

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
DEVELOPMENT

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December 3, 2018
Start: 9:43 a.m.
Recess: 10:53 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: BEN KALLOS
Chairperson

COUNCIL MEMBERS: Chaim M. Deutsch
Rube Diaz, Sr.
Vanessa L. Gibson
Andy L. King

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

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

Denise St. Just Cordero, Director LIHTC Preservation,
Housing, Preservation and Development, HPD

Charlie Stewart, Real Estate Project Manger, St.
Nick's Alliance

Peter Madden, Executive Director, Joint Ownership
Entity NYC, JOE Central Brooklyn, LLC

Genevieve Michel, Housing, Preservation and
Development

Janna Branis, Housing, Preservation and Development

Rick Gropper, Principals, CAMBA Property Group

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2 CONCESSIONS

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2 [sound check] [gavel]

3 CHAIRPERSON KALLOS: Good morning and
4 welcome to the Subcommittee on Planning, Dispositions
5 and Concessions. I am Council Member Ben Kallos. You
6 can Tweet me @Ben Kallos and My-this is My Cloud.
7 The Chair of the subcommittee. We're joined today by
8 Council Member Ruben Diaz, Sr. who always gets here
9 early. Today we'll be holding hearings on three
10 projects: Land Use Item 265 at JOE Central Brooklyn;
11 Land Use 266, 464-68 West 51st Street and Land Use
12 Item 279, Victory Plaza. We've also been joined by
13 Council Member Chaim Deutsch. If you're here to
14 testify, please fill out a whit speaker slip with the
15 sergeant-at-arms and indicate the Land Use number of
16 the item you wish to testify on, on that slip. Today
17 we'll be doing hearings on the items, and then voting
18 on them later. So, it will be a little bit longer
19 than normal, but we'll try to vote them out. Our
20 first hearing today is on Land Use Item 265, JOE
21 Central Brooklyn, a jointly own portfolio of 79
22 residential building in the Bedford-Stuyvesant and
23 Brownsville neighborhoods in Brooklyn and the
24 districts of Council Member Levin, Cumbo, Cornegy,
25 Ampry-Samuel and of Barron, and if we vote this out

2 today having gotten all the answers that we're
3 asking, this might be a soothing birthday present for
4 Council Member Steve Levin. Happy Birthday, Steve.
5 The 79 buildings contain a total of 525 units that
6 provide rental housing for low-income families. HPD
7 is seeing approval of a tax exemption pursuant to
8 Article XI of the Private Housing Finance Law. I now
9 open the public hearing on Land Use Item 265 JOE
10 Central Brooklyn, and I would like HPD to present its
11 testimony. I will please ask the members of the
12 panel from HPD to please state your names for the
13 record, and then I'll ask the Counsel to administer
14 the oath.

15 LEGAL COUNSEL: So, as Chair Kallos just
16 stated, please state your name before answering.
17 Please raise your right hand. Do you affirm to tell
18 the truth, the whole truth and nothing but the truth
19 in your testimony before this Committee-Subcommittee
20 and in response to all Council Member questions?

21 LACEY TAUBER: Lacey Tauber, yes.

22 DENISE ST. JUST CORDERO: Denise St. Just
23 Cordero. Yes.

24 CHARLIE STEWART: [off mic] Charlie
25 Stewart, St. Nick's Alliance. Yes.

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2 LACEY TAUBER: Answer in the mic. Press
3 the button. (sic) Great.

4 CHARLIE STEWART: [on mic] Charlie
5 Stewart, St. Nick's Alliance. Yes.

6 PETER MADDEN: Peter Madden, JOE NYC.

7 CHAIRPERSON KALLOS: You may begin.

8 LACEY TAUBER: Alright, Land Use Item No.

9 265 consists of an exemption area containing a
10 cluster of buildings across Central Brooklyn in
11 Council Districts, 33, 35, 35, 41 and 42. The
12 project is known as the Central Brooklyn, LLC. It
13 will combine nine existing portfolios that were
14 originally conveyed to one of four non-profit
15 organizations under various HPD rehab programs,
16 mostly throughout the 1990s and 2000s. Legal
17 ownership of the portfolio will remain with the
18 participating non-profits including St. Nick's
19 Alliance Corporation, Bed-Stuy Restoration
20 Corporation, the Street Development Corporation and
21 Pratt Area Community Council a/k/a Impact Brooklyn.
22 At closing, the project will transfer beneficial
23 ownership to an entity affiliated with the Joint
24 Ownership Entity NYC know known as the JOE The JOE
25 is a non-profit membership organization that serves

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3 as asset manger for over 1,000 affordable housing
4 units within the portfolio of eleven non-profit
5 members. The project is receiving a new first
6 position construction loan from a private lender, and
7 got financing through the city to fund
8 rehabilitation. The JOE Central Brooklyn Cluster
9 consists of 79 residential buildings on 79 lots in
10 the Bed-Stuy, Clinton Hill and Brownsville
11 neighborhoods in Brooklyn. See attached for a list
12 of clusters by ownership. The project has a current
13 unit count of 524 residential units of which 25 are
14 vacant. There is a mixture of unit types including
15 33 studios, 170 1-bedrooms, 190 2-bedroom, 108 3-
16 bedroom, 2 4-bedroom and 12 superintendents' units.
17 The project is 100% affordable as all incomes will be
18 restricted not to exceed 100% AMI with tiers at 30,
19 50, 60, 80 and 100% AMI. At least 15% of the units
20 will be set aside for formerly homeless families. In
21 addition to the residential units, there are 20
22 occupied commercial units, one vacant commercial
23 unit, two community facility units, and one
24 residential parking space that is rented out to a
25 community member. The community facility spaces will
not be included in the exemption area. Currently,

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3 the portfolio is undergoing a year 15 repositioning,
4 which occurs upon expiration of certain provisions
5 included in previously approved agreements. The
6 repositioning provides for financing of a
7 rehabilitation to address immediate capital needs and
8 deferred maintenance. HPD will provide city capital
9 to finance the rehabilitation as well as modify and
10 extend existing debt currently encumbering the
11 project. HPD will also restructure the legal rents
12 for a percentage of the portfolio, while ensuring
13 that current tenants will continue paying their
14 current rents plus any applicable rent guidelines
15 board increases. The scope of working groups full
16 replacement or ceiling, boilers, water heaters and
17 controls façade replacing and sealing, interior
18 painting, sidewalk and street repair, and select
19 kitchen and bathroom replacement. The project
20 development—sorry—the projected development cost is
21 approximately \$95.6 million. Portions of the
22 exemption area current—currently receive Article XI
23 tax exemptions that are set to expire in 2038 and
24 2041. Some have Section 420-c tax exemptions that
25 will expire in 2031 and 2045 while other portions
have J-51 benefits or no benefits at all. In order

3 to facilitate continued affordability, of the
4 exemption area, the prior Article XI and 420-c
5 exemptions must be terminated and replaced with an
6 Article XI tax exemption for a period of 40 years
7 coinciding with the length of the Regulatory
8 Agreement restricting incomes and rents. The new
9 exemption will be reduced by an amount equal to any
10 concurrent J-51 benefits. The cumulative value of
11 the Article XI tax exemption is approximately
12 \$86,865,594 and the net present value is
13 approximately \$24,266,351. And the developer also
14 has a presentation that they'd like to go through
15 with you if time allows.

16 CHAIRPERSON KALLOS: Yes, please.

17 PETER MADDEN: My name is Peter Madden,
18 and I am the Executive Director of JOE NYC. JOE NYC
19 stands for the Joint Ownership Entity of New York
20 City. JOE is a non-profit and JOE was created by
21 community development corporations in New York City.
22 So, we talk about JOE having 11 members. Those 11
23 members actually created—well, we can hand this out.
24 So, JOE was created by CDCs really in response to the
25 concern that non-profit owned housing was losing
market share to for-profit owned affordable housing

2 in New York City. So, JOE is fundamentally an effort
3 to strengthen the role of Community Development
4 Corporations in New York City, and this project is a
5 great example. JOE is committed to long-term
6 affordability and at this point our 11 members have
7 committed over 3,000 units that will be transferred
8 into JOE. As of today we own about a 1,050
9 apartments around the city. The-the-the-the way
10 that JOE is structured is that when these-when our
11 members transfer properties into JOE they get a seat
12 on the JOE board meaning they have a-they vote on all
13 major JOE decisions. JOE as the owner is going to
14 be able to collect cash flow in accordance with
15 regulatory agreements and when the portfolio is doing
16 well, we'll be able to distribute some of this net
17 cash flow to our members to-to reward them for the-
18 the-the management and asset management that JOE and
19 the members are doing. Now, very importantly, JOE is
20 not in the business of property management. That
21 always remains the role of the local CDCs. So,
22 example St. Nick's Alliance who work in Greenpoint
23 and Williamsburg, they remain the face of their-the-
24 the-the projects to their tenants, and in addition
25 obviously all of our groups do lots of other very

3 valuable services in their neighborhoods early
4 childhood, after school programs, new immigrant
5 services. None of that has changed by their
6 involvement in JOE. You know, I will skip over that.
7 So, we have--JOE is involved in quite a few
8 transactions with HPD. This is the first one that is
9 looking to close this Central Brooklyn project, and
10 Charlie Stewart from St. Nicks is going to talk more
11 specifically about this project.

12 CHARLIE STEWART: Good morning. Charlie
13 Stewart. I'm a Project Manager from St. Nick's
14 Alliance, and we're leading the charge for this
15 project on behalf of the four other groups involved.
16 So, JOE Central Brooklyn is 524-unit 70-building
17 scattered site moderate rehab project. It consists
18 of four Brooklyn based not-for-profits contributing
19 nine affordable housing portfolios to form a larger
20 combined project. The--the groups are Impact
21 Brooklyn, Bridge Street Development, Bed-Stuy
22 Restoration Corporation and St. Nick's Alliance.
23 There are 21 commercial units in the project and two
24 community facilities. Average rents across the
25 project are affordable to tenants earning--earning 46%
of AMI. The buildings are scattered throughout

3 Central Brooklyn mainly in Bedford-Stuyvesant and
4 there's a scattering in Clinton Hill and about 20
5 buildings in Brownsville. The buildings themselves
6 are mostly—they're small. They're most 3 to 16-unit
7 buildings with one 36-unit elevator building. At
8 closing the buildings will be transferred to JOE NYC
9 ownership, and we're targeting a March 2019 closing.
10 In terms of the financing, we're anticipating a
11 private bank construction loan with and HDC permanent
12 loan, approximately \$40,000 Per DU and HPD Year 15
13 subsidy. There's currently \$53 million in HPD debt on
14 the properties, which will be deferred and accrued,
15 and the combined portfolios have \$7 million in
16 existing reserves, which will be used to fund the
17 development costs. We've also raised \$1.5 million in
18 Reso A funding from Council Members Ampry-Samuel,
19 Cornegy and Cumbo in whose districts the majority of
20 the projects are located, and the Article XI real
21 estate tax exemption, which will help keep the
22 buildings financially solvent in the future. And then
23 two assumptions that we're working through with HPD
24 are rent restructure in three portfolios and then
25 allocation of tenant based Section 8 vouchers. So,
we put together a project team that's familiar with

2 working with HPD and working through tenant in-place
3 construction. CTA architects is or architect, and
4 Notias General Contracting is the GC on the project.
5 It's a moderate rehab project with tenant in place.
6 As mentioned, the outcome will be to increase energy
7 efficiency and improve conditions for tenants. The
8 scope of work includes roof replacement or resealing.
9 Each building will receive one of the two depending
10 on the condition of the roof. New boilers and
11 controls depending on the condition of the boiler;
12 façade repointing and resealing, select kitchen and
13 bathroom alterations although that represents a very
14 small aspect of the project. Interior painting,
15 sidewalk and stoop repairs, solar panels on 28
16 rooftops and as a whole the project will consist of
17 68 DOB filings with 10 LPC filings for buildings, ten
18 buildings located in the landmarked districts.

19 [pause]

20 LACEY TAUBER: That's the end.

21 CHAIRPERSON KALLOS: Thank you for a
22 thorough and almost complete, nearly complete
23 presentation. I appreciate slide 7. If you can
24 leave that up, that is what I would like to see on
25 ever project going forward. That is to HPD. This

2 kind of information is very valuable. For HPD and
3 just for members of the public, we meet with HPD and
4 the developers before hand to just get a sense of the
5 project both local members and this committee, and I
6 noticed a number of the members changed between our
7 briefing and this hearing. The project cost appears
8 to have gone up by \$2 million. The subsidy has gone
9 up by \$4,000 per unit and a number of other numbers
10 have changed. So, I guess the only thing being would
11 it be possible to make sure that when we sit down we
12 get the same numbers that the JOE Central Brooklyn
13 has?

14 LACEY TAUBER: Yeah, I mean I think there
15 are some things that we're actually even still in the
16 process of figuring out including some of the rent
17 restructuring, and so, you know, as we always say,
18 you know, these kind of numbers can changes up until
19 the project closes. So, you know, we strive to get
20 you the most updated information we can, and it
21 changes day-to-day sometimes.

22 CHAIRPERSON KALLOS: I guess the first
23 thing that's most poignant is I really appreciate
24 your transparency about the fact that the average
25 median household income is 46%, which is families

2 earning roughly around I guess \$40,000 a year. You
3 have 25 vacant units, and in the presentation, you
4 indicated you were interested in making them
5 available at 100% of AMI, which translates to roughly
6 \$80,000 a year and more than twice as much as the
7 current residents make. Do you believe that will
8 have a gentrifying effect on those buildings and the
9 surrounding neighborhood?

10 CHARLIE STEWART: So, we—we intend to
11 fill the vacant units with homeless placement
12 services, tenants first. So that, you know, that way
13 we're working with HPD through that process. In
14 terms of the—the question of the gentrifying effect,
15 you know, these—as on the aggregate, the—the rents
16 are very low, and, you know, we need the—the increase
17 in rents to keep the—the portfolio viable in the
18 future. So, it's really just having an effect of
19 subsidizing the rest of the portfolio so that the
20 project can remain viable.

21 CHAIRPERSON KALLOS: You just said that
22 you are planning to fill the 25 units that are for
23 100%, \$80,000 a year, as it were, with homeless set-
24 aside with people who are formerly homeless. Do you
25 expect to find people who are formerly homeless

2 making \$80,000 a year because you concluded your
3 statement with you need to charge more to subsidize
4 the other units. So, the statement you made had a
5 conflict, unless you're relying on an additional
6 subsidy for the Department of Homeless Services
7 through LINC Vouchers to subsidize—further subsidize
8 the project in a way that was not disclosed in your
9 financing.

10 DENISE ST. JUST CORDERO: So, yes, if I
11 could speak, the 100% AMI bracket is sort of
12 offsetting deeper affordability that we're getting
13 here. The project is currently regulated at--the
14 project is currently regulated at 50, 60 and 165, and
15 although we're still negotiating, we're absolutely
16 looking to get a tier at 30% AMI. That in tandem
17 with the rent restriction will allow the portfolio be
18 stable. The 100% AMI units do not cross over with
19 the vacant units. It's not necessarily so that the
20 vacant units would be at 100% AMI. Those vacant
21 units are currently being rented out to tenants that
22 are being referred to homeless placement services
23 right now, and then as we work with the JOE, we're
24 negotiating where those 100% AMI units would be. It
25 would only be upon turnover of, you know, the

2 existing units right now, and it would be a far
3 smaller proportion of the units than we're looking to
4 get at the 30% AMI bracket.

5 CHAIRPERSON KALLOS: What is the AMI of
6 the surrounding census tracks?

7 DENISE ST. JUST CORDERO: It's—it's a
8 pretty broad because there's a bunch of different—
9 well, again we don't have our own census track level,
10 but we have it on sort of a basically community
11 district level, the neighborhood migration area--

12 CHAIRPERSON KALLOS: [interposing] So,
13 what is the--

14 DENISE ST. JUST CORDERO: --and so it
15 ranges from from 30 to 80 and within this portfolio
16 because it's--

17 CHAIRPERSON KALLOS: [interposing] 32?

18 DENISE ST. JUST CORDERO: 80.

19 CHAIRPERSON KALLOS: So--

20 DENISE ST. JUST CORDERO: And we're
21 talking about, you know, Browsville--

22 CHAIRPERSON KALLOS: [interposing] So
23 will you--

2 DENISE ST. JUST CORDERO: --and--and
3 Greenpoint, Williamsbug. So, it's a broad range in
4 this area.

5 CHAIRPERSON KALLOS: Okay, so, you're--
6 you're actually 20% over the local neighborhood. So,
7 would you consider lowering it as a firm commitment
8 as part of this regulatory agreement form individuals
9 making--hold on--\$73,100 a year down to individuals
10 making \$58,480 a eyar, which is still at the high end
11 for the neighborhood. The sweet spot would probably
12 be more accurate of if you're in between 30 and 80 it
13 would probably be the--the 60% AMI, which would for
14 \$43,000. At 100% AMI, you're looking at charging
15 \$1,500 for--\$1,510 for a studio, and that--that seems
16 to be quite a lot

17 CHARLIE STEWART: So, so, I--I think just
18 to--just to make sure we're all using the same facts,
19 the--the--there wuld be--the regulatory agreement would
20 permit in the future upon turnover some units to go
21 up to 100. That could--

22 CHAIRPERSON KALLOS: Is it some or all?

23 CHARLIE STEWART: Some. It would be a
24 tier at a 100 would be the highes. There would be
25 tiers at 30 AMI. There would be tiers at 50 AMI. So

3 those would--in perpetuity those restrictions would be
4 in place.

5 CHAIRPERSON KALLOS: How many set aside
6 for \$100 AMI if they become vacant.

7 DENISE ST. JUST CORDERO: I--I mean I
8 think that's still something that we're negotiating
9 and, you know, it's--it's something that as we're
10 working assumptions about how many Section 8 vouchers
11 that we can get that--that all impacts sort of the
12 financing and stability in terms of the cashflow of
13 the project. We--we are absolutely looking to see as
14 many of the 30% and 50% tiers that we can get, and I
15 think the other consideration here is that because
16 they're existing regulated buildings they--we
17 wouldn't--we wouldn't do anything to undermine the
18 existing 50% and 60% tiers already regulated by HPD.
19 So those would remain in place. In addition to that,
20 we're looking to get the additional tier at 30% AMI.

21 CHAIRPERSON KALLOS: With regards to--to
22 that, when does this regulatory agreement expire?

23 DENISE ST. JUST CORDERO: So, the--the
24 regulatory agreement would--that we're--that we would
25 be entering at close would expire in 2083.

2 CHAIRPERSON KALLOS: 2083. That is 75
3 from-sorry-65 years from today?

4 DENISE ST. JUST CORDERO: That's right.

5 CHAIRPERSON KALLOS: Wow. I have never
6 seen a 64-year regulatory agreement. I don't even
7 know if I will be alive in 2083. I think 100 is a
8 good mark to hit and I'm not sure I want to be alive
9 much longer than that. [laughter] So, in terms of
10 65 years, I have never seen 65 years before. I've
11 had HPD come before me and say something is
12 permanently affordable, but it's only been 40 years.
13 This 65 years seems a lot closer to permanent
14 affordability. It's at least a lifetime. What's-tof
15 forgive my-my faith based response because I'm
16 celebrating Hanukkah. It's the wrong holiday. We
17 don't have it for this holiday, but for another one,
18 which is Ma Nishtana, but what is the difference in
19 this project that allows us to do a 65-year
20 regulatory agreement versus every other project, and
21 why shouldn't I ask HPD for 65 years going forward?

22 DENISE ST. JUST CORDERO: So, to answer
23 the first part of that question, the existing
24 portfolios, the majority of them have exiting Litech
25 tax credit regulatory agreements on them. One of the

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2 portfolios—I believe it's the Jefferson Cluster, was
3 a recently acquired by St. Nick's. A that time with
4 St. Nick's aquired the portfolio, we extended that
5 regulatory--regulatory agreements out to 2060-2063 I
6 believe-[background comment] 2068, and per our Year
7 15 Term Sheet we extend the regulatory agreement at
8 new closing for the maximum of at least 30 years or
9 15 years from the existing regulatory agreement
10 expiration. So, what we're doing there is we're
11 adding 15 years onto 2068 and that's how we're
12 arriving at 2083.

13 CHAIRPERSON KALLOS: I will turn to
14 Council Member Chaim, Chair of the Jewish Caucus, and
15 wish him a happy first day of Hanukkah. What-what
16 did you bring me?

17 COUNCIL MEMBER DEUTSH: Monishtana (sp?)
18 Nothing. [laughter]

19 CHAIRPERSON KALLOS: Not even some
20 Hanukkah guilt. Ouch. [laughter]

21 COUNCIL MEMBER DEUTSCH: Okay, the first
22 question is you have 15% of units that will be
23 setaside for formerly homeless families. What's-can
24 you define formerly homeless families?

25

2 DENISE ST. JUST CORDERO: You can answer
3 that.

4 LACEY TAUBER: So, so yes. So they are
5 families that are referred to our Homeless Placement
6 Services at HPD. So, they come through sort of
7 internal refer-referrals for HPD or DHS, and-and those
8 referrals get sent to the-to the non-profits, and
9 then they're able to rent the units through those
10 referrals, but they're folks in the Shelter System.

11 COUNCIL MEMBER DEUTSCH: Oh, so they are
12 in they-they are in the Shelter System. So, why is
13 it formerly homeless if they're in the Shelter
14 System? Just so I understand.

15 LACEY TAUBER: Well, I might have written
16 that in the testimony. I think, you know, they will
17 be formerly homeless once they're in these units so--

18 COUNCIL MEMBER DEUTSCH: [interposing]
19 Oh, okay, so-so they're not-they're not-

20 LACEY TAUBER: [interposing] Because they
21 are clearly homeless--

22 COUNCIL MEMBER DEUTSCH: --formerly
23 homeless. Once they get into these units then they
24 will be considered formerly.

2 LACEY TAUBER: [interposing] Then they
3 will be formerly correct.

4 COUNCIL MEMBER DEUTSCH: Okay, so I can
5 understand that. Okay. Also, most of these—all
6 these apartment are occupied except the 25, right?

7 LACEY TAUBER: Correct.

8 COUNCIL MEMBER DEUTSCH: So, you have
9 here the project, the scope of work that includes a
10 total of \$95.6 million, right. Over how long of a
11 period will this construction be ongoing?

12 LACEY TAUBER: So, the—the \$95 million
13 represents the total—the total budget for the entire
14 transaction some of which is existing debt. The
15 amount of money dedicated to the hard costs I think
16 is—I'm sorry. I'm just looking. It's about 20--\$23
17 million, and there'll be a two-year construction
18 period for the renovations.

19 COUNCIL MEMBER DEUTSCH: So being that
20 it's currently affordable, right.

21 LACEY TAUBER: Uh-hm.

22 COUNCIL MEMBER DEUTSCH: So, when you are
23 putting—when you're doing work with \$23 million as
24 the management, how are you going to be doing the work
25 without actually chasing out tenants who are there

2 because of their affordability? By saying, oh, this
3 work is being done. I can't take it any more. How-
4 how are you planning to do the work?

5 CHARLIE STEWART: Oh, you look at what
6 impact it will have on-on tenants.

7 COUNCIL MEMBER DEUTSCH: Exactly.

8 CHARLIE STEWART: So, the majority of the
9 work is-is on the building envelope and building
10 systems. On the exterior of the building. There's-
11 there's very little work on the interiors.

12 COUNCIL MEMBER DEUTSCH: That's the
13 interior painting, boilers, water heaters, which
14 means the water would have to get shut off?

15 CHARLIE STEWART: Correct. So, we'll
16 have-we'll make arrangements for that. We'll have
17 whether it be temporary boilers or whethe the work
18 would be done during the summer. We'll-we have a-a
19 team that we think is-is very experienced in this
20 type of work and know we're confident that-that we
21 can have minimal effect on t teannts, and, you know,
22 engage them preemptively and-and make sure they're
23 aware of the scope and-and how they'll benefit as a
24 result.

2 COUNCIL MEMBER DEUTSCH: How many
3 apartments do you current manage?

4 CHARLIE STEWART: St. Nick's Alliance?

5 COUNCIL MEMBER DEUTSCH: Yeah.

6 CHARLIE STEWART: Approximately 1,200.

7 COUNCIL MEMBER DEUTSCH: 1,200 and this
8 would add to it, this commission, right?

9 CHARLIE STEWART: We would remain the
10 same. St. Nick's would continue to manage our
11 portfolios. The Jefferson and Watkins and the other
12 groups would continue to manage their—their own
13 groups.

14 COUNCIL MEMBER DEUTSCH: So, are you
15 planning on hiring more people in the managemnt or
16 are you going to use the the same?

17 CHARLIE STEWART: Right, the same—the
18 same—

19 COUNCIL MEMBER DEUTSCH: [interposing]
20 And that's going to be sufficient enough for all the
21 work you're doing to making sure that the interior
22 work and everything is done, you know, working with
23 the tenants?

24 CHARLIE STEWART: Correct.
25

2 COUNCIL MEMBER DEUTSCH: Okay. Okay.

3 Thank you.

4 CHAIRPERSON KALLOS: Following along the
5 same lines, this question goes to the JOE. To the
6 extent that you have a—a list—I work very closely with
7 St. Nick's Alliance on a lot of different
8 legislation projects including protecting tenants
9 from harassment during construction, but let's say of
10 the different groups that you have, one of them gets
11 a lot more complaints than others, and gets more
12 violations than others, and it's just one of the
13 weaker parties. What happens? Who's ultimately
14 accountable, and then the same question to St.
15 Nicholas Alliance of with a JOE it becomes less
16 accountable? So, first the JOE, then to St. Nick's.

17 PETER MADDEN: Sure. So—so one of the
18 benefits of JOE, and I think what HPD has found
19 attractive about work with JOE is that when a
20 property is transferred into JOE, it is the JOE board
21 that has ultimate oversight. So, the JOE Board is
22 the Executive Director—are the Executive Directors of
23 these four groups and the other seven that are
24 members. Ultimately if within a project there are—
25 are specific buildings, specific property managers who

2 are not performing the JOE Board in an extreme case
3 would have the ability to force the replacement of a
4 property manager. So there—so there are, you know,
5 remedies at the JOE Board level.

6 CHAIRPERSON KALLOS: And to St. Nick's
7 Alliance you're joining this board, you're losing
8 control. Ultimately there's a board that will have
9 oversight. You need your boiler. People are—don't
10 have heat and hot water. HPD is writing you fines up
11 the wazoo. They're saying the financing, the money
12 isn't there or they say nope, we want to prioritize a
13 different building first, they're in worse condition.
14 How do—how do you deal if you end up in situation in
15 JOE where you're getting out-voted?

16 CHARLIE STEWART: Sure. So St. Nick's
17 would retain control over our buildings with our—our
18 management. So, we would have the ability to make
19 those decisions on a property level. In terms of the
20 asset management level, you know, I—I think that
21 would just rely on clear communication with JOE and
22 as Peter mentioned, our Executive Director is on the
23 Board of JOE, and it would just be—would have to be a
24 clear and transparent conversation in addressing the
25 issues as they arise.

2 CHAIRPERSON KALLOS: HPD I think just
3 outlined a-a situation. Where does the buck stop?
4 Who-who-who is going to run these buildings moving
5 forward? Is it JOE or is the existing management,
6 and if there's a conflict between the two, who wins?

7 LACEY TAUBER: So, I think between HDC
8 and ourselves, as we've put together the financing of
9 it, HDC would be asset managing it, but it's only
10 because the-the deal encompasses all of the-the
11 portfolios no matter which is the non-profit number
12 that originally, you know, retained ownership. We
13 would be able to proceed against the-the entire-all
14 four participating members and the JOE if either HDC
15 or HPD had concerns about its asset management.

16 CHAIRPERSON KALLOS: So, let's-let's talk
17 numbers. All of the parties involved in this are
18 non-profits even if the JOE itself is structured as
19 an LLC. Is that correct?

20 PETER MADDEN: Yeah, the-the JOE, LLC
21 just to be clear the sole member of the JOE LLC is
22 the JOE Not-for-Profit. So, the JOE Not-for-Profit,
23 you know, ultimately controls the LLC.

24 CHARLIE STEWART: I see a developer's
25 fee. Often times when I see non-profits I rarely

3 have ever seen this. You're asking for approxmiately
4 \$4 million in developer's fees. You're deferring 1%
5 at 1.3. That still leaves \$2.6 million. Why do—why
6 do non-profit. So—so just to HPD, are there any non-
7 profits you're aware of that have ever waived their
8 developer fee and then to the JOE, why do you need
9 3% developer's fee?

10 LACEY TAUBER: I'm not aware of a non-
11 profit that is—has waived the fee. The only thing
12 that I would note here is that, you know, with
13 respect to the developer fee, the developer also has
14 to put in some equity, and so we've—that—we've asked
15 that they contribute to that, and you'll see that
16 number presented there on the—the slilde show.

17 CHAIRPERSON KALLOS: So, that's \$400,000
18 but that still doesn't accdount for the—that—that
19 just takes it down to \$2.2 millllion. So, why does
20 the JOE need \$2.2 million to manage these
21 rehabilitation proejects that are already being
22 managed by non-profits?

23 PETER MADDEN: So, that—that fee is
24 splita among all of the groups. The fee doesn't go
25 specifically to JOE. It is split amongst the four
members and JOE.

2 CHAIRPERSON KALLOS: Okay, and I—just it
3 seems like it's a—a high. With regard to permanent
4 sources in income, I—the Article XI does not seem to
5 be reflected in this list unless it is and I'm
6 missing it.

7 LACEY TAUBER: I'm sorry. In the
8 permanent sources?

9 CHAIRPERSON KALLOS: Where—where would
10 the Article XI that you're seeking be reflected on
11 this project? Because at this point it nets out, bu
12 with the Article XI, you're—you're receiving 80
13 something million dollars cumulatively, which seems
14 to make this balance sheet not quite work.

15 LACEY TAUBER: Right. So in terms of a
16 permanent source, the Article XI the benefit wouldn't
17 necessarily show as a source. Where—where it's show,
18 though it's not very obvious here is additional first
19 position debt, the private debt that they're able to
20 leverage because of the Article XI.

21 CHAIRPERSON KALLOS: In terms of the
22 numbers you're showing me, the sources and the uses
23 and they're coming out even is—what is the cost—why
24 do you need \$80 million if it seems like all the
25 other sources of income are covering your uses?

2 LACEY TAUBER: Right. So, this assuming—
3 these numbers assume an Article XI benefit. So,
4 without that benefit the—the amount of money they
5 would be able to leverage for the first position loan
6 would be significantl lower, which means the city
7 capital would have to come in and cover that gap.
8 So, I think—sorry, my sight is not so great. I think
9 we're around \$25 million here. We would have to
10 probably go up to \$60,000 per unit where it not for
11 the Article XI exemption.

12 CHAIRPERSON KALLOS: Okay, with regards
13 to slide 6, you've got several buildigns—79
14 buildings. It appears that only one of them is ADA
15 accessible. Is that correct? [pause]

16 PETER MADDEN: I'm—I'm not—

17 CHAIRPERSON KALLOS: 524 total units and
18 79 buildings and then it says mostly 3 to 16-unit
19 bildings and one 36-unit elevator building. So, I'm
20 just deducting that we are only going to have ADA
21 accessibility in one out of the 78. Is that
22 accurate?

23 PETER MADDEN: Correct.

24

25

2 CHAIRPERSON KALLOS: At what—and I believe
3 HPD we've done buildings with 16 units that we had
4 accesssibililty features. Is that correct?

5 LACEY TAUBER: So, it varies portfolio to
6 portfolio in terms of the accessibility requirements.
7 Here, there is, in fact, just one elevator building
8 that will be readily accessible by tenants that need
9 an elevator.

10 CHAIRPERSON KALLOS: [interposing] Out of
11 your 1,000 or so tenants, is anyone disabled?

12 PETER MADDEN: I would imagine they are.
13 You know, these are existing buildings. Adding any
14 ADA feature we haven't looked into it. I imagine it
15 woud very expensive and, you know, it hasn't been
16 part of the project up until now.

17 CHAIRPERSON KALLOS: It appears that
18 you're doing façade and entrance work.

19 PETER MADDEN: Corerct.

20 CHAIRPERSON KALLOS: Is it possible to
21 add ramps as part of that entrance work?

22 PETER MADDEN: That would have an impact
23 on the project financing that we would—we would have
24 to look into. We would have to--

2 CHAIRPERSON KALLOS: [interposing] At
3 HPD do you think it is an important—it is—do you
4 think it is important to make your buildings ADA
5 accessible, and that if we can at least make the
6 first floor of some of these buildings accessible that
7 that could open up a large percent—even a small
8 percentage of this portfolio to be accessible to the
9 resident. And then back to the JOE, would you allow
10 residents to move down if you actually were able to
11 make the first floors accessible? Or with HPD.

12 LACEY TAUBER: Well, that is something we
13 can look into

14 CHAIRPERSON KALLOS: Does everyone on the
15 panel agree that we want buildings to be accessible?
16 We want disabled people to be able to age I our city?
17 I—I see nods, but I don't see—I don't hear anyone.

18 CHARLIE STEWART: Yes, I mean we--we
19 absolutely will look into it as existing buildings,
20 that type of, you know, adaptation can be very
21 expensive. So, we—but we would absolutely look into
22 it.

23 CHAIRPERSON KALLOS: I—I think that
24 making an entrance is a laudible goal. On Slide 8,
25 you disclosed your architects and other contractors

2 a question that I asked is about MWBE participation.
3 This was not disclosed in the sheet. What is the
4 MWBE representation in terms of your team and
5 overview, CTA architects and MWBE?

6 CHARLIE STEWART: They're—I don't believe
7 so. I—I don't believe they are. No.

8 CHAIRPERSON KALLOS: There is no TS
9 General Contracting and MWBE?

10 CHARLIE STEWART: I'm not aware. I can
11 check on that.

12 CHAIRPERSON KALLOS: HPD, is this project
13 covered by MWBE Guideliens?

14 LACEY TAUBER: It-it I s.

15 CHAIRPERSON KALLOS: Do you think it is
16 important that on the day that you are coming to ask
17 for a vote the same day as the hearing that it's
18 important that you know whether or not you're
19 applicant is abiding by any MWBE Guidelines?

20 LACEY TAUBER: Well, I know for sure that
21 Notias General Contracting is not an MWBE, but often
22 once we close, they, you know, they seek to
23 subcontract out to MWBEs, and certainly this project
24 will be required to meet MWBE threshold.

25 CHAIRPERSON KALLOS: Do we we—

2 LACEY TAUBER: [interposing] Would also
3 add that there's a couple of organizations that are
4 part of this portfolio that has our own local hiring
5 programs that they might want to tell you about.

6 CHARLIE STEWART: Yep, St. Nick's
7 Alliance and Bed-Stuy Restoration have workforce
8 development programs, which we're—we're actively
9 working on the solar piece, they—for the solar
10 installers. That orgaiztion Harvest Power is working
11 with our groups to pursue local hiring. So, we—it is
12 of importance for these groups.

13 CHAIRPERSON KALLOS: My favorite part of
14 this hearing is asking if you have this local hire
15 program and opportunity to do solar work, who should
16 somebody watching at home call for a job?

17 CHARLIE STEWART: St. Nick's Alliance,
18 our website has a page dedicated to workforce
19 development and Bed-Study Restoraton as well. Those
20 organizations will be happy to—to work with anyone in
21 the community who is interested in not only the
22 solar, but also the construction trade and the other
23 offerings that we d offer.

24 CHAIRPERSON KALLOS: And so that's
25 available at Stnickalliance.org/workforce.

2 CHARLIE STEWART: I believe so.

3 CHAIRPERSON KALLOS: And we will have
4 that number for folks in a moment as soon as the
5 Internet at the City Council loads. Your office is
6 at 790 Broadway in Brooklyn, New York. The hours are
7 9:00 to 5:00 and you can call at 718-302-2057, and
8 I'd appreciate if the applicants had that
9 information at the top of their head. That is not a
10 new question. With regard to the commercial space
11 there's 21 units, one of the things that we're
12 looking at in particular is how we can make spaces
13 available to mom and pops especially as they
14 close, and—and so what rates will those be available?
15 Will they be affordable to mom and pops or will you
16 just spike their rents to support the larger project
17 as well as what are the plans for the two community
18 facilities, and that concludes my questions.

19 CHARLIE STEWART: So, those commercial
20 units are at least at market rate. However the
21 organizations that—that own those units have a
22 tendency and a mission to rent to mom and pops and to
23 local groups that otherwise wouldn't be able to
24 afford the rents in that neighborhood that are, you
25 know, increasing everyday. So, they—they have a

2 commitment to it, but they also have a commitment to,
3 you know, achieving close to market rents.

4 CHAIRPERSON KALLOS: What are the
5 community facility uses?

6 CHARLIE STEWART: So, those are the
7 offices of Bridge Street Development Corporation and
8 that's their--their headquarters.

9 CHAIRPERSON KALLOS: Both--both community
10 facilities?

11 CHARLIE STEWART: Correct. Yeah.

12 CHAIRPERSON KALLOS: Is there an
13 opportunity to make additional space available for
14 community facilities that aren't being used by
15 landlords?

16 CHARLIE STEWART: We--those spaces are
17 being underwritten as--as commercial units. So, the--
18 the rents on those units are--are higher than the
19 community facility. So, at this time no, but we can
20 [door bangs] you know, we can--

21 CHAIRPERSON KALLOS: So, just to be
22 clear, you have a community facility obligation.
23 It's being used by Bridge Market, which normally
24 would qualify but in this case they're a landlord.
25 So, I don't think that that is proper. So, I'm just

3 saying will you make two spaces available for
4 actually community uses that aren't being used to
5 manage the buildings?

6 LACEY TAUBER: Bridge Street Development
7 does a number of other community services in the
8 neighborhood.

9 CHAIRPERSON KALLOS: At those locations?

10 LACEY TAUBER: I will tell you that—that
11 I'm not sure about, but I know that they, you know,
12 as the CDC they do a lot of other things besides
13 being a landlord

14 CHAIRPERSON KALLOS: I—I appreciate that,
15 but if they're using the community facility space to
16 be able to a landlord, that's I believe a breach of
17 intent. We're joined by Council Member Andy King.
18 So, I think that is something that should be looked
19 into. Any members of the public who wish to testify?
20 Seeing none, I will not close the public hearing on
21 Land Use Item 265. Our second hearing today is on
22 Land Use Item 266, 464-68 West 51st Street, which
23 consists of two 5-story buildings providing 11 units
24 of homeownership housing for low-income families in
25 Clinton neighborhood of Manhattan in Speaker's
Johnson's district. HPD is seeking approval of a 30-

3 year tax exemption pursuant to Article XI of the
4 Private Housing Finance Law. I'd like to now open
5 the public hearing on Land Use Item 266, 464-68 West
6 51st Street. I'd like to invite HPD to present its
7 testimony. If HPD can please state their names for
8 the record and our Committee Counsel will administer
9 the oath.

10 LEGAL COUNSEL: As the Committee Chair
11 just said—the Committee Chair just said please state
12 your names before answering. Do you affirm to tell
13 the truth, the whole truth and nothing but the truth
14 in your testimony before this Subcommittee and in
15 response to all Council Member questions?

16 GENEVIEVE MICHEL: Genevieve Michel. I
17 do.

18 DARI HASKELL: Dari Haskell (sic). I do.

19 CHAIRPERSON KALLOS: Please read your
20 testimony as quickly as possible.

21 GENEVIEVE MICHEL: Land Use No. 266
22 consists of an exemption area containing two
23 privately owned buildings with commercial spaces
24 located at 464-4 and 468 West 51st Street, Block
25 1060, Lot 61 and 160 in Manhattan Council District 3
for which HPD is seeking an Article XI tax exemption.

3 The property was taken into city ownership in 1978

4 and tenants subsequently entered in the Tenant

5 Interim Lease Program. As part of TIL, tenant

6 associations enter into a lease with the city to

7 maintain and manage buildings in which they live.

8 HPD staff assists tenant associations in establishing

9 regular collection of maintenance charges and provide

10 training in building management [door bangs]

11 maintenance and financial recordkeeping with the

12 ultimate goal of preparing them to be well

13 functioning and financially viable cooperatives. On

14 August 15, 1991, Resolution No. 1229, the Council

15 approved the disposition of 464-468 West 51st Street.

16 On November 6, 1992 the building was conveyed to the

17 existing tenants as a low-income cooperative subject

18 to Section 576 of Article XI of the PHSL, which

19 states that a household income cannot be more than

20 six times the maintenance fee including utilities.

21 The building is fully occupied—occupied by

22 shareholders and comprises 11 units with the unit

23 mixture of eight 1-bedroom and three 3-bedroom

24 apartments. Maintenance is \$329 per month for a 1-

25 bedroom and \$517 per month for a 3-bedroom unit.

Additionally, there are there commercial spaces that

3 are currently leased separately to a restaurant, a
4 bakery and a market. As mentioned, the project is
5 fully occupied. If in the future a shareholder
6 decides to sell their vacant unit, vacant units will
7 be priced to be affordable to households earning up
8 to 120% AMI, which is \$125,160 for a family of four.
9 For 2018, the maximum resale price for a 1-bedroom
10 would be \$422,381 and for a 3-bedroom would be
11 \$573,099. Also, 30% of the profits of each and every
12 resale disposition or other change of ownership of
13 shared in the HDFC allow for individual units to be
14 returned to the co-op. At this time, the
15 shareholders of 464 and 468 West 51st Street have
16 applied for rehabilitation funds under HPD's Green
17 Housing Preservation Program, which provides low and
18 no interest loans to finance energy and water
19 conservation improvements and moderate rehabilitation
20 work. The purpose of the program is to assist small
21 and midsize building owners, lower operating expenses
22 to ensure the long-term physical and financial help
23 of their buildings as well as preserve safe and
24 affordable housing for low and moderate income
25 households. The building will undergo a moderate
rehabilitation consisting of capital improvements

2 such as boiler replacement, oil to gas conversion and
3 pipe installation. In addition, energy efficiency
4 and water conservation work that includes low-flow
5 faucet aerators and shower heads, steam heating
6 upgrades and LED lighting is set to take place. No
7 relocation will be necessary as all work will be done
8 with tenants in place. The cost for rehabilitation
9 is estimated to be \$200,000. The building currently
10 receives a partial tax exemption that is due to
11 expire in 2029. Therefore, in an effort to help
12 maintain continued affordability, HPD is before the
13 Council seeking a new Article XI tax exemption that
14 will coincide with the length of the 30-year
15 regulatory agreement establishing certain controls on
16 the property and including hiring a third-party
17 manager. The current cumulative value of tax
18 exemption is \$2,308,464 and the net preset value is
19 \$877,603. [pause]

20 CHAIRPERSON KALLOS: Thank you.

21 GENEVIEVE MICHEL: Thank you.

22 CHAIRPERSON KALLOS: Are there any members
23 of the public who wish to testify? Seeing none, I'll
24 close the public hearing on Land Use Item 266. Our
25 third hearing today is on Land Use Item 279, Victory

2 Plaza for property located at 3-11 West 118th Street
3 and 1460-1472 Fifth Avenue in Council Member Perkins'
4 district in Manhattan. This project will facilitate
5 the development of a new 9-story 135-unit, 100%
6 affordable residential building for seniors 62 and
7 older in Central Harlem. Thirty percent of these
8 units are reserved for formerly homeless households.
9 HPD is seeking an amendment to a previously approved
10 Urban Development Action Area Project under
11 Resolution 2507 on August 5, 1997 pursuant to Article
12 16 of the General Municipal Law. HPD specifically
13 seeks to change the project summary to allow the
14 construction of a new building in an area that was
15 previously used for parking and open space. Before I
16 open the public hearing, I just want to make sure
17 that folks know that they should submit any
18 questions—any speaker slips if they wish to speak.
19 I'd like to now open a public hearing Land Use Item
20 279, Victory Plaza and I'd like to present HPD to
21 present this testify. Please identify who is on the
22 panel. We've been joined by Council Member Vanessa
23 Gibson.

24 GENEVIEVE MICHEL: Genevieve Michel.

25 JANNA BRANIS: Janna Branis.

2 LEGAL COUNSEL: So, let's swear you in
3 and Genevieve, you were just sworn in. So just a
4 remind you, you're still under oath and for the rest
5 of you: Please raise your right hand. Do you affirm
6 to tell the truth, the whole truth and nothing but
7 the truth in your testimony before this Subcommittee
8 and in your answer to all Council Member questions.

9 JANNA BRANIS: Yes.

10 CHAIRPERSON KALLOS: You may begin.

11 JANNA BRANIS: This item consists of a-
12 this item consists of an amending to a project known
13 as Victory 1 located at 11 West 118th Street and
14 1460-1472 Fifth Avenue, Block 1717, Lots 28 and 33
15 formerly lots 28 through 40 in Manhattan District 9.
16 The original project was previously approved for
17 development by the Council on August 5, 1997,
18 Resolution No. 2507 under HUD Section 202 Supportive
19 Housing Program for the Elderly. The existing
20 building is located on Block 1717, Lot 33 and
21 contains an 8-story building with 109
22 dwelling units for low-income seniors, a
23 superintendent's unit, 15 parking spaces and open
24 space. Under the amended project, the owner will
25 convey Block 1717, Lot 28, which is underutilized to a

3 new sponsor known as Victory Plaza Housing
4 Developmetn Corporation who proposes to construct a
5 new building under HPD's Senior Affordable Rental
6 Apartments, SARA Program that will be known as
7 Victory Plaza. Projects developed with SARA funding
8 are 100% affordable rental housing for low-income
9 seniors that must also set aside 30% of units for
10 homeless seniors generally referred throught the
11 Department of Homeless Services or other municipal
12 social service agency. Income is limited to 50% of
13 AMI, and all tenants will pay 30% of their income as
14 rent due to Section 8 Project Based Vouchers.
15 Approximately 40% of units are designated permanently
16 affordable. The new building will provide
17 approximately 134 studios, one 1-bedroom and a 1-
18 bedroom unit for a superintendent and a new parking
19 lot with 10 parking spaces for existing Victory 1
20 residents and staff. Additionally, administrative
21 office space will be provided for building staff
22 including full-time employees such as an on-site
23 super, a porter a reesidential project manager and a
24 social worker, a community room, an open recreational
25 space would be provided as well. A supplement
project summary describing the new project will be

3 added to the existing project summary approved in
4 1997, which will remain unchanged. Additionally,
5 there will be changes made to the existing Victory 1
6 building. In order to facilitate the construction of
7 the new buliding, HPD is before the Council seeking
8 approval to amend the original project.

9 RICK GROPPER: Thank you Council Members.
10 My name is Rick Gropper, and I'm one of the
11 principals of CAMBA Property Group. We are in
12 partnership with HCCI developing the project called
13 Victory Plaza. HICCI is a non-profit Harlem based
14 coalition of commuity leaders and chruches. It was
15 established in 1986, and HCCI owns and manages
16 affordable housing in the Harlem area as well as
17 provides services for its constituents and for its
18 residents, and CAMBA Property Group was established
19 three years ago. We own approximately 2,500 units,
20 the majority of which is affordable housing and we do
21 both preservation of existing affordable buildings
22 where we buy buildings and extend the regulatory
23 restrictions, and undertake improvements to the
24 properties as well as ground-up new construction
25 where we build affordable housing both for people at
and below 60% of AMI as well as people who have more

2 moderate incomes, and we do that around the city. In
3 terms of community engagement, we take it very
4 seriously, and that's some—one of the things that
5 we're planning to bring to the Victory Plaza project
6 in terms of community outreach, local hiring and MWBE
7 hiring. Victory Plaza, as Genevieve metioned is 100%
8 seniors affordable building, and it caters to some of
9 the most vulnerable people in New York City and in
10 the immediate area in particular. Seniors are--about
11 40% of them actually are receiving some type
12 government subsidy, and this project will take some
13 stress off of the system by providing 135 units of
14 100% affordable low-income seniors' housing, and it's
15 something that caters to the AMI both in the
16 immediate census tracked, which is \$60,000 as well as
17 in the two surrounding communities, Districts 10 and
18 11. The property is located at 118th Street and Fifth
19 Ave. The property consists of an existing building,
20 which is 110 units, a 109 plus a super as well as
21 land that's unimproved, and the—the plan here is to
22 subdivide the land using the VQA (sic) for affordable
23 independent residents for seniors as the existing
24 building is a HUD 202. So, we're using that
25 additional floor area. We're subdividing it. We are

3 then building the affordable seniors building on-on
4 the development site. The original site, which is
5 called Victory 1 was transferred to HCCI, our
6 partner, and they used that to build 110 units, which
7 is the HUD 202. So, we're subdividing. We are
8 spreading that same deed restriction to the
9 development site. So, I will be used—the whole thing
10 will be used in perpetuity for housing for elderly
11 persons of low-income. When we are—are complete with
12 the new building there will be garden behind it,
13 about 3,000 square feet of community space on the
14 outside as well as 3,000 community—3,000 feet of
15 community space as well in-on the interior of the
16 building. In terms of financing, we're using taxes
17 and bonds, tax credits, subsidy from HPD, and HDC as
18 well as project based vouchers that are being issued
19 by HPD, but the funding ultimately comes from HUD.
20 In terms of affordability, I mentioned before that
21 the deed restriction is being spread to the whole
22 site. So, the whole thing will be used in perpetuity
23 for elderly persons of low income. Fifty-eight of the
24 units will be extremely low-income, and that will be a
25 permanent restriction. Per the SARA, which is HPD's
Affordable Seniors Program terms sheet, we're doing

3 30% of the building for—we're reserving 30% of the
4 building, which is 41 units for formerly homeless
5 people. The balance of the building will be for
6 individuals and couples all of which will be on the
7 project based voucher contract, and the residents of
8 the building will earn—will pay no—no more than 30%
9 of their income. The income restriction for the
10 building is 50% of AMI and below, but there will be a
11 variety of incomes under that tier. As I mentioned
12 before seniors as the most vulnerable population in
13 New York City or one of the most vulnerable, a lot of
14 time have little to no income and—and may times it's—
15 it's on a declining basis. The whole project will be
16 built to UFAS standards. It will be built to New
17 York City Building Code in terms of accessibility,
18 and there will be a live-in super as well as space
19 for Social Services. Social Services will be
20 provided by HCCI, our non-profit partner, and they'll
21 provide a variety of services in terms of case
22 management such as financial consulting, job
23 training, to be if that's necessary, coordination of
24 health services, and facilitation of—of home
25 healthcare services. We have a robust MWBE and
local hiring program as we do on all of our projects.

2 We'll be targeting a goal of \$2.7 million of MWBE
3 contracts, and we're going to be doing outreach to
4 MWBE subcontractors as well unbundling BID packages,
5 and making a very aggressive effort to exceed this
6 requirement. In terms of local hiring, we're—we're
7 committed to 20% from the the immediate area, and if
8 anyone is interested in a job, they can call me
9 directly at 646-598-7412. We have a project based
10 voucher contract, which means that there—there cannot
11 be a community preference, but we're committed to doing
12 extensive outreach to both CB10 and CB11. The
13 project is in CB10. We'll—we'll be working with
14 Council Member Perkins as well as other community
15 leaders and stakeholders to make sure that we can
16 target the property and—and target the local
17 community as we're—we're leasing up the building, and
18 with that, I will conclude and look forward to any
19 questions.

20 CHAIRPERSON KALLOS: Thank you. I always
21 appreciate when somebody appears prepared and has the
22 information for folks if they are interested in
23 applyin for jobs. I have a total project csot of
24 \$63.2 million. Is that correct?

2 RICK GROPPER: Yes. It's changed a
3 little bit, but yes that's right.

4 CHAIRPERSON KALLOS: What is the current
5 number?

6 RICK GROPPER: The total cost is \$64.2
7 million.

8 CHAIRPERSON KALLOS: Okay, give me one
9 moment. What are the hard costs?

10 RICK GROPPER: The total hard cost is
11 \$41.1 million including contingency.

12 CHAIRPERSON KALLOS: And what are the
13 soft costs?

14 RICK GROPPER: Soft costs \$13--sorry.
15 Actrually \$21 million.

16 CHAIRPERSON KALLOS: That appers to be a
17 one-a-a soft cost of approximately one-third.

18 RICK GROPPER: Right.

19 CHAIRPERSON KALLOS: It appears that you
20 soft costs are approximately one-third of the total
21 project costs. Is that correct, but not--does not
22 count for the record?

23 RICK GROPPER: Yes. It's actually 32%.

24

25

2 CHAIRPERSON KALLOS: Is-is that a normal
3 amount? Do you regularly see a 32% soft costs on
4 projects?

5 RICK GROPPER: I think it depends. I
6 mean they can-it can vary depending on what-what kind
7 of project it is, what the total hard cost number is.

8 CHAIRPERSON KALLOS: In terms of the unit
9 size, what is the size of the studios for sniors? Is
10 that the-I actualy opposed the ZQA's shrinking of
11 units for sneiors. I believe the rule was 435 square
12 feet, and I believe that got shrunk in ZQA. I think
13 they were willig to go as low as 175 and I believe we
14 ended up somewhere in between. What is the size of
15 our studios?

16 RICK GROPPER: Approximately 450 square
17 feet.

18 CHAIRPERSON KALLOS: Thank you. That is
19 a-a good thing. With regards to the total land
20 value, what is it?

21 RICK GROPPER: The total land value is
22 approximately \$1.4 million.

23 CHAIRPERSON KALLOS: Say that one more
24 time.

2 RICK GROPPER: The total land value is
3 approximately \$1.4 million.

4 CHAIRPERSON KALLOS: I have an estimate
5 of \$10.5. [pause]

6 RICK GROPPER: There—10.5 is the
7 unrestricted value as if it were the market value,
8 but the—the total land value that we are paying to
9 the existing builing to subdivide the land is \$1.4
10 million.

11 CHAIRPERSON KALLOS: What is the—is this
12 project going to receive any subsidies such as a tax
13 abatement?

14 RICK GROPPER: Yes, the project is
15 receiving a 420-c Tax Abatement.

16 CHAIRPERSON KALLOS: How long with that
17 420-c Tax Abatement be for?

18 RICK GROPPER: Forty years.

19 CHAIRPERSON KALLOS: Is that a full or
20 partial?

21 RICK GROPPER: It's a full.

22 CHAIRPERSON KALLOS: What is the
23 cumulative value, and what is the net present value
24 of that 420-c Tax Abatement?

25 RICK GROPPER: We have that. [pause]

2 CHAIRPERSON KALLOS: It—this was very
3 comprehensive testimony. So, if it had been
4 included, we wouldn't have needed to ask questions.
5 On the last one we didn't actually need to ask
6 questions because it as so comprehensive.

7 RICK GROPPER: The total—the—the net
8 present value is \$9.7 million of the tax abagement.

9 CHAIRPERSON KALLOS: And what is the
10 cumulative?

11 RICK GROPPER: [pause]

12 CHAIRPERSON KALLOS: I'm going to guess
13 it's somewhere around \$40 million.

14 FEMALE SPEAKER: [off mic] that sounds
15 right, but—yeah, I think that's the number with us.

16 CHAIRPERSON KALLOS: Are there any other
17 subsidies from HDC?

18 RICK GROPPER: Yes. There is—these's a
19 second mortgage from HDC, which is \$7,480,000.

20 CHAIRPERSON KALLOS: [pause] Is there
21 low-income housing tax credits on this project?

22 RICK GROPPER: Yes.

23 CHAIRPERSON KALLOS: At what rate?

24 RICK GROPPER: It's a dollar and five—
25 105.

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3 CHAIRPERSON KALLOS: Are you receiving
4 any federal support?

5 RICK GROPPER: Just the project based
6 voucher contract.

7 CHAIRPERSON KALLOS: Is that through HUD
8 or through HPD?

9 RICK GROPPER: It is issued by HPD. The
10 funding is from HUD.

11 CHAIRPERSON KALLOS: And any New York
12 State funding?

13 RICK GROPPER: There is no New York State
14 funding.

15 CHAIRPERSON KALLOS: Any city capital?

16 RICK GROPPER: Yes. There is a third
17 mortgage from HPD, which is part of the SARA program
18 and that number is \$7,295,197.

19 CHAIRPERSON KALLOS: \$7 million how much?

20 RICK GROPPER: \$7,295,197.

21 CHAIRPERSON KALLOS: [pause] Are you
22 getting any additional FAR?

23 RICK GROPPER: We are transferring all of
24 the FAR under the--the air--as a result of the Air's
25 Bonus to--

CHAIRPERSON KALLOS: [interposing] Okay.

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3 RICK GROPPER: --the development site.

4 CHAIRPERSON KALLOS: But you're not
5 changnig the FAR?

6 RICK GROPPER: We're not.

7 CHAIRPERSON KALLOS: Any private funds?

8 RICK GROPPER: No private funds. There
9 is deferred developer fee.

10 CHAIRPERSON KALLOS: What is the
11 developer fee?

12 RICK GROPPER: The developer fee is \$8.3
13 million.

14 CHAIRPERSON KALLOS: And this under
15 ZQA, but not MIH?

16 RICK GROPPER: This is under ZQA but not
17 MIH.

18 CHAIRPERSON KALLOS: Will the individuals
19 who are working to construct this building work in
20 the building--or work in the building afterwards
21 require affordable housing from the city or in which
22 you are contributing to the affordable housing crisis
23 that you're trying to help us avert, or will you be
24 paying people such that they don't need affordable
25 housing from our city?

3 RICK GROPPER: I think that the people
4 working both during construction and-and in the
5 building once it's built will require-I mean could
6 require some level of affordable housing. The
7 project is prevailing wage during the construction
8 period. So, the-the workers will receive a decent
9 wage. They will also be provided the opportunity to
10 receive benefits o the extend they're-they would like
11 that, and during the-ther permanent phase, the-the
12 workers will also have the opportunity to receive
13 benefits.

14 CHAIRPERSON KALLOS: Those are-that i is
15 good-that is a good thing to hear. When you say it's
16 like prevailing wage, I believe that they will get
17 compensated, and whilt it is true that there is
18 affordable housing at 165% if AMI, that I have
19 opposed in this committee, I think that if folks are
20 earning about the 100% of AMI working on your job
21 site that that is not necessarily contributing to the
22 crisis. So that-that is good information to have.
23 With regards to the folks that are going to be
24 buidign-sorry-that-that are going to be doing the
25 work, are-are-is your architect,the contractor is

2 CAMBRA, yourself and MWBE or led by people of color
3 or women?

4 RICK GROPPER: No, we're not an MWBE nor
5 is our contractor, but we do have a robust MWBE and
6 local hiring program per HPD's Build-Up requirements.
7 We have a goal of \$2.7 million approximately to-
8 targeted to MWBE subcontractors. We're also-oh,
9 okay. We're also committed to a 20% local hiring
10 requirement on the project. So, the people who are
11 workign on it will-will be-ideally at least 20\$% of
12 that will be from the immediate area.

13 CHAIRPERSON KALLOS: Thank you. Are
14 there any members of the public who wish to testify?
15 Seeing none, I will now close the public hearing on
16 Land Use Item 279. We will now vote on Land Use
17 Items 257 Clinton URA Site 7, Land Use 258, 590
18 Soutghern Boulevard, which were subect of hearing on
19 November 15th. Land Use Item 268, JOE Central, Land
20 Use 266, 464-68 West 51st Street and Land Use 279,
21 Victory Plaza, which we just heard today. All the
22 local members are support of the aforementioned
23 applications pertaining to property in their
24 distrcts. Land Use 257 Clinton URA Site 7 will
25 facilitate the development and the completion of a

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3 project at all of this was actually read earlier.

4 The approval of Land use 259, 590 Southern Boulevard
5 where HPD is seeking a tax exemption to Article XI of
6 the Private Housing Finance Law. It will facilitate
7 the preservation of a 27-unit HDFC Co-op. I will now
8 call for a vote to approve Land Use Items 257, 258,
9 265, 266 and 279. Counsel, please call the roll.

10 LEGAL COUNSEL: Chair Kallos.

11 CHAIRPERSON KALLOS: Aye on all.

12 LEGAL COUNSEL: Gibson.

13 COUNCIL MEMBER GIBSON: Aye on all.

14 LEGAL COUNSEL: Deutsch.

15 COUNCIL MEMBER DEUTSCH: Aye on all.

16 LEGAL COUNSEL: King.

17 COUNCIL MEMBER KING: Aye on all.

18 LEGAL COUNSEL: The land use items are
19 approved by a vote of 4 in the affirmative, no
20 negatives and no abstentions, and will be referred to
21 the full Land Use Committee.

22 CHAIRPERSON KALLOS: We will hold this
23 committee hearing open for an additional eight
24 minutes for a Council Member who was here early, but
25 may wish to join in the vote. I'd like to thank the
Counsel and Land Use staff for preparing today's

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2 hearing, and members of the public and my colleagues
3 for attending this meeting. We will hold this open
4 until 11:00 a.m.[pause] [background comments]

5 COUNCIL MEMBER DIAZ: You know, when you
6 are talking too much you will make you so many
7 questions, you see. You ought to rate you.

8 MALE SPEAKER: I apologize. [background
9 comments]

10 LEGAL COUNSEL: Okay, vote on Land Use
11 Items 257, 258, 265, 266 and 279. Diaz.

12 COUNCIL MEMBER DIAZ: Yes on all.

13 LEGAL COUNSEL: The Land Use items are
14 approved by and will be referred to the full Land Use
15 committee.

16 CHAIRPERSON KALLOS: This meeting is
17 hereby adjourned. [gavel]

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C E R T I F I C A T E

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



Date December 22, 2018