CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PLANNING,
DISPOSITIONS AND CONCESSIONS

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November 18, 2014 Start: 1:22 p.m. Recess: 1:49 p.m.

HELD AT: 250 Broadway - Committee Room

16th Floor

B E F O R E: INEZ E. DICKENS

Chairperson

COUNCIL MEMBERS:

Darlene Mealy

Ydanis A. Rodriguez

Andrew Cohen Mark Treyger

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

Baaba Halm, Assistant Commissioner Government Relations and Regulatory Compliance Housing Preservation & Compliance (HPD)

Lisa Talma, Assistant Commissioner Property, Disposition, and Finance Housing Preservation & Compliance (HPD)

Carolyn Williams, Director
HUD Multi-Family Loan Program
Housing Preservation & Compliance (HPD)

[sound check]

afternoon. I'm Council Member Inez Dickens, Chair of the Subcommittee on Planning, Dispositions and Concessions. I would like to welcome everyone to today's hearing. I want to thank and acknowledge my Sergeant-A-Arms, Angel Chacon; my Land Use Director; Deputy Director, Amy Levitan; and my Attorney Ann McCoy. I want to acknowledge my esteemed colleagues who are members of the Planning Subcommittee, Council Member Andrew Cohen who gets the gold star, and Council Member Ydanis Rodriguez who also will get a gold star because he got here before it started.

We have nine items on our calendar today. Eight we will be hearing and voting on, and one will be laid over to a future subcommittee hearing. To start, we are laying over the following item: Land Use Item No. 147, which is 304-306 East 8th Street for a Section 577 Tax Exemption for property located in Council Member Mendez's district in Manhattan. Again, this item will be laid over to our next hearing on December 2nd as the members gather the necessary information for this project.

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I will now open the hearing for Land Use

Item 133 a Tier II Special Projects for Section 577

Tax Exemption for properties in Manhattan in Council

Member Levine's district. We have here to testify

Baaba Halm, Assistant Commissioner of Governmental

Relations and Regulatory Compliance of HPD. Please

come up, Baaba Halm. [laughs] And Lisa Talma,

Assistant Commissioner for Property, Disposition, and

Finance. Will you turn on your mic, please, and

identify yourselves first.

COMMISSIONER HALM: Good afternoon, I am Baaba Halm, Assistant Commissioner for Government Relations and Regulatory Compliance at HPD.

COMMISSIONER TALMA: Good afternoon. I'm
Lisa Talma, Assistant Commissioner for Property,
Disposition, and Finance for HPD.

COMMISSIONER HALM: Good afternoon, Chair Dickens and members of the subcommittee. We are here on LU 133, which consists of a proposed amendment to a previously approved project for two multiple dwellings located at 3603 and 3605 Broadway, Block 2095, Lots 31 and 32. This project was conveyed in 2004 by the City under the then Tenant and Term Lease Program known as TIL2. Under TIL2, tenants in the

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city-owned property were abele to submit a petition to HPD to have a local not-for-profit organization act as an interim sponsor that would coordinate the rehabilitation of the building. After completing the repairs, the sponsor would convey the units to the tenants as low-income cooperatives. This project was originally approved for disposition on February 4, 2004 under Reso No. 102. Subsequently, HPD obtained Article 11 tax benefits for the building for the purposes of maintaining the affordability of the housing units. The article 11 was approved by the Council on December 18, 2008 under Reso No. 1762. The rehabilitation of the properties has been completed, and all housing co-violations have been removed.

on May 30th of 2014, the sponsored entered into an amended and reinstated regulatory agreement, and the two buildings were converted to cooperatives in which existing tenants will become shareholders after the purchase of their units.

Currently, HPD is asking the Council's approval to terminate the existing Article 11 Tax Exemption and to approve a new Article 11 Tax Exemption that would coincide with the new regulatory agreement.

[Pause]

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Mealy.

CHAIRPERSON DICKENS: Thank you so much for your testimony. Are there any questions from my colleagues in reference to this HDFC, and does everyone understand the termination of Article 11 Tax Exemption, but the creation of a new one so that it will coincide with the Regulatory Agreement? Would you please explain, Commissioner.

Article 11 would only be in place for another ten years. And because of the refinancing and the scope of the work, we've entered a new Regulatory Agreement with the building that will be for a 30-year term. So what we're trying to do is to terminate the existing Article 11 and give them an Article 11 that will run for the same term as the Regulatory Agreement. So the new Article 11 will be for 30 years, the same term as the Regulatory Agreement. So we're kind of saying we want to extend the Article 11, but we can't do that unless we terminate the existing exemption, and give them a new one.

CHAIRPERSON DICKENS: Council Member

1	COMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS > 9
2	COMMISSIONER TALMA: Nineteen.
3	CHAIRPERSON DICKENS: Nineteen existing.
4	The balance of vacant units?
5	COMMISSIONER TALMA: That's correct.
6	CHAIRPERSON DICKENS: And what is the
7	cost to the existing tenants?
8	COMMISSIONER TALMA: The existing tenants
9	purchase into the co-op at \$250.
10	[Pause]
11	COMMISSIONER TALMA: This is Lisa Talma.
12	CHAIRPERSON DICKENS: Yes, she did it.
13	FEMALE SPEAKER: [off mic] Okay.
14	CHAIRPERSON DICKENS: At \$250?
15	COMMISSIONER TALMA: That's right, per
16	unit.
17	CHAIRPERSON DICKENS: Are there any other
18	questions? Are there any members of the public
19	wishing to give testimony?
20	COUNCIL MEMBER MEALY: [off mic] Could I
21	speak.
22	CHAIRPERSON DICKENS: Council Member
23	Mealy.
24	COUNCIL MEMBER MEALY: So they buy in the
25	co-operative. So what will be the The new price

1	COMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS > 10
2	is \$250? What will be the price for somebody buying
3	into the cooperative now?
4	COMMISSIONER TALMA: For one-bedroom
5	apartments, the price would be \$132,323. Fort two
6	bedrooms \$147,130.
7	COUNCIL MEMBER MEALY: So how many units
8	are in this building?
9	COMMISSIONER TALMA: There's a total of
10	37 units.
11	COUNCIL MEMBER MEALY: And 19 is vacant.
12	COMMISSIONER TALMA: 19 are vacant.
13	COUNCIL MEMBER MEALY: So how many will
14	stay in without the change? So 19 is vacant. How
15	many that will stay in the building?
16	COMMISSIONER TALMA: Well, all the units.
17	COUNCIL MEMBER MEALY: [interposing] All
18	the units?
19	COMMISSIONER HALM: All the units are
20	will be subject to the restrictions of the HD
21	COUNCIL MEMBER MEALY: [interposing] All
22	of them?
23	COMMISSIONER HALM: All of them whether
24	or not it's purchased for \$250 or for the amounts
25	that Commissioner Talma has already identified. They

1	COMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS > 11
2	will all be under a Regulatory Agreement moving
3	forward.
4	COUNCIL MEMBER MEALY: For 30 years?
5	COMMISSIONER HALM: For 30 years.
6	COUNCIL MEMBER MEALY: Thank you.
7	CHAIRPERSON DICKENS: What will be the
8	monthly maintenance approximately for a one-bedroom?
9	COMMISSIONER HALM: For a one-bedroom,
10	the maintenance will be \$864. For a two-bedroom, the
11	maintenance will be \$1,036.
12	CHAIRPERSON DICKENS: Is HPD giving
13	assistance on getting loans for those that have to
14	purchase at market rent or market rate I should say?
15	COMMISSIONER HALM: Actually, these are
16	not market rate, Chair, but we can help with
17	CHAIRPERSON DICKENS: [interposing] Okay.
18	\$132,000 is pretty marketable to me. Are there any
19	other questions from my colleagues? Seeing none and
20	no members of the public wishing to give testimony, I
21	hereby close Excuse me. Council Member Rodriguez.
22	COUNCIL MEMBER RODRIGUEZ: Is that
23	supported by the Council Member?
24	COMMISSIONER HALM: Yes.

COUNCIL MEMBER RODRIGUEZ: Levin?

next item on the agenda is LU 139, which consists of

1	COMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS > 13
2	the proposed disposition of one property located in
3	Brooklyn through HPD's Third-Party Transfer Program,
4	and as you identified it's located at 890 Flushing
5	Avenue. From August 25th to October 10th, the
6	property was before the Housing and Buildings
7	Committee for the statutory 45-day review period.
8	Council Member Reynoso was brief, and indicated
9	approval for the transfer of the property to the
10	third-party owner/developer, which was selected by
11	HPD through a competitive process. Today, HPD seeks
12	Council approval of UDAP findings, which will enable
13	the title to be granted to a third-party who will own
14	and manage the property as well as the related tax
15	exemptions. Upon transfer to the selected sponsor,
16	the property will be rehabilitated and no tenant will
17	pay more than 30% of their income in rent.
18	CHAIRPERSON DICKENS: How many units are
19	in this development?
20	COMMISSIONER HALM: It is currently 25
21	units.
22	CHAIRPERSON DICKENS: Are they all
23	occupied?
24	[Pause]

COMMISSIONER HALM: Yes.

COMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS > 17 2434, block 2447, block 2450, block 2453, block 2457, block 2456, block 2816 and block 2861. Two of the developments, Morrisania Associates and Morrisania II Associates are limited partnerships that were financed by HUD and do not currently receive tax exemptions. The other two developments Morrisania III and Morrisania IV Associates are Article 5 Redevelopment Housing companies that currently receive partial tax exemption benefits pursuant to the Private Housing Finance Law. The exemption area will be acquired by a new sponsor who will then undertake rehabilitating all of the buildings. The scope of the work will include replacement of kitchens, bathrooms, roofs, elevators and boilers as well as repairing major building systems. Additionally, the buildings will undergo a thorough renovation of lobbies and common spaces, plumbing updates and facade repairs. The new sponsor will enter into a regulatory agreement establishing certain controls upon the operation of the exemption area. The project on a whole is comprised of 100% Project Based Section 8 units with income bands of 80-- of zero to 180% AMI. The tenants eligible for Section 8 receive rental subsidies and pay no more

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than 30% of their income towards rent. The rapid portfolio of 17 buildings tenants pay on average \$316 per month as their share of rent. Today, HPD is before the Council seeking approval to dissolve the Article 5 Housing Company Status to make the current tax exemption for the Morrisania III Associates and Morrisania IV Associates properties, and to approve LU140 which is an Article 11 Tax Exemption for the entire 17 buildings of the Morrisania Portfolio for a 30-year period that would coincide with the new Regulatory Agreement.

CHAIRPERSON DICKENS: Thank you for your testimony, and we have who has joined us today

Council Member Vanessa Gibson. Council Member, would you care to make a statement.

[Pause]

everyone and thank you, Madam Chair, for allowing me to join in this subcommittee meeting this afternoon. Thank you to the representatives of HPD for being here. Before I make a statement, I just want to be clear on this new Regulatory Agreement for a 30-Year Tax Exemption Program. The rents you just described would that be still applicable to the residents that

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COUNCIL MEMBER GIBSON: Okay. Well, I'm glad that you clarified that, and Madam Chair, I just wanted to go on record. Knowing these 17 buildings very well that stretches across Community Board 4 in my district in the Morrisania and Claremont section of the Bronx, I'm very delighted to support this project. And knowing some of the challenges many of the tenants have faced over the years under the previous Two Trees Management, and looking at the portfolio almost 700 tenants would be affected. So I'm very happy to hear that the rents would still be affordable. At a time across the city when we are starving for affordability in our city it's really important to maintain these types of programs. And so, I got a chance to meet with the new owners. know that they will form the Bronx Preservation Housing Development Fund. I'm going to work with them in meeting with a lot of the tenants over the next several months so that tenants understand what is happening in terms of some of the changes, the restorations, the rehab work. This is going to undertake a lot of work over the next several years. And so, I certain will be a partner with HPD, and with the developer as this comes to fruition. So I'm

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extremely proud and happy to support this project, and certainly encourage all of my colleagues to please approve this project as well so that we can continue to reaffirm our commitment to keeping rents affordable in this city. And maintaining the affordability stock that we have across our city and in the great borough of the Bronx. Thank you, Madam Chair for the chance to speak and thank you HPD for being here this afternoon.

CHAIRPERSON DICKENS: Thank you, Council
Member Gibson. I do have a question. Based upon one
question that Council Member Gibson asked, and that's
about an existing tenant that doesn't qualify for
Project Based under the HUD Guidelines, they have to
move out?

CAROLYN WILLIAMS: No, existing tenants that live in the property even though they don't have that contract, they will be able to remain in the property. They just will not receive as much assistance as someone else of lower income.

COUNCIL MEMBER GIBSON: What are you-- A one-bedroom unit for instance what would be the-- Because on the HUD contracts there's a maximum of market rent that a tenant that doesn't qualify for

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2 HUD Project Based Section 8 would have to pay. What 3 is that for a one-bedroom.

CAROLYN WILLIAMS: A one-bedroom is \$1,400 current. For a one-bedroom \$1,400.

any of my colleagues have any questions? Seeing none, are there any members of the public wishing to testify? Thank you Council Member Gibson for giving us that history, and that you are in support of this Land Use Item in your district. I will now close the public hearing on Land Use Item 140, 141, and 142, which have been coupled under Land Use Item 140. And then we have— That's right, 148 Lexington. All right, lastly we will hear Land Use Item 148 and 149 and 150. Lexington Gardens 1, which is in Speaker Melissa Mark-Viverito's district. We have to testify again Assistant Commissioner Baaba Halm and Carolyn Williams.

CHAIRPERSON JOHNSON: Thank you. These items are related and consistent in the exemption area with one multiple dwelling known as Lexington Gardens, an Article 6 redevelopment company. An Article--

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Redevelopment Company located at block 1635, lots 7,

16 and 17. The sponsor is financing through a

private lenders with the FAH insured loan for

acquisition and to address modest rehabilitation

needs and code violation corrections of 108 Section 8

Project Based units. The repositioning of this

project involves three actions under HPD's multi
family, HUD multi-family loan program.

The first is LU 148, which seeks to dissolve Article 5 Redevelopment Company, and authorization to legally separate the exemption area into two ownership structures. One for the building and one for the vacant lots.

The second is LU 149, which seeks a 35year tax exemption for the existing building that coincide with the new Regulatory Agreement.

The third is LU 150, which seeks a 5-year tax exemption from the vacant lots provided that the sponsor implements construction of a redevelopment project within five years of approval of the tax exemption. In the event construction does not

commence on the vacant lots in the timeframe		
described, the sponsor will be responsible for paying		
real property taxes for these lots, if an exemption		
has as if an exemption has never been in place.		
The exemption area will be acquired by a new sponsor		
who will then perform the scope of work addressing		
the modest rehabilitation needs and code violation		
corrections. The new sponsor will enter into a		
Regulatory Agreement establishing certain controls		
upon the operation of the exemption area. The		
project on a whole is comprised of 100% Project Based		
Section 8 unit with income bands of zero to 80% AMI.		
The tenants eligible for Section 8 receive rental		
subsidies and pay no more than 30% OF their income		
towards rent. On average, the tenants pay an average		
of \$295 per month as their share of rent.		

Today HPD is before the Council seeking
the voluntary dissolution of the current Article 5
Redevelopment Company known as Lexington Gardens
Associates, and approval of Article 11 Tax Exemptions
for the exemption area.

[Pause]

COMMITTEE ON PLANNING, 1 DISPOSITIONS AND CONCESSIONS > 26 2 COUNCIL MEMBER MEALY: I vote aye and I 3 congratulate my colleague Gibson. Aye on all. COUNSEL ANN MC COY: Council Member 4 Rodriguez. 5 COUNCIL MEMBER RODRIGUEZ: Aye. 6 7 COUNSEL ANN MC COY: Council Member 8 Cohen. 9 COUNCIL MEMBER COHEN: I vote aye. 10 COUNSEL ANN MC COY: By a vote of 4 in 11 the affirmative, no negatives and no abstentions Land 12 Use Items 133, 139, 140, 141, 142, 148, 149, and 150 13 are approved and referred to the Full Land Use 14 Committee. 15 CHAIRPERSON DICKENS: I want to thank my 16 colleagues for attending and members of the public, 17 and, of course, my counsel, and the Land Use staff. 18 This hearing is herby adjourned. [gavel] 19 20 21 22 23 24

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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 November 20, 2014