

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS

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September 6, 2011

Start: 1:18 pm

Recess: 1:40 pm

HELD AT: Council Chambers
City Hall

B E F O R E: STEPHEN T. LEVIN
Chairperson

COUNCIL MEMBERS:
Charles Barron
Peter A. Koo

A P P E A R A N C E S (CONTINUED)

Carol Clark
Assistant Commissioner
NYC Department of Housing Preservation and Development

Jacqueline Alexander
NYC Department of Housing Preservation and Development

CHAIRPERSON LEVIN: Good afternoon.

Welcome to the hearing of the Subcommittee on Planning, Dispositions and Concessions of September 6, 2011. I'm Stephen Levin, chair of the Subcommittee. I am joined today by my colleagues on the Subcommittee Charles Barron of Brooklyn, Peter Koo of Queens. We have a handful of items on the agenda today, and we'll get started with an item in Manhattan Community District 11. It's 20125031 HAM, El Barrio Artspace [phonetic]. This is an item in the district represented by Council Member Melissa Mark-Viverito, and testifying on this item this afternoon is Carol Clark, Assistant Commissioner at HPD.

ASSISTANT COMMISSIONER CLARK:

Thank you, Mr. Chairman and members of the Committee. As you noted, I am Carol Clark, Assistant Commissioner at HPD, and I'm joined by my colleague from HPD, Artie Pearson. The project that is known as El Barrio Artspace is before you today because it's a proposed modification to an item that was previously approved. It was a previously approved UDAP project through HPD's low

1
2 income rental program and it will provide for a
3 new construction for low income artists and
4 families. Under the amended project which is
5 located at 213 East 99th Street, the sponsor is
6 proposing to increase the number of dwelling units
7 from 74 to 90. Council Member Mark-Viverito has
8 been briefed and is a very enthusiastic supporter
9 of this project. She has indicated her full
10 support. Thank you.

11 CHAIRPERSON LEVIN: Who is the
12 community sponsor?

13 CAROL CLARK: El Barrio Artspace
14 LP.

15 ASSISTANT COMMISSIONER CLARK:
16 Okay, and how are they arriving at an increase in
17 the units?

18 ASSISTANT COMMISSIONER CLARK:
19 They're increasing the units from 74 to 90.
20 They've got funding from a series of different
21 sources, including low-income housing tax credits--
22 the 9% credits, state tax credits, federal tax
23 credits, city capital home reso A funds that
24 Council Member Mark-Viverito has put into the
25 project in excess of \$1.5 million--borough

1 president funding reso A at \$1 million, other
2 funding from agencies and from the federal
3 government, so they've got a complicated funding
4 structure and have decided to raise the number of
5 units, and that's why we're back here with this
6 amendment.
7

8 CHAIRPERSON LEVIN: Okay, but it's
9 not through a reconfiguration of the apartment
10 sizes or-

11 ASSISTANT COMMISSIONER CLARK: No,
12 that wasn't the motivating factor. No. The
13 artspace projects have successfully completed
14 about 25 other projects around the country in the
15 last two decades, and this is their first project
16 in New York City.

17 CHAIRPERSON LEVIN: And just for
18 the record, the AMI breakdown for the units?

19 ASSISTANT COMMISSIONER CLARK: The
20 AMI breakdown for the units... do we have that? It's
21 unchanged from when we were last here. Here we
22 go. It's up to 60% of the Area Median Income.

23 CHAIRPERSON LEVIN: Okay. Do any
24 of my colleagues have any questions on this? Okay.
25 Seeing none, I thank you very much for the

1 testimony, and we will move on to the next item.

2 Thank you very much for your testimony.

3 ASSISTANT COMMISSIONER CLARK:

4 Thank you.

5 CHAIRPERSON LEVIN: The next item
6 we have a series of third party transfers. The
7 first one is 20125041 HAK. That is the first four
8 and the second four are 20125042 HAK. These are
9 in Brooklyn Community Boards 3, 4, 8, 12, 16 for
10 the first one. For the second grouping, it's 12,
11 14, 16 and 18. These are in the districts
12 represented by Council Members Reyna, Vann,
13 Eugene, Dilan, Fidler and Nelson. Testifying on
14 these items, Assistant Commissioner Carol Clark
15 and Jacqueline Alexander of HPD.

16 ASSISTANT COMMISSIONER CLARK:

17 Thank you, Mr. Chairman and Jacqueline I will note
18 is the assistant commissioner for property
19 disposition and finance, so the third party
20 transfer program falls under her jurisdiction.
21 We've been working with the Council Members whose
22 names you recited over the past number of months.
23 We had our 45-day period commencing on the 5th of
24 July and concluding in the third week of August,
25

1 and all the Council Members agreed with what HPD
2 was proposing with regard to the proposed
3 developers who would be the prequalified entities
4 that would take over the property and to the
5 requisite new construction or rehabilitation. We
6 did note as you pointed out there are two items
7 here because one involves the transfer of 11
8 buildings and the other involves 4 vacant lots,
9 but that's the sum total of this - - action number
10 No. 52 in Brooklyn and everyone has been in favor
11 as I noted, so I'd be happy to take any questions
12 you may have.
13

14 CHAIRPERSON LEVIN: Who are the
15 prequalified entities taking over the... Oh, I'm
16 sorry.

17 [background conversation]

18 CHAIRPERSON LEVIN: I just was
19 wondering who the entities were?

20 ASSISTANT COMMISSIONER CLARK: The
21 entities include a not for profit group called The
22 Mutual Housing Association of New York, a for
23 profit entity called The Shinda [phonetic]
24 Management Corporation, which has done a great
25 deal of work in Brooklyn in these particular

1
2 neighborhoods, as well as an entity called Neapco
3 [phonetic] that has done a great deal of
4 development using HPD programs in Brooklyn and
5 elsewhere—Neapco Holdings LLC.

6 CHAIRPERSON LEVIN: Thank you.

7 Council Member Barron I believe has—

8 COUNCIL MEMBER BARRON:

9 [Interposing] Yeah, just a couple of questions.

10 One, what is the affordability around these
11 transfers? Is there general affordability or what
12 is it going to be? 'Cause you know, the reason why
13 I'm asking is so I can be straight up with - - .
14 Every time I see property tax exemptions, I want
15 to make sure that the exemptions are for
16 affordability and not for profitability.

17 ASSISTANT COMMISSIONER CLARK:

18 Right. In the third party transfer program, as
19 you may recall, there is a wiping out of the taxes
20 which are owed and any municipal liens at the time
21 that the property is transferred to the not for
22 profit entity selected by the city—

23 COUNCIL MEMBER BARRON:

24 [Interposing] So this tax exemption—

25 [crosstalk]

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ASSISTANT COMMISSIONER CLARK: --
UDAP tax exemption for the vacant lots--

COUNCIL MEMBER BARRON: Represents
that wiping out of prior?

ASSISTANT COMMISSIONER CLARK: No,
that represents the step being taken today here at
this Subcommittee to provide a UDAP tax exemption
to move forward with the project--

COUNCIL MEMBER BARRON: Okay, let
me just be clear 'cause I--

ASSISTANT COMMISSIONER CLARK:
[Interposing] Sure. Go ahead.

COUNCIL MEMBER BARRON: --always
want to be very, very clear. I know that the
general proposition and third party transfers if
there's any prior taxes that the neighborhood folk
or whoever is going to eventually own the property
if any prior taxes that that gets wiped clean. In
addition that that is there any other tax
exemptions going forward?

ASSISTANT COMMISSIONER CLARK: Yes.
Going forward, that is what we're discussing
today. It's a UDAP tax exemption--just that
exactly that's on the agenda for the Committee and

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2 it mentions that pursuant to the Private Housing
3 Finance Law that we're here seeking that UDAP tax
4 exemption that applies to the vacant lot as well
5 as a different one that applies to the buildings.

6 COUNCIL MEMBER BARRON: And will
7 these tax exemptions render affordable housing?

8 ASSISTANT COMMISSIONER CLARK: The
9 occupied buildings that are part of the third
10 party transfer program—any of the residents of
11 those properties who have to be moved out when
12 there is a complete rehabilitation done of the
13 building, none of them will pay more than 30% of
14 their income in rent when they return, so there is
15 an affordability that underscores the program
16 throughout.

17 COUNCIL MEMBER BARRON: Wow. Wow.
18 Is that right?

19 ASSISTANT COMMISSIONER CLARK:
20 That's correct.

21 COUNCIL MEMBER BARRON: Okay. I
22 have to check with my sister too—I just want to
23 make sure. Alright.

24 ASSISTANT COMMISSIONER CLARK:
25 That's right.

2 COUNCIL MEMBER BARRON: Thank you.

3 ASSISTANT COMMISSIONER CLARK:

4 Thank you.

5 COUNCIL MEMBER BARRON: And by the
6 way, I just want to commend you for the good work
7 you did around - - and my neighborhood on that
8 third party transfer program. Good job.

9 ASSISTANT COMMISSIONER CLARK:

10 Thank you very much, Council Member.

11 CHAIRPERSON LEVIN: Thank you,
12 Council Member Barron. Council Member Koo?

13 COUNCIL MEMBER KOO: I'd like to
14 know how many properties is there? Four different
15 properties?

16 ASSISTANT COMMISSIONER CLARK: Yes,
17 there are a total of four different parcels of
18 vacant land and eleven different buildings--many of
19 which are occupied buildings.

20 COUNCIL MEMBER KOO: So 11
21 buildings. Wow.

22 ASSISTANT COMMISSIONER CLARK: Yes,
23 sir.

24 COUNCIL MEMBER KOO: Okay.

25 CHAIRPERSON LEVIN: I just want to

1 ask for those residents that live in the
2 preexisting buildings and that will have
3 rehabilitation HPD guarantees that they will be
4 finding them temporary housing during that interim
5 period?
6

7 ASSISTANT COMMISSIONER CLARK:

8 Right. HPD works with the developer that is
9 selected that will have a relocation resource to
10 offer to those parties that have to be relocated
11 during the term of the rehabilitation of the
12 occupied building. Yes.

13 COUNCIL MEMBER LEVIN: And those

14 residents have right of first refusal for the
15 units to come back to those units.

16 ASSISTANT COMMISSIONER CLARK:

17 Technically, whether they have right of first
18 refusal is a legal terminology that I'm not
19 completely comfortable with. Jackie, do you want
20 to answer that?

21 JACQUELINE ALEXANDER: Well, they

22 have a right to come back to the building in an
23 appropriate unit size for their family, so they
24 are always guaranteed to come back into the
25 building.

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2 CHAIRPERSON LEVIN: Okay. I
3 appreciate the testimony on these items. We have
4 one other item that we are going to lay over, but
5 we are going to vote on these three items. So I
6 thank you very much for your testimony.

7 ASSISTANT COMMISSIONER CLARK:
8 Thank you.

9 CHAIRPERSON LEVIN: So we're going
10 to vote on El Barrio Artspace, 20125031 HAM, and
11 third party transfers, 20125041 HAK and 20124042
12 HAK. Land Use Nos. 387 and 388 are going to be
13 laid over to a further hearing, but for those
14 three items, I recommend an aye vote on all three,
15 and I will ask Carol Shine, counsel to the
16 Committee, to call the role.

17 COUNSEL: Chair Levin?

18 CHAIRPERSON LEVIN: Aye on all.

19 COUNSEL: Council Member Barron?

20 COUNCIL MEMBER BARRON: Aye on all.

21 COUNSEL: Council Member Koo?

22 COUNCIL MEMBER KOO: Aye on all.

23 COUNSEL: By a vote of three in the
24 affirmative, none in the negative and no
25 abstentions, the aforementioned items are approved

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and referred to the full Committee.

CHAIRPERSON LEVIN: We're going to leave the roll open for 10 minutes, otherwise this meeting is adjourned.

[gavel]

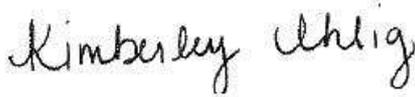
CHAIRPERSON LEVIN: Okay. The hearing is adjourned.

[gavel]

C E R T I F I C A T E

I, Kimberley Uhlig certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature _____

Date September 19, 2011