

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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December 12, 2017
Start: 10:22 a.m.
Recess: 12:18 p.m.

HELD AT: Council Chambers - City Hall

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

COUNCIL MEMBERS: Rosie Mendez
Ydanis A. Rodriguez
Robert E. Cornegy, Jr.
Rafael L. Espinal, Jr.
Mark Levine
Helen K. Rosenthal
Ritchie J. Torres
Barry S. Grodenchik
Rafael Salamanca, Jr.
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A P P E A R A N C E S (CONTINUED)

Molly Park, Deputy Commissioner of Development
NYC Department of Housing, Preservation & Development

Ann-Marie Hendrickson, Deputy Commissioner
Office of Asset and Property Management
NYC Department of Housing, Preservation & Development

Julie Walpert, Assistant Commissioner
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Hiley Chiu Appearing for:
Borough President Gale Brewer

Will Buckary, Resident: 302 Condon Avenue

Glorianne Hussey-Kirstine
Resident: 106th Street Resident, Manhattan Valley
HDFC Coalition Member

Sylvia Tyler, Resident: West Harlem, 138th & Amsterdam

Leo Goldberg, Senior Policy Associate
Center for New York City Neighborhoods

[sound check, pause] [gavel]

CHAIRPERSON WILLIAMS: Good morning

[pause] Thank you. That's a little better. Good morning everyone. I'm Council Member Jumaane Williams, Chair of the Committee on Housing and Buildings and I'm joined today by Council Member Grodenchik and Chin. We're here to hold an oversight hearing, probably the last oversight hearing of this term for this committee on homeownership in New York City. Less than one-third of New York City households own a home compared with more than two-thirds of households nationwide. With an extremely expensive real estate market, New York homeowners are almost exclusively high income. Studies have found that households must make 165% of the area median family income to be able to afford a home. HPD has a number of active programs designed to facilitate access to homeownership in New York City. The statewide Mitchell-Lama program provides low interest mortgage loans and property tax exemptions to developers in exchange for limited owned-ownership profits, and placing income limitations on households allowing Mitchell-Lama to operate below market rate rents. HPD works with New York State in the Housing

Partnership Development Corporation to subsidize the New Homes Program, which has created 60,000 affordable housing units over the past 35 years. HPD also operates the New Infill Homeownership Opportunities Program, NIHOP, which subsidizes the developments at households earning up to 130% of AMI and the Home First Down Payment Assistance Program, which provides \$25,000 to first-time home buyers with a household income below 80% of AMI. (coughs)

Additionally, the city's Housing New York 2.0 Program, which was released on November 15, 2017 and it includes Open Door, which finances construction of Co-ops and condos for households earning between 80% and 130% of AMI, and the Home Fix Program, which funds home repairs for low or moderate income homeowners. Finally, HPD funds Community Land Trust, CLTs, which are not-for-profit organizations that own land and promote affordable development and the neighborhood revitalization. The hearing—the hearing today will explore these programs and their effects on homeownership in New York City.

I'd like to thank my staff for the work they did to assemble this hearing including Mike Toomey, my Legislative Director; Megan Chin and

Counsel to the Committee Jose Conde; Policy Analyst to the Committee Sarah Gastelum, and the Committee's Finance Analyst. I'd like to remind everyone who would like to testify today to please fill out a card with the sergeant-of-arms. Before we go to the Administration, my colleague Council Member Margaret Chin has asked and requested that she can give a statement before her because of her interest in homeownership and because of her plethora of HDEs in her district. Since this is the last committee, and there--there's a few Council Members here, I'm glad to grant that request.

COUNCIL MEMBER CHIN: Thank you, Chair Williams. I'm visiting because it's a very important topic and good morning. Thank you, Chair Williams for hearing this very important topic. Affordable homeownership needs to be part of the affordable housing conversation. Homeownership is one of the most powerful and sustainable vehicles for addressing income inequalities for communities of color and immigrant communities. Unfortunately, homeownership is completely out of reach for many New Yorkers. At this moment in New York City affordable housing production has not kept pace with the rising rents

while income has generally remained stagnant.

However, there are some common sense measures that our city can take right now to make the American dream of owning a home a reality for New Yorkers.

First, we need to embrace the idea of community land trusts with adequate engagement to small property owners and by working with trusted non-profits, CLTs can provide our community with more opportunities for current renters to become affordable homeowners.

Second, we need to protect the homeownership programs that are in place. While I understand the need to ensure that HDFCs are sustainable for the future, we cannot have a one-size-fits-all solution, nor allow mass foreclosure on one of the most important affordable housing stocks we have with the city.

HDFC shareholders many of whom are in this chamber today have invested a significant amount of their own money, sweat equity and effort into their homes and their community. Instead of permanently taking away these affordable housing units, the city should re-examine the necessary tools available and invest the appropriate resources so that all HDFCs can thrive.

Finally, the city and [applause]--

SERGEANT-AT-ARMS: [interposing] Quiet down.

COUNCIL MEMBER CHIN: --needs to reinvest in the Mitchell-Lama program, which has given thousands of families the opportunity to invest in help build up their neighborhoods. These simple measures along with more education and outreach about homeownership is one of the best ways to begin narrowing the income inequality gap, provide families with a pathway to the middle-class and ensure our communities have something to pass onto future generations. Once again, I want to thank Chair Williams for the opportunity for me to say a few words, and I look forward to hearing from the Administration and the public about this important issue. Thank you.

CHAIRPERSON WILLIAMS: Thank you, Council Member Chin for those words. Before we go to the Administration and a complete side note, since we had this technical stuff fixed, and we are online, if anybody is watching from Alabama, I hope you're doing the right thing right now. [laughter] With that, we have Deputy Commissioner Molly Park and also Deputy Commission Anne Marie. Are you—are you testifying?

Okay, if you can—whoever is testifying, just 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?

DEPUTY COMMISSIONER PARK: I do.

CHAIRPERSON WILLIAMS: And you can begin.

DEPUTY COMMISSIONER PARK: Great. Good morning Chairman Williams and members of the New York City Council Committee on Housing and Buildings. My name is Molly Park, and I'm the Deputy Commissioner of Development with the New York City Department of Housing, Preservation and Development. Thank you for the invitation to testify on HPD's Homeownership Initiatives, and the role that these programs play in New York City's housing market. Affordable housing is one of the biggest concerns that New Yorkers face and correspondingly, it is one of the top priorities of Mayor de Blasio's Administration. Housing New York as well as our updated commitment to build even more affordable housing outlined in Housing New York 2.0 is a critical pillar of the broader Administration wide agenda to keep the city affordable, competitive, and sustainable. HPD is

continually modernizing our programs and creating new tools to better address the many facets of the affordable housing crisis including the challenge of affordable homeownership to build more equitable and stable communities. It is not secret that New York City's real estate market is booming. New York City housing prices increased dramatically from 1990 to 2015, and they expanded to almost all of the city's neighborhoods. However, wages have not increased at the same rate. During this time, there was a 200% increase in property values relative to an 11% decrease in real median household income, and while the population increased more in the first six years of this decade than in the entire previous decade, we added only half the number of new homes during that six-year period than we did during the prior decade. Rental housing is the main focus of our Housing New York Plan for a few reasons. First, it has low barriers to entry and can serve a wide range of New Yorkers including those with very low and extremely low incomes. Second, an affordable rental unit remains affordable to households at specific incomes for the duration of its regulatory period even as tenants may turn over many times. Third, rental

housing can more easily be produced at a large scale giving financing constraints in the New York City market. Yet, the benefits of homeownership are undeniable. First, homeownership has historically served to stabilize distressed neighborhoods. Homeowners have a financial stake in their neighborhoods so they often remain even if poor neighborhood conditions persist. Homeowners have a personal stake in the investments that they make in their community. Today, many New York City neighborhoods are grappling with rising prices rather than disinvestment, but there are still several neighborhoods where homeownership can serve as an important stabilizing force. Second, homeownership also serves as wealth building tool for homeowners. Affordable homeownership programs can provide greater access to this wealth building opportunity for disadvantaged groups who would otherwise be unable to become homeowners. Affordable homeownership programs help working class New Yorkers access the homeownership market, a sector of the housing world that is all but off limits to lower-income New Yorkers. We have seen that homeownership is largely inaccessible to middle and moderate income New

Yorkers. For example, in 2014, only 42% of sales were affordable to households earning less than \$114,000 or about—that's 120% of the Area Median Income. That means that less than half of 2014's sales were affordable to 77% of New York City households. Therefore, affordable homeownership is a critical piece of Housing New York as we work to balance the equation on behalf of hard working New York City families. Creating opportunities for more New Yorkers to own a piece of their city, and helping existing homeowners to stay in their homes and keep those homes in good condition is an essential part of that plan. Homeownership helps families build wealth and can help to stabilize neighborhoods in transition. However, there is no one-size-fits-all approach that meets all of these needs, which is why we are always looking for new tools, new partners, and new innovations to get the work done faster and better. I will now outline the ways in which we have been successful so far in achieving increased homeownership as well as our plans for future innovations. The Administration unveiled a comprehensive plan in May 2014 to create and preserve 200,000 high quality affordable residences over ten

years. As an agency, we have spoken before this body many times about the successes we have achieved to make record breaking progress towards our goals. It is because of this commitment that we've been able to build affordable housing at rates New York has not seen in 30 years. This is why we recently announced Housing New York 2.0 through which we are accelerating and expanding our preservation and construction of affordable apartments to reach 300,000 homes by 2026. Homeownership programs have received less attention than other aspects of Housing New York, but since the inception of the Housing Plan HPD has recognized that homeownership is a key tool in the fight to combat the rising costs of the real estate market. I'm proud to say that since the beginning of Housing New York in January—on January 1, 2014, we have financed over 11,000 affordable homeownership opportunities across the five boroughs. Over 55% of these homeownership opportunities to date have been for very low or low-income households. However, the city's white hot real estate market has discouraged many families from believing that they ever could own their own home. Creating new programs and modernizing existing ones will help families

struggling to buy their own piece of New York or to remain homeowners. Through Housing New York 2.0, HPD is investing in two critical production programs to expand the reach of our homeownership initiatives. First, HPD is committing to create the Home Fix Program, which will help low and moderate income homeowners in 1 to 4-family properties to fund home repairs. There is high demand for these relatively small scale loans to help families stay in their homes. The HPD's existing programs to meet this need have not kept up with the realities of the marketplace. HPD will update program operations and infuse new funds into the initiative thereby allowing us to serve many more households each year. Financial assistance will be paired with financial counseling to address the full spectrum of needs of families struggling to make mortgage payments while also paying for home repairs. In the same update to the plan, HPD recognizes that homeownership is a critical tool for families to move up the economic ladder by building assets. We are, therefore, introducing Open Door, a new program to finance the construction of co-ops and condos for households earning between approximately \$69,000 to \$112,000.

That's 80% to 130% of Area Median Income. Through the program, owners will build limited equity in their homes over time balancing the goal of asset building with the city's need for ongoing affordability for future generations. We are in the process of crating a term sheet for this program, which we expect to release in early 2018. We welcome feedback from stakeholders on these term sheets, and are happy to set up meeting with any interested Council Members. But beyond production, many families are still struggling in the wake of the mortgage crisis and are in need of a lifeline. Since the start of Housing New York, the Administration has repeatedly created groundbreaking tools to address this spectrum of needs. Last year, HPD intervened through the Community Restoration Fund Program to purchase 24 distressed Federal Housing Administration note for 1 to 4-family homes with a total of 41 residential units in the Bronx, Brooklyn, Queens and on Staten Island. Facilitating the acquisition of distressed community assets from mortgage lenders, and repositioning them to preserve affordable homeownership and rental opportunities has allowed HPD to stabilize neighborhoods with high rates for

foreclosure and distress and show positive outcome for homeowners and residents and maintain affordability and visibility-viability of the citywide housing stock. With a grant from the New York State Attorney--New York City Attorney-General Eric T. Schneiderman, administered by the Local Initiative Support Corporation, we started our first Zombie Homes Initiative to increase direct outreach to families in foreclosure, and develop targeted plans for secure abandoned homes. Zombie properties are vacant homes in which owners have been in default on their mortgage payments for more than 90 days. Many of these homes are not being properly maintained creating blight and potential safety concerns that hurt our neighborhoods. This initiative is now staffed up, and we have started our initial inventory and outreach to come up with a tailored strategy for each vacant and abandoned property to try and stabilize the communities. Additionally, HPD will also pursue reforms to the 2016 New York State Zombie Property and Foreclosure Prevention Act to strengthen the enforcement of bank requirements to maintain zombie properties. With Council Member Rafael Espinal and the Center for New York City

Neighborhoods, we launched a new Homeowner Help Desk in East New York. One of the commitments we made to the community is this program connects homeowners with services, counseling and resources they need to stay in their homes and neighborhood. The desk assists homeowners with a range of services including advice and assistance with foreclosure prevention, guidance on scam avoidance, advice on home repair and other programs like weatherization loans and assistance with addressing scams. Last January, in an effort to use all of the available tools to confront the need for affordable housing, HPD requested a Request for Expressions of Interest or an RFEI, to better understand how community land trusts can improve upon or fill gaps in the city's already extensive affordable housing arsenal. Although, I will not go into the issue of CLTs in depth due to the recent hearing on local legislation related to CLTs, a CLT is a not for profit organization formed to own land and to maintain control and oversight of houses or rental buildings located on the land. \$1.65 million was awarded to 12 community CLTs to create and expand this model of affordable housing in New York City through Enterprise's new Community Land

Trust Capacity Building Initiative. One of the challenges in affordable homeownership is managing resales in a way that allows owners to get some return on their equity while also ensuring long-term affordability. The community driven mission of CLTs positions them well to strike that balance. The Homeownership Production Programs in Housing New York 2.0, and the new initiatives I just described build upon a long history of investment in homeownership. I want to briefly mention some of our existing programs. We are providing down payment assistance to first time low-income homeowners from the South Shore of Staten Island to Borough Park Brooklyn and Flushing, Queens. We are collaborating with NYCHA to rehab and create affordable homeownership in homes that have been foreclosed on by HUD and managed by NYCHA through the NYCHA Small Homes Program. We are extending affordability and rehabilitating large Mitchell-Lama co-ops like Strikers Bay and Clayton Apartments. We are seeing more interest by co-ops in our Green Housing Preservation Program, which provides low or no interest loans for small and mid-size building owners to improve the energy efficiency and water conservation of their properties. We are

advancing the pipeline on our Affordable Neighborhood Cooperative Program designed to accelerate the process of converting buildings in our Tenant Interim Lease Program designed to accelerate the process of converting buildings in our Tenant Interim Lease Program into affordable co-ops, and last, but certainly not least, we are preserving permanent affordability for the community by establishing parameters for the sale, resale and inheritance—inheritance of restrict housing in inclusionary housing. Such important work has not been done alone. We recognize the countless community-based organizations, non-profits and interested stakeholders who provide supportive partnerships. We also thank the City Council for their support of homeownership as a tool to stabilize neighborhoods while building assets and equity. Thank you again for the opportunity to discuss our achievements around affordable and moderate income homeownership as well as our robust plan for the future related to further increase in homeownership opportunities and stabilized communities across the five boroughs. I especially want to thank Council Member Williams on behalf of all of HPD for a constructive relationship

over the last four years of the—as the Chair of this committee. I look forward to answering any questions you may have at this time.

CHAIRPERSON WILLIAMS: Thank you so much for the testimony, and the kind words and I, too, think it was a pretty constructive four years, and I'm very proud of what we did in this committee.

I've got some big dreams for next year, and so there's my colleague to—to my left [laughter] but I can—I don't know. I'll be—either achieved those dreams or I'm be in cubicle somewhere, but either way, it's possible. [laughter] Either way I think we did—we did have some constructive years and I really appreciate it even through disagreement.

Hopefully people will look back on what we did through all the disagreement and really push forward some really meaningful things. So, thank you for that partnership as well, and I just want to give credit. This was a hearing that HPD actually pushed very hard to have and I'm—I'm glad they did because it was important, but I wanted to make sure I mentioned that for the record as well. We've been joined by Council Member Espinal, Council Member Cornegy. I will have a couple of questions and

followed by my colleagues and then some questions after. I just wanted to point out there was one stat that was very alarming in the beginning from 1990 to 2015. According to your statistics, there was a 200% increase in property values versus an 11% decrease in real median household incomes. That is a pretty alarming stat. That just says a lot. I-I also really wanted to ask when-how and when do you decide which AMIs to use? On-on the second page you cited \$114,000 is 120% of AMI for a family of four, and then on page 3 you cited 80% to 130% of AMI for a family of three. So, I just wanted to know how we compare apples to apples and when we decide which AMIs to use?

DEPUTY COMMISSIONER PARK: Sure.

Actually, we generally use a family of three as our metric, and apologies. We should have-have caught that in our testimony. We try and make sure that we have programs that serve a range of different AMIs. For our new construction program for the Open Door Program that we are launching now, we are focused on moderate and middle-income first-time home buyers. We-homeownership comes with both a cost to entry, right, in the form a down payment and also people who

are homeowners are vulnerable to various ups and downs in the marketplace. If there is a spike in fuel costs, if there's a need for a repair, if there are, for example, changes in the state and local tax environment, we need people to be able to weather those shocks. So, moderate income households are somewhat better positioned than some of the lower income households to be able to manage the ups and downs of the market that comes with homeownership. That being said, we know we have a number of lower-income homeowners who are in place now, and we certainly want to protect their rights as homeowners. So, the Home Fix Program for example, which is helping existing homeowners to repair their homes will serve homeowners at a lower-lower AMI levels.

CHAIRPERSON WILLIAMS: Thank you, but for clarity, your baseline is usually for a family of three?

DEPUTY COMMISSIONER PARK: Typically, a family of three, but we adjust, right. So, we—we—we use family of three as our talking point because it is the most common New York City family size, but if you are, in fact, a family of four or a family of two, we adjust the AMI—the incomes accordingly.

CHAIRPERSON WILLIAMS: Oh, so--

DEPUTY COMMISSIONER PARK: [interposing]

So, so you were eligible—if you were a family of five, for example, you—a higher income is eligible for that same program.

CHAIRPERSON WILLIAMS: Oh, so you would use the eight—let's say 120% for a family of four if they came in, for a family of three if they came in, and a family of five if they came in?

DEPUTY COMMISSIONER PARK: Right.

CHAIRPERSON WILLIAMS: Okay. So, I have seen Housing New York 2.0. I am going to credit some of us in this committee and this body for pushing some of the new term sheets, some of the new goals that are coming out. We've been pretty vociferous on that. I personally think some of the term sheets stuff should have been in MIH. Hopefully, we'll do that again next term. We'll see, but how is—what progress has been made since the new rollout of the 2.0 plan?

DEPUTY COMMISSIONER PARK: Sure. So, the 2.0 was officially rolled out three weeks ago or something like that. So, we are in actively launching a number of different programs, but I will

say that we are still in the implement-early implementation phase. So, to speak specifically about the homeownership programs, we-we have a term sheet for Open Door that is drafted. We are meeting with some of our non-profit and developer stakeholders and we'll be reaching out to the Council to-to start getting input on the draft term sheet I think either late this month or early in January. We are also-we're doing interviews with a number of stakeholders in the Home Fix space. So groups that have worked directly with-with individual homeownership to really try and make sure that we have a good handle on what needs are both with respect to repair, but also getting a handle on arrears that people might be facing to get input from various stakeholders about how best to connect with homeowners and make sure that we have a program that is sustainable. Other things that we have going on, a program that is not homeownership oriented specifically, but that I'm really excited about is our Neighborhood Pillars Program, which is to help non-profits and other mission based developers to acquire existing rent stabilized buildings. We are in the process of doing the outreach to create the

funding tools that we need do that, expanding the down payment—the New York City Acquisition Fund. So, we have a lot of program design and launch work that is underway. Some of the programs we'll start to see some starts in—in pilot projects in the—some in December and more in June, but we will be rolling out programs more aggressively going forward.

CHAIRPERSON WILLIAMS: [pause] Thank you. I just want to recognize, I mean I'm glad hat we have your—obviously new targets for the new plan. I still submit that it doesn't go far enough. In particular, the goals I believe for low and very low-income around 25% where the population for that same target is around 41 or 42%, and so I think we're falling short. That's—we had a whole hearing about it, but I just want to make sure I put it on the record as many times as I can. The Home Fix Program, can you provide some additional details? In particular when gentrification is happening, a lot of—not a lot, but we have—there's a significant amount of people who are seniors who often times sell their homes because they can't upkeep them. So, I just want to know more about the details of that

program. Is it being targeted to those homeowners, and how so?

DEPUTY COMMISSIONER PARK: Yeah, exactly. So, we have three programs now, the SCHAP, which is Senior Citizen Homeowner Assistance Program, some loans that are done through NHS, and small program called the Homeowner Assistance Program, all of which serve very specific segments of the homeowner population. The programs are fragmented. They're in—they have not been updated to reflect current needs. They are—have been chronically underfunded. So, they really have not worked very well. So, the idea behind Home Fix is to take all three of those programs, and—and look at how we can better serve a broader range of existing homeowners. I think we will absolutely continue to target senior citizens because we know they are a significant number of low and moderate income seniors who have been homeowners for many years. The issue for them is repairs as opposed to, you know, paying a mortgage or things like that. In many cases we believe that—that mortgage costs are paid off, but you can't remain as a homeowner if you're—have repairs that you can't fund. So, we want to be able to help people address

their full spectrum of needs. That can be repair needs. It may means arrears. It may mean working with the house-financial counselors so that they are better able to weather the storms going forward. So, we are looking at all of the tools that we can pull together to do that. We're really trying to take an informed approached. So, as I said, we are doing a lot of interviews with stakeholder right now so that we can launch something that addresses that full spectrum.

CHAIRPERSON WILLIAMS: Alright. So, what-if you were to come to my district, you'd be surprised because there's a-how loud I am on certain issues there. So, prior to the one that-probably 80% of my district is willing to friend the homeowners. So, this is something that is very germain in my district, and personal to me. How are you-how are you focused on-what data set do you use to get to those seniors? How do you know the seniors there? How do you know they're seniors-seniors in crisis? Is it just people come to you. Do you proactively go out, and how do you do that?

DEPUTY COMMISSIONER PARK: Again, with the caveat that we are still in program design phase

here. I anticipate that we'll work with community groups. We have done that thus far. As I say, it has been a little clunky, and needs to be modernized, but that we will have non-profit partners on the group who know—who know who is out there, who can do outreach. We work among others very closely with the Center for New York City Neighborhoods. They have a very broad citywide reach because they are also working with neighborhood based partners so that there can be a robust referral network. You know, certainly we welcome people coming to us, and we put information on our website and things like that, but we realize that's not the most—necessarily the most effect way for people to hear about our programs.

CHAIRPERSON WILLIAMS: Do you have—does the city have data sets that can help identify in particular vulnerable seniors?

DEPUTY COMMISSIONER PARK: I, you know, I think we're—we are going to have to use every tool that we have, and we will use the data that we can find. I thinks we're—we're still exploring that. What we have—we're setting up routine, regular meetings with the Department for the Aging so that we are making sure that we are plugging into the

networks and the information that they have. You know, identifying who is—who is a homeowner, who is low-income, who might need that. Like I think we can probably do a fair amount with administrative data, but at the end of the day it's going to need some on-the-ground footwork as well.

CHAIRPERSON WILLIAMS: Alright, I have one more questions, and then I'll go to my colleagues. What level of homeownership is the ideal target? Particularly given the challenges of New York City, is there—is there a numerical target or it's just making homeownership more accessible?

DEPUTY COMMISSIONER PARK: At this point we have not put a numerical target on it. We're focused on making homeownership more accessible. For many extremely low and very low-income households, rent-making sure that we have affordable and safe and sustainable rental opportunities is a more viable approach than homeownership. So, the Housing New York Plan very transparently is focused on renters. We think homeownership is an important piece of the puzzle, but we're not putting targets on it right now.

CHAIRPERSON WILLIAMS: I—I will say one—
one of the several good things about the plan is that
it did focus on preservation of rentals, which is
something that the previous plans had ignored, and
the last administration's plan finally accepted
toward the end of the—of the term, but it obviously
is the thing we need the most. We won't build
ourselves way out of the problem, and you're right,
rentals are the accessible, right. This one we may
want to think about some specific goals for
homeownership even if it's based on the terms of New
York. So, hopefully, you'll think about that a
little bit. We—we'll go to my colleagues for five
minutes of questions each starting with Council
Member Grodenchik followed by Council Member Chin and
we've been joined by Council Member Mendez.

COUNCIL MEMBER GFRODENCHIK: Thank you.
Thank you, Mr. Chair, and I can't say I've enjoyed
four year on this committee, but I have enjoyed two
plus years. So thank you for all your courtesy. Is
this our last meeting? I'm like on auto pilot when
it comes to Housing and Buildings. So, I'm just like
I know I have to show up. [laughter] Good morning,
Commissioner. How are you today?

DEPUTY COMMISSIONER PARK: Fine, thank you.

COUNCIL MEMBER GRODENCHIK: I just want to ask you a question regarding property taxes, and I know you're not the Department of Finance, but property taxes I have maybe 20,000 co-op units in my district, maybe more, what I would consider affordable housing with few exceptions. When I walk out of my district office, I'm standing and my DO is in an 1,800-unit co-op. Across the street is about 800 units. That way there's 800 more and down the block there's about 800 more. So, just in eight sight, I have over 4,000 units. So, close to 4,000 units, and I'm concerned because property taxes are eating up a greater and greater and greater share of what the co-operators have to pay every month to sustain themselves, and I want to know if the property tax is on co-ops, which can be wildly unstable, I know that's not HPD's fault. I'm not blaming you, but as we go forward and we try to provide more affordable homeownership, do you meaning HPD, do you figure this into the equation? How does that work?

DEPUTY COMMISSIONER PARK: So, I'm—I'm not going to address the broader topic of—of property taxes so thank you.

COUNCIL MEMBER GRODENCHIK: [interposing] Please don't because you might be here for a few weeks.

DEPUTY COMMISSIONER PARK: Yes. [laughter] But I will say that property tax exemptions are one of the really valuable tools that we have when we work with co-ops to make sure—to preserve affordability. We are more than happy to work with a co-op to put a tax exemption in place in exchange for ongoing affordability. This is something we do on a very regular basis, you know. So, and—and we have a fair degree of latitude in how that gets structured. So, Article XI exemption for example is for households that are up to 165% of AMI. So, for a co-op that is serving a moderate income, middle-income community as long as the homeowners are willing to exchange some of the upside of the—the future sales proceeds, we are more than happy to put a tax exemption—work with the Council to put a tax exemption in place.

COUNCIL MEMBER GRODENCHIK: Okay, we did provide some relief yesterday, and I think the Chairman for that with the J-51 program, but perhaps you and I should have a meeting offline so I can better understand what programs are available. I would appreciate that.

DEPUTY COMMISSIONER PARK: I would be more than happy to.

COUNCIL MEMBER GRODENCHIK: And I will ask my office to follow up with you so that we can meet. So, I can understand that. I thank you, Mr. Chairman. Thank you for the--the time. I'm going to release the rest of my time.

CHAIRPERSON WILLIAMS: Thank you. We've been joined by Council Member Rodriguez. Council Member Chin.

COUNCIL MEMBER CHIN: Thank you, Chair. Thank you, Commissioner, for your testimony. I know in your testimony you talked about the Affordable Neighborhood Cooperative Program about design to accelerate the process of converting buildings in our tenant and for the lease program (sic) into affordable co-ops, and I think that that's great because a lot of the tenants in those buildings are

looking forward to that. But can you also talk about -because I didn't see it in your testimony, the HS- the HSDC, the one that's already turned into affordable co-op. So, how is HPD really looking at this access, you know, this group of homeowners, and to be able to help them to make sure that they can maintain their affordable homeownership? [background comments]

DEPUTY COMMISSIONER HENDRICKSON: Good morn-good morning. I'm-my name is Ann-Marie Hendrickson, and I'm the Deputy Commissioner for the Office of Asset and Property Management. Good morning, Council Member Chin. In terms of the HDFC Co-ops, we work with the HDFC co-ops, you know, all the time. We have a training contract with the Neighborhood Housing Services. They provide training in maintenance and budget planning for the HDFC co-ops, and what we do is try to work with them to structure a budget that is going to allow them to be long-term affordable, and as Deputy Commissioner Park spoke about, they also get a tax exemption, which we also use to kind of help them maintain affordability, and try to keep maintenance as low as possible. But

again, training is always offered by HPD and by our training contractors for all of the HDFC co-ops. Ann Marie Hendrickson, Deputy Commissioner.

COUNCIL MEMBER CHIN: Okay. I guess with that is that I just want to make sure that that HPC-HPD has the resources and the personnel because I think even in your testimony, you talk about it's not one-size-fits-all. I think with HDFC there's--there's different, you know, needs and--and different resources that can help them, and I really urge HPD to really continue to look at how individualized some of these situations, but the--the goal is to make sure that we preserve these affordable homeownerships in our community, and really look at different, you know, options to really help them. I know in my district we work with Cooper Square, and they have a very successful community land trust, and they work with a large group of buildings that is I guess formerly HDFC. So there are models out there, and we're really looking at that. The other question I have is that I mean HPD also has this acquisition program, where you help non-profits purchase rent-stabilized buildings. Now, those buildings I mean are you looking at those buildings as future

homeownership opportunities for the residents?

Because some of the acquisition programs, the income level is around 80% AMI and maybe more, right. So, could those buildings down the road instead of just rental be transferred into homeownership opportunity for the residents in those buildings?

DEPUTY COMMISSIONER PARK: Sure. Thanks for—thank you for the question. At this point, the vision for Neighborhood Pillars Program, which is the—the program that mentioned is focused on making sure that we don't lose that rental stock. This is what we think of as our de facto affordable housing that is really at risk of speculators, but I think—I think there could be under certain circumstances a longer term homeownership option there, and I will say that many of the non-profit organizations that we're talking to extensively about neighborhood pillars are also some of the same organizations that are involved in CLT conversations. So, I anticipate that these acquisitions are going to be challenging, and so the first thing that we need to do is make sure that we don't lose them as affordable housing stock, but that—that there will be opportunity for

secondary conversations about the long-term options for those properties.

COUNCIL MEMBER CHIN: Okay, just to follow up with that is that there are, you know, non-profits in the last maybe 20 or more or 30 years have built affordable housing, and those are the ones that been providing affordable rental units, low-income families, and those housing stock could be another potential of creating homeownership opportunities. Because the residents there have been long-term residents. And so, if they were given the opportunity for homeownership, I think that is something that what we talked about in the testimony about, you know, stabilizing communities, help building wealth. [bell] Those are the-the building that might be potential buildings because they've been in the program for more than 15 years.

DEPUTY COMMISSIONER PARK: Right.

COUNCIL MEMBER CHIN: So, that's something that I think we should really look at. Thank you.

DEPUTY COMMISSIONER PARK: Thank you, we'll take

CHAIRPERSON WILLIAMS: Thank you and Council Member Mendez.

COUNCIL MEMBER MENDEZ: Thank you, Mr. Chair. Good morning. I have four question so I'm going to get them out first. One is in your testimony you refer to rehabilitating and extending affordability for large Mitchell-Lama co-ops. What defines large? You talk about inclusionary housing and I want to know if you're doing anything with inclusionary housing bonuses, which have been the bane of my existence. You talk about the Affordable Neighborhood Cooperative Program. I would like to know how many TIL buildings are in track, and at what phase they're in in the ANCP program, and I think I have another question. I can't remember. Let's go with that.

DEPUTY COMMISSIONER PARK: Alright, that—that should keep us busy. [laughter] [pause]

ASSISTANT COMMISSIONER WALPERT: Hi, good morning. I'm Julie Walpert. I'm Assistant Commissioner for Mitchell-Lama Programs.

CHAIRPERSON WILLIAMS: [interposing] Can you—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?

ASSISTANT COMMISSIONER WALPERT: Yes, I do.

CHAIRPERSON WILLIAMS: Thank you.

ASSISTANT COMMISSIONER WALPERT: Sure.

So, the Mitchell-Lama large-Mitchell Co-ops are basically all of our Mitchell-Lamas are large, and I think that that was just the-the term that was used in the testimony, but we are targeting all of the Mitchell-Lamas.

COUNCIL MEMBER MENDEZ: Okay.

DEPUTY COMMISSIONER PARK: Alright, inclusionary. At this point, we-we have the MIH program that is in place. I know even within the people in this room there are some differences of opinion on that, but it is-it is-it has been launched. We are seeing projects both 100% affordable projects that are-include MIH components and now were increasingly starting to see some mixed-income, mixed market affordable projects as well. At this point, we are not contemplating significant changes to the MIH Program in the near future. In addition, we have a the Voluntary Inclusionary Housing Program. I

think when MIH was passed we committed to the Council that we would be looking at the Voluntary Inclusionary and recommending some changes, and we've had a lot of analysis going on internally on that, and we will be coming back to-to talk to the Council about that going forward. We do use-Inclusionary Housing tends to be typically a rental program, but-but there have been a number of inclusionary homeownership projects over the last few years. I am just pulling up my notes so that I can give you the exact number of- We have-it has been relatively small. So we have created a total of 30 Inclusionary homeownership unit through Housing New York to date.

COUNCIL MEMBER MENDEZ: You're talking about the ANCP?

DEPUTY COMMISSIONER PARK: Sorry. No, sorry. That was all inclusionary housing. So, with ANCP there are 134 buildings in the pipeline right now. Fifty of those have been assigned--

COUNCIL MEMBER MENDEZ: [interposing] 140 units or buildings?

DEPUTY COMMISSIONER PARK: Sorry, 134 buildings. That is 2,105 units. Fifty buildings have been matched with a developer. So that means

that HPD and the Tenant Association and the developer are working closely in the predevelopment phase. So planning the layouts of the units, right. As I'm sure you know, the--the tenants both review and approve the layout--any layout changes that are happening. There's all the very technical aspects of the predevelopment process getting building permits and things like that, lining up the financing, and also working on a relocation plan because the work in ANCP is extensive enough that--that tenants need to be relocated during the construction period. So, that's I believe I said 50 buildings, 691 units. That leaves 84 buildings with about 1,400 units that have not yet been assigned to developers. Of that, 84, 27 are in what we call pre-engagement, which means the tenant association, MHPD are working closely with those tenant associations to under--make sure that the tenants understand the process that's going to be coming up, and figuring out which developer is the most appropriate for that particular project. That's 27 buildings, 536 units and we have 57 buildings with 878 units that are somewhat further out in the pipeline. [bell]

COUNCIL MEMBER MENDEZ: I remembered my other question. Okay.

CHAIRPERSON WILLIAMS: Sure.

COUNCIL MEMBER MENDEZ: So, there's an issue that have worked with HPD on. It's my HDFC rentals that look like and act HDFC co-ops, and I want to know what, if anything, is being done to help put them in a pipeline for homeownership, and I just want to add that on the Voluntary Inclusionary Housing, it is the bonuses that's been an issue for me because it's sold to anybody, and often it's been developers with a bad-bad track record in the community who have been harassing people. I've advocated. Since I'm leaving office, I'm going to give a little speech. I've been advocating for trying to figure out how we can do an RFQ for these developers. I think it's something that we could and should do, and that we can figure out a way that we do it within the Constitution so we're not depriving anyone of their Constitutional rights to property, but I think it would be something worth looking at because egregious developers are then getting these air rights, expanding their buildings and harassing

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2 the--the exisiting residents of those buildings. So,
3 HDFCD rentals.

4 CHAIRPERSON WILLIAMS: Thank you.

5 DEPUTY COMMISSIONER HENDRICKSON: Good
6 morning.

7 CHAIRPERSON WILLIAMS: Hold on.

8 DEPUTY COMMISSIONER HENDRICKSON: Okay.

9 CHAIRPERSON WILLIAMS: Do you affirm to
10 tell the truth, the whole truth, and nothing but the
11 truth in your testimony before this committee, and to
12 respond honestly to Council Member questions?

13 DEPUTY COMMISSIONER HENDRICKSON: I do.

14 CHAIRPERSON WILLIAMS: Thank you.

15 DEPUTY COMMISSIONER HENDRICKSON: In
16 terms of the HDFC rentals that are interested in
17 becoming cooperatives, there are a small number that
18 have expressed interest, and we've put together a
19 small pilot. What I'd like to do, Council Member, is
20 speak specifically to you about which buildings
21 you're speaking about, and I can let you know at what
22 states they are in terms of making that transition.
23 Thank you.

24 COUNCIL MEMBER MENDEZ: And any response
25 to the RFQ on the record or off the record?

2 DEPUTY COMMISSIONER PARK: It's something
3 that I think I should take back to our Legal
4 Department. I, you know, MIH and VIH are very
5 heavily structured programs, as I'm sure you know,
6 and I don't want to say anything out of turn.

7 COUNCIL MEMBER MENDEZ: Thank you.

8 CHAIRPERSON WILLIAMS: Thank you. Let me
9 know if any other Council Members want to bone up for
10 a second round. We've been joined by Council Member
11 Ulrich. I do have a few question of my own. What is
12 the progress of the recently announced Mitchell-Lama
13 Reinvestment Program? How many developments agreed
14 to participate? How many are still considering buy-
15 outs?

16 ASSISTANT COMMISSIONER WALPERT: In terms
17 of the new Mitchell-Lama Reinvestment Program, that
18 actually was also just introduced within the last
19 month. So, we have I think one or two developments
20 that have been talking to HDC about that, and we have
21 plans after the--in the winter to--to go out actively
22 and talk to--to potential developments that may be
23 interested. We did actually have a meeting at HDC
24 with the corporate attorneys who deal with the

Mitchell-Lamas to introduce the program, and—and there seems to be interest.

CHAIRPERSON WILLIAMS: Since last year's hearing on Mitchell-Lama housing, how many Mitchell-Lama homes have been bought out?

ASSISTANT COMMISSIONER WALPERT: We've had four buyouts since the—I think the, you know, we had talked about it that there were five in the pipeline, and four of those were bought out.

CHAIRPERSON WILLIAMS: What is the long-term strategy with regards to Mitchell-Lama? Are those reinvestment plans that allows developments to extend their terms? Isn't this just a temporary Band-Aid? Won't developments consider buy-outs once the extension elapses?

ASSISTANT COMMISSIONER WALPERT: Well, so we have been successful in preserving a large number of our Mitchell-Lamas and particularly the co-ops. We have 61 co-ops, 52 of which have—are—are preserved. Some of the—some of the restrictions and in the next two or three years and those are actually the ones that they Mitchell-Lama Reinvestment Program that we're targeting the ones that—that end in the next two or three years. But, you know, in the last

three—since 2014, we’ve been able to preserve—I actually have co-op numbers or actually these are not. These are—so, we’ve been able to preserve 47 developments for—which are 18,000 units.

CHAIRPERSON WILLIAMS: Those are co-ops or rentals?

ASSISTANT COMMISSIONER WALPERT: Those are a mixture of both. So, and those are long-term preservations. Those are between 20 and 35 years. I think one of them is even a 40-year preservation. So, you know, we’re constantly coming up with tools to—to do long-term preservation. Our—we extend our—our tax exemptions. We offer good financing. You know, we’re—we’re really working hard to—to maintain the Mitchell-Lama portfolio.

CHAIRPERSON WILLIAMS: How many buyouts have there been at rental buildings?

ASSISTANT COMMISSIONER WALPERT: There’s been one buyout in rentals.

CHAIRPERSON WILLIAMS: I have some other questions that mostly pertain to the rental side. How has HPD oversight of the Mitchell-Lama waitlist increased or otherwise changed since the previous Council hearing.

ASSISTANT COMMISSIONER WALPERT: Right.

So, that actually pertains to both the rentals and the co-ops We-we're excited. We actually have a few new initiatives in place. We now have Mitchell-Lama Connect, which is a partner—a part of Housing Connect where the lotteries are held online that, you know, people can apply online. They can also apply, you know, by paper if they want, but we can, you know, so we automatically drive the lotteries, which makes that whole process a lot more efficient and it—and easier to—to just move the—the waitlists. We-we also have a—on part of Mitchell-Lama Connect, a new webpage where we-we show the last number of—that we've approved on the waitlist, and the date that we've approved it to give people an idea of like where they stand in terms of—of when their number will be called. So that they'll be, you know, ready for that.

CHAIRPERSON WILLIAMS: All of that is online?

ASSISTANT COMMISSIONER WALPERT: That's online, sir, yes.

CHAIRPERSON WILLIAMS: Is there—is there—so, the entire waitlist and the process of how people get on it are now online and can be looked at?

ASSISTANT COMMISSIONER WALPERT: No, sir. So, the—the waitlists are not online yet.

CHAIRPERSON WILLIAMS: Okay.

ASSISTANT COMMISSIONER WALPERT: That's, you know, that's a longer term initiative, which we are very, you know, hopeful to do, but what we—we have online currently are the actual lotteries are online, and the last waitlist number that was approved. So, if we approved No. 17, and I'm No. 19, I know, okay, you know, my number is coming up and I should, you know, keep an eye out.

CHAIRPERSON WILLIAMS: Okay, and who's—who's doing the monitoring on the other side, with the part that's not online?

ASSISTANT COMMISSIONER WALPERT: So, HPD continues to monitor, and so and that's another initiative that we put forward. So, we now require proof of mailing. So, if I'm now, you know, my staff is reviewing the next person on their waitlist, you know, an application that comes in, and they're No. 22, we look to make sure that No. 21 was offered the

apartment, which we have always done in the past, but if 21 now, you know, there's--there's no application for 21, we require proof of mailing that, you know, we, you know, they've either rejected or that they, you know, or that they've at least--they may have moved and didn't, you know, provide follow-up, but that they, you know, that there's a record of what happened to the people on the waitlist prior to the person that, you know, that I'm approving.

CHAIRPERSON WILLIAMS: So, if I'm No. 21, and Commissioner Park is No. 22, and online it will say that No. 20 got. So, I am up now because I'm No. 21?

ASSISTANT COMMISSIONER WALPERT: Yes.

CHAIRPERSON WILLIAMS: And so the next one will have to say No. 21?

ASSISTANT COMMISSIONER WALPERT: Right. So, you know, just with a little bit of caution here because on open waiting lists veterans have preference. So, 20--if it's an open waiting list, and, you know, I just approved 20 and then a veteran comes on, then 21 won't get it next. You know, and again we'll monitor our waiting list to--

CHAIRPERSON WILLIAMS: [interposing] so,

ASSISTANT COMMISSIONER WALPERT: --to-to
insert that a veteran, you know, came onto the list.

CHAIRPERSON WILLIAMS: So, it will say
No. 120 veteran?

ASSISTANT COMMISSIONER WALPERT: So, we
don't mark that it's a veteran. We'll keep it
because you'll--the No. 21 will be next, you know, on
the list, and if we start doing, you know, we wanted
to make it as transparent as possible. So, you're
still going to be 21, and you know--

CHAIRPERSON WILLIAMS: [interposing] So,
if I'm--if I'm--

ASSISTANT COMMISSIONER WALPERT: --it
will take--it will take you--it'll just take you a
little bit longer to get that--that apartment.

CHAIRPERSON WILLIAMS: So, if 20 came and
I was supposed to be No. 21, and I see another name
or--the--the--what's going to come? If the veteran
comes, how would it--how would it--?

ASSISTANT COMMISSIONER WALPERT: So, it
won't be marked at all, and you will still be No. 21,
and so once that veteran gets the list, you'll still
be No. 21, and you'll get that next apartment.

CHAIRPERSON WILLIAMS: [interposing] So, no one will see that a veteran got it?

ASSISTANT COMMISSIONER WALPERT: No one will see that. It will be on--there's waitlists that are posted at the development. So, you can see that, you know, that where that is. We're just trying to make it as--as straightforward as possible on the website. So that people will know that, you know, I'm--

CHAIRPERSON WILLIAMS: [interposing] I got you.

ASSISTANT COMMISSIONER WALPERT: -- because you don't know--I mean the Mitchell-Lama vacancies don't necessarily happen very often. People don't--once they get an apartment, they don't like to leave. So, so--

CHAIRPERSON WILLIAMS: [interposing] How-- who else gets priority beside veterans?

ASSISTANT COMMISSIONER WALPERT: Internal transfers. So, internal transfers actually get priority over veterans. So, if I'm on a studio waitlist then you, you know, then there are no internal transfers.

CHAIRPERSON WILLIAMS: And who monitors the internal transfers?

ASSISTANT COMMISSIONER WALPERT: HPD does.

CHAIRPERSON WILLIAMS: So, how-how do we guarantee there's no skipping happening there?

ASSISTANT COMMISSIONER WALPERT: Because again, we-we're-we preapprove anyone who moves into the-into the unit. So, if-if I'm looking at an internal-if I'm looking at an external transfer, I want to make-an external application, I want to make sure that there's no internal person who would have priority.

CHAIRPERSON WILLIAMS: So, I appreciate it and there's more stuff online. I think there were some concerns about internal transfers to begin with. I'm just trying to figure out why can't we do all of the machinations online. So, if there's an internal transfer, just put that online. If there's a veteran that comes in put that online, right? Why do we have to do it only in the-only in the developments themselves? Why isn't everything online?

ASSISTANT COMMISSIONER WALPERT: I think they were just trying to make this as-as, you know,

straightforward as possible that people can look at the website and know, you know, I'm going to be next. We have the--the caveat that it if it's an internal transfer or veterans have priority. So, you know, we have that information online so people can understand that, but there's still going to be the next person outside of those two priorities.

CHAIRPERSON WILLIAMS: Is there--I just know there's still major concern about the skipping, and so I'm liking the direction it's going, but I know--and I'm looking at a question that somebody gave specifically about internal transfers. So, there is still concern about it. I'm just trying to figure out if there's a barrier to--I'm saying it sounds like you're trying to make it as clear as possible, but I think by doing that, you're still leaving people assuming that there's shenanigans going on. So, we want to make sure that that assumption is cleared up. I think it will be easier if we can just put in line when there's a transfer so everyone can see it, when the veteran, when anyone skips a line for whatever reason, is there a back--

ASSISTANT COMMISSIONER WALPERT:

[interposing] No, I'll take that back to our

technical people and see, you know, how we can make that work.

CHAIRPERSON WILLIAMS: Okay, and maybe one of my last gifts can be approving them and my last request to try to make sure that we have it online just to help the Council know.

ASSISTANT COMMISSIONER WALPERT: Again, I want to make sure that, you know, technically how that will work out.

CHAIRPERSON WILLIAMS: Okay, I just would, you know, if there's a barriers I want to know now if there's something I think about, but it seems like that will alleviate a lot of concerns so everybody can be looking at the same thing because a lot of concerns happen and people just can see, and they see people popping in that causes a lot of unnecessary confusion. What procedures are in place for Mitchell-Lama Board training and what HPD—what are HPD's procedures to ensure board members receive necessary training?

ASSISTANT COMMISSIONER WALPERT: So, we're actually excited about that as well. We have implemented a new co-op board training process—program where we have an in-house trainer who will

train co-op boards, you know, Mitchell-Lama Call-Up B
Boards. So, we've done—we instituted it last spring.
It's continuing. We took December off. We're
continuing the fall and we have dates up through
March to have the boards come in and-and be trained.
So, and we've actually gotten some very positive
feedback on that.

CHAIRPERSON WILLIAMS: There—there's a
couple more questions and I have some—two or three
HDFC questions I'm going to ask, but before I do
that, I'm going to go to—we've been joined by Council
Members Levine and Rosenthal. I'm give five minutes
for Council Member Levine.

COUNCIL MEMBER LEVINE: Thank you, Chair
Williams. Good morning.

DEPUTY COMMISSIONER PARK: Good morning.

COUNCIL MEMBER LEVINE: Great to see you.
Thank you for this important topic. I know that you
have touched on—on a very important sector of HDFC
here in previous questions. I'm just curious to know
why it was—it was given so little effort to their
opening statement before I get to my questions on the
topic. Does that reflect a move away from
emphasizing program?

DEPUTY COMMISSIONER PARK: Not at all. I think we've been here a number of times talking about HDFCs both in Council hearings and we have done quite a number of individual Council follow-ups specifically on HDFCs and we have some new initiatives that are in the Housing New York 2.0 that we haven't had the opportunity to talk to you about, and so we wanted to make sure that we were giving those attention as well.

COUNCIL MEMBER LEVINE: Understood. I think that HDFC has on the whole done an incredibly successful program. Granted there are challenges, and—and some call-ups particularly are in distress, but as a whole, it's just been—I see it in my district—an incredible vehicle for low-income families to—to achieve the dream of homeownerships and—and they've turned around whole blocks and beyond in my district. I've seen it again and again. So, I'm a big believer in the program. You have been deliberating for a year or more on—on a plan to revamp the Regulatory Agreements, which stay with the rest of HDFCs and at the moment it's a patchwork. Some don't even have Regulatory Agreements, and we've talked about this in previous hearings, but I just

wanted to give you a chance to update us on-on where you're at on those deliberations.

DEPUTY COMMISSIONER HENDRICKSON: Sure.

Good morning, sir. In terms of HDFC reform, right now we are on listening mode, and we have paused. As you know, there was a lot of thick feedback that we had gotten from our approach to how we want to structure the Regulatory Agreement and we wanted to take a pause and get more input from shareholders and from people on the ground before we came out with any sort of a biased version of that. So, what we would like to do is come out in the beginning of the new year, but again, we're still conducting some meetings and still conducting some listening tours to get that feedback because, you know, we wanted to make the collaborative process something that everybody can live with, something that everybody sees as a achieving the same goal that we all have in terms of extending affordability and I totally agree with you that the HDFCs have been kind of the backbone of the community, and that's something that we want to ensure remains viable.

COUNCIL MEMBER LEVINE: And so, by listening tours, are you actually going building to building or how are these being conducted?

DEPUTY COMMISSIONER HENDRICKSON: Well, right now what we've done is we've met with community boards. They've actually kind of galvanized a group of shareholders and brought our--their feedback. So, we met with Community Board 10. We met with some of the Lower East Side shareholders, some of the various coalitions, you know, that have been formed by shareholders. We have asked them to come in to meet with us, and again, always open to going to them to hear their feedback. So, that's how we've been trying to get that outreach done.

COUNCIL MEMBER LEVINE: Got it and do you have a schedule for when you're going to move from a listening tour into a new round of proposals?

DEPUTY COMMISSIONER HENDRICKSON: You know, I'm--again, we would like to come up something in the beginning of the new year--

COUNCIL MEMBER LEVINE: Okay.

DEPUTY COMMISSIONER HENDRICKSON: --okay, in terms of, you know, our revised proposal. We have some thoughts, but again there are still some kind of

main stakeholders that we haven't heard from that we'd like to hear from before actually putting that fuller plan out in the new year.

COUNCIL MEMBER LEVINE: Well, I-I appreciate that, and I-I truly appreciate you all listening to the people who are experts on this topic, which are the current shareholders, which have been living this day, day in and day out for-for decades in some cases. And, you know, I think that we share the broad goals, which are to help shore up struggling cooperatives and there are many out there.

DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

COUNCIL MEMBER LEVINE: There's many of them in my district that are a minority of the total. Maybe 25% give or take, but there are co-ops which need help, and I think we want a solution that also respects the difference amongst the many different ACFCs and respects some that are succeeding and that are following the rules are-are both preserving affordability in the way that we hope the program would but also allowing the shareholders to build a little bit of equity. You know, that's the balance that we're seeking and there are cults which have done that to a great effect. And we know that there

are some that have been skirting the rules and selling it very half prices, and that's—that's also something that we have to fix. So, there are problems there. A refrain that I think you've heard a lot and a listening tour is to avoid a one-size-fits-all solution, and a solution that would work for a struggling HDFC. It might not be one that would work for a thriving one and a solution that would work an HDFC, which is following all the rules, and all the paperwork and has good governance, might not work for another one that is skirting rules and therefore selling it at inflated prices. [bell] So, my time is up. I think we probably share those broad principles. I appreciate you taking the time to listen to me, and to stakeholders and I look forward to continuing this process with you. Thank you, Mr. Chair.

CHAIRPERSON WILLIAMS: Thank you.

Council Member Rosenthal.

COUNCIL MEMBER ROSENTHAL: Thanks so much Chair Williams. Thank you all for coming here some of my favorite HPD people to work with. So, it's really nice to see you. Appreciate your holding this hearing, and your testimony. I would say that one

thing that I think is frustrating for my constituents
and Deputy Commission Walpert-

ASSISTANT COMMISSIONER WALPERT:

Assistan.

COUNCIL MEMBER ROSENTHAL: Assistant, but
deputy sounds different. Assistant Commissioner
Walpert, has assured me over and over again about the
buildings in my district, but in general, one of the
complaints that I hear often is the lack of
transparency and a desire by the tenants to know
what's going on, on an ongoing basis, and I know
there are challenges to doing that on your side, and
you've got financing issues, and purchasing issues.
But I just wanted to put that bee in your bonnet to
think about how we can be more transparent for people
who live in Mitchell-Lamas--Mitchell-Lama Co-ops, and
what is coming down the pike for them and, you know,
I mean there are two buildings in my district that
we've talked about where they just don't--they're
getting misinformation from their board. And so,
there's this challenge between the board that they
elected and the reality on the ground and then the
reality from HPD's point of view. So, I'm always

curious about how we can increase transparency in-in that regard.

ASSISTANT COMMISSIONER WALPERT: So, I think that's actually something that we can work with you about. I think if you're talking about transparency in terms of the boards may be interested in pursuing a buyout then, you know, with the new HDC Mitchell-Lama Reinvestment Program that I think there's some concern that they shareholders—that this is really a board decision, but the shareholders may not know that these exist. And so maybe we can work together to—to provide a—that you can provide a form for us, you know, with—with HDC to come out and—and talk to just Mitchell-Lama shareholders in general, and with the boards there as well. But, you know, HPD can't just go to a Mitchell-Lama without being invited by a board, but if you were to invite us, I think that that actually might be a great solution.

COUNCIL MEMBER ROSENTHAL: So, in other words, having a community forum on it?

ASSISTANT COMMISSIONER WALPERT: Yes, and it with the grade. (sic)

COUNCIL MEMBER ROSENTHAL: [interposing]
Whoever goes up?

ASSISTANT COMMISSIONER WALPERT: Yes.

COUNCIL MEMBER ROSENTHAL: Thank you.

[laughter] Thank you, Chair.

CHAIRPERSON WILLIAMS: Thank you very much. There are some wonderful and amazing looking young people out there from Riverdale Avenue Middle School in Brownsville, Brooklyn. How you guys doing?

STUDENT: [off mic] Okay.

CHAIRPERSON WILLIAMS: You alright? You can wave. Hi. You enjoying yourself? Is it all you ever hoped and dreamed? [laughter]

COUNCIL MEMBER LEVINE: Probably not.

CHAIRPERSON WILLIAMS: Well, we're glad to see you here. I thank you for taking some--some civics and thank you to the teachers for binging them out. I don't think there's enough going on in the schools and I'm happy that you're here. As far as the HDFCs, obviously they have a--a long way to go. I do want to say and I have to say that of the many issues this is one where HPD really responded to the Council Members who had the most in their districts that did a lot of work and to this committee and this Chair in particular that was a real response in a way that I haven't seen in a lot of issues to at least

listen and try to correct. I want to make sure we acknowledge that on the record, and I thank you for it. Of course, there's still some folks that have some angst. Rightfully so. We have a-a long way to go, but I just want to make sure I acknowledge that. Now, just for intents and purposes it seems to me that at least for the time being there was a halt in the moving forward on the foreclosures while this listening tour, for lack of a better word, is happening. Is that correct? What is happen with-with the foreclosures that many people are worried about? Is there a pause right now while you're correcting with the biggest point being that one size didn't fit all for some of the Regulatory Agreements that were being pushed forward on some of them.

DEPUTY COMMISSIONER HENDRICKSON: Good morning, sir. So, HDFC reform wasn't really focused on the co-ops that were in foreclosure. HDFC reform is for those co-ops that did not have a regulatory view of HPD, which are many of them. Only 20% of the HDFC co-ops that were developed through HPD have a Regulatory Agreement. So, that's HDFC reform, and that's something again we're still mulling, still

trying to figure out what we would like to proposed in terms of getting feedback from other shareholders.

CHAIRPERSON WILLIAMS: So, there's a pause on the reform that was put there for the listening portion to continue.

DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

CHAIRPERSON WILLIAMS: And-and so what's happening with the foreclosures?

DEPUTY COMMISSIONER HENDRICKSON: With the foreclosures I think you're referring to the Third-Party Transfers, Round 10, which is an ongoing round right now. Okay, and that's not a foreclosure action that's targeted for co-ops. It's foreclosures of distressed property, properties that have rental—I'm sorry, had arrears, whether they were rental or co-ops, There are a subset of co-ops that are in third-party transfer and again we—at this time we have not—we filed for judgments, but no judgements have been received. So, there is still an opportunity for those co-ops to come and enter into payment plans and get themselves out of that foreclosure action.

CHAIRPERSON WILLIAMS: How many of those? How many of them are there?

DEPUTY COMMISSIONER HENDRICKSON:

Currently there are 75 HDFC co-ops that were active as of November and that number was down from 84. So, actually 9 of those co-ops were able to go into payment plans and come out of that action, and HDFC co-ops that are in the current action, right now have a total of about \$64 million in delinquent charges.

CHAIRPERSON WILLIAMS: So, I just wanted to make sure we're talking on the--about the same thing. So, I'm going to read some of the questions I got from the Coalition directly.

DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

CHAIRPERSON WILLIAMS: So, I want to make sure we're talking about the same building. So the HDFC Coalition and the Brooklyn HDFC Coalition on a voluntary basis have been doing outreach and filing Article IX Tax and Amnesty Applications, and successful financial plans to stabilize the co-ops I believe we're referring to. They've reached 12 HDFCs on the list and more time is needed to reach the other 55. Does that sound like we're talking about the same group of buildings?

DEPUTY COMMISSIONER HENDRICKSON: Yeah, I think—I think we are and I think we're talking about Article XI, because what we did--

CHAIRPERSON WILLIAMS: [interposing] Yes, I'm sorry.

DEPUTY COMMISSIONER HENDRICKSON: Yes.

CHAIRPERSON WILLIAMS: I didn't read my Roman Numerals correctly.

DEPUTY COMMISSIONER HENDRICKSON: No problem.

CHAIRPERSON WILLIAMS: The one is on the other side. Yes, Article XI.

DEPUTY COMMISSIONER HENDRICKSON: Well, just—again just on this background, what HPD did was we actually delayed doing the filings for the judgments to give the co-ops additional time to file an Article XI application, and actually right now we have 20 co-ops that have filed an Article XI application. The checklist is pretty extensive and, you know, all of the checklist is not complete, but it's good to see that some of those co-ops are actively trying to figure out how to put themselves back together, but that's not going to delay us, okay, from moving forward with the action. This

action started in 2015. Okay, and we're now almost in 2018. So, the judgements will be filed, you know, will be received soon, and it's still even after the judgement is filed, the co-op still has an opportunity to enter into a payment plan with the Department of Finance or DEP to come out of the action.

CHAIRPERSON WILLIAMS: Can you explain that a little what the time they have after the judgment is filed?

DEPUTY COMMISSIONER HENDRICKSON: After the judgment is filed it's what we call the mandatory redemption period and that's a four-month time period in which they would have to put down at least 50% down with DOF or DEP on a payment plan or paying for.

CHAIRPERSON WILLIAMS: I mean relatively (sic) speaking that probably won't happen because they won't--probably won't have 50% of--

DEPUTY COMMISSIONER HENDRICKSON:
[interposing] Well, and that's why people with the coalitions are doing now are encouraging, you know, co-ops to go into a payment plan now where they require less than that 50%.

CHAIRPERSON WILLIAMS: It sounds like they're saying they've reached out to some of them but they're having trouble reaching out to the rest of them.

DEPUTY COMMISSIONER HENDRICKSON: Well, again, you know, we've conducted outreach as well. We've done the roll calls. We've had NHS. We've had You Hab reach out. Again, this started in 2015. So, we did try to reach out to everyone that we could, and again we still encourage anybody who is interested get into a payment plan. If you get into a payment plan, the clock stops. You get pulled of the action.

CHAIRPERSON WILLIAMS: And help me understand the difference between the one that we're talking about here in this building, just for on the record, and the ones that we're talking about who are part of the reforms that we're pushing?

DEPUTY COMMISSIONER HENDRICKSON: Well, again, all the—all the comps that part of reform are not necessarily in third-party transfers. These are just co-ops that didn't have a Regulatory Agreement. Some—some of them could be in third-party transfer. I'm not quite sure what the crossover is, but the

HDFC reform is really targeted to get out to about 1,200 co-ops citywide while third-party transfer at this point is only 75 co-ops that are actually in that action.

CHAIRPERSON WILLIAMS: Now, my concern even from the—from the previous hearing was in particular the people who were promised something and they weren't delivered that then. So, I know there's been a lot of work to keep that promise.

DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

CHAIRPERSON WILLIAMS: We do have to do some more. I appreciate that the city and the HPD finally acknowledged that that promise was made.

DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

CHAIRPERSON WILLIAMS: It wasn't kept, and we're trying to do what we can to keep it. I've also said that there are some fiduciary responsibilities to the upkeep of a building. So, we have to find the middle ground there, and so I would say I'm sure that the committee and even if I'm not the one here and the members who are most effective will continue to push to do what we can to protect the—the buildings and the people who live in the buildings to make sure that promises are kept. I

will say, and I'll hear from the HDFC folks after, there--there is going to come a point where the building is insolvent, and we to got to figure that out. We can't just allow the building to continue to go into disrepair, and so if that can't--if we can't figure it out if people pay for it, they--it's--it's hard to continue to say stop, stop, stop, stop, and so that is a very real thing as well, and so, I--I do think HPD has moved a long way from what they going to do at the beginning when we were talking about this to where they are now. Hopefully we can push them a little further, but on the other end there's a real financial responsibility that has to be met or else people are not going to live in properties that they should be living not habitable. So, both of those things are true, and we've got to figure out where we end up. Would HPD consider supporting a working group, a request about an HDFC Coalition and the Brooklyn HDFC Coalition consisting of HPD, the Department of Finance, the Department of--DEP and our coalitions to review and make transparent foreclosure? The City can't answer for the other departments, but you can answer for yourself.

DEPUTY COMMISSIONER HENDRICKSON: Well, if I'm answering for myself, for HPD, I could say yes. Okay, I can't, you know, necessarily speak for our sister agencies, but I think it's, you know, it's in the Administration's best effort or best interest to be working collegially with the--with the shareholders group and trying to figure out ways to either keep them solvent or have them move to rent stabilized properties.

CHAIRPERSON WILLIAMS: And the HDFC--just I'm going to read half of it. The HDFC Coalition has discovered new--new more bureaucratic errors in decipherable finance and water bills, questionable charges and conflicting information given at customer service centers their Hobble (sic) energy have seized and I believe tackled their arrears. They have said yes they will be interested in doing working groups. So, hopefully that will be followed up on, and so I-I just want to say just we're clear also on the record that after foreclosures it--fortunately a homeownership is lost, but folks do remain the homes as rent stabilized tenants.

DEPUTY COMMISSIONER PARK: Yes, so under the Third-Party Transfer Program every--no one is

displaced. Everybody remains in the building that they are. The buildings are transferred ultimately to a non-profit or otherwise mission oriented developer. HPD finances the rehab. There is a long-term affordability Regulatory Agreement put on it and nobody is displaced from their home.

CHAIRPERSON WILLIAMS: Alright, well thank you very much for that. I don't have any other questions. I haven't seen any colleagues sign up for a round 2. We've been joined Council Member Torres. Do you have any questions? Thank you very much. It's been a pleasure this term. Whatever it is I'm doing after, I'm looking forward to working on the same issues. So, I thank you very much. There are some people are going to testify. So, hopefully someone will stick around to hear concerns. That's going to be you? Alright, congratulations. Thank you very much. [pause] We have Hiley Chiu from Borough President Gale Brewer's Office who is going to provide some testimony. We're going to provide the Borough President with some courtesy of four minutes for her testimony and everyone else after will two minutes. So, there is only five people who have signed up. So, we're going to try to fit

everybody on panel after Ms. Chiu is finished. That will be Will Dockery, HDFC Coaliation, John McBride HDFC Coalition, Gloria Ann Kirsten, HDFC Coalition, Sylvia I believe it's Tyler, HDFC Co-Ops and Leo Goldberg, Center for NYC Neighborhoods. They'll be joining us after Ms. Chiu. Ms. Chiu, can you 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?

HILEY CHIU: I do yes.

CHAIRPERSON WILLIAMS: And you can begin.

Thank you.

HILEY CHIU: So, thank you very much for the opportunity to read testimony on behalf of Madam Borough President Gale Brewer. I'm just going to focus on some of the pertinent sections in the different programs that she wants to mention. So, in terms of homeownership in general, specifically with HPD homeownership programs. So, I, Gale Brewer who is writing this testimony, believe that it is important to clarify what can often be misunderstood as a tension between property ownership and the role of public oversight agencies such a HPD. So, when an

affordable homeownership project involves the transfer of public properties or government subsidies, responsible stewardship takes on the added obligation of ensuring long-term affordability throughout the life of the subsidy or the restrictions placed on the property, and this is the understanding that the Borough President is making the following recommendations. So, for HDFC cooperatives, in terms of HPD's proposed Regulatory Agreement that has been proposed since last spring—it can start after the bullet point and it says: I support HPD's intent to preserve the long-term affordability of HDFC co-ops, and believe that the Regulatory Agreement is a necessary mechanism to safeguard the availability and affordability of New York City's approximately 30,000 units of HDFC co-ops. At the same time, the Borough President has spoken with various HDFC stakeholders to understand their concerns regarding the proposed Regulatory Agreement, and based on the feedback she has a couple of recommendations. One is that deeper property tax incentive that HPD is offering she believes that it should be 100% full tax exemption. Some HDFC co-ops located in neighborhoods with real estate value are

projected to have their property taxes reduced to zero under HPD's current proposal. Yet, the properties located in high value real estate markets are the very ones that need deeper tax incentives in order to offset increased expenses upon adopted the Regulatory Agreement. So, the Council when working with HPD on agreements should extend full tax exemption to all buildings upon entering regulations, and second retaining a third-party manager is an added expense for HDFC. While HPD allows for the waiver of outside managers, qualifying buildings must demonstrate a sufficient level of reserves. This requirement is particularly difficult to meet for HDFCs that have past or current 25-year security agreement with HPD, which requires 40% of the sales profit to go toward HPD. Under this agreement, the building is unable to leverage profit splits to fund its reserves. So, HPD should take this into consideration, and allow for the management waiver of well operated buildings that may not have the opportunity to build up reserves under the security agreement to be able to do so. And then under the foreclosure of third-party transfer, the borough president wrote a letter to HPD last—in this fall,

and then she has additional recommendations. One is HPD has expressed commitment to work with TPT buildings that are willing to Article XI tax exemption. As City Council Members, I urge the committee and your colleagues to ensure timely processing of Article XI applications for these HDFC before the foreclosure moves forward for the current round. And then secondly, HPD must commit to better informed building owners and co-ops for any upcoming round of TPT that will involve HDFC co-ops. For the neighborhood in the ANCP Program, the biggest hurdle is the costs incurred from financing the roof to cellar rehab, which ends with a private debt that is laid on the building as they begin operating as an HDFC. So, eliminating the private debt is possible through Reso A funding. The Borough President and Council Member Levine has done so for one building on 150th Street. So, she urges the members of this committee other City Council members and her fellow borough presidents to consider what level capital support can be possible to assist ANCP buildings so that when they begin operating, they can save hundreds of dollars in monthly maintenance. And then there's one point of clarification for Reso A

funding. Under the new HPD policy as of 2016, Reso A funds administered by HPD are underwritten as repayable loans with deferred payment during the loan term as opposed to forgivable loans as they have been prior to 2016. The intent behind this policy is to incentivize the extension of affordability at the end of a project's contract term, a goal, which I support. However, when Reso A funds are used to establish HDFC co-ops, which are restricted as affordable housing for the life of the building by law, HPD should not recapture Reso A funds for principal or interest pay-down, and if it does, the Borough President's recommendation is for HPD to put that money toward a dedicated fund for the development and preservation of affordable housing preferably designated for the same Council district or borough where the initial Reso A originated. And then two additional recommendations for ANCP. One is the ability to have a management waiver just like HPD has included in the Regulatory Agreement draft for existing HDFCs. Currently, some of tenants in the 150th Street have asked for this possibility where HPD says it's not possible even though the language has already been reviewed and approved by HPD's Legal

Department for the proposed agreement for existing
HDFCs. [bell] Then the second recommendation is to
lower the standard AMI level for these ANCP buildings
that tenants moving in will not be significantly
higher income than their counterparts, and the
Borough president specifically wants to work with HRA
to fill vacant units with responsible working
families who need permanent housing in these ANCPs.
There are actually three recommendation for Mitchell-
Lama Co-ops. One is for HPD's Article XI tax
exemption for these Mitchell-Lama programs to
consider that converting Article II Housing,
Mitchell-Lama II, Article XI, which is HDFC is not
something that she accepts as preserving
affordability. While HPD presents Article XI
conversation as a preservation option, many of the
Mitchell-Lama stakeholders have informed her that
sometimes the ability to make a profit upon unit
sales actually propels co-ops to explore Article XI
conversions. So, she urges Article XI to not be used
to encourage Mitchell-Lama dissolution. Another
recommendation--

CHAIRPERSON WILLIAMS: [interposing] If
you can just wrap up a little bit.

HILEY CHIU: Okay, sure. The second one summarizes succession rights, which she would want to have transparency and also the consideration that sometimes the children inherited these succession units can also become proponents of a private cessation (sic) because of their ability to profit from it. So, urges HPD to make rules regarding that, and then for the third recommendation is for HPD to maintain a qualified list of management companies because there has been a lot constituents coming to our officer-her office saying that there are a lot of horror stories regarding the management companies. Then finally, there's a recommendation very briefly for the Homefirst Down Payment Assistance program. In speaking with housing counselors, the impression is that even though this is very valuable and HDF-HPD staff assigned to the program are doing an excellent job, there seems to be a lack of capacity. So, there are two staff right now handling all the closings. So, they can be delayed, which can cause some of the people applying for the Homefirst Down Payment Assistance to have to choose to forego the subsidy or to not close at all on that purchase.

CHAIRPERSON WILLIAMS: Uh-hm.

HILEY CHIU: So, thank you for the ability to read all, and if you have and if you have any questions, I'd be happy to take it back to her.

CHAIRPERSON WILLIAMS: Thank you very much. I appreciate it. I don't think we have any questions at this time, but thank you so much, and please pass our thanks to the Borough President as well.

HILEY CHIU: Thank you so much.

CHAIRPERSON WILLIAMS: As mentioned, we are going to have one panel. If anyone wants to testify, please make sure you fill out a slip with the sergeant-at-arms. Will Buckary (sp?). Sorry if I mess up anyone's name, HFDC Coalition. [background comments] Thank you. John-John McBride, Glorianne Kirsten, Sylvia Tyler and Leo Goldberg. Leo Goldberg. That's you. Oh, that's right. I see Will Buckary. Is John McBride here? John McBride. Going once, twice for John McBride. He's not here yet. Okay, So, we have four. [pause] Can you each please raise our 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?

PANEL MEMBERS: [off mic] I do.

CHAIRPERSON WILLIAMS: Alright, and we'll start with Mr. Buckary. You will have two minutes each to give your testimony. Just press the button on it.

WILL BUCKARY: Good morning and thank you Chairman Williams, Council Members and thank-thank you all for everything that you're doing to help get this the greatest city in-in the world. Again, my name is Will Buckary. I live in 302 Condon Avenue. It's a Housing Development Corporation building. I am a member of the steering committee. We're-we're part, 302 Condon, which is right by City College on 42nd Street. We're part of that 73% of the HDFCs that are run well, make full use of our tax allowance that helps keep our buildings-keep our co-op affordable. We have a 42-unit co-op. I just wanted to say that as far as maintaining certain standards of living and following the rules that were or guidelines prescribed by HPD. Giving an example, we recently sold one of our apartments at 302 and 1,700 square foot apartment, three bedrooms, two baths and we sold it and transparency here, we sold it for \$360,000. The maintenance that goes with that is \$1,100 and

people say--half the people you meet say: My God, why is the maintenance so low? And the other half say why is the maintenance so high? The reason the maintenance is so low is because of the DAMP tax allowance us over \$125,000 a year. Without it, we would lose affordability. That's why it's so low. The reason it's so high is because at \$1,100 for this seven-room apartment we want to be able to pay our bills. We want to be able to pay our property taxes [bell] and our water and sewer bills. That's why it's so high, and the other reason thanks to that, which we need for affordability. That's why it's so low. My time is up.

CHAIRPERSON WILLIAMS: You can give a closing sentence.

WILL BUCKARY: Okay. I'll do a closing. I just want to say that in reaching out with the Coalition, in Bronx and Brooklyn we talked to many families, many families who are just like us, and they're under foreclosure. They're under the axe of foreclosure. When we talk to them, we find we're exactly the same, but for many poor management of failure to raise their maintenances on a timely basis, they fell behind in water and sewage, and for

that reason families who vote and we're all concerned about voting, families who are very concerned about getting their children, great grandchildren into Pre-K and kindergarten schools, these families just like us do all the things, exact same things we're doing. So, we need to have a conversation, which involves them and HPD and everyone at the table when we talk about how we can solve them and get them back-

CHAIRPERSON WILLIAMS: Thank you.

WILL BUCKARY: --at 302 Condon.

CHAIRPERSON WILLIAMS: --at 302 Condon.

CHAIRPERSON WILLIAMS: Thank you very much.

WILL BUCKARY: Thank you, thank you.

GLORIANNE HUSSEY-KIRSTINE: I'm Glorianne Hussey-Kirstine. I live in an HDFC on West 106th Street in Manhattan Valley where I've lived for 35 years. I'm also a senior citizen and a proud member of the HDFC Coalition, which is composed entirely of HDFC shareholders who are working on a volunteer basis to try to promote policies in the city that are fair to the ASCD community. One of our biggest concerns today has been the 77 HDFC Cooperatives that are on the chopping block facing foreclosure. 1,779

shareholders and their families will be losing their homeownership. 90% of them have had this homeownership from the '80s and '90s meaning for 25 to 35 years. Our outreach has indicated that two-thirds of the shareholders who are facing foreclosure are foreclosure are senior citizens, and they are concentrated in areas of Harlem, Washington Heights, South Bronx, Bed-Stuy, East New York, the poorest communities of New York and yes they have stabilized those communities and stay in those communities and nobody else wanted to buy into those communities. Those communities are now gentrifying, and now these people are losing homeownership. HPD here today testified that about all these foreclosure prevention programs that they are right now promoting. They're targeting senior citizens who own one to four-unit homes. They're going to have a help desk. They're going to help with arrears. None of these programs were made available to HDFCs that were in distress. In fact, HPD says we need a new Regulatory Agreement because so many HDFCs are in distress. Yet, one-third of those HDFCs are on chopping block to lose their homeownership altogether. So, HPD really does kind of talk out of both sides of their mouth. I

will thank the Chair, Jumaane Williams, for asking HPD about creating this working group that we asked for back on August 1st I a meeting with HPD. We asked for a working group with the Department of Finance, with the Water Board and HPD to make the foreclosure process more transparent and workable [bell] and HPD a week later refused. So, the fact that they said tonight here that they are now agreeable to this in front of you we really thank you for that publicly since they refused us four months ago. So, at this point we have given your sergeant-at-arms a copy of a resolution that we'd like the City Council to adopt that would put a halt to the foreclosures, allow more time for outreach through these HDFCs, help them with the Tax Amnesty Application process. We've been successful in doing 12 and we would like more time to save these homes. As HPD is testifying here, homeownership does lend stability to communities. Homeownership is worth saving. So, these 77 co-ops, we need to more time to save them. Thank you.

CHAIRPERSON WILLIAMS: Sergeant, do you have a copy of that resolution? Oh, you gave one copy.

GLORIANNE HUSSEY-KIRSTINE: Yeah, to him.

CHAIRPERSON WILLIAMS: Okay.

GLORIANNE HUSSEY-KIRSTINE: I only have one.

CHAIRPERSON WILLIAMS: Okay and you can continue. Thank you.

GLORIANNE HUSSEY-KIRSTINE: I can continue?

CHAIRPERSON WILLIAMS: Uh-hm.

FEMALE SPEAKER: He said you continue.

GLORIANNE HUSSEY-KIRSTINE: I can continue speaking?

CHAIRPERSON WILLIAMS: Uh, you.

GLORIANNE HUSSEY-KIRSTINE: Oh, okay.

SYLVIA TYLER: Hello. I'm Sylvia Tyler, and I live in West Harlem, 138th and Amsterdam right across from City College, and we've been there my daughter and I, we both moved there because she was— had a vision. She heard about the TIL Program. So moved in the building. We're on the seventh floor. We walked up for years. There was no elevator, and with the TIL Program, they were supposed to train the tenants at the time how to manage the building. You have had that job, and they didn't do a good job, and

I think you have and HPD have to share greatly in the fact that about over 25% of the buildings are struggling, and they are putting them into foreclosure, and Ann-Marie said sitting right here, Ann-Marie Hendrickson said that her objective is not about the—the buildings under foreclosure. It's the other buildings that she wants to sign a Regulatory Agreement. Now, I have been in quite a few HDFCs, and there are some, a few luxury buildings that landlords abandon, and the tenants were there spending their money, saving them, and these buildings are valuable and people have spent thousands of dollars. I myself had to get a home improvement loan. I didn't go in my kitchen for like three years it was so deplorable. My bathroom had a— a hole in the wall. You could see into the next room and step into the next room. So, I've—being an educator—I also work in Harlem as an educator, and I used my resources and my confidence and my hard work for years to help bring the building and make it desirable. And at this point, a lot of people want to move into that neighborhood. It's gentrified. Our building is very gentrified. Some people have come into the building [bell] and brought—spent a lot

more money the \$250 that I spent for a piece of crap that nobody wanted to live in. People—my family members thought I was crazy to move into such a slum, but it's no longer a slum. It's a very desirable place to live, and our motto are with this that you—you—that Mark Levine used, Council Member Levine: No one size fits all and self-determination. That's what we say. We have to acknowledge that there are many different kinds of HDFCs and HPD cannot make everyone sign a Regulatory Agreement. It will never happen.

CHAIRPERSON WILLIAMS: Thank you.

LEO GOLDBERG: [off mic] Hi, my name is Leo Goldberg. [on mic] I'm Senior Policy Associate at--

CHAIRPERSON WILLIAMS: [interposing] Just state your name again for the record.

LEO GOLDBERG: Leo Goldberg, Senior Policy Associate at the Center for New York City Neighborhoods. Thank you, Chair Williams for hosting this conversation. The center was founded in 2008 to provide services to low and moderate income homeowners. We work with non-profit partners across the city to do foreclosure prevention, financial

counseling, post-resiliency assistance and more. I'm going to skip over testimony that I provided about some of the challenges especially focusing on the one to four housing stock in homeownership and jump to recommendations we've developed with the Coalition for Affordable Homes, which is a group of non-profits that provide foreclosure prevention and also develop affordable homeownership opportunities citywide. We are very heartened to hear that about Home Fix because we've identified home repair assistance as a major gap in what the city offers to low and moderate income homeowners right now. We did a survey in East New York that found that 63% of homeowners we spoke to had an outstanding home repair need that they couldn't meet, and we're looking forward to looking more details about Home Fix, and working with the Council and HPD to make sure that's something that really helps this population of people. We also have a continuing need for foreclosure prevention services. The foreclosure crisis is now behind us, but the lingering effects of predatory lending are still very much affecting many of our neighborhoods and we commend the Council for your ongoing support foreclosure prevention. One thing we think really

needs to be improved is the way the city deals with tax liens on seniors and low-income homeowners. There's an opportunity to preserve them in their homes. The current tax lien sales structure pushes them out in too many cases. We also think that down payment assistance can be strengthened. The grant amount can be increased to similar amounts [bell] offered in Washington, D.C., San Francisco, and elsewhere, and while HPD has made some important steps in acknowledging CLTs as a solution, there's a lot that can be done there. We think CLT should be given priority in RFPs and also given fair taxation, which is something that Intro 1269, which is coming before the Council, would do. So, to wrap up, I think we're excited about HPD's new programs also Open Door, but we're really hoping to work with both the Council and HPD to make sure they're effective and that there's a lot more to be done. So, thank you.

CHAIRPERSON WILLIAMS: Thank you all for your testimony.

MALE SPEAKER: Excuse me, Chairman Williams. I have a 90-second statement from John McBride. If I may--

CHAIRPERSON WILLIAMS: Sure.

MALE SPEAKER: --I'd like to read it.

Thank. Okay and what Sylvia said about the dilapidate conditions in our apartments when we moved in in 1976, we used to if a neighbor wanted a cup of sugar, you could hand it through the wall to the next apartment in those days when we moved in. John McBride's statement: HDFC co-ops are different in some ways than Mitchell-Lamas, similar in others. While Mitchell-Lamas were built as brand new affordable housing for residents, HDFC co-ops were typically created in buildings that were in poor condition simply falling apart, and the city didn't have the money to repair them. These buildings were sold to the residents in as-is condition, and often planned from HPD specifically stated that the housing violations would not be fixed by the city and that for example out of service elevators would not be fixed by the city. Decades later, it's almost hard to imagine that the residents of these HDFC co-ops shouldered the burden and invested decades of sweat equity and their own personal funds to do so. After the fiscal crisis of the '70s, HPD had over 10,000 buildings to manage, and in most cases the city's

goal was to find someone, anyone to take them. HDFC shareholders across the city saved over 1,200 of these abandoned run-down buildings that the city couldn't even auction off at the time, by taking them on, repairing them often with their own hands and own money. The deal was homeownership and complete resident shareholder control of private property after a restriction period plain and simple. Now, we are told that the city wants to pretend that the terms of these deals in writing don't exist, and that HPD wants to essentially take control of these buildings from the very people who saved them.

[background comments] Thank you.

CHAIRPERSON WILLIAMS: Thank you very much. I just--it see like HPD is--make sure we're separating a couple of the buildings out. One is folks that would have gone to a Regulatory Agreement. It seems that HPD, HPD has recognized that the one size doesn't fit all, and is regrouping now, which I think is good based on the work you've done based on work of particular Council members and the communities. Then there's another group that's facing foreclosures, right, and--and the Coalition is

that separated out the same way or are you just figuring that all is one?

GLORIANNE HUSSEY-KIRSTINE: You mean as a coalition?

CHAIRPERSON WILLIAMS: Yeah.

GLORIANNE HUSSEY-KIRSTINE: We're campaigning on all fronts--

CHAIRPERSON WILLIAMS: [interposing]
Okay.

GLORIANNE HUSSEY-KIRSTINE: --that can help HDFCs that we--we oppose the Regulatory Agreement once it one size fits all. We opposed the appeal of the DAMP Tax Abatement, which is part of our founding documents. It's in my deed from 1993 that we have until 2029 this tax abatement as well as 40% of our sale profits and my--I'm in a five-story walk-up, and we have cut checks for over \$300 million to HPD for the 40% of the sale profit that we had to turn over to the city. We couldn't take out our flood tax. So we lost \$66,000 worth of flood tax that we would have piled back into the building. I have plumbing from 1876. So, anyway, I'm just trying to say that at this point we are across the board we oppose the DAMP Tax Repeal.

2 CHAIRPERSON WILLIAMS: So, it seems that
3 we've made some headway on the first par, the
4 Regulatory Agreement and the--the folks were going to
5 be forced to do that, and--and they also made some
6 changes I remember in terms of paying for some of the
7 utilities. I remember there were some changes there
8 as well from the last hearing that we had.

9 GLORIANNE HUSSEY-KIRSTINE: I'm not sure
10 about the change in the utilities, but there's been
11 no progress on HPD pulling back from wanting to
12 appeal the DAMP Tax Abatement early-

13 CHAIRPERSON WILLIAMS: Okay.

14 GLORIANNE HUSSEY-KIRSTINE: --to force to
15 sign. There's been--they have not budged from that
16 position.

17 CHAIRPERSON WILLIAMS: When--when is it--
18 when are they saying they want to repeal the DAMP
19 Tax?

20 GLORIANNE HUSSEY-KIRSTINE: They want to
21 repeal it now so that they can force us to sign the
22 Regulatory Agreement they came up with. They want to
23 get it back.

24 CHAIRPERSON WILLIAMS: [interposing] So,
25 I'm going to check that. There is someone here, it's

my understanding that they were pausing on the Regulatory Agreement. So, if they're saying they're pausing, but they're still trying to use a strong arm to get you to sign it--

GLORIANNE HUSSEY-KIRSTINE: Yes.

CHAIRPERSON WILLIAMS: --then I need to check on that.

GLORIANNE HUSSEY-KIRSTINE: Yes, please do.

SYLVIA TYLER: Okay, as far as the DAMP Tax states, City Council has to--is the body that would repeal the DAMP Tax.

CHAIRPERSON WILLIAMS: Oh, I see.

SYLVIA TYLER: HPD is going to--

CHAIRPERSON WILLIAMS: [interposing] I don't think we're going to do that right now.

SYLVIA TYLER: --City Council and we as Committee, HDFC Steering Committee we started meeting with individual Council Members, yourself included Chairman, and [laughs] we found that a lot of City Council people and the Mayor didn't really have that much information about HDFC buildings. So, we--we did a lot of educating and the City Council people that talked to they, we opened their eyes and ears and

they're--so they are not going to blankedly just get rid of the DAMP Tax because that was used a hammer over our heads because they want to make--they have to move. I don't believe that HPD and the city has moved away from having all buildings sign the Regulatory Agreement, the successful buildings--

CHAIRPERSON WILLIAMS: [interposing] I think--I think--

SYLVIA TYLER: --and Anne-Marie said that today. That was the focus. Not the foreclosure buildings. They want the other buildings to sign Regulatory Agreements, all buildings.

CHAIRPERSON WILLIAMS: My--my understanding is we've successfully gotten them to agree that the one Regulatory Agreement that they had did not fit all of the buildings that were there. So, I think we have gotten to that point. I want to just be clear on that. I--I can't speak for the next Council. At least I know where we are now. I don't see the Council any time soon taking away the DAMP Tax. I think the coalition has done a very good job on pushing forward. That doesn't mean nothing will change, but right now, I think as we're waiting for this to play out, at least for another three months

or however—maybe hopefully a year or more, but I think while we’re figuring this out, I can’t see the Council repealing it right at this moment in time while we’re seeing they’re still doing this listening about the Regulatory Agreement. That can change, and you should continue to keep the pressure on to make sure that the answer always remains the same. The second part is with the foreclosures. Is there a point of—I want—I’m missing—is there any point that you can see a building would have to complete the foreclosure to go to the rent stabilized apartments? At—at what point is it too far that that—there’s no other option for a building in your opinion?

GLORIANNE HUSSEY-KIRSTINE: Well, we’re almost there now because the judgments are about to be entered and once that’s entered, it’s public record that you’re facing foreclosure.

CHAIRPERSON WILLIAMS: So, I’m—I’m asking a different question.

GLORIANNE HUSSEY-KIRSTINE: I’m sorry. Go ahead.

CHAIRPERSON WILLIAMS: And just forget about what HPD is doing.

GLORIANNE HUSSEY-KIRSTINE: Okay.

CHAIRPERSON WILLIAMS: When in your mind does it come to a point where the building is insolvent and they cannot continue the way it's going and foreclosure to go to rent stabilized is the best option?

GLORIANNE HUSSEY-KIRSTINE: We haven't gotten there, but the 12 that we've done outreach to we've come up with a five-year budget plan, a five-year marketing plan. They still have the ability to sell, et cetera. So, we haven't gotten yet to the 12--

CHAIRPERSON WILLIAMS: [interposing]
Well, I'm—I just want to—I'm trying to figure for philosophically is there a point that you believe that a building can get there?

GLORIANNE HUSSEY-KIRSTINE: Can get to a point where they can't manage themselves?

CHAIRPERSON WILLIAMS: Yes.

GLORIANNE HUSSEY-KIRSTINE: I—we're coming from leave no building behind, but I do believe that if we have until next fall--

CHAIRPERSON WILLIAMS: Yeah.

GLORIANNE HUSSEY-KIRSTINE: --if we have until next fall to work on the remaining 55 buildings

I think that we can turn around more than half of them.

CHAIRPERSON WILLIAMS: Alright. So, philosophically, do you--

GLORIANNE HUSSEY-KIRSTINE: [interposing]
Did that answer your question?

CHAIRPERSON WILLIAMS: --do you think there is a point where if we've done everything and something can't happen, do you philosophically--does the Coalition philosophically agree that there might be a point that the foreclosures have to go through?

GLORIANNE HUSSEY-KIRSTINE: Okay, I don't have all the Foreclosure Committee with me here, but I do understand what you're saying. Practically speaking there might be some buildings that no matter what you try, the internal structure and unity is lacking for that building to successfully manage itself going forward. That can happen. I agree that can happen.

CHAIRPERSON WILLIAMS: Okay, and you think by next fall if this thing is--if this is postponed by next fall--

GLORIANNE HUSSEY-KIRSTINE: [interposing]
That's enough time for us to reach those buildings.

CHAIRPERSON WILLIAMS: And at that point you would agree that whatever buildings couldn't be saved, it's probably the best option to move forward?

GLORIANNE HUSSEY-KIRSTINE: I kind of don't want to go on record as saying that they should go to private developers because, you know, I've shared with you what happens to foreclosed HDFCs such as--

CHAIRPERSON WILLIAMS: [interposing] They're the foreclosed HDFCs that have gone into rent stabilization?

GLORIANNE HUSSEY-KIRSTINE: They've gone into rent stabilizations, but they're flipping for \$17.3 million.

CHAIRPERSON WILLIAMS: I see.

GLORIANNE HUSSEY-KIRSTINE: As they are renting--they're renting their vacancies at \$3,300 and this is a five-story walk-up, 35 units,

CHAIRPERSON WILLIAMS: [interposing] What if we--

GLORIANNE HUSSEY-KIRSTINE: --in 2016.
(sic)

CHAIRPERSON WILLIAMS: [interposing] I don't agree.

GLORIANNE HUSSEY-KIRSTINE: So, I-I--

CHAIRPERSON WILLIAMS: I don't know if we can as a city, but what if we can—I don't know if we can, but if there's a way to put a mechanism in there that prevents just ways of flipping the properties.

GLORIANNE HUSSEY-KIRSTINE: This—there is a 20-year Regulatory Agreement on this property as we speak. The regular—the ability of HPD to adequately regulate these properties is nil. They have like four or five people to do for hundreds of Regulatory Agreements. So, they really don't have the capacity to prevent this kind of thing.

CHAIRPERSON WILLIAMS: So, you're saying those folks that are flipping, are doing something that's illegal?

GLORIANNE HUSSEY-KIRSTINE: It's not illegal. No, unfortunately not.

CHAIRPERSON WILLIAMS: But what I'm trying to—I'm say if—if we have these buildings--

GLORIANNE HUSSEY-KIRSTINE: [interposing] Unethical, yeah.

CHAIRPERSON WILLIAMS: --there's Regulatory Agreement now on those buildings?

GLORIANNE HUSSEY-KIRSTINE: Yes.

CHAIRPERSON WILLIAMS: Are you saying the
Regulatory Agreement is not being followed?

GLORIANNE HUSSEY-KIRSTINE: There's no
sales cap?

CHAIRPERSON WILLIAMS: Yeah, but I'm
saying what if we can get--find a way to do something
like that?

GLORIANNE HUSSEY-KIRSTINE: Oh, okay, if
you can bring that down fine. The Regulatory
Agreement would have to be strengthened, but it's
also not monitored. So, the \$3,300 a month rentals.
This is not affordable housing.

CHAIRPERSON WILLIAMS: No it's not.

GLORIANNE HUSSEY-KIRSTINE: The ones not
HDFC. (sic) There's not one HDFC in the four
boroughs that has a maintenance fee of \$3,300 a
month. In fact, \$1,500 is the highest. So, if you
want to ask--

CHAIRPERSON WILLIAMS: [interposing] I
see.

GLORIANNE HUSSEY-KIRSTINE: --me would I
agree that TPT programs are the best way to go, I
look at this and say not so sure, not with the resent
situation.

CHAIRPERSON WILLIAMS: So, what would be the best answer for those buildings that we agree may not have the ability to manage themselves.

GLORIANNE HUSSEY-KIRSTINE: That you—that you have—like you treat it like an ICU, and you have massive input to reorganize the tenants and have them go back to co-op status wherever possible.

CHAIRPERSON WILLIAMS: Massive? You mean infusion of capital?

GLORIANNE HUSSEY-KIRSTINE: As it's not-for-profits that for example, Neighborhood Housing Services has that contract that they got from UHAB, and they're only a year old and they're very green. There's only five people.

CHAIRPERSON WILLIAMS: So, I'm not—I'm not opposed to actually debt forgiveness, and infusion of capital because we did it for the banks. So, I have no problem, but there are—I just haven't seen this even sometimes with assisting tenants and things. There are sometimes when you infuse that capital, but it's still doesn't fix the problem. So, you don't want to push for that, and like you say, there might be internal structures and they go back into the same thing. And so, I'm trying to get to

point where if there's a building like that, what's the best--what's the best result? What's the best?

WILL BUCKARY: Part of the solution will have to be HDFC 101. It's got to be--education has got to come into this because that's one of the theories that has happened. You have co-ops who have been around for decades who have hardly had a maintenance increase, and can't pay their bills, and you've--you've got to educate these people, and--and let them do HDFC 101. We've got to see to it that they are part of a conversation where education is moved to the fore.

CHAIRPERSON WILLIAMS: Okay.

GLORIANNE HUSSEY-KIRSTINE: Chair Williams, may I--may I beg your--about the things we've come across that has led to these issues with arrears? No training for Housing Court. No training ahead of time about wills and estates. As I said, two-thirds of these are senior citizens. Many have passed on. So, they don't know about Surrogate Court. They don't know about commercial properties and how to run them. Right now, 30% of the HDFCs facing foreclosures have commercial properties. They didn't realize that the commercial property tax does

not give an abatement. So, they've been paying the commercial property tax not knowing that they should have built into their commercial leases that the vendor, that the store take over the commercial property tax. Also, they weren't told they should get separate water meters for those properties such as beauty salons, laundromats, and dry cleaners that use a lot of water. So, a lot of these HDFCs facing foreclosure were paying--were paying sky high water bills because they didn't--weren't taught get a separate water meter for your vendor. All of this was missing from the training. So this is the kind of thing that you would build into, you know, going forward to help make these co-ops more financially successful.

SYLVIA TYLER: And another thing that a lot of--quite a few people live in struggling HDFCs who have loans. They're paying their loans for their back taxes and water to the city. They are not on the foreclosure list yet, but they're struggling. They say that when they make their monthly payments, the majority of that goes to the interest and very little to the principal. So, the city--and our building experienced that, but we were lucky that the

Community Service Society one time they made a loan to us so we were able to pay our taxes and back taxes and water bill because we were doing the same thing, making monthly payments. It went to interest, not—not for principal. So, that is—I don't know if that's something the City Council could look into, but the city's interest rates are outrageous, worse than any bank or shyster type lending company that I could think of.

CHAIRPERSON WILLIAMS: Thank you. I'm just wondering if CNYCN has any comments on my questions about those particular buildings that may seem insolvent or may seem that they don't have internal structure to move forward in a solvent way?

LEO GOLDBERG: So, I—I defer to the co-op experts. We don't deal with HDFCs. We focus more on 1 to 4-family homeowners. I would just add that we are in the process of creating a Community Land Trust with some non-profit partners, and while our land trust is focused on new construction for affordable homeownership, other land trusts that are in the process of development are looking at opportunities to take on distressed HDFCs because it would be a way of preserving Democratic governance, but with a

committed steward, not a for-profit developer that would look to flip.

CHAIRPERSON WILLIAMS: Which—which—who's working on that?

LEO GOLDBERG: So, nicely the New York City Community Land Initiative is kind of the—the umbrella group, the coalition group that's incubating several recent community land trusts, and I can provide more information about them.

CHAIRPERSON WILLIAMS: Alright, that will be great. I'd love for the community to—to be able to look at that. I want to say thank you so much for your testimony. I appreciate it. Those are all the question—

GLORIANNE HUSSEY-KIRSTINE: Thank you for listening.

SYLVIA TYLER: Thank you.

CHAIRPERSON WILLIAMS: Oh, no problem. So thank you very much. Barring any votes that this committee has to take, this will be my last hearing of this term. I just want to thank everyone involved, and all the staff of the Committee: Megan Chin, Jose Conde, Sarah Gastelum, and the previous staff that have been here and all my colleagues who

were a part of the committee and even the Administration for—I think, which was a great four years. I think we accomplished a lot in these four years and more than probably a lot of folks thought we would, and I think we did it in a way that was productive and collegial even when disagreeing. Even though we had some pretty interesting hearings or pretty interesting hearings or pretty interesting moments, we got through them. It's just been very prideful for me to have gone from like community and tenant organizer to Chair of the Housing and Buildings Committee of the City of New York. I've had an amazing pleasure doing that, and I thank the Speaker for allowing me to be here, and my staff on my—on my side as well who worked in my office. So, with that, it's been a pleasure and we'll see what happens next year. I hope everybody has a fantastic holiday, a fantastic New Year, and I thank always the sergeant-at-arms who have this great hearings and productive ones as well. Thank you. With that, God Speed, everybody and this hearing-- Oh, for the record, we've got some stuff for the record. Haver, Zachary (sic) and Manning (sp?) presented testimony

1 COMMITTEE ON HOUSING AND BUILDINGS

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2 for the record. With that, this hearing is now

3 closed. [gavel]

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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 December 30, 2017