NEW YORK STATE HOMES AND COMMUNITY RENEWAL

Rockland County RGB

Research Presentation Meeting

Held Via Teleconference

Thursday, June 18, 2020

[START RECORDING]

MS. GRAY-HUERTAS: In response to the Governor's directive to take every effort to keep New Yorkers safe and mitigate the spread of COVID-19, and pursuant to Executive Order 202-1, which allows for the suspension of Public Officers Law, the Rockland County Rent Guidelines Board will be conducting public hearings to set guideline rates of rent adjustments for housing accommodations within its jurisdiction, subject to the Emergency Tenant Protection Act of 1974, for leases commencing between October 1, 2020, and September 30th, 2021, via teleconference. Instructions for members of the public to simultaneously view or listen to the meetings will be posted to HCR's website for the Office of Rent Administration under the public hearing section prior to the meetings. The hearings will also later be transcribed, and the public will have the ability to view the transcripts, the meetings, hearings, and/or schedules pursuant to the notice that was sent out, which is tonight's meeting for presentations, the 24th for the hearing, and the 24th for anybody who still wants to speak and then to set the guidelines on the 25th.

Karen, can you take the roll, please?

Did we lose her?

MR. PETER STECKER: She's muted right now. I just asked her to unmute.

MS. GRAY-HUERTAS: We can try.

Karen, can you unmute yourself?

Okay. So in lieu of that, I'll take the roll for the evening.

MS. KAREN RODRIGUEZ: Oh, can you hear me now?

MS. GRAY-HUERTAS: Yes.

MS. RODRIGUEZ: Martha? Martha are you here?

MS. MARTHA ROBLES: Yes. Yes, I hear you.

MS. RODRIGUEZ: Okay. All right, Martha. We're taking roll call.

Jaret Oates (phonetic)?

Millie Guzman? Millie, do you hear me?

Is she --

MS. GRAY-HUERTAS: Yes.

MS. RODRIGUEZ: Can we unmute Millie? She's here?

MS. GRAY-HUERTAS: Yes.

MS. RODRIGUEZ: Okay. One moment.

Jain Jacob? Present? Jain? Can you hear me? Jain, are you here? Hello. Jain?

MS. GRAY-HUERTAS: He apparently is still on mute, although he's not showing up as mute.

MS. RODRIGUEZ: Right.

MS. GRAY-HUERTAS: He's there.

MS. RODRIGUEZ: Okay. Alejandra Silva-Exias?

MS. ALEJANDRA SILVA-EXIAS: Present.

MS. RODRIGUEZ: Rabbi Hirsch Horowitz (phonetic)? Kim Foskew?

MS. KIM FOSKEW: Here.

MS. RODRIGUEZ: Okay, Kim.

Patricia Caldwell? Pat? Hello? Patricia?

MS. CALDWELL: I'm here. Can I ask a question? (Indiscernible) at all.

MS. RODRIGUEZ: Okay.

MS. GRAY-HUERTAS: All right. Your camera is not up, Martha.

MS. ROBLES: Say that again.

MS. GRAY-HUERTAS: Your camera is not functioning. It's got an X through it.

MS. ROBLES: I don't know why I can't take it off. I'm trying to take it -- all right. I'll work without it. You guys know I'm here.

UNIDENTIFIED SPEAKER: You might not see me because I don't believe I have a camera on this computer.

UNIDENTIFIED SPEAKER: Okay. (Indiscernible).

MS. GRAY-HUERTAS: All right. So we can turn it over now to Jeff and Guy for a presentation.

MR. GUY ALBA: Good evening, everybody. I just wanted to say hi, everybody, and it's nice to see everyone. I guess it's not in person. I hope everybody is healthy and everybody is well, and that's the number one thing, and that's the most important thing.

You know, the unit worked very hard in combining all this information. Jeff Horowitz is going to present the information to the Board. I'm going to show you what you received in the mail on the computer. These will be the income and expense reports. You know, you'll see the tables, tables 1 through 4, excluding and including also the Regency Building and also the income to -- to cost-to-income ratios, as well as the apartment change in rent information. So I'm going to let Jeff take over, while I'm going to share the screen.

Jeff, you're on.

MR. JEFF HOROWITZ: All right. Well, thank you, Guy.

And thank you, everybody. Sorry about having to forward. One of our members retired from work, and I sent to her work email rather than her home. So I forwarded that. That was Martha. And Millie, a single L cost me a incorrect email address, but it forwarded Millie the information prior to the meeting time. So I think we're all set for the emails.

And one thing that came up this year that's different from prior years, and it may not be on the screen, but it's part of the attachments. The request from Alejandra that was sent on a separate day. Those are the billings for Spring Valley and the Town Haverstraw. So I knew there may be questions just on those two simple reports that I did send on Monday, but everyone should have copies anyway, even if we don't have it on the screen at this second, but I just wanted, if anyone, including Alejandra, had specific questions; if not, I could just review the billing lists.

One thing I wanted to make clear to the members is that these lists are not only rental buildings. They include co-op and condo buildings as well. Now, luckily for Rockland County, we do send requests to owners of both. We don't get tabulated results from the co-op condo owners, but we do send, per the Board's request, our letter and our emails. So these are comprehensive with of the preempt of the properties for Spring Valley, which is by far the largest of the two municipalities, and basically, it's the same format for each of these lists.

There's a building identification number, which is HCR's number, and I think you know about these from prior years, and where it says "type," another column, that's whether it's a rental, which the majority of them are, or it says "coop" without the hyphen; so it looks like coop, but it is co-op. Now, co-op could be also co-op or condo. So if somebody says well, this is a condo, not a co-op, yeah, but for our purposes since the majority of buildings in all counties that have converted are co-op, we use co-op for both.

Then there's a building name. We did a lot of work on this to help our identification of these properties when we were converting to a unified system back in 2016, and we went online with the surveys. We did a lot of work addressing this issue. So we should have accurate names for those properties that do have names. So that's why you have some that have a building name, while others, probably smaller properties, are maybe single buildings, not complexes. Those don't have names, but we did our best with it.

The most important thing is coming up, which Alejandra requested, which are the building addresses for these properties, and those are clearly spelled out for you. And where it says "units," which is another column second from the right, those are the number of ETPA units that are in these properties for this year's fiscal year bill. So the treasurers or the officials receive this information, and this is the most up-to-date list that we have available.

So and then I believe I explained this in my email about the charge issue. Excuse me. I'll just get a sip of water. One thing about the charge which is secondary to you guys, but it was primary for us, is that the ETPA fee per unit used to be, for many years and many decades, $10 per unit. With this rent Tenant Protection Act of 2019, the HTPA Tenant Protection Act -- Housing Stability, HSTPA, of 2019, Housing Stability and Tenant Protection Act, that Act authorized an increase in the ETPA fees and the New York City stabilization fees to $20 per unit. So that's why, if you figure this out, you could do 66 units, let's say for 99 Union Road, and you multiply that by 20, and that will give you the charge, which is what the owners pay the municipality. Each owner pays the municipality, and the municipality pays HCR.

So that's -- it's a two-page document if you print it. For the Village of Spring Valley, it's a total of 35 buildings containing 1,959 ETPA units for these properties: rental, co-op, and condo.

UNIDENTIFIED SPEAKER: What's that number again?

MR. HOROWITZ: It's 1,959.

MR. ALBA: If anyone is looking for this particular email that the research and analysis unit sent, it was sent this past Monday --

MR. HOROWITZ: Yes.

MR. ALBA: It was sent from Jeff to you. So that's the 15th of June. Look around 12:13 p.m. on your email inbox, and you will see those two documents.

MR. HOROWITZ: Right. They were sent on Monday. And the same thing applies to the Town of Haverstraw, which is the -- there are only two municipalities in the entire county that have ETPA in them. All other municipalities, to my knowledge, never had it, or if they had, they no longer have it, but for as long as I've been in the unit, which is quite some time now, these are the only two municipalities in the entire county. And you can see there are relatively few, or quite a bit fewer properties, and the reason you'll have in the Haverstraw billing list one ID covering different addresses is that this was a co-op conversion, and it covered these three different addresses in the Town of Haverstraw: Brevort Drive, Charles Lane, and Darian Court.

And under these three addresses right now, unless the treasurer or the official lets me know there's been a change, we have a total of 75 units subject to ETPA, and that means that, theoretically, these are still occupied by ETPA tenants. However, as I'm sure you guys are aware, or if you're not, with co-op condo situations, once the ETPA tenant vacates, the unit is not only exempt but it's available for purchase. So that 75 number could change once -- if there's a request made for a unit account adjustment from the sponsor of the co-op or any co-op managing agent. We could get a request, and the official in the Town of Haverstraw would let me know or let the unit know, and we would have to adjust that 75-unit charge down.

Because one thing about co-ops and condos, as the years progress, there are going to be fewer ETPA units because more tenants leave or pass away or move, and the unit is no longer subject at all to ETPA. So that's different than rental units, which now, thanks to HSTPA, are covered under existing stabilization and ETPA. There can no longer be vacancy deregulation for even ETPA units. So that's another thing that the law made a change in, which is significant. That will help the overall unit count stabilize, because in prior years, we had some of these vacancy deregulation situations, and consequently, we had a drop in the unit counts from registration year to registration year. And hopefully now, with that law change, there should be -- except for these co-op condo properties, there should be very little change in the rental universe.

MR. ALBA: If there's any questions specifically on the billings, let us take it right now before we move onto the surveys --

MR. HOROWITZ: Right.

MR. ALBA: -- and statistical analysis.

MR. HOROWITZ: Did you have any questions, Alejandra, while we have you -- or any other member?

MS. SILVA-EXIAS: No, not at the moment. I'm just trying to process everything you said about the co-op condo conversions, as well as the vacancy deregulation no longer available for the rental units.

MR. HOROWITZ: Right. And you know, again, per that law from 2019, there will no longer be vacancy deregulation in rental buildings.

MS. SILVA-EXIAS: Right. So if it's a co-op or a condo, that's different.

MR. HOROWITZ: And that's always been different --

MS. SILVA-EXIAS: Okay.

MR. HOROWITZ: -- no matter what law there is.

MS. SILVA-EXIAS: Right. Okay.

MR. HOROWITZ: They're a special class because they're conversions, and the vast majority of these conversions are noneviction plans which allows the stabilized direct tenant to remain in occupancy without purchasing. So it's only --

MS. SILVA-EXIAS: Now --

MR. HOROWITZ: -- when those tenants vacate, the unit becomes available for purchase by a resident shareholder. There are very unique circumstances, I guess, so that no one asks me later on, well, what about an individual unit owner, and there are situations, just so that I get out there, where you can have an individual unit owner approach the sponsor and say, hey, I want to buy this occupied apartment as an investment property or an investment unit. We do have certain situations like that. It gets kind of sticky and tricky because sometimes the registration histories aren't the best with co-ops and condos. So we try to be as careful as we can, but in those situations where you have an individual unit owner who purchased the shares, the stock who bought the stock shares from the sponsor but that unit is still occupied by an ETPA tenant, that tenant is subject, and the owner cannot evict that tenant for, you know, for a frivolous reasons, obviously.

MR. ALBA: Jeff, Martha has a question. Let's get a question in for Martha.

MR. HOROWITZ: Sure.

MS. GRAY-HUERTAS: Martha, you need to unmute yourself. Martha.

MR. HOROWITZ: Yes, I hear you.

MS. GRAY-HUERTAS: Well, I can't hear her.

MR. HOROWITZ: I thought I heard her.

MR. ALBA: I think she's --

Martha, you're on mute. You just have to unmute yourself. Either press the space bar or go to the mute button and press unmute.

MS. ROBLES: I'm unmuting myself. Can you hear me now?

MS. GRAY-HUERTAS: Yes.

MR. HOROWITZ: Yes.

MS. GRAY-HUERTAS: Yes.

MS. ROBLES: I wasn't understanding the difference between the rental and the condo, but I got it now when you reexplained it. I understand it now; no questions. I'm done.

MR. HOROWITZ: Okay. So we're going to start the --

MS. FOSKEW: So can I ask a quick question? I'm sorry.

MR. HOROWITZ: Sure.

MS. FOSKEW: This is Kim. I thought -- I might have not heard you correctly; so I just wanted clarity. I thought you said that the condos and co-ops may not have been represented fully on the information that was distributed. So wouldn't that affect the accuracy of the document?

MR. HOROWITZ: When you say the condo co-op was not distributed, it's never been included in the tabulated data reports. Those are -- the Board many decades ago requested information from co-op condo properties, but they were never supposed to be included in the tabulated data because it's very, very difficult to, in a way, delineate sponsor units and maintenances versus regulated rents. I mean, as everybody knows, and for those who don't, shareholders pay what's called maintenance, but that doesn't have anything to do with the regulatory system. Those are determined by the boards what the maintenances are for the shareholders. So those things are never reported to the Board, and it would make -- anyway, it's a good idea not to report them for the reasons I just said.

MS. FOSKEW: Okay. Thank you.

MR. HOROWITZ: Okay. Right.

MR. ALBA: Are we ready to go into the survey and -- the survey -- that's the annual income and expense survey? And Jeff will explain to you first, I guess, the differences between the two documents. You have two documents. One is based on 15 schedules. As you can see, this one in particular says 15 schedules, but you also have another document, and I'm going to switch quickly just to show that there's something called 14 schedules. And Jeff will explain to you the difference so when you read it, and you go over it, you will understand the difference between the based on 14 schedules and one that is based on the 15 schedules, and then we'll explain to you how the numbers came out this year. And of course, there were some challenges, some hurdles because of the COVID-19. Unfortunately, a lot of people wanted to defer because their accountants were not available. Some people wanted to go until the end of July in order to do their accounting, and they could not or would not be available to submit some information, but we were able to get a nice sample, a very nice sample and present that to you, and I'm going to let Jeff take it away from me at this point.

MR. HOROWITZ: All right. Thank you, Guy.

And luckily, I mean, when you see the 15, the tabulated first report which is based on 15 schedules, that is only two less than last year, which was quite a good year. One owner, again, like Guy was mentioning, didn't have the data because his accountant was preparing it. Another one was very late in submitting, and we tried our best, but even extending and extending and extending wasn't good enough. So we missed out on one survey that could have been submitted, but the owner, you know, was very late in submitting, and we had to send it back for correction, and therefore -- and then time expired. You know, we can't keep this data open forever. That's what I have to -- we have to cut it off for tabulating and reviewing these tabs.

So basically, if you don't know, and probably you all do know, the higher of the two, which is one more building, but it's a huge complex, Regency Village, and when you see the 15 -- I think Guy is showing you the 14 --

MS. GRAY-HUERTAS: That's the 15.

MR. HOROWITZ: Yeah.

MR. ALBA: I'm showing the 15. I just want to show that --

MR. HOROWITZ: Okay.

MR. ALBA: -- there's two different reports.

MR. HOROWITZ: They're two different ones.

MR. ALBA: (Indiscernible) in front of them, but I am just showing you that I am flipping between -- this is the 15 schedule --

MR. HOROWITZ: Right.

MR. ALBA: -- and this will be the 14 schedule. As you can see, the 15 schedule contains 1,678 housing units, while the 14 is 1,116, a difference of 652, if I'm not mistaken.

MR. HOROWITZ: It's 562.

MR. ALBA: It's 562. I'm sorry, 562, the numbers are --

MR. HOROWITZ: It's a very large complex. Let's leave it at that, but it is Regency Village with 562 ETPA units. I am very nice to the managing agent for that complex and her superiors, because without that complex, we don't have that many units to report, and it's important that we stayed on top of these buildings. There was another one with seven buildings. We were very much on top of that agent to the nth degree, and I'm very pleased that we got 15 reliable surveys. I mean, when you compare it, what's that -- I mean, 17 percent -- sorry, 17 schedules; so 1.7 is approximately 2. So we basically received 90 percent of the submissions almost, if you want to look at it in a very statistical way, very simple. So we did fairly well.

So the whole question about the 15 that, you know, may be an issue is that, because of that large building, if you look through the three years of data that the operating statement requires owners to complete, the 15-unit building -- because I was just doing this when I was visually inspecting these tabs, and I saw for calendar year '18 in a real estate income section, while the other two years have zero associated, during calendar year '18, there must have been a large real estate tax refund.

I'm theoretic -- this is my theory because for the other two years they reported zero, and for the 2014 -- sorry, for the 14-tab schedules that you have, I could even say it without -- yeah, there it is. Guy is very much on top of things, as usual. You can see that calendar year '18 is a zero. So that's why me and my very creative mind know, I said, well, it's got to be Regency Village that caused that real estate income category to spike, and it's probably a tax refund for calendar year '18 because rental income is the predominant type of income for all properties for all counties. So this isn't just unique to Rockland County. For the three counties, rental income is the predominant source of income.

Nonresidential income could be, again, garage space or commercial space associated with these buildings, but you can see that basically rental income is the largest source of income to owners.

MR. ALBA: Just to chime in just for a second --

MR. HOROWITZ: Right.

MR. ALBA: -- everybody knows that these numbers, again, they're in the thousands. So when you look at an income for 2019, it's 24905, that's $24 million 905. Jeff was speaking about the 2018 certioraris, which are basically people may have filed with Rockland County a dispute -- an owner may have filed some kind of an appeal on his taxes or anything or it could have be a couple of owners, and that's a real estate refund of $257,000. Maybe there are some jurisdictions in Westchester; every five or six years they also give a certain rebate, I believe. So I'm not really sure how Rockland County works their taxes, but this is what they're reporting back as getting back after some kind of a proceeding, whether it was some kind of an adjustment or an appeal or --

MR. HOROWITZ: Yeah.

MR. ALBA: -- whatever it was, that was for 2018. There were no appeals or no refunds for 2019 or '17. I'm sorry. Go ahead.

MR. HOROWITZ: No, it may very well have been an appeal by Regency to lower the assessed valuation. It could have been an appeal, but again, I mean, that's what's significant about the income portion that I gleaned from looking at both sets of tables, just that one item. Otherwise, from year to year, things look fairly consistent, if you look through the three years of income, except for the possible appeal maybe or a tax refund or a lowering of the assessed valuation of the complex. That was the only anomaly really for the three years in income.

In expenses, if you look, numerically again, like Guy was saying, that would be, you know, $1.281 million for calendar year '17 for the total of fuel costs or fuel expenses, and it went up somewhat during calendar year

'18. It went down again for calendar year '19, which, from what I'm gleaning again, makes sense because fuel costs have declined over the recent past. So that would make sense from just looking at fuel costs.

UNIDENTIFIED SPEAKER: Right. Right.

MR. HOROWITZ: Utilities, very little -- I mean, I wouldn't say -- it's not significant change from year to year for utilities.

MS. CALDWELL: Neither is the real estate taxes.

MR. HOROWITZ: Real estate taxes, yeah, that's true, I mean, because that's an expense. Although, you know, the taxes did go up during calendar year '19. So there was an increase. '17 and '18 were kind of flat, so there must have been a tax increase for the county that resulted; possibly, I'm not sure why it jumped $5,274,000.

MS. CALDWELL: Well, it changed down in '18.

MR. HOROWITZ: Insurance, again, there was an increase for calendar year '19 in insurance costs. I mean, it is significant because it's a small number of buildings. It's a $100,000 increase in insurance costs, I believe; correct?

MS. CALDWELL: Um-hum.

MR. HOROWITZ: About a $106,000 increase. So it's over $100,000. I would think that's somewhat significant.

MR. ALBA: Insurance increases are probably because the -- over the last two years, insurance companies have been, again, going out -- looking at the counties and looking how they're assessing the properties. Many counties have been assessing the properties, and prices have gone up, and that's what you're seeing reflecting back from insurance companies charging more money as the value of properties have gone up.

MR. HOROWITZ: So it just could be, again, an increase in value that causes the costs to go up for insurance coverage, yeah.

Management, not significant. I mean, again, I guess $100,000 is somewhat significant. I mean, for calendar year '19, yes, there have been increases. I mean, you guys, as Board members, can look at that. I mean, for the recent past, there have been some increases. Now, management, yes, there was -- now, but repairs and maintenance, conversely, there's been a decline over the three years. I know people are concerned about calendar year 2020, let's say, going forward because of the change in the law. Maybe there's talk amongst owners that there's less incentive to improve properties with the changes. I'm sure you people have heard this as well. One of the criticisms maybe of the new act that, you know -- that's what owners -- I'm not making an opinion about it. That's just what we've heard, but we'll know more about that in terms of maintenance in future years.

And then, Guy knows, he's explained these tables before about interest, including and excluding depreciation -- expenses, sorry, including, and if you see, if you back up a bit, you can see expenses excluding interest and depreciation. That remains, again, fairly flat. The interest part of it, fairly modest increase in '19. Depreciation makes sense. Well, it went down a little in '19, but if you minus that -- you see the total expenses includes. So the category above where it says "excluding" is minusing those two categories, just to read the tables.

MS. CALDWELL: Okay.

MR. HOROWITZ: The total expenses at the bottom of page 1 always adds them together.

MS. CALDWELL: Um-hum.

MR. HOROWITZ: Anybody have questions about that? That's pretty straightforward.

MS. CALDWELL: Yup.

MS. FOSKEW: Can I ask a couple of questions, please? I'm sorry.

MR. HOROWITZ: Sure.

MS. FOSKEW: Number one, what is the difference between management and payroll? Is that --

MR. HOROWITZ: Well, payroll is a specific expense for the survey because payroll is the employees, while -- I mean, maybe you can explain it better. I know payroll is specifically for employee payroll costs. Now, management can be outside management because, with certain properties, you have a payroll department. That's the company's staff costs, but with management, it's not only in-house management that's used for that category. It can be an outside managing agent. You see, if you're an owner, of course --

MS. FOSKEW: Um-hum.

MR. HOROWITZ: -- you have your own payroll costs affiliated with your company, but if you have a managing agent, besides -- especially if you're the owner of a large complex, you're going to need that outside management company or agent to do rent collection, rent billing. So that, I believe, is where a separate management expense category is about.

MR. ALBA: That's correct. It's all the expenses that the management and the outside groups that are hired to run the building; while payroll is specific to the payroll, what the employees are earning.

MS. FOSKEW: Thank you. And one more question; I'm sorry. I know that 15 people or owners submitted the surveys, two less than last year, all that. Is there a list, like, about people who repeatedly do not do the survey? Do you guys keep track of that?

MR. HOROWITZ: We have a -- we do. We have a good system of historical submissions and, you know -- and again, this is truthful, we are much more aware of things, and we've come so -- we're very scientific now in our approach because not only do we send them emails because of -- where owners who do register their properties with HCR, but for the minority that don't. We send notifications prior to the opening of the survey. So the notifications which are sent the month prior are first the notice to the owners to their most recent address, and then an email based on prior years. We usually go by three prior years, including the most recent year. So we've cut down our emails to make them as most recent as possible. Of course, if we have 2019 for all owners, we use that, but some owners have not, let's say, registered, which in this case was our most recent year, 2019, and for '18 and '17 we have a larger number. So we're very careful now with our emails to try and get the most recent owner possible, but you know, look, I don't have to remind you because he was out -- he was telling me this for many years, the recently -- well, not so recently retired.

Well, who is it again, April? He would always complain about the D&B list, one of our former members.

MR. ALBA: You're talking about Wilbur (phonetic).

MR. HOROWITZ: Wilbur. And because, again, we don't have a requirement to file --

MS. GRAY-HUERTAS: It's a request. It's not a requirement, and there is no penalty to the owners for not filing with us. So the fact that we've gotten this many surveys over this number of years, and it's probably been at least ten years since the D1 list, which is --

MR. HOROWITZ: Yeah.

MS. GRAY-HUERTAS: -- what you could make them have to submit it because, if they didn't submit it, they weren't entitled to guideline increases, but the court overturned that. So the way the regulations and the law are written right now, there's no penalty to owners for not supplying the survey information.

MR. ALBA: Martha, I see that you're raising your hand.

Just to let everybody know, and to also further answer Kim's question, remember if there's a new owner who cannot supply the Board with three consecutive information -- income and expense information, they will also not be included on this survey. So just keep that in mind, that we may have that issue besides, of course, if anyone doesn't file.

Taking, on the point that April just mentioned about D&B lists and Jeff, it is in the owner's best interests to file this survey because, if they do not file these surveys, then the Board does not see their income and expense. So even though there's no D&B list, I think it's extremely pertinent for them to file this and provide this information to the Board. I know that if I was an owner, I would definitely want to do that. It's the most logical thing to do.

I'm going to move onto Martha because she is raising her hand.

MS. GRAY-HUERTAS: Martha? I can't --

MS. ROBLES: I don't -- can you hear me now?

MR. ALBA: Yes.

MR. HOROWITZ: Yes. Yes, I hear you.

MS. GRAY-HUERTAS: I don't hear her.

MR. ALBA: Martha, if you can hear me, we can hear you. You could just speak and ask the question.

MS. GRAY-HUERTAS: Martha, you have to unmute it. There you go.

MS. ROBLES: Wait a minute.

MS. GRAY-HUERTAS: You're good. Speak now.

MS. ROBLES: I just wanted to agree with what Jeff (indiscernible). We go through this every year, and we know that people are not required and there's no incentive to make people fill out these forms. So I think we do have good information. It's the same as every year with these landlords. That's all I wanted to say.

MR. HOROWITZ: Well, you know, the whole issue is that, surprisingly, the number of Rockland submissions has stayed fairly consistent, and it's not -- and we try our best with this county because it is a small county to begin with in terms of numbers of ETPA units and properties. So we know all too well that we have to work very hard with these owners. Now, you'll even have some owners who fail to register, and the State is getting much tougher with them, and we're developing lists of those who fail to register --

MS. ROBLES: New York City.

MR. HOROWITZ: -- not only for New York City, but for the suburban counties. So we're on top of things, but it is -- it's a challenge with Rockland County because some owners are -- I don't want to speculate. Maybe some feel that well, the past couple of years there's been no increases. And who knows what goes through people's minds? But I can't read people's minds, but what I can tell you is that, for survey purposes, we've been consistent, and we would have had the same number this year if it wasn't for COVID-19 because both those owners who couldn't do it for this year had every intention of submitting. One was late, but the other fellow was going to submit, but he had to wait for his accountant. So this is a very -- look, the fact that we're doing a virtual meeting, I mean, it's so ridiculous that we're doing -- not ridiculous. I'm glad we have the technology, but it's very unusual, I should say, but there's always a first year for something, and I'm glad we're able to do it, you know.

MS. ROBLES: Um-hum.

MR. HOROWITZ: But this has been a very challenging year for everybody, including State employees. All of us have had to work from home in difficult conditions and putting together meetings and reports. I'm not trying to cry in my own teacup, but I am telling you the honesty.

MS. ROBLES: Well, thank you.

MR. HOROWITZ: It's been a challenging three months for the staff of this agency.

MR. ALBA: We're going to look at table 2, which is the percentages of expenses, both in expenses of excluding interest and depreciation for the three years of '17, '18, and '19.

MR. HOROWITZ: And again, table 2 is -- sorry, I'm going to get my hard copy. Now, these are percentage changes, rather than monetary amounts. So that's the real significant difference. So again, instead of a monetary amount, you have a percentage change or a percentage change from year to year or just for that particular year. It's not changes from year to year. It's fuel is 6.1 percent. Would that be 6.1 percent of the total of expenses?

MR. ALBA: Of expenses, yes, it is.

MR. HOROWITZ: Yes. So it should add up to 100 percent on the bottom, which it would.

MR. ALBA: But once you include the interest and depreciation --

MR. HOROWITZ: And depreciation.

MR. ALBA: Basically, the percentages have remained very steady, as you can see. If you look at the expenses excluding, just take out the interest and depreciations, you're almost at 68 constantly. Again, expenses excluding interest and depreciation in 2017, 68.1 --

MR. HOROWITZ: Yeah.

MR. ALBA: -- 67.9, and 68.0, very, very, very solid, and even though, again, we're missing the two buildings that we had last year, still we are, you know, within the same --

MR. HOROWITZ: It's consistent.

MR. ALBA: -- range of interest and expenses and also depreciation. Nothing -- nothing major on table 2, very, very solid.

MR. HOROWITZ: And it's in table 3 that you'll notice what I was speaking about earlier. The change from the two years -- really, over the three-year period, and it's the first year, '17, '18, the first two years of the three, and then '18, '19 is the second -- is from year two to three. '17, '18 is year one to two, and '18, '19 is years two to three.

Now, let's us -- this is with Regency Village. So again, there could be a difference here. Yeah, we're going to table 3 just to see if -- with table 3 in the 14 building tabs, it's a more consistent change over both columns, you see. Rental income was 2.5 percent of the total. No, the change from '17 to '18 -- sorry -- was 2-1/2 percent. The rate of change versus '18 to '19 which was 2.2 percent, a rate of change, which is fairly -- that's fairly consistent. Now we're back to 15, the 15 tab.

MR. ALBA: All right. This is the 15 tab, showing again, in 2017 to 2018, you had a change in income of about 4.6 percent, and just below a half a percent at .3 a change in income from 2018 to 2019. So these gives you a little bit of a picture of what happened. In fact, we spoke about the real estate taxes earlier, and if you recall, real estate taxes was zero, yet there was a change from '18, '19, as you can see, for example, real estate taxes changes a negative 100 because in 2018 someone received, as we said, some kind of a rebate at (indiscernible) --

MR. HOROWITZ: Yes.

MR. ALBA: -- and then in 2019, it was zero. So percentage-wise, you go to the percentage table. That's what it's showing you. It's showing you that negative 100 percent. Don't be scared by the large percentage. Again, we're only talking about $256,000 that they received as maybe one or two buildings or three buildings that they received during a certiorari appeal or something with the county. So since there was zero the previous year, it's basically 100 percent increase for this year. That's what you're seeing.

MR. HOROWITZ: Well, like I said earlier, that real estate, if you look at again the monetary amount, if you compare table 1 for the 15 schedule tab, you'll see the $257,000 figure in calendar year '18, but if you go to table 1 of the 14 schedule tab, you'll have zero, which means it had to have been Regency Village. It's only that one building because, if you compare the two tabs -- right? I'm pretty sure about this back to table 1 which gives you the numerical amounts, and I want to make sure about this, unless I'm reading -- see, for the 14 buildings tabulated data, there was no -- no increase in real estate income for the 14 units, excluding Regency, because that's the one excluding. You see the lower unit count by 562.

Then if you go to the 15-unit schedule again for table 1, the first tab again -- first schedule, sorry, you'll see the 257 figure. So that has to be Regency Village because the 14 has zero. So it has to be that one large complex that Guy speculated may have won a tax appeal or something and received $257,000 in a one-time income. So that's why you can go from zero to a minus 100 percent because for -- there was a 100 percent reduction because of Regency Village not getting any income from the real estate tax or certiorari proceeding in '19. So that's why that's technically correct. It looks very bad or fishy, but it's technically correct because Regency had no real estate appeal won for calendar year '19.

So, you know, the question is how you like to look at these tables. That's why we've given you two sets, basically, so you can compare. Sometimes Regency could theoretically skew the table with that one real estate issue. That's a skew if you want to look at it that way, but compared, other categories are much more stable, with the exception of that one income category if you look at them. They're more stable, even including Regency.

MS. GRAY-HUERTAS: Go ahead. Let's move on.

MR. HOROWITZ: Okay. And we're in table 4 now, which is, again, the income versus the expenses now. So we have one line for total income for the three years. It will be increasing from '17 to '18, you know. That could have, again, been partly due to that Regency tax certiorari refund, whatever, because then there's only a slight increase from '18 to '19, because '19 we had no real estate income for the 15 buildings.

MR. ALBA: Anyone has any questions particularly on this tab? Because I would like to go to the vacant apartments --

MR. HOROWITZ: Um-hum.

MR. ALBA: -- and the cost to income ratio.

MS. GRAY-HUERTAS: Please.

MR. HOROWITZ: All right. Now, this is, again, included in your emails, and basically, it's a four -- it's a set of four tables, and the only thing that maybe needs a little bit of explanation at the beginning is where we have two terms -- statistical terms, mean and median. The mean is a strict average of all data in a table. The median is more statistically valid in a way because it accounts for extreme outliers. So in statistics, you'll have outliers, and the median, previous and current rents, are statistically probably more valid because it takes out the very -- and since this is a small county, again, there aren't that many issues. We have a total of 87 apartments that had changes in rent, and the thing is at least the median takes out whatever extreme values; there are extreme numbers. So for our purposes, we usually look at the medians.

UNIDENTIFIED SPEAKER: Right. That's correct.

UNIDENTIFIED SPEAKER: Okay.

MR. HOROWITZ: So you'll see a previous rent in the median of 1,300, and then these are one-year renewal leases. So a previous rent -- and then you look at, not only the numerical amounts on the left, which are the rental amounts, but then that's the totals. So you go from left to right. So if, for example, you had no previous rent or prior rents in the 0-to-499 category for the county, then you -- for some lucky people, there are maybe two apartments in the 5-to-599 range that were re-rented. Again, this is over the three-year period though. So we always capture three years for the income and expenses data. That includes the year of vacancy schedules or vacancy reports.

MR. ALBA: Just -- I'm sorry to interject. Just in case someone forgot how to read these tables, if you look at the left column, that will give you the old rental. If you look at the top, it will give you what is it, you know, renting now. So let's just take a quick look at the 1,000 to 1,499. There were about 52 of them that remained within that projection, and about 5 of those apartments actually went up and are now paying 1,500 to 1,999. So what you're seeing, again, the top line is the rental. The left line is the old rental prices.

MR. HOROWITZ: Right. The prior rents are on the left side, and the current rents would be on the -- going to the right.

MR. ALBA: Yes, Martha. You have a question?

MS. ROBLES: Yes, let me see if I got this right. Can you hear me?

MR. ALBA: Yes.

MR. HOROWITZ: Yeah.

MR. ALBA: Yes. Go ahead, Martha.

UNIDENTIFIED SPEAKER: No, we can't hear her.

MS. GRAY-HUERTAS: Martha, you muted yourself again.

MS. ROBLES: I unmute myself. I'm unmuted.

MS. GRAY-HUERTAS: There you go. You're good.

MS. ROBLES: This does not tell us the apartment in size. So, for example, from 15 to 19, that could be one bedroom, two bedrooms, three -- we have no sense of --

for square footage; do we? What does --

MR. HOROWITZ: I believe this is just by leases, not by apartment size. These are both by lease terms. They're four tables, and they're basically about current rents for one-year leases versus the prior rent and current rents for two-year-lease terms.

MS. GRAY-HUERTAS: The answer to your --

MR. HOROWITZ: But the point is it gives you -- it's -- because it gives you the amount of the prior rent on the left --

MS. ROBLES: Well, no, I (indiscernible) --

MS. GRAY-HUERTAS: No, no, the answer -- Martha, the answer to your question is you are correct. There is no way of recording whether it's a studio, a one-, two-, or three-bedroom apartment. This is just solely the change in rents when an apartment was released to a new tenant, when it was leased on a vacancy to a new tenant.

MR. ALBA: That's correct. And if you look at the second table, it's actually speaking about a two-year lease, whether it's -- many people did not want to take a two-year lease for whatever reason. You know, we are only calculating about a re-rent. So not many changes on the two-year leases, and very few tenants chose to actually take a two-year lease. This is, again -- it reflects going back to the first page and the second page, if you guys are looking at this, this is just, again, in percentages. We try to give you guys the percentages, rather than the numerical dollar value so you would be able to see, for a one-year lease the percentage change from a lease year to another lease year and from a two-year percentage change. So the last two pages, percentage changes; the first two pages, for one- and two-year leases, the numerical or dollar changes.

MR. HOROWITZ: Right.

MR. ALBA: And if you have any questions, we're here to answer.

MR. HOROWITZ: And really the total categories, which are the bottom, merely give you the distribution. The lower right is your total number of changes in rent for 87 for one-year leases, the prior table. So you had 87 changes in lease terms or changes in tenancy over the three years for these 15 buildings, basically, and the majority of the rental amounts seem to fall within the 1,000-to-1,499 range, and the second highest would be the 1,500-to-1,999 range at 19 apartments or units, and the 5-to-599 range, which is quite low actually, you did have still 11 apartments that were still in that range for a one-year lease.

So like Guy was saying, the vast majority of tenants chose one-year leases with 87 total.

MR. ALBA: Would anyone have any questions regarding these tables?

MS. GRAY-HUERTAS: Actually, I have a question for you guys. How many apartments total were part of the 14 or 15 schedules that were submitted?

MR. ALBA: How many apartments total? It's on the top of each sheet. So let's go to the 15, and if you look at the top of your sheets, it gives you a whole summary. So on the 15 schedule, you have 1,600 --

MS. GRAY-HUERTAS: Okay. So out of the 1,678 apartments, only 78 were vacated and --

MR. ALBA: Eventually, out of the --

MS. GRAY-HUERTAS: -- re-rented based on the information that was provided on those schedules?

MR. ALBA: Correct. And out of the 1,678 that you were just mentioning, only 1,626 were subject to ETPA.

MS. GRAY-HUERTAS: Okay. But out of over 1,600 apartments --

MR. ALBA: Correct.

MS. GRAY-HUERTAS: -- that submitted schedules to this Board, less than 100 apartments were re-rented at a different rent or that somebody moved out during -- that was reported? Maybe they moved --

MR. ALBA: That is correct. That is correct.

MR. HOROWITZ: That was reported.

MR. ALBA: 91 apartments. We can be exact. We can be exact. 91 apartments, 87 of them chose a one-year lease and 3 of them (indiscernible) --

MS. GRAY-HUERTAS: Right. So essentially, less than 100 apartments became vacated and subject to whatever guideline the Board passed --

MR. ALBA: Right.

MS. GRAY-HUERTAS: -- last year, which was zero. It would have been whatever it would have been.

MR. ALBA: That's right.

MS. GRAY-HUERTAS: So you guys do the math for that, but that's really not a lot of apartments that were vacant.

MR. ALBA: That's correct. Alejandra has a question. So I'm going to let her speak.

MS. GRAY-HUERTAS: We can't hear her.

Alejandra, you have to unmute yourself --

MS. SILVA-EXIAS: Oh, sorry.

MS. GRAY-HUERTAS: There you go.

MS. SILVA-EXIAS: Unmute it. Could you go back to that table because I can't actually see it on my screen?

MR. HOROWITZ: Um-hum.

MS. SILVA-EXIAS: So essentially, if I'm understanding this correctly, there is 52 units that became vacant and were re-rented at the same amounts. So most of these units were essentially the rent stayed the same?

MR. ALBA: Well, again, they were rented in the same --

MS. SILVA-EXIAS: Within that range.

MR. ALBA: -- amount category, okay? Whether they went up $20 or $30, they were within the same category of 1,000 to 1,499. They started off in the range of the 1,000 to 1,499, and when they were re-rented with a one-year lease, one-year lease --

UNIDENTIFIED SPEAKER: Well, that's 1,499.

MS. SILVA-EXIAS: Right.

MR. ALBA: -- they were still kept in that same category of 1,000 to 1,499.

MS. SILVA-EXIAS: Got you.

MS. GRAY-HUERTAS: So they weren't necessarily the same rent, but they were within that period -- within that --

MS. SILVA-EXIAS: Right.

MR. HOROWITZ: Yeah. I mean, these are all $499 ranges. So these are quite large ranges, I mean. So it's very conceivable, especially with low guidelines or zero guidelines, that you're going to stay within the same category.

MS. GRAY-HUERTAS: But these were vacated apartments, Jeff. They were subject to whatever increase --

MR. HOROWITZ: Correct, but they had the 20 percent.

MS. GRAY-HUERTAS: They had 20 percent. They had vacancy increases, and they had --

MR. ALBA: Again, out of --

MR. HOROWITZ: Right, but it was still -- it's a very wide range. So it's highly likely that it would stay within the range.

MR. ALBA: Certainly, they would stay --

MR. HOROWITZ: I'm just saying that, looking at the table, I mean, they're wide ranges, and it's highly -- it makes sense that they would stay within a range.

MS. GRAY-HUERTAS: Exactly. That's right.

MS. SILVA-EXIAS: Okay.

MR. HOROWITZ: I mean, when you think about it, even with the 20 percent vacancy that was allowed during the three-year period, yes. That was still allowed.

MR. ALBA: So Alejandra, out of the category of 1,000 to 1,499, there were 57 units, and 5 of them were raised between 1,500 to 1,999. You can see that to the right of the 52. That's just to give you just a little bit more of an understanding, and you can see the number of 57 all the way to the right that were in that category.

MS. SILVA-EXIAS: Right. So five of them were -- left that one --

MR. ALBA: Had an increase.

MS. SILVA-EXIAS: -- category to a higher category.

MR. ALBA: That is correct.

MR. HOROWITZ: Yes.

MS. SILVA-EXIAS: Okay. Now that is no longer allowed, correct? That once you have a vacant apartment, the vacancy deregulation is not in effect any longer because of the new law; is that right?

MR. HOROWITZ: Correct.

MS. GRAY-HUERTAS: Correct.

MS. SILVA-EXIAS: Okay.

MS. GRAY-HUERTAS: At this point in time, they're not entitled to any vacancy increase, and there's a limitation on the apartment improvements that can be made to apartments that are regulated. Owners are entitled to increase by percentage up to a $15,000 set of improvements within a 15-year period. I think the last time I actually did the quick math, that comes out to a maximum of about $89 per apartment. Guy is the economist. So he can do the math better than I can, but I'm pretty sure it comes out to less than $100 on --

MR. ALBA: You're good.

MS. GRAY-HUERTAS: -- the apartment improvements.

MR. ALBA: Yeah. That's good. Anyone have any questions specifically on these particular tables before we move onto the cost-income ratio?

MS. CALDWELL: No, let's go.

MR. ALBA: All right, the famous cost-income ratio. And as you can see, we've been doing this for even longer than 1987, but we're just showing you from 1987. So we're talking about 33 years. You can read the description what is the most stabilized building from rent received by owner exceeds the expenses paid to operate their buildings. Buildings are represented to be in a better financial position by spending a lower percentage of the income on expenses to cost-income ratio. It's just one method. Again, you guys can calculate and do your homework on your own, but this is just one method providing a profile of the economic conditions of the stabilized housing stock that's in Rockland County. Historical data from prior surveys and they're dating back 33 years shows the pattern of change of income to cost -- the cost-to-income ratio, and we have also the including and excluding depreciation and interest from the other charts. And let's go down to see it.

Did everybody get this document? Everyone has it, because it should have been in the email on Monday --

from Monday's email.

MR. HOROWITZ: And again, for this particular table, just one note. This is using the data tables, excluding the Regency complex, because you'll see 14 buildings.

MS. CALDWELL: Right.

MR. HOROWITZ: In the parenthesis -- the one in the parenthesis is excluding. The one outside of the parenthesis, the first one, is including. So that's why we have two -- basically, two figures. You've got a 58.9 percent is including Regency, and the 59.4 is excluding Regency, and that's why it's -- for many years now, we've divided that. We've given you two figures, again, to be consistent with the tabulated reports.

UNIDENTIFIED SPEAKER: Okay.

MR. ALBA: If anyone has any questions; otherwise, this is our presentation. Thank you, everybody, for being patient, and I just want to say thank you so much to the entire research and analysis unit. It's not the largest unit, and they just worked so hard, you know, just putting this together, between Jeff Horowitz and Mike Bongulli (phonetic), and Sal Haughie and myself. I just want to say thank you very much. It wasn't easy, but as Jeff mentioned, just because we are far away, different counties -- some people are in Nassau County. Some people are in the City. Some people are in

Brooklyn, and we made it happen for, so far, two counties. Hoping to be able to solidify for the third ETPA county next week.

Jeff, thank you very, very much for taking the lead and doing the presentation.

MR. HOROWITZ: Oh, no problem. I enjoyed it very much. It worked out very well, guys, you know, considering.

MS. GRAY-HUERTAS: Any other questions?

MR. HOROWITZ: Does everyone now have the emails from me or -- I notice that Pat has a different email than the one I used. But --

Were you able to get my tables, Pat?

MS. CALDWELL: Yes, I was able to get them. Thanks to April.

MS. GRAY-HUERTAS: At some point after this meeting, can everybody please just email me their most current email address? Because I have a couple of different ones.

Like, Alejandra, I think I have, like, two or three different email addresses for you.

We just found out I had Millie's right, but he had it wrong, and I think we have Martha's now right, but they had it wrong. So if everybody could just --

And I think, Kim, you have a few different ones also. So just send me whatever email address you want everything sent to you at, please and thank you.

MS. CALDWELL: Okay. Thank you.

MS. GRAY-HUERTAS: Before we take a motion to adjourn, just one thing. On DHCR's website, there is a notation for everybody and anybody that wants to testify next week. They need to register. Once they register, they will be sent the Zoom information so that they can be included as part of this, and if somebody doesn't want to testify but all they want to do is watch it, this meeting has been streamed live in YouTube, as well the next two meetings/hearings.

Any questions?

UNIDENTIFIED SPEAKER: No, thank you.

UNIDENTIFIED SPEAKER: A stellar job.

MR. ALBA: Just to share with everybody, this is actually the place on our website --

UNIDENTIFIED SPEAKER: Thank you, Guy.

MR. ALBA: -- that hcr.ny.gov/rgb-hearings, and you have all the information if you want to submit.

MS. GRAY-HUERTAS: Thanks for sharing, Guy. Thank you.

MR. ALBA: No problem.

MS. GRAY-HUERTAS: Can we entertain a motion to adjourn?

MS. CALDWELL: So moved.

MS. GRAY-HUERTAS: Second?

UNIDENTIFIED SPEAKER: Aye.

UNIDENTIFIED SPEAKER: Aye.

MS. GRAY-HUERTAS: Okay.

MS. CALDWELL: Yes, ma'am. I'm ready.

MS. CALDWELL: All in favor?

IN UNISON: Aye.

MR. ALBA: All right. Good night, guys.

MS. GRAY-HUERTAS: Does anybody have any other questions, or are we done for the evening?

MS. CALDWELL: We're done for the evening. Thank you very much. You guys did a great job.

MR. HOROWITZ: Thank you. It was very enjoyable. Thank you.

MR. ALBA: Hope you stay safe, everyone.

MS. CALDWELL: Okay. Stay safe.

[END RECORDING]

C E R T I F I C A T I O N

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.

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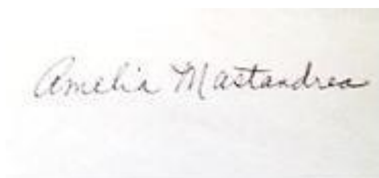

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