

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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October 19, 2016
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HELD AT: 250 Broadway - Committee Rm.
14th Fl.

B E F O R E: INEZ E. DICKENS
Chairperson

COUNCIL MEMBERS: Darlene Mealy
Ydanis A. Rodriguez
Andrew Cohen
Mark Treyger

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

Artie Pearson
Director of Land Use
Office of Governmental Relations
Housing, Preservation and Development, HPD

Leonard Seif, Director
New Construction
Housing, Preservation and Development, HPD

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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[sound check, pause] [gavel]

CHAIRPERSON DICKENS: Good afternoon. I am Council Member Inez E. Dickens, Chair of the Subcommittee on Planning, Dispositions and Concession. I welcome everyone to today's hearing and I want to thank and acknowledge my sergeant-at-arms, Dane Hope. I apologize for my lateness, but we were in budget negotiating this morning and, therefore, I stayed there until the very last minute, and I have to go back. I want to thank my Land Use Director, Raju Mann; Deputy Director Amy Levitan; and my attorney, Julie Lubin and, of course, Project Manager Brian Paul. We are joined today by the Council Members on the Subcommittee Council Member Andy Cohen and Council Member Darlene Mealy, and we've been joined today by Council Member Inez Barron. We have one item on our calendar, Land Use Item 428 known as Blake and Hendrix. Today, we will hold a hearing on this matter. I am now opening up the public hearing for Land Use Item 428. This is an application by HPD for a UDAP project approval, a UDAP tax exemption under Section 696 of the General Municipal Law and a tax exemption under Article 11 of the Private Housing Finance Law for properties in

1
2 Community District 5 in Brooklyn. These actions will
3 facilitate the development of nine two-family homes
4 and four three-family homes containing up to 30 units
5 in total under HPD's New Infill Homeownership
6 Opportunities Program. The properties are located in
7 Council Member Inez Barron's district at the
8 following addresses: 586 Linwood Street, 669 Linwood
9 Street, 806 Blake Avenue, 980 Dumont Avenue, 617
10 Cleveland Street, 285 to 291 Hinsdale Street, 848
11 Blake Avenue, 588 Warwick Street. I call up and I
12 see that we've been joined today by Artie Pearson of
13 HPD. Please would you identify yourselves?

14 ARTIE PEARSON: Good afternoon, Chair
15 Dickens and members of the subcommittee. I'm Artie
16 Pearson, Director of Land Use from the HPD's Office
17 of Governmental Relations, and I'm joined Leonard
18 Seif, who is the Director of New Construction at HPD.
19 Land Use No. 428 consists of the proposed disposition
20 of 11 city-owned vacant lots in Council District 42
21 in Brooklyn and it's known as Blake Hendrix Cluster.
22 The lots are located, as you indicated, Chair Dickens
23 on Linwood Street, Blake Avenue, Dumont Avenue,
24 Cleveland Street, Hinsdale and Warwick Street. The
25 Blake Hendrix block has previously been included in a

1 former new foundations program for this location.
2
3 However, the cluster did not advance beyond the award
4 to the selected development team because of the
5 downturn in the housing market. At this time, HPD is
6 seeking to develop the project under the New Infill
7 Homeownership Opportunities Program also known as
8 NIHOP. Under NIHOP, HPD is going to promote the new
9 construction of one to three-family homes as well as
10 condominiums and co-ops under-in order to fulfill the
11 paid homeownership opportunities target to the New
12 York State workforce with incomes between 80 and 130%
13 of AMI. The Land Use 428, the sponsor proposed to
14 construct four three-family homes and two-nine two-
15 family homes for a total of 13 homes for-between a
16 total of 30 units that will be marketed to households
17 earing between 80 and 100% of AMI, and today those
18 units will be underwritten to households earing about
19 \$56,000. The prices will range from \$296,000 to
20 \$386,000 for a two-family home, and \$526,000 for a
21 three-family home. Rents will restricted to the same
22 level AMI as the Homeownership Unit, and the homes
23 will be built to City's Energy Conservation Code and
24 Enterprise and Community Standards. HPD is before the
25 Council seeking disposition approval as well as

1 approval of the tax benefits under UDAP and Article
2 11. The Article 11 exemption will be in place
3 throughout the construction phase of the development
4 and the UDAP tax exemption will be extended to the-
5 and purchaser. The combined term of the tax
6 exemptions will not exceed 25 years, and Lenny and I
7 can answer any questions that you might have about
8 the project.
9

10 CHAIRPERSON DICKENS: [pause] Thank you
11 so much. Lenny Seif?

12 LEONARD SEIF: Seif.

13 CHAIRPERSON DICKENS: Seif. Do you have
14 anything you want to add?

15 LEONARD SEIF: Yeah. The first thing I'm
16 Lennie Seif from HPD, and I am the Program Director.
17 It's a pleasure to be before the Council. The first
18 thing I'd like to do is just thank Council Member
19 Barron. We had some strenuous, productive
20 conversations in your office about making available
21 affordable homeownership opportunities for the
22 workforce community for members for her constituents.

23 CHAIRPERSON DICKENS: [interposing] Uh-
24 huh.
25

2 LEONARD SEIF: And we took here comments
3 and went back to our office and we were able to come
4 up with a-a construct and a scenario that was
5 acceptable to the Council Member. So I'd like to
6 thank you for that. [coughs] A couple of things, and
7 you probably have questions for me, but what I'd like
8 to call out is paramount in the NIHOP Program based
9 on really prior experiences. The provision of
10 quality affordable housing, and we're achieving that
11 objective through enhanced-well enhanced is probably
12 not the right word. Through construction loan
13 increase (sic) during construction. Not just the
14 banks and engineer that show up at the-at the
15 requisitions every month, but we're going to have a
16 full-time BLD. Our technical staff is going to be
17 looking at-looking the-the site every day. We're
18 going to get reports, and-and we'll do that in
19 coordination with the bank's engineer, and DOB so
20 that at the end of the day, we deliver quality
21 affordable housing. No water penetration issues,
22 which has been a problem-was a problem in a limited
23 number of-a very limited number. We-we don't want
24 that to happen again. The other element I would
25 point out is what's important to me what I've learned

1 is closing is an emotional process. The contractor
2 wants to pay down his construction loan. The
3 purchaser wants keys to her new—his or her new house,
4 and we have to stop that process before we get to
5 that point, and make sure that purchaser gets the
6 requisite education and counseling. I'm a homeowner
7 myself, and I live in Southeast Queens, and I can
8 tell you my boiler looks like a lunar module.
9 There's all these tags on it that says don't touch
10 this, don't touch that. So we put into place a
11 process that as early as possible we've identified
12 perspective purchases. Well, there—there will be
13 meaningful, not Pablum, but a meaningful hands-on
14 training about how to manager your—your boiler and
15 your water heater, and what—and—and what constitutes
16 maintenance. We've had homeowners that don't know if
17 they need to go up on their roof or should they go up
18 on their roof. Do they need to do exterior caulking
19 or not? So we're going to lay all that out. We're
20 going to have intensive training that's going to be
21 conducted by the sponsor as approved by HPD. So that
22 we put people in the position where they can succeed.
23 As homeowners, folks within this income band, may or
24 may not—they may have a little less disposable income
25

2 than some other folks, and to be hit with these
3 unanticipated issues could be devastating. So we
4 want to be smarter than that, and I'm excited about
5 that part of the program. Are there any questions or
6 concerns that we can address?

7 CHAIRPERSON DICKENS: We'll let you know.

8 [laughs]

9 LEONARD SEIF: Okay.

10 CHAIRPERSON DICKENS: I'm going to—we've
11 been joined by Council Member Mark Treyger, and I'm
12 going to ask Council Member Inez Barron to please
13 give us a statement of either support or non-support
14 of bill.

15 COUNCIL MEMBER BARRON: The New Infill
16 Home Opportunity—Homeownership Program, NIHOP, is not
17 to be confused with the Next Gen Infill Project of
18 NYCHA. The Blake Hendrix NIHOP is composed of 13
19 sites scattered throughout East New York on Blake
20 Avenue, Cleveland Street, Warwick Street, Hinsdale,
21 Dumont and Linden Street, and all of these sites yes
22 are for homeownership of newly constructed housing.
23 These blocks the city owns and will be transformed
24 into nine two-family and four-three family homes
25 totaling 30 units. The NIHOP Program was initially

1 designated through HPD New Foundation Program in
2 2007, but was stalled due to the economic depression
3 of 2008 and 9. The purchasers who will receive these
4 homes will commit to remain as the primary resident
5 for 20 years. The price difference between the
6 appraised value of the property, and the purchase
7 value and the amount of the construction financing
8 provided by the City, will be recorded to the
9 property to zero after 20 years of owner occupancy.
10 Owners will be selected via lottery, and there will
11 be community-based seminars. For most people, the
12 purchase of a home is the most expensive acquisition
13 they will during their lifetime, and for most,
14 homeownership is the pathway to wealth that can be
15 passed onto succeeding generations. I am very
16 pleased to support this project because it reflects
17 the median income of my community, which is only
18 about \$30,000 or \$32,000. And yes, it is affordable
19 to those who live in the community, and who are
20 looking to invest in homeownership. There were
21 several iterations of this project to get to this
22 point, and I want to reflect on the comment yes, it
23 was a very heated discussion to get us to the point
24 where were, which I was sure would be in a minute.
25

1 The initial project had all 13 homes at 100 to 110%
2 of the AMI, which was \$94,000 to \$108,000, and I said
3 to them no we've got to work on that. They came back
4 with another scenario that where there five homes
5 designated at \$75,000 and the eight at \$94,000 to
6 \$103,000. I said, still not good enough, and I do
7 want to acknowledge that I had someone else backing
8 up my position, and that was none other than Assembly
9 Member Charles Barron who was there. To get to the
10 point, we have come to the point where we will three
11 homes designated for people whose income range is
12 from \$56,000 to \$65,000. That's I hope a blueprint
13 going forward. There will be six homes designated
14 for people earning from \$75 to \$84,000, and the
15 remaining four will be at the—at \$94,000 to \$103,000.
16 I'm very pleased with that because it means that a
17 family of three perhaps one mother with two children,
18 which is 48% of my—of my community, will be able to
19 say this is something I want to sacrifice and invest
20 in, and have an opportunity to achieve. The homes
21 will be built to Energy Conservation Code of the
22 City, and I would like to thank the following people
23 who sat through very heated discussions to get us to
24 the point where we are. Raju Mann, of course, is the
25

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1
2 Director; Julie Lubin, the Counsel of Land Use; Joyce
3 Kwan, the Project Director for HPD; Jordan Crest,
4 Government Affairs for HPD; Sarah Dabbs, HPD's New
5 Construction; Lenny Seif, Director of new homes;
6 Artie Pearson, HPD Government Relations; Brian Cole
7 (sic), the very persistent and very helpful Land Use
8 City Council, and Mim Zang, HPD Director and, or
9 course, my Chief of Staff Joy Simms, and my counsel
10 part of me Assembly, my husband Charles Barron. Thank
11 you so much, and I urge all of you to support his
12 project.

13 CHAIRPERSON DICKENS: Thank you so much
14 Council Member. I'm going to throw questions out to
15 my colleagues to see if they have anything they want
16 to say or question. Council Member Treyger.

17 COUNCIL MEMBER TREYGER: Thank you very
18 much, Chair and kudos to my colleague Council Member
19 Barron for her work to make sure that these programs
20 reach really the needs of the residents in her
21 district. I-I just have a question about—two
22 questions about down payment assistance with—with
23 HPD, and whether or not there are deed restrictions
24 on these properties, and what are they? So, if you
25 could speak to first of all making sure that how are

1 people being notified of down payment assistance
2 because there is a program I believe Home First for
3 first time homebuyers. Of course, I-I-I've been
4 advocating for greater down payment assistance for
5 working families I think that what we offer people is
6 insufficient, but, you know, how do you plan to
7 notify people of that-of-of that program? And number
8 two, what are the-if there deed restrictions on the
9 properties?
10

11 LEONARD SEIF: Thank you for the
12 question. Regarding our Home First Program, which
13 you're-you're aware of, and it's not a program that I
14 run, but I believe that the households earning up to
15 but not exceeding 80% AMI adjusted for family size
16 are eligible. So the word is how do we get-is how is
17 that program marketed? Through a few-through
18 Pathways as far as I know. One is through the
19 community-based providers that do-that do
20 homeownership counseling such as NAS, and the whole
21 network of similar programs. And the other thing I
22 would say is what we plan to do is, as the Council
23 Member alluded to in her testimony-in her statement
24 is we're going to be doing community based seminars
25 as soon as the ad hits. We're going to make sure

1 that there is notification all over the community and
2 in-in that setting, we're going to have all the
3 paperwork and applications and information regarding
4 Home First, and the eligibility for that kind of
5 assistance. Is that-is that-is that-how does that
6 sound to you?
7

8 COUNCIL MEMBER TREYGER: Well, I-I -I
9 definitely to the local member. She knows her
10 district very well about the outreach. I would
11 suggest in experience in-in my community that, you
12 know, partnering with credible local organizations
13 that do this work on a day-on a day in and a day out
14 basis, they know the residents. They know the
15 programs, and the case management assistance there's
16 follow-up work here. But what we've seen in the past
17 has been issues with just things weren't out. (sic)
18 There was a program and just making sure that this
19 follow-up for those people who are interested. But I
20 appreciate the willingness to work with-with the
21 local member in her district to get the word out.
22 And if you could speak to the deed restrictions.

23 LEONARD SEIF: Yeah. There are deed
24 restrictions, as you probably know. There's an
25 Enforcement Note of Mortgage. The first-the

1 paramount deed restriction if that's right adjective
2 is the—is the owner occupancy part that you must
3 occupy at least one of the units as your primary
4 residence. And what we've done in the launch of
5 NIHOP is to deconstruct that requirement into plan
6 language rather than the legalese, and at the
7 contract signings and at the seminars—Let's go
8 further upstream, and in the marketing plan, and in
9 the marketing ad, there's going to be a disclosure
10 regarding this requirement. The prospective
11 purchaser is going to have sign an affidavit or a
12 statement that affirms they understand that they have
13 to occupy the unit as—one of the units as their
14 primary residency. We're—we're required or our
15 partners are required through the state because we're
16 using State Affordable House Incorporation Funds to
17 leverage the city capital money as the grantee to—to
18 monitor compliance with this requirement. So we're
19 going to do that. There is also an Enforcement Note
20 of Mortgage that wraps around the—the construction
21 subsidies which would be the City Capital Budget
22 Funds and the State of New York Affordable Housing
23 Grant Funds, and a portion of the underlying land
24 value. That's—we'll that combined debt. And at the
25

2 closing there will be a Enforcement Note of Mortgage
3 that is-that will be executed that will-that the
4 owners will sign, and they will be subject to if they
5 fail to-if they fail to meet the requirements of the
6 Enforcement Note of Mortgage, they'll be subject to
7 repayment and recapture of this-of these public
8 dollars.

9 COUNCIL MEMBER TREYGER: But what I'm
10 trying to get at, and I appreciate that, is that--

11 LEONARD SEIF: [interposing] Yeah.

12 COUNCIL MEMBER TREYGER: --are any of
13 these deed restriction--in your experience with this
14 program, have any of them been--have any of them
15 impeded in the ability of an applicant to get a
16 mortgage?

17 LEONARD SEIF: We-it has to--there has to
18 be education. The--the end purchasers, the banks have
19 to understand these--these requirements and--and we
20 have found a number of banks, and MT Citi Bank and
21 Chase to name a few that could live with these
22 restrictions because your point is well taken. The
23 bank from their point of view wants to be able to get
24 out. You know, God forbid that, you know, there's a
25 foreclosure, and they are sort of adverse to any kind

1 of kind of encumbrances that are placed on the
2 properties. But they have worked with us, and they
3 have accepted these restrictions, and they--they've--
4 they've approved mortgages for--for our folks.

5
6 COUNCIL MEMBER TREYGER: Because we want
7 to make sure that we're helping working families, you
8 know, get a home--

9 LEONARD SEIF: Yes

10 COUNCIL MEMBER TREYGER: --but one of the
11 challenges--I--I--I've attended a number of affordable
12 homeownership events--is that some of these--and I'm--
13 I'm pleased that you've at least found some banks
14 that are willing to work with--

15 LEONARD SEIF: [interposing] yes.

16 COUNCIL MEMBER TREYGER: --HPD--

17 LEONARD SEIF: [interposing] Yes, yes, we
18 have.

19 COUNCIL MEMBER TREYGER: --on this, but
20 one of the challenges that remains for homeowners,
21 especially first time homeowners, which are the most
22 vulnerable, are making sure that they're having faces
23 and contacts at these banks when issues do arise
24 because making sure that if there's an issue or a
25 question with regards to their mortgage moving

1 forward, is there—is HPD kind of just saying okay now
2 it's yours—your problem, your issue or is there going
3 to be ongoing liaisons or people that counselors to
4 work with them with the banks should any issue arise?
5

6 LEONARD SEIF: There's too much at stake
7 to let this just advance in laissez faire manner.
8 This is a construction loan. This repayment
9 guarantees. There are members of the workforce
10 community. So the answer is yes, the sponsor and the
11 developer will work with the household in terms of
12 assembling required income and related documentation.
13 It interfaces with the bank, resolving any credit
14 issues. Yes, there's a—there's a lot of—I don't want
15 to call a hand-holding. I don't know if that's the
16 right word, but—but there's a lot of working with the
17 purchaser.

18 COUNCIL MEMBER TREYGER: [interposing]
19 Actually, I—I would say it's not hand holding. I
20 would say it's holding banks accountable because they
21 are—have been large responsible for a very problem—
22 big problem without housing bubble and—and closing
23 almost—their default of our economy.

24 LEONARD SEIF: Yeah.
25

1
2 COUNCIL MEMBER TREYGER: So I would say
3 that they--this is a part of justice for many working
4 families. So I--I appreciate that some banks are
5 coming to the table, but I really hope that we're
6 doing all we can to increase flexibility to help
7 these families not just get a home, but stay in their
8 home, and--

9 LEONARD SEIF: Correct.

10 COUNCIL MEMBER TREYGER: --and help build
11 that grade so--I--I--I--I look forward to talking more
12 about this--

13 LEONARD SEIF: [interposing] Okay.

14 COUNCIL MEMBER TREYGER: --in future
15 meetings, but thank you, Chair, for your time.

16 CHAIRPERSON DICKENS: Yes, I--I just have
17 a question before I turn it over to Council Members
18 Mealy and Cohen. On the deed restrictions, the
19 occupancy is required. Is there a time limit on
20 that, like five years, two years, three years? Is
21 there a time limit, that's number one. And then
22 recently there's been severe negative issues
23 surrounding deed restrictions. The proposed changes
24 that we have in the City Council is that going to
25 have any impact on this?

1
2 ARTIE PEARSON: Well, the-the-the
3 requirements that the purchaser remain in the home is
4 20 years. The deed modification that the agency has
5 been working has to do with modifying a deed in
6 respect-in respect to lifting restrictions in order
7 for the owner to be able to sell that piece of
8 property. The only time that HPD might consider
9 lifting a deed restriction is if the project is then
10 a result of affordable housing. That's HPD's role as
11 far as deed restrictions are concerned. I can't
12 speak to what DCAS with their projects or anything
13 like that. But as far as HPD-HPD is concerned, deed
14 restriction modification has to come hand-in-hand
15 with the development of affordable housing.

16 CHAIRPERSON DICKENS: Alright, thank you.
17 Council Member Cohen and then Council Member Mealy.

18 COUNCIL MEMBER COHEN: Thank you, Chair
19 Dickens, and I, too, want to express my
20 congratulations to Council Member Barron for
21 shepherding this project through. You know, I wish
22 that there was some press here that they could see
23 council members who are committed to developing
24 affordable housing in their district instead of just
25 saying-I'm not saying that we're-we're not, but this

1 is just another example, and I think it's the people
2 here who serve on the committee, you know, you are
3 all to be commended. I just had a couple of
4 questions. This--this--after the 20 years, the owner
5 of the property could sell it, and there are no
6 deeds, there are no restrictions at that point?
7 Someone will buy it and there won't be any income
8 restrictions in regard to that 20 years.

9 [background comments, pause]

10 LEONARD SEIF: The--my understanding is
11 the--the restrictions extinguish at the end of the
12 regulatory period of 20 years.

13 COUNCIL MEMBER COHEN: The--the individual
14 lots are they being built to their maximum that the
15 zoning permits?

16 LEONARD SEIF: We spent a lot of time. I
17 mean it's sort of a balancing act. We can't--can't
18 overbuild, and I know you're going to ask me about
19 that because there is a--there's a monetary impact.
20 So we--our--our BLDS architects what they do is make
21 sure that the lot is compliant rezoning and we're
22 most--we're using a lot in the most efficient way.
23
24
25

2 COUNCIL MEMBER COHEN: But--so but it's
3 conceivable that you have lots that are--that are sick
4 from the the--and--and you have built--

5 LEONARD SEIF: [interposing] We're not
6 grossly underbuilding on any of these lots. No.

7 COUNCIL MEMBER COHEN: In the program
8 for--does rent count as income for AMI purposes?

9 LEONARD SEIF: Yeah.

10 COUNCIL MEMBER COHEN: So that would be--
11 the--the--the rent that the owner gets from the tenants
12 will count for their income for AMI purposes?

13 LEONARD SEIF: The banks and the
14 intermediary markets have really put a--I don't know
15 how you--how to phrase it. In the old days--I'll put
16 it this way. You could subtract the net rental
17 income let's say, you know, based on a vacancy
18 assumption, directly from the principal interest
19 taxes, the principal and interest called PITY
20 subtraction. That's how it used to be. Then we had
21 the market downturn--

22 COUNCIL MEMBER COHEN: [interposing]
23 I'm--so I'm asking for HPD's purposes though--

24 LEONARD SEIF: Oh.
25

1
2 COUNCIL MEMBER COHEN: As-as-when I apply
3 for-to buy one of these homes, and I have to have
4 income of \$56,000 or \$75,000--

5 LEONARD SEIF: [interposing] We take into
6 account--

7 ARTIE PEARSON: [interposing] That's
8 right.

9 LEONARD SEIF: --a portion of the rental
10 income, but it's a much smaller portion.

11 COUNCIL MEMBER COHEN: The anticipated
12 income that the owner will derive from--

13 LEONARD SEIF: [interposing] But only a
14 very small portion of it because we do that in the
15 same way the intermediary markets do it to be--because
16 these mortgages, as you know, get bundled and sold,
17 if that answers your question.

18 COUNCIL MEMBER COHEN: It does, it does.

19 LEONARD SEIF: Okay.

20 COUNCIL MEMBER COHEN: And--and very
21 briefly, one--the Chair and I bring this up regularly
22 at these--at these homeownership type of deals, but
23 we--we do think it is fundamentally important. I know
24 you addressed it a little bit in your--

25 LEONARD SEIF: [interposing] Yeah.

1
2 COUNCIL MEMBER COHEN: --statement about
3 educating the purchasers about what it takes to be a
4 homeowner and to be a landlord. But those are--
5 they're--they're just often people in my experience
6 who don't know what they're getting they're getting
7 into sometimes and it can really be, you know, it
8 could turn or it could be something very successful
9 into something less than that if they don't--people
10 don't go into it with their eyes wide open.

11 LEONARD SEIF: A hundred percent. We
12 get--you know, and it's clear--it's very important that
13 the folks know upfront what are their maintenance
14 responsibilities so that deferred maintenance doesn't
15 evolve into structural defects down the road. So
16 we've got to do all of that in the right way with the
17 proper level of--with concrete plain spoken language
18 as early as possible in the education process with
19 respect to purchases, and we will do that.

20 COUNCIL MEMBER COHEN: And--and--and my
21 last question. You just mentioned the--the--the
22 closing. The buyers are--are represented by
23 independent counsel?

24 LEONARD SEIF: Yes.

25

1
2 COUNCIL MEMBER COHEN: Do we do anything
3 like HPD. I don't know if there's an intermediary
4 here or—but no one provides the counsel for these
5 people. The—the owners or the purchasers go out and
6 find their own independent counsel?

7 LEONARD SEIF: Yes, they may be helped in
8 that manner by the sponsor, but their local HDFC
9 that's working with the project. If it's something
10 that the—if that's an area where the prospective
11 purchaser needs help.

12 COUNCIL MEMBER COHEN: Yeah, I would
13 just—I—I—I've heard anecdotally that that's going to
14 be problematic as well. I don't think it would be—
15 maybe you—I don't know if we should maybe come to
16 discuss doing something to ensure that buyers are
17 represented by truly independent--

18 LEONARD SEIF: I will tell you as an
19 example the Enforcement Note of Mortgage in the past
20 at least folks aren't really understanding it. They
21 want to move in, right, and they're not giving the
22 lawyers that they engage they're not helping their
23 clients understand that if you refinance and try to
24 take money out, you're turning a soft debt into a

1 hard debt. Those kind of things. So we're going to-
2 we're aware of that, and we're going to address that.

3
4 COUNCIL MEMBER COHEN: I-I, you know,
5 I've heard it also again anecdotally since-since-yet
6 people were never advised to, you know, retain an
7 engineer, and you know, people thought only for that.
8 You know, what would have been a readily observable
9 construction defect that they didn't know and they
10 didn't hire an engineer. And if they had an
11 attorney, an independent attorney, he might have
12 advised them to do that. So those are concerns that
13 I have, but again I think this is good. (sic)

14 LEONARD SEIF: And the other thing I
15 would say we're going to have flexed the punch-punch
16 list inspections at that point before the owners.
17 We're going to take the key. We're not going to
18 close with TCOs. Those days are over.

19 COUNCIL MEMBER COHEN: Okay.

20 LEONARD SEIF: It's got to be a
21 permanency of lessons learned.

22 COUNCIL MEMBER COHEN: Thank you.

23 LEONARD SEIF: You're welcome.

24 CHAIRPERSON DICKENS: I want to note that
25 we've been joined by Council Member Ydanis Rodriguez

1 who just stepped out [laughter] and—and we've been—
2 we've been joined also by my attorney Dillon Casey.
3 Council Member Mealy.
4

5 COUNCIL MEMBER MEALY: I want to just say
6 thank you for providing some good housing and kudos
7 to you Councilwoman. We definitely need to keep
8 fighting for these Infills like that, and I just want
9 to piggyback. On a lot of these properties the
10 owners really do not know how to maintain them, and
11 ne thing I was thinking on was when they do close
12 they really get their feet—to just get an occupancy
13 right then. [pause]

14 LEONARD SEIF: Correct.

15 COUNCIL MEMBER MEALY: Do you know that
16 we still have some brand new housing right now
17 because they've never gotten really—well, they never
18 really closed, but that's the problem now. So I just
19 wanted to make sure that all aware of that.

20 [background comments, pause] And another thing I
21 want to ask in regards to you said that it's three of
22 them that's going to be at a 56%, \$56,000. That's
23 two-bedroom. And one last question I have to ask. If
24 you do not sell the homes, what time frame will it
25 become rentable? Because I read here it says that

2 family—if homes remain unsold at the end of the
3 marketing period and HPD—HPD determines in writing
4 that sale is not feasible within the reasonable time,
5 and a rental fallback is the best available
6 alternative, then the unsold homes may be rented in
7 accordance with the written instructions of HPD. So
8 could you give me a time frame on that?

9 LEONARD SEIF: Well, before it ever gets
10 to that point, there's a lot of steps that have to
11 happen. We would require the—the developer to reduce
12 the sales prices.

13 COUNCIL MEMBER MEALY: You would ask them
14 to reduce?

15 LEONARD SEIF: Oh, you're darn right.

16 COUNCIL MEMBER MEALY: Okay.

17 LEONARD SEIF: You know, there has to be
18 a good faith effort. We may do another—another
19 marketing initiative. We don't get to that point
20 where we—they would have to approach us. They would
21 have to request this in writing, and then we would
22 ask them to do a number of things before we would
23 ever agree to—to allow them to—to rent these units
24 out.

1
2 COUNCIL MEMBER MEALY: Okay. I'm just--
3 and you're talking about--

4 LEONARD SEIF: [interposing] No, it's--
5 it's okay. It's a fair question--

6 COUNCIL MEMBER MEALY: [interposing]
7 Right, yes.

8 LEONARD SEIF: --but it's not something
9 we'd--you know, that we take lightly as you might
10 imagine.

11 ARTIE PEARSON: Okay, and if I could just
12 add something that you are correct. Three of the
13 homes are going to be underwritten per household, but
14 I mean up to \$56,000 yes.

15 COUNCIL MEMBER MEALY: Thank you.
16 Alright, I just congratulations Council Member we
17 really need affordable housing such as this
18 especially in this time frame, and it's--God forbid
19 that economy drop again. I hope it never goes to
20 condominiums. I just hope that it stay this way,
21 okay affordable, because it is a way, a path to walk.

22 CHAIRPERSON DICKENS: Are there any other
23 questions from my colleagues? Seeing none and I'm
24 seeing that there are no questions from the public, I
25 will close the public portion of this hearing. I

1
2 want to note for the record that this application we
3 are voting on today has the full support of Council
4 Member Barron and I, too, add my congratulations. I
5 in—in the prior term I was in very much competition—

6 COUNCIL MEMBER BARRON: [off mic] I know,
7 I know.

8 CHAIRPERSON DICKENS: -- with now
9 Assembly Member Barron, and—but I—but I can't—I can't
10 argue with now Council Member Barron. I will now
11 call on counsel to call to the roll for a vote to
12 approve.

13 LAUREN GEORGE: Chair Dickens.

14 CHAIRPERSON DICKENS: I vote aye.

15 LEGAL COUNSEL: Council Member Mealy.

16 COUNCIL MEMBER MEALY: I vote aye.

17 LEGAL COUNSEL: Council Member Treyger.

18 COUNCIL MEMBER TREYGER: Aye.

19 LEGAL COUNSEL: By a vote of 3 in the
20 affirmative, 0 in the negative and 0 abstentions,
21 Land Use Item 428 is approved.

22 CHAIRPERSON DICKENS: I would like to
23 thank the members of the public and my colleagues,
24 Council and Land Use staff for attending today's
25 hearing. I'm going to leave this hearing open for

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2 the purposes of voting for the next ten minutes.

3 Thank you. [pause]

4 COUNCIL MEMBER COHEN: I vote aye.

5 [laughter]

6 LEGAL COUNSEL: Council Member Cohen.

7 COUNCIL MEMBER COHEN: Aye.

8 CHAIRPERSON DICKENS: Thank you. [pause]

9 LEGAL COUNSEL: Council Member Rodriguez.

10 COUNCIL MEMBER RODRIGUEZ: Aye.

11 LEGAL COUNSEL: Items—Item 428 is

12 approved with a vote of 5 in the affirmative, 0 in

13 the negative and 0 in abstentions and referred to the

14 full Land Use Committee. [pause]

15 CHAIRPERSON DICKENS: [gavel] This

16 hearing is hereby adjourned.

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C E R T I F I C A T E

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



Date October 28, 2016