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NEW YORK STATE DEPARTMENT OF
HOMES AND COMMUNITY RENEWAL
NASSAU COUNTY RENT GUIDELINES BOARD
MEETING

DATE: Thursday, June 23, 2022
TIME: 7:30 PM
LOCATION: Nassau County Legislative Building
1550 Franklin Avenue
Mineola, NY 11501

REPORTER: BARRINGTON MOXIE

1 MR. MILLER: I apologize for the late start this
2 evening. Welcome to the deliberation and vote for
3 the Nassau Rent Guidelines Board. There's no public
4 participation in this meeting.

5 I'm going to go ahead and start introducing members
6 of the Board starting on my right.

7 MR. COHEN: Andy Cohen, landlord member.

8 MR. STEIN: Barry Stein, landlord member.

9 MR. MAHONEY: Adam Mahoney, public member.

10 MR. MELKONIAN: Martin Melkonian, public member.

11 MR. GRAY: Garrett Gray, public member.

12 MS. HARRIS: Cathryn Harris-Marchesi, tenant
13 member.

14 MS. ALEXANDER: Jeannetta Alexander, public member.

15 MR. RYCHLOWSKI: Rob Rychlowski, tenant member.

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

18 MR. FERRARA: James Ferrara, Associate Attorney,
19 DHCR.

20 MR. MILLER: Thank you very much. Has everyone had
21 a chance to go over the minutes for the last meeting?

22 MS. HARRIS-MARCHESI: Yes.

23 MR. MILLER: Motion to accept? Motion answer
24 second. All in favor?

25 MR. GRAY: Aye.

1 MS. HARRIS: Aye.

2 MR. MILLER: Aye.

3 MR. RYCHLOWSKI: Aye.

4 MR. STEIN: Aye.

5 MS. ALEXANDER: Aye.

6 MR. MAHONEY: Aye.

7 MR. COHEN: Aye.

8 MR. MILLER: All right. Ladies and gentlemen, we
9 have obviously heard extensive testimony from landlords
10 ranging from inflation and many of the issues, rising taxes
11 in Long Beach, et cetera, and increasing costs from tenants
12 who have heard the same inflation issue of course and the
13 fact that they're not as flexible to absorb the increases
14 due to inflation and all the things as some of them are on
15 fixed incomes. So tonight we're going to go ahead and we
16 now have all the figures from DHCR plus some additional
17 information we got just -- just in the last couple days a
18 serious but robust discussion.

19 I know there was an adjustment to the mortgage
20 interest statement from DHCR, but do you want to go ahead?
21 You had a correction that had to be made on something that
22 was said?

23 MR. STEIN: Well, yeah, I don't know if I
24 interpreted this correct, but the -- what it says the
25 mortgage -- but it says the mortgage interest, now it says

1 in Nassau 2022, 23, I guess, buildings reported that
2 refinanced. Now, they may have refinanced at the beginning
3 of the year or last year. But then when it said, and the
4 median rate for current mortgages, now it's dated June 23rd,
5 2022. So I'm interpreting it that a current mortgage is at
6 2.58 is factually wrong and the current mortgages today --
7 and I listed I think I sent in the banks that are, it's
8 anywhere from 5 to 6 percent, probably 5.25. But somebody
9 told me today, Andy mentioned that TD Bank is at 6
10 percent --

11 MR. COHEN: And Wells Fargo.

12 MR. STEIN: Pardon me?

13 MR. COHEN: Wells Fargo.

14 MR. STEIN: Oh, Wells Fargo. Excuse me. So I just
15 think -- I want to be specific, so I listed the lenders that
16 are in that 5 to 5.5 percent rate and I, you know, New York
17 Community Bank and Flushing Bank, these are the major
18 multifamily lenders in the New York community.

19 In fact, Real Community Bank is probably the
20 largest lender of apartment buildings in the metropolitan
21 area. So I just wanted to be specific and if I
22 misinterpreted, I stand corrected. But it says the current
23 mortgages are 2.58, the date of it is June 23rd. There's no
24 specific date. Notwithstanding, we don't know the length of
25 the term whether it's 5 years, 10 years, 7. So it wasn't

1 clear and that's all. I just wanted to make that point.

2 MR. MILLER: Point taken.

3 Andy, go ahead.

4 Please listen to Andy very, very carefully because
5 by the end there's a special announcement. So we're giving
6 him full attention tonight.

7 MR. COHEN: I just have a few comments if I could?

8 MR. MILLER: Okay.

9 MR. COHEN: I'll try to get through quickly. It's
10 interesting to note that we had just 6 tenants speakers
11 representing 2,753 apartments over the last three meetings,
12 that represents two-tenths of one percent of potential
13 tenant speakers. We had 8 landlords speakers for 95
14 buildings or 8.42 percent. I think that says something.
15 I'm not exactly sure what it says. I don't know if it's
16 apathy or maybe there is no rage that we think there is,
17 but it says something.

18 We also had four politician speakers who clearly
19 advocated for the tenants rather than representing all the
20 citizens. And they want us to keep the increases at 0, but
21 they increased our real estate taxes 5 percent, at least in
22 Long Beach. I also just want to talk about Mr. McKee's
23 testimony a little bit. I'm not going to read the whole
24 thing, but I've been listening to him for almost 18 years
25 and almost every one of those years he would come up with

1 something that indicated that landlords commit fraud with
2 not one iota of evidence. And it's hard to take anything
3 else as credible that he says because I think that's a
4 terrible thing when he attacks the landlords and says that
5 they're committing fraud.

6 He did say one thing and I'll get back to it in a
7 little while, when he said we should look at amounts rather
8 than percentages. I'm going to get back to that. The
9 schedules indicate there was a 1.35 percent increase in rent
10 and 2.58 percent increase in expenses. And I want to
11 also -- I want to drill down on the NOI of 37.2 percent
12 because everybody says, oh, they're doing fine. That's
13 great. And this is where we're going to talk about dollars
14 instead of percentage.

15 According to the DHCR report, the NOI in dollars
16 per building on average is 27,098 and if you reduce that by
17 interest, it's 16,465. So if you just take the average, if
18 that's what it is, where's all this money that the landlords
19 are making? I'm not really sure I get it and I'm looking at
20 dollars instead of percentages because when you say 37.2
21 percent, well, yeah, that's healthy. I agree with that, but
22 in real dollars, not so healthy. And these are right off
23 the reports.

24 And we could talk about that these reports include
25 regulated apartments as well as unregulated and the result

1 is that the unregulated has always subsidized the regulated
2 apartments. However, there doesn't appear to be anything in
3 the legislative history or rational to support that the
4 unregulated apartments should support regulated apartments.
5 In addition, the Board, all of us who learned on Tuesday
6 night that the Board could of instruct DHCR how to do these
7 reports. I would like to see the schedule include only
8 regulated rent income and expenses could be prorated between
9 regulated and unregulated. For example, if there's 100
10 apartments and 50 are regulated, 50 are unregulated you take
11 the income from the regulated apartments and half the
12 expenses and you'll get a true picture what's really
13 happening with regulated apartments as far as income goes.
14 Is it high? Is it low? We don't know. But I don't think
15 it's fair that we look at these numbers at 37 percent NOI
16 that includes unregulated apartments. That's my opinion.

17 Section 26-5 10, if it still exists, it might be
18 relevant to the new Act of 2019 of the Rent Stabilization or
19 it requires the Board to consider a prevailing -- a
20 projected operating expenses and maintenance cost. There
21 was testimony from Mr. Padyk (phonetic) and Mr. Rush and
22 others regarding the current 8.6 percent rate of inflation
23 which is poised to rise even higher I believe. Last year we
24 had a long discussion about inflation and everyone said it's
25 temporary. I think we know the answer now, it wasn't

1 temporary.

2 New York City passed their guidelines Tuesday
3 night, which was 3.25% for one-year leases and 5% for
4 two-year leases. As indicated in the landlord's testimony,
5 the Board should also consider for fairness a reasonable
6 increase for two-year leases. Failure to pass fair
7 guidelines coupled with the 2019 Act, rent inflation could
8 have unintended consequences to the maintenance and upkeep
9 of the buildings.

10 As I discussed every year, the legislative findings
11 of the New York State Emergency Tenant Protection Act of '74
12 was to prevent speculative, unwarranted, and abnormal
13 increases in rent, as well as to stall profiteering and
14 other disruptive practices. I didn't hear any evidence that
15 would indicate any of that exist today.

16 Finally, as this is my last meeting, I want to
17 thank the Board for its professionalism in decorum over the
18 years, Notwithstanding, that we have competing interest. I
19 truly enjoyed my 18 years or so on the Board and I wish each
20 one of you well and success in the future. Again, I really
21 enjoyed being on this Board, so thank you for that.

22 MR. MILLER: Thank you very much, Andy, and you
23 certainly will be missed. Good luck.

24 MR. STEIN: Can we stop him from leaving?

25 MR. MILLER: Maybe if somebody proposed. Is it

1 your proposal?

2 MR. STEIN: I'm working on it. It's not working.

3 MR. MILLER: I know. I know.

4 MR. COHEN: I won't be a New York resident.

5 MR. MILLER: Thank you.

6 Robert?

7 MR. RYCHLOWSKI: Yeah, I just wanted to make a
8 mention about -- Andy had said about how there was so much
9 fewer tenants speaking and testifying now. A part of the
10 problem I know in Long Beach is that a lot of the ones who
11 are most affected by this is senior citizens who are less
12 able to get around. And I know that when this started, I
13 was one of the younger people and now I'm still one of the
14 youngest people and I'm 66 years old now. So I'm the young
15 guy on the group in Long Beach.

16 Also, I wanted to mention that you mentioned the
17 3.25 and 5 percent for New York City. We didn't mention the
18 .5 percent for Rockland County for a one-year lease and .75
19 percent for two-year lease.

20 MR. MILLER: That's your job.

21 MR. STEIN: Can i just -- you know, I don't know
22 how we want to discuss this. I think everyone feels,
23 whether it's the landlord reps, colleagues, or the tenant or
24 public numbers, when you mention the senior citizens and,
25 you know, I sort of have a pet peeve that it seems that the

1 municipalities, whoever it may be, not singling out, well I
2 can't remember how many years and sometimes when you talk to
3 some legislators, they're not familiar with the SCRIE
4 Program. And you -- I think you know what I'm going to say.
5 I think the SCRIE Program, if there's a way that we could
6 recommend it and maybe it doesn't become effective, but I
7 think I want to make at least a point that everyone on this
8 Board is in favor of trying to produce a SCRIE Program for
9 the particular municipalities, which for the particular
10 audience here, that's where they freeze for senior citizens
11 that can't afford the increase. They freeze any increase
12 and it gets passed on to the landlord as a tax credit. And,
13 you know, it sort of bothers me a little bit.

14 And I think this Board, we try to help. Michael,
15 if I'm not mistaken, we wanted to do two guidelines and what
16 happened is they -- I forget how it came about, but they
17 overruled us, and who got hurt? The senior citizens.
18 That's the vulnerability that I feel for the senior citizens
19 that don't have the money. Like you said, they couldn't get
20 out, the cost and things of that. So I don't know what this
21 Board could do, but I know we all feel the same, whether
22 it's a tenant, public, or landlord rep.

23 MS. HARRIS-MARCHESI: There is -- I don't remember
24 off the top of my head, but I remember before, when I was
25 doing a lot of housing issues on Long Island, I did look

1 into the SCRIE Program to do with I believe it was Martha
2 Krisel (phonetic) and I, who used to be the -- who used to
3 work for the legal department for Nassau County, she was the
4 head of it. And there was some kind of issue that a lot of
5 the municipalities would not qualify or there was some kind
6 of hoop they had to jump.

7 MR. STEIN: Was it two sets of -- two sets of
8 guidelines and they didn't permit that? It was something --

9 MS. HARRIS-MARCHESE: I'm not talking about when we
10 tried to do it but I'm talking about the SCRIE Program in
11 particular. There's something about it that makes it very
12 difficult for municipalities to get it. I cannot remember
13 what it is off the top of my head, but one of it might be
14 looking at the New York legislator -- legislature to try to
15 change -- to try to change whatever those hoops are and to
16 make it easier.

17 MR. COHEN: Well, it cost them money. That's why
18 they don't want to do because it costs them money.

19 MR. RYCHLOWSKI: Excuse me. You know, I know we
20 discussed this SCRIE program before. We discussed it when
21 we're at the meeting in Long Beach.

22 MR. STEIN: Yes.

23 MR. RYCHLOWSKI: And I know the city council
24 president had mentioned that they just settled a lawsuit and
25 they had to pay out \$75 million and they just got the bonds

1 upgraded from junk bond status right now. So the money is
2 not there. Believe me, I would love to push SCRIE
3 through --

4 MR. STEIN: I know you would.

5 MR. RYCHLOWSKI: -- over there. I think it's a
6 valuable thing. And as soon as things are a little better
7 financially, I will be pushing it in Long Beach.

8 MR. STEIN: And you know -- and I think that's --
9 and it's not directed at you, Robert, but I know the
10 landlords would say, don't make your problems my problems.
11 But I understand where you're coming from because you did
12 mention it. But, look, there are other municipalities and I
13 just, you know, when some of the legislators talk about the
14 zero guidelines and they talk about the tenants and some of
15 them don't even know about the program, that's sort of --
16 that is surprising and disappointing because senior
17 citizens, we know that's the most vulnerable group. There's
18 no question about it, you know? And I know your where your
19 heart is because I know you would -- we were all in favor of
20 it and then what happened was they declined it. You know, I
21 don't know if it's making a political point, but I just
22 don't want it to be an imbalance on the backs of the
23 landlords -- representing landlords. That's why I'm
24 bringing it up. That was my motivation and to try to help
25 the senior citizens.

1 And, by the way, then there was a lawsuit and it's
2 amazing. The senior citizens were the ones that got hurt on
3 one of the guidelines because we had either a very low
4 guideline, an extreme low, we didn't raise it, but we
5 disproportionately spread it across the most of the tenants.
6 And there's a lawsuit and the senior citizens -- and they
7 said, no, senior citizens have to pay, if I remember
8 correctly.

9 MR. MILLER: That was my first year as Chair.

10 MS. HARRIS-MARCHESI: That was my first year here.

11 MR. STEIN: Well, welcome to the line of fire. You
12 know, but, you know where I'm coming from, at least in that
13 respect.

14 MR. COHEN: The tenants started that action.

15 MR. STEIN: The tenants started that, yes.

16 MR. COHEN: So if they didn't, the senior citizens
17 would be in good shape today because they would have -- it
18 just would have carried over from year to year.

19 MR. RYCHLOWSKI: I think some of the tenants were
20 concerned about, like, divide and conquer, like having
21 separate guidelines like that. And, also, then we had --
22 there was one year I think we had separate guidelines for
23 Hempstead than the rest of Nassau County also.

24 MR. STEIN: And, right. And, look, we were just
25 trying to be -- you want to use the word fair and balanced.

1 I think everyone of this Board was trying to reach some sort
2 of a sensitivity with some of the people in Hempstead that
3 maybe couldn't afford it and some of the others, you know?

4 MR. MILLER: There's another part to that. A part
5 of the issue, just to bring everybody up to speed, was that
6 a lot of the landlords in Hempstead had major issues where
7 they weren't maintaining their properties. So I think that
8 is where that came from.

9 MR. STEIN: Well, there was some landlords -- and
10 that's like everything, there are some landlords that just
11 create the negativity for the majority of landlords or a lot
12 of things in life, you know, that creates that negativity.
13 I mean, just right now they have fair housing for real
14 estate brokers. I don't know how or why anyone would want
15 to be a real estate broker on Long Island or Westchester
16 selling houses that -- of how they can jeopardize their
17 license just by doing -- just a quick story -- I know
18 someone that was looking to lease an apartment, the broker
19 you know was looking to do it, knows him, and there were two
20 offers. One was, I think, \$3,500 it was a house and the
21 other one was \$3,700. And the owner took the \$3,500. Why?
22 Because it was a single tenant and they wanted their
23 house -- they protect as opposed to five people with a dog,
24 but because the dog was a, I guess, a therapy dog and the
25 broker told me they had to drop that sale because if they

1 would have gone for the \$3,500, they could have been sued
2 for discrimination. And I think anyone else in the
3 position, if we own the property, we would say if they pass
4 credit, I'll take less, but I want to make sure my property
5 is in good condition.

6 And that's how -- what I was saying is that there
7 are some brokers that will -- that cause the problem for the
8 majority of brokers. And that was the point I was trying to
9 make.

10 MR. MILLER: And, of course, that's not to say by
11 any means that they're not landlords that are doing a very,
12 very good job in Hempstead and in all areas. We're not
13 suggesting that in any way. We hear the problem over and
14 over. So -- but let's move on from this.

15 MR. STEIN: Okay.

16 MR. MILLER: Let's just move on. I think -- go
17 ahead, Martin.

18 MR. MELKONIAN: Thank you. Well, I think what
19 we're here to do is to talk about what, if any, should be a
20 change in the guidelines. And in looking through the data,
21 and we have data going back to 1987, in those 34 years the
22 highest rate of return, the net operating income, which is
23 the data we use generally to think about how profitable a
24 building is. Well, there are two years in those 34 years
25 that was slightly less -- or slightly more than the current

1 year.

2 In 2021, net operating income was 37.2 percent
3 above -- one percentage point above the previous year and
4 higher than almost any year in the past 34 years. So based
5 on the data that we have, it seems to me that landlords are
6 doing well despite the fact that we've had significant
7 controls. Prices.

8 MR. COHEN: Can you quantify the dollars?

9 MR. MELKONIAN: Pardon?

10 MR. COHEN: Can you quantify it in dollars though.

11 MR. MELKONIAN: You can quantify it in dollars. We
12 always look at --

13 MR. COHEN: \$27,000.

14 MR. MELKONIAN: -- the percentages. There's no
15 numbers for balances.

16 MR. COHEN: \$27,000. It's on the sheets.

17 MR. MELKONIAN: Well, We'll have to look at that.
18 I don't know. I'm going by the data we have, and what it
19 shows is that we're at peak, close to peak net operating
20 income, which is perhaps the best measure of profitability.

21 MR. STEIN: Is that before the debt service,
22 Martin?

23 MR. MELKONIAN: This is before the debt service,
24 correct. Yes. It's before debt service and it's also
25 before depreciation.

1 UNIDENTIFIED SPEAKER: And taxes.

2 MR. MELKONIAN: It should be pointed out that
3 that's a very substantial return, considering the fact that
4 most investors, and admittedly those investors are not
5 directly involved in buildings as landlords are. Most
6 investors got substantially less than that. There's a
7 decent return in the past several years. It might have been
8 2, 3, 4, or 5 percent. Here we have 37.2 percent.

9 Now, most tenants actually received no real
10 increases in their income after adjusting for inflation.

11 That is to say, inflation was presumably about -- well,
12 depending on how you gauge it, currently it's a little more
13 than 8 percent, but say last year it was closer to 4 or 5
14 percent. Their incomes barely covered the inflation and
15 certainly this year it will not cover the inflation, okay?

16 And on top of that, it seems to me we're headed
17 into fairly hard times. As you know, the Federal Reserve is
18 in the process of raising interest rates, which is of
19 course, going to be detrimental to housing. But in the
20 process, a lot of people are going to lose their jobs.
21 There's going to be, I suspect, perhaps the oncoming of a
22 recession and that will hurt most of the people at the
23 lowest income right off.

24 Now, in addition to the better returns that
25 landlords have experienced this year and in most of the 34

1 years that we're talking about. In addition to these higher
2 returns, it struck me that statement that, I forgot, someone
3 made was that the real estate mogul, Helmsley, who said, buy
4 real property, inflation will make you rich. That indeed
5 has been the case. Indeed, most building owners have seen
6 pretty dramatic rises in the value of their properties. So
7 that even if you could argue that the return is
8 insufficient, which obviously it's not, but if you could
9 make that argument, one could look at the rise in the value
10 of their assets, which has been rather dramatic over the
11 past 34 years. So that in that sense, landlords, I think,
12 are better capable of handling the hard times ahead.

13 We are facing hard times and I suspect this year
14 will be very difficult and next year will be very difficult.
15 A lot of people will be affected, including landlords,
16 because of higher costs. But tenants are also going to be
17 affected because everything is going up in prices. We just
18 talked about earlier how gasoline and energy and all the
19 other costs are rising, that will affect tenants as well as
20 landlords.

21 So I think the point that Legislator Ford made a
22 couple of weeks ago, that who's better able to handle the
23 crisis that we're headed for? Who is better able to handle
24 it? People with substantial wealth or people who are on the
25 margins who are probably going to see a decline in their

1 real incomes?

2 As a result, I suspect that we can't tolerate -- we
3 cannot tolerate further increases in rents. I think we have
4 to try to stabilize them and that we're facing a problem of
5 people who can't afford these rents. Admittedly, the SCRIE
6 Program is a good idea, but it's not likely to happen.
7 They're facing this problem and many people may be forced
8 into the streets. We already have a significant homeless
9 problem and so this -- an increase in rents it seems to me
10 is going to add to that. We need stability in the housing
11 area, and that means that people at the lowest levels of
12 income should not be forced to pay higher rents.

13 MR. STEIN: Okay. I would like to make some
14 statements. First of all, that 37 percent profit is very
15 misleading because it's before the mortgage payment or the
16 debt service, which is interest and amortization.

17 Second of all, most owners of apartment
18 houses have mortgages. Some may have it higher, some lower.
19 So that 37 percent is very misleading on a profit because
20 the mortgage payment represents a substantial amount of cost
21 to the particular landlords.

22 Second. Mortgage rates, inflation does tend to
23 certain properties increase to value, but when you have rent
24 stabilization, which is where the income is restricted and
25 the expenses are not, that's a terrible imbalance. And

1 values don't increase so quickly like that.

2 The third thing is that the mortgage rates -- and
3 incidentally, it affects all of us, inflation, but it also
4 affects landlords. And it affects landlords very much in
5 the pocketbook. Excuse me, but because of the interest
6 rates and the interest rates today are somewhere in between
7 5 and 6 percent. So what's happening is, when the mortgages
8 come due and they have to refinance and the most -- the
9 largest portion, most landlords need mortgages. Most
10 landlords have mortgages and there's a debt service, and
11 they have to pay it back. So, one, the 37 percent I think
12 is before debt service, and I've said it before, it's
13 misleading. Two, the inflation can affect properties and
14 value, but that doesn't affect their cash flow. It affects
15 their cash flow because the expenses are going up and the
16 income is restricted. Second, the way that -- I know you
17 took a look at the statistics, but I -- Andy and I and a lot
18 of other people seem to feel that the statistics are very
19 much flawed because of what it's based upon. I think Andy
20 said in the beginning that, number one, they're mixing
21 market rates with stabilized apartments. So that adds to
22 that. Number two, 40 percent did not respond. Number
23 three, the outliers that how -- how they do away with
24 certain expenses, so outliers mean they do away with it.
25 It's very hard. How do they decide that a building needs

1 more repair? And landlords banks are like people that
2 differ. Landlords are different. Buildings are different.

3 So I'm just saying it's hard to imagine of what's
4 going on without having a -- landlords having a reasonable
5 increase in their guidelines. Particularly with the 2019
6 regulations, where they put money into it, they can't get
7 their money out. If they want to repair and upgrade a
8 building, they can't get their money out. If you can't get
9 your money out, why are you repairing the building? So if
10 you can't get increases, over time, Andy said unintended
11 consequences. Now you have maintenance issues with
12 buildings. So I just wanted to get that across.

13 Thank you. That's all.

14 MR. MILLER: Thank you.

15 Cathryn Marchesi?

16 MS. HARRIS-MARCHESI: Okay, I'd like to respond to
17 a few things. First of all, when Mr. Cohen mentioned that
18 there were only so many tenants that were here, well, we've
19 just talked about 40 percent of landlords not responding.
20 That's landlords who have chosen not to respond to these
21 different things.

22 One of the things that I want to bring up and we
23 keep talking about fair market rents and so forth, I looked
24 at HUD, and I looked at what the fair market rents were,
25 which were discussed. An efficiency is looking at \$1,372 a

1 month; a one-bedroom, \$1,900 -- sorry -- \$695; a
2 two-bedroom, \$2,065; a three-bedroom, \$2,642; and a
3 four-bedroom, \$2,911.

4 Now, on the next page of this they talk about what
5 the actual median -- let me make sure I'm right. It's what
6 the median rent prices are in Nassau and Suffolk County.
7 And right now for inefficiency, it's \$1,472.01; a
8 one-bedroom is \$1,018.18; a two-bedroom is \$2,215; a
9 three-bedroom is \$2,834; and a four-bedroom is \$3,123.

10 When we look at what, and mind you, for Nassau
11 County, where you're looking at the vacancy and what the
12 median rent is, we're looking now at \$2,133. The list is
13 not into the number of rooms of apartments. And I'd
14 actually like to ask for that next year, when we break down
15 the apartments, if we can please break them down into if
16 they're efficiency, one-bedroom, two-bedroom or
17 three-bedroom apartments. I think that is very helpful.
18 But this shows that when we're talking about these huge gaps
19 in red, there are all these people who are paying \$400 a
20 month. That's not true. And even when we look at what the
21 vacancies are here, the majority of the 49 of the 144
22 apartments are \$2,000 -- between \$2,000 and \$2,499. There
23 are 47 apartments that are between \$1,500 and \$1,999. There
24 are 22 apartments that are between \$500 and \$2,099. Then
25 we've got five that are between \$3,000 and \$3,499. And then

1 we've got four that are \$3,500.

2 When we look at the low range, there's nothing
3 below \$500. There are two apartments that are between \$599
4 and we don't know if those are efficiency -- sorry -- we
5 don't know if those are efficiencies or otherwise. And
6 there are 15 between \$1,000 and \$1,499.

7 Last week when we were speaking, one of the
8 landlords that spoke, Charles -- sorry.

9 MR. MILLER: Trucillo (phonetic.)

10 MS. HARRIS-MARCHESE: Trucillo and I asked him
11 specifically what he thought apartments should be listed --
12 what they should go for. He said with an efficiency, he was
13 looking at \$1,400; a one-bedroom apartment around \$1,800; a
14 two-bedroom apartment between \$1,900 and \$2,500 depending on
15 whether it was two bathrooms or how big or whatever else;
16 and then we didn't get into three or four bedrooms.

17 What I'm seeing is that we're not that far off from
18 what market value is and there are apartments that are above
19 market value. And one thing that's really important to
20 remember -- and I became familiarized with this actually in
21 Queens with one of my girlfriends who was Senior Legislative
22 Counsel for New York -- she rented an apartment in Queens
23 and they offered her a preferred rent. And I was like, what
24 is that? And she says, well, if they had kept it at the
25 guidelines, it would be far more than what is actually

1 market value. So they offer us a preferred rent. That's
2 something we'd like to see next year too, is how many
3 preferred rents there are, how many landlords there are
4 offering preferred rents and how many units are preferred
5 rents rather than following what the guidelines are.

6 Now, quickly to do with -- there are two other
7 things I want to address. And I promise I'll be quick.
8 With Hempstead there are two main landlords. One of them is
9 in court right now, his son, infamous to do with
10 habitability issues. Those things have not changed. I've
11 been through those buildings myself in person, partly to do
12 with my business before I went through them with the county
13 and they are the majority of the apartments. And when it
14 comes to tenants coming out as well, when we used to have
15 our meetings in Hempstead at the library, where it was right
16 near within a walking distance of a lot of those apartments,
17 we had a lot of people who would come out. And I would
18 submit that if we did that again next year, I would put
19 forth that we should have another meeting at one of the
20 libraries, which is within walking distance where most of
21 those tenants live.

22 Having something up in Manhasset, no one comes
23 there except for our landlords. It's a long way to come and
24 it's a hard place to get to, especially if you're a tenant
25 that's in a position where you don't own a car. You know,

1 we are all lucky here and privileged to be able to have
2 transportation.

3 MR. COHEN: That's why we spread it around. That's
4 why.

5 MS. HARRIS-MARCHESI: Transportation like that.
6 Now, when it comes, the other thing I wanted to talk about,
7 because I just did a little research on this, because I
8 thought it was kind of interesting is when we're talking
9 about inflation -- when we're talking about inflation as
10 well. Last week I spoke about how where I live, I pay for
11 all of my utilities. I don't get to write them off. My
12 utilities a month are approximately \$500 a month. That is
13 \$6,000 a year. If my landlord was paying that \$6,000 a
14 year, they could write that off because that's part of one
15 of their business expenses.

16 And I looked up, actually on a real estate site, as
17 to what eleven tax deductions for landlords. Closing costs.
18 Employee wages, employee wages are interesting if you have,
19 let's say my husband and I owned a building and we needed a
20 property manager and he decided to hire me as the property
21 manager and set my salary, that would be a deduction and
22 that money would also come back into our family. We have
23 office operation; insurance; maintenance; mortgage interest;
24 property depreciation; and this was interesting is that
25 with -- unlike residential, meaning like your own home, with

1 a multifamily building, you have a 27-year period -- 27.5
2 year period to get a deduction, which is -- roughly averages
3 out to about 3.65 percent of a depreciation on the value of
4 the building for 27 years.

5 Then you have your real estate taxes that are
6 deductible. And then things to do with tenant screening and
7 that sort of thing as well as any kind of travel expenses
8 you do. The last thing is -- just because I am not eloquent
9 with this or fluent in it -- I looked up another thing, it
10 was actually to do with a CPA firm that helps with a real
11 estate financing for landlords and it's part of their
12 course. And it has the top six deductions for landlords.
13 One of the things I wanted to look at here which explains a
14 little better is a depreciation of long-term assets.

15 It says, according to the US. Tax code, a portion
16 of the cost of an asset that wears out or becomes obsolete
17 over time can be deducted, especially a capital asset, as it
18 can be greatly depreciated. A capital asset is a property
19 that is owned long term and it has a lifespan of more than a
20 year. Capital assets include properties themselves, as well
21 as appliances within, such as stoves, dishwashers and
22 refrigerators. Land does not become obsolete over time, as
23 its value cannot be depreciated, meaning that only the cost
24 of the structure itself can be depreciated.

25 To calculate how much can be deducted for

1 depreciation, one first has to know the tax assessed value
2 of the property structure is and what the IRS allows for
3 each assets recovery period. Each year, the landlord is
4 able to deduct the value of the property divided by the
5 assets designated recovery period until the cost has been
6 fully deducted. Rental property structures have a recovery
7 period over 27 years, whereas personal property, such as an
8 appliance is usually five or seven years.

9 So within this, when we're looking at inflation and
10 so forth and we're talking about different things such as
11 utilities, such as insurance, such as that -- all those sort
12 of things, yes, a landlord has to pay it out, but they get
13 it -- but when you're unable to deduct it from your taxes as
14 a
15 tenant, I don't get to deduct any of those sort of things
16 from my taxes. I don't get a tax -- my utilities, I don't
17 get to deduct what my rent is. So that is one of the points
18 I wanted to make.

19 The last point I wanted to make is that -- I'm
20 sorry, Barry.

21 MR. STEIN: It's okay. Go ahead.

22 MS. HARRIS-MARCHESI: I'm sorry I'm boring you.
23 The last point I wanted to make is that not everybody who
24 works gets an increase. I do not get an increase in my
25 salary every year. And when inflation happens and so forth,

1 not everybody's going to get it. Not everybody's been -- I
2 went for years without getting an increase in salary because
3 of where our company was at a certain time. And that's just
4 a point I want to make.

5 Thank you.

6 MR. MILLER: I want to take Garrett. He's been
7 waiting and then we'll come back to you.

8 MR. GRAY: Let them respond.

9 MR. MILLER: He's yielding to you, Andy.

10 MR. COHEN: Two issues. Depreciation is not based
11 on value, it's based on cost. You put on a new roof of
12 \$300,000, that's money out of your pocket and you could
13 depreciate that over 27.5 years. That's correct. But it's
14 not based on value, it's based on cost. And what you're
15 suggesting -- I think you're suggesting, and I'm not sure if
16 you're suggesting this -- you're saying that a landlord
17 should collect the rent and not have any deductions against
18 that. All the money they have to pay out, you want them to
19 pay tax on the \$70,000 of income that they received. That's
20 what it sounded like to me.

21 MS. HARRIS-MARCHESI: That's not what I'm saying.
22 What I'm saying is that -- what I'm saying is these are
23 things that are deductible.

24 MR. COHEN: It's a business expense.

25 MS. HARRIS-MARCHESI: Yeah, it's a business

1 expense.

2 MR. COHEN: You can't deduct it because they're
3 personal expenses.

4 MS. HARRIS-MARCHESEI: No, which -- which is the way
5 our tax code is built. But it makes the richer rich and the
6 poor poorer.

7 MR. COHEN: But your expenses for electric and gas,
8 they're all personal expenses, they're not business
9 expenses. That's why you can't deduct it. We're not in a
10 socialist society here.

11 MS. HARRIS-MARCHESEI: I'm not suggesting socialism,
12 I'm suggesting a fairness. Politicians, they benefit some
13 and take away from others.

14 MR. MILLER: Thank you.
15 Garrett?

16 MR. GRAY: I've been on this Board for a number of
17 years now, and I think we have done a pretty good job
18 looking out for everybody, especially tenants. I know that
19 at the end of the vote every year we've gotten a round of
20 applause from the tenants. That was for every year that
21 I've been on this Board. So I'd say that, you know, looking
22 back, we've been more than fair.

23 As a matter of fact, the biggest increase we've
24 given in the last eight years was only 1.5 percent. You
25 know, somebody, I think it was one of the tenant speakers

1 decided to give a calculation of percentages into dollars
2 and went up to about 9 percent or 10 percent and to what
3 that translates to an increased rent. We've never even gone
4 near that. We've never gone near the 5 percent range. As a
5 matter of fact, the highest two-year lease, which is
6 traditionally higher than the one-year lease, was 2.5
7 percent. And then it hit 2 percent a couple of times, and
8 then lower than that.

9 I hear a lot of arguments being made that landlords
10 are much better equipped to handle the inflation that's
11 hitting the economy than tenants. This was the same
12 argument that was made when we were going through COVID,
13 that landlords were better equipped to handle it and I
14 agreed. Unemployment was at an all time high, people
15 couldn't afford to pay the rent because they were out of
16 work, and landlords were better equipped to handle that.
17 And we recognized that as a Board and went zero to zero. It
18 was a no-brainer. I was the one who made the motion.

19 Times have now changed. Unemployment has come way
20 down from where it was. As an attorney, I represent a lot
21 of companies. They can't hire people fast enough. They're
22 constantly looking for more and more people. So saying that
23 now landlords are better equipped to handle inflation, well,
24 if inflation comes down, it's going to be something else. I
25 think that there's got to be some degree of fairness and we

1 can't keep knocking the landlords. I'm not saying shoot up
2 a 10 percent increase, but I think costs have gone up. A
3 lot of people are back at work. COVID's still around, but
4 it's certainly not what it was as far as throwing people out
5 of work like it was before. The other thing to keep in mind
6 is going back -- somebody had handed us a chart of what
7 every Rent Guideline Board did in the last eight years,
8 which I thought was extremely helpful and thank you to
9 whoever handed that up.

10 It does also show that we -- except in years after
11 we've given zero to zero, which has happened twice, a tenant
12 has never been better off selecting the two-year lease than
13 the one-year lease. They've always been better off with the
14 one-year lease. And so it almost didn't make sense for us
15 to give a two-year lease number since I can't imagine many
16 people were selecting that. So I think we have to think
17 long and hard about what we do this year to have a modicum
18 of fairness.

19 New York City, as you heard, did 3.25 percent for a
20 one year and 5 percent for a two year. That was their
21 highest that they've ever been, at least according to the
22 chart, in the last eight years. This Board -- there's also
23 which I'm sure down on my way down -- I'd like to point out
24 -- Rockland County only did I think was .75 percent and 1
25 percent.

1 MR. MILLER: No, point 5.

2 MR. GRAY: Point 5 percent and point 75 percent.
3 That was the same thing that they did last year. Before
4 that, they had done zero, zero for six straight years. So
5 it's almost like an anomaly. This Board has unknowingly --
6 because we deliberate and vote as an independent Board and
7 don't base the numbers that we propose on what another
8 Board's done -- but we have in the past historically most
9 closely resembled New York City. We have been equal to or
10 slightly less than what they've done every year. I don't
11 think there's been a year we've ever exceeded it. And I'm
12 not saying that we should now, but it's just something to
13 keep in mind because we have to be fair to everybody.
14 There's a reason why there's two tenant reps and two
15 landlord reps and five public members on this Board. And if
16 we were just geared to tenants, this Board would be made
17 entirely of tenant's reps and we would have zero to zero
18 every year and there wouldn't be a need for us.

19 So That's all I have to say.

20 MR. STEIN: Question.

21 MR. MILLER: Let me go to Barry and then I'll come
22 back to you.

23 Go ahead, Barry. Your mic is off.

24 MR. STEIN: Oh, I was just saying the definition of
25 public members and tenant members, and I don't know if your

1 number's correct, but I understand what you're getting at.
2 That's all. No comment after that.

3 MR. MILLER: Go ahead.

4 MR. MELKONIAN: Garrett, what I don't understand is
5 if the net operating income, a measure of profit, is higher
6 now than it was last year, why are we advocating any
7 increase?

8 MR. GRAY: Basically because while net operating
9 income is what it was for last year, we know what inflation
10 is doing to the costs that landlords have to incur.

11 MR. MELKONIAN: Next year we may have to consider
12 that, but we have to base our judgment on the statistics
13 that are given to us. And you may not like some of these
14 statistics --

15 MR. STEIN: But it's also future, according to the
16 bottom line. It's not just --

17 MR. MELKONIAN: Well, we have to go on the basis of
18 these numbers. It's like a lot of economists don't like the
19 inflation rate. They say 8.6 percent isn't the true
20 inflation rate. We could argue that, but that's the numbers
21 that we have, that's not --

22 MR. STEIN: But we're judging not only now --

23 MR. MELKONIAN: There' are the numbers we have.

24 MR. STEIN: -- but in the future, that's what the
25 guidelines say. Which is what Garrett was getting at.

1 MR. GRAY: Correct. And also, Marty, every public
2 board, the courts have said that board members are allowed
3 to use their personal information and knowledge. So my
4 knowledge and this Board's knowledge of the way the economy
5 is today and what's going on and what the trends are, we
6 should certainly figure into what our ultimate decision
7 should be.

8 MR. MELKONIAN: Suppose you -- I mean, you said we
9 have peak employment now and I agree with you in that sense,
10 but many economists are arguing that in the next several
11 months we're going to hit a recession. And I would say,
12 given the fact that the Federal Reserve is moving towards a
13 very, very restrictive policy, there are going to be a lot
14 of people unemployed over the next several months.

15 So, on the one hand, it's true that prices may go
16 up, but on the other hand, the Federal Reserve has made a
17 decision where we're going to stop this is by unemploying a
18 lot of people.

19 MR. GRAY: But the problem we had is that certainly
20 has not been trend. Unemployment has not picked up. It's
21 been going straight down to the point -- to the point where
22 employers these days are holding job fairs to try and get
23 more and more people. It's a lot easier to get a job now
24 than it was a year ago.

25 MR. COHEN: You said, well, you have minimum wage

1 and up.

2 MR. MELKONIAN: You said you're looking to the
3 future. We'll see.

4 MR. GRAY: So you've got a floor.

5 MR. MILLER: All right. Thank you, gentlemen.
6 I'm going to move to Jeannetta Alexander.

7 MS. ALEXANDER: I just want to take piggy back a
8 little bit on what Garrett said as well as push back on what
9 you said. And I think it's -- it would be improper for us
10 to ignore the fact that we have to look at what the current
11 numbers are and kind of look at what the immediate future
12 numbers are. And I think what you're advocating is exactly
13 what we're supposed to do, meaning that your argument takes
14 us right back to our internal dilemma, and that is, how do
15 you navigate what the tenants face as well as what the
16 landlord's face?

17 So the arguments keep repeating themselves, just
18 coming at the different angles. And I think we'll be
19 remiss, particularly as public members, to ignore those
20 things, because we're public members and we have to
21 understand that the trend is for the numbers to go up for
22 the tenant and for the landlord. And the question is, how
23 do we make sure the system is effective, equitable, and in
24 fact, is working?

25 And the question becomes, do we need to look at the

1 last few years at what the numbers have been as far as what
2 guidelines we have set forth and then be able to predict
3 going forward, at least for the next year, or let's say, at
4 minimum the next two years for a two-year lease, what those
5 numbers are?

6 So I just want to underscore the fact that what our
7 obligation is to do here is to predict the immediate future
8 and the current numbers. And we can look at whatever we get
9 from any given, whether it be a landlord or whether it be a
10 tenant, whether the real estate properties taxes are going
11 to increase. We got a handout today that the Village of
12 Hempstead is increasing their water rates by 12.5 percent.
13 And I'm not even going to touch Long Beach.

14 So the question becomes is, how can we mitigate and
15 how can we come up with an equitable solution that, quite
16 honestly, is fair not for today, but for the next two years?

17 Thanks.

18 MR. MAHONEY: So I think Garrett stole my notes
19 because he said exactly what I was going to say.

20 MR. STEIN: Say that again. I didn't hear you.

21 MR. MAHONEY: Garrett stole my notes because he
22 read off almost point by point.

23 So as we are public members, we're not advocating
24 either side; landlords or tenants, but we're trying to come
25 up with a compromise solution on what would a fair increase

1 be for the next one year and for some tenants, two years.

2 As Garrett had said, if you look back over the last
3 six years or so, the increase of the rents have been fairly
4 modest. I'll just go back five years, back to about 2016 or
5 '17. They were .5; 1 percent, 1 percent; zero, zero; 1
6 percent, 2 percent; 1.5 and 2.5, which was the highest one,
7 as Garrett had said. COVID year we had zero, zero. And
8 then last year, it was 1 and 2. So I think those are -- and
9 every year there was a different set of circumstances, but
10 two out of the last five were zero, zero. And inflation had
11 been very low through all of those years. Inflation has not
12 really been on the horizon or we haven't really experienced
13 it in many years, more than 2 percent or so.

14 So, I think -- and I'm just going to try to
15 summarize a little bit of what I think we are to get to some
16 kind of maybe a starting point of voting. I don't think
17 that -- I think that what Garrett is saying, and maybe
18 Jeannette and maybe myself, is that maybe it's not zero,
19 zero. So I think maybe Martin is kind of saying, leave it,
20 you know, zero, zero. I think that from an inflation in the
21 way that the environment is now, an inflation affects
22 everybody and there's no doubt about that. But it's maybe
23 not fair for only one side to only be penalized because of
24 something that is really out of everyone's control. So I
25 think maybe -- that's just one of my points where I think we

1 would start above the zero, zero.

2 In terms of on the higher end if we were to maybe
3 go in between is New York City was 3.25 and 5 percent.
4 They just voted, I think, the other day. And, you know, I
5 think we're probably below that. So just in terms of some
6 type of a range. And then -- you know, but me -- I've been
7 on this for probably as long as Andy has been on the Board.
8 So we do receive the income and expense reports each year.
9 And each year -- it's not a perfect system and there are
10 outliers and there's decisions based on the DHCR staff of,
11 you know, excluding certain buildings. Maybe they include
12 certain buildings or their outliers. There are different
13 reasons.

14 So most years, you know, we look at the numbers
15 objectively and compare them from year to year. This year
16 is a little -- not 100 percent on. And the reason I'm a
17 little more skeptical of the numbers this year, there were
18 95 building schedules -- schedules that they used and 70
19 percent of the apartments were ETPA -- well, 71 percent, but
20 29 percent were not. So if you're using a sample and 30
21 percent of the sample is not apples to apples, that's, you
22 know, from a statistical standpoint, that may not be the
23 best set of numbers to utilize especially just being
24 practical. In the last year we talked about inflation, last
25 year being transitory. It's obviously carried over to

1 become more of a problem, not only US wide, but worldwide
2 with 8.6 or whatever it was the last report. You know, to
3 have the same -- and Martin is right, reading off the net
4 operating income over the past 20 some-odd years, this
5 year's numbers came in at one of the best numbers since
6 1987. That doesn't seem right. I mean, I don't know. Does
7 that seem right? Because, you know, it doesn't feel right,
8 you know? I don't know. I mean it's on a piece of paper
9 but if everybody's -- you go to the gas station and it's
10 \$100 to fill up a car when it was \$50 a year and a half ago,
11 when you go into the supermarket and you buy eggs and it's
12 three times what it was a year ago, and so on and so on, I
13 don't think that, you know, people are making more money in
14 the last twelve months than they were previously.
15 But, again, I don't want to generalize either.

16 So I think that from a public member standpoint, I
17 think that we probably would be in the range of going above
18 what Rockland County did and below what New York City did
19 and be somewhere -- be somewhere in the middle there. And
20 understand that if there is a recession, and maybe there
21 will be, there's a high likelihood of that and there is a
22 higher unemployment rate, because there is a low
23 unemployment rate and wages for individuals -- wages have
24 gone up in the last three years. Wages have gone up. So
25 next year --

1 MR. MELKONIAN: No, no. Real wages have not gone
2 up.

3 MR. MAHONEY: Well, real -- well, again, we could
4 discuss economics and I don't disagree that real wages if
5 you're taking inflation out, but if somebody was making X
6 amount and then the wages went up, you know, dollars per
7 hour over the last couple of years and then you take
8 inflation out of that, but real wages for everybody go down.
9 You know, even the profitability of landlords, that wouldn't
10 been true.

11 MR. STEIN: Andrew, just to answer to Adam. Also,
12 not only have the costs gone up, which we realize, but the
13 cost have run up to a building. Lumber has gone up an
14 unbelievable amount, building supplies. So I'm just saying
15 it's not just all of us with the gas and the food, but the
16 actual running of a building.

17 MR. MAHONEY: Right.

18 MR. STEIN: And one other point, when we did zero,
19 zero, most of the tenants, which I would have done the same,
20 took zero for two years. Which means on the next year it
21 put landlords in a very difficult position. And by the way,
22 even though you were reading 1 percent or 0 percent, I don't
23 know if we broke down, but the actual costs of taxes,
24 insurance, definitely went up during those years of more
25 than 0, 1, or 2, or 3 percent. So after a while it starts

1 to add up. That's all.

2 MR. MAHONEY: Sure.

3 MS. HARRIS-MARCHESI: Can I just --

4 MR. MELKONIAN: Basically --

5 MS. HARRIS-MARCHESI: -- say something really
6 quickly? One of the things I wanted to note, too is -- and
7 if anybody wants to see this, I've got extra copies -- is
8 that according to HUD, the Nassau-Suffolk fair market rate
9 is 99 -- is in the 99th percentile. It's one of the most
10 expensive rents in the United States and I'm happy to show
11 you that if you want that.

12 MR. STEIN: Welcome to Long Island.

13 MS. HARRIS-MARCHESI: No, but that's -- but what
14 I'm saying, too, is that our rents are really high. And in
15 some places, like we go into Queens, a lot of the rents are
16 a lot less than they are here.

17 MR. STEIN: Everything's high.

18 MS. HARRIS-MARCHESI: Exactly. But what I'm saying
19 is --

20 MR. COHEN: Property taxes here --

21 MR. MILLER: Go ahead, Martin.

22 MR. MELKONIAN: I guess what I'm hearing here is
23 that the statistics that we get from DHCR aren't worth
24 looking at, because these statistics tell us that over the
25 past five years, despite the fact that we've kept rent

1 increases at a very low level and in some cases freezing it,
2 yet profitability is increasing in these past five years.
3 We've gone from 34 percent to 35 percent to 36 percent to 37
4 percent. Each year profitability is increasing at a time
5 when we froze or kept rents at a very low increase. That
6 doesn't make sense to me. You're basically saying these
7 statistics are not worth looking at.

8 MR. COHEN: That doesn't match up the report
9 because we have a different units this year. So if you take
10 the 2020, it's 38 percent, so it didn't go up, it went down
11 by .8 percent. That's historical based on what it was then.
12 But if you want to match year to year, it went down. If you
13 look at 2020 -- if you look at 2020, the NOI is 38 percent.
14 If you do the math. Now it's 37.2, as you said.

15 MR. MELKONIAN: No, I have 36.2 in 2020.

16 MR. COHEN: But that's based on different units.
17 You know, these things are different every year. It's
18 different every year.

19 MR. MELKONIAN: We have to go on what data we get.

20 MR. COHEN: I got data. I got data right here.

21 MR. MELKONIAN: You can't say, oh, the data's not
22 good, therefore we don't --

23 MR. COHEN: This is the same data, but it's
24 different numbers.

25 MR. MILLER: All right. I'm going to go ahead. Go

1 ahead now, Robert.

2 MR. RYCHLOWSKI: Yeah, I'd like to say I don't like
3 the idea that all of a sudden now the income and expense
4 reports we're supposed to ignore because the landlords don't
5 seem to like the numbers.

6 Also, we talked about last year, we talked about
7 inflation and then we had to look at that as a projection
8 last year before we voted and we were told, well, wait till
9 next year. It will show up in next year's income and
10 expense report. It hasn't. We're talking about what the
11 outliers are for the DHCR paperwork. A lot of it is because
12 a lot of those buildings do not have a sufficient amount of
13 ETPA regulated apartments in them to be counted.

14 Should I go ahead with the whole thing?

15 MR. MILLER: Go ahead.

16 MR. RYCHLOWSKI: Okay, I'll try to keep it brief.

17 MR. COHEN: Robert, just one thing. When did we
18 say we don't like the numbers? You said the landlords don't
19 like the numbers.

20 MR. RYCHLOWSKI: I didn't say that.

21 MR. MELKONIAN: We're talking about pretty
22 much ignore the income and expense report.

23 MR. RYCHLOWSKI: I didn't say that.

24 MR. MELKONIAN: No, but it's an insinuation.

25 MR. RYCHLOWSKI: No, I said that I'm skeptical --

1 MR. COHEN: The gentlemen over there said it.

2 MR. RYCHLOWSKI: I said I'm neutral.

3 MR. STEIN: A legitimate public member said that.

4 MR. MELKONIAN: Then what should we use then if we
5 don't go by this?

6 MR. COHEN: You know, the landlords get blamed a
7 lot for a lot of things.

8 MR. MAHONEY: Well, that's my dilemma. That's
9 exactly my dilemma.

10 MR. MELKONIAN: Well, what you're saying is, is
11 that we should ignore this and go by what people tell us.
12 You know, that prices are up here.

13 MR. MAHONEY: It's not a matter of ignoring, it's a
14 matter of how much do we weigh it in our decision. That's
15 really the --

16 MR. MELKONIAN: We go by the numbers we have.

17 MR. MAHONEY: I agree.

18 MR. MELKONIAN: Well, if you agree, then why would
19 you say if we go by the numbers we have here, profitability
20 is increasing each of these last five years?

21 MR. MAHONEY: Because there's other facts.

22 MR. STEIN: That's not what --

23 MR. MELKONIAN: Like what?

24 MR. MAHONEY: Inflation.

25 MR. MELKONIAN: That includes inflation, because

1 inflation means income is going up and costs are going up,
2 okay? Both are affected by inflation. So are you talking
3 about future inflation? Is that what you're saying?

4 MR. MAHONEY: Yes.

5 MR. MELKONIAN: Is that what you're saying?

6 MR. MAHONEY: Yes.

7 MR. MELKONIAN: Well, we don't know the future of
8 inflation.

9 MR. STEIN: And the costs are going up quicker than
10 the income, that's the problem we're getting.

11 MR. COHEN: Marty, the statute actually says it
12 should also consider prospective rates; right?

13 MR. MELKONIAN: Right, I agree.

14 MR. COHEN: It's not just based on historical, it's
15 based on historical and perspective. And we know where
16 inflation is and we think -- well, I think it's going up --
17 It's certainly not temporary.

18 MR. MELKONIAN: No, it's not.

19 MR. COHEN: And I don't know that we're going to be
20 in a recession. The President said we're not going to be in
21 a recession. I heard him he was pretty in fact about it.
22 He screamed that we're not going to have a recession.

23 MR. MILLER: All right, gentlemen.

24 MR. RYCHLOWSKI: My 401K is now a 201K.

25 Either way, we need to look at projections also,

1 and we do every year, but we also need to look at the facts
2 and firm numbers that are given to us which are more solid
3 than projections. Charles Chauciello (phonetic) stated that
4 the 2019 rent laws do not allow vacancy allowances. The
5 Legislature obviously recognizes the huge loss of affordable
6 apartments. It is not our job to circumvent the legislature.

7 As Mickey Schneer (phonetic) noted, there has been a 40
8 percent loss of ETPA units in Nassau County in the last 20
9 years, that one third of all remaining units are
10 preferential rents as per DHCR. And the new rentals of ETPA
11 units average over \$2,000 per month. Amy Rychlowski cited
12 that over 300,000 in Nassau spent more than one third
13 of their income for housing and that homelessness is growing
14 at alarming rates. More than 57 percent of Hempstead
15 tenants pay more than 30 percent of their income for
16 housing.

17 We need to do our jobs and protect our seniors and
18 low-income residents struggling to pay their bills. The I&E
19 reports contrary to what we were told to expect this year,
20 show a robust year for landlords with the NOI at its highest
21 since 1998. There's no justification for any increase at
22 this time, certainly not on one-year leases.

23 Any proposals?

24 MR. MILLER: Go ahead.

25 MR. RYCHLOWSKI: I'd like to propose .5 percent for

1 a one-year lease and 1.5 percent for a two-year lease.

2 MR. MILLER: Are you going to second?

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

4 MR. MILLER: We got a second.

5 All right. We'll take the votes going across. So
6 we have two.

7 Jeanetta?

8 MS. ALEXANDER: No.

9 MR. MILLER: Garrett?

10 MR. GRAY: No.

11 MR. MELKONIAN: Yes.

12 MR. STEIN: No.

13 MR. COHEN: No.

14 MR. MAHONEY: No.

15 MR. MILLER: So the motion is defeated.

16 MR. STEIN: Barry, yes.

17 MR. STEIN: Okay. I'd like to match -- maybe
18 go a little lower with what Adam said. 3 percent for 1 year
19 leases to increase and 4 and three quarters for 2-year
20 leases.

21 MR. MILLER: Do I have a second?

22 MR. COHEN: Yeah.

23 MR. MILLER: And we go across.

24 MR. RYCHLOWSKI: No.

25 MS. HARRIS-MARCHESI: No.

1 MR. GRAY: No.

2 MR. MAHONEY: No.

3 MR. MELKONIAN: No.

4 MS. ALEXANDER: No.

5 MR. STEIN: All right. We got that out of the
6 way.

7 MR. STEIN: Maybe one of the --

8 MR. MILLER: Public members?

9 MR. STEIN: -- distinguished public members can
10 make a suggestion.

11 MR. MAHONEY: Who wants to go first?

12 MS. HARRIS-MARCHESI: Mr. Garrett and his streak
13 has been going very well.

14 MR. GRAY: I've got a pretty good streak going.

15 MS. HARRIS-MARCHESI: Yeah.

16 MR. GRAY: I will go. 2.5 percent for one-year
17 lease, 4 percent for a two-year lease.

18 MS. ALEXANDER: I second it.

19 MR. MILLER: Second. Cathryn?

20 MS. HARRIS-MARCHESI: No.

21 MR. MILLER: Martin?

22 MR. MELKONIAN: No.

23 MR. MILLER: Adam?

24 MR. MAHONEY: I would say no.

25 MR. RYCHLOWSKI: No.

1 MR. MILLER: No.

2 MR. MELKONIAN: So what -- that's no good?

3 MR. MILLER: No good.

4 MR. MELKONIAN: Okay.

5 MR. MILLER: All right. Adam, go ahead.

6 MR. MAHONEY: I suggested 2 percent for one-year
7 and 3.5 for a two-year.

8 MR. MILLER: Do I have a second?

9 MR. GRAY: Second.

10 MR. MILLER: Garrett seconds.

11 All right. Rob?

12 MR. RYCHLOWSKI: No.

13 MS. HARRIS-MARCHESEI: Yes.

14 MS. ALEXANDER: Yes.

15 MR. MELKONIAN: No.

16 MR. STEIN: Yes.

17 MR. COHEN: I'm sorry. What was the proposal?

18 MR. MILLER: 2 and 3.5. 2 percent for one year and
19 3.5.

20 MR. COHEN: I'll go for that.

21 MR. MILLER: The motion carries. Based on our
22 deliberation tonight and the testimony that we received over
23 the last few weeks. The Board hereby rules that the rents
24 for one year will be 2 percent and two-year leases will be
25 3.5 percent. Are there any other matters the Board has to

1 consider? No?

2 I want to thank everyone for their service. DHCR,
3 certain board members really had a robust discussion tonight
4 and I just want to wish you every success in your travels
5 and your retirement. God bless you and take care.

6 MR. STEIN: Mike, just not withstanding with this.
7 I just wanted to --

8 UNIDENTIFIED SPEAKER: This is not right.

9 MR. MILLER: The gentleman is retiring from the
10 Board and --

11 UNIDENTIFIED SPEAKER: This is not right. No.

12 MR. MILLER: -- he has served the Board well.

13 UNIDENTIFIED SPEAKER: No. No. No.

14 Mr. Miller: You may not all agree that --

15 UNIDENTIFIED SPEAKER: No. You want the proof? I
16 got that --

17 MR. MILLER: All right. Do I have a motion for
18 adjournment?

19 UNIDENTIFIED SPEAKER: Motion to adjourn.

20 MR. MILLER: Second aye? All right. All in favor
21 say aye.

22 IN UNISON: Aye.

23 MR. MILLER: Thank you all very much. Have a good
24 and safe year.

25 (END RECORDING.)

1 C E R T I F I C A T E

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

8

9 *Marisa D'Antonio*

10 MARISA D'ANTONIO

11

12 DATE: 07/01/2022

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