

Testimony of the New York City Department of Housing Preservation and Development

December 7, 2021

Good morning, Chairs Cornegy and Kallos and members of the Committees on Housing & Buildings and Contracts. My name is Dhanraj Singh and I am the Assistant Commissioner of Economic Opportunity and Regulatory Compliance and M/WBE Officer at the New York City Department of Housing Preservation and Development (HPD). Thank you for the opportunity to testify on the Agency's efforts to grow the number of MWBE firms driving our city's affordable housing efforts, to strengthen their capacity, and to improve their competitiveness.

As all of you know too well, New York City faces a long-standing housing crisis that has been made all the more urgent in the wake of COVID-19. As the City works to rebuild from the pandemic, HPD is looking hard at the devastating health and economic impacts, as well as the deeply embedded racial and economic inequities laid bare by COVID-19. We know that safe, quality, affordable housing is critical for the health and stability of our residents and the prosperity of neighborhoods in which they live, and we are more focused than ever on what we can do to ensure an equitable recovery for all New Yorkers.

Since Mayor de Blasio launched the Housing New York Plan in 2014, New York City has accelerated the construction and preservation of affordable housing to levels not seen in 30 years. We inherited an impressive public-private production engine, capable of building and preserving approximately 15,000 affordable homes per year. Over the last eight years, with new funding and tools, the City increased that capacity to finance the creation or preservation of 25,000 affordable homes per year—a rate the City has never achieved before—to fulfill the Mayor's goal of financing the creation and preservation of 300,000 affordable homes by 2026. Throughout the pandemic, HPD and our partners at the New York City Housing Development Corporation (HDC) continued to push forward our affordable housing production with a sharpened focus on the most vulnerable New Yorkers, and on achieving greater racial equity and inclusion. Thanks to the leadership of Chair Cornegy and all of our partners on the New York City Council, the tireless efforts by our HPD team, partner agencies, and many others, we have financed more than 195,000 affordable homes and apartments as of June 2021, in every borough and every single community district.

To accelerate and sustain this increased level of housing production, the Administration has also sought to expand the capacity of the affordable housing industry, and at the same time to make it is more diverse and inclusive. This work requires strong partners who reflect the diversity of the city's many neighborhoods, and M/WBEs and non-profits often have deep roots in their communities. HPD is therefore deeply committed to promoting the participation of Minority- and Women-owned Business Enterprises (M/WBE), as well as the non-profit community development corporations that have played an important role in the city's neighborhoods over the past decades in the development and management of affordable housing subsidized under City-sponsored programs.

In 2014, we launched the Building Opportunity program, featuring a capacity building course designed for M/WBEs and nonprofit developers seeking opportunities and exposure to best practices in affordable housing development. The course exposes participants to affordable housing development and finance, asset and property management, and how to position their

businesses for effective joint ventures and public-private partnerships. Since 2014, HPD has hosted five classes of participants, totaling more than 110 firms served.

We created the M/WBE Build Up program to increase contracting opportunities for certified M/WBEs in HPD/HDC-subsidized affordable housing projects. The program requires developers/borrowers to spend at least a quarter of HPD/HDC-subsidy on certified M/WBEs over the course of design and construction of projects where HPD/HDC contributes \$2 million or more in subsidy. Since its launch in 2017, the program has delivered more than \$1.1 billion in goal spending towards M/WBEs across 239 projects. And through the HPD Build-Out program, HPD has been aiding its development partners in identifying potential contractors or professional service providers for work on affordable housing projects. It also hosts a seminar series on a range of topics to create a better understanding of the project development cycle with the goal of increasing contractors' project readiness and capacity.

To address the disparity in M/WBE developers' participation, HPD championed state legislation that now permits the agency to take additional steps to encourage M/WBEs' participation in the affordable housing development market. The legislation enabled the creation of a competitive pre-qualified list of M/WBE developers and a dedicated pipeline of City-owned sites that were included in the first-ever M/WBE Building Opportunity RFP in 2015. In 2017, HPD announced the designation of six teams, most of which participated in the agency's Building Opportunity Initiative, to develop 600 affordable homes on vacant City-owned sites in Brooklyn, the Bronx, and Manhattan. Proposals included a mix of supportive and senior housing, a local farm and fresh food services, a high school leadership academy, an LGBT community center, and a tech incubator. Four of these six projects have now closed; separately, 25 percent of all RFPs awarded on public sites have had M/WBE involvement.

In April 2021, we issued a second RFP exclusive for M/WBE developers to transform two City-owned sites in Prospect Heights, Brooklyn into affordable housing. The two completely affordable projects will create approximately 180 new affordable homes, mainly serving low-income families, and with one site dedicated to homes for seniors as part of the City's Seniors First initiative.

To further increase the financial and ownership stake of M/WBEs and non-profits in affordable housing work, in 2020, HPD introduced a new equitable ownership rule, requiring an M/WBE or non-profit partner holds a minimum 25 percent ownership stake in any affordable housing project awarded on public land. We also repositioned the New York City Acquisition Fund to exclusively finance projects led by M/WBEs or non-profits with at least a 51% ownership stake. This \$210 million public-private affordable housing loan fund has offered flexible bridge loans to affordable housing developers to acquire vacant sites and occupied buildings and finance predevelopment work since its establishment in 2006. The recent repositioning now helps reduce one of the key barriers for M/WBE and non-profit developers, which is access to capital.

As the City continues to produce affordable housing at a record pace, there is a growing demand for qualified marketing agents that can advertise and lease up affordable homes. In response, HPD partnered with Goldman Sachs, LISC NYC, and Enterprise Community Partners to introduce the Pathways to Opportunity Program, a new training and certification program to build the capacity of marketing agents. The first phase of the initiative was designed to increase

the supply of M/WBEs, and nonprofits qualified to serve as marketing agents by preparing them to apply for HPD's recently released Qualified Marketing Agent Request for Qualifications (RFQ). HPD has provided free training to roughly 32 M/WBE firms and nonprofits to date. This training and certification allow these M/WBEs to be more competitive in breaking into the growing marketing agent industry for Housing Connect lotteries.

The second phase of the Pathways to Opportunity program seeks to create affordable housing marketing career pathways for low-wealth New Yorkers, particularly those currently living in affordable housing, through a workforce development program. The program is geared towards granting access to employment in marketing, affordable housing, and LIHTC compliance. A competitive Request for Proposals (RFP) was recently issued in partnership with Enterprise to identify a workforce provider(s) to refine and implement the new Housing Career Pathways initiative.

Our efforts to create opportunities and promote the use of NYC-certified M/WBEs on our development project are only half the story. The agency undertakes considerable efforts to promote the use of M/WBEs on our procurement opportunities. Since 2017, the agency has procured more than \$66 million in goods and services from M/WBE vendors. In fiscal year 2021 alone, despite COVID-19, the agency recorded its highest procurement spending of more than \$18 million on M/WBE vendors – a testament to our commitment to the success of NYC M/WBEs. These spending provide critical resources to our M/WBEs to ensure they not only recover but bounce forward in the post-COVID-19 economy. To address disparities in utilization, the agency has and continues to undertake numerous measures including targeted outreach, capacity building and trainings, technical supports, and systematic reviews of internal processes to ensure more equitable utilization.

Housing production is an economic engine that supports countless businesses, and all New Yorkers should have equal opportunity to participate. HPD welcomes feedback and ideas as we continue to advance these and other initiatives to help increase the number and expand the capacity of the M/WBEs driving the City's affordable housing efforts. In closing, I want to thank you for the opportunity to testify today.

I look forward to our continued partnership as we seek ways to help New Yorkers pull through and get to the other side of this crisis as we work towards a more affordable and equitable city. We will now take your questions.



Testimony for the City Council Committee on Housing & Buildings

Re: Minority Affordable Housing Development World

December 7, 2021

On behalf of The New York State Association for Affordable Housing (NYSFAH), I would like to thank Chair Cornegy and members of the Committee for the opportunity to provide the following testimony in this oversight hearing on an important topic.

NYSFAH is the trade association for New York's affordable housing industry, with nearly 400 members, including developers, contractors, lenders, investors, attorneys, contractors, architects and others active in the financing, construction, and operation of affordable housing.

I first want to thank the Chair and the Council for holding this hearing about an important topic. Encouraging NYSAFAH's MWBE developers and contractors and opening up opportunities for more to join the development world is a goal for us as an industry association. We have held networking and mentorship events to connect smaller and emerging MWBE participants in the affordable housing world to more established firms, and we have partnered with HPD on similar types of events. We have advocated for the removal of barriers to getting MWBE certified at both the city and state level, and we are mindful of the fact that policies that harm the industry as a whole — those which increase costs or which delay projects — harm emerging and minority developers far worse than larger, established private developers who can better absorb those hits.

However, simply combating against bad policies or holding networking events is not sufficient to open up opportunities for minority firms in the affordable housing industry. We need more diversity in this important corner of the real estate world. The affordable housing development community should more closely resemble the diversity of the residents that it serves through its projects. This requires fundamental policy changes, specifically as it relates to underwriting standards by lenders, which are among the biggest barrier to entry to would-be developers and property owners.

Major financial institutions have taken steps toward diversity, equity and inclusion goals in the development space, but these commitments need to be matched with more attainable underwriting standards in order to see results. To develop or buy a piece of real estate, there are requirements around equity investment and financial guarantees that must be provided. Bank credit risk departments want to know that the developer has the wherewithal to invest the required equity and to stabilize and complete the project in case of overruns or delays. These net worth and liquidity covenants are significant. For example, in New York City a \$30 million development is not considered very large. Yet the net worth required for this deal would be \$7.5 million and the cash liquidity would be \$1.5 million. These are prohibitive figures for many smaller and minority led firms.

The Neighborhood Entrepreneurs Program pioneered by HPD, net worth and liquidity requirements were greatly reduced and the program had participation by a great many women and minority led development firms as a result. HPD and HDC again has the power to shape financial guarantee requirements and ensure minority and women led firms get an appropriate share of the business.

We at NYSAFAH along with our board chair who remains personally committed to this issue are happy to discuss this and other ideas with the Council, as we want to see this conversation continue and real progress get made in this area. Thank you.

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REPORTING FOR NEW YORKERS

QUEENS

Queens Couple's Dream Home Turns to Catch-22 Nightmare Over 'Neighbors From Hell'

BY KATIE HONAN | KHONAN@THECITY.NYC | DEC 2, 2021, 8:10PM EST



Rockaways resident Dianna Prashad says she and her wife have been harassed and threatened by neighbors, Nov. 22, 2021. | Ben Fractenberg/THE CITY

A Far Rockaway couple say they're being harassed by their next-door neighbors who are accused of illegally renting a home purchased through a city program that requires the owners to live there for 25 years.

Dianna and Pam Prashad, who are in the same program, say that means they're now stuck with "neighbors from hell" — and unable to move elsewhere.

"This home was our happy place," Dianna Prashad, 45, said of the two-story, blue-and-white semi-attached home in Edgemere that she bought in 2007.

But since March 2020, just as the pandemic lockdown went into effect, the Prashads say they've faced harassment — including anti-gay slurs — from tenants next door. The neighbors moved in after the owner relocated to Delaware despite the requirement that she stay in the home for 25 years, the Prashads say.

The couple said they are receiving "constant threats" from the next-door neighbors, who they believe are targeting them because of their sexuality.

The alleged harassment began soon after the new tenants moved in, according to the Prashads. The couple say they called the police on April 22, 2020 after their next-door neighbors allegedly threatened to assault Pam while she was outside her home, they said.



The Prashads' home. | Ben Fractenberg/THE CITY

“Come and get this ass-whooping, d---,” one neighbor allegedly yelled at Pam Prashad.

Another time, the same tenant said of Pam, “that b---- needs a good ass-whupping,” the couple said.

In April, the tenants began yelling at the couple for no apparent reason as they planted flowers in front of their home, according to footage captured on the Prashads' security camera and reviewed by THE CITY.

“We've been directly targeted,” Pam Prashad, 50, said.

Police a Frequent Presence

They say they've also called the police multiple times to break up loud parties that often go into the early morning, even on weekdays, according to the Prashads.

Those calls haven't helped.

“The police come every other day,” said one neighbor, Armando Cruz, who lives on the other side of the Prashads, although the home isn’t attached.

But he said he hadn’t heard loud music and wasn’t bothered by the people living two-doors down.



Security camera footage the Dianna Prashad says shows her neighbors harassing her and her wife, Nov. 22, 2021. | Ben Fractenberg/THE CITY

Another neighbor, Angel, who declined to give his last name, has lived across the street for more than a decade and said he sometimes hears parties and motorcycle engines revving outside in the summer.

“I don’t feel it, because they’re not next to me,” he said.

Other neighbors both on the block and around the corner said they weren’t aware of any loud parties, but knew about the dispute between the two households.

Since January, there have been seven complaint reports filed for harassment at the location, according to an NYPD spokesperson. A police source said residents of both homes have called the cops on each other.

A woman who answered the door at the home the Prashads call problematic declined to comment after speaking to her lawyer.

Couple Faults City

The tenants in that home are renting through a CityFHEPS voucher, officials confirmed. The Prashads said that points to a left-hand-right-hand failure on the part of City Hall for failing to check if the home was legally allowed to be rented.

Dianna Prashad purchased her house through a first-time home buyer program administered by the city's Department of Housing, Preservation and Development, which teamed with private developers to build on city-owned land.

Those who bought homes through the program had to meet income requirements and then received a grant from the city to help them put a down payment. But it came with a clause that required them to remain in the home for at least 25 years — with the grant reduced each year they stayed.

A spokesperson for HPD noted that the majority of homeowners who have bought homes through these types of programs are in compliance, and the programs have been important in helping people afford a piece of real estate in an increasingly expensive city.

“Homeownership is a powerful tool to stabilize neighborhoods and help New Yorkers build equity and intergenerational wealth,” the spokesperson, Anthony Proia, said.

When owners don't comply, “the city will pursue legal action to ensure compliance,” he said.

COVID-19 and the statewide eviction moratorium has also further complicated the tenants' situation, an official said, but the Prashads believe the city should find comparable housing for the tenants so they can be left alone.

And the larger issue is the city's own lack of enforcement on its own covenant of home ownership, the couple said.

The Prashads said they've only been asked once to verify they lived in the home, back in 2010. This lack of enforcement has allowed some people to take advantage of the program, while they and others have suffered, Dianna Prashad said.

"Given the primary residence clauses in our contracts, I should not have had to report the breaches on my block as it was HPD's responsibility to monitor these contracts for compliance," she added.

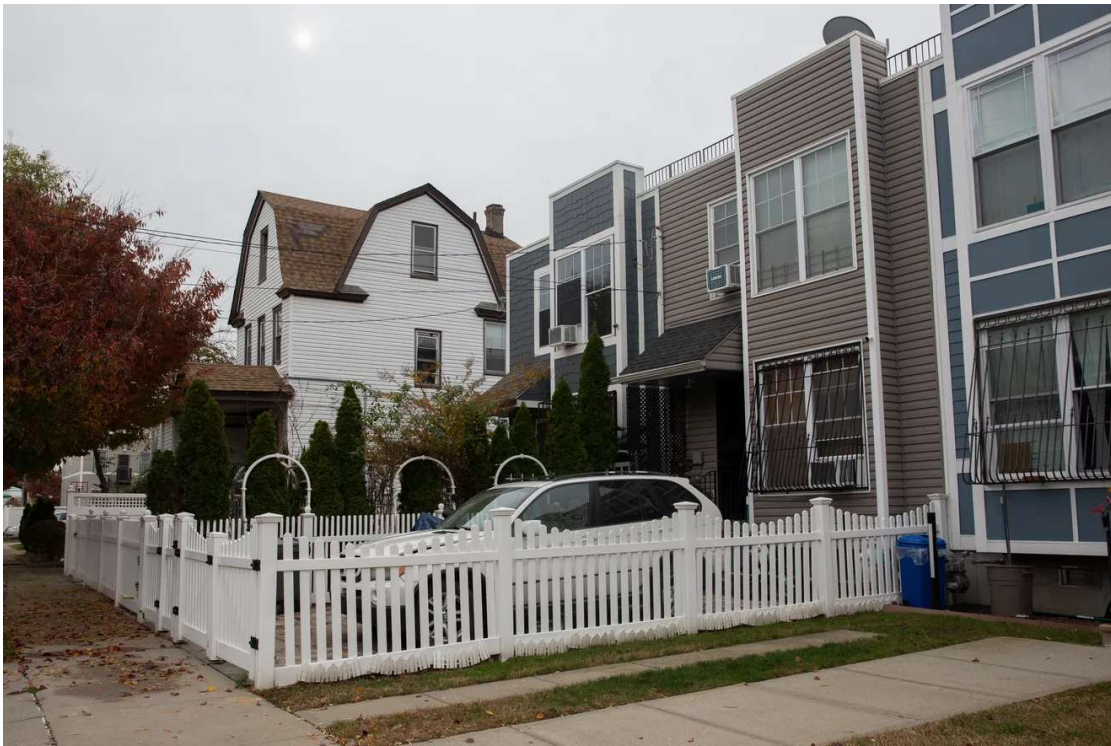
'I No Longer Feel Safe'

She feels stuck in the home, she said. To move, she would have to first find a buyer willing to take on the 11 years left on her deed, and then pay off her mortgage and the money remaining on the city-issued grant to first buy the home — totaling close to \$200,000, she said.

Dianna Prashad said she spent close to \$100,000 after the home was severely damaged due to Hurricane Sandy, and current real estate prices around New York City make it nearly impossible for her to buy elsewhere.

HPD investigates complaints about homeowners violating the owner-occupancy agreements and also when there are changes to the mortgage, Proia said.

HPD says it's currently pursuing legal action against the next-door neighbor in question, Gail McMillan, who paid off her existing mortgage but is still required to live in the house if she owns it.



The block in Edgemere, Queens, Nov. 22, 2021. | Ben Fractenberg/THE CITY

City property records show she took out a second mortgage on the home in March, where she listed her primary residence as Delaware — and that the Queens property is an investment to receive rental income.

McMillan declined to comment when reached by phone.

The Prashads sued the city over the situation in September 2020. The couple filed an appeal in the case this past August after a judge ruled in favor of the city’s motion to dismiss the claim, according to court documents.

“This has affected my job, the city is aware of this but they don’t care,” Dianna Prashad, who works from home in a government job, said.

The couple has received the support of local elected officials, including Councilmember Selvena Brooks-Powers (D-Queens) and Rep. Gregory Meeks (D-Queens, Long Island), who sent a letter to the mayor in October on behalf of the Prashads.

“This ongoing situation has not only been extremely disruptive to the lives of Ms.

Prashad and her partner, but it is unacceptable that the city has allowed it to continue,” they wrote, demanding the city find a new home for the tenants.

“I no longer feel safe in my own home,” Dianna Prashad said.

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Good morning all. My name is Dianna Prashad. While this hearing raises the issue of minority underrepresentation in development contracts with HPD, the issue of systemic discrimination by this agency is not merely restricted to their failure to support minority contractors within the context of development. HPD in fact has failed in protecting minority communities that it has built under the mantra of “affordable housing.” On December 2, 2021 “The City” an online newspaper published a piece on my experiences as minority in subtext of affordable housing. I have included this article as an attachment to my testimony. This article however represents only a partial rendering of my experiences as a black female, a minority who participated in a HPD first time Homeowner venture in 2007 called Ocean View Villas II, in Edgemere Far Rockaway in good faith but have faced retaliation by HPD for being a whistleblower to eleven years of negligence in them monitoring and enforcing owner occupancy clauses in their contracts which has left myself and roughly 195 other homeowners in this development dealing with the reality of a community that is imploding with the illegal conversion of these homes into rentals which has adversely affected our property values and our safety. While this story focuses on my current predicament with one such homeowner, namely the one whose home is attached to mine, it does not record that the issue of these illegal and unchecked conversions date as far back as 2012. This means that HPD’s employees have failed to do their job in my community from January 2010 and following, a period now approaching twelve years. The article also does not record that other racial groups inclusive of Caucasian homeowners in our communities who were given preference to these homes due to their status as employees of the developer Monahanock Construction/Hudson Companies as well as NYC employees that are engaged in these longstanding breaches which has gained traction over the years with yet other homeowners converting their homes into rental properties and using these grant-funded first time homes as collateral for loans to purchase homes in other states and other neighborhoods where they have relocated to. Moreover, despite these documents being recorded in New York City property records for years now, HPD has looked the other way for over a decade now allowing select homeowners to profiteer while holding the rest of us to the letter of these contracts despite safety issues that we are experiencing, the impact of these illegal rental arrangements on property values or of their contribution to community instability. In my case, this illegal conversion next door involves other NYC agencies namely Department of Homeless Service and Department of Social Services participating in these breaches by illegal transplanting their clientele into the home attached to mine and paying the errant homeowner a NYC Housing Voucher for breaching her contract. DSS/DHS’ clients are coddled and applauded for terrorizing my wife and I as homeowners and contractees by HPD and their sister agency DSS with the hope that this harassment will cause us to flee our home, disregard our contractual obligations and desist from our fight for parity. Little do they realize what obstacles I have overcome in my life and of the degree of the battle that I am willing to wage in the name of justice.

My story was first brought to this committee on November 9, 2021 wherein my council member Ms. Brooks-Powers testified on my twenty month and counting ordeal with HPD, requested that HPD provide a response to specific questions which the Chairman Mr. Cornegy promised that he would “provide support” in her receiving the answers she sought. In exactly forty-eight hours, a month will have expired since this request for which HPD has remained mute. I would like to know Mr. Chairman, have you kept your promise to me and my council woman to assist in our fight for parity and justice? As it stands today, I am still experiencing the selfsame issues that I have had for the past twenty months

being threatened with physical violence, intimidated, habitually disturbed with quality of life issues from these selfsame DSS clientele the totality of which has adversely affected my employment and continues to adversely affect my employment.

My experiences entering into a contract with NYC also highlight a lack of accountability by NYC agencies. As a first time homebuyer I signed several contracts with HPD which enumerated an enduring list of responsibilities on me as a moderate income buyer including an owner occupancy clause for 25 years. HPD was the designated monitor and enforcer of this covenant as was underwritten a good faith expectation of monitoring and enforcement which to date is unsatisfied. Thus while as a contractee, I am required to honor all contractual obligations to this city, they have failed in their obligation to me. Moreover even when the issues of these ongoing contractual breaches were brought to their attention in 2018 and again in 2020, HPD continues to ignore them irrespective of their impact on my safety, quality of life and my employment. Their excuse was that of agency privilege, their unspoken right as a NYC entity to a discretion not explicated in our contracts but now cited as an excuse for eleven years of negligence irrespective of the cost to contractees such as myself who are in compliance. Thus as a homeowner while I must abide by every precept of my contract this same reliance is remiss in HPD monitoring and enforcing per their contractual obligations by incorporating verbiage such as “may” as a precursor to their obligations expressing the possibility to negate the reality of their contractual obligations prospectively. HPD should not be allowed to mislead prospective homeowners by creating one sided contracts that places an inordinate amount of restrictions and responsibilities on low income prospective homeowners while surreptitiously shielding themselves. They should not be allowed to underwrite that they are endowed with monitoring and enforcement responsibilities yet be remiss in their contractual duties in minority communities after money is exchanged. NYC agencies should be held both accountable and liable for failing to live up to their contractual obligations and good faith expectations of all homeowners in contract with them irrespective of race, color, creed and zip code. Black communities in contract with NYC HPD should not be purposefully left to implode while a different standard is applied by HPD in order to preserve and safeguard other communities of a different hue.

These are my experiences as a minority participating in an affordable housing venture. It is a cautionary tale of what it means to be a black homeowner living in a predominantly minority community under HPD’s purview wherein contracts with NYC in our communities are not monitored or enforced irrespective of the impact on our property values, quality of life, safety or community as whole. In sum black and brown homeowners in communities that are not being gentrified are devalued and our communities continue to be an afterthought in every successive administration. So while a discourse is fitting on the subject of minority contractors in housing, let us not forget that in the twenty first century black homeowners in communities such as mine who are on the other end of these contracts are still being treated disparately. We are not allowed to have the same expectations of homeownership such as the peaceful enjoyment of our homes or having our property values protected by regular monitoring and enforcement action even when we are in active contract with NYC. Due diligence is likewise discretionary for us even when HPD’s responsibilities are underwritten in our contracts. We also cannot expect the “good faith” expectations when we enter into contracts with NYC that are part and parcel of other communities and this is based purely on race and socio-economics of both the buyer and the zip

code of the community being sold. Thus to address the problem of minority contracts and contractors one must first address the issue of minority perception in our government that allows for us to be habitually reduced to second class status facilitating our marginalization in all matters before this city.

As much as minority presence is underrepresented in contracts, so too are we devalued even on the other side of this equation when we are buyers and homeowners participating and supporting these selfsame housing initiatives targeting us. It is here that we face the jarring reality of our blackness, our "otherness" when we realize that despite our participation and the socially progressive rhetoric that is spewed from one administration to the next, we as homeowners in black and brown communities continue to be viewed as "less than" and our black and brown communities are classed as "mere ghettos" despite us buying into them and in short aftermath of their creation. It is due to these pervading stereotypes within agencies such as HPD that fuels disparate treatment and lends to rampant discrimination. The fact that HPD has been derelict in monitoring owner occupancy provisions in my community for twelve years now speaks to this unwritten bias particularly when these selfsame covenants are being diligently monitored in other communities per their Deputy Commissioner Elizabeth Oakley. This means that our marginalization as well as that of our community is targeted and purposeful. The fact that this lapse was allowed to persist for twelve year and counting in Edgemere Phase II is indicative of a larger problem within HPD that evinces via absence minority contractors in development mission as well as dereliction of duty to minority communities. The presence of minority figurehead leadership as the face of this agency from 2019 does not address the issues that minorities have experienced and continue to experience with this agency that are perpetuated by career employees who are generally misinformed yet exhibit a superiority complex that is applauded by top staff. I have yet to encounter another agency with a mission as vital as HPD's whose employees continue to be remunerated for failing in their responsibilities for over a decade and there is no accountability on any level. Humility is not in HPD's mission statement and neither is accountability. HPD will never be able to combat systemic discrimination in its own rank and file which adversely affects its mission due to its lapse leadership. This is an agency that requires much more than a colored presence at its helm. This agency requires leadership that is hands on and will hold its employees accountable. Until this occurs, we as minorities will not experience a changeover in our maltreatment or exclusion irrespective of the nationality or the racial background of its Commissioner.