

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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October 28, 2009
Start: 11:48 am
Recess: 12:06 pm

HELD AT: Council Chambers
City Hall

B E F O R E:

DAVID I. WEPRIN
Chairperson

COUNCIL MEMBERS:

Gale A. Brewer
Helen Sears
Leroy G. Comrie, Jr.
Joel Rivera
Robert Jackson
G. Oliver Koppell
Lewis A. Fidler
Vincent Ignizio
James S. Oddo
Alan J. Gerson
Eric N. Gioia
Diana Reyna
Albert Vann

A P P E A R A N C E S

COUNCIL MEMBERS:

Bill de Blasio
Vincent J. Gentile
James F. Gennaro

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

Preston Niblack
Director of Finance

Terry Arroyo
Director of Land Use
HPD's Intergovernmental Affairs

Jenny Marone
Project Manager
Clinton Housing Development Company

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2 CHAIRPERSON WEPRIN: Good morning,
3 and welcome to today's Finance Committee hearing.
4 My name is David Weprin, I Chair the Committee.
5 Let me introduce my colleagues that are here and
6 we should have a quorum momentarily. We have
7 Council Member Gale Brewer from Manhattan; Council
8 Member Helen Sears from Queens; our Deputy
9 Majority Leader from Queens, Council Member Leroy
10 Comrie; our Majority Leader from the Bronx,
11 Council Member Joel Rivera; Council Member Robert
12 Jackson from Manhattan; Council Member Oliver
13 Koppell from the Bronx; our Assistant Majority
14 Leader, Council Member Lew Fidler from Brooklyn.

15 We have two items on our agenda.
16 The first is a Land Use item and the second is a
17 transparency resolution.

18 First, let's start with the Land
19 Use item. This item is a Preconsidered Resolution
20 that would require a full 40-year property tax
21 exemption for property located at 228 West 17th
22 Street in Manhattan in Speaker Christine Quinn's
23 district. The property is a one-building co-op
24 with 15 units that provide middle-income housing.
25 Speaker Quinn supports this resolution.

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2 Next we have a transparency
3 resolution which makes changes to designations
4 made in the Fiscal 2010 adopted budget, adopted on
5 June 19th, 2009. For clarification purposes, it
6 is to be noted that organizations appearing in the
7 resolution that have not yet completed the
8 prequalification process conducted by the Mayor's
9 Office of Contract Services, by the Council, or
10 other government agency are identified in the
11 attached charts with an asterisk.

12 Additionally, as with all
13 transparency resolutions, Council Members will
14 have to sign a disclosure form indicating whether
15 or not a conflict exists with any of the groups on
16 the attached list. If any Council Member has a
17 potential conflict of interest with any of the
18 organizations listed, he or she may want to
19 disclose the conflict at the time of their vote.

20 To facilitate the disclosure
21 process, the Finance Council, along with the
22 General Counsel's office, have extracted new
23 groups listed in today's transparency resolution
24 that were not listed in Schedule C or in prior
25 transparency resolutions. Rather than requiring

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2 members to peruse the entire list of charts, this
3 separate list of new groups will allow Members to
4 easily identify new organizations that they may or
5 may not have a conflict.

6 Preston Niblack, Director of
7 Finance, is available to answer any questions you
8 may have regarding the Land Use item or
9 transparency resolution--

10 FEMALE VOICE: [Interposing] He
11 wants to say a few words, actually.

12 CHAIRPERSON WEPRIN: We've been
13 joined by Council Member Vincent Ignizio from
14 Staten Island. Do we have a quorum?

15 FEMALE VOICE: Yes, but Preston
16 wants to say a--

17 CHAIRPERSON WEPRIN: [Interposing]
18 And, Mr. Niblack, the floor is yours.

19 PRESTON NIBLACK: Thank you. Just
20 for the record, I don't know anything about Land
21 Use, but I'm sure that somebody will be here to
22 answer that.

23 Just a quick overview of what's in
24 the transparency resolution today. As usual,
25 there are a number of changes and corrections that

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2 are recorded in the transparency resolution so
3 that the Controller has accurate information to
4 register contracts for both local youth and aging
5 items, as well as some of previously designated
6 initiatives. We do have some new designations,
7 which have been reviewed and approved by the
8 budget negotiating team, including designations
9 for the MWBE program and for Small Business and
10 Job Development and Financial Literacy program.

11 One thing I'll draw your attention
12 to is that on the MWBE program we are changing the
13 scope and focus of that program to provide more in
14 the way of technical assistance, help with and
15 training and bonding and insurance for small
16 businesses that are certified to then be able to
17 actually take that certification and work
18 successfully to get City contracts.

19 And the Small Business, the Job
20 Development initiative and Financial Literacy
21 initiative, which were previously, and at
22 adoption, two separate initiatives, we are going
23 to combine, since they basically had a similar
24 scope into a single initiative that I think will
25 allow us to sort of use those funds a little bit

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more efficiently also.

And, lastly, we have some food pantry related designations, two contracts under HRA for technical assistance in the food pantry's initiative; one to the New York City Coalition Against Hunger and one to Food Bank, and a designation in DYCD for the Coalition for the Homeless' van program in the Bronx. And as those of you in B&T [phonetic] know, we will finish the designation of food pantries, hopefully, at the next Stated meeting. Thank you.

CHAIRPERSON WEPRIN: Thank you.

We've been joined by our Minority Leader Council Member Jim Oddo from Staten Island and Brooklyn. And we have a quorum.

Council Member Brewer, you had a question, although Mr. Niblack has already indicated that he's not prepared to answer the Land Use question.

[Off mic]

CHAIRPERSON WEPRIN: Well ask him.

COUNCIL MEMBER BREWER: Thank you.

So the food pantry we're not voting on today? I'm confused, or we are?

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2 PRESTON NIBLACK: We're voting on,
3 in the DYCD there was originally appropriated
4 \$505,000, we are designating \$100,000 of that for
5 a contract with Coalition for the Homeless, which
6 is a contract they've carried--

7 COUNCIL MEMBER BREWER:
8 [Interposing] I know about that, I'm talking about
9 the other one.

10 PRESTON NIBLACK: --out for several
11 years. The other ones we are, as we discussed at
12 the last B&T meeting, we will come back with a
13 presentation of that at the next B&T and have a
14 discussion about that.

15 [Crosstalk]

16 COUNCIL MEMBER BREWER: All right,
17 thank you, so we're voting on only a portion of it
18 then, thank you.

19 PRESTON NIBLACK: Just the \$100,000
20 contract.

21 COUNCIL MEMBER BREWER: Thank you
22 very much for your clarification.

23 CHAIRPERSON WEPRIN: Okay. I'm
24 going to couple both items and we'll call the
25 roll.

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COUNCIL MEMBER BREWER: So can we ask about the Land Use item, when are we going to do that?

CHAIRPERSON WEPRIN: Well why don't you ask your question, what's your question?

COUNCIL MEMBER BREWER: My question is when these buildings on 17th Street, it's good that they're going from TIL to HDFC, but who is going to be monitoring them in the future? Because in Manhattan, we have the problem that once a building goes into HDFC, those units could be worth a million or \$2 million each and I don't really understand the monitoring that goes on at HPD.

CHAIRPERSON WEPRIN: Is Terry Arroyo in the house?

MALE VOICE: Yes.

FEMALE VOICE: Yes.

CHAIRPERSON WEPRIN: If you could come up. Terry is with HPD, Council Member, and hopefully she can answer your question.

First identify yourself for the record and your title. Did you hear Council Member Brewer's question?

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TERRY ARROYO: Yes, I did.

CHAIRPERSON WEPRIN: Okay. But identify yourself first.

TERRY ARROYO: Okay. My name is Terry Arroyo, I'm the Director of Land Use, HPD's Intergovernmental Affairs.

If I may, I'd like to ask also Jenny Marone, she's the project manager for Clinton Housing Development Company, they're the ones who have been working with the tenant association to basically make a successful co-op. Jenny?

CHAIRPERSON WEPRIN: And then just identify yourself again for the record.

JENNY MARONE: My name is Jenny Marone, Project Manager at Clinton Housing Development Company.

TERRY ARROYO: Okay. In essence, I think I would ask Jenny to give you a history of how long they've been working with the tenants and the amount of time basically 'cause she's concerned. Naturally, I do understand because of the history with the TIL, there is some amount of follow-up, but I do understand your concern and I

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2 think you could give a history as how far you're
3 going to work with the tenants to get them to the
4 closing and thereafter to make sure that this co-
5 op is successful.

6 JENNY MARONE: Clinton Housing has
7 been working in some capacity with the 228 West
8 17th Street tenants association for a number of
9 years. I personally have been there about a year
10 working closely with them and we have informally
11 agreed to, as they convert to an HDFC, to help
12 monitor against the income--I'm sorry, the low
13 income requirements and resale values according to
14 their by-laws.

15 COUNCIL MEMBER BREWER: Okay. The
16 question I asked is obviously when the 14
17 buildings went from TIL to HDFC on the upper west
18 side, we tried to get [off mic] Riverside to
19 actually get some funding to monitor it, it wasn't
20 possible at that time. So are you being paid,
21 which would be great, by HPD to monitor them into
22 the future? Is Clinton Housing?

23 [Off mic]

24 COUNCIL MEMBER BREWER: No.

25 TERRY ARROYO: I would have to say,

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2 I'd have to get back to you on the fact, I mean,
3 obviously they would only be up to a certain
4 point, they would stay with them up to the
5 closing, and then obviously they have to work
6 closely with our own TIL division as far as
7 following up with the--we have the financial
8 aspect.

9 COUNCIL MEMBER BREWER: Okay.

10 TERRY ARROYO: We'll keep working
11 with them as far as maintenance and sticking to
12 the budget. They have to continue to, you know--
13 there will be some period of monitoring, the
14 extent of that I don't know.

15 COUNCIL MEMBER BREWER:

16 [Interposing] How long is that period?

17 TERRY ARROYO: That's,
18 unfortunately, I don't know. I will get back to
19 you, I could do that--

20 COUNCIL MEMBER BREWER:

21 [Interposing] I know nobody else is as involved or
22 interested in this, so I don't want to take your
23 time, I am telling you, and I've told the
24 Commissioner and everybody knows, these HDFCs,
25 there's a lot of key money going on. I had to

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2 stop one the other day, it's key money. They can
3 go for \$1 million these apartments and that's not
4 the purpose. So all I'm saying to HPD is, you
5 really need to up the monitoring of the HDFCs in
6 gentrified areas--

7 [Crosstalk]

8 COUNCIL MEMBER BREWER: --because
9 they are going to be sold for very expensive
10 apartments if you don't do that. And I don't know
11 how you--I'd like to get, you know, back to us--

12 TERRY ARROYO: Yes.

13 COUNCIL MEMBER BREWER: --as to how
14 you plan to do that into the future.

15 TERRY ARROYO: Okay. We'll do--

16 [Crosstalk]

17 COUNCIL MEMBER BREWER: These
18 should be long-term affordable co-ops.

19 TERRY ARROYO: I will definitely do
20 that, I will get back to you, hopefully, if I can
21 get some information to you before the full
22 Council meeting this afternoon?

23 [Crosstalk]

24 COUNCIL MEMBER BREWER: But it
25 doesn't have to be that fast--

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TERRY ARROYO: Okay.

COUNCIL MEMBER BREWER: --it has to be more substantive than that.

TERRY ARROYO: You've got it.

COUNCIL MEMBER BREWER: Thank you very much.

TERRY ARROYO: Thanks.

CHAIRPERSON WEPRIN: Thank you, Council Member. We've been joined by Council Member Alan Gerson from Manhattan and Council Member Eric Gioia from Queens, and Council Member Diana Reyna from Brooklyn and Queens. Council Member Reyna, did you have a question?

COUNCIL MEMBER REYNA: I just wanted to support Council Member Brewer's attempt in trying to preserve affordable housing units.

At this juncture, obviously, approving this project will only be an opportunity for us to continue enforcement, but on the enforcement side, there's not much monitoring happening. And so, you know, Council Member Brewer and I have been working on exploring the possibilities of legislation to be able to protect HDFCs. And I agree with her, you know, the

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2 tenants are paying into this co-op for \$250 and in
3 a month's time, turning that unit around for \$1
4 million. It's happened in my district, as far as
5 the Williamsburg area, Bushwick area is concerned
6 and we are losing the housing stock because
7 tenants are being offered cash on hand for these
8 units. And so the purpose of turning these
9 buildings into HDFCs are not so that, you know, a
10 year from now, two will remain affordable and the
11 rest have been turned over with a tax exemption to
12 support the million dollar condos or co-ops,
13 rather.

14 TERRY ARROYO: And generally I will
15 say that there is always in the regulatory
16 agreement when we do do a closing, there is a
17 standard period of time that if they try to sell
18 it, flip it beforehand, it would lose the tax
19 exemption. I mean it's [off mic] going to be an
20 affordable unit, it cannot have the related tax
21 exemption. But, again, I'm speaking of what some
22 information that I have and not definitive to
23 this, so I'll be more than happy to follow-up.
24 And definitely I understand your concerns, I will
25 bring them back to the agency and, you're right,

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we'll, you know, come back with a more definitive information.

COUNCIL MEMBER REYNA: And we need to continue to follow-up, especially the message being brought up to the Commissioner to deal with the exploration of legislation that can protect these units--

TERRY ARROYO: Definite.

COUNCIL MEMBER REYNA: --so that the equity built, a percentage can go back to the HDFCs because essentially, if 50% of the co-ops have been turned over to the higher end of the income bracket, then it leaves the rest of those affordable units vulnerable.

TERRY ARROYO: Yes.

COUNCIL MEMBER REYNA: Because then they will have to be taken off of the exemption because the remaining will not be able to support-

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[Crosstalk]

COUNCIL MEMBER REYNA: --the maintenance cost.

TERRY ARROYO: Okay.

COUNCIL MEMBER REYNA: And so--

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2 TERRY ARROYO: Right, I understand
3 what you're saying.

4 COUNCIL MEMBER REYNA: --we're
5 talking about something very complicated here that
6 no one at HPD has been able to work with us to
7 deal with how do we legislatively create some
8 standards that won't have loopholes so that we're
9 able to preserve these units.

10 TERRY ARROYO: Definitely.

11 COUNCIL MEMBER REYNA: Thank you.

12 TERRY ARROYO: And that's a new
13 priority for us, preservation of all the existing--
14 --all the investment that we've done, all these
15 type of housing that make sure that we can
16 preserve what they were originally--

17 [Crosstalk]

18 TERRY ARROYO: --for.

19 COUNCIL MEMBER REYNA:

20 [Interposing] I appreciate that, Terry, but,
21 again, this is not the first time we have this
22 conversation--

23 TERRY ARROYO: [Interposing] No,
24 you're right, but now we're leading towards,
25 right, exactly, new preservation efforts, the

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agency is turning towards that direction now, so--

[Crosstalk]

COUNCIL MEMBER REYNA:

[Interposing] And it requires--

TERRY ARROYO: Yes.

COUNCIL MEMBER REYNA: --

legislation, and we've been told by the City of
New York that we have no authority.

TERRY ARROYO: Okay. Well we'll
look at and we'll get back to you. Thank you.

CHAIRPERSON WEPRIN: Thank you,
Council Member. Council Member Helen Sears?

COUNCIL MEMBER SEARS: Thank you.
Just one follow-up 'cause these groups that have
received these abatements are supposed to report
annually, I understand exactly, now--

TERRY ARROYO: The TILs, yes.

COUNCIL MEMBER SEARS: --and how is
that done to be sure they're in compliance? Is
there a mechanism within the agency?

TERRY ARROYO: There is a unit
within the [off mic] program, all TIL properties
that they have to submit their financials annually
and are reviewed.

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COUNCIL MEMBER SEARS: Okay. If they don't--

TERRY ARROYO: And all the information, but I will clarify that this particular building though is not a TIL, it is following the model in order to prepare them and make them functional as a cooperative, as a low-income cooperative. So it is parallel to it, but it's not exactly a TIL.

COUNCIL MEMBER SEARS: So they don't have the same kind of--

TERRY ARROYO: [Interposing] But--

COUNCIL MEMBER SEARS: --stuff and follow-up.

TERRY ARROYO: --we're still going to factor into the regulatory agreement maintenance monitoring, I'm sure--

COUNCIL MEMBER SEARS:
[Interposing] Well I just think that it sets a bad precedent to do this for others without having some mechanism in place to see that things are in place.

TERRY ARROYO: [Interposing] That will be factored into the regulatory agreement to

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make sure that the--again, we're conscious of the fact we have to preserve and protect it for at least a certain period of time.

COUNCIL MEMBER SEARS: All right, okay, thank you, Mr. Chairman.

TERRY ARROYO: And Jenny would like to add something.

COUNCIL MEMBER SEARS: Yeah.

JENNY MARONE: And Clinton Housing has agreed to do that monitoring over time.

COUNCIL MEMBER SEARS: I know it may seem like it's 15 units, but the fact is sometimes affordable housing is only going to be done in a small way and, after a while, we just might be able to put some kind of a tackle to that 'cause we've done a poor job for affordable housing in the city, so it's so important that these regulations really get in place. All right, thank you.

CHAIRPERSON WEPRIN: Thank you, Council Member. Okay, if we can couple both items and call the roll.

WILLIAM MARTIN: William Martin, Committee Clerk, roll call on the Committee on

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Finance. Council Member Weprin.

CHAIRPERSON WEPRIN: Aye on both.

WILLIAM MARTIN: Rivera.

COUNCIL MEMBER RIVERA: I vote aye
on both.

WILLIAM MARTIN: Reyna.

COUNCIL MEMBER REYNA: I vote aye.

WILLIAM MARTIN: Brewer.

COUNCIL MEMBER BREWER: Aye on
both.

WILLIAM MARTIN: Comrie.

COUNCIL MEMBER COMRIE: Aye on

both.

WILLIAM MARTIN: Fidler.

COUNCIL MEMBER FIDLER: Aye.

WILLIAM MARTIN: Gerson.

COUNCIL MEMBER GERSON: Aye on
both.

WILLIAM MARTIN: Gioia.

COUNCIL MEMBER GIOIA: Yes.

WILLIAM MARTIN: Jackson.

COUNCIL MEMBER JACKSON: Aye on
all.

WILLIAM MARTIN: Koppell.

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COUNCIL MEMBER KOPPELL: Aye.

WILLIAM MARTIN: Sears.

COUNCIL MEMBER SEARS: Aye.

WILLIAM MARTIN: Ignizio.

COUNCIL MEMBER IGNIZIO: Yes.

WILLIAM MARTIN: Oddo.

[Off mic]

[No response]

WILLIAM MARTIN: By a vote of 12 in
the affirmative, zero in the negative, no
abstentions, both items have been adopted.
Council Members, please sign the Committee
reports.

CHAIRPERSON WEPRIN: Okay. I'm
going to keep the roll open for a half-hour 'til
approximately 12:35. Other than that, we're
adjourned.

WILLIAM MARTIN: Council Member
Oddo.

[Pause]

[Off mic]

COUNCIL MEMBER ODDO: [No response]

WILLIAM MARTIN: Vote now stands at
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[Off mic]

MALE VOICE: I think it's fine.

FEMALE VOICE: I think it's fine.

[Off mic]

MALE VOICE: What's up, man?

WILLIAM MARTIN: Council Member

Oddo.

COUNCIL MEMBER ODDO: Yes.

WILLIAM MARTIN: The vote now
stands at 13 in the affirmative.

[Off mic]

COUNCIL MEMBER BREWER: I just want
to have a talk to this woman who is in charge--

[Pause]

WILLIAM MARTIN: Council Member
Vann.

COUNCIL MEMBER VANN: Aye on all.

WILLIAM MARTIN: Vote now stands at
14 in the affirmative.

[Off mic]

[Pause]

WILLIAM MARTIN: Council Member de
Blasio.

COUNCIL MEMBER DE BLASIO: Aye on

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all.

WILLIAM MARTIN: Vote now stands at 15 in the affirmative, zero in the negative, and no abstentions.

[Pause]

WILLIAM MARTIN: Council Member Gentile.

COUNCIL MEMBER GENTILE: Aye on all.

WILLIAM MARTIN: Current vote on Committee on Finance is now 16 in the affirmative, zero in the negative, and no abstentions.

[Pause]

WILLIAM MARTIN: Council Member Gennaro.

COUNCIL MEMBER GENNARO: Yes.

WILLIAM MARTIN: Final vote on the Committee on Finance is now 17 in the affirmative, zero in the negative, and no abstentions.

[Pause]

COUNCIL MEMBER REYNA: Meeting is now adjourned.

C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature Tammy Wittman

Date November 8, 2009