



NEW YORK CITY DEPARTMENT OF BUILDINGS
TESTIMONY BEFORE THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS
NOVEMBER 9, 2021

Good morning Chair Cornegy and members of the Committee on Housing and Buildings. I am Melanie E. La Rocca, Commissioner of the New York City Department of Buildings (“the Department”). I am pleased to submit testimony in support of a preconsidered bill before the Committee today, which would discontinue required reinspections of immediately hazardous conditions at buildings other than active construction sites.

Supporting homeowners as New York City recovers from the COVID-19 pandemic is critical. The Department recently announced new efforts to support the owners of one-and two-family homes. These efforts include launching a new Homeowner Relief Program, which allows homeowners to address violating conditions at their homes without ever incurring any financial penalties. This program is available to homeowners who have not received a violation from the Department in the past five years. Additionally, for homeowners who are not eligible for the Homeowner Relief Program because they have received a violation in recent years, they will have more time to correct violating conditions without incurring financial penalties moving forward. The Department extended the time a homeowner is able to correct violating conditions before incurring any financial penalties from 40 days to 60 days by rule. This gives homeowners more time to find the right professionals to address violating conditions, which could include hiring a Licensed Master Plumber or Licensed Electrician.

The Department fully supports the preconsidered bill before the Committee as it would build upon the Department's efforts to provide relief to homeowners. Discontinuing required reinspections of immediately hazardous conditions at buildings other than active construction sites means that

homeowners will not receive violations that carry penalties every 60 days. This means homeowners can avoid incurring penalties that can accumulate quickly and focus on correcting violating conditions and bringing their properties into compliance with applicable regulations. The Department applauds the City Council's efforts and looks forward to working together to further support homeowners.

**Testimony of the New York City Department of Housing Preservation and Development
Regarding Introductions 2246, 2312, 2411, 2436 & Preconsidered Int. T2021-8133**

November 9, 2021

Good morning, Chair Cornegy and members of the Committee on Housing and Buildings. My name is Liz Oakley and I am the Deputy Commissioner of Development with the New York City Department of Housing Preservation and Development (HPD). I am joined by our Associate Commissioner of Preservation, Kim Darga. Thank you for the opportunity to testify on a number of critical bills to strengthen HPD's tools to enforce our critical Inclusionary Housing Programs, reform the City's Third Party Transfer Program (TPT), and explore other avenues to create affordable housing opportunity and enhance support for homeowners.

As all of you know too well, New York City faces a long-standing housing crisis that requires us to explore every possible avenue for creating more affordable housing opportunities for New Yorkers across the five boroughs. The COVID-19 crisis has made the need for stable, affordable housing more important than ever. As the City works to rebuild from the pandemic, HPD is looking hard at the devastating health and economic impacts, as well as the deeply embedded racial and economic inequities laid bare by COVID-19. We know that safe, quality, affordable housing is critical for the health and stability of our residents and the neighborhoods in which they live, and we are more focused than ever on what we can do to ensure an equitable recovery for all New Yorkers.

Back in 2014, at the start of this administration, HPD had an impressive public-private production engine, capable of building and preserving approximately 15,000 affordable homes per year. Over the next four years, with new funding and tools, the City increased that capacity to 20,000 affordable homes per year. Finally, since 2018, HPD has met and exceeded our most ambitious goal of creating or preserving 25,000 affordable homes per year—a rate the City has never achieved before—to fulfill the Mayor's goal of financing the creation and preservation of 300,000 affordable homes by 2026. Throughout the pandemic, HPD continued to push forward our affordable housing production with a sharpened focus on the most vulnerable New Yorkers. Thanks to the leadership of Chair Cornegy and all of our partners on the New York City Council, the tireless efforts by our HPD team, partner agencies, and many others, we have financed nearly 195,000 affordable homes and apartments as of June 2021, in every borough and every single community district. Last fiscal year, we were incredibly proud to set new records for senior and homeless units financed, demonstrating that we achieved our objective of focusing our resources on meeting the needs of our most vulnerable New Yorkers.

Creating a more affordable city requires a multipronged approach, including building new affordable housing in all our neighborhoods, preserving the existing stock of affordable housing, and expanding the tools available to help residents stay in the homes and communities

they love. The City has a robust pipeline of both preservation and new construction projects, but is always looking to be opportunistic about how we can create more affordability, maximize scarce resources, and ensure the overall housing supply increases in an equitable way. That is why early on in this Administration, in partnership with the Council, we implemented one of the most demanding Mandatory Inclusionary Housing programs in the country, requiring that in every neighborhood, whenever housing is built through zoning changes, between 20 and 30% of that housing be permanently affordable.

While most people only think about Mandatory Inclusionary Housing or “MIH” in the context of neighborhood rezonings, it also applies in private rezonings across the city, helping to ensure that the housing marketplace serves New Yorkers at a broader range of incomes. A key goal of the City’s Inclusionary Housing programs is to promote the long-term economic diversity of neighborhoods. Through both the Voluntary Inclusionary Housing program and MIH, the City has produced more than 13,000 permanently affordable apartments across our city, many in neighborhoods that enjoy ready access to transit.

In order to ensure this critical affordable housing remains a permanent resource for communities, the City needs strong enforcement tools. Int. 2411 would strengthen MIH and other affordable housing programs by introducing new enforcement mechanisms, a key recommendation made when MIH was approved in 2016. Currently, the City is limited in its ability to enforce the MIH program. This legislation would authorize HPD to enforce the affordable housing provisions placed within its responsibility in the Zoning Resolution, through procedures such as bringing proceedings before an administrative tribunal within the jurisdiction of the office of administrative trials and hearings (OATH), establishing penalty schedules for violations of provisions of the Inclusionary Housing program, and issuing notices of violation for civil penalties. We believe this bill would provide critical enforcement powers to ensure that housing developments comply with the ongoing eligibility requirements of the City’s affordable housing programs.

We regularly evaluate the tools and programs at our disposal to determine the most effective way to address the changing needs of New Yorkers. Before the pandemic, we partnered with Chair Cornegy to establish a working group to revisit the Third-Party Transfer program (TPT), which was created by the NYC Council in 1996 as a tax enforcement program, designed to also address crisis conditions in New York City properties that were creating risks to residents, communities, and the city as a whole. Administered by the NYC Department of Finance (DOF) and HPD, the TPT program was a measure of last resort to convey ownership of properties with significant tax arrears, and in many cases, hazardous violations, to qualified mission-driven and nonprofit affordable housing developers with the goal of creating and maintaining affordable housing by stabilizing the properties’ physical and financial conditions, and keeping properties safe, habitable, and affordable for those who live there.

In 2018 and 2019, elected officials, advocates, and community groups voiced concern that various components of TPT needed updating and suggested certain key elements for

potential re-examination, including the eligibility criteria and process for selecting properties for inclusion in TPT; the outreach and communications to property owners and other support in navigating the process of resolving outstanding issues; and the availability of financial and technical assistance to help address municipal arrears and physical conditions before reaching crisis conditions.

In response to these calls for change, the TPT Working Group was convened to elicit ideas for operational improvements, ensure that the program achieves its secondary intended purpose of stabilizing properties in crisis, and contemplate changes in the criteria for inclusion in TPT. Co-chaired by Council Member Cornegy and HPD Commissioner Louise Carroll, the Working Group included elected officials, members of the HDFC Coalition, legal services providers and tenant advocates, M/WBE developers, property management firms, and community-based organizations, with information provided by HPD, DOF, the New York City Department of Environmental Protection, and the NYC Law Department.

The Working Group convened in four sessions between September 2019 and February 2021 that were run by an outside facilitation team. The sessions covered the history of the TPT Program; the current state of NYC housing stock and characteristics of properties in crisis; proposed interventions and resources to assist owners (or HDFC co-op shareholders) of properties in crisis; specific recommendations for developing and / or improving programs to support properties; and recommendations on TPT legislation, in particular the selection criteria for properties entering TPT.

To facilitate the discussion of new criteria for inclusion in the TPT program, the Working Group explored the concept of properties in crisis and reviewed data across city agencies. HPD modeled potential criteria, using a variety of data-based approaches including indexing, weighted ratios, and thresholds and identified how each model impacted the characteristics of selected properties in terms of alignment with the overarching goals of TPT. The models with the lowest levels of arrears, smallest number of violations, and most limited Emergency Repair Program use were rejected, and the models with the highest of these were presented to the Working Group.

The Working Group explored a range of proposals that both build on existing programs and resources as well as introduce new ideas. Following the sessions, Working Group members were provided with a survey that contained a series of proposals for change; these proposals were made by, or made in response to, Working Group members' recommendations and comments during the sessions. More than 90% of Working Group participants, representing a broad cross-section of stakeholder groups, responded to the survey. There was unanimous consensus around several key programmatic proposals to improve the TPT process and to enhance outreach and financial assistance to owners. Those include the expansion citywide of the existing Homeowner Helpdesk in which Community Based Organizations provide intensive on-the-ground outreach and one-on-one housing, financial, and legal counseling to homeowners of 1-4 unit homes, and a new Owner Resource Center for multi-family properties to provide and

expand direct technical and financial support through CBOs to owners of multi-family properties citywide, including rentals and HDFC co-ops.

The Group also explored legislative changes to the TPT criteria and selection process. It was agreed that in order to meet not only the tax enforcement objective, but also the program's property stabilization goals, which can provide significant benefits to residents and communities, with full rehabilitation and rent-stabilization and other regulatory protections post-foreclosure, the updated selection process should use objective criteria set forth in statute, including specific thresholds, and be based on specific administrative data, which applies to all properties citywide, is feasible to obtain and transparent, and can create universally applicable, reproducible criteria.

The Working Group reviewed and weighed in on several options for selection methodology, the appropriate sources of data, and the criteria for selection and inclusion in TPT. While there were different opinions on many of the options presented, recommendations that garnered the most support by the Working Group members include:

- eliminating the current statutory “block pick-up” and replace with selection methodology that balances considerations related to the physical and financial crisis conditions of a building, with a focus on conditions of life and safety;
- including in the selection process all properties with debt in excess of 1-year (Tax Class 2) or 3-years (Tax Class 1/Co-ops) of their tax liability, with the threshold for inclusion based on a property's individual annual tax liability and not a citywide threshold;
- changing TPT's selection and inclusion criteria to apply to 1-3 family properties (Tax Class 1), multifamily rentals (Tax Class 2), and co-ops, if such properties exhibit crisis conditions, and excluding 1-3 family properties (Tax Class 1) that have certain homeowner property tax benefits or exemptions (e.g., the Senior Citizen Homeowners' Exemption) that require homeowner occupancy, as filed with DOF;
- considering allowing HDFC coops to petition to have an opportunity to become an HDFC cooperative again upon meeting certain requirements after transfer; and
- After the interim non-profit ownership stage, exploring transferring properties, in particular Class 1 properties, to Community Land Trusts (CLTs), among other qualified organizations, as the ultimate owner.

While Working Group members had conflicting suggestions and concerns regarding each of these recommendations, such as concerns related to potential loss of equity for lower-income homeowners and homeowners of color, as contrasted to consistent treatment of all property ownership classes, many of those concerns would be eliminated or substantially mitigated if the City provided the robust technical assistance and support outlined in the programmatic proposals.

HPD supports the Working Group's legislative recommendations, which were arrived at after extensive and rigorous analysis that was updated to better understand the potential impacts of COVID. TPT is an extremely important program, not only for tax enforcement, but also to protect residents who are the ones who suffer the most when a building falls into crisis

conditions. As we have seen, it can have profound implications for owners and residents, and therefore has to be modified thoughtfully. After spending years identifying proposals supported by a broad range of stakeholders with deep knowledge of the program and the complexity of the issues, it would be very difficult to support pre-considered Int. T2021-8133. The existing bill introduces numerous changes that go well beyond and in some places contradict the recommendations of the Working Group.

In particular, we are concerned that the new definitions and criteria could result in selection of buildings not appropriate for this program, while also missing properties that might benefit most from inclusion. The methodology proposed was not reviewed or recommended by the Working Group, and should be evaluated in depth to minimize unintended impacts. The bill also introduces a number of notice requirements that would be practically infeasible for the City to implement, and requirements to get out of the program that are more rather than less confusing and potentially burdensome for owners. It also adds significant time to the process at every stage, which would be most harmful for residents who in some instances have already been languishing far too long in buildings with severe financial and physical challenges.

The Working Group's report builds on much of the work already underway to improve outreach and support for owners, especially homeowners. Recognizing early on the critical role that homeownership plays in stabilizing distressed neighborhoods and building generational wealth, this administration has been a champion of programs to increase resources for new and current homeowners. Through Housing New York 2.0, HPD launched the Open Door program to create newly constructed affordable homeownership opportunities for first-time homebuyers, and the HomeFix preservation program to provide low-cost loans and individualized assistance to low-income homeowners who lack access to traditional sources of lending. Last month we announced the expansion of our Home First Downpayment Assistance Program to offer up to \$100,000 per qualified first-time homebuyers purchasing a home in New York City, more than doubling the amount of financial assistance available for first-time homebuyers. We also expanded the Homeowner Help Desk in partnership with the Center for New York City Neighborhoods (CNYCN) to raise awareness about deed theft and scams and offer one-on-one housing counseling, financial assistance, legal services, and other support to struggling homeowners. Expanding the Homeownership Help Desk citywide is a key proposal of the TPT Working Group, and would be complimented by a new Owner Resource Center within HPD to support owners of multi-family properties, including HDFC coops.

Given the diversity of the housing stock across neighborhoods, the City has long deployed strong community partners to aid in this important work. The Center for New York City Neighborhoods was created specifically in the wake of the mortgage crisis to address the foreclosure crisis affecting homeowners across the city. The Center now provides wraparound services to homeowners, and operates a Homeowner Hub hotline that evolved beyond its origins as a call center and referral system to provide a more complex set of services. This portal allows homeowners to call the Center and receive appropriate referrals or assistance, including through various HPD programs. While the administration supports the goals of Int. 2436, which would

create the Office of the Homeowner Advocate within HPD, we would welcome the opportunity to discuss a more tailored approach that maximizes existing public and private resources to serve the vast array of needs facing homeowners today, particularly low-income New Yorkers who are often more vulnerable.

As mentioned earlier, the challenges we currently face are unprecedented. While we have certainly learned lessons from 9/11, the 2008 recession, and Hurricane Sandy, this sustained pandemic is unlike anything we've seen in our lifetimes and demands new and creative solutions in order to get us through and recover from this crisis.

At HPD, we are also considering the lessons from past programs, especially those intended to convert underutilized spaces in targeted neighborhoods to help re-vitalize those communities. In particular, we are interested in exploring tools to produce more affordable housing in high opportunity areas to advance our fair housing goals. However, we want to ensure that any approach we take not only results in more affordable housing, but goes hand in hand with a holistic recovery agenda. And in light of the importance of Commercial Business District properties to the City's economy and tax base, consideration of any effort to stimulate conversions must take into account the potential for adverse economic and fiscal effects, not just immediately but for long-term economic recovery and further growth.

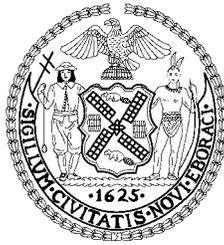
Most options for conversion that we have seen so far still require a substantial investment of City resources to finance acquisition, construction, and ongoing operations. As City capital is already committed to a lengthy and robust pipeline for affordable housing development, we need to think very carefully through the cost and efficiency of conversion relative to other affordable housing programs, and the tradeoffs involved in the various alternatives as we navigate the uncertainty ahead and maintain optimum flexibility to ensure we can deploy nimbly and efficiently any federal funding that might come through a potential infrastructure package. It is difficult to predict how and when the hospitality and other commercial industries will recover, or how that recovery will impact the central business districts in which these businesses reside. We believe it would be premature to propose an across-the-board solution. That said, we continue to work, in lockstep with our partners, through the many considerations that factor into an economic recovery, including housing.

Regarding Intro 2246, which would establish an Office-to-Affordable-Housing Task Force to study options and make recommendations for converting vacant commercial office space into affordable housing, we truly appreciate the Council's interest in thinking proactively about ways to create even more affordable housing for New Yorkers. While the administration supports the goal of having as many tools as possible to create affordable housing, we would be interested in having further discussions about the structure and timeline for any potential task force as any conversions would need to consider zoning changes and economic development impacts that rely on the expertise of our partner agencies.

Int 2312 would limit fees associated with vacating a premise. HPD has no specific concerns or comments on this legislation.

With regards to Intros 1613 and 2378, these bills were added with less than 24 hours notice so we are still reviewing and are unable to speak specifically to our position, but we do have major concerns about 2378 and are initially opposed to the legislation moving forward.

In closing, I want to thank you for the opportunity to testify today. I look forward to our continued partnership as we seek ways to help New Yorkers pull through and get to the other side of this crisis as we work towards a more affordable and equitable city. We will now take your questions.



**TESTIMONY OF THE MAYOR'S OFFICE
BEFORE THE NEW YORK CITY COUNCIL
COMMITTEE ON
HOUSING AND BUILDINGS**

November 9, 2021

I. Introduction

Good morning. My name is Ben Furnas and I am the Director of the Mayor's Office of Climate and Sustainability. I want to thank Chair Cornegy and members of the committee for this opportunity to testify today on Introduction 277.

II. Int. 277

The fossil fuel cars and trucks on the road account for about 30 percent of citywide greenhouse gas emissions. Particulate matter from this traffic contributes to 320 premature deaths and 870 emergency department visits in New York City annually, with the highest concentration of pollution occurring in low income neighborhoods. Electric vehicles do not emit tailpipe pollution and are significantly more efficient than their internal combustion engine counterparts. Electric vehicles present a tremendous opportunity for greenhouse emissions reduction and air quality improvement, and are a critical part in meeting the city's ambitious climate goals.

From major new investments in electric vehicle charging coming from New York State and Washington, to new commitments by the major automobile companies, it's clear that the future of vehicles is electric vehicles and New York City should stand ready for this shift.

Even as we transform our streets and upgrade our transit systems so we need to drive less, we want to make sure that when New Yorkers do drive, we drive electric.

I am thrilled that this committee is hearing Introduction 277, which would require 40% of parking spaces in new parking garages and open parking lots support electric vehicle charging stations by 2030 and require existing lots to expand their charging capabilities.

We support the bill and its intent to increase access to electric vehicle charging stations – and have some suggestions for amending the current legislation.

Building in electric vehicle chargers is cheapest and easiest when the underlying electrical supply is provided at the time of design and construction, so we'd like to propose that *every* new parking space be able to support a charging station without any additional electric work and that 20% of those spaces actually include a charger.

For existing parking facilities, in addition to the electrical capacity upgrade mandate in the legislation, we would like to also include a requirement that 20 percent of parking spaces have electric vehicle chargers by a date certain.

Increasing charger readiness now will have long-lasting value. Electric vehicles work best for drivers when charging is convenient. Even as batteries and charging technology continue to become more efficient, electric vehicles will always require chargers. The electrical capacity being installed today will be valuable for drivers who will be able to access a more sustainable option, as well as being a potential revenue opportunity for parking lot and garage owners who have the option of charging for the use of their property for charging. This legislation ensures that New York City can accommodate today and tomorrow's climate-friendly vehicles at a minimal cost.

Thank you. I am happy to answer any questions, and I look forward to working with you to accelerate our shift to a cleaner and greener transportation system.

Recommendations on T8133-2021/Int. 2444-2021 re: Reform of the City Foreclosure/TPT Process from Manhattan Community Board 9

Submitted by Barry Weinberg, Chair, authorized by the Executive Committee of MCB9 on behalf of the full board

Manhattan Community Board 9 has the highest number of Housing Development Fund (HDFC) co-operatives in New York State. These HDFC cooperatives are non-profit, limited income (but not limited equity) housing cooperatives and are the only housing stock in the nation where the majority of homeowners are persons of color. They serve as a vital means for building and transmitting generational wealth for families of color in our city, and they were created by the City at the urging of tenants in the 1970s, 1980s, and 1990s as a way for the City to offload foreclosed properties that had become expensive albatrosses (the City's own estimate suggested each building it owned through foreclosure cost \$2.2 million in foreclosure and ongoing maintenance), return them to the tax rolls, and stabilize communities that were at that time afflicted by service cuts, violence, and distribution of illegal narcotics. The program was a significant success, paving the way for revitalization of affected neighborhoods, preserving historic architecture, and making homeownership available to low- and moderate-income New Yorkers who would otherwise be precluded from homeownership as the City's housing stock gets ever more expensive. However, while most buildings were a success, the complete failure of HPD to exercise its oversight capacity and obligations under the State Private Housing Finance Law, the failure of technical assistance providers like UHAB (who received a contract from HPD to counsel distressed HDFC cooperatives while simultaneously receiving ownership of some foreclosed HDFC cooperatives through TPT—a clear conflict of interests), and the criminal activities of some property management companies on HPD's list of approved property managers for new HDFCs to retain meant that 25-30% of HDFCs are in some level of distress in that they owe municipal property tax or water bill arrears to the City.

While HDFC cooperatives represent only 1.2% of apartment dwellings in NYC, they comprised 45 % of properties foreclosed in the City's last Foreclosure (TPT Round X) in 2018, resulting in 681 HDFC households losing their home ownership. Manhattan Community Board 9 began assisting distressed HDFCs in navigating the threat of foreclosure as early as 2015, and went on record numerous times about the problems with the lack of proper notice in TPT Round X, the injustice of foreclosing on homeowners set up to fail by HPD, and the lack of opportunity for HDFC cooperatives to enter into agreements that would allow them to regain their stability and preserve the equity for their low- and moderate-income residents.

Notably, the Third Party Transfer Program that forecloses on these buildings and transfers them to private developers does not charge the developers for the buildings and in fact finances repairs and upgrades to the buildings, giving substantial financial assistance to said developers that is often many magnitudes more than the arrears owed by the HDFC cooperative that was foreclosed. This privileging of wealthy developers over low- and moderate-income homeowners deepens racial and class wealth disparities in our city while weaponizing the TPT program against low- and moderate-income New Yorkers, a purpose that was not envisioned by the City Council when the original program was created in 1996. At that point in time, TPT was envisioned as a tool to remove slumlords who failed to maintain their properties and pay their municipal charges, not as a tool to steal the home equity of low- and moderate-income New Yorkers.

City Council Housing Chair Robert Cornegy on November 9, 2021 introduced a comprehensive Foreclosure/Reform bill (Int 2444/T8133) that will repeal and replace the "Tax Lien Foreclosure by Action In Rem" statute of the NYC Admin Code Title 11 Chapter 4.

Manhattan Community Board 9 supports reforms to the foreclosure/TPT process, but has the following suggested amendments to further strengthen protections for homeowners:

- 1) Exempt HDFC cooperatives from the Foreclosure/TPT process entirely to protect this vulnerable housing stock;
- 2) Require the City Council to vote directly on the foreclosure of each property and its conveyance to a TPT developer.
- 3) Adopt manageable DOF & DEP tax and water arrears repayment agreements that are manageable: (a) reduce the usurious 18% interest penalty compounded daily to 1.25%; (b) reduce the required down payment for repayment agreements to 5% or less and (c) expand the repayment time frame beyond the current 32 quarters (8 years) to 249 quarters for all HDFC cooperatives in arrears, regardless if they're on the Foreclosure list, as in the current draft language they must be in arrears before such an offer is available.
- 4) Reinstate the Tenant Petition Program option denied to HDFC's in the last TPT Round X, retroactive to those HDFC's foreclosed;
- 5) Expand the membership of the In Rem Foreclosure Review Board to include the City Council Member of the affected property as well as include the Council Housing Chair;
- 6) Require quality control of HPD violations so that homeowners can eliminate ancient violations (many of which have been on the books since the City owned the buildings prior to HDFC conversion), duplicates, revenge violations for cases in non-payment, and parse out violations that are shareholders' responsibility;
- 7) Audit HPD's Emergency Repair Program charges and eliminate ERP administrative fees that go up to 49% for homeowners where the property is a primary residence or is a cooperative whose shareholders are primary residents and require that HPD invoice those charges to property owners;
- 8) Elimination inclusion of HDFCs in HPD's punitive AEP (Alternative Enforcement Program), which was another program intended to deal with bad landlords that has been weaponized against HDFCs to inflate their violations and municipal arrears;
- 9) Require HPD to return to the less draconian 70/30 Regulatory Agreement to replace their new Regulatory Agreement of 2016
- 10) Create an affordable Housing Ombudsperson reporting directly to City Council to monitor the City's Foreclosure/TPT process.

REBNY Testimony | November 10, 2021

The Real Estate Board of New York to The Committee on Housing and Buildings of the New York City Council Regarding Intro. No. 2246, Intro. No. 2312, Intro. No. 2411, and Intro. No. 2436

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY thanks the New York City Council Committee on Housing and Buildings for the opportunity to provide testimony about Intros 2246, 2312, 2411, and 2436.

As of the most recent census, over 8.8 million people call New York City home – a 7% increase from the previous decade.¹ Over roughly the same period, the city gained only 206,000 new homes² – producing significantly less housing units per 1000 residents as compared to other high cost cities in the country such as San Francisco, and much, much less as compared to other growing peer cities in terms of jobs and people such as Seattle and Denver.³ Our lack of housing production alone has tangible consequences for all New Yorkers: 290,000 New York households live in overcrowded conditions⁴ and 47,979 New Yorkers sleep in the municipal shelter system each night.⁵ What's more, approximately 68% of city households are renters⁶, and 26% of renters in New York City pay more than 50% of their income towards rent⁷.

By all indicators, New York has not kept pace with its housing needs. These indicators also show a particularly acute need for below market rate rental and supportive housing. New York's housing crisis is dire and complex and requires a multi-pronged approach of preservation, production, and conversion to meet the full breadth of need and provide options in existing neighborhoods of opportunity to tenants. To ensure increased housing supply, we need strong partners in and close collaboration between the State, the City, and the private sector, new tools and ideas, increased public investment, and cross-sector partnerships to facilitate this work.

The bills under consideration today are intended to correct the existing inequities in our housing system, to ensure a strong and equitable recovery, and to further housing production citywide. REBNY

¹ [U.S. Census Bureau Quick Facts – New York City](#). Baseline population data are from 2020 and 2010.

² [NYC Planning Info Brief: Net Change in Housing Units, 2010-2020](#), NYC Department of City Planning, February 2021

³ Citizens Budget Commission, [Strategies to Boost Housing Production in the New York City Metropolitan Area](#)

⁴ "Protecting NYC's Most Vulnerable Populations During COVID-19", Office of NYC Comptroller, April 15, 2020.

⁵ [Basic Facts About Homelessness in New York City](#); Coalition for the Homeless, August 2021.

⁶ [State of New York City's Housing and Neighborhoods in 2020](#), Furman Center, New York.

⁷ [State of New York City's Housing and Neighborhoods in 2020](#), Furman Center, New York.

appreciates the opportunity to provide input to help meet these goals and looks forward to continuing our partnership with the Council on these and other matters.

Bill specific comments may be found below:

BILL: Int 2246 - 2021

SUBJECT: A bill to establish the task force to study options and make recommendations for converting vacant commercial office space into affordable housing

SPONSORS: Council Members Brannan, Yeger, Kallos, Rosenthal, Perkins, Louis, Koslowitz, Riley, Levine, Moya, Ampy-Samuel, Gjonaj, and Dinowitz

This bill would establish an Office-to-Affordable-Housing Task Force (“Task Force”) to study options and make recommendations for converting vacant commercial office space into affordable housing. The Task Force would be chaired by the Commissioner of HPD or the Commissioner’s designee. The Task Force would also include the Commissioner of the Department of Buildings (DOB), the Speaker of the Council, and the Public Advocate, or their designees, and other members with knowledge or expertise relevant to the duties of the Task Force who would be appointed by the Mayor. The Task Force would be required to report its findings and recommendations to the Mayor, the Speaker and the Public Advocate no later than 270 days after the effective date of this local law and would publish the report on HPD’s website.

Today, there is an estimated 220 million square feet (sq ft) of Class B and C office space citywide, with approximately 160 million sq ft in Manhattan. While not all Class B and C office buildings are candidates for conversion due to economic constraints and floorplate limitations, this is a significant amount of space that could be better used in the future through a conversion.

For this reason, REBNY supports the creation of a task force to study and recommend steps that should be taken to appropriately convert vacant or underutilized office space to affordable housing. Creatively adapting existing, empty spaces or buildings will help our city bounce back faster and address long-term needs by increasing housing supply, presenting opportunities to support affordable housing development, and creating significant development activity that will result in well-paying jobs. Additionally, a true live-work community will also bolster local retail by providing neighborhood services that are less reliant on office workers.

Lower Manhattan is a prime example of how converting a neighborhood can help raise the City’s recovery from a crisis. In the early 1990s, the office vacancy rate was approaching 25%. Government programs and incentives led to the conversion of older Class B and C office space to residential use, which resulted in the creation of over 25,000 housing units over the past few decades. This activity laid the foundation for a dynamic, live-work neighborhood in Lower Manhattan and was central to the neighborhood’s recovery after the devastating impacts of 9/11, the Great Recession, and Hurricane Sandy.

Based on the success of Lower Manhattan, the task force should consider neighborhoods with great transit access and a concentration of older office buildings. Conversions in these neighborhoods could provide an additional opportunity for injecting affordable and supportive housing where there is little to none, and could potentially aid NYCHA as it explores options to aid their sizeable rehabilitation effort such as through the transfer of air rights.

However, conversions face a number of obstacles that state and local policy will need to address. First, the State's Multiple Dwelling Law caps the residential floor area ratio to 12 FAR. For commercial buildings with a higher FAR and limitations on location of uses within this building, this places a full building conversion out of reach. The multiple dwelling law will need to be changed to allow existing floor area to be converted. Additionally, residential and commercial zoning have different requirements for light and air standards as it relates to distance between buildings and court and yard requirements. This too will need to be resolved. There is also significant office space in manufacturing zones, where residential is not permitted, but has proximity to transit, schools, jobs, and open space that may make sense to consider for housing needs. Finally, some type of financial incentive program will be needed to offset the capital costs of conversions, lost rent collections, baseline affordability and ensure upgrades align with the latest sustainability targets.

For this reason, REBNY urges the Council to include the Department of City of Planning (DCP) on this task force to ensure zoning considerations are taken into account. DCP's participation seems essential considering any viable path to converting Class B/C office space to residential use will require local zoning changes.

Further, REBNY's diverse membership contains experts from various fields who are experienced in the commercial and residential markets, understand viable financing strategies, and how to develop mixed-use properties. In addition to the inclusion of DCP, REBNY would respectfully request inclusion of the real estate industry on this task force to ensure a well-rounded perspective from practitioners in the field, and that any recommendations are rooted in real world experience.

BILL: Int 2312 - 2021

SUBJECT: This bill would amend the administrative code of the city of New York, in relation to limiting fees associated with vacating a premises

SPONSORS: Council Members Riley, Powers, Treyger, and Rosenthal

This legislation would limit the resulting damages recoverable by certain landlords to the mitigated damages enacted by the New York State Housing Stability and Tenant Protection Act of 2019 (HSTPA) where a tenant vacates a premises in violation of the terms of a lease.

The legislation seems intended to codify a provision from HSTPA at the local level. However, it is unclear what additional value Intro 2312 adds beyond the State provision. The Council legislation effectively bars an owner from asking for rent for remaining months on the lease unless they lower the price of the unit and are still unable to rent it. It also ostensibly asks owners to absorb the costs of damages to their units despite the tenant's violation of a legally-binding agreement. At a time when the market is uncertain and owners have been asked to bear the brunt of increasing operating costs with no aid, it is punitive to ask owners to potentially utilize their savings for circumstances beyond their control.

BILL: Int 2411 - 2021

SUBJECT: This bill would amend the New York city charter and the administrative code of the city of New York, in relation to enforcement of provisions of the zoning resolution related to eligibility requirements with respect to the development, acquisition, rehabilitation, preservation, sale or rental of affordable housing administered by the department of housing preservation and development.

SPONSORS: Council Member Cornegy

The bill authorizes HPD to enforce the affordable housing provisions placed within its responsibility in the Zoning Resolution, namely the Inclusionary Housing program and provides procedures by which enforcement is to take place. Under this charter amendment, HPD would be authorized to issue appearances before the Office of Administrative Trials and Hearings for the recovery of penalties for violations, investigatory authority, and appointment of an authorized monitor by HPD authorized to ensure violations are corrected. The legislation also grants HPD the new authority to take any actions necessary to enforce the provisions of any regulatory agreement. According to the sponsor, without this authorization, the city would be limited in its ability to ensure that the Zoning Resolution's affordable housing programs are serving their purpose and would lack the ability to penalize those who would cheat the system.

This legislation would remove statutory enforcement authority from DOB and make HPD the primary oversight, investigative, and enforcement agency. Ensuring the agency tasked with financing and leasing-up is also responsible for enforcement rather than outsourcing it to a separate agency with no insight into the process makes sense. Clear and consistent standards are helpful to owners entering into regulatory agreements with HPD.

Clear and consistent standards must also apply in the lease up process to expedite occupancy by tenants. However, while the City has spent significant time and effort improving Housing Connect for tenants, it has not spent equal time in removing website glitches and operational enhancements for the owner facing portal, even a year after launch. Requirements for the marketing handbook have gotten more complicated over time, not less. Unfortunately, this means that the lease-up process by HPD is so lengthy it can take over a year from construction completion to tenant occupancy. Therefore, there is industry concern with vesting new authority to the agency. The framework for equal dealings with tenants and owners is not in place and the lack of an appeals process for the enforcement actions will ensure the same opaqueness and lack of timely response that the industry faces when trying to troubleshoot through other requirements by the agency. Sufficient resources should be in place for these efforts so as to not lead to delays in delivering and accessing housing.

BILL: Int 2436

SUBJECT: This bill would amend the New York city charter to establish an office of the homeowner advocate within HPD.

SPONSORS: Council Members Miller, Cornegy, Salamanca, Yeger, Kallos, and Dinowitz

This bill would create the Office of the Homeowner Advocate (OHA) within HPD. OHA would be tasked with providing support to homeowners and multiple dwellings. Support would include acting as a liaison between homeowners and City, State, and Federal agencies, accessing financial and technical assistance, providing referrals to homeowners, and holding trainings for homeowners. OHA would also create public awareness campaigns about the rights and responsibilities of homeowners. In addition, OHA would also be required to report annually on homeowner inquiries received, amount of time taken to address these inquiries, and actions taken to address these inquiries. Finally, OHA would be required to report on existing non for-profit organizations that provide free and low cost services to homeowners as well as recommendations for such services that are not currently available.

Providing technical assistance to homeowners and increased access to existing programs is vital to ensuring the stability of homeownership as a primary wealth-building tool for low-income owners. However, the office as envisioned by this legislation could create additional confusion for the same

owners it intends to help. Co-ops and condos should be exempted from the scope of this legislation, as the New York State Attorney General already has an ombudsperson tasked with fielding concerns from these owners. Including these buildings may lead to duplicative reporting on issues, thereby undermining the increased transparency intended by the bill and drawing down on limited city resources. In addition, the advocate would be tasked with serving as a coordinating entity between multiple agencies on behalf of City agencies. An individual city agency may not be best equipped to coordinate between levels of government and agencies and cannot and arguably should not be held accountable for service delivery from programs administered by other agencies and levels of government. The Council should consider whether this task could be best served within the Mayor's Office as a centralized role. Otherwise, the structure of the office outlined by the legislation may lead to confusion amongst owners and frustration when services are not delivered in a timely manner.

Thank you for your consideration on these points.

Ryan Monell

Vice President of City Legislative Affairs
Real Estate Board of New York

212.616.5247
rmonell@rebny.com



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

Testimony Before the New York City Council Committee on Housing and Buildings Regarding the Third Party Transfer Program, Task Force for Commercial Office Space Conversions, Enforcement of Inclusionary Housing, and Creation of the Office of Homeowner Advocate

November 12, 2021

Thank you, Chair Cornegy and Members of the Committee on Housing & Buildings, for the opportunity to submit testimony for the November 9th hearing on behalf of the Association for Neighborhood and Housing Development (ANHD).

ANHD's mission is to advance equitable, flourishing neighborhoods for all New Yorkers. ANHD represents over 80 neighborhood-based not-for-profit organizations in New York City that have affordable housing, equitable economic development, or both as a central component of their mission. Our members have developed over 130,000 units of affordable housing and directly operate over 30,000 units housing over 100,000 people, and have successfully enacted laws and policies supporting affordable housing development, tenant protections, small businesses, and industrial development.

T2021-8133: Amending the Transfer of Distressed Properties to Third Parties (TPT)

The Third Party Transfer (TPT) program, although it has flaws, is an important tool that can be used to address crisis conditions in distressed properties and help tenants suffering from neglect and an unsafe living environment by transferring the property to a new owner. ANHD's members who are non-profit, mission driven housing developers have worked on many TPT projects and have helped transform distressed properties into safe, quality, affordable and rent-stabilized housing stock. Nonetheless, ANHD and our members recognize that the TPT program has shortcomings that must be addressed. This is in part why individuals from at least 5 different ANHD member organizations, including the Center for NYC Neighborhoods, IMPACCT Brooklyn, MHANY Management, Northwest Bronx Community & Clergy Coalition and MBD Community Housing Corp., participated in the TPT Working Group over the past few years, to develop solutions that address the program's flaws and to create a third party transfer program that effectively targets the worst violators and opens a clear path forward for building stabilization and preservation. Unfortunately, T2021-8133 does not align with the recommendations of the TPT Working Group and therefore we are not in support of this bill as is.

ANHD supports [the recommendations of the TPT Working Group](#), which includes ending the “block pick-up” methodology (a mechanism that has resulted in smaller properties with relatively fewer violations and tax arrears being included for transfer) with a methodology that takes into consideration both physical and financial conditions in a balanced manner to effectively target the most egregious violators. ANHD supports the TPT Working Group’s recommendation to have the program engage in more proactive outreach, provide enhanced technical and financial assistance for property owners, and improve customer service. We support the Working Group’s recommendation to allow HDFC co-ops to petition to become co-ops again provided that they meet certain requirements after transfer, as well as the recommendation to explore transferring properties to Community Land Trusts. The TPT Working Group’s recommendations can and should be translated into legislative policy in order to create a path forward for tenants languishing in unsafe conditions and to stabilize and preserve buildings as affordable housing.

However, T2021-8133 does not reflect these recommendations of the TPT Working Group and the many hours of thoughtful conversation and deliberation that went into creating those recommendations. Specifically, the methodology proposed in T2021-8133 could result in properties being included in the TPT program that are not appropriate for the program, including smaller properties with relatively fewer arrears and violations. The methodology proposed in T2021-8133 was not reviewed by the TPT Working Group and does not align with their recommendations to target buildings with the worst violations and tax arrears. While the Working Group does recommend engaging in more proactive outreach, this bill would introduce notice requirements that would be challenging if not impossible for the City to implement. This could also add significant time to the transfer process, which could be harmful to residents suffering in crisis-level building conditions.

We also object to the provision of T2021-8133 that states that any organization that has provided counseling or advice regarding foreclosure or loan default to the current or then-owner of the property within the previous five years be deemed ineligible for a third party transfer. Many non-profit organizations including ANHD members provide foreclosure counseling and prevention services to property owners with the intent of stabilizing the buildings. Their involvement in a particular building should not exclude them from being transferred the building through TPT; in fact in many cases these organizations may have built good relationships with tenants that puts them in a better position to facilitate a successful transfer.

ANHD commends Chair Cornegy for taking seriously the flaws with the TPT program and working to create legislative solutions that address those flaws. However, we encourage the Council to modify this bill so that it better aligns the recommendations of the TPT Working Group, and to work closely with the Working Group in developing and finalizing the legislation.

Int 2246-2021: Task Force to Study Conversion of Vacant Offices to Affordable Housing

ANHD supports the creation of a Task Force to study the conversion of vacant office space into affordable housing. The conversion of vacant office space is an opportunity to create affordable housing in high opportunity neighborhoods, which ANHD supports, as well as to create good paying construction jobs and support the COVID-19 recovery. We need more tools available on hand to solve the housing crisis, and the conversion of vacant or underutilized office and hotel space represents promising new strategies in this toolbox.

At the same time, ANHD recommends that the Council and the Task Force take seriously the complications and potential negative impacts such conversions could involve:

1. Conversions require significant investment of City resources; the Task Force must think through how conversions would be financed and whether such conversions are cost effective compared to other affordable housing programs.
2. Attention must be paid to the surrounding land uses to ensure that the new housing created is safe for residents and does not negatively impact the operation of surrounding businesses, particularly industrial and manufacturing businesses. For this reason, ANHD recommends that the Task Force focus only on commercial office space in zones where residential use is already permitted.
3. Given that these conversions will require significant investment of public resources through both zoning changes and financial subsidies, the Task Force must ensure that the housing created has maximum public benefit. Housing created through office conversions must be 100% deeply and permanently affordable and rent-stabilized, and non-profit housing developers, who are best positioned to ensure long-term stewardship of affordable housing, should be prioritized for conversion projects.

ANHD supported New York State's initiative to convert hotels to permanently affordable housing through the Housing Our Neighbors with Dignity Act, or HONDA, and we similarly support the City's effort to study the conversion of vacant office space into affordable housing. A number of housing and homeless advocates, including ANHD and our members, worked closely on the writing of the HONDA legislation and ANHD would encourage the Council to consider those groups for this Task Force as well.

Int 2411-2021: Enforcement of Inclusionary Housing Programs

ANHD supports this legislation, which will strengthen the City's Inclusionary Housing Program and the City's other affordable housing programs by introducing new enforcement mechanisms. The City is currently limited in its ability to enforce Inclusionary Housing. It is important to have strong, effective enforcement mechanisms so that we can ensure the City's affordable housing programs are achieving their intended purpose and that there is a penalty schedule for bad

actors who do not comply. If anything, the enforcement mechanisms in this bill could be made even stronger, for example by preventing developers with open Inclusionary Housing non-compliance issues from receiving new DOB permits. This would add more teeth to the enforcement beyond just fines and penalties. Nonetheless, ANHD encourages the Council to pass this legislation.

Int 2436-2021: Creation of Office of Homeowner Advocate

ANHD supports the goals of this legislation, which would create an Office of the Homeowner Advocate within HPD. An Office of the Homeowner Advocate (OHA) will help prevent the displacement of struggling homeowners, will support New Yorkers in building wealth and equity through homeownership, and will integrate and coordinate existing services for homeowners under a central office.

However, in order to be most effective, ANHD has a few recommendations to strengthen this initiative:

1. It is key that the OHA applies a racial equity lens to their work. Given the long history of systemic racism and policies that block the ability of BIPOC families to own and maintain their homes, the OHA must focus on closing the racial wealth gap and combatting mortgage discrimination.
2. The OHA should make sure to integrate, complement and amplify existing services for homeowners rather than duplicate what already exists; particularly the Homeowner Help Desk, a joint project by HPD and the Center for NYC Neighborhoods.
3. The OHA should explore possibilities to create new homeownership opportunities in addition to protecting existing homeowners, by identifying strategies that would increase the supply of owner-occupied affordable housing through both new construction and preservation programs at HPD.
4. While a dedicated Homeowner Advocate at HPD is needed and welcome, this Office could be even more effective at the level of City Hall, in order to coordinate across agencies. The OHA should not be sidelined but rather seen as a central, integrated part of the City's housing goals.

Overall, ANHD encourages the passage of this bill and would encourage the sponsors to work closely with HPD, the Center for NYC Neighborhoods, and other community-based organizations that serve homeowners to ensure a tailored, effective approach.

From: Brenda Stokely <stokelybrenda1@gmail.com>
Sent: Monday, November 8, 2021 1:25 PM
To: Testimony
Subject: [EXTERNAL] CM Cornegy's Chapter 4 tax lien foreclosure by action in rem hearing
11/9/21 10am

Testimony from Brenda Stokely co-chair on behalf the of Brooklyn HDFC Coalition

From: Brenda Stokely <stokelybrenda1@gmail.com>

Subject: Chapter 4 Tax Leon foreclosure by action in rem

Good morning ,

Main points of the Brooklyn HDFC Coalition testimony:

We firmly believe that the actions of HPD & the other City agencies involved with foreclosures have acted in a manner that flies in the face of the US Constitution by :

1)The City is violating the US Constitution's TAKINGS LAW
(City does not have the right to strip the owner of their equity)

2) NYC /HPD is violating the NYS in REM tax lien process by going beyond the recouping of unpaid taxes by withholding from the owners the property value

And Therefore

The coalition is demanding that NYS uses it's authority expeditiously to remove NYC HPD from any and all authority over NYC HDFCs.

Thank you

Brenda Stokely



ChargePoint, Inc.
254 East Hacienda Avenue | Campbell, CA 95008 USA
+1.408.841.4500 or US toll-free +1.877.370.3802

November 11, 2021

The New York City Council
Committee on Housing and Building
Chairman Robert E. Cornegy, Jr.

RE: Introduction 277 – A Local Law to amend the New York city building code, in relation to increasing the number of electric vehicle charging stations in open parking lots and parking garages

Dear Chair Cornegy:

Thank you for the opportunity to provide written testimony in support of Introduction 277 and for your commitment to preparing New York City’s building stock for the rapid growth in electric vehicles (EVs). ChargePoint supports the intent of Int. 277, and we respectfully encourage the Committee to adopt amendments that would require that parking spaces in garages and open lots identified in the code to be “EV Ready.” By incorporating this language, the Committee will ensure that New York’s buildings and parking lots are “futureproofed” with the basic electrical infrastructure to support the growing EV charging installation in the State. This will also help dramatically lower the cost to install EV chargers, saving homeowners, tenants, and businesses thousands of dollars.

Background on ChargePoint

ChargePoint is the nation’s leading EV charging network, with charging solutions for every charging need and all the places EV drivers go: at home, work, around town and on the road. ChargePoint’s primary business model is not to operate charging stations ourselves, but to provide smart, networked charging solutions directly to businesses and organizations. We are committed to making it easy for cities, towns, state agencies, businesses, multifamily buildings, fleet operators, as well as individual drivers and public transit riders to go electric. We are proud to partner with local business in New York to deploy and support EV charging stations throughout the city and state.

Comments on Int. 277

ChargePoint is broadly supportive of Int. 277 and thanks the Council for raising this critically important issue. In almost every case, the cost to install a charging station in an existing parking space is significantly more expensive than the cost of the charger itself. These installation costs are unlikely to experience significant reductions over time as compared to equipment costs which may experience reductions over time do to economies of scale, improved manufacturing efficiencies, and competition in the market.

As drafted, Int. 277 would merely increase targets establish by Local Law 130 from 2013, which required that the current code only include the conduit necessary to support a Level 1 EV charger. While Level 1 chargers were more common in 2013, such technology can take multiple days to charge a single EV. Level 1 chargers are not the appropriate solution for situations where people may need a quicker top off charge at a variety of destination locations.

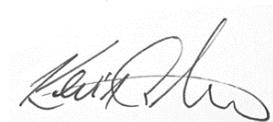
In order to ensure that Int. 277 prepares buildings and parking throughout the City to support the growth of EVs, we respectfully urge the Committee to amend the bill to require that the identified parking spaces be constructed as “EV Ready,” which means that parking spots would have the infrastructure, wiring, and panel capacity to support the future installation of Level 2 EV charging stations. The cost to install EV charging stations at an EV Ready parking spot are much lower than if the parking spot needs to be retrofitted. Comparative cost analyses demonstrate that installing EV Ready parking spaces at the time of construction can be 75% less expensive than post-construction installations.¹

Requiring new construction to be EV Ready will save money for property owners and future-proof the City’s businesses, workplaces, retail properties, and homes for an influx of electric vehicles. EV Ready requirements, as drafted, typically do not require EV charging stations to be purchased or for parking spots to be exclusively dedicated for EV charging stations. Rather, EV Ready provisions often require the installation of conduit and wiring and to ensure sufficient electrical capacity to support the future installation of EV chargers by site hosts, at their expense, at a later date.

By including our proposed amendment, the Committee will codify an EV Ready requirement that will save the City costs over time when installing EV charging stations. Should the committee consider amendments that would increase the percentage of EV ready spots beyond what is currently included in Int. 277, we would strongly recommend including a provision that would allow for the use of electric vehicle energy management systems, or “EVEMS,” to meet EV Ready code requirements. Such provisions would dramatically decrease the cost of complying with higher percentage requirements and avoid significant compliance costs (e.g., upgrading electrical panels).

Thank you again for the opportunity to provide feedback on the proposed legislation included in this testimony, which is included at the end of this testimony. ChargePoint applauds the Committee for its focus on transportation electrification as one of the keys to unlocking further greenhouse gas emission reductions in New York City. Please let us know if we can serve as a resource to the Committee as it continues to evaluate policies that can reduce emissions and increase access to clean transportation, for all New Yorkers.

Sincerely,



Kevin George Miller
Director, Public Policy
ChargePoint

¹ Pike, E. et al. “Driving Plug-in Electric Vehicle Adoption with Green Building Codes,” 2018 ACEEE Summer Study on Energy Efficiency in Buildings: https://aceee.org/files/proceedings/2018/node_modules/pdfjs-dist-viewermin/build/minified/web/viewer.html?file=../../../../../assets/attachments/0194_0286_000432.pdf#search=pike

Attachment– Recommended “EV Ready” Amendment Language

Section 1. Section 406.2.11 of the building code of the city of New York, as added by local law number 130 for the year 2013, is amended to read as follows:

406.2.11 Electric vehicle charging stations. Parking garages shall be capable of supporting electrical vehicle charging stations in accordance with this section. ~~Electrical raceway to the adjacent electrical outlet supply panel serving the garage shall be~~ capable of providing ~~a minimum of 3.1 kW of electrical capacity~~ “Level 2” EVSE as defined in the Society of Automotive Engineers J1772 standard shall be provisioned to at least 20 percent of the parking spaces of the garage and no later than January 1, 2030, to at least 40 percent of such spaces. The electrical room supplying the garage must have the physical space for an electrical supply panel sufficient to provide ~~3.1 kW of electrical capacity~~ 208/240-volt circuit installations, including panel capacity, raceway wiring, receptacle, and circuit overprotection devices that are able to provide Level 2 charging to at least 20 percent of the parking spaces of the garage and no later than January 1, 2030, to at least 40 percent of such spaces. Such raceway and all components and work appurtenant thereto shall be in accordance with the *New York City Electrical Code*. ~~Nothing shall preclude these parking requirements from being met by implementing dedicated branch circuits, multiple parking spaces on circuits, overloading an electrical panel, or using feeder or building service monitoring and associated control of EV charging loads, with the intention to use EV energy management systems (EVEMS) to control EV charging loads. Load sharing across a circuit using EVEMS shall be subject to minimum EV charging performance requirements to be implemented by rule by the Department of Buildings and the Office of Sustainability.~~

§ 2. Section 406.7.11 of the building code of the city of New York, as added by local law number 130 for the year 2013, is amended to read as follows:

406.7.11 Electric vehicle charging stations. Open parking lots shall be capable of supporting electric vehicle charging stations in accordance with this section. A minimum of 20 percent of the parking spaces in an open parking lot shall be equipped with an adjacent electrical outlet raceway capable of ~~providing a minimum supply of 11.5kVA to an supporting future installation of Society of Automotive Engineers J1772 Level 2 EVSE with 208/240 volt circuits from an electrical supply panel and~~ no later than January 1, 2030, at least 40 percent of such spaces shall be so equipped with such electrical raceway. The raceway shall be no smaller than 1 inch. The electrical supply panel serving such parking spaces must have at least 3.1 kW of be able to support 208/240 volt circuits available capacity for each stall connected to it with raceway. Such raceway and all components and work appurtenant thereto shall be in accordance with the *New York City Electrical Code*. Nothing shall preclude these requirements from being met by implementing dedicated branch circuits, multiple parking spaces on circuits, overloading an electrical panel, or using feeder or building service monitoring and associated control of EVSE, with the intention to use EV energy management systems (EVEMS) to control EVSE. Load sharing across a circuit using EVEMS shall be subject to minimum EV charging performance requirements to be implemented by rule by the Department of Buildings and the Office of Sustainability.

§ 3. This local law takes effect 180 days after it becomes law.



**Testimony of Baaba K. Halm
Vice President and New York Market Leader
Enterprise Community Partners, Inc.**

**To the New York City Council
Committee on Housing and Buildings
Public Meeting
November 9th, 2021**

My name is Baaba Halm and I am the Vice President and Market Leader for the New York office of Enterprise Community Partners, a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since our New York office opened in 1987, we have committed more than \$3.9 billion in equity, loans and grants to affordable housing and community to create or preserve over 73,000 affordable homes across New York State.

On behalf of Enterprise, I want to thank the New York City Council's Committee on Housing and Buildings for the opportunity to provide testimony on the Third Party Transfer (TPT) program.

Enterprise supports the TPT programs and recognizes that the program remains effective at culling out properties from the larger tax lien sale for affordable use and enabling long-term financial and physical sustainability for some of the buildings in the city with the most health and safety housing violations along with significant tax liens. TPT remains one of the most realistic solutions for these distressed properties, and without the program, it would be nearly impossible for these buildings to recover and return to viability as housing that is safe, decent and affordable. Instead, these properties would be susceptible to speculators and buyers looking to capitalize on the properties and tenants would continue to live in distressed conditions.

At the same time, we join our fellow advocates in the affordable homeownership space in calling for a re-examination of certain key elements of the program, recognizing that TPT can be disproportionately harmful for communities of color, senior homeowners, and low to moderate income (LMI) communities who need access to technical assistance and grant/loan programs to help maintain their properties.

Enterprise has been involved with the current administration's [TPT Working Group](#) since its inception. The Working Group has proposed significant reforms to TPT, including changes to the



eligibility and selection process for properties, promoting more proactive and plain-language outreach to property owners, and overhauling the financial and technical assistance services available and more discussion around how to support homeownership and protect communities of color should continue under the next administration.

Intro. 2444 would rewrite the entire TPT program and while it is a good first step, we ask that the bill not be rushed into adoption. There remains a number of concerns that have been raised about TPT that have not been addressed but warrant consideration. We look forward to continuing the conversations to ensure that reforms to the program are practical and flexible while prioritizing the needs of communities of color and small owners in distress. Thank you again for the opportunity to testify today.

The Importance of Preserving Affordable Homeownership In New York City.

A testimony by Victor Morisete Romero, HDFC Coalition Anti Foreclosure Committee to the NYC City Committee of Housing and Building Buildings Hearing on 11/9/2021

Good morning. My name is Victor Morisete Romero. I am a member of the HDFC Coalition Anti Foreclosure Committee. I grew up in of Housing Development Fund Corporations (“HDFCs”) and I can attest to the importance of HDFCs to continue to be part of New York City’s affordable housing stock. As you know, there are over 30,000 units of affordable resident-owned cooperative housing in the city, which need to be maintained affordable in the city.

On behalf of the HDFC Coalition, I want to offer the following recommendations and changes to the proposed Local Law to amend the administrative code of the city of New York, in relation to the transfer of distressed properties to third parties and to repeal chapter four of title eleven of the administrative code of the city of New York. **The changes are marked in yellow.**

First Proposed Change: § 11-401.1 Procedures for distressed property, paragraph d. **The Council of the City of New York should create the position of the Affordable Housing Ombudsman who will responsible to responding to inquiries, review complaints and listen owners of distressed class one and two real property on which there is a tax lien that may be foreclosed by the city. The Ombudsman will report directly to the Speaker of the City Council and the Chair of the Housing and Buildings Committee on the activities coordinated with the commissioner of finance, the commissioner of housing preservation and development and the commissioner of environmental protection. This ombudsperson shall have a dedicated phone number and email address and may also be contacted through 311.**

Second Proposed Change: § 11-405 Preparation and filing of lists of delinquent taxes. 4(d). **Not less than 160 days preceding the filing of the list of delinquent taxes with the office of the clerk of the county in which the parcels listed herein are situated, the commissioner of finance shall send to the council the list of properties with delinquent taxes with for council approval. The council shall vote have 60 days to approved, disapprove or removed properties the list within 60 days of receiving it.** Not less than 120 days preceding the filing of the list of delinquent taxes with the office of the clerk of the county in which the parcels listed herein are situated, the commissioner of finance shall send to the council of the preceding the filing of the list of delinquent taxes with for council approval. post a notice online, and send via first class mail return receipt requested and first class mail to any person who has registered their mailing address or electronic mail address with the department of finance. The department of finance shall mail one copy to each dwelling unit of each property and post one copy in the common area of such property. Such notice shall include, to the extent such information is available, the borough, block and lot of any property to be included in such a list. Such notice shall include a conspicuous statement that the owner of the property may enter into a payment plan agreement for exclusion from the list of delinquent taxes to be filed. The department of finance and the department of
HDFC Coalition recommendations and changes to the proposed Local Law to amend the administrative code of the city of New York, in relation to the transfer of distressed properties to third parties and to repeal chapter four of title eleven of the administrative code of the city of New York.

environmental protection shall then, to the extent practicable, contact by telephone or electronic mail any person who (i) has registered their telephone number or electronic mail address with such departments and (ii) has been sent the 120 day notice described in this paragraph.

Third Proposed Change: § 11-406 Public notice of foreclosure paragraph g. If the property is owned by a company organized pursuant to article xi of the state private housing finance law, the commissioner of housing preservation and development shall provide a list of all the original shareholders to the commissioner of finance to include for all required notices. The department of finance shall hold at least three meetings with the members of the company to inform them that the property has been included in the list of delinquent taxes and that they can be removed from such list by entering into a payment plan with the department.

Fourth Proposed Change. § 11-409 Severance and trial of issues where answer is interposed; payment plan agreements authorized after action commenced, Paragraph 4. Notwithstanding the interest rate for any parcel that is owned by a company organized pursuant to article xi of the state private housing finance shall not exceed 1.5% annual percentage rate or any rate of interest prescribed pursuant to applicable law, and unless a lower rate of interest is applicable to a delinquent amount owing on a parcel that is the subject of an agreement pursuant to this paragraph, the interest payable together with the remaining installments due under such agreement shall be calculated at a rate equal to the rate prescribed for the applicable period pursuant to subparagraph (i) of subdivision e of section 11-224.1 of this title.

Fifth Proposed Change: § 11-409 Severance and trial of issues where answer is interposed; payment plan agreements authorized after action commenced, Paragraph 6. The corporation counsel, when submitting an in rem judgment roll pursuant to the provisions of this chapter, may request a severance as to any parcel as to which, before the preparation of said in rem judgment roll is commenced, an agreement was duly made, executed and filed with the commissioner of finance for the payment of all delinquent taxes, assessments and other legal charges and interest and penalties in installments as provided in this subdivision, and there has been no default in such agreement as to either quarterly installments or current taxes, assessments or other legal charges. Where a default occurs in such agreement as to either quarterly installments or current taxes, assessments or other legal charges, all payments made under the agreement shall be refunded to the property owner and the city shall be entitled to obtain a judgment hereunder as to the parcel as to which the default occurred. Where such default occurred before the submission of the judgment roll, the parcels as to which such default occurs shall be included in said judgment roll amount the parcels to be acquired by the city or by a third party. If the property is owned by a company organized pursuant to article xi of the state private

HDFC Coalition recommendations and changes to the proposed Local Law to amend the administrative code of the city of New York, in relation to the transfer of distressed properties to third parties and to repeal chapter four of title eleven of the administrative code of the city of New York.

housing finance law, the property shall be automatically allowed to participate in the tenants' petition program which allows its current use without the need for the parcels to be acquired by the city or by a third party. Where such default has occurred as to a parcel severed pursuant to this subdivision, the corporation counsel shall cause to be entered a supplemental judgment of foreclosure as to such parcel immediately on notification by the commissioner of finance of such default. Where such payment plan agreement is paid in full, the commissioner of finance shall discontinue the in rem action from which such parcel was severed by issuing a certificate of withdrawal as to such parcel pursuant to the provisions of section 11-413 of this chapter.

Sixth Proposed Change: § 11-412.2 Council review of conveyance to a third party. The commissioner of finance shall, prior to the execution of a deed conveying full and complete title of any parcel of class one or class two real property to a third party pursuant to paragraph 3 of section 11-412.1 of this chapter, notify the council of the proposed conveyance. Within 90 days of the receipt of evidence and information from the department of housing preservation and development the council will act by local law approving or disapproving the proposed conveyance. A vote of the council is required to approve or disapprove the proposed conveyance. During such 90 day period or, if the city council acts by local law pursuant to this section, during the period of time from the notification of the council to the presentation to the mayor of such local law and during any additional period of time prescribed in section 36 of the charter, the 12 month period provided in paragraphs 3 and 9 of section 11-412.1 of this chapter shall be tolled.

Seventh Proposed Change: § 11-424.1 In rem foreclosure release board. There shall be an in rem foreclosure release board consisting of the mayor, the speaker of the city council, the chair of the Hosing Committee, the Affordable Housing Ombudsman, the affected borough president, the corporation counsel and the commissioner of finance. For the purposes of this section, the affected borough president shall be the president of the borough in which a property proposed for release pursuant to this section is located. Members of the board may, by written authority filed with the board and with the city clerk, appoint delegates to act on their behalf as members of the board. The board shall have the power, acting by resolution, to authorize the release of the city's interest in property acquired by in rem tax foreclosure in accordance with sections 11-412.1 and 11-424 of the code based upon a determination, in its discretion, that such release would be in the best interests of the city. The board shall be convened by the Speaker of the council or his or her designee every time the a round of in rem foreclosure actions have been filed. The board shall act after a meeting at which the public has been provided an opportunity to comment on the proposed action. A resolution of the board authorizing a release of the city's interest in any property shall be adopted only upon the affirmative vote of not less than a majority of all the members of the board. The board may consider any information it deems relevant to a *HDFC Coalition recommendations and changes to the proposed Local Law to amend the administrative code of the city of New York, in relation to the transfer of distressed properties to third parties and to repeal chapter four of title eleven of the administrative code of the city of New York.*

determination. The board shall not be required to state the reasons for its determination.

Thank you for your attention.

HDFC Coalition recommendations and changes to the proposed Local Law to amend the administrative code of the city of New York, in relation to the transfer of distressed properties to third parties and to repeal chapter four of title eleven of the administrative code of the city of New York.

TO: City Council
Committee of Housing and Buildings

FROM: Blanca Vazquez
Blanca147@gmail.com
147 W. 105th St., NY, NY 10025
646 824-8440

I am a Member of the HDFC Coalition Anti-Foreclosure Committee, and I am here to advocate for a simple reform that will protect HDFCs and the possibility of home ownership for another generation of working and middle class New Yorkers.

Just this: An Early Warning System on Arrears.

I would name it in honor of the late Will Buckery, member of the HDFC Coalition, an original shareholder, and extraordinary human being. What HPD did for his Harlem HDFC decades ago -- and needs to do once again -- is to alert shareholders that their HDFC is endangered by instituting a simple step in the process: a trigger warning.

Simply SEND/mail a written alert (in English and Spanish and any other relevant languages) to ALL shareholders on record that their COOP is falling into arrears and that the problem must be addressed now. The criteria could be 3 or 4 quarters in arrears on real estate or water. For Will's building, they were alerted while what was owed was a manageable amount of money (about \$30,000) and they got it together.

That is, get help BEFORE onerous penalty rates kick in, before issues become more difficult to reverse, just alert all the shareholders.

Our experience is that affordable HDFCs buildings can be reorganized, people's equity can be protected and home ownership retained. We worked with, helped to reorganize (with new elected boards), and SAVED 18 HDFCS that were in arrears, representing 503 households. All on a volunteer basis without charging a cent. If we can save HDFC homes, so can HPD.

An Early Warning System is a simple way to protect and preserve this housing stock. It protects your constituents, many of us of color, honors the principle of equity and the intent of the original HDFC legislation, which highlighted "identifying troubled buildings at an earlier stage, where intervention is more likely to be successful...."*

Thank you.

*Testimony of HPD Commissioner Deborah C. Wright, March 22, 1996, to City Council Committee on Housing Preservation and Development.

John K. Carroll
President

Janet E. Sabel
*Attorney-in-Chief
Chief Executive Officer*

Adriene L. Holder
*Attorney-in-Charge
Civil Practice*

TESTIMONY OF THE LEGAL AID SOCIETY

City Council Committee on
Housing and Buildings

Re: T2021-8133: Third Party Transfer Program

November 9, 2021

Thank you, Chairperson Cornegy, and members of the Committee for holding this important hearing.

The Legal Aid Society

Since 1876, The Legal Aid Society has provided direct legal services to low-income New Yorkers. Over the years, our organization has expanded to become the nation's largest and oldest legal services provider for low-income individuals and families. The Society's Civil Practice provides comprehensive legal assistance in legal matters involving housing, foreclosure and homelessness; family law and domestic violence; income and economic security assistance (such as unemployment insurance benefits, federal disability benefits, food stamps, and public assistance); health law; immigration; HIV/AIDS and chronic diseases; elder law for senior citizens; low-wage worker problems; tax law; consumer law; education law; community development opportunities to help clients move out of poverty; prisoners' rights, and reentry and reintegration matters for clients

Justice in Every Borough.

returning to the community from correctional facilities. We have for decades represented tenants and shareholders residing in distressed, tax-delinquent properties, who have benefitted from the City's Third Party Transfer Program, which can put such properties in the hands of responsible community organizations and tenant associations and preserve these affordable housing units. As such, we understand that the existing program has issues and benefits for New York City residents. It is our hope that any amendment to the existing program take into consideration the concerns of both low-income homeowners and tenants living in this distressed housing.

Introduction

For decades, we have represented tenants in housing where the owners have failed to pay city taxes and have disinvested in the buildings, allowing them to fall into disrepair. For some of these tenants, the Third Party Transfer ("TPT") program has been a lifeline. Government and private entities, in many cases coming together and working with the residents of the properties, have come in and invested in the buildings, making repairs, and allowing our clients to remain safely in their homes. For those tenants who are waiting for the City to act, every day that goes by increases their suffering. We also represent low-income shareholders and know that they have valid concerns about how the City's tax lien sales and the TPT program treats them. It is essential that any meaningful change to this statute balance the interests of both tenants and low-income homeowners. The process must include careful thought and consultation with all stakeholders. We understand that after hearings were held by this committee about problems with the program, a work group was set up to address the concerns raised at the hearings. That group has been meeting for two years but has yet to release its findings and its recommendations. Unfortunately, we understand that neither the work

group nor the City were consulted about this new legislation. This statute has not been amended since the 1990's and it is clear amendments are needed. We believe that this legislation is a start to addressing the problems with the program but hope that this conversation can take the time needed to ensure that any new program includes all stakeholders.

Interests of tenants in distressed properties

Our tenant clients often languish for years in terrible conditions. Where owners are insolvent, or have abandoned their properties, housing court actions are futile. Housing court repair actions assume the owners intend to come into compliance with the housing maintenance code. Where owners are unresponsive, the process does not work. The TPT program was created to address some of these situations. However, the existing process is very slow. Tenants are often left in dangerous conditions while their owners are given chance after chance to come in compliance with the law. Any amendment of this program must reflect the interests of these tenants as well as the owners.

The tenants at 2201-05 Davidson Avenue are an example of tenants who would benefit from TPT. We began representing the tenant association from this building in July 2016. They live in a 49 unit rent-stabilized building in University Heights in the Bronx. Many of our clients who are low-income tenants of color have lived in the building for decades. Our clients work hard- many of them continued working throughout the COVID-19 pandemic and sadly they have had to raise children in a building continually neglected by its owners, having to contend with numerous housing code violations. Their building is a perfect example of a building that merits the TPT program but, unfortunately, they have been caught in a legal limbo since 2015.

When we first visited 2201-05 Davidson, tenants had been suffering for years under the neglectful ownership of an attorney named David Sutton. He had allowed the roof to deteriorate, and the elevator to be out of service. Mr. Sutton had not paid any taxes to the City during his decades of control of the building allowing the tax debt to accumulate to millions of dollars in 2015.

In 2015, New York City included 2201-05 Davidson in Round X of the In Rem foreclosure program. A group of real-estate investors then saw an opportunity with 2201-05 Davidson and bought the stock of the corporate owner of 2201-05 Davidson- which was an inactive New York Corporation called Romad Realty Inc. that had been previously controlled by Mr. Sutton. After buying the stock of Romad Realty in 2015, the investors immediately filed for bankruptcy in Federal Bankruptcy Court on behalf of Romad Realty Inc. Because of their filing, the City could no longer continue with the tax lien foreclosure because of the automatic stay on state court proceedings.

After filing for bankruptcy, the Owners of Romad Realty Inc. did nothing to pay any of the tax debt to the City, nor did they continue filing the reports about the building that were required in the bankruptcy case. We worked with pro bono counsel from Cleary Gottlieb who represented the Tenant Association in Federal Bankruptcy Court and we joined the City's Corporation Counsel in moving to dismiss the bankruptcy case, which succeeded in October 2018.

During that entire period, the investors never properly registered themselves with HPD as owners of the building. An HPD multiple dwelling registration is required in New York City and is an acknowledgement of legal responsibility for the habitability of the building and the safety of tenants at the building. The investors' inexcusable refusal to register their claim to ownership with HPD, which continues even today, shows to us that they are more interested in accepting hard earned

rent money from tenants at the building, without going on record as accepting legal responsibility for the building.

Since the investors took control until now, the investors have continued to collect rent payments from the tenants without paying a dime in taxes to the City, while also racking up other fees from the City for emergency repairs. The combined debt owed to the City tops \$15 million. But, 2201-05 Davidson is exactly the kind of building that merits the City stepping in so that the building can enter the TPT program as quickly as possible- there is a \$15 million lien that is unlikely to ever be paid, with hundreds of housing code violations of record. In fact, in the preceding 12 months, this building has received 59 hazardous B violations and 68 immediately hazardous C violations.

We are concerned that some of the provisions of the T2021-8133 will cause further delay in 2001-05 Davidson's path to the TPT program.

T 2021-8133 bill language

We appreciate that Preconsidered T2021-8133 begins to address the problems with the TPT program. However, we have concerns about aspects of the bill. We believe that some parts of the bill will lead to tenants such as those at 2201-05 Davidson Avenue living in dangerous conditions with no end in sight.

Our concerns include:

- The bill allows for generous payment plans accompanied only by a "sworn statement" of the owner's financial ability to both pay and maintain property, and allows owners to submit "corrective action" plans for down payments. However, the bill does not require the owners to submit any proof of their financial capacity to abide by the agreement, and

will therefore allow insolvent or incompetent owners to submit plans on which they will likely default, needlessly delaying the transfer of the building to responsible ownership.

- The bill imposes no accountability for failure to comply with corrective action, or otherwise maintain the property. Although the bill laudably requires payment plans to include “corrective action plans” to cure outstanding violations where the owner cannot make a down payment, it appears to provide no penalty for owners who fail to actually correct the conditions in a timely manner. Similarly, plans that include down payments must be accompanied by a sworn statement of ability to maintain the property, but there appears to be no penalty if that sworn statement turns out to be false. As a result, irresponsible owners may prolong their control of properties which they have no ability or intention of maintaining or repairing.
- The bill adds onerous service and notice requirements that will make in rem actions much more difficult and subject to challenge. As part of the TPT process, HPD is required to meet “in person” with owners – even though many owners in TPT fail to register accurate addresses with the City, or otherwise evade contact. HPD is also required to give notice to all building occupants despite its lack of access to the premises and lack of knowledge of the occupants’ names. Any service defect can then become a defense to the foreclosure action, leading to additional delay.
- The bill appears to direct HDFCs into standard lien sales instead of TPT which will not help preserve low-income coops, and will leave them vulnerable to predators. Although

the bill exempts HDFCs from the TPT program, it does not exempt them from owing taxes or from having tax liens sold and foreclosed by private investors. The TPT program is preferable to private lien sales in that it at least preserves the character of HDFCs as permanent affordable housing.

- The bill does not provide meaningful assistance to struggling HDFCs – this should be done through targeted programs, not by delaying TPT process. HDFCs confront numerous challenges in preserving their properties and meeting their financial obligations. HPD already works with struggling HDFCs to try to resolve problems and restore them to financial help. These efforts can certainly be expanded, but will be more effective when brought to bear before properties end up in tax foreclosure. Delaying the foreclosure process without meaningfully assisting HDFC coops to resolve the underlying problems merely consigns their residents to continued uninhabitable conditions.
- The bill discourages not-for-profit community groups from acquiring TPT properties. It contains a surprising provision that bars organizations from acquiring properties if they have provided advice or counseling services to them within the previous 5 years. This provision appears to exclude experienced community-based organizations such as the Urban Homesteaders Assistance Board (UHAB) and the Mutual Housing Association of NY (MHANY) which provide foreclosure counseling while also rescuing buildings through TPT. It is hard to imagine a reason for excluding the most experienced and proficient managers of low-income housing from the TPT program. In addition the bill

should explicitly state that interested residents of the properties may come together and the resident groups shall be qualified third parties.

Conclusion

We agree that it is time to amend the Third Party Transfer program to address the concerns that critics have raised about how the program has been implemented. Thank you Chair Cornegy for beginning the conversation by introducing this legislation. However, we believe that tenant voices have been left out of the conversation. We request that this committee consult with additional stakeholders and amend the bill to address their concerns. The amended bill should reflect the needs and interests of tenants as well as owner. We stand willing to participate in this effort to ensure that all of our clients, low-income owners as well as tenants participate in this process.

Respectfully Submitted:

Russell Crane
Judith Goldiner
The Legal Aid Society
199 Water Street, 3rd Floor
New York, NY 10038
212-577-3332

From: Preserve Our Brooklyn Neighborhoods <info.pobn@gmail.com>
Sent: Sunday, November 7, 2021 3:35 PM
To: Testimony
Subject: [EXTERNAL] In opposition to the proposed Cornegy Bill vis a vis Foreclosures

Preserve Our Brooklyn Neighborhoods

In opposition to the proposed Cornegy Bill vis a vis Foreclosures

November 7th, 2021

Committee on Housing and Buildings:

Preserve Our Brooklyn Neighborhoods ("POBN"), as advocate for housing justice in Brooklyn, supports its neighbors and neighborhood organizations involved in mutual concerns throughout Fort Greene, Clinton Hill, Bed-Stuy and elsewhere in Brooklyn.

The new definition of a "distressed property" (i.e. targeted for foreclosure), which lowers the number of hazardous violations from 5 per unit to 17 total for a building, is now to be considered as distressed. This widens the net of properties to foreclose. Developers will love it!

It's a massive overhaul to repeal and enact new Foreclosure legislation. Such a big change warrants extended time to spread the word to constituents, attorneys and the like for proper review and feedback--very difficult in the last seven weeks of the year.

Given its importance, we're requesting that the bill be put over to the new Council in 2022 to allow for adequate review and feedback. This is too important to fast track when so much harm has already been done via TPT and other inadequate and poorly executed current NYC Administration initiatives .

Preserve Our Brooklyn Neighborhoods therefore urges Council Member Cornegy to rethink pushing for this proposal --in its present form-it portends dire consequences.

Thank you

Sandy Reiburn --President

Preserve Our Brooklyn Neighborhoods

100 South Elliott Place

Brooklyn, NY 11217

Preserve Our Brooklyn Neighborhoods

Follow Us: [Facebook](#) + [Twitter](#)

TAKEROOT JUSTICE

Testimony to the NYC City Council on Intro. 1613-2019

Committee on Housing and Buildings

November 9, 2021

Thank you for the opportunity to provide comments on Intro. 1613-2019, a bill that would require the Department of Housing Preservation and Development (HPD) to include Community Land Trusts (CLTs) among potential developers for properties transferred through the Third Party Transfer (TPT) program. We are enthusiastic about the bill, but have a request that it be amended before passage to reflect the richness of the CLT landscape: the definition of CLT for the purpose of this bill should be expanded beyond those CLTs that are organized under the Housing Development Fund Corporation (HDFC) law to facilitate preservation and development of uses beyond housing.

As the Council knows, TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.” TakeRoot and 17 partner organizations are part of a citywide CLT Initiative to develop CLTs and permanently-affordable housing, commercial and community spaces, in all five boroughs of NYC. Launched in FY2020 and funded each year since, the Citywide CLT Initiative has provided crucial support to groups organizing CLTs in the South and Northwest Bronx, East Harlem, Jackson Heights, Brownsville, East New York and beyond. CLTs are community-controlled nonprofits that own land and ensure that it is used to ensure that NYC has land for permanently-affordable housing, community, commercial and manufacturing space. Locally, CLTs are working to develop and preserve deeply-affordable multifamily rental housing, limited-equity cooperatives, 1-4 family homes at risk of foreclosure, commercial and cultural spaces, community gardens, community-owned solar, microgrids and other infrastructure--reflecting the flexibility of the CLT model. **Intro. 1613-2019 should be amended to reflect that flexibility and diversity.**

The current definition that in the bill is a reference to a portion of the Administrative Code that directs HPD to enter into regulatory agreements with CLTs developing housing. In that context, the limitation that CLTs entering into such agreements be incorporated under the HDFC law: it is a requirement for all HPD regulatory agreement signatories. In the broader context of being able to receive properties in distress for their preservation and development, the



limitation is irrational. If included in the final text before the bill is passed, it would be a barrier to the preservation and development of affordable community, commercial and manufacturing spaces using the robust CLT model. I have included a suggested edit to the bill below that would resolve this problem:

Be it enacted by the Council as follows:

Section 1. Definition added to Section 11-401 of the administrative code of the city of New York, as added by local law 37 for the year 1996:

5. “Community land trust” is a corporation that is (i) is incorporated pursuant to section 402 of the not-for-profit corporation law; and (ii) provides in its by-laws that it will (a) acquire parcels of land for the preservation and development of affordable housing, community, commercial and/or manufacturing space, and (b) have a board of directors composed of lessees of housing associated with the entity, an adult resident of a particular geographic area specified in the bylaws of the organization and any other category of persons described in the bylaws of the organization.

Section 1. Paragraph (2) of subdivision b of section 11-412.1 of the administrative code of the city of New York, as added by local law 37 for the year 1996 is amended to read as follows:

(2) Such third party shall be deemed qualified and shall be designated pursuant to such criteria as are established in rules promulgated by the commissioner of housing preservation and development, provided, however, that such criteria shall include but not be limited to: residential management experience; financial ability; rehabilitation experience; ability to work with government and community organizations; neighborhood ties; and that the commissioner shall consider whether the third party is a responsible legal tenant, community land trust as defined by section 11-401 of the code, not-for-profit organization or neighborhood-based-for-profit individual or organization. The commissioner shall not deem qualified any third party who has been finally adjudicated by a court of competent jurisdiction, within seven years of the date on which such third party would otherwise be deemed qualified, to have violated any section of articles one hundred fifty, one hundred seventy-five, one hundred seventy-six, one hundred eighty, one hundred eighty-five or two hundred of the penal law or any similar laws of another jurisdiction, or who has been suspended or debarred from contracting with the city or any agency of the city pursuant to section 335 of the charter during the period of such suspension or debarment. The rules promulgated by the commissioner pursuant to this paragraph may establish other bases for disqualification of a third party.

Contact: Paula Z. Segal, Senior Staff Attorney
psegal@takerootjustice.org (646) 459-3067

Anita Cheng 501 W 143rd St. New York, NY 10031

I am an HDFC shareholder and President of the Board at 501 W 1343rd St., NY, NY. I wanted to record my full support of Glory Ann Kerstein's Recommendations re: Reform of the City Foreclosure/TPT Process from HDFC Coalition Anti-Foreclosure Committee and add some thoughts about the urgency of reevaluating policy in practice and home ownership in New York City.

As then Brooklyn Borough President Eric L. Adams stated in his testimony at the Third Party Transfer hearing at the City Council Committees on Oversight and Investigations and Housing and Buildings, July 22 2019:

“When a person's home is endangered or seized, especially when it is being done by, or through, the participation of a government agency, we must ensure any action taken against them occurred completely within the bounds of the law. In addition, when our homeowners may have fallen behind in property taxes or proper upkeep, we must exhaust all of our resources to keep them in their homes before implementing means of forcing them out.

Finally, we must do more to ensure that bad actors and government programs are not forcing low-income residents and seniors out of their homes in the face of a demographically and economically changing borough.

These tactics that are imbedded in our local policies must be reviewed and changed. More importantly, we must do what we can to ensure that we do not force our families who are paying their taxes and investing in our communities out of their property because of government policy.”

<https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3968976&GUID=30748786-B223-49B9-A6E5-D381B3FAF5F7&Options=&Search=>

TPT reform is long overdue since it has become a City tool for foreclosure without prioritizing ownership. It was originally intended to be used against absentee or abusive landlords, to give the buildings to the people inside, empower them with ownership and build community. TPT was never intended to be used as a foreclosure tool to take away individual ownership and give to developers. City policy must be reformed to align with City government's stated values of preserving the equity of homeowners and the generational wealth of invested New Yorker stakeholders. Whenever there is interpretive departmental lee-way, the focus should be to preserve homeownership in policy application. As we have learned in the lived experience of over 1,000 HDFCs over three tumultuous decades, one size does not fit all.

When we talk about HDFCs and see the many successful ones, I feel it is far too easy to forget—how difficult it was for some of the buildings of limited means to survive and function in NYC, and how vulnerable the owners of affordable housing are. Some HDFCs, like mine, fell into the hands of corrupt, predatory boards and managers, and have struggled. For years, in our own homes, we have been fighting those who have profited from lawlessness. Much of the problems stem from HPD’s refusal/lack of resources to train and support HDFC shareholders as they are empowered as “supervisory agency” by Article 11 PVH Private Housing Finance State Law. In 2018, nineteen of the twenty HDFCs in Manhattan facing foreclosure were in Harlem and Washington Heights, showing how the TPT program is disproportionately affecting families of color and of limited means.

My HDFC building in West Harlem, Hamilton Heights, 501 W 143rd St., received a city notice of foreclosure in 2016. We have been working with extreme diligence to regularize our finances, but City policy continues to create financial demands that contradict our ability to address long-standing capital needs and regular function. We experienced many of the City policies that prevented us from addressing our building problems before foreclosure including lack of transparency and refusal of our requests to work with the City on financial plans prior to foreclosure. The low interest rates on loans, multi-year tax breaks, prior property taxes extinguished, and the removal of arrears that the City offers to developers were not available to us as homeowners. In addition to TPT/Foreclosure reform, three City programs whose policies are linked directly to forcing HDFCs into foreclosure and in some cases, back into foreclosure after efforts to save them. These City policies in practical effect, are a pipeline to foreclosures and are counter to supportive affordable home ownership:

First, in 2018 our HDFC was attempting to obtain a loan for long-deferred capital improvements of our physical plant neglected by previous management. In response, HPD is asking for \$342,595.20 more for subordination. So, after paying off our Payment Agreement with DOF in real estate taxes of \$482,625.62, HPD is asking for almost the similar amount again despite the fact that our Security Agreement expired more than six years ago. Paragraph 12 of the Security Agreement states that on the termination date (June 26, 2015) that HPD will subordinate the lien and it does not give any requirement that the HDFC make any payment whatsoever. Also in Paragraph 12 of the Security Agreement states that on the termination date the 60/40 Security Agreement shall be of no further force and effect and that the City shall execute a satisfaction letter, unless the HDFC is in default. The HDFC never received a default notice at any time and to the best of the HDFC's knowledge, the HDFC is not in default and a satisfaction should be issued.

Second, the water bills by DEP also have high proportion of fines, fees and interest almost 40% of billed. Also the water is charged to the buildings rather than the users. A much higher number of HDFCs with commercial spaces have been foreclosed upon because of improperly written leases or improper management that left the residents with high, compounded water bills while the businesses were able to leave without paying. Our building has also signed and is currently paying a DEP agreement of \$1,094,529.21. This has been a great burden on our monthly charges. Recently, the extremely frequent changes on the DEP website makes it impossible to connect our monthly payments to our signed payment agreement. The charges are now listed as late payment penalties without specification of current interest rate or correct amount to be paid. Two years ago, our automated payments started registering as the wrong amount. This is very serious for us because we cannot go back into foreclosure. After many months of inquiry and investigation, it turned out that the City interest rate had changed and therefore, DEP had recalculated our monthly payments without notification to us. We had a printed payment schedule given to us in the DEP offices at signing. Can a printed, signed payment agreement be changed only on one side, by one party, without notification of the other side and with no adjustment schedule printed? It does not say adjustable rate anywhere on payment agreement. Considering the large amount and the burden on our building, a variable-rate payment agreement makes it much harder for us to plan and to keep our budget.

Third, the Alternative Enforcement Program (AEP) program is another tool originally created to be used against abusive landlords. If a landlord's failure to maintain the building resulted in dangerous conditions, AEP allowed the city to step in and make repairs. Now, HDFCs are being charged almost \$20,000/year to be in the program and additional charges such as fines, fees and 3rd party repairs are put directly on their tax bill. The buildings have no control of these charges. Many HDFCs, including ours, are being charged almost \$20,000/year to be in the Alternative Enforcement Program (AEP) that was created for landlords, not homeowners. Additional charges such as fines, fees and 3rd party repairs are put directly on our tax bill. These are often no-bid works for which management is not notified before or after. We only discover these extra charges on our tax statement months later. Removing fines is difficult if not impossible because of multiple and repeat listing of violations that are shareholder responsibility, as well as historic violations dating before HDFC incorporation. Our shareholders would like to be removed from program and fines also removed.

As homeowners also struggling to survive external challenges such as a pandemic, inflation and daily function and long-term care of an aging building, we hope that the City can reevaluate the consequences, intended and unintended, of their policies on keeping New Yorkers in their homes as invested stakeholders contributing to the

community. Function has proved counter to stated purpose, the City's use of TPT/Foreclosure on HDFC shareholders as well as ongoing policy needs to be urgently reformed.

City Council Housing Chair Robert Cornegy on November 9, 2021 introduced a comprehensive Foreclosure/Reform bill (Int 2444/T8133) that will repeal and replace the "Tax Lien Foreclosure by Action In Rem" statute of the NYC Admin Code Title 11 Chapter 4.

I support reforms to the foreclosure/TPT process, and have the following suggested amendments to further strengthen protections for homeowners:

- 1) Establish formal appeal and arbitration process to enable HDFC shareholders to access below;
- 2) Lowered interest rate on repayment agreements for HDFC's: 1.25% fixed rate, not compounded daily, which is what TPT developers get on mortgages for foreclosed buildings that they get for \$1
- 3) Extended time frame for repayment even if HDFC is NOT on the foreclosure/tax lien list, up to 240 quarters (60 years)
- 4) Lowering down payment to 5% or less, even if HDFC is NOT on the foreclosure/tax lien list
- 5) Requiring City Council to vote directly on foreclosing properties
- 6) Reinstate Tenant Petition Program for HDFC's retroactive to previous TPT rounds where HDFC's were denied
- 7) Require quality control of HPD's violation count
- 8) Expand membership of the In Rem Foreclosure Release Board to include Council Member for the affected property as well as the Council Housing Chair
- 9) Require HPD to reinstate the 70/30 Regulatory Agreement for HDFC's granted tax amnesty by City Council
- 10) Implement Early Warning to HDFC's when 4 quarters in tax arrears

Thank you.

My name is Dianna Prashad. Pursuant to Public Hearing dated 11/9/2021 at 10:00 a.m. regarding OHA. I support Office of Homeowner Advocate (OHA) but with reservations.

- From 3/14/2020 I have been having an issue involving HPD as I am a part of in their 2007 first time homeowner program dubbed Edgemere Phase II in Far Rockaway which consists of 1 and 2 family town homes.
- All homeowners on my block are required to occupy these homes as their primary residence for 25 years.
- We received over \$100,000.00 in grants as well as tax abatement to remain in residence per contracts.
- We signed 4 contracts specifying this 25 year primary residence clauses for the homeowner.
- These contracts also contained that HPD would monitor and enforce these contracts.
- Homeowners began moving out of these homes in 2012 and began illegally converting them into rentals.
- By 2020, four homes on my block were illegally converted and illegally rented in breach of the primary residency clauses.
- Some of these home were illegally rented back to varying city agencies such as Build It Back and Department of Social Services and Department of Homeless Services, which given our contracts and grants translates into not only fraud but denotes NYC active participation in these breaches.
- By 3/14/2020 the home attached to mine was illegally converted and rented out to DHS/DSS and a family of 9 moved in to a 3 bedroom townhome that was slated for occupancy for no more than 3 persons per the active primary residency contract on that home.
- The father figure of this illegal tenancy is a known drug dealer in the community and has been dealing drugs out of the residence which is literally attached to four other homes whose single, minority female homeowners are in compliance with their contracts.
- The entire family of this illegal DSS tenancy has been harassing my wife and I, threatening us with bodily harm, playing loud music 24 hours per day,

leaving a PITBULL in front yard of town home which is attached to four other homes as late as 1:23 a.m. on 11/8/2021 to bark.

- These illegal tenants have 48-72 hour parties spanning several weekdays where we see drugs being sold in the backyard.
- We have our walls pounded by members of this illegal tenancy when we report these disturbances via 311.
- We have been living our worst nightmare since 3/14/2020 and HPD Commissioner Louise Carrol, General Counsel Nick Lundgren and DSS Commissioner Steven Banks, Commissioner Jordan of DHS and even Mayor DeBlasio has been aware of our circumstances but has done nothing to remedy the issue even though we are in contract with NYC HPD.
- On 7/30/2021 in a call with our elected officials, HPD promised to relocate this illegal tenancy to a legal rental with DSS' help given their status as NYC Housing Voucher Holders but have since backpedaled on that promise leaving them in the residence to continue to harass my wife and I.
- Our harassment is persistent and has been ongoing. We have had to call 911 yesterday 11/8/2021 due to threats of physical assault from this illegal tenancy.
- We continue to face retaliation DSS, HPD and the Mayor's office for speaking out against these illegal conversions and their failure to monitor and enforce the occupancy requirements of contracts in our community for over ten years.
- HPD has refused to take responsibility for the role that they have played and continue to play in the decimation of our quality of life, our safety and our community.
- DSS's Commissioner has refused to relocate the illegal tenancy resolving to leave them in the residence despite safety issues citing that our homes are affordable housing but ignoring the fact that these homes are affordable housing with home owner occupancy requirement rather than rental homes for DSS' Welfare clientele. All homeowners had to have careers, income, credit and were vetted to be in occupation of our homes and this community. DSS' illegal tenancy and their illicit lifestyle juxtaposed in a

working class community has already brought an obvious decline in our safety, community safety and quality of life.

- HPD has refused to take definitive action against the homeowners in breach to terminate their illegal conversions and their use of the property as income property despite the contracts or the tax abatements attached to the property.
- HPD has therefore been allowing some homeowners to profiteer for years while holding me to the letter of the contract. This amounts to disparate treatment.
- HPD has likewise been unresponsive to our public officials from city, state and federal levels.
- I am expected to continue to uphold my primary residency clause within my contract with HPD in a home where my life and safety is being threatened on a weekly basis and where I no longer feel safe.
- Our quality of life, mental health and my job have also been adversely impacted as result of these illegal conversions.
- My property value has also been adversely affected by these ongoing breaches.
- HPD's failure to do their job in ten years in this minority community is the reason that I am placed in this tenuous position where I am still required to uphold an obligation to an entity who has committed a material breach placing my family's life in jeopardy and who has failed to remedy the issues they created.
- It is even more egregious is that NYC agencies such as DSS are actually funding this breach and with it my family's ongoing harassment.
- While I support an Office of Housing Assistance, I don't foresee it being helpful to all homeowners since from my 20 month experience homeowners in black communities continue to be voiceless, marginalized and our issues are ignored by HPD even when life and safety issues are involved and particularly when they and other NYC agencies have contributed to our issues.

- When our issues are reported we deal with retaliation as this problematic DSS tenancy is purposefully being left in the residence to harass us for 20 months and counting with emphasis being placed on their voucher than our safety as homeowners.
- I don't believe that OHA will change the mindset of this agency or its culture of oppression and suppression.
- HPD's failure to do their job to monitor and enforce contracts in our black and brown communities for over a decade is not only resulting in disparate treatment, but affects the viability of our communities since as black and brown homeowners who are relegated to the letter of our contract and remain in these communities out of fear of reprisal, our homes are devalued, we are paying higher taxes for homes that cannot be sold due to these longstanding breaches, we are also dealing with the direct effects of these conversions since we are made to live alongside renters and homes that are no longer being upkept in the same fashion and alongside individuals who have no link to our community. We are also actively experiencing quality of life and safety issues due to the influx of individuals such as DSS' and DHS' rental clientele who are being illegally placed in these homes that were not only vetted to be in occupation of town homes, but do not share our lifestyle and are as such wholly unequipped to coexist with working class families hence 20 months of harassment.
- HPD's representative at this hearing cited that they do perform yearly checks of the occupancy for the new developments but **if all of their first time homeowner ventures are bound by occupancy rules, why is it that they are choosing which communities are to remain viable via their enforcement authority? Moreover is this "choice" delineated based on race, socio-economics and zip code? Clearly in my black and brown neighborhood on Rockaway's forgotten eastern Peninsula, HPD has been remiss in doing their jobs for over eleven years now and there is no justification for it other than they have made a choice which neighborhoods succeed and allowed to flourish and ours did not make the cut. Furthermore if HPD does not believe in the viability of our community**

why not release us all from our residency clauses and allow us all to rent our homes to DSS as they have allowed some homeowners do in violation of our contracts?

- HPD's **selective monitoring and enforcement has lead to disparate treatment and discrimination.**
- OHA will have to do much more that provide resources for homeowners or be a hub or sorts for homeowners since in black communities we are dealing corruption, denial of equal protection, conflict of interest issues all tied to this current Mayoral Administration and its refusal to treat all homeowners equitably. The hypocrisy of this is that Mayor DeBlasio has dubbed himself the equalizer of sorts pledging by way of his twitter handle to "end the tale of Two Cities" when in fact it is his administration that has created and maintained the disenfranchisement of minority communities. It is his administration that is likewise disproportionately creating low income housing and shelters on Rockaway's eastern Peninsula alongside one and two family homes thereby adding to the decimation of our property values and inundating our communities with crime and other elements that we are devoid of funding to counter. It is his administration that is likewise stretching our already scant resources to its limits through his vision of a bipartite city where developers receive tax breaks for building thousands of affordable rental units into black communities and we as low to moderate income homeowners have to deal with the aftermath of this implosion. So there is much that is required in our community that needs to be incorporated into OHA's mission so that we can have equal access to resources and likewise force accountability by HPD in successive administrations.

My name is Dianna and I am a first time homeowner on the Rockaway's Eastern Peninsula. I support the creation of an Office of the Homeowner Advocate (OHA) but with reservation.

I am a part of a HPD housing initiative in Far Rockaway for first time homebuyers called Edgemere Phase II. Hundreds of homes were created and sold under the mantra of revitalization to first time homeowners which came with Housing Grants and stringent 25 year home owner primary occupancy clauses which HPD was supposed to have monitored and enforced per their contract with us in 2007. Only one such monitoring attempt was made per said contract and that was in January 2010 under the Bloomberg Administration. In the interim due to HPD's lapses in monitoring these contracts, multiple homeowners began illegally converting these contractually designated primary residences into income properties and have been consistently renting them out since 2013 with no intervention by HPD even when they were notified. By January 2020 some homeowners were even renting these homes illegally back to NYC and **have been fraudulently receiving NYC Housing Voucher payments from DSS for these illegal conversions for housing DSS clients as well as DHS clients when they were in fact prepaid in 2007 in over \$100K of grants to remain in the residence for 25 years from the date of signing these contracts.** Other Homeowner have illegally rented these primary residences to Build It Back clients illegally procuring HUD Rental payments. **Even when notified, HPD, DHS, DSS and even the Mayor's office has continued to look the other way, creating not only discriminatory contractual terms in that they are selectively holding some homeowners to the letter of their contracts while tacitly allowing yet others to not only breach these contracts, commit fraud, double dip by collecting NYC rental payments after receiving over a \$100K in grants and tax abatements.** Many of the individuals in breach are NYC employees or individuals with special relationships to NYC and the majority of these are Caucasian.

I am personally affected by this occurrence since one of the homeowners who is guilty of this practice, owns the townhome that is attached to mine which has been illegally rented out back to NYC DSS/DHS to illegally house their clients. As homeowners we have witnessed drug activity on the premises, are having safety issues since our safety is and continues to be threatened by this illegal tenancy. We are also experiencing a myriad of quality of life issues resulting from them placing a household that is steadily taking in occupants into a townhome setting with shared walls and beams and being consistently disrupted by nuisance activities such as loud music on rotation virtually 24 hours per day, seven days per week including a Pitbull left to bark in the yard as late as 1:23 a.m. today 11/8/2021. Additionally, my family and I have been having safety issues, quality of life issues, have had our property damaged and continue to be terrorized within and without our home by this DSS/DHS illegal tenancy. We have Police reports and video of our harassment. **Furthermore, HPD was apprised of this breach in writing on 3/17/2020 via their General Counsel Nick Lundgren but to date twenty months later nothing has been done to protect me as a homeowner in compliance with my contract.** HPD have also been apprised of all harassment incidents yet have failed to do their job in going on two years to protect me as a contractee in compliance with my contract. **All of my elected officials have likewise been involved from NYC, state and even the federal level and all have likewise been stonewalled by all NYC agencies involved for twenty months and counting.**

We have all entreated HPD, the Mayor's office and even DSS for assistance regarding this illegal and government subsidized conversion but all involved have turned a deaf ear to our issues since we are among the black, marginalized population in the Rockaways. **As LGBTQ family, we have been consistently denied equal protection under the law and DSS, HPD and even the Mayor's office have continued to cite this nuclear family's need for housing albeit in an illegal rental**

as taking precedence over our safety as homeowners in contract with NYC. We are being consistently told that NYC DSS, HPD will not provide any remedy to us irrespective of safety issues since it would mean a loss of that family's voucher. So we are required to abide with whatever comes our way by way of this illegal tenancy even if it means loss of life so long as I remain true to the contract that I signed with HPD.

I have filed complaints about HPD's mishandling of the matter with DOI and even they have failed to do their job as an independent investigative body. Per our conversation with the DOI investigator, dated 11/3/2021 they have "deferred to HPD as the housing experts." In other words, even DOI as an independent investigative body is not doing its part to address corruption or HPD's mishandling of this housing matter and instead has buried our complaint by "deferring" the matter to the very agency that has created our issues, namely HPD. This amounts to politics as usual particularly when it comes to minority communities wherein no one is in a hurry to do their jobs even when safety is a mitigating factor or to ensure that all homeowners are treated equitably. We requested case numbers etc. from DOI but have been met with the same rhetoric that this information is private and not subject to disclosure. Now, if there is no accountability even from the independent investigative authority such as DOI, what hope do we have as Black Homeowners living in a predominantly minority community with getting resolution from HPD or via an ancillary of HPD such as OHA?

My reservations with OHA is that it will fall under HPD's jurisdiction and given my twenty month ordeal as a homeowner, tax payer and current contractee, there will be no repercussions for HPD for acting discriminately. As it stands, as a homeowner thus embroiled in a twenty month ordeal with HPD, with no acknowledgement of my rights or of their obligation to me, I do not foresee that OHA will be able to successfully advocate for all homeowners. **What I have seen through my experiences is that some neighborhoods depending on the racial composition, socio-economic status of their residents and their zip code are the only ones able to engender action from these NYC agencies in question (DHS, DSS, HPD and Mayor's office). Unfortunately this means that communities like mine on the lower end of the social ladder continue to be marginalized and ignored yet we are expected to uphold our responsibilities as tax payers, voters and even as contractees but can never enjoy equal protection or equal access. In fact, even our elected officials are ignored when they intercede on our behalf based on these pervading stereotypes and due to systemic discrimination.** Thus if OHA does not have legislative edict holding HPD accountable, is not independent of HPD or does not have specific authority set forth in legislation, this inequitable treatment will persist with only select neighborhoods being successfully serviced by HPD via OHA while in predominantly minority or low income communities, these cases will be purposefully stonewalled or left to languish as it has been for me as a resident of a primarily minority community for twenty months and counting.

For OHA to be successful, as the legislative body you all have to not only add legislation to support their mission to all homeowners and likewise have to add legislation specifying how its director is selected and who has control over that process. If the public or homeowners are kept out of that process then you are merely creating an impediment to HPD's accountability since homeowners and elected officials will have to go through the process of liaising via OHA thereby creating more bureaucratic red tape. Moreover if OHA's director is appointed by the current administration, then you can expect only that administration's agenda to be pushed which goes back to the selfsame selectivity and discriminatory practices that I have experienced and continue to experience as a black LGBTQ married homeowner in who owns housing in a

marginalized black community with having my rights inclusive of my civil rights trampled underfoot by varying offices in this administration.

Apart from creating OHA, as legislators more has to be done in addressing gaps in legislation that make it possible for these NYC agencies such as HPD to not be held accountable for breaching contractual stipulations with homeowners. You will have to enact legislation holding them accountable in a court of law for these material breaches of contract as no such legislation exists for HPD and their contractual obligations to homeowners who are participating in these first time homeowner initiatives and this creates an imbalance of power that HPD continues to exploit particularly in minority communities.

I AM IN FAVOR OF THIS NEW LAW

T.P.P third party transfer needs to disappear NOW.

a) Read following article

<http://fundacionmosis.com/CivicGaps/2017/06/07/the-re-appropriation-of-housing-in-new-york-city/>

" Beyond, the governance of the HDFC and the changes on the legislation there are many other anomalies happening with HPD regarding HDFCs coops, both in their program before they are constituted, the TIL program (Tenant Interim Lease) and in the program established for failing cooperatives or TPT (Third Party Transfer)

Previously to reach ownership the buildings enter into the TIL program. The duration of the this program varies depending of building and it might goes form 2 to five years but as its name indicated it is a interim or temporary program for tenants became owner and transfers of shares. Lately tenants are awaiting in this program for years, apartments being vacant for years and looks like somebody is getting a benefit from it.

A pattern: tenants are asked to leave temporarily while renovations take place in the building. HPD gives a low interest loan and chooses the contractors who will do the renovations in the HDFC coops. The quality of the work done is so badly that it needs to be redone, costing much more money and time than it should have. In an increasing number of cases the buildings remain "in renovation" for several years; tenants don't have a place to live and unregistered tenant are allowed into them. In some cases the apartments are not only renovated they are also subdivided. Finally, the inflated renovation costs, due to lack of control and accountability, end up increasing the rent to more than any of the original tenants can afford. In summation: TIL has become a tool for land/home appropriation...

The other program associated with HDFC coops is the TPT (Third Party Transfer). It is supposed to be an assistance program that helps turn around HDFC coops that are facing financial problems and are unable to pay taxes and utility bills, or cannot afford necessary repairs. In reality this program seems to have morphed into a transfer program. No assistance is offered, either in the form of education or in reasonable payment plans for bills that goes to the city (tax and water). Indeed, quite the opposite is taking place. TPT is allowing increasing numbers of HDFC buildings to fall into foreclosure and it appears that the city has an interest in seeing a building fail. Also remarkable is the large interest that the City charges for unpaid bills and taxes when the interest on this money is below 1%. Bills of a few hundred dollars rapidly become thousands. In this way the City propels HDFCs into default and the ensuing third party transfer.

It's a simple setup. Owners have a debt or municipal liens of over \$3000 per apartment; the City has the power to initiate a foreclosure action; and after a court judgment, these properties are adjudicated to pre-selected third party owners (not-for-profit organization that partner with City agencies) The time frame for the transfer is restricted to under a year. The new owners will take shares and ownership over the building and will act as a managing company that then leases apartments to the previous owners, now tenants. Often the city pardons the new owners from any payment on the building in water or taxes. How the third-party owners are selected remains unknown. The process is the opposite of transparent. It is cloudy, murky, and unmonitored. This is not just conspiracy theory; on October 2 2019 I hung the banner I have made at 19 Kingsland Avenue, Brooklyn, New York and sit for the picture with the residents. Six months after this photo was taken (by Michael Palma Mir, from the HDFC Coalition) and after intense efforts in many fronts to fight the abuse, the owners got their building back thanks to Judge Mark Partnow.

b) Please read my past testimony to the "grab" of one building that was reverted.

JANA LEO DE BLAS 517 W. 144TH ST 12A NEW YORK 10031

janopter@yahoo.com

Oversight - Taking Stock: A Look Into the Third Party Transfer Program in Modern Day New York.
Testimony by Jana Leo de Blas June 17 2019



Picture taken by Michael Palma Mir (HDFC Coalition)

On October 2 2019, I hang banners in 19 Kingsland Avenue, Brooklyn and I sit for the picture with the residents. I did it to revert the deeds transferred in buildings under the TPT (third-party transfer), to make everyone aware of a pattern used in third-party transfers and to bring light to a dark story.

On July 24, 2015, 19 Kingsland Avenue HDFC, Brooklyn, received a foreclosure notice from NYC Department of finance saying:

The Department of Finance (DOF) records indicate that you may have an interest in the above property, which is included in the in rem foreclosure action described in the enclose notice. The charges that make property eligible for foreclosure are unpaid property taxes and/or water and waste water charges and/or related property charges.

As provided by law, the ownership of said property may in due course pass to the City of New York or to third party, unless you pay the taxes and/or charges, or enter into installment agreement(s) for payment of such taxes and/or charges, or interpose an answer in the in rem foreclosure action.

On August 24, 2015 19 Kingsland Avenue HDFC entered into an installment agreement(s) for payment for water and taxes. A payment of \$11,522.16 was made.

The building's debt dated back to 2007. Maintenance had been kept low in the building because elder residents could not afford the maintenance increases that were necessary to pay off the debt. Low maintenance for seniors meant the debt could not be addressed. There was also uncertainty about the foreclosure process, and a sense of futility: Why pay the debt if our building will face foreclosure anyway? Building maintenance was increased, even though the elderly could not afford the increase. In 2016, **the building's board went to the St. Nick Alliance for advice**; they held their board meetings there. They were never advised of other options that might ease their burden: City Council could have approved an Article XI tax amnesty for them, or they could have applied for SCRIE, the Senior Citizen Rent Increase Exemption. They eventually stopped paying.

On Friday, October 27, 2017, Samuel Chiera—who provided assistance to the St. Nicks Alliance, and is the staff attorney of the Group Representation unit at Brooklyn Legal Service—confirmed that they were delinquent in the payment plan but that they could make partial payments toward both the debt and the quarterly payments, and could negotiate directly with the Department of Environmental Protection about the water/sewer bill. Between November 2017 and May 2018, 19 Kingsland Avenue HDFC paid \$65,000 to the City.

On July 20, 2018, 19 Kingsland Avenue HDFC, Brooklyn, received a letter from the NYC Department of Housing Preservation & Development that said:

The City of New York commenced a legal proceeding called an in rem foreclosure action against the owner of your building seeking payment of delinquent property taxes and other municipal charges.

If the owner does not resolve the tax problem within the next few months, your building may be transferred to a new owner selected by the Department of Housing Preservation & Development (“HPD”) through a process known as Third-Party Transfer (“TPT”), which is included in the in rem foreclosure action described in the enclose notice . . .

The letter was posted on the door with tape. The letter lacked precision: it didn't say HOW MUCH money was owed, or WHEN AND HOW it was to be paid. The tone was casual. It said, “If the owner does not resolve the tax problem within the next few months . . .” but it did not specify the tax problem and did not state a deadline. In addition, it did not mention any issue with the water/sewer bill. One might wonder whether such a letter can count for a legal notification at all? And if one receives such a letter, one is left to wonder what to do with it?

Yudy Ventura from 19 Kingsland Avenue HDFC got in touch with the St. Nicks Alliance and with Samuel Chiera, and received this reply on August 10, 2018:

Hi Yudy,
I spoke with HPD today. They tell me that if the HDFC can get current on payment—which they believe to be about \$31,000—by next week, the building can get pulled from the foreclosure process.

The HDFC made the payment in the following days.

In another e-mail, the same lawyer asked for a series of documents, among them proof of payments, a budget projection, and the building's accounting for the previous two years. In a meeting at 19 Kingsland Avenue, apartment 3L, the board of the HDFC personally handed Samuel Chiera a package with all the documents so that he could forward them to HPD. A second package was handed to the City Councilman Alex Rodriguez, who said he would forward it to HPD.

On September 8, 2018, 19 Kingsland Avenue HDFC received a letter from **Neighborhood Restore** saying:

This notice is to inform that Neighborhood Restore HDFC is the new owner of the building in which you live . . .

Yudy Ventura and 19 Kingsland Avenue couldn't make sense of what happened. They sent the payments and submitted a plan for future payments. What was the problem? Did Samuel Chiera and the St. Nicks Alliance not pass along the documentation to HPD? If the documentation did make it to HPD, was that all that needed to be done? Were there other agencies that needed to see the documentation? Did Mr. Chiera give erroneous advice by accident or on purpose?

And why don't the payments the building made appear online? Today, we entered the portal "NYC City Pay" and saw that some of those payments still appear as "Amount Due." In fact, most of the payments made from 2016 to 2018 do not appear on the website. We were told that payments remain as due until all previous payments are completed even though there were made. Did HPD look at the database and decide that no payments had been made? Why there is a discrepancy between the payments made and what appear as due?

In the letter of September 8, 2018, sent by Neighborhood Restore, one reads:

Your building's sponsor is:
Your building's Management is:
. . . and Property Manager . . .
St. Nicks Alliance
2 Kingsland Avenue, Brooklyn, NY 11211

How is it possible that the same organization that was advising 19 Kingsland Avenue HDFC to get out of the foreclosure was now, after the deed transfer, named "Building manager"?

How is it possible that an entity, in this instance St. Nicks Alliance, is working both as an approved managing agent ("TPT") for buildings that have lost their ownership and also as an advocate for buildings in foreclosure?

What is the relationship between HPD and St. Nicks Alliance? And what role, if any, did St Nicks Alliance play in the TPT deed transfer of 19 Kingsland Avenue?

We need clear answers to these pointed questions.

Jana Leo de Blas Edited by Laura Jacobs (both part of the HDFC Coalition) October 5 2018

The Grab: Appropriating private homes (HDFC coops) through the TPT

The City, through its housing agency HPD (Department of Housing Preservation and Development), controls to a certain degree buildings that have agreements with the City such as the Housing Development Fund Corporation (HDFC) cooperatives. An HDFC Coop is a coop created by a disposition program that began in the 1980s, a transaction between the City and its citizens. It saw the transformation of rent-stabilized buildings that, having been neglected by landlords and rejected by banks, were sold to their tenants, thus becoming privately-owned cooperatives. The new owners/shareholders slowly restored their buildings to health and paid fees and taxes to the City. Lately the value of real estate in areas where most of these HDFC buildings are located has increased hugely.

The Office of the Mayor and HPD have been trying to 1) impose a Regulatory Agreement on HDFC coops and 2) pass a bill that revokes a tax exemption unless owners/shareholders sign the agreement. I believe that the City has also been trying to appropriate the HDFCs in other ways, such as the program established for failing cooperatives or TPT (Third Party Transfer).

TPT supposed to be an assistance program that helps turn around HDFC coops that are facing financial problems and are unable to pay taxes and utility bills, or cannot afford necessary repairs. In reality this program seems to have morphed into a transfer program. No assistance is offered, either in the form of education or in reasonable payment plans for bills that goes to the city (tax and water). Indeed, quite the opposite is taking place. TPT is allowing increasing numbers of HDFC buildings to fall into foreclosure and it appears that the city has an interest in seeing a building fail. Also remarkable is the large interest that the City charges for unpaid bills and taxes when the interest on this money is below 1%. Bills of a few hundred dollars rapidly become thousands. In this way the City propels HDFCs into default and the ensuing third party transfer.

Foxes in the henhouse: How support services that have agreements with the City have turned predatory. Some not-for-profits offering services to these forms of Housing Development Fund Corporation (HDFC) cooperatives, such as UHAB or Neighborhood Restore in conjunction with HPD, have been trying for several years to take control over what they call “housing stock.”

It's a simple setup. Owners have a debt or municipal liens of over \$3000 per apartment; the City has the power to initiate a foreclosure action; and after a court judgment, these properties are adjudicated to pre-selected third party owners (not-for-profit organization that partner with City agencies) The time frame for the transfer is restricted to under a year. The new owners will take shares and ownership over the building and will act as a managing company that then leases apartments to the previous owners, now tenants. Often the city pardons the new owners from any payment on the building in water or taxes. How the third-party owners are selected remains unknown. The process is the opposite of transparent. It is cloudy, murky, and unmonitored.

The number of foreclosures in HDFCs is increasing. Has the TPT have become a “grabbing” program, a legal way for the city to appropriate of private homes?

19 KINGSLAND AVENUE
BROOKLYN, NEW YORK

THE DEVELOPERS GRABBED
OUR BUILDING. THE CITY
HELPED THEM NOT US

STOP PREDATORY INTEREST
RATES IN WATER BILLS AND
TAXES. STOP THIRD-

PARTY TRANSFERS

GIVE US BACK **OUR** BUILDING

From: MARTHA DANZIGER <marthadanziger@msn.com>
Sent: Monday, November 8, 2021 3:23 PM
To: Chin
Cc: Testimony
Subject: [EXTERNAL] FW: City Council Housing Committee hearing tomorrow on TPT Reform

Hon Councilmember Margaret Chin:

Hello Margaret. This is from your old DM at CB#3.

First I want to thank you for all that you have done in our community over the years as councilmember

I am sorry that you are term limited but hope that you stay active in politics and go on to another position that covers CB#3.

I also want to thank you specifically for the support you have given over the years to self managed HDFC coops.

We are a sturdy group but we always need the insight of knowledgeable leaders to defend our cause.

I am writing today to ask that you vote to table the bill on TPT reform that is before the Housing Committee tomorrow.

Committee Chair CCM Cornegy has introduced a bill that includes substantial changes to current procedures.

He has been very helpful over the years in holding hearings on this very controversial and badly run program.

His current bill may contain many excellent reforms but it is a huge document with a rather radical answer to this complicated issue.

The bill was issued less than a week ago so HDFC members and foreclosure experts have not had adequate time to study it in full and

to contact those residents who should be at any hearing on this matter.

In the past, we provided bus service to HDFC residents but now we must get them access to computers to join ZOOM meetings.

That takes time and effort but is worth it so that councilmembers can hear from those who are most affected.

To that end, I respectfully request that you table this item until the HDFC community can make clear their concerns.

Like yourself, Committee Chair Cornegy is term limited so his effort to get this bill passed and these reforms on record is understandable.

I think that he deserves to be known as the city councilmember who led his committee to FINALLY address and correct a useful program when fairly administered but we need time to clarify our concerns.

Thanks again for all you have done for this community and please give HDFC buildings more time to consider this bill.

From: MARTHA DANZIGER <marthadanziger@msn.com>
Sent: Monday, November 8, 2021 3:49 PM
To: rivera@council.nyc.gov
Cc: SWang@council.nyc.gov; Testimony
Subject: [EXTERNAL] City Council Housing Committee hearing on bill to reform TPT program

Dear Councilmember Rivera:

Congratulations on your reelection. You and your staff have been very responsive to the quality of life issues – no matter how mundane –

That concern me and people of my increased age and decreased mobility.

You have also been a considerate party in any discussion of HDFC issues.

am writing today in regard to the TPT reform bill that has been proposed by Committee Chair CCM Cornegy for tomorrow's committee hearing.

Understandably, the term limited committee chair wants to see something finalized before he leaves office.

He has been a ready advocate for self managed HDFCs.

He recognizes the unique challenges facing these groups of homesteaders who worked hard to preserve buildings that had been abandoned

by landlords and by cash strapped city agencies.

His bill calls for a radical change to the whole TPT program – a program that is long overdue for reform.

The problem for HDFCs is that the bill was issued less than a week ago and is a lengthy document and neither HDFC experts nor foreclosure

experts have had time to consider what is being proposed, to respond comprehensively and to involve HDFC residents in the hearing process.

To this end, I ask that you consider my request to table the bill until there is time for full discussion of the pros and cons of the bill's content

and, most importantly, with the HDFC residents' involved.

Your action on behalf of HDFCs in this process is greatly appreciated.

Martha Danziger.

Dear City Council:

I don't live in Soho, Noho, or Chinatown, but they live in me. They're singular, historic, gorgeous neighborhoods, and everything that's special about them is now threatened by the mayor's horrendous upzoning proposal. Worse, this destruction will not bring the promised affordable housing. When have new luxury towers in Manhattan EVER brought affordable housing?!

While developer-aligned astroturf groups like Open New York and REBNY call people like me NIMBYs and contend, as the mayor does, that their plan will deliver affordable housing, both of these claims are false. In fact the plan incentivizes the opposite: commercial over residential construction, demolition over preservation of rent-stabilized units. **The upzoning plan does not require or guarantee a single unit of affordable housing.** (And for the record, I'm not crying NIMBY—these neighborhoods are not in my backyard.)

Like many others around the world, I love and treasure the unique character of Soho, Noho, and Chinatown. I want to preserve that character while finding real ways to address the urgent housing crisis, rather than addressing the interests of the donors who will fund the mayor's pathetic run for governor.

The Landmarks Preservation Commission designated most of the area in question for protection for a reason. Overriding this landmarks designation through loopholes and subterfuge is shameful and corrupt. Doing so for pretend affordable housing is unconscionable.

Susan Chumsky
Manhattan