

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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January 23, 2018
Start: 1:14 p.m.
Recess: 3:23 p.m.

HELD AT: 250 Broadway-Committee Rm., 16th fl.

B E F O R E: Ben Kallos
Chairperson

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

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

Jordan Press
Executive Director for Development and Planning
at HPD

Ted Weinstein
HPD Director of Bronx Planning

Christoph Stump
Trinity Financial

Derrick Lovett
MBD Community Housing Corp

Thomas Brown
Vice President of Trinity Financial

William Woodruff
United Federation of Teachers

Bryant Brown
32BJ SEIU

Ismene Speliotis
MAHNY

Christine O'Connell
HPD

2 CHAIRPERSON KALLOS: Good morning and
3 welcome to this first meeting of the Subcommittee on
4 Planning, Dispositions and Concessions. This is the
5 11th session of the New York City Council. I'm
6 Council Member Ben Kallos, Chair of this Committee.
7 You can hit me on social media @benkallos, and in
8 that way we actually often take questions from
9 members of the press and the public. We are joined
10 here today by our members who were here on time,
11 which we always like, Council Member Andy King,
12 Council Member Ruben Diaz, Senior, Council Member
13 Chaim Deutsch. We're also joined by the Chair of the
14 Land Use Committee, Rafael Salamanca. Although I've
15 been a member of the Land Use Committee and another
16 Land Use Subcommittee last term on Landmarks, this is
17 my first hearing as Chair of this Subcommittee, and
18 I'm looking forward to exploring every aspect of this
19 Subcommittee's authority and oversight ability for
20 planning, dispositions and concessions. The projects
21 before us today and those that will be before us this
22 term contain proposals for affordable housing. As we
23 all know, affordable housing remains out-of-reach for
24 far too many New Yorkers. As the Administration
25 continues to announce progress on preserving and

2 building new housing, we in this committee will watch
3 every deal closely to ensure New Yorkers are actually
4 getting the affordable housing we need for the
5 financial incentives that we provide. I plan to
6 ensure every hard-earned tax dollar is maximized to
7 drive a hard bargain and generate significantly more
8 affordable housing. I also plan to ensure that this
9 committee empowers communities and Council Members in
10 the planning process, creates opportunities for
11 minority and women-owned small businesses, creates
12 good jobs for construction and service in these new
13 buildings, and produces a full return on any city
14 land and resources that we provide. Today we'll be
15 holding two public hearings. The first hearing will
16 be on 425 Grand Concourse rezoning and tax exemption
17 applications, Land Use items eight through ten, and
18 pre-considered Land Use items. The second hearing
19 will be on Land Use item 11, the 9 Fort Washington
20 Avenue cluster, UDAAP, and tax exemption application.
21 For those watching at home, and as a caution to
22 committee members, I'm going to want to try to
23 explain all of this in plain language to folks,
24 because even those of us who are sophisticated might
25 have trouble following along. LU is short-hand for

1 Land Use Application. UDAAP is an acronym for Urban
2 Development Action Area Project, a term for Article
3 16 of the General Municipal Law. The UDAAP process
4 allows the City to sell the site and provide tax
5 exemptives [sic] for a project which serves public
6 purposes essential to the public interest. The 425
7 Grand Concourse rezoning for property located in the
8 Bronx in Land Use Chair Salamanca's district is
9 submitted by HPD and includes the following actions.
10 The first, an Urban Development Action Area Project,
11 UDAAP, designation, project approval and disposition
12 of City-owned property. The second, a zoning map
13 amendment to rezone a C4-4 district to a C6-3
14 district. The C stands for Commercial. The four
15 relates to the amount of density, and then the third
16 provides additional information as a subset within
17 that use and density category. The third, a zoning
18 text amendment to introduce R9-1/MIH regulations
19 governing heights and setbacks to change the C6-3
20 residential equivalent from an R9 to an R9-1 in Bronx
21 Community District One, and to modify Appendix F to
22 map the project area as a Mandatory Inclusionary
23 housing area utilizing option one. The R stands for
24 residential. Nine stands for the amount of density,
25

2 and the one shows that it's a modification from the
3 initial residential nine density. Residential
4 districts max-out at an R-10 or residential district
5 of ten. The fourth item is a tax exemption pursuant
6 to Article 11 of the private housing finance law.
7 these actions will facilitate the redevelopment of a
8 school, the Castle on the Hill, that many elected
9 officials have graduated from, including a congress
10 member and I believe the Bronx Borough President,
11 PS31 into a 27-story mixed-use building in which 100
12 percent of the apartment will be affordable. Taken
13 together, these actions would have the effect of
14 increasing the allowable residential floor area ratio
15 from four to nine where mandatory inclusionary
16 housing is provided, and so the floor area ratio is
17 just how many times you can layer development one on
18 top of the other. So, in this case, you could build
19 four stories on an entire lot, and under the new
20 zoning you could build nine stories on the lot if you
21 were to cover it completely. In this case you're not
22 actually covering the whole lot, so you end up being
23 able to stack it a lot higher. Instead of using sky
24 exposure planes, the actions would impose a maximum
25 based height of 125 feet and a maximum building

2 height of 285 feet for developments using mandatory
3 inclusionary housing program. And so typically, you
4 have a diagonal that you draw from the street that
5 determines how far the building can go tall and
6 usually you can't pierce that sky exposure plane, and
7 in this case they just have to make sure the building
8 follows certain height and set-back requirements.

9 Under Mandatory Inclusionary Housing Option One, at
10 least 25 percent of the residential floor area must
11 be provided as housing that's permanently affordable
12 to households and average of 60 percent of the income
13 index. In this case we usually call it the Area
14 Median Income or AMI, and at least 10 percent of the
15 residential floor area must be provided as housing
16 affordable housing to households at the average of 40
17 percent of the Area Median Income. I am now opening
18 up the public hearing on the 425 Grand Concourse
19 rezoning and tax exemption, and with that I'd like to
20 call up Jordan Press of HPD, Ted Weinstein of HPD,
21 Christoph Stump of Trinity Financial, Thomas Brown of
22 425 Grand Concourse and Derrick Lovett of MBD
23 Community Housing Corp. If you could all take turns
24 in stating your names for the record, and then I will
25 read you the affirmation.

2 JORDAN PRESS: Good afternoon. I'm
3 Jordan Press, Executive Director for Development and
4 Planning at HPD.

5 THOMAS BROWN: Hello. I'm Thomas Brown.
6 I'm Vice President of Development with Trinity
7 Financial.

8 CHRISTOPH STUMP: Christoph Stump, Vice
9 President of Design and Construction at Trinity
10 Financial.

11 DERRICK LOVETT: Derrick Lovett,
12 President and CEO of MBD Community Housing Corp.

13 TED WEINSTEIN: Ted Weinstein, HPD,
14 Director of Bronx Planning.

15 CHAIRPERSON KALLOS: Do all of you affirm
16 to tell the truth, the whole truth and nothing but
17 the truth in your testimony before this committee and
18 in response to all Council Member questions?

19 UNIDENTIFIED: Yes, we do.

20 UNIDENTIFIED: I do.

21 CHAIRPERSON KALLOS: Let the record
22 reflect that all said yes. If the first speaker
23 would like to begin?

24 JORDAN PRESS: Yes, thank you, Mr.
25 Chairman, and congratulations on your appointment to

1 this role. Look forward to working with you in the
2 coming years. Land Use numbers 8, 9, and 10, and the
3 pre-considered item are related to a proposed ULURP
4 project known as 425 Grand Concourse in the Mott
5 Haven section of the Bronx. The site has been
6 occupied by Public School 31, a landmark collegiate
7 gothic building constructed in the late 19th century.
8 The school closed in 1997, and the building was
9 demolished in the summer of 2015 following the
10 issuance of a full vacate order by the Department of
11 Buildings due to severe structural damage that was
12 exacerbated by Super Storm Sandy. I'd like to add
13 that the department recognizes just how special this
14 site is to Bronxites [sic] and to the thousands of
15 students who came through its halls. In 2015, HPD
16 issued a request for proposal for the purpose of
17 redeveloping the site as a mixed-use affordable
18 housing project. Subsequently, a sponsor was
19 selected, whom I'm sitting with here today, Trinity
20 Financial and MBD, to build out the project under
21 HPD's mix-and-match program. Currently there are
22 four Land Use actions before the Planning
23 Subcommittee. Land Use number eight seeks the
24 designation as an Urban Development Action Area as
25

1 well as dispositions and project approval for the
2 vacant city-owned site located at block 2346 lot one
3 in Bronx Council District 17. Land Use number nine
4 seeks to change from a C4-4 district to a C6-3
5 district, the residential equivalent of a C6-3 zoning
6 district is an R9-1 zoning district for MIH
7 developments. A C6-3 district will permit a maximum
8 residential FAR of 7.52, the maximum commercial FAR
9 of 6.0 and the maximum community facility FAR of
10 10.0. Land Use number 10 seeks to amend the zoning
11 resolution by modifying both regulations in a
12 residential district relative to mixed-use buildings
13 in commercial districts and other regulations in
14 order to establish a Mandatory Inclusion Housing area
15 under option one. The proposed project HPD will
16 dispose of is a city-owned site. We'll dispose of it
17 to the sponsor who plans to construct one 27-story
18 mixed-use residential building. In total, there will
19 be 277 rental units including a superintendent's
20 apartment as well as community and commercial spaces.
21 Under option one of MIH, at least 69 units will be
22 permanently affordable and with an additional 15
23 percent as required by HPD's term sheets, a total of
24 111 units will be permanently affordable. The
25

1 residential portion of the project will include a
2 mixture of unit types, including 45 studios, 92 one-
3 bedrooms, 94 two-bedrooms, and 46 three-bedroom
4 apartments. The anticipated rent will range from 30
5 percent to 100 percent of AMI which are equivalent to
6 approximately 318 to 1,364 dollars for studios to 572
7 dollars up to 2,384 dollars for three-bedroom
8 apartments, which will all be distributed throughout
9 the building. The project will be constructed to
10 meet Passive House standards and amenities of the
11 building will include a laundry room on each
12 residential floor and a community room with direct
13 access to the 23rd floor landscaped roof terrace and
14 a green room. The project will also provide 41,625
15 square feet of community facility space that will
16 include educational space, a medical center and
17 cultural center. Developers committed to working with
18 the Parks Department and the rebuilding of the
19 adjoining Garrison Playground, including providing
20 space for a comfort station and rebuilding the
21 walkway adjoining the park. I'd like to extend our
22 thanks especially to the Councilmen and the Borough
23 President for their allocation of Reso. A to help
24 redevelop that playground. The tenant of the
25

2 commercial space is anticipated to be a supermarket.

3 The pre-considered Land Use items seeks Article 11

4 tax benefits for the project in order to facilitate

5 continued affordability of the residential units.

6 The term will be for a period of 40 years coinciding

7 with the regulatory agreement. Therefore, HPD is

8 before the Subcommittee seeking approval of the pre-

9 considered item as well as Land Use items number

10 eight, nine and ten. And I'd now like to turn it

11 over to the project sponsor to go more in-depth about

12 the project's design, affordability, amenities, and a

13 little bit about their history.

14 THOMAS BROWN: Good afternoon, Council

15 Members. Before we talk about design, I just want to

16 briefly just describe the development. As mentioned

17 earlier, Trinity Financial and MBD Community Housing

18 Corp will be the co-developers on the project. The

19 Architect will be Dattner Architects. The General

20 Contractor on the project will be Monadnock

21 Construction, and the management company, we're still

22 in conversations to determine who that will be.

23 CHRISTOPH STUMP: The project-- my name

24 is Christoph Stump with Trinity Financial. Thanks

25 again, Council Members, for having us here. A

1 project that Trinity Financial has completely
2 recently in the Bronx includes this mixed -- income
3 mixed-use residential project in the South Bronx on
4 Courtland and 161st Street. This project here was
5 mentioned is 27-story proposed development with
6 approximately 312,000 square feet of space. The 277
7 units in the building will start from the fourth
8 floor up and then have a row [sic] of mixed-- non-
9 residential components on the first three floors that
10 I'll go into more detail. The expected construction
11 start is after July 2018, and it's going to be likely
12 a 30-month construction process. The total
13 development cost is approximately 160 million dollars
14 with approximately 105 million construction cost.
15 I'm not going to repeat the ULURP actions. The green
16 design features, this building is a Passive House.
17 It's going to be one of the largest Passive Houses in
18 the United States. A Passive House is a building
19 concept that greatly reduces the building's energy
20 consumption and carbon dioxide output, approximately
21 up to 70 percent compared to a standard new
22 construction building. This is a view of the
23 proposed building. A view to the southeast showing
24 the surrounding-- the very hydrogenous surroundings
25

1 of the project site and an adjoining park, Garrison
2 Park, that's directly to the north, so it's slightly
3 to the left of the building. The project is located
4 on East 144th Street and Grand Concourse in very
5 close proximity to the two, four and five train
6 stations on 149th Street and Grand Concourse,
7 surrounding also Hostos Community College and a
8 number of other uses, non-residential uses. The
9 majority of the entrances of the buildings are
10 located on Grand Concourse including the residential
11 entrance retail is wrapping around starting on the
12 southeast corner of Grand Concourse and East 144th
13 Street and educational entrances on Walton Avenue.
14 The building has all the non-residential uses
15 represented on the ground floor, here represented in
16 different colors. The second and third floor are
17 entirely dedicated to the educational use, and the
18 residential use starts at the fourth floor with a
19 residential terrace on the fourth floor, and then
20 several other uses going up-- amenities going up.
21 The general floorplan is very simple, a doubled [sic]
22 corridor with a south-facing window in the corridor
23 and mix of studios, one, two and three bedrooms on
24 each floor. All apartments will adhere to the HPD
25

1 design guidelines. Important to point out is the
2 activity that this project is trying to achieve on
3 the ground floor level. All uses are designed to
4 activate the ground floor. We have proposed a
5 supermarket use, a medical facility, a cultural
6 facility, an educational facility, and in conjunction
7 with the residential, we expect activation throughout
8 the day and throughout the days of the week.

9 Important to note is our interface with Garrison Park
10 to the north. The lower portion of the slideshow is
11 the southern edge of the park that shows a walkway, a
12 connecting walkway, on this very long north/south
13 stretching super-block, approximately at the height
14 of 146th Street that is part of this project.

15 Artifacts that were recovered from the PS31
16 demolition will be shown along this walkway and be
17 visually accessible for the public. On a separate
18 project that's going on concurrently is the re-design
19 and renovation of Garrison Park that I'm not going to
20 go into great detail here, but there's a variety of
21 uses proposed. An evening [sic] rendering of the
22 project that shows our vision, how this project is
23 going to activate and also secure the area. I
24 mentioned that this project is special because it is
25

2 a passive house. It also contains what is called a
3 black-start, gas-fired emergency generator that can
4 add additional loads to the standard fire and safety
5 loads which include loads that will make this
6 building resilient and independent in case of a power
7 outage, and people will be able to shelter in place
8 during a prolonged power outage.

9 THOMAS BROWN: To briefly describe the
10 project's affordability, 10 percent of the project
11 will be affordable at 30 percent AMI; 10 percent will
12 be affordable at 40 percent; 30 percent of the
13 building will be at 60 percent AMI; 25 percent will
14 be at 80 percent AMI, and another 25 percent will be
15 affordable at 100 percent AMI. So, this brief
16 presentation, just wanted to represent and describe
17 to you some of our project and show you some of the
18 benefits that we feel will be given to the community,
19 one being much-needed mixed-income housing. Another
20 would be active vibrant ground-floor uses through our
21 retail, our educational, our cultural, and our
22 medical uses which are on the ground floor. As a
23 company we embrace and make a commitment to MWB and
24 local participation within a project, and as
25 described, we feel that the passive house element as

2 well as the other design elements make this a very
3 distinctive project. So, thank you all for your
4 time, and I guess we're open for questions if you
5 have any.

6 CHAIRPERSON KALLOS: I will turn it to
7 our Land Use Chair as a courtesy since not only is he
8 the Land Use Chair, but this is also a project in his
9 district, which he may wish to make remarks about or
10 just jump into questions.

11 COUNCIL MEMBER SALAMANCA: Thank you,
12 Chair Kallos, good af--

13 CHAIRPERSON KALLOS: [interposing] Sorry,
14 one second. I did not-- I wanted to just acknowledge
15 that we've been joined by Council Member Gibson and
16 Council Member Levine. Sorry for the interruption.

17 COUNCIL MEMBER SALAMANCA: That's
18 alright. Thank you, Chair Kallos. Good afternoon,
19 gentlemen. So, you know, we've been working on this
20 project for some time now. Trinity is-- you know,
21 we're-- I just met you guys not too long ago, a few
22 months ago, but it's good to see that you're working
23 with a credible not-for-profit in my community which
24 is Mid-Bronx Desperadoes, and so that was very
25 rewarding. I have many details on this project.

1
2 Again, we've met many times, but I would like to put
3 certain things on the record. First, in terms of
4 your educational facility, have you identified a
5 school, and how much space do you have available for
6 this educational facility?

7 THOMAS BROWN: The education facility
8 will be approximately 36,000 square feet, and we're
9 in discussions with a number of operators,
10 educational charter school operators for that space.

11 COUNCIL MEMBER SALAMANCA: How many
12 children do you anticipate that that space will hold,
13 or how many seats, better yet?

14 CHRISTOPH STUMP: That is different
15 depending on the operator with their programs.

16 COUNCIL MEMBER SALAMANCA: In terms of
17 the AMI's, I know that we changed the formula around.
18 You know, in my district I'm more into mixed-income,
19 ensuring that my low-income families have access to
20 these units, but I also understand that we have
21 working-class families in my district. Can you
22 explain a little bit in terms of the break-down and
23 what support you will be giving the community in
24 terms of preparing them for the application process?

2 THOMAS BROWN: Well, as part of our
3 preparation and marketing process, we've been in
4 discussion with a number of stakeholders in the area,
5 including your office to jointly look to work out a
6 housing fare [sic] in some training, in some
7 workshops with the community to prepare them for the
8 marketing process.

9 COUNCIL MEMBER SALAMANCA: Something that
10 I've been doing with Manny Management [sic]-- I think
11 I saw Ismene here-- we've had housing forums, and I
12 think this is something we could work with Mid Bronx
13 Desperadoes. And basically, it's a year before the
14 application process or applications are going to--
15 you know, HPD is going to start accepting
16 applications through Housing Connect. You inform the
17 community. You educate them on how to properly fill
18 out these applications even though they're online,
19 and there's also a financial component, preparing
20 individuals, you know. Credit, I know, plays a major
21 factor here. In terms of local hiring, let's talk
22 about your construction jobs. How are you going to
23 ensure that there's local hiring in the community?

24 CHRISTOPH STUMP: So, we intend to hire a
25 third-party workforce consultant who will work

1 closely with the community and with your office, and
2 with other local stakeholders to ensure that we get
3 qualified workforce that we can train and employ at
4 the site.

5
6 COUNCIL MEMBER SALAMANCA: Have you hired
7 that third-party monitor?

8 CHRISTOPH STUMP: We're still looking and
9 discussing the consultant [inaudible]

10 DERRICK LOVETT: Derrick Lovett, MBD
11 Community Housing Corp. MBD has worked with
12 Monadnock on two other very large projects in our
13 portfolio. We also have partnered with Monadnock and
14 Giffin Willis [sic] Signature [sic] Urban development
15 on West Frontage Road, and we've been very successful
16 to hold workshops for MWBE local hires that want to
17 be a part of this, and we also have a mechanism of
18 reaching out and reporting these.

19 COUNCIL MEMBER SALAMANCA: Okay. In
20 terms of your staffing and security, and I guess your
21 maintenance staff, will they bill unionized? Will
22 you be working with labor in terms of your-- after
23 construction is completed, the permanent jobs that
24 you'll have there? How many permanent jobs that you
25

2 have and would they be part of labor? Would you be
3 working with 32BJ or someone else?

4 THOMAS BROWN: We've arranged meetings
5 with several groups, including 32BJ to talk about the
6 operations of the building going forward. As of
7 right now, we haven't made any commitments to any one
8 group at all.

9 COUNCIL MEMBER SALAMANCA: Alright. And
10 you are committed to paying fair wages--

11 THOMAS BROWN: [interposing] Absolutely.

12 COUNCIL MEMBER SALAMANCA: with benefits.

13 THOMAS BROWN: Yes.

14 DERRICK LOVETT: I'd just like to say
15 that MBD has 32BJ as their, the union for their
16 employees and maintenance staff, and we have enjoyed
17 a very productive relationship.

18 COUNCIL MEMBER SALAMANCA: Alright.
19 That's refreshing to hear. Alright, what is MBD's
20 role? How long will you be involved in this project?

21 DERRICK LOVETT: We'll be involved
22 throughout the whole project. We're 50/50 partners.
23 We're, you know, in-step. We're-- Trinity is clearly
24 taking the lead to do their expertise, but MBD had in
25 the last five years repositioned its total portfolio.

2 We've rehabbed over 1,000 units in place. So, we
3 have experience with development as well, and we will
4 be adding whatever support we can.

5 COUNCIL MEMBER SALAMANCA: Alright, and
6 then my understanding, this project is part of the
7 MIH process, and so I know that I heard Jordan, you
8 discussed, what's the-- how many units are going to
9 be permanent affordable? And after how many years?

10 JORDAN PRESS: So, MIH is actually
11 calculated based on floor area rather than
12 individuals units, but the estimate that we have is
13 that at least 69 will be permanently affordable under
14 MIH, and then the way that the mix-and-match term
15 sheet works, which this project is being financed
16 under, is if the developer is taking city subsidy on
17 an MIH project, we require 15 percent additionally
18 permanent. So, which brings the total number to
19 approximately 111. The 69 units under MIH need to
20 conform with option one at an average of 60 percent
21 AMI. The remaining 15 percent is something that we
22 work out as we get closer to closing. There are
23 always some unknowns between the time of Land Use
24 approval and closing, and cost can be impacted by
25 which units are permanently affordable.

2 COUNCIL MEMBER SALAMANCA: Right. Now,
3 this project is 100 percent affordable.

4 JORDAN PRESS: yes.

5 COUNCIL MEMBER SALAMANCA: For how many
6 years?

7 JORDAN PRESS: So, 40 percent of the
8 units will be permanently affordable. The other 60
9 percent of units will be subject to a regulatory
10 agreement of 40 years. Also like to add that the way
11 that HPD structures are financing, the loan that we
12 provide, is that we effectively backload it so that
13 there is great incentive for a developer to come back
14 to the city and refinance with us at the end of the
15 40-year term. In addition, because rents are
16 restricted and tax costs will become present at the
17 end of 40 years, again, it is in the owner's interest
18 to come back to the City to try to re-up on that tax
19 exemption. They can only do so if it meets the
20 affordability goals of the City at that time. But one
21 other thing I wanted to mention is all the units are
22 rent stabilized. At the end of the 40-year term, the
23 60 percent of the units that aren't permanent, those
24 tenants will be rent stabilized through their
25 tenancy, at a minimum.

2 COUNCIL MEMBER SALAMANCA: Okay. And so,
3 you know, again, these are things that I was aware of
4 and I just wanted to make sure that they were on the
5 record. Now, let's just have a candid conversation
6 about some of my concerns about this project. Number
7 one, parking is not provided here. I know that this
8 is a transit-rich area, Grand Concourse and 149th
9 Street, but yet, it's very difficult to find parking
10 in that area. You have Hostos Community College.
11 You have other-- you know, so you have students and
12 you have employees. You have other housing
13 developments in the area. What is HPD doing in terms
14 of trying to identify a parking location for these
15 potential new tenants?

16 JORDAN PRESS: So, the-- and I'll ask my
17 co-panelists if they want to weigh in. But the-- the
18 environmentalists identify other parking lots within a
19 quarter-mile radius that have capacity. In terms of
20 on-street parking, what we're happy to work with your
21 office on is to go out with the Department of
22 Transportation; I think we should walk around the
23 site in the neighborhood, see if there are any
24 opportunities to add on-street parking, which in our
25 experience despite your neighborhood, this

1 neighborhood like many other neighborhoods where
2 people will have the feeling of being parking-
3 strapped, right, what they're really looking for,
4 from what we've seen, is free on-street parking even
5 if the lots where you would have to pay might have
6 availability, which we know they do in the area. So,
7 I think, you know, certainly what we can commit to is
8 seeing if we can identify additionally free on-street
9 parking, and happy to discuss more just what the
10 capacity is of the private lots in the area.

12 COUNCIL MEMBER SALAMANCA: Alright, well
13 I look forward to continuing that conversation in
14 terms of parking. And then finally, something that
15 in terms of your community benefit package, Garrison
16 Park. As you know, I have a commitment to that park
17 which is right next to, you know, adjacent to the
18 property. I actually allocated two budgets ago 1.5
19 million dollars from my discretionary capital
20 dollars. So, there was some request in terms of
21 Parks Department, number one that a comfort station
22 be built there. Now, this comfort station, this
23 bathroom, is going to be attached to your building,
24 or you're going to be building a brand new comfort
25 station in the park?

2 THOMAS BROWN: It'll be connected to--
3 it'll be a part of the building.

4 COUNCIL MEMBER SALAMANCA: Okay. And so
5 my second thing is, there was a request in terms of
6 maintenance of the park. I have your letter of
7 support here, I guess your letter of commitment, and
8 you've committed annually to 26,013 dollars annually
9 for the operating expense of the park, and you've
10 also committed to increase of three percent annually,
11 and something that is a deal-breaker for me, and I
12 know we've had side conversations but I want to put
13 this on the record, in order for the parks, that
14 particular park, to have fulltime maintenance, the
15 total cost is 52,000 dollars a year. And so I am--
16 if Parks Department were to only get the 26,013
17 dollars that you are offering a year, there will only
18 be maintenance there from April through October. And
19 I am-- because, number one, you're not providing any
20 parking. You know, there has been certain things in
21 which the community has accepted in terms of this
22 project. I think it's feasible for you to sit down
23 with HPD and figure out how to provide that extra
24 25,000, a total 50,000 dollars, to have fulltime

2 maintenance, 40 hours a week, 12 months out of the
3 year.

4 JORDAN PRESS: If I can just add, I want
5 to just correct one item. So, the commitment of
6 26,013 dollars would fund a Parks Department employee
7 for six months during the busiest times. On the other
8 six months of the year, Parks Department would deploy
9 a regular mobile crew that opens the park, closes the
10 park, and provides kind of just general level of
11 parks maintenance. During those other six months you
12 wouldn't have somebody there fulltime.

13 COUNCIL MEMBER SALAMANCA: No, I'm full
14 aware of that, and the problem that I have with that
15 process that Parks Department has is that they do not
16 open and close my parks on time as they should. They
17 do not come and clean my parks. So, we're just
18 adding another park to add to that schedule which
19 will be basically ignored, and so that is why I am
20 respectfully requesting that you add another 25,000
21 dollars to that community benefit package so that
22 this park can have full-time maintenance and it can
23 be maintained at all times.

24 JORDAN PRESS: Well, looking forward to
25 continuing that conversation with you.

2 COUNCIL MEMBER SALAMANCA: Alright.

3 JORDAN PRESS: Your interest is merit
4 [sic].

5 COUNCIL MEMBER SALAMANCA: Mr. Chair?
6 Thank you.

7 CHAIRPERSON KALLOS: Thank you, Land Use
8 Chair Salamanca. As the prior Chair to this
9 committee, I believe you ran through many of the
10 questions I had hoped, but I'm sure there will be
11 some left for me to go through, but I appreciate your
12 leadership this committee prior and look forward to
13 continuing our work together. So, I'm going to break
14 up my questions into a couple of areas. First one
15 is, what are the subsidies? Second group of
16 questions are: affordable for whom? It's a frequent
17 refrain we hear from the community. Talking a little
18 bit about the community facilities, and as I
19 mentioned in my opening remarks, talking about MWBE
20 and jobs. So, first piece, is there a tax abatement?
21 How long is the tax abatement? How much is the
22 annual tax abatement, and what is the value over the
23 life of the abatement?

24 JORDAN PRESS: There is a 40-year Article
25 11 tax benefit. The net present value of the

2 cumulative cost of this exemption to the city is
3 22,726,925 dollars, or 82,000 dollars per year.

4 CHAIRPERSON KALLOS: And what is the
5 cumulative total if we do not assume at present, what
6 is the-- what would be the-- if we were to receive
7 the tax payments from developer over 40 years, what
8 would be the cumulative value of those payments?

9 JORDAN PRESS: We'd have to get back to
10 you on that.

11 CHAIRPERSON KALLOS: Fair enough. Please
12 do so in writing so we can include it in the record.
13 It seems to feel like a 20 million dollar net product
14 [sic] value is likely 80 million dollars or more?
15 Would that be fair?

16 JORDAN PRESS: I want to give you an
17 accurate answer, so let me get back to you.

18 CHAIRPERSON KALLOS: Okay. So, first
19 off, we're doing 20 million dollars at least. Next
20 question, is HPD providing financing in this project?
21 What is the interest rate, and what is paid by the
22 developer on an annual basis, and how much is the
23 developer receiving from tax payers through HPD?

2 JORDAN PRESS: Okay, so, I'd like to just
3 say broadly we're getting pretty deep into business
4 terms of this deal--

5 CHAIRPERSON KALLOS: [interposing] Yeah.

6 JORDAN PRESS: that get negotiated on an
7 ongoing basis between this point in the process and
8 the closing. So, I am happy to discuss some of these
9 items. Other items I would prefer to discuss
10 directly with the individual Council Members and
11 certainly keep them updated between the time of the
12 Land Use Committee's approval and consideration in
13 closing. The--

14 CHAIRPERSON KALLOS: [interposing] If only
15 this was an individual Council Member or all of our
16 money, it isn't. It's the taxpayers, and this is
17 their opportunity to make sure that the money-- that
18 they're getting a return on their investment. So,
19 this is something I'm interested in seeing for all
20 deals, not just this one. So, I guess what are the
21 threshold ranges.

22 JORDAN PRESS: So, this project-- to
23 answer your original question, this project is being
24 financed under our mix-and-match term sheet which you
25 can find on our website, nyc.gov/hpd under developers

2 and financing. Each unit, depending on its AMI
3 level, has-- depending on the income restriction, is
4 a different level of subsidy per unit, and that
5 amount can change from where we're at today versus
6 the total amount that's needed at the time of
7 closing. The reason for that change is because
8 construction costs fluctuate. The amount of tax
9 credit equity that's provided to the project can
10 change. A number of other issues can change between
11 now and the time of closing.

12 CHAIRPERSON KALLOS: So, what is the
13 maximum the tax payers could or would pay on this
14 project, or what is the current? Whichever one you
15 feel more comfortable on.

16 JORDAN PRESS: There is not a-- so, I
17 would refer you back to the term sheets, but--

18 CHAIRPERSON KALLOS: [interposing] So--

19 JORDAN PRESS: but it would not be,
20 particularly in this public forum, would not be
21 appropriate for me to commit to what the maximum
22 amount that a tax payer, that the tax payer is going
23 to be doing this project.

24 CHAIRPERSON KALLOS: Okay.
25

2 JORDAN PRESS: At this point, at this
3 point in the process, we are at a point of Land Use
4 approval. We are not at the point of approving
5 business terms which is conducted through a separate
6 process.

7 CHAIRPERSON KALLOS: Fair enough. So,
8 I'm just looking at the mix and match term sheet.
9 And so for 80 percent of AMI, which is 25 percent of
10 the units, the maximum subsidy is 115,000. Would
11 that be accurate?

12 JORDAN PRESS: That's according-- you
13 have the term sheet?

14 CHAIRPERSON KALLOS: We can pass along a
15 copy for you, but that is the term sheet. So, we'll
16 hopefully put all that together, but the subsidy goes
17 up. So there's 10 percent that the Council Member
18 was able to negotiate; that's 30 percent of AMI and
19 the subsidy for 20 percent-- 27 percent of AMI is
20 185,000. So, would you prepare a list of the maximum
21 financing for us so that we can share that with the
22 public?

23 JORDAN PRESS: So, the guidelines for the
24 financing is what is in the term sheet, which is
25 publicly available on our website. The-- what the

2 actual number will be is not determined until
3 closing. It is-- it would not be genuine of me to
4 discuss what that number is going to be at the time
5 of closing at this point in the process.

6 CHAIRPERSON KALLOS: And so when we're
7 talking about the 115,000 dollar subsidy or 80
8 percent of AMI unit, is that--

9 JORDAN PRESS: [interposing] That would
10 be the-- that's the maximum.

11 CHAIRPERSON KALLOS: And is that a just we
12 hand them the cash through the developer, or is that
13 a loan?

14 JORDAN PRESS: It's provided as a loan
15 that's deferred and accrued and paid at the end of
16 the loan term.

17 CHAIRPERSON KALLOS: Okay, so and the loan
18 term is either 30 or 40 years?

19 JORDAN PRESS: That's correct.

20 CHAIRPERSON KALLOS: So, folks get
21 115,000 dollars for every unit, up to, and then they
22 do not pay interest on that loan for 30 or 40 years,
23 and then at that point what interest rate are they
24 usually going to be charged? A range is fine at the
25 conclusion of it.

2 JORDAN PRESS: It's the applicable federal
3 rate, which is approximately 2.6 percent.

4 CHAIRPERSON KALLOS: I would love to get
5 a loan at that rate. The next question--

6 JORDAN PRESS: Well, I mean, so I agree
7 and that goes to the value of the city subsidy that
8 is being provided, because to make up for a gap of
9 where the private market and private lenders are not
10 providing.

11 CHAIRPERSON KALLOS: In the breakdown of
12 how much of a subsidy you'd give, if you could also
13 share the difference between how much the carry cost
14 is between zero deferral that we're offering the
15 developer and what it's costing the tax payers to pay
16 off that 2.6 percent interest as well as what the
17 difference is between that 2.6 percent interest and
18 what the market would bear for a regular person like
19 me or somebody watching at home, or even somebody in
20 the district if they wanted to borrow that. So, if
21 that paying four, five, six, God knows how much
22 percent, what the value of that differential is.
23 Now, are you the only ones providing subsidies--
24 sorry, financing from the government or is another
25 agency also providing financing?

2 JORDAN PRESS: HDC, Housing Development
3 Corporation, which is our sister agency, which the
4 HPD Commissioner is also the Chair of the Board of,
5 is also providing financing on the project.

6 CHAIRPERSON KALLOS: And HD-- are you
7 comfortable answering for HDC, or do we need to have
8 HDC at these hearings as well in order to comment on
9 their financing?

10 JORDAN PRESS: The HDC financing is also
11 subject to an HDC term sheet which is available at
12 NYCHDC.com.

13 CHAIRPERSON KALLOS: Fair enough. We're
14 just trying to make this easier for folks who are
15 watching at home or want to pay attention so that
16 they don't have to go to this website and then a
17 second website and then look things up on a term
18 sheet. The goal is to try to get everything out in
19 front of folks. So, hopefully we can get the value
20 of that. Is there any additional financing on this
21 project or is it all lending from the government?

22 JORDAN PRESS: So, I'll let Thomas get
23 into it, but we should also mention tax credit,
24 federal tax credits.

2 THOMAS BROWN: So, as part of our
3 package, and again, I'll preface that by saying that
4 our financing is still under negotiations with a
5 number of parties right now, but as part of our
6 projected package we're also looking at low-income
7 housing tax credits on the project, low-income
8 housing tax credit equity to be specific, and we're
9 also looking at in accordance with the term sheets,
10 some level of developer equity, which is still under
11 negotiation with the City of New York as well.

12 CHAIRPERSON KALLOS: Okay, so you're
13 getting federal tax credits, and then what was the
14 last one?

15 THOMAS BROWN: Developer equity.

16 CHAIRPERSON KALLOS: And that's through
17 which agency?

18 THOMAS BROWN: Well, we would be putting
19 that into--

20 CHAIRPERSON KALLOS: [interposing] Got it.

21 THOMAS BROWN: the project as part of the
22 mix-and-match.

23 CHAIRPERSON KALLOS: Okay. And so then,
24 the next piece is there's a rezoning as part of this.
25 So, under the current development rights you can do

2 that for floor area ratio. Under this new rezoning
3 you're going to be able to go up to nine. So, how
4 much additional square feet are you going to be
5 getting would you say?

6 CHRISTOPH STUMP: Well, that would be
7 with that calculation would be five times the lot
8 area which is approximately 29,000 square feet.

9 CHAIRPERSON KALLOS: so, about 145,000
10 give or take?

11 CHRISTOPH STUMP: Correct, correct.

12 CHAIRPERSON KALLOS: And so what is the
13 value if you were to have to purchase those air
14 rights in that Community Board or in the Bronx in
15 order to do that?

16 THOMAS BROWN: Well, we'd have to-- I
17 want to stop short of conveying numbers that we
18 haven't analyzed. So, I can't give you that right
19 now.

20 CHAIRPERSON KALLOS: In terms of the
21 rezoning, is that being put forward by City Planning
22 or by HPD or which agency is suggesting the change in
23 zoning?

24 TED WEINSTEIN: The purpose of the
25 rezoning is actually to make this block more

1 consistent with the surrounding area. In 2009, City
2 Planning sponsored the rezoning of the whole lower
3 Grand Concourse area. They exempted this block
4 feeling it wasn't needed at the time. So, now it's
5 not exactly the same zone as around it, but it's very
6 similar to the zoning around it, and it's done, you
7 know, very carefully to accommodate sufficient
8 affordable housing.
9

10 CHAIRPERSON KALLOS: Okay. Who at the
11 table feels comfortable with determining the value of
12 air rights in the Community Board and what the cash
13 value is for these additional air rights?

14 JORDAN PRESS: We'll have to get back to
15 you on that.

16 CHAIRPERSON KALLOS: Fair enough, and so
17 hopefully this will be something that we could share
18 on the record with the public.

19 JORDAN PRESS: You would have to discuss
20 with Council whether you want to reopen the hearing
21 for that purpose.

22 CHAIRPERSON KALLOS: I would-- we would
23 hope to add it just to the papers that we make
24 available on the City Council website. So, yes. The
25

2 next piece is, how tall are the buildings in the
3 vicinity?

4 TED WEINSTEIN: The immediate area, let's
5 say a block or two radius, has very, very little
6 residential. It's adjoining, in addition to the
7 park, Hostos Community College is up the block and
8 across the street. Those are, you know, a few
9 stories. Behind us to the west is mostly
10 manufacturing. That was the point of the rezoning,
11 was to make a manufacturing zone a mixed-use zone.
12 And so again, those are not very high. About two
13 blocks to the west and a little north there are two
14 buildings currently in construction. They're not as
15 tall as this would be.

16 CHAIRPERSON KALLOS: And so the-- what's
17 the tallest building currently in construction in the
18 vicinity?

19 TED WEINSTEIN: In the teens. I forget
20 the exact number of stories.

21 CHAIRPERSON KALLOS: And what is the
22 maximum height and what is the likely build-out for
23 this building?

24 TED WEINSTEIN: Well, this building is
25 going to be 27 stories, 285 feet.

2 CHAIRPERSON KALLOS: And so MIH-ZQA which
3 is the rezoning the City just did and R10A, which is
4 the densest possible, it actually has one additional
5 floor area ratio, the height is 260 feet. Is there a
6 reason why additional 25 feet is necessary for your
7 building form even though you actually have 10
8 percent less density than the densest district in the
9 City?

10 TED WEINSTEIN: This is-- it's a C63 with
11 MIH if I'm understanding your question right, and
12 that provides the height. There was, I'd have to
13 say, and I'm just a little hesitant about saying too
14 much because I don't want to be incorrect, this was
15 an extremely complicated rezoning. Christoph here
16 who's an architect has called it the most complicated
17 rezoning he's ever dealt with, and there was a
18 tremendous amount of back and forth between the
19 development team and City Planning as to how to make
20 this work, how to make it make sense, including in
21 terms of just the language of the text. They had
22 just done new text to accommodate MIH, and they
23 wanted to make sure that it was consistent that was
24 being proposed here as a text amendment was
25 consistent with what they were saying generally under

2 MIH, and in fact, the draft language was redrafted,
3 you know, a few times. And so, it is-- I mean, I can
4 read from the ULURP application the two or three
5 paragraphs that describes this if that's helpful, but
6 that's-- it's in the ULURP application itself as best
7 as-- it doesn't compare what's going to have to
8 adhere to an R10A. That comparison is not being
9 made, but it does explain why this is being done.

10 CHAIRPERSON KALLOS: Okay. I was hoping
11 for quicker back and forth on the questions and
12 answers. For full public disclosure--

13 TED WEINSTEIN: [interposing] That just is
14 a more complicated question. I'm sorry.

15 CHAIRPERSON KALLOS: I appreciate for
16 full public disclosure we do try to give questions to
17 folks ahead of time, so we hope that in the time
18 between when we gave the heads up, and now that folks
19 could have prepared. I know that we have members who
20 have questions, so I'm going to just ask one more
21 line of questioning and reserve on questioning about
22 MWBE and the jobs, which is just the affordability.
23 So, what is the household income in the surrounding
24 neighborhood in the same zip code?

2 JORDAN PRESS: The median household
3 income in 2015 for Bronx Community Board One is
4 24,670 dollars.

5 CHAIRPERSON KALLOS: And what AMI does
6 that translate to?

7 JORDAN PRESS: Probably in the 30 percent
8 range.

9 CHAIRPERSON KALLOS: And then the next
10 question is what are the rents in the surrounding
11 neighborhood in this same zip code?

12 JORDAN PRESS: About 100 percent of AMI.

13 CHAIRPERSON KALLOS: So, you've got
14 people making--

15 JORDAN PRESS: [interposing] There are
16 people making far less than what the rents in the
17 neighborhood cost.

18 CHAIRPERSON KALLOS: And in terms of the
19 assessment of the rents, is that based on market
20 units or rent stabilized units.

21 JORDAN PRESS: Sorry, the assessment of
22 the rents?

23 CHAIRPERSON KALLOS: How did you come to
24 the determination that the rent in the neighborhood
25

2 was at 100 percent of the area median income, and if
3 you could share what those rates would be?

4 JORDAN PRESS: There as a market--

5 UNIDENTIFIED: [interposing] Yeah, market
6 analysis.

7 THOMAS BROWN: The study undertaking.

8 CHAIRPERSON KALLOS: And the market study
9 included both the rent stabilized units, the rent
10 controlled units and the markets, and--

11 THOMAS BROWN: [interposing] Yes.

12 CHAIRPERSON KALLOS: So that included
13 what people are already paying who aren't getting a
14 new lease and people who are seeking a new lease?

15 THOMAS BROWN: Yes.

16 CHAIRPERSON KALLOS: Okay, so I think it
17 is pretty amazing that you have a champion in our
18 Land Use Chair Salamanca that he was able to get
19 almost all of the units, 75 percent of them, to be
20 under what the current rates are in the neighborhood.
21 In other types of developments I will be concerned if
22 we are building units that are less affordable than
23 the surrounding communities. So, I just want to
24 praise him for that, and I know he's asked a lot of
25

2 the other questions around these areas. I'd like to
3 turn it to Council Member King.

4 COUNCIL MEMBER KING: Thank you, Mr.
5 Chair, and thank you gentlemen for today's
6 conversation; informative, enlightening, and yes,
7 there's more that has to be done. As we have these
8 conversations, I understand not trying to get in
9 front of-- too far in front of process. So if we can
10 get accurate answers to the best of our abilities at
11 this time and moment. Council Member Salamanca, this
12 is his district, so for the most part members tend to
13 defer to the member on what the member is advocating
14 and negotiating for their district. But I do want to
15 just ask one or two questions in regards to similar
16 what he was asking in regards to the layout. And I
17 understand when you do build buildings such as these,
18 there needs to be a set of parking that's dedicated--
19 percentage of parking. Since there is no parking--
20 I'm very familiar with the neighborhood, worked in
21 the neighborhood for over 15 years, so I know
22 parking's a challenge even though it's part of a
23 commercial strip, warehouses, you know, industrial,
24 but still parking on the Grand Concourse and those
25 back streets, there's really none. You got NYCHA

2 developments. You have tenement buildings. What--
3 you know, I didn't hear a real plan for parking other
4 than let's go take a look at it. So, no one decided
5 early on that let's go take a look at it before we
6 decided not to build any parking in this-- include
7 any parking in this structure?

8 JORDAN PRESS: There-- so, I'm going to--
9 go ahead, Ted.

10 TED WEINSTEIN: Yeah, this is in what is
11 referred to as a transit zone. As you all know, the
12 zoning resolution was amended, I guess at this point,
13 two years ago under the ZQA, and I will say from
14 HPD's point of view, what we found over the years is
15 that when new buildings were being built through our
16 programs which had parking, either garages or surface
17 parking, they were almost always significantly
18 underused. You know, we would walk in, and like
19 first thing we'd walk into some of these buildings
20 and I would see a garage with 20 spaces with two
21 cars. We would speak to developers and managing
22 companies and they would say that that was pretty
23 consistent. And that, you know, bluntly is just a
24 waste of valuable gas resources of funds and of
25 space. In fact, one of the phenomenons that we've

2 been experiencing in the last few years is many cases
3 developers would build a building with a surface
4 parking lot have come back to get funding to build a
5 second building on part or all of the parking lot
6 because it's just being so underutilized. I mean,
7 City Planning had a whole series of other criteria
8 and facts that they learned in putting together that
9 amendment of the zoning resolution. This is an
10 excellent example of a transit zone. It's literally
11 just down the block from subway station that serves
12 three different subway lines. It's-- there were buses
13 on the Grand Concourse, a major thoroughfare in the
14 Bronx as you know. And so, you know, people drive
15 around looking for spaces rather than going to
16 garages very often. You know, and that was one of the
17 things that we've been told when we've spoken in
18 front of Community Boards and other organizations.
19 And so while it-- I don't think people doubt that
20 there are-- that there's a challenge for on-street
21 parking in areas. It's not solved if you build a
22 garage or parking lot that isn't used, and that was
23 our experience.

24 COUNCIL MEMBER KING: Okay, so, in the
25 future as y'all continue to move with this project,

2 please-- it's up to Councilman Salamanca, if he wants
3 to figure out how y'all improve parking, even if it's
4 just a smidgen of parking, because it's-- what's
5 going to end up happening, it's going to become a DOT
6 problem for the residents who get tickets, and
7 they're going to be mad because if I do own a car, I
8 should be able to park in a building such as-- not
9 ride around for hours to find a parking spot or got
10 to get moved because alternate side of street parking
11 and get tickets. So, I'm not saying you got to build
12 50 spaces, but you got to figure out how to provide
13 something for your new building so if anybody wants
14 that option, there's something there available. My
15 second question would be-- we're talking about the
16 height of the building around-- you know, again
17 buildings around here are not this high, 27 stories.
18 I just want to know what was-- how did you come to
19 the decision, why 27 not 23 not 12? Because other
20 than the NYCHA buildings there aren't buildings that
21 big in this location?

22 TED WEINSTEIN: Okay, first I'll just--
23 I'll talk about the intent here and then they can
24 talk about the actual technical aspects of it. When,
25 unfortunately, the school building had to be

2 demolished making this city-owned vacant lot we
3 determined it would be a good site to build new
4 affordable housing. We made a decision, and I spoke
5 to the Community Board about this and others, that
6 this should be something a little different. I even
7 said that when I spoke in front of the Community
8 Board as it was going through the ULURP process. I
9 said to them you're going to see something different
10 that night, and intentionally so. It's right on the
11 Grand Concourse which is a wide street. It's a major
12 thoroughfare in the Bronx. It's across and it's
13 surrounded by Hostos Community College and other low-
14 rise buildings. It's not on a block or a row of one
15 or two-family homes. And so it's an area that could
16 accommodate something a little larger. I know the
17 Borough President has expressed a very positive
18 response to having something like this, something
19 noteworthy. I don't know if I want to use the word
20 "iconic," but something that will stand out. And so
21 that was the intent in the RFP that we issued, and
22 many of the proposals that we received, you know,
23 were along these lines or were similar. I guess the
24 simple answer before I turn it over to them is that
25 the building has more affordable units and that's

2 obviously our mission is to try to provide as many
3 affordable units as we can.

4 CHRISTOPH STUMP: So, yes, the building,
5 the proposed building height of approximately 285
6 feet is just as Ted said, is to provide the maximum
7 amount of affordable units on the site. What I also
8 want to say is the surrounding buildings currently
9 don't reflect what could be built in the surrounding
10 areas. Ted mentioned the rezoning that was done in
11 2009 would allow for higher buildings. We did not
12 conduct a study on how that could look like, but I do
13 know that there are what would be considered
14 underbuilt lots in the immediate vicinity.

15 COUNCIL MEMBER KING: I thank you for
16 that answer, because that almost leads into the next
17 question. Because if this is going to be the iconic
18 building because you can build up that high, doesn't
19 mean necessarily, but do you set a new precedent for
20 this part of the Bronx in this district that once you
21 build high the next developer wants to build as high,
22 this as high, this as high, and now you've taken a
23 piece of the Bronx that had free space, people could
24 stretch their arms out; now you've just built a
25 community that's stacked on top of one another

2 because everyone wants to build to maximum capacity.

3 So, I'm asking you as you continue to figure out how

4 you build, let's figure out how we don't build

5 everything to maximum capacity as to give yourself

6 some space and some freedom and more important the

7 people who have to live in that neighborhood, which

8 goes to the next question. Is this educational

9 campus that's being built or educational space, is

10 that designed to be fed by the people in the building

11 or it's for the entire district?

12 TED WEINSTEIN: It's for the community

13 at-large.

14 COUNCIL MEMBER KING: Okay, for the

15 community at-large. And then my last question goes

16 back to the community, talking about people's-- the

17 AMI here. How do we ensure-- what plans do you have

18 ensured to make sure that residents who live in that

19 neighborhood not only have access to this housing but

20 actually get into this housing? Because if you're

21 saying the majority of the people that can't afford

22 the housing that's around it, how you going to put

23 them in this new building? Because people have

24 complained about the Bronx about "New Port Morris"

25 [sic] that influx people from all parts of the City

2 and the residents who have lived there for 20 or 25
3 years can't get into the new housing that's being
4 developed.

5 JORDAN PRESS: If I may, so it's-- we
6 discussed earlier with the Chairman about how we will
7 work to do affirmative marketing together to prepare
8 CB1 and other south Bronx residents for-- to apply.
9 HPD marketing guidelines currently include a
10 community preference. Right now it's 50 percent, and
11 whatever that community preference is at the time of
12 lease-up is what we'll apply and that will be written
13 into the regulatory agreement.

14 COUNCIL MEMBER KING: Well, I just pray
15 at the end of the day that everyone's happy,
16 especially the people who lived in that neighborhood
17 all their lives and a new building gets constructed,
18 they have opportunity to be in there and raise their
19 families. Because we've heard on the news recently
20 from some landlords that's messing it up. Some
21 apartments are just rat infested, no heat, and a new
22 building gets erected, and I still got to live in
23 this messed up apartment and I don't have access to
24 a new building. So, I just look forward to you all
25 doing--

2 JORDAN PRESS: [interposing] We agree.

3 COUNCIL MEMBER KING: whatever you got to
4 do to make sure Bronxites [sic] have better places to
5 live. Thank you, Mr. Chair, and thank you Mr.
6 Salamanca, Council Member Salamanca.

7 TED WEINSTEIN: If I may just emphasize
8 the point that-- about the community preference, that
9 since the system is computerized, our marketing unit
10 tells us that every single building that has gone
11 through the process has been able to achieve the
12 community preference threshold.

13 CHAIRPERSON KALLOS: Thank you, Council
14 Member King for some strong questions. Onto Council
15 Member Deutsch followed by Council Member Diaz,
16 Senior.

17 COUNCIL MEMBER DEUTSCH: Thank you,
18 Chairs. First of all, bless you. Okay, so I have a
19 few questions. First of all, I'm looking through
20 the-- all the details of this 27-story development.
21 I don't see anything here of what the flood zone this
22 building is in. Do you know what flood zone?

23 CHRISTOPH STUMP: This project site is
24 not within a flood zone.

2 COUNCIL MEMBER DEUTSCH: So, you have the
3 Harlem River like right there. So, how can that not
4 be part of flood zone?

5 CHRISTOPH STUMP: So, the site is
6 actually located on a little bit of a ridge in that
7 area. So, there's a significant great difference
8 down to the river. We are multiple tens of feet
9 above the Harlem River.

10 COUNCIL MEMBER DEUTSCH: And during
11 Hurricane Sandy, was this area at all flooded?

12 CHRISTOPH STUMP: I don't know.

13 COUNCIL MEMBER DEUTSCH: So, if you don't
14 know and you're saying it's above grades, so how do
15 we know that it's-- I mean, how do we know it's not
16 in the flood prone area?

17 TED WEINSTEIN: There was no flooding in
18 this immediate area.

19 COUNCIL MEMBER DEUTSCH: There was no
20 flooding at all?

21 TED WEINSTEIN: Not in this immediate
22 area, no.

23 COUNCIL MEMBER DEUTSCH: Okay. So, in
24 addition to that, I just want to say that this is
25 kind of a unique building which I'm looking at the

2 architecture and everything. You have 27 stories,
3 277 units, and you have a school, educational faculty
4 in the same building. So, would you say this is like
5 a unique project to have a school in the same
6 building as a high-rise? Is this a model of any
7 other buildings that you have seen in the City?

8 TED WEINSTEIN: It's not that unusual for
9 a charter school space. There are not many examples
10 of SCA DOE schools within residential buildings, but
11 we've had other cases. I mean, I can only speak for
12 the Bronx. We've had other cases, not in the recent
13 past, where developers came in with part of their
14 proposal being to provide space for a charter school.

15 COUNCIL MEMBER DEUTSCH: How many
16 children do you anticipate to be in the school?

17 CHRISTOPH STUMP: The RFP response had a
18 children's population of somewhat over 200 children,
19 but again, right now we haven't secured a school
20 operator, and that varies very much from operator to
21 operator.

22 COUNCIL MEMBER DEUTSCH: Now, do we know
23 if it's going to be an elementary, middle school,
24 high school? Do you know what type of school that is
25 lacking in this area that might be part of this RFP?

2 THOMAS BROWN: no, well we've been in
3 contact, as I mentioned earlier with a number of
4 operators from preschool, from elementary school up
5 through high school. So, the range of possibilities
6 are wide open. Right now we're trying to bring that
7 down a little bit right now in our conversation. So
8 when you have a school in this high-rise, how do you
9 segregate the school from the residents in the
10 building?

11 CHRISTOPH STUMP: It has a second
12 opening, but-- yeah. It has a separate entrance on
13 Walton Avenue, and the internal circulation is
14 completely separated from all other uses. So, the
15 educational facilities has its own interior
16 circulation as well as egress. There's no
17 intermingling.

18 THOMAS BROWN: Along the-- on the rendering
19 along Walton Avenue you'll see the entrance to the
20 building, to the school component.

21 COUNCIL MEMBER DEUTSCH: So how far is
22 the entrance to the school to the entrance of the
23 building?

24 CHRISTOPH STUMP: The residential
25 entrance is on the opposite side of the building.

2 The lot is approximately 200 feet wide. Sorry, 160
3 some feet wide, so. It's on the opposite street of
4 Grand Concourse because it's Walton Avenue.

5 COUNCIL MEMBER DEUTSCH: And this is part
6 of the transit district so you have plenty of public
7 transportation around there where the kids, obviously
8 from the school, using mass transit will be going
9 around the building. One of my concerns when I'm
10 looking at this is also when you have so many
11 residents-- I'm just openly talking-- that when you
12 have so many residents in the building and you have a
13 school, how do we monitor let's say the sex
14 offenders, any sex offenders that are in the
15 building? Because I've not seen too many schools in
16 a residential building.

17 THOMAS BROWN: Well, I would say that the
18 building itself has a secure-- has a significant
19 amount of cameras and lighting around it just as a
20 matter-- just as a part of the building design, and
21 then we would also work with the operator who will be
22 in control of their own space to monitor for that as
23 well.

24 COUNCIL MEMBER DEUTSCH: I think that's--
25

2 JORDAN PRESS: [interposing] I would just
3 add that typically in the lease-up of a residential
4 building, the landlord will go through a background
5 check to make sure that the tenants are able to pay,
6 understand their credit and other background items.
7 HPD has guidelines about what you can and cannot
8 reject people for with respect to things like credit
9 history, if you have a history of homelessness, a
10 little bit different, but to your question about
11 somebody with a, you know, particularly with like a
12 recent sex offense, that would come out in the-- you
13 know, in a background check at the time of the lease-
14 up.

15 COUNCIL MEMBER DEUTSCH: So, first-- it
16 might come out in the background check, but someone
17 that moves into one of these apartments, it could
18 happen later on so you won't see it in the background
19 check. I just want to make sure that I think it's
20 important that part of the RFP when you have a
21 discussion with the school that there should be some
22 type of professionals and authority to come in and
23 just to talk to the students to make sure that
24 there's extra security, because cameras are good for
25 after the fact if something happens. But I think the

2 children, whichever school comes in here, they should
3 be educated and also they should be monitored also by
4 the school, part of the RFP just to monitor if
5 there's any sex offenders that are moving into the
6 building or already a resident in the building can
7 become sex offenders later on, because we're talking
8 about a lot of residents here, and we just have to
9 keep the kids, the children, safe. So, I think
10 that's important. Also, another note, I just want to
11 ask the panel, how did you get here today? By car?
12 By mass transit? Just curious.

13 CHRISTOPH STUMP: Subway.

14 COUNCIL MEMBER DEUTSCH: Subway.

15 THOMAS BROWN: Subway.

16 JORDAN PRESS: Subway.

17 COUNCIL MEMBER DEUTSCH: You own cars?

18 TED WEINSTEIN: I [inaudible].

19 COUNCIL MEMBER DEUTSCH: You don't have a
20 car. So, the Chair asked the question about parking
21 and so did Council Member Andy King. The answer you
22 gave, Ted's, I mean this is not my district, but this
23 is something that could happen anywhere in the City,
24 but parking is an issue, and I've never seen a
25 parking lot that's underutilized in the way that you

1 just described it, that you have a parking lot that's
2 totally empty. 277 units, you have cars. You know,
3 if there's some type of an incentive to tenants that
4 if you don't have a car you'll get some type of
5 incentive to move into a building like this, that
6 makes sense, because then you're bringing in people
7 who are committed not to have vehicles but to use
8 mass transit, but until we have some type of
9 incentive for them, it could be a tax credit, it
10 could be anything else, but you know, you don't know
11 how many people out of 277 apartments and three
12 bedrooms and up that may own vehicles that won't find
13 parking nearby, and you mentioned the parking lot a
14 quarter of a mile away. I don't think anyone's going
15 to be moving into an apartment that's affordable
16 housing to start paying 350 dollars a month for
17 parking. So that's not-- that's not going to happen.
18 So, I mean, whenever something, a project like this,
19 goes up I don't think the answer would be is that the
20 parking is not being utilized, but we need to figure
21 out in the future that you have a development in such
22 a large scale that there must be some type of parking
23 for the residents. It's not a ZQA. A ZQA, I know
24 that in certain areas in the mass transit that was 20
25

2 percent [sic] MIH. So, I think you-- there needs to
3 be parking. Thanks for the answer.

4 JORDAN PRESS: Thank you.

5 CHAIRPERSON KALLOS: We have questions
6 from Council Member Diaz, Senior. We have an
7 additional panel for testimony on this matter as
8 well.

9 COUNCIL MEMBER DIAZ: Thank you, Mr.
10 Chairman. Before I ask my question, Mr. Chairman, I
11 would like to ask a question to you. I want to get
12 my mind clear about how we're doing this, because I
13 see some of you guys, especially you, Mr. Chairman,
14 you asked some questions and the answer for many of
15 them was, "I will get back to you. I will get back
16 to you." So, what are the rules? The rules are we
17 voting no matter what, or are we holding the vote
18 until those questions are properly satisfied?

19 CHAIRPERSON KALLOS: I am so glad you
20 asked, and I am so glad to welcome you to the
21 committee. I think that the point you are making is
22 one that has long been unspoken, which is at many
23 hearings we ask questions, we give the questions
24 ahead of time, but it's always, "I'll get back to
25 you." And so I look forward to working with you and

2 our Land Use Chair about changing the precedence, and
3 I for one would be willing to stand with you on
4 getting the answers before we vote. This item is not
5 up for a vote today. So, I'm happy to work with my
6 brothers and sisters in the Bronx on this specific
7 matter.

8 COUNCIL MEMBER DIAZ: Thank you. Another
9 question to you, Mr. Chairman. Mr. Chairman, I have
10 another question for you. A member of the planning
11 board had been invited to testify today? Were they
12 invited or no?

13 CHAIRPERSON KALLOS: So, I don't believe
14 they've been invited. However, based on both of our
15 feeling that there is a Land Use item here and the
16 fact that HPD was not able to answer their questions,
17 I think moving forward if there is a zoning action
18 involved, we will be inviting CPC to be here as well.

19 COUNCIL MEMBER SALAMANCA: Mr. Chair, if
20 you'll allow me. So, Council Member, the Community
21 Board, they sent a letter with their recommendations.

22 COUNCIL MEMBER DIAZ: No, I'm going there
23 now.

24 COUNCIL MEMBER SALAMANCA: Oh, okay.
25

2 COUNCIL MEMBER DIAZ: That's where I'm
3 going, because I'm reading here that says-- where was
4 I? The Community Board on 09-28-17, September 28,
5 1917 [sic], the Community Board vote 15 in favor,
6 nine opposed and one abstained. Nine and one abstain
7 against 15, so this is not a-- the [inaudible] not
8 overwhelmingly approved this. And another question
9 that the Community Board approved this with certain
10 conditions, and one of them said, "Retain new
11 development property manager for the project." Why--
12 what was wrong with the first one?

13 CHAIRPERSON KALLOS: I'm going to defer to
14 the Chair of the-- the local member on this one
15 unless you want to--

16 COUNCIL MEMBER SALAMANCA: So, what they
17 were referring to was the property manager, Wave
18 Crest [sic] is initial. So, you have, you know, you
19 have organizations that collect the rent and they're
20 in charge of the maintenance, and so Community Board
21 One has issues with Wave Crest, and so I believe that
22 their original proposal Wave Crest was going to be
23 the property manager, and so they requested that Wave
24 Crest not be the property manager.

2 THOMAS BROWN: So, and we have since
3 removed that management company, and we're in the
4 process of identifying a new management company.

5 COUNCIL MEMBER DIAZ: The Community Board
6 again is approving this based on those requirements.
7 Those requirements had not been complied to with.
8 So, how are we doing?

9 JORDAN PRESS: On that matter, they are
10 complying with it. On the matter of who the
11 management-- on the question of who the management
12 company was, they complied with the Community Board's
13 request to use a different management company.

14 COUNCIL MEMBER DIAZ: Yeah, one that they
15 approve.

16 JORDAN PRESS: One that the board
17 approves?

18 COUNCIL MEMBER DIAZ: So, they-- the
19 developer has not yet identified one, and they will
20 return to the board and the Council Member when they
21 do.

22 COUNCIL MEMBER DIAZ: [inaudible] When--
23 see, I'm from the Bronx. I used to be representing as
24 a Senator [sic], part of this area, and I know that
25 my son [sic] as a Board President and the leaders of

2 the community, we all want to see the Bronx being
3 rebuilt and to see housing. We always-- one thing
4 that I am trying to always say that I would like not
5 to see, I don't like the Bronx to become Harlem, and
6 I tell you why. Harlem is beautiful now. Harlem has
7 been renovated, beautiful, but the natives are no
8 longer there. So, I'm very cautious when we do this
9 thing, because we always hear the nice word, the nice
10 word is affordable, affordable. Then the bottom line
11 is affordable to whom? So when you have so many
12 affordable houses that you say, oh, it's going to be
13 affordable, affordable-- affordable to whom? Can you
14 answer that to me anyone of you, affordable to whom?

15 JORDAN PRESS: So, let's go back to the
16 AMI chart. So, this is exactly who it's affordable
17 to. People earning a range of-- people who are
18 extremely low-income, 20,000 dollars a year
19 approximately, up to people who have good jobs,
20 middle-income, not higher than 95,000 dollars a year.

21 COUNCIL MEMBER DIAZ: Twenty-thousand
22 dollars for-- how many member of the family?

23 JORDAN PRESS: Their annual-- so, the
24 20,000 dollar number is for a single household, and
25 the 28,000 dollar number is for a family of four.

2 COUNCIL MEMBER DIAZ: For a single
3 household, 20,000?

4 JORDAN PRESS: Right.

5 COUNCIL MEMBER DIAZ: And that's
6 affordable for our community?

7 JORDAN PRESS: Yes, it is.

8 COUNCIL MEMBER DIAZ: Okay, I don't even--
9 - I don't want to ask any more question. Thank you,
10 Mr. Chair.

11 CHAIRPERSON KALLOS: So, I had some
12 questions I had held on reserve. These-- so, with
13 regards to the development, you've got a developer,
14 you've got an architect, you've got general
15 contractor, you've got management. I'd like to know
16 for each who the owners are and how many are MWBE's.
17 I'd also like to know who the executives are and how
18 many are MWBE, and MWBE means minority, women--
19 minorities and women. So, the developers, who are
20 the developers and who are the-- who are the
21 developers of this project and who are the owners of
22 those development companies, and what is their gender
23 and--

24 JORDAN PRESS: I just want to make one
25 important distinction. An MWBE is a technical term

2 of being certified as a minority or women-- minority
3 women business enterprise, which is distinct from
4 what the racial make-up is of the executives of a
5 firm. I just want to clarify the question. Are you
6 asking about MWBE's and how many MWBE's are involved,
7 or are you asking about the racial make-up of the
8 executives of the companies that are involved?

9 CHAIRPERSON KALLOS: I'm asking both. I'm
10 not only interested in racial. I'm also interested in
11 women, and it so happens that the Mayor has been
12 asking nonprofits and other organizations throughout
13 the City that doesn't even have any business with the
14 City to disclose this type of information as well.

15 JORDAN PRESS: Right. So, I'll let
16 Thomas speak to it. I just want to mention that HPD
17 has a requirement called our Build up Program, where
18 25 percent of HPD supportable costs of our subsidy
19 need to be spent as a goal on certified MWBE's. So,
20 that can be a contractor. It can be a painter. It
21 can be an architect. It can be a landscape
22 architect, but that is something that we are actively
23 monitoring as a new HPD program under this
24 Administration, but I'll let Thomas answer the rest.

2 THOMAS BROWN: Okay, so we'll start with
3 the developer, Trinity Financial, and I'll ask MBD to
4 speak on its own organization. Trinity Financial,
5 I'll start with, is not an MWBE, but the company
6 itself has two principals, one that's a minority and
7 one that is not, so 50 percent minority ownership.
8 As far as the senior staff within Trinity, I would
9 say that that make-up is about-- and again, I'm sorry
10 I don't have the exact number, but I would say about
11 80 percent either-- and/or minority, and/or female.
12 And as a company, company-wide, and I think we're
13 over now over 250 employees. We're at about 60
14 percent female and/or minorities.

15 CHAIRPERSON KALLOS: And with regards to
16 MBD Community Housing Corp?

17 DERRICK LOVETT: Yes, MBD is a nonprofit.
18 We employ about 30 maintenance staff and nine
19 administrative and social service personnel. With
20 the administrative staff we are about 35 percent
21 women, and our whole company we're at 98 percent
22 minority.

23 CHAIRPERSON KALLOS: And that includes
24 executives and owners?

25 DERRICK LOVETT: That's correct.

2 CHAIRPERSON KALLOS: And board members?

3 DERRICK LOVETT: Well, as far as
4 executives, we're 100 percent minority. We just
5 hired one gentleman who will be joining the executive
6 staff shortly, and with the board it's 100 percent
7 minority.

8 CHAIRPERSON KALLOS: Great. And the--

9 DERRICK LOVETT: And about 50 percent
10 women.

11 CHAIRPERSON KALLOS: Great. And the
12 architect, Dattner Architects?

13 CHRISTOPH STUMP: The architect is not
14 currently a MWBE--

15 CHAIRPERSON KALLOS: [interposing] And--

16 CHRISTOPH STUMP: [interposing] And the
17 members, the ownership members, I'll have to get back
18 to you on the exact make-up.

19 CHAIRPERSON KALLOS: And the information
20 that you share with us, we can share with the public?

21 CHRISTOPH STUMP: I believe, yes.

22 CHAIRPERSON KALLOS: And the general
23 contractor, Monadnock Contract Construction
24 Incorporated?
25

2 CHRISTOPH STUMP: To my knowledge it's
3 also not a minority or women-owned business, and I'll
4 also have to get back to you on that with regards to
5 the ownership make-up.

6 CHAIRPERSON KALLOS: And the management
7 company is to be determined still?

8 CHRISTOPH STUMP: Correct.

9 CHAIRPERSON KALLOS: And that's in
10 response to the Community Board.

11 CHRISTOPH STUMP: Correct.

12 CHAIRPERSON KALLOS: With regards to the
13 work that's happening on the site, my understanding
14 is that based on the local member and Land Use
15 Chair's strong negotiation there's a commitment for
16 the service after the building is opened for those
17 folks to receive a wage rate that is commensurate
18 with other people in the area. They will have
19 benefits. They will have opportunity for training.
20 They will have pensions and what have you.

21 JORDAN PRESS: Yes.

22 CHAIRPERSON KALLOS: What is-- will that
23 also be available for those constructing the
24 building?

2 CHRISTOPH STUMP: The building is-- the
3 construction contract is for non-prevailing wage
4 construction.

5 CHAIRPERSON KALLOS: Okay.

6 CHRISTOPH STUMP: I'm not sure if that
7 answers your question.

8 CHAIRPERSON KALLOS: I think that does.
9 So, they will not be receiving a prevailing wage.
10 Will they have health benefits so if they get injured
11 on the job, or disability benefits if they become
12 disabled on the job, be on the state workers' comp?

13 CHRISTOPH STUMP: I will have to get back
14 to you on that.

15 CHAIRPERSON KALLOS: Okay. I just-- the
16 other piece is, so in terms of the facilities, you
17 will have a medical facility. Given the fact that--
18 from what I understand from the local member, the
19 area does have a lot of folks at 100 percent of the
20 area median income, but there are folks who are lower
21 income in the immediate vicinity. Those folks will
22 be on Medicare and Medicaid.

23 THOMAS BROWN: Yes.

24 CHAIRPERSON KALLOS: Will the medical
25 facility accept Medicare and Medicaid?

2 THOMAS BROWN: Yes, it will, and I would
3 also add that we're negotiating a long-term lease
4 arrangement with the operators. So, that will be for
5 a long term.

6 CHAIRPERSON KALLOS: And with regards to
7 the retail, it's 12,000 square feet, that's a lot.
8 Is that going to be another bank? I don't know if
9 this neighborhood is highly banked, but is it a bank?
10 Is it a supermarket? Is it a chain store, a big-box
11 store, what do you--

12 THOMAS BROWN: No, we're targeting a
13 supermarket, and we're in conversations with a number
14 of supermarket operators.

15 CHAIRPERSON KALLOS: Okay, and in terms
16 of the school, what type of-- is it a-- what kind of
17 school is it going to be?

18 THOMAS BROWN: As I mentioned earlier,
19 we're in conversations with a number of operators.
20 So, ranging from elementary through high school.

21 CHAIRPERSON KALLOS: And so, is it-- are
22 you working with the School Construction Authority or
23 the Educational Construction Fund or?

24 THOMAS BROWN: Right now we're working
25 with charter school operators. We've-- early on in

2 our pre-development process we contacted the SCA and
3 provided them with our plans and to get some
4 feedback, and I don't know if you want to talk about--
5 -

6 CHRISTOPH STUMP: The plans that we had
7 developed in conjunction with the partnering, we went
8 into the-- or we submitted as an RFP response which
9 was a charter high school. The plans did not suffice
10 SCA's requirements. So, I think just for HPD, so in
11 the Community Board resolution they indicated that
12 advanced discussions with SCA to ensure school seat
13 capacity is met with projects in the district to
14 reduce school seat deficits in Community Board One.
15 I guess is-- are those-- is that happening?

16 JORDAN PRESS: Sorry, can you read the
17 passage again?

18 CHAIRPERSON KALLOS: It's from the
19 handout that's publicly available-- it's not? Oh,
20 it's an internal briefing. We're going to make so
21 much available to the public on these moving forward.
22 It's not even funny. So, this is something that
23 Council Member Diaz, Senior was referencing and I'm
24 glad he called our attention to, and this is the
25 Community Board's resolution, and so if he had

2 focused on the property manager-- and so the
3 Community Board resolution reads: "in association
4 with future EIS of HPD projects, advance discussions
5 with School Construction Authority to ensure school
6 capacity is met with projects in the district to
7 reduce school seat deficits in Bronx Community Board
8 One." And that is publicly available.

9 JORDAN PRESS: We work with our partners
10 over at SCA and City Hall on that.

11 CHAIRPERSON KALLOS: Okay. There are a
12 lot of items where you said I will-- that you will
13 get back to us. It is my belief as well as the
14 belief of Council Member Diaz, Senior who I applaud
15 for really standing up on that, and I hope you will
16 continue to do so. It will be good to have a number
17 of folks saying to the city agencies that you need to
18 come to these hearings with all the answers and we
19 look forward to having those answers. This is the
20 initial hearing. We will continue to add to the
21 record, and we will work with the local member and
22 Land Use Chair as we head towards a vote. We have--
23 and I'd like to excuse this panel, but we will send
24 additional questions to you and just ask that the
25 additional materials are provided under the same

2 terms as where you are today which is that under your
3 affirmation that it will be accurate, truthful and
4 accurate. Thank you. I'll excuse this panel. We
5 have a second panel, Bryant Brown who represents 32BJ
6 SEIU, and William Woodruff of UFT, the United
7 Federation of Teachers. Who'd ever like to go first,
8 and if you can keep your remarks shorter. If you
9 exceed a certain number of minutes-- we're going to
10 aim for two to three minutes, but we'll-- I tend to
11 do five. So, let's start with five, and you don't
12 have to use all five.

13 BRYANT BROWN: Excellent. Good
14 afternoon, everyone. Thank you for the opportunity
15 to testify today. My name is Bryant Brown, and I am
16 here speaking on behalf of 32BJ SEIU. 32BJ is the
17 largest property service union in the country
18 representing 85,000 service workers across the City
19 and 163,000 nationwide. 32BJ members maintain,
20 clean, and provide security services in schools,
21 commercial and residential, both market rate and
22 affordable buildings all across the five boroughs,
23 including at projects like 425 Grand Concourse. 32BJ
24 SEIU supports responsible developers who are
25 committed to supporting working families. Our union

2 has had very productive conversations with the
3 development team, and we hope to continue working
4 with the community and with applicants to ensure that
5 this project provides good building service jobs for
6 New Yorkers. We would also like to thank Chair
7 Kallos as well as Council Member Salamanca for his
8 support. Good jobs can help Bronx residents out of
9 poverty and allow workers at the site to support
10 their families and continue to call New York home.
11 Thank you.

12 CHAIRPERSON KALLOS: Thank you for only
13 using 45 seconds.

14 WILLIAM WOODRUFF: Hello, my name is Bill
15 Woodruff. I come representing the United Federation
16 of Teachers. I've worked with Councilman Salamanca,
17 so he knows keeping it short is not my strong suit,
18 so I will try my best. I come also not just as the
19 district rep for District Seven who would look at
20 this and a member of the District Leadership
21 Committee, but also as a teacher at PS31, and so I
22 feel like I need to correct the record when they said
23 that PS31 was closed. The building was condemned,
24 but PS31 is still here. I taught there this morning.
25 The community is there, and in fact, for the 14 years

1 that I've worked in this community, the children have
2 come from that neighborhood and crossed the Grand
3 Concourse, and if you've ever been there in the
4 mornings when it's rush hour, they've made that
5 dangerous commute because they love PS31. So, we're
6 taking something from the community and we're
7 building something. And I've also been there for 14
8 years, and when I was moving to the Bronx recently,
9 personally I was priced out of the Bronx, out of the
10 lower part of District Seven. So I understand the
11 need for affordable housing and I understand that I
12 had to move to a different part of the Bronx because
13 I was priced out personally. So, I understand both
14 sides of the situation, and I truly love that we're
15 putting affordable housing. I don't understand why
16 these children and these families who for the last
17 almost 20 years have been crossing the Grand
18 Concourse to continue at PS31 when their school was
19 displaced, are continuing to be displaced because
20 we're only working with charter operators. It's been
21 my experience that charter operators do not work to
22 maintain the same level of quality, and in fact, in
23 New York State they've gone to the Board of Ed. to
24 say, the State Department of Ed., to ask to not have
25

1 the same level of teacher credentials recently. And
2 now we're going on the record saying that this new
3 educational facility, one of the reasons they aren't
4 working with SCA is because it doesn't meet the
5 School Construction Authority requirements. That
6 concerns me. Because for 14 years I've gotten up
7 early every day, sometimes being at my school at 5:00
8 a.m. because I care about this community. We looked
9 at these issues across the country. We've looked at
10 these issues how they've hurt our public schools, and
11 I can tell you that this year alone, out of the 23
12 elementary and middle schools in my district-- I do
13 not cover high schools-- I took four of those because
14 there are class size issues, and the public schools
15 don't have enough seats. The charter schools,
16 plenty of seats because they're pushing their kids
17 out and they're ending up back in the public schools,
18 but yet there's not a conversation to move that
19 displaced school back to their traditional home.
20 There's not a conversation to put a public school
21 back into the community, and there's no public school
22 right in that area. Those families are walking a
23 long distance in order to go to a public school. As
24 a Bronx-ite because now I'm proud to live in the
25

2 Bronx and I'm happy to be here, and I don't see
3 myself going anywhere for a very long time, because I
4 do love the Bronx. I want my tax dollars accounted
5 for, and Charter schools don't have that tax
6 accountability as well. So, I have a lot of concerns
7 when it come to the educational quality, that the
8 children in the neighborhood that I love. And so I
9 ask if there be a consideration to put a public
10 school, a public elementary school knowing that we
11 don't have enough seats for our children in public
12 elementary schools in District Seven. Thank you.

13 CHAIRPERSON KALLOS: You currently teach
14 at PS 31?

15 WILLIAM WOODRUFF: Correct. I'm the
16 district rep and I also currently teach at 31. So,
17 district rep is a split position in that I do
18 represent the UFT's interest across the district, but
19 I do have teaching responsibilities at my home school
20 as PS31. Currently I teach fourth grade enrichment.

21 CHAIRPERSON KALLOS: Thank you for taking
22 time for being here today. Thank you also for living
23 and working in the same community. I think our city
24 would be much better off if our folks did that. How
25 many folks-- how many kids do you tech I your

2 classes? Your class overcrowded or is your school
3 over--

4 WILLIAM WOODRUFF: I teach an enrichment
5 pull-out. My class does-- right now, we don't have
6 enough teachers. So, there is a couple of periods a
7 week where we have what are called mass preps where
8 the children are placed into large rooms in there.

9 What I can-- while PS31 did not have oversized
10 classes, I do represent all of the elementary and
11 middle schools and so I can speak to-- four of my
12 schools were found to have oversized classes
13 throughout the district including another elementary
14 school. There is the need for public school seats.

15 CHAIRPERSON KALLOS: I'd like to call on
16 Council Member Ruben Diaz, Senior.

17 COUNCIL MEMBER DIAZ: Thank you, Mr.
18 Chairman. Just say that I used to take my son, the
19 one who's Borough President now, who went [inaudible]
20 PS31.

21 WILLIAM WOODRUFF: Sorry to interrupt,
22 but his picture does hang in our school, because
23 we're proud to have him as an alumni of 31, and he's
24 a great man. You did a great job.

2 COUNCIL MEMBER DIAZ: I know what you're
3 talking about. Definitely we need to build more
4 public school. However, charter school was a
5 creation of-- out of this period call for our black
6 and Hispanic children to get a good education and to
7 get a chance to educate. Charter school have been
8 proven to be good to black and Hispanic children.
9 Charter school have been built in black and Hispanic
10 communities, not in white communities. So, about 90,
11 95 percent of charter school students are black and
12 Hispanic. Right now there is a waiting list of more
13 than 60,000 children. Children are waiting in our
14 community, black and Hispanic community. So, those
15 parent are dying to get an opportunity for their
16 children to go into public and to charter school.
17 So, yes, we need to build more public school.
18 However, charter schools have been a God-send to our
19 black and Hispanic community. I always support
20 charter school, and I'm glad that they are
21 [inaudible]. Thank you very much.

22 CHAIRPERSON KALLOS: Thank you. We'd
23 like to excuse this panel, and are there any more
24 members of the public who wish to testify? Seeing
25 none, we will close our physical public hearing

2 pending responses from the developer and HPD on the
3 outstanding questions. We'd like to get those
4 documents within 72 hours. If we don't receive it by
5 then we will continue to hold it open until those
6 documents are-- we are closing the public hearing.
7 We are accepting the written responses in 72 hours.
8 If we don't receive it within 72 hours I will be
9 forced to read it into the record, which is not my
10 preference. So, thank you. Today's second hearing
11 is on Land Use item number 11, the Nine Fort
12 Washington Avenue UDAAP and tax exemption application
13 for properties located in Council Member Levine's
14 district in Manhattan. The properties are Nine Fort
15 Washington Avenue, 518 West 161st Street, 544-46 West
16 163rd Street, and 609 West 158th Street. HPD seeks
17 approval from the Urban Development Action Area
18 Project, UDAAP, designation, disposition, and project
19 approval pursuant to article 16 of General Municipal
20 Law as well as approval of a 40-year real property
21 tax exemption pursuant to Article 11 Section 577 of
22 the Private Housing Finance Law. These actions will
23 facilitate the rehabilitation and disposition of four
24 city-owned occupied residential buildings totaling 94
25 units to the existing tenants. And I'm going to

2 start that over in English. There's a bunch of
3 buildings. The City ended up getting them way back
4 when. They are part of a program called TIL where
5 residents were given buildings to own and operate.
6 We're taking those buildings which never really made
7 it into the hands of the tenants, and we're going to
8 try to give it to them under a different program
9 through an HDFC program, and the-- in addition to try
10 to make sure that it's affordable, we're also going
11 to offer them a tax abatement for the buildings so
12 that they can do the work best necessary to maintain
13 them and afford it, and there's actions that we'll be
14 taking. So, I'd like to open up the public hearing
15 on Land Use item 11, the Nine Fort Washington Avenue
16 Cluster UDAAP and Tax Exemption Application. And
17 with that, I'd like to call up Jordan Press of HPD,
18 Christy O'Connell of HPD, as well as-- I got it--
19 Ismene Speliotis 7of Mutual Housing Association of
20 New York affectionately referred to MHANY and who was
21 referenced during the previous hearing. And with
22 that I'll ask all three folks to state your names,
23 and then I will seek your affirmation.

24 JORDAN PRESS: Jordan Press.

2 CHRISTINE O'CONNELL: Christine Retzlaff
3 O'Connell.

4 ISMENE SPELIOTIS: Ismene Speliotis.

5 CHAIRPERSON KALLOS: Do you affirm to
6 tell the truth, the whole truth and nothing but the
7 truth in your testimony before this subcommittee and
8 in response to all Council Member questions?

9 JORDAN PRESS: I do.

10 CHRISTINE O'CONNELL: I do.

11 ISMENE SPELIOTIS: Yes.

12 CHAIRPERSON KALLOS: Thank you. You may
13 now begin.

14 JORDAN PRESS: Thank you, Mr. Chairman.
15 Land Use number 11 consists of the proposed
16 disposition of four partially occupied city-owned
17 properties located at Nine Fort Washington Avenue,
18 518 West 161st Street, 544-46 West 163rd Street, and
19 609 West 158th Street in Manhattan Council District
20 Seven and is known as the Fort Washington Avenue ANCP
21 Cluster. HPD's Affordable Neighborhood Cooperative
22 Program or ANCP selects qualified developers to
23 rehabilitate distressed, city-owned, occupied, multi-
24 family properties managed by the Tenant Interim Lease
25 Program in order to create affordable cooperatives

1 for low and moderate income households. All ANCP
2 properties are currently owned by the City of New
3 York. It'll be transferred to restoring community's'
4 HTFC upon construction loan closing and conveyed to a
5 newly-formed cooperative HDFC upon conversion.
6

7 Restoring communities will hold title and oversee the
8 rehabilitation and cooperative conversion that will
9 be undertaken by the developer, MAHNY, selected
10 through our request for qualifications. The
11 developer will sign a site development and management
12 agreement with restoring communities that will be in
13 effect until coop conversion occurs, and title will
14 be transferred to the individual cooperative and its
15 shareholders. From cooperative conversion the
16 developer will remain the property manager for at
17 least one year. After the first year, the coop will
18 have the choice of keeping the developer as property
19 manager or hiring a new company that must be approved
20 by HPD. The Fort Washington ANCP cluster has a total
21 of 94 units that include a mixture of unit types.

22 There are six one-bedrooms, 40 two-bedrooms, and 48
23 three-bedroom apartments. Existing occupants will be
24 able to purchase their unit for 2,500 dollars, and
25 the initial maintenance is anticipated to be set at

1 40 percent of the area median income or approximately
2 730 dollars for a one-bedroom unit, 886 dollars for a
3 two-bedroom unit, 1,019 for a three-bedroom
4 apartment. Household AMI targets for vacant
5 apartments are between 100 and 125 percent. The
6 buildings will undergo substantial rehabilitation to
7 reconfigure the existing railroad designs as they are
8 no longer compliant with DOB code. The work will
9 include structural joist replacement, asbestos and
10 lead removal, as well as work to the building
11 envelope such as masonry, new windows and new roofs.
12 Additionally, the rehab will include replacement of
13 building systems such as electrical and plumbing and
14 installation of a new boiler. The apartment
15 interiors will include new bathrooms and kitchen
16 fixtures meeting green initiative standards, entry
17 doors, new flooring, hallway upgrade, and lighting.
18 Post-construction the unit mix will be eight one-
19 bedrooms, 54 two-bedrooms-- I'm sorry-- and 32 three-
20 bedrooms. There will be a two-phase relocation and
21 construction schedule where two buildings will be
22 rehabbed at the same time. All existing tenants are
23 aware of the relocation timeline for the buildings.
24 In addition to seeking disposition approval, Land Use
25

11 seeks Article 11 tax benefits in order to help the
HDFC maintain affordability. The term of the tax
exemption will be for 40 years coinciding with the
regulatory agreement. Council Member Levine has been
briefed and supports approval of the process-- of the
project. Thank you. Let me just invite Ismene as
representative of the developer to just introduce
MAHNY to the committee as a sponsor of the project
just with a brief background of the organization.

ISMENE SPELIOTIS: Thank you, Jordan.
Thank you, Council people. I'm Ismene. I'm the
Executive Director of MAHNY, a nonprofit housing and
community development organization that owns and
manages over 1,500 apartments throughout the City,
all affordable to very low and low-income people,
families. We were selected through the RFQ process
that Jordan referred to, and we actually have an
expertise in working with rehabbing buildings with
people either in occupancy or relocating people
temporarily out of their buildings and then bringing
them back, and so I think that's why we were
selected. And we've been working with the residents
of these four buildings for over the last 12 months
to make sure that they are aware of the entire

2 process and supportive of what is basically happening
3 to them and making sure that they're participating in
4 it.

5 CHAIRPERSON KALLOS: We're going to try
6 to do a quick hearing, and we're going to try to have
7 some of the members come back to vote. I want to
8 just take a moment to thank Council Member Diaz,
9 Senior, for being here and asking tough questions.
10 It's actually more frequent than not that you see
11 just one member remaining. It is rare for members to
12 attend the whole hearing, which is-- I really
13 appreciate it. So, thank you. So, first question.
14 So, we've got these apartments people have been
15 living in. how much will they be paying to stay in
16 their apartments?

17 CHRISTINE O'CONNELL: So, the maintenance
18 is going to be set at approximately 40 percent of
19 area median income, and 40 percent of AMI is what's
20 shown to be able to cover monthly operating costs,
21 save a little bit for the future. So, if there's
22 some capital repair or operating need, they can cover
23 those costs as well as pay a small amount of debt
24 service to a permanent mortgage.

2 CHAIRPERSON KALLOS: And how much does
3 that work out to in dollars and cents?

4 CHRISTINE O'CONNELL: Sure. So, a one-
5 bedroom is approximately 720, two-bedroom is 886, and
6 a three is 1,019.

7 CHAIRPERSON KALLOS: And tenants who are
8 living there currently are paying 2,500 dollars a
9 month-- sorry, 2,500 to buy the apartment.

10 CHRISTINE O'CONNELL: That's correct.
11 So, the purchase price for the existing families is
12 2,500. There's also what we call the Unit Purchase
13 Savings Plan which we rolled out last year, which is
14 a rent-to-own model so that families that earn 80
15 percent of AMI or less would be eligible to put their
16 rent pay during construction into a savings account
17 up to 2,250 dollars.

18 CHAIRPERSON KALLOS: And if somebody
19 can't afford that, what are the-- sorry. What are
20 the incomes of the people who live in the building
21 currently?

22 CHRISTINE O'CONNELL: Sure.

23 CHAIRPERSON KALLOS: From minimum to
24 maximum.

2 CHRISTINE O'CONNELL: Sure. So, we have
3 requested income surveys from all existing families.
4 The data is currently self-reported. It hasn't been
5 evaluated as of yet. So, we have anywhere from three
6 percent of AMI, which is a self-reported income of
7 2,500 dollars a month all the way up to 107 percent
8 of area median income which is closer to
9 approximately 100,000 dollars a year. Once we go
10 through the process, and this may be your next
11 question, of facilitating Section 8 applications.
12 There is going to be an actual collection of data
13 documentation to affirm resident incomes.

14 CHAIRPERSON KALLOS: And once that
15 happens, if somebody can't afford it, will they have
16 other finance-- will they have any support to stay in
17 their unit?

18 CHRISTINE O'CONNELL: Yes. So, we
19 anticipate that existing families will be offered
20 Section 8 applications at the time that the rent
21 restructure is anticipated to occur which is after
22 construction, and there is a process in place to work
23 with residents to ensure that they fill out the
24 applications correctly and that they're getting
25

2 support to get through the process and get their
3 voucher.

4 CHAIRPERSON KALLOS: I thought Section 8
5 isn't available anymore. Folks are always asking for
6 Section 8, so how is this--

7 CHRISTINE O'CONNELL: [interposing]
8 There's two-- good question.

9 CHAIRPERSON KALLOS: So, how is this
10 possible and who's paying for it?

11 CHRISTINE O'CONNELL: So, there's two
12 pools of Section 8 in the City of New York. There is
13 a Section 8 that is administered through NYCHA which
14 is citywide and it's public, and then there's HPD
15 Section 8. So, our Section 8 is only used for HPD
16 projects. We must initiate some kind of rent
17 restructure or identify rent burden for a project
18 that's going through HPD in order to use our Section
19 8. It is not public use.

20 CHAIRPERSON KALLOS: And so how many of
21 the units in this new development group, this
22 cluster, are-- for folks watching at home, we're
23 talking about new coops that people can buy for 2,500
24 dollars. Can I or can somebody watching at home get
25 one of these units for 2,500 dollars?

2 CHRISTINE O'CONNELL: No. So, there are
3 vacancies. This cluster is approximately 67 percent
4 occupied. So there are vacancies within the four
5 individuals' buildings. The sale prices for the
6 vacant apartment is going to be higher than the
7 insider price. Insiders have sweat equity in these
8 buildings. They have been tenant associations since
9 their entrance into the TIL program in the early
10 2000's, and so their value is that they get to
11 purchase in at 2,500 subject to the purchase savings
12 program. Outsiders will have sale prices that are
13 higher, and those sale prices help come in and pay
14 down construction cost for the project.

15 CHAIRPERSON KALLOS: Okay. So, maybe
16 it's a qualified no. So, I'm watching at home and
17 there's these units. How many units are we talking
18 about, and can anyone do it or is there an income
19 restriction?

20 CHRISTINE O'CONNELL: Yes.

21 CHAIRPERSON KALLOS: And what is the
22 likely ballpark for how much these coops are?

23 CHRISTINE O'CONNELL: Sure. We're
24 currently looking at 31 vacant apartments across the
25 portfolio that will be marketed through HPD full

2 lottery process. So, there are certain preferences
3 that are allotted as we spoke about in the last
4 program, a community preference. There's also going
5 to be some units that are ADA complain, and so
6 there'll be some preferences for that. It's a full
7 lottery, so it's not first come first serve. He
8 apartments are approximately 350,000 dollars for a
9 two-bedroom. That's our current estimate. We're
10 still finalizing the numbers. We think we're pretty
11 close, but as Jordan has mentioned previously,
12 sometimes as we get closer to closing we want to
13 really get them set in stone. So, right now we're
14 approximately 3,050 for a two-bedroom. The income
15 restriction for that price unit is going to be
16 somewhere between 110 percent of area median income
17 and 120 percent of area median income.

18 CHAIRPERSON KALLOS: And for those who
19 may not be familiar with the AMI's, what income is
20 110 to 120?

21 CHRISTINE O'CONNELL: Sure. I got my
22 little notes here. So, let's look at a two-bedroom
23 for two individuals, because these are right-sized
24 units. So, they-- a one-bedroom can be sold to a
25 family of one, but a two-bedroom must be sold to a

2 family of two. So, approximately 110 percent of AMI
3 is 84,000 dollars a year, 120 is approximately 91,000
4 dollars a year.

5 CHAIRPERSON KOO: Great.

6 CHRISTINE O'CONNELL: So there will be a
7 range.

8 CHAIRPERSON KALLOS: But I guess some
9 folks watching at home might be like, "A person's
10 buying it for 2,500, now they can sell it for
11 350,000. Why does that person get to make more than
12 a quarter-million dollars?" Is there anything to
13 disincentivize somebody from flipping their apartment
14 and just walking-- leaving our city and just making
15 money?

16 CHRISTINE O'CONNELL: Absolutely. There
17 are a number of protective restrictions that these
18 coops will have to adhere to through our regulatory
19 agreement with the City of New York with HPD. One of
20 those restrictions is the flip tax requirement. So,
21 for an insider purchasing their apartment at 2,500
22 dollars, they will have to flip a certain percentage
23 of the sale profit back to the coop. sale profit is
24 considered anything over the original purchase price
25 and any closing cost. So no one participating would

2 lose out on the value they put into the project or
3 into their homeownership, but they would have to flip
4 a certain amount back to the coop.

5 CHAIRPERSON KALLOS: How much is the flip
6 tax going to be and for how long?

7 CHRISTINE O'CONNELL: Sure. So, there's
8 a little bit of differentiation between an existing
9 tenants' flip tax and a flip tax for the vacant
10 apartments. For an insider they must within year one
11 flip back 95 percent of their sale profit to the
12 coop.

13 CHAIRPERSON KALLOS: That's pretty much
14 everything.

15 CHRISTINE O'CONNELL: That's pretty much
16 everything in year one, and it goes up. The amount
17 that the seller is able to retain goes up every year
18 until year 15, and at year 15 they can retain 80
19 percent of the sale profit, and they're required to
20 flip back 20 percent to the coop. So, over time
21 there's definitely value that's, you know, realized.

22 CHAIRPERSON KALLOS: And how long-- so
23 it's only a 20 percent flip tax at year 15.

24

25

2 CHRISTINE O'CONNELL: At year 15, and
3 then that goes through the end of the regulatory
4 term.

5 CHAIRPERSON KALLOS: Okay, so one-fifth
6 of any additional income, and so how long is the
7 regulatory term?

8 CHRISTINE O'CONNELL: This regulatory
9 agreement we're proposing is for 40 years.

10 CHAIRPERSON KALLOS: Okay. And so as I
11 did with the previous project, what are some of the
12 subsidies? So, is there a tax abatement, and how
13 long? What is the annual tax abatement, and what are
14 the total for all years?

15 CHRISTINE O'CONNELL: Sure. So, there--
16 we are requesting an Article 11 tax exemption because
17 this will be an HDFC coop entity. There'll be four
18 coop entities. The term is 40 years, and the net
19 present value of the four exemptions is 4.4 million
20 dollars. The cumulative value is 15.8 million
21 dollars.

22 CHAIRPERSON KALLOS: Okay. So, those are
23 pretty low tax-- that's a pretty low tax subsidy.
24 Are there any other tax-related subsidies?

2 CHRISTINE O'CONNELL: There are no other
3 tax-related subsidies.

4 CHAIRPERSON KALLOS: Are there any
5 financing subsidies as we saw on a different project?

6 CHRISTINE O'CONNELL: Absolutely. So,
7 HPD is committed to investing in the rehabilitation
8 of these properties so that they're safe and
9 inhabitable and they'll last another 100 years after
10 they're conveyed to a coop. We do invest, per our
11 term sheet, up to 200,000 dollars per unit to rehab
12 the building. We are investing approximately 138,000
13 dollars per unit for the coop conversion. So, maybe
14 I can give you just a little bit of information
15 further. So, HPD, every time we do one of these
16 projects tenants are required to meet certain
17 requirements in order to convert to coop. tenants are
18 required to go to training classes. They have eight
19 core classes they have to attend. They're required
20 to pay rent regularly, and also 80 percent of the
21 total building must be in contract in order to
22 convert to coop, which is a New York State Attorney
23 General requirement. If we're not able to get to
24 those three thresholds on any one of these four
25 buildings, one of those buildings may become a rental

2 instead. And so HPD needs to project what the cost
3 of rebuilding a building is if it doesn't have the
4 sale proceeds income. In that case, HPD would have
5 to invest a certain additional amount of subsidy to
6 be able to convert the coop. Excuse me, to be able
7 to convert the building into, you know, a rental
8 property, rent stabilized property.

9 CHAIRPERSON KALLOS: So, help me with
10 this. The buildings are already there. People are
11 living there. How much work are we really talking
12 about?

13 CHRISTINE O'CONNELL: Ismene, do you want
14 to talk about that?

15 ISMENE SPELIOTIS: So, the buildings are
16 in pretty bad condition. So, after we did the
17 assessment of the buildings we made a determination
18 that the most cost-effective long-term plan was to
19 actually do a substantial rehab of each building
20 which means everything.

21 CHAIRPERSON KALLOS: So what does that
22 mean and how much is that going to cost? And is that
23 like you're just taking it down to the walls and the
24 beams, or are you just going in and like changing the
25 paint?

2 ISMENE SPELIOTIS: So, we are actually--
3 we actually need to relocate the residents from their
4 current homes into temporary relocation, and then we
5 are going to gut the inside of the building
6 completely down to the studs so that in fact any
7 floor joist that needs replacing or doubling up will
8 happen. The brick walls will remain, but pretty much
9 anything else from roof to seller will be brand new
10 in each building, and the cost of that right now is--
11 where is my construction number? Yeah, I think it's
12 about 230,000 dollars per unit to rehab these
13 buildings, 230,000 dollars per apartment.

14 CHAIRPERSON KALLOS: Okay, so all in, how
15 many million would you say?

16 ISMENE SPELIOTIS: We're approximately--
17 we're around 30 million dollars for the whole
18 project.

19 CHAIRPERSON KALLOS: Okay. And so the
20 money is-- so, in terms of the financing, what type
21 of financing are you looking at?

22 ISMENE SPELIOTIS: So, the financing is
23 actually under-- it's a participation loan program
24 where we actually go out and look for a private
25 lender. In this case we've approached the Community

2 Preservation Corporation. The Community Preservation
3 Corporation, CPC, is going to be the participatory
4 lender with HPD. So CPC will provide the first
5 mortgage, private financing, and that's sized based
6 on what we can afford to amortize. That loan will
7 actually be fully amortized during the regulatory
8 period, and then the second mortgage will be the HPD
9 subsidy. There is a very, very small, the 2,500
10 dollars times the 94 units is the equity that the
11 buildings will be bringing to the project, and then
12 the sales proceeds come out to almost 12 million
13 dollars currently at that 110 to 120, and so that
14 what happens there is then-- there's a construction
15 loan that's much bigger, and then as the sales sell,
16 then we actually pay down both the HPD and the
17 private mortgage to the number that can be actually
18 maintained with the rent and the maintenance that
19 we're going to be charging going forward.

20 CHAIRPERSON KALLOS: Are you receiving
21 any financing from HDC or state or federal funding or
22 incentives?

23 ISMENE SPELIOTIS: So, the only other
24 additional financing that we'll be getting is a grant
25 from the New York State Affordable Housing

2 Corporation that's actually only available if the
3 applicants, which in this case they are, are income
4 eligible for that subsidy.

5 CHAIRPERSON KALLOS: The area median
6 income is for folks who are at 110 to 120 percent of
7 the area median income, but that's a citywide
8 measure. In anyone's estimation at the table, do we
9 know what the area median income is for the Community
10 Board or the zip code?

11 JORDAN PRESS: in 2015, the median
12 household income for Manhattan Community Board 12 was
13 45,800 dollars.

14 CHAIRPERSON KALLOS: So, that would be
15 almost half of the-- I think it's even regional, not
16 even city.

17 JORDAN PRESS: That's right.

18 CHAIRPERSON KALLOS: So, that's half.
19 So, I guess one question I have is, so why in a
20 neighborhood where folks are so low-income, why are
21 we building housing-- why are the terms of this
22 project for people who are going to come in earning
23 more and some might be concerned it might actually
24 have a gentrifying effect?

2 JORDAN PRESS: Sure. So, when we embark
3 on this rehabilitation project it is with the primary
4 focus being on returning the residents who currently
5 live there into a quality home. These are very
6 expensive rehabs to undertake, and we want a good
7 product, and we want the building to be on good
8 financial grounds when the project is complete. One
9 of the ways that we accomplish that is by the
10 increased subsidy that Christine mentioned, and the
11 other way that we accomplish that is by effectively
12 cross-subsidizing the project with the sale of vacant
13 units at higher AMI's, but at AMI's that are still
14 below-- well, below the market.

15 CHAIRPERSON KALLOS: I may pause my
16 questioning as soon as we achieve quorum, and I may
17 interrupt you in the middle of an answer and we'll
18 take the vote and continue, but just we're doing a
19 lot of subsidies, why can't we just do more so that
20 we can make it more affordable for local residents?

21 JORDAN PRESS: So, the subsidy levels
22 are-- the City subsidy levels are the highest in RNCP
23 program across all of our programs, and that would be
24 my answer.

2 CHAIRPERSON KALLOS: I'm going to
3 interrupt our question and answer just to see if
4 there is any other member of the public who wishes to
5 testify. Seeing none, I will ask-- fair enough. So,
6 we will pass on some questions in writing
7 specifically relating to MWBE as well as whether or
8 not this project is being done by workers who are
9 both doing the construction work and the service work
10 at a wage rate that is commensurate, that the folks
11 are receiving training, that there's a local hire,
12 and that the folks have benefits and retirement and
13 health and disability. So, we will pass those
14 questions on, and we hope to have that entered onto
15 the record. In the interest of time and actually
16 voting on this today, I just want to thank you.
17 You've shared those answers with me. Some of them
18 I've been happy with; others I haven't, but we'll
19 enter it into the public record for those who wish to
20 watch, and you'll be able to go to council.nyc.gov to
21 pull those written responses that we will be sharing.
22 And seeing that there isn't anyone from the public,
23 and in the interest of time, I will now close the
24 public hearing on Land Use item 11, and seeing no
25 questions or remarks from members of the

2 subcommittee, I will now call on a vote to approve
3 Land Use Item 11, the Fort Washington Avenue Cluster
4 which has support of Council Member Levine, the local
5 member, and the 425 Grand Concourse Application will
6 be laid over. Counsel, please call the roll.

7 COMMITTEE COUNSEL: Vote to approve Land
8 Use item 11. Chair Kallos?

9 CHAIRPERSON KALLOS: Aye.

10 COMMITTEE COUNSEL: Deutsch?

11 COUNCIL MEMBER DEUTSCH: Aye.

12 COMMITTEE COUNSEL: Diaz?

13 COUNCIL MEMBER DIAZ: Aye.

14 COMMITTEE COUNSEL: By a vote of three
15 affirmative, 0 in the negative, and 0 abstentions the
16 item is recommended for approval and referred to the
17 full Land Use Committee.

18 CHAIRPERSON KALLOS: And we will leave
19 the vote open, and thank you to this panel.

20 ISMENE SPELIOTIS: Thank you.

21 CHRISTINE O'CONNELL: Thank you.

22 COMMITTEE COUNSEL: Ready? Are we back
23 on? Gibson?

24 COUNCIL MEMBER GIBSON: I vote aye.
25

2 COMMITTEE COUNSEL: The revised vote is 4
3 in the affirmative, 0 negative and 0 abstentions.
4 King?

5 COUNCIL MEMBER KING: I vote aye.

6 COMMITTEE COUNSEL: By a vote of 5 in the
7 affirmative, 0 in the negative and 0 abstentions, the
8 Land Use items are approved and referred to the full
9 Land Use Committee.

10 CHAIRPERSON KALLOS: Hereby adjourn this
11 first hearing of the Subcommittee on Planning,
12 Dispositions and Concessions.

13 [gavel]

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SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS

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 February 22, 2018