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**Statement by Assemblywoman Nettie Mayersohn
On New York City Council Res. 1569-A
New York City Council Committee on Housing and Buildings
February 10, 2009**

Chairman Dilan, and Council Members. It has been my pleasure to represent the five housing companies of Electchester in the New York State Assembly for the last 26 years. Electchester is a "limited dividend" cooperative housing development, located in Fresh Meadows, Queens and was established by Harry Van Arsdale, Jr. and Local Union #3 of the International Brotherhood of Electrical Workers. The 2500 unit development provides quality, affordable housing for many of New York's working class families. Electchester was built under Article IV of the Private Housing Finance Law. The financing was provided by a mortgage issued by the Pension and Hospitalization Benefit Plan of the Electrical Industry and the Joint Industry Board. No Federal, City or State funding or bonding was used to build Electchester. What Electchester did receive from the government was Shelter Rent.

Shelter rent covered both Article IV developments and Article II Mitchell Lamas. The sunset provisions of Shelter Rent allowed for affordable housing developments to go private once their mortgages have been satisfied. Of all the Article IV developments originally covered by Shelter Rent, the five housing companies of Electchester are the only ones that have not gone open market. Electchester has continued to stay true to the vision of Harry Van Arsdale, Jr., continuing to provide an affordable alternative to the suburbs. Unfortunately, Electchester started to lose its shelter rent in the 1990's. In the subsequent years, Electchester has found it increasingly

difficult to maintain its affordable carrying charges without the benefit of Shelter rent.

In 2003 recognizing the importance of Shelter Rent to the affordable housing market in New York, the State passed a law empowering localities to extend shelter rent for article II and IV housing companies. In 2005, the Council passed a resolution extending Shelter Rent for 50 more years. Every Mitchell-Lama was included in the list appended to the resolution. The only housing companies not included were the five housing companies of Electchester. Why they were not included and why the oversight was not brought up at the time are unknown. What is known, is that over the last several years, residents of Electchester have seen their carrying charges increase at a staggering rate. Over the last few years, carrying charges have increased by nearly 30%. Electchester is, after all, a cooperative and must therefore meet its ever increasing expenses with their carrying charges. Additionally, construction of the first buildings in Electchester began in 1949 thus leaving Electchester with a burgeoning capital need. I fear that if we do not do something to provide relief to Electchester, it will be forced to follow the path of so many other Article IV housing developments. Going open market may provide a windfall for these struggling housing companies, but it will also lead to the elimination of 2,500 additional units of affordable housing at a time when the City is trying to increase its affordable housing stock.

We are all aware of the serious financial situation our City and State economies are in, but every other development in this category is already receiving the Shelter Rent benefit. We must act before we lose these affordable housing units.

Many of the residents in Electchester helped and continue to help build this City. Let us not force them into the suburbs because they can't afford to live in the community they built.

Thank you.

TESTIMONY OF THE DEPARTMENT OF HOUSING PRESERVATION AND
DEVELOPMENT TO THE NEW YORK CITY COUNCIL'S HOUSING AND
BUILDINGS COMMITTEE
TUESDAY, FEBRUARY 10, 2009- 1PM

GOOD AFTERNOON CHAIRMAN DILAN AND MEMBERS OF THE HOUSING
AND BUILDINGS COMMITTEE. I AM JOSEPH ROSENBERG, DEPUTY
COMMISSIONER OF INTERGOVERNMENTAL AFFAIRS AT THE DEPARTMENT
OF HOUSING PRESERVATION AND DEVELOPMENT (HPD) AND SITTING
NEXT TO ME IS JULIE WALPERT, THE ASSISTANT COMMISSIONER OF
HOUSING SUPERVISION. I AM HERE TO TESTIFY IN OPPOSITION TO
RESOLUTION NUMBER 1569-A.

AS MANY OF YOU KNOW, ELECTCHESTER IS COMPRISED OF FIVE ARTICLE
IV LIMITED DIVIDEND MUTUAL COMPANIES LOCATED IN QUEENS
CONTAINING A TOTAL OF 2408 UNITS. IT IS SUPERVISED BY THE NEW
YORK STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL "DHCR".
THESE DEVELOPMENTS WERE CONSTRUCTED IN THE LATE 1940'S AND
EARLY 1950'S.

CHAPTER 389 OF THE LAWS OF 2003 PERMITTED AN ADDITIONAL 50 YEARS
OF TAX EXEMPTION FOR LIMITED DIVIDEND COMPANIES AFTER THE
EXPIRATION OF THEIR CURRENT TAX EXEMPTIONS FOR AS LONG AS THEY
CONTINUED TO BE OPERATED AS ARTICLE IV LIMITED DIVIDEND
COMPANIES. SUCH AN EXTENSION OF THE TAX EXEMPTION WOULD

REQUIRE APPROVAL OF THE LOCAL LEGISLATIVE BODY. THE ADDITIONAL 50 YEAR PERIOD OF TAX EXEMPTION WOULD BE CALCULATED GOING FORWARD SO THAT ELECTCHESTER WOULD BE ENTITLED TO APPROXIMATELY 37 MORE YEARS OF TAX EXEMPTION (50 YEARS MINUS THE NUMBER OF YEARS THAT HAVE LAPSED SINCE THE EXPIRATION OF THEIR PRIOR EXEMPTIONS).

UNFORTUNATELY, THIS RESOLUTION AND REQUEST FOR A TAX EXEMPTION HITS THE NEW YORK CITY BUDGET AT AN EXTREMELY DIFFICULT TIME. AS YOU ARE AWARE, THE MAYOR AND THE COUNCIL HAVE WORKED TOGETHER TO MAKE SOME DIFFICULT CHOICES, ONE OF WHICH WAS TO REPEAL THE 7 PERCENT PROPERTY TAX CUT THAT WAS ORIGINALLY ENACTED IN JUNE 2007. THE ADMINISTRATION, WHILE SUPPORTING AFFORDABLE HOUSING, CANNOT SUPPORT GIVING ELECTCHESTER A TAX EXEMPTION IN THIS CHALLENGING FISCAL CLIMATE. THE COST OF PROVIDING THIS DEVELOPMENT WITH SUCH AN EXEMPTION WOULD BE \$109 MILLION.

JUST TWO WEEKS AGO, THE MAYOR ANNOUNCED HIS FISCAL YEAR 2010 PRELIMINARY BUDGET AND A PLAN TO CLOSE A \$4 BILLION DEFICIT, INCLUDING A NEW 30% CAPITAL CUT. EVEN IF THE MAYOR'S PROJECTED REVENUE INCREASES AND GAP CLOSING ACTIONS ARE ADOPTED AS PROPOSED IN THIS PLAN, SIGNIFICANT BUDGET DEFICITS WILL CONTINUE

THROUGH THE PLAN PERIOD UP TO 2013, AMOUNTING TO \$3.2 BILLION, \$4 BILLION AND \$4.2 BILLION.

WHILE THE ADMINISTRATION STRONGLY SUPPORTS THE PRESERVATION OF AFFORDABLE HOUSING AND HAS PRESERVED AND DEVELOPED – 103,201 UNITS OF HOUSING SINCE 2002, THIS TAX BENEFIT IS TOO GREAT AN EXPENDITURE TO BE SUPPORTED.

THANK YOU.

STATEMENT OF GIL MEDINA TO
THE COMMITTEE ON HOUSING AND BUILDINGS
OF THE CITY COUNCIL OF THE CITY OF NEW YORK
FEBRUARY 10, 2009

Good Afternoon ladies and gentlemen of the Committee. My name is Gil Medina and I want to thank you for giving me the opportunity to speak to you this afternoon regarding Electchester Housing's need to be covered under Shelter Rent. I stand here on behalf of the close to 10,000 people living in Electchester. As you can see, some of those residents have chosen to be here in the audience.

I have been a resident of Electchester for 8 years, the last 3 in Fourth Housing. I live there with my wife, my 3 year old son and newborn daughter. In addition to being a resident in Fourth Housing, I am currently its President. As the President, and speaking for the other four Housing Presidents, I can tell you first hand about the financial needs and strains on the housing company to try and maintain affordable housing and why it is vital to our continued existence as affordable housing to be covered by shelter rent.

Electchester was born out of the idea to establish affordable housing by Local Union No. 3 I.B.E.W. and the employers who are a signatory to their contract. In deciding to build such a housing project, the parties did not go to the Federal, State or City governments to ask them for funding to build Electchester, rather Electchester was built solely with loans issued by the Pension Hospitalization Benefit Plan of the Electrical Industry, the Joint Industry Board of the Electrical Industry and by selling \$100 bonds to members of Local #3 in order to raise an additional \$300,000.

First Housing Company, which was the first of the five housing companies, was formed April 25, 1949 under the New York State Limited Dividend Housing Law. First, Second, Third and Fourth Housing Companies were completed by 1954. Fifth Housing Company was built in 1965. These five housing companies compromise 2,500 units of affordable housing. Other than Fifth Housing, all of our buildings are over 50 years old and in need of major renovations and repairs. Rising operating costs, as well as the need for capital improvements, threaten our ability to maintain Electchester as affordable housing. In Fourth Housing we have 361 units. Of the 361 units, 109 are occupied by either senior citizens or others living on a fixed income. In order to just meet our operating costs, in the last year we have had to

have a 13% increase in the monthly carrying charges and an additional 14% to take effect this year. These increases have been established and approved by DHCR as necessary in order for us to continue our current operations. These increases do not provide sufficient funds to replace the wiring and plumbing in these 50 + year old buildings.

I was not living in Electchester in the early 1990's, therefore, I don't know why Electchester, as an Article IV housing company, did not continue to receive the benefit of shelter rent nor was I President in 2005 when we were not included in the Extension of Shelter Rent, but I do know it is vital to our future existence to have shelter rent reinstated.

In order for Electchester to maintain its status as affordable housing for the citizens of New York City, we are asking that shelter rent be reinstated to Electchester Housing, as it has been to all of the other Mitchell-Lamas, which will allow us significant savings in our operating expenses and allow us to keep our maintenance charges from significantly rising, while providing us with the funding necessary for us to make the needed repairs to our buildings and to keep housing affordable in New York City. Ladies and Gentlemen, we take pride in the fact that we do not want to go private, that we work hard,

individually, to help our fellow cooperators maintain affordable housing.
Please help us help them.

I thank the Committee for your time and consideration and we look forward to working with you in restoring shelter rent to the Electchester Housing Companies.

Thank you for your attention and consideration of our needs.

Testimony to the NYC Council on Res. 1569-A on behalf of First Housing Co. Inc., Second Housing Co. Inc., Third Housing Co. Inc., Fourth Housing Co. Inc., and Fifth Housing Co. Inc., making up the Electchester Housing Complex.

by William R. Greenspan, General Counsel

Good afternoon, Chairperson Dilan, Council Members.

My name is Bill Greenspan and I am the General Counsel for the five housing companies known as Electchester. I am here today to speak on behalf of resolution 1569-A pending before you which will allow these five housing companies to receive the benefits of Shelter Rent.

Approximately 80 years ago, it became the policy of both the State and City of New York to help to construct and maintain affordable housing for the people who work in the City of New York and toil at the regular jobs that are necessary for the health and well-being of the City. That policy was codified under Article IV of what is now called the Private Housing Finance Law. It called for housing companies to obtain funds to construct units from agencies of the State and City of New York, and further to be covered under what we now call Shelter Rent, which was in lieu of real estate taxes.

Based upon that law, the Electchester Housing Companies were constructed primarily in the 1950's, without any State or local help to build them and with only the promise that they would receive Shelter Rent.

The promise to support affordable housing was further codified when the Mitchell-Lama Law, which is Article II of the Private Housing Finance Law, was enacted in the 1950's with the result being tens of thousands of affordable units having been constructed. The Mitchell-Lama Law, as you all know, calls for all of its units to be covered under Shelter Rent.

For those Members who are not familiar with Shelter Rent, it is a formula where you take the total amount of carrying charges, less the total amount of utility charges, times 10% and the housing company pays that amount in lieu of regular real estate taxes. It probably runs approximately 20% of what regular real estate taxes would be.

The only problem with the above statutes were that they originally had sunset provisions; which allowed for the housing companies to go private at the end of their mortgages. That seemed, to the Legislature, the proper way to go at that time.

What we now know, is that by 1986 Governor Cuomo, having realized that hundreds of thousands of affordable housing units were about to be lost, made it the policy of the State of New York to try and maintain the units at the conclusion of their mortgages. No money was available at the time to build new units and the fear was, especially in the City of New York, that it would not be able to help its working class remain within its borders. At approximately that time, the first units that were coming out of the Shelter Rent program and leaving to go private, were the Article IV Limited Dividend Housing Companies. It appears that of all of the co-ops under that program, the only ones that were left were the five at Electchester. They started to lose their Shelter Rent in the 1990's. I am asking you to understand how the Electchesters ran in order to keep them affordable. Amazingly, they had no management company. They had no General Counsel. The five Presidents, who were just regular working people who go to work each day and then came back and ran their individual housing companies to keep the costs down as low as humanly possible. They had to comply with all of the myriad of City, State and Federal regulations, with little or no professional help. They just went about their jobs, enlisting their cooperators to try to put in lights or correct the electric or whatever

might need to be done.

In the meantime, in the Mitchell-Lamas, DHCR and HPD were finding ways to maintain Shelter Rent, notwithstanding that the mortgages were ending and the law appeared to indicate that they would lose Shelter Rent. The first of these developments received a loan from a federal agency and it was determined that they could keep Shelter Rent because of that. Subsequently, other developments received refinancing through private entities and still they were allowed to receive Shelter Rent.

By 2003, the Governor of this great state, the Mayor of this great City, the Legislature and this Council realized that it was a moral imperative to keep affordable housing and to do so by extending Shelter Rent to all of the remaining Article II and IV corporations for 50 years. Legislation was passed (A8028-a--S4833-a) by the State Legislature and signed into law to that effect. It empowered you, the City Council, to extend to those housing companies in the City of New York who are Article II or IV that benefit. In return, these housing companies remain in the programs and affordable for the citizens of New York.

In 2005, this Council passed resolution 388-A extending Shelter Rent for 50 more years. An entire list of all of the Mitchell-Lamas were appended to that resolution, except as we now know, the five housing companies at Electchester. It is hard to understand, today, how the oversight took place, but it did.

Why, you may ask, did the Electchesters not jump up and remind everyone. Again I point out that they had neither professional management, nor a General Counsel to make them aware of the legislation.

In 2007, having undergone enormous carrying charge increases and facing enormous capital needs, including the entire wiring system, plumbing systems, roofs, parapets, walls, etc. that had to be re-done, the five housing companies determined to hire professional management and counsel. That having occurred, they were finally made aware that they were missing from the resolution extending Shelter Rent. That started the last two year odyssey which has culminated in today. It took a lot of hard work, meetings, negotiations and discussions for this resolution to be before you.

This is the opportunity for the Council to correct the oversight by putting its stamp of approval on its stated policy, that of its Speaker, the Mayor of the City of New York, the Legislature of the State of New York, the Governor of the great State of New York and in fact the President and help the Electchesters remain as affordable housing and apparently as the last of the Article IV cooperative corporations still in existence.

I thank each and everyone of you for your support on behalf of each and every cooperator of the Electchester Housing Companies.

February 10, 2009 NYC Council Building Committee

Joyce Brown, Housing Advocate
RNA House, Inc. Mitchell-Lama Cooperative
160 West 96th Street
New York, NY 10025

I am here to request that this committee encourage HPD's Mitchell-Lama division enforce HPD's and New York State's Housing Laws, Rules and Regulations. This legislation established low and middle-income housing in New York State.

I live in a Mitchell-Lama Cooperative on the Upper West Side of Manhattan. I have experienced HPD's Mitchell-Lama division's failure to enforce these rules as well as to full fill their responsibilities. For example, senior citizen cooperators in my development have not received, but are eligible for, their SCRIE (Senior Citizen Rent Increase Exemption) maintenance adjustments. This benefit allows low income seniors a maintenance reduction when their maintenance charge is more than one third of their income. Although HPD's SCRIE division has deemed that some of our Senior Citizens are eligible, HPD has not required our management company to comply.

Another example of mismanagement in our cooperative, is the additional changes which has added in addition to our maintenance charges. This has added as much as fifty percent to our monthly charges. The cooperators voted for these additional charges however we did so at the strong recommendations of our Board of Directors. We thought the Board was acting in the cooperators best interest, and were adhering to their fiduciary responsibility.

Board of Directors election procedures have been in question for some time. This problem is not isolated to my development, but is common to many Mitchell-Lama buildings. In fact, during a meeting of the Manhattan Borough President's Mitchell-Lama Task Force a few years ago, during Virginia Field's administration, members of this task force asked representatives from HPD, (Commissioner S. Donovan, Julie Walper and Elaine Smith from the M-L division) to assist them in a fair Board of Directors election process (this meeting was video taped). Only token assistance from HPD was given.

I do not know if DHCR's ex-Deputy Commissioner David Cabrera on Mitchell-Lama, or Rebecca Kelly of the Board of Appeals had any influence on our HPD's employment hiring process but it might be helpful to find out. They recently left DHCR to join the one of the biggest land lord firms in New York State; Borah, Goldstein, Alschuler, Nahins, & Goidel, P.C. (see attachment).

Subj: [aff-hous] Former DHCR Dep. Comm. David B. Cabrera joins Landlord Firm
Date: 1/28/2009 7:54:55 P.M. Eastern Standard Time
From: sue@janak.org
To: aff-hous@save-ml.org

Thanks to Peanutjake for forwarding this link.

=> David Cabrera, who was DHCR Deputy Commissioner on the Mitchell-Lama side as well as counsel for Rent Administration, and who many tenants experienced as supporting landlords, has now joined perhaps the largest landlord firm in New York.

=> Rebecca Kelly, formerly of the Board of Standards & Appeals, has too.

- Sue

http://findarticles.com/p/articles/mi_m3601/is_19_55/ai_n31200885

Real Estate Weekly, Jan 7, 2009

Borah, Goldstein, Altschuler, Nahins, & Goidel, P.C. is pleased to announce the addition of the following new team members to the firm:

* Jeffrey L. Nogee has joined as counsel. With more than 30 years of experience, Mr. Nogee will use his real estate and construction law experience to expand the firm's practice into the industrial and energy sectors encompassing the use of electric, gas, solar, atomic and other energy resources. Prior to founding his own practice in 1990, Mr. Nogee held significant roles as a senior attorney at Ebasco Services Incorporated, the world's largest construction and engineering firm at the time, and as a partner at the law firm of Brauner, Baron, Rosenzweig, Kligler, Sparber, Bauman and Klein. Among his more notable construction projects are the representation of the turnkey contractor in a 600 MW Natural Gas Fired Cogeneration Plant in New Jersey, a 300 MW Fluidized Bed Coal Fired Cogeneration Plant in upstate New York, a 900 ton-per-day mass burn waste-to-energy cogeneration project on Long Island as well as a 2 x 600 MW Coal Fired Project in the People's Republic of China.

* Rebecca Kelly has joined the firm as a senior associate. In her new capacity, Ms. Kelly focuses primarily on advising clients and providing transactional services on matters concerning construction, zoning, and land use. She also handles Supreme Court litigation in a variety of real estate matters. Ms. Kelly is the former associate general counsel and interim general counsel to the New York City Board of Standards and Appeals (BSA). In this capacity, she acted as liaison to Corporation Counsel on BSA-related litigation and provided technical advice on litigation involving the BSA. A member of the Land Use, Planning, and Zoning Committee of the New York City Bar Association, Ms. Kelly's additional affiliations include the American Planning Association and Gotham Planning Society. She has also worked in the Landmarks Preservation Commission's general counsel's office and at the New York City Law Department, as well as in the private sector.

* David B. Cabrera has joined the firm as a partner in charge of its Administrative Law department. In his new position, Mr. Cabrera will be involved and consult in all matters concerning in the landlord-tenant law practices. Prior to joining the firm, Mr. Cabrera

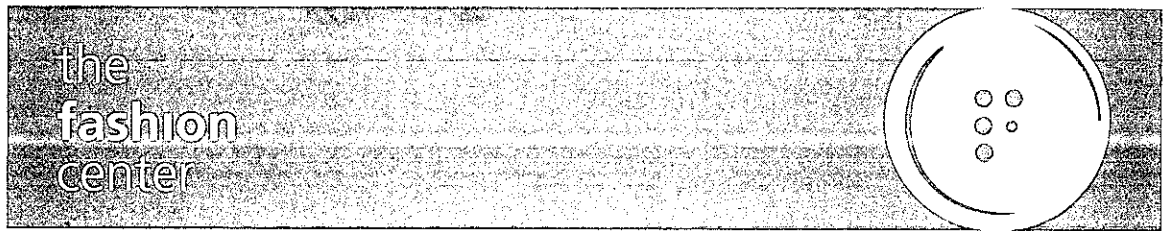
Tuesday, February 10, 2009 AOL: Joybrownny

most recently served as deputy commissioner for housing operations for the New York State Division of Housing and Community Renewal (DHCR), where he oversaw the State's Mitchell-Lama, Public Housing and Section 8 programs. In addition, his work for DHCR has included such other supervisory and executive positions as general counsel in the Office of Legal Affairs and Deputy Counsel and assistant commissioner in the Office of Rent Administration. In the course of a long and distinguished career, Mr. Cabrera has litigated landlord-tenant cases throughout New York City. He has also argued numerous appeals before the New York State Courts.

* Andrew D. Stern has joined as a civil litigator in the firm's Supreme Court division. In his new position, Mr. Stern will concentrate on state court trials in New York and will focus on commercial litigation in the fields of real estate, contract, construction, securities, landlord/tenant and estate law. Mr. Stern began his career in the Litigation Department of Sichenzia Ross, where he worked on cases involving allegations of securities fraud, breach of contract, and broker-dealer misconduct. These cases were in federal court, state court and before the National Association of Securities Dealers arbitrators.

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Testimony to the New York City Council on Roll Down Gates
Submitted by: Barbara Randall, President, Fashion Center BID
Tuesday, February 10, 2009

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Executive Committee

The Fashion Center Business Improvement District, strongly supports the proposed legislation requiring commercial premises to replace solid metal security gates with see-through roll-down gates.

The Fashion Center BID believes see-through security gates have obvious aesthetic, economic and safety benefits and, as an organization, the BID has long urged ground floor retailers and property owners in the Fashion District to convert the gates on their storefronts.

As a streetscape initiative, see-through gates on illuminated storefronts bring more light to the streets, thereby improving the pedestrian experience and the quality of life, which in turn create higher value. By contrast, solid gates give an area the impression of being dangerous and downtrodden, creating a negative impact that is felt by all who live, work or do business in the area.

Solid gates also encourage graffiti. When the BID was founded, we spent many man-hours painting over graffiti and we continue to do so today. See-through gates do not lend themselves to graffiti, and the additional light cast by the illuminated storefront within makes a location even less inviting of graffiti.

Furthermore, when merchandise in a store can be seen from the street, it enlivens the area, and, from a merchants perspective, offers the added advantage of displaying merchandise during off-hours, that may prompt a passing consumer to return during business hours.

Finally, and most importantly, the added light on the sidewalks simply creates a safer environment, as it is well known that lighting is an effective weapon against crime.

For all these reasons, see-through gates were included among the elements in the BID's first streetscape improvement plan in 1996 and, in years since, we have offered all our property owners and retailers the opportunity to take advantage of a program that offers a financial incentive for completing this improvement. See-through gates have been, by far, the most popular among the elements for which the BID offers such an incentive, indicating that forward-thinking property owners and retailers realize their benefits as well.

Therefore, on behalf of the Board of Directors and members of the Fashion Center BID, we strongly support this legislation. Thank you.

36 West Bar and Grill
Anchin, Block & Anchin
A.R.T./New York
Block Buildings LLC
Brea Property Management
Capital One, N.A.
Community Board 4
Community Board 5
The Doneger Group
Fashion Institute of Technology
Gemini Real Estate Advisors, LLC
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Granite Management
Handro Properties, LLC
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ID Real Estate Partners, LLC
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Mayors Office of Special Enforcement
Newmark Knight Frank
New York City Council
NYC Department of Small Business Services
Office of the Comptroller
Office of the Manhattan Borough President
Office of the Mayor
Olmstead Properties
Parsons School of Design
Port Authority of NY & NJ
Rebecca Middleton
Savitt Partners, LLC
Stan Herman
UNITE/HERE
Walter & Samuels, Inc.
Wien & Malkin, LLP
Williams Real Estate, a First Service Company
Winoker Realty Company

Aaron Gural
Irving Schneider
Emeriti

My name is Peter Bordonaro and I am Happy to testify today. And I AM FOR THIS BILL.

I have been in the security door business for close to 40 years.

For those that do not know the difference between SOLID Door and OPEN Grille.

Solid –used loading dock, weather conditions-rain, snow cold privacy

Grille- security yet allows visibility.

Police & Firemen cannot see thru doors is being if store burglarized or may be smoldering and may break door to gain access to the premises.

Grille- they can look thru- may not have to enter. Shop owners safely look into store before opening.

Aesthesis-

Doors become a **mural for Graffiti artists**- Blight to the neighborhood.

Grilles are clean looking-making the **neighborhood look so much cleaner and safer.**

More important to the shop owners is that people can still “Window Shop” after store is closed. Come out of a restaurant/ movie at night can still see store merchandise in window and possibly come back to shop when open.

Fordham Road story. Window shop.

Increase business- offset initial cost.

Cost approx. 10% above cost for door. Extras are same price (i.e. electric).

Very small cost difference for the advantages.

Also passed in Philadelphia and Yonkers.

TESTIMONY BY
FIRST DEPUTY COMMISSIONER ANDREW SCHWARTZ
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEE ON HOUSING & BUILDINGS
OF THE
NEW YORK CITY COUNCIL
FEBRUARY 10, 2009

Good afternoon, Chairman Dilan and members of the Housing & Buildings Committee. My name is Andrew Schwartz, I am First Deputy Commissioner at Department of Small Business Services (SBS). SBS appreciates the opportunity to testify on Intro 138-A, requiring businesses to install certain security gates when upgrading their storefronts.

Intro. 138-A prohibits the sale and installation of security roll down gates unless they allow for 70% visibility of the premises. While the administration is supportive of the intent of this bill — to increase security of commercial properties, improve the aesthetics of commercial streets, and increase public safety in our communities — we do not feel it is necessary to legislate what is essentially a business decision.

SBS is supportive of all small business owners, whether they are new to this field or have been in operation for many years. We have many tools available to help these owners with a variety of challenges — including security. SBS appreciates the important roles security and design play in the operation of a business. Through AvenueNYC, we regularly work with neighborhood organizations and local development corporations to enhance the safety and aesthetic of businesses throughout the five boroughs. With commercial revitalization grants and the establishment of Business Improvement Districts, many neighborhoods have had an opportunity to study their streetscapes and consider design improvements.

These concerns also extend to security upgrades. The appearance of security gates, as well as their function and effectiveness, is vitally important to many businesses. Furthermore, gates that allow for greater visibility could assist first responders in the case of a fire or other emergency. However, due to businesses' escalating costs during the present economic crisis, we believe it would be imprudent to legally require a particular business — especially a new business that is already facing large start up costs — to purchase a particular brand or type of security gate.

Rather than mandating specific types of gates, SBS would prefer to work with the Council to help inform both business owners and property owners of the selection of

security gates available on the market and of the benefits of gates that offer greater visibility.

Thank you for the opportunity to testify today. I would be happy to answer any questions you have at this time.

Testimony of Jerry Armer, MetroTech BID, Director of Services
City Council – Intro 138-A
February 10, 2009

Good afternoon, my name is Jerry Armer and I am the Director of Services for the MetroTech BID in Downtown Brooklyn,

In the late 1990's under the direction of our Executive Director Michael Weiss, the MetroTech BID realized that in order to make the shopping experience in MetroTech more interesting and pleasurable, we needed to work with our shop owners to improve the appearance within our retail core, both when stores are open to shoppers and when they are closed. We realized that this had to be a multi prong effort and not a one shot deal. To do this we created the MetroTech BID Façade Program. The program offered professional assistance in area such as store signage design, store window display and solid roll down gate replacement.

When you or the average shopper walk down a retail street and store after store have their solid roll down gates pulled down, it creates a feeling that you are not wanted, kind of a siege mentality in the neighborhoods. It sends a subliminal message to shoppers that the area is not safe. It prevents shoppers from seeing what the store have to offer to the consumer. I believe that roll down gates are one of the most noxious elements that impact our shopping streets. They attract graffiti, give the impressive that our streets need to be fortresses, they potentially reduce the illumination on sidewalks, prevent law enforcement and fire officers from seeing into and accessing stores and, most of all, encourage pedestrians to walk elsewhere. On the other hand, open link gates are not inherently less protective and they can allow a retailer to market their merchandise through well designed window displays even at night.

The MetroTech BID's open link type rolled down gate replacement program is very simple. The BID will pay a store owner up to \$750.00 or 50% of the gate replacement cost, which every is less once they have replace their solid roll down gate with the open link type. We have had a limited success with existing merchants. They are usually are resistant to spending any money if they already have a gate. However when they are renovating their storefront our rate of success increases. We have one merchant who did a new storefront with no gate and that has been fine for over a year. The solid roll down gate replacement program works best with newly leased retail spaces, especially when we get to speak to the new retailers as they are building out their store.

With Intro 138-A, the Council is to be commended for looking to make the retail streets in NYC more inviting for our residents and to the thousands of visitors that come to spend their money in New York City. Intro 138-A is the first small step in improving the shopping and the walking experience on the retail streets NYC.

Although we totally agree with the intent of this bill, we would like to offer to work with the Council members and Council staff to ensure that the bill is effective **and enforceable**. For example, why not require, as it is required in the new Downtown

Brooklyn zoning, section 101-12 second paragraph; that after a date specific all new security gates installed to secure a commercial premises shall, when closed, permit visibility of at least seventy five percent (75%) of the area covered by such gate when viewed from the street. Also, why not look to require that stores be retro fitted with open link type roll down gates within the next 6 years.

In closing, let me point out that in 1996 the Wall Street Journal printed a positive article about see through link type gates, which I have attached to the copies of my testimony. In the ensuing thirteen years the crime rate in New York City has declined to levels that no one could have imagined in 1996, thus eliminating the major reason that has always be given for putting up solid roll down gates.

Thank you for the opportunity to put our thought on the record.

Ugly Storefront Security Gates Are Bashed by Critic

By MITCHELL PAXELLE

Staff Reporter of THE WALL STREET JOURNAL

For many urban retailers, unfurling a solid curtain of steel in front of their stores at night is the best insurance against crime. But urban planners, and an increasing number of merchants, have come to view the practice more as a symptom of blight than a solution.

"I don't think most merchants realize how bad it looks when you drive through here at night," says Boston insurance broker James Nichols, who a year ago stopped using pull-down security gates to cover his office in southwestern Boston. "All you see is solid-metal gates, some with graffiti on them."

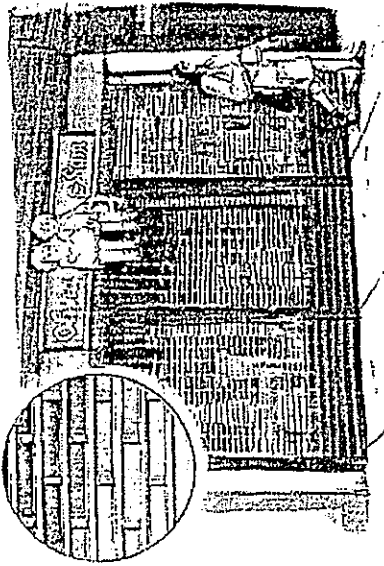
Armed with statistics showing declining street crime and brochures touting see-through steel-mesh gates, urban planners in many cities have declared war on the ubiquitous solid-metal gates. Such gates degrade the nighttime urban environment and contribute to a bunker mentality that impedes economic development, they argue.

"Our streets have become safer at night, but these 'graffiti gates' have made them more forbidding than they've ever been," complains New York City Councilman Anthony Weiner, who introduced legislation last year to ban all new security gates that aren't at least 50% see-through. Similar regulations are already in effect in communities ranging from downtown Philadelphia and Pittsburgh to Englewood, N.J., and New Rochelle, N.Y. (Solid-metal gates are most prevalent on the East Coast; elsewhere, even in cities like Los Angeles and Chicago, merchants commonly rely on the see-through scissors-type gates that they pull across their storefronts.)

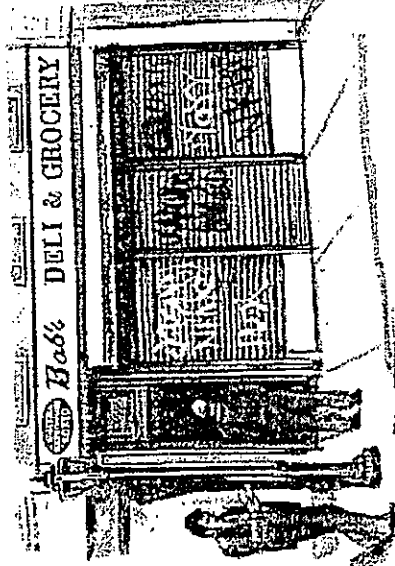
Even with support from politicians and police and fire departments, economic-development officials have run up against resistance from many store owners, who worry that mesh gates would leave them vulnerable to vandalism and "smash and grab" theft. More importantly, many retailers blanch at the expense of switching to see-through gates, which cost \$1,000 and up—10% or 15% more than solid ones, even with partial rebates available from business-development groups.

"Security should not be controlled by legislation," insists Howard Strauss, owner of a women's sportswear shop in New York and executive vice president of the Small Business Congress, a citywide coalition of neighborhood business associations. Mr. Strauss says his own mesh security gate was cut open and his store looted twice before he replaced part of it with a solid gate. "Also, it's very easy to take a pipe and break a window through an open-mesh gate, and pull things out," he notes.

The use of solid-metal gates swept through many cities after unrest and rioting in the late 1960s and early 1970s.



In Brooklyn, N.Y., a new see-through mesh gate...



...and an old-style solid-metal graffiti gate.

"When people saw what was going on, they thought they better make their businesses look like fortresses," recalls Vincent Greco Jr., sales manager of City Gates, one of New York's largest manufacturers. Insurance companies offered discounts for security devices, adding further incentive.

Yet once entire blocks of storefronts were fitted with gates, it profoundly changed the streetscape at night. Light from display windows no longer illuminated the sidewalks. Window shopping was impossible. The police

could no longer inspect store interiors with their flashlights, and firefighters found it more difficult to spot blazes.

"They make it look like a war zone," complains New York lawyer Peter Malkin, whose extensive Manhattan real-estate portfolio includes the long-term lease on the Empire State Building. Malkin has been campaigning to rid midtown Manhattan of the solid gates, in part by prohibiting them in the buildings he controls.

Politicians and urban planners have seized the decline in street crime in many cities as an opportunity to try to persuade retailers to raise a steel curtain.

"According to the cops, the overwhelming majority of break-ins aren't in the front door. I go through the back door or the roof," says Mr. Weiner, the New York City councilman who proposed a ban on solid gates.

"I represent a lot of small businesses, and I don't want to whack them," he adds. But he says federal crime-insurance figures show that solid-metal gates are no more effective than mesh ones.

"All the statistics show that smashing and thieving are down, and perhaps that gates are not as necessary as they once were," maintains Kathy Katarides, who oversees several neighborhood-revitalization programs in Boston.

Because storefront retailers often have such slim profit margins, the cost of replacing existing gates can be prohibitive. Conversion efforts have been most successful "when rebate money is available a carrot," says Paul Levy, executive director of the Center City District in Philadelphia, a "business improvement district" organized by local companies to improve conditions downtown. Several years ago, Philadelphia passed an ordinance prohibiting solid gates in the central business district, while allowing existing gates with proper permits to remain. Mr. Levy is currently trying to organize a program that would grant partial rebates to the who convert.

Boston offers to pay merchants up to one-half the cost of conversion. Several midtown-Manhattan business-improvement districts do the same.

Despite resistance, the growing pressure in development officials has led to gradual changes. Greco of City Gates reports that sales of mesh gates have grown from a small fraction of the market five years ago to about half today. Ultimately, however, the success of such efforts will rest on the experiences of merchants. Dotty White, owner of Dotty's Coffee Shop in Boston, several years ago, she took down her metal gates—several years after putting them up—and hoped for the best. "So far, we've been fortunate," she reports.

PHARMACEUTICALS

How a Yogurt Company Developed a New Cancer Drug

THE WALL STREET JOURNAL

MARKETPLACE

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in favor in opposition

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I represent: FASHION CENTER BID

Address: 209 WEST 38th ST. NY NY 10018

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Name: PETER BORDONARO

Address: 153 EUCLID AVE

I represent: _____

Address: MASSAQUOA HT

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Name: JERRY ARMER

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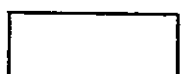
I represent: Metrotech BID

Address: 4 Metrotech Ctr, Bklyn

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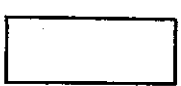
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I represent: housing advocate

Address: _____

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Name: Michael Simanowitz

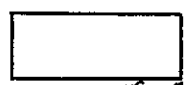
Address: 159-06 71 Avenue

I represent: Assemblywoman Nettie Mayerson

Address: _____

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Name: WILLIAM GREENSPAN

Address: 2099 BELLMORS AVE BELLMORE NY

I represent: ELECT CHESTER

Address: _____

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Name: Silvest M Medina
Address: 65-47 160th St, Flushing NY 11368
I represent: Electrolux / Fourth Housing Co.
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I represent: HPD
Address: _____

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Name: Bea De La Torre

Address: NYC Small Business Services

I represent: 110 William St

Address: _____

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Date: 2-10-09

(PLEASE PRINT)

Name: Andrew Schwartz

Address: NYC Small Business Services

I represent: _____

Address: 110 William St

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