

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE
COMMITTEE ON HOUSING AND BUILDINGS

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May 20, 2013
Start: 10:17 a.m.
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HELD AT: Council Chambers
City Hall

B E F O R E:
DOMENIC M. RECCHIA, JR.
ERIK MARTIN DILAN
Chairpersons

COUNCIL MEMBERS:

Council Member Gale A. Brewer
Council Member Fernando Cabrera
Council Member Leroy G. Comrie, Jr.
Council Member Elizabeth S. Crowley
Council Member Lewis A. Fidler
Council Member Helen D. Foster
Council Member Vincent M. Ignizio
Council Member Robert Jackson
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Council Member Brad S. Lander
Council Member Melissa Mark-Viverito
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A P P E A R A N C E S

COUNCIL MEMBERS:

Council Member Rosie Mendez
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Council Member Joel Rivera
Council Member Ydanis A. Rodriguez
Council Member James G. Van Bramer
Council Member Albert Vann
Council Member Jumaane D. Williams

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

Matthew Wambua
Commissioner
Department of Housing Preservation and Development

Molly Wasow Park
Deputy Commissioner, Financial Management and Analysis
Department of Housing Preservation and Development

Eva Trimble
Assistant Commissioner, Budget
Department of Housing Preservation and Development

Chris Gonzalez
Assistant Commissioner of Government Affairs and
Research
Department of Housing Preservation and Development

Robert LiMandri
Commissioner
New York City Department of Buildings

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2 CHAIRPERSON RECCHIA: Okay. Good
3 morning and welcome to the fifth day of the City
4 Council Hearing on the Mayor's Executive Budget
5 for FY 2014. My name is Domenic M. Recchia, Jr.,
6 and I welcome everybody to the Chamber today. We
7 have been joined by Council Member Tish James,
8 Council Member Ydanis Rodriguez, and other Council
9 Members will be coming in. It's a busy day,
10 there's other hearings going on. And sitting to
11 my right is my co-chair, Erik Martin Dilan. On
12 Tuesday, we heard from the Fire Department of New
13 York, the Department of Corrections, the Criminal
14 Justice Coordinator and Legal Aid. Today, the
15 Finance Committee will be joined by the Committee
16 on Economic Develop--hold on. [pause] Today, the
17 Finance Committee will be joined by the Buildings
18 Committee--hold on. Hold on for a minute. [long
19 pause] Okay. We'll move on. Today the Finance
20 Committee will be joined by the Department of
21 Housing and Buildings Committee, Chaired by Erik
22 Martin Dilan. But before we get started, we'll
23 have HPD first and then we'll be joined by
24 Department of Buildings. But before we get
25 started, I want to remind everyone that the public

1 session will be on June 5th the last day of budget
2 hearings, at approximately 3:30. The, in this
3 Chamber, all the public is allowed to testify.
4 For Members who wish to testify but cannot, you
5 can fax your testimony to Tanisha Edwards. Today
6 we'll begin our Executive Budget Hearing with
7 Department--with HPD, Matt Wambua--I know, I know.
8 Welcome to the Chambers, but before that, I'm
9 going to turn the microphone over to my co-
10 counsel, co-chair, Erik Martin Dilan, Chairman of
11 Housing and Buildings.
12

13 CHAIRPERSON DILAN: Thank you,
14 Chairman Recchia and good morning, everyone, my
15 name is Erik Martin Dilan, and I'm the Chairperson
16 of the City Council's Committee on Housing and
17 Buildings. And as the Finance Chairman said,
18 today the Committee will hold jointly with the
19 Finance Committee, its Fiscal 2014 Executive
20 Budget Hearings for the Department of Housing
21 Preservation and the Department of Buildings.
22 During today's hearing, we will hear first from
23 HPD, as my colleague said, where we hope to gain
24 more details on the agency's \$560 million Fiscal
25 2014 Expense Budget, as well as approximately \$1.7

1 billion Fiscal 2013 through '17 Capital Budget.
2 We look forward to hearing from the agency due to
3 sequester how the agency will manage the decrease
4 of approximately 3,000 Section 8 vouchers, as well
5 as approximately five percent cut to Section 8
6 subsidy. How this agency plans on these future
7 cuts and the potential impact on the population
8 currently receiving these vouchers. The Committee
9 is also eager to hear about the expenses incurred
10 from Hurricane Sandy, as well as FEMA
11 reimbursements, Sandy related--and Sandy related
12 programs, such as the Sandy Recovery Loan Program.
13 After HPD, we'll hear from the Department of
14 Buildings and the Committee is interested in
15 hearing about the potential 22 new positions that
16 DOB will hire to improve enforcement and service
17 delivery, and also to the increase in retaining
18 wall inspections, and again about Sandy related
19 items within the Department of Buildings. The
20 Committees also want to learn how many buildings
21 are still yellow and red tagged and how the
22 Department has incurred expenses for Hurricane
23 Sandy cleanup and how much FEMA reimbursement the
24 Department has received to-date. So with that, I
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1
2 will turn it back to my colleague, the Finance
3 Chair Domenic Recchia.

4 CHAIRPERSON RECCHIA: All right,
5 Commissioner, you're on.

6 MATTHEW WAMBUA: So, good morning,
7 Chairman Dilan, good morning, Chairman Recchia,
8 and Members of the Housing and Building and
9 Finance Committees. It is an absolute pleasure
10 and it's an honor to be here. We appreciate you
11 having us. I'm Matthew Wambua, I am Commissioner
12 of HPD, and with me today is Molly Park, Deputy
13 Commissioner of Budget, Fiscal and Performance
14 Analysis sitting at my left; also sitting at my
15 left is Eva Trimble, Assistant Commissioner of
16 Budget; and sitting to my right is Chris Gonzalez,
17 Assistant Commissioner of Intergovernmental
18 Relations. Thank you for the opportunity to be
19 here to discuss the status of our current budget.
20 For the purposes of today's testimony, you should
21 have a PowerPoint in front of you. We had hoped
22 to also project it overhead, but I think we're
23 having some technical difficulties.

24 CHAIRPERSON RECCHIA: Hold on, hold
25 on, we don't have PowerPoint. I need a

1
2 PowerPoint. [background comments] This is a
3 book.

4 MATTHEW WAMBUA: [laughs] I don't
5 talk as fast Deputy Commissioner - -

6 CHAIRPERSON RECCHIA: I hope we're
7 going to get the abbreviated--

8 MATTHEW WAMBUA: --but I can get
9 through it pretty quickly.

10 CHAIRPERSON RECCHIA: --abbreviated
11 version.

12 MATTHEW WAMBUA: I'll give you the
13 Cliff Note version. So, in summary--

14 CHAIRPERSON RECCHIA: [laughs]

15 CHAIRPERSON DILAN: I have the
16 luxury of being here only one day, he has to be
17 here every day. I feel for him.

18 MATTHEW WAMBUA: In summary, we'd
19 like to conclude, thank you. [laughter] In
20 walking through the PowerPoint, I want to
21 basically focus on three things. One, I want to
22 provide you with a synopsis of some of our recent
23 recovery efforts, and then two, we want to
24 summarize some of the current, our current
25 budgetary situation with a focus on what Council

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2 Member Dilan has noted is our biggest challenge,
3 and that is sequestration and the way
4 sequestration's currently affecting our Section 8
5 program. And then lastly, I do want to end on a
6 positive note and focus on some of the incredibly
7 positive impact that we've been able to have on
8 neighborhoods, on residents, throughout the City
9 over the course of the last ten years, and doing
10 the work that we've been able to do in conjunction
11 with the Council. So, let's start with a synopsis
12 of the recent recovery efforts. I'm going to
13 turn--ah, we might get this overhead. So, I'm
14 going to, I'm looking right now at page four.

15 CHAIRPERSON RECCHIA: Before you
16 get started, I just want to recognize the Council
17 Members that have joined us: Council Member
18 Vincent Ignizio, Council Member Helen Diane
19 Foster, Council Member Al Vann, Council Member
20 Brad Lander. I think we have everybody. Go
21 ahead, Commissioner. Just in time for the
22 PowerPoint presentation. [laughter]

23 MATTHEW WAMBUA: Good morning,
24 Council Members.

25 CHAIRPERSON RECCHIA: Now we're

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waiting for you, Brad.

MATTHEW WAMBUA: [laughs] So, it goes without saying that given the fact that Sandy disproportionately affected residents, disproportionately affected the housing stock, much of what we have been doing and much of what we're going to continue doing is focusing on recovery efforts. At the beginning of the crisis, our primary focus was on health and safety of residents and health and safety of buildings. Subsequent to the initial response, we also began focusing on short term resident and neighborhood stabilization initiatives. Right now, our primary focus has been on capital investment and launching programs that allow us to invest in damaged buildings, multi-family as well as single family buildings. Towards that end, I think you guys all know that HUD has approved the City's action plan for spending the first tranche of CD recovery funds and of that first tranche, \$600 million is going to be targeted towards housing recovery. So we're currently in the process of working with our partners HRO to figure out all the various programs and to deploy the \$600 million in a way

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2 that meets homeowner needs, as well as the needs
3 of tenants that were impacted by Sandy. Next
4 page, page five. I think we're making significant
5 progress on the technical front.

6 CHAIRPERSON DILAN: We'll get it
7 there, we're following.

8 MATTHEW WAMBUA: All right.

9 CHAIRPERSON DILAN: Yeah.

10 MATTHEW WAMBUA: So on our side,
11 and right now I'm on page five, on our side, we're
12 going to be using close to \$400 million of the
13 initial CD recovery allocation to invest in two
14 things: new construction of destroyed one to four
15 family homes, so that's the homeownership side.
16 As well as the rehabilitation of damaged multi-
17 family buildings. In terms of rebuilding the
18 small homes, we'll be providing grants to fill the
19 gaps between the total cost for constructing,
20 reconstructing a new home, and existing FEMA and
21 insurance proceeds that somebody should have or
22 that the homeowner has in hand. So far we've
23 estimated that anywhere between four to 600 houses
24 were actually destroyed and may need this service.
25 To carry out the program, we have issued an RFQ to

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2 development teams which once selected are going to
3 be working directly with homeowners to finalize
4 the development plans. In terms of the
5 multifamily rehab program, ultimately we expect to
6 use recovery funds to make zero percent forgivable
7 loans. Our goal is to use this first tranche of
8 allocation to reach up to 13,000 units that have
9 been damaged by the storm. Next page. So, in
10 addition, one of the things that we actually
11 talked about last time we were here, and I
12 remember Council Member Lander was quite
13 interested in this subject, we had talked about
14 the fact that we were seeking HUD waivers to allow
15 us to be able to use the CDR, the community
16 development recovery grants, for rental subsidy
17 programs. We are happy to announce that not only
18 did we put it in our action plan, but the waivers
19 were approved and we're going to be able to
20 utilize \$20 million in the CDR to provide rental
21 subsidy for about 600 residents, low income
22 residents, that were displaced by Sandy. That is
23 the target group that we're going to be focusing
24 on are displaced residents that are making 50
25 percent of their area median income or below. And

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2 it's going to allow us to provide rental subsidy
3 for up to two years. So that's something that
4 we're very happy about. Now, all that said, of
5 course, our ability to serve both victims as well
6 as other New Yorkers in need of safe, quality
7 housing, is contingent upon the availability of
8 resources. So, why don't we take an overview, or
9 why don't I walk you through an overview of our
10 budget. Let's start with our expense budget. So
11 what you're looking at here is our operating
12 budget for Fiscal Year '13. As we've talked about
13 in the past, the vast majority of our operating
14 budget comes from federal sources, primarily in
15 the form of CD and Section 8. Of the close to
16 \$800 million in our annual operating budget, about
17 80 percent of it comes from federal sources.
18 That's 61 percent on the Section 8 side, about 17
19 percent on the CD side. And even if you exclude
20 Section 8, for which we're primarily a pass-
21 through, still federal sources comprise the bulk
22 of our funding. Alternately, only eight percent
23 of our operating budget comes from City tax levy
24 sources. On this page, which is page nine, you'll
25 find a breakdown of our Fiscal Year '14 operating

1 budget. On its face, it's extremely startling,
2 because it looks as if we've gone from a Fiscal
3 Year '13 number close to \$800 million to basically
4 \$560 million, or about \$230 million differential.
5 But it's misleading. Ultimately, the year over
6 year funding differentials are going to smooth
7 out. The significant drop depicted here is
8 primarily attributable to a couple of things.
9 Mostly that there are a number of items in Fiscal
10 Year '13 which inevitably are going to roll over
11 to Fiscal Year '14. Once that role occurs, then
12 the appearance between Fiscal Year '13 and '14 is
13 going to be much more aligned. Before I do move
14 to the capital budget, though, there's two things
15 that I'd like to note on the operating budget
16 side. The first is that I am happy that, to
17 announce that our Fiscal Year '14 budget does
18 include \$750,000 for continued support against
19 mortgage foreclosure. This is money that we're
20 going to be utilizing to support, as we have in
21 the past, the annual funding for the Center for
22 New York City Neighborhoods. We've done this in
23 conjunction with this body, we're grateful for the
24 collaboration, for the Council's ongoing support
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1 and specifically grateful to Council Member
2 Fidler's leadership on this front. And then
3 secondly, it is important to note that the CD
4 recovery funds aren't, of which I was speaking at
5 the very beginning, those aren't yet reflected in
6 our expense budget here. As those funds are drawn
7 down over time, as they become available, then
8 we're going to be reflecting them here in our
9 Fiscal Year '14 operating budget. So on the
10 capital budget. For Fiscal Years '13 and '14,
11 which is basically through the end of the Mayor's
12 Housing Plan, our capital budget amounts to about
13 \$1.1 billion in total, which is enough to allow us
14 to meet our obligations of finishing the housing
15 plan by two thousand--by June of 2014. The bulk
16 of our capital budget is really comprised of city
17 capital, roughly about 56 percent, with about 20
18 percent being comprised of federal home funds,
19 which is down from 30 percent historically,
20 because of federal cuts. While we are going to be
21 able to get to the end of the housing plan, and be
22 able to do so without too much difficulty. We
23 have definitely experienced some declines over the
24 last couple of years and at this point we expect
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2 that our annual capital budget is going to decline
3 to less than \$300 million per year, after Fiscal
4 Year 2014, which really in the end means that
5 we're going to be able to finance fewer units per
6 year than we currently are able to finance than
7 what we have been able to finance in the past. So
8 what you're looking at on this page, this is a
9 page that projects or that depicts our historic as
10 well as our projected capital budget year-over-
11 year, it excludes any rollover, so that we can
12 have a year-over-year comparison that is apples to
13 apples. And what you'll see, what I'd like to
14 point you to is Fiscal Year '15, Fiscal Year '16.
15 Those are the years that we start dipping
16 significantly below \$300 million in annual capital
17 budget per year, and those are the years that
18 we're quite concerned about. All that said, while
19 we're going to continue to have concerns about
20 capital budget reductions in the out years, what I
21 would really like to point the Committee's
22 attention to is what Chairman Dilan was making
23 reference to in his opening remarks, and that is
24 the biggest threat, the biggest budgetary threat,
25 that we're contending with right now, the impact

1
2 of sequestration on Section 8 and our Section 8
3 funding. At this point, current estimates are
4 that sequestration would result in a cut of \$36
5 million to our Section 8 budget, and that
6 correlates with about 3,000 vouchers. And that's
7 just for this calendar year. \$36 million for this
8 calendar year, about 3,000 vouchers. We are,
9 we're going to do everything we can to make sure
10 that as we absorb these cuts, as we contend with
11 these cuts, that we honor all the commitments with
12 respect to the existing vouchers that are out
13 there, and that we're not going to be cancelling
14 vouchers and we're not going to be terminating
15 vouchers. Now, that's not easy, because we're
16 going to have to take some very drastic measures
17 in order to make sure that we can protect folks
18 that have vouchers in-hand right now. And those
19 drastic measures are going to include spending
20 down our Section 8 reserves, they're going to
21 include changing payment standards, and the one
22 that actually worries me the most, limiting future
23 voucher issuance, at least for the time being.

24 Page 12. All of this is particularly problematic
25 and I think this is a body and this is a committee

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2 that knows why this is so problematic for us, in
3 that vouchers, Section 8 vouchers are the primary
4 way that we as HPD, we as a City, are able to help
5 the City's most at risk residents. It's the
6 primary way that we're able to provide residents
7 that are most vulnerable with access to the
8 projects that we're financing at HPD. And that
9 includes extremely low income residents, formerly
10 homeless residents, as well as bunch of special
11 needs categories. And having to absorb this kind
12 of a cut, a \$36 million cut this year in Section 8
13 will significantly diminish our ability to help
14 New York City's most vulnerable residents. All of
15 which brings us to one conclusion, which is
16 sequestration has got to end. We have got to work
17 with our congressional delegation, so that they
18 can fully understand the impact of sequestration
19 on New York City's most vulnerable residents. And
20 towards that end, myself as well as others within
21 our agency and sister agencies and other housing
22 partners were actually going to be going down to
23 D.C. to meet with the congressional delegation at
24 the end of the month. One of the primary topics
25 that we're going to be focusing on is

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2 sequestration and its impact on Section 8. So
3 needless to say, sequestration's been a setback,
4 and it's discouraging. However, I do think it is
5 important to also highlight many of the positive
6 things that we've been able to accomplish over the
7 course of the last ten years, even in the face of
8 a daunting economic and fiscal environment over
9 the duration of the last five years. So, page 14.
10 As an example, we're extremely proud of the fact
11 that the housing that we've been able to produce
12 is, has been produced for the folks that truly
13 need this housing. According to the housing and
14 vacancy survey, New Yorkers are, who are at or
15 below 80 percent of their median income, are the
16 most rent burdened, meaning that they're paying
17 more than 30 percent of their gross income to
18 rent. And they're doing it at higher proportions
19 than other demographics. Now, certainly that's
20 not surprising, that's exactly what you'd expect,
21 the lower you go in terms of your earnings, then
22 the more you're dealing with issues of rent
23 burden. However, what we are proud of is so far
24 under the Housing plan we have financed 150,000
25 units. And of that 150,000 units, 80 percent of

1 those units have gone to exactly these
2 demographics. The folks that need it most, 80
3 percent of the units have gone to folks at 80
4 percent of their median income and below, and
5 really the vast majority of that has been for
6 folks at 60 percent of the area median income and
7 below. However, the impact of our work extends
8 beyond gaudy [phonetic] unit count numbers and
9 annual production numbers. We have also been able
10 to leverage the housing plan as a tool that has
11 allowed us to work with local Council Members,
12 work with this body, and to work with local
13 communities, to transform entire neighborhoods.
14 As you can see from the images in front of you,
15 which is a map of Harlem, a map of the South
16 Bronx, the plan isn't just a few scattered
17 buildings across the City. For some neighborhood,
18 the plan has meant buildings that have been newly
19 constructed, buildings that have been rehabbed on
20 every single block. This means that we haven't
21 just financed construction; rather, we have
22 transformed entire neighborhoods in many, many,
23 many instances. It is fair to note that so much
24 of what we have been able to do under the plan
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1 really wouldn't be done but for with the
2 partnership of this body, and even more
3 specifically with individual Council Members.
4 Every last one of these blue dots doesn't occur
5 except for in instances where Council Members are
6 working hand-in-hand with us, working hand-in-hand
7 with community, to try and ensure the community
8 needs are met, trying to ensure that resources are
9 sufficiently provided to local communities. So
10 thank you. So, our work on the housing plan has
11 also allowed us to impact the quality of the lives
12 of families, beyond simply providing affordable
13 housing. As an example, over the last several
14 years, HPD in conjunction with Teachers College,
15 has been studying the impact of secure and
16 affordable housing, HPD financed unit on families.
17 In other words, we've been studying the impact of
18 living in a newly constructed HPD development on a
19 family's financial wellbeing, on their health, on
20 their psychological state, on a number of other
21 factors. The way we've been able to do this, I
22 think as many of you guys know, when we finance a
23 newly constructed project, in order for folks to
24 access that project upon initial lease, they have
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2 to go through a lottery. The great part is
3 there's people who win that lottery, they end up
4 moving in. The unfortunate part is some folks
5 don't win the lottery, they fit the exact same
6 demographics, same profile, and they don't end up
7 moving in. So what we've been able to do is track
8 these two groups. I think about 1,500 on each
9 side, in order to better understand the difference
10 that living in an HPD financed unit has made in
11 the lives of folks. What we have found, and been
12 able to determine utilizing the data, is that
13 household who, which received HPD housing fared
14 much better than households who did not. A pretty
15 broad statement, but the statistics themselves are
16 actually very staggering. Only eight percent, as
17 an example, of HPD households reported feeling an
18 extreme worry over making ends meet, versus 28
19 percent for non-HPD households. Only 25 percent
20 of HPD households delayed healthcare interventions
21 due to financial reasons, as opposed to 39 percent
22 of non-HPD households. And asthma symptoms were
23 reported in only 13 percent of HPD households,
24 versus 27 percent in non-HPD households. These at
25 least for us are staggering numbers, and they're

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2 incredibly encouraging. In short, the evidence
3 suggests that the housing plan has positive,
4 cascading, amplified impacts for families and
5 across entire neighborhoods and across the entire
6 City. Impacts which extend far beyond bricks and
7 mortar. Next page. To the City's investment in
8 code enforcement and emergency repairs, has also
9 played an important role in strengthening
10 neighborhoods. For that reason, we have, this is
11 something that we realized early, and as a
12 consequence we have been working very hard over
13 the years to leverage our enforcement tools in
14 order to combat the stress as well as in order to
15 hold owners accountable for building conditions.
16 And we've been able to do this through a number of
17 programs through AEP, proactive preservation, ERP.
18 AEP, for instance, is a great example of true
19 partnership between the Council and between HPD,
20 and all indications are that it's currently
21 working as it was envisioned to work. Through the
22 program, we have been able to correct 193,000
23 violations for projects that were put into the
24 program. Which has led to 600 buildings being
25 discharged from the program. It's an amazing

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2 feat. That means 600 of this City's worst
3 buildings had enough investment, made enough
4 progress, were turned around to the point where
5 statutorily they were moved out of the program.
6 And it's been an incredible success.

7 CHAIRPERSON DILAN: Are you
8 thanking us for the program?

9 MATTHEW WAMBUA: I am thanking you.
10 [laughs] Absolutely. Thanking you profusely. On
11 this page, this is--this is the amazing part.
12 This is what your legislation, your statutes, have
13 allowed us to do. What you're looking at is an
14 AEP prog--project that was discharged a year ago.
15 This is 465 E. 167th Street, it's in The Bronx.
16 When it was placed in AEP, there were over 600
17 open violations. Accordingly, we use our enhanced
18 authority under AEP to order corrections and not
19 surprisingly, as is often the case, we were
20 ignored. So, we then initiated a bunch of housing
21 litigation cases. And we ended up using extremely
22 aggressive code enforcement under AEP in order to
23 be able to prompt the existing owner to sell the
24 building. And to sell it to somebody who was
25 responsible owner and we were able to work with in

1
2 order to correct all the violations and make all
3 the changes that were necessary to improve
4 people's lives. So, with that, I want to wrap
5 things up. In conclusion, we are, we're extremely
6 proud of the work that we've been able to do over
7 the last ten years. And were deeply grateful for
8 the relationship that we've had with the Council,
9 with this body specifically. And with individual
10 Council Members that have been so key to helping
11 us move all of our projects forward and enabled us
12 to work, carry out our work. It, my hope is that
13 we're not only going to be able to continue
14 collaborating on housing development, on code
15 enforcement, on recovery issues, but they're also
16 going to be able call us around trying to make
17 sure that there's a full restoration to Section 8
18 funding. As always, thank you. And we would love
19 to take any questions.

20 CHAIRPERSON RECCHIA: All right,
21 Commissioner. Thank you. And my colleagues have
22 questions. If any member has questions, please
23 put your name on the list. Okay. I hear you loud
24 and clear about the sequestration. It is a
25 problem. But in two years, in a year-and-a-half,

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2 it all should be resolved when I'm in Congress.

3 [laughter] But unfortunately you won't--maybe you
4 will be the Commissioner. [laughter]

5 MATTHEW WAMBUA: I'm moving to
6 Brooklyn just to vote for you.

7 CHAIRPERSON RECCHIA: Aww. But I'm
8 going to let Council Member Erik Martin Dilan go,
9 then let all my colleagues ask questions, and then
10 I have a list of questions for you. But I'll wait
11 till the end.

12 CHAIRPERSON DILAN: I would just
13 say, Chairman, be careful what you wish for.
14 [laughter] So, I want to say, you know,
15 definitely we're concerned as an institution and
16 as representatives of this City, of the impact on
17 Section 8 as it relates to sequester. Could you
18 just give us your agency's plan on how you will
19 manage these cuts? Will your reserves be put into
20 play to keep these vouchers whole at all? And how
21 long will that last? And then your plans for
22 Section 8 vouchers should sequester continue to be
23 in effect after your reserves are exhausted.

24 MATTHEW WAMBUA: Sure. So, once
25 we've--sorry, we, Chairman, as you noted, one of

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2 the primary things we're going to be doing is
3 spinning down our Section 8 reserves. We have
4 about \$20 million in Section 8 reserves. Once we
5 have spent down our Section 8 reserves, then we
6 don't really have additional incremental funds
7 where we're going to be able to reallocate in
8 large part because as we were talking about, 80
9 percent of our budget is on the federal side. To
10 the extent that we're getting cuts across 80
11 percent of our budget, we don't really have a
12 fungible source that can be reallocated for
13 Section 8 purposes. Which basically means that
14 we're going to have to reduce Section 8 spending.
15 We're going to have to reduce spending to the
16 point where the program base essentially costs
17 what we're being allocated to run the program from
18 Congress. So some of the cost cutting measures,
19 an example of what we're going to be doing, we're
20 going to be managing attrition very, very tightly.
21 Let me give you an example of what that means.
22 Under normal circumstances, there's a regular life
23 span and life cycle for every single voucher, a
24 voucher gets issued, it gets used, and then
25 somebody maybe is making too much money or they

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2 move into a NYCHA unit and they give it back to
3 us. We then reissue that voucher. And we issue
4 it to folks who need it, and we try and connect
5 those folks with projects that we're financing.
6 For the foreseeable future, we're not issue--
7 reissuing that voucher. Vouchers are going to be
8 handed in, and they're not going to get reissued.
9 And we're not going to be reissuing that voucher
10 until we are at a point, or reissuing vouchers
11 until we are at a point where our program
12 basically costs what we're being allocated for to
13 run the program with. We've got other things that
14 we're going to be doing, but in short, our hope,
15 our hope, is that we will be able to get full
16 refunding, or I'm sorry, full funding restored by
17 Fiscal Year, federal Fiscal Year '14. If that
18 happens, then I think we can shortly thereafter
19 start reissuing new vouchers. If it doesn't
20 happen, then I think we're going to be in a
21 situation where we're continuing to seek out cost
22 saving measures and we're not going to be issuing
23 new vouchers. Ideally, if, you know, what we want
24 is to be able to get the full funding back, Fiscal
25 Year '14, and to be able to move forward with

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2 issuing new vouchers. Some of that though will be
3 contingent upon how successful we are with our
4 cost savings measures now. But for the
5 foreseeable future, we're just not going to be
6 issuing any new vouchers.

7 CHAIRPERSON DILAN: Okay, so, the
8 \$20 million that you have in reserve, could you
9 just tell me if that's City funds or federal
10 funds? And does that fully restore--well, it
11 doesn't fully restore the \$36 million. So how do
12 you plan on dealing with the \$16 million gap?

13 MATTHEW WAMBUA: Yeah.

14 CHAIRPERSON DILAN: And also if you
15 could just let, state to me, we have approximately
16 150 Section 8 vouchers that are issued to hot--in
17 hotels as for people who were affected by
18 Hurricane Sandy. Are those vouchers affected as
19 well?

20 MATTHEW WAMBUA: That's a very good
21 question. So, the \$20 million is going to be used
22 to fill as much of the \$36 million gap as
23 possible. We're still going to have a gap after
24 that, \$16 million. And I think about 1,600
25 vouchers it's going to correlate with. And the

1
2 only way we're going to be able to contend with
3 those, the over--with the extra cost of the 1,600
4 vouchers that we can't cover is really through
5 attrition, and then also we're going to change
6 payment standards, and then we're going to have a
7 number of other things that we're going to be
8 doing, which Molly can talk about.

9 CHAIRPERSON DILAN: So, I'm going
10 to just jump in and sorry to interrupt.

11 MATTHEW WAMBUA: Yeah.

12 CHAIRPERSON DILAN: So, the
13 vouchers that you can't cover, are you going to--
14 how are you, how are those going to be sustained?
15 Are you going to run a deficit? Are you going to
16 find money through other programs?

17 MATTHEW WAMBUA: So, we're not
18 going to run the deficit, we are going to, for the
19 time being, spend down the reserves. And then,
20 pretty much about five percent of our overall
21 portfolio, attrits every single year. With that
22 attrition, we're not going to be issuing new
23 vouchers, and with the lack of new issuance, it
24 basically means the voucher pool shrinks and it
25 becomes less costly to run. And then we have

1
2 other cost saving measures that we're going to try
3 and initiate also. In terms of the 150 Section 8
4 vouchers, we have received preliminary guidance
5 from HUD on the Section 8 side that those are
6 vouchers that consistent with their policy which
7 was any vouches issued after April needed to be
8 clawed back. That was the guidance that we
9 received. We have not done that. And we are
10 seeking new guidance.

11 CHAIRPERSON DILAN: Wow, that's
12 amazing. So, just--

13 MATTHEW WAMBUA: And by the way,
14 I'm, we're continuing to have conversations.

15 CHAIRPERSON DILAN: In deference to
16 time, I'm going to move away from this issue, but
17 certainly I have more that I would like to
18 explore, because I think the part that troubles me
19 the most is how you're going to close this gap
20 using other programs. We'll save that for another
21 time and have the answer before we adopt a budget
22 so that members understand what's going on. As it
23 relates to your Sandy recovery loan program, the
24 budget includes \$800,000 for Sandy related loans.
25 How many loans can you write with \$800,000?

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2 MATTHEW WAMBUA: So the \$800,000 is
3 basically, it's earmarked for the storm recovery
4 loan program. Storm recovery loan program is a
5 program that directly after the storm hit, we had
6 set up, it was set up in conjunction with our
7 partner, CPC, as a \$35 million loan program that
8 would allow us to make loans to multifamily
9 projects that had been hurt by Sandy. The fact
10 is, nobody was really interested in it, there
11 wasn't much appetite and there wasn't much
12 appetite because the source of the money for the
13 loan program meant that we were going to have to
14 charge interest, and that the loans were going to
15 have to be repaid. And folks knew that the CD,
16 recovery CD, was on the horizon, was going to be
17 coming soon. Now with the CD, the recovery CD, we
18 are going to be setting up loan funds and those
19 are going to be zero percent forgivable loans.
20 So, not surprisingly nobody wants to pay money and
21 pay money back when they know they're going to be
22 able to get free money. So, we're not going to be
23 allocating more money to this specific loan fund,
24 \$800,000 that is referenced there, is only to
25 cover the one loan that was actually made under

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the program.

CHAIRPERSON DILAN: Okay, that's fair enough. My next question was going to be do we really need this? So we need it to cover what, where the commitment went.

MATTHEW WAMBUA: Yeah.

CHAIRPERSON DILAN: As it relates to the CDBG \$20 million that's going to be used for Sandy recovery that you stated in your testimony, which is the zero interest program, I will imagine that most people affected will be interested in, when is this program scheduled to begin? Have the 600 families been identified? And, well, we'll start there. When will it--

MATTHEW WAMBUA: Sure.

CHAIRPERSON DILAN: --begin and have the 600 families been identified?

MATTHEW WAMBUA: So, right now, we are planning to initiate the registration process within the next couple of weeks, and Molly, do you want to talk a little more about the protocols and the process moving forward?

MOLLY PARK: Hi, Molly Wasow Park. So, for the \$20 million 600, just to confirm,

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2 those are, that's for rental subsidy, not
3 specifically for loans. We do anticipate starting
4 the application collection by early June, starting
5 with a focus on the households that are still in
6 the hotels. And other households that have
7 already come to the City identifying that they,
8 low income households identifying a need for
9 housing assistance. Depending on how take-up goes
10 with that, how many households actually are in
11 need, and do want to avail themselves of that
12 assistance, then at that point we'll be aligned
13 with the registration process through the Housing
14 Recovery Office, it's going to be via 311, and we
15 may be able to open it up to a slightly larger
16 group of people, but we are working with this sort
17 of initial pool of 600 in the households that are
18 in the hotels and who've already been working with
19 the City are our first priority.

20 CHAIRPERSON DILAN: Yeah, that's
21 correct, I misspoke, it's the \$400 million that
22 was for--and that's a significantly larger pool.
23 So, I'll move away from that, and I'll conclude
24 with the last question, Mr. Chairman. Mitchell-
25 Lama, in our briefing reports, it states that

1
2 potentially over 7,000 units in Mitchel-Lama could
3 be lost in Fiscal '14 due to property owners'
4 ability to opt out. Has HPD reached out to these
5 property owners? Have refinancing negotiations
6 begun? And how many rentals and how many are
7 rentals, how many are co-ops and where are they?

8 MATTHEW WAMBUA: Sure. So, the
9 good news is I think that 7,000 number was based
10 on the list that we'd been going back and forth
11 with from a little while ago. The number's now
12 down to 6,300. And that's a good thing, it's not
13 because 700 have opted out, it's because we've
14 been able to refinance about 700 of 'em. So we're
15 down to about 6,300. Yes, we have reached out to
16 the owners. Some of them have been responsive.
17 Some of 'em have been unresponsive. The ones that
18 have been responsive, we are actively negotiating
19 with now to be able to structure some kind of
20 refinancing with them. In terms of the portfolio,
21 the 6,300, about 2,000 of 'em are rental units and
22 about 4,300 of them are co-op units. I do think
23 it's one thing I want to note, though, is these
24 are units that could opt out, but it's not as if
25 there, there's anything magical about 2014. They

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2 could've opted out at '11, '12, '13, they could
3 opt out '15, '16. It's not as if the end of 2014
4 comes and then automatically they're all to
5 market. That said, we do think it's imperative,
6 and it's part of our strategy to as quickly as
7 possible, refinance these things to the extent
8 that they're willing, so that we can preserve 'em
9 as affordable. And this has been one of the
10 hallmarks of our housing plan. We have refinanced
11 about 36,000 Mitchell-Lama units over the course
12 of the housing plan. And that's not counting Co-
13 op City, which we also were part of the
14 refinancing just recently. And not counting
15 Segret [phonetic], which we will be refinancing in
16 June.

17 CHAIRPERSON DILAN: All right, can
18 you just finally, if you don't have the list of
19 where these units are with you, if you could get
20 it back to us.

21 MATTHEW WAMBUA: Yes, absolutely.

22 CHAIRPERSON DILAN: Great. Thank
23 you, Mr. Chairman.

24 MATTHEW WAMBUA: Thank you.

25 CHAIRPERSON RECCHIA: Thank you.

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2 We've been joined by Council Member Reyna, Council
3 Member Koppell, Council Member Mendez, Council
4 Member Oddo, Council Member Fidler. If any
5 Council Member wish to ask a question, please
6 submit your name. And Council Member Jumaane
7 Williams. Council Member James, followed by
8 Council Member Rodriguez.

9 COUNCIL MEMBER JAMES: Thank you.

10 So the impact of sequestration on Section 8 is
11 extremely troubling. But the difference in the
12 shortfall, the \$36 million minus the \$20 leaves
13 about a \$16 million shortfall. And so, based on
14 your testimony here today, it indicates that
15 you're going to strictly enforce HPD and HUD
16 policies. Could you please outline those policies
17 more specifically?

18 MATTHEW WAMBUA: Sure. Did you
19 want to talk a little bit about the policies?

20 MOLLY PARK: Molly Wasow Park, HPD.
21 So, there's a mixed bag of items that I think,
22 that we are going to look at requirements about
23 how long rent increases can go retroactively.
24 Right? There's pretty strict limits within HUD
25 regulations that we have been interpreting a

1
2 little bit more leniently. We are now going to
3 have to take a much harder line on those. Other
4 policies that we are going to be digging in on are
5 when a building converts when it's an enhanced
6 conversion, such as leaving one of the Mitchell-
7 Lama programs, for example, so got things
8 prospectively, but some of the ones that have
9 happened before, tenants who are considered to be
10 over housed, right, so they're in a very large
11 unit, are allowed to stay where they are for up to
12 a year. We've been fairly lenient about that, as
13 well. We are going to have to be stricter about
14 that going forward. Some of the other policy
15 changes that we're looking at go beyond enforcing
16 HUD policies and procedures, I think. Two of the
17 biggest levers that we have to work with and I'm
18 going to be a little bit vague right now because
19 we're still figuring out exactly how we're going
20 to do them, but are the payment standard, so the
21 percent of fair market rent that we cover, and
22 then the subsidy standard, which is how big an
23 apartment a given family size is able to rent.
24 Those are things that we're looking at, because
25 there are ways that we can make each individual

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2 voucher less expensive. It's not what we want to
3 do, but it's the way to be able to keep the most
4 number of people housed in the face of this very
5 significant cut.

6 COUNCIL MEMBER JAMES: When do you
7 think these policies will be finalized?

8 MOLLY PARK: We are probably going
9 to be rolling out with some proposed changes to
10 our administrative plan within the next few weeks.
11 HUD has some slightly ambiguous guidance about how
12 quickly we can implement things. So, until that
13 is resolved with HUD, I can't say for sure.

14 COUNCIL MEMBER JAMES: And do you
15 believe that all of these policy changes will
16 close your shortfall?

17 MOLLY PARK: We don't yet have a
18 funding letter from HUD. Which is a big challenge
19 in implementing this, you know, it's the end of
20 May already, and so we're talking about
21 implementing a very large cut during half of the
22 time period that it actually applies to. Until I
23 have a funding letter from HUD that says, in
24 writing, "This is how much money you have to work
25 with," I don't want to speculate on that.

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COUNCIL MEMBER JAMES: Thank you.

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Can we turn to pages 14 and 15 of your

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presentation?

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MATTHEW WAMBUA: Sure, Council

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Member James, I just wanted to note one thing,

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which is none of this obviously is pleasant. But

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I do want to reiterate, our two primary objectives

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in pursuing all these measures. One is protect

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every voucher holder. If you have a voucher in

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place, we do not want to be left with the

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shortfall that results in us having to terminate

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it. We don't want people to be victimized as a

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consequence of these cuts. So that's our primary

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objective. And then the second one is to the

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extent that we can actually put in place some of

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the cost cutting measures, try and truncate to the

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best of our ability the period during which we're

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not issuing new vouchers. And that's really what

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we're trying to get at is unpleasant as this

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conversation is.

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COUNCIL MEMBER JAMES: Besides the

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Section 8 reserve fund, are there any other

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reserve funds available within HPD?

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MATTHEW WAMBUA: Not enough for

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this.

COUNCIL MEMBER JAMES: Okay.

MATTHEW WAMBUA: No.

COUNCIL MEMBER JAMES: Let's turn to page 14 and 15 of your presentation. So I agree with you that 80 percent of units under the neighborhood housing marketplace program should be targeted for households making under 80 percent of AMI. And I also agree with you, with this slide which indicates that 62 percent of individuals making between 40 and 80 percent are rent burdened. I've witnessed that in my district. But I'm troubled by the fact that on page 15 you only present The Bronx and Harlem. I'm happy for The Bronx and Harlem, but I would argue that if you had a mapping--if you had a map of downtown Brooklyn, it would not look like this at all.

MATTHEW WAMBUA: I would argue you're right. That we don't have the same amount of development across the entire city. We have obviously worked hard on downtown Brooklyn. Downtown Brooklyn does not look like the South Bronx and I wouldn't contend otherwise.

COUNCIL MEMBER JAMES: Which goes

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2 to my next point. BAM North 1 and BAM North 2,
3 there's clearly some opportunities to reverse that
4 trend. And in one particular development in BAM
5 North 1, I believe, it's only 20 percent
6 affordable. And since you agree with me that the
7 map of downtown Brooklyn looks nothing like the
8 map of Harlem, and South Bronx recognizing that
9 there's a significant number of residents in
10 downtown Brooklyn earning between 40 to 80 percent
11 of AMI. Why is the number only 20 percent
12 affordable for that?

13 MATTHEW WAMBUA: So if I'm
14 remembering--

15 COUNCIL MEMBER JAMES: Uh-huh.

16 MATTHEW WAMBUA: --the number, it's
17 600 units and 50 percent are affordable, and 20
18 percent are for low income, with a portion of that
19 for extremely low income.

20 COUNCIL MEMBER JAMES: So there
21 were two financing mechanisms in the RFP, one is
22 for 80/20 and the other one is for 50/30/20.

23 MATTHEW WAMBUA: Yes, that's right.

24 COUNCIL MEMBER JAMES: I understand
25 that there's a shortlist that has come out last

1
2 week, and it's my understanding that a number of
3 those on the short list--

4 CHAIRPERSON DILAN: I would just
5 state, Council Member, if you could just continue
6 the questioning on the broader scope, as you did,
7 if we could stay away from district specifics.

8 COUNCIL MEMBER JAMES: Sure. My -

9 -

10 CHAIRPERSON DILAN: But you did
11 begin correctly in pointing out a shortfall. So,
12 that point was - -

13 COUNCIL MEMBER JAMES: My point
14 basically is that since there is a definite need
15 to expand the neighborhood marketplace program in
16 downtown Brooklyn, that you would do all that you
17 can to select someone who would provide the most
18 affordable housing on both sites. And I would
19 hope that you would do that.

20 MATTHEW WAMBUA: Sure, that's
21 always our objective.

22 COUNCIL MEMBER JAMES: Okay. With
23 regards to the State program for ... to build
24 supportive housing, did we receive an increase
25 from the State with regards to supportive housing?

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2 MATTHEW WAMBUA: An increase in
3 what form?

4 COUNCIL MEMBER JAMES: New York/New
5 York III agreement?

6 MATTHEW WAMBUA: Oh, no, that is--
7 New York/New York IV.

8 COUNCIL MEMBER JAMES: IV.

9 MATTHEW WAMBUA: As of now, has not
10 been established. Which is one of the problem and
11 one of the issues that we're going to have to be
12 contending with moving forward. For supportive
13 housing, it's been one of our marquee initiatives,
14 we care deeply about supportive housing, we feel
15 as if it's exactly the kind of housing that we
16 should be focusing on to the extent that it
17 provides for folks who have the most difficulty
18 within a solely market based system to secure
19 housing. It contends with those demographics that
20 have great difficulty. So we have, towards that
21 end, doubled our supportive housing financing.
22 And we're very proud of that. But one of the
23 difficulties that we're going to be facing, moving
24 forward, in terms of maintaining production, is
25 exactly what you're pointing to.

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COUNCIL MEMBER JAMES: Yes.

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MATTHEW WAMBUA: And that is that

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New York/New York III is running out. I think all

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the allocations have been made. There is, as of

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now, no New York/New York IV. For those of you

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that are not familiar with what the Council

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Member's making reference to, New York--the New

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York/New York agreement is the component that pays

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for social services to provide the support for

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special needs populations within the housing, the

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supportive housing that we--

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COUNCIL MEMBER JAMES: And I'm

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particularly concerned about those living with a

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mental illness.

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MATTHEW WAMBUA: Yeah.

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COUNCIL MEMBER JAMES: We're

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beginning to see more and more individuals living

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with mental challenges on our streets, and this

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New York/New York agreement unfortunately is

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running out, and I'm very much concerned about the

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impact to New York City.

23

MATTHEW WAMBUA: I think your

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concern is 100 percent justified and is spot on.

25

CHAIRPERSON RECCHIA: Okay.

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2 COUNCIL MEMBER JAMES: Moving on to
3 SCRIE.

4 CHAIRPERSON RECCHIA: Could you
5 close it down--

6 COUNCIL MEMBER JAMES: Sure.

7 CHAIRPERSON RECCHIA: --Council
8 Member.

9 COUNCIL MEMBER JAMES: Last
10 question with regards to SCRIE. My understanding
11 is that the SCRIE program you're going to be
12 recapturing some of these tax benefits. What is
13 the specific impact to the SCRIE program, can you
14 elaborate a little bit more on the changes?

15 MOLLY PARK: Molly Wasow Park. So
16 this is, there were a handful of households that
17 we identified who are receiving both Section 8 and
18 SCRIE.

19 COUNCIL MEMBER JAMES: Mm-hmm.

20 MOLLY PARK: Given that this is,
21 was essentially double-dipping on our rent
22 subsidy, so what we did was recapture--end that
23 double dipping of the benefit. Households kept
24 the Section 8 voucher, which is the substantially
25 richer benefit and better for the low income

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2 tenant. But we ended the tax benefit for the
3 landlords, the reduction of property tax benefit
4 that they were getting, because they're able to
5 charge the rent that is comparable to the normal
6 rent, regulated rent, they don't have to do the
7 reduction in rent. So, it's a way of saving some
8 dollars for the City while holding tenants
9 harmless.

10 COUNCIL MEMBER JAMES: So, these
11 seniors will now receive benefits under the
12 Section 8 program?

13 MOLLY PARK: They were already
14 receiving benefits under the Section 8 program,
15 they were also simultaneously receiving SCRIE.
16 But that's a double dip of benefits.

17 COUNCIL MEMBER JAMES: Right.

18 MOLLY PARK: That is unnecessary
19 from a tenant perspective, and costs the City. So
20 what we did was rescind the SCRIE benefit, which
21 is the, it's the lower benefit for the tenant, so
22 they're keeping the Section 8, which is the richer
23 benefit, and at the same time saving the City
24 money, because they're no--the landlord's no
25 longer receiving the SCRIE benefit.

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2 COUNCIL MEMBER JAMES: So you're
3 confident that there will be no impact to the
4 tenant.

5 MOLLY PARK: Yes.

6 COUNCIL MEMBER JAMES: Okay. Thank
7 you.

8 CHAIRPERSON RECCHIA: Thank you,
9 Council Member. Council Member Rodriguez, to be
10 followed by Council Member Lander.

11 COUNCIL MEMBER RODRIGUEZ: Thank
12 you, Chairman. First of all, Commissioner, thank
13 you for your work at HPD and also I'm a real - -
14 for always being there--

15 COUNCIL MEMBER JAMES: Yes.

16 COUNCIL MEMBER RODRIGUEZ: --when
17 we need you.

18 MATTHEW WAMBUA: Thank you,
19 Councilman.

20 COUNCIL MEMBER RODRIGUEZ: My first
21 question is related to Mitchell-Lama. One of the
22 Mitchell-Lama in my district, the Prominent in
23 Marble Hill, are you familiar with that? Have you
24 been approached with the possible owner or any
25 owner who is expecting to buy? And if so, is

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there resources to keep those apartments aff--
those, that building affordable?

MATTHEW WAMBUA: Which address is
this?

COUNCIL MEMBER RODRIGUEZ: The
Prominent, Marble Hill, 225th?

MATTHEW WAMBUA: In Marble Hill?

COUNCIL MEMBER RODRIGUEZ: Yes.

MATTHEW WAMBUA: [pause] I'm not
familiar with that one, I apologize. I actually
did not know that you had part of Marble Hill.

COUNCIL MEMBER RODRIGUEZ: Yeah.

MATTHEW WAMBUA: Oh, so you're in
The Bronx.

COUNCIL MEMBER RODRIGUEZ: Yeah,
that's right.

MATTHEW WAMBUA: Okay. Hold on--

COUNCIL MEMBER RODRIGUEZ: So,
yeah, so Mar--we already been told that--

MATTHEW WAMBUA: Yeah.

COUNCIL MEMBER RODRIGUEZ: --that
Prominent, is one of those that the owner will
sell it. He's looking for a new buyer. So--

MATTHEW WAMBUA: Yeah.

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2 COUNCIL MEMBER RODRIGUEZ: --our
3 concern is together with my other colleague, is to
4 be sure that whoever buy the building, will keep
5 those apartment affordable.

6 MATTHEW WAMBUA: Are you in contact
7 with the owner right now?

8 COUNCIL MEMBER RODRIGUEZ: We've
9 been in conversation the last three years.

10 MATTHEW WAMBUA: And these are,
11 these are not--are they part of our portfolio or
12 are they part of rent reg?

13 COUNCIL MEMBER RODRIGUEZ: Right.

14 MATTHEW WAMBUA: Rent reg.

15 COUNCIL MEMBER RODRIGUEZ: Yes.

16 MATTHEW WAMBUA: I'd be more than
17 happy if you want to set up a meeting--

18 COUNCIL MEMBER RODRIGUEZ: Okay.

19 MATTHEW WAMBUA: --with them, to
20 sit down with them, in order to apprise them of
21 the myriad of financing options that we have, and
22 ways that we could structure something that
23 allowed them to basically work with folks that
24 were coming in and could buy it, and keep things
25 affordable.

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2 COUNCIL MEMBER RODRIGUEZ: Okay.

3 My second question is on, question is on, with
4 this coming budget, does the City have the funding
5 available for the Mayor to complete his 165,000
6 affordable housing? Or what is your expectation?

7 MATTHEW WAMBUA: So, we have the
8 funding to complete the 165,000 and we should be
9 okay by--in doing that by June of 2014. But the
10 real issue is right after June of 2014.

11 Especially given the cuts that we received from
12 the federal home side. We have been cut about 50
13 percent in home funding. And that, and the way
14 home funding works is you, you get an annual
15 allocation, that annual allocation, you know, you
16 then have a couple of years to allocate it, then
17 the project has a couple years to use it. So, to
18 the extent that you get a cut now, it's really
19 felt three to four years down the line. And the
20 point at which the capital budget, capital budget
21 annually is going to be dropping is really around
22 Fiscal Year 2015, Fiscal Year 2016. And that's
23 when we're very, very scared. As an example,
24 probably from Fiscal Year--oh, Fiscal Year 2012
25 through Fiscal Year 2016, we will have gone from a

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2 home line item of \$150 million down to \$50
3 million. It is a tremendous cliff to have to
4 contend with over a very short period of time.
5 And from 2015 on, our capital budget in total is
6 going to be dropping to below, well below \$300
7 million. Those are numbers that we haven't seen
8 in a long time. So, we're okay for the housing
9 plan, we're very concerned about everything
10 thereafter.

11 COUNCIL MEMBER RODRIGUEZ: Okay. I
12 mean, my invitation is for HPD to look at a area
13 in the City where we have not built, as we've been
14 have build, have been building and building in
15 Harlem, and other places. As you know, like, and
16 we've been in conversation, and I appreciate it
17 that we've been looking to potential sites where
18 to development. But I think that since we only
19 are like short by a couple of month, we would like
20 to see some actions on identifying some space
21 available in area where affordable housing is
22 needed, like as you know, we lost 15,000 people in
23 lower Manhattan in the last ten years. Mainly
24 because they cannot afford affordable housing.

25 MATTHEW WAMBUA: Yeah.

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2 COUNCIL MEMBER RODRIGUEZ: So what
3 I hope is that in this coming budget, we are still
4 look for opportunity to build and provide our
5 community some share of those 65,000 units. My
6 last question is about enforcement. You know, we
7 had to be sure that - - have all the inspectors
8 and he's always there, it doesn't matter the time.
9 Will this coming budget provide this same
10 resources for enforcement? Or there has been any
11 cut?

12 MATTHEW WAMBUA: So, this budget is
13 going to provide the same resources for
14 enforcement. Where we were truly under attack
15 wasn't so much this year, it was the last two
16 years. Many of, about 50 percent of the agency is
17 on the enforcement side, and the vast majority of
18 the way that those heads are supported are through
19 CD. Before this year, oh I'm sorry, before this
20 budget, over the course of the last two years,
21 we've been cut by about 23 percent. And that was
22 unfortunate because it meant that Vito had to make
23 very difficult decisions about thinking about how
24 to streamline as well as how to fill positions or
25 not fill positions to the extent that they became

1
2 available. And we've lost a lot of heads over
3 that period. But right now, the CD that is
4 supporting code and enforcement is stable relative
5 to the way it was over the course of the last two
6 years.

7 COUNCIL MEMBER RODRIGUEZ: Okay,
8 thank you.

9 MATTHEW WAMBUA: Thank you, Council
10 Member.

11 CHAIRPERSON RECCHIA: Okay.
12 Council Member Koppell wants to make a quick
13 statement.

14 COUNCIL MEMBER KOPPELL: Just two.
15 You, it's very nice of you to give Marble Hill to
16 The Bronx, but it is not, it's part of Manhattan.
17 [laughter] And I can tell you a longer story, but
18 we wanted to have it for a long time, but we still
19 haven't achieved that. Though it is on the north
20 side of the Harlem Ship Canal, it's part of
21 Manhattan.

22 MATTHEW WAMBUA: I, Council Member,
23 I would note that possession is nine-tenths and
24 [laughter] we're not giving it back. [crosstalk]
25 By the way, you were my Council Member [crosstalk]

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2 COUNCIL MEMBER KOPPELL: I don't
3 have a question, so you can make - -

4 CHAIRPERSON RECCHIA: Okay.

5 COUNCIL MEMBER KOPPELL: I just
6 want to clarify, but I do want to thank you and
7 your staff for your help on a couple of recent,
8 Tracy Towers and the Hebrew Home, thank you for
9 your help on those two matters.

10 MATTHEW WAMBUA: It's our pleasure,
11 and thank you for your leadership, - - .

12 CHAIRPERSON RECCHIA: See,
13 somebody's giving you a compliment today.

14 MATTHEW WAMBUA: [laughs]

15 CHAIRPERSON RECCHIA: All right.
16 Before Council Member Lander goes, I just have--I
17 just have to clarify something. The \$36 million
18 shortfall covers 3,000 vouchers, you said?

19 MATTHEW WAMBUA: Yeah.

20 CHAIRPERSON RECCHIA: All right,
21 and then you expect to have \$20 million in there,
22 so that will leave a--

23 MATTHEW WAMBUA: That will shrink
24 it about--

25 CHAIRPERSON RECCHIA: --a deficit

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of \$16.

MATTHEW WAMBUA: Yeah.

CHAIRPERSON RECCHIA: Okay. How many vouchers would we be--

MATTHEW WAMBUA: 1,600.

CHAIRPERSON RECCHIA: 1,600 vouchers--

MATTHEW WAMBUA: Yeah.

CHAIRPERSON RECCHIA: --we'll be short. Okay. Now, if you are successful in getting the money from Washington, then you will cover that, those 1,600 plus add more?

MATTHEW WAMBUA: So we're not, they're not going to give us money to cover. I think the real issue is, is sequestration going to be over at the end of September? Or is it going to be elongated? And if elongated, are we going to be able to carve out Section 8? Realistically, the money that we're losing now, we're not going to get back. We'll push for it, but we're not going to get back. At this point, what we're hoping for is subsequent to September, that sequestration will be over, that full funding of Section 8 will be reinstated, and at least moving

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forward we're not going to have a deficit.

CHAIRPERSON RECCHIA: So, if it's moving forward, you would do first fund those 1,600 and then fund new ones?

MATTHEW WAMBUA: That's exactly right.

CHAIRPERSON RECCHIA: Okay, I just want to be clear on that. [background comment] Okay. All right. Council Member Lander? Oh, we've been joined by Melissa Mark-Viverito and Jimmy Van Bramer.

COUNCIL MEMBER LANDER: Thank you to both Chairs. And thank you, Commissioner, you know, inasmuch as this is the final budget hearing of the Administration, I do want to take a minute to say how proud I am of the work that this Council and the Administration have done together over the past decade on affordable housing issues. And I think this "Outcomes of Good Housing" chart that you presented really just speaks very powerfully to the work that, you know, that Commissioners Donovan and Cestero and you have done. And this idea in particular of connecting it to real wellbeing is just very powerful. So, I

1
2 share the deep concerns about what we got to get
3 from HUD to be able to keep doing it, but I do
4 want to take just a minute to say thank you to you
5 and the agency for, you know, a powerful and very
6 effective decade of work. So.

7 MATTHEW WAMBUA: Thank you, Council
8 Member.

9 COUNCIL MEMBER LANDER: I was also
10 very encouraged and you and I have talked about
11 the \$20 million being approved for the subsidy
12 vouchers for the 600 families. I want to ask just
13 a couple more questions there. Obviously, I'm
14 especially encouraged by it because of Judge
15 Sapp's ruling that those families not get evicted
16 from the hotels, right as this program was getting
17 created. And I want to flag in the Council
18 Chamber the Council's important role in that, I
19 don't know if people got a chance to look at the
20 order, but Judge Sapp specifically cites the
21 Administration's testimony to the Council about
22 the housing recovery program and the fact that it
23 was coming as being an important part of what
24 created the due process requirement that those
25 families not be put on the street. So, I think

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2 it's important for the Council to appreciate the
3 role that it played. And now I'm encouraged
4 because the order, though it's not 100 percent
5 clear, suggest that given the existence of this
6 program, there's a responsibility to sort of make
7 sure all of those families have the opportunity to
8 come into it, and so hopefully we won't keep each
9 month having to go back into court and fight this.
10 That said, I guess I want to get a few more
11 details. It's great to hear that in early June
12 you'll start doing registration. But if you could
13 just walk it out a little further, it takes a
14 while, obviously, to register families to
15 determine eligibil--figure out what eligibility
16 is, to determine eligibility, to sign people up,
17 for them to get the vouchers, for them to go find
18 units. And of course, they're looking to stay in
19 the neighborhoods where they are, and then execute
20 those leases with this somewhat unusual voucher.
21 So, how long do we think all of that is likely to
22 take and what kind of conversation is there with
23 DHS to help make sure we can make the transition
24 as seamless as we possibly--

25 MATTHEW WAMBUA: So, you have all

1
2 the sequencing right, and we actually have a,
3 those benchmarks that we can speak to, so--

4 MOLLY PARK: Sure. So, we'll start
5 the application process fairly shortly. And
6 because we're talking specifically about the hotel
7 clients, where there's already a fair amount of
8 information, you know, known and they've already
9 been collecting documents and things like that, we
10 hope to turn around briefings and hand people a
11 coupon. We're trying very hard not to call them
12 vouchers, because it is in fact not a Section 8 -
13 -

14 COUNCIL MEMBER LANDER:

15 [interposing] People like coupons.

16 MOLLY PARK: Within a fairly short
17 period of time, right. So hopefully by second to
18 third week of June, people will be in a position
19 where they can start searching. We are going to
20 help people with the apartment search process, but
21 I do think it's very important to emphasize that
22 we're talking about a new subsidy, it's a time
23 limited subsidy, and to the extent that people
24 feel very strongly about staying in their own
25 neighborhoods, right, these are neighborhoods

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2 where by definition there's less housing than
3 there was previously, unfortunately. So, we are
4 concerned about the time between, you know, we say
5 go and the point at which we sign a lease, we're
6 going to do everything we can to help people with
7 that, but I can't say for sure it's going to be X
8 number of weeks or X number--because there's, it's
9 just something we haven't done before.

10 COUNCIL MEMBER LANDER: Do you
11 think it might be possible in those neighborhoods
12 to do some outreach, some social media work.
13 There is this new resource, landlords/small
14 homeowners, who wouldn't necessarily think of
15 themselves as Section 8 landlords, whose tenant
16 might have left, or some way, it's not that many
17 units, so if there was some kind of campaign in
18 Staten Island and Coney Island and the Rockaways,
19 maybe that would help turn up some landlords or
20 homeowners willing to help these families - -

21 MOLLY PARK: That's a good idea,
22 and we can absolutely look at that.

23 MATTHEW WAMBUA: And to be clear,
24 one of the things that we are going to be focusing
25 on, we've learned a lot since the onset of the

1 storm. Initially, our thought was we put together
2 portal people, you know, come to the portal, they
3 register, and we've got lots of developers who
4 have the kind of stock that would allow the folks
5 to be housed. What we didn't realize was how low
6 income a huge portion of the folks were going to
7 be, so they couldn't even move in to a 60 percent
8 tax credit unit. Now, with this kind of a
9 resource they can. So what we can do, and what we
10 expect to be doing, is much of what we anticipated
11 doing at the very beginning, which is working
12 directly with folks within our asset management
13 portfolio. Deputy Commissioner Ann Marie
14 Hendrickson is specifically heading that up, to
15 try and make sure that there is matching
16 connectivity between folks who have vouchers and
17 the people within our portfolio that have
18 affordable units that can be made available to
19 them.
20

21 COUNCIL MEMBER LANDER: Great. And
22 let me ask a question about eligibility, because
23 we heard at length from Commissioner Diamond about
24 the barrier, the challenges they were facing. So
25 there were people who were too low income who were

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2 not eligible for NYCHA because of a criminal
3 conviction, who were undocumented, and then most
4 bizarrely who were single, I didn't realize that
5 single could be, could bar you. But anyway, those
6 I think as I recall, were the four reasons why
7 people were not eligible for the assistance DHS
8 was able to give prior to the disaster vouchers,
9 are all of those--what are the eligibility issues
10 with the - -

11 MATTHEW WAMBUA: [interposing] So,
12 walking through each one of those, to the extent
13 that you would have been eligible--well, first of
14 all, if you were too low income and you couldn't
15 have moved in to - - since the kind of unit for
16 which I was talking about, if you're--that's
17 exactly who we're going to be targeting 50 percent
18 and below. If you're referred to a NYCHA unit,
19 and you add issues by virtue of the vetting
20 process and maybe add a criminal background, short
21 of, you know, a couple criminal issues such as--I
22 think it's sex offender and--

23 MOLLY PARK: Crystal meth.

24 MATTHEW WAMBUA: --crystal meth--

25 COUNCIL MEMBER LANDER: But a

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marijuana violation, okay for these coupons.

MATTHEW WAMBUA: Short of crystal meth--

COUNCIL MEMBER LANDER: Of course, short of crystal meth and--

MATTHEW WAMBUA: And short of sex offender. Yes.

COUNCIL MEMBER LANDER: --sex offenders, I think we're not, you know - - so--

MATTHEW WAMBUA: [interposing]
Those are--so, and ix-nay to the sex offenders and the crystal meth folks, but otherwise, if you were disqualified from NYCHA, we are going to be able to provide you with a voucher. In terms of undocumented, that's obviously the most difficult demographic that we're going to be contending with. They, they were victimized just like everybody else; however, there are restrictions on the use of federal funds for undocumented Sandy victims. By extension, it has been one of the thornier problems, we're trying to think about how to deal with it. What we've been doing is we've been working with the Mayor's Office of Immigrant Affairs to one, try and size the problem--

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2 COUNCIL MEMBER LANDER: It sounded
3 like that was a very small number of--

4 MATTHEW WAMBUA: Well, yes, but--

5 COUNCIL MEMBER LANDER: --in this,
6 in the hotels.

7 MATTHEW WAMBUA: But it's a--not
8 necessarily the hotels, it's--I think that those
9 are folks that are probably on people's couches,
10 those are folks that we necessary--haven't
11 necessarily been able to identify through the
12 hotel system. And maybe they are not in the
13 shelter system, maybe they're on couches. We do
14 want to help those folks. What we have been
15 working towards is talking to private funders to
16 raise private funds that would allow us to offer
17 the same type of voucher, just not utilizing the
18 federal sources as the payment for the voucher.

19 COUNCIL MEMBER LANDER: That's
20 great. Thank you. And I assume singles are not a
21 problem in the - -

22 CHAIRPERSON RECCHIA: [interposing]
23 All right.

24 COUNCIL MEMBER LANDER: So, two
25 more quick questions on other not on--thank you.

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2 CHAIRPERSON RECCHIA: You have no
3 quick questions.

4 COUNCIL MEMBER LANDER: Not on
5 Sandy issues. One is I did notice in the, in the
6 budget documents, that a couple of the, that there
7 are cuts. You spoke broadly to the cuts and why
8 they look bigger than they are. But there are
9 cuts in anti-abandonment code enforcement and ERP.
10 At least in the version, it's always, it's hard to
11 match the Council presentation to your numbers.
12 But from 13 adopted to 14 proposed, we show some,
13 you know, some cuts in anti-abandonment, code
14 enforcement and emergency repair. If you can tell
15 me that those are not being cut, then that'll be
16 the best answer, and--

17 MOLLY PARK: They're not being cut-

18 -

19 COUNCIL MEMBER LANDER: Right.
20 Last question, one important source for the
21 duration of the new housing marketplace plan for
22 resources has been the HDC surplus or reserves.
23 Those don't, generally don't get spoken to in our
24 budget hearing because they're not in HPD's
25 budget, but they've been an essential source of

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2 capital funding and subsidy funding for our
3 housing development. What's the, as we move to
4 the next administration, you showed the concern,
5 there's resources available, but somewhat less on
6 the capital side. Do you have some sense of what
7 will be available from HDC to continue the model
8 that you've been working on for the next
9 administration?

10 MATTHEW WAMBUA: So, you're 100
11 percent right, to put your finger on HDC as being
12 the a) primary resources, if not the primary
13 resource, that we have utilized to compensate for
14 capital budgetary shortfalls. I think since the
15 inception of the plan, our overall capital budget
16 has gotten cut at times. But HDC, which initially
17 anticipated contributing about \$500 million in
18 terms of their corporate reserves for capital
19 subsidy, is now over the duration of the plan
20 going to be contributing about \$1.2-\$1.3 billion,
21 so they have almost compensated dollar for dollar
22 for many of the cuts that we have been subject to,
23 to the tune of about \$750 million. They are in a
24 position where they can't contribute what they
25 used to be able to contribute. At their height,

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2 several years ago, they were able to contribute
3 about \$200 million to, for subsidy loans. Over
4 the course of the last couple of years, they have
5 worked through a lot of their reserves, they still
6 have an extremely healthy business, and pipeline,
7 and business model. So, the expectation is they
8 will consistently be contributing \$100 million
9 plus a year. But likely the numbers will be
10 stabilized at \$100 million, versus the \$200
11 million high point of several years ago.

12 COUNCIL MEMBER LANDER: And that
13 was, that was based on their financing more the--
14 there were more deals taking place at the height
15 of the market and they were finding more deals?

16 MATTHEW WAMBUA: Yeah.

17 COUNCIL MEMBER LANDER: Or that was
18 backlog of surplus - -

19 MATTHEW WAMBUA: [interposing] I
20 think it was a combination of that. There were
21 lots of deals. But also a combination of accrued
22 reserves. And they weren't necessarily, I mean,
23 they are an extremely fiscally adept and
24 responsible company. So, they put their foot on
25 the pedal to try and provide, burn through a lot

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2 of their reserves. But at the same time, have
3 been very thoughtful about maintaining, being
4 fiscally responsible. So, once they got through a
5 lot of the reserves that they didn't necessarily
6 want to leave on the table that were accrued over
7 many, many years, they have slowed down and now
8 are stabilized at about \$100 million a year.

9 COUNCIL MEMBER LANDER: Thank you
10 very much. Thanks, Mr. Chairman.

11 CHAIRPERSON RECCHIA: Okay. We
12 have Council Member Reyna, Williams, Fidler, and
13 Koppell, to ask questions. Okay? So, keep that
14 in mind, every Council Member, I'll give every
15 Council Member like six minutes. We have 35
16 minutes to go. Council Member Diana Reyna.

17 COUNCIL MEMBER REYNA: Thank you,
18 Mr. Chair. I just wanted to take a moment to just
19 refer to the MWBE Local Law 1. The agency, as far
20 as complying with Local Law 1, with its recent
21 changes, what is the personnel that is trying to
22 be put in place in order to work with City Hall to
23 achieve goals that have been set forth?

24 MATTHEW WAMBUA: So, Kim Hardy is
25 the head of our MWBE for procurement. And she's

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2 actually worked with City Hall, she's worked with
3 SBS, and she's the point person that focuses on
4 ongoing compliance as well as the creation and
5 initiation of any new programs.

6 COUNCIL MEMBER REYNA: And what is
7 the MWBE utilization rate for HPD at the moment
8 for Fiscal Year '13.

9 MATTHEW WAMBUA: So, I don't
10 actually have Fiscal Year '13 with me, I'm--

11 COUNCIL MEMBER REYNA: Is--

12 MATTHEW WAMBUA: --I would be happy
13 to send you--actually, I can set up time for you
14 and Kim, and I'd be happy to send you any
15 statistics on MWBE utilization overall.

16 COUNCIL MEMBER REYNA: Absolutely.
17 I look forward to that. I do want the Committee,
18 as far as Finance is concerned, to be able to
19 receive that information.

20 MATTHEW WAMBUA: Sure.

21 COUNCIL MEMBER REYNA: For our
22 analysis, in trying to monitor the MWBE program
23 citywide. And what was Local Law 129 and now
24 moving forward with Local Law 1. On the issue of
25 the budget briefing that we received with--from

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2 Finance, our Finance staff, there's a allocation
3 of non-City dollars that had been allocated for
4 2013 for Hudson Yards and Willets Point of \$3.6
5 million, as well as \$733,000, I believe. Has that
6 been spent?

7 MATTHEW WAMBUA: So that, I don't
8 think that that has been spent. The Hudson Yards,
9 there's a bunch of capital items that get carried
10 over each year. They were put into the budge a
11 while ago, they are part of multi-year development
12 projects. Some of it gets spent, to the extent
13 that there's some left over, or that the projects
14 are still moving forward. Then a lot of it gets
15 rolled.

16 CHAIRPERSON DILAN: I just would
17 like to ask the Council Member and Commissioner to
18 indulge me for a second. I just want to make an
19 acknowledgement. We've been joined by some young
20 individuals from the Arts and Technology High
21 School from the Martin Luther King, Jr., campus.
22 I'd like to say thank you for coming and welcome.
23 [applause] Council Member Reyna.

24 COUNCIL MEMBER REYNA: Thank you,
25 Mr. Chair. I hope that we have a future Council

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2 Member sitting in the balcony. I want to make
3 sure that, I understand as far as this funding is
4 concerned, it doesn't appear on the FY'14
5 allocation of funding. Is this intended to be
6 rolled over? For Fiscal Year '14?

7 MATTHEW WAMBUA: I think it is
8 going to be rolled over. Much of--and that's part
9 of the problem with the--if you look at Fiscal
10 Year '14 versus Fiscal Year '13, there's \$230
11 million that appears to be missing, and it is a
12 staggering number. The reason that differential
13 occurs is because so many of the items, the exact
14 items that you're pointing to are inevitably going
15 to be rolled over.

16 COUNCIL MEMBER REYNA: Okay. And
17 there's a MOU with HPD, but it doesn't appear to
18 give any specifics of a \$120,000. Are you
19 familiar with that?

20 MATTHEW WAMBUA: An MOU?

21 COUNCIL MEMBER REYNA: It's just
22 listed on our briefing papers as an MOU with HPD,
23 non-City funds for \$120,000.

24 MATTHEW WAMBUA: Oh, is that the
25 reimbursement--I don't know.

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2 EVA TRIMBLE: Hi, Eva Trimble, also
3 from HPD. We have an MOU with EDC in regards to
4 the Willets Point project. And whereby we're
5 performing property management services and
6 relocation services at Willets Point, and that
7 money will roll till next year. I'm not sure what
8 the MOU, what other agencies in the MOU for the
9 \$120,000 specifically, but we can follow up with
10 you, and Council Finance staff, to clarify that
11 point.

12 MATTHEW WAMBUA: I would like to
13 commend you, Council Member, on identifying the
14 \$120,000 item out of the \$800 million. [laughs]

15 COUNCIL MEMBER REYNA: I will pass
16 on your comments to the great work of our staff at
17 Finance. I wanted to just make sure that we had a
18 clear understanding as to what these numbers are
19 reflecting. There's also a PLP 582 588 Union
20 Avenue roll. But I don't know if the role is
21 referring to a rollover for Fiscal Year '14 or a
22 rollover from Fiscal Year '12 to '13 of \$806,000.

23 MATTHEW WAMBUA: So I think the
24 \$800,000 is what we made reference to earlier,
25 this, that was initially for a loan recovery,

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2 multi-family loan recovery program for Sandy. It
3 was going to be \$35 million program, set up in
4 conjunction with our partners at CPC. But the
5 source of the money was, meant that we were going
6 to have to charge interest on the loans, they were
7 going to have be repaid, so nobody wanted the
8 money. Especially knowing that CD money was going
9 to be coming, it's going to be free money, we're
10 going to be able to give it for zero percent
11 interest. And it's going to be forgivable. So,
12 there was no appetite for the loan program. The
13 \$800,000 that you're making reference to, was the
14 one loan that we actually made under the program.

15 COUNCIL MEMBER REYNA:

16 Successfully.

17 MATTHEW WAMBUA: Yeah.

18 COUNCIL MEMBER REYNA: Okay.

19 MATTHEW WAMBUA: Yeah.

20 COUNCIL MEMBER REYNA: And that's
21 at zero percent.

22 MATTHEW WAMBUA: No, that's why
23 nobody wants that money.

24 COUNCIL MEMBER REYNA: I see, okay.

25 MATTHEW WAMBUA: It's, nobody's

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interested.

COUNCIL MEMBER REYNA: And this was out of how much of a percentage?

MATTHEW WAMBUA: So this is, the way this program works is part of our PLP program, and it's with CPC, which is one of our originating partners. And the way the program works is CPC originates a loan, and we provide subsidy in that loan to drive down the overall cost of capital for the total loan. But the loan that CPC originates, they in turn sell to NYSERS [phonetic]. And NYSERS requires a return.

COUNCIL MEMBER REYNA: Mm-hmm.

MATTHEW WAMBUA: Which means that they, the loan has to bear interest. I think until recently NYSERS loans required about a four-and-a-half percent interest rate, I think it's been increased since that time, because they have a higher return threshold.

COUNCIL MEMBER REYNA: Mm-hmm. And where is this Union Avenue location? Is this Union Avenue in Brooklyn?

MATTHEW WAMBUA: I--I'm not positive.

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2 EVA TRIMBLE: We can follow up with
3 the specific district location.

4 MATTHEW WAMBUA: Yeah. I think it
5 was only 14 units. Very tiny. And we'll follow
6 up and give you the address.

7 COUNCIL MEMBER REYNA: Okay. And
8 my last reference is the Green Point/Williamsburg
9 rezoning, the funding allocation for the rezoning
10 as per what would be the continuation of
11 affordable housing commitments that were supposed
12 to be achieved in that plan, in the new market
13 housing or in the--yeah, new market housing market
14 plan. Perhaps I'm getting that all wrong.

15 MATTHEW WAMBUA: It's - -

16 COUNCIL MEMBER REYNA: But
17 essentially there was what would be an
18 identification of a budget allocation in years
19 past, that I don't see in our briefing papers.
20 And was not commented throughout your testimony.
21 Is there reason to believe that there isn't any
22 funding associated to that rezoning moving
23 forward?

24 MATTHEW WAMBUA: Want to say--?

25 MOLLY PARK: So, we've funded

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2 projects in the Green Point/Williamsburg rezoning
3 through a wide variety of our capital programs.
4 You know, new construction, the low income rental
5 program, PLP, other things like that. So projects
6 would be folded in under whatever aggregate
7 program line that they're in, and we don't speak
8 to the project level detail within our capital
9 budget.

10 MATTHEW WAMBUA: Is there a
11 specific line from Fiscal Year '13 that you're
12 making reference to?

13 COUNCIL MEMBER REYNA: I don't have
14 previous budget years in front of me, certainly I
15 can work with our Finance staff to understand what
16 years reflected what was a specific budget, that
17 was very identifiable in budget reports--

18 MATTHEW WAMBUA: Okay.

19 COUNCIL MEMBER REYNA: --as
20 dedicated to the pipeline of units within the
21 Green Point/Williamsburg rezoning, similar to what
22 I see here for what would be Hudson Yards and
23 Willets Point.

24 MATTHEW WAMBUA: Okay.

25 COUNCIL MEMBER REYNA: And there

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2 was reference to the HPD targeting of subsidy for
3 600 Sandy impacted households of 50 percent at or
4 below 50 percent of the area median income. Is
5 that the metropolitan area or the community AMI?

6 MATTHEW WAMBUA: So, that is the
7 same AMI standard as used by the federal
8 government, and they utilize the metropolitan
9 area. I wish I could use something more
10 calibrated but we operate off of the federal
11 measure.

12 COUNCIL MEMBER REYNA: And so that
13 50 percent of AMI at the metropolitan level,
14 according to the federal guidelines, is what
15 currently? Because the AMI changes year to year.

16 MATTHEW WAMBUA: So, at, right now,
17 it's at about \$86,000 for a family of four is 100
18 percent. So, for family of four, that would be
19 roughly about \$43,000, although I actually do have
20 a chart. So, \$42,950 for a family of four.

21 COUNCIL MEMBER REYNA: Thank you
22 very much for those specific numbers and I look
23 forward to further discussion on other specific
24 matters to the Green Point/Williamsburg housing
25 allocation of funds for affordable housing, as

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well as the MWBE question.

MATTHEW WAMBUA: Thank you, Council Member.

COUNCIL MEMBER REYNA: Thank you.

CHAIRPERSON RECCHIA: Thank you very much. It'd be Council Member Williams, followed by Fidler.

COUNCIL MEMBER WILLIAMS: Thank you to both Chairs and thank you Commissioner, and team.

CHAIRPERSON RECCHIA: One question, Jumaane.

COUNCIL MEMBER WILLIAMS: Okay. [laughter] Can I get it? Lord. [laughs] First, I did want to say--

CHAIRPERSON RECCHIA: And Housing has nothing to do with stop and frisk.

COUNCIL MEMBER WILLIAMS: [laughs] Oh my--

CHAIRPERSON RECCHIA: Well, then that's--

COUNCIL MEMBER WILLIAMS: I bet you I can link it to both stop/frisk and the mix, if you gave me some--

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CHAIRPERSON RECCHIA: The Nets.

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COUNCIL MEMBER WILLIAMS: Oh, the

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Nets, oh, boy. Anyway [laughs] I just want to

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thank you and your team, you have always been

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responsive to my office. I think you've done a

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good job as Commissioner. Obviously there's still

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a lot of issues we have to deal with. I think the

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next Mayor, whoever that is, would be good to keep

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you. I'd be excited to see what you would do with

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a Mayor that actually understands a lot of issues

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that are going on. So, I just wanted to say thank

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you very much for you and your team, and of course

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Vito will make sure that that name remains a good

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name in Brooklyn, and he does a lot of great

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things. So thank you for that. My one question

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had to do with a bill that Gale Brewer passed,

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that I'm still jealous that she passed before I

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did. It was brilliant in its simplicity, which is

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basically forcing landlords to have to fix an

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entire system, as opposed--[background comment]

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Tish's bill? I thought that was Gale.

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CHAIRPERSON RECCHIA: Well, how--

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what does it have to do with the budget? Tish--

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CHAIRPERSON DILAN: Stay on the

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budget.

COUNCIL MEMBER WILLIAMS: I am--

CHAIRPERSON RECCHIA: Stay on the
budget.

COUNCIL MEMBER WILLIAMS: - -

CHAIRPERSON RECCHIA: It has to do
with the budget.

[background comments]

COUNCIL MEMBER WILLIAMS: Oh,
Tish's bill, I thought it was Gale's.

CHAIRPERSON RECCHIA: We have 25
minutes. Ask the question.

COUNCIL MEMBER WILLIAMS: If y'all
would let me, I would get to the question.

[laughter] It was Tish's bill--

CHAIRPERSON RECCHIA: And we've
been joined by Council Member Jackson.

COUNCIL MEMBER WILLIAMS: --it was
brilliant. I wanted to know if there was, one, if
there would be any monetary effect to implement
that to the best possible way. As an organizer, I
know how difficult it was to get things fixed. So
I'm excited that bill is there. Just wondering if
there's any monetary impact to make sure it's

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implemented as much as we can.

MATTHEW WAMBUA: So, first of all,
I just want to note that it's always a pleasure
working with--

COUNCIL MEMBER WILLIAMS: I'm
sorry, hold on a second. It was [laughter]

MATTHEW WAMBUA: [background
comment]

MOLLY PARK: There will be some,
some cost for getting the program off the ground:
technology changes and costs for doing some of the
repair work. It's very much in the projection
phase because we obviously are still implementing
right now, and we'll absorb it within our existing
program costs.

MATTHEW WAMBUA: But we love the
bill. We love working with you, by the way, and
so thank you, and thank you, Council Member James,
for your sponsorship. And it's [background
comments, laughter]

CHAIRPERSON DILAN: Are you
finished? Oh, wow, that's great. Oh, that--that
was great. Council Member Fidler followed by
Koppell.

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2 COUNCIL MEMBER FIDLER: Good--well,
3 still good morning, Commissioner, good to see you.

4 MATTHEW WAMBUA: Good morning,
5 Council Member.

6 COUNCIL MEMBER FIDLER: I apologize
7 for coming in a little bit late, but Chairman
8 Dilan indicated to me that you had made reference
9 to the fact that the Administration's commitment
10 to the Center for New York City Neighborhoods is
11 continuing. I appreciate that. Having read
12 through your written testimony, I see reference to
13 the Council's contribution to the MAP program, but
14 not to the Center. I'm not sure if that's one and
15 the same in your mind. I'm really not sure. But
16 I'm actually, having expressed my appreciation,
17 going to put my piggy nose on a little bit. My
18 concern, I mean, well, let me ask you this. Have
19 you seen an uptick in foreclosures in the wake of
20 Hurricane Sandy?

21 MATTHEW WAMBUA: I don't have any
22 statistics that they're showing us an uptick
23 overall in foreclosures. I haven't seen that.
24 Have you?

25 COUNCIL MEMBER FIDLER: You know, I

1
2 haven't seen statistics, but I can't imagine that
3 it would be any other way. And I mean, when you
4 take a homeowner that was in, you know, difficulty
5 to begin with, and then socked them with \$50,000
6 of unreimbursed repairs to their home, what's
7 going to happen?

8 MATTHEW WAMBUA: Yeah.

9 COUNCIL MEMBER FIDLER: Right? So,
10 I'm concerned, and I'm concerned that you, you
11 don't know, that nobody knows. If you guys don't
12 know, who knows? So I have a community, say like
13 Canarsie, where many, many of the homes already
14 were--I mean, it was Ground Zero as far as I'm
15 concerned, in the foreclosure crisis. But many of
16 the homeowners in Canarsie purchased their home,
17 it was a two family home, their ability to pay
18 their mortgage was dependent in large part upon
19 the rental income that they were getting from
20 their second unit. I'm even talking only about
21 the people who are doing it illegally now. And
22 many of those units were damaged because they were
23 intended to be the ground floor units in the
24 community. What relief is available for them?
25 What programs are available? Other than the

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2 ridiculous position of the federal government at a
3 two-family homeowner is a business, and therefore
4 not eligible for direct FEMA aid, but only for
5 small business administration loans? What are we
6 going to do when all of those homeowners start to
7 slip into foreclosure?

8 MATTHEW WAMBUA: So, just in terms
9 of those homes that were damaged, as I think we
10 talked about a little earlier, about \$600 million
11 of the initial allocation of CDs are going to be
12 going towards recovery purposes for, on the
13 homeownership as well as on the rental side. We,
14 in conjunction with HRO, are going to be launching
15 a number of programs on the HPD side, we're going
16 to be focusing on the programs that fully
17 reconstruct homes that were destroyed. HRO, in
18 conjunction with DEP, is going to be focusing on
19 repairs to homes that were damaged. And so, those
20 are programs, as I think you know, the action plan
21 was approved, right now there's a grant agreement
22 that is being negotiated between the City and
23 between HUD. And the expectation is that this
24 summer the CD recovery funds, incremental funds
25 that were made available through Congress, are

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2 going to be flowing. And that we're going to be
3 able to collectively launch programs that help
4 homeowners, like the ones that you were just
5 making reference to. The other thing that I would
6 note, on the mortgage foreclosure side, for me
7 that's why it's even more important to continue
8 with supporting Christie Peale and the Center for
9 New York City Neighborhoods, and I did give you a
10 shout-out when you and I were here, because you've
11 been a terrific partner along those lines. And
12 not only am I happy to have announced the \$750,000
13 that we're able to contribute again, as we have in
14 the past, to ongoing support, but I think the role
15 of the Center is becoming even more prominent.
16 They have about \$7.5 million that they're now
17 administering from the AG funds. And that's
18 distributed to some of the areas of which you were
19 speaking about most specifically. And we've
20 worked over the course of the last six to seven
21 months to get them another \$1.5 million from the
22 Mayor's Fund, as well as from Goldman Sachs
23 specifically for contending with foreclosure
24 issues arising out of storm recovery related
25 circumstances.

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2 COUNCIL MEMBER FIDLER: First thank
3 you for the shout out. Second, I just want to be
4 clear, the repair program that you just talked
5 about, two family homeowners are going to be
6 eligible for that, for their entire property?

7 MATTHEW WAMBUA: Yes.

8 COUNCIL MEMBER FIDLER: We're not
9 making that federal government distinction,
10 calling them businesses, right?

11 MATTHEW WAMBUA: No, no, no. No,
12 we're not doing that.

13 COUNCIL MEMBER FIDLER: Okay, very,
14 very glad to hear that. Nonetheless, I mean, some
15 people are going to fall through the cracks. I
16 mean, you can't imagine, I mean, I really,
17 intellectualize that in this environment, that
18 fewer people are going to be in mortgage distress.
19 We already have seen what's going on with the tax
20 lien sale, and the difficulty that many of those
21 homeowners--I mean, that's usually the harbinger
22 of mortgage foreclosure, you're not paying your
23 water bill. You see what's going on, and my
24 office has worked very diligently to take people
25 off that list; and yet in the end, Department of

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2 Finance would not remove all people who weren't
3 red or yellow tagged, but had damage anyway. And
4 I can only imagine those people are tomorrow's
5 foreclosure victims. And I'm just concerned that
6 maintaining the status quo at programs like the
7 Center, will not be sufficient next year, when
8 this wave hits. I think if you can almost predict
9 it's going to hit, and I would just urge you to
10 look at--if there is data to suggest that I'm
11 correct about that, that we get ahead of the
12 curve, and maybe pump a little bit more money into
13 mortgage foreclosure assistance programs, so that
14 when it happens, we're ready for it.

15 MATTHEW WAMBUA: I actually think
16 we're operating on the exact same premise that
17 you're operating on, which is you take the storm
18 areas, you assume that a certain amount of
19 foreclosures are going to happen; you then pile on
20 a tragedy of biblical proportions, you have to
21 expect that worse is probably going to happen in
22 terms of mortgage foreclosure. And I think that
23 is the assumption that we're operating on. And
24 that's really why we have doubled down in trying
25 to not just focus on the status quo, but really

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2 try and create incremental resources, incremental
3 programming, at the Center, in order to be able to
4 deal with what we think is going to be an
5 onslaught. Even if we don't have, you know, the
6 statistics right now, especially because of the
7 fact that, I think you know as well as I do,
8 there's always a lag effect between, you know, the
9 point of trauma and the point at which those
10 statistics play out in the form of foreclosure.
11 Even if we don't have those statistics right now,
12 we think it's coming. And that was about what
13 underpinned our trying to go get another million
14 and a half for the Center. Above and beyond what
15 we currently do. And we're working with them to
16 expand more of what they do, especially around the
17 Sandy recovery areas, and the way Sandy has
18 affected folks with mortgage distress.

19 COUNCIL MEMBER FIDLER: I do want
20 to thank you and your staff for all of the great
21 work that you've done with the Center. And I just
22 want to urge you to keep your eye on the
23 statistics, so that, you know, we need to be
24 proactive about the people who have actually
25 fallen through and not been able to benefit enough

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2 from the things that are being done now, that
3 we're able to deal with that uptick when it
4 actually happens, because I'll bet every dollar in
5 my pocket that it's going to happen.

6 MATTHEW WAMBUA: I think your
7 points are exceptionally well taken.

8 COUNCIL MEMBER FIDLER: Thank you.

9 CHAIRPERSON RECCHIA: Thank you,
10 Council Member. It'll be Council Member Melissa
11 Mark, then Council Member Al Vann, and then we'll
12 close it down.

13 COUNCIL MEMBER MARK-VIVERITO: Good
14 morning, Commissioner.

15 MATTHEW WAMBUA: Good morning,
16 Council Member.

17 COUNCIL MEMBER MARK-VIVERITO: I
18 can just add to what Council Member Jumaane
19 Williams said, it's been a pleasure to work with
20 you over the years, not only in capacity as
21 Commissioner of HPD, and hopefully you will have a
22 longer tenure. I know that I haven't had an
23 ability to look at the budget in detail, but
24 obviously I'm looking at subsidies for housing
25 that is being built. I do have a briefing coming

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2 up with EDC to talk about the Uptown New York
3 project, which is in my district. And it's
4 obviously taken much, much longer, and it's being
5 phased in, but there's a lot of housing that is
6 part of that, subsidized housing. So I wanted to
7 understand, within your budget, whether that's
8 accounted for in this, any aspect of it is
9 allocated in this budget, or in future budgets.
10 If you could just speak to that.

11 MATTHEW WAMBUA: So, first of all,
12 it has been incredibly gratifying to work with you
13 over the years. So, I echo that. Uptown New
14 York, I mean, the fact that you're even calling it
15 Uptown New York--

16 COUNCIL MEMBER MARK-VIVERITO: I
17 know, well--

18 MATTHEW WAMBUA: --that goes back
19 to like almost a decade ago.

20 COUNCIL MEMBER MARK-VIVERITO: Yes.

21 MATTHEW WAMBUA: It is a project
22 that is near and dear to me, given the fact that
23 we spent, you know, once a week for probably two
24 years on negotiating that project.

25 COUNCIL MEMBER MARK-VIVERITO: Mm-

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MATTHEW WAMBUA: It is, as I understand it, and I think you understand this also, when the market dumped much of what, you know, had been anticipated as being able to move forward, really wasn't able to move forward, as we're working towards being able to close, you know, the phases that are going to be coming up behind, you know, the small corner, a lot that was done--

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COUNCIL MEMBER MARK-VIVERITO:

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Right.

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MATTHEW WAMBUA: --we will make the funding available. It is an important project, it's a marquee project, it hasn't moved forward, really, because the financing hasn't been there to the extent that the developers are at the point that they're ready to finance, and the financing is there. We're going to make it happen.

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COUNCIL MEMBER MARK-VIVERITO:

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Okay. I just wanted to make sure that that was still obviously good. It is many, many units of housing, hundreds of units of housing.

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MATTHEW WAMBUA: Yeah.

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2 COUNCIL MEMBER MARK-VIVERITO: So,
3 I appreciate that. That was the only question, I
4 just wanted to know if it had been factored in in
5 any way. Thank you so much for your help.

6 MATTHEW WAMBUA: Absolutely. By
7 the way, I think that as of now, December, we have
8 it foreclosing in December, in our pipeline. Now,
9 if it happens in December, that's great; if it
10 doesn't, it's not as if that money's going away.
11 This is a marquee project for us. Sure.

12 COUNCIL MEMBER VANN: I think I'm
13 next. In absence of a Chair, I'll assume the
14 Chairmanship. [laughter] Councilman Vann, you
15 may speak. [laughter] It's okay. The king is
16 dead, long live the king. Actually, could after--
17 good morning, Commissioner.

18 MATTHEW WAMBUA: Good morning,
19 Council Member.

20 COUNCIL MEMBER VANN: HPD staff,
21 yeah. Briefly, there is a project being, that was
22 initiated in my district by Northeast Brooklyn in
23 part of my district, it goes back a few years. It
24 was delayed for several years for probably good
25 reasons. However, it's online now to go forward

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2 with, and I have allocated several years ago some
3 funds to support that initiative. My
4 understanding is, now, HPD would prefer, as I
5 understand it, supportive housing financing for
6 this project, as opposed to what we originally
7 wanted, and still feel is the greatest need. If
8 you're not familiar with the project now, we can,
9 you know, go offline, but I made an inquiry a
10 while ago, and I haven't gotten a response. So,
11 if you want to respond to it now or later, either
12 way, as long as I get the right response.

13 CHRIS GONZALEZ: Good morning,
14 Council Member, it's Chris Gonzalez, HPD, we spoke
15 on the phone. As the Commissioner said
16 previously, supportive housing is definitely a
17 priority for the Administra--for HPD. For this
18 project in particular, we're still in the, you
19 know, predevelopment phase in terms of figuring
20 out exactly what kind of programming we would like
21 for this site. And so we're going to continue
22 those internal conversations and I will get back
23 to you once we've, you know, made some decisions.
24 But we have heard you loud and clear that you do
25 have concerns with the supportive housing on that

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site.

MATTHEW WAMBUA: Council Member, do you mind if I ask you what your concerns are?

COUNCIL MEMBER VANN: Beg pardon?

MATTHEW WAMBUA: Do you mind if I ask you what your concerns are?

COUNCIL MEMBER VANN: What my--?

MATTHEW WAMBUA: Oh, I'm sorry, do you mind if I ask what your concerns are?

COUNCIL MEMBER VANN: Well, my concern is that we've--supportive housing is fine, and generally we are very supportive of that. In this particular project, however, the preference is not for supportive housing, but closer to a middle income housing, based on the demographics and the community's need. Obviously, it's a different line of financing, I would suppose. And it appears that your preference, that is HPD's preference, would be supportive housing. And that's fine. I'm saying for this project, no, that's not how it started, that was not how we projected it, and that's not--the funding I put in there was not for supportive housing. So we would hope that you would support the initiative as it

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2 was originally proposed. They need a letter of
3 site control and I guess they need support from
4 HDC, whatever that funding is, with HPD's support.
5 So, again, if you can follow up. - -

6 MATTHEW WAMBUA: Okay. Thank you,
7 sir.

8 COUNCIL MEMBER VANN: That
9 generally is what we want.

10 MATTHEW WAMBUA: Okay.

11 COUNCIL MEMBER VANN: Mm-hmm, thank
12 you. So you'll get back to me in short order on
13 that. Right, thank you very much.

14 CHAIRPERSON RECCHIA: We've been
15 joined by Council Member Brewer, Council Member
16 Cabrera. Council Member Al Vann, you have any
17 more questions?

18 COUNCIL MEMBER VANN: - -

19 CHAIRPERSON RECCHIA: Okay, does
20 there any other Council Member have any questions?

21 COUNCIL MEMBER JAMES: [off mic]
22 Yes.

23 CHAIRPERSON RECCHIA: Yes, Tish,
24 one last one.

25 COUNCIL MEMBER JAMES: So,

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2 Commissioner, just if someone can get back to me
3 regarding those buildings which unfortunately now
4 are still not, have not been sold. I think Ann
5 Marie knows them well enough, they're those
6 affordable marketplace houses, that were
7 transferred from one not-for-profit organization
8 to another. And we need to get those sold.

9 MATTHEW WAMBUA: Okay.

10 COUNCIL MEMBER JAMES: Thank you.

11 MATTHEW WAMBUA: Got it.

12 CHAIRPERSON RECCHIA: Okay. Now.

13 I have some questions. I just want to just follow
14 up on some other things that are--the West Chelsea
15 Affordable Housing Fund, how much is the
16 Administration putting in and when is the closing?

17 MATTHEW WAMBUA: So this is the
18 Fulton Street? So, we, in conjunction with
19 ourselves and HDC, HDC's going to be providing
20 about \$25 million in bonds. We collectively are
21 going to be providing, if I remember correctly,
22 close to \$15 million in subsidy. About \$15
23 million in subsidy. I also think that there was
24 an additional ask Chelsea Market has associated
25 with it, about \$4.7 billion--

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CHAIRPERSON RECCHIA: Yeah, that's-

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MATTHEW WAMBUA: --\$4.7 million.

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CHAIRPERSON RECCHIA: That's the,

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that's what we want to know about.

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MATTHEW WAMBUA: Yes. We have

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committed until the money's made available, and

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that money was going to be contributed to Fulton,

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we've committed to front that money until that

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money is made available.

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CHAIRPERSON RECCHIA: So, is that

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money in the budget, not in the budget? Or you

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don't know yet.

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MATTHEW WAMBUA: It'll be there.

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CHAIRPERSON RECCHIA: It'll be

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there.

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MATTHEW WAMBUA: Yeah.

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CHAIRPERSON RECCHIA: Okay. In

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addition to that, the--you have a lot of closings

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coming up. Do we have enough capital money in

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there between now and December?

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MATTHEW WAMBUA: We--between now

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and December we're okay. My primary worry is that

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Deputy Commissioner Ruthanne Visnauskas is going

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out on June 10th, or June 20th--

CHAIRPERSON RECCHIA: That is a concern to all of us.

MATTHEW WAMBUA: And between June 20th and June 30th, we'll close--

CHAIRPERSON RECCHIA: There are many deals that have to close.

MATTHEW WAMBUA: --10,000 units. So, that's my concern. But--

CHAIRPERSON RECCHIA: It's my concern, too.

MATTHEW WAMBUA: The money is not the issue at this point, over the short term.

CHAIRPERSON RECCHIA: Okay. All right, Commissioner, hold on. [pause, background noise] The money for the multifamily, this Sandy money. How do people apply for that, and what's the qualifications? Where can they find out? 'Cause I know, today's the first part of some funding for small businesses. Right? When is your application going to come out, from--?

MATTHEW WAMBUA: Sure. So, we're in the process of setting up several funds. And those, just to give you the broad architecture, so

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2 HDC, on our behalf, is going to be deploying funds
3 for multifamily projects within the affordable
4 housing portfolio, and that have been damaged by
5 Sandy. So that would be projects that are already
6 within the HDC/HPD/HUD portfolio. Not including
7 NYCHA, to be clear. So they're going to be doing
8 that on our behalf. Then we're also going to be
9 setting up an additional fund to help multifamily
10 buildings invest in recovery, that are small to
11 mid-sized buildings. Five units to 100 units.
12 We're going to be doing that in conjunction with
13 our partner, CPC Enterprise Lisc [phonetic]. And
14 then for the very large, not regulated buildings,
15 we're going to be doing that at HPD. We are
16 creating the term sheets now, we're working with
17 our partners to set up the funds. Our expectation
18 is that the grant agreement between the City and
19 between HUD is probably going to be executed in
20 the coming weeks, and we'd like for the money to
21 be available in June, so we can start talking to
22 people and start underwriting loans shortly
23 thereafter in June. And they can reach out to us
24 directly.

25 CHAIRPERSON RECCHIA: So, you speak

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2 about the, you know, the large--what about the
3 one, two and three family homes, where people--

4 MATTHEW WAMBUA: Oh, so that also--

5 CHAIRPERSON RECCHIA: Where can
6 those people go for money?

7 MATTHEW WAMBUA: So, all of those
8 folks, ultimately there is a case management
9 system that is being set up and is being set up by
10 Brad Gare [phonetic] and HRO. They are looking at
11 this point to be able to register folks through
12 311. They would like to be able to do it in early
13 June. And to the extent that homeowners are
14 looking for a place to go, they'll be able to call
15 311, be referred there, and then, and then they'll
16 ultimately after being registered, get case
17 managers and be able to--

18 CHAIRPERSON RECCHIA: So Brad Gare
19 is leading that part of it, for one, two and three
20 family homes - - ?

21 MATTHEW WAMBUA: No, for the
22 intake, he, they're leading that part. The, the
23 construction for homes that have been destroyed
24 and that need to be rebuilt, we're going to be
25 doing that over at HPD. However, there's a

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2 process where folks are going to be taken in,
3 they're going to have a case manager, they're
4 going to be able to understand what their
5 different options are, their, you know,
6 eligibility's going to be assessed. And then,
7 we're going to be working with them directly to be
8 able to rebuild their homes. You look confused.

9 CHAIRPERSON RECCHIA: Totally lost.

10 MATTHEW WAMBUA: Well, basically--

11 CHAIRPERSON RECCHIA: Ta--

12 MATTHEW WAMBUA: --let me, yeah.

13 CHAIRPERSON RECCHIA: The problem
14 that myself and other Council Members are having--

15 MATTHEW WAMBUA: Yeah.

16 CHAIRPERSON RECCHIA: --is that our
17 constituents, one, two and three family homes,
18 they do not know where to go.

19 MATTHEW WAMBUA: 311 in June.

20 CHAIRPERSON RECCHIA: That's not--I
21 can't tell my client, my constituents to call 311
22 anymore, they've had it.

23 MATTHEW WAMBUA: We can give you--

24 CHAIRPERSON RECCHIA: They--

25 MATTHEW WAMBUA: Yeah.

1
2 CHAIRPERSON RECCHIA: They are at
3 their end. They don't know where to go, who to
4 speak to. My question is they hear about all this
5 money.

6 MATTHEW WAMBUA: Mm-hmm.

7 CHAIRPERSON RECCHIA: They--no one,
8 and I can't find out this answer, it's the truth,
9 what is going to be the process? Forget about
10 multifamily homes and this and that--that all
11 sounds great. But the big gap is one, two and
12 three family homes. These are everyday people who
13 live in Coney Island that got wiped out. They do
14 not know where to go, and how to apply for this
15 money and what the process is.

16 MATTHEW WAMBUA: So the simple
17 answer is the intake process is being set up, it's
18 being set up by HRO. As soon as it's set up,
19 there's going to be a--

20 CHAIRPERSON RECCHIA: That's the
21 recovery operations.

22 MATTHEW WAMBUA: Exactly. There's
23 going to be a number somebody can call and they're
24 going to be able to come down or have people come
25 to them, take all their information, register

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them, and figure out what their benefits are.

CHAIRPERSON RECCHIA: Okay. And how much money is in that pot?

MATTHEW WAMBUA: So, in the pot for single family stuff right now, so there's about \$600 million in total, that is part of the first allocation of CD recovery. CD. Of that \$600 million, about \$250 million is for multifamily. And then you've got about \$10 million, which is for the vouchers. And then the balance of it is for one to four family homes. And then there's also some overhead and start-up costs and - -

CHAIRPERSON RECCHIA: [interposing] Now are these loans or are these grants?

MATTHEW WAMBUA: These are going to be grants.

CHAIRPERSON RECCHIA: Grants. And they could use this money to raise their houses?

MATTHEW WAMBUA: Yes.

CHAIRPERSON RECCHIA: To lift the house?

MATTHEW WAMBUA: Yes. They're going to be grants that fill gaps. So in other words, if you have some insurance money, or you

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2 have some FEMA money, but you don't have enough
3 money, then the grants that fill the hole. If you
4 don't have any of 'em, then they're still, you
5 know, going to fill the hole.

6 CHAIRPERSON RECCHIA: Okay, now if
7 these people decide to do the work now, will they
8 be reimbursed through this system?

9 MATTHEW WAMBUA: For one to four
10 families, HUD has said the reimbursement is going
11 to be allowable.

12 CHAIRPERSON RECCHIA: Okay. All
13 right. Well, all right. Any other questions?
14 We've been joined by Liz Crowley, Joel Rivera.
15 Seeing no more further questions, 12:00 o'clock,
16 you're out of here, Commissioner.

17 MATTHEW WAMBUA: It's an absolute
18 please, thank you again.

19 CHAIRPERSON RECCHIA: All right,
20 we're going to take a two minute recess, we're
21 waiting for Commissioner from the Department of
22 Buildings. [background comment] He's in the
23 back? All right. Come on up, let's start. We'll
24 take a two minute recess.

25 [long pause, background noise]

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2 CHAIRPERSON RECCHIA: Okay, we're
3 going to begin now. If the Commissioner and his
4 wonderful staff could find a seat right in front
5 of us. Department of Buildings. [pause,
6 background noise] Commissioner, are you going to
7 leave Donald sitting all by himself? He's lonely.
8 [laughter] Only joking. Okay. [laughter, pause,
9 background noise] Commissioner, Erik says in six
10 months we'll all be sitting in the back. [laughs]

11 ROBERT LIMANDRI: It's quite
12 likely.

13 CHAIRPERSON RECCHIA: All right.
14 We'll now resume the City Council Hearing on the
15 Mayor's Executive Budget, FY 2014. The Finance
16 Committee and the Committee on Housing and
17 Buildings, have just heard from the Department of
18 Housing Preservation and Development. We will now
19 hear from the Department of Buildings, which has a
20 budget of \$103.6 million, reflecting a decrease of
21 \$7.2 million from the adopted. I'm looking
22 forward to hearing from the Department of
23 Buildings, Commissioner. And at this time, I
24 recognize my co-chair. But before we do that, let
25 me recognize all the members that have joined us:

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2 Council Member Brad Lander, Council Member Julissa
3 Ferreras, Council Member Leroy Comrie, Council
4 Member Tish James, Council Member Liz Crowley, and
5 now I recognize my co-chair Erik Martin Dilan.

6 CHAIRPERSON DILAN: As the
7 Chairman, I'll defer a statement. I think it's
8 best we hear directly from the Commissioner.

9 CHAIRPERSON RECCHIA: Couldn't
10 agree with you more.

11 ROBERT LIMANDRI: Thank you. Good
12 afternoon, Chairmen Recchia and Dilan, Members of
13 the Finance and Housing and Buildings Committee.
14 I am Robert LiMandri, the Commissioner of the New
15 York City Department of Buildings. I'm joined by,
16 on my right, First Deputy Commissioner Tom
17 Fariello; to my left is the Executive Director of
18 Budget and Fiscal Operations, Ed Pemberton; and to
19 his left Donald Ranshte, who you all know. Our
20 Department's core mission is clear: to advance
21 public safety and enforce the laws that govern
22 construction and facilitates compliant
23 development. We continually seek innovative ways
24 to improve construction and safety, strengthen
25 compliance, and streamline our processes to allow

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2 for legal construction to move forward faster. We
3 continue to see increases in permit applications.
4 Last Fiscal Year, we had 68,911 jobs filed, an
5 increase of six percent from the prior year.
6 Initial construction permits issued rose to 87,190
7 from 83,151, an increase of five percent during
8 the same period in the prior fiscal year. Permit
9 renewals were also up 3.8 percent from the prior
10 fiscal year. Today, I will review our proposed
11 budget, head count and staffing, and an overview
12 of our storm related activities, as well as
13 critical safety and development initiatives. The
14 Mayor's Fiscal Year 2014 Executive Budget
15 allocates approximately \$104 million in expense
16 funds to the Department. This excludes fringe
17 benefits. Of this, approximately \$84 million is
18 for personal services and \$19 million is for
19 other-than-personal services. Since the Executive
20 Budget, there were adjustment totaling \$9.8
21 million for the following revenue generating
22 initiatives: 19 new fulltime positions to improve
23 service delivery and enforcement and development
24 areas to include two inspectors, seven engineers,
25 one development commissioner, four development

1 associates, one enforcement policy advisor, two
2 project managers, and two IT professionals. Total
3 funding added was \$1.6 million. Three positions,
4 four retaining walls and compromised structures,
5 inspections program were added, consist of two
6 engineers and an administrative support staff,
7 totaling funding that's supported by fees that
8 were \$220,000. Overtime funding of \$1.6 million
9 was added for Fiscal Year '14 in order to reduce
10 response time to quality of life complaints; \$4.9
11 was added for the private elevator inspection
12 contract; and \$1.5 was added for contractual
13 adjustments. The above programs are covered by
14 new fees and revenues from the construction and
15 building permits. The Fiscal Year 2014 Executive
16 Budget revenue plan is approximately \$173 million.
17 This does not include the almost \$50 million in
18 budget related ECB fines that the City collects
19 each year. As for the Fiscal Year 2014 Exec Plan,
20 the Department's budgeted headcount is 1,128. In
21 the aftermath of the tragic Super Storm Sandy, the
22 Department surveyed 82,000 properties in the flood
23 plain in all five boroughs, each property received
24 a designation of green, yellow or red. At the end
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2 of this initial assessment, there were 934 red,
3 7,799 yellow. And in the following weeks, the
4 Department completed an additional 4,000 detailed
5 assessments working alongside HPD, FEMA,
6 homeowners, elected officials and community
7 groups, the numbers were reduced to our current
8 level which is 648 red tagged, 953 yellow tagged.
9 To date, approximately 500 homes were demolished
10 or destroyed by storm, and we continue to work
11 every day on those buildings. With the help from
12 City Council, we passed a law to alleviate undue
13 financial burdens to homeowners affected by the
14 storm. Through legislation, we waived fees for
15 electrical, plumbing and construction permits
16 required to repair storm damaged properties. So
17 far, there have been more than 23,000 applications
18 approved with fees waived, getting residents back
19 into their homes quicker and at a lower expense.
20 There were approximately 280 homes that were so
21 significantly damaged by the storm, they required
22 full demolition. In addition, more than 220
23 buildings were demolished by the storm and debris
24 removal was required. The Department worked very
25 closely with HPD primarily, FEMA, and the Army

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2 Corps of Engineers to ensure that homeowners would
3 not be responsible for the cost associated with
4 the demolition or debris removal. This
5 Department, under Tim Hogan's leadership, who's in
6 charge of enforcement, conducted over 650
7 individual meetings with those homeowners who have
8 incurred the most serious damage to ensure they
9 were aware of the demolition and/or debris removal
10 process prior to the commencement of operations.
11 The Department is assisting homeowners who were
12 affected by the storm, offering free design
13 consults to property owners and design
14 professionals who are planning to reconstruct
15 buildings damaged by Hurricane Sandy. During
16 these consultations, the Department's senior
17 officials, technical experts and plan examiners
18 will work closely together with homeowners who
19 plan on submitting applications and reconstruction
20 plans for properties in the special flood hazard
21 area, as shown on the current effective flood
22 insurance rate maps, or advisory maps recently
23 issued by the Federal Emergency Management Agency.
24 This program is designed to accelerate the
25 approval process, to assist homeowners with the

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2 decisions on reconstruction, and better ensure
3 that new flood recommendations and standards are
4 incorporated into design and construction of those
5 affected buildings. The Department applied and
6 received funding for the National Emergency grant
7 to have ten caseworkers starting in June to assist
8 architects, engineers and licensed professionals,
9 homeowners, tenants and residents in the
10 communities affected by the storm, on the
11 application filing process, in order to accelerate
12 the approval of plan, permits and inspection sign-
13 off. Also, the Department has applied for funding
14 for the hazard mitigation program. The Department
15 is seeking a grant to create a specialty unit, the
16 Flood Plain Enforcement Unit. It will consist of
17 four planning seminars, three engineers, seven
18 inspectors and two support staff. The goal here
19 is for the Unit to ensure the development within
20 the special flood hazard area is conducted in a
21 safe and compliant code manner. The Flood Plain
22 Enforcement Unit will include a team of inspectors
23 to perform construction inspections and
24 enforcement. The inspectors will be supported by
25 licensed professionals and architects and

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2 engineers. It is anticipated that the Unit will
3 process between 60 to 70 applications per week
4 with multiple site visits necessary in some
5 instances. Inspections within the special flood
6 hazard area will include, but not limited to, site
7 inspections, fill placement inspections, footing
8 and foundation inspections, and the lowest floor
9 inspections and final inspections. The Unit will
10 also enforce construction safety on job sites.
11 The grant funding received and applied for are not
12 included in the agency's expense budget. So both
13 of those are not in our budget currently. As we
14 continue to find ways to accelerate compliant
15 development, the Department's primary function
16 remains to keep New Yorkers safe. In 2010, we
17 have increased new building permits in Manhattan
18 by 72 percent, and in The Bronx by 83 percent;
19 demolition permits are also up by about 7.5
20 percent. Of course, demolition permits are
21 assigned for new building activity. Our
22 aggressive enforcement approach targets areas
23 where construction activity is on the rise, and
24 the Department has an increasing in staff in the
25 following areas to proactively reduce the risk of

1 accidents. The Department's best squad is
2 responsible for focusing on new construction of
3 high rise buildings, and we have identified 14
4 inspectorial lines for this unit to monitor the
5 thousand active high rise and 18--800 active low
6 rise structures. The low rise construction sites
7 have seen an increase in accidents from 60 to 67,
8 a twelve percent increase, and will now be subject
9 to the same construction monitoring as a high rise
10 construction site. The trend has made it
11 necessary to increase the number of technical
12 experts available to the Department and critical
13 high risk public safety areas. The Department has
14 received funding to hire five new high caliber
15 technical engineers to support our work in the
16 cranes and derricks, forensic engineering, best in
17 excavation, and elevator and boiler units. These
18 senior safety engineers will allow the Department
19 to be more proactive and improve inspection
20 guidelines for safer construction. The New York
21 City Construction Codes consist of four technical
22 volumes, as you may recall: the New York City
23 Billing Code, the Plumbing Code, Mechanical Code
24 and the Fuel and Gas Code; and of course one
25

1 administrative volume, Administrative Code Title
2 28, which contains the permitting, licensing and
3 fees and other provisions. After three years, the
4 New York City Construction Codes must be updated
5 to the latest version of the International Code
6 Council. To this end, we've organized the
7 committees as we've done before to review. And
8 the Department is in the last phase of the
9 revision cycle. As you may remember, Local 99 of
10 2005 and 33 of '07, codified for the first
11 comprehensive update to the Building Code in 40
12 years, and required the Department to periodically
13 revise the Codes. These periodic revisions enable
14 us to incorporate advances in technology and
15 materials into the fabric of New York City
16 buildings. The codes are revised thoroughly, a
17 high collaborative committee process involving
18 stakeholders, which includes architects, engineers
19 and representatives of construction industry,
20 labor and real estate. Additionally, staff from
21 eleven other City agencies participate. The first
22 phase of the revision was done, a.k.a., Local Law
23 41 of 2012, unanimously approved by the Council
24 and signed by the Mayor in August of 2012.
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2 However, the Plumbing Code does not take effect
3 until the entire Code revision is done.

4 Therefore, we are in the final phases of the bill
5 for the rest. During this time, we will look
6 forward to working with our partners in the
7 Council and the recommendations of the Buildings
8 Resiliency Taskforce, to help make New York safer
9 in the case of future storms. And in closing, I'd
10 like to reiterate my appreciate for your support,
11 and I look forward to working together to protect
12 all New Yorkers, including the hundreds of
13 thousands of construction workers who build our
14 City every day. I'll take some questions.

15 CHAIRPERSON RECCHIA: Okay, I'm
16 going to let me co-chair go first, then we'll take
17 other Council Members, then I'll ask some
18 questions. Any Council Member that has a
19 question, please give you name to Ralph, so we can
20 put you on the list. Thank you. Council Member,
21 my co-chair, Erik Dilan.

22 CHAIRPERSON DILAN: Thank you, Mr.
23 Chairman, and I'll try to be right to the point
24 and very brief. Commissioner, you stated in the
25 Preliminary Budget Hearings that you expect a full

1 reimbursement from FEMA on Sandy related costs.

2 Do you still have that same position today?

3 ROBERT LIMANDRI: Yes, I do.

4 CHAIRPERSON DILAN: Okay, so being
5 that, given that answer, how much has DOB incurred
6 in this juncture for Sandy related expenses? And
7 if you could give us a PS and OTPS breakdown,
8 including overtime costs?
9

10 ROBERT LIMANDRI: Sure. We have
11 approximately \$1 million in PS, or personnel
12 service expenses, and \$5.7 million in OTPS
13 expenses due to Hurricane Sandy. To-date, we've
14 received approximately \$2.3 million in FEMA
15 reimbursement.

16 CHAIRPERSON DILAN: Okay, that
17 eliminated my next question, thank you. Were
18 there any Sandy--were there any Hurricane Sandy
19 related non-reimbursable costs? And if so, how
20 much and what were they for?

21 ROBERT LIMANDRI: No, there were
22 none.

23 CHAIRPERSON DILAN: Okay, good.
24 Okay, so that takes care of that. Then in terms
25 of DOB yellow and red tag buildings, to-date how

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2 many of these buildings are still tagged yellow
3 and red?

4 ROBERT LIMANDRI: [pause,
5 background noise] On page three, we have current,
6 we are currently at 648 red tag buildings and 953
7 yellow tagged, and we continue to go back and talk
8 to those residents to figure out their plans. Red
9 tag does not mean demolition, just the broad
10 strokes here. Which means that it's structurally
11 inappropriate for someone to enter perhaps even a
12 portion of the structure, not necessarily the
13 entire structure. So, right now, we are in the
14 middle of, you know, listening to what homeowners
15 and building owners want to do on those
16 structures. If it were, what we would consider
17 not salvageable, we would have already written the
18 order, and that it would have already been
19 demolished. There's a handful of buildings that
20 HPD will be continuing to demolish, it's
21 approximately 50 buildings. But that would be the
22 completion of this City's effort.

23 CHAIRPERSON DILAN: Okay, what
24 other sort of difficulties are these, these
25 building owners facing? And what types of

1 assistance did they receive from DOB.

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3 ROBERT LIMANDRI: Well, one of the-
4 -as we know, it's not just about this thousand or
5 so buildings. Many, many buildings incur damage
6 that was not structurally life threatening, it was
7 electrical power, boilers, elevators. And so we
8 have, the Council passed a bill to allow people
9 not to have to pay fees to the Department for
10 those, that work. And we continue to reach out to
11 different groups to find out if they need any
12 assistance. Primarily, initially, we went out,
13 explaining to people that are in the hardest hit
14 areas, on how to reoccupy. And now we're in the,
15 what I would consider in the next couple of
16 months, in the final stages of people who were,
17 I'll call minor damage, although it's detri--you
18 know, significant to a homeowner. But someone who
19 can save their structure, it's just about getting
20 their, whether it's rapid repairs or getting CDBG
21 funds to renovate, you know, that's where the next
22 focus will be, is to be there for them. And
23 that's why we're doing those consultations. So,
24 one was to not require fees, and that's in my
25 testimony as well. And then the next is to be

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2 available with, I'll call them caseworkers, that
3 once they've made a decision of how they're going
4 to work with their insurance company, or federal
5 funds, and they actually go forward to hire
6 someone to do the work, that will be there every
7 step of the way, as we did for demolitions.

8 CHAIRPERSON DILAN: Okay, thank you
9 for that answer. And just briefly on new hires,
10 you stated that there may be 19 new staff to
11 improve enforcement and service delivery. And
12 another three staff for retaining walls. I guess
13 could you give us a breakdown, aside from the
14 retaining wall crew, since we know what they're
15 for, and what types of enforcement and service
16 delivery would these staff provide?

17 ROBERT LIMANDRI: So, so start with
18 the retaining walls and compromise structures, we
19 will be implementing the retaining wall
20 legislation that will require building owners to,
21 similar to Local Law 11, when they have a property
22 that has a wall that fronts a public way, they'll
23 need to do an inspection, and they need to file
24 that with the Department. It is two engineers
25 that we are going to be hiring that will be

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2 administering that program, and working with
3 engineers and building owners to administer. The
4 other 19 personnel are primarily in those two
5 areas, development and inspections. It's really
6 to make sure that we can provide development
7 inspections in a timely way. Meaning that we can
8 continue to provide, when you pick up the phone to
9 call for an inspection, you get it within a week.
10 The second is to make sure that we have some more
11 senior engineers that act in a safety capacity to
12 fill out the ranks. Essentially, you know, we,
13 our mandate continues to be asked for from other
14 City agencies, and the public, and we just need
15 some more, I'll call them high end caliber people
16 that can make decisions on the ground and direct
17 the workforce. So those are in areas like in
18 cranes, they're also in areas of excavations, and
19 those types of things.

20 CHAIRPERSON DILAN: Okay. Have you
21 reassigned the staff lines from borough offices to
22 cover the hub's workflow, at all?

23 ROBERT LIMANDRI: The hub, which
24 is, there are two pieces. The hub plan exam
25 component, we did reassign personnel that do plan

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2 exam from the boroughs to the hub, and there's
3 approximately nine? [background comment, "Nine"]
4 Nine plan examiners.

5 CHAIRPERSON DILAN: All right, so
6 is there any plan to assist the borough offices
7 with the lost staff?

8 ROBERT LIMANDRI: No. The plan is
9 that one, when we transferred those people, many
10 of them took their existing workload with them.
11 And that the idea is to staff the hub with the
12 number of people that's needed to--essentially
13 it's just a reallocation of resources. Because
14 those, because those plan exams get done three
15 times as fast, where we are much more efficient at
16 what we do, and we give approvals in less time,
17 it's really a better and more efficient way that
18 we're doing work. So that if people continue to
19 use the hub service, which is in a completely
20 electronic, no need to come to the Department, and
21 they work with us virtually, then we will continue
22 to add resources as needed. But generally
23 speaking, there hasn't been a need to really
24 expand that, I think we did two people in the last
25 year.

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2 CHAIRPERSON DILAN: So what you're
3 saying is that you're hoping that there would be a
4 corresponding workload reduction on the borough
5 office--

6 ROBERT LIMANDRI: That's right.

7 CHAIRPERSON DILAN: --as a result.
8 Okay.

9 ROBERT LIMANDRI: And to be clear,
10 the focus at the hub is new buildings, which are
11 the jobs that take--and alteration Type Is, which
12 take the most amount of review. And the--so, but
13 there are fewer of them, than the masses that we
14 do, right. So, it's a very small portion of the
15 total number of permits we issue.

16 CHAIRPERSON DILAN: All right, and
17 I want to personally thank you for including the
18 permit data in your testimony. You know, I've
19 consistently asked that throughout my tenure
20 because I believe it's a source of where the New
21 York City economy, and for that instance the
22 national economy, and towards where we're heading,
23 so I'm proud to see that, you know, there's a six
24 percent increase in permits year over year and a
25 five percent increase in new construction permits.

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2 I think that's great and this can only be great
3 for the City. With that, I'd like to turn it back
4 to you, Mr. Chairman.

5 CHAIRPERSON RECCHIA: Thank you.
6 Council Member Brad Lander.

7 COUNCIL MEMBER LANDER: Thanks very
8 much to both Chairs. Thank you, Commissioner, you
9 and your team, I know you've been doing an awful
10 lot of work in response to Sandy and while
11 continuing to get a rising number of permits, as
12 the market has recovered, as well. So, I want to
13 appreciate that and appreciate the good help that
14 you and your staff give to us on many issues,
15 especially to Donald who's been very helpful and
16 responsive. Two questions. One, coming out
17 related to the hurricane and the executive order
18 and the response, where generally I think you've
19 been working very hard and very quickly, I sent a
20 letter last week to Deputy Mayor Holloway, because
21 I think this relates to an intersection between
22 you and DEP, about concern about large site
23 elevation under the executive order. So you may
24 be familiar with a site along the Gowanus Canal
25 where Lightstone is picking up the Toll Brothers

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2 project. And in order to comply with the
3 executive order, they are essentially elevating
4 the entire site, not just the buildings but
5 essentially a two block square site along the
6 canal, where they propose to elevate both full
7 blocks and the roadbed itself. And my question
8 is, as you're looking at these applications, is
9 there some process for analyzing the hydrologic
10 impacts of that? And if you add--elevate one
11 home, it probably doesn't have that much impact.
12 But especially in a narrow area like a canal, if
13 you elevate the entire two blocks, neighbors are
14 worried, does that make it more likely that the
15 water next time is going to come in to my
16 basement? And since that's pursuant to the
17 executive order in this process that you guys have
18 set up--and I just sent this last week and I
19 recognize there's DEP implications to you, as
20 well, so if you don't have an answer now, you can
21 get back to me. But I'm curious whether there's a
22 process for reviewing this question before it
23 would be permanent?

24 ROBERT LIMANDRI: Well, certainly I
25 don't have a specific answer about this. But

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2 we'll get back to you. Most of the buildings that
3 we're talking about when we're talking about by
4 themselves, they're elevating but it doesn't
5 necessarily mean they're elevating the curb level.
6 What you're talking about is elevating the whole
7 curb level and we'll have to get back to you.

8 COUNCIL MEMBER LANDER: That would
9 be great, 'cause a set of neighbors have raised
10 this concern, and I thought it was a reasonable
11 precaution--

12 ROBERT LIMANDRI: Right.

13 COUNCIL MEMBER LANDER: --to which
14 I didn't know the answer, so--

15 ROBERT LIMANDRI: I think it's a
16 very good point, the water has to go somewhere.
17 Right.

18 COUNCIL MEMBER LANDER: And then my
19 last question is, we had the January hearing on
20 modular and the, you know, there's the issue of
21 the high rise modular. And at the time you were
22 operating off a bulletin, looking at moving toward
23 a rule. And I think there were some cost
24 implications--

25 CHAIRPERSON DILAN: Except I think

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that's off the subject.

COUNCIL MEMBER LANDER: There were some cost implications to getting to the rule issue. And so, is--

CHAIRPERSON DILAN: So you want to know how much they spent writing rules for modular housing? Is that it?

COUNCIL MEMBER LANDER: [laughs] Is the budget sufficient, either last year or in the year that we're approving, to move forward to the final rule?

ROBERT LIMANDRI: The current process to do the work, we currently feel that we have enough resources to implement.

COUNCIL MEMBER LANDER: So in the budget year that we're proposing, you believe you'll be able to promulgate the final rule at some point.

ROBERT LIMANDRI: Well, I can-- well, I think the question was not whether I'm going to promulgate the rule, but whether the issue is do I have enough resources to do the work. And I would say yes.

COUNCIL MEMBER LANDER: Now, I

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think you've opened my opportunity to ask by when,
because--

CHAIRPERSON DILAN: No. [laughs]

No.

COUNCIL MEMBER LANDER: It's--but I
mean, if you have the resources--

CHAIRPERSON DILAN: Brad, let's,
respectfully, we had two hearings on this subject.
You know how I feel, this should be a short
hearing, you should be able to talk about it
afterwards.

COUNCIL MEMBER LANDER: I mean,
it's not a trick question, I'm curious to know--

CHAIRPERSON DILAN: I think
everybody knows how I feel about modular and the
City's preparedness to handle a potentially new
industry. And I think we're right to look at it,
but it's not just a topic for today.

COUNCIL MEMBER LANDER: Okay. We
can talk offline.

CHAIRPERSON RECCHIA: Okay. Any
budget questions?

COUNCIL MEMBER LANDER: I thought
those were both budget questions.

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CHAIRPERSON RECCHIA: Okay.

[laughter] All right. Does anyone else have any questions? Without seeing anybody else question, Commissioner, this concludes our hearing for today. The Finance Committee will resume Executive Budget Hearing on May 21st, which is tomorrow, at 10:00 a.m. The hearing will be in this chamber. Tomorrow, I'll be joined by the Committee on General Welfare, Women's Issues and Juvenile Justice, to hear from the Human Resource Administration, Department of Social Services, ACS, and Department of Homeless Services. A reminder, the public will be allowed to testify on the last day of budget hearings on June 5th, at 4:00 o'clock. Anyone who'd like to fax their testimony can fax it to Tanisha Edwards at (212) 788-7061. This concludes today's hearing.

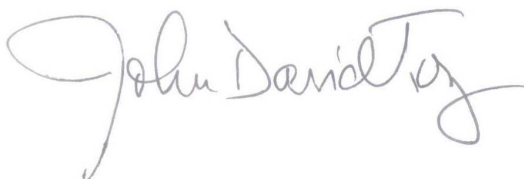
[gavel]

ROBERT LIMANDRI: Thank you.

C E R T I F I C A T E

I, JOHN DAVID TONG 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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in black ink and is positioned to the right of the printed word "Signature".

Date June 6, 2013