

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON COMMUNITY DEVELOPMENT

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June 8, 2010
Start: 10:15am
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HELD AT: Council Chambers
City Hall

B E F O R E:
ALBERT VANN
Chairperson

COUNCIL MEMBERS:
Council Member Helen D. Foster
Council Member G. Oliver Koppell
Council Member Melissa Mark-Viverito
Council Member Diana Reyna
Council Member James Sanders, Jr.

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

Wendy Takahisa
Director, CRA
New York State Banking Department

Dianne Dixon
Deputy Superintendent, Consumer Services Division
New York State Banking Department

David Hansel
Policy Director
Association for Neighborhood and Housing Development

CHAIRPERSON VANN: Good morning, ladies and gentlemen. We're getting ready--oh, okay. We're going to begin the hearing this morning. I'm Al Vann, I Chair the Committee on Community Development. And today, the Committee will consider and vote on whether to adopt Resolution 247-A. Councilwoman Diana Reyna is the key sponsor and she's to my left. Other members are on their way, and will be here presently. Obviously, we will have a quorum before we will actually vote on the Resolution. 2--Resolution 247-A calls upon the U.S. Congress to amend the Community Reinvestment Act, commonly known as CRA, to provide banks and other lenders incentives to finance stalled construction projects that are related to affordable, middle income housing. Most people are aware that a primary charge of this Committee is to address the problems of poverty. Coinciding with that charge is the responsibility to address the circumstances of class becoming more evident within our City. Each year it seems the wealthy become more wealthy while the poor get poorer. What is perhaps equally troubling is the fact that the population

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2 of the poor continues to grow, while the
3 population of the middle class families is also
4 dwindling in our City. What happens to middle
5 income families, some unfortunately become part of
6 the poor, and far too many often relocate because
7 the cost of housing in New York City is becoming
8 prohibitive for them. Although Resolution 247-A
9 does not provide a panacea for affordable housing,
10 nor does it directly provide affordable housing
11 units to our residents, it does offer a well
12 reasoned method of facilitating the construction
13 of affordable middle income housing. At this
14 time, I'll invite Committee Member and the prime
15 sponsor, Council Member Diana Reyna, to bring
16 remarks upon her Resolution.

17 COUNCIL MEMBER REYNA: Thank you,
18 Mr. Chair. Good morning. My name is Diana Reyna
19 and I am a Member of this Committee, and I want to
20 thank our Chair, Albert Vann, for cosponsoring
21 this particular Resolution, 247-A. I wanted to
22 express my genuine interest in the Resolution's
23 objective in amending the Community Reinvestment
24 Act as a possible means to fund affordable middle
25 income housing construction projects. During

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2 these current economic times, it is extremely
3 important that the City explores both new and
4 innovative ways to assist communities in
5 continuing to grow and maintain the highest
6 quality of life possible. The CRA has proven to
7 be a social and economic benefit for many
8 communities in need when appropriately applicable.
9 Unfortunately, many financial institutions subject
10 to CRA have significantly restricted their lending
11 activity, especially among construction projects,
12 resulting in a slowdown or a complete work
13 stoppage. In particular, this would include
14 construction sites related to what could be
15 potential affordable middle income housing, both
16 rental and home ownership opportunity. Resolution
17 247-A was drafted in the hope to provide a
18 possible way to make the construction of
19 affordable, middle income housing more available.
20 I look forward to today's hearing and the
21 discussion of the merits of this resolution, and
22 I'm happy to say that the discussions in
23 Washington are positive, considering we've been
24 working with Congresswoman Velazquez's office, as
25 well as Senator Gillibrand's office, in order to

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2 facilitate the need of what it is that we're
3 trying to accomplish here in the City of New York,
4 and how it relates to the national effort
5 concerning CRA. This particular Resolution is
6 leveraging what was announced and piloted last
7 year, concerning the HARP program, the Housing
8 Asset Renewal--the Asset, the Housing Asset
9 Renewal Program, thank you, which was announced
10 and a cycle deadline for, of December 31st. Few
11 property owners have taken advantage. I know that
12 in my district, as a litmus test, there were 45
13 stalled projects at that time. Since then, it's
14 increased, and in just this district alone, we
15 could see the potential ability to stabilize our
16 community, providing further opportunities for the
17 middle class that is fleeing, because there is no
18 opportunity for the middle class in the district
19 of Williamsburg, Bushwick and Ridgewood Queens.
20 We want to be able to recognize Brendon Chaney
21 from the Speaker's staff who has been enormously
22 working hand-in-hand with my office, and Ben
23 Goodman, both who have been working with Eric Yurs
24 [phonetic]. And I'd like to thank my team for
25 making this Resolution possible in an expedient

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2 fashion because the discussions in Washington plan
3 to have legislation passed, amending the CRA, by
4 early summer this year. Thank you so much.

5 CHAIRPERSON VANN: Well, thank you
6 Council Member Reyna. We would like to begin with
7 the testimony. We're very pleased and
8 appreciative to have Wendy Takahisa, who's from
9 the New York State Banking Department. We invite
10 you to come and to give testimony at your leisure.
11 Again, we thank you very much for, for coming this
12 morning.

13 WENDY TAKAHISA: Good morning, my
14 name is Wendy Takahisa, and I'm pleased to present
15 this testimony on behalf of Richard Neiman, the
16 Superintendent of Banks for the New York State
17 Banking Department. I am the Director of the
18 Banking Department's--thank you--Community
19 Reinvestment Act, or CRA Unit, which is part of
20 the Consumer Services Division. And for the sake
21 of time, my testimony is excerpted from my written
22 testimony, which is being submitted for the
23 record. A little bit on the background of the
24 Banking Department, which was established in 1851,
25 the New York State Banking Department is the

1 oldest banking regulatory agency in the nation.

2 We regulate more than 3,000 entities, 3,300

3 entities, sorry, providing financial services in

4 New York State, including both depository and non-

5 depository institutions. And the total assets of

6 the depository institutions supervised by the

7 Banking Department exceed \$2.4 trillion. New York

8 is one of only five states in the country that has

9 a state specific CRA statute, Banking Law 28(b),

10 and implementing regulations. The law was enacted

11 in 1978, one year after the federal statute,

12 largely in response to concerns about the

13 existence of redlining in poor and minority

14 communities in the 1960s and '70s. More than 90

15 New York State chartered banks are examined for

16 compliance with the State statute. And all of our

17 banks are examined for compliance with the federal

18 CRA statute by a federal regulator, either the

19 FDIC or the federal reserve bank of New York. And

20 we attempt to conduct the CRA examinations

21 concurrently with their federal counterparts, to

22 maximize consistency in examination process and

23 ratings. Thus, although the Council's proposed

24 Resolution focuses solely on CRA examinations

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1 conducted by the federal regulators, if Congress
2 decides to adopt the Resolution, the changes made
3 the federal examination processes may affect the
4 way the Banking Department conducts its own CRA
5 exams. Consequently, we are very interested in
6 Resolution 2--in the outcome of Resolution 247-A.
7 I'd like to talk a little bit about the
8 foreclosure crisis in New York. Although New York
9 State has not been one of the hardest hit by
10 foreclosure filings, there were a total of more
11 than 50,000 one to four family properties with
12 foreclosure filings in 2009. And states like New
13 York were among the first to identify that a
14 crisis was brewing with residential mortgage
15 defaults and were fast to act on developing
16 solutions. During 2008, the Banking Department,
17 through the Governor's HALT, or Halt Abusive
18 Lending Transactions, taskforce, hosted eight
19 Operation: Protect Your Home forums, and reached
20 out to more than 36,000 New Yorkers at risk of
21 delinquency or foreclosure. The Banking
22 Department also has been active in addressing the
23 residential mortgage crisis through its work with
24 the Governor's Office, assisting in the passage of
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2 the 2008 Mortgage Lending Reform Bill, and the
3 2009 Mortgage Foreclosure Law. These laws address
4 many of the predatory lending practices, which
5 increase the likelihood that homeowners would
6 default on their mortgages. The laws also
7 establish important protections to help homeowners
8 already in foreclosure. In addition, the 2009 law
9 specifically assists tenants who reside in
10 foreclosed properties. In brief, the law requires
11 that tenants be provided with notice when their
12 building is the subject of a foreclosure action,
13 and be informed of their right to stay in their
14 apartments. The law also requires the party who
15 obtains a judgment of foreclosure to maintain
16 property that is vacant or abandoned, but occupied
17 by a tenant. The Banking Department also used \$2
18 million from settlements of prior enforcement
19 actions to fund nonprofit housing counselor
20 agencies and legal services programs to assist
21 homeowners in default or foreclosure. The
22 Department also shares the City Council's concerns
23 about the crisis unfolding in the multifamily
24 mortgage arena. Currently, there is a total of
25 \$24.4 billion on the books of New York State

1 chartered banks. Less than three percent of these
2 loans are troubled. But we cannot estimate how
3 much of these funds represent mortgages on
4 properties in the State of New York, because some
5 of the banks involved, although chartered in New
6 York, lend outside of New York. Nor do we have
7 information in mortgages of New York made by banks
8 that we do not supervise. Nevertheless, the
9 problem is clear. A recent study by the City's
10 Housing and Planning Council estimated that close
11 to 100,000 multifamily rental housing units in New
12 York City are in buildings carrying loans far in
13 excess of their ability to pay, and an additional
14 100,000 units are at risk throughout New York
15 State. The fate of these buildings greatly
16 affects the tenants who frequently see the
17 building's operations and their living conditions
18 deteriorate once a property goes into default or
19 foreclosure. Although they now have the right to
20 remain when their building is foreclosed, and a
21 lender has the duty to maintain the foreclosed
22 property, these tenants are still at risk that
23 building owners facing default will stop
24 maintaining their buildings during the foreclosure
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1 process, and that lenders will not comply with
2 their obligations to maintain the property after
3 foreclosure. In any event, the tenants in such
4 buildings face an uncertain future. In other
5 cases, where the property mortgage is a partially
6 built construction site, the default or
7 foreclosure results in uncompleted housing and
8 dangerous eyesores in many neighborhoods. The
9 fate of these buildings also threatens the
10 stability of neighborhoods reducing property
11 values in communities where they are located and
12 causing unemployment for those involved in the
13 construction work. These job losses themselves
14 can place formerly stable homeowners into default
15 facing foreclosures of their own properties.
16 Superintendent Neiman, one of five members
17 appointed to the Congressional oversight panel,
18 created by Congress to review the current state of
19 financial markets and the regulatory system, has
20 worked to bring the problem, attention to the
21 problem of multifamily real estate. In May 2009,
22 the panel presided over a field hearing in New
23 York City, focusing on commercial real estate
24 lending in New York City. Subsequently, in
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2 February 2010, the panel issued a report on its
3 findings, "Commercial Real Estate Losses and the
4 Risk to Financial Stability." Although it is a
5 national report, the relevance to New York City is
6 clear. The report notes that the commercial real
7 estate cycle tends to lag behind the residential
8 cycle, and points out the risks posed by the
9 current and projected condition of commercial real
10 estate. Notwithstanding the report's suggestions,
11 it is clear that additional innovative approaches
12 to combating the crisis in commercial real estate
13 are needed. Thus we commend the Council's attempt
14 to use CRA as one such innovative tool to address
15 the lack of funding in the multifamily market.
16 And I'd like to talk now specifically about using
17 CRA credit as a tool to battle the foreclosures.
18 As the Council's resolution notes, CRA was enacted
19 to encourage banks to make loans and investments,
20 and provide services throughout their communities,
21 including and low and moderate income, or LMI
22 communities. In addition, in high cost areas,
23 such as New York City, banks are also encouraged
24 to work more broadly because it is understood that
25 where housing costs are high, the ability to

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2 obtain mortgages is harder, especially for LMI
3 communities. Although different size banks are
4 subjected to different CRA examination protocols,
5 all banks are examined for lending, including
6 multifamily lending. Under the lending test,
7 regulators generally look at new credit extensions
8 in assessing whether a bank is meeting the credit
9 needs of its community. A loan modification,
10 which is a change in the terms of an existing
11 loan, would not be considered a new loan extension
12 under CRA. That is why a bank is typically not
13 given credit for loan modifications during CRA
14 exams. However, through a prudent write down, a
15 bank may be able to transfer a multifamily
16 property to a new, responsible owner, that will
17 commit to maintaining the property for existing
18 LMI tenants, or in the case of vacant or half-
19 built developments, setting aside a portion of the
20 units for affordable housing. The Banking
21 Department encourages the federal agencies to
22 consider giving banks CRA credit for the
23 percentage of the write down that supports the
24 affordable housing units. As part of our own
25 overall CRA reform efforts, the Banking Department

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2 is considering these very measures. In addition
3 to any direct dollar credit that we might give
4 during a CRA exam, we are also determining what
5 other factors to consider in weighing the
6 significance of a particular transaction. Some
7 factors we are reviewing include: whether the new
8 owner has the support of the community, which may
9 be demonstrated by working with a not-for-profit
10 community development corporation; the length of
11 time that the units will be set aside for
12 affordable LMI housing; and the amount of the
13 write down that is over and above the amount the
14 bank could have obtained if the set aside for LMI
15 tenants was not in place. We suggest that some
16 consideration of these factors also be made by the
17 federal regulators, as they determine how
18 Resolution 247-A might be given effect. The
19 Banking Department notes that Resolution 247-A
20 asked the federal agencies to focus solely on
21 stalled construction sites. However, these
22 projects do not yet house any tenants who would be
23 in danger of losing their homes. Thus, we will
24 encourage the council also to consider how to
25 award CRA credit to banks that focus on preserving

1 existing affordable rental units for existing LMI
2 tenants. Similarly, we note that Resolution 247-A
3 focuses on the need for affordable housing for
4 middle income tenants. As a high cost market, New
5 York City certainly needs housing for this
6 population, but programs aimed at middle income
7 tenants already can be considered during the CRA
8 exam. Thus we urge the City Council and their
9 federal counterparts to ensure that appropriate
10 resources are also directed towards LMI
11 populations. It is unclear how many of the
12 stalled construction projects, which the Council
13 seeks to have completed, would provide affordable
14 housing for LMI residents. To the extent that
15 these projects do not include such units, we
16 suggest that the Resolution be modified to include
17 this population. Finally, as we consider the
18 Resolution and our own next steps, we suggest that
19 the Council determine whether the changes it seeks
20 require a legislative or regulatory action.
21 Currently, the Resolution calls on Congress to
22 amend the CRA statute. But it is not clear that
23 this is what is needed. There is nothing in the
24 federal statute that dictates the protocols for
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2 CRA exams. Instead, the details of how a CRA exam
3 should be performed, and which activities to
4 assign CRA credit are contained in agency
5 regulations. Thus, it would appear that the best
6 avenue to produce the results sought by Resolution
7 247-A lies in regulatory change. We make this
8 observation because it is likely to impact the
9 speed and ease of the Resolution's adaptation and
10 implementation. Sorry. Even if Congress acts and
11 passes legislation incorporation Resolution 247-
12 A's aims, that legislation must then be
13 incorporated into regulations to give those aims
14 any effect. Given that the problems you are
15 trying to address will not wait, speed and ease of
16 process are not minor considerations. Completing
17 the construction of, or saving existing
18 affordable, multifamily housing, is critical to
19 the health of New York City's neighborhoods,
20 especially upper Manhattan and parts of The Bronx,
21 Brooklyn and Queens. We do not expect this to be
22 an easy task, so innovative solutions are needed.
23 Today, the New York State Banking Department is
24 here in support of this step the New York City
25 Council is taking to use CRA in a creative way to

1 address the multifamily foreclosure problem.
2 Indeed, CRA encourages creative and innovative
3 solutions to meet community credit needs, so
4 exploring ways to further that goal makes sense.
5 On behalf of the New York State Banking Department
6 and Superintendent Neiman, I thank you again for
7 this opportunity to present our thoughts on
8 Resolution 247-A, and welcome any questions.
9 Thank you.
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11 CHAIRPERSON VANN: Yeah, thank you,
12 Mrs. Takahisa. Let me allow the sponsor of the
13 Resolution to ask the first question.

14 COUNCIL MEMBER REYNA: Thank you,
15 Mr. Chair. Thank you so much, Ms. Takahisha.

16 WENDY TAKAHISA: Takahisa, thank
17 you.

18 COUNCIL MEMBER REYNA: Takahisa. I
19 wanted to commend your testimony, it's very
20 elaborate and detailed on certain points that were
21 welcoming, especially under the factors that you
22 pointed out, concerning nonprofit community
23 development, corporation, partnership, the length
24 of the time of the units for affordability. And
25 obviously, we aim at in perpetuity. The third

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2 being the write down for the set aside, low and
3 moderate income tenants, who are not in place to
4 be a factor that is weighed in applying the CRA
5 credits. The question, as far as the business
6 value of a CRA credit, what does that mean to a
7 bank?

8 WENDY TAKAHISA: That question
9 might be better addressed to a bank directly
10 rather than the Banking Department. [laughter]
11 We'd like to think that it's of great value.
12 Certainly I think it's, it's, it provides a bank
13 with a good deal of, of reputational support. But
14 the actual, under the CRA statute, the main
15 provisions of CRA affect whether or not a bank is
16 able to expand its business in either merging or
17 opening new branches or new businesses. And so a
18 favorable CRA record is looked at in that process.
19 Beyond that I, I think most banks would tell you
20 it's reputational.

21 COUNCIL MEMBER REYNA: Okay. And
22 in today's current recession, do banks have the
23 surplus they need to cushion potential losses from
24 the CRA activities?

25 WENDY TAKAHISA: CRA should never

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generate losses, so let me just start with that.

COUNCIL MEMBER REYNA: Okay.

WENDY TAKAHISA: CRA is, oh, has right within its statute, the need to do all of this within safe and sound banking practices, so we never encourage banks to take losses for CRA. Some banks may, do projects which would clearly have less profitability, but we don't encourage losses.

COUNCIL MEMBER REYNA: Okay. And as far as the CRA language as it exists today, without any amendments, do you believe that we would be able to apply the HARP program in a successful manner?

WENDY TAKAHISA: I'm afraid I'm not as familiar as I might be with the HARP program. I might--

COUNCIL MEMBER REYNA: Right.

WENDY TAKAHISA: --ask my colleague Dianne Dixon if she wants to respond.

COUNCIL MEMBER REYNA: Dianne, if you can just come to the microphone, turn it on, and identify yourself.

DIANNE DIXON: [off mic] How do I

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turn this on? Oh. No?

COUNCIL MEMBER REYNA: I think it's on now.

DIANNE DIXON: Is it on? Okay. Good morning. I'm Dianne Dixon, I'm the Deputy Superintendent of Banking Department for the Consumer Services Division, which the CRA unit is a part of my division. In terms of your question, the, because CRA really does require banks to lend to all segments of its community, including low and moderate income communities, I don't see why it would be a problem in terms of giving credit to banks that participate in the program. I don't know how it's going to fully shape up yet, but certainly I wouldn't see at this, at this stage any problem with it.

COUNCIL MEMBER REYNA: And, Ms. Dixon, in your experience, and perhaps since the pilot of HARP, has there been any collaboration with our City agency, HPD, Housing Preservation and Development, in discussing some of the applications that are currently being reviewed?

DIANNE DIXON: We haven't had any banks raise it as an issue, quite honestly, or, or

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2 show us any attention to be participants or
3 anything like that. So, it's really hard at this
4 stage to, to make any claims about it.

5 COUNCIL MEMBER REYNA: Okay. And
6 [pause] taking both the federal CRA and New York
7 State CRA law into account, do these laws
8 effectively help to assist New York banks in
9 gaining a better understanding as to how
10 effectively to service low and income, low and
11 moderate income communities?

12 DIANNE DIXON: You want to--?

13 WENDY TAKAHISA: Sure. Actually,
14 one of, one difference in the New York State law
15 is that we explicitly include a requirement that a
16 bank ascertain the needs of its community, that
17 the Board and senior management be involved, and
18 that there be marketing programs that are
19 specifically--address the entire community,
20 including LMI communities. So, we think very much
21 that CRA encourages a bank to do just that.

22 COUNCIL MEMBER REYNA: And having
23 asked whether or not any banks have enquired
24 concerning the HARP program, which is, I believe
25 there's a general provision that would allow for a

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2 bank to apply CRA credits with the HARP program,
3 but currently there are no banks that seem to be
4 interested. How do you fill the gap between a
5 lack of knowledge--

6 DIANNE DIXON: [laughs]

7 COUNCIL MEMBER REYNA: --a lack of
8 outreach?

9 DIANNE DIXON: You know, for the,
10 for the banks it's always the deal. And to the
11 extent that they could partnership with some
12 nonprofit community development organizations, it
13 might make the deal more sweet for the bank to, to
14 become a partner. I think that's maybe an avenue
15 to pursue.

16 COUNCIL MEMBER REYNA: Mhm. And,
17 while it may be clear that the CRA has brought
18 both credit and investment to lower income
19 communities, how have middle income neighborhoods
20 benefited from this law, if at all?

21 WENDY TAKAHISA: Oh, I think
22 there's definitely a benefit. I mean, when a
23 community is more stable, everybody benefits. So,
24 it just, as, as a point of fact. And I think
25 there are, in New York City, because it is a high

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2 cost market, there have been many, many projects
3 that have been, that are in middle income
4 communities where banks have requested CRA credit
5 for their, for their development for the
6 construction, for the maintenance, and it's been,
7 and it has been awarded. So, I think one of the
8 things that all of the regulators, both New York
9 State and the federal regulators try to do, is to
10 start with what are the needs of the community,
11 and then to determine whether or not a bank is
12 meeting them. And in New York City, as you so
13 rightly pointed out, that includes not just LMI,
14 but middle income, as well.

15 COUNCIL MEMBER REYNA: Fantastic.
16 And, as far as the language within the Resolution,
17 I'm gathering that your comments and your
18 testimony is advising us that using the
19 terminology of "LMI resident" is beneficial to the
20 Resolution?

21 WENDY TAKAHISA: I--the Banking
22 Department feels that the Resolution would be
23 strengthened if, in addition to focusing on middle
24 income, there was also an, you added to it the
25 notion of, of low and moderate income, as well.

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2 COUNCIL MEMBER REYNA: Absolutely,
3 so--

4 DIANNE DIXON: 'Cause those are
5 very defined terms under the Community
6 Reinvestment Act, Resolution, low income being 50
7 and below, moderate being 50 to 80, and middle
8 income being 80 to 120. So, the terms are quite
9 defined under CRA, and therefore--

10 COUNCIL MEMBER REYNA: Mhm, and,
11 and if you can repeat that again.

12 WENDY TAKAHISA: Low is less than
13 or equal to \$50; moderate is--

14 DIANNE DIXON: Income.

15 WENDY TAKAHISA: Or a percent of
16 income of either the family or the census track,
17 depending upon whether you're talking about
18 geography or borough, as compared to the income of
19 the, of the MSA, the Metropolitan Statistical
20 Area. So, low is less than 50, moderate is 50 to
21 less than 80, middle is 80 to less than 120, and
22 then upper is above 120, percent, I'm sorry.

23 COUNCIL MEMBER REYNA: Fantastic.
24 Well, I appreciate your participation--

25 WENDY TAKAHISA: Thank you.

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2 COUNCIL MEMBER REYNA: --in this
3 process. And the knowledge that you brought to
4 the table. And these points will be taken into
5 consideration for further review. Thank you very
6 much.

7 WENDY TAKAHISA: Great.

8 DIANNE DIXON: Thank you.

9 COUNCIL MEMBER REYNA: Thank you.
10 I don't think the Chair is done.

11 DIANNE DIXON: Oh, I'm sorry.

12 [laughter]

13 CHAIRPERSON VANN: No, that's all
14 right.

15 COUNCIL MEMBER REYNA: Thank you so
16 much, ladies.

17 CHAIRPERSON VANN: Just ignore me,
18 that's all right.

19 WENDY TAKAHISA: I, I apologize,
20 Mr. Chairman. [laughter] I certainly didn't--

21 CHAIRPERSON VANN: No problem.
22 Actually, Council Member focused on the one area
23 that I was very interested in, and that is how
24 to, your recommendation/suggestion that we expand
25 the Resolution to include LMI, feeling that it

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2 would have it, and also that it would, could take
3 into consideration preserving as opposed to just
4 those that are stalled. I think that's a very
5 important suggestion, which I'm sure will be taken
6 into consideration. I do wish to, I think,
7 correct, the notion that we were appealing to
8 Congress to change the law. Actually, I think
9 we're asking them to take the relevant agencies
10 with amending the Community Reinvestment Act
11 regulations.

12 WENDY TAKAHISA: Oh, I apologize,
13 thank you.

14 CHAIRPERSON VANN: That's all
15 right--

16 WENDY TAKAHISA: I apologize.

17 CHAIRPERSON VANN: So we're not
18 really asking them to amend the law, but to amend
19 the regulation.

20 WENDY TAKAHISA: I apologize, I
21 misread.

22 CHAIRPERSON VANN: No, that's all
23 right, I just wanted to--

24 WENDY TAKAHISA: Thank you.

25 CHAIRPERSON VANN: --to bring it,

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2 bring it to your attention. We don't always do
3 things right here, but I think we got that one
4 right. [laughter]

5 WENDY TAKAHISA: Absolutely.

6 CHAIRPERSON VANN: This time. I
7 don't know if Council Member Koppell has any--

8 COUNCIL MEMBER KOPPELL: No.

9 CHAIRPERSON VANN: --concerns in
10 this area.

11 CHAIRPERSON VANN: I know Council
12 Member Sanders had some specific concerns, but he
13 was called away. Is he here? Would you get him?
14 And, and so, and just bear with us for a moment.

15 WENDY TAKAHISA: Sure, any time, no
16 problem.

17 [pause, background noise]

18 CHAIRPERSON VANN: We've been
19 joined by Council Member Mark-Viverito. I don't
20 know if she has any particular concerns. [pause,
21 background noise] What we--okay. I know Council
22 Member Sanders is back, and he, he signaled me
23 early on that he had a question or two. And so,
24 without further ado, Council Member Sanders.

25 COUNCIL MEMBER SANDERS: Thank you,

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2 Council Member Vann. I--as the author of the City
3 Council's law back in 2002, which attempted to
4 address the issue of predatory lending, I am
5 intimately aware of the State regulation, state
6 laws, and they are, from my point, and it's not
7 your, yours, because you did not, this was a State
8 driven creature. They are at best enfeebled, and
9 at worse often counterproductive. For example,
10 the foreclosure law that, that the State has
11 given, says it is mandatory to meet with the, that
12 the banks have to meet with the, the foreclosed
13 party.

14 DIANNE DIXON: Settlement
15 conferences, yes.

16 COUNCIL MEMBER SANDERS: Yes, but
17 there's no penalty if the banks don't. If you
18 know of the penalty--

19 DIANNE DIXON: That's correct.

20 COUNCIL MEMBER SANDERS: --please
21 speak of it.

22 DIANNE DIXON: No, that's correct.
23 Well, it--

24 COUNCIL MEMBER SANDERS: What is
25 the penalty?

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2 DIANNE DIXON: --well, what I would
3 say is this, no, I'm saying you're, you're
4 correct--

5 COUNCIL MEMBER SANDERS: Okay.

6 DIANNE DIXON: There's nothing
7 exactly that sets a penalty. However, what some
8 judges have done, and it really has just been
9 individually driven--

10 COUNCIL MEMBER SANDERS: Sure.

11 DIANNE DIXON: --is some of them
12 have chosen to dismiss foreclosure actions?

13 COUNCIL MEMBER SANDERS: Yes, yes.

14 DIANNE DIXON: So, it, it's totally
15 been one of the discussion of the judge--

16 COUNCIL MEMBER SANDERS: But, but,
17 but notice that how weak a law is to make
18 something mandatory and there's not punishment.
19 By and large, there's enough anecdotal information
20 to suggest that the banks are not meeting with
21 people.

22 DIANNE DIXON: Well, at the same
23 time, I would just offer this. Like, that if the
24 settlement conference doesn't occur, then the, the
25 foreclosure proceeding cannot progress. So, there

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2 will be no judgment of foreclosure, and there'll
3 be no--

4 COUNCIL MEMBER SANDERS: Well,
5 actually, actually, ma'am, they are progressing.

6 DIANNE DIXON: Well, then, they
7 should not have been progressing.

8 COUNCIL MEMBER SANDERS: It's not
9 spelled out. At best it's not clear. At worst,
10 we have surrendered the good people of New York
11 State and New York City where the banks know that
12 the courts are more conservative than not, just
13 the nature of courts. And they will immediately
14 go past the fifth settlement and into the judgment
15 itself. And the banks are achieving what they,
16 what they want, without meeting. We, government,
17 not so much the Banking Department, I will be
18 clear, this is not a critique of the Banking
19 Department.

20 DIANNE DIXON: Mmhm.

21 COUNCIL MEMBER SANDERS: You guys,
22 if given the tools, give you better cards you'll
23 play a better game.

24 DIANNE DIXON: [laughs]

25 COUNCIL MEMBER SANDERS: We, in

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2 government, by and large, are doing a dismal job
3 in protecting the people. And that's just one of
4 the things about the banking law that I could put
5 in. This is not simply about the banking law, so
6 I won't, on another day, I'd be glad--

7 DIANNE DIXON: [laughs]

8 COUNCIL MEMBER SANDERS: --to, to
9 on this one, I know this issue. My district in
10 Queens is probably ground zero.

11 DIANNE DIXON: Mm.

12 COUNCIL MEMBER SANDERS: We, I
13 represent Laurelton, Springfield Gardens,
14 Rosedale, Rockaways, we are being pillaged,
15 ravaged is an understatement. We're, it's, it is,
16 it, it is one of the greatest shames that we will
17 ever have in government, where the people needed
18 us the most, and we were less than useful. It may
19 have been better if they had no one at all. At
20 least they would understand that, instead of
21 looking for someone, government to help, and it
22 simply hasn't. Now, CRA is another, on another
23 day, I would love to take you into the banking
24 laws, and we can speak of ways of strengthening--

25 DIANNE DIXON: I'd be happy to meet

1
2 with you.

3 COUNCIL MEMBER SANDERS: But CRA is
4 another beastie, if you wish, that I know well. I
5 used to work for Congressman Flake.

6 DIANNE DIXON: Yes, sir.

7 COUNCIL MEMBER SANDERS: And, and
8 got to know the Community Reinvestment Act, the
9 two ones actually, one was a, it was reformed, it
10 was weak to begin with. CRA always was weak and
11 made weaker when we said that the only time CRA
12 really can do anything is when banks merge. This
13 is the only time that people have a real impact on
14 CRA at that time, citizens can voice and
15 organizations can voice, and say, "This bank has
16 not been a good friend, this bank has not been
17 whatever." Some organizations have used CRA at
18 that point to do wondrous things for the
19 community. By and large, the CRA has been a very
20 weak thing, as evidenced by how little CRA moneys
21 have been used, how little the banks are
22 fulfilling their maximum. Not, I'm not saying
23 that in dollar amounts it's not impressive to us
24 citizens, laypeople, but in terms of banks, they
25 are nowhere near what they could do with CRA. I

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2 would suggest to you, my friends, that, that we
3 are about to go into what's called "the Law of
4 Unanticipated Consequences," with this regulation
5 that, this resolution. I understand what we're
6 trying to do. We are trying to make sure that
7 housing stock gets put on the market, and that
8 housing stock is used for middle income people.
9 Worthy goals. Here is a problem and then I have a
10 recommendation. Here is a problem: imagine if a,
11 I am, I'll be kind and won't name any banks, I am
12 Bank James, and I have a million dollars that I
13 want to use for, to fulfill my CRA obligations.
14 Right now, I get credit by and large for using it
15 for low income. Low income housing does not
16 produce much profit, in my mind, in the mind of a
17 bank. They love hedge fund profits. Low income
18 housing does not produce much profit. If you give
19 me the opportunity to go into middle income
20 housing and still collect CRA credits, which
21 produces more profit, I'm going to follow the
22 profits. My million dollars has not been
23 increased. My million dollars now will go and
24 follow middle income housing. The Law of
25 Unanticipated Consequence means that we have in

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2 one sense almost guaranteed there will be lesser
3 low income housing, because my million has not
4 increased. Friendly amendment, friendly amendment
5 for this one. Were we to make this Resolution,
6 you would want to do it in a weighted fashion.
7 You would want to say, for example, ten credits
8 for low income housing, five credits for middle
9 income housing. Therefore, you still get what you
10 want, you get them to have some CRA credit, but if
11 you merely say the equal, nobody up at this table,
12 except the, except our chair, who has the greatest
13 heart out, none of us at this table would say,
14 would ignore the profit, and get the CRA credit,
15 or just go for some thin level of profit, and CRA
16 credit. You would want profit and a lot of
17 credit. Weight this Resolution, suggest some
18 weighted fashion, and you can achieve what you're
19 doing. But if you don't, you, you, we are
20 delivering ourselves into the hands of these kind
21 bankers again, and they have been doing a great
22 job with America. [laughter]

23 DIANNE DIXON: If I might, before,
24 just this one [laughs] a couple of things. One,
25 one of our own suggestions in our testimony was

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2 that we suggested the Resolution be expanded to
3 include low and moderate income people, because
4 that is something that we look at when we examine
5 the banks to determine how much of the dollars are
6 in fact going, flowing into LMI communities. So
7 we agree with you there. But in terms of how you
8 want to apportion credit, it really doesn't work
9 as, [laughs] as you, as you seem to, to think. We
10 look at, you know, first of all, for this kind of
11 credit, we're looking really at the large banks.
12 They're subjected to a lending test, as well as an
13 investment, and services test. This is really
14 going to come under the lending test, where in
15 other lending tests, we look at both community
16 development lending and mortgage lending. And,
17 you know, 50 percent of the credit that they get
18 comes from the lending that they do. So it's not
19 really a matter--

20 COUNCIL MEMBER SANDERS: Where
21 their profit, they are able to get a profit.

22 DIANNE DIXON: We're looking at the
23 dollars.

24 COUNCIL MEMBER SANDERS: No, I'm,
25 I'm saying--

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DIANNE DIXON: And we're also--

COUNCIL MEMBER SANDERS: -- - -

what the banks are looking at.

DIANNE DIXON: Right, but, but understand this, it's not, the banks are not, well, they may be funding these projects, they're, they're not getting the profit from the projects. I mean, it's who, who owns the projects. It's the, they're getting the, the interest on their loans--

COUNCIL MEMBER SANDERS: [off mic]

Okay.

DIANNE DIXON: Absolutely.

COUNCIL MEMBER SANDERS: Making the profit.

DIANNE DIXON: Well, yeah, but I'm talking, but it sounds as though you, it sounds as though you're thinking the banks own the projects. No, no, they don't.

COUNCIL MEMBER SANDERS: [off mic]

No, no they don't.

DIANNE DIXON: Right.

COUNCIL MEMBER SANDERS: [off mic]

- - investors and syndicates.

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2 DIANNE DIXON: Right, so they want
3 to make sure they get their interest on their, on
4 their loans, absolutely. We, we look to see how
5 many dollars are following into projects, and the,
6 and in terms of mortgages, how many in number, by
7 number, are they making, in particular
8 communities. And we will tell them if we think
9 that it's not enough. You know, either in terms
10 of dollars or in, or numbers, based on the assets
11 of, of the bank. The other thing you have to
12 think about, well at least from our standpoint,
13 and I guess this is why the Resolution is really
14 geared toward federal regulators, because the
15 federal regulators regulate the, the biggest
16 banks, the national banks. And as Wendy said in
17 her testimony, we know that in terms of the banks
18 that we supervise, it's only \$24.4 billion of, of-
19 -

20 WENDY TAKAHISA: Multifamily.

21 DIANNE DIXON: --multifamily loans
22 on the books of the banks that we supervise. We
23 don't know what's on the banks, on the books of
24 the, the largest banks. And so, that's something
25 you want to find out, how much, to what extent is,

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2 is that going to be affected. And, and also,
3 'cause we were also looking at the issue of
4 foreclosures, or, you know, even if they're not in
5 a foreclosure, in default, and to what extent we'd
6 be willing to give banks credit to get those loans
7 out of default and get those projects that are
8 stalled, you know, unstalled, or if they're not
9 even construction projects, if it's existing
10 housing, to get, to make sure that those housing,
11 that that, those dollars flow in, so that tenants
12 are not threatened in terms of losing their homes,
13 you want to make sure that, in terms of your
14 resolution, the federal regulators are willing to
15 look at the same things. Our, our state statute
16 is similar, is pretty similar to the federal
17 statute, but there are some differences. But
18 you've got, you're dealing with four federal
19 regulators who have to agree to change the
20 regulations. So just, I'm just throwing these
21 things out there to these things in mind.

22 COUNCIL MEMBER SANDERS: Good to
23 know.

24 WENDY TAKAHISA: I'd also--

25 COUNCIL MEMBER SANDERS: I intend

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2 to sit down with you to speak of foreclosures.

3 WENDY TAKAHISA: That would be
4 great. I would also just want to add that I don't
5 think from the State Banking Department's
6 perspective it would be possible for a bank to do
7 well on a CRA exam that had totally ignored an LMI
8 community at the expense of the middle income
9 community, I simply can't conceive of that
10 happening, I'm going to be honest with you, I'm,
11 you know, a lot of CRA is, you know, it's very,
12 there are a lot of qualitative pieces and every
13 exam is different, and we do look at the needs of
14 the community. But as I sit here today, I can't
15 conceive of a bank doing well on CRA that had
16 ignored LMI, and had only focused on middle
17 income.

18 COUNCIL MEMBER SANDERS: But
19 suppose they did ten percent?

20 WENDY TAKAHISA: You know, again,
21 the reason I don't like to get into that is
22 because we really do like to--

23 COUNCIL MEMBER SANDERS: Yes.

24 WENDY TAKAHISA: --start with what
25 does the community need, and what is, what are the

1 needs of the, of a particular community. And
2 across New York State, those really do vary.

3 COUNCIL MEMBER SANDERS: Yes.

4 WENDY TAKAHISA: So, it's very hard
5 to, to put a sort of, put a formulaic approach in
6 to CRA. I think over the years people have tried,
7 but the problem is you then lose some of the
8 innovative--I mean, we want to give banks, banks
9 and community group have been saying, when we push
10 the envelope, when we do something that is very
11 innovative, that is very difficult to do, we
12 should get proportionately more credit--

13 COUNCIL MEMBER SANDERS: Sure.

14 WENDY TAKAHISA: --for that, than
15 for a plain vanilla project. So, again, and those
16 things are very, very hard to codify in a
17 regulation, and are dealt with during the exam
18 process.

19 DIANNE DIXON: Right.

20 COUNCIL MEMBER SANDERS: I look
21 forward to sitting down with you, I'm trying not
22 to hog--

23 WENDY TAKAHISA: Sorry, I
24 apologize.

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2 COUNCIL MEMBER SANDERS: --I'm sure
3 my colleagues want to get in here. I do look
4 forward to sitting down with you, if I could get
5 your cards before we leave.

6 WENDY TAKAHISA: Absolutely.

7 CHAIRPERSON VANN: I think Council
8 Member Reyna has a question or a clarification,
9 with--

10 COUNCIL MEMBER REYNA: Thank you,
11 Mr. Chair. I just wanted to ask, perhaps if you
12 have a report, and if it, if it does exist, that
13 you could share with the Committee concerning, you
14 know, for calendar year 2009, is there a listing
15 of the CRA approved applications? And where they
16 have been approved in reference to the City of New
17 York.

18 DIANNE DIXON: We don't do any kind
19 of listing that way, and our examinations are by
20 bank. Those are all public and those are all on
21 our website. But we don't do any kind of
22 aggregate to determine how many projects were, we
23 counted in terms of CRA credit and how many we
24 didn't, or we don't do, do anything like that.

25 COUNCIL MEMBER SANDERS: Just point

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of informa--the federal does, the federal.

DIANNE DIXON: What--

WENDY TAKAHISA: What were you, I'm sorry, when you say applications, are you talking about banks applying for powers, or are you talking about an application to, for credit on a particular project or development?

COUNCIL MEMBER REYNA: Credit on a particular project or development, as it pertains to the City of New York.

WENDY TAKAHISA: Oh. Well.

DIANNE DIXON: That would be included in each individual performance evaluation, but there's not something that brings it all together.

WENDY TAKAHISA: In aggregate form.

DIANNE DIXON: In a way, so it's out there, it's public, but it's not, it's not in a listing format, you'd have to go into different - -

COUNCIL MEMBER REYNA: And so, if I, if I wanted to make an assessment of my district, to evaluate where has there been a project that has been approved with CRA credit,

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how would I go about that?

DIANNE DIXON: You'd look at the banks that are servicing your district, and you could look at their CRA reports.

WENDY TAKAHISA: Yeah, I might actually turn to the local community group and ask if they know who's developed it or what bank has financed it, and then look at their performance evaluation.

COUNCIL MEMBER SANDERS: [off mic] And how--communities are very developed, there are very few of the worthy groups that you speak of.

COUNCIL MEMBER REYNA: Well, you know, I'm just trying to get a comprehensive outlook on, you know, a very user friendly database that would allow us to have a transparent report that could tell us where are these CRA credits being applied and for what. And it's, it's to assist us in achieving what I would think is, on the community side, what the banking industry is hoping to hold accountable these banks to do. And so, I guess there is no real database format that allows for that user friendly approach.

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2 DIANNE DIXON: Not in terms of
3 aggregate, as I said, I mean, you can certainly
4 see what any bank has done, and how it's done on
5 its CRA exam, but not in an aggregate way.

6 COUNCIL MEMBER REYNA: Right, so if
7 I had--

8 DIANNE DIXON: Because, and part of
9 the problem is, you want to remember is that banks
10 have different, what we call "assessment areas,"
11 so those are the areas in which they're, they're
12 doing business. And trying to aggregate, you
13 know, what, what projects were given or credit or
14 not given credit, or--it's, it's not even that.
15 That's, I mean, that's, what I'm thinking, that's
16 not really even the issue. But it's, it's,
17 you're, you're almost apples and oranges, you
18 have, may have different sized banks in different
19 areas, and therefore the, the obligation is
20 different for those banks, so you may have a very
21 small bank, which doesn't have of, you know, the
22 kind of investment or servicing test that a large
23 bank does, but there's, you know, they're
24 servicing the same area--

25 COUNCIL MEMBER REYNA: Right.

DIANNE DIXON: --so trying to aggregate that to say what a, you know, a bank is or is not doing, is really kind of unfair, because they're not the same sized bank.

COUNCIL MEMBER REYNA: Right.

DIANNE DIXON: It's, so it's, it's--it just, that's why it's just very difficult to create that kind of a database.

COUNCIL MEMBER REYNA: Right. And, you know, I understand the complication of the calling, or asking for, such a report. But it's, you know, it's even more difficult to go bank to bank, because each local branch, whether it's small or large, would be its own CRA--

DIANNE DIXON: No. No, no, no.

WENDY TAKAHISA: No, most, most banks have a centralized CRA person that you can--

COUNCIL MEMBER REYNA: Okay.

DIANNE DIXON: Right.

WENDY TAKAHISA: --request information for around a particular thing.

DIANNE DIXON: CRA officer.

WENDY TAKAHISA: I think it's also very difficult, a lot of loans and projects get

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done through consortia, through groups like--

DIANNE DIXON: That's true, too.

WENDY TAKAHISA: --the community preservation corporation, or in conjunction with national groups like LISC or Enterprise.

COUNCIL MEMBER REYNA: Right.

WENDY TAKAHISA: And so another place to turn, or it's some of the ANHD. I see--

COUNCIL MEMBER REYNA: Right.

WENDY TAKAHISA: --my friend ANHD who, who represents many of the community groups that I'm sure are in many of these neighborhoods, are probably good places to turn to, as well. It, I think it would be almost impossible to create this database, 'cause you'd have a project which a bank has a piece of, and another bank has a piece of, and for privacy reasons, we don't always, in our CRA evaluations, list the lenders because, list the developers, because that's the bank's client--

COUNCIL MEMBER REYNA: Right.

WENDY TAKAHISA: --and so there's certain privacy concerns as well, around listing out, you know, to whom a bank has made the loan.

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2 So we try to describe the project in a way that
3 would be useful so that the reader can understand
4 why we felt that this was a qualified community
5 development project, without getting into so much
6 specificity that we've inadvertently divulged--

7 COUNCIL MEMBER REYNA: Right.

8 WENDY TAKAHISA: --private
9 information.

10 CHAIRPERSON VANN: Right. Thank
11 you.

12 COUNCIL MEMBER REYNA: I appreciate
13 it, Mr. Chair, and I just wanted to add that if,
14 at a later date, we can try to call back the
15 Banking Department to help us understand the
16 impact of CRA approved banks, as far as
17 developments are concerned in the City of New
18 York, that would just assist us in understanding
19 further how we can leverage CRA credits in a more,
20 very collaborative effort, that can seek higher
21 results.

22 WENDY TAKAHISA: Great.

23 DIANNE DIXON: We'd be--

24 COUNCIL MEMBER REYNA: Thank you.

25 DIANNE DIXON: --happy to meet with

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you.

COUNCIL MEMBER REYNA: Thank you.

WENDY TAKAHISA: Perfect, thank
you.

CHAIRPERSON VANN: Thank you very
much, appreciate--

WENDY TAKAHISA: Now I have to go.

CHAIRPERSON VANN: --the dialogue.
Reference was made to ANHD, and he is going to
present testimony now, and he will, following his
testimony, any questions, we then take a vote on
this Resolution. Mr. Hansel is on his way, Dave
Hansel. He is from the Affordable Neighborhood
Housing Development. And we look forward to his
testimony. Following his testimony, we'll take a
vote, Resolution. Mr. Hansel.

DAVID HANSEL: Good morning, thank
you, Chairman Vann and Committee Members for this
opportunity to testify about Resolution 247-A. My
name is Dave Hansel and I'm the Policy Director
for the Association for Neighborhood and Housing
Development. ANHD is a not for profit membership
organization of over 100 neighborhood based
housing groups across the five boroughs. The

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2 Resolution before the Committee today is of great
3 importance to ANHD, and we would like to recognize
4 the leadership of Council Member Vann and Council
5 Member Reyna, for their efforts to turn stalled
6 construction projects into affordable housing.

7 Resolution 247-A represents exactly the type of
8 creative, proactive solution we need at this
9 moment. As Committee Members may know, ANHD has
10 been working to develop solutions to other
11 predatory lending practices facing both
12 multifamily rental and owner occupied properties
13 that are destabilizing our neighborhoods and
14 threatening the City's affordable housing. Over
15 the past several years, ANHD has identified almost
16 100,000 units of affordable rental housing that
17 were purchased by speculative owners backed by
18 predatory equity. We estimate that up to 54,000
19 of these apartments may be at risk of going into
20 foreclosure because their predatory equity backed
21 landlords have overpaid for the properties, and
22 were unsuccessful at their attempts to remove
23 working class tenants in favor of more affluent
24 residents. Unfortunately, as these properties
25 move toward default, a new wave of ultra investors

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2 looms that is eager to continue the model of
3 paying a price that is not supported by current
4 rents. Looking to stop the cycle, ANHD has been
5 working aggressively with lenders, HPD, elected
6 officials, tenants and our community based
7 members, to not only ensure building conditions
8 are maintained, but more importantly to facilitate
9 the transfer of these properties to preservation
10 minded purchasers. Banks, however, have been
11 incredibly reluctant to acknowledge the true value
12 of the property, write down the value of the
13 initial mortgage, and transfer it to a
14 preservation minded purchaser. As in the case of
15 stalled construction projects, banks would rather
16 wait and hope market conditions improve, rather
17 than they admit they had made a bad loan,
18 acknowledge the loss, and preserve the property.
19 Like you, we believe a bank's CRA obligations
20 could be a key point of leverage in getting the
21 banks to do the right thing with these troubled
22 properties, whether they are stalled construction
23 projects, buildings controlled by predatory equity
24 developers, or owner occupied homes that have
25 become bank owned due to foreclosure. Since our

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2 founding in the mid-1970s, ANHD has been engaged
3 in bank reinvestment advocacy. ANHD regularly
4 meets with banks to communicate the community
5 development needs and opportunities in
6 neighborhoods across the City, submits comments
7 letters to banks regulators during the CRA, during
8 their CRA performance exams, conducts research on
9 the level of lending investment and services
10 provided by the City's 25 largest banks, and
11 advocates for legislative and regulatory changes
12 to the CRA to make it, to make sure it remains a
13 powerful tool in helping to meet the credit needs
14 of LMI neighborhoods and New Yorkers. One of the
15 messages that we have been consistently sharing
16 with both the banks and their regulators over the
17 past three years is that the problems created by
18 predatory lending are devastating our communities
19 and that any action taken by the bank to rectify
20 the problem should be both encouraged and
21 rewarded. While Resolution 247-A could spur
22 Congress to make the bank's obligations in this
23 regard more explicit, we believe banks already
24 have incentives under CRA to make the type of
25 loans needed to enable the property's use as

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2 affordable housing. Under the lending test, a
3 bank receives at least partial CRA credit if their
4 project is located in an LMI neighborhood, and a
5 loan is intended to revitalize or stabilize that
6 neighborhood. Thus, the current regulatory
7 structure should reward a loan made by a bank that
8 facilitated its transition to affordable housing,
9 provided it was located in an LMI neighborhood.

10 Our sense is that many of the stalled construction
11 projects that we have talked about today, would
12 meet this criteria. Additionally, under the
13 lending test, the bank is evaluated on both the
14 number and dollar amount of their loans, in low
15 and moderate income areas, as well as qualitative
16 factors like the loan's responsiveness, whether or
17 not the loan meets a need that is not routinely
18 met, and the loan's innovativeness or complexity.

19 Unfortunately, for the most part, for the most
20 part, banks are no longer going the extra mile to
21 demonstrate their commitment to meeting the
22 community's credit needs by making conventional as
23 well as cookie cutter loans. And regulators
24 overly rely on quantitative criteria in
25 determining whether a bank's lending should be

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2 deemed satisfactory or not. One of ANHD's primary
3 recommendations for CRA reform is that regulators
4 place greater emphasis on these qualitative
5 indicators. It is ANHD's sense that if banks knew
6 these activities were rewarded, potentially at an
7 even higher rate than their conventional loans, it
8 would make them more willing to acknowledge the
9 loss and turn these properties into affordable
10 housing. If members of the New York City Council
11 echoed ANHD's call for greater emphasis on
12 qualitative factors like innovativeness, it would
13 go a long way to pushing regulators to require
14 banks to engage in this type of lending. We would
15 like to raise one specific concern regarding the
16 Resolution, the resolution's proposal to raise the
17 household area median income to 130 percent for
18 rental units and 165 percent for homeownership.
19 New York City's housing programs define "low
20 income" as those households earning less than 80
21 percent of area median income, and moderate income
22 is those earning up to 120 percent. As
23 representatives of the New York City Banking
24 Department just told us, the, for the purpose of
25 CRA, however, "low income" is defined as household

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2 earning below 50 percent of AMI, and moderate
3 income goes up to 80 percent AMI. Although the
4 proposed increase in eligible AMI does not look
5 drastic, using the City's definition, it is a
6 substantial expansion of who CRA was designed to
7 serve. If expansion is needed to make the
8 financing work on these stalled projects, one
9 possible alternative would be to cap the eligible
10 household and come for either rental homeownership
11 projects at 120 percent of area media income,
12 which aligned it, which would align it with City
13 guidelines. Also, it would be unfortunate if this
14 resolution had the unintended consequence of
15 enabling banks to shift their lending investment
16 and services from low and moderate income
17 residents and communities to more affluent areas.
18 One possible scenario we could envision would be
19 for a bank to allocate the bulk of its lending
20 from the five boroughs, to reallocate the bulk of
21 its lending from the five boroughs to the
22 surrounding suburbs, and still meet their CRA
23 obligations. Thus, if the adopted changes went
24 forward as proposed, we urge the Resolution to
25 make it clear that the increase in eligible AMI

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2 was only applicable to loans to stalled
3 construction, predatory equity and/or real estate
4 owned properties. Again, thank you for your
5 attention to this matter, and I welcome any
6 questions.

7 COUNCIL MEMBER SANDERS: Well, the
8 first question is, we did not speak before this
9 meeting.

10 DAVID HANSEL: Oh, I spoke with
11 representatives from both Council Member Reyna and
12 Council Member Vann's staff, as well as--

13 COUNCIL MEMBER SANDERS: Okay.

14 DAVID HANSEL: --Counsel to the
15 Committee, but no, sorry, we did not talk with--

16 COUNCIL MEMBER SANDERS: Okay,
17 we're coming to similar conclusions, and I just
18 wanted to make sure that the folk understood that
19 we, we did not speak.

20 CHAIRPERSON VANN: [off mic] It's
21 okay that - - [laughter]

22 COUNCIL MEMBER SANDERS: No, it's
23 just, I don't mind, I would love to be on the side
24 of the angels all the time, it's just interesting
25 that independent folk coming to a similar

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2 conclusions. In your mind, sir, how well has
3 been, has CRA operated as a device for community
4 development?

5 DAVID HANSEL: I think overall it's
6 been incredibly effective, and if you look at,
7 over time, the amount of lending investment
8 services that are concentrated in working class
9 neighborhoods, it's grown tremendously. I think
10 the one concern that we have, where we don't think
11 it's working as effectively as it could have, is
12 you're seeing banks, you know, make these
13 national, multibillion, trillion dollar
14 commitments.

15 COUNCIL MEMBER SANDERS: Yes.

16 DAVID HANSEL: But we don't always
17 know how those dollars are being targeted to, at
18 the neighborhood level. One of the things ANHD
19 has been asking each bank in the City to do is
20 develop a local plan, that says, you know, we are,
21 "We've done a needs assessment," for lack of a
22 better term, "Here's what we see as needs and
23 opportunities and how, this is how the bank is
24 going to deploy its resources in New York City."
25 Banks in response have said, "If we do one for New

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2 York, you--we'll have to do one everywhere." And
3 we think that's a good thing. If you're doing
4 business in a neighborhood or in a City, you
5 should, you know, have a clear plan of how you're
6 going to be focusing your activities.

7 COUNCIL MEMBER SANDERS: It seems
8 to me that it shouldn't be that difficult for
9 banking regulators to, to do this. Seems to me
10 that we would take an area the size of perhaps a
11 congressional district, and perhaps even smaller,
12 but we'll start with a congressional district.
13 Use the lines as, as given, and say, I would want
14 to know how much money does the bank get from that
15 community. Then I would want to know, which is,
16 in terms of deposits and, and other vessels, then
17 I would want to know how much money is the bank
18 giving to that community. It seems not the
19 hardest thing in the world. Am I misreading
20 something?

21 DAVID HANSEL: I mean, I think the
22 geographic level is something that we do look at.
23 Currently, banks report at the metropolitan
24 statistical area or the census tract.

25 COUNCIL MEMBER SANDERS: Okay.

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2 DAVID HANSEL: You know, for a City
3 like New York, of, you know, over eight million
4 people, we think, you know, that's, that's not the
5 right balance, MSA is too big, census tract is too
6 small, and it, you know, for a congressional
7 district you may have, you know, dozens if not a
8 hundred census tracts. In order to aggregate that
9 level of activity, you know, you would need, you
10 know, not only expertise but, you know, staff time
11 to sort of do that analysis. I agree that it, it
12 seems like it would be useful information to be
13 able to say, "This is how much banks got in
14 deposits, and this is how much we redeployed."
15 It's not always that simple, for some of the
16 reasons that the representatives from the Banking
17 Department just mentioned. But I think there's a
18 lot of room for improvement in terms of
19 transparency. You know, I've read my fair share
20 of the performance exams, and, you know, for on an
21 individual bank, very rarely will you see more
22 than a couple specific deals mentioned. You know,
23 they'll, the bank may sort of say, "These are the
24 types of loans and investments that we've made
25 that we think represent, you know, our, our

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2 commitment." But to Council Member Reyna's point,
3 you're never going to see a comprehensive list of
4 every loan, every investment, every service
5 provided, you know, by that bank for that
6 assessment area. It just doesn't exist, and to
7 me, it's information that the banks provide the
8 regulators. I think, you know, I understand the
9 concerns about privacy, but to say, you know, bank
10 lent \$5 million to this, you know, this project
11 or, you know, even a project, doesn't seem like,
12 you know, the privacy concerns, are, are
13 overwhelming.

14 COUNCIL MEMBER SANDERS: My last
15 question, and then I certainly will yield, speak
16 more of scenarios, since we don't know what banks
17 will do, we can only speak of what they have done.
18 Was my scenario that I gave realistic, if a bank
19 can make ten thous--\$100,000 worth of profit, and
20 not even \$100,000, 10,000 worth of profit from low
21 income, and \$100,000 from so-called middle income,
22 or whatever the, the amount is, that banks will
23 move to the middle income. Am I being realistic
24 or do not, something I don't understand?

25 DAVID HANSEL: I mean, I don't

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2 presume to know, you know, how bankers think and
3 what motivates them to do individual deals, but
4 obviously, you know, cash flow and returns on
5 luxury properties compared to low income are going
6 to be very different. You know, I think that
7 there's always business decisions, but I don't
8 think your, you know, your scenario is too far-
9 fetched. I think that there would be, banks are
10 always looking to maximize their returns, and if
11 they think it's going to be because, you know,
12 moderate or middle income, or market rate
13 properties are going to generate a larger return,
14 and they'll still be able to get CRA credit, you
15 know, I'm, I would anticipate that they would be
16 going those, in that direction.

17 COUNCIL MEMBER SANDERS: Thank you
18 very much, thank you, Mr. Chair.

19 CHAIRPERSON VANN: Hey, Banking
20 Department, on issue, would you want to join, do
21 you want to--you seem as if you want to respond to
22 that question, or-[background noise] Would you
23 come to the table and state your name again for
24 the record. We don't mind a little debate around
25 here, it's cool with me.

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2 DIANNE DIXON: [laughs] Dianne
3 Dixon, New York State Banking Department. No,
4 just, I just wanted to say that in terms of the
5 scenario that was given, they would not have
6 gotten credit for, for that, for that kind of
7 development. So--

8 DAVID HANSEL: What kind of
9 development?

10 DIANNE DIXON: The, the one he's
11 talking about in terms of the middle income,
12 market rate. Yeah, they would not have gotten CRA
13 credit for that.

14 DAVID HANSEL: It's my
15 understanding that, you know, if it was a
16 construction loan, in a LMI neighborhood, that was
17 market rate, they would be eligible for credit.

18 DIANNE DIXON: We would also want
19 to see what, what the housing, who's going to be
20 in the housing.

21 DAVID HANSEL: Right, so, I mean,
22 under that scenario, a bank could get credit for
23 doing a construction loan in a LMI neighborhood
24 that was serving non-LMI people.

25 DIANNE DIXON: No.

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2 CHAIRPERSON VANN: [off mic] Why
3 not?

4 DIANNE DIXON: Because it's not, if
5 it's serving, who, it's serving luxury, these are
6 luxury developments?

7 DAVID HANSEL: In a lower moderate
8 income neighborhood.

9 WENDY TAKAHISA: [off mic] I think-
10 -I--I think, I--I'm sorry.

11 DIANNE DIXON: [laughs]

12 WENDY TAKAHISA: [on mic] This is
13 Wendy Takahisa again. I think that in, in the
14 past, that there were some developments that did
15 get credit, but I think there's been a recognition
16 all around that those are not developments that
17 should be getting credit.

18 DIANNE DIXON: Right.

19 WENDY TAKAHISA: And so I don't, I
20 think the, I think we're, we're worrying about a
21 scenario that doesn't exist anymore. Tell me.

22 CHAIRPERSON VANN: I'm very naïve
23 in this area. So, to apply a CRA credit by bank,
24 it would be project specific?

25 WENDY TAKAHISA: [off mic] Yes.

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2 CHAIRPERSON VANN: It's always
3 project specific, no matter--

4 DAVID HANSEL: Correct.

5 CHAIRPERSON VANN: --where they may
6 lie geographically, whether it's an LMI community,
7 whatever, it applies only to that specific
8 project, is that, could you clarify that for me?

9 WENDY TAKAHISA: [off mic] - - all
10 the questions.

11 DIANNE DIXON: Well, we're looking,
12 I mean, we look at where the bank is, where the
13 bank sits.

14 CHAIRPERSON VANN: It has an
15 assessment area, correct?

16 DIANNE DIXON: It has an assessment
17 area, and we look at what activity is doing in
18 that area. And an assessment area, we want to
19 make sure that it's been drawn so that it's not
20 arbitrarily excluding LMI areas. So, that they
21 have to, so that they're including LMI areas in
22 the assessment area, and we look to see how much
23 lending is happening, what development is
24 happening, in the LMI areas, as well as across the
25 whole assessment area. So we're looking at

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2 projects that have been funded in LMI areas as
3 well as across the assessment area.

4 CHAIRPERSON VANN: Well, I thought
5 the whole purpose for CRA was because they, those
6 LMI areas were redlined, prior to--and the hold
7 idea of community reinvestment was to encourage,
8 if you will, banks to provide loans in areas that
9 had previously been redlined. Right?

10 DIANNE DIXON: The, the way, yeah,
11 that's why we're looking at the L--what, what's
12 happening in the LMI areas. But it's not solely
13 LMI areas, they're--

14 CHAIRPERSON VANN: Okay.

15 DIANNE DIXON: --you know, they
16 have to, we also have to assess how they're
17 lending across the entire assessment area.

18 CHAIRPERSON VANN: Okay. Now, how
19 do you determine an assessment area? What is,
20 what is that?

21 DIANNE DIXON: We're looking at
22 where the branches are, where, where the branches
23 of the bank are, and the bank then, that's where
24 they're collecting their deposits from.

25 CHAIRPERSON VANN: Right, right.

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2 DIANNE DIXON: Right? So we're
3 looking at, I mean, the lines are drawn initially
4 by, by the bank, but they, there are rules that
5 they have to adhere to, and we look to see, and we
6 have in fact told banks, on occasion, that we've
7 had problems with the lines that they've drawn for
8 the assessment area. We look to see if those
9 lines arbitrarily exclude LMI areas, or and
10 certainly we're going to look into, in comparison,
11 I'm sorry to take you [laughs] we're looking in
12 comparison to the lending that's happening in
13 those areas, lending and investment and services
14 that are happening in those areas.

15 CHAIRPERSON VANN: Right. Both of
16 you seem a little troubled by the language "middle
17 class." You want to, you want to get after the
18 stalled project as well as those who may not be
19 stalled, but are low income, to preserve those
20 where, you know, maybe low income. So, you both
21 seem to be suggesting alternatives that would
22 accomplish what the sponsor wants to do, but you
23 feel using the middle class seems to restrict or,
24 help me out here, what is it, why do you have
25 problem with the middle class language in this

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Resolution? Either.

DAVID HANSEL: You know, we recognize that middle income New Yorkers are struggling with finding affordable housing, just as--

CHAIRPERSON VANN: Right, middle income.

DAVID HANSEL: --low and moderate are. So, we are sensitive to wanting to come up with flexible solutions. I think our concern is both when you say "middle income," what the City defines as middle income, it's different from what CRA defines. And so, for both, you know, clarification purposes, but also to not lead to what we were referring to in terms of the unintended consequences, that if you opened up CRA to serving middle income as well, we don't want that to be to the detriment of how banks focus their, you know, their activities on low and moderate income, as well.

CHAIRPERSON VANN: Right, I know--

DIANNE DIXON: We have the same concern.

CHAIRPERSON VANN: Right, I know

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2 that's not the intent of the sponsor, and so we
3 will be guided by your, your information on that.

4 CHAIRPERSON VANN: There being no
5 other--

6 COUNCIL MEMBER KOPPELL: [off mic]
7 Mr. Chairman.

8 CHAIRPERSON VANN: Sure.

9 COUNCIL MEMBER KOPPELL: I, I, I
10 don't have a question, but I, I do want to chime
11 in kind of on this. I am concerned of the
12 comments made by the last witness here, concerning
13 the, the breadth of the mandate in the Resolution,
14 going Mr. Hansel's comments. I mean, I am
15 concerned about the Resolution going to expand the
16 income range of the, of the projects or the area,
17 to what, what he says in his testimony is
18 substantially beyond the earlier definitions. And
19 I, I don't want to see the kind of shift he's
20 talking about, where you would see banks
21 qualifying for CRA credits by making loans in, in
22 suburban areas that was not the intention, as you
23 correctly stated, over the whole CRA fight, which
24 was to take redlined areas. I mean, I don't want
25 to see loans being made in Scarsdale, or even,

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2 even in certain parts of my district, that are not
3 low income areas. Or low, real low and moderate--
4 therefore, and I'm not an expert on this, but I
5 think we should look at the definition in the
6 Resolution with respect to the percentage of
7 median income, that these projects are addressed
8 to. And maybe the numbers are too high. What is
9 it, 135 and 165 AMI, maybe, maybe that's too high.
10 I'm not an expert, I leave it to you, Mr.

11 Chairman, and the staff of the Committee, as to
12 whether that ought to be changed. But Mr. Hansel
13 suggests that perhaps it should be changed, and
14 I'm sympathetic to what he's saying. I am well
15 aware, because you and I, Mr. Chair

16 CHAIRPERSON VANN: [off mic] I'm
17 sorry.

18 COUNCIL MEMBER KOPPELL: --you and
19 I, Mr. Chairman, lived through the period of
20 disinvestment in, in our communities. I can, I
21 lived, you know, through the '70s, when I saw the
22 banks write off areas of The Bronx, and we saw
23 them burn down. So I don't want to, I want to
24 focus on the areas that really need this
25 investment.

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2 CHAIRPERSON VANN: Thank you for
3 your, your wise comments. We are going to come to
4 a vote, but prior to that vote, I think our lead
5 sponsor, you want to make some clarification
6 points?

7 COUNCIL MEMBER REYNA: Thank you,
8 Mr. Chair. I want to thank ANHD for reaching out
9 to our office and their expertise in the housing
10 and especially the affordable low and moderate
11 income communities, where their work is renowned
12 for really stabilizing communities. So, I thank
13 you, Dave, for coming to testify and reaching out
14 to us. For the, in relation to the exchange that
15 Council Member Olive Koppell has just raised, the
16 intent here is not to change the parameters of
17 AMI, but significantly weigh and interest on
18 behalf of the bank, to do exactly what you had
19 mentioned, to reward. And reward in an
20 appropriate fashion, where we're not hurting
21 ourselves. There is a program, HARP, the Housing
22 Asset Renewal Program, that we had piloted as a
23 Council, leveraging City dollars to those
24 applicants interested in participating, and it has
25 not been attractive enough. And the purpose of

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2 doing this type of leveraging does not exclude low
3 and moderate income AMIs. And so, in having heard
4 from ANHD, as well as our State Banking
5 Department, who has expressed specific language as
6 how we can weigh and balance both the HARP program
7 and the provisions that would assist for us to be
8 able to leverage further CRA credits, in low and
9 moderate income communities, we're going to amend
10 the language to include what has already been
11 mentioned at this hearing. And that language is
12 being typed up currently. Council is, right now,
13 drafting, and will present it in a few minutes.
14 I'd like to just request that we continue with
15 this hearing, and indulge my colleagues, I
16 appreciate your time dedicated to staying so that
17 we can vote this amendment, and the provisions of
18 the language today, because tomorrow is Stated,
19 and it will be introduced for a full vote.

20 DAVID HANSEL: Thank you for your
21 responsiveness.

22 COUNCIL MEMBER KOPPELL: Well, I, I
23 have, Mr. Chairman, if I may.

24 CHAIRPERSON VANN: [off mic] You
25 may.

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2 COUNCIL MEMBER KOPPELL: I have
3 confidence in the prime sponsor and the staff, I
4 mean, I'd be willing to, couldn't we vote and, and
5 move it along that way, even if we don't have the
6 words in front of us? Or is that not possible?
7 'Cause I know sometimes bills are amended between
8 the Committee and the full Council, so--

9 COUNCIL MEMBER SANDERS: If I may,
10 Mr. Chair.

11 CHAIRPERSON VANN: Please, I'm
12 seeking direction. [laughter] And counsel is out
13 doing what counsel's do.

14 COUNCIL MEMBER SANDERS: Now, now
15 normally, our, well, Council Member Koppell's
16 request is, is indeed, it merely shows the, the
17 difficulty being a Council Person. Needless to
18 say he, desperately needs to do some other work of
19 the Council, and this is driving him, no doubt. I
20 do want to underline your faith, Council Member
21 Koppell. The wording that Council Member Reyna is
22 coming up with is an acceptable language, under
23 these conditions. Ideal? Well, ideal exists in
24 the mind. [laughter] But certainly acceptable
25 and worthy and your faith in voting would not be

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misguided.

COUNCIL MEMBER KOPPELL: Okay,
thank you.

CHAIRPERSON VANN: My, my concern
is not with faith, mine is with protocol, and what
[laughter] and whether or not it is--

COUNCIL MEMBER SANDERS: [off mic]
That's right.

CHAIRPERSON VANN: --it will meet
the requirements under the rules that we govern.
And I guess I can take a leap of faith, and, and
do that, and--

COUNCIL MEMBER REYNA: [off mic]
You could vote aye, as amended.

CHAIRPERSON VANN: Aye, as amended,
okay. We usually have the Counsel to--

COUNCIL MEMBER REYNA: [off mic]
They're both working on stuff.

CHAIRPERSON VANN: Right. Which
raises another internal question, can I move it
without him? [background noise]

FEMALE VOICE: You can't.

CHAIRPERSON VANN: Beg pardon?

FEMALE VOICE: You can't.

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CHAIRPERSON VANN: I can?

FEMALE VOICE: You can't. You
can't go, no. According to the - -

CHAIRPERSON VANN: Yeah, I, I
thought it would be something like that.
[laughter] So, well, talk to yourselves for a few
minutes. Thank you very much, you both, Wendy
Takahisa and Dianne Dixon, and Dave Hansel, thank
you very much for coming, and, and the dialogue
has been very helpful. Feel like I've been to,
feel like I've gotten, taken a course [laughter]
in CRA now. And better understand what we're
dealing with. [laughter] Thank you very much.
Also, your testimony has helped us to want to
improve the Resolution that was forthcoming, and
that is being done on the spot, so your presence
was very important to that.

COUNCIL MEMBER SANDERS: [off mic]
I tried, Brother Oliver.

CHAIRPERSON VANN: Are there--

COUNCIL MEMBER KOPPELL: [off mic]
Thank you, thank you.

CHAIRPERSON VANN: I heard. They
are? Then where are they? [background noise]

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2 Yeah, there, yeah there are--no one else has come
3 to provide testimony today, right? One thing.
4 Okay, thank you. We will complete our business in
5 a few moments, so if you will hang in there, we'll
6 have a vote on an amended Resolution. Are there
7 any students of government here, anyone taking
8 classes in government or--you see how things
9 really work in terms of the theory? [laughs]
10 [pause, background noise] Excuse me.

11 SERGEANT-AT-ARMS: [off mic] Quiet,
12 please.

13 CHAIRPERSON VANN: All right, we
14 have resumed, and I would like to recognize
15 Council Member Reyna to make some modifications.

16 COUNCIL MEMBER REYNA: Thank you,
17 Mr. Chair. I'd like to, after this morning's
18 testimonies, wish to amend the Resolution in the
19 following way. Immediately following the last
20 "whereas" clause, I wish to add this text:

21 Whereas, New York State has a CRA-like statute,
22 Section 28(b) of the Banking Law, and regulations
23 that implement the statute; and whereas the State
24 Banking Department is intending to promulgate
25 regulations that would allow for higher CRA type

1 credits to be used upon such factors as: 1)
2 whether the new owner has the support of the
3 community, which may be demonstrated by working
4 with a nonprofit, not-for-profit community
5 development corporation; 2) the length of time
6 that the units will be set aside for affordable
7 low and moderate income housing; and 3) the amount
8 of the write down that is over and above the
9 amount the bank could have obtained if the set
10 aside for low and moderate income tenants was not
11 in place; and whereas, the federal CRA law should
12 incorporate these factors, as well: copies of the
13 Resolution with this text have been distributed
14 and I urge my colleagues to vote for the
15 Resolution as amended. I thank them as well.

16 COUNCIL MEMBER KOPPELL: [off mic]

17 Mr. Chair, Mr. Chairman?

18 CHAIRPERSON VANN: Mr. Koppell.

19 COUNCIL MEMBER KOPPELL: [off mic]

20 I, I'm going to vote for the Resolution, because
21 as I mentioned, I have confidence. But I, I had
22 thought one of the issues, and I want to just ask
23 the sponsor, Council Member Reyna, one of the
24 issues was a concern over the 130 of area median
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2 income for rental units, and 165 percent for [on
3 mic] AMI for units for homeownership. And the
4 suggestion that those were, numbers were too high.
5 How do you respond to that concern?

6 CHAIRPERSON VANN: Please.

7 COUNCIL MEMBER REYNA: Council
8 Member Koppell, in, in reference to the HARP
9 program, the referencing of the AMIs at a 130
10 percent for rentals and 165 percent for
11 homeownership, is, is targeting the HARP program
12 applications. The applications are not limited to
13 that HARP program. And therefore, a banking
14 institution and partnership with the developer who
15 wishes to participate in CRA credits, to acquire
16 weighing into the application even further for CRA
17 application, the factors as delineated in the
18 amendment, would then strengthen that application
19 to allow for the parameters of what current CRA
20 tracks, CRA credits are meant for, up to 120
21 percent.

22 COUNCIL MEMBER KOPPELL: Okay, I--
23 [laughs] I'll vote for it, I'm still not 100
24 percent clear, but we'll talk about it further.
25 Thank you.

2 COUNCIL MEMBER REYNA: Fantastic.

3 CHAIRPERSON VANN: That being said,
4 in an equal amount of clarity, or lack thereof,
5 we'd like to move--am I--usually the attorney, you
6 usually do it, right?

7 COUNSEL FOR THE COMMITTEE: Yes.

8 Can we - -

9 CHAIRPERSON VANN: Go ahead.

10 COUNSEL FOR THE COMMITTEE: You can
11 move the amendment - -

12 CHAIRPERSON VANN: All right, I
13 move the Resolution as amended. I guess we should
14 call the members. I feel like I'm doing somebody
15 else's work here.

16 COUNSEL FOR THE COMMITTEE: Yeah,
17 he's right, he's just away.

18 CHAIRPERSON VANN: And we pay for
19 this. [laughter]

20 MALE VOICE: [off mic] He's not
21 comfortable with this.

22 MALE VOICE: Oh, no, no.

23 MALE VOICE: [off mic] Couple the,
24 couple the vote.

25 MALE VICE: Okay, are the vote

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couple - -

[background noise]

CHAIRPERSON VANN: We're ready for
that now?

FEMALE VOICE: Yes. [background
noise]

CHAIRPERSON VANN: Okay, we'll call
the roll.

CLERK: William Martin, Committee
Clerk, roll call on the Committee on Community
Development, Resolution 247-A, Council Member
Vann.

[laughter]

CHAIRPERSON VANN: Should I? Yes,
aye on all.

CLERK: Reyna.

COUNCIL MEMBER REYNA: I vote aye,
and thank you, Mr. Chair.

CLERK: Foster.

COUNCIL MEMBER FOSTER: Aye.

CLERK: Koppell.

COUNCIL MEMBER KOPPELL: Aye.

CLERK: Sanders.

COUNCIL MEMBER SANDERS: Permission

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to explain my vote?

CHAIRPERSON VANN: [off mic] I don't know, what is it going to be?

COUNCIL MEMBER SANDERS: It's, it's going to be fast, it's going to be fast. The basic problem is the problem that the banks are not doing right. That is the problem. And all of these are attempts to get the banks to lend. You can see from the federal government to every step, it's the banks that are the problem. Having said that, I, I understand that this is an attempt to, to prod them even further, to incentivize them, and as such, I will go along with my colleague who I obviously respect a great deal, and vote aye.

CLERK: Mark-Viverito.

COUNCIL MEMBER MARK-VIVERITO: I vote aye.

CLERK: By a vote of six in the affirmative, zero in the negative, and no abstentions, item is adopted. Members, please sign the Committee Report. Thank you.

CHAIRPERSON VANN: Thank you. Thank everyone for your patience and indulgence.

COUNCIL MEMBER REYNA: And I want

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to thank your Counsel, Thomas, who did a fabulous

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job, thank you.

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[pause, background noise]

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C E R T I F I C A T

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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in dark ink and is positioned above a horizontal line.

Signature_____

Date June 23, 2010