



NYC
Buildings

2013 LOFT BOARD REPORT





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COMMISSIONER'S GREETING



December 2013

Dear Friends:

The Loft Board had been making significant strides in promoting safe and legal housing for New York City loft residents, and since its 2009 merger with the Department of Buildings, we have supported the Loft Board with additional staffing and expertise.

The safe and lawful conversion of loft buildings into legal residences protects loft residents, their neighbors and our City's first responders. With the 2010 and 2013 expansions of the Loft Law and the resulting influx of new loft buildings, the Loft Board is continuing to resolve disputes between landlords and tenants, enforce regulations and oversee the legalization process.

We at the New York City Loft Board look forward to working with loft owners and tenants as well as their manufacturing and commercial neighbors to ensure the buildings within the Loft Board's jurisdiction are legally converted so tenants and their neighbors are properly protected.

Sincerely,

A handwritten signature in black ink that reads "Robert D. LiMandri".

Robert D. LiMandri
Commissioner, New York City Department of Buildings
Chairperson, New York City Loft Board

EXECUTIVE DIRECTOR'S GREETING

December 2013

Dear Fellow New Yorkers:

In 1982, the New York State Legislature passed a set of sweeping amendments to the Multiple Dwelling Law to bring existing illegal loft housing under regulation. These amendments, enacted as Article 7-C of the Multiple Dwelling Law – known as the Loft Law – mandated the establishment of the Loft Board to write a set of comprehensive regulations based on the new law, establish a means of resolving disputes, enforce the regulations and oversee the legalization process. In the last 30 years, the Loft Board has overseen the conversion of more than 900 buildings, most of which became rent-stabilized residential apartments.

In 2010, the State Legislature amended the Loft Law, expanding the scope of the law to include a new set of buildings – and making the Loft Law permanent. It's important to note that the last day to file for protection is March 11, 2014.

This report explains the evolution of the Loft Law, rules, Board and staff during these past five years. Among the changes are the 2009 merger of the Loft Board with the New York City Department of Buildings, the reorganization of the Loft Board and the Loft Board staff, and the enactment of new rules to strengthen the enforcement of the law.

Sincerely,

A handwritten signature in black ink that reads "Lanny Alexander".

Lanny Alexander
Loft Board Executive Director
General Counsel



Established to regulate the safe conversion of commercial and manufacturing loft buildings to legal residential use, the nine-member Loft Board is a quasi-legislative and judicial body that protects New Yorkers while maintaining the historic, artistic character that defined many neighborhoods in the 1970s and 1980s.

The Loft Board:

- Develops and promulgates rules to implement the Loft Law;
- Resolves disputes;
- Hears complaints; and
- Renders decisions on applications for Loft Law coverage.

The 2009 merger of the Loft Board with the Department of Buildings enhanced the Loft Board's ability to assist tenants and owners to complete the legalization process. Together, the City's regulations and code requirements and the Loft Law's legalization process ensure that these properties meet our City's standards for safe residency.

MAYORAL APPOINTEES: MEMBERS OF THE NEW YORK CITY LOFT BOARD



Back Row (Left to Right)

Ronald Spadafora
NYC Fire Department Representative
FDNY Assistant Bureau Chief

Matthew Mayer, Esq.
Owners' Representative

Daniel Schachter, Esq.
Public Representative

LeAnn Shelton, AIA, Esq.
Public Representative

Chuck DeLaney
Tenants' Representative

Mark Foggin
Manufacturers' Representative

Front Row (Left to Right)

Elliott Barowitz
Public Representative

Robert D. LiMandri
Board Chair
NYC Department of Buildings Commissioner

Gina Bolden-Rivera
Public Representative

THE LOFT BOARD STAFF

Prior to the Loft Board's merger with the Department in 2009, the Board's staff was reorganized. It is now comprised of the Legal Unit and Legalization team. The former focuses on all legal matters, while the latter facilitates the Loft Law legalization process.

Historically, the Loft Board staff had been three distinct units, and today's simplified structure ensures that the staff works more closely and efficiently than ever before. Part of this modernization includes new staff positions – a deputy general counsel, several attorneys and a legalization project manager. The added attorneys perform the various work of the Legal Unit, and the project manager works closely with the owners and tenants to guide them through the legalization process.

“**TODAY'S SIMPLIFIED STRUCTURE ENSURES THAT THE STAFF WORKS MORE CLOSELY AND EFFICIENTLY THAN EVER BEFORE.**”



Back Row (Left to Right)

Sumeet Sood
Department of Housing Preservation
and Development Inspector

Althea Bender
Assistant General Counsel

Christina Graham
Administrative Assistant

Keesha Smartt
Special Assistant to Executive Director

Middle Row (Left to Right)

Faiqa Ahmad
Project Manager

Michelle Shepherd
Public Information Officer

Martha Cruz
Deputy General Counsel

Deborah Fremder
Assistant General Counsel

Front Row

Lanny Alexander
Executive Director and General Counsel



As manufacturers left New York City in the mid-1960s, residents – artists in particular – began to use the vacant, wide-open lofts as homes and studios. Typically, manufacturing spaces weren't fit for residential use: Former factories usually failed to meet fire-safety and egress requirements for residential use. Artists and other residents living in these more affordable, illegal spaces were at serious risk of injury – or eviction from their illegal conversions.

LOFT LAW PROTECTION: 1982 AND 1987

In response to this growing issue, New York State enacted the Loft Law in 1982, creating a classification of Interim Multiple Dwelling (often called IMDs) within buildings in New York City. For eligibility, former commercial and manufacturing lofts had to be residentially occupied by at least three independent families from April 1, 1980 through December 1, 1981. In 1987, the State Legislature expanded the Loft Law, allowing eligibility of a unit that was residentially occupied during the original window period if it also had residential occupants on May 1, 1987. More importantly, buildings would be eligible for coverage – even if zoning restrictions would have otherwise precluded residential use. By the end of the 1980s, more than 900 buildings had become subject to the Loft Board's jurisdiction.

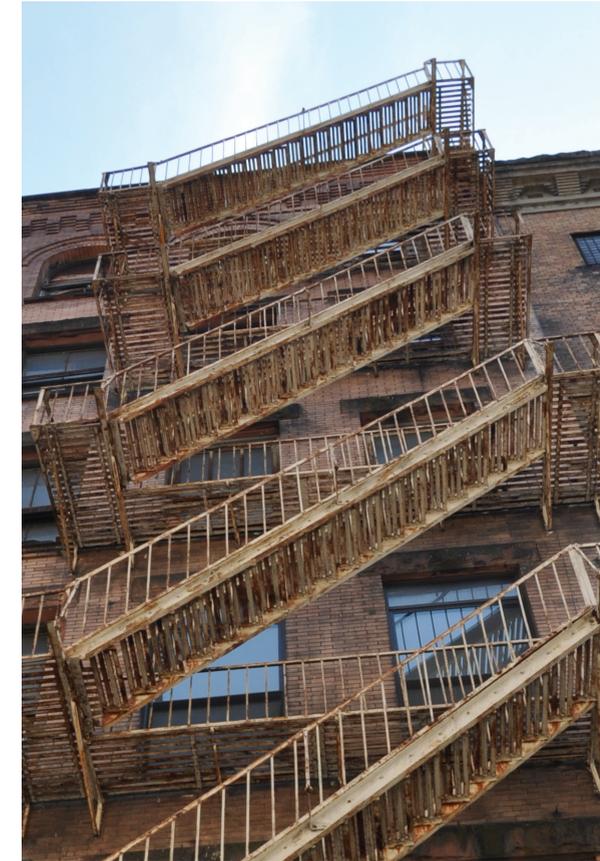
Once the IMD units met the requirements of the Building Code and the Multiple Dwelling Law – by adding a sprinkler systems and/or a second means of egress, for example – residents could safely remain in what had become a legal apartment.

Eligible tenants seeking protection under the Loft Law must complete a **Loft Board Coverage Application**, while owners may begin the process for their property by completing a **Building Registration Application** and hiring a New York State-licensed, professional engineer or registered architect to certify that no use in the building is inherently incompatible with residential use.

APPLICATION AND REGISTRATION DEADLINES

The Loft Law sets deadlines for specific steps in the legalization process, which are outlined in Title 29 of the Rules of the City of New York §2-01 and Multiple Dwelling Law §284. Owners must meet the Loft Law compliance deadlines. If they miss deadlines or fail to take all reasonable and necessary steps to comply, owners may face substantial Loft Board penalties. When property owners show that they have made a good-faith effort to meet the timing requirements – but could not for reasons beyond their control – the Loft Board may grant an extension.

“**MORE IMPORTANTLY, BUILDINGS WOULD BE ELIGIBLE FOR COVERAGE—EVEN IF ZONING RESTRICTIONS WOULD HAVE OTHERWISE PRECLUDED RESIDENTIAL USE.**”





NARRATIVE STATEMENT PROCESS

Once the building owner's architect or engineer files an alteration application with the Department of Buildings for work permits, the Loft Board holds tenant-owner conferences as part of the **Narrative Statement Process**. This guided mediation helps tenants and owners agree upon a plan to bring the unit into compliance with the NYC Building Code and Article 7-B of the Multiple Dwelling Law – without unreasonably disrupting the residents' use of their lofts.

If the tenants and owners cannot agree upon the scope or schedule of construction, the residents may file their own recommended plans with the Department of Buildings. If the Department approves the alternate, proposed plans, the owner and tenants must then agree upon which design to use. If they cannot reach an agreement, the Loft Board will review both sets of plans and determine whether the owner's version would create an unreasonable interference with the tenant's use of the unit. If so, the Loft Board will order the owner to make an amendment – or authorize the final approval of the tenant's plan.

LOFT BOARD CERTIFICATIONS

Once the parties have successfully completed the Narrative Statement Process and the Department has reviewed and approved the legalization plans for compliance with applicable codes and laws, the Board will issue a **Loft Board Certification**. This Certification allows construction in Interim Multiple Dwellings, including common areas, such as the lobby and elevator – and allows the Department of Buildings to issue work permits for this work.

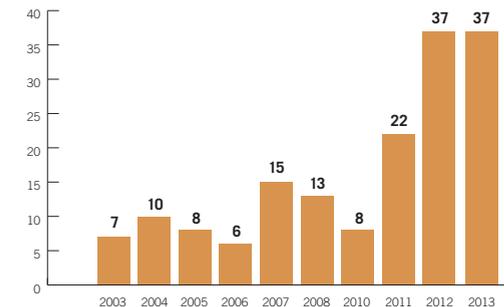
In 2009, the Loft Board implemented new thresholds to increase oversight and enforcement – bringing about a record number of Loft Board Certifications. In 2012, the Board issued more than four times as many Certifications than in 2010.

LOFT BOARD HOLD The **Loft Board Hold** is the Board's most significant tool and is applied to every building in the Board's jurisdiction. Now, the Department of Buildings will not issue any work permit for any Interim Multiple Dwelling property unless the owner presents a Loft Board Certification and/or **Loft Board Letter of No Objection**, or LONO.

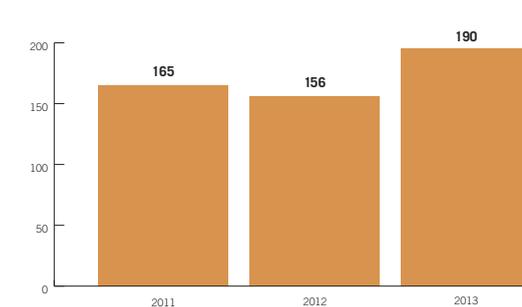
LETTER OF NO OBJECTION A **Letter of No Objection** authorizes any non-IMD work to proceed, such as façade repairs or work in a commercial space. An issued LONO enables the Department of Buildings to issue work permits – and the Board can withhold a LONO when an owner is violating Loft Board rules, including not performing the IMD legalization work.

REASONABLE AND NECESSARY ACTION RULE To implement the Loft Law, the State Legislature created legalization deadlines to meet fire safety standards and obtain a Certificate of Occupancy. Further strengthening deadlines, in 2009 the **Reasonable and Necessary Action Rule** – 29 RCNY §2-01.1 – empowered the Loft Board to subject owners to per-day violation fines for failure to take necessary action to meet these deadlines.

LOFT BOARD CERTIFICATION



ISSUED LETTERS OF NO OBJECTION



LOFT LAW LEGALIZATION PROCESS

OWNER BEGINS LEGALIZATION WITH DEPARTMENT OF BUILDINGS:
Owner's architect files Alteration Type-1 application with Department of Buildings

DEPARTMENT REVIEWS CONSTRUCTION PLANS FOR COMPLIANCE WITH APPLICABLE LAWS AND CODES:
Plan examiner issues, objections and lists requirements for approval

OWNER CLEARS ALL OBJECTIONS:
Plan examiner approves plan once all application and plan issues are resolved; objection sheet is cleared

OWNER RESOLVES OPEN APPLICATIONS:
Removes any Department of Buildings and/or Environmental Control Board violations

DEPARTMENT ISSUES FINAL CERTIFICATE OF OCCUPANCY

DEPARTMENT OF BUILDINGS

LOFT BOARD

OWNER REGISTERS BUILDING:
Owner's files Alteration Type-1 application and construction plans with Loft Board

LOFT BOARD HOLDS NARRATIVE STATEMENT CONFERENCES:
Owner and tenants work to agree upon scope of work

OWNER PROVIDES CLEARED OBJECTION SHEET:
Loft Board issues Certification; owner obtains work permit and completes legalization work

OWNER FILES 7-B COMPLIANCE FORM OR TEMPORARY CERTIFICATE OF OCCUPANCY WITH THE LOFT BOARD:
If Loft Law requirements are met, Board notifies the owner and Department there is no objection to the C of O being issued

OWNER MAY APPLY FOR RENT INCREASE BASED UPON CODE-COMPLIANCE COSTS AND MAY FILE FOR RENT GUIDELINES BOARD INCREASES:
Co-ops/condos must file the offering plan and Co-op/Condo Exemption Form to begin process to leave Loft Board jurisdiction

LOFT BOARD SETS INITIAL REGULATED RENTS AND REMOVES BUILDING FROM ITS JURISDICTION:
Owner registers with Department of Housing Preservation and Development and Department of Housing and Community Renewal

2010 LOFT LAW EXPANSION



In 2010, the State Legislature created a new window period, expanding Loft Law eligibility to an additional group of buildings. Tenants are now eligible for Loft Law protection if they reside in a unit located in a former manufacturing or commercial building; the building must have had three or more independent families living there for 12 consecutive months from January 1, 2008 through December 21, 2009, and:

1. The building lacks a residential Certificate of Compliance or Certificate of Occupancy; and
2. The unit has at least one door leading to a hall or stair and one window facing a street, legal yard or legal courtyard; and
3. The unit is at least 400 square feet and is not in a basement or cellar; and
4. The building is not in an industrial business zone (other than Greenpoint/Williamsburg, North Brooklyn and certain areas of the Long Island City industrial business zone).

In addition, certain commercial or industrial activities are considered to be incompatible with residential use. For Loft Law protection, the activities listed in the Appendix of 29 RCNY §2-08 (j) – (s) may not have been performed in the building as of June 21, 2010 and the date of the application or registration.

The last day to file or register a building or unit for Loft Law protection is March 11, 2014.

NEW LOFT LAW RULES

With the 2010 Loft Law expansion, the Board began amending its rules to support the changes. Title 29 of the Rules of the City of New York – the **Loft Board Rules** – are available on the Loft Board’s website at nyc.gov/loftboard.

- Rule 1-06** Applications
- Rule 1-06.1** Filing/Registration Time Limits
- Rule 1-07** Reconsiderations
- Rule 1-07.1** Appeals
- Rule 2-01** Code Compliance and Deadlines
- Rule 2-01.1** Reasonable + Necessary Action
- Rule 2-04** Minimum Housing Maintenance Standards
- Rule 2-05** Registration
- Rule 2-06.2** Interim Rent Guidelines
- Rule 2-07** Sale of Improvements
- Rule 2-08** Coverage + Use Group Rule
- Rule 2-08 (j) - (s)** Incompatible With Residential Use; IMD Status Revocation
- Rule 2-09** Subletting
- Rule 2-10** Sale of Rights
- Rule 2-11** Fees
- Rule 2-11.1** Fines
- Rule 2-12** Rent Adjustment



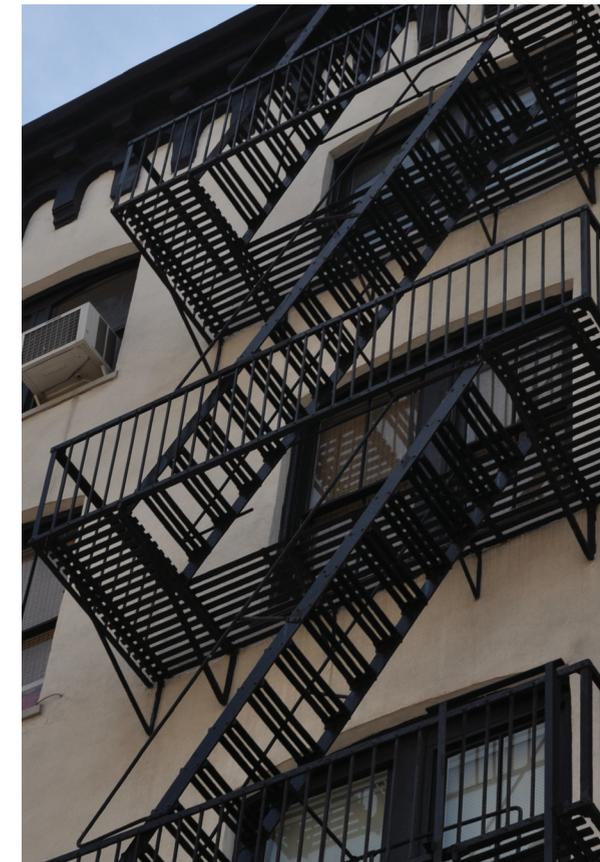
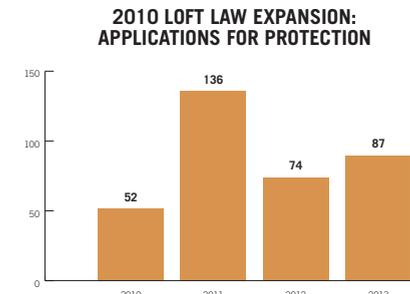
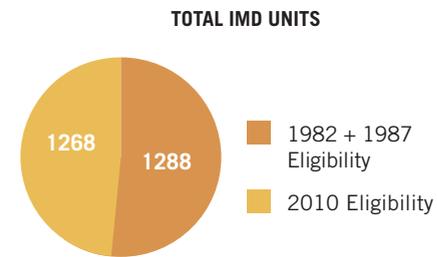
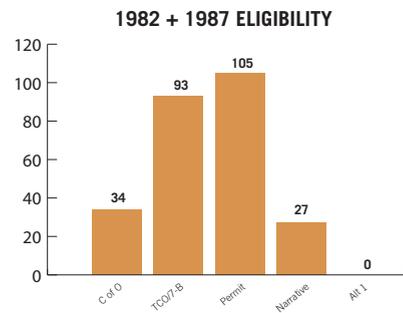
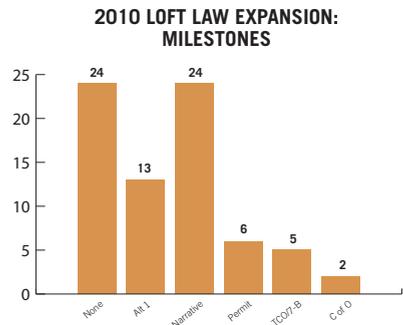
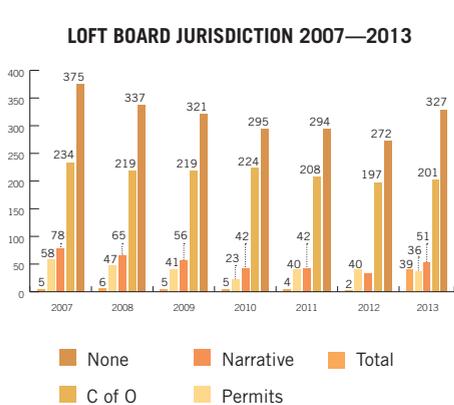
ELIGIBILITY

By December 2013, 327 buildings were under the Loft Board's jurisdiction, 74 of which were under the 2010 Loft Law expansion. The Board tracks buildings within its jurisdiction according to the milestones that the properties' owners or tenants have met. Tracking includes when:

- The owner has filed an application permit to do the legalization work;
- The owner and tenants have completed the Narrative Statement Process;
- The owner has complied with the fire and safety standards in MDL Article 7-B; and
- The Department of Buildings has issued a Certificate of Occupancy for the building.

As of December 2013, there were 2,556 residential Interim Multiple Dwelling units registered with the Loft Board – 1,268 of them are in the 74 buildings that entered Loft Board jurisdiction under the 2010 law expansion. Since that 2010 expansion, the Loft Board has received 349 coverage applications from tenants in 149 buildings.

To date, 74 building owners have agreed to register their buildings under Loft Law jurisdiction for the first time, and 24 owners have agreed to register units in IMD buildings already under Loft Board jurisdiction (but previously ineligible for coverage under the prior law).





The Loft Board operates with approximately \$500,000 in annual expenditures, and with its recent enhanced enforcement the Loft Board is now achieving nearly a 100% renewal rate of IMD registrations.

The Board's annual revenue fluctuates, based upon changes in the law that encourage new applications. Revenue collected directly furthers the mission of the Loft Law.

REVENUE AND EXPENSES

Annual Resources	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Expenditures (\$mill.)*	\$0.0	\$0.4	\$0.3	\$0.4	\$0.5
Revenues (\$mill.)	\$0.0	\$0.9	\$1.5	\$1.1	\$1.5
Personnel	0	8	5	5	8

*Expenditures do not include fringe benefits or other agencies' costs.





STANDARD SCALE & SUPPLY



NYC
Buildings

280 Broadway
New York, NY 10007
www.nyc.gov/buildings

Michael R. Bloomberg, Mayor
Robert D. LiMandri, Commissioner