

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE JOINTLY WITH HOUSING AND
BUILDINGS, ECONOMIC DEVELOPMENT, AND SMALL BUSINESS

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B E F O R E:

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Chairperson

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Chairperson

DANIEL R. GARODNICK
Chairperson

ROBERT E. CORNEGY, JR.
Chairperson

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2 [gavel]

3 CHAIRPERSON FERRERAS: Good morning and
4 welcome to the fifth day of the City Council's
5 hearing on the mayor's executive budget FY2015. My
6 name is Julissa Ferreras and I Chair the finance
7 committee. This morning we are joined by the
8 Committee on Housing and Buildings Chaired by my
9 colleague Council Member Jumaane Williams to hear
10 from the Department of Housing Preservation and
11 Development. In the afternoon we will be joined by
12 the Committee on Economic Development and the
13 Committee on Small Business Services to hear from
14 the Department of Small Business Services and the
15 Economic Development Corporation. We have been
16 joined by Council Member Espinal and Council Member
17 Gibson. Yesterday we heard from the New York City
18 Police Department, the District Attorneys, the
19 Special Narcotics Prosecutor, the Civilian
20 Complaint Review Board, the Criminal Justice
21 Coordinator. These hearings are a lot of work and I
22 want to thank the finance staff for putting these
23 hearings together. I want to thank acting Director
24 Latanya McKinny [sp?], the Division and Committee
25 Counsel Tanisha Edwards, Deputy Director Nathan

Toll [sp?] who's joining me today, Legislative Financial Analyst Sara Gastaloom [sp?] who covers HPD and the Department of Buildings, Legislative Financial Analyst Ali, Alia Alee [sp?] who covers Economic Development and Small Businesses and the finance superstars Nicole Anderson and Maria Pagon [sp?] who pulled everything together. Thank you for your hard work. Before we get started I want to remind everyone that the public will be allowed to testify on the last day of the budget hearings on June 6th beginning at 4:00 p.m. the public session will be held in this room. For members of the public who wish to testify but cannot make the hearing you can email your testimony to Nicole Anderson and she will make it a part of the official record. Her email address is NAnderson@Counci.NYC.gov. Today's executive budget hearing kicks off with the Department of Housing Preservation and Development. HPD's fiscal 2015 budget totals 583 million dollars. Earlier this month Mayor de Blasio relief, released his five borough, ten year housing plan for New York City. This plan provides a blueprint for preserving 120, 120 thousand units of, and, and constructing 80

thousand units of affordable housing over a 10 year period. This 41.1 billion dollar plan will use a variety of funding streams and double HPD's annual capital budget over the next five years. HPD executive five year capital commitment plan totals 2.6 billion dollars which represents a 1.2 billion dollar increase from its preliminary five year capital commitment plan. On the expense side HPD's fiscal 2015 budget includes a few new things, a few new needs including funding the HPD demolition program and funding to hire 65 new staff to implement the mayor's ten year housing plan. I'm all, I'm also happy to say that HPD's budget reflects an increase of a million dollars and the city's contribution to HPD's alternative enforcement program. This is particularly important because this additional funding was called by for the council, by council members during the preliminary budget hearings and expressed in the council's budget response released this month. While I'm happy that the additional funding was provided the additional funding was included in fiscal 2015 only. Additionally the council's budget response call for funding for moving related

2 expenses to ease the burden of Section 8 recipients
3 who are required to downsize into smaller
4 apartments as a result of HPD's policy.

5 Unfortunately funding for this proposal was not
6 included in the executive budget. It is my hope
7 that after this round of budget hearings the
8 administration will take the, take it into
9 consider, the concerns expressed by council members
10 into consideration and the public regarding HPD's
11 proposed budget and to work with the council to
12 ensure that the fiscal 2015 adopted budget reflects
13 all of our voices and values. Before we hear from
14 the HPD Commissioner I will turn the mic over to my
15 co-Chair Council Member Jumaane Williams, Chair of
16 the Council's Housing and Buildings Committee.

17 CHAIRPERSON WILLIAMS: Thank you Madam
18 Chair. Good morning and thank you all for coming to
19 the joint hearing of Committee on Housing and
20 Buildings and the Committee on Finance. My name is
21 Jumaane Williams. I'm Chair of the Council's
22 Committee on Housing and Buildings. This hearing
23 will cover the fiscal 2015 executive budget for the
24 Department of Housing Preservation and Development,
25 HPD, and the Department of Building, DOB. We'll

first hear from the Commissioner of HPD Vicki Been where we hope to gain more details of the agency's 538.3 million dollar budget and new housing needs reflected in the agency's budget in connection to Mayor de Blasio's recently unveiled ten year housing plan. In addition the committee would like to gain more insight on HPD's current capital plan which reflects an increase of 1.18 billion over the 2014 2018 preliminary capital commitment plan.

After HPD we'll hear from the acting Commissioner of the Department of Buildings Thomas Fariello. The Committee would like to get updates on DOB's plan reviewing process and inspections related to the work with the city's Build it Back program. We'd also like to discuss the four million dollar increase reflected in DOB's budget for new staffing for the Build it Back program. I'd like to thank Vicki Been and Thomas Fariello and their respective staff for joining us today. I also want to thank my staff Nick Smith and, and committee staff Guillermo Patino [sp?], Jose Conde [sp?], Sara Gustalbom[sp?], and Ed Atkin[sp?] and those who know him there's no S at the end of his name, Atkin. We'll all do an oath. If you can all raise

2 your right hand please? Do you swear or affirm to
3 tell the truth, the whole truth, and nothing but
4 the truth before the committee today? I assume that
5 means the two people at the end as well.

6 UNIDENTIFIED MALE: Not testifying.

7 CHAIRPERSON WILLIAMS: Okay, thank you.

8 You can begin at your leisure.

9 COMMISSIONER BEEN: Great, thank you.

10 Thank you so much Chairwoman for our, and Chairman
11 Williams for the opportunity to talk to the
12 Committee about HPD's, oops [static] I'm sorry,
13 fiscal year 2015 executive budget. We're, we're
14 really excited to talk it through with you and, and
15 I look forward to your questions. I thought it
16 would be helpful... I know that there's been a lot of
17 talk about the housing plan but I thought it would
18 be helpful if we just talked for a minute about
19 that in terms of the overview so that we can talk
20 about how it feeds back into the, to the, to the
21 budget. As, as you mentioned the mayor announced
22 the housing New York plan and I really appreciate
23 the opportunity to, to provide an overview of the
24 plan and to answer questions both about the plan
25 and the way in which the budget feeds back into

that plan. The housing New York plan is five borough, ten year plan to build and preserve 200 thousand units of high quality affordable housing over the next decade. The plan will create opportunities for New Yorkers of a wide range of incomes from the very lowest incomes up to the middle income families that are, are also so critical to our families, to our, to our city. And the plan also I think not only looks at the need to provide affordable housing to our families but really focuses in on how to make that housing and the efforts that we undertake in local neighborhoods help those neighborhoods achieve whatever it is that those neighborhoods most value and most, and most need. So there's really an emphasis in the plan on coordinating our housing investments with other investments, with infrastructure, with schools, with parks, and with really engaging in the communities so that our housing not only provides critical affordable housing for neighborhood residents and for all New Yorkers but also results in diverse and vibrant and thriving neighborhoods. Let me just say a few words about the process that we use to, to, to write the

plan and to put the plan together. The Deputy Mayor Alicia Glen felt very strongly that the plan needed to be a wide interagency effort and really pull together 13 different agencies across the administration who touch housing or housing residents in any way. So everyone from the Department of Aging, the, the Mayor's Office for People with Disabilities to our, our very traditional partners the Department of Buildings, EDC, the Department of City Planning. Everybody was at the table, everybody was working to make the plan workable and implementable across all the agencies. And I think the, one of the great things is that everybody owns the plan. It's not HPD's plan. It's not the Deputy Mayor's plan. It's the plan of everyone who was at the table. At the same time we brought in a wide variety of stakeholders. We brought in over 200 people to city hall to talk about their ideas, to talk about what they saw the needs for affordable housing in their communities. And it ranged from City Council members who were incredibly helpful, borough presidents, affordable housing advocates, non-profit and for-profit developers, market rate developers, trade unions,

etcetera. And so it was a really very far reaching effort. We first and, and I won't go through of course the whole plan but we really first sought to try to identify what are the needs, what are the gaps, what are the problems that we're trying to solve. And from that we derived some guiding principles. And I think it's worth spending just a minute on those guiding principles. The first is really that we want to address the city's changing demographics. And we want to expand who we serve. The analysis that we did showed just how many of our families are single person, two person households. How much our, our population is aging and, and how critical that senior group is to, to the city but also how much it's growing. And so we really need to tailor our housing program to the changing demographics of the city. At the same time our analysis showed that because of the low income housing tax credit program which as you know is very targeted towards people in the 50 to 60 AMI band that people below that, the very poorest New Yorkers, those making 30 percent of AMI so for example, 25 thousand for a family of four are, are often not being served. And similarly people just

above that 60 percent band, the people in the 80 to 100 percent band who are often our teachers, firefighters, you know police officers were also not being served. And so we need to broaden the range of people we're, we're serving to include both of those ends of the spectrum. We realized that we need to build more housing and that building more housing really is going to require that we rethink our land use processes. And we look forward to working with, with each of you on that in the coming months and years but that we really need to rethink the way in which we engage with communities and, and think about our housing as one asset that can help make a difference in a community but that the community has to be on board, critically engaged, and it has to really be an iterative process. A third principle was that we really had to make economic diversity a cornerstone of the plan. And that means that in some neighborhoods that have mostly middle or upper income housing that we would need to put affordable housing at the very lowest income bands, the, the 30 percent that I mentioned earlier. But then in some communities where we have a great deal of

poverty, a you know great deal of low incomes already it would mean trying to bring more moderate income into those neighborhoods to try to provide the, to, to try to achieve the kind of diversity that we want for, for our communities. We recognize that government is sometimes part of the problem and we have to get out of the way, we have to streamline our processes. We have to make sure that we're not imposing duplicative and wasteful requirements. And we pledge to take a very hard look at all of our own processes and to coordinate better across agencies. We recognize the incredible loss of our rent regulated housing right. It's a, it's a tide of deregulation, really a tsunami of deregulation that has resulted in 100s of thousands of units leaving the rent stabilization program and that has to be stopped, it has to be contained. And so we make a commitments to try to protect the rights of the tenants who are in that housing, to try to work with those owners to lower costs and to try to work with Albany as rent regulation comes up for renewal next year. We recognize that we have a limited window. It's a favorable market, interest rates are low. Some credit is available and so we

need to pounce on that opportunity. And finally it recognized that in order to do all this we would need additional city resources and that's really what we want to talk with, with you about today. Just to, to remind everybody the, the key features are that as I said 200 thousand units that we will build are preserved. About 60 percent of that will be preserving existing affordable housing both formerly subsidized or currently subsidized buildings but also some of the rent regulated stock, some of the unsubsidized stock that we'll be reaching out to. 40 percent or 80 thousand units will be new. Of those new units we are going to quadruple the number that will be targeted at the very lowest incomes. So the people who make 30 percent, 40 percent of AMI, or sorry 30 percent of AMI we will quadruple the number of units that we make available to those families. At the same time we'll increase by 50 percent the number of, of units that go to that middle income group, that 80 to 100 to 120 AMI group. The proposed city investment over the ten year plan is, is 8.2 billion dollars. And that will leverage state and federal resources as well as private resources for

a total development cost that we anticipate will be about 41 billion dollars. So that brings us to the resources to implement the plan. And let me just spend a minute on that 41 billion figure because that's a very large number, it makes me catch my breath every time. About 20 percent of that we expect will come from city sources, capital sources, HDC contributions, the 421A fund, Battery Park City Authority fund, and the citywide affordable housing trust fund. About seven percent will come from federal and state sources and the remaining 73 percent or about 30 billion dollars will be private funds. So that's the low income housing tax credit equity. That's bank loans, etcetera, pension fund money, developer equity, etcetera. In addition to that 41 billion we also anticipate and the mayor put funding in the capital budget for infrastructure that will allow that housing to go forward. So in this, in the next four years the mayor devoted 375 million of EDC funds to infrastructure projects that directly support housing development in Hunters Point South and Coney Island for example. In terms of the, the fiscal year executive budget as, as Chairwoman

Ferrereras said the mayor doubled the annual capital budget over this next five year cycle and infused an additional 1.2 billion dollars of funding into the capital plan. So the red, the red bars are the current plan, the executive plan as opposed to the blue bars are the amount that was already in the, the January plan budget. So it, so we doubled it over the five year period. Go ahead. In terms of the sources of the capital budget money about 81 percent of, of what we expect is the mayoral capital budget. Another about 12 percent or 375 thousand comes from home dollars from the federal, that, that are allocated to us, so they're considered capital budget sources. And then of course the City Council's Reso A funds and the 421 A funds.

COMMISSIONER BEEN: In terms of the expense budget as, as was discussed earlier it totals 538 million dollars but the thing that I want to, to remind everybody because our budget is somewhat more complicated than, than many other budgets, the vast majority of our operating budget is actually federal dollars. So the vast majority, 60 percent of it comes from the Section 8 program,

the federal Section 8 program and goes right into rental subsidies, the vouchers that we provide to about 33 thousand families in order for them to rent up apartments on the private market. The tax... amount is about 10 percent of our budget and that is primarily what we're talking about today. Those other slices of the pie are really the administrative fees that we receive from the federal government to administer the Section 8 program, the IFA monies that we receive to administer the capital budget allocations, etcetera. As was discussed the, we have some new items in the expense budget which we're very excited about. The first is an increase of about 1.6 million dollars to help support the staffing increases across the agency that will be needed to implement the plan to maintain housing quality, to maintain our asset management so that we're making sure that every building is high quality financially stable and, and affordable. In addition there's a one million dollar infusion to support the staff that's working with distressed properties and through our alternate, through our alternative enforcement program. And there's some additional

2 funding to support a training program for MWBE
3 developers and contractors that in coordination
4 with the small business services that we're very
5 excited about. There are some issues coming up that
6 I very much look forward to working with you on.
7 One is that we will be working with City Council.
8 We hope to try to seek local legislation that,
9 leans that we, that we impose on buildings where we
10 have done emergency repairs should bear the same
11 interest rate that all other loans that the city
12 imposes. Right now most loans carry an interest
13 rate of 18 percent or nine percent. But the ERP
14 loans only carry an interest rate of seven percent
15 and some developers seem to think that you know
16 we're a lower cost credit card than everybody else.
17 And so we end up doing the repairs and, and, and
18 they think of it as just a cost of, of doing
19 business. So we want to raise that interest rate to
20 the interest rate that, that is used on other tax
21 lean issues. In terms of the tax lean sale the,
22 that will be up for renewal in 2014 and we would
23 like to explore ways to address the statutory
24 [phonetic] statutorily distressed properties and
25 change some of the exclusion thresholds to allow us

2 to better assist the trouble properties. In terms
3 of SCRIE implementation we hope to work with you to
4 consider streamlining program implementation by
5 consolidating our SCRIE program with the Department
6 of Finance. Right now it's, it's handled across
7 multiple agencies and we think there are some
8 efficiencies that could be achieved there. We hope
9 very much to work with you to align the Reso A
10 allocations to our broader housing plan goals to
11 maximize the impact of those programs. And then
12 finally we very much hope to work with you to
13 understand district needs, to identify
14 opportunities for new development and properties
15 that need our help in terms of preservation or
16 quality and to identify areas for colocation of
17 schools and housing or other things and to work
18 with you across the board to really promote mixed
19 income and mixed use communities. The next steps
20 the plan lays out some immediate big items that we
21 are already at work on and we will be laying out an
22 entire implementation plan really over the next few
23 months. One of the most you know sort of visible of
24 our efforts will be that we are already at work on
25 laying the groundwork for a mandatory inclusionary

zoning program and we'll be talking with each of you about that as well. So I think that gives you a brief overview of the plan and the way that the budget works with that plan. And I'm really delighted to take questions.

CHAIRPERSON FERRERAS: Thank you Commissioner. Thank you for your presentation. You got us thinking up here so that's why you see a lot of activity. We're trying to consult with our, with our legislative and our analyst and all of our experts as you say.

COMMISSIONER BEEN: We, we need good thinking so, so great.

CHAIRPERSON FERRERAS: So I have a few questions before I give it over to my Chair. But I want to acknowledge that we've been joined by Council Members Cornegy, Miller, Mendez, Reynoso, Council Members Rosenthal, Majority Leader Van Bramer, Council Member Rodriguez, Council Member Torres. And I'm sure more will be joining us shortly. So I know that you started off speaking about more community involvement as we talk about the housing plan. How do you see the engagement. Or

at what point do you see engagement with the community.

COMMISSIONER BEEN: Well I see it early and often. But we're now working with both Department of City Planning and with our sister agencies EDC, NYCHA, etcetera and really trying and also working... I have to say we've reached out to a lot of folks in the communities, a lot of neighborhood planners, a lot of community advocates. And we're really trying to, to ask what would be the best way to engage the Communities, at what point, you know how should we be doing that and how can we coordinate interagency wise to make sure that we're doing that in the most effective way.

CHAIRPERSON FERRERAS: And I, and I would just like to add that perhaps you can add our council, our council colleagues to that conversation.

COMMISSIONER BEEN: Absolutely.

CHAIRPERSON FERRERAS: Because in the past it is not our experience of that the agency's necessarily know how to reach out to our communities effectively. So if you're try... You know

as you speak with your other colleagues and other Commissioners it doesn't necessarily, not every agency is able to, to tap into our communities in the most effective way. And I think members in many ways know and have a better and, and closer relationship with their districts. So if you can...

COMMISSIONER BEEN: Absolutely.

CHAIRPERSON FERRERAS: ...take that into consideration I would appreciate it.

COMMISSIONER BEEN: Absolutely. We will be knocking on your door for good ideas.

CHAIRPERSON FERRERAS: So I wanted you to walk me through. I know that one of your points here on the council and legislative opportunities was Reso A, discretionary allocations and when you say align the City Council funding and HPD's activities to maximize the impact can you walk me through what that, what your vision is on this process. So I think as we you know, as we implement the plan we're going to obviously be staging a great many things. We're going to be working in some neighborhoods sooner than others. We're going to be you know trying to really reach out in every community to, to building owners to types of

properties that we haven't necessarily reached in the past. So one of the things that we'd really like to do is just work with you to make sure that as you're thinking about your Reso A that we're feeding information back to you about what all we're doing and what we're hearing and so that we can really work together. It's...

CHAIRPERSON FERRERAS: So...

COMMISSIONER BEEN: ...again just really...

CHAIRPERSON FERRERAS: So establishing coordination.

COMMISSIONER BEEN: Exactly, exactly.

CHAIRPERSON FERRERAS: For better communication got it. So I wanted to now pivot over to SCRIE.

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: We had a hearing on SCIE a few weeks ago, I guess at the beginning of the month and there was the newly passed legislation. I know that you speak of the coordination. Once these, once the expansion goes into effect on July first the income capital increase from 29 thousand to 50 thousand...

COMMISSIONER BEEN: Mm-hmm.

2 CHAIRPERSON FERRERAS: ...a 72 percent
3 increase that will allow roughly 24 thousand more
4 seniors to enter the program which already serves
5 53 thousand seniors. HPD administers a SCRIE
6 program for Mitchell-Lama in some HDFC
7 developments. How many of your tenants currently
8 receive SCRIE and do you anticipate an impact
9 resulting from the increased income threshold that
10 may impact your budget?

11 COMMISSIONER BEEN: So a lot of our
12 tenants do receive SCRIE thankfully. There're
13 currently 5,500 people in, in our buildings, in
14 buildings that we touch that receive SCRIE and, and
15 that we administer that SCRIE program. Somewhat
16 counterintuitively the number of people who will be
17 affected by the increase in our buildings is
18 actually pretty low. It's, we only, we anticipate
19 that only about 175 more people will be eligible
20 because of the increase in the cap. And the reason
21 for that is that in order to be eligible for SCRIE,
22 there's a, there's a series of eligibility
23 requirements and one of the eligibility
24 requirements is that you be paying 30 percent or
25 more, or more than 30 percent of your income

1 towards rent right. But in our buildings we already
2 keep the, the rents at 30 percent. So even if, even
3 the seniors who you know are earning above the 29
4 thousand that the SCRIE used to be capped at and
5 now are earning 50 thousand they were already
6 capped at 30 percent, around 30 percent of their
7 income. So it's not going to vastly increase the
8 number of people in our buildings who will actually
9 be affected by the cap.

11 CHAIRPERSON FERRERAS: Okay.

12 COMMISSIONER BEEN: That, that's not a
13 bad thing. It's you know because we, because those
14 rents are already set very low.

15 CHAIRPERSON FERRERAS: right well we
16 appreciate and I, I didn't think that the, the
17 impact was going to be so low. So we were just
18 trying to...

19 COMMISSIONER BEEN: Yeah.

20 CHAIRPERSON FERRERAS: ...make sure that
21 there wasn't going to a budget issue with you
22 having to reach out to those residents. I'm going
23 to now talk about the tax, the tax incentive
24 program fee and its revenue. HPD generates revenue
25 from the applications for real property tax

exemptions from new construction of multiple dwellings 429A and for low income housing developed with tax credits four, 420C. How much revenue is generated from 420C and 421A tax incentive program fees in fiscal 2014 and do you anticipate higher revenue collection resulting from housing development in relation to mayor de Blasio's housing plan.

COMMISSIONER BEEN: So the, the 420C revenue which as you mentioned that's really authorize, that's a tax exemption that's targeted towards nonprofit housing corporations so that's a much smaller program. That generated 440 thousand in revenue this past year. The 421A program which is of course a much bigger program generated about 13.2 million in fees as of April 30th of this year.

CHAIRPERSON FERRERAS: Mm-hmm.

COMMISSIONER BEEN: That's in line with previous years. It comes in at right around our average for the last couple of years. We do think that it will increase because just the plan of course is, is ramped up about 30 percent over what the new housing market place had been doing. So we certainly would anticipate that we'll have a lot

more, especially of the inclusionary zoning fees coming in. But you know I don't know that it'll be a straight line 30 percent increase but we would certainly expect to see an increase. Tax exemption on properties do you take into consideration violations when issuing tax exemptions?

COMMISSIONER BEEN: So...

CHAIRPERSON FERRERAS: Or even after issuing it what is the processes by which, so I, I guess what I'm getting to is...

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: ...if there's buildings that have tax exemption and an exorbitant amount of violations is there any way for us to reengage with the tax exemption? Because it's almost like we're repairing their buildings, we're giving them the tax break, and they have the violation.

COMMISSIONER BEEN: Mm-hmm. So, so we have a great asset management team and once we've touched a building with subsidies etcetera we watch those buildings very very carefully... I mean try to watch all buildings carefully but we feel a special responsibility for those that you know we've

2 invested in in some way. So if we are seeing that
3 building that has received a tax exemption isn't
4 doing its job and has a lot of violations we, we
5 reach out to that owner. We work very closely with
6 that owner to try to bring those violations down
7 and correct whatever the problem is.

8 CHAIRPERSON FERRERAS: So have we, we've
9 never seen a case where the, the finds are, well
10 where the violations are high...

11 COMMISSIONER BEEN: Mm-hmm.

12 CHAIRPERSON FERRERAS: ...and we're
13 engaging with them and they haven't been responsive
14 but they're still getting this tax break.

15 COMMISSIONER BEEN: Do you, do you... I,
16 I'm not sure. I mean I hate to say never because..
17 [crosstalk]

18 CHAIRPERSON FERRERAS: Right. So I
19 guess, is there, is there an instance where someone
20 could lose their tax break for violations?

21 COMMISSIONER BEEN: So... right. So
22 sometime, I mean as we're working with those owners
23 and often the one, some of the ones that we're
24 talking about are sometimes the nonprofit owners
25 and so they're having instances where you know

we've had to say look you're getting this tax exemption, you're not doing your job, and yet we made a judgment that trying to pull the tax exemption would put them in even worse position and wouldn't result in the housing going to any more you know capable or responsible of owner. So we really try to work with those owners to correct whatever the problem is and make sure that they get the building back into good health. So it's a little... It's like our... You know the, the considerations that we give on the tax lean sales. They're sometimes that we think okay if we really crack down on this we're actually going to end up in a worse position because we're going to be loading on fines that are then just going to make it harder and harder to get the building back into financial health.

CHAIRPERSON FERRERAS: So I'd like to... I know that one of your points was the ERP interest rate.

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: With that thinking how would the raising the interest rate not affect in, in an adverse way?

COMMISSIONER BEEN: So I mean that's a judgment that we have to make on a building by building basis. But you know often what we're seeing with those ERP alliances that they eventually pay off, they do pay off but they seem to take their time until they've paid other things off because we're a lower interest rate than lots of other things that they might be being charged for. But if there was a building where we thought okay, adding that on and, and adding more and more leans is actually going to undermine our ability to get that building back into good physical health and good financial health then, then we would act accordingly. We, you know we have a little bit of discretion there.

CHAIRPERSON FERRERAS: Okay. And just for clarity for the committee. When we talk about code enforcement inspectors we know them as buildings department inspectors. And then there's the HPD inspectors.

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: So can you walk me through the difference and why do we have a

difference if it's enforcing the same code. And I know that both have different budget needs.

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: And part of that question also is when we're talking about illegal conversions what is the process by which we get inspectors out, how often...

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: ...how long does it take for them to come back.

COMMISSIONER BEEN: Okay.

CHAIRPERSON FERRERAS: Because it's a challenge for a lot of residents when they're trying to report an illegal conversion and it feel, and they feel like no one ever comes out.

COMMISSIONER BEEN: So it is confusing because we have multiple codes. We have a building code and we have a housing maintenance code right. And so the building code is you know really regulates construction whereas the housing maintenance code really regulates the ongoing you know repairs and upkeep of that unit. So for example when you build a building how far apart you put the studs...

2 CHAIRPERSON FERRERAS: Mm-hmm.

3 COMMISSIONER BEEN: ...is a, to, to
4 support the wall is a matter of the building code.
5 Once the building is built whether you maintain it
6 in, in habitable condition right so that there are
7 no leaks, that kind of thing, that's a housing
8 maintenance code issue. We are responsible for
9 enforcing the housing maintenance code. The
10 Department of Buildings is responsible for, for
11 enforcing the buildings code. And they're really,
12 you know they overlap in all kind of ways but
13 they're really fairly differ, difficult, but let
14 me, different, sorry.

15 CHAIRPERSON FERRERAS: So what is the
16 coordination at times between agencies.

17 COMMISSIONER BEEN: So, so let me turn
18 to the guru of, of our enforcement in neighborhood
19 services work. Many of you know Vito Mustaciuolo
20 because he's, he seems like superman, he's always
21 there when you need him. So here he is when I need
22 him to explain the difference.

23 VITO MUSTACIUOLO: Well thank you for
24 that introduction. Good morning, my name is Vito
25 Mustaciuolo, Deputy Commissioner for Enforcement

and Neighborhood Services at HPD. So the Commissioner described the differences precisely that, that we enforce the, the New York City housing maintenance code and the New York State multiple dwelling law which really deal with, with conditions within an apartment. I deal with life and safety issues. But there is a crossover between what we enforce and, and the buildings department. Primarily with respect to means of egress which would be fire escapes, sprinkler systems. So you're primary and secondary means of egresses. With respect to the coordination we have a very close relationship, working relationship with the Department of Buildings. And in response to your question about the illegal occupancies that is primarily a condition that the Department of Buildings responds to because generally it is a violation of the certificate of occupancy. But we have been coordinating a joint task force with the Department of Buildings, with the Fire Department, and we have also invited in our brother and sisters from the state. So we have HCR joining us as well. And we've, have been performing joint inspections

2 on buildings where we believe there have been cases
3 of illegal conversion or work without permits.

4 CHAIRPERSON FERRERAS: Okay thank you.
5 I'm going to pass this over to my co-Chair.

6 COMMISSIONER BEEN: Thank you.

7 CHAIRPERSON WILLIAMS: Thank you Madam
8 Chair. Thank you Commissioner for the testimony. I
9 have a number of questions and then I'll pass it
10 over to my colleagues. The first about the, the new
11 housing plan and the expense budget.

12 COMMISSIONER BEEN: Mm-hmm.

13 CHAIRPERSON WILLIAMS: Obviously the
14 fiscal executive budget includes 2.1, 2.021 million
15 dollars in city funds for the addition of 65
16 positions and personnel service costs in relation
17 to the housing plan. I think HPD anticipates that
18 these funds will cover the cost of hiring
19 additional 65 members. One, when will the full
20 details regarding the information of the housing
21 plan be released with a little, so when will we get
22 more details about how... was a great framework, that
23 one where we start filling out that framework. And
24 can you provide more details on which divisions
25 will have staff increases?

COMMISSIONER BEEN: So in terms of the implementation of the plan we're working now to fill out you know both a schedule about when we're going to be launching things and coming forth with things it's going to be you know a process over time. We're going to continually be announcing that we've started for example a you know let's, let's pick the streamlining effort right that, that we're forming a working group to help us think about the tax incentives program or that kind of thing. So we'll be announcing that really you know periodically. I would expect several times a month we'll be announcing something that we've launched or, or that we're getting started. We'll also be announcing things that tie in with that. So you know where for example a ribbon cutting where, that really illustrates some of what we've done under the housing plan we'll be announcing those kinds of things as well. So we are going to be forming a series of working groups on, on specific issues relating to the implementation of the housing plan and we'll, we'll be announcing that oh, probably in the next two months we'll announcing the range of those. So...

2 CHAIRPERSON WILLIAMS: And I, so that...

3 COMMISSIONER BEEN: ...you know I'm happy
4 to...

5 CHAIRPERSON WILLIAMS: ...that will also
6 include the outreach with help of the council
7 members to the specific districts and getting
8 feedback from them?

9 COMMISSIONER BEEN: That, I mean we're
10 working on trying to figure out exactly the right
11 way to as I said coordinate across agencies on that
12 neighborhood engagement piece. And you know we'll
13 be coming to you realistically because I'm going
14 into closing season, realistically we'll be
15 starting to come to you in early JULY about that.

16 CHAIRPERSON WILLIAMS: Okay.

17 COMMISSIONER BEEN: But I certainly hope
18 that we'll have some announcements over the course
19 of the summer about some of the things that we'll
20 be doing there. In terms of the, of where those,
21 those very valuable staff members will be I always
22 hate to call them heads...

23 [laughter]

24 COMMISSIONER BEEN: ...you know. But those
25 very valuable staff members they're really going to

be in a variety of places across the agency because as you know the plan is not just about preserving and building 200 thousand new units of housing which would tend to fall into our development staff. But it's also about maintaining housing quality, and financial stability, managing our current assets well, and so it's all about those preservation and housing quality and enforcement and asset management pieces as well. So I anticipate that we're going to be spreading that, those, those teams really in almost every major part of the agency.

CHAIRPERSON WILLIAMS: Will any of, will there be any prioritized program areas for the very valuable staff?

COMMISSIONER BEEN: The very valuable staff will be prioritized, I mean the, certainly a big chunk of them will be in development because we've got to ramp up our production and preservation program, I think about, let's see I think we had identified I don't know about 30 right, that are going to go into right, our office of enforcement. That's what we call at the agency Vito's world. And there're also support staff in

2 terms of our IT systems that we're going to need to
3 support all of that. So it, it's really you know
4 pretty widely spread.

5 CHAIRPERSON WILLIAMS: Okay. The, on the
6 A, AEP, Alternative Enforcement Program.

7 COMMISSIONER BEEN: Mm-hmm.

8 CHAIRPERSON WILLIAMS: The fiscal budget
9 includes one million dollars in city funds for the
10 AEP.

11 COMMISSIONER BEEN: Mm-hmm.

12 CHAIRPERSON WILLIAMS: 950 thousand
13 dollar increase for, in the city fund, in city
14 funding for the program. How many properties were
15 in AEP during fiscal 2014 and can you provide any
16 details on how the additional funding will help
17 scale up the AEP program?

18 COMMISSIONER BEEN: Mm-hmm. So first of
19 all let me just, first of all say how grateful I am
20 for that increase. It's the first time that, that
21 we have gotten more incredibly valuable people into
22 that program. It's always been either flat lined
23 or, or decreased unfortunately. So we are very
24 grateful for that infusion of support there. Right
25 now there are about 613 buildings in the

alternative enforcement program. Right when a building goes into the enforcement program we obviously try to get it fixed and get it back on, on strong physical and financial grounds and then we try to get it back into responsible ownership. We don't, it's not our goal to own a lot of this property or to be holding it. So we try to get the, the buildings back into responsible ownership. Right now we have about 613 that are still, need work and need you know...

CHAIRPERSON WILLIAMS: Wait there's, so there's 613 in the program and 613 additional that you think need work?

COMMISSIONER BEEN: No, no. The 613 are what are in the program now.

CHAIRPERSON WILLIAMS: Okay.

COMMISSIONER BEEN: Right. So what we, and, but, but my point is that we started with a lot more than that. So for example in, in you know round one of the program we, we had 36 buildings. It, so it's been ramped up but we try to take building successfully out of the program. So the 613 is I think 10 rounds or seven rounds. Seven rounds of, of, of effort on, of, on the alternative

enforcement program. So the, so EVA tells me there were 14 hundred buildings all tolled and we're left with 613. So the others have transitioned out because they've been brought to you know good sound financial and, and physical health. Okay, so of the, like we've done 14 hundred over the various rounds of the program. Typically in a round we've been identifying the 200 sort of buildings most in need of alternative enforcement. We're not, we're, we're modeling exactly how many more buildings we could efficiently put into the process and, and so let me just stop to explain this for a minute. What, what we found is that often the, the smaller buildings are sort of the, the ones that are hardest to ever get back into responsible ownership. And so often those smaller buildings are staying on our rolls for a very long period of time. So what we're really trying to think through and to model out is with this infusion of staff that you've given us what are the most productive buildings to, that we can put into the process, what are the ones that we're having the most success on and that are the most sort of bang for our buck in that way. So I can't tell you exactly

how many it will be because we're trying, we're still trying to figure out how can we spend those dollars most efficiently and get the biggest bang for the buck and that's going to depend on you know the type of buildings etcetera. And still we're really still trying to work that through.

CHAIRPERSON WILLIAMS: So when you figure out you will be...

COMMISSIONER BEEN: We will let you know.

CHAIRPERSON WILLIAMS: ...letting us know?

COMMISSIONER BEEN: Mm-hmm, absolutely.

CHAIRPERSON WILLIAMS: How many buildings on average do you put in the program per year?

COMMISSIONER BEEN: two, 200.

CHAIRPERSON WILLIAMS: 200 per year?

COMMISSIONER BEEN: 187 last year but generally 200, yeah.

CHAIRPERSON WILLIAMS: So you, you add about 200 buildings to the program per year?

COMMISSIONER BEEN: Right, right.

CHAIRPERSON WILLIAMS: Do you think this, is there, is there more demand for the

buildings... Have you put in 200 because that's what you had funding for or have you put in 200 because that's all of the buildings that there was a demand for the program?

COMMISSIONER BEEN: So a couple of things... Vito you want to jump in there so...

VITO MUSTACIUOLO: Sure. So the way that the legislation was drafted it calls for 200 buildings per year if they meet the criteria. The reason why we fell short this last round and came up with 187 is because we, using the criteria for the round we didn't find 200 buildings that met that criteria. So what we're doing is through the rules is we're going back to revisit the criteria for selection. So for round eight we will make sure that we're back to the full 200.

CHAIRPERSON WILLIAMS: I just want to wave to some of the students who are out there. Hi. What school?

[background comments]

CHAIRPERSON WILLIAMS: PS 206? 226. From which borough? Bronx, the Bronx, who's Bronx. Alright.

[applause]

2 CHAIRPERSON WILLIAMS: Welcome. Is there
3 a need for more than 200 per year?

4 COMMISSIONER BEEN: In some years yes
5 and in some years you know maybe not. But that's
6 what, that's what we're really trying to analyze
7 now. There's a, you know is there a need? That
8 depends upon whether we think that for certain
9 kinds of buildings the alternative enforcement
10 program is a really efficient and effective way of
11 dealing with them. The alternative enforcement
12 program is only one of the many ways that we try to
13 tackle these buildings. And, and what's most
14 effective depends in certain, in a certain way on
15 the size of the building, the type of the problems.
16 The, you know our ability to combine buildings
17 together into a sort of cluster. It's a, it's a
18 fairly complicated exercise about which of our
19 enforcement mechanisms we think are really most
20 effective.

21 CHAIRPERSON WILLIAMS: In the capital
22 budget what if any capital programs areas will be
23 prioritized?

24 COMMISSIONER BEEN: So the, in the
25 capital budget I mean we're, the priority is the

housing New Yorker plan right. So we're really spending those capital dollars to preserve or produce 200 thousand units of affordable housing.

CHAIRPERSON WILLIAMS: Under the preserve units, under the capital planning city will invest total of 579 million to preserve affordable house units. I just wanted to get some details on what kind of units will you seek to preserve. I know that previous administration preserved a lot of low hanging fruit. So where will we get the additional units.

CHAIRPERSON WILLIAMS: A taller ladder... right. So, so we, we'll start with the traditional preservation programs which really focus on buildings that have received city subsidies in the past and are now reaching the end of their regulatory agreement right. Or buildings like Mitchell-Lamas which have reached the end of their regulatory agreement but haven't necessarily opted out of affordability. So we'll be focusing on those Mitchell-Lamas. We'll be focusing on you know on buildings that were in subsidy programs in the past and they include you know HUD 202s, HUD 236s, some of our low income housing tax credit programs

etcetera. But in addition and this is the taller ladder issue is we're really going to also be reaching out to some of the unsubsidized stock. So for example depending upon the neighborhood and this is something that we'll be talking to you about in terms of all of your neighborhoods we'll be trying to identify are there owners, are there types of buildings, rent regulated stock, the small three to 20 unit buildings that are so prevalent in so many districts. Are there, there buildings where we could go to that owner and work with them to lower their cost let's say through an energy retrofit, water retrofits, you know repairs to the roof, those kinds of things. Are there ways that we could help them address their financial needs and their cost structure and in exchange for that get some extended affordability or get an extension of affordability for those properties.

CHAIRPERSON WILLIAMS: So that won't be permanent affordable, that will be affordable for the extension of...

COMMISSIONER BEEN: Right I wouldn't expect that we...

CHAIRPERSON WILLIAMS: Okay.

2 COMMISSIONER BEEN: ...would be able to
3 get any permanent affordability there. We will look
4 but that's not, that, I don't think that's really
5 going to work with the model.

6 CHAIRPERSON WILLIAMS: Okay. So I,
7 obviously I think preservation is the right way to
8 go for the majorities units. I'm hoping that, I'm
9 just worried there may be difficulty in identifying
10 120 thousand units to preserve. Also I'm very happy
11 that in the guiding principles... think you put stem
12 the tide of deregulation and protect tenants in
13 rent regulated units more aggressively. My hope is
14 that the administration will just say that they
15 want to appeal the URSTADT Law will put all their
16 full weight behind that and go upstate and ask for
17 that to be repealed. I think we can get a lot of
18 units in terms of that. I will probably battle over
19 high ranked decontrol, regas [phonetic] decontrol
20 but I think we should just fight for their appeal.
21 Is that something that the administration will
22 plan... you plan to just...

23 COMMISSIONER BEEN: Well in the housing
24 plan we commit to work with the rent regulate, with
25 the fact that rent regulation is up next year. And

2 we do call for more local control over rent
3 regulation.

4 CHAIRPERSON WILLIAMS: So that's a yes?

5 COMMISSIONER BEEN: Let me put it this
6 way. It is a commitment to work on these issues. We
7 have, we understand that these are state law issues
8 and that we have to work very closely with our
9 state partners. And so we'll be working very
10 closely with our state partners to try to make that
11 a reality.

12 CHAIRPERSON WILLIAMS: So I'm going to
13 stop there for that question but I am nervous that
14 it is not just a yes...

15 COMMISSIONER BEEN: It's a yes we're
16 going to work very hard to make that happen...

17 CHAIRPERSON WILLIAMS: Okay.

18 COMMISSIONER BEEN: ...in Albany. But we,
19 [crosstalk] in case you haven't noticed we don't
20 control Albany.

21 CHAIRPERSON WILLIAMS: I, yes...

22 COMMISSIONER BEEN: So...

23 CHAIRPERSON WILLIAMS: But we, do we, we
24 can control us and we can say that it's a
25 fundamental thing that we want...

COMMISSIONER BEEN: Yes.

CHAIRPERSON WILLIAMS: ...as a city.

COMMISSIONER BEEN: That was a yes.

CHAIRPERSON WILLIAMS: Will HPD pursue or any alternative models of affordability for inclusionary zone, housing other than the 80/20. And I think you said yes. I think in some of the housing plan it talked about 50...

COMMISSIONER BEEN: Uh-huh.

CHAIRPERSON WILLIAMS: 50/30/20.

COMMISSIONER BEEN: Uh-huh.

CHAIRPERSON WILLIAMS: But I know there's a 50/50 model, there's a 45/30/25 model that digs a little deeper. Have you done any research on the viability of those models and there, are there any other models that you'll be looking at.

COMMISSIONER BEEN: So we're looking at, at all of those models. I, I, you know when I was at the Ferman [sp?] Center we put together a directory of all of the housing programs that had ever been used in New York City and it was something like 600 programs. I'm reluctant to add another 25 of, you know it's 47/23 and whatever...

But, but we are working to look at different models and different income bands. And I think you know the mayor announced the housing plan at the site of a 50/30/20 to signal exactly that we were really looking at those different models. We've looked at the 50/50 you know. So we're going to be trying to push for as much affordability but across a range of incomes as we can possibly get. And so that will require looking at a wide variety of models.

CHAIRPERSON WILLIAMS: So we'll be having a hearing on, on the plan. I'll dig a little bit deeper on that and seeing how deep we can actually go with the models that were mentioned in the housing plan. I'm, I'm a little concerned and my structure just making sure that we dig as deep as we can. But that's, that's for another hearing. The questions are the two new programs develop small vacant sites.

COMMISSIONER BEEN: Mm-hm.

CHAIRPERSON WILLIAMS. The city will launch two new programs, the neighbor construction program, NCP which should not be confused with NPC. And the new Infill Homeownership Opportunity Program. NIHOP, Neehop [phonetic]?

2 COMMISSIONER BEEN: Yep, NIHOP they're
3 calling it.

4 CHAIRPERSON WILLIAMS: NIHOP...

5 COMMISSIONER BEEN: Yeah.

6 CHAIRPERSON WILLIAMS: ...that what we're
7 saying? Alright these programs will aggregate sites
8 to develop affordable housing including one to four
9 family home ownership opportunities and up to 20
10 unit rental buildings.

11 COMMISSIONER BEEN: Mm-hmm.

12 CHAIRPERSON WILLIAMS: Need you to
13 provide some details on both of those programs.

14 COMMISSIONER BEEN: So the problem here
15 is that we have, as we talked about in the hearing
16 on vacant lands and vacant buildings we...

17 [crosstalk]

18 CHAIRPERSON WILLIAMS: ...had a lot of fun
19 that day.

20 COMMISSIONER BEEN: I, I remember it
21 well. So we have a number of small lots that are
22 difficult to develop in a, in a cost effective way
23 for affordable housing. Some of them have you know
24 contamination issues. They're, they're just,
25 they're a difficult set of properties in order to

develop them effectively. So the, the point of these programs is really to provide a way to use those to, to make lemonade out of the lemons, to take those properties, to cluster them together in ways that could achieve economies of scale but also to use those properties because they're by nature smaller developments, to use some of those properties as a way to expand our pipeline of developers to give smaller developers, developers that are just really getting started in New York City you know a chance to cut their teeth and a chance to really develop better skills so that they can then become competitive for the larger types of development. So that's some of what we're, what we're thinking about in those programs.

CHAIRPERSON WILLIAMS: Do you, how much funding will be dedicated to each program and when do you anticipate the RFP to go up.

COMMISSIONER BEEN: So we don't know yet exactly how much funding is going to be dedicated to this particular program in part because we have to start, again to go back to our earlier hearing, we have to start with a better census of where all those properties are and those vacant buildings are

2 which is something that you'll be happy to hear is
3 underway as we speak.

4 CHAIRPERSON WILLIAMS: Well I walked
5 away thinking, thinking we had a full grasp of
6 the vacancies in the city.

7 COMMISSIONER BEEN: Gosh well you're,
8 you're... okay. Then we'll leave it that way. But for
9 our purposes we are working across all the agencies
10 to try to identify all the different properties, to
11 try to look for ways that we could combine them as
12 I said. And we really don't yet have a good sense
13 of how many we're going to be able to cluster
14 together and how much money is really going to be
15 needed to make that program work well. So I don't
16 have a specific dollar figure for you on that.
17 We'll be modeling that out as we you know figure
18 out exactly what our stock is here. So when are we
19 going to announce an RFP, I would anticipate that
20 it will be by the end of this year because we're
21 spending the summer on that census and spending the
22 early fall really analyzing the ways in which we
23 could cluster those properties together. And so we
24 will I think be ready to roll out that program by
25 the end of the year or the beginning of next year.

2 CHAIRPERSON WILLIAMS: Thank you. And of
3 course I'm excited to hear that there is a plan and
4 way to try to get that information. Look forward to
5 seeing it. Two more questions... [crosstalk]

6 COMMISSIONER BEEN: You...

7 CHAIRPERSON WILLIAMS: ...and then...
8 [crosstalk]

9 COMMISSIONER BEEN: You're a strong
10 motivator.

11 CHAIRPERSON WILLIAMS: [laughter] Two
12 more questions and then I'll pass it over to my
13 colleagues. This is about Section 8 downsizing.
14 City Council recently expressed interest in
15 allocating city funds towards the cost of moving
16 expense of Section 8 voucher households who have to
17 downsize. And I believe the co-Chair mentioned
18 that. Can you provide any details or updates on
19 this proposal?

20 COMMISSIONER BEEN: So I mean as you
21 know we've been talking with, with you and others
22 about the right sizing that we're having to do in
23 order to deal with sequestration cuts to our, to
24 our Section 8 budget. We have not... I mean there,
25 there was no money in the budget for those moving

expenses so we have not developed a program around it. So... [crosstalk]

CHAIRPERSON WILLIAMS: Well we're hoping that... [crosstalk]

COMMISSIONER BEEN: ...be happy to talk about that but... [crosstalk]

CHAIRPERSON WILLIAMS: ...we put it in the, in our response in hopes that the administration will put some money in particularly for the moving expenses of those who have to be downsized... [crosstalk]

COMMISSIONER BEEN: Okay. I mean we're, we're looking at what some of our sister agencies are doing and I think we talked about that at, at, at one of the, in one of our conversations. HRA provides some moving assistance and we're, so we're really trying to scope out what's available and what would better be done by agencies that already have an infrastructure versus us.

CHAIRPERSON WILLIAMS: So we may be surprised that there may be some money put in as we move through the budget discussions for the vote.

COMMISSIONER BEEN: I, I mean you know I just can't commit right now because I, we just,

we're trying to figure out what... First of all as you know not everyone is moving. Some people are staying in place. We're trying to get a handle on how many people are requesting and receiving reasonable accommodations. We're really you know trying to understand the, the issue about the, those who are moving. And then, and trying to pair them up with existing resources. So I'm not ready to say that that money put into the budget for that would be the most effective tool but it is something that we'll continue to look at.

CHAIRPERSON WILLIAMS: Thank you and lastly about the 421A trust fund how many projects are currently in HPD's development and preservation pipeline 421A committed funds.

COMMISSIONER BEEN: Oh, let me get my chart. So we have already committed a total of 115 million in 421A tax expenditures. That's about 20 projects and it's about 22 hundred units. There's another 85 million that's scheduled in, that's scheduled to be available to us in fiscal year 2015. And we estimate that that will produce about 2,000 units. [crosstalk] I'm sorry 22, another 22 hundred units.

2 CHAIRPERSON WILLIAMS: Thank you.

3 CHAIRPERSON FERRERAS: Thank you Co-
4 Chair Williams. We're going to now pass it over to
5 my colleagues. Again a reminder we're going to be
6 on a five minute clock for the first round. And
7 should we need a second round there'll be a three
8 minute clock. We're going to have Council Member
9 Cornegy followed by Council Member Gibson. We've
10 been joined by Council Member Lander and Levin, and
11 Levine.

12 COUNCIL MEMBER CORNEGY: Thank you Madam
13 Chair and Mr. Chair. Thank you Commissioner. It's
14 always a pleasure to see you. So I have a couple of
15 questions. One is I would be remiss if I didn't
16 refer back to your new needs expense budget and the
17 request for funding for the MWBE training program.

18 COMMISSIONER BEEN: Uh-huh.

19 COUNCIL MEMBER CORNEGY: I might, I just
20 want to point out that I had the pleasure of going
21 to... School of Construction Authority has a
22 mentorship program where they're actually training
23 MWBEs to be prepared to receive contracts.

24 COMMISSIONER BEEN: Mm-hmm.
25

2 COUNCIL MEMBER CORNEGY: SCA contracts.

3 And to date that seems to be the only agency that's
4 actually going through that lengthy, it's a lengthy
5 program but it really prepares vendors to build
6 capacity within their businesses as in the MWBEs to
7 receive contracts. So I, I just want to encourage
8 HPD to potentially look at that...

9 COMMISSIONER BEEN: Absolutely, thank
10 you.

11 COUNCIL MEMBER CORNEGY: ...as a model...

12 COMMISSIONER BEEN: Mm-hmm.

13 COUNCIL MEMBER CORNEGY: ...that could be
14 used for preparing MWBEs as we look to you know
15 strengthen the, the budget and make it more robust
16 as it relates to MWBEs. If there's no contracting
17 or not guarantee, but there's no pathway to
18 contracting...

19 COMMISSIONER BEEN: Mm-hmm.

20 COUNCIL MEMBER CORNEGY: ...our small
21 businesses are suffering...

22 COMMISSIONER BEEN: Mm-hmm.

23 COUNCIL MEMBER CORNEGY: ...even when
24 there's money available.
25

COMMISSIONER BEEN: Absolutely. Well that's a great suggestion and we will, I, I will certainly follow up on that. And as you may know we're also in Albany trying to get legislation and we expect to, to get to that to help us launch a training program and also to devote a pipeline to some of the you know new, new folks who would be again like cutting their teeth on, on development projects... [crosstalk] We're very excited about that.

COUNCIL MEMBER CORNEGY: My, myself and my colleagues are interested in doing that on the city level.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER CORNEGY: ...to help prepare for that eventuality actually.

COMMISSIONER BEEN: Sure.

COUNCIL MEMBER CORNEGY: So, and also I want to just mention in districts like mine that are under the crunch of gentrification the 80/20 model has not been the most successful. You know the model 50/30/20 seems to work better because what it, what it has done in, in my district is

2 allowed more capacity to be built within the middle
3 class to stay.

4 COMMISSIONER BEEN: Mm-hmm.

5 COUNCIL MEMBER CORNEGY: And I refer
6 back to small business and to benefit the small
7 business. With the 80/20 model, with 80 of those
8 unit, 80 percent of those units being of market
9 value those particular individuals don't
10 necessarily spend the monies in the communities
11 that they live.

12 COMMISSIONER BEEN: Mm-hmm.

13 COUNCIL MEMBER CORNEGY: And the 20
14 percent because it's low income don't have the
15 capacity to spend the money and so the businesses
16 suffer.

17 COMMISSIONER BEEN: Mm-hmm.

18 COUNCIL MEMBER CORNEGY: We know that
19 this city has built its bones on, on the middle
20 class.

21 COMMISSIONER BEEN: Mm-hmm.

22 COUNCIL MEMBER CORNEGY: And middle
23 class communities like mine really thrive with a
24 model that's conducive for providing a pathway to
25 home ownership and providing a pathway to still be

members of communities that are, that are characteristic to them.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER CORNEGY: So I just want to suggest that for us 80/20 doesn't work and for districts like mine across the city 80/20 is not a model that helps sustain small business...

COMMISSIONER BEEN: Okay.

COUNCIL MEMBER CORNEGY: ...in addition to housing. So I think sometimes we got to look at the unintended consequences of some of the models that housing brings. And that particular model didn't contribute to growth of small business which is actually the lifeblood of a community. So I just want to... you know this is, this is a housing hearing...

COMMISSIONER BEEN: Right.

COUNCIL MEMBER CORNEGY: ...but I do have to interject the significance of a model that helps build small business simultaneously.

COMMISSIONER BEEN: So I really appreciate that and, and one of the things that I'm really excited about is that because the plan was done by these 13 agencies that I mentioned and, and

everybody feels an ownership stake in that we're really working across agencies. And so I'm meeting with Small Business Services next week to talk about some of these things and, and we're very excited about really moving from a model that thought about just the housing to thinking about housing and services and jobs and retail that goes with it. And so I'm very excited about that. I also wanted to mention our emergency repair program has gone from contracts of, totaling 4.5 million to 9.5 million in the last year on MWBE as, as a result of a lot of these efforts. So, so we're very happy about that. But we look forward to pushing it even further.

COUNCIL MEMBER CORNEGY: So I want to thank you for that and I, and I'm excited along with my colleagues to be a part of a progressive administration that has agencies talking together. It's, that's really going to be an important component going forward. And to think that SBS and SCA and, and HPD would have a conversation about what's, what's integral to their core but how it relates to the city's development and, and having these conversations without an economic development

component to them sometimes seem futile so it's, it's good to know that you have that on, on your mind to do. Thank you.

COMMISSIONER BEEN: Great, thank you.

CHAIRPERSON FERRERAS: Thank you Council Member Cornegy. We will Have Council Member Gibson followed by Council Member Miller.

COUNCIL MEMBER GIBSON: Thank you very much Madam Chairwoman and, and Mr. Chairman. And good afternoon Commissioner and thank you to you and your team for being here. Certainly I echo the sentiments of all of my colleagues that have spoken. And certainly the strengthening community engagement is really important. We're in the community each and every day and as you look to build this housing New York plan now that we're in the, the infancy stages I really want to emphasize the importance of working with the council as it relates to some of the ideas in this plan that we would like to see incorporated. While I know the target is 200 thousand units of housing 60 percent preservation, 40 percent new development that new development is going to be critical. You are the agency that will drive what type of development

that we have across this city. And as someone who represents the Bronx I represent the largest concentration of West Africans. And they have large families. So the biggest complaint that I always get is with all of the new housing is great to build stabilized neighborhoods it's great but it's not accommodatable [phonetic] to them. Three bedroom apartments are great but they don't necessarily fit their needs. And so while I know when we talk about large apartments it's a very difficult conversation but a part of the future discussions I would like HPD to really look at how we can address those large families. Even now-a-days no one really lives in studio apartments, even someone, you know one, one person single they prefer a one bedroom. So one and two bedrooms are great but for large families we have not really prioritized them. And so what we have across our city in my district you have families doubling and tripling up. You have multiple families living in one and two family households. And so we want to allow them an opportunity to have access to a lot of this housing. And I just had a question about the two new programs to develop the small vacant

1 sites that are privately owned. My colleague spoke
2 about some of the funding and the anticipation of
3 the RFP. Do we know what we're going to offer these
4 owners to allow us to develop or is this going to
5 be like a partnership or we're trying to take the
6 land from them? Has that been decided yet?

8 COMMISSIONER BEEN: No, so these, these
9 pieces of property would be properties that are
10 already in city ownership.

11 COUNCIL MEMBER GIBSON: Oh, okay.

12 COMMISSIONER BEEN: So...

13 COUNCIL MEMBER GIBSON: Okay, great.

14 COMMISSIONER BEEN: ...we would not be
15 using imminent domain or anything like that.
16 They're already in our ownership.

17 COUNCIL MEMBER GIBSON: Okay. And the
18 other item Mitchell-Lama. I served as an assembly
19 member prior to coming here so I know all too well
20 about rent regulation, rent stabilization,
21 repealing the URSTADT Law, MCI reform, IAIs, I can
22 go on and on. It's an everyday reality I live with
23 because of the fact that I represent about 30
24 thousand units of rent stabilized housing. And I
25 know 2015 is a big year. We have a lot of people

1
2 that are gearing up for that, that challenge in
3 Albany which we anticipate. But I wanted to know
4 the fact that we have a number of developers or
5 property owners that may opt out of Mitchell-Lama
6 is there a plan to provide any incentives or offer
7 these owners anything for them to remain in the
8 Mitchell-Lama program.

9 COMMISSIONER BEEN: Yes. We work with
10 all of the Mitchell-Lama that are either reaching
11 the end of their affordability restrictions or
12 already have. We have about 75 hundred Mitchell-
13 Lamas right now, Mitchell-Lama units right now that
14 are not subject to an affordability restriction.
15 They could opt out after giving a year's notice.
16 Many of them have been in the, have been in that
17 status for a while so they don't seem to be moving
18 to be less affordable but they...

19 COUNCIL MEMBER GIBSON: Okay.

20 COMMISSIONER BEEN: ...aren't locked in
21 quite as tight as, as we might like. But we work
22 with those buildings all the time to try to find
23 ways to offer them money for repairs, offer them a
24 long term loan, those kinds of things, to bring
25 them back under a rent regular, a regulatory...

2 COUNCIL MEMBER GIBSON: Sorry.

3 COMMISSIONER BEEN: ...agreement which...

4 COUNCIL MEMBER GIBSON: Okay.

5 COMMISSIONER BEEN: ...would usually
6 impose rent regulation or, or offer rent
7 regulation...

8 COUNCIL MEMBER GIBSON: Right.

9 COMMISSIONER BEEN: ...in exchange. So we
10 work with, there's believe me not a Mitchell-Lama
11 that has not gotten our welcome wagon...

12 COUNCIL MEMBER GIBSON: Okay, great.

13 COMMISSIONER BEEN: ...visit.

14 COUNCIL MEMBER GIBSON: Great, awesome.
15 And then the housing New York plan, I know we're
16 very anxious to get some more detail. And I know
17 this is a work in progress. The supportive housing
18 aspect of it. It's about 584 million dollars. Do
19 you have an idea of what type of supportive housing
20 and mixed income and mixed usage. And the reason I
21 ask is because I live in a borough that I've been
22 told in my district the land is cheap. And so when
23 many developers are looking to develop they come to
24 the Bronx. Often times they have an idea, a vision
25 for what type of development but usually it's based

on what tax credits and incentive programs are out these in the city and state. So a lot of times the ideas don't always mesh with the community in terms of our needs. So youth aging out of foster care, disabled veterans, homeless families, we always prioritize. What types of, of vision do you have in terms of the supportive housing because I can tell you now that in my district I'm saturated with housing for special needs. And I think we have to look at a broader approach and how we can provide more mixed income for everyone and not just a small population.

COMMISSIONER BEEN: Mm-hmm. So we are committing to, I mean we're right now providing, building new about 1,000 units of supportive housing across the city every year and we're going to continue to do that and indeed hope to increase that number. It's a, it's a wide range. It's both senior housing, housing for the formerly homeless of folks coming out of the shelters. It's housing for people with special needs like addiction issues or mental illness. We don't have any particular targets as to you know how many of which kind. Again that's more a matter of trying to under,

trying to put together the programs, the support services, what the community needs, etcetera. So we don't, we don't narrow it down by specific targets. You know we understand that first of all there's just a huge need. And some of these populations like child, you know the young adults aging out of foster care it's a tragic problem. There isn't enough. We're experimenting and have some things in the pipeline that are geared towards those youth aging out of foster care but it's a critical gap and we're trying to fill all of those gaps but we don't have any particular target numbers by you know category.

CHAIRPERSON FERRERAS: Thank you. Oh, thank you Council Member Gibson. We will have Council Member Miller followed by Council Member Rosenthal.

COUNCIL MEMBER MILLER: Thank you Madam Chair and thank you Commissioner for coming out on such, such a, an important issue. And I do have many questions here today but I want to speak specifically toward the development for a moment. And this really admirable but ambitious plan, I was not in the council of government when the

geographic exclusionary were put, put in place. And in Queens there's such, for such areas and... which doesn't include southeast Queens which I represent. Particularly Jamaica Queens which has long been cited as, a prime, in a prime position for major mixed development. And I would certainly like for you to speak to how these zones was chosen.

COMMISSIONER BEEN: Mm-hmm. Well I have to say that had you been involved in that 421A taskforce you probably would never have run for City Council because it was a deeply scarring experience. I think Council Member Lander can attest to that. But so the, the process was both a city process of drawing some lines and then that went back, that went up to Albany and the lines got redrawn a little bit up there as well. We will be 421A as you know is up again in 2015 and we will be looking at all of those exclusion areas and really trying to better align the exclusion areas with the housing plan across the board. So for example right now in many areas there are efforts, there are inclusionary zoning bonuses. And yet the 421A exclusionary is don't provide 421A to go along with the bonus. So it often makes it impossible to use

1 the, the inclusionary housing zoning in certain
2 ways. So we're going to be trying to really align
3 the geographic areas and align the programs. Also
4 we're going to be looking to align the programs in
5 the sense that it may not be the case that you
6 always need both an inclusionary housing bonus and
7 the tax incentive right. So we're really going to
8 be trying to put these two programs back together
9 in a way where they complement one another rather
10 than work in different directions.
11

12 COUNCIL MEMBER MILLER: Okay so I, I was
13 encouraged when I read through your testimony and
14 saw that part of your plan was the engagement of
15 the City Council and others...

16 COMMISSIONER BEEN: Mm-hmm.

17 COUNCIL MEMBER MILLER: ...and, and moving
18 forward. And so hopefully by doing that we could
19 better understand the full details of the plan as
20 well as having the opportunity to make sure that we
21 provide housing for everyone equitably throughout
22 the city.

23 COMMISSIONER BEEN: Absolutely, thank
24 you.
25

2 COUNCIL MEMBER MILLER: I also notice a,
3 the, a plan for training of the MWBEs.

4 COMMISSIONER BEEN: Uh-huh.

5 COUNCIL MEMBER MILLER: But there was no
6 dollar amount attached to it. So I was wondering
7 about that commitment.

8 COMMISSIONER BEEN: It's 58 thousand, 58
9 thousand dollars a year goes towards that training
10 program.

11 COUNCIL MEMBER MILLER: Okay. Also in
12 the, back to the development. The private
13 investment...

14 COMMISSIONER BEEN: Mm-hmm.

15 COUNCIL MEMBER MILLER: The private
16 investment and I was wondering about is that a
17 solid commitment from those private investors
18 particularly as it pertains to pension funds?

19 COMMISSIONER BEEN: Oh, okay. So the
20 private, the 30 billion dollars in, in private
21 funds that's basically a projection based upon the
22 kinds of commitments that we have traditionally
23 worked with the private industry on. So we, it's a
24 big number but it's, it's basically you know just a
25 straight line projection about what we've been able

1 to work with the private industry in the past. And
2 so we have every expectation that, that that money
3 would continue to be available. So that is things
4 like the tax credit equity right. And we've
5 traditionally had a very vibrant tax credit
6 program. We don't expect that that would change. WE
7 have a very vibrant you know program where lenders
8 provide the permanent financing, the construction
9 financing. So we don't, we don't expect that
10 that's... I mean 200 thousand units is a big
11 ambitious plan. And 41 billion is a big big number
12 but the private investment seems perfectly in line
13 with what it's traditionally been.

14
15 COUNCIL MEMBER MILLER: okay because
16 that is, it does make up about three-quarters of
17 the investment correct.

18 COMMISSIONER BEEN: Right but that's...

19 COUNCIL MEMBER MILLER: Okay.

20 COMMISSIONER BEEN: ...traditionally what
21 it has been right.

22 COUNCIL MEMBER MILLER: Okay so...

23 COMMISSIONER BEEN: So we, we... And let
24 me just, I, I want to come back to what you asked
25 me about the training program. The 58 thousand

dollars a year is what we put in but SBS contributes the larger amount to that program and I don't remember what their, their commitment is. I apologize.

COUNCIL MEMBER MILLER: Well we'll have a, an opportunity to ask them later on during the day. So it's terrific that the executive budget and capital plan has been doubled almost. And... Could I get a breakdown of a borough by borough breakdown of the investments that's going to occur with that additional dollars?

COMMISSIONER BEEN: No because we haven't broken it down borough by borough and I don't anticipate that we will, you know project. I mean what we do is, you know we develop a pipeline and we're out in every borough in every neighborhood trying to find both housing opportunities, ways to make housing more viable through up zonings or through, through investments of different kinds. And we do that constantly right. And we're in every borough in every neighborhood. The, the, a basic premise of the plan is that this is a five borough plan and we will be putting affordable housing in every borough because

every borough has a need for it. But I haven't, we haven't framed it out you know x percent goes here and y percent goes there because we have to be responsive to the kinds of opportunities that we can generate and that we can find in every neighborhood.

COUNCIL MEMBER MILLER: Thank you so much. I truly look forward to working with you and your agency in, in bringing affordable housing to the borough of Queens.

COMMISSIONER BEEN: As do I.

COUNCIL MEMBER MILLER: ...have many ideas so love to get together. Thank you.

COMMISSIONER BEEN: Great, thanks.

CHAIRPERSON FERRERAS: Thank you. We've been joined by Council Member Koslowitz. We will now have Council Member Rosenthal followed by Council Member Torres.

COUNCIL MEMBER ROSENTHAL: Commissioner it's so nice to see you.

COMMISSIONER BEEN: Hi.

COUNCIL MEMBER ROSENTHAL: Thank you for such a thorough and detailed explanation of what's going on here. I really appreciate it. And just to

1 follow up from what Council Member Miller said. I
2 too am looking for some nice preservation and
3 expansion of affordable housing and look forward to
4 working with you on that. In particular on the
5 upper west side we're looking at SROs that we're
6 hoping HPD will help us partner with local not-for-
7 profits that want to really take over a couple of
8 SROs in our district and maintain them for senior
9 affordable housing. So I'd love to, I'm, look
10 forward to working with you on that.
11

12 COMMISSIONER BEEN: Those are the kind
13 of opportunities we're looking for. Yes.

14 COUNCIL MEMBER ROSENTHAL: Okay the
15 Williams and Empire Hotel. So, so two follow-up
16 questions from your testimony today. First in terms
17 of the tax lean sales.

18 COMMISSIONER BEEN: Mm-hmm.

19 COUNCIL MEMBER ROSENTHAL: Did I
20 understand you right that for this fiscal year
21 you'll be collecting about 1.6 million? I, I didn't
22 quite hear. How much have you collected through the
23 tax lean sales?

24 COMMISSIONER BEEN: So we don't, we
25 don't administer the tax lean sales. That comes out

2 of... [crosstalk] Department of Finance. We
3 sometimes, I mean our interaction with the tax lean
4 sales is that we know those, often we know those
5 buildings...

6 COUNCIL MEMBER ROSENTHAL: Yeah.

7 COMMISSIONER BEEN: ...and we know those
8 owners. And when, when buildings meet the
9 definition of statutorily distressed we pull them
10 out of the tax lean sale because we see an
11 opportunity to get them back on financial...

12 [crosstalk]

13 COUNCIL MEMBER ROSENTHAL: Got it.

14 COMMISSIONER BEEN: ...and preserve them
15 as affordable housing rather than letting them go
16 to you know a lean buyer essentially.

17 COUNCIL MEMBER ROSENTHAL: Got it. And
18 then that would slip into the AEP program or...

19 COMMISSIONER BEEN: Sometimes...

20 COUNCIL MEMBER ROSENTHAL: ...Vito's
21 world?

22 COMMISSIONER BEEN: ...yeah. Yes, Vito's
23 world. Often, often they are already, they have
24 been put in the AEP program by the time they are so
25 far you know behind on, on taxes. If not we would

2 certainly look at whether they should be in the AEP
3 program or in one of our other programs.

4 COUNCIL MEMBER ROSENTHAL: Can you
5 identify how many buildings like that you were able
6 to get back on track last year?

7 COMMISSIONER BEEN: That's a great
8 question but a very difficult one. And I don't
9 know... Vito if you want to weigh in on there or you
10 want to me just dive in... So...

11 COUNCIL MEMBER ROSENTHAL: Or let me ask
12 it a different way because answer the question as
13 you work with it in your world. I don't mean for
14 this to be a convoluted way to get to this
15 particular thing. Maybe the right way to ask the
16 question is how many buildings do you fix and
17 repair and get back into service regardless of how
18 they got there, about how many? So, so maybe here's
19 a way to think of it...

20 COMMISSIONER BEEN: Mm-hmm.

21 COUNCIL MEMBER ROSENTHAL: Through your
22 AEP program it looks, sounds like you have a
23 criteria. Last year the criteria got you 187...

24 COMMISSIONER BEEN: Mm-hmm.
25

COUNCIL MEMBER ROSENTHAL: ...building, properties.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER ROSENTHAL: ...which wasn't quite the 200 bench mark but that's fine. How many, once they get in, how many come out a year?

COMMISSIONER BEEN: So over the, over the life of the program we've put 14 hundred in...

COUNCIL MEMBER ROSENTHAL: Yeah.

COMMISSIONER BEEN: ...and all but 631 of those. So that is...

COUNCIL MEMBER ROSENTHAL: Roughly 800.

COMMISSIONER BEEN: Right, 800 have come out. But I'm not prepared to say that the 631 are not successful because they, they've...

COUNCIL MEMBER ROSENTHAL: They could be very small ones...

COMMISSIONER BEEN: They could, they are... [crosstalk] They've brought down their violations. They've, in many cases we've worked out you know a financial plan. They've paid off their leans. They're making progress but they're not quite ready to push them out of the nest or they're not the buildings that we can find a responsible

owner to take over from. So, so even that 631 is not a failure right.

COUNCIL MEMBER ROSNETHAL: Yep. And so when did the program begin? When you say over the life of the program you've had 14 hundred?

COMMISSIONER BEEN: Round one was '08... is that right?

COUNCIL MEMBER ROSENTHAL: Okay and so you're... [crosstalk]

COMMISSIONER BEEEN: Okay... Oh wait...

COUNCIL MEMBER ROSENTHAL: ...roughly 200 every year. So 600's not shabby if you sort of think of it that way.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER ROSENTHAL: ...in 2008. Would you be able to break down for my district and certainly others if they're interested where the 600 are? Because if...

COMMISSIONER BEEN: Yeah, mm-hmm.

COUNCIL MEMBER ROSENTHAL: ...we could be helpful in identifying new owners we'd be delighted to do that in... [crosstalk]

COMMISSIONER BEEN: Okay.

2 COUNCIL MEMBER ROSENTHAL: ...our
3 district.

4 COMMISSIONER BEEN: Perfect. Yeah we can
5 certainly provide that.

6 COUNCIL MEMBER ROSENTHAL: Great.

7 COMMISSIONER BEEN: Thank you.

8 COUNCIL MEMBER ROSENTHAL: Then with my
9 contracts had, and I may have to come back to this
10 in round two, I'd love to talk to you about... I, I,
11 my staff is seeing roughly 47 million dollars. Is
12 that possible in contracts that HPD has every year
13 we, we have 14 million for community consultants,
14 10 million in general maintenance and 23 million
15 for general services. So I'm...

16 COMMISSIONER BEEN: Yes.

17 COUNCIL MEMBER ROSENTHAL: ...just going
18 to prep your staff for my second round because I
19 have 15 seconds left.

20 COMMISSIONER BEEN: Okay.

21 COUNCIL MEMBER ROSENTHAL: Could you,
22 I'm going to ask you in the second round sort of
23 what these contracts are for, how they work, how
24 the procurement works, and what we could be doing
25 to hire locally and maybe hire internally and...

2 COMMISSIONER BEEN: Yep.

3 COUNCIL MEMBER ROSENTHAL: ...look forward
4 to talking to you.

5 COMMISSIONER BEEN: Okay thank you.

6 CHAIRPERSON FERRERAS: Thank you Council
7 Member Rosenthal. Council Member Torres followed by
8 Council Member Rodriguez.

9 COUNCIL MEMBER TORRES: Thank you Madam
10 Chairwoman. And thank you Commissioner for your
11 testimony. I just want to convey how much I
12 appreciate the work that HPD does. I notice that
13 the executive plan allocates 146 million dollars
14 for the development of projects with HPD and NYCHA
15 on NYCHA property.

16 COMMISSIONER BEEN: Mm-hmm.

17 COUNCIL MEMBER TORRES: So I do have a
18 question about Infill Development. I was under the
19 impression that the administration would begin a
20 process of resident engagement before making final
21 decisions about Infill.

22 COMMISSIONER BEEN: Mm-hmm.

23 COUNCIL MEMBER TORRES: So why the
24 inclusion of 146 million dollars for development?
25

COMMISSIONER BEEN: So thank you. That is confusing. We are completely committed to sort of resetting the, the conversation on the NYCHA Infill properties right. And, and as you know Cecil House and Shola Lotyaye [sp?] are really starting to lay out that framework of how to engage the NYCHA residents and the surrounding communities and thinking about those Infill properties. The money that you see in the budget is that actually HPD has traditionally worked with NYCHA on properties that you wouldn't think of as being part of this Infill. So for example Randolph houses in Harlem where we're renovating you know the south side of the street where then, maybe I've got that backwards. We're renovating the, the, the NYCHA homes on one side of the street then once they're renovated we're moving NYCHA residents into there and then we're renovating those homes on the other side of the street. And that, those homes on the other side of the street will be HPD housing. So that's not traditional Infill of the type that you know...

COUNCIL MEMBER TORRES: Right.

COMMISSIONER BEEN: ...you're thinking about. We have a couple of other projects that were

1 already in the pipeline. They're traditionally
2 doing some work with NYCHA renovating buildings or
3 using some for example there's I think a parking
4 lot in, is it the Bronx which is the one, I'm
5 sorry, Arbor houses right, where you know we, that
6 was already well underway. We've traditionally done
7 quite a bit with NYCHA every year but it hasn't
8 been the big marquee...

10 COUNCIL MEMBER TORRES: So what's the...

11 COMMISSIONER BEEN: ...you know big
12 Infill...

13 COUNCIL MEMBER TORRES: ...the nature of
14 the development, the affordability of the
15 developments that are...

16 COMMISSIONER BEEN: Oh, they're all
17 completely affordable.

18 COUNCIL MEMBER TORRES: So it's at low
19 income, very low...

20 COMMISSIONER BEEN: Yeah.

21 COUNCIL MEMBER TORRES: ...income,
22 extremely low income... What, what's the breakdown?

23 COMMISSIONER BEEN: I'd have to get...
24 pardon? It's a mix. Okay so one of them for example
25 is 60 percent AMI, one of them is 20 percent at 40,

2 60, 80 percent at 60. It just, it depends on the
3 particular project. But they're all aimed at 80,
4 60, 40, and 30.

5 COUNCIL MEMBER TORRES: Okay, and 60
6 percent AMI is above 40 thousand dollars a year or
7 is that...

8 COMMISSIONER BEEN: 60 percent...

9 COUNCIL MEMBER TORRES: Which, which,
10 which strike me as unaffordable to most NYCHA
11 residents.

12 COMMISSIONER BEEN: 60 percent AMI for a
13 family of four is 50 thousand.

14 COUNCIL MEMBER TORRES: Okay, okay... But...

15 COMMISSIONER BEEN: That's the 60
16 percent. Mm-hmm.

17 COUNCIL MEMBER TORRES: Do, do NYCHA
18 residents have priority for these low income
19 housing units or...

20 COMMISSIONER BEEN: Yes they have
21 priority. I think in every one of these projects
22 they've had priority yeah.

23 COUNCIL MEMBER TORRES: I'm not sure if
24 you would have stats on what percentage of NYCHA
25

residents could afford to live in these developments?

COMMISSIONER BEEN: I don't have that with me but we can tell you how many... I mean some of these are not... You know Randolph houses were literally...

COUNCIL MEMBER TORRES: Okay.

COMMISSIONER BEEN: ...just... We just did a groundbreaking or a ribbon cutting two months ago. So some of them we haven't yet gone through that process but I can certainly tell you historically.

COUNCIL MEMBER TORRES: Okay. So Council Member Reynoso and I introduced the quality housing act. And one of the...

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER TORRES: ...components, the Reynoso component was the expansion of AEP.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER TORRES: A doubling of AEP from 200 to 400. I heard the Deputy Commissioner testify earlier that you were only able to find 187 buildings for the, under the current program so if... [crosstalk]

COMMISSIONER BEEN: This past year...

2 COUNCIL MEMBER TORRES: ...if, if the
3 council were to double the program would you be
4 able to meet that numerical objective or...

5 COMMISSIONER BEEN: Well every year the
6 building, you know the buildings that are in the
7 pipeline are somewhat different. But as, as Vito
8 was saying we also think that they, the criteria
9 need to be tweaked.

10 COUNCIL MEMBER TORRES: Okay.

11 COMMISSIONER BEEN: Right and so we're
12 going to be tweaking that criteria as well.

13 COUNCIL MEMBER TORRES: Are we
14 dedicating resources to the proactive preservation
15 initiative or...

16 COMMISSIONER BEEN: Yes.

17 COUNCIL MEMBER TORRES: Okay what kind
18 of resources are we dedicating.

19 COMMISSIONER BEEN: Do you know Vito
20 what percentage of your budget is for PPI, I
21 forget.

22 COUNCIL MEMBER TORRES: Come on Vito I
23 have a time limit.

24 COMMISSIONER BEEN: Sorry.
25

2 COUNCIL MEMBER TORRES: Come on. Come
3 on.

4 VITO MUSTACIUOLO: My apologies. I don't
5 have a percentage of the budget but the
6 Commissioner did indicate earlier that the number
7 of the staff that are coming to the agency, new
8 hires could be coming to Enforcement of
9 Neighborhood Services and we feel very strongly in
10 investing in the proactive preservation initiative.
11 It has been extremely successful. So we will be
12 allocating more heads to that program. I don't have
13 an exact number at this time.

14 COUNCIL MEMBER TORRES: Okay.

15 COMMISSIONER BEEN: That's more very
16 valuable employees.

17 COUNCIL MEMBER TORRES: I, I have
18 something of a, a hard question to answer, might be
19 an odd question. But I'm wondering, the mayor's
20 ambitious goal to create and preserve 200 thousand
21 units of affordable housing. I mean I guess how
22 much of it is dependent on factors either outside
23 of the mayor's control or, or just unknown, like
24 the renewal of New York, New York at the state
25 level, the preservation of the low income housing

2 tax credit, I, I don't know if the mayor, Mayor de
3 Blasio's receiving as many resources from the state
4 and federal government as Bloomberg did...

5 COMMISSIONER BEEN: Mm-hmm.

6 COUNCIL MEMBER TORRES: ...with his new
7 market place housing plan so...

8 COMMISSIONER BEEN: New housing
9 marketplace. So I, I can't give a precise
10 percentage. I can tell you what the, what the
11 issues are right. We've, we compared to I think
12 2008 in the middle of the new housing marketplace
13 plan our federal dollars, our federal home dollars
14 are half of what they are, of what they were right.
15 We factored that in. We know that there're, they've
16 already been cut by half in the 41 billion. We, you
17 know we projected based upon where things are now.
18 We didn't project necessarily that they would
19 return to their historic levels. We would certainly
20 like that...

21 COUNCIL MEMBER TORRES: If I can just...

22 COMMISSIONER BEEN: ...but we didn't
23 project it.

24

25

2 COUNCIL MEMBER TORRES: If I could just
3 stop you. So it seems like the mayor's looking to
4 create more housing...

5 COMMISSIONER BEEN: Mm-hmm.

6 COUNCIL MEMBER TORRES: ...over a shorter
7 period of time...

8 COMMISSIONER BEEN: Mm-hmm.

9 COUNCIL MEMBER TORRES: ...with fewer
10 resources...

11 COMMISSIONER BEEN: Mm-hmm. Why did I
12 take this... [crosstalk]

13 COUNCIL MEMBER TORRES: I sound a little
14 skeptical so...

15 [laughter]

16 COUNCIL MEMBER TORRES: So please
17 relieve me of my skepticism. How can you create
18 more housing over a shorter period of time with
19 fewer resources from the state and federal
20 government? What's different now?

21 COMMISSIONER BEEN: Well, so a couple of
22 things are different. One is that we're taking a
23 much broader approach as I said about preservation.
24 One is that we're just really determined to get
25 this done and we're you know putting a lot of, more

city resources into it and a lot more resources at the agency. I mean to, to get the staff increase that we got. So is it going to be easy, no but do we...

COUNCIL MEMBER TORRES: And I, I have a...

COMMISSIONER BEEN: ...it's possible, yes.

COUNCIL MEMBER TORRES: ...quick question about preservation. I know DHCR has a new unit known as TPU...

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER TORRES: ...the Tenant Protection Unit...

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER TORRES: ...which has been, or said to be effective at restoring many units to the rent regulated stock. Does that, would that count toward the mayor's preservation goal or that is completely separate?

COMMISSIONER BEEN: So and, and let me just point out one, one thing Council Member because I don't, because I want to be clear. In the 41.1 billion dollars that we, you know that we project that the housing will cost over the full period of time we budget in there, we anticipate

that there would be an additional one billion in city, I'm sorry in state and federal dollars. Okay, and so that could be the national housing trust fund that's being talked about. It could be you know a, a variety of things. It could be new sources of revenue. It could be a variety of things. So that's when you ask me about the vulnerabilities. We, we did not, you know we're, we're not high in the sky. We didn't think that the federal government was going to go back to its original high mark but we do anticipate that there will be some increases, exactly a billion I think. So, so if there are rent regulated units that are saved by TPU which TPU announced for example that they had added back or that they had saved 22 thousand we do not count that towards our 200 thousand unless we have actually put some resources into the building.

CHAIRPERSON FERRERAS: Thank you Council Member Torres. We will now have Council Member Rodriguez followed by Council Member Reynoso.

COUNCIL MEMBER RODRIGUEZ: Thank you Chair. Commissioner base, based on the last year data how many apartments lost the regulated status.

2 COMMISSIONER BEEN: How many apartments
3 lost their rent regulated status? I think it was 93
4 thousand since 1994. Is that...

5 COUNCIL MEMBER RODRIGUEZ: 93 thousand...

6 COMMISSIONER BEEN: I believe it's... I,
7 I'll have to get back to you. I can see the chart
8 in my head but I believe it's 93 thousand since
9 1994 when the law was changed.

10 COUNCIL MEMBER RODRIGUEZ: So no doubt
11 that, you know that, that is one of the area where
12 when we look at the 200...

13 COMMISSIONER BEEN: Mm-hmm.

14 COUNCIL MEMBER RODRIGUEZ: ...affordable
15 housing initiative I hope to see some initiative
16 included, trying to see if there's any incentive to
17 reprovide to those landlord who own some of those
18 93 thousand own regulator apartment that we already
19 has lost so that we can bring them back to be
20 regulated. Have you been thinking on those...

21 [crosstalk]

22 COMMISSIONER BEEN: Exactly. And that's
23 when I say you know in answer to Council Member
24 Torres that one of the reasons why we think this
25 plan will work even though it's so nakedly

2 ambitious is because we're going to be reaching out
3 to a much broader set of owners and trying to
4 provide them with the tools that they need to keep
5 their buildings affordable whether it's energy
6 upgrades, or water upgrades, or boiler repairs, or
7 resiliency efforts. I try to, in that way, bring
8 them back into the rent regulated program.

9 COUNCIL MEMBER RODRIGUEZ: Okay.

10 Because you know like is, it's not possible that a
11 working class or the middle class can do good in
12 life when they have to pay rent of 25 hundred and
13 they still be able to, to, to get what they need in
14 order to support their, to, to support their family
15 so...

16 COMMISSIONER BEEN: Absolutely.

17 COUNCIL MEMBER RODRIGUEZ: ...anything
18 that we can do to bring some incentive to those
19 landlord who own those apartment that laws are
20 regulated I think that's very important.

21 COMMISSIONER BEEN: Uh-huh.

22 COUNCIL MEMBER RODRIGUEZ: When, when I
23 look at, at the fiscal 2015 executive...

24 COMMISSIONER BEEN: Uh-huh.
25

2 COUNCIL MEMBER RODRIGUEZ: ...plan. On,
3 on, on the second page when, when you think about,
4 when you talk about the guiding principle...

5 COMMISSIONER BEEN: Mm-hmm.

6 COUNCIL MEMBER RODRIGUEZ: ...I just want
7 to make a suggestion. Of Course I would like to
8 follow over the meeting.

9 COMMISSIONER BEEN: Uh-huh.

10 COUNCIL MEMBER RODRIGUEZ: Number three
11 make economic diversity...

12 COMMISSIONER BEEN: Mm-hmm.

13 COUNCIL MEMBER RODRIGUEZ: In my
14 district I have a, the MTA has a rail yard which is
15 largest on the Hudson yard...

16 COMMISSIONER BEEN: Mm-hmm.

17 COUNCIL MEMBER RODRIGUEZ: ...it's 85
18 acres. I believe that that yard can provide a great
19 opportunity for the MTA to get some revenue and for
20 us also to build a tight community.

21 COMMISSIONER BEEN: Mm-hmm.

22 COUNCIL MEMBER RODRIGUEZ: Combined with
23 affordable housing project.

24 COMMISSIONER BEEN: Okay, we would love
25 to talk with you. I see big dollar numbers in any

2 decking over of things but, but we're looking at
3 all of those options so we'll talk it over.

4 COUNCIL MEMBER RODRIGUEZ: Well yeah and
5 that's the only way of how we can be able you know
6 to...

7 COMMISSIONER BEEN: Yeah.

8 COUNCIL MEMBER RODRIGUEZ: ...be part of
9 this initiative.

10 COMMISSIONER BEEN: Mm-hmm.

11 COUNCIL MEMBER RODRIGUEZ: You know I
12 want to bring attention to reality and only, that
13 happened in my district. And I know that that also
14 happened in other district.

15 COMMISSIONER BEEN: Uh-huh.

16 COUNCIL MEMBER RODRIGUEZ: Northern
17 Manhattan lost 14 thousand residents in the last
18 census from 200, from 2000 to 2010. ...most of the
19 people they have to, they was push out because they
20 couldn't pay the rent.

21 COMMISSIONER BEEN: Right.

22 COUNCIL MEMBER RODRIGUEZ: In the
23 previous administration they fail to northern
24 Manhattan. As they also to, they fail to other
25 district. Only 250 apartments, affordable apartment

will built in the whole community... And I hope that with the new leadership, with your leadership from the mayor to you as a Commissioner and the great member of your staff that you look at this in search of our... and be more creating. The excuse that they gave is we don't have much land. We don't have land to build.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER RODRIGUEZ: Well let's work with the, with the, the, with those people owner. There in the top of the island there's eight acres owned by Con-Ed. And when there's, when the last black out took place Con-Ed gave a letter of intention saying if the city will be interest to use this land to build affordable housing we will be open to talk about exchanging those land and other location. So I'm just describing that, we'll follow with meeting with you...

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER RODRIGUEZ: But I know that's what happened in northern Manhattan. It's similar to all the places where we don't have so much land in other area. And lastly I would like to say thank you to the great Deputy Commissioner,

2 Vito who is one that, he always there to do law
3 enforcement. Anytime, 6:00 p.m., 12:00 a.m. that
4 we need hand he always there so I also want to
5 recognize his great leadership and contribution...

6 COMMISSIONER BEEN: Thank you. Thank
7 you. We just actually met with Con-Ed to talk about
8 some of these issues and I'll be following up with
9 you on that.

10 CHAIRPERSON FERRERAS: Thank you so very
11 much Council Member Rodriguez. We had Reynoso and
12 Espinal but we're going to go to Council Member
13 Brad Lander. We've been joined by Council Members
14 Johnson and Ulrich.

15 COUNCIL MEMBER LANDER: Thank you Madam
16 Chair and Chair Williams. Commissioner it's great
17 to, great to see you and I'm obviously especially
18 encouraged that since the preliminary budget
19 conversation that we had with you, the housing plan
20 has been introduced. It's a great plan, there's so
21 much in it and I'm encouraged that you're coming
22 back to us as you...

23 CHAIRPERSON FERRERAS: I'm so sorry
24 Council Member... [crosstalk] I'll give you your time
25 again. We, we've been joined by Junior School of

2 the John F. Kennedy Ms. Bivian Pereski [sp?] from
3 Council Member Dromm's district. Thank you for
4 coming. Thank you we're so lucky, yes.

5 [applause]

6 CHAIRPERSON FERRERAS: Thank you very
7 much. Sorry, and...

8 COUNCIL MEMBER LANDER: No, no, no...

9 CHAIRPERSON FERRERAS: ...can we start the
10 clock again?

11 COUNCIL MEMBER LANDER: ...we are thrilled
12 to have them. Thank you. You know and you said at
13 that hearing you hoped to have a significant amount
14 of new capital and a meaningful amount of new
15 expense dollars to be able hire the staff to spend
16 and organize it. So it's great to have you sitting
17 here at the executive hearing having put a plan on
18 the table, having a significant... capital and having
19 meaningful new expense dollars to have the staff to
20 spend it. So that's a, a great place to start and a
21 lot of movement between the preliminary budget and
22 the executive budget. So congratulations and thank
23 you to you and your team and all the other folks
24 who were part of the work and to OMB for green
25 lighting the dollars and that's a, it's a lot of

progress on affordable housing. And while we've got a lot of detailed questions it's, it's enormous progress and we're really excited about it and grateful for it. I appreciate the Chair so we're actually going to have a separate oversight hearing on the plan itself so I'll save my questions about mandatory inclusionary zoning and permanent affordability for, for that hearing and focus on the budget today. To me the biggest thing is this, from a budget point of view, is the very significant increase in the capital budget, a 60 percent increase over the four years of the plan in city capital. So 40 billion dollar plan, you've broken it down 6.7 billion in city capital getting over 600 million a year in the out years of the, of this plan which is an extraordinary increase. And I just, I hope people really focus on it. It's, it's not just big and bold and lots of new ideas. It's a significant increase in capital. So I tried to look at what details I could find just about that, about, and so but I guess I want to start by asking on the city capital, the 6.7 billion where... the biggest change obviously is that it's significantly increased. What other changed assumptions are in

there from the ways you've been, we've been using city capital in the past breakdown between production and preservation, depth of affordability, what are the shifts in how you're planning to use the city, city capital from how we've been doing it in, in the past.

COMMISSIONER BEEN: Okay great question. So, so what we did to start the process out and I have to shout out Eva Tremble [sp?] who was really critical to all of our modeling and all of our budgeting. So what we did is we started with the New housing marketplace. We looked very carefully at what had actually been spent which is not always what has been allocated but what has actually been spent. We broke it down by the type of construction, whether it was preservation or new, whether it was supportive or... You know we broke it down in 1,000 different ways to try to get more detailed. We then you know made projections about how we were going to change that mix based upon our guiding principles. So we changed from... you know that plan was 70 preservation 30 new construction, we changed it to 60/40. We quadrupled the number at the very low end which takes a lot more subsidies

2 so we added more subsidy in for those. We projected
3 that we would be stretching our dollars a little
4 bit, not a little bit, we projected that we would
5 be stretching our dollars further and doing more
6 term sheets. So we, we have a projection based upon
7 where we think our term sheets are going to go, not
8 where they are right now...

9 COUNCIL MEMBER LANDER: And was that for
10 example, like is there a percent across the board
11 that you anticipate the other leveraging will
12 enable us to do less per unit or how did you...

13 COMMISSIONER BEEN: So we, we projected
14 based upon historical levels of leverage so
15 traditionally we leverage about one dollar of city
16 cap, of city funds, not just city capital but city
17 funds leverages about 3.4 dollars of private
18 capital. And so we, we continued that assumption
19 about our leverage. So it's really a, you know a
20 fairly fine grained analysis of where, what do we
21 think's going to be changing. So for example you
22 know we factored in that we would need a new, New
23 York New York type of agreement but that we were
24 going, committing to doing more of the supportive
25 housing, more senior housing, so that would take

more dollars. So, but that we would be also getting more production towards our new construction numbers out of inclusionary zoning including mandatory inclusionary zoning. And so all of that, we just, we really, we spent enormous amounts of time and, and brain damage on trying to understand both the policy shifts that we wanted the budget to reflect and what was realistic based upon both historical averages and the ways in which we were planning to tweak it.

COUNCIL MEMBER LANDER: So that's great. If there's some version of that that it would be possible to share with the council that reflects some of that analysis and I recognize some of it you want it, you know want to kind of show everybody and all the developers exactly how you've modeled what's available but those shifts in helping us understand the, you know the shift to some additional production. I mean still lots of preservation.

COMMISSIONER BEEN: Mm-hmm.

COUNCIL MEMBER LANDER: To depth of affordability, to special needs and supportive housing, to more efficient at a use... I guess I have

1
2 questions about two. Or, are there any new
3 assumptions in there around unit size related to
4 Council Member Gibson's question or we, did we
5 adjust at all to reflect the desire for larger
6 units and also for length of affordability were,
7 were those assumptions...

8 COMMISSIONER BEEN: So the length of
9 affordability is not modeled in the budget because
10 we... I mean of course as you know one of the
11 questions is do you have to pay more up front and
12 we...

13 COUNCIL MEMBER LANDER: Amen you don't
14 have to persuade me that we need to pay more for
15 it.

16 COMMISSIONER BEEN: We assumed that we
17 would not have to pay more up front for whatever
18 affordability restrictions, whatever lengthening of
19 affordability restricts we were getting right. On
20 the unit size we, we assumed that, I mean our
21 assumptions are again 10 percent 3s and 30 percent
22 2s. Right? Is that right? That's like model number
23 793 where we looked at the difference. But I
24 believe that, that we're modelling for essential 30
25

percent 2s, 10 percent 3s, and the rest 1s and, and studios.

COUNCIL MEMBER LANDER: And those are higher numbers than historically so there was...

COMMISSIONER BEEN: Historically...

COUNCIL MEMBER LANDER: ...some additional capital...

COMMISSIONER BEEN: Yes.

COUNCIL MEMBER LANDER: ...adjustment to...

COMMISSIONER BEEN: Yes.

COUNCIL MEMBER LANDER: ...achieve larger unit size?

COMMISSIONER BEEN: That's, that's more of the three bedroom units.

COUNCIL MEMBER LANDER: I will save my other questions for round two Madam Chair.

CHAIRPERSON FERRERAS: Thank you Council Member Lander.

COUNCIL MEMBER LANDER: But we would love whatever you could provide us, whatever...
[crosstalk]

CHAIRPERSON FERRERAS: Thank you Council Member Lander. I'm putting you down for round two. Council Member Levine.

2 COUNCIL MEMBER LEVINE: Thank you Madam
3 Chair and good to see you Commissioner.

4 COMMISSIONER BEEN: Good to see you.

5 COUNCIL MEMBER LEVINE: I wanted to ask
6 a couple of questions about the TIL program which
7 as you know is a...

8 COMMISSIONER BEEN: Favorite of yours.

9 COUNCIL MEMBER LEVINE: ...Tenant, Tenant
10 Interim Leadership as we transition buildings that
11 we seize from landlords to hopefully permanent HDFC
12 status. Does this figure at all, or to what extent
13 does it figure in the housing New York plan? Also
14 if you could, if you could give us a sense of the
15 number of TIL buildings and, and how many units
16 that represents citywide.

17 COMMISSIONER BEEN: So, I'm sorry I'm
18 looking at the... There are currently about 127
19 buildings and about 2,050 units in the TIL program.
20 They are included in the housing plan to move them
21 into permanent, I mean into affordable housing and
22 get them out of, of, you know their current need
23 for repairs etcetera. So they included in the 200
24 thousand, they are included in the budget.

2 COUNCIL MEMBER LEVINE: They're included
3 in the budget.

4 COMMISSIONER BEEN: Mm-hmm.

5 COUNCIL MEMBER LEVINE: And we're
6 spending, so the city is then spending money on the
7 repairs is that correct?

8 COMMISSIONER BEEN: Yes.

9 COUNCIL MEMBER LEVINE: So that, we...

10 COMMISSIONER BEEN: Will be, will be,
11 yes.

12 COUNCIL MEMBER LEVINE: Slowly?

13 COMMISSIONER BEEN: Yeah.

14 COUNCIL MEMBER LEVINE: I want to get
15 back to that question in a minute but...

16 COMMISSIONER BEEN: Mm-hmm.

17 COUNCIL MEMBER LEVINE: ...given your
18 previous definition of units that we could count
19 towards our 2,000 dollar goal...

20 COMMISSIONER BEEN: Mm-hmm.

21 COUNCIL MEMBER LEVINE: ...which is that
22 city dollars are invested.

23 COMMISSIONER BEEN: Mm-hmm.
24
25

2 COUNCIL MEMBER LEVINE: Are we counting
3 any units that are brought out of TIL to HDFC
4 status towards our 200 thousand goal?

5 COMMISSIONER BEEN: If we put money into
6 the repair and rehab, yes. And we are putting money
7 into the repair and rehab.

8 COUNCIL MEMBER LEVINE: And is, is there
9 an assumption in your, in your ten year plan on the
10 number of TIL units that will contribute towards
11 our goal?

12 COMMISSIONER BEEN: I, I think we've
13 modeled out that all 2,050 of them will be...

14 COUNCIL MEMBER LEVINE: Got it.

15 COMMISSIONER BEEN: ...included because
16 they will all get done. By golly.

17 COUNCIL MEMBER LEVINE: Well that's,
18 that's great news. And practice...

19 COMMISSIONER BEEN: And I, let me just,
20 let me back up because you asked me about TILs but
21 as you know we, we are trying to move into this new
22 program called the affordable neighborhood
23 cooperative program which always trips me up ANCP
24 and there are the total of the TIL and the ANCP
25 buildings is about 160 buildings and about 25

2 hundred units. And we, well some of those ANCP
3 buildings Ann Marie were already counted right, so
4 they're not...

5 [background comments]

6 COMMISSIONER BEEN: Yeah so... but, but
7 basically all of those are included in the plan.
8 There may be a few that already have been counted
9 towards the new housing marketplace plan.

10 COUNCIL MEMBER LEVINE: Right. I'm more
11 familiar with the TIL program and I know that in
12 practice the transition period can stretch for
13 years and if, there's buildings in my district
14 which has been 15 years or more and I understand
15 that's due to the resource constraints, that it can
16 be very expensive to bring these buildings up to
17 code...

18 COMMISSIONER BEEN: Yeah.

19 COUNCIL MEMBER LEVINE: ...replace roofs
20 and other things. It can cost millions of dollars.
21 I know there's just not enough money to move them
22 all through quickly. Is, is that accurate. And if
23 so what's, what's our total budget for this program
24 and is that changing this year considering the more
25 ambitious plan.

COMMISSIONER BEEN: So we modeled into the projection of the 41.1 billion dollars. We modeled in fixing these homes and getting them into permanent affordable ownership. As you know... the problem, the, the program has been plagued with a variety of issues right. We hit the, the housing crisis, the mortgage crisis. People were not able to get mortgages and in the meantime the repairs kind of kept building up so it's a, it's a portfolio that we know is a costly portfolio to deal with but we are fully committed to dealing with it. And I, I mean not, I didn't mean dealing with it but I, we are fully committed to addressing the needs of those buildings and moving them into permanent stable affordability programs.

COUNCIL MEMBER LEVINE: And does that mean that we can expect an increase then in annual spending on repairs?

COMMISSIONER BEEN: Yes, certainly.

COUNCIL MEMBER LEVINE: Can you, can you quantify that at all?

COMMISSIONER BEEN: So what we modeled was that the, the, that moving the TIL, so our plan is to move the TILs into the ANC program. We don't

2 need to know all the details about the, the, the
3 boarders between them but that the total would be
4 240 million over the ten years of the plan. So I, I
5 can't say that we're going to spend 24 million of
6 that next year. I, you know we didn't model it out
7 over the ten years with precision in that way. But
8 that's the plan.

9 COUNCIL MEMBER LEVINE: And how will
10 that compare to what we've spent in the last ten
11 years?

12 COMMISSIONER BEEN: We were spending not
13 very much other than just keeping things stable
14 right.

15 COUNCIL MEMBER LEVINE: So that, that
16 then represents a dramatic...

17 COMMISSIONER BEEN: Yes.

18 COUNCIL MEMBER LEVINE: ...increased
19 investment in this program.

20 COMMISSIONER BEEN: Yes it does.

21 COUNCIL MEMBER LEVINE: Great, thank you
22 very much.

23 CHAIRPERSON FERRERAS: Thank you Council
24 Member Levine. I, we're going to start the second
25 round now. It's a three minute clock and I wanted

2 to actually start it off. With regards to the
3 contractors...

4 COMMISSIONER BEEN: Mm-hmm.

5 CHAIRPERSON FERRERAS: ...that HPD hires,
6 what actions does HPD take to ensure that
7 contractors are complying with prevailing wage
8 requirements and does HPD continue to monitor these
9 contractors throughout the length of the contract?
10 And once you've identified a bad actor what is the
11 process by which you will ensure that this
12 contractor doesn't get another contract after
13 having broken our prevailing wage laws?

14 COMMISSIONER BEEN: Mm-hmm. So for any
15 project that triggers the prevailing wage
16 requirements all of our loan agreements with the
17 contractor include language requiring compliance
18 with the prevailing wage requirements. The
19 contractors and their subcontractors then are
20 required to give us weekly, the pay roll
21 information that they have so that we can monitor
22 our labor monitoring unit can monitor their
23 compliance with the prevailing wage rules. What we
24 do in that monitoring is we compare the pay role
25 information that we get from those contractors and

subcontractors against the prevailing wage schedule of course. And in addition we send verification letters to the employees at their home addresses saying what did you, what were you paid by this contractor we need to you know compare it. And so we try to audit in that, in that, in that way. The, the letters obviously provide an opportunity for those workers to alert us if they think that there's something... going on, to tell us if they think that they didn't get the amount of money that the employer said it was paying them. So that's you know a, a major way of us being able to audit and verify.

CHAIRPERSON FERRERAS: So, and in some ways it makes sense but then if someone is trying to keep their job and you're asking them whether they're getting paid what they're supposed to be getting paid...

COMMISSIONER BEEN: Mm-hmm.

CHAIRPERSON FERRERAS: ...is there a fear or what do you do in the case where there's a fear where someone just wants to keep their job knowing that the prevailing wage wasn't paid.

2 COMMISSIONER BEEN: So we, I believe
3 that we offer them the opportunity to be anonymous.
4 Obviously when we're you know trying to make the
5 case we have to build up the case. And so it does
6 provide difficulties along that line. We then, when
7 we have a reason to believe that there might be a
8 labor violation or we get a complaint of the
9 violation we, our labor monitoring unit interviews,
10 in this case somebody who came forward to us and
11 complained. We interview them. We launch an
12 investigation. We collect to the time cards, the
13 cancelled checks, all of those kinds of things. And
14 if we determine then that there was a discrepancy,
15 if there was a labor violation we notify the
16 contractor, we give them an opportunity to explain
17 the deficiency, explain what was going on. And if
18 we do not resolve it at that point we withhold, we
19 can withhold future payments that are due to that
20 contractor pursuant to the, to the labor law.

21 CHAIRPERSON FERRERAS: So how long does
22 that process usually take and if we're withholding
23 future payments for that contract does that also
24 block them from applying to future contracts?
25

2 COMMISSIONER BEEN: So when we've had an
3 issue with a particular contractor if there has,
4 has been an issue. First of all I mean we, we do, I
5 don't want to belabor the issue but we do a wide
6 variety of investigations. We do unannounced onsite
7 visits where we look to see how many employees they
8 say that they're, they have and who they say that
9 they have. So we, we have a whole system in place.
10 And it takes different amount of time depending on,
11 depending on the particular kind of, of technique
12 that we're using. I don't have any data about
13 exactly how long it took, do we... I have to get back
14 to you... [crosstalk]

15 CHAIRPERSON FERRERAS: ...yes... [crosstalk]

16 COMMISSIONER BEEN: ...about the average
17 period of time. I'm just looking at the, I do have
18 some data on how many investigations we've, we've
19 done. And then... where we you know have gotten
20 information about potential discrepancies or
21 potential problems we investigate in, in a wide
22 variety of ways as I've described. If we believe
23 that there is a, a potential issue or were
24 concerned about an issue we put a contractor on
25 what we call the, our enhanced review process where

2 we insist upon additional monitoring going forward
3 right. In some situations if we believe that there
4 has been a lack of disclosure or a false, a
5 falsehood in terms of, of the, the documentation
6 that, that we require we may in certain instances
7 ask the contractor to withdraw from the project or
8 we may tell the, force the contractor to withdraw
9 from the project.

10 CHAIRPERSON FERRERAS: And I'm assuming
11 that in that case that contractor could not apply
12 for another contract?

13 COMMISSIONER BEEN: We do not have the
14 authority under the labor laws to bar somebody
15 across the board.

16 CHAIRPERSON FERRERAS: Okay.

17 COMMISSIONER BEEN: So we have to look
18 at every project case by case. But if it is
19 somebody who has, so, so we have to look at every
20 project case by case and if it is somebody for
21 which we've had any problems they would be on this
22 enhanced review list and subject to additional
23 monitoring.

24 CHAIRPERSON FERRERAS: So there's
25 nothing while you're trying to identify a developer

2 for a site even if they've been a problem in the
3 past there's nothing that precludes them from
4 participating and winning an award.

5 COMMISSIONER BEEN: No, I mean there are
6 things that... So whenever they apply let's say to an
7 RFP, whenever they apply they have to submit to us
8 a full range of documentation where they ask all of
9 these questions not just about our projects but
10 about other projects. Have you ever been you know
11 investigated? Have you ever been found guilty?
12 Etcetera... And all of that gets taken into account.

13 CHAIRPERSON FERRERAS: Okay.

14 COMMISSIONER BEEN: I'm just saying I
15 can't put somebody on a list...

16 CHAIRPERSON FERRERAS: No...

17 COMMISSIONER BEEN: ...and say you'll
18 never get another...

19 CHAIRPERSON FERRERAS: ...I just wanted to
20 know...

21 COMMISSIONER BEEN: ...project.

22 CHAIRPERSON FERRERAS: ...there was
23 process by which...

24 COMMISSIONER BEEN: Absolutely.
25

2 CHAIRPERSON FERRERAS: ...they have to
3 self-identify as a, you know a bad apple.

4 COMMISSIONER BEEN: Well not self-
5 identify, they would be...

6 CHAIRPERSON FERRERAS: Well.

7 COMMISSIONER BEEN: ...lying if they
8 answered the question incorrectly.

9 CHAIRPERSON FERRERAS: Incorrectly.

10 COMMISSIONER BEEN: Thank you.

11 CHAIRPERSON FERRERAS: Very good. Thank
12 you Commissioner. We're going to have Council
13 Member Rosenthal, oh, I'm sorry Co-Chair Williams.

14 CHAIRPERSON WILLIAMS: I did have one
15 question. All, for with all the programs that
16 include tax exempt to, to get the programs through
17 how much money, revenue are we losing on those
18 programs, do you have any idea?

19 COMMISSIONER BEEN: Well so the, the tax
20 expenditure, what we call the tax expenditure, the
21 break that we're giving...

22 CHAIRPERSON WILLIAMS: Mm-hmm.

23 COMMISSIONER BEEN: ...is... I think I gave
24 the figures earlier, it was 115 up through 2014 and
25

2 then another, we have an allocation of another 85
3 million for 2015.

4 CHAIRPERSON WILLIAMS: Okay.

5 COMMISSIONER BEEN: That's, I'm sorry,
6 that's just for 21A. That, that's for 21A. Okay,
7 I'm sorry. I've completely, I've completely
8 confused two things.

9 CHAIRPERSON WILLIAMS: It's okay.

10 COMMISSIONER BEEN: Sorry let's, let's
11 back up. The numbers that I was giving you were
12 the, the money coming out of the fund, the actual
13 tax expenditure is every year you know when we give
14 incentives we figure out the tax expenditure. I
15 don't, unfortunately I don't have that chart with
16 me but I can certainly get that to you. And the IBO
17 also very carefully monitors that and, and, and
18 releases the list every year of the tax
19 expenditures.

20 CHAIRPERSON WILLIAMS: Okay.

21 COMMISSIONER BEEN: So that, I'm sorry I
22 confused tax expenditures versus the tax fees which
23 are a different thing.

24 CHAIRPERSON WILLIAMS: Okay.

25 COMMISSIONER BEEN: My apologies.

2 CHAIRPERSON WILLIAMS: So you'll get
3 that information to...

4 COMMISSIONER BEEN: Yeah, mm-hmm.

5 CHAIRPERSON FERRERAS: Thank you Chair
6 Williams. We will now have the second round of
7 three minute questions. And we have two members,
8 council member Rosenthal and followed by Council
9 Member Lander.

10 COUNCIL MEMBER ROSENTHAL: Thank you so
11 much. I actually just want to start with sorry the
12 tax lean sales again. If we could go back to that
13 for one second. Of the lean sales that... Actually
14 so, so you wouldn't let your buildings go into tax
15 lean sales?

16 COMMISSIONER BEEN: Well some of them we
17 do because we think that it's kind of like...

18 COUNCIL MEMBER ROSENTHAL: ...that's it...

19 COMMISSIONER BEEN: ...as a parent when
20 you've reached the end of your rope and you say
21 okay now you've got to live with the consequences
22 of your behavior, so sometimes we do.

23 COUNCIL MEMBER ROSENTHAL: Okay, and
24 when the, if you could give me a sense of how many
25 and how much is out there.

2 COMMISSIONER BEEN: Mm-hmm.

3 COUNCIL MEMBER ROSENTHAL: And does it
4 go to a debt collector, or is it a debt collector
5 that often purchases the lean or sort of what
6 happens...

7 COMMISSIONER BEEN: Oh, okay.

8 COUNCIL MEMBER ROSENTHAL: ...in the sort
9 of sense of...

10 COMMISSIONER BEEN: Mm-hm.

11 COUNCIL MEMBER ROSENTHAL: ...quantity.

12 COMMISSIONER BEEN: Well I can actually,
13 have right here handy. Let's see a total in, let me
14 just talk about 2013 because the 2014 is underway
15 right now. There were, in 2013 there were a total
16 of 28,249 properties that were eligible to go into
17 the tax lean sales. About 80 percent of those pay
18 off. It's a very strange think Council Member
19 Rosenthal. I mean people are getting bills and
20 they're getting a notice, if you don't pay in 90
21 days you're going to be on the tax lean.

22 COUNCIL MEMBER ROSENTHAL: Yeah.

23 COMMISSIONER BEEN: They wait until day
24 89 and they, 80 percent of them pay off.

25 COUNCIL MEMBER ROSENTHAL: Okay.

2 COMMISSIONER BEEN: Or enter into an
3 agreement or whatever. Okay, and so let's see. In
4 2014 there were about 25 thousand eligible to go in
5 and I don't, we, we haven't yet got the figures as
6 to how many of those paid off... [crosstalk]

7 COUNCIL MEMBER ROSENTHAL: But in 2013
8 it was 80 percent that paid off?

9 COMMISSIONER BEEN: 80 percent. No
10 those, these aren't just our properties. We're, our
11 properties are only...

12 COUNCIL MEMBER ROSENTHAL: Oh this is
13 total...

14 COMMISSIONER BEEN: ...tiny portion of
15 this. This is every homeowner, building owner in
16 the city of New York.

17 COUNCIL MEMBER ROSENTHAL: Okay. I'm
18 interested in just your numbers.

19 COMMISSIONER BEEN: Okay. We can provide
20 you with just our numbers. I don't have that...

21 COUNCIL MEMBER ROSENTHAL: Okay, and
22 then for the ones that don't pay off what happen,
23 what has happened to them?

24 COMMISSIONER BEEN: Right...

25 COUNCIL MEMBER ROSENTHAL: Great.

2 COMMISSIONER BEEN: ...we'll...

3 COUNCIL MEMBER ROSENTHAL: Contracts. So
4 general, the ten million in general maintenance and
5 repairs I take it that is Vito's world...

6 COMMISSIONER BEEN: Mm-hmm.

7 COUNCIL MEMBER ROSENTHAL: Contracts,
8 but then another 14 million for community
9 consultants. Is this, and they're I assume helping
10 tenants in some way or another?

11 COMMISSIONER BEEN: So, so let me just
12 make clear there are some, you know when, when City
13 Council allocates money to neighborhood groups...

14 COUNCIL MEMBER ROSENTHAL: Yes.

15 COMMISSIONER BEEN: Right, it, it comes
16 through us.

17 COUNCIL MEMBER ROSENTHAL: Got it.

18 COMMISSIONER BEEN: So those CCCs are
19 the City Council, you've told us give money to
20 these groups.

21 COUNCIL MEMBER ROSENTHAL: ...these
22 groups. And that's roughly 14, or 14 million in
23 total? Sorry, I apologize may I have a few more
24 minutes Chair?

25

2 COMMISSIONER BEEN: I'm sorry I may
3 have...

4 CHAIRPERSON FERRERAS: We need to have,
5 give Council Member Lander an opportunity.

6 COUNCIL MEMBER ROSENTHAL: Sure this...
7 [crosstalk]

8 CHAIRPERSON FERRERAS: And we'll have
9 another third round.

10 COMMISSIONER BEEN: six million...
11 [crosstalk]

12 CHAIRPERSON FERRERAS: Yeah we have
13 another department waiting so if you could just
14 wrap... [crosstalk]

15 COMMISSIONER BEEN: Perhaps... Yeah, so
16 it's a total for fiscal year 14 it was a total of
17 6,467,852 but that was also, that's the community
18 consultants contracts, it's some money for legal
19 services that you also...

20 COUNCIL MEMBER ROSENTHAL: Yeah.

21 COMMISSIONER BEEN: ...throw, flow through
22 us and the Center for New York City Neighborhoods.

23 COUNCIL MEMBER ROSENTHAL: Oh, great.
24 I'm going to pursue this with you in a separate
25 letter. Thank you.

2 COMMISSIONER BEEN: It's very
3 complicated. It's, it's been explained to me about
4 four times and I still get it mixed up.

5 CHAIRPERSON FERRERAS: Thank you Council
6 Member. Council Member Lander.

7 COUNCIL MEMBER LANDER: Thank you. So I
8 just want to follow up a little bit on the question
9 that Chair Williams asked about the tax
10 expenditures and the tax exemptions because you
11 know I, I think this is an important moment when,
12 while I acknowledge there's a revision anticipative
13 in a taskforce and the plan that, the 421 A tax
14 break, I think the number Council Member this year
15 is 1.1 billion dollars that we're forgoing in tax
16 revenues. And while a lot of that is historic about
17 200 million of it added in properties newly on the
18 2013 and 2014 tax rolls and while DOF provides some
19 information we can't tell in any good way or in any
20 simple way which of that, how much of that is for
21 properties that include affordable housing and how
22 much is for properties that don't. So we are still
23 giving away hundreds of millions of dollars in tax
24 breaks for new development that includes no
25 affordability. And to me that just makes no sense,

it's why I introduced legislation last week that would require some amount of affordability anywhere in the city and not allow full double dipping between 421 A and inclusionary, and I know there's some things that have to be done at the state level but there are some things that we could do by local law. No one is requiring us to give away hundreds of millions of dollars a year in an ongoing year for new condos, new co-ops, new market rate rental housing in neighborhoods that have become hot with no affordability. So I read in the plan enthusiastically that there will be a task force that's created, assembled by august with recommendations by December looking at what we can do at the city level and that what requires state and federal as well. And so I just want to make sure as we're at our budget hearing and mindful of all the great new dollars but what we're still giving away, that that's the plan for making change right.

COMMISSIONER BEEN: That's the plan.

Absolutely.

COUNCIL MEMBER LANDER: Good. So next year when we ask these questions...

2 COMMISSIONER BEEN: Obviously...

3 COUNCIL MEMBER LANDER: ...we'll be able
4 to have a both more information on the table and
5 more confidence that where we are giving away tax
6 breaks we're really maximizing affordable housing
7 as planned.

8 COMMISSIONER BEEN: Absolutely.

9 COUNCIL MEMBER LANDER: Great.

10 COMMISSIONER BEEN: That is the goal of
11 that aspect of the plan and we'll be working
12 closely with you on that.

13 COUNCIL MEMBER LANDER: Super, thank you
14 very much.

15 CHAIRPERSON FERRERAS: Thank you Council
16 Member Lander and I'll pass it over to my Co-Chair.

17 CHAIRPERSON WILLIAMS: I just want to
18 say thank you very much for coming and giving us
19 testimony. And I agree with your synopsis as, of
20 Vito as Superman. So thank you very much.

21 COMMISSIONER BEEN: Well actually I, I
22 am blessed to have many superman and superwomen at
23 the agency and I thank them all. And I can say on
24 behalf of all of the team at HPD that we are really
25 looking forward to go back to your very first

2 question in terms of working with each of you and
3 working with your neighborhoods, we are really
4 looking forward to forging a new path on that. And,
5 and I'm very much looking forward to working with
6 all of you. So thank you so much.

7 CHAIRPERSON FERRERAS: Thank you very
8 much. We will now take a two minute break so that
9 we can switch off and we will be hearing from the
10 Commissioner of Department of Buildings.

11 [long pause]

12 CHAIRPERSON FERRERAS: We will now
13 resume the City Council's hearing on the mayor's
14 executive budget FY 2015. The Finance Committee and
15 the Housing and Building Committee. Just heard from
16 the Department of Housing and Preservation, Housing
17 Preservation and Development. We will now hear from
18 the Department of Buildings. Before we hear from
19 the Department of Buildings I will turn my mic over
20 to my Co-Chair Council Member Jumaane Williams for
21 a statement.

22 CHAIRPERSON WILLIAMS: Actually my
23 statement was built into the original so we can
24 just move, my, my first statement so I'm happy to
25 just move on to the acting Commissioner. Actually

we have to do the swearing in so... Can you please raise your right hand? Whoever will be testifying please raise your right hand. Do you swear or affirm to tell the truth, the whole truth, and nothing but the truth before the committee today.

COMMISSIONER FARIELLO: I do.

CHAIRPERSON WILLIAMS: Thank you.

COMMISSIONER FARIELLO: Good afternoon Chair Ferreras, Chair Williams, and members of the Finance and Housing and Buildings Committee. I am Thomas Fariello, acting Commissioner of the New York City Department of Buildings. I am joined by Executive Director of Budget and Fiscal Operations Edwin Pemberton and other members of my staff. Our department's core mission is to advance public safety, enforce the laws that govern construction and facilitate compliant development. We continually seek innovative ways to allow safe and compliant construction to move forward faster. Today I'll review our proposed budget, headcount, staffing, and critical safety and development initiatives. Construction activity remains busy this fiscal year. Through April 30th and compared to the same period last year we have issued more

than, more than 71,200 initial new building and alteration permits. There's an increase of approximately 11 percent. Of those 1,760 are for new building permits which is an approximate increase of 43 percent. We're also observing an increase in square footage. Through April 30th the square footage in new building permits issued totaled more than 29.7 million square feet. During the same time period last fiscal year the total was less than 22 million square feet. Citywide this is a 36 percent increase. The fiscal year 215 executive budget allocates approximately 107 million in expense funds to our department. This excludes fringe benefits. Of this approximately 86 million is for personal services and 21 million is for other than personal services. As of the fiscal year 2015 executive plan the department's budgeted headcount is 1,168. Since the preliminary budget in March there has been an eight million dollar increase in funding to our expense budget for the following initiatives. Build it Back staffing and facilities four million, development hub inspection staffing two million, vehicle replacement program one million, overtime to reduce complaint backlog

.8 million. For the Build it Back program which assists New Yorkers affected by Hurricane Sandy the department's roll is to support rebuilding and repairs. This initiative will increase our workload and staffing resources that are needed. As part of the, the November plan the department was funded 17 positions. Since my preliminary budget testimony we have selected all 17 candidates for those vacancies. We anticipate all 17 of these employees will have started with our department by the end of June. Within the past two weeks additional funding was announced in the executive plan. It provides funding for 27 additional lines to support Build it Back. We are actively recruiting candidates for these new staff positions. The total build it back staffing for fiscal year 2015 will be 44 positions consisting of 15 plan examiners, 21 inspectors, seven support staff members, and one director. For fiscal year 2015 there were additional adjustments, a total of two million dollars was restored to department's budget to extend the development hub's inspection services program. To maintain an efficient and effective fleet one million dollars in funding was added to improve productivity by

replacing poorly functioning vehicles. The department has 225 vehicles for our inspectors. In addition 800 thousand dollars was added to restore overtime funding to further reduce response time to non-emergency, quality of life complaints. The fiscal year 2015 executive budget revenue plan is approximately 173 million. The Department advances construction safety in multiple ways. Our permit process holds applicants accountable. Our review confirms that plans meet building codes, safety standards and zoning regulations. Our inspections and emergency response focus on field safety. Construction can have an inherent risk. It often requires close coordination of many people performing simultaneous, simultaneous tasks within a small footprint. For this reason a multipronged approached is necessary to advance construction safety. I'd like to highlight some of our internal and public safety programs for you. Our inspector training academy has been a great success in strengthening our team. Since 2012 we have been hiring and training inspectors in groups. Before being assigned field operations these recruits must complete a 12 week training program that spans 41

causes. Through the 480 hour program they balance traditional classroom study with hands on field work. To date 91 inspectors have graduated and 18 more are on track to earn their badges next month. We also work to expand the industry's knowledge base. This year marked our 10th annual construction safety week. When we perform safety outreach events at construction sites and host an extended homeowners night in each of the department's borough offices. We have bolstered safety week with our annual Build Safe, Live Safe conference. This program consists of highly technical seminars for industry members on construction safety. To reach more people in, in the industry we have posted this year's presentation on the Department's website. In addition to employee and our industry education programs we continue to reach workers at their job sites. In the coming weeks we're expanding our Experience is Not Enough campaign to provide construction workers with lifesaving information on how to prevent material failures and falls. The building's enforcement safety team and the scaffold safety team will distribute guides at sites throughout the city and speak with workers to

answer questions. We are launching this effort in June in conjunction with OSHA's [sp?] national Safety Stand Down campaign which also focuses on preventing worker falls. Our Build Safe, Live Safe motto reflects the construction safety, reflects that construction safety does not end with a certificate of occupancy. Through our living safely campaign we educate New Yorkers on the dangers and unsafe or illegal living conditions. We created flyers in 11 languages to teach tenants how to identify a potentially illegal apartments and rooms and to explain how people can protect themselves. To date we have distributed 180 thousand flyers. We have also extended our outreach efforts to young New Yorkers. Our annual elevator and escalator safety week is a, is a good example. Our elevator experts visit elementary schools citywide to teach students how to use elevators and escalators properly. Our enforcement unit performs multiple duties. For example our emergency response team operates 24 hours a day, seven days a week often supporting the fire department and emergency response and investigating after hours construction. In addition to emergency response our

scaffold safety team conducts proactive inspections of sidewalk sheds and scaffolds to ensure compliance and structural integrity. These efforts complement our core mission of enhancing construction safety which expands beyond means and methods. We continue our commitment to update the inventory of cranes operated in New York City.

Cranes manufactured today have modern safety features and tend to be electric. Because they are not diesel powered they are less noisy and produce fewer emissions. For these reasons we are reducing the average age of tower cranes operating in New York City. In 2008 the average age of this equipment was nearly 15 years. Today the average age of tower cranes operating here is just over nine years. As part of this effort we have issued cease use orders for two models of cranes manufactured in the 1970s and 1980s and we have removed 36 tower cranes from operation. Safety enforcement are fundamental to development. In addition to our ongoing expansions of the New York City development hub we are, we are supporting the mayor's progressive agenda to, to facilitate timely approvals and sign offs. The hub will centrally

manage all fillings and inspections related to universal Pre-K, Build it Back, and affordable housing. Currently our construction experts are providing support for the mayor's universal pre-kindergarten initiative. We are working with the mayor's office on the construction process and zoning requirements for new Pre-K classrooms. Simultaneously we are moving forward with our role in the build it back program which assists with Hurricane Sandy Recovery. We have work with Build it Back architects and engineers and approved a prototype for new homes. This will streamline the approval process once our department receives Build it Back applications. In addition we have restructured our approval process for Sandy recovery projects. While we typically meet with the homeowners design profession property owners are included in the Sandy related projects. This empowers them by giving direct access to our experts. Our mission to advance safe construction dovetails with the, with the mayor's commitment to create and preserve affordable housing. We are coordinating with our sister agencies to hold unscrupulous landlords accountable. For example we

are taking enforcement action against landlords who are performing unpermitted work such as removing kitchens and bathrooms to force rent stabilized tenants from their homes. Regarding the New York City development hub this initiative transformed our approval process into a collaborative, entirely electronic platform. To date the hub's plan examiners have approved more than 18 hundred new buildings and major alterations. Building upon that success we created hub self-service. This extended the hub's online convenience to smaller projects and we now issue permits online typically within one business day. Licensed design professionals working on projects such as sidewalk sheds and façade repairs can submit their professionally certified plans, pay the fees, and have permits issued all without having to leave their offices. Similarly hub full service supports small business owners who perform more minor construction projects such as apartment renovations and office improvements. This work comprises most of the construction in New York City so easing the approval process was important. Will full serve, with full service we offer virtual plan

examinations for minor alterations. Since its November 2013 launch Hub full service has made more than 1,000 approvals. Of course the construction approval process continues beyond plan approvals which is why we created hub inspection services. When initially announced in 2011 we set a goal of performing every electrical, plumbing, and construction inspection within 10 days of an appointment request. By realigning operations, leveraging technology, and centralizing commander resources we are performing within our ten day goal. We are launching more development and construction initiatives thanks to support from the council our 2014 construction codes will go into effect on October 1st. Our experts have been meeting with industry organizations to explain upcoming changes. We are now looking to our next major code project, creating the existing building code. We will begin this process in October after the 2014 codes are in effect. Currently identifying the proper code to use can pose a challenge for architects and engineers. This new code will combine the 1938 and 1968 building codes and allow for easier use. Once it, once we complete this new

initiative we will have just two key codes, a new one for existing buildings, and the 2014 code for new construction. Finally in June we will be expanding our weekly homeowners night to include small businesses in each borough offices. Currently we provide afterhours assistance to homeowners who need to remedy violations or have zoning questions. Because small business owners often need the same personalized assistance for their renovations we will be expanding this support for their needs as well. In closing I would like to reiterate my appreciation for you support and I look forward to working together protecting all New Yorkers including the hundreds and thousands of construction workers who build our city. I will be happy to answer any questions you may have. Thank you.

CHAIRPERSON FERRERAS: Thank you very much for your testimony. There's one particular, I'm actually receiving from a constituent some information that I'm going to follow-up with you afterwards because it's kind of disjointed. But I wanted to talk about three... I have three topics that I'd like to talk about. One of them is illegal

conversions. The Department of Building's Quality of Life Taskforce investigates complaints of illegal housing and conversions. An illegal conversion is a creation of a housing unit without first receiving the approval of and permits from. Can you provide more details on the quality of life team at DOB and how many inspectors are dedicated to this unit?

COMMISSIONER FARIELLO: I, I can talk general while he gets the numbers. So we have a quality of life team which originated out of the Queens office okay. And so that, that office was getting inundated with those types of complaints. So we needed to create a separate unit and they also needed to go out at different hours you know because people weren't home when we were showing up so our access rate was very low. So that's where it originated from. And now it's branched out to the all five boroughs so... As those, that complaint type comes in you know our team now answers them all. So in 2012 we kind of went away from having a borough offices into a more centrally managed inspection unit. So we split our offices into, originally they were enforcement and development all in five

2 borough offices. Now they are enforcement and
3 develop manage centrally and they go to wherever
4 the need is. So even though they originate in
5 Queens that, that unit goes and those guys answer
6 all of those complaints. So, so we have 16 of those
7 type inspectors.

8 CHAIRPERSON FERRERAS: So you have 16
9 inspectors for the...

10 COMMISSIONER FARIELLO: Quality of Life...

11 CHAIRPERSON FERRERAS: ...all five
12 boroughs?

13 COMMISSIONER FARIELLO: Yes.

14 CHAIRPERSON FERRERAS: And...

15 COMMISSIONER FARIELLO: Again, again
16 though we, we manage centrally so if there was... a
17 raise, you know if that was an increase of those
18 type of complaints we would then put more resources
19 on that.

20 CHAIRPERSON FERRERAS: So from a council
21 member's perspective we get a complaint of illegal
22 conversion in our district, our constituents come
23 in, we call the Department of Buildings, can you
24 walk me through the process of what if an inspector
25 can't gain access? Because it's also very

frustrating when a lot of constituents say oh, you know we didn't get any follow-up, they're still there, and it's very frustrating for us to be able to crack down on those illegal conversions understanding that we have issues with affordable housing. But in many cases in case of a fire there's basements, no emergency egress, but can you walk me through the process because we seem to have a challenge when the constituents don't see a difference.

COMMISSIONER FARIELLO: Right, so when we go and access is denied or access is not afforded to us right... so no one's home or someone says you know I'm not letting you in... You know it's two kind of different things but... So we'll come back and try again at a different time and a different day right. And then if we can't get in that second time and then another complaint comes in on top of that for that same property then we'll start to look and see if we can use the, the warrants as a way to go in or we put them on for the night team to go. We start to move them to different areas where we can get them. And if we start to see a lot of complaints in one

2 neighborhood or something like that then we'll
3 start to set up and do different kind of
4 enforcement for that.

5 CHAIRPERSON FERRERAS: Okay. I want to
6 talk about personal service units of appropriation.
7 Currently the personnel service unit of
8 appropriation for the DOB covers 86 million which
9 is about 80 percent of the department's budget. And
10 from a, from the finance team's perspective it
11 becomes very difficult. This council votes on the
12 budget at the end of the day based on units of
13 appropriation. And if you have a unit of
14 appropriation that takes up 80 percent of your
15 budget we can't tell what programs are effective,
16 which ones are not, which ones you need to fund,
17 which ones are underfunded... Would you consider... and
18 I know that you're the acting Commissioner but
19 would you consider working with OMB to create a
20 more transparent and perhaps several other if not
21 at least one other unit of appropriation?

22 COMMISSIONER FARIELLO: Yeah, I don't, I
23 don't see a problem... You know we love working with
24 OMB.

2 CHAIRPERSON FERRERAS: Okay, very good.

3 And I will then just wrap up before I pass it over
4 to my co-Chair. On your vehicle replacement; DOB's
5 fiscal 2015 executive budget reflects a million
6 dollars in city funds in fiscal 2015 for the
7 purchase of vehicles for work or related to the
8 Build it Back program. Can you provide us with a
9 breakdown of these funds? Of course from our
10 perspective a million dollars is how many vehicles
11 and after Build it Back is done with which we would
12 hope that transition happens quickly and we
13 actually build back quickly what happens with those
14 vehicles?

15 EDWIN PEMBERTON: Hi, my name is Ed
16 Pemberton. The vehicles are not part of the Build
17 it Back program. The vehicles, the million dollars
18 was part of the vehicle replenishment program for
19 the department's fleet. Currently we have 225
20 vehicles and every year we have to actually
21 purchase new vehicles based on repairs and, and
22 salvage.

23 CHAIRPERSON FERRERAS: So every year you
24 have to purchase 225 vehicles?

25 EDWIN PEMBERTON: No, no...

2 CHAIRPERSON FERRERAS: Oh.

3 EDWIN PEMBERTON: ...every year there's a
4 percentage between 25 to 30 vehicles have to be
5 replenished because the fleet, you know it, it
6 reaches life cycle.

7 CHAIRPERSON FERRERAS: And what's the
8 life cycle for your vehicles?

9 EDWIN PEMBERTON: It's currently
10 anywhere between seven years and a, and 100
11 thousand miles. Seven years is, is the, the normal
12 life cycle of a car but we do have cars that longer
13 but based on them being wrecked, salvage, whatever
14 we, we need funding to replenish the fleet.

15 CHAIRPERSON FERRERAS: So is it common
16 that in seven years our vehicles are reaching 100
17 thousand miles?

18 EDWIN PEMBERTON: Well I inspectors do
19 put a lot of mileage because they, some of them
20 cover all five boroughs daily.

21 CHAIRPERSON FERRERAS: Okay, thank you.
22 Chair Williams.

23 CHAIRPERSON WILLIAMS: Thank you Madam
24 Chair. Thank you Commissioner and all for being
25 here today. First I do have to say I am kind of

1
2 annoyed at something. My committee staff has said
3 that they have reached out to your staff several
4 times of some unanswered questions from the
5 preliminary budget hearings and we haven't got any
6 response up until a couple of days ago we
7 resubmitted the questions to say that if it's not
8 answered we'll have to bring you back up again and
9 still no response. So one, wanted to make sure that
10 you were indeed getting the information, the
11 questions that we were asking. They are... the
12 unanswered... questions are the number of residential
13 illegal conversion complaints that resulted in a
14 written violation in fiscal 2015 where the
15 department was able to obtain access. We asked for
16 details and/or copies of MOUs with NYCHA related
17 building inspections. In addition clarification of
18 whether DOB issued a written violations to NYCHA
19 units. And third information on how many unsafe
20 buildings received court order remedies and if
21 appropriate this information on the borough level.
22 Do, are you aware that we were trying to get that
23 information?

2 COMMISSIONER FARIELLO: I apologize that
3 you didn't get the information. I, I have the
4 answers right now so I can...

5 CHAIRPERSON WILLIAMS: Okay. So that's
6 good to know.

7 COMMISSIONER FARIELLO: So the illegal
8 conversions. So we've attempted inspections on
9 10,354 illegal conversion complaints. Out of that
10 10 thousand access was obtained on 4,390 of those.
11 Out of that 4,390, 1,981 violations were issued. So
12 that's 45 percent of the 4,390.

13 CHAIRPERSON WILLIAMS: Thank you. On the
14 other one with details or copies of MOUs with NYCHA
15 related building inspections...

16 COMMISSIONER FARIELLO: Right we, we
17 have the MOUs here. We have two of them.

18 CHAIRPERSON WILLIAMS: Can the Sargent
19 of Arms... I just want to get a copy of those, the
20 MOU... And the clarification whether the DOB issues
21 written violations to NYCHA units.

22 COMMISSIONER FARIELLO: Yes we, we have
23 full jurisdiction over the NYCHA properties as we
24 do private properties in the city. So we write
25

2 violations and the only other thing would be those
3 two MOUs.

4 CHAIRPERSON WILLAMS: Okay. Thank you.
5 Well... more than likely have some follow-up
6 questions that will be submitted to you.

7 COMMISSIONER FARIELLO: Yeah.

8 CHAIRPERSON WILLIAMS: So just for
9 clarity you were getting, or your staff is getting,
10 we're sending to the right person basically?

11 COMMISSIONER FARIELLO: Yes.

12 CHAIRPERSON WILLIAMS: Okay. And
13 information on how many unsafe buildings receive
14 court order remedies and if appropriate this
15 information on the borough level.

16 COMMISSIONER FARIELLO: Sure I have
17 them, so I have them by borough. And the only thing
18 is that they are by calendar year so... Calendar year
19 2013 in Manhattan we had one. In the Bronx we had
20 12, Brooklyn we had 70, Queens 77, Staten Island
21 16, and that's total of... [crosstalk]

22 CHAIRPERSON WILLIAMS: Sorry so the,
23 this is 2013. In Manhattan there was one.

24 COMMISSIONER FARIELLO: Yes. I, I can
25 hand you the numbers...

2 CHAIRPERSON WILLIAMS: Okay.

3 COMMISSIONER FARIELLO: And then the
4 total was 176 for the five boroughs.

5 CHAIRPERSON WILLIAMS: 176, okay.

6 COMMISSIONER FARIELLO: I have the
7 numbers from January one of this year to March
8 16th. In Manhattan we have 0, the Bronx we have 11,
9 seven, I have in Brooklyn it's 17, Queens is 17,
10 and Staten Island is 0. So that's a total of 45.

11 CHAIRPERSON WILLIAMS: Okay. Thank you
12 very much for providing that information. I really
13 appreciate it. We did have some additional
14 questions about the, to follow, some other
15 questions. The department is adding 3.97 million
16 dollars in, for cost, for cost related to plain
17 review, for plan review I'm sorry and inspections
18 for our city's Build it Back. Is budgeting 44
19 positions for Build, in fiscal, is budgeting 44
20 positions for Build, for Build it Back work
21 including 15 plan examiners, 15 inspectors, six
22 plumber, six administrative staff, and two
23 directors at a total cost of 2.9 million? How much
24 of the increase in volume of the plan review is the
25

department anticipating and what is the duration of time these positions are budgeted for?

COMMISSIONER FARIELLO: So in working with the Build it Back folks we, we are anticipating upwards of 5,000 applications to be filed with us.

CHAIRPERSON WILLIAMS: Upwards of?

COMMISSIONER FARIELLO: 5,000.

CHAIRPERSON WILLIAMS: Thank you.

COMMISSIONER FARIELLO: And that would be overall, that's a seven percent increase to our, our normal workload. And then the duration... So the staff is budgeted for, I have 44 positions budgeted for fiscal year 15 and then from 15 to 17 it drops off to 38 positions. So, and the six that drop off are plan examiners so the thinking is that you know we're going to review the plans up front and then as they go into construction we move more towards the inspection staff. So they stay along longer to the end of the program. So that's what we're budgeted for right now. That's what we're anticipating.

CHAIRPERSON WILLIAMS: additionally DOB will be merging Build it Back staffing with NYC

development hub staffing at, in this industry. Can you elaborate on the nature of work they'll be collaborating on and what is the reason for the move to 80 Center Street?

COMMISSIONER FARIELLO: Well right now we house our New York City development hub at 80 Center Street. We have our virtual meetings there. So we have the equipment that's there. So we're going to leverage that technology that's there and so the, this Build it Back staff that we have funding for they're going to be a separate unit but they're going to be housed in, in that office. And so... and they're going to be working exclusively on these types of projects. So development hub does their thing. The Build it Back staff does their own thing. But they're in the same space.

CHAIRPERSON WILLIAMS: Couple questions on NYC Cool Roofs. How many building rooftops were painted in fiscal year 2014 and what is the timeframe for, for a building to receive a Cool Roof from the time of registration to the time of completion.

COMMISSIONER FARIELLO: Sure in, in fiscal year 2014 we did 194 buildings. That's what

were coded in that year. That was about two million square feet of roof surface. So just so you know the season is really from April to October, October, that's about when we can you know put the painting on the roofs. So it spans the fiscal year. So this is part of the year before and part of that so... And then you know from the time we get a request to go there it's about four to eight weeks before we can start actually coating the roof.

CHAIRPERSON WILLIAMS: And one on the building code. When will DOB begin working on the existing building code?

COMMISSIONER FARIELLO: Right so the 2014 construction code that was passed last December comes into effect October 1st. We are working towards implementing that, doing outreach and training of all of that. And then as soon as that's done we're going to start to form the committees to start to work on the existing building code.

CHAIRPERSON WILLIAMS: Sorry so what, what, what...

COMMISSIONER FARIELLO: So it'll be, it, middle of October on when we're... [crosstalk]

2 CHAIRPERSON WILLIAMS: Okay. I don't
3 know, do we have colleagues that had any questions?
4 Okay, so we'll put the five minute clock on for
5 Council Member Rosenthal. And Commissioner thank
6 you again your agency does important work obviously
7 of keeping our buildings up and keeping our
8 buildings safe.

9 COUNCIL MEMBER ROSENTHAL: Thank you,
10 thank you Chair Williams and thank you I guess
11 acting Commissioner. But I hear you're everything
12 in an acting Commissioner that we would want. So
13 thank you very much for your presentation this
14 morning. Couple of just very quick questions. Thank
15 you for presenting the MOU between Department of
16 Buildings and NYCHA. I'm wondering are there any
17 other MOUs between the two agencies?

18 COMMISSIONER FARIELLO: No, that, those
19 are the two that we have at the, at the moment so...

20 COUNCIL MEMBER ROSENTHAL: The two that
21 you have...

22 COMMISSIONER FARIELLO: Yeah there's,
23 there's two of them.

24 COUNCIL MEMBER ROSENTHAL: This is
25 elevators... Oh, sorry.

2 COMMISSIONER FARIELLO: There's one for
3 elevators, there's another one for inspection of
4 gas piping for cooking.

5 UNIDENTIFIED MALE: So the other one is
6 gas fire cooking. I'm sorry... [crosstalk]

7 COUNCIL MEMBER ROSENTHAL: Oh, yeah
8 that, that's okay. So the other is gas fire
9 cooking. Great. Do you have now or plan to have any
10 on code enforcement or any other areas that you're
11 contemplating putting together an MOU for?

12 COMMISSIONER FARIELLO: No not, not
13 with, not with NYCHA at all, no.

14 COUNCIL MEMBER ROSENTHAL: Not with
15 NYCHA, nothing else. So if we propose some to you
16 and urged you to contemplate them you would think
17 about it?

18 COMMISSIONER FARIELLO: Yes, certainly.

19 COUNCIL MEMBER ROSENTHAL: Okay, cool.
20 And then I want to ask a little bit about the white
21 roofs project. Can you apply online to get your
22 roof...

23 COMMISSIONER FARIELLO: Yes.

24 COUNCIL MEMBER ROSENTHAL: ...whited?
25

2 COMMISSIONER FARIELLO: I can give you
3 the...

4 COUNCIL MEMBER ROSENTHAL: Or coated.

5 COMMISSIONER FARIELLO: Yes, you can go
6 on our website and it has a link to it. It's
7 NYC.gov/coolroofs.

8 COUNCIL MEMBER ROSENTHAL: Cool and
9 what's your wait list? Is there, do you have a wait
10 list?

11 COMMISSIONER FARIELLO: I, I don't know
12 what the wait list is right now so...

13 COUNCIL MEMBER ROSENTHAL: Oh you don't
14 know how many are on?

15 COMMISSIONER FARIELLO: No.

16 COUNCIL MEMBER ROSENTHAL: Is it in the
17 dozens or hundreds?

18 COMMISSIONER FARIELLO: Well we did 194
19 last year so...

20 COUNCIL MEMBER ROSENTHAL: Yeah... I just
21 [crosstalk] wanted to get a sense of it. Are there
22 500 buildings waiting, 1,000 buildings or...

23 COMMISSIONER FARIELLO: No...

24 COUNCIL MEMBER ROSENTHAL: ...10?
25

2 COMMISSIONER FARIELLO: I don't, I don't
3 think it's near that now so... I, I think it's in
4 the, in the dozens.

5 COUNCIL MEMBER ROSENTHAL: In the
6 dozens.

7 COMMISSIONER FARIELLO: I, I can get you
8 the number if you want.

9 COUNCIL MEMBER ROSENTHAL: Okay.

10 COMMISSIONER FARIELLO: I don't, I don't
11 have... [crosstalk]

12 COUNCIL MEMBER ROSENTHAL: And... yeah I'd
13 like. If we could add that to our questions, the
14 number that are waiting to get their roofs coated.
15 And then could you tell me, do you ever partner
16 with other groups to do the coating, like the white
17 roof project?

18 COMMISSIONER FARIELLO: Yes we, we
19 partner with other groups. There's, there's two
20 parts of the program. There is the part where you,
21 a company, a building can coat their roof and then
22 self-report it to us. And so we count that towards
23 the, the bigger number of what's being coated. And
24 then there's the ones where we use the cool roofs
25 volunteers to do it. And so we, we've done

2 somewhere you know companies on their building you
3 know had volunteers from their own staff come and,
4 and we partner with them for the cool roofs
5 program. So yes we welcome that.

6 COUNCIL MEMBER ROSENTHAL: Okay. I, I'd
7 love to up those numbers. Do you have a sense of
8 how many, do you have goals of how many roofs you'd
9 like to be constructing...

10 COMMISSIONER FARIELLO: Well I...

11 COUNCIL MEMBER ROSENTHAL: ...with a
12 environmental goal or... something?

13 COMMISSIONER FARIELLO: Well I mean the
14 goal of the program is to do every possible roof
15 that we can so... I mean not every roof can be coated
16 in this way. It needs to be a flat roof. It needs
17 to be dark to begin with because some people are
18 putting in the, the light roofs today. So I mean
19 that is really our goal. So we, we don't really
20 have short term goals. We just have this long term
21 goal of trying to reduce the, the carbon footprint.

22 COUNCIL MEMBER ROSENTHAL: Okay, I want
23 to use this opportunity to give a shout out to your
24 liaison to the upper west side, Byron Munoz,
25 extraordinary.

2 COMMISSIONER FARIELLO: Oh... [crosstalk]

3 COUNCIL MEMBER ROSENTHAL: Really great
4 guy, really has a, a great patience level and very
5 cool under fire. And so I just wanted to let you
6 know we've worked, he's really been very helpful in
7 my... short runs of being in, in office. Has anyone,
8 has people already asked, I apologize I was at a
9 thing, about coordination between DOB and HPD on
10 the building code repairs or areas where there are
11 problem buildings? HPD was just talking about this...
12 I'll come back for a second round of questions.
13 Thank you.

14 CHAIRPERSON WILLIAMS: They can just
15 answer the question. I'm not sure if we're having a
16 second round so you can... what was the question...
17 okay. Council Member Rodriguez. Sorry Council
18 Member Rodriguez. But thank you for the MOUs. We
19 are also looking for information on how DOB handles
20 code enforcement when it comes to NYCHA.

21 COMMISSIONER FARIELLO: Okay, so I mean
22 something specific or...

23 CHAIRPERSON WILLIAMS: Just in general...
24 everything...

25 COMMISSIONER FARIELLO: It's, it's...

2 CHAIRPERSON FARIELLO: ...else beside gas
3 and elevators so I mean if other...

4 COMMISSIONER FARIELLO: Right it's
5 similar to we do you know every other building
6 right. So when... We are a complaint driven alright.
7 If they are on a construction project, if they were
8 doing something like that then our safety team goes
9 out there as they do for other large constructions.
10 I mean they have façade jobs that are going on. I
11 mean they're not really constructing brand new
12 buildings at the, at the moment that I know of. But
13 again we are a complaint... So if we received a
14 complaint we will send our team out there and
15 enforce it as we do you know the, the private
16 building down the block you know.

17 CHAIRPERSON WILLIAMS: Are there
18 emergency repairs made if the, I guess the landlord
19 at that point would be the city not, not doing
20 repairs or their fines levied against their repairs
21 not being made?

22 COMMISSIONER FARIELLO: Well the fines
23 because it's city property aren't levied on them
24 so... But the violation stays on the property and it
25 stays on our website until it's remedied. So they

2 are bound to you know remedy the violations just as
3 every other private citizen is so...

4 CHAIRPERSON WILLIAMS: So you can go on
5 any, you can go on a HPD website and see the
6 violations for any NYCHA building?

7 COMMISSIONER FARIELLO: You would go
8 onto our website...

9 CHAIRPERSON WILLIAMS: I'm sorry DOB,
10 yes.

11 COMMISSIONER FARIELLO: You would go on
12 our website to see the violations that were issued
13 yes.

14 CHAIRPERSON WILLIAMS: Thank you.
15 Council Member Rodriguez.

16 COUNCIL MEMBER RODRIGUEZ: Thank you
17 Chair. How many, how many building like how many
18 apartment... First question is like how easy is for
19 landlord to convey a residential apartment into a
20 commercial...

21 COMMISSIONER FARIELLO: How easy is it?

22 COUNCIL MEMBER RODRIGUEZ: Yes.

23 COMMISSIONER FARIELLO: Well it depends
24 on... Well first of all you have to start with if the
25 zoning allows it to happen right. Because the

zoning controls where the uses go in the city. So if the zoning allows a commercial space to be converted, I mean the, the residential space to be converted to commercial that's step one. And then you would file the application with us. You, you would hire an architect engineer, draw up the planes of what needs to be done. Now that could vary depending on you know what the space, how the space was laid out, you know what you're wanting to do with the commercial space. You know all of that kind of varies to what you have in, as the existing conditions. And then you would file the application with us. It's, if it is one apartment... [crosstalk]

COUNCIL MEMBER RODRIGUEZ: Do, do, do you consider it a community, the community objection when, when a, when a landlord submitted his application to convey a, a, a residential apartment to a commercial one?

COMMISSIONER FARIELLO: As I said, so we are bound by the zoning resolutions. So if the zoning allows that, that space to be converted to commercial then you know that is what the law says and then we would approve that application.

2 COUNCIL MEMBER RODRIGUEZ: Right. So...
3 and, and, and I think that with having the
4 Department of Building and, and HPD administration
5 working together this is something that I hope that
6 we can definitely look and see what progress can we
7 make. Because in my community, and again it says
8 citywide but I can talk about Washington I, we have
9 been, we been losing thousand of apartments that
10 they used to be where tenants used to occupy and
11 suddenly like, the landlord being conveying those
12 apartment, especially the first floor into doctors
13 office and, and commercials. And I think that this
14 is something, I hope that... should happen. But I
15 have a question specifically about 520 West 183rd
16 [sp?] Street.

17 COMMISSIONER FARIELLO: Okay.

18 COUNCIL MEMBER RODRIGUEZ: in Northern
19 Manhattan. Quick Realty they, I always say they
20 committed a crime two, two, like two years ago by
21 removing a number of beams, of beams from the
22 basement of that building and, and six tenant has
23 being to be relocated. Right now my question is why
24 are you waiting on the landlord to do the repair?
25

2 And why don't you get HPD to do the emergency
3 repair?

4 COMMISSIONER FARIELLO: So a couple
5 things. So if we went in and, and vacated. I'm just
6 going to assume that we did the vacate right. Our
7 vacate order orders the owner, owners and the
8 tenants out of the building right, the, the people
9 that are in there to be out of the building. It
10 does not, and we don't have the power in our vacate
11 order to force the owner to make those repairs
12 right. And so we don't have that authority.

13 COUNCIL MEMBER RODRIGUEZ: But you, you
14 can get HPD to do the repair right?

15 COMMISSIONER FARIELLO: Exactly and
16 HPD's...

17 COUNCIL MEMBER RODRIGUEZ: Okay, and,
18 and...

19 COMMISSIONER FARIELLO: ...vacate order...

20 COUNCIL MEMBER RODRIGUEZ: ...these in
21 Quick, in Quick Realty, and I'm sorry this is not
22 on you personally but this about on the previous
23 administration, Susan and the owner of Quick Realty
24 they are not good landlords in Northern Manhattan,
25 they're not. And I can personally testify because I

1 used to live in one of the building... Street. And
2 what they did at 520 West 183rd Street is not
3 acceptable. And I hope that you can work and get
4 HPD to do the emergency repair because a
5 responsible landlord cannot be waiting for more
6 than two year and having tenants and continue doing
7 the work and getting rid of, of more beams in that
8 building, putting more people in danger... So I just
9 would like for you to look, to look at that
10 particular case. This is not only about my concern.
11 It's the concern of all the elective of many
12 community activist people. So I, I just hope that
13 you know like... Again this is not on you as a, on
14 the personal level it's about what have happened
15 with the previous administration. So if there's
16 anything that we can address I really appreciate
17 it.
18

19 COMMISSIONER FARIELLO: Okay, we will
20 work with HPD.

21 COUNCIL MEMBER RODRIGUEZ: Thank you.

22 CHAIRPERSON FERRERAS: Thank you very
23 much for your testimony today. We are going to
24 close this, call this portion of the hearings to a
25 close. Thank you very much. We will take a ten

2 minute break before we are joined by EDC and the
3 Small Business Services. Thank you. 3:05:49

4 [long pause]

5 CHAIRPERSON FERRERAS: We will now
6 resume the City Council's hearing on the Mayor's
7 executive budget for FY15. The Finance Committee
8 has now been joined by the Committee on Small
9 Business Chaired by my colleague Council Member Rob
10 Cornegy and the Committee on Economic Development
11 Chaired by my colleagues Council Member Dan
12 Garodnick. Together we will hear from the
13 Department of Small Business Services and Economic
14 Development Corporation. Before we hear from SBS
15 and EDC I will turn my mic over to my co-Chairs for
16 a statement.

17 CHAIRPERSON GARODNICK: Thank you Madam
18 Chair and good afternoon. I'm Dan Garodnick Chair
19 of the council's Committee on Economic Development.
20 Today, we look forward to this Joint hearing on the
21 subject of the Economic Development Corporation and
22 the Department of Small Business Services and I am
23 very pleased to be working with my colleagues
24 Julissa Ferreras and Robert Cornegy on these
25 subjects. Today as you all know we're going to be

hearing from those two agencies to talk about the executive budget. We have raised some questions in this process starting at the preliminary budget level about the way that EDC allocates funding in its four year commitment plan. Typically we have seen a huge sum in the first year with considerably smaller sums in subsequent three years. We have asked EDC to provide a more realistic breakdown of a four year commitment plan. We have responses from them today. We look forward to talking that, talking with them about that. And certainly we have seen more balanced budgeting over a four year period in the exec. but certainly have more questions. We also are going to be looking closely at the revenue stream of EDC which of course EDC is not required to return all revenue generated to the city's general fund but it rather returns a portion of that revenue to the fund and keeps some for its operations. At the preliminary budget hearing we heard that EDC is operating at a deficit. We expect to hear more details today about revenue that is generated by EDC, what the deficit is, and how large of a reserve fund it has. We also look forward to probing with Small Business Services

questions about industrial business zones, their integrated planning initiative as well as changes that we saw between the preliminary and executive budget. With that I thank the Chair for the opportunity to say a few words and I don't want to delay matters any further. But I know that Chair Cornegy also has some comments so I will turn the microphone over to him.

CHAIREPERSON CORNEGY, JR.: Thank you Chair. Good afternoon. I'm Council Member Robert Cornegy, Jr., Chair of the Committee on Small Business. Today the committee will be presiding over the fiscal 2015 executive budget for the Department of Small Business Services and will jointly preside with the Committee on Economic Development over the executive budget for the economic development corporation. Before we begin I'd like to acknowledge the presence of all of my council colleagues. The mayor's fiscal 2015 executive budget for the Department of Small Business Services is 119 million. This is a 5.4 percent increase from the fiscal 2014 adopted budget of 113 million. In a few minutes we'll hear more from the administration on a specific plans

for these allocated funds. The Committee on Small Business is interested in learning about the neighborhood based integrated planning initiative and services SBS is providing to the, to assist New York City minority and women owned business enterprises as well as funding to support industrial and manufacturing businesses including funding for industrial and business solutions providers. The committee will also like to hear about the outreach efforts SBS is making for different initiatives including educating businesses about their obligations under the newly enacted paid sick leave law. Finally the committee would like the administration to provide updated information on the use of hurricane Sandy funds to help small businesses. I'm hopeful that the administration is prepared to answer many of our questions today. I look forward to working with the agency and other interested parties to finalize the budget in the next few months. And in closing I'd like to thank my staff and wonderful committee staff for working to put this hearing together. We'll now hear testimony from the Department of Small Business Services.

2 CHAIRPERSON FERRERAS: Thank you Council
3 Member Cornegy. And before we do that I would like
4 to acknowledge that we've been joined by Council
5 Members Koo, Rodriguez, Garodnick, well obviously,
6 Council Member Richards and Rosenthal. You may
7 begin your testimony.

8 COMMISSIONER TORRES-SPRINGER: Good
9 afternoon Chairman Garodnick, Chairman Cornegy, and
10 Chairwoman Ferreras and the members of the economic
11 development, small business, and finance
12 committees. My name is Maria Torres-Springer and
13 I'm the Commissioner of the New York City
14 Department of Small Business Services. I am joined
15 today by my first Deputy Commissioner Euan
16 Robertson and Deputy Commissioner Andrew Schwartz.
17 This afternoon I will cover how SBS serves
18 businesses, job seekers, and neighborhoods, and
19 update you on our ongoing response to hurricane
20 Sandy. I will also underline the changes to our
21 agency's budget and the programs we have launched
22 since the preliminary budget hearing back in March.
23 SBS is an agency of approximately 270 employees
24 with an overall budget of approximately 119
25 million. As I described during the preliminary

budget hearing we have three main functions, providing assistance to businesses with an emphasis in minority and women owned businesses, providing assistance to job seekers and supporting commercial districts. I will outline the programmatic and budget changes for each. First providing assistance to businesses. Our business development division provides direct assistance to businesses to help them form, operate, and grow. SBS has a network of New York City Business Solution Centers with four outside of Manhattan where businesses can take advantage of nine services; financial assistance, free business courses, employee training and recruitment, government navigation, access to incentives, selling to government, certification of local minority women owned businesses and connections to a network of pro-bono lawyers. Just last week with Council Member Koo we announced an immigrant business initiative in partnership with city community development. We recognize the value of New York City's immigrant owned businesses to our diversity and our economy. And while many of the needs of these entrepreneurs are similar to the needs of any business we also recognize that they

face unique challenges. So building on SBS's current business classes and resource offerings available in other languages we will work directly through this initiative with community based organizations across the city to identify the specific needs and challenges of immigrant owned businesses so that SBS in collaboration with the Department of Consumer Affairs, Mayor's Office of Immigrant Affairs, and other city partners can deliver the assistance that, that they need. We are also continuing to work closely with the Department of Consumer Affairs in their outreach and education efforts regarding the paid sick leave legislation. In particular we distributed one pagers and FAQ sheets at our 15 New York City business solution centers, trained more than 30 SBS, and S, and NYC Business Solution staff to deliver information on the law, distributed information to more than 150 community based organizations, featured information on the SBS and division websites and social media, and attended several town hall meetings throughout the city hosted by City Council Members, New York State Senators and Assembly Members. At the preliminary budget hearing we also discussed the

city's commitment to industrialment [phonetic] and manufacturing policy. By providing approximately 578 thousand for industrial business zones the mayor has demonstrated this administration's commitment to protecting and expanding jobs and economic opportunity. And we look forward to working with the City Council and our other partners to continue to grow the critical industrial manufacturing sector. The second programmatic division that serve businesses is the Division of Business Acceleration. This team's primary goal is to make the process of starting and operating a business less confusing and then more efficient by providing services to help navigate city government and streamline the regulatory process. More simply put this division focuses on cutting red tape. Our team provides client management services that allow business owners a single point of contact when dealing with the city. They help businesses understand government requirements to open, resolve challenges experience by existing businesses and coordinate services on behalf of, of the Department of Buildings, Fire Department, Department of Health and Mental Hygiene

and the Department of Environmental Protection.

Through the efforts of this team SBS has served over 93 hundred unique businesses and reduced the time it takes to open a business by approximately 35 percent. We're also working closely with DOH to coordinate their regulatory process and to make sure that we are providing restaurants with the most current information. The administration is continuing to relieve the burden of fines on small businesses by reducing the goal of revenue building through fining from DOH and DCA. The division also has an emergency response unit to help businesses affected by disasters, that in 2013 assisted nearly 700 businesses. They had a significant presence helping businesses impacted by the East Harlem explosion and the recent fire in Jackson Heights Queens. We are working feverishly to address the borough bias Mayor de Blasio discussed in his campaign. We know immigrant businesses and businesses outside of Manhattan get hit with more fines and violations. So we're dedicated to reaching out and helping these businesses. We have met and hosted events with local organizations, restaurant bodega association, city agencies,

council members, assembly members, and others. We are actively working with the Department of Consumer Affairs and other regulatory agencies to further streamline the inspection process and rework what is often a confusing and sometimes contradictory regulatory process. The last programmatic division specifically focused on supporting businesses is the division of economic and financial opportunity. Their mission is to make it easier for small businesses to compete for government contracts with an emphasis on historically underserved groups. In 2013 the division began the implementation of Local Law 1 which strengthens the city's previous minority and women owned business program. Local Law 1 eliminates the one million cap on contracts, strengthens certification standards, improves our online directory of certified firms, and establishes a, a detailed accountability system for agencies. The division also provides selling to government workshops, courses, and one on one assistance to help small businesses navigate the city, state, and federal procurement systems. The executive budget allocated 1.063 million for the

next four years to continue administering the compete to win MWBE capacity building initiative. We're dedicated to advancing the goals of the administration and working to reflect the city's diversity in our contracts. Now outlined in our Local Law 1 compliance report to the City Council submitted in April the total number of certified firms has reached 3,670. In the first two quarters of this fiscal year mayoral agencies awarded approximately 22.3 million in prime contracts of certified MWBEs or 24 percent of the value of the contracts covered by the Local Law 1 program. The executive budget allocated an additional 395 thousand this year and 480 for the next three years for three staff positions in order to continue the implementation of Local Law 1. These three staff will assist with certification approval, agency site visits, and technology management. As articulated in the housing plan and the one city rebuilding together hurricane Sandy report we're also encouraging local hiring and MWBE construction from participation and affordable housing construction in the recovery efforts from hurricane Sandy. Second I'd like to talk about how we serve

job seekers. This is the second core function of SBS to support job seekers through our workforce development division. The division trains job seekers, connects job seekers to opportunities, and offers businesses cost saving recruitment services. The division manages approximately a, a 60 million dollar budget, 75 percent of which is funded by the Workforce Investment Act or WIA. Like other sources that rely on federal funding we have seen a decrease of close to 20 million since 2004. The division operates 17 workforce one career centers throughout the five boroughs. Of the seventeen there are five hub centers, eight affiliate sites located in public libraries, and two sector centers specifically focused on careers in healthcare, and transportation, and manufacturing. We are at the end of the three years of funding for eight affiliate sites and are exploring the roll within the citywide workforce development strategy moving forward. Highlighted in Mayor de Blasio's speech on Tuesday we're launching the Jobs for New Yorkers Taskforce together with many city partners, leading figures from business, education, not-for-profit sector, labor, and community development. The

taskforce will coordinate workforce training and development policy across the city. On one of the initiatives that the taskforce will develop is the tech talent pipeline, a workforce intermediary that will combine city, state, and federal funding to reach and to recruit, to reach, recruit, and train underemployed and unemployed New Yorker, design new curricula to meet employer needs, and engage employers in building the talent pipeline. We have secured funding from JP Morgan Chase and commitments from New York Community Trust and the New York City Workforce Funders. One of the programs in the tech talent pipeline will help coordinate is the New York City web development fellowship. This five month training program offers web development training for people with little to no coding experience. You may have also seen our New York City craft entrepreneurship program for low income underemployed adults with craft skills to train them with the skills to create an online store. We offer this program in five boroughs and will soon offer it in three additional languages. We also currently have the Brooklyn Tech Triangle Program for city tech students to gain experience

through internships in technology and manufacturing in downtown Brooklyn. Providing veterans with workforce support is also a focus of this division with the support of the Robin Hood foundation SBS launch the workforce one veterans employment initiative in 2012 we have put 10 veteran specialists in our workforce one centers assuring that any veteran that walks into a center gets priority treatment. Since the program's inception we have served nearly 6,000 veterans and help connect 13 hundred to jobs. PricewaterhouseCoopers was selected to conduct our veteran procurement study. This study will size the market of veteran owned businesses and their ability to compete for city contracts. It's underway and we're on target to deliver recommendations by the end of the year. Next serving commercial districts. Our third core function is to support commercial districts throughout the city. We're excited to welcome Blaise Backer who is the former Executive Director of the Myrtle Avenue Revitalization Project as Deputy Commissioner of our Neighborhood Development Division which works closely with community based organizations like BIDs, LDCs, and Merchants

Associations to create conditions for businesses and neighborhoods to grow and thrive. Today there are 69 business improvement districts with 45 bids outside of Manhattan. The Neighborhood Development Division Administers and provides oversight of the BID program and helps guide property owners, businesses, public officials, and local stakeholders through the BID formation process. BIDS invest more than 112 million annually in supplemental maintenance and improvements in promotion of their respective districts to make them better places to live, work, and visit. On Monday the mayor authorized three amendments to BID plans for the Alliance for Downtown New York, the Church Avenue BID, and the Kings Highway BID. And in early fall we are looking forward to the launch of a BID on the west shore of Staten Island and the expansion of the Fordham Road, Fordham Road BID in the Bronx. The executive budget allotted about 145 thousand for two additional positions in the Neighborhood Development Division, one that will be a BID support, provide BID program support, and the other for continuing our organizational capacity building services. NDD also manages Avenue NYC

which is a competitive grant program that funds local economic development organizations to carry out... revitalization projects. It is funded by federal community development block grants targeting investments in low and moderate income neighborhoods. The division is currently managing nearly 1.4 million in avenue NYC contracts in 46 neighborhoods across 39 organizations. We are sending out award notices for FY15 shortly. Additionally NDD continues to provide dedicated technical and capacity building assistance and other critical resources to community organizations through our retail recruitment, neighborhood leadership, website redevelopment, and citywide storefront improvement programs. Moving on to our efforts to continue to help hurricane Sandy impacted businesses. We spoke with you recently about the hurricane Sandy business loan and grant program. And I wanted to take this opportunity to affirm SBS's commitment to helping businesses affected by hurricane Sandy get back on their feet. Since the storm hit we've distributed through both public and private funding 23.4 million in direct loan and grant assistance as part of the SBS

2 hurricane Sandy relief programs with more than 2.8
3 million in tax exemptions to the New York City
4 industrial development agency. To date our programs
5 have awarded nearly 14 hundred loans and grants to
6 small businesses impacted by Sandy. Days after the
7 storm hit SBS launched a 20 million dollar
8 emergency loan and matching grant program and a
9 five million dollar small business grant program
10 funded by city and private dollars. The programs
11 offer 25 thousand dollar low interest loans with 10
12 thousand dollar matching grants and up to five
13 thousand dollar grants to damaged businesses. In
14 May of 2013 the city announced the federal
15 community development block grant loan, loan
16 program for businesses that still had unmet need.
17 SBS worked with our agency partners at EDC and OMB
18 to develop the application, policies, and
19 procedures to ensure compliance with HUD
20 regulations and hired and trained a staff
21 specifically dedicated to assisting applicants. We
22 continue to provide technical assistance to
23 businesses applying for the 150 thousand dollar low
24 interest loan and up to 60 thousand in matching
25 grants from the federal CDBG funds. To date 104, 54

2 applications have been submitted to the lender. 14
3 businesses have been approved for loans and grants
4 under the program totaling more than 3.1 million.
5 Of these eight business have received funding
6 totaling 2.48 million in assistance. We know
7 however that we have to do better and I'm committed
8 to redoubling our efforts to streamline the
9 hurricane Sandy business loan and grant program
10 process and to get more businesses through the
11 pipeline. This involves the following steps,
12 working closely with OMB, HUD, and other government
13 partners to address systemic issues that need to be
14 fixed specifically a few programmatic changes
15 including raising the maximum cap amount for loans
16 and grants and importantly decoupling the loan from
17 the grant element would, would allow us to award
18 grants more quickly and award grants to the many
19 businesses who have provided us feedback that they
20 are overleveraged and can no longer take additional
21 loans. And revisiting the eligibility requirements
22 mandated by HUD to increase the number of eligible
23 businesses. The next step is cutting down the
24 compliance review process so that businesses can
25 get the support they need more quickly. Third

2 improving the capacity of our account managers who
3 directly assist businesses with the program
4 applications. One solution we intend to implement
5 is working with community development finance
6 institutions or CDFIs to provide businesses with
7 technical assistance. We will also be adding
8 additional staff where needed. And last we plan to
9 continue improving outreach to increase businesses'
10 awareness of this program. I will do everything
11 that I can to continue improving the rate of awards
12 through this program so that businesses can get the
13 help that they need and certainly welcome any
14 feedback you might have to ensure we are making
15 businesses aware of this program in the most
16 effective way. In conclusion at the Department of
17 Small Business Services we are committed to
18 fulfilling Mayor de Blasio's vision for a
19 progressive, diverse, and economically thriving New
20 York City. Together with the support of the City
21 Council we will continue to work to strengthen our
22 neighborhoods, grow the economy, and improve the
23 lives of hardworking New Yorkers. I'd like to thank
24 you for your attention and your dedication
25

2 continuing to improve the small business climate in
3 New York City.

4 PRESIDENT KIMBALL: Good afternoon
5 Chairpersons Ferreras, Garodnick, Cornegy and
6 members of the Committees on Finance, Economic
7 Development, and Small Business. I am Kyle Kimball,
8 President of the New York City Economic Development
9 Corporation or NYCEDC. And I'm pleased to testify
10 before you today. Together with EDCs Chief
11 Operating Officer Zach Smith and other members of
12 my staff I will briefly discuss our operating
13 capital budgets as well as a few of the principals
14 that will guide EDC's work over the coming months.
15 EDC is a not-for-profit that operates under two
16 annually renewed contracts with the city, a master
17 and maritime contract under the leadership of
18 Deputy Mayor, Deputy Mayor for Housing and Economic
19 Development Alicia Glen we are working hard to
20 cultivate a strong and diverse economy with, with
21 opportunity for all New Yorkers. To accomplish
22 these goals we have three primary functions. First,
23 we manage a wide range of capital construction
24 projects on behalf of the city and are also
25 responsible for managing some of the city's major

assets. At approximately 60 million square foot portfolio of about 150 properties ranging from food distribution centers to cruise terminals to commercial properties. Second we execute the real estate transactions on behalf of the city hoping to revitalize and establish vibrant neighborhoods by inducing projects that provide high quality jobs, affordable housing, and community amenities. Third we functionally serve as a think tank and foundation making strategic programmatic investments to diversify and strengthen our economy. EDC is designed to be a self-sustaining entity. We receive no operating funds from the city and deriving revenues primarily from property management, financing fees and land sell proceeds. EDC utilizes the revenue generated by our assets not only to make financial contributions to the city but to make strategic investments either as reinvestments into our own assets or to fund our broad spectrum of programs and services. The funds we receive from the city are strictly in the form of city capital directly allocated for specific projects. We also receive minimal tax... from the city none of which is for EDC's daily operations.

With respect to EDC's financial contribution to the city we make a required annual contract payment and also include payments to eliminate the gap or pegs that largely take the form of additional contributions to the general fund. In FY15 we expect our total payments to the city to be approximately 88 million. From 2001 to 2015 it is expected that the EDC will have made payments to the city totaling approximately 1.6 billion when you include land sale revenues. So while our operations are self-sustaining as an organization we serve as a revenue generator for the city, we depend on city capital to realize many of our projects particularly those that have the capacity to be truly transformative outcomes. Since the recession of 2008 and 2009 EDC's economy has, sorry, New York City's economy has greatly outperformed the nation as measured by the jobs created. The flip side of that coin is that while the number of jobs is up many of these jobs are in lower paying sectors with little or no opportunity to ladder up rather than higher paying jobs would allow more New Yorkers to enter and stay in the middle class. A growth of lower wage jobs means

that poverty rate has remained flat since 200 but in absolute numbers more New Yorkers are actually below the poverty line because of population increases. In fact a recent study found that 46 percent of New Yorkers are at or near the poverty level with an increased seeing among households with two working adults. And the growth of low paying jobs combined with increasing pay at the very top has significantly increased the gap between rich and poor in recent years. We've, we believe that this current path is simply unsustainable and renders our economy less resilient if and when there is another economic or exogenous shock to the system. So the pressing question has become what tools do we have to combat economic inequality and how can we best use them. And how can we meet the challenge of both transforming the city's economy and making it more resilient for the generations to come. A good example of that is in the Brooklyn Army Terminal. The mayor has proposed funding for a number of key EDC projects that we believe help meet this challenge. Just yesterday the mayor visited the site for one of these projects, the Brooklyn Army

2 Terminal, or BAT where the administration has
3 called for 100 million of city capital to be
4 invested in the development of 500 thousand square
5 feet I BATs building A from raw unusable space to
6 fully leasable space that can support dozens of
7 industrial companies and create thousands of jobs.
8 This is a, a significant step forward in the city's
9 30 year history of investing tens of millions of
10 dollars in activating BAT where more than three
11 million square feet of leasable space is now 99
12 percent occupied by approximately 100 tenants
13 employing more than 36 hundred people. Tenant
14 companies include firms performing textile,
15 textiles, furniture manufacturing, and small
16 electronic, and even chocolate manufacturing which
17 I believe you may have the ability to do quality
18 control during the course of this testimony.

19 CHAIRPERSON FERRERAS: Now it makes
20 sense.

21 PRESIDENT KIMBALL: Hopefully no one
22 has a nut allergy. Yes.

23 UNIDENTIFIED MALE: Someone did a
24 conflicts check?

25

2 PRESIDENT KIMBALL: Chuck Torres [sp?]
3 is one of our tenants at BAT. We thought it
4 appropriate that small business at a city owned
5 facility should be, should have the ability to make
6 a, have their own testimony here. So the activation
7 of this additional 500 thousand square feet of
8 space is estimated to create nearly 1800 permanent
9 jobs including both quality jobs at tenant
10 industrial companies as well as area jobs induced
11 by the increased activity and foot traffic to the
12 area as well as approximately 600 construction
13 jobs. This 100 million in city capital funding will
14 compliment an additional 15 million EDCs separately
15 investing in the total renovation of the
16 administration building across the street in the
17 back complex bringing its entire 50 thousand square
18 feet online and ready for occupancy in 2016
19 creating an additional 100, 100 jobs. Jobs in the
20 industrial sector are widely acknowledged as good
21 well-paying jobs offering skills acquisition
22 through apprenticeships and training as well as
23 opportunities for advancement. It is because of
24 that, this that the mayor chose to announce the
25 city's Jobs for New Yorkers Taskforce that Maria

mentioned at BAT drawing attention to not just the thousands of good jobs already created there but to the facilities immense potential going forward. And of course you have a standing and open invitation to visit BAT at any time to see for yourself. But despite BAT successes there is still more to do.

We'll enter BAT's next phase of activation in, in conjunction with further efforts to connect this extraordinary site with the surrounding community especially with respect to workforce development.

As one of the leaders along with Commissioner Torres-Springer of the Jobs for New Yorkers Taskforce I will be working with my colleagues to take a comprehensive blue sky look at how EDC prepares New Yorkers for the jobs of today and tomorrow. We have existing workforce arrangements in place at BAT but this is certainly an area where we could really improve our efforts. Our goal is to ensure that when employment opportunities re available they can be filled by area residents who have the skills to perform them and consequently benefit from a stable local quality employment base. Partnering with local business community we aim to create a real-time feedback loop so that our

2 workforce development efforts are a reflection of
3 the current and the future demand for skills. We
4 intend to connect as many local residents, not only
5 to new employment opportunities at BAT but also to
6 other private industrial, public and private
7 industrial developments in Sunset Park looking to
8 other successful workforce developments in, at
9 industrial sites such as the Brooklyn Navy Yard to
10 identify the best practices in the area. Further
11 this major investment in BAT connects to our
12 ongoing work to support the industrial
13 manufacturing sectors. We are currently conduct,
14 conducting a comprehensive study looking at ways we
15 can support, retain, and even grow these critical
16 businesses and the quality jobs they provide
17 throughout the entire city and we look forward to
18 sharing our findings with you later this summer.
19 The mayor has also proposed new funding in the
20 executive budget to advance several major
21 infrastructure projects across the city with the
22 express purpose of unlocking potential for a
23 transformative neighborhood creation or
24 revitalization including thousands of units of
25 affordable mixed income housing, commercial and

community space, and creating tens of thousands of jobs in the process. For example approximately 180 million in new funding has been proposed including 41 million in FY15 to advance major infrastructure improvements and related work at Coney Island.

Together with 140 million already budgeted to date this 180 million will provide both brand new and upgraded storm and sanitary sewers and related investments to increase their capacity so that the ambitious mixed use residential development enabled by the Coney Island comprehensive rezoning in 2009 can be realized unlocking approximately 45 hundred units of new affordable and mixed income housing as well as much needed neighborhood retail services and jobs. In Staten Island construction is underway on Stapleton in a mixed use project. Many years in the making that, in its initial phase will bring roughly 900 units of housing, 30 thousand square feet of ground floor retail, and five acres of new waterfront... to the Stapleton community. Nearly 100 million in new funding for infrastructure and open space has been proposed by the mayor to lay a strong foundation to move forward with their future phases of the project which will become an

important community anchor and a key part of the city's comprehensive strategy to further promote economic growth on the North Shore. The first phase alone is leveraging over 150 million in private investment and is anticipated to create more than 100, 11 hundred construction jobs and 150 permanent jobs. Finally the 99 million in new funding has been allocated in the executive budget to enable the necessary infrastructure and open space work to support the expansion of the Hunters Point South project in Long Island City Queens. The first phase of this project transformed a vacant industrial site into an entirely new neighborhood with permanently affordable mixed income housing, a school, and extraordinary waterfront park for which EDC's capital team managed the construction and is considered an example of worldwide best practices for resilient design and construction. Now with these additional funds we can engage in preparations for the critical work, support hundreds of additional units of housing, community facilities, additional space and more. We expect this project to catalyze overall more than two billion in private investment and create more than

46 hundred jobs. These are just a few of the hundreds of projects we're currently working on at EDC. At any given time we are incubating new companies, building new infrastructure for the Department of Environmental Protection, overseeing the development of Cornell Tech on Roosevelt Island and the New York Wheel on Staten Island, managing 60 million square feet of real estate, establishing 100 million of venture capital fund for... biotech companies, developing commercial retail space and affordable housing, creating new programs for the development of UPK space, or moving 3,000 people per day on the East River Ferry. In each case from Kingsbridge Armory to the Bronx to Seward Park in Manhattan from the storefronts on Staten Island's north shore to the air cargo facilities at JFK our projects create jobs, train, and employ New Yorkers, build institutions, transport cargo and people, enhance our environmental and economic resiliency, and make the city a better place to live, work, learn, and play. With the continued support of, and in partnership with the City Council through these projects and others we will remain committed to our core goal of ensuring New

2 York remains the global center of commerce and
3 culture while fighting economic inequality. Thank
4 you and I'm now happy to answer any questions.

5 CHAIRPERSON FERRERAS: Thank you very
6 much for both of your testimonies. I just want to
7 remind my colleagues that we're going to be on a
8 five minute clock with a three minute second round.
9 I actually want to ask SBS, hi.

10 COMMISSIONER TORRES-SPRINGER: Hi.

11 CHAIRPERSON FERRERAS: Some... my first
12 questions. We have been talking with many agencies
13 in coordination and I must tell you that there are
14 several agencies that are saying they're going to
15 working really closely with you. Consumer affairs
16 being one of the main ones. So when we talk about
17 the different partnerships that you have city,
18 agency, citywide what, what are your primary
19 partners in reaching out to small businesses?

20 COMMISSIONER TORRES-SPRINGER: Given the
21 work that the agency does we necessarily have to
22 work with many agencies. So let me just mention a
23 few areas. In our economic development and
24 workforce development sphere we work very closely
25 for sure with, with President Kimball of the

Economic Development Corporation, with the Department of City Planning, with DOT on the workforce side, with NYCHA, with DYCD, and others. As it relates to small businesses we definitely work very closely with the Department of Consumer Affairs. And I think there is a lot of opportunity. I, I had a long conversation with Commissioner Julie Menin about ways to build on the relationship in the past but to do more to ensure that we are working together to provide timely and accurate information to small businesses. Then the, the last thing I'd mention is our Division of Business Acceleration works with a number of regulatory agencies, DEP, DOH, DCA, DOB, and FIRE... the list goes on and on. And their work there is to really stand in the middle of all of those agencies but be a single point of contact for a business owner who wants to open a restaurant. And that it is proven to be an invaluable service to small business owners in the city because it, it, it allows for a, a relationship that gets them through what is often a complicated process. And you know Robinson Hernandez is the Deputy Commissioner of that division and works every day with, with all of

2 those regulatory agencies. So in some lots of them
3 and we're continuing to do more.

4 CHAIRPERSON FERRERAS: In speaking with
5 Commissioner Menin we did focus on a lot of the
6 nuances that she's bring to that department. A lot
7 of it is about engaging, translating a lot of
8 documents, the tool kits, and so on and so forth.
9 So for many years we, we viewed consumer affairs
10 role to be more enforcement and SBS outreach. It
11 seems that she's also working on doing more
12 outreach not that we're opposed to that. However
13 how, where are the synergies in your program which
14 I can imagine could be challenging moving forward
15 to find... because we come from these very different
16 cultures but that's why you, we have two amazing
17 Commissioners. But we definitely need more synergy
18 in your programming so that resources aren't
19 replicated and that we're actually reaching out to
20 small businesses.

21 COMMISSIONER TORRES-SPRINGER: Right I,
22 I'm glad you mentioned that. I, I think you're
23 right that we do need more synergies and if you're
24 a, a business owner in many ways you, you think of
25 government as all of these agencies and you'd, it's

sometimes hard to distinguish one from the other.
 So we need to make sure that in delivering and
 communicating with businesses that, that the
 agencies know of each other's work and that when
 we're doing outreach it's, it's not duplicated and
 it's not contradictory which has been a problem in
 the past. The second thing I mentioned is just a
 couple of hours ago I sat with Commissioner Menin
 and Commissioner Nisha Agarwal and a few other
 Commissioners on the issue of language access. And
 I think there, there too is an incredible
 opportunity for the agencies not just to comply
 with the language access law but to really share
 best practices to make sure that as we deliver
 information to businesses again that we are doing
 it in a way where they understand it, that we
 understand that, their language needs and that we
 are as agencies sharing information to do that in
 the best possible way.

CHAIRPERSON FERRERAS: And in speaking
 about immigrant and I, and I know that you've
 rolled out your initiative with Council Member Koo
 recently but a lot of the issues that we find with
 the workforce, the workforce outreach component to

immigrant groups is that many of our immigrants are professionals in their native countries. And there really isn't a program that's working with them to help them bring those skills either to, return to college and, and get licensed and certified or to, so that we don't have doctors driving cabs. And when we have, so can you speak to me on, on opportunities that you see through the workforce development program where we're using people's skills and because you come here as an immigrant you're not forced into a different trade after you've been trained for so many years in their native countries.

COMMISSIONER TORRES-SPRINGER: So it, I'm very committed to ensuring that across our different business lines workforce business development that we are thinking about immigrant communities not just in terms of outreach but in terms of programs. And so the immigrant business initiative is a great example of working with CBOs on the ground who are going to deliver services business need. On the workforce development front I, I have been very familiar with the issue of... in, in too often underemployed immigrants to the city

who are, are making a livelihood but if, it, with a particular certification with some counselling through the process of getting that certification could be more gainfully employed. And so we have partners in CUNY and others who've been talking to about this and it's an area that I think we need to explore further. But in the meantime I do know that EDC and when this was getting off the ground I was part of it does have an immigrant bridge program that tackles this very issue and so I will ask President Kimball to talk about... [crosstalk]

PRESIDENT KIMBALL: Sure we do have a, a program called Immigrant Bridge that is really sort of aimed at this idea of the underemployed immigrant. And we have been working I think with about 400 or so immigrants. We identified a couple of CBOs. We have seen it as a pilot program. This is something we started when Maria was at EDC. And it's something we're trying to learn from as a pilot to see how we can scale it up. But it is something that we have identified as a, a great area to focus on income ability.

CHAIRPERSON FERRERAS: How long has your pilot been in existence... [crosstalk]

2 PRESIDENT KIMBALL: I think we started
3 about two years ago, yeah.

4 CHAIRPERSON FERRERAS: Okay, so when do
5 you surmise that you'll get some... [crosstalk]

6 PRESIDENT KIMBALL: So the, just to give
7 you a sense of the program. So the program goes,
8 there is a training piece and then there is a, at
9 the end of it, the real innovation in our
10 particular program was there was a loan at the end
11 of it. So there is a training process... they were
12 identified, there was a training process in terms
13 of jobs, skills necessary, tests, sort of dependent
14 on the level of underemployment, and the, the real
15 innovation was that we worked with amalgamated
16 bank, or are working with amalgamated banks. So the
17 next phase of the project is giving them a loan. So
18 there are a lot of programs that have, private
19 programs who are focused on sort of working with
20 immigrants but the innovation here was giving them
21 a loan so that they could go out and actually take
22 the risk, take the test, in the meantime pay their
23 bills. So we are sort of wrapping that up, that
24 program this year the, the loan component I think
25

2 is still in progress. But we're hoping to sort of
3 see results of that very quickly.

4 CHAIRPERSON FERRERAS: Okay. President
5 Kimball I'm going to ask you a question and then
6 I'll come back on the second round for more
7 questions because I want to give my colleagues and
8 my Chairs an opportunity to ask questions. I, I saw
9 your presentation. You have to know that I'm going
10 to ask you about Willets.

11 PRESIDENT KIMBALL: Sure.

12 CHAIRPERSON FERRERAS: I am shocked that
13 there isn't a picture or something in your
14 presentation about Willets after we did so much
15 work on it. Can you please give me an update? Where
16 are we? How many properties have been purchased by
17 the city? Imminent domain possibilities? Where are
18 we with infrastructure and so on...

19 PRESIDENT KIMBALL: Sure.

20 CHAIRPERSON FERRERA: ...and so forth?

21 PRESIDENT KIMBALL: So, so Willets is
22 obviously a, a big project that we're, we're very
23 focused on. So in terms of the relocation we are
24 working with... We own about, we own a vast majority
25 of the properties, about 95 percent of the

properties in our contract for the remaining portion. So at this time we're still working very hard. Nothing has changed there in terms of working very hard to avoid using imminent domain. With respect to the businesses the, the math here is hard to put together. So I'm just warning you in advance. But the, there's approximately 120 companies that are on properties. And we have been dealing with the landlords not necessarily the companies. So we have been structuring land deals with the, the landlords but are also providing assistance to the tenants, so financial assistance. So the, we, about 120 companies that we've been working with about 30 or so are go, 30 or 40 are part of the Sunrise co-op which is a separate exercise. We were working with them as part of the joint relocation. Then you have another 50 or so companies that have either taken assistance and moved or, or, about 50 companies that have taken assistance and moved. And then you have a number of different other tenants who are working with HPD in terms of the relocation assistance. So basically every company has been touched or not touched several times in terms of different relocation

2 assistance. So we're making good progress there.
3 And of the original 15 million that was set aside
4 for tenant relocation we have about nine that
5 remains. That is not including whatever might go to
6 the Sunrise co-op. The, in terms of the
7 infrastructure the off, off site infrastructure is
8 completed. And we are waiting to get access to all
9 of the properties to begin the onsite work.

10 CHAIRPERSON FERRERAS: Do you see any
11 need, and I, and this really didn't come up in our
12 conversations I don't think, but do you see any
13 need for infrastructure updates with the build out
14 of the mall?

15 PRESIDENT KIMBALL: The infrastructure
16 of the offsite, the offsite infrastructure we're
17 putting in place contemplates...

18 CHAIRPERSON FERRERAS: Well it's,
19 consideration of the mall.

20 PRESIDENT KIMBALL: ...the mall. The, the
21 retail destination.

22 CHAIRPERSON FERRERAS: The retail
23 destination.

24 PRESIDENT KIMBALL: Yes. The other
25 pieces...

CHAIRPERSON FERRERAS: The mall.

PRESIDENT KIMBALL: [laughter] The, so the last thing I'll say is also on the ramps for...

CHAIRPERSON FERRERAS: Yes.

PRESIDENT KIMBALL: ...the affordable housing component we have actually begun construction in that process and are working closely... so that process has begun.

CHAIRPERSON FERRERAS: So the design and, design of the ramps are almost completed? Is that what you're saying?

PRESIDENT KIMBALL: The process has begun... It's...

CHAIRPERSON FERRERAS: What does that mean?

PRESIDENT KIMBALL: So the, we had to start... the key getting item was really starting the design process for the ramps working with SDOT and that is, and that's really sort of the beginning of the process that we had not begun at the end of the last administration and we, and we had basically kicked that off. So in terms of the overall timeline, the overall timeline is still exactly the same. We're actually trying to find ways to

accelerate it in the design process. So this is essentially saying we have really gotten down to designing exactly how the ramps are going to flow and where they're going to go and how they're going to be built and how, how the, the, how the build process will interact with the intersection of the grand central and the van wick [sp?]. So this is where the, sort of where the rubber has met the, meets the road in terms of the design.

CHAIRPERSON FERRERAS: And just for the record we really need these ramps to be able to... [crosstalk]

PRESIDENT KIMBALL: For the affordable housing.

CHAIRPERSON FERRERAS: ...affordable housing.

PRESIDENT KIMBALL: Yeah.

CHAIRPERSON FERRERAS: So if we're talking about the 200 thousand affordable housing plan that we just discussed with Commissioner Been earlier this morning in reality this is a great opportunity to be able to expedite this and get these affordable housing built.

2 PRESIDENT KIMBALL: Yes, and the mayor
3 has asked us to do everything we can to accelerate
4 it as fast as we can to get those, that housing.

5 CHAIRPERSON FERRERAS: Thank you
6 President Kimball and I'm going to pass it over to
7 my co-Chair, Co-Chair Garodnick.

8 CHAIRPERSON GARODNICK: Thank you Madam
9 Chair and I am going to direct my questions at
10 least in the first round to Mr. Kimball. Thank you
11 for your testimony, your presence too, both of you
12 of course. I wanted to just focus on the revenues
13 to the city and also the capital expenditures
14 specifically and I'll save specific projects for
15 after. When, when you were here in the preliminary
16 budget hearing you had indicated that the, that EDC
17 was going to be giving back 133 million dollars to
18 the city. I, I see here from your chart that it is,
19 well at least in terms of direct revenues to the
20 city EDC is now siting 365 million dollars which of
21 course is a much bigger number than has been in
22 really any year since 2001. Tell us what changed
23 since the prelim. and what is different about 2014
24 from all the other years on the chart?

2 PRESIDENT KIMBALL: The FY14, the 364
3 number reflects a pass-through of the civic center
4 facility, so the 20, the two civic center
5 facilities we sold on behalf of DCAS that reflects
6 the amount of money that's passing through EDC to
7 the city which is around 200. So the, that's,
8 that's the main difference.

9 CHAIRPERSON GARODNICK: Okay so the...

10 PRESIDENT KIMBALL: 130 is, is still
11 appropriate.

12 CHAIRPERSON GARODNICK: So the, the 133
13 that you cited back at the prelim. is still correct
14 that the difference between the 365 and the 133 is
15 attributable to the sale of those two...

16 PRESIDENT KIMBALL: Two civic center
17 buildings.

18 CHAIRPERSON GARODNICK: Okay thank you.
19 You also noted that EDC was running on a, deficit.
20 And if the numbers haven't changed I'm assuming
21 that that still is the case. Is that, is that
22 right?

23 PRESIDENT KIMBALL: We're in the, we're
24 in the process of an audit right now. So we'll
25 probably will update those numbers but we probably

2 wills... we will definitely have a deficit. It's just
3 a question of how large the deficit is. But, so we,
4 we are in the process of, of a year-end audit right
5 now with... [crosstalk]

6 CHAIRPERSON GARODNICK: How, how many
7 years has EDC been running on a deficit.

8 PRESIDENT KIMBALL: This will, I guess
9 last year was the first year.

10 CHAIRPERSON GARODNICK: Was the first,
11 okay.

12 PRESIDENT KIMBALL: Yeah.

13 CHAIRPERSON GARODNICK: And you, you
14 used funds from the operating reserve to be able to
15 plug that deficit is that right?

16 PRESIDENT KIMBALL: Correct. Yeah.

17 CHAIRPERSON GARODNICK: How much, how
18 much came out of the operating reserve?

19 PRESIDENT KIMBALL: Last year it would
20 have been around 10 I believe. Is that right... Why
21 don't you come around. Spencer... Yeah, but that's
22 about right yeah.

23 CHAIRPERSON GARODNICK: 10?

24 PRESIDENT KIMBALL: Yeah.
25

2 CHAIRPERSON GARODNICK: 10 million? And
3 do you replenish that reserve every year?

4 PRESIDENT KIMBALL: We, we would if, we,
5 we don't budget to, so it's not part of our budget
6 to replenish it. We would if our, if we weren't
7 running on a deficit we would.

8 CHAIRPERSON GARODNICK: If you weren't
9 running on a deficit...

10 PRESIDENT KIMBALL: If we were not
11 running on...

12 CHAIRPERSON GARODNICK: ...you would?

13 PRESIDENT KIMBALL: ...a deficit we would...

14 CHAIRPERSON GARODNICK: Okay...

15 PRESIDENT KIMBALL: ...but we are.

16 CHAIRPERSON GARODNICK: ...and how much
17 money is currently in the operating reserve EDC?

18 PRESIDENT KIMBALL: So the last year end
19 audit was... now this is not money, this is assets.
20 So the difference is some of this is property, IOUs
21 from the city, that kind of thing. But the, the
22 unrestricted assets is around 200 million, 212 at
23 the last year end audit.

24

25

2 CHAIRPERSON GARODNICK: So the, the 200
3 million dollars in unrestricted assets include
4 property and IOUs?

5 PRESIDENT KIMBALL: Includes properties
6 that the city has asked us to buy like properties
7 in Willets that we actually own title to, or Coney
8 Island which there's a lot of property in Coney
9 Island that the city has asked us to buy on its
10 behalf that are, so those are assets to EDC but
11 they're not, it's not money.

12 CHAIRPERSON GARODNICK: And how much of
13 the 200 million is in cash?

14 PRESIDENT KIMBALL: I can get back to
15 you. I don't, I don't know off the top of my head.

16 CHAIRPERSON GARODNICK: Okay, let's talk
17 for a minute about the, the capital allocations.
18 We, we had discussed at the preliminary budget
19 hearing what looked like an imbalance and this was
20 not unique to EDC of course as we later heard from
21 the budget director of funds that were attributable
22 to the current fiscal year while the, the dollars
23 attributable to later fiscal years were
24 considerably less. In fact at the preliminary level
25 we had 1.1, more or less 1.1 billion dollars

1 allocated for fiscal year 14 and then either 30,
2 50, or 18 allocated for the... [coughs] years. Now
3 you have made an adjustment here so as to shrink
4 that differential between fiscal year 14 and the
5 out years which you know we, we thank you for, for
6 that. But you also added 600 million dollars more
7 in capital spending from where you were at the
8 preliminary budget from 1.1 billion to 1.7 billion.
9 Can you, to start can you tell us what that is for?
10 That's a, that's a rather significant difference.
11

12 PRESIDENT KIMBALL: Sure so the, the
13 question around the timing piece... you know we would
14 love to spend money as fast as it gets given to us
15 for our own infrastructure and, but there's
16 certainly a process involved with OMB for getting a
17 CP which can take anywhere from six weeks to six
18 months, sometimes longer. So we do our best to try
19 to figure out what we can do in terms of EDC
20 capital. The other component is there's a lot of
21 capital that's flowing through EDC that is not
22 necessarily an EDC project. So a good example is in
23 a funding agreement that might come to us. It might
24 come to us in a certain fiscal year but it takes a
25 year or two for the process, for the project to

actually get to the point where it's actually able to draw down on city capital. And that's not necessarily a problem with targeting or, per say, it's just it was allocated in a certain year but then it's not spent until it becomes an actual project where OMB's fine with it and they're able to draw down... It may be design, it might be a whole bunch of different issues. So a lot of that, a lot of the spreading out, we try to do the best we can in terms of spreading out but sometimes we don't necessarily have control. So the, in terms of the additional capital budget the programs that I can speak to that are specifically EDC are homeport, the, Coney Island and BAT are sort of the big sort of capital projects that were added to our budget on, that we asked for.

CHAIRPERSON GARODNICK: Okay so we are aware of the allocations of 373 million dollars for Coney Island West and Hunters Point South and Stapleton all cited in your presentation. The BAT allocation was another 100 million dollars. That's around 473 million is the, the allocation of 118 million dollars for the Navy yard also included...

[crosstalk]

2 PRESIDENT KIMBALL: That's in our,
3 that's in our budget... [crosstalk] Governors Island
4 yeah...

5 CHAIRPERSON GARODNICK: And also 51
6 million for waterfront properties is that also part
7 of that...

8 PRESIDENT KIMBALL: That's part of EDCs,
9 what's called our water lump... So essentially...

10 CHAIRPERSON GARODNICK: Water lump?

11 PRESIDENT KIMBALL: That's what's called
12 the water... [laughs] yeah. This is essentially...

13 CHAIRPERSON GARODNICK: You need a, you
14 need a better name for that.

15 [laughter]

16 PRESIDENT KIMBALL: Yeah. The, there is
17 essentially... So we are tasked with maintaining
18 waterfront properties around the city and, so OMB
19 gives us a certain amount of money every year to
20 maintain piers and sort of waterfront properties on
21 its behalf. And so they just give us a lump amount
22 of money to do that and then we go back to them
23 with specific projects. And they just put 51
24 million into the water lump for waterfront... But
25 it's not necessarily associated with a specific

2 project but just... since we're tasked with
3 maintaining the waterfront we will then go back to
4 them with, with specific projects.

5 CHAIRPERSON GARODNICK: So that's not
6 included in the new...

7 PRESIDENT KIMBALL: It would be included
8 in the, in the...

9 CHAIRPERSON GARODNICK: It is. Okay...
10 [crosstalk]

11 PRESIDENT KIMBALL: That, that new, that
12 51 is, it's, it's being moved around inside the
13 budget code.

14 CHAIRPERSON GARODNICK: Okay, and then I
15 assume also then the, the governors island and 20
16 million for Willets are also included in that new
17 600 or so million dollars.

18 PRESIDENT KIMBALL: Yeah so Navy yard
19 and Governors just flow through us.

20 CHAIREPRSON GARODNICK: But they're in
21 that, they're in the tally... [crosstalk]

22 PRESIDENT KIMBALL: It should be in the
23 tally. [crosstalk]

24 CHAIRPERSON GARODNICK: ...it's a flow
25 through but they're in the tally?

2 PRESIDENT KIMBALL: Yeah.

3 CHAIRPERSON GARODNICK: Okay. And then
4 one more question and then I'm going to, well maybe
5 two. The, there's still 891 million dollars that
6 are currently in the budget for fiscal year 2014
7 which of course ends imminently.

8 PRESIDENT KIMBALL: Sure.

9 CHAIRPERSON GARODNICK: Of that 891
10 million dollars how much do you expect to actually
11 spend by the end of June 30th? If not, maybe it's
12 all of it.

13 PRESIDENT KIMBALL: That's a good
14 question. I can... Is Elizabeth here? I can, I don't
15 know... I can, I can get you the answer to that
16 question in terms of what's... The question is what's
17 not, what are we going to be able to CP, what have
18 we CPed to this point, what are we going to be able
19 to CP by the end of the year?

20 CHAIRPERSON GARODNICK: Right.

21 [crosstalk] Because you would think, you would
22 think that at this point you would have a pretty
23 clear vision of what you're going to get those
24 approvals to move forward on which would mean that
25 at the point of the executive budget I would think

2 we would have our most accurate view on fiscal year
3 2014.

4 PRESIDENT KIMBALL: Right.

5 CHAIRPERSON GARODNICK: And would mean
6 that 2015 would likely be a larger number than the
7 233 million dollars that you have allocated.

8 PRESIDENT KIMBALL: Yeah I can, I can
9 get back to you once I talk to a budget director.
10 Because the 891 might also include Navy Yard and
11 Governors Island that I don't know what they're
12 going to be able to do. So let me just figure out
13 what we've CPed for and gotten a budget code for
14 because essentially when the, the point at which
15 the money is committed to EDC is the point at which
16 the budget code is issued to us so they might issue
17 a CP. But they may not issue a budget code. So the
18 budget code is sort of the real moment where OMB
19 goes out and bonds for the amount of money. So
20 that's sort of the moment where it really sort of
21 matters. I think whether or not the money has been
22 or is going to be spent. So what I need to give to
23 you is take that number back out whatever is
24 associated with Navy Yard and Governors Island,
25 what we've CPed and gotten budget codes and what we

2 think we're going to CP and get budget codes for
3 for the next two months.

4 CHAIRPERSON GARODNICK: Right which of
5 course will help us get the clearest picture about
6 where we are now versus next year. And then lastly
7 you have made the adjustment of a 50 million dollar
8 number for fiscal year 2015 up to 233 million
9 dollar number for fiscal year 2015. It, it at least
10 in part in response for our request that you do
11 more accurate allocations from one year to the
12 next. So tell us then what is that additional 183
13 million dollars expected to be spent on now that
14 you have made that adjustment. I, I assume it by
15 the way will be considerably more in light of the
16 question which I think you're going to answer for
17 me from our, you know the, the previous question.
18 But what, what is your anticipation of the 183
19 million dollars for...

20 PRESIDENT KIMBALL: It's...

21 CHAIRPERSON GARODNICK: ...fiscal year 20...

22 [crosstalk]

23 PRESIDENT KIMBALL: It's a huge capital
24 budget so it's not necessarily a... it could be
25 anything from spread about, spread across a dozen

2 different projects in terms of the 183. We might
3 do, be doing for ourselves or for DEP. It might be
4 the permeable concrete for DEP. It could be a
5 number of different projects but I can get back to
6 you.

7 CHAIRPERSON GARODNICK: So...

8 PRESIDENT KIMBALL: Yeah.

9 CHAIRPERSON GARODNICK: ...but you, but
10 you have that?

11 PRESIDENT KIMBALL: Yes. [crosstalk]

12 CHAIRPERSON GARODNICK: I mean that is
13 something known to EDC?

14 PRESIDENT KIMBALL: Yeah... [crosstalk]

15 CHAIRPERSON GARODNICK: Okay well we'd
16 like, we would like...

17 PRESIDENT KIMBALL: ...Just that it's...

18 CHAIRPERSON GARODNICK: I understand.
19 Okay well that's something which we would like to
20 know and to the extent that you have that broken
21 down for those years in the five year capital plan
22 we would like to, to know that too so that we can
23 talk to you about it in future hearings as well.

24 PRESIDENT KIMBALL: Sure.

25 CHAIRPERSON GARODNICK: Thank you.

2 CHAIRPERSON FERRERAS: Thank you co-
3 Chair. We will have Co-Chair Cornegy followed by
4 Council Member Rodriguez. Oh, I'm sorry co-Chair.
5 We've been joined by Council Members Menchaca,
6 Council Member Koslowitz, Ulrich, Lander, Vallone,
7 Dickens, Reynoso, Eugene, Gentile, Miller, and
8 Weprin.

9 CHAIRPERSON CORNEGY: Thank you Madam
10 Chair. My initial questions will be to SBS. I want
11 to first start by saying Commissioner you are a
12 breath of fresh air and it's been a pleasure
13 working with both you and, and Greg Bishop so far.
14 And I look forward to what we've started. I wanted
15 to ask you briefly... So part of the conversation
16 that we've had primarily has been around small
17 businesses, education and access to information.
18 Very simply small businesses are, are concerned
19 that with the wealth and services that you provide
20 and that other agencies provide they don't have,
21 the adequate access to it. Quite frankly would,
22 would you benefit from a, a mobile unit that kind
23 of was able to go in and access small businesses
24 that potentially don't have BIDs or don't have
25 associations.

2 COMMISSIONER TORRES-SPRINGER: We're
3 always interested in exploring opportunities to
4 expand our reach into communities. And the, the
5 idea of a, of a mobile business unit that would
6 have presence from different agencies is one that's
7 very appealing to us. And I think there are ways we
8 can be creative about how we deploy the right
9 people and importantly the right information to
10 communities where there are businesses that might
11 not necessarily walk into one of our business
12 solution centers. And so look forward to working
13 with you on that.

14 CHAIRPERSON CORNEGY: Thank you. And I
15 wanted to talk briefly about the IBZs. So the
16 council asked or recommended for 1.2 million to be
17 allocated in the preliminary budget and the
18 preliminary budget response and the allocation came
19 out at almost half of what the request was. So I'd
20 like to know what is your underlying policy for
21 IBZs and their providers and, and really how can,
22 how can you work with half the budget to provide
23 the same service?

24 COMMISSIONER TORRES-SPRINGER: Well let
25 me start out by saying that this administration is

incredibly committed to growing the industrial manufacturing sector in the city. We are currently undertaking, led by EDC a holistic review of all of our policies and programs that currently support industrial and manufacturing businesses. That review includes the programs that EDC administers. It also includes the IBZ contracts. And so as we saw in the executive budget the administration included approximately 580 thousand for contracts for industrial business solutions providers. It's important to note that the last fiscal year, FY14 the administration did not contribute any funds into those contracts. And it was fortunately supported by the City Council. So we think that this administration has shown its commitment by including 580 for those contracts and we look forward to working with the City Council through the, the balance of the budget process to see how we can work together on that funding and in supporting this sector in general.

CHAIRPERSON CORNEGY: That's actually very good to know it was, it was of some concern that there wasn't a commitment to manufacturing. And we see that there is a potential for growth

obviously in that sector and, and we, we'd like to know that that commitment is, is present. So filling, filling that gap would anybody like to respond to filling the gap or the shortfall in that funding?

COMMISSIONER TORRES-SPRINGER: So I...

CHAIRPERSON CORNEGY: President...

COMMISSIONER TORRES-SPRINGER: ...looking forward to...

CHAIRPERSON CORNEGY: ...Kimball.

COMMISSIONER TORRES-SPRINGER: Unless Kyle wants to, unless Kyle wants to fill gap.

[laughter]

COMMISSIONER TORRES-SPRINGER: We, we as I mentioned before we look forward to, to working with the council through the rest of, of the budget process to see how we can further support the industrial manufacturing businesses. If the budget were adopted tomorrow with this funding we'd have to take a look at the scope and the goals of the contracts to see what the, this funding which is less than what it was last year but, but more than what the previous administration had committed to

these contracts, what it could support with that level.

PRESIDENT KIMBALL: And I just would reiterate the point that, put a finer point on something Maria said which is the IBZ providers are important to us and we have a mayor and I have an, SBS Commissioner who is deeply committed to preserving industrial policy as evidence by the mayor's request for 100 million for BAT as a, in terms of a, proof of a commitment to manufacturing. I would say that as Maria said if the budget was adopted with the 530 it, it should not serve as a proxy for the administration's commitment to industrial business zones given everything else that we're doing.

CHAIRPERSON CORNEGY: So thank you for that response. I just wanted to quickly in the interest of time just move into some questions about the allocation for minority and women enterprises. So there's 1.1 million additional funding in the executive budget for MWBE capacity building in the fiscal year 2015 and they out years. What services will be provided with this funding to reduce market barrios and improve

competition on city contracts for minority and women owned business enterprises?

COMMISSIONER TORRES-SPRINGER: So the, the 1.1 million funding allows us to continue our work and in a program that we call compete to win. It's a, a very successful and we think thoughtful capacity building program that had, previously had three years' worth of, of city tax levy funding. So this additional funding allows us to continue that work. In terms of what it will do, these, being able to continue with these staff lines means that we'll increase BID and proposal preparation to MWBEs. We'll be able to provide technical assistance to them to obtain bonding. We will be able to continue the construction mentorship program that is part of this initiative and it'll also allow us to continue to partner with other agencies and institutions to identify more contracting opportunities. So we think those lines are really critical if we are to really meet our MWBE goals.

CHAIRPERSON CORNEGY: Thank you. I'm going to end there but I want to give you a heads up that on the second round I'm going to come back

to some questions I have about worker cooperatives and, and how we can enhance those and just really what your thoughts, both from an EDC perspective, and from an SBS perspective are on them. So that's, that's a heads up.

COMMISSIONER TORRES-SPRINGER: Okay.

[laughter]

CHAIRPERSON FERRERAS: Thank you co-Chair. I wanted to ask one question before we pass it onto my colleague. And this is in reference to business, small businesses in the Sandy recovery area. We're happy to see that SBS is working closely with HUD and OMB to address the needs of small businesses. As you know many businesses no longer qualify for the loans after waiting so long for assistance. Small businesses need grants now. And I, I want you to explain to me, I know that there was like a loan coupled with a grant. So at this point is, are there any thoughts to decop [phonetic], decoupling this program and just getting grants? Because obviously we are now at critical time that a lot of these businesses are not making money so even if you had a loan and you haven't gotten back on your feet you're now

2 defaulting on a loan let alone not even being able
3 to qualify for one.

4 COMMISSIONER TORRES-SPRINGER: Mm-hmm.

5 Yes, the short answer to that is yes. So the, we
6 are making a number of changes to the program, a
7 lot of them with process, a lot of them with
8 outreach. But perhaps the most significant change
9 is a, is a change in the structure or the design of
10 the program or we will, we have asked HUD and it
11 has to be approved by HUD and we hope to get good
12 news on this actually over the course of the next
13 several days. To decouple the loans from the
14 grants, it was previously a matching loan and grant
15 program and now what we've asked HUD to approve is
16 an ability to provide grants only to businesses.
17 They still have to meet certain thresholds. They
18 still have to show an unmet need. They still have
19 to show business viability but this provides us a
20 way to get grants to businesses and potentially
21 grants of a higher amount than the previous cap
22 more quickly. So we've heard...

23 CHAIRPERSON FERRERAS: How do you show
24 viability if your business has been closed all
25 these, this time?

2 COMMISSIONER TORRES-SPRINGER: Well the,
3 there's, there are a few tests that we, that we
4 have and it's essentially showing that you are cash
5 flow positive prior to Sandy. And, and with respect
6 to the documents that people show that we're also
7 taking a look at every flexibility that we have to
8 make sure that those tests are reasonable and that
9 they don't cause an undue burden to the small, to
10 small businesses while at the same time ensuring
11 that we're maintaining HUD compliance which we need
12 to in the... [crosstalk]

13 CHAIRPERSON FERRERAS: Well as the Chair
14 said, refreshing, thoughtful, and these business
15 owners need it and deserve it at this time.

16 [cough] [crosstalk]

17 COMMISSIONER TORRES-SPRINGER: Let me,
18 let me just clarify something from earlier.

19 CHAIRPERSON FERRERAS: Yes.

20 COMMISSIONER TORRES-SPRINGER: Our
21 Deputy Commissioner for Workforce Development, for
22 Workforce Development sent us an email saying we
23 are in fact funding CUNY for training for foreign
24 born and foreign trained nurses in the US... and we
25 are also continuing to talk to an organization

2 that's really at the forefront of, of this area
3 upwardly global to see how we can do more.

4 CHAIRPERSON FERRERAS: Okay... [crosstalk]
5 you're funding them at what rate?

6 [background comment]

7 CHAIRPERSON FERRERAS: Can you just say
8 that for the... You're going to have to...

9 UNIDENTIFIED FEMALE: The funding right
10 now we think is approximately 200 thousand but
11 we'll get... [crosstalk]

12 CHAIRPERSON FERRERAS: ...back to the
13 committee I'd appreciate it. We're going to now
14 have Council Member Rodriguez followed by Council
15 Member Richards.

16 COUNCIL MEMBER RODRIGUEZ: Thank you.
17 Thank you Chairs. Commissioners and the president
18 of EDC you know my concern right now is about two
19 thing. One is New York City will continue growing.
20 20, 25 we'll be adding additional 550 thousand new
21 New Yorker who will need mass transportation to go
22 to work. What I have seen is that the investment
23 that is coming to our city. Most of them continue
24 hopping place in the same location. Have you been
25 thinking of providing some incentives so new

2 investment and job creation take place in, out of
3 borough, community like out of the central of
4 Manhattan?

5 PRESIDENT KIMBALL: Sure yeah... So there
6 is an incentive program now actually that
7 incentivizes people to move out of Manhattan to the
8 outer boroughs called the REAP... relocation employee
9 assistance program. It's basically a 3,000 dollar
10 per employee credit to move from Manhattan to the
11 Bronx. And it's a tax credit that's against your
12 business taxes. So there, there are a couple of
13 programs in place to incentivize existing companies
14 to move.

15 COUNCIL MEMBER RODRIGUEZ: Okay.

16 PRESIDENT KIMBALL: Separately we have a
17 number of different programs around the city. So
18 it, there's a, sort of a, the, as a lot, there's a
19 lot going on I guess at EDC that's, this addressing
20 I would say out of borough economic development. So
21 I think it's something we're very focused on.

22 COUNCIL MEMBER RODRIGUEZ: Okay what,
23 what is the name of that program?

24 PRESIDENT KIMBALL: REAP, R E A P.

25 COUNCIL MEMBER RODRIGUEZ: Okay.

2 PRESIDENT KIMBALL: It's administered by
3 the Department of Finance.

4 COUNCIL MEMBER RODRIGUEZ: Okay. My
5 second question recommendation which also I did to
6 the MTA and HPD, seeing HPD's looking to connect
7 their... 200 thousand affordable housing plan with
8 economic development too is I want you guys to look
9 at the rail yard in northern Manhattan. The MTA
10 rail yard is 35 acres, larger than the Hudson Yard,
11 in the top of the island also there's eight acres
12 owned by Con-Ed and that they, end of the, of the
13 black out last time couldn't make it... reaching that
14 agreement with the city, like the city will fine
15 line another location that will also let the city
16 to develop, use that land for affordable housing.
17 So for me like my recommendation is thinking about
18 the rail yard which is larger than the Hudson Yard.
19 I know how expensive, I have some idea how
20 expensive it is but to see if we can build a tech
21 community combined with affordable housing. I think
22 that, when we think about creating jobs in another
23 location we have to be more creative because what I
24 have saying is that many of those project are not
25 including all the area from the traditional place

1 where development has been taking places. In the
2 northern Manhattan area also would like to bring
3 attention on the study done by EDC which you are,
4 the, for the development of the waterfront which
5 number was 185 million dollars. But also, you also
6 could be developing different faces. Nothing is
7 included here. So have you been looking on the
8 possibility of, of including the developing of the
9 waterfront in the area that is no tourism
10 attraction but is the second greener area up there,
11 the central park?

13 PRESIDENT KIMBALL: Sure. So I mean the
14 housing plan that we worked on. You can, I can
15 assure you that between city planning, EDC, and
16 HPD, and SBS for that matter looking at, thinking
17 about neighborhood, neighborhoods and where we're
18 going to develop the new housing. Every
19 neighborhood is being looked at for its potential
20 to accomplish... [crosstalk]

21 COUNCIL MEMBER RODRIGUEZ: Right but the
22 waterfront in study already has been done by you,
23 by, by the EDC... [crosstalk]

24 PRESIDENT KIMBALL: Sure but then
25 there's just a question of... [crosstalk]

2 COUNCIL MEMBER RODRIGUEZ: Okay is that
3 question about getting the dollar there to be sure
4 that, that the community in, in the outer borough
5 also can say we have a decent waterfront that go
6 from 200, two, 200... and that is part of the rivers
7 so if we can look on the possibility of putting
8 some dollar it would great.

9 PRESIDENT KIMBALL: Sure.

10 COUNCIL MEMBER RODRIGUEZ: My question...
11 to the SBS. Can we, can have SBS put some thought
12 on turning some of those street vendor into small
13 business owner? Like you know like we have, we have
14 to think out of the, out of their box and I think
15 that is street vendors are real they can be a
16 problem when they sell the same product that other
17 small business sell. But they can also attract
18 other customer if we help them to be organized.
19 Have SBS been thinking or putting, creating a, a
20 think tank about how to help the street vendors to
21 be organized and turn into a small business?

22 COMMISSIONER TORRES-SPRINGER: Well
23 street vendors who operate legally are business
24 owners like any other in the city and to, to that
25 extent we offer our services to them. That they're,

1 complicated set of agencies who deal with licensing
2 and permits associated... street vendors whether it's
3 the Department of Consumer Affairs and the
4 Department of Health. And we're actually having
5 conversations internally about how best to address
6 the issue of Street vendors both in terms of
7 regulatory issues but to your point in terms of, of
8 services so that they may grow. And so it's
9 something we're looking at.

11 CHAIRPERSON CORNEGY: I'm sorry I just
12 want to jump in really quickly. We had a hearing
13 earlier today with finance and HPD. Part of the
14 discussion was about the different configurations
15 for potential housing in the city. So the, the
16 different models. And I, I made a, a point to say
17 that the 80/20 model in the district that I serve
18 didn't work because it left out a, a important
19 component, the ability to build capacity within
20 small businesses. And the way I prove that was you
21 know I, I was promoting the 50/20, 50/30/20 model
22 which, which built in middleclass because we
23 understand that the, you know the 80 percent at
24 market value don't necessarily spend dollars in
25 that very community. And the 20 percent doesn't

have the capacity to spend the money. So we needed to have the middle class. So I think the, the thoughtfulness between agencies to have those conversations that build capacity within small business is extremely important. And so President Kimball I think you alluded to that very quickly in, in a statement that you made earlier as it related to housing. So they, they're not mutually exclusive.

PRESIDENT KIMBALL: Right.

CHAIRPERSON CORNEGY: And I think that that conversation has to continue even when we're thinking about future housing plans for the city. It has to include a way that small businesses can thrive in, in communities. So it's funny that that conversation seems to be...

PRESIDENT KIMBALL: Yes... [crosstalk]

CHAIRPERSON CORNEGY: ...consistent.

PRESIDENT KIMBALL: It's consistent.

COMMISSIONER TORRES-SPRINGER: Yes. On that point I'll just mention that just yesterday my team and I sat with Chair Weisbrod and all of the borough directors to talk about as the housing plan, as neighborhoods are identified and for the

housing plan that we think very inventively about how that is a real ground up process. But importantly that we are sure that as SBS we are doing everything that we can to be proactive, early, and vocal advocates for small businesses in the area and to really make sure that we're thinking about jobs. So it's, it's a conversation that's ongoing. It's really important.

CHAIRPERSON CORNEGY: One, one thing about this, one more thing about this progressive administration to get excited about.

CHAIRPERSON FERRERAS: Thank you co-Chair. Sorry we were chatting about waterfronts. We will now have Council Member Richards followed by Council Member Menchaca.

COUNCIL MEMBER RICHARDS: Good afternoon. Pleasure to see you guys again. Thank you for all your work and, and coming out to the Rockaways in particular a...

COMMISSIONER TORRES-SPRINGER: My pleasure.

COUNCIL MEMBER RICHARDS: ...few weeks ago. I really appreciate that. Wanted to touch base on a few things. So the first question I wanted to

raise is I wanted a FRESH initiative. Where are we at with the FRESH initiative and is there any opportunity or are you guys looking to expand the program moving forward. So I guess Kyle...

PRESIDENT KIMBALL: We sat a couple of days ago with the, the new Director of Food Access, I guess Food Policy here with city hall and taking a look at FRESH. There's not necessarily currently plans to, that I know of to expand it per say. It's still in effect and something we want to do. And I know there is a particular site that is of interest and I think we want to, we're very focused on making sure... We, we love the FRESH program and want it to be used and are actively looking for sites to, for expansion.

COUNCIL MEMBER RICHARDS: So I, is there any progress on the site in Rockaway?

PRESIDENT KIMBALL: I believe that a site visit has happened.

COUNCIL MEMBER RICHARDS: Okay.

PRESIDENT KIMBALL: But at the end of the day they sort of need to make an application to, to the, to the program.

2 COUNCIL MEMBER RICHARDS: So the RFP,
3 where are we at with the RFP because I know that...
4 [crosstalk]

5 PRESIDENT KIMBALL: That I don't know.
6 If there's a, an, I don't know what the data is so
7 that we would release an RFP.

8 COUNCIL MEMBER RICHARDS: Okay, so we...

9 PRESIDENT KIMBALL: But I will, I will
10 come back to you with, with a, with a hard date.

11 COUNCIL MEMBER RICHARDS: Alright. So
12 we've been hearing that for many years. I'm just
13 hoping that we're really going to see progress as
14 we, we move forward in the Rockaways. It's really a
15 shame that unemployed people and people with no
16 access to the, a supermarket have to walk past that
17 particular site every day. And you know we've been
18 having this conversation the past I want to say
19 three years now and we're getting the same result.
20 So I'm hoping that we're really going to push
21 forward. I know we have a new Chair of NYCHA who
22 actually came out to see the site as well. And I
23 know we visited the site and Ms., Ms. Torres. So
24 I'm, I'm hoping that we're not going to have to
25 have this conversation as we move forward.

2 PRESIDENT KIMBALL: I will come back to
3 you at the end of the day with a date.

4 COUNCIL MEMBER RICHARDS: Okay. Wanted
5 to speak on ferry service for the Rockaways. So I
6 know we have a plan to keep it going until October
7 but wanted to know is there, are you guys exploring
8 any opportunity for the 65 percent of the
9 population of the Rockaways which I represent and I
10 understand that you know there's challenges afoot
11 and... but wanted to know how are we going to make
12 sure that this ferry service is accessible for
13 everyone in the Rockaways and not just one
14 particular area?

15 PRESIDENT KIMBALL: So we did receive
16 money from the, request in this budget for two
17 million for keeping the Rockaway ferry service
18 stopping at Brooklyn Army Terminal in business in,
19 into October. Part of October has to do with the
20 relationship to the R Train tunnel being back open.
21 When that's sort of the last stated date that we've
22 heard from the MTA that the R Train will be back
23 open. We do have RFPs. We have received responses
24 from two ferry operators to continue a service
25 after that on an annual basis. It is, still remains

a considerable expense. And so we're going to have to find ways the, the best way I can answer your question is we're going to have to find a way to keep the ferry service if, if, if we're, if we're, if, the goal is to keep the ferry service going and pay that expense then we're going to have to find the money to, to do that. And then this, the, the next question would be how do you increase access to it, but it's... From a ferry operations perspective it's never been about so much... has, hasn't ever been about ridership, it's been about the overall cost of the service. And for it even to be a break even service people would have to pay about 35 or 40 dollars a fare. So the city is kicking in you know 31 of that 35 every day and the, and so the, the, the bigger question is, is if, is that something we're going to continue to do. And right now we're just looking at the RFPs and we have enough money to run it through October.

COUCNIL MEMBER RICHARDS: And are you guys working with the state and feds to, to...

PRESIDENT KIMBALL: We are working with state and feds. There's some federal money available as well.

2 COUNCIL MEMBER RICHARDS: Okay, so that
3 will help in...

4 PRESIDENT KIMBALL: It could help.

5 COUNCIL MEMBER RICHARDS: ...long term if
6 we proceed.

7 PRESIDENT KIMBALL: The problem is the
8 federal money cannot be used for operations. The,
9 it can be used for capital projects associated with
10 ferry service but not necessarily to run the ferry
11 service.

12 COUNCIL MEMBER RICHARDS: Alright I have
13 30 seconds left...

14 PRESIDENT KIMBALL: Sorry.

15 COUNCIL MEMBER RICHARDS: ...so I'm going
16 to try to rush along. Wanted to know, so this is
17 for the Commissioner of SBS Ms. Maria Torres-
18 Springer. Wanted to know, so I know we visited the
19 Rockaways and, and we, and you saw the lack of
20 access basically to, to opportunities for small
21 businesses on the Eastern and in the Rockaways. And
22 wanted to know is there a plan to ensure that you
23 know we get an equitable share of resources coming
24 up.
25

2 COMMISSIONER TORRES-SPRINGER: So we've
3 been, we've been talking about your district a lot
4 both on the small business side and on, on the
5 workforce side. Given unique challenges related to
6 its location you know and, and certainly the needs
7 of, of businesses post Sandy I think there are... So
8 yes, we have been thinking about it. I think there
9 are creative things we can do that address the
10 specific needs on workforce. As you know there's a
11 workforce one expansion center there. But I'm
12 committed to where, in neighborhoods where the
13 challenges seem to be deep and the challenges seem
14 to be many to not just fill those gaps but figure
15 out how the agency can innovate against those gaps.
16 And so there's more to come on that and we look
17 forward to working with you on it.

18 COUNCIL MEMBER RICHARDS: Thank you.
19 Thank you so much for coming today. And I just want
20 to add on the mayor's affordable housing plan which
21 we certainly support in our community. I have to
22 put on my environmental protection Chairman hat
23 right now and just really push sustainability,
24 resiliency, and, and a smoke free housing. So
25 that's something we should take back. I think that

2 if we're going to subsidize and, and, and work with
3 developers obviously to, you know to build this
4 city up that, especially in communities that have
5 poor air quality at, these units should be smoke
6 free as well. Thank you so much. I look forward to
7 continuing to work with you guys. Thank you.

8 CHAIRPERSON GARODNICK: Thank you very
9 much. Council Member Menchaca.

10 COUNCIL MEMBER MENCHACA: Thank you
11 Chair Garodnick and thank you to the rest of the
12 Chairs. Thank you Commissioner Torres-Springer and
13 President Kimball. My first question... I want to
14 follow-up on actually Chair Garodnick's line of
15 questioning on BAT and 100 million dollar
16 investment and really just kind of dig deep a
17 little bit on the actual investments and I think
18 what I've, I'm only hearing is that this is going
19 to go to prepare the new space inside the campus.
20 I'm wondering if any money is going to be allocated
21 to the infrastructure surrounding BAT and really
22 the entire industrial campus in Sunset Park.

23 PRESIDENT KIMBALL: So the 100 million
24 is specifically for space inside of BAT. And
25 there's another 15 million that EDC is spending on

the administration building to get those ready. Those will take a couple of years. Separately we've asked for but did not necessarily receive money for larger area wide upgrades to the Bush Terminal Campus and so we see that there needs to be a, a plan for some of the surrounding streets. But for right now the 100 million is focused on activating the space.

COUNCIL MEMBER MENCHACA: Is there any plans and in this other request to mitigate some of the storm water management that's become an issue not just, not just in wake of the surge for, from Sandy but just the continual connection to the floods that are happening around the big storms we've been having recently.

PRESIDENT KIMBALL: Again something that we've been, the reconstruction of first avenue is something and, and the sewer upgrades are something I think we agree needs to happen.

COUNCIL MEMBER MENCHACA: Great. We want to partner up in making sure that that investment happens. It, it, it... there's, there's connections there.

PRESIDENT KIMBALL: Sure.

2 COUNCIL MEMBER MENCHACA: Moving through
3 to the South Brooklyn Marine Terminal. Are there
4 any updates in light of what's, we've been kind of
5 talking about in the hearings and access?

6 PRESIDENT KIMBALL: So access, for those
7 of you who don't know access was, South Brooklyn
8 Marine Terminal is a facility we manage in, in
9 Brooklyn that focuses on, that was meant to focus
10 on roll on, roll off auto traffic of the company
11 that we signed a lease with subsequently went
12 bankrupt. In bankruptcy that contract was purchased
13 by a hedge fund called Black Diamond/Spectrum. They
14 have met with us a number of times about their
15 plans. They owe us a, a, an updated version of what
16 their plan might be for use of the terminal. We
17 remain in bankruptcy court subject to the, at the
18 end of the day subject to the decision by a judge
19 as to whether or not they can perform under the
20 lease. But we're trying to work constructively with
21 them to make sure that it doesn't come to that and
22 that we have a development plan that meets the
23 city's objective. You know at the end of the day
24 our objectives here are not complicated. They, we
25 want to have waterfront uses, intermodal uses, and

1 having activity and jobs at the site. And they,
2 we've been very clear with them that those are our
3 objectives. That's why the city put in the original
4 investment in the first place. And so they have
5 heard it, hopefully have heard it loud and clear
6 from us and we need to see a proposal that
7 accomplishes that.

8
9 COUNCIL MEMBER MENCHACA: Well we're
10 looking forward to seeing that. Next, moving over
11 to just the, the conversations around docking and,
12 the docking of historic ships. And any plans in
13 this budget that allow for the leverage of private
14 dollars for this kind of docking that is so
15 desperately needed?

16 PRESIDENT KIMBALL: Not that I am aware
17 of in terms of docking private or historic ships.

18 COUNCIL MEMBER MENCHACA: Okay...

19 [crosstalk]

20 PRESIDENT KIMBALL: In terms of, terms
21 of capital.

22 COUNCIL MEMBER MENCHACA: ...and no sense
23 of, of any kind of planning right now, EDC for this
24 current budget than can, can give us a, a sense of
25 direction for EDC and historic ship...

2 PRESIDENT KIMBALL: It's not something I
3 think we've planned for at EDC. But it's certainly...
4 I'm not sure if it's something that has been on our
5 radar.

6 COUNCIL MEMBER MENCHACA: Okay.

7 PRESIDENT KIMBALL: And maybe we should
8 probably have more of a conversation...

9 COUNCIL MEMBER MENCHACA: Great.

10 PRESIDENT KIMBALL: ...about how, how to
11 do that.

12 COUNCIL MEMBER MENCHACA: Thank you.

13 PRESIDENT KIMBALL: Yeah.

14 COUNCIL MEMBER MENCHACA: Love to do
15 that. And moving over to Commissioner Torres-
16 Springer. You know that I, we, we, we heard a
17 little bit earlier about the IBSP contracts and
18 wanted to know in this kind of wake of, of, of what
19 we're hearing is an understanding that, that we
20 should partner up in, in the funding of this. I
21 think there's going, and we're going to hear from,
22 I know Karen Koslowitz and, and Council Member
23 Cornegy, and Reynoso and others are, are, are kind
24 of keen in kind of solving this issue in this
25 budget cycle. But what is the plan and if, if the

FY15 budget only has a half a million dollars in it. Can you, can you kind of give us that plan?

COMMISSIONER TORRES-SPRINGER: Sure. So if, if the budget were adopted tomorrow and we had 580 thousand we would have to look at each of the contracts, look at the scope, look at the goals, and determine how best to accomplish those goals with decreased amounts in funding which would not be ideal but I would, I'd say which is why we look forward to working with the council to see if there's more that we can do. But again to Kyle's point earlier that these are important contracts and an important service. They are a piece of a large set of initiatives and programs that the administration is undertaking though in the sector.

COUNCIL MEMBER MENCHACA: How do you assume longevity when, when the City Council through our own processes are partnering up with you? Help me understand that part?

COMMISSIONER TORRES-SPRINGER: So I think that's a good question which is why this holistic view of how we all are supporting this sector is needed. I, I understand the, the difficulty of not having multi-year funding and

having to have this discussion every year. And, and it is difficult for us, it's difficult for the IBZ providers. And so we're hopeful that in this review we'll be able to have a very clear perspective about the right way to better support the sector, who the players are, what that funding looks like and then have those contracts get structure.

PRESIDENT KIMBALL: Just, Council Member Menchaca I have actually a better answer for you on the historic ships. So just in thinking about it... We, this isn't specifically for historic ships necessarily but we do have a program called Dock NYC managed by Billy Bay and the Waterfront Alliance, Metropolitan Waterfront Alliance that optimized sort of the birthing, so to the extent that there are ships that could dock we have that program. So it's, it's not necessarily targeted towards historic ships but it is something that they could, could use. And that's Atlantic Basin Pier 4, BAT, and piers 11 and 12 in Manhattan.

CHAIRPERSON FERRERAS: Thank you Council Member Menchaca. We will go to Council Member Miller followed by Council Member Lander.

2 COUNCIL MEMBER MILLER: Good afternoon
3 Chairs and good afternoon President Kimball and
4 Commissioner. Thank you so much for coming out and
5 thank you for your contributions to economic
6 development and small businesses which is what I'd
7 like to speak about. And my question is, and it's
8 kind of generic and, or universal to both, both
9 agencies that what are your plans to incentivize
10 investment in, in, in my district of southeast
11 Queens and communities in the outer boroughs like
12 that and, and the main streets of, of such
13 communities?

14 COMMISSIONER TORRES-SPRINGER: Let me
15 start. And, and a number of our programs have been
16 geared towards the outer boroughs and I probably
17 sound like a broken record with the team at SBS to
18 the extent that there is any policy matter that
19 we're talking about or new programs I've asked for
20 numbers that show what the distribution of
21 resources is across, across the five boroughs. So,
22 and examples are Evan, Avenue NYC program. So that
23 program is targeted to supporting commercial
24 districts across the city. And, and it provides
25 funding to community based organizations. So they,

they apply every year and were able to the course of any given year fund about maybe 50 or so organizations and, and the, the distribution in the outer boroughs has been really, has been good. And we're continuing to look at that to make sure that every dollar that we have literally stretches to every corner of the city. And we have a, a number of other programs that do that. One of the big, my big pushes in, in the course of the next few months and years is to look at neighborhoods where you may not have a very strong BID or there may not be a merchants association and you may not have a grant recipient on the other end for the programs that we have but to really ask ourselves working with other agencies even when that, even in, in, in those neighborhoods, arguably neighborhoods then that need our help the most what can we do in order to support businesses and job seekers there. So that's how we, we think of our work moving forward.

PRESIDENT KIMBALL: And from the Economic Development perspective we have a lot going on actually in the district in terms of the Atlantic Avenue, pieces in downtown Jamaica. We have the Sutphin Underpass in the Station Plaza. So

there's some physical infrastructure projects happening. We also have an RFP out for an incubator space, co-working space and we can update you later on sort of where that process stands. But I think generally speaking one of the things we've been asked to do is take a really hard look at in terms of economic development in terms of neighborhoods. And it's, in the past I would say... So for example the project I just mentioned. In the past we very, focus very much on real estate activation. And this administration has asked us to think, to think more comprehensively about neighborhoods. And your district in particular is one that I think everyone is very excited about thinking holistically about what can be done in downtown Jamaica using all of the city assets, working with the private landowners and not, again not just being about real estate activation but thinking broadly about what could happen in this neighborhood and what's possible using all the assets we have both public and private. And using more of a neighborhood based strategy, that it's not just about real estate activation but about small businesses, about transportation and, and good city planning. So

that's, I would say in particular there's a lot of conversation going on right now and we would be happy to talk to you more about ideas. But it's certainly one of the major shifts of this administration.

COUNCIL MEMBER MILLER: Okay because I, what's, what's really important I, I know that the emphasis for the past capital investment had been around waterfront communities or developing waterfront communities. And we want to be, we want to ensure that we develop communities that support indigenous you know community and I, and I think that obviously Jamaica is one of them but all of the outer boroughs there's real opportunities and we really look forward to working with you on the initiatives... Also what if anything do you, you, either of you see can be done to streamline the MWBE process certification, in terms of certification.

COMMISSIONER TORRES-SPRINGER: Yes, so we're, and Andy please chime in. I think we work every year since we've been running the program to look at ways to make that process more efficient. At this point we have 30, 36 hundred certified

1 MWBEs and, and every year looking to increase that
2 number and to also get recertifications. I think
3 one of the big areas that we need to make sure
4 works is our outreach, is making sure that we are
5 getting the information to MWBEs about this process
6 and to the extent that they need technical
7 assistance in getting through the certification
8 process that that, that that happens. But the other
9 thing though is I think it's important that the
10 conversation doesn't just end at whether you're
11 certified, that we then really take a close look at
12 whether MWBEs are actually getting contracts. And
13 that is where programs that, like the ones that
14 we're running that focus on capacity building,
15 bonding, mentorship that we need to really, that we
16 need to invest more in those types of programs so
17 that we get, that, that we're measuring the right
18 things.

20 PRESIDENT KIMBALL: Yeah I would agree
21 that from the EDC's perspective we've been focused
22 on capacity building to make sure that MWBEs are,
23 are not just certified but able to actually compete
24 for the big city contracts.

2 COUNCIL MEMBER MILLER: Okay thank you
3 guys very much. I'm, I'm actually encouraged to
4 hear both of you say that there is investment going
5 on in downtown Jamaica area and other areas that we
6 are certainly concerned about and look forward to
7 sitting down as a stakeholder and being brought up
8 to speed. Thank you.

9 CHAIRPERSON FERRERAS: Thank you council
10 member. We will now have Council Member Lander
11 followed by Council Member Reynoso.

12 COUNCIL MEMBER LANDER: Thank you very
13 much Madam Chair, wonderful to see you all at this
14 table and to see you together and especially
15 reflecting on past hearings with the EDC and SBS to
16 feel like we've got such a great team so committed
17 and aligned and addressing and committee quality
18 and social and economic mobility and I feel you
19 know, I, I didn't have to like take my you know
20 pills before today's hearing... it's, anyways great
21 to see you both and to be partners with you and
22 hear what's talking, you know how the dialogue is
23 going. Also great to see there's real
24 transformation around manufacturing and industrial
25 policy and how well it's supported. We've come a

long way on both sides of city hall. And the administration is in a really good place. And I also feel like we've grown the council caucus of supportives of manufacturing as well and Council Members Reynoso, and Menchaca, and the Chair of the Small Business Committee. It's, it's, it's a good moment. And I like that you're thinking big picture and doing this planning for a real big industrial manufacturing policy and working on BAT and moving forward with the study. So just two things; one, since that's not all going to be done by budget adoption it's great to see that you put half the money back for these industrial small business solutions providers. I'm taking that as a sign that you're enthusiastic about working with us as a short term step before we get to the long term planning to fully fund those providers that we work together to do that at adoption so that they can keep doing their good work while we figure out the longer term strategic plan. Do I have that right?

COMMISSIONER TORRES-SPRINGER: I think that's...

PRESIDENT KIMBALL: Yeah.

2 COMMISSIONER TORRES-SPRINGER: ...the
3 right, the, that interpretation is right. It's part
4 of the study as, as I mentioned before
5 understanding who the right players are, what the
6 right services are and how to fund.

7 COUNCIL MEMBER LANDER: And I appreciate
8 that needs a longer term answer but in the short
9 term at adoption we have to make sure they can at
10 least keep doing their good work.

11 COMMISSIONER TORRES-SPRINGER: Correct.

12 COUNCIL MEMBER LANDER: Yes.

13 PRESIDENT KIMBALL: And it, and it's our
14 goal, I'm not sure if we're trying to, I don't know
15 if we will have it done by adoption but we've been
16 pushing very hard to have the study done in June.

17 COUNCIL MEMBER LANDER: Which is great.
18 And if it can inform what we do at adoption
19 wonderful. I was thinking that's sort of a longer
20 term planning effort and we should just hold, you
21 know make sure we keep these guys whole, do the
22 ISBS, and then you know really develop a good plan.
23 So I'll take your nodding as... [crosstalk]
24 enthusiasm for that. I would ask, I think it'd be
25 good, I know your office has reached out to, to me

on that industrial and manufacturing plan but we have this great little kind of caucus of you know manufacturing supportive members and we should just make sure that everybody's kind of in the mix and gets a chance to weigh in as that plan is getting..

PRESIDENT KIMBALL: Yeah.

COUNCIL MEMBER LANDER: ...getting developed. So that is great. Thank you. Second I was very excited to read about a thing called the Neighborhood Based Integrated Planning Initiative. You know that's a kind of thing that's like music to my ears...

[laughter]

COUNCIL MEMBER LANDER: But I don't know what it is. It's wonderful that Blaise has started so welcome half a million dollars, what is the Neighborhood Based Integrated Planning Initiative.

PRESIDENT KIMBALL: So the, it's actually something that's similar to what I said to Council Member Miller. It's that there are areas that around the city... So there's a lot of us thinking about housing, business, real estate activation, commercial, that kind of thing. And it's going to be important that we are not all

tripping over ourselves and doing independent projects. And so generally speaking as an organization it's meant to, there is a, a real mandate internally for the agencies to be talking to each other. For city planning to be talking about areas it's looking to rezone, for EDC looking for, at areas where there's an interesting project to be done in a number of different sectors, SBS in terms of the businesses in that area. Department of Transportation just sat yesterday. For example a meeting, it was me Polly, and Carl Weisbrod talking about areas that, that the city might look at and how to address, how to address the transportation needs into those areas. I think something that was missing in, in, in previous years sort of that level of integration and thinking big picture about what we're doing with the neighborhoods. So broadly speaking there was a mandate internally for all the agencies to be talking to each other about their plans so that they are somewhat integrated but separately thinking about... again shifting away from real estate activation to thinking about neighborhoods as organisms and both for innovation but also for growth and as places where people live

and grow. And so really thinking, taking a look at neighborhoods as functional organisms and all the different tools that we have in place. Now what's specifically in the budget is money to... small amount of money to hire consultants and sort of actualize some of the thoughts so that we don't get caught in analysis paralysis.

COUNCIL MEMBER LANDER: Super, that's music to my ears. Love to follow up offline, get a little more details, love to put Guanos on the list...

PRESIDENT KIMBALL: Sure.

COUNCIL MEMBER LANDER: And I would just, I've had the conversation with both of you individually and with, with Chair Weisbrod as well. And then my last question, sort of a big one and I guess the Chair can rule it you know more appropriate for the next oversight hearing rather than the budget hearing. But obviously when we make these investments you know we want to really make sure and set standards for what we're achieving. Obviously there's been a broader dialogue about living wage standards, about mobility goals, about first source hiring. Can you maybe just, not without

going into the details on each of those things what's the sort of policy development process and kind of where are you in the timeline for making sure that as we get set to make these additional investments the expectations on recipients or you know in the projects that are receiving this funding are clear in terms of way standards and terms of mobility expectations, in terms of first source hiring, and other policies. I guess both of your...

PRESIDENT KIMBALL: Sure. So it's, you know it's certainly at the very beginning stages. So I'm not sure I have a very specific answer for you in terms of timing. But all of those things are certain, these things that are being sort of folded into the soup. And I would say on, specifically on the living wage component we're very focused, EDC is very focused on implementation.

COUNCIL MEMBER LANDER: We love to hear when the agencies are implementing the laws that we passed...

[laughter]

COUNCIL MEMBER LANDER: ...and working hard to do it well so also...

2 [laughter]

3 PRESIDENT KIMBALL: So we're actually,
4 and it, and it, and it's spending a lot of time and
5 energy figuring out all the different ways that we
6 interact with companies, real, you know leases,
7 licenses, incentives, cap city capital, funding
8 agreements... things... So we're very much in the
9 implementation phase of the living wage component
10 of what you're talking about. The other components
11 in terms of mobility and those kind of things. I
12 think we're still thinking about how, how to, how
13 to measure those.

14 CHAIRPERSON FERRERAS: Thank you Council
15 Member Lander. We're going to now have Council
16 Member Reynoso followed by Council Member Gentile.

17 COUNCIL MEMBER REYNOSO: Thank you
18 Chairs for the time. Thank you Commissioner and
19 President for being here with us. Again I'm going
20 to, to beat the drum of the IBZ or the Industrial
21 Business Zones. Which I do want to say that even
22 the proposals put forth by Mayor Bloomberg in his
23 time the 10 point plan or whatever the point plan
24 it is I think was not an honest, an honest attempt
25 at a solution to address the issues of IBZs to be

perfectly honest. I think that it was more of a, of a way to get around actually having a office in the mayor's office, the Mayor's Office of Industrial Manufacturing where we can have somebody that's actually dealing with it, that we know who to go to, we know who the, the person that's going to be dealing with these issues and somebody's going to take it very serious. So I'm not a, a fan to say, to say the least about this ten step plan as an attempt to sidetrack what I think we really need which is somebody that's going to focus in his office to deal with those issues. And then when we see in this year's budget that originally in the preliminary budget, the IBZ contract so the IBSP contracts were not in there I started thinking that again maybe these mayors or the mayor's offices are not necessarily thinking about the value of our manufacturing sector. Then at the executive budget hearing I say this is half of what we need in the budget. To be honest I don't think it's even half of what we need but it's half of what was given to us in the past regarding the work that the industrial service providers do. The, the proposal that I was told might happen was having SBS or EDC

in some way, shape, or form take on some of the responsibilities that the ISBPs [phonetic] do. And I just want to say that what they do is, is definitely off of the scope or out of scope for what, for only having one agency like SBS to take on. We're talking about illegal conversions for manufacturing to residential. We're talking about the graffiti, street conditions, broadband internet access, dealing with conflicts regarding bike lanes and mitigation of impacts for residential properties, homeless facilities, seeking funding for brown feuds [phonetic], residential harassment, noise complaints, leveraging, and these, the ISBPs also leverage funding from private developers, from private and local what do I call them, foundations and individuals that allow us to leverage funding for these zones that the city wouldn't be able to do without being a private entity or at least a not-for-profit. Maybe EDC could do that. But because of all those needs and everything that we've done and the fact that the average pay raid, pay rate for businesses, 50 thousand dollars for a person with very low skill or a specific skill. And the fact that we're thinking about having something

1 to be completed before the budget and the fact that
2 we're not involved in that conversation concerns me
3 because of the opportunity for it to end up being a
4 narrow scope of working through only SBS and EDC
5 given the complex work that they do in these zones.
6 So I just want to just lay all that out there and
7 ask... We as a City Council should be involved in
8 those conversations in regards to those contracts.
9 Two, the work that these people in these locations
10 are specific to their, their relationships and
11 their location, they're on, they're on site doing
12 this work. And I just want you guys to be very
13 weary of thinking that that can be done with our
14 consultation by us through, with us and with the
15 providers. And I just want to talk, again, what is
16 the commitment from the Mayor's Office, from you
17 guys to truly assist outside of BAT and Brooklyn
18 Navy Yard. Congratulations we know those guys are
19 doing well and they're getting a lot of investment.
20 We have a lot of other zones that need help. I just
21 want to know what the commitment is there. Thank
22 you for giving me four minutes to, to say that.

24 COMMISSIONER TORRES-SPRINGER: No, all
25 of what, your, your comments I think are, are

compelling and important as we think through this issue. So the commitment of the administration is strong it...

COUNCIL MEMBER REYNOSO: Is going to be strong.

COMMISSIONER TORRES-SPRINGER: And will be even stronger...

COUNCIL MEMBER REYNOSO: Thank you that's...

COMMISSIONER TORRES-SPRINGER: ...the days and, and, and months ahead. The IBSP contracts as I mentioned before the last administration didn't fund a dollar of those contracts last year and the, the, through the council those got funded. This administration is funding it up to almost 600 thousand and we look to find ways to look forward to working with the council on, on seeing what else can be done through the budget process. But the, the, the commitment is includes IBSP contracts because they... The, the, the, these organizations provide a direct service that's important but we should also, we need to also think about it more broadly...

COUNCIL MEMBER REYNOSO: Yeah.

2 COMMISSIONER TORRES-SPRINGER: ...because
3 our help to, to grow that sector with all of the
4 great jobs in that sector is, includes IBSP
5 contracts but is not just limited to that which is
6 why the study that we're working on is important.
7 Your point is totally well taken about consultation
8 in that process and we should do that and we're
9 going to do it.

10 PRESIDENT KIMBALL: Yeah just on the
11 specific point around the study there, I think
12 there are members of the City Council who are part
13 of the interview list and if they're, if there's,
14 if... really right now all that's happening is we
15 hired a consultant to interview a number of
16 stakeholders in the industrial community both
17 public and private to get a big picture sense of
18 what the city is doing well and what the city is
19 not doing well and what needs to be done. And so
20 that's the study that we're doing. And I, I believe
21 members of the City Council are part of that
22 interview list and you're welcome to be a, if
23 you're not already on it you're welcome to be a
24 part of that conversation.
25

2 COUNCIL MEMBER REYNOSO: And just
3 Council Member Cornegy, myself, Carlos Menchaca are
4 kind of trying to lead the, the, the industrial
5 business movement and the IBZs and we, I don't
6 think either, any, any one of us have been asked to
7 participate in that. And it kind of speaks to the
8 fact the conversation is, is, is narrow, is not
9 expansive and that's why we want to make sure that
10 we're more involved. Thank you, thank you again
11 Chair... [crosstalk]

12 CHAIRPERSON CORNEGY: Can I just add to
13 Council Member Reynoso's point. I think the
14 question that's being asked over and over again is
15 why, with the commitment being stated won't the
16 funding come from the administration. Like, you
17 know there's a heavy emphasis on the council
18 providing this foreign initiative that we believe
19 in but you, there's also a commitment on behalf of
20 the administration and, and perhaps with such a
21 nominal amount, with such a huge impact on
22 manufacturing I guess none of us really understand
23 why we're doing this budget dance with such a
24 nominal amount, with such a major initiative.

2 COMMISSIONER TORRES-SPRINGER: It's a
3 really important issue and as I mentioned the last
4 administrators didn't fund a dollar. So the, we
5 believe that we're meeting the council halfway in
6 this and that it, but it is only, it is one
7 important part but one part of a larger puzzle that
8 we're trying to better understand and, and resource
9 appropriately.

10 CHAIRPERSON FERRERAS: Thank you Council
11 Member, Chair Cornegy. Just wanted to add that we
12 are not doing the budget dance. Remember, no more
13 budget dance.

14 [laughter]

15 CHAIRPERSON FERRERAS: Yeah, it's out
16 we're, yes. We're going to have Council Member
17 Gentile followed by Council Member Vallone.

18 COUNCIL MEMBER GENTILE: Thank you.
19 Thank you Chairs. And Commissioner and Mr.
20 President it was good to see that you are now part
21 of the Jobs Taskforce that was announced yesterday.
22 I'm excited about the prospect of that taskforce so
23 looking forward to your, your efforts on, on that
24 behalf. It, it is exciting. I wanted to first start
25 with SBS. And Commissioner you said that you are

2 looking at the regulatory issues in regard to
3 street vendors. So I would assume by that you are
4 within that overview appreciative of the impact
5 that street vendors have on brick and mortar small
6 businesses and, and, and the fact that having
7 street vendors go anywhere and everywhere they want
8 to go does have a direct economic impact on the
9 brick and mortar small businesses?

10 COMMISSIONER TORRES-SPRINGER: Yes.

11 COUNCIL MEMBER GENTILE: Okay, that,
12 that's good to know because I have to say in, in
13 regard to your predecessor failed to implement the
14 law in, in regard to the street vendor taskforce.
15 And so I'm hoping that you, we will have a more
16 collaborative approach to how we deal with street
17 vendors.

18 COMMISSIONER TORRES-SPRINGER: Likewise.

19 COUNCIL MEMBER GENTILE: Thank you.

20 That's good, that, that's good to hear. Mr.
21 President on EDC Matters you know prior to my life
22 on the City Council I represented part of Staten
23 Island in the state senate and part of that, part
24 of Staten Island I represented was Stapleton, that
25 area of the area. So I'm interested in the project

that you have there, 111 million dollars in the Stapleton area. Does that include the Ferris Wheel that's been so badly hoed over the last year or two?

PRESIDENT KIMBALL: No.

COUNCIL MEMBER GENTILE: That's, that's a separate project?

PRESIDENT KIMBALL: There's no...

[crosstalk]

COUNCIL MEMBER GENTILE: ...second project.

PRESIDENT KIMBALL: As far as I know there's no city capital going to that project.

COUNCIL MEMBER GENTILE: I'm sorry.

PRESIDENT KIMBALL: There's, as far as I know there's no city capital going to that project.

COUNCIL MEMBER GENTILE: I see.

PRESIDENT KIMBALL: Yeah.

COUNCIL MEMBER GENTILE: Okay, great, great. So in, this project involves the area around that, the boondoggle known as the Navy home port, not your boondoggle but previous, previous administrations', want to make that clear. Is, is

2 this, will this project deal with finally using
3 that home port for, for some useful purpose?

4 PRESIDENT KIMBALL: Right so we have, we
5 have a development project there now being
6 developed by a company called Iron State. It's
7 about 900 units of housing. 20 percent of that is
8 affordable. And then the, but there is still I
9 think two more phases, potentially two more parcels
10 that can be used. But you have to have the right
11 infrastructure and roads to unlock that development
12 potential so they can pass environmental muster.
13 And so the, the capital that's being put in for
14 Stapleton is allowing us to unlock those additional
15 parcels.

16 COUNCIL MEMBER GENTILE: I see. And, and
17 in, as far as the number of jobs that are being
18 created here is there some commitment to the people
19 of Stapleton and Tompkinsville to, to give them
20 some priority. So we do try to do local hiring
21 within the construction project as much as possibly
22 is, is legal. We run up to some barrios there but
23 we, we have a program called Hire NYC that we try
24 to use. We also try to use, work with the
25 construction companies as much as possible. But I

1 think local hiring as a topic in general is
2 something that we are very, EDC is very focused on
3 to making sure there's just so much city capital
4 and federal capital for that matter flowing through
5 to New York City. And we have a number of different
6 barrios that we face in hiring people of the areas
7 in which the projects are being constructed. So I
8 can say that we have programs but I, we do need to
9 do better in making sure that those projects, it's
10 just that there's certain laws that we have to
11 focus on, either changing or being creative about
12 how we approach local hiring.

14 COUNCIL MEMBER GENTILE: Great. My time
15 is short so I want to get back to Brooklyn for a
16 second and...

17 PRESIDENT KIMBALL: Sure.

18 COUNCIL MEMBER GENTILE: ...talk about as
19 you know the ferry service. Councilman Richards
20 talked about Rockaway. I'm the small part on the
21 Brooklyn end of, of that ferry service. You
22 mentioned that it's not about ridership but
23 wouldn't it be about ridership, increasing
24 ridership to offset the cost?

PRESIDENT KIMBALL: The catch is that the bigger the boat, the higher generally the operating expense. So there's a relationship. But essentially it's, even if... there's a certain demand that's happening but there's not enough demand to offset the amount of money that has to go towards the subsidies. So there's, there's not going to be enough demand to bridge the... As I mentioned it's 35 dollars a passenger roughly. They're paying about four to get on, at Rockaway I think they're paying a two...

COUNCIL MEMBER GENTILE: 3.50.

PRESIDENT KIMBALL: 3.50 to get on at BAT. There's not enough ridership to bridge the 31 dollar gap.

COUNCIL MEMBER GENTILE: ...you...

PRESIDENT KIMBALL: Because the gap just would just...

COUNCIL MEMBER GENTILE: There'll never be enough ridership... [crosstalk]

PRESIDENT KIMBALL: It will all, I mean all public transportation requires a subsidy.

COUNCIL MEMBER GENTILE: Right.

2 PRESIDENT KIMBALL: It's just a question
3 of how much you as a city decide to dedicate to a
4 subsidy. Ferry is, outside of subways if you
5 include the cost of building a tunnel, ferries are
6 among the most expensive form of subsidy.

7 COUNCIL MEMBER GENTILE: I, I know my
8 time is up but with or without the R Train tunnel
9 it's still a valuable service.

10 PRESIDENT KIMBALL: Yes I, you've...

11 CHAIRPERSON FERRERAS: Thank you Council
12 Member.

13 PRESIDENT KIMBALL: I know, I know.

14 CHAIRPERSON FERRERAS: Thank you Council
15 Member Gentile. We'll have Council Member Vallone,
16 who's not here so we'll move onto Council Member
17 Barron followed by Council Member Dickens.

18 COUNCIL MEMBER BARRON: Thank you to the
19 Chairs Ferreras, Garodnick, and Cornegy for holding
20 this hearing and I want to thank the panel members
21 for coming before us. I'm sorry I didn't get to
22 hear your testimony or the questions that were I
23 asked so I hope I don't duplicate questions going
24 forward. Commissioner Torres-Spring I believe I
25

heard you say that the agency presents about 50 awards to small businesses? Is that what you said?

COMMISSIONER TORRES-SPRINGER: I was...

COUNCIL MEMBER BARRON: It was in response to...

COMMISSIONER TORRES-SPRINGER: That was our Avenue NYC program...

COUNCIL MEMBER BARRON: Avenue NYC...

COMMISSIONER TORRES-SPRINGER: ...and...

COUNCIL MEMBER BARRON: ...and what's the average size of those awards?

COMMISSIONER TORRES-SPRINGER: So the, in FY14 we awarded grants to 40 organizations for 46 projects and the average award is about 40 thousand.

COUNCIL MEMBER BARRON: Okay. And businesses would go... How would they be informed of the RFPs being presented?

COMMISSIONER TORRES-SPRINGER: It's, it's...

COUNCIL MEMBER BARRON: Where would the...

COMMISSIONER TORRES-SPRINGER: So it's a yearly application process for local organizations and the, and just to give you a sense that the

2 grants are targeted for projects related to
3 business attraction, place making, merchant
4 organizing, capacity building for those
5 organization, façade improvements, essentially
6 projects that really help revitalize commercial
7 corridors.

8 COUNCIL MEMBER BARRON: And I believe...
9 I'm not sure if you's [phonetic] addressed the
10 questions of the MWBE talking about not just
11 helping them to get through the process but to make
12 sure that they get the bonding and the mentoring
13 that they need. What is your goal in terms of MWBE?

14 COMMISSIONER TORRES-SPRINGER: Mm-hmm.
15 Mm-hmm. I have, one of my main priorities is to
16 look at that certification numbers are good and I
17 think we can, we can think about dramatically
18 increasing them. But we're taking a look now at
19 what a reasonable but aggressive and ambitious goal
20 is for the contracting dollars that go towards
21 MWBEs. And, and, but what's important to note there
22 is that we can, you know we can comply with the
23 law, we can get more money to MWBEs but we need to
24 ensure that we are providing the assistance that
25 they need in order to actually be successful. So

2 I'm not sure if you were here before but both Kyle
3 and I talked about programs that we have that
4 specifically address capacity building, mentorship,
5 getting technical assistance, bonding, and a couple
6 of other, a couple of other areas. Because we think
7 that is key to...

8 COUNCIL MEMBER BARRON: Okay.

9 COMMISSIONER TORRES-SPRINGER: ...actually
10 getting the contracts.

11 COUNCIL MEMBER BARRON: As a part of,
12 what percentage of the awards that are given go to
13 MWBEs? What percentage and what is a dollar amount?

14 COMMISSIONER TORRES-SPRINGER: So these
15 awards are for not-for-profit organizations.

16 COUNCIL MEMBER BARRON: Okay.

17 COMMISSIONER TORRES-SPRINGER: And they
18 are in low, they are, because of the funding source
19 they have to be in low and moderate income
20 communities.

21 PRESIDENT KIMBALL: With respect to EDC
22 projects we have paid about 145 million to MWBEs
23 both as primary and subcontractors. And we, and so
24 far in FY14 we've had about a 42 percent
25

participation rate which is about 32 million in payments to MWBEs in, in this fiscal year.

COUNCIL MEMBER BARRON: And what percent, what percentage does that represent?

PRESIDENT KIMBALL: 42 percent.

COUNCIL MEMBER BARRON: 42 percent.

PRESIDENT KIMBALL: Yeah.

COUNCIL MEMBER BARRON: Okay.

COMMISSIONER TORRES-SPRINGER: And then in terms of our in the agency's spending, for the first two quarters of this year we awarded 47 percent of our purchases which are covered by Local Law 1 to M, MWBEs and that amounts to approximately 400 thousand.

COUNCIL MEMBER BARRON: Okay. Now I have another, I have a couple of more questions. I'm rushing because I only have a minute left. There was an RFP which was presented by EDC and one of the organizations in my community which is east New York received the award and they were told that for the first year it would be an award that would be given for one year with a possibility of extending it for two years. It's East Arts New York Program. There's a big problem because it seems that one

group, EDC was not communicating and talking and I heard you mention the Neighborhood Integration Plan Initiative. I think it's very much needed because now there's a problem and their award is now being limited to a year because the site which had been approved for them to develop their project which was an arts, art studio, art vending, other entrepreneurial venter, vendors would be there as well is now on the list for imminent housing where as six months ago it wasn't. So it's a big problem. Community's been excited, they know about the project. They're looking forward to it. And it's going to be a great question of trust and integrity if this project does not go forward. So I don't know if your staff told you we had a conversation, I think a day or two ago with your staff, I don't know if they informed you of this, if you're aware. But we need to address the situation and remedy it so that the community can believe that what's said, what's done, what's presented is in fact what occurs.

PRESIDENT KIMBALL: Well so the first I would say is that this was a project that was conceived of in a different administration, one in

1 which we did not, one in which the administration
2 did not have a plan to develop these sites. And EDC
3 took it upon themselves to say there are a lot of
4 vacant sites in east New York, what is something
5 that we can do to activate these sites to
6 demonstrate the, the thesis that these are places
7 that you can do something interesting here to bring
8 life to the community and, and not have a vacant
9 lot collecting trash, or having a big fence, or not
10 being mowed, or whatever it is. There was an
11 election. There is a affordable housing plan that
12 was put in place where we are responsible for
13 finding and building either 200 thousand units of
14 new and affordable housing. There is plenty of
15 opportunity for that housing to happen in east New
16 York. It does not make sense for EDC to spend
17 hundreds of thousands of dollars activating the
18 site when it's about to be disposed of to an
19 affordable housing developer. So, so it's not so
20 much a question of integrity, it's a question of
21 shifting priorities and the fact that...

22
23 COUNCIL MEMBER BARRON: It is a question
24 of integrity because what was said is not being
25 what's implemented. And the community does not feel

2 that we want to be overdeveloped with housing which
3 does not come with the necessary infrastructures,
4 schools, parks, businesses, and all of those things
5 which make it a vibrant community. So it is a
6 question.

7 PRESIDENT KIMBALL: Well I would say
8 that's a... [interpose]

9 COUNCIL MEMBER BARRON: And that's what
10 I'm hearing from the people that... [crosstalk]

11 PRESIDENT KIMBALL: I would say that's a
12 different question then if, if you're saying that
13 this is related to a concern about having housing
14 then that's a separate conversation.

15 COUNCIL MEMBER BARRON: It's related
16 because of the housing...

17 CHAIRPERSON FERRERAS: Council Member if
18 you can, your time's up, if you can just wrap it
19 up...

20 COUNCIL MEMBER BARRON: Okay.

21 CHAIRPERSON FERRERAS: ...and then perhaps
22 the President could follow-up... [crosstalk]

23 COUNCIL MEMBER BARRON: I, I think we
24 need to talk as well as with the groups that have
25 put money into developing this project and I think

2 we need to come to a solution that everyone feels
3 good about because the community's not feeling
4 good.

5 PRESIDENT KIMBALL: Okay.

6 CHAIRPERSON FERRERAS: Thank you and,
7 and you can follow-up with Council Member Barron.

8 PRESIDENT KIMBALL: Sure, absolutely.

9 CHAIRPERSON FERRERAS: Council Member
10 Dickens.

11 COUNCIL MEMBER DICKENS: Thank you
12 Chairs and good afternoon. Thank you Commissioner
13 Torres-Springer and President Kyle Kimball and all
14 the panelists for, for staying here to, to answer
15 our questions. My question is on MWBE Local Law 1
16 in particular. I notice in the budget briefing
17 document it reflects in the, the executive budget
18 395 thousand for fiscal year 15 and 480 in the
19 outer years for Local Law 1 compliance. And this is
20 for the Commissioner in particular. And I commend
21 you for implementing the changes that we, we put in
22 for Local Law 1 last year. And I also notice that
23 OMB has granted that you, three full time positions
24 and a corresponding amount of OTPS to cover the
25 implementation of it. Now what does that mean? And

I know what you do with the certifications, etcetera. The reason I'm asking because the implementation is one thing. Setting the goals is one thing. And what is actually done in the city is another. In record numbers our MWBEs are closing up. Now they're getting these, these million dollar contracts. They're, they're, they're bidding and they're winning the contracts. However, what is being done to actually put teeth to ensure that number one, that city agencies actually do comply. Because we've had instances where agencies from within the city where MWBE has actually won the contract but then they were encouraged to partner with someone who was not an MWBE. That's number one. And the second part of the question is concerning the fact that getting the certifications etcetera is very important. And I've raised this issue before so this is not the first time I've raised that, the former issue I just spoke about. But, in addition the, the issue is the payment. The city is woefully very poor and paying out to contractors. And our MWBEs do not have the capacity in order to sustain remaining in business. So even though they win these contracts they're going out

2 of business in record numbers. What is SBS doing
3 and this is, 395 is not a lot, 480 is not a lot but
4 for the compliance to be done to ensure that, that,
5 that it's successful, that, that, that you are
6 successful for these MWBEs to be able to stay in
7 business because they're going out of business.
8 We're losing out so I, I'd like an answer to that
9 please because there's no teeth. There, it's, it's
10 great on piece of paper but there's actually no
11 teeth in Local Law 1.

12 COMMISSIONER TORRES-SPRINGER: So there...

13 [crosstalk]

14 COUNCIL MEMBER DICKENS: Or Local Law 29
15 for that matter.

16 COMMISSIONER TORRES-SPRINGER: There are
17 a few things that I think would be helpful to
18 provide clarity to. One in terms of the, the, the
19 additional, the funding, the 400 or so, 400
20 thousand in funding, what that allows us to do is
21 keep on, they were hired as contract employees but
22 this funding allows us to keep these individuals on
23 as permanent employees to help with the
24 implementation. And what that means specifically is
25 that two staff will assist in the approval of

certification determinations and supervise our agency audit and site visit programs which is important to ensure the integrity of the program. And then one position will help, will assist in the management improvement of technology associated with the implementation. The implementation itself in terms of the teeth. I think there, to ensure there, there's teeth and integrity and effectiveness and it... I think there's a lot that, that the, the administration is planning on doing, continuing to do. For instance building on the work that's happened over the course of the, the several years but working with the city's MWBE Director really working with the agencies at these quarterly meetings that are set out by Local Law 1 to ensure that each agency's meeting their goals if not working with them to create performance improvement plans and really holding each agency accountable to those goals. On the question of payment the, a lot of the contracts, I think this is in particular a MOX [phonetic] issue but SBS does provide assistance to MWBEs in terms of getting that payment, helping them navigate the, the system

which doesn't mean there isn't more that we can do but it's part of our services.

COUNCIL MEMBER DICKENS: The navigation is one thing. The other part of it is, for instance on the federal level and I have suggested this in the past they have a, a kind of a, a, a card system. I don't know what they call it. But they have a system that assists the MWBEs with getting their payment early in order to not pay say for, for payroll course or administrative course but it allows them to pay for whatever the procurement of, of, of the supplies that they may need so that at least those things are covered. And, and of course it, it, it deducts whatever the balance is owed. Now you also have a system here where you do have a lending system but the cost is prohibitive. So you know I wanted it said on the record because I've been, this is the same complaint I had five years ago, eight years ago, and I guess I'll have it when I leave out in three years. And I, and I don't see where we're doing anything in the city to make it a friendly city or a sustainable city for MWBEs. And I'm not being hostile I'm being real.

2 COMMISSIONER TORRES-SPRINGER: I, I
3 appreciate your feedback and it's something that
4 I'm committed to, finding ways to meaningfully
5 improve.

6 COUNCIL MEMBER DICKENS: I'd like to
7 work with you on that if possible.

8 COMMISSIONER TORRES-SPRINGER: Great.

9 COUNCIL MEMBER DICKENS: Thank you.

10 CHAIRPERSON FERRERAS: Thank you Council
11 Member Dickens and now I will give it, pass it over
12 to my co-Chair Garodnick.

13 CHAIRPERSON GARODNICK: Thank you Madam
14 Chair and to be merciful to all of you and to the
15 Chair who sat here for much of the day I'm just
16 going to do some clean up questions and I will try
17 to do them as quickly as possible. The, the first
18 is for Mr. Kimball. The, the 373 million dollars
19 for the large scale development projects, the ones
20 that you sited in your testimony, is it fair to
21 assume that those are part of the 11 billion
22 dollars that the mayor had articulated as capital
23 funding for his housing plan?

24 PRESIDENT KIMBALL: I would, I would
25 assume so.

CHAIRPERSON GARODNICK: Okay. Brooklyn Navy Yard includes 118.1 million dollars over a period of time, over the, the five year plan. We know of a request of 11 million dollars by the Brooklyn Navy Yard because as you know we had a hearing on the subject a month or so for building 77. What, what else is included in that 118 million dollar investment?

PRESIDENT KIMBALL: I, I have, have no oversight over David's, the President of...

CHAIRPERSON GARODNICK: So you just, so it's just an, it's just an allocation?

PRESIDENT KIMBALL: Yeah, it just literally, there, the reason it's, the only reason it's really associated with EDC is that there is one budget code that OMB has that relates to economic development and it's called 801 and then everything, every, so what you're seeing is everything associated with 801. But that just captures what's flowing through 801. It doesn't necessarily capture what's coming to EDC. And so, in other words when we say it's flowing through EDC it means that it flows through that budget code.

2 CHAIRPERSON GARODNICK: So who's making
3 the call on 801 if that's not EDC?

4 PRESIDENT KIMBALL: That's OMB.

5 CHAIRPERSON GARODNICK: OMB makes the
6 call. They say we're giving 118 million dollars...
7 [crosstalk]

8 PRESIDENT KIMBALL: To 801.

9 CHAIRPERSON GARODNICK: ...Brooklyn Navy
10 Yard...

11 PRESIDENT KIMBALL: Right.

12 CHAIRPERSON GARODNICK: ...or to 801 and
13 just it's processed through EDC.

14 PRESIDENT KIMBALL: Correct.

15 CHAIRPERSON GARODNICK: Okay, alright
16 that's a better question for them then. Let's see
17 here. SBS in your financial summary there were a
18 number of significant changes from fiscal year 14
19 to 15. I just wanted you to walk us through four of
20 them if you don't mind. One of them was on contract
21 services for the Economic Development Corporation
22 where there's a change of 15 million dollars from
23 fiscal 14 to 15. Can you help us understand what
24 that is.
25

2 PRESIDENT KIMBALL: Yeah so I can let
3 Andy talk to you but it's essentially, again this
4 is related to the, it's a similar question to Navy
5 Yard. It's just it's a flow through of tax levy. We
6 typically don't receive a lot of tax levy for our
7 projects, certainly don't for any operations. So
8 perhaps Andy has the actual numbers. But a lot of
9 it has... Like for example the Rockaway Ferry that
10 we're talking about with the two million of money,
11 expense money that's coming to the city first flows
12 through SBS and then through EDC, then to EDC.

13 UNIDENTIFIED MALE: Correct we have a
14 master contract with EDC and that, I think there
15 was ten million dollars additional in the exec.
16 plan for the Rockaway ferry. I think Willoughby
17 Place, some additional brown fields but we can get
18 you the...

19 CHAIRPERSON GARODNICK: Okay, so that's
20 what included in the, in the 15 million Rock, the
21 Rockaway Ferry, Brownfield and other is that...

22 UNIDENTIFIED MALE: Yes.

23 CHAIRPERSON GARODNICK: right? Okay if
24 you could let us know what... [crosstalk]
25

2 PRESIDENT KIMBALL: Or for example I
3 think graffiti... [crosstalk] graffiti removal that
4 EDC does, that's tax levy money that's flowing
5 through.

6 CHAIRPERSON GARODNICK: Okay, and then
7 also there's a, a change of four million dollars
8 for contract services, other.

9 UNIDENTIFIED MALE: There is a, there is
10 a clean heat initiative that was added in the exec
11 budget which is really, flows through us to DCAS to
12 reduce, change the heating oils that are, the city
13 is using. That's one item that I know of that
14 sounds like approximately that.

15 CHAIRPERSON GARODNICK: Are you certain
16 that that's what that is, the four, 4.3 million
17 dollar change?

18 UNIDENTIFIED MALE: Well without looking
19 at the document I can't be sure.

20 CHAIRPERSON GARODNICK: It, it's in the
21 SBS financial summary in the change fiscal year 14
22 over 15 and it's, this...

23 UNIDENTIFIED MALE: I don't think we
24 have...

2 CHAIRPERSON GARODNICK: Oh, I see this
3 is not the precise document that you have. But it
4 comes from, it comes from you. Okay well let's
5 just, let's flag that. If you could answer that for
6 us...

7 UNIDENTIFIED MALE: Certainly.

8 CHAIRPERSON GARODNICK: ...as a follow-up
9 it'll be great. And then the, the next two items
10 that were changes from 14 to 15 were both 3.2
11 million dollars less in neighborhood development
12 and 2.2 million dollars less in workforce
13 development one stop centers. Could you shed some
14 light on those...

15 UNIDENTIFIED MALE: Yeah the first, the
16 first neighborhood one would be reduction in
17 council items that'll show up at adoption. So
18 that's why that's less now. The other item is the
19 expansion centers that the Commissioner referred to
20 in her testimony that was funded for three years
21 with city tax levy dollars that ends, going into
22 FY15.

23 CHAIRPERSON GARODNICK: Thank you. And
24 then the last two questions for me both for SBS and
25 EDC are you currently full strength on staff in

2 terms of what you are budgeted for or do you have
3 any vacancies that still need to be filled in your
4 staff?

5 PRESIDENT KIMBALL: So we have about 400
6 employees. Our headcount is not capped because
7 we're sort of the separate organization that's not
8 part of the mayor's office headcount. So, but we
9 have about 100, 400 employees. We, we tend to stay
10 around 400 employees and at any given time we have
11 about 20 positions open through the organization.
12 That's, it's consistent with where we are now,
13 maybe a little bit more now with the turn of the
14 administration because we're doing quite a bit of
15 hiring.

16 CHAIRPERSON GARODNICK: Okay and...

17 UNIDENTIFIED MALE: We're very limited
18 in terms of vacancies right now. I'd estimate it at
19 under 10 and some of those are actually pending
20 approval, hires that are pending approval.

21 CHAIRPERSON GARODNICK: Under of how
22 many did you say?

23 UNIDENTIFIED MALE: About 270.

24 CHAIRPERSON GARODNICK: Okay, and the
25 last question is, is sort of a, it's a, sort of an

overall question for Mr. Kimball. We're now six months into a new administration. Obviously you are somebody who has now served across two terms, can you give us a sense of how EDC's priorities have changed either budgetary or you know conceptually from one administration to the next?

PRESIDENT KIMBALL: Well I would say conceptually there is a mandate to be more coordinated with the other agencies about what other agencies are doing, what we're doing and how the different ideas that we have correlate to what other agencies and their priorities are so I would say that's number one. Number two I would say there's certainly more of a focus on thinking of neighborhoods as organisms and, and thinking through what economic develop means, not just from the standpoint of real estate activation but also supporting business and thinking about transportation and sort of making long term investments in neighborhoods. And then I would say three it's great to have a partner at SBS and, and the, and in the mayor's office with both Deputy Mayor Glen and the mayor himself who are very committed to industrial policy and really

strengthening that sector. And I can't underscore enough that, that's a huge priority for this administration. But also just thinking very big picture about actually how to support this community through zoning services, investments, infrastructure, that kind of thing. And also not just thinking about light manufacturing and making stuff which is great that we have someone making delicious chocolates but on the other hand we also have, you know you have to have a city where cement is made, where asphalt is made. And so thinking through the policies to support both light manufacturing but also heavy manufacturing as well I would, I would say. There's a number of different shifts but those, those are the three that I, come to mind.

CHAIRPERSON GARODNICK: Terrific. Well thank you very much and thank you for, for your testimony today. Thank you Madam Chair.

CHAIRPERSON FERRERAS: Thank you co-Chairs. I just want to say before we wrap up today's hearing two things. One, Commissioner Torres-Springer just want to acknowledge your team at SBS is amazing partner in many of the steps that

I've taken especially working through ushering a vote for Willets point and the partnership and, and the relationship that was very important to make that happen but also in helping me address some challenges over at the BID expansion that we're trying to do on Roosevelt Avenue. And hopefully we'll be getting to a positive solution with getting that BID ushered through. I know that is, a lot of my colleagues are very interested in understanding how they can start BIDs in their districts and what those first steps are. So I'd like to follow-up with you so maybe we can have some type of briefing for colleagues on, and thinking about their business corridors and how they kind, revitalize business corridors in their districts. Thank you very much for your testimony. I, I can say that this is the first time we've ended early. So I appreciate very much your, your responses to my colleagues. This concludes our hearing for today. The finance will resume executive budget hearings tomorrow, May 22nd at 10:00 a.m. The hearing will be held in this room. Tomorrow we will hear from six agencies. We will hear from the Department of Aging, the Department

of City Planning, the Landmarks Preservation Commission, the Department of Information and Technology and Telecommunications, the Department of Investigations, and the Conflict of Interest Board. As reminder public will be allowed to testify on the last day of budget hearings on June 6th beginning at approximately 4:00 p.m. The public session will be held in this room. For members of the public who wish to testify but cannot make the hearing you can email your testimony to Nicole Anderson and she will make it as a part of the official record. Her email is NAnderson@Council.NYC.gov. Again thank you to my co-Chairs. Thank you for, and thank you for participating. This hearing is now adjourned.

[gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date May 29, 2014