

COMMITTEE ON PLANNING, DISPOSITION AND

CONCESSIONS

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CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

January 14, 2019  
Start: 1:07 p.m.  
Recess: 4:07 p.m.

HELD AT: 250 Broadway-Committee Rm, 16<sup>th</sup> Fl.

B E F O R E: BEN KALLOS  
Chairperson

COUNCIL MEMBERS:  
CHAIM M. DEUTSCH  
RUBEN DIAZ, SR.  
VANESSA L. GIBSON  
ANDY L. KING

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

Genevieve Michel

Executive Director of Government Affairs at New  
York City's Department of Housing Preservation  
And Development, HPD

Radame Perez

Chief Operating Officer at Mastermind Development

Nora Martins

Partner at Akerman LLP, Land Use Counsel

Nelly Evans

Senior Vice President of Best Development Group,  
Consultant to Mastermind

Ted Weinstein

Director of Bronx Planning at New York City's  
Department of Housing Preservation and  
Development, HPD

Zamir Khan

Doorman at 165 72<sup>nd</sup> Street, Manhattan, Member of  
32 BJ SEIU

Jeremy Hoffman

Assistant Commissioner for New Construction  
Finance to HPD

Peter Davis

Managing Director of Waterside Plaza

Ken Lore

Counsel to Waterside Plaza, Katten Muchin  
Rosenman Law Firm

Rurik Asher Bomerin

Reading on Behalf of New York City Senator Brad  
Hoylman and Assembly Member Epstein

Janet Handal

President of Waterside Tenants Association, WTA

Richard Cunningham

Resident of Waterside Plaza for 42 years

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

Norma Davis  
Resident of 40 Waterside Plaza for 44 years

Chris Spangler  
Resident of Waterside Plaza for over 25 years

Tod Shapiro  
Longtime Resident of Waterside Plaza

Robert Blumenblatt  
Resident of Waterside Plaza

Mark Harris  
Retired New York City Teacher, Resident of  
Waterside Plaza

Lacey Tauber  
Development and Planning Director of New York  
City's Department of Housing Preservation and  
Development, HPD

Samantha Magistro  
Project Manager at Bronx Pro Group

Jaye Fox  
Bronx Pro Group

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[gavel]

CHAIRPERSON KALLOS: Good afternoon and

welcome to the Subcommittee on Planning, Dispositions

and Concessions. I'm Council Member Ben Kallos, Chair

of this Subcommittee, you can tweet me at Ben Kallos.

We are joined today by Council Member Ruben Diaz

Senior who is always here early and on time, we're

also joined by our Land Use Chair, Rafael Salamanca

and our... my colleagues to the West and the South

Keith Powers. We also have a large number of folks in

the audience, thank you I think this is our, our

highest attendance for this Committee ever of all

time. Today we will be holding hearings on three

projects with several applications; Land Use Items

310 and 311, Waterside Plaza; Land Use Items 313,

4697 3<sup>rd</sup> Avenue and Land Use Items 314 and 315 and

316 Belmont Cove rezoning. If you are here to testify

please fill out a white slip of paper with the

Sergeant at Arms over there in the corner and make

sure to hand it to the Sergeant at Arms, they will

bring it to us and so the first Item that we will

hear today is Belmont Cove. Belmont Cove are Land Use

Items 314, 315 and 316 to facilitate the development

of a new 11 story building that will provide 157

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affordable housing units, 19 enclosed accessory parking spaces and other amenities at block 2,945, lots 34, 65 and 66 in the East Tremont neighborhood of the Bronx in Land Use Chair Salamanca's district. This project will be developed under HPD's ELLA program, 15 percent of the units will be reserved for formerly homeless households. I'd like to congratulate the Chair on having his legislation for this set aside heard this morning in the Housing and Buildings Committee and I'm sorry I wasn't able to join the press conference this morning, but I am... I am there with you as a co-sponsor and in spirit. HPD is seeking approval for disposition of city owned property block 2954, lots 65 and 66, a zoning map amendment from MM... from M1-4 which is manufacturing to R7-X which is a contextual residential district and a zoning text amendment to designate the project area as mandatory inclusionary housing area utilization MIH option one. Lot 34 is privately owned, is currently used for public parking, lot 65 and 66 are city owned and currently used as accessory parking for the NYC Department of Mental... of Health and Mental Hygiene. I would now like to ask the Land Use Chair if he has an opening statement.

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COUNCIL MEMBER SALAMANCA: Yes, thank you  
Chair Kallos and good afternoon to HPD and to  
Mastermind and LMA. I just want to come out and just  
say how excited I am about this project. I've worked  
with the developer for over eight months now, close  
to a year on this project, he came... his team came to  
my office, we set down and you know this project  
really symbolizes what my... the, the composition of my  
community which is a very low income community but I  
also have working class families in my district and  
he was able to do... make the financing work where  
there's a 15 percent homeless set aside. The concern  
that I have with this project is... the only concern I  
have with this project is that they were able to get  
a, a, a publicly owned lot that, that DOH had  
oversight on and they were using as parking and in  
order to negotiate with the city and DOH, the  
agreement was that they were going to set aside 19  
parking spaces, 18 of which were going to be for  
Department of Health and Mental Hygiene employees. If  
you know that area on Arthur Avenue is a very  
congested area, you have multiple municipal  
buildings, parking is difficult for my constituents  
there and I, I, I feel that if we are going to add

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2 parking to this building these parking slots should  
3 be for the residents of the building not for DOH  
4 employees. I propose an alternative where in front of  
5 the DOH building there is parallel parking and they  
6 can change... they can... they can change the parking  
7 regulations, or they can change the composition of  
8 that parking there from parallel parking to 90 degree  
9 angle parking which will go along with that entire  
10 strip because that entire strip on Arthur Avenue in  
11 that specific area there is 90 degree parking which  
12 would give you more parking slots and I feel that DOH  
13 employees can park in the street and so those are my  
14 concerns and I look forward to hearing from the  
15 administration as to how we can work around this.

16 Thank you Chair.

17 CHAIRPERSON KALLOS: It, it is rare, but  
18 another member would like to make an opening  
19 statement on this Item, I'd like to recognize Ruben  
20 Diaz Senior.

21 COUNCIL MEMBER DIAZ: Thank you Mr.  
22 Chairman. I, I just want to say that there was a time  
23 when the Bronx was the laughing stock of the whole  
24 nation and people left the Bronx, people abandoned  
25 the Bronx, people... even banks really liked... lined the

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2 Bronx and, and businesses and few people stood in the  
3 Bronx and there so... few organizations that stood  
4 there building and giving the Bronx a new face, a new  
5 look and I'm proud to say that one of those  
6 organizations was Mastermind. Mastermind has been  
7 working in the Bronx and creating not only houses but  
8 jobs, opportunities for our community and so far  
9 there's, there has... there has not been an allocation  
10 or, or an instance where anybody has complained or  
11 started giving off any bad news about Mastermind so  
12 I'm proud that I'm here today and I would like to say  
13 that... congratulate Mastermind in their... all their...  
14 all what they have done for the Bronx in making the  
15 Bronx proud. So, thank you Mr. Chairman.

16 CHAIRPERSON KALLOS: I'll now ask  
17 Committee... I will now ask that those who plan to  
18 testify including Mastermind to please state their  
19 names for the record and I'll ask the Committee  
20 Counsel to swear in the panel.

21 TED WEINSTEIN: Ted Weinstein, HPD,  
22 Director of Bronx Planning.

23 GENEVIEVE MICHEL: Genevieve Michel,  
24 Executive Director of Government Affairs at HPD.

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2 RADAME PEREZ: Radame Perez, Chief  
3 Operating Officer at Mastermind Development.

4 GENEVIEVE MICHEL: So... oh, sorry.

5 NELLY EVANS: Nelly Evans, Best  
6 Development Group, Consultant to Mastermind.

7 NORA MARTINS: Nora Martins, Akerman LLP,  
8 Land Use Counsel.

9 COMMITTEE CLERK: Thank you so now I'll  
10 need each of you to say yes to the following  
11 question. Do you affirm to tell the truth, the whole  
12 truth and nothing but the truth in your testimony  
13 before this Subcommittee and in response to all  
14 Council Member questions?

15 RADAME PEREZ: Yes.

16 GENEVIEVE MICHEL: Yes.

17 CHAIRPERSON KALLOS: You may begin.

18 GENEVIEVE MICHEL: Land Use Numbers 314  
19 to 316 are related to ULURP actions seeking project  
20 and disposition approval for two city owned lots  
21 located at 1836 and 1840 Belmont Avenue in the  
22 Tremont/Belmont section of the Bronx Council District  
23 17 and is known as Belmont Cove. The project site  
24 will also include the adjoining privately owned lot  
25 34. The city owned parcels are currently used as

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1  
2 parking for city vehicles by the Department of Health  
3 and Mental Hygiene. The sponsor of the project,  
4 Mastermind Development, LLC., proposes to develop  
5 Belmont Cove under HPD's extremely low- and low-  
6 income affordability, ELLA, program. Under the ELLA  
7 program, sponsors develop multifamily buildings in  
8 order to create low income rental housing for  
9 families with a range of incomes from 30 percent to  
10 60 percent of the Area Median Income and projects may  
11 include a tier of units with rents targeted to  
12 households earning up to 100 of AMI. Subject to  
13 project underwriting, up to 30 percent of the units  
14 may be rented to formerly homeless households  
15 referred by the Department of Homeless Housing or  
16 other public agencies. Land Use Number 314 is related  
17 to an amendment of the zoning map. In the early  
18 1980s, the city owned sites had been designated as an  
19 M1-4 in order to construct a sanitation garage.  
20 However, the garage was never built, and the current  
21 zoning does not present residential buildings.  
22 Therefore, HPD is seeking to change the rezoned area  
23 from an M1-4 district to an R7X district property in  
24 order to facilitate the development of a residential  
25 building. Land Use Number 315 seeks approval for an

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1  
2 amendment of the zoning resolution in order to  
3 establish a Mandatory Inclusionary Housing area  
4 mapping option one. All three lots would be rezoned  
5 and designated as an MIH and the proposed building  
6 would include 40 permanently affordable units. Land  
7 Use Number 316 will facilitate the construction of an  
8 eleven-story mixed use building containing 157 rental  
9 units plus one superintendent's unit and 19 parking  
10 spaces of which 18 will be reserved for... by DOHMH  
11 which operates a health center across from the  
12 project site. The building comprises a mixture of  
13 unit types including 18 studios, 71 one bedrooms, 51  
14 two bedrooms, and 17 three bedrooms at varying income  
15 tiers distributed throughout the building. Formerly  
16 homeless tenants referred by DHS will pay up to 30  
17 percent of their income as rent. For other tenants,  
18 rents will be established with tiers affordable to  
19 families earning up to 30 to 80 percent of AMI; with  
20 up to 20 percent of the units paying up to 100  
21 percent of AMI. It is anticipated that the rents will  
22 range from approximately 215 dollars at the lowest  
23 tier for a studio to 2,014 at the highest income tier  
24 for a three-bedroom apartment. Amenities for this  
25 project include a laundry room on every floor, two

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2 recreation rooms, and outdoor recreation space. As of  
3 January 8<sup>th</sup>, 2019, the estimated total development  
4 cost of the project is approximately 65 million  
5 dollars which is subject to change. Additionally, as  
6 of January of this year, city subsidy is  
7 approximately 45 percent of the total development  
8 cost from HDC, HPD, and 650,000 in Reso A funding  
9 from Council Member Salamanca. As an ELLA, this  
10 project will receive an as of right tax exemption  
11 under 420-C and the regulatory agreement will have a  
12 term of 60 years. In order to facilitate construction  
13 of the Belmont, Belmont Cove project, HPD is before  
14 the Planning Subcommittee requesting approval of LU  
15 Numbers 314, 315, and 316. And just to the remarks  
16 from Council Member Salamanca, I certainly, you know  
17 understand that we have some outstanding parking  
18 items that, you know we're trying to work through  
19 with our sister agencies, but we've been, you know  
20 very thankful for Council Member's support and  
21 particularly the Reso A funding and partnership on  
22 this project.

23 CHAIRPERSON KALLOS: In the Chair's  
24 opening remarks in your... I'm sorry, there's more  
25 testimony is there not?

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RADAME PEREZ: Yes, thank you. So, firstly thank you to the Subcommittee and its Chair and some of the kind words that were said by its members including Council Member Diaz. To, to introduce myself to the entire Subcommittee I am Radame Perez, the developer at Mastermind. We are a minority owned Bronx based business, I'm third generation in this family business and we have been developing affordable housing now for more than ten years. Most recently we completed a 255-unit development at Tremont Renaissance, is what we call it, it's two... about three blocks from this site and it, it, it's near completion and it's going to be a great project that really has different incomes than what we're proposing here but we have low income, moderate income and 90 percent AMIs. I want to note that the Belmont Cove project will have as, as I think mentioned before an 11 story.. 11 stories.. [cross-talk]

CHAIRPERSON KALLOS: Quick, quick item, I'm, I'm just going to note that we probably have at least 50 folks in the room waiting on the next item and this is a quick presentation so the quicker you

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2 can get through it the better, if you can read at the  
3 same speed as the HPD representative... [cross-talk]

4 RADAME PEREZ: I wasn't necessarily  
5 reading but okay. Yeah, I mean so I'll, I'll, I'll go  
6 ahead and nip it in the bud. This, this is... the... we  
7 propose to finance this under the ELLA program where  
8 the ranges... the rents will range from 30 percent to  
9 80 percent of AMI. I wanted to allow Nora to go into  
10 the details and the rational for the proposed  
11 rezoning if, if that's appropriate now Council...  
12 Chairman...

13 NORA MARTINS: Very brief.

14 CHAIRPERSON KALLOS: Yep, let's just move  
15 quickly and get through the presentation, there are a  
16 number of slides.

17 NORA MARTINS: Good morning, Nora  
18 Martins, thank you for having us today. There are a  
19 number of slides, you have them before you, we're not  
20 going to go through all of them, it's for your  
21 information. Just a quick overview of the proposed  
22 rezoning, there's a rendering which you have in your  
23 package showing the proposed 11 story building in  
24 context with the Cross Bronx to the South and a  
25 NYCHA... a 20 story NYCHA towers also to the South of

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1  
2 the Bronx... South Bronx Expressway... Cross Bronx  
3 Expressway, sorry. Skip through... you can see where  
4 the project area is, it's currently zoned M1-4, it  
5 was zoned for... in 1982 for purposes of a sanitation  
6 garage which was never built so the proposed rezoning  
7 which is to an R7X would restore the historic  
8 residential zoning designation to this site which is  
9 consistent with the surrounding residential  
10 neighborhood. Proposed zoning actions Genevieve went  
11 through them all so rezoning from the M1-4 to the  
12 R7X, the MIH designation which here is proposed to be  
13 option one, 25 percent at 60 percent AMI and then  
14 disposition of city owned property for two of the  
15 parcels of the development site. You have some photos  
16 in your package, you can take a look at those showing  
17 the existing use of the site for parking and some  
18 neighborhood context and then we have some plans also  
19 but I think we're opening up to questions at this  
20 point, if you have any questions about the design of  
21 the building we have the project architects here to  
22 answer any questions.

23 CHAIRPERSON KALLOS: Questions are to  
24 HPD, in the second paragraph of your testimony you  
25 indicated the project would be... include tier units

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1  
2 with rents targeted to households earning 100 percent  
3 of AMI, both the Chair's remarks and the testimony we  
4 just received from the developer indicate a range  
5 between 30 and 80 percent of AMI, what is the correct  
6 answer?

7 GENEVIEVE MICHEL: So, what the developer  
8 has in their presentation is certainly reflective of  
9 the project and what we are pursuing under the 420-C,  
10 the language I have in my testimony describes the...  
11 what an ELLA generally does because, you know the... we  
12 finance ELLAs under 420-C tax exemption which is an  
13 as of right tax exemption so again defer to  
14 development team on the specifics that is what they  
15 have worked out with our team but broadly this is how  
16 we describe the ELLA.

17 CHAIRPERSON KALLOS: Okay, so the  
18 regulatory agreement for this project is capped at 80  
19 percent?

20 GENEVIEVE MICHEL: The... I mean that is  
21 what will be reflected in the 420-C tax exemption  
22 that they are going through.

23 CHAIRPERSON KALLOS: Additionally, the  
24 Chair is passionate about 15 percent homeless set  
25 aside, it's something I agree with him on. In your

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2 testimony you indicate a 30 percent set aside which  
3 is very generous, we would love to see 30 percent set  
4 aside for homeless, which number is it?

5 GENEVIEVE MICHEL: So, generally speaking  
6 under current ELLA term sheets we either do 10 or we  
7 do 30, in this case we were able to work out with the  
8 development team what they showed.

9 CHAIRPERSON KALLOS: On... [cross-talk]

10 NORA MARTINS: Which is 15... [cross-talk]

11 CHAIRPERSON KALLOS: ...slide... [cross-talk]

12 NORA MARTINS: Yes... [cross-talk]

13 CHAIRPERSON KALLOS: ...on slide number  
14 two, I see vacant lots, I see a vacant lot across the  
15 street... I see two vacant lots across the street, who  
16 owns those vacant lots, is there an ability to throw  
17 those into the mix in order to have the efficiency of  
18 having multiple... have, have one construction company  
19 build all three sites?

20 GENEVIEVE MICHEL: My understanding is  
21 that they are privately owned, and I think that, you  
22 know we wanted to move forward with this project as  
23 conceived.

24 CHAIRPERSON KALLOS: My burning question  
25 since I saw this project is why the name Mastermind?

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I'd like to recognize we've been joined by Council Member Vanessa Gibson.

RADAME PEREZ: Hello... [cross-talk]

CHAIRPERSON KALLOS: Does it have anything to do with the Milton Bradley games?

RADAME PEREZ: That's very funny, it... no, it doesn't have anything to do with the Milton Bradley game. So, it's probably too long of a story to get into today but my, my... [cross-talk]

CHAIRPERSON KALLOS: The 30 second version... [cross-talk]

RADAME PEREZ: It... my... the 30 second version is my grandfather Santiago Perez had a consultant before he decided to go from bodegas to supermarkets and then to buying parts of the borough that he saw burning right behind his bodega and the consultant said to him that there was a number of pastors that... at that time Vangelico and products and pastors and one of them had come up with a mastermind principle, you can look up the mastermind principle, you know see some people nodding their heads here and the idea was basically that to go from that kind of a vision from a bodega to being able to purchase various lots throughout the borough that he had been

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1  
2 passionately came... come from Puerto Rico and  
3 passionately called his new home took a mastermind to  
4 be able to achieve such a vision and..

5 CHAIRPERSON KALLOS: Okay, that is  
6 apparently something Napoleon Hill 17 principles of  
7 personal achievement and there are t-shirts available  
8 online.

9 RADAME PEREZ: Yes.

10 CHAIRPERSON KALLOS: Okay, I'm going to  
11 just jump through a lot of questions, the quicker we  
12 get through them the quicker it goes. I want to thank  
13 the City... the HPD for being more transparent on this  
14 project and just sharing that the total subsidies are  
15 approximately 45 percent of the total development  
16 cost. So, Mastermind is the developer, who is the  
17 contractor?

18 GENEVIEVE MICHEL: Joy Construction.

19 CHAIRPERSON KALLOS: Joy Construction and  
20 when is the project projected to start?

21 NELLY EVANS: Well it is the hope that we  
22 would close in June and it would start right away and  
23 that's what we have planned.

24 CHAIRPERSON KALLOS: Is there any  
25 existing debt on the project?

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NELLY EVANS: No.

CHAIRPERSON KALLOS: What are the hard costs out of your 65-million-dollar project?

NELLY EVANS: Hard cost would be about 43,000 of that.

CHAIRPERSON KALLOS: 43,000 a unit...  
[cross-talk]

NELLY EVANS: Well no, 43... sorry, 43 million for the whole building.

CHAIRPERSON KALLOS: That was the right number and soft costs, I, I imagine it is 22 million?

NELLY EVANS: About... yes, a little bit less than that.

CHAIRPERSON KALLOS: What is the correct number?

NELLY EVANS: Soft cost would be 10, 10 million dollars and then there's a developer fee of eight.

CHAIRPERSON KALLOS: So, the developer fee is 22 million?

NELLY EVANS: The developer fee is eight million dollars.

CHAIRPERSON KALLOS: Sorry, eight million. I'm still missing four million dollars.

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2 NELLY EVANS: Well there is acquisition  
3 cost of 2.7 million dollars.

4 CHAIRPERSON KALLOS: I'm left with one  
5 million dollars we need to track down.

6 NELLY EVANS: And I think that that has  
7 to do with just rounding, so the, the construction  
8 cost would be 43 million dollars 265,752 dollars and  
9 then soft cost is 10,808,104... [cross-talk]

10 CHAIRPERSON KALLOS: Okay, I'll, I will  
11 trust you, thank you for the transparency. What is  
12 the acquisition cost, I thought this was city land  
13 that you're getting for free?

14 NELLY EVANS: The acquisition cost, I  
15 don't know...

16 GENEVIEVE MICHEL: I think we actually.. I  
17 think we just got an appraisal value, I don't have it  
18 in front of me, but I will get it to you.

19 CHAIRPERSON KALLOS: Is the developer  
20 paying for the property or is it being given for a  
21 dollar?

22 TED WEINSTEIN: It's a dollar.

23 CHAIRPERSON KALLOS: So, did I just knock  
24 2.7 million dollars off the cost of this project or..  
25 [cross-talk]

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2 NELLY EVANS: No, the, the 2.7 would be  
3 for the private land.

4 NORA MARTINS: Right, there's two, two  
5 publicly owned properties... [cross-talk]

6 CHAIRPERSON KALLOS: I need folks on... I  
7 need folks on the mics please.

8 NELLY EVANS: So, the 2.7 is for the  
9 private land.

10 CHAIRPERSON KALLOS: So, you don't  
11 already own it or the entity you are creating is  
12 purchasing it from Mastermind?

13 NELLY EVANS: That's correct.

14 CHAIRPERSON KALLOS: Okay, fair. We can...  
15 how long was the lot vacant before it was moved over?  
16 How, how long has this sanitation garage been in  
17 development?

18 TED WEINSTEIN: The, the sanitation  
19 garage was never materialized, the question is how  
20 long has, has DOHMH been using it...

21 CHAIRPERSON KALLOS: As is a frequent  
22 question we have a lot of property throughout the  
23 city that isn't being used and the question is just  
24 how long did the city sit with an empty lot that was  
25 supposed to become a sanitation garage before we

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finally came around and said you know what we should build something here, build affordable housing? So, when did the... when was it sited to be a sanitation garage?

GENEVIEVE MICHEL: 1982.

CHAIRPERSON KALLOS: 1982...

GENEVIEVE MICHEL: That's when the ULURP application to rezone the property was approved.

CHAIRPERSON KALLOS: Okay, so it has been sitting there for 27 years.

TED WEINSTEIN: Used by DOHMH.

CHAIRPERSON KALLOS: As a parking lot, okay. As we move along this will... there will be accessory... any commercial space?

NELLY EVANS: No commercial space.

CHAIRPERSON KALLOS: What is the current AMI of the current neighborhood, how... what, what... how much do people make in this neighborhood?

NORA MARTINS: The median income of community board six is 22,600 and the mean household income, the median is not available for this census tract but the census tract 369.01 is 27,342, that's about... depending on household size that's in the 30 percent AMI range.

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2 CHAIRPERSON KALLOS: Okay and you'll be...  
3 how much of the project is going to be at 30 percent  
4 of AMI?

5 NELLY EVANS: It'll be about 25 percent.

6 CHAIRPERSON KALLOS: Okay. Most often  
7 anyone who watches these regularly will, will note  
8 that I usually will admonish a developer but this...  
9 the fact that the range is from 27 percent up to 57  
10 percent and has a substantial homeless set aside  
11 indicates that this is not having the same  
12 gentrifying effect as if it was going to have a 100  
13 percent AMI or higher, believe you me I would have  
14 given you a lot of trouble over that. Just moving  
15 through, what is the value of the city's disposition  
16 of land?

17 GENEVIEVE MICHEL: I think that's the  
18 appraisal we've been waiting on that I, I, I think  
19 that I do now have but I don't have it at my  
20 fingertips, but we'll get it to the Committee.

21 CHAIRPERSON KALLOS: Okay, I'm  
22 instructing the Committee to please make sure that we  
23 receive the appraisal value before we allow this to  
24 be scheduled for a vote. This is... there is a 420-C  
25 tax abatement on this project which is as of right,

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2 when we do Article XIs we would like to... we often  
3 want to know what the tax implications are, what it's  
4 going to cost the city and your testimony you  
5 transparently said it's going to be 45 percent of the  
6 project is subsidized, does that include the 420-C?

7 GENEVIEVE MICHEL: I don't have the  
8 information on the 420-C in front of me because  
9 that's not what's before the Council today.

10 CHAIRPERSON KALLOS: We, we would like to  
11 know the, the overall cost for this action, it... in  
12 the future and then you disclosed the HPD subsidies  
13 which are up to 145,000 dollars per dwelling unit  
14 under the ELLA term sheet.

15 GENEVIEVE MICHEL: Yep.

16 CHAIRPERSON KALLOS: Is... are you going  
17 under the limit or will you be going over the limit  
18 as I have learned in other hearings?

19 GENEVIEVE MICHEL: Again, don't have the  
20 information in front of me on the ELLA tax exemption  
21 because that's not what's before the Council.

22 CHAIRPERSON KALLOS: In terms of the  
23 contractor, Joy Construction are they an MWBE, are  
24 you using MWBEs, is Mastermind and MWBE or if you are

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1  
2 not qualified for an MWBE status do you have minority  
3 and women leadership of your organizations?

4 RADAME PEREZ: Yes, Mastermind

5 Development is a minority owned company then our  
6 architects, our architectural firm that we'd use on  
7 this... that we're using on this project and, and many  
8 others before that is a certified New York State  
9 minority owned business and we anticipate exceeding  
10 as we normally do the 25 percent threshold that... of  
11 using qualified MWBEs in a... in a variety of trades.

12 CHAIRPERSON KALLOS: You mentioned doing  
13 the work of the trades, I'm over... I am concerned that  
14 when... if somebody is getting paid the minimum wage  
15 which was recently increased to 15 dollars an hour  
16 that those people will end up making 27,300 dollars a  
17 year that is if they work full time, every day  
18 without a day off and I'm concerned that that's  
19 roughly around the 30 percent AMI threshold even with  
20 the serious amount of 30 percent AMI housing that  
21 you're making, my question is will you be paying  
22 people the minimum wage such that they will actually  
23 need the affordable housing that they are building,  
24 which I believe may exacerbate the crisis or will you

25

1  
2 be paying them more so that they won't need the  
3 affordable housing?

4 RADAME PEREZ: So, the laborers that the,  
5 the general contractor employs and those that the...  
6 their subcontractors employ generally make more than  
7 minimum wage.

8 CHAIRPERSON KALLOS: Do you know if they  
9 make the same wage as other people in the  
10 neighborhood for similar work?

11 RADAME PEREZ: I... they, they make the  
12 market wage for the job that they do which is above  
13 minimum wage.

14 CHAIRPERSON KALLOS: And do they get  
15 health insurance so that if they get hurt on the job  
16 or disability insurance so that they just... they don't  
17 have to wait on a worker's comp claim, but they can  
18 get preventative care and still retire if something  
19 goes wrong on the job site, the... construction is  
20 actually very dangerous?

21 RADAME PEREZ: No, of course and our, our  
22 general contractor Joy Construction has a history of,  
23 of, of doing the right thing but above and beyond  
24 that they do... they, they do maintain workers comp for  
25 all of their employees... [cross-talk]

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CHAIRPERSON KALLOS: Health... what about health... what about health and disability?

RADAME PEREZ: Similarly.

CHAIRPERSON KALLOS: So, everyone working on this site will have health insurance and disability insurance?

RADAME PEREZ: They, they require... again, the general contractor who I'm speaking for now will provide... will require that everyone has workers comp insurance.

CHAIRPERSON KALLOS: Workers comp and health insurance are not the same.

RADAME PEREZ: No... oh, no I'm not speaking about the health right now, so... with the health benefits they... all of their employees receive health, health benefits so... as it relates to Joy Construction and the general contractor, yes, all of their employees... [cross-talk]

CHAIRPERSON KALLOS: So, all of their construction workers will have that?

RADAME PEREZ: Yeah.

CHAIRPERSON KALLOS: And they'll have disability, will they be able to retire one day, will they have a, a retirement vehicle?

1  
2 RADAME PEREZ: Yeah, I can't speak to  
3 that.

4 CHAIRPERSON KALLOS: Similarly, when the  
5 people operate the building will they need affordable  
6 housing, will they be making the minimum wage, will  
7 they be making more than that, will they have access  
8 to health insurance, will they have access... will they  
9 have health insurance, will they have disability  
10 insurance, so they have a retirement?

11 RADAME PEREZ: Again I, I can't speak  
12 with that much familiarity with that.

13 CHAIRPERSON KALLOS: You're going to  
14 operate the building after you build it?

15 RADAME PEREZ: Yes.

16 CHAIRPERSON KALLOS: Are you going to  
17 pay... do you pay your people who operate your  
18 buildings more than the minimum wage?

19 RADAME PEREZ: Oh yes, yes.

20 CHAIRPERSON KALLOS: So, you'll pay the  
21 folks on this site more than the minimum wage?

22 RADAME PEREZ: The... at the... in the  
23 maintenance and operation of the... [cross-talk]

24 CHAIRPERSON KALLOS: Yes... [cross-talk]

25 RADAME PEREZ: ...building, yes.

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1  
2 CHAIRPERSON KALLOS: And they'll have  
3 health insurance and disability insurance?

4 RADAME PEREZ: Yes.

5 CHAIRPERSON KALLOS: And, and a  
6 retirement account?

7 RADAME PEREZ: I, I don't know that right  
8 now.

9 CHAIRPERSON KALLOS: Do you... do you... does  
10 management of Mastermind have access to... [cross-talk]

11 RADAME PEREZ: Right, so... [cross-talk]

12 CHAIRPERSON KALLOS: ...401K or... [cross-  
13 talk]

14 RADAME PEREZ: Right, if you're saying  
15 401K, yes.

16 CHAIRPERSON KALLOS: 401K or pension or  
17 defined benefits... [cross-talk]

18 RADAME PEREZ: They will have a 401K.

19 CHAIRPERSON KALLOS: Okay, I, I'm part...  
20 I, I, I'm a city employee so I have a defined benefit  
21 program, I think that's better than... [cross-talk]

22 RADAME PEREZ: Right, it is... [cross-talk]

23 CHAIRPERSON KALLOS: ...the 401K, I, I  
24 think those are very important values, I know there's  
25 folks asking why, part of the reason is because we

1  
2 want to make sure that when we're taking your city  
3 tax dollars and you just heard that this is a 65  
4 million dollar project, 45 percent is coming from  
5 your pockets we want to make sure that it isn't  
6 making the affordable housing crisis worse, we want  
7 to make sure that when people do the work that they  
8 actually are safe so it's a... it's an important value  
9 so, I, I know folks are waiting patiently but it's  
10 just important and then I think my favorite question  
11 I get to ask at this is, do you have a local hire  
12 requirement?

13                   RADAME PEREZ: We, we do hire locally,  
14 yes.

15                   CHAIRPERSON KALLOS: If somebody is  
16 watching right now at home and they live in the  
17 neighborhood and they would like a job to help build  
18 this construction site or help maintain the building  
19 once constructed what number can they call for a job?

20                   RADAME PEREZ: They should... [cross-talk]

21                   CHAIRPERSON KALLOS: Making more than the  
22 minimum wage?

23                   RADAME PEREZ: They should call me at  
24 718-933-1353.

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2 CHAIRPERSON KALLOS: I'd like to  
3 acknowledge we've been joined by Council Member Chaim  
4 Deutsch, does... like to recognize Council Member  
5 Vanessa Gibson.

6 COUNCIL MEMBER GIBSON: Thank you Chair  
7 Kallos and good afternoon, it's a pleasure to be here  
8 and as a member of the Committee I thank you for your  
9 testimony and certainly looking at the schematics I  
10 know Belmont Cove will be a welcomed addition to the  
11 Bronx. I know our Chair of Land Use, Chair Salamanca  
12 was here earlier today and I just wanted to make sure  
13 I go on record in really recognizing that 157 units  
14 and most of the units being at 30, 40, 50 and 60  
15 percent of the area median income is really a  
16 welcomed addition to the Bronx and looking at income  
17 diversity and the Chair just mentioned a topic that  
18 is very, very familiar and something I'm very  
19 passionate about and that's local hiring and making  
20 sure we have responsible contracting and that  
21 developers are doing right by our people in the Bronx  
22 and I have a relationship and I know Mastermind I  
23 know the work you've done through the years of being  
24 in the Bronx in both my district and others and so I  
25 want to make sure that as this conversation continues

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1  
2 a local hiring plan and MWBE provisions must be a  
3 part of this final agreement. It's not something that  
4 we should be suggesting, it's something that really  
5 should be offered from the developers, we shouldn't  
6 have to continuously every time there is a project  
7 before us ask about these things because they should  
8 already be a part of the original plan and I want to  
9 make sure that the Joy Construction and everyone else  
10 that continues to look at the Bronx in a way where  
11 we're looking at a lot of opportunity in our borough  
12 I want to make sure that as great projects come to  
13 our borough we need to make sure that even greater  
14 jobs come to our borough. It's insulting that Bronx  
15 residents don't see these opportunities as a chance  
16 to not only build the housing but live in it as well  
17 and so we can have this conversation, it's not  
18 mutually exclusive and you know Council Member  
19 Salamanca has been a champion of set asides and I'm  
20 grateful that this project has 15 percent of formerly  
21 homeless families because we want to make sure that  
22 our borough is a part of this citywide problem so I  
23 applaud the project that's coming to us and I want to  
24 make sure Radame and your team please make sure that  
25 MWBE provisions and local hiring and responsible

1  
2 contracting is a part of the conversations moving  
3 forward so I appreciate it, don't really have a  
4 question but more so a comment and wanted to make  
5 sure that I go on record as a neighbor of district  
6 17, district 16 wants to follow in a lot of the great  
7 work that's happening in Belmont and in Fremont so I  
8 thank you for coming today and we look forward to  
9 working with you. Thank you Chair.

10 [off mic dialogue]

11 CHAIRPERSON KALLOS: I just want to.. as  
12 just a closing remark, as part of MIH CQA we reduced  
13 parking requirements as part of the affordable  
14 housing in order to have a city that is less reliant  
15 on vehicles and so one of the items that we had  
16 mentioned and we has asked that DOHMH come to this  
17 hearing, I see that they are not here but I just want  
18 to echo the Land Use Chair's desire to make sure that  
19 we move the vehicles off this lot and make sure that  
20 we set aside parking for the city vehicles and that  
21 that is an, an important consideration that.. for this  
22 committee's support. Are, are we on the same page?

23 GENEVIEVE MICHEL: I think we are  
24 certainly looking at possible solutions there.

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CHAIRPERSON KALLOS: Thank you, seeing...  
are, are there any people here to testify on this  
item? We have Zamir Khan from 32BJ here to testify in  
opposition to this Land Use Item. The current panel  
is excused. Mr. Khan you may begin and thank you for  
being here, thank you for being in the audience I  
will... I will just make a note on the record that Mr.  
Khan was nodding enthusiastically as I was talking to  
folks about how important it is to support our  
workers in our city.

ZAMIR KHAN: Thank you for having us  
Chair Kallos and members of the Subcommittee. My name  
is Zamir Khan, I'm a doorman from the Upper East Side  
of Manhattan, I've been a member of 32BJ... [cross-  
talk]

CHAIRPERSON KALLOS: Which building?

ZAMIR KHAN: 165 72<sup>nd</sup> Street... [cross-talk]

CHAIRPERSON KALLOS: Thank you for all  
that you do in our neighborhood and I can speak on  
behalf of my constituency, if you work in our  
neighborhood, you're probably like one of the family  
so thank you.

ZAMIR KHAN: Thank you for having us and  
it's great to be part of a union who can serve you

1  
2 guys in that way. My union represents over 80,000  
3 building service workers across New York City  
4 including 3,000 workers who work in affordable  
5 housing. I'm here today on behalf of my union to  
6 speak to how Mastermind LTD's proposed development at  
7 Belmont Cove could impact the workers. As you know  
8 32BJ believes that developers should commit to  
9 providing good building service jobs in order to  
10 build a more equitable economy here in New York City.  
11 We know that projects like this which are 100 percent  
12 affordable are vital for working families, but we  
13 also believe they fall short of their mission if they  
14 don't provide good jobs. We are in conversation with  
15 Mastermind LTD about this issue and hope to continue  
16 the discussion. However, as of now there is no  
17 commitment to provide building service jobs that pay  
18 area standards at this project. We see this as a  
19 cause for concern. Projects receiving public  
20 resources should not undercut the standards that  
21 building service workers have fought for. We are  
22 calling on the city and the developer to guarantee  
23 that workers at Belmont Cove are paid family  
24 sustaining wages and benefits. Tax payer dollars and  
25 public land shouldn't... should be used to create the

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good jobs that working families and the broader Bronx community deserve. We respectfully urge you to ensure that there is a commitment to providing good building service jobs at Belmont Cove before approving the project. Thank you for having us and have a good afternoon.

CHAIRPERSON KALLOS: Thank you very much, we'll excuse this item... this panel, thank you. Are there any additional members of the public who wish to testify, seeing none I now close the public hearing on Land Use Items 314, 315, and 316. Having rejiggered the agenda for those of you in the audience and making sure we didn't put another item ahead of you, I want to make sure that folks who haven't already have signed up, it's these sheets of paper, we have quite a stack, it's going to be a long day but I want to thank all of you for being here, this is what democracy looks like so I appreciate it. So, we will be holding a hearing on Land Use Items 310 and 311, Waterside Plaza. This is an application to facilitate the preservation of 325 affordable housing units which are 28 percent of the total 1,470 units at 10, 20, 25, 30 and 40 Waterside Plaza in Kips Bay in Manhattan Council Member Keith Power's

1  
2 district. HPD is requesting a disposition of city  
3 owned property and an amendment to the Waterside  
4 urban renewal plan for a new 99-year term extending  
5 to 2116. Most of us in this room will not be here  
6 then... by then. It's not worth being the head in the  
7 jar if you watch Futurama, it's just not worth it.  
8 before opening this public hearing, I'd like to  
9 invite Council Member Powers to provide some remarks.

10 COUNCIL MEMBER POWERS: Thank you and  
11 good afternoon, thank you everybody for being here.  
12 actually, just a... just a show of hands if you're here  
13 for Waterside? You guys travel very well, well thank  
14 you, thank you to everybody who's here today from  
15 Waterside Plaza to hear... I'm Council Member Keith  
16 Powers, I represent Waterside, proudly represent  
17 Waterside which is the community where I spent a lot  
18 of time as a... as a child playing in their wonderful  
19 playgrounds and also growing up right across the  
20 street from there. I want to thank Chairman Kallos  
21 and the Subcommittee for their consideration of this  
22 affordable housing deal between Waterside Plaza and  
23 the Department of Housing Preservation and  
24 Development which I believe provides substantial  
25 benefits to tenants on a generational scale. I want

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1  
2 to thank the... all the tenants who are here notably  
3 the head of the tenant's association, Janet Handel  
4 who for the tenants who are here know this already  
5 but has been working very diligently and hard to make  
6 sure this deal is as inclusive as possible for  
7 everybody who lives there. I want to thank the owners  
8 of Waterside Plaza, Richard Ravitch who is  
9 represented as well here through his, his  
10 representative Peter Davis and Peter and the  
11 Waterside Plaza Management and of course the team at  
12 HPD for their ongoing efforts to help make this deal  
13 a reality. I will try to keep these short and go  
14 quicker but as folks know this was a former Mitchell  
15 Lama program that was originally given a 99 year  
16 lease in 1974, today we're here discussing an  
17 amendment to that lease to extend the lease back to  
18 99 years and it's also an opportunity to renew  
19 Waterside Plaza's legacy as an affordable community  
20 for the middle class. That is essentially the  
21 conversation we've been having for the... I think since  
22 I came into office which was how to preserve this as  
23 a middle-class community that it was built to be and  
24 that we still aspire for it to be. This will allow  
25 hundreds of tenants who live there today to continue

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1  
2 to live there and be able to afford the rent. It also  
3 will provide an opportunity for folks who look at  
4 Waterside as a future home to be affordable for the  
5 generations to come. Today we're talking really about  
6 325 units to cover all of the settling tenants that  
7 remained at Waterside since the exit of the program  
8 from Mitchell Lama which I should also note many of  
9 us believes... or I wasn't there but many believe that  
10 they would be in rent stabilization after leaving  
11 Mitchell Lama and found out because of a quirk in the  
12 law that they were not able to be eligible for rent  
13 stabilization. The deal that we are talking about  
14 today provides substantial relief for rent burdened  
15 tenants through our one-time reduction in rent  
16 permanently freezes the rent for any household  
17 earning below HPD's definition of middle income and  
18 limits increases for middle class... middle income  
19 residents. After a settling tenant or spouse has  
20 ended their tenancy the unit will be made available  
21 through the lottery system to those qualified based  
22 on income with a mix of about 120 percent for 75  
23 years. I will say we seek few deals that I think are  
24 as good as this, but I know many of us are going to  
25 be here today advocating for even more and making

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1  
2 sure that it is as inclusive as possible. I think  
3 this is still unprecedented but with the room for  
4 improvement many tenants have expressed concern about  
5 their affordability to afford their apartments once  
6 they retire in, in the coming years, several of those  
7 tenants have noted that if they were unable to afford  
8 their rent upon retirement and had to move their  
9 option would be an HPD housing Connect lottery  
10 apartment meaning that the home in which they have  
11 lived for decades would then be placed in that same  
12 lottery system and they would have to actually  
13 relocate and I think that is sort of the summary of  
14 why so many of us, myself included, have been  
15 advocating for a further increase to the pro.. to the..  
16 to the deal which was... which would allow folks who  
17 are facing retirement to still look at this as a  
18 place and not to be unaffordable. Given the state of  
19 affordable housing in New York I think we can all  
20 sympathize with that apprehension about it. With all  
21 of that being said I was supportive at the beginning  
22 of a deal that preserves the future of, of, of  
23 middle-income tenants here in New York City in my  
24 district, in a wonderful neighborhood and I'm  
25 grateful that we are where we are today. I want to..

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1  
2 again I want to thank all who have sat around that  
3 table for hours trying to get us there, I think it is  
4 critical that we continue to work towards an  
5 agreement that will protect those vulnerable tenants  
6 that we think will still be vulnerable after and as  
7 they are on the verge of retirement. I continue to be  
8 engaged with all of the parties here to seek, to  
9 finalize a deal that will provide the greatest  
10 benefits to the most number of people and I have  
11 heard from all of you I think along the way about  
12 your stress on how important the deal is but how  
13 important it is to get that deal right as we face.. as  
14 it comes to the City Council so I know we'll continue  
15 to negotiate and I urge my colleagues on the Land Use  
16 Committee and the rest of the City Council to support  
17 the deal but understanding that we really want to  
18 fight to make to make it as affordable for everybody.  
19 I think this provides ample benefit to the tenants  
20 who helped make Waterside the incredible community it  
21 is today and will continue to make it a wonderful  
22 community in the decades to come and for that reason  
23 I am so.. I'm supportive of it but I certainly think  
24 we can do more, and I want to thank all of those who

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1  
2 will be here today to also add their voices to next,  
3 thank you.

4 CHAIRPERSON KALLOS: If the panel can  
5 please identify themselves and then we... I will ask  
6 Committee Counsel to swear you in.

7 JEREMY HOFFMAN: Jeremy Hoffman,  
8 Assistant Commissioner for New Construction Finance  
9 to HPD.

10 GENEVIEVE MICHEL: Genevieve Michel,  
11 Executive Director of Government Affairs at HPD.

12 PETER DAVIS: Peter Davis, Managing  
13 Director of Waterside Plaza.

14 KEN LORE: Ken Lore, Counsel to Waterside  
15 Plaza, Katten Muchin Rosenman Law Firm.

16 CHAIRPERSON KALLOS: You may begin. Oh,  
17 please swear them in.

18 COMMITTEE CLERK: Will you each swear or  
19 affirm that the testimony that you're about to give  
20 will be the truth, the whole truth and nothing but  
21 the truth and that you will answer all questions  
22 truthfully, please make sure your mic is on?

23 PETER DAVIS: Yes.

24 JEREMY HOFFMAN: Yes.

25 GENEVIEVE MICHEL: Yes.

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KEN LORE: Yes.

CHAIRPERSON KALLOS: You may now begin.

GENEVIEVE MICHEL: Okay...

CHAIRPERSON KALLOS: The last one was a  
fake.

GENEVIEVE MICHEL: Land Use Numbers 310  
and 311 are related to ULURP actions seeking the  
urban renewal disposition of city owned property  
located at block 991, lots 60 and 61 within the  
Waterside Plaza urban renewal area and an amendment  
to the Waterside Plaza urban renewal plan in the Kips  
Bay neighborhood in the borough of Manhattan, Council  
District four, which will bring long term  
affordability to the property. Waterside was  
developed as a 1,470-unit Mitchell Lama housing  
development in the 1970s with commercial, retail,  
office and other accessory spaces. The original  
project is composed of two tax lots on land that has  
been reclaimed and the sponsor, Waterside Plaza LP,  
leases the site from the city under a 99-year lease  
that currently expires in 2069. Prior to today's  
actions, the ground lease has been amended twice. In  
2005, the development exited the Mitchell Lama  
program. At that time in accordance with a settlement

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1  
2 agreement, rental protections for approximately 450  
3 tenants, now called settling tenants... [cross-talk]

4 PETER DAVIS: 2001...

5 GENEVIEVE MICHEL: Oh, sorry, I will  
6 correct that, it is 2001 not 2005. Today under Land  
7 Use number 310 HPD seeks an extension of the ground  
8 lease through an urban renewal disposition and under  
9 Land Use Number 311 HPD is seeking the first  
10 amendment to the urban renewal plan to extend its  
11 duration to an additional 47 years which will allow  
12 for a total unexpired term of 99 years, coterminous  
13 with the ground lease extension. This will facilitate  
14 the preservation of the affordability of 325 rental  
15 units. Through the ground lease extension, the city  
16 worked closely with Council Member Powers and the  
17 Waterside Tenants Association to negotiate rent  
18 protections for the settling tenants. For tenants  
19 with household incomes over 165 percent of area  
20 median income, future rent increases will be either  
21 2.25 percent or the rent guidelines board of  
22 recommendation, whichever is higher, not to see... not  
23 to exceed 4.25 percent, which is current increase  
24 amount. Tenants with household incomes below 165  
25 percent of area median income will be eligible for a

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2 rent freeze where rents grow at zero percent, percent  
3 annually for the duration of tenancy. Additionally,  
4 tenants with household incomes below 165 percent of  
5 AMI and who are also rent burdened or paying more  
6 than 30 percent of gross income in rent, will receive  
7 a rent equivalent of 30 percent of their income.  
8 Tenants will have a defined window to certify their  
9 rent. Tenants who expect to retire later in 2019  
10 after the certification period will be able to  
11 indicate that and receive the rent reset when that  
12 happens. Additionally, any household with an income  
13 over 165 percent of area median income at initial  
14 income certification will be eligible for the rent  
15 freeze at any point in the future if the household  
16 income goes below 165 percent of AMI. After an  
17 apartment is vacated by a settling tenant, the unit  
18 will be entered into the city's housing lottery.  
19 These apartments will be governed by the regulatory  
20 agreement restricting rents to an average of 120  
21 percent AMI, where half of the units are 110 percent  
22 AMI and half of the units are 130 percent of AMI  
23 where rents will increase based on standard federal  
24 income formulas. In addition to affordability  
25 protections, the owners have agreed to provide

1  
2 accessibility accommodations to assist seniors  
3 settling tenants to continue to age in place  
4 including grab bars in bathrooms, seats in the  
5 shower, easy to grip kitchen/bathroom hardware,  
6 faucets that are easy to use, cabinet handles that a  
7 finger can wrap around easily, hand held shower head  
8 for use when sitting and where practicable based on  
9 safety consideration, building code requirements,  
10 cost and structural constraints, bathroom doors on  
11 hinges that make it swing outward, install inclines  
12 over lintels between rooms, modification of interior  
13 doorways to facilitate wheelchairs and easy to grip  
14 lever handles on doors. We want to thank both Council  
15 Member Powers and the Waterside TA for their advocacy  
16 and partnership on this deal. Council Member Powers  
17 has pushed us every step of the way to get to where  
18 we are today and we're thankful for such a  
19 particularly productive working relationship here.  
20 And I think we will now... I don't think we have  
21 testimony from the sponsor, so we will now, you know  
22 happy to take questions.

23 CHAIRPERSON KALLOS: I will now turn to  
24 Council Member Powers to ask the first round of  
25 questions.

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2 COUNCIL MEMBER POWERS: Thank you and,  
3 and thank you for that testimony and my... so, one  
4 glitch in the year, I agree with everything in there.  
5 I, and appreciate the, the comments and I, I would  
6 note that I think it's been a collaborative effort  
7 that has a lot of... a lot of time to put together but  
8 of course the... as you know that part around what do  
9 people do when they retire in the coming years as  
10 they face it has been really the critically issue  
11 here and so I wanted to just ask an initial question  
12 here which is that as we hear and you will hear from  
13 many of the residents who are still working but will  
14 experience a reduction of income upon retirement  
15 whether that's today but really beyond 2019, many are  
16 close to retiring age and you know would like to keep  
17 working but wouldn't actually be eligible for the  
18 rent reduction on their current income, one  
19 improvement we made on that, an improvement in my  
20 eyes is that we allow that window to go until the end  
21 of 2019 and I am very grateful for providing that  
22 flexibility for those right there. I think that, you  
23 know my review on this is that the deal recognizes  
24 the importance of taking rent burden into account  
25 which I think we rarely do is to say, it should be at

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1  
2 a certain value, but we don't... we don't account for  
3 that... AMI. Can you just talk to us about why 2019 is  
4 the end year for the... for the deal and why those who  
5 are here today who feel very passionate about their  
6 community are, are... see 2019 as the end year for the  
7 rent reset?

8 JEREMY HOFFMAN: Yeah, thank you for that  
9 question. We for the last really, I'd say two years  
10 have been having conversations with ownership and,  
11 and Council Member Powers and the tenants Association  
12 about this and, and our stance is that... you know we  
13 recognize that there might be a short window by which  
14 people maybe weren't quite planning to retire but  
15 that, you know it was too short of a duration for  
16 someone to make that, that plan but to leave it open  
17 ended into the future is really inequitable with all  
18 the other affordable housing that HPD finances,  
19 nowhere else do we allow for fluctuations in a  
20 tenant's income to impact the rent that they pay  
21 other than when there's federal subsidies available  
22 so allowing for a buffer to the end of 2019 was our  
23 attempt to try an allow a little bit of flexibility  
24 for tenants that may be retiring very soon without  
25 being so inconsistent with the rest of the affordable

1  
2 housing that HPD finances which is... there are many  
3 thousands of households every, every year.

4 COUNCIL MEMBER POWERS: And are, are  
5 there other deals that you've done maybe in, in  
6 recent years that have accounted for rent burden as  
7 part of the deal?

8 JEREMY HOFFMAN: No, I mean typically in  
9 a preservation project when we're financing it either  
10 through tax... through, through a, a subsidized loan  
11 if, if there is going to be a rent restructuring or  
12 if there are tenants that are rent burdened we will  
13 try to get Section 8 vouchers into that project but  
14 nowhere else are we just changing, you know what  
15 people's rent are based on 30 percent of their  
16 income.

17 COUNCIL MEMBER POWERS: So, this deal  
18 would be setting a... setting a standard around rent  
19 burden that you don't normally... don't... say... I'm not  
20 saying creating a new present year but I... but I  
21 understand so this is new in the terms of including  
22 rent burden as a factor into an HPD deal, is that  
23 correct?

24 JEREMY HOFFMAN: We, we... again we... you  
25 know if there's a project that has rent burden we

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1  
2 will try to alleviate that through providing Section  
3 8 vouchers however nowhere else are we able to  
4 provide this type of relief and its really because of  
5 the ground lease with the city that we're able to do  
6 that which is not a tool that we have widely  
7 available because most land is, is privately owned  
8 and so in this instance we are able to be helpful and  
9 recognize that this is a group of folks that had been  
10 living there for at least 18 years and really got a,  
11 a not great deal when it came out of Mitchell Lama  
12 and trying to provide some relief to make up for the  
13 seven and a quarter percent and then four and a  
14 quarter percent increases over the last 18 years.

15 COUNCIL MEMBER POWERS: And can you... are  
16 there other deals that you've done through HPD that  
17 have included ground lease with the city or in  
18 recent... maybe in the last three years?

19 JEREMY HOFFMAN: No.

20 COUNCIL MEMBER POWERS: No, so this is  
21 unique... [cross-talk]

22 JEREMY HOFFMAN: Not, not... [cross-talk]

23 COUNCIL MEMBER POWERS: ...in the sense  
24 that it... there's a ground lease and so there... that is  
25 with the city, that's not a... that's atypical?

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2 JEREMY HOFFMAN: It... yeah, most of the  
3 projects that we finance are not on ground leases  
4 with the city and, and this is one where it is and  
5 where it's not... you know has not been affordable  
6 housing, not been regular affordable housing for, for  
7 18 years and there are... you know this, this group of  
8 tenants that's been in place for the duration and,  
9 and that has no longer become affordable for many of  
10 them and so that's why when, when the ownership  
11 approached us about extending the ground lease we  
12 really made sure to try and provide affordability  
13 and, and protections for as many of those tenants as  
14 possible.

15 COUNCIL MEMBER POWERS: And, and can you  
16 tell us about other deals in, in... maybe in recent  
17 years that you're familiar with that had both this  
18 long term affordability aspect of preserving unit  
19 like I... where I live in Stuyvesant town a deal that  
20 helped I think prevent evictions but didn't help...  
21 they didn't do tenants over now but was about long  
22 term affordability of Stuy Town not to compare them  
23 because Stuy Town is a wonderful place but, but, but  
24 this one has both the tenant protections and the long  
25

1  
2 term affordability, can you tell us other deals that  
3 you have that have coupled those two things together?

4 JEREMY HOFFMAN: So, we frequently will,  
5 will in doing a preservation project particularly if  
6 we're using an Article XI tax exemption as an example  
7 there will be tenants that are either not rent  
8 stabilized or that have preferential rents and so as  
9 a part of those types of transactions we'll require  
10 that the owner re... either for the first time  
11 stabilize or re-stabilize units at what that tenant  
12 is currently paying however it's never around  
13 rightsizing to 30 percent of their income, again  
14 that's really been unique to this project to address  
15 tenants that are, are rent burdened and then on those  
16 sites or projects they'll also have long term rent  
17 restrictions so when those existing tenants leave for  
18 whatever reason it would be re-rented out at an  
19 affordable rent level for that neighborhood.

20 COUNCIL MEMBER POWERS: And can you tell  
21 us how 75 years was kind of the chosen amount so the  
22 years for the long... the preservation of the unit?

23 JEREMY HOFFMAN: Yeah, it was really a  
24 negotiated point between ownership and us, the city  
25 was pushing for it to be the full 99 year term, the

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ownership didn't want to, to agree to that and so we went in at 75 years, however, typically a property owner ground lease will need to get a renewal ground lease to get financing well in advance of 75 years so we feel that, that the city should have another crack at this at... [cross-talk]

COUNCIL MEMBER POWERS: Sometime in the 75 year... [cross-talk]

JEREMY HOFFMAN: Exactly... [cross-talk]

COUNCIL MEMBER POWERS: ...got my hand in the jar... [cross-talk]

PETER DAVIS: Long after... yeah, long after none of us are here...

COUNCIL MEMBER POWERS: I, I think that, you know I, I, I think the part of my questions here is to say this deal is so... you... I mean first of all very grateful, it's... I think it is a... I think it is a deal that breaks ground in a number of different places, I feel like if we're going to break ground once we should do it twice and three... I think we should really try to take into account the folks that live there and are facing imminent retirement and feel like this is the chance they have to make this deal meaningful for them and again what I said

1  
2 earlier was if we are going to in many cases put  
3 people back into a lottery we might as well skip that  
4 process and we should put... let them stay right in  
5 their homes with, with protections around this... for  
6 the city to make sure we're not running rampant  
7 around that but with the limited amount of people  
8 that I think are effected here I feel like let's get  
9 the most unique deal we could possibly make and, and  
10 the... and the set of circumstances dictating this one  
11 with the lease and other things here and a... and, and  
12 honestly a, a good neighbor as a, a good... a good  
13 managing company that's willing to, to... you know  
14 consider these things that we should be really at a  
15 point of pursuing the, the best deal here.

16 GENEVIEVE MICHEL: You know I think we  
17 certainly hear you loud and clear and have certainly  
18 heard from tenants Association and I think are  
19 sympathetic to the concern moving forward I think  
20 from our perspective adding in an additional reset  
21 down the line creates I think, you know Jeremy spoke  
22 a little bit to some of the policy concerns but also  
23 quite a bit of uncertainty I think for both the city  
24 and for ownership that would be very difficult for us  
25 to execute on but I think, you know as an agency we

1  
2 are committed to ensuring that Section 8 will be  
3 available assuming Section 8 continues to be  
4 available, that Section 8 will be available for  
5 tenants who qualify for those programs or for other  
6 city programs but definitely, you know hear the  
7 requests and look forward to continuing those  
8 conversations... [cross-talk]

9 COUNCIL MEMBER POWERS: And could...

10 [cross-talk]

11 GENEVIEVE MICHEL: ...with you... [cross-

12 talk]

13 COUNCIL MEMBER POWERS: ...what is the

14 uncertainty, you said the uncertainty for the city,  
15 what is... [cross-talk]

16 GENEVIEVE MICHEL: I think the... I mean

17 the uncertainty is that we... the household income for  
18 residents retiring in three, five, eight, you know  
19 any number of years is not actually a known quantity,  
20 I think people might, you know have a sense of what  
21 that could look like but it's not... it's not certain  
22 and so I think it would be hard for us to actually be  
23 able to execute on something... [cross-talk]

24 COUNCIL MEMBER POWERS: Meaning you would

25 not be able to finance the deal appropriately or put

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1  
2 the subsidy in without understanding how many folks  
3 would be... [cross-talk]

4 GENEVIEVE MICHEL: We need... yeah, we... in  
5 order to and you know folks should jump in and  
6 correct me if I'm wrong but I think in order for us  
7 to actually close the deal we need to have some  
8 certainty about, you know what is to come and what  
9 rents and incomes are going to look like and what,  
10 you know all of that is so I think it, it creates a  
11 problem for us but again hear you and certainly want  
12 to figure out ways to protect tenants who again may  
13 income qualify for programs like Section 8 moving  
14 forward.

15 COUNCIL MEMBER POWERS: Got it, I just  
16 want to... because I, I understand the Section 8 part,  
17 I don't think that captures everybody that we're  
18 talking about, I think that's going to capture many  
19 people we're talking about, but it would be over... I  
20 think it's 50 percent A... what, what is the... what is  
21 the cap... what is the eligibility for Section 8?

22 JEREMY HOFFMAN: 30 percent of AMI...

23 COUNCIL MEMBER POWERS: 30 percent, I  
24 think we're going to have a lot of people who are  
25 affected here who are not going to be into that

1  
2 category and we're talking about rent burdened more  
3 than AMI here and I think that's the point that  
4 you're going to hear from many people is that the  
5 burden of the rent after is going to be the problem  
6 more than AMI but I... but I understand. Can you talk  
7 about... so, one of the conversations we have is about  
8 what would be used as income like what is... what is  
9 the AMI calculate, other proud... housing programs  
10 calculate household income as the adjusted gross  
11 income, more tenants would be able to receive  
12 benefits if you calculate it that way and I know  
13 that's been a request that's been made about what is  
14 the number... I guess what column on the... on your tax...  
15 taxes you use, can you talk to us why gross income is  
16 the, the measurement here for this... the deal?

17 GENEVIEVE MICHEL: Yeah, I think... I, I  
18 think that the program you're mentioning is SCRIE  
19 which is not an HPD administered program, I think for  
20 all HPD financed units we use the same income  
21 definition which are defined in our marketing  
22 guidelines and a lot of them are... come from HUD  
23 requirements, we cannot negotiate around definition  
24 of income on a project by project basis.

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COUNCIL MEMBER POWERS: And can we... okay,  
so the... and, and I know that many folks here have  
felt like that would have made them eligible in parts  
of this program, it doesn't so I, I support the  
flexibility there to allow it. You... we have to do... as  
part of... say... you have to do an income certification  
for every single individual, I know that we... that  
process is underway in terms of identifying a partner  
just a basic question, why doesn't HPD and Department  
of Finance do that process on their own versus  
having... requiring the owner to go out and hire a  
nonprofit or, or for profit to do that?

JEREMY HOFFMAN: So, the, the only type  
of, of unit or household that we do internal HPD  
certifications for is Section 8 and that's because  
we're federally mandated to do that calculation on an  
annual basis, outside of that for all of the  
affordable housing that we finance the ownership  
either themselves or, or their property management  
company or a marketing agent is hired depending on  
the circumstances to do the marketing process, HPD  
then does check files on the back end of that but for  
us to internally be doing income certifications for

1  
2 the, you know many, many, many thousands of people  
3 every year would not be feasible.

4 COUNCIL MEMBER POWERS: Okay, it just  
5 strikes me that like that should be a... that could be  
6 a process you could inherent not to... we'd have to  
7 fund you for it obviously but the process of finding  
8 a group seems to be a strenuous process and  
9 certification becomes key to the... [cross-talk]

10 PETER DAVIS: I think its strenuous only  
11 because this is sort of semi-generous project with a  
12 very large resource need in the beginning of the  
13 process, but I think we'll have something in place  
14 within the week or two.

15 COUNCIL MEMBER POWERS: Okay, thank you.  
16 For... so, just want to go through some logistics here  
17 on the deal for, for a tenant to take advantage of  
18 the rent freeze, will their income have... so that  
19 means that if you... for instance if you are below...  
20 above 165 percent AMI and you... your income drops that  
21 is one area where if you retire, have a significant  
22 change in income you can take advantage of a  
23 different part of the deal, you're... what is the  
24 process by which you have to take advantage of the  
25 rent freeze and what is the period of time you need

1  
2 to be below 165 percent of AMI in order to be  
3 eligible for that?

4 JEREMY HOFFMAN: So, this is something  
5 we're going to have to work out the details with in  
6 ownership with the certification agent that they  
7 contract with but broadly speaking for someone that's  
8 applying for affordable housing it's really, you know  
9 their most recent, recent pay stubs that would, you  
10 know be the, the proof of, of... and also there, their  
11 employer about what, what their current income is so  
12 there's not a fixed period of time but, you know it  
13 can be a pretty short window that their income would  
14 need to be at that level to apply... [cross-talk]

15 COUNCIL MEMBER POWERS: So, so if I'm at  
16 165 percent AMI or greater and my income dips below I  
17 should be going to see the certification agent when  
18 it dips below and bring in pay stubs and tax returns  
19 and so forth... [cross-talk]

20 JEREMY HOFFMAN: Exactly... [cross-talk]

21 COUNCIL MEMBER POWERS: ...at, at the  
22 moment where it drops below 165?

23 JEREMY HOFFMAN: Yeah, as soon as a  
24 tenant feels that their income is below 165 percent  
25 of AMI, they should initiate the process.

1  
2 COUNCIL MEMBER POWERS: And what about  
3 tenants who have fluctuation?

4 JEREMY HOFFMAN: Again, again as soon as  
5 someone, you know feels like their income is below  
6 165 they should initiate the process.

7 COUNCIL MEMBER POWERS: Okay, thanks.  
8 What is the process for the retirement reset for  
9 2019?

10 JEREMY HOFFMAN: The, the way it's going  
11 to work is that a... if a tenant is not retiring yet  
12 and will be retiring later in the year in 2019 at the  
13 point of income certification they would both certify  
14 their income as of that moment as well as their  
15 anticipated income when they'd be retiring that year  
16 and then once they do in fact retire they would  
17 submit an affidavit to ownership saying I've retired  
18 and, and my income is what I said it was and they  
19 would get the rent reduction at that moment in time.

20 COUNCIL MEMBER POWERS: Got it and is it  
21 fair to say that there is some uncertainty in the  
22 amount of people that will take advantage of that  
23 this year?

24 JEREMY HOFFMAN: Yeah, we... I mean until  
25 the certification process starts, we don't... we won't

1  
2 know, we know what, what Janet in the Tenants  
3 Association have told us based on some, some, some  
4 surveys and polling that they've done amongst  
5 themselves, but we obviously won't have a fixed idea  
6 until that process starts.

7 COUNCIL MEMBER POWERS: Which raises the  
8 question of we don't know the... we have uncertainty on  
9 that part of the deal as well...

10 JEREMY HOFFMAN: But, but we've... but  
11 we've all... by the time we actually get the ground  
12 lease, and all this goes into effect we will know it  
13 because they will have certified that they're  
14 retiring and what the day is they're retiring and  
15 what their income will be before we... [cross-talk]

16 GENEVIEVE MICHEL: And I, I think just to  
17 piggy back on that I think we expect that if you are  
18 saying early in 2019 that you're going... this is going  
19 to be your retirement income within the same year I  
20 think there is, you know a, a much smaller chance  
21 that something is going to change the circumstances  
22 of that than if you are saying in 2019, five or eight  
23 years down the line that this is how my income might  
24 change.

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2 COUNCIL MEMBER POWERS: Understand but I  
3 just want to note that there are... I think there's  
4 uncertainty in that and there's a category of people  
5 that will be... go from rent... over 185 and down and  
6 take on the, the, the... take advantage of the rent  
7 freeze and kind of... I think this deal actually sets  
8 up very well for people to be able to go down if  
9 there... if there's a change in income or rent burden  
10 and I think that make... has been part of the reason in  
11 addition to the stories about why I'm convinced that  
12 a second reset would be allowable with of course  
13 appropriate protections not 70... maybe not 75 years  
14 but within a certain time frame as somebody who's  
15 facing retirement beyond 2019 would have the  
16 opportunity to take advantage of the deal because not  
17 everybody can plan out this year for their  
18 retirement, some people are on a pension and think  
19 2020 is the year and so I will continue to advocate  
20 for people to be able to take advantage of this  
21 beyond 2019, all, all parts of it, I certainly am  
22 grateful for where we are today. And so, can I... if  
23 certification were to begin tomorrow when would  
24 tenants start receiving the first benefits to the  
25 deal?

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2 JEREMY HOFFMAN: We anticipate that if  
3 the ULURP process is finalized that it will take  
4 around three months to do income certifications and  
5 with the ground lease amendment occurring at the end  
6 of that so we would expect in May to be executing the  
7 ground lease amendment and that immediately is when  
8 tenants would be receiving the, the new... [cross-talk]

9 COUNCIL MEMBER POWERS: And why... in three  
10 months is for... [cross-talk]

11 JEREMY HOFFMAN: It will take about that  
12 long to... for us, our legal team to close the deal,  
13 there's kind of customary due diligence that needs to  
14 occur in order to get the deal finalized between... at  
15 the end of the ULURP and when we can execute a ground  
16 lease.

17 COUNCIL MEMBER POWERS: So, just... sorry,  
18 say again just an estimate when does it... when does  
19 it... would it take place... when would people first be  
20 able to take advantage of the deal if it passed...  
21 [cross-talk]

22 JEREMY HOFFMAN: Our, our current goal  
23 is, is, is May.

24 COUNCIL MEMBER POWERS: May, okay. Has  
25 anybody had any consideration of allowing people to

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1  
2 take advantage of the deal immediately even though..  
3 rather than waiting three months to be able... I, I  
4 actually am seriously concerned, I don't... I don't  
5 know if... but I think there are some people who are in  
6 a situation where this deal is really important to  
7 them and really would help them and three months  
8 would create a, a... you know a situation where they'd  
9 be... have to figure out a difficult financial  
10 situation with their rent in order to be able to take  
11 advantage of... [cross-talk]

12 JEREMY HOFFMAN: Until we execute the  
13 ground lease, we can't do anything, I'd defer to  
14 ownership about if there's any, anything that they  
15 feel like they can do.

16 PETER DAVIS: I mean if there are  
17 particular hardship cases, we should discuss them.

18 COUNCIL MEMBER POWERS: What's that,  
19 sorry?

20 PETER DAVIS: If there are particular  
21 hardship cases, we should discuss them.

22 COUNCIL MEMBER POWERS: Okay, so you're  
23 willing to talk about anybody who's got a particular  
24 hardship case, okay. I am... I have heard from some  
25 tenants who I feel like this deal is... matters

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1  
2 imminently so I appreciate you being willing to work  
3 with those folks and I... and I will say one of the  
4 reasons I think this deal is really important is  
5 because of those stories I've heard directly from  
6 constituents who are... who are struggling to meet  
7 that, that ratio between income and rent. Can you  
8 tell us the unit... the unit distribution or apartment  
9 mix of the 325 units that are a part of this deal?

10 PETER DAVIS: So, Waterside has studios  
11 through three bedrooms, the 325 breaks down to 16  
12 percent studios, 34 percent one bedrooms, 40 percent  
13 two bedrooms and ten percent for three bedrooms which  
14 is very similar to the unit mix of the complex as a  
15 whole.

16 COUNCIL MEMBER POWERS: So, the deal is  
17 supposed to be sort of representative of the units  
18 that are there today?

19 PETER DAVIS: So, the complex as a whole  
20 is instead of 16 percent for studios, complex wide of  
21 19 percent of studios... [cross-talk]

22 COUNCIL MEMBER POWERS: Use a... can you  
23 use a microphone.

24 PETER DAVIS: Oh, I'm sorry. Waterside  
25 has... of the 1,471 units Waterside has 38 percent one

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2 bedrooms, the unit mix for the 325 is 34 percent, for  
3 two bedrooms the, the complex wide percentage is 34  
4 percent while the 325 is 40 percent and three  
5 bedrooms is exactly the same of ten percent.

6 COUNCIL MEMBER POWERS: Okay and just  
7 going down the, the roundabout I want to talk about  
8 downsizing a little bit which is part of this deal,  
9 you have to be rightsized in your apartment in order  
10 to take advantage of parts of the deal, can you just,  
11 just, just... can you give us a definition of  
12 rightsizing so if... for instance if a household of two  
13 people are a married couple has a two bedroom  
14 apartment is that considered appropriately housed for  
15 the rent reset?

16 GENEVIEVE MICHEL: So, I think you know  
17 under Section 8 guidelines my understanding is that a  
18 two bedroom for a married couple is not considered  
19 appropriately housed, I think we still have some work  
20 to do internally to figure out what's going to happen  
21 on this deal.

22 COUNCIL MEMBER POWERS: Good and I  
23 appreciate that... [cross-talk]

24  
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2 GENEVIEVE MICHEL: But I certainly  
3 understand the request and are working through what  
4 is, you know partially legally possible.

5 COUNCIL MEMBER POWERS: Okay and so that  
6 is an area being discussed, I think that as some of  
7 the tenants have understood it previously that that  
8 was considered rightsized for, for this particular  
9 deal so we would look forward to a... some clarity on  
10 that. And then some tenants will have to move down to  
11 a smaller apartment to be considered appropriately  
12 housed, others want to move down or up voluntarily to  
13 take advantage of a different rent number or a  
14 different sized apartment, can you tell us about how  
15 moved up... move downs and move ups will be prioritized  
16 during this process, how that process will work and  
17 if somebody voluntarily wants to move down how does  
18 that relate to somebody who reluctantly has to  
19 because of the terms of the deal?

20 PETER DAVIS: No, because it hasn't all  
21 been worked out but Waterside has every intention to  
22 begin the voluntary move down and ups well before  
23 execution of the ground lease, the methodology of  
24 that move... process I think the TA and Waterside will  
25 work out in the next weeks, I know the TA has a

1  
2 particular process that they favor so we'll listen to  
3 that and, and, and we'll... and usual make a deal.

4 COUNCIL MEMBER POWERS: Okay, we would  
5 love to have that conversation sooner than later to  
6 make sure that as we are looking at this deal we have  
7 a clarity for all the tenants who might be effected  
8 by that about exactly what their situation might be  
9 and I think there's good reasons to do voluntary or  
10 voluntarily first but, but I know then there's some  
11 people who want to take advantage of the deal a  
12 different way so... [cross-talk]

13 PETER DAVIS: Well I mean the, the  
14 voluntary move down does... not really done pursuant to  
15 the ground lease so we can do that before the ground  
16 lease is executed so that sort of dictates, we do  
17 that first.

18 COUNCIL MEMBER POWERS: Okay. Succession  
19 rights on the apartment, are there... is there... are  
20 there succession rights for anybody who is living in  
21 an apartment today as part of this deal?

22 PETER DAVIS: As a part of the settlement  
23 agreement, yes, but not as a part of this deal.

24 COUNCIL MEMBER POWERS: So, what happens  
25 if you have a child or a family member who wants to

1  
2 take advantage of the succession rates here like  
3 what, what... if you're in the deal to... if you take  
4 advantage of the deal that's being discussed today  
5 what, what is the... a family member then able to take  
6 advantage of if you... [cross-talk]

7 PETER DAVIS: They, they, they will  
8 succeed to the lease in the same apartment as their  
9 parents if that's the relationship and their lease  
10 will be governed by the settlement agreement not the  
11 regulatory agreement.

12 COUNCIL MEMBER POWERS: So, they will be  
13 able to succeed but they will then be a settling  
14 tenant back to what the agreement is today versus...  
15 [cross-talk]

16 PETER DAVIS: Right... [cross-talk]

17 COUNCIL MEMBER POWERS: ...a... take  
18 advantage of it... okay. If Waterside is sold in the  
19 future does this deal uphold and what... if... are there  
20 parts of it that will not be kept in place as a  
21 result of a sale or transfer of ownership?

22 PETER DAVIS: 100 percent any future  
23 owner would be bound by this deal.

24 COUNCIL MEMBER POWERS: HPD agrees with  
25 that?

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GENEVIEVE MICHEL: Yes.

COUNCIL MEMBER POWERS: Okay. Are there any parts of it that would not be... they would not be bound to?

JEREMY HOFFMAN: No, it will all be a part of the ground lease in the... in the... [cross-talk]

COUNCIL MEMBER POWERS: Okay... [cross-talk]

JEREMY HOFFMAN: ...our, our legal team is still figuring out the, the exact mechanics of the legal documents but any, any future owner would be bound.

COUNCIL MEMBER POWERS: Okay and I want to... I want to stop some questions there to offer the Chair an opportunity and I... he was nice enough to let me go before him in this case. Just can you tell us... tell us in terms of this agreement we have here today who has to serve as a model for other deals in the city moving forward?

JEREMY HOFFMAN: Yeah, what... you know from our perspective we feel like we are able to exercise a lot of creativity and, and, and within the, the constraints of the tools that we had we don't have the same set of tools in other projects

1  
2 but the creativity that exists therein and the  
3 ability to preserve housing is, is something that is  
4 absolutely our priority and that we feel really good  
5 about on this project and really happy that we were  
6 able to work collaboratively on this with you and,  
7 and would apply that same methodology and approach to  
8 preserving affordable housing in all five boroughs.

9 COUNCIL MEMBER POWERS: So, I will... I  
10 will... I may have another round of questions but I, I  
11 will defer to the... to the Chair at this point, I, I  
12 just... I just first want to thank everybody again  
13 who's worked on this, I also want to thank my staff  
14 who's been sitting and working on this for a very,  
15 very long time, I want... I also should note my  
16 predecessor Dan Garodnick who actually kickstarted  
17 this process and gave me an opportunity then to, to  
18 take advantage of a conversation at the start and I  
19 want to... he's not here but I, I want him to know that  
20 I'm thankful for his work to, you know have this  
21 conversation at the outset... please.

22 GENEVIEVE MICHEL: Can I just cut in and  
23 say I should have included that in my remarks as  
24 well.

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2 COUNCIL MEMBER POWERS: That's okay, not  
3 that I used to work for him or anything. I think  
4 we're, we're very grateful for, for Dan's work and to  
5 former Lieutenant Governor Dick Ravitch as well for  
6 their work. I, I am... you know over the course of this  
7 conversation have, you know really been convinced  
8 that this deal is a win for the, the tenants but have  
9 been convinced that the deal that the tenants have  
10 been asking for in its form or some form like it  
11 would really truly be a victory for the... for the city  
12 and for the tenants because we would be not doing as  
13 I said put, putting people into the housing lottery  
14 at a future part of time watching them watch their  
15 house go up into the housing lottery while they're  
16 searching for their own apartment and I've talked to  
17 a lot of the tenants and I will say this is... this is  
18 a pretty well organized tenants association, one that  
19 advocates very hard for themselves and as you know  
20 and they are doing it not because they want a better  
21 deal than anybody else in the world, they want to do  
22 it because they want to live in Waterside and they  
23 see it as their home and I am... I will say even as I  
24 felt very proud of this deal and I think 200 to  
25 nothing that the tenant association supported it they

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1  
2 support... they supported it and they supported me  
3 advocating for them, I think with the major asterisk  
4 that we didn't stop pushing for a deal that would let  
5 everybody retire right there in Waterside and call it  
6 their home so, I know you certainly understand that  
7 and I... and I, I know that you have empathy for it...  
8 for their... for those who are facing an uncertain  
9 future. I will ask and I will not continue to ask and  
10 I know my colleagues I should recognize Senator  
11 Hoylman and Assembly Member Epstein and all... again...  
12 who've all made calls to, to repeat that, that we  
13 feel like this is a good deal but a great deal, looks  
14 like one where people can call this their home with  
15 no uncertainty for the future and, and you will hear  
16 from that... from me a lot in the next... in the next  
17 week or two so I want to give the Chair an  
18 opportunity to advocate... to, to ask questions, I want  
19 to give the tenants an opportunity to advocate for  
20 themselves. I do... I do... I am very thankful for the  
21 hours I've been putting on everybody who's on this  
22 panel today because it's been a lot of back and forth  
23 and some extensions of 2019 and so forth, I think we  
24 can get to a place where we can do more and I, I'm  
25 hope... I'm really... very, very hopeful and I will be

1  
2 advocating to make this the best deal that we can  
3 make it so thank you.

4 CHAIRPERSON KALLOS: I want to thank  
5 Council Member Powers for his exhaustive questions  
6 and advocacy, these committee hearings tend to run  
7 pretty quick and haven't had anyone to ask more  
8 question than I do so it's good to share that with  
9 folks. In terms of the developer on this project what  
10 is the corporate entity with which this deal is being  
11 made?

12 PETER DAVIS: The corporate entity is  
13 called Waterside Plaza Ground Lessee LLC.

14 CHAIRPERSON KALLOS: And is that the  
15 landlord or is there a secondary corporation to which  
16 the ground lessee leases...

17 PETER DAVIS: That's, that's the entity  
18 that owns the ground lease, so I don't know... [cross-  
19 talk]

20 CHAIRPERSON KALLOS: And then who's the  
21 tenants... who do the tenants make their checks out to?

22 PETER DAVIS: Ground Lessee.

23 CHAIRPERSON KALLOS: Okay. I understand  
24 that there have been capital improvements, are there  
25

1  
2 any capital improvements that are planned as part of  
3 this project?

4 PETER DAVIS: Well not as part of the  
5 regulatory agreement except for the, the  
6 accommodations we're going to be doing for folks who  
7 need them, but Waterside is planning to replace all  
8 of its windows, replace all of its PTAC units,  
9 replace all of its corridors, redo its lobbies.

10 CHAIRPERSON KALLOS: But that's outside  
11 of the regulatory agreement?

12 PETER DAVIS: Correct.

13 CHAIRPERSON KALLOS: Assuming that the  
14 city... sorry, that the state does not eliminate the  
15 major capital improvement loophole will the  
16 improvements you just mentioned have an impact on  
17 rents for the settlement tenants?

18 PETER DAVIS: Waterside has never taken  
19 an MCI as far as I know.

20 CHAIRPERSON KALLOS: That is good to  
21 know, that would make you one of the most unique  
22 developers in what is... [cross-talk]

23 PETER DAVIS: No, we don't really have a...  
24 I mean there is language in the settlement agreement  
25 that would permit us to under emergency circumstances

1  
2 take sort of this contractual MCI not a statutory  
3 MCI, but we've never attempted to do that.

4 CHAIRPERSON KALLOS: You mentioned with  
5 the Council Member Powers the makeup of the units as  
6 members are downsized will the three bedroom units  
7 still... will there still be ten percent of the three  
8 bedrooms set aside or will you end up with a windfall  
9 of oh, people go downsized now you have more three  
10 bedrooms that you'll be able to rent for more?

11 KEN LORE: Yeah, when, when people move  
12 down then the units that they move down to will, will  
13 constitute the... part of the 325 units.

14 CHAIRPERSON KALLOS: How much commercial  
15 square footage do you have on this site?

16 PETER DAVIS: About 65,000 square feet.

17 CHAIRPERSON KALLOS: Do you have a  
18 supermarket on site?

19 PETER DAVIS: Well I mean my, my  
20 neighbors here would say no but yes, we have a  
21 Gristedes.

22 CHAIRPERSON KALLOS: Okay, I appreciate  
23 the honesty, are there currently any DOB violations  
24 on the site; A, B or C?

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2 PETER DAVIS: Yeah, there's some... there,  
3 there was a de minimis, more than de minimis paint  
4 peeling in our stairwells and, and 40 building, they  
5 required a lead test which we did which was negative  
6 but for some reason they're, they're asking us to  
7 redo those tests and I'm not sure why so we're trying  
8 to work through that.

9 CHAIRPERSON KALLOS: I'm sure you can  
10 work with your local member. I think if you saw the  
11 previous hearings the piece that I try to just get  
12 to and to just start this off Dick Ravitch is kind of  
13 a legend in this state, he saved the MTA as the  
14 Tenant Governor, he did a great job and he's always  
15 there with the right financial answers to rescue our  
16 city so I, I feel that if... and, and a lot of the  
17 questions I ask in this committee are because Dick  
18 Ravitch was so on top of the numbers when he was at  
19 the MTA and other places that he's constantly letting  
20 me know about where the city could be saving capital  
21 dollars, what we could be doing to save so that, that  
22 is the spirit that I kind of do this and I feel... I'm  
23 concerned that the former Lieutenant Governor might  
24 not... what... might... would respect me less if I didn't  
25 ask the... all, all these tough questions. I think the

1  
2 big piece is on the last item that was testified to  
3 which was a 65 million dollar project, the city  
4 disclosed that there was... 45 percent of it was being  
5 subsidized by the city and so I guess the, the big  
6 question I'm curious about is what does the per unit  
7 subsidy look like on this project, that's, that's  
8 all... the only question I've ever really... interested  
9 in, we usually get into the weeds on things out my  
10 habit over, over the year that I've been Chair?

11 JEREMY HOFFMAN: So, as a, a part of this  
12 project we are keeping the ground lease at 85 percent  
13 of the full tax bill for the 75 years of the  
14 affordability restrictions and so that 15 percent  
15 reduction of full taxes is about 45 million dollars  
16 in, in today's dollars which is about 113,000 dollars  
17 per affordable unit.

18 CHAIRPERSON KALLOS: Okay. So, the net  
19 present value is 45 million?

20 JEREMY HOFFMAN: Yep, that's correct.

21 CHAIRPERSON KALLOS: And are there other  
22 city subsidies?

23 JEREMY HOFFMAN: The only other city  
24 subsidy is the, the ground lease that has been in  
25

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1 CONCESSIONS 81

2 place for... since the 70's and is being extended as a  
3 part of this Land Use action.

4 CHAIRPERSON KALLOS: Is there a value on  
5 that ground lease?

6 JEREMY HOFFMAN: We, we don't have a  
7 value for that ground lease.

8 CHAIRPERSON KALLOS: Are... is there  
9 financing from HDC or HPD otherwise?

10 JEREMY HOFFMAN: No.

11 CHAIRPERSON KALLOS: Are there state  
12 dollars otherwise?

13 JEREMY HOFFMAN: Not to my knowledge.

14 CHAIRPERSON KALLOS: One second... any...

15 PETER DAVIS: No...

16 CHAIRPERSON KALLOS: Is there an HDC  
17 mortgage?

18 PETER DAVIS: No.

19 CHAIRPERSON KALLOS: Loan from housing  
20 tax credits?

21 KEN LORE: No.

22 CHAIRPERSON KALLOS: Any city, city  
23 capital?

24 JEREMY HOFFMAN: No.

25

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2 CHAIRPERSON KALLOS: Okay, the, the.. and  
3 then in terms of the work that is done on your site  
4 you, you may have heard I, I care a lot.. so, so, do..  
5 did.. does your building have building service  
6 workers, are there people who, who operate at the  
7 entrances to the buildings..

8 PETER DAVIS: We have 63 SEIU 32 BJ  
9 building workers, I think we're one of the largest  
10 single sites in the city of New York, in addition to  
11 that we were asked and we granted SEIU the ability to  
12 bring their union into our security officers company  
13 so the.. we have 25 union security officers who aren't  
14 actually employees of Waterside but.. you know but  
15 they are here.

16 CHAIRPERSON KALLOS: Okay, so to be clear  
17 do those employees earn more than the minimum wage,  
18 do they have health insurance, do they have  
19 disability insurance, do they have a defined benefit  
20 pension, do they have the right to worker  
21 protections?

22 PETER DAVIS: They have the full  
23 protection of the 32 BJ building workers contract,  
24 yes.

25

1  
2 CHAIRPERSON KALLOS: Okay, with regards  
3 to Waterside. The Waterside Plaza ground lessee and  
4 its subsidiaries are you an MWBE or do you work with  
5 MWBEs or are there minority and women in the  
6 management and executive positions?

7 PETER DAVIS: We don't work with MWBE per  
8 se, our staff I would say we have six divisions, two  
9 are minority run, three are women run and then  
10 there's me. I might say Council that at Waterside  
11 Plaza it is perhaps the most diverse community in New  
12 York City with over 80 countries represented and our  
13 staff reflects that.

14 CHAIRPERSON KALLOS: Along those lines  
15 what is the AMI... what... could you estimate the AMI for  
16 your current tenants so not necessarily the 300 who  
17 don't have to share their income, but you have 1,100  
18 market rates, if you could share what you believe the  
19 AMIs to be of your market rate tenants?

20 PETER DAVIS: I, I apologize but I've  
21 never done that exercise.

22 CHAIRPERSON KALLOS: Okay, and, and the  
23 reason there is just similar to the previous bill...  
24 project just trying to get a sense on whether or not  
25 the 110 to 130 percent AMI threshold is the right

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2 threshold for this part of the city so would you be  
3 willing to share that with the local Council Member?

4 PETER DAVIS: Of course.

5 CHAIRPERSON KALLOS: Great and...

6 PETER DAVIS: To be clear what am I  
7 sharing with the Councilman since I'm getting some  
8 push back here?

9 CHAIRPERSON KALLOS: Sure, so we're just  
10 looking at what are the... what's the current incomes  
11 of people in the building in the market rate units,  
12 what is... what is the market rate for your building  
13 and... so that we can compare the 110 to 130 percent to  
14 see if that's below, above, at market rate so on and  
15 so forth.

16 KEN LORE: I'm sorry, I wasn't sure that  
17 they had that information, they apparently do have  
18 that and would share that not... [cross-talk]

19 CHAIRPERSON KALLOS: I would love to  
20 apply to a market rate building that didn't want  
21 every single part of my income information from now  
22 and going to when I was born.

23 KEN LORE: People that have been there a  
24 long time... [cross-talk]

25

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2 CHAIRPERSON KALLOS: I'm not asking about  
3 the 309 settlement tenants...

4 KEN LORE: We also have market rate  
5 tenants who've been here for a very long time, so we  
6 can use their initial incomes.

7 CHAIRPERSON KALLOS: That, that is  
8 helpful. Those that goes... and, and so the tax  
9 abatement is through a pilot and that pilot is a 15  
10 percent savings which comes out to 45 million net  
11 present value, I will now go to... recognize Council  
12 Member Chaim Deutsch.

13 COUNCIL MEMBER DEUTSCH: Thank you, thank  
14 you Chair. So, let me go back to 2001. So, my first  
15 question is why did the Mitchell Lama, why did they  
16 opt out of the, the program and what benefits did the  
17 tenant have... the tenants have after the program after  
18 with... they opted out and what was the difference  
19 between before they opted out and after?

20 KEN LORE: The reason that the project  
21 left the Mitchell Lama program was that under the  
22 Mitchell Lama program as you probably know there are  
23 all kinds of restrictions, rent setting requirements  
24 and what have you and since there was no requirement  
25 that we stay in Mitchell Lama there was an advantage

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2 to the ownership to, to exit... to exit the program  
3 and... but during the course of that exit there were  
4 expressions of concern by the existing tenants  
5 obviously, some of them got Section 8 vouchers if  
6 they were eligible at that time and others did not  
7 and a special settlement agreement was reached with  
8 all those existing tenants that's, that's what we  
9 keep referring to as the settling tenants to provide,  
10 provide them certain benefits, one of those benefits  
11 was that there was a cap on rent increases which  
12 turned out to be rather a high cap and as a result a  
13 number of... well and that was a different environment,  
14 a different inflationary environment in that... in  
15 those years, as a result the, the ownership agreed  
16 voluntarily to amend the settlement agreement later  
17 to lower that cap to four percent... [cross-talk]

18 COUNCIL MEMBER DEUTSCH: So, who was the  
19 ownership, when you refer to ownership?

20 KEN LORE: There, there's an ownership  
21 that, that is led by, by Mr. Ravitch and, and other  
22 people.

23 COUNCIL MEMBER DEUTSCH: Is that the  
24 tenant's association?

25 KEN LORE: No, that's... [cross-talk]

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COUNCIL MEMBER DEUTSCH: No, so, so...

[cross-talk]

KEN LORE: ...that's, that's the ground lessee... that's the ground lessee.

COUNCIL MEMBER DEUTSCH: So, while it was in the Mitchell Lama... in the Mitchell Lama program so who, who do you refer to ownership?

KEN LORE: Same... the ownership has never changed since this building was built.

COUNCIL MEMBER DEUTSCH: So, before... when it was still in the Mitchell Lama program what were like basic rents of these apartments and the increases?

PETER DAVIS: I, I apologize I just don't have that information on me.

COUNCIL MEMBER DEUTSCH: You don't... approximately, I mean is anyone here from the ownership?

PETER DAVIS: Well I... I represent ownership but I... [cross-talk]

COUNCIL MEMBER DEUTSCH: So, if you represent the ownership and it's the same ownership from when it was in the Mitchell Lama program you don't have those numbers?

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PETER DAVIS: Not on... [cross-talk]

KEN LORE: It was... it was 18 years ago,  
we can find those but... [cross-talk]

COUNCIL MEMBER DEUTSCH: Be... so, that's  
before 2001 like how much would a one bedroom go for?

KEN LORE: We, we don't know we could  
check and let you know, we don't know.

COUNCIL MEMBER DEUTSCH: So, what is the  
process of opting out of the Mitchell Lama program?

KEN LORE: You have to... [cross-talk]

COUNCIL MEMBER DEUTSCH: DO you have that  
with you?

KEN LORE: There's a process of, of going  
to HPD and indicating that, that you want to exit the  
program, there's certain rules that HPD has to  
facilitate that process and we followed those rules  
and, and left the Mitchell Lama program.

COUNCIL MEMBER DEUTSCH: Do the tenants  
have any decision in opting out of the program?

KEN LORE: No.

COUNCIL MEMBER DEUTSCH: No, so who makes  
that decision, is it the, the board?

KEN LORE: No, the owner... the owner.

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2 COUNCIL MEMBER DEUTSCH: So, it's one  
3 person who makes that decision or it's a corporation,  
4 it's LLC, what is it?

5 KEN LORE: It's, it's an LLC.

6 COUNCIL MEMBER DEUTSCH: So, an LLC makes  
7 a decision, we have how many tenants?

8 KEN LORE: Makes the decision on behalf  
9 of itself as the owner.

10 COUNCIL MEMBER DEUTSCH: Yeah, but how  
11 many tenants were a part of this program you were  
12 opting out?

13 KEN LORE: Well there are 1,250 units..

14 [cross-talk]

15 PETER DAVIS: 14... 1,400... [cross-talk]

16 KEN LORE: 1,400 units... [cross-talk]

17 COUNCIL MEMBER DEUTSCH: 1,400 units so  
18 one, one individual, an LLC makes a decision on  
19 behalf of 1,400 apartments, 1,400 apartments?

20 KEN LORE: Well as I said they make...

21 [cross-talk]

22 COUNCIL MEMBER DEUTSCH: So, 1,400  
23 apartments is how many people?

24 KEN LORE: I don't know what the average...

25 [cross-talk]

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COUNCIL MEMBER DEUTSCH: So, I have

3

6,000... I have 1,600 apartments and that's 6,000

4

people in one of my Mitchell Lamas so if you have

5

1,400 then you probably have about... a little over

6

5,000 people or 5,000 individuals... [cross-talk]

7

PETER DAVIS: I think it's probably

8

closer to 3,500 at that time.

9

COUNCIL MEMBER DEUTSCH: 3,500, you had

10

vacancies at that time?

11

PETER DAVIS: I, I can get that

12

information to you, I don't have that with... I wasn't

13

here then.

14

COUNCIL MEMBER DEUTSCH: Yeah, so if you

15

have 3,500 people then one LLC makes a decision on

16

behalf of 3,500 people and those 3,500 people have no

17

say whether you should not opt out or opt out of the

18

program, is that correct?

19

KEN LORE: That's correct... that's

20

correct.

21

COUNCIL MEMBER DEUTSCH: That's correct.

22

So, I, I'm quite concerned, I mean this, this happens

23

to be... I mean you're already after the fact this is

24

2000... back in 2001 and you have a great Council

25

Member who's cutting this great deal here that I was

1  
2 listening to but I'm concerned because I have 2,200  
3 Mitchell Lama apartments in my district and I fund  
4 them over the last five years six million dollars so  
5 their rents don't get raised and all the capital  
6 projects go through me and I make sure that those  
7 Mitchell Lamas get funded from the city rightfully so  
8 they're rent... their rents shouldn't be raised that's  
9 what affordable housing... that's, that's what we call  
10 affordable housing but I'm concerned what type of  
11 precedence this would set in the future because when  
12 one person makes a decision and tenants have no say  
13 in that, now does anyone at the city, state or  
14 federal level have a say in opting out of a Mitchell  
15 Lama program?

16 KEN LORE: No, to the extent that there  
17 are subsidies like Section 8 subsidies that they may  
18 have something to say about it but the, the, the  
19 vouchers that were provided to the low income tenants  
20 at the time of this exit of Mitchell Lama were self-  
21 executing, they belonged to the tenants that occupied  
22 those units at that time and when those tenants  
23 vacated the units the Section 8 went, went away,  
24 went, went with them.

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COUNCIL MEMBER DEUTSCH: So, I mean what I'm... what I'm seeing is that there's a flaw in this whole process because if one person makes a decision for all the tenants and their rents now are... you know we don't know what's going to happen in the future, this is something that you're telling us what's going to happen but we have no say of when someone opts out of the program. So, what could be done in the future that's city, state or federal... in the federal level that they should have a say in a LLC opting out of a Mitchell Lama program and we're fighting each and every day to have affordable housing and here it's so easy just to opt out of affordable housing, who can answer that question?

GENEVIEVE MICHEL: I mean, I think... I mean I think this to me at least this conversation about Waterside I think is separate from overall goals around Mitchell Lamas since this program... this particular property exited the Mitchell Lama program a long time ago and now we are dealing on a separate deal there but I, you know certainly think HPD and the city generally are always, you know looking for ways to work with private property owners to achieve affordability, I think that's why we are before this

1  
2 committee so often in trying to find those deals but  
3 also happy to have any conversations with you about  
4 particular Mitchell Lamas of concern in your  
5 district.

6 COUNCIL MEMBER DEUTSCH: So, this  
7 actually... this sets a precedence throughout the city  
8 for other Mitchell Lamas to... we all agree, anyone  
9 agree with me?

10 KEN LORE: No, I mean there have been  
11 many Mitchell Lamas... projects that have come out of  
12 Mitchell Lama like this project and it's generally  
13 done by owners on a case by case basis depending upon  
14 where the... where the project is located, what the  
15 rents are that they can achieve in the market, what  
16 kinds of loans they can... there are lots of different  
17 factors and in some cases the city has cut deals with  
18 owners where they voluntarily agree to not to come  
19 out of Mitchell Lama when they... when they could have  
20 so that's just part of the nature of the conversation  
21 between private owners and the city.

22 COUNCIL MEMBER DEUTSCH: So, what is the  
23 process after a... you opt out of a Mitchell Lama, so  
24 what happens to those apartments that the tenants are  
25

1  
2 currently occupying, is it... stay... does it stay  
3 rental?

4 KEN LORE: I'm... [cross-talk]

5 [off mic dialogue]

6 JEREMY HOFFMAN: If a... if a property was  
7 a, a rental Mitchell Lama and constructed prior to  
8 1975 so '74 or before it would become rent  
9 stabilized, Waterside Plaza unfortunately was right  
10 on the cusp and, and, and it did not end up being a  
11 rent stabilized property, post '74 it would not have  
12 rent stabilization protections unfortunately but,  
13 but... and with fair rent as long as an owner maintains  
14 it as a rental property.

15 COUNCIL MEMBER DEUTSCH: So, these  
16 apartments are remaining rentals?

17 JEREMY HOFFMAN: Deferred ownership...  
18 [cross-talk]

19 COUNCIL MEMBER DEUTSCH: Until... [cross-  
20 talk]

21 PETER DAVIS: Yes, absolutely.

22 COUNCIL MEMBER DEUTSCH: So, is... until  
23 when?

24 KEN LORE: I understand... when the...  
25

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1  
2 COUNCIL MEMBER DEUTSCH: So, these are  
3 all rentals...

4 KEN LORE: Yes...

5 COUNCIL MEMBER DEUTSCH: And the... for how  
6 many years will they stay rentals?

7 KEN LORE: Well the owner has the... the  
8 owners... [cross-talk]

9 COUNCIL MEMBER DEUTSCH: The owner has  
10 the... [cross-talk]

11 KEN LORE: The, the owner has the right  
12 to, to do a co-op on, on the site in which case they  
13 would not be rentals any longer.

14 COUNCIL MEMBER DEUTSCH: So, the owner  
15 can sell it to the person occupying that apartment?

16 KEN LORE: Correct.

17 COUNCIL MEMBER DEUTSCH: And what, what  
18 price would that be, is it market rate... [cross-talk]

19 KEN LORE: The, the owner has never  
20 considered and has no plans to convert this property  
21 to a co-op or condo, so we've never even thought  
22 about it.

23 COUNCIL MEMBER DEUTSCH: But the owner  
24 can?

25 JEREMY HOFFMAN: Correct.

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1  
2 COUNCIL MEMBER DEUTSCH: And that will be  
3 the owner's decision to sell those co-ops?

4 KEN LORE: Correct.

5 JEREMY HOFFMAN: I will say that the 325  
6 units that will be affordable for 75 years HPD will  
7 have absolute discretion over whether the owner can  
8 convert them to co-ops, so they will stay as a rental  
9 no matter what unless HPD decides and the owner  
10 requests for it to convert to cooperative.

11 KEN LORE: Yeah, we, we, we agree.

12 COUNCIL MEMBER DEUTSCH: Okay, thank you  
13 very much.

14 COUNCIL MEMBER POWERS: Can, can I ask a  
15 follow up on that, that's an unfamiliar thing to me,  
16 you're saying that if the owner decided that they  
17 wanted to convert... I... as, as we discussed and, and it  
18 was... has been my understanding there's no exit out of  
19 this for 75 years to 2098 or 2100 at, at all, is, is,  
20 is what you're saying different than that... my  
21 understanding of that to say that the 325 units can  
22 be... can be taken out of the HPD in any way, the HPD..  
23 [cross-talk]

24 JEREMY HOFFMAN: No... [cross-talk]

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COUNCIL MEMBER POWERS: ...agreement

anyway?

JEREMY HOFFMAN: No, the only thing... I

mean if they were to ask and we were to agree they'd

be allowed to convert these to limited equity

affordable cooperative units but that would only be

at our discretion, but our intention is not for these

to be converted into anything other than rental...

affordable rental as, as they are... will be going

forward.

COUNCIL MEMBER POWERS: So, what are... so,

let's just... one step back, what are other ways that

this could be taken out of the HPD agreement today?

JEREMY HOFFMAN: But that's... so, that's

not being taken out of... it, it would still be subject

to the regulatory agreement.

[off mic dialogue]

COUNCIL MEMBER POWERS: But the 325 units

in that case would not be rental anymore at the...

[off mic dialogue]

JEREMY HOFFMAN: They would be... if, if an

owner approached HPD in the future about making them

be affordable cooperative units then we would... and,

and the tenants would be... all remain in place as a

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1  
2 non... as a renter as long as they decide to, it would  
3 be a noneviction plan.

4 COUNCIL MEMBER POWERS: Okay, thank you.  
5 I, I was... [cross-talk]

6 JEREMY HOFFMAN: Sorry, sorry if that  
7 wasn't clear.

8 COUNCIL MEMBER POWERS: No, I understand...  
9 [cross-talk]

10 JEREMY HOFFMAN: ...to your point..

11 COUNCIL MEMBER POWERS: I just... I, I  
12 really want to get the tenants up and I know there's  
13 limited time, we have another application we have so  
14 I'm just going to hit... just four more questions but  
15 they're quick. One is, is there any priority for  
16 local either residents or neighbors in the housing  
17 lottery that would be put in place? Two is, the  
18 number I think I have today is 308 settling tenants  
19 that are covered by this, 325 is the units so if you  
20 could tell us just the discrepancy, just explain the  
21 gambits of the numbers... [cross-talk]

22 GENEVIEVE MICHEL: I think he's running  
23 through all the questions..

24 COUNCIL MEMBER POWERS: ...and, and then  
25 three is... yes, I am and three is SCRIE is not

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1  
2 available here, but can you compare SCRIE as, as made  
3 available in other neighboring neighborhoods versus  
4 the rent freeze that's offered here, and which one is  
5 more generous?

6 GENEVIEVE MICHEL: Yeah, I mean so I'll  
7 start on the community preference, you know  
8 unfortunately HPD is engaged in litigation around the  
9 topic so can't have, you know super in depth  
10 conversations about community preference so I... you  
11 know my understanding is I think there would not be a  
12 community preference in this deal and then for the  
13 325... [cross-talk]

14 JEREMY HOFFMAN: Yeah, my... our  
15 understanding and ownership can confirm that, that  
16 there's currently... we, we started this negotiation a  
17 couple of years ago at what point in time there was a  
18 higher number of selling tenants, today I believe  
19 there's 308 remaining in place however, the other 17  
20 units would be rented through housing connect.

21 GENEVIEVE MICHEL: And I think as for... do  
22 you know SCRIE?

23 JEREMY HOFFMAN: Yeah, so for SCRIE, I, I  
24 mean... [cross-talk]

25

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1 CONCESSIONS

2 PETER DAVIS: Can I... can I just... there  
3 were 14 units that, that opted out of the settlement  
4 agreement over the course of the last 18 years, we  
5 have every intention to allow them back into this  
6 deal, so you would have to add the 106 to the 14 so  
7 that's makes... we'd have 320.

8 JEREMY HOFFMAN: Okay and then five years  
9 we'd be rented through housing connect.

10 COUNCIL MEMBER POWERS: And then SCRIE?

11 JEREMY HOFFMAN: And then SCRIE is  
12 available to seniors 62 and older that make less than  
13 50,000 dollars a year and have 33 percent rent burden  
14 and, and so... and only available to tenants in rent  
15 stabilized units and Mitchell Lamas, here we're... and  
16 it provides for a rent freeze essentially for the  
17 duration of their tenancy where the city picks up  
18 the, the, the tab for any rent increases, here we're  
19 allowing the rent freeze for any tenant... well 165  
20 percent of AMI which for a family of three, I can't  
21 remember off the top of my head, is, is about triple  
22 the 50,000 dollar income, we're not limiting it to  
23 any specific age and we're allowing for rent burden  
24 at 30 percent of the tenant's income instead of 33 so  
25 this would be... [cross-talk]

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2 CHAIRPERSON KALLOS: 154,000... [cross-  
3 talk]

4 JEREMY HOFFMAN: ...far more... [cross-talk]

5 CHAIRPERSON KALLOS: ...935...

6 JEREMY HOFFMAN: Thank you so much  
7 Council Member.

8 COUNCIL MEMBER POWERS: So, you can be  
9 eligible for a rent freeze at 154,000 dollars here,  
10 in a SCRIE apartment it... what is... in a rent  
11 stabilized apartment what is it?

12 JEREMY HOFFMAN: 50,000 dollars.

13 COUNCIL MEMBER POWERS: 50,000, okay.  
14 I'll just end on this though to say that number... that  
15 discrepancy between the 325 and the 308 today I think  
16 reflects the idea that there are many folks who have  
17 been trying to hang on and have had to leave even  
18 since we started this conversation...

19 JEREMY HOFFMAN: Absolutely... [cross-talk]

20 COUNCIL MEMBER POWERS: That number to me  
21 is very telling about what we're... what we're facing  
22 here so just, just a reminder about where I, I think  
23 we should be going in terms of the deal.

24 GENEVIEVE MICHEL: Totally and appreciate  
25 I think you have pushed us to move faster at every

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2 step of the process and appreciate you doing that and  
3 want to make sure your tenants understand that you  
4 have done that forcefully.

5 COUNCIL MEMBER POWERS: I appreciate  
6 that, thank you. I want to make sure the tenants can  
7 get up so thank you for all your time.

8 CHAIRPERSON KALLOS: Wait be, before you  
9 go I just want to jump on with Chaim so, it so  
10 happens that I have Mitchell Lamas in my district too  
11 who have been exiting and I also have the urban  
12 America portfolio on Roosevelt Island with 1,001  
13 units, you've done something unique here, in my  
14 district two or three years ago HPD said that because  
15 Roosevelt Island is a unique situation... [cross-talk]

16 JEREMY HOFFMAN: Very unique... [cross-  
17 talk]

18 CHAIRPERSON KALLOS: ...HPD which has  
19 jurisdiction of the city of New York was not  
20 interested in doing a preservation of 1,000 units on  
21 Roosevelt Island, is that now changing?

22 JEREMY HOFFMAN: I don't... I mean if... I  
23 don't want to speak for, for whoever you had that  
24 conversation with but our issue there is that it's  
25 been mass released to a state agency and that state

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1  
2 agency would... has the discretion to, to utilize the  
3 land as they so wish so that, that is our unfortunate  
4 reality.

5 CHAIRPERSON KALLOS: That is the same  
6 answer we got before, we can't blame you for trying  
7 we'll excuse this... [cross-talk]

8 JEREMY HOFFMAN: We, we would love to do  
9 a preservation there it's not for lack of desire on  
10 our part it's, it's... [cross-talk]

11 CHAIRPERSON KALLOS: Would you come sit  
12 at a table with me and Urban America and see what we  
13 can do around the Governor?

14 GENEVIEVE MICHEL: I think we certainly  
15 can have that conversation.

16 CHAIRPERSON KALLOS: That would actually  
17 be quite meaningful. I'm going to excuse this panel,  
18 thank you, there's some follow up that is owed to the  
19 Council Member. I'm going to ask Rurik Asher Bomerin  
20 [phonetic], I'm sure that would be easier to read in,  
21 in Hebrew or... yes from State Senator Brad Hoylman's  
22 office, he has written testimony and so I thank you,  
23 I imagine you're here to read a joint letter with  
24 Assembly Member Epstein, I'm going to give you about  
25

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1 CONCESSIONS

2 90 seconds, please read the best parts of it... [cross-  
3 talk]

4 RURIK ASHER BOMERIN: Okay, sure... [cross-  
5 talk]

6 CHAIRPERSON KALLOS: ...and then we will  
7 get to the tenants who are the main event and will  
8 not have the 90 second time clock.

9 RURIK ASHER BOMERIN: Great, good  
10 afternoon, thank you Chairman Kallos and the  
11 Subcommittee members for this hearing. We're grateful  
12 for the opportunity to submit testimony to this  
13 Subcommittee regarding the applications by New York  
14 City Department of Housing Preservation and  
15 Development for an amendment to the Waterside Urban  
16 Renewal Plan to extend the length of affordability  
17 for 325 residential units at Waterside Plaza and for  
18 the disposal of city property by renewing the  
19 existing 99-year lease of the Waterside Plaza  
20 development. As elected officials representing  
21 Waterside Plaza, we urge the Subcommittee to support  
22 these applications. This proposal took many months to  
23 negotiate and we thank our colleagues for their  
24 leadership on this important effort; City Council  
25 Member Keith Powers, Manhattan Borough President Gale

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2 Brewer, HPD, Janet Handal and the Waterside Tenants  
3 Association, Richard Ravitch, Peter Davis and of  
4 course Community Board Six. Waterside Plaza has  
5 provided housing for moderate- and middle-income  
6 families for more than four decades. Today's proposal  
7 would preserve this affordability for years to come  
8 and thus allow tenants to age within their own homes  
9 with the peace of mind and economic security that  
10 comes with having a predictably affordable place to  
11 live. This represents a stark contrast to other parts  
12 of Manhattan where many of our constituents have been  
13 pushed out of their homes due to rising rents. Since  
14 1993, in fact, New York City has lost over 152,000...

15 [cross-talk]

16 CHAIRPERSON KALLOS: Can you skip to the  
17 third from the last paragraph?

18 RURIK ASHER BOMERIN: Thank you. As  
19 beneficial as this proposal is for most tenants at  
20 Waterside Plaza, there is always room for  
21 improvement. First, not all tenants will fully  
22 benefit from the retirement rent reset. While we are  
23 pleased that tenants who retire by December 31<sup>st</sup>,  
24 2019 will have the opportunity to recertify their  
25 incomes to show they are rent burdened and qualify

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2 for a rent reduction, the retirement window could be  
3 expanded to benefit even more tenants. According to  
4 the Waterside Tenants Association, about 97  
5 households will not be retiring by the end of 2019  
6 and two thirds of these households will eventually be  
7 severely rent burdened in retirement. Therefore, we  
8 think it reasonable and justified to allow tenants to  
9 recertify their income upon retirement after 2019. We  
10 suggest that the retirement rent reset benefit  
11 eventually be extended to include those who retire  
12 until the year 2026 as suggested by the Waterside  
13 Tenants Association. Second, we would like to see  
14 this proposal reflect the WTA's request to permit the  
15 deduction of medical expenses when calculating  
16 household income especially given rising health care  
17 costs for seniors. Third, we wish to see  
18 distributions from retirement accounts excluded from  
19 household income since this would make HPD's policy  
20 consistent with that of the United States Department  
21 of Housing and Urban Development which does not count  
22 withdrawals from investment funds as income so long  
23 as the amount withdrawn is a reimbursement of  
24 previously invested money. That withstanding.. [cross-  
25 talk]

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2 CHAIRPERSON KALLOS: Last paragraph, go  
3 for it... [cross-talk]

4 RURIK ASHER BOMERIN: Thank you... [cross-  
5 talk]

6 CHAIRPERSON KALLOS: ...quick... [cross-talk]

7 RURIK ASHER BOMERIN: ...notwithstanding  
8 these concerns these applications represent a rare  
9 opportunity to protect 325 units of housing from  
10 destabilization and provide housing security for  
11 tenants at Waterside Plaza. To date the conversations  
12 between the parties involved here have yielded highly  
13 promising outcomes for tenants. We hope these  
14 negotiations can continue in the same spirit and we  
15 strongly encourage you to approve these applications  
16 and replicate their terms elsewhere throughout the  
17 city for the benefit of even more New Yorkers. Thank  
18 you.

19 CHAIRPERSON KALLOS: Thank you very much.  
20 Are... so, it appears that we have 15 folks testifying  
21 in favor of this project, typically we do two... so, so  
22 we would like to... so, typically we do two minutes in  
23 many hearings, sometimes Council Member there selves  
24 have a two minute time clock, sometimes we do three  
25 minutes, we can also do no limit, there's a lot of

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2 folks here, there's 15 people... speakers signed up so  
3 just a show of hands how many folks would like to do  
4 two minutes, nope, no one would like to do two  
5 minutes, who would like to do three minutes? Okay,  
6 three minutes sounds fair and who would like to hang  
7 out here until tomorrow morning? Okay, so we're going  
8 to aim for three minutes, it's an honor system please  
9 just know that it is your friends and neighbors who  
10 will be waiting longer if you go over the three  
11 minutes and please don't make me or somebody else be  
12 difficult about asking people to wrap up, we, we  
13 asked our, our state colleagues to move quickly. Our  
14 first panel is going to be Janet Handal, President of  
15 the Waterside Tenants Association and I want to thank  
16 her for coming and joining me on Sunday for my state  
17 of the district; Sherrill Kirkland, who needed to  
18 leave by two o'clock, is Sherrill still here? Cheryl  
19 left at two o'clock and we apologize Cheryl if you  
20 are watching this or if anyone is, is anyone her  
21 neighbor? If you can just let her know she can submit  
22 testimony within 24 hours; Norma Davis, come on up;  
23 Pretzel Heidrun, say... okay, you got it. So, we're  
24 going to let Janet go six minutes and then we have  
25 Jay Maller, do we have Jay Maller here? I do not see...

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2 he had to leave, okay, please tell Jay he can submit  
3 what he wanted to. Helena Ross, no worries, Janet you  
4 get nine minutes, next we have Richard Cunningham, do  
5 you want to join the panel, okay. I'm going to keep  
6 going to try to fill things up, Chris Spangler, would  
7 you like to testify? Oh, grab a seat, I'm going to  
8 call one more person to try to get us five people on  
9 the panel, we only have four chairs, we are... we are  
10 all set. I want to thank those who yielded their  
11 time, I will ask Janet to take as much time as you  
12 wish for other folks please just try to honor three  
13 minutes, please rather than repeating a point that's  
14 already been made you can feel free to just say I  
15 echo that sentiment or plus one or whatever your  
16 preference is. In the City Council we tend not to  
17 applaud, it's hard, I can tolerate... I'm, I'm fine  
18 with snaps, the thing that everyone does is jazz  
19 hands, I think it looks silly, but I do it  
20 nonetheless so you now... you may now begin. If you  
21 want to, we can swear you in but we typically only  
22 swear in the administration and we've also extended  
23 it under my Chairmanship to developers because I  
24 don't trust them. Please press the silver button so  
25 that the red light is on.

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2 JANET HANDAL: Okay, great. Good  
3 afternoon, I'm Janet Handal, President of the  
4 Waterside Tenants Association. I'm here today to  
5 discuss the 700 settling tenants living at Waterside  
6 Plaza in 309 apartments. Most of us have lived at  
7 Waterside for 30 to 40 years and raised families  
8 there. We moved there.. when we moved there it was a  
9 Mitchell Lama complex and the leases that we signed  
10 said that if the owner exited, exited Mitchell Lama,  
11 we would become rent stabilized. That did not happen  
12 due to a certificate of occupancy technicality. As a  
13 result, since the exit in 2001, our rents have gone  
14 up 276 percent, while stabilized rents in the same  
15 time period have gone up only 86 percent and real  
16 wage growth, according to the US Bureau of Labor  
17 Standards, has gone up only 59 percent. So, our  
18 tenants have really been faced and squeezed by this  
19 and apartment renting.. for two-bedroom apartment  
20 renting for 1,400 dollars in 2001 now rents for 3,800  
21 dollars..

22 CHAIRPERSON KALLOS: I'm sorry to  
23 interrupt, do you happen to have copies of your  
24 testimony that you can.. [cross-talk]

25 JANET HANDAL: I did, I.. [cross-talk]

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2 CHAIRPERSON KALLOS: ...share... [cross-talk]

3 JANET HANDAL: ...handed them... I only had  
4 one copy...

5 CHAIRPERSON KALLOS: Okay, we will have  
6 somebody from the committee staff make some copies  
7 for us, thank you... [cross-talk]

8 JANET HANDAL: Sorry... [cross-talk]

9 CHAIRPERSON KALLOS: Don't worry about  
10 it, if other folks have their testimony just hand it  
11 to the folks and we'll make copies.

12 JANET HANDAL: Okay, great. We want... we  
13 are... [cross-talk]

14 CHAIRPERSON KALLOS: Please continue and  
15 we don't need to do the clock for Janet.

16 JANET HANDAL: Okay. We are very grateful  
17 to the City, HPD and the owner and to Peter Davis the  
18 General Manager that when we asked to be a part of  
19 the affordability plan for the property we were  
20 included. We want to also thank Keith Powers and his  
21 predecessor Dan Garodnick for his really just  
22 energetic and unstinting support and responsiveness  
23 to the Tenants, he... his... he and his staff have been  
24 there every step of the way that they've taken a lot  
25 of phone calls, they understand the people's

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2 situation and I think that that's really helped  
3 inform his, his advocacy on, on our part. This deal  
4 will enable those of us already, already retired or  
5 retiring by the end of 2019 to age in place, that's  
6 about 80 percent of us. The deal freezes rent for  
7 those under 165 AMI and for those that are paying  
8 more than 30 percent of their income on rent reduces  
9 their rent to 30 percent of income. It's a terrific  
10 deal and we voted unanimously to support it but we  
11 also said we'd want it to be a little bit better, we  
12 want everybody living there to be able to age in  
13 place and as I said it's about 80 percent... 20 percent  
14 of our households will still be working beyond 2019  
15 so it's like 30 percent when we surveyed people, were  
16 still working and about 20 percent of those 30  
17 percent will be retiring and able to adjust their  
18 schedules to retire by 2019 but that still leaves 20  
19 percent who will be working beyond 2019, that's,  
20 that's 65 households. Eighty percent of these people  
21 are 60 years or older, these are not people in their  
22 30s and 40s and 50 percent are over the age of 65.  
23 You might ask, you know well why don't they retire  
24 now, you know the... so that they can take advantage of  
25 this great deal and the simple answer is they can't

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2 afford to retire yet, some are taking care of adult  
3 special needs children, that's the situation Sherrill  
4 Kirkland who had to leave earlier, they have two  
5 special needs adult children that they are  
6 supporting. Some are supporting parents in their 90s,  
7 some are still digging out after the crash of 2008  
8 and others have their children's college loans and  
9 other obligations that need to be repaid. These are  
10 middle income New Yorkers who have worked hard their  
11 entire lives, paid taxes and not relied on the city  
12 to take care of their problems. These are the very  
13 people that the Mayor talked about when he said if  
14 you're a senior trying to remain in the neighborhood  
15 that you helped to build, we're fighting to help you  
16 stay. When we asked him about this and to include  
17 those seniors still working at his Town Hall in  
18 December his answer was we want to find a way to do  
19 this and so, you know I... what I want to point out now  
20 is that, that, you know the people that are still  
21 working are middle income now, most of them but when  
22 they retire two thirds will become low income, making  
23 low... less than 80 percent of AMI and will be paying  
24 more than 50 percent of their income for rent, they  
25 are known as severely rent burdened. These people at

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2 this number are at a high risk of homelessness. Rent  
3 burden is the biggest predictor of homelessness and  
4 that's an important thing to keep in mind. They will  
5 be forced to move from their homes of 30 or more  
6 years when they are at their most vulnerable in their  
7 70s and 80s. I don't understand how it makes economic  
8 sense for the city to have these people forced out of  
9 their homes when they retire only to be seeking  
10 affordable senior housing elsewhere in the city.  
11 Isn't it really cheaper and better to keep them in  
12 their homes? It's possible that HPD would like to  
13 include them in the plan but they say that they, they  
14 just don't have the money to do that, they've offered  
15 Section 8 benefits but as you've heard you don't  
16 qualify for Section 8 unless you're making below 50  
17 percent of AMI so a good number of our people are  
18 right in that, that, that window and are not going to  
19 be able to, to qualify for that. I asked that the  
20 city find the additional funds to enable these still  
21 working tenants to also age in place, these are good  
22 people who by necessity must keep working and  
23 continue to shoulder the responsibility for their  
24 families. Yet as the plan stands now, the reward for  
25 being good citizens will be to lose their homes when

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2 they are most vulnerable. Now one of the things that  
3 we talked about is, is, you know the income  
4 qualification and, and, you know HPD is giving a  
5 number of reasons why they, they had no more  
6 flexibility. As Keith pointed out this deal is  
7 unique, there is no other deal like this. They say  
8 that they have no flexibility in terms of, of income  
9 definition but in fact due to HUD requirements but  
10 there's no HUD money in this deal and so I... to me  
11 that does... that's not an answer that makes sense to  
12 me because there is no HUD money in this deal. They  
13 also said that, that they could not like extend the  
14 retirement benefit for two to eight years because of  
15 the lack of certainty of people's retirement income  
16 but what I'd like to point out is while... you know  
17 what people are going to be making when they're  
18 retiring is, is questionable when you're in your 30s  
19 and 40s, by the time you are in your 60s it's pretty  
20 clear what your retirement income is going to be,  
21 you've got your social security number and social  
22 security sends that to you every year of what you're  
23 going to make and you have your pension... if you have  
24 a pension and if you have a 401K. When I surveyed  
25 people and asked them what degree of certainty you

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2 have on your income... you know retirement income, you  
3 know overwhelmingly people said it was a high degree  
4 of certainty. So, you know HPD is saying well we  
5 can't... you know it's too uncertain, well that just  
6 really doesn't hold water, it's, it's... people have  
7 certainty about it. We can follow the same  
8 certification process, a onetime certification,  
9 people say okay, I'm going to end... retire in four  
10 years this is what I, I... my retirement income will  
11 be, they sign an affidavit, they swear to it then and  
12 then when they retire they sign another affidavit and  
13 say yes, this in fact happened or they say well it  
14 was a little more, it was a little less and if  
15 Waterside wants them and then HPD wants them to  
16 recertify in a more detailed way that can happen. So,  
17 I think that that's, that's an important aspect of  
18 this. The other point I just want to make is it was  
19 a... quite a surprise to me just now to hear from HPD  
20 about a couple... or two people being in a two bedroom  
21 apartment, we asked that question of HPD not once but  
22 three separate times and were told three separate  
23 times that two people in a two bedroom typically a  
24 couple that... were considered to be right sized and,  
25 and, and when it was pointed out to us if you go to

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2 the HPD guidelines it says one to... in a two bedroom,  
3 sorry, two to three people so our point of view would  
4 be A, there's no HUD money coming into this so  
5 they're not bound by HUD guidelines and B, they  
6 represented to us three different times that, that  
7 two people in a two bedroom was okay so we expect  
8 that to be the case and not to be in question. So,  
9 so... that... I mean I'm, I'm sorry I'm a little bit  
10 breaking... [cross-talk]

11 CHAIRPERSON KALLOS: Take... [cross-talk]

12 JANET HANDAL: ...here because I was taking  
13 notes but in... [cross-talk]

14 CHAIRPERSON KALLOS: Take your time.

15 JANET HANDAL: Okay.

16 CHAIRPERSON KALLOS: Take your time.

17 JANET HANDAL: I have... [cross-talk]

18 CHAIRPERSON KALLOS: You don't have to  
19 rush... [cross-talk]

20 JANET HANDAL: Basically this... that's,  
21 that's what I wanted to say about those tenants that  
22 are still working and that is our key priority to  
23 enable every settling tenant at Waterside to be able  
24 to age in place if they want to do that. There are  
25 two additional points that have been brought up...

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2 brought to my attention by, by the tenants. Again  
3 this is about the income certification formula, we  
4 were told by HPD that they are following the HUD  
5 guideline 4350 and so I went and read that in some  
6 detail and again our point is that it since... it's not  
7 funded by federal money, we'd be much better off and  
8 it's a... it's a clearer representation of the, the,  
9 the income situation of seniors to look at how SCRIE  
10 calculates income. SCRIE does not include retirement  
11 account distributions and in retirement accounts you  
12 got to think of it... I mean that's like a savings  
13 account, you've been saving that money all along,  
14 right and now you are older and you are taking some  
15 of that out but in fact, you know some of those  
16 accounts require you to start taking it legally to  
17 take it out when you are aged 70 and what's been  
18 suggested by one of our tenants that including these  
19 required distributions is really a form of ageism  
20 and, and, and is not fair because someone who is 68  
21 is not... and has a... you know something that has a  
22 requirement at age 70 they don't have to calculate  
23 that in their income certification whereas this  
24 couple who's 74 and 82 they have to include it so  
25 they're pointing out it's not fair and it's a form of

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1  
2 ageism. So, I'd be interested to hear how, how the  
3 conversation goes, you know with regard to that. The  
4 other thing that, that we think should be included in  
5 the income calculation is a deduction for medical  
6 expenses and the reason is... and it's out of pocket  
7 medical expenses, the reason is because seniors have  
8 three times the amount of out of pocket medical  
9 expenses as those who are in the 30s and 40s. Again,  
10 the HPD guidelines, you know say you can't do this  
11 but the HUD guidelines in fact allow for adjusted  
12 gross income for anybody that's 62 or older so you  
13 can in fact under the HUD guideline deduct these  
14 deductions or these medical out of pocket expenses.  
15 So, in closing I ask that the city modify this deal  
16 so that all of our settling tenants can age in place  
17 in our Waterside homes in the community that we  
18 helped to build. Thank you.

19 [applause]

20 CHAIRPERSON KALLOS: Okay, the... let the  
21 record reflect the only one clapping was staff of an  
22 elected official's office. I want to thank the  
23 tenants who are great and thank you for your remark...

24 [cross-talk]

25

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2 JANET HANDAL: Could I just ask, ask one  
3 other thing, could I ask all of the settling tenants  
4 that are here to please stand up.

5 CHAIRPERSON KALLOS: Sure...

6 JANET HANDAL: Just so that you can see...  
7 I mean people really... [cross-talk]

8 CHAIRPERSON KALLOS: Can we get the...  
9 [cross-talk]

10 JANET HANDAL: ...do... [cross-talk]

11 CHAIRPERSON KALLOS: ...settling tenants on  
12 camera... [cross-talk]

13 JANET HANDAL: ...care about this... and now  
14 I'd like those... [cross-talk]

15 CHAIRPERSON KALLOS: We cannot... we cannot  
16 turn but hold on Council Member Powers you want... you  
17 want to grab a photo of them or...

18 JANET HANDAL: Oh, that'd be great.

19 CHAIRPERSON KALLOS: So, you can check at  
20 Keith Powers on twitter because we cannot point the  
21 cameras at you.

22 COUNCIL MEMBER POWERS: Almost all of  
23 you, thank you.

24 CHAIRPERSON KALLOS: Okay...

25

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2 COUNCIL MEMBER POWERS: They all look  
3 great.

4 CHAIRPERSON KALLOS: Thank you for being  
5 here... [cross-talk]

6 JANET HANDAL: Okay and now I want to..  
7 the people to stand up who are still working and will  
8 not be able to retire by 2019.. the end of 2019.

9 CHAIRPERSON KALLOS: Okay..

10 JANET HANDAL: And you can see its about  
11 30 percent so.. okay, alright, thank you very much.

12 CHAIRPERSON KALLOS: We typically wait  
13 for the whole panel, but this is.. we'll start with  
14 some questions... [cross-talk]

15 COUNCIL MEMBER POWERS: I just had one,  
16 one kind of question, the.. obviously the response is  
17 about uncertainty in the deal... [cross-talk]

18 JANET HANDAL: Uh-huh... [cross-talk]

19 COUNCIL MEMBER POWERS: ...how much money  
20 to put in if you... and that was the, the previous  
21 panel and made mention of how much money would have  
22 to be into the deal in order to accommodate the  
23 request for retirement, do you think there's a way  
24 before certification or before the.. before the deal  
25 is finalized to get a handle on how many people we're

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2 talking about in order to help make the financial  
3 situation... [cross-talk]

4 JANET HANDAL: Sure... [cross-talk]

5 COUNCIL MEMBER POWERS: ...more certain?

6 JANET HANDAL: I think that we can...

7 [cross-talk]

8 COUNCIL MEMBER POWERS: If so what...

9 [cross-talk]

10 JANET HANDAL: ...do that, yeah... [cross-  
11 talk]

12 COUNCIL MEMBER POWERS: ...would that be?

13 JANET HANDAL: Okay, let me ask you  
14 specifically though what you want me to find out?

15 COUNCIL MEMBER POWERS: Well I guess my  
16 question is, is if there was uncertainty by the city  
17 to know how much money would have to be part of the  
18 deal to... in order to finalize... [cross-talk]

19 JANET HANDAL: Uh-huh... [cross-talk]

20 COUNCIL MEMBER POWERS: ...it and put that  
21 money aside for the... for this housing deal the, the,  
22 the sort of... there's an uncertainty... we've heard  
23 there's an uncertainty about how many people would  
24 be... [cross-[talk]

25 JANET HANDAL: Oh, how many... [cross-talk]

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2 COUNCIL MEMBER POWERS: ...retiring...

3 [cross-talk]

4 JANET HANDAL: Right...

5 COUNCIL MEMBER POWERS: How much money  
6 would need to be in the deal based on how many people  
7 would be taking advantage of it so my question is  
8 whether... and I... and I meant to ask this of the  
9 previous panel but if there is a means by which we  
10 could try before the deal is finalized to a certain...  
11 to ascertain how many people are still working and  
12 plan to retire in one, two, three years if you could  
13 say to those people or if some are here if you don't  
14 retire in that time period as you've stated then,  
15 then you don't get... be able to take advantage of the  
16 deal, if you do then you... they'll... [cross-talk]

17 JANET HANDAL: Yeah, we can do that...

18 COUNCIL MEMBER POWERS: And how would you  
19 do that?

20 JANET HANDAL: Well what I was going to  
21 say is, is... you know what we have done we have in the  
22 course of this we have conducted over 15 surveys and,  
23 and we've had a very high response rate about, you  
24 know 42 percent which is enough to be predictive for  
25 our number but ideally it's... obviously it's best if

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2 you have everybody sign and answer and I think that  
3 if a requirement was made, you know to... you know  
4 either by you or by HPD, you know that you have to...  
5 you know this is part of the process, fill out this  
6 information and, and particularly for those that are  
7 still working, you know you've got to sign here so  
8 that we can figure out what it would cost to do that,  
9 I, I think that we could do that.

10 COUNCIL MEMBER POWERS: Okay, thank you.

11 I, I want to let the others go as well and they have  
12 other questions.

13 CHAIRPERSON KALLOS: So, quick, quick  
14 piece, so we're... with the folks who didn't make it  
15 we're actually now to only six more beyond this  
16 panel... [cross-talk]

17 JANET HANDAL: Okay... [cross-talk]

18 CHAIRPERSON KALLOS: There's just a  
19 question for you if you want... if the... if the  
20 remaining speakers all want three minutes or four  
21 minutes or just, we'll play it as we go...

22 NORMA DAVIS: Make it three minutes  
23 because... [cross-talk]

24 CHAIRPERSON KALLOS: Okay... [cross-talk]

25

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2 JANET HANDAL: I think three is fine,  
3 yeah.

4 CHAIRPERSON KALLOS: Okay, we, we have  
5 consensus for three minutes, there will be a timer  
6 and when it goes off its up to you. You may go in  
7 whatever order you wish.

8 JANET HANDAL: Okay...

9 CHAIRPERSON KALLOS: Please state your  
10 name for the record, also our Committee Counsel  
11 wanted me to remind... to correct myself, I had said 24  
12 hours, it is actually 72 hours so you and every one  
13 of the tenants association have 72 hours if you are  
14 giving oral testimony and don't have it in writing to  
15 provide it in writing and they can email that  
16 testimony to CKELLY at... EY at Council dot NYC dot  
17 Gov. You may begin.

18 RICHARD CUNNINGHAM: Before I start just  
19 one question on that, I don't have a statement that I  
20 can submit to you so can I just submit that later  
21 with the other written stuff?

22 CHAIRPERSON KALLOS: That's correct.

23 RICHARD CUNNINGHAM: Okay, thank you. My  
24 name is Richard Cunningham, I want to thank Chairman  
25 Kallos and this committee for giving me this

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2 opportunity to speak in favor of the Waterside  
3 proposal. I'd also like to speak to implore you and  
4 whoever is in the driver's seat too add or to adopt  
5 an extended time frame for people who that are still  
6 working, that need to still work to recertify. I  
7 think the best way for me to do this is to kind of  
8 put a human face on it, if some of the people are  
9 here that were at one of the prior hearings have  
10 heard this then it's a repeat for those of you that  
11 weren't and it'll be something new but my story  
12 quickly is that I've lived at Waterside for 42 years,  
13 I came there in the 70s, I met my wife there, we had  
14 children, we raised our children there, they went to  
15 their first nursery school there and we love  
16 Waterside and we love the management at Waterside and  
17 we love everything about it. Unfortunately, at 73 I'm  
18 now faced with a situation I never thought I would be  
19 faced with in my life on how it would be that I  
20 didn't know if I'd be able to afford to put a roof  
21 over my head in a home that I'd lived in for 40 plus  
22 years. My wife and I invested in our children, in  
23 their education, college four years, graduate school  
24 and help along the way so we didn't invest in stocks  
25 and bonds or big retirement accounts. I think... I used

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2 to think I was middle class, I don't think I rate  
3 that anymore. It's imperative that my wife and I  
4 continue to work even though we're both clearly of  
5 retirement age because we have financial obligations  
6 that we have to meet and it's a catch 22 because if  
7 we continue to work to meet those, which we must and  
8 if this proposal goes through with the 2019 drop dead  
9 date for certification there's no way that we can  
10 stay at Waterside and it defeats the purpose of  
11 affordable housing. We all agree that affordable  
12 housing is a good thing, everybody in this room will  
13 agree to that it's just a question of how we get  
14 there. So, I would urge you and whoever makes the  
15 decisions to allow us to work, allow us to continue  
16 to be viable, allow us to continue to contribute to  
17 the tax base, allow us to continue to contribute to  
18 the community and then when we can retire and if  
19 we're healthy enough to continue to work for another  
20 six or seven years, let's us recertify then. We're  
21 not asking for anything special, no special treatment  
22 just give us the same opportunity that somebody that  
23 chronologically is of retirement age and economically  
24 is able to do it at this time and I thank you very  
25 much for your time.

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2 CHAIRPERSON KALLOS: Thank you for taking  
3 a day off work. Who would like to go next? Okay.

4 NORMA DAVIS: Can you hear me now? Okay,  
5 great. Okay, first of all quiet a lot of you are  
6 familiar with me coming to these along with Janet. I  
7 have to say without Janet we wouldn't be here, and we  
8 are all so appreciative of all the work she's done  
9 and secondly, I should mention that I have been a  
10 tenant of Waterside for 44 years from the very  
11 beginning. I've helped my community in the sense that  
12 I got a nursery school started with Mr. Ravitch  
13 kindly offering to let us have it for free when we  
14 got it going. Both my kids grew up there, I've moved  
15 down from a three bedroom to a two bedroom to a one-  
16 bedroom apartment over the years basically the  
17 settling of Waterside I was one of the four members  
18 representing the people in 40 building which along  
19 with being city Mitchell Lama was also federally  
20 subsidized which is something that hasn't come up  
21 here tonight...

22 CHAIRPERSON KALLOS: I'm terribly sorry  
23 to interrupt, our legal and future stenographer have  
24 requested that you share your name... [cross-talk]

25 NORMA DAVIS: Oh, I'm sorry... [cross-talk]

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2 CHAIRPERSON KALLOS: ...for the record...

3 [cross-talk]

4 NORMA DAVIS: ...terribly sorry. My name  
5 is... [cross-talk]

6 CHAIRPERSON KALLOS: That's okay... [cross-  
7 talk]

8 NORMA DAVIS: ...Norma Davis and... [cross-  
9 talk]

10 CHAIRPERSON KALLOS: Please continue..  
11 [cross-talk]

12 NORMA DAVIS: ...proud tenant of 40  
13 Waterside Plaza for 44 years.

14 CHAIRPERSON KALLOS: I had rudely  
15 interrupted you as you were discussing the HUD.

16 NORMA DAVIS: Okay. So, I just wanted to  
17 point out so many things that have come up about  
18 extending the retirement age. I am one of those very  
19 fortunate in one way, but I will be 77 this year, I  
20 fully retired at 66 after working as a medical lab  
21 technologist often two jobs to keep my family going,  
22 I'm very happy to say they're all doing fine. I  
23 unfortunately have to work because my social security  
24 equals my rent and in fact right now my rent is more  
25 than my social security. I'm also cursed with the

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2 RMDs that you've been talking about, I'm over 70 and  
3 a half so therefore I have to pay a minimum  
4 distribution which is now going to be considered  
5 income. On top of all this is the insult that I now  
6 because of the RMDs and my part time work am paying  
7 nearly 80 percent tax on my social security. So, I'm  
8 being hit every which way, my net income is not that  
9 huge, but I have doubled my social security by  
10 working part time and I'm very lucky that I can still  
11 do that and that my brains are still functioning, and  
12 my legs are still working and I really enjoy it. So,  
13 somehow or another I would really like to push the  
14 RMD thing that yes, I feel penalized, this is money  
15 that I saved hard to put in an IRA, I do understand  
16 that it's basically... they're looking at interest or  
17 something that is being deferred as you've saved over  
18 the years but it really, really is hard and at the  
19 same time I'm so appreciative of the fact that I can  
20 stay at Waterside, I really, really hope to be able  
21 to do the rent freeze and the rent reset, I don't  
22 think next... this year... I'm going to say I'm going to  
23 retire again or the number one question, am I  
24 considered a retired person now and I would really  
25 appreciate knowing the answer to that and thank you

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2 so much for everything you've done and also thank you  
3 to Waterside and Mr. Davis and Mr. Ravitch for  
4 letting me stay in this marvelous place all these  
5 years.

6 CHAIRPERSON KALLOS: Thank you, next.

7 CHRIS SPANGLER: Hi, my name is Chris  
8 Spangler... [cross-talk]

9 CHAIRPERSON KALLOS: Press the silver  
10 button so that the red light is on.

11 CHRIS SPANGLER: Thank you...

12 CHAIRPERSON KALLOS: Perfect.

13 CHRIS SPANGLER: Greetings Council Member  
14 Ben Kallos, Keith, Peter and Janet and tenants. In  
15 advance thanks for taking the time to hear me. I ask  
16 that you please as a leader and decision maker help  
17 us with this life changing situation. Chairman Kallos  
18 I am passionately, urgently and in desperation asking  
19 that you please help us get a second rent reset in  
20 the future. Under the current proposed deal my rent  
21 will be frozen however under a second rent reset is  
22 secured now for the future I will not be able to live  
23 the rest of my life out at Waterside. There are one  
24 third of the settling tenants that are also in my  
25 situation. Please make this an equitable deal for all

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2 of us settling tenants. Waterside has been my home  
3 for over 25 years, when I collect social security at  
4 any time, I will not be able to afford my current  
5 frozen rent, I am asking that at the time of my  
6 retirement my income and rent it get reviewed again,  
7 another words a second certification please take  
8 place. Please help, help us keep our homes and our  
9 community, please implement something now as opposed  
10 to later so that we know now for certain that we will  
11 be able to have our homes and live in them in the  
12 future. These are our lives and thank you from my  
13 heart.

14 CHAIRPERSON KALLOS: Thank you. So, I'm,  
15 I'm going to turn to Council Member Powers for some  
16 questions.

17 COUNCIL MEMBER POWERS: Thank you. I want  
18 to just A, clarify that retirement is not actually  
19 the, the definition year it's just substantive change  
20 of income I guess really that would allow you to take  
21 a different... a different category so even if you took  
22 a new job and it was less money that could be  
23 reflected in it and I will... I will correct the record  
24 if I'm wrong about that but just wanted to clarify.  
25 Can we just... I just... couple, couple of questions and

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2 maybe Janet this is more for you but, but anybody  
3 else obviously who has information, can you tell us  
4 how many years you're asking in terms of what would  
5 be allowable in terms of keeping the window open for  
6 retirement and second is the amount of people that  
7 would be covered by that or, or how many people are..  
8 [cross-talk]

9 JANET HANDAL: Yeah... [cross-talk]

10 COUNCIL MEMBER POWERS: ...kind of in this  
11 category... [cross-talk]

12 JANET HANDAL: ...so, so again based on our  
13 surveys if we went up to eight years that would bring  
14 in 96 percent of all of the settling tenants, there  
15 are about, you know six or eight households that are  
16 people in their early 50s and, and some are even  
17 younger than that and those are situations where it's  
18 a successor tenant so it might be somebody in their  
19 early 30s. So, I think that, you know we are really  
20 focused on people that are sort of in, in the last  
21 trimester of their life or those... you know maybe  
22 even... who knows... I hope it's at least a trimester,  
23 who knows, I'm, I'm shooting I want to be in my 90s  
24 sometime but we want to cover those people, people  
25 that are sort of still in, in the prime of their

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2 career we feel, you know less, less passionately  
3 about that particular situation and also it's a very  
4 small number.

5 COUNCIL MEMBER POWERS: And, and do you  
6 know what the number is we're talking about, how many  
7 tenants are not... would be... are asking for a second  
8 reset because of... they're still working and believe  
9 that they'll have a... [cross-talk]

10 JANET HANDAL: So... [cross-talk]

11 COUNCIL MEMBER POWERS: ...have a  
12 substantive change in income... [cross-talk]

13 JANET HANDAL: So, when we look at those  
14 numbers the people that are still working about half  
15 of them are what we would call... are situations like  
16 Norma, they are entitled to a rent reduction right  
17 now with their still working income and then if they  
18 retire they would get an additional reduction so, so  
19 about half of the people that are working now are,  
20 are entitled to reduction right now and I mean still  
21 working not going to retire by the end of 2019 and  
22 then they... but when you go over to, you know 2019... I  
23 mean sorry, that the... everybody that's still working  
24 it, it would literally be all but seven households  
25 out of 97 that would get the freeze and a rent, rent

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2 reduction, some, some just a small rent reduction,  
3 you know but, but some significant because what  
4 happens is somebody is... you know working full time,  
5 you know they're, they're doing very well and, and if  
6 they retire they might only be getting social  
7 security, you know like, like Richard they might not  
8 have an IRA or, you know a, a KIO plan or whatever  
9 and there are a lot of people in that situation  
10 particularly if you're an entrepreneur you're in that  
11 situation too.

12 COUNCIL MEMBER POWERS: And just one more  
13 question so we can keep letting folks testify.  
14 There's, there's some folks who want to take a, a  
15 second reset because they're going to have, I think  
16 so your scenario... [cross-talk]

17 JANET HANDAL: Right... [cross-talk]

18 COUNCIL MEMBER POWERS: ...who are going to  
19 take advantage of the reset and then have another  
20 change in income and, and there's... [cross-talk]

21 JANET HANDAL: Uh-huh... [cross-talk]

22 COUNCIL MEMBER POWERS: ...people who  
23 wanted to get the first reset because they'll...  
24 they're expecting to retire and they're above what  
25

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2 the threshold is for that, do you know how many are  
3 in that... are in each category?

4 JANET HANDAL: I have it, but I can't  
5 tell you off the top of my head, you know how many  
6 people are over 160... [cross-talk]

7 COUNCIL MEMBER POWERS: Can you follow up  
8 with us... [cross-talk]

9 JANET HANDAL: ...you're saying one... over  
10 165 AMI now, is that what you're saying?

11 COUNCIL MEMBER POWERS: I guess it could  
12 be non-rent burdened, one to 165 and then would  
13 become rent burdened in a future time or people over  
14 165 who will be able to get a rent freeze but then  
15 drop down if that makes sense.

16 JANET HANDAL: I'll get back to you.

17 COUNCIL MEMBER POWERS: Okay, thank you.  
18 Thank you... and I just want to say thank you to all of  
19 you, I know many of you by name and by face, but I  
20 didn't... I didn't a, a year ago because you show up  
21 and you show up often and you show up to make your  
22 voices heard and Janet I will just say if you don't  
23 know this, shows up everywhere she needs to be to  
24 make sure you are getting the best deal, she really

25

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2 deserves your jazz hands that's correct. Thank you  
3 and thank you to Chair Kallos.

4 JANET HANDAL: Thank you.

5 CHAIRPERSON KALLOS: Thank you and just  
6 thank... again thank you for coming too if I haven't  
7 said it in this forum just thank you for coming to my  
8 state of the district the other day and I just want  
9 to thank Council Member Powers, I will just say I  
10 think he has been negotiating very strongly for the  
11 tenants. In terms of... just in response to some of the  
12 testimony, the City Council has a principle called  
13 Member Deference where we focus on the local member  
14 because in this case he's been working on it since  
15 he's been elected which is like one year, 14 days.. 13  
16 days and 15 hours and 37 minutes and like this is all  
17 he's been talking about for all of that time, it's  
18 been his singular focus versus with others we will be  
19 coming in at it just at a hearing point so he really  
20 has the expertise and additionally the other big  
21 reason for Member Deference is because all of you  
22 have the power of elections and voting so that is one  
23 key so as, as you look at it the, the, the reason  
24 this is happening and the decision maker in this is a  
25 large part Council Member Powers and we're, we're

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2 here just to support him in the great work that he's  
3 doing and the great work that your tenants  
4 association is doing and that you've been able to do  
5 so thank you. I will excuse this panel. Our next  
6 panel... [cross-talk]

7 JANET HANDAL: Thank you Keith... [cross-  
8 talk]

9 CHAIRPERSON KALLOS: ...is Mark Harris, do  
10 we have Mark Harris here? Come on up Mark; Tod  
11 Shapiro, perfect, is that an A or an O? Okay. Robert  
12 Blumenblast, great; Elizabeth White, do we have  
13 Elizabeth White?

14 [off mic dialogue]

15 CHAIRPERSON KALLOS: Okay, thank you. So,  
16 Elizabeth White was represented well by Janet and  
17 then we have Wendy Arnon, Arnon, I'm not seeing Wendy  
18 Arnon again, it is... it is 72 hours if you have  
19 anything you would like to add. Whoever wants to go  
20 first is welcome to go, please... we're, we're going to  
21 stick with that three minutes.

22 TOD SHAPIRO: My name is Tod Shapiro..  
23 [cross-talk]

24

25

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2 CHAIRPERSON KALLOS: Please press the  
3 silver button and speak into the mic, make sure it's  
4 pointed at you.

5 TOD SHAPIRO: Hi there, my name is Todd  
6 Shapiro, I'm a long time resident of Waterside with  
7 my wife and my two sons and I have this brief  
8 statement that I'll read and I'd like to thank  
9 Councilman Powers and Janet and all the other people,  
10 it's the effort they put in is just amazing and I'll  
11 read my statement. I would like to thank the Mayor  
12 and City Council for their affordable living and  
13 aging in place policies which will be so helpful to  
14 all our Waterside neighbors but to please consider  
15 our story and those of others as the policy is  
16 debated and finalized. My wife Julie and I have lived  
17 at Waterside since 1988 and raised a family there. My  
18 parents and brothers and sisters-in-law as well as  
19 many nieces and nephews all lived, and some continue  
20 to live at Waterside Plaza, so our family has deep  
21 roots here and in the local community. My business,  
22 the New York City Seminar and Conference Center which  
23 is a value meeting venue for nonprofits, startup  
24 companies, local businesses and others dates back to  
25 1989 and is located in Flat Iron Chelsea, it is a

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2 well-established classic local small business. I  
3 serve on Community Board Five and my kids both attend  
4 at a local public school, the school of the future.  
5 My wife is active in the WTA, I am root and branch  
6 part of this community and neighborhood in every  
7 sense and I often describe Waterside Plaza in former  
8 days before the rents escalated out of Mitchell Lama  
9 as a big happy New York City kibbutz. My wife Julie,  
10 who works at a local nonprofit and I can charitably  
11 be described as a modest middle-class family. As a  
12 small business my income is prone to fluctuation as  
13 we are in the hospitality industry. So, with my  
14 family's current rent of almost 60,000 per year or  
15 5,000 per month including electricity and garage,  
16 right now both of us have to continue to work and we  
17 can't even think about retiring. Without the prospect  
18 of a rent reset we would almost certainly have to  
19 move out which would be heartbreaking to us and our  
20 extended family. My wife and I hope to continue to  
21 work until we turn 65, my wife is 58 and I'm 59 and  
22 continue our business in community involvement. Aside  
23 from our love for New York City and the community at  
24 Waterside, we have no choice but to continue working  
25 to pay our rent and also to help support both of our

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2 sons who are disabled if we are fortunate enough to  
3 get a rent reset. Of course, when we retire and are  
4 living on social security and IRA distributions any  
5 hope of our staying at Waterside and in the community  
6 is very likely dependent upon our being able to apply  
7 for an additional reset in the years beyond 2019. Our  
8 situation is similar to many of our hard working  
9 middle class friends and neighbors at Waterside, it  
10 would be incredibly frustrating and unfortunate for  
11 all of us who have worked hard all these years to  
12 stay in Waterside as many of our neighbors have been  
13 compelled to leave by rising rents only to have a  
14 possible recreate and be just out of reach unless the  
15 reset can be offered to us when we're ready to  
16 retire. Just one more thing, we've heard all of the  
17 people from the various departments, the people,  
18 people like myself who are business men and families  
19 even when we retire we're part of this community so  
20 whatever money the city has to come up with that is  
21 an investment in our community and in Waterside and,  
22 and they have to make it happen, thank you.

23 ROBERT BLUMENBLATT: Oh, my name is... my  
24 name is Robert Blumenblatt. I'm neutral on this issue  
25 because I'm not informed sufficiently so I'm not for

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2 it or against it. My parents and I came to the United  
3 States in 1956, we lived in the Bronx. In 1975, my  
4 father was mugged in the... getting mail out of the  
5 mailbox so he was looking for new housing with my  
6 mother. I found housing at Waterside Plaza and we  
7 moved in in 1975. My parents having been Holocaust  
8 survivors when my father retired and became ill, I  
9 decided to be his take... caretaker, this was 1998 more  
10 or less then I was shocked in 2001 when the housing  
11 went off Mitchell Lama. Now I get the rent bill, I  
12 don't even know if I'm a settling tenant or not, I'm  
13 right now in court, I'm being sued for the rent, I  
14 don't know what my rent is because I don't know even  
15 if I'm a settling tenant, I don't have any papers to  
16 show whether I'm a settling tenant. So, hopefully I  
17 could resolve my conflict with Mr. Peter who is  
18 sitting here but I, I don't know. I wish Mr. Peter  
19 the best, I hope the tenant... my fellow tenants get  
20 what they deserve, they haven't moved into the place  
21 under the Mitchell Lama program and now I hear these  
22 horrible stories which luckily for me my parents  
23 didn't have to go through because they didn't live  
24 long enough, you understand. So, I really rely on the  
25 Council to make the judgment on my behalf because I

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2 am not an accountant, I don't like to do this kind of  
3 work and perhaps I'll even be able to work as an  
4 entrepreneur, raise my rent, get a job for my  
5 retirement having retired in 1998 or so when my  
6 father got ill and my mother just died a couple... a  
7 few years ago so I have to now decide whether I can  
8 write my right age which is what I wanted to do, I  
9 was a teacher and a professor of particle physics and  
10 laboratory physics, I took care of my parents and now  
11 I have to figure out if I'll live to 99 by which time  
12 I will die and maybe I don't have to worry about  
13 being evicted. It was a time in which interest rates  
14 were five percent but that's over so perhaps Peter  
15 and I could enter into some entrepreneurial adventure  
16 and then I will be able to cover my rent but I also  
17 have sympathy for my fellow tenants and I know who..  
18 which, which Councilman I like, honorable Chaim  
19 Deutsch because he asked an interesting question, am  
20 I entitled to co-op options on my space, I just  
21 discovered that possibility today..

22 CHAIRPERSON KALLOS: There are some  
23 Mitchell Lamas that are structured as a co-op, it  
24 appears that yours is structured as a rental.

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2 ROBERT BLUMENBLATT: I apologize to you,  
3 being 74 years old, the... one of my issues is that I  
4 didn't get my hearing aid yet.

5 CHAIRPERSON KALLOS: So, we will... we will  
6 work with your... you and your local member to make  
7 sure we get you a, a hearing aid, I would also love  
8 to talk to you a little bit about the Higgs boson if  
9 you have some chance afterwards and what Chaim was  
10 referring to is that some Mitchell Lamas were  
11 initially structured as co-ops and others were  
12 structured as rentals from your records I believe  
13 you're a rental, we'll also work with your Council  
14 Member and it appears that Mr. Peter is open to  
15 trying to figure out what's going on with your back  
16 rent, let, let the record reflect he's given a thumbs  
17 up so thank you, your time here was not wasted and we  
18 have our final speaker on this issue.

19 MARK HARRIS: Hi, my name is Mark Harris,  
20 I'm a retired New York City teacher. I want to thank  
21 Keith Powers and everybody else involved and Janet  
22 Handal for shepherding this program. Fortunately, I  
23 am retired so I can take advantage of the  
24 opportunity. If we didn't have this opportunity I  
25 probably couldn't continue living at Waterside, I've

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2 been there since the early 80s, but I do ask that you  
3 do extend it to cover all the other residents who  
4 aren't presently retired that would be able to take  
5 advantage of this if they had been up the road. Thank  
6 you.

7 CHAIRPERSON KALLOS: Thank you, is there  
8 anyone else here who wishes to testify? Seeing none I  
9 will now close the public hearing on Land Use Items  
10 310 and 311. Thank you very much, we're going to move  
11 on to our next Land Use Item. The next Land Use Item  
12 is Land Use Item 313, 4697 3<sup>rd</sup> Avenue, an application  
13 that will facilitate the development of a new mixed  
14 use eight story building providing 52 units of  
15 affordable housing in Council Member Torres's  
16 district in the Bronx. This project will be developed  
17 under HPDs ELLA program, 15 percent of the units will  
18 be reserved for formerly homeless households.  
19 Specifically, HPD seeks approval for an urban  
20 development action area designation for project  
21 approval and disposition approval for block 3041, lot  
22 38 and 40. The disposition area contains two vacant  
23 lots that are used as parking lots for city vehicles.  
24 I now open the public hearing on Land Use Item 313,  
25 4697 3<sup>rd</sup> Avenue. I'd like to invite HPD to present

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2 its testimony, please state your names for the  
3 record.

4 LACEY TAUBER: Really quickly before that  
5 can we have someone from Council do the computers, so  
6 they can pull their presentation up?

7 CHAIRPERSON KALLOS: If you can begin  
8 reading... so, let's do the names, you'll read the  
9 testimony and in the meantime we'll figure out the  
10 computer.

11 COMMITTEE CLERK: Before you state your...  
12 I know Mr. Weinstein has been sworn in so I'll just  
13 remind you that you are under oath and for the rest  
14 of you can you state your name before answering the  
15 question. Do you affirm to tell the truth, the whole  
16 truth and nothing but the truth in your testimony  
17 before this subcommittee and in response to all  
18 Council Member questions?

19 LACEY TAUBER: Lacey Tauber, HPD, yes.

20 SAMANTHA MAGISTRO: Samantha Magistro,  
21 Bronx Pro, yes.

22 JAYE FOX: Jaye Fox, Bronx Pro, yes.

23 CHAIRPERSON KALLOS: You may begin  
24 reading the prepared testimony, do we have a copy of  
25 the testimony? It is coming to us now, please begin.

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2 LACEY TAUBER: Okay. Land Use Item Number

3 313 consists of a ULURP action seeking UDAAP area

4 designation, project and disposition approval for two

5 vacant city owned lots at 4697 3<sup>rd</sup> Avenue in the

6 Belmont section of the Bronx, Council District 15.

7 The sponsor Bronx Pro LLC was selected through

8 competitive process and their goal is to construct an

9 eight story mixed use residential building with

10 ground floor commercial space under HPD's extremely

11 low and low income affordability program, ELLA. Under

12 the ELLA program, sponsors develop multifamily

13 buildings in order to create low income rental

14 housing for families with a range of incomes from 30

15 to 60 percent of the area median income and projects

16 may include a tier of units with rents targeted to

17 households earning up to 100 percent AMI. Subject to

18 project underwriting, up to 30 percent of the units

19 may be rented to formerly homeless households

20 referred by the Department of Homeless Housing or

21 other public agencies. The project area will

22 incorporate HPD's inclusionary housing program, which

23 encourages development of affordable housing by

24 allowing additional floor area bonus for projects

25 that allocate 25 percent of the residential floor

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1  
2 area as permanently affordable. The project site  
3 consists of a vacant underutilized lot that was  
4 recently used to park city vehicles. The new building  
5 will consist of 52 rental units plus one  
6 superintendent's units with a mixture of unit types  
7 including seven studios, 19 one bedrooms, 20 two  
8 bedrooms and seven three bedrooms. Units will be  
9 affordable at rents between 30 and 80 percent of AMI,  
10 which is approximately 354 dollars at the lowest  
11 income tier for a studio to 1,993 dollars at the  
12 highest in, income tier for a three-bedroom  
13 apartment. The team has applied to the state HCR for  
14 eight project-based vouchers. These would be used for  
15 eight formerly homeless households, approximately 15  
16 percent of the units. Formerly homeless tenants  
17 referred by DHS and other city agencies will pay up  
18 to 30 percent of their income as rent. Of the 52  
19 units, 13 will be permanently affordable under the  
20 inclusionary housing program. Amenities include a  
21 terraced roof garden with a playground, an exercise  
22 room, laundry room and bike parking. The proposed  
23 building will be designed to passive house standards  
24 and include a rainwater harvesting system and  
25 photovoltaic panels on the roof. Additionally, the

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2 ground floor will contain approximately 10,700 square  
3 feet of commercial space. As of January 8<sup>th</sup>, the  
4 estimated total development cost is 32,647,542  
5 dollars, which is subject to change. Additionally,  
6 assuming that the pending application for state  
7 funding through HCR is, is successful, city subsidy  
8 is estimated at 19 percent of TDC; approximately  
9 6,360,000 dollars. As an ELLA, this will receive an  
10 as of right tax exemption under the 420-C and the  
11 regulatory agreement will have a term of 60 years. In  
12 order to facilitate the development of the 4697 3<sup>rd</sup>  
13 Avenue project, HPD is before the Planning  
14 Subcommittee seeking approval of Land Use Item 313.  
15 And Bronx Pro has a presentation that they'd like to  
16 talk... [cross-talk]

17 CHAIRPERSON KALLOS: Please, please do it  
18 in three minutes.

19 SAMANTHA MAGISTRO: Short and sweet...  
20 short and sweet, great. Real quickly, Bronx... I'll  
21 just introduce ourselves, my name is Samantha  
22 Magistro, I'm a principal at Bronx Pro. Bronx Pro  
23 has... is an affordable housing developer for the last  
24 20 years, we started as a property manager in the  
25 Bronx and we've had a presence in this community

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2 since the 70's. Bronx Pro has three main missions;  
3 one is to build beautiful housing, two that its  
4 sustainable for the long term and three that we... you  
5 know deep community impact into all the projects that  
6 we do and this particular project of 4697 3<sup>rd</sup> Avenue  
7 reflects those priorities. This is a picture of, of...  
8 our, our mission, I'm sorry, I hadn't... really  
9 quickly... the site is in community board six, it's  
10 located just South of Fordham Road which is a very  
11 large commercial area with institutions as well. So,  
12 our project kind of bridge, bridge, bridges some  
13 residential and commercial uses. Here are some site  
14 photos, currently unused site that was formerly...  
15 that's currently owned by the Department of  
16 Transportation. Again, it's an eight story building  
17 with 53 units, one for a super. The financing is  
18 still pending but we have an application in with New  
19 York State HCR for a nine percent tax credit and as  
20 was mentioned in the... it... the TDC is estimated at  
21 32,600,000 dollars. So, just really quickly thanks to  
22 the HPD ELLA term sheet we have a real diversity of  
23 incomes that haven't been served in the past, so we  
24 have 15 percent homeless, eight percent at 30 percent  
25 of AMI, 12 percent at 40, 12 percent at 50 percent of

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2 AMI and 23 percent at 70 percent of AMI and 30  
3 percent at 80. I don't need to go through all of the  
4 slides here but I think it's important to note that  
5 we have outdoor activities for the residents and  
6 their families that will be there, we have a gym on  
7 site, also we're excited to be... the first floor to be  
8 full retail, we don't have an identified tenant yet  
9 but we hope to bring someone that will bring new  
10 opportunities and amenities to the community.

11 Finally, I think it's important to note that we're  
12 building very sustainable from a green perspective  
13 that's very important to Bronx Pro and as a long-term  
14 owner and operator, so the building is currently  
15 designed to meet passive house and if you have time  
16 the last slide just goes through some of those  
17 sustainable features. And thank you. I forgot to say  
18 thank you in the beginning for having us.

19 CHAIRPERSON KALLOS: Who is the  
20 contractor?

21 SAMANTHA MAGISTRO: Bronx Pro affiliate  
22 Home Builders so, we are the contractor here as well.

23 CHAIRPERSON KALLOS: How long has this  
24 been a vacant land use for... a piece of vacant land  
25 used for parking?

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2 LACEY TAUBER: We're actually not sure  
3 exactly when NYPD vacated the site, but Bronx Pro was  
4 awarded the site throughout NIHOP NCP RFP about two  
5 years ago...

6 JAYE FOX: That's about right...

7 SAMANTHA MAGISTRO: Yeah and I think we  
8 submitted the RFP in 2015.

9 LACEY TAUBER: And I should just say that  
10 like that, that is a different program and then just  
11 as the development process was taking place we  
12 realized that the site could accommodate enough  
13 density for an ELLA which allows us to get to lower  
14 income affordability and so, you know we felt that  
15 this... that that was the better use for the site and  
16 that's why we switched the program.

17 CHAIRPERSON KALLOS: What are the hard  
18 costs on the project?

19 SAMANTHA MAGISTRO: Oh, sorry,  
20 21,500,000.

21 CHAIRPERSON KALLOS: What are the soft  
22 costs?

23 SAMANTHA MAGISTRO: 7,100,000.

24 CHAIRPERSON KALLOS: I am missing four  
25 million dollars.

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2 SAMANTHA MAGISTRO: So, I didn't include  
3 the contingency so if you want to have the whole hard  
4 cost structure it's 22,600... 22,600,000 including the  
5 hard cost contingency. We have a developer fee of 2.9  
6 million.

7 CHAIRPERSON KALLOS: Is there a reason  
8 you chose to do one elevator versus two for the  
9 building?

10 SAMANTHA MAGISTRO: Yeah, we looked at  
11 this issue actually in terms of thinking about it, we  
12 have other buildings in our portfolio that operate  
13 with one elevator successfully and we haven't had an  
14 issue. Also, on small site like this the economies of  
15 scale are difficult and so we were trying to make the  
16 project as feasible as, as possible. Our architects  
17 also reached out to the elevator contractor that  
18 we're working with and did an analysis to make sure  
19 that the one elevator would meet the needs of the  
20 residents living there.

21 CHAIRPERSON KALLOS: What's the median  
22 household income of the surrounding community board  
23 census tract to our neighborhood?

24 LACEY TAUBER: It's about 30 percent of  
25 the AMI.

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2 CHAIRPERSON KALLOS: For the commercial...  
3 give me one second, sorry... the commercial unit what  
4 restrictions will be on that, will that be at market  
5 rate or will it be for a large mom and pop or  
6 supermarket or what is your target for the large  
7 square footage of commercial?

8 SAMANTHA MAGISTRO: I think that's a  
9 great question, right now we have structured a rent  
10 that we think is feasible to local businesses, our  
11 ideal. We certainly do... are open to ideas, we have  
12 also considered making it three small spaces if that  
13 was the needs from the community, but it's structured  
14 for local, local businesses.

15 CHAIRPERSON KALLOS: If somebody... [cross-  
16 talk]

17 SAMANTHA MAGISTRO: That's what we've had  
18 the most success with in our portfolio is working  
19 with the local run businesses that are sustainable in  
20 our smaller retail spaces.

21 CHAIRPERSON KALLOS: What is the land  
22 value?

23 LACEY TAUBER: The appraised value is  
24 about 4,215,000.

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2 CHAIRPERSON KALLOS: Were there any  
3 additional land use actions to increase the value...  
4 the underlying value?

5 TED WEINSTEIN: No.

6 CHAIRPERSON KALLOS: In terms of the tax  
7 abatement you are not seeking city council approval  
8 which was typical in an Article XI but not in a 420-C  
9 where it is as of right, what is the value of the  
10 420-C tax?

11 LACEY TAUBER: Because it's as of right  
12 we don't calculate the value in these... in these  
13 projects.

14 CHAIRPERSON KALLOS: You indicate that  
15 the HPD share of this project cost is 19 percent or  
16 6.3 million, what is the DHCR share expected to be?

17 SAMANTHA MAGISTRO: So, DHCR is providing  
18 the nine percent tax credit so that will generate...  
19 and as well as state tax credits, we applied, I just  
20 want to just preface that we've applied and we  
21 haven't been awarded so those two together if you  
22 talking about the tax credit equity that's generated  
23 that is about 51 percent, we've also applied for CIF  
24 which is two million dollars which is six... [cross-  
25 talk]

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2 CHAIRPERSON KALLOS: Let's, let's do one  
3 program at a time so New York State DHCR what's the  
4 program?

5 SAMANTHA MAGISTRO: Low income housing  
6 tax credits is the state and then there's also the  
7 state tax credit.

8 CHAIRPERSON KALLOS: So, you're looking  
9 for the nine percent LHTCs and... sorry, the LHTCs  
10 will, will cover nine percent of the costs?

11 SAMANTHA MAGISTRO: Sorry, so the nine  
12 percent low income housing tax credit covers 44  
13 percent of the cost, we're also applying for state  
14 tax credits which will cover close to eight percent  
15 of the cost.

16 CHAIRPERSON KALLOS: Sorry, hold on... I  
17 missed that... [cross-talk]

18 SAMANTHA MAGISTRO: I'm a little nervous,  
19 I'm sorry.

20 CHAIRPERSON KALLOS: Don't be nervous  
21 we're trying to do six things at once so I'm sorry to  
22 make you repeat yourself. So, you're getting 19  
23 percent from the city, 44 percent from the low-income  
24 housing tax credit sale and what is the... what were  
25 the additional sources?

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1 CONCESSIONS

2 SAMANTHA MAGISTRO: State tax credits.

3 CHAIRPERSON KALLOS: Okay and what is the  
4 state tax credit that you're expecting?

5 SAMANTHA MAGISTRO: Its... I'm just  
6 blanking out how to describe it, it's another level  
7 of tax credits that we can apply to that investors  
8 can take a credit on their state tax... [cross-talk]

9 CHAIRPERSON KALLOS: And how much do you  
10 anticipate that to cover of the project cost?

11 SAMANTHA MAGISTRO: 7.8 percent.

12 CHAIRPERSON KALLOS: Okay, I appreciate  
13 your transparency, is there any city capital being  
14 invested?

15 SAMANTHA MAGISTRO: This... no, no Reso A  
16 but there is another source... or city capital you're  
17 asking about... [cross-talk]

18 TED WEINSTEIN: The ELLA...

19 LACEY TAUBER: ELLA.

20 SAMANTHA MAGISTRO: Oh, well the ELLA,  
21 yes, so the ELLA is 6.3 at 19 percent.

22 CHAIRPERSON KALLOS: And are you going...  
23 are you... what are you expecting the HP... its HPD ELLA  
24 or HDC ELLA or both?

25 SAMANTHA MAGISTRO: Its HPD ELLA.

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: Okay and what is the  
3 per unit subsidy that you expect?

4 SAMANTHA MAGISTRO: 120,000 per DU.

5 CHAIRPERSON KALLOS: Okay, so you're not  
6 going to get the full... if they gave you the  
7 additional 25,000 dollars per DU would that get us a  
8 second elevator?

9 SAMANTHA MAGISTRO: Potentially. Oh, was  
10 that the decision?

11 JAYE FOX: Yes, that... [cross-talk]

12 SAMANTHA MAGISTRO: Sorry, the... yeah...  
13 [cross-talk]

14 JAYE FOX: Yeah... [cross-talk]

15 SAMANTHA MAGISTRO: ...thank you... [cross-  
16 talk]

17 JAYE FOX: You lose... you lost a lot of  
18 units.

19 SAMANTHA MAGISTRO: Yeah, we'd also look  
20 at... we might lose units as well.

21 CHAIRPERSON KALLOS: Got it. Okay, so  
22 you're getting less than you need... sorry, than, than  
23 others so... because you're getting other sources of  
24 funding, is there any, anything else that I haven't  
25 asked you that you're getting money from?

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1 CONCESSIONS

2 SAMANTHA MAGISTRO: Yeah, there's one  
3 more source... [cross-talk]

4 CHAIRPERSON KALLOS: Okay... [cross-talk]

5 SAMANTHA MAGISTRO: ...that is supporting  
6 the retail space that we applied to with the state  
7 called CIF, community investment fund dollars, it's  
8 two million dollars and that really allows for the  
9 transaction to work.

10 CHAIRPERSON KALLOS: Never heard of the  
11 CIF before, I learn something new every day.

12 JAYE FOX: Very underutilized program.

13 CHAIRPERSON KALLOS: Okay, I don't think  
14 you said that into a mic but the... but if you want to  
15 say... [cross-talk]

16 JAYE FOX: Sorry, I was just saying the  
17 CIF is just... happens to be a very underutilized state  
18 program that supports commercial spaces.

19 CHAIRPERSON KALLOS: Is Bronx Pro and the  
20 Bronx Pro Construction affiliate that I believe is  
21 wholly owned subsidiary are you registered MWBEs or  
22 do you have executive leadership that are minorities  
23 and women?

24 SAMANTHA MAGISTRO: So, Bronx Pro Group  
25 is owned by... 100 percent by women... [cross-talk]

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: Okay... [cross-talk]

3 SAMANTHA MAGISTRO: ...but we're not  
4 certified, Home Builders is still owned by Peter  
5 Magistro who is my father and the founder of Bronx  
6 Pro but if you're talking about decision makers about  
7 55 percent of our decision makers are women or  
8 minorities.

9 CHAIRPERSON KALLOS: And in terms of the  
10 construction company... sorry, in terms of the  
11 architects and other folks on the deal?

12 SAMANTHA MAGISTRO: Sure, our architect  
13 is a certified woman owned business and our title  
14 company is also a certified woman owned business,  
15 business.

16 CHAIRPERSON KALLOS: In terms of the  
17 folks that are part of your construction company will  
18 they be getting... will they be getting paid enough  
19 that they won't need the affordable housing that they  
20 are building, or will they be part of making the  
21 affordable housing crisis worse?

22 SAMANTHA MAGISTRO: So, my under... so,  
23 we're a general contractor and we subcontract all of  
24 our... of our trades, when I asked this question my  
25 understanding is that all of the jobs will be

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2 competitive in terms of the wage and, you know  
3 appropriate to the work that the person will be  
4 doing, the range that was provided to me was for... as  
5 low as 18 dollars per hour up to 100 dollars per hour  
6 and that's the range, that's the information that I  
7 know.

8 CHAIRPERSON KALLOS: At 100 dollars an  
9 hour that means folks would be making 182,000 which  
10 would mean they would not qualify for affordable  
11 housing, that would make me very happy. At a wage of  
12 18 dollars an hour that is 32,760 a year assuming  
13 they work 35 hours a week, 52 weeks a year, that  
14 would put them squarely within the 30 percent AMI  
15 assuming a... actually it would put them between 40 and  
16 50 and if they were single and generally within the  
17 30 to 40 if they had another person in the house so  
18 I, I, guess I would just be concerned that given the  
19 size of this and the number of 30... do you... do you  
20 expect to have more workers on the site than units  
21 that you will building so it's 52 units... [cross-talk]

22 SAMANTHA MAGISTRO: So, take... [cross-  
23 talk]

24 CHAIRPERSON KALLOS: ...so will, will you  
25 have 52 more, more than 52 folks earning less than 80

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2 percent of AMI so that would be less than 60,000 or  
3 80... less than 60,000 a year?

4 SAMANTHA MAGISTRO: I'm sorry, I don't  
5 have the information to answer that question...

6 CHAIRPERSON KALLOS: But, but you get  
7 where I'm... [cross-talk]

8 SAMANTHA MAGISTRO: ...with my... [cross-  
9 talk]

10 CHAIRPERSON KALLOS: ...coming from?

11 SAMANTHA MAGISTRO: Yeah... no, I... the  
12 point is taken.

13 CHAIRPERSON KALLOS: Similarly, will all  
14 of the folks on the construction site have health  
15 insurance and god forbid anything happens on the site  
16 there's a lot of injuries especially in construction  
17 that they can have disability so that they have more  
18 than just workers comp?

19 SAMANTHA MAGISTRO: I'd have to look into  
20 that question and get back to you.

21 CHAIRPERSON KALLOS: Did HPD by any  
22 chance let you know that I'd be asking these  
23 questions?  
24  
25

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1 CONCESSIONS

2 SAMANTHA MAGISTRO: Yes, but I didn't go  
3 into... I didn't get the one on the health insurance  
4 so...

5 CHAIRPERSON KALLOS: Sure, do the  
6 executives of Bronx Pro get health insurance?

7 SAMANTHA MAGISTRO: So, you know just to  
8 speak directly we offer folks to buy into health  
9 insurance that... so they have access to it but it's  
10 different than making a contribution, it's certainly  
11 something that we're looking at but as a small  
12 business we've been managing, balancing it.

13 CHAIRPERSON KALLOS: Once upon a time I  
14 ran a company in California and California requires  
15 that any... you, you have to offer benefits from the  
16 top to the bottom so if managerial employees get a  
17 certain benefit and contribution towards health  
18 insurance then everyone in the company does which is  
19 kind of cool.

20 SAMANTHA MAGISTRO: Yeah and so that's  
21 true at Bronx Pro but maybe just in the other  
22 direction, everyone has access to purchasing... so, I  
23 don't have... [cross-talk]

24 CHAIRPERSON KALLOS: So, there's... [cross-  
25 talk]

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2 SAMANTHA MAGISTRO: ...a different benefits  
3 package than anybody else on my team I guess is what  
4 I'm trying to say.

5 CHAIRPERSON KALLOS: That, that's... it's  
6 better than nothing so I, I appreciate that. In terms  
7 of those operating your facility will you be  
8 operating the facility or will somebody else be  
9 operating the facility?

10 SAMANTHA MAGISTRO: Another affiliate of  
11 ours will be the property manager.

12 CHAIRPERSON KALLOS: Is it a wholly owned  
13 subsidiary?

14 SAMANTHA MAGISTRO: No, it's owned by  
15 another family member of mine.

16 CHAIRPERSON KALLOS: Okay, so, so  
17 possibly closely held... [cross-talk]

18 SAMANTHA MAGISTRO: Closely held entity...  
19 I think that's appropriate, yes.

20 CHAIRPERSON KALLOS: Same question  
21 regarding those employees?

22 SAMANTHA MAGISTRO: So, here we have the  
23 same question, so let's start with the... yeah, so the  
24 super will be... is scheduled to make 55,000 a year...  
25 [cross-talk]

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2 CHAIRPERSON KALLOS: Uh-huh... [cross-talk]

3 SAMANTHA MAGISTRO: ...the porter will be a  
4 part time position, we're going to be sharing it with  
5 other locations, but that salary structure is at  
6 43,000.

7 CHAIRPERSON KALLOS: And they'll have  
8 health insurance, disability benefits and a  
9 retirement vehicle?

10 SAMANTHA MAGISTRO: So, in terms of  
11 health insurance the answer is the same, they have  
12 the access to buy into our health insurance... [cross-  
13 talk]

14 CHAIRPERSON KALLOS: Uh-huh... [cross-talk]

15 SAMANTHA MAGISTRO: ...and you know we have  
16 been thinking about this closely and this year I know  
17 that your preference is in 401Ks, but we are doing a  
18 three percent contribution to 401K across our  
19 enterprises.

20 CHAIRPERSON KALLOS: And all employees  
21 will have access to that?

22 SAMANTHA MAGISTRO: Correct.

23 CHAIRPERSON KALLOS: Fair enough. Points  
24 of trivia, I'm an ERISA attorney by trade and I am...  
25 have authored legislation with our, our former public

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1  
2 advocate now attorney general and our... the Mayor has  
3 recently endorsed to make retirements successful,  
4 Roth IRAs too, every city employee who does the city...  
5 not employed but everyone who works in the city to  
6 have access, I think those are all the standard  
7 questions, we're now at my favorite question. Do you  
8 have a local hire requirement?

9 SAMANTHA MAGISTRO: We will be in  
10 compliance with Hire NYC and we will meet our local  
11 hiring through that.

12 CHAIRPERSON KALLOS: If somebody lives in  
13 the Bronx and in particular Belmont and they're  
14 watching right now and all they want to do is walk  
15 over to 4697 3<sup>rd</sup> Avenue in the morning, build that  
16 building and help operate it after it goes up what  
17 number should they call in order to get a job from  
18 you?

19 SAMANTHA MAGISTRO: So, we have put a  
20 link on our website, is that sufficient?

21 CHAIRPERSON KALLOS: I'm going to end up  
22 pulling your website up, what is it?

23 SAMANTHA MAGISTRO: They told me it was  
24 up, www dot Bronx Pro Group dot com.

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2 CHAIRPERSON KALLOS: And where do I find  
3 the link because I will read the number once, I get  
4 it.

5 SAMANTHA MAGISTRO: You know what... you  
6 think the number is the best bet, they told me that  
7 the link would be up for, for our hearing today but  
8 yes, so this... the number would be 718-294-5840.

9 CHAIRPERSON KALLOS: The project is up on  
10 the website and for folks who are just trying to find  
11 it, it would be under careers so click the careers  
12 link on the Bronx Pro website and our internet is  
13 incredibly fast for government... and it appears that  
14 you're currently hiring for a compliance specialist  
15 and a director of development... [cross-talk]

16 SAMANTHA MAGISTRO: Needs to be updated...

17 CHAIRPERSON KALLOS: How, however I, I  
18 guess what I'm looking for more is just that the  
19 trade jobs, the service jobs and the jobs that don't  
20 require any... I believe for local hire and for the  
21 Hire NYC program it's not about having... and I imagine  
22 these are good jobs and high paying jobs but we're  
23 looking for both those and just the job where  
24 somebody can just walk in get the training from you,  
25 get everything they need so that they can just walk

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2 in out of... whether or not they have a high school  
3 education or not just walk in, get that job and have  
4 enough money to support their family and not need  
5 affordable housing.

6 SAMANTHA MAGISTRO: Okay and I appreciate  
7 the seriousness of that, so we'll make sure that we  
8 have everything updated appropriately.

9 CHAIRPERSON KALLOS: Are there any  
10 members of the public here to testify on this item?  
11 I, I will note that Council Member Torres was here.  
12 This concludes to, today's hearing on these Land Use  
13 Items. All the items heard today will be laid over.  
14 I'd like to thank Council and Land Use staff for  
15 preparing today's hearing and members of the public  
16 and my colleagues for attending. This meeting is  
17 hereby adjourned.

18 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date

January 25, 2019