

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND BUILDINGS

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June 17, 2020
Start: 11:02 a.m.
Recess: 11:17 a.m.

HELD AT: Remote Hearing

B E F O R E: Robert Cornegy, Jr.
CHAIRPERSON

COUNCIL MEMBERS:
Margaret S. Chin
Carlina Rivera
Helen Rosenthal
Bill Perkins
Mark Gjonaj
Fernando Cabrera
Ritchie J. Torres
Barry Grodenchik
Farah N. Louis

A P P E A R A N C E S (CONTINUED)

Christian Klossner, Executive Director
Office of Special Enforcement

2 UNIDENTIFIED: Okay. All Sergeants,
3 can you please begin your recording, please?
4 Sergeant Sudowski, you may begin with your opening
5 statement.

6 SERGEANT-AT-ARMS: Just wait for the live
7 stream. You're good.

8 SERGEANT-AT-ARMS: Cobra three to cobra
9 two, my cloud isn't recording for some reason.

10 SERGEANT-AT-ARMS: This is cobra eight.
11 I'm having the same issue. I have the spinning
12 wheel.

13 SERGEANT-AT-ARMS: Same here. Technical
14 issues.

15 SERGEANT-AT-ARMS: Somebody rec-- Oh.
16 Somebody is recording.

17 SERGEANT-AT-ARMS: I'm good on my end.

18 SERGEANT-AT-ARMS: All righty. So good
19 morning and welcome to today's remote New York City
20 Council hearing of the Committee on Housing and
21 Buildings. At this time, what all panelists please
22 turn on their video? To minimize disruption, please
23 place electronic devices on vibrate or silent mode.
24 If you wish to submit testimony, you may do so at
25 testimony@Council.NYC.gov. Once again, that is

2 testimony@Council.NYC.gov. Thank you for your
3 cooperation. We are ready to begin.

4 CHAIRPERSON CORNEGY: Am I muted?

5 UNIDENTIFIED: You're good to go,
6 Chair.

7 CHAIRPERSON CORNEGY: You ready to go?

8 UNIDENTIFIED: Yes.

9 CHAIRPERSON CORNEGY: Good morning.

10 Today, the committee will be hearing a bill related
11 to the booking service imports on short-term housing
12 rental transactions. Local law 146 of 2018 requires
13 short-term rental platforms that provide booking
14 services to report certain information about their
15 transactions to the Office of Special Enforcement.
16 Shortly after this law was enacted, rental platforms
17 Air B&B and Home Away filed lawsuits challenging it.
18 On June 12, a settlement was reached between Air B&B
19 and the city. The terms of which include amendments
20 to local law 146. This pre-considered Intro,
21 sponsored by Council member Rivera will provide the
22 amendments to local law 146 outlined in this
23 settlement agreement with Air B&B, including
24 redefining the scope and frequency of the information
25 reported. This will, in turn, assist the Office of

2 Special Enforcement in its efforts to enforce laws
3 related to short term housing rental. We expect to
4 hear testimony from the Office of Special
5 Enforcement, as well as any interested members of the
6 public. I believe that we will hear an opening
7 statement from the bill sponsor, Carlina Rivera.

8 COUNCIL MEMBER RIVERA: Thank you so much,
9 Mr. Chair. Thank you, Chair Cornegy, for giving me
10 the opportunity to speak on my legislation we are
11 hearing today which will make amendments to local law
12 146 of 2018. These amendments, which will fulfill
13 the terms of a settlement, reached between the city
14 of New York and Air B&B, will finally implement the
15 legal framework behind my 2018 bill requiring short
16 term rental platforms to share information so about
17 their listings. With my legislation, the city will
18 finally be provided with the information necessary to
19 fairly and effectively crack down on countless
20 illegal hotel operators that have kept thousands of
21 apartments off of the market and out of the hands of
22 families desperate for affordable homes. As a former
23 housing activist who saw firsthand how illegal short-
24 term rentals blocked New Yorkers from access to safe,
25 affordable homes, I know this law, the strongest of

2 its kind in the nation, will make a big difference in
3 the lives of many of my former clients and good ol'
4 (sic) lower East side and in other neighborhoods
5 across the city. I want to thank the city law
6 department, the Office of Special Enforcement, our
7 Council legal team, and my staff for their tireless
8 work during the nearly two years we spent working to
9 defend this important and historic housing law. I
10 look forward to seeing my amended bill, one of my
11 first ever passed in the Council, finally go into
12 effect. Thank you.

13 CHAIRPERSON CORNEGY: According to what I
14 can see on my screen, we have been joined by Council
15 member Cabrera, Council member Chin, Council member
16 Grodenchik, and, obviously, Council member Rivera.
17 Oh, I see Council member Louis, as well. So, are we
18 ready to move to our testimony?

19 COMMITTEE COUNSEL: Sure. So, I am
20 Audrey Sun. I'm counsel to the city Council's
21 Committee on Housing and Buildings. Before we begin,
22 I just want to remind everyone on a few housekeeping
23 met. I want to remind everyone that you will be on
24 mute until you are called on to testify, at which
25 point you will be unmuted by the host. I will call

2 on panelists to testify. Please listen for your name
3 to be called, as I will periodically announce who the
4 next panelist will be. We will hear testimony from
5 the administration first, followed by any testimony
6 from the public. During the hearing, if Council
7 members would like to ask a question, please use the
8 Zoom raise hand function and I will call on you in
9 order. We will be limiting Council member questions
10 to five minutes, including responses. I will now
11 call on the administration to testify. We will be
12 hearing testimony from Christian Klossner, Executive
13 Director of the Office of Special Enforcement. I
14 will now deliver the oath to the administration.
15 Please raise your right hand. Do you affirm to tell
16 the truth, the whole truth, and nothing but the truth
17 before this committee and to respond honestly to
18 Council member questions?

19 EXECUTIVE DIRECTOR KLOSSNER: I do.

20 COMMITTEE COUNSEL: Thank you. You may
21 begin your testimony.

22 CHAIRPERSON CORNEGY: Wait. Before you
23 begin, I just want to knowledge that we also have
24 been joined by Council member Perkins. Thank you.
25 Sorry.

2 EXECUTIVE DIRECTOR KLOSSNER: Okay.

3 Good morning, Chairperson Cornegy and members of the
4 Committee on Housing income buildings. My name is
5 Christian Klossner and I am the Executive Dir. of the
6 Office of Special Enforcement, which is overseen by
7 the Mayor's Office of Criminal Justice. Thank you
8 for the opportunity to testify today. [inaudible
9 00:07:42] mandate, originating from a mayoral
10 executive order in 2006, is to coordinate efforts
11 across city agencies to problem solve around emerging
12 issues adversely affecting neighborhood confusion,
13 livability, and safety. OSE has served this function
14 and numerous issue areas, ranging from long-standing
15 involvement in illegal massage parlors and dangerous
16 clubs, to newer work streams required by the
17 pandemic. In particular, safeguarding restaurants
18 from exorbitant fees charged by third-party delivery
19 apps and ensuring businesses and residents are in
20 compliance with health guidelines put in place to
21 prevent the spread of COVID-19. The vast majority of
22 OSE's work, however, since 2015, is related to
23 addressing the legal short-term rentals occurring in
24 the cities permanent residential housing stock. By
25 working to stop the proliferation of these illegal

2 short-term rentals, OSE's enforcement efforts demands
3 key goals of this administration. To help preserve
4 affordability and community livability, to prevent
5 harassment and displacement of permanent residents,
6 and to increase access to permanent housing. Our
7 enforcement efforts protect residents and visitors to
8 New York City from dangerous violations of the city's
9 building and fire safety standards, while striving to
10 ensure that New Yorkers are not disturbed by illegal
11 commercial activity in their residential
12 neighborhoods and buildings. The problem of illegal
13 short-term rentals and New York City adds to the
14 variety of long-standing affordability issues that
15 this administration is committed to addressing. The
16 illegal short-term rental problem is not homogenous,
17 but rather looks different across neighborhoods. And
18 one neighborhood, this can mean an entire rent-
19 stabilized building is converted to an illegal hotel.
20 In another neighborhood, a two family house might be
21 converted into an illegal hostile with 21 rooms and
22 62 beds. Both of these examples are real things that
23 we have found in our enforcement. Effective
24 enforcement requires tactics calibrated for these
25 citywide differences, but it has become increasingly

1 clear that a critical component across all
2 enforcement have been the ability to gain access to
3 the data about the listings and hosts that only the
4 companies that facilitate short-term rental
5 transactions have possession of. When OSE last
6 appeared before this body, it was in support of a law
7 that required these online services to provide this
8 critical data to the city. That law passed, becoming
9 local law 146 five 2018. It requires that such
10 booking services provide monthly reports to the city
11 of all short-term rental transactions with the
12 exception of those occurring in buildings authorized
13 by the Department of Buildings to house transient
14 use. As mentioned before, that law faced a legal
15 challenge from a few booking services that would've
16 been subject to the requirement. Namely Air B&B and
17 Home Away. A preliminary injunction was issued in
18 that matter. Now, OSE appears before this body
19 again, this time in support of updated legislation.
20 The passage of which will result in Air B&B
21 dismissing its suit while still providing a powerful
22 tool to further the city's efforts to address short-
23 term rentals. Attached to the submitted written
24 version of this testimony is the actual settlement
25

2 agreement by which the city and Air B&B agreed to
3 conclude the dispute over local law 146 through the
4 enactment of the pre-considered legislation that is
5 the subject of this hearing. Through this updated
6 local law, short-term rental platforms would share
7 information with the city on a quarterly basis
8 instead of monthly. Instead of all transactions for
9 all listings, the report would include all
10 transactions for listings that generate five or more
11 nights of bookings per quarter, so long as the
12 listing offers or appears to offer an entire housing
13 unit or allows three or more guests to stay at one
14 time. For all eligible listings, reports provided to
15 the city would be required to include the physical
16 address of the listing, post information such as
17 name, physical address, phone number, and email
18 address, the name, number, and URL of the listing,
19 whether the short term rental is for an entire unit
20 or part of a unit, the total number of days booked,
21 and the amount received by the host for each
22 transaction, as well as the account name and
23 anonymized account identifier relating to those
24 payments. The data of this amended law will provide
25 will significantly enhance OSE's ability to enforce

2 short-term rental restrictions and deter unlawful
3 rentals. It is critical to know that this amended
4 law does not, in any way, change what is or is not
5 legal in New York City. Indeed, the legal framework
6 for short-term rentals is reflected in the
7 legislation's terms. The current laws in New York
8 City restrict rentals for fewer than 30 days to only
9 those situations where up to two guests are
10 maintaining common household with a permanent keypad
11 of the housing unit, whether it is in a multiple
12 dwelling or in a one or two family building. In
13 addition, where the unit being listed is in a
14 multiple dwelling, the listing itself may run afoul
15 of the law prohibiting illegal advertising. The fact
16 that certain transactions for certain listings will
17 not be reported does not mean that those transactions
18 or listings are therefore illegal. While listings
19 offering only a part of a unit with two or fewer
20 guests allowed may be illegal, OSE has repeatedly
21 encountered and will remain vigilant to those hosts
22 who attempt to evade scrutiny by dividing who
23 apartments or buildings into a series of private
24 listings. These kinds of arrangements not only can
25 result in the removal of one or more units of

2 housing, they can create egregious safety conditions
3 for the occupants. OSE will apply traditional
4 methods of enforcement to address this subsection of
5 the illegal short-term rental market. In addition,
6 the little guy exception for listings that are rented
7 for fewer than five nights per quarter, does not mean
8 those users will never receive an inspection or
9 violation. Instead, this little guy exception to the
10 reporting means that the city is keeping to its
11 stated intention to its stated intention not to
12 proactively focus its efforts on those who
13 infrequently rent out the unit of housing they live
14 and. If the low-level use results in disruptions to
15 the community sufficient to prompt a complaint, OSE
16 will still respond and take appropriate action. In
17 conclusion, this revision total local law 146 will
18 still provide the city with the majority of the data
19 needed to effectively address illegal short-term
20 rentals. While, at the same time, also resolving
21 several of the concerns raised during the litigation
22 and in the preliminary injunction decision. The
23 Office of Special Enforcement commends the Counsel
24 for its swift action to realize the terms under the
25 settlement by introducing the legislation that will

2 end Air B&B's lawsuit against the city and urges its
3 rapid passage. Thank you.

4 CHAIRPERSON CORNEGY: Thank you for your
5 testimony and for our close working together on these
6 issues. I'm going to now call on Council members to
7 ask questions in the order that they have raised--
8 used the raise hand function. Council members,
9 please keep your questions to five minutes, including
10 the sponsor. The Sergeant-at-arms will keep a timer
11 and let you know when your time is up. I will then
12 come back and ask Chair questions after have allowed
13 my colleagues to ask questions. No questions?
14 Okay. Actually, do we want to move directly to--
15 since we don't have any questions, I don't have any
16 questions, my colleagues don't have any questions,
17 can we move to the next panel? Thank you so much for
18 your testimony.

19 EXECUTIVE DIRECTOR KLOSSNER: Thank
20 you, Chair Cornegy, and thank you to the Council
21 members for receiving my testimony. Have a great
22 day.

23 CHAIRPERSON CORNEGY: You, too.

24 COMMITTEE COUNSEL: Thank you. I
25 believe we don't have any members of the public that

2 are registered to testify at today's hearing. So,
3 Chair Cornegy, I will just turn it back to you to
4 close the hearing.

5 CHAIRPERSON CORNEGY: So, again, this has
6 been an issue that has plagued the city. I want to
7 thank my colleagues. In particular, Carlina Rivera,
8 for working really hard to make sure that the
9 affordable units are protected and that nobody is
10 left vulnerable, especially during this particular
11 time. It would have been a travesty. So, timing is
12 everything. I want to thank you so much for allowing
13 this to happen. I believe-- hold on one second. Did
14 you accidentally call me, Helen Rosenthal? Or do
15 you have a question that, before we close, you would
16 like to ask? So, we're going to commence this
17 hearing. I'm looking for my drumstick. Oh, here we
18 go. Thank you so much for your participation this
19 morning. Thank you, colleagues. This is,
20 unfortunately, the only way we get to see each other
21 in this time, so thank you so much for showing up
22 this morning. Hey, Margaret. Hey, Fernando. Thank
23 you so much.

24 [gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date July 1, 2020