



**Department of
Housing Preservation
& Development**

**Testimony of the Department of Housing Preservation and Development to the
City Council Committee on Housing and Buildings
Introduction 1010
Thursday, June 6th 2013 – 1:00pm**

Good afternoon Chairman Dilan and members of the Housing and Buildings Committee. My name is Chris Gonzalez, Assistant Commissioner of Government Affairs and Research at the Department of Housing Preservation and Development. Sitting next to me is Miriam Colón, Assistant Commissioner for Housing Incentives. Thank you for the opportunity to testify in support of Introduction 1010. This bill would both extend and reform the J-51 program, the tax exemption and/or abatement program available for the rehabilitation and upgrading of New York City's housing stock.

As you know, the J-51 program has played a significant role in the improvement and maintenance of New York City's housing stock since the 1950's. The program was initially conceived to address New York City's substantial inventory of cold water flats which did not have central heating, central hot water, or, in some cases, indoor plumbing. When the City required the installation of these improvements, many owners objected that they could not pay for the costs of the improvements from their existing rent rolls, which were limited by the rent control system.

The J-51 benefit program was enacted to enable owners to recover a percentage of the cost of improvements through tax abatements. The program was largely successful from its inception through 1977, with over 675,000 units of housing renovated using J-51 tax incentives. Through the 1980's and 1990's J-51 was expanded to provide a combination of real property tax benefits for improvements to multiple dwellings that varies according to location and type of building. In recent years, the J-51 program has continued to be an important piece of rehabilitating New York City's housing stock with approximately 550,000 units still receiving J-51 benefits as of FY13.

The J-51 program has also historically been a great benefit to tenants beyond the obvious improvements and renovations to the housing stock. Approval of J-51 benefits requires that rental units receiving benefits be protected under the laws of rent stabilization.

Furthermore, current law requires that owners applying for Major Capital Improvement rent increases through New York State Housing and Community Renewal (NYS HCR) concurrent with receipt of J-51 benefits must offset the rent increase by 50% of the amount of the abatement.

As we all know, the former J-51 program expired on December 31, 2011. To ensure the continuation of the program, in January of this year Governor Cuomo signed into law Chapter 4 of the Laws of 2013 which included the extension and modification of the J-51 program. The bill before us today, Introduction 1010, represents the final step in the reauthorization process, and we are here to express HPD's strong support for the provisions of this bill and encourage the swiftest passage of this legislation.

Introduction 1010 would implement the provisions of Chapter 4 of the Laws of 2013 in the following ways: First, Chapter 4 extended the completion date for projects eligible to receive J-51 benefits from December 31, 2011 to June 30, 2015. This authorizes HPD to process and approve eligible applications that have completed J-51 eligible work after the program expiration on December 31, 2011.

Most significantly, Introduction 1010 also implements Chapter 4 by eliminating eligibility for J-51 benefits for projects converting from non-residential to residential use unless the project is receiving substantial government assistance. Substantial government assistance is defined as grants, loans or subsidies from any federal, state or local agency in furtherance of a program for the development of affordable housing, which therefore means there will be some level of affordability produced by the completion of the project. Similarly, Chapter 4 restricts eligibility for J-51 benefits for homeownership projects in buildings or structures with an average assessed value of \$30,000 or more per dwelling unit to work carried out with substantial governmental assistance. HPD is supportive of these amendments to the J-51 eligibility criteria. Although we certainly acknowledge the need to incentivize owners to renovate and improve the City's aging housing stock, we feel that market rate conversions and cooperative/condominium projects need not rely upon an incentive program such as J-51 in order to make necessary repairs. And furthermore, market rate homeowners are already incentivized to maximize their return on equity and therefore should not be eligible for the J-51 benefit without an additional investment in affordability within the building.

Also consistent with Chapter 4 of the Laws of 2013, Intro 1010 reduces the completion period from 36 to 30 months for most projects seeking J-51 benefits. HPD agrees that the three year period from the previous version of the J-51 program is unnecessarily long for the majority of J-51 projects, and often times delays what can already be a lengthy and complicated application process. Owners applying for J-51 benefits still have the option of dividing complicated projects up into their component parts in order to meet the shortened completion deadline. In keeping with the State law-mandated reduction in the project completion deadline, this bill concomitantly provides for a reduction in the application filing deadline from 48 to 36 months after the work has been commenced.

Chapter 4 of 2013 also authorized, and this bill provides for, the imposition of a fee equal to two times (2x) the inspection cost on applicants whose work was not completed at the time of the initial HPD inspection. The J-51 program requires renovation projects to be completed at the time of application. In an effort to expedite the inspection process we have found that owners will sometimes feign completion and schedule an HPD inspection. When HPD inspectors are called in to inspect a project that is incomplete, the result is oftentimes a delay for not only the project requesting inspection, but for all other projects waiting to be inspected. Including this fee would serve as a disincentive for owners to schedule HPD inspections for incomplete J-51 projects. With shrinking agency resources, inspection staff time must be used as efficiently as possible.

Chapter 4 further provided, as reflected in Intro 1010, that HPD may require electronic filing of applications. Administering a complicated and multi-faceted benefit program through paper applications limits the efficiency of the agency's operation, and has the potential to cause delays in the approval process. Implementing a requirement for electronic applications would greatly assist in this process.

Finally, in addition to the provisions codified at the State level, Introduction 1010 clarifies that projects eligible for J-51 benefits must be clear of hazardous and immediately hazardous violations under the Housing Maintenance Code. This provision codifies our existing policy outlined in HPD Rule, and does not in any way limit an owner's ability to address this requirement through architect or engineer certification, also outlined in HPD Rule.

As mentioned previously, the J-51 program has been primarily responsible for the rehabilitation and upgrading of New York City's housing stock since the 1950's. HPD is strongly supportive of the extension of the program as well as the eligibility reforms passed by the State and proposed in Introduction 1010. Furthermore, the J-51 program also serves as an important tool in HPD's housing preservation programs to upgrade and rehabilitate the City's housing stock and most importantly, to enable owners to maintain rents affordable to low and moderate income households while repaying rehabilitation loans. We thank you for the opportunity to provide you with an overview of the agency's support for the extension of this program and welcome any follow-up questions you might have.

**Testimony of the Department of Buildings
New York City Council
Committee on Housing and Buildings
Fee Waiver Extension
June 6, 2013**

Good afternoon Chairman Dilan, and members of the Committee. I am Kanda Gordon, Associate Commissioner for Borough Operations at the Department of Buildings, and have with me; Susan Pogoda, Donald Ranshte and other members of the Department. Thank you for allowing me the opportunity to testify in support of this important legislation, which will continue the effort that allows New Yorkers to recover and rebuild.

We are here today in support of the bill, which will amend the administrative code of the city of New York, by extending the waiving of fees associated with applications, permits and inspections for the demolition, alteration, rebuilding or repair of certain buildings and systems damaged by the severe storm that occurred on October 29 and 30, 2012, known as Superstorm Sandy.

This bill would amend section 28-112.10.2 of the administrative code to extend the waiving of fees associated with applications, permits and inspections for work on certain buildings and systems that suffered serious damage arising out of the storm that occurred on October 29 and 30, 2012. The Department would be authorized to continue to waive those fees in connection with repairs, or replacement of electrical and plumbing systems, that were seriously damaged and unsafe to occupy, as noted in post storm inspections or otherwise noted in Department records. Fees would be waived for jobs where an application for electrical or plumbing approval or permit between enactment and December 31, 2013. This would coincide with other recently passed legislation for businesses that were damaged during the storm.

For buildings with storm damage, fees would be waived for work on electrical and plumbing permits where a licensed master plumber, licensed master fire suppression piping contractor, or licensed master electrician has certified that the proposed work is related to such storm damage. Licensees can submit applications for this work and obtain fee free permits immediately. In addition, as a part of the ongoing recovery and assistance operations, the Department currently has a fee waiver for demolitions, new buildings, and alterations, permits and inspections related to work on buildings with significant structural damage.

We understand that tens of thousands of buildings suffered damage during the storm. Our analysis of permit applications showing that there is still a demand for these types of permits. April was the second highest month, since the storm, for plumbing and boiler permit applications. March and April make up more than half of all applications received to date, show that the demand for permits has not yet crested. With electrical permits, March and April were roughly 25% of all permit applications received so far. We believe that following these statistical trends, there are still thousands of homeowners who are working on repairing and replacing storm damaged systems.

Thank you. We urge your support and an expeditious vote on this bill. I would be happy to answer any questions you may have.



Council of New York Cooperatives & Condominiums
INFORMATION, EDUCATION AND ADVOCACY

250 West 57 Street • Suite 730 • New York, NY 10107-0700

**MEMORANDUM IN SUPPORT OF LEGISLATION
BEFORE THE COMMITTEE ON HOUSING & BUILDINGS**

June 6, 2013

My name is Mary Ann Rothman. I am the executive director of the Council of New York Cooperatives & Condominiums, a membership organization for housing cooperatives and condominiums located throughout the five boroughs of New York City and beyond. More than 170,000 New York families make their homes in our member buildings, which span the full economic spectrum from very modest housing to some very upscale dwellings. Cooperative and condominium home owners can have a voice in how their homes are run. They are involved in their communities and vote in significant numbers. Cooperatives and condominiums are known to anchor and stabilize marginal communities. They're even good for the environment, benefitting from economies of scale in energy consumption.

I am here to support both pieces of legislation under consideration today and to thank this Committee for acting quickly on these important issues.

It is entirely fitting that permit fees be waived for needed repairs and reconstruction to buildings damaged by Tropical Storm Sandy. This small but significant benefit is particularly important to cooperatives and condominiums that were damaged, as Sandy taught us that FEMA is not presently able to provide grants for the restoration of building systems in cooperatives and condominiums. Fortunately, FEMA is sensitive to this issue and is working with Representative Steve Israel and many other members of Congress from New York, New Jersey and Maryland to word legislation necessary to correct this. The State Legislature is considering a resolution in support, and I believe that the City Council will do the same.

I am also pleased to see swift action to implement the J-51 extender enacted by the State legislature in January. It is important that this incentive program continue to be available to help defray a part of the cost of maintaining the housing stock of our city. It is not the fault of the City Council that open market cooperatives and condominiums are virtually all excluded from J-51 eligibility by the lowering of the eligibility ceiling from an average assessed value of \$40,000 per unit – which was put in place in 1992!!! – to \$30,000 per unit. Perhaps by 2015, when the program will again need to be extended, there will be the opportunity to review eligibility requirements.

Again my thanks to the Committee for its good work on these issues. As many of you move on into new roles in our City and beyond, I hope that you will continue to be mindful of the many benefits of cooperative and condominium housing for our city and that you will look to help this form of home ownership to thrive.



ARCHITECTS COUNCIL OF NEW YORK CITY INC.

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ACNY Legislation Impact Statement

The Architects Council of New York is the umbrella group that represents Architectural organizations in the five boroughs of New York City. The Council (ACNY) represents the New York Society of Architects, Society of American Registered Architects and the Brooklyn, Queens, S.I, & Bronx Chapters of the American Institute of Architects.

We support all efforts to waive the fees for all Sandy storm-damaged buildings and their construction, plumbing, electrical, and elevator repair and/or replacement Department of Buildings applications.. And, we support no real estate tax increases for storm damage repairs.

Additionally, the ACNY Supports the Good Sam law introduced as draft S.3942 in NYS Senate and draft A.4380-A in the NYS Assembly. The Architects Council of New York is committed to supporting our fellow New Yorkers in disastrous times of need. We urge the New York City Council to pass a resolution supporting this Good Sam New York State legislation.

The Architects Council of New York is in favor of Real-Estate tax exemptions for all new, and altered building, residential developments in all Boroughs of New York City. These tax incentives promote economic development in the city.

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Architect's Council of New York
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Assistant DOB Commissioner
Sheldon Licht
Bronx AIA President



National Elevator Industry, Inc.

GOVERNMENT AFFAIRS OFFICE

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June 6, 2013

Erik Martin Dilan
Chair, NYC Council Committee on Housing and Buildings
City Hall
131 Duane St New York, NY 10013

Dear Mr. Dilan:

On behalf of the National Elevator Industry, Inc. (NEII®), I would like to offer comments on the proposed legislation to amend the administrative code of the city of New York in relation to waiving certain fees for the rebuilding or repair of buildings and systems damaged by "Hurricane Sandy." Local representatives from our member companies are present today and may provide verbal comments as well.

The National Elevator Industry, Inc. (NEII) supports extension of Sandy-related permit and inspection fee waivers to the end of this year as proposed and also requests an additional modification to Section 28-112.10.2 to include elevators. The first time this bill was presented to this Committee in December, 2012, NEII submitted written comments with this same request. Please see the letter dated December 13, 2013 addressed to Mr. Goodman. (Attached)

In December, time was short to extend an emergency executive order to bring much needed relief to building and home owners and, as such, no amendments were allowed. That was understandable given the circumstances. There was, however, some support on the Committee for the concept of expanding the reach of Section 28-112.10.2 to elevators, another core and critical building system. NEII asks that the bill be amended, for the reasons outlined in the attached letter, to include elevators.

Please feel free to contact me if you need additional information at 785-286-7599 or via e-mail at ajblankenbiller@neii.org. I am available, along with elevator company representatives, to meet with you to discuss this particular bill as needed.

Thank you for your consideration of the industry's comments.

Sincerely,

Amy J. Blankenbiller



National Elevator Industry, Inc.

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December 12, 2012

SENT VIA EMAIL

BGoodman@council.nyc.gov

Benjamin J. Goodman
Senior Legislative Policy Analyst
New York City Council
Infrastructure Division
250 Broadway, 14th Floor
New York, NY 10007

RE: Hurricane Sandy Fee Waivers - SUPPORT WITH MODIFICATION TO INCLUDE ELEVATORS

Dear Mr. Goodman:

On behalf of the National Elevator Industry, Inc. (NEII®), I would like to offer comments on the proposed legislation (Attachment 1) to amend the administrative code of the city of New York in relation to waiving certain permit and inspection fees for the demolition, alteration, rebuilding or repair of buildings and systems damaged by the severe storm that occurred on October 29 and 30, 2012, commonly referred to as "Hurricane Sandy." I understand that this item has been added to the agenda for the December 13th City Council Housing and Buildings Committee hearing.

NEII® appreciates and shares the New York City Council's strong interest to facilitate fast and safe repairs to damaged infrastructure as a result of Hurricane Sandy. With this proposed bill, the City is recognizing that it makes no sense penalize selected key industry contractors and their customers who are working diligently to restore basic functionality when they cannot meet established timeframes, which were originally intended for non-emergency situations. We support your efforts, but argue that this bill should be amended to include the elevator industry as well.

Building transportation, in the same fashion as plumbing and electricity, is a core function of any multi-story building. All three are interdependent. In fact, access to elevators by trade personnel are the predicate condition for the Sandy-related repair work to even be performed. Without elevators, electrical and plumbing workers and material for the repairs cannot be moved, at all or easily, inside the building from floor to floor to restore damaged plumbing and electrical systems.

For tenants, elevators provide the primary and essential form of egress and ingress for high rise offices and residential buildings. In addition, without elevators and/or functioning fireman's service operation, emergency personnel cannot effectively, or in some cases at all, respond to medical and crisis situations or conduct efficient evacuations. Elevators are a vital component of basic public safety in multi-story buildings.

NEII ASSOCIATION HEADQUARTERS

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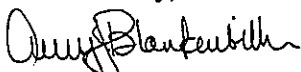
In addition to the industry's request that the proposed legislation be amended to apply the elevators as well, NEII® would also recommended that the Council amend the emergency permitting provisions under New York City's existing law (Attachment 2). Clearly, the city recognizes that there are situations where permit submission requirements need to be waived or altered to address a hazard or other urgent need such as Hurricane Sandy. While this provision of law is not on the hearing agenda, NEII® strongly recommends that §28-105.4.1 pertaining to the permitting of emergency work also be amended to include elevators.

Thank you for your consideration of these important comments. NEII® and its member companies are eager to assist New York City in its efforts to repair the damage left in the wake of Hurricane Sandy and request that, as a core building function, elevators are provided the same fee relief and emergency work without an advance permit in limited circumstances as granted to similar critical and basic building functions.

Please feel free to contact me if you need additional information at 785-286-7599 or via e-mail at ajblankenbiller@neii.org. I am available, along with elevator company representatives, to meet with you to discuss these proposals as needed.

Thank you for your consideration of the industry's comments.

Sincerely,



Amy J. Blankenbiller

National Elevator Industry, Inc. (NEII)

NEII® is the outgrowth of the Elevator Manufacturers' Association established in 1914. NEII® promotes safe building transportation for new and existing products and technologies, and works with various organizations on the formation, adoption and enforcement of the latest building transportation codes and standards. NEII® is the premier national trade association representing the interest of firms that install, maintain and/or manufacture elevators, escalators, moving walks and other building transportation products, including parts or components. Its membership includes the major elevator companies in the United States, if not the world, as well as smaller and independent companies. NEII® members report more than eighty percent of the hours worked within the industry.

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in favor in opposition

Date: 6/6/13

(PLEASE PRINT)

Name: ELIZABETH CERIELLO GAMMIZ

Address: ONE FLEM SPRING RD, CT 06032

I represent: NEU

Address: SAME

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Name: SHELDON LIGHT

Address: 2625 NETHERLAND AVE

I represent: ARCHITECTS COUNCIL NEW YORK

Address: 141 EAST 38TH ST NYC

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Name: MARY ANN ROTHMAN

Address: 1101 RIVERSIDE ST NYC 10024

I represent: COUNCIL OF NY COOPERATIVES & CONDOMINIUMS

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Name: Donald Roushke

Address: Director, Community Affairs

I represent: Dept of Broadway

Address: 280 Broadway

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Name: Kanda Gordon (PLEASE PRINT)

Address: Associate Commissioner

I represent: Dept Buildings

Address: 280 Broadway

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Name: Frank Ricci (PLEASE PRINT)

Address: _____

I represent: Rent Stabilization Assn.

Address: _____

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