

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND BUILDINGS

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HELD AT: Council Chambers - City Hall

B E F O R E:
JUMAANE D. WILLIAMS
Chairperson

COUNCIL MEMBERS:

Rosie Mendez
Ydanis A. Rodriguez
Karen Koslowitz
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Rafael L. Espinal, Jr.
Mark Levine
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A P P E A R A N C E S (CONTINUED)

Vicki Been
Commissioner
NYC Department of Housing, Preservation
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Eva Trimble
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NYC Department of Housing, Preservation
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Baaba Halm
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Rick Chandler
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A P P E A R A N C E S (CONTINUED)

Harvey Epstein
Associate Director and Director
Community Development Project
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Barika Williams
Deputy Director
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David McCredo
President
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[gavel]

CHAIRPERSON WILLIAMS: Good morning; thanks again for coming back. You are all here for the Fiscal Year 2016 Preliminary Budget Hearing for the Department of Housing, Preservation and Development (HPD) and the Department of Buildings (DOB). Thank you everyone for your patience.

As mentioned, my name is Jumaane Williams; I'm the Chair of the Council's Committee on Housing and Buildings... [background comments] and we're joined today by Council Members Mendez, Torres, Levine, Rodriguez, Johnson, Koslowitz and Espinal.

This hearing will cover the Fiscal 2016 Preliminary Operating and Capital Budgets for HPD and the Fiscal 2016 Preliminary Operating Budget for DOB; we will first hear from the Commissioner of HPD, Vicki Been, where we will examine all components of HPD's \$719.9 million expense budget and \$2.7 billion capital budget, along with the details and progress related to Mayor de Blasio's Housing Plan. After HPD, we will hear from the DOB Commissioner, Rick Chandler; the Committee would like to get updates on the increased number of job filings at DOB, plan review process and their approximately \$14 million in

new needs that DOB has identified since the Fiscal 2015 adopted plan. After DOB, we will hear from members of the public; I'd like to remind everyone that would like to testify today to please fill out a witness slip with the sergeant at arms so we can put you in the queue.

I'd like to thank my staff for the work they did to assemble this hearing, including Nick Smith, my Deputy Chief of Staff, Jen Wilcox, Shijuade Kadree, Counsel for the Committee, Guillermo Patino and Jose Conde, Policy Analysts to the Committee, Sarah Gastelum, the Committee's Finance Analyst.

Lastly I'd like to thank Vicki Been and Rick Chandler and their respective staff for joining us today and we'll turn it over for testimony. If everyone who will be testifying can please raise their right hand.

Do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this Committee and to respond honestly to Council Member questions?

I wanna thank you, Commissioner; I know you're slightly under the weather, but I appreciate you being here nonetheless.

VICKI BEEN: Thank you, Chairman Williams and all the members of the Housing and Buildings Committee and I apologize; I am sneezy and sometimes grumpy as well of the Seven Dwarfs. And I'm joined here by Eva Trimble, who's my Deputy Commissioner for Financial Management and Tenant Resources and Baaba Halm, my Assistant Commissioner for Government Relations and Regulatory Compliance.

So I really appreciate the opportunity to talk with the Committee about our Fiscal Year 2016 Preliminary Budget. Last month, as you know, in his State of the City Address, the Mayor declared affordable housing as the next front in the fight to close the inequality gap that threatens our city. The rising cost of housing, as you all are painfully aware, is a profound challenge, not only for the majority of New Yorkers who are rent burdened, but for the City, because the City draws so much of its strength from its diversity. It's a very real problem for families that are forced to choose between making the rent and buying food, medicine or other essentials; between paying the rent and investing in their kids' education or their own retirement; between taking a second or sometimes even

a third job to cover the rent rather than being able to spend time with their families.

The Mayor and all of us at New York City's Housing Preservation and Development know that we have to act now and we have to act in a big way; the scale of the affordable housing crisis demands bold and immediate action. We are of course one of the lead agencies charged with implementing the Mayor's goals to build a new generation of affordable housing to protect New Yorkers facing displacement from rising rents by preserving affordability, to prevent harassment through our Code Compliance and Housing Quality Inspections and to work with communities to create more livable, diverse neighborhoods that accommodate growth to meet the needs of both the current and the future residents.

So let me start for just a second with sort of where we stand on the housing plan and really the accomplishments to date. I think we, as you know, spent the first few months of the calendar year last year really developing our housing plan and then we hit the ground running since the launch of that plan in May. We, as you know, usually look at things through a fiscal year lens, but because we did

1 announce the plan in May and we knew people were
2 concerned about the progress, we also set a calendar
3 year goal which was to preserve or produce 16,000
4 units and I'm very pleased that we exceeded that
5 calendar year goal by almost 1,400 units and since we
6 sweat over each and every one of them, I want to call
7 them all out; it was 1,376 units extra above the
8 target because we produced or preserved a total of
9 17,376 units between January 1st of 2014 and December
10 31st. Now from July 1st to December 31st, which was
11 the first half of the fiscal year of the Fiscal Year
12 15, we closed on 8,600 new or preserved units and so
13 we are well on track to meet or surpass the 16,000
14 goal that we have for the fiscal year, which ends in
15 June.
16

17 That progress and the fact that we were
18 able to exceed our goals reflects many things; it
19 reflects a strong market and low interest rates, but
20 it also reflects many things that were under our
21 control and the control of our sister agency, HDC and
22 between HPD and HDC we made quite a number of very
23 important changes that contributed I think to that
24 first year of success. We introduced new programs
25 and across the board changes to stretch our money

further and to help us leverage as much private investment as we possibly could; we tried to reach a broader range of incomes, from extremely low and very low-income families to moderate and middle income families; we were able to use our money smarter by deferring interest to the end of the regulatory period in order to leverage more private money up front and also to have an incentive at the end of the regulatory period to encourage people to stay in the program and thus extend affordability. We introduced ELLA, the Extremely Low and Low-Income Affordability Program, to increase the number of units for extremely low-income families; at the same time we introduced some programs to reach New Yorkers at a range of incomes and produced more mixed income neighborhoods, the New Infill Homeownership Opportunities Program, which we call NIHOP and the Neighborhood Construction Program, which we call NCP. NIHOP promotes workforce homeownership in neighborhoods that traditionally lacked a lot of homeownership opportunities and the Neighborhood Construction Program encourages small multi-family rental development.

To meet our moral obligation to our parents, our senior citizens, we created SARA, the Senior Affordable Rental Apartments Program, which provides low-interest loans to affordable housing for low-income seniors so that they can age in place independently and with dignity.

We are not just looking to build quality affordable homes, but livable diverse neighborhoods and to that end we created a new unit, the Neighborhood Strategies Unit, to work with communities in the planning process to better understand what residents want and need and to better address those needs. Under the leadership of Deputy Commissioner Daniel Hernandez and in partnership with the Department of City Planning we're developing a planning framework to use in all of our neighborhood study areas in order to ensure that the ground work is laid to bring both housing, jobs, retail, schools, transportation and other necessary infrastructure that is needed to compliment new development.

We also launched our Building Opportunity Initiative to increase opportunities for minority and women-owned business developers, which is important both to provide workforce empowerment to individuals

who are underrepresented in the construction and development industry and it's important to broaden the group of developers that we work with so that there's a more competitive and a deeper bench of talented individuals.

The implementation process for the Housing New York Plan is very complex, there are many challenges that are beyond our control -- increasing land costs, rising construction costs, difficult to develop sites -- and so we've tried to find savings in every nook and cranny that we do control; we've worked to make the regulatory and approval process much more streamlined, much more efficient so that developers can be out in the communities building or preserving rather than filling out paperwork; we've tried to reduce the storm and drama [sic] and just get things done and even as we work hard to be sure that protections are in place and that we're protecting the public and spending our resources wisely. So we've really worked to streamline and find savings across the Agency in every part.

An example of our success I think is our Inclusionary Housing Program; we separated the program into its own unit to increase accountability

and we've provided new leadership under Assistant Commissioner Louise Carroll. We rethought the process from start to finish, we eliminated bottlenecks, we tried new ways of doing things, especially our architectural and engineering reviews and between July 1st and the end of December we closed on 1,400 affordable housing units through the Inclusionary Housing Program, which is more than in any full year, much less six months since the program was introduced in 1988. Those units are being built without 9 percent tax credits, without any cash subsidies, they're really harnessing the value of rezonings and the additional density that rezonings created in order to bring affordable housing to neighborhoods that our subsidy dollars just don't go far enough to open up.

Speaking of rezonings, the City is taking a much more aggressive approach to protecting tenants, the people who stuck it out in our neighborhoods but feel at risk of being displaced when new development comes to the area and we're adopting a multi-pronged strategy that includes both the legal services that the Mayor announced in his State of the City speech, but also our code

1 enforcement, our housing litigation, our asset
2 management and our tenant protection programs. We're
3 also a key member of the New Tenant Harassment
4 Prevention Task Force, which is a collaboration of
5 the Office of the New York State Attorney General,
6 the New York State Homes and Community Renewal, us,
7 the Department of Buildings; other City agencies, and
8 we are working together to investigate and bring
9 enforcement actions, including criminal charges
10 against landlords who harass tenants. It's important
11 to get to tenants as early as possible to prevent
12 displacement and we are using all data, all sources
13 of information and the full force of our enforcement
14 powers to close in on predatory landlords and ensure
15 that families have the right to stay and do stay
16 where they are as their neighborhood improves around
17 them.
18

19 So those are just a few of the examples
20 of some of the progress that we've made in this first
21 really 14 months, so let me -- and I could go on;
22 we've achieved a great many things, but I know we
23 need to get to the budget and so let's turn to the
24 Fiscal Year 16 Preliminary Budget.
25

Now before I dive into the specifics of the numbers in the budget, I really wanna emphasize what this picture shows, which is that HPD receives only 7 percent of our budget from City tax levy funds and that is not to say that it's not important, it's critically important because it is my flexible source of money, but it is helpful to keep in mind that 89 percent of our budget comes from the Federal Government and when it comes from the Federal Government it arrives with all kinds of strings attached and that limits our ability, our flexibility to make programmatic decisions; it also means that future funding is highly uncertain; we can predict from year to year exactly what our budget is gonna look like, we can't even predict within the year what our budget is gonna look like by the end of the year because of the way the Federal Government funds us. It also means that we use our City tax levy money to fill gaps in the programs that are primarily funded through those federal grants, as a required match sometimes for federal grants and to fund programs that are not eligible for federal grant funding. So every tax dollar, every tax levy dollar that we get is doubly critical because it provides flexibility,

1
2 it allows us to weave in and out of the federal grant
3 programs to really provide the kinds of programs that
4 we think New York City needs but that either aren't
5 fully funded by the Federal Government of the money
6 comes with restrictions that we just can't get
7 around.

8 So to be very blunt, the City tax levy
9 money that you all are responsible for and that we're
10 very grateful for really allows us the flexibility
11 and nimbleness to innovate, to address problems as
12 they arise and to tailor our programs to the
13 idiosyncrasies of the New York City housing market.
14 Having a source of less constrained and less rigidly
15 circumscribed funds is absolutely critical to our
16 work and so that's why the 7 percent, although it is
17 only 7 percent, is so very, very critical to what we
18 do and why we're so grateful for the flexibility that
19 the City's money provides.

20 So HPD's current budget for Fiscal Year
21 15 totals \$959 million, with the vast majority of
22 that associated with -- that orange is our federal
23 rental subsidy, our Section 8 program; those are the
24 vouchers that we give to families, either to search
25 for housing on the private market and use the

vouchers to make up the difference between the rents and 30 percent of their income, or that we use the project-based vouchers to help our programs, the building that we build or preserve, reach the very lowest-income New Yorkers.

So that's about half of our budget and other than the federal rental subsidies, the biggest part of our budget usually is that purple, the Community Development Block Grant funds, the blue is our disaster recovery money; that's the Sandy money and we hope, obviously, that we don't have a lot of disaster money because we hope we don't have future disasters, but for this year it is a major component of the budget because we are still working through so many of the Sandy damaged homes.

So if we turn to Fiscal Year 16, the Fiscal Year 16 budget is now totaling about \$720 million; that always makes people, you know, it practically gave me a heart attack the first time that I saw it, but Deputy Commissioner Trimble always calms me down and says no, that's because the way that OMB tabulates the money is that they don't count it into the budget until the Federal Government allocates it, so as the year progresses and the money

comes in from the Federal Government, the size of that budget will grow; it will not grow, we do not anticipate, to current year levels, we project that it will grow to about \$860 million; the majority of that difference is because we are spending down those disaster relief monies as we get those homes rebuilt, as we get the multi-family housing, you know, made more resilient, etc.

So the hash marks is where we expect the budget to grow, based upon, you know, our estimates and our track record. But that's the situation that we anticipate for Fiscal Year 16.

So if we look at some of the highlights of the Fiscal Year 16 budget, the Mayor has provided additional operating support for HPD and we anticipate that that additional money will fund 26 new staff members for the Agency; that is very, very welcome; over the course of the years 2010-2014 HPD's headcount was cut by about 25 percent, so we are down about 25 percent from where we were at the beginning of 2010, even at a time when we're being asked to basically ramp up a housing program by 30 percent. So it is a very tall order; we are working very, very hard, my staff is -- you know, it used to be that

there was a December closing season and a June closing season and there was some time to catch your breath in-between those; I can't say that my staff is catching their breath, both because the volume of what we're doing is so huge and because we're trying to produce a more efficient system; we're really trying to smooth out our closings throughout the year, so they are working around the clock and at top speed to get this done, but having additional staff and additional resources is really critical and we appreciate those 26 positions; we would like more of course and we will be working with the Administration and with OMB on that, but these really are very critical positions, they are going to fund positions in our Inclusionary Housing Program -- as I mentioned, Inclusionary Housing, thank goodness, is off and running and we're seeing an enormous number of units come in there, but we also have been spending, along with the Department of City Planning, enormous amounts of time trying to design the new mandatory Inclusionary Housing Program that DCP will be rolling out later this spring and we will be working with DCP to implement that program, so that's

a huge area of activity and we really need additional help there.

We also need additional staff in Community Partnerships, because we are doing so much to try to work better with communities and listen to their needs more and be more responsive to those needs and to really focus in on protecting tenants from displacement in those neighborhoods. Similarly, we need additional folks in Neighborhood Planning in order to accomplish that.

As we build more housing, as we produce more housing and as we preserve more housing, that means that more housing is under our asset management and all of you have worked with our incredible Deputy Commissioner, Anne-Marie Hendrickson in our Asset and Property Management Division, so as we get more and more housing into Asset Management we need additional staff there.

And as this Committee is well aware of, there have been times when you've asked us for data which we haven't been able to provide and that's because we have to make investments in our technology so that we can do the kinds of analysis that we

really need to do, and so that too is an area where we have been expanding our capacity.

The 10-year Capital Plan commits a total of \$7.2 billion in mayoral capital funds for the production and preservation of the 200,000 units that's in the Housing New York Plan and that of course is a major commitment and a major increase.

Let me talk for just a minute about that 89 percent of the budget that comes from our friends in Washington; we of course are highly dependant upon the mood in Washington and while the federal fiscal year 15 budget was fairly harmless to us for our CDBG funding and our Section 8 funding, it did include an 11 percent reduction in our home grant, which hurt and we are most concerned of course about the threatened return of sequestration, which is still slated to return in Fiscal Year 16 unless Congress acts to remove it from the budget; it would be devastating to HPD and to our programs if Congress is not able to come to an agreement on the budget proposal that removes sequestration, but obviously the recent events over the Department of Homeland Security aren't reassuring, right, so we continue to

be very, very concerned about the threat that sequestration poses.

The President's budget, the budget that the President put forward, does propose some additional funding for Section 8 and for home; we're very grateful that the President did that, but everyone in the know in Washington tells us that it's not likely that that money is actually going to be appropriated by Congress; that the budget proposals were more aspirational than realistic.

So all of that uncertainty about the money that comes in from Washington really requires that we work closely with you to coordinate both any impacts on our federal dollars coming from the City Council, but also in terms of the flexibility that the tax levy money gives us to do other things and to tailor our programs in ways that we're not able to do under the federal grants.

Let me turn back to the capital budget for a minute. This chart shows the capital budget over the next 10 years; the very first bar of course is this fiscal year; we have already committed 54 percent of our capital budget for Fiscal Year 16 and considering that we typically close about 60 percent

of our deals in June, we are very close to using every single dollar of that capital budget allocation. The Mayor more than doubled the City's 10-year capital budget for affordable housing with an enormous commitment that will leverage we think another \$32 billion in private investments to produce and preserve the 200,000 units.

As I mentioned earlier, we exceeded our targets, so that 17,376, which is our calendar year numbers, puts us well on our way towards where we hope to be by the end of this fiscal year; we closed 8,797 in the first six months of 14, so that was of course Fiscal Year 14 and this graph really shows a very steady increase. We understood when we put out Housing New York that it would take a while to ramp up, but we project a pretty steady ramp-up; obviously market cycles, etc. will cause there to be dips and hills and valleys in that as we actually roll it out, but we've pretty much straight-lined the increase over time.

I know that the Council's particularly concerned, as are all of our neighborhoods, about the number of units that we produced for the extremely low and low-income New Yorkers; we share that

commitment to serve the residents of our neighborhoods who often make less than the AMIs that HUD establishes for the entire metropolitan area.

So if you look here, what you see is that in -- let's look at the bottom chart, which really tells you both where we were for the calendar year and where we hope to be over the 10 years of the plan. We committed to quadrupling the number of units that were targeted to the lowest income New Yorkers, those making less than 30 percent of AMI, and that meant increasing from just 2 percent that it had been over the last 12 years up to 8 percent; this first calendar year we achieved 5 percent; that's not 8, we know that, and it will take a while; we had to introduce this new ELLA program and other things; it will take a while to get that up there, but it was a strong first year start.

Similarly, on the very low income, those making between 31 and 50 percent of AMI, our target over the 10 years is for 12 percent of the units to be going there; we achieved 9 percent. Our target is for about 58 percent of our units to be aimed at what we consider low income, between 51 and 80 percent of

AMI; we were high in that category this year as we smooth it out in the way that we want to.

Then as you see in the moderate and middle income categories we hope to increase those categories; we came close on the middle income category, but over the 10 years we will get further towards those goals.

We just came off of an incredibly brutal winter and I know that many of you get calls from your constituents about heat and hot water complaints, so I did wanna spend just a second on that. This was the coldest February since 1934 and while I am sure that we are all happy to have the sun out and anxious for spring to arrive, I don't think that anyone is happier about that than Deputy Commissioner Vito Mustaciuolo and AnnMarie Santiago, who is here with us, because it has been a brutal winter for them and their teams, who worked tirelessly; we staff to answer heat and hot water complaints 24 hours a day, 7 days a week; we are out there no matter what and we responded to an increase in complaints of almost 10 percent over 2014, which was itself a pretty brutal year.

And then lastly, before I wrap up, I wanted to just touch on another program that I know is dear to the Committee and that is the Alternative Enforcement Program or what we call AEP. We recently started Round 8 and announced Round 8 in February with a total of 250 buildings; we are working on assessing those buildings through roof-to-cellar inspections and determining what would be the most appropriate intervention; that could mean system-wide improvements, it could mean emergency repairs; it could mean that we bring a comprehensive case, so that's 250 buildings that just went into that Round 8. In prior rounds, Round 1 and Round 7, we have put in a total of 1,387 distressed buildings into the program; 67 percent of them have been successfully discharged and those discharged buildings have maintained that quality and their improvements in housing quality over time, so we count that as a major success. The rule change enabled us to put in more buildings, to raise the number of buildings from 200 to 250 and as I said, we have done that and are now working with those buildings.

Now the City Council allocated \$750,000 in funding for AEP in Fiscal Year 2016 and we very

much appreciate that additional funding; it will serve the needs of these Round 8 buildings; it doesn't provide long-term support, you know for future rounds and we look forward to working with you on future rounds. And we really consider this to be a very successful partnership with the City Council and a very successful program and we really appreciate all that you've done and our working together and look forward to working together with you on it.

Okay, so what have we got coming up? We look forward to working with you about all of our goals, we are very focused of course on ramping up our production, on trying to exceed our goals for our production wherever possible and to getting a very robust pipeline of projects coming into production through a very vibrant pipeline of requests for proposals that we are putting out this year.

We also are launching our Strategic Preservation Program, where we are proactively reaching out to new kinds of buildings -- small buildings, buildings with energy conservation and water conservation needs -- even as we try very hard to be even more proactive with the traditional kinds

of buildings that we've preserved, the buildings that are reaching the end of their regulatory agreements. We gonna be launching the Green Preservation Program later this spring and we're very excited about that. We are continuing to upgrade the Housing Connect Lottery, we're translating it, we're trying to make it more easily accessible to all New Yorkers and really continuing to improve our marketing.

In partnership with DCP and other agencies, we're gonna be rolling out new neighborhood planning framework and looking to identify vacant and underdeveloped public land in neighborhood study areas for both housing and workforce development; we're continuing to look for new land in places like those pointed out in the Mayor's speech -- Sunnyside Yards, the Harlem River Waterfront in the Bronx, Coney Island -- so that we can develop those more holistically into very healthy, inclusive and vibrant neighborhoods. We're continuing to try to increase our tenant protections, hold landlords accountable for any harassment and working to preserve the existing stock of affordable units through our enforcement programs and through our preservation programs.

So those are some of the things that we have coming up and I really look forward to working with you on all of those. So thank you for your attention and I'm happy to answer any questions.

CHAIRPERSON WILLIAMS: Thank you very much, Commissioner. We've also been joined by Council Members Crowley, Reynoso and Lander and I wanna give a special shout-out recognition to former Comptroller, John Liu, who's joined us today and I believe has some students... [background comment] yes, we're from Baruch? Columbia, sorry, my bad. Are they here? [sneeze, background comment] Hi students from Columbia. Thank you for joining us today.

Commissioner, congratulations on 2014 year end stats of surpassing the goals with the number of units; I do have some related questions.

You know, of I think the [sic] \$7.2 billion was the City portion of the 10-Year Capital Strategy; can you provide the Committee with details on what types of units will be preserved and what types of tax breaks will be offered?

VICKI BEEN: Okay. So first of all I wanna just say; surpassing the goals was really a tribute to the incredible strength of my team and I

wanna really call out one person here and that's my Deputy Commissioner Eric Enderlin, who's the Deputy Commissioner of Development and a special policy advisor to me and Eric is just an amazing manager, an amazing policy analyst and gets it done and so we owe that so much to him.

In terms of preservation, he actually used to be in charge of our preservation, so we owe many of our programs to him. The kinds of units that we will preserve are first, all of those that have been in our programs in the past that reached the end of or are reaching the end of their regulatory agreement, so that includes of course Mitchell-Llama, it includes Low-Income Housing Tax Credit Program properties, it includes the HUD multi-family properties, 202s and other multi-family properties. So all of those that we've put money into in the past and we subjected to a regulatory agreement; when that regulatory agreement is near expiration, we reach out to those buildings, we try very hard to convince them to stay in the program; that usually means providing some form of tax incentive and to your question about tax incentives, Chair, we sometimes give 420-c, we sometimes give J-51, where substantial rehab is

required, we sometimes give Article 11; you participate of course in the Article 11 process, we sometimes give Article 11, so we use a wide variety of tax incentive tools there. So that's the pipeline of projects that we have previously engaged with in some way.

What's not different, because HPD has traditionally always tried to expand its preservation of programs, but where we're really putting a lot of effort is reaching building types that we did not reach in the past, so that's a lot of the smaller buildings, so often 5-10 units, 10-20 units, 10-50 unit buildings that we are reaching out to and talking with them about their energy conservation needs, their water conservation needs, their rehab needs and trying to work with them to give them loans, give them tax incentives and in exchange ask them to rent-stabilize the apartments.

CHAIRPERSON WILLIAMS: Have those conversations begun; those are planning to begin; have they been... how have they been going so far?

VICKI BEEN: They have begun in many cases, but we are also still very much trying to design the programs; actually we have a roundtable

1 with the owners of small buildings, among others,
2 this afternoon at Brooklyn Law School that we're very
3 excited about, but we've been both trying to frame
4 the program large; trying to understand how to work
5 them better and then in individual neighborhoods
6 we've been trying to identify and reach out to small
7 building owners. So it's too early to say how it's
8 gonna work or how what the take-up is gonna be, but I
9 think we're well on our way and will have it fully
10 launched later this year.

12 CHAIRPERSON WILLIAMS: I'm sure you'll be
13 including Council Members for particular areas to
14 reach out... [crosstalk]

15 VICKI BEEN: Absolutely.

16 CHAIRPERSON WILLIAMS: reach out to
17 owners?

18 VICKI BEEN: Absolutely.

19 CHAIRPERSON WILLIAMS: Are there --
20 besides the tax breaks that were mentioned,
21 [background comment] are there other types that will
22 be offered in transitioning neighborhoods; do you
23 know which tax incentives you may lean on the most?

24 VICKI BEEN: So we don't have any tax
25 incentive programs that are specifically geared to or

1 limited to transitioning neighborhoods; we use all of
2 the tax incentive programs that we have wherever we
3 think they would be appropriate, and really the full
4 range of them is used in transitioning neighborhoods
5 and elsewhere. So I mean we have, obviously, a
6 limited number of them; the ones that I mentioned --
7 420-c, J-51, Article 11 -- I'm missing one... well
8 421-a, but that's new construction, so those are the
9 ones that we typically use.

11 CHAIRPERSON WILLIAMS: With the capital
12 budget regarding the non-City funding sources,
13 [background comment] can you give more details on
14 where you think you will get those sources from, and
15 I think this year you said there was 54 percent that
16 has been committed to date; is that including our
17 funds and how much of that is non-City...

18 VICKI BEEN: No, that 54 percent is of
19 our funds; that leverage is a great deal of private
20 money, so that private money is loans from banks,
21 equity that either the landowner or the developer are
22 putting into the deal; it can mean bonds, other
23 things, so it's just -- we try to use our money to
24 basically leverage private capital to be invested in
25 the buildings.

CHAIRPERSON WILLIAMS: So I just wanna be clear, so you need another 44 percent for...

[interpose]

VICKI BEEN: No, no, no, no.

CHAIRPERSON WILLIAMS: No.

VICKI BEEN: No. So of the money that we have allocated for Fiscal Year 15 we have already spent...

CHAIRPERSON WILLIAMS: I see.

VICKI BEEN: 54... 50... 54 percent of it and we anticipate that we will spend every other dollar of it in the remaining now four months of the program.

CHAIRPERSON WILLIAMS: And the rest of the non-City funds for the Mayor's Housing Plan, say it again, so you think you'll leverage it from...

VICKI BEEN: From private banks, from landowner... you know, putting land in, in terms of equity, from developers leaving some of their returns in equity in the deal, sometimes we get loans from pension funds, we get it from banks, we get it, you know, from a wide variety of private sources of capital.

CHAIRPERSON WILLIAMS: Thank you very much for giving the breakdown of AMI of the units that you did for this past year. [background comment] You mentioned, I think, in one of the programs, an additional 1,400 of affordable units through the Voluntary Inclusionary Housing Program; [background comment] was that a part of this 17,000 or was this... [interpose]

VICKI BEEN: Yes.

CHAIRPERSON WILLIAMS: Do you know how many... I'm assuming these were attached to market rate units that were built program?

VICKI BEEN: Yes; I mean, in the Inclusionary Housing Program there would be market rate.

CHAIRPERSON WILLIAMS: So how many market rate units were built to get these 1,400 units?

VICKI BEEN: Well so, all of those 1,400 would be attached to -- that would usually be an 80/20 deal, right? So I can't do the math on Sudafed, but whatever... [crosstalk]

CHAIRPERSON WILLIAMS: Right. So this is 20 percent...

VICKI BEEN: sorry.

CHAIRPERSON WILLIAMS: Okay. So there...

[crosstalk]

VICKI BEEN: I'm not...

CHAIRPERSON WILLIAMS: there was 80 percent that were built... [crosstalk]

VICKI BEEN: Usually it would be an 80/20 deal. Yeah.

CHAIRPERSON WILLIAMS: And the AMI breakdown is included in the 2014 built [sic]?

VICKI BEEN: That's correct. Usually those would be, under the current 421-a program, usually those would be at 60 percent of AMI.

CHAIRPERSON WILLIAMS: Do you have... I know that the Governor has quite a bit of money with the Morgan settlement proceeds; think about \$450 or \$500 million, supposedly to help those impacted by the mortgage crisis; [background comment] have you received any of that funding; do you plan on getting any of that funding, any information on that at all?

VICKI BEEN: So there is no specific allocation to HPD in the Governor's proposal about how to spend those J.P. Morgan settlement monies; there is money that is coming to help in a variety of ways on the housing issue. So for example, the \$440

1 million in the J.P. Morgan settlement funds is
2 helping to fund some of our rental assistance
3 programs for the Department of Homeless Services, but
4 none of it is specifically targeted towards HPD. I
5 should say... I'm sorry; some of that money in the
6 settlement funds is also being used to pay for what's
7 being called the New York/New York 4 Agreement on
8 Supporting Housing and that will; I mean, that will
9 inure to our benefit, but again, it's not targeted
10 towards HPD.
11

12 CHAIRPERSON WILLIAMS: In the testimony
13 there was a lot of -- well I think there were some
14 new programs that were very interesting; [background
15 comment] I think ELLA and SARA are a couple people I
16 wouldn't mind meeting, so I was wondering if you can
17 tell me a little bit more about those and how many
18 units you think you'll be creating from those?

19 VICKI BEEN: So the ELLA Program is for
20 extremely low and very low income and basically it is
21 a loan program, low interest or forgivable loan
22 program that allows the developers to reach even
23 deeper into those affordability programs...

24 CHAIRPERSON WILLIAMS: It's a loan
25 program to help develop units?

VICKI BEEN: To help develop units...

[crosstalk]

CHAIRPERSON WILLIAMS: 'Kay.

VICKI BEEN: Yes. And then the SARA Program is for seniors and again, that's really designed to help us provide capital financing for seniors with very low incomes. So for the SARA Program we expect to be able to build or preserve about 1,000 units for seniors every year. As we've talked about in the past, most of the funding for senior housing has traditionally come from the HUD 202 program and that has not been funded for a number of years and that is causing enormous problems of anybody being able to provide housing for senior citizens; the Mayor announced in his State of the City speech that we couldn't wait, our seniors can't wait and so we are putting our own capital resources into really promising to provide at least 1,000 units a year of senior housing.

CHAIRPERSON WILLIAMS: Do you have what AMIs are targeted for SARA and for Miss ELLA; do you have an [laugh] amount of units?

VICKI BEEN: So those both will end up being very low-income programs; I think SARA is...
[background comment]

CHAIRPERSON WILLIAMS: If you'd like...

VICKI BEEN: Okay. So I'll just repeat that, [background comment] since I'm sworn. So on SARA we have a range that goes from 30-60 percent of AMI, so at each of those tiers -- 30, 40, 50 and 60...
[background comment] did I say that correctly,
[background comment] Deputy Commissioner Enderlin?
So that will all go... I mean as you know, it's extremely difficult for us to reach down to that 30 percent AMI without vouchers, but we are committed to using any vouchers that we can get for those programs.

CHAIRPERSON WILLIAMS: And how many units are you anticipating for ELLA?

VICKI BEEN: So we don't have a specific target for ELLA; I mean we will be doing as much as we can, but we don't have a specific target; you know as we've talked about in the past, we don't like to give yearly targets of particular programs because we feel like it disadvantages us in the negotiation process if the developer thinks that we need them to

meet a particular target, so we don't like to put out specific targets on our various term sheets.

CHAIRPERSON WILLIAMS: Alright, maybe...

[interpose]

VICKI BEEN: We do when pushed...

[interpose]

CHAIRPERSON WILLIAMS: maybe a range would help...

VICKI BEEN: and I should say -- I'm sorry, on the AMI bands, the SARA Program is the same -- 30, 40, 50 and 60. And also I should point out that we're gonna be reaching a lot more of the very low income through our homeless set-asides, which is not just in SARA and ELLA, but we're putting in more robust homeless set-asides across all programs.

CHAIRPERSON WILLIAMS: And I definitely understand the negotiation point of view, but perhaps, if you don't have it now, but ranges can help also, so... [interpose]

VICKI BEEN: So the ranges; I mean we committed, if you look here, we committed to 8 percent across the 10 years, of 8 percent of \$200,000, which is 16,000 units targeted towards 0-30 and then we committed to another 12 percent, which is

24,000 at that 31-50 percent AMI; how many of those will come from the ELLA [background comment] Program or whatever, that's harder to say, but that 20 percent total, which is 40,000 units will go, at least that, I should say, will go towards that extremely low and very low income targets.

CHAIRPERSON WILLIAMS: Thank you. And as we go forward, we of course wanna be helpful, so if we know kind of what you're looking for with ELLA, perhaps... and other programs, not just ELLA, we can be helpful in pushing it along.

VICKI BEEN: Sure.

CHAIRPERSON WILLIAMS: It says that SARA is a low-interest loan; I'm assuming... ELLA; is it gonna be low-interest loans or no-interest loans?

VICKI BEEN: Yeah, most of our programs use loans and then -- typically the way that we structure things is that it's a loan that either can be forgiven or has essentially a balloon payment at the end of the regulatory period and that balloon payment helps to encourage the owner to renegotiate at the end of the regulatory period and keep it affordable, so that's the way that we usually structure these things. Sometimes we also put an

amount of direct cash subsidy that goes in, but each program is different and frankly, each project ends up being different because of the way that we try to stretch our dollars as far as we can and so we look to wherever the land is coming from, what the private sources of capital are, what the developer brings to the table and we try to fill in the gaps, but do it as efficiently as possible.

CHAIRPERSON WILLIAMS: And you mentioned in the testimony, Neighborhood Construction Program (NCP) and the Neighborhood Infill Homeownership Opportunities Program, [background comment] (NIHOP) for new development on vacant publicly-owned sites; how much funding is dedicated to each program in Fiscal Year 16?

VICKI BEEN: [clears throat] Sorry. [background comments] Okay. So right now those programs are just rolled into the new construction budget and Commissioner Trimble tells me that we separate all of that out for the exec budget, but we don't have it separated out at this point.

CHAIRPERSON WILLIAMS: Okay. Do you know how many sites are being considered for each program and which boroughs?

VICKI BEEN: Yes. So let me just step back and explain. So NIHOP and NCP were designed to provide a couple of things; one was that we have small pieces of land, often just one lot in the middle of a block, so they're typically infill sites; we've had trouble getting them developed in the past because they're not big enough to really attract any particular developer, so what we're trying to do here that's new and we hope will be successful, is that we're trying to cluster them together and achieve economies of scale in terms of the financing, in terms of the closing; in terms of the construction by clustering them together. So we put out what we call an RFQ to ask developers, are you interested and are you qualified to develop these kinds of properties in a cluster kind of arrangement, right. And so, so far we have put out the RFQ, we are getting responses in for the people who want to be on the prequalified list and then we will take a look at who we've gotten in, what kinds of development capacity they have, where they are located and where they typically do business and where they typically work and then we will cluster the sites together and try to give them a cluster that would achieve those economies of

scale. Okay, so all that said, exactly how many sites will developed depend upon on how we can work out those clusters, but we have about 154 sites, which is about 182 lots that we've identified as potential [background comment] participants in those clusters, and that works out to about 122 in Brooklyn, about 25, although we expect that number may go up a little bit in the Bronx, about 15 in Manhattan and about 17 in Queens. And so our task now is to [background comment] organize them into rational and easily worked with clusters and then we will be matching them up with the developers and proceeding in that way. So it could be that some of those don't get developed because they don't fit into a cluster, you know, there's a little bit of fluidity about the number that will actually end up being developed.

CHAIRPERSON WILLIAMS: Do you have any anticipation when the development might begin?

VICKI BEEN: Well the RFP closes March -- or it did close last month, sorry; we are now prequalifying the developers and then we will start matching them up, so we hope that this is something that will get started really in the next year, that

we'll actually start to close and get construction in the ground.

CHAIRPERSON WILLIAMS: And just a follow-up question for the non-City funding; is there any way we can track the private money that is coming in that we leverage...? [crosstalk]

VICKI BEEN: That we could track it?

CHAIRPERSON WILLIAMS: Yeah, that's being leveraged.

VICKI BEEN: Well sure; I mean we track and we can give you the numbers -- what we track is our leverage ratio; how much private money do we get in for every dollar of City money that we spend. In the New Housing Marketplace Plan, that leverage ratio was typically about 3.4:1, so for every dollar of City capital that we put in we leveraged about \$3.4 dollars of private money; we are hoping to increase that leverage ratio; we did increase it substantially this past year, in part because of all of those inclusionary housing units, which are private monies going into the inclusionary. So in the calendar year -- well actually, January 1, 2014 to January 31, 2015, our preservations programs leveraged private investments at a ratio of 4.16 every City capital

resulted in \$4.00 of private capital; our new construction leveraged at a total of 9.24, so every dollar that we spent the private capital came in at 9.24. I'm sorry, private and other public... Oh I'm sorry, like... so our home money, when we are able to leverage home money from the Federal Government, that also counts in the leverage.

So is that what you mean by tracking it...?

[crosstalk]

CHAIRPERSON WILLIAMS: Yes, I think we had the bulk number but not the ratio, so maybe we can just get the ratios -- we had the \$30 million number, but we didn't have the ratios. [background comments] Sorry, \$30 billion... [crosstalk]

VICKI BEEN: Oh you mean of the \$32 billion... [interpose]

CHAIRPERSON WILLIAMS: Yeah.

VICKI BEEN: that we expect -- or I'm sorry. So we budgeted on a ratio of 3.14, which is what we HPD had achieved in the New Housing Marketplace Plan, so over the last 10 years. We hope to do better, but that's how it's budgeted.

CHAIRPERSON WILLIAMS: Thank you. I have several more questions; I'm just gonna ask one and

then I'm gonna go to my colleagues, who will have five minutes each to ask questions.

On the neighborhood strategies, which I think is great, I'm not exactly sure practically how it works on the ground, so I wanted to see if you can speak a little bit to that and I wanted to also know how much money was funded to that pro... I don't know if it's a program or... [background comment] a unit, how much money is given to that unit per year?

VICKI BEEN: Okay. So the Neighborhood Strategies Unit includes three different tasks; one is planning and our Planning Department is working very closely with the Department of City Planning, with EDC, to both issue RFPs, so when we have a piece of land that we can put into the production pipeline, our Planning Department works with the community to vision what that land should be used for, to write the RFPs, to put them out, to select them, etc. Our Planning Department also works very closely with the development to, you know when we need to take a project through ULURP, when we need mayoral overrides of particular zoning issues; that is with our Planning Department.

But also the Planning Department works on sort of the, you know big picture, new neighborhood kinds of issues; the Coney Island, the Harlem River Waterfront in the South Bronx; we're doing some work in the Rockaways, and we work very closely with City Planning as well on visioning and working with the community on the study areas and the new rezoning areas that the Mayor announced in his State of the City speech. So that's what planning does.

We also have an office of Neighborhood Partnerships and Neighborhood Partnerships is really working with the community organizations to do tenant protection; that's who is really working also with our Office of Neighborhood Preservation in our Code Enforcement Division, but we're working very closely to try to work with tenant organizations to prevent harassment, to address housing needs, to talk with the community, both the tenants and the owners, about the kinds of needs that they see in the community to be essentially the bridge between the owners and the tenants and our preservation work, so they're trying to bridge that gap there.

And then last but not least, is inclusionary housing, which works with the

inclusionary housing process to make sure that those units get built and tracked and rented out correctly, etc.

Oh I'm sorry, and you asked me about the total; there is a total of 56 people in those three divisions and it's a total of \$4.2 million of tax levy money for those three divisions.

CHAIRPERSON WILLIAMS: That's annually?

VICKI BEEN: Yes.

CHAIRPERSON WILLIAMS: Thank you. So I may probably push more in future hearings, 'cause I'm really interested to hear how it actually works, [background comment] from when you identify a community that will be, I presume, targeted for higher density and changes in zoning; I'm really interested to see how it works practically from that moment to the end when a project's built and... [interpose]

VICKI BEEN: Absolutely.

CHAIRPERSON WILLIAMS: in future conversations I'm hoping to really get a better handle on that.

VICKI BEEN: Absolutely. It's a work-in-progress; we are trying very hard to work across

agency and also to work with the communities and so it's very much a work-in-progress and we're delighted to hear from you about what's working, what's not working and what needs to be done better.

CHAIRPERSON WILLIAMS: Sure. So thank you; I do have several more questions, but I'll hold off and I'm gonna ask my colleagues to prepare their questions and everyone's gonna be on a five-minute clock and so far we have Council Members Rodriguez, Johnson, Crowley, Lander and Reynoso. Council Member Rodriguez.

COUNCIL MEMBER RODRIGUEZ: Thank you, Chair and Commissioner; first of all, thank you to the Mayor, Mayor de Blasio and yourself for your leadership on building affordable housing and also your commitment on preservation.

First question; what are the arguments that you hear from the developers in order to build the 50/50, 50 percent affordable?

VICKI BEEN: What are the arguments that the developers say why they can't build 50/50?

COUNCIL MEMBER RODRIGUEZ: Uhm-hm.

VICKI BEEN: They typically show me their pro forma, show me the cost of land, the cost of

1 construction and show me that a 50/50 model, you know
2 doesn't pencil out.

3
4 COUNCIL MEMBER RODRIGUEZ: In your
5 experience, do you think, since you also come from a
6 large -- have a [background comment] large portfolio,
7 [background comment] do you think that it's possible
8 to persuade the developer and make them understand
9 that they can get a good return if they work with the
10 City building 50 percent affordable?

11 VICKI BEEN: Well -- I mean what do you
12 mean by work with the City; I mean their position
13 would be sure, if you subsidize it, if you make up
14 the difference in cost, you know, maybe we will be
15 willing to building 50/50, but that's not necessarily
16 how we think is the best way to spend our subsidy
17 dollars; right? So I guess I'm not sure what you
18 mean... [interpose]

19 COUNCIL MEMBER RODRIGUEZ: Well right
20 now, you know like -- the list that we can say that
21 we expect, especially those of us who represent
22 working-class communities, [background comment] is a
23 50/50 formula and we know that there's gonna be some
24 [sic] position outside there for developers, banks
25 and others, that they will make the argument that

1 they will not build unless it's an 80/20, [background
2 comment] but we know that 80/20 -- well 80/10/20 with
3 those in many of our communities who push our people
4 out [background comment] and gentrify our community,
5 so my -- and you have some experience also coming
6 from the private sector, like in banks, like
7 [background comment] do you think that there's a
8 condition on site right now to say that we can
9 persuade and argue with a private partnership that
10 50/50 is doable and they should be able to build with
11 the City and yet still have an expectation that they
12 will get a good return?

14 VICKI BEEN: So there is a gap between
15 80/20 and 50/50 and I believe that it's possible and
16 certainly we're working hard as we think about the
17 Inclusionary Housing Program, as we think about
18 reforms to 421-a; moving away from an 820 program; do
19 I think that you can get to 50/50 without subsidies?
20 No. Based on all of the performers, all of the
21 analysis that we've done, 50/50 in most neighborhoods
22 in New York is not sustainable without massive public
23 subsidies.

24 COUNCIL MEMBER RODRIGUEZ: Okay. I have
25 a recommendation; one is, when we talk about building

housing for senior citizens, [background comment] in my own district I know in the previous administration we connect Isabella Nursing Home, that they have some land at 190 and Amsterdam and they were interested to work with the City to build housing for senior citizens, so there was a meeting in the previous administration, but if you can get your team to look at it and I will be more than happy to make that connection between Isabella Nursing Home and HPD, but they have land and they were interested in [background comment] being partners; building housing for senior citizens.

VICKI BEEN: I really appreciate any referrals; if you have developers, land; community organizations who are interested, please send them my way and we will look into that... [crosstalk]

COUNCIL MEMBER RODRIGUEZ: And... and... Great. And when -- first of all, I need to thank this administration, because as someone that, as I have said before, Community Board 12 is a Community Board that I represent; 95 percent of that area is in my district and probably 5 percent in my colleague's, Mark Levine; that Community Board is the second highest regulated apartment units that we have in the

State of New York, [background comment] after Buffalo, and from 2000-2010 we lost 14,000 residents who moved from our community and we know that we're gonna be working together, but I just wanted you know to be sure that we understand how critical it is, but we'll meet and I know that we have a meeting pending, but we're talking about the area that has the highest regulated apartment units in the City of New York, so anything that we can bring to the table is very important.

VICKI BEEN: Absolutely.

COUNCIL MEMBER RODRIGUEZ: My last question is on the legal services that the Mayor [background comment] is so committed; I think it's important to start looking at the dollars, you know how much money do we anticipate [bell] that will be used [background comment] for the legal services, because you know, without money to get lawyers to represent the tenants we will not be able to provide those services, so do you have any idea or an estimate of how much money are you looking to invest to provide legal services?

[background comments]

VICKI BEEN: So the money that the Mayor committed for lawyers to help prevent harassment and displacement is going through HRA, through Human Resources Administration; we... earlier in the calendar year, Commissioner Banks and I talked this through; at one time we provided some legal services, they provided some legal services; other agencies provided some legal services and it was an inefficient way to do it, so we consolidated all of that under HRA, so all of the tenant protection money is going through HRA; that said, we're working very closely with HRA about that money and we're working very closely with those legal organizations to try to make that money most effective.

COUNCIL MEMBER RODRIGUEZ: I just hope that you can look at the money like... [crosstalk]

CHAIRPERSON WILLIAMS: Council Member...

COUNCIL MEMBER RODRIGUEZ: with the leadership of the Chairman; we allocated a million dollars; most of it on that part, so if you... [background comment] if in this conversation also the administration can look on matching that amount of money... [interpose]

CHAIRPERSON WILLIAMS: Okay.

COUNCIL MEMBER RODRIGUEZ: I appreciate that you'll help. Thank you, Chair.

CHAIRPERSON WILLIAMS: Thank you. Council Member Johnson; then Crowley, Lander, Reynoso, Torres and Mendez.

COUNCIL MEMBER JOHNSON: Thank you, Chair. Commissioner, good to see you; sorry you're not feeling well; [background comment] thanks for being here.

The number that you read early in your testimony, 17,376 affordable units that were either preserved or created; what is the breakdown between preserved and created? How many were preserved; how many created?

VICKI BEEN: Let me... sorry... let me get those numbers exactly. Okay, so... [background comment] no, that's the target; the number... okay, it was 11,185 preserved and 6,1891 new.

COUNCIL MEMBER JOHNSON: And how is something counted as preserved; what's the criteria for a unit being preserved?

VICKI BEEN: So it involves rehab money, it involves systems replacement, it involves -- so we have a very complicated schedule about what all has

1 to go into something to count it as preserved. In
2 exchange for systems replacement or investment in,
3 you know a new roof or renovation they are required
4 to agree to keep the apartments affordable, you know
5 for the period of the regulatory agreement. Does
6 that...
7

8 COUNCIL MEMBER JOHNSON: Yeah, that makes
9 sense. Thank you. So -- you know, just to follow up
10 on Council Member Rodriguez's questions to you, how
11 is the decision made around subsidies? If you
12 represent a district like mine, which has very high
13 land costs and land values, I'm sure that subsidies
14 may be significantly higher in a place on the west
15 side of Manhattan than in other communities across
16 the City. How is the decision made on where to grant
17 subsidies and how large those subsidies are?

18 VICKI BEEN: So... [interpose]

19 COUNCIL MEMBER JOHNSON: Project by
20 project?

21 VICKI BEEN: Yes, project by project; I
22 mean, we... so let's back up for a minute. We start
23 with -- we have what we call term sheets, which are
24 basically the parameters and so then developers,
25 landowners, community organizations come to us with

particular deals; they have to fit within that term sheet, but they don't get the maximum that the term sheet allows; that's the starting point, and then we negotiate down to only provide the bare minimum of subsidy that we think is necessary to make the deal happen, right, so we're starting with the parameters of the term sheet and then we're negotiating around that to be as efficient as possible.

Now when somebody comes to us with a project in your district... [interpose]

COUNCIL MEMBER JOHNSON: Site 7.

VICKI BEEN: okay, versus a project in another district, we're looking at how much affordability, how many units can we get, the depth of the affordability; how far down and how wide a range, etc. can we get; we're looking at the kinds of special programs that it might satisfy -- seniors, homeless set-asides, etc., so we're taking... [crosstalk]

COUNCIL MEMBER JOHNSON: There's a menu that you look at of factors.

VICKI BEEN: we're taking a look at all of that... exactly. We want to build across the city; we don't want all of our housing to be located in

1 just one neighborhoods, so we value having it in
2 every neighborhood in the city; we also value very
3 much having it in ways that will make sure that a
4 community is divers, that makes sure that low-income
5 people are getting into communities that have low
6 crime, good schools; all of those kinds of things, so
7 it's a multi-factored decision about where we put our
8 money.
9

10 COUNCIL MEMBER JOHNSON: I appreciate
11 that; I just raised that because you know there are
12 many, many sites that are located primarily in
13 Chelsea and in Hell's Kitchen and areas that have
14 become more developed in the Hudson Yards area and
15 other areas, where both myself and the local
16 community and Community Board believe in development,
17 we're okay with development, we're okay with density,
18 there isn't a fight over that, there are fights in
19 many places in the city; in these neighborhoods
20 primarily there isn't a fight around that, but it's
21 gonna take some subsidy [background comment] on the
22 part of the City and so I just -- I think you all
23 were able to come to some type of deal around Site 7,
24 which was great, I really appreciate that and as we
25 look at these other sites, Community Board 4 put

1 together; I think we gave it to you, a 50-page
2 document on opportunities in that small area. So but
3 it's gonna require some subsidy. I just wanna end
4 with this; I really appreciate the challenge that you
5 all have in front of you and given [bell] that it is
6 a pillar of what the Mayor talked about and a
7 cornerstone of the Administration, I know how
8 difficult it is. I have what I call -- I'll be
9 finished in one second -- the crown jewels --
10 Westbeth, Manhattan Plaza, Penn South, these large
11 places; they do need help [background comment] and we
12 need to be creative in how we help preserve those
13 units. So I know it's chal... West Village Houses... I
14 know it's challenging but there are thousands of
15 families who have been in the community for 25, 30;
16 35 years whose lives are on the line and so...
17 [interpose]

18
19 CHAIRPERSON WILLIAMS: Council Member...

20 COUNCIL MEMBER JOHNSON: I know they're
21 not easy, but I really want us to be able to
22 collaboratively and creatively work together to find
23 a solution to keep these developments affordable in
24 the long-term

25 VICKI BEEN: Absolutely.

COUNCIL MEMBER JOHNSON: Thank you.

CHAIRPERSON WILLIAMS: Thank you, Council Member. And Council Member Crowley -- so you may have noticed a kind of exodus of Council Members; there's another hearing that folks need to go in and vote on; I may actually have to step out to do that as well, but we have Council Member Crowley and if other Council Members make it back, it'll be Lander, Reynoso, Torres and Mendez.

COUNCIL MEMBER CROWLEY: Thank you, Mr. Chairman. Good morning Commissioner; sorry you're not feeling so well; I appreciate you being here despite that.

I had the opportunity to attend a meeting at the Queensboro President's office yesterday, so I got some statistics that were a little bit alarming about the lack of affordable housing in Queens, so I just wanna give you some of those statistics before I go into asking my questions.

But Queens has the lowest income households with the highest rent burden; over 50 percent of income for many of our low-income earners are going to household rent. We have 25 percent of the City housing, yet under Bloomberg we only were

able to receive 10 percent of the 157,000 plus units that were preserved for built. So we were forgotten about in terms of affordable housing under the previous administration; I hope that will not be the case under your leadership.

But on to my questions, because I wanna follow up from the November hearing that we had when we looked at disclosure information on contractors that are doing work with HPD, and one of the questions I had asked was about Local Law 40 of 2013 which required HPD to put on their website the name and address of principal owners who are getting contracts, the developers, contractors; subcontractors, how you go about selecting the developer, project size, number of units, and most importantly, the wage reports for employees of the contracts that received over \$2 million from HPD. Now I care mostly about the wage reporting requirements because back in November there was that article in the Daily News that said over \$200 million of loans and grants were being given from HPD, yet only about 10 contractors were highlighted in that story and had found that they were cheating workers over \$40 million in wages; they weren't even paying

1 minimum wage, let alone a prevailing wage; they
2 weren't paying workers' compensation or other types
3 of insurances. So I wanna know where we are; one,
4 with adhering and following the law, so what
5 resources have we allocated in the budget to comply
6 with the law and where are we with complying with
7 Local Law 40?

9 VICKI BEEN: Okay. You mean Local Law
10 44; right, the Transparency Law? Okay, so let me
11 start where you started. Queens should have more
12 affordable housing and I hope you will stand with us
13 as we try to identify places where we can increase
14 the density and build the affordable housing that
15 needs to be built in Queens. It's been a challenge
16 to find land in Queens that is zoned appropriately
17 for multi-family housing and I look forward to
18 working with you on getting that done; that's the
19 only way that we'll get more affordable housing in
20 Queens, is if we can add some additional density.

21 In terms of Local Law 44, so we have --
22 since the City Council passed Local Law 44 we have
23 devoted enormous resources to putting online a great
24 deal of data, including the City financial
25 assistance, the building data, such as the number of

1 stories, the square footage at the base, the
2 commercial square footage, the rents income and
3 affordability by unit, the development team
4 information, including all owners and officers
5 associated with the developer -- the general
6 contractor, the subcontractors -- the method by which
7 the developer was selected, any construction quality
8 complaints up to five years after the construction of
9 the building; all of that is now available online;
10 took us more than a year, two full-time people, in
11 addition to many others to put all of that
12 information online, so I hope that people use it.

14 We have not implemented the wage
15 reporting requirement of Local Law 44 because as you
16 know, that is being challenged in court; it's now up
17 on, or I think a Notice of Appeal has been filed and
18 so that is being worked out.

19 COUNCIL MEMBER CROWLEY: What percentage
20 of City financial assistance into an HPD project
21 requires a prevailing wage?

22 VICKI BEEN: Prevailing wage is required
23 if federal monies are involved, so if federal home
24 funds; other federal funds are... [interpose]

COUNCIL MEMBER CROWLEY: Even if it's only one percent?

VICKI BEEN: Well it's never... [background comments] that's never an option. It's never an option; [bell] I mean usually there... [interpose]

COUNCIL MEMBER CROWLEY: But how about as it relates to the projects that we're funding in this budget and throughout the city, which we're using City financial assistance to develop these projects; how many of those projects are prevailing wage projects?

VICKI BEEN: So City financial assistance doesn't trigger prevailing wage; what triggers prevailing wage is federal funds, and so if there are federal funds involved, which is usually the case for supportive housing projects, for 202, when... [interpose]

COUNCIL MEMBER CROWLEY: What about state funds?

CHAIRPERSON WILLIAMS: Council Member.

COUNCIL MEMBER CROWLEY: I just wanna clarify this; this point is very important... [crosstalk]

VICKI BEEN: So State Labor Law Section 220 applies to public works, but private-owned and operated buildings, which is what all of our buildings are, are not public works, even if they're built with some form of state or city financial assistance, it's...

COUNCIL MEMBER CROWLEY: Where do you think that... [interpose]

CHAIRPERSON WILLIAMS: Council Member, I'm sorry; we have to move.

COUNCIL MEMBER CROWLEY: Yeah, I'm gonna... the law... [crosstalk]

CHAIRPERSON WILLIAMS: I'm sorry; we have to... [interpose]

COUNCIL MEMBER CROWLEY: Our bill that we passed as a Council... [crosstalk]

CHAIRPERSON WILLIAMS: You can come and tell me what it is; I'll try to... [crosstalk]

COUNCIL MEMBER CROWLEY: Right, I'm gonna wrap... Can I wrap up the question?

CHAIRPERSON WILLIAMS: No, we've gotta move on... [crosstalk]

COUNCIL MEMBER CROWLEY: Well no, the answers weren't answered completely; it's about the wage reporting... [crosstalk]

CHAIRPERSON WILLIAMS: Okay. Give me one second. Council Member Lander, Reynoso, Torres and Mendez. Council Member Lander.

COUNCIL MEMBER LANDER: Thank you, Mr. Chair. Commissioner, thank you for being here; I'm sorry for your cold; we appreciate your plugging through, most commissioners, as much as they're good at the budgets can't necessarily do the math even when they're not on Sudafed, so we appreciate your plugging on with us... [crosstalk]

VICKI BEEN: So we'll... I'm not gonna make any comments [sic] there either.

COUNCIL MEMBER LANDER: So my first question goes to headcount, you mentioned the additional staff you're getting, but how far down the agency already was; I'm just trying to understand the numbers in the report that we have in terms of where we are, especially in the development unit, given these great ambitious goals; how many of those additional staff are gong to development; how many staff are in development now and what do you feel you

need to be able to achieve the ambitious plan you have?

[background comments]

VICKI BEEN: So right now we have 317 people on our development team that -- [cough] excuse me -- that's from all funding sources; a lot of our development team is funded through federal money; not through City tax levy...

COUNCIL MEMBER LANDER: Yeah.

VICKI BEEN: and some of it is funded through IFA, which as you know, comes with the capital allocation. So that's 317 in the development team right now.

COUNCIL MEMBER LANDER: And what do you need to be able to achieve this extremely ambitious and important affordable housing plan?

VICKI BEEN: We are still working that through; I mean we... I don't think that we need to be as fully staffed up as we were in 2010 because we have achieved all kinds of economies of scale, but we are gonna need further people and we're working through our lists with OMB right now. So I don't have a -- you know, we're negotiating that out, we're trying to figure out exactly how many we need and of

course that's gonna vary over the years, depending on how... [interpose]

COUNCIL MEMBER LANDER: So please just keep us updated on that; I mean... [crosstalk]

VICKI BEEN: Absolutely.

COUNCIL MEMBER LANDER: you know, we hear from affordable housing developers that it -- you know, it remains challenging to just move through all the paces and we want you to be able to succeed in implementing this plan and if that means us pushing for additional tax levy dollars for the staff to be able to move the deals through, that's in all our interests. So if you can... [crosstalk]

VICKI BEEN: I appreciate it.

COUNCIL MEMBER LANDER: get it from OMB, fantastic, but please keep us posted, 'cause part of our job is to make sure this plan is a shared goal of the Council as well as the Administration.

VICKI BEEN: Well I wanna make clear; I know that in the past, you know there was sometimes a great deal of tension between HPD and OMB; OMB has been incredibly cooperative about the Mayor's housing plan and we're working very well with them, but it's a... [crosstalk]

COUNCIL MEMBER LANDER: I'm glad to hear it; keep us posted...

VICKI BEEN: interim process. Yes, I will.

COUNCIL MEMBER LANDER: 'cause we hear it from developers who are working to build and preserve affordable housing in our districts otherwise [background comment] and we're just eager to be partners.

And then my second and last set of questions go to the tenant harassment set of issues; I was really encouraged to see you know how prominent that was in the Mayor's State of the City, how prominent it was in the introduction to your testimony today; to see you out there with the Attorney General and the Governor with the new Tenant Anti-harassment Task Force, to see that recently on the Upper West Side, at your initiation; Buildings denied a set of building permits to a developer who had done a significant set of tenant harassment; I can't yet track that into the budget, so I mean I recognize that the lawyers go to HRA, but I assume HPD needs the staff to be conducting those investigations and make sure we're really holding

people accountable, so are we adding resources to be able to do that or you know... [interpose]

VICKI BEEN: So that is really in sort of three different places; in our Office of Enforcement and Neighborhood Services, which is Vito's world, you know we are devoting inspectors to that; we don't have a separate line item for only inspectors that are target towards that; we're using our normal cadre of inspectors; we are increasing the number of inspectors across the board for the wide variety of issues that we have, from heat complaints to the tenant protection. The Office of Neighborhood Enforcement within Vito's world is really also in charge of trying to work with landlords, work with buildings, do roof-to-cellar inspections, those kinds of things that can be very, very critical. When we go out with the Department of Buildings, the AG, etc., we typically are doing roof-to-cellar kinds of inspections. And then last but not least, in the Neighborhood Partnerships Unit of Neighborhood Strategies, which is right now only one person, but we have additional funding for... [background comments] community partnerships for how many more -- [background comments] nine... a total of nine in

Neighborhood Strategies, I think, [bell] all geared towards that.

COUNCIL MEMBER LANDER: So here's what I'd ask maybe for the exec... [crosstalk]

VICKI BEEN: You need a breakdown...

COUNCIL MEMBER LANDER: look, this is... harassment has grown dramatically with escalating rent prices and as you know and I think the Mayor clearly understands, and that's why more attention's being paid, but at least as I look at the performance indicators in the Mayor's Management Report and the way the budget is called out, because it's a newer focus; it's not clear to me what the metrics are that the agency is using specif... and look, we don't want you do the heat and hot water complaints and all the traditional things, but be helpful if we could have a little clearer sense what it means to HPD in sort of performance metrics or dollars or staff lines for the agency to be stepping up its commitment to confront harassment.

VICKI BEEN: Okay. That's a great point, we haven't put in an MMR indicator and we will look at that. Great point... [crosstalk]

COUNCIL MEMBER LANDER: Thank you very much. Thank you, Mr. Chair.

CHAIRPERSON WILLIAMS: Thank you, Council Member. Council Member Reynoso, and if they come back, Torres and Mendez.

COUNCIL MEMBER REYNOSO: Thank you, Chair.

I just wanna say that Bushwick's AMI is \$36,000 a year and the 2014 breakdown doesn't necessarily seem to address what I think citywide is the folks that are most in need for housing. [background comment] We've increased it to 8 and 12 percent as a goal and we still have the 58 percent in the low-income from the 51-80 percent, [background comment] which kinda speaks to the same system or dynamics of the Bloomberg Administration when we talk about who we're targeting. I think the folks that are in need, the tale of two cities, really falls within the extremely low and very low range, but it seems like our targets are, from what I see, almost insignificant at this point. So I just wanna know, what are we really trying to do for the very low and extremely low-income residents in the City of New York?

VICKI BEEN: So look, we are painfully aware of how many low-income people there are in every neighborhood and how low those incomes are; right, we are painfully aware of that. It's not the case that this is insignificant, quadrupling the numbers targeted towards those is not insignificant; it's a huge number... [interpose]

COUNCIL MEMBER REYNOSO: Quadrupling 2 percent. Quadrupling 2 percent... [crosstalk]

VICKI BEEN: I... I understand. I understand.

COUNCIL MEMBER REYNOSO: So I just wanna make sure that it isn't quadrupling like 10 percent or 20 percent; something that I think is significant... [interpose]

VICKI BEEN: Right.

COUNCIL MEMBER REYNOSO: 2 percent is almost nonexistent and you're quadrupling that; I just wanna say, just wanna be clear that we are on the same page.

VICKI BEEN: We are totally on the same page; it's partly a question of... to go lower and lower on the AMIs requires that we have a constant source of monthly rental subsidy, which is our

1 Section 8 Vouchers, and you know, from your lips to
2 God's ears that we could have more of those, right;
3 that is the Federal Government; we have -- as you
4 know, we have struggled over the last few years with
5 cuts to the budget for Section 8; we're trying to use
6 our Section 8 as creatively as possible; the City is
7 putting its own money into rental assistance
8 programs; the link vouchers for the homeless, we're
9 placing an enormous number of homeless into our
10 buildings and throughout our projects using those
11 City sources, so you know, we are putting our own
12 money in a way that no other city in the nation is
13 doing... [crosstalk]

14
15 COUNCIL MEMBER REYNOSO: Understood. We
16 should...

17 VICKI BEEN: Is it enough? No; we'd like
18 to do more... [crosstalk]

19 COUNCIL MEMBER REYNOSO: Right. But we
20 should consider putting a bit more pressure on the
21 developers to reach those goals, as opposed to asking
22 the City to do that work; you know, I think that
23 [background comment] we could leverage that a little
24 stronger to get to those lower AMIs.
25

VICKI BEEN: And that is something that we are very much looking at in both the mandatory inclusionary housing and in reforms to 421-a.

COUNCIL MEMBER REYNOSO: Thank you. Now these 823 units that are at or below 30 percent, where do they come from? Are those new units that have been built or is that preservation of maybe like NYCHA, [background comment] NYCHA apartments? Like I just wanna know where this 5 percent share came from.

VICKI BEEN: No, I believe almost all of those are new construction, because a lot of them are supportive, senior, etc. I saw the breakdowns and where -- now I'm not seeing it... [interpose]

COUNCIL MEMBER REYNOSO: But you think the 823 units are new units and they're mostly senior housing...? [crosstalk]

VICKI BEEN: I think the vast majority; I mean maybe like 100 were preservation, but I believe that the vast majority was new construction.

[background comment]

COUNCIL MEMBER REYNOSO: So we could get back to that right before... 'cause my time is running out and I wanna be respectful to the chair...

[crosstalk]

VICKI BEEN: Yeah, okay. Sorry.

COUNCIL MEMBER REYNOSO: No, it's okay.

VICKI BEEN: Right.

COUNCIL MEMBER REYNOSO: An article was recently written where we found that dozens of New York City employees have been working with landlords to relieve them of housing and code violations through bribery and corruption; the target areas were Williamsburg, Bushwick and Bed-Stuy; while your budget speaks to assistance for newly rezoned neighborhoods to combat displacement, I see very little support for communities that have already been rezoned. While landlords and agency reps see the value of these communities and are aggressively working to remove people from their homes, nothing in this budget speaks to a proactive approach to fight displacement in these communities. The real estate market is very different in Williamsburg, Bushwick Bed-Stuy than it is almost anywhere else in the City of New York, but this budget doesn't speak to anti-displacement funding, to more lawyers, to more assistance to people in these communities that are fighting actually agency representatives, not just landlords, to stay in their homes.

VICKI BEEN: The program for lawyers is targeted towards areas where we're going to be working through rezonings and that kinda thing, but it's not -- our activities are not limited to those areas. For example, the Tenant Harassment Prevention Task Force, sorry, is working throughout the City and we know that in many of those areas [bell] that have recently been rezoned that were seeing displacement and we're working very hard in those neighborhoods, so... [interpose]

COUNCIL MEMBER REYNOSO: We need to talk a little more, I guess, 'cause I'm not... I'm not a part of that just yet, so I really wanna have a [background comments] conversation about what that looks like [background comment] and how my commitment and... [sic] Thank you. Thank you, Chair.

CHAIRPERSON WILLIAMS: Thank you. And I understand that the entire class of John Liu's students from Columbia are here now, so I wanna waive one more time. [background comments] Alright. Thank you guys for coming out.

Just to follow up really quickly on what Council Member Crowley was asking; I don't know if you can say where folks are with the lawsuit and is

there anything preventing you from putting up the wages now, even if the lawsuit is being contested?

VICKI BEEN: That is beyond my pay grade; we'd have to talk to the corp counsel; we'd have to let him answer that question.

CHAIRPERSON WILLIAMS: And he's not here; no one... Is there any way to have a contractor sign something saying they're acknowledging that the law is out there, even if the lawsuit is still going on, saying that they may be requested to publicly put their wages out?

VICKI BEEN: Again, I think that's a question for corp counsel; I don't know what the implications... I don't know exactly what's being proposed; I'm not sure that it's a question of the rights of the developers -- my understanding of the lawsuit is that it's a preemption lawsuit which has to do with the City's power vis-à-vis the State.

CHAIRPERSON WILLIAMS: Okay. And Council Member, we will be having a hearing on contracts but... [background comment] I can't do it right now, we have... [background comment] I can't do it right now; I have to get... [background comment] I understand. But I wanna ask Council Member Torres; then Mendez -- do

we have another list? So Council Member Torres and then Mendez, five minutes each.

COUNCIL MEMBER TORRES: How are you, Commissioner? I do have a question about labor compliance. You know my understand is that if you have a contractor who has a history of violating construction law; labor law, that they might face... or they might be placed in a status, what is known as enhanced review?

VICKI BEEN: Exactly.

COUNCIL MEMBER TORRES: And so I'm wondering; could you have a contractor who -- and enhanced review is simply a term that means you're facing added scrutiny in HPD's process; right?

VICKI BEEN: Right. So every contractor, developer has to be approved through our sponsor review process; if we identify a contractor who we don't think should be automatically debarred, automatically prevented from doing any business, but we think that there are signs that we need to pay particularly close attention to make sure that they are following the law; we put them on our enhanced review, and that means that they either have to -- for example, we might require that they hire a third-

party monitor, we might require that they do additional reporting, we ramp up our enforcement and our sight inspection and our other efforts; it's just we're saying affirmatively to ourselves, these are people who there has been some allegation against or some reason that we should just give them special attention... [interpose]

COUNCIL MEMBER TORRES: What happens if you had verified allegations of wage theft? So if you had contractors who stole hundreds of thousands of dollars in wages, would those contractors be automatically disqualified from bidding on an HPD project?

VICKI BEEN: So we cannot automatically disqualify somebody on the basis of a wage violation that they have had in the past. If we put them on our enhanced review list and they committed any violations while on that enhanced review list, then we would consider that to be evidence that they may not be capable of abiding by the restrictions that we impose, and at that time we would make a decision of whether or not we would continue to work with them. We have in the past where there have been contractors on the enhanced review list that were found to have

committed some other violation; we have prevented them from... we have removed them from contracts and prevented them from doing business with us for some period of time.

COUNCIL MEMBER TORRES: Is there any contractor on the enhanced review list against whom allegations have been verified but continue to retain the right to bid on HPD contracts?

VICKI BEEN: I'm sorry; say that again.

COUNCIL MEMBER TORRES: Are there any contractors who have been found to have stolen wages but continue to retain the right to bid on HPD contracts?

VICKI BEEN: You mean found prior to the time that they got a contract and were on the enhanced review list...? [crosstalk]

COUNCIL MEMBER TORRES: Yes.

VICKI BEEN: Well so what I'm saying is, if the Department of Labor finds somebody guilty of something, that doesn't enable us, because of preemption rules, that doesn't enable us to automatically debar them; it enables us to give them special scrutiny and if they then are found to be not

living to their obligations, then we can not do business with them at that point.

COUNCIL MEMBER TORRES: So HPD lacks the authority to debar a contractor based purely on labor violations?

Based purely on labor violations that occurred in the past that are based upon their prior actions where there have been found through a federal action -- excuse me -- to have -- sorry -- I'm gonna sneeze, but -- where they have in the past been found to be in violation of lets say a Davis-Bacon, we are not allowed to punish them on the basis of that federal finding because the Department of Labor punished them, right. So we are preempted from punishing them for that. What we can do is we can say you've been found to have violated the law in the past; we are going to look very carefully at what you're doing right now and we're gonna monitor that very carefully and if you screw up in any way, if you don't abide by our restrictions in any way, then we are going to take action on the basis of that current mess-up or violation, right.

COUNCIL MEMBER TORRES: Beyond the labor law violations, so...

VICKI BEEN: Right.

COUNCIL MEMBER TORRES: a labor law violation will trigger heightened scrutiny or enhanced scrutiny, but it will not in and of itself result in a debarment, or could not legally...

VICKI BEEN: It could not legally.

COUNCIL MEMBER TORRES: because of preemption?

VICKI BEEN: It could not legally...

[crosstalk]

COUNCIL MEMBER TORRES: Okay.

VICKI BEEN: because of preemption.

COUNCIL MEMBER TORRES: I have a question about a program that has been chronically underfunded at HPD Article 7-a, so I'm curious to know, what were the funding levels in FY 2015 and what is the proposed funding level in FY 2016?

VICKI BEEN: Okay. [bell] We have... uh let's see... Well this tells me the number of cases; we're looking for the amount of money. The number of 7-a cases that were initiated in this past fiscal year, FY14, was 23; so far in FY15 we've initiated 8 cases; the amount of money... [background comments] I'm sorry; can you say that?

EVA TRIMBLE: Hi, I'm Eva Trimble, Deputy Commission for Financial Management. In FY15's capital budget, the 7-a program has \$3.1 million dedicated to it.

COUNCIL MEMBER TORRES: \$3.1 million?

EVA TRIMBLE: Yes. In capital and next year there's \$2 million, but over the course of the following years it grows back up to just over \$5 million over the course of the plan.

VICKI BEEN: That's the capital.

EVA TRIMBLE: Capital.

COUNCIL MEMBER TORRES: And so what's proposed by FY2016; do we have a number there?

EVA TRIMBLE: \$2 million.

COUNCIL MEMBER TORRES: \$2.9 million for...

EVA TRIMBLE: Just \$2 million.

COUNCIL MEMBER TORRES: Just \$2 million?

And that's down from where or up from...

EVA TRIMBLE: This current fiscal year we have \$3.1 million.

COUNCIL MEMBER TORRES: So we're actually allocating fewer dollars for Article 7-a; why is that?

EVA TRIMBLE: Well we're still reviewing the pipeline and it depends on which court actions come through over the course of the year; we do have the ability to move funding around if a new 7-a action comes up that we want to address.

VICKI BEEN: So let me clarify...
[crosstalk]

CHAIRPERSON WILLIAMS: Alright, Council Member.

VICKI BEEN: this is the capital dollars, so these are being used to do the repairs, to... right, this is money being spent on the building themselves, right. So it's responsive to -- we have to go to court and get a 7-a administrator appointed [background comment] and then we assess, well what are the needs of the buildings for which we have that appointment. Okay?

CHAIRPERSON WILLIAMS: Alright. Thank you, Council Member. Commissioner, I think we agreed on noon; we're gonna ask you if you can, even in your sick condition, hang out for another 15-20 minutes...
[crosstalk]

VICKI BEEN: Yep.

CHAIRPERSON WILLIAMS: so we can get through everything. Last I have on my list is Council Member Mendez; we've also been joined by Council Member Rosenthal.

COUNCIL MEMBER MENDEZ: Thank you, Mr. Chair. Commissioner, it's a pleasure to see you today. I have a few questions and I stepped out, so I don't know if they've been asked and answered; if that's the case, let me know and I'll get it from the Committee staff.

VICKI BEEN: Thank you.

COUNCIL MEMBER MENDEZ: On Page 3, your testimony references 1,400 units secured through the Voluntary Inclusionary Housing Program; I'd like to know what is the cost savings and the cost incurred in getting those 1,400 units, and what would be the cost if it did not go through this Voluntary Inclusionary Housing Program?

VICKI BEEN: Okay, so that's a very good question; I don't have those numbers right off the top of my head; I mean generally when a unit is funded through inclusionary, that means that we're not having to put in... [interpose]

COUNCIL MEMBER MENDEZ: Anything.

VICKI BEEN: Well it may be that the project is getting tax exempt bonds from HDC, but it's not getting any direct loans or cash from us or HDC and it's not getting 9 percent tax credits. And so I can give you... [crosstalk]

COUNCIL MEMBER MENDEZ: Can you...

VICKI BEEN: the... what that would...
[interpose]

COUNCIL MEMBER MENDEZ: Can you get those answers... [interpose]

VICKI BEEN: Yeah.

COUNCIL MEMBER MENDEZ: to the Committee and to me? Thank you very much.

Also on Page 3 you reference that the funding that you get comes with federal spending restrictions; I wanna know if those restrictions have any unfunded mandates and what would be the cost to the Agency to comply with the unfunded mandates?

VICKI BEEN: Okay. Again, I'll have to get back to you on those specific numbers.

COUNCIL MEMBER MENDEZ: Okay. On Page 4 you reference a headcount reduction of 25 percent; I'd like to know what the actual number is; 25 percent becomes how many individuals?

[background comments]

VICKI BEEN: I used to know that, but I don't remember it today. So again... [crosstalk]

COUNCIL MEMBER MENDEZ: Okay.

VICKI BEEN: we'll get back to you with those specific numbers.

COUNCIL MEMBER MENDEZ: Alright. Also on Page 4 you talk about sequestration and that, you know, we have to see what Congress does. What measures are HPD taking in case sequestration results in less funding to the Agency?

VICKI BEEN: Well the way in which sequestration will hurt is mostly is in the voucher program and as you know, we've been very conservative about the vouchers, the right sizing, the subsidy standard reductions that we had to do last year were to make sure that we didn't face a huge deficit if sequestration returned; we've been incredibly, you know, careful to not leave ourselves in a position where if sequestration returns we have to pull vouchers back from families because of sequestration. So that's what we have been doing.

COUNCIL MEMBER MENDEZ: Okay. On Page 5 you reference the 50 additional buildings that will

be added to the AEP program and you state that there is no additional baseline funding, so will the 50 additional buildings be able to be added to the program if no additional funding is allocated from whatever source?

VICKI BEEN: So we did go ahead and add 50 to the Round 8, using the funding that you all had generously provided; what we're trying to say there is in let's say Round 9 we will have to come back to you for additional money to have 250 as opposed to 200, you know, when we reach Round 9, Round 10, etc. But for Round 8, we're now doing the assessment of all the buildings to see exactly what it will cost us to bring them back to structural and quality health, but we anticipate that that money will be sufficient for those 250 for Round 8.

COUNCIL MEMBER MENDEZ: Thank you. So that's my questions and I could also get the answers myself, as well as it being sent to the Committee...
[crosstalk]

VICKI BEEN: Absolutely. Absolutely.

COUNCIL MEMBER MENDEZ: Thank you very much, Commissioner.

VICKI BEEN: Thank you.

CHAIRPERSON WILLIAMS: Thank you, Council Member. I have a couple more questions. In terms of the down-sizing [background comment] in the 250,000 that we put out, I understand there are 6,621 households impacted; I think that's correct, as of December 31st of last year, I'm understanding that 317 households completed a move due to the change or had an increase in their share of rent of at least \$100 and moved to a smaller size apartment. Based on that criteria, how many households are eligible to receive a moving assistance grant?

VICKI BEEN: So I wanna be clear; in July of 2014, I think when we, or when we spoke to you about the right-sizing initiative, we had projected that approximately 7,700 people would be affected by the right-sizing and the subsidy standard change and we heard you all loud and clear, we heard the communities loud and clear; we saw what was happening as people tried to move from one-bedrooms into studio apartments, we saw what we were seeing come before us in terms of requests for accommodation, and so we updated the policy to not require people to move from one-bedrooms to studios, right, so that was a major part of the concern about the program; we did that in

December; correct? [background comment] We did that in December and so we now expect that only about 4,400 people will be affected by the subsidy standard change. The money that the City Council very generously gave for moving assistance, we're in what we think of as Phase 1 of using that money; we've had 317 households that moved as a result of the subsidy standard change and are paying more than \$100 to meet the criteria that you specified and they have gotten checks for the moving funds that you had allocated, another 34 are in process and should be receiving the checks in the next two weeks, and we have I think about 2,000 more that we expect will be moving; we believe that the money that you allocated for moving assistance will pay for at least 1,000 of those and we expect that some of them will actually not move, they will choose to pay the extra amount themselves or they will get reasonable accommodations or that kind of thing. So we aren't asking at this time for additional monies; we may be -- you know, as we see what's happening there, we may be coming back to you about that.

CHAIRPERSON WILLIAMS: So thank you; I think that was a great example of us working together on an issue... [interpose]

VICKI BEEN: Absolutely.

CHAIRPERSON WILLIAMS: that I don't think anybody was gonna be particularly happy with, but something that had to be done I think. I just wanna thank you for working with the Council on doing the best that we can there. Please let us know when that money runs out so we can try to see if we have additional.

VICKI BEEN: Absolutely, and I can't -- you know, I want to say how much I appreciate working with you all, both on the moving assistance money and on you know, hearing from the community and -- I mean it's certainly... it's a lesson in terms of one of the things that we see when we go out into the communities, is we're always being asked for two-bedroom, three-bedroom apartments, but there is a critical need, especially among the very lowest income folks for studios and one-bedrooms.

CHAIRPERSON WILLIAMS: Can you tell us how exactly the \$750,000 is being spent for the AEP?

VICKI BEEN: So I can't tell you exactly, because we are right now in the process of doing the assessment of each of those 250 buildings, and that will give us the budget, so when AnnMarie Santiago's team goes in, you know we try to figure out, okay, it needs a new boiler, that'll cost X, etc. and we're right now in the process. We just put those buildings into Round 8 I think February 2nd and so we're right now assessing those needs and coming up with a budget; I'm happy to share that with you as we figure that all out.

[background comments]

CHAIRPERSON WILLIAMS: Can we get a list of those buildings by Council District?

VICKI BEEN: You should have gotten that, you... it's posted online and we send to every council member the buildings that are in their district, but we will make sure that you get the full list...

[crosstalk]

CHAIRPERSON WILLIAMS: And the Committee?

VICKI BEEN: uhm-hm...

CHAIRPERSON WILLIAMS: Thank you.

VICKI BEEN: again.

CHAIRPERSON WILLIAMS: Now obviously we had a hearing on illegal hotels and we know that OSE, Office of Special Enforcement, has a citywide jurisdiction to respond; they were given the authority to coordinate efforts; we know that agencies included are Department of Buildings, Department of Health and Mental Hygiene and the Fire Department. It's the Committee's understanding that there are 12 employees citywide that work within the scope; how much funding, positions or resources at HPD are dedicated to inspecting housing maintenance, code violations of illegal hotels and how many inspections of these hotels does HPD perform per year?

VICKI BEEN: So we are called in to -- When the Office of Special Enforcement calls us in and says they think they have an illegal hotel and they need us to check for violations of the housing maintenance code, we of course go and we had the number of vacate or... oh no, I'm sorry; I'm confusing -- I apologize. So we don't have an inspector or a line that's dedicated to that, but whenever we get a call about an illegal hotel or we get a call from the

Office of Special Enforcement, we send one of our inspectors in to check for housing code violations.

CHAIRPERSON WILLIAMS: How many of those inspectors are usually done per year; how many were done last year?

VICKI BEEN: I don't know that; I'm sorry. I thought I had that, but I... I think I confused illegal hotels and illegal units and I brought the wrong number; I apologize. But we'll get that for you.

CHAIRPERSON WILLIAMS: So after that we had -- hopefully we'll be having follow-up discussions; I know there was some talk about trying to do proactive enforcement; have you given any thought to that, how that would look; maybe if we go through some of the websites and proactively go out; any ideas of what that will cost; any additional funding lines that would help do some proactive enforcement?

VICKI BEEN: But that's really the Office of Special Enforcement; I mean, our -- I don't mean to be bureaucratic here, but our role in this is on the housing maintenance code; we don't enforce the use issue that is raised by the illegal hotel; that's

the Office of Special Enforcement. So... [background comment] and DOB also. So I don't know what strategies they're using; they call us when they need us to come in and do an inspection.

CHAIRPERSON WILLIAMS: HPD collects revenue from the issuance of licenses and permits, charges for services such as tax exemption fees, inspection fees, tax credit fees and from fines from housing caught in heat and hot water violations; in 2014 revenue from Section 420-a tax exemption fees totaled \$18.4 million; revenue from J-51 tax exempt abatement fees totaled \$1.6 million and revenue from 421-c tax exemption totaled \$523,000. Is there dedicated staff at HPD to process the tax exemption fees from the borough; if so, how many; do you foresee a need to adjust resources, staffing needs or fees in regards to any of those programs?

VICKI BEEN: I'm sorry; I'm confused about whether you're asking me are there staff to do all of those things, like inclusionary housing, to review the application and to grant or are you asking me about just somebody to process the fees in? You're asking me about the substantive issues; right?

CHAIRPERSON WILLIAMS: Yeah, substantive.

VICKI BEEN: Okay. So we have about 15 staff who does the tax incentives, you know, who reviews, approves, goes back and forth with the developer about all of the issues involved in the tax incentives; that's about 15 staff who work full-time on that. Oh and I should say, that's specifically in the tax incentives unit; we also have lawyers on the legal staff who specialize in tax incentives, we have other -- we have people on the fiscal team that specialize in those tax incentives, because they require a great deal of coordination with DOF, etc. So it's bigger than that 15, but those 15 do nothing other than tax incentives. And I should also say, as you know, both the 421-a and the J-51 are up for reauthorization and whatever rolls out there, if they get reformed, if they get changed, whatever, that may necessitate additional staff or if they were abolished, I suppose it would not necessitate staff, but whatever happens in Albany with those programs is gonna affect what kind of staff we need going forward.

CHAIRPERSON WILLIAMS: And obviously there's been some articles about some unfortunate arrests that occurred both in DOB and at HPD, 11 DOB

employees and 5 HPD employees were arrested on corruption charges and are accused by Manhattan DA of bribery schemes, unfortunately a lot of them happened in my home borough of Brooklyn; can you publicly talk about whatever you can talk about there of what happened and any institutional safeguards the Department is developing to guard against that behavior; what are the tools in place to ensure that employees do not engage in this alleged behavior and is there any monetary amount that's needed to change any policies?

VICKI BEEN: So first of all let me say that I was horrified; what happened is inexcusable, it's disgusting and I can't tell you the demoralizing effect that it had on us at HPD to find out that some of our employees were doing this. I wanna also make clear that this was behavior that we recognized and we triggered; we are constantly running analytics, we're constantly looking for any signs of something amiss and we saw signs that something was amiss and we took it immediately to the Department of Investigations, as we always do; that is what led to the investigation, so we are reassured that the programs that we already had in place caught the

behavior, triggered an investigation and unfortunately led to a discovery that five of our employees are accused of doing horrendous things. We have looked very carefully at all of the systems that we have in place to try to reveal, to try to flag, to try to show warning signs of that kind of behavior; we have ramped it up, we've put additional checks and balances, we've put additional kinds of restrictions; one of the things that was happening, one of the things that triggered our investigation was seeing that a supervisor from one borough was approving something of an inspector from another borough; we don't allow that to happen, so we've gone back and we've really done a postmortem; put into place restrictions that would keep that from happening, but more importantly, put in additional checks and balances to flag anything that looks at all suspicious. We are very seriously considering and we're working with the Department of Investigations; with the Department of Buildings, seeing what all people are doing and we're very seriously considering whether we need to expand our audit functions within the Office of Neighborhood Enforcement and we are still looking at what that structure would look like;

it may very well be that I might come back to you and say we need some additional people to ramp up that audit unit; we don't have clarity on that quite yet, but we will and we will get back to you... [crosstalk]

CHAIRPERSON WILLIAMS: Thank you.

[interpose]

VICKI BEEN: But again I wanna say, it was a travesty and is certainly not reflective of the 2,200 people who work very hard every day to protect tenants.

CHAIRPERSON WILLIAMS: Yes. And obviously when those things happen, it shakes foundations and people's trust, so we wanna make sure that that gets restored as soon as possible.

I come from the housing world, so I know how important it is -- many of the programs that we have, when organizing, to help people stay in their homes is important; the MPCP program is now about 580,000; was much bigger when I was doing organizing; I know the impact it has. The Council has a \$2 million program, HPI, and a \$1.2 million of CCC; any ideas if the Administration can up the one program that they actually fund? That does a lot to keep people in their home.

[background comments]

VICKI BEEN: So yeah, that's our... and that's federally funded through the CDBG program, which is being cut; we're not sure what's gonna happen in Fiscal Year 16, but CDBG was cut by... or no, home was cut by 1190... [background comment] so we will be watching that.

CHAIRPERSON WILLIAMS: Okay. It's a...

[crosstalk]

VICKI BEEN: But that's federal money that...

CHAIRPERSON WILLIAMS: It's a critically important... [interpose]

VICKI BEEN: Absolutely.

CHAIRPERSON WILLIAMS: program and it's the only one that Admin funds. So I'm gonna allow a very hard two-minute round two and that two minutes includes Council Members' questions and the Commissioner's answers, so that'll be a total of four minutes, so that's two minutes for Council Member Crowley and two minutes for Council Member Torres.

COUNCIL MEMBER CROWLEY: Commissioner, to follow up with my questions earlier about the

lawsuit, I am told that the lawsuit was thrown out by the judge; do you know the status of the lawsuit?

VICKI BEEN: Well thrown out by... a lower court judge reached a decision, but of course in our system there are always rights of appeal; my understanding is that the issue is whether or not the decision will be appealed; a Notice of Appeal was filed; that has to be perfected, I don't know what the status of that is.

COUNCIL MEMBER CROWLEY: Are you a 100 percent sure that there was an appeal? I did not hear about any appeal.

VICKI BEEN: A Notice of Appeal; that's different from an appeal. A notice says I intend to perfect my appeal. My... [crosstalk]

COUNCIL MEMBER CROWLEY: And as of what date was that submitted?

VICKI BEEN: I don't know. You know, I take my marching orders there from the corp counsel's office; we don't get involved in the appeals or anything like that.

COUNCIL MEMBER CROWLEY: Do you have the wage information or are these companies not reporting the wage to you? We understand that HPD is not

putting the wage reporting on the website, but do you have that information?

[background comments]

VICKI BEEN: No, to my knowledge we are not collecting while the... not collecting the wage data while the matter is under litigation.

COUNCIL MEMBER CROWLEY: Commissioner, if there have been reports in the newspaper that workers are being cheated out of wages; [background comment] that companies that are getting work from HPD have been found to violate workers' rights, [background comment] don't you think HPD should stay on top of the wages these contractors are paying their employees? [bell]

VICKI BEEN: I absolutely think that we should stay on top of it and we do; that's the purpose of the enhanced review process, and we put that process into effect exactly to be the kind of watchdog and to really be watching over the contractors that we're using. So that is... [interpose]

COUNCIL MEMBER CROWLEY: But if they're not reporting wages... [crosstalk]

CHAIRPERSON WILLIAMS: Thank you, Council Member.

COUNCIL MEMBER CROWLEY: how do we know if they're violating workers and labor laws?

CHAIRPERSON WILLIAMS: Thank you, Council Member. Council Member Torres.

COUNCIL MEMBER TORRES: Commissioner, I have a quick question about the... NYCHA recently closed on a transaction, the Triborough agreement, preserving, I believe over 800 units, project-based Section 8 housing, I'm curious to know; do those units count toward the Mayor's goal of preserving 120,000 units and I imagine, since it's project-based Section 8, does it fall into the extremely low-income category or?

VICKI BEEN: It does count towards our goals, because as you know, the Triborough involves units that were not NYCHA housing, they are under the RAD program and those do count. The AMIs, I assume were very low, but I don't have the specific breakdown with me, but usually those are extremely low-income.

COUNCIL MEMBER TORRES: Project-based
Section 8, does it tend to be extremely low-income,
very low-income or... [interpose]

VICKI BEEN: Yes. Yes.

COUNCIL MEMBER TORRES: Okay.

VICKI BEEN: It has to be below 50
percent, but often it's even lower.

COUNCIL MEMBER TORRES: And since the
transaction was closed, I imagine it's included in
the existing count or?

VICKI BEEN: Yes.

COUNCIL MEMBER TORRES: Okay. Thank you,
Commissioner.

CHAIRPERSON WILLIAMS: [background
comment] I just turned it off. Thank you,
Commissioner for sitting through this; I know you're
not feeling well. I didn't ask too many questions
about 421-a 'cause I didn't wanna get into a circular
discussion, but my hope is that as we moving forward
-- and we will have another hearing on it and
hopefully we'll have some specifics. I am interested
in a lot of the wage questions that were asked; we
will be having a contracts hearing in the coming
weeks to try to get some of those and I appreciate

the breakdown again, and I think we have to focus on the lower income bands and some of the middle, which make sense fiscally, but also when we look at the housing vacancy survey you see that most the vacancies that we have are in the higher AMIs, and so those units are available; the units that are not available are the lower down we go and so that seems to make sense that would make most funds strategically and fiscally. So thank you very much for the time that you spent with us; I know you spent over the time that we agreed and being sick, that can make you additionally grumpy. So thank you very much for giving us those answers; we'll have a 10-minute recess and which we'll set up for the Department of Buildings

VICKI BEEN: Okay, thank you.

[background comments]

[pause]

CHAIRPERSON WILLIAMS: Thank you.

Please, whoever is going to be speaking at any time, please raise your right hand. Do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this committee and to respond honestly to Council Member questions?

RICK CHANDLER: I do.

MALE VOICE: I do.

SHARON NEILL: Yes.

CHAIRPERSON WILLIAMS: Commissioner, you
can start when you'd like.

RICK CHANDLER: Thank you, Council
Member. Good afternoon to the Committee.

Chair Williams and Members of the Housing
and Buildings Committee, I am Rick Chandler,
Commissioner of the New York City Department of
Buildings. I am joined by First Deputy Commissioner,
Tom Fariello; Deputy Commissioner of Finance and
Administration, Sharon Neill; Risk Management
Officer, Reynaldo Cabrera and other members of my
senior staff.

Our Department's core mission is to
advance public safety by enforcing the laws that
govern construction and facilitate compliant
development. We continually seek innovative ways to
achieve these results while accelerating the
construction process. Today I'll discuss our
initiatives to meet this mandate in our proposed
budget.

Construction activity is on the rise and is a strong indicator of the improving economy. With more construction comes a corresponding increase in applications to the Department and we are working to satisfy the increased demands of our services. For example, our licensing unit issues licenses and registrations for many types of construction trades people and this unit issued nearly 14,000 new and renewed licenses and registrations in 2014. Additionally, our inspectoral units responded to more than 97,000 complaints and issued more than 134,000 ECB and DOB violations.

We also serve New Yorkers in ways that are often unnoticed. The Department remains at 5 North 11th Street in Brooklyn, where a seven-alarm fire erupted in January; we are monitoring the safety of the ongoing demolition operations as the Fire Department searches for remaining hot spots and fire marshals continue their investigation. We support other agencies as we continue performing our daily duties.

In calendar year 2014, more than 3,100 new building applications were filed with the Department, a 23 percent increase from the prior year

and more than 87,100 alteration applications were filed, nearly a 15 percent increase. The Department issued more than 100,000 initial construction permits in 2014, a 6 percent increase over calendar year 2013, while issuing more than 45,000 permit renewals, a 4 percent increase. Finally, one sign of future new building activity is initial demolition permits, which are on the rise; in 2014, the Department issued more than 1,600 of these, which was a nearly 18 percent increase from the prior calendar year.

Historically, a rise in construction activity can correlate with increased accidents. This past calendar year we saw a rise in fatalities, from 3 to 8. By tracking accident trends and educating the industry through programs, such as our annual Build Safe Life Safe Conference, where we educate hundreds of industry members in day-long series of safety seminars. The Department makes every effort to educate stakeholders on best practices for safety. However, it remains the responsibility of every person on the jobsite to ensure that work conforms to approved plans and is performed safely. As part of ongoing enforcement efforts, the Department works to identify bad actors

who repeatedly allow site conditions to create an unsafe environment.

Before discussing the Fiscal 2016 Preliminary Budget, I'd like to update the Committee on two recent amendments to the Fiscal Year 2015 Adopted Budget.

The November plan amended allocated additional resources totaling \$3.3 million and 15 staff positions to the Department; of that, approximately 700,015 staff positions were to advance the Administration's One City Built to Last initiative, a bold effort that will hold buildings to high energy performance standards, which I will discuss shortly. The remaining \$2.6 million was allocated to reflect collective bargaining adjustments.

The January plan amended to the Fiscal Year 2015 Adopted Budget allocated additional resources totaling \$13.4 million and 67 staff positions to advance a number of critical department initiatives; they are as follows: \$7.1 million and 13 staff positions were allocated to support the first phase of our enterprise license and permitting project, commonly known as Inspection Ready; \$2.4

million and 7 staff positions were allocated to the New York City Development Hub and it's related inspections; \$2.2 million and 32 staff positions were allocated to enhance the Department's enforcement efforts through performing proactive safety inspections and improving response times to complaints and accidents; \$1.1 million and 15 staff positions were allocated to strengthen the integrity of the Department's technical, legal and administrative operations; approximately \$700,000 was allocated to assist in the Administration's Small Business First initiative, to reduce regulatory burdens on small businesses. I will elaborate on some of these initiatives later in my testimony.

The Fiscal Year 2016 Preliminary Budget allocates nearly \$119 million in expense funds to the Department; of this, approximately \$93.5 million are for personal services and \$25.4 million are for other than personal services. The Preliminary Budget's revenue plan for the Department is approximately \$182.5 million; this does not include more than \$40 million in department-issued Environmental Control Board fines that the City collects each year. The

Department's budgeted headcount for the Preliminary Budget is 1,244.

At this point I would like to brief the Committee on some critical initiatives that our department will be undertaking during the coming fiscal year.

Advancing safe and compliant construction is this department's first priority and to meet this challenge it is essential that our employees perform their work with professionalism and without malfeasance. In leading this department, I remain steadfast in maintaining the highest standard of integrity. Regarding the investigation that resulted in last months' corruption-related arrests of Building employees and construction industry members, we began working with the Department of Investigation in October 2013, after a concerned Department of Buildings employee came forward to report a concern of misconduct. This illuminates the importance of a number of initiatives we have launched to enhance integrity within the Department and in the industry, and I will discuss several of them.

I recently appointed Reynaldo Cabrera as the Department's first Risk Management Officer and he

reports directly to me. With an enforcement background from serving in the Manhattan District Attorney's Office, he is analyzing data to find patterns before they become problems. For example, he will use information generated by our latest digital enhancement, Inspection Ready, which I'll discuss shortly, to timely identify concerns. His addition to my senior leadership team will enable us to assess day-to-day risk, identify noncompliance with existing mandates, analyze historical data to identify risk factors, create and implement risk assessment tools, create and implement risk management strategies that incorporate lessons learned with data analysis and include corrective action plans, recommend best practices to reinforce integrity, and work with senior staff to proactively identify areas in policy, training, monitoring and auditing that could be strengthened.

Shortly after my appointment we issued a new Code of Conduct to our employees; in the coming weeks we will be releasing our first Code of Conduct tailored specifically to the construction industry; together these codes of conduct set forth standards to which we hold members of the construction industry

1 and Department personnel. Some of the topics
2 included in this new industry code of conduct are:
3 our zero tolerance policy that prohibits even the
4 appearance of impropriety, breaches that can lead to
5 revocation of licenses, certifications and privileges
6 to work with the Department and direction to report
7 construction-related criminal activities to the
8 Department of Investigation.
9

10 Many of our technology and enforcement
11 initiatives are also critical in enhancing integrity.
12 For example, our Office of the Buildings Marshal
13 builds cases against unlicensed contractors who may
14 prey on unsuspecting homeowners, plus, expanding
15 online services and systems will improve operations
16 while minimizing opportunity for less scrupulous
17 people to cut corners. I will elaborate on this
18 later in my testimony.

19 The Department facilitates complaint
20 construction in a myriad of ways; from reviewing
21 construction plans to holding applicants accountable
22 through the permitting process, to performing
23 proactive inspections, to responding to emergencies
24 and complaints. Many New Yorkers are not aware that
25 our Elevator Unit has jurisdiction over more than

70,000 vertical transportation devices and oversees amusement park rides, from Luna Park to the soon-to-be-installed New York Wheel in Staten Island. Our Cranes and Derricks Unit is also meeting with the wheel's engineers to review their plans to erect this new attraction.

In addition to these responsibilities, the Department is seeking new ways to improve construction safety and protect New Yorkers. Updating the inventory of tower cranes in New York City, strengthening our Office of the Buildings Marshal and participation in the Mayor's task force to protect tenants are three examples, which I will elaborate on.

We are updating the inventory of cranes operating in the city, which is a major step in enhancing public safety and helping contractors build more safely and efficiently. Cranes manufactured today have enhanced safety features, reduced maintenance needs and tend to be electric, so they produce less noise and emissions. For these reasons, the Department is taking steps to retire older models while encouraging new ones, codifying best practices and revising minimum safety standards.

We are enhancing our Office of the Buildings Marshal to coordinate all external department investigations, which will improve our enforcement. Among its responsibilities, this office now investigates property owners and contractors who threaten people's safety by violating vacate orders and stop-work orders, builds cases against chronic offenders of the construction codes, conducts proactive and covert inspections and investigations of illegal construction in dangerous and illegal dwelling units, and responds to construction accidents and fires to initiate investigations that can lead to criminal prosecution.

The Department is proud to support Mayor de Blasio's Tenant Harassment Prevention Task Force, which will improve New Yorkers' quality of life and protect them from danger. Last month Governor Andrew Cuomo, State Attorney General Eric Schneiderman and the Mayor announced this joint task force to prevent owners from employing unlawful construction tactics to displace residents from rent-regulated apartments. Tenant harassment complaints in housing court have nearly doubled since 2011. To help keep rent-regulated apartments available to New Yorkers, the

Department will be identifying bad actors, investigating potentially problematic locations and strictly enforcing the City's Building Code to protect tenants from illegal construction meant to force them from their homes.

Our department must advance safe development in as expeditious a manner as possible; the sooner we approve an application, the sooner works commences, revitalizing our city through job creation and affordable housing production. To hasten the pace of development and improve the experience of those who file with us, we continue to steer customers toward mandatory online filings and payments. Eliminating paper filings and digitizing operations are extremely beneficial; it makes the Department more efficient, maximizing our resources and enabling us to serve customers faster. Additionally, this process can catch administrative errors before documents are submitted, once again saving time.

In 2011, the Department launched the New York City Development Hub, a state-of-the-art project review center, and in doing so, re-envisioned the approval process; transforming it into an entirely

1 electronic and collaborative platform. At the Hub,
2 our staff collaborates with licensed professionals on
3 how to comply with applicable codes. Through this
4 more efficient process of electronic plan examination
5 and virtual meetings, crucial time and money are
6 saved in construction projects, which facilitates
7 development. Since its launch, the Hub has approved
8 more than 2,400 new buildings and major alteration
9 applications. Using the success of the Development
10 Hub is a foundation; we will vastly expand our online
11 services in several meaningful ways. We will be
12 substantially increasing all electronic filings by
13 2017; today online filing represents 30 percent of
14 all filings with the Department; we are leading the
15 industry to electronically file 90 percent of all new
16 building applications and 60 percent of all
17 alternations. We will identify ways to move our
18 central units, such as boilers, elevator and façade
19 units from paper to online processes. We are
20 exploring the best ways to electronically accept
21 amendments to approved construction plans.
22 Applicants often file multiple post-approval
23 amendments, called PAAs, per application; these are
24 filed on paper and we received more than 42,200 PAAs
25

in calendar year 2014. Moving this part of the approval process online will be a critical enhancement for the construction industry and will improve Department efficiency. We will also bolster our borough offices with Hub technology resources. By the end of this calendar year applicants will be able to work with our borough offices virtually, allowing them to save time and money by working from their offices instead of visiting our department.

The Department has just launched Inspection Ready, which is improving efficiency of four key enforcement units -- construction, electrical, buildings marshal and quality of life. This new systems automates inspection schedules to optimize routing and enable out inspectors to electronically submit inspection results from the field via new tablets. We've distributed these handhelds to more than 60 inspectors; later in 2015 we will launch the next phase, expanding this electronic service to the remaining routine development and enforcement units; this includes new tables to 200 more inspectors, allowing property owners, contractors and licensees to request an inspection online. Online reviewing of inspection

results and electronic certification of development inspection corrections.

The Mayor and City Council have committed to reducing the City's greenhouse gas emissions 80 percent by 2050 under the One City Built to Last initiative. It proposes numerous ways to improve the energy efficiency of buildings, which generate nearly three-quarters of the city's emissions. Since 2013 we have been reviewing our new building and major alteration applications for compliance with the New York City Energy Conservation Code. To help meet the 80 by 50 goal we are expanding our energy code enforcement to broaden our review of alteration applications. In the short-term, we are launching a pilot program in June 2015 to determine which types of alteration projects would yield the greatest benefit if reviewed for energy code compliance. Once we evaluate the pilot's results, we expect to launch a permanent alterations review program in December 2016.

The Administration's Small Business First initiative will reduce regulatory burdens on small businesses and the Department is determining where processes may overlap with other agencies to

streamline services. The Department will also be more aggressive in promoting outreach, education and compliance to small businesses throughout the city.

Modernizing our operations goes hand in hand with maintaining a set of construction codes that remain up-to-date to reflect today's technologies, processes and materials. Legal mandates require we revise these codes regularly and the latest update, the 2014 Construction Codes, went into effect December 31st, 2014. This was an enormous effort that brought together a multitude of stakeholders, including architects, engineers, representatives from construction, labor and real estate, and the City Council. To ease multi-agency regulation, employees from 11 other City agencies participated. Looking ahead, our Technical Affairs and Code Development Units are undertaking several simultaneous code projects that will require additional employees to implement; these include: revision to our 2011 New York City Electrical Code -- Local Law requires that the Department bring the Electrical Code up-to-date with national standards every three years; revision to our 2014 Energy Conservation Code -- New York State is expected to

1
2 revise its entire code again in 2015, with an
3 effective date of January 2016; accordingly, the City
4 will need to update its Energy Conservation Code to
5 meet upcoming State standards; the creation of an
6 existing Building Code -- the Department has
7 committed to consolidating construction requirements
8 for existing buildings into one document; this will
9 simplify compliance when altering an existing
10 building and has been recommended in the Mayor's
11 Housing New York: A Five-Borough, Ten-Year Plan and
12 One City Built to Last, as well as the Urban Green
13 Council's Building Resiliency Task Force Report.

14 The Department's role in supporting the
15 city's economy cannot be overstated; by enforcing
16 construction laws we facilitate job creation and tax
17 revenue, spur the creation of affordable housing and
18 uphold high standards in energy efficiency while
19 adhering to our principal mandate to promote the
20 safety of those who live, work and build in our city.
21 I welcome and appreciate your support and partnership
22 in the important work that lies ahead. I would be
23 happy to answer any questions you may have. Thank
24 you.

CHAIRPERSON WILLIAMS: Thank you, Commissioner. We've also been joined by Council Member Miller and earlier I know that Council Member Weprin and Kallos spent some time in the back mulling around, so I wanna give them that credit.

Thank you for this testimony and thank you for addressing the unfortunate arrests that happened recently; it was a travesty and kinda shook people's foundations; we wanna make sure that that gets restored, so thank you for addressing what you plan to do and have been doing. Is there any fiduciary part to that; is there any fiscal impact that we should be aware about?

RICK CHANDLER: I think I highlighted that in my testimony; we are, as part of our risk management officer team, we have requested additional support and I think that will be in the executive plan.

CHAIRPERSON WILLIAMS: Did you mention the amount or you said that'll be in the Executive Budget?

RICK CHANDLER: We're still working that out.

CHAIRPERSON WILLIAMS: Okay. Thank you. You mentioned a few things; I was wondering if you felt any of them should be codified, particular the Codes of Conduct that you laid out?

RICK CHANDLER: I'm not sure I understand the question -- codify.

CHAIRPERSON WILLIAMS: Is there any legislation that you think we should make to concretize it, as opposed to a policy?

RICK CHANDLER: I appreciate you asking that question. Yes, we'd be happy to work with you; I think there's existing Administrative Code provisions that allow us to develop rules for the industry and we're working on that now, so we may be happy to engage you later in formalizing some rules as we develop them.

CHAIRPERSON WILLIAMS: Thank you. We'll definitely follow up with that; my legislative person is Nick Smith, so I'm sure he'll reach out.

You mentioned updated crane inventory; wanted to know how you plan on updating inventory; what's the average age of the cranes and what would you like the average age to be?

1 RICK CHANDLER: My Cranes Unit is
2 tracking that information; I don't have it available
3 with me and I'm not sure how -- if we have every
4 crane age, but we're working on putting that database
5 together and I don't have an age for you to propose.
6 But as I said in my testimony, we are encouraging the
7 industry to modernize their cranes to be more of the
8 electric versions that are out there and used
9 throughout the world, actually.

11 CHAIRPERSON WILLIAMS: Currently the
12 Personal Service Unit appropriate for DOB covers
13 \$93.5 million by 80 percent of the Department's
14 budget; it makes it a little difficult to know how
15 funds are moving around; would DOB consider adding an
16 additional unit of appropriation to this budget line
17 to allow more transparency and better outline how
18 these costs are impacting the overall budget? For
19 example, DOB's expense budget could add units of
20 appropriation for enforcement and development
21 functions.

22 SHARON NEILL: I realize that this is
23 something that the Council often proposes and my
24 understanding that this is something that may be in
25

discussion with the Mayor's office and our oversights at OMB as well.

CHAIRPERSON WILLIAMS: Okay. It is something that we often discuss and we believed that this administration would be a lot better than the last administration and that hasn't happened as much and although we're having I think much better conversations; it makes difficult to get into the nitty gritty of it when the units of appropriation are as big as they are. So... [interpose]

RICK CHANDLER: I know that the Mayor and the Council are working on that and so we'll defer to the Administration on how those negotiations are happening.

CHAIRPERSON WILLIAMS: Sure. And the 2015 Preliminary Mayor's Management Report, it states that job filings for new buildings increased by 18 percent, for major renovations 12 percent and minor renovations by 16 percent; increase is a trend that is expected to continue as the economy and real estate market continue to strengthen; in your borough offices, the average time to complete a first plan review for new buildings has increased to 15 days, up from 8 days in 2014. How much of the increase in job

RICK CHANDLER: Thank you. We're very proud of the Hub and we do think that it is a foundation for the future of the Department, which segues perfectly in answering your question I think, in that we have a number of things that we want to do to improve our performance and that is, to improve our performance with the electronic filings so that we can process them more efficiently. Also, just to address the current, the last few months of our plan review time; we think that due to the 2014 code coming into effect we had an unusually large amount of applications that were filed in late December because of the new code and so a lot of folks sent in an awful lot of applications, an unusual spike in the number, to which we think we've addressed now, as we get into March. But we're also looking for, with our risk management office, and also with our electronic filing, to more efficiently process the applications that are coming so that we can use our resources more efficiently.

CHAIRPERSON WILLIAMS: And there were similar increases for the major renovations, so we have the same questions; is it the same response?

RICK CHANDLER: For the minor... the major...? [crosstalk]

CHAIRPERSON WILLIAMS: For major renovations; it has also increased -- 12.4 days up to 10.6 days.

RICK CHANDLER: Yes, it's all the same. The new buildings as well as the major and the minor ones, and we do anticipate a similar load for this fiscal year as well.

CHAIRPERSON WILLIAMS: And despite strict safety regulations that mandate safe construction practices, construction accidents causing serious or fatal injuries have increased; in the 2015 Mayor's Management Report, the preliminary states the Department reported 93 construction-related injuries and 86 construction-related accidents, an increase of 39 percent and 21 percent respectively over 2014. Do you know what may account for this increase and what's your plan to reduce those figures?

RICK CHANDLER: You're right, there has been a significant increase in the accidents, but we

1 think that that's related to the significant increase
2 in construction activity, particularly major
3 construction work, such as the new buildings and the
4 demolitions, which has resulted in an increase in the
5 injuries and fatalities. Percentage increases in
6 major construction work are consistent with the
7 increases we are seeing in accidents and injuries; 23
8 percent increase in new buildings vs. 21 percent in
9 injuries; I'm not sure if that exactly correlates to
10 the numbers you just gave; that's the numbers that I
11 have. The Department performs significant outreach
12 and education to the industry, such as our Annual
13 Build Safe, Live Safe Conference mentioned in my
14 testimony. By leveraging technology we will be able
15 to better identify the accident trends; that said, as
16 I said in my testimony, there are limits to what we
17 can do; it remains the responsibility of the building
18 owner and the construction managers to ensure that
19 work conforms to approved plans and is performed
20 safely.
21

22 CHAIRPERSON WILLIAMS: Can you describe
23 the consequences for bad actors; how you define bad
24 actors; are there examples of when you've held bad
25 actors to task?

RICK CHANDLER: The consequences in many cases are criminal court summonses, so we are preparing cases through our Building Marshal's office and also other divisions and bringing criminal court summonses to them and serving them; sometimes in concert with other agencies, such as HPD and sometimes we'll bring them to the District Attorney's Office as well and so it's criminal court summons and oftentimes as fines as well.

[pause]

CHAIRPERSON WILLIAMS: Thank you, Commissioner. I'm gonna now move to my colleagues and they'll have five minutes to ask some questions. Council Member Miller.

COUNCIL MEMBER MILLER: Thank you, Mr. Chairman and thank you Commissioner for you and your team for being here and providing this crucial information at this crucial time.

I wanna address the Department's position on some of the illegal conversions and basement apartments and just illegal conversions in general. As you know, illegal conversions have been a huge problem in a swatch of Queens and Brooklyn; additionally, our communities have strongly objected

and rejected the notion that legalizing standards in living quarters in an appropriate way to move forward; one of our local Community Boards even passed a resolution to this extent on basement apartments. How does the Department plan on approaching these illegal conversions and what are you doing to address it?

RICK CHANDLER: Thank you. Illegal conversions indeed are a serious problem and the Department has many enforcement strategies to attack it. That said, there are legal and enforcement challenges associated with obtaining access to an apartment to determine if an illegal conversion exists. The Department has a team of specially trained inspectors who can identify indicia of illegal conversions and prepare access warrants. We also work closely with the Fire Department and the Mayor's Office of Data Analytics to use data analytics to target locations where illegal conversions are likely to exist. Finally, we are raising the bar on enforcement by referring cases to the District Attorney's Office, as I mentioned earlier, for criminal prosecution. So we do support

efforts to increase the penalties and we are enhancing these enforcement efforts.

COUNCIL MEMBER MILLER: So how many inspectors do you have working specifically on illegal conversions?

[pause]

RICK CHANDLER: I can't give you a specific breakdown by our units because we do allocate them differently as our resources demand, but we do have a headcount of 429 inspectors.

COUNCIL MEMBER MILLER: And that's throughout the City?

RICK CHANDLER: Yes.

COUNCIL MEMBER MILLER: Okay. So I would suffice to say that you could use additional assistance in that area. Is there monies allocated within this budget for additional inspectors to potentially address this issue or specifically to address this issue?

RICK CHANDLER: Again, we are asking for 20 new inspectors and they will be allocated in the best place that we think. And again, we can move them around, so that's our plan for now [sic].

COUNCIL MEMBER MILLER: Okay. So there is also -- and just to kinda stay on that for a moment -- there are a number of pieces of legislation that are pending in the Council to address this issue, whether increasing penalties or to give inspectors additional authority; would you be supportive of -- are you familiar with them and is it something that you would consider supporting?

RICK CHANDLER: I'm familiar at a very high level with some of them; I'm not sure with all of them, and I am supportive from the perspective that I know it now and of course, I would look forward to working with anyone in the Council to further vet those proposals. I would remind the Council that again, the problem with access oftentimes is that we could indicate or firmly believe that there is an illegal conversation, it's just that when we ask for access warrants, oftentimes the courts won't allow us to use the indicia that we bring to them, so it's a challenge.

COUNCIL MEMBER MILLER: Okay. So the partnership may require more than the Council Members as well, I see. Okay. So when we talked about -- Council Member Williams, he spoke about some of the

1 obviously safety concerns that we have with the
2 plethora of growth construction that we have
3 throughout the city here in increasing numbers of
4 accidents and you talked about improving those
5 standards and what you were doing on your side to do
6 that and with your annual reports and so forth; have
7 you engaged those members of the industry to improve
8 that, including obviously developers and construction
9 unions as well; are they a part of this or have you
10 at least attempted to engage these folks?

12 RICK CHANDLER: In my seven months... I'm
13 in my seventh months now; I can assure you that we
14 have met with many groups from the development
15 industry; from the construction industry, we've held
16 many seminars and our biggest one of the year, the
17 Build Safe, Live Safe, as I've said, is dedicated to
18 that. Also, with our new Construction Code 2014 we
19 did update Chapter 33 of the Code, which is dedicated
20 to construction safety and that was the centerpiece
21 of a number of seminars that we held with design
22 professionals and industry members. I've also done a
23 fair amount of speaking at various industry groups
24 and have highlighted the changes and encouraged folks

to learn what we're doing in Chapter 33 and to attend our Build Safe, Life Safe conference.

COUNCIL MEMBER MILLER: That's encouraging to hear and I hope that the partnership can grow and continue, 'cause there is a wealth of information and hopefully support out there.

So my office gets a number of notifications from the Department on some projects that are going on and permits that are up in the community, but there's not a lot of information that accompanies these renovations as to what is actually being built, what the units would entail; how do we ascertain that information, and/or usage?

[pause]

RICK CHANDLER: Again I would refer back to our Building Information System; I'm very proud of that system, it's very, very informative and it's used heavily by the industry. I understand though your concern that sometimes it's not as -- it doesn't elaborate [bell] as much of the details you might like, so one of the things that we have done is, we post what we refer to as the ZD-1, it's the Zoning Diagram, [background comment] if it has a zoning component. Obviously not every application does have

1
2 a significant zoning component, but if it's a new
3 building or a major alteration where it is, as soon
4 as that is approved it will go up on the profile of
5 the property that's accessible to anyone in the
6 public.

7 Also, as we move forward, as with some of
8 the technology initiatives that I've mentioned, as we
9 move out to more electronic filing, we are exploring
10 ways that some of the plans, which we will be
11 requesting to be filed with us electronically...

12 [interpose]

13 COUNCIL MEMBER MILLER: So...

14 RICK CHANDLER: requesting to see how
15 those could be visible to the public.

16 COUNCIL MEMBER MILLER: these are actual
17 experiences that we're kinda trying to research and
18 figure out what's going on in the community and have
19 really be unable to ascertain that information, even
20 with the limited -- like the zoning, yeah, we know,
21 but we don't know if they're in compliance or things
22 are being changed or you know, exactly what's going
23 on and we don't wanna wait till after the fact and
24 something's up and running to address that.

1 RICK CHANDLER: That's a common comment
2 that we get and absolutely, Council Member, we will
3 -- I would encourage you to engage our
4 intergovernmental folks in the Borough office or at
5 our central office and that's one of the things that
6 they do regularly, is they would take your concerns
7 and investigate them, try to give you the more
8 detailed response.
9

10 COUNCIL MEMBER MILLER: Okay, we
11 certainly will. Thank you so much.

12 CHAIRPERSON WILLIAMS: Thank you, Council
13 Member. We've been joined by Council Member Cornegy.
14 Just to follow up on some of the illegal
15 conversations, a couple of things; we -- if you have
16 any ideas of some bills that we can pass to give you
17 additional help to get inside, we do wanna do that;
18 we have a bill that hopefully will be drafted from
19 myself, Gentile and the Borough President of
20 Brooklyn, Eric Adams, that will create a new category
21 of aggravated legal conversions for people who are
22 converting three or more units from unit to up the
23 fine, to also make it lienable and to try to allow
24 you to get in a little quicker with warrants; I know
25 that Council Member Gentile has one that would allow

you to use circumstantial evidence as well to get in, so hopefully you'll be welcoming of those and if you have any other ideas, please let us know, and Council Member Gentile has really been doing a lead role on some of this.

RICK CHANDLER: Thank you. We absolutely are interested and I would encourage you to reach out to our intergovernmental folks and we'll share some of our ideas and work with you as much as we can. Again, the access issue has always been our challenge with the courts, but we would gladly have that conversation.

CHAIRPERSON WILLIAMS: Sure. On the, I guess flip side, I'm also part of a group that is trying to actually -- so that bill, the one I mentioned, personally is not focused on the grand mall or someone who has a basement apartment; it's folks on the most egregious actors [sic] and I am part of a cohort that is actually trying to see if we can legalize some of the basement apartments that are there and make sense because it's safe and the wiring and whatnot are up to code, so hopefully we'd love to get your feedback and support on some of those. There's a difference between unsafe housing that the

aggravated illegal conversions provide and the affordability of housing that someone has that for sake of paperwork for the most part is not legal, so we'd love your support on that as we're working forward.

RICK CHANDLER: Indeed. When we inspect these complaints, we are looking for that unsafe condition, to make sure that people are not living in an unsafe condition. So yes, we would look forward to talking to you about it.

CHAIRPERSON WILLIAMS: Thank you. Alright, I think those are all our questions for today; I think it was quick and painless. So thank you very much for your testimony and coming forward. And we have some testimony... I mean some people will be testifying from the public. So thank you, Commissioner and all, we appreciate it.

RICK CHANDLER: Thank you, Chair Williams.

[background comments]

CHAIRPERSON WILLIAMS: So we have some members from the public who would like to testify -- I'm not sure if they're all here, but Benjamin Dulchin from NHD; Harvey Epstein... [background

comment] I don't know if he can hear me -- Harvey Epstein from Urban Justice Center; Kelly Glenn from Urban Justice Center and David McCredo from Urban Justice Center. Oh... [background comment] Kelly from Urban Justice Center -- is it Urban Justice Center -- [background comments] Stabilizing NYC submitted testimony for the record. [background comments] I'm sorry; David McCredo with Local 211.

[pause]

CHAIRPERSON WILLIAMS: We also have testimony for the record from Enterprise and Kelly is from Stabilizing NYC, yes. Barika, I assume you're testifying for ANHD? We're gonna need you to fill out a card. [background comments] I think we have one for Benjamin; not for you. [background comments] Is that David? [background comment] Are you testifying? [background comment] Yes. Yes. Alright. Can you all raise your right hand, please? Do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this committee and to respond honestly to Council Member questions?

[collective affirmations]

CHAIRPERSON WILLIAMS: Alright. And you'll each have three minutes to give your testimony and you can begin at your leisure.

HARVEY EPSTEIN: Good afternoon, Chair. My name is Harvey Epstein; I'm the Associate Director and the Director of Community Development Project at the Urban Justice Center; I'm here to speak about the Community Planning and Neighborhood Rezoning Initiative.

As we all know, the Mayor's talked about the future critical need for affordable housing. In May 2014 the Mayor talked about his five-borough, 10-year plan to create 200,000 units of affordable housing. Recently, to achieve that goal, the Administration discussed rezoning 15 neighborhoods around the city to increase density to allow for that affordable housing to be developed. This will include the first-time opportunity for using mandatory inclusionary zoning as a requirement in these communities. The administration has begun holding community-based planning workshops and forums in neighborhoods in East New York and in the Bronx, in the Jerome-Cromwell section of the Bronx. In order to be an effective advocate at these tables,

the community-based organizations need tools, resources and expertise to have meaningful participation in these processes. The implementation of this plan will result in substantial new construction, significant population increases and real pressures on the existing infrastructure in these communities. As a result, many of these communities are concerned about the rising rent speculation, insufficient services, schools, transportation, open space and displacement; we see this playing out in East New York today. Even though the rezoning is just an idea, we've seen the rise in prices, we've seen the increase in eviction, both commercial and residential evictions.

This community planning for neighborhood rezoning initiative will allow local stakeholders to engage in the community planning process with support from skilled citywide, community-based nonprofit organizations. These organizations include the Association for Neighborhood Housing Development, the Pratt Center for Community Development, Community Development Project of the Urban Justice Center, Hester Street Collaborative and Center for Urban Pedagogy. We all serve as coordinators and technical

advisors to facilitate these community-based planning activities in each of these 15 slated communities. Working hand in hand with these local community-based organizations will really empower community organizations to participate in the rezoning process from the ground up, ensuring that each area's needs and goals are considered and reflected in each of the plans.

The technical assistance includes land use analysis, policy determination, educational tools, programming and community engagement. Considerations will be community characteristics, schools, infrastructure transit needs, open space, jobs and economic development.

These partnerships will allow for meaningful community engagement and optimize outcomes in the city work supervised [sic] new affordable housing in diverse neighborhoods and sustainable neighborhoods around the city.

The City will benefit from these increased capacities of local community organizations to these neighborhoods that are underserved in the rezoning process.

I use an example of right to counsel where in [bell] tenants -- we wouldn't wanna see a tenant not being represented where a landlord is; in the rezoning it's the same situation where the city has all this expertise, the City Planning Commission and agencies at its disposal where community-based organizations really don't; we need to balance that playing field so the community can really participate in that. So we're asking the Council for \$2.4 [sic] million; it's a large request, 70 percent of the money will go to the community-based organizations and 30 percent will go... [crosstalk]

CHAIRPERSON WILLIAMS: Wrap it up. [sic]

HARVEY EPSTEIN: to technical advisors. We know it's a significant ask, but we hope that the Council understands that these are important times and we hope they will support this new initiative. Thank you.

BARIKA WILLIAMS: Hi, good morning, Chair and Council Members, thank you for having me to testify. My name is Barika Williams, I'm the Deputy Director for the Association for Neighborhood and Housing Development (ANHD).

And I'm here to first off say thank you for the Council's continued and ongoing support of neighborhood-based preservation organizations and efforts; specifically to ask the Council's continued support of the Housing Preservation Initiative (HPI) and the Community Consultant Contracts (CCC), two critical neighborhood-based, local community programs that really serve as some of the frontlines for preservation, anti-eviction and many of the housing crisis issues that tenants and residents and families see in our neighborhoods.

ANHD respectfully requests that the funding of HPI be increased from \$2 million to \$2.5 million; this would allow the contracts to be increased from \$50,000 each to \$60,000 each and also would allow it to expand to a few additional neighborhoods and districts that currently aren't served, which I'm sure you all know is always an issue when we get to this time. And also to request that the funding for the Community Consultant Contracts (CCC) be increased from \$1 million to \$1.2 million. CCC is really the frontline anti-eviction, every single person coming in with the SCRIE and the DRIE and that's where we'd sort of be able to reach

1 out and provide that individual assistance through
2 community groups and this actually a key thing,
3 thinking about the fact that the Council is
4 considering or has passed, the expansion of SCRIE and
5 DRIE to additional income bands, so we also wanna be
6 able to have the capacity to sort of get those people
7 enrolled and subscribed into the program.
8

9 In addition we'd like to continue to ask
10 that the Council be partners with us in pushing for
11 the administration to increase funding to the NPCP,
12 the Neighborhood Preservation Consultants Program; we
13 heard previously the Commissioner being mentioned
14 that that program is tied to CDBG dollars, but also I
15 think our understanding is that it doesn't
16 necessarily have to be and that the administration
17 could put additional money into that program if it
18 really wanted to, and I think this is the key way of
19 thinking about the administration investing its
20 preservation dollars at the community level and
21 really stepping up and matching what the Council has
22 done over time and the Council has had to do over
23 time because the administration has walked that
24 dollar amount back to \$580,000 compared to the over
25 \$3 million that the Council puts in and this is

because as Council Members you recognize the local on-the-ground need and the administration really needs to match those efforts.

Lastly, I'd say that ANHD also supports the Community Plan for Neighborhood Rezoning (CPNR) that Harvey Epstein just mentioned where one of the TVA providers was thinking about this and I think given the various different rezonings that are going on across the city, we really do need to see investments in local neighborhoods for them to be able to provide the education and the support [bell] throughout the entire rezoning process and for them to get support to be able to reach out to the communities so that they're informed and can make clear decisions throughout a rezoning that really benefit the local community need. Thank you.

DAVID MCCREDO: Thank you. I'd like to thank the Council, Mr. Williams, ladies and gentlemen. David McCredo, President of Building Inspectors, Local 211; I represent Department of Buildings, Housing Preservation and Development and NYCHA and a couple guys in the Parks Department.

As everyone knows, they've had some arrests recently and I can basically just say it's

1 the same problem they've had for the last several
2 decades; I've been there 30 years in Buildings and it
3 always comes down to the same thing, you know what,
4 the inspectors don't get paid enough, sad to say.
5 They get into a position; there's no step plan to go
6 up, other than civil service exams, which have been
7 coming more by lately, but not as often as we need;
8 housing, I'm still trying to get an exam; that's been
9 over 12 years now and they are helping me, but I've
10 gotta go do DCAS now. But the problem is, there is
11 no way to get from A to B in a simple manner; you
12 know it's sad; I know a lot of these people; they're
13 not bad, they're in a position of needing something
14 and they get presented with a position or an
15 opportunity and they take it and it's sad. But the
16 inspectors on a whole, they need to have a way to get
17 higher income, earn more money and it always comes
18 down to that, sad to say. And I would like to work
19 with Buildings and HPD and NYCHA and everyone else to
20 find some way to increase their salaries. I just had
21 a meeting with Buildings yesterday at OLR and they
22 agreed that there could be a way to possibly have
23 exams within the department itself to increase pay;
24 we're looking at ways, but you know what, Buildings
25

1 is... it's a skeleton crew, you don't have enough
2 inspectors. I know he just say we had close to 500;
3 I think if you lined them all up it would be short of
4 that; I have 550 total between the two agencies, so
5 there's a number mix-up somewhere; it's statistics,
6 it's, you know, on paper sometimes, but there's not
7 enough inspectors; they're not being paid enough and
8 that's the core of the problem and it's been like
9 that for decades and sad to say there's gotta be a
10 way to do it and I hope we can find it. That's all I
11 have say.
12

13 CHAIRPERSON WILLIAMS: Thank you very
14 much for the testimony. Just to be clear, CPNR is a
15 totally new initiative that you're trying to get
16 fund... and why those groups in particular?

17 HARVEY EPSTEIN: Well yes, it is a
18 totally new initiative and the reason that these
19 groups came together is, these groups have been
20 working in communities around the city on rezonings
21 for years and we realize that it was time to be more
22 coordinated 'cause it felt like an onslaught of
23 rezonings that were going on, from all boroughs
24 around the city, from East New York and to Flushing,
25 to the Bronx and we needed to be much more

coordinated, so these are the groups who are on the ground around the city who are doing this work.

CHAIRPERSON WILLIAMS: Are any of these going to be regranted to hyper local groups or...

HARVEY EPSTEIN: Right. So 70 percent of the money, \$1.75 million will be going to community-based organizations in similar ways that HPI does right now. The idea is, the Council, along with a coalition will look in these neighborhoods that are being rezoned and determine, you know who's a community-based organization, who's had the experience of rezonings and get most of this money out to those organizations. The Resource Allies are only asking for \$750,000 for them and really the \$1.75 is really going to those communities to ensure that they have organizers on the ground who can do the work.

CHAIRPERSON WILLIAMS: And what is the size of the regrant?

HARVEY EPSTEIN: So \$1.75 is what's gonna get granted to community-based organizations...

[interpose]

CHAIRPERSON WILLIAMS: Yeah, what size do you think the smaller grant would... [interpose]

HARVEY EPSTEIN: Yeah, so we think it's gonna be -- assuming there's 15 rezonings that are happening, it's \$116,000 per community to get to that number. But you know, the Mayor's talked about 15; we've seen 7 really that are active right now, but we expect that we will see in the next fiscal year all those 15, but it ends up being 10 or 12 it can be a higher amount.

CHAIRPERSON WILLIAMS: Mr. McCado [sic]? [background comment] McCredo. What's the average salary of an inspector?

DAVID MCCREDO: I'm sorry; I would say approximately maybe 54 or 55.

CHAIRPERSON WILLIAMS: Do you know what the starting salary is and what the cap is?

DAVID MCCREDO: It actually varies; it could start as low as 46 and to up to maybe 56... [crosstalk]

CHAIRPERSON WILLIAMS: The cap is 56?

DAVID MCCREDO: there's a wide gap.
Excuse me?

CHAIRPERSON WILLIAMS: The cap is 56?

DAVID MCCREDO: The cap?

CHAIRPERSON WILLIAMS: The cap, the high...

DAVID MCCREDO: For inspectors,
approximately 60.

CHAIRPERSON WILLIAMS: Okay. Thank you.
Do... I don't know if any of my colleagues... Council
Member Cornegy.

COUNCIL MEMBER CORNEGY: Good afternoon.
You mentioned DOB inspectors and the Mayor's budget
this year; it is somewhat aggressive in putting \$1.4
million in for new inspectors; I wanted to know what
your thoughts were on new inspectors versus more
training for inspectors.

DAVID MCCREDO: I gotta say no one gives
more training than Buildings, god bless them; they
give a lot of training, very good training. That
being said, they can't keep the inspectors; ask them;
I mean they come in, they have an academy, they leave
after a while; they find out that there is no way to
earn more money, they come in at a high salary or
they take a cut in their pay, it's study, but again,
you know what, they find out that they're not gonna
get increases that they're actually told they're
gonna get and other than civil service exams or
contracts with the union, they don't get any

1 increases, it's very few that do and not enough;
2 again, they have a high turnover forever.

3 COUNCIL MEMBER CORNEGY: Yeah, so I was
4 curious if you new the average tenure of an
5 inspector?
6

7 DAVID MCCREDO: Let me put it to you this
8 way; there's only a handful, literally, that's in the
9 night squad that have been there any significant
10 time, which is 25 years approximately; everyone other
11 than that is 10, 12 years the most. The average I
12 would say is, what, 7 maybe and I'm only guessing,
13 but just knowing the people over the last 30 years
14 and who comes and goes.

15 COUNCIL MEMBER CORNEGY: So actually, it
16 gives me a good perspective, so as -- I'm the Chair
17 of Small Business for the City Council and the only
18 thing that we've heard of the inspectors is not so
19 great things, so I'm glad that you're testifying
20 today to give me some perspective on inspectors,
21 'cause very often the commentary in and around
22 inspectors isn't complimentary.

23 DAVID MCCREDO: Yeah and it's been like
24 that for decades and it's one of the few jobs that is
25 still exempt from residency, it's hard to fill;

Department of Buildings will tell you that themselves, Housing; Housing is a little bit more stable than Buildings, but again, they have a high turnover and you just can't keep them in because they just don't up the salary range.

COUNCIL MEMBER CORNEGY: So your preference would have been if the Mayor used those funds for increase in salary as opposed to adding more inspectors? And I don't mean to put you in a bad position to have to choose, but I'm just curious as to what you're saying... [crosstalk]

DAVID MCCREDO: I would say increase the salary, but again, Buildings doesn't have enough inspectors. I know they gave a figure of close to 500; you know, I belong to what's called the BEST Squad, where they inspect high-rises; it's literally a handful of people; I mean in all the divisions, you've got almost a million buildings in the city; it's just not enough people. They have a lot of overtime, they do give overtime; that's something new; when I was being an inspector, and I still am an inspector, I did 24 years without one hour of overtime, you know, except for the -- I think it was the Happy Lands fire that was mandatory, but they do

1 give overtime now, but the problem is, again, the new
2 inspectors coming in, they stay at the base salary
3 and it's years and again, I'm looking for a
4 supervisor's test in HPD 12 years; what other agency
5 goes for 12 years without a test; that's ludicrous
6 and they are trying to help me, I'm going to DCAS now
7 to try and push that. But again, we've gotta find a
8 way to increase it; the union itself has a step plan,
9 but it maxes out at \$5,000 after 12 years; it doesn't
10 cut it as far as the employees are concerned and they
11 lose people.

12
13 COUNCIL MEMBER CORNEGY: Thank you for
14 your testimony.

15 CHAIRPERSON WILLIAMS: I'm not sure if
16 you actually answered one -- Do you know what the
17 average time is that someone stays as an inspector?

18 DAVID MCCREDO: No, I'm only
19 anticipating; I would say 7 year they're out of here.

20 CHAIRPERSON WILLIAMS: Okay. Thank you.
21 Any other questions, Miller? Okay. Thank you very
22 much for your testimony and for the work that you all
23 do; very much appreciated. And I see no one else has
24 signed up for public testimony, so with that this
25 hearing is now adjourned.

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COMMITTEE ON HOUSING AND BUILDINGS

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[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 March 26, 2015