

## NYC Violations Amnesty Program Through 12/12/16: Act Now to Reduce Penalties, Remove Interest

By Vicki Chesler, Highpoint Ventures, Inc.



Nearly every building in New York City has been cited at one time or another for a violation of City Code, whether it be overdue inspection reports, failure to paint pipes the required colors or more serious issues. The City's new Local Law 45 established a 90-day program to settle outstanding violation judgments, allowing buildings to receive reductions of 25 percent on penalties and removal of all interest due. The Amnesty period was supposed to begin on July 1 but was pushed back to September 12 with a deadline of December 12, so it's imperative to act now.

At Douglas Elliman Property Management (DEPM), managers constantly monitor any violations, making sure that they are corrected, and filing with the City to ensure that the correction is registered and the violation removed. "Senior management believes that this is a very important thing for us to address at this point with this 90-day window that started September 12," says DEPM Vice President Peter Lampen.

DEPM has retained the law firm of Cohen Hochman & Allen (CH&A) to review any outstanding violations on all of their client buildings and determine the reduced violations due. This service is at zero cost to client properties; CH&A receives ten percent of the reduction as their fee. CH&A is working with SiteCompli to ensure that all of DEPM's properties are analyzed to receive the maximum reduction in violation fees.

According to Rob Hochman, senior partner at Cohen Hochman & Allen, "Amnesty was brought about by the de Blasio Administration because it's a good way to raise revenue and alleviate the burden of fines on respondents."

In explaining the process of applying for Amnesty, Hochman describes a complex task of determining what judgments a respondent or building actually owes. He says, "What my office does is we go through the Amnesty portal, and we begin culling out violations that do not belong to the building." Once you remove everything that is not specifically against the property—for example, violations against a contractor or a utility like Con Ed, or data entry errors—the outstanding fines usually drop down considerably, in some cases by half.

Over-inflated penalties occur as a result of any number of data inconsistencies, from errors in entering an owner or manager's name to City inspectors attributing violations to the property instead of an outside contractor or vendor. According to Jonathan Fertel, vice president of SiteCompli, the compliance monitoring company that works in tandem with DEPM and CH&A, "We see these data errors all the time from the agencies, and I think the really important thing to keep in mind is that just because the

Amnesty idea is created, that doesn't give you that holistic view of what you owe. That's where the team at Cohen Hochman & Allen comes in. It's very important to go item by item, and that is something that can't be done by a computer system and certainly not something that the Amnesty website allows you to do easily and effectively."

Once the painstaking process of reviewing each violation for authenticity is completed, the correct amount due is determined for each building. Only then can you apply Amnesty, resulting in a final figure that can be as little as 25 percent of what originally showed as due. Hochman uses one building as an example, which at first showed over \$26,000 due, and then when properly researched, that number dropped down to about \$12,000. Under the Amnesty program, all interest payments are waived, and the penalty is reduced by 25 percent, reducing the final amount due to around \$3,000—a significant savings, especially when multiplied by the 350-plus properties managed by DEPM.

Before Amnesty there was a settlement program, but properties can save a lot more money if they act now and file to pay under the Amnesty program. In contrast to the existing settlement program, the Amnesty program waives all interest on any judgments and also reduces penalties by 25 percent.

Another advantage is that violations do not have to be certified as corrected before applying for Amnesty. "From the time you sign that agreement, you have six months to clear them off the portfolio or the Amnesty offer is void," explains Hochman. Should you fail to meet the six-month deadline, he continues, "You have to pay the full penalty, the full interest, and whatever down payment you made. They're going to apply it to the full payment. So there's a carrot, but there's a very big stick if you don't clear everything off within that six month time frame."

The Amnesty period runs through December 12, 2016, which means that all requests for reduced penalties and interest must be submitted by that date. Properties then have six months to certify that the violation has been corrected. If you have any questions about the Amnesty program, contact your property manager, call DEPM at 212-370-9200 or visit the NYC Department of Finance web page at [bit.ly/LL45Amnesty](http://bit.ly/LL45Amnesty).

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