

1 BEFORE THE NEW YORK STATE SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
5 2019-2020 EXECUTIVE BUDGET
6 ON HOUSING

6 -----

7 Hearing Room A
8 Legislative Office Building
9 Albany, New York

9 February 4, 2019
10 11:03 a.m.

11 PRESIDING:

12 Senator Liz Krueger
13 Chair, Senate Finance Committee
14 Assemblywoman Helene E. Weinstein
15 Chair, Assembly Ways & Means Committee

15 PRESENT:

16 Senator James L. Seward
17 Senate Finance Committee (RM)
18 Assemblyman William A. Barclay
19 Assembly Ways & Means Committee (Acting RM)
20 Assemblyman Steven Cymbrowitz
21 Chair, Assembly Housing Committee
22 Senator Brian Kavanagh
23 Chair, Senate Housing Committee
24 Senator Zellnor Myrie
25 Assemblywoman Carmen N. De La Rosa
26 Assemblyman Harvey Epstein

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2 2-4-19

3 PRESENT: (Continued)

4 Assemblyman Colin Schmitt

5 Assemblyman Michael J. Fitzpatrick

6 Senator Brad Hoylman

7 Assemblyman Victor M. Pichardo

8 Assemblyman Eric M. Dilan

9 Senator Julia Salazar

10 Assemblywoman Jo Anne Simon

11 Assemblyman Al Taylor

12 Senator Robert E. Antonacci

13 Assemblyman Charles Barron

14 Assemblywoman Rodneyse Bichotte

15 Senator John Liu

16 Assemblywoman Catalina Cruz

17 Assemblywoman Yuh-Line Niou

18 Senator Robert Jackson

19 Assemblyman Walter T. Mosley

20 Senator Brian Benjamin

21 Assemblywoman Latoya Joyner

22 Senator Shelley Mayer

23 Assemblyman William Colton

24 Senator Rachel May

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4 Senator Velmanette Montgomery

5 Assemblywoman Nathalia Fernandez

6 Senator Diane J. Savino

7 Assemblywoman Karines Reyes

8 Senator George A. Amedore, Jr.

9 Assemblywoman Linda B. Rosenthal

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1 CHAIRWOMAN KRUEGER: Good morning,
2 everyone. If everyone would take their
3 seats, we apologize for the more crowded
4 situation than normally, but Hearing Room B
5 turns out to have had a flood going through
6 its electrical system, so it would not have
7 been a good plan for us to be there today.

8 This is actually an Assembly day for
9 running the hearings, but Helene Weinstein is
10 a little late, so she asked me to start, and
11 she will join us very soon.

12 My name is Liz Krueger. And for
13 anyone who's here, if you think it's not the
14 Housing hearing, you should be somewhere
15 else. If you think it is the Housing
16 hearing, welcome.

17 I am joined by my colleagues Senator
18 Brian Benjamin, Senator Brad Hoylman, Senator
19 Myrie -- oh, my goodness. I'm so sorry. I'm
20 going to get this right. Senator Zellnor
21 Myrie. Senator Brian Kavanaugh. Senator
22 Salazar, from Brooklyn.

23 And the Assemblymembers are
24 Assemblyman Harvey Epstein, Assemblyman

1 Cymbrowitz, who is the chair of the Housing
2 Committee, Assemblywoman Carmen De La Rosa,
3 Assemblymember Barclay, who's going to
4 introduce his members.

5 ASSEMBLYMAN BARCLAY: Thank you,
6 Senator.

7 We have with us Colin Schmitt, from
8 the Hudson Valley.

9 CHAIRWOMAN KRUEGER: Thank you.

10 And so our first testifier -- oh,
11 sorry, have to go over the basics. So
12 there's a clock that everybody can see. It's
13 marked as 10 minutes if you are a government
14 representative testifying, and five minutes
15 for a nongovernment person testifying. It
16 starts out, when you start to testify, at
17 green. When you have one minute left, it
18 goes to yellow. When your one minute is
19 over, it's red and it starts to beep at you,
20 meaning it's time to stop.

21 We're asking everyone to get very good
22 at highlighting the key bullet points in
23 their testimony. We're not actually giving
24 demerits if you sit and try to read your

1 testimony, but it won't work for you because
2 you'll get cut off and not be able to finish
3 up.

4 And then after the testifier is
5 finished, then we turn it over for
6 questioning from members of the Legislature.

7 And we've -- hello, how are you?
8 We've also been joined by Assemblymember Eric
9 Dilan.

10 Our first testifier for the Housing
11 Committee is the New York State Homes and
12 Community Renewal commissioner, RuthAnne
13 Visnauskas. I don't think I said that right
14 either.

15 COMMISSIONER VISNAUSKAS: Visnauskas.
16 That's okay.

17 I am going to read, but I will be
18 quick.

19 Good morning, Chairs Krueger,
20 Weinstein, Kavanagh, Cymbrowitz and
21 distinguished members of the Legislature. My
22 name is RuthAnne Visnauskas, and I'm the
23 commissioner and CEO of New York State Homes
24 and Community Renewal. I'm honored to

1 testify before you today on the housing
2 portion of Governor Andrew Cuomo's Executive
3 Budget proposal for state fiscal year 2020.

4 The Governor's budget advances his
5 Justice Agenda and reflects his unwavering
6 commitment to fighting homelessness and
7 tearing down the walls that often stand in
8 the way of an affordable place to live. It
9 continues to support the state's
10 unprecedented \$20 billion, five-year Housing
11 Plan to create and preserve more than 100,000
12 units of affordable housing and 6,000
13 supportive housing units. The plan is a
14 comprehensive approach to combating
15 homelessness and includes multifamily and
16 single-family housing as well as community
17 development.

18 I am pleased to announce that to date,
19 we have already created or preserved, under
20 the Governor's plan, more than 40,000 homes
21 in every corner of the state -- in cities,
22 towns, and villages from Long Island to
23 Buffalo.

24 The 2020 budget builds on the success

1 the Governor and the Legislature have had in
2 expanding the production of and access to
3 affordable housing. It also promotes access
4 to housing by advancing legislation designed
5 to protect New Yorkers against housing
6 discrimination based on lawful sources of
7 income and that places reasonable caps on
8 apartment security deposits.

9 Since the start of the Governor's
10 first term, HCR has created or preserved more
11 than 98,000 homes statewide, which is enough
12 housing for approximately 250,000
13 New Yorkers. This 98,000 includes nearly
14 12,000 mortgages for first-time homebuyers
15 and more than 18,000 homes improved and
16 repaired through HCR's grant programs. In
17 addition to these housing investments, we
18 have worked together with the Legislature to
19 stand up for the rights of New York's tenants,
20 twice enacting the strongest and most
21 expansive rent regulation laws in almost
22 40 years.

23 I'd like to touch on a few of HCR's
24 accomplishments from our program areas this

1 past year, including multifamily, single
2 family, community renewal, and rent
3 regulation.

4 I'll start with multifamily rental
5 housing, which is critical to providing
6 stability and a brighter future for many
7 working families, veterans, seniors, and
8 those who need extra support. It allows
9 people to live safely, comfortably and
10 affordably in both rural and urban
11 communities. Multifamily housing that is
12 affordable to people at a variety of income
13 levels creates vibrant communities,
14 generating economic opportunity and growth.
15 This helps ensure that as New York's economy
16 grows, all New Yorkers have the opportunity
17 to take part in that shared success.

18 In 2018, HCR financed more than
19 80 multifamily developments with 9,000
20 affordable apartments. Of these, nearly
21 1,500 provide homes for seniors, and more
22 than 1,200 assist other special needs
23 populations including the frail elderly,
24 homeless, veterans, and domestic violence

1 survivors. These projects represent more
2 than \$2.9 billion of investment in our
3 communities.

4 As an example, next month HCR will cut
5 the ribbon on AP Lofts in Larkinville on
6 Buffalo's east side. The 147-unit
7 development is an important part of the
8 neighborhood's ongoing revitalization,
9 combining needed affordable housing with
10 retail space and repurposing the historic
11 Atlantic and Pacific Tea Company Warehouse.

12 We are also continuing to preserve the
13 state's stock of Mitchell-Lama housing that
14 is need of repair, maintaining these homes as
15 a critical source of housing for
16 middle-income New Yorkers. To date we have
17 preserved 31 of the 35 projects in the
18 state's UDC portfolio, for a total of 8,124
19 units.

20 Notably this past year, we celebrated
21 with the 15,000 tenants of Starrett City, a
22 Mitchell-Lama development in Brooklyn, as HCR
23 approved an ownership change that included
24 extending affordability for 36 years,

1 committing the new owner to \$150 million in
2 capital improvements, and capping rent
3 increases for tenants to a sustainable level.

4 As we work to increase our supply of
5 affordable multifamily rental housing, we are
6 also committed to helping more New Yorkers
7 realize the dream of homeownership. HCR's
8 State of New York Mortgage Agency, SONYMA,
9 continues to make homeownership affordable
10 and accessible for families, veterans and
11 low-income households across the state. In
12 2018, SONYMA made approximately \$370 million
13 in mortgage loans that enabled more than
14 1,800 first-time buyers to own their homes.

15 We have also invested in preserving
16 the state's stock of mobile and manufactured
17 homes, which are critical housing for so many
18 New Yorkers. This past year, under the
19 Governor's leadership, we essentially rebuilt
20 a manufactured home community that was
21 destroyed by flooding caused by an ice jam.
22 Not only were damaged homes replaced, but the
23 electrical system was completely rebuilt, and
24 our partners in government oversaw the

1 building of a berm that will leave the
2 community better protected from future
3 flooding.

4 In addition, future rent increases for
5 people living in the park are now capped
6 through a regulatory agreement, ensuring the
7 park remains affordable for the long-term.

8 The Governor's budget includes
9 \$5 million to support the Manufactured Home
10 Advantage Program. The program provides
11 financing opportunities to owners and
12 manufactured home park tenants to help
13 preserve this critical source of affordable
14 housing and keep it affordable for
15 New Yorkers.

16 Our multifamily and single-family
17 programs work in conjunction with our
18 community development programs to create
19 bustling neighborhoods and strong local
20 economies. Our New York Main Street Program
21 is instrumental in our efforts to revitalize
22 and beautify historic downtowns, mixed-use
23 commercial districts, and village centers.
24 In 2018, nearly \$8 million was awarded

1 through the Main Street Program to fund
2 projects in all 10 regions of the State.

3 HCR administers the federal Community
4 Development Block Grant program, which helps
5 municipalities fund updates and repairs to
6 homes and public infrastructure. Last year,
7 the CDBG program awarded municipalities
8 around the state \$45 million to assist 102
9 communities and create 1,250 jobs.

10 In New York City and the surrounding
11 counties in particular, expanding and
12 preserving affordable housing opportunities
13 also includes our administration of the rent
14 regulation system. The Governor's budget
15 includes a two-year \$128 million
16 appropriation for the Office of Rent
17 Administration and the Tenant Protection
18 Unit, both housed within HCR. This is an
19 increase above the \$41 million one-year
20 appropriation that was included in the fiscal
21 year 2019 enacted budget, and it accompanies
22 a proposal to increase ORA staff by 94
23 full-time employees.

24 We hope that the Legislature will

1 approve this critical funding, which will
2 help expand and accelerate ORA's ability to
3 administer rent regulations covering
4 approximately 900,000 privately owned,
5 regulated apartments in New York City and
6 Westchester, Nassau and Rockland Counties.

7 The additional staff will build on
8 operational efficiencies that have already
9 enabled us to speed up responses to our
10 constituents as we process more than 24,000
11 individual cases that are filed annually.

12 I am thrilled to announce that today
13 we are launching NYS Rent Connect, a new
14 online service that modernizes and simplifies
15 New Yorkers' interaction with the rent
16 regulation system. NYS Rent Connect provides
17 quick access to forms and information for
18 tenants and building owners of
19 rent-stabilized and rent-controlled
20 apartments, making it easier for them to
21 interact with ORA and helping them better
22 understand their rights and roles.

23 Meanwhile, the Tenant Protection Unit
24 continues to apply data analytics and

1 investigative tools in its proactive
2 enforcement of state rent regulations. To
3 date, TPU has returned more than 70,000
4 apartments to the rent regulation system and
5 recovered more than \$5 million in overcharges
6 on behalf of tenants. TPU's work enforcement
7 of the law sets an example that we hope
8 dissuades others from going down the wrong
9 path.

10 As we look to the future and all that
11 we can do together in expanding affordable
12 housing access, it is important not to forget
13 where we came from. In April 2018 we
14 celebrated the 50th anniversary of the Fair
15 Housing Act. Passed just seven days after
16 the assassination of Dr. Martin Luther King,
17 Jr., the act and its later amendments
18 outlawed housing discrimination based on
19 race, color, religion, sex, national origin,
20 familial status, and disability.

21 As we look back at the 50 years since,
22 we can see the act's transformative affects
23 on our communities as it has broken down the
24 barriers that had been built to keep us

1 divided. Yet there is still work to do, and
2 I am thankful that the Governor is advancing
3 the Housing Plan and legislation that
4 promotes access to housing for all.

5 As always, we are thankful for the
6 Legislature's partnership, which has been
7 paramount to our success. I ask for your
8 continued support securing the resources and
9 advancing the legislation we need to break
10 down barriers to housing and improve quality
11 of life for New York's families. Thank you,
12 and I'm happy to address your questions.

13 CHAIRWOMAN KRUEGER: Thanks.

14 We have been joined by Senator Jim
15 Seward and by our Assembly Ways and Means
16 chair, Helene Weinstein, and I will now turn
17 the hearing over to her.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 Thank you, RuthAnne. Good to see you.

20 We'll go to our Housing Committee
21 chair, Assemblyman Cymbrowitz.

22 ASSEMBLYMAN CYMBROWITZ: Thank you,

23 Chair Weinstein, Chair Krueger. Good

24 morning, everyone, and thank you all for

1 being here.

2 Before we begin my questioning, I'd
3 like to congratulate Senator Kavanagh for his
4 appointment as Senate chair. I've said many
5 times and in many ways that a coordinated
6 effort will be absolutely necessary if the
7 state is going to do right by its renters,
8 homeowners, and the homeless. I feel
9 confident that having Brian at the helm in
10 the Senate will be helpful as we continue
11 working toward that goal.

12 As we talk about brick-and-mortar
13 buildings, we have to remember the most
14 important part of the conversation: The
15 millions of people from all walks of life who
16 call New York home. As the Legislature, we
17 have the responsibility of making sure that
18 the budget addresses their needs. That means
19 not only securing appropriate funding levels,
20 but enacting policies that allow these funds
21 to be distributed effectively and
22 efficiently.

23 Today's hearing will give us the
24 opportunity to better understand the ways

1 that the Governor's budget proposal meets or
2 falls short of this challenge, so that we can
3 enact a 2019-2020 housing budget that works
4 for all of New York.

5 We in the Assembly majority have
6 continued to support programs that have a
7 proven, positive impact on the lives of our
8 constituents, many represented by the people
9 here in this room. And we look forward to
10 hearing your feedback so that we can ensure
11 that this year's enacted budget accurately
12 reflects the housing needs of each of our
13 communities.

14 So I'd like to thank everyone in
15 advance. And Commissioner, thank you for
16 being here.

17 COMMISSIONER VISNAUSKAS: Thank you
18 for having me.

19 ASSEMBLYMAN CYMBROWITZ: Can you give
20 us a status report on where we are on the
21 five-year capital plan, how much money has
22 gone out and how many units have been created
23 or preserved?

24 COMMISSIONER VISNAUSKAS: I'd be happy

1 to. So the plan, as you recall, is a
2 five-year plan for 100,000 units plus 6,000
3 supportive housing units. So we are -- not
4 to use jargon, but on time and on budget. So
5 we have produced over 20,000 units in the
6 prior fiscal year and are on schedule to do
7 an additional 20,000 units this fiscal year.

8 We have committed about 800 million of
9 the \$2.5 billion, which is -- if you divide
10 the funding over five years and take out a
11 couple of things that are dependent on other
12 factors, would be about -- on schedule for
13 funding.

14 ASSEMBLYMAN CYMBROWITZ: Could you
15 break that down a little more for us?

16 COMMISSIONER VISNAUSKAS: Well, what
17 specifically do you want me to break down? I
18 don't know every single program exactly how
19 much money we spend. We'd be happy -- as you
20 know, we report annually to the Legislature
21 for every funding program on every project
22 that we fund and how much. So we'd be happy
23 to sit down and go through last year's report
24 and give you sort of an estimate of where we

1 are. But we are sort of on track.

2 ASSEMBLYMAN CYMBROWITZ: Okay. Well,
3 we did have a hearing several months ago
4 where we wanted to have that report.

5 COMMISSIONER VISNAUSKAS: So the
6 report I was talking is the one we release
7 after -- I think we provide it by July 1 each
8 year that accounts for all the 2.5 billion
9 that we were very appreciative to have
10 received in the 2017 fiscal year. So we
11 report out sort of dollar by dollar on that
12 amount.

13 So we're happy to sit down and go
14 program by program with that with you.

15 ASSEMBLYMAN CYMBROWITZ: Well, I think
16 if we're thinking about this year's budget,
17 we'd want to know how much was already spent
18 and whether we need to include any money in
19 this year's budget.

20 COMMISSIONER VISNAUSKAS: So we've
21 committed about 835 million of the
22 2.5 billion, to be specific.

23 ASSEMBLYMAN CYMBROWITZ: And you're
24 projected to spend how much in '19 and '20?

1 COMMISSIONER VISNAUSKAS: So it's a
2 five-year plan, and it's 2.5 billion. So if
3 you just did it sort of straight math, right,
4 we would spend about \$500 million a year.
5 When you deduct out a couple of things that
6 are not programmatic, we spend slightly less
7 than \$500 million a year. So to be at a
8 little over 800 million, I would expect next
9 year that we would spend approximately around
10 the same amount, probably 450 edging towards
11 500 million.

12 As you might imagine, when we launched
13 the five-year plan, it was a significant
14 increase in each year's resources, so we
15 anticipated that people would be ramping up
16 their production and so that we would be a
17 little slower Year 1, a little faster Year 2,
18 a little busier Year 3, as it were.

19 So I would anticipate that we would
20 commit additional funds this coming year
21 compared to what we did last year, but on
22 average we will spend about \$500 million a
23 year to get to the 2.5.

24 ASSEMBLYMAN CYMBROWITZ: Many

1 advocates were already coming to us and are
2 concerned about Year 6. I'm not sure that
3 we're going to be spending all the money in
4 the five years that there should be a concern
5 for six, for Year 6. Do you think that all
6 of it will be done, or could we use some of
7 the \$5 billion -- the monies that are
8 allocated for Year 6?

9 COMMISSIONER VISNAUSKAS: We're only
10 sort of all -- about through, fully way
11 through, sorry, the second full year of the
12 plan. So I guess it's hard for me to project
13 out if we will spend every penny of the 2.5
14 by the end of the fifth year.

15 But it's our goal and we are working
16 towards a full spend of that 2.5 by the end
17 of the fifth year of the plan.

18 I think -- I guess I would say on
19 behalf of the advocates that people are very
20 appreciative of the state's Housing Plan, and
21 so they would like to see it continue, which
22 I think is great.

23 ASSEMBLYMAN CYMBROWITZ: And you,
24 would you like to see it continue?

1 COMMISSIONER VISNAUSKAS: As the
2 state's housing commissioner, I think having
3 a very significant statewide investment in
4 affordable housing around the state is
5 tremendous.

6 ASSEMBLYMAN CYMBROWITZ: Over the past
7 two years, the state has approved
8 \$450 million to NYCHA to perform critically
9 needed capital repairs for items such as
10 boilers and elevators. How are these
11 projects progressing, and what commitments
12 are you making to get the money moving?

13 COMMISSIONER VISNAUSKAS: So as you
14 recall, around this time last year the state
15 was about to finalize a plan with DASNY and
16 the City of New York and NYCHA to disperse
17 \$200 million for capital repairs. Shortly
18 thereafter, as was much in the press, there
19 was a lot of -- there was a lot of press
20 about the mismanagement issues at NYCHA,
21 which led to the Governor issuing an
22 executive order to put an emergency manager
23 in place to oversee the spending of those
24 funds. Subsequent to that, the Southern

1 District came forward and was suggesting that
2 a federal monitor be in place of NYCHA to
3 oversee the mismanagement that everyone sort
4 of had read about.

5 In November-December of last year, the
6 judge threw out that federal monitor
7 proposal. And as I'm sure everybody saw in
8 the press last week, there has now been an
9 agreement between HUD and the city and NYCHA
10 around a new proposed monitor, also a
11 replacement of the chairperson of NYCHA.

12 And so I think while there was not as
13 much coming out of the federal government as
14 we might have hoped in terms of resources for
15 NYCHA, I think that having some finalization
16 around who the monitor is and who the chair
17 is will allow us to feel that as the stewards
18 of taxpayer dollars that that money can go to
19 NYCHA and be spent responsibly.

20 ASSEMBLYMAN CYMBROWITZ: Can you
21 explain that a little bit more about waiting
22 for the new chair and the monitor?

23 I mean, there are other situations
24 where the Governor has released money,

1 whether it's for economic development money
2 or broadband money. This is just another
3 obstacle that the Governor is putting in
4 front of everyone of not releasing
5 \$450 million that the residents need for
6 boilers and for elevators. I mean, this is
7 uncalled for.

8 We have a situation where the
9 cameras are no longer rolling on the
10 Governor, it's -- the election is over. The
11 Governor chose not to be part of the talks
12 between the city, Southern District and HUD,
13 and he's refusing to -- it sounds like he's
14 refusing to release the money at this point.

15 COMMISSIONER VISNAUSKAS: No, I would
16 not say we're refusing to release the money.
17 But I think it's fair to say that over the
18 past three to five months there's been
19 discussions about whether or not NYCHA would
20 be going into federal receivership. So I
21 think to the extent that that was on the
22 table, it was the right decision to withhold
23 funding to go to an entity whose future was
24 sort of unclear until there was some clarity,

1 which there now is, about NYCHA's future and
2 the leadership, the monitor, and other
3 things.

4 So I think the time is now right. The
5 200 million had been somewhat charted out for
6 repairs, and so I think the discussions on
7 that will resume very quickly.

8 ASSEMBLYMAN CYMBROWITZ: Well, I think
9 now with the news from last week, we're now
10 ready to see that money released. I mean, a
11 monitor will be named. I think everybody has
12 heard who the monitor could possibly be. A
13 chair will be named. We still have a
14 terrific general manager, who is going to
15 remain. And if you're looking for someone to
16 release the money to, we can certainly ask
17 the general manager if he's willing to accept
18 that. And I don't think he'll turn his back
19 on it.

20 And I think if you can send the
21 message to the Governor, that that money
22 should be released immediately for the
23 benefit of all the residents of NYCHA.

24 COMMISSIONER VISNAUSKAS: I'd be happy

1 to.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 Senate?

4 CHAIRWOMAN KRUEGER: Thank you.

5 We've been joined by Senator Rachel

6 May, Senator Diane Savino, Senator Shelley

7 Mayer, Senator George Amedore.

8 And our first questioner will be Chair

9 of Housing Senator Brian Kavanagh.

10 SENATOR KAVANAGH: Thank you very

11 much, Chairs Krueger and Weinstein.

12 And I will begin by echoing some

13 things that my colleague from the Assembly

14 said. First of all, thank him for his kind

15 words about my assuming this role in the

16 Senate. And also just to emphasize that I do

17 think that we are on the cusp of, in housing

18 and many other areas, a different approach to

19 these issues that will come from the Assembly

20 and the Senate being able to work together

21 with somewhat more consistent views of how we

22 should address important issues that have

23 long languished in state government.

24 And I, as someone who spent 11 years

1 in the Assembly, learned a great deal from
2 Chairman Cymbrowitz and my colleagues over
3 there and look forward to continuing a very
4 productive relationship.

5 I'm also not going to spend a lot of
6 time on this issue during my 10 minutes here,
7 but I do want to just echo his concerns about
8 the funding for public housing in New York
9 City in particular. I think even before the
10 news of last year and the intervention of the
11 U.S. Courts for the Southern District and
12 HUD, there was concern that money that was
13 allocated in the State Budget was not
14 flowing. And that is partly because of a
15 fairly complicated role that various state
16 agencies are supposed to play in this -- not
17 just HCR, but also DASNY and the Division of
18 Budget.

19 So can you just talk -- is there -- in
20 addition to sort of releasing the money based
21 on last week's news, is there anything that
22 we can do to accelerate the allocation and
23 spending of that money to meet the critical
24 needs that we have in New York?

1 COMMISSIONER VISNAUSKAS: My
2 understanding is that we are awaiting sort of
3 an updated plan from NYCHA on the previous
4 funds that were allocated last year -- two
5 years ago, the \$200 million. So I think once
6 we hear back from them a final proposed plan,
7 that will get reviewed quickly and --

8 SENATOR KAVANAGH: And the separate --
9 there was a separate \$250 million. What's
10 the status of that?

11 COMMISSIONER VISNAUSKAS: We have not
12 received any proposal from NYCHA on the use
13 of those funds.

14 SENATOR KAVANAGH: And just so we
15 understand the current requirements in the
16 Executive Budget proposals have been that
17 NYCHA proposes and then DASNY and your agency
18 and the Division of Budget all have to
19 approve the plan?

20 COMMISSIONER VISNAUSKAS: For this
21 200, it's DOB and DASNY.

22 SENATOR KAVANAGH: Okay. And then
23 that money then flows through those -- DASNY
24 actually conducts some of the work on the

1 \$200 million?

2 COMMISSIONER VISNAUSKAS: No, they're
3 just working -- NYCHA is doing the work and
4 DASNY is doing sort of review and approval
5 and advancing -- reimbursing them for their
6 work.

7 SENATOR KAVANAGH: And the
8 \$250 million was done with some premise that
9 there was a -- that was the thing that was
10 proposed to be done with a kind of monitor to
11 oversee it as well?

12 COMMISSIONER VISNAUSKAS: I think both
13 the 200 and the 250 were held pending there
14 being some clarity on a federal monitor or a
15 state monitor receivership.

16 SENATOR KAVANAGH: So I won't belabor
17 this, but obviously, you know, this is, as
18 you know, a very critical issue and we would
19 like to see some movement on not only getting
20 the money out the door but on making sure
21 that it's properly spent.

22 I want to speak about foreclosure.
23 I'm sure you've heard many of the
24 organizations that have been funded to

1 provide assistance for homeowners across the
2 state facing foreclosure are very concerned
3 that funding that had previously been covered
4 through some settlement funds are effectively
5 zeroed out in this budget. And I believe
6 that the current funding expires on March
7 31st.

8 And can you talk about how that
9 program has worked to date and what its
10 benefits have been and why -- you know, why
11 there's no funding at all in the Executive
12 Budget for that?

13 COMMISSIONER VISNAUSKAS: Sure. This
14 is the HOT program, or Communities First,
15 depending on -- different people call it
16 different things.

17 Foreclosure prevention and the
18 counseling that is provided by the network of
19 providers around the state is obviously
20 critical. The program has for the past seven
21 years been funded by the Attorney General's
22 office. It is expected to -- they have
23 stated that they will run out of money this
24 year, and we will work with them to identify

1 funding to allow that to continue.

2 SENATOR KAVANAGH: Okay. Is that a
3 process you expect to engage in outside of
4 the budget process?

5 COMMISSIONER VISNAUSKAS: I think that
6 DOB is working with the Attorney General's
7 office to -- on that specifically.

8 SENATOR KAVANAGH: Do you expect a new
9 proposal in the 30-day amendments?

10 COMMISSIONER VISNAUSKAS: I don't have
11 an answer to say that.

12 SENATOR KAVANAGH: Okay. But just to
13 be clear, the money has previously flowed
14 through the State Budget, it's just its
15 source was settlement money, is that correct?
16 It's not like the Attorney General's office
17 is kind of allocating money and writing
18 checks without the Legislature and the
19 Governor authorizing it, right?

20 COMMISSIONER VISNAUSKAS: I'm not
21 familiar with the details about how the
22 funding flows from the state to the Attorney
23 General's office.

24 SENATOR KAVANAGH: Okay. I'll just

1 say I join the many organizations that are
2 concerned. And it's obviously critical
3 because the -- you know, if you're a program
4 and your funding is running out in a matter
5 of weeks or months, it's obviously hard to --
6 you know, I think it's something we need to
7 resolve well before March 31st; otherwise,
8 you know, the programs are going to have to
9 disband.

10 Similar questions with respect to the
11 Neighborhood and Rural Preservation programs.
12 Both have been cut by the Executive's
13 proposal relative to the enacted budget last
14 year.

15 Can you talk about -- I think this has
16 been one of these dances between the
17 Legislature and the Executive. Does the
18 Executive not share the Legislature's view
19 that each of these programs are critical
20 to -- the work that they're doing is critical
21 throughout the state?

22 COMMISSIONER VISNAUSKAS: We do think
23 the work they do is critical.

24 The amount that the entities had been

1 receiving for the last couple of years was
2 the result of an increase in their budget
3 from JPMorgan settlement dollars from some
4 years ago. So the plan had always been that
5 when the settlement dollars ran out, they
6 would go back to their base level of funding
7 that they had had for the time period before
8 the settlement dollars came in. So this was
9 sort of an expected decrease in their funding
10 to go back to the pre-settlement-dollar
11 funding level.

12 SENATOR KAVANAGH: Okay. I think you
13 may have expected it; I'm not sure that the
14 Legislature shared that view.

15 But, again, you know, this is
16 basically a \$6.2 million cut relative to last
17 year for programs that are currently actively
18 functioning throughout the state. So I think
19 it is, you know, a conversation I think we'd
20 like to have as we go forward.

21 Can you talk about the -- the budget
22 has some very welcome -- a very welcome
23 increase that a lot of us have sought for
24 many years in your ability to enforce the

1 rent laws through the Office of Rent
2 Administration and the Tenant Protection
3 Unit. Can you talk -- I believe it would
4 cover 94 additional staff. Can you talk
5 about, first of all, just what the overall
6 allocation would do? I gather a substantial
7 portion of it is not for staff directly but
8 for other purposes. Can you talk about what
9 the overall increase in funding would be used
10 for?

11 COMMISSIONER VISNAUSKAS: Yes. So the
12 majority of it would be to cover the
13 94 additional staff. ORA, as I had mentioned
14 in my testimony, processes over 24,000 cases
15 annually. It is also a very mature portion
16 of our workforce, so we have a lot of
17 attrition. And when attrition in ORA
18 happens, we lose people that have 30 years of
19 experience working in a very complicated,
20 technical area of our agency. And so our
21 production has sort of slowed as new staff
22 come on and have to be trained.

23 So we are looking at this time to do
24 sort of big ramp-up, and we're sort of

1 restaffing in ORA for that reason. And
2 second to that is as we become more automated
3 and online, we would -- while we anticipate
4 that our processing may get better, we are
5 also going to get more applications because
6 the ease with which it is -- that we will
7 make it easier for people to apply -- and
8 we've seen this already -- will result in
9 additional volume.

10 SENATOR KAVANAGH: Is there additional
11 funding for data systems, sort of the
12 back-end tools that these units use?

13 COMMISSIONER VISNAUSKAS: It is for
14 staff.

15 SENATOR KAVANAGH: Okay. So all of
16 the new funding is for staff.

17 COMMISSIONER VISNAUSKAS: And
18 nonpersonal -- you know, staff and associated
19 staffing costs. Our technology budget is
20 separate.

21 SENATOR KAVANAGH: Okay. That's
22 helpful. And there's language that ties this
23 money to the Legislature subsequently
24 enacting -- there's some vague specifications

1 about how we would have to renew and
2 strengthen the rent laws in order for this
3 money to be spent. Can you talk about what
4 the purpose of that language would be?

5 COMMISSIONER VISNAUSKAS: Yes. So the
6 Article VII that is in the budget does three
7 things. One is it signals the Governor's
8 desire to have a data-driven approach to the
9 rent laws as reflected in the ask for us to
10 submit a report.

11 It provides, I think, some
12 directionality on the things that the
13 Governor is looking for and that the rent
14 laws this year are looking to be strengthened
15 in a comprehensive way. So it touches on but
16 is not limited to the items that will be
17 discussed as part of rent.

18 And then third, it ties the funding
19 within the Article VII to the overall renewal
20 and strengthening of those laws.

21 SENATOR KAVANAGH: Does that mean you
22 wouldn't be able to spend that money until
23 May or June or whenever we strengthen rent
24 laws?

1 COMMISSIONER VISNAUSKAS: That small
2 piece, yes. The 16 million.

3 SENATOR KAVANAGH: The 94 additional
4 staff, you wouldn't be able to begin hiring
5 those until -- isn't the Governor proposing
6 to tie your hands to strengthen the
7 enforcement of the laws unless and until
8 there's a bill passed two and a half months
9 after the budget?

10 COMMISSIONER VISNAUSKAS: So the
11 16 million would get approved, obviously, as
12 part of the budget, and its spending would be
13 tied to whatever time frame the laws would be
14 renewed in.

15 SENATOR KAVANAGH: A lot of us are
16 skeptical about the idea that we should
17 restrict funds that are otherwise available
18 for enforcement until we also strengthen the
19 laws. We're sort of, we're going to hurt
20 tenants more if we don't help tenants
21 properly. So it's sort of perplexing.

22 Just one more, if I may. The reports
23 you mentioned --

24 CHAIRWOMAN KRUEGER: Time's up.

1 Sorry.

2 SENATOR KAVANAGH: Okay. Perhaps
3 someone else will also ask about the report
4 that you mentioned and whether it will be
5 available to the Legislature at the time you
6 provide it to the Governor, but I won't ask
7 that. Thank you.

8 (Laughter.)

9 CHAIRWOMAN KRUEGER: Assembly.

10 CHAIRWOMAN WEINSTEIN: Assemblyman
11 Epstein.

12 ASSEMBLYMAN EPSTEIN: So can you
13 answer Brian's question? Thanks, RuthAnne.

14 (Laughter.)

15 COMMISSIONER VISNAUSKAS: We
16 anticipate that after submitting the
17 requested report to the Governor, that the
18 relevant data would be shared with the
19 Legislature.

20 ASSEMBLYMAN EPSTEIN: So thank you for
21 being here today, and appreciate your
22 testimony. And I just wanted to follow up on
23 the Housing chairman's question about the
24 NYCHA funding. And I know you said that the

1 200 will be spent soon, hopefully, and the
2 250 you're waiting for money -- for an
3 allocation from NYCHA to figure out what
4 they're going to do with it.

5 I was wondering why there's no
6 additional money in this year. We know
7 there's a \$32 billion capital need for NYCHA.
8 And why, when the Governor last year was
9 talking so much about the problems in public
10 housing, why didn't he make it a priority in
11 this year's budget to put additional new
12 money in?

13 COMMISSIONER VISNAUSKAS: I think the
14 Governor would like to see the money that's
15 currently in the budget, as you said, the
16 \$450 million, get spent and be underway
17 before additional funding is allocated.

18 ASSEMBLYMAN EPSTEIN: I have to say
19 it's a little disingenuous, since the only
20 reason the money's not being spent is because
21 you're holding it up.

22 So it's been allocated, and they have
23 ideas of what they want to use it for, and
24 they've made plans for the 200 -- I've heard

1 from NYCHA that they have the ability to
2 spend the 250 too. I'm sure they'll get that
3 to you soon. There's a huge capital need
4 that they have, and it doesn't make a lot of
5 sense when we know that people are suffering
6 every day in NYCHA developments -- no heat
7 and hot water in my district and across the
8 city -- where we know they need the money.

9 COMMISSIONER VISNAUSKAS: We share the
10 same sentiments about the conditions at
11 NYCHA. I think it's unfair to say we're
12 holding it up, as opposed to that there has
13 been mismanagement, there's lack of
14 leadership, there's been a monitor and not a
15 monitor, potential receivership. And all
16 those things would not, I think, allow us as
17 stewards of public dollars to advance money
18 to an entity that does not have leadership at
19 the moment.

20 ASSEMBLYMAN EPSTEIN: Let me just
21 agree to disagree about this. There is
22 leadership. There's people there who are --
23 you know, the general manager, as we all
24 know, is a seasoned housing person who had

1 run -- done housing in this state and
2 especially in New York City for decades. And
3 I have full faith in their ability to move
4 things forward.

5 So I would just hope that through this
6 conversation we talk about additional funding
7 for NYCHA because they fundamentally need
8 additional dollars to make this work.

9 COMMISSIONER VISNAUSKAS: I think the
10 Governor shares that sentiment and was fairly
11 disappointed the federal government did not
12 also come with additional funding for NYCHA.

13 ASSEMBLYMAN EPSTEIN: Yeah, I mean it
14 really is unfortunate, but we're going to
15 have to rely on the state and the city. And
16 the state has to step up and show its
17 commitment to NYCHA this year, hopefully.

18 I want to turn our attention to the
19 9,000 affordable units you talked about in 80
20 multifamily developments. What levels of AMI
21 are you seeing these units being developed
22 at?

23 COMMISSIONER VISNAUSKAS: So the
24 majority of housing developments that HCR

1 finances statewide, the multifamily number,
2 are all 100 percent affordable. We are not
3 generally sort of a financier of, you know,
4 market rate or even really sort of mixed
5 income, except in a sort of small amount of
6 the work we do.

7 So everything that we're producing
8 through our -- whether it's through our
9 9 percent tax credits or our bond deals or
10 other subsidy-onlies are certain people at 60
11 AMI or below.

12 ASSEMBLYMAN EPSTEIN: Great. Nothing
13 -- so 60 is your cutoff?

14 COMMISSIONER VISNAUSKAS: We have some
15 -- you know, last year at the federal level
16 they approved a change to the tax credit law
17 to allow income averaging, so we can go to 80
18 with tax credits. And we've just recently
19 closed our first projects.

20 So for many communities having the
21 ability to go to 70 or 80 is a goal, since
22 sometimes 60 can be a hard stop and there's
23 people just over that who are also in need of
24 affordable housing.

1 But -- so you will see a little bit
2 above that in some projects here and there,
3 but by and large everything we're financing
4 is 100 percent affordable.

5 ASSEMBLYMAN EPSTEIN: So just of the
6 9,000 units, what is at 60 or lower of AMI
7 versus above 60 of AMI?

8 COMMISSIONER VISNAUSKAS: I'll have to
9 get back to you with that specific detail.

10 ASSEMBLYMAN EPSTEIN: That would be
11 great. So I really appreciate the Tenant
12 Protection Unit's work, and I'm just
13 wondering about the opportunities for
14 expansion you've seen. You mentioned \$5
15 million in overcharges. I'm wondering if
16 you'll see more opportunities when there is
17 an overcharge in the building to do
18 investigations of other units in the
19 building. Is that part of what the expansion
20 is going to look like?

21 COMMISSIONER VISNAUSKAS: Sorry, can
22 you say that -- is that part of what the
23 expansion is going to look like?

24 ASSEMBLYMAN EPSTEIN: Yeah, exactly.

1 You're having an additional 94 employees, are
2 you -- because what we've seen a lot over the
3 years is there's overcharge in a building,
4 there's a pattern and practice that an owner
5 will engage in that will result in
6 overcharges in other units in the building.
7 And I've heard there hasn't been sufficient
8 resources. I'm wondering if this is part of
9 what you're going to be doing with the
10 expansion for tenant protection.

11 COMMISSIONER VISNAUSKAS: Yes, I think
12 that's fair to say that ORA has become -- has
13 done -- does similar -- has done
14 investigative work like that more recently
15 than perhaps it had in the past.

16 But I would also say that the Tenant
17 Protection Unit and ORA work very closely
18 together. And so to the extent that there
19 needs to be referrals, you know, that
20 certainly happens, to look at building-wide
21 issues.

22 ASSEMBLYMAN EPSTEIN: And then one
23 last question, the 70,000 apartments you've
24 returned to the market. Is that all

1 exclusively through J-51? And what are the
2 rents at those units once they return to the
3 rent-stabilized market?

4 COMMISSIONER VISNAUSKAS: That is not
5 inclusive of J-51. And I'd have to get back
6 to you on the specific rents for those units,
7 for the 70,000 units.

8 ASSEMBLYMAN EPSTEIN: It would be
9 great to know where they land when they
10 become re-regulated.

11 COMMISSIONER VISNAUSKAS: Sure.

12 ASSEMBLYMAN EPSTEIN: Thank you.

13 CHAIRWOMAN WEINSTEIN: Thank you.

14 Before we go to the Senate, I just
15 wanted to say that we've been joined by
16 Assemblywoman Jo Anne Simon and Assemblyman
17 Walter Mosley.

18 Now the Senate.

19 CHAIRWOMAN KRUEGER: Thank you. And
20 we've been joined by Senator John Liu and
21 Senator Bob Antonacci.

22 And our next questioner is Zellnor
23 Myrie.

24 SENATOR MYRIE: Thank you, Madam

1 Chair. Thank you, Commissioner, for your
2 testimony today.

3 I just want to follow up on the
4 question presented by Chair Kavanagh. The
5 issue of rent regulation is the number-one
6 issue in my district. I grew up in a
7 rent-stabilized apartment. I am still a
8 rent-regulated tenant. So this is something
9 that is critically important to me.

10 I'm just curious about the
11 administration's logic behind tying the
12 \$16 million to the ORA and the TPU to the
13 reform of the rent regulation laws. I think
14 this is something that is critically
15 important to our conference and our
16 Legislature. I believe, as a coequal branch
17 of the government, that it's important that
18 the Legislature takes a lead on this. I feel
19 very strongly about that. And so I'd like to
20 know what the administration's reasoning is
21 behind tying these reforms and the funding
22 together.

23 COMMISSIONER VISNAUSKAS: I mean, it's
24 not much more than what I had said earlier

1 around the purpose of the Article VII, which
2 has the \$16 million, as part of it is to set
3 the state for a data-driven approach and to
4 provide some directionality.

5 And I guess I would say, in terms of
6 pointing to the, you know, the Governor's
7 commitment to all of that, that to have a
8 \$128 million two-year appropriation relative
9 to in the prior fiscal year having a \$41
10 million appropriation really reflects the
11 Governor's commitment to all the work that
12 ORA and TPU does. And there is no goal here
13 of having sort of a negative outcome on that,
14 other than to show that we are fully
15 committed to a renewal and a strengthening of
16 the rent laws.

17 SENATOR MYRIE: Okay. And you may
18 have answered this already, but the report
19 that the Article VII calls for, you said that
20 you would be providing that to the
21 Legislature in the lead-up to the March 1st
22 deadline, is that correct?

23 COMMISSIONER VISNAUSKAS: What I had
24 said to Assemblymember Epstein's question

1 relative to Senator Kavanagh's question was
2 that we will be releasing a report to the
3 Governor in early March, and we will work
4 with the Legislature to release the relevant
5 data associated with that to enable for
6 everyone to have a --

7 SENATOR MYRIE: So -- I'm sorry. So
8 is that going to be on or after March 1st?

9 COMMISSIONER VISNAUSKAS: We are
10 aiming to get the report to the Governor on
11 March 1st. Whether that happens March 4th or
12 March 5th, you know, is a -- but we are
13 aiming to get it on March 1st.

14 SENATOR MYRIE: Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.
16 Assembly.

17 CHAIRWOMAN WEINSTEIN: Assemblyman
18 Schmitt.

19 ASSEMBLYMAN SCHMITT: Has HCR
20 determined any parameters or been advised by
21 anyone outside the agency to follow any
22 particular parameters for the conduct of the
23 study required by the budget on rent
24 regulation?

1 COMMISSIONER VISNAUSKAS: I'm sorry,
2 can you ask that again?

3 ASSEMBLYMAN SCHMITT: Has HCR
4 determined any parameters or been advised by
5 anyone outside the agency to follow any
6 particular parameters for the conduct of the
7 study required by the budget on rent
8 regulation?

9 COMMISSIONER VISNAUSKAS: No.

10 ASSEMBLYMAN SCHMITT: Okay. Has HCR
11 determined whether the study required by the
12 budget would be performed in-house or by a
13 third party?

14 COMMISSIONER VISNAUSKAS: In-house.
15 I'm sorry, and to the rest of it, no, meaning
16 we haven't been advised by anyone externally
17 on how to do our work, if that's what you
18 were asking.

19 ASSEMBLYMAN SCHMITT: Yes.

20 COMMISSIONER VISNAUSKAS: And we will
21 be doing it ourselves.

22 ASSEMBLYMAN SCHMITT: Okay. What is
23 the overall condition of the regulated
24 housing stock under HCR's authority?

1 COMMISSIONER VISNAUSKAS: That's a
2 very broad question. The overall condition
3 of the stock. There are -- and by -- I would
4 ask that you clarify what you mean by
5 "condition."

6 ASSEMBLYMAN SCHMITT: Just, you know,
7 what would you overall, in broad terms,
8 describe it?

9 COMMISSIONER VISNAUSKAS: You know,
10 there are over 900,000 units registered in
11 the system. Registration is sort of ongoing
12 and changes daily. The -- I mean, the
13 general physical conditions of the building
14 is not a -- while it's something that we
15 receive complaints about, it's not -- that's
16 more of a city jurisdictional issue in terms
17 of sort of the Housing Maintenance code and
18 the habitability of that housing -- I guess
19 I'm not really sure how to answer what the
20 overall health of the stock is.

21 ASSEMBLYMAN SCHMITT: Okay. Does HCR
22 have any data on the total annual subsidy,
23 which is defined as the difference between
24 the legal regulated rent and the market rent

1 provided under rent regulation to
2 upper-income households?

3 COMMISSIONER VISNAUSKAS: Do we know
4 what the difference is between market rent
5 and a legal rent, presuming it's less than a
6 market rent for the stock? No. We don't
7 have market studies on -- as part of our work
8 or scope.

9 ASSEMBLYMAN SCHMITT: Okay. Does HCR
10 have any data on the total annual subsidy as
11 defined above by that question provided under
12 the rent regulation on a borough-specific
13 basis? Probably no.

14 COMMISSIONER VISNAUSKAS: No.

15 ASSEMBLYMAN SCHMITT: What is the
16 number and percentage of MCI cases where
17 tenants objected to an owner's application
18 for an MCI rent increase?

19 COMMISSIONER VISNAUSKAS: We received
20 in 2018 about 1100 MCI applications, and we
21 denied about a hundred of those and we
22 approved, either in part or in full, the
23 balance.

24 ASSEMBLYMAN SCHMITT: Okay. Could you

1 describe the process for scrutiny and review
2 of MCI rent increase applications that HCR
3 currently undertakes before approval of them?

4 COMMISSIONER VISNAUSKAS:

5 Landlords are entitled to the actual cost of
6 the element, so they have to submit receipts
7 and we check all the receipts to make sure
8 that we have all the required documentation.

9 ASSEMBLYMAN SCHMITT: Okay. If a
10 rent-stabilized or other tenant can afford to
11 pay almost \$2800 per month, what would their
12 income typically need to be to pay the amount
13 of rent?

14 COMMISSIONER VISNAUSKAS: I can't do
15 that math in my head that quickly. But if
16 someone has a calculator, I suppose you could
17 calculate what 30 percent of that is on an
18 adjusted basis by month.

19 ASSEMBLYMAN SCHMITT: Okay. We'll go
20 back to the calculator afterwards.

21 In the last four years, has HCR
22 submitted or suggested any legislation to
23 help correct any problems in the rent
24 regulatory system?

1 COMMISSIONER VISNAUSKAS: Have we
2 proposed any legislation outside of the
3 legislative session as it relates to rent
4 stabilization? No, I don't believe we have.

5 ASSEMBLYMAN SCHMITT: Okay. That's
6 all my questions for today. Thank you very
7 much. Appreciate it.

8 COMMISSIONER VISNAUSKAS: Okay, you're
9 welcome.

10 CHAIRWOMAN KRUEGER: Thank you.
11 Senator Brian Benjamin.

12 SENATOR BENJAMIN: Thank you, Madam
13 Chair. Thank you, Commissioner, for being
14 here.

15 A couple of quick questions for you.
16 First, in regards to the five-year capital
17 Housing Plan, does your 20,000 units, does
18 that assume prevailing wage requirements or
19 does it not?

20 COMMISSIONER VISNAUSKAS: It does not.

21 SENATOR BENJAMIN: It does not. Do
22 you have a sense of what additional costs
23 would be incurred if prevailing wage was
24 included in that?

1 COMMISSIONER VISNAUSKAS: We have a
2 sort of subset of the work that we do that is
3 federal Davis-Bacon, which is not exactly
4 prevailing wage, but perhaps someone might
5 think of it as a similar thing.

6 We generally see construction costs in
7 those projects, and it's hard to compare
8 because it's not always apples to apples, but
9 they are often around 30 percent more on hard
10 costs than a non Davis-Bacon project. But
11 again, the specifics of that are relative to
12 the market that we're building in. And also
13 it's hard to compare what it would be without
14 that, because we aren't usually seeing it
15 that way.

16 So I think a lot of -- some of that is
17 pulled, I think, from what generally people
18 say rather than actual.

19 SENATOR BENJAMIN: So if that's the
20 case, let's assume there was prevailing wage
21 on the 100,000 units you're looking at with
22 the money that you have. You'd probably,
23 what, do 70,000 units, is that fair?

24 COMMISSIONER VISNAUSKAS: I think if

1 we have a fixed pool of resources and costs
2 go up, we would have to do less.

3 SENATOR BENJAMIN: Okay. Moving on to
4 ORA and the 94 new full-time staff, are those
5 full-time staff members only for ORA or is it
6 ORA and TPU? I couldn't really tell.

7 COMMISSIONER VISNAUSKAS: They are for
8 ORA.

9 SENATOR BENJAMIN: Okay. And what
10 exactly would those 94 full-time employees be
11 doing?

12 COMMISSIONER VISNAUSKAS: So as I had
13 said before, we have had a lot of attrition
14 in our very mature workforce that we have in
15 the Office of Rent Administration, and so we
16 have found over the last 12 to 24 months that
17 when we lose seasoned staff who have so much
18 expertise and have been there a while, we
19 lose more productivity than just a single
20 person replaces. And it takes people quite a
21 while, 12 to 24 months on the front end, to
22 really get up to speed. So we are losing
23 productivity, and therefore are seeking
24 additional staff.

1 And we also, as a result of automating
2 pieces of the applications online and such,
3 are seeing an increase in volume.

4 SENATOR BENJAMIN: So let me ask you a
5 question. Is 94 full-time staff members, is
6 that enough? Or would you need more but
7 you're only asking for this -- I mean, like
8 is this what you would -- in your ideal
9 world, is this your ideal budget? Or is this
10 what you're presenting because you think it
11 makes sense?

12 COMMISSIONER VISNAUSKAS: I certainly
13 wouldn't present it if I didn't think it
14 makes sense.

15 We currently have around 270 employees
16 in the Office of Rent Administration. So an
17 addition of 94 is a significant and
18 meaningful increase for us.

19 SENATOR BENJAMIN: Gotcha. Can you
20 elaborate on the additional resources -- if
21 there would be any additional resources --
22 for upgrading of computers and technology
23 along with the staff? Is that included in
24 the budget?

1 COMMISSIONER VISNAUSKAS: We are
2 currently in a process of transforming what
3 is now called the HUT {ph} system and what
4 will be renamed the Rocket system. So that
5 is ongoing and being managed by ITS.

6 SENATOR BENJAMIN: Gotcha. How long
7 does it take to resolve an allegation of a
8 overcharge complaint, on average?

9 COMMISSIONER VISNAUSKAS: I'd have to
10 get back to you with that.

11 SENATOR BENJAMIN: Okay. Right now I
12 understand that tenants have four years to
13 file their overcharges. Do you believe that
14 four years is a sufficient amount of time for
15 those tenants?

16 COMMISSIONER VISNAUSKAS: I believe
17 that is a matter that has been the subject of
18 recent litigation, and I probably would not
19 be advised to comment on that.

20 SENATOR BENJAMIN: Okay. Now on TPU,
21 can I ask you what -- I know there was some
22 concerns in the past about TPU not being
23 adequately funded. What would you say the
24 charge for TPU would be going forward with

1 this additional appropriation, and how would
2 you want to focus TPU to really sort of help
3 protect tenants?

4 COMMISSIONER VISNAUSKAS: I think the
5 work of TPU is incredibly important. And
6 also, while it is a small unit in staffing
7 numbers, it has a very high impact. And last
8 year the Tenant Protection Unit returned over
9 11,000 units to rent stabilization. So I
10 think it is doing not only its job, but it's
11 doing an incredible job at what it's tasked
12 with.

13 SENATOR BENJAMIN: Okay, thank you.
14 That's all I have.

15 CHAIRWOMAN WEINSTEIN: Thank you.
16 To Assemblywoman De La Rosa.

17 ASSEMBLYWOMAN DE LA ROSA: Thank you,
18 Commissioner, for being here today.

19 So I represent upper Manhattan. We
20 have the largest rent-stabilized stock in the
21 entire State of New York. And, you know, in
22 my district between MCIs, rent overcharge
23 complaints and the individual apartment
24 improvements, that's sort of been the toolbox

1 for displacement. And in my community
2 there's a lot of worry about the enforcement
3 mechanisms for HCR to be able to handle the
4 amount of complaints that are coming. You
5 know, upper Manhattan -- Inwood was recently
6 rezoned, and we will continue to see a large
7 uptick in cases, especially rent overcharges.
8 I know that the Senator asked about this.

9 The legal experts in my community have
10 said that it can take up to seven years to
11 resolve an overcharge case for our district.
12 So I wanted to know would the enforcement
13 mechanism that you all have in place, and the
14 94 additional staff that's coming in, do you
15 think that there will be a decrease in the
16 amount of time needed to resolve these
17 complaints?

18 COMMISSIONER VISNAUSKAS: The amount
19 of time that it takes HCR to resolve them?

20 ASSEMBLYWOMAN DE LA ROSA: Yes.

21 COMMISSIONER VISNAUSKAS: Yes, I do
22 think so.

23 ASSEMBLYWOMAN DE LA ROSA: Okay. And
24 what does that look like for you? What do

1 you think is going to be the impact?

2 COMMISSIONER VISNAUSKAS: I mean, some
3 of it is a function of -- so the output is a
4 bit of a function of the input. So depending
5 on sort of the volume of cases that we get in
6 a year -- and as a result, as I had
7 mentioned, of sort of being -- automating our
8 systems and getting an uptick in case
9 processing -- uptick in cases -- you know,
10 sort of determines how long in some ways it
11 takes us to resolve them.

12 But -- so I guess I don't have a
13 projection for you right here. But happy to
14 talk about it more.

15 ASSEMBLYWOMAN DE LA ROSA: Okay,
16 great. I want to echo the chair's comments
17 on NYCHA. I'm not going to repeat them, but
18 I agree wholeheartedly with his assessment of
19 that.

20 I also want to talk to you a little
21 bit about data and data sharing. You
22 mentioned that the technology upgrades that
23 are coming to the agency are coming more for
24 internal use. In this day and age where

1 grassroots organizing is important for us to
2 combat some of the displacement that is
3 happening in our community, we often get
4 asked for data on different things, like how
5 many MCI complaints have been denied, how
6 many -- all of that. And unless I'm emailing
7 your agency constantly, there's not really a
8 good flow of information.

9 Is any funding being allocated towards
10 the dissemination of information that is
11 internal to the agency but that can be
12 outward-facing in order to help deal with
13 some of the issues of displacement?

14 COMMISSIONER VISNAUSKAS: So I guess I
15 would say two things.

16 One is you know the information on the
17 rent stabilization system is subject to
18 privacy laws, and we take that very
19 seriously. And while we understand that
20 there may be a benevolent use on the advocate
21 side, to the extent that information is
22 publicly available, anybody has access to it,
23 so we wouldn't want it to fall into the wrong
24 hands.

1 So I would say that we will be working
2 with the Legislature post-submission of the
3 report to the Governor on a data-sharing to
4 help inform the rent conversations going
5 forward.

6 ASSEMBLYWOMAN DE LA ROSA: And I think
7 that even data that's not aggregated, that
8 doesn't have all the information, but that
9 shows some data as to what's happening in our
10 communities would be helpful.

11 COMMISSIONER VISNAUSKAS: Yes.

12 ASSEMBLYWOMAN DE LA ROSA: I'll also
13 add to that, you know, in upper Manhattan,
14 for example, we have a lot of buildings that
15 are flipping ownership, constantly flipping
16 ownership, especially now.

17 And so one of the things that I have a
18 lot of concern about is the information of
19 who owns these buildings, because it's
20 constantly changing.

21 And I know that you just simply
22 have -- you get the information that is given
23 to you. But what do you think can be done in
24 order for us to have more resources to have

1 this information handy when there are
2 instances where, for example, an entire
3 building has a gas outage or a heat outage
4 and we have no way of having an enforcement
5 mechanism with the owner?

6 COMMISSIONER VISNAUSKAS: So you would
7 see that as a data solution?

8 ASSEMBLYWOMAN DE LA ROSA: I think
9 that if we at least had the information of
10 who the owners were, we would be better
11 tasked with enforcement.

12 COMMISSIONER VISNAUSKAS: We'd be
13 happy to talk to you more about that and see
14 if there's a common ground we can find.

15 ASSEMBLYWOMAN DE LA ROSA: Okay.
16 Thank you.

17 COMMISSIONER VISNAUSKAS: You're
18 welcome.

19 CHAIRWOMAN WEINSTEIN: Thank you.
20 Senate?

21 CHAIRWOMAN KRUEGER: Thank you. We've
22 been joined by Robert Jackson.

23 And next is Brad Hoylman.

24 SENATOR HOYLMAN: Thank you,

1 Commissioner. And thank you for sitting down
2 with my colleagues and me about MCIs at Peter
3 Cooper-StuyTown. We really appreciate it.

4 Speaking of MCIs, is there anything
5 that can be done to -- from a policy
6 perspective to ensure that MCIs and IAIs
7 accurately reflect the cost of improvements?
8 As you know, currently, as we discussed, the
9 process is challenge-based, meaning tenants
10 have to collectively request and review
11 increases that it seems HCR approves as a
12 matter of course.

13 COMMISSIONER VISNAUSKAS: The statute
14 says and we are tasked with making sure that
15 the costs are actual and verified. So for
16 our role in the administration of rent laws,
17 that is what we do, which is, you know,
18 process the receipts. I think probably
19 discussions about ways that that can be
20 changed will be part of the rent laws
21 discussion.

22 SENATOR HOYLMAN: You know, following
23 up on some of my colleagues' questions about
24 data and data sharing, is it true, to your

1 knowledge, that the City HPD, for example,
2 does not have access to your rolls of
3 rent-regulated and rent-controlled tenants?

4 So in other words, the situation that
5 I have found my constituent in is that the
6 City Department of Buildings will issue
7 permits for quote, unquote, unoccupied
8 buildings that your agency knows have
9 tenants. The result is that construction
10 will ensue in those buildings with our
11 constituents, rent-stabilized and
12 rent-controlled, having to live in
13 construction zones, with dust, with dangerous
14 safety conditions, with essentially
15 eviction-like circumstances.

16 When is that going to stop?

17 COMMISSIONER VISNAUSKAS: We work
18 closely with the Department of Buildings on
19 this. This has been something that has been
20 a bit in the news over the last 12 months.

21 And we have -- specifically with DOB, there
22 is some access with respect to our two
23 systems to verify whether or not a building
24 is subject to rent stabilization.

1 SENATOR HOYLMAN: Are they synced yet?

2 COMMISSIONER VISNAUSKAS: I'm not sure
3 if, technologically, synced is the right
4 word, so I don't know whether to -- how to
5 answer that exactly.

6 SENATOR HOYLMAN: Does the Department
7 of Buildings, does the City HPD have access
8 to your files of rent-regulated tenants and
9 rent-stabilized units?

10 COMMISSIONER VISNAUSKAS: So DOB
11 specifically, separate from HPD, right, has
12 access and can verify rent stabilizations.

13 SENATOR HOYLMAN: Is that recent?

14 COMMISSIONER VISNAUSKAS: I would have
15 to get back to you on that. It's certainly
16 been more than the last six months or since
17 the articles have been in the press about
18 that topic.

19 SENATOR HOYLMAN: So that has changed,
20 it is now -- DOB now can double-verify that a
21 building is in fact occupied?

22 COMMISSIONER VISNAUSKAS: Yes. I can
23 -- I will get back to you to check on timing
24 as to when that happened, but --

1 SENATOR HOYLMAN: But it has happened.

2 Okay, that's good news.

3 Finally, do you have any thoughts on
4 what we can do to keep Mitchell-Lama
5 buildings in the program? I have a number of
6 Mitchell-Lamas in my district. There's
7 always threats and discussion about them
8 leaving the program. What incentives are you
9 proposing to keep Mitchell-Lamas viable?

10 COMMISSIONER VISNAUSKAS: Sure. And
11 I'd be happy to talk about any Mitchell-Lamas
12 that are state-supervised that are in your
13 district. I don't know off the top of my
14 head which ones are.

15 But we have two things. One is we
16 purchased the UDC portfolio --

17 SENATOR HOYLMAN: East Midtown Plaza
18 is one of them, just so you know.

19 COMMISSIONER VISNAUSKAS: Which I
20 believe is a city-regulated Mitchell-Lama?

21 So we purchased the UDC portfolio some
22 number of years ago and have been refinancing
23 -- it was about 35 Mitchell-Lamas across the
24 state where we bought the debt, and then

1 we've been working with them all to
2 reposition them.

3 Additionally, as part of the Housing
4 Plan, funding was set aside specifically for
5 Mitchell-Lamas to offer subsidy to allow them
6 to make capital repairs and stay in the
7 system.

8 So we care very deeply about all the
9 Mitchell-Lamas around the state as an
10 important source of affordable housing, and
11 we reach out to them and work with them to
12 offer them subsidy programs and other
13 resources we have to stay affordable.

14 SENATOR HOYLMAN: And finally, just
15 your comment on being good stewards of the
16 public funds, we're also the stewards of the
17 public funds. And we've directed you to
18 release that \$450 million to our NYCHAs, and
19 I think you should do it as soon as possible.

20 CHAIRWOMAN WEINSTEIN: Thank you.
21 Assemblyman Barclay.

22 ASSEMBLYMAN BARCLAY: Thank you, Madam
23 Chairwoman.

24 Thank you, Commissioner, for being

1 here, and good morning to you.

2 I had three questions, two on the
3 Governor's budget proposal and one just broad
4 question. I'll start with the broad
5 question.

6 My district borders Lake Ontario. As
7 you're well aware, we had some catastrophic
8 flooding there a few years ago and, working
9 in a bipartisan manner with the Governor,
10 were able to get funding, I think -- I can't
11 remember the number exactly -- 30 million,
12 maybe, the first year, and then 15 million
13 more the next year.

14 COMMISSIONER VISNAUSKAS: I think it's
15 a total of 76.

16 ASSEMBLYMAN BARCLAY: So it's a little
17 higher than I recall, which is great. Where
18 does that stand now?

19 COMMISSIONER VISNAUSKAS: So we have
20 helped almost 2,000 homeowners that suffered
21 the impacts of the Lake Ontario flooding.
22 And we -- I think at this time the 76 is
23 still being expended to reimburse all those
24 homeowners for the expenses they have. But I

1 think it was a really herculean effort on
2 behalf of the four nonprofits that really
3 picked this up and processed all those
4 applications to get all those homeowners back
5 in their home.

6 ASSEMBLYMAN BARCLAY: Yeah, I would
7 agree with you, actually. We had a very --
8 you know, it got backlogged, obviously, just
9 because of sheer numbers. But I agree that
10 non-for-profits, at least in my district in
11 Watertown, they were terrific.

12 But do you know how much money is
13 left?

14 COMMISSIONER VISNAUSKAS: I think we
15 have committed around 60 million of the 86,
16 but I could get back to you with actual
17 numbers.

18 ASSEMBLYMAN BARCLAY: Okay, that would
19 be great.

20 Just turning to the proposals in the
21 Governor's budget -- and maybe on the same
22 thread of thought, you have \$72 million in
23 there for new funds for storm recovery. Is
24 that just money to cover continuing for

1 Sandy, or is that for new -- new -- what's
2 that, I guess is my --

3 COMMISSIONER VISNAUSKAS: So that is
4 funding for the Governor's Office of Storm
5 Recovery, which was created to cover Sandy,
6 Lee and Irene. And as a result of additional
7 costs related to elevations in that program,
8 the Governor's Office of Storm Recovery
9 redirected some funds from community
10 reconstruction into housing to pay for the
11 additional cost of elevations. And as a
12 result, there's a gap in some of the
13 infrastructure in the community
14 reconstruction budget. So this money is
15 meant to fill that gap.

16 ASSEMBLYMAN BARCLAY: Okay. Thank
17 you.

18 And then I notice there's a proposal
19 to limit the ability of landlords to charge a
20 security deposit to the first and last
21 month's rent. Can you first just explain
22 that? And then I have one very specific
23 question about that. I mean, it seems easy,
24 but the first month's rent, that really just

1 ends up being one month's rent security
2 deposit as a result of charging the first
3 month's rent? Do I have that right?

4 COMMISSIONER VISNAUSKAS: Correct.
5 Correct. So it's a limitation of security
6 deposits to one month's rent. For low-income
7 families around the state, a security deposit
8 is a barrier to accessing housing. And so in
9 an effort to reduce barriers to affordable
10 housing, the bill is proposed to limit it to
11 one month.

12 ASSEMBLYMAN BARCLAY: I mean, are
13 there exceptions to that rule? How about if
14 the tenant has a pet or something that would
15 -- you know, there's more of a concern about
16 not just nonpayment of your rent but damage
17 or whatnot that you might allow --

18 COMMISSIONER VISNAUSKAS: I think we'd
19 be happy to talk to you if there's sort of
20 specific things that we want to look at in
21 there.

22 ASSEMBLYMAN BARCLAY: But there are no
23 exceptions under his proposal?

24 COMMISSIONER VISNAUSKAS: As currently

1 written, no.

2 ASSEMBLYMAN BARCLAY: Okay. Thank you
3 very much, Commissioner.

4 COMMISSIONER VISNAUSKAS: You're
5 welcome.

6 ASSEMBLYMAN BARCLAY: Thank you,
7 Chairwoman.

8 CHAIRWOMAN WEINSTEIN: Thank you.

9 We've been joined by Assemblyman Al
10 Taylor, Assemblyman Charles Barron, and
11 Assemblywoman Rodneyse Bichotte.

12 CHAIRWOMAN KRUEGER: And Senator
13 Shelley Mayer.

14 SENATOR MAYER: Thank you, Chairwoman.

15 And thank you, Commissioner. I
16 represent much of Westchester, about half of
17 Westchester. I have the largest supply of
18 rent-stabilized units, I believe, outside of
19 New York City. And I've been perennially
20 frustrated by the fact that TPU has not at
21 all been assigned to the ETPA counties
22 outside of New York City.

23 In the proposal that you are putting
24 forward, the funds are for ORA. Is there a

1 commitment to extend TPU to the counties
2 outside of New York City?

3 COMMISSIONER VISNAUSKAS: I would be
4 happy to talk about that. I do not believe
5 that as currently written, it expands TPU's
6 jurisdiction outside the City of New York.

7 SENATOR MAYER: Well, I appreciate
8 that. I would say that your testimony sort
9 of blends ORA and TPU together, leaving the
10 impression that this would apply to all the
11 ETPA counties and not just New York City.
12 And to the extent that TPU is not extended to
13 the counties that are desperately in need of
14 protection for their rent-stabilized units, I
15 would urge you to reconsider that.

16 COMMISSIONER VISNAUSKAS: Okay. We'll
17 follow up on that.

18 SENATOR MAYER: Thank you.

19 Secondly, in this report that your
20 agency intends to provide to the Governor and
21 I guess share the data with the members of
22 the Legislature, do you anticipate showing
23 how the permanence of MCIs has led to a
24 decline in affordable housing units outside

1 of New York City?

2 COMMISSIONER VISNAUSKAS: Do we intend
3 to show that in the data?

4 SENATOR MAYER: Yes.

5 COMMISSIONER VISNAUSKAS: We will
6 release a series of data. I think the
7 conclusions you make obviously will be for
8 the Legislature to make. I obviously can't
9 pre-conclude what the data would or would not
10 show.

11 SENATOR MAYER: Well, correct me if
12 I'm wrong. I believe that the data currently
13 shows that the number of rent-regulated
14 units, particularly in Westchester, has
15 declined substantially over the last five
16 years, in large part because the permanent
17 MCIs has made units no longer basically
18 rent-regulated. That's already obtainable.

19 Is there anything additional you think
20 you will provide in the data that will be
21 helpful in our deliberations as we renew and
22 hopefully strengthen the rent regulations?

23 COMMISSIONER VISNAUSKAS: I mean, I
24 certainly hope, obviously, that all the data

1 we provide will be useful in informing policy
2 decisions.

3 SENATOR MAYER: On the issue of data
4 that a number of my colleagues have raised,
5 is there any plan to digitize the information
6 that I believe is still on three-by-five
7 cards -- at least the last I checked, it
8 was -- about individual units and how that
9 information is available, both to us as
10 legislators and to the public and community
11 organizers?

12 I echo the frustration that it's very
13 difficult to obtain the data to show, for
14 example, the change in rent in a particular
15 unit because that information appears to be
16 kept in handwritten form and not easily
17 available.

18 COMMISSIONER VISNAUSKAS: Well, the
19 date itself is subject to privacy laws.
20 Right? So certainly on an individual
21 apartment basis, that's not data that we
22 would release. As I had said to the Senator,
23 to the extent that we release data, it
24 becomes publicly available. So obviously we

1 don't want people's individual apartment
2 information to be widely available to the
3 public.

4 So we would certainly look to
5 aggregate that data at a level which masks
6 sort of any ability for it to violate the
7 privacy laws but is still meaningful to make
8 policy decisions.

9 SENATOR MAYER: But is there a plan to
10 actually digitize or move from -- is it still
11 a handwritten system?

12 COMMISSIONER VISNAUSKAS: I'd have to
13 get back to you on that.

14 SENATOR MAYER: Okay. I would
15 appreciate that.

16 Just in conclusion, I think I share
17 the concerns of the ETPA counties that in the
18 commitment of the agency to providing rent
19 regulation, there needs to be an increased
20 commitment to these counties where the supply
21 of affordable housing continues to decline
22 and market-rate housing is now posing a
23 substantial threat, as it has in New York
24 City, to people of -- working people.

1 And so it would be very helpful if the
2 agency was our partner in this effort and not
3 simply sort of a neutral on-the-sides
4 observer.

5 COMMISSIONER VISNAUSKAS: As relates
6 to rent stabilization --

7 SENATOR MAYER: Yes.

8 COMMISSIONER VISNAUSKAS: -- or
9 housing in general?

10 SENATOR MAYER: In general.

11 I mean, lastly, is there any effort by
12 the agency to consider large-scale capital
13 investment in creating affordable housing at
14 a scale that would make a meaningful
15 difference? I understand you've done some
16 small projects. But is there any large-scale
17 capital investment proposal on the table?

18 COMMISSIONER VISNAUSKAS: I mean I
19 would certainly say that two years ago when
20 the Legislature approved a \$2.5 billion
21 budget addition to my agency's budget, that's
22 what I certainly would call a significant
23 capital investment into housing across the
24 state. And we obviously take that 2.5

1 billion and leverage it with private dollars
2 so that we can make our impact go even
3 further.

4 We work very hard to try to get
5 projects financed in Westchester and work
6 with several localities as well as county
7 planning executives and the like to get
8 projects financed to meet the needs. I
9 understand there's a lot of housing pressures
10 in your district specifically.

11 SENATOR MAYER: Thank you.

12 CHAIRWOMAN KRUEGER: Thank you.

13 Assembly.

14 CHAIRWOMAN WEINSTEIN: Thank you.

15 Assemblyman Mosley.

16 ASSEMBLYMAN MOSLEY: Good morning.

17 Thank you, Madam Chair, and forgive me for my
18 lateness.

19 And please forgive me if I might be
20 somewhat redundant. But thank you,
21 Commissioner, for your time and your effort
22 and your staff's effort.

23 Some of my colleagues have already
24 asked questions about TPU and technology.

1 And I guess my line of questions will be more
2 on the report that's going to be released on
3 March 1st.

4 The report that you're predicting to
5 have, will it be more so based upon purely
6 statistics, or the recommendations be
7 reflective of some of the legislation and
8 public policies that the legislators have
9 kind of passed over the years and that you
10 will be looking to kind of highlight or
11 substantiate based on statistics that you
12 bring up?

13 COMMISSIONER VISNAUSKAS: Yeah, I
14 think we want to use the report to summarize
15 the data both that's asked for and that
16 exists in the system itself to talk about
17 directionally changes in the system.

18 ASSEMBLYMAN MOSLEY: And how much do
19 you plan to drill down on that information,
20 given now we see an uprising in advocates and
21 now my colleagues outside of the city who
22 many of them already know this, but I think
23 we're starting to see a groundswell of people
24 understanding how big of an issue this is,

1 not only within the city but also statewide.

2 COMMISSIONER VISNAUSKAS: We intend
3 for it to be a thoughtful and comprehensive
4 report.

5 ASSEMBLYMAN MOSLEY: And I know that
6 you're saying you're doing this all in-house,
7 but do you have the tools to do something
8 like this?

9 COMMISSIONER VISNAUSKAS: We do.

10 ASSEMBLYMAN MOSLEY: And will the
11 Legislature be briefed prior to its public
12 release, or will we find out this information
13 the same time the public will?

14 COMMISSIONER VISNAUSKAS: Am I going
15 to release it to you before I release it to
16 the Governor?

17 (Laughter.)

18 ASSEMBLYMAN MOSLEY: Will you brief
19 us? I'm not saying you have to release it,
20 but will you brief us as a Legislature prior
21 to this being publicly released?

22 COMMISSIONER VISNAUSKAS: I'm always
23 happy to meet with the Legislature.

24 ASSEMBLYMAN MOSLEY: And let me ask

1 you, given the fact that you are doing this
2 in-house, in an anticipation that people will
3 question the validity -- I'm not saying it's
4 -- I'm saying I'm anticipating people will
5 question the validity of it all. What would
6 you say to people who would say, you know,
7 how can you police yourself given that, one,
8 over the years we know we've had insufficient
9 tools, we've had insufficient resources when
10 it came to tracking many of the issues that
11 you're talking about here in this report,
12 which will have recommendations which will
13 lead to, you know, discussions and
14 conversations that will ultimately be either
15 in the budget or out of the budget or might
16 delay the budget? What would you say to
17 that?

18 COMMISSIONER VISNAUSKAS: I think we
19 will produce a fair and balanced report. I
20 mean, I think that the rent laws are a very
21 sensitive topic for a lot of people. So I
22 think to your sort of first point about
23 people are going to have a strong reaction to
24 it, I 100 percent agree.

1 And no matter sort of what the data
2 says and shows, I think that the responsible
3 thing for us to do is to find a balance --
4 which is very hard to find -- between making
5 sure that owners can invest in buildings and
6 they don't take shortcuts or avoid capital
7 improvements and do things that would drive
8 down the overall conditions in the housing
9 stock, but that they're doing that in such a
10 way that it is not sort of borne in an
11 unsustainable way on tenants and that the
12 system still serves its purpose of
13 stabilizing the rents and not creating large
14 swings in rents in any given year.

15 So, you know, achieving that balance
16 is I think what we will all be spending a lot
17 of time talking about. It won't be hard to
18 do, but we would look in the report to use
19 the data to try to do that.

20 ASSEMBLYMAN MOSLEY: All right, thank
21 you.

22 CHAIRWOMAN WEINSTEIN: Senate?

23 CHAIRWOMAN KRUEGER: Thank you.

24 Senator Seward.

1 SENATOR SEWARD: Thank you,
2 Commissioner.

3 As you know, the Governor included in
4 his budget proposal language regarding the
5 source of income discrimination. And that
6 jogged my memory that a bill sponsored by our
7 colleague Senator Robach back in 2015
8 established or required a task force to be
9 established to study the impact of source of
10 income on access to housing. That
11 legislation passed both houses unanimously.

12 And under that, a report including
13 recommendations was due to be brought to the
14 Legislature by January 15, 2016. Can you
15 tell us if that task force was ever convened
16 or has a report ever been issued?

17 COMMISSIONER VISNAUSKAS: You probably
18 could answer some of this better than I can,
19 but I believe that there were not members
20 appointed to that task force from both -- I
21 think it was required that both houses
22 appoint members, and I think there was not
23 appointments necessarily made to that task
24 force. So I do not believe it convened or

1 issued a report.

2 The current source of income -- that
3 task force was certainly not a prerequisite
4 for the current source of income legislation.

5 I think that task force could still be
6 appointed, it can still convene and could
7 talk about issues beyond source of income and
8 other issues that relate to housing
9 affordability around the state.

10 SENATOR SEWARD: Well, I can look into
11 it, you know, in terms of the lack of
12 appointed members. But it just would make
13 sense to me to convene such a task force and
14 draw upon, you know, the expertise that these
15 task force members would have to ensure that
16 we're making the most appropriate changes in
17 the law in that area.

18 I wanted to also return to discussion
19 on the major capital improvements. Could you
20 provide us with any information as to the
21 total amount of MCIs that are applied for and
22 also the number and percentage of MCIs where
23 tenants object to an owner's application for
24 an MCI rent increase? I mean, what are the

1 percentages there in the last year or two?

2 COMMISSIONER VISNAUSKAS: So I can
3 give you a couple of statistics, but probably
4 not every one you asked for.

5 In 2018 we received about 1100
6 applications for MCIs. About a hundred of
7 those were denied. So the balance of about a
8 thousand were either partially or fully
9 approved, and they represented approximately
10 \$200 million in capital investment in those
11 thousand applications that were approved.

12 The percent of those that are
13 challenged, I don't have that off the top of
14 my head, but I'd be happy to get back to you.

15 SENATOR SEWARD: Okay. So less than
16 10 percent are actually --

17 COMMISSIONER VISNAUSKAS: Straight-out
18 denied. Others are approved either in part
19 or in full.

20 SENATOR SEWARD: Okay. My final issue
21 would be the issue of the preferential rents
22 that are allowed. Can you share with us,
23 give us some idea of what percentages of
24 vacancy leases contain preferential rents?

1 COMMISSIONER VISNAUSKAS: Between, I
2 think, 25 and 30 percent of the overall
3 rent-stabilized stock has a preferential
4 rent. I'm not sure -- you mean on -- I'm not
5 sure of the vacancy lease part of that. But
6 that's the overall statistic.

7 SENATOR SEWARD: So what about the
8 percentages of renewed -- renewal leases that
9 contain preferential rents?

10 COMMISSIONER VISNAUSKAS: I'd have to
11 get back to you on that.

12 SENATOR SEWARD: Okay. Okay. Can you
13 share with us also in terms of what is the
14 median rent increase upon lease renewal when
15 there is a preferential rent?

16 COMMISSIONER VISNAUSKAS: Yes, we
17 could provide that at a future time. I think
18 when we provide data as a result of the
19 report that gets submitted in March, we can
20 provide a series of data sets, and I can add
21 that to the list.

22 SENATOR SEWARD: I think those are --
23 that would be very important information for
24 us to receive as we, you know, consider next

1 steps in the rent regulations.

2 COMMISSIONER VISNAUSKAS: Okay.

3 SENATOR SEWARD: Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.

5 Assembly.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 We were joined a little while ago by

8 Assemblywoman Niou and Assemblywoman Cruz.

9 And now to Assemblywoman Bichotte for

10 questions.

11 ASSEMBLYWOMAN BICHOTTE: Hello,

12 Commissioner. Thank you for being here.

13 My name is Assemblymember Rodneyse

14 Bichotte. I represent the 42nd Assembly

15 District, which is the Flatbush district --

16 Flatbush, East Flatbush, Midwood, Ditmas Park

17 and -- you know, central Brooklyn.

18 My district has the highest eviction

19 rate. People are being pushed out left and

20 right and very fast. The number-one issue in

21 my district is housing. Now, we've seen the

22 Governor's proposal in terms of reform. The

23 people of the State of New York and City of

24 New York have been talking about three major

1 things -- obviously, repealing vacancy
2 decontrol, eliminating preferential lease,
3 which I have a bill on, A1509, as well as
4 major capital improvements, reforming it or
5 eliminating it.

6 My question to you is, what is your
7 position, you and the Governor's position, in
8 terms of actually doing away with vacancy
9 decontrol, repealing it, as well as
10 eliminating preferential lease? And the
11 reason why I'm asking that is because we
12 don't trust the word "reform." We see
13 reform, but we want to ask ourselves what are
14 we reforming. We have thousands of people
15 who are about to be homeless.

16 And this year is the year to do this.
17 Are we for the people who trusted in us to
18 represent them? Okay? We're not trying to
19 do bad deals here. This is it. This is the
20 year. We've seen the numbers. We've seen
21 what this 20 percent bonus have done to many
22 New Yorkers. We've seen what this
23 preferential lease loophole have done,
24 misguided many tenants across the state.

1 So we have to think here, this is an
2 opportunity. Are we for the people or are we
3 for just a handful of slum landlords? So
4 you've heard all of us, we want to repeal it.
5 We want to repeal vacancy decontrol. We want
6 to repeal or eliminate preferential lease.

7 What is your position? What is the
8 Governor's position? Will we work as a team
9 this year? Will we get this through? Thank
10 you.

11 COMMISSIONER VISNAUSKAS: I agree with
12 you, I think this is a year that everyone is
13 uniquely poised to be addressing the rent
14 laws. And we certainly look forward to that
15 discussion.

16 And as I mentioned before, I think the
17 Article VII that's in the budget does a
18 couple of things, one of is which is try to
19 have a data-driven approach to I think your
20 point about making sure that we're looking at
21 what the impact of all those different parts
22 of the rent laws are on the actual rents and
23 the overall housing stock.

24 And two, I think the Governor has been

1 clear in his series of public comments that
2 he is looking at things like vacancy
3 decontrol and the preferential rents and
4 looking at -- while I respect that you don't
5 like the word "reform," looking at doing a
6 comprehensive reform of all aspects of that
7 to really try to strengthen the laws.

8 ASSEMBLYWOMAN BICHOTTE: Is he looking
9 to repeal, like do away with it? Because
10 that's not --

11 COMMISSIONER VISNAUSKAS: So I've been
12 tasked with submitting a report to the
13 Governor on March 1st. So while -- and that
14 report will touch on all aspects of the rent
15 laws and provide sort of guidance on that.
16 So I'm not, certainly, here today to talk
17 about the Governor's agenda.

18 ASSEMBLYWOMAN BICHOTTE: Okay. I
19 would certainly encourage that you listen to
20 the people of the State of New York and
21 obviously all of those in both houses who
22 represent the people of the State of
23 New York. Housing is a right.

24 Thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 Senator Salazar.

3 SENATOR SALAZAR: Good morning. Can

4 you hear me?

5 COMMISSIONER VISNAUSKAS: I can.

6 SENATOR SALAZAR: That's important.

7 Good morning. The Tenant Harassment

8 Prevention Task Force is really important for

9 protecting and empowering tenants who are

10 very frequently dealing with harassment at

11 the hands of property owners and landlords.

12 Could you provide us an update on the

13 Tenant Harassment Prevention Task Force, how

14 many enforcement actions have been brought in

15 the past year and perhaps what's been the

16 outcome of those actions?

17 COMMISSIONER VISNAUSKAS: And so you

18 don't mean the TPU, you mean the DOB/HPD/

19 Attorney General's office/HCR overall task

20 force?

21 SENATOR SALAZAR: Right, the task

22 force.

23 COMMISSIONER VISNAUSKAS: I have to

24 get -- we are obviously just one part of that

1 overall larger task force, so I think to
2 speak on behalf of them I probably would have
3 to circle back with you to sort of confer
4 with everyone to convey all the things that
5 they are working on.

6 SENATOR SALAZAR: Additionally in your
7 testimony you mentioned New York State Rent
8 Connect providing access to forms and
9 information for tenants and building owners
10 of rent-stabilized and rent-controlled
11 apartments.

12 The state's website currently as it's
13 available isn't very user-friendly for
14 tenants and those hoping to apply for
15 affordable housing. It, for example, gives
16 instructions on how to obtain a paper
17 application, last I checked. And also last I
18 checked, those applications are capped at a
19 pretty conservative number, I think it was
20 500 applications for the affordable housing
21 developments.

22 Is there -- part of this proposal of
23 this launch, would it be seeking to make it
24 easier for tenants to apply for those -- for

1 the state's affordable housing? And do you
2 have an update on the cap of applications?

3 COMMISSIONER VISNAUSKAS: Sure. So
4 I'd say maybe I'll sort of address that
5 through three different kind of answers.

6 I'm not actually totally sure what the
7 cap is, so I'd be happy to talk about that
8 more separately.

9 But the New York State Rent Connect
10 that was launched today is, as you have
11 mentioned, is for tenants that live in
12 rent-stabilized and rent-controlled units and
13 for owners, that that's really meant to -- we
14 agree, our website is not the shining crown
15 of our agency. And so we are working very
16 hard to make strides with central ITS to be
17 more user-friendly, since the rent-control
18 and rent-stabilization systems are complex.

19 So New York State Rent Connect is
20 seeking to sort of start that and to make an
21 easier interface for people to -- if you
22 don't even really know what you're looking
23 for, it helps guide you to what you might be
24 looking for. So what do you live in? Are

1 you primary lease -- you know, it asks you a
2 series of questions to be able to guide you
3 to forms in the system. So those would be
4 for people who are currently living in
5 rent-controlled or rent-stabilized stock.

6 I guess the two other ways that people
7 who are looking for affordable housing can
8 access it is in the City of New York, the
9 majority of things that we finance in the
10 city go through the city's lottery and online
11 system, so there is sort of an electronic
12 access point for people looking to apply.

13 That type of sort of online lottery for
14 applications doesn't exist in the rest of the
15 state, but we do maintain New York Housing
16 Search, which is a database of certainly
17 things that we finance, and then other people
18 can put units and buildings and apartments on
19 it for people looking statewide for
20 affordable housing. So that is easily
21 accessible from our website, too, when you go
22 into the sort of For Renters section, you can
23 go to New York Housing Search and see
24 apartments that are available in our

1 portfolio.

2 So we try our best to be as accessible
3 to people as we can.

4 SENATOR SALAZAR: Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.
6 Assembly.

7 CHAIRWOMAN WEINSTEIN: We've been
8 joined by Assemblywoman Colton, Assemblywoman
9 Fernandez, and Assemblyman Fitzpatrick.

10 And we go to Assemblyman Barron.

11 ASSEMBLYMAN BARRON: Thank you very
12 much.

13 How are you, Commissioner?

14 COMMISSIONER VISNAUSKAS: I'm well,
15 thank you, how are you?

16 ASSEMBLYMAN BARRON: You know, I know
17 my colleagues talked about NYCHA and all of
18 the stuff around rent regulation, so I won't
19 go through that. But my major concern is
20 gentrification. Gentrification. For those
21 who don't know what gentry means, it's the
22 elites, whites coming back into the inner
23 cities and taking over housing where poor
24 struggling people have been for years. We

1 call it ethnic cleansing, but I'll go with
2 gentrification since that's the most notable
3 term.

4 What are we going to do about that as
5 it relates to housing? We've worked well in
6 our community in East New York. We sat down
7 with you at 888 Fountain and we got some good
8 things done and we got the right area median
9 income for that particular community.

10 So usually when the housing comes in,
11 the AMI, the area median income, is usually
12 twice as high as the neighborhood's area
13 median income, and that leads to the
14 gentrification. So I just want to make sure
15 all the projects that you're working on has
16 that consideration when it comes to our
17 communities so that we're not gentrified.
18 That's the first question.

19 The second one is we always fight for
20 MWBEs, and we will continue to do that, and
21 we did well in that project as well. But
22 also the ownership -- I think we started it
23 in East New York with you, and I just want to
24 see how that's playing out across the state.

1 But black contractors need to own --
2 we don't just need MWBE contracts for the
3 work, the subcontracts, but we need to have
4 the prime developer owning some of the
5 property. Because a lot of the land is being
6 sold dirt cheap to rich developers. They get
7 richer, they own the land, and then we're
8 satisfied with some little jobs or contracts
9 because we're struggling for jobs and
10 contracts in our neighborhoods, and that
11 becomes the success.

12 But we need to make sure that we get
13 black contractors, black developers owning
14 the land, being the prime source of the
15 contracting, and not subcontractors or MWBEs.
16 Because if we are the major, the general
17 contractor, the GC and the developer, we can
18 always do the contract and below that.

19 So I just wanted to get a sense of how
20 you're dealing with those two issues.

21 COMMISSIONER VISNAUSKAS: Yes, I'm
22 happy to talk about that.

23 I think that we certainly have had
24 some success with the projects we have done

1 in your district. And I think as we go
2 forward on our Housing Plan efforts, we are
3 always happy to work with members of the
4 Legislature to make sure that we're targeting
5 the right AMIs to serve your neighborhood
6 needs. It's a complex issue, but it's one we
7 certainly are used to and are happy to talk
8 about.

9 On MWBE, I guess I would say we
10 obviously take our MWBE commitment very
11 seriously. We have a 30 percent goal for our
12 agency. I'm happy to say that last year we
13 achieved a 40 percent MWBE goal against our
14 target. So we take that very seriously.

15 Two, I think your comment about
16 ownership -- we have recently worked with
17 some consultants to look at barriers to entry
18 for MWBE developers specifically. We
19 certainly think there is a lot of value for a
20 general contractor and for having large MWBE
21 commitments as it relates to jobs. So while
22 it might not be exactly what you want, we
23 place a lot of value on that also.

24 But we will continue to work with

1 developers to make sure that they don't see
2 barriers in the work that we do in terms of
3 being able to access our programs and access
4 our financing.

5 ASSEMBLYMAN BARRON: What I heard you
6 say is not exactly what I want. I want to
7 see if you can get to exactly what I want,
8 because that would be a wonderful thing.

9 (Laughter.)

10 ASSEMBLYMAN BARRON: Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 CHAIRWOMAN KRUEGER: Senator Savino.

14 SENATOR SAVINO: Thank you,

15 Commissioner.

16 I want to focus on the area of
17 Mitchell-Lamas. I know in your testimony you
18 said that you guys, working together, have
19 been able to preserve 31 of the 35 projects
20 in the state's UDC portfolio. And I also
21 heard someone else mention the issue of
22 Mitchell-Lamas. And the problem is some of
23 them are city-run, some of them are
24 state-run. And there seems to be this

1 disconnect.

2 And I know no one wants to pay for
3 what they're not responsible for, but we have
4 a real problem with the loss of
5 Mitchell-Lamas. I've said this a million
6 times. The only decent affordable housing
7 program the state has ever created was
8 Mitchell-Lamas. They are as old as the NYCHA
9 developments, and they're beginning to show
10 their age as well. And because some of them
11 are facing tremendous capital needs and the
12 money that's been set aside is really
13 insufficient to help them, they're
14 contemplating coming out of it.

15 And I have several in my district that
16 are right near the oceanfront. It's in their
17 interest, the owners of the Mitchell-Lama
18 co-ops, to go public. But they don't want
19 to, they want to stay in the Mitchell-Lama
20 program. And I don't think we're doing
21 enough. So I would like to at some point
22 have a conversation with you offline to
23 really focus on that.

24 And there's another new wrinkle.

1 There's a never-ending supply of housing
2 programs that were created over the years.
3 Assemblywoman Weinstein and I found in our
4 district there's a couple of co-op
5 developments that were built under
6 Section 213 of the federal housing law.
7 There are co-ops now sitting on leased
8 property. Those leases are going to end in a
9 few years, and all of those co-op owners,
10 those units will be converted to rental
11 property, they will have lost their entire
12 stake in it, they can't refinance and they
13 can't sell them. And the clock is ticking on
14 this.

15 So I know it was brought to your
16 attention last year. We still don't have a
17 potential solution on this. But these are
18 about 14,000 units across the City of
19 New York -- people who are current owners who
20 will become renters overnight and lose their
21 entire life savings. So we need to come up
22 with a solution to that, and I would really
23 hope that we can focus on that in the coming
24 months, because the clock is ticking and it

1 would be just a tragedy to lose those units
2 for people, and their entire life savings.

3 COMMISSIONER VISNAUSKAS: Yeah, thank
4 you for bringing the Section 213 issue up.
5 It's something that Assemblymember Weinstein
6 brought to my attention and I've talked about
7 with, Assemblyman Cymbrowitz as well. It is
8 a -- it's a complex issue. We have spent
9 some time looking at it, and I think, you
10 know, everyone who's looked at it would say
11 the same thing.

12 But we are fully engaged in it, and we
13 have the dataset that was provided by the
14 consultant that lists what I think is sort of
15 the largest possible landscape of which
16 buildings are included in that. And we are
17 trying to work our way through understanding
18 the different sort of scenarios within that
19 data set to figure out what the right
20 approaches might be, depending on the
21 situation of the different type co-ops, sort
22 of who owns their land and that type of
23 thing. So we're fully engaged and we're
24 happy to work with you on that.

1 SENATOR SAVINO: And again, let me
2 just reiterate my concern about
3 Mitchell-Lamas. We need to come up with a
4 more sustainable solution for them, access to
5 some sort of capital funds, a real program
6 for them. Because it would be a tragedy to
7 lose some of these units to the private
8 market.

9 Again, the tenants would make an awful
10 lot of money, but they don't want to. They
11 want to stay in the program because they
12 understand that that's -- you know, it's
13 important to maintain that level of
14 affordable housing.

15 And finally, on NYCHA -- listen, the
16 worst slumlord in the country. Everyone
17 knows that. I know that the Legislature has
18 appropriated that 400 or \$500 million over
19 the past couple of years. It hasn't been
20 released. My only suggestion is if we're
21 going to release it, it should go towards the
22 capital improvements, not things like
23 refrigerators and stoves. Because who needs
24 a refrigerator and a stove, or a brand-new

1 one, when the roof is collapsing on your
2 head?

3 You know, four years ago after
4 Hurricane Sandy, I wrote the legislation that
5 created mold remediation licensing in New
6 York State. The New York City Housing
7 Authority insisted on being carved out of it
8 because they said they were going to develop
9 their own program and they would make their
10 mold remediation specialists consistent with
11 the state's licensing. To date, they have
12 not done it.

13 We all know what's happening in there.
14 We cannot trust them to do this work. So
15 yes, we need to give them the money we
16 committed to, but we need to make sure they
17 spend it the way it should be spent, on
18 actually improving the conditions for the
19 people who live there.

20 Thank you.

21 CHAIRWOMAN KRUEGER: Thank you.

22 Assembly.

23 CHAIRWOMAN WEINSTEIN: Thank you.

24 We've been joined by Assemblyman

1 Victor Pichardo.

2 And next we go to Assemblyman Taylor
3 for questions.

4 ASSEMBLYMAN TAYLOR: Good afternoon.
5 Thank you, Commissioner.

6 On the topic of individual apartment
7 increases, how many tenant challenges of
8 individual apartment improvement rent
9 increases were submitted in 2017, if you
10 recall?

11 COMMISSIONER VISNAUSKAS: I don't
12 recall. I don't have that data off the top
13 of my head.

14 ASSEMBLYMAN TAYLOR: That's going to
15 shoot my next couple of questions right out
16 the door --

17 COMMISSIONER VISNAUSKAS: Sorry.

18 ASSEMBLYMAN TAYLOR: -- because I'm
19 trying to understand, of those challenges,
20 what percentage are approved or denied or you
21 found that the landlord -- or the owners
22 needed to provide more proof.

23 Is it possible I could get that
24 information at a later point, what I'm

1 asking?

2 COMMISSIONER VISNAUSKAS: You are
3 looking for how many IAs get challenged each
4 year?

5 ASSEMBLYMAN TAYLOR: In the 2017 year,
6 how many did you receive, how many
7 challenged, how long did it take to process
8 those? I can go on.

9 COMMISSIONER VISNAUSKAS: I will take
10 all that down and as we look towards
11 developing data to share with the
12 Legislature, we'll take that into account.

13 ASSEMBLYMAN TAYLOR: With a particular
14 interest in the 71st Assembly District.

15 Additionally, I think the question was
16 already answered -- of the MCIs that you all
17 saw last year, was that 1100?

18 COMMISSIONER VISNAUSKAS: Yes, in
19 2018.

20 ASSEMBLYMAN TAYLOR: And 25 percent of
21 that were not approved. So about a thousand
22 or so, is that what we're talking about?

23 COMMISSIONER VISNAUSKAS: About a
24 thousand were approved, right.

1 ASSEMBLYMAN TAYLOR: Okay. Thank you,
2 Commissioner.

3 CHAIRWOMAN WEINSTEIN: Thank you.

4 Senate?

5 CHAIRWOMAN KRUEGER: Senator May.

6 SENATOR MAY: Okay, is this on?

7 Hi. Thanks, Commissioner, for taking
8 my questions.

9 So I want to draw your attention
10 upstate for a minute. I live in Syracuse. I
11 would like to hear your thoughts about what
12 are some of the needs and special concerns
13 for public housing authorities upstate.

14 COMMISSIONER VISNAUSKAS: So as many
15 people know, there's not just public housing
16 in New York City, there's also 30,000 units
17 of public housing across the state. And we,
18 as part of our Housing Plan two years ago,
19 have a pool of funds that we use for those
20 housing authorities, mostly for either if
21 they want to do a RAD transaction, if they're
22 looking to do a 9 percent tax credit or a
23 bond or any sort of financing with us, we
24 have resources available that we can use.

1 And we work very closely with a lot of
2 housing authorities upstate to do
3 refinancings and put them on, you know, a
4 good footing for the next 30 years.

5 SENATOR MAY: So I have a particular
6 concern. In Syracuse we have a really good
7 housing authority, they do great work. But
8 as far as I know, it's entirely within the
9 confines of the City of Syracuse. And I feel
10 like that ends up perpetuating segregation by
11 class and race that is a real fundamental
12 problem for our region.

13 And so do the public housing
14 authorities ever have a wider geographical
15 range than within a city?

16 COMMISSIONER VISNAUSKAS: Well,
17 certainly, right, there's lots of public
18 authorities that are not in cities, that are
19 in smaller towns and villages and other
20 upstate municipalities.

21 I think if you're asking do they ever
22 sort of grow, yes, I think some housing
23 authorities do function like sort of a
24 public/private landlord in some ways, and

1 they will own public housing buildings but
2 then also sort of have kind of what are not
3 necessarily traditional public housing units
4 within their portfolio.

5 So I'd be happy to talk a little more
6 about some of the -- I'm familiar with the
7 Syracuse Housing Authority and some of the
8 issues around 81 and their sort of
9 redevelopment plan. So I'd be happy to talk
10 about that more.

11 SENATOR MAY: Great, thank you.

12 And my only other question is about
13 land banks. Is that something that you
14 oversee?

15 COMMISSIONER VISNAUSKAS: I am a big
16 fan of land banks, so I'm happy to field the
17 question, depending on what it is.

18 SENATOR MAY: I haven't looked in the
19 budget about where support is for land banks.
20 And is this something that is -- that you
21 foresee growing in the future?

22 COMMISSIONER VISNAUSKAS: We for our
23 part work closely with land banks on the kind
24 of output side. So we provide funding

1 through AHC or other programs of ours that
2 they use to buy, rehab or build new when
3 they're looking to dispose of property or to
4 dispose of houses that might have been taken
5 in foreclosure or whatever. So we kind of
6 work with them on -- less, I guess, on the
7 administrative side and more on their actual
8 mission side to provide resources for them to
9 do the good work that they do.

10 SENATOR MAY: Okay, thanks.

11 And I guess the only other question
12 was about -- you said that the support for
13 rural housing --

14 COMMISSIONER VISNAUSKAS: RPPs,
15 mm-hmm.

16 SENATOR MAY: -- was flat compared to
17 what it was before it was increased. How do
18 you see that affecting the availability of
19 rent support in rural areas now?

20 COMMISSIONER VISNAUSKAS: I mean, as I
21 said, our understanding -- my understanding
22 is that people had -- this was sort of a
23 planned reduction to go back to the level
24 they had been prior to the settlement funds.

1 And so -- but, you know, we're happy to sort
2 of talk about that further, to the extent
3 that you think that there's going to be sort
4 of a gap in services and, you know, other
5 ways that we might work with them.

6 SENATOR MAY: Okay. Thank you very
7 much.

8 CHAIRWOMAN KRUEGER: Assembly.

9 CHAIRWOMAN WEINSTEIN: We've been
10 joined by Assemblywoman Reyes.

11 And we go to Assemblyman Colton.

12 ASSEMBLYMAN COLTON: Thank you,
13 Commissioner.

14 I want to reiterate -- and I think
15 this has been raised by other people, but the
16 increasing problem that our constituents face
17 with preferential rents, vacancy decontrol.
18 There's a growing number of constituents in
19 my district -- and many of them are seniors,
20 but also low-income families -- that are
21 being given these preferential leases, and
22 they really don't understand what it means
23 until the lease expires and now the landlord
24 wants to raise their rent hundreds or even a

1 thousand dollars.

2 Are there any measures that are in
3 this budget and in the current policies which
4 would give some protection to these tenants?

5 COMMISSIONER VISNAUSKAS: I guess I
6 would say two things. Certainly the Article
7 VII that's in the budget talks about a
8 strengthening of the rent laws and mentions
9 several parts of the rent laws specifically.

10 But I think I would also probably say
11 more specifically that the Governor has been
12 clear and has talked about preferential rents
13 and the need to reform preferential rents.
14 So I think we're in agreement on that.

15 ASSEMBLYMAN COLTON: All right. Is
16 there any procedure right now if a tenant has
17 a complaint about preferential rent -- is it
18 strictly by the wording in the lease or is
19 there certain things that the landlord can be
20 examined to find out whether the preferential
21 rent is really the legal rent? Or actually
22 the legal rent, you know, is the legal
23 rent -- has he overstated it? Is there ways
24 of checking on that?

1 COMMISSIONER VISNAUSKAS: Certainly
2 tenants can always file a case if they
3 believe that they're being overcharged.

4 ASSEMBLYMAN COLTON: All right.

5 COMMISSIONER VISNAUSKAS: And they can
6 reach out to ORA and can reach out to my
7 office and -- and with our new Rent Connect
8 website, can also go through there and look
9 for additional information to sort of check
10 the validity of their rent.

11 ASSEMBLYMAN COLTON: And have there
12 been many cases filed regarding preferential
13 rent disputes?

14 COMMISSIONER VISNAUSKAS: I don't have
15 that number off the top of my head. I'd have
16 to get back to you.

17 ASSEMBLYMAN COLTON: Okay. I would
18 appreciate that.

19 And also in terms of vacancy
20 decontrol, one of the things that is used as
21 a gimmick to get the rent above the vacancy
22 decontrol limit is capital improvements. Is
23 there any safeguards in terms of determining
24 whether or not a proposed capital improvement

1 or a claimed capital improvement actually has
2 been made?

3 COMMISSIONER VISNAUSKAS: Yes. People
4 have to submit actual receipts to us, and we
5 verify that there are receipts and that the
6 costs have been incurred. And to the extent
7 that we see something that doesn't look
8 accurate or correct, we would certainly go
9 out and check that.

10 ASSEMBLYMAN COLTON: All right. And
11 have there been many complaints received
12 regarding capital gains disputes from
13 tenants?

14 COMMISSIONER VISNAUSKAS: Regarding
15 MCIs?

16 ASSEMBLYMAN COLTON: MCIs.

17 COMMISSIONER VISNAUSKAS: I'd have to
18 check on the number of complaints that have
19 been filed.

20 ASSEMBLYMAN COLTON: Because these are
21 very distressful to low-income families. And
22 they go hand in hand -- you know, we heard
23 earlier about gentrification. There's a
24 neighborhood to the south of my district

1 which is probably undergoing gentrification,
2 and tenants are being displaced and they're
3 having great difficulty finding housing at an
4 affordable rate. And one of the main reasons
5 for this is vacancy decontrol and, you know,
6 preferential rents.

7 So this is a great concern. And we
8 look forward to -- when we use the word
9 "reform," we really need to have these
10 repealed, I agree with my colleagues, because
11 they've become gimmicks for the landlord to
12 circumvent the rent stabilization and
13 rent-control laws. And they've become
14 gimmicks for landlords to drive out tenants
15 and relocate them from areas that they are
16 seeking to gentrify. So it becomes a serious
17 problem in the area, and we look forward to
18 that.

19 Is there anything else -- is the
20 Tenant Protection Unit -- which is receiving
21 an increase in monies in the budget, is that
22 correct?

23 COMMISSIONER VISNAUSKAS: Correct.
24 They're going to be funded at \$5.5 million a

1 year in the two-year appropriation.

2 ASSEMBLYMAN COLTON: Now, is this
3 contingent upon the Legislature passing
4 enhanced rent regulation? What does that
5 mean?

6 COMMISSIONER VISNAUSKAS: So the
7 Article VII lays out a couple of things that
8 include the budget authority I think that
9 you're referencing to. So, right, one is
10 directing sort of a data-driven approach and
11 a report that my agency has to submit to the
12 Governor's office to provide some
13 directionality around strengthening the rent
14 laws, and then provides an expanded budget
15 meant to both reflect, obviously, a
16 strengthening of the rent laws and an overall
17 increase in the work that ORA does.

18 ASSEMBLYMAN COLTON: And will that
19 report -- it's coming out March 1st. Will it
20 be in time to have any effect upon the
21 existing budget? Because we only have a
22 month to go after that.

23 COMMISSIONER VISNAUSKAS: That's
24 probably not a question that I can answer,

1 necessarily.

2 ASSEMBLYMAN COLTON: Okay. I just
3 would reiterate this is a very, very critical
4 issue that we're very interested in.

5 COMMISSIONER VISNAUSKAS: We agree.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Senator Robert Jackson.

8 SENATOR JACKSON: Good afternoon,
9 Commissioner.

10 COMMISSIONER VISNAUSKAS: Hello.

11 SENATOR JACKSON: So I live in
12 northern Manhattan, and I represent parts of
13 Manhattan, Marble Hill, Inwood, Washington
14 Heights, and I go all the way down to the
15 Chelsea area. A very gerrymandered district.

16 And one of the many issues, if not the
17 number-one issue, is affordability of
18 housing. And you're aware of that,
19 obviously, by all of the questions and
20 testimony here today.

21 But I just wanted to touch on the
22 important issues, and you've heard them --
23 the vacancy decontrol, preferential rent,
24 MCIs, IAI, individual apartment improvements,

1 all of those things are very important. And
2 advocates and tenants are looking to roll
3 back -- not just renew, but to roll back to
4 give them some relief. So I just want you to
5 be aware of that as a global perspective.

6 But I just wanted to ask a couple of
7 questions. From the experience of legal
8 advocates in our community, the
9 administrative process of complaints
10 regarding overcharges can take up to seven
11 years or more to resolve. Is that a problem?
12 Why should it take so long to address
13 administrative problems overall? So, for
14 example, could one of the DHCR
15 representatives in the room explain why it
16 would take more than one or two years to
17 adjudicate an overcharge claim?

18 COMMISSIONER VISNAUSKAS: I would say
19 two things. One is the cases are often
20 complex and each side has time to go back and
21 forth and respond to the different charges.

22 And two, we believe with the addition
23 of the staff that's included in this budget
24 that we would shorten that time.

1 SENATOR JACKSON: So the additional
2 staff of the Tenant Protection Unit, you're
3 saying --

4 COMMISSIONER VISNAUSKAS: The 94 staff
5 that would be added to ORA that are included
6 in the 128 two-year budget appropriation also
7 allow us to reach more efficiencies in our
8 processing.

9 SENATOR JACKSON: Well, I appreciate
10 that. I hope that that happens. Because
11 quite frankly, in the opinion of constituents
12 that I represent, and advocates, the Tenant
13 Protection Unit is not as strong as it can be
14 or -- you know, in essence I don't want to
15 say that it's weak as far as enforcement is
16 concerned, but I'm trying to stay positive.
17 It's not as enforceable as it should be, in
18 the opinion of many people. And so if you
19 can strengthen that, that would be very
20 important.

21 You heard Carmen De La Rosa,
22 Al Taylor -- and Linda Rosenthal is here
23 also -- these are all Assemblymembers within
24 the 13st Senatorial District which I

1 represent. And people talk about the
2 rent-controlled tenants. And let me just say
3 that there's so many, in my opinion, in my
4 district and they're struggling, struggling,
5 struggling in order to pay their rent that
6 they have to pay based on the fact of a 7.5
7 percent increase by the State Legislature.
8 We hope that we change that.

9 But there was an investigation of
10 about 40 apartments in Buildings 560 and 568
11 Audubon Avenue in Inwood. And I know that
12 you may not know the particular details, but
13 basically where the landlord falsely
14 registered some illusionary short-term
15 tenancies in order to take advantage of the
16 vacancy increase in rent and falsely claim
17 massive rent increases for nonexistent
18 improvements, and registered much higher
19 rents with DHCR than the amount indicated on
20 the tenant's actual lease. And after
21 referring this to DHCR, the Tenant Protection
22 Unit, which commenced an audit, the bottom
23 line is that no fines were imposed on this
24 landlord.

1 And quite frankly, we do not feel that
2 justice had been had. Because when people
3 falsify documentations and lie and cheat,
4 they need to be punished. If landlords and
5 owners know that nothing is going to be done,
6 then why should they discontinue that? So we
7 feel that action needs to be taken, they need
8 to be fined and, if necessary, take criminal
9 action where they're lying and cheating and
10 forcing people out of their homes.

11 Do you have an opinion on that?

12 COMMISSIONER VISNAUSKAS: I'm not
13 familiar with the Audubon Avenue building,
14 although I'm happy to follow up with you
15 about it afterwards.

16 The Tenant Protection Unit takes its
17 work extremely seriously. Last year they
18 returned over 11,000 units to rent
19 stabilization as a result of input that we
20 get from constituents, from -- we take
21 referrals from everywhere that there's a
22 legitimate claim.

23 So again, I can't comment on the
24 specific case. But we take the work very,

1 very seriously and we do impose fines and
2 have landlords reregister units at
3 appropriate rents.

4 SENATOR JACKSON: Commissioner, I
5 would like to reach out to you and your staff
6 to sit down with myself and other electeds
7 and advocates in northern Manhattan, if you
8 don't mind.

9 COMMISSIONER VISNAUSKAS: We'd be
10 happy to do that.

11 SENATOR JACKSON: Thank you.

12 CHAIRWOMAN WEINSTEIN: So we've been
13 joined by Assemblywoman Rosenthal,
14 Assemblywoman Joyner.

15 And we go to Assemblywoman Niu for
16 questions.

17 ASSEMBLYWOMAN NIOU: Sorry, I was a
18 little confused as to who was actually going
19 to ask the questions.

20 So in Lower Manhattan obviously we
21 have probably some of the most notoriously
22 bad landlords, partially because of the value
23 of our land. We have folks who have been
24 harassed by landlords such as Steve Croman

1 and Joe Betesh and a bunch of others, right
2 -- Jared Kushner. And so we were I guess
3 working alongside with the AG's office a lot
4 on some of the things that, you know,
5 happened. And as you know, as part of the
6 task force, there was some difficulty in I
7 guess charging some of the landlords, because
8 there are actually currently no tenant
9 harassment laws on the books.

10 So one of the biggest things in my
11 district is that there's a lot of tenant
12 harassment due to negligence. And it's
13 really about negligence, neglecting
14 properties until they're completely unlivable
15 and making it so that the tenants are either
16 forced to vacate or something terrible
17 happens. And so sometimes it's by the
18 Department of Buildings, et cetera.

19 So as you know, the case of 85 Bowery,
20 which you guys had to be called in on, you
21 know, these are rent-stabilized units.
22 People who are easy prey, easy targets for
23 landlords tend to be the main targets. Are
24 there any suggestions that you have for the

1 Legislature to make sure that the task force
2 and your TPU have teeth?

3 COMMISSIONER VISNAUSKAS: Well, I
4 would say a couple of things. Obviously the
5 strengthening of the rent laws is a tool that
6 we all sort of share and we look forward to
7 those discussions about that. As well, I
8 think the expansion of the ORA staff, which
9 also covers TPU, and making sure we're fully
10 staffed and able to do that is sort of our
11 best defense.

12 You know, we're happy to sort of talk
13 to you more specifically about harassment,
14 things that you and your constituents are
15 experiencing as a way to help inform changes
16 that we all might think about. I mean, one
17 of the best inputs that we get is sort of the
18 real-time stories from people about what's
19 going on and how the laws are being abused,
20 to help us figure out how to adjust them.

21 ASSEMBLYWOMAN NIOU: I mean, I
22 agree -- of course, you know, I'm a huge
23 supporter of all of our rent regulations. I
24 also have a bill that makes it so that when

1 there is a negligence case, when somebody's
2 vacated out of their building due to
3 negligence, there are things that obviously
4 every single case has to deal with, right,
5 such as relocation, temporarily, also
6 transportation and storage of things, et
7 cetera. So the bill would make it so that
8 it's all on the landlord. The landlord has
9 to pay every single day to make sure that the
10 tenants are taken care of so that there is
11 less of an incentive for them to make it so
12 that the tenants are out of their units or
13 kept out of their units.

14 Is that something that would be
15 supported by you guys?

16 COMMISSIONER VISNAUSKAS: I'd be happy
17 to talk about it more and sort of think
18 through the mechanics and also the
19 implications for that.

20 But we're obviously very sensitive to
21 cases like 85 Bowery and others where tenants
22 are displaced as a result of negligence of
23 the landlord. That was a very sort of
24 extreme case, and so we're very well aware

1 and cognizant of that issue. So happy to
2 talk more.

3 ASSEMBLYWOMAN NIOU: Thanks.

4 CHAIRWOMAN WEINSTEIN: Senate.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Hi. I'm going to take my time as a
7 chair and then run out for a few minutes.

8 We thought everyone had asked
9 everything already, but it's not really true.

10 COMMISSIONER VISNAUSKAS: Really?

11 CHAIRWOMAN KRUEGER: Yeah. So I know,
12 because we've talked about this before, that
13 you and I both understand that the
14 rent-controlled tenants are the poorest
15 tenants, the most elderly tenants, and are
16 increasing a guaranteed 7.5 percent every
17 year. Why didn't the Governor's budget
18 propose changes in how we calculate rents for
19 rent-controlled tenants?

20 COMMISSIONER VISNAUSKAS: The Article
21 VII was not meant to be inclusive of
22 everything the Governor is hoping to look at
23 in the comprehensive rent reforms.

24 So I think you will see data from us

1 around rent control in the report that gets
2 submitted.

3 CHAIRWOMAN KRUEGER: I hope so.

4 There's been a lot of discussion about
5 MCIs and about IAs and about the Office of
6 Rent Administration. There's also been a
7 sense out there in the community that if
8 you're a landlord, you get a response from
9 any units you need to deal with extremely
10 quickly, and if you're a tenant you can wait,
11 as you heard, years and years and years.

12 So The Real Deal recently had an article
13 that indicated HCR speeding up the process of
14 MCIs in anticipation of the Legislature changing
15 laws. Can you tell me how many staff you have
16 assigned to deal with landlord requests versus
17 tenant requests and complaints?

18 COMMISSIONER VISNAUSKAS: We do not
19 divide up our staff that way. But I would
20 assure you that we do not cater our business
21 to one constituency over another. But I'd be
22 happy to follow up on response times or other
23 things that you're asking about.

24 CHAIRWOMAN KRUEGER: Okay. Because I

1 think as you've heard from other questions,
2 the sense out there is that there's an
3 imbalance in how much attention is paid
4 whether you're a tenant or whether you're a
5 landlord.

6 When you are a tenant who asks for a
7 rent history from DHCR, you get -- sorry, I'm
8 just reading what I had because I couldn't
9 memorize it -- you get a statement that at
10 the bottom says "Every history cannot be
11 attested to for truthfulness of what the
12 landlord has said the rent history is." So
13 that sort of means rent regulation is like on
14 an honor system, which is not really a great
15 model.

16 So what is it that -- one, why do you
17 put in a statement out there? And, two, what
18 could you do to assure tenants when they are
19 getting a rent history and they're going to
20 base whether they've been overcharged or what
21 their legal rights are -- how do you actually
22 get confirmation, if not through you, what
23 the history is?

24 COMMISSIONER VISNAUSKAS: The system

1 is self-reported. So landlords register with
2 us and they register the rents. And so we
3 then, when someone is requesting a rent
4 history, are providing the information that
5 the landlord has provided to us. So that
6 language is meant to say that.

7 CHAIRWOMAN KRUEGER: And so when the
8 landlord may not register correctly or put
9 wrong information in and tenants discover it
10 somehow, what can DHCR do to help the tenant?

11 COMMISSIONER VISNAUSKAS: Then they
12 would file with us and we would open a case.

13 CHAIRWOMAN KRUEGER: One more,
14 quickly. Has the TPU conducted any audits of
15 preferential rent or IAI improvements that
16 indicate the likely levels of fraud in each
17 of these systems? And if so, can these
18 reports be shared with the Legislature?

19 COMMISSIONER VISNAUSKAS: Have we done
20 a systemwide audit of every IAI, is that what
21 you mean?

22 CHAIRWOMAN KRUEGER: No. Have you
23 done audits documenting that there seems to
24 be a pattern -- because the TPU looks at

1 patterns --

2 COMMISSIONER VISNAUSKAS: Right.

3 CHAIRWOMAN KRUEGER: -- patterns of
4 fraud in the use of preferential rent and
5 also of IAs.

6 COMMISSIONER VISNAUSKAS: Well, I
7 think certainly when we see fraud in a
8 building or a pattern of misuse of the law in
9 any building, we would then look at a broader
10 portfolio for a particular landlord. If we
11 think they're doing it in one building, we
12 could look and -- and we would look and see
13 whether they're doing it in other buildings.
14 So we certainly proactively do that.

15 But I think that's not exactly what
16 you're asking. You're asking --

17 CHAIRWOMAN KRUEGER: No, I was curious
18 whether can you share any of that information
19 with us so we can -- there is much other
20 information coming out from advocacy
21 organizations and reports coming out from
22 advocacy organizations that there is a large
23 pattern of fraud by landlords using
24 preferential rent games.

1 So since I suspect you also have a
2 unit that has discovered this, even without
3 asking you for the names of the landlords, is
4 there any documentation you can offer us that
5 -- and to confirm this?

6 COMMISSIONER VISNAUSKAS: Let us look
7 at that and get back to you. I mean, there
8 are 900,000 apartments in the system. So
9 while there is fraud, I think we certainly
10 wouldn't say it's fraud throughout the entire
11 system. Right? There's many landlords that
12 utilize MCIs and IAIs in lawful and sort of
13 moderate ways. But let us look at sort of
14 what data around IAIs we could provide.

15 CHAIRWOMAN KRUEGER: And so since IAIs
16 only get asked -- or somebody going for an
17 IAI only has to submit documentation of their
18 expenditures if a complaint has been brought
19 -- again, sort of a self-reporting system,
20 not unlike the rent history system, would you
21 agree there's a fundamental risk in that kind
22 of model?

23 COMMISSIONER VISNAUSKAS: I think that
24 all those types of things are the things

1 we'll be talking about as we talk about the
2 rent laws.

3 CHAIRWOMAN KRUEGER: Thank you.

4 CHAIRWOMAN WEINSTEIN: Thank you.

5 Assemblyman Fitzpatrick.

6 ASSEMBLYMAN FITZPATRICK: Thank you,
7 Commissioner. My friend Assemblyman Barron
8 raised a point about gentrification I wanted
9 to ask you. I pulled him aside and asked him
10 a question, and I want to ask you the same
11 question. And he said when people move in of
12 a certain income level he describes it as
13 gentrification and he mentioned it's mostly
14 whites.

15 The question I have, and I asked him,
16 I said if people of color reach a certain
17 income band and they want to move back into
18 the city, is that defined as gentrification
19 as well? Does that fit the same description
20 or the same definition?

21 COMMISSIONER VISNAUSKAS: And what was
22 his answer?

23 (Laughter.)

24 ASSEMBLYMAN FITZPATRICK: I'm not

1 going to tell you. I'm going to keep the
2 confidence. I'm not going to tell you.

3 I want to know what your answer is.

4 Does that fit the definition as well?

5 COMMISSIONER VISNAUSKAS: I mean, it's
6 probably not my place to opine on
7 gentrification. I think we try to make sure
8 with the buildings that we finance that we're
9 meeting local needs.

10 I think we also try to balance between
11 investing in traditionally underinvested and
12 disinvested communities and also investing in
13 high-opportunity areas, to reach a balance so
14 that people have choice in their housing.

15 And that's really what this is about, right,
16 is having choice and having opportunity. So
17 we really strive for that.

18 ASSEMBLYMAN FITZPATRICK: Okay, thank
19 you.

20 We've debated the rent stabilization
21 laws for many, many years and we know what's
22 going to happen this year. We're going to
23 see the end of vacancy decontrol. We're
24 going to see the end of MCI. We're going to

1 see change, broad and radical change across
2 the board.

3 When that occurs -- and when we begin
4 these debates, we hear every year about the
5 affordable housing crisis. When we finally
6 change these laws, will the housing crisis be
7 declared over by the Governor or will we
8 still have a problem? And if we do, what is
9 Governor Cuomo's plan, what is maybe Mayor de
10 Blasio's plan, what is the plan to expand the
11 amount of housing there is available for
12 people? Because the only way you're going to
13 bring the price down is to expand supply.

14 So if we continue to put limits on the
15 price of housing as government gets more
16 active in this regard, we reduce the
17 incentives to build more housing. So what is
18 the plan to address the need to build more
19 affordable housing?

20 COMMISSIONER VISNAUSKAS: That's a
21 very complex question, so I'll do my best to
22 answer the different pieces of it.

23 Obviously the Governor's Housing Plan
24 is an attempt to make a serious -- with

1 funding approved by the Legislature, is an
2 attempt to make a serious expansion of
3 affordable housing opportunities around the
4 state. I would argue that that is done in
5 conjunction with a lot of other policy
6 agendas of the Governor's, including economic
7 development. Right?

8 So housing is an issue not just in and
9 of itself, it's function of wages. And when
10 wages are stagnant -- when rents go up and
11 wages do not, housing becomes less
12 affordable. When issues around mental
13 illness go unattended, homelessness tends to
14 rise.

15 So I think housing, housing stability,
16 homelessness are all sort of complex issues
17 that have a lot to do with the economy and
18 other factors. So we feel certainly for our
19 part that on the Governor's Housing Plan, in
20 an attempt to both build new housing,
21 preserve existing housing, commitment to do
22 100,000 units over five years is a very
23 strong commitment towards that effort of
24 trying to increase supply of housing

1 statewide.

2 ASSEMBLYMAN FITZPATRICK: So there are
3 zoning issues we need to find -- identify,
4 locations where we perhaps can build more
5 housing for people, maybe look at maybe some
6 of the tweaking -- not eliminating, but
7 tweaking some of the environmental
8 regulations to allow more units of housing to
9 be built?

10 Is there any -- do you have any
11 thoughts on those matters and how we get the
12 city to move in that direction?

13 COMMISSIONER VISNAUSKAS: Zoning is
14 certainly an issue of local purview, not a
15 state issue.

16 I guess I would say for our part that
17 while there is certainly a lot of talk about
18 zoning as a restrictive force in housing
19 production, we -- and I think my counterparts
20 at the city on affordable housing side
21 encounter the same thing, which is we have
22 very, very long pipelines of projects. So we
23 are not at a loss for sites to develop.
24 There certainly are a lot of very capable

1 affordable housing developers throughout the
2 state who are buying sites, getting them
3 permitted, whether it's a zoning change or,
4 you know, whatever type of local approval
5 they might need, and then coming to us for
6 financing.

7 So for sure zoning is an issue that
8 contributes to that. It doesn't, for our
9 sort of micro side of it, impede our ability
10 to do the work that we do.

11 ASSEMBLYMAN FITZPATRICK: Thank you.

12 COMMISSIONER VISNAUSKAS: Mm-hmm.

13 CHAIRWOMAN WEINSTEIN: Thank you.

14 Senate?

15 CHAIRWOMAN KRUEGER: Senator
16 Antonacci.

17 SENATOR ANTONACCI: Thank you.

18 I'm from upstate New York, Syracuse,
19 New York, so I know you've been concentrating
20 on some questions from my downstate --

21 COMMISSIONER VISNAUSKAS: I'm happy to
22 talk about upstate.

23 SENATOR ANTONACCI: Yeah, thank you.

24 I had the privilege and honor as a

1 certified public accountant to represent many
2 tenants associations in rent increase from --
3 in low-income projects. So I'm very familiar
4 with your work and I am impressed with it,
5 and thank you for your service.

6 My question regards what is the state
7 doing to help the smaller upstate public
8 housing authorities with their aging
9 facilities that are in dire need of repair?

10 And will there be a capital fund created to
11 help these smaller authorities deal with the
12 backlog of capital needs at their facilities?

13 COMMISSIONER VISNAUSKAS: So our
14 approach -- and I appreciate the question.
15 And we care very deeply about the upstate
16 public housing authorities and their ability
17 to make long-term capital improvements,
18 especially in the face of a federal
19 government that has been decreasing capital
20 allocations to them over the last decade or
21 two.

22 As I had mentioned before, we have
23 funding in our budget for housing authorities
24 both large and small. We have worked with

1 the Freeport Housing Authority on Long
2 Island, which is quite small. We've worked
3 with the Auburn Housing Authority. We worked
4 with I think the Geneva Housing Authority.
5 All, I think one would argue, are sort of
6 smaller housing upstate authorities that
7 might have 200 or 300 units in their
8 portfolio, total.

9 And so we are actively working with
10 them and are happy to provide resources from
11 our affordable housing plan to help them make
12 long-term capital improvements in their
13 projects.

14 SENATOR ANTONACCI: Okay. And I think
15 you were asked this question earlier, but as
16 we look at the stress on our capital needs
17 and we look for these projects, will the
18 prevailing wage hurt the amount of available
19 resources by increasing the cost and allow us
20 not to repair as much as we could?

21 COMMISSIONER VISNAUSKAS: So we
22 haven't looked at -- very detailed at the
23 bill that has been proposed thus far. But I
24 guess I would sort of stand by my previous

1 comment that obviously with limited
2 resources, as costs go up, then it limits our
3 ability to keep our production at the same
4 level.

5 SENATOR ANTONACCI: And if this
6 question is not for you, just let me know who
7 I should ask. But there hasn't been a
8 significant funding increase to affordable
9 home ownership programs despite the increase
10 in cost. Why didn't the Governor include
11 foreclosure prevention funding and increase
12 the AHC program funding to address increased
13 construction costs?

14 COMMISSIONER VISNAUSKAS: So for AHC,
15 that program is pretty robust, and I think
16 it's been funded at somewhat of a flat amount
17 for the last probably decade or so. I think
18 it's a little shy of \$30 million a year.
19 It's well-subscribed. So at least certainly
20 for the term of the Housing Plan, I think
21 we're taking our existing resources and using
22 them and are not sort of mid-plan asking for
23 increases to those particular programs.

24 On the foreclosure, as I had mentioned

1 before, the Attorney General's office has
2 been funding that program for the last seven
3 years. And so we will work with DOB, we'll
4 work with them to look for options to
5 continue that.

6 SENATOR ANTONACCI: And this is more
7 of a comment, and if you have an opinion,
8 that would be great. But lead paint -- I
9 can't believe that we're still talking about
10 lead paint, which seems to be an endless
11 amount of programs and dollars. And in my
12 old job, I actually performed audits of
13 certain lead paint programs as a county
14 official. I know it's probably not in the
15 center of your plate, but what do we do?

16 COMMISSIONER VISNAUSKAS: We find,
17 looking in our portfolio, that we don't have
18 any sort of known incidences. You know,
19 we're looking at a portfolio that is either
20 new construction or things that we have
21 touched that have been rehabbed or sort of
22 tend to have substantial rehabilitation, and
23 all the lead laws are followed.

24 So for our part we try to make sure

1 that we can address all those issues as best
2 we can. You know, I read the same articles
3 that you read, so I'm aware that it does
4 still exist, I think primarily in upstate and
5 single-family homes, and that is not an area
6 that we regulate. So it's a hard -- it's a
7 hard issue.

8 SENATOR ANTONACCI: Okay, thank you.

9 CHAIRWOMAN KRUEGER: Thank you.

10 Assembly.

11 CHAIRWOMAN WEINSTEIN: So we go to

12 Assemblywoman Joyner.

13 ASSEMBLYWOMAN JOYNER: Good afternoon,

14 Commissioner. How are you?

15 COMMISSIONER VISNAUSKAS: Good, how

16 are you?

17 ASSEMBLYWOMAN JOYNER: We worked on a

18 number of issues in my district. As you

19 know, I represent the Bronx, and MCIs are a

20 critical issue in my district. It's leading

21 to a lot of displacement, and DHCR is in the

22 position to review these applications. And

23 from my experience, many times these

24 applications are rubber-stamped and approved.

1 Has there been a budget request from
2 your agency to increase staff in order to
3 thoroughly review these applications? That's
4 my first question.

5 And then my second question is
6 language access is a very big issue to me.
7 And how important is making documents
8 available in different languages to your
9 agency?

10 COMMISSIONER VISNAUSKAS: Thank you
11 for your questions.

12 Obviously I take umbrage with the
13 rubber-stamp comment. We certainly do not
14 rubber-stamp any applications for MCIs or any
15 other of the 24,000 cases that are filed with
16 the Office of Rent Administration annually.
17 We have a significant process where we go
18 through and verify with receipts that the
19 expenditures that landlords are filing for
20 have actually been made.

21 That said, we have a budget increase
22 in the Governor's proposed budget that would
23 expand the Office of Rent Administration's
24 staff by 94 full-time employees. And that

1 staff would go towards making sure we can be
2 more efficient and process applications and
3 cases quicker than we currently do. So we
4 are happy to expand the staff at ORA and the
5 good work that they do and be able to do it
6 better. But we certainly don't rubber-stamp.
7 Now I think we probably get criticized on the
8 other side for taking a very long time to
9 process cases rather than too quickly.

10 On language access, that's also
11 something that's important to us. We make
12 sure that all of our forms are translated
13 into the top most common languages.

14 If you're finding that we're not doing
15 that, happy to talk to you about where we're
16 sort of missing the mark and we can work on
17 that.

18 ASSEMBLYWOMAN JOYNER: And just a
19 follow-up to the first question. Do you have
20 data regarding how many applications are
21 approved or denied?

22 And then also I wanted to know what's
23 the standard of proof for these applications
24 to be approved.

1 COMMISSIONER VISNAUSKAS: So for MCIs,
2 for example, we received about 1100 MCI
3 applications in 2018. We approved about a
4 thousand of those. So about 100 were denied.
5 And of the thousand that were approved, they
6 were either approved in part or in full. I
7 don't have off the top of my head every other
8 sort of case that gets filed, but that's just
9 sort of by way of example.

10 And I already forgot the second part
11 of your question. What was it?

12 ASSEMBLYWOMAN JOYNER: The standard of
13 proof for these applications.

14 COMMISSIONER VISNAUSKAS: Yes. So we
15 require canceled checks. We require to see
16 proof that a payment has been made. And if
17 we don't like what we see, we will ask a
18 landlord for additional backup. If we
19 further don't like what we see, we will go
20 out and do an inspection to make sure
21 something is there. So we take that very
22 seriously.

23 ASSEMBLYWOMAN JOYNER: So do you
24 require, let's say, at least three estimates?

1 For example, in my office if I want to get a
2 chair in my office, we need to submit at
3 least three estimates so that they know that
4 we're choosing reasonable costs. Is that
5 available -- or is that being done with your
6 agency as well?

7 COMMISSIONER VISNAUSKAS: The law
8 certainly does not require landlords to get
9 multiple competitive bids in order to do an
10 MCI.

11 That said, if somebody is submitting a
12 bill for something that we think looks not in
13 line with costs that we see generally, then
14 we will go out and we will inspect and we
15 will look for further proof that something
16 actually cost what it cost.

17 ASSEMBLYWOMAN JOYNER: Thanks.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 We're on to the Senate.

20 CHAIRWOMAN KRUEGER: Yes. Second
21 round, Brian Kavanagh.

22 SENATOR KAVANAGH: Thank you.

23 I think it's -- is it --

24 CHAIRWOMAN KRUEGER: Five minutes.

1 SENATOR KAVANAGH: Okay, thank you.

2 I'll try to be brief.

3 Just to -- this has now been touched
4 upon and sort of danced around by a couple of
5 questioners today. But just -- this report
6 that is due to the Governor that is supposed
7 to be the basis for a data-driven negotiation
8 around the rent laws, you've said that you'll
9 provide the data that is the basis for the
10 report to the Legislature. Is there any
11 reason why we can't see the report?

12 COMMISSIONER VISNAUSKAS: I will get
13 back to you on that. I think at this point
14 we feel that we would give you the data
15 that's sort of supporting the
16 recommendations, but that you would use that
17 to make your own. But I think we can talk
18 about that further.

19 SENATOR KAVANAGH: I just think it's
20 highly unusual for a statutory requirement
21 that a report be issued by a state
22 commissioner to the Governor and that the
23 report itself not be -- I mean, obviously the
24 Governor could ask you for any report any day

1 he wants. But presumably this report, which
2 is supposed to be the subject of one of the
3 most important negotiations that we're going
4 to have this year, it would obviously be
5 helpful to see what that report is so we can
6 know your conclusions from the data and not
7 just the data itself. So we'll follow up on
8 that.

9 Just a little more on public housing.
10 We focused a lot on the question of how the
11 state money has flowed or not flowed. Can
12 you just -- have you had an opportunity to
13 review what NYCHA is calling I think Public
14 Housing 2.0, or NYCHA 2.0, which includes
15 about a third of the units going through the
16 RAD program and other ways to enhance revenue
17 and involve more private money and private
18 management in the system? Have you had a
19 chance to review that proposal at all?

20 COMMISSIONER VISNAUSKAS: I am
21 familiar with it.

22 SENATOR KAVANAGH: Okay. Do you have
23 -- I mean, recognizing that it's their
24 proposal and not yours. But do you have

1 thoughts on whether that kind of approach is
2 likely to facilitate our addressing this
3 crisis? Is that a generally sensible
4 approach?

5 COMMISSIONER VISNAUSKAS: I'll give
6 you my parochial sort of experience with --
7 HCR financed a NYCHA project, the first RAD
8 project that was done in the City of
9 New York, out in Queens.

10 SENATOR KAVANAGH: Right.

11 COMMISSIONER VISNAUSKAS: And that
12 project, which is about 1400 units, the
13 overall investment in the property was about
14 \$450 million, between state resources --
15 there were also some federal resources from
16 storm recovery that went into it. A \$450
17 million investment into one NYCHA campus is
18 an enormous amount of investment. I believe
19 that NYCHA's annual capital budget from HUD
20 is about \$250 million. So to be able to take
21 a public-private partnership and invest
22 almost twice what the annual allocation is
23 from HUD for the entire 178,000 units in the
24 City of New York into one 1500-unit complex

1 is pretty great.

2 I have been to that complex and toured
3 it. It is very transformational, both the
4 buildings and also the community that it
5 lives in. So -- and certainly upstate we
6 have done several RAD projects too, so I
7 think the ability to leverage private dollars
8 into public housing while still maintaining
9 public housing residence status is a very
10 meaningful way to get long-term capital
11 improvements into projects under the
12 stability of that portfolio statewide.

13 SENATOR KAVANAGH: Thank you. That's
14 helpful.

15 And just to turn briefly back to the
16 question of non -- we've all been very
17 focused on New York City Housing Authority
18 housing, for obvious reasons. But of the
19 30,000 -- you know, I think that we all
20 understood for many years that we had capital
21 issues and kind of maintenance and housing
22 quality issues in NYCHA, but I think that --
23 in the last few years I think we've really
24 become aware that those problems are worse,

1 more expensive. And I think that's partly
2 been through news coverage and obviously some
3 investigatory work.

4 But do you have a sense of the quality
5 of the other 30,000 public housing units in
6 -- are there housing authorities that are
7 facing similar capital deficits or similar
8 maintenance challenges that we should be more
9 focused on than we may have been to date?

10 COMMISSIONER VISNAUSKAS: So there are
11 about a hundred public housing authorities
12 outside of New York City. They are also
13 under the regulatory authority of the federal
14 government, not the state government. So I
15 have certainly not been to or am particularly
16 familiar with all of them.

17 For the ones that we have worked with,
18 you know, they do not -- I have not seen
19 conditions that are similar to conditions
20 that one might have seen on the news in a New
21 York City Housing Authority building.

22 SENATOR KAVANAGH: Great. And just
23 one more question.

24 You know that for several years now

1 there's been a lot of work, especially on the
2 Assembly side, on a program that's called
3 Home Stability Support. I recognize this
4 doesn't -- even if it were included in the
5 budget, it wouldn't necessarily go through
6 the parts of the budget -- but the program,
7 the thought is that the many different
8 subsidy programs, eviction prevention
9 programs, housing allowances are kind of a
10 hodgepodge and difficult to administer, and
11 the idea of consolidating them strikes a lot
12 of people as very sensible.

13 Without commenting on necessarily the
14 specific plan that's in that bill, can you
15 talk about that as an issue?

16 COMMISSIONER VISNAUSKAS: About
17 tenants -- sorry, can you just restate what
18 you want me to address?

19 SENATOR KAVANAGH: Just about the
20 difficulty of managing the many different
21 programs that are intended to provide
22 subsidies for rental housing tenants that
23 might be facing eviction or otherwise
24 struggling.

1 COMMISSIONER VISNAUSKAS: Sure. I
2 mean, I don't -- as you said, I would not
3 have any purview over that program. It would
4 go through OTDA, I believe.

5 You know, the side that I see that is
6 really on Section 8, which may or may not be
7 similar to those issues, but there's
8 obviously a very big sort of infrastructure
9 that tenants around the state have to deal
10 with in order to get their housing support.

11 So we operate a fairly large Section 8
12 program around the state which doesn't
13 necessarily get talked about that much at our
14 --

15 CHAIRWOMAN KRUEGER: Thank you. I
16 have to cut Brian and you off. Sorry.

17 COMMISSIONER VISNAUSKAS: Oh, sure.

18 CHAIRWOMAN KRUEGER: Thank you.

19 CHAIRWOMAN WEINSTEIN: Assemblywoman
20 Rosenthal.

21 ASSEMBLYWOMAN ROSENTHAL: Hi.

22 Following up on the MCI question, I
23 have a building where it's like \$5 million of
24 MCIs. The landlord applies every single

1 year, and the tenants obviously can't afford
2 that. But one of the subcontractors was
3 accused of falsifying documents to HCR. So
4 that landlord is applying again for MCIs.
5 Would HCR investigate whether they're using
6 that same contractor?

7 COMMISSIONER VISNAUSKAS: Certainly I
8 think if someone has been found to have been
9 fraudulent on submitting an MCI, when they go
10 to resubmit we would look at that.

11 ASSEMBLYWOMAN ROSENTHAL: Do they have
12 to say who's performing the work?

13 COMMISSIONER VISNAUSKAS: They submit
14 MCIs after the work has been completed, so we
15 are not part of approving their selection.

16 ASSEMBLYWOMAN ROSENTHAL: Do you think
17 that's kind of backwards? I mean, if they --
18 not that anyone should pay in advance, but
19 that you should be aware of what they're
20 doing.

21 COMMISSIONER VISNAUSKAS: I think that
22 there is the possibility of making changes to
23 the way that MCIs are submitted and
24 processed. You know, whether that particular

1 piece or other pieces I think would be sort
2 of part of the larger discussion around MCIs
3 that we're happy to have.

4 ASSEMBLYWOMAN ROSENTHAL: So you audit
5 random numbers? Or how does that work?

6 COMMISSIONER VISNAUSKAS: We will --
7 certainly we'd look -- you know, we'd take
8 input on the TPU side from anyone who has
9 sort of a credible -- and then we would
10 track, obviously, landlords that have had
11 patterns of bad behavior, we would look
12 across their portfolio or look year over year
13 as they're submitting additional documents if
14 they've been flagged by us.

15 ASSEMBLYWOMAN ROSENTHAL: Okay. We
16 spoke about this a while ago. I had written
17 a letter some years ago where a building had
18 been an Airbnb den and they were all evicted,
19 et cetera, and asked that those units now be
20 returned to rent regulation, which they were
21 before they were illegally used as Airbnb
22 hotel rooms, and you said that you didn't
23 have the authority to do that.

24 COMMISSIONER VISNAUSKAS: That we

1 don't have the authority to --

2 ASSEMBLYWOMAN ROSENTHAL: To return
3 units back into rent regulation. Can you
4 explain that?

5 COMMISSIONER VISNAUSKAS: I'd have to
6 sort of follow up with you specifically about
7 that building and the details.

8 But we work -- you know, as you know,
9 someone -- you know, there are rules around
10 rent stabilization, you have to use the
11 apartment as your primary residence, and so
12 therefore --

13 ASSEMBLYWOMAN ROSENTHAL: No, no, but
14 this was a whole building which had been
15 used illegally, let's say 150 apartments.

16 And they were in court, the Airbnb users were
17 evicted. Now these were empty units that had
18 once been regulated apartments. And I was
19 told that they can't be put back in.

20 COMMISSIONER VISNAUSKAS: Be happy to
21 follow up with you on that, because I don't
22 know the specifics.

23 ASSEMBLYWOMAN ROSENTHAL: But can you
24 in general -- but you cannot in general put

1 units back in, is what I've been told.

2 COMMISSIONER VISNAUSKAS: We certainly
3 can compel a landlord to reregister units if
4 they've been illegally destabilized. So I
5 guess -- we'd have to talk about the
6 specifics of that.

7 ASSEMBLYWOMAN ROSENTHAL: So you can
8 compel them to reregister.

9 COMMISSIONER VISNAUSKAS: If a
10 landlord has -- you know, in the case of your
11 MCI, right, if a unit has come out of
12 stabilization and then it was -- they had
13 done so fraudulently or incorrectly, then
14 they would have to restabilize the apartment.

15 ASSEMBLYWOMAN ROSENTHAL: But that
16 didn't happen.

17 I thought that -- I've been told that
18 HCR cannot return, return -- reestablish
19 those units as rent-regulated.

20 COMMISSIONER VISNAUSKAS: I mean,
21 certainly I will give you the stat that I
22 keep saying that the Tenant Protection Unit
23 returned 11,000 units to rent stabilization
24 last year. So we certainly do return units

1 to rent stabilization.

2 ASSEMBLYWOMAN ROSENTHAL: But those
3 were in particular cases maybe that TPU had
4 been involved with, right? Not ones, let's
5 say, my office or anyone else's office sends
6 to you.

7 COMMISSIONER VISNAUSKAS: I guess it
8 would depend on whether or not you had
9 referred that to us.

10 ASSEMBLYWOMAN ROSENTHAL: So the
11 number of units TPU returned, what was that
12 based on?

13 COMMISSIONER VISNAUSKAS: So TPU, they
14 audit and investigate. And when we find that
15 units have been illegally taken out of rent
16 regulation, we require the landlord to
17 reregulate them.

18 ASSEMBLYWOMAN ROSENTHAL: Okay. And
19 what do you do about let's say units that
20 were taken out illegally and now they're back
21 in? What about the tenants getting some of
22 the money they paid?

23 COMMISSIONER VISNAUSKAS: Well, so I
24 think depending on the case -- we certainly

1 have cases where if a landlord has, you know,
2 violated a series of laws, sometimes we would
3 appoint a monitor. The monitor can be
4 responsible if there's fees or fines that are
5 assessed in making sure that money goes back
6 to tenants. I mean, it's very case by case.
7 I think it depends on the particulars.

8 ASSEMBLYWOMAN ROSENTHAL: And do you
9 write to tenants whose units like have been
10 taken out and shouldn't have been, do you
11 write to them and say, Hey, your unit really
12 should be rent-stabilized or was
13 rent-stabilized? Do you communicate --

14 COMMISSIONER VISNAUSKAS: If a
15 landlord takes a unit out of stabilization,
16 upon -- well, sorry, do we write to tenants
17 to say your --

18 ASSEMBLYWOMAN ROSENTHAL: Yeah.

19 COMMISSIONER VISNAUSKAS: We don't --
20 no, we don't.

21 ASSEMBLYWOMAN ROSENTHAL: Notify
22 tenants that this happened so they can seek
23 back money --

24 COMMISSIONER VISNAUSKAS: For any

1 apartment that goes out of stabilization,
2 write to the new tenant?

3 ASSEMBLYWOMAN ROSENTHAL: Yeah, that
4 goes back in. If the tenant's in place, it
5 was illegally taken out.

6 COMMISSIONER VISNAUSKAS: Sure. I
7 mean to the extent that there's a case that's
8 brought that's sort of a building-wide case
9 and apartments are going to get reregulated,
10 tenants are certainly notified in a case like
11 that, especially, as I said, where there
12 might be fines that have been assessed.

13 CHAIRWOMAN WEINSTEIN: Thank you.
14 Thank you. Senate?

15 CHAIRWOMAN KRUEGER: Senator Seward,
16 to close.

17 SENATOR SEWARD: Commissioner, a
18 former chair of the Housing Committee in the
19 Senate, Senator Little, has sponsored a bill
20 that was signed into law to create a New York
21 State First Home Savings Program. As part of
22 that agreement to have the Governor sign it,
23 there was a requested chapter amendment which
24 in effect would call for a study into the

1 feasibility of the program and issue a report
2 by June 30, 2018.

3 When can we expect the New York State
4 First Home Savings Program to be submitted?

5 COMMISSIONER VISNAUSKAS: My
6 understanding I think is that either the --
7 the chapter amendment and all that was just
8 signed in December, requesting the study. So
9 we're currently doing it right now. So as
10 soon as we have it completed, we will submit
11 it. But I think the clock just started
12 ticking a couple of weeks ago.

13 SENATOR SEWARD: Okay. All right. So
14 we can expect something to move forward
15 there. Because that's a great concept, you
16 know, to help people with that first home.

17 And shifting to mobile and
18 manufactured housing -- which for upstate
19 rural areas, that's our form of affordable
20 housing in many cases -- the Executive Budget
21 includes \$5 million in capital funding for
22 the Manufactured Home Advantage Program to
23 help acquire or in some cases replace or fix
24 up a dilapidated mobile home. Could you

1 explain how these funds will be distributed?
2 Will there be a competitive process? And
3 also just give us a summary of HCR's efforts
4 in the area of replacing old and dilapidated
5 mobile and manufactured housing.

6 COMMISSIONER VISNAUSKAS: Thank you
7 for the question. We are very focused on the
8 mobile and manufactured home parks around the
9 state. As you probably know, there's almost
10 2,000 parks around the state that have about
11 80,000 pads. So they are a significant
12 source of affordable housing, often serving
13 very low income households.

14 We have also seen recently there's a
15 large influx of buyers, oftentimes coming
16 from out of state, who are buying these parks
17 and oftentimes raising rents to an
18 unsustainable -- lot rents to an
19 unsustainable level for existing homeowners.
20 Who while they be called mobile home park
21 owners, in fact do not have a lot of mobility
22 with their home and so therefore are
23 suffering from large rent increases.

24 So we have a very holistic approach to

1 that. We are working on our single-family
2 home mortgage side to make sure that we can
3 get affordable mortgages to people and get
4 them out of chattel loans, which tended to be
5 sort of 12 percent mortgages, back into a
6 SONYMA standard 4 or 5 percent home mortgage.

7 We have a longstanding loan program
8 that still exists that helps mobile home
9 parks that would like to co-op, to be able to
10 become a cooperative and sort of buy their
11 park from their owner.

12 We launched a pilot and then sort of
13 increased last year a program to replace the
14 mobile homes in the park so that people who
15 have substandard homes can access our program
16 and get brand-new homes.

17 And then lastly this new \$5 million
18 program is an attempt to provide nonprofits
19 and affordable-minded for-profit owners
20 upstate who are willing to buy parks to allow
21 us to provide funding to do infrastructure --
22 for acquisition, but also for infrastructure
23 and other much-needed repairs in exchange for
24 long-term regulatory agreements on those

1 parks to make sure they stay affordable.

2 So we're sort of all in on mobile home
3 and manufactured home parks and trying to
4 provide as many tools as we can.

5 SENATOR SEWARD: Thank you.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 For seconds now, Assemblyman
8 Cymbrowitz.

9 ASSEMBLYMAN CYMBROWITZ: We're getting
10 there.

11 (Laughter.)

12 ASSEMBLYMAN CYMBROWITZ: I first want
13 to say that I agree with Senator Kavanagh,
14 the Legislature should be getting that report
15 at the time that it goes to the Governor and
16 before it goes to the public, so.

17 Also, can you talk about the financial
18 health of the Mortgage Insurance Fund and how
19 much money is available there?

20 COMMISSIONER VISNAUSKAS: I'd have to
21 get back to you with the exact amount of the
22 overall fund. But it is in good health, we
23 have a very strong rating.

24 ASSEMBLYMAN CYMBROWITZ: So there are

1 funds there and available for this year's
2 budget.

3 COMMISSIONER VISNAUSKAS: There is an
4 excess balance of approximately \$12 million,
5 which was the difference over the annual
6 surcharge receipts that we receive and the
7 amount that we use for single-family and
8 multifamily mortgage insurance. So the \$12
9 million is a little less than last year,
10 which means we've been busy. And so the
11 amount that's residual is sort of smaller
12 than it had been last year.

13 But it will go towards the NPP and
14 RPP.

15 ASSEMBLYMAN CYMBROWITZ: Moving
16 upstate -- I know you like that -- how much
17 funding for upstate public housing
18 authorities has been spent? How were the
19 funds awarded? And what amount and what
20 types of projects were they for?

21 COMMISSIONER VISNAUSKAS: I'm happy to
22 follow up and give you sort of a full detail.
23 But we use the public housing funds -- they
24 can either go through our 9 percent tax

1 credit, which is a competitive application,
2 or housing authorities can access it through
3 our 4 percent tax and bonds and credit
4 program.

5 So the majority of the funds have been
6 provided through both of those sort of
7 avenues, and I can get back to you
8 specifically the different housing
9 authorities that we have funded.

10 ASSEMBLYMAN CYMBROWITZ: Okay. And
11 are there existing programs that would allow
12 HCR to make some up-front cash awards to PHAs
13 for services like physical needs assessments?

14 COMMISSIONER VISNAUSKAS: I mean, we
15 are traditionally a capital lender, we're not
16 sort of a more sort of pre-development- type
17 lender. So I guess, you know, we could look
18 at and work with some of those housing
19 authorities maybe through some of our other
20 grant programs and channels we have to do
21 that.

22 ASSEMBLYMAN CYMBROWITZ: That seems to
23 be a major issue for the upstate PHAs, that
24 they have requested a way of getting those

1 dollars so that they can do their needs
2 assessments to determine what's really
3 happening there.

4 COMMISSIONER VISNAUSKAS: Okay. So we
5 can take a look at perhaps leveraging some of
6 our other programs to do that.

7 ASSEMBLYMAN CYMBROWITZ: And I was
8 told I get brownie points if I go below the
9 five minutes, so just one last question.

10 On numerous occasions when you talked
11 about NYCHA, you talked about mismanagement
12 and no leadership. Can you refer -- you
13 know, who specifically are you referring to
14 when you say no leadership?

15 COMMISSIONER VISNAUSKAS: Well,
16 currently there's identified that there will
17 be a monitor, but the person has not been
18 named. So we don't sort of have secure
19 leadership on the monitor front.

20 And then there was a call for a new --
21 there's been, as you know, an acting chair,
22 not a permanent one, and that person is now
23 expected to leave and a new chair will be
24 identified and come in.

1 So I think while I fully agree with
2 your accolades of General Manager
3 Mustaciuolo, who is an incredible public
4 servant, having leadership at the top level
5 is really important to the extent that the
6 state is going to consider advancing the \$450
7 million to NYCHA. So I think we want those
8 two people to be identified and in place so
9 we have the most senior leadership in the
10 discussions about those funds and where
11 they're needed.

12 ASSEMBLYMAN CYMBROWITZ: For the short
13 period of time that the interim chair was
14 there, Stan Brezenoff, he's done a remarkable
15 job as well in trying to straighten things
16 out that have to do with the disinvestment of
17 not only the federal government but the state
18 as well for decades.

19 COMMISSIONER VISNAUSKAS: Did you have
20 a question in there for me?

21 ASSEMBLYMAN CYMBROWITZ: I'm just
22 wondering if you're talking about -- when you
23 talk about no leadership, if you're including
24 Stan Brezenoff in that.

1 COMMISSIONER VISNAUSKAS: Oh. I mean
2 I think the mayor makes his leadership clear
3 when he has a permanent chair. And I think
4 -- I don't have any comment one way or
5 another on Acting Chair Brezenoff other than
6 to say that he was sort of an acting chair
7 and not meant to be there for the long term
8 and to provide the guidance into the next
9 couple of years as to where NYCHA is going in
10 the midst of what I think we could all argue
11 has been a bit of turmoil in the past 12
12 months.

13 So I'm not providing any comment on
14 the acting chair other than we look forward
15 to a new permanent chair.

16 ASSEMBLYMAN CYMBROWITZ: Thank you.

17 CHAIRWOMAN WEINSTEIN: Thank you.

18 And the last questioner is
19 Assemblywoman Rosenthal.

20 ASSEMBLYWOMAN ROSENTHAL: Thank you.

21 Can you provide us with a list of how
22 many employees were at HCR let's say over the
23 past 10 years? Because we've seen an
24 attrition, which may be some of the reason

1 that it takes two or three years for some of
2 these PARs, et cetera, the tenants submit
3 about over charges. And, you know, it takes
4 a long time to get answers. So I'm curious
5 how many employees over -- in each office.

6 COMMISSIONER VISNAUSKAS: Okay.

7 ASSEMBLYWOMAN ROSENTHAL: Also with
8 rent control -- and I sponsor a couple of the
9 bills -- one is also to remove the fuel
10 pass-along, which is a ridiculous cost that
11 rent-controlled tenants are subsidizing
12 basically the whole building. So I want to
13 make sure you're aware of that as well as the
14 bill changing the formula.

15 COMMISSIONER VISNAUSKAS: Yes, I think
16 when we talk about the rent laws, I mean to
17 be inclusive of looking at the rent control
18 laws as well.

19 ASSEMBLYWOMAN ROSENTHAL: Yes. Yes.

20 Does HCR look into the tenant
21 blacklist issue that we have in the city?
22 And is there any ideas you might --

23 COMMISSIONER VISNAUSKAS: I'm not
24 familiar with that.

1 ASSEMBLYWOMAN ROSENTHAL: -- have
2 about that?

3 COMMISSIONER VISNAUSKAS: I'm not
4 familiar with the tenant blacklist.

5 ASSEMBLYWOMAN ROSENTHAL: Okay. So if
6 a landlord files something against a tenant
7 in court, even if it's dismissed, that tenant
8 is now on a list that landlords use to
9 perhaps not rent to those tenants because
10 they've been in court, could be
11 troublemakers, even if there's no problem
12 with them.

13 Is this something maybe you could look
14 into? So many tenants are --

15 COMMISSIONER VISNAUSKAS: I'm happy to
16 get educated on the issue.

17 ASSEMBLYWOMAN ROSENTHAL: Okay. Okay.
18 All right, that's it. Thank you.

19 COMMISSIONER VISNAUSKAS: You're
20 welcome.

21 CHAIRWOMAN WEINSTEIN: Thank you.
22 That is the final question for this portion
23 of the hearing. Thank you, Commissioner, for
24 being here.

1 COMMISSIONER VISNAUSKAS: Great.

2 Thank you.

3 CHAIRWOMAN WEINSTEIN: So as some
4 people I think are getting up to leave, I
5 just want to say that we now will begin the
6 public portion of the hearing. The witnesses
7 will have -- since we do have your testimony
8 in advance, witnesses will have five minutes
9 for presentation, members will have -- all
10 members will have three minutes to ask
11 questions.

12 And I did want to also just alert
13 people who may be following this hearing that
14 the Workforce hearing is scheduled for 3 p.m.
15 We likely will be a little delayed in that.
16 But as they say in the airlines, be prepared,
17 however, to be here close to 3 o'clock in
18 case we actually move forward faster.

19 So if the people who are leaving could
20 just leave quietly. Thank you.

21 So we have our next -- our first
22 public witness is Jolie Milstein, president
23 and CEO of New York State Association for
24 Affordable Housing. Please.

1 MS. MILSTEIN: Thank you. And thank
2 all of you for inviting us here today. I'm
3 Jolie Milstein, president and CEO for the New
4 York State Association for Affordable
5 Housing. We're the industry association
6 statewide. We also participate in federal
7 policy measures as well.

8 And I'd like to begin by expressing
9 our deep appreciation to the Senate, the
10 Assembly and the Cuomo administration's
11 tremendous commitments that have been made in
12 recent years to develop and preserve
13 thousands of units of affordable housing.

14 We respectfully request that the
15 Legislature approve this critical funding in
16 this year's budget so we can continue to
17 fulfill our common objective and provide safe
18 and secure affordable housing for every New
19 Yorker.

20 Of course there's always an
21 opportunity to improve on the budget. And
22 the five-year plan I think is a good one, but
23 we'd also like to mention that there's been a
24 change at the federal level in lifting of the

1 RAD cap. And much mention has been made of
2 those public housing authorities across the
3 state, many of whom apply initially to HUD,
4 and so the state doesn't always know about
5 all those applications.

6 Our understanding in speaking with HCR
7 staff is that the \$125 million over five
8 years has pretty much been allocated to
9 projects in the pipeline. The last I think
10 allocated money will be closed this year, I
11 believe in March, as early as March, and we
12 really need additional money. We're asking
13 for a \$125 million increase in that RAD line
14 of the budget to accommodate the lifting of
15 the federal cap, so we can continue to serve
16 many of those public housing authorities
17 across the state.

18 The second ask is for a \$10 million
19 appropriation to fund resident service
20 coordinators in senior housing, which will
21 improve the care our seniors receive and
22 deserve in the most logical and
23 cost-effective way -- where they're living.

24 Also I should mention the funding of

1 the TPU.

2 But let me move on to NYSFAH's
3 involvement as part of a unique coalition of
4 housing and tenant organizations that's
5 advocated for an end to high-rent vacancy
6 decontrol and the restoration of preferential
7 rent protections to help stabilize the rental
8 market in New York City and surrounding
9 communities. We believe these reforms are an
10 important part of NYSFAH's mission to help
11 people before they become homeless or become
12 so heavily rent-burdened that they cannot
13 afford other necessities.

14 Two additional important housing
15 initiatives we support are the increased
16 funding for the operation and administration
17 of the Tenant Protection Unit and the release
18 of the already appropriated \$450 million for
19 NYCHA.

20 As I previously stated, the
21 Legislature and Cuomo administration have
22 demonstrated great leadership in providing
23 the funding and policies to produce nearly
24 100,000 units of affordable housing

1 benefiting all New Yorkers. However, this
2 housing goal will be in peril if the
3 prevailing wage mandates announced by
4 Governor Cuomo and seen in at least two of
5 the recently introduced bills were to be
6 applied to affordable housing projects.

7 Recent legislation would require
8 prevailing wages to be paid to workers on
9 privately funded projects which receive
10 virtually any public benefit or incentive.
11 Since every affordable housing project built
12 in New York State receives some public
13 benefit in the form of tax credits, grants,
14 loans -- essentially the definition of
15 affordable housing in our state -- the effect
16 would be that every affordable housing
17 project would fall under the mandate. Such a
18 requirement would increase project
19 construction costs by at least 23 percent.

20 Some may try to dismiss this concern
21 by disputing these figures, but it is an
22 unassailable fact that if labor costs
23 increase, the amount of public subsidy needed
24 to cover those costs must also increase or

1 affordable units would have to be eliminated.

2 Due to substantial labor cost
3 increases, projects currently underway may be
4 halted and the affordable housing project
5 pipeline, from pre-planning to
6 pre-construction, would stall. A stark
7 choice would have to be made -- either find
8 more state funding to cover the overruns or
9 reduce the number of affordable units to
10 match the original public subsidy allocation.

11 I'm happy to answer questions on more
12 of that, but I can tell you that in the last
13 several weeks since the legislation's been
14 introduced, I've receive multiple daily phone
15 calls and emails raising concerns about the
16 future of the affordable housing industry in
17 our state. Our developer members are
18 mission-driven and take great pride in the
19 work they do in building housing for those in
20 need. The State of New York has been our
21 greatest partner in creating this housing for
22 families, and we look forward to working with
23 you going forward.

24 Happy to answer any questions.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 We do have, from Assemblyman

3 Cymbrowitz.

4 ASSEMBLYMAN CYMBROWITZ: Thank you.

5 Could you talk about how the cost of

6 developing a unit, a housing unit, has

7 changed over the last five years? What costs

8 have changed, have there been increases, have

9 there been decreases?

10 MS. MILSTEIN: Well, there are

11 different markets. Costs continue to

12 increase year to year, both statewide but

13 particularly in New York City.

14 There's the increased regulations and

15 the burdens associated with that, everything

16 from increased safety concerns that are

17 driving up those regulatory costs, material

18 costs have gone up dramatically. We're

19 starting to see a tariff surcharge that's

20 coming for projects that are already close or

21 under construction, they're receiving tariff

22 surcharges on material deliveries.

23 We're seeing a labor shortage because

24 of the construction boom that's going on in

1 New York City. So there's a shortage of
2 labor, which means prices competitively, with
3 a lack of supply, are going up.

4 Land prices are skyrocketing
5 everywhere, even neighborhoods that were
6 questionable or marginal five years ago, now
7 you're paying an incredible premium. So
8 there's land price, there's construction
9 materials, there's labor costs, and the
10 regulatory burden of increasing regulations,
11 both imposed by the city, the state and the
12 federal government.

13 ASSEMBLYMAN CYMBROWITZ: So the amount
14 of money that the government gives you per
15 unit, has that gone up with the costs?

16 MS. MILSTEIN: It's not keeping pace.
17 It's not able to keep pace. We're -- based
18 on four years ago when we started looking at
19 a state budget ask, those dollars aren't able
20 to go as far.

21 Even with the increased equity
22 requirements and other subsidies increasing
23 and the loan -- the debt that projects are
24 carrying, we're really constrained in our

1 ability to meet the targets we'd set out four
2 years ago.

3 ASSEMBLYMAN CYMBROWITZ: So what
4 happens if those prices continue to go up?

5 MS. MILSTEIN: Fewer units.
6 Everything that increases a price means fewer
7 units can be built with the same amount of
8 money. I think it's just the math, it's
9 pretty self-evident.

10 ASSEMBLYMAN CYMBROWITZ: Thank you
11 very much.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 Senator Kavanagh.

14 SENATOR KAVANAGH: Thank you.

15 I appreciate your raising directly, in
16 your testimony, the issue of prevailing wage.
17 And I think you've been an advocate for being
18 careful about moving forward at that over a
19 number of years, including in prior debates
20 around 421-A and other things.

21 Can you just talk a little -- is there
22 an issue, from your perspective, that does
23 need to be addressed there? I mean, should
24 we be -- putting aside the question of

1 whether the bill that's been proposed, that
2 is out there, gets it right, should we be
3 thinking about whether in publicly funded and
4 publicly subsidized projects the construction
5 workers are getting paid adequately?

6 MS. MILSTEIN: Look, I don't disagree
7 with the prevailing wage on publicly funded
8 projects. But when you have to put those
9 primarily union-based wages against the
10 housing crisis, then the numbers of people
11 that are increasingly becoming homeless or
12 underhoused or not housed at all -- I think
13 that tradeoff is not one that the Legislature
14 really wants to make.

15 And I think the issue before us is
16 what's a reasonable carve-out for affordable
17 housing projects. I don't think that any of
18 the legislation was intended to capture all
19 affordable housing. I think that affordable
20 housing was intended to be addressed as a
21 carve-out. I think we have to discuss what's
22 the appropriate carve-out. And we're happy
23 to work with the Legislature and the
24 Governor's office to make sure we get that

1 right.

2 SENATOR KAVANAGH: So you're not
3 advocating necessarily for -- I mean, in your
4 testimony you talk about, you know, programs
5 that get any public subsidy at all and that
6 that would be very expensive. But you're not
7 suggesting that we should necessarily carve
8 out any project that provides any
9 affordability.

10 MS. MILSTEIN: No, I think there's a
11 level at which -- and we've been talking
12 about where that line is. And certainly if
13 you have 5 percent affordable housing in a
14 project, that's -- I'm not going to argue
15 that that primarily market-rate project needs
16 to be carved out.

17 But I don't think that what was
18 contemplated in the bill I read, which I
19 think was 75 percent and 60 percent -- that's
20 just not going to work. It may work upstate,
21 but in New York City that's not going to
22 work, where land prices are so high and the
23 costs are so extraordinary. Many of the
24 projects that serve very low income

1 communities have to have some market-rate
2 units in them to cross-subsidize the very
3 lower income, because projects just don't
4 work if they're all low-income without some
5 offsets.

6 SENATOR KAVANAGH: I'd just say for
7 many of us who have both been very strong
8 supporters of labor and very strong
9 supporters of ensuring that, you know, we get
10 the maximum benefit from these funds in terms
11 of public housing, there is a tension here.
12 And I think that -- we are, I think, going to
13 be looking for ways to try to balance those
14 interests. And that may -- you know, that
15 may involve carving out certain projects. It
16 may also involve different levels of wages
17 and project labor agreements and other ways
18 that people --

19 MS. MILSTEIN: Happy to work to find
20 that place.

21 SENATOR KAVANAGH: Okay. Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Assemblywoman Niou.

24 ASSEMBLYWOMAN NIOU: Hi. So I

1 actually wanted to echo what my Senator was
2 just saying. But I also have a lot of
3 concerns about the RAD program. I think that
4 RAD and Next Gen are both programs that kind
5 of make it so that there are -- it's almost a
6 little bit like little mini-moves to
7 privatize public lands. So I wanted to get
8 your opinion on that.

9 MS. MILSTEIN: The assets continue to
10 be held in the public interest. It's not --
11 the projects are not owned by private
12 developers. But it is a program and a way
13 that's been incredibly successful, not only
14 in New York State but across the country as a
15 way to leverage private investment and some
16 private management skills, in certain cases,
17 to provide more efficient executions and
18 bring more resources into the projects where
19 people are underhoused or the projects are
20 dilapidated.

21 So the federal government, which
22 typically built all of the public housing, is
23 no longer allowed to build any more public
24 housing. There's a law that forbids the

1 construction of more public housing as we
2 know it. And so the only way to keep those
3 assets intact with the withdrawal of the
4 federal government is to bring in other
5 resources. I don't know, I think universally
6 across the country -- and I work -- I'm the
7 president of a coalition of all the other
8 state associations. Every state in our group
9 is looking to, if they haven't already
10 deployed RAD funds because it's been so
11 successful. And I think if you look at the
12 communities that have been served, they're
13 thrilled with the outcome.

14 ASSEMBLYWOMAN NIOU: That is actually
15 not what we're hearing from the communities
16 that have been served. And I also have a lot
17 of concerns about folks trying to move the
18 program into my district, which is the 65th,
19 in Lower Manhattan.

20 As you know, the land in Lower
21 Manhattan is worth a lot of money. Every
22 square inch is worth millions of dollars.
23 And I think that there's been a movement to
24 try to take that property and put it into

1 private holding.

2 MS. MILSTEIN: Again, that's not the
3 RAD program. That might be Next Gen. And I
4 don't really know how that one works, but.

5 ASSEMBLYWOMAN NIOU: Okay. Thank you.

6 CHAIRWOMAN WEINSTEIN: Thank you for
7 being here.

8 Next, Neighborhood Preservation
9 Coalition of New York State, Cara Long Corra,
10 executive director.

11 And just a reminder to all witnesses,
12 I did mention we have your testimony in
13 advance. We also have paper copies here. So
14 please, to the extent you can summarize --
15 five minutes seem to go faster than most
16 people realize.

17 Thank you.

18 MS. CORRA: Well, first I'd like to
19 thank you for the opportunity to present
20 testimony on the Governor's 2019-2020
21 Executive Budget proposal as it relates to
22 housing.

23 The proposed program funding from the
24 Executive Budget for the Neighborhood and

1 Rural Preservation Programs, N/RPP, has
2 remained consistent with the funding proposed
3 by the Executive for the last several years.
4 However, last year, thanks to successful
5 negotiations between the Legislature and the
6 Governor, \$6.2 million over and above what
7 was proposed was added to the programs, for
8 which we are extremely grateful.

9 Providing funding for N/RPP is a sound
10 investment in our state, as appropriated
11 dollars help spur economic development and
12 maximize the state's existing commitment to
13 create and preserve affordable housing
14 through the Housing Plan. But affordable
15 housing is much more than an economic
16 investment. Access to safe, stable, healthy,
17 and affordable housing improves both
18 education and health outcomes. We simply
19 cannot discuss issues of equity within our
20 education and healthcare systems without
21 situating a discussion about housing within
22 that.

23 In his State of the State speech,
24 Governor Cuomo indicated that our state will

1 experience another wave of the affordable
2 housing crisis. While history may not repeat
3 itself, it certainly does rhyme. This means
4 that a 35 percent cut will negatively impact
5 the services N/RPCs provide to low- and
6 moderate-income residents every single day,
7 services like eviction and foreclosure
8 prevention, homeowner and tenant rehab, new
9 construction, financial management, service
10 to youth, job seekers, small-business owners,
11 and more. This cut will not just negatively
12 affect our present but our future as well.

13 And while I do not provide direct
14 services, it will occasionally happen that
15 someone will call the coalition's office in
16 search of help. These calls are extremely
17 upsetting to me personally, as I can hear the
18 terror and exhaustion in the voice of the
19 person I'm speaking with. Most calls go
20 something like this: "I'm losing my home,
21 and I've called so many people. No one has
22 called me back. I'm afraid, and I don't know
23 what to do."

24 I listen, and I get their details.

1 Are you a homeowner or a renter? What
2 neighborhood do you live in? Then I connect
3 them with the NPC that serves that
4 neighborhood. But before we disconnect, I
5 tell them to call me back the next day if
6 they can't get hold of anyone. And to date,
7 no one has ever had to call me back.

8 So I derive great comfort from knowing
9 that people who are experiencing some of the
10 darkest hours of their lives can turn to an
11 NPC or RPC and receive help. It is an aspect
12 of the program that, though it cannot always
13 be quantified, the value is real.

14 But to that end, we have been asking
15 our preservation companies to triage for a
16 very long time, and the number of people in
17 dire circumstances who need immediate help
18 with their housing has only increased. And
19 by all accounts we must now expect that
20 increase to continue.

21 The \$21 million in N/RPP funding we
22 are requesting in this fiscal year is the
23 reflection of the amount of financial
24 resources we think is appropriate to ensuring

1 that the state's 202 preservation companies
2 have the capacity they need to deliver their
3 housing programs.

4 When NPP was first conceived of by the
5 late Assemblyman Denny Farrell, whose memory
6 and legacy we honor through our work, it was
7 to ensure that community-based housing
8 agencies would have a stable source of
9 operating income by which to carry out their
10 services and activities. Assemblyman Farrell
11 and the members of the Legislature recognized
12 and have continued to recognize that N/RPCs
13 are vital in ensuring that low- and
14 moderate-income residents in neighborhoods
15 have both the means to address their housing
16 and community development challenges and a
17 voice in how solutions to those challenges
18 are implemented.

19 And at a time when low- and
20 moderate-income residents in our country,
21 particularly in communities of color and in
22 immigrant communities, are experiencing a
23 wholesale assault on their rights and in some
24 instances their very personhood, it is even

1 more critical that we as a state ensure that
2 our low- and moderate-income neighbors,
3 neighborhoods, and communities have the
4 resources they need to address their housing
5 challenges.

6 I subscribe to the belief that the
7 standard you walk past is the standard you
8 accept. Last year, the New York State
9 Legislature did not accept a funding cut to
10 the preservation programs, and I do not doubt
11 that we are in agreement about the severity
12 of the affordable housing crisis and the dire
13 nature of the situation facing our state's
14 residents. And I am hopeful that once again
15 the Legislature will take the lead in
16 ensuring that the resource needs of our
17 preservation companies can be met. Thank
18 you.

19 CHAIRWOMAN WEINSTEIN: Thank you.

20 I don't believe that we have
21 questions -- oh, Assemblyman -- Senator
22 Kavanagh.

23 SENATOR KAVANAGH: Still in that
24 transition.

1 Just briefly, you're supporting a
2 restoration of the money that was added by
3 the Legislature last year, a modest increase.

4 And if I understand this correctly, that
5 would also include adding a few additional
6 organizations to the program.

7 MS. CORRA: We would like to see more
8 N/RPCs. We had a bigger network at one
9 point, and there was money set aside within
10 the JPMorgan Chase settlement funds for new
11 groups, and that never came to fruition.

12 The money we're asking for is for the
13 existing 202 companies. But if there is any
14 chance to add more preservation companies, I
15 think we know our communities are in dire
16 need of their services and where we once had
17 202 neighborhoods, we now have 202
18 preservations. That's rural and
19 neighborhood.

20 SENATOR KAVANAGH: And you have -- are
21 their specific -- I have many of these
22 organizations that work in my district and
23 I'm very, very familiar with their work.

24 MS. CORRA: Yup.

1 SENATOR KAVANAGH: I think I'm not so
2 familiar with how they're designated in other
3 parts of the state and how they -- there are
4 sort of geographic catchment areas. Are
5 there particular communities in the state
6 that come to mind as being -- either come to
7 mind now or that you can suggest to us are
8 underserved by this program?

9 MS. CORRA: I mean, I certainly think
10 when we are talking about gentrification and
11 displacement, you know, we don't have an NPC
12 in Bed-Stuy, we don't have an NPC serving
13 Brownsville, and there are certainly housing
14 organizations that are community-based that
15 have expressed interest.

16 But we're seeing gentrification all
17 over. In Syracuse, in Albany, our downtowns
18 and our neighborhoods are rapidly changing
19 and the only housing we're getting is,
20 really, luxury. And so we've lost groups in
21 Buffalo, and Buffalo's housing market has
22 went from something that was pretty cold to
23 something that has really heated up, with
24 prices doubling or tripling.

1 So, you know, the state does have a
2 formula and the state can open an RFP and we
3 would give input to how that could be
4 constructed.

5 SENATOR KAVANAGH: I'd like to follow
6 up with you on that.

7 MS. CORRA: Okay. Absolutely.

8 CHAIRWOMAN WEINSTEIN: Thank you.

9 MS. CORRA: You're welcome.

10 CHAIRWOMAN WEINSTEIN: Next we're
11 going to have -- they come as a panel -- New
12 York State Rural Advocates, Blair Sebastian,
13 director, and New York State Rural Housing
14 Coalition, Jeff Keller, executive director,
15 and Colin McKnight, deputy director.

16 You'll each have the five minutes just
17 in case there are questions. We thought it
18 would be easier to accommodate everyone.

19 MR. SEBASTIAN: Thank you,
20 Assemblywoman Weinstein. Yeah, by the way
21 the schedule is laid out, I suspected that
22 maybe this was going to happen. So forgive
23 me for a few additional "ahs" and "ers" in
24 the presentation.

1 I'm Blair Sebastian. I'm with
2 New York State Rural Advocates. We're the
3 advocates, state and federal advocates inside
4 of the rural preservation community. We work
5 with both RPCs and a number of private,
6 for-profit developers in small upstate
7 communities.

8 As Assemblywoman Weinstein pointed
9 out, you have our testimony. Just a couple
10 of general observations I'd like to make
11 based on that testimony.

12 One, in the process of putting
13 together our annual budget request, budget
14 recommendations as they are, it occurs to us
15 that this is really a package. You're
16 supporting a not-for-profit delivery system
17 at the same time as you are supporting a
18 range of products that our organizations,
19 NPCs and RPCs, use to serve the communities
20 that they reside in. So by funding RPC/NPC,
21 you create a sort of administrative
22 infrastructure that allows these
23 organizations to sort of bob and weave and
24 assess local needs and devise strategies for

1 addressing those needs that are peculiar and
2 specific to those communities.

3 That's one of the beauties of this
4 preservation program, is the sort of
5 flexibility that the groups have to answer to
6 local control and to answer to local needs.
7 And you build a sort of administrative
8 infrastructure that allows these
9 organizations not only to deliver a program
10 that you and the federal government -- the
11 state and the federal government support, but
12 also to be in a position to respond to crises
13 as they occur.

14 And two of the recent examples that I
15 think are hugely important. One is the
16 foreclosure crisis, which is on our list as a
17 priority issue. You've talked about the fact
18 that there is a funding hiatus in store for
19 that program at a point when foreclosures
20 have not diminished. I think some of this
21 was years ago -- we figured this crisis would
22 be over by now. It's not, and we need to
23 fund those programs.

24 But when that crisis hit, beginning

1 with the collapse of the housing market in
2 2007 and 2008, RPCs and NPCs were there,
3 already providing housing counseling. Had
4 the in-house infrastructure to respond to
5 this particular crisis -- had we had to ramp
6 that work up from the get-go, we would have
7 been a long time in developing that capacity
8 and training staff and getting people out
9 there.

10 So that investment in administrative
11 effort -- infrastructure aid there.

12 We also heard reference this morning
13 to the Lake Ontario flooding issue, another
14 particular area where RPCs and NPCs were
15 already in place, already had the
16 infrastructures to manage to -- to apply for
17 funds to manage contracts, do intake work,
18 and to manage construction work as
19 appropriate.

20 So I think those -- you know, the fact
21 is you've invested in this capacity, flexible
22 capacity has been real important over the
23 term of the years, and we would encourage you
24 to continue to invest and restore the funding

1 that the Executive Budget reduces from
2 RPC/NPC.

3 Just in terms of the scale of the
4 work, we've looked recently at 2017 HCR
5 funded with \$100 million -- \$150 million of
6 state money and \$50 million of federal
7 money -- about 2600-2800 units of new
8 construction of affordable housing. Touched
9 2800 lives, 2800 families now have access to
10 safe, decent, affordable housing that they
11 would not have had without that investment.

12 But at the same time, in the same
13 2017, RPCs/NPCs impacted some 16,000
14 households around the state, providing
15 housing rehab, housing counseling, and a
16 whole range of services. And I would suggest
17 to you that for the amount of money that
18 we've invested in this community-based
19 response, we get an awful lot of kick for
20 that.

21 So that's my two cents' worth.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Yes -- now, either -- I don't know --
24 who's speaking? Is it Mr. Keller?

1 MR. McKNIGHT: I'm Colin.

2 CHAIRWOMAN WEINSTEIN: Okay. I
3 guessed wrong.

4 MR. McKNIGHT: I'm Colin McKnight, and
5 over the last three or so years I've been the
6 acting executive director of the Rural
7 Housing Coalition, which is a statewide
8 organization that works to build the capacity
9 of the Rural Preservation Companies. We also
10 make sure that the housing agencies remain in
11 compliance with state regulations on the
12 administration of the programs, and we look
13 for more resources to help people develop
14 housing in rural New York.

15 As of this morning, I am giving up the
16 acting executive director role, and so it's
17 my pleasure to introduce Jeff Keller, who has
18 assumed the mantle of executive director of
19 the Rural Housing Coalition. And we are
20 giving him a trial by fire here by having him
21 testify this morning -- or this afternoon.

22 MR. KELLER: I just wanted to thank
23 everybody for allowing us to join you today.
24 It's my pleasure to have my first day with

1 the New York State Rural Housing Coalition
2 with you as well, and I'm looking forward to
3 working with you over the coming months and
4 well into the future to improve the housing
5 conditions for the millions of New Yorkers
6 that live in rural communities.
7 I'll be sharing some of the realtime
8 experiences of our members in the field with
9 you and your staff.

10 This year the coalition is celebrating
11 our 40th anniversary, which means four
12 decades of contracting with the State of New
13 York to ensure that the dollars that you
14 appropriate for housing and community
15 revitalization are well spent. You only need
16 to look as far as the most recent issue of
17 HCR's annual report to the Legislature on the
18 performance of the Neighborhood and Rural
19 Preservation Companies to see how impactful
20 your investments have been.

21 In that report you will find seven
22 project and program profiles, all of which
23 use non-HCR funds to develop significant
24 community projects. These seven case studies

1 represent a combined investment in rural
2 New York of well over \$50 million, which is
3 an impressive ROI for last year's RPP budget.

4 We have submitted written testimony
5 that details our position on the Governor's
6 Executive Budget, with the exception of one
7 budget line for rural rental assistance,
8 which we believe is adequately funded in the
9 Executive Budget. We strongly believe that
10 all other housing programs operated by the
11 state are deserving of budgetary increases
12 and restoration, as the Legislature did last
13 year. This includes the RPCs as well as our
14 own contract which supports the work of those
15 RPCs.

16 These programs save public funding and
17 create affordable housing for those in need
18 in New York State's rural communities. These
19 are laudable causes that help strengthen
20 these underserved and yet deserving
21 communities. It is these vital programs that
22 are too often overlooked and serve as a
23 reminder that affordable housing for upstate
24 New York is a very diverse issue.

1 I encourage you to look at the
2 details we laid out in our written testimony,
3 and I look forward to meeting with you and
4 your staff during this process. I also
5 invite you to call me with any questions you
6 have about our budget request and to hear why
7 these are smart, positive, and productive
8 investments for New York.

9 Thank you very much, and we are happy
10 to answer any questions you have.

11 CHAIRWOMAN WEINSTEIN: Thank you.

12 Well, for a first day you did very
13 well in following directions on not reading
14 testimony, and sticking to the time.

15 So we'll go to Assemblyman Cymbrowitz
16 for a question.

17 ASSEMBLYMAN CYMBROWITZ: Welcome
18 aboard.

19 MR. KELLER: Thank you. Look forward
20 to working with you.

21 ASSEMBLYMAN CYMBROWITZ: I
22 specifically asked the commissioner about the
23 health of the Mortgage Insurance Fund, and
24 she did say that it was healthy and there

1 were excess funds available. So -- but just
2 in case those funds mysteriously disappear in
3 the next month, what effect, Blair, would a
4 cut have on RPPs and NPPs as well?

5 MR. SEBASTIAN: Well, we've had --
6 over the years we've had lots of
7 opportunities to kind of watch funding levels
8 increase and decrease over time, and the
9 relationship between the productivity -- the
10 output of the organization and the funding
11 level are pretty closely tied.

12 A reduction of roughly a third in
13 RPP/NPP funding would reduce their ability --
14 what are we -- it's something we've talked in
15 the past about the fact that most of the
16 state-funded local programs that RPCs and
17 NPCs administer don't actually cover their
18 entire administrative and delivery costs.
19 RPC/NPC has historically backfilled for that
20 lack of administrative -- that shortage of
21 administrative funding --

22 ASSEMBLYMAN CYMBROWITZ: What wouldn't
23 you be able to do?

24 MR. SEBASTIAN: -- so reducing -- a

1 third less. It would be a third less.

2 I mean, we would be able to administer
3 fewer programs, there would be fewer staff to
4 assess new program opportunities, to develop
5 new programs. But really the delivery of
6 things like the Affordable Housing
7 Corporation program, RESTORE, Access to Home,
8 Access for Vets, those programs would be
9 somewhat diminished by reductions in RPC and
10 --

11 ASSEMBLYMAN CYMBROWITZ: And how would
12 that affect the people themselves who need
13 the services?

14 MR. SEBASTIAN: Well, again, I -- in
15 2017 we met the needs or attempted to address
16 the needs of 16,000 households. It would
17 reduce that by 4,000 or 5,000 households. We
18 simply would not have the capacity to put
19 enough effort in the field to continue to
20 produce at the rate that we have been
21 producing.

22 ASSEMBLYMAN CYMBROWITZ: Okay. Thank
23 you very much.

24 CHAIRWOMAN KRUEGER: Senator Brian

1 Kavanaugh.

2 SENATOR KAVANAGH: Thank you very
3 much.

4 And I think I mentioned before, as a
5 very urban new chair of the Senate Housing
6 Committee, I have much to learn about the
7 area of the state that you work in, but I
8 appreciate your testimony today.

9 Just one specific question, and this
10 is in the written testimony of the Rural
11 Housing Coalition. It says "In addition to
12 fully supporting the existing network of RPCs
13 across the state, we are hopeful that the
14 Legislature will consider setting aside even
15 more funding to allow the establishment of
16 RPC contracts in currently underserved rural
17 areas such as Chenango and Seneca Counties,
18 rural Schenectady County, and northern
19 Dutchess County. We believe that there are
20 five rural areas that still need RPC
21 services."

22 You have specific sort of geographic
23 catchment areas that you think we should be
24 looking at to ensure these programs are

1 available. And can you provide additional --
2 either right now or, offline, additional
3 information about that?

4 MR. McKNIGHT: The areas that are
5 listed there are ones that have historically
6 not had -- ever had services from a Rural
7 Preservation Company, or in the case of
8 Dutchess County haven't seen that kind of
9 service in 20 years. So those areas -- we
10 know that there are housing needs.

11 There was a reference earlier to the
12 mobile home needs of rural New York.
13 Chenango County, for instance, has huge
14 problems with the mobile home -- privately
15 owned mobile homes. There's just a huge
16 number of them in really questionable
17 condition. Seneca County, there's a lot of
18 concern right now within the county about the
19 lack of a service provider for affordable
20 housing in the county. It's a fairly
21 prominent issue of discussion in Seneca
22 County right now. And there's been some
23 questions about how to provide services to
24 rural Schenectady recently that have involved

1 mergers of existing neighborhood groups that
2 -- there's some questions about the
3 effectiveness of those ideas.

4 SENATOR KAVANAGH: Okay. And the way
5 this would work is the Legislature would
6 provide funding and then there would be an
7 RFP to provide these service in these
8 particular areas?

9 MR. McKNIGHT: Historically, that's
10 the way it's worked.

11 SENATOR KAVANAGH: And do you believe
12 there are service providers that might be
13 able to take up that role if such an RFP were
14 issued?

15 MR. McKNIGHT: I believe so, yes.

16 SENATOR KAVANAGH: Okay.

17 Well, again, thank you for your
18 testimony today, and I would like to follow
19 up with you on that particular thing. And
20 just more generally, if there are
21 opportunities to come see what -- the work
22 that your organizations do, I'd be very
23 interested in taking you up on that
24 opportunity.

1 MR. McKNIGHT: We'd be happy to
2 organize a tour for you.

3 SENATOR KAVANAGH: Thank you.

4 CHAIRWOMAN WEINSTEIN: Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 Next we have Tenants Political Action
8 Committee, Michael McKee, treasurer.

9 MR. McKEE: Good afternoon. Thank you
10 for this opportunity to testify. My name is
11 Michael McKee. I'm the treasurer of the
12 Tenants Political Action Committee, and I
13 have been over the last 48 years involved in
14 a number of organizations.

15 I am very proud to say that I had a
16 central role in lobbying the Neighborhood
17 Preservation Companies Act into law in 1977,
18 and the Rural Preservation Companies Act in
19 1980. And these are programs that deliver a
20 huge bang for the buck, as I'm sure you know.
21 And I think that the NPCs and RPCs deserve a
22 raise and we should have more funding for new
23 organizations to come into these programs.

24 You know, the Governor -- not just

1 this governor, but governors play this game
2 of cutting or freezing the NPC or RPC
3 program, and then the groups look to the
4 Legislature to restore the funding or to
5 increase the funding. And I think you're
6 going to have to do that again.

7 And before I get to rent regulation,
8 which is the main subject of my testimony, I
9 just want to add my voice to the several
10 voices up there and from here that it is
11 really unconscionable that the Governor is
12 withholding the \$450 million in funding to
13 NYCHA. And I urge you as legislators to do
14 everything you can to unlock that.

15 And we should always remember that
16 there are public housing authorities all
17 across the state that need help and need
18 capital funding. And unfortunately the state
19 can't do as much as the federal government,
20 and the federal government has basically
21 abdicated its responsibility to provide
22 operating subsidies and capital subsidies and
23 has even enacted legislation that prohibits
24 the construction of new public housing.

1 Now, how silly is that? How bad is
2 that? It's -- it's -- anyway, I don't want
3 to get angry.

4 Back to rent regulation. This is the
5 year for rent reform, and we are very
6 excited. We have been -- everyone in the
7 tenant movement is psyched. The new majority
8 in both houses as well as the election of
9 many new progressive members who ran on this
10 issue is an exciting development.

11 But I want to make it clear that we
12 are strongly opposed to negotiating the
13 substance of rent regulation in the budget.
14 And there are some reasons for that. The
15 number-one reason is that we do not trust
16 Governor Andrew Cuomo. For eight years he
17 has refused to support stronger rent laws in
18 any meaningful way. Last year he seems to
19 have had an election-year conversion. If
20 that is a sincere conversion, I'll be very
21 happy, but you will pardon my cynicism. As
22 far as I'm concerned, Andrew Cuomo is guilty
23 until proven innocent on the issue of rent.

24 Secondly, these are very complicated

1 technical issues, and it's more important to
2 get it right than to rush into some kind of,
3 you know, quick settlement in the budget.
4 And let me be very clear about the \$16
5 million. If it comes to a choice -- I don't
6 understand -- frankly, I do not understand
7 this language, I don't understand the
8 explanations, I am mystified as to what
9 exactly the motivation is here. But if it
10 comes to a choice of stronger rent protection
11 laws and \$16 million, please take the
12 stronger rent laws. We need that much more
13 than the State Housing Agency needs an
14 additional \$16 million for the Office of Rent
15 Administration.

16 We are reconciled to a post-budget
17 negotiation on rent. We hope that this will
18 not go down to the wire on the June 15th
19 sunset. We would very much like to see this
20 happen in April and May.

21 But there is one issue that is
22 extremely urgent and that requires your
23 immediate attention, and that is the loft
24 cleanup bill. If you don't pass that in the

1 next couple of weeks, there are going to be
2 dozens and dozens and dozens of families
3 evicted out of their loft units because of
4 the Bloomberg restrictions that were inserted
5 into the Loft Law in 2010 at the insistence
6 of Mike Bloomberg and with Governor David
7 Paterson threatening the Legislature that if
8 they did not accommodate the mayor, he would
9 veto the Loft Bill.

10 When we returned to New York City last
11 Tuesday in a snowstorm after a day of
12 lobbying with the loft tenants, we got news
13 just as we drove up to Brooklyn that a family
14 had been evicted that afternoon. Four more
15 families were evicted this last Friday, and
16 every day counts. So you really need to do
17 this. We'd like to see you do this before
18 you finish your -- go on your winter break.

19 We're also very grateful -- let me
20 just add this -- we want to acknowledge and
21 appreciate the fact that Senator Neil Breslin
22 and Assemblymember Kevin Cahill are going to
23 introduce a bill to make ETPA, the Emergency
24 Tenant Protection Act, statewide in its

1 applicability, which means that any
2 municipality could opt into the system that
3 would remove the arbitrary geographic
4 restrictions on rent regulation to the
5 downstate area. And we're very grateful to
6 Senator Salazar and Assemblymember Hunter for
7 introducing the bill to prohibit evictions
8 without good cause. New Jersey has had this
9 legislation on its books since the 1970s;
10 it's really time we did too.

11 Thank you very much.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 Assemblyman Cymbrowitz.

14 ASSEMBLYMAN CYMBROWITZ: Thank you

15 very much.

16 Many of the issues that you touched on
17 are positions that many of us up here agree
18 with, and we want to thank you for that. I
19 want to give you this opportunity now to
20 continue being angry and talk about the fact
21 that there has been this federal and state
22 disinvestment for decades to housing
23 authorities throughout the state. From the
24 day that periodic subsidies stopped in 1998,

1 there has been no investment by any
2 administration, by any governor. Can you
3 talk about your anger or talk about --

4 MR. McKEE: Thank you, Assemblymember
5 Cymbrowitz. I think, you know, you summed it
6 up very well. I mean, this didn't start with
7 the current administration in Washington or
8 the current administration in Albany. In
9 fact, people think that it was Ronald Reagan
10 who started this, but in fact it was Jimmy
11 Carter.

12 And the federal government has more
13 wherewithal -- I mean, they have more money
14 than you guys do, and they will always have
15 more money than the state will have. And it
16 should be their primary responsibility to
17 support public housing both with operating
18 subsidies -- because you can't run low-income
19 housing on the rent, because tenants cannot
20 afford to pay a rent that is adequate to
21 maintain the housing, so you have to have
22 operating subsidies -- but you also have to
23 have capital funding. And we all know this.
24 And the federal government has essentially

1 just abdicated its responsibility for doing
2 this, and there doesn't seem to be any
3 thought of picking up it again.

4 I do want to say that the state and
5 the city have both eliminated funding that
6 they used to provide for public housing, the
7 City of New York, and that's something you
8 might want to look at.

9 But my immediate suggestion is let's
10 get the \$450 million. In terms of what's
11 needed, it's a drop in the budget. But it
12 would be helpful.

13 ASSEMBLYMAN CYMBROWITZ: Thank you
14 very much.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 Senator Kavanagh.

17 SENATOR KAVANAGH: I just wanted to
18 take a brief moment to thank you for your
19 testimony and for your very long advocacy and
20 to note -- I know we have the sponsor of the
21 Loft Law bill here as well, but as I think
22 you know, we have been working on that with
23 advocates and with Assemblywoman Glick and
24 obviously Senator Salazar and others in our

1 house, and we are working -- we have been
2 working on the so-called --

3 MR. MCKEE: I'm very much aware of
4 that.

5 SENATOR KAVANAGH: But it's -- I'd say
6 that for the record. Thank you.

7 MR. MCKEE: Let me just add one little
8 thing. Please put language in the budget to
9 require the State Division of Housing to
10 reopen the Nassau district office. This was
11 closed in 2009, supposedly in a budget-saving
12 maneuver. It actually didn't save any real
13 money at all because none of the staff were
14 terminated, they were just transferred to
15 Gertz Plaza in Queens. In fact, the state
16 continued to pay rent on that empty office
17 for three or four years.

18 So the only real savings has been the
19 rent, but it's been a huge, huge hardship on
20 the tenants in Nassau County, especially
21 elderly people, who now have to take a train,
22 they have to take Long Island Rail Road to
23 Jamaica and walk several blocks back to Gertz
24 Plaza to talk to a tenant counselor. And I

1 would really like to encourage you to see
2 that that office gets reopened.

3 Thank you very much.

4 CHAIRWOMAN WEINSTEIN: Thank you.

5 I'm sorry --

6 CHAIRWOMAN KRUEGER: No, so I just --
7 as you're walking away, I just want to thank
8 you for all the work you do for all of us
9 every day, and to tell you that it's a
10 different place than it's been. We're going
11 to get these bills done.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 Next, Community Service Society of
14 New York, Oksana Mironova, housing policy
15 analyst.

16 MS. MIRONOVA: Hi, everyone. Thank
17 you so much for giving me the opportunity to
18 comment on the budget today.

19 My name is Oksana Mironova, and I'm a
20 housing policy analyst with the Community
21 Service Society. And CSS is an antipoverty
22 organization in New York City.

23 Given the central role rent regulation
24 plays in the lives of low-income New Yorkers,

1 the rent laws should be strengthened in 2019.
2 However, we strongly don't believe that HCR
3 funding should be contingent on the passage
4 of the Rent Regulation Act of 2019, which is
5 in the budget because it fails to close key
6 loopholes. I especially want to stress the
7 importance of the vacancy bonus, which is
8 missing from the language in the budget.

9 Further, HCR's Tenant Protection Unit,
10 which is central to enforcing the state's
11 rent laws, needs additional funding to
12 continue its important work. As we've heard
13 today, CSS recommends doubling its budget.

14 CSS also supports Assembly Bill 1620,
15 by Assemblymember Hevesi, and Senate Bill
16 2375, by State Senator Krueger, which would
17 create the Home Stability Support Program, a
18 form of rental assistance for people leaving
19 the homeless shelter system or who are at
20 risk of homelessness. This proposal directs
21 rental assistance to the people who need it
22 most, and provides mandated relief to local
23 governments that are struggling with limited
24 resources. It addresses homelessness by

1 doing what most present-day housing programs
2 just don't do, which is enable people with
3 incomes near or below the poverty line to be
4 able to pay their rent.

5 State funding is also critical to
6 NYCHA's efforts to improve resident living
7 conditions to ensure its continuing existence
8 into the future. CSS recommends that the
9 state release the \$450 million in already
10 appropriated funds for NYCHA improvements,
11 close the \$8 billion capital gap estimated in
12 the NYCHA Plan 2.0, starting with \$1 billion
13 in fiscal year 2020 split evenly between New
14 York City and New York State and, finally,
15 earmarking new revenue resources for NYCHA
16 improvements.

17 Finally, CSS supports New York City
18 Comptroller Stringer's plan, which would
19 eliminate the mortgage recording tax and
20 replace it with a single real property
21 transfer tax that rises as the price of the
22 property rises. This change would benefit
23 middle-class New Yorkers and would also raise
24 up to \$400 million annually.

1 We support this proposal because it
2 would provide a much-needed revenue stream
3 for something that doesn't quite exist in a
4 new form today, which is operating subsidies
5 for affordable housing, which is a complete
6 necessity for financing extremely-low-income
7 housing in expensive land markets.

8 Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you. You
10 were concise in your remarks, and we have
11 your written testimony. Thank you.

12 CHAIRWOMAN KRUEGER: You also
13 submitted a full report to many of us, and
14 it's excellent. Thank you.

15 CHAIRWOMAN WEINSTEIN: Next we have,
16 sitting together, Center for Disability
17 Rights, Kathryn Carroll, Esq., and Westchester
18 Disabled On The Move, Laura Case, systems
19 advocate.

20 And just identify yourselves when you
21 speak, please, since we don't know who's who.

22 MS. CARROLL: Hi -- hello?

23 CHAIRWOMAN WEINSTEIN: Yes.

24 MS. CARROLL: Okay, good.

1 Good afternoon. My name is Kathryn
2 Carroll. I'm a policy analyst for the Center
3 for Disability Rights. The Center for
4 Disability Rights is a Center of Independent
5 Living. We're a disability-led nonprofit
6 organization, and we advocate for the rights
7 of people with disabilities. We advocate for
8 independence, community integration, and
9 civil rights.

10 I'm here today because not all housing
11 is created equal. Disabled people need
12 housing that is accessible, affordable, and
13 integrated in order to live in a community
14 where we want to be. Without accessible,
15 affordable, and integrated housing, disabled
16 people are forced into institutional
17 settings, a/k/a nursing homes, against our
18 wills. We want to live in our own homes in
19 the community, but accessible, affordable,
20 and integrated housing is too difficult to
21 secure.

22 The lack of housing is the greatest
23 barrier disabled people face to independent
24 living. There are some proposals in the

1 proposed Executive Budget that would help
2 connect disabled people to housing, but we
3 can and need to do more to ensure that we can
4 make our homes and the community accessible.

5 So I'm going to start with two
6 proposals in the budget that the disability
7 community was pleased to see. First, CDR
8 supports the proposal to prohibit
9 discrimination based on legal source of
10 income. We advocated in support of this
11 measure in the last legislative session, and
12 we're happy to see it return this year for
13 your consideration.

14 Disabled people are more likely to
15 live in poverty than non-disabled people, and
16 so the ability to use housing subsidies and
17 other programs to make our housing affordable
18 are critical. Too often disabled people are
19 able to find housing that's either affordable
20 or accessible, but rarely both. And without
21 legal protections, disabled people would
22 continue to be blatantly discriminated
23 against for using things like Section 8
24 housing choice vouchers and the Olmstead

1 housing subsidy, which assists people in
2 actually living in the community and not
3 living in nursing homes.

4 So while a legal prohibition on
5 discrimination based on legal source of
6 income solves our larger problems of
7 availability of accessible housing, we think
8 this is definitely something that you should
9 support and include in the budget.

10 The second item in the Executive's
11 proposed budget which the disability
12 community finds favorable is the
13 recommendation that we legally cap security
14 deposits. This will help make moving into
15 accessible units more affordable to disabled
16 people when the unit is otherwise perfectly
17 affordable. Capping security deposits would
18 lower a barrier to entry. And again, this
19 doesn't solve some of our larger problems,
20 but it certainly helps disabled people get
21 into accessible units when they can find
22 them.

23 The proposed budget continues to put a
24 lot of emphasis on creating more affordable

1 housing units and some supportive housing
2 units, and I wanted to just spend two minutes
3 to point out that while this funding for
4 these units is definitely helpful, in a lot
5 of ways they don't help extremely poor people
6 with disabilities.

7 Affordable housing is determined to be
8 affordable based on AMI. In Monroe County,
9 AMI for a family of four is \$74,000. If
10 you're living on SSI, you're only getting
11 about \$10,000 a year, \$850 a month if you're
12 lucky. So what's affordable for people
13 living at 60 percent of AMI is definitely not
14 affordable for the 20 percent of people
15 living in extreme poverty in Rochester who
16 have disabilities.

17 So that being said, I just wanted to
18 put forward two recommendations for the
19 Legislature to include in the budget this
20 year, things which the disability community
21 has been asking for for a while. And these
22 are things that would allow people to make
23 the homes where they live accessible to them
24 and allow them to stay in their homes. This

1 is critical for people who acquire their
2 disabilities, people who are aging into their
3 disabilities, people who just want to stay in
4 their homes.

5 One is the visitability tax credit.
6 Thank you -- the Legislature has worked with
7 the disability community to pass the
8 visitability tax credit for four years now,
9 and we're working with the Governor's office
10 to try and overcome the barriers that they
11 see to that. We really need that, the tax
12 credit.

13 And then, secondly, we need more
14 funding for the Access to Home program,
15 which -- I can see that my time's up, but I
16 know Laura will touch on it as well.

17 MS. CASE: Thank you, honorable
18 legislators. Thank you again for allowing me
19 the opportunity to testify on one of the most
20 crucial issues facing New Yorkers, including
21 those with disabilities.

22 My name is Laura Case. I am the
23 systems advocate at Westchester Disabled On
24 The Move. We are an Independent Living

1 Center located in Yonkers, in Westchester
2 County. We provide advocacy and services to
3 people with disabilities as well as seniors.

4 Many of our consumers come to us for
5 help with finding housing. As my colleague
6 said, one of the biggest barriers they face
7 is its cost. In New York State the maximum
8 amount of SSI a single person living in the
9 community can qualify for is about \$850 a
10 month -- \$858. In 2017, the national average
11 SSDI payment was \$1,171 a month.

12 According to HUD, the current fair
13 market rent of a one-bedroom apartment in
14 Westchester County is over \$1,400. In our
15 communities that are undergoing
16 gentrification, apartments are renting for
17 even higher than that. Working people with
18 disabilities face similar odds.

19 One of the only ways that
20 very-low-income people can afford housing in
21 Westchester is through subsidy programs like
22 Section 8 and state and federally funded
23 supportive housing. But many landlords still
24 refuse to rent to people using these

1 programs. It's something that I've seen
2 myself. We have consumers -- and I actually
3 personally have friends who I've watched
4 struggle to find housing, and after months
5 and months they finally find something they
6 can afford and then they're told that they
7 didn't have the right sort of income to live
8 there.

9 People with disabilities who can't
10 find housing often become homeless.
11 Westchester has one of the highest
12 percentages of homeless people in New York
13 State, and a number of them have
14 disabilities. I'm actually a formerly
15 homeless person myself.

16 We have had consumers who relied on
17 wheelchairs, hospital beds, or home health
18 aides and were living in our county shelter
19 system. In my organizing and advocacy work,
20 I have also met homeless people who use
21 walkers, oxygen tanks, or have serious mental
22 health diagnoses. Many of Westchester's
23 shelters are not accessible, making the
24 situation worse.

1 Accessibility is a barrier people face
2 when looking for housing as well. Older
3 apartment buildings often do not have fully
4 accessible entrances or even working
5 elevators. Many apartments themselves are
6 not created with people with disabilities in
7 mind. Tenants often face barriers like
8 narrow doorways, doorbells they can't answer,
9 and cabinets too high for them to reach.

10 Single-family homes are often not
11 accessible as well. For some people these
12 problems mean not being able to use parts of
13 their home. For others, they mean paying for
14 renovations out of their own pockets. But a
15 lot of people can actually wind up in nursing
16 homes, losing their independence.

17 The state also spends a large amount
18 of money through Medicaid on nursing homes.
19 In many cases it would be far less costly for
20 the person to live in the community, and
21 certainly better for the person and their
22 independence as well.

23 There are solutions to these problems,
24 and I would like to advocate for several of

1 them today. Westchester Disabled On The Move
2 joins the New York State Association on
3 Independent Living and the Center For
4 Disability Rights in standing in support of
5 the Governor's proposed changes to the
6 state's Human Rights Law. The law would be
7 changed to include source of income as a
8 protected class. Doing this would prohibit
9 landlords from turning away tenants with
10 lawful sources of income, including the types
11 of income often relied on by people with
12 disabilities.

13 We are also calling for an increase in
14 Access to Home funding. As my colleague was
15 explaining, Access to Home is a program
16 administered by New York State Homes And
17 Community Renewal. It pays for home
18 modifications for people with disabilities
19 and seniors. The problem is that the funding
20 for this program was cut 75 percent several
21 years ago, and there's now only \$1 million
22 for this program for the entire state.

23 So there's areas of the state which
24 don't have the program, there's areas of the

1 state where the waiting list for the program
2 is extremely long. So we are calling for
3 Access to Home funding to be increased to \$10
4 million.

5 And we're also calling for a
6 visitability tax credit to be included in
7 this year's budget. And these tax credits
8 would allow homeowners to make their homes
9 accessible, which benefits not only the
10 homeowner but also the community by adding to
11 our state's small stock of accessible homes.

12 And I just want to end by saying that
13 I think we also just need more low-income
14 housing, we need more housing that is
15 specifically for people with physical
16 disabilities especially. By putting these
17 priorities in place, we can begin to address
18 our state's serious housing crisis.

19 Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 CHAIRWOMAN WEINSTEIN: Thank you both
22 for being here. And we have your written
23 testimony, which expands a little bit on your
24 remarks. Thank you.

1 CHAIRWOMAN KRUEGER: And we've been
2 joined by Senator Velmanette Montgomery.

3 CHAIRWOMAN WEINSTEIN: So before we
4 call our next -- as we call our next two
5 witnesses, Helene Caloir, director, and
6 Edward Ubiera, New York State Housing
7 Stabilization Fund, LISC, I'm going to ask
8 Judi Kende, vice president and New York
9 market leader for Enterprise Community
10 Partners to also join at the table. You'll
11 each have your five minutes; that's just a
12 way to move the hearing along.

13 And speaking of moving the hearing
14 along, just wanted to announce that when this
15 hearing ends, which should be before 3:30, we
16 will have a however long break it is until
17 3:30, when we will commence the Workforce
18 hearing, the Workforce portion of the budget
19 hearing at that time.

20 Thank you.

21 CHAIRWOMAN KRUEGER: Thank you.

22 Hi.

23 MS. CALOIR: Hi. Thank you, Senators
24 and Assemblymembers, for the opportunity to

1 speak today. I'm Helene Caloir, the director
2 of the New York State Housing Stabilization
3 Fund, which is a special program of the Local
4 Initiatives Support Corporation. About 2 1/2
5 years ago we set up this program to receive
6 Attorney General settlement funds for
7 distribution to various very worthwhile
8 housing programs.

9 I just want to say I'm joined here by
10 my colleague, Edward Ubiera, who works for
11 LISC New York City as a policy director.

12 Local Initiatives Support Corporation
13 is the largest affordable housing and
14 community development financial institution
15 in the country. We have 33 field offices
16 throughout the United States, including --
17 our national headquarters are in New York
18 City and we have a New York City program and
19 also a Buffalo program.

20 We have a significant blueprint in New
21 York State. In addition to the work I'm
22 doing, which is statewide, administering AG
23 settlement funds, we also have the national
24 equity fund that invests in low-income

1 housing tax credits.

2 So the program I direct, among other
3 work, has made grants to 76 municipalities
4 across New York State to help them address
5 their zombies and vacant issues. It's been
6 nearly \$13 million. And we just released an
7 RFA for a second round that will be
8 \$9 million.

9 So you have a copy of my testimony, so
10 I'll just mention a few of the highlights
11 here.

12 We support the reappropriation of the
13 \$2 billion-plus for housing programs. This
14 level of funding is really important for
15 making a dent in the enormous affordable
16 housing need. But I feel like I'm preaching
17 to the choir, largely, on these issues.

18 We also support an additional
19 appropriation for the Homeless Housing
20 Assistance Program. Demand is very high, and
21 we hear from our supportive housing
22 colleagues that current demand is over
23 \$100 million for this subsidy. There's way
24 more need, like most of these programs, than

1 there is funding.

2 We also support funding for resident
3 services coordinators in senior housing.

4 And NYCHA, it's been said so many times,
5 but please work to release the \$450 million. We
6 also, on the NYCHA issue, need a joint city-state
7 funding plan, a longer-term funding plan to
8 really figure out how to get NYCHA housing back
9 up to code and livable for the people in it.

10 So I wanted to talk for a second about the
11 Homeowner Protection Program, called HOPP. Since
12 2012, Attorney General settlements have supported
13 it, but the funding's running out on March 31st.
14 But what many people aren't aware of is that
15 there are -- about three years ago legislation
16 was passed that prevented AG settlement funds
17 from going directly to nonprofits. So -- they
18 can go municipalities and into the State
19 Treasury.

20 So there aren't funds available at the AG
21 for -- to continue these really important
22 foreclosure prevention programs. And from my
23 standpoint, working on the zombie work, not only
24 is foreclosure a tragedy for the families

1 affected, but it has a huge negative impact on
2 municipalities. Very expensive for them to deal
3 with vacants.

4 So what I really -- and I'd better speed
5 up. I wanted to talk to you a bit about the
6 zombie work that we do and really give a plug for
7 the New York State Abandoned Property
8 Neighborhood Relief Act of 2016, known as the
9 Zombie Law. It's a great law. It needs a few
10 tweaks to be an even more powerful law. And if I
11 run out of time, I'm happy to talk about this
12 further at another time.

13 DFS basically -- Department of Financial
14 services -- has an unfunded mandate here. When
15 the law passed, there really weren't resources
16 given to DFS to properly maintain the registry --
17 okay.

18 CHAIRWOMAN WEINSTEIN: So we'd be
19 happy -- I was the author of that
20 legislation, even though it was part of the
21 budget. So we'd be happy to have -- to meet
22 with you, certainly have my counsel meet with
23 you offline and we can go through some of the
24 changes that you have concerns about --

1 MS. CALOIR: Oh, that would be great.

2 Really appreciate that.

3 CHAIRWOMAN WEINSTEIN: -- relating to

4 that. So we'll be in touch with you about

5 that.

6 MS. KENDE: Good afternoon. My name

7 is Judi Kende, and it's a privilege to be

8 here today on behalf of Enterprise Community

9 Partners, a national affordable housing

10 nonprofit organization.

11 Thank you, Chair Cymbrowitz, thank

12 you, Chair Kavanagh, and congratulations. We

13 are here today to speak to you about funding

14 needs of critical programs that vulnerable

15 New Yorkers rely on.

16 First I'd like to talk about public

17 housing. A critical source of permanently

18 affordable housing. NYCHA has suffered from

19 decades of decreased federal funding and now

20 faces a capital backlog of \$32 billion. We

21 urge the Legislature, like many before me, to

22 ensure that the \$450 million previously

23 allocated to NYCHA over the past two years,

24 to address the critical needs for

1 infrastructure, is released.

2 We also ask the city and state to come
3 together and establish a joint commitment to
4 deliver \$8 billion to NYCHA over 10 years,
5 beginning with the \$500 million from each
6 level of government this year.

7 Additionally, a dedicated long-term
8 funding source should be identified for
9 current repairs and upgrades and to meet
10 future needs.

11 Public housing also serves communities
12 outside of New York City, and we urge the
13 state to set aside \$20 million for public
14 housing authorities with 800 units or fewer,
15 for lead and mold remediation.

16 Moving on to senior services, we
17 appreciate the \$125 million in senior housing
18 capital that was allocated in the Governor's
19 five-year housing plan in 2017. However,
20 seniors also need services. As new senior
21 units come online, we ask for \$10 million
22 over five years for services to accompany
23 these units. On-site service coordinators
24 have proven to dramatically improve health

1 outcomes and reduce hospital trips for
2 seniors.

3 Supportive housing is a proven
4 solution to chronic homelessness. The
5 Homeless Housing and Assistance Program,
6 HHAP, is a critical source of gap financing
7 support for supportive housing developed by
8 HCR. We are asking to double the fiscal year
9 2019 allocation, for a total of \$128 million,
10 given the unprecedented demand for the
11 program last year.

12 Regarding homeowners in New York
13 State, they are still reeling from the
14 effects of the recession. The communities
15 first program, which you've also heard about
16 today, is a holistic approach to preventing
17 foreclosure and displacement. Funding for
18 this program is scheduled to end on March 31,
19 2019, and we ask that the state allocate
20 \$20 million for this program as a permanent
21 budget item.

22 Regarding rent regulation, we are
23 pleased the Governor indicated his intention
24 to reform New York's rent regulation laws to

1 protect tenants. We urge the Governor and
2 Legislature to work together to make smart
3 reforms to vacancy allowance, preferential
4 rents, major capital improvements, individual
5 apartment improvements, and to eliminate
6 vacancy deregulation. These changes are
7 critical to protecting millions of low- and
8 moderate-income New Yorkers who rely on
9 rent-regulated housing.

10 The Tenant Protection Unit is an
11 important piece as well. In addition to the
12 legislative reforms outlined above, we must
13 ensure that laws are paired with sufficient
14 enforcement. The Tenant Protection Unit of
15 HCR is chronically underfunded and making it
16 easier for bad-acting landlords to get away
17 with fraud and harassment. We ask that
18 \$5.3 million be allocated to TPU to ensure
19 greater enforcement of rent laws.

20 Very importantly, I'd like to talk
21 about source-of-income protections. We
22 applaud the inclusion of a statewide source
23 of income protection in the Governor's
24 Executive Budget. This critical law will

1 protect more than 600,000 renters who can be
2 excluded from the housing market simply
3 because they receive income from
4 Social Security, housing choice vouchers, or
5 other lawful sources.

6 A top priority for Enterprise is
7 working with you in the coming session to
8 ensure that lawful source of income is added
9 as a protected class in the New York State
10 Human Rights Law to prevent source-of-income
11 discrimination, which often masks other forms
12 of discrimination.

13 I'd also like to talk about prevailing
14 wage. Presently there's no state-mandated
15 prevailing wage requirement applying to this
16 Housing Plan. Governor Cuomo has stated
17 support for prevailing wage requirements for
18 project construction with subsidies.

19 According to the Independent Budget Office
20 analysis published in 2016, prevailing wage
21 may increase construction costs by
22 23 percent. This means that either fewer
23 affordable housing will be produced within
24 the existing budget or additional subsidy

1 will be required to achieve important
2 production targets.

3 A new statewide requirement would also
4 impact New York City's housing plan, which
5 produced more than 10,000 constructed units
6 and preserved more than 24,000 existing units
7 of affordable housing this past year.

8 And I'll just add, we urge the
9 Legislature to take this potential impact
10 into account and consider other solutions
11 like a wage floor and support for living
12 wages for construction workers.

13 CHAIRWOMAN WEINSTEIN: Thank you.

14 We have Assemblyman Cymbrowitz for a
15 question.

16 ASSEMBLYMAN CYMBROWITZ: Thank you
17 very much.

18 Can you talk a little bit about the
19 on-site service coordinators and what role
20 they will have for the seniors? And what's
21 the money-saving aspect that you talked
22 about?

23 MS. KENDE: Absolutely.

24 So seniors living in affordable

1 housing with on-site services are 53 percent
2 less likely to visit the ER and 68 percent
3 less likely to be hospitalized. And the same
4 study found that Medicaid payments for
5 residents with services were \$50 lower per ER
6 visit and \$4,000 lower per hospitalization.

7 So there are real benefits from having
8 someone on-site to help seniors with their
9 service needs.

10 ASSEMBLYMAN CYMBROWITZ: Can you, LISC
11 or Enterprise, describe the cost of
12 developing a unit over the last five years?
13 How have the costs increased?

14 MS. KENDE: So the costs have -- land
15 and any acquisition prices have increased
16 over time. I think that NYSAFAH talked about
17 different regulatory impacts. And I think we
18 all know that the construction workers'
19 employment, people power, is the largest cost
20 in that. So that's kind of going back to the
21 prevailing wage material --

22 ASSEMBLYMAN CYMBROWITZ: What would
23 the impact be with this prevailing wage
24 legislation?

1 MS. KENDE: Well, the IBO estimate it
2 would be 23 percent more expensive.

3 ASSEMBLYMAN CYMBROWITZ: But that was
4 several years ago, right?

5 MS. KENDE: Yeah.

6 ASSEMBLYMAN CYMBROWITZ: Has that been
7 updated? Is there any chance that we can get
8 an updated report quickly?

9 MS. KENDE: I know that we and other
10 advocates are looking to do more research and
11 data. We don't have control, obviously, over
12 what IBP produces. But we are looking to --
13 looking at that very carefully.

14 ASSEMBLYMAN CYMBROWITZ: That would be
15 very helpful.

16 Okay, thank you.

17 CHAIRWOMAN WEINSTEIN: Senate?

18 CHAIRWOMAN KRUEGER: Senator
19 Velmanette Montgomery.

20 SENATOR MONTGOMERY: Yes, thank you.

21 Good afternoon. Thank you very much
22 for testifying. I have a really quick
23 question.

24 You, in addition to the HOPPs -- and I

1 know that we're talking about the budget
2 issues today, and certainly the housing
3 organizations in my district have all
4 mentioned that. It's very, very important.
5 But in addition, we have an alarming crisis
6 in the City of New York in particular, and I
7 don't know about other parts of the state
8 right now, but -- of the loss of properties,
9 particularly in neighborhoods of color, by
10 homeowners in particular.

11 So on March 15th -- the borough
12 president and I have been working together,
13 our staffs, to -- for a hearing on some of
14 the issues that you've raised here that it
15 appears that you have been working on
16 already. Loss of property due to -- in
17 addition to the foreclosure, deed theft is a
18 huge problem in many instances. The HDFC and
19 the TIL programs that the city runs, that's
20 run into real problems. And other ways that
21 property is actually stolen from homeowners.

22 So two questions. One is whether or
23 not you've been contacted. And if not, are
24 you available to testify at our hearing as an

1 expert witness? But also do you have
2 recommendations in terms of ways in which we
3 can, as elected officials, government
4 officials, make some changes, some amendments
5 to the legislation that allows property to be
6 seized for various and sundry reasons, or
7 ways in which we can help people prevent
8 their properties being taken by some of these
9 unsavory operations?

10 MS. CALOIR: Well, I have to tell you
11 the HOPP network that we were talking about
12 before, it's 90 -- it's a network of 90
13 nonprofits and legal services offices that
14 represent homeowners who either are in
15 foreclosure or have been scammed out of their
16 deeds or a wide range of issues.

17 In fact, a number of them represent
18 out-of-possession homeowners, because what
19 happens frequently is that a homeowner will
20 get a lis pendens or, you know, notice of
21 foreclosure and think, oh, no, the bank has
22 already taken my home, I have to leave. And
23 then they move out. And, you know, a lot of
24 these offices are working to put homeowners

1 back into their homes when they've left, you
2 know, out of panic and there is a resolution
3 to their legal situation.

4 SENATOR MONTGOMERY: So if you have
5 recommendations, could you share those with
6 us? I would appreciate that.

7 MS. CALOIR: No problem.

8 SENATOR MONTGOMERY: That would be
9 very helpful.

10 MS. CALOIR: Oh, sure. And I can do
11 some extra research --

12 SENATOR MONTGOMERY: In addition to
13 the HOPPs funding, yes.

14 MS. CALOIR: Yeah.

15 SENATOR MONTGOMERY: Thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Senator Brian Kavanagh.

18 SENATOR KAVANAGH: Thank you, just a
19 couple of quick questions.

20 First of all, thank you for your
21 testimony and all the work that you do.

22 The proposal to provide on-site
23 services in connection with senior housing,
24 are there funding models in New York State

1 that we could build upon to do that? Or
2 would that be a relatively new thing in
3 New York?

4 MS. CALOIR: Well, supportive housing,
5 right -- Judi, jump in too. But most of the
6 supportive housing that's developed does have
7 service coordinators connected to it, and
8 it's helped people with mental health
9 challenges, a wide variety of people who need
10 extra assistance of some kind, live in their
11 apartments in a stable manner because they
12 have some assistance that avoids getting them
13 into -- landing them into emergency rooms and
14 elsewhere.

15 SENATOR KAVANAGH: Right. And --

16 MS. KENDE: And this is a
17 lighter-touch model than full-blown
18 supportive housing. But there are
19 organizations like Selfhelp, who did the
20 study that I referenced that --

21 SENATOR KAVANAGH: Right.

22 MS. KENDE: -- who are doing this but
23 at a smaller scale. And so \$10 million would
24 really allow it to be scaled.

1 And, you know, we stand with all the
2 advocates for senior housing when we ask for
3 this.

4 SENATOR KAVANAGH: And the idea would
5 be to add that service to the many existing
6 developments that are intended for seniors
7 but don't have those kinds of services
8 on-site?

9 MS. KENDE: Correct.

10 MS. CALOIR: That's right.

11 SENATOR KAVANAGH: Great.

12 You touched on foreclosure issues.
13 You know, we were actually very glad to hear
14 from the housing commissioner that there may
15 be some further discussion since the
16 Executive Budget about how to fund
17 foreclosure services that are otherwise
18 expiring at the end of March.

19 Just -- do you have a sense of the
20 scale of that? Should the goal be to -- is
21 the need just as great as it has been in this
22 year? Should we be trying to find the
23 funding to continue those services at the
24 current level?

1 MS. KENDE: Yeah. So foreclosure
2 continues to be a big issue in New York
3 State, and there were 8 percent more new
4 foreclosures cases in 2018 than in 2017. So
5 it's definitely something that is growing
6 that merits deep attention.

7 MS. CALOIR: And it has spiked in
8 Brooklyn. I know that it's been a big issue,
9 an increase in foreclosures.

10 And I think what's -- some surprising
11 issues that there are a lot of vacant
12 one-to-four-family houses in New York City
13 itself, thousands and thousands. And while
14 we have people living in shelters who are
15 homeless, we have this housing stock. Many
16 of these homes are situations where the banks
17 have started foreclosures and haven't
18 completed them, and people have left. And so
19 they're sitting and deteriorating, and this
20 is a real resource for the city. So there's
21 a lot of issues surrounding the foreclosure
22 crisis that continues.

23 SENATOR KAVANAGH: Thank you.

24 CHAIRWOMAN KRUEGER: Thank you.

1 Senator Zellnor Myrie.

2 SENATOR MYRIE: Thank you, Madam

3 Chair.

4 And thank you for your testimony.

5 This question is more for Enterprise,
6 though I welcome LISC to comment. Can you
7 talk about your rent-to-build credit program?

8 MS. KENDE: Absolutely. So we've
9 piloted a program with the New York
10 Comptroller, and it is a program that --
11 because right now homeowners only benefit
12 from kind of positive mortgage payments in
13 terms of their credit, and so this allows
14 renters to benefit. And one of the good
15 things about it is it's a new pilot, is it
16 only records positive payments, so people
17 can't be penalized under this initiative.
18 And we're working with landlords and property
19 managers throughout the city right now to
20 implement it.

21 SENATOR MYRIE: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you. Thank
23 you very much for your testimony today.

24 MS. CALOIR: Thank you.

1 MS. KENDE: Thank you.

2 CHAIRWOMAN KRUEGER: Thank you.

3 Okay, our next testifier is Caroline
4 Nagy from Center for NYC Neighborhoods.

5 And then for people who want to move
6 up front because they'll be next, Melissa
7 Sklarz from SAGE and Katelyn Hosey from
8 LiveOn NY.

9 Hi.

10 MS. NAGY: Hi, everyone. Good
11 afternoon. My name is Caroline Nagy, and I
12 am the deputy director for policy and
13 research at the Center for NYC Neighborhoods.

14 I'd like to thank all of you for
15 holding today's hearing and for the
16 opportunity to testify, and individually for
17 all of you, since I know that so many of you
18 are -- have been supportive of the campaign
19 which I'm here to focus on today.

20 So the center, just really quickly, we
21 work to promote and protect affordable
22 homeownership in New York so that middle- and
23 working-class families are able to build
24 strong, thriving communities. Since 2008,

1 we've served almost 75,000 New York City
2 homeowners, and we oversee more than
3 \$33 million in direct grants to
4 community-based organizations throughout
5 New York City, in every borough and in almost
6 every neighborhood.

7 We are also a proud member of the
8 Communities First campaign. Our campaign is
9 supported by 167 service providers, advocacy
10 organizations, businesses and labor unions,
11 and our goal is to ensure assistance is
12 available to low- and moderate-income
13 homeowners in every county of New York State.
14 These services are currently provided by
15 HOPP, as other people have brought up today.
16 That funding -- it was funded by one-time
17 financial settlements with financial
18 institutions which can no longer be renewed
19 due to state law changes. I know there are
20 new settlements that are being announced;
21 unfortunately, we cannot get any of it.

22 So we are left -- you know, we need to
23 be in the budget. The budget is where we
24 should be. And I -- you know, I won't read

1 you my testimony, I'm just trying to get
2 bonus points for finishing early. But, you
3 know, we were not included in the Executive
4 Budget, and that's disappointing and deeply
5 concerning.

6 We are hoping, still, that we might be
7 included in the 30-day amendment process.
8 This is especially important because our
9 funding ends on March 31st. So a lot of
10 organizations are making -- you know, are
11 trying to figure out their budget and payroll
12 for the next month. And so having any kind
13 of assurance that we are going to be in the
14 budget, including in the 30-day amendments,
15 would really go a long way.

16 You know, we know that if the funding
17 is not approved, if the budget is passed this
18 year and Communities First is not part of it,
19 three-quarters of New York State foreclosure
20 prevention services will go away overnight.
21 And this will impact different parts of the
22 state differently. Long Island, which has
23 the highest number of foreclosures in
24 New York State, almost -- pretty much all of

1 their services gone. A large swath of
2 Central New York will no longer have
3 nonprofits funded to provide these services.
4 All of the homeowners, you know, that -- who
5 are still in trouble, who are still going to
6 your district offices, there will be no
7 attorneys for them, no housing counselors.
8 If I'm, you know, trying to paint a dire
9 picture, it is because the situation is very
10 dire. And we know that the Senators and
11 Assemblymembers here have been very
12 supportive of the Communities First campaign,
13 and we can't thank you enough. But, you
14 know, now is the time that we need to move
15 forward with the budget and include this
16 funding.

17 So that's all I have. Thank you very
18 much for the opportunity to testify.

19 CHAIRWOMAN KRUEGER: Senator Jackson.

20 SENATOR JACKSON: Good afternoon, and
21 thank you for waiting and coming to testify.

22 So I heard you say that there was no
23 money in the Executive Budget for the
24 Communities First program. I'm new, I'm a

1 new State Senator, so I don't know what has
2 occurred in the past. Did they have money in
3 the Executive Budget in previous years? And
4 when, if at all, it stopped or ceased. Was
5 it this year or was it previous years?

6 MS. NAGY: So we've been funded for
7 the past six years by the Attorney General's
8 office. And we were previously in the
9 budget. We were funded by -- through HCR as
10 a regular part of the budget to do
11 foreclosure prevention services. That
12 funding ended with the financial crisis. And
13 the funding was then changed to the Attorney
14 General settlements, and that actually
15 allowed for an expansion of the services.

16 But it was an independent pot of money
17 that, due to some changes in the budget from
18 I think three years ago, that basically
19 prohibited the Attorney General from using
20 settlements to fund programs on his -- and
21 now her -- own. And so now, you know, the
22 funding either has to go directly to the
23 municipalities, such as through the zombie
24 program, or it goes to the State General

1 Fund.

2 SENATOR JACKSON: And so the last time
3 you received AG's funding was you said -- you
4 didn't give a year. Was that 2007 or 2008?

5 MS. NAGY: For HCR funding or AG
6 funding.

7 SENATOR JACKSON: AG's funding.

8 MS. NAGY: Oh. We're still -- this
9 current fiscal -- this year. We are being
10 funded by -- we received HOPP funding for
11 this fiscal year that's just about to end.

12 And we are -- we're not really --
13 yeah, so we're trying to differentiate. HOPP
14 is the program that was funded by the
15 Attorney General, and then Communities First
16 is the proposal and the campaign -- and
17 really a vision. Because we're going beyond
18 just serving -- representing individuals in
19 foreclosure actions, but really partnering
20 with groups like LISC on the zombie
21 initiative, working with municipalities on
22 municipal tax foreclosure issues, and kind of
23 having a more holistic participation in
24 community renewal, blight, remediation and

1 tax -- delinquent taxes.

2 SENATOR JACKSON: And this is
3 basically to keep homeowners that are on
4 financial or maybe in distress, keep them in
5 their homes, is that correct?

6 MS. NAGY: That's correct. Because
7 many of the homeowners who we work with don't
8 just live in single-family homes, but --
9 especially in New York City -- live in
10 two-to-four-unit homes, when we stabilize a
11 homeowner, we're also stabilizing their
12 tenants.

13 And because these are not
14 rent-stabilized buildings, because they're
15 smaller than four units, they will not have
16 any protections or right to a lease renewal.
17 And frankly when a house is being sold, it's
18 usually being flipped, you know, they do not
19 want to keep the tenants in.

20 And if I could say one thing about the
21 cost, we've helped over 100,000 New Yorkers
22 statewide and prevented 22,500 foreclosures.
23 That is a cost of \$5,000 per foreclosure
24 averted, which is less than the cost to house

1 one family in the New York City homeless
2 shelter system for one month.

3 SENATOR JACKSON: Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.

5 I have a couple of follow-up
6 questions. So the \$20 million that you
7 received from the AG funding was over a
8 five-year period?

9 MS. NAGY: Annual -- it was more than
10 \$100,000.

11 So the program began in 2012, and
12 we've had \$20 million per year.

13 CHAIRWOMAN KRUEGER: Per year.

14 MS. NAGY: Yes.

15 CHAIRWOMAN KRUEGER: From the AG's
16 fund. I didn't realize it had grown that
17 much. Okay.

18 You reference in your testimony
19 reverse mortgages for seniors being a growing
20 problem. I'm curious, we get a lot of
21 requests in my district in Manhattan to try
22 to help allow co-op reverse mortgages, and
23 we've always been very nervous about the
24 whole model.

1 So are you finding that there are
2 distinct problems with how these programs are
3 run?

4 MS. NAGY: So I have a lot of opinions
5 on the reverse mortgage program. I think for
6 some homeowners having access to reverse
7 mortgage financing is the only thing that's
8 going to keep them in their home. And so for
9 lack of better resources, it's necessary.

10 However, there have been severe issues
11 with how the program has been marketed,
12 whether the people marketing reverse
13 mortgages have been honest. I know there was
14 a lot of pretty deceptive TV advertising and
15 aggressive moves by brokers to persuade
16 seniors to take them out, as well as issues
17 of senior financial abuse.

18 The other -- the main issue is that
19 these are kind of marketed as risk-free, like
20 you get your reverse mortgage and then you're
21 in your home, you don't have to pay anything.
22 But that's not true. You have to keep paying
23 your property taxes, and you have to keep up
24 with your homeowner's insurance, you have to

1 fill out a form every year saying that you're
2 still in the house. And if you don't because
3 like you're in the hospital or something,
4 they might start a foreclosure action.

5 There's a lot of -- yeah, so there's a
6 lot of pitfalls there, especially with
7 interactions with municipalities, where say
8 someone is on an affordable repayment plan
9 but the servicer pays the full amount even
10 though they didn't have to.

11 And what these seniors -- like what
12 they need is access to settlement
13 conferences, which is what we accomplished,
14 thankfully, over the last two years. But
15 then, I mean, also an attorney, because, you
16 know, no homeowner is really equipped to
17 handle the complicated process on their own.
18 And that's true for, you know, any homeowner;
19 it's especially true for a senior who might,
20 you know, need extra help, might have
21 capacity issues and need a strong advocate,
22 because these programs are very confusing.

23 CHAIRWOMAN KRUEGER: Thank you. Thank
24 you for your time today.

1 Oh, excuse me, Brian Kavanagh.

2 SENATOR KAVANAGH: We've had a lot of
3 testimony today about this issue of these
4 foreclosure services being -- the need to
5 fund them in the coming year. Can you just
6 talk about how this works like as a practical
7 matter in the next couple of months? Again,
8 we heard the housing commissioner they're
9 going to try to be -- there's going to be
10 some effort now to -- with the AG's office to
11 find some way to fund them.

12 But these are programs that are
13 existing, that have existing staff, and many
14 of them are presumably already planning for
15 the possibility of not having funding on
16 April 1st. If we get some assurance that
17 there's funding, that there will be funding
18 in the new fiscal year, when does that need
19 to happen in order for these programs to, you
20 know, not suffer from the potential gap
21 that's coming?

22 MS. NAGY: I mean, the Executive
23 Budget would have been a good start. Barring
24 that --

1 SENATOR KAVANAGH: I think the train
2 has left the station on that.

3 MS. NAGY: -- 30-day amendments. You
4 know, any kind of support. We're going to
5 have over a hundred homeowner advocates
6 tomorrow, press conference on the stairs at
7 1 p.m. You know, so we would love to see you
8 there. We know that you guys are -- many of
9 you are very strong supporters, and so we're
10 very appreciative of that.

11 But yeah, I mean, I think -- you know,
12 it's been -- we've already lost a lot of
13 great talent and institutional memory.
14 Foreclosure laws are very complicated. It
15 took us a good amount of time to train up a
16 network. And, you know, it places -- like,
17 for example, the legal services organization
18 where my husband works, they have already,
19 you know, encouraged the people who are doing
20 foreclosure work to start applying for other
21 internal vacancies. And so this is kind of
22 already -- you know, the layoffs have already
23 really started. So -- or, you know,
24 attrition.

1 But, you know, I think it is -- like
2 there are still many people who are working
3 and, you know, working under the assumption
4 that New York is not just going to cut off
5 all homeowner services, you know, and let
6 that happen overnight. So it's pretty --
7 it's a pretty, you know, drastic -- dramatic
8 situation in that -- to that end.

9 SENATOR KAVANAGH: Well, thank you for
10 your testimony, and I'll see you tomorrow.

11 MS. NAGY: All right, see you
12 tomorrow.

13 CHAIRWOMAN KRUEGER: Thank you very
14 much.

15 MS. NAGY: Thank you.

16 CHAIRWOMAN KRUEGER: Next up, SAGE and
17 LiveOn NY.

18 MS. SKLARZ: So good afternoon. My
19 name is Melissa Sklarz. I'm here from SAGE.
20 Thank you for the opportunity to give
21 testimony.

22 So SAGE was founded in 1978 in
23 New York City. It's the country's first and
24 largest organization dedicated to improving

1 the lives of LGBT older people.

2 So now, 40 years after our founding,
3 we're building our state's first
4 LGBT-welcoming, affordable elder housing:
5 Ingersoll Residences, which are in Senator
6 Montgomery's district, and also in Crotona in
7 Senator Rivera's. Both will be affordable
8 senior housing, and we will have our
9 ground-floor SAGE Centers that will be
10 available not only to our LGBT residents, but
11 our other residents and in fact residents
12 within the area. We are creating an
13 environment for elder services that may not
14 normally exist.

15 Just a little data. Ingersoll will be
16 the largest LGBT-welcoming elder development
17 in the country, and the first in New York
18 State: 145 affordable apartments. Our SAGE
19 Center will be 6800 square feet. Twenty-five
20 percent of the units will be for formerly
21 homeless elders.

22 Crotona will have 84 apartments. The
23 SAGE Center there will be over 10,000 square
24 feet. It will be the largest SAGE Center in

1 the city. And this will house a diverse
2 older community, including 30 percent
3 chronically homeless elders.

4 So not only will they be there -- so
5 we will have all sorts of diverse people
6 there, but what makes it unique, it will be
7 LGBT-friendly. LGBT elders have had a
8 history of discrimination, a lack of access,
9 different challenges as they age and try to
10 look for affordable housing and available
11 housing. Our SAGE Center model has proven,
12 in our headquarters we have in Midtown
13 Manhattan and in Harlem, to be a great
14 success.

15 It resonates throughout with the
16 residents in these areas, and we look forward
17 to building this model. And we think it will
18 not only work in Brooklyn and the Bronx but
19 we'll be able to export it throughout the
20 state. This will be a great model for elder
21 people.

22 The reason that we're here today is
23 that we're here to ask New York, because of
24 the fact that there's going to be this extra

1 involvement of people in the neighborhood --
2 these neighborhoods don't have senior
3 services, and so these centers will have
4 that. So we expect to have far more people
5 engaging SAGE than just the people that live
6 in our buildings. And so I'm here today to
7 ask for \$200,000 in funding from the
8 Legislature to provide comprehensive care
9 management and support services to
10 low-income, predominantly LGBT elder
11 residents in and around these buildings
12 throughout the centers.

13 And we think that once we open this in
14 Ingersoll and everyone sees how amazing it
15 is, we look forward to engaging throughout
16 the state. And that's it for me.

17 CHAIRWOMAN KRUEGER: Thank you.

18 MS. SKLARZ: And with my -- now in my
19 third week at SAGE, I'll be happy to answer
20 any of your questions.

21 (Laughter.)

22 CHAIRWOMAN KRUEGER: Why don't we take
23 both, and then we'll ask questions of both of
24 you.

1 Hi.

2 MS. HOSEY: My name is Katelyn Hosey.

3 I'm the public policy associate at LiveOn NY.

4 LiveOn NY's more than 100 members provide

5 community-based services throughout the five

6 boroughs, reaching more than 300,000 older

7 New Yorkers each year. These services

8 include senior centers, home-delivered meals,

9 NORCs, home-care services, and more.

10 Additionally, our members own,

11 develop, operate affordable senior housing

12 throughout the five boroughs as well as

13 Nassau and Suffolk Counties.

14 In addition to the numerous activities

15 and trainings and other programs offered by

16 LiveOn NY, including the Rights and

17 Information for Senior Empowerment program,

18 the RISE program, which began being funded by

19 the State Legislature last year, we are also

20 proud to convene our Affordable Senior

21 Housing Coalition, which works tirelessly to

22 ensure that the senior perspective is

23 included in the larger conversation of

24 housing needs throughout the state.

1 First and foremost, we thank Governor
2 Cuomo and the entire Legislature for the
3 incredible investment that was made in
4 previous years of \$2.5 billion for affordable
5 housing, of which the first senior affordable
6 housing program was created with a capital
7 investment of \$125 million over five years.

8 LiveOn NY, I have to mention the gamut
9 of programs, non-housing related, that we're
10 really excited about this year. We're really
11 excited about the \$15 million proposed
12 increase in EISEP, Expanded In Home Services
13 for the Elderly Program, that the Governor
14 included in his budget, as well as a proposal
15 to submit a waiver for the Elder SNAP app,
16 which would expedite the ability to process
17 elder SNAP applications, which would be
18 really critical for improving the utilization
19 rate of SNAP among older adults.

20 And with that said, we would like to
21 move on to what we're looking for, what we're
22 excited about to see in this year's budget.

23 LiveOn NY did a study in 2016 which
24 found an estimated 200,000 older New Yorkers

1 on waiting lists for housing throughout New
2 York City; that's in the HUD202 program
3 alone. I'm sure it's something that each of
4 you experience in your district office,
5 getting calls all the time about housing.
6 With this said, we are really appreciative of
7 the capital improvement and want to continue
8 to see investments made in capital for senior
9 housing.

10 However, with that, as has been
11 mentioned by a lot of my colleagues earlier
12 today, we would love to see a service
13 coordinator program included in these housing
14 buildings to ensure that the older adults
15 that become tenants there are able to age
16 with dignity and thrive. And additionally,
17 the added benefit to the state is the fact
18 that this would reduce healthcare costs
19 significantly.

20 Our member Selfhelp did a study that
21 found significant cost savings, including
22 68 percent lower odds of being hospitalized
23 for individuals in their housing programs
24 that had service coordinators, in comparison

1 to seniors in the zip codes who did not have
2 access to these service coordinators.

3 Additionally, the payments for those
4 who were hospitalized was about \$4,000 less
5 each time. So that's a significant cost
6 savings on a modest investment that can be
7 made.

8 I have to say that Assemblyman
9 Cymbrowitz, your bill was introduced today,
10 actually, so I can point to a bill for the
11 affordable senior housing program that we're
12 really excited about. It's Assembly Bill
13 0435A. So we'll make sure to be pushing for
14 that.

15 But to make this program a reality,
16 the need is a \$10 million investment,
17 \$2 million each year over five years. And
18 that's a modest investment that can really
19 get a great program off the ground and get
20 started in New York State.

21 As a second area of focus that I just
22 want to touch on, there's been a lot of
23 discussion around NYCHA today, and that's
24 something that's incredibly important to

1 LiveOn NY, given the overall population in
2 NYCHA definitely skews older. About 40
3 percent of NYCHA head of households are over
4 the age of 60. So we definitely appreciate
5 the attention that's been paid there.

6 One thing that we want to add to that
7 dialogue is the fact that there are a lot of
8 community-based centers located in NYCHA that
9 have additional capital needs that are
10 included in the \$32 billion IPNA. However,
11 it's just important to note that in the
12 dialogue, that there are senior centers,
13 childcare programs, cornerstones in every
14 district that's serving the NYCHA community
15 and the community at large, that we want to
16 make sure that those facilities can be as
17 strong as possible and have those incredible
18 senior center directors not dealing with
19 leaky roofs when they should be dealing with
20 the one-on-one social work that they signed
21 up for.

22 So we really appreciate any
23 investments that can be made in the NYCHA
24 system at large, as well as the

1 community-based programs that operate within
2 NYCHA.

3 And with that, I'll take any
4 questions. Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Senator Montgomery.

7 SENATOR MONTGOMERY: Yes, thank you.

8 My question is to Melissa.

9 So first of all, welcome to our
10 district. And it is really a beautiful part
11 of the district that you're moving into.

12 And so I know that there's a
13 tremendous amount of activity in terms of the
14 LGBT community certainly that I represent,
15 and in Brooklyn in general. So it's very
16 exciting that we now have -- we've moved to
17 housing. The question that I have for you is
18 that this -- when we initially had
19 conversations about the housing development
20 and that SAGE was going to be the sponsoring
21 organization for the seniors, people were
22 very concerned, especially the people in
23 Ingersoll and Whitman whose property you're
24 going to be sharing, wanted to know if they

1 would also have access to units in this
2 particular building.

3 So my question to you, twofold, have
4 you done any outreach in particular to
5 Ingersoll and Whitman people so that they
6 feel that we're not bringing something in
7 that they will not also have access to? And
8 is this in fact going to be a project that
9 only serves LGBT seniors, or are you going to
10 entertain seniors who are not LGBT
11 necessarily?

12 MS. SKLARZ: Thank you for the
13 question. It cannot -- it would not be just
14 focused on LGBT. That would be illegal. We
15 wouldn't want to discriminate against non-gay
16 people.

17 We expect to do outreach to Whitman
18 and the surrounding areas. We expect a large
19 portion of our LGBT-friendly housing to be
20 non-LGBT. They are welcome, Whitman is
21 welcome. We expect, once the quality of
22 services gets out among the senior community,
23 that people will come and we will be ready
24 for that. That's why I'm here today to ask

1 for your support for this project.

2 SENATOR MONTGOMERY: Absolutely. And
3 can you -- is there a way that I can be
4 helpful in reaching out to people to let them
5 know, you know, how to reach you and how to
6 be involved in this?

7 MS. SKLARZ: Music to my ears.

8 (Laughter.)

9 MS. SKLARZ: Yes, we will reach out to
10 you and guarantee that we will create a great
11 partnership to ensure that your constituents
12 know all the access to all the services that
13 we will have --

14 SENATOR MONTGOMERY: Thank you.

15 MS. SKLARZ: I promise.

16 CHAIRWOMAN KRUEGER: Thank you.

17 They'll find you, Velmanette.

18 Thank you so much, both of you, for
19 testifying today.

20 Our next testifier, Housing Works,
21 Charlie King and Jaron Benjamin. Oh,
22 maybe -- well, we'll find out whether Jaron
23 is with Western New York Law or with Charlie
24 King at Housing Works. Nope, you're just

1 solo, right?

2 MR. KING: Jaron is Housing Works'
3 vice president of organizing and community
4 mobilization, and he's organizing elsewhere
5 today. Housing trouble.

6 CHAIRWOMAN KRUEGER: Fine, you can
7 organize us here today. Fine.

8 MR. KING: Thank you for having me.
9 I'll try to be quite brief. I do want to
10 commend Melissa for 100 percent correct
11 answers on her first time in her new role.

12 (Laughter.)

13 MR. KING: So I am here to present to
14 you an issue that I've come before you on
15 many times before. And I'm here not just on
16 behalf of Housing Works but on behalf of the
17 entire statewide Ending the Epidemic
18 Coalition.

19 The specific item that I want to give
20 testimony on today has to do with enhanced
21 rental assistance for people living outside
22 of New York City who are living with HIV and
23 AIDS. There has long been a tremendous
24 disparity between the housing services

1 available in New York City and those for
2 people in localities out of New York City.
3 That disparity has grown since the 30 percent
4 rent cap was passed by the Legislature, but
5 only applying to New York City, where we pay
6 100 percent fair market rent in the city and
7 now provide this to anyone who's HIV-positive
8 and income-eligible, including people on SSI
9 and SSD.

10 Last year we brought to the Governor's
11 attention studies demonstrating the Medicaid
12 savings for housing people who are homeless
13 or unstably housed, and we demonstrated
14 through these studies that the cost of
15 expanding this benefit to what we estimate
16 are 3,700 people living with HIV outside of
17 New York City who are presently homeless
18 would be more than recovered in these
19 Medicaid savings and proposed that they move
20 forward. And we even managed to negotiate a
21 scheme with the Office for Health Insurance
22 Programs for how Medicaid could pay for this
23 additional cost.

24 Rather than doing that, under the

1 direction of the budget director, what the
2 state put in the budget was a very anemic and
3 essentially meaningless piece of legislation
4 that made it optional to localities to put in
5 the 30 percent rent cap, optional to
6 localities to go to 100 percent fair market
7 rent, but the localities would have to pick
8 up 100 percent of the cost of doing that, not
9 even taking the normal 29 percent share that
10 the state pays in public assistance.

11 We were very clear at that time that
12 no locality would sign onto that deal, and
13 needless to say, no locality did. And we
14 reported back to the Governor that not a
15 single person was housed through his
16 legislation, notwithstanding this promised
17 expansion.

18 We came forward this year with a
19 different proposal, and that was since they
20 clearly didn't trust our numbers on the
21 savings, to put in \$5 million out of state
22 tax levy dollars to fund a pilot. We
23 proposed that that \$5 million be matched with
24 money from any willing managed care

1 organization or DSRP-performing provider
2 system or, frankly, any other third-party
3 payer, and that any savings that accrued to
4 Medicaid be shared among the local consortium
5 that put up the money, as well as the local
6 social service district so that everyone
7 could see the benefits coming out of doing
8 this.

9 Well, we were quite delighted to see
10 that the \$5 million pilot was included in the
11 State Budget. However, again under the
12 direction of the budget director, it came
13 with a poison pill. The poison pill very
14 simply is that it only allows managed care
15 organizations to put up the money to pay the
16 additional cost above 480 to the fair market
17 rent, and it has the state recouping the
18 savings that the managed care organization
19 might get.

20 So obviously, as you can see, no
21 managed care organization is going to be
22 willing to participate in this kind of pilot.
23 And at the same time, it is highly unlikely
24 that any local social service district would

1 be willing to participate even if a managed
2 care organization wanted to put up the money,
3 because they're not receiving any benefit
4 from this at all.

5 I sent a rather strident letter to
6 Robert Mujica today urging that this be
7 amended in the 30-day amendments, but I
8 wanted to bring this matter to the attention
9 of the Legislature in hopes that seeing a
10 more friendly Legislature this year, we might
11 see the language corrected in both of the
12 one-house budget bills with the possibility
13 of having a pilot that is not just in name
14 only, but that we could get out and organize
15 around. We believe that this pilot could
16 actually have the effect of providing housing
17 to about half of 3,700 people who are
18 without.

19 CHAIRWOMAN KRUEGER: Questions?

20 That was very succinct.

21 MR. KING: There you go. Thank you.

22 CHAIRWOMAN KRUEGER: Thank you very
23 much. Appreciate it.

24 And our last testifier for this

1 hearing -- and then we will be taking about a
2 five to 10 minute break before we roll into
3 next topic, Workforce Development, just to
4 keep everybody on schedule.

5 Hi. Jordan Zeranti?

6 MS. ZERANTI: Yes. Hello.

7 Chairwoman Krueger, distinguished
8 members of the Legislature, thank you for
9 allowing me to speak with you today. My name
10 is Jordan Zeranti. I'm a staff attorney at
11 the Western New York Law Center, located in
12 Buffalo, New York.

13 A large part of our practice is
14 foreclosure defense. We serve five
15 counties -- that's ever-increasing, so that's
16 why I was looking down -- Erie County,
17 Niagara, Genesee, Orleans, and Wyoming. We
18 are a part of the larger network, the
19 foreclosure prevention project, which you've
20 heard a lot about today, consisting of 89
21 agencies.

22 A lot of what I planned to say,
23 Caroline already said, from the Center for
24 NYC Neighborhoods. But I just want to stress

1 that it is really important. Two-thirds of
2 services will end come March 31st. We've
3 been told there's not additional funding, we
4 can't get the Attorney General funding. The
5 only way these services will remain is if the
6 Governor includes us in the budget. So we're
7 urging you to please urge him to do so.

8 A couple of things I wanted to note.
9 Due to the hard work of many of you, there
10 were a couple amendments a few years ago to
11 the 90-day notices. Last year there was an
12 amendment including seniors, so that they now
13 get that 90-day notice. That 90-day notice,
14 it must list five housing counseling agencies
15 in that borrower's region. Without funding,
16 those five agencies may no longer exist.

17 In terms of settlement conferences,
18 homeowners will come and they will not have
19 representation, they will have to navigate
20 the court system by themselves. This will
21 lead to many foreclosures going unchallenged.
22 Banks may revert to old practices. And this
23 could lead to zombie properties in your
24 communities.

1 And I just wanted to remind
2 everyone -- I know we have the support of a
3 lot of people here -- we're talking about
4 people's homes, the largest asset they have,
5 the foundation of the American dream. Many
6 of our clients, they're not financially
7 irresponsible. Many of them, they've fallen
8 on hard times, either because of a cancer
9 diagnosis, because of the loss of a loved
10 one, or job loss.

11 So I just wanted to give a brief story
12 about one of my clients who we'll call Paula.
13 She came to me -- well, let me back up. Her
14 husband had been diagnosed with brain cancer.
15 Because of that, they took a second mortgage
16 out on the house so that they could pay for
17 his medical treatment. Unfortunately, he
18 passed away.

19 Paula was working part-time. And the
20 reason she was working part-time is because
21 she cares for her severely disabled son.
22 With the loss of her husband, she had to find
23 a full-time job in order to make payments
24 going forward. Which she did, she did find a

1 full-time job, she found someone to care for
2 her son. The problem was by the time she did
3 so, the bank had already accelerated her
4 loan.

5 So as you know, after 90 days the bank
6 can call the full amount due and if you don't
7 have the money to pay for it, it goes to
8 foreclosure. Once it goes to foreclosure,
9 that's thousands of dollars more in legal
10 fees that are added to the amount owed. If
11 the homeowner can't pay it, foreclosure
12 continues.

13 So when Paula came to us in settlement
14 conference, we were able to work out a
15 solution to modify her loan. It allowed her
16 to stay in her property, the bank kept
17 getting payments, and it prevented a zombie
18 foreclosure. Paula is like many of our
19 clients.

20 So we're here today, as you've heard,
21 to ask for your support for the \$20 million
22 in funding to be included in the Executive
23 Budget for the Communities First program.
24 This would allow housing agencies, housing

1 counseling agencies, legal service agencies
2 to continue funding across the state. This
3 is from Buffalo to Long Island and everywhere
4 in between.

5 So thank you for your time today.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Questions? No? Thank you very much
8 for your testimony today.

9 MS. ZERANTI: Thank you.

10 CHAIRWOMAN KRUEGER: And this
11 concludes the Housing budget hearing of the
12 Assembly and Senate.

13 And again, about a 10-minute break and
14 then we roll into Workforce Development,
15 perhaps with some new faces here.

16 (Whereupon, the budget hearing
17 concluded at 3:33 p.m.)

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