

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

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November 15, 2018  
Start: 2:18 p.m.  
Recess: 3:03 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

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

Genevieve Michel, Executive Director of Government Affairs, Department of Housing, Preservation and Development, HPD

Lacey Tauber, Housing, Director of Development and Planning, Housing Preservation & Development, HPD

Luis Salguero, Asset Manger, Division of Asset Management, Housing, Preservation and Development, HPD



1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

4

2 [sound check] [pause] [gavel]

3 CHAIRPERSON KALLOS: Good afternoon.

4 Welcome to the Subcommittee on Planning, Dispositions  
5 and Concessions. I'm Council Member Ben Kallos.

6 That's @benkallos to anyone on social media who wish  
7 just to talk about the exceeding—the exciting items  
8 before our committee. I have the privilege of

9 chairing this subcommittee. We're joined today by

10 Council Member Ruben Diaz, Sr. Today, we'll be

11 holding hearings on two projects, Land Use Item 257

12 McClinton URA Site 7 and Land Use Item 258, 590

13 Southern Boulevard. If you're here to testify,

14 please fill out a speaker slip with the sergeant-at-

15 arms, and indicate the Land Use of the item you wish

16 to testify on, on that slip. Before we begin our

17 hearing or throughout the process of our hearings, we

18 will vote to approve Land Use Item 232 at Park and

19 Elton in Land Use Chair Salamanca's district in the

20 Bronx, and Land Use Item 240 and MEC 125<sup>th</sup> Street in

21 Council Member Ayala's district in Manhattan. Both

22 projects are the subject of hearings held on November

23 1<sup>st</sup>. The approval of Land Use Item 232 to facilitate

24 the development of a 37-housing unit affordable to

25 households with income ranges of 27 to 90% of AMI.

1 Do we have the translation into actual incomes? Which  
2 is roughly incomes of \$21,930 a year to about between  
3 \$58,000 and \$73,000 a year including six homeless  
4 sea-aside units. All of these units will be subject  
5 to rent stabilization. Specifically, HPD is seeking  
6 an amendment of the previously approved Urban  
7 Development Action Area Project for property located  
8 at 3120 Park Avenue, Block 2418, Lot 16 and 451 East  
9 159<sup>th</sup> Street, Lot 2381 and Lot 43 in the Bronx. This  
10 application also requests approval of a tax exemption  
11 pursuant to Article XI of the Private Housing Finance  
12 Law. Land Use Chair Salamanca is supportive of this  
13 application, and Land Use 240 MEC 125<sup>th</sup> Street, HPD  
14 is seeking approval of new tax exemption pursuant to  
15 Article XI of the Private Housing Finance Law. The  
16 approval of Land Use 240 will facilitate the  
17 development of 404 residential units including 268  
18 affordable and 134 market rate. More than 62,000  
19 square feet of commercial space, 5,800 square feet  
20 for a cultural community facility, 10,000 square feet  
21 of public open space and 121 parking spaces. In  
22 2008, the City Council approved a rezoning, UDAAP  
23 designation Urban Renewal Plan amendment and  
24 disposition for all the lots in this project: Block  
25

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3 1790, Lots 1, 3, 5, 6, parts of Lot 8, 41, 44, 45,  
4 46, and 101. After a 2006 RFP related to these  
5 properties have been issued by the New York City  
6 Economic Development Corporation. Council Member  
7 Ayala is supportive of this project. We will hold on  
8 a vote on these two items and proceed with a hearing  
9 on the items previously mentioned. Our first item  
10 will be Land Use 257, Clinton URA Site 7 in Speaker  
11 Johnson's district in Manhattan. This proposed  
12 Article XI tax exemption will facilitate the  
13 completion of a project at 540 West 53<sup>rd</sup> Street in  
14 Hells Kitchen neighborhood of Manhattan. It will  
15 consist of one residential building with 103  
16 affordable dwelling units, over 20,000 square feet of  
17 commercial space and about 2,500 square feet of open  
18 space. The Council previously approved an Article XI  
19 tax exemption in 2014 under resolution 527, but the  
20 project has taken longer that anticipated to receive  
21 a permanent certificate of occupancy so this approval  
22 is needed to amend the prior resolution to extend the  
23 completion deadline for the project. The prior  
24 resolution is also being amended to extend the tax  
25 exemption to the commercial space, an exemption area  
while the building is under construction. I will now

2 open the public hearing on Land Use Item 257, Clinton  
3 URA Site 7, and would like to invite HPD to present  
4 its testimony. I'd like the Counsel to please  
5 administer the oath. If you could please state your  
6 name for the record.

7 LEGAL COUNSEL: Please state your name.

8 GENEVIEVE MICHEL: Genevieve Michel.

9 LEGAL COUNSEL: Please raise your right  
10 hand. Do you affirm to tell the truth, the whole  
11 truth and nothing but the truth in your testimony  
12 before this Subcommittee and to answer all Council  
13 Member questions honestly?

14 GENEVIEVE MICHEL: I do.

15 CHAIRPERSON KALLOS: Please begin.

16 GENEVIEVE MICHEL: Land Use No. 257  
17 consists of an exemption area located at 540 West  
18 53<sup>rd</sup> Street Block 1081, part of Lot 1 and akin (sic)  
19 Lot 50 that is also--

20 CHAIRPERSON KALLOS: [interposing] Sorry  
21 to interrupt. May we have copies of your testimony?

22 GENEVIEVE MICHEL: Oh, yes. I'm sorry.  
23 [pause] That is also known as Site 7 like the  
24 Clinton Urban Renewal area in Manhattan Council  
25 District 3. 540 West 53<sup>rd</sup> Street is part of a 3-

1 parcel development site that was pre-that previously  
2 received ULURP approval for the Urban Development  
3 Action Area Designation, project approval and  
4 disposition by the City Council on June 26, 2014,  
5 Resolution No. 333 followed by approval of Article XI  
6 tax benefits on December 17, 2014, Resolution 527.  
7 The sponsor for Clinton site 7 acquired title to the  
8 project area in April 2015 under HPD's Mixed Income  
9 program, which facilitates new construction of  
10 multiple dwelling buildings for families with a mix  
11 of incomes. The Clinton Site 7 project includes new  
12 construction of 130-unit permanently affordable  
13 rental building with units affordable to families  
14 earning between 80% and 155% of the area median  
15 income, AMI, as well as commercial space and  
16 community gardens. Currently, construction on the  
17 relevant portion of Lot 1 is ongoing and will include  
18 14 studios, 37 1-bedrooms, 47 2-bedrooms and 3-oh,  
19 sorry, and 4 3-bedroom apartments plus one  
20 superintendent's unit. Therefore, HPD is before the  
21 subcommittee seeking to amend Resolution 527 from  
22 2014, which approved the tax benefits for the  
23 exemption area provided that the building received a  
24 permanent certificate of occupancy on or before 30  
25



2 months from the effective date of April 30, 2015.

3 Given the project did not yet receive a permanent  
4 certificate of occupancy as of yet, the prior  
5 resolution must be amended to extend the completion  
6 deadline. Additionally, the prior resolution  
7 requires amending to extend the tax exemption to the  
8 commercial space during construction. Currently the  
9 cumulative value of the Article XI tax exemption is  
10 approximately \$40,193,564 and the net present value  
11 is \$11,228,921. All other aspects of the project  
12 remain the same.

13 CHAIRPERSON KALLOS: One of the items  
14 we're most interested in learning in the Council in  
15 our oversight role is when projects go wrong why in  
16 hopes that we can learn from our mistakes as we move  
17 forward. Why didn't this building at 540 West 53<sup>rd</sup>  
18 Street that ostensibly appears to be on the  
19 appropriate path. Four years is a little longer than  
20 I think it should take, and I think it's usually  
21 supposed to take three years. So, I guess what was  
22 the initial delay? Why did it take four years, and  
23 why has it not attained a permanent certificate of  
24 occupancy as scheduled?

2 GENEVIEVE MICHEL: My understanding is  
3 there have been various construction delays on the  
4 side of the developer. Not on the HPD side?

5 CHAIRPERSON KALLOS: Is this a developer  
6 that HPD had—what's the name of the developer?

7 GENEVIEVE MICHEL: Clinton Housing  
8 Development Corporation.

9 CHAIRPERSON KALLOS: Is it a special  
10 purpose developer or do they have other projects?

11 GENEVIEVE MICHEL: They have other  
12 projects?

13 CHAIRPERSON KALLOS: And are those  
14 projects experiencing similar delays?

15 GENEVIEVE MICHEL: I'm not sure that I  
16 can speak across the board to their portfolio?

17 CHAIRPERSON KALLOS: Could you share with  
18 us whether or not this project—if this is not HPD's  
19 fault, would you share which other project this  
20 current developer has, and if those also are  
21 experiencing similar problems of if those are all on  
22 track?

23 GENEVIEVE MICHEL: Yeah, we can chat with  
24 Council Land Use about the best way to show that.

1  
2 CHAIRPERSON KALLOS: Sure. Tell-tell me  
3 about the commercial space. Is that going to be  
4 available to mom and pops or is it earmarked to be a  
5 bank or what-what is the vision for the commercial  
6 space?

7 GENEVIEVE MICHEL: I can't speak to that.  
8 I think that, you know, was up to the developer and  
9 what was negotiated in ULURP for the Speaker in 2014.

10 CHAIRPERSON KALLOS: Okay. [pause] And we  
11 don't have the developer here so we don't have any-do  
12 you know what the total project cost is?

13 GENEVIEVE MICHEL: I actually do not.

14 CHAIRPERSON KALLOS: Okay. Would you  
15 submit the total project cost?

16 GENEVIEVE MICHEL: [pause] Yes.

17 CHAIRPERSON KALLOS: Would you submit  
18 the-do-do you have the hard costs versus soft costs  
19 overall for the project?

20 GENEVIEVE MICHEL: I do not. We can  
21 submit it with the developer.

22 CHAIRPERSON KALLOS: In previous  
23 hearings, in fact, almost every hearing since I have  
24 been Chair I have asked about MWBE whether or not  
25 people are going to be able to afford to live in the

2 housing they are building or whether or not they will  
3 actually need to avail themselves of it. This is all  
4 information we've hoped that HPD would include in  
5 their testimony. Are you privy to any of that  
6 information on this project?

7 GENEVIEVE MICHEL: I am not.

8 CHAIRPERSON KALLOS: I am extraordinarily  
9 disappointed that we continue to ask for this  
10 information, and--

11 GENEVIEVE MICHEL: Understood. I think,  
12 you know, this is a little bit different than some of  
13 the projects we normally bring before the Committee  
14 because it's just an extension of something that was  
15 previously negotiated with the Council.

16 CHAIRPERSON KALLOS: So many of these  
17 are. If only all the projects that HPD approved  
18 turned into--stayed on track and didn't need to come  
19 back. Moving forward, I would just ask that please  
20 submit the additional information relating to the  
21 questions I ask at every single hearing, we agree  
22 that some of the additional information regarding the  
23 MWBE status of the developer and the contractors that  
24 they're working with as well as whether or not

1 they've hit. Do you know if they hit their Hire NYC  
2 obligation?  
3

4 GENEVIEVE MICHEL: We'll discuss with  
5 them, and that's something we follow up.

6 CHAIRPERSON KALLOS: Okay, similarly on  
7 MWBE prevailing-what do you call it? Wage standards,  
8 any job standards. This is actually a unique  
9 situation because usually we don't actually have a  
10 finished building that doesn't have a C of O. So, in  
11 this case we can actually learn a lot to see what  
12 happened. Were there any additional subsidies on  
13 this or is it just the Article XI?

14 GENEVIEVE MICHEL: I'm not sure.

15 CHAIRPERSON KALLOS: Would you submit the  
16 closing sheet as a-in addition to all the other  
17 items? I believe it's public information.

18 GENEVIEVE MICHEL: Let me discuss it with  
19 the team and get back to you. Again, this is a  
20 priority of the Speaker and want to make sure that  
21 we're not doing anything outside of the realm of a  
22 project off track.

23 CHAIRPERSON KALLOS: It seems like it's  
24 on track. Do you know, when they're going to get  
25 their C of O?

2 GENEVIEVE MICHEL: I do not.

3 CHAIRPERSON KALLOS: Why are we—why are  
4 you seeking the Article XI extension now versus when  
5 this—versus when they get the C of O. Is it possible  
6 that you'll be back here next year because they still  
7 don't have the C of O?

8 GENEVIEVE MICHEL: I certainly hope not.

9 CHAIRPERSON KALLOS: Okay. Seeing no  
10 other questions, I will close this hearing pending  
11 HPD providing additional information. I will only  
12 close the hearing on that one item. Are there any—  
13 are there any members of the public who wish to  
14 testify? Seeing none—[ringing phone] [laughter] I—

15 MALE SPEAKER: I would prefer that.

16 CHAIRPERSON KALLOS: We—we can—we could  
17 have had a little dance. So, we're now closing the  
18 public hearing on Land Use Item 2057 after having a  
19 brief interlude for a dance, and the application will  
20 be laid over. Our second hearing today is on Land  
21 Use Item 258, 590 Southern Boulevard in Council  
22 Member Ayala's district. The propose Article XI tax  
23 exemption would facilitate the preservation of a 27-  
24 unit HDFC co-op that has been a candidate for Third  
25 Party Transfer round 10. HPD pulled the building

1  
2 from the Third Party Transfer Program because the  
3 progress the HDFC Board had made towards resolving  
4 many outstanding issues including routine  
5 maintenance, commercial and water/sewer repairs. HPD  
6 is seeking a new full tax exemption to address the  
7 outstanding real estate tax arrears. The current tax  
8 exemption that HDFC receives is a partial tax  
9 exemption that is set to expire in June of 2029. I  
10 now open the public hearing on Land Use Item 597—on  
11 the Land Use Item 597 Southern Boulevard, and would  
12 like to invite HPD to present its testimony. I'm  
13 going to ask the Counsel to please administer the  
14 oath.

15 LEGAL COUNSEL: Please state your name.

16 LACEY TAUBER: Lacey Tauber.

17 LUIS SALGUERO: Luis Salguero

18 LEGAL COUNSEL: Please raise your right

19 hand. Do you affirm to tell the truth, the whole  
20 truth and nothing but the truth in your testimony  
21 before this Subcommittee and in answer to all Council  
22 Member questions?

23 LACEY TAUBER: Yes.

24 LUIS SALGUERO: Yes.

25 LACEY TAUBER: Okay, ready?

3 CHAIRPERSON KALLOS: And yes.

4 LACEY TAUBER: Okay, okay. LU 529

5 consists of an exemption area containing one  
6 privately owned partially occupied residential  
7 building with two commercial spaces located at 599  
8 Southern Boulevard in Bronx Council District 8, for  
9 which HPD is seeing an Article XI tax exemption. 590  
10 Southern Boulevard was taken into city ownership in  
11 1978, and subsequently entered into the Community  
12 Management Program. On June 29, 1995, HPD conveyed  
13 the property to the existing occupants of the housing  
14 project for persons or families or low-income as  
15 defined in Section 576 of Article XI of the Private  
16 Housing Finance Law. It is a 27-unit building with  
17 five vacancies. There is a unit mixture of 6 1-  
18 bedroom, 5 2-bedroom and 16 3-bedroom apartments.  
19 These are occupied by 12 shareholders who pay \$693  
20 per month in maintenance as well as 10 renters who  
21 pay between \$804 for a 1-bedroom unit, and \$1,260 for  
22 a 2-bedroom unit. The two commercial spaces are  
23 currently occupied by a deli/grocery store, and an  
24 electronics store. The property was on the initial  
25 list of eligible buildings in Round 10 of HPD's  
Third-Party Transfer Program. Due to mismanagement



2 by a non-functioning board that failed to raise  
3 maintenance fees, which coupled with low collections  
4 rates resulted in inability to meet financial  
5 obligations. HPD's Asset Management team worked with  
6 the HDF before a transfer. I'm sorry. Before the  
7 transfer through TPT would have been required to help  
8 them reach the required milestone the city removed  
9 from the program and retain ownership of the  
10 property. We included a checklist for your reference  
11 with the testimony.

12 CHAIRPERSON KALLOS: I've got it?

13 LACEY TAUBER: It's a--it's not what you--

14 CHAIRPERSON KALLOS: I found it. Thank  
15 you.

16 LACEY TAUBER: Okay. So with HPD the  
17 shareholders worked out a plan to save their  
18 building. Those efforts include modifying the  
19 original mortgage, executing a new regulatory  
20 agreement with HPD, electing a new board, developing  
21 a marketing plan to sell vacant units, crating  
22 payment plans to address municipal arrears including  
23 property taxes, water and sewer charges and  
24 commercial arrears and developing a 5-year financial  
25 plan to ensure the building long-term financial

1 health. This plan mandated for a 2% annual increase  
2 of rent and maintenance and \$200 per residential unit  
3 designated annually to the building's reserve  
4 account. Vacant units will be marketed to households  
5 making up to 120% of AMI. Additionally, they will  
6 address their few Housing Code violations, which will  
7 be cleared from HPD's database. In order to keep the  
8 property free of such violations in the future, the  
9 property manager and the board has developed a plan  
10 to make routine repairs as needed with funds set  
11 aside from the increasing cashflow. Because the HDFC  
12 met these milestones, the HPD removed the building  
13 TPT Round 10, and it remains privately owned. In an  
14 effort to help maintain continued affordability and  
15 stability in the building, HPD is before the Council  
16 seeking retroactive tax benefits dating back to 2010,  
17 and for a term of 40 years that will coincide with  
18 the Regulatory Agreement establishing certain  
19 controls over the property such as mandating annual  
20 maintenance increases, and hiring of third-party  
21 manager. They have already hired the new management  
22 company ADC NY Realty Corp. The cumulative value of  
23 the tax benefits for the 40-year term is \$2,506,331  
24 and the net present value is \$1,090,984. [coughs]  
25

2 CHAIRPERSON KALLOS: In your testimony  
3 you said this was LU 529. I believe the correct LU  
4 number is LU 258. Can you correct that?

5 LACEY TAUBER: Oh, I'm sorry. So, that's  
6 the value, \$258. I'm sorry. We have the wrong thing  
7 in the testimony. We can send you an updated  
8 version. I'm sure where that happened.

9 CHAIRPERSON KALLOS: I believe your  
10 cumulative value for the 40-year term is low for a  
11 net present of a million dollars.

12 LACEY TAUBER: I think it's because the--  
13 of the--

14 CHAIRPERSON KALLOS: Your running 8 (sic)  
15 versus the--the partial high continued.

16 LACEY TAUBER: I'm sorry, what?

17 CHAIRPERSON KALLOS: Why do you believe--  
18 why do you believe net--the--the cumulative value  
19 should only be \$2.5 while the net present is a  
20 million?

21 LACEY TAUBER: I think it's because the  
22 net present takes into account the--the retroactive as  
23 well.

24 CHAIRPERSON KALLOS: How much is the--how  
25 much is the retroactive tax abatement?

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2 LACEY TAUBER: I have that. One second.  
3 \$397,976. That's what was owed as of October.  
4 They've been paying it down. So, it could actually e  
5 less.

6 CHAIRPERSON KALLOS: I'm going to—we're  
7 going dig on third-party, but before we do, we're  
8 going to ask the Committee Counsel to call the roll  
9 on the first two Land Use Items.

10 LEGAL COUNSEL: On LU—on LUs 232 and LU  
11 240 to approve, Council Member Kallos.

12 CHAIRPERSON KALLOS: Aye.

13 LEGAL COUNSEL: Council Member Deutsch.

14 COUNCIL MEMBER DEUTSCH: Aye.

15 LEGAL COUNSEL: Council Member Diaz.

16 COUNCIL MEMBER DIAZ: Aye.

17 LEGAL COUNSEL: By a vote of 3 in the  
18 affirmative, 0 in the negative and 0 abstentions, the  
19 vote is held open.

20 CHAIRPERSON KALLOS: I want to thank both  
21 of my colleagues, and I will urge them to get back to  
22 their districts. That snow is really coming down,  
23 and I know that Council Member Chaim Deutsch will  
24 probably be out there with a shovel for his  
25 constituents, and helping people with any cars that

1  
2 may get stuck. [laughter] So, thank you very much  
3 for the great work you do. Well, how much was the  
4 taxes?

5 LACEY TAUBER: \$397,976.

6 CHAIRPERSON KALLOS: And--

7 LACEY TAUBER: [interposing] That was as  
8 of October.

9 CHAIRPERSON KALLOS: And part of it is  
10 the tenants have already started to repay it at the  
11 same time as we're about to approve removing that  
12 whole 390?

13 LACEY TAUBER: Well, they got into Human  
14 (sic) plans as far as I understand for--let me approve  
15 the Project Manager, by the way, and he's here to  
16 help me with--

17 CHAIRPERSON KALLOS: [interposing] So,  
18 are they going to pay it off or refer giving  
19 \$390,000?

20 LUIS SALGUERO: Oh, let me must check how  
21 much it is for. Only that we--the only portions that  
22 we're forgiving is the property taxes. Any water  
23 that would--

2 CHAIRPERSON KALLOS: How much is the  
3 water bill, and are they—are they being forgiven for  
4 their payment agreement for the back taxes?

5 LUIS SALGUERO: So, any—any payment  
6 agreements with back taxes that would credited. So,  
7 once the—if the Article XI were to expire say in 40  
8 years, whatever they paid before would be given as a  
9 tax credit. So, they wouldn't lose that—that money  
10 that they use to pay their taxes.

11 CHAIRPERSON KALLOS: In 40 years they'll  
12 get it or they'll get it back now?

13 LUIS SALGUERO: Well, they wouldn't get a  
14 check by mail. It would just be a credit.

15 CHAIRPERSON KALLOS: Okay, sure. So,  
16 it's about \$490,000 and then the—so, you're—you're  
17 assuming the cumulative is like \$600--\$5 of \$600,000  
18 for the moving forward tax benefit?

19 LACEY TAUBER: We don't have that exact  
20 breakdown. We can get that for you.

21 CHAIRPERSON KALLOS: Yes, please.

22 LACEY TAUBER: I think it should be in  
23 the Tax Benefit Analysis, but--

24 CHAIRPERSON KALLOS: [interposing] I am  
25 very grateful to HPD for removing this building from

2 Third Party Transfer. I believe I have raised  
3 concerns about I think the Third Party Transfer  
4 Program is a useful tool and I'm concerned any time  
5 that we're taking a homeownership opportunity away  
6 from somebody, and transferring it into a rental  
7 situation. Are the HDFC tenants going to maintain  
8 their ownership those that are owners?

9 LACEY TAUBER: Yes.

10 CHAIRPERSON KALLOS: The rental tenants  
11 will they maintain as rental tenants or they have a  
12 homeownership opportunity?

13 LACEY TAUBER: They'll have the option to  
14 purchase into the building.

15 CHAIRPERSON KALLOS: Are there any  
16 tenants who are--

17 LACEY TAUBER: [interposing] Subject to  
18 Board approval. Sorry.

19 CHAIRPERSON KALLOS: Does--are any of the  
20 tenants going to be excluded due the fact that they  
21 earn more than 120% of AMI?

22 LUIS SALGUERO: No.

23 CHAIRPERSON KALLOS: What is the current  
24 AMI of the tenants?

2 LUIS SALGUERO: So, all of the tenants  
3 fall within the income limits. Let me see if I can  
4 find that sheet for you right now, but I have a  
5 little-

6 LACEY TAUBER: [interposing] This is a  
7 small building. So, I'm not sure what kind of level  
8 of details that we can share beyond that due to  
9 privacy reasons, but--

10 CHAIRPERSON KALLOS: [interposing] Do you  
11 know about?

12 LACEY TAUBER: I can say that they're all  
13 well under.

14 LUIS SALGUERO: They're definitely well  
15 under 120% of AMI.

16 CHAIRPERSON KALLOS: There are vacant  
17 units in this building?

18 LUIS SALGUERO: Correct.

19 LACEY TAUBER: Yes.

20 CHAIRPERSON KALLOS: At 120% of AMI that  
21 could be a single individual making \$86,000 or a  
22 family of 6 earning \$144,000?

23 LUIS SALGUERO: Current it is. Uh-hm.

24 LACEY TAUBER: Well, the units as of our--  
25 are they all 1 and 2-bedrooms?



2 LUIS SALGUERO: So, they have-

3 LACEY TAUBER: [interposing] Or they're--

4 LUIS SALGUERO: --2-bedrooms also.

5 LACEY TAUBER: Oh, one is a 3, so you  
6 probably wouldn't have a family a six. Well, I  
7 guess-I'm sure you could.

8 LUIS SALGUERO: Well, so-so you don't--

9 LACEY TAUBER: Okay. Sorry.

10 LUIS SALGUERO: When it comes to how many  
11 family members you can have in an apartment, there's  
12 no specific number that you have to use for a single  
13 bedroom. So, you could have 2 or a family of 2 or 4  
14 I believe.

15 CHAIRPERSON KALLOS: Those-is the-is the  
16 right number here 120% of AMI or is the right number  
17 here lower?

18 LACEY TAUBER: Well, so the 120% AMI is  
19 the cap for what the vacant unit can be sold for, but  
20 we anticipate that it will-the actual selling price  
21 will be significantly below what that cap is set up  
22 just due to the market, and based on some recent  
23 sales in the borough. (sic)

24 CHAIRPERSON KALLOS: [interposing] I  
25 believe that is within-I believe that is within the

2 Land use purview to determine whether or not the  
3 units will be affordable to folks in the neighborhood  
4 and so I—I appreciate that you're giving a commitment  
5 to be well below. My question is just how much  
6 further below to the extent you're not willing to  
7 reveal the AMIs of the people living in the building,  
8 I understand. What is the AMIs for people in the  
9 surrounding census tract?

10 LACEY TAUBER: It's about between 30 and  
11 40%.

12 CHAIRPERSON KALLOS: So, that's pretty  
13 close--

14 LACEY TAUBER: [interposing] In the—in  
15 the community.

16 CHAIRPERSON KALLOS: --to making \$21,000

17 LACEY TAUBER: [interposing] And was not  
18 the tract, to be clear. Sorry. We don't have it that  
19 specific.

20 CHAIRPERSON KALLOS: So, in the community  
21 people—so 30 to 40% is \$21,930 to \$29,240 for  
22 individuals and if it was a family of 6, that would  
23 be \$36,300 to \$48,400. So, I guess given the fact  
24 that the community is actually four times lower added  
25 to lower bound, then that 120% of AMI is HPD

3 committed to making vacant units at that range at  
4 that 30 to 40 range.

5 LACEY TAUBER: I mean I think right now  
6 the sale is type, it's—it's a calculation, you know,  
7 that the Board need to make with their management  
8 company about the price that they need to, you know,  
9 maintain the building taking into consideration what  
10 the market will—will bear. All we said is the  
11 ceiling.

12 CHAIRPERSON KALLOS: And I'm asking if  
13 you can set a lower ceiling?

14 LUIS SALGUERO: So, the—the only thing  
15 that I could say was that we could negotiate that  
16 with the—with the building with the corporation to  
17 see if they were willing to go to a lower AMI. I  
18 mean we're always welcoming a lower AMI. The only  
19 ceiling that we put was 120. If they want to go to  
20 80% of AMI, we can amend the Regulatory Agreement.

21 LACEY TAUBER: But I think, you know,  
22 this is pretty standard for how we do this kind of  
23 transaction, and I think it's just because this is a  
24 40-year Regulatory Agreement, but things can change  
25 over time. We want to allow them flexibility, but I  
think that we can say with confidence that based on

2 recent sales, if, you know, they have now a 5-year  
3 plan to market the vacant units. So, they're going  
4 to be doing that pretty proactively in the very near  
5 future and, you know, based on what the market has  
6 borne for sales in this building that happened fairly  
7 recently, I think we can confidently say that the  
8 sales will be lower than the ceiling by quite a bit  
9 if they're anything like the recent sales prices.

10 CHAIRPERSON KALLOS: The current rent is  
11 6-sorry. The current maintenance is \$693. You are  
12 including increasing that by 2% moving forward as  
13 well as \$200 per residential unit. So, is that going  
14 to be a one-time fee per year or is it going to be  
15 spread out across the--each monthly payment?

16 LACEY TAUBER: The \$200 would be a one-  
17 time fee per year into our reserve account that the  
18 building will hold in a bank.

19 CHAIRPERSON KALLOS: In other situations,  
20 I've seen certain tenant protections where tenants  
21 were limited to paying no more than a certain  
22 percentage of their income. Will tenants in this  
23 building be able to have access to that resource? I  
24 believe you called it Project Based Section 8. I  
25 don't know if it's available for HDFC situations.

2 LACEY TAUBER: You are not using vouchers  
3 in this building that they--the project based Section  
4 8 is for rentals, but is--is there something on this  
5 restructuring that takes their current incomes into  
6 account?

7 LUIS SALGUERO: So, unfortunately renters  
8 in HDFC Co-ops are not rent fixed.

9 LACEY TAUBER: Right, so we're--we're  
10 seeing that they are going to be given the option to  
11 purchase into the building.

12 LUIS SALGUERO: Correct.

13 LACEY TAUBER: And I think ultimately  
14 that's, well, I don't want to speak for the board,  
15 but--

16 CHAIRPERSON KALLOS: If somebody does not  
17 take it, how will they have to buy their unit for?  
18 Is \$250 to purchase this or \$2,500? What is the  
19 purchase cost for tenants?

20 LUIS SALGUERO: So, it will be in this  
21 case they wouldn't have to have the option to buy for  
22 \$250 what the original shareholders have the ability  
23 to. The board will have to set the--the prices. Now,  
24 the last two units they were sold for about \$30,000 I

2 believe, but it really depends on the conditions of  
3 the apartment and what the market is going to offer.

4 CHAIRPERSON KALLOS: Under the new  
5 regulatory regime, if a unit is purchased, if a 3-  
6 bedroom is purchased at the 120% of AMI level, what  
7 is going to be?

8 LUIS SALGUERO: I could tell you right  
9 now. Give me one second. I can see it right there.  
10 [background comments, pause] So, I don't have the  
11 schedule with me, but it would be roughly I would say  
12 about \$400,000.

13 LACEY TAUBER: [interposing] Oh, I'm  
14 sorry. You were asking about—I was like still  
15 thinking about the rental question. You were asking  
16 about the maximum sale price?

17 CHAIRPERSON KALLOS: I—I was actually  
18 going to double back for the rental question--

19 LACEY TAUBER: [interposing] Oh, sorry.

20 CHAIRPERSON KALLOS: --and I was just--

21 LACEY TAUBER: [interposing] Okay.

22 CHAIRPERSON KALLOS: So, it it's at  
23 \$400,000 is HPD going to assist the folks with  
24 purchasing if they don't have access to credit or  
25 don't have access to loans?

1  
2                   LUIS SALGUERO: I don't know of any  
3 program that we have that has funds available like  
4 that.

5                   CHAIRPERSON KALLOS: Okay. So, I guess to  
6 the extent that it's likely that people will still  
7 maintain as renters, what will--what protections will  
8 they have moving forward as part of--in your  
9 Regulatory Agreement? [pause] For the 10 renters,  
10 what will their rents be and who will they be renting  
11 from?

12                   LUIS SALGUERO: So, right now they will  
13 be renting from the corporation.

14                   CHAIRPERSON KALLOS: Okay and so what  
15 protections will they receive?

16                   LUIS SALGUERO: As s renter, they  
17 currently do not have a protection against  
18 maintenance increases. So, if the board--

19                   CHAIRPERSON KALLOS: [interposing] They  
20 don't pay maintenance. They just pay rent?

21                   LUIS SALGUERO: Ooh, sorry. They have  
22 rent increases.

23                   LACEY TAUBER: But the--the 5-year plan is  
24 actually mandating the 2% annual increase for the--its

2 rent and maintenance. It's the same schedule for  
3 both. That's part of the Regulatory Agreement

4 CHAIRPERSON KALLOS: So, renters will  
5 because the rents are higher than the maintenance,  
6 renters will actually bear a bigger brunt of the  
7 increases?

8 LUIS SALGUERO: That—that is—that is  
9 correct.

10 CHAIRPERSON KALLOS: Does HPD have a  
11 program that can be rolled out for people in HDFC--  
12 HDFCs that are going into this type of situation? It  
13 seems like the—the owners will receive windfalls, but  
14 the folks who are currently renting will not, and  
15 will bear more of the burden and won't even  
16 necessarily be able to purchase the apartments.

17 LACEY TAUBER: We can check on that. I'm  
18 not sure if there's a program that they can access.  
19 I can double check with the team on that.

20 CHAIRPERSON KALLOS: It stands to reason.  
21 Is there a reason why HPD wouldn't allow the 10  
22 renters to just be grandfathered into buy in wat the  
23 previous shareholder rate? Who were they currently  
24 paying rent to?



2 LUIS SALGUERO: To the-to the  
3 corporation.

4 CHAIRPERSON KALLOS: I-I believe this is  
5 the first instance I've ever heard of where the HDFC  
6 had tenants at least since I've-

7 LACEY TAUBER: Sometimes it's not that  
8 uncommon to have both.

9 CHAIRPERSON KALLOS: Why wouldn't the  
10 HDFC just make the unit available for sale?

11 LUIS SALGUERO: Well, ideally, our goal  
12 would be to reach 100% shareholder occupancy.  
13 However, that just-it's not usually the case in HDFC  
14 co-ops, and the way that the laws are set up, they  
15 don't have as a requirement to have 100% shareholder  
16 occupancy. I mean under the spirit of which the-the  
17 HDFCs were created, yes, that's-that's what we saw,  
18 but that's not the reality at the moment, and  
19 shareholders no-and renters are not necessarily  
20 protected from rent increases.

21 CHAIRPERSON KALLOS: Committee Counsel,  
22 please continue calling the roll.

23 LEGAL COUNSEL: On items LU 232 and LU  
24 240, Council Member Gibson, how do you vote?

25 COUNCIL MEMBER GIBSON: I vote aye.

2 CHAIRPERSON KALLOS: Thank you, Council  
3 Member Gibson, please travel safely home to the  
4 Bronx, and-

5 COUNCIL MEMBER GIBSON: An hour and a  
6 half.

7 Charter Just stay-stay away from the  
8 slippery roads and be cautious, please. The snow is  
9 really coming down. It seems just--in our  
10 conversation right now it seems that you-you would  
11 agree that it is important that tenants receive a-  
12 tenants where the landlord is receiving subsidies  
13 from the city for affordable housing should be  
14 protected in their affordable housing and should have  
15 more than what you're saying, you know, protections.

16 LUIS SALGUERO: Uh-hm.

17 LACEY TAUBER: Yeah, I mean I think  
18 that's why the goal is to get to 100% shareholder  
19 occupancy. I just don't know right now if they're-  
20 like what assistance we can offer if any to those  
21 renters. We can-I can send that out and get back to  
22 you.

23 CHAIRPERSON KALLOS: I-I believe you and  
24 I know that you're earnest and I would like HPD to  
25 come back if necessary with the Regulatory Agreement

2 that says that these tenants have protections. I'm  
3 not sure why they don't have rent regulation given  
4 the age of these buildings. [coughs] Is it—and the  
5 amounts of rent and the ages of these buildings would  
6 make me believe that this should be covered by rent  
7 regulation especially since this was a 1978 building.  
8 The reason why they is that they aren't?

9 LUIS SALGUERO: So, I'm—I'm not an  
10 expert, but I think just because of the law, the co-  
11 ops don't have that same protection as rental  
12 buildings.

13 CHAIRPERSON KALLOS: Okay, but you're  
14 open to trying to see if there's a way to do it  
15 through the Regulatory Agreement?

16 LUIS SALGUERO: Yes. We'll—we'll discuss  
17 that. Uh-hm.

18 CHAIRPERSON KALLOS: When third party-  
19 when a building goes through the Third Party  
20 Transfer, you deal with the rent arrears. Sorry,  
21 with the tax arrears. You deal with the water  
22 arrears. Those get waived when it gets transferred  
23 to—to a third party non-profit. It then gets handed  
24 to a real estate developer along with the tax  
25 abatement. So, this is following very similarly.

2 However, if I understand, in Third Party Transfer  
3 they also have access to loans from HPD. I believe  
4 the average target is \$90,000, but that number can  
5 change. Is that accurate?

6 LUIS SALGUERO: That sounds about right.  
7 It's the

8 LACEY TAUBER: I don't have the TPT Term  
9 Sheet in front of me. Sorry.

10 CHAIRPERSON KALLOS: Okay, if my memory  
11 serves, it is \$90,000 per unit, and so I guess the  
12 question is do the units in this building need  
13 additional renovations? Does the building need any  
14 work, and [coughing] is there any ability to offer  
15 the tenants here similar incentives as you offer for-  
16 profit developers to take over?

17 LACEY TAUBER: So, the violations in this  
18 building are pretty minimal. It's something that we  
19 think that they can address without HPD subsidy, but  
20 I would say in general if you look at the checklist  
21 that we attached to the testimony, one of the things  
22 for helping that these buildings need to do is in  
23 general is to come out of TPT is to create a plan to  
24 address code violations and sometimes when they are  
25 significant enough to necessitate, you know, a real

2 rehab plan. What we will do is route those buildings  
3 to one of our programs for—like for example, multi-  
4 multi-family housing relocation loan, greenhousing  
5 preservation program or the participation loan  
6 program. I've all of those term sheets, which I can  
7 submit if you want, but—so basically it's not—it's  
8 not off the table for these buildings to also access,  
9 you know, HPD loans and help with doing that work.

10 CHAIRPERSON KALLOS: I don't mean to  
11 contradict you. The team here did some pretty great  
12 work on this, and they noticed that there were six  
13 open violations including 5 B violations.

14 LACEY TAUBER: Right and the—and the—

15 CHAIRPERSON KALLOS: [interposing] And so  
16 the--?

17 LACEY TAUBER: --the Board has created a  
18 plan to address them.

19 CHAIRPERSON KALLOS: Okay. Are there any  
20 commercial property tax arrears?

21 LACEY TAUBER: There are.

22 CHAIRPERSON KALLOS: And is there a plan  
23 in place address those?

24

25

2 LACEY TAUBER: Yes, there is about—almost  
3 \$14,000. They have the reserved funds and they're  
4 working on a payment plan for that.

5 CHAIRPERSON KALLOS: Are there emergency  
6 repair program changers on the front?

7 LACEY TAUBER: No.

8 CHAIRPERSON KALLOS: It appears there is  
9 not going to be construction, but if there is, will  
10 tenants be able to remain in place?

11 LACEY TAUBER: The construction  
12 shouldn't—if—if anything, it's not going to be  
13 significant enough to require anyone to move.

14 CHAIRPERSON KALLOS: will there be a foot  
15 tax or are the people who live in this building going  
16 to be able to sell their units at market rate if they  
17 want to?

18 LUIS SALGUERO: There is a—there is a  
19 flow (sic) text under the Regulatory Agreement, which  
20 is a 70/30 split. 70/30 of the profit goes towards  
21 the shareholder, 30% is retained by the—by the co-op.

22 CHAIRPERSON KALLOS: In your testimony  
23 you indicated that there would be a middle management  
24 company ACS and Ryan(sic) Realty Corp. Does ADC and  
25 Ryan (sic) Corp a for-profit, non-profit. Is it an

1  
2 MWBE? If it is not certified, do you happen to know  
3 the makeup of the board?

4           LUIS SALGUERO: No, so, the is the first  
5 time that I'm actually here with them, but when they  
6 come to sign the Regulatory Agreement—when the HDFC  
7 comes to sign the Regulatory Agreement, we will have  
8 to requires the management company to become  
9 certified with HPD. So, they'll have to submit an  
10 RFQ, a Request for Qualification and just we will  
11 have to verify that they are, you know, up to  
12 standards.

13           CHAIRPERSON KALLOS: And are the tenants  
14 supporting this change?

15           LUIS SALGUERO: They are and just we will  
16 have to verify that they are, you know, up to  
17 standards.

18           CHAIRPERSON KALLOS: And are the tenants  
19 supporting this change?

20           LUIS SALGUERO: They are.

21           CHAIRPERSON KALLOS: Great. There are a  
22 number of HDFCs that were transferred aside of—in the  
23 Bronx, Brooklyn and Queens. Is there—and I believe  
24 they currently reside with Neighborhood Restore. I  
25 also understand based on a previous hearing that HPD

2 has a-a controlling interest in the votes on  
3 Neighborhood Restore such to say that they are not  
4 necessarily an independent entity, but they follow  
5 the direction of HPD. Is there any opportunity for  
6 more HDFCs to follow these laudable steps of being-I  
7 believe at the hearing you wouldn't actually commit  
8 in all finality to who would get the properties as  
9 part of the Third Party Transfer. What opportunity  
10 is there for this model to occur with other HDFCs  
11 that may have already been transferred to  
12 Neighborhood Restore?

13 LACEY TAUBER: I mean for the ones that  
14 have been transferred, that's the outcome. I mean  
15 the-the reason that this building was able to come  
16 out was that they were able to, you know, meet the-  
17 all of the things that are on this checklist and  
18 those other buildings we're not able to do that in  
19 the say way, and that's why they remained in Land 10.  
20 (sic)

21 CHAIRPERSON KALLOS: I-I would ask that  
22 HPD seriously consider looking at least at the HDFCs  
23 to see if those HDFCs-and-and I think just you've got  
24 a good thing here. I think it's a great model. I'd  
25 love to see it, and I-I challenge anyone watching to



1 go watch the hearing. I believe from August or July  
2 where we went—it would have been August because I was  
3 back from paternity leave where we really dug in and  
4 I believe the Deputy Commissioner said that it is up  
5 to HPD—it is up to Neighborhood Restore and HPD to  
6 determine who ultimately receives the properties, and  
7 that the—the list that was provided to the Council  
8 was still subject to change.  
9

10 LACEY TAUBER: Uh-hm.

11 CHAIRPERSON KALLOS: So, I don't see why  
12 a for-profit developer or a non-profit developer  
13 needs to take somebody's cooperative when it could be  
14 given back to them. I want to thank you. There's  
15 additional items that you need to submit. Please do  
16 so. Are there any members of the public who wish to  
17 testify? Seeing none, I will close the public  
18 hearing on Land Use Item 258 and the application will  
19 be laid over. There are some people in government  
20 who feel that if it rains or there's bad weather that  
21 they shouldn't have to show up places. It's  
22 currently snowing. It's expected to be pretty bad.  
23 I want to thank HPD for being here. I am proud to be  
24 here, and I hope that people at the highest levels of  
25 government will begin showing up to their previously

2 scheduled engagements particularly when it's honoring  
3 veterans around Veterans Day. I can't think of  
4 anything more. We will hold the vote open. I mean  
5 I'm going to let the counsel gavel up, please.

6 FEMALE SPEAKER: Could we hold it open  
7 just a few minutes?

8 CHAIRPERSON KALLOS: Yeah, if you can  
9 gavel out. I'm just going to leave.

10 FEMALE SPEAKER: I don't know if he's  
11 really going to make it. Could we—I'm just trying to  
12 confirmation. Can you stick around for a few minutes  
13 and then I'll let him gavel.

14 CHAIRPERSON KALLOS: But he can gavel out.

15 FEMALE SPEAKER: I don't know if he is--

16 CHAIRPERSON KALLOS: I know. I'm saying--

17 FEMALE SPEAKER: No, we can't

18 MALE SPEAKER: We can't.

19 FEMALE SPEAKER: We need a member.

20 CHAIRPERSON KALLOS: I've had other  
21 Counsels gavel me out.

22 FEMALE SPEAKER: This is the Land Use  
23 Committee. [laughs] He's in the building. One  
24 minute.

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

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2 CHAIRPERSON KALLOS: We are awaiting one  
3 last vote. Are all the mics off? [pause] Hold on.  
4 [background comments] Committee Clerk, please call  
5 the—continue calling the roll.

6 CLERK: On LU 232 and LU 234 Council  
7 Member King, how do you vote?

8 COUNCIL MEMBER KING: I vote aye.

9 CLERK: By a vote of 5 in the  
10 affirmative, 0 in the negative and 0 abstentions the  
11 items are approved and recommended to the full Land  
12 Use Committee. [laughter]

13 CHAIRPERSON KALLOS: Thank you, Council  
14 Member King for braving the elements unlike a certain  
15 leader of the—not leader—a person who is higher up in  
16 the federal government than any of us are, a little  
17 rain might scare that person. This concludes today's  
18 hearing. I'd like to thank the Counsel and Land Use  
19 staff for preparing today's hearing and the members  
20 of the public and my colleagues for attending. This  
21 meeting is hereby adjourned. [gavel]

22

23

24

25

C E R T I F I C A T E

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



Date December 12, 2018