
6 things that needed to be repaired but he seemed  
7 much more interested, he seemed much more  
8 interested in just getting me out than actually  
9 doing the work that needed to be done in my  
10 apartment. And I was asking myself why is this like  
11 this, why is he trying to just get me out of my  
12 apartment.

13 MARTINA RIVERA: [speaking Spanish]

14 HAL BERGOLD: So, CASA came into the  
15 building and they gave me a lot of information. I  
16 pay my rent on time every month and CASA gave me  
17 information about what he was doing which is called  
18 predatory equity which is actually taking, refusing  
19 to fix the apartment, trying to get me out of the  
20 apartment so somebody can come in and pay more.

21 MARTINA RIVERA: [speaking Spanish]

22 HAL BERGOLD: I also have an autistic  
23 son and after losing my husband and feeling really  
24 worried I would be evicted from my apartment I  
25 strongly urge you to take into account the bills

1  
2 1211 and 1212. These bills would really help to  
3 stop bad practices like what Parkash [phonetic] and  
4 would help protect families like mine.

5 MARTINA RIVERA: [speaking Spanish]

6 HAL BERGOLD: This doesn't seem fair to  
7 me because we work really hard to pay our rent on  
8 time and he still gets to get... he still is able to  
9 get away with stuff like this so thank you very  
10 much.

11 CHAIRPERSON WILLIAMS: Well it doesn't  
12 seem fair to us either. That's why we're trying to  
13 do what we can. I appreciate your support.  
14 Appreciate everyone's testimony. I know it's hard  
15 to come up and share personal stories and even  
16 worse to have to wait for a couple hours to do so.  
17 So thank you. Can you please say your name for the  
18 record?

19 HAL BERGOLD: My name is Hal Bergold.  
20 I'm an organizer with CASA.

21 CHAIRPERSON WILLIAMS: Thank you. And  
22 they're going to have something for you to fill out  
23 just so we can have it on the record. Alright?  
24 Thank you very much.

25 HAL BERGOLD: Thank you.

1  
2 CHAIRPERSON WILLIAMS: This is the last  
3 panel. Dianna Thomas, Angelica, or Angelica Chavez,  
4 Kenny May. There was a couple people that we called  
5 that weren't here. Just to make sure they're not  
6 here Holly Slatten, Phoenix Russel, Benjamin  
7 Dolchin, Jacob Goodman, and Tracy Callahan. This is  
8 the last... do we have one more person? Diana Thomas?  
9 Angelica Chavez? Gordon, okay. Did you fill it out?

10 [pause]

11 CHAIRPERSON WILLIAMS: So, Gordon, you  
12 can come up. So, we have Kenny May, Angelica  
13 Chavez, Diana Thomas, Gordon Lee. Can all of you  
14 please raise your right hand? Do you affirm to tell  
15 the truth, the whole truth, and nothing but the  
16 truth in your testimony before this committee and  
17 to respond honestly to Council Member questions?  
18 Thank you. Is somebody going to be translating.  
19 Okay so everybody's going to have two minutes and  
20 you guys will have four minutes. I guess gals, I  
21 don't know what the politically correct version of  
22 that is. But the two of you will have four minutes,  
23 two minutes a piece. But each can... you can start in  
24 the order of your preference.

1  
2 DIANNA THOMAS: Yes, Councilman Williams  
3 you are right. It is difficult to share your story.  
4 I have opted not to do so many times when I have  
5 gone in these rallies.

6 CHAIRPERSON WILLIAMS: Sorry can you say  
7 your name...

8 DIANNA THOMAS: I'm sorry. Yeah, Dee  
9 Thomas. But there is a direct correlation between  
10 homelessness and these predatory equities and bad  
11 practices that have been done by landlords. My  
12 landlord is the landlord that the woman just spoke  
13 of. I live... I've been living there since December  
14 2012. I came there very happy to gain housing. And  
15 like anything else you don't know what you're  
16 getting into until you're in it. And when I got  
17 there I then realized not only the bad practices,  
18 the horrible conditions so many people in my  
19 building have been living under. May of 2016 in the  
20 laundry room a machine collapsed and went  
21 underground. And at that point we then found how  
22 many people were illegally living in the basement.  
23 We also had to have no gas. The gas was turned off.  
24 We had no gas for three months. We... I am also a  
25 CASA member. And CASA diligently worked with us. We



1  
2 took the landlord to court. It was not until three  
3 months later that we gained our gas back. And when  
4 I first moved into the building at some point I had  
5 my gas turned off then. I've walked down the  
6 streets many times and have been afraid that my  
7 building will have blown up and I would not have a  
8 home. I have... I live in... in all my years of working  
9 I've never lived, I've never worked where I could  
10 never feel like I could support my family. I have  
11 to have three paychecks to make my expenses and the  
12 rent and I live in a studio apartment with my child  
13 so it's been quite difficult. Just wanted to share  
14 all that and that these bad practices need to be  
15 stopped by a landlord who continuously wants to get  
16 you out of his building so he can bring somebody  
17 else in and in two years that I've been there I  
18 know he's purchased at least five buildings.

19 CHAIRPERSON WILLIAMS: Thank you. Thank  
20 you so much.

21 KENNY MAY: Yeah, hi Council Member my  
22 name is Kenny May. I'm from 22 Spring Street. I'm  
23 representing 22 Spring Coalition and I'm a member  
24 of... also. I've been living in 22 Spring Street for  
25 30 years now. Let's start with my landlord. Let's...

1  
2 what apartment... my apartment is my con Edison bill  
3 was cut because lied to by a landlord that no long,  
4 no much longer live in there. And apartment 7, Mrs.  
5 Chong, she was, she suffers stroke, a mini stroke  
6 due to harassmet intimidation by the landlord. And  
7 apartment 8 she's in her mid-80s so her only line  
8 of communication is a phone line. Her phone line  
9 was cut. That's her only line of communication and  
10 her line is cut. The way we find out that her line  
11 was cut, is her friend, her friend was trying to  
12 look for her and there was no answer. That's when  
13 we concern. We call Verizon. The line was cut. And  
14 to let you know this is a condition that we are  
15 living too. The, the landlord does not care what so  
16 ever. So, the choice that was given to us by  
17 landlord is either your life or you want the  
18 apartment. Is that a choice or no. And forget...  
19 let's talk about the horrendous construction.  
20 There's lead. There's no... there's nothing to  
21 prevent us from lead, asbestos... And, and whatever  
22 the permit is, whatever permit they have is, is  
23 not... they have a permit but it's not what they,  
24 they do whatever they want. They have a permit for  
25 this but they do something else. So none of this is

1 followed. And like I said the SMA equity bought the  
2 building 2012. We still have outstanding violation.  
3 So that's where HPD comes in or lack of HPD work.  
4 And I just want to... at the end I just want to say  
5 we did not choose landlord but we chose our council  
6 member. We chose you. and I just want everybody to  
7 remember this. There's a lot of us, more of the  
8 tenants than, than landlord. Just remember this.

10 CHAIRPERSON WILLIAMS: Thank you.

11 ANGELICA CHAVEZ: [speaking Spanish]

12 TRANSLATOR 2: Good afternoon. I am  
13 Angelica Chavez and I have been living at Dyckman  
14 Street? Dyckman Street for 20 years. And I am here  
15 to share my situation with you.

16 ANGELICA CHAVEZ: [speaking Spanish]

17 TRANSLATOR 2: My landlord won't accept  
18 my rent because he claims that I have to pay late  
19 fees and other fees aside from his attorney's fees  
20 and which all told I was... I'm getting ahead of  
21 myself because I read her testimony. Sorry. And I  
22 just don't have that kind of money.

23 ANGELICA CHAVEZ: [speaking Spanish]

24 TRANSLATOR 2: I just want to make sure  
25 I get the numbers correct. All I woe is 10 months

1  
2 rent which comes to a total of \$10,715.52. However,  
3 he says that unless I pay him 15,000 dollars which  
4 includes all those... and his attorney's fees that  
5 he, you know he cannot accept any money from me.

6 ANGELICA CHAVEZ: [speaking Spanish]

7 TRANSLATOR 2: I've been... As I said  
8 before I've been in court for 10 months and I've  
9 been fighting this. For that reason, I am here  
10 hoping for, for anyone here, for you, the council  
11 to help me with my situation, to solve my  
12 situation. I've lived in this, at that address for  
13 20 years. I am a single mother of two children.

14 ANGELICA CHAVEZ: [speaking Spanish]

15 TRANSLATOR 2: I am, I feel under great  
16 pressure because for all this time that I've been  
17 going to court and the unwillingness of the  
18 landlord to accept the money that I know I owe but  
19 without being able to pay this money unless as the  
20 landlord's attorney says that I have to pay the  
21 larger amount which I do not have that difference  
22 in order to pay the lawyer's fees. So I feel great  
23 pressure. I feel harassed and I'm hoping someone  
24 here can help me with my situation.

25 ANGELICA CHAVEZ: Thank you so much.

CHAIRPERSON WILLIAMS: Thank you.

GORDON LEE: Guess what, very good.

For the people my name is, Gordon Lee from King's County New York, also known as Brooklyn County in King's borough in New York. Again, my name's Gordon Lee but you can call me in Greg. If anyone has trouble remembering my real name. I'm one of the... I'm here today to make a testimony, testify against predatory landlords. I, my point is I'm one of the, the low income tenants. I have. I have to pay high rents that are much higher than they should be. And you know they're much higher than they should be. And I'm one of the people also living, one of the people who personally live on a fixed income. You know and for some time I've been feeling both a mixture of bitterness, intimidation because of people like the predatory landlords. And my present cell phone character. They seem to think that we have a lot of money and that we have money to spend and we have someone paying our bills and you know most of no one believes us when you, not much of anyone believed us including the predatory landlords who I will show no sympathy for. Also for whom I'd show no mercy for testifying... when I

1  
2 testify against them they never believe us when we  
3 say we don't have anyone paying our, paying our  
4 wage. We don't have money to spend. And we live on  
5 fixed incomes. You know and I... we struggle  
6 financially and we struggle financially and don't  
7 have much money because well it's one thing that no  
8 one, or not much of anyone gives us anything  
9 financially. But the issue is people like the  
10 predatory landlords and my present cell phone  
11 character. They come to us for, they come to us for  
12 stuff financially with their tips and tricks to  
13 extort money from us and that's why we usually  
14 don't have much money. I'm, you know we usually  
15 don't have much money literally while they think we  
16 have plenty, that we have someone paying our way,  
17 that we just have money to spend. And this is for  
18 me to make sure... and intimidating.

19 CHAIRPERSON WILLIAMS: Gordon. Over  
20 here. So the bell means that you've run out of time  
21 for your testimony. So if you want to say a last  
22 sentence you can. If not we're going to have to get  
23 ready to close out. Okay?

24 GORDON LEE: Alright. Alright. Yeah.  
25 Just a few last words to prove that I'm one of the

1  
2 people who doesn't have much money. Something that  
3 happened today that I usually never say to anyone.  
4 This morning my sugar was low and I didn't even  
5 have... and I almost didn't even have money to get a  
6 candy bar to prove that I'm one of the low income  
7 tenants who usually don't have much money. Because  
8 when our rent is paid our money, both of our money  
9 spent. Thank you.

10 CHAIRPERSON WILLIAMS: Thank you very  
11 much Gordon for, for sharing your story. Really  
12 appreciate it. Thank you. Thank you all for sharing  
13 your stories. I know it's a very personal,  
14 personalizing. And I like the line you didn't elect  
15 the landlords but you elected the council members  
16 so I appreciate that. Fort the record we have  
17 testimony from REBNY, Associated Building Owners,  
18 RSA, Broadway Flushing Homeowner Association,  
19 Senator Tony Avella, ANHD, Community Housing  
20 Improvement Program, Chair, MFY, Legal Aid Society.  
21 Thank you very much everyone for coming and  
22 sticking it out. And with that the hearing is now  
23 closed.

24 [gavel]

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 3, 2016