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**Joint Legislative Budget Hearing  
February 5, 2020  
Testimony of Michael McKee, Treasurer**

Thank you for the opportunity to testify about the state housing budget. I particularly want to thank Senate Finance chair Liz Krueger and Assembly Ways and Means chair Helene Weinstein, and the chairs of the two Housing Committees, Senator Brian Kavanagh and Assembly Member Steven Cymbrowitz.

Before I start, I want to thank all of you – or certainly most of you – for last year's tremendous tenant protection legislation. Special thanks are owed to Majority Leader Andrea Stewart-Cousins and Speaker Carl Heastie for the Housing Stability and Tenant Protection Act of 2019.

**Tax the rich, house the poor.**

“Tax the rich, house the poor” might sound like a superficial chant at a rally, but that is our basic message to you this year. We are beyond the point where our statewide housing crisis can be addressed with token funding.

We have worked for many months with many other like-minded organizations to develop not only a platform for critical housing programs, but also to find ways to fund them. These proposals range from restoring the sales tax on private jets and yachts to a reworked pied-à-terre tax to higher income tax brackets for ultramillionaires.

It is nothing short of disgraceful that Andrew Cuomo has presented you with an executive budget that makes no serious dent in our statewide housing crisis. You, our friends in the legislature, must use every tool available to you to best the governor in this tiresome budget dance.

It is time that both houses break the “We can't afford it” syndrome that has had Albany in its grip for many years. The austerity diet that Albany has inflicted on New Yorkers for decades must end.

Albany has cut taxes on the rich and big corporations. Our governor has wasted billions of dollars on stupid economic development projects that afford him a ribbon-cutting photo-op then go bust, like his ill-fated central New York film studio. These billions have rewarded the already-rich and produced virtually no benefits for working New Yorkers.

It would be unconscionable for the legislature to approve a budget this year without providing significant funds to help repair public housing across the state, and to create vouchers necessary to house homeless New Yorkers and those at risk of homelessness. And the state must begin to invest meaningfully in social housing.

This year we call on you to invest \$3 billion in public housing infrastructure, with \$2 billion earmarked for NYCHA and \$1 billion for public housing authorities in the rest of the state. Consider this a down payment. More needs to be done.

We call on you to provide at least \$500 million in realistic rent subsidies that will help families move from shelters into permanent homes and also help others avoid becoming homeless.

We call on you to pass a Tenant Opportunity to Purchase Act.

We call on you to provide the full funding 20,000 units of supportive housing that Andrew Cuomo promised in 2016.

It is time to end the wasteful and destructive 421-a and 485-a programs which are used to subsidize the production of unaffordable market-rate housing and gentrify low-income neighborhoods. These programs should be repealed.

I also urge you to increase funding for the Neighborhood Preservation Companies and Rural Preservation Companies programs. These non-profit groups provide an important service to the state and to their communities, and their funding has been frozen.

Just recently the state senate had a very useful public hearing about the lack of code enforcement, a major problem in all parts of our state. New York State used to fund code enforcement, and it is time to get back into this program. If you want to improve code enforcement, you have to put some money into the program.

This all represents a tall order, we are aware. But we call on you, our friends in the senate and assembly, to make it happen. This year.

### **Division of Housing and Community Renewal, Office of Rent Administration**

The Office of Rent Administration needs a change in culture more than it needs more funds.

ORA has always approached its task as finding some middle ground between landlords and tenants – in many instances letting landlords off the hook for their failure to comply with the law – instead of vigorous enforcement of the rent laws with the primary purpose of tenant protection and preservation of the affordable rental housing stock, and has actively adopted policies to discourage tenants from filing complaints.

During the twelve years of the Pataki administration, when George Pataki did everything he could to undermine and weaken rent regulation, numerous anti-tenant policies were adopted, and no Democratic governor in the 13 years since Pataki left office – we have had three Democratic governors since 2007 – has taken any steps to correct them.

The agency gives priority to programs that benefit landlords, pumping out landlord applications for Major Capital Improvements with impressive speed, while sitting for years on tenant complaints of rent overcharge.

Last year you made funds available for 94 new full-time positions, and we have seen that the agency has advertised to hire new rent examiners. It might sound cynical, but let me warn you that historically when administration officials testify at these budget hearings, they talk of the total number of ORA staff positions as if they were all filled, when those of us on the ground know that it is not true.

In 2009 I watched on the legislative television channel as the Deputy Commissioner of DHCR told you that the Nassau County District Rent Office had four staff members, including one who spoke Spanish, when I knew that there were only three staff members there, and that the director had been begging higher-ups for years to send them a Spanish-speaking staff member. Was the Deputy Commissioner consciously misrepresenting the situation, or was he unaware? Does it matter? I urge you to maintain oversight on hiring.

Now for much-vaunted the Tenant Protection Unit.

The creation of the TPU in 2011 – a sop to legislators who were unhappy with the weak deal that Governor Cuomo negotiated on renewal of the rent laws – illustrated a fundamental disconnect built into the very system. Why does an agency whose very purpose is to protect tenants need a unit supposedly devoted to that task?

Tenants have called for years for pro-active enforcement of the rent laws, rather than the complaint-driven system we now have. But the TPU is more hype than results. For example, the famous 50,000 apartments that TPU “returned” to the rent stabilization system. Actually, all they did was send letters to the landlords to remind them that they had failed to register their apartments as they are required to do annually. (And you might ask how many landlords complied; I am given to understand that a substantial number have not.)

Did TPU send letters to the tenants in these apartments informing them that they might have been overcharged and explaining how they could find out what the legal rent should be and how they could recover any overcharge? Of course not: that would have encouraged tenants to file complaints.

Attorneys and organizers complain that it is hard to reach the TPU. The website contains no phone number. A tenant attorney told me that he had received a phone call from a

TPU staffer who wanted information about a particular building, and that the TPU staffer refused to give him a phone number so he could call him back. Why the secrecy?

While I recognize that this is a budget hearing, some legislative changes could dramatically improve enforcement of our rent laws.

First and foremost, the rent registration system needs to be restored to its pre-1993 status, when the legislature and Gov. Mario Cuomo removed meaningful penalties for failure to register apartments or to file fraudulent registrations, converting the system overnight into a toothless, voluntary program. The Housing Stability and Tenant Protection Act of 2019 failed to address this issue.

During the first nine years the rent registration system was in effect, landlords who failed to file initial and annual rent registrations, or who filed fraudulent registrations, faced severe penalties, including rent rollbacks. After the 1993 gutting of the system, the penalty is a five dollar fine. You need to fix this. Just go back to the language in the Omnibus Housing Act of 1983, but be sure to include a requirement that landlords register rent-controlled as well as rent-stabilized apartments, an unfortunate omission in the 1983 law.

And I must repeat an urgent plea I made last year. Please mandate that ORA re-open the Nassau County District Rent Office, which was closed in 2009 by the administration of Gov. David Paterson as a cost-savings measure in the face of a state budget deficit. In actuality this closing saved very little money: the state continued to pay the rent on the empty office for several years, and no staff were laid off but were simply transferred to the principal Office of Rent Administration at Gertz Plaza in Jamaica, Queens. So, the only actual savings is the rent. But this closing has created a tremendous hardship for tenants in Nassau County, who are now forced to drive to Gertz Plaza in Queens to seek advice, or if they do not have a car, take the Long Island Railroad to Jamaica and then walk several blocks to Gertz. For elderly tenants in particular this has been very difficult.

Thank you again for the opportunity to testify today. We look forward to working with you throughout the session to strengthen and expand rent and eviction protections, improve enforcement of our rent laws, and protect our affordable housing stock.

**Tenants Political Action Committee**  
**277 Broadway, Suite 1410**  
**New York NY 10007**  
**[www.tenantspac.org](http://www.tenantspac.org)**  
**[action@tenantspac.org](mailto:action@tenantspac.org)**