

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 23, 2018  
Start: 2:26 p.m.  
Recess: 3:35 p.m.

HELD AT: 250 Broadway - Committee Room  
16<sup>th</sup> Fl.

B E F O R E: BEN KALLOS  
Chairperson

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

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

Erika Benson, LEED Architect

Genevieve Michel, Executive Director of Government  
Affairs, NYC Housing, Preservation & Development, HPD

Ted Weinstein, Director of Bronx Planning, HPD

Mario Procida, Procida Development Group

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CONCESSIONS

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2 [sound check] [pause] [check]

3 CHAIRPERSON KALLOS: Good afternoon, and  
4 welcome to the Subcommittee on Planning, Dispositions  
5 and Concessions. This is where we vote and hear  
6 projects for affordable housing that are using city  
7 land. Council Member Ben Kallos, Chair of this  
8 committee. You can always Tweet me at Ben Kallos  
9 with any questions you might have. We are joined  
10 today by Council Member Ruben Diaz, Sr., who is  
11 always early, always on time, and one of the reasons  
12 we're able to do so much in this committee. Thank  
13 you, sir. Today we'll be holding a hearing on one  
14 project in Council Member Salamanca's district 599  
15 Courtlandt Avenue, Land Use Item 232 Park and Elton  
16 is being laid over. If you are here to testify,  
17 please fill out a white speaker slip with the  
18 sergeant-at-arms, and indicate the land use number of  
19 the item you wish to testify on that slip. Before we  
20 begin our hearing, we'll vote to approve four  
21 projects with several applications: Hunters Point  
22 South, Sunset Park 1 through 4, Hopson-Hopkinson Park  
23 Place on 21 Arden Street, which were the subjects of  
24 hearings on October 3<sup>rd</sup>. Land Use Item 221 Hunters  
25 Point South is related to a property at 52-03 Center

1 Boulevard known as Parcel C the North Tower in the  
2 Long Island City neighborhood of Queens in Council  
3 Member Van Bramer's district. HPD seeks approval of  
4 a new Article XI tax exemption for a period of 40  
5 years. This is pursuant to Section 577 of the  
6 Private Housing Finance Law. The project, which  
7 would provide rental housing for low-income families  
8 received UDAAP approval in 2008. It will consist of  
9 one residential building totaling 855,541 square foot  
10 with 8,071 square feet of commercial space. Land Use  
11 Item 222 is an application to modify the UDAAP  
12 approval previously granted in 2008 to reflect the  
13 addition of two new 80,000 square foot SCA schools to  
14 the overall Hunters Point South plan. Pursuant to  
15 Article 16 of the General Municipal Law, HPD seeks  
16 UDAAP designations for properties located at Second  
17 Street, 54-02 Second Street and 52-50 Second Street  
18 in the Long Island City neighborhood of Queens in  
19 order to accommodate the inclusion of the new schools  
20 to the project, and lower the area median incomes for  
21 residents. Under the proposed project the city will  
22 still sell the disposition areas for the construction  
23 of approximately 16 buildings containing a total of  
24 approximately 4,076 units. That's more than some  
25

3 towns and villages in the state of New York.

4 However, that it is (sic) approval of approximately

5 2,446 units will be rented or sold to households with

6 incomes ranging from as low as 30% of AMI to 165% of

7 AMI, and approximately 1,630 units will be rented or

8 sold at market rate prices. Sponsors will also

9 construct approximately 109,824 square feet of retail

10 space, approximately 45,000 square feet of community

11 facility space, and accessory parking on the

12 disposition area and develop portions of the

13 disposition area as public and private open spaces.

14 Council Member Van Bramer is in support of these

15 applications. Land Use Items 226, 227, 228 and 229

16 are Sunset Park's 1 through 4, and they relate to

17 several blocks and lots containing 39 multiple

18 dwellings in Community District 7 in Council Member

19 Menchaca's district all providing rental housing for

20 low-income families. In 2017, the Council approved a

21 30-year Article XI tax exemption pursuant to Section

22 577 of the Private Housing Finance Law, which

23 coincide with the 30-year term of the Regulatory

24 Agreement. HPD and the new owner will amend the

25 Regulatory Agreement to change the restriction period

from 30 to 40 years, and accordingly, HPD is

2 requesting that the tax exemption be extended from 30  
3 to 40 years. Council Member Menchaca is supportive  
4 of these applications. Land Use Item 233 is an  
5 application to modify a project that was previously  
6 approved in 2009. At the time a UDAAP designation  
7 disposition pursuant to Article 16 of the General  
8 Municipal Law was approved for property located at  
9 1612 Park Place and 416 Thomas Boyland Street in the  
10 Brownsville neighborhood of the Brooklyn in Council  
11 Member Ampry-Samuel's district. HPD is now seeking  
12 approval to amend the 2009 prior summary to allow HPD  
13 to place the entire land debt and construction loan  
14 in one mortgage secured against the property owned by  
15 the cooperative corporation. This will benefit the  
16 individual co-op owners because upon completion of  
17 construction the debt will no longer be allocated  
18 among the individual cooperative units. The sponsor  
19 of this project, Habitat for Humanity, Layton and  
20 Thomas Boyland Street Housing Development Corporation  
21 is constructing up to three buildings containing  
22 approximately 25 cooperative units for sale  
23 affordable to families with annual household incomes  
24 of between 80% and 130% of AMI. Despite the fact  
25 that former President Jimmy Carter has not been

2 secured for this project in terms of helping to build  
3 or open it. With commitments from HPD to make—ensure  
4 that the tenants will be able to take ownership of  
5 this project, Council Member Ampry-Samuel is  
6 supportive of this application. Land Use Item 234 is  
7 an application for a project site at 21 Arden Street  
8 in the Inwood section of Manhattan in Council Member  
9 Rodriguez's district. HPD is seeking approval of an  
10 Urban Development Action Area Project, and related  
11 actions pursuant to Article 16 of the General  
12 Municipal Law and approval for a 40-year real  
13 property tax exemption pursuant to Section 577 of the  
14 Private Housing Finance Law. This building, which  
15 entered city ownership through in rem foreclosure in  
16 1991 and has been participating in the interim lease  
17 TIL Program since 2004 for 12 occupied units and 3  
18 vacant units. Once rehab work is complete, the  
19 building will be conveyed to a cooperative HDPC  
20 formed by the building tenants. Cooperative interest  
21 to occupied apartments will be sold to existing  
22 tenants for \$2,500 per unit and vacant apartments  
23 will be sold for a price affordable to families  
24 earning no more 165% of AMI. Council Member  
25 Rodriguez is supportive of this application. I now

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2 call for a vote to approve Land Use Items 221, 222,  
3 226, 227, 228, 229, 233 and 234. Committee Counsel,  
4 pleas call the roll.

5 LEGAL COUNSEL: Kallos.

6 CHAIRPERSON KALLOS: Aye.

7 LEGAL COUNSEL: Deutsch.

8 COUNCIL MEMBER DEUTSCH: Aye.

9 LEGAL COUNSEL: Diaz.

10 COUNCIL MEMBER DIAZ: Aye.

11 LEGAL COUNSEL: The Land Use items are  
12 approved by a vote of 3 in the affirmative, no  
13 negatives and no abstentions, and will be referred to  
14 the full Land Use Committee. [background comments,  
15 pause]

16 CHAIRPERSON KALLOS: That matter is  
17 referred to the Full Land Use Committee. We will now  
18 start our public hearings. First, we will start with  
19 Land Use Items 241, 242 and 243 all related to  
20 property at 599 Courtlandt Avenue in Council Member  
21 Salamanca's district in the Bronx, which we will hear  
22 together. These approvals will facilitate the  
23 construction of a new 4-story building with  
24 approximately eight affordable residential units and  
25 commercial space. Land Use 241 is an HPD application



2 for the disposition of 599 Courtlandt Avenue pursuant  
3 to Section 197-C of the New York City Charter, its  
4 designation of the Urban Development Action Area and  
5 approval of an Urban Development Action Area Project  
6 pursuant to Article 16 of the General Municipal Law.  
7 Land Use Item 242 is an application pursuant to  
8 Section 197-c of the New York City Charter where HPD  
9 seeks the acquisition of property located at 599  
10 Courtlandt Avenue Lot 2410 and Lot 43 to facilitate  
11 the described affordable housing development. Land  
12 Use 243 is an HPD application for an new Article XI  
13 tax exemption pursuant to section 577 of the Private  
14 Housing Finance Law for property located at 599  
15 Courtlandt Avenue. I now open the public hearing on  
16 599 Courtlandt Avenue. I would like invite HPD  
17 present its testimony. If the Committee Counsel can  
18 please call the names.

19 LEGAL COUNSEL: So, I have Ted Weinstein,  
20 Genevieve Michel, Erika Barone.

21 ERIKA BENSON: [off mic] I hear my name,  
22 Sorry--but I'm sorry.

23 LEGAL COUNSEL: Wait, what is it, Erika.

24 ERIKA BENSON: Benson.  
25

2 LEGAL COUNSEL: Benson. Sorry.  
3 [laughter] Scarlet. I'm not sure of the last name,  
4 it's just Nurocki (sp?) and Mario Procida.

5 CHAIRPERSON KALLOS: If we can trouble  
6 HPD for your testimony.

7 ERIKA BENSON: What.

8 CHAIRPERSON KALLOS: Testimony, please.

9 LEGAL COUNSEL: [off mic] Yeah, I know.  
10 It's all fine with me, and you guys have the  
11 presentation?

12 MARIO PROCIDA: Yes.

13 LEGAL COUNSEL: Okay. [background  
14 comments, pause]

15 CHAIRPERSON KALLOS: I will now ask  
16 Committee counsel to administer the oath.

17 LEGAL COUNSEL: Please say your names  
18 before answering. Do you affirm to tell the truth,  
19 the whole truth and nothing but the truth in your  
20 testimony before this subcommittee, and in response  
21 to all Council Member questions?

22 ERIKA BENSON: Erika Benson. I do.

23 GENEVIEVE MICHEL: Genevieve Michel. I  
24 do.

25 MARIO PROCIDA: Mario Procida. [pause]

2 CHAIRPERSON KALLOS: You may begin.

3 ERIKA BENSON: Land Use Numbers 241, 242  
4 and 243 consist of the proposed ULURP actions for the  
5 development of a vacant lot located at 599 Courtlandt  
6 Avenue, Block 2410, Lot 43 in Bronx Council District  
7 17. This lot was previously approved by the City  
8 Council on August 12, 2004, Resolution No. 539 for  
9 disposition and subsequently conveyed to the  
10 Selective Development Team in 2005 for the new  
11 construction of a residential building with no more  
12 than four units and ground floor commercial space  
13 under HPD's New Foundations Program. However,  
14 development of the new building did not progress  
15 beyond the initiation of excavation due to structural  
16 defects of an abandoned church on the adjacent  
17 privately owned lot that made it unsafe to continue  
18 with the work. It was ultimately determined that the  
19 project would not be feasible until the church could  
20 be demolished. According to city records, the  
21 neighboring church was demolished during March of  
22 2012. At this time, HPD is prepared to move forward  
23 with the development of the site with a new proposal.  
24 Given it was previously conveyed by the city to the  
25 developer, HPD initiated a ULURP action in order to

1 re-acquire ownership of the lot and subsequently  
2 dispose of the site. The site will be disposed to  
3 third party, and the deed (sic) before conveying the  
4 property to the same development team. Land use No.  
5 241 relates to the property's designation Urban  
6 Development Action Area as well as the approval of  
7 the project and disposition. Land Use No. 242  
8 relates to approval for that acquisition of the  
9 property in order to facilitate the creation of an  
10 affordable housing development. The sponsor for this  
11 project is proposing to construct a 4-story mixed use  
12 building with eight rental units under HPD's  
13 Neighborhood Construction Program. The building will  
14 comprise of five studios, two 1-bedroom and one 3-  
15 bedroom apartments. Targeted household incomes are  
16 60%, 80% and 100% of AMI. Rental depends on  
17 household size and income range according, \$1,183 to  
18 \$1,496 for a studio; \$1042 to \$1,492 for a 1-bedroom,  
19 and 2616 for a 3-bedroom apartment. The project also  
20 includes 753 square feet of commercial space. 599  
21 Courtlandt Avenue is 100% affordable, and in order to  
22 assist with maintaining its affordability, Land Use  
23 No. 243 relates to the application of Article XI tax  
24 benefits for a period of 40 year coinciding with the  
25

2 term of the Regulatory Agreement. The cumulative  
3 value of tax benefits totaled approximately  
4 \$1,949,9333 and the net present value is \$513,879.

5 [pause]

6 CHAIRPERSON KALLOS: I believe there's a  
7 presentation. For those who are watching at home, I  
8 believe the camera can be modified to make sure that  
9 you can see the presentation on the screen behind our  
10 speakers. The presentation will be scanned and  
11 available on the City Council website under these  
12 items so you can see for yourself. [background  
13 comments] You should adjust the microphones so we  
14 can hear you.

15 MARIO PROCIDA: So we can make the  
16 presentation. Thank Mario Procida for the  
17 Development Team. [coughs] As previously mentioned  
18 599 Courtlandt, which is located in the Bronx  
19 [coughs] is intended to be a—it's three or four?

20 ERIKA BENSON: Four.

21 MARIO PROCIDA: A four-story mixed-use  
22 building with ground floor retail, and residential  
23 units above. It is located on Courtlandt between  
24 151<sup>st</sup> Street and 150<sup>th</sup> Street, and it sits next to a—  
25 both an occupied building and a vacant lot, which was

2 previously mentioned. It housed the church, which was  
3 an unsafe building, and declared an unsafe building  
4 back when we acquired [coughs] acquired the property  
5 at a closing for—with HPD.

6 CHAIRPERSON KALLOS: What year was that?

7 MARIO PROCIDA: This goes back to I  
8 believe it was mentioned 2005 or somewhere around  
9 there. I think it was the closing. [background  
10 comments] It was in 2005. [coughs]

11 CHAIRPERSON KALLOS: I think it was in  
12 there.

13 MARIO PROCIDA: Okay and it was part of  
14 two different programs that we were—this was add onto  
15 another development that we were working on. The  
16 property has—it was set up to have retail in the  
17 front and four units above. We have a site plan  
18 here, which indicates that we are so, Procida  
19 Development Group, which has been located in the  
20 Bronx since the mid 70s on 173<sup>rd</sup> between Park and  
21 Washington. It has formed a special purpose entity  
22 Courtlandt Development Group to develop the site. We  
23 have Concord Management as our managing agent  
24 (coughs) while we often build many of our own  
25 developments we will be hiring an independent third-

2 party contractor and Urban Architectural Initiatives  
3 is the architect for the project. We have previously  
4 discussed the unit mix, but [coughs] again, there are  
5 five studio apartments, two 1-bedrooms and one 3-  
6 bedroom apartment [coughs] and approximately 750  
7 square feet of commercial space on the ground floor.  
8 Income levels were previously addressed as well.  
9 [coughs] There is one unit that will be set aside for  
10 homeless and the other units are targeted to  
11 [coughs]-excuse me-either 80% of AMI or 100% of AMI,  
12 and that is our presentation.

13 CHAIRPERSON KALLOS: Thank you. There  
14 are a number of questions that I tend to ask at every  
15 single hearing. My hope is that more and more can be  
16 included in the testimony so I don't have to ask the  
17 questions, and I-I don't have the benefit of my  
18 laptop with my list of 40 or so questions on it so  
19 I'm going to do my best off the top of my head. If  
20 there is anything that we fail to ask, we will follow  
21 up with questions following the hearing. What are  
22 the total-and-and some of this is information that  
23 has previously been shared, but has-seemed to have  
24 fallen out of this testimony on this specific  
25 project. So, we'll just try to go as quickly as

2 possible for the purposes of efficiency and time.

3 What does the total project cost?

4 MARIO PROCIDA: [coughs] So—

5 ERIKA BENSON: It's around \$4 million.

6 MARIO PROCIDA: Approximately \$4 million.

7 CHAIRPERSON KALLOS: What are the hard  
8 costs and what are the soft costs?

9 MARIO PROCIDA: Soft costs are probably  
10 approximately a million dollars and hard costs are  
11 about three.

12 CHAIRPERSON KALLOS: So, it's 25% soft  
13 costs?

14 MARIO PROCIDA: Just—approximately, yes.

15 CHAIRPERSON KALLOS: Who—which  
16 construction company will you be using?

17 MARIO PROCIDA: We have not made a  
18 determination. We've put the project out to bid to  
19 three separate general contractors. We're still in  
20 the process of negotiating and reviewing numbers. So  
21 we have not determined that yet.

22 CHAIRPERSON KALLOS: Is Procida a for-  
23 profit or non-profit?

24 MARIO PROCIDA: Procida is a for-profit  
25 entity. We're a third generation family held



2 corporation. [coughs] We've—as I think I mentioned  
3 we've been at the same location for in the Bronx  
4 since 1973/4. We're about to enter the fourth  
5 generation. I currently am the sole owner of Procida  
6 Construction Corp, which is sort of the umbrella  
7 entity, and then there's—we have a variety of  
8 separate purpose entities that own a lot of our real  
9 estate.

10 CHAIRPERSON KALLOS: Is Procida or the  
11 construction umbrella MWBEs?

12 ERIKA BENSON: We are not MWBEs.

13 CHAIRPERSON KALLOS: Okay, what is the  
14 makeup of the leadership on the board or of the  
15 executive level employees in terms of representation  
16 by women or people of color?

17 MARIO PROCIDA: Well, we employed  
18 approximately 100 people. Probably there's about 30  
19 people on the office management side [coughs] and  
20 around about 70 that are out in the field in a  
21 variety of management positions or general and  
22 skilled and unskilled labor. We have a--

23 CHAIRPERSON KALLOS: [interposing] I'm  
24 just speaking about board members and executives. So

2 a CEO or a Chief Operation Officer or a Chief  
3 something like that or an executive.

4 MARIO PROCIDA: General—the General  
5 Counsel for the company is a woman, and not related.  
6 I would that the majority of the management is male  
7 although our compliance, our Compliance Officer and  
8 General Counsel are female.

9 CHAIRPERSON KALLOS: So, it sounds like  
10 2% of—so. Okay, and--

11 MARIO PROCIDA: [interposing] That's not  
12 a fair statement.

13 CHAIRPERSON KALLOS: So, is it--?

14 MARIO PROCIDA: [interposing] On the  
15 management side and the--

16 CHAIRPERSON KALLOS: [interposing] How  
17 many managers would you say there are?

18 MARIO PROCIDA: If--there are five senior  
19 officers.

20 CHAIRPERSON KALLOS: Okay.

21 MARIO PROCIDA: Two are women and three  
22 are men.

23 CHAIRPERSON KALLOS: Okay so that—that—  
24 that is better. That is—that is 40%. So thank you  
25 for the correction. We're just here trying to get it

2 out on the record. With regard to the construction  
3 companies that you've put out to bid, are any of them  
4 MWBEs? Do you have any MWBE targets that you are  
5 seeking to meet?

6 MARIO PROCIDA: I do not know if any of  
7 the firms are MWBEs. We have not yet established  
8 targets for the project, and normally we are used to  
9 working with an MWBE requirement. [coughs] Our  
10 Compliance Department has direct oversight of the  
11 MWBE requirements for the projects, and normally we  
12 establish those in conjunction with HPD.

13 CHAIRPERSON KALLOS: HPD, is there an  
14 MWBE requirement on this project?

15 ERIKA BENSON: Yes.

16 CHAIRPERSON KALLOS: what is the MWBE  
17 requirement on this project?

18 GENEVIEVE MICHEL: Yes.

19 CHAIRPERSON KALLOS: What is the MWBE  
20 requirement on this project?

21 GENEVIEVE MICHEL: It's our standard  
22 requirement. I can get back to you with the details,  
23 though.

24

25

2 CHAIRPERSON KALLOS: At the next hearing,  
3 and moving forward, I'm expecting the exact number,  
4 please.

5 GENEVIEVE MICHEL: Got it.

6 CHAIRPERSON KALLOS: Or if it could just  
7 be in the testimony that would preferable, it's-it's  
8 fine. We'll-we'll keep going. All of this is stuff  
9 that we ask every time. I love to just see it in the  
10 testimony. With regards to the people who are going  
11 to be doing work on your site building this 4-story  
12 building, will they receive pay that is commensurate  
13 with the same work that other folks are doing in the  
14 metropolitan region? If they get hurt on the job,  
15 will they have health insurance so that they can go  
16 to a doctor. If, God forbid they can't return to  
17 work, will they have disability insurance? Will they  
18 receive on-the-job training and certificates, and  
19 will they-if they-it sounds like this is a very  
20 longstanding family business. If they spend their  
21 life working for you, will they have a pension to  
22 retire on? And this goes for both the construction  
23 workers, the people who maintain and service your  
24 building, and anyone working in your retail?

2 MARIO PROCIDA: Okay, for of all [coughs]  
3 we have—we have insurance requirements for all of our  
4 subcontractors [coughs] and we will also have  
5 insurance requirements for the GC, which we would  
6 expect to pass down—we would expect that the general  
7 contractor in this instance presuming it's not us,  
8 would also be passing down the same insurance  
9 requirements. The requirements typically include  
10 Workmans Comp coverage for their employees. So, if—  
11 if an employee were to get hurt—were a worker would  
12 be hurt on site, they would normally make a Workmans  
13 Comp claim under the comp—Workmans Comp policy, and  
14 that would cover an employee. We do not require  
15 typically a disability policy that either are  
16 subcontractors maintain for that a GC would maintain.  
17 So--

18 CHAIRPERSON KALLOS: Is there—do you  
19 believe there's a qualitative difference between a  
20 workers—the amount an employee could recover under a  
21 Workers Comp claim versus under health insurance and  
22 disability insurance?

23 MARIO PROCIDA: Well, I don't think  
24 health insurance [coughs] necessarily relates to a  
25 comp claim. We maintain health insurance. We have a

2 health insurance—we have health insurance for our  
3 employees. It is a participatory plan. We cover  
4 50%. The employee covers 50%. We have a 401(k) not  
5 a pension plan for our employees. We match it at 25%  
6 rate currently although we adjust that on an annual  
7 basis.

8 CHAIRPERSON KALLOS: There are things  
9 that make me happy to hear. So, this is for your  
10 direct employees, but what about for folks under you  
11 construction company as well as if you decide not to  
12 build it yourself, anyone that you would contract  
13 with.

14 MARIO PROCIDA: Okay, so, [coughs] our--

15 CHAIRPERSON KALLOS: [interposing] Your  
16 values are clearly in the right place.

17 MARIO PROCIDA: Our employees are all  
18 technically either employed by Procida Construction  
19 Corp or payrolled by Procida Construction Corp. So,  
20 all of our employees are covered under our General  
21 Benefits Policy, which includes health, medical,  
22 dental and then 401(k) which you qualify for I think  
23 after three months of employment. That covers our--  
24 our people.

2 CHAIRPERSON KALLOS: [interposing] That--  
3 that the carpenter who shows up and builds the  
4 building frame, the iron worker who does any rebar?

5 MARIO PROCIDA: No, that is Procida  
6 Construction Corp's employee. Okay--

7 CHAIRPERSON KALLOS: [interposing] And do  
8 they have those same benefits?

9 MARIO PROCIDA: So, our--our carpenter who  
10 might be on our payroll--

11 CHAIRPERSON KALLOS: [interposing] Yep.

12 MARIO PROCIDA: --is covered by our  
13 benefits, but the subcontractor may--is only covered  
14 by the benefits that are part of that subcontractor's  
15 insurance and--and requirements or plan.

16 CHAIRPERSON KALLOS: We--we--is it--would  
17 you say that you think that give this health  
18 insurance and--and 401(k) and what have you is--is a  
19 good thing, that that is why you do it with your  
20 employees?

21 MARIO PROCIDA: We find it to be--we  
22 believe it's a good thing. Yes.

23 CHAIRPERSON KALLOS: Would you also say  
24 that if you think it is good for the goose that it is  
25 also good for the gander, and that this should be

2 applied to subcontractors, too, that those values  
3 should flow through on all of your projects?

4 MARIO PROCIDA: We would like for it to  
5 flow through. However, [coughs] we do not control  
6 the business practices of our subs. So, what we're  
7 finding, and this is a—is a global issue. Insurance  
8 limits are difficult because many of the smaller subs  
9 cannot afford the premiums that they have to pay or  
10 that they're required to pay for limits. Some of  
11 them do provide benefits, but we frankly have not  
12 really drilled down on a—any particular  
13 subcontractor's [coughs] benefits plans. What we do  
14 look at, though is we make sure that our subs are  
15 submitting payrolls, that their employees are legal,  
16 that they're being—that they are able to be paid by  
17 payroll as opposed to getting case off the books.

18 So--

19 CHAIRPERSON KALLOS: [interposing] To—to  
20 be clear, everyone is legal. No one—no one illegal.  
21 I—I guess just to—to just not go down that road any  
22 further, but just are you familiar with any type of  
23 agreement that a subcontractor could sign if they  
24 were in a place to offer health insurance, or weren't  
25 in a place to offer training where they could work



2 with a collective of employees maybe, and instead of  
3 the employer necessarily having to set up all the  
4 funds themselves, they could do a--an example they  
5 could do a payroll deduction, and they could say  
6 okay, this person makes--this carpenter is going to  
7 get paid \$40 an hour, and for every hour they worked,  
8 they're also going to deduct \$4.00 for health  
9 insurance, \$2.00 for pension, and--and things like  
10 that. Are you familiar with any type of structure or  
11 agreement somebody could sign to create such a  
12 structure?

13 MARIO PROCIDA: [coughs] Well, that  
14 structure is available for--it's certainly available  
15 to any business that's out there. Okay, in certain  
16 instances where we are responsible for monitoring  
17 wage payments such as on prevailing wage jobs--

18 CHAIRPERSON KALLOS: [interposing] Uh-hm.

19 MARIO PROCIDA: --our Compliance  
20 Department works actively to make sure that if people  
21 have benefit plans that are not union trades. They  
22 get in corp. Those benefit plans are properly  
23 accounted for. We provide guidance to some of our  
24 smaller subcontracts as to what opportunities are out  
25 there for payroll and things of that nature, and

2 often it depends upon the level of sophistication of  
3 the sub or of the—the business as to what they're  
4 able to employ. We've done a fair amount of  
5 overseeing of payroll for people to make sure that  
6 their payrolls get met. So, we're--I—I think we are  
7 active in that area.

8 CHAIRPERSON KALLOS: What would it take—  
9 it—so it sounds like you're—you're—I believe that  
10 paying people a—a wage that is commensurate, giving  
11 them health benefits, retirement benefits and I think  
12 we both agree I think the disagreement may be just  
13 making sure that subcontractors abide by that. It  
14 sounds like in certain cases you're required by law  
15 to have a prevailing wage. What would it take for in  
16 this case, and I know it's still a small project, but  
17 as HPD will tell you, I think that this should be  
18 happening on every single project in the city. I get  
19 a list every single month of the number of people  
20 inured on the job. It's—it's staggering, and—and  
21 people are dying in construction every day. So, I'm  
22 just looking at things we can do to keep people safe  
23 as we are building the affordable housing we need.  
24 So, I guess what would it take from—from HPD or what  
25 have you so that you could pay people a commensurate

2 rate with health benefits, and whether it's through  
3 Procida Construction or through the—a subcontractor?

4 MARIO PROCIDA: It's [coughs]—I'm not  
5 sure I necessarily have the—the specific answer to  
6 it. Certainly we don't control the business  
7 practices of our—of the businesses that—that work for  
8 us. We are—we--

9 CHAIRPERSON KALLOS: [interposing] but  
10 you can when it's a term of your contract because  
11 there's a prevailing wage requirement.

12 MARIO PROCIDA: When—yes, to a certain  
13 extent we can control. We can ensure that and we do  
14 ensure that workers are paid the prevailing wage, but  
15 that doesn't necessarily mean that we're overseeing—  
16 just because the—the—if the carpenter for argument  
17 sake is supposed to be paid \$80 an hour--

18 CHAIRPERSON KALLOS: [interposing] Uh-hm.

19 MARIO PROCIDA: --with fringe, we can  
20 verify that the \$80 gets paid, but it doesn't  
21 necessarily mean that the employer has a plan in  
22 place that has medical benefits for those employees  
23 and it's getting applied to—against the—the wage.

24 CHAIRPERSON KALLOS: Right, I was an  
25 ERISA attorney. So, I'm very familiar with dealing

2 with the specifics of ensuring that the benefits are  
3 paid, but in the narrow situation--we have lost  
4 everyone watching at home--but in a narrow situation  
5 where an employer is paying an employee just their  
6 payroll but not paying for their benefits, that  
7 employer will have signed an agreement often called a  
8 collective bargaining agreement, and a developer such  
9 as yourself might have signed something called a  
10 project waiver agreement upon which litigation could  
11 be brought in the Federal Court to recover any funds  
12 unpaid, and part of those collective bargaining  
13 agreements and project labor agreements and  
14 prevailing wage requirements allows for auditing by  
15 both you as a developer, the city and its Comptroller  
16 as well as an organization representing those  
17 employees. I'm--feel free to correct me if I'm wrong.

18 MARIO PROCIDA: No. Well, I think you're  
19 correct. However, this particular projects is not--is  
20 not--there's not a requirement to pay prevailing wage.  
21 It's not subject to appeal, and while we believe--wile  
22 Procida believes it maintains a--a strong relationship  
23 with the building trades--

24 CHAIRPERSON KALLOS: Uh-hm.

2 MARIO PROCIDA: --we-we're not signatory  
3 to any trade agreements. So--

4 CHAIRPERSON KALLOS: [interposing] And--  
5 and I can't push you one way or another in terms of  
6 who to work with and I don't want that to be  
7 construed. I'm just an advocate for paying people  
8 well, and having benefits and being able to retire.  
9 In terms of the building service workers, do you  
10 contract that out, or do you do that within Procida?

11 MARIO PROCIDA: At the moment, we are  
12 planning. We currently contract it out. We have  
13 third-party providers for our building management.  
14 We expect to contract this out. My guess is right  
15 now we've identified Concord as a potential  
16 management company. This building is given the eight  
17 units, it's a small building. It will not have a  
18 full-time super. It will be, you know, showing up  
19 and doing whatever cleanup and trash removal as  
20 necessary.

21 CHAIRPERSON KALLOS: Do you know if  
22 Concord is a--a firm that follows similar values to  
23 yourself in terms of paying people the--the rate of  
24 the neighborhood--of--of the area and health insurance  
25 and 401(k) and whatnot?

2 MARIO PROCIDA: I-I believe they have the  
3 values. Whether they're signatory or to 32BJ or not I  
4 don't know. I assume they're not--

5 CHAIRPERSON KALLOS: [interposing] I'm  
6 not-not asking for a 32BJ in particular but--

7 MARIO PROCIDA: [interposing] And I-but I  
8 to think they're workers--

9 CHAIRPERSON KALLOS: --you share the  
10 benefits with those. (sic)

11 MARIO PROCIDA: I-I-we could get back to  
12 you on that but I-I don't know.

13 CHAIRPERSON KALLOS: That-that is  
14 helpful. In terms of how much you expect to pay the  
15 folks, one way I'd phrase the question is: The Mayor  
16 is pretty famous for saying the best way we can get  
17 out of the affordable housing crisis is to pay people  
18 more. That's one of the reasons we raise-raised the  
19 wage to \$15 an hour. That being said, your rates are  
20 80% of AMI, which is-so you have between 60 and 100%  
21 of AMI. Will you be paying and will everyone on the  
22 project even the folks who come in through a sub be  
23 making at least between \$43,000 and \$112,000 a year,  
24 and be able to afford to live in the affordable  
25 housing they are building? That being said, the

2 preferred answer is: No, they won't quality because  
3 we're paying them much more.

4 MARIO PROCIDA: As--again, I am not--at the  
5 moment--until we hire a contracting firm to do the  
6 work, I cannot--I don't have the answer to that  
7 question. Minimum wage--

8 CHAIRPERSON KALLOS: [interposing] Would  
9 you be inclined as such to saying that the folks who  
10 are building the affordable housing should at least  
11 be able to afford to live in the affordable housing?  
12 Because these are--at 60% of AMI, \$15 an hour does  
13 not hit \$43,000--\$43,860.

14 MARIO PROCIDA: I hadn't thought about it  
15 from that perspective, but I did the math, and I--I  
16 see that you're correct. I mean I can tell you that  
17 people that work for us all can afford to acquire--  
18 Let me rephrase that. Our employees--

19 CHAIRPERSON KALLOS: Uh-hm.

20 MARIO PROCIDA: --earn enough to--many of  
21 them earn enough not to quality to live here.

22 CHAIRPERSON KALLOS: That--that--that is  
23 fair. Another question that folks--I--I like to ask is  
24 just do you have a local hire commitment on this  
25 project?

2 MARIO PROCIDA: I don't know if the-for  
3 this project we have a local hiring requirement.

4 CHAIRPERSON KALLOS: At HPD is there a  
5 local hire requirement on this project? [background  
6 comments, pause]

7 GENEVIEVE MICHEL: Yes, we have the  
8 HireNYC requirement. We can get back to you on the  
9 specifics of that.

10 CHAIRPERSON KALLOS: Okay.

11 MARIO PROCIDA: Philosophically, I can  
12 tell you that I believe we're better suited when we  
13 hire subs, and again, I can't speak for the GC, but  
14 it works to our advantage to hire trades that are  
15 from the borough in which we are working because  
16 their workers tend to be situated closer to the site.  
17 We have a preponderance of employees that live  
18 throughout at least four of the five boroughs. We  
19 don't have much work in Staten Island. We have much  
20 work in the other four boroughs and we have people  
21 that live in each of the four boroughs.

22 CHAIRPERSON KALLOS: So, HPD has  
23 indicated that there is a—a local hire requirement  
24 through HireNYC. If somebody is watching at home and  
25 lives in the vicinity of 599 Courtlandt Avenue, and



2 they are interested in working to build this four-  
3 story building, which is pictured here as only a  
4 three-story.

5 MARIO PROCIDA: One of the floors is set  
6 back.

7 CHAIRPERSON KALLOS: Okay.

8 MARIO PROCIDA: So, it wouldn't be viewed  
9 the way it normally would be. (sic)

10 CHAIRPERSON KALLOS: [interposing] Fair  
11 enough. If somebody is interested in working on  
12 this job site, and building a four-story building  
13 perhaps across the street from them in their local  
14 neighborhood, where should they go to apply, and who  
15 can they call?

16 MARIO PROCIDA: Well, they—they can go to  
17 the HireNYC site. They can also go to our website,  
18 which is [www.procidacompanies.com](http://www.procidacompanies.com) or they can click  
19 on the—and click on the info button or they can just  
20 send an email to [info@procidacompanies](mailto:info@procidacompanies) and put new  
21 hire in the subject line.

22 CHAIRPERSON KALLOS: Great, and if  
23 somebody is doing so, please feel free to copy B.  
24 Kallos at [Council.nyc.gov](http://Council.nyc.gov), and we'd love to make sure  
25 that your process is smooth, and easy. My concern is

2 by directing people just to HireNYC they might get  
3 sent to another borough versus being able to know  
4 what they're applying for, who they are interested in  
5 working for, and being able to gain that employment.  
6 So that is helpful. You're receiving tax abatements  
7 that HPD has testified to. What is the per unit  
8 subsidy that you're expecting on this project? HPD  
9 can feel free to jump in on what you believe—what the  
10 term sheet subsidy maximum is.

11 GENEVIEVE MICHEL: So, I think the city  
12 subsidy estimate is \$190,000. I think as we've said  
13 before, generally on these sorts of projects we limit  
14 at—or we try to aim to \$125,000 per unit, but I think  
15 in cases particularly on small projects like that,  
16 it's hard to actually to that, and get these projects  
17 done, and so we often will go above that if it is  
18 absolutely necessary.

19 CHAIRPERSON KALLOS: Back to Procida.  
20 So, it looks like HPD is looking at \$125,000 in  
21 subsidies that's their target. How much more would  
22 their target need to go up if you were to come back  
23 and say we want to require that our subs are—are  
24 paying more and have health benefits and retirement  
25 benefits?

2 GENEVIEVE MICHEL: Sorry, just to  
3 clarify, we're estimated on this project \$190,000 and  
4 not \$125. We're going above what our target is  
5 because this is a small project that is hard for us  
6 to be able to finance and put together.

7 CHAIRPERSON KALLOS: Ah-ha, and what is  
8 the term sheet's maximum?

9 GENEVIEVE MICHEL: So my understanding on  
10 this term sheet is it's not a maximum. It is  
11 actually just an aim, and it is \$125,000. So, we are  
12 going above term sheet here.

13 CHAIRPERSON KALLOS: So, I just learned  
14 that there is apparently no limit. There is just a  
15 target of which they are going 50% over. How much  
16 further over would it need to go?

17 MARIO PROCIDA: The—the only way I know  
18 how to mandate anything in terms of wages is through  
19 a prevailing wage model. Our experience is that  
20 prevailing wages add at least 30 to 35% to the cost  
21 of a project. So, I would say it is a—there's a  
22 significant premium, we're—we're having difficulties  
23 with a third party GC, and one of the reasons we're—  
24 we've elected not to build this is because I—I just  
25 think our—our cost model is—is too high, but, you

2 know, I'm not sure that it would really—I don't know  
3 if it's a cost issue, and the reason I say that is  
4 what we struggle with often times [coughs] from a  
5 practical standpoint is we have trades out there,  
6 many trades that will work prevailing wage, and we  
7 have many trades that don't want any part of working  
8 prevailing wage because they are. They can't handle  
9 the payroll or because they lose worker if they're  
10 working on mixed—a variety of non-and—and prevailing  
11 wage projects, they will lose workers if they try  
12 that have moved from a prevailing wage job to a non-  
13 prevailing wage job they find they lose employees or  
14 they lose productivity. So, given the fact that  
15 we're looking at small vendors here and small general  
16 contractors, I'm not sure that the prevailing wage  
17 model would necessarily work, but I would tell you  
18 that the premium is at least 30% to get to a  
19 prevailing wage model.

20 CHAIRPERSON KALLOS: If there is an  
21 organization that represents employees, or workers  
22 that is saying no to work, please feel free to make  
23 sure you connect them with me because I—I would be  
24 interested in understanding. I—I have never seen an  
25 organization representing workers who—who have said

2 no to work provided it was within the terms of the  
3 area standards for how much their employees may have.

4 MARIO PROCIDA: Well, I'm not sure. By-  
5 well, I didn't say organization. I said  
6 subcontractor. They're contractor.

7 CHAIRPERSON KALLOS: Got it. Okay.

8 MARIO PROCIDA: Not organizations.

9 CHAIRPERSON KALLOS: Okay, so those were  
10 the--the standard questions. Sorry, are there any  
11 other subsidies coming in? Are you getting any money  
12 from the state? Are you getting any money from HDC?  
13 Are you getting any other subsidies beyond the  
14 Article XI and the term sheet \$190,000 per unit?

15 MARIO PROCIDA: That is?

16 CHAIRPERSON KALLOS: I-Tech, anything  
17 else?

18 MARIO PROCIDA: We're not getting I-Tech.

19 CHAIRPERSON KALLOS: So no federal, no  
20 state, not any financing--

21 MARIO PROCIDA: [interposing] No.

22 CHAIRPERSON KALLOS: --from HDC?

23 MARIO PROCIDA: No.

24 CHAIRPERSON KALLOS: Any existing debt on  
25 the project?

2 MARIO PROCIDA: Not that's not going to  
3 be retired at construction loan closing. We have a  
4 small \$200,000 [coughs] pre-dev loan out there that  
5 will be retired as part of the construction, at the  
6 construction loan closing. So, there will be no  
7 other debt on the project.

8 CHAIRPERSON KALLOS: Was the \$200,000  
9 from the city or which entity was the \$200,000?

10 MARIO PROCIDA: It was not from the city.

11 CHAIRPERSON KALLOS: How are you  
12 retiring? What structure are you using to retire  
13 the--so, it's private debt?

14 MARIO PROCIDA: It's private debt. We  
15 also, by the way, will have approximately--we'll have  
16 at least \$500,000 of our own cash in the deal, which  
17 is generating little to no return.

18 CHAIRPERSON KALLOS: Okay, sorry. Just  
19 to follow up. So, I'm familiar with HPD retiring  
20 debts at closing. What mechanism did you use to  
21 retire the \$200,000 in debt?

22 MARIO PROCIDA: We haven't used any  
23 mechanism yet to retire. It will be part of the  
24 construction financing or--or retired with equity.  
25 The debt is going to be--

2 CHAIRPERSON KALLOS: [interposing] Is the  
3 debt from a related Procida organization or is it a  
4 bank or who—who?

5 MARIO PROCIDA: [interposing] It's—it's  
6 from a bank. It's from the housing partnership.

7 CHAIRPERSON KALLOS: Okay, so it's  
8 Housing Partnership, which just specializes in this,  
9 and so they're—they're eating all of it or they're  
10 taking a piece out of the project that hopefully will  
11 be built?

12 MARIO PROCIDA: No, it's actually getting  
13 repaid. So, the source is--

14 CHAIRPERSON KALLOS: [interposing] So,  
15 the--

16 MARIO PROCIDA: --the construction  
17 sources for financing are equity--

18 CHAIRPERSON KALLOS: Yeah.

19 MARIO PROCIDA: --debt from— [background  
20 comments, pause] Either from the low-income fund or  
21 from CPC is going to do the construction financing--

22 CHAIRPERSON KALLOS: Okay.

23 MARIO PROCIDA: --and then there's the  
24 HPD subsidy.

2 CHAIRPERSON KALLOS: Thank you, and then  
3 you're doing half a million dollars in owner equity  
4 out of the \$4 million project?

5 MARIO PROCIDA: Yes.

6 CHAIRPERSON KALLOS: Okay, back to HPD  
7 for--so, those were the standard questions. If you  
8 come back here again, please--please expect it. This  
9 building--sorry. There was couple new ones we've  
10 added. The building will be ADA because of the new  
11 construction.

12 MARIO PROCIDA: It's ADA. It complies  
13 with ADA guidelines. Yes.

14 CHAIRPERSON KALLOS: Will it have an  
15 elevator?

16 MARIO PROCIDA: No, there's no elevator  
17 in the building. Not enough--

18 CHAIRPERSON KALLOS: [interposing] The  
19 first floor is retail.

20 MARIO PROCIDA: And the unit in the back.

21 CHAIRPERSON KALLOS: So, that will be an  
22 ADA unit?

23 MARIO PROCIDA: Yes.

24 CHAIRPERSON KALLOS: And then the rest of  
25 the building will not be ADA accessible?



2 MARIO PROCIDA: Correct.

3 CHAIRPERSON KALLOS: Okay.

4 MARIO PROCIDA: There's simply no room  
5 for an elevator to put the elevator in.

6 CHAIRPERSON KALLOS: Is that an issue  
7 with the Zoning Code in terms of—are you building  
8 this building—is this building maximum buildout??

9 MARIO PROCIDA: Yes.

10 CHAIRPERSON KALLOS: And--

11 MARIO PROCIDA: [interposing] And it's  
12 as-of-right.

13 CHAIRPERSON KALLOS: And so—so as-of-  
14 right you—you would—if you put an elevator in would  
15 it count against your floor area?

16 MARIO PROCIDA: Yes.

17 CHAIRPERSON KALLOS: Okay. If it didn't  
18 count against it, are there additional restrictions  
19 on the building form that are stopping you from  
20 putting an elevator in?

21 MARIO PROCIDA: You know, there was a  
22 cost consideration.

23 CHAIRPERSON KALLOS: How much is an  
24 elevator in this building?

25

2 MARIO PROCIDA: Let's see. \$60 or  
3 \$70,000 or maybe \$80,000, and it also would have  
4 significant impact on the floor plan.

5 CHAIRPERSON KALLOS: Would you be willing  
6 just in--in the interest of--of good faith to share  
7 just what considerations you would need to see  
8 changed? Just--let's just say you're talking to the  
9 Council Member who is on the Planning Committee, and  
10 has oversight over Planning in the city and was  
11 interested in building new ADA and moving forward so  
12 that all this affordable housing that we're spending  
13 \$4 million on will actually if the people who move in  
14 age in place, which I hope they do and they stay  
15 there for their entire lives, it's all of us in our  
16 future have a disability coming. There are very few  
17 of us that are--

18 MARIO PROCIDA: [interposing] Yes, we do.

19 CHAIRPERSON KALLOS: --that are--that are--  
20 that are George Burns and smoke a cigar everyday and  
21 are fine until the day we die. So, it is--it is one  
22 of those questions that just what would you--what  
23 magic wand would I need to wave so that you can add  
24 that elevator in--in--what kind of a zoning district is  
25 this?

2 MARIO PROCIDA: What's the zoning? I  
3 don't have that off hand.

4 CHAIRPERSON KALLOS: If I had my laptop,  
5 I would look it up on Zola. Okay. We'll—we'll pull  
6 that, but would you be willing to share what would  
7 need to be relaxed in order for you to add an  
8 elevator? Surely after--

9 MARIO PROCIDA: [interposing] I—I mean,  
10 well, it's-it's-it's-it's money, and so the floor  
11 plan presumably you could deal with the floor plan.  
12 Right, and it may change the unit distribution, but  
13 [coughs] there is definitely a cost impact both on  
14 the hard cost and then sort of revisiting the-floor,  
15 the architecture as it currently exists.

16 CHAIRPERSON KALLOS: It-it seems like at  
17 \$190,000 per unit it is-it is a 5% cost increase to  
18 make this building accessible if the zoning were -  
19 could accommodate it. So, could-could HPD come back  
20 and answer whether or not doing-you're doing \$1.6  
21 million, approximately \$1.6 million in subsidies for  
22 these eight units. Would HPD come back and just-it's  
23 an R6 with a 2-4 overlay, which now do we know what  
24 the FAR on that R6 off the top of your head is? So,  
25 you--

2 MARIO PROCIDA: We're built far.

3 CHAIRPERSON KALLOS: So, it's fully built  
4 out. So, yes, would HPD come back to us and—at a  
5 future date perhaps related to this project and just  
6 on a \$1.6 million outlay whether or not like—whether  
7 or not it feels that \$60,000 to \$70,000—that it's  
8 worth \$60 to \$70,000 to make every single unit  
9 accessible moving forward?

10 GENEVIEVE MICHEL: I don't think it's  
11 something that we can think about at this project at  
12 this stage in the game, but it's certainly something  
13 we can keep in mind moving forward.

14 CHAIRPERSON KALLOS: Okay, we'll—we'll  
15 keep this conversation ongoing on every single  
16 project that we hear. The next piece is something  
17 that we've brought up on a number of occasions, which  
18 is just—actually, what was the value of the lost  
19 taxes. So, this has had a tax abatement since 2004 I  
20 believe. Is that correct?

21 MARIO PROCIDA: No, we're paying taxes on  
22 the land.

23 CHAIRPERSON KALLOS: Oh, that is good to  
24 know

25 MARIO PROCIDA: Not really. [laughter]

2 CHAIRPERSON KALLOS: So, this is  
3 transferred to you from HPD in 2004 or 2005. You  
4 closed in '05?

5 MARIO PROCIDA: There were two programs  
6 at the time. We have been designated to build-to do  
7 development under-it was a two-family home  
8 development. I don't remember what the program was  
9 at-in 2004 or 2005. This wasn't a lot that was, I  
10 don't want to say hanging out, but it was-it was a  
11 lot that was in the New Foundations Program. We were  
12 building in the area, and we were asked would you  
13 guys-okay, can we put this into your award and you  
14 develop the site, and we said okay. When we-so we  
15 closed on financing for both this-we closed on our  
16 financing [coughs] and closed on the land. We closed  
17 on this site as part of the whole package. We had a  
18 third-party contractor building this site. When  
19 excavation started the property that was immediately  
20 adjacent to it, it was an old one-story church. They  
21 noticed when they dug pits next to building that they  
22 could see into the basement or crawl space. I don't  
23 remember. It's been a while. We called the Building  
24 Department. The Building Department put a UB on the  
25 building. We stopped work.

2 CHAIRPERSON KALLOS: [interposing] UB?

3 MARIO PROCIDA: An unsafe building.

4 CHAIRPERSON KALLOS: On the adjacent--

5 MARIO PROCIDA: [interposing] On the  
6 church, on the adjacent building. We stopped work.

7 We finished the development we were working on.

8 Nothing happened with the church. We were stuck. We

9 ended up paying back Chase who was our construction  
10 lender. So, we had the land free and clear. It was

11 still in the--it was still in Courtlandt Development

12 Group, which was the--I believe the entity that we

13 took title under, and we've been paying taxes and

14 trying to work through a solution. Finally--it took a

15 while to get that this church--the church demolished.

16 The church was eventually demolished by the city.

17 There was a tax--I think there was a lien on the

18 property. The property was sold privately. It's

19 privately owned--currently privately owned, and--

20 CHAIRPERSON KALLOS: [interposing] The  
21 presentation materials-- Hold on. Okay, this is  
22 helpful. Continue.

23 MARIO PROCIDA: That's where we sit.

24 CHAIRPERSON KALLOS: When--when was the  
25 church demolished?

2 MARIO PROCIDA: I-I don't recall.

3 ERIKA BENSON: In 2012.

4 CHAIRPERSON KALLOS: Do you mind saying  
5 it into the record.

6 MARIO PROCIDA: 2012.

7 CHAIRPERSON KALLOS: And the other  
8 property with which this property was conveyed to  
9 the--is that an affordable housing project?

10 MARIO PROCIDA: The other properties a  
11 series of maybe 15 or 20 2-family houses, 2 or 3-  
12 family houses that are not contiguous to this  
13 particular parcel.

14 CHAIRPERSON KALLOS: Are they affordable  
15 housing or are they market rate or what was the--?

16 MARIO PROCIDA: They were sold under the--  
17 I forget which program it was, but it was an  
18 affordable--it was an affordable housing development.

19 CHAIRPERSON KALLOS: I believe somebody  
20 has an answer that they can share on the record.

21 TED WEINSTEIN: Well, our New Foundations  
22 Program.

23 CHAIRPERSON KALLOS: Okay. So it was  
24 affordable housing? And did those properties receive  
25 an Article XI at the time?

2 MARIO PROCIDA: No, I don't think so.

3 CHAIRPERSON KALLOS: I—I have a question.  
4 So, what has changed since '04 'til today that you  
5 were able to build affordable housing in '04 without  
6 an Article XI, and you haven't come back for and  
7 Article XI on those properties? Why an Article XI  
8 now versus then?

9 TED WEINSTEIN: Well, first of all,  
10 they're all subject to a tax abatement for under the  
11 new Foundations Program. So, we—those were—those  
12 homes were built and sold to individual purchasers. I  
13 believe that there was a—there was some form of tax  
14 abatement in place for that program whether that tax  
15 abatement period has lapsed or not, I don't know  
16 because I forget the period.

17 CHAIRPERSON KALLOS: So, when it was  
18 transferred to you, those properties had a tax  
19 abatement. When this property was transferred to  
20 you, it did not also have a tax—the same New  
21 Foundations Tax Abatement.

22 MARIO PROCIDA: I can't answer that  
23 question. I don't know the answer to the question.

24 CHAIRPERSON KALLOS: You see what I'm  
25 getting at?



2 MARIO PROCIDA: Sort of.

3 CHAIRPERSON KALLOS: I-I-so I-I-you're-  
4 you're saying that you've been paying taxes on this  
5 property. What I'm not clear about is generally HPD  
6 has been here and just said if we're transferring  
7 properties, we must get the Article XI with that  
8 property? So, I'm just trying to get to the bottom  
9 or either we don't need to continue to give people  
10 tax abatements when we transfer or we did and there  
11 is something about your case.

12 MARIO PROCIDA: We didn't build anything  
13 here. The only way to make this deal, the  
14 transaction work--and to keep the economic--have the  
15 economics work is to get the tax abatement that, you  
16 know, that's helps--

17 CHAIRPERSON KALLOS: [interposing] Well,  
18 will HPD get us--get us an answer on what the taxes  
19 are on this property, and if it was transferred with  
20 or without an abatement back in 2004?

21 GENEVIEVE MICHEL: Yeah, we can get that.

22 CHAIRPERSON KALLOS: Thank you. The--the  
23 next piece is in--in February we had project in the  
24 Bronx in Council Member Ayala's district that had a--a  
25 vacant area next to it, and at that time I asked HPD

2 to work on bringing--when the--what I said to HPD,  
3 which I will--and I have said many times since then is  
4 I don't want to see affordable housing showing up  
5 that are going into vacant lots adjacent to other  
6 vacant lots. So, I guess the first question is:  
7 With regard to the tax lien on the adjacent site, why  
8 was that--to HPD, why was that transferred to a  
9 private owner when it could have been transferred to  
10 and made--merged into a larger site with the existing  
11 project?

12 GENEVIEVE MICHEL: I want to confirm the  
13 details on whether or not there was a tax lien  
14 because I don't think that's in the information that  
15 I've had today. I want to make sure that, you know,  
16 we are having a full conversation about that. My  
17 understanding about that law is that there is a  
18 private owner who has asked either too high of a  
19 price because he's not interested in selling or just  
20 too high of a price because that's how much money he  
21 wants or some combination, and it has not been a  
22 property that the city has been able to acquire for  
23 reasonable price.

24 CHAIRPERSON KALLOS: At a previous  
25 hearing--oh, yes--

2 MARIO PROCIDA: (A) I think you're correct  
3 and secondly I have had this—we have had discussions  
4 actually about partnering up with the lot owner  
5 before it was—it's currently owned by the—by the  
6 property owner that is adjacent to the vacant lot.  
7 Okay, so that's who currently owns the property.

8 CHAIRPERSON KALLOS: Well, there's two  
9 vacant lots. So the person who owns vacant Lot 47 he  
10 now owns vacant lot 44 or is it Lot 48-48, which is  
11 the clinic?

12 MARIO PROCIDA: The clinic owns the lot  
13 in question. The clinic owns the vacant lot in  
14 question.

15 CHAIRPERSON KALLOS: So, they—so they own  
16 two vacant lots additional—adjacent to their  
17 property?

18 MARIO PROCIDA: Yeah, one is a parking  
19 lot I believe, right?

20 GENEVIEVE MICHEL: [off mic] Yes, the New  
21 York Psychotherapy Institute. [on mic] The New York  
22 Psychotherapy Institute on the corner.

23 CHAIRPERSON KALLOS: Okay, so--

24 GENEVIEVE MICHEL: 150<sup>th</sup> (sic) owns both  
25 vacant parcels.

2 CHAIRPERSON KALLOS: And so on your  
3 recollection they picked up Lot 44 through a tax lien  
4 sale. HPD wants to double check that.

5 GENEVIEVE MICHEL: Yes.

6 CHAIRPERSON KALLOS: Okay. At a previous  
7 hearing, something I shared is that the  
8 constitutional power for eminent domain is very  
9 strong. It is strong enough to—to level a  
10 neighborhood in Brooklyn to build a stadium on it  
11 based on the definition of light. I did not  
12 necessarily agree with what happened, the results  
13 there, but the—the Supreme Court affirmed a lot of  
14 those powers. In this case, we literally have a  
15 vacant lot, which has been there for at this point  
16 six years, and a building that was unsafe since 2005  
17 will—I've asked before will HPD start using if a—if t  
18 a landlord is not willing to come to the table, under  
19 eminent domain, they are entitled to fair  
20 compensation, but just don't take it from them, but  
21 they're asking in excess of market. Would HPD commit  
22 to going to those landlords and either offering to do  
23 affordable housing with them or telling we're taking  
24 that property from them because it is a blight, and  
25 that is literally the definition for what it should

2 be use for, which is a vacant lot that's been sitting  
3 there for a decade.

4 GENEVIEVE MICHEL: I think HPD, you know,  
5 currently uses eminent domain when we think it's  
6 necessary. I think on this this project we thought  
7 it was best to move forward with the project that we  
8 have here, and do not necessarily thin that eminent  
9 domain was appropriate, and I assume that will  
10 continue to be our position moving forward.

11 CHAIRPERSON KALLOS: That it is not  
12 appropriate of you're going to evaluate on a case-by-  
13 case basis.

14 GENEVIEVE MICHEL: Evaluate on a case-by-  
15 case basis.

16 CHAIRPERSON KALLOS: Okay, so you—you are  
17 comfortable affirming that you did consider eminent  
18 domain on this?

19 GENEVIEVE MICHEL: I can't confirm  
20 whether or not we considered it, on this case in  
21 particular, but I think, you know, I certainly can  
22 say that I think we felt comfortable moving forward  
23 with this project, and did I think it was necessary?  
24 And again, but I think it was—you know, I think one  
25 of the things--

2 CHAIRPERSON KALLOS: [interposing] You  
3 can get back to us on the—sorry to interrupt you. If  
4 you could jut get back to us with like HPD did or  
5 didn't and then just a value statement on whether or  
6 not it will start happening moving forward.

7 GENEVIEVE MICHEL: I'm not sure that I  
8 will be able to determine whether or not HPD did or  
9 did not evaluate something. Obviously, as you can  
10 see this is a project with quite a bit of history,  
11 and there's been quite a bit of turnover in the  
12 agency. So, I don't want to commit to doing  
13 something that I'm not sure I can actually do. I  
14 think, you know, one of the things that I think is  
15 difficult about project like thee is you're seeing is  
16 we both are getting stalled on projects moving  
17 forward, and we are trying to figure how to unlock  
18 things that haven't happened, and so I think it's  
19 always a balance between how to figure out how we can  
20 move the ball forward without getting wrapped up in  
21 trying to add additional burdens.

22 CHAIRPERSON KALLOS: Just—just as a heads  
23 up, like I would really love to work with HPD on  
24 evaluating eminent domain, and I'm working on  
25 legislation to this point.

2 GENEVIEVE MICHEL: We are always happy  
3 about the conversation.

4 CHAIRPERSON KALLOS: Great, fair-fair  
5 enough. It's actually going to be really cool.  
6 [laughter] One of the questions I'd like to ask  
7 about is so in-in-at Courtlandt Avenue and East 151<sup>st</sup>  
8 Street, I-I don't have my computer I usually have on  
9 Street Easy to find out what the going rate for  
10 apartments are. What is the going rate for housing  
11 in the area at market rates and what--? Yeah.

12 [background comments] What is market rate in this  
13 part of the city? [background comments, pause]

14 GENEVIEVE MICHEL: I mean I think the  
15 comps that I'm looking at here look like--[background  
16 comments] Yeah a 3-bedroom, you know, roughly in the  
17 -or some 3-bedroom, some 2-bedroom roughly in the  
18 \$2,000 range.

19 CHAIRPERSON KALLOS: We only have one-  
20 bedrooms and studios in this building.

21 GENEVIEVE MICHEL: The one-bedrooms I  
22 have here are \$1,800, \$1,675 and the studios \$1,599.

23 CHAIRPERSON KALLOS: That's the market  
24 rate comps

2 GENEVIEVE MICHEL: Yeah, those were comps  
3 that both HPD and Procida collaborated on.

4 CHAIRPERSON KALLOS: Okay, so, in this  
5 case your—your targets are actually below that. So,  
6 good, thank you, and do you know what the AMIs in the  
7 surrounding neighborhood are or from the census data?  
8 So the first check is are your units going to have a  
9 gentrifying effect on the neighborhood, and it  
10 appears that your rates are below what the market is  
11 in the neighborhood, which means you—you won't be  
12 having a gentrifying effect, which is something that  
13 makes me happy. Then the next question becomes what  
14 are the AMIs because sometimes market rate units will  
15 be more expensive than what the people in the area  
16 are—

17 TED WEINSTEIN: I believe on the last  
18 page of the handout the AMI is at 80% of median or  
19 for the total 1-bedroom household, which would be  
20 household size with two people. It's \$67,000.

21 CHAIRPERSON KALLOS: So, that based on  
22 your research in the area people are—so the question  
23 is so if—if we looked at the building on the corner,  
24 which is a mixed-use building, the people who live in  
25 those units who may be rent regulated or rent



2 controlled are they at 80 or 180% of AMI or are they  
3 lower?

4 TED WEINSTEIN: I don't believe I have  
5 that information.

6 CHAIRPERSON KALLOS: Okay, moving  
7 forward, I think this is something I've mentioned to  
8 HPD and this may be the first time I've asked, but  
9 this succinctly in a hearing. Just if you can pull  
10 the census track information, the census will report  
11 on incomes based on the census track. Do you happen  
12 to have that information here?

13 GENEVIEVE MICHEL: No, but we'll get it  
14 for you moving forward.

15 CHAIRPERSON KALLOS: Thank you. What is  
16 the land value?

17 TED WEINSTEIN: [off mic] This is in the  
18 Annual Budget.

19 GENEVIEVE MICHEL: What we have here is  
20 \$390,000.

21 CHAIRPERSON KALLOS: Can you elaborate on  
22 the 1-bedroom unit set-aside for homeless? I want to  
23 thank the Land Use Chair Rafael Salamanca. He's been  
24 pretty dedicated to having a 10% homeless set-aside  
25 in a building of 8 units. That is quite impressive

2 because this exceeds the 10%. It's probably closer  
3 to 15%. So, just which AMI tier will it come from?  
4 Will you use a tenant or project based voucher to  
5 fill the unit, and how will this placement process  
6 work?

7 GENEVIEVE MICHEL: So, it's coming from  
8 the 57% Tier, and I think we certainly also  
9 appreciate Chair Salamanca's advocacy here. It is  
10 difficult for us to figure out how to get these types  
11 of units in an eight-unit building. So, we tried to  
12 be creative in trying to think about it. It will be  
13 a tenant based voucher. HPD has a Homeless Placement  
14 Services Unit that will recommend three I think  
15 likely families who go through that process to  
16 whoever is leasing up and, you know, taking care of-  
17 getting people in the units, and it will move from  
18 there. If that family for some reason moves out,  
19 then the replacement will also go through the HPD  
20 Homeless Placement Services process.

21 CHAIRPERSON KALLOS: Speaking of  
22 placements, if I am watching at home and I live in  
23 the vicinity of 599 Courtlandt Avenue, and I am  
24 interested in getting one of these eight-sorry seven  
25

2 units because one of them is set aside, where do I go  
3 to apply?

4 TED WEINSTEIN: We will be posting  
5 signage at the appropriate time on the sidewalk shed  
6 and at the project site as well as probably on our  
7 website that will give a mailing address or an email  
8 address for application to the—to the lottery that  
9 will be conducted for the marketing for this  
10 development.

11 CHAIRPERSON KALLOS: I hear there's a  
12 website out there where a lot of affordable housing  
13 projects exist. Will people be able to apply through  
14 that or do have to go directly through you?

15 TED WEINSTEIN: No, they will apply—they  
16 will go ultimately through that website.

17 GENEVIEVE MICHEL: The New York City  
18 Housing Connects.

19 CHAIRPERSON KALLOS: So, and it's  
20 perfect. So, anyone who is watching at home if  
21 you're interested in applying for this project or any  
22 others, please visit Housing Connect. You can Google  
23 it. Is there band or URL yet of like  
24 housingconnect.nyc?

2 GENEVIEVE MICHEL: I'm actually not sure  
3 and I should be. So, I will find out.

4 CHAIRPERSON KALLOS: Let's get it back to  
5 URL pretty please because otherwise the web addresses  
6 that the city has are pretty hard. I'm guessing they  
7 could go to like hpd.nyc.gov or--?

8 GENEVIEVE MICHEL: Yeah, I'm sure on  
9 hpd.nyc.gov you could find it, but again, that's not  
10 a great answer to that question. So, we'll come  
11 back.

12 CHAIRPERSON KALLOS: There--there's some  
13 follow-up, which we hope to hear back from you on. I  
14 want to thank everyone for their honestly and  
15 transparency and engagement, and thank you for your  
16 partnership. The more that can be in the testimony,  
17 the fewer questions that I have to ask, but I just  
18 want to thank you. I want to thank our Committee  
19 staff, Committee Counsel and members for being her.  
20 Is there anyone here from the public to testify?  
21 Seeing none, I will now close the public hearing on  
22 Land Use Items 241, 242 and 243 and the application  
23 will be laid over. This concludes today's hearing.  
24 I'd like to thank everyone, and this meeting is  
25 hereby adjourned. [gavel]

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

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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 November 11, 2018