

1 BEFORE THE NEW YORK STATE SENATE  
2 STANDING COMMITTEE ON HOUSING, CONSTRUCTION, AND  
3 COMMUNITY DEVELOPMENT  
-----

4 PUBLIC HEARING:

5 RENT REGULATION AND TENANT PROTECTION LEGISLATION  
-----

6 Medgar Evers College  
7 1650 Bedford Ave  
8 Brooklyn, New York

9 Date: May 16, 2019  
10 Time: 1:00 p.m.

11 PRESIDING:

12 Senator Brian Kavanaugh  
13 Chair

14 PRESENT:

15 Senator Michael Gianaris

16 Senator Brad Hoylman

17 Senator Robert Jackson

18 Senator Liz Krueger

19 Senator John C. Liu

20 Senator Zellnor Myrie

21 Senator Gustavo Rivera

22 Senator Julia Salazar  
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1           So I'm Senator Brian Kavanagh, Chair of the  
2           Housing Committee.

3           And, first of all, let me begin by welcoming  
4           everybody here.

5           This is our second hearing of the Senate  
6           Housing Committee on tenant protection and the rent  
7           laws.

8           And we are very happy and proud to be right  
9           here in Brooklyn, where we know much of the concern  
10          and much of the effect of what we're trying to do  
11          here will be felt directly in our communities.

12          We do, as anyone who came through the front  
13          door of this building know, have a great deal in  
14          testifying.

15          We have about 140 seats in this room, and we  
16          have a very long list of people who are interested  
17          in testifying, and we're going to try do our best to  
18          get everybody, particularly those who signed up in  
19          advance, up here.

20          I'm going to keep my remarks very brief, but  
21          I have a wide range -- a whole bunch of senators  
22          here, most of whom are members of the Housing  
23          Committee, and others of whom are joining us today.  
24          And I'm going to give each of them an opportunity  
25          now to say something briefly, if they choose to.

1           But, we have Senators Myrie, Salazar,  
2           Krueger, Gianaris, Liu, Rivera, and Jackson with us  
3           today.

4           So I'm going to actually turn over the floor  
5           to any of them who wants to say something to begin.

6           SENATOR RIVERA: Should we start with Robert?

7           SENATOR KAVANAGH: So we'll start -- why  
8           don't we start on my left with Senator Jackson.

9           SENATOR JACKSON: Hi, everyone.

10          I'm Robert Jackson. I represent Marble Hill,  
11          Inward, Washington Heights, part of West Harlem,  
12          going down to Upper West Side, down to midtown, to  
13          Chelsea area, 13 miles long, a very gerrymandered  
14          district in Manhattan.

15          And I looked at the list of rent-stabilized  
16          units. Gustavo Rivera and myself, we have the  
17          highest number of rent-stabilized units out of all  
18          of 39, all of the New York State senators, out of  
19          63.

20          We have 68,000 units in our senatorial  
21          districts that are rent-stabilized.

22          So with that, I look forward to listening to  
23          the testimony.

24          I'm signed on to all nine bills.

25          I am a rent-stabilized tenant myself --

1 [Applause.]

2 SENATOR JACKSON: -- so what I do affects  
3 you, and it affects me and my family.

4 Thank you very much.

5 Thank you, Mr. Chair.

6 SENATOR KAVANAGH: Thank you.

7 Next up, Senator Rivera.

8 SENATOR RIVERA: Good afternoon to everybody.

9 Gustavo Rivera, State Senator for the  
10 33rd District in the bogey-down Bronx  
11 (hand-gesturing). I got to throw up my Xs, got to  
12 do it, particularly --

13 [Applause.]

14 SENATOR RIVERA: -- particularly when I'm all  
15 the way down in Brooklyn. I don't necessarily come  
16 down to Brooklyn unless it's very important, like  
17 what we're doing today.

18 Now, as Robert said, it is -- it's actually  
19 fitting that he spoke first and I spoke second  
20 because, in the number of rent-stabilized units in  
21 the entire state, the number-one Senate District is  
22 Robert's, the number-two district is mine.

23 Now, when -- a couple years ago I would have  
24 told you about 70,000 units.

25 The reality is, that we are below 67,000 now

1 in my district.

2 And that is precisely what we're talking  
3 about in these hearings, and why we are doing the  
4 work that we're doing to strengthen the rent laws.

5 Now, I should tell you that, I've been in  
6 New York since 1998, and I've been living in a  
7 rent-stabilized unit since 2000. I've been living  
8 in my same building in a rent-stabilized unit.

9 I moved in 2010 from a studio to a  
10 one-bedroom, but the fact is, that I would not be  
11 able to live in the city or thrive in the city were  
12 it not for rent regulation, rent stabilization.

13 And, I'm one of the lucky ones.

14 There are families that come to my district  
15 office every day, talking about the issues that they  
16 have to deal with.

17 So I'm looking forward to hearing from all of  
18 you.

19 One last thing that I will say before I pass  
20 it on to my colleagues, I know that we're going to  
21 be talking about a lot of things.

22 One of the things that I'm going to be very  
23 much paying a lot of attention to is major capital  
24 improvements (MCIs).

25 The reality is --

1 [Applause.]

2 SENATOR RIVERA: The reality is, that MCIs  
3 are not equal to maintenance.

4 "Maintenance" is what you do to keep your  
5 apartments livable. You don't wait until they're  
6 all messed up, to then be able to get some extra  
7 money out of your tenants just because you haven't  
8 fixed it to make it livable.

9 So we -- so that's just one of the many  
10 things that we're going to be talking about today.

11 But, whether it's independent apartment  
12 improvements or MCIs, I'm going to be paying a lot  
13 of attention to that.

14 Thank you for being part of this process.

15 And, I'm also a co-sponsor on all of the nine  
16 bills.

17 Thank you so much.

18 [Applause.]

19 SENATOR KAVANAGH: Thank you -- thank you,  
20 Senator Rivera.

21 Next up, Senator Liz Krueger.

22 SENATOR KRUEGER: Hi, I'm Liz Krueger from  
23 Manhattan --

24 [Applause.]

25 SENATOR KRUEGER: -- and I've been in the

1 Senate for 17 years.

2 And one of my reasons for allowing myself to  
3 be drafted to run for the Senate 17 years ago was to  
4 finally fix our rent laws.

5 So it's taken a hell of a lot longer than  
6 I imagined it would ever take --

7 [Laughter.]

8 SENATOR KRUEGER: -- but I am confident that,  
9 before we leave session at the end of June, we  
10 have -- we'll have done an amazing job at addressing  
11 some of the fundamental problems facing the future  
12 of New York, making sure we have affordable, stable  
13 housing for people to live in and for their families  
14 to stay in.

15 And people think, Manhattan, what kind of  
16 problems do you have?

17 Well, I'll tell you, we've been ground zero  
18 of everything that you're seeing in the rest of the  
19 boroughs now.

20 And when a reporter says to me, "Well, isn't  
21 rent regulation just a problem in Manhattan?" I say,  
22 Where you been living for the last 25 years?

23 [Laughter.]

24 SENATOR JACKSON: Everything wrong that  
25 happened in Manhattan has spread throughout the

1 entire city of New York.

2 So, things that you think are new in your  
3 communities and your buildings, check with us from  
4 Manhattan, we'll tell you our stories from 20 years  
5 ago.

6 So I am proud to be here with this great  
7 panel.

8 And I know, I can tell you, that  
9 Brian Kavanagh and Zellnor Myrie have been leading  
10 us in our housing working-group efforts.

11 And those of you who don't know them, should  
12 know, you couldn't be prouder of these two  
13 legislators for doing the work that we need to do --

14 [Applause.]

15 SENATOR KRUEGER: -- to bring us over the  
16 finish line in coordination with the Assembly.

17 Thank you all for being here.

18 SENATOR KAVANAGH: Thank you.

19 [Applause.]

20 SENATOR KAVANAGH: Thank you,  
21 Senator Krueger, for your kind remarks.

22 Next up, our hometown senator, who I think  
23 needs very little introduction in this room,  
24 Zellnor Myrie.

25 [Applause.]

1           SENATOR MYRIE: Thank you.

2           I really want to thank the Chair,  
3 Brian Kavanagh, Senator Kavanagh, for bringing this  
4 hearing to Central Brooklyn.

5           I think it means a lot to the tenants of my  
6 district, but really tenants all over the city, for  
7 you to bring the New York State Senate into a place  
8 where affordability is at a crisis level.

9           So, I really want to publicly thank you for  
10 that because it means a lot to us.

11          I want to thank Medgar Evers College for  
12 being an excellent host and accommodating us.

13          I'd like to thank my colleagues.

14          We're also joined by Assembly  
15 Member Walter Mosley whose district we are in.

16                   [Applause.]

17          SENATOR MYRIE: And it would not be a public  
18 hearing on housing in Brooklyn if the unofficial  
19 hearing didn't start outside on the corner --

20                   [Laughter.]

21          SENATOR MYRIE: -- for those of you who were  
22 here earlier.

23          I too am a rent-stabilized tenant. I am --  
24 grew up in a rent-stabilized apartment four blocks  
25 from where we are right now.

1 I went to elementary and middle school three  
2 blocks away from where we are right now.

3 I would not be who I am today if it were not  
4 for the protections of rent regulation.

5 So this is an issue that is very, very  
6 personal to me. It is the number-one reason why  
7 I ran for office.

8 And I am honored to be sitting and amongst  
9 colleagues who care just as deeply for protecting  
10 our communities throughout the state.

11 So I look forward to hearing the testimony  
12 today.

13 Please, we have accommodated you in order to  
14 give us everything that you think we should be  
15 paying attention to as it pertains to rent  
16 regulation.

17 So, thank you again to all of the tenants  
18 that have made their way out from all over the  
19 state, and I look forward to hearing your testimony.

20 [Applause.]

21 SENATOR KAVANAGH: Thank you, Senator Myrie.

22 Next up we have Senator Salazar.

23 SENATOR SALAZAR: Thank you.

24 [Applause.]

25 SENATOR SALAZAR: Thank you, everyone.

1           Thank you for coming here today for the  
2           second in a series of hearings that the Senate is  
3           hosting on rent regulation.

4           I want to thank both Assemblyman Mosley and  
5           Senator Myrie for hosting us in their district, for  
6           Senator Kavanagh as the Chair of the Housing  
7           Committee.

8           This issue is personal to me.

9           Years ago I was a tenant in a building that  
10          was not protected by rent stabilization, and  
11          organized a small rent strike, to try to get our  
12          neglectful, abusive management company and landlord  
13          to make urgent repairs in the building.

14          Ever since then, have been deeply invested in  
15          the fight for housing justice in New York State.

16          I'm the senator for the 18th, or as I call  
17          it, the "great-teenth," District, in North  
18          Brooklyn, where we have seen a lot of tenants  
19          suffering from the rapid loss of rent-stabilized  
20          housing in the district, particularly due to  
21          deregulatory policies that I believe we need to  
22          repeal ahead of the rent laws expiring in just  
23          30 days from now.

24          I'm really excited to hear from tenants and  
25          stakeholders today so that you-all can inform what

1 we do next in the next few weeks to really  
2 strengthen our rent laws.

3 Thanks.

4 [Applause.]

5 SENATOR KAVANAGH: Thank you,  
6 Senator Salazar.

7 Next up we're gonna -- we have -- I think a  
8 lot of people in the house from Queens, and we'll  
9 hear from -- first, from Senator John Liu.

10 [Applause.]

11 SENATOR LIU: Thank you.

12 This is -- I guess I'm the beginning of the  
13 Queens section on the dais.

14 Let me start by saying that I am not, and  
15 I have never, been a rent-stabilized tenant, but  
16 this is an issue that is core to New York City.

17 Unlike most cities in this country where,  
18 typically, you have one-third of the residents  
19 living in -- as tenants, in New York City we have  
20 the vast majority of people living as tenants; more  
21 than two-thirds.

22 And so we have a system where the rents have  
23 been, or at least been kept, somewhat reasonable  
24 because of a housing shortage and housing emergency.

25 That's how it's been defined under the law.

1           But the problem is, over the last couple of  
2 decades, the laws in New York have continued to  
3 eliminate unit after unit, hundreds of hundreds,  
4 thousands of thousands, of rental units from the  
5 rent laws, from their stabilized-rent laws, and that  
6 is making our city unlivable for too many people.

7           As our population continues to grow, the  
8 number of affordable housing units continue to  
9 decline.

10           This is a trend that must be stopped and must  
11 be reversed.

12           And that is why we are deliberating and  
13 discussing and, hopefully, passing, in short order,  
14 the entire package of rent-reform laws.

15           So, I'm here to hear all of you.

16           I am also with my colleagues on these bills,  
17 and, the bottom line is, we need to do this.

18           We need this reform because the rent is  
19 (motioning)...

20           THE AUDIENCE: ... too high!

21           SENATOR LIU: I think everybody is on board.

22           [Applause.]

23           SENATOR KAVANAGH: Thank you, Senator Liu.

24           Next up, Senator Gianaris.

25           SENATOR GIANARIS: Thank you.

1 [Applause.]

2 SENATOR GIANARIS: Thank you.

3 Thank you, thank you.

4 I also am part of the Queens contingent,  
5 proudly, and I happen to represent the district that  
6 has the most rent-stabilized units in Queens,  
7 although, as Senator Rivera pointed out, that number  
8 is decreasing too quickly.

9 It's some of the fastest gentrifying  
10 neighborhoods in New York: Astoria, Long Island  
11 City, Sunnyside, Ridgewood, and, of course,  
12 Woodside.

13 My friends in Woodside are here.

14 I too sponsor all nine bills in the platform  
15 and proud of it.

16 [Applause.]

17 SENATOR GIANARIS: But, you're probably only  
18 going to hear me talking today about the bill that  
19 I authored and sponsored, which is the elimination  
20 of MCIs.

21 [Applause.]

22 SENATOR GIANARIS: I think you saw some of my  
23 friends outside that came to talk to me about the  
24 MCIs.

25 [Laughter.]

1           SENATOR GIANARIS: And the only other thing  
2 I would mention is, that I want to commend so many  
3 of my colleagues up here, who, like me, have refused  
4 to take contributions from landlords and the real  
5 estate industry any longer.

6           So as --

7           [Applause.]

8           SENATOR GIANARIS: -- as we do this important  
9 work, it's important for us to make clear that we  
10 stand with our tenants, and we will not be  
11 influenced by any political support from anybody  
12 else.

13           So, I want to hear from the folks, I'll cut  
14 it off there.

15           But, thank you all for being here.

16           And, in a couple of weeks, hopefully, we'll  
17 get this done the right way.

18           [Applause.]

19           SENATOR KAVANAGH: Thank you, all.

20           So now we come to the purpose for which we're  
21 here, which is to hear from the many witnesses that  
22 have signed up.

23           We also have a few additional people who are  
24 requesting to testify, and we are going to try to  
25 accommodate everybody.

1           We are scheduled to be here until 8:00, and  
2 not much later than that, given our understanding  
3 with Medgar Evers College.

4           But, again, so just a few ground rules that  
5 we would appreciate people respecting during this  
6 hearing.

7           There is a 6-minute timer. It is -- it  
8 should be down there (indicating).

9           You all probably can see it, I can't see it.

10          There's another version of it there on this  
11 very official cardboard box (indicating), which  
12 means we can see it.

13          We would ask that, if you are testifying,  
14 that you -- your testimony, meaning your initial  
15 remarks, be contained within that 6 minutes.

16          In addition to that, if members of the panel  
17 up here, members of the Senate, have questions for  
18 you, they will ask.

19          That does not count as your 6 minutes. That  
20 is the time of the senators.

21          Some of you will get questions, and some of  
22 you may not, because, again, although we want to  
23 hear from you, and may have, you know, thoughts and  
24 questions about your testimony, we are also gonna --  
25 I'm going to ask all of my Senate colleagues to try

1 to move through this so -- because, again, we have  
2 50-some-odd people that would like to talk today.

3 In the same spirit, two things:

4 Although we all -- we all enjoyed the rousing  
5 rounds of applause for some of our colleagues, we  
6 are going to ask people to keep audience reaction to  
7 a minimum.

8 You're going to hear a lot of things that  
9 your fellow testifiers, that you like. You're gonna  
10 hear some other things maybe that you don't like so  
11 much.

12 But if we kind of applaud each time we hear  
13 something we like, and, you know, do that, and  
14 something else each time we hear something we don't  
15 like, that will just diminish the number of people  
16 get to speak today.

17 So we are trying -- again, our goal is to  
18 come to Brooklyn to hear from everybody.

19 And, we are going bring people up in groups,  
20 just because it's easier, you get three people  
21 seated.

22 We're going to try to keep you in sort of  
23 groups that are of similar perspective, but,  
24 obviously, you're all welcome to testify as you see  
25 fit.

1           So -- and we're -- you know, we know that  
2           some people are outside and still trying to get in  
3           because there's a limited capacity in here.

4           So, I'm going to call names.

5           If you are not -- if the person's not here,  
6           we will -- you know, we'll call the name again a  
7           little later.

8           If you hear somebody's name, and you know  
9           them and they're not here, please, you know, text  
10          them or let them know that they've been called, and  
11          they should let us know when they come back into the  
12          room.

13          Okay, so without further ado, I think we're  
14          going to begin with some of our -- given that we're  
15          here in Brooklyn, I think we will start with  
16          Beverly Newsome and -- of Ebbets Field Tenants  
17          Association (sic), and, Sarah Lazur and  
18          Darryl Randall of the Crown Heights.

19                 [Applause.]

20          SENATOR KAVANAGH: So just -- the way this  
21          works, these folks are handling the A/V. This whole  
22          thing is recorded.

23          So please begin by stating your name, and any  
24          organization you're representing, and then proceed  
25          with your testimony.

1           So, thank you.

2           BEVERLY NEWSOME: Can you hear me?

3           SENATOR LIU: Just a little closer  
4           (inaudible).

5           BEVERLY NEWSOME: A little closer?

6           (Indiscernible cross-talking.)

7           BEVERLY NEWSOME: Oh, okay.

8           Oh.

9           Okay, thank you.

10          Good afternoon.

11          My name is Beverly Newsome.

12          I'm president of Ebbets Field Tenants  
13          Organization, so I represent the tenants of Ebbets  
14          Field.

15          Today I would like to draw attention to the  
16          application of MCIs in Ebbets Field.

17          We've received elevator MCIs for at least  
18          two buildings on the property.

19          The cost was broken down into cost per room,  
20          which increased the cost per apartment by  
21          approximately \$16, which, after three months, this  
22          cost was added to the total amount of the rent.

23          After the MCI, the elevators continued to  
24          breakdown with the same level of frequency as they  
25          did prior to the MCI work being done.

1           According to "The New York Post," for  
2           January 1, 2019, FDNY visited the property  
3           159 times, rescuing individuals from the elevator.

4           We are now in housing court because elevators  
5           were either not working or poorly working.

6           Tenants didn't know when they got home if the  
7           elevators will be working at all, but we continue to  
8           pay the MCI increase; that hasn't changed.

9           In addition to our management exploiting us  
10          with MCIs, we have preferential leases which are  
11          being used to manipulate tenants out of their  
12          rights.

13          Preferential leases not only prevent tenant  
14          engagement, it is used with bias.

15          I have seen tenants be denied a rent increase  
16          because they engaged in a building-wide decrease in  
17          services, and we won.

18          I've seen a tenant's rent go up to \$1,000  
19          because she began an HP action for having fallen  
20          down a broken handicap ramp.

21          I've seen a single mom's rent be increased by  
22          \$700 because she reported to the press her inability  
23          to get needed repairs addressed.

24          Preferential leases create transient  
25          communities, allowing landlords to evict tenants by

1 just increasing the rent out of their reach.

2 Preferential leases must be stopped.

3 Many landlords use tenants' homes as if they  
4 are banks, using them as leverage to purchase other  
5 properties without maintaining the properties they  
6 currently have.

7 Tenants regularly paying rent, but finding it  
8 necessary to do an action in order to get repairs  
9 done.

10 We are counting on our electeds to balance  
11 the scales.

12 Thank you.

13 SENATOR KAVANAGH: Thank you.

14 [Applause.]

15 SENATOR KAVANAGH: So we have a question.

16 BEVERLY NEWSOME: Sure.

17 SENATOR RIVERA: Really quickly, 159 times?

18 BEVERLY NEWSOME: Ah, yes.

19 SENATOR RIVERA: And how long, in a year?

20 BEVERLY NEWSOME: A year.

21 SENATOR RIVERA: 159 times in one year?

22 BEVERLY NEWSOME: 159 times in one year.

23 SENATOR RIVERA: Thank you.

24 BEVERLY NEWSOME: You're welcome.

25 SENATOR RIVERA: That's (inaudible).

1 DARRYL RANDALL: Hello.

2 My name is Darryl Randall, and I'm a member  
3 of the Crown Heights Tenant Union, and I organize  
4 with UHAB.

5 I lived at 944 Marcy Avenue for 22 years.

6 My landlord is Jeff Groner (ph.). He owns  
7 16 buildings throughout Central Brooklyn.

8 My building is facing multiple MCIs, rent  
9 increases, and people are going to have to move out.

10 I am currently unemployed and I'm living off  
11 a very tight budget, and our newest pending MCI rent  
12 increase will make it harder for me to pay for food,  
13 utilities, and transportation.

14 It might eventually mean that have I to move  
15 out of the neighborhood I have called "home" for  
16 22 years.

17 This is my issue with MCIs:

18 Landlords are using them as a tactic to kick  
19 out long-term residents.

20 MCIs undermine rent stabilization by allowing  
21 landlords to increase rents very quickly.

22 According to RGB data, the owner of an  
23 average rent-stabilized building made a total of  
24 \$1.87 million in net operating income from that  
25 building between 2011 and 2017.

1 I know that, from public record, that my own  
2 landlord reported over \$230,000 of net operating  
3 income from my building last year, yet he tells us  
4 in meetings that he cannot possibly afford to make  
5 upgrades to the building without passing the cost  
6 off to tenants.

7 My building is also getting deregulated  
8 apartment by apartment.

9 I'm sure you are familiar with this pattern  
10 of using the vacancy bonus, IAIs, MCIs, et cetera,  
11 to deregulate apartments and convert them to market  
12 rate.

13 Tenants in my building who are not  
14 rent-stabilized are afraid to organize because they  
15 are not guaranteed a lease renewal.

16 Even though they face the same issues as us,  
17 including a broken elevator, they do not feel like  
18 they can fight for their rights because they know  
19 the landlord can just not renew their lease.

20 There are a lot of smaller buildings in this  
21 district that are not even subject to rent  
22 stabilization.

23 Passing good-cause eviction, that would  
24 provide basic protection to 27,000 people in my  
25 Senate District.

1           This is our chance -- this is our chance to  
2 act and to preserve the New York that we all love.

3           I strongly believe that every bill in this  
4 package needs to be passed together in order to  
5 create the change we need to see.

6           From my experience, having a landlord that  
7 exploits every loophole available to him, I know  
8 that getting rid of the vacancy bonus without  
9 getting rid of MCIs, for example, would just mean  
10 that tenants will see more MCIs in our near future.

11           I believe in universal rent control as a path  
12 towards addressing the grave injustices that have  
13 been committed towards people of color across the  
14 entire history of housing policy.

15           We need you to pass all nine bills so that we  
16 can feel secure in our homes and strengthen our  
17 communities.

18           Thank you.

19           [Applause.]

20           SENATOR KAVANAGH: Thank you.

21           We're going to begin the clock again.

22           And just to be clear, we're gonna do 6 --  
23 we're going to offer people 6 minutes per person  
24 testifying, but you're welcome not to use all  
25 6 minutes, as two people have done so far, which is

1 very welcomed, so other people get to speak.

2 Also, I just want to note, if you do have  
3 written testimony and it is, you know, maybe longer  
4 than you want to read, if you submit a written  
5 document, it will be considered part of the record  
6 of this hearing.

7 So feel free to submit your written testimony  
8 as well.

9 And proceed, thank you.

10 SARA LAZUR: Good afternoon.

11 My name is Sarah Lazur.

12 I'm a lecturer at Barnard College, and a  
13 member of the Crown Heights Tenant Union as well.

14 When I moved to Brooklyn, I had no idea what  
15 rent stabilization was.

16 When I found out about it, I got my rent  
17 history, I decoded it on my own, and I found out  
18 that my apartment used to be stabilized, but had  
19 been destabilized five years before I moved in.

20 I was disappointed, but this became anger  
21 when I saw that the pathway to that destabilization  
22 included illegal increase percentages at multiple  
23 times, no accounting for increases, and even a  
24 failure to register one year, followed by more  
25 illegal increases, preferential rents, and

1 destabilization.

2           The rent history also told another story, one  
3 in which long-term tenants move out and are followed  
4 by a turning mill of short-term tenants, people who  
5 stay for one year and then evaporate, signing leases  
6 whose numbers make no sense, but who clearly were  
7 not around long enough to discover the problem or  
8 try to rectify it.

9           When I researched further, I found that the  
10 number of destabilized units in my building  
11 diminished regularly with every passing year, and  
12 the same was taking place in every building owned by  
13 the same landlord.

14           This couldn't be a coincidence, could it?

15           Since joining the Crown Heights Tenant Union  
16 and learning more and more about the laws, I've  
17 helped friends and neighbors to decode their rent  
18 histories, and similar same patterns immerged:

19           Illegal increase percentages;

20           Vacancy turnover, accelerating in the 1990s  
21 after vacancy decontrol was enacted;

22           And loss of stabilized units across their  
23 landlord's portfolio since 2007.

24           This can't be a coincidence, can it?

25           In my working with the CHTU, I have met

1 hundreds of my neighbors who have been dealing with  
2 lack of heat and hot water in the winter, lack of  
3 repairs, refusals to give leases, and overcharge,  
4 and this is even with the protections promised by  
5 current laws and with landlords having MCI and  
6 IAI allowances at their disposal.

7 Now, if they can push the cost of a new  
8 boiler on to the tenants indefinitely through MCIs,  
9 how is it that my neighbors are still without heat?

10 It's because MCIs are not being used for  
11 their stated purpose.

12 The entire purpose of letting someone go  
13 without heat is to make their living condition so  
14 bad they choose to leave.

15 And if you churn through enough stabilized  
16 tenants, you can get through enough vacancy bonuses  
17 to get to the brass ring, decontrol.

18 Crown Heights North ranks fourth in the  
19 entire city in how quickly the price per square foot  
20 is increasing, and, at the same time, Crown Heights  
21 North ranks fourth in the entire city in terms of  
22 serious housing-code violations per unit.

23 This can't be a coincidence, can it?

24 I can admit, I'm scared to be putting my  
25 decontrol story out there.

1           So far I've been lucky.

2           I have a good relationship with my landlord,  
3           and my rent increases have been at levels I have  
4           been able to manage, although, 4 to 5 percent every  
5           year will eventually be too much when my income  
6           increases only 2 percent every year.

7           But because my landlord -- because my  
8           apartment isn't currently stabilized, if my landlord  
9           changes his mind about liking me having -- having me  
10          in the building, if I try to start a tenant  
11          association, or if he finds out that I'm talking  
12          about the rent laws in public, or if I make too many  
13          requests for repairs, there is nothing to prevent  
14          him from choosing to not renew my lease in the  
15          future, nor to prevent him from raising my rent by  
16          50 percent or 100 percent.

17          I'm a good tenant.

18          I pay my rent on time, I take good care of  
19          the place, and that still might be enough -- not be  
20          enough to stay in my home and in my community.

21          And there are more of us among the  
22          unregulated tenants that you might -- than you might  
23          think.

24          Repealing the vacancy decontrol would be a  
25          godsend.

1           My stabilized neighbors dealing with  
2 harassment could get peace of mind that their rights  
3 will remain, and my destabilized neighbors and  
4 I would get the security of a lease renewal back.

5           Passing good-cause eviction would ease the  
6 existential dread felt by my neighbors in  
7 unregulated apartments, and would bring  
8 New York State into line with commonsense policies  
9 in places like Germany.

10           For all the reasons I've stated, I'm nervous  
11 to speak today, but I chose to speak because these  
12 laws are too important to remain silent.

13           This housing crisis is not the result of  
14 coincidences.

15           It has been engineered through bad policy,  
16 and my neighbors and I are asking you to do the  
17 right thing and enact these good policies.

18           Thank you.

19           [Applause.]

20           SENATOR KAVANAGH: Thank you, all.

21           And I am going to add, we would all like to  
22 applaud, but I'm going to ask everybody to hold  
23 their applause till -- you know, as we move forward.

24           Any questions for anyone on this panel?

25           Okay.

1 Thank you so much for your testimony.

2 Next up we are going to have Michael Barbosa,  
3 representing our Attorney General Letitia James, who  
4 I think has some familiarity with Brooklyn.

5 ASST AG MICHAEL BARBOSA: Good afternoon,  
6 Chair Kavanagh and distinguished members of the  
7 Committee.

8 My name is Mike Barbosa.

9 I'm an assistant attorney general in charge  
10 of the Brooklyn Regional Office.

11 I thank you for allowing me to share  
12 testimony on behalf of our Attorney General James.

13 There is perhaps no more important issue  
14 facing this chamber than the one we're discussing  
15 today.

16 Just under 2 1/2 million New Yorkers live in  
17 rent-regulated apartments, mostly in New York City,  
18 but also in parts of Long Island, Westchester, and  
19 Rockland County.

20 Statewide, 46 percent of all households are  
21 renters, the highest percentage of any state in the  
22 nation.

23 8.3 million New Yorkers live in rental  
24 housing statewide.

25 As we are all aware, that people in New York

1 face significant challenges with finding safe  
2 affordable housing.

3 In New York City, 30 percent of renters pay  
4 half or more of their income toward rent.

5 In Brooklyn it's slightly higher, at  
6 31 percent.

7 Rent regulation is meant to alleviate the  
8 pressure by not only providing for housing that is  
9 affordable, but also assuring the long-term  
10 stability of families and neighborhoods.

11 But weaknesses in the law have let this  
12 valuable source of affordable housing slip away, and  
13 has eroded the protections that families rely for  
14 housing stability, such as the right to renew their  
15 leases, as discussed, protections against reductions  
16 in services, and reasonable rent increases.

17 The laws governing how and when landlords can  
18 increase rent, pass along fees, or deregulate units  
19 altogether have proven to be inadequate.

20 Because of these weaknesses in the law, we're  
21 losing rent-regulated housing at an alarming rate.

22 Since 1994, when vacancy decontrol was  
23 reintroduced in New York City, 291,000 apartments  
24 were lost to deregulation. Of these, 155,000 units  
25 were lost to vacancy decontrol.

1           Rent-regulated housing makes the bulk of  
2           apartments that are affordable to families in  
3           New York City.

4           Those with fewer resources may become  
5           homeless, and others may choose to leave New York  
6           for good.

7           It's no coincidence that, as more apartments  
8           become deregulated, homelessness has increased.

9           Since January of 2017, there's been at least  
10          48,000 evictions citywide, with 13,500 evictions in  
11          Brooklyn alone.

12          That is, on average, each month, 482 families  
13          were thrown out of their apartments in Brooklyn  
14          since 2017.

15          The waves of displacement we've seen in  
16          neighborhoods throughout Brooklyn and across the  
17          state have been fueled by speculation harassment,  
18          speculative capital, and weakened (sic) in the law  
19          have resulted in an eviction machine.

20          But let me just talk about our office,  
21          because I'm really speaking to the crowd.

22          As the Attorney General, we take an active  
23          role in protecting the rights of tenants against  
24          landlords that engage in harassment, intimidation,  
25          and fraud.

1           And I thank the Committee and the  
2           Senate for your assistance in passing  
3           Senator Krueger's-sponsored bill, the Tenants  
4           Protection Act of 2019, which will give our office  
5           more tools in holding landlords accountable for  
6           harassment.

7           But while the act gave us more tools to fight  
8           harassment after it occurs, it would be even better  
9           to prevent tenants from being harassed in the first  
10          place.

11          This moment is ripe with opportunity to  
12          reform a rent-regulation system that, at this time,  
13          is not serving its intended purpose.

14          This chamber is debating a number of bills  
15          that would greatly affect the lives of tenants in  
16          New York State.

17          While I cannot comment on the specifics of  
18          these bills in this venue and at this time, I do  
19          want to state, unequivocally, that our  
20          Attorney General and the Office of the Attorney  
21          General supports the aims of these bills, to protect  
22          the rights of tenants, and to reform a system that  
23          landlords have too easily been able to manipulate at  
24          the expense of working families and seniors.

25          The current system leaves tenants vulnerable

1 to harassment and fraud, displacement, and despair.

2 The system needs to change.

3 Through the course of our several  
4 investigations, our office has gained firsthand  
5 knowledge of the ways in which landlords abuse the  
6 laws governing rent regulation.

7 We put some landlords in jail, others has  
8 paid fines and direct restitution to tenants they  
9 have harmed.

10 But for every bad actor they bring -- we  
11 bring to justice, there are countless other families  
12 who feel powerless to stop the harassment or abuse  
13 of the law used to force them out of their homes.

14 We cannot address tenant harassment and  
15 displacement if we do not address the underlying  
16 cause, which is greed, enabled by a rent-regulation  
17 system that rewards landlords for punishing (sic)  
18 tenants out of their apartments.

19 So the enactment of vacancy decontrol led to  
20 the loss of 155,000 rent-regulated units, many were  
21 once affordable.

22 As we lose more units to decontrol, we have  
23 fewer and fewer apartments that are affordable to  
24 low-income New Yorkers.

25 Because the vacancy decontrol exists, so does

1 the temptation of landlords to raise rents by  
2 abusing the law.

3 Similarly, the vacancy bonus incentivizes  
4 landlords to turn over apartments as quickly as  
5 possible by pushing out tenants.

6 These bonuses can quickly add up.

7 We also talked about -- it's also been  
8 discussed about the MCIs and the IAAs (sic).

9 This system allows landlords to claim rent  
10 increases when they make building improvements.

11 It's broken.

12 There's far too little oversight, and we  
13 know, because of our investigations, that landlords  
14 fraudulently abuse the system.

15 Currently, DHCR relies on landlords to  
16 faithfully represent the amount of work done when  
17 claiming these increases, which can lead to abuses.

18 But our office has received complaints from  
19 tenants about landlords' abuses by inflating the  
20 cost of the renovations and not doing the work.

21 Preferential rents.

22 Landlords claim to charge regulated tenants a  
23 lower preferential rate when local -- are lower than  
24 the legal rent allows for rent regulation.

25 The number of households with preferential

1 rent is increasing as landlords scoop up allowed  
2 rent increases even as they charge in reality.

3 And then there is the Emergency Tenant  
4 Protection Act (ETPA) and the good-cause eviction.

5 Both these measures would expand the  
6 protections afforded to tenants across the state.

7 More than 2 million tenants statewide are not  
8 protected.

9 The good-cause bill, giving tenants the right  
10 to renew, could allow tenants to request repairs  
11 without fear of reprisal, as previously discussed.

12 But I also need to talk about manufactured  
13 homes.

14 There are 85,000 New York households living  
15 in manufactured homes.

16 As a result, park owners have little power  
17 over as residents because they have to pay for the  
18 land.

19 And they need protections as well.

20 The Attorney General is committed to  
21 protecting individual and family tenants from  
22 unscrupulous landlords, but we need your help as  
23 well.

24 SENATOR KAVANAGH: I'm going to ask to you  
25 wrap up, even though the clock just said you had

1 99 more minutes. And --

2 [Laughter.]

3 ASST AG MICHAEL BARBOSA: Thank you.

4 Too many tenants have already had their lives  
5 disrupted because of unscrupulous landlords'  
6 behavior.

7 We have a moral imperative to act.

8 Thank you for allowing me the opportunity to  
9 testify.

10 [Applause.]

11 SENATOR KAVANAGH: Thank you.

12 Again, we'd appreciate, hold the applause,  
13 just to get more people to speak.

14 Any questions?

15 SENATOR KRUEGER: Just urge the Governor to  
16 sign the bill we passed.

17 ASST AG MICHAEL BARBOSA: Thank you.

18 SENATOR KAVANAGH: Okay, some -- I think you  
19 do have questions, though.

20 So, first up we have Senator Gianaris.

21 SENATOR GIANARIS: Thank you.

22 I appreciate your testimony.

23 And, as someone from the office that deals  
24 with enforcement in a lot of these things,  
25 I appreciate you identifying the problem properly.

1 I wanted to ask about MCIs specifically.

2 Many of us are concerned that, if we do a lot  
3 of reform on the other issues, but leave MCIs as  
4 something landlords can exploit, they're going to  
5 end up exploiting it even more than they are now.

6 In other words, if that's the remaining  
7 loophole, they're going to drive a truck through it.

8 Is it your opinion that the MCI program is  
9 salvageable at all, or, like some of us would like,  
10 just to get rid of it entirely?

11 ASST AG MICHAEL BARBOSA: Well, the  
12 Attorney General has not made a public opinion on  
13 the specifics of MCI.

14 Our investigations show that there is fraud  
15 in MCIs and IAIs in some instances, and not in  
16 others.

17 SENATOR KAVANAGH: Further questions?

18 SENATOR SALAZAR: Yes.

19 SENATOR KAVANAGH: Senator Salazar.

20 SENATOR SALAZAR: Thank you.

21 And thank you for your testimony.

22 I also want to thank the Attorney General for  
23 supporting the good-cause eviction bill that I'm the  
24 lead sponsor of in the Senate.

25 I wanted to ask, because you mentioned the

1 need to enhance enforcement as well, if you and the  
2 Attorney General have specific steps that you think  
3 we can take to improve enforcement by HCR?

4 ASST AG MICHAEL BARBOSA: Well, with our  
5 office, we just need more and more written  
6 complaints.

7 Many times, with increases, there's a certain  
8 time limit, and it's too late for us to enforce due  
9 to statute-of-limitation issues.

10 So we would encourage all tenants to continue  
11 to complain, and continue to write complaints, to  
12 our office.

13 SENATOR SALAZAR: Thank you.

14 SENATOR KAVANAGH: Any other questions?

15 Thank you again.

16 And please send our regards to the  
17 Attorney General.

18 ASST AG MICHAEL BARBOSA: Thank you.

19 SENATOR KAVANAGH: Next up we're going to  
20 have Ben Dulchin, of The Association for  
21 Neighborhood and Housing Development.

22 Is Ben in the room?

23 Okay, Ben may have stepped out for a minute.

24 OFF-CAMERA SPEAKER: No, he's here.

25 SENATOR KAVANAGH: Oh, there's Ben. Good.

1           Come on down, Ben.

2           And on deck, actually, if J.T. Falcone of the  
3           United Neighborhood Houses is here.

4           Whenever you're ready.

5           BENJAMIN DULCHIN: Thanks very much.

6           So, thank you, Chairperson Kavanagh; thank  
7           you Committee members.

8           I'm very pleased to be here this morning  
9           testifying.

10          My name is Benjamin Dulchin.

11          I'm the executive director of the Association  
12          for Neighborhood and Housing Development.

13          We're an umbrella organization of  
14          103 neighborhood-based not-for-profit organizations  
15          that work on affordable-housing issues and  
16          economic-development policy across the city.

17          But half our members are mission-driven  
18          affordable-housing developers, and are currently  
19          managing about 30,000 units of affordable housing,  
20          and have built or preserved about 139,000 units of  
21          affordable housing over the last three decades.

22          I mention this to say that we really do  
23          understand the issue from both sides.

24          We both are deeply involved in research and  
25          analysis and support around tenants-rights issues,

1 affordable-housing preservation issues.

2 But, as managers, we also understand that  
3 income needs to meet expenses, and that, you know,  
4 without that, that a building can physically suffer,  
5 and that a building has to be managed appropriately,  
6 and that all sides need to -- need to fulfill their  
7 obligations.

8 So I want to talk primarily -- so, just to  
9 start off, ANHD supports all the major legislation  
10 in the Housing Justice For All platform.

11 But I want to focus my testimony this morning  
12 particularly on the rent-increase loopholes, and how  
13 we think that, since 1994, they have fundamentally  
14 undermined the mechanism that really allows rent  
15 regulation to work, what's really been the core of  
16 it.

17 I've attached to my testimony a white paper  
18 that ANHD recently released on the actual use of the  
19 individual apartment improvement increase, which we  
20 think really is the keystone of the loss of  
21 affordable housing in the city.

22 So -- I mean, I think, you know, sort of,  
23 everybody here knows the major changes that happened  
24 in 1994 when the Republican-controlled Senate pushed  
25 for some significant changes in rent regulation.

1           That was really marked the moment, where,  
2           what was effective about rent regulation, the core  
3           mechanism, was really fundamentally undermined.

4           So, again, like, you know, it's not about  
5           good landlords, bad landlords; good landlords, bad  
6           people.

7           It's about speculation; it's about the way in  
8           which rent regulation had been an effective  
9           preventative against speculation.

10          So, you know, what rent regulation  
11          fundamentally does is it controls the expectations  
12          of the market.

13          So when you buy a building, you buy a  
14          building understanding that you're going to need to,  
15          you know, sort of pay a price, that it can be  
16          supported with the tenants in place, expecting only  
17          modest Rent Guidelines Board increases.

18          If you have these rent-increase loopholes,  
19          such as individual apartment improvement increases,  
20          you suddenly open up the market to imagine that they  
21          can pay significantly more for a building because  
22          they can expect unlimited upside for the building.

23          And that's speculation, and that's really  
24          what's -- that's what's broken; that's what, sort  
25          of, fundamentally changed.

1           So let me give an example, actually, of the  
2 building around the corner from here, probably in  
3 Senator Myrie's district.

4           In sort of looking at -- doing research  
5 around this, I looked at the building my mother grew  
6 up in, right around the corner.

7           When she grew up in that building, it was a  
8 working-class, immigrant-dense building, very  
9 affordable, and it still is today, you know, which,  
10 given the changes that the neighborhood has gone  
11 through, is rather remarkable.

12           But it's really not remarkable, because  
13 looking at every sale that building has -- every  
14 sale on that building over the last 40 years that we  
15 can track the sales, that building has been bought  
16 and sold for around 10 times the rent roll, which is  
17 an appropriate price. Right?

18           If you buy a building for 10 times rent roll,  
19 you can make a decent profit as a landlord, and  
20 landlords have the right to make a decent profit,  
21 still maintain the building, right, without having  
22 that pressure, having an expectation, of pushing out  
23 the low-rent-paying tenants.

24           Unfortunately, my mother's building is an  
25 anomaly. Right?

1           The majority of buildings that we're seeing  
2           now marketed today aren't being marketed for  
3           10 times rent roll, aren't being marketed at  
4           reasonable prices, assuming that they're not  
5           speculative.

6           They're being marketed at 16, 17, 20 times  
7           rent roll, which is a clear recipe for displacement.  
8           Right?

9           So that speculation is the keystone of  
10          displacement. Right?

11          Why do you displace somebody?

12          You displace them so that you can  
13          dramatically increase the rent.

14          How do you dramatically increase the rent?

15          Through those -- through major loopholes in  
16          the law, like the individual apartment improvement  
17          rent increase.

18          So what the white paper points out is that,  
19          you know, in looking at data that we collected, that  
20          the Housing Rights Initiative collected, on the  
21          individual apartment improvement increase, is that  
22          it is not fundamentally used, as we have heard the  
23          landlord lobby claim, to make modest improvements  
24          where it's needed, to bring up the quality of the  
25          apartment in a reasonable way.

1           It is really being fundamentally used to  
2 dramatically drive up rents in a portfolio of  
3 buildings that -- that they had data for, that we  
4 analyzed with them.

5           Looking at well over 100 apartment rent  
6 histories, we found that the average IAI-derived  
7 rent increase was 107 percent increase over the  
8 previous rent. Right?

9           The average rent was about 1500, and it was  
10 raised by -- well, you know, to almost twice that  
11 with an IAI increase.

12           So, IAIs are not functioning to incentivize  
13 modest improvements.

14           They are fundamentally functioning. They  
15 were designed to be, the formula is designed to be,  
16 a fundamental mechanism that leads to displacement.

17           And I'll just sort of say, you know, one more  
18 thing before I close, one thing we've heard a lot  
19 about is that, you know, if you close these  
20 rent-increase loopholes it's going to damage  
21 mom-and-pop landlords.

22           You know, looking at the data for the market,  
23 we think that there is a real overstatement of the  
24 centrality of mom-and-pop landlords in the market  
25 and their vulnerability.

1           The nature of the rent-stabilized real estate  
2 market has really changed in the last couple of  
3 decades.

4           You know, earlier, sort of in the -- you  
5 know, before the aughts, you know, there really --  
6 there was a prevalence of some mom-and-pop  
7 landlords.

8           That really started to change in the early --  
9 you know, in the 2000s, where you began to see  
10 large, sort of, institutional-money-backed investors  
11 coming in and buying up large portfolios of  
12 buildings.

13           That is -- both, that is driving out  
14 mom-and-pop landlords because it's driving up  
15 prices, and that has really been, sort of, one of  
16 the driving factors behind speculation in the  
17 market.

18           You know, generally, you know, we've seen  
19 this, and we've sort of seen this with the buildings  
20 that our members manage, Rent Guidelines Board  
21 increases have -- over the years, have more than  
22 accounted for basic increases, and the  
23 (indiscernible) basic increases in operating costs.

24           Responsible landlords generally don't need to  
25 take these -- these -- these -- you know, major

1 rent-increase loopholes.

2 You drive major increases through  
3 rent-increase loopholes when you've speculated on  
4 the building, when you're accounting on being able  
5 to pay that high price, by pushing out  
6 low-rent-paying tenants.

7 Those need to be closed.

8 SENATOR KAVANAGH: So I'm going to -- we do  
9 have copies of your testimony. I think you also  
10 will have a few questions, but I'm going to cut you  
11 off, and thank you for your testimony.

12 But I'm going to ask J.T. Falcone to testify  
13 first.

14 J.T. FALCONE: So, thank you Chair Kavanagh  
15 and members of the Committee for the opportunity to  
16 testify today.

17 My name is J.T. Falcone.

18 I'm a policy analyst at United Neighborhood  
19 Houses (UNH).

20 UNH is a policy and social-change  
21 organization representing 42 neighborhood settlement  
22 houses across the state.

23 Over the past century, UNH's member  
24 settlement houses have shepherded communities across  
25 New York State, offering a wide variety of

1 programming and leading social-reform movements.

2 Settlement houseworkers have fought to ensure  
3 that all community members have access to  
4 opportunity by promoting fair laws and regulations,  
5 and holding up those in power to keep them  
6 accountable.

7 In this way, settlement houses have been  
8 particularly influential in fighting for housing and  
9 quality-of-life reforms, establishing the  
10 first-in-the-nation tenement laws regarding  
11 low-income housing and ensuring the safety of all  
12 residents.

13 Today we're here to continue that legacy of  
14 promoting fair laws by urging the Committee to enact  
15 real rent reform and right the wrongs done in the  
16 1990s when New York City's rent laws tipped in favor  
17 of the landlord.

18 New York settlement houses see this movement  
19 as a tipping point for our communities.

20 In order to preserve the city we love and  
21 ensure there remains a diverse place where residents  
22 of all income brackets can make a living and afford  
23 a decent home, we must return to a strong system of  
24 rent regulations with commonsense reform and real  
25 accountability for those who choose to cheat.

1           UNH joins our partners and fellow advocates  
2           in calling on the New York State Senate to pass  
3           commonsense rent reforms that corrects for the  
4           disastrous changes made in the 1990s, and that have  
5           led to the loss of hundreds of thousands of  
6           protected units at a time when income inequality and  
7           rising rents threaten the future of low- and  
8           middle-income communities.

9           Specifically today I want to focus on some of  
10          the big top issues that we see, especially around  
11          preserving systems and communities.

12          So that includes ending vacancy decontrol.

13          I think that's something that I can kind of  
14          skip over because it seems like everybody is, more  
15          or less, on the same page there, but, so are we.

16          Same with the eliminating the vacancy bonus.

17          Combined with vacancy deregulation, the  
18          vacancy bonus has proven disastrous for our  
19          communities.

20          I can't tell you the number of settlement  
21          houses that look around and see completely different  
22          neighborhoods from where they were founded, and a  
23          lot of that has to do with the fact that their  
24          neighborhoods are changing at a pace that's too  
25          rapid for communities to keep up.

1           And, because of the rising income inequality,  
2           because of the rising rents, their constituents are  
3           unable to hold on, and they're losing the heart of  
4           their neighborhood in that way.

5           We also are very concerned with MCIs and  
6           IAIs.

7           Specifically, we want to lift up the fact, as  
8           has been noted already, that the system is ripe for  
9           abuse and fraud because it falls on tenants to track  
10          and report suspicious activity.

11          We were definitely excited by the inclusion  
12          of funding for the office of rent administration and  
13          tenant-protection unit at HCR, but we don't even  
14          know how that's going to shake out yet, we haven't  
15          seen results.

16          So, we want to make sure that MCIs and IAIs  
17          are not something that falls on tenants to address  
18          if they continue to exist at all.

19          Obviously, the current allowable increase for  
20          MCIs and IAIs is much too high.

21          6 percent is an amount that allows landlords  
22          to skirt the careful deliberations of the RGB.

23          They spend a lot time weighing testimony and  
24          thinking through what's a reasonable increase for  
25          that year.

1           And with a loophole open like this one, that  
2           you could drive a truck through, as has been noted,  
3           it leaves -- it leaves too much potential for abuse.

4           And, finally, the fact that MCIs and IAIs,  
5           I don't have to tell any of you, the fact that  
6           they're added on to legal rent causes cascading  
7           issues, given that all rent increases are weighed by  
8           percentages.

9           And so, for years and years and years to  
10          come, that sits on the tenants and it sits on the  
11          communities.

12          So I just -- I wanted to come here from the  
13          settlement-house perspective and say,  
14          New York City's institutions, settlement houses, are  
15          fully behind the protections that this committee  
16          wants to see, to support and safe in our community.

17          As Benjamin noted, this is about speculation.

18          This isn't about good or bad landlords,  
19          although, I think we all have heard enough stories  
20          to know that there are bad landlords out there.

21          This is about communities, and for us, this  
22          is about seeing a New York City for the next  
23          100 years that we've seen for the last 100 years,  
24          and preserving that diversity and that shine.

25

1           SENATOR KAVANAGH: Thank you for your  
2 testimony.

3           So we're gonna -- we're gonna go from left to  
4 right on the panel, and then -- and that's strictly  
5 spacial and not ideological.

6           But, anybody on -- to my left have a  
7 question?

8           Okay.

9           SENATOR RIVERA: So I want to actually -- to  
10 Mr.Dulchin.

11           And also, Mr. Falcone, "J.T. Falcone," I just  
12 want to say on the record, coolest freaking name,  
13 ever, J.T. Falcone, it's a great one.

14           [Laughter.]

15           SENATOR RIVERA: But, actually -- but,  
16 actually, I want to delve a little bit deeper into  
17 the whole idea, the whole notion, of mom-and-pops,  
18 right, mom-and-pop landlords.

19           So your -- I've -- I've -- my staff, by the  
20 way, Rachel Ferrari, who is my brain when it comes  
21 to housing issues, loves you folks because of all  
22 your data.

23           So you've gone through all the data, and you  
24 probably have some of it in your head.

25           If not, I'd really appreciate it if you could

1 get me this.

2 There are, obviously, thousands and thousands  
3 of landlords in the city of New York.

4 There's -- you know, I don't know how many  
5 buildings the city of New York, that are -- you  
6 know, millions of buildings, probably.

7 So, what would you -- what would be your  
8 definition, roughly speaking, of a mop and --  
9 mom-and-pop landlord?

10 BENJAMIN DULCHIN: Well, I mean, I think --  
11 we use the term very informally as it is used.  
12 Right?

13 It's often used as sort of an ideological  
14 shield, like, oh, it -- nothing bad can happen  
15 because it's mom-and-pop landlords.

16 SENATOR RIVERA: So since you folks are data  
17 people, tell me, data-wise, if you have to make --  
18 if you have to define such a thing, how would you do  
19 so?

20 BENJAMIN DULCHIN: You know, I think, you  
21 know, we would define it as, you know, a landlord  
22 who owns no more than, you know, three or  
23 four buildings. Right?

24 Use, four.

25 SENATOR RIVERA: So, four.

1           So if you consider the data that you've seen,  
2           as far as ownership, what do -- would you even have  
3           a guess as to what percentage of the total number of  
4           landlords that there are in New York amount to  
5           mom-and-pop landlords?

6           BENJAMIN DULCHIN: You know, it is tricky to  
7           know because every individual building is  
8           generally -- is -- is filed under its own individual  
9           LLC.

10          SENATOR RIVERA: Yes.

11          BENJAMIN DULCHIN: We are -- we are currently  
12          working with some colleagues on this data project,  
13          and might have some interesting data to report to  
14          you.

15          SENATOR RIVERA: It would be -- I would be --  
16          as you scour the data, it would be really, really --  
17          we would be really interested, I certainly would be  
18          really interested, in kind of finding this out,  
19          because, as you mention, it is used as an  
20          ideological shield.

21          But if you have the -- I'm going to guess --  
22          obviously, the data will speak for itself when you  
23          crunch it.

24          But I'm going to guess, that if you have  
25          people that own 5, 10, 15, 20, 50 buildings, that --

1 obviously, that's not considered a mom-and-pop. And  
2 then the impact that their decisions have on entire  
3 portfolios, and, therefore, on entire neighborhoods,  
4 you know, can certainly be measured.

5 BENJAMIN DULCHIN: Look, the housing market  
6 has fundamentally changed in the last 20 years.  
7 Right?

8 There was a long time when rent-stabilized  
9 real estate was a backwater. Right?

10 People invest in it, they owned a few  
11 buildings, you really could say the typical owner  
12 was a mom-and-pop landlord.

13 Rate of return was 5, 6 percent a year, it  
14 was a boring but very steady, very reliable, you  
15 know, investment that you could maintain while  
16 respecting the integrity of rent regulation and only  
17 following Rent Guidelines Board increases.

18 That was fundamentally broken initially in  
19 1994 with the changes in the rent laws.

20 And then with, in the early aughts, this  
21 tsunami influx of private-equity-backed money into  
22 the real estate market, recognizing that these, you  
23 know, buildings, like my mother's, like these sort  
24 of rent-stabilized buildings in the outer boroughs,  
25 were not, you know, sort of islands of affordability

1 that should be respected; but, rather, were untapped  
2 assets that you could invest a lot of money in with  
3 an aggressive speculative strategy of pushing out  
4 low-rent-paying tenants. Then using the  
5 rent-increase loopholes as the mechanism for that.

6 So those two things really go together.

7 That's not the mom-and-pop landlord who is  
8 increasingly a smaller and smaller portion of the  
9 market.

10 That's -- that's -- that's  
11 institutional-backed money. That is --  
12 increasingly, that is what we see as the driver of  
13 the loss of affordability.

14 I'll just sort of point out two numbers.

15 We're losing about seven and a half thousand  
16 units a year through (indiscernible) control.

17 But that isn't even really the key number.

18 The key number, because a lot -- you can lose  
19 affordability, but not reach that decontrol  
20 threshold.

21 We've actually -- the rent guidelines, with  
22 the -- Rent Guidelines Board recently, the housing  
23 vacancy survey reported, that, since 2014, there  
24 were 166,000 units renting below \$1500, were lost  
25 just between now and 2014.

1           That's a 12.5 percent loss in the percentage  
2 of those relatively affordable units.

3           Those are probably -- many of those are still  
4 counted as rent-stabilized, but they are no longer  
5 affordable in the neighborhoods in which they -- you  
6 know, in -- in -- in -- in which they are.

7           And, unquestionably, like, we know this from  
8 deep, deep experience, the mechanism for the loss of  
9 every single one of those units was IAIs. That is  
10 the keystone of the speculative --

11           SENATOR RIVERA: As you crunch those numbers,  
12 I would really, really appreciate it, because I want  
13 to dig deeper into that.

14           Thank you, Mr. Chairman.

15           SENATOR KAVANAGH: Thank you.

16           I think Senator Krueger has a question.

17           SENATOR KRUEGER: Thank you.

18           I like your name also, Ben Dulchin.

19           BENJAMIN DULCHIN: No, you don't. No one  
20 does.

21           SENATOR KRUEGER: It might not be as cool,  
22 I don't know, but I like your name.

23           BENJAMIN DULCHIN: I don't want to testify  
24 with J.T. again.

25           [Laughter.]

1           SENATOR KRUEGER:  And I also appreciate so  
2 much your being here, and we've known each other  
3 for, I don't know, 30, 25 years.

4           And I so appreciate the work of ANHD.

5           So in your testimony, as you've highlighted  
6 it, the IAI issue is huge for us to address.

7           But you were really targeting the speculation  
8 that has gone on by people buying up these buildings  
9 and imagining they can turn around and get 15,  
10 20 percent profit rapidly.

11           Besides all the bills we all know very well  
12 and are discussing, is there something else we can  
13 or should do in the next few weeks, as part of the  
14 package we are fighting for, to address limiting the  
15 ability to speculate, by limiting how banks loan  
16 money, and what you have -- what standards would  
17 have to be met before the banks could loan the  
18 money, to slow down the speculations?

19           I don't know if I'm saying it right --

20           BENJAMIN DULCHIN:  Yeah, no --

21           SENATOR KRUEGER:  -- but what do we do to  
22 further protect this happening in the first place?

23           BENJAMIN DULCHIN:  -- yeah, so, I mean, one  
24 factor in the (indiscernible) speculation that we've  
25 seen has been overly aggressive, sort of, investment

1 money, often backed by mortgages, with -- you know,  
2 sort of based on unsound underwriting. Right?

3 So, sort of, in the early aughts we saw a lot  
4 of underwriting that wasn't fundamental -- loan  
5 underwriting, right, sort of first-mortgage  
6 underwriting, that wasn't based on the existing  
7 tenants. Right?

8 So the thing we look at is the debt-service  
9 coverage, right, and the debt service coverage has  
10 to easily be met by the rent roll that's in place.

11 If it doesn't, then you know that that loan  
12 was made with the expectation of tenants being  
13 pushed out.

14 You know, under -- you know, with the advice  
15 and pressure from a lot of community groups, a lot  
16 folks who are in this room, actually, the  
17 New York State Department of Financial Services  
18 (DFS) recently released a set of guidelines for how  
19 banks should lend on buildings with rent-stabilized  
20 properties, that we think are very strong guidelines  
21 that talk about:

22 Not lending based on preferential rents;

23 Lending, you know, at least a  
24 1.2 debt-service coverage, you know, based  
25 on the in-place on the rent roll;

1           And, not lending to proven harassers. Right?  
2           Not lending to people who have a proven history  
3           of -- you know, of harassing people out.

4           We think those are all excellent guidelines  
5           that would be, you know, well-followed by anybody.

6           But I would say that, you know, while we've  
7           been very focused, you know, on -- sort of on bad  
8           lending, whether or not you have bad -- and,  
9           certainly, bad lending exacerbates bad behavior, you  
10          know, sort of, by -- by -- you know, by speculative  
11          landlords.

12          It is those rent-increase loopholes, that is  
13          preferential rents, that is IAIs, that is  
14          (indiscernible) things that you control, that -- you  
15          know, and -- and, to a certain extent, MCIs, that  
16          are the foundation of that strategy for any landlord  
17          and the banks that love them.

18          SENATOR KRUEGER: You had a follow-up answer?

19          J.T. FALCONE: I don't want to take us too  
20          far off-track, but you mentioned speculation.

21          And I just wanted to say, Senator Salazar's  
22          introduced the small-home anti-speculation tax.

23          And that's something that would also be very,  
24          very helpful, in terms of, not as much on this  
25          issue, but in terms of protecting communities across

1 the city.

2 SENATOR KRUEGER: Thank you.

3 Thank you, both.

4 SENATOR KAVANAGH: Thank you.

5 Okay, I think we had, Senator Myrie has a  
6 question.

7 SENATOR MYRIE: Thank you, both, for your  
8 testimony.

9 Can you speak to the notion that eliminating  
10 a lot of these loopholes will completely  
11 disincentivize investment in the housing stock?

12 I know that -- and can you speak to that,  
13 specifically as it regards to MCIs and IAIs?

14 BENJAMIN DULCHIN: Sure.

15 It's a ridiculous notion.

16 [Laughter.]

17 SENATOR MYRIE: Is that the legal term?

18 BENJAMIN DULCHIN: It is -- it is -- it is  
19 absurd on its face.

20 [Applause.]

21 BENJAMIN DULCHIN: And, again, I would sort  
22 of -- I don't mean to be glib. Right?

23 I mean, there was a fundamental shift in the  
24 way the housing market functioned after 1994, but --  
25 you know, in the change of the rent laws.

1           But, really, you know, with the sudden, you  
2 know, sort of influx of all of this  
3 private-equity-backed money in the early aughts, you  
4 can buy and sell real estate. You know, it is a  
5 commodity that can happily be bought and sold, as  
6 long as the profit expectations are reasonably  
7 contained by the rent-stabilization laws and by Rent  
8 Guidelines Board increases.

9           That system functioned reasonably well prior,  
10 you know, in earlier decades.

11           That was -- you know, at that time, when you  
12 didn't have those rent-increase loopholes, and rent  
13 regulation succeeded, was successful in maintaining  
14 sort of pushing down speculation.

15           Again, I would sort of give the example of my  
16 mother's building around the corner. Right? That  
17 building was bought and sold five times in the last  
18 number of decades.

19           Every time it was bought and sold, somebody  
20 made a nice profit, I assume. Right? You know,  
21 otherwise, why would they have bought and sold it?

22           The average rent, though, is still a little  
23 over \$1,000 in that building, to this day, because  
24 the price of that building was kept in proper  
25 proportion to the rent roll from the building.

1 Right?

2           If you buy and sell a building for 10 times  
3 rent roll, the way rent stabilization imagines  
4 you'll -- you know, fundamentally imagines you  
5 should, you can have healthy buying and selling of  
6 buildings, you can have healthy profits, you can  
7 make, you know, 5 or 6 percent, but, you're not  
8 going to have that expectation of pushing out the  
9 tenants, you're not going to have that expectation  
10 of displacement and harassment.

11           So what we will see, if these rent rolls are  
12 closed, is not that the housing market's going to  
13 suddenly collapse around our feet; but, rather, it  
14 will return to sanity the way it was a few decades  
15 ago.

16           SENATOR KAVANAGH: I think Senator Liu had a  
17 question.

18           SENATOR LIU: Yeah, I think, actually,  
19 Senator Rivera addressed the -- this concept.

20           We've been -- you know, we hear from a lot of  
21 people, like, Oh, if you take away the MCIs, we're  
22 not going to be able to maintain our property,  
23 especially since we're mom-and-pops.

24           First of all, I'm not sure that somebody who  
25 owns three or four buildings is really a

1 mom-and-pop.

2 [Applause.]

3 SENATOR LIU: Okay?

4 I mean, I don't think my mom and my pop could  
5 own three or four buildings.

6 So if we -- if we, you know, more precisely  
7 define what "mom-and-pop" is, I suspect that they  
8 would have an even smaller proportion of the market.

9 But I second Senator Rivera's request, that  
10 if you could provide us with, you know, roughly, how  
11 much of the market are we talking about?

12 Are we -- you know, we -- sometimes we're led  
13 to believe that 20 to 30 percent of the rental  
14 market -- rent-stabilized market is owned by "moms"  
15 and "pops."

16 I suspect it's much smaller. I suspect it's  
17 probably in the single digits, and perhaps even in  
18 the low single digits.

19 But it would help us if you -- it will help  
20 me, and probably Gustavo, and perhaps others, if you  
21 could give us some sense as to what portion of the  
22 market really is owned by small-owners.

23 I don't even want to say mom-and-pops  
24 anymore.

25 Just small-owners.

1           And by "small-owners," I would -- I would --  
2           you know, I think the reasonable person on the  
3           street would be, a "small-owner" is somebody who may  
4           have, like, you know, a couple of units here or  
5           there, but not more than -- you know, say, not more  
6           than a dozen. And I'm just even throwing "12" out  
7           there as a random number. But it's certainly not  
8           in, like, three or four buildings.

9           BENJAMIN DULCHIN: Yeah, so, I mean, we'll do  
10          our best to put together some data with our  
11          colleagues.

12          It's difficult data to get, just 'cause  
13          (indiscernible).

14          SENATOR LIU: I understand.

15          BENJAMIN DULCHIN: But I guess, in some ways,  
16          it's a red herring, because, you know, I guess --  
17          you know, taking -- you know, aside from -- you  
18          know, sort of putting aside the -- sort of, the  
19          ideological use of this concept of mom-and-pop that  
20          it's used for, it probably is the case that there is  
21          a less efficient economy of scale if you have fewer  
22          units, so it's little bit less efficient to manage  
23          the building.

24          But the truth is, and I say this, right, you  
25          know, with our member organizations that currently,

1       you know, sort of own -- you know, manage about  
2       30,000 units of affordable housing, you can properly  
3       manage affordable -- you know -- and, you know,  
4       maintain stable, decent housing, based on Rent  
5       Guidelines Board increases, which, over the years,  
6       have more than accounted, right, historically, more  
7       than accounted for increases in operating costs.

8                You can properly manage and maintain those  
9       buildings without resorting to Draconian rent  
10       increases, as long as you haven't paid too much for  
11       that building, right, as long as you have not paid a  
12       speculative price for the building.

13               SENATOR LIU:    Right.

14               BENJAMIN DULCHIN:  And that's where the  
15       market needs to return to.

16               SENATOR LIU:  And that was actually my second  
17       question, that if you could give us some kind of  
18       demonstration as to how the Rent Guidelines Board  
19       increases, especially after -- especially under the  
20       previous, you know, administration, that how those  
21       increases would have been enough for the reasonable  
22       landlord, or the conscientious landlord, to keep up  
23       her or his property.

24               BENJAMIN DULCHIN:  Yeah, I can pull those  
25       numbers for you.

1           They -- they -- those increases have far  
2           outstripped increases in operating costs.

3           SENATOR LIU:    Okay.  Thank you.

4           SENATOR KAVANAGH:  Senator Gianaris.

5           SENATOR GIANARIS:  Yeah, just more a -- more  
6           of a comment than a question, because Senator Myrie  
7           kind of touched on what I wanted to ask you.

8           But, I appreciate your answer on the MCIs,  
9           because there are advocates of reform, rather than  
10          elimination, that keep citing this point of, we need  
11          the MCIs to incentivize any repair work at all.

12          And so to hear an expert like yourself say  
13          that's completely unnecessary is actually very  
14          important for us to gather.

15          And to hear landlords crying poverty over the  
16          ability to maintain these buildings, when they're  
17          actually making money off of people who are  
18          genuinely in poverty in their buildings, is  
19          infuriating.

20          [Applause.]

21          SENATOR KAVANAGH:  I am going to ask people  
22          to please, you know, refrain from responding.

23          Thank you.

24          SENATOR GIANARIS:  And the other thing is not  
25          so much for you.

1 I just wanted to clarify for the record, that  
2 the Attorney General, I think her rep is still here,  
3 in "The Queens Chronicle" did actually come out for  
4 the elimination of MCIs back in October.

5 So she is on the record on that as well.

6 SENATOR KAVANAGH: Thank you,  
7 Senator Gianaris, representing our Attorney General.

8 [Laughter.]

9 SENATOR KAVANAGH: Okay, any other questions  
10 for this panel?

11 Okay, hearing none, thank you, both, so much  
12 for your testimony, and all the work you do, and all  
13 the analysis that you've already provided for our  
14 work.

15 Next up we are going to have  
16 Carmen Vega-Rivera of CASA, and Anita Long, also of  
17 CASA.

18 [Applause.]

19 SENATOR KAVANAGH: And while they're getting  
20 set up, just so that we have -- the next folks can  
21 be ready to come up, the next panel will be  
22 Nilda Rivera of Woodside on the Move, and  
23 Ivan Contreras, also of Woodside on the Move.

24 [Applause.]

25 SENATOR KAVANAGH: Can we at least let these

1 people testify before you applaud the next panel.

2 And then -- and, in addition, I think we're  
3 also going to hear from Sandra Dominguez.

4 So if those three folks could be ready to go,  
5 we'd appreciate it.

6 Whenever you're ready.

7 CARMEN VEGA-RIVERA: Good afternoon.

8 My name is Carmen Vega-Rivera.

9 I'm a CASA leader with Community Actions for  
10 Safe Apartments in The Bronx.

11 I'm also a proud member of the Upstate  
12 Alliance fighting for universal rent control so that  
13 all tenants, both regulated and unregulated in the  
14 state, have basic and expanded rights.

15 I'm here today to demand that the entire  
16 New York State Senate support universal rent control  
17 and pass the full platform.

18 Every single bill on our platform needs to be  
19 passed, including good-cause, and elimination of  
20 major capital improvements and individual apartment  
21 improvements.

22 Over half the families that live in The Bronx  
23 are rent-burdened.

24 And I want to highlight that our senator,  
25 Gustavo Rivera, has been instrumental in helping us

1 to address these issues.

2 Rent stabilization barely keeps us in our  
3 homes.

4 It does not mean our rents are affordable or  
5 that we live in good conditions.

6 What about the millions of tenants without  
7 basic rights in New York State that would benefit  
8 from good-cause and expanding the emergency tenant  
9 protection?

10 I'm here today to share a picture of what  
11 I've been going through, and how the impact of weak  
12 rent-stabilization laws, and how our neighbors have  
13 also lost their homes, because of the loopholes in  
14 rent stabilization.

15 You can't make piecemeal reforms to a system  
16 designed to benefit landlords and exploit tenants  
17 and displace us.

18 I live in a very well-known building created  
19 by Emery Roth, an architect.

20 It is 888 Grand Concourse, right on a pivotal  
21 corner of East 161st Street in the Grand Concourse.

22 I moved from the Lower East Side in the late  
23 '70s to The Bronx right before I would have been  
24 displaced.

25 My previous landlord, Louis and

1 Jonathan Bombart, owned the building since 1987,  
2 four buildings in The Bronx, and a few in Brooklyn,  
3 and it was a family business.

4 No, they sound small, but they were wealthy.

5 They made millions off the misery that they  
6 put us through. Left their family \$50 million of my  
7 rent money.

8 After organizing and fighting for decades, we  
9 finally got rid of our landlord.

10 Our building entered into foreclosure, and we  
11 almost auctioned off -- were auctioned off to one of  
12 the worst and biggest corporate landlords in  
13 The Bronx, Finkelstein.

14 During this time, a receiver was appointed  
15 after we requested it, that one will be so, in  
16 Supreme Court.

17 A new boiler was installed by the receiver  
18 with our rent-roll money as tenants, that we paid  
19 into.

20 Now we have a new landlord, and not much  
21 better than the old one.

22 They are doing all kinds of building work  
23 that will eventually all lead to major capital  
24 improvement, anywhere from 10 to 13.

25 After No More MCI Coalition met with the

1 Commissioner, Ruth Anne Visnasukas, and her team,  
2 last year, we were told that my new landlord would  
3 be eligible to apply for an MCI for the same boiler  
4 that we as tenants pay for it.

5 How does this make any sense?

6 Reforming the MCI system would leave  
7 loopholes open for landlords to exploit.

8 No, it's no secret, DHCR and the  
9 New York State Division of Homes and Community  
10 Renewal doesn't enforce the current rent laws,  
11 doesn't have the staff or the resources to  
12 legitimately process MCIs and scrutinize the  
13 application.

14 They're actually there to help also support  
15 tenants, yet I feel that they're part of the problem  
16 because they're helping to displace us.

17 Even when we organize, we have an attorney  
18 challenge the MCI, the outcome is the same.

19 Over 90 percent of the time, the agency  
20 rubber-stamps MCIs, has one inspector per borough to  
21 eliminate MCIs, and doesn't investigate or research  
22 how much a bathroom should really cost.

23 Landlords don't need incentives like MCIs or  
24 IAIs. That's a myth.

25 Landlords of rent-stabilized buildings

1 already enjoy the highest rent of profit of almost  
2 any property owner in the nation.

3 That is a fact.

4 It is validated by the Rent Guideline (sic)  
5 Board yearly report.

6 This year's report from the RGB confirmed the  
7 following:

8 Rent-stabilized landlords keep making money.

9 Again, they keep making money.

10 In fact, they're operating net income has  
11 steadily grown for 13 years.

12 In 2017, 95 percent of rent-stabilized  
13 landlords made a profit.

14 As our elects, and as our Senate representing  
15 all New Yorkers, my question is simple: Do you care  
16 about the 400,000 low-income New Yorkers living in  
17 rent-stabilized housing, or do you care about the  
18 5 percent of the landlords who can use the hardship  
19 exemption?

20 You have to pick, and I'm hoping you're gonna  
21 to choose and move to the tenants' side.

22 So let's change the narrative.

23 Landlords don't need incentives, like MCIs or  
24 IAIs.

25 What gets lost in that conversation is that

1 tenants are the ones paying for the capital  
2 improvements.

3 Landlords didn't pay for the boiler.

4 Tenants will end up paying for the boiler  
5 forever, and our rents will go up permanently.

6 So it's not an incentive.

7 It's just another tool to drive up legal  
8 rents, push rents past the deregulation threshold,  
9 and displace us.

10 If landlords are truly struggling, they can  
11 apply for a hardship exemption.

12 Landlords are currently spending millions of  
13 dollars to influence and lobby our elected  
14 officials.

15 They know their time is up, and universal  
16 rent control is long overdue.

17 Why doesn't the landlord lobby spend these  
18 millions educating their members on how to actually  
19 register apartments with DHCR, or -- well -- as to  
20 how to apply for existing government subsidies, like  
21 J-51 and weatherization programs?

22 Our landlord, I believe, is exploiting and  
23 flaunting the entire rent-stabilization system.

24 The studio apartment next to me in my  
25 building was \$800, until recently, when my neighbor

1 moved.

2 After an IAI, it is now \$2000.

3 The two-bedroom right next to me, that was no  
4 more than 1800, is at the threshold of 2700.

5 Someone explain to me all the fuzzy math,  
6 because I just don't get it.

7 This is why we are demanding to end major  
8 capital improvement and to end IAIs (individual  
9 apartment improvement).

10 The system cannot reform it.

11 It must be eliminated.

12 Thank you.

13 [Applause.]

14 SENATOR KAVANAGH: Thank you.

15 ANITA LONG: Good afternoon.

16 My name is Anita long, and I am a CASA leader  
17 with Community Action For a Safe Apartment in  
18 The Bronx.

19 I'm also a proud member of the  
20 Upstate/Downstate Alliance fighting for universal  
21 rent control so that all tenants, both regulated and  
22 unregulated, in this state have basic expanded  
23 rights.

24 I am here today, specifically, to share how  
25 I have been impacted by major capital improvements,

1 and how thousands of my neighbors in my communities  
2 have been fighting MCIs on their own, and organizing  
3 with their neighbors, and have still lost their  
4 homes, because of MCIs and other loopholes in rent  
5 stabilization.

6 Since June of 2018, I have received two MCI  
7 permanent rent increase from my landlord, who's a  
8 corporate landlord.

9 On top of that, a rent increase under the  
10 Rent Guideline (sic) Board.

11 Now, back in the fall of 2016, CASA and  
12 Northwest Bronx Community and Clergy Coalition  
13 formed the No More MCI Coalition in The Bronx.

14 Together, we are actively organizing over  
15 18 buildings, representing 1500 families, fighting  
16 almost \$18 million in permanent monthly rent hikes.

17 We organize together with one same vision:  
18 Eliminate MCIs forever.

19 We targeted "DHCR," that's the department of  
20 homes and community renewal, because we knew they  
21 had the power to make policy and administrative  
22 changes.

23 Thank you, Senator Rivera.

24 The MCI process is unfair, and landlords are  
25 always given every benefit of the doubt, while the

1       burden is on the tenants to provide the oversight as  
2       if they themselves are the enforcement agencies.

3               According to the DHCR data submitted to the  
4       Rent Guideline (sic) Board in 2017, over 90 percent  
5       of MCI applications were granted in 2017.

6               That's unfair.

7               We met with the commissioner,  
8       Ruth Anne Visnauskas, and her team, several times  
9       with the same message: We are being displaced by  
10      MCIs.

11              DHCR is not doing a thorough job of examining  
12      these MCI applications from the landlords.

13              They are not allocating enough resources and  
14      inspectors to actually inspect every building, and  
15      they are denying tenants their basic rights, such as  
16      language access.

17              A deep systemic overhaul is needed and long  
18      overdue.

19              After meeting and hearing directly from the  
20      commissioner and the executive team, one thing  
21      became clear: The system cannot be reformed.

22              Reforming the common MCI system will only  
23      contribute to the problem.

24              MCIs are designed to only benefit landlords,  
25      and not just any landlords, but, particularly, large

1 landlords that own many buildings and have large  
2 portfolios.

3 When the landlord lobby began their campaign  
4 a few months ago, they posted a simple fact on  
5 social media.

6 The landlord lobby said: According to DHCR  
7 in 2017, barely 1 percent of the landlords of  
8 rent-stabilized buildings applied for an MCI that  
9 year. That MCIs are used sparingly.

10 And we agree with that, that's a fact.

11 We -- we keep -- why keep the MCI program  
12 when 99 percent of the landlords don't actually need  
13 it or use it?

14 Why keep MCIs for the bad landlords, like my  
15 landlord, who owns over 75 buildings in The Bronx  
16 and who imposes multiple MCIs on their tenants?

17 The reality is, landlords do not need  
18 incentives.

19 Landlords already have capital, and they use  
20 MCIs to displace long-term tenants of color citywide  
21 in the most vulnerable and poor communities in  
22 New York City because they are betting we will be  
23 gentrified and leave.

24 From The Bronx, to Chinatown, to Brooklyn, to  
25 Queens, to Manhattan, we are being evicted and

1 displaced because of MCIs and other loopholes, and  
2 we are saying, no more MCIs.

3 [Applause.]

4 SENATOR KAVANAGH: Thank you.

5 Okay, again, I'm going to, please -- as we  
6 have about 40 more people who want to testify, to  
7 please, you know, we have just -- if we could please  
8 restrict responses.

9 Proceed.

10 ANITA LONG: I'm here today to demand that  
11 the entire New York State support universal rent  
12 control -- New York Senate support universal rent  
13 control, and pass the full platform.

14 Every bill on our platform needs to be  
15 passed, including major capital improvement,  
16 individual apartment improvement, and also that  
17 good-cause.

18 I am being affected personally by the  
19 good-cause.

20 I have a son who is a renter in the  
21 South Bronx, who lives in the three-family home.

22 His landlord came to him on March 31st of  
23 2019 and told him, "Your lease expires March 31,  
24 2019, and I'm not granting, renewing, a lease. You  
25 have to move out by May 31, 2019."

1           My son came to me because he knows I'm an  
2 advocate, I'm an activist, out here fighting.

3           He said, "Can you help me?"

4           It was heartbreaking to tell him, "I cannot  
5 help you because you're not regulated."

6           This is why we need good-cause.

7           If good-cause was in place, he would at  
8 least, like other tenants, have the opportunity to  
9 appear in court before a judge to plead his case, as  
10 well as the landlord, and let the judge make that  
11 final decision.

12           But he's standing there, like, I've never  
13 been to housing court in my life. I've lived here  
14 for nine years. And my landlord is not even giving  
15 me a reason why they're not renewing my lease.

16           This is why we need good-cause to be on the  
17 bill and to be passed.

18           Thank you.

19           SENATOR KAVANAGH: Thank you.

20           And thank you, you know, for just pointing  
21 one thing.

22           Good-cause is often talked about as something  
23 we're going to do for the rest of the state.

24           But just point -- it's very important to  
25 point out that it would affect a very large number

1 of people who live within New York City as well.

2 So, thank you.

3 And I think Senator Rivera has a question.

4 SENATOR RIVERA: So, obviously -- well, first  
5 of all, thank you for coming all the way down to  
6 Brooklyn.

7 If I would have known, I would have given you  
8 a ride.

9 [Laughter.]

10 SENATOR RIVERA: Come on.

11 SENATOR KAVANAGH: (Inaudible) he's available  
12 to give you a ride.

13 SENATOR RIVERA: Exactly.

14 So I'm -- but I'm actually -- I'm actually  
15 going to play the devil's advocate.

16 Let's assume that I've never met you fine  
17 people before.

18 And then let's say, you know -- but, you  
19 know, this whole MCI thing, let's talk about it for  
20 a second.

21 Have you ever seen anything like this?

22 This is only 200-plus pages.

23 This is one MCI, you know, application.

24 You can go -- how much time do you have to go  
25 through this?

1 CARMEN VEGA-RIVERA: None.

2 SENATOR RIVERA: No, no, but, just, if you  
3 get one for your building, as a tenant, how much  
4 would you have?

5 CARMEN VEGA-RIVERA: We don't have time --

6 SENATOR RIVERA: Oh, you don't?

7 CARMEN VEGA-RIVERA: -- nor do we have the  
8 support. Right?

9 SENATOR RIVERA: But why not? It's just  
10 200 pages.

11 CARMEN VEGA-RIVERA: We don't have the legal  
12 support, the wherewithal, to put this together.

13 We didn't put the application. That  
14 shouldn't be passed on to us.

15 Landlords are using MCIs, three times --

16 SENATOR RIVERA: But this is --

17 CARMEN VEGA-RIVERA: -- charging it to us --

18 SENATOR RIVERA: But this is --

19 CARMEN VEGA-RIVERA: -- taking it off on  
20 their taxes.

21 SENATOR RIVERA: But this is -- but this  
22 is -- is it -- I'm just -- okay, okay, okay.

23 So, you have 200-plus pages.

24 I mean, there's only -- you know, I only see  
25 architectural drawings and checks and invoices and

1 descriptions.

2 I mean, you could -- you -- you don't -- you  
3 wouldn't be able to do this in 45 days?

4 CARMEN VEGA-RIVERA: That shouldn't be --

5 ANITA LONG: No.

6 CARMEN VEGA-RIVERA: -- the responsibility of  
7 tenants.

8 And, no, we're not able to do it.

9 It shouldn't be our -- our --

10 SENATOR RIVERA: Okay.

11 CARMEN VEGA-RIVERA: -- it shouldn't be us  
12 answering that.

13 Landlords have no right adding MCIs when it's  
14 their capital asset, it is their property, it is  
15 their responsibility to maintain the building.

16 SENATOR RIVERA: But would it --

17 CARMEN VEGA-RIVERA: We pay rent, there's a  
18 rent rule.

19 What that should say is --

20 SENATOR RIVERA: But what --

21 CARMEN VEGA-RIVERA: -- this MCI will not be  
22 approved, being that you've already double-dipped.

23 SENATOR RIVERA: This is perfect, this is  
24 perfect.

25 SENATOR KAVANAGH: I would ask the landlord

1 advocate not to -- to stop interrupting the witness.

2 SENATOR RIVERA: Okay.

3 Would it --

4 [Laughter.]

5 CARMEN VEGA-RIVERA: And please note, that  
6 just because his last name is Rivera, we are not  
7 related.

8 SENATOR RIVERA: No, but -- no, she's my  
9 cousin, actually.

10 But, actually, in all seriousness, in all  
11 seriousness, we've worked on this a lot together,  
12 and it is -- it is -- it is one of things that, just  
13 for the record, I'm looking forward to hearing from  
14 other folks in other parts of the city because --  
15 I know, because of the work that we've done  
16 together, and the work that you've done in our  
17 backyard, that this is normal for this -- what is  
18 normal for a process that is, you know, millions of  
19 dollars for, you know, I don't know, terracotta  
20 pointing, that has no actual -- you know, that --  
21 that -- the reality is, that landlords then put this  
22 in front of you and say -- and DHCR says, You only  
23 have, like, a month and a half.

24 It's not like you -- you know, you're --  
25 some -- some of the folks in those tenants might be

1 lawyers, but most of them are not.

2 Some of them might be experienced in  
3 construction. Most of them are not.

4 And so you are asked, as a tenant, to  
5 actually look at this --

6 CARMEN VEGA-RIVERA: Right.

7 SENATOR RIVERA: -- and say, I have to  
8 give -- and actually what you said, Ms. Long,  
9 I really take to heart, the idea that, currently,  
10 sadly, the current system makes it so that tenants  
11 have to kind of be the authority, kind of have to be  
12 the --

13 ANITA LONG: Right.

14 SENATOR RIVERA: So one thing I was going to  
15 ask you, because you mentioned weatherization --

16 And I'm wrapping up.

17 -- but it was, like, you mentioned  
18 weatherization.

19 Could you tell us a little bit more about  
20 that?

21 Since it seemed there's also a criticism,  
22 that this is the only program that's available, IAIs  
23 and MCIs are the only things that are available, to  
24 landlords to be able to -- you know, get some money  
25 for their buildings.

1 Is that accurate?

2 CARMEN VEGA-RIVERA: Yeah, I -- no.

3 SENATOR RIVERA: Oh, it isn't?

4 CARMEN VEGA-RIVERA: I have weatherization --

5 SENATOR RIVERA: Oh, why not?

6 CARMEN VEGA-RIVERA: -- going on in my  
7 building right now, with asbestos and the parapet,  
8 and the bricks and mortars have to be replaced.

9 There are weatherization programs.

10 There are lots of programs that they can  
11 apply to.

12 What landlords don't want to do is, that same  
13 application that the tenants are getting, they don't  
14 want to sit there and do the work, and open up their  
15 books to show what their profits are, and where the  
16 money's coming.

17 So there are programs in place, as I speak,  
18 that will allow landlords to get the benefits that  
19 they need if it's so deemed so, in terms of, that  
20 they don't have the financial capital to do so.

21 So, in my case, and the weatherization is  
22 happening right now, we are netted from roof to the  
23 bottom of the building, is I'm very concerned,  
24 because I said that I'm facing 10 to 13 MCIs.

25 That application you show me will be 13 size

1 that amount that you just showed us. That is huge.

2 And in there is the weatherization of, not  
3 only the parapet with the asbestos were we exposed  
4 to, but it's the weatherization of the bricks and  
5 mortars.

6 ANITA LONG: It's, also, landlords can apply  
7 for the J-51 tax abatement.

8 My landlord has applied for it before he had  
9 did the MCI.

10 When we got the notice regarding the MCI, we  
11 notified DHCR regarding that J-51.

12 So, what DHCR did, told me: Here's the MCI.  
13 This is what you're going to pay. Yeah, we know  
14 that he did get the J-51, but you're going to  
15 continue to pay this amount until we muddle through  
16 the paperwork. And then we'll come back and let you  
17 know what your real bill should be.

18 That's unfair to the tenant.

19 CARMEN VEGA-RIVERA: And in addition to the  
20 J-51, which our building had with the previous  
21 landlord, that it took us 2 1/2 -- 25 years to get  
22 rid of, is that they did have a J-51 in the early  
23 '90s.

24 25 years have passed.

25 Weatherization issues in that building are

1 paramount because of the movement of the trucks and  
2 the buses that pass by 161 of the Grand Concourse,  
3 and you see all the cracks in our building.

4 So there has to be another way that they  
5 could apply for another J-51, an Article 11, and all  
6 the other hardship loans that are out there.

7 One of the issues, in speaking with our new  
8 landlord, they said, they don't want to open up the  
9 books to show that they are making a profit, and  
10 they do have the capital do it.

11 So they're gonna pass it on to us.

12 But they could go back, and they should be  
13 able to go back, for another J-51, without passing  
14 it back on to the tenants.

15 SENATOR RIVERA: The bottom -- the bottom  
16 line is, I thank you for all the advocacy that  
17 you've done over this -- over the years on this.

18 There's a lot that I've learned by seeing the  
19 situations that happened in our neighborhoods.

20 And you have been an important part of that.

21 And -- and I -- and as -- and as we discussed  
22 at the beginning, I was not on the nine bills.

23 And it was part of the work that -- the work  
24 that you folks did and the Northwest Bronx Community  
25 and Clergy Coalition did that kind of convinced me

1 that all of them I needed to be on.

2 So thank you so much for that.

3 CARMEN VEGA-RIVERA: Well, we thank you.

4 ANITA LONG: Thank you.

5 [Applause.]

6 SENATOR KAVANAGH: Thank you.

7 Any further questions?

8 Okay.

9 Thank you, both.

10 CARMEN VEGA-RIVERA: Thank you.

11 ANITA LONG: Thank you.

12 SENATOR KAVANAGH: So next up I mentioned  
13 already, the Woods --

14 OFF-CAMERA SPEAKER: Give her a ride back  
15 home.

16 SENATOR KAVANAGH: -- and, hopefully,  
17 Senator Rivera has a large vehicle.

18 Next up, we have -- we'll take copies of the  
19 testimony.

20 We have the Woodside on the Move folks  
21 I mentioned before.

22 And following up, again, just -- following  
23 up we have, Kathleen Wacom of Met Council on  
24 Housing, and, also, if I'm -- Andrea Shapiro, also  
25 of Met Council on Housing.

1 NILDA RIVERA: Good evening, everyone.

2 My name is Nilda Rivera.

3 I'm a tenant leader from Cosmopolitan in  
4 Woodside, Queens.

5 We started to get MCIs 2017 and 2018, which  
6 our rents got too high for tenants to pay.

7 When landlords can buy building after  
8 building, definitely, they can maintain and improve  
9 their own property and not to fall back on the MCIs.

10 Tenants are not property owners and should  
11 not be subjected in buying equipments for landlords.

12 The so-called law says, the improvements  
13 benefits tenants, but, the law is incorrect.

14 Who benefits 100 percent are the landlords.

15 They own the property, our money for the MCI,  
16 and the equipments we buy for the landlord's  
17 property.

18 We all know, when you buy, you own, and  
19 tenants don't own nothing.

20 Some millionaires/landlords are using MCI to  
21 increase the property-value enhancements, and even  
22 the improvements of those for free, but tenants get  
23 stuck with the bills.

24 In real estate side is a monopoly, but in the  
25 tenants' side it's a (indiscernible).

1           We tenants call for the elimination of the  
2 MCI to stop the abuse and misuse of the MCI that are  
3 causing the displacement of tenants.

4           Last year we will meet with senators on the  
5 MCI.

6           They were saying, We need the majority of the  
7 Democrats in the House for those nine bills.

8           Well, we voted more Democrats in the House,  
9 and still MCI is stuck in the House.

10          So what's the problem now?

11          Still, Democrats in the house are considering  
12 reforming MCI.

13          MCI shouldn't be reformed, only elimination.

14          All landlords should be responsible for their  
15 own property and not on the backs of the poor.

16          We all know actions speaks louder than words.

17          Since you now know half the majority of the  
18 Democrats in the House, show us your actions, that  
19 you are for tenants instead of for the rich  
20 landlords that are looking to increase their bank  
21 accounts.

22          Show us that you are for the struggling  
23 tenant side, and not all for-profit landlord side.

24          Senator Kavanagh and Senator Krueger, please  
25 sign the elimination of no more MCI.

1 Thank you.

2 [Applause.]

3 SENATOR KAVANAGH: Thank you.

4 And just -- Mr. Contreras, just before you  
5 start, is Sandra Dominguez here and planning on  
6 testifying as well?

7 OFF-CAMERA SPEAKER: Yes, she is.

8 SENATOR KAVANAGH: Okay. Do you want -- why  
9 don't you come on up as well.

10 IVAN CONTRERAS: Thank you.

11 And thank you, everyone, thank you, everyone,  
12 from the Committee.

13 My name is Ivan Contreras.

14 I'm the No More MCI campaign coordinator, and  
15 also the lead organizer of Woodside on the Move.

16 You have to pardon my voice, since I was  
17 screaming the hell out of today at the press  
18 conference, and, also, it was weird to me to see a  
19 bunch of employees outside screaming, and to see  
20 working-class people fighting against working-class  
21 people.

22 I was debating with them, and I called one of  
23 them, and I asked him, "What are you fighting for?"

24 They have no idea what they were fighting for  
25 and what they were screaming for outside.

1           And that just made me feel how the real  
2           estate is using its money again to put people on the  
3           street, to work and to fight against another  
4           working-class people.

5           And I think that's outrageous.

6           I was trying to prepare, so, coordinate,  
7           structure, a speech today for all of you, but  
8           I think I'm tired of being tired, and you guys have  
9           been hearing all.

10          I have been having meetings with all of you,  
11          if not me personally, the number of MCI Coalition  
12          have been having meetings of all of you.

13          And we have been telling you, and dismantle  
14          by -- by -- one by one, why you should eliminate the  
15          MCI, which is, with good-cause, the bill that the  
16          real estate is fighting against the mass.

17          And you know why.

18          And you know why.

19          You already know why.

20          We told you this many times: It's the  
21          quickest way to get rich through the expense of the  
22          tenants.

23          Period.

24          The tenants are paying for something that  
25          doesn't belong to them, and that's not fair.

1           We have been telling you this many times.

2           And I'm so glad that the expert today from  
3 ANHD told you exactly what we've been telling you  
4 for many years, but you guys still keep thinking  
5 about reforming.

6           I just have a beautiful example with what  
7 happened with one of my buildings.

8           I've been working in around 16 buildings, all  
9 of them with several MCIs.

10          Just to give you an example -- just to give  
11 you an example:

12          Cosmopolitan buildings, they have been  
13 massively and systemically attacking with MCIs.

14          That's why we're entering in this fight.

15          So right here, I have a meeting, regular  
16 meeting, with my tenants, because one of my tenants  
17 came to my office and said, Ivan, what is this?

18          And I told you, This is an MCI application.  
19 We're going to have to fight against this.

20          She said, I'm for it.

21          We're going to do a meeting at the building  
22 and all the process that organizers do.

23          I went to the building. I'm looking for  
24 where the landlord was in the meeting.

25          I asked the tenants if they wanted the

1 landlord to be in the meeting, and they said, yes,  
2 that's fine.

3 I did the meeting, and explained to the  
4 landlord that I was going to revise, point by point,  
5 if what they were claiming in the MCI, which was  
6 around \$255,000, was, in fact, what he spent on  
7 invest on the building. And I told him that we're  
8 going to go with a couple of lawyers, that we're  
9 going to hire different experts, that we're going to  
10 do this, that.

11 To my surprise, next meeting, the landlord  
12 decided to drop the MCI.

13 He sent me a letter, and he said, you know  
14 what, Ivan? I'm not going to apply for the MCI  
15 anymore. I don't think that I have my tenants to  
16 pay for the MCI.

17 And then he said, But the only thing that  
18 I want from you, and he's telling me, a proposal  
19 that he want me -- he want the tenants to pay  
20 \$18,000.

21 So he lowered himself from two fifty-five --  
22 \$255,000, to \$18,000.

23 And he say like that, he say, Everything that  
24 I want you guys to pay, and it's just one payment.  
25 You not gonna continue paying.

1           And then I said, like, No. I actually want  
2 to see if what you spend on everything that you  
3 saying is at \$18,000.

4           And you know what happened the next meeting?

5           He said, I'm not going to charge you a penny.

6           So this is just an example of, like, how the  
7 DHCR, in conjunction with the landlord, are using  
8 this to displace the tenants without any kind of  
9 enforcement.

10           If you try to reform this program, this  
11 problem is going to continue.

12           The only solution that we have to the MCI is,  
13 what?

14           (All audience members say: Elimination!)

15           IVAN CONTRERAS: That be the only thing that  
16 we can, and this is just an example of many, many  
17 buildings that are happening.

18           Okay?

19           So, please, eliminate the MCI, and pass the  
20 all nine bills.

21           SENATOR KAVANAGH: Thank you.

22           [Applause.]

23           SANDRA DOMINGUEZ: Good afternoon, everyone.

24           Thank you for your time to coming here to  
25 this meeting with us and listen to any testimony

1 here.

2 And, I'm coming to the -- from my country  
3 20 years ago, and I living in the same apartment.

4 SENATOR KAVANAGH: (Inaudible) could you  
5 state your name for the record so that they have it  
6 on the -- just your name for the record, and then  
7 proceed.

8 SANDRA DOMINGUEZ: Okay.

9 Sandra Dominguez.

10 SENATOR KAVANAGH: Thank you.

11 SANDRA DOMINGUEZ: And I'm coming from  
12 Cosmopolitan Associates. I'm a tenant from the  
13 Cosmopolitan for 28 years.

14 It's only apartment I'm having when I coming  
15 to the city. I never moved to another apartment.  
16 That's the only I have it.

17 I have it two childs. My two childs born in  
18 that apartment too.

19 My husband working two jobs to care and  
20 afford it, to pay everything.

21 Sorry.

22 Sometimes I need to choose, pay half rent so  
23 I can afford some money to buy food for my childs.

24 And I'm coming to get -- no, personal, I'm  
25 personal. It's -- that's why I'm here.

1           And I have to say public here, thank you so  
2 much to Ivan, because when I had the first MCI, I  
3 don't know -- I don't know anything.

4           But I want to say, the second one, \$240.

5           This is something like almost I have to be  
6 homeless with my two childs, and my husband too.

7           And I have to say thank you so much.

8           Thank you, thank you, thank you, thank you,  
9 Lord, to have Woodside on the Move to help for me,  
10 to help my -- to help me every day.

11           Anything can I say, I have to say, thank you,  
12 Ivan.

13           Thank you.

14           God bless you, always.

15           And the thing is, please, please, please help  
16 the people.

17           Help for the people, because my landlord  
18 looking only for the good-looking outside to the  
19 buildings.

20           I'm invited to you guys, come into my  
21 apartment. You're very welcome. Check everything.

22           My ceiling is broke for 1 1/2 year, and  
23 nobody fix it yet.

24           My walls is almost fell down.

25           So explain to me why I have to pay the MCI,

1 because, just in case I have the money, I have no  
2 problem to pay it. But the thing is, I don't have  
3 it.

4 And, anyway, he only looking, like the  
5 womans, look from outside, beautiful, paint, but  
6 what about inside?

7 So come into my apartment and look  
8 everything, and nobody help me until this point.

9 It raining one day, twice, is coming to my  
10 bedroom, to the fifth floor to the one floor.

11 Everybody coming to my apartment, 3:00 in  
12 morning, and asking me, What happened? What  
13 happened to your apartment? Why you throw away the  
14 water everywhere?

15 And I said, No, it's the raining. It's the  
16 ceiling.

17 And I have it, I have a video. And I show  
18 everybody, and everybody is scared, even me.

19 So, please, help me to don't lose my  
20 apartment.

21 I need a place for live with my two childs  
22 after coming to a school and asking me, I have a  
23 home.

24 Thank you so much for your time, and God  
25 bless you guys.

1 [Applause.]

2 SENATOR KAVANAGH: And I think we have  
3 questions here.

4 Thank you so much for being here and sharing  
5 your time with us.

6 I think we'll start from the right and work  
7 our way over.

8 So Senator -- oh, before I do that, I just  
9 want to acknowledge that we've been joined by  
10 Senator Brad Hoylman of Manhattan.

11 [Applause.]

12 SENATOR KAVANAGH: And next up,  
13 Senator Gianaris.

14 SENATOR GIANARIS: Thank you.

15 Let me thank Sandra for sharing your story  
16 with us.

17 I know it's hard to get in front of so many  
18 people and be so personal, but, this is what the  
19 senators need to hear.

20 So thank you for doing that.

21 Nilda, can I ask you to come back up?

22 I have a question for you be also.

23 Nilda, by the way, is also not related to  
24 Gustavo Rivera, just in case...

25 [Laughter.]

1           SENATOR GIANARIS: But -- but -- and, Ivan,  
2 thank you for the example you used, because I feel  
3 constantly, like, the people that advocate for  
4 reform, even if they're coming from a good place,  
5 are assuming, at the end of the day, that there's  
6 good faith on the part of the landlords.

7           So they assume, if we write the law in a good  
8 way, they will adhere to the law and good things  
9 will happen.

10           But the problem that you pointed out, and  
11 that we're hearing over and over again, is MCIs for  
12 landlords are not a way to upkeep their buildings.

13           It's a business strategy to make money and to  
14 displace their tenants.

15           NILDA RIVERA: Exactly. (Indiscernible.)

16           SENATOR GIANARIS: Well, the reason I asked  
17 you to come back, Nilda, is we -- I did visit your  
18 building, and Sandra's building, and I saw Sandra's  
19 video.

20           But I want you to talk about the MCIs.

21           Some of the MCIs you all were charged for,  
22 that don't actually benefit anybody living there or  
23 the building, because the things you were pointing  
24 out to me were ridiculous, and they were charging  
25 the entire building for these minuscule things that

1 were clearly just an excuse to jack up the rents  
2 and, eventually, get people out of those homes.

3 So can you tell us some of the things that we  
4 saw in the common areas and the outside, just so  
5 everyone else can hear what the MCIs were being  
6 charged for?

7 NILDA RIVERA: Well, in my part, it started  
8 with the gas pipes. And they put the gas pipes  
9 outside of the wall. Even some of the gas pipes are  
10 inside, it goes through the bedrooms.

11 Okay?

12 So this is dangerous, and they still did it.

13 Okay?

14 I don't know if stopped because somebody  
15 complained to Ivan. I don't know if it was stopped.

16 That's one of them we got an MCI for that.

17 Also, cameras, that some of them do not work.  
18 Some of them do and some of them don't.

19 And when you need someone to access, you  
20 know, something happens, access, they don't have  
21 information on the camera because it's not working,  
22 but we're still paying the MCI for it.

23 SENATOR GIANARIS: The place where we met,  
24 too, had that garden that they -- I don't even want  
25 to call it a garden. It was like the size of this

1 chair.

2 SANDRA DOMINGUEZ: Exactly.

3 SENATOR GIANARIS: But we were standing  
4 around this plant, basically, that was also charged  
5 as a common-area improvement, right, for you folks.

6 SANDRA DOMINGUEZ: Exactly.

7 But, see, it shouldn't be charged because you  
8 it's not something that you really need.

9 It's just something that -- it's like to  
10 beautify and enhance the building.

11 That's it.

12 SENATOR GIANARIS: Well, it's an excuse.  
13 That's what it is, it's an excuse.

14 SANDRA DOMINGUEZ: It's an excuse for an MCI,  
15 that's all.

16 SENATOR GIANARIS: Thank you.

17 SANDRA DOMINGUEZ: Yes, you're welcome.

18 SENATOR KAVANAGH: Any further questions,  
19 comments?

20 Okay.

21 Thank you all very much for your testimony.

22 [Applause.]

23 So, again, if we can get Kathleen and Julia  
24 up here from Met Council on Housing.

25 And then we are going to follow up with a

1 panel of folks from Brooklyn Legal Services.

2 I think we have Adam Meyers and -- sorry --  
3 and -- sorry, there are a couple of people from  
4 Brooklyn Legal Services. You probably know who you  
5 are.

6 So, we'll have that panel next.

7 Thank you.

8 Anyone from Met Council wants to join the  
9 panel and give testimony, this would be a great  
10 time.

11 Thank you.

12 So, again, we'll begin the clock, and please  
13 begin by identifying yourself by name, and then  
14 proceed with your testimony.

15 KATHLEEN WACOM: Okay.

16 Good afternoon.

17 SENATOR KAVANAGH: And if folks exiting  
18 could, you know, let us proceed, we'd appreciate it.

19 KATHLEEN WACOM: Good afternoon.

20 My name is Kathleen Wacom, and I'm a member  
21 of Metropolitan Council on Housing.

22 For over 40 years I have lived in my  
23 rent-stabilized apartment in the East Village,  
24 Lower East Side.

25 My landlord is Madison Realty Capital, a

1 private-equity firm.

2 I am here to talk about the need for the  
3 Senate to pass good-cause eviction.

4 My building is one of 15 that  
5 Raphael Toledano purchased in September 2015 for  
6 \$97 million.

7 In March of 2017, Toledano files bankruptcy.

8 The New York State Attorney General's Office  
9 cited that this bankruptcy proceeding is part of an  
10 ongoing property-flipping scheme which started in  
11 September 2015 when Toledano purchased  
12 15 rent-stabilized apartment buildings using  
13 financing provided by Madison.

14 According to "The Real Deal" in 2017, a  
15 federal bankruptcy judge granted Madison the right  
16 to replace Toledano as the property manager of these  
17 buildings.

18 Madison would pay less than \$10 million so  
19 that Toledano would be able to pay off creditors.

20 Presently, Madison is warehousing apartments  
21 in my building which is on East 12th Street.

22 Of the 37 apartments, 18 have been vacant  
23 since 2016.

24 Market-rate tenants have not had their leases  
25 renewed. No reason was given for renewal denial.

1 Their apartments remain vacant.

2 One couple, who is expecting a baby, moved to  
3 a smaller apartment uptown.

4 Others are doubling up with tenants  
5 elsewhere.

6 Good-cause eviction must be passed to protect  
7 market-rate tenants from lease-renewal denial and  
8 self-eviction due to inability to pay astronomical  
9 rent increases.

10 Throughout the state, market-rate tenants are  
11 fearful to report no heat or hot water, to ask for  
12 termination of bedbug and rodent infestation, to  
13 request necessary repairs.

14 They are fearful because their leases may not  
15 be renewed.

16 Good-cause eviction will stop this fear  
17 because tenants will know that their leases will be  
18 renewed at reasonable rates.

19 Also, good-cause eviction will provide  
20 stability to buildings and communities.

21 According to the Right Council Coalition,  
22 over 250,000 evictions in the city are due to  
23 inability to pay rent. Many are among the more than  
24 62,000 homeless people living in shelters.

25 Rent regulation expires on June 15th of

1 this year.

2 You have the power to stop the housing crisis  
3 across New York State.

4 You need to pass all nine of our bills that  
5 make up our universal rent control platform so that  
6 we can feel secure in our homes and strengthen our  
7 communities.

8 Our homes are not commodities for  
9 private-equity firms to flip and make further  
10 profits while tenant leases are not renewed or their  
11 rents increased at unconscionable rates.

12 I thank the Senate for these hearings.

13 SENATOR KAVANAGH: Thank you.

14 [Applause.]

15 SENATOR KAVANAGH: Next.

16 JULIA EASTERLIN (ph.): Good evening,  
17 everybody.

18 Congratulations.

19 I'm just (indiscernible) -- and  
20 congratulations.

21 I was there to see -- oh, this is off the  
22 books.

23 I was up there Tuesday to give you a package  
24 from statewide -- State Citywide Council.

25 I left it up there with your secretary,

1 through that package, and to send it to you.

2 SENATOR MYRIE: Thank you.

3 JULIA EASTERLIN (ph.): You're welcome.

4 My name is Ms. Julia Easterlin (ph.), and I'm  
5 a member of the Met Council for, like -- the old  
6 Met Council of 12 years, and the new one, one year.

7 One year?

8 Yeah, one year.

9 What -- you have to wake -- you have to wake  
10 up the Democrats, 'cause they're sleeping, because,  
11 before we had this vacancy, we didn't have no  
12 vacancy, we didn't have no MIC (sic), and everything  
13 did good.

14 Now the tenants are poor, they can't pay the  
15 rent, and it's really bad for them -- for the --  
16 ya'll say one thing.

17 I'm not saying you, because you knew.

18 (Indiscernible) you've got to talk them up  
19 there up there when you negotiate.

20 So this is the thing what we're having, they  
21 say one thing, and do another.

22 So the thing is, they know the landlords are  
23 crooked. Someone is not regulating the buildings.

24 Come to find out, when I went to the  
25 testimony in Broadway, 250 Broadway, and the thing

1 is, we have to get rid of the management, because  
2 they're harassing. And I'm in court now.

3 (Indiscernible) said they're going to get  
4 assets.

5 And then we told them that we wanted wait to  
6 hear from the commissioner and the mayor.

7 We haven't heard from the mayor. He was off  
8 at something else.

9 The commissioner, Vickie Been, she was at  
10 something else.

11 And we had a serious emergency, problem with  
12 heat, heat, from December 2014 up until now.

13 Then he take us to court, we had this  
14 problem.

15 And nobody (indiscernible) when you call,  
16 I went to Brad Lassen (ph.) office, they didn't do  
17 nothing.

18 I went to Robert Cordidi (ph.), he didn't do  
19 nothing.

20 I stepped over boundaries at 250 Broadway.

21 They said they were going to help me and my  
22 brother for the building.

23 We are senior citizens. We have children in  
24 the building.

25 And that's emergency, the heat shut off.

1           We called 311.

2           They told us, Don't say "heat." Say "the  
3 boiler."

4           And we went to -- he told us to go to the  
5 building department, 280 Broadway.

6           We went to the building department and we  
7 talked to them. I said, the heat's shut off and  
8 all.

9           So he said he was there, he got a fine for  
10 something, I don't know.

11           But, anyway, he went back out there and saw,  
12 it was a clogged-up pipe, heat -- from the heat  
13 coming up on the first and all.

14           Nobody hasn't done a darn thing, and that's  
15 wrong for us to suffer for five months --  
16 five years.

17           Okay?

18           Then the building department came back out to  
19 check it again. They went down there before.

20           Everything is a violation. The whole  
21 building is a violation.

22           So when they came out, they said it's a  
23 clogged-up pipe.

24           I gave it to -- I sent it to the mayor, the  
25 commissioner.

1 I wrote -- we wrote three times.

2 Vickie Been -- Commissioner Vickie Been, she  
3 never answer, three times.

4 Brad Lassen office, I went to him.

5 Then his -- what you call them, the one that  
6 you do the appointments?

7 No, no, no.

8 Schedule.

9 Thank you.

10 The schedule, so, you know, that we can meet  
11 with Brad Lassen.

12 So the schedule fellow was going to give me  
13 the date, but the one, Susan, (indiscernible) told  
14 her, don't do it.

15 So I then went to the supervisor, APD, on the  
16 eighth floor.

17 We did everything.

18 And nobody didn't do anything, and I don't  
19 think that's fair.

20 When you say "emergency," you have no heat  
21 and hot water.

22 Somebody, and I called emergency, they say  
23 was coming.

24 All of a sudden nobody come.

25 You see?

1           That's wrong right there.

2           Then I went to MIC (sic) and the -- what's  
3 the other one?

4           KATHLEEN WACOM:   IAI.

5           JULIA EASTERLIN (ph.):  -- IAI.

6           I don't know too much because this is my  
7 first time in the apartment where I'm at now.

8           So I always lived in a private house.

9           So these are the things that you have to be  
10 aware of what's going on.

11          And get rid of the management.

12          The landlord had, for 100 buildings, they  
13 should know how to handle them, like they did  
14 before.

15          The manager harassed tenants, and charge a  
16 lot of money.

17          They can't pay it, they move.  They're, like,  
18 in and out, in and out.

19          And you have all different nationality, from  
20 White on down.

21          So it's not fair.

22          And I'm in court now because, if I made a  
23 mistake, the lawyer is supposed to help us, and she  
24 didn't do nothing that the landlord -- the lawyer do  
25 everything.

1           So now we have to wait.

2           We getting word, the tables are turned, said,  
3           God don't love ugly.

4           So now we in the front of the row, so he has  
5           to do everything in our apartment before September  
6           of 2019.

7           But this -- and the other thing, the vacancy,  
8           you know, we didn't have -- Senator, they had  
9           stopped that, and they brought it back.

10          People was living good.

11          And they went and they came in a vote, you  
12          know, up to legislators. And then they vote this  
13          bill back again, with that MCI and the vacancy, and  
14          that's wrong.

15          People can't -- that's why you got a lot of  
16          homeless because they can't live like this.

17          Okay?

18          And another thing, and the harassment.

19          These management need to go.

20          Let the landlord be accountable for what they  
21          do, because they get away with a lot of stuff, a lot  
22          of things.

23          I was a landlord once, and I know how -- I'm  
24          not nasty like some landlords.

25          Some is good and some is bad.

1           So I've been a landlord, and now I'm a  
2           tenant. But they shouldn't do the people like that.

3           Fortunately, thank God, that, you know, I'm  
4           not struggling.

5           But, you know, for other people, they're  
6           struggling. It's bad no matter what shade or color.

7           They should do the right thing towards  
8           people.

9           That's what I feel.

10          Let me see.

11          Okay, yeah.

12          Okay, thank you so much.

13          SENATOR KAVANAGH: Thank you.

14          [Laughter.]

15          SENATOR KAVANAGH: That was actually a  
16          perfect use of 6 minutes, so very impressive.

17          And, Ms. Shapiro, would you like to go?

18          ANDREA SHAPIRO: Hello.

19          My name is Andrea Shapiro, and I'm the  
20          program manager at the Metropolitan Council On  
21          Housing.

22          The Met Council has been fighting for tenants  
23          for 60 years, and it's hard to tell the difference  
24          between our signs for today and our signs 10 years  
25          ago, 20 years ago, 30 years ago, 40 years ago, they

1 almost say the same exact thing. We even have the  
2 same Governor's name on some of them.

3 We've been fighting this cause because, since  
4 1959, when we were founded, we have seen tenants  
5 being harassed and scared to speak up.

6 We simply can't answer the phones fast enough  
7 on our hotline to answer all of the questions that  
8 are coming in.

9 And, more than likely, we actually don't have  
10 a good answer for the tenant.

11 What their landlord is doing is,  
12 unfortunately, legal, but we know legal doesn't mean  
13 it's right.

14 That landlords are able to raise the rent on  
15 the market-rate tenants with as little as 30 days'  
16 notice, ask them to leave.

17 It's a very common question.

18 We sit there calculating, "when does that  
19 30-day window start?" not being able to tell them,  
20 No, you have a right, you have ability, to really  
21 fight back.

22 The answer is, Have you thought about moving?  
23 which is not the answer you want give tenants.

24 It's not why we're here.

25 We believe that tenants have -- should have

1 the right to choose when they're moving, and where  
2 they're moving to, not being forced from one  
3 neighborhood to another, hoping that they'll get a  
4 new lease in the new place, and that they'll find  
5 that rent-stabilized apartment that still has a low  
6 rent.

7 At our clinic, which we have one downtown,  
8 and one uptown in Inwood, we are constantly seeing  
9 preferential rents.

10 Most people don't know that they have them.

11 It's not as the simple as saying, you signed  
12 a lease and you know what you got.

13 When you're signing a lease, you see two  
14 numbers on it.

15 You're told you're paying one number.

16 It doesn't explain how preferential rent  
17 works.

18 They think they're paying a lower amount,  
19 that's the amount they have.

20 Then three, four years, usually, later, the  
21 rent goes up and they have no recourse.

22 That's just how it works.

23 And we know that it's four years or  
24 five years later because there's an overcharge being  
25 hid in the past.

1           About a year ago, while Zellnor was  
2           campaigning to be state senator, he took a morning  
3           off to help me at Ebets Field, as we were getting  
4           ready to start the HP court case, helping tenants  
5           file rent reductions.

6           Tenants were coming to us with their rent  
7           histories and their leases, to find out, sort of, if  
8           they were rent-stabilized, and if they had a  
9           preferential rent.

10          For a long time we thought all Ebets Field  
11          is rent-stabilized. It's a huge complex, it's built  
12          before 1974. The rents are relatively low. It  
13          should be.

14          And one tenant after another, we realized  
15          they actually weren't only rent-stabilized.

16          That landlords had used vacancy bonuses,  
17          MCIs, and deregulation to get tenants out.

18          The building used to be filled with families,  
19          multi-generations.

20          That's my favorite thing about going to  
21          tenants' meetings, is I hear about everyone's kids,  
22          everyone's grandparents. Everyone is connected to  
23          each other in these buildings.

24          Now there's, more and more, the landlord's  
25          turning the apartments over, getting transient

1 tenants who aren't paying attention, don't have  
2 family in the building, aren't from the area, and  
3 harassing the long-term tenants out, bringing them  
4 to court case after court case, of non-payments, of  
5 refusing to cash checks, lying about when checks  
6 come in, in order to get them out, to put -- to  
7 deregulate these apartments to get more and more  
8 money.

9 The fact that the elevators took two years to  
10 get any repairs even started, when a building is  
11 filled with seniors, is a clear sign the landlord's  
12 trying to get tenants out.

13 They are not doing this by accident.

14 These are how the laws were designed by the  
15 New York City Council, the New York State Senate,  
16 the New York State Assembly, and former governors.

17 You all have the chance to finally correct  
18 these mistakes, and then help more tenants.

19 Granted, tenant emergency, it only makes  
20 sense that we provide more protections, and that  
21 would include market-rate tenants.

22 The unregulated tenants of New York City and  
23 New York State can't live 30-days notice.

24 You can't find a new apartment in that.

25 You can't plan your life.

1           You can't plan your children's schooling.

2           It's a matter of, not just housing justice,  
3 but racial justice, women's rights, health care,  
4 educational justice, all of the things I know you  
5 all care about beyond housing.

6           And so we need you to pass these nine bills,  
7 and we need you to do it before June 15th.

8           We can't let landlords give out notices to  
9 the landlords -- to their tenants to scare them  
10 about June 15th, that they won't have regulations  
11 after that date.

12           We need it done early for once.

13           Thank you all.

14           [Applause.]

15           SENATOR KAVANAGH: Thank you.

16           Can I --

17           JULIA EASTERLIN (ph.): One more -- just one  
18 more.

19           Another thing, my Senator --

20           SENATOR KAVANAGH: We're going to give  
21 hometown -- a brief hometown exemption from the  
22 6 minutes, just for you, but please keep it brief.

23           JULIA EASTERLIN (ph.): Get rid of --  
24 30 years ago -- 30 years ago I was in front, with  
25 me, Met Council, when I realized nobody never asked

1 on the platform.

2 It was 10 landlords and 2 tenants.

3 30 years later, the Met Council gave, at  
4 St. Francis College last June.

5 Now we got one tenant, he was so scared. And  
6 it's not fair. It's should be five tenants and five  
7 landlords.

8 Do you agree with that?

9 SENATOR KAVANAGH: Okay, well, I'm just going  
10 to say --

11 JULIA EASTERLIN (ph.): No, I'm talking to my  
12 senator.

13 SENATOR KAVANAGH: -- the questions go this  
14 way. Okay?

15 JULIA EASTERLIN (ph.): Oh, oh. (Inaudible.)

16 SENATOR KAVANAGH: But we appreciate it.

17 Perhaps the Senator wants to address your  
18 point.

19 Any questions from Senators?

20 Senator Hoylman first.

21 SENATOR HOYLMAN: Yes.

22 Hi, nice to see you, Kathleen.

23 KATHLEEN WACOM: Oh, hi. It's nice to see  
24 you, Senator.

25 SENATOR HOYLMAN: It's good to see a

1 constituent.

2 I had a question about, if you could just  
3 describe for my colleagues what it's like not to  
4 have a traditional landlord anymore.

5 Since you, thankfully, lost Toledano, but now  
6 you have this nameless, kind of faceless, financial  
7 institution.

8 How has -- has the situation improved with --  
9 with you and your fellow tenants?

10 Who do you go to when you don't have hot  
11 water or -- or -- or -- or heat?

12 KATHLEEN WACOM: Oh, HPD, because not only do  
13 we not have a regular landlord, because we sent our  
14 checks to, you know, 325 East 12th Street, LLC, we  
15 have not had a legal super since March of 2013, and  
16 the building is horrendous.

17 And according to the AG, the manager of the  
18 building is Madison Realty Capital, under -- and,  
19 also, they use their subsidiary Silverstone to  
20 manage it.

21 However, I went on HPD, and the real owner is  
22 David Goldwasser who lives in Florida.

23 So there's a lot of hanky-panky, and the  
24 lawyers don't even know what's going on.

25 I've talked to them, and, you know, well, I'm

1 too busy, whatever.

2 And the real owner is David Goldwasser who  
3 lives in Florida, and, meanwhile, Madison Realty  
4 Capital is continuing funding the whole  
5 East Village.

6 Now they're trying to take over Campos Plaza,  
7 which is a NYCHA development in the East Village.  
8 And that was the last residence of our co-founder,  
9 (indiscernible), by the way.

10 But, really, Madison and the other private  
11 equities, they're running rampant.

12 And there are no more mom-and-pops, because  
13 when you talk about number of buildings, you should  
14 talk about number of units, because two buildings  
15 can encompass 200 units.

16 Okay, thank you, Senator Hoylman.

17 SENATOR HOYLMAN: Thank you.

18 Thank you.

19 SENATOR KAVANAGH: Next up, I think

20 Senator Krueger has a question.

21 SENATOR KRUEGER: Yes.

22 Hi.

23 Thank you.

24 When you talked about Madison Capital, I just  
25 wanted to just read into the record, that when they

1 attempted to buy a building in my district, they  
2 were explaining in their written materials that they  
3 estimated they could get rid of 75 percent of the  
4 regulated tenants within two to three years.

5 And that was actually sort of their --

6 KATHLEEN WACOM: Business model.

7 SENATOR KRUEGER: -- business model, thank  
8 you. So they're a, potentially, disturbing group.

9 But, Andrea, I wanted to ask you, are you  
10 seeing an increase in landlords trying to break  
11 preferential-rent deals this year?

12 ANDREA SHAPIRO: Yes.

13 I mean, we have -- according to DHCR,  
14 30 percent of tenants have preferential rents.

15 And I feel like we've been seeing much higher  
16 numbers, and that would make sense, of people who  
17 first have preferential rents, and then preferential  
18 rents going up.

19 And we have several tenants in The Bronx who  
20 are, I guess, on a partial rent strike, which  
21 were -- they were hoping that you guys would pass  
22 these laws back in March, because they don't know  
23 what else to do.

24 And, also, their entire building lost their  
25 preferential rents, starting in about February of

1 this year.

2 We have seen that in a number of other  
3 buildings.

4 SENATOR KRUEGER: And one of the reasons  
5 I ask is because we hear, anecdotally, that as the  
6 real estate industry sees what we're very likely to  
7 pass in the Legislature this year, they want to jump  
8 ahead of us.

9 So if they can get rid of preferential rents  
10 for individual tenants now, even when we change the  
11 law, saying they can't do that, it's too late.

12 ANDREA SHAPIRO: Yes.

13 SENATOR KRUEGER: We're also very concerned  
14 that, as we move forward with major reforms of rent  
15 regulation, that, at least in some parts of the  
16 city, real estate will quickly reevaluate whether  
17 they want to do a condominium conversion and get  
18 themselves out of this completely.

19 So we're trying to do what we believe are the  
20 right things, and also try to predict how to protect  
21 against what I call "unintended consequences" of  
22 everybody knowing what we're trying to do.

23 ANDREA SHAPIRO: Yes, we definitely see  
24 preferential rents going away.

25 All of a sudden, MCIs that had been sort of

1 pending for years, are being put forward.

2 And I know Mike (indiscernible), he has a lot  
3 of thoughts on dealing with the concern that club  
4 conversions could become a thing again, that we lose  
5 a lot of rent stabilization too, that he's happy to  
6 share thoughts on, and you can ask him.

7 SENATOR KRUEGER: Thank you.

8 SENATOR KAVANAGH: Senator Myrie.

9 SENATOR MYRIE: Thank you.

10 Thank you, Andrea, for the work that you are  
11 doing, and that you continue to do.

12 Ms. Easterlin, I want to thank you for your  
13 testimony.

14 And, also, just for the record, state that  
15 I think you were bringing up the composition of the  
16 Rent Guidelines Board.

17 And, you know, I think it's important, that  
18 as we are considering these reforms, that we  
19 consider the Rent Guidelines Board as well, because  
20 we do not operate in a vacuum.

21 I know that there are some of us who have  
22 expressed that, in the interim, while we are  
23 considering and deliberating, that there is a rent  
24 freeze, and that there are a number of things that  
25 are under the RGB's jurisdiction that we should be

1 looking at to protect tenants.

2 So I just want to say thank you for bringing  
3 that up, and we will be taking that into  
4 consideration.

5 JULIA EASTERLIN (ph.): Good. I appreciate  
6 that.

7 SENATOR KAVANAGH: Thank you.

8 And, Senator Jackson, I think you had a  
9 question.

10 SENATOR JACKSON: First, let me thank you all  
11 for coming in, and the rally that was up in Albany,  
12 and lobbying.

13 We have to keep the pressure on, let me just  
14 say that.

15 Just one rally and we think that, okay, the  
16 Assembly and the Senate are going to unify and come  
17 with a united bill. And then we have to face the  
18 800-pound gorilla in the room, the Governor and the  
19 Real Estate Board of New York.

20 And I heard people come up and give testimony  
21 earlier, that, you know: We put you all in office.  
22 Now there's, you know, Democrats in the Senate and  
23 Democrats in the House, meaning, the Assembly, now  
24 get it done!

25 I wish it was so easy.

1           And I think that what we need to do, is to  
2           make sure that everyone knows that it's not over  
3           until it's over, and it's not over until it's done.

4           And so the pressure must be continuous, so we  
5           feel the heat, and so that the Governor feels the  
6           heat, and so that all of the other Assembly Members  
7           and the Speaker and the Majority Leader feel the  
8           heat.

9           Now, some people say, well, you know, don't  
10          say that.

11          They are the leaders, the three leaders of  
12          our state, and we are the foot soldiers, and we have  
13          to communicate loud and clear to them our  
14          priorities.

15          And that's why -- that's what we're doing.

16          And I say to you that, both Brian Kavanaugh  
17          and Zellnor Myrie, in leading the work group, are  
18          doing an excellent job.

19          I have the ended all of them, and I plan on  
20          continuing to go to all that they have, in order to  
21          speak out on behalf of all of the people that  
22          I represent, and all of the people that I don't  
23          represent that are in the same boat as the people  
24          that I represent.

25          So, please, it's not as easy as you think

1 you -- it is, but keep the pressure on all of us.

2 Thank you.

3 And thank you for your advocacy, all of you.

4 SENATOR KAVANAGH: Thank you.

5 Any --

6 [Applause.]

7 SENATOR KAVANAGH: Any further questions or  
8 comments?

9 Okay.

10 Thank you all again for your testimony.

11 Next up we have Adam Meyers of Brooklyn Legal  
12 Services, and Chavette Jackson, also of Brooklyn  
13 Legal Services.

14 And there was someone else who was expected  
15 from Brooklyn Legal Services, who I think hasn't  
16 checked in.

17 But, anyone else from Brooklyn Legal Services  
18 planning on testifying, this is your moment.

19 Then next up after that, we are going to  
20 have -- I apologize if I'm not pronouncing this  
21 properly -- but, Xiao Ling Chen, and I think  
22 Melanie Wang is going to translate, and they're both  
23 from CAAAV.

24 ADAM MEYERS: Okay.

25 SENATOR KAVANAGH: Welcome.

1           ADAM MEYERS: Thank you, and good afternoon,  
2           Senators.

3           My name is Adam Meyers, and I'm an attorney  
4           with Brooklyn Legal Services Corporation A.

5           It assures the first three words of the other  
6           Brooklyn Legal Services. We're actually different  
7           organizations.

8           And my office has been representing tenants  
9           and tenant associations in north and east Brooklyn  
10          for 50 years now.

11          Thank you for the opportunity to speak at  
12          this hearing.

13          You've heard a lot today about the package of  
14          nine bills, about what we need to do to get MCIs  
15          ands IAIs and preferential rents under control,  
16          and extend good-cause protections to other tenants  
17          who are not yet protected.

18          And these are all crucial measures, and we  
19          fully support each and every one of them; they  
20          should all be passed.

21          But I'm here to talk to you about something  
22          additional.

23          What I keep pushing is my "tenth bill," which  
24          is -- it's about owner's-use evictions.

25          It's a modest reform, it's pragmatic, it's

1       achievable, and it is something that would tie up  
2       what is currently a massive, massive loophole in the  
3       rent-stabilization system, even if it doesn't get so  
4       much attention as MCIs are right now.

5               So what is "owner's-use eviction"?

6               "Owner's-use eviction" -- uh, as you guys all  
7       know, as a general rule, rent-regulated tenants,  
8       rent-stabilized and rent-controlled tenants, have  
9       the right to renewal leases at regulated rents.

10              They can, basically, stay in their apartments  
11       as long as they don't break the lease or cause a  
12       nuisance, or something like that.

13              "Owner's-use eviction" is an exception to  
14       this rule which says that, if an owner declares that  
15       he or his family wants to move into a  
16       rent-stabilized or rent-controlled unit and occupy  
17       it, he's allowed to do so, and he's allowed to tell  
18       the tenant, no matter how long they've lived there,  
19       that you're not entitled to a renewal lease and  
20       you've got hit the road.

21              One can think back and understand why this  
22       was probably passed.

23              It's not a crazy idea, if you imagine small  
24       landlords with maybe only one building. They want  
25       to retain some flexibility with respect to renting a

1 unit now, but then, maybe, when the kid comes back  
2 from college they need a place to stay, or something  
3 like that.

4 But over the last 20 years we have seen a  
5 rampant, sort of, escalation and abuse of the way  
6 owner's-use eviction is being used.

7 The biggest problem with the law is that it  
8 imposes no limitation upon the number of units that  
9 can be recovered by a landlord for their own use.

10 There are big landlords who own dozens of  
11 buildings that are using the law to clear out entire  
12 multi-family properties and convert them to these  
13 extravagant single-family mansions.

14 There was a big high-profile case back in the  
15 mid-2000s, where, eventually, the court of appeals  
16 declared that a couple landlords on the Lower East  
17 Side were able to clear out all the tenants in this  
18 six-story, 11,000-square-foot building, and turn it  
19 into just a giant mansion for themselves and their  
20 baby.

21 I'm currently -- my office is currently  
22 working with a great number of tenants facing these  
23 cases, just in one neighborhood of  
24 South Williamsburg.

25 At 374 Wallabout, this a 6-unit building,

1 where the landlord is trying to evict two long-term  
2 tenants; one's been there 40 years, one's been there  
3 20 years. He's trying to evict them so that he can  
4 convert the entire building into a single-family  
5 home.

6 At 157 Lorimer, just a few blocks away, it's  
7 the same story.

8 The landlord is trying take this 6-unit  
9 building and turn it into, basically, a duplex, so  
10 that his two kids can live on either half of the  
11 building.

12 And then, at 273 Lee, another building,  
13 again, just a couple blocks away, landlord is trying  
14 to take a large portion of the 8-unit building and  
15 is evicting three long-term Latino tenants, so as to  
16 put his kids in there.

17 These are just a tiny sample of the problem.  
18 This is going on across the city.

19 And the thing that I want to emphasize, and  
20 this touches on what -- something Senator Krueger  
21 said a moment ago, we expect this problem to get  
22 bigger; we are talking about unintended  
23 consequences.

24 And if we are going to pass these other  
25 critical reforms, reforms of MCIs and IAIs, that

1 while they extend huge new protections to tenants,  
2 they're going to make landlording of a  
3 rent-stabilized building a bit less profitable, we  
4 can expect more and more landlords to decide, you  
5 know what? Rather than make less money, I would  
6 rather live in a fancy house.

7 And so we need to tie up this loophole now  
8 while we still can.

9 Luckily, Senator Kavanaugh has introduced a  
10 bill that would do just this. This is S4130, and  
11 this would make a number of changes to the law that  
12 would, basically, tie up the loophole.

13 First, it would strictly limit the number of  
14 units that a landlord could get through this kind of  
15 eviction. He's limited to one, and that's all you  
16 need for, you know, if your elderly parent is  
17 downsizing from their home, or if the kid comes back  
18 from college. It's not enough to take massive  
19 numbers of units out of circulation.

20 Second, this bill would provide additional  
21 protections to rent-stabilized units, and would  
22 provide that a rent-stabilized unit could only be  
23 recovered by the landlord in the case of urgent or  
24 compelling necessity, rather than simply on a  
25 landlord's whim.

1           And then, finally, it would create additional  
2           protections for tenants who have lived in their  
3           apartments for 15 years or longer.

4           These changes are modest and they're  
5           targeted, and they're going to be effective, and  
6           they're just -- just imminently reasonable.

7           It's critical that these changes be made now  
8           before this problem gets bigger.

9           And, thank you all for your time, and for  
10          everything that you're doing on these issues.

11          SENATOR KAVANAGH: Thank you.

12          And I'll hold my comments, other than to say,  
13          if I had known what you were going to testify about,  
14          you know, we would have brought you up sooner.

15          ADAM MEYERS: Yeah, perfect.

16          SENATOR KAVANAGH: But thank you for your  
17          (indiscernible).

18          Thank you, for the other Brooklyn Legal  
19          Services now.

20          CHAVETTE JACKSON: Hi.

21          My name is Chavette Jackson.

22          I'm a staff attorney at Legal Services NYC,  
23          in our Brooklyn branch.

24          I'd like to thank Senator Kavanagh and the  
25          Committee for this opportunity to offer testimony.

1           We applaud the Committee's efforts to provide  
2 desperately-needed protections for vulnerable  
3 tenants struggling to pay unaffordable rents and  
4 avoid displacement of homelessness due to a myriad  
5 of loopholes in the existing system of rent  
6 regulation.

7           Legal Services NYC is one of the largest law  
8 firms for low-income people in New York City, with  
9 18 community-based offices and numerous outreach  
10 sites located throughout each of the city's five  
11 boroughs.

12           Legal Services NYC's mission is to provide  
13 expert legal assistance that improves the lives and  
14 communities of low-income New Yorkers.

15           New York City and New York State are facing  
16 an ever-deepening affordable-housing crisis.

17           45 percent of New York City tenants are  
18 rent-burdened. Hundreds of thousands of  
19 New York City tenants must defend themselves in  
20 eviction proceedings each year.

21           The vast majority struggling to pay rents  
22 that have risen above their means.

23           60,000 families currently reside in the  
24 city's homeless shelters.

25           At the root of this crisis are insidious

1       loopholes punched in the rent laws by past  
2       legislatures oblivious to the social cost of  
3       weakening controls on cut-throat -- on the  
4       cut-throat real estate market.

5               Meanwhile, literally, millions of tenants in  
6       unregulated smaller properties live with constant  
7       fear of displacement because they have no protection  
8       against arbitrary eviction by their landlords.

9               I'm one of them.

10              The newly-introduced rent-regulation reform  
11       bills would provide desperately needed protections  
12       to millions of vulnerable working-class and  
13       middle-class families throughout the city and state,  
14       closing scandalous loopholes that provide -- that  
15       allow predatory landlords to enrich themselves at  
16       the expense of our families and our communities.

17              Legal Services NYC believes that all the  
18       bills included in the Housing for All campaign will  
19       immeasurably benefit our clients, and help curtail  
20       the epidemic of homelessness and rent hardship that  
21       afflicts working families throughout the state.

22              Senate Bill 3482 will repeal the current law  
23       that allows landlords to permanently deregulate  
24       apartments upon vacancy when the maximum  
25       legally-collectable rent exceeds 2773, even if the

1 landlord actually charges less than that amount.

2 Vacancy deregulation provides a powerful  
3 incentive for landlords to charge less -- or, to  
4 displace tenants through harassment, as well as  
5 through the aggressive use of housing-court eviction  
6 proceedings.

7 Even where the market will not support rents  
8 above that threshold, landlords still seek  
9 deregulation to deprive their tenants of rights and  
10 protections available under rent stabilization.

11 Deregulation, therefore, affects thousands of  
12 tenants in low-income neighborhoods where market  
13 rents are below the threshold.

14 Deregulation operates as one of the principle  
15 drivers of displacement and neighborhood instability  
16 in New York City.

17 S1593 will repeal the current law that  
18 permits landlords to increase rent-stabilized rent  
19 by 20 percent upon vacancy.

20 This increase is not tied to any increase in  
21 the landlord's costs, which are already compensated  
22 through the annual rent increases approved by the  
23 Rent Guidelines Board.

24 The 20 percent vacancy bonus does not require  
25 any improvement to the apartment either.

1           It is a pure windfall to landlords and a  
2 major cause of inflated rents, and must be  
3 abolished.

4           Due to existing loopholes in the  
5 rent-stabilization law, the maximum stabilized rents  
6 actually exceed market rents in many neighborhoods.

7           Current law allows landlords to charge market  
8 rent under the name "preferential rent," while  
9 registering often much higher -- a much higher legal  
10 rent.

11           When market conditions change, landlords are  
12 free to revoke the preference upon expiration of the  
13 tenant's lease, subjecting tenants to increases of  
14 50 to even 100 percent.

15           In some low-income neighborhoods, one-third  
16 to one-half of rent-stabilized tenants are currently  
17 being charged revocable preferential rents.

18           S6527 will require landlords to base renewal  
19 leases on the original preferential rent for the  
20 life of the tenant's occupancy so that tenants will  
21 not be displaced by drastic rent hikes.

22           In 1997 the Legislature enacted a law,  
23 requiring judges to order tenants to deposit  
24 outstanding rent during the course of an eviction  
25 case, and mandating the dismissal of the tenant's

1 defenses if they could not afford the deposit.

2 The law unconstitutionally prevented tenants  
3 from challenging illegal overcharges if they could  
4 not afford to deposit the illegally high rent, and  
5 allowed landlords to evict tenants from freezing  
6 substandard apartments without giving them a chance  
7 to defend -- to demand a rent abatement.

8 S4526 will bar judges from striking the  
9 defenses of indigent tenants, and give tenant  
10 advocates appearing, under the Universal Access to  
11 Counsel Project, the time they need to properly  
12 prepare their cases and assert essential defenses  
13 for their clients.

14 Current law protects dishonest landlords who  
15 charge rent in excess of the legal limits by barring  
16 tenant overcharge claims after four years elapse.

17 The law penalizes tenants, particularly  
18 low-income tenants, who are unaware of their legal  
19 rights and fail to act within the four-year period.

20 Indeed, landlords often lull tenants into  
21 inaction by charging them lower preferential  
22 rents -- excuse me -- only to revoke the preference  
23 after four years.

24 Senate Bill 280 will protect landlords who  
25 provide -- who file truthful, lawful registration

1 statements, while allowing tenants to challenge  
2 registrations rendered unreliable due to fraud or  
3 dishonest practices.

4 Thousands of tenants in New York City and  
5 throughout the state who are not covered by rent  
6 regulation may be evicted by their landlords for any  
7 reason or no reason, even when they're willing and  
8 able to pay market rents.

9 Such tenants live perpetually in fear that  
10 their landlords -- of their landlords, afraid to  
11 request repairs and are vulnerable to harassment.

12 S2992 restores simple justice to the  
13 unregulated rental market.

14 Landlords will be able to recover apartments  
15 for bona fide reasons, but will no longer be able to  
16 arbitrarily evict law-abiding tenants.

17 Under our current system, landlords that  
18 upgrade systems and individual apartment finishes  
19 are able to pass costs of those repairs on to  
20 tenants forever.

21 However, many of these building systems --  
22 system repairs are necessary after years of neglect,  
23 and landlords often overstate the cost and extent of  
24 renovations.

25 Individual apartment improvements are even

1 more susceptible to abuse because they are not  
2 monitored by HCR, and can lead to doubling of rents  
3 and the immediate decontrol of apartments.

4 The proposed bills will protect tenants from  
5 these predatory practices which eviscerate the  
6 State's efforts to keep rents affordable for working  
7 families.

8 Thank you.

9 SENATOR KAVANAGH: Thank you.

10 Questions for this panel?

11 SENATOR KRUEGER: Gustavo first.

12 SENATOR KAVANAGH: Seems like we have  
13 several.

14 First, Senator Rivera.

15 SENATOR RIVERA: Okay.

16 I'll point out, we've been joined by  
17 Assembly Member Richardson.

18 I'd like to hear later about that video that  
19 you posted about, someone who's paying people  
20 outside?

21 OFF-CAMERA SPEAKER: Yes.

22 SENATOR RIVERA: That would be -- that would  
23 be really -- I'd love to hear that.

24 But, for you two folks, thank you for being  
25 here.

1           You both are both -- both are attorneys, and  
2           have represented many tenants, and you represented  
3           tenants in MCI cases, to try to get them to fight  
4           MCIs?

5           You have, ma'am?

6           CHAVETTE JACKSON: I have not particularly.

7           SENATOR RIVERA: Okay.

8           You have, sir?

9           ADAM MEYERS: I've represented a few, yes.

10          SENATOR RIVERA: Okay.

11          So if -- if you could tell me, just briefly,  
12          kind of give us the worst-case scenario.

13          I'm just -- the one that you remember,  
14          particularly, because, as you might have been here  
15          earlier, this is just one, right, application.

16          This is for a \$2.2 million renovation on  
17          restore -- on facade restoration, a lobby  
18          renovation, et cetera.

19          But if you could tell us a little bit, just  
20          from a point of view of a professional, because this  
21          is what you do for a living, you represent tenants,  
22          could you tell us a little bit about the worst  
23          experience that you can remember of trying to defend  
24          tenants that were going through an MCI process, and  
25          then still seeing it go through at the end?

1 Or maybe tell us a good story as well.

2 ADAM MEYERS: No, I have no good stories  
3 about MCIs.

4 The case that I've dealt most directly with  
5 MCIs is a building that I represented -- a tenant  
6 association I represented in a building up in  
7 Greenpoint on Manhattan Avenue.

8 It's only a 6-unit building, and so it didn't  
9 get up into the 2 1/2-million-dollar range, but it  
10 was several hundred thousand dollars. And it -- the  
11 landlord was seeking rent increases for the tenants  
12 that translated into, I believe, between one and  
13 two hundred dollar rent increases per apartment,  
14 which for low-income folks is extremely difficult.

15 And so we -- you know, we did spend months  
16 working with the tenants, collecting what evidence  
17 we could, about what work was done at the property,  
18 whether or not it was done in a workman-like  
19 fashion, whether or not it was effective or  
20 necessary, or whether it actually benefited the  
21 tenants.

22 In this case, a lot of the benefits actually  
23 went to a commercial tenant that was occupying the  
24 first floor, that DHCR, frankly, did not really  
25 recognize the true extent of their presence there,

1 and so didn't attribute enough of the expense to  
2 them.

3 But, long story short, we weren't able to do  
4 a lot with it.

5 The decision came down.

6 It's currently under what's called  
7 "a petition for administrative review," so, it's,  
8 theoretically, on appeal. But that's a long  
9 process, and it's going to be a while before the  
10 tenants see any relief from that.

11 SENATOR RIVERA: To follow up a second, so  
12 the -- you said that DHCR did not, in this  
13 particular case, recognize the extent of the  
14 presence, I think is what you said, the extent of  
15 the presence of that particular commercial tenant?

16 ADAM MEYERS: Yeah, and it gets a bit  
17 complicated, and I don't want to drag us into the  
18 weeds --

19 SENATOR RIVERA: Okay.

20 ADAM MEYERS: -- but, basically, commercial  
21 tenants who occupy buildings, and where some of the  
22 benefit of renovation work goes to those commercial  
23 tenants, the costs are suppose to be transferred to  
24 the commercial tenants sort of in relation to the  
25 amount of space that they occupy of the property.

1           And our big argument was that, DHCR  
2           undercounted the space that was occupied by the  
3           commercial tenant, and gave too little expense to  
4           the commercial tenant and too much to the  
5           residential residents.

6           SENATOR RIVERA: I guess the question I'm  
7           really asking is related to the role of DHCR.

8           Since you made the -- your statement was,  
9           they didn't take (indiscernible) into account.

10          Obviously, that's a situation, as far as the  
11          commercial tenant.

12          There might be many situations that are  
13          similar.

14          Would it -- do you have a sense, in your  
15          experience, based on your experience, do you think  
16          it's because of an inability of DHCR to do that type  
17          of work? Maybe too much on their plate? Or maybe  
18          the law doesn't allow them to take into  
19          consideration that commercial tenant's --

20          ADAM MEYERS: Yeah, I think it's a resource  
21          issue.

22          I don't think that they lack the ability to  
23          do it.

24          I've met inspectors that work -- worked for  
25          DHCR that are very sharp.

1           But, I think that they have a lot of these  
2 cases to deal with, and their practice is at a place  
3 where they tend to give a lot of deference to  
4 landlords when they are handed those 250-page stacks  
5 of paper.

6           SENATOR RIVERA: Got it.

7           And, ma'am, you said you have not represented  
8 tenants yourself.

9           Maybe you're -- maybe -- do you know of any  
10 cases like that in your -- that maybe --

11          CHAVETTE JACKSON: I think the biggest issue  
12 we encounter with -- I've encountered with MCIs are  
13 in these DHCR rent-registration histories, where  
14 we're trying to go back four years, and we're trying  
15 look for overcharges, and the landlords are either  
16 claiming owner's use or MCIs for past tenants.

17          And that's the way they're using the MCIs to  
18 jack up the rents for current tenant.

19          And so it's very hard -- it's very difficult  
20 to go back and to trace these apartment improvements  
21 on these dilapidated buildings to see what the  
22 landlords have done, either individually in  
23 apartments or, overall, to the structure, the  
24 overall building structures.

25          So sometimes we can't see what work has been

1 done at all, either in the past or for our current  
2 client, to justify these increases that the  
3 landlords are trying to charge.

4 SENATOR RIVERA: Thank you both.

5 Thank you, Mr. Chairman.

6 SENATOR KAVANAGH: We have several questions  
7 on this one.

8 I think we're just going to keep going  
9 across, if that's okay.

10 So, Senator Krueger.

11 SENATOR KRUEGER: It's actually not a  
12 question I -- to Adam Meyers.

13 I want to thank you for highlighting  
14 Senator Kavanagh's other bill on single-use  
15 eviction, and I just want to high -- owner's-use  
16 eviction.

17 So in the beginning I made a statement that  
18 Manhattan has seen everything go on forever, and now  
19 the rest of the city is seeing the same thing.

20 So when I was first elected, I think almost  
21 17 years ago, one landlord named Steve Croman, he  
22 went on to much great fame.

23 He evicted 20 tenants in my district in one  
24 building to build himself a mansion.

25 Just saying.

1           So this has been a growing crisis.

2           So as -- you're absolutely right, as  
3 neighborhoods gentrify more and more, there is more  
4 and more motivation for us to see things people used  
5 to imagine nobody would ever do that anyway.

6           So, it's very important.

7           SENATOR RIVERA: Can I ask just one last  
8 quick question, because I just realized something?

9           To the gentleman that's represented, very  
10 quickly, so in your experience, based on the  
11 cases --

12           How many have you done, as far representing  
13 tenants in MCI cases?

14           ADAM MEYERS: I don't know.

15           SENATOR RIVERA: 5? 10? 15?

16           ADAM MEYERS: Yeah, around five, probably.

17           SENATOR RIVERA: Around five, but, obviously,  
18 you're not like things that you can get done in a  
19 couple of days. They're complicated.

20           ADAM MEYERS: No, they're complicated.

21           SENATOR RIVERA: -- so in your experience, do  
22 you think that tenants that do not have the luxury,  
23 in your case, the luck, of having someone who can  
24 work for them pro bono, that just a run-of-the-mill  
25 tenant with a run-of-the-mill life in a

1 rent-stabilized apartment, whether that person  
2 could, on their own, go through this process and be  
3 able to advocate effectively on their own?

4 Do you think that's possible?

5 ADAM MEYERS: Do I think it's possible?

6 Do I think there are extraordinary  
7 individuals who sort of rise to the occasion?

8 Yeah, probably, but, it's extremely  
9 burdensome.

10 But it's long odds against them if only due  
11 to the fact that, when a landlord's filing an MCI  
12 application, he's doing it with well-paid counsel.

13 And so if the lawyer's going to add any value  
14 to the situation, and, professionally, I have to say  
15 that it does, the tenant's at a disadvantage just by  
16 virtue of being unrepresented.

17 SENATOR RIVERA: Thank you.

18 SENATOR KAVANAGH: And you've added value to  
19 our hearing as well.

20 Next up, Senator Myrie.

21 SENATOR MYRIE: Thank you for your testimony.

22 Mr. Meyers, on the issue of owner-use  
23 eviction, it happens to be something that I support.

24 I'm not just saying that because I'm sitting  
25 next to the sponsor of the bill.

1           Can you speak to, without getting, you know,  
2           like Comm Law 101, the constitutional argument  
3           against it, that people will say, or landlords will  
4           say, You're telling me that I can't live in the  
5           property that I own and that I've bought?

6           ADAM MEYERS: So, it's a good question, and  
7           I'll confess that I haven't done a deep-dive  
8           research into the constitutional issues.

9           But I don't think they're going to be a big  
10          problem here, and the reason I think that is  
11          because, there is a substantial body of law  
12          affirming New York State and New York City's ability  
13          to sort of put restrictions on the way that property  
14          owners, and especially landlords, are allowed to use  
15          their property.

16          This bill would not prohibit landlords from  
17          using their own properties for their own occupancy.

18          It would simply require that they do it  
19          either with one unit, or they wait until units  
20          become vacant, or, negotiate buyout agreements with  
21          tenants.

22          That's actually one of the really interesting  
23          issues with the current state of the law, the fact  
24          that, if you purchase a rent-stabilized building  
25          full of below-market tenants, and you want to turn

1 that into a higher-rent building, sort of a luxury  
2 rental, the way you do that is you offer people  
3 buyouts, and the market sort of interacts with you  
4 and the tenant and you arrive at prices, you know,  
5 maybe this tenant will take 100 grand. That tenant  
6 will take a hundred fifty, whatever it is.

7 You can get them out if you offer them enough  
8 money.

9 But what New York State does, under the  
10 current law, is it subsidizes landlords who,  
11 instead, want to take these units completely off of  
12 the market and turn these, you know, 10-unit  
13 buildings into mansions.

14 New York State subsidizes them to the tune of  
15 the buyouts they would otherwise have had to pay to  
16 the tenants, and that's a big problem.

17 SENATOR KAVANAGH: Senator Salazar.

18 SENATOR SALAZAR: Thank you.

19 Thank you both for your testimony.

20 My question is for Ms. Jackson.

21 In your testimony, when you spoke about the  
22 need to reform preferential rents, or close the  
23 preferential rent loophole, certainly, the --  
24 there's, currently, the proposal that you spoke to  
25 of making those preferential rents the legal rent

1 for the remaining period of the tenancy.

2 But, there is an alternative proposal to  
3 actually make the preferential rent the legal rent  
4 beyond the current tenancy.

5 I assume -- I know the answer to this --  
6 well, I don't want to assume that I know the answer  
7 to my question, but, do you -- is it -- in your  
8 opinion, the second option, is it viable, and is it  
9 preferrable?

10 CHAVETTE JACKSON: It's certainly  
11 preferrable.

12 I think, in a lot of cases, in my experience,  
13 where I'm representing large clusters of buildings,  
14 and tenants either facing eviction, or, especially  
15 when coming from under regulatory agreements, where  
16 the landlords are lawfully allowed to restructure  
17 rents and double and triple tenants' rents,  
18 preferential rents become very important to tenants.

19 And so what we often negotiate in settling  
20 those cases are preferential rents for the tenants,  
21 and the fight we get from the landlords is  
22 succession rates, and the rights for these  
23 preferential rates to enure, not just for the life  
24 of the tenancy, but for any successors.

25 It is our position that it's important that

1 successor tenants have the right to enjoy these  
2 preferential rents as well.

3 We don't know what's going to happen during  
4 the life of the tenancy.

5 We don't know what the landlords are going to  
6 do in the interim to these tenants.

7 And so it's important that any successor  
8 tenant will have the opportunity to have the  
9 affordable rent that their family member had, any  
10 children or anybody remaining in the apartment.

11 So we definitely support it enuring for even  
12 longer than just the life of the tenancy.

13 SENATOR SALAZAR: Thank you.

14 SENATOR KAVANAGH: Senator.

15 Senator Hoylman.

16 SENATOR HOYLMAN: Thank you,  
17 Senator Kavanagh, and thank you for your bill on the  
18 issue of owner-occupied units.

19 Question for you: How prevalent is it?

20 Is it increasing in number?

21 Do you have any sense of borough?

22 I know there's a lot that has occurred in the  
23 East Village, and even the -- in the wider Greenwich  
24 Village in my district.

25 But I was wondering if you see the trend line

1 continuing?

2 ADAM MEYERS: And so my answer here is going  
3 to be entirely anecdotal, based on the fact that, to  
4 the best of my knowledge, there is no governmental  
5 body that tracks this stuff at all. It's completely  
6 unmonitored.

7 But, to the best of my knowledge, it is  
8 increasing.

9 We are seeing an increasing number of these  
10 cases in Greenpoint, we're seeing an increasing  
11 number of these cases, and this is where I'm really  
12 seeing most of them, in South Williamsburg, where  
13 the Hasidic community is using these cases as their  
14 population expands, and they are displacing,  
15 largely, Latino long-term tenants via owner's-use  
16 eviction.

17 SENATOR HOYLMAN: Well, it is the ultimate,  
18 like, fat-cat landlord move, to say that, my family  
19 is better than yours and you have to move out of  
20 your apartment to accommodate, you know, my kids and  
21 parents.

22 ADAM MEYERS: It's a really bad look.

23 SENATOR HOYLMAN: It's a real -- it is so  
24 outrageous.

25 So thank you, Senator Kavanagh, for your

1 bill.

2 And thank you for advocating for it.

3 SENATOR KAVANAGH: And I'm just going to  
4 follow up with one -- one or two quick questions.

5 So you've talked about a common phenomenon,  
6 where the goal is to clear out lots of people to  
7 make few dwelling units.

8 Like, and we had, I think, 20 -- I think it  
9 was 28 units on East 3rd Street, I think you may  
10 have ref -- that made me think of the same case that  
11 was from a number of years ago.

12 But there's also -- this is also useable by  
13 multiple family members for multiple units as well;  
14 right?

15 ADAM MEYERS: That's correct.

16 SENATOR KAVANAGH: So if I am a landlord and  
17 I have lots of relatives, and I want to take an  
18 occupied rent-regulated building, and I want to  
19 designate each apartment as the new home of each of  
20 many of my relatives, I can use that as the basis  
21 for taking all of those units out of deregulation --  
22 out of regulation?

23 ADAM MEYERS: That's correct, yeah.

24 If -- they would have to be immediate family  
25 members, but, assuming they're immediate family

1 members, you don't need to prove that you need these  
2 units for any reason or that you don't have other  
3 places to put them.

4 You only need to prove that this is what you  
5 want.

6 SENATOR KAVANAGH: And to your knowledge, is  
7 there any ability on the part of HCR, or any other  
8 agency, to follow up subsequent to the deregulation,  
9 to ensure that your relatives are still living  
10 happily in these units?

11 ADAM MEYERS: It -- I have no knowledge of  
12 any program by DHCR to follow up on this.

13 DHCR does have a rule, I believe, that, if  
14 you evict someone for owner's use, you must, as the  
15 owner or as the owner's family, occupy that unit for  
16 three years after that eviction.

17 But I think, if you violate that rule, all  
18 that happens is that there is a sort of  
19 rent-increase penalty imposed on the building.

20 And, two, you're exactly right, that I don't  
21 think DHCR looks for that independently.

22 It would only be brought to their attention  
23 by super-observant tenants, you know.

24 SENATOR KAVANAGH: Okay.

25 Again, thank you, and we have your testimony,

1 and we would like to follow up with you on this.

2 ADAM MEYERS: Thank you.

3 SENATOR KAVANAGH: Thank you.

4 Okay, great. Thank you very much.

5 Next up, as I -- as previously mentioned, we  
6 have Xiao Ling Chen, and, Melanie Wang, who I think  
7 is going to translate, with CAAAV (the Coalition  
8 Against Anti-Asian Violence).

9 And then next up after that we have Neighbors  
10 Helping Neighbors, and that is going to be  
11 Abigail Martinez and Clara Perez Joseph, and  
12 I believe Marcela Mitaynes is also here.

13 XIAO LING CHEN: (Speaking Chinese.)

14 (Translated to English by a translator.)

15 So, hello to the State Senators, and all of  
16 our allies, and ladies and gentlemen here today.

17 (Speaking Chinese.)

18 (Translated to English by a translator.)

19 So my name is Chen Xiao Ling, or Xiao Ling  
20 Chen.

21 (Speaking Chinese.)

22 (Translated to English by a translator.)

23 I'm a member of the Chinatown Tenants Union  
24 at CAAAV.

25 (Speaking Chinese.)

1 (Translated to English by a translator.)

2 So I live in Chinatown on Eldridge Street,  
3 135 Eldridge Street, Apartment 1-C.

4 (Speaking Chinese.)

5 (Translated to English by a translator.)

6 I came to Chinatown in 1981, New York City's  
7 Chinatown, and I moved into this apartment in August  
8 of 1982.

9 (Speaking Chinese.)

10 (Translated to English by a translator.)

11 My daughter was born in this apartment on  
12 November 3rd of 1982.

13 (Speaking Chinese.)

14 (Translated to English by a translator.)

15 So I've come here today to support  
16 Housing Justice For All's nine bill proposals, and  
17 also, particularly, to ask you for your support in  
18 ending the MCI program.

19 (Speaking Chinese.)

20 (Translated to English by a translator.)

21 So I didn't come here today to make a speech  
22 or to tell stories.

23 I came here just to share with you the true  
24 experience that I've had and the impact I've  
25 suffered from MCIs.

1 (Speaking Chinese.)

2 (Translated to English by a translator.)

3 So, from 1982 to 2014, we lived very happily  
4 in our building.

5 Our building was owned by a small Chinese  
6 landlord who, for 30 years, followed the letter of  
7 the law and followed the annual RGB rent increases  
8 when increasing the rent.

9 (Speaking Chinese.)

10 (Translated to English by a translator.)

11 Then in 2014, our current landlord, a large  
12 corporate company, bought our tenement building.

13 (Speaking Chinese.)

14 (Translated to English by a translator.)

15 So from that point on our lives changed  
16 greatly.

17 (Speaking Chinese.)

18 (Translated to English by a translator.)

19 So in the beginning, our landlord told a lot  
20 of the tenants who were living in the building, who  
21 had previously shared their apartment with others or  
22 lived with relatives, that their situations were  
23 illegal and, thus, forced those tenants out.

24 (Speaking Chinese.)

25 (Translated to English by a translator.)



1           And at that time, my daughter had three  
2 children already.

3           (Speaking Chinese.)

4           (Translated to English by a translator.)

5           And the oldest was 9.

6           (Speaking Chinese.)

7           (Translated to English by a translator.)

8           The second was 7.

9           (Speaking Chinese.)

10          (Translated to English by a translator.)

11          The third was 4 years old.

12          (Speaking Chinese.)

13          (Translated to English by a translator.)

14          So when the government said that there was  
15 lead in the apartment, they had to do repairs and  
16 clear up the lead violations.

17          (Speaking Chinese.)

18          (Translated to English by a translator.)

19          And I remember very clearly --

20          SENATOR KAVANAGH: And just forgive me for  
21 interrupting, but, in fairness, since this has to be  
22 translated, we're going to -- I think we're just  
23 going run the clock again.

24          XIAO LING CHEN: (Speaking Chinese.)

25          (Translated to English by a translator.)

1           So then they notified me that they would have  
2 to do repairs to fix the lead issues, and my  
3 daughter at that time was working.

4           (Speaking Chinese.)

5           (Translated to English by a translator.)

6           So I had a relative in China who was sick and  
7 was about to pass away, so I asked my landlord, give  
8 me four weeks' time, I'm going to China, and can you  
9 wait until I come back to do these repairs?

10          (Speaking Chinese.)

11          (Translated to English by a translator.)

12          And they agreed.

13          (Speaking Chinese.)

14          (Translated to English by a translator.)

15          And when I came back in May, I found that  
16 they had completely destroyed my apartment.

17          (Speaking Chinese.)

18          (Translated to English by a translator.)

19          And my daughter told me that the landlord had  
20 come in to do the repairs because that they said  
21 they couldn't wait to do the repairs, and my  
22 daughter was at work.

23          (Speaking Chinese.)

24          (Translated to English by a translator.)

25          So a long time ago we had fixed up our

1 kitchen and our kitchen cabinets. And the landlord,  
2 in order to fix the lead violations, had placed  
3 additional siding on the walls all around the  
4 kitchen, and completely re-adjusted our cabinets so  
5 that everything in the kitchen was crooked and  
6 working improperly.

7 (Speaking Chinese.)

8 (Translated to English by a translator.)

9 So they had found their own people, own  
10 contractors, to come and do this work.

11 But when the State came back to inspect, they  
12 found that there was still evidence of lead in the  
13 apartment.

14 So it took them two or three times of repairs  
15 before they finally got a licensed contractor to  
16 come and do the repairs.

17 (Speaking Chinese.)

18 (Translated to English by a translator.)

19 So then, in order to increase the rent, the  
20 landlord did a lot of construction on the building,  
21 including construction to fix the facade, and then  
22 the commercial spaces on the ground floor.

23 And because I'm on the ground floor, and  
24 there's only a wall between my bedroom and these  
25 spaces, there was a lot of impact to me, including a

1 giant hole that was knocked into my wall and damage  
2 to my bed.

3 (Speaking Chinese.)

4 (Translated to English by a translator.)

5 So the hole was so big that I could see --  
6 from my side of the wall, I could see into their  
7 space, and I could see them.

8 (Speaking Chinese.)

9 (Translated to English by a translator.)

10 And I couldn't sleep there anymore.

11 (Speaking Chinese.)

12 (Translated to English by a translator.)

13 Then they said that there was a small hole in  
14 the wall next to my bed, and they said it was my bed  
15 that created the hole. So they got a lawyer to  
16 write a letter to me, and requesting monetary  
17 damages.

18 (Speaking Chinese.)

19 (Translated to English by a translator.)

20 So they also did facade repair work, and last  
21 year we received two MCI applications from the  
22 landlord to increase the rent.

23 (Speaking Chinese.)

24 (Translated to English by a translator.)

25 The first one was for every room, increasing

1 the rent around \$50.

2 (Speaking Chinese.)

3 (Translated to English by a translator.)

4 The second one was for every room, increasing  
5 the rent about \$20.

6 (Speaking Chinese.)

7 (Translated to English by a translator.)

8 So, luckily, the second MCI application DHCR  
9 has already rejected.

10 (Speaking Chinese.)

11 (Translated to English by a translator.)

12 But their reasoning is that, they've repaired  
13 the facade --

14 (Speaking Chinese.)

15 (Translated to English by a translator.)

16 -- and done water re-piping.

17 (Speaking Chinese.)

18 (Translated to English by a translator.)

19 But since 2015, after they did the water  
20 re-piping, the water situation in my home is  
21 actually a lot worse, and there's very little water  
22 coming out of the faucet.

23 And my grandchildren that live in the  
24 apartment are often sick and have runny noses  
25 because they're not able to wash properly.

1 (Speaking Chinese.)

2 SENATOR KAVANAGH: Yeah, I'm going to ask you  
3 to wrap up this testimony. I think you -- we'll  
4 have some questions as well, so...

5 XIAO LING CHEN: (Speaking Chinese.)

6 (Translated to English by a translator.)

7 So, I have many things to say and I can't  
8 possibly finish them all.

9 (Speaking Chinese.)

10 (Translated to English by a translator.)

11 So I just want to say that the construction  
12 the landlords are doing is not improving our lives  
13 at all.

14 It doesn't have nothing to do with us, and,  
15 in fact, has made my life worse; has made it so that  
16 I don't have proper water in my apartment, that  
17 there are actually water leakages from the  
18 re-piping, that created mold damage that ruined a  
19 lot of things in our apartment.

20 (Speaking Chinese.)

21 (Translated to English by a translator.)

22 After they did the exterior renovation and  
23 rented the space out to a bar, the mice in the  
24 building have increased substantially, and so that  
25 there are mice in my apartment all the time.

1           SENATOR KAVANAGH: I'm going to ask you, if  
2 you -- if we could conclude.

3           Maybe we have a couple of comments from the  
4 senators, anyway.

5           XIAO LING CHEN: (Speaking Chinese.)

6           (Translated to English by a translator.)

7           SENATOR KAVANAGH: No, if you could stay for  
8 just a moment.

9           XIAO LING CHEN: Thank you very much.

10          SENATOR KAVANAGH: And thank you.

11          I also want to begin by acknowledging that,  
12 you know, CAAAV -- you know, my staff has been  
13 working with CAAAV, and with, I think, the Urban  
14 Justice Center is also represented in the room.

15          And, just, those organizations have done  
16 tremendous work in, I think, what is just one of the  
17 worst cases of a landlord abusing every aspect of  
18 the law that -- that is available to them.

19          So I just -- I -- first of all, I appreciate  
20 your work here.

21          And I would also just note that this is a  
22 rare case where, HCR, the state agency, has actually  
23 imposed -- they've refused to move forward with the  
24 applications; they've imposed rent freezes; they  
25 have, in some cases, rescinded -- you know, ordered

1 some money to be returned to tenants.

2 But it just continues to be a horrific  
3 situation.

4 My question for you is:

5 As you -- as the folks in your building have  
6 been dealing with this terrible situation, have  
7 you -- have you managed to, you know, organize, you  
8 know, all of the tenants in your building?

9 Are you -- are you working, you know,  
10 together and -- to address this with CAAAV and with  
11 the other organizations that have been working with  
12 you?

13 XIAO LING CHEN: (Speaking Chinese.)

14 (Translated to English by a translator.)

15 So all of us old tenants who have been in the  
16 building for a long time are working together.

17 But the newer tenants moving into the  
18 building are paying much more in rent than us.

19 And a friend of mine looked into their rent  
20 situation.

21 And, you know, for us, the older tenants, we  
22 pay, more or less, around \$1,000. But the new  
23 tenants pay upwards of \$3,600 for the same size  
24 apartment.

25 SENATOR KAVANAGH: And you perceive that --

1 this -- that to be the purpose of a lot of this  
2 activity, is to harass the old tenants out to get  
3 new tenants in who will pay much more?

4 (Speaking Chinese.)

5 (Translated to English by a translator.)

6 Of course.

7 (Speaking Chinese.)

8 (Translated to English by a translator.)

9 My grandchild, who last year turned 7, told  
10 me: Grandma, the landlord isn't for us. He doesn't  
11 want to rent this apartment to us.

12 You know, the young children understand.  
13 Even they understand.

14 SENATOR KAVANAGH: I'm going to -- and by --  
15 you know, thank you for bringing your, you know,  
16 story to us today.

17 And thank you for, you know, in spite of  
18 enduring all these terrible things, you know,  
19 working to try to change them, and -- and bringing  
20 your testimony to us, to help us figure out how to  
21 change the laws.

22 Thank you.

23 [Applause.]

24 SENATOR KAVANAGH: We have one -- we have  
25 additional questions for you.

1           Senator Myrie.

2           SENATOR MYRIE: Again, thank you for your  
3 testimony.

4           On a good note, I wanted to let you know that  
5 you -- your daughter shares my birthday as well,  
6 November 3rd.

7           But I also just wanted to ask if you could --

8           SENATOR SALAZAR: Every day is your birthday.

9           SENATOR MYRIE: Wait, right, yeah, inside  
10 Senate joke.

11           Get it together, please.

12           I wanted to ask if you could talk about --  
13 this is a difficult situation to begin with for any  
14 tenant.

15           But if you could speak specifically to  
16 whether or not it is more difficult when English is  
17 not your first language?

18           XIAO LING CHEN: (Speaking Chinese.)

19           (Translated to English by a translator.)

20           So the landlord, you know, is not someone who  
21 speaks Chinese, and this presents a lot of  
22 communication difficulties for us.

23           And within their company they only have one  
24 staff person who is Chinese and able to communicate  
25 with us in our language.

1 (Speaking Chinese.)

2 (Translated to English by a translator.)

3 So, often, when we make phone calls, we can't  
4 reach anybody. When we leave messages, no one  
5 responds.

6 SENATOR MYRIE: Thank you.

7 SENATOR KAVANAGH: Thank you.

8 Further questions?

9 Okay.

10 Thank you again very much for your testimony.

11 MELANIE WANG (translator): I just want to  
12 speak to, Ms. Chen's building has -- DHCR did reject  
13 one of the MCI applications, and they've also gotten  
14 a rent reduction.

15 But we believe strongly that this is through  
16 the strong advocacy work Ms. Chen and her neighbors  
17 have done in participating in the No More MCI  
18 Administrative Reform Campaign, meeting with DHCR  
19 administrators more than once, right, and with other  
20 elected officials, and strong work with our  
21 legal-services partners. Right?

22 So it's only through strong tenant advocacy  
23 that we believe special attention has been paid to  
24 this building.

25 SENATOR KAVANAGH: Yeah, and as I mentioned,

1           extraordinarily strong advocacy on behalf of these  
2           tenants by these organizations.

3           But there are many, many, many tenants that  
4           are not so lucky.

5           And thank you again for your work.

6           [Applause.]

7           SENATOR KAVANAGH: Next up we'll have the  
8           Neighbors Helping Neighbors panel.

9           And then we're going to be followed by  
10          Delsenia Glover of Tenants and Neighbors.

11          CLARA PEREZ JOSEPH: Good afternoon, members  
12          of the dais, Senators.

13          I especially want to thank you for coming  
14          down here because we've been pushing up to Albany  
15          all the time, and it's a grueling trip, but we have  
16          to do it and it gets done.

17          But it's nice and refreshing that it's here.

18          With my COPD, I appreciate it because I'm  
19          only three blocks away.

20          SENATOR KAVANAGH: Thank you.

21          CLARA PEREZ JOSEPH: I also want to thank the  
22          newly-elected -- congratulate the newly-elected  
23          political officials.

24          SENATOR KAVANAGH: Thank you.

25          And can I ask you to identify yourself.

1 CLARA PEREZ JOSEPH: Yes.

2 My name is Clara Perez Joseph.

3 I've been living in Crown Heights for  
4 52 years; about 13 years rent control, and then,  
5 after 39 years, rent-stabilized, and rent  
6 stabilization was very important to me.

7 I was a very young divorced mother with three  
8 children, and I was able to raise them and give them  
9 stability, protection, a sense of community, not to  
10 be, you know, sending them from school to school.

11 And I also put all of them through college  
12 because, you know, at the time, the rent was  
13 affordable.

14 I'd like to talk about -- first of all,  
15 I want to start, instead of closing, I want to start  
16 by urging you to please support us with the nine  
17 bills, and not just eight, or seven, because if one  
18 doesn't get passed, that leaves a loophole.

19 And the system is broken, it's cracked, and  
20 we know that we can't put Humpty-Dumpty back  
21 together again.

22 So we just need these bills, this platform,  
23 to pass.

24 I would like to talk about preferential rent.

25 My first experience with that was when

1 I accompanied my daughter to get her first apartment  
2 after she graduated college. And she was very  
3 excited that now she was going to be independent.

4 We went to the real estate office. I had no  
5 idea what that kind of lease was, and there were two  
6 amounts, and I thought it was strange.

7 And I asked the young real estate agent, you  
8 know, Why two amounts?

9 He said, Well, we have an \$800 and \$1200.  
10 Don't worry about the \$1200. We're going to give  
11 her the apartment for \$800, we're giving her a  
12 break, and we're giving her preference.

13 Well, she got the apartment. She didn't want  
14 me to make any waves. And invested in some  
15 furniture. She's paying student loans, after two  
16 master (sic) degrees, trying to do the right thing;  
17 young adult up and coming, the -- our future.

18 And then a couple years later, two years  
19 later, I think she gets hit with the \$1200.

20 So now, sadly, she goes from independent  
21 status, to roommate status and furniture in storage.

22 That is horrendous.

23 But that is the "monster" bill, the "monster"  
24 law, because it's the quickest way to raise the rent  
25 and get the tenants out.

1           Now, the other bill that I really am  
2 concerned about is the vacancy bonus, because that  
3 just gives the landlord the incentive to keep  
4 harassing the tenant.

5           I'd like to thank Senator Krueger for the  
6 work that she did for protect -- tenant protection,  
7 but, we need to do more.

8           And between the vacancy bonus, the  
9 preferential rent, and the MCIs, and the IAIs,  
10 those are ways to displace us quickly for  
11 gentrification.

12           Now, I say that MCI is the biggest robbery  
13 I've ever seen, legally, because, you know, robbery  
14 is robbery. And, whether you get mugged and your --  
15 you know, your purse gets taken, or someone goes  
16 into your account, this is robbery as well, because,  
17 if you pay for a service, you pay for a service and  
18 this is the amount, and you paid for it, okay, you  
19 shouldn't get paid peren -- he shouldn't make a  
20 perennial profit.

21           So that has to go.

22           I was looking at, the other day, the movie  
23 "The Pursuit of Happiness," with Will Smith. A lot  
24 of you have seen it.

25           The Declaration of Independence tells us we

1 have the right to life, liberty, and the pursuit of  
2 happiness.

3 How the heck can you pursue happiness when  
4 you don't even have a place to live?

5 Okay?

6 It's very, very difficult to see your  
7 neighbors moving.

8 The stores, it's a -- the storefront is a  
9 blight, because they push out the mom-and-pop  
10 stores, and no one else wants to pay those rents  
11 either.

12 So you have -- you walk down and there's no  
13 shopping strip whatsoever.

14 Also, I would like to speak on behalf of  
15 rent-control tenants and also non-regulated tenants.

16 Housing is a human right.

17 So we need to pass that good-cause bill for  
18 unregulated tenants because they have a right also.

19 And the rent-controlled tenants should not  
20 have to pay that NBR, 7.5, or whatever it is, every  
21 year.

22 They should have the right that  
23 rent-stabilization tenants.

24 Okay, if I'm -- I'm proud to be a tenant  
25 leader, it's a privilege.

1           If I were a public official, I would feel it  
2 was priv -- it would be a privilege tenfold.

3           And you have the power, and I urge you to use  
4 that power.

5           And in the words of Emma Lazarus: Give us  
6 your tired, your poor, your huddled masses yearning  
7 to breathe free, the wretched refuse of your teeming  
8 shore. Send those, the tempest-tossed to me, I lift  
9 my lamp beside the golden door!

10           There's no golden door for us.

11           There's no door for us.

12           The doors are closed.

13           Use your vote and open those doors for us and  
14 save our homes.

15           Thank you.

16           [Applause.]

17           SENATOR KAVANAGH: Thank you.

18           MARCELA MITAYNES: Hello.

19           Ms. Avigail Martinez is unable to meet with  
20 us because of work commitments, and I'd like to read  
21 her testimony for the record, please.

22           SENATOR KAVANAGH: Okay. So, just identify  
23 yourself for the record, and then --

24           MARCELA MITAYNES: Sure.

25           Marcela Mitaynes from Neighbors Helping

1 Neighbors, Avigail Martinez representing Neighbors  
2 Helping Neighbors.

3 Avigail Martinez moved into her apartment at  
4 680 53rd Street in Sunset Park in 2014, with her  
5 husband and 4 children, ages 4 and 13 years old --  
6 4 through 13 years old.

7 She began paying \$2,200 a month in rent.

8 She had help paying her rent because she had  
9 roommates; however, when her roommates moved out,  
10 she lost the rental income and she sought help.

11 She came to Neighbors Helping Neighbors,  
12 where she learned about her apartment being  
13 rent-stabilized and that she had rights.

14 When she reviewed her rent history, she  
15 discovered the landlord had reported to the state  
16 agency DHCR that she was paying \$643.50, and noticed  
17 that the prior tenant was paying \$588.89.

18 She learned that she can request an  
19 investigation with the State to determine the legal  
20 rent amount.

21 The owner claimed the \$1500-a-month rent  
22 increase was due to an individual apartment  
23 improvement.

24 Compared to the other apartments,  
25 Ms. Martinez's apartment had been renovated,

1 created an additional bedroom, got rid of the living  
2 room, and moved the location of the kitchen from the  
3 middle of the apartment to the entrance of the  
4 apartment, all of this construction without any DOB  
5 permits.

6 The State ruled in her favor, lowered her  
7 legal rent amount, from \$2,200, to \$750, a month,  
8 and ordered the landlord to refund her an overcharge  
9 of \$56,000.

10 The landlord challenged the State's ruling  
11 with the fancy expensive lawyer, claimed there was  
12 no requirements for permits when applying for an  
13 IAI, and the decision was overturned, and the legal  
14 rent was adjusted back to \$2,200 a month.

15 She is now appealing the decision in  
16 Supreme Court, and has to pay for a private attorney  
17 for assistance with the appeal, as none of the  
18 legal-service providers would take a case like this.

19 While she is waiting for the decision, she  
20 continues to have to pay \$2,200 a month for rent.

21 The landlord refuses to make repairs or  
22 maintenance to the apartment or the building.

23 And as this testimony is being provided, he  
24 continues to renovate the vacant apartments, and  
25 continues ignoring the long-term tenants' requests

1 for repairs and basic needs.

2 I'd like to provide my testimony now if  
3 that's possible?

4 SENATOR KAVANAGH: Sure.

5 Again, just for the people keeping track, if  
6 you can identify yourself and then go ahead.

7 Can we reset the clock?

8 OFF-CAMERA SPEAKER: Reset it?

9 SENATOR KAVANAGH: Yes.

10 MARCELA MITAYNES: Thank you.

11 So, good afternoon, Senators, and welcome to  
12 Brooklyn.

13 I am Marcela Mitaynes. I'm a tenant advocate  
14 and organizer for Neighbors Helping Neighbors  
15 located in Sunset Park on the other side of  
16 Senator Myrie's district.

17 I used to live in Hell's Kitchen when I was a  
18 little girl. And then, at the age of 5, my dad  
19 moved us to Sunset Park --

20 Thank you.

21 -- to a rent-stabilized apartment.

22 We were living there for about 30 years.

23 And then we got a new landlord that purchased  
24 the building, and within six months was able to  
25 empty out half of the apartments.

1           A lot of us just didn't understand what was  
2           happening, and a lot of what was happening was also  
3           happening because tenants tend to not be informed of  
4           their rights.

5           There was a lot of rampant harassment, and  
6           I ended up losing my rent-stabilized apartment in  
7           2008.

8           I then moved two blocks down.

9           So, I was displaced from my rent-stabilized  
10          apartment that I've known for my whole life, where  
11          we were paying \$625, to move two blocks away to a  
12          two-bedroom apartment, paying \$1400 a month.

13          And I share this because this is a common  
14          thing that we see with tenants. Once they lose  
15          their rent-stabilized affordable apartment and are  
16          put back out into the market rate, they're only  
17          market-rate tenants for so long.

18          I was only able to be in that apartment for  
19          the first two years. And when it was time to renew  
20          it, we're talking about, going from \$1400, to almost  
21          \$1700 a month.

22          That is not affordable to someone who's been  
23          in the community for a really long time.

24          And so now I'm living in an unregulated unit,  
25          with no lease, no right to a lease, and can easily

1 be evicted within 30 days.

2 I share this because this is the type of  
3 issues and problems that we're seeing in the  
4 community.

5 As an advocate, I've been working in my  
6 community for 10 years, advocating and fighting for  
7 tenants to stay in their homes.

8 We've seen all kind of abuses with the bills  
9 and the legislation that we're trying to pass, which  
10 is why we're here trying to support it.

11 And there's three buildings that were in the  
12 news a lot in Sunset Park: 545, 553, and  
13 557 46th Street.

14 Each are 17-unit, rent-stabilized buildings.  
15 They've been hit with five MCIs, totaling \$400 a  
16 month additional rent for the MCIs.

17 Now, the tenants are fighting it, but this,  
18 again, would require a private attorney.

19 If they're not able to fight it, this will  
20 cause displacement.

21 When we're talking about eviction and the  
22 eviction numbers, they do not reflect all the  
23 evictions. They do not reflect the evictions that  
24 happen as a result of tenants being priced out.

25 Avigail Martinez is an example of the abuse

1 of the individual apartment increases.

2 The vacancy decontrol acts as an incentive  
3 for landlords.

4 If they can raise the rents high enough to  
5 get the tenants out, then they are no longer dealing  
6 with legislation or rules.

7 The four-year rollback, again, like you've  
8 heard, in the past, unless a tenant is aware or  
9 knows that there's a way of trying to find out if  
10 their legal rent is correct, they only have a short  
11 four windows -- a four-year window to do it. And if  
12 they can't, then they're stuck with the higher rent.

13 Again, the rapid harassment that's happening  
14 in these communities, particularly to the  
15 working-class immigrant population that is located  
16 in Sunset Park, is very detrimental.

17 We're going through gentrification.

18 Most of the work, most of the counseling,  
19 most of the advocacy, most of the tenant workshops,  
20 tenant meetings, that we have are done predominantly  
21 in Spanish because that is the main language that  
22 they speak, that is what they understand.

23 For a working-class immigrant community like  
24 Sunset Park, the fact that they are undocumented  
25 brings additional harassment pressures.

1           They are being told to their face that  
2 they're going to call immigration.

3           They're being told that they're gonna --  
4 their children are going to come home and not  
5 find -- and not find their parents.

6           This is an easy way for these landlords to  
7 vacate these apartments, renovate them, and then  
8 convert them into market rate.

9           What is happening has been happening over  
10 years. This is not something that's sudden.

11          These laws that have been passed, with the  
12 help of the real estate industry, is really to make  
13 the real estate industry richer.

14          They are not complicit in making money.

15          They want to be millionaires at the expense  
16 of the working-class.

17          We are at a unique opportunity to make  
18 history, and I hope that history will show that you  
19 guys all are on the right side of history by passing  
20 these laws.

21          We cannot accept just one or two bills being  
22 passed.

23          It's really the package of bills that's going  
24 to make a difference in the homelessness that's  
25 being experienced in the whole state of New York.

1           And one last thing, I implore to you make  
2           sure that you're able to pass these bills in the  
3           Senate; work with the Assembly, make sure that they  
4           pass it.

5           Do not give the Governor an opportunity to  
6           water down these bills.

7           SENATOR RIVERA: I didn't hear you.  
8           (Inaudible.)

9           MARCELA MITAYNES: Do not give the Governor  
10          the opportunity to water down these bills.

11          SENATOR RIVERA: Oh, got you.

12          MARCELA MITAYNES: Pass these bills, put them  
13          on his desk, and let's see what he does.

14          [Applause.]

15          SENATOR KAVANAGH: Again, I appreciate the  
16          enthusiasm, but let's try to keep the reactions.

17          Any questions from senators?

18          SENATOR RIVERA: One thing I wanted to -- if  
19          I may?

20          SENATOR KAVANAGH: Senator Rivera.

21          SENATOR RIVERA: Thank you.

22          That last part, I'm sorry, maybe my hearing's  
23          a little (indiscernible), could that last part --  
24          what did you -- what did you mean exactly about  
25          this -- what is that last thing you said?

1 I kind of missed it, I'm sorry.

2 MARCELA MITAYNES: I mean, the last time we  
3 had an opportunity to pass and renew these laws --

4 SENATOR RIVERA: Yes.

5 MARCELA MITAYNES: -- there were three men in  
6 a room doing the negotiations.

7 SENATOR RIVERA: Got you.

8 MARCELA MITAYNES: And there were two  
9 Republicans and only one Democrat there.

10 SENATOR RIVERA: Got you.

11 Who was that again?

12 MARCELA MITAYNES: The Governor cannot be  
13 allowed to water down these bills.

14 SENATOR RIVERA: Oh, okay, got you.

15 The hearing was terrible.

16 Thank you for that, ma'am.

17 I did -- I did -- one thing that I wanted  
18 to -- one thing that I actually -- as you were -- as  
19 you were telling the stories that you were telling,  
20 my -- one of my staffers, who's actually somewhere  
21 in the room, she might be charging her phone right  
22 now, remembered a situation in our -- in -- in our  
23 district that -- that had similarities.

24 And I just wanted to, really quickly, for the  
25 record:

1           There's a -- there's a tenant in my district  
2 that was overcharged by just under \$800.

3           They were owed close to \$40,000 over the  
4 whole time that the -- that the overcharge happened.

5           The landlord challenged, sued for eviction  
6 for non-payment, because they were deducting their  
7 rent for the amount they owed, about three to  
8 four times a year. Filed three rent overcharges.

9           The landlord has refused to:

10          Number one, pay them;

11          Number two, correct the bills, and continued  
12 to overcharge them;

13          Three, give them the correct leases.

14          And it's been going on since 2012, so much  
15 so, that they recently moved to Florida because they  
16 could no longer afford the private attorney and they  
17 just gave up.

18          So the -- it's a -- and one thing that  
19 I wanted to just -- if you could underline for us --

20          Because it has been a repeating pattern a  
21 couple of times we're talking, not only about some  
22 of the weaknesses in the law, but, sadly, some of  
23 the weaknesses, some of the agencies, and the  
24 actions or inactions of those agencies.

25          So it seems to me, just in this case alone,

1 and we've seen many of them, sadly, in my district,  
2 where they're just incredibly passive.

3 -- so if you had -- in your experience, being  
4 an organizer, and talking to many tenants that are  
5 having situations and are interacting with some  
6 state agencies, mainly, DHCR, if you had, it is your  
7 sense, what would you think, what would you like to  
8 tell them on the record, about some of the actions  
9 that they need to take, particularly if we  
10 strengthen the laws the way that we want to  
11 strengthen them?

12 Obviously, they're still going to have to  
13 implement them.

14 So, if you want to just tell as a little bit  
15 about what you think their role should be in this,  
16 and whether it should be more active, that -- this  
17 is the opportunity.

18 MARCELA MITAYNES: Their role should be to  
19 look at all the facts, and act accordingly.

20 And if they can't, they should be replaced  
21 with people that can.

22 [Applause.]

23 SENATOR RIVERA: All right.

24 Thank you, Miss.

25 Mr. Chairman, I'm good.

1           SENATOR KAVANAGH: Thank you, Senator Rivera.  
2           Thank you for breaking it down.  
3           Sometimes, Senator Rivera, it takes it a  
4           little longer for him.

5           SENATOR RIVERA: Because I'm slower, I'm  
6           slow.

7           SENATOR KAVANAGH: Thank you.

8           Next up, we have Delsenia Glover of Tenants  
9           and Neighbors, if you're ready.

10           And then we are going to have a couple of  
11           tenant -- we're going to have a panel of tenants,  
12           various folks.

13           We're going to have Diamond Harding. We're  
14           going to have -- forgive me -- Ona Burns, and  
15           Martin Kofman, will be the next panel.

16           DELSENIA GLOVER: Oh, good afternoon.

17           SENATOR KAVANAGH: Good afternoon.

18           DELSENIA GLOVER: Thank you, Chair Kavanagh,  
19           for this opportunity.

20           My name is Delsenia Glover, and I'm the  
21           executive director of New York State Tenants and  
22           Neighbors Information Service, and New York State  
23           Tenants and Neighbors Coalition, which are two  
24           affiliate organizations whose mission is to build a  
25           powerful and unified statewide organization that

1 empowers and strengthens tenant protections.

2 We organize in rent-regulated Mitchell-Lama  
3 and project-based Section 8 buildings, and the story  
4 is all the same.

5 (Unidentified person approaches witness  
6 table and takes a seat next to the witness.)

7 DELSENIA GLOVER: Low- and moderate-income  
8 tenants in New York City are regularly experiencing  
9 the pressures of displacement, escalating rents, and  
10 in many communities, particularly communities of  
11 color, are experiencing displacement and being  
12 priced out at a very rapid rate.

13 For decades, city, state, and federal laws  
14 and policies have put landlords' interests and  
15 profits above people's ability to stay in their  
16 homes.

17 I am also a rent-stabilized tenant who's been  
18 living in my apartment for decades, in a complex in  
19 Central Harlem called Lennox Terrace, and I have  
20 experienced MCIs since I've been there.

21 As a matter of fact, I remember, the year  
22 that we had an 8 point -- an 8.5 percent increase  
23 from the Rent Guidelines Board was the year that  
24 I got an MCI which was \$15 per room, which was \$60  
25 in my apartment. And my rent was -- my rent went up

1 that year 14.5 percent.

2 So I'm not just an organizer or the leader of  
3 an organization, I am a tenant.

4 I have also been the president of my tenant  
5 association or vice president for the past 14 years,  
6 now immediate past president, thank the Lord.

7 So I wanted to come here today to testify  
8 before you.

9 And I'm really happy that, this year, the  
10 Assembly and the Senate of New York State is holding  
11 these hearings around the state.

12 It's really important to hear from tenants  
13 who are actually experiencing these issues.

14 I lead an organization that is a membership  
15 organization, and we have about -- we have over  
16 4,000 dues-paying members.

17 And I get calls every day from tenants who  
18 are experiencing MCIs, and especially from seniors  
19 who are scared to death that they're going to be  
20 priced out of their homes with the next MCI and they  
21 may not be eligible for SCRIE.

22 So Tenants and Neighbors is calling for the  
23 passage of the full Housing Justice For All  
24 platform, and anything less is unacceptable, and  
25 here's why:

1           It's pretty common knowledge among the people  
2 who are here in this room that rent regulation is  
3 the largest source of affordable housing in New York  
4 City and across this state.

5           The laws were strong when they were enacted  
6 in 1969 and 1974, but they have been increasingly  
7 weakened with loopholes inserted into the laws at  
8 the behest of the real estate lobby.

9           We have lost over 291 units of rent-regulated  
10 housing, and including -- that's the wrong number --  
11 in communities of color where income averages are  
12 typically half that of the statewide average of  
13 \$64,000 a year. This is an emergency.

14           It is as if it is okay for folks who do the  
15 hard work of keeping this city moving, like nurses  
16 and teachers and home health-care aides, bartenders,  
17 are disposable.

18           And it is unacceptable that folks are treated  
19 this way in this city, in this state.

20           It's unacceptable.

21           So my position, and the position of the  
22 Housing Justice For All campaign, is that we must  
23 pass good-cause eviction and expand ETPA.

24           Gentrification is not just a New York City  
25 issue. It is an issue that is running rampant

1 across the state.

2 And we are witnessing a relatively new  
3 phenomenon, which is the corporate takeover of small  
4 homes all across the state, particularly where there  
5 is no rent regulation, followed by tenant  
6 harassment, by neglect, and then tenant eviction.

7 This is greed and callousness.

8 We pride ourselves on being one of the most  
9 progressive, if not the most progressive, state in  
10 the country, except for housing.

11 Look at what the Legislature has done this  
12 session; passed piece after piece of progressive  
13 legislation, but rent appears to be the most  
14 difficult.

15 Why is that?

16 I suggest to you that we finally have in  
17 New York State three branches of government led by  
18 folks who say they are concerned about this issue.

19 Prove it, by passing these bills, and I'm  
20 going to name every one, just in case you haven't  
21 heard it.

22 [Laughter.]

23 DELSENIA GLOVER: S5040/A7046, to expand  
24 ETPA.

25 Snaps (motions with fingers).

1 S2891/A5030, for good-cause eviction  
2 legislation.

3 Snaps (motions with fingers).

4 S2591 and A1198 and S2591 -- oh, I did that  
5 twice -- to end vacancy decontrol.

6 SENATOR KAVANAGH: (Inaudible) Rivera; right?

7 DELSENIA GLOVER: Yes, what?

8 SENATOR RIVERA: Because I'm not --

9 SENATOR KAVANAGH: Twice for Senator Rivera?

10 SENATOR RIVERA: Twice, because I'm not a  
11 good -- you know, I can't hear you.

12 DELSENIA GLOVER: Oh, I have no problem with  
13 that.

14 [Laughter.]

15 DELSENIA GLOVER: S2591 and A1198, to end  
16 vacancy decontrol.

17 S2845 and A4349, to make preferential rents  
18 permanent.

19 S185 and A2351, to eliminate the eviction  
20 bonus.

21 S3693 and A6322, to end major capital  
22 improvements, and, individual apartment  
23 improvements, S3770 and A6465.

24 And S299A and A167, to fix rent control.

25 Thank you very much for the opportunity to

1 testify.

2 Any questions, please?

3 SENATOR KAVANAGH: Thank you.

4 Oh, are you part of -- sorry.

5 ONA BURNS: No.

6 SENATOR KAVANAGH: Okay, you --

7 ONA BURNS: But I -- it's right in line with  
8 everything that she just said.

9 SENATOR KAVANAGH: But you're for the next  
10 panel, though, sorry?

11 SENATOR RIVERA: She's just basically saying  
12 "ditto."

13 MARCELA MITAYNES: She just took over.

14 SENATOR KAVANAGH: Okay.

15 Any questions, comments?

16 Okay.

17 Again, thank you for all your work, and thank  
18 you for coming today.

19 MARCELA MITAYNES: Thank you.

20 [Applause.]

21 SENATOR KAVANAGH: And so the next panel,  
22 we're going to have Martin Kofman and Ona Burns  
23 and -- forgive me -- Diamond Harding.

24 And then immediately after that we're going  
25 to have Paimaan Lodhi, if I'm saying that properly,

1 as a separate panel.

2 ONA BURNS: Who's first?

3 SENATOR KAVANAGH: Whichever -- since you're  
4 sitting there, you're first.

5 ONA BURNS: Okay.

6 SENATOR KAVANAGH: If you could just identify  
7 yourself for record, and then testify.

8 DELSENIA GLOVER: Right.

9 My name is Ona Burns.

10 I'm a rent-stabilized tenant at  
11 215 East 68th Street.

12 And I thank you, Committee Members, for so  
13 graciously making the preservation of neighborhood  
14 affordability and protecting New York's renters a  
15 priority.

16 We appreciate your giving us this opportunity  
17 to offer support to your efforts to that end.

18 My husband has lived in this building that  
19 I mentioned before for approximately 40 of his  
20 81 years.

21 When we married 25 years ago, we had a brief  
22 debate about, his place or mine.

23 I lived in Queens, and he said, "I'm not  
24 moving to Queens."

25 End of debate.

1 [Laughter.]

2 ONA BURNS: At 74, I'm not prepared to move  
3 again.

4 While the nature of the tenancy at the  
5 building has changed dramatically, there were few  
6 kids and few dogs 25 years ago.

7 Now the building is teeming with both.

8 This is a happy circumstance for the  
9 landlord.

10 We love kids and dogs too, but not at a cost  
11 of \$200-a-room increase for those of us who have no  
12 kids and dogs.

13 The landlord's using an MCI and a mere  
14 \$180,409 for asbestos removal couched under the term  
15 "environmental." This was in the computation of  
16 their permanent rent-increase justification to  
17 replace the exterior brick facade with a  
18 long-lasting, maintenance-free terracotta cosmetic  
19 ornamental facade.

20 The replacement of bricks originally used on  
21 the facade with terracotta saves the landlord a  
22 fortune in annual maintenance costs for the next  
23 50 years, and has facilitated enhancements which  
24 help draw young families to the building; i.e., a  
25 playground, artificial grass for kids to play on, as

1 well as an indoor playroom.

2 With a total of 608 apartments, only  
3 22 percent of the tenants are required to pay nearly  
4 \$57 million outlined in an MCI submitted to the  
5 division of housing and community renewal.

6 70 percent or more of these rent-stabilized  
7 tenants are 65 or older and living on fixed incomes.

8 This is a blatant form of age discrimination,  
9 and the landlord is using it to force undesirable,  
10 in quotes, older tenants out of buildings.

11 It is illegal to discriminate based on age in  
12 the workplace.

13 It should also be illegal to do so in  
14 determining where people may rent apartments as  
15 well.

16 In conclusion:

17 We believe, that while a landlord may  
18 reasonably charge tenants for improvements that may  
19 directly improve their health risks, such as  
20 asbestos removal required by New York State law, it  
21 is an outrage for a landlord to improve the facade  
22 of his building under the guise of an MCI, and  
23 charge only his oldest and most loyal tenants for  
24 what are, essentially, cosmetic and ornamental  
25 improvements.

1           The total environmental charge of \$180,000  
2 and change would be a more reasonable cost the  
3 landlord might seek coverage for than the nearly  
4 \$57 million, that total noted as "owner's claim  
5 cost" on the MCI rent-increase application.

6           A copy of the not -- I attached a copy of the  
7 notice to the form.

8           There's a small group of elder tenants that  
9 stand ready to speak in defense of our appeal to the  
10 division of housing and community renewal.

11           Unfortunately, many of the others fear  
12 reprisals by the landlord.

13           We appreciate your help.

14           Please terminate MCIs.

15           [Applause.]

16           SENATOR KAVANAGH: Thank you.

17           Sir.

18           MARTIN KOFMAN: Good evening, Senators.

19           SENATOR KRUEGER: Bring the microphone up a  
20 little closer.

21           MARTIN KOFMAN: Oh, yes.

22           Good evening, Senators.

23           I would like to speak to you about a little  
24 different subject than we have been discussing till  
25 now, which is the loft law and the compliance

1 regulations of the loft law.

2 SENATOR KAVANAGH: Can you just state your  
3 name for the record.

4 MARTIN KOFMAN: My name is Martin Kofman.

5 I'm the president of American Package  
6 Company, the owner of an IMD building in Greenpoint.

7 I would like to speak to you about the  
8 legalization process under the loft law, and the  
9 unrealistic milestones as described in the law.

10 I registered my building with the loft board  
11 on June 1, 2012.

12 Upon registration, we hired an architect to  
13 begin to prepare the plans so that we could get a  
14 building permit and do the necessary construction to  
15 legalize the building.

16 We hoped to finally get our construction  
17 period -- a construction permit in the next few  
18 weeks.

19 It has taken us seven years to complete the  
20 first step in the legalization process for which the  
21 loft law provides a six-month compliance deadline.

22 The architects began the process by surveying  
23 the entire building, including all of the tenants'  
24 spaces.

25 In order to do that, we had to make

1 appointments with all of the 42 tenants, and many  
2 tenants made this as difficult as possible.

3 Tenants did not want us to complete the  
4 legalization process.

5 In many cases, the legalization requires us  
6 to reduce the number of rooms in their loft, and  
7 reduces the number of roommates or subtenants that  
8 can share the space and its cost.

9 Legalization also increases their rent and  
10 requires them to pay for a substantial part of these  
11 construction costs.

12 The tenants prefer to live in illegal and  
13 unsafe lofts if it saves them money.

14 In addition, the process of getting the  
15 appropriate approvals for the construction is very  
16 time-consuming.

17 Plans have to be submitted and approved by  
18 the DOB, the loft board, and the tenants.

19 It takes months just to get an appointment  
20 with the appropriate DOB examiner.

21 The law also requires the tenants' approval  
22 of the construction plans.

23 This involves serving the plans on the  
24 tenants, scheduling a conference with the tenants  
25 and the loft board, and, in some cases, two or

1 three conferences, and then allowing 45 additional  
2 days for additional tenants' comments.

3 And all of this work is supposed to be  
4 completed within six months.

5 All of this, preparing the plans, getting the  
6 approval of the DOB and the loft board, must be done  
7 in order for the building to be considered in  
8 compliance.

9 As you can see, we have been diligently  
10 pursuing our building permit, and are close to  
11 success, but we are not in compliance with the  
12 loft-law regulations which are impossible to comply  
13 with.

14 The next step in our process, after obtaining  
15 the permit, is to do the actual construction.

16 We have selected a contractor and prepared a  
17 construction schedule which will complete all the  
18 necessary reservations with a minimum of disruption  
19 to the tenants.

20 We hope to complete this process in  
21 four years.

22 Once again, in order to be in compliance with  
23 the loft law, we would need to complete this  
24 construction in 12 months.

25 The loft law was created to legalize illegal

1 living spaces and to make them safe for the people  
2 living in these spaces.

3 This is an admirable goal, but it has to be  
4 done realistically.

5 There are many loft buildings that have not  
6 completed the process in over 30 years.

7 And I am not aware of even one building that  
8 has completed the process within the time frame as  
9 outlined in the regulations.

10 The law needs to be changed to revise the  
11 definition of "compliance" so that diligent owners  
12 who are trying to do the right thing are not  
13 considered non-compliance because of unrealistic  
14 expectations.

15 Thank you.

16 SENATOR KAVANAGH: Thank you.

17 [Applause.]

18 I just -- we had called earlier,  
19 Diamond Harding.

20 Is Mr. Harding here?

21 If you want to come up.

22 You can stay, Mr. Kofman.

23 DIAMOND HARDING: Hi, Senators, how you  
24 doing?

25 I'd just like to say, you know, speaking in

1 front of crowds freaks me out, so I may be looking  
2 down most of the time, you know.

3 You know, these are all my own words, but  
4 I have to it write down, 'cause I will come up here  
5 and just blank out and just sit here staring at you  
6 guys, or staring at the floor, or something.

7 So, anyway, my name is Diamond Harding.

8 I am a member of the Fifth Avenue Committee,  
9 and Stabilizing NYC Citywide Tenant Union.

10 So I've lived in my apartment at  
11 323 Lincoln Place in Brooklyn for over 30 years, so,  
12 since was 11, with my parents, actually.

13 Let's see.

14 My landlord right now and management company  
15 as related companies, and Simply Better Apartment  
16 Homes, they own 70 buildings throughout New York  
17 City.

18 They also are one of the main developers  
19 Hudson Yards.

20 I'm here to talk about why we need the  
21 Assembly to end harassment caused by the 20 percent  
22 vacancy bonus, and, well, along with most of these  
23 other policies that they need passed.

24 Okay, so like I've said, I've lived there for  
25 over 30 years, through some horrible conditions from

1 the previous landlord.

2 We -- I mean, from no heat in the wintertime,  
3 the family sitting at the dinner table with coats on  
4 through the winter. You know, using the bathroom  
5 with an open umbrella because the ceiling is  
6 leaking.

7 You know, pre-gentrification, I renovated my  
8 apartment myself. It was me, my dad, and my  
9 daughter.

10 My mom had passed away, and my dad took ill,  
11 and, you know, I took over and had to take care of  
12 him.

13 So I took out all the permits with the City,  
14 I paid for all the permits.

15 Let's see.

16 From the original landlord, I wouldn't let  
17 him spend a dime because, of course, he would raise  
18 the rent uncontrollably if he fixed anything.

19 So, I had to do it all myself.

20 So everything was good until he sold the  
21 buildings to this new company, and that's when the  
22 harassment began.

23 They tried to buy me out, scare me out,  
24 threaten me out, you know, harassing phone calls,  
25 letters.

1           They wouldn't cash my rent checks for  
2           sometimes a whole month. They would just -- I mean,  
3           like, four months, they would stack them up, and  
4           then cash them all together, I guess, you know,  
5           maybe hoping to crash my accounts, I don't know.

6           But this went on for some time, until  
7           I actually got an attorney to help me out and send  
8           them letters.

9           So they did this to my neighbors, threatened  
10          the neighbors.

11          Some of my neighbors that I've known since  
12          I was a kid, all my life, they moved out because  
13          they couldn't stand the conditions that they were  
14          living under, they couldn't deal with the harassment  
15          by the new owners.

16          So when they successfully bullied out my  
17          neighbors, they started to renovate those  
18          apartments, made them look beautiful, and charged  
19          the new tenants thousands of dollars to move in.

20          They didn't make any repairs to the  
21          apartments where, you know, tenants that lived there  
22          for their whole entire lives, they didn't touch any  
23          of those.

24          But, of course, they made the other  
25          apartments beautiful, and charged them extravagant

1 amounts of money.

2 This hurts, because the landlord used these  
3 loopholes and lack of protection to raise their  
4 rents once they evicted the regulated tenants, which  
5 they did.

6 This gives landlords financial incentive to  
7 harasses and evict regulated tenants.

8 When those -- when the harassments tactics  
9 didn't work for the rest of us, the ones that  
10 stayed, they started to build around us.

11 For over a year we lived behind a net, with  
12 noise past the hours of the work permits; dust  
13 beyond breathable limits; anything they could get  
14 away with, until we called the City and had them  
15 shut down or forced them to make changes.

16 And then they would go right back to doing  
17 something else.

18 We had days without heat, without water,  
19 without electricity, one thing after the other,  
20 until the work was completed.

21 This work was an illegal addition of a  
22 penthouse spanning across four buildings, mine being  
23 one of them.

24 It was shocking to see, after all this time,  
25 they built a fifth floor on top of our ceilings.

1           They never told us what was going on or what  
2 they were doing, and we had no idea there was now a  
3 fifth floor, until the scaffolding came down.

4           So now we're still dealing with the effects  
5 from this construction, and because it was built  
6 without permits, it has major structural issues,  
7 which the affects most -- which affects most  
8 apartments in the four buildings now, now connected  
9 by this fifth-floor penthouse.

10          My building already has most of the original  
11 tenants gone due to the harassment.

12          We're living with things, like -- we're  
13 still -- we're having leaks because of the  
14 structural damage caused by this fifth floor; leaks,  
15 no water pressure, you know, things of that sort  
16 that's still going on now.

17          I don't want to see anyone else bullied out  
18 of their neighborhoods because they can't afford to  
19 live in it.

20          We need the universal rent control to stop  
21 the displacement of hard-working people and the  
22 elderly, whose families are becoming homeless or  
23 having to leave the state.

24          I myself could have been a victim of this.

25          I have a great job, but I've only just

1 returned to work a month now, after having an  
2 on-the-job injury that resulted in a bulging disk  
3 and a large herniated disk in my lower back.

4 I was on disability for a year, four months,  
5 and two weeks.

6 I count the time because disability pay is  
7 nothing, you know, and I watched my savings dwindle  
8 to a scary point. You know, I was afraid at times,  
9 because missing a rent at this time is like a death  
10 sentence.

11 I mean, I say it, it sounds harsh, but, you  
12 know, that's what it feels like.

13 You know --

14 SENATOR KAVANAGH: I'm going to ask you to  
15 wrap up, and I think we do have a couple questions.

16 DIAMOND HARDING: -- okay.

17 So I'm telling you, if my apartment wasn't  
18 stabilized, me and my daughter would have been  
19 homeless right now, you know.

20 So, we look to you guys now for help, you  
21 know, the lawmakers, politicians, our leaders,  
22 that's what you guys are, you know, just please help  
23 us to make these changes, to change the system.

24 The system, it's rewarding landlords who are  
25 willing to play the game of harassment.

1           SENATOR KAVANAGH: I'm going to ask you -- we  
2 really appreciate your testimony, but we have about  
3 40 more people.

4           DIAMOND HARDING: Yes, that's good.

5           SENATOR KAVANAGH: So, thank you so much for  
6 your testimony.

7           I'm going to go to the panel.

8           [Applause.]

9           SENATOR KAVANAGH: Senator Krueger.

10          SENATOR KRUEGER: I just wanted to thank you,  
11 Ona, for coming from my district to Brooklyn to  
12 testify.

13          We're very aware of the problems with your  
14 building, and it's a disturbing example of how far  
15 out of control this MCI situation can get.

16          And, again, you also highlight what many of  
17 us from Manhattan always talk about, that we have  
18 large numbers of rent-regulated tenants in our  
19 districts.

20          Brian Kavanagh on the Manhattan side,  
21 Brad Hoylman, myself, and farther north, and they  
22 are, disproportionately, seniors living on fixed  
23 incomes, trying to make sure that they can stay in  
24 their homes and continue to live where they have  
25 lived, as you just said, your husband has lived

1       there 40 years.

2               And the most horrible stories that we get in  
3       our office every day are seniors from my district  
4       being -- describing how they are being priced out or  
5       harassed out of the homes they have lived in for so  
6       long.

7               And so you are just another example, I think,  
8       representing the disproportionate impact on  
9       fixed-income seniors everywhere in the city for our  
10      not getting the right laws passed.

11              So, thank you.

12              And I have to say, I don't have a loft-tenant  
13      scenario in my district. I know some things about  
14      it.

15              But, we've got to be able to make it a  
16      system, that when you were trying to do the right  
17      thing, that you were actually capable of doing that.

18              We have to have a system in place that  
19      provides the kind of assistance and technical  
20      support, to make sure that a landlord who is trying  
21      to do the right things under our law can actually  
22      meet the time frames we have set up for them.

23              MARTIN KOFMAN: I agree with you completely.

24              I think the loft law has got a lot of value  
25      to it, but it has some serious faults.

1           And I am available, at any time, if anyone  
2           wants to discuss this with me, I'll be glad to offer  
3           my suggestions as to how we can make this law into  
4           what it was intended to be.

5           SENATOR KRUEGER: Thank you.

6           Thank you, Brian.

7           SENATOR KAVANAGH: Thank you,  
8           Senator Krueger.

9           I would just note, you know, in the interest  
10          of time, I will -- you know, perhaps we'll take you  
11          up on that at some future time.

12          And I also note that we do have -- I wasn't  
13          actually expecting to get into this issue on this  
14          panel, but we do have a number of people here to  
15          testify on the issue of the loft law, and some --  
16          including many loft tenants, some of who have signed  
17          up, and many of whom joined us when they got here,  
18          signed up when they got here.

19          So we will -- we will hear more about this  
20          issue during the course of this hearing.

21          But, any other questions from senators?

22          Okay.

23          Thank you all very much for your testimony.

24          ONA BURNS: Thank you.

25          MARTIN KOFMAN: Thank you.

1 [Applause.]

2 SENATOR KAVANAGH: So next up we have  
3 Paimaan Lodhi, if I'm saying that properly.

4 A little sound effects.

5 Perhaps he stepped out of the room, so I'll  
6 ask my staff to see if we can determine what's going  
7 on.

8 Thank you for being with us.

9 If you'd begin by stating your name for the  
10 record, and proceed.

11 PAIMAAN LODHI: Sure.

12 Okay, got it.

13 Good afternoon, Senators.

14 My name is Paimaan Lodhi, senior vice  
15 president with the Real Estate Board of New York.

16 Thank you for taking this time to hear our  
17 testimony about the city's housing stock, and to  
18 provide our perspective regarding rent-regulated  
19 housing in the city of New York.

20 The stories you've heard today are  
21 undoubtedly and truly heartbreaking, and what is  
22 needed is responsible rent reform to root out the  
23 minority of bad actors in the system.

24 New York City is a city of renters.

25 The current rent-regulated system has allowed

1 for continued capital investment in buildings that  
2 have resulted in a historically low dilapidation  
3 rate of 0.2 percent citywide.

4 With 71 percent of the rent-stabilized  
5 housing stock built prior to 1947, maintenance and  
6 operational costs are expected to rise as these  
7 older buildings will require major system overhauls.

8 Recently, policy leaders and advocates have  
9 proposed drastic and sweeping changes to the  
10 rent-regulation system without a detailed analysis  
11 of the consequences or an appreciation for the  
12 interconnectedness of the system.

13 Changes that severely limit or eliminate  
14 necessary streams of revenue will lead to  
15 deteriorating housing conditions, discourage the  
16 creation of new stabilized housing needed to  
17 alleviate the housing crisis, and hurt the  
18 households most in need of help.

19 The real estate industry acknowledges that  
20 statutory changes are necessary to increase  
21 transparency and better protect tenants from a  
22 minority of unscrupulous landlords.

23 To be clear, we are not calling for the end  
24 of the rent-regulated system, as these units serve  
25 an important role in providing safe housing to many

1 New Yorkers.

2 What is needed is responsible rent reform  
3 that protects tenants while maintaining the quality  
4 of our housing stock.

5 Rent collected pays for expenses like taxes,  
6 insurance costs, fuel, labor, utilities, and  
7 maintenance.

8 The difference between revenue and expenses  
9 is known as "net operating income," and while some  
10 have confused NOI for profit, it is important to  
11 note that NOI is a measure of a building's ability  
12 to meet three criteria: repayment of mortgage or  
13 financing costs, reinvestment in the property, and  
14 profit.

15 Today the Rent Guidelines Board is a system  
16 ill-equipped to match appropriate rent increases  
17 with expense growth.

18 Over a 20-year period and across multiple  
19 mayoral administrations, RGB increases averaged  
20 2 1/2 percent, while expenses for property owners  
21 increased more than twice that rate, at 5.5 percent.

22 This incongruence is a result of a  
23 highly-politicized process that relies on a flawed  
24 methodology that artificially inflates NOI and  
25 arbitrarily reduces expenses.

1           Data used by the RGB staff to calculate NOI  
2 is incomplete, inaccurate, and outdated.

3           A 27-year-old analysis is used as the basis  
4 for adjusting expenses downward 8 percent, and a  
5 35-year-old price index does not account for the  
6 costs associated with government mandates, like  
7 building facade maintenance, increased elevator  
8 inspections, and lead-paint abatement, to name a  
9 few.

10           Additionally, while the RGB studies exclude  
11 smaller 1- to 10-unit buildings that account for  
12 half of the rent-stabilized buildings, they do  
13 include larger builds with at least one  
14 rent-stabilized unit.

15           This approach inevitably captures buildings  
16 created through programs like 421a, that include  
17 predominantly unregulated units and greatly inflates  
18 reported income for rent-stabilized buildings.

19           Proposed changes to the rent-regulation  
20 system contemplate the wholesale elimination of  
21 increases beyond those provided for by the  
22 Rent Guidelines Board, including MCIs, IAIs,  
23 vacancy allowance, preferential rents, and high-rent  
24 decontrol.

25           To better understand the impacts of any

1 changes to the rent-regulation system, REBNY  
2 commissioned the consulting group of HR&A Advisors  
3 to develop models based on publicly-available data  
4 that could analyze changes to various building  
5 typologies that collectively represent 84 percent of  
6 the city's housing stock.

7 The results were startling.

8 The legislative proposals would dramatically  
9 change the economic viability of the operations and  
10 maintenance assumptions for apartment buildings  
11 across the city.

12 Within 5 years, approximately 414,000 units  
13 could be financially distressed and won't be able to  
14 afford any investment beyond basic maintenance,  
15 taxes, and utilities.

16 As NOI decreases across these buildings, the  
17 department of finance's property assessments and  
18 related tax bills will be adjusted downward.

19 The potential policy changes to rent  
20 stabilization could reduce annual property-tax  
21 revenue by up to \$2 billion per year due to steep  
22 drops in real estate value, as calculated by an  
23 analysis.

24 Finally, if the proposed funding streams are  
25 eliminated, it will place greater pressure on the

1 Rent Guidelines Board to raise rents approximately  
2 7 1/2 percent annually to make up the difference.

3 This is not the kind of rent reform that  
4 helps tenants or owners.

5 The New York State Senate has an opportunity  
6 to be responsible, to rely on the data presented,  
7 and to provide revenue streams that continue for the  
8 allowed maintenance of quality housing for millions  
9 of New Yorkers.

10 In terms of responsible reforms, within the  
11 construct of the rent stabilization law, the RGB  
12 process itself provides an opportunity for needed  
13 reform.

14 It is no secret that this process and  
15 historic results are ones that landlords and tenants  
16 alike find frustrating.

17 Serious consideration should be given to  
18 moving to a new standard model that inputs various  
19 indices for generating RGB increases that can  
20 operate independent of political machinations.

21 The board's determination should be the  
22 result of a consistent framework year to year to  
23 provide predictability in balancing tenant and owner  
24 needs.

25 There are merits to a formula system that

1 encompasses the following: CPI and wage growth,  
2 property taxes, unfunded regulatory requirements,  
3 labor, maintenance, insurance, administrative costs,  
4 to name a few.

5 Public input is an important part of good  
6 government, and it should be used to provide data  
7 discrepancies, new methodologies, or to highlight  
8 sudden shifts in the market.

9 Regarding enforcement and transparency, REBNY  
10 unequivocally supports better enforcement and  
11 transparency, and it is critical that DHCR be  
12 adequately resourced so that they are equipped to  
13 improve data collection and more effectively target  
14 bad actors.

15 A modern computer system that can process  
16 digital collection and retention of receipts would  
17 dramatically improve recordkeeping.

18 Additionally, DHCR should release an annual  
19 public report on the number of MCIs granted and  
20 the number of AI -- IAIs filled --

21 SENATOR KAVANAGH: I'm going to ask you to  
22 wrap up, and I think you will have quite a bit more  
23 time to talk as people ask some questions.

24 PAIMAAN LODHI: -- the average cost and type  
25 improvement, and the average amount of rent

1 increase.

2 The current process for self-reporting of  
3 IAIs can only be improved.

4 SENATOR KAVANAGH: I really do need -- I need  
5 you to wrap up your testimony.

6 PAIMAAN LODHI: I got you.

7 I really think it's important that we get  
8 to --

9 SENATOR KAVANAGH: I -- I'm sure -- lots of  
10 us want to hear from everybody, but we've got, you  
11 know, another 30 people on the list.

12 SENATOR KRUEGER: Do you have copies that you  
13 can give to us?

14 SENATOR KAVANAGH: And, again, we'll take --

15 PAIMAAN LODHI: Yes, I emailed them.

16 SENATOR KRUEGER: Okay.

17 SENATOR KAVANAGH: -- okay, so we have your  
18 written testimony as a matter of record. We will be  
19 reviewing it.

20 And I think -- again, I think this dialogue  
21 will continue.

22 But thank you for your testimony.

23 PAIMAAN LODHI: Sure.

24 SENATOR KAVANAGH: I do want to -- have  
25 questions?

1 SENATOR RIVERA: Oh, yeah.

2 SENATOR KAVANAGH: Senator Rivera to begin.

3 SENATOR RIVERA: First of all -- first of  
4 all, for the record, and in all honesty, thank you  
5 for being here.

6 It definitely takes some guts to come into  
7 the lion's den, if you will.

8 PAIMAAN LODHI: It's an important issue.

9 SENATOR RIVERA: Now, number one, are MCIs  
10 maintenance?

11 PAIMAAN LODHI: I'm sorry?

12 SENATOR RIVERA: "MCIs" are major capital  
13 improvements.

14 Are they maintenance?

15 Are they --

16 PAIMAAN LODHI: No.

17 SENATOR RIVERA: -- no, they're not.

18 PAIMAAN LODHI: I mean, it is important that  
19 capital improvements are used in -- are done and --  
20 for buildings, so that buildings can be maintained  
21 over the course of time.

22 But, in the context of the rent-regulation  
23 system, maintenance itself is considered a separate  
24 bucket.

25 SENATOR RIVERA: Okay, so, I just want to

1 make sure.

2 So if MCIs are not maintenance, would you  
3 acknowledge that -- you know, and we can all -- we  
4 can certainly have the conversation of responsible  
5 and not responsible landlords, as you made the --  
6 one of the first points that you made was that, any  
7 responsible reform should take into account that  
8 there are bad actors. Right?

9 So I want to make sure that we don't attack  
10 the good actors.

11 But would you acknowledge, then, that there  
12 is -- there's all words that can be used -- let's  
13 just say, a lot of, either your members, good actors  
14 and bad actors, that kind of use MCIs for the  
15 purpose of maintenance?

16 PAIMAAN LODHI: Well, so -- so the data has  
17 stated that -- for DHCR, that the level of MCI use  
18 has been consistent. It's been about 1,000  
19 applications a year.

20 SENATOR RIVERA: Okay, so I guess what you're  
21 saying is, that you wouldn't necessarily acknowledge  
22 that you put the responsibility in DHCR?

23 PAIMAAN LODHI: I'm sorry, I don't follow.

24 SENATOR RIVERA: Okay, so my question was,  
25 right, if MCIs are not maintenance, major capital

1 improvements are not supposed to be maintenance, you  
2 acknowledge that?

3 PAIMAAN LODHI: It is maintenance in terms of  
4 maintaining the quality and the safety of a  
5 building. Right?

6 SENATOR RIVERA: Perhaps I should be more  
7 clear.

8 Is the process of MCIs supposed to be for a  
9 building to be maintained to a level where people  
10 can live in it with basic things, like heat, hot  
11 water, you know, no holes in the walls or ceilings,  
12 a working door.

13 PAIMAAN LODHI: A lot of repair, yeah.

14 SENATOR RIVERA: Right, stuff like that.

15 So would you acknowledge, then, that there  
16 are many individuals -- there are many landlords,  
17 either mom-and-pop or big ones or bad ones, that --  
18 that are using, as opposed to maintaining their  
19 buildings, and then having MCIs cover for other  
20 things that are not just straight-up maintenance,  
21 that they are being used for maintenance?

22 Would you agree or disagree with that?

23 PAIMAAN LODHI: I think there's a disconnect  
24 here, because --

25 SENATOR RIVERA: Certainly there is.

1 All right, moving on, since I know that my  
2 question --

3 SENATOR KAVANAGH: Senator, I'm going to ask  
4 people, you know, people have been very respectful  
5 and disciplined.

6 I did notice an uptick of allergies and  
7 coughing a little bit before.

8 But, if everybody could please allow us to  
9 have this dialogue with this witness.

10 Proceed, Senator Rivera.

11 SENATOR RIVERA: Yeah, so I just have a  
12 couple more.

13 You talked about the dilapidated rate, this  
14 is -- at the beginning of your testimony.

15 Could you tell me what the definition of  
16 "dilapidated rate" is?

17 PAIMAAN LODHI: Sure.

18 It's what the census uses in the Housing and  
19 Vacancy Survey to determine whether or not a  
20 building or a unit is dilapidated.

21 And over the course of the past 20-something  
22 years, the city's private housing stock, it's  
23 dilapidation rate is at an all-time low.

24 SENATOR RIVERA: Got you.

25 So "dilapidation" means, the definition

1 that's used by the census, I was unaware of it.

2 So is the definition that's used in the  
3 census, I guess, totally unliveable, like a husk of  
4 a building, or something?

5 PAIMAAN LODHI: No.

6 I mean, it is in poor -- it is in a poor  
7 state, but, yeah, that people can live in there.  
8 But it's just, you know, incredible high amount of  
9 violations. It is just not a good place to be  
10 living in. There could be mold. There could be --

11 SENATOR RIVERA: Got you.

12 So let's say, in the last year -- how long  
13 have you been working for these folks, for REBNY.

14 PAIMAAN LODHI: Several years.

15 SENATOR RIVERA: Several years.

16 So say, in the last year, the last 12 months,  
17 how many apartments have you been in physically that  
18 you would consider dilapidated?

19 I mean, just, actually, how many apartments  
20 have you been in that are either owned by your  
21 members or that you go to, you know, just to visit,  
22 not a social visit, but some, maybe, to kind of look  
23 at what the conditions in that building and in that  
24 particular apartment are?

25 PAIMAAN LODHI: You know, my members own and

1 operate several buildings.

2 SENATOR RIVERA: You personally, I'm sorry.

3 PAIMAAN LODHI: Yeah, and I've been and  
4 visited several of them.

5 SENATOR RIVERA: "Several" of them.

6 "Several," dozen?

7 "Several," hundred?

8 "Several," thousand?

9 PAIMAAN LODHI: You know, it is not --

10 SENATOR RIVERA: A bunch.

11 All right.

12 PAIMAAN LODHI: -- yeah.

13 SENATOR RIVERA: How many of them have you  
14 seen that would fit that category of "dilapidated"?

15 PAIMAAN LODHI: None.

16 SENATOR RIVERA: All right.

17 I would invite you, by the way, you have an  
18 invitation to my district, anytime, where I will  
19 take you to five random buildings in my district,  
20 and I can guarantee you that I will show you many  
21 dilapidated buildings that -- that that  
22 percentage -- I'm just saying that percentage  
23 doesn't speak to the truth of what I've seen with my  
24 own eyes.

25 PAIMAAN LODHI: Well, no, I mean, so the data

1 should be clear, and I should be clear, that, in all  
2 likelihood, those are not our members whose  
3 buildings that you visit.

4 But there is certainly concentration in -- in  
5 areas throughout this city.

6 And your district could be one in which you  
7 have a higher rate of bad actors.

8 SENATOR RIVERA: Oh, I guarantee you that's  
9 the case, sir.

10 There's actually this -- there were some  
11 folks that testified earlier, the Association for  
12 Neighborhood and Housing Development, which have  
13 this handy table, which kind of shows all sorts of  
14 different categories that impact what makes, you  
15 know, certain districts unaffordable.

16 There are -- and there are 12 community  
17 boards in The Bronx. Seven of them are in the "red"  
18 category, as it relates to threats to affordable  
19 housing, and four of them are in my district.

20 So I can guarantee you that I definitely know  
21 that.

22 I know that my colleagues probably want to  
23 jump in in a couple of things.

24 I just will ask one more question.

25 The -- it is -- it is -- is it still your

1           contention, on the record, that should the process  
2           of major capital improvements go away, that if we do  
3           away with it, that, then, the -- this "dilapidated"  
4           score that we talked about is going to skyrocket  
5           because it will then become impossible for landlords  
6           to be able to maintain their buildings to a liveable  
7           state?

8                     Is that still what you're saying on the  
9           record?

10                    PAIMAAN LODHI:  It's two things.

11                    SENATOR RIVERA:  Okay?

12                    PAIMAAN LODHI:  Not only would the  
13           dilapidation rate -- you can anticipate the  
14           dilapidation rate to go -- to increase, but, you  
15           know, as part of the entire rent-regulation system,  
16           Rent Guidelines Board sets their annual increases  
17           based on the fact that they understand that there  
18           are other tools out there for property owners to  
19           use; MCIs, IAIs.

20                    If those tools go away -- so you have  
21           1,000 MCI applications a year, which there are, just  
22           to put this in perspective, over 900,000  
23           rent-regulated housing units throughout the city.

24                    If those -- if those MCIs go away,  
25           Rent Guidelines Board has to increase rents to make

1 up for that delta, to recognize the fact that the  
2 MCI -- MCI tool is no longer there.

3 Rent Guidelines Board increases impacts the  
4 entire universe of rent-stabilized housing stock.

5 So you're talking about rent increases on the  
6 entire housing stock versus the small percentage  
7 that apply for MCIs.

8 SENATOR RIVERA: Thank you for being here.

9 SENATOR KAVANAGH: Thank you.

10 And just before we get to the -- we'll have  
11 some additional questions, but just to mention the  
12 next panel, it will be Nakeeb Siddique and  
13 Esther Diaz and Gisela Matza.

14 But next up, I think Senator Krueger has some  
15 questions.

16 SENATOR KRUEGER: Thank you.

17 So I don't know if you were here earlier when  
18 ANHD was testifying, but the testimony involved the  
19 statement that, sort of historical documentation is,  
20 that if you buy your building for 10 or 11 times the  
21 annual rent rolls, that you can, in fact, you know,  
22 continue to operate, make a profit, leave your  
23 tenants in place.

24 But, that we have seen a skyrocketing over  
25 the last, I believe it was 20 years, maybe was it

1 just a decade, of people suddenly buying buildings  
2 for 20 and 30 times the rent rolls.

3 Does REBNY keep data on the purchase price of  
4 buildings vis-a-vis a percentage of the rent rolls?

5 PAIMAAN LODHI: We don't.

6 SENATOR KRUEGER: You don't.

7 Do you agree that that has been happening,  
8 that the underlying price of buildings has been  
9 skyrocketing far faster than the rent rolls could  
10 possibly keep up with?

11 PAIMAAN LODHI: I agree that there are bad  
12 actors in the system which, you know, take into --  
13 that do the predatory equity, and they have every  
14 intention to game the system and do exactly what you  
15 say, which is to purchase a building at 20, 30 times  
16 the rent roll.

17 But I think that they are the minority.

18 SENATOR KRUEGER: So when I am paying back an  
19 MCI or an IAI as a increase in my annual rent,  
20 inflation adjusted year after year, technically, I'm  
21 sort of becoming a partial owner of the building.

22 Should I get stock?

23 [Applause.]

24 PAIMAAN LODHI: What was...

25 SENATOR KRUEGER: I'm sorry, I didn't hear

1 your answer.

2 PAIMAAN LODHI: No.

3 SENATOR KRUEGER: No?

4 PAIMAAN LODHI: No.

5 SENATOR KRUEGER: Why?

6 I mean, it's not just -- I'm not just paying  
7 the rent. I'm increasing the dollar value of the  
8 underlying building that will eventually be sold or  
9 held by the landlord, based on their determination  
10 that it's a great investment, or they could sell it  
11 and move on and do something else with their money.

12 So, if this was -- if this was a company that  
13 sold stock, I would get stock.

14 But in this case --

15 PAIMAAN LODHI: No, you're also paying for  
16 the continued maintenance of the building. That's  
17 what you're paying for, that's what your rent goes  
18 to.

19 SENATOR KRUEGER: So that sort of goes to --

20 SENATOR RIVERA: So it is maintenance.

21 (Claps hands.) Thank you.

22 (Indiscernible cross-talking.)

23 SENATOR KRUEGER: -- so it's maintenance of  
24 the --

25 SENATOR RIVERA: It is maintenance.

1 Got you.

2 SENATOR KRUEGER: -- thank you.

3 SENATOR RIVERA: You all think it's  
4 maintenance.

5 Got you, got you, got you.

6 (Indiscernible.)

7 SENATOR KRUEGER: Okay, sorry.

8 Do you -- you're familiar with weatherization  
9 programs for redoing windows, and, actually,  
10 sometimes they do building -- you know, siding of  
11 building, and other things, to keep -- to ensure  
12 that the building is more energy-efficient.

13 Do you think that I should be able to get an MCI  
14 for the same work that I got weatherization funds  
15 for?

16 PAIMAAN LODHI: I don't know to what extent  
17 the weatherization program is being used, so I can't  
18 really answer that question.

19 SENATOR KRUEGER: Okay.

20 You know what the J-51 program is?

21 PAIMAAN LODHI: Yes.

22 SENATOR KRUEGER: Do you think I should be  
23 able to get MCIs and IAIs if I'm drawing down J-51s  
24 for the same the work in the same buildings?

25 PAIMAAN LODHI: Well, again, I think you need

1 to find ways in which, you know, an owner can  
2 reinvest in the property.

3 SENATOR KRUEGER: But do you see those  
4 double-dipping on multiple programs to get --

5 PAIMAAN LODHI: No.

6 SENATOR KRUEGER: -- my costs reimbursed?

7 PAIMAAN LODHI: No.

8 SENATOR KRUEGER: Do you do any research on  
9 that at REBNY to see how often that happens?

10 PAIMAAN LODHI: No.

11 SENATOR KRUEGER: Senator Zellnor.

12 Thank you.

13 SENATOR MYRIE: Thank you very much,  
14 Senator Krueger.

15 The Chair has stepped out for a moment and  
16 has asked me to temporarily chair, but I'm going to  
17 ask the questions that I would have been recognized  
18 for.

19 So, firstly, thank you for coming to -- to --  
20 to testify.

21 I know that it is not an easy thing,  
22 particularly with some of the views that you guys  
23 hold.

24 So, I appreciate you coming.

25 I have a comment, and then a question.

1 I noticed during your testimony, I'm a fan of  
2 the English language, there were -- there was an  
3 alliteration with words that begin with "D."

4 You used the words "drastic";

5 You used the word "deterioration";

6 You used the word "discouragement";

7 OFF-CAMERA SPEAKER: Dilapidated.

8 SENATOR MYRIE: You used the word  
9 "dilapidated";

10 And you used the word "dramatic."

11 And I want to use those words to explain how  
12 the tenants feel right now.

13 So you said we have -- we have --

14 [Applause.]

15 SENATOR MYRIE: And if we could hold the  
16 applause, thank you.

17 -- you said, "We are seeking to make drastic  
18 and sweeping changes."

19 And of course we are, because we are facing a  
20 drastic and sweeping affordability crisis.

21 You mentioned the deterioration of our  
22 buildings.

23 And of course we're facing deterioration  
24 because there has been an increase in the violations  
25 in those very buildings.

1           You said -- you used the word "dramatically."

2           Well, we are facing a dramatic increase in  
3 evictions.

4           Two decades ago --

5           PAIMAAN LODHI: That's not true.

6           SENATOR MYRIE: -- the eviction --

7           PAIMAAN LODHI: That's not true.

8           The citywide eviction rate is the lowest it's  
9 ever been.

10          SENATOR MYRIE: So if you could let me -- so  
11 if -- if you could -- if you could only respond when  
12 I ask a question.

13          You used the word "dramatically."

14          And we are facing a dramatic increase in  
15 evictions.

16          And you used the word "discouragement."

17          And of course people are discouraged, not  
18 only from living in their communities because they  
19 are priced out, but I'm going to add a fifth "D,"  
20 that we are "displaced" because of this price  
21 increase.

22          So my question to you is: If the NOI has  
23 increased over the past 13 years straight, and you  
24 contend that not all of that goes to profit, and  
25 that some of it goes to paying the mortgage and some

1 of it goes to reinvestment, if we eliminate MCIs  
2 and we eliminate IAIs, and it's still going up,  
3 could you bring down the profit and bring up the  
4 reinvestment?

5 PAIMAAN LODHI: So, Senator, to your  
6 question, yes, New York City has an affordability  
7 crisis.

8 The biggest driver for rent is the increase  
9 in property taxes.

10 New York City has, quite possibly, the most  
11 inequitable and racist property-tax structure in the  
12 country.

13 A family renting an apartment in  
14 Crown Heights pays more in its property taxes than  
15 two townhouses in Park Slope.

16 Okay?

17 What most renters do not understand is that a  
18 third of your rent goes towards property taxes.

19 And over the -- and since 2009, property  
20 taxes have increased by more than double.

21 It's -- this is a tax policy that is not  
22 aligned with values that all New Yorkers should  
23 support, which is the production of rental housing.

24 The affordability crisis is also compounded  
25 by the fact that there is not enough housing

1 production going on citywide.

2 To meet population growth by 2030, the City  
3 needs to produce 400,000 units of housing, which is,  
4 roughly, the size of Staten Island, just to maintain  
5 what's needed for population growth.

6 That delta, that lack of production, is  
7 the -- along with property taxes, is the biggest  
8 driver in the affordability crisis for housing.

9 SENATOR MYRIE: So if I may, because I'm not  
10 sure my question was answered.

11 And I don't disagree that our property taxes  
12 need to be reformed, and that there are racist  
13 elements to it.

14 I represent both of those neighborhoods,  
15 Crown Heights and Park Slope, and I'm very  
16 empathetic to my constituents who are being  
17 oppressed by this tax system.

18 But my question directly pertains to NOI and  
19 the increase over the past 13 years.

20 The response has always been, well, that  
21 increase doesn't always go to profit. We have to  
22 split that in three buckets.

23 My question is:

24 If you -- if we eliminate MCIs and IAIs, we  
25 are told that there will be no more investment.

1 I want to know, that is that because you  
2 don't want to give up profit?

3 That is the question.

4 PAIMAAN LODHI: So I think what you're  
5 referencing, the 13-year increase as the NOI  
6 increase, as reported by the Rent Guidelines Board.

7 Again, it's really important to state, NOI is  
8 not a substitute for profit.

9 So, NOI can increase without profit margins  
10 increasing. Right?

11 So --

12 SENATOR MYRIE: So are you contending that  
13 profits have not gone up over the past 13 years?

14 PAIMAAN LODHI: I would argue that they have  
15 stayed consistent.

16 SENATOR MYRIE: Okay.

17 Do you have any data to back up that  
18 assertion?

19 PAIMAAN LODHI: I mean, the fact that the  
20 NOI, as reported by the Rent Guidelines Board, has,  
21 actually, this past year, remained consistent,  
22 states to me that it's not increasing.

23 SENATOR MYRIE: Okay, and so -- and I'm going  
24 to -- after this question, I just want to make  
25 REBNY's position clear, that over the past 13 years,

1 profits by property owners has remained stagnant?

2 PAIMAAN LODHI: I think, across the board,  
3 you can't paint a picture like that.

4 The city's housing stock is incredibly  
5 diverse, both by -- I mean, by age, geography, and  
6 size, and by owner.

7 SENATOR MYRIE: So I'm specifically referring  
8 to rent-regulated properties.

9 Is it REBNY's position that property owners  
10 that own rent-regulated properties have not seen  
11 their profits go up over the past 13 years?

12 PAIMAAN LODHI: I guess some have, but  
13 I would say that it's stayed consistent throughout  
14 the system, given the data that disputes it  
15 otherwise.

16 SENATOR KAVANAGH: Thank you.

17 Next up we're going to have Senator Salazar.

18 SENATOR SALAZAR: Thank you.

19 I -- remarkably, I think that we may actually  
20 agree about something, based on one of your  
21 responses to Senator Myrie's question, that -- that  
22 the very wealthy need to pay their fair share of  
23 taxes, including higher property taxes than  
24 working-class New Yorkers.

25 But my question is: Is -- in your opinion,

1 why should tenants who -- tenants, who didn't have  
2 the capital or ability, nor make the decision in the  
3 first place, to buy a property, why should those  
4 tenants -- tenants need to bear the financial  
5 responsibility of repairing the property owner's  
6 building for the property owner?

7 PAIMAAN LODHI: The current rent-regulated  
8 system that's in place takes into account various  
9 factors, which include property taxes, maintenance  
10 costs, labor, fuel.

11 These are costs that are borne by the  
12 property owners, and, you know, property owners own  
13 and operate businesses. It's private housing stock.

14 In order to get financed, you have to prove  
15 to the banks that you can make a profit.

16 And unless a property owner -- I don't know  
17 how a property owner could go to a bank and say, I'm  
18 going to take \$200,000 out of my own pocket to pay  
19 for facade improvements.

20 It's, like, it's not a viable financing  
21 option.

22 SENATOR SALAZAR: It's your opinion that it  
23 should come from the pockets of the tenants instead?

24 PAIMAAN LODHI: No, it's a shared system.

25 [Laughter.]

1           SENATOR KAVANAGH: Let's get through --  
2           everybody will have an opportunity to express their  
3           point of view, but let's let this dialogue continue.

4           SENATOR SALAZAR: So 20,000 tenants were  
5           evicted last year in 2018 in New York City alone.

6           Is it your opinion that tenants should have  
7           to face eviction if they cannot pay for a major  
8           capital improvement-induced represent increase?

9           PAIMAAN LODHI: No, I think that that's  
10          making the prime case as to why rent subsidy is  
11          critical.

12          SENATOR SALAZAR: Okay.

13          I mean, just my final question is: Is -- is  
14          it then your opinion that rent subsidies, presumably  
15          coming from the City or the State, or from tax  
16          subsidies, so, from the public, from taxpayers, that  
17          the burden of repairing property-owners' buildings  
18          should be from that source rather than the property  
19          owner?

20          PAIMAAN LODHI: I think keeping families off  
21          the street and out of homeless shelters is a public  
22          good that the public should bear the responsibility  
23          for.

24          Yes.

25          SENATOR SALAZAR: Okay.

1           Okay, but -- okay.

2           Thank you.

3           SENATOR KAVANAGH: Again, please, let's  
4 continue.

5           I'm going to -- I have a few questions, but  
6 I think Senator Krueger has a follow-up, first.

7           SENATOR KRUEGER: So you reference in a  
8 number of your answers, sort of on behalf of REBNY  
9 owners, so -- but you don't have any data.

10          So how many rent-regulated units are  
11 represented by REBNY owners; do you know?

12          PAIMAAN LODHI: I'd have to get back to you  
13 on that.

14          SENATOR KRUEGER: So you don't know that.

15          Because -- because I'll accept that maybe  
16 there's one universe of people who are REBNY  
17 members, and they run terrific buildings and follow  
18 all the rules, and don't, you know, overinflate all  
19 their costs.

20          And then there's that other world that is not  
21 REBNY owners, that -- where everything we're seeing  
22 happening is happening.

23          But I sort of don't think that's probably  
24 true.

25          But I actually think it's pretty important,

1 if REBNY's going to --

2 PAIMAAN LODHI: What part's not true?

3 SENATOR KRUEGER: -- if REBNY's going to  
4 represent these things aren't true in REBNY members'  
5 buildings --

6 PAIMAAN LODHI: What part's not true?

7 SENATOR KRUEGER: -- I think you need to  
8 prove it.

9 Dilapidation.

10 PAIMAAN LODHI: Right.

11 SENATOR KRUEGER: Abuse of --

12 PAIMAAN LODHI: So they're not --

13 SENATOR KRUEGER: -- MCIs that are  
14 double-dipping (indiscernible) --

15 PAIMAAN LODHI: -- so there are over  
16 900,000 rent-stabilized units throughout the city.

17 SENATOR KRUEGER: Yep.

18 PAIMAAN LODHI: I wouldn't -- I would guess  
19 that REBNY members do not operate more than  
20 50 percent of those.

21 I mean, it's an incredibly high number.

22 SENATOR RIVERA: But you don't have the data,  
23 though?

24 PAIMAAN LODHI: Right, no.

25 SENATOR KRUEGER: Can you get it?

1           SENATOR RIVERA:   Okay.

2           SENATOR KRUEGER:   No, I mean, I'm  
3           (indiscernible) being serious about, are -- I've  
4           asked a series of questions based on data.

5           Are you able to go back to REBNY and get that  
6           data for us?

7           PAIMAAN LODHI:   I could try -- yeah, I could  
8           try.

9           SENATOR KRUEGER:   Okay.

10          Thank you.

11          PAIMAAN LODHI:   I mean, I will go back,  
12          I will try to produce an answer for you.

13          SENATOR KAVANAGH:  You'll definitely go back  
14          and try to get an answer.

15          Thank you.

16          Just -- so just a couple of my questions are  
17          follow up with this dialogue we've already begun.

18          But you -- so in your dialogue with  
19          Senator Myrie, I just want to make sure  
20          I understood, and I think he seemed a little  
21          perplexed, and I think I am as well.

22          You're -- so you have presented us quite a  
23          bit of data, you know, during your testimony, and  
24          also, you know, in your advocacy, in talking about  
25          what you want to -- what you might want to see in

1 this rent-law renewal.

2 A lot of data about the net operating income  
3 of buildings, and then RGB increases, and how they  
4 vary -- how each of them has varied over time.

5 Can you just -- I mean, just, let's begin,  
6 can you just talk a little bit more about that  
7 analysis?

8 PAIMAAN LODHI: So the Rent Guidelines Board,  
9 when they're doing their calculations, they try to  
10 assess what the price index and the costs are for  
11 the rent-regulated housing stock throughout the  
12 city.

13 What they do not do is count those buildings  
14 that are under 10 units, which represent 50 percent  
15 of the rent-stabilized buildings throughout the  
16 city.

17 Those buildings that are under 10 units  
18 presumably have much lower NOIs as opposed to the  
19 larger, blended 80/20 buildings in Manhattan, net  
20 operating income.

21 And so what RGB data does, through its flawed  
22 methodology, is skew NOI much higher than what it  
23 actually is, and doesn't account for operating  
24 expenses and costs, and not net operating income,  
25 for the smaller buildings which are, predominantly,

1 completely rent-stabilized, and in the boroughs  
2 outside of Manhattan, predominantly.

3 SENATOR KAVANAGH: So can you provide -- so  
4 what you're suggesting is that, to the extent we  
5 were to reform these laws, it would have a greater  
6 impact on smaller buildings?

7 PAIMAAN LODHI: Yes.

8 SENATOR KAVANAGH: But a greater adverse  
9 impact on landlords of smaller buildings?

10 PAIMAAN LODHI: For sure.

11 Okay.

12 SENATOR KAVANAGH: And among your -- you say  
13 you don't -- again, I'm -- I join other members of  
14 this panel on being surprised that you don't have a  
15 good sense of how many rent-regulated units your  
16 members are managing and owning.

17 But is it fair to say that --

18 PAIMAAN LODHI: Granted, it's the data point  
19 that I just take from this, that we have to get  
20 better at.

21 SENATOR KAVANAGH: -- ah, we got it.

22 But is it fair to say that your members,  
23 generally speaking, are owning larger buildings  
24 rather than smaller buildings?

25 PAIMAAN LODHI: Larger buildings?

1 I mean, it's a mix, right, because their  
2 portfolios include ownership, partnerships in which  
3 they have a minority stake in, you know, another  
4 portfolio of buildings.

5 So I would say that they're impacted across  
6 the board.

7 SENATOR KAVANAGH: Are most of the large  
8 owners of rent-stabilized real estate members of  
9 REBNY?

10 PAIMAAN LODHI: I'm sorry, repeat that?

11 SENATOR KAVANAGH: Are most of the larger  
12 owners of rent-stabilized real estate in New York  
13 City members of REBNY?

14 PAIMAAN LODHI: I would say that -- I don't  
15 know. I don't know.

16 I would -- I know that our owners manage and  
17 build and operate large buildings which have a blend  
18 of stabilized units and market rate.

19 SENATOR KAVANAGH: So to the extent that you  
20 are asserting to us today that it is the smaller  
21 buildings and the owners of the smaller buildings  
22 that will suffer more greatly were we to pass the  
23 many bills that people have been discussing today,  
24 are you suggesting that we ought to take greater  
25 pains to protect the income and the ability of

1 smaller landlords to cover their costs, compared to  
2 the larger owners that are your -- that tend to be  
3 your members?

4 PAIMAAN LODHI: The smaller-building property  
5 own -- the smaller property owners will undoubtedly  
6 be hurt worse by these changes.

7 But I think it's also important to note that  
8 it's not just going to be the rent-stabilized  
9 housing stock that's impacted.

10 The potential \$2 billion annual property-tax  
11 loss that would result from these changes, if all  
12 these changes were to go through, would shift the  
13 share of \$2 billion onto co-ops and condos  
14 throughout the city as well.

15 So, in effect --

16 SENATOR KAVANAGH: How would it do that?

17 PAIMAAN LODHI: Because of our city's  
18 property-tax system, in which co-ops and condos are  
19 in the same class as rentals.

20 SENATOR KAVANAGH: How would it shift the  
21 tax --

22 PAIMAAN LODHI: Because if NOI goes down for  
23 property taxes, property-tax value goes down.

24 And unless the City decides that it's going  
25 to collect \$2 billion less in revenue a year --

1 SENATOR KAVANAGH: Right, so that's --

2 PAIMAAN LODHI: -- it would shift the burden  
3 onto co-ops and condos --

4 SENATOR KAVANAGH: -- so your point -- your  
5 point is that the City might choose to shift this  
6 tax burden to some other folks.

7 There's nothing --

8 PAIMAAN LODHI: No, it's two choices.

9 Either you collect \$2 billion less in revenue  
10 and have 20,000 less teachers and police officers,  
11 or you shift the burden --

12 SENATOR KAVANAGH: Forgive me, please.

13 Or you raise the income tax, or you have a  
14 personal income tax surcharge --

15 PAIMAAN LODHI: -- no, because the tax  
16 levies -- the levy would stay the same, so that you  
17 would then -- you would shift it over --

18 SENATOR KAVANAGH: Right, I just -- let me --  
19 I don't want to -- I don't want to be argumentive  
20 here. I just want to understand.

21 What you're saying is, that if the value of  
22 residential real estate does not go up as rapidly as  
23 it has in recent years, that --

24 PAIMAAN LODHI: No, I'm saying, if property  
25 values go down.

1           SENATOR KAVANAGH: -- if property values go  
2 down or fail to go up as rapidly as they have in  
3 recent years, that that has a negative impact on the  
4 City's ability to collect taxes from those  
5 properties because property -- because taxes are  
6 related to property values?

7           PAIMAAN LODHI: Yes.

8           SENATOR KAVANAGH: Okay.

9           You're not -- there's nothing about that  
10 scenario that somehow automatically shifts that tax  
11 burden to co-op and condos. Right?

12           That would be a -- if the City were to lose  
13 revenue, that would be a policy choice of the state  
14 Legislature and the city council, and others, what  
15 to do about that.

16           Is that -- I mean, that's a fair statement;  
17 right?

18           PAIMAAN LODHI: I mean -- yes.

19           SENATOR KAVANAGH: Okay.

20           SENATOR KRUEGER: I have to jump in  
21 (inaudible).

22           SENATOR KAVANAGH: Apparently,  
23 Senator Krueger can't wait to ask a question.

24           But if --

25           SENATOR RIVERA: She's the Finance Chair.

1           SENATOR KAVANAGH: -- and she is the Chair of  
2 the Finance, which means she knows more about  
3 finance that I.

4           So do you want to jump in now? Or --

5           SENATOR KRUEGER: Well, I just want to point  
6 out that, because we've already actually agreed,  
7 I think, the panel in front of you and you, and most  
8 of the people in the audience, that New York City's  
9 assessment system for property taxes is so  
10 fundamentally flawed and messed up, I don't even  
11 think you can, with a straight a face, make the  
12 argument, if a value of some given building goes  
13 down because landlords --

14          PAIMAAN LODHI: No, 'cause --

15          SENATOR KRUEGER: -- don't invest as much in  
16 their buildings, because of something we change  
17 about rent regulation, that that will lose us  
18 \$2 billion in property taxes.

19          PAIMAAN LODHI: No, so the -- what our  
20 analysis shows is that the net operating income for  
21 the rent-regulated housing stock would go down  
22 across the board, about, like, 20 percent.

23          Income -- properties are assessed based on  
24 income and expense.

25          And so, when NOI goes down, values of these

1 buildings go down, and, therefore, the property tax  
2 generated goes down.

3 SENATOR KAVANAGH: Do --

4 SENATOR KRUEGER: No, I have a follow-up.

5 Sorry.

6 I'm -- I know, he's going to kill me.

7 SENATOR KAVANAGH: I think I had the floor,  
8 but I'll yield it again.

9 SENATOR KRUEGER: I find it really  
10 interesting that you could do that analysis, when  
11 you can't answer questions about the rent-regulated  
12 housing stock.

13 So, at Assembly hearings we learned from the  
14 City and the State, that 80 percent-plus of  
15 rent-regulated units are in buildings of eleven or  
16 larger.

17 So it's not a 50/50 story.

18 And, actually, the DHCR commissioner at the  
19 same Assembly hearing testified that the median size  
20 of a building with rent-regulated units is fifteen,  
21 radically larger than what you're projecting.

22 So I don't --

23 PAIMAAN LODHI: There's --

24 SENATOR KRUEGER: -- I don't think you  
25 have --

1           PAIMAAN LODHI:  -- there are 16,000 buildings  
2 that are not accounted for in Rent Guidelines Board  
3 methodology.  50 percent of the buildings are not  
4 accounted for.

5           That's not a valid method to value income and  
6 expense.

7           SENATOR KRUEGER:  But you're not even  
8 prepared to offer legitimate data about what  
9 universe we're talking about.

10           I don't think it's acceptable to say, you did  
11 analysis and you have the numbers, that we would  
12 lose this much in property taxes, which, of course,  
13 that would be a City decision, whether they change  
14 their assessment formula, whether they went to other  
15 tax realities, whether they increased the taxes on  
16 the higher-rent buildings.

17           PAIMAAN LODHI:  That might be a City  
18 decision, but that is a State -- that is a State  
19 change that would impact the city's properties.

20           SENATOR KRUEGER:  You're right, these are  
21 State changes that impact city properties.

22           And, again, I don't want to speak for the  
23 City --

24           PAIMAAN LODHI:  And City's property-tax  
25 revenue.

1           And so, you know --

2           SENATOR KRUEGER: -- but the city  
3 leadership --

4           PAIMAAN LODHI: -- this idea that the  
5 changes --

6           SENATOR RIVERA: You want to not interrupt,  
7 bro.

8           SENATOR KRUEGER: No, no, it's okay.

9           City leadership has come to Albany and said,  
10 We need to make these changes.

11           So I'm actually not sure that we're in  
12 conflict with what the City of New York wants for  
13 itself either.

14           Now I'll stop being rude.

15           SENATOR KAVANAGH: And not rude at all.

16           And thank you, Senator Krueger.

17           Just -- so -- I mean, I would just note that  
18 the rent-regulation system is a -- is subject to  
19 home rule, so it is the City of New York that adopts  
20 rent-regulation, pursuant to authorization by the  
21 State.

22           So, you know, this is not -- this is not what  
23 sometimes people like to call an "unfunded mandate."

24           Just a few more questions.

25           Just -- since we got into this question of,

1 you know, forgone tax revenue being a big problem,  
2 in your view, with reforming the rent laws, do you  
3 have any sense of how much revenue the City forgoes  
4 through the 421a program and other programs that  
5 give tax exemptions to developers?

6 PAIMAAN LODHI: Yeah, so I think what you're  
7 getting at is the -- the need for 421a.

8 SENATOR KAVANAGH: I'm just asking a  
9 question, actually.

10 PAIMAAN LODHI: No --

11 SENATOR KAVANAGH: Do you have a sense of the  
12 amount of revenue the City forgoes for -- in 421a?

13 And, again, perhaps you're not prepared to  
14 answer that today.

15 But, do you have -- do you have --

16 PAIMAAN LODHI: So I think the last estimate  
17 was \$1 billion.

18 But I think it's most important to note that  
19 421a now is currently constructed with the  
20 Affordable New York Program, is an affordable  
21 housing program, and it is -- it is a direct  
22 result -- the need for the 421a program is the  
23 direct result of our inequitable property-tax system  
24 in which, you know, it's impossible to build rental  
25 housing without a property-tax abatement.

1           SENATOR KAVANAGH: So these are -- and just  
2 so we understand, I think some people in the room  
3 may, and some may not, but this is a -- this is a  
4 full decades-long abatement of taxes for new  
5 developers of buildings that are largely market  
6 rate, and, often, very high-end buildings.

7           Is that a fair summary?

8           PAIMAAN LODHI: So 421a is a tool in which it  
9 allows for affordable units, lower-income units, to  
10 be built in higher-income neighborhoods.

11           It is one of the biggest tools for economic  
12 integration, and it can produce affordable housing  
13 at scale like no other program can.

14           SENATOR KAVANAGH: But just the same -- the  
15 same analysis applies, if we were to think that it  
16 were beneficial to change the rent laws, as we're  
17 talking about today, and that we were to forgo some  
18 tax revenues, that we might also think that it would  
19 be beneficial to stop forgoing so much tax revenue  
20 through 421a, and similar programs, and offset a lot  
21 of the lost revenue that you assert we will have in  
22 repealing the rent law?

23           PAIMAAN LODHI: Yes, except, you know,  
24 rent-regulated housing is not affordable. By it's  
25 definition, it is not income-restricted. Affordable

1 New York is.

2 SENATOR KAVANAGH: What's the median rent in  
3 rent-stabilized apartments in New York?

4 SENATOR RIVERA: I'm sure these folks could  
5 tell you.

6 (Indiscernible.)

7 SENATOR KAVANAGH: Just one senator and one  
8 witness at a time, please.

9 Thank you.

10 PAIMAAN LODHI: I can get you the data, but,  
11 I mean, I think it includes -- it still includes  
12 rents that are over 2700.

13 And I can tell you that there are units that  
14 are in rent stabilization that are in excess of  
15 \$5,000 a unit.

16 Those are not affordable.

17 SENATOR KAVANAGH: And those are mostly  
18 because of some illegal deregulations that were then  
19 undone --

20 PAIMAAN LODHI: No --

21 SENATOR KAVANAGH: -- by -- by -- by -- by  
22 a -- by a large -- by a large company that was a  
23 member of REBNY at the time.

24 PAIMAAN LODHI: That's not true.

25 SENATOR KAVANAGH: Forgive me, but

1 Tishman Speyer was a member of REBNY when they  
2 purchased --

3 PAIMAAN LODHI: Tishman Speyer is a member of  
4 REBNY.

5 SENATOR KAVANAGH: -- yes, and they purchased  
6 Stuyvesant Town and Peter Cooper Village?

7 PAIMAAN LODHI: Yes.

8 SENATOR KAVANAGH: And they purchased it with  
9 the explicit intention, stated publicly, of creating  
10 an iconic market-rate luxury community in the middle  
11 of Manhattan?

12 PAIMAAN LODHI: Okay.

13 SENATOR KAVANAGH: And they -- the way  
14 one would do that would be to remove the  
15 28,000 residents of Staten -- of Stuy Town and  
16 Peter Cooper from their homes, the great majority  
17 whom were not --

18 PAIMAAN LODHI: But you said illegally  
19 deregulate?

20 SENATOR RIVERA: Yeah, which is what he is  
21 describing --

22 SENATOR KAVANAGH: Yes, (indiscernible) --  
23 okay, so I think we -- sounds like we have a general  
24 understanding of the same facts.

25 -- illegally, because the court -- the

1 highest court in the state ruled that those  
2 deregulations were a violation of black letter law,  
3 and, nonetheless, the landlord continues to benefit  
4 from the multiple rent increases that were took  
5 while they were deregulated, contrary to law.

6 I don't want to -- that's not a question, so  
7 I -- forgive me.

8 Just back to the question of profit and loss:

9 So you have data on -- that you have  
10 presented on the net operating income, and the  
11 Rent Guidelines Board increases and how those  
12 compare.

13 Is it your testimony that you do not have an  
14 ability to estimate the profits of rent-stabilized  
15 landlords in recent years, if somebody were to come  
16 to you --

17 PAIMAAN LODHI: Across the board, correct.

18 SENATOR KAVANAGH: -- if somebody were to  
19 come to you, say, a large developer or a large  
20 landlord, or somebody who wanted to get into the  
21 rent-stabilized housing market in New York, and they  
22 were to ask you, "How do I know that it is  
23 profitable to be a rent-stabilized landlord in  
24 New York?" REBNY's answer would be that sort of  
25 thing, just can't be estimated?

1           PAIMAAN LODHI: No, I think that, you know,  
2           it's a case-by-case basis in which, you know,  
3           someone -- a perspective buyer would go to a bank,  
4           look at rent-roll information, and assume a proforma  
5           that's based on what the industry standard is.

6           SENATOR KAVANAGH: Okay, but, again,  
7           you're -- you -- net operating income, and many  
8           other things, are also on a case-by-case basis.

9           Obviously, buildings vary, profits vary,  
10          operating income varies, maintenance expenses vary;  
11          but yet, you know, again, you are making assertions  
12          about the house -- the rent-regulated housing stock  
13          as a whole, with respect to net operating income,  
14          and a very specific assertion that the rent  
15          increases are not keeping up with net operating  
16          income.

17          But you can't make any assert -- you can't --  
18          we -- we can't conclude anything, and your  
19          organization can't conclude anything, about profit.

20          It's just perplexing to us, I think.

21          The -- let's talk about net operating income  
22          versus RGB increases.

23          The -- the full rent of an apartment, and you  
24          certainly understand real estate finance better than  
25          we -- perhaps, our Finance Chair understands it

1 better that I do, but, the -- if I'm paying rent on  
2 an apartment, the full rent, every dollar of my  
3 rent, is going to cover the net operating income of  
4 the building?

5 PAIMAAN LODHI: It should, for that unit,  
6 right, if you take it per-unit basis.

7 SENATOR KAVANAGH: Okay. So -- and in a  
8 building as a whole --

9 PAIMAAN LODHI: No, it should cover expenses.  
10 Net operating income is the delta between  
11 income and expense.

12 SENATOR KAVANAGH: I'm sorry, forgive me.  
13 Right.

14 It goes -- it -- it -- it -- it goes  
15 toward -- so you're -- you're looking at the overall  
16 expenses of a building, including -- when you talk  
17 about net operating income, it is the amount of  
18 money above the expenses of the building, is that  
19 right, that's why it's "net"?

20 PAIMAAN LODHI: Yes, the delta between the  
21 revenue collected and the expenses.

22 SENATOR KAVANAGH: And I'm going to suggest  
23 to you, and a "delta" is a --

24 PAIMAAN LODHI: The difference.

25 SENATOR KAVANAGH: -- it's the difference

1 between one number and another number?

2 PAIMAAN LODHI: Yes, correct.

3 SENATOR KAVANAGH: Okay.

4 So the net operating income includes, what?

5 PAIMAAN LODHI: I'm sorry?

6 SENATOR KAVANAGH: What ele -- what are the  
7 elements of -- it includes --

8 PAIMAAN LODHI: So net operating income is  
9 generally used for three purposes, which is,  
10 repayment of debt --

11 SENATOR KAVANAGH: Just -- just -- yeah,  
12 okay, sorry. Go ahead.

13 PAIMAAN LODHI: -- reinvestment in the  
14 property, and profit.

15 SENATOR KAVANAGH: I'm asking -- I'm  
16 asking -- I'm asking, before we get to that, the  
17 elements of net op.

18 So it is the amount of -- it is -- it is the  
19 amount of -- the total amount of income received  
20 from the rent roll, minus certain things that are  
21 expenditures?

22 PAIMAAN LODHI: Roughly speaking, yes.

23 Yeah.

24 SENATOR KAVANAGH: Okay, so -- and it is  
25 minus taxes?

1 PAIMAAN LODHI: Yes.

2 SENATOR KAVANAGH: And minus maintenance  
3 expenses of the building?

4 PAIMAAN LODHI: Yes.

5 SENATOR KAVANAGH: And minus any staff costs?

6 PAIMAAN LODHI: Yes.

7 SENATOR KAVANAGH: And minus any debt service  
8 on the building?

9 PAIMAAN LODHI: No.

10 SENATOR KAVANAGH: Okay, so it does not  
11 include debt service?

12 PAIMAAN LODHI: It does not.

13 SENATOR KAVANAGH: It's just the basic cost  
14 of running the building irrespective of any money  
15 that may have been borrowed?

16 PAIMAAN LODHI: Correct.

17 SENATOR KAVANAGH: Okay.

18 And we've had some opportunities to have  
19 these conversations, but I just want to make sure,  
20 for the record, we're clear.

21 If -- so now I'm trying to understand the  
22 comparison.

23 When you were comparing increases in -- the  
24 RGB increases, which are increases in the total  
25 amount of rent that gets collected; right?

1           Like -- sorry.

2           In the -- it is the -- the RGB increase is an  
3 increase in the total amount of rent that may be  
4 collected, the legal amount of rent that may be  
5 collected, on that building?

6           PAIMAAN LODHI: The RGB increases annually?

7           SENATOR KAVANAGH: Yes.

8           PAIMAAN LODHI: Yes, it's the baseline rent  
9 increases for the entire rent-stabilized housing  
10 stock.

11          SENATOR KAVANAGH: Right.

12          So, whereas net operating income is the  
13 amount of money that is left over after all the  
14 incomes have been -- after all of the expenditures  
15 have been made?

16          PAIMAAN LODHI: Minus --

17          SENATOR KAVANAGH: So, effectively --

18          PAIMAAN LODHI: -- not including debt.

19          SENATOR KAVANAGH: -- so it's sort of what we  
20 would think of as profit, except, that we understand  
21 that there may be some other things, like debt  
22 service, that are impeding the profit on the  
23 building?

24          PAIMAAN LODHI: Profit is one of three  
25 components of NOI.

1 SENATOR KAVANAGH: Right.

2 So why should NOI go up -- why is it a  
3 problem -- sorry, let me ask it differently.

4 At what point does it become a problem if the  
5 rent -- the legal rent increase doesn't go up as  
6 rapidly as NOI, as you assert?

7 I mean, isn't -- isn't part of NOI going up,  
8 the profit on buildings increasing over time?

9 PAIMAAN LODHI: No.

10 So, NOI is -- there can -- there are various  
11 factors as to why NOI can increase over time.

12 If you purchase a building, or if -- if the  
13 purchase price is high, land-acquisition cost is  
14 high, like, that mortgage and that financing cost is  
15 not accounted for in your NOI.

16 But, the total rent, which might be high in  
17 that case, reflect -- and the expenses, though,  
18 remain relatively modest, right, regardless of  
19 acquisition costs, that NOI can increase, but profit  
20 margin can stay the same, if not go down, go up.

21 There is no correlation there.

22 SENATOR KAVANAGH: But the profit is -- the  
23 profit mar -- the NOI has three components. It's  
24 profit, debt service, and --

25 PAIMAAN LODHI: It's primarily debt service.

1           SENATOR KAVANAGH: -- payment to prin --  
2           payment to principal, interest, and profit?

3           PAIMAAN LODHI: And reinvestment in the  
4           property.

5           SENATOR KAVANAGH: And reinvestment in the  
6           property, okay, including what we might think of as  
7           capital improvements?

8           PAIMAAN LODHI: Correct.

9           SENATOR KAVANAGH: Okay.

10          And I appreciate people's patience with our  
11          economics seminar up here.

12          I want to shift gears a little bit, and then  
13          I have -- may have a couple more senator questions.

14          Just -- you asserted in your testimony that  
15          there are certain changes that would be acceptable,  
16          you recognize there's a crisis, you recognize that  
17          some, you know, tightening up of the enforcement.

18          I would note your organization has lobbied  
19          against recognizing the tenant-protection unit in  
20          prior years.

21          And for the first time, this year, the  
22          tenant-protection unit is included in the state  
23          budget, because the Senate changed and was willing  
24          to permit that.

25          And we talked about this before, but we added

1 money to HCR, to the office of rent administration  
2 and the tenant-protection unit, so they can hire  
3 94 new people to administer the laws.

4 And that is -- those are things that REBNY  
5 has formally opposed in the past.

6 But it's good to hear that, you know, we want  
7 to look at regulation this year, at sort of reform  
8 and enforcing the rules this year.

9 And we've had conversations about that, and  
10 we appreciate that, and sincerely.

11 My question is: Are there aspects of this  
12 system that relate to the dollars and cents of this  
13 program that REBNY would be willing to accept  
14 reforming?

15 PAIMAAN LODHI: Yes.

16 SENATOR KAVANAGH: Okay, can you -- can you  
17 talk -- can you talk a little bit about those?

18 PAIMAAN LODHI: I can't expand on that  
19 because I don't know what framework we're dealing  
20 with.

21 So, you know, the system is incredibly  
22 interconnected.

23 So if -- you know, if Rent Guidelines Board  
24 goes to a formula-based system that is more  
25 consistent and transparent, you would have less

1 impact on the other levers. Right?

2 But if -- if one of the other levers are  
3 changed, right, it impacts one of the others.

4 SENATOR KAVANAGH: And I just, with great  
5 respect, I respect that you're in a difficult  
6 position here.

7 But I'm just asking, as of today, which is  
8 29 days before these laws expire and need to be  
9 renewed, and as your organization has acknowledged,  
10 there are likely to be very substantial change in  
11 this, talking about changes in the levers, are there  
12 changes -- are there particular ways we might reform  
13 the "levers," as you call them, that relate to the  
14 incentives of landlords to engage in some of the  
15 behavior we've heard about today, that REBNY would  
16 be willing to discuss?

17 Because we've heard a great deal about the  
18 problem from REBNY's perspective, and the difficulty  
19 that reform or repeal of these provisions will, you  
20 know, inflict upon our landlords.

21 We have not, at this point, heard much by way  
22 of what REBNY might be willing to accept.

23 And I know, you know, there will be other  
24 opportunities to do that, perhaps, but time is  
25 getting short.

1           PAIMAAN LODHI: Yeah, we understand time is  
2 getting short.

3           SENATOR KAVANAGH: Okay, but you're not  
4 prepared today, in your testimony --

5           PAIMAAN LODHI: No.

6           SENATOR KAVANAGH: -- to discuss this.

7           Okay, thank you.

8           Again, we do appreciate your testimony, and  
9 we appreciate everybody's patience.

10           But, we also do have additional questions  
11 on -- perhaps, a couple follow-up questions from  
12 Senator Rivera.

13           SENATOR RIVERA: Are you familiar with the  
14 con -- with the debate -- well, not debate, but some  
15 of the criticism from some folks related to the  
16 elimin -- the potential elimination of MCIs, and the  
17 apparent loss of jobs that there might be?

18           There's a -- there was -- there was a -- I'm  
19 not sure if you were here earlier. There was a  
20 protest in front, et cetera.

21           PAIMAAN LODHI: I heard about it.

22           SENATOR RIVERA: You heard about it. Okay.

23           Are you familiar -- and I'm -- I'm about to  
24 perform a magic trick, by the way.

25           Are you familiar with the Alliance for Rental

1 Excellence in New York?

2 PAIMAAN LODHI: No.

3 SENATOR RIVERA: Ta-dah (holds up piece of  
4 paper.)

5 [Laughter.]

6 SENATOR RIVERA: So, if I was to look for --  
7 this is ARENYC, which is putting out a lot of ads,  
8 I'm looking at one online right now: Tell New York  
9 lawmakers, don't kill our jobs.

10 So if I was to look in your -- that you know  
11 of, the Alliance for Rental Excellence in New York,  
12 if we looked at some of the money that went into  
13 that particular organization, would we see your  
14 organization's funding it?

15 PAIMAAN LODHI: I'm the policy guy, I can't  
16 speak to that.

17 SENATOR RIVERA: Which is I figure precisely  
18 the reason why you're here.

19 [Laughter.]

20 SENATOR RIVERA: I would say, sir -- well,  
21 to -- but --

22 (Indiscernible cross-talking.)

23 PAIMAAN LODHI: (Indiscernible.)

24 SENATOR RIVERA: -- but -- but -- but let me  
25 ask you just this one thing --

1 I got two more --

2 SENATOR KAVANAGH: (Indiscernible.)

3 SENATOR RIVERA: -- two more.

4 Would you agree with the -- with the argument  
5 being made in these series of ads, that, if we  
6 indeed get rid of MCIs and IAIs, that we would then  
7 kill a bunch of jobs for people that are performing  
8 maintenance in -- as you yourself put it earlier  
9 when you were speaking to Senator Krueger --

10 PAIMAAN LODHI: It's as though --

11 SENATOR RIVERA: -- would you agree --

12 PAIMAAN LODHI: -- "maintenance" is a dirty  
13 word. I don't understand where this is coming from.  
14 Maintenance of housing is necessary.

15 SENATOR RIVERA: Absolutely, which is  
16 precisely the reason why you shouldn't get a bonus  
17 for doing such maintenance.

18 But, anyway, that's not the question.

19 [Applause.]

20 SENATOR RIVERA: Hold on, hold on, I got one  
21 more.

22 So -- and so the -- so would you agree -- so  
23 the question is: Would you agree with the argument  
24 that is being made by these folks, who, obviously,  
25 you do not know anything about, that, if we get rid

1 of MCIs and IAIs, that we will indeed be impacting  
2 a bunch of jobs in the city and the state?

3 PAIMAAN LODHI: Yeah, construction industry  
4 is really important in New York City. It provides  
5 good-paying jobs.

6 And the work that's being done in these  
7 apartments are paid -- you know, are good-paying  
8 construction jobs.

9 SENATOR RIVERA: Ground to a halt,  
10 apparently.

11 Okay, last, but not least, I'm just -- I --  
12 I -- I hope that you're making a mint, my brother,  
13 because you have been sent somewhere with very  
14 little information --

15 PAIMAAN LODHI: That's not true.

16 SENATOR RIVERA: -- (indiscernible) -- oh, it  
17 is true, because the fact is, if we're talking  
18 about, some of the questions that we've asked --  
19 some of the questions that we've asked --

20 (Indiscernible cross-talking.)

21 PAIMAAN LODHI: The testimony that you've  
22 heard today --

23 SENATOR RIVERA: Hold on.

24 PAIMAAN LODHI: -- has been mostly anecdotal.  
25 I've come here with data --

1 SENATOR RIVERA: No, but I got you.

2 Let me ask the question, though --

3 PAIMAAN LODHI: -- I've come here with facts.

4 SENATOR RIVERA: -- sir, let me ask the  
5 question.

6 The -- this is -- this is -- we asked  
7 questions about membership of revenue --

8 PAIMAAN LODHI: And I told you --

9 SENATOR RIVERA: -- which you could not  
10 actually provide.

11 You gave us some estimations, but you don't  
12 have data.

13 And you talked about the breakdown, when you  
14 were talking to the Senator -- with Senator Krueger,  
15 about some of the breakdown of how much is  
16 50 percent, or what have you, we just got some data  
17 that tells us that that's not accurate.

18 PAIMAAN LODHI: I would say --

19 SENATOR RIVERA: I've asked you questions --

20 PAIMAAN LODHI: -- I'd be surprised if it was  
21 more than 50 percent.

22 SENATOR RIVERA: -- I'm not done with the  
23 question.

24 The question is, very simply -- the question  
25 is very simply: Do you think it is fair to you that

1 you're put in this situation with, basically, no  
2 information for us?

3 (Indiscernible.)

4 PAIMAAN LODHI: I reject that narrative.

5 I came here with a lot of information, and  
6 I came here to present facts --

7 SENATOR RIVERA: Yeah, just not the --

8 PAIMAAN LODHI: -- on the implications that  
9 are going to impact the law.

10 SENATOR RIVERA: -- not the ones that we're  
11 asking for.

12 SENATOR KAVANAGH: I thank -- I thank --

13 SENATOR RIVERA: Thank you so much, Senator.

14 Thank you Mr. Chairman, thank you,  
15 Mr. Chairman.

16 SENATOR KAVANAGH: Any other questions for  
17 the witness?

18 Any further -- any further questions or  
19 comments of this witness?

20 SENATOR SALAZAR: Yes.

21 SENATOR KAVANAGH: (Indiscernible.)

22 I think you have one more question from  
23 Senator Salazar.

24 SENATOR SALAZAR: Hello, again.

25 So there was a ProPublica report in 2016 that

1 showed that the requirements of the 421a program  
2 have consistently been ignored by property owners  
3 who take advantage of the program; that nearly  
4 two-thirds of the, roughly, 6400 rental properties  
5 in the city, whose owners pay reduced taxes through  
6 the 421a program, do not even have an approved  
7 application on file, the most basic requirement to  
8 be eligible for the program.

9 Two-thirds.

10 Some landlords -- some of those landlords,  
11 therefore, have been pocketing the tax break for the  
12 program for more than two decades now, without even  
13 actually being approved for the program.

14 We're talking about over \$300 million in tax  
15 subsidies at this point.

16 What do you think the consequences should be  
17 for those property owners?

18 PAIMAAN LODHI: Should be punished to the  
19 highest extent of the law.

20 SENATOR SALAZAR: Could you -- could you  
21 maybe specify, like, what you think the consequences  
22 should be?

23 Are they -- should they -- should their  
24 properties be expropriated? Should they be --  
25 should they, you know, have to pay a penalty for --

1       you know, for taking hundreds of millions of dollars  
2       in tax subsidies, without even demonstrating they  
3       should be eligible for them?

4               PAIMAAN LODHI: I think it's pretty clear,  
5       highest -- punished to the highest extent of the  
6       law.

7               I don't know what the law is, but, punish to  
8       the highest extent.

9               I'm not here to defend bad behavior.

10              I come here with the full backing of my  
11       entire membership to say that we have to root out  
12       bad behavior in the system.

13              And the way to do that is to get rid of bad  
14       actors, and stricter enforcement, stiffer fines,  
15       treble damages.

16              SENATOR SALAZAR: Okay.

17              SENATOR KAVANAGH: And I will just -- I will  
18       just conclude again by -- I do want to thank this  
19       gentleman who has come here to speak on behalf of an  
20       industry in a room that there may be some scepticism  
21       of his perspective.

22              And I do want to note that, your industry, to  
23       the extent -- and on a serious point, to the extent  
24       that you are serious about eliminating incentives to  
25       engage in this market badly, I think your

1 association knows a great deal about what  
2 incentivizes landlords to operate one way or to  
3 operate a different way.

4 And to the extent that you have practical  
5 proposals for that, you know, I think that -- and  
6 it's not -- this wasn't -- isn't your personal  
7 decision.

8 I think your association has decided not to  
9 come forward with particular proposals.

10 But I think -- again, I think the time is  
11 near when it might be useful -- it might be  
12 constructive for REBNY to come forth with those.

13 PAIMAAN LODHI: We'll be in touch.

14 SENATOR KAVANAGH: But, again, thank you for  
15 your testimony today.

16 PAIMAAN LODHI: Thank you.

17 SENATOR KRUEGER: Paimaan, thank you.

18 [Applause.]

19 SENATOR KAVANAGH: That's for you (indicating  
20 to the witness.)

21 Next up we have somebody who's been here for  
22 a very long time, Amshula, I'm not sure how to say  
23 it, Jayaram, of Demos, which is a place I had the  
24 privilege of working at when it was a much smaller  
25 but very impactful organization.

1           But if you can come up.

2           And then after that, we are going to have a  
3 panel of New York City loft tenants.

4           Oh, forgive me.

5           No.

6           I -- actually, sorry, you're -- you're --  
7 forgive me, you're part -- your actually part of  
8 this panel.

9           Forgive me.

10          I'm dealing with a very -- since many people  
11 have added themselves upon arrival, we're dealing  
12 with a complicated list.

13          But, both of these folks have been waiting a  
14 very long time, and we appreciate your testimony.

15          And as I said, the next panel will be some  
16 loft tenants.

17          AMSHULA JAYARAM: Good afternoon, and -- or,  
18 good evening, and thank you to Chairman Kavanagh and  
19 members of the Committee for the opportunity to  
20 testify here today in support of all nine bills on  
21 the Housing Justice For All platform.

22          My name is Amshula Jayaram, senior campaign  
23 strategist at Demos, a public-policy organization  
24 that is dedicated to racial and economic justice.

25          I am also a resident of the 20th District,

1       which, like too many neighborhoods throughout  
2       New York City, is visibly buckling under the housing  
3       crisis.

4               We are in full support of the reforms today,  
5       and ask the Committee to pass this strong and urgent  
6       package of rent laws.

7               Just last month Demos issued a report on the  
8       affordable housing crisis in the U.S.

9               Unsurprisingly, the factors that have  
10       contributed to these crises are consistent across  
11       the country, as are the solutions.

12              And the report concludes with a series of  
13       recommendations, including establishing national  
14       rent control and good-cause eviction, two powerful  
15       policy mechanisms that can stem the bleeding of  
16       affordable units and the dissolution of communities.

17              So I just wanted to say at the outset, that  
18       I hope that the remarks are helpful and relevant to  
19       the discussion. It's a little bit of a broader  
20       look.

21              But, we wanted to be here, both to kind of  
22       share the findings with the Committee, but also to  
23       show solidarity with our brothers and sisters in the  
24       room.

25              So with that disclaimer said:

1           The U.S. already spends enough money to solve  
2 the housing crisis.

3           The problem is that this money goes towards  
4 subsidizing the rich rather than the poor.

5           Robert Friedman, in his book "A Few Thousand  
6 Dollars: Sparking Prosperity for Everyone," notes  
7 that, "The wealthiest 5 percent of taxpayers get  
8 more than \$200 billion in annual home-ownership tax  
9 breaks, more than the bottom 80 percent combined."

10          He also notes that the "upper-income tax  
11 subsidies are four times the entire annual budget of  
12 the federal department of housing and urban  
13 development," the agency that's supposed to provide  
14 housing for the poor.

15          The Center on Budget and Policy Priorities  
16 found that a larger share of federal spending on  
17 housing went to the 7 million households with  
18 incomes of \$200,000 or more, than to the more than  
19 50 million households with incomes of 50,000 or  
20 less.

21          In New York -- in the 2019 session, in  
22 New York State, the proposal for a pied-a-terre tax  
23 was one attempt to push back against a system that  
24 favors rich homeowners, in this case, homeowners  
25 with multiple homes, over poor renters.

1           The failure of this legislation to pass at a  
2           time when the lack of affordable housing has reached  
3           an apex speaks volumes about the power of private  
4           interests who have blocked meaningful reform for so  
5           long.

6           The second finding, and the second point  
7           I want to lift up, is the lack of affordable housing  
8           not only creates a daily struggle to survive for  
9           many families, but it also prevents families from  
10          building wealth.

11          According to the Joint Center for Housing  
12          Studies, the New York/New Jersey metro area ranks  
13          41 out of the 101 most cost-burdened metropolitan  
14          areas in America.

15          Just over 85 percent of families here are  
16          cost-burdened, meaning, they spend more than  
17          30 percent of their income on rent, and 71.5 percent  
18          are severely cost-burdened, meaning, they spend over  
19          half of household income on rent.

20          Under either of these scenarios, families not  
21          only struggle to pay for necessities, like food and  
22          clothing, but they also are unable to save or  
23          invest.

24          A Demos analysis of data from the federal  
25          reserve's Survey of Consumer Finances found, that

1 while the median value of financial assets of  
2 homeowners, not including homes and other property,  
3 was about \$68,000, the median value of assets for  
4 renters was just \$2,000.

5 This is a critical point because it  
6 underscores how policy choices made by powerful  
7 decision-makers can set generational poverty in  
8 motion.

9 Children of parents with \$2,000 in the bank  
10 will have a very different set of choices and  
11 opportunities than children of wealthier families,  
12 to say the least.

13 The data on housing costs also shows that  
14 there are real barriers to building wealth in this  
15 country for the vast majority of people.

16 On the other hand, regulation, like rent  
17 control, can help people to start saving.

18 An analysis of rent control in San Francisco  
19 showed that regulation saved tenants between 2300  
20 and 6600 per year.

21 And to speak, actually, just to reference the  
22 point made by the REBNY representative, I mean, we,  
23 I think, would agree that there's not enough  
24 affordable housing being built, and, you know, that  
25 says two things. Right?

1           Like, one, they're not incentivized to build  
2 those units, and, you know, surprise, surprise, the  
3 market is not going to solve everything.

4           And, two, that it's all the more reason why  
5 we need to pass really strong tenant protections, to  
6 stop the existing units from -- you know, from being  
7 converted or tenants from being kicked out.

8           Nationally, we've lost about 400,000  
9 subsidized-housing units through demolition  
10 and conversion to market-rate units since the  
11 late '80s.

12           And the Joint Center for Housing Studies  
13 estimates that we will lose over one million more  
14 subsidized rental units over the next decade.

15           These problems are not intractable; each of  
16 them have known solutions.

17           Development of affordable housing;  
18 regulations to control the rate of rent increases;  
19 establishing strong tenant protections, like  
20 good-cause eviction, are just some of the proven  
21 solutions to keep families in their homes.

22           For example, the department of veterans  
23 affairs and the department of housing and urban  
24 development cut homelessness amongst veterans by  
25 half in just eight years because there was an actual

1 commitment from the government to do so.

2 In closing, I would like to add that this  
3 emergency is a result of choices made by  
4 policy-makers over decades, and by the persistent  
5 and toxic impact of money in politics.

6 The fact that 89,000 people don't have  
7 shelter in this state is not an accident.

8 There is a direct line between homelessness  
9 and housing insecurity and the power of the real  
10 estate lobby to block meaningful housing reform.

11 I applaud the Legislature's commitment to  
12 preserving affordable housing and protecting  
13 tenants, but this is just another symptom of a  
14 larger problem. Lax campaign-finance laws allowed  
15 monied-interests to drown out the voices of people  
16 in need, with shameful consequences.

17 Fairness and equality demand that we not only  
18 deal with the symptoms, but we ultimately attack the  
19 root.

20 So thank you for your time today, and take  
21 any questions if you have them.

22 [Applause.]

23 NAKEEB SIDDIQUE: Thank you, Chair Kavanagh,  
24 Senator Myrie, Senator Krueger, and to the  
25 Committee.

1 My name is Nakeeb Siddique, and I am the  
2 director of housing for the Brooklyn neighborhood  
3 office of The Legal Aid Society.

4 And I'm proud to be here to urge passage of  
5 the good-cause eviction bill that's pending before  
6 the Legislature.

7 We've heard a lot here -- I've provided the  
8 testimony here to the Committee.

9 And I know we've heard here a lot about  
10 rent-regulated tenants, and, certainly, I would be  
11 preaching to the choir, to some degree, and  
12 I certainly believe, of course, that strengthening  
13 rent regulation is a good thing, is a very necessary  
14 thing.

15 I'm here today to speak about another huge  
16 category of tenants who don't even have the basic  
17 protections that rent-stabilized tenants or other  
18 rent-regulated tenants have.

19 You know, those are the tenants who live in  
20 the smaller buildings that are now currently,  
21 relatively, unregulated.

22 These are five-family -- or, five-unit  
23 buildings, four-unit, three-unit, two-unit  
24 buildings.

25 The legislation that's before the -- the

1 proposed legislation that would allow for  
2 eviction -- evictions based on good cause only would  
3 make a tremendous difference, I think, not only  
4 throughout the city of New York, but here,  
5 especially, in Brooklyn.

6 Here we have a good third of the units --  
7 rental units in the borough here are unregulated  
8 currently.

9 And as a housing attorney, I -- I -- me and  
10 my colleagues, we have about 48 attorneys and  
11 several more paralegal social workers.

12 Every day we're in Brooklyn Housing Court,  
13 and a great majority of our clients certainly are  
14 the rent-regulated tenants.

15 But we also have this other category of  
16 tenants who -- who we really struggle to defend.  
17 You know, there's not a faint heart among my staff,  
18 and they fight like lions, you know, for their  
19 clients; they love their clients.

20 But these kinds of cases where we have  
21 holdover eviction proceedings, where a lease is  
22 expired, for example, and the landlord no longer  
23 wants the tenant.

24 Right now, under current law, the landlord  
25 has to give no reason. And often the reason is

1 retaliatory. The tenant might have complained about  
2 repairs, or lack of repairs. It may be that the  
3 landlord simply wants to raise the rent to something  
4 that's unaffordable.

5 This has a tremendous impact on our  
6 communities throughout the borough, throughout the  
7 city.

8 And I want to share just a couple of stories  
9 of a couple of clients that I've worked with  
10 recently.

11 You know, one is a tenant who lives in  
12 Bushwick in a four-family house. She's lived there  
13 for 41 years, back when Bushwick was not known  
14 throughout the world. It was known in Brooklyn, and  
15 that's about it.

16 And this is somebody who, you know, plowed  
17 the -- plowed the sidewalk when it was snowing.  
18 Took care of the building.

19 She, and her husband who has since passed,  
20 they were, effectively, the maintenance people for  
21 the building.

22 The building was owned by a family friend.

23 This is somebody who drove a -- who drove a  
24 subway car, she worked for the MTA, until she  
25 retired. Raised three children, sent them to

1 college. Is now taking care of two disabled  
2 grandchildren in the house.

3 Well, the building was sold earlier this  
4 year.

5 The new landlord, who has really no -- no  
6 issue with her at all. The new landlord and his  
7 attorneys acknowledge that our -- that our client  
8 is -- is a good tenant. Has never missed any rent  
9 payments, has been continuing to pay rent.

10 But, the landlord has been quite -- quite  
11 candid about his goal, which is that, you know, the  
12 neighborhood is hot, and our client is not, I guess.

13 You know, and the goal is to -- for this  
14 person is -- the landlord is to redevelop the  
15 building and rent it for much higher prices.

16 So this is somebody who has put her life into  
17 this neighborhood, into this building. And under  
18 current law, you know, my office, we're fighting  
19 with one arm tied behind our back.

20 We'll do what we can, but, you know, these  
21 kinds of cases are some of the most challenging in  
22 terms of the emotions involved, for the attorneys,  
23 certainly, obviously, the client.

24 No matter what we do, the outcome sometimes  
25 is preordained.

1           If we can get -- bat this case away on some  
2           technicality, or -- or -- you know, all we're really  
3           doing is forestalling the -- the inevitable.  
4           Another case will follow right behind this one.

5           I have another client who -- whose case  
6           recently ended.

7           This is a gentleman who was partially blind,  
8           who has a Section 8 voucher, lives in a three-family  
9           house. He's lived there for 10 years. Also, no  
10          issue with rent. You know, the landlord doesn't  
11          seem to have any sort of personal issue with him.

12          But, you know, in the winter of 2017, which  
13          was not like this past winter, it was cold, it was  
14          very brutally cold.

15          He made a complaint to the city's -- to the  
16          city agency HPD, because it was bitterly cold in his  
17          apartment, and he didn't know what else to do.

18          So we think that that's what precipitated the  
19          landlord bringing him to court.

20          We managed to get the first case thrown out.

21          The landlord brought another one, and he was  
22          compelled, ultimately, to do an agreement to move  
23          out of the apartment.

24          This is somebody who's also reliant on an  
25          oxygen tank.

1           And it really -- you know, it pains me deeply  
2 to say that, you know, he was not able to find  
3 another apartment, because he has no income. He's a  
4 senior, he's, you know, fixed income.

5           So he is living in a homeless shelter right  
6 now.

7           You know, and if -- if we had this good-cause  
8 eviction bill, things would be very, very different  
9 for both of these clients, and for thousands of  
10 other New Yorkers, tens of thousands, in fact, and  
11 many of whom live here in Brooklyn.

12           And so I implore you and your colleagues,  
13 please, pass this bill.

14           Take off the restraints, give me and my  
15 colleagues the tools that we need, and I promise you  
16 we'll come out swinging with both fists.

17           I thank you.

18           [Applause.]

19           SENATOR KAVANAGH: Thank you.

20           We're going to continue, we'll begin by  
21 letting our colleagues speak.

22           So Senator Myrie first.

23           SENATOR MYRIE: Thank you.

24           And thank you for the work that you're doing.

25           Opponents of this legislation have suggested

1 that this is too -- of the good-cause bill, have  
2 suggested that this is too broad a piece of  
3 legislation, that this would have too-far reach of  
4 an impact, and that it would drastically change  
5 tenant-landlord law.

6 And so, if you could, explain to the good  
7 landlord who is trying to --

8 OFF-CAMERA SPEAKER: What good landlord?

9 [Laughter.]

10 SENATOR MYRIE: -- to -- the.

11 SENATOR KAVANAGH: I'm glad we got to this  
12 far into this without, but, please, please do -- you  
13 know, let's let the dialogue continue.

14 SENATOR MYRIE: -- to the landlord that has  
15 not violated the law, what this bill would mean to  
16 them, if anything.

17 NAKEEB SIDDIQUE: I mean, I -- I -- one thing  
18 I'll point out about this bill, from my  
19 understanding, it applies to buildings -- all  
20 apartments, other than those that are in four- or --  
21 three- or four-family unit -- uh -- I'm sorry, yes,  
22 smaller buildings where the landlord actually lives  
23 there.

24 So to me, you know, I grew up here in  
25 Brooklyn myself. I -- you know, these are buildings

1 that are investment properties, in effect, that this  
2 legislation would affect.

3 Being able to displace tenants at will with a  
4 30-day notice, yes, I mean, it would certainly be  
5 convenient for most landlords.

6 And, you know, I've seen many landlords who  
7 say -- you know, tell a tenant, Oh, it's fine, you  
8 can stay here. Let's just keep it month-to-month.

9 But, of course, that -- you know, that  
10 gives -- it's -- there's a bargaining-power issue  
11 right there.

12 There's nothing really for landlords who are  
13 good landlords to fear from this.

14 I mean, these are not tenants who -- if the  
15 tenant is not paying rent, the landlord still has a  
16 cause of action. They can always bring the tenant  
17 to court.

18 If the tenant is, allegedly, creating a  
19 nuisance or breaching the lease or doing something  
20 that they ought not to be doing, there's still  
21 remedies.

22 The -- this legislation, what I see it doing,  
23 is giving not just the tenant some protections, but  
24 the landlord also a sense of kind of certainty, or,  
25 you know, a -- a -- a kind of sense that they --

1       they -- they can rely on the tenant -- they can keep  
2       this tenant in -- so long as the tenant is paying  
3       the rent and is otherwise complying with the lease.

4               It doesn't really -- it doesn't really -- it  
5       shouldn't really affect them in any way, other than,  
6       I suppose, obviously, in terms of the marketability  
7       of the building, perhaps, or the units.

8               But I -- I submit that, you know, this is a  
9       city of renters, this is a state of renters, and it  
10      is certainly within the rights of the people to ask  
11      for this kind of protection.

12              And, historically, I understand we used to  
13      have these kinds of protections.

14              The neighborhood I grew up in, the old  
15      Sicilian and Puerto Rican ladies who I grew up  
16      around, you know, they lived in small -- you know,  
17      these sort of smaller buildings.

18              Many of them had these kinds of protections,  
19      that no longer exist. They were the glue that held  
20      the neighborhood together, and there's a kind of  
21      intangible value to that.

22              Again, the client that I just mentioned,  
23      who -- who not just took care of the building, but  
24      really took care of the block and the neighborhood.

25              SENATOR KAVANAGH: Thank you, Senator Myrie.

1           Just to follow up, as you note, I mean, in  
2 earlier generation, I mean, there were at least  
3 1.6 million rent-regulated units in -- in New York.

4           So it -- it -- you know, what we're talking  
5 about today is -- is getting back to a broader  
6 protection, but certainly not unprecedented that --  
7 that we would protect tenants more broadly.

8           And just to -- we had our first hearing of  
9 this Housing Committee, it was in a neighborhood in  
10 Syracuse, where there was a great deal of attention  
11 to this, in housing in neighborhoods where the issue  
12 was not that the neighborhoods were becoming "hot"  
13 neighborhoods, that, you know, where there was  
14 gentrification and a lot -- a big -- a big influx of  
15 people, people living in very tough circumstances,  
16 and at the mercy of their landlords, particularly  
17 when, you know, they might complain about bad  
18 conditions.

19           But just -- I want to focus, in a New York  
20 context, where we have many neighborhoods that  
21 undergo that change, where, all of a sudden, it is  
22 just plain more desirable for certain people to move  
23 into that neighborhood, who hadn't previously  
24 considered moving in, and rents go up very rapidly.

25           This bill has a standard that says that

1 the -- that upon -- you can't be pushed out for  
2 paying a rent -- for failing to pay a rent increase  
3 that is unconscionable.

4 In your view, if we pass this bill, does --  
5 is a landlord -- would a landlord be free to argue  
6 that the neighborhood has become more fashionable,  
7 more desirable, people are willing to pay a lot more  
8 in this neighborhood, and that makes my large rent  
9 increase not unconscionable?

10 NAKEEB SIDDIQUE: I mean, I think that's  
11 certainly something that would probably be litigated  
12 in the courts.

13 I -- I don't -- yeah, I imagine that we  
14 probably would encounter some kind argument like  
15 that, or any kind of argument. I mean, just as our  
16 side adapts, so does the other.

17 SENATOR KAVANAGH: Do you think that we  
18 should write a statute that intends for that kind  
19 of -- for that kind of change, to be something that  
20 somebody can -- you know, somebody can raise rent a  
21 lot and say, look, this is a neighborhood where  
22 people are raising rents a lot, so I'm going to  
23 raise rents a lot too?

24 NAKEEB SIDDIQUE: I mean, I think in  
25 New York City that would be a disaster.

1 I mean, that's sort of -- we -- we don't have  
2 that kind of legislative guidance now, and it is a  
3 full-on disaster.

4 I do think the more specific guidance that we  
5 can get from the Legislature, I think it would  
6 protect tenants.

7 But something that allows for, what you just  
8 mentioned as a hypothetical, I think really would  
9 just codify gentrification.

10 I don't think that's -- that's -- I don't  
11 think that's something that, really, any of us here  
12 support.

13 SENATOR KAVANAGH: Okay.

14 Well, we appreciate your testimony today.

15 And I also do want to say that, you know, we  
16 have tremendous respect for Legal Aid. And when  
17 we -- we have very tough housing cases, when we can  
18 get somebody at Legal Aid to take on the case, it's  
19 a huge benefit for our constituents and for us.

20 And so we have great appreciation for the  
21 work your attorneys do.

22 And, to Demos, as I mentioned earlier, I had  
23 the great privilege of working there in 2004 when it  
24 was a bit more of a rag-tag, relatively new  
25 organization.

1           But it has really become an institution that,  
2 nationally -- here in New York, and nationally,  
3 really is carrying a lot of tremendously important  
4 issues that bring about economic and racial justice.

5           So thank you for the context you've provided  
6 today.

7           And thank you both for testifying.

8           NAKEEB SIDDIQUE: Thank you.

9           [Applause.]

10          SENATOR KAVANAGH: Okay, next up, I had --  
11 I had mentioned -- sorry, there were two folks that  
12 were supposed to be part of this panel, and  
13 I mentioned them before, but didn't call them up.

14          So with great respect to the -- and then  
15 we -- we have many -- we'll have many loft tenants,  
16 but I did -- since I did call them earlier, if  
17 Esther Diaz and Gisela Matza are still here?

18          They are, okay.

19          JULIAN GOMEZ: So, everyone, Senators, it is  
20 going to be in Spanish, but we're translating.

21          And Gisela had to leave because of family  
22 commitments, but I have her testimony.

23          SENATOR KAVANAGH: Thank you.

24          ESTHER DIAZ: (Speaking Spanish.)

25          (Translated to English by a translator.)

1           So, good afternoon.

2           My name is Esther Diaz.

3           I am a member of Make the Road New York, and  
4 I live in Queens.

5           I am a tenant of a small house without  
6 regulation, and, therefore, I do not have a  
7 contract, and I cannot demand, with good confidence,  
8 good conditions of availability, safety, and  
9 services.

10           And it is because of this need of a place to  
11 live that I have to keep quiet, and adapt myself to  
12 what I have for now, until I look for something  
13 better.

14           (Speaking Spanish.)

15           (Translated to English by a translator.)

16           So over 5 million tenants in your state, like  
17 me, do not have any legal protections in terms of  
18 rent increases and stability in their apartments  
19 because there is no right to a contract or a  
20 contract renewal/a lease renewal.

21           (Speaking Spanish.)

22           (Translated to English by a translator.)

23           If the good-cause eviction bill that will be  
24 place, which is what we're asking for today,  
25 millions of tenants like me would have a contract

1 that would provide security, and we could also plan  
2 for future increases, and not be worried about  
3 exorbitant increases that will eventually lead to  
4 eviction.

5 (Speaking Spanish.)

6 (Translated to English by a translator.)

7 Planned increases a reasonable rates will  
8 relieve the stress of not knowing what increase will  
9 gonna hit us and how much will be.

10 (Speaking Spanish.)

11 (Translated to English by a translator.)

12 So if we had this -- the good-cause eviction  
13 law in place, I will feel comfortable to face my  
14 landlord and demand better conditions,  
15 saftiness (sic) (ph.), and services without any fear  
16 of being evicted.

17 (Speaking Spanish.)

18 (Translated to English by a translator.)

19 It is so frustrating to know that, for a very  
20 long time, we have a rent-control -- a  
21 rent-stabilized system in the state, but that that  
22 system doesn't apply for all the tenants.

23 Now, it's very difficult to find houses --  
24 rent-stabilized houses or apartments unprotected by  
25 law, as neighborhoods are getting gentrified.

1 (Speaking Spanish.)

2 (Translated to English by a translator.)

3 Dear Senators, this is a great opportunity to  
4 represent your constituencies and protect millions  
5 of families, passing the good-cause eviction.

6 This will also help to address the fact that,  
7 every day, 100 families are evicted from their  
8 homes.

9 (Speaking Spanish.)

10 (Translated to English by a translator.)

11 So this opportunity that we have to  
12 (indiscernible).

13 She is saying, thank you, all, for open this  
14 hearing.

15 And -- yeah, I think that will be -- that  
16 will be -- yeah.

17 SENATOR KAVANAGH: Thank you.

18 Any questions?

19 Thank you so much for your testimony.

20 [Applause.]

21 SENATOR KAVANAGH: Okay. Next up we're going  
22 have a panel of --

23 JULIAN GOMEZ: Hold on.

24 Yeah, so I have Gisela testimony, and --

25 SENATOR KAVANAGH: Oh, (indiscernible) --

1 I misunderstood.

2 Okay, so you want to also --

3 JULIAN GOMEZ: Yeah.

4 SENATOR KAVANAGH: -- you're going to read  
5 that.

6 I got it.

7 JULIAN GOMEZ: And my name is Julian Gomez.

8 I work at Make the Road as a tenant  
9 organizer. We are located in Bushwick.

10 I want to thank Senator Julia Salazar for  
11 just bringing the good-cause eviction bill.

12 So Gisela Matza testimony, it's pretty  
13 straightforward.

14 Her name is Gisela Matza.

15 She lives in Bushwick, 1132 Jefferson Avenue.

16 She is an unregulated tenant, a  
17 three-building -- three-units building, with her  
18 husband and her children.

19 She's been there a tenant for five years, and  
20 has spent those years suffering negligence and  
21 harassment from the landlord.

22 Repeatedly they have called -- they have had  
23 bad conditions and lack of repairs in their  
24 apartment: leaks, holes, plaster and paint that  
25 peels off the walls and ceiling.

1           In order to get some minor repairs made, they  
2 had to repeatedly call 311 to file complaints.

3           Even though they have been good tenants, who  
4 have always paid rent on time, they received a  
5 30-day notice of eviction.

6           (Holding up paper.)

7           This is the 30-day notice that they received,  
8 just for being good tenants.

9           "And the landlord states, that he needs the  
10 apartment vacated for a family member, but I know my  
11 landlord is targeting me because I have demanded  
12 repairs."

13           And Gisela also told me, we were chatting,  
14 that she thinks that he wants to kick them out  
15 because he want to renovate the apartments because  
16 of what he's done with the other two units already,  
17 just to, you know, rent it out for a higher price,  
18 and -- yeah.

19           "My vacate order is set for June 30th, but  
20 have I nowhere to go with my family.

21           "I am going to look for our new apartment,  
22 but it will be impossible to find something  
23 affordable.

24           "I don't want to end up in a shelter, but  
25 I fear that I might.

1            "If we had real tenant protections, like the  
2            good-cause eviction bill, tenants like me will have  
3            protection against bad-actor landlords who neglect  
4            their tenants.

5            "With protections, more tenants could face  
6            their landlords to demand safe and dignified homes  
7            without the fear of not getting a lease renewal.

8            "Calling 311 for lack of repairs shouldn't be  
9            the reason my landlord tries to evict, but it is.

10           "The situation that I'm living is lived by  
11           millions of tenants in the state of New York.

12           "Without real protection, we will continue to  
13           grow the homeless crisis we face in our state.

14           "As legislators, you must decide, which side  
15           are you on?

16           "As tenants, we need stronger and fair and  
17           better rental rules that protect all renters.

18           "As the representatives with a  
19           (indiscernible) majority in both Houses, you have  
20           the power to give us just that.

21           "Remember, the majority of New Yorkers,  
22           millions of us, are renters, not owners.

23           "Maybe before my family eviction you will  
24           act.

25           "Tenants need your help.

1 "We need good-cause eviction legislation now.

2 "Thank you."

3 OFF-CAMERA SPEAKER: What are you all here  
4 for?

5 [Applause.]

6 SENATOR KAVANAGH: Thank you.

7 OFF-CAMERA SPEAKER: Okay, that's what I want  
8 to know, what are you all here for?

9 [Applause.]

10 SENATOR KAVANAGH: Thank you very much.

11 Questions?

12 Okay, thank you again.

13 JULIAN GOMEZ: Thank you.

14 SENATOR KAVANAGH: Okay, next -- next up  
15 we're going have, from New York City Lost Tenants,  
16 Christine Malden (ph.), and, forgive me,  
17 Ximena Garnica, and Allison Dell.

18 I think we'll do it in groups of three, so,  
19 we'll start there.

20 And let me just thank you all for being here,  
21 and for your patience, and for the patience of  
22 everybody else who's been here for much of the day;  
23 we appreciate it.

24 XIMENA GARNICA: (Speaking Spanish.)

25 Good evening, members of the Senate, and,

1 fellow tenants, good evening.

2 Thank you for the opportunity to share my  
3 testimony with you all.

4 My name is Ximena Garnica.

5 I am a multi-disciplinary artist. I am a  
6 Colombian immigrant.

7 I am an unprotected live-work tenant. I am  
8 at risk of eviction, I am at risk of losing my job,  
9 and my home.

10 I am not a trust-fund Latino artist.

11 I came here at age 17 by myself to pursue my  
12 passion because I believe in the power of art to  
13 spark curiosity and to question our world and  
14 society.

15 I am here today to stand in solidarity with  
16 all tenants of New York State seeking protection.

17 Loft tenants urge the Senate to pass all nine  
18 bills, plus one more bill, S3655B, the loft  
19 (indiscernible) bill, which has full support from  
20 the city, has been a sponsor and negotiated by  
21 Senator Salazar and Assembly Member Glick, and which  
22 will create rent-regulated units and protect  
23 live-work tenants like me from eviction.

24 My partner, who is here, Shige, moved to our  
25 live-work space in Williamsburg in 1996, 23 years

1 ago. I have been there 15 years.

2 We are part of a handful of buildings of  
3 artists that have survived New York City cultural  
4 displacement.

5 Those few buildings with artists that still  
6 exist in our neighborhood are covered by the loft  
7 law, or, are impending litigation because they were  
8 able to (indiscernible) to reconsidered it for  
9 coverage.

10 Many others didn't know about the loft law  
11 and never applied, and many were ineligible to  
12 register their units due to loopholes added to the  
13 loft law in 2010 by Bloomberg.

14 Those less lucky were eventually kicked out;  
15 not only kicked out, but replaced by corporate  
16 tenants, luxury office, and luxury housings.

17 Those who were able to be covered by the loft  
18 law is still in the neighborhood and are now  
19 rent-regulated.

20 I am personally affected by the Bloomberg  
21 exclusions that were inserted into the law in 2010.

22 Shige, can you just pass them this photo,  
23 please?

24 (Audience member hands photograph to dias  
25 members.)

1           XIMENA GARNICA: One of them is the  
2 requirement, that in order to be eligible to apply  
3 for coverage, the unit must have a window that opens  
4 to a street or a legal courtyard.

5           In my case, I have a window, not just one,  
6 but three windows.

7           But since landlord lawyers are very  
8 resourceful and extremely litigious, they argued  
9 that my windows are interior windows, opening to a  
10 few inches of space in between a non-existent  
11 roll-up gate, and used to be there, and the windows.

12          But as you see, I am on the ground floor.

13          I have a door.

14          I can poke my head out of those windows that  
15 you see in the picture.

16          And, in addition, I have several skylights  
17 and back egress.

18          But, for five years I have been fighting to  
19 be allowed coverage under the loft law.

20          The loft law is a remedial law that give  
21 landlords an amnesty to legalize their buildings  
22 that they were illegally rented to live-work  
23 tenants, and give tenants like me the opportunity to  
24 come out of the shadows and contribute to the  
25 legalization process.

1           Even if I didn't have a window, but in my  
2 unit has the condition to style one, or to comply  
3 with light-and-air code requirements through various  
4 means, then I should be granted coverage, and  
5 I should be allowed to start the legalization  
6 process that, at the end will, bring my unit up to  
7 code and to rent regulation.

8           Also, it is important to note that all the  
9 legalization costs are split between tenants and  
10 landlords.

11           However, some landlords like mine, who, in my  
12 case, had a live-work tenant for 23 years, opt not  
13 to register the building, and engaging in  
14 long-lasting legal battles with burden on tenants to  
15 effectuate the law.

16           In my case, I believe my landlord is a  
17 small-medium landlord. He died three years ago, and  
18 his wife took over and refused to register the  
19 building.

20           She hired one of the most litigious law firms  
21 in the city that specializes in emptying buildings  
22 and getting rid of loft tenants.

23           This firm has been milking my landlord  
24 packet, and had been successfully feeding absurd  
25 arguments in court, such as the one of my invisible

1 windows.

2 They also advised my landlord not to cash my  
3 checks so they could take us to court and start an  
4 eviction case.

5 They have been able to do that -- they  
6 haven't been able to evict me because I'm pending  
7 loft-law litigation, but, guess what? The same  
8 legal firms and architects that are now milking my  
9 landlord to keep us all in endless litigation, using  
10 the 2010 Bloomberg exclusions, wait for the right  
11 time to bring a solution to these landlords:  
12 a buyer.

13 Two weeks ago my landlord told me, that after  
14 five years of paying fees, she fired her lawyer and  
15 architect because, not only once, but threes times,  
16 they had brought her developers with offers to buy  
17 her building.

18 Mine, I live one block from the luxury Domino  
19 development, and many greedy developers are hunting  
20 for any crumbs left in our neighborhood so they can  
21 develop and rent to high-pay tenants.

22 So, these legal loopholes attract these legal  
23 firms who are organizing landlords coalition, and  
24 using the small landlords as poster childs, milking  
25 them to the point so they can accept to sell their

1 buildings to luxury developers, larger corporations,  
2 and multinationals.

3 The same landlord-lawyers organizers are also  
4 hiring lobbyists and consultants to go to Albany,  
5 and to feed you all with misinformation regarding  
6 the process of the loft law, blaming the City and  
7 using the Bloomberg exclusions to keep us all in  
8 limbo and in long litigations while our buildings  
9 remain without a certificate of occupation, without  
10 protection, and without City oversight.

11 I urge you to allow all loft tenants who are  
12 suffering from the 2010 Bloomberg exclusions, such  
13 as incompatible uses, basement and window  
14 exclusions, which did not existed almost 30 years  
15 prior to 2010, to pursue the opportunity to register  
16 their buildings and enter into remedial legalization  
17 process which restore the initial intents of the  
18 loft law, and has full oversights from the City and  
19 its agencies.

20 And the only way do this is to pass S3655B.

21 I have been in Albany for three legislative  
22 sessions for the past three years, but, as you all  
23 know, the Senate was Republican-controlled.

24 And although loft (indiscernible) bill passed  
25 the Assembly each session, our bill was killed and

1 it's never reached the Senate floor.

2 During this year we have lost hundreds of  
3 loft tenants who couldn't hold any longer for the  
4 loft (indiscernible) bill to pass. Mark here behind  
5 me.

6 I myself don't know how long more I can hold.

7 I had to limit and stop many of the community  
8 programs that I once hosted in my live-work space  
9 through my non-profit organization.

10 I have spent all my income in legal fees.

11 I came out of the shadows because I thought  
12 I had a chance to live and work without fear, to  
13 keep employing dancers and artists, and to keep  
14 contributing to our communities.

15 Some landlords complaints regarding  
16 legalization timelines, but they forget they have  
17 been renting their buildings illegally, in my case  
18 for 23 years. And now they're being held  
19 accountable to comply with the process.

20 However, we must hold the City accountable so  
21 that all these agencies understand the loft law, so  
22 that good landlords who are actually trying to  
23 legalize their buildings can do so.

24 But the first step is to pass S3655B.

25 Without that, displacements of artists out of

1 New York will continue.

2 Live-work tenants will continue to live in  
3 the shadows and landlords will continue to rent  
4 illegally.

5 Thank you all, Senators, that have supported  
6 us so far.

7 [Applause.]

8 SENATOR KAVANAGH: Thank you.

9 I'm going to --

10 XIMENA GARNICA: The Assembly bill negotiated  
11 between Senator Salazar and Assembly Member Glick  
12 passed the Assembly House yesterday.

13 Now, I ask, again, on behalf of hundreds of  
14 loft tenants, Senator Kavanagh, as the Chair of the  
15 Housing Committee, to stand behind Senator Salazar  
16 to advance the bill, 3655B --

17 (Indiscernible cross-talking.)

18 SENATOR KAVANAGH: -- okay, we're well over  
19 time, and we're going to hear from many --

20 XIMENA GARNICA: -- and to put up for votes  
21 next week so that we can be safe for evictions, and  
22 so that we can be safe from unscrupulous  
23 litigations.

24 (Indiscernible cross-talking continues.)

25 SENATOR KAVANAGH: And, again, I have --

1 I have 40 -- I have 40 people --

2 XIMENA GARNICA: Here are 300

3 (indiscernible) --

4 SENATOR KAVANAGH: -- I have --

5 I appreciate --

6 XIMENA GARNICA: -- for 300 members of our  
7 community that ask you to do so.

8 SENATOR KAVANAGH: -- I have 40 people who --

9 XIMENA GARNICA: And I also would like to ask  
10 Senator --

11 (Indiscernible cross-talking continues.)

12 SENATOR KAVANAGH: -- who have been waiting  
13 hours to testify.

14 I'm going to ask to get the next the --

15 XIMENA GARNICA: Thank you.

16 And I ask --

17 SENATOR KAVANAGH: I'm going to ask the next  
18 person to speak.

19 XIMENA GARNICA: Thank you so much, but

20 I want to just say (indiscernible) --

21 (Indiscernible cross-talking continues.)

22 SENATOR KAVANAGH: I have one hour left and  
23 40 people who have signed up speak, and I am going  
24 to ask you to respect --

25 XIMENA GARNICA: -- and universal rent

1 control.

2 Gracias.

3 SENATOR KAVANAGH: -- the rules that  
4 everybody has been respecting for many hours.

5 Thank you.

6 Can we have the next testimony.

7 CHRISTINE MALDEN (ph.): Okay.

8 Hi, everybody.

9 My name is Christine, and I'm a loft tenant.

10 10 years ago I answered a Craigslist ad for a  
11 live-work space, advertised for \$1 a square foot.

12 SENATOR KAVANAGH: Can you say your full name  
13 for the record?

14 CHRISTINE MALDEN (ph.): Pardon me.

15 Christine Malden.

16 SENATOR KAVANAGH: Thank you.

17 CHRISTINE MALDEN (ph.): 10 years ago  
18 I answered a Craigslist ad for a live-work space,  
19 advertised for \$1 a square foot.

20 When I got there, I understood why.

21 The space I visited had broken windows,  
22 pigeons flying in them; no plumbing, no electric, no  
23 walls. The facade flooded every time it rained, it  
24 still does.

25 But for me it was love at first sight.

1           I couldn't afford a normal apartment, and as  
2 a self-employed artist and designer, I needed a  
3 place to work where no one would complain if the  
4 floors got dirty.

5           I had never heard of the loft law, I knew  
6 nothing about zoning.

7           As a layperson, why would I?

8           All I knew was, that I answered an ad for  
9 housing and saw apartments across the street and all  
10 around me.

11          My building was the exception, not the rule.

12          When I first moved in, the building was  
13 empty, which was scary and pretty intimidating.

14          There were a few tenants like me and a  
15 manufacturing business on the ground floor.

16          The people who worked there were kind,  
17 welcoming, and protective. I was grateful for them  
18 and their presence.

19          I continued to build up my space, making it  
20 into a home, one which an architect recently told me  
21 is closer to being up to code than many of the new  
22 buildings he inspects.

23          I also took care of the rest of the building  
24 too because there were no amenities; mopping  
25 hallways, replacing light bulbs, shoveling snow in

1 winter so that I could clear the drift that  
2 prevented me from opening my front door. Even  
3 snaking my neighbor's toilets.

4 In one year my rent was raised 18 percent.

5 The same year, the manufacturer that worked  
6 on the ground floor was replaced by a fancy  
7 co-working facility.

8 Almost overnight my building was transformed,  
9 from a few dozen friendly and familiar faces, to a  
10 couple of hundred new and unfamiliar ones, but these  
11 tenants were different.

12 They were paying a premium for a tiny desk  
13 space, beer on tap, and 24-hour access, and, by God,  
14 they intended to use it with little regard for the  
15 rest of us.

16 I felt like a stranger in my own home, and  
17 I thought to myself, if one floor of office space  
18 could destroy our little community, what would  
19 converting the whole building do to this  
20 neighborhood, my neighborhood?

21 And, yet, this is the likely plan for my  
22 building.

23 A few years later I was called into the  
24 management office and told my time was up, I had to  
25 leave.

1           I reached out to my neighbors. I called,  
2 I texted, I left notes under their doors, but nobody  
3 answered.

4           It took me a while to realize they were all  
5 gone. From a building of 60 tenants, only a handful  
6 remained.

7           We've been fighting eviction ever since,  
8 living in a state of non-stop, high-alert, waiting  
9 for the final decision to come.

10          It has been the most expensive, stressful  
11 two years of my life.

12          I jump when someone knocks at the door or  
13 buzzes, and I don't think I've slept through the  
14 night since.

15          The building conditions have become difficult  
16 again as in the beginning.

17          Our movement is restricted, access to basic  
18 services have been cut off, repairs have not made.

19          My door was broken for weeks and left  
20 flapping in the wind until, recently, before video  
21 cameras were installed everywhere to track my every  
22 movement.

23          It became the preferred place in the  
24 neighborhood for drug deals and drug consumption to  
25 take place.

1           Also, we had no heat or gas for the coldest  
2 days this past winter.

3           One of my few remaining neighbors finally  
4 gave up. She was pregnant and couldn't cope.

5           When they asked us to leave, we said, No.  
6 You brought us here. We paid our rent. There is  
7 our home now.

8           But you don't say no if you're pregnant;

9           You don't say no if you have small children;

10          You can't say no if you're living paycheck to  
11 paycheck;

12          And you won't say no if you're worried about  
13 immigration status.

14          All of these are examples of tenants who were  
15 forced to leave my building.

16          Without protection, you just say, yes, okay.

17          I have watched an entire building of my most  
18 vulnerable friends and neighbors picked off one by  
19 one.

20          I'm supposed to be the strong one.

21          Now there's just a few of us who remain,  
22 living day to day, waiting for the Court's final  
23 decision.

24          It can, and will, come any day now.

25          The only thing that can save us is the

1 immediate passage of Senator Salazar's bill  
2 protecting loft tenants.

3 Senator Kavanagh, you've called us stubborn,  
4 and, yes, I guarantee, that if a marshal comes  
5 before this decision on the bill comes, my fellow  
6 tenants will stand stubbornly before my front door,  
7 preventing them access so that they cannot execute  
8 this eviction.

9 We lost enough people this year because of  
10 the delay.

11 We lost people last year too, and the year  
12 before that, and the year before that.

13 Enough.

14 Last year was unconscionable, but  
15 understandable, given the political climate.

16 This year there is no excuse.

17 It is within your power to stop the bleeding.

18 To Senator Salazar, thank you for your  
19 support and for fighting for us, and for all  
20 tenants.

21 To Senator Kavanagh, respectfully, please do  
22 not stall this bill any longer.

23 I and others will be the collateral damage.

24 It's finally time to pass this bill we've  
25 been fighting for for three years, not in June, not

1 the last day of session -- today, now.

2 Thank you.

3 [Applause.]

4 SENATOR KAVANAGH: Thank you.

5 Third on this panel.

6 ALLISON DELL: Hi.

7 My name is Allison Dell.

8 I'm a loft tenant at 475 Kent Avenue on the  
9 south side of Williamsburg.

10 I want to thank you for the opportunity to  
11 speak today, for organizing the hearing.

12 So many people I see today were here in  
13 Albany yesterday.

14 Nobody becomes a housing advocate by choice.

15 Everybody is here because they need to be  
16 here, they're fighting for their homes.

17 And, I'm going to tell you guys my story,  
18 part of it's a familiar story.

19 I'm a rent-regulated tenant.

20 A new building owner, a multinational  
21 conglomerate, with no connection to the  
22 neighborhood, bought our building about a year ago  
23 for 5 1/2 times the value, using the calculator  
24 that's been given today.

25 Since then, there's been non-stop

1 construction and dust, uncontained asbestos  
2 abatement.

3 Most recently, they have removed the enclosed  
4 gas lines that were in the hallway, and then claimed  
5 that the lack of enclosure constituted an unsafe  
6 system.

7 Many people in this room know the feeling of  
8 coming home and not knowing if you will find a  
9 notice of termination of lease on your door.

10 Our previous landlord, if people did not  
11 register under the 2010 loft law, registered the  
12 units, our building of more than 104 units is now  
13 more than half empty.

14 That is 50 rent-regulated units that are  
15 gone.

16 So, we have also heard our landlord's  
17 attorneys say at a city meeting, "I empty buildings  
18 for a living."

19 That means, that for every rent-regulated  
20 tenant here who is struggling, that their landlord  
21 has this staff, people whose job it is, to make sure  
22 they're displaced from their homes.

23 We are struggling as hard as we can to make  
24 our rent every month.

25 You know, we have jobs. And, now, fighting

1 for our homes is part of that job.

2 Coming home and finding a notice of  
3 termination of lease on your door, if you're not a  
4 protected tenant, that means you're choosing between  
5 fighting a lengthy and expensive legal battle, which  
6 you might lose; become on the tenants' blacklist; or  
7 just leave.

8 I am one of the lucky ones because I am  
9 protected under the loft law.

10 This is why I'm speaking up today.

11 It's actually hard for me to speak up for  
12 myself, but I'm here to speak up for the people who  
13 are not protected.

14 We know that rent regulation is broken, and  
15 we need to pass all nine bills, but not having  
16 protection is worse.

17 For this reason, Senator Salazar,  
18 Senator Kavanaugh, thank you for pushing forward with  
19 S3665.

20 So pass all nine bills, plus loft law.

21 [Applause.]

22 ALLISON DELL: Since 1998 I have called  
23 475 Kent Avenue, my live-work space there, my home  
24 and my workspace.

25 I moved there to take a job at the Brooklyn

1 Children's Museum.

2 And, biking here today down Franklin, which  
3 was the bike route I took in 1998 every day to get  
4 to the job, I can see that gentrification and  
5 displacement are undeniable, and something that we  
6 need to fight with more affordable housing, not less  
7 affordable housing.

8 I spend most of my volunteer efforts and  
9 energies on local environmental outreach, science  
10 outreach, and education.

11 I worked with La (indiscernible), La Fuentes,  
12 to fight the rezoning along the waterfront in 2005,  
13 to work on power-plant sightings. I worked as the  
14 PD delegate to bring the Brooklyn Story Voyager,  
15 which is a literacy program.

16 And I'm very proud of being in my community.

17 But if I lose my home that I can afford to  
18 pay for, I will not be able to remain in New York  
19 City.

20 My husband is an artist who uses our space  
21 full-time as a studio, and we had our business  
22 there, fine-art print-making business, in 2008.

23 There was a brief vacate of 475 Kent for  
24 three months, and we lost our home and our business  
25 at the same time; both home and job gone in one day.

1           We were not able to fill contracts because we  
2           could not access the manufacturing space that we  
3           needed to do that.

4           And if the loft law had been enacted in 2008,  
5           our business would still be on the south side.

6           But, we were recently -- we were forced to  
7           relocate our print shop to Long Island City.

8           And we understand and embrace the need for  
9           affordable manufacturing and commercial spaces, as  
10          we share our space with a manufacturer -- furniture  
11          manufacturer that has been there for four decades.  
12          40 years.

13          And the landlord for that commercial space is  
14          not renewing the lease for the furniture space, and  
15          the rent is going up and up and up.

16          And, if you're a small-business owner, you  
17          are running the numbers: The cost of moving. The  
18          deposit of a new place. The cost of missed  
19          contracts during the move.

20          And, this new landlord is looking at  
21          converting the space to WeWork.

22          Quite honestly, I don't know what we'll do if  
23          we can't afford to keep it anymore.

24          And, so, I just want to push back on the  
25          equivalence of loft tenants and the destruction of

1 manufacturing, since I have seen so many loft  
2 tenants lose their homes when landlords talk about  
3 industry.

4 And then, as soon as the buildings are  
5 emptied, they get flipped to another owner and just,  
6 immediately, developed as luxury.

7 So, since this new developer purchased our  
8 place last year, it has been nearly emptied, using  
9 all the same leverage points that displaced so many  
10 of New York affordable-housing communities.

11 And the only reason that the building is not  
12 luxury right now, the only building -- the only  
13 reason it's not fully empty, is because of the loft  
14 law.

15 The only reason I can still live and work in  
16 Brooklyn is because of the tenant protections  
17 I receive through the loft law.

18 And so --

19 SENATOR KAVANAGH: Okay, I'm going to ask you  
20 to wrap up, just because --

21 CHRISTINE MALDEN (ph.): I would like to say  
22 thank you.

23 The Bloomberg exclusions -- passing the loft  
24 law as it is now, and removing the Bloomberg  
25 exclusions, would remove a barrier that pits tenants

1 and industry against each other.

2 And I thank you for listening.

3 I will submit my testimony.

4 And then, also, I would be happy to talk to  
5 you guys with questions and (indiscernible).

6 SENATOR KAVANAGH: Okay, and we appreciate  
7 the testimony.

8 And we note that there are many other loft  
9 tenants who signed up -- who arrived at the  
10 beginning and signed up.

11 We are going to -- we will get back to  
12 additional panels on this topic, and -- but I'm  
13 going to hold questions and comments until we've  
14 heard from a few more of the loft tenants, if that's  
15 okay, at least my own.

16 But, obviously, if my panel mates want to?

17 SENATOR SALAZAR: No, that's fine.

18 SENATOR KAVANAGH: Okay.

19 So we'll -- thank you all for your testimony.

20 CHRISTINE MALDEN (ph.): Thank you.

21 ALLISON DELL: Thank you.

22 [Applause.]

23 SENATOR KAVANAGH: Next up, is  
24 Anthony Drummond here?

25 In the back.

1           Come on down.

2           And then after -- next up after that, we're  
3 going to have Laura Mascuch.

4           ANTHONY DRUMMOND: Thank you very much.

5           Senator, my name is Anthony Drummond.

6           I am Brooklyn Borough President Eric Adams'  
7 housing policy analyst.

8           In addition, I co-chair the Mitchell-Lama  
9 Task Force on his behalf.

10          So I'll be reading the prepared remarks on  
11 his behalf, so I'll begin.

12          "My name is Eric L. Adams, and I am Brooklyn  
13 borough president -- and I am Brooklyn's borough  
14 president, representing more than 2.6 million  
15 residents who call this borough "home."

16          "I would like to thank State  
17 Senator Brian Kavanaugh, Chair of the Standing  
18 Committee on Housing, Construction, and Community  
19 Development, for holding this hearing on rent  
20 regulations and tenant protection in Brooklyn, the  
21 epicenter of an affordable-housing crisis that  
22 threatens our families' future.

23          "Also -- I also thank State  
24 Senator Zellnor Myrie for hosting us here in his  
25 district at Medgar Evers College.

1           "The provision and protection of affordable  
2 housing continues to be the most important issue  
3 facing New Yorkers all across the city and within  
4 the borough of Brooklyn.

5           "Brooklyn is one of the fastest-growing  
6 communities in the New York City metropolitan area,  
7 and the ongoing Brooklyn renaissance has ushered in  
8 extraordinary changes and land-use pressures that  
9 continue to manifest today.

10           "Unfortunately, Brooklyn's success has led to  
11 the displacements of longtime residents who can no  
12 longer afford to live in the neighborhoods where  
13 they grew up or raised families.

14           "According to a recent Kiplinger study,  
15 Brooklyn has the fourth most-expensive cost of  
16 living in the nation, at 82 percent above the  
17 average cost.

18           "Our borough is home to neighborhoods  
19 experiencing the highest rates of rent increases  
20 over the last decade, and every community is now  
21 considered desirable.

22           "We have a crisis of affordability at a wide  
23 range of levels, from extremely low, to middle  
24 income, and we have a responsibility to solve the  
25 crisis for every level.

1            "As borough president, I have committed  
2 myself to addressing the borough's  
3 affordable-housing crisis, due to creation and  
4 preservation of much-needed affordable-housing units  
5 for low- to middle-income Brooklynites.

6            "To date, I have allocated more than  
7 \$20 million in capital funding to preserve or build  
8 thousands of units since 2014.

9            "In addition, I launched the Faith-Based  
10 Development Initiative which connects houses of  
11 worship with capital funding and technical support  
12 that is used to help construct affordable housing.

13           "This policy initiative has been replicated,  
14 even by Mayor Bill de Blasio, across our city.

15           "It is imperative that we maintain and  
16 strengthen our rent-regulation laws so we do not  
17 lose the millions of existing affordable-housing  
18 units, which would further extend the loss of  
19 families being displaced.

20           "Advance in legislation and policies being  
21 heard today are integral in ensuring that families  
22 can remain in their affordable housing, and also  
23 make certain that more affordable housing is added  
24 to our growing city.

25           "There are a number of worthy policies that

1 are currently up for discussion in our public  
2 discourse, and I would like to speak on a few of  
3 them in this testimony.

4 "For example, I have been supportive of the  
5 House Our Future NY campaign's recommendation to  
6 build 24,000 new apartments, and preserve at least  
7 6,000 more, for homeless families and individuals.

8 "We need to fully fund and create  
9 20,000 units of supportive housing, and, by doing  
10 so, help break the cycle of homelessness, by pairing  
11 permanent housing with on-site services for people  
12 with a history of substance abuse and/or who have  
13 mental and physical health needs.

14 "We cannot turn our backs on our most  
15 vulnerable citizens just because they may be down on  
16 their luck.

17 "I fully support the home stability support  
18 (HSS) legislation, which will provide a new  
19 statewide rent supplement for low-income families  
20 and individuals who are facing eviction,  
21 homelessness, or loss of housing due to domestic  
22 violence or hazardous conditions.

23 "Our homelessness crisis did not appear  
24 overnight, and it will not disappear without an  
25 all-in innovative strategy that introduces stability

1 into a highly-unstable situation for hundreds of  
2 thousands of New York's childrens and families.

3 "One of our strongest tools for preventing  
4 homelessness is to make sure that people and  
5 families are able to stay in their homes.

6 "HSS will help accomplish this by simplifying  
7 our opaque subsidy structure, to ensure those in  
8 greatest needs have the easiest path to safe and  
9 secure affordable housing.

10 "I fully support legislation to end  
11 vacant" -- "vacancy decontrol, which allows  
12 landlords to permanently deregulate apartments once  
13 the rent reaches \$2,733 a month and the current  
14 occupant leaves the unit.

15 "We have lost far too many units of  
16 affordable housing because of this legal loophole.

17 "In addition, let's repeal preferential rents  
18 and align rents to New York City's Rent Skyline's  
19 Board policies.

20 "Some 266,000 families in New York City have  
21 preferential rent, meaning, that they may be one  
22 lease away from eviction if preferential rent is  
23 revoked.

24 "We need to do away with this policy, as this  
25 is a quick way to force longtime tenants out of

1 their homes.

2 "I also support, and ask the state  
3 Legislature, to pass good-cause eviction legislation  
4 in order to bring renter rights to tenants in  
5 smaller buildings and in manufactured-home  
6 communities.

7 "Additionally, we should reform the four-year  
8 look-back rule for investigating rent-overcharge  
9 complaints, by changing the look-back period to  
10 six years, and providing exceptions to the rule, so  
11 that tenants can hold landlords accountable to  
12 following the rent-regulation law.

13 "There is much more for us to do together.

14 "In addition to the measures I just  
15 referenced, I ask this Committee to continue to  
16 examine how we can encumber rent-burdened households  
17 in the lottery process.

18 "There are too many New Yorkers who are  
19 paying higher rent than what they would pay if they  
20 were awarded units through the lottery process, yet  
21 tens of thousands of potential applicants are  
22 disqualified because they do not earn enough income  
23 to apply.

24 "This challenge obstructs our ability to  
25 reduce rent burden.

1            "It also" -- "it is also long overdue that  
2 the state Legislature repeals the Urstadt Law.

3            "New York City should have control of its own  
4 rent-regulated housing stock.

5            "Finally, perhaps most importantly, I urge my  
6 colleagues in Albany to work with my administration  
7 and housing-right advocates to get the State's full  
8 cooperation and collaboration on a realtime,  
9 transparency, tracking mechanism of our  
10 rent-regulated housing stock.

11           "You cannot begin to combat a crisis without  
12 fully visualizing its magnitude and analyzing the  
13 various factors that help or hinder.

14           "Our housing regulatory apparatus is  
15 disjointed and passive in combating this crisis.

16           "There is limited interagency collaboration,  
17 minimal proactive intervention, and outdated  
18 technology infrastructure to keep track of it all.

19           "For years I have been advocating for a  
20 CompStat for affordable housing, what I have termed  
21 "housing stat," that could visualize, in realtime,  
22 all the available data impacting the potential for  
23 eviction and vacancies, which could then guide  
24 investigators and lawyers and triage in buildings at  
25 risk.

1            "We need to be able to highlight at-risk  
2 affordable units in bright red, if necessary, and do  
3 whatever we can to save them.

4            "We have received support from the New York  
5 City Department of Housing, Preservation, and  
6 Development (HPD), and our New York State Unified  
7 Court System, but, the New York State Department of  
8 Housing and Community Renewal (DHCR) continues to be  
9 a roadblock in our efforts.

10           "I want to thank the Chair and members of  
11 this Committee for hosting this hearing in Brooklyn,  
12 and allowing me to address you on this important  
13 issue.

14           "I know this year has been an active and busy  
15 one for the body.

16           "It is my hope that these actions make it  
17 through this legislative session.

18           "Thank you for your time."

19           SENATOR KAVANAGH: Thank you for your  
20 testimony --

21           ANTHONY DRUMMOND: Thank you.

22           SENATOR KAVANAGH: -- and thank you to the  
23 borough president.

24           ANTHONY DRUMMOND: All right. Thank you.

25           SENATOR KAVANAGH: Any questions?

1 Thank you so much for being here.

2 ANTHONY DRUMMOND: Thank you.

3 SENATOR KAVANAGH: Next up we're going to  
4 have Laura Mascuch and Jackie Del Valle and  
5 Emily Mock, if they're all still here.

6 Following that we will have Matthew Berman  
7 and Nancy Sher and Phara Souffrant, if I'm saying  
8 that properly.

9 LAURA MASCUCH: Good evening.

10 My name is Laura Mascuch.

11 I'm the executive director of the Supportive  
12 Housing Network of New York.

13 We are a 30-year-old membership organization  
14 of over 200 non-profits that own and operate  
15 52,000 units of supportive housing through New York  
16 State, 32,000 of which are in the city.

17 And I'm here tonight to talk about  
18 legislation particular to supportive housing.

19 As you know, supportive housing is permanent  
20 housing with on-site support services to help  
21 individuals and families and youth and veterans that  
22 are experiencing chronic homelessness, return to the  
23 community with on-site support services.

24 There are two models:

25 One where, a single site, where services are

1 provided on-site;

2 And then there's a second model called the  
3 "scattered-site model," where non-profits rent  
4 apartments in the community, and the services are  
5 brought into the apartment to help the individual or  
6 family really reintegrate and stabilize.

7 And I want to thank Senator Kavanagh for  
8 sponsoring and advancing a bill, 03703, this  
9 session, that would provide rent stabilization for  
10 non-profit housing providers for new scattered-site  
11 apartments.

12 Currently, non-profits lease rent-stabilized  
13 apartments on behalf of vulnerable tenants, and  
14 these scattered-site apartments are temporarily --  
15 temporarily lose their rent-stabilization status.

16 Landlords are able to charge significantly  
17 higher rents to the non-profits, and are able to  
18 effectively displace tenants through non-renewal of  
19 leases after sometimes as little as one year.

20 This loophole results in significantly higher  
21 costs to provide housing for the most vulnerable,  
22 and significant trauma to an already fragile tenant  
23 when they need to move apartments on a continuous  
24 basis.

25 The 14,000 existing scattered-site apartments

1 in the city are in grave danger due to unregulated  
2 rent increases and frequent non-renewal of leases,  
3 which are, effectively, evictions of vulnerable  
4 tenants without cause.

5 Further, these apartments are in danger of  
6 being lost permanently to rent stabilization,  
7 because it is in the landlord's realm for them to go  
8 back and register the apartment once a non-profit is  
9 no longer renting it.

10 The system for ensuring that that happens, as  
11 you can imagine, is very -- not very robust, and  
12 landlords, really, it's the responsibility of them  
13 to do it. And once they're incentivized to rent  
14 higher rents, they're not going to really go back  
15 into rent stabilization.

16 So the best safeguard against this risk would  
17 be to ensure units do not exit rent stabilization in  
18 the first place.

19 While the current proposed legislation will  
20 ensure future non-profit scatter-site contracts  
21 remain under rent stabilization, we offer two  
22 friendly amendments, which we have attached.

23 One is, to extend it to existing units upon  
24 lease renewal;

25 And the second, for it to apply to supportive

1 housing scattered-site providers, providing  
2 permanent housing with services to formerly homeless  
3 or vulnerable residents with disabilities.

4 Thank you for this opportunity to testify.

5 SENATOR KAVANAGH: Thank you.

6 [Applause.]

7 EMILY MOCK: Good afternoon -- or, good  
8 evening.

9 My name is Emily Mock.

10 I'm a tenant organizer with CAAAV, organizing  
11 Asian communities.

12 I'm speaking today on behalf of the Chinatown  
13 Tenants Union, which is a member of the Housing  
14 Justice for All Coalition.

15 CAAAV has been working since 1986 to build  
16 grassroots community power across diverse poor and  
17 working-class Asian immigrant and refugee  
18 communities in New York City.

19 I'm here today, with many allies, to call for  
20 passage of all nine tenant bills.

21 Secure housing is an economic issue, a  
22 physical and mental-health issue, a family issue, an  
23 education issue, a language-justice issue, a  
24 racial-equity issue.

25 As a working-class immigrant community

1 limited by language access, Chinatown has faced  
2 tremendous gentrification and displacement.

3 Tenants in our neighborhood are being  
4 harassed and forced from their homes.

5 Every day our members face the stress of  
6 landlord harassment, rising rents, unsafe  
7 construction, frivolous lawsuits, and the loss of  
8 our community.

9 Chinatown Tenants have always fought, and we  
10 always will, because our community, our culture, our  
11 elders, our youth, are being attacked by the drive  
12 for profit.

13 Your constituents cannot wait another month,  
14 another year, or another election cycle to secure  
15 rights and protections.

16 The Chinatown Tenants Union works with  
17 tenants to organize associations in their buildings  
18 and partner with legal services to fight bad  
19 landlords.

20 In Chinatown, it is obvious that forcing out  
21 rent-stabilized tenants is not an unusual  
22 occurrence. It is, in fact, a well-documented  
23 business practice.

24 Predatory equity landlords buy  
25 rent-stabilized buildings in our neighborhood and

1 strategically make changes to force old tenants to  
2 leave and deregulate units.

3 Then they make enormous profits by renting  
4 those apartments to young professionals who can  
5 afford rents of 3,000 a month and up.

6 The REBNY representative, I heard him say  
7 something, like, that all New Yorkers should support  
8 values such as the production of rental units.

9 The production of rental units, I think you  
10 agree with me, is not a value, but it is something  
11 that REBNY values and landlords value.

12 The 20 percent vacancy bonus incentivizes  
13 landlords to kick out longtime tenants so that they  
14 can increase the legal rent for rent-stabilized  
15 units.

16 This past winter, while door-knocking in over  
17 a dozen Chinatown tenements, we visited over -- or,  
18 I'm sorry, in Chinatown tenements, we visited over a  
19 dozen buildings without adequate heat and hot water,  
20 sometimes for as long as 20 months.

21 In many of these buildings we heard a similar  
22 story.

23 Landlords were bringing in new tenants,  
24 signing them on to leases, and not telling them that  
25 the building doesn't have heat and hot water.

1           So these new tenants who expect functioning  
2 utilities get frustrated in a month, three months,  
3 they move out.

4           The landlord has another opportunity to  
5 increase the rent by 20 percent.

6           This is a business practice that we see all  
7 over Chinatown and in many other neighborhoods.

8           The 20 percent increase, of course, brings  
9 the unit closer and closer to deregulation.

10          The vacancy decontrol rule incentivizes  
11 landlords to increase rents past the 2,733 cap so  
12 they can make more money at market rate.

13          I want to talk very specifically about how  
14 MCI rent-increase applications have impacted our  
15 neighborhood.

16          Motivated by the opportunity to increase  
17 legal rents, landlords conduct unnecessary major  
18 construction, like roofing, facade work,  
19 facial-recognition intercoms, and ignore the basic  
20 repair needs of tenants. Then the cost of major  
21 construction are directed back at tenants.

22          A few case studies.

23          At 135 Eldridge Street, one of our tenant  
24 leaders, Ms. Chen, you heard from her earlier, the  
25 landlord, Ari Cohen & Associates has claimed

1 \$667,639 in costs for two separate MCI applications.

2 If approved by DHCR in full, this would mean  
3 a rent increase of approximately \$227.92 per  
4 apartment per month.

5 For context, rent-stabilized tenants in this  
6 building are paying between, approximately, 500 and  
7 1500 dollars a month.

8 This means the tenants face an increase of  
9 anywhere from 45 to 15 percent of their current  
10 rent.

11 At 123 Madison Street, the same landlord,  
12 Ari Cohen & Associates, filed four separate MCI  
13 applications.

14 In total, these applications claimed  
15 \$207,425.62 of construction costs, and if approved  
16 in full, would have rent-stabilized rents increased  
17 by \$235.85 a month.

18 In each of these buildings, the process of  
19 opposing MCI applications is very challenging for  
20 tenants to navigate, even with support from lawyers  
21 and organizers.

22 There is a whole industry built around real  
23 estate, from lawyers, to property management, to  
24 lobbies, that mechanizes landlords' MCI  
25 applications.

1           We often say in the Chinatown Tenants Union  
2           that landlords have all kinds of tactics. They gain  
3           more experience at how to be landlords.

4           But tenants consistently want safe and secure  
5           housing.

6           This landlord, Ari Cohen & Associates, owns  
7           94 buildings, and has initiated similar construction  
8           in MCI rent-increase applications in buildings  
9           across the neighborhood.

10          This demonstrates that MCI rent increases are  
11          a tactic used strategically by predatory equity  
12          landlords.

13          The MCI program is not being used by small  
14          landlords to maintain old and dilapidated buildings.  
15          It is used by the predatory equity landlords as a  
16          tactic to deregulate rent-stabilized apartments and  
17          increase the profit value of residential buildings.

18          The real estate lobby parades supposed  
19          mom-and-pop landlords to have you believe that those  
20          who own capital for the sake of profit are  
21          working-class New Yorkers, but that's not true.

22          The average portfolio size is 21 buildings,  
23          and according to the RPIE statements, 95 percent of  
24          landlords make money from their rent-stabilized  
25          buildings; meanwhile, tenants are rent-burdened to

1 an extreme degree.

2 The MCI rent-increase program is deeply,  
3 structurally flawed and cannot be reformed.

4 Reform would cause displacement because the  
5 MCI program is fundamentally ripe for abuse.

6 I want to be very clear that the MCIs  
7 function as an incentive to not maintain buildings.

8 In Chinatown we know that MCI and IAI  
9 construction is shoddy.

10 We know that landlords misreport and  
11 exaggerate the cost of these so-called  
12 "improvements."

13 We know that getting an MCI means many  
14 low-income households who don't qualify for DRIE and  
15 SCRIE are forced out of their homes.

16 SENATOR KAVANAGH: Reluctantly, I'm going to  
17 ask you to wrap up.

18 EMILY MOCK: Okay.

19 How do we know that landlords can't afford to  
20 maintain their property if they don't open their  
21 books?

22 Why aren't small and struggling landlords  
23 using J-15 tax -- -51 tax abatements and HPD's Green  
24 Housing Preservation Program?

25 By continuing to incentivize MCI rent

1 increases, and allow predatory equity landlords to  
2 abuse this loophole, the State is actually  
3 compromising the efficacy of J-51 and JHPP?

4 SENATOR KAVANAGH: Again, just in fairness,  
5 I'm going to ask you to (indiscernible).

6 EMILY MOCK: Okay.

7 I'm going to have --

8 SENATOR KAVANAGH: You can submit the rest of  
9 your testimony, if you would.

10 EMILY MOCK: Okay.

11 Thank you.

12 SENATOR KAVANAGH: Thank you very much.

13 JACKIIE DEL VALLE: Can you hear me?

14 Yes.

15 Good evening.

16 My name is Jackie Del Valle, and I work at  
17 the community development project of the Urban  
18 Justice Center as the stabilizing NYC coordinator.

19 The community development project (CDP) at  
20 the Urban Justice Center was formed in  
21 September 2001 to strengthen the impact of  
22 grassroots organizations in New York City's  
23 low-income and other excluded communities by winning  
24 legal cases, publishing community-driven research  
25 reports, assisting with the formation of new

1 community organizations, and providing technical and  
2 transactional assistance in support of their work  
3 towards social justice.

4 Stabilizing the NYC is a New York City-wide  
5 coalition formed in 2013 to fight the depletion of  
6 affordable housing in New York City at the hand of  
7 predatory landlords.

8 Alongside CDP, the Stabilizing  
9 (indiscernible) Coalition is made up of  
10 16 community-based organizations and  
11 housing-advocacy organizations.

12 UHAB, our work combines organizing and legal  
13 resources into a citywide network to help tenants  
14 take their predatory equity landlords to task for  
15 patch-up repairs, bogus eviction cases, unfair  
16 illegal rent increases, and affirmative action.

17 Many of our members are here now or were here  
18 earlier.

19 It's been a long day, which -- yeah, was  
20 started out very excitingly at a press conference at  
21 Ebbets Field. And we marched through the, I guess,  
22 (indiscernible) folks, and are here now.

23 So I want to say that CDP and Stabilizing  
24 (indiscernible) support the entire universal  
25 rent-control platform.

1           New York State's homeless population, I don't  
2 need to tell you, but it's, you know, soaring above  
3 89,000 people.

4           And our service budget is -- nears  
5 \$2 billion.

6           And we really urge the Senate to pass all  
7 nine bills, and these bills will strengthen tenant  
8 protections, stem sharp rent hikes, and meaningfully  
9 address many of abuses that our clients and partners  
10 face.

11           Our weak rent laws have been the blood in the  
12 water for big investment for too long.

13           When private-equity companies began buying up  
14 large portfolios all over the five boroughs in the  
15 mid-2000s, their promotional brochures boasted the  
16 ease in which long-term tenants could get evicted in  
17 order to bring in new tenants, paying two, three,  
18 and four times as much rent.

19           This uber speculation created a huge housing  
20 bubble, which crashed, and left hundreds of tenants  
21 in foreclosed and deteriorating buildings with no  
22 one taking responsibility for their upkeep.

23           Steve Croman, Moshe Piller, R.A. Cohen,  
24 Pinnacle, Blackstone, Vantage, Trump.

25           The New York City real estate industry is

1        fueled by hedge fund and private equity, and is led  
2        by very nasty developers and speculators.

3                Lessons were not learned with the crash of  
4        2008, and foreign and dark money continues to pour  
5        into our housing market, and, well, to New York  
6        State Legislature.

7                We all know in this room that the reason that  
8        the rent laws have been weakened, and continue to  
9        have been weakened --

10               I've been doing this work for almost  
11        20 years, and every four years it gets worse and  
12        worse.

13               -- it's because of all the real estate money  
14        that's gone into Albany.

15               And I actually applaud our senators up here  
16        now, and I'm real excited for the new change that's  
17        coming.

18                        [Applause.]

19                JACKIIE DEL VALLE: You know, I walked in and  
20        I was, like, wow, this really may be a new day.  
21        Like, our time is here.

22                There's, like -- and it's long overdue.

23                It's time to protect tenants, stop the loss  
24        of affordable housing, and the destabilization of  
25        our communities.

1           Tenants are mobilizing in huge numbers, and  
2 we need to listen to them.

3           Walking in here, and somebody I hadn't seen  
4 in a few years, was, like, Oh, so -- so what's the  
5 ask now? You're going to index it higher?

6           And, we're, like, no, that is off the table.

7           We're repealing vacancy control, we're  
8 eliminating MCIs, we're eliminating IAIs.

9           So there's major reforms on the table that  
10 we're really excited about.

11          And, in particular, I want to take a couple  
12 of minutes to talk about MCI increases.

13          The current way that they are, they allow  
14 corporate landlords and predatory equity firms,  
15 anyone to apply for rent increases, even though many  
16 of these landlords are in a sound financial position  
17 and could afford necessary capital improvements  
18 without the MCI increases.

19          It's still a very valuable and lucrative  
20 business to own rent-regulated properties in  
21 New York City, and they do not need the MCIs.

22          And all it's doing is fueling speculation,  
23 leading to this neglect and harassment.

24          The reason that these buildings get to the  
25 place where they need the MCIs is because the

1 landlords deliberately choose to neglect their  
2 properties, so that they can create this situation,  
3 and keep passing on the costs to tenants, who, as  
4 was stated I think by Senator Krueger, it's not like  
5 they're getting stock in these companies.

6 The landlords are still keeping all the  
7 profits from there.

8 Like I said, I've been an organizer close to  
9 20 years.

10 I remember when Senator Krueger was first  
11 elected, and it was the first kind of feeling that  
12 maybe there's going to be some pro-tenant people up  
13 in Albany.

14 I was there, and I even took time off my job  
15 to campaign, to make sure that the Senate flipped  
16 that first time, what was it, eight or nine years  
17 ago, and then there was a coup.

18 That was crazy.

19 We had the IDC, which you guys put an end to.

20 [Applause.]

21 JACKIIE DEL VALLE: So I'm really -- it's a  
22 sign that Albany is evolving into the progressive  
23 government, committed to its constituents, and not  
24 just the lobbyists for the rich and powerful.

25 And I thank you.

1           SENATOR KAVANAGH: For the record, it was  
2 11 years ago.

3           Thank you.

4           [Applause.]

5           SENATOR KAVANAGH: Any questions for this  
6 panel?

7           Okay.

8           Again, we really appreciate your patience,  
9 and thank you for your testimony.

10          And we'll follow up about the amendments to  
11 the bill, but we appreciate your support.

12          Next, as I mentioned, we have Matthew Berman  
13 and Nancy Sher.

14          And I understand that Sarah Souffrant has  
15 left.

16          So, I'm going to add to -- I'm going to ask,  
17 Alicia Boyd, if you're here?

18          OFF-CAMERA SPEAKER: No.

19          SENATOR KAVANAGH: Okay.

20          And let me get another.

21          Is Frederick Johnson here?

22          Okay. So, Frederick Johnson, you're up as  
23 well.

24          MATTHEW BERMAN: This is Ms. Sher. She's  
25 going to go first.

1 SENATOR KAVANAGH: Welcome.

2 NANCY SHER: Hi.

3 Thanks again for convening this really  
4 important forum.

5 My name is Nancy Sher.

6 I live at 125 Court Street, which is a  
7 Two Trees, 421a, 8020, development, that requires  
8 all the apartments should be rent-stabilized for the  
9 duration of their -- of their tax exemption. They  
10 have a 25-year tax exemption.

11 But you've heard my story before.

12 You know, it's -- it has many faces, many  
13 voices; it comes in different sizes and different  
14 colors; and you've heard it over and over and over  
15 again.

16 I know that you haven't done much with 421a,  
17 but it, you know, intersects with rent  
18 stabilization.

19 So I'm just going to give you some highlights  
20 and facts of 125 Court Street, and everything I say  
21 is -- has evidence to back it up. Nothing is just  
22 an allegation.

23 As of December 2015, 10 years after the  
24 building opened, they had not qualified for the  
25 421a tax exemption, yet received \$10 million.

1           The first lease is not a rent-stabilized  
2 lease.

3           They came up with a fraud scheme, using the  
4 preferential rent, and they came up with this absurd  
5 legal rent.

6           And so whenever you want to renew, they could  
7 charge you anywhere from 3,000 to 10,000.

8           My first legal rent was 9,175.

9           And it drove a lot of people out, you know,  
10 involuntarily.

11           And, in 2001 and '12, HPD sent them a memo  
12 each year, telling them that their DHCR  
13 registrations were non-compliant, that their rents  
14 were above the HPD-approved, and that 256 units were  
15 listed as exempt.

16           Did they change them? No.

17           But they did change them in September of  
18 2003.

19           I suspect a crony of theirs at DHCR gave them  
20 a heads-up, because their intention was to change  
21 2,568 rent registrations for 321 units over an  
22 8-year period.

23           That's the period they did their fraud  
24 scheme.

25           According to the New York State Public

1 Service Commission, they -- the way they metered for  
2 electricity is illegal.

3 They collect 100 percent of tax benefits on  
4 non-residential space when the law limits them to  
5 12 1/2 percent.

6 At the time they were built, they were the  
7 largest non-union construction in the history of  
8 New York.

9 They've never submitted a notarized  
10 construction cost.

11 And we want to know, really, how much it  
12 cost.

13 And the main contractor on it was  
14 30 Main Street, which is just Two Trees; so you had  
15 the developer and the contractor.

16 Let's see.

17 Oh, and I'm just going to go over this  
18 briefly.

19 The building, on first look, appears -- makes  
20 a good first impression, it really does. But the  
21 truth of the matter is, the construction and  
22 fixtures are quite substandard.

23 I lived in an apartment with my children,  
24 where the floors buckled up like this. There was  
25 mold -- an assortment of mold underneath, some of it

1 toxic. And it stayed that way for five years. They  
2 never fixed it.

3 And HPD came and gave it four C violations.

4 C violations are emergency, correct in  
5 24 hours.

6 Of course they didn't.

7 Now I'm in my eighth year of litigation with  
8 Two Trees. And I got -- the appellate -- I appealed  
9 the housing court's decision with their \$100,000  
10 judgment, and went to the appellate term.

11 The appellate term reversed housing court and  
12 held Two Trees in noncompliance with the  
13 rent-registration law, that they had submitted  
14 falsified registrations.

15 I've not been able to find a lawyer who will  
16 represent me.

17 They feel the case is so soiled by Two Trees,  
18 by, you know, a cascade of mediocre lawyers; nobody  
19 wants to touch it.

20 So when I went to the judge to ask him for  
21 additional time, he said, No. You'll go pro se.

22 So, there I am, I'm going to go pro se  
23 against Rosenberg & Estis representing Two Trees.

24 I said to the judge, Do you have any concern  
25 that my due-process rights are in jeopardy?

1 "Nope."

2 And -- but I invite you all to come because  
3 you haven't seen this match-up since the glory day  
4 of the coliseum.

5 It's on --

6 [Laughter.]

7 NANCY SHER: -- it's on -- it's on Tuesday,  
8 Room 403, at 9:30, is when my trial starts.

9 So my recommendations are:

10 To impose significant and meaningful monetary  
11 penalties to the extent that a developer and  
12 landlord might think twice before degrading the law.

13 It must be enforceable and carry the message,  
14 we are all equal under the law.

15 Huge fines, the kind that say "ouch."

16 Enforce the law, because there is -- it's  
17 MIA.

18 SENATOR KAVANAGH: And I'm going to ask  
19 you -- just, in fairness to everybody, I'm going to  
20 ask you to wrap.

21 I appreciate (indiscernible).

22 And we will -- I see you have a document.

23 We will also take it for the record.

24 NANCY SHER: Well, you know -- okay.

25 It's -- it's, the enforcement is MIA.

1           So I really encourage to you think about  
2           making triple damages, apply to class-action suits,  
3           because there's just no way.

4           Everybody can't go like me up against, you  
5           know, this (indiscernible) -- (indiscernible), you  
6           know.

7           SENATOR KAVANAGH: We appreciate it.

8           I'm going to ask --

9           NANCY SHER: So is that a possibility you'd  
10          ever think about?

11          SENATOR KAVANAGH: I'm going to ask the next  
12          person to testify --

13          NANCY SHER: Oh, okay.

14          SENATOR KAVANAGH: -- and then people on  
15          the --

16          NANCY SHER: Okay.

17          SENATOR KAVANAGH: -- I don't want to  
18          comment.

19          Appreciate it.

20          Sir.

21          [Applause.]

22          MATTHEW BERMAN: Thank you, Senator Kavanagh.

23          My name is -- and members of the Committee.

24          My name is Matthew Berman. I'm a civil  
25          rights class-action lawyer.

1           My job is remediating racial discrimination,  
2           disability discrimination, and now, unfortunately,  
3           housing discrimination and displacements.

4           The game is rigged against tenants, but the  
5           good news is, you guys make the rules and they have  
6           to play by it, and you have the power to change to  
7           the rules.

8           I'd like to engage Senator Salazar because  
9           she mentioned the ProPublica piece.

10          That's the genesis of a lot of the reason why  
11          I'm here today, because ProPublica exposed the fact  
12          that many of the city's most prominent realty  
13          companies are flouting the rules. Many of them have  
14          not registered their units as they are required to  
15          do.

16          Ms. Sher was featured in the ProPublica  
17          series of articles because she lived in the  
18          Two Trees building, which is a 421a building.

19          That means that building was made with your  
20          money, with the people's money.

21          In fact, Two Trees got the property from the  
22          EDC.

23          Okay?

24          They built -- they built up the property and  
25          constructed the property using public funds that

1 were obtained through public bond offerings.

2 Then they collected fees from constructing  
3 the property, from managing the property as the  
4 managing agent, and from their equity interest in  
5 owning the property, and all of this is unremediable  
6 by the tenants because there's no teeth in the law.

7 The landlord can get away with not  
8 registering, and there's nothing anyone can do about  
9 it.

10 The political bodies that are in charge of  
11 enforcement of the laws are unable or unwilling to  
12 do so.

13 DHCR has custody of the registrations. They  
14 keep them secret, no one can get them. There's no  
15 transparency.

16 A tenant has to apply for their own  
17 individual rent history, and even then they have to  
18 fight for it. They sometimes have to submit a FOIL  
19 request. They can't get information about the rest  
20 of the buildings.

21 Therefore, what lawyer is going to take their  
22 case?

23 Okay?

24 Like, there's no -- there's no ability for  
25 these tenants to get representation to fight against

1 the well-heeled, well-represented landlords.

2 We've got to even the field.

3 So you have a number of bills that are  
4 presently before the Committee, many of them have  
5 substantial merit and will go a certain degree  
6 towards fixing the problem.

7 But you've also got existing laws that you  
8 can improve, and I'm here to tell you how I think  
9 you can do it.

10 A lot of the comments that I'm making today  
11 are echoed in the statements you've heard previously  
12 from the Legal Aid attorneys and from the borough  
13 president's office.

14 Would I say the number-one and number-two  
15 things are:

16 Change the look-back period.

17 Okay?

18 That four-year period is not enough.

19 In New York State, a breach-of-contract  
20 action can be brought within six years.

21 Leases are contracts. Why not have the same  
22 statutes of limitations?

23 Don't leave it to DHR.

24 An overcharge brought before DHR, there's  
25 very little they can do.

1           Tenants can go to the court system if they're  
2 empowered to do so, and if they can get  
3 representation.

4           Another issue that's been raised is the  
5 vacancy increase.

6           That is what is providing the incentive for  
7 the landlords because, they know, that if they can  
8 get away with -- you know, you've heard about money  
9 laundering?

10          They're apartment laundering, because if they  
11 can get away with faking the registrations for  
12 four years, they are home-free.

13          Okay?

14          They have effectively deregulated behind your  
15 back, without your permission, without your  
16 approval; without anyone's approval.

17          It's unlawful, it needs to be stopped.

18          So you've got to end the vacancy increase of  
19 20 percent.

20          You're got to change the look-back period.

21          And there's something else very important  
22 that you can do to equalize the playing field, and  
23 that's to allow class-action lawyers to sue under  
24 New York law, without waiving their tenants' rights  
25 to treble damages under overcharge law.

1 Right now, an individual tenant can bring a  
2 suit, if they can find a lawyer, to bring an  
3 overcharge claim, but it's almost impossible for  
4 them to gather the information to prove their case  
5 because there's no transparency.

6 Even if they can get a law, they have to go  
7 one unit at a time. They have to fight their way  
8 through the Supreme Court, which could take eight  
9 years for one case.

10 Let us bring class-actions.

11 We can't do it.

12 Why?

13 Because New York State's class-action law  
14 prohibits a class-action seeking penalties.

15 They have to waive their right to triple  
16 damages, which means there's no incentive for the  
17 lawyers to step in and to try to remediate  
18 building-wide.

19 There's a -- it's impossible for us to do  
20 that.

21 So please empower the lawyers to help the  
22 tenants to fix it.

23 And if you empower some of us, believe me,  
24 it's going to be monkey see, monkey do, there's  
25 going to be a legion of attorneys jumping in to fix

1 it.

2 And the landlords are not afraid of DHR, but  
3 they're afraid of us if you give us the power to fix  
4 it.

5 [Applause.]

6 SENATOR KAVANAGH: Thank you.

7 MATTHEW BERMAN: So --

8 SENATOR KAVANAGH: I am going -- every clap  
9 is somebody else not testifying.

10 So we would appreciate (indiscernible) --

11 MATTHEW BERMAN: So I'm going make it quick.

12 You know, I've submitted my testimony in  
13 writing for the benefit the Committee.

14 I'd encourage you to provide the tenants with  
15 the private right of action, to be able to sue, to  
16 force the landlord to file the registrations  
17 correctly.

18 Right now, they can't do that.

19 And there's no damages (making air-quotes  
20 motion) under the law for having a wrong  
21 registration.

22 So I would suggest a statutory award to a  
23 tenant who prevails in the case, along with legal  
24 fees if they're successful, to even the playing  
25 field.

1           And, importantly, I think you've heard a  
2           number of stories where tenants are afraid come  
3           forward.

4           We have to change the law to protect them.

5           You know, you've got a whole body of law. It  
6           covers the topics of race discrimination, sexual  
7           harassment, hostile work environments.

8           There's a well-developed body of law which  
9           provides a means to protect people who are fearful  
10          of coming forward.

11          Let's use those same provisions as part of  
12          tenant-protection law, and enshrine it in  
13          New York State law, so that tenants cannot be  
14          retaliated against, they can't be singled out for a  
15          non-renewal of a lease, they can't be blacklisted in  
16          a private database used by landlords, that if you  
17          sue to assert your rights, even if you win, sorry,  
18          we won't rent to you, you're a troublemaker.

19          We have to end that process.

20          So I would suggest we incorporate, by  
21          reference, the provisions in the New York State  
22          Human Rights Law, to put it into the  
23          tenant-protection law that you guys are working on,  
24          and to declare tenants are a protected class, they  
25          are protected from retaliation.

1           The same way someone complaining that their  
2 boss sexually harassed them, let them be protected.

3           Thank you all for your diligence, commitment,  
4 to this issue.

5           I appreciate your time today.

6           [Applause.]

7           SENATOR KAVANAGH: Thank you very much.

8           ALICIA BOYD: Hello.

9           My name is Alicia Boyd, and I represent the  
10 Movement to Protect the People, Ban Brooklyn  
11 Anti-Gentrification Network, and FLAC (Flower Lovers  
12 against Corruption).

13           We are a grassroots organization that's  
14 located right here in this community.

15           And I just want to start out by saying that,  
16 I'm a homeowner, and yet I fight for tenants, and  
17 the reason why I fight for tenants is for two  
18 reasons.

19           Once, I was too a tenant, and I believe the  
20 tenants are like a tree; they are the roots of a  
21 tree.

22           Without them, we crumble.

23           95 percent of the people in my community are  
24 tenants, and so when my organization fights, we  
25 fight for everyone.

1           Now, back in the 1990s, I was a  
2           rent-stabilized tenant, and I saw the legislation,  
3           I saw our elected officials start to deregulate and  
4           destroy rent stabilization, and all the way back  
5           then I knew that this day was going to come.

6           And so I said, Oh, my God, they are  
7           destroying rent stabilization. They're telling us  
8           that it's really to make it even, but I know what  
9           was being done.

10          Now, you did it.

11          You did it in the 1990s, and you kept on  
12          doing it.

13          So now we're here.

14          Now, every elected official comes to us and  
15          tells us the same thing: Oh, we know how you're  
16          being displaced. We know gentrification is hurting  
17          us. We know the apartments are affordable and not  
18          affordable to you.

19          But we can't do anything about it, as if you  
20          don't create the laws, as if you did not create the  
21          scenario that we currently exist in.

22          You created this scenario.

23          You decided that the rent-stabilization laws  
24          that were intact in the 1990s, which I lived under,  
25          which were very strong, needed to breakdown because

1 of all the money that you get; all the money that  
2 you get behind closed doors from all the real estate  
3 industry, as they sit there and put their little  
4 fingers all over you and put money in your pockets.

5 And then you come up here with a -- this  
6 parade in front of us, "Oh, let me hear what you  
7 have to say," as if you don't know what's going on.

8 You know what's going on.

9 I know what's going on.

10 They know what's going on.

11 We all know what's going on.

12 You are the fault of why we're sitting here.

13 You are the reason why there are, now,  
14 90,000 people homeless, because you have chosen to  
15 turn your back on the people that you are supposed  
16 to be representing.

17 Now, all of a sudden, you have to this  
18 opportunity.

19 Oh, yes, we have this opportunity, and we're  
20 going to change something.

21 But you know something?

22 I don't have a lot of faith in you.

23 Now, other people do, but I don't, because  
24 I've been seeing the dirt.

25 I can't even get my representative, who sits

1 right there (indicating), to even meet with me.

2 We called him up, Hey, Zellnor Myrie, where  
3 have you been? You haven't been to a community  
4 board yet. We haven't seen you. Why haven't you  
5 come? When we call up and ask to meet with you, you  
6 don't even respond.

7 Senator, why can't we speak to our senators?

8 Senator Parker, why can't we meet with him?

9 Can't get him.

10 Why can't we meet with our Assembly person?

11 Can't get them.

12 You call him up, Oh, no, I'm not going to  
13 speak with you. I'm not going to meet with you.

14 Here we are, representing the community, and  
15 they won't even meet with.

16 So then we ask, Well, how can we get  
17 Senator Myrie to sit down and meet with us?

18 You can't.

19 You can't.

20 So ask him, so I have a question for you,  
21 Senator Myrie: Why haven't you sat down and met  
22 with us?

23 We called your office, we asked for an  
24 appointment, because we got issues right here.

25 We've got rent-stabilization buildings that

1 are about to be deregulated, and it's your  
2 responsibility to address the issue, but you have  
3 not.

4 But you'll stand up here on a platform and  
5 act like you're representing us.

6 But when it comes down to fighting the  
7 nitty-gritty where we're at, you don't do anything.

8 So why haven't you met with us,  
9 Senator Zellnor Myrie?

10 Here it is: silence.

11 That's what we get from our elected  
12 officials: We get silence. And we get talk about  
13 how you're going to protect us.

14 And at the same time, the reason why we're in  
15 the shelter system and why our children are in the  
16 shelter system, and why genocide is going on,  
17 because this is genocide.

18 When you sit there and take our children and  
19 put them inside of these shelter systems, when they  
20 have to suffer, that's genocide. That's violence to  
21 us.

22 You create violence on us.

23 And then you won't even have the decency to  
24 meet with us.

25 But you're coming here and parade, put your

1 names all out, let people clap for you, as if you  
2 don't know what's really going on, as if you don't  
3 know the laws that will protect us, as if you don't  
4 know that all the laws that are in place you don't  
5 even enforce.

6 You got tons of laws that would bring these  
7 real estate developers in, but you don't even  
8 enforce them.

9 You just want to create a couple of more  
10 laws.

11 Oh, yeah, let's just create a couple of more  
12 laws.

13 Oh, yeah, let's appease the masses.

14 Well, why don't you start enforcing the ones  
15 that you've got?

16 Why don't you put in legislation to put some  
17 teeth into them, make them accountable?

18 Make all of these -- you heard the testimony.

19 This is not the first time you've heard  
20 everybody talk about how these landlords just do  
21 what the [censor bleep-out] they want to do, but you  
22 don't put any teeth to them, do you?

23 You just pass the law.

24 That's it, pass the law.

25 But they can violate the law, and you don't

1 do anything.

2 You know why?

3 Because their money is dependent upon your  
4 money.

5 You get their money, as you are proud and  
6 say, Oh, I don't take any developer's money.

7 Oh, yes, you do.

8 You take it through all your little  
9 associates. They funnel the money in, it comes in.

10 Zellnor Myrie, 90 percent of his money came  
11 from out of community.

12 You wonder why he does not sit here and meet  
13 with us?

14 You wonder why he does not seat and meet with  
15 us?

16 He doesn't meet with us because 90 percent of  
17 his income, 90 percent of his money, came from out  
18 of the community, so he doesn't feel like, his  
19 community, he has to represent us. He doesn't have  
20 to meet with us.

21 No, you don't.

22 You can just sit here and parade yourself,  
23 and send out your literature that you're doing  
24 something for us.

25 SENATOR KAVANAGH: Okay.

1 ALICIA BOYD: Well, let's see what you wind  
2 up doing.

3 My 13 seconds, I've still got 12 seconds.

4 SENATOR KAVANAGH: You do indeed.

5 ALICIA BOYD: So I'm watching the clock.

6 SENATOR KAVANAGH: You do indeed.

7 ALICIA BOYD: Okay?

8 I've got six now.

9 I got five now.

10 Four.

11 Now my question has to be asked: When is  
12 Zellnor Myrie going to meet with his constituent  
13 group?

14 SENATOR KAVANAGH: Thank you.

15 Next.

16 ALICIA BOYD: I'm asking a question.

17 When is he going to meet with us?

18 SENATOR KAVANAGH: Excuse me, but we have a  
19 hearing here. And we have another --

20 ALICIA BOYD: When is he going to meet with  
21 us?

22 SENATOR KAVANAGH: -- we have another  
23 witness --

24 ALICIA BOYD: When is he going to meet with  
25 us?

1           SENATOR KAVANAGH:  -- we have another  
2 witness --

3           ALICIA BOYD:  When is he going to meet with  
4 us?

5           SENATOR KAVANAGH:  We have --

6           ALICIA BOYD:  When is he going to meet with  
7 us?

8           I am a resident in this community.

9           He is a representative.

10          I'm asking a very direct question.

11          When is this man going to sit there and meet  
12 with his constituents?

13          SENATOR KAVANAGH:  I'm going to ask you to  
14 respect the many people who have been sitting here  
15 for six hours.

16          ALICIA BOYD:  Right, and I'm asking him to  
17 respect --

18          SENATOR KAVANAGH:  You have --

19          ALICIA BOYD:  -- the people who have elected  
20 him.

21          SENATOR KAVANAGH:  You have had an  
22 opportunity to speak.

23          We've got --

24          ALICIA BOYD:  Again, when is he going to meet  
25 with us?

1 SENATOR KAVANAGH: -- dozens of people --

2 ALICIA BOYD: When is he going to meet with  
3 us?

4 SENATOR KAVANAGH: -- who have been waiting  
5 for hours to speak.

6 You have --

7 ALICIA BOYD: When is he going to meet with  
8 us?

9 SENATOR KAVANAGH: You have asked your  
10 question.

11 ALICIA BOYD: When is he going to meet with  
12 us?

13 When is he going to meet with us?

14 SENATOR KAVANAGH: I don't --

15 ALICIA BOYD: When is he going to meet with  
16 us?

17 SENATOR KAVANAGH: I don't want to have to --

18 ALICIA BOYD: When is he going to meet with  
19 us?

20 SENATOR KAVANAGH: I don't want to have to  
21 ask you to leave.

22 ALICIA BOYD: When is he going to meet with  
23 us?

24 SENATOR KAVANAGH: I don't want to have to  
25 ask you to leave.

1 ALICIA BOYD: When is he going to meet with  
2 us?

3 When is he going meet with us?

4 SENATOR KAVANAGH: I'm going to ask the next  
5 person to speak.

6 ALICIA BOYD: When is he going to meet with  
7 us?

8 When is he going to meet with us?

9 SENATOR KAVANAGH: I'm going to ask -- I'm  
10 going to have you speak.

11 ALICIA BOYD: (Microphone turned off.)

12 When is he going to meet with us?

13 When is he going to meet with us.

14 FREDERICK JOHNSON: Can you hear me okay?

15 ALICIA BOYD: When is he going to meet with  
16 us?

17 When is he going to meet with us?

18 FREDERICK JOHNSON: It is on?

19 Okay.

20 ALICIA BOYD: That's right.

21 SENATOR KAVANAGH: I'm going to ask the next  
22 person to speak.

23 Thank you.

24 FREDERICK JOHNSON: My name is  
25 Frederick Johnson.

1 Thank you.

2 Dear Senators and Committee members:

3 Today is my birthday.

4 My name is Frederick Johnson.

5 I am 55 years young.

6 My wife and I live on Rutland Road between  
7 Nostrand and Rogers.

8 My wife's name is on the deed.

9 Jesus owns our home.

10 Please vote immediately for S3693, that  
11 eliminates rent increases based on major capital  
12 improvements.

13 And if this language is not included, please  
14 eliminate a landlord's ability to receive payments  
15 for an MCI from tenants in perpetuity.

16 This practice is criminal and must stop now.

17 Please vote immediately for S2845, that  
18 prohibits a landlord from adjusting the amount of  
19 preferential rent upon the renewal of a lease.

20 Preferential rents are deceptive, which is  
21 also criminal.

22 Please vote immediately for S185, that  
23 eliminates the 20 percent bonus a landlord may add  
24 to the cost of rent for an apartment once a renter  
25 moves.

1           There are certain landlords who are motivated  
2 by greed, who have, and are, evicting people only to  
3 get more money.

4           The 20 percent bonus pays the landlords to  
5 remove tenants.

6           For these three bills, whether the Governor  
7 says yes or no, if he vetoes, you have the  
8 authority, and the responsibility, to override a  
9 governor's veto and enact these bills into law.

10          In closing:

11          God has a vision for this community.

12          When I arrived in Brooklyn in 2003, I was  
13 homeless.

14          I'm not homeless now for one reason:

15          The Constitution of the state of New York  
16 opens with these words, "We, the people of the state  
17 of New York, grateful to Almighty God for our  
18 freedom, in order to secure its blessings, do  
19 establish this Constitution."

20          The only Almighty God is the God of heaven.

21          He is the God I serve.

22          He also is the God of the earth.

23          He is Lord.

24          He owns everything.

25          His vision for our community is contained in

1 his word, the Bible.

2 The Bible is about government. It's about  
3 God's kingdom.

4 And God's vision is for earth to look like  
5 heaven.

6 We must change the way that we think, and  
7 seek, first, the kingdom of God.

8 Do your part and pass these laws.

9 Thank you.

10 Frederick Johnson.

11 SENATOR KAVANAGH: Thank you.

12 [Applause.]

13 SENATOR KAVANAGH: Thank you.

14 Questions for this panel?

15 Okay.

16 Again, we really appreciate your patience,  
17 and the patience of everyone.

18 Thank you very much for your testimony.

19 SENATOR SALAZAR: Happy birthday.

20 SENATOR KAVANAGH: And happy birthday, and,  
21 thank you. This is a wonderful way to spend your  
22 birthday, I'm sure.

23 [Laughter.]

24 SENATOR KAVANAGH: Let me thank you.

25 Next up -- so I'm going to read off folks,

1 and if you are here, please indicate, and the first  
2 three that are here that I read off are just going  
3 to come up.

4 So, first up, Estaban Giron; right?

5 And I'm just going to do these in, you're  
6 going to notice a certain alphabetical order here.

7 Gretelle Phillips.

8 Is Gretelle Phillips still here?

9 Okay, we have Gretelle Phillips. Great.

10 And I'm Jen -- no, I'm to skip to a somewhat  
11 different topic.

12 So I'm going to ask, Lisa Mathis.

13 Lisa is here. Great.

14 And then, Lynne Timko, who I know is --  
15 I believe still in the back.

16 Great.

17 Thank you.

18 And I am going to very reluctantly, for  
19 people who have been patient, I'm gonna -- we've  
20 been doing a 6-minute window.

21 With your -- can we do -- can you do  
22 4 1/2-minute increments?

23 Okay.

24 With apologies for the people who have been  
25 here for a long time, we will take testimony.

1 I'm going to shorten the period, just to get,  
2 because we have many more people who have been  
3 waiting, and I want to make sure we get as many of  
4 them as we can.

5 So we're going to go with 4 1/2-minute  
6 increments from here on in.

7 And we appreciate, again, your testimony and  
8 your patience.

9 So, why don't you begin.

10 ESTEBAN GIRON: Good afternoon.

11 My name is Esteban Giron.

12 I am a member of the organizing committee of  
13 the Crown Heights Tenant Union, and I serve on the  
14 board of Tenants PAC.

15 I'm also a rent-stabilized tenant, and I live  
16 less than a block and a half from this auditorium.

17 Welcome to our neighborhood.

18 Senator Kavanagh, thank you for your  
19 leadership and for bringing this fight to the people  
20 today.

21 You may or may not remember this, but, four  
22 years ago, the CHTU was one a handful of groups that  
23 spent the night on the lawn in front of the  
24 Capitol Building in Albany --

25 SENATOR KAVANAGH: I do.

1           ESTEBAN GIRON:  -- in support of  
2           strengthening the rent laws.

3           I remember very clearly that you were only --  
4           one of only two legislators who stopped by to greet  
5           us that night.

6           One was our Assembly Member Walter Mosley,  
7           and the other was you.

8           It meant so much to us to have that support.

9           So, again, thank you for sticking with us all  
10          these years.

11          SENATOR KAVANAGH:  Thank you.

12          ESTEBAN GIRON:  I would also I like to give a  
13          special shutout to our champion,  
14          Senator Zellnor Myrie.

15          Senator, we sent you to Albany to fight for  
16          us, and here you are, five months later, bringing us  
17          the Senate Housing Committee.

18          I could go on for hours about how proud we  
19          are of you, but since you live just a short walk  
20          from here, I will simply say, Welcome home,  
21          neighbor.

22          Crown Heights has been at the epicenter of  
23          this housing crisis for half a decade now.

24          Real estate speculation has doubled, and  
25          sometimes tripled, the value of the land that you're

1 sitting on.

2 My landlord used to own half a dozen  
3 buildings within a few blocks radius of here, but  
4 now only owns my building, after selling each of  
5 those buildings for upwards of three to four times  
6 what he paid for them.

7 These aren't regular market forces at work as  
8 landlords would have you believe.

9 This has all been a carefully crafted plan to  
10 systemically empty our thriving neighbor of  
11 working-class folks of color.

12 With the help of our local council member and  
13 a mayor and governor who embody the spirit of  
14 Tammany Hall, destructive policies, such as  
15 mandatory inclusionary housing, have only further  
16 accelerated the threat of displacement.

17 When you leave here, I'd like for you to  
18 think about the fact that, upwards of 2500 new  
19 luxury units will have -- will be online in this  
20 area in the next two years.

21 That's our reality now.

22 The loopholes in the rent laws have proven  
23 way too tempting to ignore for our greedy landlords.

24 And along with our City and State, Crown  
25 Heights represents nothing less than an all-out

1 attempt to colonize and ethnically cleanse our  
2 community.

3 I've lived in my current apartment for  
4 six years. My rent is currently affordable and  
5 doesn't exceed 30 percent of mine and my husband's  
6 combined income. But it wasn't always this way.

7 We spent almost two years in housing court,  
8 fighting fraudulent rent overcharges for individual  
9 apartment improvements.

10 We ultimately won because my landlord was  
11 using materials from his own chain of hardware  
12 stores to make the renovations, but writing receipts  
13 as though he had paid retail prices for them.

14 Our rent was reduced by almost 400 a month,  
15 but it was an all-consuming process that up-ended  
16 our lives so completely that it resulted in us  
17 becoming dedicated volunteer tenant advocates and  
18 organizers.

19 Throughout the process I was appalled at how  
20 easy it was to engage in fraudulent renovations and  
21 inflate the cost of these improvements.

22 Earlier today, as I watched these independent  
23 contractors take marching orders from their landlord  
24 bosses outside, I was reminded that this is a  
25 well-developed racket that is not going to go

1 anywhere without a fight.

2 Folks often talk about the supposed number --  
3 small number of bad-actor landlords who are  
4 defrauding their tenants and raking in profits that  
5 they're not entitled to.

6 I don't know about the rest of the people in  
7 this audience, but I have yet to meet a landlord who  
8 could be described as "a good actor" in regards to  
9 IAIs.

10 Sure, there are laws on the books, and an  
11 agency, DHCR, that is tasked with oversight, but no  
12 amount of funding to that agency can possibly  
13 account for enough staffing to adequately oversee  
14 such widespread fraud.

15 The individual apartment improvement system  
16 is irreparably broken, and it was landlords, not  
17 tenants or legislators, who broke it through abuse  
18 and fraud.

19 They have proven that they don't have the  
20 self-control to be trusted with the right to IAIs,  
21 and I strongly urge you to revoke that right  
22 altogether.

23 To whom much is given, much is required, and  
24 landlords did not rise to meet the challenge of that  
25 requirement.

1           Cut them off before the situation gets worse.

2           Like a large number of my neighbors, I was  
3           once a non-regulated tenant living about a 5-minute  
4           walk from here. The conditions that I lived in were  
5           unsafe, and affected my health, both mental and  
6           physical.

7           After waking up at my wits' ends one night,  
8           surrounded by some very aggressive rodents, and  
9           calling 311 in a panic, I found myself wrapped up in  
10          close to a year of eviction proceedings that,  
11          ultimately, resulted in me losing my apartment.

12          The fear of retaliation for unregulated  
13          tenants is constant and debilitating.

14          I spoke with a member of the CHC earlier  
15          today who really wanted to be here to testify, but  
16          was afraid that his landlord would find out, and  
17          would retaliate with frivolous court proceedings as  
18          they have done before.

19          Think about that for a moment.

20          The state Legislature publically appeals to  
21          residents of the state to exercise their right to be  
22          heard in a public hearing.

23          And because of a system that, effectively,  
24          makes unregulated tenants second-class citizens, you  
25          won't even be hearing some of the worst stories that

1       you took the time to come here to listen to.

2               So if you believe in tenant protection,  
3       I don't see how anyone, in good conscience, could  
4       ignore the right of non-regulated tenants in  
5       New York City.

6               I urge to you pass good-cause eviction  
7       protection.

8               Most renters in New York State will continue  
9       to be subject to the whims of a handful of greedy  
10      landlords, otherwise.

11              And as long as there are two classes of  
12      tenants, we are not a progressive state and should  
13      stop claiming that mantle altogether.

14              Until my neighbor can come to a hearing like  
15      this without being worried that he will end up being  
16      homeless for speaking truth to power, we are not all  
17      free and we should stop pretending to be.

18              Thank you.

19              [Applause.]

20              LISA MATHIS: Thank you for the privilege to  
21      represent and speak for the tenants throughout the  
22      beautiful state of New York.

23              My name is Lisa Mathis, and I have lived at  
24      80 New York Avenue, an 8-family building in  
25      Crown Heights, on and off, for over 40 years.

1 I'm the child of a New York single mother and  
2 civil servant, a product of Brooklyn public school  
3 system, a graduate of a New York State private  
4 college.

5 Thomas DiNapoli signs my bi-weekly paycheck,  
6 as I'm a court clerk specialist in Kings County  
7 Surrogate's Court.

8 I'm the mother of two adult children who were  
9 well educated in the public school systems of  
10 Brooklyn, as well as CUNY and SUNY colleges.

11 My daughter is employed in Albany, New York,  
12 and my son is employed in New York -- by New York  
13 City.

14 I say all this to say explain that I am fully  
15 invested in this borough, this city, and this state.

16 I've been voting since 1978, and have trusted  
17 my elected officials to operate in the best  
18 interests of their constituents who put them in  
19 office.

20 I'm a tenant and an upstanding citizen.

21 I'm here to say that all nine bills need to  
22 be signed.

23 We need stronger tenant protection to put an  
24 end to evictions, to put an end to homelessness, in  
25 New York.

1 I'm especially advocating for the bills to  
2 end vacancy decontrol, to end preferential rents,  
3 IAIs, and to implement just-cause eviction.

4 GO Management purchased my building in  
5 December 2014.

6 I grew up in this building. It is indeed my  
7 home, my community, my neighborhood.

8 My landlord started harassing the tenants  
9 before the building was even purchased, and  
10 continues to do so nearly five years later.

11 GO has inflicted every type of housing  
12 harassment.

13 They illegally removed five of the eight  
14 apartments from rent stabilization.

15 We went without heat for three winters  
16 because GO illegally ripped out the boiler.

17 The two other long-term tenants who chose to  
18 remain and suffer were my 80-year-old aunt and a  
19 65-year-old neighbor.

20 We have faced every type of construction  
21 harassment:

22 Dust, debris.

23 Removal of staircases, walls, ceilings,  
24 mailboxes, and intercoms.

25 Demolition work during all hours of the day,

1 on weekends and even on holidays.

2 Days without electricity, cooking gas, or  
3 running water.

4 The DOB stop-work orders were issued and  
5 immediately ignored.

6 I showed up for ECV hearings where the  
7 landlord didn't show up.

8 I have met with tenant-harassment prevention  
9 task force.

10 I have attended hearings regarding the boiler  
11 at DHCR, as well as proceedings for contempt and  
12 housing court brought by HPD.

13 Why?

14 Because the current laws make it easy for  
15 landlords and developers to consider this as the  
16 cost of doing business.

17 It makes sense because, vacancy decontrol,  
18 preferential rents, and IAIs allow them to  
19 illegally and arbitrarily jack up the rents and  
20 remove the few affordable apartments available.

21 Pass these bills to stop bad-acting  
22 landlords.

23 I fully understand that the housing markets  
24 and demographic of communities change naturally over  
25 time.

1           This is not what is happening in our  
2 neighborhoods.

3           I have had the privilege to volunteer on  
4 Saturdays to tutor elementary school students in a  
5 Canarsie school.

6           I was appalled to see signs about busing them  
7 from homeless shelters so they would not have to  
8 change schools when their families were evicted from  
9 their current neighborhood.

10          I was also told that, in some schools,  
11 40 percent of the students are coming in from  
12 homeless shelters.

13          There are too many working homeless families  
14 and individuals with little hope of finding  
15 affordable housing.

16          I would like for my children to be able to  
17 afford to live and raise their families in the  
18 neighborhood they grew up in.

19          These laws can help make that happen.

20          I am saddened to know that my two  
21 sister-in-laws, both New York State school teachers  
22 for over 25 years, was forced to move out of their  
23 Brooklyn apartments.

24          One sister-in-law, because the preferential  
25 rent the new landlord chose to enforce, after

1 15 years of residency in the building, made her  
2 apartment unaffordable.

3 The other because it was an apartment in a  
4 building with less than three tenants, and the  
5 landlord just wanted her gone to collect twice the  
6 amount of rent.

7 She was an excellent tenant for over  
8 17 years. She needed the law for just-cause  
9 eviction.

10 Now she commutes three hours a day to come  
11 and teach in one of our Brooklyn elementary schools.  
12 Her commute used to be 30 minutes.

13 When one of my judges found out I was coming  
14 here tonight to speak, she wanted me to say that she  
15 could not afford to live in Brooklyn if she hadn't  
16 had a family home.

17 I was raised on the philosophy to trust, but  
18 verify.

19 Unfortunately, it is now foolhardy to do so  
20 because landlords, developers, and greedy investors  
21 will not only take advantage of loopholes, but will  
22 lie and break laws with impunity for greed and  
23 profit.

24 We, the tenants, need to have protections and  
25 viable recourse when they do.

1           Please do not sell your constituents out to  
2 these bad actors for their campaign contributions.

3           Now is the time you can get this done.

4           We did our part and elected you.

5           Now do your part.

6           Let me trust and believe, not just trust and  
7 verify.

8           We need these protections to continue to have  
9 stable, viable communities with great citizens like  
10 myself and my family.

11           Therefore, on behalf of all tenants, these  
12 bills are necessary, so stand with us and for us.

13           Pass all nine bills so our homes can again be  
14 our sanctuaries.

15           SENATOR KAVANAGH: Thank you.

16           LISA MATHIS: Thank you.

17           [Applause.]

18           GRETELLE PHILLIPS: Good evening, Senators.

19           My name is Gretelle Phillips.

20           I'm 72 years old.

21           I have lived in Apartment 3-B at  
22 8 Rutland Road in the neighborhood of  
23 Prospect Lefferts Gardens, Brooklyn, for 39 years.

24           I live there were my husband,  
25 Densley Phillips. He is 83 years old.

1           My landlord is 611 Flatbush Avenue Realty,  
2           which is run by greedy landlords, Miriam and  
3           William Shasho.

4           I'm here to tell you about how my landlord  
5           has harassed me and my neighbors in effort to  
6           decontrol our apartments.

7           Once they have pushed long-term tenants out,  
8           the landlord turns the unit into Airbnbs and  
9           market-rate apartments.

10          They renovate the units and install separate  
11          heating and cooling systems for the Airbnb guests  
12          and market-rate tenants, which caused our  
13          electricity in our apartments to flicker and go out  
14          sometimes.

15          Meanwhile, Densley and I go without heat and  
16          hot water.

17          I had to buy an electric heater. The heater  
18          drives up my electric bills.

19          We also have rodent infestations. I had to  
20          get a cat.

21          Our electrical cords spark and burn due to  
22          electrical system shorting out. We worry about a  
23          fire.

24          We have notified the Shashos of these issues.

25          They often do not respond to our complaints,

1 and even when they do, their response is delayed or  
2 (indiscernible).

3 When our stove stopped working, they provided  
4 us with a replacement stove, but the replacement  
5 stove was infested with mice and roaches.

6 William Shasho has asked me many times, when  
7 I am moving back to Barbados --

8 OFF-CAMERA SPEAKER: You already know what's  
9 happening. What's the remedy?

10 GRETELLE PHILLIPS: -- and when I am moving  
11 to Florida?

12 We have seen our neighbors get pushed out,  
13 but this is our home. We have lived there for  
14 almost 40 years.

15 We do not want to move. We do not want to be  
16 homeless.

17 Thank you.

18 SENATOR KAVANAGH: Thank you very much.

19 Okay.

20 And so I am going to -- it is 8:22.

21 We were supposed to be scheduled by 8:00.

22 There are many people who work in this  
23 building that need to leave the building soon.

24 So (indiscernible) I'm going to -- we're  
25 going to reduce the amount of time to two minutes

1 per person, with apologies, so that we can get as  
2 many people in as we can.

3 I think, Lynne, you're up next.

4 And then I would like to hear -- if -- if --  
5 if people could just come up.

6 If Tyrone McDonald is here, still?

7 Perhaps not?

8 Oh, Tyrone McDonald is here.

9 Great.

10 And we're going to go back, and I mentioned  
11 before, but, if Jennifer Weber is here, you will be  
12 up next.

13 Jennifer Weber is here. Okay.

14 Again, with apologies, we're going to do  
15 two minutes, the speed-round. And we'll take any  
16 written testimony people have.

17 Go ahead.

18 LYNNE TIMKO: All right.

19 Lynne Timko, 225 East 26th Street, Kips Bay,  
20 Manhattan.

21 We've recently been taken over by  
22 TriArch Management.

23 There's been a mass exodus from the building.

24 32 people have moved out since January.

25 The landlord is using the full arsenal of

1 deregulation tools.

2 The majority of those apartments vacated were  
3 already renovated with, like, cheap Home Depot sinks  
4 and, you know, like faux granite, and everything,  
5 but charging, you know, market rate.

6 They want now, 4,000 for a studio, 5,000 to  
7 6,000 for a one-bedroom.

8 We've, literally, been declared  
9 luxury (making air-quotes with fingers) overnight.

10 We've had numerous MCIs.

11 I bought an elevator.

12 I bought a boiler.

13 I had asbestosing (sic).

14 I bought my own surveillance, where they  
15 watch us in the office all day long.

16 There's no -- it's not security because it  
17 doesn't cover any of the areas where something could  
18 happen that you would need security.

19 It spies on us.

20 And also, too, like, what does -- you know,  
21 what does your rent cover?

22 It should cover basic -- you know, a window,  
23 hot water.

24 And, also, when I moved in, I was charged for  
25 a refrigerator, stove, and air conditioner.

1           My air conditioner is from 1964, and, you  
2 know, you're still paying for that?

3           You can't even use it because of -- the  
4 quality is so bad.

5           And the building really has zero amenities.

6           We've had a handicapped elevator put in that  
7 goes up one foot, and nobody's allowed to use it  
8 unless you pay \$100.

9           But we bought it.

10          So it's stuff like that.

11          Everybody's in the same situation.

12          And then, again, to, like, make some  
13 penalties for them, like, hit them in their  
14 pocketbooks, because that's where their hearts are.

15          SENATOR KAVANAGH: Thank you.

16          Next.

17          TYRONE McDONALD: How do you turn this on?

18          It's on?

19          Okay, it's on.

20          Right on.

21          Thank you, Senators, for providing me the  
22 opportunity to speak.

23          My name is Tyrone McDonald.

24          I'm the government and community relations  
25 manager for Neighborhood Housing Services of

1 Brooklyn, a community-based not-for-profit, that  
2 envisions affordable, healthy, safe, and sustainable  
3 communities throughout Brooklyn and the city  
4 at-large.

5 We have an office in East Flatbush in  
6 Canarsie, and serve residents within Community  
7 Board 17 and 18 and surrounding neighborhoods.

8 Our focus is housing services. That includes  
9 home ownership, housing preservation, tenant-support  
10 services, foreclosure intervention, just to name a  
11 few.

12 Due to the issue of the lack of affordable  
13 housing and subsequent displacement, NHS Brooklyn  
14 added tenant-support services to its menu.

15 The pressing need to assist and guide tenants  
16 was overwhelming, which resulted in long waiting  
17 lists with many of our partner-based organizations.

18 During our journey of helping tenants better  
19 understand their lease agreements, explaining  
20 succession rights, assisting NY -- assisting them  
21 with NYC housing-connect applications, helping with  
22 rent-freeze applications for Senate -- for seniors  
23 and the disabled, preventing evictions, making  
24 referrals, we noticed that at least half of our  
25 clients needed -- who needed tenant-support services

1 were living in shelters and temporary housing,  
2 desperate for housing any kind.

3 In 2018, just -- with just one tenant  
4 councilor on staff, we served 230 tenants.

5 Many of these clients have Section 8 or  
6 CITYFEPS in our seniors, which point to another  
7 pervasive issue: discrimination due to source of  
8 income.

9 New York City is in the midst of a housing  
10 catastrophe, not only losing units, but  
11 the remaining tenants, many of whom are  
12 rent-burdened, spend more than half of their income  
13 on housing.

14 We simply can't build our way out this  
15 situation.

16 We must protect affordable housing by  
17 strengthening existing rent laws and closing  
18 loopholes responsible for the massive hemorrhaging  
19 of rent-stabilized apartments.

20 We owe it to our families and individuals  
21 across the city, and we owe it to ourselves.

22 Thank you.

23 SENATOR KAVANAGH: Thank you so much.

24 And thank you to the organizations you're  
25 representing, and all your work.

1 Next up.

2 LYNNE TIMKO: I just have one quick sentence.  
3 Recently, we were under a J-51 that's  
4 expiring.

5 SENATOR KAVANAGH: While she's coming up, go  
6 ahead.

7 LYNNE TIMKO: And they've given the tenants  
8 that have been there over 40 years, saying now their  
9 apartments will be deregulated.

10 SENATOR KAVANAGH: All right, thank you.

11 LYNNE TIMKO: That's it. That was the  
12 latest.

13 Thank you.

14 JENNIFER WEBER: Hi.

15 SENATOR KAVANAGH: Please begin.

16 We're under tremendous pressure to wrap this  
17 up, so go ahead.

18 JENNIFER WEBER: Okay.

19 Good evening.

20 I'm Jennifer Weber, and I'm thankful for this  
21 opportunity to speak, particularly in this space, as  
22 both a CUNY grad myself, and as a CUNY educator of  
23 20 years.

24 I'm a New York City, native born, on the  
25 island of Manhattan, and I've lived in lofts in

1 Williamsburg for the last 30 years.

2 I know and care for many of those who do so  
3 also.

4 I'm now the owner of the loft building where  
5 I live and work, as well as a member of an  
6 organization of loft-building owners, a few of which  
7 might have been here today.

8 While I'm wearing many hats, I'm speaking  
9 today as a citizen, and I'm very concerned about  
10 what's going on with this loft-law bill in Albany,  
11 and I want to shed some light on the fact that it's  
12 not functional, and it matters to more people than  
13 meets the eye.

14 That's my purpose here.

15 A few months ago, when I was at a public  
16 meeting of the New York City Loft Board, I listened  
17 as a board member there, there to represent the  
18 public, said something that I've heard a number of  
19 times before: That the loft law was critical  
20 legislation being advanced because it's responsible  
21 for keeping the arts and culture and the creative  
22 economy alive in New York City.

23 And then that followed with something, like:  
24 Without it, we would lose the defining and vibrant  
25 aspects of our city.

1           And then this met with applause, as is done  
2 many times in front of me before, and maybe that  
3 same thing has transpired already here today.

4           That statement makes me very uncomfortable.

5           First of all, it renders all of my former  
6 CUNY art and design students, hundreds of talented  
7 and hard-working creatives, anything, but live-work  
8 loft beneficiaries, absolutely silent and invisible  
9 and irrelevant.

10           But even more far-reaching, it illustrates  
11 how inadvertently we can buy into narratives that  
12 validate our acknowledged history of preferential  
13 treatment.

14           SENATOR KAVANAGH: I'm going to ask you to  
15 give me one more sentence, and then submit it --

16           JENNIFER WEBER: Okay.

17           SENATOR KAVANAGH: -- and we're going to get  
18 the rest --

19           JENNIFER WEBER: We need to be careful not to  
20 justify efforts to carry that history forward;  
21 that's not progress to me.

22           SENATOR KAVANAGH: I'm assuming there was a  
23 semicolon in the middle of that.

24           And I -- with tre -- with tremendous  
25 appreciation --

1           JENNIFER WEBER: What I'm requesting here is  
2 that, there needs to be a leader in Albany that  
3 takes on gathering some data, because the loft law  
4 is in a data black hole.

5           And it's irresponsible for my party, the  
6 Dems, to be advancing policy that isn't based on  
7 fact.

8           SENATOR KAVANAGH: We appreciate your  
9 testimony. And, if you want to submit what you  
10 have.

11           And, I'm going to -- so I'm going to read off  
12 some names.

13           Is Mark --

14           Thank you for your testimony.

15           JENNIFER WEBER: Okay. I'm going to send  
16 that in, because it's --

17           SENATOR KAVANAGH: Yeah, that's fine.

18           Is Mark Gerig here?

19           Mateo Cartegena?

20           Victoria Hillstrom -- Hillstrom, I believe?

21           And, Sue Yellen.

22           If you could just come up, and we're --

23           Sue, I'm told, is not here.

24           Okay.

25           Again, speed-round.

1 MARK GERIG: Hell. My name is Mark Gering.

2 Senators, you've all met me before.

3 I am a founding member of New York City Loft  
4 Tenants, since 2011.

5 And I am a former loft tenant, a recently  
6 former loft tenant, because, although I fought a  
7 January 31, 2019, eviction for 10 weeks --

8 You know about my case, you know who I am.

9 My colleagues brought my case up many times  
10 over the past few months.

11 -- although I fought for 10 weeks to buy  
12 time, until the law bill passed, as was promised  
13 in -- early in the session, January or February, it  
14 hasn't happened.

15 Senator Kavanagh, you've stalled it.

16 Senator Salazar, you've stalled it.

17 And you both promised that you would pass it.

18 Well, I'm gone. I lost my space of 26 years.

19 I spent my last day on August -- on  
20 April 14th -- Sunday, April 14th, a month ago,  
21 I walked away.

22 I couldn't afford to carry on an appeal.

23 I would have had to pay a \$15,000 bond, and  
24 on top of that, I was required to pay a  
25 use-and-occupation fee of \$9,000 a month.

1           \$27,000 right up front, \$9,000 thereafter,  
2 every month after that.

3           I had to quit.

4           Please pass this bill for the people who are  
5 about to be evicted.

6           I was in my space for 26 years.

7           I am an artist and crafts person.

8           I will never be able to have a loft space  
9 like that again.

10           I have been in loft spaces the vast majority  
11 of my adult life, because I needed them for my work,  
12 to live and work, and to be an artist, and to be a  
13 creative contributor to this society.

14           Thank you.

15           Please, please, press ahead and pass this  
16 bill.

17           I'm the person that got the axe because this  
18 went so slow.

19           SENATOR KAVANAGH: Thank you.

20           [Applause.]

21           MATEO CARTEGENA: Hi.

22           My name is Mateo Cartegena.

23           I have a lot here.

24           Thank you for having me.

25           Glad I didn't dress up for nothing.

1 I just want to also urge the support -- urge  
2 the passing of all nine tenants' bills --

3 MARK GERIG: I do too. I was up in Albany on  
4 Tuesday.

5 MATEO CARTEGENA: -- to go to strengthen  
6 tenants' power throughout the state, in general.

7 And, also, I am a loft tenant, so I'm here to  
8 also support the passing of the loft-law bill as  
9 soon as possible.

10 We're part of communities of colors that are  
11 also being displaced in Brooklyn and elsewhere for  
12 the sake of high-rent res development, residential  
13 technology, expensive working and office spaces, and  
14 otherwise.

15 We are against communities of working artists  
16 and musicians and creators from being displaced from  
17 the city and state at an alarming rate because it's  
18 becoming too unaffordable to live and work.

19 (Indiscernible) from downtown Jersey City,  
20 which got completely gentrified, I grew up and saw  
21 my community completely decimated.

22 And I've seen that happen in communities here  
23 where my family and friends have lived, in New York  
24 City, in Brooklyn.

25 And, years ago I was lucky enough to find a

1 cheap loft situation with other creative people in  
2 District 18, which Senator Salazar proudly  
3 represents.

4 In that place we've been able to have a hub  
5 of creativity, but, also, with an ethic behind it,  
6 where we've raised money for things, such as  
7 Puerto Rico recovery efforts after "Maria," raised  
8 money for the Trans Lifeline, for the Correctional  
9 Association for New York, for sex-workers' rights  
10 and decriminalization efforts, for Make the Road  
11 New York, for Churches United for Fair Housing, for  
12 Planned Parenthood, and many others.

13 And without that space, we would not have  
14 been able to mobilize people to do any of that.

15 [Applause.]

16 MATEO CARTEGENA: Not to mention, that once  
17 it's gone, we're going to lose this nexus of  
18 creativity that is an important part of our  
19 community.

20 So I ask you to please pass the loft-law  
21 cleanup bill.

22 Thank you.

23 SENATOR KAVANAGH: Next.

24 VICTORIA HILLSTROM: Good evening,  
25 Senator Kavanagh.

1 I'm Victoria Hillstrom.

2 I am your constituent in Tribeca. We're at  
3 385 Greenwich, a/k/a 71 North Moore, you may know  
4 us.

5 Justine Almada, chief of staff for  
6 Dan Goradnick, grew up in our lofts.

7 Her father, Carlos Alamda, Elizabeth  
8 (indiscernible) Guttman.

9 I am here, some of you know our story, some  
10 of you don't.

11 385 Greenwich, a/k/a 71 North Moore, our  
12 lofts, since 1982, that we brought up to code with  
13 8 years of full-time workmen.

14 We own our 28 windows, both of our roofs.  
15 Our lofts are magnificent.

16 They have been copied at Automat in London,  
17 Smith and Mills in our garage, Tinys.

18 Our landlord, Century 21, Century Realty  
19 12 Cortland Street Corp, decided that they would  
20 mask themselves as kids in a bar, doing  
21 construction.

22 They masked as a tenant. They caused our  
23 ceilings to fall in from improperly installed  
24 air conditioning equipment on a roof with no drain.

25 They illegally subdivided our electrical on

1 100-year-old lines, so old, that we lost two-thirds  
2 of our power.

3 They cut out all five of our phone lines.

4 Obstructed our secondary means of egress with  
5 a partial petition that presents a known fire  
6 hazard. Never passed a full inspection, and started  
7 a fire.

8 Con Ed just found that they illegally  
9 subdivided our gas lines too.

10 They almost killed us and took the  
11 surrounding buildings with us.

12 This is the same tenant in 12 other  
13 buildings, Matabrimsic.

14 That is our story.

15 What I would like to say, only because I have  
16 never met the senator, what I would like to say to  
17 you is, our story is very much different than the  
18 struggles of the tenants in Brooklyn.

19 The artist understood the scale and light.

20 They understood 14-foot ceilings were  
21 relevant.

22 They understood 100-year-old buildings were  
23 beautiful, and embraced the industrial design  
24 elements that have impacted design and architecture  
25 around the world.

1           We have raised the property values in SoHo,  
2           Tribeca, and Dumbo through the roof.

3           SENATOR KAVANAGH: With -- with --

4           VICTORIA HILLSTROM: And what I would like to  
5           respectfully --

6           Just a moment, Senator.

7           SENATOR KAVANAGH: With apologies, just give  
8           me --

9           VICTORIA HILLSTROM: I understand.

10           (Indiscernible cross-talking.)

11           SENATOR KAVANAGH: 15 more seconds, because  
12           I've got 10 other people.

13           VICTORIA HILLSTROM: What I would like to  
14           say, most of all, is that it's my understanding that  
15           you are very concerned about the incompatible-use  
16           groups.

17           What I would like to express is that, under  
18           the 1982 loft laws, many of the courts found that  
19           these were de facto multiple dwellings --

20           One more sentence.

21           -- where the artists became the de facto  
22           developer.

23           And, Senator Kavanagh, if you have sincere  
24           concerns over the use groups, the artists should be  
25           given the same ability to pull permits to correct

1 violations.

2 But I would like you to understand that the  
3 artists invested in these buildings.

4 MARK GERIG: That is why I couldn't --

5 VICTORIA HILLSTROM: And this is a very  
6 important law.

7 MARK GERIG: That's why I could not be  
8 qualified for the loft law, and that's why I had to  
9 fight so hard, and lost.

10 SENATOR KAVANAGH: And just --

11 MARK GERIG: That is why.

12 SENATOR KAVANAGH: -- okay, I -- again, this  
13 is going to be an ongoing conversation, and I do  
14 need to let lots of people who work in this  
15 building, who are on, overtime and we need to  
16 adjourn the hearing.

17 We are --

18 VICTORIA HILLSTROM: Yes, I would like to  
19 once again say, Senator Kavanagh, that there is no  
20 reason that the artists cannot file for permits to  
21 correct violations; otherwise, this is a  
22 discriminatory practice.

23 And we will file suit, as my neighbors have  
24 at the Tribeca Trust and Friends of the South Street  
25 Seaport.

1           We're afraid of no one.

2           SENATOR KAVANAGH: And, again, we appreciate  
3 everybody's testimony and your patience.

4           And with respect to the loft law, obviously,  
5 it is a conversation to be continued.

6           As you know, we have broad agreement on  
7 almost every element of this bill, and have had so  
8 since February.

9           And we are working -- we've been working on  
10 one fairly technical difference of opinion, and the  
11 fire department, and some others have some concern  
12 about the bill as written.

13           And we've been trying to address those with  
14 the loft tenants for some time now.

15           But we will continue that conversation.

16           And we have every person who contacted us,  
17 including people who didn't make it here today, we  
18 will follow up with you.

19           And, again, for everybody who has been here  
20 all day, I would happily go on further and hear from  
21 more of you, but we do really need to get out of  
22 this building.

23           So, thank you all.

24           We are adjourned.

25           But thank you very much.

1           And if you have written testimony, we'll take  
2           it.

3  
4           (Whereupon, the public hearing held before  
5           the New York State Senate Standing Committee on  
6           Housing, Construction, and Community Development  
7           concluded, and adjourned.)

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