MINUTES OF PUBLIC MEETING New York City Loft Board Public Meeting Held at 22 Reade Street, Main Floor Spector Hall

May 17, 2018

The meeting began at 2:01 p.m.

Attendees: Robert Carver, Esq., Owners' Representative; Elliott Barowitz, Public Member; Robinson Hernandez, Manufacturers' Representative; Charles DeLaney, Tenants' Representative; Richard Roche, Fire Department ex officio; and Chairperson Designee Renaldo Hylton.

1. CHAIRPERSON'S INTRODUCTION

Chairperson Hylton welcomed those present to the May 17, 2018 public meeting of the New York City Loft Board and briefly discussed Section 282 of the New York State Multiple Dwelling Law which establishes the New York City Loft Board. He described the general operation of the Board as consistent with Article 7-C of the New York State Multiple Dwelling Law.

2. VOTE ON April 19, 2018 MINUTES

Chairperson Hylton asked the Board Members if they had any corrections or comments to the minutes of the April 19, 2018 meeting.

Board members had no corrections or comments.

Chairperson Hylton asked for a motion to accept the April 19, 2018 minutes.

Motion: Mr. Carver moved to accept the April 19, 2018 minutes. Mr. Barowitz seconded this motion.

Members Concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (6)

3. REPORT OF THE EXECUTIVE DIRECTOR, HELAINE BALSAM, ESQ.

Ms. Balsam reported that the City's Office of Legislative Affairs informed her that the Assembly will introduce a bill to amend the Loft Law. She stated it is essentially identical to the bill that the Assembly passed last year with, potentially, a few minor changes. She gave the bill number: A8409(A) and where the proposal can be viewed online: www.nyassembly.gov/leg.

Ms. Balsam then reported on registration. As of April 2018, eighteen buildings failed to register for fiscal year 2018. However, the Board is on track to mail out registrations for next year. The buildings that fail to register in 2018 will be issued fines next year.

Ms. Balsam continued her report, stating the Loft Board unofficially collected \$3,408.75 in revenue.

Ms. Balsam then stated that of the 37 administrative determinations based on failure to file monthly reports for December of 2017 sent last month, two owners have paid the fine and two were returned to the Loft Board. She further stated that in terms of the three violations sent for late filings of sales of rights, all owners submitted explanations so administrative determinations will be made on those three.

Ms. Balsam reported that the Loft Board was notified of an Order to Show Cause that was going to be filed asking to enforce a subpoena seeking discovery at OATH. She further reported that the OATH proceeding was stayed so discovery could be completed. The Loft Board was never served. Separately, Ms. Balsam reported that the owner of 99 Sutton Street served the Loft Board with a Summons and Complaint alleging the HPD inspector assigned to the Loft Board trespassed when he inspected the property to determine if the owner posted the Loft Board sign and to serve copies of a Loft Board administrative determination. The papers allege a violation of constitutional rights and lawful procedures.

Mr. Carver questioned why OATH would issue a subpoena to a non-party.

Ms. Balsam stated that in the instant case, the subpoena was issued to a party. She further stated that there are, however, instances when a subpoena could be issued to a non-party e.g. witnesses or utility companies for documents.

Mr. Carver asked if a subpoena could be issued on a non-residential tenant to find out what the use is.

Ms. Balsam informed him that the determination would be made by the OATH ALJ and based on the context of the proceeding.

Mr. DeLaney questioned the two administrative determinations that were returned to the Loft Board.

Ms. Balsam stated there would be a follow up to figure out the correct address and whether or not the Board misaddressed the letter or they had the wrong address.

Mr. DeLaney stated that unless the Loft Board misaddressed a document, the document being returned is indicative of the owner not keeping the Board informed.

Ms. Balsam concurred stating further that any address changes should be reported within five days.

Mr. DeLaney questioned whether there was a consequence for not reporting in five days.

Ms. Balsam stated that the Board does not necessarily take enforcement action but they could.

Mr. DeLaney proposed a penalty for not keeping the Board informed of address changes

Ms. Balsam informed him that there is a \$4000 fine for "failure to report a change in ownership information" which includes the address.

Mr. DeLaney stated that the wording should be changed from "ownership information" to "contact information" for clarity.

Ms. Balsam concurred.

- Mr. Barowitz asked for the backlog of the cases the Board has.
- **Ms. Balsam** stated that there are about 50 cases, those on the current calendar and those that have been sent back to the Board, and some have been done.
- Mr. Hernandez asked if there were any new cases.
- Ms. Balsam clarified that there are other new cases, but no new coverage cases.
- Mr. Barowitz asked if the June 15th deadline to ask for coverage could be amended.
- **Ms. Balsam** stated that that would be up to the state legislature. She further stated that the bill approved by the Assembly last year extended the deadline but the Senate would not approve it. There was another proposal that was just for the deadline but it did not get anywhere. She stated that the proposal could resurface this year (2018).
- Mr. Barowitz stated that from his understanding, the Law Department did not favor the coverage bill.
- **Chairperson Hylton** stated that was false and the city actually favored the bill.
- Mr. DeLaney asked whether the city issued a memorandum in support of the bill.
- **Chairperson Hylton and Ms. Balsam** stated the city did not. **Chairperson Hylton** noted, however, that the bill did pass the Assembly.
- Mr. Barowitz questioned whether the Board knew why the bill was stalled in the Senate.
- **Ms. Balsam** stated the Senate was not in favor of the bill. She further stated that traditionally the Senate is pro-Owner and the Assembly is pro-Tenant and the bill was pro-Tenant.
- **Mr. Barowitz** stated that from his understanding, there was never an issue with the State Legislature and a Loft Law bill because those upstate did not care much about what was happening in New York City but now he is receiving new information that is unclear. He further stated that for years the Loft Law had to be updated every two years and there was never any problem getting it through. He states that now there is an issue because the Senate supports who they want and he does not understand why it matters to them now when it never did before.
- **Ms. Balsam** clarified that the distinction is not between upstate and downstate but between the Senate and the Assembly.
- Mr. Delany asked about a case done last month at 86 E 10th Street.
- **Ms. Balsam** stated that the case involved a claim of diminution of services because the tenants no longer had heat and the case settled. She further stated that an inspector was sent out to see whether or not the heat had been restored and the inspector reported heat had not been restored so the Loft Board would have to take some type of enforcement action.

Mr. DeLaney reiterated a suggestion from the last meeting that the Board should make a motion for specific performance and made an inquiry into what the board had done in response to what were deemed recidivism buildings in the February meeting. He questioned how long these would be studied before a course of action was decided.

Ms. Balsam stated that the Board would likely have more information to report by the June meeting, if not, definitely by the July meeting.

4. VOTE ON CASES

VOTE ON APPEAL AND RECONSIDERATION CALENDER

Mr. Michael Bobick, Esq., Assistant General Counsel presented the following case to the Board for consideration:

1	Dobbins Street, LLC	87-95 Dobbin Street, Brooklyn	AD-0088
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Chairperson Hylton invited comments on this case.

There were no comments.

Chairperson Hylton invited a motion to accept this case.

Motion: Mr. DeLaney moved to accept the proposed orders. Mr. Barowitz seconded this motion.

Members Concurring: Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (5)

Members Dissenting: Mr. Carver (1)

VOTE ON SUMMARY CALENDAR CASES

Chairperson Hylton presented the below summary cases for vote by the Board:

2	Albert Sunjoon Weaver	449-465 Troutman Street,	PO-0072
		Brooklyn	
3	Robert Newmann and Mary Carol Newmann	545 Broadway, Manhattan	TH-0210

Chairperson Hylton invited comments on this case.

There were no comments.

Chairperson Hylton invited a motion to accept this case.

Motion: Mr. Carver moved to accept the proposed orders. Mr. Hernandez seconded this motion.

Members concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (6)

VOTE ON MASTER CALENDAR CASES

Mr. Michael Bobick, Esq., Assistant General Counsel presented the following case to the Board for consideration:

4	Joanne Greenbaum	73 Leonard Street, Manhattan	TA-0207
		7 5 2001101 0 501 500) 11101111010011	

Chairperson Hylton invited comments on this case.

There were no comments on this case.

Chairperson Hylton invited a motion to accept this case.

Motion: Mr. DeLaney moved to accept the proposed orders. Mr. Barowitz seconded this motion.

Members Concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (6)

Mr. Michael Bobick, Esq., Assistant General Counsel presented the following case to the Board for consideration:

		4=0.4001/	10-0
5	Caitlin Waid	473-493 Kent Avenue, Brooklyn	TR-1253

Chairperson Hylton invited comments on this case.

Mr. DeLaney stated he believed the Board was doing more than was necessary.

Chairperson Hylton invited a motion to accept this case.

Motion: Mr. DeLaney moved to accept the proposed orders. Mr. Hernandez seconded this motion.

Members Concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (6)

Chairperson Hylton presented the below removal cases for vote by the Board.

6	Alaml Corp.	763 Avenue of the Americas,	LE-0587
		Manhattan	RA-0011
7	186 Mulberry LLC	186 Grand Street, Manhattan	LE-0682
8	Pearl St. Holding, LLC	76 Pearl Street, Manhattan	LE-0687
9	Marc Hirschfeld as President of Acorn		
	Machinery Corporation	182 Lafayette Street, Manhattan	LE-0690

Chairperson Hylton invited comments on the case.

Mr. DeLaney recused himself.

Chairperson Hylton agreed.

Chairperson Hylton invited a motion to accept cases six, seven, and nine.

Motion: Mr. Carver moved to accept the proposed orders. Mr. Hernandez seconded this motion.

Members concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (6)

Chairperson Hylton invited a motion to accept Pearl St. Holding, LLC.

Motion: Mr. Carver moved to accept the proposed orders. Mr. Hernandez seconded this motion.

Members concurring: Mr. Carver, Mr. Barowitz, Mr. Roche, Mr. Hernandez, Chairperson Hylton (5)

Members recused: Mr. DeLaney (1)

5. LOFT BOARD RULES - CHAPTER 1 REVISIONS AND CHAPTER 2

Ms. Balsam led the discussion.

Ms. Balsam began with page 25, Section 4(c). She invited comments on this section.

Ms. Balsam stated that the bracketed language on the top of page 26 was not actually removed from the text, but moved elsewhere.

Mr. DeLaney predicted there would eventually be a question about Section 1(D) regarding different periods of time for buildings of different sizes. He proposed that the Board consider changing "not to exceed 21 calendar days" so the Board may authorize an additional reasonable period of time depending on the nature and scope of the legalization plan.

Mr. Carver asked what the effect would be on the other deadlines imposed to keep the legalization process moving. He questioned whether a party would be entitled to an extension.

Ms. Balsam stated that the rule contemplated paperwork and that the rules did allow the Executive Director to extend any deadline if there was a good reason. She further states that the underlined rule below, (B)(a), contemplates one 30-day extension.

Mr. Carver states a hard deadline would be needed in the instance where the issue is not of substance but a matter of someone signing papers.

Chairperson Hylton asked Mr. DeLaney to repeat his suggestion.

Mr. DeLaney repeated his proposal. He stated that when the rule was passed, it only contemplated buildings of a certain size. He further states that buildings are larger now and the issues multiply and become more complex.

Mr. Barowitz proposed that another timetable should be considered because people may complain about inconsistencies in approving the extensions making the Board vulnerable to lawyers. **Mr. Carver** stated that the best way to move the process along was to have a hard deadline.

Mr. Hernandez concurred.

Mr. Barowitz questioned whether the Board would consider extending the deadline by one week, making it 28 calendar days.

Mr. DeLaney stated he was in favor of giving the Loft Board more latitude to determine what is required. He stated that he appreciated Mr. Carver's concerns about keeping the legalization process moving, but there are some complicated buildings and attorneys for landlords were coming to him telling him that the size of their buildings made the issues more complicated. He further stated that his proposal to extend time periods is an effort to accomplish code compliance in a way that is clear to all the parties with a deadline that works for people.

Mr. Carver stated that at that point in the process, everything was already agreed upon and on paper, no new ideas were being presented.

Ms. Balsam agreed in part stating that at that point the parties are not in 100% agreement and are stating they need a bit more time to work out a few more things. She states that there has already been a narrative conference by that time and there are a few outstanding issues.

Mr. Carver asked whether there had been time issues during that time period.

Ms. Balsam stated that in larger buildings it is hard for attorneys to go back and talk to all their clients so Mr. DeLaney's comments had merit. She further states that because there was a deadline, it pushed parties to try and meet it.

Mr. Roche stated that it may be better to extend the amount of days rather than to include language that was open for interpretation. He further states that language such as "a reasonable time" varies person to person and could not be applied consistently therefore creating an issue with attorneys and tenants.

Mr. Hernandez asked Ms. Balsam what she would suggest as a reasonable time period for her office.

Ms. Balsam stated that if there is to be an agreement it should be done sooner rather than later so the owner can finalize their plans and move forward with the legalization process. She agreed that another seven days would be reasonable.

Chairperson Hylton rephrased Mr. Hernandez's question asking what would be a reasonable maximum amount of time. He states that there is still discretion because the language says "not to exceed."

Ms. Balsam stated that a length of 30-days would be sufficient.

Mr. Carver and Mr. Roche stated that extending the deadline may encourage people to wait until the last minute anyway.

Mr. DeLaney proposed categorizing the buildings. He stated that one building with three units, one attorney, and one architect is different from a building with fifty units, multiple attorneys, and multiple architects. He further stated that the words "reasonable based on the circumstances" would likely eliminate the claims of inconsistency.

Chairperson Hylton proposed agreeing on 30-days.

Ms. Balsam stated that there could be categories giving a certain deadline for all buildings containing a certain amount of units. E.g. 21 days for a building containing 1-50 registered IMD units and 30 days for those containing 50 or more IMD units. She further states that successful agreements move the process along because there is no need for the 45 day clock therefore saving that time.

Mr. Carver stated that the parties had enough time to reach an agreement.

Ms. Balsam stated that language is written to give the parties whatever time in the narrative statement process, which is at least 30-days, plus an additional 21-days, however, with larger buildings the narrative statement process takes much longer because of the amount of people. She further stated that the getting them to agree moves the process along sooner because they do not need the 45-days as well.

Mr. Carver stated that if the goal is to move things along, adding more time will not do that.

Mr. Roche stated that using the sliding scale approach may create a situation where building owners are unhappy that they are being treated differently because of building size.

Chairperson Hylton stated that owners may complain but the rules must be followed.

Ms. Balsam stated that there is a valid rationale which is that there are presently much larger buildings than there were in the past. She further stated that while the buildings are moving through the legalization process, the rules have presented an issue for some larger buildings.

Mr. Roche asked Chairperson Hylton whether the Chairperson's office could draft some language based on the sliding scale approach and bring it back for possible approval.

Chairperson Hylton questioned whether the language is in the Rules presently.

Ms. Balsam stated that the language was there, however, she was unsure if the same amount of days should be included.

Mr. Roche stated that he was in favor of the sliding scale but was open to giving the staff time to think about it and frame it then bring it back for approval.

Mr. Barowitz asked for clarification on whether the scale depended on the number of units in a building. He stated that the largest building under the Board, Kent, reached an agreement and was skeptical of whether or not there would be larger buildings with 30-60 units under their jurisdiction in the future.

Mr. Delaney stated that the Board has acted on some larger buildings that applied for coverage.

Chairperson Hylton clarified that the time period related to an agreement that needed to be negotiated. He stated that in a large building like Kent, not every person would want to negotiate so the sliding scale may not work during that process. He further stated that in the alternate plan process, which involves different units, the sliding scale approach could be applied. He proposed making it 30-days instead of using the sliding scale approach or 21-days.

Mr. Carver stated that adding days shortens the time to the deadline which is already short therefore lengthening the overall process.

Chairperson Hylton responded that days are not being added, rather the Rule is authorizing the Executive Director to give extensions within the given time frame.

Chairperson Hylton asked the Board whether anyone was in favor of keeping the 21-day provision or extending it to 30-days clarifying that is a time frame that the Director can work within, not a set 30-day extension. He also asked whether it should be a set scale or up to the Director's discretion.

Mr. Barowitz suggested writing "up to 30-days" would negate the need for setting a scale.

Mr. Roche stated he was in favor of any additional amount of time but expressed his concern about having no set way to determine how much time is granted to each person.

Chairperson Hylton called for a show of hands of all those in favor of leaving the time period at 21-days.

Vote: Mr. Carver (1)

Chairperson Hylton asked for a motion to extend the deadline.

Motion: Mr. Barowitz made a motion to extend the deadline not to exceed 30-days. Mr. Roche seconded this motion.

Members concurring: Mr. Barowitz, Mr. Roche, Mr. Hernandez, Mr. DeLaney, Chairperson Hylton (5)

Members dissenting: Mr. Carver (1)

Ms. Balsam moved to Section 5 of the Bill giving background information regarding how the process currently operates. She stated the Board was proposing to add time frames to 2-01(d)(2)(viii) Section (B). She stated that a Section (B)(a) would be added giving buildings containing 1-50 units 45 days after the Board issues a notice to file an alternate plan application or comments, section (b) gave buildings with 51 or more units 60 days to file, and Section (c) gave the Executive Director discretion in granting an additional 30-day extension under extraordinary circumstances that prevented an applicant from filing within the given deadline.

Mr. DeLaney proposed lowering the first threshold to buildings containing 1-20 units because 20 was the contemplated size under the original law and there is a greater complexity in buildings with more than 20 units.

Mr. Carver questioned whether the number of units leads to the possibility that there will be an alternate plan.

Ms. Balsam answered that each tenant has the right to file an alternate plan so the size does increase the likelihood. She stated that when there are more tenants it is harder for them to figure out if something should be done. She further stated that there is a distinction between building-wide issues and tenant specific issues.

Chairperson Hylton stated that the proposed change to lowering the threshold was rather low.

Mr. Carver stated that he believed the threshold was fine and did not need to be lowered.

Ms. Balsam proposed asking the DOB about the complexity of larger buildings that could potentially create a natural cutoff point.

Chairperson Hylton agreed and proposed going back to that section in the following month.

Ms. Balsam moved to another change, Sections D and E, regarding who an occupant has to serve if an alternate plan is filed that does not affect any of the units or common areas. She stated the applicant only has to serve only the owner with the narrative statement and would serve electronically provided the owner gives the occupant an email address. She further stated that if the plan does involve other units or common areas everyone would need to be served.

Ms. Balsam proposed keeping the first sentences of D and E and striking out the last sentence regarding email addresses because F covers the issue of serving an electronic copy if an email address is provided.

Mr. DeLaney suggested extending the time to seven days.

Chairperson Hylton and Mr. Roche agreed with Mr. DeLaney's suggestion.

There was some discussion about the use of "calendar days" and what days were included in the definition of "days."

Chairperson Hylton asked for a motion to extend the time to seven calendar days.

Motion: Mr. DeLaney motioned to extend the time to seven calendar days. Mr. Barowitz seconded the motion.

Members Concurring: Mr. Barowitz, Mr. Roche, Mr. Delaney, Chairperson Hylton (4)

Members Dissenting: Mr. Carver, Mr. Hernandez (2)

Ms. Balsam stated that the language of F should be changed allowing for electronic filing if there is an email. She further stated that the filing requirement time should be extended to seven days since the service requirement was extended. She also stated that G should be extended as well.

Chairperson Hylton questioned the use of the word "other" in Mr. Delaney's proposal to H.

Mr. DeLaney stated that in certain circumstances the tenant proposing the alternate plan must file the plan with other tenants.

Ms. Balsam added that the filing would be at the expense of the person proposing the alternate plan.

Chairperson Hylton asked for clarification on whether the occupant would file with affected or unaffected tenants.

Mr. DeLaney stated that they are affected as part of the narrative statement process.

Ms. Balsam stated that J would not be changed in substance, just changed from the passive to the active voice.

Mr. DeLaney suggested adding "or on agreement of the owner and occupants" to J.

Ms. Balsam stated that the agreement could affect the other occupants in the building and that could slow down the legalization process for other people.

Mr. DeLaney stated that it could move the process along by creating an alternate plan that is more acceptable to the owner and individual.

The Board agreed to include that the agreement must be between the owner and all affected parties.

Ms. Balsam moved to Section 6. She explained the changes to be made to posting the sign so it is more visible.

Ms. Balsam stated that "five business days" should remain but "five calendar days" should be changed to "five days."

Mr. DeLaney asked whether the Board should be more specific as to the location of the sign.

Ms. Balsam stated that the proposal included more common area options that gave owners more flexibility.

Chairperson Hylton stated that it should be posted at each entrance to the building as well as the common areas.

Ms. Balsam concurred.

Ms. Balsam moved on to the issue of inherently incompatible uses. She explained the current rule which puts the burden of proof on the tenant to prove that the building does not have an inherently incompatible uses which the tenant was likely unable to do. She proposed that the burden should be shifted to the owner to prove that there is an inherently incompatible use.

Mr. Carver stated that the owner was not necessarily in a better position to know what was happening inside a unit because the lease gave the tenant control over the unit and the owner has no right of access. He further stated that there is a potential safety issue in tenants certifying that there is not an inherently incompatible use to his or her knowledge because they may have no knowledge.

- **Ms. Balsam** stated the owner would eventually have to hire someone to do the inspection or say they cannot register because there is an inherently incompatible use.
- Mr. Carver questioned why a claimant would not have to prove his claim.
- **Ms. Balsam** stated that the burden is too great to prove a negative. She further stated that the owner has a legal responsibility to know what is going on in the building whereas the tenant does not.
- **Mr. Carver** responded stating that the landlord lost his power to enter the unit once he signed a lease so there is nothing inherent in the legal relationship between the landlord and tenant that makes the landlord any more knowledgeable about what is happening behind closed doors.
- Chairperson Hylton stated that a lease does not prevent a landlord from entering.
- Mr. Barowitz stated that the landlord does have some responsibility to enter a unit and make repairs.
- **Mr. Carver** stated that there is no inherent right based on the landlord/tenant relationship to know of the actual use of the unit. He furthered stated that because of this, the burden of proof should remain on the claimant.
- **Mr. DeLaney** stated that the rule was objected to by tenants because they were being asked to prove a negative. He further stated that the landlord is in the best position to know what is happening in the unit because they are collecting rent and could go through the court to gain access to the unit.
- **Mr. Carver** responded that there is an OATH proceeding that allows the tenant the same mechanism as the owner to use the subpoena process to get the information. He stated that the use must first be proven to determine if it is inherently incompatible and that could be determined by the claimant through the subpoena process.
- **Chairperson Hylton** asked what is more reasonable, the owner stating affirmatively that there is an incompatible use or the tenant to say there is not.
- **Mr. Carver** stated that there is no reasonableness test when it comes to the burden of proof. He further stated that the claimant must prove all elements of his claim. He then asked if it was within the Board's power to shift the burden of proof to the owner.
- Ms. Balsam stated that the Board made the rule so they could shift the burden.
- Mr. Carver stated that he believed it was unlawful to force someone to prove another person's claim.
- **Ms.** Balsam stated that the landlord at least has access to the leases and access to the contact information. She further stated that it would be hard for the tenant to get the contact information for who they need to subpoena.
- **Mr. Carver** stated that there are instances where the landlord will have certain legal responsibility for actions going on inside the unit with or without the owner's knowledge but those instances do not indicate an inherent relationship.

Mr. Roche stated that tenants have the power to call any agency and report what is happening in the building and the tenant has access to the information.

Chairperson Hylton stated that he does not want to utilize city resources to do inspections for non-emergencies.

Chairperson Hylton concluded the May 17, 2018 Loft Board public meeting at 4:01 p.m. The Loft Board's next public meeting will be held at 22 Reade Street, 1st Floor on June 7, 2018 at 9:30 am.