NEW YORK STATE HOMES AND COMMUNITY RENEWAL BOARD MEETING

Nassau County RGB Public Hearing

Deliberations & Voting

Held Via Zoom

Thursday, June 24, 2021

7:33 p.m.

[START RECORDING]

MR. MICHAEL MILLER: Ladies and gentlemen, welcome to the Nassau County Rent Guidelines Board. This evening's meeting will be the deliberation and voting.

I'm going to go ahead and have Counsel read our appropriate statement into the minutes.

Go ahead, please, James.

MR. JAMES FERRERA: Yes. 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 and its updates, which allows for the suspension of the Open Public Meetings Law, the Nassau County Rent Guidelines Board will be conducting public hearings to determine the 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 1st, 2021 and September 30th, 2022 via Zoom video teleconference.

Please note that all meetings will be livestreamed via YouTube starting at the designated time of the meeting. Instructions for members of the public to simultaneously listen to the hearings are posted on DHCR's website for the Office of Rent Administration under the public hearing section. The hearings will also later be transcribed and the public will have the ability to view the transcript.

The YouTube livestream can be viewed -- the YouTube livestream can be viewed on the Nassau County Rent Guidelines Board YouTube channel. All live meetings will be recorded and will remain on the YouTube channel for future viewing.

MR. MILLER: Thank you. Members of the Nassau County Rent Guidelines Board, please introduce yourselves.

MS. JEANNETTA ALEXANDER: Good evening. Jeannetta Alexander, public member.

MR. ANDREW M. COHEN: Andy Cohen, owner's member.

MR. GARRETT L. GRAY: Garrett Gray, public member.

Oops, we lost Rychlowski.

MR. ROBERT RYCHLOWSKI: (Indiscernible).

MR. ADAM MAHONEY: Adam Mahoney, public member.

MR. MARTIN MELKONIAN: Martin Melkonian, public member.

MR. RYCHLOWSKI: Robert Rychlowski, tenant member.

MR. BARRY STEIN: Barry Stein, owner's member.

MR. MILLER: My name is Mike Miller, and I'm a public member. Okay.

Ladies and gentlemen, we're going to go right into our deliberation. Anyone in particular wants to start, you may go ahead now.

MR. COHEN: I could start. I've got some comments.

MR. MILLER: Just before -- just before -- I apologize.

Have you had a chance to go over the meeting -- the minutes for the last meeting?

MR. GRAY: Yes.

MR. MILLER: All right.

MR. GRAY: And kudos to James for turning that around so quickly.

MR. MILLER: Really, really quick. Thank you very much.

Do I have a motion for acceptance?

MR. GRAY: Motion to accept.

MR. MILLER: Garrett.

Cathryn, did I see your hand? Yes? Cathryn seconded.

All in favor? Aye, and raise your hand.

MR. GRAY: Aye.

MR. STEIN: Aye. Barry Stein, Aye.

MR. MILLER: Okay. I'll move forward. Okay.

Any other comments? No. All right.

So we're open for deliberation. Who wants to go first?

MR. COHEN: I could go.

MR. MILLER: Okay, Andy. State your name and go ahead, please.

MR. COHEN: Okay. I'll try to get through it quickly, but it may take a little time.

It's interesting that we had just seven speakers over the last three meetings, and if you eliminate Mr. Padyk and Mr. Schnier's multiple testimonies, we had just one tenant, Mr. Schnier, out of 7,554 EPTA apartments, and two landlords out of 242 meetings. It's just a fact that I wanted to put out there.

I wanted to follow up on my questions to DHCR regarding the number of buildings with EPTA partners. There was 334 on one schedule and only 242 were mailed out. The difference is 92 buildings, representing 2,957 EPTA apartments, or 39 percent of the total EPTA apartments that are not included in the schedules. I just wonder what the result would be if those apartments were included.

Reference is made to Mr. McKee's written testimony. I actually read it after the meeting because I just didn't get to it. I found that -- I found that much of his written testimony was not correct in the areas of debt service, interest, and depreciation. I can explain further later, if you'd like me to, but I don't want to spend the time now.

Also, I found it very troubling with respect to ERAP that Mr. McKee indicates, without any evidence, "we predict that many landlords will ignore this restriction and raise rents." I suppose it's a typical response for many, if not all, political action committees that give biased information and distort the facts.

There was a discussion whether landlords obtain PPP payments, and the answer is no, as real estate is not eligible. They can, however, obtain EIDL grants that was limited to 1,000 dollars per employee with a cap of 10,000. However, most buildings, on average, only have zero to two or three employees, so that amount is really not significant.

By contrast, a married couple with less than 150,000 in income would have received 6,400, and if they're single, and the income was under 75,000, they would have received 3,200. In addition, if they had children under 17 years of age, they would have received, I think it was 600 dollars for each child, twice. I think it was for two of the three stimulus.

The schedules indicate there was a 2 percent decrease in rents and a -- I'm sorry -- a .2 percent decrease in rents and a 2 percent decrease in expenses. Just to quantify the 2 percent in dollars, based on the average costs per building, it would total just 1,086 dollar decrease in expenses. That is not significant in my view.

Also, I want to drill down on the 36 percent NOI. According to the DHCR report, this equates to an NOI in dollars of 30,874. If you reduce this by interest expense of 11,416, you get 19,458 in income on average, according to the -- according to the reports. And that's before income taxes, so your starting point is 19,458. There probably is a deduction for depreciation, but there are income taxes. Therefore, based on this, I don't see the windfall, as the average building only has 85,000 dollars and change in rental income.

With respect to interest, those who have seen public company or private company financial statements, you'll always see interest, as it reduces income.

As I indicated in the past, the schedule includes regulated apartments as well as unregulated apartments. It still seems unfair to me that the result is that unregulated apartments subsidize regulated apartments. However, there doesn't seem to be anything in the legislative history or rationale to support that unregulated apartments should support regulated apartments.

The rent stabilization law requires the Board to consider prevailing and projected operating and maintenance costs. There was testimony from Mr. Padyk and Mr. Rush that real estate taxes, insurance, and oil, as well as other expenses are increasing in the current year. And we're currently experiencing an interest rate of 5 percent.

With respect to inflation, Mr. McKee forwarded a New York Times article by Paul Krugman that attempts to minimize the effects of inflation. Although Mr. Krugman hedges a bit at the end of the article, a review of Mr. Krugman's writings has been wrong in the past. Conversely, Lawrence Summers, former director of the Nation Economic Council for President Obama has an opposing view on inflation, meaning that he thinks it's here and going up. So you got both sides of the story here.

New York City passed guidelines last night with an interesting result. For one-year leases, the first six months were zero, and the second six months had an increase of 1.5 percent, and two-year leases were at 2.5 percent.

As indicated in the landlords' testimony, the Board should also consider, for fairness and reasonableness, an increase in two-year leases. In addition, failure to pass an increase this year, after the last two or three years with very low or no guidelines, could have unintended consequences, certainly to maintenance of the buildings and the upkeep.

Finally, we discussed every year the legislative findings of the EPTA Act of 1974 was to prevent speculative, unwarranted, and abnormal increases in rent, as well as to forestall profiteering and other disruptive practices. In my mind and my view, there doesn't seem to be any evidence that these practices exist today, nor was there any proof offered that this is happening.

So those are my comments. I can answer any questions of anything I said, and if not, we can move on.

MR. MILLER: Thank you, Andy.

MS. HARRIS-MARCHESI: Can I -- can I respond -- can I respond on a couple of things? I believe Rob is going to speak mostly for the tenants, but one of the things that I'm acutely aware of is when you were talking about buildings that are supposed to be under the EPTA who may not be reporting.

One of the biggest landlords in Hempstead, and I know this because I've been involved in lawsuits with it, actually is under the EPTA, but does not follow it whatsoever, and charges outside -- it raises rents however he likes, and does not -- so that would be included, I would imagine, in the 98 that do not respond or that they do not follow-up on because he hasn't responded in years. There are only certain towns that he responds in, because he's been forced to.

To do with profiteering and rent, while I told you myself that my landlord raised my rent 6 percent in the middle of COVID, so either he's -- for his non-rent-regulated building which I am in. So I can at least attest to myself and for the people who are in his non-rent-regulated buildings, that there is that kind of profiteering going on.

And as I said, my husband and I never skipped a rental payment throughout the whole -- the entire time. And our rent that we pay is far more than what we saw in the rent -- according to what HUD says.

Another thing I would like to bring to the Board's attention again is that because -- the idea that all -- that rent-regulated units subsidize non-regulated units is not necessarily true. And I've known people and seen this before, where preferred rents have been offered in the past, where non-regulated tenants, if the market doesn't bear what they're -- what they're allowed to get under the rent -- under the rent guidelines, they will offer a lesser rent. So that's not necessarily true, either.

And across the board, whether it be a New York Times article or Mr. Padyk's reference to Newsday, I don't think news articles hold very much value, anyways, in anything, and I know as a lawyer and the other lawyers on the Board would agree with me, that would never be allowed in a court of law as being something that's considered to take note of. It's interesting side commentary, but it's not -- I would say it's not something that I would give much value to, whether it be tenant or landlord provided. So those are my comments.

MR. COHEN: If I could respond to some of that?

MS. HARRIS-MARCHESI: Um-hum.

MR. COHEN: With respect to this Hempstead landlord who doesn't follow the rules, we don't condone that, and somebody should do something about that.

MS. HARRIS-MARCHESI: That's not --

MR. COHEN: I'm sorry?

MS. HARRIS-MARCHESI: It doesn't matter if you condone it or not, but what I'm talking about is when you were referring to the number of buildings that are under EPTA, right, and the number of responses they get, it's also up to landlords to respond. And if it's a landlord that has not been responding for, let's say, two decades, they're not going to continue after that person, especially when they don't keep their buildings up to code and so forth. They're considered to be, I gather, outliers in that sense. So that was the point of that, Andy.

MR. COHEN: But we can't hold every landlord responsible and be punished --

MS. HARRIS-MARCHESI: I'm not -- I'm not --

MR. COHEN: -- because of one landlord.

MS. HARRIS-MARCHESI: That's not what I'm suggesting, Andy. What I'm suggesting is it seems like, at least from my perspective, and correct me if I'm wrong, when you were talking about the number of surveys that were sent out or not sent out, it wasn't taking into consideration that we all know that this exists, and that if DHCR is not receiving information back from buildings that are technically under the -- and I say "technically" because it's not enforced -- under the EPTA, then they don't continue to send out to them if they don't respond. That was my point.

MR. COHEN: Well, they're not required to -- they're not required to respond anymore. There was a law -- a court case many years ago --

MS. HARRIS-MARCHESI: I know. Fair enough. Fair enough, Andy, but what I'm saying is, is there -- what you are representing, I'm giving another piece of information to that that was -- that I feel was not included in your representation. That's all.

MR. COHEN: I was representing that almost 3,000

EPTA apartments were not included in the survey because they don't send out -- they don't send the reports to them. That's what I was driving at.

MS. HARRIS-MARCHESI: Yeah. And what I was driving at is that after a number of years of a landlord not returning those, I believe that they do not send them out.

MR. MILLER: I think DHCR did a fairly thorough job going through the reasons. We may not agree 100 percent, but I really think they -- it was covered extensively, in my opinion. Other Board members can bear out their view, but I felt quite comfortable.

Thank you, Cathryn.

Thank you, Andy.

Go ahead. Anyone else?

Go ahead, Robert.

MR. RYCHLOWSKI: Okay. I'll speak. I'm just going to reference the statements of landlord and tenant testimony.

Mr. Padyk offered a chart comparing rents in his properties in Rockville Centre and Freeport to HUD fair market rents for similarly sized units, stating that his rents are below those of HUD.

Mickie (phonetic) Schnier said, according to statistics collected from HCR, in 2001, there were 11,940

ETPA units in Nassau County. By 2020, that number reduces to 7,508, a 39 percent reduction in the housing stock during that period. Many of these tenants are offered preferential rents, which are lower than the legally regulated rents.

Upon examining HCR 2020 Office of Rent Administration Annual Report, it should be noted that out of a total of 910,767 registered rent-regulated units state-wide, 296,518 are classified as having preferential rents. That's nearly one out of every three rent-stabilized units in the state.

Then I'm going to go to a testimony from Richard Rush, but from last year. Obviously, the impact of COVID-19 cannot be ignored on both tenants and landlords alike. Landlords fully understand the difficult impact that it had on terms of tenants in terms of health and financial challenges. Unfortunately for landlords too, things have been difficult. We've faced increased expenses in cleaning service and supplies to help keep our buildings safe for everyone.

I'd also note that in his statement this year, that Richard Rush said that there were no increases in non-stabilized apartment rents.

Then I'm going to go to Michael McKee's testimony. He said that 36 percent NOI's an indication of a healthy, even robust, residential real estate market in Nassau County. Then he referenced in the spring that the State legislature appropriated 2.4 billion for the Emergency Rental Assistance Program, and on June 1st of this year, the New York State Offices of Temporary and Disability Assistance began taking applications. ERAP will pay up to 12 months in back rent, and in some cases, up to 15 months, as well as back utility payments for tenants with lost income due to COVID. These funds will be paid directly to the landlord.

Now I'm going to read part of his summary. "The question that you must address is who is more able to survive the economic meltdown of the last year, the people who live in rent-stabilized apartments or the people who own those apartments? For many reasons, it is clear that landlords are better positioned to come out reasonably whole. Burdening already hard-pressed renters this year with any rent increase at all would be harmful and should be off the table. You should freeze rents completely for both one and two-year lease renewals as you did last year."

An important point also is many Nassau tenants were able to benefit from the current rent freeze, but other tenants have two-year leases that do not come up for renewal until after September 30th. They will not benefit unless you freeze rent for a second year in a row. I think that the increase from last year on NOI makes it clear that we must have a zero percent increase this year.

MS. HARRIS-MARCHESI: Something else I would like to add, too, to do with when you were talking about PPE money and so forth, and what -- and also the money that couples and so on received, there were -- it was -- it was not only to do with your income level, it also had to do if you qualified for it.

So if you were an independent contractor, which there are a lot in New York City, whether it be working for the financial industry, whether it be working for technology industry, whether it be going through a staffing company, that sort of thing, you did not necessarily qualify for getting -- for getting that money from the -- from the government.

And so not every couple or every individual whose income was less than District 75,000 or a couple less than 150,000 received that money.

You're conflating --

MS. HARRIS-MARCHESI: And I can say that -- and I can say that, because my husband and I were definitely in that position.

MR. COHEN: You're conflating PPP with the stimulus payments.

MS. HARRIS-MARCHESI: Not PPP, but the stimulus, sorry. I meant to say stimulus. But I can say that for myself, too, as my husband and I didn't work -- it didn't work that way because he works for himself. So we --

MR. COHEN: But they changed that rule. They changed that rule where -- after a while, they changed it where you could get PPP money.

MS. HARRIS-MARCHESI: But not -- but not from the -- but not from the original, and in his situation, not at all, and it didn't have to do with income.

MR. COHEN: But it was changed, and I was talking about stimulus payments.

MS. HARRIS-MARCHESI: I was, too. The stimulus, it did not change with him, even though -- even though they changed it so that certain independent contractors could, he could not.

MR. COHEN: I don't agree with that.

MS. HARRIS-MARCHESI: So that's -- so it's not entirely true.

MR. COHEN: No disrespect, but I don't agree with you.

MR. STEIN: Can I respond? It's Barry Stein. Can I respond?

MR. MILLER: Go ahead, Barry.

MR. STEIN: A couple of things. First of all, I represent a fair amount of landlords, and I don't know any landlord that took the PP. And I happen to know -- and I agree with Andy, obviously, that PP for real estate that we're talking about, I don't know anyone that took it. That's the first part.

The second part, I just want to make sure that people understand that when you talk about a profit, it should be after the debt service.

By the way, Michael McKee was wrong. Interest is not a capital expenditure. Let's understand it. That's a fact.

But fourth, or whatever it is, I just want to repeat, according to Steve Padyk, the taxes in Long Beach went up, what 6.33 percent for a homestead, and a non-homestead, 12.26. Heating oil is up 35 percent, according to the landlords. Rockville Centre's tax increased 3.99. Insurance is increasing 16 to 18 percent. This can all be verified. I just want to read it into the record. Okay? Thank you.

MR. RYCHLOWSKI: Can I respond to Barry?

MS. HARRIS-MARCHESI: Can I also -- yes. We also saw that the mortgage -- the people that -- the landlords that did refinance in the document we received from DHCR this afternoon, that prior, I believe it was 3 point, was it 45 percent, the interest rate? And now it's down to 2 point, was it 85 percent? So there's been a decrease in the interest rate, the median interest rate, for people who refinanced, and that was -- was it -- I don't remember if it was 25 percent or 25 buildings, but there you go.

MR. MELKONIAN: 25 buildings.

MR. STEIN: By the way --

MS. HARRIS-MARCHESI: Thank you.

MR. STEIN: (Indiscernible). It's ridiculous.

By the way, whether the interest rate is high, low, it's still an expense. It might be below the line, and a profit should be after it, not before.

And just for the record, I just want to read this into the record, cash flow pays the business. Pays the bills. Not net worth. Just for the record.

MR. RYCHLOWSKI: I'd like to respond to Barry's comments about the tax increases. I think -- I think it should be noted that the biggest part of the tax bill is a school tax, and the school tax increase in Long Beach was zero this year.

MR. STEIN: A tax increase is a tax increase.

MR. RYCHLOWSKI: Thank you, Barry.

MR. MILLER: Okay. Public members, go ahead, please. Who wants to start?

MR. MELKONIAN: I could start if you'd like.

MR. MILLER: Go right ahead.

MR. MELKONIAN: First point, about inflation.

MR. MILLER: Is that Marty?

MR. MELKONIAN: Yes, it is. It's Marty Melkonian.

MR. MILLER: Marty Melkonian. Thank you, sir.

MR. MELKONIAN: Is there a mute? No, I'm okay. Okay.

It's not agreed as to how inflation will affect us in the future. What we know is that it's rising at perhaps 3 percent for the entire year, according to the Fed chairman. The 5 percent that was quoted relates to a particular month when, in fact, the base was very low. In other words, they're comparing say, June of 2020 with June 2021.

In 2020, a lot of prices were down. For example, airline fares, hotels, restaurant costs, those were down. Nevertheless (indiscernible) shows, at least for this month, an extraordinary sharp rise in inflation. But the overall rate is supposed to be in the order of 3 percent. Okay? We don't know.

MR. STEIN: Can I make a -- I'm sorry. I don't want to interrupt. I'm on my phone, but. I'm sorry, Martin. Are you finished? When you are, I just want to respond, if that's okay. I apologize.

MR. MELKONIAN: That's okay. The point I want to make about inflation is that not only does it affect landlords' costs, but tenants suffer from inflation as well. So inflation cuts both ways. It's not necessarily only on building owners.

Did you want to respond to that point before I go on to some of the other issues?

MR. STEIN: No, I think it's fine. I'll pass. I'm okay.

MR. COHEN: I thought I read that it was -- the last 12 months was 5 percent. I thought I read that.

MR. MELKONIAN: No, it's not been 5 percent.

MR. COHEN: I'll have to look at that. I'll look that up.

MR. MELKONIAN: In terms of the question of dealing with cash flow, that is an important issue, and if there is insufficient cash flow, that will have negative effects in terms of owners being able to maintain their property.

But it should be pointed out, and I think I've done this before, asset values have risen for housing on Long Island, and also for those houses that are under our jurisdiction, in other words, ETPA homes. They've risen in price. Okay? So --

MR. STEIN: I do want to respond to that when you're finished.

MR. MELKONIAN: -- if the asset is rising, that permits owners that are facing difficult cash flows to borrow. And as Cathryn pointed out, 25 landlords apparently refinanced last year at, historically, the lowest interest rates in recent history. Okay? That means that there's an advantage to refinancing, and I suspect that some of that refinancing had to do with paying current bills but also it might have been for other investments. And I guess --

MR. STEIN: Can I respond? Oh, I'm sorry. I'm on the phone. Just let me know when I can speak, okay? So I don't interrupt.

MR. MELKONIAN: (Indiscernible) my point, because I have a third one to make, but let's hear what you have to say to this one.

MR. STEIN: Well, a couple of things. First of all, when we're talking refinancing and values going up, the cost of the restrictions that the regulations have put on landlords, cap rates, in essence, rose. When cap rates rise, values drop.

Second, not everyone could easily finance their apartment building, even though lenders prefer apartment buildings. First, because of the delinquencies with (indiscernible) tenants. Second, because of certain

COVID restrictions that all banks have put (audio interference) those restrictions mean that most lenders, almost all lenders that I know of, required a six months to one year debt service to be put up in escrow to make sure (audio interference) were paying their bills.

There are a number of landlords that chose not to refinance for the reasons that I mentioned, irrespective of the rates. Rates have been low, there's no question, but values the past year on apartment houses have not risen. They've, in essence, either stayed the same or they dropped. And that's a fact. That comes from Richard DiGeronimo, MAI, it comes from Goodman-Marks, MAIs, and so -- and it comes from lenders. And I can name any number of lenders, factual, but I just wanted to make a point.

And one other point, because we've been talking about this a long time, asset net should have no bearing on determining one's paying the bills. It has absolutely nothing to do with the cash flow and the ability to pay.

And Martin, I always say this, and it's a good example, if Martin, if I call Hofstra and Hofstra says -- and I say, listen, Martin Melkonian's house went up in value, don't give him a raise. That's exactly what this is referring to.

And now I'll rest -- I'll listen to what you have to say. I just want to make it a very specific, factual point. That's all.

MR. MELKONIAN: But Barry, listen, if your -- if your asset is rising in price, you are wealthier. And as a result, even though your income may be diminished, which is not the case in the case of this past year, you're still better off. You're still better off. And the fact that you can refinance at extraordinarily low rates is a tremendous advantage. So there are some landlords who may not be able --

MR. STEIN: At times, Martin, at times that's correct, because if you take Cathryn's standpoint the other day, when she said refinance, and that you can take some money out, and a lot of -- a lot of borrowers were not taking money out because of what I described, that you could buy another property. The bottom line is that's still debt. Still got to pay it back, whether the rate's low or not. And in order to pay it back --

MS. HARRIS-MARCHESI: Yeah, you could pay it back, but what about the (indiscernible) --

MR. STEIN: -- you have to have tenants pay the rent. And the landlords have been having difficulty with that.

MS. HARRIS-MARCHESI: Okay.

MR. MELKONIAN: I disagree on that.

MR. COHEN: Could I just read something to you? Maybe you could explain it to me because it's economics. Okay?

MR. MELKONIAN: Sure.

MR. COHEN: This says, "The annual inflation rate for the United States is 5 percent for the 12 months ending May '21 after rising 4.2 percent previously, according to U.S. Labor Department data published on June 10th."

So how does that marry up to the 3 percent you were discussing?

MR. MELKONIAN: The 3 percent relates to the projections of the Federal Reserve System. They're saying that previously, we were running at about 2 percent inflation, or even slightly below that. In recent months, because of mostly supply bottlenecks, prices have gone up. And particularly when you relate it to a year ago, when in fact, prices were depressed in several industries, that shows an extraordinarily high temporary inflation rate.

But the projections are, from perhaps our best capable -- most capable economic sources are that they're talking about a 3 percent rate.

But regardless of the rate, both landlords and tenants are affected by inflation. It's not just the landlords.

UNIDENTIFIED SPEAKER: That's correct.

MR. COHEN: The landlords aren't the government.

MR. MAHONEY: Yeah. Martin, also just a little bit, I have the chart in front of me, so I'm looking at it. I wish I could show it. Actually, I probably could show it.

There were a lot of depressed months in the CPI over the past 12 months. For example, September was .2 percent of last year. October .1, November .2, December .2, and then it was January of this year that it kind of started to kind of really jump up. I don't know if you could see the chart here, if you could see that. So that's the -- that's the last 12 months, which is a 5 percent annual inflation rate.

I believe the Fed Chair is talking about anticipating this to be somewhat transitory in the future, and then also, maybe over the next number of years being about 3 percent.

MR. MELKONIAN: Yeah.

MR. MAHONEY: So I think that's where the inflation in the short term, which it was .8 percent in April, .6 percent last month, .6 percent in March. Should be interesting what June's is, but I think prices and -- when it's hard to find workers, these types of businesses are probably going to keep their prices up a little bit, that -- again, I'm not an economist, you know a lot more about it than I do, but I think that inflation is going to be 5 for the near future, and maybe drops to 3 on an estimate, maybe next year or whatnot.

MR. STEIN: Well, I'm not that smart.

MR. MELKONIAN: I think no one --

MR. MAHONEY: I sat next to -- I sat next to Martin a lot, and he taught me a lot about economics, so that's where I got my knowledge from.

MR. MELKONIAN: No one knows exactly the rate of inflation, but I think we have to go with the people who are most knowledgeable of it -- about it, and who have studied it, and they're the ones that are making the projections of the 3 percent rate this year. And probably --

MR. STEIN: But the reality is, has anyone gone to fill up their tank and get gas? Little bit of increase, right?

MR. MELKONIAN: I noticed when I went to buy some plywood recently, the price came down. What does that prove? Don't talk to me about a single commodity. Look at the whole index.

MR. STEIN: Well, the whole index of not only labor, but of building materials, have gone up, and it keeps on going up. And that's according to a number of the builders, so.

MR. MELKONIAN: It's not. It's coming down. There are many areas, particularly in lumber, that's actually come down very sharply.

MR. GRAY: Yeah, it actually has come down.

MR. MELKONIAN: The market works. The market works.

MR. STEIN: Now, you're talking about a free market, but we don't have a free market under rent stabilization, so I just want to make that point.

MS. HARRIS-MARCHESI: We don't have a free market under the free market according to the Chicago school, which came up with the free market principles and abandoned them.

MR. MELKONIAN: I guess one of the things that I think was not fully addressed was the net upgrade in income that was received this year. 36.2 percent, which happens to be the highest net upgrade in income in this entire century, okay? That's the highest.

So to say that building owners are suffering, that may be true in individual cases, but on average, their net operating income has been showing an upward trend, and actually peaked last year. It peaked, mostly because, though we had flat rental incomes, we had a decline, a small decline in expenses. The net result of that was higher net operating income. So when that exists, when we see net operating incomes, it's pretty hard to justify further increases in rental --

MR. COHEN: Marty, if we could just convert that to dollars, which I attempted to do in my comments, it's 30,000 dollars, before interest. A person has -- maybe that's all they have, is one building. On average, it's 85,000 dollars in rent, 55,000 in expenses, 30,000 net. I don't see that as a big windfall. I just don't see it. The average on 98 buildings is 85,000 in rent.

MR. MELKONIAN: Whatever the dollar amount --

MR. COHEN: We're not -- we're not talking million dollar rents, where they make 360,000 dollars. That was what my point was.

MR. MELKONIAN: No. Well, whatever the dollar amount is, we have historically judged the return to the landlord by net operating income, and if that trend is upward, it's hard to make a case for any rise in rents at this point.

MR. COHEN: I agree, if the rent was a million dollars, he makes 360. If it's 85,000 dollars, then he makes 30,000 dollars.

MR. MELKONIAN: Yeah, but it's still a (audio interference).

MR. MAHONEY: Can I make a point, Michael?

MR. MILLER: Absolutely. Go ahead, Andy.

MR. MAHONEY: Sure. So Martin, I did a lot of, kind of, analyzing the numbers over the past years, and agree with the facts that you're stating, in terms of the net operating income has been rising in the last -- and I kind of looked at the last ten years, and then, obviously, the last three or four, which would more apply to today.

I have the -- in front of me, I have the cost to income ratio, so my numbers that I'll read off here are kind of the inverse --

MR. MELKONIAN: Sure.

MR. MAHONEY: -- of that. So the lower this number would be the better.

So in 2011, about ten years ago, the cost to income ratio was 71 percent, so that was pretty much a low for a long time.

And I think as a public member, part of what I see our role is is to try to come up with what is a reasonable rent increase for a tenant, as low as possible, and also allow that to not impact so negatively the profit margin for landlords. So the more money the landlords make, and the less the tenants pay, whatever that kind of -- it's almost like Goldilocks. You got to get it in there somewhere. And that's what I try to analyze.

So over the past, let's say ten years, and I'll run these numbers quick, but it's more for the trend. 2012 was -- the cost ratio was 67, 66, 67, 65, 64, and then it started, kind of, coming down, which is a positive for the landlords. In '17, it was 66, then 65, then 64, 63.

So at the same time, though, the increases for the guidelines, going back to, let's say 2012, let's say, I'll just read the one-year, just to be quick, all of the one-year increases were in the ones or below, so there was no 2 percent increases for a one-year lease over the past ten years. So that's pretty reasonable, I would -- I would say, in the tenants favor.

'12/'13 was 1.75, and I'll just read so on. 1 percent, 1 percent, 1.25, .5, and then as we get to the last four years, '17/'18 was zero -- zero, zero, actually, '18/'19 was 1.2, '19/'20 was 1.5, 2.5, and then last year was zero, zero.

So I look at both charts, and I kind of looked that both sides were probably benefiting equally, to some degree. Obviously, each side will disagree with me, but I'm in the middle.

My opinion this year, and we're looking to forecast forward, is I think it -- inflation, it will have an impact. I think that we -- my recommendation, or my opinion would be not to be zero, zero. I think we should get off of that. I think we should have at least a 1 on the -- on the one-year. And I agree with the testimony of Mr. Rush every year, that the second year lease should be commensurate with the one-year. It shouldn't be the same, there should be enough margin so that it's fair to landlords who take on the two-year leases, so that they don't get no increase that second year. So I would say at least a 1 to 2 would be, I think, the minimum that we should look at this year.

And part of it is our forecasting for the next 12 months. We're not going to know what -- if we're right or we're wrong until the net operating income and these income and expense reports come out next year.

And my opinion on that is, we can criticize any aspect of the data, but we have, I think, had most of the same people putting these numbers together for many, many years. So if it's the same people putting the numbers together, they're probably making similar decision along the way, so I think these numbers are probably pretty consistent. Whether you agree with them or not agree with them, I think that if they decide to add something or decide to take something out as an outlier, the same people are probably decision making the same way over the years.

So that's just my opinion. I don't know if anyone has any questions on that.

MR. RYCHLOWSKI: Yeah, I got a question.

MR. MAHONEY: Sure.

MR. RYCHLOWSKI: Adam, did you do a study a few years ago about one versus two-year leases --

MR. MAHONEY: We did.

MR. RYCHLOWSKI: -- that showed that it was not a big disparity or loss? Quite the opposite in the two-year lease.

MR. MAHONEY: I just did the calculation of what -- if you had a one-year -- I wish I had it in front of me. I don't have it in front of me. But if you had a, let's say, a one-year lease for 1 percent, what would the -- if you had to then increase that lease again at the end of the one-year for the second year at 1 percent, what would you have to make the second year be to make it equivalent? And it was about, I think it like 1.75 percent or something like that.

MR. RYCHLOWSKI: Okay.

MR. MAHONEY: But I made a little chart for 1 percent, 2 percent, 3 percent, on one-year leases, and then what the second year lease would have to be just to make it equivalent. So that was just a calculation. That was just a chart. It wasn't even an analysis. It was just a formula.

MR. MELKONIAN: Adam, could I comment on your comment, which was that there have been very moderate increases, and last year where there's no increase in the rent guidelines. And yet, profits have gone up, or net operating income has gone up. What does that tell us?

MR. MAHONEY: Well, I think that the Board, in the last ten years, has been very fair to both sides, I think, because the rents have been reasonable, and if --

MR. MELKONIAN: If you get a higher return with no increase, doesn't that say that -- why should we want to raise the rent?

MR. MAHONEY: Well, we're forecasting the next year. So I was surprised when I got the numbers, and that's why I spent a lot of time looking into it, and I think that the -- whether it was turn over on buildings and that increased the rent, whether it was more tenants paid, that's why I asked the question to Andy about the basis of the numbers.

If they're -- in theory, if they're accrual numbers where every month a tenant's supposed to pay 1,000 dollars, and then that gets recorded, and then at the end of the 12-month period, it shows 1,000 dollars. Did the tenant actually pay the 1,000, though? So if the tenant only paid 9 months of that, then that shouldn't be 12,000 dollars over the year, it would have been 9,000 over the year, or whatever the numbers would be.

So I was curious, from the accounting perspective, whether it was kind of accrual-based, which is linear over time, or whether it was cash basis, meaning what did the landlords collect, and then did the landlords -- maybe they show a high net operating income on the report, but then maybe they have a high accounts receivable, in which case, they can't collect all that money. So I was just curious about that.

I'm basing my analysis on, it's basically accrual basis, that they build all of this out, and it's their responsibility for collections, obviously.

But I also see a lot of the -- we talked a little bit about the different stimulus, and then the New York State and the federal government's additions to helping tenants in terms of rental repayments and their different ideas that they're -- not even ideas, but policies that they're putting in place, and also some of the different stimulus -- we talked a little bit about it, Andy and Cathryn were talking about that, in terms of how much money did people receive? How was it received? Was it based on income? Was it based on their 2019 tax returns? Things like that.

And then also, unemployment. So if there were --

unfortunately, if people were unemployed over the last year and change, there were federal additions to the New York State unemployment system. I think anywhere from 300 to 600 dollars, depending on what people were making and whatnot.

So I think that, from a -- somewhere in the middle. So when I'm trying to come to a compromise and find a fair solution, I think that there was a lot of money that was put behind helping people to pay their rent, and that continues, and even future programs are in place.

I think that the landlords will have higher inflation moving forward. It's right around 5 percent today, so let's just be reasonable, maybe it stays around the same, and then maybe it tiers down. So I think in this year, I think that we go north of zero, zero, and we can come -- obviously, everyone will have their opinion on that, and we will see from our decision that we make tonight, we won't really know until these income and expense reports come out next year if we're correct.

I think that just from the last four years, and I'm looking -- this is more on the landlords' side, '17/'18 was zero, zero, '18/'19 was 1, 2, '19/'20 was 1.5 -- 2.5, maybe that's more about what I maybe would recommend this year. And then last year is zero, zero. So those last four years have been -- and even '16/'17 was .5 percent and 1 percent.

So I understand the arguments on both sides. There's bad landlords out there that are taking advantage of people. Andy -- nobody here condones that. We're all against that.

And then, obviously, on the tenants' side, I understand some people may still be having a tough time. I absolutely understand that, but I think there's more help -- and Mr. McKee would know all the specifics and I read all of his information, too. There's a lot of help for tenants right now. So I think that we can come to a good compromise.

Not -- and I don't compare us exactly to Rockland, or New York City, or even Westchester, but as I think Andy mentioned before, the decision that New York City made, I don't know how they made that first part of the decision, I don't know how they get that in there, but I guess they were going to kind of leave the first six months at zero percent, but let's back that out of our decision. They're kind of coming up with a 1.5, 2.5 for New York City. And then Rockland came up with .5 by .75. That's what their decision was. I watched some of their deliberations, or most of the deliberation.

So I think again, my opinion is off of zero, zero, and then just have enough for the second year lease, so that it's commensurate for a landlord.

MS. HARRIS-MARCHESI: I'm going to interject for a second. I just want to make one point.

When somebody's on unemployment, if you've been -- even with a -- even if you received the 3 or 600 dollars more, considering how much it costs to live in New York, for instance, if I went on unemployment, and I even got the extra 600 dollars a week, I would still be running at a deficit to what my regular salary was.

So just because the government decided to get off of 425 dollars a week, and give people -- and give some people 300 dollars for a period of time, some people 600 dollars a period of time, that does not mean that that was extra money that they were getting if they had lost their position. I just want to make that point.

MR. MAHONEY: I'm not saying that.

MS. HARRIS-MARCHESI: Because everybody keeps using this as if, oh, well, all these people all of a sudden got all this money. It's like, well, they were better off being unemployed.

MR. GRAY: I'm not saying that. Cathryn, I'll be very -- I'll be specific. As I said, if someone's on unemployment, that's terrible. Emotionally, it's very draining. You're trying to support your family. I absolutely understand that. I'm not saying -- I'm not saying that they -- that it's the -- it's they're receiving extra money. I'm not saying that.

What I said was, that in addition to the New York State unemployment, the federal government contributed more to what it would normally be in normal years.

And also from that person who is in that kind of situation, and I don't -- I've never heard this before, or I don't recall it, and I'm not young, but I don't remember a time when there was a rent reimbursement program from the federal, or the state, or the local governments.

As Mr. McKee said the other night, and I know Mr. Padyk is probably a really great landlord, because he's trying to help his tenants out to get that rent reimbursement. So I'm not saying it's easy to get that, either, but that is available, and I think we need to take that into consideration, that there are a lot of -- there's a lot of more support in the last 12 months, and obviously, it's probably all mostly due to COVID --

MS. HARRIS-MARCHESI: Of course.

MR. MAHONEY: -- but there's more support for individuals, whether it's a stimulus from the federal government, it's unemployment from New York State and the federal government, whether it's non-profit organizations helping individuals get rental reimbursement income from a state agency, whichever agency that is, which I don't -- I don't know. Has that even been a program in the past? I don't -- I don't remember that.

MS. HARRIS-MARCHESI: And anybody who's been trying to navigate unemployment, and this is real from my business life, to do with -- to do with New York State Department of Labor, is a mess right now. And it's usually the people who are higher income who have lost their jobs that are having a heck of a time getting their money for unemployment from New York State. And I have at least four clients who were in the financial industry, where they've been waiting for over eight months, without getting their reimbursement from that.

The other point I wanted to make is, the program that we're talking about to do with paying the back rent, and I -- it's a good thing, and I think it's a good thing that it's happening, it benefits the tenant in terms of when they lift the non-eviction order, but the money goes directly to the landlords, so it's something really, if you look at it, benefits both. The landlord gets directly paid --

MR. MAHONEY: Sure.

MS. HARRIS-MARCHESI: -- the back rent that's owed. So the tenant doesn't touch it, but it prevents the tenant from being evicted. And I look at that as being a win-win.

MR. MAHONEY: I agree 100 percent, and I was happy to hear that Mr. Padyk is helping his tenants to do that. It would make sense that the incentive, if a landlord is owed back rent from a tenant, for them to be proactive and help their tenants, or maybe there are, as I mentioned, non-profit organizations that could -- who may be more versed in the paperwork aspect of it, who he or she, the landlord, could introduce to their tenants to file those types of documents.

And if they're filing those documents on behalf of dozens, or hundreds, or thousands of people, they may have more success and they may kind of, really command -- not command, but become proficient in that system, and they could help out.

MS. HARRIS-MARCHESI: And there absolutely -- and there absolutely not for profits that are doing that. That's not hard to find.

MR. MAHONEY: Sure. Sure.

MS. HARRIS-MARCHESI: Okay.

MR. COHEN: I have two comments. I do know two companies who do report on the accrual basis, so they would report the income, but out of these 98, there's no way to tell.

And the other thing I wanted to mention is, I've spoken to some of the landlords, and during COVID, there were a lot of projects that were deferred because you couldn't do them. So that's why repairs didn't look like -- it looked like it was down, and I would expect it to boost up now that, hopefully, COVID's near being done. We'll see about that, but --

MR. MAHONEY: That makes sense.

MR. RYCHLOWSKI: Adam?

MR. MAHONEY: Sure.

MR. RYCHLOWSKI: You had mentioned about the ERAP and that we should take that into account. I think the fact that the legislature saw fit to pass the ERAP because there are tenants having trouble paying their rent argues that we shouldn't see any increase in rents.

And Barry mentioned that landlords were having problems with tenants paying the rent and everything, raising the rents certainly will not help in that regard.

MR. MAHONEY: I think, and I don't know if this -- I don't meant this in a negative way, but I kind of want both sides to not like the decision, right? So one side should not -- if one side doesn't love every part of it and the other side doesn't want any -- doesn't like every part of it? It's probably a fair -- because I'm in the -- again, I'm in the middle, so I don't -- I'm not -- if everyone doesn't like me at the end of the call except for the public members, I can live with that.

MR. MILLER: Let me -- let me hear from some of the other board members before I move on. I see Barry, you have your -- you're back live with us. Let me hear from Jeannetta. Some of the folks, I've just not heard from tonight. Go ahead.

MS. ALEXANDER: Good evening. So I agree completely with Adam, and I think we're in catastrophic times. However, both sides have to suffer through this. I don't think we can do zero, zero again. I mean, we can argue both sides that the tenant receives monies, but these are the same arguments we told the landlords about their eligible for (indiscernible) incentives.

So we can't say it's good for a tenant but then not good for a landlord or vice versa. It has to be a reasonable increase. It has to be where both sides are going to sustain a little bit of hurt. These are these times we're in. And for the entire system to work over the long term, we can't have zero, zero again. It has to be a balancing act.

And I think this year, if any, is the perfect time where we have to do it, because again, now you have tenants, no matter how minor they are, are receiving, or have the ability to receive monies. No matter how complicated it may be, it's still an option for them the same way it is for landlords to get tax incentives.

MR. STEIN: Can I make a statement? This is the true definition, and I may agree or disagree with what Jeannetta just said, and Adam said, this is a true definition of what a public member, how they should do it. Not to make either side happy. That's a perfect definition, and I wish other people would follow that model. Thank you.

MR. COHEN: One more point that came to mind. I read that Social Security could be going up 5 percent this year. So that's something, also.

MR. GRAY: Social Security goes up every year.

MR. COHEN: Yeah, 1 percent. Last year, I think it went up --

MR. GRAY: It went up much more than 1 percent last year.

MR. COHEN: What?

MR. GRAY: I think it went up more than 1 percent last year.

MR. COHEN: It wasn't two, I know that. But 5 percent is a big jump.

MR. GRAY: Yeah.

MS. HARRIS-MARCHESI: And that's an if, correct? Or a maybe?

MR. MELKONIAN: 5 percent would cover the cost of living, right, if 5 percent is inflation, as you're suggesting.

MR. COHEN: According to you, it should go up 3 percent.

MR. MELKONIAN: No, not according to me. According to Jerome Powell.

MR. COHEN: What does he know?

MR. MILLER: Garrett, while you're up, let me hear your comments. Go ahead.

MR. MAHONEY: Mr. Cohen knows just as much as Chairman Powell knows.

MR. GRAY: I do agree that we can't do zero, zero again. We did that last year, and last year it was almost a no brainer, given the state of the world and the state of the tenants in Nassau County. I think now that we've pretty much come out of this, I agree with Jeannetta, it's got to be a balancing act, and we've got to back to practical considerations, and not shun landlords as being ogres.

Look, they're businessmen trying to make a buck just like everybody else, and tenants are trying to pay it. So it's a balancing act, but again, it's got to be more than zero, zero, and I say let's vote.

MR. MILLER: Okay.

MR. MELKONIAN: Could I make a comment here?

MR. MILLER: Go ahead.

MR. MELKONIAN: If last year was zero, zero, and now, net operating income is at a peak, why can't we go again with a zero, zero? It doesn't make sense. If they're able to find other ways, cutting costs, or finding other sources of rental income and still reach a peak in net operating income, why should we raise the guidelines?

MR. MAHONEY: I think there were many -- there were many factors that occurred in the last 12 months. All of the federal government stimulus, the inflation in the short term hitting 5 percent. But that 5 percent, if you remember the chart, it was .6 percent last month, .8 percent the month before, and .6 percent the month before that. So the majority of that is actually, we're experiencing it right now.

So I think that spike in inflation is going to be at the tail end of this year, which ends September 30th, I think, and then it'll, as it goes through the beginning of the next fiscal year that the leases will start, I think the expenses are going to be higher moving forward. And I think that -- but also taking into consideration the ability to pay the rent, there are many -- there's much more money being invested or provided by the different government programs.

So I think it's a -- there's many factors to justify on both sides. The expenses will be higher for landlords, but the rents will be -- easier is not the right word, I don't think, but there's more support to pay rent, and if people had owed back rents, there are programs that are out there that, again, I don't recall those types of programs paying, Mr. McKee said, possibly 15 months of rent in certain circumstances. Not every circumstance, but in certain circumstances.

So putting those both together, my forecast, and again, it's my opinion, is that I think that in the last few years, the net operating income was rising, so that was -- I think that was a good thing, and the tenant guidelines were not egregious or extremely high, and I think in the next 12 months, we won't know, but again, Garrett agreed, I think Jeannetta agreed, going off of zero, zero, I think is kind of my conclusion, to a degree. How high off of that, we all have to agree on. So I don't -- I'm just thinking it's not zero, zero.

And let's put it -- let's give an example. If we -- if we put 1.5, 2.5 this year, or something in that ballpark, and the net operating income next year is 42 percent, then we have this on video, we can look back to it, and we made probably not a great decision. But if it's in the same realm of what it's been, then maybe that's a -- that was a reasonable decision. Obviously, it's a difficult decision.

MR. MELKONIAN: No, it's not difficult, Adam. The trend is upward. What I'm saying is, this is the peak net operating income --

MR. MAHONEY: I agree.

MR. MELKONIAN: -- with a zero, zero rent guideline. A peak.

MR. MAHONEY: But we're -- but we're in a --

MR. MELKONIAN: That's what it is now.

MR. MAHONEY: Well, let me ask you a one question.

MR. MELKONIAN: Because we've never had such a high net operating income, and here you're asking to raise it?

MR. MAHONEY: What was -- what was the last pandemic that we were able to study? And what were the impacts of all that stimulus into the -- into a government? And then there's even more stimulus now. And then there's -- and there's even -- and again, this is more of an economics, a macroeconomics question --

MR. MELKONIAN: What does this have to do with the operating income.

MR. MAHONEY: -- do we see inflation come down, people are saying it's transitory, and that may be true, but we're not going to know for another year or two if that's the case.

MR. MELKONIAN: But why are we erring on the side of projections that are not, what I would say, most economists would agree to? Most economists are saying let (indiscernible) --

MR. MAHONEY: My biggest factor

MR. MELKONIAN: -- percent.

MR. MAHONEY: My biggest factor on that, I think, would be the government stimulus and investments and policies or programs to provide support for people who needed it, whether it was unemployment, or just direct stimulus. And then, specifically, in Nassau County and in New York, and that's what I'm really looking at, are the -- and I don't know the -- I don't know the acronym for it, but the different programs that are reimbursing tenants to be able to pay rent for them.

And that's the main factor which brought me above zero, zero. That's the main -- the main factor, is the stimulus and the support programs that are -- that are helping people in need, and I think that's great. But I don't think that one side should benefit to a degree. And I'm not talking individuals, it's a -- it's a -- it's a general statement, where the other side, they have needs as well.

And with higher inflation, higher expenses moving forward, Andy made a good point. There probably were restrictions on even doing some types of projects and maybe basic maintenance on certain properties that may have -- they may have been holding off on that. So that may have saved them a little bit short term, but in the -- now that things are opening up, they can probably do some of those projects. Again, generalization. I don't have any specific examples of it. But my overall conclusion is that we go north of zero, zero.

MR. MELKONIAN: Adam, if net operating income next year goes down, I would agree with what you're saying. But if we're at the peak of net operating income, why should we now go ahead and raise the rent guidelines?

MR. STEIN: Are you talking as a tenant rep or a landlord rep?

MR. MELKONIAN: It doesn't make sense.

MR. MAHONEY: But we're forecasting -- I think we're forecasting for the future, not necessarily -- we're almost a leading indicator to a degree, rather than a lagging indicator. The lagging indicator are the net operating expenses, and our decision for the guidelines is kind of a leading indicator, moving forward, anticipating or forecasting the next period.

MR. MILLER: All right. So let's transition into making some decisions tonight.

Let me start, do tenants or the landlords want to start?

MR. RYCHLOWSKI: I'll --

MR. MILLER: Andy?

MR. COHEN: Tenants could start.

MR. MILLER: Pardon me?

MR. COHEN: The tenants can start.

MR. RYCHLOWSKI: I'll start. I was somewhat surprised to hear about that people are saying, well, Social Security will get a 3 percent increase, and we think there's going to be 5 percent inflation rate, so we should raise the rent on the seniors.

Also, I think the Emergency Rental Assistance Program is because there's an emergency that tenants are having trouble paying their rents. And the net operating income shows the landlords are doing quite fine.

So I know it's probably not going to pass, but I'm proposing a zero percent for a one-year lease and a zero percent for a two-year lease.

MR. MILLER: Does the motion have a second?

MS. HARRIS-MARCHESI: I'll second that. Cathryn.

MR. MILLER: Cathryn. All right. Let's go down the line.

Jeannetta, are you for, or against?

MS. ALEXANDER: I'm sorry. No.

MR. MILLER: I'm just doing it the order I have it here.

Andy?

MR. COHEN: No.

MR. MILLER: Garrett?

MR. GRAY: No.

MR. MILLER: Adam?

MR. MAHONEY: No.

MR. MILLER: Martin?

MR. MELKONIAN: Yes.

MR. MILLER: Robert? Well, Robert proposed it. So the motion does not carry.

Barry, I'm sorry. Barry. I left out Barry.

MR. STEIN: Obviously, no.

MR. MILLER: All right. So the motion dies. I mean it's voted down. Okay. So zero, zero is out, and I think that was the trend I was seeing, anyway.

Landlords, do you want to go ahead?

MR. COHEN: Yeah.

MR. MILLER: Go ahead, Andy.

MR. COHEN: I'll propose 2 percent for a one-year and 3 percent for a two-year.

MR. MILLER: Do you have a second?

MR. STEIN: I second it.

MR. MILLER: All right. Let's go again.

Jeannetta?

MS. ALEXANDER: Sorry. I didn't hear the number. Can he say it again? I'm sorry.

MR. MILLER: 2 percent for a one-year, 3 percent for two-year.

MS. ALEXANDER: No.

MR. MILLER: Garrett?

MR. GRAY: No.

MR. MILLER: Cathryn?

MS. HARRIS-MARCHESI: No.

MR. MILLER: Adam?

MR. MAHONEY: No.

MR. MILLER: Martin?

MR. MELKONIAN: No.

MR. MILLER: Okay. It dies.

MR. GRAY: All right. I'll try.

MR. MILLER: Okay, Garrett. Go ahead. Give me a -- let me just -- let me just clean up my notes here, please.

MR. GRAY: Yep.

MR. MILLER: Give me one second. Okay.

Go ahead, please.

MR. GRAY: This is what I was going to propose going in, so 1 percent for one-year, 2 percent for two-years.

MR. MILLER: Okay. Do you have a second?

Jeannetta, I see your hand, but for the record, please, I need your voice.

MR. RYCHLOWSKI: She's muted.

MR. MILLER: You're muted, Jeannetta.

MR. GUTTENTAG: Yeah, we're unmuting you, Jeannetta.

MR. GRAY: You're muted.

MR. GUTTENTAG: You got to unmute, Jeannetta. I can't --

MS. ALEXANDER: I second it.

MR. MILLER: Okay. All right. Let's go down the list.

Andy?

MR. COHEN: I'm thinking. I just need a minute. Don't think it's going to carry. I'll say yes.

MR. MILLER: Okay. Cathryn?

MS. HARRIS-MARCHESI: No.

MR. MILLER: Adam?

MR. MAHONEY: I'll say yes, also.

MR. MILLER: Martin?

MR. MELKONIAN: No.

MR. MILLER: Robert?

MR. RYCHLOWSKI: No.

MR. MILLER: Barry?

MR. STEIN: Yes. Yes. I don't know if anyone's heard me, but yes.

MR. MILLER: Yes. Okay. So we have one, two, three, four. I say yes. Okay. So it carries.

MR. GRAY: My streak continues.

MR. MILLER: Okay. So it's .5 percent and 1 percent. Half percent for one-year leases, and 2 -- half percent for one-year --

MR. COHEN: It was 1 percent.

MR. MILLER: Oh, 1 percent.

MS. ALEXANDER: 1.

MR. MILLER: 1 percent and 1 percent.

MS. ALEXANDER: 1.

MR. GRAY: No. 1 percent and 2 percent.

MS. ALEXANDER: 1 percent and 2 percent.

MR. STEIN: 1 percent for one-year and 2 percent for two-years.

MR. MILLER: Right.

MR. MELKONIAN: You going to change your vote, Mike, based on --

MR. MILLER: No, I didn't.

MR. FERRERA: If James can interject. So Garrett made the motion, 1 percent, 2 percent. Jeannetta with a second. Andy, yes. Cathy, no. Adam, yes. Martin, no. Robert, no. Barry, yes. We could stop right there. That's five --

MR. MILLER: Five.

MR. FERRERA: -- to three.

Michael, you made it six to three, and that's -- you can do that.

So the motion passes. 1 percent, one-year, 2 percent, two-year.

MR. MILLER: Any other matters? No?

All right. Based on our deliberation tonight and over the last few weeks, we've been listening to statements from landlords as well as tenants. We've gone over numbers from the DHCR, CPI index, made fair comparisons. The decision is that for one-year lease, it will be 1 percent, and for two-year, the second year will be 2 percent.

Thank you very much, ladies and gentleman.

Do I have a motion to adjourn?

MR. STEIN: Good night, everyone. Have a good summer.

UNIDENTIFIED SPEAKER: Motion to adjourn.

MR. COHEN: Have a good summer.

MS. ALEXANDER: Motion to adjourn. Bye.

MR. MILLER: Motion for adjournment.

MR. GRAY: Motion.

MR. STEIN: Second.

MR. MILLER: Garrett, second by Barry.

All in favor? Yes?

IN UNISON: Aye.

MR. MILLER: Aye. Thank you very much. Thanks to DHCR. Have a very good holiday.

[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.

Signature

Date June 30, 2021