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News from STATE SENATOR  
**Liz Krueger**



**COMMUNITY  
BULLETIN**

**December 2009**

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New York State Senate - 26th District

**Message from Liz . . .**

First, prepared to risk my reputation as being a fundamental supporter of the separation of “church and state doctrine,” let me wish you all happy and healthy holidays in this season of endless and diverse religious and secular celebrations.

The last few weeks in Albany have been both frustrating and unusually fruitful which, in the end, saw the passage of a Deficit Reduction Plan (DRP) and some important good legislation, but also the extremely disappointing failure to pass marriage equality legislation. I had fought hard for this legislation and spoke on the floor of the Senate in its support, along with many of my colleagues. Unfortunately a practically silent majority of Senators voted it down - only one of the 38 members who voted against the bill felt the need to explain why he opposed what I consider to be a basic civil right.

The fight for marriage equality will continue, and I do consider it a step forward that the bill came to the floor, as it forced all members to publicly state their positions, many for the first time. Those of us who support marriage equality now know who holds which positions, and that will help to target advocacy for future efforts to pass this legislation. It is also a victory for the democratic process that the Senate debated a very controversial bill for which the outcome was unknown prior to the debate, although the failure of those opposing the legislation to actually explain their position undermined that debate to a certain extent.

I am relieved that we finally were able to pass a Deficit Reduction Plan to address the dire fiscal situation of the state. There is nothing to be happy about - the cuts are severe and will be painful, but we had no other option. The primary reason it took so many weeks to resolve was that the majority of the Senate refused to support a plan which included mid-year school aid cuts, specific cuts to health care which would require sending more matching funds back to the federal government that we would save, and we rejected implementation of new taxes. The Governor refused to accept that position. In the end, we negotiated to middle ground and passed a bill which did not include any mid-year school aid cuts, lower health care cuts and no tax increases, though we achieved this in part by using stimulus funds which would otherwise be spent next year.

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I have included more details on the Deficit Reduction Plan below, but the real lesson to take away from this is how much worse things will be next year as we attempt to address a projected \$9 billion deficit. Those who avoided cuts in the DRP should be planning now for the bad news which will inevitably follow in the next budget cycle. *I have asked before, but will do so again: so many of my constituents work in finance and economics and research – please don't be shy with your proposals about how our state can move forward to balance our budget while supporting economic growth.*

There were a number of other important bills which I am proud to have worked on which passed over the past few weeks. They include:

**Mortgage Foreclosure Legislation:** Provides additional measures to protect homeowners at risk of foreclosure, and to prevent similar crises from occurring in the future.

**Life Settlement Legislation:** Regulates the billion dollar life settlement market in New York ensuring greater consumer protection for millions of New Yorkers. More details on this legislation are provided in the Policy Spotlight section below.

**Pension Reform:** Adopted “Tier V” pension reform legislation which reforms pension benefits for new employees, and is estimated to save the state \$48.5 billion over the next 30 years.

**Municipal Energy Sustainable Loan Program:** Taking another significant step toward a cleaner, greener and more energy efficient New York, this bill enables property owners to lower energy costs, reduce greenhouse gas emissions and reduce dependence on fossil fuels by providing low-cost loans for renewable energy systems and energy efficiency upgrades.

**COBRA Amendment:** As health care costs continue to skyrocket and the number of those who are uninsured grows by the day, this amendment to legislation previously passed will make thousands more individuals eligible for an extension in their COBRA benefits.

**Leandra’s Law:** Legislation strengthening penalties for drunk driving offenses when children are in the car, and imposing mandatory ignition interlock requirements for those convicted of drunk driving, which stop the individual from starting their vehicle if they are drunk.

**Public Authorities Reform:** Legislation imposing a wide range of new oversight requirements, on Public Authorities, including new standards and practices relating to the purchase and sale of state assets and the establishment of an independent Authorities Budget Office (ABO) as a public watchdog.

**“Insourcing” Legislation:** Legislation reducing contracting costs for the state by requiring certain IT jobs to be done in-house rather than contracted out, with a projected annual savings of \$70 million.

While these accomplishments are significant, there is no question that the length of time it took to reach agreement on the DRP, combined with the failure of marriage equality legislation and the failure to address many other issues including tenant protection legislation, made the recent weeks in Albany a decidedly mixed bag. I am hoping that we can build on what we did accomplish as we move into the even more difficult fiscal situation we face tackling next year’s budget in the months ahead.

# COMMUNITY SPOTLIGHT

## **Update on Proposed Natural Gas Drilling in New York City Watershed:**

Last month, I submitted testimony at the Department of Environmental Conservation (DEC) Public Hearing on Hydrofracking in the Marcellus Shale expressing my strong opposition to any drilling for Natural Gas in the New York City watershed. New York and New York City have worked diligently for years ensuring that this water system remains safe by buying up land around the watershed and stopping developers from encroaching on the watershed. This investment has paid off handsomely for the city as it has consistently received a waiver from the federal government allowing the city to keep its water unfiltered. I believe that the hydrofracking process poses a serious risk to the watershed based on numerous accidents which have occurred in other states using this method of extraction. My testimony to DEC is available online at <http://www.lizkrueger.com/testimony/gasdrilling.html>.

## **Apply to Serve on Your Community Board:**

The Office of Manhattan Borough President Scott M. Stringer is looking for activists around the borough who are interested in applying for their community board. If you or someone you know would be interested, you can request an application by calling my office at (212) 490-9535. The application must be postmarked or hand delivered no later than January 15, 2010.

## **DMI Summer Institute Program for College Sophomores and Juniors:**

The Drum Major Institute (DMI), a nonprofit, non-partisan think tank generating ideas which fuel the progressive movement, has created the DMI Scholars Program to support and guide talented young people considering the field of public policy. The DMI Scholars program is a "Public Policy 101" program, which identifies progressive college students from diverse communities and trains them in the skills necessary to obtain and succeed in entry-level public policy positions. The program is currently accepting applications from college sophomores and juniors for their Summer Institute, which will run from August 1<sup>st</sup> to 15<sup>th</sup>, 2009, and take place in New York City. All expenses for the program are covered by DMI. For more information or an application, visit their website at [www.dmischolars.org](http://www.dmischolars.org). The application deadline is February 14<sup>th</sup>, 2010.

## **Houseplants Can Improve Air Quality in Your Home:**

A team of horticulturists at the University of Georgia recently tested 28 common houseplants to see how well they removed volatile organic compounds (VOCs) - noxious chemicals found in paints, glues, cleaners, and other things around the home - from indoor air. They found that most of the plants tested filtered at least some of the chemicals. The plants themselves do some of the work through photosynthesis, and their soil helps too. The five species listed below were the all-around top scorers; they excelled at removing all the chemicals tested:

- English Ivy (*Hedera helix*) - great for a-Pinene (found in wood cleaners);
- Purple Heart Plant (*Tradescantia pallida*) - great for toluene (found in kerosene, heating oil, paints, and lacquers);
- Asparagus Fern (*Asparagus densiflorus*) - great for a-Pinene (found in wood cleaners);
- Wax Plant (*Hoya carnosa*) - great for octane (found in paint, adhesives, and building materials); and
- Purple Waffle (*Hemigraphis alternata*) - great for benzene (found in glues, paints, furniture wax, and detergents, and cigarette smoke) and trichloroethylene (also known as TCE - found in adhesives, paint removers, and spot removers).

## **Affordable Housing Opportunities in Manhattan:**

East 124<sup>th</sup> Street LLC is now accepting applications for 92 studio, one- two- and three-bedroom apartments under construction at 245 East 124<sup>th</sup> Street in East Harlem for low and moderate income individuals and families. There are three income eligibility categories – 40% are median income (ami), 50% of ami, and 175% of ami. Rents for these units will be \$462 to \$2,525 depending

on unit size and income. To be eligible, applicants must have incomes between \$17,520 to \$155,925, depending on unit and family size. Applications will be selected by lottery. Applicants who submit more than one application will be disqualified. Preference will be given to New York City residents. Applicants residing in Community Board 11 will receive priority for 50% of the units. In addition, visually/hearing impaired applicants will receive priority for 2% of the units, applicants with mobility impairment will receive priority for 5% of the units, and applicants who are New York City municipal employees will receive preference for 5% of the units. Applications may be requested by regular mail to East 124 Street LLC c/o P.O. Box 666, Triborough Station, New York, NY 10035, or by visiting their website at [www.East124apts.com](http://www.East124apts.com). Please be sure to include a self-addressed envelope with your request for an application. Completed applications must be returned by regular mail only to a post office box number which will be listed with the application, and must be postmarked by January 27, 2010.

**Heat Season Rules:**

The City Housing Maintenance Code and Multiple Dwelling Law requires building owners to provide heat and hot water to all tenants. Building owners are required to provide hot water 365 days per year at a constant minimum temperature of 120 degrees Fahrenheit. Between October 1st and May 31st, a period designated as "Heat Season," building owners are also required to provide tenants with heat under the following conditions:

- Between the hours of 6AM and 10PM, if the outside temperature falls below 55 degrees, the inside temperature is required to be at least 68 degrees Fahrenheit.
- Between the hours of 10PM and 6AM, if the temperature outside falls below 40 degrees, the inside temperature is required to be at least 55 degrees Fahrenheit.

Tenants who are cold in their apartments should first attempt to notify the building owner, managing agent or superintendent. If heat is not restored, the tenant should call the City's Citizen Service Center at 311. For the hearing impaired, the TTY number is (212) 504-4115. The Center is open 24 hours a day, seven days a week.

## **SPOTLIGHT ON POLICY**

### **Deficit Reduction Plan (DRP)**

Early this month the Senate and Assembly passed a bipartisan Deficit Reduction Plan which was the result of weeks of negotiation with the Governor. While far from perfect, and including many cuts which will cause real pain, the legislation passed by the Senate closed nearly \$3 billion of the state's budget gap and put New York back on sound fiscal footing, while protecting jobs and avoiding cutting hundreds of millions of dollars in critical school and health care funding. The legislature achieved its goal of balancing the budget without any new taxes or fees of any kind.

Some specifics in the final legislation:

- The education cuts specifically avoided imposing mid-year school cuts which would have taken money out of classrooms and potentially raised property taxes for working families;
- Reduced health care spending without the loss of millions of dollars in federal funding for medical services; and
- Prevented the loss of over 12,000 jobs from cuts to vital services.

Among the spending reductions passed by the Senate (other than the \$485 million in agency cuts to be enacted by the Governor) were:

- 12.5 percent cut to remaining balances of local assistance grants;

- 5 percent cut to operating aid for SUNY, CUNY and community colleges;
- 5.4 percent cut to the Office of Mental Retardation and Developmental Disabilities; and
- \$107 million in health care actions.

Several one-time legislative actions were included in the DRP as well, including:

- \$200 million from the Battery Park City Authority;
- \$90 million from the Regional Greenhouse Gas Initiative;
- \$10 million from the Environmental Protection Fund; and
- \$26 million from the Dormitory Authority.

The final agreement also rejected a number of the Governor's proposals which would have cost the state hundreds of millions of dollars in lost funding, established new taxes and left nursing homes without the funding they needed to continue vital services. Among the proposals rejected were:

- Governor Paterson's proposal to more than double the gross receipts tax on hospitals (from .35% to .75%), which would have violated the Senate Democrats' position that the final agreement should not include new taxes.
- Cutting healthcare in ways which would lead to reductions in Medicaid. The Governor's original proposal included \$287 million in cuts to Medicaid programs, which would have triggered the loss of hundreds of millions in federal matching funds - the state would have lost \$1.60 for every dollar saved, totaling \$746 million (state and federal share).

The final agreement attempted to meet the budget reduction target by doing as little harm as possible. Because economic times are tough, our goal was to protect those who are most vulnerable and most in need of the government's help, while avoiding increasing unemployment or passing tax hikes at a time when New Yorkers cannot bear more burdens. We still have very real challenges, particularly next year's budget. But if we approach every action in a thoughtful and responsible manner, our budget will remain balanced and our economy will continue to come back from this recession.

### **An Important Victory for Tenants**

Although Stuyvesant Town and Peter Cooper Village are not in my district, I was thrilled by the New York State Appeals Court decision in late October to re-regulate thousands of units which were improperly taken out of rent regulation in those developments.

The Court ruled that the current landlord, Tishman Speyer, and the previous owner Metropolitan Life, could not use the state's vacancy decontrol and the so-called "high income" decontrol provisions to take apartments out of rent regulation while at the same time receiving J-51 tax benefits. The J-51 program, administered by the NYC Department of Housing Preservation and Development, grants partial tax exemption and abatement benefits to owners to encourage the renovation of residential properties. The Court of Appeals ruled that the owners should not have been able to deregulate apartments while receiving this abatement, and that the Division of Housing and Community Renewal (DHCR) misinterpreted the law when it permitted the deregulation of units.

Because of the court's decision, the deregulated units in Stuyvesant Town and Peter Cooper Village will be re-regulated; it is likely that most tenants in these units will have their rents reduced. The lower courts still have to decide whether the decision will be applied retroactively and whether tenants will be compensated for the amount they were improperly overcharged. It is not clear when this decision will be made. The courts and the DHCR still also have to determine how the court's decision will be applied to tenants in other buildings receiving J-51 benefits across New York City.

This decision could have profound effects for tenants across the city. Housing advocates have estimated that as many as 80,000 units may have been improperly deregulated. If you live in a building with six or more apartments which was built before 1974 and you are not covered by rent regulation, you should try to determine if your apartment was improperly deregulated. You can read more about the decision and find out how to find out if your apartment was improperly deregulated at <http://www.tenantsandneighbors.org/pdf/RobertsvTishmanSpeyerFAQ.pdf>.

## **Life Settlement Regulation**

Last month, the legislature passed critical legislation to regulate the billion dollar life settlement market in New York ensuring that, among other things, the medical and financial information of those who enter into a life settlement transaction is protected. The legislation has already been signed by the Governor.

The life settlement industry began in the late 1970s and 1980s when, during the AIDS epidemic, many seriously ill individuals with life insurance policies sold their policies to pay for medical care, experimental medical treatments or other essential needs. In 1994, Article 78 of the Insurance Law was enacted to regulate transactions where an insured with a catastrophic or life-threatening illness or condition sold his or her life insurance policy.

Recently a new life settlement market has developed, whereby owners of life insurance policies, where the insured persons do not have a life-threatening illness, are selling their policies. The insured individuals generally are senior citizens who may no longer want or need their policy and who are able to obtain a monetary benefit greater than the cash surrender value but less than the death benefit of the policy by selling their policy to a “life settlement provider.” The life settlement provider often then resells the policy to third party investors. Until now, these transactions, which fall outside of the scope of Article 78 of the Insurance Law, have been unregulated. This law will regulate these life settlement transactions.

The legislation contains numerous disclosure and consumer protection provisions ensuring that an owner considering selling his or her policy makes an informed decision. Among the law’s requirements:

- Protects the medical and financial information of those who enter into a life settlement transaction through the addition of numerous disclosure and consumer protection provisions;
- Requires the owner of the policy and the individual insured under the policy to consent to the release of medical and other personal information; and
- Mandates life settlement companies and investors keep personal information received as part of the transaction confidential.

In addition, consumers will specifically be protected from the previous practice of stranger-originated life insurance (STOLI), a type of illegitimate life settlement which has become prevalent over the last few years. In a STOLI transaction, life settlement companies and investors target individuals, typically senior citizens, to purchase a large “face amount” life insurance policy for the sole purpose of selling the policy within a very short period of time.

Seniors living on fixed or limited incomes are particularly vulnerable to unscrupulous insurance practices. This legislation contains critical safeguards to ensure that seniors are both fully informed and adequately protected when considering a life settlement arrangement.

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