

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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April 26, 2018  
Start: 10:11 a.m.  
Recess: 2:42 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: ROBERT E. CORNEGY, Jr.  
Chairperson

COUNCIL MEMBERS: Fernando Cabrera  
Margaret S. Chin  
Rafael L. Espinal, Jr.  
Mark Gjonaj  
Barry S. Grodenchik  
Bill Perkins  
Carlina Rivera  
Helen K. Rosenthal  
Ritchie J. Torres  
Jumaane D. Williams

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

Lori Kelly, Secretary & Resident of 11 Linden Street

Edna Languis, Resident of 755 Dorson Street, Bronx

Luiz Cordero, Resident of 526 West 158<sup>th</sup> Street

Jose Torres, Resident of 914 Simpson, Bronx

Kim Darga, Associate Commissioner for Preservation  
Department of Housing, Preservation & Development

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

Lisa Talma, Assistant Commissioner  
Property Disposition and Finance  
Department of Housing, Preservation & Development

Salvatore D'Avola, Executive Director  
Neighborhood Restore Housing Development Fund Corp.

Bruce Robertson, HDFC Coalition & Member of Manhattan  
Community Board 12

Ingrid Gomez, Director of Real Estate Development  
Community League of the Heights, CLOTH

Mary Elizabeth Green-Cohen a/k/a Mrs. Thomas Winston

Carlton Boroughs, Resident of 936-938 St. Nicholas

Bligen, Resident of 320 West 111<sup>th</sup> Street

Michelle James, Tenant Leader

Eamon McGoldrick NYS Tenants & Neighbors Information  
Service & NYS Tenants & Neighbors Coalition

Harry DeRienzo, Executive Director  
Banana Kelly Community Improvement Association, Bronx

Andy Reicher, Executive Director  
Urban Homesteading Assistance Board, UHAB

Gary Poyo, Resident of 499 West 158<sup>th</sup> Street

Trudy Silver, Retired Harlem Music & Jazz Musician  
Resident of 310 East 4th Street, East Village

Brenda Stokely, Resident of Brooklyn HDFC

Beverly Curry, Outreach Coordinator, HDFC Coalition

Edith Heaster, Resident of 14 Morningside Avenue

Anita Chang

Robert Sanderman, Queens Legal Services

Ismene Spelotis, Executive Director  
Mutual Housing Association of New York

Olga Salsero, Tenant of 340 and 344 Riverside

April Tyler, Co-Chair, Housing, Land Use and Zoning  
Committee, Community Board 9 Manhattan in West Harlem

Annie Wilson

Lauren Megan De Santos, 67-69 Saint Nicholas Place

Frank La Nusa, 601 West 136 HDFC

Deanna Lorenzo, 941 Rogers Place, HDFC, Bronx

Hector Vasquez, HDFC 511 & 515, 138<sup>th</sup> St. Harlem

Glory Ann Hussey Kerstein, West 106<sup>th</sup> St. HFDC  
Shareholder, Member Anti-Foreclosure Committee, HDFC  
Coalition

Jacqueline Weeks, CEO of Weeks Realty

Randall Taray (sp?) RiseBoro Community Partnership

Erica Smith, Shareholder & Board President  
30 McCombs Place HDFC

Will Buckhari, Resident of 302 Convent Avenue,  
HDFC in Harlem

Sam, Resident of 60 West 119<sup>th</sup> Street HDFC



2 [sound check] [pause]

3 CHAIRPERSON CORNEGY: Good morning.

4 [gavel] We are going to commence the hearing on  
5 Third Party Transfers and HDFCs. Good morning  
6 everyone. I'm Council Member Robert Cornegy, Chair  
7 of the Committee on Housing and Buildings, and I'm  
8 joined today by Council Member Carlina Rivera. We're  
9 here to hold and oversight hearing on HDFCs and Third  
10 Party Transfers. When the city sold city-owned  
11 multi-family buildings to the residents of those  
12 buildings, HDFCs created homeownership opportunities  
13 for several low and middle-income New Yorkers. Many  
14 of these buildings were acquired during the financial  
15 crisis of the 1970s when the city foreclosed on and  
16 acquired multi-family buildings that were abandoned  
17 by property owners. Since HDFCs are exempt from the  
18 New York City Tax Lien Sales, the only option  
19 available to the city to collect outstanding water  
20 and sewer charges and unpaid property taxes from  
21 HDFCs without existing regulatory agreements is to  
22 place buildings through the third-party transfer  
23 process. The Third Party Transfer process was  
24 created in 1996, and it allows the city to avoid  
25 owning and managing in rem properties on which it has

2 foreclosed by transferring these properties to  
3 responsible owners who have rehabilitated, managed  
4 and provide affordable housing. Yet, if an HDFC goes  
5 through the Third Party Transfer process, the HDFC  
6 will become a rental meaning that owners of units in  
7 those buildings will lose their equity. At today's  
8 hearing we seek to learn how HPD administers their  
9 HDFC and Third Party Transfer programs. We will  
10 examine what type of technical assistance HDFCs  
11 receive from HPD and how HPD—HPD notifies HDFCs of  
12 their status in the Third Party Transfer Program.  
13 Lastly, we will discuss any additional methods that  
14 would allow the city to recoup the debt owed by  
15 HDFCs, but also allow shareholder of HDFC Co-ops to  
16 preserve their equity. I'd like to remind everyone  
17 who would like to testify today to please fill out a  
18 card with the Sergeant-at-Arms. I will now call upon  
19 first panel. Lori Kelly, Luiz Cordero, Jose Torres,  
20 and Edna Languis. [background comments, pause] So,  
21 often times the Council body finds it necessary to  
22 hear from constituents prior to their Administration.  
23 This morning is one of those instances we're asking  
24 testimony to be heard from the people most affected  
25 by a Third Party Transfer and HDFCs and to have them

2 testify in the presence of the Administration. So,  
3 it's just a little bit different than what people are  
4 accustomed to seeing in hearings in the past. So, you  
5 guys can start at any place that you'd like to. I  
6 just ask that you'll identify yourself for the  
7 record.

8 LUIZ CORDERO: Good morning.

9 CHAIRPERSON CORNEGY: I'm sorry. Mr.  
10 Cordero, I will say that I had hoped that one of the  
11 women would have spoken first. We still defer to  
12 chivalry in these chambers so--

13 LUIZ CORDERO: Oh, okay. [background  
14 comments] I have no problem. [laughs]

15 LORI KELLY: Good morning. Thank you for  
16 your time. My name Lori Kelly. I am the Secretary  
17 of 111 Linden Street, HDFC, which is currently facing  
18 Third Party Transfer and foreclosure. I have lived  
19 in this building since 2000. When we first moved  
20 into this building, it was drug den. We were being--  
21 drugs were being sold in the vestibule of the  
22 building, and the whole third floor was the den for  
23 not only our building, but for all the addicts and  
24 the dealers in the neighborhood. Once we moved in,  
25 we paid for our apartment and found out how the

2 buildings was been ran, and we know we had to take it  
3 upon ourselves, and make our home safe not only for  
4 our family, but for the other families that live in  
5 fear in the building as well. We held elections and  
6 elected a new board. With this new board in place,  
7 we began to clean out our building and pour every  
8 dollar we collected to extensive—extensive legal  
9 fees, oils and repairs. The first round we evicted  
10 six apartments and enrolled our building in the Safe  
11 Hallways Programs with the 83<sup>rd</sup> Precinct, and worked  
12 with our officers to keep our tenants safe. Once the  
13 den was empty not only did our building change, but  
14 the neighborhood began to change as well. The drug  
15 dealers and addicts moved on. We then began the real  
16 work. We had to repair all of the damage and neglect  
17 that our building had endured for so many years.  
18 Every dollar we took in we used to keep this building  
19 afloat, and to provide a safe and affordable place to  
20 live not only for our families, but for the other  
21 shareholders and tenants as well. Our building was  
22 in need of major renovations and updates. Our boiler  
23 was the first thing we needed repaired. We realized  
24 the amount of money that we were taking in was not  
25 enough to do these repairs. We fixed the vacant

2 apartments ourselves the best that we could and  
3 rented them to generate income. We were our own  
4 handymen, our own super and our own board all in one.  
5 We realized that we needed not only to repair, but we  
6 needed to upgrade the apartments as well. The only  
7 way we could do that was to cut the dead weight  
8 completely that we were carrying and we began another  
9 round of evictions. In this case, we evicted six  
10 apartments of dead weight that thought they could  
11 live there for nothing. It wasn't the way it used to  
12 be. We needed to find tenants that could possibly  
13 become shareholders. This time we decided that we  
14 needed to really upgrade and with the money being  
15 tight because of all of our legal fees, we decided to  
16 use own personal money to upgrade the apartments. We  
17 renovated all of our vacant apartments with new  
18 appliances, flooring, and LED lighting. We hired  
19 people that could do the major job—the major work and  
20 we the board members and shareholders did all of the  
21 manual labor ripping up floors, painting, bagging up  
22 and removing all of the garbage. We are finally now  
23 in a position that we can sell apartments and move  
24 forward in the right way, and we can show everyone  
25 what we knew all along: Our building is worth it.

2 It's our home. We lived here when no one else wanted  
3 to, and we are asking please help us keep our home  
4 and help us keep affordable housing in Bushwick.

5 Thank you. [background comments]

6 EDNA LANGUIS: Good morning. My name is  
7 Edna Languis. I'm a resident of 755 Dorson Street in  
8 the Bronx. I own my—I moved into my building in  
9 1992, and in 1994 my building became a co-op. In the  
10 beginning things was okay, but over time, the  
11 President became like the landlord and refused to  
12 listen to those of us who knew our rights. I became  
13 an undesirable shareholder, but I felt like a tenant.  
14 We never had elections, we never received financial  
15 reports. We never basically—we had no idea what was  
16 going on except the president used one shareholder  
17 against another. I wanted change, and I was pleased  
18 when we enter the Third Party Transfer program. I  
19 pay my rent. I do not worry about being kicked out.  
20 I am a resident leader at the Banana Kelly and feel  
21 that if there ever is a problem, they are ways to  
22 solve them. I'm happy with the program. [background  
23 comments]

24 LUIZ CORDERO: Hi there. My name is Luiz  
25 Cordero. Good morning. I am representing Building

2 526 West 158<sup>th</sup> Street, and I want to go back to a  
3 meeting that we were with Mayor de Blasio on June  
4 3<sup>rd</sup>. I'm gong to go back and make clear to all the  
5 folks in the city of Government HPD and otherwise  
6 that we need to immediately protect every building  
7 that can-I mean were, and we can avoid a foreclosure  
8 I believe that most of us at first when we started to  
9 go into it we didn't know much, but as time goes on,  
10 we do grow and things become better like I think-I  
11 think for, Sir, yes, that's our managing now Victor  
12 Morissette. After coming into the-I'm the Treasurer  
13 of the building and I know this that one of our  
14 biggest problems is our taxes, and this is why some-  
15 sometime ago things will fall back because we're  
16 paying 100% of the tax. We're paying \$90,000 to  
17 \$125,000 a year. We never got in a dump basement,  
18 which they gave us the 42% that the city gives every  
19 other building where there are-I noticed that in a  
20 couple of-in those buildings that you'll give them a  
21 17%. This will be-if you give us the 42%, it will be  
22 \$37,852 a year, and we're saving \$53,000 year, which  
23 helps us pay everything else on time. Some of the-we  
24 are feeling like we're catching up, but we never get  
25 to the promise land because the taxes are too high,

2 and every other person that was before on the Board  
3 of Directors went to a meeting, spoke to somebody,  
4 but somehow it ended up stopping somewhere. It never  
5 got to the final level or to the person that could  
6 actually help us. I'm asking today to see if you  
7 could help us with the tax abatement and then you  
8 could come to our building and see actually how much  
9 progress has been, and how much progress most of us  
10 have done. So, my main concern is we must stop this  
11 foreclosure. Thank you.

12 JOSE TORRES: Good morning. I'm Jose  
13 Torres. I am living at 914 Simpson in the Bronx. I  
14 ran over here to tell you my person story. I am the  
15 only blind person. By the time we used to own  
16 building, and they positioned the rent—the percent  
17 that we were getting was not enough to do the repairs  
18 of the building to the point that the physical plan  
19 became practically unlivable. I remember one night  
20 the rats jumping over me. I saw them and at that  
21 time I was losing my sight. I was becoming blind.  
22 I—I have a lot of medical bills, and I was going to  
23 move out and pay market rate rent, but my income was  
24 not enough. I would have to cut all my medical bills  
25 not getting my treatment or pay my bills. So, I had

2 a difficult choice to make about my health or my  
3 apartment. At that time, the building because a  
4 third-party building, which really helped me to stay  
5 there, be able to pay my medical bills. I have  
6 stability that what the third options usually gives  
7 you, stability, and sometimes rent-rent control. So,  
8 I am pro the third-party option all the way.

9 CHAIRPERSON CORNEGY: So, I'd like to  
10 thank-[background comments] I'm sorry. Carlina  
11 Rivera has some questions.

12 ACTING CHAIRPERSON RIVERA: I just want  
13 to ask-I'm sorry. I didn't catch your name from the  
14 Bronx.

15 EDNA LANGUIS: Edna.

16 ACTING CHAIRPERSON RIVERA: Edna.

17 EDNA LANGUIS: Yes.

18 ACTING CHAIRPERSON RIVERA: So, right now  
19 you're in a 7-A Administrators. Has your building,  
20 Banana Kelly just temporarily correct, or have they  
21 been your management for a long time?

22 EDNA LANGUIS: It has been my management.

23 ACTING CHAIRPERSON RIVERA: Do you know  
24 how long?

25 EDNA LANGUIS: Excuse me?

2 ACTING CHAIRPERSON RIVERA: Do you know  
3 how long you've currently been under Banana Kelly's  
4 management?

5 EDNA LANGUIS: With the new transfer it's  
6 been four years. Before that, the building—I was—I  
7 moved in in '92. Yes. From '92 to '94—in '94 we were  
8 a co-op. In 2011 is when it went to foreclosure. In  
9 '14, we went into a transfer program, the three-party  
10 transfer.

11 ACTING CHAIRPERSON RIVERA: And Mr.  
12 Cordero, right? You said that your building is  
13 currently in financial distress.

14 LUIZ CORDERO: Because of the taxes. We  
15 are paying 100% of the high taxes. We never got in  
16 the damp (sic) of it and a break, and this is part of  
17 the reason. It's \$90,000 one and \$25 a year is what  
18 we're paying.

19 ACTING CHAIRPERSON RIVERA: And you're  
20 currently independently managing yourselves as a  
21 board, correct?

22 LUIZ CORDERO: Yes.

23 ACTING CHAIRPERSON RIVERA: Okay. Okay,  
24 thank you.

2 CHAIRPERSON CORNEGY: So, I-I wanted to-  
3 to thank you for your testimonies and for us to get a  
4 varied perspective of the Third Party Transfer  
5 program. I-I asked you to testify first so that the  
6 Administration could hear the varied perspectives on  
7 the program, and I'm sure that there are many more  
8 that we'll hear during the course of the day, but  
9 thank you for your testimony.

10 LUIZ CORDERO: Thank you.

11 JOSE TORRES: Thank you.

12 EDNA LANGUIS: Thank you.

13 CHAIRPERSON CORNEGY: So, now I'm going  
14 to ask the Administration to take their seats. Kim  
15 Darga, Lisa Talma, Anne-Marie Hendrickson and Sal  
16 D'Avola. [background comments, pause] We're just  
17 going to affirm your testimonies before you begin.

18 LEGAL COUNSEL: Can you all please raise  
19 your right hand.

20 CHAIRPERSON CORNEGY: Once you're seated.

21 LEGAL COUNSEL: Do you affirm to tell the  
22 truth, the whole truth and nothing but the truth in  
23 your testimony before this committee, and to respond  
24 honestly to Council Member questions?

25 ASSOCIATE COMMISSIONER DARGA: I do.

2 LEGAL COUNSEL: Thank you.

3 ASSOCIATE COMMISSIONER DARGA: Good

4 morning. Good morning Chair Cornegy and members of  
5 the Council's Committee on Housing and Buildings. My

6 name is Kim Darga, and I am the Associate

7 Commissioner for Preservation at the New York City

8 Department of Housing, Preservation and Development.

9 I am joined by our Deputy Commissioner Anne Marie

10 Hendrickson. She's our Deputy Commissioner for Asset

11 and Property Management. Our Assistant Commissioner

12 Lisa Talma for Property Disposition and Finance, and

13 Executive Director of Neighborhood Restore, Sal

14 D'Avola. Thank you for the invitation to testify on

15 the steps that HPD is taking to rehabilitate some of

16 the city's most distressed buildings through the

17 Third Party Transfer program also known as TPT.

18 Before you hear from us, we would like you to hear

19 first from a few residents who are benefitting from

20 the positive impacts of TPT.

21 MALE SPEAKER: We were a co-op and the

22 rent was like really low, you know, and they couldn't

23 be that. You've got 19 apartments and you got five

24 people paying rent.

2 MALE SPEAKER: We had our regular super  
3 ongoing. The building was full of people, but after  
4 years went by, you see some of the shareholders,  
5 because it was a co-op, they passed away. Not that  
6 many people in the building and it's less money  
7 coming in, and it got to the point where we became  
8 really difficult.

9 FEMALE SPEAKER: This is my home. This  
10 is my comfort zone. I done raised my kids. I got  
11 grandkids, great grandkids and to be taken out of  
12 that because of a slumlord landlord or whatever could  
13 be devastating on some people.

14 MALE SPEAKER: Day after day you just  
15 keep wondering why we don't get help. What's going  
16 to happen? Are we going to have to move? Are we  
17 going to have to go? Where are we going to go? It  
18 was definitely a stressful time. It wasn't good at  
19 all, I've got to say.

20 MALE SPEAKER: And that's when the man  
21 stepped in and saved the building. It was always a  
22 resistance to change. What? They came and they were  
23 real compassionate. They helped us at every step of  
24 the way.

2 MALE SPEAKER: We're going to do a gut  
3 renovation. They're putting in new systems. We're  
4 putting in a new boiler, putting in new windows,  
5 putting in a new roof, new electrical, new plumbing.

6 MALE SPEAKER: They gave us details about  
7 everything that was going to happen. So, that we  
8 would feel completely comfortable about it. So, I'm  
9 thankful for that as well.

10 MALE SPEAKER: I could still feel like  
11 I'm home, that I still own it. Whoever sees this  
12 video, please understand that this program is  
13 necessary and important. We need a place to stay.

14 [pause]

15 ASSOCIATE COMMISSIONER DARGA: The Third  
16 Party Transfer Program is a vital tool to keep people  
17 in their homes, and safeguard the quality and  
18 affordability of those homes not just for the health  
19 and safety of residents, but for the stability of  
20 their communities. We firmly believe that all New  
21 Yorkers should have access to safe, quality  
22 affordable housing, and that all the city's  
23 neighborhoods should be thriving inclusive places of  
24 opportunity. That is why this Administration has  
25 invested significant resources in creating and

2 preserving affordable housing as part of a broader  
3 strategy that includes robust measures to prevent  
4 displacement, protect tenants from harassment and  
5 revitalize neighborhoods that have faced decades of  
6 disinvestment. TPT plays a key role in this holistic  
7 approach by stabilizing and improving conditions in  
8 some of the worst buildings in the city. Over the  
9 years HPD has developed a comprehensive suite of  
10 enforcement programs to intervene in buildings that  
11 are physically and financially distressed. These  
12 programs include the Emergency Repair Program, ERP,  
13 the Alternative Enforcement Program, AEP, the  
14 Proactive Preservation Initiative, the Underlying  
15 Conditions Program, our Housing Litigation Division  
16 and the 7-A Court Receivership program. At the same  
17 time we have a wide array of preservation programs to  
18 provide financial assistance to owners looking to  
19 improve their building from the Participation Loan  
20 Program to the Green Housing Preservation Program to  
21 the new Landlord Ambassador Program. More recently  
22 we have partnered with the Council to pioneer  
23 groundbreaking anti-displacement policies such as the  
24 Certificate of Male Harassment Initiative and the  
25 Speculation Watchlist, and introduced a Neighborhood

Pillars Program to provide funding and assistance for non-profit organizations to acquire and preserve affordability in existing buildings. However, we need every possible tool to protect residents and few program are as effective as the Third Party Transfer Program in rescuing our city's most distressed buildings and getting them into the hands of qualified non-profit and local community developers to ensure their long-term quality and affordability. TPT lies at the intersection of HPD's Preservation Enforcement and Stabilization Toolkits. When properties have severe operational, financial and physical issues, TPT allows buildings and residents a fresh start under new responsible ownership. TPT buildings are often among the most troubled in a community both in terms of physical conditions and financial distress, creating untenable living conditions for tenants and placing them at risk of displacement. The 132 properties in the current TPT round have an average of 59 open B and C violations per building. These are very serious violations such as lead, mold or lack of heat and hot water. In addition, 36 buildings are active in HPD's most severe Housing Code Enforcement programs, AEP,

1 underlying conditions in 7-A for egregious code  
2 violations or abandonment. Twenty-four of these  
3 buildings have pending housing litigation. In Rounds  
4 8 for 10, 28 of the buildings on the TPT list were  
5 also in the Public Advocate's Worst Landlord list.  
6 TPT buildings are also in severe financial distress,  
7 owing over \$88 million in municipal arrears, which  
8 averages to more than \$668,000 per building. The  
9 average link to value ratio, which is the amount of  
10 the municipal liens in relation to the value of the  
11 property is 99%. There is a consensus in the  
12 affordable housing community that TPT is the most  
13 effective tool available to the city to intervene in  
14 these buildings and put them on a path to recovery  
15 that is both critical for the health and safety of  
16 tenants as well as the revitalization of communities.  
17 The Third Party Transfer Program is a public-private  
18 partnership created by the City Council through Local  
19 Law in 1996 to rehabilitate buildings with  
20 significant delinquent municipal charges and poor  
21 housing conditions and to ensure that residents  
22 remain in place with affordability and rent  
23 stabilization protections. Unlike the tax lien sale,  
24 whose primary purpose is to collect municipal charges  
25

2 and ensure revenue to the city to support ongoing  
3 services, TPT aims to improve the living conditions  
4 of existing residents, and ensure the quality and  
5 affordability of those homes long into the future.  
6 TPT is specifically geared toward the city's most  
7 distressed properties including properties that are  
8 not eligible for the tax lien sale and that meet  
9 statutorily defined criteria for financial and  
10 physical distress. While most properties that begin  
11 the TPT process are able to successfully address  
12 their issues and be removed from the action, those  
13 that do not are transferred to new ownership with  
14 local community based affordable housing developers  
15 some of which you will hear from in the following  
16 panels. Properties transferred through TPT receive a  
17 substantial influx of city subsidy to finance  
18 rehabilitation and secure long-term affordability. In  
19 recent rounds of the TPT Program, the city has  
20 invested about \$90,000 per rehabilitated home. Each  
21 resident—I'm sorry. Existing residents are able to  
22 enjoy renovated apartments under new HPD supervised  
23 ownership. Over 6,000 homes and approximately 520  
24 buildings have been rehabilitated in the nine rounds  
25 of TPT since the program's inception in 1996

1 resulting in stability and improved housing quality  
2 for those residents. The best way to illustrate how  
3 TPT works is through an example. Ms. Robinson lives  
4 at 200–250 Madison Street, and eight-unit former HDFC  
5 cooperative in Bedford-Stuyvesant, Brooklyn. This  
6 building was included in TPT Round 8 due to its high  
7 violation counts including 64 B and C violations, and  
8 municipal arrears of \$405,000. As the photo of one  
9 of the kitchens prior to renovation in the slides  
10 show illustrates 250 Madison Street within four-poor  
11 physical condition. Prior to transfer, 50% of the  
12 units were vacant. Since the HDFC Co-op was not able  
13 to provide a path forward to ensure better conditions  
14 for the residents of address the municipal arrears,  
15 the building was transferred to Neighborhood Restore  
16 on August 8, 2012. A non-profit directed by Mr.  
17 D'Avola who is here with us today. Mr. D'Avola's  
18 organization worked as an intermediary to stabilize  
19 the property in the short term and fix the immediate  
20 problems, while Bridge Street Development  
21 Corporation, a community-based non-profit affordable  
22 housing organization works through the pre-  
23 development process to plan an finance the necessary  
24 rehabilitation. Upon finalizing the financing and  
25

2 rehabilitation plans on February 10, 2016,  
3 Neighborhood Restore transferred ownership of the  
4 property to Bridge Street who entered into a  
5 regulatory agreement with HPD. Bridge Street  
6 substantially rehabilitated the building including  
7 replacement of the plumbing system, heating system,  
8 electrical system, masonry work and roof. The  
9 apartments have new floors and walls, new kitchens  
10 and bathrooms and new appliances. Ms. Robinson was  
11 temporarily relocated to another apartment in the  
12 building while her home was renovated. Construction  
13 work in our unit lasted five months after which miss-  
14 at which time Ms. Robinson and her family were able  
15 to move back to their newly renovated unit. Ms.  
16 Robinson now has a rent stabilized lease with all the  
17 associated rights and her rent will remain extremely  
18 affordable. Since her building is subject to an HPD  
19 regulatory agreement, Ms. Robinson and her neighbors  
20 will have additional rental protections over the next  
21 three decades. Ms. Robinson has lived in the  
22 building her entire life, and is very happy with the  
23 new opportunity afforded to her through TPT. She is  
24 excited about the brand new apartment she and her  
25 family now have, and is particularly pleased with the

1 new kitchen and appliances. One of the reasons TPT  
2 is so effective is because it taps into our strong  
3 partnership with community-based organizations. Some  
4 of them are here today. Most of these organizations  
5 are local non-profits, Minority and Women Owned  
6 Business enterprises and other mission driven  
7 organizations that are deeply invested in their  
8 communities and ensuring residents have access to  
9 quality affordable housing and the opportunities they  
10 need to thrive. HPD has also actively engaged owners  
11 and residents in this process for the last three  
12 years. Each building with outstanding property  
13 taxes and water and sewer charges has been  
14 proactively contacted by the city, a minimum of 70  
15 times since the beginning of the rounds in 2015,  
16 including notices, letters, bills, robocalls and  
17 direct out-HPD outreach. In addition to the standard  
18 property tax and water or sewer bills, each owner  
19 received multiple letters that indicated that their  
20 property was subject to transfer through TPT. HPD  
21 also made robocalls in English and Spanish and  
22 offered property owner clinics to provide further  
23 information and assistance. We also reached out  
24 aggressively to residents to make sure they were  
25

2 informed about the TPT action leaving flyers in every  
3 property and placing a notice under the door of each  
4 apartment. While [coughs] we have also engaged the  
5 City Council during this process through multiple  
6 rounds of correspondence and briefings with every  
7 single Council office with TPT properties in their  
8 district. While many of the distressed buildings in  
9 TPT are rentals, often with negligent landlords there  
10 are a number of HDFC co-op buildings that also  
11 require our intervention. This administration  
12 recognizes HDFC co-ops as a critical source of  
13 affordable homeownership and is deeply committed to  
14 protecting that resource for owners in the community.  
15 Responsible property management is an important—is as  
16 important in HDFC co-ops as it is in affordable  
17 rentals. The agency provides a range of technical  
18 and financial assistance to HDFC cooperatives,  
19 including HPD loan programs, but a long-term  
20 preservation strategy requires a broader discussion  
21 about how to best reform the regulatory and statutory  
22 framework of HDFC co-ops. This is why we have been  
23 talking to shareholders for more than a year about  
24 how to best design a new regulatory agreement that  
25 will encourage better governance and long-term

2 sustainability of HDFC co-ops. At the same time, we  
3 are accelerating the pace of new HDFC cooperative  
4 production through our new—through our Affordable  
5 Neighborhood Cooperative Program as well as our  
6 recently launched Open Door and New Construction  
7 program. The 62 co-ops that are current—in the  
8 current TPT round have been unable to address their  
9 outstanding debt and poor physical conditions. They  
10 need more immediate help. TPT will provide an influx  
11 of city investment to provide the urgent renovations  
12 they need. In fact, the HDFC co-ops and the current  
13 round of TPT have more than twice the amount of  
14 arrears (sic) as rentals and have an average lien to  
15 value ratio of 110%. The co-ops in this round have  
16 an average of 78 serious violations, and \$972,000 in  
17 arrears and 12 are in HPD enforcement programs such  
18 as AEP, 7-A and Underlying Conditions. The high  
19 number of violations in the HDFC co-ops in this round  
20 is especially troubling as this can be an indicator  
21 that shareholders either—either do not understand  
22 their responsibility as property owners or that many  
23 residents in these co-ops are, in fact, renters. In  
24 fact, we have observed a number of instances where  
25 these buildings do not function as genuine co-ops

2 with most of their units leased to tenants in  
3 substandard conditions. Because of bad governance  
4 and disrepair, homes remain vacant in many cases.  
5 Eleven co-ops in the round have ongoing litigation,  
6 including for lack of heat, hot water, gas, or other  
7 critical services. In addition, because the co-ops  
8 are so deep in municipal arrears and have such high  
9 rehabilitation needs, they are vulnerable to  
10 predatory lenders and investors. The conditions are  
11 not getting better with time, and they will get worse  
12 absent intervention through TPT. For the co-ops that  
13 remain in the action, there has been a 46% increase  
14 in the municipal charges owed to the city since the  
15 inception of this round in 2015 and Housing Code  
16 violations have increased by 25%. The best path  
17 forward to save these properties is HPD intervention  
18 through TPT, which will ensure needed renovations are  
19 made for the safety of residents and that  
20 affordability is guaranteed through Rent  
21 Stabilization and other regulatory protections. We  
22 would be abdicating our responsibilities if we did  
23 not intervene in these buildings. Our engagement  
24 process has been especially robust with HDFC co-ops.  
25 First, we deploy resources [coughs] to HDFC's

2 approaching financial distress to prevent them from  
3 becoming active in TPT in the first place. HPD has  
4 contracts with Neighborhood Housing Services and HS  
5 and Urban Homesteading Assistance Board you have to  
6 provide technical assistance and training to existing  
7 co-ops. The groups provide training on financial  
8 reporting, invoice and payment processes, service and  
9 contractor procurement, rent collection, building  
10 inspection and maintenance and tenant communication  
11 as well as guidance for buildings to access HPD  
12 loans, set up sound management practices and address  
13 outstanding debts. For co-ops that were included in  
14 the round we provided an opportunity to apply for  
15 Article XI Tax Exemption that would cancel their  
16 outstanding residential property tax liability. We  
17 later extended the application deadline for this tax  
18 exemption by 75 days and continued to work with HDFCs  
19 well beyond that deadline to ensure their  
20 applications were complete wherever possible. While  
21 TPT is the tool of last resort in distressed  
22 properties especially HDFC co-ops, HPD recognizes the  
23 importance of financially responsible homeownership  
24 for the stability of families in neighborhoods. We  
25 applaud Councilman Cornegy's Office of Affordable

1 Homeownership and agree that it is a critical tool to  
2 help low and moderate income New Yorkers secure  
3 housing stability and grow equity that can be passed  
4 along to future generations. That is why we are  
5 proud to say that since the beginning of Housing New  
6 York on January 1, 2014, we have financed over 11,000  
7 affordable homeownership opportunities across the  
8 five boroughs. Over 55% of these homeownership  
9 opportunities have been for very low or low-income  
10 households. Our Revised Housing Plan announced new  
11 homeownership programs including Open Door, a program  
12 to finance the construction of co-ops and condos for  
13 households earning between approximately \$69,000 to  
14 \$112,000, 80% AMI to 130% AMI for a family of three,  
15 and Home Fixed a modernized program that will provide  
16 home repair programs and other financial assistance  
17 and counseling for low to middle-income homeowners  
18 and we are doing much more on the homeownership  
19 front. [coughs] The Zombie Homes Initiative has  
20 allowed increased direct outreach to families in  
21 foreclosure and the development of targeted plans to  
22 secure abandoned homes. Through the Innovative  
23 Community Restoration Fund Program, HPD has purchased  
24 62 distressed Federal Housing Administration, FHA and  
25

2 Federal National Mortgage Association, Fannie Mae  
3 notes for 1 to 4 family homes containing a total of  
4 95 residential units in the Bronx, Brooklyn, Queens  
5 and on Staten Island. With Council Member Rafael  
6 Espinal and the Center for New York City  
7 Neighborhoods, we launched a new Homeowner Help Desk  
8 in East New York and continue to support the Center  
9 for New York City Neighborhoods in providing  
10 financial counseling and support for low-income  
11 homeowners across the five boroughs. We are  
12 providing down payment assistance to first time low-  
13 income homeowners from the South shore of-South Shore  
14 of Staten Island to Borough Park, Brooklyn and  
15 Flushing, Queens. We are collaborating with NYCHA to  
16 rehab and create affordable homeownership and homes  
17 that have been foreclosed by HUD and managed by NYCHA  
18 through the NYCHA Small Homes Program. We are  
19 extending affordability and rehabilitating to larger  
20 Mitchell-Lama co-ops like Striker's Bay an Clayton  
21 Apartments. We work-we worked with DEP to offer  
22 regulated affordable properties a water rebate of  
23 \$250 per unit. More than 75 HDFC cooperatives are  
24 expected to benefit from this program this year. We  
25 are seeing more interest by existing cooperatives in

2 our Preservation Financing programs including Green  
3 Housing Preservation Program, which provides low or  
4 not interest loans for small and mid-size building  
5 owners to make environment friendly upgrades to their  
6 homes. We are creating new HDFC co-ops through the  
7 Affordable Neighborhood Cooperative Program, and we  
8 are preserving permanent affordability for the  
9 community by establishing parameters for the sale,  
10 resale and inheritance of restricted housing and  
11 inclusionary housing. In 2000, the TPT program was  
12 the semi-finalist for the Innovations in American  
13 Government Award at the Kennedy School of Government  
14 in recognition of the creative way it targets the  
15 most problematic buildings in a community and ensure  
16 its residents can enjoy secure renovated homes for  
17 years to come. As New Yorkers face ever rising  
18 rents, and become more and more vulnerable to  
19 displacement because of unprecedented market  
20 pressures, TPT is as important as ever. While we  
21 continue to work with the Council to seek new  
22 strategies to protect tenants, we ask that you  
23 continue to support TPT as a vital part of the city's  
24 toolkit to keep people in their homes and protect the  
25 quality and affordability of those homes and

2 neighborhoods. I want to say a special thank you to  
3 Lisa Talma sitting to the left of me here today and  
4 her extraordinary—extraordinarily hard working and  
5 dedicated TPT team for the enormous effort and  
6 creativity that has gone into securing the best  
7 possible outcomes for the residents of these  
8 buildings over the last several years. Thank you  
9 again for the opportunity to discuss the importance  
10 of TPT in protecting tenants and stabilizing  
11 communities across the five boroughs. I look forward  
12 to answering any questions that you may have.

13 [pause]

14 SALVATORE D'AVOLA: Good morning. My  
15 name is Sal--

16 CHAIRPERSON CORNEGY: [interposing] Oh,  
17 wait. I'm sorry. Before you begin, I just want to  
18 say that we've been joined by Council Member Perkins,  
19 Council Member Grodenchik, Council Member—Council  
20 Member Espinal and Council Member Rosenthal. Thank  
21 you.

22 SALVATORE D'AVOLA: Good morning. My  
23 name is Salvatore D'Avola and I'm the Executive  
24 Director of Neighborhood Restore Housing Development  
25 Fund Corporation. I'd like to thank Council—Chairman

2 Cornegy and members of the City Council's Housing and  
3 Buildings Committee for allowing me to testify today.  
4 Neighborhood Restore is a non-profit organization  
5 that was created in 1999 to administer the Department  
6 of Housing, Preservation and Development's Third  
7 Party Transfer Program, and anti-abandonment program  
8 that seeks to improve the housing conditions and  
9 quality of life of New York City residents  
10 particularly those living in the most dilapidated  
11 buildings. Through changes to the city's Property  
12 Tax Law specifically Local Law 37 of 1996, abandoned  
13 and distressed properties are transferred from  
14 neglectful landlords to responsible new owners.  
15 Neighborhood Restore, which was created at the behest  
16 of HPD and with the support of Enterprise Community  
17 Partners and Local Initiative Support Corporation  
18 acts as the administrator and interim owner of  
19 properties that are in desperate need of intervention  
20 by the city. We work in close collaboration with HPD  
21 and our community-based partners to develop and  
22 ensure the maintenance of safe, affordable housing  
23 and oversee the stabilization, management and  
24 rehabilitation planning of distressed properties in  
25 order to preserve and create affordable housing

opportunities for low-income New Yorkers. Since 1999, 522 properties totaling over 6,800 units of housing located throughout New York City's five boroughs have been included in the TPT program. The vast majority of properties that enter the program are multi-family privately owned occupied building. However, vacant land and vacant buildings that are blights to their communities have also been included for intervention by the city of New York. In addition, many former Housing Development Fund Corporation cooperatives more commonly known as HDFC co-ops have been included in the TPT program over the years. Similar to the privately owned, distressed and abandoned properties earmarked for intervention, these HDFC co-ops are awash in municipal debt and in need of substantial rehabilitation that can only be thoughtfully accomplished through the inclusion in the program. In order for the buildings to remain safe and affordable, for its existing and future residents, the city's intervention is needed. If not for the TPT program, these troubled HDFC co-ops run the risk of further abandonment and falling prey to private equity investors seeking to capitalize on the buildings' troubles and thwart any effort at keeping

1    them affordable. Through the TPT program HPD  
2    initially conveys properties to Neighborhood Restore  
3    as interim owner, which provides an opportunity to  
4    establish relationships with the tenants, stabilize  
5    the properties by addressing the most urgent and  
6    hazardous repair, seek rehabilitation financing, and  
7    prepare for the final transfer to the community-based  
8    organizations selected by HPD through a competitive  
9    process. During Neighborhood Restore's interim  
10   ownership, the community based organizations act as  
11   property managers and handle the day-to-day  
12   management of these properties while planning for  
13   their rehabilitation in coordination with HPD and  
14   private lenders providing the necessary financing.  
15   Once the rehabilitation financing is in place,  
16   Neighborhood Restore transfers title to the  
17   properties to the new community-based owners who  
18   oversee their construction and upon completion the  
19   re-occupancy by the tenants. I've been the Executive  
20   Director of Neighborhood Restore for the past 12  
21   years having overseen the transfer of five rounds of  
22   TPT program and currently preparing for a new round  
23   of properties that are scheduled to transfer later  
24   this year. During my tenure, I have walked through  
25

1 many buildings and have first hand knowledge of the  
2 deplorable living conditions that tenants have been  
3 subject to prior to their building's inclusion in the  
4 TPT program. Malfunctioning and inoperable boilers  
5 causing heat and hot water issues; leaky roofs and  
6 plumbing pipes triggering the growth of mold and  
7 collapsed ceilings, broken windows and unsecure of  
8 non-existent apartment and front door locks,  
9 structural hazards and blatant illegal and illicit  
10 activities. I have also been fortunate enough to see  
11 how these same buildings after their rehabilitation  
12 and restructuring through the program have been  
13 revitalized and how the lives of the tenants have  
14 been transformed and significantly improved. The TPT  
15 program is a highly successful and innovative  
16 affordable housing preservation program that prevents  
17 the displacement of the city's most vulnerable  
18 tenants, improves their living conditions and  
19 provides the necessary public-private financing that  
20 transforms these properties from their blighted state  
21 into community assets. The collaboration between  
22 HPD, Neighborhood Restore and its community based  
23 partners has been essential to the program's success.  
24 The TPT program is a forceful and effective anti-

2 displacement and anti-abandonment effort that helps  
3 to increase the quality of affordable housing for New  
4 York City's low-income families, stabilize  
5 neighborhoods, and positively impacts that overall  
6 wellbeing of New York City. I thank you for your  
7 time and interest in our work. I'm happy to answer  
8 any questions.

9 CHAIRPERSON CORNEGY: Thank you so much  
10 for your testimony and the Administration. I am  
11 going to step away for one second, and in my absence  
12 this hearing will continually be chaired by the  
13 Honorable Carlina Rivera. I'm leaving you in capable  
14 hands—capable hands. I will return shortly.

15 [background comments, pause]

16 ACTING CHAIRPERSON RIVERA: Hi, thank you  
17 so much. Good morning, and thanks to everyone for  
18 being here. I think a lot of us, if not all of us  
19 here—up here have HFDCs in their district that are in  
20 distress. So, I want to thank you for giving us some  
21 details on the program, and why you think it's  
22 necessary considering the financial and physical  
23 distress of some of these buildings? Before I get  
24 into my—my personal feelings on the program and some  
25 of the experiences, and stories I've heard from some

2 of the residents, and—and I in District 2 have  
3 thousands of HDFC units. So, this is an issue that's  
4 very, very important. I just wanted to go through  
5 some timeline and process and get a little—dive a  
6 little bit deeper into how you reach tenants, and  
7 what intervention is like, and really what has  
8 transpired over the last I don't know, 22 years. I  
9 saw 1996 mentioned in here in terms of legislation,  
10 but I also saw dates like 2015. So, I want to get an  
11 idea of what has happened over the last few years.  
12 Considering that some--many of these buildings have  
13 been in trouble for a very, very long time. So, how  
14 many HDFC co-ops went through their rounds of TPT,  
15 and of those buildings, can you say how many have  
16 been restored to co-ops? So, my question to you is  
17 what is the success rate in your opinion? In my  
18 humble opinion, the definition would be a building  
19 went through the program and was able to be restored,  
20 fixed and then operated independently by the people  
21 who poured the sweat equity into the property to  
22 begin with.

23 ASSOCIATE COMMISSIONER DARGA: Okay. So,  
24 TPT has existed since 1996, and we have transferred  
25 over 520 properties with over 6,000 units through the

2 program. There has been around of TPT basically  
3 every year to every other year up until more  
4 recently. This round has--there's been a gap between  
5 Rounds 8 and 9 and the current round, which is Round  
6 10. Rounds 8 and 9 the transfer happened nearly a  
7 decade ago now. So, it's certainly been some time.  
8 To date, there have been 74--I just want to double  
9 check my number. 74 co-op buildings comprising about  
10 1,600 units that were transferred in the previous  
11 rounds, and most of those became renter--rentals after  
12 transfer.

13 ACTING CHAIRPERSON RIVERA: You said  
14 1,600?

15 ASSOCIATE COMMISSIONER DARGA: 1,600  
16 units, 74 buildings.

17 ACTING CHAIRPERSON RIVERA: And what was  
18 the total number?

19 ASSOCIATE COMMISSIONER DARGA: The total--

20 ACTING CHAIRPERSON RIVERA: [interposing]  
21 You had 6,000, right? Nearly 6,000?

22 ASSOCIATE COMMISSIONER DARGA: Over  
23 6,000.

24 ACTING CHAIRPERSON RIVERA: So, at what  
25 point does HPD pull a property from TPT? So, if a

2 property has made progress in resolving debt, but has  
3 not done some so completely, will HPD still put it in  
4 TPT, and if not, at what point does HPD make the  
5 decision to pull it?

6 ASSOCIATE COMMISSIONER DARGA: So, the  
7 properties that are selected TPT are properties that  
8 have the most severe financial and physical distress  
9 including the HDFC cooperatives. This process for  
10 this round specifically started in 2015, and at the  
11 time there were over 400 properties that were  
12 selected to participate in this action, and in order  
13 to get out of the action, properties need to actually  
14 enter into payment agreements or to pay their  
15 municipal charges. To date, approximately 70% of the  
16 original properties that were in the Round have  
17 successfully redeemed. So, we are currently down to  
18 132 properties. The properties that remain are  
19 certainly distressed with as I mentioned in the  
20 testimony hear \$700,000 in municipal arrears per  
21 building, and nearly 60 hazardous violations per  
22 building. In order to get out of the action, the  
23 remaining properties will need to either enter into  
24 payment agreement if they're still in a mandatory  
25 redemption period or will need to pay 100% of the

2 outstanding municipal charges, and yeah. So, that's  
3 where we are now.

4 ACTING CHAIRPERSON RIVERA: So, some of  
5 the buildings are eligible for TPT even though they  
6 might not meet your definition of distressed,  
7 correct?

8 ASSOCIATE COMMISSIONER DARGA: So, as I  
9 mentioned, we select the properties that are the most  
10 financially and physically distressed. They don't  
11 have to be statutorily distressed, but they generally  
12 are either physically or financially, they would meet  
13 the criteria. For the co-ops that are remaining in  
14 the Round, 60 of those buildings have a lien to value  
15 ratio, which is the amount of the municipal liens,  
16 DOF charges, DEP charges in relation to the value of  
17 the property. They have a lien-to-value ratio of  
18 over 110%, and on average and all but two have a  
19 lien-to-value ratio above 15%, which is the trigger  
20 for statutorily distressed. For physical issues the  
21 HFC co-ops that remain in the action 47 of the 62  
22 actually meet the definition of physical distress as  
23 well, which for us I think is fairly surprising  
24 because in order to meet the physical distress  
25 criteria, that would mean that residents are calling

2 in violations, and in an HDFC co-op that was all  
3 shareholders, that would shareholders calling in  
4 violations on themselves even though they are the  
5 owners of the property. It could also mean that  
6 there are actually a significant number of renters in  
7 these buildings, and so they're calling in  
8 violations. And some of those violations are  
9 resulting in ERP charges. I just want to clarify the  
10 statutory distress level is pretty high, right? You  
11 would need five—you would need five HPD violations  
12 per unit or ERP charges of at least a thousand  
13 dollars.

14 ACTING CHAIRPERSON RIVERA: [coughs] So,  
15 how many of these buildings are both physically and  
16 statute--[background comments]—and—and how many are  
17 both physically and financially distressed? Because  
18 I'll tell you a lot of our experiences are the money  
19 that these buildings do have are not even enough to  
20 cover the capital repairs. So—so, can you give me—I  
21 saw your—the PowerPoint had what was more like the  
22 average and not the range. So, how many are both  
23 physically and financially distressed?

24 ASSOCIATE COMMISSIONER DARGA: So, as I  
25 mentioned, all of these have either financial or

2 physical distress, and even if there's not physical  
3 distress because there are—people aren't calling in  
4 violations, there is—all of these buildings have  
5 financial distress at this point in time, and I just  
6 want to step back for a second. While, you know,  
7 we're in this situation today. All of the HDFC co-  
8 ops have had access to the range of assistance that  
9 the city can provide. We had a technical assistance  
10 contractor I mentioned in the testimony. We also  
11 have a range of financing programs that HDFC rents—  
12 sorry, renters—rentals. Sorry, rentals as well as  
13 HDFC cooperatives have access to. So, a building  
14 that had financial issues, and wasn't able to for  
15 example, repair a boiler, or replace the roof, could  
16 certainly apply for financial assistance through HPD,  
17 and we've actually had a number of HDFC co-ops since  
18 the beginning of this administration that have taken  
19 advantage of those programs. We've also offered an  
20 Article XI tax exemption, which would wipe out the  
21 residential property tax liability, and very few of  
22 the HDFC co-ops have fully taken advantage of those  
23 resources. The properties that remain are very  
24 distressed, and I think actually it might be useful  
25 to hear a little bit from Sal D'Avola about the types

2 of conditions that we see in—in these types of  
3 properties at the point of transfer. So, I don't  
4 know, Sal if you want to mention some of the  
5 conditions that we've seen.

6 SALVATORE D'AVOLA: Sure. In my  
7 experience the buildings that have come through the  
8 program are ones that are—that are physically in—in  
9 horrendous conditions when—when they come to us. I  
10 mean you saw some of the photos. That's just sort of  
11 a snapshot of the buildings. The buildings have been  
12 abandoned. There are, you know, the heat and hot  
13 water if it's working, people that, you know, living  
14 in squalor in most instances because there's been no  
15 attempt at trying to address any of the conditions in  
16 these buildings. One of the first things that we do  
17 when we take title, and—and our community partners  
18 are engaged as property managers is we do a walk-  
19 through in the buildings immediately to determine  
20 what are the most hazardous and immediate conditions  
21 that need to be addressed, and we put in place a  
22 stabilization plan to address those conditions within  
23 the first 60 to—60 to 90 days of actually taking  
24 title to those buildings.

2                   ACTING CHAIRPERSON RIVERA: So, I just  
3 want to say in defense of the tenants that a lot of  
4 these tenants went into these buildings when no one  
5 wanted to live in these neighborhoods, and they  
6 cleared out these buildings using their hands, and  
7 they became experts in-in-in sweat equity and trying  
8 to maintain the building, and I think many that  
9 you'll probably hear from today are going to argue  
10 that there intervention has come too little too late.  
11 And so, they're at the point where their buildings  
12 are in financial distress and are in need of serious  
13 capital repairs, but financially they haven't been  
14 able to operate as responsibly as they would have  
15 liked, and they do appreciate HPD intervention, but  
16 there is a difference between assistance and  
17 takeover. So, I think you're going to hear a little  
18 bit about that [applause] Well, no, no, don't-don't  
19 clap, don't clap, don't clap. Just don't-just don't  
20 clap because then, you know, it's like a rule. So,  
21 but there are some organizations that you work with  
22 that you mentioned in your testimony that I know are  
23 present, especially in the Lower East side, and this  
24 is my last question before I turn it over to my  
25 colleagues. Can you tell me a little bit about

2 UHAB's role in the TPT process? I know that they-  
3 they're very present in the Lower East Side, and I  
4 want to gauge their capacity because they have some  
5 very brilliant people on-on staff at UHAB, but I'd  
6 like to know their capacity in taking on some of  
7 these buildings and whether there-just their role if  
8 you could describe that to us.

9 ASSOCIATE COMMISSIONER DARGA: Okay. So,  
10 maybe I'll start with UHAB's role in relation to this  
11 Round of TRT and Anne-Marie Hendrickson can speak  
12 more about the current resources including UHAB. So,  
13 at the commencement of this action in 2015, UHAB had  
14 the-the Contract for Technical Assistance, and did  
15 actually reach out to the HDFC Co-Ops that were  
16 active in the action. Beginning in 2016, NHS took  
17 over that contract and they subsequently also reached  
18 out to the co-ops that were active in the action.  
19 So, there-and-and these technical assistance,  
20 resources have existed for a long time. So, Anne-  
21 Marie, do you want to talk specifically about the  
22 role of the organizations today?

23 DEPUTY COMMISSIONER HENDRICKSON: Sure.  
24 Good morning. In terms of the-the technical  
25 assistance contracts, as Kim indicated, you UHAB had

2 had that contract for many years and—and did a really  
3 great job at administering the contract. The  
4 contract did change hands in 2016 to Neighborhood  
5 Housing Services, and they've continued to provide  
6 that same technical assistance that UHAB had  
7 provided. That includes financial counseling. That  
8 includes mediation. That includes helping to prepare  
9 budgets and financial planning for the buildings. It  
10 also has consisted of steering and assisting  
11 buildings to get preservation loans whether it's been  
12 at HPD or through CPC or some of the other affordable  
13 housing providers. So, we continue to play that  
14 role, and for this particular round for the co-ops,  
15 we actually did additional outreach to them because,  
16 you know, clearly we want to keep people in their  
17 homes. We want people to stay homeowners to the  
18 extent that they are responsible, and I think that  
19 was why we promulgate and put out the Article XI  
20 exemption. Just for clarity, the Article XI covers  
21 the real estate taxes, and we're looking to hopefully  
22 have some of the co-ops benefit in getting a  
23 retroactive Article XI, which will take care of at  
24 the real estate part—the real estate portion of the  
25 taxes. We've asked people to go into DEP payment

2 plans, and that's what the training contractors do is  
3 help them get into payment plans, financial modeling.  
4 So, again, we want to encourage people to take  
5 advantage of that, and the good news is that two co-  
6 ops actually were able to complete the checklist, and  
7 were approved very recently by the City Council. So,  
8 I'm going to say thank you for that. We do have  
9 additional co-ops that are still continuing the  
10 checklist including the young man who spoke earlier  
11 this morning about his building not having a tax  
12 exemption. This is one of the buildings that, you  
13 know, the training contractor is working with. We  
14 are—they are completing the checklist, and hopefully,  
15 we'll be able to submit that application to the City  
16 Council shortly. So, again the goal of the training  
17 contractors and HPD is to intervene to provide  
18 whatever technical resources the—the co-op needs  
19 whether that's financial, whether that's physical and  
20 the idea is again to ensure that they can stay in  
21 their homes and that we can ensure that they remain  
22 financially viable over the long term. Thank you.

23 ACTING CHAIRPERSON RIVERA: And, you  
24 know, we want to work with you and we can talk a  
25 little bit about outreach because you mentioned

2 several points of contract that I'd love details on,  
3 but before we do that, I'd love to turn it over to my  
4 colleagues for any questions, and we've been joined  
5 by Council Member Fernando Cabrera. Hi, and Council  
6 Member Perkins as well. Oh, we have questions.  
7 Council Member? No.

8 COUNCIL MEMBER ESPINAL: Yeah, I have  
9 one. How is everyone doing? Thank you, Madam Chair  
10 Woman. So, in my district we have some buildings that  
11 we've been trying to petition to get onto the HT-HDFC  
12 program, but we realized that the program does not  
13 take any units—any—any applicants that have less than  
14 10 units. Is there a reason for that? You know,  
15 these buildings are dilapidated. They're—they're  
16 people who want to take ownership of their buildings,  
17 and do have a stake in the neighborhoods, but because  
18 of this rule they're not able to do that.

19 ASSOCIATE COMMISSIONER DARGA: Yeah. So  
20 there is an option for properties that are currently  
21 rentals to petition to become cooperatives. There  
22 are rules that govern that process. Buildings have  
23 to be at least ten units in size, and they need to be  
24 at least 50% occupied, and those requirements come  
25 from a long time of working with small buildings and

2 with co-ops specifically, and really come out of the  
3 intention to make sure that the buildings are set up  
4 for long-term success particularly for co-ops  
5 smaller—the smaller the co-op is the more active  
6 every single resident in that building needs to be.  
7 So, for a five-unit co-op, for example, to get to 80%  
8 participation, which is what we use as a threshold  
9 for successful engagement in government, you would  
10 basically need four out of five or five out of the  
11 five households to be active in ongoing constant  
12 governance, and what we found is that the smaller co-  
13 ops really struggle. So, if you have one two units  
14 where there's issues, you start to actually have  
15 significant challenges.

16 COUNCIL MEMBER ESPINAL: Right. Are  
17 there any exceptions that—that are made for—for  
18 buildings that—that can show that the—that the  
19 tenants are willing to be active?

20 ASSOCIATE COMMISSIONER DARGA: Yeah.  
21 There are not exceptions. This is a rule. So, you  
22 know, certainly we could talk about longer term  
23 whether there be modifications to that but, you know,  
24 this comes out of like I said a long time of working  
25

2 with co-ops, and because it's a rule we can't make  
3 individual exceptions.

4 COUNCIL MEMBER ESPINAL: Okay. I'll be in  
5 touch because there is actually more than one  
6 building. I have actually a cluster of buildings  
7 that--

8 ASSOCIATE COMMISSIONER DARGA:  
9 [interposing] Okay.

10 COUNCIL MEMBER ESPINAL: --that--that want  
11 to be part of this program or kind of be able to act  
12 as any other sort of programs. That would be helpful  
13 to keeping them in their building.

14 ASSOCIATE COMMISSIONER DARGA: Great.  
15 Look forward to talking to you.

16 COUNCIL MEMBER ESPINAL: Thank you.  
17 [pause]

18 ACTING CHAIRPERSON RIVERA: We've been  
19 joined by Councilwoman Helen Rosenthal from the great  
20 borough of Manhattan, and Council Member Margaret  
21 Chin.

22 COUNCIL MEMBER ROSENTHAL: Great. Thank  
23 you, Council Member Rivera. Thank you for coming  
24 before the committee. You guys obviously have been  
25 working really hard on this, and I know that folks

2 from the HDFC community were concerned previously,  
3 you know, a year or so ago and, you know, you redid  
4 the pause button and come back. So, this is great.  
5 why—why do you think—I just spoke with someone in my  
6 community who handed me a list of buildings, and  
7 there are a lot of buildings on here, maybe 30, that  
8 don't really want to see this happen, and I'm just  
9 wondering why? You know, it's always the case. You  
10 come up with a program. It works for the vast  
11 majority. There are some outliers who can tinker  
12 with the outliers, but I'm—I'm just surprised to see  
13 such a long list. [pause]

14 ASSOCIATE COMMISSIONER DARGA: The—so,  
15 let me—I want to make sure I understand the question.  
16 The question is about why we would include these  
17 properties in the action. Okay. So, the—as I  
18 mentioned before, and tried to articulate in the  
19 testimony, the—the HPD tried to select the properties  
20 for TPT where there are substantial physical and  
21 financial issues, and where a change in ownership or  
22 other intervention is really necessary potentially  
23 to actually effectuate change, and to ensure the  
24 stabilization of the property.

25 COUNCIL MEMBER ROSENTHAL: I got you.

2 ASSOCIATE COMMISSIONER DARGA: Okay.

3 COUNCIL MEMBER ROSENTHAL: So, are you—do  
4 you—are you concerned? I'm—I'm not quite  
5 understanding what you're saying, and I'll tell you  
6 why. In my home I—if something is broken, I want to  
7 repair it, right. I imagine that is true for  
8 everyone. So, what this—the program you're offering  
9 is one that would offer fixes to a building. Why  
10 would anyone not want that?

11 ASSOCIATE COMMISSIONER DARGA: Uh-hm.

12 COUNCIL MEMBER ROSENTHAL: In other  
13 words, I'm—I heard you mention it's buildings where  
14 they have multiple violations, et cetera. I—I  
15 respect that. I mean did you go and visit all of  
16 those buildings. And talk to the tenant leaders and  
17 answer their questions?

18 ASSOCIATE COMMISSIONER DARGA: Okay. So,  
19 let me take that in two parts. I think you know, any  
20 time there's change it can create uncertainty, and it  
21 can be scary. I think we understand that. This is an  
22 intervention for us of last resort, and it allows us—  
23 this is a process by which we have an opportunity—the  
24 city has an opportunity to actually eliminate the  
25 financial arrears that the property has to invest

2 substantial resources in improving the physical  
3 condition of the properties, and ensuring  
4 stabilization, and so I-I, you know, I-I understand  
5 that people would feel anxious about it. At the end  
6 of the day, the underlying thing that we're able to  
7 achieve is stabilization and affordability for the  
8 residents, if there were another way that we could  
9 get to the same outcome, we certainly are interested  
10 in doing that. In fact, you know, we have many, many,  
11 many programs that assist both rental properties that  
12 are in distress as well as HDFC cooperatives that are  
13 in distress. We have, you know, a range of financial  
14 and financing programs that folks would have access  
15 to that help do renovations, that provide tax  
16 exemptions. As Anne-Marie Hendrickson mentioned, we  
17 have technical assistance contracts. We've had that  
18 historically for HDFCs, but we are now piloting a new  
19 program also for rental property owners. So,  
20 landlords that may, you know, not fully understand  
21 the tools that are available and how to access them.  
22 So, we certainly would be interested in stabilization  
23 outside of this, but what we found is that given the  
24 issues that exist in these buildings today, that it  
25 is almost impossible to stabilize without a transfer

2 of ownership, and eliminating the financial arrears,  
3 and the only way to do that is to go through this  
4 process.

5 COUNCIL MEMBER ROSENTHAL: Chair, with  
6 your indulgence, I'll just finish this up. Thank you  
7 for that. I think what I was-thank you for that, and  
8 I understand the meta picture that you're describing,  
9 and I've certainly been in situations where the  
10 loudest voices don't want to do the change that I've  
11 supported, and, you know, I knew it was the right  
12 thing to do so I kept moving forward, but one thing  
13 I'll say is that in that situation, I sat down with  
14 all of the people who were opposed, and really  
15 understood deeply what their concerns were, and I  
16 understand the change is hard. I mean we all sort of  
17 joke about it and don't joke about it, but when I  
18 listened really hard on these issues, yes change is  
19 hard. You have to-that can't be the answer because  
20 there has to something. You know, we're talking  
21 about really intelligent people who are trying and  
22 want to stay in their homes, and want ownership. So,  
23 I feel like something-a part of the story is missing,  
24 and I don't-I really would like to know from HPD that  
25 you guys feel-I want to know that you know the

2 underlying reasons, and that you've addressed,  
3 thought about, addressed those reasons. I think this  
4 is going to be one of those hearings where you've  
5 presented the project, and I see ten panels lined up  
6 of people who are going to provide objections, and we  
7 could listen really hard in trying to cull out, you  
8 know, why they're objecting, but I think it's  
9 incumbent on you guys to have a really good answer to  
10 the question why are people objecting, and why are  
11 you confident that you've met those—you understand  
12 those objections. Does that make sense?

13 ASSOCIATE COMMISSIONER DARGA:

14 Absolutely. So, we know that not every owner of  
15 every one of these buildings had bad intentions,  
16 right. I think there are a lot of people here that  
17 have certainly worked—probably worked really hard to  
18 ensure the viability of their building and, if, you  
19 know, the—there are circumstances now that make it  
20 very, very difficult to be successful. This is a—I  
21 mentioned this is really our tool of last resort. We  
22 have a range of other tools that can intervene on the  
23 enforcement side or on the—the incentive side, and  
24 so, we do take this very seriously.

2 COUNCIL MEMBER ROSENTHAL: [interposing]

3 Well, sure.

4 ASSOCIATE COMMISSIONER DARGA: We don't--  
5 we don't put every confidence (sic) here. On the--  
6 kind of the outreach engagement component, which I  
7 think is also part of the question, we--you know, we  
8 certainly have met with the HDFC Coalition and  
9 corresponded with them regularly in the last couple  
10 of years including about properties in this action.  
11 So, you know, that's been part of the ongoing  
12 conversations. We also have personally, our Asset  
13 and Property Management Team has personally reached  
14 out to the properties, the HDFCs that are--remain the  
15 action. UHAB and then NHS also reached out to all of  
16 the properties in the action. We also flyered the  
17 properties and made sure that residents were aware of  
18 what was going on. So, we have certainly I think  
19 really tried to engage on that level, and we did get,  
20 you know, there were a fair number of properties that  
21 have responded and really tried to work with us, or  
22 with the technical assistance provider to address  
23 some of the underlying issues, and more than 70% of  
24 the properties that started have actually redeemed  
25 and gotten out of the action. The properties that

2 remain are ones where the issues are immense and  
3 where being able to actually turn the property around  
4 now without substantial change in operation and  
5 ownership is, you know, it is really very, very,  
6 very, difficult and so, this is the way that we  
7 actually can get to the stabilization.

8 COUNCIL MEMBER ROSENTHAL: Okay, I mean I  
9 guess [coughing] I was need it—Oh, Anne-Marie.

10 DEPUTY COMMISSIONER HENDRICKSON: Council  
11 Member, if I could just add on just a few things  
12 particularly on the co-ops. There are 62 co-ops left  
13 in the Round. There were 111 when it started. So,  
14 the good news is many were able to go into those  
15 payment plans. You know, it was kind of like the  
16 wakeup call to them. As you know, co-ops are not  
17 included in tax lien sales. They only are eligible  
18 for TPT, and I think that when people were notified  
19 in 2015 with the assistance of our training  
20 consultants you had at the time who did extensive  
21 outreach to everyone, they were able to get at least  
22 20 co-ops that went into payment plans, got loans.  
23 You know, had functioning boards, and were able to  
24 kind of really put that financial plan together. Of  
25 the remaining 62 co-ops that are in the Round, 25 of

2 them took advantage and applied for the Article XI.  
3 So, again, it shows that sometimes when pushed,  
4 people react and they will come together and look to  
5 try to see if they could stabilize the plan. I think  
6 in addition to hearing from some of the panels,  
7 you'll hear from the residents. You're going to hear  
8 from a lot of happy residents, and happy developers  
9 who have managed to stabilize those properties. So,  
10 I think it's a balanced type of act that we're trying  
11 to get to, and we do want to talk to everybody.  
12 Anybody who wants to engage the co-ops that's doing  
13 the Round, we are still more than happy to continue  
14 working with them on the Article XI and seeing that  
15 as a tool that can help them put a better financial  
16 plan together. We have our preservation programs  
17 that Kim described. So, again, outreach is  
18 important. I think we did a pretty extensive outreach  
19 effort here, but we can always do better. So, we  
20 welcome talking to you more about what we can do  
21 better, and how we can continue to work to see if we  
22 can stabilize those co-ops.

23 COUNCIL MEMBER ROSENTHAL: Okay. I think  
24 you really answered my question, and I want to make  
25 sure everyone here heard what I heard, and then tell

2 me if I didn't hear it correctly. What I heard is  
3 yes there are other options, and if there's an HDFC  
4 here that wants to use a different option, that  
5 things that an Article XI, a new loan could address  
6 the problems in your building, and you'd like to  
7 pursue that, they can come and meet with—?

8 DEPUTY COMMISSIONER HENDRICKSON: [off  
9 mic] Me, like for any—

10 DEPUTY COMMISSIONER HENDRICKSON: Do you  
11 want to give out your email address or phone number?  
12 How does that work?

13 COUNCIL MEMBER ROSENTHAL: Sure, sure. I  
14 mean anybody can email me at [henderica-h-e-n-d-r-i-c-](mailto:henderica-h-e-n-d-r-i-c-a@hpd.nyc.gov)  
15 [a@hpd.nyc.gov](mailto:henderica-h-e-n-d-r-i-c-a@hpd.nyc.gov). Okay, I think the only challenge here  
16 that I just want to be clear about is that as the  
17 action started in 2015, we're in the third year, and  
18 mandatory redemption at this point on this as Kim  
19 described has ended for every borough except  
20 Manhattan. So, that means that for any building  
21 that's still in the action outside of those in  
22 Manhattan, they would need to have to pay 100% of  
23 those municipal charges. So, it gets challenging the  
24 longer it goes on. Okay, but we are still open to  
25 talking with them. Again, people can email me, and

2 I'll be here if they need my email again. They can  
3 reach out to our training contractor in HS. They can  
4 reach out to UHAB that also provides classroom  
5 training. So, again, we are available, but time is  
6 of the essence, okay because the clock continues to  
7 tick, and particularly Manhattan. If people are very  
8 interested in getting to those payment plans, the  
9 time is now. Okay, we can just do 50% as opposed to  
10 having to pay in full. Thank you.

11 COUNCIL MEMBER ROSENTHAL: Thank you.

12 ACTING CHAIRPERSON RIVERA: So, I just  
13 want to acknowledge and I'm glad that you mentioned  
14 time. I think that some of the issues here is some  
15 of the tenants, I should say co-op, co-operators have  
16 been in these buildings since the late '70s, the  
17 '80s. So, decades, multiple generations of families,  
18 and so, you know, for a 2015 program to elapse, and  
19 to be so intense and to be so quick as you're right,  
20 time is money. You know, there's a sense of wanting  
21 to just feel respected for what they have done and—  
22 and really how they've created communities and places  
23 where—that was neglected and that was abandoned, and  
24 so I think the profile of some of these buildings is,  
25 you know, I know there's a concentration uptown.

2 There's a concentration in my own district. It's  
3 this fear unfortunately of 34 years of speculation  
4 that has already gone on. So, people just want to  
5 be able to feel independent still and, of course, the  
6 homeownership opportunities are so important. SO, I  
7 want to acknowledge my—my other colleagues that have  
8 joined me, Council Member Gjonaj, Council Member  
9 Torres, and Council Member Margaret Chin, and I want  
10 to turn it over to you all for any questions that you  
11 may have.

12 COUNCIL MEMBER CHIN: Good morning. It's  
13 a busy day because I was at the Youth Service.  
14 There's a very important hearing going on there.  
15 Looking over your testimony, you just talk about  
16 there were—there are 62 co-ops right now in the  
17 current Third Party Transfer Round, and then you  
18 mentioned that 25 have opted into the Article XI so  
19 that you're—there's only 37 that are problematic?

20 DEPUTY COMMISSIONER HENDRICKSON: Twenty-  
21 five—just to clarify. Twenty-five of the co-ops—of  
22 the balance of the 62 have applied for the Article XI  
23 exemptions meaning that they are going through the  
24 checklist process, okay, which really, this checklist  
25 process is supposed to give you an idea of what it

1 contains. It's really just indicative of a well  
2 performing co-op. We're looking to make sure they  
3 have financial audits. Making sure they've had  
4 recent elections, they have a current rent role. So,  
5 it's really just having some of the essentials of  
6 cooperative housing. Some of those co-ops on the—of  
7 the 25, 2, as I spoke about earlier, have actually  
8 completed the checklist and were approved for the  
9 Article XI. We do expect to submit additional co-ops  
10 to the Council for Article XI exemptions as they  
11 complete the checklist. So, that's something that  
12 people are working on. We're working with the HDFC  
13 Coalition to see if we can assist them in completing  
14 that checklist, and having an opportunity to apply  
15 for the Article XI. Now, I do want to caution that  
16 the Article XI deals with just the residential real  
17 estate taxes. The co-op still needs to demonstrate  
18 that they can, you know, handle their DEP, and any of  
19 the municipal charges that may exist, and they also  
20 need to give us a plan for how they would correct the  
21 physical conditions, and that's why Kim spoke so  
22 extensively about the loan products that we have HPD,  
23 the Green Preservation Program and some of those  
24 other programs because they have very high counts of  
25

2 code violations, and we want to make sure that those  
3 get addressed. I mean these are people. You know,  
4 people live in these buildings, as you know. We want  
5 to make sure the point of TPT is that it provides  
6 that stabilization. It provides that—those repairs,  
7 those sorely needed repairs for the residents that  
8 they cannot just stay in affordability, but in good  
9 quality housing as well.

10 COUNCIL MEMBER CHIN: I think one of the  
11 most important points, I think especially for the  
12 residents who are in the co-op is that through sweat  
13 equity I mean they just went through so much to help  
14 maintain their affordable homes and continue in the  
15 neighborhoods to build up the neighborhood, and now  
16 all of a sudden, a lot of the neighborhoods that they  
17 live in, are very pricy now, and there is a lot of  
18 speculation going on. And, I think it's so important  
19 for us to really do everything we can to help them  
20 maintain that whole ownership opportunity because  
21 when you look at the city, working families, middle-  
22 income, moderate income, low-income, there is not  
23 that many homeownership opportunities at all. Right,  
24 we have Mitchell-Lama co-ops went private in my  
25 district selling for over a million dollars. No more

2 waiting lists. No more opportunities for middle  
3 income or moderate income working families. So, these  
4 HDFCs for over 30 years have struggled, and we want  
5 to make sure that that home ownership opportunity  
6 remains. So, even with your Third Party Transfer  
7 Program, I think—is that—is that a guarantee or  
8 something in place that once problems are fixed and  
9 the buildings, you know, get back in good shape that  
10 people don't lose that homeownership opportunity.

11 [applause]

12 SERGEANT-AT-ARMS: Folks, no clapping.

13 ASSOCIATE COMMISSIONER DARGA: So, as  
14 part of TPT, when properties are transferred through  
15 the program, the—the owner prior to transfer cannot  
16 become the owner again after transfer. I do want to  
17 be very clear, though. This is a non-displacement  
18 program. So, I think you heard from some of the  
19 residents on the—actually, I'm not—not sure that  
20 everybody was here at the point in time the first  
21 resident spoke, but there were two residents that  
22 were in properties that were former co-operatives  
23 that are in TPT buildings. They are affordable  
24 renters—rentals now. The residents are able—the have  
25 plenty of affordability protections. They become

2 rent stabilized residents with a rent stabilized  
3 lease and all the protections that come with that.  
4 Their rents don't exceed their—what their prior  
5 maintenance amount was or 30% of their income. So,  
6 there are substantial affordability protections here,  
7 but it is—we cannot actually allow a co-op then to  
8 become a cooperative with the same residents again.

9 COUNCIL MEMBER CHIN: Well, that's  
10 something that I really urge you to look at again  
11 because for a lot of the families who work so hard  
12 and—and these are unique circumstances. That's why  
13 it should not be one size fits all. You really have  
14 to drill down to individual buildings, and it might  
15 take some resources from HPD, but it's necessary that  
16 we don't want someone who have worked so hard to  
17 become a homeowner to lose that opportunity. So, I  
18 really urge you to really look at that, and the other  
19 question that I want to raise is that Council Member  
20 Rivera and I, you know, we share—we border each  
21 other's district, and we have Cooper Square in her  
22 district, but it works in my district, too. The  
23 whole idea of a—you know, they were community land  
24 trusts, and within Cooper Square they work with a lot  
25 of HDFC, and they're able to provide that support.

2 So, that's something that I also want to see HPD can  
3 continue to explore to help some of the different  
4 neighborhood HDFC to see if they can also develop  
5 these community land trusts so that we can ensure  
6 that affordable homeownership will continue to be  
7 strong, and thrive in these working class  
8 communities.

9 ASSOCIATE COMMISSIONER DARGA: Yeah,  
10 absolutely, and, you know, as part of the  
11 administration in the last four years we've certainly  
12 tried to expand opportunities for affordable  
13 homeownership including looking at community land  
14 trusts and are actively working with a number of  
15 organizations now to develop those, and it may  
16 actually be worth taking a minute to explain or  
17 describe some of the affordable homeownership work  
18 that we are doing. You know, we have down payment  
19 assistance programs that have served hundreds of  
20 families in the last couple of years. We have home  
21 repair programs, and as part of Housing New York 2.0,  
22 announced a new home repair program for 1 to 4 family  
23 owner-occupied residences that will provide repairs  
24 and financial counseling and other types of  
25 assistance. We have—we have financing new

2 cooperatives through Open Door and the Affordable  
3 Neighborhood Cooperative Program, NYCHA's Small Homes  
4 Rehab. We continue to support the Center for New  
5 York City Neighborhoods to provide financial  
6 counseling and assistance for home owners. We have a  
7 range of financing programs that support HDFCs. We  
8 worked with DEP to create the Multi-Family Water  
9 Assistance Program, which has assisted a number of  
10 HDFC cooperative in the first year to get a  
11 discounted water rate of \$250 per unit and if Anne-  
12 Marie Hendrickson has mentioned, we have extensive  
13 technical assistance contracts that we provide to  
14 HDFCs. So, we—I certainly appreciate that though,  
15 and I think, you know, we're interested in if you  
16 have other ideas of how we can expend the types of  
17 assistance that we provide to HDFC cooperatives or  
18 other homeowners, I think we would really appreciate  
19 and value the conversation.

20 COUNCIL MEMBER CHIN: Thank you. I just  
21 wanted to just reiterate a point we got to make sure  
22 that we help people maintain their homes, and  
23 homeownership opportunity it just doesn't happen that  
24 often, and we've got to preserve those homes. Thank  
25 you.

2 ACTING CHAIRPERSON RIVERA: Council  
3 Member Torres.

4 COUNCIL MEMBER TORRES: I just have a few  
5 questions. What's the percentage of HDFCs in  
6 distress?

7 ASSOCIATE COMMISSIONER DARGA: In the  
8 current Round of TPT?

9 COUNCIL MEMBER TORRES: No, and just  
10 generally? [background comments, pause]

11 DEPUTY COMMISSIONER HENDRICKSON: Council  
12 Member, we have to get back to you with that data.

13 COUNCIL MEMBER TORRES: Okay.

14 DEPUTY COMMISSIONER HENDRICKSON: Again,  
15 we have many of co-ops, as you probably know, we've  
16 created probably more than a thousand co-ops through  
17 the Administration. Only about 20% of them have  
18 regulatory agreements. However, we would get back to  
19 you with the number of what we would consider those  
20 to be distressed of that population. Okay?

21 COUNCIL MEMBER TORRES: And what's that—  
22 among those that are distressed, what's the most  
23 common cause of distress? Is it water bills? Is it  
24 unpaid taxes? Is it mismanagement? What—what do you  
25 identify as the main drivers of distress?

2 DEPUTY COMMISSIONER HENDRICKSON: I would  
3 say—I would say to you that it's a combination.  
4 Each—each co-ops is somewhat nuanced. Municipal debt  
5 clearly has been a problem, and that's really been  
6 the trigger for Third Party Transfer, but what we've  
7 seen in come co-ops are dysfunction amongst the  
8 boards, mismanagement, getting a poor managing agent  
9 that has, you know, kind of led them down the wrong  
10 path and not, you know, been able to handle the bills  
11 and things like that, but what I'm going to do is ask  
12 Sal D'Avola who has actually seen some of the co-ops  
13 go through the round, give you some of the common  
14 indicators that he has seen through various rounds in  
15 TPT. Sal.

16 SALVATORE D'AVOLA: Sure. Hi. As I  
17 mentioned earlier, but I think it was before you were  
18 here Councilman. The buildings come to us in  
19 horrendous and dilapidated conditions when they go  
20 through the program. It really is a program of last  
21 resort. There are inoperable boilers, barely  
22 functioning boilers. So there's heat and hot water  
23 issues. Through these buildings. There are numerous  
24 leaks, roof leaks, pipe leaks, you know, raw sewage  
25 flowing in some of these buildings. There are no

2 locks in the buildings. There are broken windows,  
3 you know, barely functioning kitchens, illicit-  
4 illegal activity going on in these buildings. They-  
5 they really are buildings that have really gone to-  
6 that really need to be saved and intervened through  
7 this program.

8 COUNCIL MEMBER TORRES: Now, once you put  
9 a program through the TPT, you're effectively  
10 stripping the co-op-members of the co-op of  
11 ownership. You know, and obviously homeownership is-  
12 is widely seen as a realization of the American  
13 dream. It's a public policy goal that we promote,  
14 but before you pursue TPT as a last resort, what are-  
15 what are the stages of intervention before then?  
16 Like do you provide-what-what support do you provide  
17 to these HDFCs in order to prevent the worst case  
18 scenario, which is stripping them of ownership?

19 DEPUTY COMMISSIONER HENDRICKSON: So, as  
20 we talked-as we discussed, we do have a technical and  
21 training contract. Okay, and, you know, we use UHAB  
22 and Neighborhood Housing Services as ways to  
23 intervene. We're open-we're open all the time--  
24  
25

2 COUNCIL MEMBER TORRES: [interposing]

3 Well, what's—what's the nature of that technical  
4 assistance?

5 DEPUTY COMMISSIONER HENDRICKSON: The  
6 nature of the technical assistance can include a  
7 couple of things: Financial planning. Assisting  
8 them with getting low interest loans for the repairs  
9 of the building. The conditions of the properties  
10 are usually bad. So, we want to make sure that we  
11 can help navigate through the loan—through the loan  
12 process. It's not that easy to get a loan. So, we  
13 used the technical assistance contracts to just to  
14 help guide them. Financial planning, budget  
15 counseling, looking at the maintenance okay and  
16 trying to ensure that the maintenance is keeping up  
17 with the expenses. I would say that that's kind of a  
18 big problem. Many of the units as some of the  
19 shareholders spoke earlier they have renters in them  
20 instead of shareholders. We always think it's more  
21 important to have shareholders and have a common goal  
22 of homeownership. We support that highly, but there  
23 has to be a functioning board, okay, and that's what  
24 the technical assistance contracts do is try to work  
25 with boards, figure out mediation plans if there's

2 discourse amongst the boards. Again, steer them to  
3 loans, help them address their municipal arrears and  
4 violations. So, there's various intervention  
5 methods. They do advisory sessions at any time that—  
6 any court can call NHS and ask for an advisory  
7 session and sit down and actually explain the nature  
8 of their problem, and then they can kind of outline  
9 more of a plan of action together depending on what  
10 the issues are. So, again there are common themes,  
11 but again, each co-ops is nuanced and sometimes it  
12 takes sitting down.

13 COUNCIL MEMBER TORRES: [interposing] Do—  
14 do you closely monitor the at-risk co-ops, and do you  
15 know, the number of those co-ops that are receiving  
16 the technical assistance? Do you keep track of the  
17 number of co-ops that are actually making—availing  
18 themselves of the services that you're providing?

19 DEPUTY COMMISSIONER HENDRICKSON: Yes, we  
20 do. Okay, we get—we do monthly invoicing of NHS.  
21 So, and what we do is try to get—use our data at HPD,  
22 okay, to help steer them towards the ones that are  
23 either in distress or moving towards distress. So,  
24 we talked about buildings that are, you know, in  
25 litigation or buildings that are headed for 7-A or

2 headed for AEP. Those—using that type of data from  
3 HPD, you know, all about preservation data.

4 COUNCIL MEMBER TORRES: Yes.

5 DEPUTY COMMISSIONER HENDRICKSON: We use  
6 that, okay, and it's just to target and reach out,  
7 and you have also those trainings in classroom  
8 settings. So, again, using HPD data. We try to use  
9 that for our training contractors to focus on those  
10 that are distressed or heading towards distress.

11 COUNCIL MEMBER TORRES: And outside of  
12 the context of TPT, if you have a co-op with a new  
13 board, that's committing to reforming itself, are  
14 there circumstances under which the city will remove  
15 the water liens or unpaid water bills so that you can  
16 put the co-op on a sustainable trajectory?

17 DEPUTY COMMISSIONER HENDRICKSON: What we  
18 do again is try to do a two-pronged approach in terms  
19 of municipal arrears. So, again, we have Article XI,  
20 which can at least deal with the Department of  
21 Finance real estate. With DEP what we will do is  
22 make a recommendation to DEP. If, you know, the co-  
23 op has put themselves back on the right track, we'll  
24 work with DEP who is, you know, a pretty good partner  
25 in looking at maybe forgiving interest or late fees,

2 you know, and structuring a payment plan that is  
3 viable for the co-op. So, we definitely link with  
4 our other municipal agencies to try to see if we can  
5 work on a cohesive plan.

6 COUNCIL MEMBER TORRES: Do you ever  
7 remove the arrears altogether?

8 DEPUTY COMMISSIONER HENDRICKSON: I-  
9 again, this is more DEP, and I don't think they have  
10 the legal ability to remove all the arrears, but I  
11 know that there-that they would take a look at taking  
12 care of late fees and interest I think is things that  
13 they primarily focus in terms of trying to figure out  
14 a financial plan.

15 COUNCIL MEMBER TORRES: And what about  
16 property taxes?

17 DEPUTY COMMISSIONER HENDRICKSON:  
18 Property taxes get billed by the Department of  
19 Finance, and we try to use our Article XI authority  
20 to deal with the residential real estate taxes and  
21 the Article XI never eliminates the commercial taxes.  
22 So, if there's commercial taxes in-on a building,  
23 then we need to have to figure out how to get into a  
24 loan for that portion, but primarily the residential-  
25 the taxes are primarily residential, and that's what

2 Article XI is used for should they be able to meet  
3 the co-op checklist.

4 COUNCIL MEMBER TORRES: Okay, thank you.

5 DEPUTY COMMISSIONER HENDRICKSON: You're  
6 welcome.

7 COUNCIL MEMBER CABRERA: We just have a  
8 few questions. In terms—at what point do the co-ops  
9 who are in distress come to your attention?

10 [background comments, pause]

11 DEPUTY COMMISSIONER HENDRICKSON: Well, I  
12 guess I'll take that one. Well, again, when—co-ops  
13 come to us at all stages. Okay, and, you know, we—  
14 we're talking to co-ops probably every day. Any time  
15 that there's any sort of issue whether it's financial  
16 distress, municipal distress or just issues amongst  
17 the board. Okay, when they need additional  
18 counseling, too. Third Party Transfer focuses on  
19 those that are most severely distressed and are  
20 really, you know, in egregious state of—in terms of  
21 physical condition and municipal debt. So, again,  
22 we—we always encourage any co-op to come to us and,  
23 and as I said earlier, we try to use the data that we  
24 have to target and use our training contractors to

2 try to focus on those before they get to a point of  
3 no return.

4 COUNCIL MEMBER CABRERA: So, what  
5 percentage—I'm trying to wrap my arms around this and  
6 my thoughts better around this. At what point do—let  
7 me rephrase that question. Do most co-ops get  
8 training and management from you from the beginning  
9 on going? Is this an ongoing process that takes  
10 place, or—or you start intervening the moment that  
11 you're alerted of the problems that are taking place  
12 in those co-ops.

13 DEPUTY COMMISSIONER HENDRICKSON: To your  
14 question, we offer ongoing training, okay, and we  
15 offer training when the building—well, none of the  
16 building came through city ownership. They were  
17 offered, they were given and offered training during  
18 ownership. Once they go out of city ownership and  
19 become a co-op, we continue to provide training. The  
20 training contract that we have again is open to any  
21 co-op at any time.

22 COUNCIL MEMBER CABRERA: [interposing]  
23 So, let me stop you right there.

24 DEPUTY COMMISSIONER HENDRICKSON: Sure.

2 COUNCIL MEMBER CABRERA: What percentage  
3 of those co-ops are after the, you know, there's this  
4 union that takes place, and they full ownership.  
5 What percentage continues receiving training?

6 DEPUTY COMMISSIONER HENDRICKSON: It-it  
7 varies. I would say to you that many of the co-ops  
8 that were developed over the years are performing  
9 well.

10 COUNCIL MEMBER CABRERA: I need like  
11 numbers. I mean just on pre--

12 DEPUTY COMMISSIONER HENDRICKSON:  
13 [interposing] We got to that. This is six.

14 COUNCIL MEMBER CABRERA:--because your--  
15 your idea of the majority might be different than  
16 mine.

17 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

18 COUNCIL MEMBER CABRERA: So, I'm trying  
19 to work in concrete numbers.

20 DEPUTY COMMISSIONER HENDRICKSON: Okay,  
21 well let me get back to you with that because I would  
22 just need to really evaluate the--who we reached out  
23 to, and what percentage that is of the whole. So, I  
24 have to come back to you with that statistic.

2 COUNCIL MEMBER CABRERA: Because I could  
3 tell you that my sense is that most of these  
4 properties—properties that are in distress get to  
5 you. To be honest with you, when it's almost too  
6 late or it's too late--

7 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

8 COUNCIL MEMBER CABRERA: --and I think  
9 that's part of the problem here. The root of the  
10 fruit of the problem that we need to do more  
11 prevention--

12 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

13 COUNCIL MEMBER CABRERA: --so we don't  
14 have to do an invention and then when it's too late  
15 because I heard you say you got to pay 100%. I mean  
16 where—who's going to give them—where are they going  
17 get that money front? Let's be realistic. No bank  
18 is going to give them a loan. You know, it just—it  
19 just—I just don't see a structure here that actually  
20 makes sense. So, I want to encourage you strongly  
21 encourage and admonish you to have a system and by  
22 system I mean something that is ongoing, that is  
23 intentional, that is thoughtful, that is engaging,  
24 provokes the co-ops to say, you know, we need this.  
25 This is not easy. You even mentioned yourself it's

2 not easy managing properties, and so they could have  
3 the tools. I always told my wife never ask me to do  
4 a job with the tools because that's where frustration  
5 comes in and I think that's where people begin to  
6 disengage, and the last thought is something Council  
7 Member Espinal mentioned, he mentioned there was a  
8 percentage there for units of 10 or less, and I  
9 believe it was 85% that had to be engaged. I forgot  
10 the number. Can you just change the numbers for  
11 units that are—when you have 10 or less units that  
12 doesn't require such a high engagement and  
13 proportionately ask the bigger unit or bigger  
14 complex.

15 ASSOCIATE COMMISSIONER DARGA: So, on the  
16 tenant petition process, that is actually a part of—  
17 that's—that's part of the rules, and so, certainly  
18 rules can be adjusted, but it could not be adjusted  
19 for the properties in this round.

20 COUNCIL MEMBER CABRERA: Because—because—  
21 late—coming late?

22 ASSOCIATE COMMISSIONER DARGA: Right,  
23 the—the—this round started back in 2015 and the, you  
24 now, the properties had been notified along the way  
25 including of the tenant petition option. At this

2 point in time, the-the timeline is statutory, right,  
3 so we're in the final stage of the transfer process.

4 Other than Manhattan where we have completed the  
5 mandatory redemption period, and we are now preparing  
6 packages to submit to counsel. So, certainly we can  
7 discuss it in the future. I do want to reiterate,  
8 though, that that 10-unit threshold was based on  
9 what-on evaluation by the city of what was necessary  
10 in order to ensure success long-term for buildings.

11 Smaller buildings can be harder to operate  
12 independently where you have few units to cover the  
13 expenses of the property, and we see this on the  
14 rental and the cooperative side. It's not-that  
15 aspect is not unique just cooperatives, okay. What  
16 is unique just for cooperatives is that you need  
17 active participation by at least 80% of the  
18 shareholders to actually make sure that it is  
19 successful long term, and that's a threshold that we  
20 have used based on best practices for a very long  
21 time. And, that would mean for a very long small co-  
22 op if you had one or two households that were not  
23 active, right, you really start to get into trouble  
24 where there's just one or two people that are making  
25 all the decisions on behalf of the cooperative. So,

2 while we're certainly always open to discussion and  
3 making sure that like we're, you know, we're making  
4 decisions and we have rules and policies and  
5 procedures that, you know, make sense and are for the  
6 good of everybody. That is a threshold that was  
7 determined really based on best practice over the  
8 long term.

9 COUNCIL MEMBER CABRERA: But you still  
10 have that scenario realistically though might have  
11 people in name in board with a larger building, and  
12 you still have one or two making decisions, and I'd  
13 rather have one or two making decisions and save the  
14 building than to have a system that is set up for  
15 failure because we're looking—we are functioning on  
16 the basis of fear rather than on the logic. Look, we  
17 have a problem in this city. I don't know—you know,  
18 sometimes we think the economy looks so good. We  
19 have the highest foreclosure. We have this—the—the  
20 foreclosure levels in this city right now it's a  
21 high—it's from the beginning of the Recession right  
22 now. So, this is not only a co-op problem that we  
23 have here. This is going all across the city, and my  
24 theory is that because of the system that we have set  
25 up, the structure that we are going to end up seeing

2 more and more of these buildings. We're going to-  
3 we're going to lose, and we-the-the investment that  
4 was mentioned by the co-chair here today that was  
5 made for so many years is going to be lost to the  
6 next generation, and that will be shameful. Please  
7 reconsider. Please look at a-some type of close  
8 personal mentorship program that will be able to give  
9 the tools that they need so they could succeed  
10 because if they succeed we also succeed. Thank you  
11 so much.

12 DEPUTY COMMISSIONER HENDRICKSON: Council  
13 Member Cabrera, I just wanted to say to your point of  
14 engaging residents early we would welcome doing-if  
15 you want to do a forum in your community in your  
16 Council District, we would welcome coming out,  
17 talking to people letting them know about the  
18 services that the training contractors have, and  
19 again engaging them as early as possible so we, as  
20 you said, we keep that homeownership in our  
21 communities.

22 COUNCIL MEMBER CABRERA: You see, I  
23 appreciate that, but what I'm asking is for you to  
24 have the system because you're the administration to  
25

2 have it in place to have that. There has to be a  
3 system, and I keep using that word

4 DEPUTY COMMISSIONER HENDRICKSON:

5 [interposing] Uh-hm.

6 COUNCIL MEMBER CABRERA: --because it's  
7 something that has to keep going. Because if you  
8 leave it to the Council Members, let's be real, if  
9 you leave it--with the bazillion of other things that  
10 we're doing, you're going to create a bottleneck.  
11 What you need is something you can say, hey, we have  
12 two staff, you oversee 100 co-ops. Make sure that  
13 these 100 co-ops have what they need, that they have  
14 received the expertise, best practices, they have  
15 trainings, they have workshops, and then you do that  
16 all across the city. We're not talking about a lot  
17 of money here. We're losing a lot of money. We--we  
18 put--we're going to be putting people on the streets,  
19 and that is troublesome. So, I'm asking you, this is  
20 really, this is your mission to do that piece. I  
21 welcome what you just aske but it's to enhance what  
22 you should be doing. Thank you so much.

23 DEPUTY COMMISSIONER HENDRICKSON: Agreed.

24 Thank you.

25

2           ACTING CHAIRPERSON RIVERA: Thank you,  
3 Council Member Cabrera. I know we have two more  
4 people with questions. Okay, and yes I—I agree that—  
5 that each co-op is—is nuanced and I think a lot of  
6 the residents here are fearing the standard  
7 regulatory agreement rumor. I guess the pause that  
8 was mentioned that has been in conversation for a  
9 long time, and people feel it's also it's also not  
10 fair for those that are operating financially  
11 responsibly. So, for those in dilapidated  
12 conditions, yes, they're in a very, very big hole.  
13 We just wish that HPD would have intervened before it  
14 got so deep. So, I want to turn it over for question  
15 so Council Member Gjonaj.

16           COUNCIL MEMBER GJONAJ: Thank you, Chair.  
17 It sounds like we've put comprehensive programs in  
18 place. I'm just so concerned, and maybe you can help  
19 explain in such a robust real estate environment, how  
20 is it that we have so many properties that are  
21 challenged physically and financially distressed?

22           ASSOCIATE COMMISSIONER DARGA: So, and  
23 more generally speaking, what we see with properties  
24 that have significant financial and physical needs,  
25 is that there is underlying issues in terms of the

2 ongoing operations, but they're—they're not using  
3 good practices on an ongoing basis for operating the  
4 property, and that doesn't mean that there's not good  
5 intentions there. Certainly sometimes there are, but  
6 that, you know, there's not, there's just not the  
7 systems in place to successfully doing it long term  
8 or where, you know, somebody is really, you know, in  
9 financial and physical distress, and they have gotten  
10 to the place of putting those systems in place, but  
11 it's really that the issues are so big that they're  
12 really insurmountable without a process like this,  
13 which gives properties a fresh start, right. I know  
14 that, you know, like—like I've said, we don't take  
15 this process or this program lightly. We don't take  
16 the decision to include properties in this—in this  
17 program lightly. We really are trying to target the  
18 most distressed properties, and this is an  
19 opportunity. I know it's—you know, it's scary and I  
20 know the transfer is, you know, it's a significant  
21 concern. I'm sure everyone here is scared about what  
22 that means for them, but--

23 COUNCIL MEMBER GJONAJ: [interposing] I  
24 think it—I'm sorry.

2 ASSOCIATE COMMISSIONER DARGA: --it is a  
3 fresh start.

4 COUNCIL MEMBER GJONAJ: -- could you stay  
5 specific to those underlying issues.

6 ASSOCIATE COMMISSIONER DARGA: Yeah, I  
7 mean

8 COUNCIL MEMBER GJONAJ: [interposing]  
9 What can they be besides--

10 ASSOCIATE COMMISSIONER DARGA: I mean the  
11 type of issues that we see are lack or--well, I'm  
12 going to start more generally, and then talk about  
13 some of the things that we see in co-ops. So, in  
14 buildings in distress, we often see significant  
15 vacancies, which is in a city where the vacancy rate  
16 is three-ish percent, the fact that we see  
17 significant vacancies in some of these buildings is  
18 fairly alarming. That often is because they haven't  
19 done renovations to units or do have management  
20 practices to effectively and timely lease units or  
21 sell units in the space of cooperatives.

22 COUNCIL MEMBER GJONAJ: Uh-hm.

23 ASSOCIATE COMMISSIONER DARGA: We also  
24 see lack of ongoing bookkeeping, successful  
25 bookkeeping, financial reporting. We see lack of

2 rent rolls or expense tracking systems. There are a  
3 series of just basic ongoing management practices  
4 that are often lacking and that's why as Anne-Marie  
5 mentioned the technical assistance component is  
6 really critical here. [coughs]

7 COUNCIL MEMBER GJONAJ: So, with those  
8 lacking under consideration, it's surprising that you  
9 don't bring the expense factor into the equation. So,  
10 where there is a distressed—financially distressed  
11 property that can't stay afloat, and it's making cut  
12 somewhere and one of those being services, and we  
13 bring in like emergency repairs to address some of  
14 these issues, those costs for those emergencies  
15 repairs are then added onto the property as an  
16 expense, correct?

17 ASSOCIATE COMMISSIONER DARGA: So, the  
18 emergence of—the violations that are not addressed  
19 that are severe violations the city will intervene to  
20 make sure that there is heat and hot water, and to  
21 make sure that the other critical services are there.

22 COUNCIL MEMBER GJONAJ: [interposing] And  
23 to do so?

24

25

2 ASSOCIATE COMMISSIONER DARGA: That means  
3 that the cost then will be borne by the property.  
4 So, if they're--

5 COUNCIL MEMBER GJONAJ: [interposing]  
6 Right.

7 ASSOCIATE COMMISSIONER DARGA: --not able  
8 or willing to do it themselves, we will intervene to  
9 make sure those critical services are there.

10 COUNCIL MEMBER GJONAJ: So, you have a  
11 property that is under financial distress, and where  
12 they can't maintain the property, the city will step  
13 under these serious conditions and make emergency  
14 repairs.

15 ASSOCIATE COMMISSIONER DARGA: Yes.

16 COUNCIL MEMBER GJONAJ: Which is  
17 wonderful, but then they charge the property for  
18 those repairs, and if they don't make those payments  
19 what is the interest rate for those emergency repairs  
20 charges?

21 ASSOCIATE COMMISSIONER DARGA: So,  
22 property—I would have to confirm right, but DOF  
23 charges, there are statutory interest rates that need  
24 to be charged for unpaid charges.

25 COUNCIL MEMBER GJONAJ: Uh-hm.

2 ASSOCIATE COMMISSIONER DARGA: So, I  
3 think I varies depending on the assessed value of the  
4 property and again I could confirm that separately  
5 afterward. I do want to note just--

6 COUNCIL MEMBER GJONAJ: [interposing] I  
7 believe that number is 18% interest. [background  
8 comments]

9 ASSOCIATE COMMISSIONER DARGA: Depending  
10 on the assessed value of the property.

11 COUNCIL MEMBER GJONAJ: I believe that  
12 number is 18%.

13 ASSOCIATE COMMISSIONER DARGA: Okay.

14 COUNCIL MEMBER GJONAJ: So, we have a  
15 property that is financially distressed that cannot  
16 meet its obligations. The city steps in to make  
17 repairs, charges that property for the repairs that  
18 they could have probably done had they had the money  
19 a lot less expensively.

20 ASSOCIATE COMMISSIONER DARGA: Uh-hm.

21 COUNCIL MEMBER GJONAJ: On top of it, now  
22 that they can't afford to pay bills, they're being  
23 charged 18% interest compounded annually. So, that's  
24 interest on top of interest creating a further  
25 downward spiral, creating further financial distress

2 on this property including real estate taxes and  
3 water and sewer rates, and it's amazing that we talk  
4 about all these mismanagement scenarios, the lack of  
5 understanding, the lack of financial programs to help  
6 keep track of rent collections, but you never mention  
7 real estate taxes and water and sewer, which have  
8 made homeownership impossible.

9 ASSOCIATE COMMISSIONER DARGA: Okay. So,  
10 let me—let me talk a little bit about that. The  
11 properties that are in this action have had—have  
12 access—have had access, and continue to have access  
13 to a large range of financial assistance that the  
14 city provides whether it's a rental property in the  
15 action or an HDFC Cooperative, those include access  
16 to a discounted water rate so the rate of--

17 COUNCIL MEMBER GJONAJ: [interposing]  
18 Afterwards, but not in the process. I'm sorry. Just  
19 let me ask you one more time.

20 ASSOCIATE COMMISSIONER DARGA: Okay.

21 COUNCIL MEMBER GJONAJ: What is the  
22 average water and sewer rate per unit annually on a  
23 rental property in New York City?

24 ASSOCIATE COMMISSIONER DARGA: So, the  
25 water rate—I'm not an expert on water, but this is my

2 understanding, the--the water rate does not vary for  
3 HDFC Co-ops--

4 COUNCIL MEMBER GJONAJ: Uh-hm.

5 ASSOCIATE COMMISSIONER DARGA: --right  
6 and rentals.

7 COUNCIL MEMBER GJONAJ: Based on what--

8 ASSOCIATE COMMISSIONER DARGA:

9 [interposing] For a multi-family property--

10 COUNCIL MEMBER GJONAJ: Uh-hm.

11 ASSOCIATE COMMISSIONER DARGA: --and they  
12 can enroll in the fixed rate program--

13 COUNCIL MEMBER GJONAJ: Uh-hm.

14 ASSOCIATE COMMISSIONER DARGA: --where  
15 the annual--the expense is capped regardless of usage.  
16 Those properties that are regulated affordable  
17 housing can apply for a discount to that rate.

18 COUNCIL MEMBER GJONAJ: [interposing]

19 Yeah, but what is that rate?

20 ASSOCIATE COMMISSIONER DARGA: It's about  
21 \$1,100.

22 COUNCIL MEMBER GJONAJ: \$1,100 per unit  
23 per year?

24 ASSOCIATE COMMISSIONER DARGA: Uh-hm.

2 COUNCIL MEMBER GJONAJ: Correct? What is  
3 the average real estate charges in New York City For  
4 rental properties per unit per year?

5 ASSOCIATE COMMISSIONER DARGA: It can be  
6 significant, but HPD and I was trying to say that HPD  
7 offers a range of financial assistance including real  
8 estate tax exemptions.

9 COUNCIL MEMBER GJONAJ: But that's  
10 afterwards, but leading up to the creation of the  
11 financial distress on these properties, we're looking  
12 at the underlying issues, and all along you've  
13 pointed out mismanagement--

14 ASSOCIATE COMMISSIONER DARGA: Uh-hm.

15 COUNCIL MEMBER GJONAJ: --and not once  
16 have you mentioned that perhaps these charges that  
17 these properties have to face day in and day out,  
18 these homeowners face that our city imposed is never  
19 a variable in that equation. That number can be as  
20 high as \$4 to \$5,000 per unit per year for real  
21 estate charges--real estate tax charges on top of the  
22 \$1,100 for water and sewer, which leads to the  
23 financial stress and undermines these properties from  
24 being sustainable. And going back to being where we  
25 should be proactive instead of reactive once we find

2 that these properties are so far gone that they can't  
3 maintain themselves, they can't provide the services,  
4 the first indicator would be when they're not paying  
5 their real estate taxes and water and sewer rates.  
6 At that point, there should be government  
7 intervention reaching out to those properties, those  
8 homeowners, those co-ops and say, hey, we have a red  
9 flag here. We need to come up with a solution before  
10 these a downward spiral.

11 ASSOCIATE COMMISSIONER DARGA: Uh-hm.

12 Sure. So, let me just reiterate. HPD or its  
13 partners as part of the process over the last three  
14 years ha reached out to properties that had DOF or  
15 DEP charges at least 70 times through ongoing regular  
16 correspondence, mailing, official mailing through-  
17 notices through TPT, robocalls, flyers to residents,  
18 invitations to property owner clinics. Um, and--

19 COUNCIL MEMBER GJONAJ: [interposing] At  
20 what point is that?

21 ASSOCIATE COMMISSIONER DARGA: Over the  
22 last three years.

23 COUNCIL MEMBER GJONAJ: No, but at what  
24 point do these notifications, mailers, robocallers,  
25 flyers go out? At what point?

2 ASSOCIATE COMMISSIONER DARGA: Right.

3 So, there are definitely special--there's special  
4 outreach that has happened as part of this action  
5 that a normal property owner would not get, right,  
6 because they're not part of the action, but a lot of  
7 that is ongoing correspondence from the Department of  
8 Finance, the Department of Environmental Protection,  
9 HPD's Technical Assistance providers or HPD itself.

10 COUNCIL MEMBER GJONAJ: But all at the  
11 point where it's too late, and the--the investment  
12 that would have to be made would be significant to  
13 turn these properties around.

14 ASSOCIATE COMMISSIONER DARGA: So, I run  
15 our Preservation Programs at HPD--

16 COUNCIL MEMBER GJONAJ: Uh-hm.

17 ASSOCIATE COMMISSIONER DARGA: --and  
18 there are half a dozen programs that any multi-family  
19 property owner can apply. There is very--there are  
20 very few eligibility prohibitions, right. So, if you  
21 have a multi-family property whether it's a co-op or  
22 a rental, you can reach out to us. We have a  
23 standard application. We'll help you figure out  
24 which one is the right fit, and we have technical  
25 assistance providers that can help. All of that

2 information is publicly accessible. It's on HPD's  
3 website, and we really do try to do very proactive  
4 outreach to owners. We've expanded the outreach  
5 types of assistance. The outreach and assistance  
6 that we do over the last couple of years, we do  
7 monthly property owner clinics. We do property  
8 management classes. We've done targeted outreach to  
9 regulated affordable housing properties, but also to  
10 just general properties around—when there is issues  
11 of financial or other types of distress. We've used  
12 or proactive preservation initiative list to actively  
13 reach out to every property there. We've done—we've  
14 used our Multi-Family Distress List, and reached out  
15 to those properties as well. Properties that have  
16 expiring tax exemptions, we've reached out to or  
17 other forms of subsidy. We have done extensive  
18 outreach around specific issues. That being said,  
19 there's always potentially other things that we could  
20 do, and I think we would really welcome any feedback  
21 about issues that we should look out for that could  
22 inform our Outreach and Technical Assistance Task  
23 Force

24 COUNCIL MEMBER GJONAJ: Great. So, let  
25 me give you some feedback now.

2 COUNCIL MEMBER RIVER: Right, so and  
3 Gjonaj--

4 COUNCIL MEMBER GJONAJ: [interposing] The  
5 moment that you--

6 ACTING CHAIRPERSON RIVERA: [interposing]  
7 Council Member, Council Member, I just want to make  
8 sure that we get to Levine before the panelists.

9 COUNCIL MEMBER GJONAJ: Yeah, okay,  
10 great.

11 ACTING CHAIRPERSON RIVERA: Okay.

12 COUNCIL MEMBER GJONAJ: I'll wrap it, but  
13 the moment you see a build up of violations on a  
14 property, the moment that you see a emergency repairs  
15 going into a property, and the moment that you see  
16 real estate taxes and water and sewer fees that are  
17 not being paid, should ring bells, whistles and  
18 alarms and put you in that position as a government  
19 agency and authority in the in part to do more than  
20 send a mailer, but actually go out and find that  
21 property owner before those properties go into a  
22 downward spiral, and have the city cause--help create  
23 that downward spiral. Thank you.

24 ASSOCIATE COMMISSIONER DARGA: Actually,  
25 what--can I say one thing about it?

2 COUNCIL MEMBER GJONAJ: Yes.

3 ASSOCIATE COMMISSIONER DARGA: We  
4 actually are piloting a program to do that right now,  
5 and we would love Council's support to expand the  
6 program. So, if-if you want to talk more about that  
7 later, we would really like to have that  
8 conversation.

9 COUNCIL MEMBER GJONAJ: Thank you.

10 [coughs]

11 ACTING CHAIRPERSON RIVERA: Thank you.  
12 We're going to go to Council Member Levine, and-and  
13 everyone thank you for just keeping order. Thank  
14 you.

15 COUNCIL MEMBER LEVINE: Thank you, Madam  
16 Acting Chair. Hello, everybody. Very nice to see  
17 you.

18 ASSOCIATE COMMISSIONER DARGA: Good  
19 morning.

20 COUNCIL MEMBER LEVINE: I may have more  
21 HDFCs in my district than almost anyone else. I  
22 think I have about 250 buildings, and so I am really  
23 passionate about this issue. I believe that HDFCs  
24 are one of the great untold success stories in  
25 affordable housing in New York City, and they are

2 about so much more than just providing an affordable  
3 place to live. They are about ownership, and  
4 ownership is really the heart of the matter here.  
5 When someone owns their own home, they control their  
6 destiny. They ensure that every decision ever made  
7 about that building is made only with the interest of  
8 the people who live there. Ownership gives people a  
9 chance to accumulate equity, which can provide for  
10 retirement, and security for families who otherwise  
11 might not have it. This program, HDFCs have been a  
12 path to the middle-class for thousands of New  
13 Yorkers. It really is a great success story, and  
14 they have done good not only for themselves, but  
15 they've turned around entire neighborhoods. I see it  
16 in my district all over the place because they are so  
17 invested, and the sweat equity that—that they've put  
18 in and so many of you have put in over decades to  
19 turn around your buildings and your blocks and your  
20 neighborhoods, and there's actually research on this  
21 just the way the homeowners really become great civic  
22 activists, and we even see that it has benefits for  
23 health and other quality of life. We lose all of  
24 those benefits, that all evaporates when a building  
25 converts from homeownership to rental, and so it's a

2 decision that we should be very, very, very reluctant  
3 to take, and I know that today's hearing is not about  
4 the regulatory agreements, but I can't miss an  
5 opportunity to say that we need to understand the  
6 great diversity in this movement, and that there are  
7 many, many buildings, which are thriving and that we  
8 need to make very sure we do nothing in any new  
9 regulatory agreement, which would hurt those  
10 buildings, which are succeeding. A one-size-fits-all  
11 solution is not appropriate. Now, we do understand  
12 our building which are—which are struggling. We  
13 understand that every single person here cares deeply  
14 about that, and often the difference between  
15 financial life and death for these buildings is  
16 getting an Article XI, and it's so critical that we  
17 remove every barrier to doing that. So, one thing to  
18 point out, by the way is you have to have interagency  
19 coordination because if DEP is not onboard offering a  
20 payment agreement, then the Article XI is not enough.  
21 So, it's really critical that all of you are  
22 coordinating with the other agencies that touch here.  
23 Now, Article XI—a retroactive Article XI, which again  
24 can be really the lifeline that we need can, if I'm  
25 not mistaken, can have an expiration date or a date

2 by which—perhaps I’m using the wrong term, but a date  
3 by which if they don’t apply they’re out of luck. Am  
4 I correct about that? Have we removed any—any  
5 barriers regarding an expiration date for Article XI?

6 DEPUTY COMMISSIONER HENDRICKSON: Council  
7 Member, good—good morning.

8 COUNCIL MEMBER LEVINE: Good morning.

9 DEPUTY COMMISSIONER HENDRICKSON: A  
10 building can apply for an Article XI at any time, but  
11 just to be clear on this action that we’re in--

12 COUNCIL MEMBER LEVINE: [interposing]  
13 Right.

14 DEPUTY COMMISSIONER HENDRICKSON: --that  
15 started since 2015, we had provided additional time  
16 in the action for the co-ops and HFDC rentals to  
17 apply for an Article XI. So, the good news again is  
18 62 applied for the Article XI, and they can continue  
19 to apply, but the time is starting to get against  
20 them. We’re in mandatory redemption, as I mentioned,  
21 for every borough except Manhattan.

22 COUNCIL MEMBER LEVINE: Right.

23 DEPUTY COMMISSIONER HENDRICKSON: Okay.

24 So, even those that are in the process of completing  
25 the checklist and getting Article XI, there may not

2 be enough time for that Article XI to be implemented,  
3 okay.

4 COUNCIL MEMBER LEVINE: So, is it too  
5 late for the remaining HDFCs?

6 DEPUTY COMMISSIONER HENDRICKSON: Again,  
7 it's—it's not—it's not too late for them to try to  
8 apply. The checklist piece is finish. We've asked  
9 people to give us the information for the checklist.  
10 They can continue to submit information, but what we  
11 have advised people to do, you know, co-op owners  
12 and—and HDFC rentals is look for an alternative way,  
13 okay, to handle the municipal arrears outside of the  
14 Article XI. We have always said do not solely rely  
15 on an Article XI. We have always said that you need  
16 to figure out plan with DEP, and I think you're  
17 right, that we have worked with DEP to think about  
18 how can can—they can do payment plans. I think they  
19 have been open to that. Just to be clear, your  
20 borough has additional time because the judgment was  
21 filed a little bit later. So, buildings in your—in  
22 your district in Manhattan have until I believe July  
23 20<sup>th</sup> if I'm right before the mandatory redemption  
24 period ends. So, those buildings should again go to  
25

2 DEP to deal with, get into payment plans while they  
3 continue to work on their Article XI.

4 COUNCIL MEMBER LEVINE: I understand so  
5 you—you referenced a checklist--

6 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

7 COUNCIL MEMBER LEVINE: --which is-is-it  
8 could be a very heavy list or some of these  
9 buildings, and-and once again, a lot is on the line  
10 here, potentially, the financial difference between  
11 surviving and not.

12 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

13 COUNCIL MEMBER LEVINE: I think you need--  
14 the articles on that checklist include-I think you  
15 need 100% of shareholders to-to, I think sign in or  
16 sign onto this, and you also need, I think detailed  
17 information from every shareholder. Can you explain  
18 that burden and the extent to which there is  
19 flexibility there?

20 DEPUTY COMMISSIONER HENDRICKSON: Sure.

21 The---the checklist the put together was put together  
22 again with some of the advocates, and it really is  
23 indicative of what a well functioning cooperative  
24 would have. Okay, we're talking about financial  
25 audits. We're talking about budgets. We're talking

2 about having elections. We want the 100% income  
3 certifications because the tax exemption is intended  
4 for low-income residents. Okay, so we want to be-  
5 have a better understanding of who is in the  
6 buildings. Some of these buildings have come out of  
7 city ownership 20, 25 years ago. So, we need to have  
8 an understanding of who is in the building. It also  
9 helps—the income certifications also help us to get a  
10 better sense of how we can structure a budget and  
11 what sort of maintenance increases people would, you,  
12 will need in order for their building to remain  
13 viable. So, we will—at the end of the day, the  
14 statute really requires two-thirds, okay, in order to  
15 process an Article XI, but we want your 100% because  
16 it gives us more insight into other information, and  
17 it also lets us know if there are units where there  
18 is no shareholders, someone has died. It needs to go  
19 to probate. So, it gives us that better  
20 understanding of every unit in the building. Okay,  
21 and we have worked with buildings where if they have  
22 shown a concerted effort to get the 100% and one  
23 resident for whatever reason didn't give it, we will  
24 move forward with that. Okay, but again, it just  
25 gives us more in-depth knowledge of the building, and

2 helps us to structure a financial plan in a better  
3 way.

4 COUNCIL MEMBER LEVINE: Well, I'm—I'm  
5 going to wrap in a second because I'm anxious to let  
6 the most important people here who are the  
7 shareholders have a chance to also testify.

8 DEPUTY COMMISSIONER HENDRICKSON: Uh-hm.

9 COUNCIL MEMBER LEVINE: I'll just make  
10 the final point that it—it is so critical that we  
11 find alternatives to—to foreclosure for a family  
12 who's put 20 or 30 years of sweat equity into the  
13 building to see that evaporate, for our newcomers who  
14 are—we sometimes don't talk about, but there are  
15 newcomers who have actually invested hundreds of  
16 thousands of dollars into some of these units. They  
17 themselves could see that, it could be their life  
18 savings that they jut put in. They could see that  
19 evaporate in a foreclosure. So, I have actually  
20 called for a moratorium as I know you are aware.  
21 Until we can ensure that we have exhausted every  
22 possible option to keep people in these homes as  
23 shareholders, and as homeowners. Thank you very  
24 much.

2           ACTING CHAIRPERSON RIVERA: Thank you. I  
3 don't see any further questions, and I, of course  
4 want to thank you all for being so patient that are  
5 waiting. I thought it was important for you to hear  
6 from the Administration themselves to-to bring you  
7 some answers to the questions, I'm sure you've had,  
8 and when you mentioned that you're looking for  
9 recommendations, and suggestions, of course, I  
10 encourage you to stay the entire hearing. You're  
11 going to hear recommendations, you're going to hear  
12 suggestions from the people who are living in these  
13 conditions every single day who just want respect,  
14 dignity and a fair shot at-at, you know, succeeding  
15 and thriving in their own communities. So, I just  
16 want to thank you all so much. I did have some more  
17 questions. We are not-we're going to stop asking you  
18 questions. What we're going to do is we're going to  
19 follow up. I had a number of-of things I wanted to  
20 ask including the stakeholders that you are talking  
21 with. I know it's the HDFC Coalition, but who are  
22 those people? How did you make up this board of  
23 people that you consult with, the non-profit partners  
24 that you're currently working with. You mentioned a  
25 lot of them are MWBEs. I'd be interested to know the

2 data on those numbers. The profile of some of the  
3 buildings in distress I'm curious to see where the  
4 concentrations are, if they're in neighborhoods that  
5 are in high speculations because of the real estate  
6 market, questions about access to capital, the points  
7 of contact and the 70 points that you mentioned, but  
8 to get a little bit deeper in that and, of course, to  
9 encourage interagency communication as mentioned by  
10 one of my colleagues. Again, thank you so much for  
11 your time, for answering all of our questions. We  
12 really do appreciate the work you're doing. We hope  
13 that you'll consider us a partner in-in trying to  
14 make sure that the people here get the respect and  
15 the dignity that they deserve to live in the homes  
16 that they've worked do hard to make and-and to be one  
17 of the pillars in community. So, thank you. Have a  
18 great afternoon. We'll be in touch, and with that,  
19 I'd like to move onto panels of residents. We are  
20 going to start with Bruce Robertson, Carlton  
21 Boroughs, M.E. Green Cohen, who might be with  
22 Carlton, Bligen, just one word Bligen, and Yolanda  
23 Coleman.

24 FEMALE SPEAKER: [off mic] Yolanda went  
25 back into work.

2                   ACTING CHAIRPERSON RIVERA: She left for  
3 work. I hear. I understand. If you speak to her,  
4 tell her I said I apologize for the delay. So, is  
5 Ingrid Gomez Faria here? [background comments]  
6 Excellent. Thank you. Alright. So, she left and we  
7 got these. [background comments, pause] And—and  
8 just so we can hear from everyone, and we have dozens  
9 of people who have signed up to testify, we are going  
10 to put a clock of two minutes. [background comments,  
11 pause]

12                   BRUCE ROBERTSON: Thank you. Okay. I'll  
13 be brief. Good afternoon, City Council Member and  
14 HDFC fellow—HDFC shareholders, and I would  
15 particularly like to say high to Council Member Mark  
16 Levine, and just thank him for all he's doing for the  
17 efforts that the coalition and other coalitions in  
18 the city. There's not just on HDFC coalition.  
19 There's a Brooklyn group. There's a Lower East Side  
20 group. We're all working together to make things  
21 happen for the better. I'm Bruce Robertson of the  
22 HDFC Coalition and public member of Manhattan  
23 Community Board 12-- [coughs] excuse me—comprised of  
24 Washington Heights, Inwood, and Marble Hill. Last  
25 April 2017, CB12 passed a resolution opposing HPD's

2 proposed new 40-Year Regulatory Agreement for HDFCs.

3 This resolution passed unanimously, and essentially

4 said that our elected officials should reject—reject

5 any proposal to sunset the DAMP Tax Abatement before

6 2029 or tie any other real estate abatement to a

7 draconian regulatory agreement. The resolution also

8 requested that HPD provide assistance to programs

9 with the input of people in this room, HFDC

10 shareholders to assist the 25% of the buildings that

11 are in distress. The 25% is their number. We don't

12 necessarily agree, but it's one of the issues that we

13 want to address in the future: Information and data.

14 The buildings in foreclose we are discussing today

15 are the most distressed the most help. CB12 resolved

16 that HPD's objective should be to help these

17 distressed HDFCs become viable and successful

18 cooperative, which we did hear today. We give them

19 credit for trying, and that all relevant data be made

20 transparent to our communities where they exist.

21 Other community boards have made similar resolutions

22 including 2, 4, 9 and some others. Thank you,

23 Councilman Chin, and others. [bell] So, I'll just

24 close by saying we ask you, City Council, besides

25 Article XI tax amnesty, what additional help could

2 these HDFCs who are facing foreclosure, losing their  
3 equity, losing their life's blood, sweat and tears  
4 receive to avoid terminating their co-op ownership.  
5 Thank you very much.

6           INGRID GOMEZ: Good afternoon. My name  
7 is Ingrid Gomez, and I'm the Director of Real Estate  
8 Development for Community League of the Heights.  
9 Community League is a multi-service community  
10 development organization dedicated to supporting and  
11 empowering the economical-economically disadvantaged  
12 residents of Hamilton and Washington Heights and  
13 Inwood. Throughout its 65 years of history, CLOTH  
14 has been dedicated to finding solutions to the  
15 problems of poverty and disinvestment that come from  
16 these neighborhoods. On behalf of CLOTH, and over  
17 90,000 community members we serve annually, we would  
18 like to thank the City Council and Chairman Cornegy  
19 and the community-Committee on Housing and Buildings  
20 for all that you do to help New Yorkers. CLOTH is a  
21 mission driven organization and the largest provider  
22 of affordable housing in Washington Heights and  
23 Inwood. We work on behalf of our residents to engage  
24 with HPD to identify and implement programs that  
25 focus on addressing physically and financially

2 troubled buildings within the Community in a  
3 purposeful effort to stabilize our community, and to  
4 provide permanent affordable, safe, and decent  
5 housing for long-term community residents. The Third  
6 Party Program helps us to realize our mission.  
7 Properties in the program are all—are able to escape  
8 from the yoke of the financial burden of tax liens,  
9 emergency repair costs, and to address the health and  
10 safety violations and to complete necessary repairs.  
11 With their properties restored to long-term  
12 financial [bell] and physical health, residents are  
13 freed for the first time from the fear of losing  
14 their homes. We have one property that was in the  
15 TPT program. Today, through 369 Escrow is totally  
16 renovated, cleared of violations, with rents that  
17 existing tenants can afford. The building will  
18 remain permanently affordable helping to stabilize  
19 the neighborhood and provide the long-term residents  
20 with assurance that they and their family can remain  
21 in the—in the community they call home. Thank you.

22 ACTING CHAIRPERSON RIVERA: Thank you.

23 MARY ELIZABETH GREEN-COHEN: [off mic]

24 Good afternoon [on mic] to all. My name is Mary

25 Elizabeth Green-Cohen. In our building I'm known and

2 Mrs. Thomas Winston. I'm here to talk about the  
3 organization that we founded, which came into  
4 existence as a result of our suffering at 938 Saint  
5 Nicholas Avenue, which we feel is Exhibit A of this  
6 Affordable Housing Predatory lending scheme in the  
7 city and state of New York. It allows Article XV to  
8 give something and then Article XI to take it away,  
9 and primary perspective is to provide information and  
10 education so that residents will advocate with the  
11 legislature to make Article XI and Article XV of  
12 their New York State Private Housing Finance Law,  
13 which is the underpinning of all our existences to,  
14 in fact, represent the tenants of the citizens and  
15 the people who live in these HDFC cooperatives,  
16 residents including shareholders and tenants because  
17 basically, we're just glorified tenants associations  
18 because we're not given the examples of free-the  
19 rights, the property rights of free simple ownership  
20 that normal property owners exist, and one of the  
21 aspects of-that Mr. Winston has asked me to present  
22 is this request for legislation on non-primary  
23 residents issues, and we'd like to title it the  
24 Green, Cohen and Winston Act and "No non-primary  
25 residence holdover proceedings can proceed unless it

2 is guaranteed that there is no illness or sickness  
3 among the residents or relatives in the household.  
4 If the landlord suspects that there is question of  
5 non-primary residence, it is the landlord's burden to  
6 ascertain that there is no illness or sickness among  
7 the residents or relatives in the household. If the  
8 tenants document that there is illness or sickness  
9 among the residents or relatives in the household,  
10 their holdover non-primary residence proceeding  
11 cannot proceed and must be dismissed." Thank you  
12 very much. Mr. Boroughs.

13 ACTING CHAIRPERSON RIVERA: Thank you.

14 CARLTON BOROUGHS: Good afternoon. My  
15 name is Carlton Boroughs. I live at 936-938 Saint  
16 Nicholas Avenue, and it's amazing that HPD sat here  
17 and painted this wonderful picture about the TPT  
18 program. I am here to show contrary to what they  
19 have painted. One of the things that they dare not  
20 mention is the amount of fraud and corruption that  
21 fuels the TPT program. I'm living that nightmare  
22 right now, and I've been living it for the last seven  
23 years. We are right now—what I perceive to be  
24 engaged in an illegal foreclosure proceeding on a  
25 building that does not have a C of O, on a building

2 where 905 of the work was not completed through the  
3 TPT program, but yet they closed on multi-million  
4 dollars of loans. I have recently sent to all the  
5 City Council members a letter, and I'm going to  
6 hopefully surmise my testimony through the reading of  
7 the letter, but before I get to that, I just want to  
8 say that I'm mainly here to ask the New York City  
9 Council to launch an independent investigation into  
10 how this transaction came about, how they closed on  
11 these loans without the building being completed,  
12 without the building being issued a C of O, and then  
13 making the building responsible for that debt that it  
14 never even knew about. We were never included. We  
15 were told that we were on a need-to-know basis by  
16 Leroy Shekowski of SHUHAB when we asked legitimate  
17 questions as to, you know, what are the financial  
18 consequences of this deal? We were told we were on a  
19 need-to-know basis. It's more egregious than that,  
20 but it's just too lengthy to get into, and I'm hoping  
21 that the City Council will hear, hear me today, and  
22 read what we've submitted because we're—we're—we're  
23 about to lose our building through an illegal  
24 foreclosure. It should not be. It should not exist.  
25 How does this happen in the greatest city in the

2 world? How can this remain under the radar, and by  
3 the way, we're working with ten other buildings that  
4 suffered the same symptoms. It's no mistake that  
5 there are over 84 buildings in foreclosure and they  
6 are all HDFCs. There has to be something done about  
7 this and it starts with an independent investigation  
8 into predatory loans-lending scheme of the New York  
9 City Pension Fund, and the existence of the  
10 relationships between HPD, UHAB, SHUHAB, Neighborhood  
11 Restore, and all of these management companies that  
12 are parties to this-these illegal transactions. The  
13 city needs to look at this very closely. One of the  
14 City Council persons spoke of the number of buildings  
15 that are foreclosure and that these foreclosures have  
16 existed since the crisis of 2008. There's a serious  
17 crisis in New York City that is going totally ignored  
18 because I've gone to politician after politician, and  
19 nothing has been done since 2011.

20 ACTING CHAIRPERSON RIVERA: Well, Mr.  
21 Boroughs, I-your-your time is up, but I want to-we  
22 all did get a copy of the letter, and I want to thank  
23 you for bringing this to our attention and your  
24 Coalition of Buildings, and so not only do you have  
25 the Housing and Buildings Committee looking into this

2 important issue, please know that we also have a new  
3 Department called Oversight and Investigations just  
4 to increase our capacity on looking into things that  
5 are brought to our attention by concerned  
6 constituents who feel they are not being served by  
7 the city in which they—in which we are supposed to be  
8 listening and representing you.

9 CARLTON BOROUGHS: Yes.

10 ACTING CHAIRPERSON RIVERA: Okay, so  
11 thank you, thank you.

12 CARLTON BOROUGHS: Thank you. [background  
13 comments]

14 BLIGEN: Very quickly, on my--

15 ACTING CHAIRPERSON RIVERA: [interposing]  
16 Can you just state—state your name for the record.

17 BLIGEN: The name is Bligen, B-L-I-

18 ACTING CHAIRPERSON RIVERA: [interposing]  
19 Oh, okay, yes.

20 BLIGEN: G-E-N, and I reside at 320 West  
21 111<sup>th</sup> Street HDFC. I've been there for over the past  
22 25 plus years. I have been an active member—member  
23 of the association before we went into the TIL  
24 Program, and then when we converted in 1990, and  
25 although we're not in the TPT program, my concern for

2 my building and many other buildings is that you  
3 spoke about it today about prevention before a  
4 building is in distress. My building although  
5 financially we are not in distress as yet, we have  
6 board members who do not live on the premises, who do  
7 not give financial—regular financial reports, who are  
8 not transparent with anything. We have one Treasurer  
9 who—who owns about five or six different apartments  
10 under other names. They're B&B Apartments. This is  
11 supposed to be affordable housing for people who need  
12 it, but we have individuals, we have a 22-unit  
13 building with two commercials, and this one single  
14 treasurer has one of the or two of the commercial  
15 spaces. We have no idea what goes in that commercial  
16 space. We have no idea how much they're paying if  
17 anything for the commercial space, and out of a five-  
18 member board, we have only one or two that actually  
19 live on the premises. My position with HPD is that I  
20 have gone there from year one to complain about these  
21 issues [bell] because it's from one regime to another  
22 where you have these rogue illegal boards and no one  
23 is addressing it. HPD does not. I've written  
24 letters. I've written letters to the Department of  
25 Investigation, and the letter that I handed to the

2 Council is a letter that was written on behalf of my  
3 building and several other buildings by Assembly  
4 Member Daniel O'Donnell to the Department of—I've  
5 gone to the Department of Investigations. This  
6 letter went to the Attorney General's Office and  
7 nothing. And when I address these issues that—with  
8 HPD, Mark Matthews in particular, you know, I'm told  
9 that this is an issue that the shareholders have to  
10 take responsibility for, but it's a 22-unit building  
11 with six of those apartments that are sublet and a  
12 large majority of the people who were original  
13 tenants are elderly and not really involved, and  
14 we've got an entire building filled with strangers  
15 basically running in and out of there.

16 ACTING CHAIRPERSON RIVERA: So, Ms.—Ms.  
17 Bligen, HPD is here, and I know that you might be a  
18 bit discouraged in—in communicating with them and to  
19 alleviate your issue, but it sounds like you have  
20 issues of maybe non-primary residents, non-payment  
21 and some board dysfunction, which I've heard  
22 countless stories on irresponsible board members.  
23 So, I'm sorry that you all are going through this,  
24 but if you will connect directly with HPD who is  
25 sitting actually directly to your right, just so we

2 can try to resolve your one building issue, and then  
3 please feel free to follow up with Chair Cornegy or  
4 myself or individual Council Member and consider us a  
5 partner.

6 BLIGEN: Thank you.

7 ACTING CHAIRPERSON RIVERA: Okay. So,  
8 than you. Thank you all so much. We're going to  
9 call up the next panel. Eamon McGoldrick, Harry  
10 DeRienzo, Andrew Reicher, Michelle James, and Gary  
11 Payne from 499 West 158<sup>th</sup> Street. [background  
12 comments] Poyo-Poyo (sic). Sorry about that.  
13 [background comments, pause] And if anybody else here  
14 is interested in testifying please fill out a slip.  
15 [background comments, pause] You'll be next, okay.  
16 Okay, thank you Trudy. I'm ready when you are. Can  
17 we start here?

18 MICHELLE JAMES: Hello. My name is  
19 Michelle James and I'm here to testify about the TPT  
20 program. Our building are a group of five buildings  
21 that on the main, the Harlem Valley, the Harlem  
22 Valley HDFCs because they run into TPT as a cluster  
23 of five buildings since 2001. Since 2005 we were  
24 fully renovated. We have no financial problems. We  
25 are managed by Manhattan Valley Management Company,

2 and since 2009, we received our no action letter.

3 The no action letter meaning that we're—we're in full

4 compliance and it's ready to be converted, and

5 nothing has happened. Manhattan Valley has not

6 cooperated. They do not give us all monthly rent

7 receipts—rent rolls so that we could have our monthly

8 meetings. They have not given us any financial

9 records. The last time we heard from HPD was when

10 Liz Mercado called to find out what was going on, and

11 this was like in 2010. Every time we—we complain,

12 Manhattan Valley takes a bunch of us to court and

13 claim that we're subletting our apartment. We're not

14 living there. Eleven tenants has went to court, and

15 all cases have been won. The money to litigate all

16 of these cases in court for two years at a time is a

17 stress on our budget, and that money comes directly

18 from our bank account. So, when we do convert, if

19 this—once this happens because we are not going to

20 stop fighting, we are going to end up in discuss the

21 problems that you are discussing today because our

22 money is being used to illegally litigate the

23 tenants. I have been blacklisted. I have owned—I

24 own a beauty parlor that was on their property, and

25 once I started complaining--it was on a separate

2 property—about anything, all of a sudden they went to  
3 my beauty parlor and locked the doors, locked me out  
4 of my beauty parlor illegally. I fought in court and  
5 won the right to get back into my beauty parlor, but  
6 because it's a business—it's a—it's a commercial  
7 space they didn't have to renew my lease [bell] after  
8 my lease was expired. So, they did not renew my  
9 lease, and these low-income beauticians lost their  
10 jobs because they had nowhere to work, and it  
11 continues, and every time we complain, they claim  
12 that we do not have 80% of the tenants in compliance.  
13 They—they have no idea of—80% of our tenants are  
14 definitely paying their rent. They have no idea  
15 what's going on because no of them come to any of our  
16 meetings ever. So, one of the Council woman—woman,  
17 Ms. Helen Rosenthal who is sitting right here asked  
18 why are people afraid of the Third Party Transfer  
19 Program. This is why people are afraid [bell] or  
20 should be afraid of the Third Party Transfer Program  
21 because once you get into the Third Party Transfer  
22 Program it's a trap that you don't really necessarily  
23 get out of because we have five buildings that I  
24 could testify today that we are doing everything that  
25 we're supposed to do. We even got a no action letter

2 in 2009 just for us to transfer the ownership and we  
3 have not transferred. We have no problems. We have  
4 no tax problem, no water problem. We have a loan  
5 because the city with Manhattan Valley Management of  
6 course, you, and so I know that works. They had a  
7 loan to renovate the buildings. All the buildings  
8 are fully renovated. It's a cluster of five  
9 buildings. They have changed executive directors of  
10 Manhattan Valley four times since 2009. They have  
11 changed management—property managers over four or  
12 five times. They have fired all of the staff [bell]  
13 three or four times since 2009. The two HDFCs that  
14 they were managing before they sued them and won.  
15 Two different HDFCs has sued Manhattan Valley.

16 ACTING CHAIRPERSON RIVERA: [interposing]  
17 So, might we ask--

18 MICHELLE JAMES: [interposing] -for  
19 mismanagement and won.

20 ACTING CHAIRPERSON RIVERA: Are you still  
21 in contact with Manhattan Valley or are you saying  
22 that they're just not—they're not responsive at all?

23 MICHELLE JAMES: They're living on—we're  
24 living there because of the way the Third Party  
25 Transfer, our type of Third Party Transfer because we

2 are not the type of Third Part Transfer when it was  
3 an HDFC and we lost it. We went in there voluntarily  
4 to them with other partnerships. So, they still have  
5 the deed for our building. So they dangle it up over  
6 the tenants' heads and say yes we own the building.  
7 So we can do whatever we want to you, and the tenants  
8 are afraid. So, people get very, very scared, but  
9 they are basically our landlord, but all they do is  
10 collect rent and torture us.

11 ACTING CHAIRPERSON RIVERA: So, can I ask  
12 HPD, you're—you're here, right, you're following up  
13 with these individuals who are coming to you? Okay,  
14 thank you. Thank you so much. Thank you for letting  
15 me know what your building is going through and your  
16 experience.

17 MICHELLE JAMES: No, but there's some  
18 letters to HPD, and they sent us back a letter, and  
19 one of the tenants saw this and--

20 ACTING CHAIRPERSON RIVERA: [interposing]  
21 So, but what I'm going to have you do so we could  
22 make sure that everybody gets a moment to testify,  
23 I'm going to have them follow up with you  
24 individually today--

25 MICHELLE JAMES: Okay

2           ACTING CHAIRPERSON RIVERA: --about what  
3 your building is going through, and so thank you for  
4 sharing your experience. I'm sorry that it's been so  
5 long and they've been non-responsive.

6           EAMON MCGOLDRICK: Good afternoon. Thank  
7 you very much for the opportunity to submit testimony  
8 today on behalf of tens of thousands of New Yorkers  
9 affected by the Article XI Program. My name Eamon  
10 McGoldrick, and I am here on behalf of New York State  
11 Tenants and Neighbors Information Service and New  
12 York State Tenants and Neighbors Coalition, two  
13 affiliate organizations that share a common mission,  
14 to build a powerful and unified statewide  
15 organization that empowers and educates tenants to  
16 preserve affordable housing, livable neighborhoods  
17 and diverse communities and to strengthen tenant  
18 protections. The Information Service organizes  
19 tenants and at-risk rent regulated and subsidized  
20 buildings to help them preserve their homes as  
21 affordable housing and organizes administrative of  
22 foreign campaigns. The Coalition is a 501(c)(4)  
23 membership organization that does legislative  
24 organizing to address the underlying causes of loss  
25 of affordability and our membership organization has

2 over 3,000 dues paying members. Created in 1966 as  
3 part of the New York State Private Housing Finance  
4 Law, the Article XI Tax Exemption's original  
5 intention was to help reduce operating costs for non-  
6 profit developers of affordable housing by easing  
7 their tax burden. Currently under the de Blasio  
8 Administration, however, it is being used as the  
9 primary affordable housing preservation tool  
10 increasingly for for-profit developers. In their  
11 current form, these agreements are being constructed  
12 with inappropriate affordability guidelines about any  
13 processes for oversight or tenant engagement. As  
14 such, the city is granting lucrative tax abatements  
15 to for-profit developers and asking almost nothing in  
16 return than terms of affordability and protections  
17 for New York's low-income and moderate income  
18 tenants. For example, at the Riverton Square Complex  
19 in Harlem, an Article XI Tax Abatement was granted  
20 that preserved affordability for 975 of the complex's  
21 1,230 total units. These regulated units were split  
22 into three tiers of 325 units with different income  
23 levels stipulated for new tenants. The first tranche  
24 of 325 regulated units is earmarked for tenants with  
25 a maximum annual income of \$51,540. The second 325

2 regulated units are preserved for tenants with a  
3 maximum annual [bell] income of \$68,720, and the last  
4 third of 325 regulated units are set aside for  
5 tenants with a maximum annual income of \$107,375.

6 The family households median income in this area of  
7 Harlem is \$31,515 per year meaning that more than  
8 half of the residents in the community that might be  
9 in need of quality affordable housing are priced out  
10 of the cheapest regulated unit. Moreover, many of  
11 these tax abatements are being granted to developers  
12 such as Tahl Propp Equities who have documented  
13 histories of harassing and displacing low-income  
14 tenants. Tenant and Neighbors is testifying today to  
15 advocate for deeper affordability, greater oversight  
16 in tenant protections, and the creation of a tenant  
17 engagement process in affordable housing developments  
18 with Article XI agreements for tenants to  
19 understanding their new regulatory program and be a  
20 part of the negotiation process. We also recommend  
21 the implementation of clear oversight mechanisms for  
22 creating stronger regulatory agreements with greater  
23 protections for tenants, such as the right of-the  
24 rights of tenants to organize [bell] tenant recourse  
25 for poor conditions and additional mechanisms put in

2 place similar to other affordable housing programs  
3 using the same scale that Article XI is beginning to  
4 be used in New York. Without addressing these  
5 issues, the city will continue and inefficient use of  
6 power and resources that does not address the housing  
7 affordability crisis nor viably protects tenants  
8 rights to dignify treatment. Failure to rectify this  
9 policy will result in the fast erosion of vibrant  
10 racially and economically diverse communities that  
11 make up vital parts of our city.

12 ACTING CHAIRPERSON RIVERA: Thank you.

13 HARRY DERIENZO: Madam Chair, my name is  
14 Harry DeRienzo. I'm the Executive Director of Banana  
15 Kelly Community Improvement Association in the Bronx.  
16 We are a non-profit that's been around for about 40  
17 years. Personally, I've worked in the affordable  
18 housing field for about 43 years, and during that  
19 time I have served of the boards of about 20  
20 membership HDFCs and have assisted scores of  
21 cooperative HDFCs through loan programs I  
22 administered with I served as President of the  
23 Parodneck Foundation. So, I'm testifying on behalf-  
24 on behalf of the CPT program in support of it. To  
25 start, I want to be clear we have Banana Kelly

2 Support Cooperative Ownership. In fact, we are  
3 currently sponsoring a cooperative development in  
4 East Harlem. However, we are not in favor of allow  
5 cooperatives that are unable to function  
6 independently, the language with no viable future to  
7 the detriment of neighborhoods and most residents who  
8 make up the members or the shareholders. In our  
9 experience, most of the problems with the early HDFCs  
10 have to do with minimal investment made by the city  
11 prior to purchase by the residents, and the simple  
12 fact that costs have increased at a far greater rate  
13 than household incomes have, but we've also seen  
14 circumstances where individuals end up taking  
15 effective control of the corporations and running  
16 those to affect (sic) the landlord. We have examples  
17 that where only a few shareholders remain within a  
18 building that now has the majority of residents. So,  
19 where one or more shareholders actually control  
20 multiple apartments renting them out as individuals  
21 for individual benefit. I want to point out these  
22 are the minority. These are the ones that come to our  
23 attention, but this--these are the situations where I  
24 think these buildings would be coming to Third Party  
25 Transfer, and there is also the reality that it's

2 just hard to make small buildings. There is-if  
3 residents are low and fixed-income, cooperatives work  
4 best in smaller settings, but large buildings are  
5 easier to manage based on economies of scale. So, we  
6 encourage the Council for HD-HPD's intention to  
7 foreclose on severely distressed HDFCs. We further  
8 encourage the city to seek to capture the experience  
9 that's there in the current HDFCs and transfer these  
10 HDFCs to non-profit CDCs particularly those who  
11 engage their residents [bell] in governance through  
12 mutual housing associations and not-and utilizes  
13 opportunity as Council Member Chin referenced before  
14 to maybe bring the nascent CLT program, Community  
15 Land Trust Program to scale. Thank you very much.

16 ACTING CHAIRPERSON RIVERA: Thank you.

17 ANDY REICHER: [off mic] My name is--

18 SERGEANT-AT-ARMS: Is you mic on?

19 ACTING CHAIRPERSON RIVERA: Make sure  
20 it's on. It's the red light.

21 ANDY REICHER: Oh, the red light is on.

22 Okay. Hello, my name is Andy Reicher. I'm the  
23 Executive Director of the Urban Homesteading  
24 Assistance Board, and over the past 45 years we've  
25 been involved in the creation and preservation of

2 about 1,100 HDFC co-ops through a variety of city  
3 programs. First through homesteading programs and  
4 the TIL and other DAMP programs and now through  
5 development programs such as TPT. Though all of  
6 these, we have learned successful co-ops are as much  
7 about people who form and sustain them as they are  
8 about the real estate development and finance. Third  
9 Party Transfer Program is a valuable tool to create  
10 additional affordable homeownership in New York City,  
11 and that is largely how we've used it over the past  
12 15 years. UHAB has developed 37 projects comprising  
13 over 775 affordable homes through TPT. The projects  
14 we developed were a mix of formerly neglected rentals  
15 and also struggling HDFCs that were fortunately at  
16 that time given a second chance of success. It is  
17 important to point out that the current HDFC co-ops  
18 that are facing in rem foreclosure are just a small  
19 minority of the entire stock of HDFCs. The majority  
20 of more than 1,100 HDFC co-ops are thriving, free of  
21 municipal debt, in good physical condition, and  
22 providing deeply affordable housing to the residents.  
23 All of the HDFC co-ops that are included in the  
24 current round of TPT were at one time city-owned  
25 property. The residents in these co-ops are the

2 people who stayed after their buildings were  
3 abandoned by their previous owners and their  
4 neighborhoods were neglected, ignored by lending  
5 institutions and traditional lenders. The only  
6 reason these co-ops exist as affordable housing today  
7 is because the residents fought for their homes and  
8 communities. We must first acknowledge and thank the  
9 residents of these and of all the HDFC co-ops across  
10 the city who have been stewards of this invaluable  
11 stock. So-so it's not a simple narrative as to how  
12 buildings get here and how the 62 are on this list.  
13 So, there is a variety of reasons why they get there,  
14 and I think some have been mentioned. Some buildings  
15 didn't get a lot of repair before they became HDFC  
16 co-ops and now are facing large repair needs. Very  
17 often residents made the choice of not paying their  
18 water and sewer or taxes and making the repairs that  
19 their buildings. Some made their municipal charges,  
20 and were good governance and everything, but in  
21 recent years core leaders have died or passed away or  
22 moved on, and leadership has waned, and some of these  
23 co-ops have very low members and there's a reluctance  
24 or inability to raise the monthly charges in the co-  
25 ops to be able to meet the new cost without new

2 subsidy Section 8 for residents whose incomes are  
3 going down. We can best support these projects by  
4 acknowledging there are a lot of unique and various  
5 challenges that they're facing and not painting every  
6 co-op with the same broad brush. There has been a  
7 lot of talk about the communication with the HDFCs,  
8 and I think as the city said, when we were with the  
9 contract we contacted every building that was on the  
10 TPT list and spoke to them about what was available  
11 for them, and we were able to work with 15 to 20 of  
12 them and a few more that are still working through  
13 the process to get them out of-out of the TPT  
14 process. We also reached out to all the buildings  
15 when the amnesty was extended, and tried to give them  
16 their-their last chance so that I think that there  
17 was a lot, but the opportunities to get out and the  
18 opportunities and-and the difficulty of-of fixing it  
19 before you get in are really lacking as we-or-or need  
20 to be strengthened I should say as we go forward. I-  
21 I think that there needs to be easier access to  
22 loans. I think there needs to be more support for  
23 helping these buildings, and I think there's a lot  
24 of-of discussion that's been had by both the city and  
25 the Council of ways that we can do this.

2                   ACTING CHAIRPERSON RIVERA: Well, thank  
3 you. Thank you.

4                   GARY POYO: Hello. Good afternoon. My  
5 name is Gary Poyo. I reside at 499 West 158<sup>th</sup>  
6 Street, which is an HDFC. I've been living there for  
7 over 17 years. We—I just became a Board member. I'm  
8 actually the Vice President of the Board again in  
9 November. Prior to, there was a board that was there  
10 for it seemed like over 20 years, a couple of family  
11 members and whatsoever. The building did not get  
12 wind of the foreclosure until I would two months ago,  
13 three months ago, and apparently this has been going  
14 on for over three years. Once we got wind, we had  
15 began making steps. We had reached out to the HDFC  
16 Coalition. They came in and assisted us with  
17 creating a new board. They actually also had a  
18 Council member there, a representative. From there  
19 we also had gotten assistance from Victor Morissette  
20 (sp?) We had—there was no one who had—had informed  
21 us of a tax amnesty. He assisted—assisted us with  
22 the package, which is clear, but it's—it's not—and I  
23 know people have mentioned this before, but it's not  
24 an easy task to go to each door and knock on  
25 everybody's door to get everyone in compliance, and

1 from my experience, after we had submitted I would  
2 90% of-of the package, or I should say of the people  
3 within the building then a couple of weeks down the  
4 line we had-we told that we needed 100% then we--  
5 it's-it's -we had to go through the whole spiel  
6 [bell] of, you know, reaching out to people and-and  
7 our-our tax amnesties is in. We actually sat with  
8 DEP yesterday, me, the Treasurer as well as the  
9 Secretary, and for us to-for-for the Tax Amnesty to  
10 be approved you have to have an agreement with DEP.  
11 I know she had mentioned-you know sitting before us  
12 that-that they had-they would prefer us to-to-to go  
13 ahead and get a loan from some place else or  
14 negotiate with DEP, but to get the Tax Amnesty in we  
15 must have an agreement with DEP. And we also got a  
16 number in regards to our real estate taxes, and  
17 unfortunately, the-a good burden of it is-was-was put  
18 on the commercial space because we have two group-we  
19 actually have four units, which is commercial space.  
20 So, although if we do through the grace of God get  
21 approved by-for the Tax Amnesty, we still have a  
22 major burden of paying this-these-these arrears, and-

23 -  
24  
25

2 ACTING CHAIRPERSON RIVERA: But are you  
3 currently working with someone?

4 GARY POYO: And so like

5 ACTING CHAIRPERSON RIVERA: With someone  
6 at HPD or besides HPD.

7 GARY POYO: We're working—we're working  
8 tons of people.

9 ACTING CHAIRPERSON RIVERA: Okay.

10 GARY POYO: You know, a lot of—a lot of  
11 footwork. Everything is done pro bono. There's no  
12 management any more. The people who are—who are on  
13 board are paying themselves, a new Super who gets  
14 paid practically peanuts. It's—it's—it's—it's just a  
15 task, you know, and—and—and I regards to TPT, I have  
16 no clue. I don't know. I never heard of TPT. It  
17 was just one day I received a notice under—underneath  
18 my—my door. I opened my door. I went downstairs.  
19 I'm speaking to them asking them what's—what is this  
20 about. They're telling they can't explain nothing to  
21 me, but they—they were able to—to put this—this  
22 document underneath person's door, tape—tape—tape up  
23 the—the notice inside of the building, at the front  
24 of the—of the vestibule, outside of it notifying us  
25 that we have an opportunity go ahead and get with

2 TPT. So, I hear everyone talking about communication.

3 A Council representative was able to come to our  
4 board meeting and—and help us get new board members  
5 as well as the HDFC Coalition, which was free of  
6 charge. You have charges. So, does everyone else.

7 That's the next thing, and it's not that easy to get  
8 in contact with people. You know, the whole system--

9 ACTING CHAIRPERSON RIVERA: [interposing]  
10 well that's what—I just want to make sure that—that  
11 we—that's what we're trying to work on. We're trying  
12 to give recommendations to HPD because of your  
13 experience and being told that one day you're one  
14 status, and the next day your building is another  
15 status, and you really have no idea how you got there  
16 is pretty much what I'm getting from—from your story.

17 GARY POYO: Right.

18 ACTING CHAIRPERSON RIVERA: So, again, I  
19 want to just encourage—the agency is here and they  
20 have to follow up with you individually. You know,  
21 you've been in a position in which you're  
22 volunteering for as of November, and I—I do feel like  
23 you don't have the resources to—to serve your fellow  
24 tenants. So, if—if you'll follow up with him  
25 individually so we can get to—to the root of some of

2 these issues. Thank you. Thank you so much for your  
3 testimony, and for sharing, and Harry, I know you've  
4 been doing this a long time. So, please make sure  
5 that you talk to them before you leave today.

6 GARY POYO: Okay, and in regards to the  
7 Tax Amnesty?

8 ACTING CHAIRPERSON RIVERA: Uh-hm.

9 GARY POYO: Okay.

10 ACTING CHAIRPERSON RIVERA: And I just  
11 want to let everyone know again I will thank you  
12 again and again for your patience today because I  
13 know that some of you are missing work and you  
14 probably had childcare issues, but how we're trying  
15 to balance these panels is to have people who are for  
16 TPT and against, people who are representatives from  
17 organizations from tenants who are co-ops-co-  
18 operators. So, we're trying to have some diversity  
19 in these panels. So, if you signed up early I'm  
20 trying to get to you first. So, just please  
21 understand how we're trying to balance each of these  
22 panels. So, Trudy Silver, Epif Feister, Beverly  
23 Curry, Brenda Stokely, and Anita Chang.[background  
24 comments, pause] Trudy, would you like to start?

25 TRUDY SILVER: Can I stand.

2                   ACTING CHAIRPERSON RIVERA: Just make  
3 sure the red button on—the red light.

4                   TRUDY SILVER: So, I just became an old  
5 lady. I'm 65 and I'm asking to be able to stand  
6 because I have arthritic issues. My name is Trudy  
7 Silver. I'm a 30-year Harlem music teacher recently  
8 retired. I got a call a couple of days ago by some  
9 wonderful people by Glory and by Martha Danziger to  
10 get here and talk about what's going on. Usually I  
11 am doing what my mother says. She's 99 and she's,  
12 Trudy, when you go there, don't talk politics. Well,  
13 I'm sorry. It's very hard to avoid talking politics.  
14 She said, Don't tell people that you're always  
15 getting arrested. Don't talk about the war. Don't  
16 talk about the times you got arrested trying to save  
17 your garden next to your building. She said don't do  
18 this, and then my husband of 30 years says, Please,  
19 stick to the script. But I'm a jazz musician so  
20 obviously I have to do a little bit of improvisation.  
21 I'm a tenant at 310 East 4<sup>th</sup> Street, HDFC that has  
22 continually provided affordable housing to low-income  
23 people for 38 years. Can I hear an amen? I  
24 understand you can't talk, you can't clap. I'm a  
25 music teacher. You're supposed to be able to show a

2 little bit of enthusiasm, warmth but, of course, I'm  
3 not used to a captive audience that's going to  
4 listen, okay. I used to—I usually have to stand on  
5 my head, play the piano, yes I'm a jazz pianist. So,  
6 this is a very special treat to have people that are  
7 really trying to listen. Here since 9:30 trying to  
8 speak, fighting for decent housing for poor people.  
9 We're a 16-unit building that includes small  
10 children, seniors and disabled. I would have blown  
11 this thing up and had all the multi-media stuff that  
12 HPD had and that all the city agencies had, but I  
13 wasn't prepared, but we are [Speaking Spanish] [bell]  
14 Okay, Luiz Salguero and certainly we sat down years  
15 ago, all of us with Anne-Marie Hendrickson, and Luiz  
16 Salguero to do whatever we could do to get the  
17 Article XI, and, in fact, we have Sylvia Ravello out  
18 where who hand delivered along with me, along with  
19 Augustina Valentine who now unfortunately dead, but  
20 here son is here, not today but he's working, and we  
21 have taxes over \$100,000 year for a property that HPD  
22 deems low-income. We got everybody to get their—their  
23 tax stuff in, okay, but that was two years ago. We  
24 were promised that last January [bell] we would be  
25 submitted for the Article XI. Then the Luiz said

2 it's going to be August. Then we called Rosie, then  
3 we met again. We're doing everything. We have been  
4 doing everything possible over the past 2-1/2 years  
5 to get and Article XI Tax Abatement including  
6 multiple meetings with Council people and HPD. We  
7 attendant-attended management training always at  
8 least five people at every meeting. We've increased  
9 our own maintenance. You all know how hard that is  
10 to take a large increase. We've negotiated on our  
11 water bill. We've built up our \$140,000 reserve. We  
12 brought tenants to court who owe money. Last month  
13 we negotiated over \$30,000 in back rent from tenants  
14 who sent us letters saying thank you for holding on  
15 and waiting until we could pay this back. We deserve  
16 Article 11 status because our unpaid taxes are—  
17 because of our unpaid taxes on the tax lien sale  
18 list. We're on a sale list right now. This is crazy  
19 that we should be on that. Please help us get the  
20 Article XI that we deserve. 310 deserves an Article

21 TRUDY SILVER/AUDIENCE MEMBERS: Chanting:  
22 310 deserves an Article XI. [laughter]

23 ACTING CHAIRPERSON RIVERA: Thank you  
24 Trudy.

2 TRUDY SILVER/AUDIENCE MEMBERS: Chanting:  
3 310 deserves an Article XI. [laughter]

4 ACTING CHAIRPERSON RIVERA: Trudy, we  
5 have a—Thank you so much Trudy and I am working with  
6 you. She is my constituent [laughter] and I am so  
7 proud. I am proud that Trudy is here representing  
8 her building, and—and the tenants there, and how hard  
9 they've been working. Thank you.

10 BRENDA STOKELY: My name is Brenda  
11 Stokely. I live in one of the Brooklyn HDFCs. I  
12 think it's the second oldest HDFC in the city. I've  
13 lived there for about 22 years myself and a part of a  
14 board, and many of the people that are on the board  
15 were original buyers except for me. I came after.  
16 The two—the main things I want to express because we  
17 have another member of the Brooklyn Coalition, which  
18 we formed after we learned of the onerous regulatory  
19 agreement, and so we formed an opposition to that  
20 because I believe and everybody else in our coalition  
21 that we have the right to speak in our own voice. We  
22 are living there. We're the experts. We're the ones  
23 who are suffering over the conditions that existed in  
24 the beginning, what we're trying to do now in terms  
25 of paying bills. It's very difficult. I mean I was

2 listening to the HPD staff speak, and it was so clear  
3 to me that they never lived in an HDFC, and they—it  
4 was also clear to me that probably none of them are  
5 as poor as many of us are or working on lower  
6 incomes. It is also clear to me that none of them  
7 get redlined when they go to the bank to try to get a  
8 loan to buy an apartment. It was also clear to me  
9 that they don't have any of the issues that we have.  
10 Therefore, they should not be the ones who are mainly  
11 speaking about how to correct things. In addition to  
12 that what I'm going to talk about because she's going  
13 to cover more. We went to every single 18 HDFCs that  
14 were in Brooklyn and were on the foreclosure list,  
15 and it was pretty much the same story of people who  
16 are courageous, people who did their best to try to  
17 hold their buildings together. Yes, there were  
18 problems there. Yes, there possibly in some cases  
19 some people that were not honest, but I don't know an  
20 entity that doesn't have that including the City  
21 Council including our government, you know. So, you  
22 have good people there holding on and trying to do  
23 something [bell] and what it reminded me of was  
24 Seneca Village. There was a part of what is now  
25 Central Park that had black ownership. It had

2 churches. It had buildings, houses, it had schools,  
3 and when they wanted to get rid of those people, they  
4 castigated them into the—the most horrible light to  
5 justify where they removed and got rid of that whole  
6 space because the wealthy people that were living  
7 around that area, that land mass wanted to have a  
8 beautiful park for themselves, and they didn't want  
9 these people plus the black people. They were the  
10 only ones that could really vote because they had  
11 ownership of property. So, when I sit and listen to  
12 the horrific [bell] stories, partial stories from the  
13 HPD staff it sounds like the same stories about  
14 Seneca Village, and justification to remove Native  
15 Americans from their land, justification to remove us  
16 from our homes. It's very hard for people to  
17 actually get homes in New York City now. Very  
18 difficult and particularly if you're someone of color  
19 and particularly if you're a senior. Most of the  
20 people that live in the HPD's are seniors. Many of  
21 them are women and there's lots of children. So,  
22 you're talking about casting them out. If somebody  
23 just bought a house of an apartment rather in HPD  
24 [bell] they would have a mortgage, and then it got  
25 flipped to Third Party Transfer. What happens to

2 that person? They no longer have ownership of the  
3 apartment, but they do have a mortgage. So, these  
4 things are being thought about, and they're  
5 obviously—if someone tells you I did—look at all  
6 these wonderful things that I did, but then it turned  
7 into a disaster, then obviously those wonderful  
8 things that you said you did, you either lying or you  
9 didn't do them correctly or they weren't sufficient  
10 or they weren't appropriate to resolve things. So,  
11 you can't sit here and have this list of people that  
12 are in distress, and then tell us that you did all  
13 this great work to help people.

14 ACTING CHAIRPERSON RIVERA: [interposing]  
15 Thank you.

16 BRENDA STOKELY: It's not true.

17 ACTING CHAIRPERSON RIVERA: Thank you, I  
18 just have to--

19 BRENDA STOKELY: The most---

20 ACTING CHAIRPERSON RIVERA: I just have  
21 to get you just to wrap up.

22 BRENDA STOKELY: Okay, the last thing I  
23 just want to say is that by people being in crisis  
24 there are now all of these thieves running around  
25 saying that they're real estate agents. I have a

2 list of them. I'm going to give you their names, and  
3 they have gone around to homes, HDFCS in Brooklyn as  
4 we know in the Bronx, and they were trying to get  
5 people to vacate the buildings so that they can then  
6 sell the buildings to other people, and they nothing  
7 to do with HPD or have no legal authority to do that.

8 ACTING CHAIRPERSON RIVERA: If you can  
9 make sure that they get a list, but can I also have a  
10 copy of that list, too?

11 BRENDA STOKELY: Yes, I'll give it to  
12 you.

13 ACTING CHAIRPERSON RIVERA: Okay, thank  
14 you so much. Just want to let everybody know the  
15 bell means that the two minutes is up. Just so you--  
16 no, just--you know, you don't have to stop in the  
17 middle of your sentence. Please just finish your  
18 sentence, complete your thought. So, thank you all  
19 for your patience. [background comments, pause]

20 BEVERLY CURRY: [off mic] I'm Beverly  
21 Curry. I'm the--

22 ACTING CHAIRPERSON RIVERA: [interposing]  
23 Just press the button so I can hear you. So, we can  
24 hear you nice and clear.

2 BEVERLY CURRY. Okay, I'm Beverly Curry.  
3 I'm in an HDFC building. I'm a part of the group of  
4 HDFC Coalition. I'm the Outreach Person. I've been  
5 to 18 foreclosed-so-called foreclosed buildings. My  
6 shoes are worn out as a result of my walking from  
7 building to building and taking the buses and trains  
8 to get to these places, and the people there that I  
9 meet they are all in distress. Some of them have  
10 gotten sick over this foreclosure with getting the  
11 letters about the building being foreclosed. Some of  
12 them have lost their jobs is the reason that they are  
13 in distress. Some of places that are--most of these  
14 places are in distress, and actually they're--they're  
15 unable to meet their financial means because some  
16 people have been laid off from work, and they are  
17 older people like myself and they are sick, and with  
18 this [coughs] with this--these people that are going  
19 around pretending that they are from HPD, saying that  
20 they want to buy the building, they want to buy the  
21 land, they want to buy the--they want to restore the  
22 building, rebuild. They want to come in and put the--  
23 countertops in and resell. Those people that live in  
24 those buildings I have their names that live in their  
25 buildings. There's two building I went to that they--

2 they said HPD came out on Sunday. So, some of them  
3 are very strong people. They did not respond to  
4 their--their saying who they were, that they were HPD  
5 people. Then, there's a family that lives in one of  
6 the buildings that has made them sick. He--he--he's  
7 not here today because he's sick. She's not here  
8 because she's afraid. She's afraid she's going to go  
9 to jail. That's the harassment that they are giving  
10 them. They--they're still going out to see them as I  
11 speak today. They were out last week. They were out  
12 this week. They're out there today. HPD that's who  
13 they call themselves. They're a big real estate  
14 company. [bell] Well, I want to keep talking but--

15 ACTING CHAIRPERSON RIVERA: Thank you,  
16 thank you so much. [laughter]

17 EDITH HEASTER: Good afternoon ladies and  
18 gentlemen. My name is Edith Heaster. I live at 14  
19 Morningside Avenue, and I'd like to give a brief  
20 synopsis of my background. I was a young single  
21 parent at 19 living in the Bronx. I attended  
22 Catholic school for 12 years, I attended Hostos  
23 Community College, then received my Bachelor's from  
24 City College. I was for fortunate to obtain a job at  
25 Columbia University where I received my Masters

2 Degree. I also upgraded and increased the value of  
3 my landlord's house. I didn't realize my labor would  
4 offer my landlord an opportunity to double my rent. I  
5 did learn from this experience knowing that I didn't  
6 or would not live under any circumstances when my  
7 sweat equity wouldn't pay off. I moved to Harlem  
8 specifically to own my apartment. The tenants to  
9 which I became a part of were working exhaustedly to  
10 take back a building that was extensively trashed.  
11 Vandals had almost demolished the building. The  
12 contract HPD signed with us made me appreciative that  
13 my work would not be in vain. Had I know what the  
14 real deal was I would have never signed up to live in  
15 and HPD building. Under our Regulatory Agreement  
16 after 25 years we would explicitly own our building  
17 and the tax abatement would remain in effect for a  
18 period of time. With trust in our contract several  
19 tenants incurred bank loans. Imagine a bank loan and  
20 no apartment. Our President Janey Green acquired and  
21 reinforced-acquired the enforcement from other  
22 tenants for this building on armor and commenced to  
23 working. A regular day included engaging in tenant  
24 patrol until very late hours. We had jobs. Tenants  
25 worked during the day. Then came home and went

1  
2 downtown for training classes at HPD. This was one  
3 of the procedures to becoming a co-op owner while  
4 also learning how to manage the building. We had to  
5 contend with visitors who were combative [bell] when  
6 having to sign the register or not being permitted to  
7 enter unless a tenant who they were visiting allowed  
8 them access. We lived with troublemakers who ran up  
9 and down the stairs screaming regularly, they were  
10 smoking/drinking in the hallways, yelling in the  
11 hallways while consistently vandalized, used as a  
12 public toilet and trashed receptacles. The building  
13 was also left with graffiti on doors, walls and the  
14 main entrance to the building. Senior citizens were  
15 harassed daily by a group unmonitored children [bell]  
16 who lived with their sick grandmother. Vagrants also  
17 trained-~~tried~~ to gaining access to the roof. Tenants  
18 also had to live in worse conditions when the  
19 building was under renovation. It took time to  
20 ensure the safety of the building to long-term  
21 tenants. For years these members suffered regularly  
22 with no hot water or heat and guess who didn't  
23 provide these basic tools of survival consistently.  
24 HPD was not there to keep us safe from depots. They  
25 were not there to handle the tumultuous problem

2 before and after renovating. The tenants who have  
3 lived in Harlem for years were not at fault for the  
4 past problems of buildings being neglected. They  
5 were created by the abandonment of landlords, and the  
6 city who neglected to hold them accountable. The  
7 Koch Administration admitted that the city were not  
8 landlords. HPD was also not the agency of  
9 reliability. HPD wants to renege on our Regulatory  
10 Agreement, and if we don't comply, will default on a  
11 major agreement of tax abatement. Their new  
12 Regulatory Agreement includes: Required reports,  
13 asset limits, monitoring contracts, waiver of  
14 management requirement and annual renewal, et cetera,  
15 et cetera. [bell] After 27 years plus struggling to  
16 conclude our contract to HPD, so why after 27 years  
17 is HPD causing us another 27 plus of dissention. HPD  
18 wants to alter the regulatory agreement. Bottom  
19 line: We want to keep our agreement. This building  
20 has gone the distance and earned liberty. That is  
21 not what me or other shareholders in our building  
22 contracted to HPD. It is understood that issues  
23 occur that need adjusting, but not everyone needs it.  
24 If you break the contract—in quotes—"If you break the  
25 contract and walk away from your obligations under a

2 legally binding agreement, you will be leaving  
3 yourself open to legal actions."

4 ACTING CHAIRPERSON RIVERA: Okay. I just  
5 want to--

6 EDITH HEASTER: [interposing] Based on  
7 this, HPD is threatening to--

8 ACTING CHAIRPERSON RIVERA: --to wrap up.

9 EDITH HEASTER: --withdraw abatements  
10 contracted to us. I am trusting that I won't be  
11 another senior citizen who was duped by a contract.

12 ACTING CHAIRPERSON RIVERA: Thank you.  
13 Thank you. [background comments]

14 ANITA CHANG: Hello. My name is Anita  
15 Chang. HPD is now using Third Party Transfers, the  
16 TPT process after the foreclosure to transfer HDFCs.  
17 It is my view that TPT is being used in reverse,  
18 opposite of the original intent. Instead of  
19 landlords this time, the lower and middle-income  
20 families will lose their equity and become renters.  
21 Many of the triggers of foreclosure have their roots  
22 in owners' lack of agency and lack of money. I hope  
23 the city stages supports for affordable housing can  
24 include affordable housing ownership. Presently,  
25 this is not the case. For example, when we had proof

2 of mismanagement in our building we approached HPD  
3 and asked for an audit. We were told we don't do  
4 that. City financed audits of HDFCs are mentioned in  
5 State Law, our security Agreement and our Corporate  
6 Bylaws. This language give shareholders the  
7 impression that the city will act as supervisory  
8 agency. Also, to avoid foreclosure, we feel that our  
9 building has been forced to sign payment agreement  
10 that our building income cannot sustain. Currently,  
11 even after our \$1.2 million down payment to DEP with  
12 payments of \$10,000 a month instead of the \$8,000 our  
13 proven capacity to pay based on building income. As  
14 a result, we are paying a total of \$20,000 month just  
15 for city service, a building of 38 units and four  
16 commercials. For our DOF tax arrears, we made a down  
17 payment of \$130,000 on a debt of \$630,000 leaving  
18 \$500,000 to pay. After two years of making \$30,000  
19 quarterly payments, our arrears total is still  
20 \$465,000. We don't seem to be making progress even  
21 though we are making all payments. Our core board  
22 has raised maintenance 30% in two years. It is still  
23 not enough. When we miss a payment, and it looks  
24 like will at some point, the city will foreclose. I  
25 hope other HDFCs will not be treated the same way. We

2 are also into an alternative enforcement program, but  
3 the years we received the most violations were in  
4 1985, five years before conversion [bell] and in 2015  
5 when we had a fire and received 117 violations.  
6 People who are struggling to remain owners are facing  
7 the serious consequences of a city that does not seem  
8 to value their efforts to turn around their  
9 buildings. Each sleepless night we lie awake working  
10 out what more we can do to avoid foreclosure. We are  
11 not alone. There are hundreds and through the years  
12 thousands of families like ours. [bell] Foreclosure  
13 is a trauma. The city should find a way to be tough  
14 on the problems not tough on the people who have the  
15 problems. Thank you.

16 ACTING CHAIRPERSON RIVERA: Thank you.  
17 I'm going to call up the next panel, and again, let's  
18 just try our best to stay within the time limits, and  
19 again I want to thank you all for your patience and  
20 for staying this long. Lurie Daniels Favers,  
21 Esmeralda Simmons, Maggie Schofield, Robert Sanderman  
22 and Esmene Speliotis, and please feel free to correct  
23 me on how I pronounce your name. As someone who has  
24 had her name mispronounced almost every day of her  
25 life. [background comments, pause]

2                   ESMERALDA SIMMONS: Good afternoon. My  
3 name is Esmeralda Simmons and I'm accompanied by  
4 Attorney Lurie Daniels Favers. We are both from the  
5 Center for Law and Social Justice. We have been  
6 approached over the past I guess two years by various  
7 HDFCs and the HDFC Coalition and the Brooklyn HDFC  
8 Coalition about what was going on regarding  
9 foreclosure. Because we only have two minutes, I'm  
10 going to speak first about what our recommendations  
11 are, they're included within the testimony we gave  
12 you. But I have to first say that this entire  
13 hearing comes down to the question of whether the  
14 city of New York wants to abide by agreements to have  
15 shareholders own the property that they worked for  
16 and have been paying for or take the property away  
17 from them and let them become tenants just so the  
18 building can be rehabbed. We hope the city will  
19 abide by the original intent of HCFCs and the TPT  
20 program, the original intent and stop transferring  
21 title. In New York City title to real property is  
22 everything, and it will not be replaced. Our  
23 recommendations are: A moratorium on all current  
24 foreclosures for a minimum of two years until a new  
25 HCFC program is established by the Mayor. Create a

2 multi-agency HCFC working group to design the new  
3 program, which would include representative from the  
4 HCFC Coalition and City Council members particularly  
5 this committee. We also—you also could include any  
6 other group that you think is acting on behalf of the  
7 HCFCs. In addition, the working group to review the  
8 current problematic foreclosure process [bell] and  
9 institute or recommend necessary changes and created  
10 foreclosure prevention programs that will be  
11 triggered—as we said already—by a missed tax or water  
12 and sewer payment or other agreed upon events. You  
13 can continue.

14 LURIE DANIEL FAVERS: [off mic] Thank  
15 you. [on mic] Thank you. My name is Lurie Daniel  
16 Favers, and I'm General Counsel at the Center for Law  
17 and Social Justice. In addition to the two  
18 recommendations already stated by our Executive  
19 Director Esmeralda Simmons, we are also strongly  
20 recommending that the Article XI Tax Amnesty or  
21 General Tax Amnesty and Water and Sewer Arrears  
22 Forgiveness Program be available to all HDFCs that  
23 are currently facing foreclosure and that said  
24 Amnesty Forgiveness Program be retroactively applied  
25 to HDFCs, which have already proceeded through the

2 foreclosure process through the courts. We are  
3 requesting and recommending that there a census of  
4 all of the HDFC buildings conducted by the city to  
5 determine the state of the buildings along with the  
6 creation of a New York City Emergency HDFC Repair  
7 Fund to bring all of the buildings up to code by a  
8 date certain. We are recommending that additional  
9 resources be allocated for an HDFC Foreclosure  
10 Prevention Program similar to which was rolled out  
11 for private homeowners in past years, and expanded  
12 HDFC Technical Assistance and Support Program be  
13 created and implemented. And, most importantly that  
14 HDFCs be eligible for the same loan and tax breaks  
15 that private third-party transfer developers receive  
16 currently. We think that there must be a recognition  
17 and acceptance of the fact that the city's role has  
18 been one that has exacerbated these issues. This is  
19 a story that is a very arresting one of activist  
20 tenants who assumed responsibility over apartment  
21 buildings when landlords were no longer functional.  
22 After much advocacy, the city created the HDFC  
23 program in response to decades of abandonment and  
24 over time the city has allowed the program to go  
25 astray by not putting effective supports in place.

2 The current crisis in the HDFC program is due to the  
3 lack of effective maintenance of effort by city  
4 agencies, and its agent to educate and support  
5 current low-income shareholders and tenants in  
6 maintaining their properties. This lack of  
7 maintenance was compounded by the gross failure of  
8 city agencies to maintain community with and support  
9 of current low-income shareholders and tenants  
10 regarding their rights and responsibilities of the  
11 co-ops as non-profits. We are trusting that the city  
12 at this time, which is currently facing an extreme  
13 housing affordability crisis [bell] would certainly  
14 not take what is essentially provided—a program  
15 that's providing housing for thousands of New York  
16 City residents and essentially turn it into a private  
17 developer's paradise. Thank you.

18 ACTING CHAIRPERSON RIVERA: Thank you.

19 MAGGIE SCHOFIELD: Good afternoon. Thank  
20 your for the opportunity to testify today. My name  
21 is Maggie Schofield and I'm a tenants rights lawyer  
22 at Brooklyn Legal Services Corporation A. I  
23 represent tenant associations that are suing their  
24 landlords to obtain repairs to their units. It's not  
25 shocking that landlord who are too cheap to pay their

2 taxes are also too cheap to make repairs. I'm here  
3 today to testify in support of the Third Party  
4 Transfer Program because it provides an aggressive  
5 solution for rent stabilized tenants living in  
6 housing that threatens their life, health and safety.  
7 Currently, I represent both tenants in two rent  
8 stabilized buildings that are going through TPT and  
9 are choosing to remain—to remain rent stabilized  
10 post-TPT. Both buildings have long histories of  
11 harassment and neglect. Approximately ten years ago  
12 the conditions at 301 Harmon Street threatened the  
13 life, health and safety of the tenants and the judge  
14 appointed a 7-A Administrator to take over management  
15 of the building. Afterwards the new owner purchased  
16 the building, and it immediately fell back into  
17 disrepair. This new owner, Ben Arez (sic) has  
18 completely abandoned the building. To ensure that  
19 the tenants have heat and hot water, the tenants  
20 themselves must schedule and pay for oil delivery to  
21 the building. When the seniors in their building  
22 complain to the landlord he told them, "*Old people*  
23 *don't need hot water.*" There is currently a warrant  
24 out for his arrest for his nefarious conduct at  
25 another building, but I'm here today because TPT

1 gives the tenants at 301 Harmon hope. They now that  
2 TPT will replace their criminal landlord with a  
3 responsible owner screened by HPD. The tenants at  
4 315 Harmon have a similar story. We believe they  
5 also have a 7-A Administrator 10 to 15 years ago, and  
6 their six-unit building approx—has approximately 70  
7 HPD violations. Their landlord Zia Chaudry also has  
8 had legal issues. He was arrested by the Department  
9 of Investigation in 2007 for bribery and found to  
10 have violated New York State Labor Laws in 2010.  
11 These stories are troubling because they demonstrate  
12 that the tenants have experienced decades long  
13 harassment at the hands of detestable landlords. But  
14 TPT provides a result [bell] that is different and  
15 better than any I could receive in Housing Court, a  
16 new landlord. The permanent solution is important  
17 for tenants in buildings like mine who are exhausted  
18 from decades struggling for safe and habitable homes.  
19 Thank you.

21 ACTING CHAIRPERSON RIVERA: Thank you.

22 ROBERT SANDERMAN: Hi there and good  
23 afternoon. Thank you so much for allowing me to  
24 testify today. I present this testimony on behalf of  
25 Queens Legal Services, a branch of Legal Services

1  
2 NYC. It's a non-profit organization that fights for  
3 poverty—seeks to fight for racial justice, social and  
4 economic justice for low-income New Yorkers. Over  
5 the past ten years, we represented people including  
6 in defense of housing, foreclosure defense, civil  
7 rights, et cetera. In 2017 alone Queens Legal  
8 Services protected 6,403 tenants and their families  
9 facing eviction and assisted 2,000 residents of  
10 Queens facing foreclosure. We, therefore, have an  
11 informed perspective on the challenges both tenants  
12 and homeowners face, and we have seen the first hand  
13 effects of the rising housing costs throughout  
14 Queens. Everyday we see the human impact of rising  
15 costs, families facing the loss of their homes and  
16 communities decimated by the instability brought  
17 about by foreclosures and large numbers of evictions.  
18 Cooperatives organized under the Housing Development  
19 Funding Corporation known as HDFC co-ops are a  
20 valuable source of affordable housing in the city. As  
21 affordable housing becomes increasingly scarce, HDFCs  
22 play a vital role in allowing truly low-income people  
23 to enjoy the benefits of homeownership. When rent  
24 stabilized apartments afford great protection for  
25 many in the city, even these units are susceptible to

2 many rent increases such as vacancy increases,  
3 individual apartment increases, major capital  
4 improvement increases, and rent guideline board  
5 increases. Many landlords take advantage of these  
6 tools, and raise rents drastically after a tenant  
7 vacates. Some landlords also harass tenants by  
8 filing frivolous lawsuits and failing to make repairs  
9 in the hope that the tenant moves. On the other  
10 hand, owning a co-op affords great protections and  
11 provides shareholders and opportunity to build  
12 equity, have a direct involvement in the community  
13 and remain in neighborhoods that are increasingly  
14 becoming too expensive for low to moderate income  
15 families throughout the city. QLS represents the HDC  
16 Co-op located on 1415 Mott Avenue. Unfortunately, my  
17 client couldn't com here today. She was going to  
18 testify. It's located in Far Rockaway, Queens. This  
19 building is currently at risk of foreclosure [bell]  
20 for the Third Party Transfer Program. I'd like to  
21 just summarize by—and conclude by stating this  
22 building has—since we started representing them in  
23 September 2017, they have done amazing work to try to  
24 bring the building up to code, and try to finish the  
25 Tax Amnesty Application. We just hope that—we know

2 that the HDFC's best option for long-term affordable  
3 housing in the community is where there live. If  
4 they—we could have a moratorium on the foreclosures  
5 to give them a chance to continue realization of the  
6 American dream and to provide the opportunity for  
7 others in our communities.

8 ACTING CHAIRPERSON RIVERA: Thank you.

9 ISMENE SPELIOTIS: Hello. My name is  
10 Ismene Spelotis. I'm the Executive Director of the  
11 Mutual Housing Association of New York. Thank you for  
12 holding this hearing, and for staying and hearing us.  
13 So, MHANY—I've got the acronym is a non-profit  
14 housing community development organization. This has  
15 actually received—rehabilitated and now owns and  
16 manages several TPT buildings and I've heard all the  
17 testimony today, and I truly believe that there are  
18 buildings that absolutely should be co-ops, building  
19 should remain co-ops. And I actually think that they  
20 are absolutely buildings that probably should not be  
21 co-ops at this moment or, you know, that may not be  
22 ready, and it could be that the buildings that are  
23 currently in cooperative ownership really are not  
24 equipped, and as other people have said, are not  
25 necessarily viable. And the TPT Third-Party Transfer

2 Program really in our experience and MHANY in the  
3 last round TPT9, got three buildings that were former  
4 co-ops, and when we took those buildings over, it was  
5 very hard, and people were very angry, but we  
6 actually in the conditions that we found those  
7 buildings in were that the things you heard today,  
8 which was that there were many units vacant that only  
9 a couple of people in 30-unit buildings were running  
10 the show. That the physical condition of the  
11 buildings was horrible, that there was no financial  
12 reporting at all to anybody including the follow  
13 shareholders that the population had aged beyond kind  
14 of, you know, they were tired. So, we came in and we  
15 started to work with the residents, the couple of  
16 people in charge, quote, were the most update. [bell]  
17 The others thanked us, and they said what we need is  
18 a decent safe, affordable, place to live, and we've  
19 been doing this for almost ten years, and we have  
20 over 140 families that currently live in decent,  
21 safe, affordable housing. They did lose their  
22 ownership status. That is correct, but they are safe,  
23 and they are—and they are protected and I really feel  
24 that we have been a huge benefit to them personally,  
25 the building as a whole and, the people that moved

2 into the vacant units and their neighbors. So, we  
3 would say that—that as others have said that the  
4 cooperative HDFCs cannot be painted with one brush.  
5 We have to be really careful that the ones that  
6 should remain, remain and the ones that really should  
7 not should be put under stewardship and take care of  
8 the residents in those buildings. Thank you.

9 ACTING CHAIRPERSON RIVERA: Thank you. We  
10 want to call up Lauren Megan De Santos, Annie Wilson,  
11 Lorenzo, April Tyler, Donald Nodis and Ken Ray.  
12 [background comments, pause] I haven't said Frank.  
13 I'm sorry. No? No, not yet, not yet. [background  
14 comments, pause] I'm doubling checking. No, not  
15 yet, Frank. Sorry. [background comments] Oh, okay.  
16 Olga Salsero and Yvonne Stennet, Elizabeth Ginsbeg,  
17 Olivia Tom. [background comments, pause] Frank,  
18 you're up, Wanus. [pause] Would you like to start?  
19 If that's okay. No? Someone else? Would you like  
20 to start? I'd love it if you would start.

21 SERGEANT-AT-ARMS: Just make sure that  
22 you press the press the button.

23 ACTING CHAIRPERSON RIVERA: Yes, just  
24 make sure the red light is on so we can hear you  
25 clearly.

2                   OLGA SALSERO: Hi. Good afternoon. My  
3 name Olga Salsero. I am tenant for 344 Riverside,  
4 right. Today, I want to share with you my testify  
5 about the house the Third Party Transfer Program has  
6 been handled in my building. The Third Party  
7 Transfer Program was created to order the city to  
8 take our buildings from landlords who not been paying  
9 their taxes and who are not providing adequate  
10 service to their buildings. The goal of the New York  
11 City Third Party Transfer is to preserve the property  
12 as affordable housing, protect current residents and  
13 really take their property. Also, it was created for  
14 low-income tenants. In the early 1990s the property  
15 where I am was in deteriorated state and disrepair  
16 with numerous Housing Code violations such as  
17 inadequate heat and water, malfunctioning elevator,  
18 broken windows, poor plumbing, also electrical  
19 wiring, failing inspection (sic) and other serious  
20 problems. In 1992, a proceeding was commenced before  
21 the Housing Part of the city Court or the city of New  
22 York on the Article 7-A. All New Yorkers who had  
23 property actions and proceedings law, and a 7-A  
24 administrator was appointed for the 340 and 344  
25 Riverside Drive, and that was 2000. The city was

2 aware of foreclosure adjustment. They started to  
3 provide that the city can take title itself or  
4 transfer the property to a qualified party. A four-  
5 month period to pay the delinquent taxes, and remove  
6 the property from the foreclose adjustment. The  
7 ultimate goal of the city is the case and to convert  
8 the property to co-productive warranty providing the  
9 tenant the opportunity to purchase a share of their  
10 units. In May 10, 2002, Harvey Weinstein (sic) our  
11 attorney from the Legal Aid Society went to Courted  
12 to representing 340 and 344 Riverside Drive tenants  
13 in Bankruptcy Court. We went several times and we  
14 also made a Tenant Petition to the judge requesting B  
15 and Third Party Transfer Program. On February 10,  
16 2003, 340 and 344 Riverside Drive were transferred it  
17 to Neighborhood Restore. Fifty percent of the  
18 tenants signed a petition saying we want all of us  
19 stay Assistant Board (sic) and stated on Housing Form  
20 SHUHAB has two entities in one project. They were  
21 selected for HPD taking the 340-344 Riverside Drive  
22 into the Third Party Transfer Program. It has a  
23 sponsor and won it. (sic) White & Grace is the  
24 management company select for SHUHAB. So, these  
25 entities are the same, one for our HPD Third Party

2 Transfer Project. Our contractor was Darrell (sp?)  
3 We took a loan, and until day we don't know exactly  
4 the amount of the loan. As there are a lot of  
5 meetings with HPD, City elected representatives, city  
6 agencies are our sponsor, we tenants at 344 Riverside  
7 Drive is starting to 2007 the renovations for the  
8 realign. (sic) Apparently, our renovation was  
9 completed in 2014. This it's mean seven years  
10 later. That construction work was very, very bad and  
11 poor quality, and until today we have outstanding  
12 repairs. The windows were installed without  
13 insulation, very tight. We cannot open the window.  
14 In the winter we're freezing because we get all the  
15 cold weather through the window frame.

16 ACTING CHAIRPERSON RIVERA: So, can we  
17 make—if you could just wrap up the testimony. That's  
18 the bell. So, we can—and make sure that you connect  
19 directly with HPD.

20 OLGA SALSERO: I'm sorry. I had to say  
21 that.

22 ACTING CHAIRPERSON RIVERA: [interposing]  
23 It's okay, it's alright. It's okay.

24 OLGA SALSERO: Should I continue.  
25

2 ACTING CHAIRPERSON RIVERA: No, it's  
3 okay. You could wrap up. If you could just finish.

4 OLGA SALSERO: Thank you.

5 ACTING CHAIRPERSON RIVERA: Okay,

6 OLGA SALSERO: During the renovation  
7 process at 340 and 344 Riverside Drive they divide  
8 the loan, because at 340 they never knew when those  
9 renovations will be started. So, according to the  
10 information on 340 that we are starting soon those  
11 renovations. In December 1, 2015 SHUHAB increased  
12 the rent more than 100% the rent. This means if a  
13 tenant was paying \$437, they had to pay \$1,339. We  
14 complained and we went to different agencies  
15 requesting help, because this is why it will  
16 increase. Don't go through the Third Party Transfer  
17 means what there was. Then SHUHAB gave to the  
18 tenants a new Third Party Transfer lease, and thank  
19 you to the Community Board 9. They helped the  
20 tenants to find a lawyer who fight hard, and then  
21 SHUHAB removed the lease they submit before and they  
22 change exactly that Third Party Transfer Lease like  
23 it was required.

24 ACTING CHAIRPERSON RIVERA: So, if we  
25 could just—because we have other people on the panel,

2 and everyone is supposed to get two minutes. So, we  
3 can check in afterwards and go through the details of  
4 your building and HPD is here. We—we can speak.  
5 Okay?

6 OLGA SALSERO: Okay, just—I just have  
7 some--

8 ACTING CHAIRPERSON RIVERA: [interposing]  
9 Okay, thank you, thank you.

10 OLGA SALSERO: So, thank you.

11 APRIL TYLER: Good afternoon. My name is  
12 April Tyler and I am the Co-Chair of the Housing,  
13 Land Use and Zoning Committee of Community Board 9  
14 Manhattan in West Harlem, and Olga is a public member  
15 of our committee, and I've actually been working with  
16 her building for many years, and just before I launch  
17 into it, and I'm not going to read my testimony in  
18 the interest of time, but I just wanted to add a  
19 couple of things about her building, which highlights  
20 the problems and the issues with the Third Party  
21 Transfer Program. One is that this program was not  
22 created to—well this program was created and properly  
23 used in her building to wrest a building that was  
24 neglected from the hands of an abusive landlord, and  
25 this building went through many, many, many, many

2 years of abusive landlords flipping wraparound  
3 mortgages, all of the horrors that we hear about,  
4 this building—these two buildings experienced, and so  
5 it was properly used in this instance, but the Third  
6 Party Transfer Program was originally supposed to  
7 take two to three years. They have been in this  
8 program for 14 years. So, 14 years later and tens of  
9 millions of dollars of debt. They are finally now  
10 about to become a cooperative, and the only reason  
11 that they are about to become a cooperative is  
12 because the West Harlem Development Corporation  
13 crafted a no interest loan program so that the  
14 majority of the tenants now who will be shareholders  
15 are able to get a loan to pay for their apartments  
16 because over those 14 years the rules have changed,  
17 and the price has gone up. So, they are—they  
18 wouldn't have been able to purchase their apartments  
19 under what had been the original agreement—agreement,  
20 but now thanks to the loan, but with West Harlem  
21 Development Corporation, they are able to have  
22 purchased their apartments. So, I just wanted to  
23 highlight three things: (1) The Debt. First of all,  
24 the program was not created to solve problems of  
25 HFDCs. It was created to deal with abusive

2 landlords. As an addendum to the Tax Lien  
3 Legislation when the city decided that they didn't  
4 want to own property any more, and it should go back  
5 to that. It should not be used to deal with problems  
6 in HDFCs. The problems with HDFCs can be solved in  
7 other manners with professional competent assistance,  
8 applicable loan programs, and tax forgiveness, and  
9 early identification of problems. The buildings that  
10 are—that are now on the foreclosure list HPD knew  
11 that those buildings had problems a decade ago and  
12 did nothing. UHAB knew they had problems a decade  
13 ago and did nothing. Something can be done. There  
14 can be early warning system placed in effect to help  
15 the buildings when problems arise, not when problems  
16 have festered and become cancers, and I just will end  
17 with this hearing is about the Third Party Transfer  
18 Program, but it's also about HDFCs, and the  
19 overwhelming majority of HDFCs are doing well, and I  
20 as a founding member of the HDFC Coalition as a  
21 member—as a co-chair of the city—the Community Board  
22 Housing, Land Use and Zoning Committee object to a  
23 draconian regulatory agreement, and absolutely reject  
24 to the premature sun setting of the DAMP partial tax  
25 abatement. Thank you.

2 ACTING CHAIRPERSON RIVERA: Thank you.

3 [cheers] Thank you. Thank you. Annie.

4 ANNIE WILSON: Hello. Thank you for  
5 giving us the opportunity to speak up today, and  
6 regarding the Third Party Transfer and my experience  
7 in the building that I have lived in since 1984.  
8 Unfortunately, I am here to disclose information that  
9 I wish I had never had to experience during the time  
10 of my residency at that location prior to the Third  
11 Party Transfer in 2002, and the subsequent events  
12 since then, which, in fact, there was more  
13 deterioration within the program than prior to the  
14 program. We had counted on the oversight of UHAB  
15 unfortunately. I am greatly disappointed in the type  
16 of management UHAB offered. They have breached their  
17 agreement with the city in 2002 to complete the  
18 program by 2004. Our building of 11 buildings in  
19 that program was the most advanced. We only had  
20 \$120,000 of renovation costs assessed. We had a  
21 working tenants union. We had a bank account for 15  
22 years, and we had bylaws and meetings. Once in the  
23 program there was unfortunately a family that had  
24 only been recognized as one membership agreement that  
25 decided that they were going to control this building

2 and derail the program for everyone. They repeatedly  
3 created violence, destruction of property, took over  
4 units. For example, the electrician was hired early  
5 in the program to put in some-some conduit piping so  
6 that there wouldn't be any more stealing of  
7 electricity, but that electrician was assaulted by a  
8 family member. There was no follow-up courts in  
9 nuisance and this continuously went on until the roof  
10 was completely destroyed, the gas was removed, there  
11 had been a fire. No repairs for ten years. Despite  
12 the insurance that was cashed in on by UHAB, and  
13 there was black mold everywhere for ten years and-  
14 and, of course, in arrears and complete decay [bell]  
15 and a subject of several newspaper articles. We were  
16 then saved, saving by the Inclusionary Zoning  
17 Program, and Don Capoccia and BNN were going to come  
18 in and pay off whatever was owed and what was to be  
19 foreclosed and make a brand new renovation for  
20 everyone to return. It sounded like a good idea. I  
21 signed for it. There had been a vacate order on half  
22 the building. Didn't have much choice.  
23 Unfortunately--and I'm going to be closing very soon--  
24 the terms of the loan agreement were not as proposed  
25 to us. We were told 40 to 70,000 nominal alone.

2 Instead, there's \$960,000 without stakeholder  
3 consent, which is tied to the equity. There is just  
4 about no resale, \$6,000 in three years. In addition  
5 to that, given that there had been a family that had  
6 been voted into one unit they were given four units.  
7 They were moved up next to me. Unfortunately, I will  
8 not be returning because of the threat to my personal  
9 safety. I am in negotiation now for alternatives to  
10 this problem, and I have not returned as many have,  
11 and in conclusion, I wanted to support the  
12 recommendations made by the Public Advocate in a  
13 report that was issued in 2016 that requires that  
14 there be a Third Party Overview for all these  
15 privatization programs of city property. In this  
16 case, you know, our buildings, and that is an  
17 investigative report named the Multi-Million Dollar  
18 Boondoggle. The developer has been unaccountable--

19 ACTING CHAIRPERSON RIVERA: [interposing]  
20 Can you—I'm sorry.

21 ANNIE WILSON: It's not surprising I  
22 cannot get any accounting. They have made a lot of  
23 money, and we have no way of knowing what exactly is  
24 the income for that developer, and they have spent  
25

2 over \$350,000 per unit without bidding. Thank you  
3 very much for your attention.

4 ACTING CHAIRPERSON RIVERA: Thank you.

5 ANNIE WILSON: To be continued.

6 LAUREN MEGAN DE SANTOS: Hello and thank  
7 you for your attention. I know we spent a lot of  
8 time here. My name is Lauren Megan De Santos, and I  
9 am representing 67-69 Saint Nicholas and HDFC Co-Op  
10 in Central Harlem where my mother is a shareholder.  
11 Out of 27 units in the building, 16 are owned and 12  
12 of those including my mother's have mortgages of over  
13 \$200,000 each. 67 and 69 are currently facing  
14 foreclosure, and it's very likely that it will be  
15 entered into the TPT Program, which we do not want.  
16 In the last two months my mother and the other  
17 shareholders have twice voted in a new board with the  
18 assistance of NHS. The old board, it is alleged and  
19 we believe that they have mismanaged the money, which  
20 was why the building was entered into foreclosure,  
21 but the new board is committed to halting the  
22 foreclosure entering into Amnesty Program, and  
23 eventually making repairs to the building to make it  
24 livable and to get rid of all the violations. To my  
25 knowledge, apart from the old board none of the

2 shareholders were informed by HPD of the violations,  
3 of the problems and of any of the outreach that they  
4 claim to have made. We just found in March about  
5 the—about the building being entered into the  
6 foreclosure. From my perspective from the testimony  
7 offered by HPD, TPT is according to them beneficial  
8 but only to renters. If the building is eventually  
9 foreclosed upon by the city, my mother loses her  
10 investment along with 12 other shareholder, and I  
11 want HPD to understand that you are stripping her of  
12 her ownership. You are stripping here of her  
13 investment. I'm not going to let that happen, okay,  
14 and you shouldn't either. [bell] So, thank you for  
15 your time.

16 ACTING CHAIRPERSON RIVERA: Thank you.

17 FRANK LA NUSA: Hello. My name is Frank  
18 La Nusa. I live in 601 West 136 HDFC. My family has  
19 been in that building since 1936. [coughs] The  
20 problem here is I—Mark Levine. I'm sorry he's not  
21 here. I met him about six months ago right outside  
22 the building because he had an officer in our  
23 building in the first floor apartment 1 renting it  
24 out for two election cycles. When I went to the  
25 meeting, I said what's the quid pro quo for the

2 rental of the—for Mark Levine? I was told by the  
3 people on the board basically to mind my business.  
4 So, I went to Mark Levine. He closed his office.  
5 That was six months ago. What I'm here to say is my  
6 building has no financial reports for a decade. They  
7 give three-page summaries of which I have here  
8 available for you to look at. Three-page summaries  
9 and the building brings in about \$400,000 a year  
10 because we have stores and we have rentals of 12.  
11 That's about \$150,000 for the rentals. The stores  
12 bring in \$300 and plus there's—we as shareholder pay  
13 our fair share, too. So, you're talking about \$300  
14 to \$400,000 a year in income and we have no financial  
15 reports. So, what I'm saying is this: H-A-HPD I've  
16 contacted them through the years. They tell me to  
17 get a lawyer. HPD has to have the power to tell a  
18 building I want a financial report every year, and I  
19 want an auditing every year paid for the board-by the  
20 building. That's the most basic and fundamental  
21 thing you can request in a building: Financial  
22 accountability, and an auditing once a year or once  
23 every two years, whatever HPD—but they have no teeth,  
24 they have no power. This is what they have to do.  
25 [bell] So, they—we've had no—no financial reports, no

2 meetings, no information on the rentals, no  
3 information on the stores, on the leases, how long  
4 the leases are, how much they pay. Nobody knows in  
5 the building anything, and there's a lot of money  
6 coming into the building. So, what I would request  
7 is that you have the power to demand that the H-HDFC  
8 boards provide accountability, transparency and  
9 auditing. Thank you.

10 ACTING CHAIRPERSON RIVERA: Thank you.  
11 Thank you everyone. [background comments] Oh,  
12 sorry. Yes, of course. [laughter] You deferred.  
13 Alright, go ahead. Last but not least.

14 DEANNA LORENZO: Hello, good-good  
15 afternoon. My name is Deanna Lorenzo. I'm with 941  
16 Rogers Place, HDFC. We're located in the Bronx.  
17 I've been living in that building since 1988. At  
18 that point in time when I moved in there I came out  
19 of a battered woman's shelter from being a manager  
20 for some private landlords. So HPD informed the  
21 tenants there that--we were in the TIL Program at  
22 that time--to make sure that I was on that board  
23 because I would be a great asset to the building.  
24 Now, from that time on until 2006, I was managing the  
25 building and sitting on the board as president or

1 treasurer, one or the other, whichever went—you know,  
2 I chose to be. They just told no, no, whichever one  
3 as long as you stay here. In 2006, I wound up in a  
4 nursing home. Okay. I was there 'til 2011 like  
5 2011, seven years. Throughout that time the young  
6 lady who took over managing the building being the  
7 President of the Board along with her aunt, who was  
8 also another shareholder there, did nothing for the  
9 building. Now, we are in arrears for water and taxes  
10 of \$600,000. We've been with niece who now sits on  
11 the Board and lives in that building. She is also a  
12 shareholder. We found out about the rent foreclosure  
13 in November when someone went out there and posted on  
14 the walls, okay, a piece of paper saying that we were  
15 in rent foreclosure. One of my nieces saw the paper  
16 and grabbed it on her way out the door. There was  
17 some also posted on the front door of the building.  
18 When she came back a half hour later there was  
19 nothing in the entire building. No one else saw the  
20 paper because the people that were in charge two  
21 ladies removed everything. According to what we  
22 found out, they had been notified since 2015 about  
23 the rent foreclosure. We found out in November. We  
24 started trying to have a meeting. She kept telling  
25

2 everybody no, there's no meeting. They cannot call a  
3 meeting unless I call the meeting. As you see, I'm a  
4 disabled person. I'm in a wheelchair. My son lives  
5 in the building. I have my fifth floor apartment.  
6 It's a walkup. I can't make it up there. So, I have  
7 an apartment in the city that everybody started  
8 phone: Betty we need you back. We need you back.  
9 We need you back, [bell] there's something--this is  
10 going on, da-da-da-da. I went back there and I  
11 started just going apartment by apartment as I could  
12 go up them stairs speaking to each individual  
13 shareholder along with my niece doing the same,  
14 explaining to them what was happening, that we needed  
15 this meeting. We had the meeting December 18<sup>th</sup> of  
16 last year. We voted them out and we placed a new  
17 board, and since then we've been speaking to HPD.  
18 The gentlemen are here.

19 ACTING CHAIRPERSON RIVERA: How's it  
20 going? How is it going?

21 DEANNA LORENZO: Well, we're doing great.

22 ACTING CHAIRPERSON RIVERA: Okay.

23 DEANNA LORENZO: We are collecting rent.

24 She said she wasn't collecting no rent, but we are in  
25 this foreclosure we don't want to be in. We're

2 asking them to give us time to pay this debt. If  
3 not—and I tell them please look back from the time  
4 that I went in there 'til 2006, there was nothing  
5 owed. At one point in time we got back from the city  
6 \$26,000 because I overpaid them.

7 ACTING CHAIRPERSON RIVERA: So, so, I  
8 just want to—so you could be able to connect with  
9 them today. They're here--

10 DEANNA LORENZO: Yeah.

11 ACTING CHAIRPERSON RIVERA: --and if  
12 there's anything you need in terms of follow-up,  
13 that's—that's where your Council person comes in. I  
14 just want to make sure we get to the—these final two  
15 panels. People have been waiting a long time, but  
16 please know that—I tell people we are not defined by  
17 geographic boundaries. If you live outside of the  
18 district, and you still want to come to me and ask me  
19 something, please know I'm at your service, but we do  
20 have HPD here to help you directly.

21 DEANNA LORENZO: Right.

22 ACTING CHAIRPERSON RIVERA: Okay.

23 DEANNA LORENZO: The other thing is that  
24 this TPT no good. It's not good.

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2 ACTING CHAIRPERSON RIVERA: [interposing]

3 So,, I'm going to put you down as in opposition.

4 DEANNA LORENZO: Yes.

5 ACTING CHAIRPERSON RIVERA: Okay.

6 Alright, thank you everyone. Thank you so much for  
7 your time. Thank you waiting.

8 DEANNA LORENZO: Okay.

9 ACTING CHAIRPERSON RIVERA: And for  
10 organizing.

11 DEANNA LORENZO: Thank you.

12 ACTING CHAIRPERSON RIVERA: Can I have  
13 Hector Vasquez, Samantha Magistro, Randall Torrey,  
14 Joe Silici (sp?) Sicili. [background comments]  
15 Lavette Green, Jacqueline Weeks, and Glory Ann Hussey  
16 Kurstein (sp?) [background comments, pause] Can I  
17 call up one more person? Is there a--

18 FEMALE SPEAKER: Yvette Green had to  
19 leave for work.

20 ACTING CHAIRPERSON RIVERA: Oh, okay.  
21 How—Erica Smith is here? How about Victor  
22 Morissette. Yes.

23 FEMALE SPEAKER: Victor.

24 ACTING CHAIRPERSON RIVERA: Are you  
25 Victor?

2 VICTOR MORISSETTE: [off mic] Just Erica.

3 ACTING CHAIRPERSON RIVERA: Oh, Erica is  
4 here. Okay, well, we'll wait. Well, I'm going to—I  
5 want them to start. She could just—you could tell  
6 her to just sit herself down there. I need one more  
7 chair, please. Alright, shall we? If you don't  
8 mind.

9 HECTOR VASQUEZ: Sure. That's okay.

10 ACTING CHAIRPERSON RIVERA: I know you've  
11 been here with me since the beginning. [laughter]

12 HECTOR VASQUEZ: Good afternoon  
13 everybody. I know it's been a long day. So, I'll  
14 try to make this as brief as I can. Thank you first  
15 of all for the support I see in the Council offices  
16 here. I see that you actually are listening to our  
17 voices, and we—I'm sure I appreciate it and I'm sure  
18 a lot of other people do. First of all, my name is  
19 Hector Vasquez. I represent the HDFC up in Harlem,  
20 138<sup>th</sup> Street, 511 and 515. My family has been at 511  
21 for—let's see, I was born in '66 so we're talking  
22 over 50 years here now. So, through the years I've  
23 seen the city at its worst and its best from the  
24 burned out gutted buildings of the Bronx through  
25 cracked ends of the Bowery. Criminal darkness reigns

2 supreme. Drug dealers and prostitutes were and  
3 everyday part of the city's landscape at the time  
4 stretching from Park Slope Brooklyn to Times Square  
5 in Manhattan. I remember when you could buy a house  
6 on Houston Street for \$1.00 because the city did want  
7 to take responsibility for these abandoned properties  
8 that became crack dens and burned out husks. This  
9 was occurring all over the five boroughs and it was  
10 chaos, but in that chaos there was always hope, the  
11 hope that things were going to get better. Amid that  
12 chaos those brave few souls whose purpose was to keep  
13 us safe. Those brave souls were our families. My  
14 parents came from Puerto Rico. My father was a cook  
15 and my mother was a nurse. They were hardworking  
16 people that struggled to make ends meet and to  
17 provide the best they could for their family. They  
18 did this under extremely hard conditions that most of  
19 today's could not even comprehend. My father was  
20 also a superintendent of the two buildings we lived  
21 in. This gave my family unique perspective on the  
22 struggles that many of my neighbors were dealing  
23 with. Thankfully my dad was a pretty sharp character  
24 and was able to piece together everything from a  
25 leaky pipe to electrical problems. The buildings

2 were literally falling apart—falling apart, but my  
3 dad with the hope of our neighbors were able to keep  
4 the buildings maintained. It was a community effort  
5 to keep our buildings running with heat, water and  
6 electricity. During these troubled times, these  
7 buildings became our homes. We were finally given  
8 the opportunity to purchase our homes as co-ops  
9 because no one wanted to take on all the headaches  
10 that came with such properties in such dire economic  
11 times. We took on the responsibility of these  
12 buildings because they were not just a pile of  
13 bricks. They were our homes. When no one else wanted  
14 them, we did. We struggled for many years both  
15 structure our community. We made it work. Now fast  
16 forward almost three decades later. We have a New  
17 York that has been reborn and truly become the  
18 crossroads of the world where we have millions of  
19 people all over the world wanting to live in this  
20 great city. Now that these very same properties that  
21 were shunned in the past are now some of the most  
22 sought out and coveted places in the world. With  
23 that value comes greed. We have properties all over  
24 the city being bought and sold without any regard for  
25 the people that made the city great. [bell] We have

2 had back door deals going on concerning the original  
3 agreements that were made between the HDFCs and the  
4 city of New York. We have honored our part of the  
5 bargain, a bargain to maintain our properties and  
6 help bring back the city from the brink those many  
7 years ago. Why will this city not honor their side  
8 of the bargain? Why is the city trying to rewrite  
9 the agreement? There is no reason to extend the sun-  
10 setting or the rewriting of these original  
11 agreements. The excuse of a few buildings in  
12 trouble financially should not be used to punish the  
13 properties that have thrived. It is time for the  
14 city to keep up their side of the—side of the bargain  
15 by honoring the original agreements and stop using  
16 excuses. [bell] Many generations of our families  
17 have lived and died in these homes. We have poured  
18 our souls into these homes and for the politicians  
19 that supposedly represent the people of New York to  
20 try and take that away, that is truly wrong on so  
21 many levels. I urge all our politicians to honor  
22 those agreements and vote down any proposed changes.

23 ACTING CHAIRPERSON RIVERA: If you could  
24 just wrap up.

25 HECTOR VASQUEZ: Yeah, okay.

2 ACTING CHAIRPERSON RIVERA: Thank you.

3 HECTOR VASQUEZ: Our building in  
4 particular is in good—is in good standing. We have  
5 managed to pay everything on time, tax, water, oil.  
6 For that reason, we have been against the regulatory  
7 agreement from the start. We do not need anybody to  
8 do a job that we've been doing for many years  
9 satisfactorily, and we hope that everybody else can  
10 follow in suit and all the politicians come together  
11 along with the people of the HFCs and the people that  
12 called New York their home for many years, and fight  
13 against any changes that would take away the very  
14 homes that we fought so hard to keep. Thank you.

15 ACTING CHAIRPERSON RIVERA: Thank you,  
16 Mr. Vasquez and thank you for your service.

17 GLORY ANN HUSSEY KERSTEIN: Hi. I'm  
18 Glory Ann Hussey Kerstein. I'm an HFDC shareholder  
19 on West 106<sup>th</sup> Street. I've lived in my building 36  
20 years. I'm also part of the HDFC Coalition and its  
21 Anti-Foreclosure Committee. It's composed entirely  
22 of HDFC shareholders who are working to protect the  
23 HDFC community. I want to say two things, one  
24 negative and one positive. The negative thing is the  
25 testimony today given by HPD is very, very doubtful

1 on many counts, full disclosure. I worked for HPD—  
2 HPD Code Enforcement 26 years. I know what  
3 violations are all about. So, I do contest what they  
4 said about the violations that the HDFCs facing  
5 foreclosure have accrued. I'll contest the  
6 notification only went out to the managing agent of  
7 record and not to all the shareholders. I contest  
8 the assistance they say that they gave during this  
9 2015 to 2017 foreclosure process because UHAB about  
10 30 years lost their contract right in the middle of  
11 this foreclosure process Round 10, and the contract  
12 for Neighborhood Housing Services had not yet even  
13 been signed. Neighborhood Housing Services did not  
14 have staffing for another four months, and the  
15 staffing they did get was a paltry three people  
16 without any training, no interface with UHAB, and  
17 they don't even know how to do what the HDFC  
18 Coalition knows how to do and have asked us for  
19 training about Article XI. So, if you want further  
20 discussion with me about violations and the like, I  
21 have a lot of expertise to share in that regard, but  
22 I only have two minutes. So, I want to go—jump over  
23 to the positive and the positive is there are many  
24 things that HPD could do that could have made it far  
25

1 better. HPD right now has a million dollar contract  
2 with the Center for New York City Neighborhoods for a  
3 million dollars. The give foreclosure prevention  
4 services to private homeowners, not to HDFC  
5 homeowners. So that's one thing that could be  
6 improved, but for right now, the issue of C Coalition  
7 combined with the tax expert Victor Morissette will  
8 be testifying, we've gone out to 21 HDFCs in the past  
9 five months. Only two shareholder out of the 21  
10 HDFCs we've been to knew that their building was  
11 facing foreclosure before last October. So, that  
12 means notification was not given to the 21 buildings  
13 we went to. This is like 200 HDFC shareholders had  
14 no idea. What we do is we give them technical  
15 assistance to do the Article XI. We've done 13 of  
16 these applications, which are successfully submitted  
17 to the City Council. It includes the five-year  
18 marketing plan, a five-year budget plan and the like  
19 and this is something that Neighborhood Housing  
20 Services doesn't yet know to do. We're doing it for  
21 free on a volunteer basis. What is needed is for you  
22 the City Council members to support a moratorium so  
23 that we can do outreach to the other 40 HDFCs facing  
24 foreclosure. We have seen them do a turnaround and  
25

2 this gentleman Vice President he testified today,  
3 they raised the maintenance 60% in November. They  
4 are collecting. They're taking non-payment actions  
5 to court. They are turning their building around and  
6 making it work. We are firmly convinced that HPD is  
7 wrong in saying that it's impossible to stabilize  
8 these HDFCs without stripping of their homeownership.  
9 No, what you do is you strengthen the homeownership  
10 that's in place.

11 ACTING CHAIRPERSON RIVERA: Thank you.

12 JACQUELINE WEEKS: Good afternoon Madam  
13 Chairperson and members, to all of the stakeholder  
14 that are here. My name is Jacqueline Weeks. I am  
15 the CEO of Weeks Realty. I am the Managing Agent for  
16 280 and 282 West 118<sup>th</sup> Street in the heart of Harlem  
17 in the midst of Wester Art Row. (sic) My challenge  
18 is this: There seems to be a crisis in the  
19 confidence of working with HPD, and I say this  
20 because I am the sixth managing agent, the only one  
21 who has been independent from all of the other  
22 managing companies that have been approved and sent  
23 to this particular housing company by HPD. I can  
24 verify that there has been a lot of misappropriations  
25 of monies, the taxes that were to have been paid,

2 should have paid were not and lot of benign neglect.  
3 This is a property that was a crack house and the  
4 board of directors had a transition and with each  
5 successive transition there were issues with the  
6 management company-companies. So, I do say that  
7 having been a property manager, having worked with  
8 HPD under HPD's supervision with Mitchell-Lama, I  
9 cannot understand why there was such a lack of  
10 attention in terms of auditing monthly reports,  
11 yearly annual inspections, confirmation of the  
12 regulatory agreements. None of that was performed.  
13 What grieves me is that I have a board who retained  
14 me a year ago. They have been saddled with \$600,000  
15 in taxes, water liens, and it's unfortunate that no  
16 one paid attention to this in all these years. We  
17 have a 30-year regulatory agreement. I'm grateful  
18 that I was able to apply for the Landlord Ambassador  
19 Program so at least I'll have a year [bell] to work  
20 through this. My building is different because it's  
21 a rental, but what we're looking to do is to preserve  
22 low-income housing for those who need it. So, I'm  
23 appealing to you to review this moratorium as well as  
24 tax amnesty so that we can survive, and hopefully  
25 thrive. Thank you.

2                   ACTING CHAIRPERSON RIVERA: Thank you.  
3 Thank you so much.

4                   RANDALL TARAY: [off mic] Good afternoon,  
5 Madam Chair. My name is Randall Taray (sic) and I'm  
6 representing—oh, thank you [on mic] very much. My  
7 name is Randall Taray. I'm representing RiseBoro  
8 Community Partnership. For RiseBoro Community  
9 Partnership, HPD's Third Party Transfer Program has  
10 been a way that our organization has been able to  
11 work with smaller buildings in our community that  
12 have had a tough time financially due to negligent  
13 ownership and management and becomes prey to  
14 predatory speculators. RiseBoro has partnered with  
15 HPD in such project sectors as the West Bushwick TPT  
16 that include nine buildings, 43 units where we were  
17 able to improve the living conditions and lock in  
18 long-term affordability for the existing residents.  
19 Our Standridge Project included five buildings that  
20 we were able to usher through the TPT Program and  
21 improve the living conditions and security  
22 affordability for 21 original tenant households.  
23 With the Esperanza TPT, we ensure 11 families in two  
24 buildings in Bushwick will remain in their home safe  
25 conditions with affordable rent. There—these are but

2 three examples of the many TPT projects we are  
3 working on at RiseBoro. We believe we have been  
4 successful with the TPT program because we have  
5 worked with HPD, tenant outreach groups, local  
6 elected officials, clergy organizations, and the  
7 tenants themselves to provide information and to work  
8 tenants through the TPT process and to empower them  
9 to take control of their living arrangements RiseBoro  
10 Community Partnership along with a consensus of the  
11 affordable housing community feel that TPT is the  
12 most effective tool for the city to deal with  
13 distressed buildings. Let me say I cannot  
14 underestimate the impact that TPT Program has had in  
15 the city of New York. So, today families are living  
16 in renovated apartments where they previously lived  
17 in distressed and troubled buildings. Families are  
18 now secure that the encroachment of gentrification  
19 and rising rents will not drive them out of the  
20 neighborhood because they are in buildings that have  
21 guaranteed long-term affordability. So, what is  
22 needed is for the TPT Program to expand to co-ops  
23 that are in distress and need help rather than be  
24 foreclosed and once again be prey to speculators  
25 [bell] who will move out the current residents and

2 attempt to raise their rents beyond affordability.

3 Thank you for the opportunity to testify today.

4 ACTING CHAIRPERSON RIVERA: Thank you.

5 VICTOR MORISSETTE: Good afternoon. My  
6 name is Victor Morissette. I grew up on an HDFC. I  
7 am the Secretary-Vice President of ATAC (sic) which  
8 is a franchise company, the business providing  
9 technical assistance to HDFC tenants and shareholders  
10 in conjunction with the HDFC Coalition. So, we assist  
11 in preparing the Article XI application as Gloria  
12 indicated, but I want to speak about the issue. What  
13 seems to be complicated is a very simple issue. This  
14 year unlike prior years, HPD decided that there was a  
15 rule that a HDFC building could no longer participate  
16 in being helped through the Tenants' Petition Program  
17 that they mentioned here today. So, when they talk  
18 about how wonderful it is for Third Party Transfer  
19 Program, it is a program that works and works well.  
20 The question that I ask the Council is the following:  
21 and I have a table that I shared with you within my  
22 testimony that I have prepared. This is very simple.  
23 You put on one side the data, which are the HDFCs and  
24 the other side is client, which are the TPT  
25 developers like the gentleman sitting next to me

1 here. Some of them are great. Some of them are no so  
2 great, and I wanted to go back and listen to the  
3 argument made when Medgar Evers College sent it for  
4 the injustice. Look at the intention of Local Law 37  
5 and why was that Local Law approved. Because at the  
6 beginning of Local Law 37, it was geared toward  
7 buildings that were owned for private landlords. The  
8 pipeline of buildings in the inventory have dried up.  
9 So, guess what? The low-hanging fruits happen to be  
10 the HDFCs, and the parallel is very simple. You the  
11 Council have the power to approve the Article XI, all  
12 the Article XI applications that get submitted to you  
13 by HPD. You the Council have the power to approve  
14 the Urban Improvement Action Areas that are approved  
15 by HPD, which provide tax incentives for development  
16 in the city of New York. So, in this column we have  
17 developers in one side, HDFC on the other side, and  
18 let's look at the current [bell] Third Party Transfer  
19 Program today. So, what happens to ownership? HPD  
20 said that this round, there's a rule that says that  
21 HDFC will not qualify to continue being HDFC because  
22 there's a transfer. Under the Third Party Transfer  
23 Program. That was changed only for this action where  
24 there is the largest number of HDFCs being  
25

2 foreclosed. So, ownership elimination. It's done.  
3 Checked off. [bell] The next item the deed gets  
4 transferred Neighborhood Restore who will then will  
5 transfer it to a developer. It could be a for-  
6 profit, non-profit. What happens to ownerships?  
7 They become renters. They're eliminated. How much  
8 do they pay for that deed transfer? \$1.00. \$1.00  
9 will be paid when the deed gets transferred from  
10 Neighborhood Restore the private developers. Now,  
11 let's look at the financial distress issues that HPD  
12 wants to resolve and the city wants to resolve. The  
13 city wants to collect on the water bills arrears and  
14 the real estate taxes, right? They're going to come  
15 back to you as the Council with recommendations that  
16 say wipe out these two bills. It's the same Article  
17 XI that some HDFCs are applying that you will be  
18 approving when this specific project comes to you  
19 through the Third Party Transfer Program. So--

20 ACTING CHAIRPERSON RIVERA: If you could  
21 wrap up. [bell]

22 VICTOR MORISSETTE: So, to conclude, I  
23 just have two more items on the checklist that I want  
24 to add so that you understand this call. So, it gets  
25 eliminated. Who benefits? HPD will say that the

2 tenants benefits, but the benefit it's really to the  
3 developer because he's the one getting the benefit.

4 ACTING CHAIRPERSON RIVERA: Okay, just  
5 please try to wrap up because we have one more—we  
6 still have more people waiting.

7 VICTOR MORISSETTE: To conclude, Section  
8 8 is given to the developer guaranteed so that they  
9 can when the rent is adjust that will increase  
10 tremendously because there's a financial plan that  
11 they borrow money to rehabilitate a building where  
12 the city facilitates the for their home loan money,  
13 the block grant money that it manages, low-interest  
14 loans, PLP loans, and you know how much equity  
15 percentage that the developer put into the deal?  
16 Fifteen to twenty percent. The rest is facilitated  
17 by—through city programs.

18 ACTING CHAIRPERSON RIVERA: Well thank  
19 you.

20 VICTOR MORISSETTE: And to say—the  
21 question I ask yourself is very simple: Why not? If  
22 the HDFCs is going through this process of  
23 foreclosure the same benefits that are given to the  
24 developers approved in the TPT program.

2 ACTING CHAIRPERSON RIVERA: Thank you.  
3 Thank you.

4 ERICA SMITH: [off mic] My name is—is  
5 this on?

6 ACTING CHAIRPERSON RIVERA: The red light  
7 means you're good.

8 ERICA SMITH: Oh, okay. My name is Erica  
9 Smith. I am here representing 30 McCombs Place HDFC.  
10 I'm a shareholder and I am the Board President for  
11 the past six months. We are an example of a success  
12 story of an HDFC co-op that was I found out in mid-  
13 September that we were in foreclosure, and that we  
14 were going to be voted on three weeks later. We had  
15 three weeks to try to figure out what foreclosure  
16 even meant, and if we had gone—so I called the—the  
17 HPD. They didn't really—the only thing that they  
18 were able to tell me was that we should try to sell a  
19 unit to pay back all of our taxes and the water  
20 arrears. That's really the only information that  
21 they were able to offer. So, we had the current  
22 Board President, the Board President at the time had  
23 Alzheimer's Disease. We had a manager—a managing  
24 agent who was taking advantage stealing money.  
25 Luckily, we got a flyer from the HDFC Coalition. We

2 went to a seminar. I went with one of the other  
3 shareholders, and thanks to Victor and Gloria at the  
4 HDFC Coalition, they helped educate us about what we  
5 needed to do to help have the building run properly,  
6 and they helped us put together a budget and figure  
7 out what to do, and within six months we—I got a  
8 brokers. We were able to make two sales, paid back  
9 all of our taxes and water bills and we're not in  
10 foreclosure any more. One-by-one we're trying to  
11 take care of all of the violations. It's really  
12 expensive. We don't want to take out another loan  
13 because of some of the other testimony I heard here  
14 today, but if we had gone with the Third Party  
15 Transfer Program I would have lost my entire  
16 investment, and the other five shareholders at the  
17 time would have lost their investments and been  
18 converted to renters, which would have probably  
19 tripled the monthly payments [bell] that we were—that  
20 we were making. So, that wasn't really an option for  
21 us, and just with a little bit of education we're  
22 able to manage the building and take care of it and  
23 make capital improvements. Thank you.

24 ACTING CHAIRPERSON RIVERA: Thank you  
25 everyone. Thank you. We have one more panel. Thank

2 you for hanging on. Sylvia Tyler. Of course, last  
3 but not least this panel. Sylvia Tyler, Wamala  
4 Wovanda (sp?) Heather Payne, Will Buckney [background  
5 comments] Buckaney-Buckhari. Sorry. It's a pretty  
6 R. [background comments] Sam Elkhart and Barry  
7 Weinberg. I think that might be seven. Sorry. Oh,  
8 no, it's six. I did it. [background comments]  
9 Thank you, everyone for your patience. We will start  
10 with you, if that's okay? [background comments]

11 WILL BUCKHARI: Good afternoon all. My  
12 name is Will Buckhari. I live at 302 Convent Avenue  
13 in an HDFC. It's in Harlem at 142<sup>nd</sup> Street one block  
14 north of City College. I live with my wife,  
15 daughter, grandson in an attractive 1912 building, 42  
16 units, 42 owners. Our building, roof, elevator,  
17 hallway, basement all in excellent condition and  
18 beautiful. We did it. We the people of the 32  
19 Convent Avenue HDFC Co-Op. In our 37-year history as  
20 an HDFC I've been president a dozen times. We are  
21 proud of our home, the home where my wife and I  
22 raised our four children and sent them out into the  
23 world. Well, one came back, but it's okay. Well,  
24 this is the home from which we left to walk to the  
25 ever-changing pole locations to vote for presidents,

2 vice presidents, senators, governors, City Council  
3 Members, et cetera Our home it's a good feeling.  
4 Our home it's a safe feeling having a home. As  
5 homesteaders, we fought for and worked to establish  
6 that safe feeling, safe environment, homeownership  
7 for our families. That safe feeling was not always  
8 there. In 1992, 11 years in as an HDFC co-op, 11  
9 years repairing, rebuilding, struggling. After 11  
10 years we were about to lose our home. We received an  
11 in rem notice from the city. We owed \$20,000. This  
12 is in 1992. Today's money that would be \$35,000.  
13 The average arrears of HDFC now in facing foreclosure  
14 strikes between \$500,000 and \$700,000 today well  
15 above the average of \$25,000 back in 1992. Finally,  
16 finally, when we received [bell] the in rem notice,  
17 we went to work explaining, pleading, arguing in  
18 addition to mailing registered letters to all  
19 shareholders. We held frequent meetings and we were  
20 able to come back to save our building. We raised it  
21 \$20,000. We're at death's door, but we came back,  
22 and we came back because we received the in rem  
23 notice on a timely basis, but we came back because  
24 the Urban Housing Assistance Board, UHAB they came to  
25 assist us, give us guidance, give us help at our

2 meeting talking to the shareholders. We came back  
3 because we received timely notice—notice that helped  
4 us respond to it, and gave us our second chance.

5           ACTING CHAIRPERSON RIVERA: Thank you so  
6 much and if I could just have everyone be quiet  
7 please to just give everyone the same respect that we  
8 all got while we were speaking. I just want to  
9 recognize Louise Clark and also that we've been  
10 joined by the Chair of the Housing and Building  
11 Robert Cornegy to whom I will hand over the—the  
12 reigns to finish strong.

13           CHAIRPERSON CORNEGY: Thank you. I want  
14 to thank my colleague so much for under some extreme  
15 circumstances continuing to chair the hearing for me  
16 and hearing the valuable testimony from the advocates  
17 as well as the constituents who are—will be affected  
18 by—and have been affected by a Third Party Transfer.  
19 So, thank you. You can continue.

20           SAM: Thank you all for staying and  
21 listening. My name is Sam. I'm from the 56-60 West  
22 119<sup>th</sup> Street HDFC. We're one of the bad ones, lots  
23 of tax arrears, lots of water bills unpaid,  
24 violation, although I just want to say that I would  
25 object to some of the charges that these HDFCs are

1 dilapidated. I would be proud to have anyone come  
2 visit us in our home. In November of 2016, we made a  
3 payment arrangement for \$627,000 of unpaid taxes. We  
4 had to 35% down. That's \$219,000. Our quarterly  
5 payments are \$20,000 much of it interest plus about  
6 \$10,000 for current taxes. In November of last year  
7 we made a payment arrangement for our water that was  
8 \$249,000. We had to put \$35,000 down. Over the  
9 course of that arrangement we'll be paying \$75,000 in  
10 interest. We also had about 150 violations. Some  
11 from before we were even a co-op and we've cut that  
12 down to about half. So, we've been doing a lot of  
13 good work on good days. I-I think that we can  
14 survive this trouble that we're in. Other days I  
15 feel like I can only pray. We've gotten a lot of  
16 help from people that have spoken here, but I think  
17 we need more help from the city organizations. In  
18 terms of our agreements that I mentioned earlier, I  
19 don't think they're terms that one would offer  
20 someone that you're looking to help. They're not  
21 terms that you'd offer someone you want to succeed,  
22 and I think TPT in foreclosure that's not help.  
23 Article XI sounds good, but some of the requirements  
24 make me question whether they actually, you know,  
25

2 intend that as help as well. So, I think we've heard  
3 a lot of good suggestions here today from the HDFC  
4 Coalition [bell] from the Medgar Evers Center, and I  
5 just hope that we'll listen. Thank you.

6 SYLVIA TYLER: Hello, my name is Sylvia  
7 Tyler. I live in a successful—one of the successful  
8 HDFCs. When we moved in, my family over 30 years ago  
9 like the end of say 1990 or 1989, people thought we  
10 were crazy because of the condition of the building.  
11 They—it was deplorable and we live on the seventh  
12 floor. We had to walk up for years, but at this  
13 point, we fought and we struggled, and we went  
14 through a lot of things and—and we do have 44 units,  
15 44 shareholders, and we don't owe any back taxes or  
16 any back water bills, et cetera, et cetera, but I  
17 today want to talk about something that I always  
18 hear. We—we—I'm part of the HDFC Coalition that was  
19 started by Jordie Montblanc (sp?) I was one of the  
20 founding members, and when we meet with Buildings  
21 they—someone always comes up to us and me in  
22 particular at the end and say well, we—we have—we're  
23 paying our—on our taxes to the city not a bank loan,  
24 directly to the city, but when we look at it, it's  
25 not hitting our principal. It's—most of it's going to

2 interest, and that made me think back to our  
3 experiences that we had in the beginning. We owed  
4 combined water and—and taxes, real estate maybe about  
5 \$80,000. We were lucky to get a loan, and the same  
6 thing was happening. I was the president of the  
7 board, and I'm like we're paying \$5 or \$6,000 a  
8 month, and most of it's going to interest. So, we  
9 were able to—the Community Service Society gave us a  
10 loan, and we were able to pay that off, and I think  
11 at that time the city was—they—they were charging us  
12 9% interested compounded [bell] daily. So, the loan  
13 was a reasonable loan that we were able to pay back.  
14 So, that is my—my issue. I want the City Council to  
15 look into what can you do about people, buildings who  
16 are struggling who are paying these exorbitant  
17 interest rates on—on their real estate. I understand  
18 water is separate and that's [bell] that's different,  
19 but this is my--**[pause in audio 4:20:39 to 4:30:56]**

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1 COMMITTEE ON HOUSING AND BUILDINGS

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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 May 27, 2018