NEW YORK STATE DEPARTMENT OF

HOMES AND COMMUNITY RENEWAL

ROCKLAND COUNTY RENT GUIDELINE BOARD

MEETING

Wednesday, June 15, 2022

7:20 PM

24 Chestnut Street, Spring Valley, NY 10977

REPORTER: BARRINGTON MOXIE

MS. RODRIGUEZ: Rockland Guideline Board Meeting starting at 7:20, Wednesday, June 15 for the purpose of reviewing the survey documentation.

MS. CALDWELL: Okay.

MS. RODRIGUEZ: Do you want to do roll call?

MS. CALDWELL: Yeah.

MS. RODRIGUEZ: Or we could just acknowledge -- you could just check of who -- actually, we need to do the roll call because it's being recorded for the record.

MS. CALDWELL: Oh, it's being recorded. Okay. Can we call the roll?

MS. RODRIGUEZ: Patricia Caldwell?

MS. CALDWELL: Here.

MS. RODRIGUEZ: Kim Foskew?

MS. FOSKEW: Here.

MS. RODRIGUEZ: Milagros Guzman?

MR. GUZMAN: Here.

MS. RODRIGUEZ: Jain Jacob?

Alejandra Silva-Exias?

Jarrett Oates?

Robbi Hersh Horowitz?

Willy Trotman?

That completes the roll call.

Okay. Jeff, you want to share?

MR. HOROWITZ: Good evening, everyone. It's good to be with you back in person. One difference in this years's reporting is that we did produce a list of all buildings included in this year's survey letter mailing.

How it works now is that we don't mail, of course, actual surveys to owners like we used to in those large manilla envelopes. So beginning 2019 -- sorry -- in 2016, we started with the online system and so this is our 6th year at it I believe. So part of that process is to send letters to owners and managing agents prior to the opening of the survey for all three counties: Nassau, Rockland, and Westchester. And then as well we send e-mails to registered owners and managing agents. You know, recent registrations. And if we do get any kickbacks of any of our letters or e-mails, we investigate and we remail or resend to the correct person.

So for Rockland, we had no kickbacks this year. So I believe everyone did receive the letter. And even -- you know, those who have e-mail received their e-mails so I didn't receive any calls or e-mails from people who claim they didn't get a letter. So this system seems to work. The only reason -- at least for the short-term -- is that we're continuing the letters is that not everyone is as responsible as they should be with registering or they haven't registered in recent years. So we don't have e-mails for all the owners. So that's why, at least for now, we're going to continue with the e-mails and the letters to the individual owners.

So as you can see in the printout, we have the total of 36 buildings, and the vast majority are in the Village of Spring Valley. I believe three are included in Haverstraw. At least two I know because of Garnerville and Pomona I believe is part of Haverstraw because route 202 I believe is in Haverstraw.

MS. HUERTAS: Yes, it borders it.

MR. HOROWITZ: Okay. And Darrien Court, well, at least we have it indicated in Haverstraw so Pamona. And the breakdown of what happened this year is that we received a total of 17 completed schedules that were accepted by the union. So, in other words, the owner completed all parts of the survey and they were acceptable to be -- they were accepted by the union. That's the initial term, accepted.

MS. FOSKEW: So that's about 40 percent; right? About a 40 percent filled out survey?

MR. HOROWITZ: 36 and -- 17 out of 36.

MS. FOSKEW: Almost there. I mean, almost 50 --

MR. HOROWITZ: Yeah, a little over 40. It may be closer to 50.

MS. FOSKEW: Was the percentage better when everybody was getting the mail in the manilla envelope you mentioned or no?

MR. HOROWITZ: Well, it's kind of change because you see it's really more indicated in the cost of income ratio table --

MS. FOSKEW: Uh-huh.

MR. HOROWITZ: -- as far as numbers of buildings that were actually tabulated.

MS. FOSKEW: Okay.

MR. HOROWITZ: And when you go through it --

MS. FOSKEW: 58.6 percent.

MR. HOROWITZ: -- I mean the point is it's 19 buildings was the high maybe --

MS. FOSKEW: Okay.

MR. HOROWITZ: -- in 2013 and 2012 and 2011 and 13 buildings was the low in 2015. And now we're back up to 16. For the past couple years we've been basically averaging 16 or 17. The highest, like I said, since we've been including this data is 19 buildings.

So we -- I think you know part of the issue is for Nassau and Rockland owners and agents, unlike Westchester owners and agents is that those two County owners have to be submit not only the vacancy schedule but the actual rent schedule and list all of the apartments in the buildings. Where at the Westchester, owners are only required to submit those that became vacant during the most recent year. So you have Nassau and some with many units and of course like Regency Village, 500 units and they actually do submit but it's a labor intensive project. But I have a good relationship with the agent for Regency so they do come through but it's quite a lot of work. So that could be an issue. Maybe, I'm not 100 percent sure why some owners you know, they register their buildings but they still don't want to go through the survey process. And we try to make it plain to them that it's much easier this year than in recent years because the two are on the same platform. The REGIS is as well as the survey.

So in my mind, it's certainly easier than it was before the online process. So I think hopefully that will improve, but it's amazing how hard it is. We get like 13 included pretty regularly and then to get last couple or four or five most, it's very difficult with some of these people who -- they're not that computer illiterate and some of them -- you have to push them.

MS. FOSKEW: Uh-huh.

MR. HOROWITZ: So that's just the nature of -- especially with the smaller counties Nassau and Rockland. So we try and always reach for the same number or level and even Rockland -- Nassau was kind of difficult this year because an agent who prepared a group of buildings for one owner passed away over -- wow, Memorial Day weekend and I had to, like, get the managing agent up to speed and luckily he got some submitted before the Nassau deadline. So it's a challenge for us, but we at least try to meet it, you know?

MS. FOSKEW: Thank you.

MR. HOROWITZ: Did anyone have specific questions about the tables or did you want to just review them?

MS. CALDWELL: Just review them.

MR. HOROWITZ: Okay. So --

MS. CALDWELL: And as you review them, if questions come up --

MR. HOROWITZ: If questions come up. Right.

Well, if you want to start with the '16 schedules which includes Regency Village. In the heading, of course, it's 1568 -- units. A total of 1620 but --

MS. HUERTAS: Can you just hold up the one you're talking about, Jeff?

MR. HOROWITZ: Sure. Here, I have an extra for you.

MS. HUERTAS: All right.

MR. HOROWITZ: Yeah, the one with 16's schedules. Does everyone have the 15 or do they need that as well?

MS. HUERTAS: I have the 15 one here.

MR. HOROWITZ: Okay.

MS. HUERTAS: I think I'm ready now. Thank you.

MR. HOROWITZ: Okay. All right. So the main -- does anyone need 15 or -- because now that we have plenty of --

MS. HUERTAS: This one has two different tables.

MS. FOSKEW: Right. I need another 16.

MR. HOROWITZ: Okay. Here.

MS. FOSKEW: Great. Thank you.

MR. HOROWITZ: Okay. The thing that I noticed about both sets of tables is that calendar year 2020, we did have a decline in income and everybody pretty much can figure out the reason for that. Is that there was very little activity during that year because of the height of the pandemic.

Then there was some, whatever the word is, recovery in 2021. That's the best word. It really isn't a tremendous jump because you see the 29 total for rental income was only $160 less than 2021. So it's really not a significant change over the three years. It's just that there was a dip in 2020.

In terms of the individual expenses, it looks like taxes are still the highest part of it. Real estate taxes. Fuel has a -- you know, we've been talking about fuel especially recently and that has seen an increase especially from 2020 into 2021 and, of course, that would continue into 2022. I'm sure of that because of the way things are currently. So those to me are the headlines of this table specifically about income and categories of expenses.

The second table, again, is percentages. So this again would be a total -- broken down by category. It should, you know, total up to roughly 100 percent if not equaling it. But, again, taxes take up percentage-wise a pretty even share and a pretty significant share about, you know, a quarter of the total percentage of all expenses or real estate taxes. Fuel, I thought there would be a slightly higher increase percentage-wise but there isn't. It's still 6.6.

If you go to table three, now that's interesting because you can actually see the decline over the two-year period. From 19 to 20 there was a 2.4 percent reduction and from 20 to 21, we had some recovery, like I said. Increased by 3.1 percent, which is really only a net positive of .7 I would think; right? Because you had a decline of 2.4 and then an increase of 3.1, so it's still under a percent in terms of the change over the three years. So to me, I don't know how much I can really read into that except, again, there was a slight recovery in income.

Now, the fuel did jump in that two-year period from 3.7 from '19 to '20 to 9.4 percent rate of change. So that is somewhat significant if you look at it that way. I mean, you know, you can make an argument that, yes, that's a significant increase percentage-wise.

So repairs and maintenance. That's kind of interesting. It makes sense that during the pandemic year there was a tremendous decline in work in general construction and that type of work you know plumbing, any kind of capital improvement work. It was just not any activity going so there was a 32 percent decline in repairs and maintenance. So that is somewhat significant, but it's understandable again. Because in

20 to 21 we have just the opposite, almost a 25 percent increase. And that's from a very low base, so -- and at least there was some recover again in that figure.

Finally table four, annual income versus expenses. We have an income category of, again, those three figures which are the same as before. Then we have before depreciation and after depreciation. Now, I'm not the best expert about cash flow. I could go through it again in the office just to give you more detail about it, but in terms of the percentage change, I don't see many changes during the three years as a percent of income. Cash flow is a percent of income. I mean, first 19, 20 relatively stable. And even -- I mean, it goes from 27 to 28 back to 26 roughly. If we're rounding to the nearest percent. So I don't know, that to me looks fairly stable. So I don't know what to make of it other than that 2021 was a recovery year for -- certainly in terms of modest increases and in income. And yet -- and, yes, repairs actually increased and maintenance increased from a decline, especially during the pandemic year, to a 24 and change increase in 2021. So those are significant I think. The repairs in maintenance part and the -- I guess the recovery in income -- slight recovery in income from a decline of 2.4 percent to an increase of 3.1, which is a net positive of .7.

Now, of course, that's with the inclusion of Regency Village because we have a 1,568 total, because Regency's a very large property at 500 plus units. So if you go to the 15-unit table, you'll see at the heading again based on 15 schedules containing 1,058 total housing units of which a 1,006 are subject, so that minuses the 562 units of Regency. Because you go from 1,568 to 1,006 total.

And, again, there's some similarities in income. I mean, a lower amount figure-wise but still a slight decline in 2020 and, yeah, an increase in 2021. Again, individual categories of expenses; taxes still have the largest share; fuel had some increase, it did increase during the three-year period up to 810,000 from 752 in '19. So it's -- I don't know if it's significant, but it's somewhat significant. Utilities also went up. Even a little bit more number-wise from 734 to 807, so it's not only the fuel, it's also -- it could be the utilities. And really when you look at it, real estate taxes were fairly stable throughout the three years. Now, repairs and maintenance, again, there was a significant decline in calendar year 2020 due to the pandemic and there was some recovery in 2021.

Page two, again, percent distribution of expenses. Taxes has the line-share; fuel not a significant change from year to year; utilities fairly steady; pay roll fairly steady; even insurance is not that dramatic. I mean, again, repairs and maintenance as a distribution, yes, it declined to 5.7 percent again in 2020 that's somewhat significant from 8.5 percent. And then it rallied a little to

6.6 percent.

So owner's expenses are kind of frozen in a way or certainly minimal during -- oh and there's maintenance I should say and repairs expenditures. But that might not only have been due to them, it might have been due to the lack of repair people that were able to work, so we're not sure about that really. And I'm sure the lack of qualified personnel.

MS. GRAY-HUERTAS: Also, in the services cases what we have found is that a lot of times the tenants wouldn't let anybody in their apartment, so even if somebody -- if an owner showed up with the door with a worker ready to do the work, a lot of people were hesitant to let anybody in.

MR. HOROWITZ: Yeah, no access in other words. And these are the people making the complaints so or some of them I should say, you know?

All right. In the same situation there was a -- page three, again, it has percent of change over the two-year periods. A decline at 1.7 percent in income.

MS. GRAY-HUERTAS: Which table are you doing, Jeff?

MR. HOROWITZ: The third table.

MS. GRAY-HUERTAS: Okay.

MR. HOROWITZ: Right. So you see during '19 and '20 there was a 1.7 percent decline. And then in '20 to '21 overall 3.4 percent. I mean, it kind of -- it's very little change only in real estate. The other two categories there were significant increases in. And, I mean, significant in that there was a decline of 1.5 percent in rental and an increase of 3.4. All right. It's somewhat significant. And miscellaneous, which in the instructions we can go over that if you want, I mean, you know, question and answer but I didn't know if I brought the instructions with me but I could forward those to you if you want. You know the owner instructions? Because I know there was some issues with Westchester about certain categories. But the general instructions for -- owners we can forward it if you would like.

On the fourth page of this, again, an annual income versus expenses. Do you see that top heading? Which is what we had in the initial page, the first page of rental income. And they have a breakdown before and after depreciation. Now, before depreciation the cash flow, fairly static. I mean nothing earth shattering. After depreciation there's a negative cash flow. I suppose it's theoretically possible. A small negative cash flow. You could take a look at that, but I don't know if it's that significant.

What's interesting about the two sets of tables is they kind of mirror each other. Let me see about cash flow under 16. See cash flow in 16 has a positive cash flow. Including the Regency. Excluding Regency there's a negative cash flow. It's small but it's there. In the low of 3's, 2.5, 2.9 minus 2.90. So Regency can play a role as, you know, as can see, it can play a role.

MS. GRAY-HUERTAS: So why did you do one with Regency and one without? Just because of the size?

MR. HOROWITZ: Yeah, because again -- I mean this is debatable whether it's -- whether it, quote, skews the data because it's such a huge chunk of the rental population in the County.

MS. GRAY-HUERTAS: Right. Like if you look at it right, it's -- if it was 500 -- you said it was 500 units at Regency, but overall the number of units was 1,500 so it's like a third of the numbers on the one table as opposed to the other. And the others 15 buildings with only a thousands units.

MR. HOROWITZ: Uh-huh.

MS. GRAY-HUERTAS: That one building has 500, so --

MR. HOROWITZ: Yeah, it's a factor and an earlier Board decided to break -- have two separate sellers.

MS. CALDWELL: Yeah, that's why we asked because initially we're looking at the --

MS. GRAY-HUERTAS: Yeah, it doesn't skew.

MR. HOROWITZ: Yes, when you were there, right.

MS. GRAY-HUERTAS: Thank you.

MR. HOROWITZ: Okay. Now, the vacancy tables, I know people were discussing this earlier about rental amounts and the first table is about prior rental amounts.

MS. HUERTAS: Do we have any --

MR. HOROWITZ: I think we should have some. Whoever needs some. Do you have it?

MS. GRAY-HUERTAS: This one; right?

MR. HOROWITZ: Yes.

So the first table talks about the prior rents and the largest number are in the 1,000 to 1,499 range. Now, again, this is for a one-year lease. And these are -- most people in research go with the meeting figures on the left, the lower left corner rather than the median because the median kind of takes out the outliers -- the real outliers in the figures. And there's not too much of a difference really when you look at it. But we generally site the median ranks.

So the majority of them percentage-wise are the 1,000 to 1,499 range. And then the second one talks about two-year leases. And, again, because not as many tenants elect two-year leases, we have relatively fewer -- significantly fewer rents in that -- for a two-year -- that took a two-year. So you had lease terms of two years. Three of the units were in the 15 to 1999. One was in the 2,000 to 2,499 and that was pretty much it. There were four units in that category.

MS. GRAY-HUERTAS: That were reported.

MR. HOROWITZ: That were reported.

Now, the third goes back to a one-year lease.

Now, the previous rent by percentage increase. Now, this is you, know, it's academic really. I mean, you can't have increases of 70 percent or of 30 percent or to even 10 percent or even 5 now, I mean, unless there's a change for the new guideline because it looks like everything is under 5, which is should be especially with a one-year lease term. There shouldn't be any increases over 5 rightfully -- you know, rightfully, given the low guidelines.

MS. RODRIGUEZ: Well this is also for a vacant apartment which means the only thing you can add other than that after HISPA is any improve -- any IAI's --

MR. HOROWITZ: Any IAI's.

MS. RODRIGUEZ: -- into the apartment.

MR. HOROWITZ: Right. And those are limited.

MS. RODRIGUEZ: There's no vacancy allowed.

MR. HOROWITZ: No, there's no statutory, right.

So if we had the statutory, yeah, you'd see the 20 to 29 maybe being -- having three or four. And the two-year term, again, four apartments the same under 5 percent category. Three in the 15 to 19 and 1 in the 2000 to 24.

Now, it's interesting the median rent increase for the one -- one-year was 1.3 and the median rent increase for the two-year term is 0, which I find kind of interesting. Maybe owners just kept the leases for those that did take a two-year term static I mean.

MS. RODRIGUEZ: I'm surprised more didn't take two-years during those years too.

MR. HOROWITZ: Yeah, they might have not raised the rent at all. I don't know. I'm trying to remember if they were allowed. And the only other thing -- well, not the only other thing, but the other thing is they vacate -- I know the table about cost to income ratios and that's a single sheet. I think I gave Karen what I had on those.

MS. GRAY-HUERTAS: We all have them.

MR. HOROWITZ: You have them, yes?

MS. RODRIGUEZ: Is it only one sheet?

MR. HOROWITZ: Yeah, a single sheet.

MS. RODRIGUEZ: Okay.

MR. HOROWITZ: So like I was saying before about 2005 we started reporting for both categories of buildings, maybe that's when we started to use two sets of tables. And that year where he had 16 total units that were tabulated like this year and you can pretty much see -- so that's how you can see basically how many submissions we've had from year to year because the one -- the ones in parenthesis are the lower figures, it is the percentage for the 5th -- for the 2nd category without Regency. Because you see the 58 points -- 56.9 percent figure for this year for 15 buildings means the one in parenthesis is without Regency Village and the 58.6 percent figure is including Regency.

MS. CALDWELL: So one column includes interest and depreciation and the other one excludes it?

MR. HOROWITZ: Right. The one excluding has a lower figure, generally. And the one including has a higher percentage ratio. But I mean for pure number counting, it's a good tool because it shows you how many from year to year we've received and tabulated.

MS. CALDWELL: Uh-huh.

MR. HOROWITZ: So I never -- I don't think we've hit 20 yet. Maybe one year, but not recently. That would be very hard. But we try to aim for 16 or more so between 16 and 20, if we get that for the future years we'll be okay I think. We just have to somehow encourage more people to file and, you know, it's not easy because of the lack of penalty now. Unlike the Reg's where they have a penalty at least if a complaint is filed. And with surveys, generally, there are no, quote, penalties anymore unless there's a law change again and I don't know if there would be because of the court case but it was a Nassau case but it effected all three counties so.

MS. CALDWELL: Right.

MR. HOROWITZ: So it's not a -- I mean ironically given those circumstances, we still do get decent submission rates. I mean, you think of the fact there is no penalty now and yet owners still submit. Granted, I went through like -- maybe in my second job I'll be a salesman or like a collection agent guy because my work would be -- with the fees. Collecting ETPA fees.

In any event, you have to like be kind of pushy still trying to get these people to submit and complete it. And I like -- it's kind of funny sometimes when I speak to owners that maybe missed a year or two and now we want them to file again maybe because of COVID they say no, no, no we never used to submit this about fuel consumption, no, no. I said yeah, I got a year from 2018. You got a figure there for uninterruptible gas so I think you did fill that out last time. Okay, Jeff. We'll check it.

I mean I have to keep my sense of humor about it because, you know, these things happen because they're not the most, maybe, technically savvy -- some of them, but they have accountants and lawyers and they can find that out. Obviously they've done it in prior years some of them.

MS. CALDWELL: Right.

MR. HOROWITZ: So it's not like it's that new to them, so that's my approach when I see someone who did file in a recent prior year, I try to catch up with them to see if we can help them file again.

So I think that's pretty much it in a nutshell for this year. I mean, we've had a pretty decent year all things considered. It maxed last years total number and, you know, we'll try and keep you know giving you as many reports as we can. I'll try if you guys want that instruction report.

MS. RODRIGUEZ: If you wouldn't mind sending it please through e-mail.

MR. HOROWITZ: Yeah.

MS. RODRIGUEZ: Thank you.

MR. HOROWITZ: Yeah, the general instructions --

MS. RODRIGUEZ: That would be helpful. Thank you.

MR. HOROWITZ: -- for the year. Okay.

MS. CALDWELL: (Inaudible) Regency.

MS. RODRIGUEZ: We just call it the big building.

MS. CALDWELL: Okay. All right. Well, thank you for that presentation.

MS. HUERTAS: Does anybody have any questions?

MR. HOROWITZ: Yeah, I mean I did go over one going that was excluded I think because it was non comparable because it had a low number of ETPA units. It's kind of an unusual case because it's a building called Edison Court, 69 Edison, I believe that's the building that was excluded. And it has a complex with two out of three being non ETPA and 1 of the 3 being ETPA.

MS. GRAY-HUERTAS: And that was excluded from --

MR. HOROWITZ: Yes, because it's not -- it doesn't have a high enough percentage of units subject.

MS. GRAY-HUERTAS: Right. It was a co-op

building I think.

MR. HOROWITZ: I thought that --

MS. GRAY-HUERTAS: Is that what it is?

MR. HOROWITZ: -- I didn't get the impression that the other two were co-op. I thought they were still rental -- maybe a year of construction, I'm not sure.

MS. GRAY-HUERTAS: Okay.

MR. HOROWITZ: Yeah, I'm really not sure about that.

MS. CALDWELL: It's right in the middle --

MR. HOROWITZ: 69 -- I believe it's 69 Edison Court.

MS. CALDWELL: -- then it's community. It's hard to tell what they have in there.

MR. HOROWITZ: But it's supposed to be three distinct buildings and one of the three has ETPA tenants and the other two do not.

MS. GRAY-HUERTAS: Maybe at the time the building was built, possibly?

MR. HOROWITZ: Yeah, that's my only thought possibly the year of construction.

MS. GRAY-HUERTAS: Maybe one of the buildings was before 74 and the others --

MR. HOROWITZ: Yeah.

MS. GRAY-HUERTAS: -- were after.

MR. HOROWITZ: They were constructed after.

MS. GRAY-HUERTAS: And then they wouldn't qualify.

MR. HOROWITZ: No, right.

MS. GRAY-HUERTAS: Well, do you know if they collect the $10 for all the buildings? If they collect the registration fee for all the buildings?

MR. HOROWITZ: They do file and we bill the 20 now -- of course, it's gone up to 20 per unit.

MS. GRAY-HUERTAS: Okay.

MR. HOROWITZ: So that was -- no it's been 20 since after the --

MS. GRAY-HUERTAS: 2019.

MR. HOROWITZ: Yeah, and we bill Edison Court for, I think. It's 60-something units. They're always -- no, they pay Spring Valley but --

MS. GRAY-HUERTAS: Okay.

MR. HOROWITZ: And they can't -- and they do file the survey, but it's not acceptable because it's a low number relative to the total number.

MS. CALDWELL: Well, then maybe they misunderstood it, like you said.

MR. HOROWITZ: Well, maybe they did construct the other two after 74. Or it's close, but that's all I really can figure out at this point.

MS. CALDWELL: Okay.

MR. HOROWITZ: I'll try and delve into it a little deeper. I'll see if I can come up with something.

MS. GRAY-HUERTAS: Thank you.

MR. HOROWITZ: All right. Good to see everybody in person --

MS. GRAY-HUERTAS: Yeah, this is great.

MR. HOROWITZ: -- after this period.

MS. RODRIGUEZ: I know.

MS. GRAY-HUERTAS: Thanks Valerie.

UNIDENTIFIED SPEAKER: Oh, my pleasure. I always learn something wherever I go.

MS. CALDWELL: Motion to adjourn? So moved in second. All three of us. Thank you.

(Whereupon the proceeding concluded until Tuesday, June 21, 2022.)

C E R T I F I C A T E

The prior proceedings were transcribed from audio files and have been transcribed to the best of my ability. I further certify that I am not connected by blood, marriage, or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

MARISA D'ANTONIO

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