



**Testimony of the
New York City Department of Housing Preservation and Development
to the New York City Council Committee on Housing and Buildings
on Introductions 1423, 1424, 1431, 1432, 1433, and 1499**

June 27, 2019

Good morning, Chair Cornegy, and members of the Committee on Housing and Buildings. My name is Sarah Mallory, and I am the Chief of Staff for Government Affairs at the New York City Department of Housing Preservation and Development (HPD). Thank you for the opportunity to testify on the issue of upfront rental fees and the proposed legislation on today's agenda.

The de Blasio Administration has focused on making this City more fair and affordable for everyday New Yorkers since day one. New York City continues to face a housing affordability crisis and its residents continue to feel the strain of extraordinary market pressures. Given that the demand for housing consistently outpaces available supply, it is vital that we take a multi-faceted approach to ensuring New Yorkers can afford the City they love.

The City has committed to produce record numbers of affordable homes, and has made strengthening the rent stabilization laws a key priority, as they remain one of the best tools to protect tenants, and are now even stronger.

The New York State Housing Stability and Tenant Protection Act of 2019 represents a historic achievement for the rights of millions of tenants across the City. This administration advocated for many of these changes alongside tenants, and the State Legislature has now made rent regulations both stronger and permanent. We hear every day from New Yorkers who are afraid they won't be able to afford to stay here, and that's why the de Blasio Administration is building and preserving record numbers of affordable housing, providing legal services to renters facing eviction, and so much more. The new state legislation finally puts the law on the side of tenants. It will close loopholes that allow high rent increases, end vacancy and luxury decontrol, end the vacancy bonus, and ensure that tenants won't have to fight for their lives in another four years by making the law permanent.

HPD stood with New Yorkers as we fought for and won even stronger tenant protections, including for non-rent regulated units. And the new law guarantees new protections for tenants in

unregulated housing, many of which are similar to the protections proposed in the legislation being considered here today. All renters in New York will soon benefit from transparency and clarity around security deposits, which will now be limited to one month's rent and come with mandated procedures to ensure the landlord returns the security deposit within fourteen days of vacancy. Unregulated tenants will see stricter limitations on what they can be charged in the application process, more protections for rental payments, and other important reforms.

HPD takes seriously our own values-based approach to creating more fair and equitable housing opportunities. Since the start of *Housing New York*, HPD has financed approximately 122,000 apartments. Developers creating and preserving this City-sponsored affordable housing are required to follow the City's marketing and tenant selection procedures. In summer 2018, we updated our marketing policies that developers must follow to further limit how credit history impacts housing applicants, address and clarify complexities in income calculations, ensure special protections for survivors of domestic violence, and make the lottery selection process more efficient. These updates demonstrate the City's continued commitment to create more opportunities for all New Yorkers. Importantly, developers must also meet all of the steps outlined in the published marketing requirements before they are able to go forward with selecting applicants. As we continue to produce affordable housing at record pace, we are equally committed to making the process of leasing up those apartments as equitable and efficient as possible.

Further, despite the Trump Administration's delayed implementation of the required Assessment of Fair Housing, the City of New York remains committed to a comprehensive fair housing planning process to study, understand, and address patterns of residential segregation and concentrated poverty in our neighborhoods, and how these patterns impact New Yorkers' access to opportunity – including jobs, education, safety, public transit, and positive health outcomes. This data-driven, collaborative fair housing planning process is done through an initiative we call *Where We Live NYC* and includes extensive community participation throughout all aspects of the process that will culminate with the release of a public report in the Fall of 2019. The report will include measurable goals and strategies that are designed to foster inclusive communities, promote fair housing choice, and increase access to opportunity for all New Yorkers. More information on these efforts can also be found at wherewelive.cityofnewyork.us.

The Council's partnership has been vital to the Administration's efforts to give more New Yorkers the opportunity to find and maintain an affordable home. HPD appreciates and supports the intent of these bills presented by Council Members Rivera, Powers, and Cohen, and thanks them for their leadership to reduce mobility barriers, create consistency, and help New Yorkers access new housing options that they can more easily afford from the start. HPD supports Intro 1424, which codifies at the local level that security deposits be capped at one month's rent, and the requirement of Intro 1431, which codifies that security deposits for residential units must be returned within 14 days of the end of a lease. HPD looks forward to working with the Council to review these bills to ensure that the language is consistent with the recently-enacted State legislation. We also support the intent of Introductions 1432, 1433, and 1423, but want to take more time to review the specific language in these bills to consider how these bills interact with the current State law the recently enacted amendments. And although my

colleague at the Department of Consumer and Worker Protection will expand on this further, HPD also agrees that fees should not be charged to tenants for obtaining a tenant screening report if a unit is not available for rent.

We look forward to continuing these conversations to ensure New Yorkers have transparency, clarity, and more housing options in the rental process. Thank you and I will now take any questions you may have.



FOR THE RECORD

Council of New York Cooperatives & Condominiums
INFORMATION, EDUCATION AND ADVOCACY

250 West 57 Street • Suite 730 • New York, NY 10107-0700

COMMENTS ON Int 1423-A, Int. 1424, Int 1431-A, Int 1432, Int 1433 and Int 1499
June 27, 2019

The Council of New York Cooperatives and Condominiums (CNYC Inc.) is a membership organization for housing cooperatives and condominiums. More than 170,000 New York families make their homes in our member buildings, which span every rung of the economic ladder.

CNYC and its members respect the efforts of the City Council to enact laws to provide protection to tenants in one-sided rental dealings with landlords; however the subjects of these laws **are not relevant to the nature of the relationship between co-ops and their shareholders.** The leases in co-ops are called "proprietary leases"; they are not one-year leases, **they are permanent leases for the life of the co-op,** with initial, automatically renewing terms that are usually longer than 30 years. **Each new shareholder becomes one of the owners of the property.**

In these resident owned homes, a healthy reserve fund is absolutely necessary to enable buildings to comply with the myriad of unfunded mandates imposed on co-ops by the City. Many co-ops require initial payments into the building reserve fund as a condition of their purchase. Intro 1423-A may prohibit such charges.

In the transaction to purchase shares in the co-op, the co-op and its new shareholder are both always represented by separate attorneys. The amount of money involved is significant and the risk to the co-op of the failure of a new shareholder to pay maintenance over the long life of a proprietary lease is significant and is often secured by security deposits that reflect the over-all value of the property. Intro 1424 unreasonably limits the co-op's ability to adequately secure maintenance payments and Intro 1432 unfairly limits the ability of the co-op to adequately investigate the financial ability of a prospective shareholder to pay maintenance over the long life term of a proprietary lease.

Persons paying significant amounts of money to purchase an apartment do not need limitations on the amount of security deposits required by the co-op nor installment payment of security deposits. Intros 1324 and 1433 irrelevantly limit such deposits.

We respectfully request that each of Intros 1423-A, 1424, 1431-A, 1432, 1433 and 1499 be amended to include language excluding housing cooperatives and condominiums from their coverage.



TESTIMONY

IN SUPPORT OF

INTRO NO. 1424: IN RELATION TO LIMITING RENTAL SECURITY DEPOSITS
TO ONE MONTH OF RENT

INTRO 1431: IN RELATION TO REQUIRING THE RETURN OF SECURITY
DEPOSITS WITHIN 14 DAYS OF THE END OF A LEASE

INTRO 1433: IN RELATION TO PROVIDING TENANTS THE OPTION OF PAYING
A SECURITY DEPOSIT IN SIX EQUAL MONTHLY INSTALLMENTS

PRESENTED BEFORE:

NEW YORK CITY

COMMITTEE ON HOUSING AND BUILDINGS

PRESENTED BY:

RACHEL C. SMITH

LEGAL VOLUNTEER

MOBILIZATION FOR JUSTICE, INC.

June 27, 2019

MOBILIZATION FOR JUSTICE, INC., 100 William Street, New York, NY 10038

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Introduction

Mobilization for Justice, Inc. (MFJ) envisions a society in which there is equal justice for all. Our mission is to achieve social justice, prioritizing the needs of people who are low-income, disenfranchised, or have disabilities. We do this by providing the highest quality direct civil legal assistance, providing community education, entering into partnerships, engaging in policy advocacy, and bringing impact litigation. We provide advice and representation to more than 25,000 poor and working poor New Yorkers each year. Specifically, MFJ's Housing Project annually serves more than 3,200 households, representing a total of 7,328 tenants.

Clients' Experiences and the Importance of the Bills under Consideration

We sincerely thank the Committee on Housing and Buildings for holding this hearing. I testify today in support of **Intros 1424, 1431 and 1433**.

MFJ supports **Intro 1424**, which proposes limiting rental security deposits to one month of rent, **Intro 1431**, which proposes requiring the return of security deposits within 14 days of the end of a lease, and **Intro 1433**, which proposes providing tenants the option of paying a security deposit through monthly deposits dictated by the length of their tenancy.

I am sure many people in this room have experienced the difficulty of searching for an apartment in New York City. I have experienced this problem as a law student in New York City also. You look at apartment after apartment, desperate to find an affordable and habitable apartment. All too many times when you find a suitable apartment, you face yet another roadblock to securing housing – the security deposit.

Intro 1431

Security deposits pose many obstacles for residential renters. One such obstacle is how to pay a security deposit on a new apartment when the tenant is waiting for the return of a previous security deposit. For many of our poor and working poor clients, this is a serious impediment to securing suitable housing. The vast majority of states specify the amount of time a landlord has to return a security deposit.¹ With the recent passage of the Housing Stability and Tenant

¹ See, e.g., ALA. CODE § 35-9A-201 (1975) (stating the landlord has *60 days after termination of the tenancy and delivery of possession* to return the security deposit) (emphasis added); CONN. GEN. STAT. ANN. § 47a-21(d)(2) (West 2017) (“Not later than *thirty days after termination of a tenancy or fifteen days after receiving written notification* of such tenant’s forwarding address, whichever is later, each landlord other than a rent receiver shall deliver to the tenant or former tenant ... (A) the full amount of the security deposit paid by such tenant plus accrued interest, or (B) the balance of such security deposit and accrued interest after deduction for any damages suffered by such landlord by reason of such tenant’s failure to comply with such tenant’s obligations[.]”) (emphasis added); N.J. STAT. ANN. § 46:8-21.1 (West 2010) (“*Within 30 days after the termination of the tenant’s lease or licensee’s agreement*, the owner or lessee shall return by personal delivery, register or certified mail the sum so deposited plus the tenant’s portion of the interest or earnings accumulated thereon, less any charges expended in accordance with the terms of a contract, lease, or agreement[.]”) (emphasis added); 68 PA. STAT. AND CONS. STAT. ANN. § 250.512(a) (West 2019) (“Every landlord shall *within thirty days of termination of a lease or upon surrender and acceptance of the leasehold premises* ... provide a tenant with a written list of any damages ... for which the landlord claims the tenant is liable. Deliver of the list shall be accompanied by payment of the difference between any sum deposited in escrow, include any unpaid interest thereon, for the payment of damages to the leasehold premises and the actual amount of damages to the leasehold caused by the tenant.”) (emphasis added).

Protection Act,² New York State now requires landlords to return the security deposit within 14 days of the tenant vacating the premises.³ A landlord's failure to return the deposit in that period results in the forfeiture of any right to retain any portion of the deposit.⁴ Passing Intro 1431 would be consistent with New York State law. More importantly, it would allow poor and working poor New Yorkers to recover their security deposit soon after their lease ends – money often needed to pay the next month's rent or expenses related to the new apartment.

Intro 1424

A landlord's ability to set the security deposit at any rate is another obstacle for New Yorkers' and our clients' ability to secure housing. Landlords commonly charge anywhere from one month's rent to three months' rent for a security deposit. For individuals on a fixed income or working poor New Yorkers, paying a security deposit in excess of one month's rent and sometimes even one month's rent is infeasible. Passing Intro 1424 would prevent the arbitrary setting of security deposits and would be in line with the amended New York State law.⁵

Intro 1433

Intro 1433 would allow renters to pay their security deposits in equal monthly installments, as dictated by the length of their tenancy.⁶ Tenants are often denied the right to rent housing because he or she does not have first month's rent, last month's rent and the full security deposit required at lease signing. This proposed change would ensure poor and working poor New Yorkers are no longer barred from securing an apartment because they may not have the means for the entirety of the required security deposit up front. This bill is consistent with common sense since there is no valid business reason why a landlord would need the renter's security deposit up front if the security deposit is used to compensate the landlord for damage to the apartment at the *end* of the lease. This installment plan option allows renters to budget for the payment of the security deposit, which the bill requires landlords to inform prospective renters about. We believe the passage of this initiative, along with the proposed outreach and education requirement, will help to end one of the significant obstacles to securing housing for renters who cannot afford the exorbitant upfront security deposit fees.

² Housing Stability and Tenant Protection Act, 2019 N.Y. Sess. Laws ch. 36 (S. 6458) (McKinney 2019).

³ Housing Stability and Tenant Protection Act, ch. 36, sec. 25, § 7-108(e), N.Y. GEN. OBLIG. LAW (McKinney 2019) (“Within fourteen days after the tenant has vacated the premises, the landlord shall provide the tenant with an itemized statement indicating the basis for the amount of the deposit retained, if any, and shall return any remaining portion of the deposit to the tenant.”).

⁴ Housing Stability and Tenant Protection Act, ch. 36, sec. 25, § 7-108(e), N.Y. GEN. OBLIG. LAW (McKinney 2019) (“If a landlord fails to provide the tenant with the statement and deposit within fourteen days, the landlord shall forfeit any right to retain any portion of the deposit.”).

⁵ Housing Stability and Tenant Protection Act, ch. 36, sec. 25, § 7-108(a), N.Y. GEN. OBLIG. LAW (McKinney 2019) (“No deposit or advance shall exceed the amount of one month's rent under such contract.”).

⁶ New York City Council Intro 1433 §26-2302 (“a. For tenancies that are six months or longer, a security deposit may be paid at the option of the tenant in six, equal, consecutive, monthly installments. b. For tenancies that are less than six months, a security deposit may be paid at the option of the tenant in equal, consecutive, monthly installments provided that the number of such installments match the number of months of the tenancy.”).

Conclusion

MFJ strongly supports Intros **1424**, **1431**, and **1433**, and commends the Committee on Housing and Buildings for its continuing efforts to improve the rights of renters and tenants. The obstacles posed by security deposits are numerous but have the potential to be rectified with the passage of these initiatives. These initiatives are essential steps toward keeping New Yorkers housed in New York. Thank you for your time.

SUBMITTED TESTIMONY OF THE REAL ESTATE BOARD OF NEW YORK TO THE NEW YORK CITY COUNCIL COMMITTEE ON HOUSING & BUILDINGS REGARDING RESIDENTIAL RENTAL LEGISLATION

June 27, 2019

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY strongly supports policies that expand the local economy, grow and improve the City's housing stock, and create greater opportunities for middle class New Yorkers.

Thank you for the opportunity to share our concerns with the committee today. What follows are more specific comments on the individual bills.

INTRO. NO: 1423-A

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to limiting the fees charged in a rental real estate transaction

SPONSORS: Keith Powers , Carlina Rivera , Laurie A. Cumbo, The Public Advocate (Mr. Williams), Brad S. Lander, Stephen T. Levin, Ben Kallos, James G. Van Bramer, Mark Levine, Diana Ayala , Margaret S. Chin, Helen K. Rosenthal, Vanessa L. Gibson, Francisco P. Moya, Costa G. Constantinides, Daniel Dromm , Karen Koslowitz, Donovan J. Richards, Antonio Reynoso, Robert E. Cornegy, Jr., Rafael L. Espinal, Jr., Alicka Ampry-Samuel

Intro. 1423-A seeks to limit the amount that residential real estate agents can collect from a property owner in those instances where the agent represents the property owner. This legislation is of grave concern to the entire residential real estate community, property owners, and should be of concern to renters as well.

Real estate agents provide an invaluable service both to prospective tenants and to property owners. They provide a full suite of assistance to property owners and tenants in ensuring that vacant units are filled as soon as possible. They provide a whole host of services, including marketing, facilitate dozens of showings, conduct market research to help the owner price apartments, advise on improvements, pull together application materials, and guide tenants on what can sometimes be a stressful process.

The fees that they collect are negotiable, and the Department of State has been clear in ensuring a competitive market place by not placing any fixed prices for these services.

We fully appreciate and support the sponsors intent of making rentals more affordable for New Yorkers and protecting tenants in these transactions. But Intros. 1423 and the recently amended version both will have the opposite effect of its intentions and hurt both renters and these hardworking agents.

The fee that an agent collects in these transactions are a one-time cost for the renter. Placing a cap on what the agent can collect in these transactions will result in consequences such as property owners raising rents to cover these costs or stop hiring these experts to handle these transactions that require quality services.

Going to a unit where a property owner has engaged the services of a real estate agent is ultimately a decision that the renter chooses. There is zero obligation for any renter in New York City to choose a unit with an agent's fee attached. As an industry and as a City, we need to ensure that all renters have options when they look to find their new home. But it is important to note that there is truly no such concept as a "no-fee" listing. It is ultimately a choice as to whether the property owner chooses to incorporate the services needed into the rent (leading to a higher monthly rent) or chooses to have it structured as a one-time cost. And for a renter, it is ultimately a choice of whether they prefer to look for a unit with these fees already incorporated into their monthly rent or choose to spend this one-time cost when they have found their new home.

The Real Estate Board of New York cannot support any bill that needlessly raises rents for New Yorkers or hurts the ability for residential real estate agents to be fairly compensated for their tireless efforts. We look forward to working with the bill sponsors towards any efforts to promote transparency and understanding for renters in a responsible way.

INTRO. NO: 1424

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to limiting rental security deposits to one month of rent

SPONSORS: Keith Powers , Carlina Rivera , The Public Advocate (Mr. Williams), Mark Treyger, Laurie A. Cumbo, Stephen T. Levin, Brad S. Lander, Ben Kallos, Mark Levine, Margaret S. Chin, Diana Ayala , James G. Van Bramer, Helen K. Rosenthal, Vanessa L. Gibson, Francisco P. Moya, Costa G. Constantinides, Daniel Dromm , Adrienne E. Adams, Karen Koslowitz, Robert F. Holden, Donovan J. Richards, Antonio Reynoso, Robert E. Cornegy, Jr., Rafael L. Espinal, Jr., Alicka Ampry-Samuel , Justin L. Brannan, Ruben Diaz, Sr.

This bill would limit the amount that individuals, corporations, or entities can collect as a security deposit in a rental real estate transaction to the value of one month's rent.

As previously discussed with the Council prior to the enactment of the statewide law, REBNY unequivocally believes that requests for additional security as a means of discrimination is completely unacceptable. There are many instances where a property owner requesting additional security would be considered completely reasonable based on a number of factors present in a tenant's application. Factors such as credit, rental, and employment history, salary or income, and current assets are all important and practical variables that a property owner looks at to determine whether a prospective tenant can fulfill the obligations of their rent on a monthly basis.

The recently passed state law and this legislation are both problematic and will actually hurt the same renters this bill intends to help. When a property owner receives an application where the prospective tenant does not meet reasonable financial requirements, they would be able to request an additional security in order to mitigate their risk of providing the applicant with the unit. Under this law, property owners can no longer do that. So they are left with two options: 1. Take the risk and still provide the applicant with the keys or 2. Go to the next applicant who may have a better financial history. This only exacerbates the City's efforts to eliminate barriers to provide housing for those who may need it the most.

INTRO. NO: 1431-A

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to requiring the return of security deposits within 14 days of the end of a lease

SPONSORS: Carlina Rivera , Keith Powers , Laurie A. Cumbo, Mark Levine, Justin L. Brannan, Robert F. Holden, Daniel Dromm , Stephen T. Levin, Ben Kallos, Helen K. Rosenthal, Diana Ayala , Adrienne E. Adams, Margaret S. Chin, Brad S. Lander, Antonio Reynoso

This bill would require commercial or residential landlords to return security deposits, less any lawful deductions, to the tenant within 14 days of the end of the lease.

Security deposits are the tenant's money, and should be returned to the tenant as soon as humanly possible. That is why the vast majority of property owners ensure that the security deposit is returned in a timely fashion. That is why REBNY supported the initial iteration of this legislation where security deposits were to be returned within 60 days.

Unfortunately, as a result of the State legislature now making it law across the State that security deposits must be returned within 14 days, we understand that the Council seeks to now codify this into the City administrative code.

REBNY is deeply concerned with both the recently passed state law and this legislation. The process for returning a security deposit first begins with an assessment of the physical condition of the unit after a tenant moves out. There are times where a tenant wishes to inspect the unit with the building manager, and other times where a tenant does not inform the building manager that they have actually moved out, which leads to delays on inspections to begin with. This process can take a few days, in which the property owner will reach out to the financial institution where the security deposit is held to process a return and closure of the account. At this point, the property owner has no role in the process for how quickly the bank processes their transaction, further putting pressure on meeting the 14 day return deadline.

The greatest operational delay often is a result of electricity bills. In many instances a property owner pays/receives an electricity bill and it is included as part of the monthly balance due. However for the last month of a tenant's residency, this bill routinely does not come in until after the tenant moves out. The current practice of property owners and managers is to deduct the electricity bill from the security deposit and send it immediately to the tenant's forwarding address. However, under the new state law and this legislation, a property owner has no way of ensuring that the electricity bill is paid for after the tenant moves out. A property can email, call, or send notices to a tenant but despite these efforts, there will be tenants who think they don't have any type of responsibility after they return the key. These bills will undoubtedly go into collections, which is a situation that should be avoidable from the start.

INTRO. NO: 1432

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to transparency in residential rental application fees

SPONSORS: Carlina Rivera , Keith Powers , Laurie A. Cumbo, Mark Levine, Justin L. Brannan, Robert F. Holden, Daniel Dromm , Stephen T. Levin, Ben Kallos, Helen K. Rosenthal, Diana Ayala , Adrienne E. Adams, Margaret S. Chin, Brad S. Lander, Antonio Reynoso

This bill would require apartment brokers to disclose an itemized explanation of how any application fee collected as part of applying for an apartment will be spent. Any person who collected such an application fee without making the required disclosure would be subject to a civil penalty of \$150.

REBNY fully supports efforts to make any fees connected with a rental transaction as transparent as possible. To this end, REBNY would like to lend its support for Intro. 1432.

INTRO. NO: 1433

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to providing tenants the option of paying a security deposit in six equal monthly installments

SPONSORS: Carlina Rivera , Keith Powers , Laurie A. Cumbo, Mark Levine, Justin L. Brannan, Daniel Dromm , Stephen T. Levin, Ben Kallos, Helen K. Rosenthal, Diana Ayala , Adrienne E. Adams, Brad S. Lander, Antonio Reynoso

For residential tenancies that are six months or longer, this bill would provide tenants the option of paying a security deposit in six, equal, consecutive monthly installments added to the first six rental payments, respectively. Tenants with a shorter term tenancy of less than six months would be permitted the option of paying equal, consecutive monthly installments provided that the number of installments match the number of months of the tenancy. This bill could alleviate hardships associated with the requirement to pay a security deposit in one lump sum.

REBNY appreciates the intent and goals of this legislation to make it easier for residential tenants to ascertain a unit they would like, but may not have the full security deposit available up front in order to feasibility rent the unit. However, there are a series of unintended consequences that this bill would have on property owners and other renters within a building.

Security deposits are critical for property owners to ensure that any damages to the property are paid for, and that should the tenant break their lease that the accounts are still kept in good standing. A 6-month installment of a security deposit is not an actual security deposit. In a city of 8.5M people, there will always be instances where tenants suddenly break their lease, move out without notice to the owner, and/or leaves significant damages to the rental unit. If that tenant did not fully pay their security deposit because they were on an installment plan, it now puts pressure on the owner to find a way to increase revenues to cover the damages. That's not fair to the property owner and that's not fair to the other tenants who will inevitably bear the brunt of bridging the gap on these deposits.

Seattle is the only major jurisdiction that has implemented this type of approach to security deposits. REBNY believes it is always prudent to review how other major cities implement and enforce new regulations, especially one that is as dramatic as this. However, Seattle only implemented this in January and so there is nowhere near enough information available to assess its effect. We would urge the Council to carefully reconsider the approach being taken in this bill.

INTRO. NO: 1499

SUBJECT: A Local Law to amend administrative code of the city of New York, in relation to the provision of tenant screening reports

SPONSORS: Andrew Cohen, Carlina Rivera , Ben Kallos, Keith Powers

This legislation would prohibit any individual from charging a prospective tenant a fee in order to obtain a tenant screening report when the individual knows the unit is not or will not be vacant for such prospective tenant to lease. This bill would also require such individual to provide an applicant with the tenant screening report as long as the required fee has been paid, regardless of whether or not a lease has been signed. This legislation would also require the Department of Consumer Affairs to conduct a feasibility study on whether the city could establish its own tenant screening report system.

Tenant screening reports often can be a useful tool for property owners to review a tenant's history, including criminal background checks, credit checks, and to confirm employment and rental histories. These reports help a property owner confirm the information being provided by a tenant in their application.

REBNY believes that if a prospective tenant pays a fee for this report, they should be entitled to it. This report could include information that the tenant believes may not be accurate, and it is important to ensure that renters understand what information is being relayed to property owners about them.

REBNY does wish to work with the sponsor to clarify who would be penalized in instances where a tenant screen report is requested, but the unit is not actually vacant. A residential rental real estate agent that represents a tenant may charge the tenant a fee for this report, but they are only operating based on the information a property owner provides them as to whether the unit is vacant or not. It would not be appropriate to issue a violation to this agent whose only interest is in getting their client a safe, quality apartment within their budget.

REBNY also would like to express its general support of a feasibility study on whether the City could establish its own tenant screening report system. We would like to caution however that a citywide screening report system would still need to take a look at other jurisdictions for employment, rental and criminal histories especially if a tenant is moving into New York from a different place in the country.

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FOR THE RECORD

**Testimony for the Record
Submitted to the Committee on Housing and Buildings
Of the New York City Council
Hearing on Proposed Int. No. 1423-A
June 27, 2019**

Honorable Council Members,

I submit this testimony for the record in opposition to Intro. 1423A-2019, "A Local Law to amend the administrative code of the City of New York, in relation to limiting the fees charged in a rental real estate transaction." I am sure this committee has heard today from many of my colleagues as to the impact this misguided legislation will have on their lives, the lives of their families, and on everyday New Yorkers. I wish to present the committee with data and facts that establish how misguided this legislation actually is.

Analysis of Actual Rental Transactions

I am a Licensed Real Estate Salesperson affiliated with Licensed Real Estate Broker Citi Habitats. I have worked full time as a real estate agent in Manhattan for over 13 years and have effected approximately 1,500 residential leasing transactions. Since June 1, 2016, I have represented Manhattan landlords in the rental of 265 "Class A" residential apartments where the tenant paid a brokerage commission. An analysis of the commissions tenant(s) paid to my side of the transaction as the landlord's agent results in this chart¹:

| <u>Rent Range</u> | <u>Average Commission paid to Landlord's Agent (% of Annual Rent)</u> |
|--------------------------|--|
| \$1,500-\$2,000/month | 7.89% |
| \$2,001-\$2,500/month | 7.99% |
| \$2,501-\$3,500/month | 8.32% |
| \$3,501-\$5,000/month | 8.69% |
| \$5,001-\$9,000/month | 10.08% |

Intro. 1423A-2019 is branded as an attempt to make renting an apartment in New York City "affordable" by capping real estate brokerage commissions paid to the landlord's agent at no more than one month's rent. In reality, what Intro. 1423A-2019 will do is set the commission paid to the landlord's agent at one month's rent as, at a minimum, exclusive agents will charge every tenant the same flat one-month fee to partially make up for the income this bill will cause them to lose. As the above chart shows, by setting the commission of the agent representing the landlord to one month's rent (8.33%), this proposed law will increase the cost of renting an

¹ A scatter graph of the actual transactions is annexed to this testimony

apartment to those who may be struggling to make ends meet and will decrease the cost of renting an apartment for those who are already well-off.

To be precise, if Intro. 1423A-2019 had taken effect on June 1, 2016, collectively, tenants who rented an apartment through me (as the exclusive agent) for \$3,500 or less per month would have paid an additional \$12,636.03 in total commission, and tenants paying more than \$3,500 per month would have saved \$48,048.90 in total commission. Person(s) renting an apartment for \$3,500/month are typically required to earn a minimum of \$140,000 per year.²

Those who rented an apartment for \$7,000/month or greater (and thus earned at least \$280,000 a year), would have saved an average of \$2,756.82 individually on each rental transaction. Intro. 1423A-2019 will save thousands of dollars for tenants who are financially solvent while increasing the cost to rent an apartment for those who may not be solvent. Intro. 1423A-2019 will not make renting an apartment in New York City “affordable” and cannot legitimately be viewed as part of any progressive mind-set in politics. At worst, it’s pandering to the rich.

Why Intro. 1423A-2019 will Increase the Cost of Procuring Housing

As I testified above, exclusive agents such as I am will elect to charge every tenant the same flat one-month fee to partially make up for the income this bill will cause us to lose. In cases where the tenant is represented by an agent, that means that the tenant’s agent will most likely also charge their clients a one-month commission. While there is no “standard” commission in New York City,³ the exclusive agreement that I currently have with landlords does cap the commission paid by the tenant at 15% of the annual rent. By contrast, if Intro. 1423A-2019 was to pass, the tenant would actually pay a total fee of two months’ rent (16 2/3% of the annual rent).

Alternatively, landlords may choose to pay a commission of 2-3% of the annual rent to supplement what the exclusive agent collects from the tenant and accordingly raise rents by 2-3% to pay for that fee. Once landlords recoup their costs, they will not reduce the rent in the second year. As a result, it would not be too hard to foresee some landlords informing their tenants (who are also your constituents) that rents are increasing to cover fees imposed on landlords by the City Council. This “City Council Fee” would be similar to how electric, cable and cellular phone providers present consumers with a “government surcharge” that is not mandated and is the utility provider’s way of charging a small additional fee to increase profits.

The Proposal is Vague

Intro. 1423A-2019 is also vague on many points:

- Who is/are an, “individual or individuals,” that, “collect(s) fees?” Is that the exclusive agent (who technically does not “collect” a fee, since legally a commission can only be paid to a licensed real estate broker), or their affiliated licensed real estate broker? If

² Landlords typically require that, at a minimum, tenant(s)’ annual income should be 40x the monthly rent.

³ It is a violation of the Sherman Antitrust Act for brokerage firms to set a standard commission.

Intro. 1423A-2019 covers the brokerage firm as a whole, then this bill drastically limits consumer choice as many tenants currently choose to work with one agent at a firm who represents them. The agent representing the tenant will not be able to show the tenant the exclusive listings of other agents in the firm, because neither the landlord's agent nor the tenant's agent will want to split a low one-month commission.

- What exactly are, “fees (paid) in connection with a rental real estate transaction?” are “fees” just a brokerage commission, or do they include landlord/building owner-mandated credit check fees, background/employment verification fees, move in/move out fees, and each and every fee that a tenant may be required to pay? If all these fees are “fees,” under Intro. 1423A-2019, then what is the justification for requiring a real estate agent to reduce their commission to even less than month to offset a move in fee charged by a building to cover the overtime cost of an employee manning an elevator, or to offset the cost of application fees?
- Are management companies of co-ops and condominiums (which can be construed also to be the “representative or an agent of the owner of such property”) and third-party credit/background/employment verification services landlords require tenants to use and pay also “individual or individuals,” that, “collect(s) fees?” If so, how is every party in a transaction expected to know what the other parties charged the tenant, especially given that privacy laws may not allow one party to disclose these fees to the others?

Conclusion

The lead sponsor of Intro. 1423A-2019 claims it is, “about making it more affordable for New Yorkers to rent an apartment by protecting tenants in these costly transactions.⁴” For those who may be struggling to make ends meet, who presumably are those that need “protecting,” the free market has set fees lower than this bill will effectively set them. The free market, not legislation, should determine the fees that real estate agents charge and who pays those fees. This legislation seeks to use real estate agents as scapegoats for the high cost of living in New York City without actually doing anything to lower the cost of living. This legislation actually raises the cost of housing for those who are less able to afford it. This is fundamentally unfair to everyone and will do nothing but harm to everyday New Yorkers. I ask that this committee reject Intro. 1423A-2019.

Very Truly Yours,



Brian Totin

⁴ <https://therealdeal.com/2019/05/31/bill-to-cap-rental-commissions-is-amended-to-only-affect-brokers-repping-landlords/>

Testimony of Thomas Zielinski RE: proposal to eliminate broker fees

T Z

Thu 6/27/2019 3:49 PM

To: hearings@council.nyc.gov <hearings@council.nyc.gov>; Peters, Liz <LPeters@council.nyc.gov>

Members of the Council, I thank you for providing me the opportunity to speak to you today on the subject of the burdens New Yorker's face when it involves housing, speciality renting an apartment .

I made the decision in late 2008 to make a long desired move to NYC. Not knowing the city as well as I would have liked, my best friend who was already living here recommend a good acquaintance of his who was a real estate agent with over 20 years experience. I spent the first few months of 2009 flying back and forth between my home in Detroit and NYC looking at apartments. Very quickly, I got a good education in what was involved in renting an apartment in this city. And that as I did not have an established network to rely on for help with housing, working with a real estate agent was the best option.

Fortunately for me, NYC was in a crisis in 2009 from the economic recession. I found that there were a plethora of apartments available for rent and that many of the larger buildings were offering excellent incentives to lure new tenants. Right up until the signing of the documents to secure my first apartment, I was under the impression that the landlords were the ones who were compensating the real estate for their work in securing a tenant. It wasn't until after everything was approved that I learned from the real estate agent that, in addition to getting myself some nice incentives for signing the lease, the management company was also paying her fee. In Michigan and I assume the majority of the US, it is the landlord and not the renter that pays any form of commission. When I left for NYC, Michigan was also in a deep economic crisis. As I did not want to be a long distance landlord myself, I listed my house for sale. My house remained on the market for close to 6 months and the only offer I received was below my mortgage which would have left me underwater on the loan and I would have to come to closing with money to make up the difference. As I could not afford to pay both my rent in NYC and my mortgage in Michigan, I was forced to become a landlord. And as what is normal, when my real estate agent found a suitable tenant, I had to pay him a fee for his work. However, the main difference was that I did not have to pay my landlord either a percentage of the annual rent or the cost of one month's rental for his broker fee. I do not remember exactly what I paid, but it was no more than a few hundred dollars.

As NYC began to recover economically, the rents started to increase and the incentives began to disappear. I was able to remain another year in my apartment because I negotiated with the management company a slightly lower increase and also got them to throw in a month's free rent and complimentary fitness club access. However, by 2011 the proposed rent increase was excessive and the incentives were gone. So my roommate and I made the decision to find a less costly place to live.

My second move kept me in the same general area, but I had to downsize significantly. This time I was not dealing with a large leasing company, but an individual owner in a condo building. I found the apartment on line, without the help of a real estate agent. But the condo owner was forced into using the designated broker for the building whether he was going to sublet his unit or sell it. The agent was not the most friendly guy and because I did not have complete trust in him, I asked my

former agent (and now friend) if she would represent me in the negotiations

Because I and my roommate were such good prospective tenants and the owner wanted to rent to people who he could trust, he agreed to cover the broker fees - which were split between my agent and the one he was forced to use. However, he could have easily asked us to pay.

My third move came in another 2 years. At this point I was let go from my corporate job and I was working as a waiter in a fine dining restaurant. My new, lower income level could not support the rent that the current landlord was asking for renewal. My former broker had moved exclusively to sales and no longer was representing anyone in the rental market. I decided to go it alone and try to find housing on my own. I had lived in NYC over 4 years now and felt I had a fairly good lay of the land and could find something ' fee free.' What I experienced shortly into my search was the typical ' bait and switch'. The fee free apartment I was interested in was no longer available but there were several other ' for fee ' apartments that the broker was happy to show me. I went through this 3-4 times and it was frustrating. Luckily I had found an agent who I trusted and felt respected me and while he worked to find me housing in one part of the city, through a high school friend I found someone who was breaking a lease in Brooklyn and needed to find a responsible person to take over the space. This landlord was willing to for go the usual broker because it was his building and the current tenant was taking on the responsibility of sourcing tenants.

As luck would have it, the agent in Manhattan found me an apartment at basically the same time. So I went from having no place to live to having 2 places that were more or less perfect for my price and what I was wanting. The biggest difference, the Manhattan apartment had a fee. I weighed the pros and cons of each place and decided that I was more comfortable with the Manhattan apartment then the one in Brooklyn. The agent in Manhattan assured me he would work with me on the broker fee because the landlord was asking for 15% of the annual rent, an astronomical amount. The only hitch? The apartment was not his exclusive listing, it was with another agent in his office. Well, the other agent wasn't having any discussion at all regarding reducing her fee. She was willing to let me walk away rather than accept one penny less. (In hindsight I should have taken this as a warning and taken the Brooklyn listing). I tried and tried to negotiate but it was to no avail. My agent had told me initially that if she would come down on her fee, he would match it. Fortunately for me, he was a good guy and took 3% off his fee as he felt bad for me that the other person wouldn't budge.

I enjoyed over 3 years at that apartment, but again , the annual increases in rent were becoming unacceptable. So, I had to move once again.

I am now in my 4th apartment in 11 years. To move in here I had to pay a broker fee of 1 month's rent, first month's rent, last month's rent, a one month security deposit and, because I am helping to care for my mother who has Alzheimer's dementia and I am not working full time, the landlord asked for an additional 4 months rent up front. To add insult to injury, when I mentioned to the landlord that as I was job hunting and there might be a possibility that I could move out of state before the end of the lease, he went back and revised my lease asking for an additional month rent making it now 5 month's rent up front.

In the middle of negotiating a renewal lease, the landlord decided to pull the lease back and gave me a 30 days notice to vacate. I am not expected to leave by July 7. I am not fully employed still. And if the terms of my previous lease were every indication, I will be facing another potential outlaw of monies of over \$18,000, not including the mover.

Had I been forced to pay all the brokers fees from my 4 moves, it would total close to \$20,000.

We are all aware of the exorbitant costs of living in NYC. More than half of all apartments in NYC are free market and have few protections for tenants. Is limiting the broker fee for a market rate apartment to one month of rent a solution to reduce the costs renters face? It is a step in the right direction, but not the best solution. Real estate agents work solely on commission. So the income they receive from their fees is their salary. I know of many agents in the rental industry who have to work second jobs to make ends meet. Particularly those handling apartments who rent for under \$3,000 per month. By capping fees, you are creating an income crisis for the agents.

If we are truly serious about addressing affordability then we need a multi-pronged approach.

1. Shifting the responsibility back to the landlords for agent commissions
2. Preventing landlords from asking no more than the cost of 1 month rent as a security deposit.
3. Ensuring tenants are guaranteed a lease renewal (provided that there are no arrears and no significant issues with the tenant)
4. Capping increases to either the cost of inflation or no more than 4% per year on renewals.
5. Getting rid of the dreaded renters ' black list ' from having to go to housing court no matter what the issue. And ensuring that landlords are not using such lists to deny leases to otherwise good tenants.
6. Ensuring that renters have the right to a 2 year lease extension provided the terms are reasonable.
7. Providing more protections for market rate tenants against aggressive landlords and threats of eviction.

Personally, capping rent increases on market rate apartments would be the most effective. People who are able to afford more than \$3,500/month for an apartment do not have the same financial burdens as those who's limits are much less. And it is the lower income residents who are the most vulnerable when renting a market rate apartment.

I thank you for your time.

Jodie Leidecker-Broker's Fees Testimony

These bills are a great start to holding brokers accountable for their actions and protecting tenants from unscrupulous, predatory behavior. I am strongly in favor of them and would like to share my personal experience of renting an apartment in Flatbush, Brooklyn.

In August 2017, I found an apartment for rent on Craigslist, advertised in the no fee section. When I came to see the apartment a second time, I was told by the brokers that it was rented, but that I could rent the one next to it for a price that seemed very fluid-it didn't seem like a rent stabilized unit at all as the price was constantly being increased in every conversation. The broker told me that the apartments were going for higher prices all the time. I soon learned this was a bait and switch operation to lure in tenants.

The two brokers assured me that there were no fees associated with my rental other than a \$100 credit check, but once they had my security deposit and first month's rent, they changed their tactics. Suddenly they invented new fees and when we objected, they said we couldn't get our money back. I had thousands of dollars tied up in this process, but I didn't know what to do in the face of their screaming, bullying, threats, and lies. Though I didn't know what rights I had, I somehow knew it was wrong for them to try to force me to pay these new extortionate fees. The whole experience felt more like a mob shake-down than a simple transaction to rent an apartment!

Though these brokers caused my family extreme stress, they always got away with this threatening, bullying behavior, and much more, as I soon found out from my neighbors. For these working class immigrants of color, they invented fees like "key money" and "super fees," extorting hundreds or even thousands of dollars from working class immigrants who didn't know their rights and were often afraid to stand up for them when they did.

I went to everyone I could think of for help including HPD, the Brooklyn District Attorney, the Public Advocate, and the Department of State Division of Licensing Services who told me that because the realtors weren't licensed with the Department, they lacked prosecutorial powers to resolve the issue. One person even said I should just pay these made-up fees and see if I could get my money back later! To this day, these bad-acting brokers are still operating openly and brazenly in Flatbush, where they control a great deal of the rental market, squeezing money for imaginary fees from the very people who can least afford it. They act with impunity and are operating above the law. They are part of the first step in a rental market that abuses tenants, for after extorting their own so-called "fees," they lock people into exploitative leases with predatory landlords.

You can see the multitude of terrible reviews of this company online, yet these brokers have never faced any consequences for their actions in the 25 years they've been in business. I grew up believing that in America, justice will be served and my rights will be protected. But after dealing with these conditions trying to rent an apartment in New York City in 2017, I began to

quickly understand my immigrant neighbors' cynicism toward a system that has done little to protect them from brokers like these.

In addition to the new laws, I encourage you to create a designated agency charged with oversight of all brokers, whether they are registered with the state or not, so that tenants can get help with predatory tactics in cases like mine and my neighbors.

Thank you.



As the Director of Professional Development at BOND New York, I'm one of the first people new agents meet when they join our firm, and one of the first questions I pose to them is, "Why are you making a career change and what are your goals in real estate?" I always listen closely to their answers, which range from an interest in New York architecture, buildings, and neighborhoods to a sincere desire to simply help folks find their ideal new home & settle into it more easily and efficiently than they otherwise would. The common theme I've noticed expressed though, from all of our ultimately-successful agents, is their entrepreneurial passion for building a career from the ground up and creating a sustainable means to support themselves and their families through the services, market knowledge, advice, and guidance they provide to their clients and their customers.

These new recruits come from different backgrounds and industries as diverse as our city itself. They are sometimes young people who are new to New York and have big dreams of starting a new life in the Big Apple; others have come to the end of the road in their previous career but are not yet ready or financially able to retire just yet. I've met actors, school teachers, armed services veterans, stay at home mothers, social workers, and graduate students. I've seen former attorneys and formerly undocumented first generation immigrants walk through our doors, all with a shared optimism for the opportunities which their new professional real estate endeavors might afford them.

Indeed, when discussing our profession with a colleague over dinner recently, she remarked that ours might be one of the few industries left in New York, along with public service perhaps, where the "American Dream" of hard work, discipline, dedication, and service on behalf of your constituency of clients determines your level of success -- as opposed to family connections, favors, or fancy degrees from elite universities.

Of course, not everyone is successful in our industry, and one of the ways I know someone won't be around for long is when they tell me when interviewing that they're excited to work less, to make a quick buck, or to come & go as they please. These would-be agents don't understand that each of us is fundamentally responsible to our clients and that the incredible amount of choice consumers have, which has only been amplified by the transparency provided by internet reviews, feedback, and DOS-designed disclosures, has created an environment where success will be earned slowly, over many years of dedication to the practice, through earning the trust and confidence of clients & colleagues alike and thereby building a referral base of satisfied clients who recommend your services to others and return themselves, in the future.

I warn new agents that our professional journey is a marathon, not a sprint, and real estate is more of a lifestyle than a job -- we work early mornings, late nights, weekends, and holidays -- without the benefits of a salary, health insurance, or paid vacations. From the office, at home, on our phones, and sometimes from across the country, we do what we need to in order to produce results for our satisfied clients in order to build our business. We shoulder all of the risks of upfront marketing costs without any guarantee of a successful conclusion or return on our investment.

In fact, we often times do everything "right", but because of circumstances beyond our control, a deal doesn't close or the desired outcome isn't achieved and our efforts and services go completely uncompensated. Other times, due to challenging market conditions, an inflexible or unresponsive landlord, or perhaps financially unqualified applicants, it's only because of the skill, knowledge, and creative solutions offered by the agent that a deal closes at all, and our clients recognize their agent's integral role in not just facilitating, but creating a housing opportunity for them which otherwise would not have existed. These agents are compensated through not just a transparently-disclosed, pre-agreed upon commission related to that transaction (whether it be paid by the landlord or tenant), but more importantly, the promise of new business & returning clients, which ultimately

allows the agent to earn more & advance themselves in their own career. Thus, as is evident, the professional success of the agent is inherently tied to the quality of service they provide and their contributions to their clients and the public.

Unfortunately, if this bill passes, the folks who will be most affected by this legislation will be those quintessential professionals who have put in the time, effort, energy, and dedication to learn their craft and earn consumers' trust over the years. Without financial incentive to grow a sustainable business or support their family, the most talented members of our team will be forced to find other means of employment and only those who can't get hired elsewhere or refuse to work hard in other pursuits, will be left behind to attempt to "earn a quick buck" at the public's expense. Consumers' choice would suffer and the elevated level of healthy competition which exists now would disappear. To be unequivocally clear, if this bill passes, public access to helpful, skillful counsel and the professional knowledge of how to access affordable housing opportunities for New York's most vulnerable populations of tenants -- whether they be students, international applicants, new hires, public assistance beneficiaries, or those who don't "easily" meet landlords' strict qualification requirements -- would be vastly diminished, potentially to the point of a brand new City Council created housing crisis.

As a New Yorker and a New York tenant, I couldn't share my affordable housing advocate friends' viewpoints any more strongly, and believe that all of us in this room share a common goal and responsibility of creating more housing opportunities for more New Yorkers, as it only serves to enrich the fabric of our incredible city. My colleagues and I are eager to create and implement those solutions which benefit all New Yorkers. I am also resentful of and bristle at the folks in our industry who don't subscribe to the code of Ethics REBNY sets out, or who take advantage of the public trust and create misperceptions about the value our community brings to transactions through unprofessional or unethical behavior. However, it's my strong belief as an educator that we must regulate that kind of behavior, create higher ethical standards among all real estate professionals, promote full transparency, and reward those who elevate their practice with opportunities to earn more, while rendering irrelevant those who don't, since they won't be able to sustain themselves among the healthy competition that the market creates.

Let's not punish consumers, nor diminish a talented pool of affordable housing real estate professionals, nor deprive hardworking real estate professionals of their own slice of the American Dream by limiting their income. Instead, let's create the most honest, integrity driven group of agents & brokers in the nation right here in New York through education, oversight, regulation, transparency, disclosure, and expulsion from the community those who abuse their position of trust so that the good work that those of us in this room are doing can be acknowledged and rewarded. Thank you.

Brian P. Hourigan
Director of Professional Development
Bond New York Properties, LLC



New York State Association of REALTORS®, Inc.

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June 27, 2019

New York City Council
Committee on Housing and Buildings
City Hall
New York, New York 10007

RE: Testimony on Proposed Int. 1423-A (Powers)

Good morning Chair Cornegy and members of the City Council, my name is David Legaz and I am the 2019 Secretary-Treasurer for the New York State Association of REALTORS®, Inc. I am also a licensed real estate broker practicing in Queens for the last 23 years and a retired New York City Police Officer who served for 18 years. NYSAR is a not-for-profit trade organization representing more than 58,000 real estate professionals living and practicing throughout New York State, including approximately 12,000 in the five boroughs of New York City. The term REALTOR® is a registered trademark, which identifies real estate professionals who subscribe to a strict code of ethics as a member of the National Association of REALTORS®.

We thank you for the opportunity to testify today regarding proposed introduction number 1423-A, which would do considerable harm to REALTORS® and renters in New York City. The legislation would restrict the fees a broker can collect from a tenant to one month's rent, when the broker is a representative or an agent of the property being rented. The original version of this legislation would have imposed a cap on what REALTORS® can earn from any residential rental real estate transaction. We believe the amended version of the legislation would do similar harm to NYC REALTORS® and negatively impact the rental real estate market without making rental housing any more affordable. NYSAR opposed the initial version of this legislation and continues to oppose the proposal even though it has been amended.

We understand the legislation's amendments mean that the bill would only cap the fees that a broker can earn from a tenant if the broker is working on behalf of a property owner. What this legislation fails to account for is the reality of these types of transactions and the impact such a cap would have on the market for quality real estate brokers as well as rental costs. This cap would lead property owners to reduce payments to brokers, shift away from working with brokers, or increase their rents. These outcomes would be problematic for tenants, with an increase in rent running counter to the objective of the legislation. However, the impact of property owners turning away from brokers, would drive many brokers away from the marketplace, and reduce the availability of brokers for prospective renters, which would make the process of finding an apartment more costly and time-consuming.

REALTORS® are not responsible for setting rents – the market is. To be clear, we are not criticizing the market – we support letting market forces work in a way that produces affordable options for all New Yorkers. Any proposed cap would amount to punishing brokers for the market forces that have led to

Moses Seuram
President

Jennifer Stevenson
President-Elect

David Legaz
Secretary/Treasurer

Duncan R. MacKenzie
Chief Executive Officer

rising rents. To punish REALTORS® for something they have no control over is unjustified, particularly when REALTORS® assist many renters in finding housing options they may otherwise not have found.

Recent data points to a substantial percentage of New Yorkers being rent burdened or severely rent burdened¹. 91 percent of New York City residents that are severely rent burdened – a term used to describe those who devote more than 50 percent of their income to rent – are low income, which is a population that is typically served by New York’s affordable housing programs. These programs operate under a lottery, and brokers are rarely involved.

By way of contrast, many New York City residents choose to use the services of a REALTOR® in their search for rental housing. REALTORS® specialize in helping their clients find the right apartment and this legislation would make that harder as brokers are driven away from the market. If this legislation is meant to target property owners, it could drive their rent prices even higher, as property owners pass on the cost of being forced to pay a portion of the broker fee that would typically be paid by the tenant. This could in turn, put additional pressure on New York’s already constrained affordable housing programs.

It is disturbing to think that a government body would impose a cap on what a licensed real estate professional can earn from a client. Brokers provide services as a privilege of their state-issued license and the laws of supply and demand dictate what the cost of these services are. If the price of using a broker is too high for a renter, they can opt out of using one. If the market for brokers signals that these costs are too high for the market to bear, then brokers will lower their costs without government intervention.

Our members are hardworking professionals that are mostly middle class. The median gross income of a REALTOR® in New York State was \$30,000 in 2016. Only 18 percent of our membership earn more than \$100,000 annually. This legislation represents a direct affront to the ability of our members to earn their living and would do extensive damage to our profession.

We understand that many government officials want to address the housing affordability problems in New York City. This legislation simply targets the very individuals that help renters navigate the complexity of the New York City housing market. By infringing on the rights of licensed real estate professionals to earn a living, this legislation will not achieve its desired goal of lowering rental costs in New York City.

We thank you for the opportunity to testify and look forward to answering any questions you may have.

¹ <https://ny.curbed.com/2018/10/12/17965416/nyc-rent-burden-households-affordable-housing>

Dear Council Members,

Good afternoon. My name is Elise Goldin and I am here testifying on behalf of St Nicks Alliance in favor of Introductions 1423, 1424, 1433, 1431, 1432, and 1499

I work at St Nicks Alliance as the Senior Community Organizer. St Nicks Alliance was founded in 1975 by a group of concerned residents as a response to the disinvestment and general decline in the neighborhoods of Williamsburg, Greenpoint, and Bushwick in Brooklyn. Our mission is to serve as a catalyst to improve the quality of life for Williamsburg-Greenpoint residents by addressing economic, educational, health, housing, and social needs while preserving the vibrant and diverse character of the community.

I organize with tenants and community members against displacement, for the preservation of affordable housing, and for the creation of just housing laws for all tenants. It is clear that this legislation will be beneficial for low to moderate income residents of New York, especially in North Brooklyn.

Day in and day out, tenants seek assistance in our office because they are unable to find housing they can afford. They might be living in homeless shelters, in crowded conditions with extended family, or in small buildings and facing eviction due to lack of tenant rights. Not only are rents unaffordable, especially in North Brooklyn, but the barrier to even move in- from

security deposits to enormous broker's fees- is far too high for the vast majority of tenants I work with.

I am asking the City Council to support Introductions 1423, 1424, 1433, 1431, 1432, and 1499 to place reasonable limits on broker's fees and security deposits, allow renters six months to pay the deposit and ensure several consumer protections. Countless tenants in North Brooklyn are at risk of displacement or homelessness, but continue to fight to remain housed and active in their communities. These bills will improve access to housing for millions of renters in New York City and I urge you to pass this legislation.

Christopher Butt

From: Christopher Butt
Sent: Friday, February 22, 2019 5:40 PM
To: Kpowers@council.nyc.gov; Hrosenthal@council.nyc.gov; Mlevine@council.nyc.gov; Crivera2@council.nyc.gov; Lcumbo@council.nyc.gov; Jwilliams@council.nyc.gov; Blander@council.nyc.gov; Slevin@council.nyc.gov; Bkallos@council.nyc.gov; JvanBramer@council.nyc.gov; DAyala@council.nyc.gov; Mchin@council.nyc.gov; Vgibson@council.nyc.gov; Fmoya@council.nyc.gov; Cconstantinides@council.nyc.gov; Ddromm@council.nyc.gov; AeAdams@council.nyc.gov; Kkoslowitz@council.nyc.gov; Rholden@council.nyc.gov; Drichards@council.nyc.gov; Areynoso@council.nyc.gov; RCornegy@council.nyc.gov; Respinal@council.nyc.gov; Asamuel@council.nyc.gov; JBrannan@council.nyc.gov; SpeakerJohnson@council.nyc.gov
Cc: Gary Malin
Subject: RE: Urgent Action Needed to Save Real Estate Agents - Proposal for the One Month Fee and how to Ensure a Fair Market

Importance: High

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Gary Malin

Delivered: 2/22/2019 5:40 PM

Read: 2/22/2019 5:40 PM

Dear Councilmember Powers and Elected Associates,

As you may be aware, we as real estate agents are the hardest working and usually the most underpaid members of your constituency.

Executive Summary:

- What Licensed Real Estate Salespeople do for New Yorkers
- How they are severely underpaid
- What the City Council and legislative bodies can do to accomplish both the one month commission and save real estate agents.

As proof:

- Most real estate agents trying to make it work seven days a week with no restriction on hours of work
- New real estate agents last less than three months in the business
- Many home hunters avoid paying their brokers (after having worked them hard)
- Most real estate agents end up making no money most days
- Real estate agents on an average earn a small fraction of the incomes that their customers earn (we get to see their proof of income)

The case for Real Estate Agents and why the State and the City must subsidize their efforts:

- Real estate agents assist New Yorkers with one of their most intimate and expensive needs
- Being a real estate agent entails hours of research and education on a consistent basis
- Consumers have no way of expending the amount of time and knowledge it takes to successfully find a home within their criteria without an agent.
- Most consumers (home hunters) use and dump real estate agents
- The residential real estate procurement system (especially under the Real Estate Board of New York) is set up so Real Estate Agents work together and share their commissions with each other and their companies. Cutting this cooperation out would make finding a home even more difficult.
- Real Estate agents, in general end up taking home a very small portion of the commission (which is then taxed).

The Proposal:

- While the City Council is proposing to reduce and cap the commission that already underpaid real estate agents take home in order to appease the more affluent home hunters who pay the commissions, the Council should also exercise ability to raise the plight of the low-paid and downtrodden real estate agents by making up the difference.

Proposition Clearly Spelled Out:

- If the Council moves to regulate rental commissions, it is imperative that they not only pander to their wealthy constituents but also back their hardest working, most underpaid constituents – the rental real estate agents by **making up the difference** between any deal consummated at less than 15% of the annual rent and the standard requested broker fee of 15% of the first year.

- In other words, every deal should be registered by the State and the difference in commission paid out to the broker by the State within the week. Plans can be worked out between the State and the brokerages for batch payments but under no circumstances should this delay the complete compensation to the agent (who generally lives hand-to-mouth while still in business).

Cc: Pauline Mistretta <ptmistret@gmail.com>

Subject: Fwd: Proposed limitation on Residential Rental Brokers Commissions

Begin forwarded message:

FOR THE RECORD

From: pauline mistretta <ptmistret@gmail.com>

Subject: Proposed limitation on Residential Rental Brokers Commissions

Date: June 1, 2019 at 10:01:04 AM EDT

To: KPowers@council.nyc.gov

Dear Mr. Powers :

I am one of your constituents having resided on the Upper East Side in the 60's for over 30 years. I raised my daughter here as a single parent and struggled to get her all that she needed to grow and achieve. She is ok, but I am not. I am now surviving on limited Social Security income and supplemental commission income which is seasonal, and which I receive serving as an Associate Broker. I am struggling and I have been advised that you wish to make my situation worse, as well as worse for the entire Retail Residential community by imposing a limitation on commissions. This is deplorable and totally unreasonable and unwarranted. Brokers provide a valuable service to those wishing to enter this market for an apartment and they assist landlords in satisfying their apartment vacancies and meeting their income requirements. More importantly, however the broker serves as a conduit for the landlord and the client, making sure that clients meet landlords requirements and that the two are a " Good Fit " In peak rental season, our phones receive constants texts, phone calls, etc regardless or time of night. Although I turn off the phone there are all night text messages. Then our work has only begun. We arrange for viewings and commute all over the city... again with no guarantee that this will result in any income for the Salesperson and their family. This is a responsibility which we accept to maintain a healthy balance in servicing both clients and landlords. Unfortunately you are creating havoc and will overturn and reverse this balance by imposing a limitation on commissions. This will result in landlords rising the rents, and tenants being forced to pay higher rents. Additionally, I am also a renter in Manhattan and I am already struggling to meet my basic requirements. This includes rent and utilities, which as you know come high. As my advocate on the Upper East Side you should do something to protect me and my rights as a tenants and Resident... and oppose this ridiculous proposed legislation rather than advocating it. All brokers and sales personnel are also renters... mostly in Manhattan Perhaps you can afford your rent but I can assure that I can not My social security doesn't even cover the rent. I implore you to open your eyes to what you are actually doing with this legislation. If this bill moves forward... you will have created an absolute horrendous result in the residential rental community and to your constituents Are you prepared to deal with the ultimate Fallout ?

I am waiting to receive you reply and hopefully this email has touched you in some responsible way.

Pauline T. Mistretta

FOR THE RECORD

Clifford Lemle, Licensed Real Estate Salesperson
City Wide Apartments
555 Eighth Avenue, Suite 2310 New York, NY 10018
Cliff.lemle@citywideapts.com

June 10, 2019

To My Council Members,

I am writing today to urge you to **NOT** vote for and pass into law Intro 1423. I have lived and rented in New York City for the past 13 years. I met my wife in New York and we welcomed our first child 2.5 years ago. I do not want to leave New York City, but passing this bill will make living here extremely difficult, if not impossible, for us. Simply put, my family counts on my income as a Real Estate Salesperson. Alternatively, I may be forced to leave my chosen profession, as the damage done to my livelihood will put too large a strain on my family. I have devoted the past 6 years to this industry and as a 37 year old, my prospects, if forced to start over in a new industry, are not good. This bill will not only be harmful to me, my family and the more than 150,000 Licensed Real Estate Salespeople and Brokers, but to the rental community as a whole.

Our clients depend on professional, upstanding, ethical people working with and for them. Limiting fees will negatively impact this relationship. Service will decline, as the only way for any Salesperson or Broker to survive will become volume. Just as likely, the top end talent in the industry will find work elsewhere in order to maintain their income levels. The result will be worse service and potentially illegal side deals and/or unethical behavior.

I further find fault with this bill, as when someone doesn't wish to pay a fee, there are already countless "no fee" apartments available to them. The tech world has given renters greater insight and knowledge into their potential options than at any time in the past. Each year, renters are increasingly savvy and informed. Many of these people actively choose "no fee" options. While many appreciate the work and service we provide and, as the free market has shown, are willing to pay a negotiable fee where appropriate.

Please consider voting **NO** TO Intro 1423.

Sincerely,



Clifford Lemle, Licensed Real Estate Salesperson

Loubna Pichard
City Wide Apartments
555 8th Avenue – Suite 2310
New York, NY, 10018
June 10th, 2019

FOR THE RECORD

Subject: Contestation of Bill 1423

To whom it may concern,

Let me introduce myself here! I am Loubna Pichard and I say NO to Bill 1423.

I am a Real Estate Salesperson at City Wide Apartments, a French woman and a mother of 3 year old twins. I want this statement to be based on objective factual evidence, however, please forgive me if my personal emotions are highlighted as I am very nervous for my future.

How can it be an unemotional statement when everything that we were working for is jeopardized should this bill pass? In fact, a few decisions that I took in the past year are based on the estimated income generated by my position as a real estate salesperson. A cap of the broker fee would not only impact my life, it would definitely have large consequences for the consumer. The profession will be less dynamic, there will be significantly less interaction with the other agents and even clients in the field, and this ultimately will also limit our clients' choices.

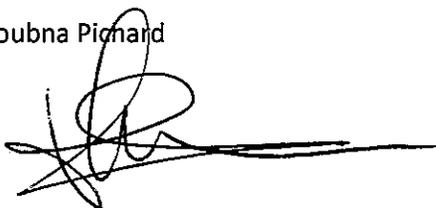
We take pride in providing the best experience possible to our clients. This experience will be a much different one under a system that slashes some of our paychecks by 50%. In order to earn the same income that I rely on to care for my young twins, I will have to work almost twice as much (I already work 40+ hours per week). Furthermore, as independent contractor we are already required to pay for our own healthcare. We have zero benefits.

As a matter of fact, passing this bill will drastically reduce my income and in my case with the cost of living in NYC, I would probably be considering leaving the country.

I hope this letter will be considered and someone will realize how impactful of a change this would be.

Cordially,

Loubna Pichard

A handwritten signature in black ink, appearing to be 'Loubna Pichard', written over a horizontal line.



TO WHOM IT MAY CONCERN

FOR THE RECORD

My name is Nyi Nyi Aung and I am a Real Estate agent City Wide Apartments. I would like to respectfully object the bill to impose the standard broker fee to one month.

Not only it will negatively affect the overall Real Estate market, it will also negatively affect my personal life and professional commitment to the quality Real Estate service that I provide to my clients.

As technology becomes more and more advanced, information becomes more and more accessible. From the client side, they can literally walk into any landlord office and rent lots of NO FEE listings on their own without the broker. Because the technology is becoming more and more advanced, it is very easy to locate a NO FEE apartments. If a client chooses to work with a broker, they have all the numerous NO FEE choices, plus that brokers exclusives. The broker deserves to charge them the fee that the market is bearing based on each deal. There is lots of time, knowledge and sweat that goes into finding the prospect the perfect home.

As for the exclusive listing agent, we equally deserved the fee that the market is bearing because of the amount of time and effort and energy to build relationships with landlords, marketing costs, etc. Additionally this would make a significant dent in my income, which is already solely commission based with no healthcare benefits. These are the kind of things that needs to be considered before the bill is being imposed.

Sincerely,
Nyi Nyi Aung

A handwritten signature in black ink, appearing to be "Nyi Nyi Aung", written over a horizontal line.



FOR THE RECORD

To whom it May concern:

I am writing to you to try to help you understand the value of our position as brokers and how much this cap would be detrimental to our lives. Not only do we split all of our commissions with our boss we also have to then split it again for taxes. After that we then need to pay for our own health care, transportation, advertising and so on. Those of us with children will especially be hurt by this. We also provide a huge service for our clients to make the process of finding their home much smoother.

I have worked for years to build relationships and I spend a great deal of time with each client. I work with them from the first phone call to the lease signing and everything in between. Usually, this involves multiple full day tours to find them the perfect place. In many cases, childcare alone would not be covered by the wages garnered from these deals. If fees were cut down to a month, I would no longer be able to help these clients because the cost of doing business would be higher than the income generated. In no way do I try to take advantage of them with the fees. I charge these clients a 11-12% fee (based on which company they work with) which is enough for me to make a modest living and cover my expenses. I'm often working with these clients for months at a time. As I write this note in early June, I have around ten new clients that I've started working with recently who are looking for September move-in dates. The time spent understanding and becoming an expert on the market, knowing how to target the right landlord for the right client, interpreting each client's financial wherewithal and preparing them for what they'll need are not skills that are developed overnight. The ability to truly help clients by educating them, preparing them and finding the perfect home for them is a skill set that has taken years to hone and, as with any profession, should be duly compensated for the level of insight that is brought to the table.

I disagree with Intro 1423 to cap the maximum broker fee to 1 Months Rent, or 8.3%. While there is an affordable housing crisis in New York City, it is not at all a result of Broker Fees. The problem lies with developers who insist on only building luxury properties that the majority of the population can not afford.

While we at City Wide do headline at a 15% Broker Fee, the industry standard, we are extremely negotiable and it is never the reason people are held back from renting apartments. We are a business – we find the best deals and apartments across the city for clients. Our services help clients save money. Why should we be capped on our rates when other industries are not? If someone is willing to pay, we should be allowed to accept. This is New York City, and competition will always rein supreme. Cap broker fees, and rent rates will just increase. It is a shortsighted and poorly thought out proposition that does not address the crux of the housing issue in New York.

Chris Marino
Chris Marino

ON THE RECORD

Christian Noojin, Licensed Real Estate Salesperson
City Wide Apartments
555 8th Avenue, Suite 2310, New York, New York, 10018
917-740-8691
christian.noojin@citywideapts.com

June 27, 2019

FOR THE RECORD

To my council members,

As a Real Estate Agent and District 3 Voter, I am writing to urge you not to pass Intro 1423 into legislation. This bill is harmful not only to sales people, but also to the clients we serve. I find that it also lacks industry insight, which I hope to lend here.

As a salesperson, I enjoy the freedom I have as an Independent Contractor. I also have many expenses that are budgeted into my overhead costs, not limited to advertisements and personal health insurance. Right now, I am only *just* able to provide for my own cost of living here in Mannattan. By passing this bill, my income will essentially be cut in half. I love serving New Yorkers, connecting them to their new homes and establishing long lasting relationships. My fear if the bill passes, is that I will be forced out of the industry to seek a higher income elsewhere. Additionally, the change will *not* be beneficial to clients. People seeking a new home already have a scarce number of reasonable deals from which to choose. This bill will absolutely drive rents higher, it will lead to the likelihood of side deals or illegal transactions to take place, and dramatically reduce the level of service provided to clients in rental transactions.

Broker's fees are and have always been negotiable. This fee is agreed to by broker and client. No one is ever forced to pay a fee, and a client is welcome to walk away from a deal if the fee does not fit their budget. There is a solid market of "No Fee" apartments all year round, in which clients are not asked to pay a broker's fee. Those apartments tend to be more expensive because the fee is pushed to the owners generally inflating the monthly rent. Apartment seekers always have an option to bypass using a broker using sites like StreetEasy, RentHop, NYBits, and Naked Apartments.

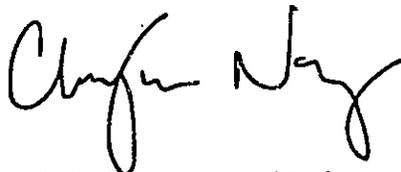
I have read Intro 1423-A, which I continue to find problematic. Exclusive listings are an incredible opportunity for brokers in the city, and have often derived from years of work with owners to gain trust. The amount of work put in to these listings would essentially be worthless with a one month fee from a client. I also find this portion of the Intro to be incredibly vague. In one scenario, if the broker representing the building collects one month's rent from the client, and in the event of a co-broke, a client's broker could potentially collect one month's rent, the client would be out with a 16.6% fee. At the moment, as a general rule, the maximum charged in a co-broking situation would be 15% split between both brokers. I

could see companies working out deals to co-broke and take advantage of that situation, hurting renters. I'm not sure that the council has a working knowledge of how this transaction in our industry works, and I would be hesitant to support any such legislation that doesn't have clear guidelines.

Furthermore, to dictate the cost of a professional service by a qualified, licensed professional seems like an unnecessary sleight to an entire class (thousands) of living, breathing, voting New Yorkers who love our clients and the neighborhoods of this city. I find the Intro to be very anti-capitalistic. Why would we as New Yorkers ever put a cap on a private service? This is a scary precedent for other service providers like CPAs, Financial Advisors and Consultants. Since there are other avenues to finding an apartment without a broker, if someone opts to use one, that contract is between the broker and client, not to be mandated by law.

Please consider voting NO to Intro 1423.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Noojin". The signature is written in a cursive, flowing style.

Christian Noojin, Licensed Real Estate Salesperson

FOR THE RECORD

Dear City Counsel,

I have been a real estate broker for over 8 years in New York City. I was 22 years old when I started and had just graduated from Franklin and Marshall College. My cousin, Madeline, was working as a broker at the time, and recommended that I give it a try. When I first started in real estate, I had zero expectations; I was eager and excited to begin my first "real" job.

My entire life I have always followed the rules and had little understanding of gray areas. I recall car rides with my mom where I was sure she was going to be arrested for driving 75 in a 65. Of course I learned to understand that this would not be grounds for my mother being arrested, but the truth is that I prefer clear rules and honest communication.

Fast forward to my first day as a real estate salesperson. I was completely shocked, and disappointed to learn how New York City real estate brokers were perceived. Sadly, many of the things that I learned turned out to be true, but I took comfort in the fact that these were for the most part the lazy, unsuccessful brokers. I knew that to last in this business over the course of my career, I would need to take a different approach - one that is based on honesty, transparency and relationships.

I have spent the past 8 years of my life building honest and transparent relationships, and now fear that I will be unable to achieve my career goals working in this industry.

I will spare my opinion on the economic concerns of arbitrarily capping the price of a free market service where, at the time of this writing, there are 7,963 no fee alternatives on the city's largest online platform. Rather, I will note 3 major adverse effects that this will have:

1. If you decrease broker fees, rents will increase. This is currently happening with no fee apartments, and also is a common strategy for increasing rent roles for building owners looking to refinance/ extract cash from their assets. Some of the worst (most overpriced) deals on the market are no fee or low fee apartments. Landlords will benefit while brokers and tenants will lose, as landlords will see increased rent roles at the expense of brokers and tenants.
2. Wealthier renters will benefit, while lower income renters will be hard pressed to find a broker willing to work with them for such a low fee at their price points.
3. Deceitful "in house" co-broking tactics would take over in an effort to skirt the rules. Other shady practices, such as doing cash deals, may ensue.

Please consider carefully the purpose of this proposed bill. Reducing a broker's income will not lower the barrier to entry for New York City renters, rather it will strengthen a landlord's position and hurt low income renters the most.

Sincerely,



Michael Patterson

MICHAEL V PATTERSON

CHIEF OPERATING OFFICER

LICENSED ASSOCIATE REAL ESTATE BROKER

555 EIGHTH AVENUE SUITE 1109

NEW YORK, NEW YORK 10018

212.695.4360 (O)

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MICHAELPATTERSON@CITYWIDEAPTS.COM

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CITY WIDE

PUBLIC TESTIMONY

In support of Bills 1423A, 1424, 1431, 1442, 1433

PRESENTED BEFORE:

THE NEW YORK CITY COUNCIL
Housing and Building Committee
BUDGET HEARING

PRESENTED BY:

Genna Goldsbel,
Tenant Organizer
Fifth Avenue Committee
Written with Jackie Del Valle
Stabilizing NYC Coalition Coordinator
COMMUNITY DEVELOPMENT PROJECT

June 27, 2019

Good afternoon. My name is Genna Goldsobel and I am a Tenant Organizer with Fifth Avenue Committee (FAC). Fifth Avenue Committee, Inc. (FAC) is a community development corporation established in 1978 with the mission to advance economic and social justice in South Brooklyn and throughout New York City by building vibrant, diverse communities where residents have genuine opportunities to achieve their goals, as well as the power to shape the community's future. To achieve its mission, FAC develops and manages affordable housing and community facilities; creates economic opportunities and ensures access to economic stability through workforce training and job placement and by connecting families with public benefits, legal and financial counseling; provides student-centered adult education and literacy classes; organizes residents and workers; and combats displacement caused by gentrification.

I am presenting on behalf of the Fifth Avenue Committee and Stabilizing NYC, in conjunction with Jackie Del Valle the Stabilizing NYC Coordinator at the Community Development Project of the Urban Justice Center. The Community Development Project (CDP) was started in 2001 as a project of the Urban Justice Center. CDP supports grassroots and community-based groups in New York City in the areas of capacity building, consumer justice, equitable neighborhoods, tenants' rights & housing justice, immigrants' rights, participatory research and policy, and workers' rights. CDP provides legal, participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression.

Stabilizing NYC is a citywide coalition working together to fight the depletion of affordable housing in NYC at the hands of predatory equity landlords. Our work combines organizing and legal resources into a citywide network to help tenants take their predatory equity landlords to task for patchwork repairs, bogus eviction cases, unfair and illegal rent increases and affirmative harassment.

As everyone knows, New York City is in a housing crisis. Thousands of New Yorkers struggle to make rent as landlords and corporations speculate on pushing out tenants and increasing rents. Every day we hear stories about how far New Yorkers are stretching their dollars and lives to continue to live in their homes.

The outrageous housing costs start from the minute the search to find an apartment begins. For decades, tenants have been charged excessive amounts of money in the quest to find a home here. These upfront costs -- whether it is security deposits, broker fees, or credit checks -- create a significant financial burden, especially for young and low-income renters searching for opportunity. These practices are discriminatory, and they must end.

Neighborhoods like the ones where FAC organizes, Park Slope, Gowanus, Sunset Park, Bay Ridge, and Kensington, have a deep history of community, resiliency, and now- gentrification. The tenants I primarily organize with are long-term tenants. As they continue to be displaced by predatory tactics, I find myself working more and more with older, low-income tenants, trying to find them new affordable housing due to this displacement. These tenants had been either rent controlled or rent-stabilized. I cannot begin to explain the barriers that my tenants face after being displaced. One of the main barriers can be eliminated if the City Council passes all 5 bills. These bills are not just words on paper- these bills represent the livelihood of millions of New Yorkers.

The new legislation in the City Council from Council Members Keith Powers and Carlina Rivera would tackle these fees by creating reasonable limitations on how much a tenant should pay before moving their furniture in to a new apartment. One bill would cap the amount renters are charged for a broker hired by a landlord at one month's rent. Other bills would cap security deposits at one month's rent, allow security deposits to be paid in installments, and require deposits to be returned within 60 days of the end of a lease.

The new rent laws passed earlier this month will do much to improve tenant protections, but they do not address these excessive upfront costs. Unfortunately, salaries are not increasing to keep up with the cost of living, and it makes it nearly impossible for people to have the extra income laying around. People are frozen in place because of the broker fees. And being able to count on getting security deposits back will help.

Many New Yorkers are one emergency away from homelessness. This predatory practice of unhinged upfront costs perpetuates the greed of the real estate industry, which prioritizes money over people.

Today, tenants rarely know beforehand how much they will need to pay. For a tenant, the difference between paying one month and three months means deciding between deferring on a student loan payment, falling behind on bills, or being able to feed their family.

This is unacceptable.

Many cities have a standard method by which they charge tenants for new apartments, and the landlord absorbs any brokers' fees. It is time that New York catches up.

With over 5 million renters in the city, this legislation will make a real impact on making New York City more affordable and accessible to all of its residents. You were elected to represent our neighborhoods and communities. By passing all 5 bills, you will be doing just that. Thank you.

Testimony of Douglas Wagner, Bond New York

Thanks to the Council for hearing us today. As you consider today's legislation, I think it is important to educate policy makers on how the current broker fee model works, how it is beneficial to consumers, and how the proposed bills would ultimately cost consumers in the long run.

I'd like to walk you through the chart both on the board and in the testimony handout. Under the current brokerage model, a tenant who pays a broker fee, compensates the broker once, regardless of whether the broker represents the landlord or the tenant, and regardless of how long they stay in the apartment.

If landlords were mandated to compensate the broker they engage to represent them, it is certain that landlords would build their extra cost into the rent, resulting in rents going higher.

Let's take a \$2000 monthly rent, for example. Under current market conditions, the typical commission for a \$2000 apartment would be \$3,600; or 15% of the first annual rent.

If the landlord were required to pay the fee, that \$3,600 would be amortized over the 12 month lease at \$300 per month, times twelve months; which the landlord would have to pass onto the tenant in the form of higher rent. Our \$2000 base rent would become \$2,300.

Alternately, if the tenant were to pay the broker fee--which they are frequently able to negotiate to a lower rate--the rent could remain at the lower \$2000 level. Many tenants remain in their apartments for three to five years, even though they only pay a broker fee based on the first year.

At the end of that first year of \$2300 rent, the Landlord will always base the rent increase on \$2300, not on the original \$2000 price. The rent in Year Two would likely go up to \$2350, and in Year Three to \$2400. So while the Landlord would recapture the fee they paid their broker in the first year of the Lease, they would then charge the tenant that extra \$3600 again in Year Two and again in Year Three.

Had the tenant paid the \$3600 fee in the first year, they would have almost surely experienced a \$2050 rent in Year Two and a \$2100 rent in Year Three. Their total expense over the three years would equal \$77,400. The tenant's total expense over three years where the Landlord paid that \$3600 fee would be \$84,600--\$7,200 more than if the tenant had paid the fee at lease signing.

When tenants compensate their broker, they save money long term.

Under the proposed legislation, even if Landlords are only expected to pay part of the broker fee, tenants in this same scenario would pay at least an additional \$4,800 over the same period of time.

When Landlords pay short-term, Tenants will suffer long-term.

HOW REQUIRING LANDLORDS TO PAY THEIR BROKERS' FEES COSTS TENANTS MORE



SCENARIO 1: TENANT PAYS BROKER FEE

| | <u>YEAR ONE</u> | <u>YEAR TWO</u> | <u>YEAR THREE</u> | | |
|----------------|-----------------|-----------------|-------------------|---|-------------|
| MONTHLY RENT | \$2,000.00 | \$2,050.00 | \$2,100.00 | | |
| ANNUAL RENT | \$24,000.00 | \$24,600.00 | \$25,200.00 | | |
| 15% BROKER FEE | \$3,600.00 | \$0.00 | \$0.00 | | |
| TOTAL FOR YEAR | \$27,600.00 | \$24,600.00 | \$25,200.00 | TOTAL FOR 3 YEARS | \$77,400.00 |
| | | | | TOTAL ATTRIBUTED TO BROKER FEE WHEN TENANT PAYS | \$3,600.00 |

SCENARIO 2: LANDLORD PAYS BROKER FEE, WHICH IS AMORTIZED INTO MONTHLY RENT

| | <u>YEAR ONE</u> | <u>YEAR TWO</u> | <u>YEAR THREE</u> | | |
|--------------|-----------------|-----------------|-------------------|---|-------------|
| MONTHLY RENT | | | | | |
| ANNUAL RENT | \$2,300.00 | \$2,350.00 | \$2,400.00 | | |
| | \$27,600.00 | \$28,200.00 | \$28,800.00 | TOTAL FOR 3 YEARS | \$84,600.00 |
| | | | | SAVINGS WHEN TENANT PAYS FEE | -\$7,200.00 |
| | | | | TOTAL ATTRIBUTED TO BROKER FEE WHEN LANDLORD PAYS | \$10,800.00 |

Dear Council Members –

For some reason our profession does not get the respect that we deserve. You do not really know what we do.

We don't just open door. We cultivate relationships and provide services 24/7. And because of our hard work, clients refer their friends for the same great experience that they had received.

We are independent contractors and we do not have jobs with benefits like 401K, pension plans, vacation days, sick days, health insurance, and dental insurance. These are paid by the fees that we collect.

I grew up in the Soviet Union and I am appalled that here in America a government can cap my income. What happened to the free market? Show me another industry where this is happening. Should we cap everyone's income?

What about lawyers, doctors, teachers and the other professions?

If you cap my salary, I will not be able to pay for my kids colleges, my health insurance and prepare for my retirement or pay my own rent.

Plain and simple.

Respectfully,

Iris Corcos

BOND NY

Testimony of Philip Johnson, of 181 Prince Street, a constituent of Speaker Corey Johnson

Chair Robert Cornegy, Jr., Council Members, and most importantly, my fellow New Yorkers...

This proposal, if passed, will inhibit working class New Yorkers from earning enough money to pay their rent, grocery bills, and child care costs. I urge you to find a more effective way to lower the cost of renting in New York City, perhaps by increasing housing supply and subsidies.

As someone who represents landlords from time to time, this misguided bill will measurably damage my financial ability to take care of myself. There are thousands of other real estate professionals with circumstances similar to my own.

Last year, my real estate commissions totaled \$31,000. I know it's a pittance compared to your salaries of almost \$150,000 plus health insurance (ironically, a sum that the council recently increased from \$113,000), but it allows me to proudly support myself, without relying on government programs! Working on commission means none of my monthly income is guaranteed. I have to pay out of pocket for my own health insurance and I only have a catastrophic health insurance plan because I cannot afford yet the premiums for a more comprehensive plan, like the one you have.

Nevertheless, with this bill, Council Member Powers and his co-sponsors will reduce my income below the federal poverty line and New York City's new minimum wage.

Many of you identify as progressive or liberal politicians. However, reducing the incomes of lower-middle class citizens is not a progressive policy. **YOU WILL NOT SOLVE OUR AFFORDABLE HOUSING CRISIS BY PLACING AN UNDUE BURDEN SQUARELY ON THE BACKS OF WORKING CLASS NEW YORKERS.**

Regulating or capping brokerage commissions is a destructive government overreach and begs the question: What comes next? Will you cap how much a family owned grocery store can charge for the items they sell? Obviously if a store is not competitive, consumers will bring their business elsewhere.

Let's be honest, New Yorkers already have the option to lower their upfront costs by opting for no fee or low fee apartments, or to negotiate the fee with a broker. As of Friday, June 7th, 50% of apartments advertised on StreetEasy were "no fee". That said, the fact that individuals CHOOSE to pay broker fees is a testimonial to the value of the services provided by real estate professionals.

It's misguided to believe that Landlords will pay the difference between what I charge and what you're decreeing I can charge. Even if they did, they would raise rents to offset this additional cost thereby hurting the tenants you ostensibly want to help.

In short, if this bill passes, no hardworking individual can feel secure from the Council overreaching to arbitrarily reduce the incomes of business owners in other industries.

FOR THE RECORD

June 27, 2019

Dear City Council Members,

I am unfortunately unable to be at today's meeting, however, I do not want to miss the opportunity to be heard on this issue. I am vehemently opposed to capping or regulating in any way, broker fees. It is a crippling move on an already struggling industry. We live in a time of consistent rise in cost of living. There are already so many internet sites designed to push out brokers that we have to constantly compete with and prove our value to capture clients. We have found over and over that people who try to do our job themselves, are frustrated, misinformed, limited in scope and ripped off. The countless hours spent by a broker having one on one discussions with a client on all the points associated with finding housing, researching specific requests and listings, phone calls to listing brokers to ask questions on a client's behalf, scheduling appointments, accompanying a client on visits, seeing them through the application process, making sure they get their application or offer in first with the proper documentation and fees, and finally being present at a lease signing or closing to answer questions and provide support, are obviously being overlooked by anyone who has the audacity to expect real estate professionals to reduce their income. In addition, brokers pay out of pocket to advertise a listing, hold open houses, make signs and brochures, do continuing education, attend seminars, etc, all in a time when the cost of these things is ever increasing.

I implore you to abandon this idea and allow the real estate professionals to continue to service existing New Yorkers and new comers as well, in the full service, professional manner in which they are being serviced now without regulation of commission. Capping commissions will absolutely have a trickle down effect to the renter, buyer, seller, landlord of a job not done as well, simply because we will not have the means to do the job the right way. Keep NY the greatest city in the world and keep people wanting to live here by making it easy for them to come and find their dream home with the guarantee that they can choose a reputable, honest, well informed and trained broker who will represent their best interest at all times.

Gerri Kelley, LREA
Carroll Group Residential
Gerri@carrollgroup.com
917-478-0441

June 27, 2019

FOR THE RECORD

I oppose any and all proposed bills/laws/proposals of the ilk of Intro 1423, which would seek to irreparably alter/interfere with the typical Real Estate commission payment on any and all rental transactions. Our expenses have skyrocketed, yet our incomes have not increased and now you want to cut into what little we make. We are independent contractors who do not get paid family leave/sick days, health insurance, retirement or paid vacation. The council clearly understands the cost of living in NYC as you voted yourself a raise while earning twice that of the average rental agent.

We have earned the same rate for more than 20 years and the only way to get an increase is to work more hours and this doesn't even guarantee us more. Many of us already work seven days a week and see plenty of weeks with no income. This is not the glamorous job portrayed by the idiots on TV. Most agents make under \$60,000 per year and are responsible for their own health insurance and transportation of clients. Last month I had a rental listing in SOHO... I had to stand for hours at numerous open houses and when I finally found a tenant, the owner pulled the listing as his relocation out of NYC fell through. The owner gave me a 25 dollar gift card to Starbucks for my time. My advertisements, time and cost of photos were compensated with a few cups of coffee.

Most renters want to look at numerous locations in NYC and often they are using several agents so there is no guarantee of income for the time and money spent showing; try taking a cab in the middle of the day from Battery Park City to the upper East Side then Washington Heights to the Seaport. The agent pays the taxi fares out of pocket. I have rental clients come in several month in advance to have a look see, in fact some make several trips to the city before they actually sign a lease. Many go behind our backs and double back to the same properties we showed them several months ago either with another agent or try and contact the landlord directly. Our only option is to sue, which is too costly for someone at our income level.

Realtors, like all New York City/State residents are currently confronted by increased City/State taxes; Congestion Pricing; increasing Tolls, Uber, Taxi, Mass Transit, Commuter Rail charges & fares; Real Estate Taxes; rent increases; rising costs of groceries and energy costs. They also are responsible for licensing fees; Continuing Ed courses and membership fees in MLS & Trade Organizations. Many of us lease office space, own/lease automobiles for business; insurance costs for autos, property, liability and health insurance (which has skyrocketed - My individual health policy is \$1,133.00 dollars per month and I still have out of pocket expenses). All of this, and we have families to support; yet this appears to be of no consequence to our local elected officials who have voted a raise for themselves. I find this quite ironic, as the predominantly wealthy folks who purchase, or lease out Manhattan & Brooklyn properties do not vote here. You know who does vote here? We do, the very Realtors whose incomes and industry you are attempting to destroy along with pricing us out of living in New York City/State.

In spite of all of these numerous increases, Council member Keith Powers et. al. seeks to decrease the income of hard working Real Estate Brokers and Salespeople. Council member Robert Holden accurately summed up this debacle when he stated, "When renting an apartment, it is your choice to use a broker or not". Those who choose to pursue a career in real estate rely on that income. I think this bill is trying to solve one problem by creating another."

Maureen Carroll
Licensed Real Estate Broker
212-744-6601

June 27, 2019

FOR THE RECORD

Quite candidly, the reason that I am unable to attend this rescheduled Public Hearing is that I am unable to afford another babysitter, at this time. Here is a quick bio on me: I am an only child saddled with a mother who is in the early stages of dementia, and currently is faced with a medical emergency. My children and I will be accompanying mom to the hospital today, as she doesn't comprehend what is happening.

I clearly understand the struggles of abject poverty and having to do without, as I have lived it most of my life, literally and figuratively, one step away from being on the streets. My dad struggled with mental illness for most of his life, and was previously homeless. At 82, dad now lives in an SRO, of which I am so eternally grateful to the folks at Project Find for helping him all of these years. His health is rapidly declining, and every day I am left to wonder, what will happen to him when the SRO/Project Find can no longer accommodate him. What will I do....I live in a very small, cramped apartment with my husband and two sons, ages 6 and 8 years old. I have no additional room for dad.

My Husband, who is 53, has been unemployed most of the last two years. He just recently found employment at half of what he previously earned. Our savings have been decimated. Healthcare and rent are devouring our income, and living paycheck to paycheck, when no new/future paychecks are guaranteed keeps homelessness and public assistance, for my family and I, a very real outcome. I'm scared.

My cost of living has skyrocketed, yet no matter how hard I work my income stays the same. Most folks look forward to summer and vacations, well not me. For me, Summer means school's out and I have to hire babysitters when I am showing apartments. After the cost of childcare, I can barely break even. I am 47 years old and have no clue what I will do if I lose my income. I can only look forward to Welfare, Food Stamp's and support for Public Housing. This is something that I never planned for.

My family totally relies on my small income, as every bit helps keep a roof over our heads and food on the table. A few months back I was in the emergency room with an irregular heartbeat brought on by all the constant worry/anxiety of trying to make ends meet, and just simply caring and providing for my family. I work hard, and I provide an invaluable service to my clients who earn far more than I ever will. I implore you to please not reduce my income any further, as it's truly all that my family and I have left to keep us off of the streets. Thank you.

Fiona Keegan

Licensed Real Estate Agent 917-626-7869

NYC CITY COUNCIL TESTIMONY

Thursday, June 27, 2019

by

The Honorable JoLinda Ruth Cogen

Licensed Associate Real Estate Broker

Douglas Elliman Real Estate

Entrepreneur ▪ Small Business Owner ▪ M/WBE

INTRO 1423 is ANTI-M/WBE



Grace and Peace!

As my mentor Les Brown says,

*"Life is a fight for territory and once you stop
fighting for what you want,
what you don't want will automatically take over."*

Allow me to give you the WHO, WHAT, WHEN, WHERE, WHY AND HOW!

1. WHO

Hon. JoLinda Ruth Cogen, Licensed Real Estate Broker with Douglas Elliman Real Estate,
Community Advocate/Activist

A listing agent

I'm available to list for you or ANYONE YOU KNOW today!

- 63-year-old Senior,
- Entrepreneur,
- Small Business owner and M/WBE (Minority Women Business Enterprise).

I use my God given gifts, talent and abilities at the highest level

- to help people solve their real estate problems
- so that they can be more,
 - o do more,
 - have more
 - and give more.

I'm Primarily in Harlem,

the boogie down Bronx,

Our livelihood

If the landlord wants to pass on the fee costs to the tenant that's their business.

You don't chastise Macy's for charging handling fees - Do you?

4. WHERE

New York City is the business capital of the world.

Small business in the engine of the economy.

The #2 employer in the United States

Are you telling me to move and go somewhere else??

5. WHY

Did you come to this conclusion based on your **economic impact study?**

A study that proves tenants should receive relief because
the landlords and agents were cheating them?

Under the freedom of information act (FOIL)I want to see your numbers and your study.

6. HOW

City Council how could you be derelict in your duty

-not doing your due diligence;

- thus, trying to destroy **my good stuff business?**

I REBUKE YOU IN THE NAME OF JESUS!

Yet, I forgive you;

this is how you fix it

Fess up to your mess up.

Trash this cap

Get back on track

Don't ever mess with citizens income again!

1 Timothy 5:18 Amp

For the Scripture says, "YOU SHALL NOT MUZZLE THE OX WHILE IT IS TREADING OUT THE GRAIN [to keep it from eating]," and, "The worker is worthy of his wages [he deserves fair compensation]."

JoLinda ("JoJo") Ruth Cogen has for years lived and breathed Harlem as a proud homeowner, businesswoman, wife, mother, and devout community activist. Aptly known as the "Harlem Specialist" in her real estate career, Jo is decidedly the natural choice for anyone looking for that exact home in what she calls "Harlem Heaven." Being eminently successful in Harlem, she has now expanded her boundaries to include not just her beloved native born "Brooklyn," but also the Bronx and neighborhoods further north as well. Although she is principally a Townhouse Specialist, she also does a large volume of sales in coops and condos.



More than selling homes, Jo sees herself as a "lifestyle navigator" who assists clients with locating the perfect residence in the right neighborhood; whether it's their first rental or next ownership. "My energy and perseverance will not let me rest until my client is matched seamlessly with their ideal property, or a cherished home is sold to their ultimate satisfaction." Her knowledge of both Brooklyn and Northern Manhattan, coupled with the prolific amount of Douglas Elliman resources, ensures that clients are presented with options customized to meet their vision and expectations.

JoJo has always lived passionately on purpose, driven by the principles of excellence in all her endeavors. Prior to joining Douglas Elliman Real Estate, she was the manager of Cogen Architects, an architectural firm specializing in commercial interiors, brownstones, and green technology for 14 years, where her love of design and eye for seeing the potential of space truly blossomed. Before that, JoJo enjoyed an illustrious career as a top corporate sales representative for such Fortune 500 firms as Xerox, AT&T, Wang Labs, and Infonet where she led the team that was first in the world to accomplish ship to shore email communications.

Believing knowledge is power, and that the best way to serve her real estate clients and her community is to educate them, JoJo has continued her education completing requirements for certificates in Green Building, property management, and construction management. She is also a certified negotiation expert, certified Image Consultant, and a Notary Public. In August 2013, JoJo became certified by a world-renowned leadership organization, the John Maxwell Company, as an inspirational speaker, coach, trainer, and teacher to further add value to her community and real estate businesses.

JoJo as well nourishes a long-term commitment to the betterment of her community. Because of her outstanding work, JoJo has received numerous awards and accolades. She believes balance is the key to life, which entails limiting her volunteer activities to a select few organizations. Currently she serves on the Advisory Boards of the Salvation Army Harlem Temple, Harlem Children's Zone, and the New York Office of the FBI Citizens' Academy Alumni Association. She is President Emeritus and a founding member of both the Harlem Toastmasters Club and Manhattan Community Board 10's CERT (Community Emergency Response Team). Also, she is an active member of the Christian Cultural Center in Brooklyn.

Originally from Brooklyn and an alumnus of Erasmus Hall, JoJo holds a degree in Political Science from Boston College. She resides in a wonderful Harlem townhouse with her husband, Michael J. Cogen; NCARB, a Harlem native and a practicing architect.

Harlem's Trash Bins Were Overflowing. So, the City Took 223 Away.



Image

Trash collected on Sunday at Adam Clayton Powell Jr. Boulevard and West 139 Street in Harlem, where the New York City Sanitation Department has taken away more than 200 litter baskets over the last year .

Credit David Dee Delgado for The New York Times

By Winnie Hu

The green litter basket had stood on a street corner in Harlem for as long as anyone could remember, collecting unwanted plastic bottles, candy wrappers and crumpled bags and papers.

Then one day it was gone. And it was not the only one: Over the course of the past year, 222 other trash cans have also disappeared.

An only-in-New York crime spree? No. More like the heavy hand of municipal bureaucrats.

The [New York City Sanitation Department](#) has taken away the litter baskets from Harlem primarily because it says that while the baskets are intended only for litter from pedestrians, most had been crammed full of trash bags and debris from homes and businesses.

The finger-wagging policy has been applied well beyond Harlem, with misused trash cans hauled away from neighborhoods across the city, including the Upper West Side, Brooklyn Heights, Fort Greene, Bay Ridge, the South Bronx, Maspeth and Ridgewood. In the past year, 1,131 litter baskets have vanished from city street corners, or about 5 percent of the 23,250 litter baskets dispersed in commercial and heavily used pedestrian corridors. The majority were removed for the offense of chronic misuse, though some baskets were also found in spots that did not meet the commercial criteria.

But no other area has felt the impact as much as Harlem and now its residents and leaders are fighting back, saying the loss of trash cans has left a mess on their sidewalks and unfairly punishes an entire neighborhood for the transgressions of a few. They point out that trash continues to be tossed where the baskets used to be — only in unsightly heaps on the ground that embarrass residents, drive away customers and tourists and draw roaches and rats. In a further insult, they say, people have even been fined for trash that piles up outside their homes or businesses.

“It’s a very big problem,” said State Assemblywoman Inez E. Dickens, a Democrat whose district includes Harlem. “It’s not just an eyesore — it’s a health issue that negatively impacts the people who live and work in this community.”

Ms. Dickens said she has received more than 150 complaints about the missing litter baskets, many from property owners who have been fined \$100 or more after trash on the pavement blew in front of their homes and stores. Those violations, Ms. Dickens pointed out, are issued by the Sanitation Department, which removed the litter baskets in the first place. “Every day they’re getting violations and yet there are no trash cans,” Ms. Dickens said. “We know the city has to raise revenue, but not on the backs of residents and small business owners.”

Sanitation officials said they routinely review the placement and use of litter baskets and that removing those found to be chronically misused has been an effective way [to curb improper trash disposal](#).

“It seems counterintuitive, but it has been very effective,” said Kathryn Garcia, the city’s sanitation commissioner, adding that removing litter baskets is just one of several measures the department takes to ensure cleaner streets and sidewalks.

Ms. Garcia said that her department continues to monitor sites where litter baskets are removed. In Harlem, there has been improvement on corners where household trash was often piled alongside litter baskets, she said. “We’re just not seeing the same amount of litter and trash on those corners,” she said.

In Harlem, the removal of the 223 litter baskets still leaves more baskets there than in other neighborhoods, sanitation officials said. Currently, there are 1,399 litter baskets in Harlem, compared with 779 baskets on the Upper West Side and 719 on the Upper East Side.

The officials also noted that the overall cleanliness of sidewalks in Harlem has improved in recent years, as reflected in city inspection reports. A total of 1,993 violations were issued to property owners for dirty sidewalks in fiscal year 2018, down from 2,434 the year before, according to city records. However, the number of violations during the same period for litter along street curbs rose to 6,079 from 5,796.

Harlem residents counter that sanitation officials should be putting out more litter baskets and emptying them more often — not taking them away — and keeping a closer eye on the baskets to prevent misuse.

“I’m an eighth-generation New Yorker,” said Christina Fernandez, an elementary-school teacher. “Never before have I experienced an intersection in New York without trash cans — and usually at least three out of four corners have them.”

Gale A. Brewer, the Manhattan borough president, said she had received complaints for months about the missing litter baskets in Harlem, and more recently, the Upper West Side. Her office has sent multiple emails and letters to sanitation officials to protest the removal of the trash cans and to seek an explanation of the agency’s policy. “Residents asked for enforcement against dumping, more trash pickups and more trash cans, but it seems like what they got was fewer trash cans, a worsened dumping problem and even some inappropriate tickets,” she said. “The neighborhood deserves better.”

With New York City growing ever more crowded, the flood of newcomers and tourists has brought [more litter and trash](#) to [Harlem](#) and other thriving neighborhoods. In the South Bronx, where overflowing litter baskets have become a constant headache in heavily trafficked areas, Rafael Salamanca Jr., a city councilman, said he was told by sanitation officials that they did not have the resources to add more baskets. So, this year, the councilman, a Democrat, set aside \$40,000 in city funds to purchase 50 new litter baskets in his district.

Mr. Salamanca said that removing litter baskets based on misuse only exacerbates litter problems because it leaves fewer baskets. When he was the manager of a local community board a few years ago, sanitation workers removed a half-dozen baskets because they were being filled with household trash. He protested and the baskets were brought back. “My constituents want to walk through clean streets,” he said. “You want to see city agencies working for the people.”



A bin at Frederick Douglass Boulevard and West 138th Street overflowed on Sunday. The baskets are intended for litter from pedestrians, but many become crammed with garbage from nearby homes and businesses.

Credit David Dee Delgado for The New York Times

In one neighborhood, Ridgewood, Queens, where 63 of the 67 litter baskets were taken away, the Sanitation Department's no-nonsense approach has actually cleaned up the trash problem.

Commuters headed to the

subway used to dispose of their household trash in the baskets along Fresh Pond Road. "Every single one of them was abused — they were all overflowing," said Paul Kerzner, a member of the local community board.

At Mr. Kerzner's urging, all but four of those baskets were removed five years ago in an early test case of the department's policy. There were complaints but the street corners became "immaculate," he said.

In Harlem, sanitation officials said in a statement that they had reviewed community feedback, and "after careful consideration" they replaced litter baskets at five spots along Adam Clayton Powell Jr. Boulevard, Frederick Douglass Boulevard and Edgecombe Avenue. But the same statement went on to say: "We will continue to monitor the new baskets for improper disposal, and they may be again removed should problems reoccur."

The department also sent out more enforcement agents and sanitation officers to monitor the litter baskets and surrounding area. Violations for misuse start at \$100 and can only be issued to people who are caught in the act of littering, sanitation officials said. The department is also expanding education and outreach efforts about the proper use of litter baskets.

At the intersection of Adam Clayton Powell Jr. Boulevard and West 139th Street, all four litter baskets disappeared last fall. Two were recently returned. At one corner, plastic bags, Snapple bottles and potato chip bags were stacked precariously atop one another.

Elois Dupree, a retired city administrator, said she has received several violations for litter in front of her brownstone since the basket disappeared. She paid the first violation but has been fighting the others — going to hearings and doing follow-up paperwork, at considerable inconvenience, she said.



Image

JoLinda Ruth Cogen, who lives near Edgecombe Avenue and West 137 Street, is pressing the city to return the trash bins it has removed from Harlem sidewalks. Credit David Dee Delgado for The New York Times

A few blocks away, **JoLinda Ruth Cogen, a real estate broker**, said that eight litter baskets were removed this spring near her brownstone on Edgecombe Avenue. Only two were later returned. Sanitation workers told her the baskets had been misused and were being stored in a warehouse. “That is not the answer,” she said.

Soon afterward, the rats started coming out. One evening, she counted 20 rats scampering around the litter in front of a nearby subway station entrance. “They were having a good time,” she said. “It’s disgusting because they’re eventually going to come across the street and try to get in your house.”

So now Ms. Cogen and her neighbors have taken on the task of patrolling daily for litter. When she rounded a corner the other day, she spied wood and plaster piled up on the curb.

“Very nice,” she said. “Who did that? They better be glad I didn’t see it.”

Follow Winnie Hu on Twitter: [@WinnHu](https://twitter.com/WinnHu)



Testimony by Paraag Sarva, CEO and Co-Founder of Rhino, before the New York City Council Committee on Housing and Buildings

June 27, 2019

My name is Paraag Sarva and I'm the CEO and co-founder of Rhino. Our mission is to make renting more affordable and easy by replacing security deposits with low-cost insurance.

Our elected officials at the state level and members of this body have been hard at work to address obstacles to secure affordable housing faced by millions of New Yorkers. In New York City, renters are facing unprecedented financial challenges. Millennials under 35 have a median savings of just \$1,500, while they are faced with an average rent price in NYC of \$3,500 per month - and these prices continue to grow every year.

Upfront costs, mostly in the form of traditional security deposits, are the primary barrier to many looking for a home. The current model of paying traditional security deposits continues to lock up millions in hard-earned cash from everyday New Yorkers, a staggering \$507 million in 2016 alone, according to a report released by Comptroller Scott Stringer last year. Security deposits make up as much as 50% of moving costs, with most of it locked away in escrow accounts earning nearly 0% interest. Steep security deposit costs prevent New Yorkers from upgrading their living situations, moving neighborhoods, and saving for the future.

While the proposal in the City Council would specifically cap broker's fees and recent laws passed in Albany cap security deposits to one month's rent, most New Yorkers already only pay one month's rent as a security deposit — so the typical New Yorker wouldn't see much of an impact from this proposal. People simply don't have the savings to keep deposits locked up for no good reason when they have to pay off student debt or health bills, secure childcare, or invest for the future.

Technology and innovation are creating new opportunities to replace the old-way of doing business and reduce transaction costs. Specific to rental transactions, breakthroughs in insurance over the last three years have made it possible to replace the age-old cash security deposit, that are burdens for both renters and landlords, with affordable insurance programs. The insurance assumes the risk and guarantees the repair of damages or unpaid rent, coverage that is still essential for the landlord, while lifting the burden from renters upfront and allowing them to instead pay a low monthly premium.

To further help renters, the City Council should pass a bill that requires landlords to offer renters an insurance option instead of the cash security deposit to secure their homes.

There are already forward-thinking landlords who provide an alternative choice to the traditional security deposit. But as you know the housing affordability crisis is an urgent problem for New Yorkers, and we can't wait idly for the entire real estate industry to catch up to this practice that has such significant benefits for those struggling to find a home today. We need legislation to provide an immediate solution to this problem.

Just as New York City has led on groundbreaking efforts to address [the climate crisis](#) or [paid parental leave](#), future legislation can set a precedent for the country as a whole, given the context of the nation's affordable housing crisis. If other legislatures follow suit and this practice is adopted nationally, this *one* change would immediately free up \$45 billion for everyday Americans, people who are often left trying to figure out how to manage critical day-to-day needs and unexpected emergencies.

We look forward to working together in the future to ensure that housing is affordable and accessible to all New Yorkers.

Thursday 27 June 2019

FOR THE RECORD

Dear City Council Members,

I have been working as a Licensed Real Estate Salesperson in NYC for the past 3 years. After years in the restaurant industry, I was attracted to what felt like a true opportunity to create a modest living for myself with real earning potential. I am well-aware of the unfavorable stereotypes surrounding brokers and the rental process in NYC, it is something I work to combat with every client I interact with, but the hospitality industry and my time at City Wide Apartments have taught me about the art of service - I pride myself on bringing that to all of the rental transactions that I am involved in. I do believe there are some fundamental misunderstandings about the logistics behind our job, what we do as brokers, and the value we bring to our clients in their search for a home; please let me elaborate:

As a rental broker, I often work 7 days a week. The amount of effort that goes into my job is extensive. Personally taking photos of every unit I list, forging personal relationships with the super and staff at every building I work in, and taking the time to learn market trends to be as knowledgeable as possible for my clients is work that is directly connected to helping tenants find their homes. A fee paid to me does not go directly into my pocket - after splitting that with my company, paying out my overhead advertising costs, tipping out the super or other building staff that helped make the deal happen, covering health insurance and retirement, meals, transportation - we're not left with nearly as much as you might assume we are. I pride myself the quality that I bring to every transaction that I am involved with. My ability to help clients secure a home that they otherwise might not have access to, to guide them through the process, educate them, prepare them, is not a skill that I developed overnight. It is something I have taken years to grow and I deserve to be fairly compensated for the expertise I bring to the table, as with any profession.

It's extremely concerning to be targeting a single occupation, and very presumptuous to put a cap on a market full of choices. The internet has provided renters with endless resources when it comes to apartment hunting. Almost every landlord advertises directly to tenants through various online resources - this already greatly depletes our business. If a client is coming to me, they are doing so because they do not want to do the legwork of searching, comparing, setting up appointments, worrying about application requirements, paperwork, negotiating directly with the landlord, lease terms, and requirements. Every client I've worked with has entered into our transaction fully knowledgeable of the costs involved and moved forward with those in mind. Fees are always negotiable for my direct clients - I work with them to find something that works for their budget and for my overhead costs, but the most important part of the transaction is that they are happy in their home and that they would want to work with me again.

I think it's also important to outline my concern that capping broker's fees at 1 month's rent will drive up the cost of apartments for tenants themselves. Many exclusive

listings where a brokers is representing the landlord are under-market value. This is an incredible opportunity for the tenants to find a home at a stable rate that they will want to be in for years. Many exclusive-listing buildings experience lower vacancy rates for this very reason - they are a better value for the tenants. Exclusive listings are not easy to get. They can take years of networking, relationship building, and money spent to procure. On that end, we are not only charging clients for simply showing them an apartment in our exclusive building. When a landlord knows that a tenant is saving X amount of dollars by not paying a higher brokers fee on an under-market apartment they have the opportunity to put that money into their own pockets by adding those savings onto the rent - resulting is a worse deal for the tenants and better deal for the landlords themselves.

I sincerely hope you will not pursue this bill to further reduce and regulate broker's fees. I feel that choice and technology have given potential tenants the opportunity to take matters into their own hands when and where they want to, especially to avoid broker's fees if they so choose. Working as a real estate agent over the past three years has not always been profitable for me, but I hustle every day to learn as much as I can about the market and build and maintain relationships with my clients so that I can continue to form this life that I love for myself in NYC.

Thank you for taking the time to consider our position.

Best,

Mariah Lee
City Wide Apartments
Licensed Real Estate Sales Person
212-695-4360 x120



FOR THE RECORD

6/27/2019
Michael Jacobs Testimony
RE: Bill 1423

To Whom It May Concern:

My name is Michael Jacobs, the founder and owner of a boutique brokerage with approximately 20 agents. I have spent 15 years building City Wide Apartments. My brokerage will potentially go out of business if bill 1423 is passed. Needless to say, this will have a massive negative impact on my life and those of all the agents that work with me.

I was lucky enough to have a chance to speak with Austin Brandford earlier this week. Based on my conversation with him, the stated goal that bill 1423 is attempting to achieve is to lower upfront costs for renters in New York City. While on its face this seems like a noble cause, in reality this bill will do little to affect upfront costs for those who are most in need of assistance. Rather, the result will more likely be that a small percentage of potential renters will benefit from reduced upfront costs while many more will be forced to deal with all of the unintended adverse consequences of this bill.

When considering passing this legislation, one must first understand that finding an apartment in New York City without using a broker, or paying a brokers fee, is easily achievable. Currently on StreetEasy, the leading platform for locating apartments in New York City, at 9:55 AM on Thursday June 27th there are 16,158 apartments available. Of those, 7,963 are available as "no fee" apartments, meaning that for all 7,963 of those apartments (49.2%), landlords are paying the brokers to rent their apartments' and perspective tenants are paying no brokers fee at all. Of the remaining 50.8% of apartments, where a tenant may have to pay a fee to rent the apartments, there are a myriad of ways for perspective tenants to avoid paying any brokers fees if they cannot afford to do so:

- 1 – The overwhelming majority of those apartments are available for rent directly through the apartment owner with no fee (meaning that if a tenant takes the time and effort, they can locate the apartments directly through the owner and avoid using a broker)
- 2 – Nybits.com offers over 75% of their inventory for no fee
- 3 – Urbanedge.com offers 100% of their inventory with no fees
- 4 – Craigslist.com has thousands and thousands of no fee apartments
- 5 – Nakedapartments.com has many thousands of no fee apartments
- 6 – 1000's of direct to Landlord websites such as abintonproperties.com, ataenterprises.com, skymanagement.com etc. etc., have all of their apartments listed as no fee

The overwhelming majority of those who pay broker fees need and want the services a broker provides and are happy to pay the resulting fees. For all of those renters who do seek out a broker and need their assistance in locating an apartment the following four bad things will happen if this bill is passed:

1 – The level of service, time, effort and energy a broker can devote to any single client will drop dramatically (often before even meeting a client our agents spend many hours and in some cases days talking to their clients, previewing apartments, reviewing and preparing paper-work for applicants and negotiating potential lease terms). With the drop in fees it will not make economic sense for the broker to put in this same amount of time/effort and renters will suffer the consequences of seeing fewer units that meet their needs, as part of this subpar service

2 – Rents will go up (if brokers are unable to charge market rate fees on apartments landlords will be able to rent these units more easily and will receive multiple applications for apartments which will 100% drive rents up).

3 – Unethical business practices will increase (rental agents will have a much larger incentive to do side deals with clients who are willing to pay higher fees which will hurt both the brokerage they work for and all perspective renters)

4 – Top performers and best in class will seek alternative means of employment (those who are best at helping clients find apartments that meet all of their criteria regarding price, size, location, etc., are those that charge the highest fees. If top performers cannot charge market rate fees they will leave the industry which will negatively impact to level of service for all renters)

Recently New York State passed new rent laws including limiting security deposits to one month's rent and applications fees owners can charge to \$20. These changes will effectively lower upfront costs drastically and are a well thought out common sense way to achieve the goals this bill 1423 are attempting to achieve.

All in all, this bill 1423 seems to be a well-intended effort to help renters in Manhattan but in reality it will destroy an industry, eliminate countless tax dollars (which can actually be used to help those in need), negatively impact an enormous number of lives' of industry professionals, and negatively impact renters. If passed, renters will be subject to an industry with a lack of high-quality professionals willing and able to put their best effort in to help them. Nearly all renters will suffer while a small few will be helped.

In summary, wage / price controls, which this proposed legislation is, although well - intended almost always fail and bring about market-distorting negative unintended consequences such as I have enumerated above.



Sincerely,
Michael J. Jacobs
President, City Wide Apartments
212.695.4352 o.
michaeljacobs@citywideapts.com



FOR THE RECORD

Marc Graiser
CITY WIDE APARTMENTS
555 8th Avenue
Suite 2310
New York, NY 10018

Subject: Contestation of Bill 1423

To Whom It May Concern,

My name is Marc Graiser and I'd like to vote NO for Bill 1423 as it would be detrimental not only to my business but for all Broker's and Broker Firms in NYC.

I have been in the Real Estate Industry for over 4 years. It has been a big change in my life and have worked very hard to get where I am today. Hearing that all the hard work that I have put into this Industry is now about to change for the worse.

I take pride in what I do. I love helping others find a place in New York. It's a dream for a lot of people to live here, but we also must make a living. As an Independent Contractor, we only work on commission. What do we do with when we get that commission check?

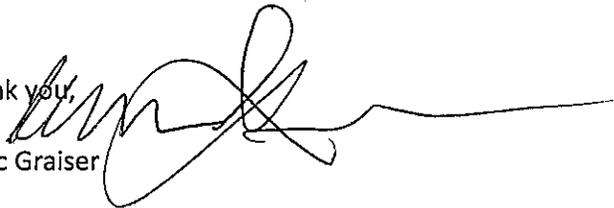
We take a percentage out for taxes, we split with the firm we work for, sometimes with other broker's, advertising and more. What about outside of our business? We use it to pay rent, mortgage, healthcare, food, transportation etc. The list goes on. As you can see, this bill will have a negative on me, my company as well as the Clients. It will limit the availability on what we can show for our clients and it will lower our income to support ourselves.

Let's talk about Broker's who have families to support. I know many of my colleagues have families who count on the commission they get to support their family. Think about them and how much harder they would have to work to support them. Take all the above information and double it. They base their living on the commission and lowering it will make them work twice as hard. This bill will have a lot of people struggling or put out of business.

We as New Yorker's work hard and do not want to work multiple jobs to survive in this city. This bill will make it very difficult for anyone in this business to make it in a city that we love. We deserve the commission we get.

Thank you,

Marc Graiser



6/10/2019

RE: Bill 1423

FOR THE RECORD

To Whom It May Concern:

I would like to formally protest the bill INTRO 1423. As a real estate salesperson, this would dramatically limit my income so much so that I would need to look for a new career. The fees are split with my sponsoring broker and I pay for my own advertising. Because I am an independent contractor, I pay the entirety of my health care and income taxes. In the end, on deals with 1 month fee, I make approx. 2.5%-3%. This is currently barely enough to make a living especially because of the cost of living in NYC.

Most of the time that a 15% fee is charged is because it is a co-broke and there are more agents involved in the transaction. By capping the broker fee at 1 month would dramatically limit the options for the clients as most brokers would no longer co-broke because the amount of money earned would not be worth the time and effort.

In the end, tenants can always find no fee apartments directly through the owners. They can negotiate the broker fee and not apply for an apartment if the fee is not acceptable to them. I advocate protecting the consumer, but this fee limitation would dramatically limit our income and the options for the potential tenants.

Please consider voting no on this bill.

Real Estate Salesperson

Jeremiah Peay

City Wide Apartments

Dear Council Members,

FOR THE RECORD

I'm writing in opposition of of the broker commission cap in Intro 1423.

As a real estate agent, a tenant in the city, and a staunchly progressive voter, I'm absolutely in agreement with the idea that costs of moving in the city are far too high and that something has to be done to regulate the industry. The problem here, is that this move will not do that. All that I can foresee happening with the passage of this measure is that owners will immediately increase their rents to fill the void left by the previously negotiable broker's fees - which were one time costs. This will only further consolidate where the money in the industry goes without relieving financial barriers for tenants and subsequently raising the bar of entry for those same tenants. At the same time, this will take hard earned income from agents - many of whom are already struggling to afford their own rents - and thus limiting their ability to fight on behalf of their clients. I find it hard to believe that this results in any other outcome. Ultimately, where there is a path to make more money in the market, people with the power to do so will take it. This will further cement the control that large owners have over the market and their ability to raise rents with impunity.

If a landlord, using their agent, knows that there is an absolute ceiling on the fee and that their prospective tenants now have those funds freed up - why would they not move to raise rent prices and collect that money that is now sitting on the table? If we're suggesting that there is an issue with the industry over-charging tenants, then we're suggesting that there is an issue with greed. It seems disingenuous to suggest that the very same greed won't still be at play from those who essentially make the rules - especially considering that those with the most power and already making the most money will now have license to simply ask for more under the guise of asking for less. And they will. Look at the market. Anytime there is a path to raising rent, those with the ability to raise rents do so. As it is, enormous percentages of financially stable, hard working tenants are forced to use guarantors or co-signers to even be considered for entry level apartments because they don't meet the sky-high requirements for renting an apartment at a sky-high price. With this new legislation, you're giving them a green light to charge even more and thus creating a higher barrier to entry in terms of applicant requirements and approval. Sure, a tenant may pay a lower broker's fee upfront, but their rent payments for the duration of time that they're living in the apartment will likely be a few hundred dollars higher per month. They could have paid that slightly elevated broker's fee ten times over and saved significant amounts of money in the long term.

Let's say a tenant wants to rent an apartment for \$3,500/mo. The annual rent here would be 42,000 dollars. A 12% negotiated broker's fee - a common figure - would be \$5,040. An 8.3% - or one month - broker's fee would be \$3,486 . Rounding that to \$3,500, there is only a difference here of \$1540. If a landlord raises their rent by even \$130 a month, the tenant will now be paying more in their first year in this apartment than if they had paid the higher broker's fee. The numbers used in this hypothetical are incredibly common and I simply cannot fathom a scenario where most owners in the city would not raise rent by amounts even greater than this while simultaneously advertising "ONE MONTH FEES" as though it were great concession. Meanwhile, a qualified agent could have worked to get that rent lowered while taking a negotiated fee; both saving the client significant money in the long run AND managing to pay their own rent. If that hypothetical tenant stays in that same apartment for more than a year, which of course most would hope for, their financial loss in this deal now grown exponentially in this new scenario.

While recently proposed changes to this plan removing the cap from agents representing tenants are helpful, they do not alleviate the problems it will still create. By separating agents into two separate categories of fee collection capability, you will effectively be implementing the same rule across the board. How could a tenant's agent realistically tell their client that their fee is negotiable when the client has just heard that at least some brokers can legally only collect a one month commission or when the headlines in papers read "BROKER'S COMMISSIONS CAPPED AT ONE MONTH?"

Agents and brokers already have a negative public image due to the poor practices committed by a few and this will also only serve to cement that idea, pushing people away from one of the few tools they have at their disposal to work against higher rents. Keep in mind that you will be harming the agents who work AGAINST the owner and FOR the tenant by doing this and limiting their ability to fight for those who have decided to work with them.

That brings us right back to the problem of agents being unable to effectively help their clients. As it is, many good agents are living paycheck to paycheck. Charging an appropriate fee for their work and expertise when they are able to do so is what allows them to take time with clients who may not be in a financial position to easily walk into an apartment. They provide an optional service and one that I believe helps to serve those that this claims to be protecting. Don't limit their ability to work effectively for their clients by cutting their legs out from under them.

John Michael Presney



FOR THE RECORD

June 26, 2019

Dear City Council Members,

As NYC rental brokers, we understand the negative reputation and public opinion that some may have of us. It's a hurdle we have to try to overcome every day with each client we meet and every listing we fight to get. I believe there are many misconceptions about the job of a broker that contribute to these perceptions. I'd like to take some time to shed light on what we do and the value we add to the home finding process for our clients.

The amount of time, energy, and effort that go into learning our clients' needs and into securing listings is immense. After splitting commissions with our companies, subtracting ever-increasing marketing costs, paying out-of-pocket for health care and retirement plans, covering meals, transportation and closing gifts, we're not left with nearly as much in earnings as many assume. I personally specialize in corporate relocation. I have worked for years to build relationships and I spend a great deal of time with each client. I work with them from the first phone call to the lease signing and everything in between. Usually, this involves multiple full day tours to find them the perfect place. In many cases, childcare alone would not be covered by the wages garnered from these deals. If fees were cut down to a month, I would no longer be able to help these clients because the cost of doing business would be higher than the income generated. In no way do I try to take advantage of them with the fees. I charge these clients a 11-12% fee (based on which company they work with) which is enough for me to make a modest living and cover my expenses. I'm often working with these clients for months at a time. As I write this note in early June, I have around ten new clients that I've started working with recently who are looking for September move-in dates. The time spent understanding and becoming an expert on the market, knowing how to target the right landlord for the right client, interpreting each client's financial wherewithal and preparing them for what they'll need are not skills that are developed overnight. The ability to truly help clients by educating them, preparing them and finding the perfect home for them is a skill set that has taken years to hone and, as with any profession, should be duly compensated for the level of insight that is brought to the table.

Beyond the value that we bring to our clients, both tenants and landlords, and being compensated fairly, there are other considerations that this decision will influence. The reality of limiting broker's fees will result in rents being driven higher as brokers who are in charge of pricing units will try to compensate for lost revenue. Another potential consequence is creating increased demand to already-scarce affordably priced units. Limiting the fee will reduce the level of service brokers provide to clients as time becomes increasingly valuable since brokers will need to juggle a higher number of clients and deals in order to achieve the same level of financial success.

It may be important to also outline the various fee structures to help people understand not only how we get paid but where that payment comes from. As brokers, our fees can be paid directly by the tenant or by the owner/landlord. Brokers are never paid by other brokers. When two brokerages work together on a deal, i.e. they co-broke it, if the fee is paid by the tenant, meaning the landlord was unwilling to contribute to the fee, the two brokerages will split the fee. When a fee is split, each brokerage makes less than they would otherwise have made if they entered the deal on their own. If a 15% co-broke fee is paid, each brokerage takes 7.5%. Typically the lowest fee collected is one month's rent (unless the landlord is pitching in) which comes out to 8.3%. At times, during a co-broke, an owner will be willing to pay a broker's fee but typically this fee only covers the listing broker and not the cooperating broker's fees. In this case the tenant's broker would need to collect a fee directly from the tenant to be paid for their work.

The anti-capitalistic approach to a targeted occupation is greatly concerning. It's a bold suggestion to put limitations on a field that is full of choice. In today's market, the vast majority of apartments are marketed to tenants directly by the landlord and can be found in various online resources. The availability of information about the market due to technology already greatly reduces our business. The opportunity not to pay a fee at all is there for anyone with the willingness to do the legwork. When people don't want to spend time researching apartments, setting up appointments, coordinating schedules, inquiring about lease terms, procedures, and requirements, they hire a broker with the full knowledge that there will be a fee. Every client we've worked with has willingly gone into the transaction understanding what fees were involved and moved forward with those costs in mind.

At a time when legislation has been passed that increases the wages and benefits required for other professions, please take a moment to consider that we work as independent contractors. As such, we are entitled to no minimum wage, paid vacation/sick days, or health insurance. My success or failure with each client is literally the difference between putting food on the table for my family and going hungry. Regulation that reduces our income is tantamount to legislating away one of the few remaining middle class professions that can be attained by someone who is driven to succeed in order to punish a few bad actors or to try to provide additional opportunity where it is already abundant. To truly compare the compensation structure of our profession, I feel that these factors are important to consider.

I sincerely hope you will not pursue this bill to further reduce and regulate broker's fees. I feel that choice and technology have empowered potential tenants to take matters into their own hands when and where they want to, especially to avoid broker's fees if they so choose. Working as a real estate agent over the past ten years has not always been profitable for me. I struggled and worked hard to develop and maintain relationships with clients and landlords alike to expand my business. I hustled to learn as much about the market, especially the more minute details that are easily overlooked and not understood by the majority of apartment hunters, and over time it has created a career for me. It's a career I love and what I appreciate most about it is, although we work long hours every day of the week, it's flexibility enables me to remain a consistent part of my daughter's life, which I hope it will be able to continue to do.

Thank you for taking the time to consider our position.

Sincerely,
Kellyn Goudie
City Wide Apartments
Associate Broker
2126954360 ext 107
kellyn@citywideapts.com

FOR THE RECORD

Dear Council Members,

My name is Kate Young and I'm a real estate agent with City Wide Apartments.

I'm writing this today to show my opposition to the broker commission cap in Intro 1423.

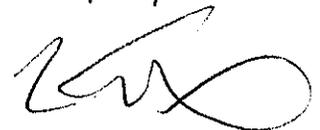
I'm new to this business, but I know that the bottom line is that this is a client service profession. One of the reasons I enjoy my work is because I love to work with people. I like to meet new people and I take great pride in being able to help them find the perfect apartment and home for them in this metroplex. Renting an apartment is stressful. I've done it before by myself and with a broker and it's a frustrating, invasive process. When I moved to the city I didn't know anything about the market or where to look or who to turn to. I was in need of a professional to help me.

Apartment hunters in New York have choices. 90% of listings are available online on sites like Street Easy. One can also simply contact an individual landlord with inquiries about specific buildings and availabilities. It is not necessary to use a broker in order to rent an apartment. You simply don't have to. The point here is that because of that freedoms- the choice to work with a broker or not, that makes what I and my colleagues at City Wide do a professional service that we are hired to provide. We have the market knowledge, and the connections to management companies and in many cases access to off market listings. That knowledge and information is valuable. We do a ton of leg work in order to make that happen. Sometimes years of work is put into professional relationships in order to secure that one amazing deal for that nice couple who just moved to the city for work. What we do is valuable and we are deserving of being paid for our work.

Clients choose to work with us based on our track record and because they want someone to do work for them. That is our job, to do that work. For that work, we should be compensated and it's not fair to put a cap on the amount we get. We don't simply work less to make less money. As it is, most good agents are working from one commission to the next. We will be effectively less productive and capable of helping our clients in the way that we want to if we are unable to charge a proper fee for our service.

Kate Young

6/27/19





| A BETTER REAL ESTATE EXPERIENCE™ |

Greetings and Salutations,

Thank you for allowing myself and my fellow real estate professionals to be able to express our opinions and thoughts about the proposed changes as it pertains to rental brokers.

My name is David Schlamm and I am the founder/president of City Connections Realty. We just celebrated our 30th year in business, have approximately 100 agents at the firm, and probably do about 95% of our rental transactions representing the landlord side.

Needless to say, if I this bill was passed it would be quite devastating. It would drastically lower the income of the brokers here, I would have to shed expenses by letting some salaried employees go, as well as cutting out some services which creates a domino effect at the service companies as they might have to let some people go too.

My point is that this potential bill will hurt more people than I think you might be aware of. I would like to share some other key points if I may:

1. Most rental brokers do not make a lot of money in the first place, and most don't remain in the business after 12 months because they make little to no money. For the ones that do make it past the first year, this could cut their income by 45%, which is huge.

Please note that many times a rental broker will work with a customer for weeks, maybe even months and if no transaction takes place then they worked for free while spending their own money on cabs and marketing. Many potential renters don't even say thank you or return emails/phone calls to our rental brokers who put in a huge effort. I make these points as it's not like they simply open a door and make money; they spend days, weeks and sometimes months showing apartments in 5th floor walk-ups in 90 degree heat. And on top of that, marketing has become very expensive, especially with StreetEasy going from not charging anything to its current \$4.50 per ad per day. I would love to see the city reduce and cap what Street Easy charges now! Obviously I don't expect that, but this leads me to my next point.

2. I am a Democrat and some people have accused me of being a bleeding heart liberal, but we still live in a democratic / capitalistic society. I am shocked that anyone would suggest capping a listing broker's fee. Even if I were in favor of socialism or communism, it would only work if all professional services would be price fixed, not just singling out rental brokers who represent landlords. I believe that this might be a lawsuit waiting to happen as I think it would fall under the restraint of trade category. I am not a lawyer so this is just a guess at this time.



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3. Renters can choose to work with a professional real estate agent or they can choose not to – no one is putting a gun to their heads. Just like no one puts a gun to our head to use Street Easy, it's a choice we all make.
4. There are thousands if not tens of thousands of rental brokers who are tenants as well. Let's please remember that fact as they are your constituents too.
5. If this bill passes, brokers who represent landlords will not be able to co-broke apartments sharing one a month commission. This means that potential renters would not have access to many listings.

In summary, living in NYC is no doubt very expensive. However, capping a listing rental broker's fee does nothing to help with the lack of affordable housing.

I am also aware that there are unethical rental brokers just like there are unethical people in all walks of life and in all professions. I for one want more transparency and one simple suggestion is for the rental broker to clearly state if the unit being advertised is NO FEE and if there is one, to say something like, "broker's fee applies", as some of my own brokers already do. There also has to be some responsibility of the potential renter to ask if there is a fee and what that fee is.

Thank you for your time and listening to me.

Sincerely,

David Schlamm-President/Founder
City Connections Realty

My name is Dana Goldman. I work on the Leibowitz Team at Douglas Elliman and have worked with Gabe Leibowitz, for 14 years. With no health insurance or the safety net of guaranteed income—something that every legislator considering passing a bill that impacts our income and ability to support our families has themselves—we built a strong business that stemmed strongly from rentals. We've had to endure all sorts of highs and lows in a commission-only field that salaried employees will never understand. Those of us who've made it in this field have fought, clawed, learned and offered their clients services of great value, be they Landlords or clients alike.

Here are just a few of the reasons we're opposed to this flawed piece of legislation:

1. Agents earn around, on average, 50K a year in New York. We are not, as an industry, big earners. Proposing legislation that impacts our livelihood certainly implies that you think we are, and we've always understood the Democratic platform to be about making sure that income brackets are fairly treated.
2. The commissions we earn do not only go into our pockets. The company understandably takes a percentage, for many of us its half and then there are costs to do our jobs well; photography, floorplans, marketing etc that come out of our pockets too. There's the opportunity cost of the time spent on any given listing we're working on. By the time we get our check and subtract the costs of all of the above—not even factoring in the higher rate of taxes we pay as independent contractors—we are not bringing home nearly as much money as you think. There's your big reason for #1.
3. No consumer is forced to pay a broker fee. There are already countless "no fee" options for consumers who, for instance, have a good income but limited liquidity. These properties tend to be higher rent amounts to absorb the cost of the fee paid to the person showing the unit. Landlords, especially the smaller ones, who work incredibly hard to keep their tenants happy and in habitable conditions cant afford to subsidize these fees unless they raise rents.
4. Lastly, you're proposing an open-ended bill. So now a couple making 250K a year and renting a \$4,500 / month unit will benefit financially while a broker making 50K a year will suffer; similarly someone renting a \$2,000 / month apartment, who normally will make 80K+ per year **with full benefits is still benefiting from someone of lesser income**. And what about someone making a million dollars a year who now gets the joy of saving 15K to put towards a discretionary purchase while the broker representing a big deal that may rarely come their way sees their income significantly sliced?

Are those the people you're trying to help? Because if you pass this legislation, you need to own up to this and not pretend this is about tenants with financial distress. The brokers' loss of income will hurt their families and lives far more than the average consumer you're trying to help.

Once again, this is not what we believe the Democratic party stands for and I ask you to publicly own up to whom this bill helps directly or for you to pull this bill from consideration immediately.

I appreciate you listening and Gabe apologizes that he can't be here to echo my word; however as we don't get paid a dime if we don't work, and his family depends on him, he simply cannot miss the meetings on his calendar today. There's no paycheck coming if we miss a day. Can the well-intentioned members of the City Council considering this legislation say the same? Did you get paid and get your health care when you cancelled the hearing two weeks ago, or did you sacrifice them to do something outside of your line of work?

**THE
LEGAL AID
SOCIETY**

**THE LEGAL AID SOCIETY
199 Water Street, 3rd Floor
New York, NY 10038
(212) 577-3300**

**TESTIMONY BEFORE THE NEW YORK CITY COUNCIL COMMITTEES ON HOUSING
AND BUILDINGS REGARDING INTROS 1423, 1424, 1431, 1432 and 1433**

JUNE 27, 2019

Introduction

Thank you Chairperson Corney and members of the Committee on Housing and Buildings for the opportunity to provide testimony today. This testimony is submitted on behalf of The Legal Aid Society (the Society), the nation's oldest and largest not-for-profit legal services organization. The Society is more than a law firm for clients who cannot afford to pay for counsel. It is an indispensable component of the legal, social, and economic fabric of New York City – passionately advocating for low-income individuals and families across a variety of civil, criminal, and juvenile rights matters, while also fighting for legal reform. It has performed this role in city, state and federal courts since 1876. The Society's unique value is in its ability to go beyond any one case to create more equitable outcomes for individuals and broader, more powerful systemic changes for society as a whole. Through a network of borough, neighborhood, and courthouse-based offices in 26 locations in New York City, and nearly 2,000 attorneys, paralegals, social workers, investigators and support staff, along with volunteer help coordinated by the Society's *Pro Bono* program, we provide comprehensive legal services to fulfill our mission that no New Yorker should be denied access to justice because of poverty. Through three major practices — Civil, Criminal, and Juvenile Rights — the Society handles approximately 300,000 cases a year in city, state, and federal courts.

Background

The Society's Civil Practice improves the lives of low-income New Yorkers who struggle daily to buy food, pay rent, achieve or maintain self-sufficiency, and keep themselves and their children healthy and safe. The Civil Practice is able to address a broad range of legal problems, including; housing, homelessness prevention, and foreclosure prevention; family law and domestic violence; employment issues faced by low-wage workers; public assistance; Supplemental Nutrition Assistance Program (SNAP) benefits; disability-related assistance; health law; HIV/AIDS and chronic diseases; elder law; tax law for low-income workers; consumer law; education law; immigration law; community development legal assistance; and reentry and reintegration matters for formerly incarcerated clients returning to the community.

The Society has prioritized housing assistance throughout our 140-year history. The Civil Practice's Comprehensive Housing Practice is our largest practice area and comprised more than 45% of our total caseload during the last fiscal year. Through our Comprehensive Housing Practice in all five boroughs, the Society provides comprehensive anti-eviction legal services to low-income New Yorkers to prevent homelessness. Since its inception in the 1870s, The Legal Aid Society has been at the forefront of the fight to protect the most vulnerable members of New York City. Whether through long-time advocacy for the right to counsel in criminal defense or juvenile justice issues earlier in our history; or to directly address emergent or systemic issues our client communities face, the Society acts as one of New York City's first responders, protecting and enforcing the legal rights of families and individuals. Amidst all-time record homelessness, high unemployment throughout our client communities, and the ongoing and increasingly acute affordable housing shortage, New York City's low-income families and individuals are in critical need of protection.

In recognition of the myriad of challenges our clients face, The Legal Aid Society organizes our housing practice through a number of programs. Our housing practice, which is present in all five counties, offers critical legal services to prevent homelessness through direct representation of tenants facing eviction in nonpayment and holdover proceedings. We are able to help low-income New Yorkers maintain affordable housing, ensure landlords maintain habitability standards, obtain and preserve rent subsidies for clients, fight illegal rent overcharges and prevent evictions. These efforts prevent homelessness and displacement and save the City and State millions of dollars each year in averted shelter costs alone.

Enhancing Housing Outcomes

The Legal Aid Society supports the Council's efforts to provide protections for prospective renters who are at a significant disadvantage when attempting to access housing in New York City's overheated rental market in the midst of an affordability crisis that is particularly acute for low income residents and those seeking to leave shelter. These bills will go a long way towards removing some of the barriers they face and increasing accessibility to much needed permanent housing. We find particular utility in **Intro 1423** that would prohibit the collection of any fees that exceed the value of one month of rent of the property in such transaction and **Intro 1433** that would allow a tenant to spread the costs of a security deposit over several months without penalty, will go a long way towards expediting the lease up process.

Long term tenants who are evicted will face a rental market that is increasingly unaffordable to them. According to the Mayor's 2014 report entitled "Housing New York, a Five Borough, Ten Year Plan" in 2011, there were nearly one million households who earned less than 50% of Area Median Income (AMI), or less than \$41,950 for a family household of four, yet there were only 425,000 available rental units that were affordable to those households.¹ Typically, a tenant's rent is considered affordable if they are paying 30% or less of their income towards the rent; anything beyond this is considered a rent burden. Presently, the median gross rent to income ratio for rent stabilized tenants is 36.4% of their income, an increase of 1.6% since 2011. The U.S. Census Bureau's American Community Survey indicates that 90% of "extremely low income"² New Yorkers are rent burdened³ and 70 percent are "severely rent burdened," spending more than half their income on rent. For clients represented through Legal Aid's Housing Help Program, a courthouse based tenant defense program targeting some of the lowest income neighborhoods in the City, for example, the average client income is \$13,136 annually and their average rent in FY 2016 was \$1,140 per month. It is no coincidence that for the seventh straight year overall homeless levels have increased and in July 2016 there were 60,456 homeless people, including 15,156 homeless families with 23,425 homeless children, sleeping each night in the New York City municipal shelter system. Families comprise just over three-quarters of the homeless shelter population.⁴

Barriers to Housing

When searching for housing, low income tenants are disadvantaged in the rental market and face limited options. New York City is a city of renters. Rental units comprise 62.9% of NYC's available housing stock. Unfortunately, the stock of available housing is scarce. According to the most recent Housing and Vacancy Survey, the vacancy rate for all of New York City is 3.63%. This means only 79,000 of the City's 2.2 million units are available for rental. The vacancy rate ranged from a low of 2.71% in the Bronx to a high of 4.73% in Manhattan. It should come as no surprise that rental units with an asking rent of less than \$800 had a vacancy rate of just 1.15%, while those renting for at least \$2,500 had a vacancy rate of 8.74%.⁵ Furthermore, the median asking rent for a vacant unit has increased 30 percent since 2014 to \$1,875.⁶ Low income renters and those seeking to rent using a subsidy face additional challenges. Their housing prospects are limited by payment standards or program restrictions that cap the rent they contract for. As a consequence, they are relegated to certain areas.

¹ These households break out into two categories: Extremely Low Income (0-30% AMI - annually income of less than \$25,150 for a household of four) and Very Low Income (31-50% AMI or annually income between \$25,151 - \$41,950 for a household of four).

² Families who earn less than 30% of AMI

³ Defined by HUD as "families who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation and medical care.

⁴ NYC Department of Homeless Services and Human Resources Administration and NYCStat shelter census reports

⁵ New York City Rent Guidelines Board, Income and Affordability Study, April 4, 2019

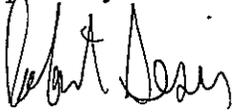
⁶ Selected Initial Findings of the 2017 New York City Housing and Vacancy Survey p.5

Many Legal Aid clients who are of low income, disabled or even elderly find difficulty accumulating the funds needed to complete the leasing process. They often need assistance. A prospective tenant is typically forced to pay an application fee and a credit check fee. If approved, they are required to produce, at a minimum, one month rent and a security deposit. Even in cases where a subsidy pays a portion of the rent, the tenant is still left with considerable costs. The Legal Aid Society routinely refers clients to charitable organizations or directly advocates for clients to receive such funds. However, against this is the reality that often times, if not every time, a vacancy will attract legions of prospective tenants vying for the same rental unit. Many owners are simply not willing to wait for these applications to be processed when they can rent to another applicant that has cash readily available. Many of our clients face illegal discrimination because they rely on a voucher/subsidy to pay the monthly rent or the security deposit. These tenants are at a tremendous disadvantage. The ability to move forward in the rental process without this hurdle will significantly enhance their prospects. Intros 1423 and 1433 are very helpful in that regard.

Conclusion

Thank you for the opportunity to testify before this committee on this important issue. We support all measures that remove barriers and ease prospective tenants' ability to access safe, habitable and affordable housing. We thank the City Council for introducing this legislation that will help vulnerable populations avoid homelessness.

Respectfully submitted,



The Legal Aid Society
Adriene Holder, Attorney in Charge
Civil Practice
Judith Goldiner, Attorney in Charge
Civil Law Reform
Robert Desir, Staff Attorney
Civil Law Reform
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MEMORANDUM IN OPPOSITION

Intro. 1424, A Local law to amend the administrative code of the city of New York, in relation to limiting rental security deposits to one month of rent

Intro. 1431, A Local Law to amend the administrative code of the city of New York, in relation to requiring the return of security deposits within 60 days of the end of the lease

Intro. 1433, A Local Law to amend the administrative code of the city of New York, in relation to providing tenants the option of paying a security deposit in six equal installments

The Rent Stabilization Association is a trade association comprised of 25,000 apartment building owners and managers who own or manage approximately one million apartments in the City of New York.

SUMMARY OF PROVISIONS: The three proposed bills address the subject of security deposits. Intro. 1424 would limit rental security deposits to one month of rent. Intro. 1431 would require the return of security deposits within 60 days of the end of the lease. Intro. 1433 would provide tenants the option of paying a security deposit in six equal installments.

REASONS FOR OPPOSITION: Each of the three bills are pre-empted by the previous action of the State Legislature when it enacted the extensive security deposit provisions set forth in the General Obligations Law, section 7-101 *et seq.* The numerous statutory provisions govern the entire range of the security deposit process, including but not limited to the requirement that deposits be held in an interest-bearing account, that the banking organization in which the deposits are held have a place of business within the State, that the owner is entitled to administrative expenses relating to such deposits on account, requirements relating to the conveyance of stabilized and non-stabilized dwelling units, and, of particular significance, the designation of the Attorney General and not local governments to compel compliance. Further, unlike, for example, the Multiple Dwelling Law, which specifically authorizes the City to enact housing standards in the Housing Maintenance Code which are stricter than the State law, the security deposit provisions of the General Obligations Law contain no such authorization.

In addition, to the extent that the three bills impact upon rent stabilized leases, they also violate the Urstadt Law. The Urstadt Law, initially enacted by the State Legislature in 1971 and amended to be even more comprehensive in its prohibitions in 2003, prohibits the City from enacting legislation which is more stringent or more restrictive than the State laws governing stabilized leases. Separate and apart from the pre-emption grounds discussed above, the mandates applicable to stabilized leases relating to the return of security deposits within 60 days, the tenant option to pay their security deposits over a six-month period and the one-month limitation security deposits would, if enacted, all be invalid because they each of the proposals violates the Urstadt Law.

The Council should bear in mind that the marketplace is already responding to the security deposit issue concerns by developing insurance-type products as a viable alternative. This alternative to security deposits reduces a tenant's financial burden by relying, instead, upon the payment of an insurance

premium over the lease term, rather than the payment of a full security deposit at the time of lease commencement. This approach makes housing more affordable for all tenants, particularly low- and moderate-income tenants, while providing owners the security they need to protect their property without the administrative burdens related to the maintenance of security deposit accounts.

For the foregoing reasons, RSA urges the disapproval of Intro. 1424, Intro. 1431 and Intro. 1434.

Introduction 1424

Dear hearings committee,

Please find my comments on [Introduction 1424](#), which would limit security deposits to one month's rent below.

I support the proposed legislation that would prevent landlords from requiring more than one month's rent as a security deposit from their tenants. I say this as both a renter and a landlord in New York City. I have been here for 13 years. I own a condo in the Financial District that was my primary residence for 7 years. I now use the condo as a rental unit. I only asked my tenant for one month's rent as a security deposit. After going through her financials and interviewing her, I think this is a fair practice.

I now rent an apartment in Stuytown with my partner and a roommate. As a renter, I know that rents are high enough in this city. We can make it easier for people to get housing if we legislate limits on security deposits. It's 2019, there are plenty of ways to get data about potential tenants to assess their trustworthiness without having to charge them exorbitant security deposits. I would know. I'm a designer working in technology. I've designed digital trust systems. It's possible. (Happy to elaborate, but I didn't want to get into the weeds of potential technical solutions)

It's time we update our city's rental regulations to ensure more New Yorkers access to housing. There are smarter ways to go than charging two month's rent in security deposits.

Lee-Sean Huang

Cofounder & Creative Director, Foossa LLC

545 East 14th Street

New York, NY 10009

[Lee-Sean Huang](#)

[Get to know me in 30 seconds \(video, bio, and links\)](#)

Intro 1423

I am trying to understand why the City Council is interfering in the commission structure of rentals, in an otherwise completely capitalist city/state/county.

If the concern is housing affordability, then targeting the commissions is not the solution.

Further, why just this specific part of this specific industry? It is unreasonable and inconceivable that this action actually benefits the marketplace and puts us on a slippery slope to the City Council believing they are the arbiters of the cost of all hired services in NYC.

I cannot express how vehemently I oppose this cap and the City Council's desire to insert itself into an otherwise free market.

Andrew Fishkind
Registered Voter and Real Estate Salesperson
520 W 23 ST
New York, NY 10011

Testimony re Intro 1423

I am a lifelong New York City resident, currently residing in Carroll Gardens, and a licensed associate real estate broker with CitiHabitats.

Intro 1423 is misguided; it will hurt those seeking to find rental apartments, and make the already complex NYC rental market even more muddled and inefficient. This, in turn, will both increase rental prices and diminish the stock and quality of NYC rental housing.

Under the current co-brokerage system in which brokers and agents representing the landlord agree to split the commission with brokers and agents representing apartment seekers, tenants have agents of their own who are duty bound to represent their interests, negotiate for them, explain their rights, in addition to finding and suggesting apartments to show them. This expands the breadth and scope of available apartments made known to prospective renters, thereby making the marketplace more fluid.

In this co-brokerage system, with two sets of agents and brokerages working and representing the two sides of the transaction, rental fees that compensate both sets of representation are not fixed and are subject to market forces. Sometimes 15%, sometimes 12%, sometimes 10% or less. Sometimes, to make their property more attractive, the landlord elects to pay their broker's fee themselves and let the tenant's agent, if there is one, collect their own fee from the tenant.

As originally drafted, Intro 1423 capped total rental brokerage fees at one month's rent, absolutely. Possibly as a result of arguments that this would preclude the co-brokerage system since there would be no share of the fee to compensate the tenant's brokerage/agent, this proposal was modified in February to allow tenants to pay an additional fee to their own agents, if they chose to use one, after paying the one-month fee to the landlord's broker. This modified proposal will still effectively kill the co-brokerage system, since few if any prospective tenants will elect to pay a second month's fee to their own broker after first paying a one-month fee to the landlord's agent. Since the landlord's agent is required by law to be fair and honest but represent the interests of the landlord, this will work to the detriment of renters and decrease the fluidity of the marketplace.

Under the current system tenants can find apartments that require a 15% fee, a 12% fee, a 10% fee, or a one month fee to their own agent, or no fee at all because the landlord will pay their agent. And they can instruct their own agent to find only apartments in one of those categories for them. There is no important purpose served, and no need for, the destructive intrusion into the marketplace of Intro 1423.

In addition, though 99% of my business as an associate real estate broker is in sales, many of my colleagues are rental agents and Intro 1423 would harm the livelihood of these many hard-working New York City residents (and tenants) significantly, since more than half of their work is now representing tenants and helping them find homes.

Please contact me if I can provide any further information.



Jay Molishever
312 President St.
Brooklyn, NY 11231

Associate Broker

CitiHabitats

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387 Park Avenue South – 4th Floor

New York, NY 10016

Mobile: 917 538 4516 (preferred)

Office: 646 484 7885

Efax: 917 262 7306

Jmolishever@CitiHabitats.com

I always strive to cause your friends to thank you for referring me

Dear Council Members,

I have been working as a real estate agent and I love it but it is one heck of a hard business. For the last 12 years I have worked almost every weekend and often put in 80 hour plus weeks. Top that off working on commission only which can compound the stress. There are times when I worked for 90 days straight and ended up not making a dime. We have no guarantees: no salary, no health insurance, no sick days and no retirement. Nothing.

Furthermore most of us have to split 50% of our commission with out sponsor broker and then another 50% with a co-broker. So out of most commissions the agent themself only receive 25%!

Now many people may get their idea of million dollar real estate brokers off of the TV but most of us are simply hardworking middle class people with an average pay range of only \$20,000 to \$50,000. The job is so hard that we have one of the highest turn over rates in any industry.

Passing this provision would cause great financial hardship to thousands of agents and force those of us who are not million dollar brokers into other industries and that is not just not fair or in line with the principles of a free market.

I worked over a decade to get where I am an this is an attack on my job, my career and my family. It is a misguided attempt to single out our business. I don't see anyone trying to put caps on exorbitant lawyers fees so how dare you try do this only to us. If you want to cap fees then why not every industry in the city?

Sincerely,

Keith Knight

Keith Knight

THE KNIGHT TEAM

Licensed Real Estate Salesperson

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Realtors Commissions

Why doesn't the Council members take a cut in their pay? We don't go home with a paycheck every week. Realtors have to hustle for every dime they earn, and with approximately 3000 of us just in Brooklyn competition for each dime is difficult.

If this bill should even come to a vote I will see to it that any Council Person who votes for will never be elected again.

As I said, 3000 of us.

Robert Seidenberg
Lic. R. E. Salesperson

bobsbklynrealestate@gmail.com

**TESTIMONY OF THE BUILDING INDUSTRY ASSOCIATION OF NEW YORK CITY AND THE QUEENS & BRONX BUILDING ASSOCIATION
JUNE 27, 2019**

Good afternoon. My name is Robert Altman and I am the legislative consultant to the Queens & Bronx Building Association and the Building Industry Association of New York City. I am here today to testify about the problems with each bill on the agenda today. In general, many of these bills ignore economic reality and all too often assume every tenant is a solid citizen. If only the Landlords could ignore economics and unfortunately not every tenant is a model citizen. Unfortunately, much of what the Council proposes has already been passed by the State, but I would implore the City not to compound bad ideas. The testimony provided is drafted as if the State laws had not changed.

We oppose Intro. 423-A. We understand the intent, but in certain instances, a fee of greater than one month's rent may be necessary, even if rare.

Intro. 424 is also problematic. While it may mirror recent State legislation by limiting security deposits to one month's rent, all that will ultimately do is make it more difficult for younger renters or first-time renters to find units in non-rent stabilized buildings if they do not have a guarantor. Also why should a landlord rent to someone who has a history of not paying rent or destroying a building without requiring a larger deposit? A larger security deposit could protect the landlord and benefit the tenant with a bad reputation because without a larger deposit, there is little reason to rent to such a person. And there is no carve-out for bad renters. The Council should not assume that everyone renting has good track record of paying their rent on time or not damaging apartments. Small property owners rely on rental income as their livelihood and have their own financial commitments to keep as far as their own mortgages, tax bills, utility bills etc. One bad tenant can ruin a small building, and a few bad tenants can ruin a medium or even a large building.

Intro. 1431 is also problematic. Not so much in the requirement, but in the time span. After inspection and getting estimates to do repairs for damage caused by the Tenant it may take longer than 14 days to determine any issues and the cost. May we suggest thirty days, which should be sufficient time. Also, the Council should eliminate the commercial portion of this. A large commercial space may take longer to determine the repair costs. Moreover, this should be negotiated in a commercial lease.

Intro. 1432 is confusing. What exactly does the bill request be itemized? If there is a processing fee for work incurred by the Landlord is that allowable? Are there categories the Council intends to disallow in the future? Given the limitations in the State law, this is somewhat moot.

With respect to Intro. 1433, which allows the security deposit to be paid in installments, the simple question is what happens if a Tenant defaults in rental payment very quickly? Security deposits are meant to protect the landlord and that protection starts on DAY ONE. But since this is a Council concept, may I suggest the following: the Council funds a security deposit program where the tenant pays back the City instead after the City makes the security deposit. This results in a government mandate actually being funded by the government that makes that

**TESTIMONY OF THE BUILDING INDUSTRY ASSOCIATION OF NEW
YORK CITY AND THE QUEENS & BRONX BUILDING ASSOCIATION
JUNE 27, 2019**

mandate. Otherwise, the Council is simply mandating that the building owner take the risk and that is not fair.

On Intro. 1499, the language is not well written. Particular the first section, it seems to indicate that the requestor is charging the applicant for information the applicant provides. Also if the applicant is requesting a copy of a report, he or she should be paying for such report. Some may see this as akin to appraisal reports for the purchase and sale of real estate, but in reality the purchaser pays for the appraisal in its commitment fee to the bank.

In the end, who suffers from good intentions gone astray. When there is a bad tenant, it is not just the landlord but the other tenants as well, because if the landlord does not have the funds from a bad tenant or two not paying, the boiler does not get fixed, or the elevator repair is delayed a day or so, or necessary maintenance is deferred. A lot of these bills take away protections that allows the landlord to protect its building against bad tenants. As I have said in the past, a legislature can change a lot of laws, but it cannot change the laws of economics.

City Council Hearing
Residential Commission hearing

Corey,

I am a 64-year-old residential rental listings agent. For 14 years I have worked hard to establish relationships with my rental landlords in Manhattan to the point where I can make my living.

I can't run around with clients, they have to come to me. This is because my knee replacement and spinal stenosis surgeries together with general aging issues, restrict my mobility.

And now this proposal threatens to undo years of hard work building up my listings business.

My income is already under attack from many sides before this proposal.

The cost of having a rental listing on the most popular rental web site, StreetEasy is now \$4.50 per day per listing. It used to be free as recently as 2 years ago. It is also likely to increase.

One recent \$12,000 pmth 3 bedroom listing month I had on the Upper East Side required 100 plus showings over a period of 5 months from October 2018 to April 2019. I live in Hell's Kitchen so just getting there using taxis or Uber on days when I couldn't take public transport because of my knee cost me up to \$50 per day.

I am self-employed with limited retirement income so I am frantically trying to save as much money for my retirement as possible.

A junior agent age who just started work yesterday can charge a 15% of first year's rent as their rental commission. Under this proposal I will be penalized by being only able to charge a one month fee.

This proposal discriminates against me both as a Senior and as a listing agent.

John Tarjavaara
Maz Group NY
Ph: 917-805-3180
johnt@mazgroupny.com

Housing and Building Hearing - Thursday 6/25

Dear Mr. Corey Johnson,

I am writing you this e-mail to express my extreme concern related to Thursday's hearing - regarding among other things, - the capping brokerage fees.

I ask that you please carefully consider and weigh how in fact this proposal will adversely affect many people who have put their trust in you.

I own a small real estate brokerage firm in the Hell's Kitchen district named Gold & Appel Realty.

We have been in business for almost 10 years.

During this time we have extensively worked with the community placing college students to senior citizens in their new rental homes while ensuring compliance with the Fair Housing Act. We are happy to let you speak to our clients. We work very hard and expend and dedicate many hours to each client.

Many times even without a deal coming to completion and no monetary compensation at all.

In turn, the company has provided a living wage to our hard working employees.

Many who have not had the opportunity to attend higher education and some who now are faced with paying off their college loans.

We have been able to provide health insurance and generally act as a safety net for those employees who are among the most vulnerable.

The new proposal will be devastating to our small business.

It will with absolute certainty result in our employees losing their positions and quite possibly our firm closing its doors. These employees will have a very difficult time transitioning to new employment - given layoffs will be industry wide. We urge you to check the data on this.

This law which I understand is supposed to "protect" the renters will result in actually the opposite.

The state rent regulations which were passed last week already protect the best interests of our clients and renters in NYC and throughout the State. We urge you to check the regulations that were passed.

This proposal before the council will eventually wipe out all of the small businesses and create a mega company such as Zillow controlling the entire real estate. As you are aware, Zillow is a web platform which does not hire real estate agents and provide jobs in NYC. We urge you to look into the special interests/contributions. Now, not after the industry is divided and conquered.

On a personal note, I would like to share with you some of my very personal information as well - because, this proposal is very personal to me, my family and my employees.

I am a married gay man with 3 young children (under the age of 5).

Among all the issues I had to overcome, financially, it was extremely difficult for my husband and myself to create a family.

This proposal shakes our world. It jeopardizes our entire income and our families health insurance. I too will have an extremely difficult time transitioning to new employment in my 50's.

I feel as a real estate broker I am being unjustly singled out.

No other profession is being affected.

Not doctors, insurance brokers, retail salespeople- only residential real estate brokers.

I have lead a just and moral existence. I am a law abiding citizen, I pay my taxes and I contribute to society .

I did **NOT** create a circumstance by my actions which basically causes my income as well as my children's' health insurance to be terminated.

It is the city council who is proposing to do this and for the life of me I do not understand why or how once again I have become a second class citizen.

I am but one story out of tens of thousands this proposal will affect.

I ask you not to support this proposal which will have a devastating effect on thousands in our community.

As a member of the community, I ask that you please respond to me.

Best regards,

Shai Colodner
Gold & Appel Realty
Licensed Real Estate Broker



435 West 43 Street
New York, NY 10036
info@goldandappel.org
Office (888) 666-2787
Fax (917) 261-5474
e-mail: shai@goldandappel.org

Realtors Commissions

This is a Free Market Economy. Retail products, drugs, etc., are sold at whatever the market will bear. Realtors do the same, ask for commissions that are fair and represent the work and knowledge that's put into the transaction.

Ask the drug companies to lower the costs of their products, look at their resistance to doing so.

bobsbklynrealestate@gmail.com

My testimony

(I am attending but just in case I don't get to give my testimony)

City Council Members :

I am 67 years old and have worked in the real estate industry for 18 years. I support my family which consists of my husband who is not well. I was also able to provide my son with a great education, he graduated from Saint Francis Prep and Saint John's University, both right here in New York City. My life is not a TV show like Million Dollar listing. I travel up and down more subway stairs and building stairs than the most people could even handle, and at twice their age.

I believe I perform a service and I don't charge the same broker fee each time. A client that I spent less time on I will most likely charge only a one month fee, but others I charge 15% because I feel it is justified in many cases.

For example:

- Someone who wants to see 30 apartments over several weeks.
- Someone with unusual circumstances that may not be approved by most landlords, and I will find one who will work with them. My experience and relationships with landlords and management companies are part of what I can offer.
- Someone with bad credit, or no credit.
- Someone wanting to rent sight unseen because they are not in NY. This means I travel around videoing and taking pictures for them, handle the approval process, prepare the lease, send the lease to them, handle certified funds, arrange move in, key pick up and even movers from state to state or from out of the country.
- Someone between jobs, or a new hire.
- International students
- ALSO IN CERTAIN CASES I CAN GET A LANDLORD TO TAKE ADDITIONAL SECURITY IN ORDER TO BE APPROVED FOR AN APARTMENT, THIS OPTION WOULD ALSO BE TAKEN AWAY IF YOU CONTROL THE SECURITY FEES.

How can you control what is charged for a service. Can you tell other service industries the same? How much they can charge for a hair cut or to get their plumbing fixed?

Landlords do not pay us to rent their apartment, nor do they pay for advertising which sometimes can cost me more per month than I earn.

No one is forced to use a broker, it is their choice. Many times I can find them a no fee apartment plus get them a free month rent.

I don't know who came up with this bright idea or led you down this path, but time to turn around now and be a leader not a follower.

Thank you for your time,

Candy Galas

Thank you,
Candy

Candy Galas | Associate Broker

CITI HABITATS

130 East 59th Street, 12th Flr | New York, NY 10022

C 917.361.9110 | P 212.794.1133 | eFax 917.262.7137

www.citihabitats.com



I oppose Intro 1423

Dear Mr. Johnson,

I don't think it is fair to regulate broker fees. There is so much behind the scene work we do, we don't just open the door and collect the fee. On top of that, we pay hefty taxes on any fees we collect (including the self-employment tax).

We are operating in a free market, the consumer can decide if they want to pay them and how much they want/can pay. We negotiate – fees are not set in stone.

I myself as a broker paid a broker fee when I was moving and I incorporated that into my budget. I went to see more expensive no fee apartments and cheaper fee apartments (I would prorate the fee into my rent calculation).

Thank you,

Tena Bugarin

Associate Broker

Office of Cathy Taub

Sotheby's International Realty

38 E 61st Street, New York, NY 10065

O: 212-606-7635

M: 917-456-7420

F: 212-909-8172

My Testimony of trying to get a apartment in NYC

Good Morning,

My name is Nailah Abdul-Mubdi from Brooklyn, NY. I've been actively looking for a home for myself and 2 children for a year now, the reason why I haven't found a home yet its because of fees that brokers/landlords require to move in or view an apartment. I've been ask to pay 1 months and 3 months in a security deposit to move in or sometimes to pay 1 months rent that covers the application fee and view the apartment- to find out the apartment has been rented.

I love my city however as of lately I've been feeling hopeless and disappointed in my housing search because this is what stopping me from getting my new home. There should me only one standard on how a potential tenant should move into an apartment, and not giving the opportunity to let Real Estate brokers/ Landlords being able to choose how to pay to move to an apartment. This issue is keeping people in shelters for longer than anticipated, keeping people in their apartments that are living in infestation, and people that are trying to move due to safety issue or those who just can't afford it. Please help us in making the moving cost more financially convenient. Thank You

nailahabdulm@yahoo.com

Elbert Copeland (ACE) Testimony for Housing and Buildings Committee – June 27th, 2019

Good afternoon Council Members, my name is Elbert Copeland. Thank you for letting me share my experience with you today.

From my experience, renting and looking for an apartment can be a serious headache. For almost two years, from 2014 to 2015, I lived in a city shelter. It was a humbling experience. After struggling to find a job, a counselor at the shelter referred me to ACE Programs for the homeless. In several months at ACE, I was able to land a full-time job. After getting a full-time job it took me 4 months of commuting to work from the shelter before I was able to rent and move into a single room in someone else's apartment.

I have been working full-time since 2015 and to this day, I am not in my own apartment. I search for apartments on websites like street easy. They ask for 2 months rent, security deposit, and a broker's fee. Bottom line, you shouldn't have to give almost 7000 to move into an apartment. On top of that, next month's rent is less than 30 days away. It can add up to almost 10,000 in 3 months. Then when hand over your hard earned money, in many cases, the landlord doesn't respond to your requests to fix problems like leaks or rodents. My monthly expenses include rent, groceries, metro cards, phone bills, and providing for my two children, and the bottom line is that it doesn't leave enough to pay the up front costs of moving into an apartment.

I am fortunate to be employed now, full-time, as a supervisor at ACE. I supervise and work alongside dozens of men and women who are currently living in shelters and treatment programs and are facing the same problem of not being able to save up enough to pay our current expenses and move into our own apartment.

I want to move into an apartment, I want to have my family over, I want to be a good neighbor, and so do the men and women I work with and supervise. Many of us have enough to pay the rent, but not enough to pay 4 or 5 times the rent, when the next month's rent is right behind.

Thank you.

Today's hearing.... Please read aloud !!

It's a disgrace that Keith, lack of ,powers can submit a bill when he clearly knows very little about the real world of real estate works.... What a fool

Him and no show Rivera should be ashamed of themselves.... Especially after the council approved a raise for themselves in 2016 \$10,000 ABOVE what an Independent board said they pay should be... What a joke !

Please read these out loud at today's meeting as I had to leave early as I waited there all day !
I submitted my name to speak

Steve Merlesena

Green Line Realty

President

914-815-5062

GreenLineRealtyNYC.com

Members of the NYC City Council and ordinance 1423 sponsors: a little information about the industry you're trying to regulate!

Members of the NYC City Council:

As one of the many attendees of Tuesday's council meeting voicing opposition to the proposed 1423 bill limiting brokers' rental commission, I was struck by how little the state representatives - and apparently more than one council member - actually understand about my industry, especially in light of the fact that they are attempting to regulate it! The stock answer from the young woman from the state housing authority when questioned about how "broker commissions are set by the state," repeatedly answered that she would have "to get back to you on that question." Quick Tip: The state *doesn't* set commissions for a broker - the market does! Every commission is negotiable, and none are set in stone. Any broker who's client or "customer" (there is a legal difference between the two terms) balks at paying a commission would be well advised to talk to his seller, or landlord, about reducing same, especially in this two-year tenant's market, or that tenant will go somewhere else.

Many of my colleagues have already spoken eloquently and passionately about how difficult it is to make a living in our industry for the vast majority of agents in NYC. I'll add my two cents with this quick tutorial, below, from a Newsletter I put out a few months ago on social media. Basically, it gives you an idea of what it takes to become a member of our industry, and how difficult it can be to survive in it!

Thanks,
NdS



NICHOLAS DE SEVE

LICENSED ASSOCIATE REAL ESTATE BROKER

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Opposition to 1423-A - Brokers Are Tenants Too

Dear Mr. Johnson,

I am writing to you in the hopes that you will listen to a member of the real estate community and hear our side of the story. While I believe that the spirit of 1423-A is good (to make housing in New York more affordable), I do not believe that undermining the livelihoods of thousands, who work *tirelessly* (often 7 days a week) to earn a living, is the right way to achieve that goal.

My firm, Next Step Realty, works almost exclusively with tenants. In our nearly 10 year existence, we have forged partnerships with some of the top corporations in finance, law, tech and consulting in New York to place their employees relocating to or within the city. It is with great pride and an immense amount of hard work that we have created this little niche for ourselves. The passing of 1423-A would be utterly debilitating to us as a firm (and to the industry), as it would bring about the end of co-brokers (when two brokerages are involved in the transaction, and split the commission). We would be handicapped as professionals, as New Yorkers, and as renters. #brokersaretenantstoo

In the broader sense, 1423-A would effectively cut rental agents' compensation by over 40%. As small business owners, agents have many expenses, including marketing and insurance/healthcare costs, plus state-mandated paid continuing education requirements and licensing fees. These costs continue to climb year-after-year. In addition, most agents are affected by rising rents, just like every New Yorker who leases their home. Capping rental agents' income potential will only serve to make our goals - both in business and in life - exponentially harder to attain.

Real estate brokerages employ dozens of support staff - receptionists, administrative assistants, marketing specialists, I.T. help desk technicians and listings database personnel. All of these working people's salaries are dependent upon company revenue generated by fees collected by agents. Passing this bill has the potential to negatively impact many city residents beyond the agents themselves.

Our local rental market is fast and competitive. For many, the help of a real estate professional is essential in the moving process. Agents often fight for lower rents in support of clients, and help landlords understand fair asking prices for their

available units. Frequently, the rent savings over the lease term - as negotiated by the agent - far exceed any brokerage fees paid. Here are some client reviews that I hope serve to highlight the need for a real estate agent:

"My roommate and I had a great experience with Sarah! She was very attentive and made sure to reach out to us regularly through phone, text and email to clarify everything and keep us up to date on our appointment and apartment search details. Sarah helped us find a fantastic apartment for a phenomenal price, and we are so thankful that Sarah and Next Step helped us save so much time and avoid any stress throughout the entire process." - Hellman 6/22/2019

"Going with Next Step Realty could not have been a better choice. From the moment we came in contact with them they communicated everything in a highly transparent manner. With the NY markets being so saturated and complex, Next Step is the perfect solution to find a place within your budget and location preferences. Shout out to Sarah for helping us through it all!!" - Petty 6/11/19

"Sarah Minton was an absolute pleasure to work with--not only did she listen carefully to our requirements and prepare an extremely comprehensive set of listings for us to view during our appointment, but she also made the whole process feel seamless and fun, which is saying a lot for anyone familiar with how stressful and difficult it can be to find an apartment in NYC. My roommate and I now live in our dream apartment because of Sarah, and we can't recommend her enough!" - Fydrych 6/10/19

"Sarah Minton made the whole process extremely straightforward. She accommodated every need and made an extremely complex and complicated search into something easy and enjoyable. Would definitely recommend using Next Step to find your next apartment in the city!" - Torres 6/5/19

"Sarah Minton made my apartment search process a breeze. She was always quick to respond over phone/text/email and put together a great list of apartments to tour - the only difficult part was picking a single place. Would highly recommend Sarah to anyone looking for a new apartment!" - Spurrell 05/20/2019

1423-A serves to scapegoat our profession. Land and construction costs, taxes, insurance, operating expenses, etc., all play a far greater role in the issue of housing affordability, not to mention the low vacancy rate, than do brokers' fees.

I urge the City Council to reconsider this unfair proposal - and instead tackle the housing affordability crisis with meaningful legislation that makes sense. The livelihoods of thousands of middle-class New Yorkers hang in the balance.

Thank you for your time,

Sarah

--



Next Step Realty

Sarah Minton | Licensed Real Estate Salesperson

The Next Step Realty New York

555 Hudson Street | New York, NY 10014

Phone: +1 646.568.1311

Mobile: +1 617.771.7404

E-Fax: +1 646.349.5154

sarah@nextstepny.com

www.thenextsteprealty.com

Testimony of Thomas Zielinski RE: proposal to eliminate broker fees

Members of the Council, I thank you for providing me the opportunity to speak to you today on the subject of the burdens New Yorker's face when it involves housing, speciality renting an apartment .

I made the decision in late 2008 to make a long desired move to NYC. Not knowing the city as well as I would have liked, my best friend who was already living here recommend a good acquaintance of his who was a real estate agent with over 20 years experience. I spent the first few months of 2009 flying back and forth between my home in Detroit and NYC looking at apartments. Very quickly, I got a good education in what was involved in renting an apartment in this city. And that as I did not have an established network to rely on for help with housing, working with a real estate agent was the best option.

Fortunately for me, NYC was in a crisis in 2009 from the economic recession. I found that there were a plethora of apartments available for rent and that many of the larger buildings were offering excellent incentives to lure new tenants. Right up until the signing of the documents to secure my first apartment, I was under the impression that the landlords were the ones who were compensating the real estate for their work in securing a tenant. It wasn't until after everything was approved that I learned from the real estate agent that, in addition to getting myself some nice incentives for signing the lease, the management company was also paying her fee. In Michigan and I assume the majority of the US, it is the landlord and not the renter that pays any form of commission. When I left for NYC, Michigan was also in a deep economic crisis. As I did not want to be a long distance landlord myself, I listed my house for sale. My house remained on the market for close to 6 months and the only offer I received was below my mortgage which would have left me underwater on the loan and I would have to come to closing with money to make up the difference. As I could not afford to pay both my rent in NYC and my mortgage in Michigan, I was forced to become a landlord. And as what is normal, when my real estate agent found a suitable tenant, I had to pay him a fee for his work. However, the main difference was that I did not have to pay my landlord either a percentage of the annual rent or the cost of one month's rental for his broker fee. I do not remember exactly what I paid, but it was no more than a few hundred dollars.

As NYC began to recover economically, the rents started to increase and the incentives began to disappear. I was able to remain another year in my apartment because I negotiated with the management company a slightly lower increase and also got them to throw in a month's free rent and complimentary fitness club access. However, by 2011 the proposed rent increase was excessive and the incentives were gone. So my roommate and I made the decision to find a less costly place to live.

My second move kept me in the same general area, but I had to downsize significantly. This time I was not dealing with a large leasing company, but an individual owner in a condo

building. I found the apartment on line, without the help of a real estate agent. But the condo owner was forced into using the designated broker for the building whether he was going to sublet his unit or sell it. The agent was not the most friendly guy and because I did not have complete trust in him, I asked my former agent (and now friend) if she would represent me in the negotiations

Because I and my roommate were such good prospective tenants and the owner wanted to rent to people who he could trust, he agreed to cover the broker fees - which were split between my agent and the one he was forced to use. However, he could have easily asked us to pay.

My third move came in another 2 years. At this point I was let go from my corporate job and I was working as a waiter in a fine dining restaurant. My new, lower income level could not support the rent that the current landlord was asking for renewal. My former broker had moved exclusively to sales and no longer was representing anyone in the rental market. I decided to go it alone and try to find housing on my own. I had lived in NYC over 4 years now and felt I had a fairly good lay of the land and could find something ' fee free.' What I experienced shortly into my search was the typical ' bait and switch'. The fee free apartment I was interested in was no longer available but there were several other ' for fee ' apartments that the broker was happy to show me. I went through this 3-4 times and it was frustrating. Luckily I had found an agent who I trusted and felt respected me and while he worked to find me housing in one part of the city, through a high school friend I found someone who was breaking a lease in Brooklyn and needed to find a responsible person to take over the space. This landlord was willing to for go the usual broker because it was his building and the current tenant was taking on the responsibility of sourcing tenants.

As luck would have it, the agent in Manhattan found me an apartment at basically the same time. So I went from having no place to live to having 2 places that were more or less perfect for my price and what I was wanting. The biggest difference, the Manhattan apartment had a fee. I weighed the pros and cons of each place and decided that I was more comfortable with the Manhattan apartment then the one in Brooklyn. The agent in Manhattan assured me he would work with me on the broker fee because the landlord was asking for 15% of the annual rent, an astronomical amount. The only hitch? The apartment was not his exclusive listing, it was with another agent in his office. Well, the other agent wasn't having any discussion at all regarding reducing her fee. She was willing to let me walk away rather than accept one penny less. (In hindsight I should have taken this as a warning and taken the Brooklyn listing). I tried and tried to negotiate but it was to no avail. My agent had told me initially that if she would come down on her fee, he would match it. Fortunately for me, he was a good guy and took 3% off his fee as he felt bad for me that the other person wouldn't budge.

I enjoyed over 3 years at that apartment, but again , the annual increases in rent were becoming unacceptable. So, I had to move once again.

I am now in my 4th apartment in 11 years. To move in here I had to pay a broker fee of 1 month's rent, first month's rent, last month's rent, a one month security deposit and, because I am helping to care for my mother who has Alzheimer's dementia and I am not working full time, the landlord asked for an additional 4 months rent up front. To add insult to injury, when I mentioned to the landlord that as I was job hunting and there might be a possibility that I could move out of state before the end of the lease, he went back and revised my lease asking for an additional month rent making it now 5 month's rent up front.

In the middle of negotiating a renewal lease, the landlord decided to pull the lease back and gave me a 30 days notice to vacate. I am not expected to leave by July 7. I am not fully employed still. And if the terms of my previous lease were every indication, I will be facing another potential outlaw of monies of over \$18,000, not including the mover.

Had I been forced to pay all the brokers fees from my 4 moves, it would total close to \$20,000.

We are all aware of the exorbitant costs of living in NYC. More than half of all apartments in NYC are free market and have few protections for tenants. Is limiting the broker fee for a market rate apartment to one month of rent a solution to reduce the costs renters face? It is a step in the right direction, but not the best solution. Real estate agents work solely on commission. So the income they receive from their fees is their salary. I know of many agents in the rental industry who have to work second jobs to make ends meet. Particularly those handling apartments who rent for under \$3,000 per month. By capping fees, you are creating an income crisis for the agents.

If we are truly serious about addressing affordability then we need a multi-pronged approach.

1. Shifting the responsibility back to the landlords for agent commissions
2. Preventing landlords from asking no more than the cost of 1 month rent as a security deposit.
3. Ensuring tenants are guaranteed a lease renewal (provided that there are no arrears and no significant issues with the tenant)
4. Capping increases to either the cost of inflation or no more than 4% per year on renewals.
5. Getting rid of the dreaded renters ' black list ' from having to go to housing court no matter what the issue. And ensuring that landlords are not using such lists to deny leases to otherwise good tenants.
6. Ensuring that renters have the right to a 2 year lease extension provided the terms are reasonable.
7. Providing more protections for market rate tenants against aggressive landlords and threats of eviction.

Personally, capping rent increases on market rate apartments would be the most effective. People who are able to afford more than \$3,500/month for an apartment do not have the same financial burdens as those whose limits are much less. And it is the lower income residents who are the most vulnerable when renting a market rate apartment.

I thank you for your time.

worldtraveller2001@hotmail.com



Metropolitan Council on Housing

168 Canal Street, 6th Floor, New York, NY 10013 | Hotline: 212-979-0611 | Main Office: 212-979-6238

June 27, 2019

Ava Farkas

Executive Director, Met Council on Housing

Testimony before the NYC Council Committee on Housing in support of Introduction 1423A, Introduction 1424 , Introduction 1433, Introduction 1431A, Introduction 1432

Good Afternoon, I want to start off by thanking the city council for inviting me to testify at this hearing today especially Council Members Powers and Rivera for sponsoring these bills to bring relief to all tenants in NYC.

I also want to thank the Speaker who brought the City Council's voice to Albany for the rent law fight and helped us win the historic package of tenant protections that just passed two weeks ago.

I am proud to day that after decades of organizing, we are finally making major strides in addressing the housing crisis in our city. Albany passed a landmark set of tenant protections that will no longer sunset. It will change the real estate business model where profits have been tied to deregulation and forcing tenants out of their homes.

But as we saw during the recent Rent Guidelines Board vote - rent affordability remains a critical issue that only the city has the power to address.

Right now, in our city it is extremely hard to move and find an affordable rent. When you add to that exorbitant broker's fees the cost to move becomes prohibitive.

We know the affordability crisis is especially acute for the 20% of New York families considered extremely low income and making under 25,000 a year - an affordable rent for them would be \$687 a month. Just to see what's available for low income renters right now, I went on Street Easy this morning. I did a search for no-fee apartments in any borough renting for 1,000 and found zero results (there were a whopping 3 when I included fees). And I only found 12 apartments renting for less than \$1,500 without a fee and 120 with a fee. This is the current rental market we are in.

My coworker recently had to move to a new apartment with her roommates. In their last apartment they had felt tricked into paying 2 months rent in fees. First the agent told them it



Metropolitan Council on Housing

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would be one months rent and then at the lease signing they were told they had to pay 2 months or they would lose the apartment. This time they were able to find an apartment without fees but it took a lot of work - one unit they almost rented would have had fees of \$6,000

A colleague of mine who used to work as a broker could be here today but asked me to read some of the testimony she prepared. She said “brokers work for the landlord not for the tenants. Whatever the landlords want, that's what the brokers or real estate agents do. Landlords would describe the type of tenant they would rent to and which they would not. And many times if not most of the time landlords would ask agents to not even show apartments to tenants with Section 8 vouchers. There is a lot of discrimination in this business and even though the agent/broker works for the landlord, the tenant is the one paying the Agent. That's not fair.”

“Before it used to be the landlord paying the agents, then it changed to tenants paying sometimes a 1 month rent fee, when I stopped working as an agent we were charging up 15% of the annual rent for this fee. The law shouldn't even be about reducing the fee, it should be about landlord's paying it and not the tenants.”

Met Council on Housing is here to ask the City Council to pass this package of bills. They are more than fair to brokers who will still make a decent income at Tenant's expense when they should ultimately be paid by the landlords they work for. The bill has already been written to apply only to brokers working for landlords.

NYS law prohibits merchants from taking unfair advantage of consumers by selling goods or services for an "unconscionably excessive price" during an "abnormal disruption of the market," like Hurricane Sandy. We are in a housing emergency and it should be illegal to price gouge tenants with inflated fees.

THE COUNCIL
THE CITY OF NEW YORK



1423
Appearance Card

[Empty box]

I intend to appear and speak on Int. No. 1423 Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)
Name: Gary Malinetzberg

Address: _____

I represent: Cit Habitats Realty

Address: _____

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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I intend to appear and speak on Int. No. 1423 Res. No. _____
 in favor in opposition

Date: 6/27/19

(PLEASE PRINT)
Name: Heather Madonni Domi

Address: 4510 Washington St #4C

I represent: Agents, COMPASS + NYRE

Address: 110 FIFTH AVE

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THE CITY OF NEW YORK

Appearance Card

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I intend to appear and speak on Int. No. 1423 Res. No. _____
 in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)
Name: DAVID LEGAZ

Address: NYS ASSOC. OF REALTORS (NYSAR)

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____
 in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: MELISSA COMEZ

Address: NYS ASSOC OF REALTORS (NYSAR)

I represent: _____

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____
 in favor in opposition

Date: 1423

(PLEASE PRINT)

Name: Sarah Saltzberg Wagner

Address: _____

I represent: Bohemia Realty New York

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423/123 Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Donald Wagner of New York

Address: _____

I represent: BOARD NEW YORK

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)
Name: FRANK RIZZO

Address: NYS ASSOC OF REALTORS (NYSAR)

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)
Name: IRENE GUANTILL

Address: NYS ASSOC. OF REALTORS (NYSAR)

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)
Name: MARCIA CLARKE

Address: NYS ASSOC OF REALTORS (NYSAR)

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK

Appearance Card

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in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: CHRISTINA Leigh STEVENS

Address: NYS ASSOC OF REACTORS (NYSAR)

I represent: _____

Address: _____

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THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: Angelo PAPPALARDO

Address: NYS ASSOC OF REACTORS (NYSAR)

I represent: _____

Address: _____

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THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: MAURICE Owen-Nichanne

Address: NYS ASSOC OF REACTORS (NYSAR)

I represent: _____

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Ava Farkas

Address: _____

I represent: Met Council on Housing

Address: 168 Canal St. NY, NY 10013

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THE CITY OF NEW YORK**

Appearance Card

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I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Margen Richardson

Address: 55 Linden Blvd apt 4K

I represent: Citi Habitats

Address: _____

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THE CITY OF NEW YORK**



Appearance Card

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I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Reggie Thomas

Address: _____

I represent: Real Estate Board of New York

Address: _____



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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Robert Brucki

Address: 524 W 50th St # 2A NY NY 10019

I represent: my self

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423-A Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Melissa Gomez

Address: 25104 80 Ave, Bellerose, NY 11426

I represent: Sherrill Sencer Realty NYSAR Realtors

Address: 219-21 Jamaica Ave

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: STEFANIA CARDINALE

Address: 30 WEST 63rd STREET, NY, NY

I represent: myself - Brooklyn + Real Estate Community

Address: _____

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Robert Desir

Address: _____

I represent: The Legal Aid Society

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Brian Hourigan

Address: _____

I represent: Band New York / RERNY

Address: 810 Seventh Ave 37th Fl

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/28/19

(PLEASE PRINT)

Name: Thomas Salzano

Address: 201 W 70 St. #7H NY NY 10023

I represent: agents

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1432 Res. No. _____

in favor in opposition

Date: 6/27

(PLEASE PRINT)

Name: Jeffrey Zickler

Address: 598 10th Ave GR, NY, NY 10019

I represent: Myself

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Elvin Roytman

Address: 191 W. Houghby St, Brooklyn NY 11201

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: JACQUES AMBROS

Address: 108-23 ASCAN Ave

I represent: Myself

Address: _____

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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I intend to appear and speak on Int. No. 74M 58 Res. No. _____

in favor in opposition

Date: 7/27/19

(PLEASE PRINT)

Name: JEFFREY MEDER

Address: 27-28 THOMSON AVE LONG ISLAND CITY

I represent: CITY WIDE APARTMENTS

Address: 555 87th AVE NY NY 10018

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: GUS WAITE

Address: 33 Irving Pl.

I represent: Agents - Station City

Address: CLEVELAND

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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I intend to appear and speak on Int. No. 1423 214371 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: HER E. SICKENS

Address: 2386 Wdm C. Powell Blvd

I represent: NYCE 16

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1444 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: Greg Adams, Director of City Legislative Affairs

Address: 42 Broadway

I represent: NYC Department of Consumer and Worker Protection

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Will Chabot

Address: 153 Lexington Ave, Brooklyn, NY 11216

I represent: Rhino

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Steve Merlesena

Address: _____

I represent: Green Inc Realty

Address: 116 E 31st Street

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: NANCY ELTON

Address: 145 FOURTH AVE, NY NY 10003

I represent: (Myself) & fellow RE Salespersons

Address: Company - ANCHOR ASSOCIATES 950 THIRD NY, NY 10022 AVE

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)

Name: Tasha Trice

Address: 353 West 117th Street ny ny

I represent: myself

Address: see above

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19/9

(PLEASE PRINT)

Name: Sarah Malory

Address: 75 100 Gold St NYC

I represent: On LHPD Residential

Address: 75 Broad St NYC

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

Hon. **(PLEASE PRINT)**
Name: JOLINDA RUTH COSEN

Address: 40 Edgecombe Ave NYC 10030

I represent: Myself & Licensed Assoc. Brokers

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. 1423

in favor in opposition

Date: 6/27/2019

(PLEASE PRINT)
Name: Irene Guanill

Address: 195 Balcon Ave 2F

I represent: Irene Guanill

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6-27-19

(PLEASE PRINT)
Name: Joseph Barbaccia

Address: 75 Broad St NYC

I represent: On Line Residential

Address: 75 Broad St NYC

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 06/27/2019

(PLEASE PRINT)

Name: Tris Corcos

Address: 105-05 69th Ave #506 F.H. NY 11375

I represent: Bond NY

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Thomas Zielinski

Address: 233 W. 122nd St. #1

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Dana Goldman

Address: 140 Franklin St

I represent: Douglas Elliman

Address: 140 Franklin St

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: June 27 2019

(PLEASE PRINT)

Name: MANDY T. NEMBIAWARE

Address: 101 3rd Avenue 7th Street NY NY

I represent: myself

Address: see above

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/27/19

(PLEASE PRINT)

Name: Daniel Schindler

Address: 140 1st St NYC NY 1003

I represent: KeyBank Capital Corp. Employees

Address: Conduktor Associates 950 Third

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Sheilla M. Levin

Address: 322 W. 57th St, A275

I represent: DE BLOTTER

Address: 575 Madison

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/27

(PLEASE PRINT)

Name: Andrew Fine

Address: 171 E. 84th St

I represent: myself + Hazstead property

Address: _____

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Sherrin CARROLL

Address: 14 E 60th Street

I represent: CARROLL Group

Address: _____

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1429, 1431 Res. No. _____

in favor in opposition

Date: 6/27

(PLEASE PRINT)

Name: Rachel SMITH

Address: 100 William St 100 W 105th Ave E3

I represent: Mobilization for Justice 10025

Address: 100 William St

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423 Res. No. _____

in favor in opposition

Date: 6/27/19

Name: PHILIP JOHNSON (PLEASE PRINT)

Address: 181 PRINCE ST, NYC NY 10012

I represent: Myself

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1424 Res. No. _____

in favor in opposition

Date: 6

Name: Jodie Leides (PLEASE PRINT)

Address: 61 E 4th St, (work) (home) 334 6th Ave, Brooklyn

I represent: Cooper Square Committee

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423, 1424, 1431, 1432, 1433, 1499 Res. No.
 in favor in opposition
Date: 6/27/19

(PLEASE PRINT)
Name: Elise Gordin
Address: 326 Union Ave, Brooklyn
I represent: St Nicks Alliance
Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1423, 1424, 1432 Res. No. 1433
 in favor in opposition
Date: 6/27/19

(PLEASE PRINT)
Name: Genna Goldsob
Address: 1423 Ave
I represent: Fifth Avenue Committee
Address: MANDY NEIMBAWART 1494

◆ Please complete this card and return to the Sergeant-at-Arms ◆