

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HOUSING AND
BUILDINGS

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November 9, 2021
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HELD AT: Remote Hearing, Virtual Room 1

B E F O R E: Robert E. Cornegy, Jr.
Chairperson

COUNCIL MEMBERS: Robert E. Cornegy, Jr.
Fernando Cabrera
Margaret S. Chin
Mark Gjonaj
Barry S. Grodenchik
Farah N. Louis
Bill Perkins
Carlina Rivera
Helen K. Rosenthal
I. Daneek Miller
Justin Brannan
Kevin C. Riley
Selvena N. Brooks-Powers
Inez D. Barron

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

Elizabeth Oakley
Deputy Commissioner
New York City Department of Housing
Preservation and Development

Ben Furness
Director
Mayor's Office of Climate and
Sustainability

Kim Darga
Associate Commissioner
New York City Department of Housing
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Kevin Wolfe

Noelani Derrickson

Russell Crane

Diane Prashad

Arturo Miranda

Matthew Berman

Glory Ann Kerstein

Kevin George Miller

Blanca Vazquez

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SERGEANT AT ARMS: PC recording good.

SERGEANT AT ARMS: Cloud recording rolling.

SERGEANT AT ARMS: Thank you.

SERGEANT AT ARMS: Backup is rolling.

SERGEANT AT ARMS: Good morning, everyone. Welcome to today's remote New York City Council hearing of the Committee on Housing and Buildings. At this time would all panelists please turn on your videos. To minimize disruption, please place electronic devices to vibrate or silent. If you wish to submit testimony you may do so at testimony@council.nyc.gov. Again, that's testimony@council.nyc.gov. Thank you for your consideration. Chair, we are ready to begin.

CHAIRPERSON CORNEGY: Thank you. Good morning, everyone. I'm Council Member Robert E. Cornegy, Jr., chair of the council's Committee on Housing and Buildings. Ah, I'm joined today, ah, as I can see on my screen, by Council Members Brannan and Riley, and Council Member Louis. Um, Council Member Gjonaj, I'm sorry, has also joined us. Ah, during the 1970s and 1980s, oh, Council Member Cabrera, and I saw you earlier, Fernando. I

1 apologize. During the 1970s and 1980s, New York City
2 was a very different place than it is today.

3 Landlords were abandoning both inhabited and
4 uninhabited properties, neglecting to pay municipal
5 charges, and leaving those properties in terrible
6 physical shape. Third-Party Transfer was a program
7 created in the 1990s to resolve this issue. Through
8 Third-Party Transfer the city foreclosed on
9 properties with municipal liens and testified those
10 properties to third parties for rehabilitation and
11 subsequent occupation. In one particular egregious
12 instance, a resident of my district in particular, a
13 retired nurse, Marlene Saunders, had her 2.2 million
14 dollar brownstone transferred to a third party over a
15 less than \$4000 municipal charge. She only found out
16 that her house had been transferred after it had been
17 completed. My team and I worked with the late James
18 Caldwell, Ms. Saunders, and her family to have her
19 house returned to her. Ms. Saunders and her family
20 were incredibly upset, as you can imagine, and this
21 was not an isolated incident. Other homeowners,
22 including HDFC shareholders and their well-maintained
23 homes, transferred over minor municipal charges.

24 Many struggles to pay arrears, only to have their
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2 properties transferred and the money they had paid
3 lost. All right, I'm sorry, I'm having a little bit
4 of technical difficulties here. In July of 2019 the
5 committee together with the Committee on Oversight
6 and Investigations held a hearing to examine what
7 went wrong during Round 10. Since that hearing, the
8 council and the Department of Housing Preservation
9 and Development, or HPD, had worked to draw lessons
10 and put together a package of reforms to ensure
11 Marlene Saunder's case and the severe inequities we
12 saw in Round 10 never recur. Thanks to the
13 stakeholders and advocates who lent us their insights
14 and expertise throughout the process, I know we will
15 benefit from our continued engagement as we work
16 towards passing concrete reforms. Today we'll be
17 hearing a Preconsidered Introduction, which I
18 sponsored, that overhauls Third-Party Transfer in
19 attempts to reform this troubled but essential
20 program. Today we'll also be hearing Intro 2436,
21 sponsored by Council Member Daneek Miller, of which I
22 am also a sponsor. This bill would create an Office
23 of Homeowner Advocacy. OHA would be tasked with
24 providing support to homeowners and owners of owner-
25 occupied buildings. OHA would help these homeowners

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2 access needed financial and technical resources and
3 help maintain the city's owner-occupied housing
4 stock. We'll also be hearing proposed Intro 1613,
5 sponsored by Council Member Fernando Cabrera, which
6 relates to community and land trust as an eligible
7 potential developer under TPT. Proposed Intro 2378,
8 which I sponsored related to HPD [inaudible] some
9 past violations and also reexamining the taxonomy of
10 violations with stakeholders' input and reporting
11 their findings. Proposed Intro 2246, sponsored by
12 Council Member Brannan, would also establish a task
13 force to study options and to make recommendations
14 for converting vacant commercial spaces into
15 affordable housing. Proposed Intro 277, sponsored by
16 Council Member Brannan, which relates to increasing
17 the number of electric vehicle charging stations in
18 parking lots and parking garages. Proposed Intro 24,
19 I'm sorry, 2312, sponsored by Council Member Riley,
20 which limits the fees that can be charged to a tenant
21 who is vacating a premise. Proposed Intro 2411,
22 which I sponsored, which relates to HPD's enforcement
23 of the provisions of the zoning and resolution
24 related to affordable housing. Preconsidered
25 Introduction sponsored by Council Member Gibson

1 related to the penalties on immediately hazardous
2 conditions at construction sites and penalties for
3 one of four-family homes. We'll now hear from the
4 sponsors of Intro 2246, Council Member, I'm sorry,
5 um, ah, we will hear from, ah, the sponsor of Council
6 Member 2312, Council Member Riley.

8 COUNCIL MEMBER RILEY: Ah, thank you,
9 Chair Cornegy. Thank you to the committee, ah,
10 counsel and, and the Committee of Housing. Ah, my
11 name is Council Member Riley, um, and today it, it
12 gives great importance that I bring forth Intro 2312.
13 Ah, this legislation amends the administrative code
14 of the City of New York, limiting fees where a tenant
15 must vacate a premises in violation of terms of a
16 lease. Ah, with the recovery of COVID-19, um, as our
17 communities are, are really fighting back, um, this
18 pandemic is still underway and we recognize that many
19 New Yorkers, especially tenants, are still faced with
20 some hardship. Ah, while the road to reconstructing
21 our city is not going to be easy and will not happen
22 overnight, ah, we need to implement local laws to
23 ensure that tenants, and not only tenants, landlords
24 are protected and given the opportunity to support
25 their families and move forward from this pandemic.

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2 This bill will limit additional fees, such as
3 cleaning and painting of a premises which can be
4 placed at a inconvenience to a tenant to benefit the
5 landlord to reoccupy their spaces. Alongside with
6 Council Member Powers, Council Member Treyger, and
7 Council Member Rosenthal I present local Intro 2312
8 to provide New York, New Yorkers who are in need of
9 assistance. Many unforeseen circumstances can
10 resort, result in a tenant's need to change their
11 housing situation, from unexpected changes to
12 financial status, safety, and well-being issues and
13 more. We must ensure that New Yorkers can or, excuse
14 me, we must ensure that New Yorkers are not further
15 burdened or punished. I would like to thank you, ah,
16 Chair Cornegy, Jr., and my colleagues in government.
17 I encourage the support of this bill and its
18 significance to many New York families. I look
19 forward to partnering to pass this legislation that
20 aids in restoring our communities from this pandemic.
21 Thank you.

22 CHAIRPERSON CORNEGY: Thank you, Council
23 Member Riley. We will now hear from the sponsor of
24 Intro 2246, Council Member Justin Brannan.

2 COUNCIL MEMBER BRANNAN: Thank you,
3 Chair. Can you hear me?

4 CHAIRPERSON CORNEGY: Yes.

5 COUNCIL MEMBER BRANNAN: Thank you,
6 Chair. Ah, I say all the time that one of the
7 challenges of government is enacting big, bold policy
8 while also sweating the small stuff. Intro 2246 is
9 big, bold policy and this is the right time to pass
10 it, ah, for New Yorkers. Homelessness, lack of
11 affordable housing, and commercial vacancies were
12 major concerns long before COVID-19 arrived in our
13 city, and the pandemic has only exacerbated the
14 problem surrounding all of these issues. Many
15 employers, including big companies and tech and other
16 kinds of office work have found that a remote work
17 model works well for them. In the same moment that
18 their office are sitting empty, we have looming
19 eviction moratorium expiration dates, a case backlog
20 building up in Housing Court, an ongoing public
21 health crisis that makes homelessness more dangerous
22 than ever. I can't imagine a better time for us to
23 examine the potential of converting vacant office
24 space into truly affordable housing as a way of
25 putting a dent in all of these challenges at once.

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2 Um, and that is Intro 2246. I will say quickly on
3 Intro 277 I want to thank, ah, the chair and the
4 committee for hearing this, ah, Introduction. This
5 would expand the availability of electric vehicle
6 charging stations in parking garages. 7.5 billion
7 dollars in federal grants for the expansion of EV
8 charging stations is newly available, thanks to, ah,
9 the recently passed federal infrastructure bill.
10 Widespread use of electric vehicles in our city is
11 only gonna be an invaluable part of adapting to the
12 climate crisis if we make it easier for folks to
13 charge their cars and, and more spaces for them to
14 charge their cars. So we have to make that possible,
15 ah, by ensuring, ah, people have more of these
16 opportunities, and I think Intro 277 would go a long
17 way, ah, towards making that happen. Thank you so
18 much, Chair.

19 CHAIRPERSON CORNEGY: Ah, thank you, ah,
20 Council Member Brannan. I, I do want to say to you,
21 though, as the host of the largest EV charging
22 station in the northeast in my district, um, I'm
23 acutely aware of the importance of us moving forward,
24 having that accessible to all citizens. Um, I, I
25 have that luxury, right? I have, I have the largest

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2 at the, ah, Pfizer plant, um, and I know that based
3 on its usage that people are coming from all over,
4 and they should be able to access that from every
5 point of the city. So, ah, this is a great piece of
6 legislation. Thank you for, ah, bringing to us.

7 COUNCIL MEMBER BRANNAN: Thank you.

8 CHAIRPERSON CORNEGY: Ah, I, I realize
9 that we've been, um, today by, ah, Council Member
10 Rosenthal and also Council Member Miller here, who
11 will speak, ready to speak on, ah, his bill, which
12 is, ah, Intro 2436, I believe. Council Member
13 Miller.

14 COUNCIL MEMBER MILLER: Thank you, ah,
15 Chair Cornegy, ah, and, and, ah, thank you to all my
16 colleagues that, ah, ah, that we're hearing the
17 important legislation this morning around housing.
18 Um, as, as, ah, Council Member Brannan just mentioned
19 that, and these unprecedented times it's so important
20 that we get it right. It is important, um, that,
21 that homeowners, renters alike make sure, that we
22 make sure that they understand rules of engagement
23 and that they have the tools to navigate such. Um,
24 that being said, it is my pleasure to, ah, introduce
25 Intro 2436, which creates the Office of Homeowner

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2 Advocates within the Department of Housing
3 Preservation and Development. I'd like to thank the
4 chair for being a cosponsor and, and obviously, um,
5 his Bed-Stuy experience as well as his upbringing in
6 southeast Queens really allows him to understand and
7 appreciate the value and the need, ah, for such, for
8 such an office. Also, appreciate the value of, of
9 home ownership and what it means to, to, ah,
10 generational wealth and the opportunity for
11 generational wealth. And so, um, but in doing so we
12 have to make sure that we protect and make that
13 experiences, ah, as seamless as possible, that
14 homeowner experience as seamless as possible. The
15 Office of Homeowner Advocate would provide direct
16 support to homeowners, including acting as a liaison
17 between them, the city, state, federal agencies. It
18 would host training sessions and educate homeowners
19 on how to access private and public financial and,
20 and other technical resources. Training sessions
21 would include Homeowner 101, basic property
22 management, utility payments, the insurance,
23 insurance, mortgage relief, and foreclosure
24 prevention. Of the provisions of this bill, the
25 Office of Homeowner Advocate would be required to

1 report annually on the number of homeowners increase
2 receive, ah, the amount of time taken to address
3 these increase, and existing nonprofit organizations
4 that provide free and low-cost services to homeowners
5 as well as recommendations for such services, ah,
6 that are not currently available. For the over 70%
7 of New Yorkers that are renters, home ownership is
8 often a lifelong dream, but attaining and maintaining
9 their dream can be challenging, and also can become a
10 nightmare if not done right. Home ownership requires
11 support that goes beyond the capacity of individuals.
12 Hard-working families as hopeful or new homeowners
13 must navigate confusion, confusing processes and, and
14 secure and maintain their homes. Regular people need
15 to have somewhere to turn when with one-stop-shopping
16 for resources, grants, financing opportunities, and
17 [inaudible] of nonprofits currently operating in this
18 space. It is also important for homeowners to
19 understand rules of engagement and their
20 responsibilities when it comes to maintaining the
21 home and the surrounding properties. The advocates
22 would, the advocate's office would help this, those
23 hard-working families who often don't have time or
24 resources to navigate the minutiae of agencies within
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2 this process for themselves. So I want to thank the,
3 the chair for, for cosponsoring, but also your
4 leadership on this. This is important. It is
5 important for a plethora of reasons, as we've talked,
6 as, as we've mentioned, ah, generational wealth, the
7 impact on not just foreclosed homes but poorly
8 maintained homes and not, unmaintained homes is
9 really felt throughout communities. And so as we
10 grow we notice statistics on, um, ah, net worth of
11 families of color, um, and the impact that home
12 ownership has on that. I think this is really
13 important. I want to thank the chair for your
14 leadership and look forward to, ah, passage of this
15 legislation. Thank you.

16 CHAIRPERSON CORNEGY: Thank you, Council
17 Member Miller. This, bills like this are, are, are
18 kind of long overdue, so I want to thank you for, um,
19 ah, introducing it, allowing me to be a cosponsor on
20 it. Like you said, our two districts in particular
21 have a disproportionately affected by lack of support
22 for homeowners. This pandemic, um, exacerbated that,
23 like it did many inequities, um, so this is a very
24 timely piece of legislation and I'm happy to be a
25 part of it, um, to serve not only our communities but

2 other underserved communities throughout the city,
3 who are seeking an opportunity to get a piece of the
4 American dream through home ownership. So thank you.

5 COUNCIL MEMBER MILLER: Thank you so
6 much.

7 CHAIRPERSON CORNEGY: Ah, are there any
8 other council members who have bills today who'd love
9 to, or who would like to be able to, ah, speak on
10 their bills before we move forward? Ah, I believe
11 that we've also been joined by, ah, Council Member
12 Brooks-Powers. Good morning. Committee Counsel, are
13 we ready...

14 COMMITTEE COUNSEL: Yes. I was just
15 waiting for you turn it over to me.

16 CHAIRPERSON CORNEGY: Sorry, sorry.

17 COMMITTEE COUNSEL: Um, it's OK. Um,
18 good morning. Ah, I am Genan Zilkha, counsel to the
19 City Council's Committee on Housing and Buildings.
20 Before we begin, I would like to remind everyone that
21 you will be on mute until you are called to testify,
22 at which point you will be unmuted. During the
23 hearing if council members would like to ask a
24 question please use the Zoom raise hand function and
25 I will call on you in order. We will be limiting

1 council member questions to three minutes, including
2 responses. We will first be hearing testimony today
3 from the administration, which will be followed by
4 council member questions. This will be followed by
5 testimony from members of the public. Today
6 Department of Housing Preservation and Development
7 Deputy Commissioner Elizabeth Oakley and Associate
8 Commissioner Kim Darga will be available for Q&A. In
9 addition, after, after HPD Ben Furness, director of
10 the Mayor's Office of Climate and Sustainability will
11 be testifying and will also be available for Q&A. I
12 will now administer the oath. Um, I'm going to call
13 on each of you to affirm yes or no after I've, I have
14 said the oath. Um, please raise your right hand. Do
15 you affirm to tell the truth, the whole truth, and
16 nothing but the truth before this committee and to
17 respond honestly to council member questions? Deputy
18 Commissioner Oakley.

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20 DEPUTY COMMISSIONER OAKLEY: I do.

21 COMMITTEE COUNSEL: Associate
22 Commissioner Darga.

23 ASSOCIATE COMMISSIONER DARGA: Yes.

24 COMMITTEE COUNSEL: Director Furness.

25 DIRECTOR FURNESS: Yes.

1 COMMITTEE ON HOUSING AND BUILDINGS 18
2 COMMITTEE COUNSEL: Thank you very, very
3 much. Um, I jus want to say we've been joined by
4 Council Member Chin. Um, thank you. Ah, HPD, you
5 may begin when ready.

6 DEPUTY COMMISSIONER OAKLEY: Thank you.
7 Good morning, Chair Cornegy and members of the
8 Committee on Housing and Buildings. My name is Liz
9 Oakley and I'm the deputy commissioner of development
10 with the New York City Department of Housing
11 Preservation and Development, or HPD. I'm joined by
12 our associate commissioner of preservation, Kim
13 Darga. Thank you for the opportunity to testify on a
14 number of critical bills to strengthen HPD's tools to
15 enforce our critical inclusionary housing programs,
16 reform the city's Third Party Transfer Program, or
17 TPT, and explore other avenues to create affordable
18 housing opportunity and enhanced support for
19 homeowners. As all of you know too well, New York
20 City faces a long-standing housing crisis that
21 requires us to explore every possible avenue for
22 creating more affordable housing opportunities for
23 New Yorkers across the five boroughs. The COVID-19
24 crisis has made the need for stable affordable
25 housing more important than ever. As the city works

1 to rebuild from the pandemic HPD is looking hard at
2 the devastating health and economic impacts, as well
3 as the deeply imbedded racial and economic inequities
4 laid bare by COVID-19. We know that safe, quality,
5 affordable housing is critical for the health and
6 stability of our residents and the neighborhoods in
7 which they live. And we are more focused on ever on
8 what we can do to ensure an equitable recovery for
9 all New Yorkers. Back in 2014 at the start of this
10 administration HPD had an impressive public-private
11 production engine capable of building and preserving
12 approximately 15,000 affordable homes per year. Over
13 the next four years, with new funding and tools, the
14 city increased that capacity to 20,000 affordable
15 homes per year. Finally, since 2018 HPD has met and
16 exceeded our most ambitious goal of creating and
17 preserving 25,000 affordable homes per year, a rate
18 the city has never achieved before, to fulfill the
19 mayor's goal of financing the creation and
20 preservation of 300,000 affordable homes by 2026.
21 Throughout the pandemic HPD continued to push forward
22 our affordable housing production with a sharpened
23 focus on the most vulnerable New Yorkers. Thanks to
24 the leadership of Chair Cornegy, all of our partners
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1 in the New York City Council, the tireless efforts by
2 our HPD team, partner agencies, and many others, we
3 have financed nearly 195,000 affordable homes and
4 apartments as of June 2021 in every borough, in every
5 single community district. Last fiscal year we were
6 incredibly proud to set new records for senior and
7 homeless units financed, demonstrating that we
8 achieved our objective of focusing our resources on
9 meeting the needs of our most vulnerable New Yorkers.
10 Creating a more affordable city requires a multi-
11 pronged approach, including building new affordable
12 housing in all our neighborhoods, preserving existing
13 stock of affordable housing, and expanding the tools
14 available to help residents stay in the homes and
15 communities they love. The city has a robust
16 pipeline of both preservation and new construction
17 projects, but is always looking to be opportunistic
18 about how we can create more affordability, maximize
19 scarce resources, and ensure the overall housing
20 supply increases in an equitable way. That is why
21 early on in this administration in partnership with
22 the council we implemented one of the most demanding
23 mandatory inclusionary housing programs in the
24 country, requesting that in every neighborhood
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2 whenever housing is built through zoning changes
3 between 20% and 30% of that housing be permanently
4 affordable. While most people only think about
5 mandatory inclusionary housing, or MIH, in the
6 context of neighborhood rezonings, it also applies in
7 private rezonings across the city, helping to ensure
8 that the housing marketplace serves New Yorkers at a
9 broad range of incomes. A key goal of the city's
10 inclusionary housing programs is to promote the long-
11 term economic diversity of neighborhoods. Through
12 both voluntary inclusionary housing program and MIH
13 the city has produced more than 13,000 permanently
14 affordable apartments across our city, many in
15 neighborhoods that enjoy ready access to transit. In
16 order to ensure this critical affordable housing
17 remains a permanent resources for communities, the
18 city needs strong enforcement tools. Intro 2411
19 would strengthen MIH and other affordable housing
20 programs by introducing new enforcement mechanisms,
21 achieve recommendation made when MIH was approved in
22 2016. Currently the city is limited in its ability
23 to enforce the MIH program. This legislation would
24 authorize HPD to enforce the affordable housing
25 provisions placed within its responsibility in the

1 zoning resolution through procedures such as bringing
2 proceedings before an administrative tribunal within
3 the jurisdiction of the Office of Administrative
4 Trials and Hearings, or OATH, establishing penalty
5 schedules for violations of provisions of the
6 inclusionary housing program, and issuing notices of
7 violation for civil penalties. We believe this bill
8 would provide critical enforcement powers to ensure
9 housing developments comply with the ongoing
10 eligibility requirements of the city's affordable
11 housing programs. We regularly evaluate the tools
12 and programs at our disposal to determine the most
13 effective ways to address the changing needs of New
14 Yorkers. Before the pandemic we partnered with Chair
15 Cornegy to establish a working group to revisit the
16 Third Party Transfer Program, which was created by
17 the City Council in 1996 as a tax enforcement
18 program, designed to also address conditions in New
19 York City properties that were creating risks to
20 residents, communities, and the city as a whole.
21 Administered by the New York City Department of
22 Finance and HPD, the TPT program was a measure of
23 last resort, to convey ownership of properties with
24 significant tax arrears and in many cases hazardous
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1 violations to qualified mission-driven and nonprofit
2 affordable housing developers with the goal of
3 creating and maintaining affordable housing by
4 stabilizing the properties' physical and financial
5 conditions and keeping properties safe, habitable,
6 and affordable for those who live there. In 2018 and
7 2019 elected officials, advocates, and community
8 groups voiced concern that various components of TPT
9 needed updating and suggested certain key elements
10 for potential re-examination, including the
11 eligibility criteria and process for selecting
12 properties for inclusion in TPT. The outreach and
13 communications to property owners and other support
14 in navigating the process of resolving outstanding
15 issues, and the availability of financial and
16 technical assistance to help address municipal
17 arrears and physical conditions before reaching
18 crisis conditions. In response to these calls for
19 change, the TPT working group has convened to elicit
20 ideas for operational improvements, ensure that the
21 program achieves its security intended purpose of
22 stabilizing properties in crisis, and contemplate
23 changes in the criteria for inclusion in TPT.

24
25 Cochaired by Council Member Cornegy and HPD

1 Commissioner Louise Carroll, the working group
2 included elected officials, members of the HDFC
3 Coalition, legal services providers and tenant
4 advocates, M/WBE developers, property management
5 firms, and community-based organizations with
6 information provided by HPD, DOF, the New York City
7 Department of Environmental Protection, and the New
8 York City Law Department. The working group convened
9 in four sessions between September 2019 and February
10 2021 that were run by an outside facilitation team.
11 The sessions covered the history of the TPT program,
12 the current state of the New York City housing stock,
13 and characteristics of properties in crisis, proposed
14 interventions and resources to assist owners or HDFC
15 co-op shareholders of properties in crisis, specific
16 recommendations for developing and/or improving
17 programs to support properties, and recommendations
18 on TPT legislation, in particular the selection
19 criteria for properties entering TPT. To facilitate
20 the discussion of new criteria for inclusion in the
21 TPT program the working group explored the concept of
22 properties in crisis and reviewed data across city
23 agencies. HPD modeled potential criteria using a
24 variety of data-based approaches, including indexing,
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1 weighted ratios, and the thresholds, and thresholds,
2 and identified how each model impacted the
3 characteristics of selected properties in terms of
4 alignments with the overarching goals of TPT. The
5 models with the lowest level of arrears, smallest
6 number of violations, and most limited emergency
7 repair program use were rejected, and the models with
8 the highest of these were presented to the working
9 group. The working group explored a range of
10 proposals that those build on existing programs and
11 resources as well as introduce new ideas. Following
12 the sessions, working group members were provided
13 with a survey that contained a series of proposals
14 for change. These proposals were made by or made in
15 response to working group members' recommendations
16 and comments during the sessions. More than 90% of
17 working group participants, representing a broad
18 cross-section of stakeholder groups, responded to the
19 survey. There was unanimous consensus around several
20 key programmatic proposals to improve the TPT process
21 and to enhance outreach and financial assistance to
22 owners. Those include the expansion citywide of the
23 existing home ownership help desk in which community-
24 based organizations provide intensive on-the-ground
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1 outreach and one-on-one housing, financial, and legal
2 counseling to homeowners of one- to four- unit homes
3 and a new owner resource center for multi-family
4 properties to provide and expand direct technical and
5 financial support through CBOs to owners of multi-
6 family properties citywide, including rentals and
7 HDFC co-ops. The group also explored legislative
8 changes to the TPT criteria and selection process.
9 It was agreed that in order to need not only the tax
10 enforcement objective but also the program's property
11 stabilization goals, which can provide significant
12 benefits to residents and communities with full
13 rehabilitation and rent stabilization and other
14 regulatory protections post foreclosure, the updated
15 selection process should use objective criteria set
16 forth in statute, including specific thresholds and
17 be based on specific administrative data which
18 applies to all properties citywide, is feasible to
19 obtain and transparent, and can create universally
20 applicable, reproducible criteria. The working group
21 reviewed and weighed in on several options for
22 selection methodology - the appropriate sources of
23 data and the criteria for selection and inclusion in
24 TPT. While there were different opinions on many of
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1 the options presented, recommendations that garnered
2 the most support by the working group members include
3 eliminating the current statutory block pickup and
4 replacing with selection methodology that balances
5 considerations related to the physical and financial
6 crisis conditions of a building, with a focus on
7 conditions of, of life and safety. Also, including
8 in the selection process all properties with debt in
9 excess of one year tax plus two, or three years for
10 tax plus one, other tax liability, with a threshold
11 for inclusion based on a property's individual annual
12 tax liability and not a citywide threshold. Also,
13 changing TPT selection and inclusion criteria to
14 apply to one- to three-family properties tax class
15 one, multi-family tax rentals, tax class two, and co-
16 ops if such properties exhibit crisis conditions and
17 excluding one- to three-family properties in tax
18 class one, and have certain homeowner property tax
19 benefits or exemptions, for example the senior
20 citizens' homeowner exemption that would require home
21 ownership occupancy as filed with DOF. Also
22 considering allowing HDFC co-ops to petition to have
23 an opportunity to become an HDFC cooperative again
24 upon meeting certain requirements after transfer, and
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1 after the interim nonprofit ownership stage,
2 exploring transferring properties, in particular
3 class one properties, to community land trusts or
4 CLTs, among other qualified organizations as the
5 ultimate owner. While working group members had
6 conflicting suggestions and concerns regarding each
7 of these recommendations, such as concerns related to
8 the potential loss of equity for lower-income
9 homeowners and homeowners of color, as contrasted to
10 consistent treatment of all property ownership
11 classes, many of those concerns would be eliminated
12 or substantially mitigated if the city provided the
13 robust technical assistance and support outlined in
14 the programmatic proposals. HPD supports the working
15 group's legislative recommendations, which were
16 arrived at after extensive and rigorous analysis that
17 was updated to better understand the potential
18 impacts of COVID. TPT is an extremely important
19 program, not only for tax enforcement, but also to
20 protect residents who are the ones who suffer the
21 most when a building falls into crisis conditions.
22 As we have seen, it can have profound implications
23 for owners and residents, and therefore has to be
24 modified thoughtfully. As evidenced by our
25

1
2 commitment to the working group process, we
3 acknowledge that reform to the current Third Party
4 Transfer program is necessary, but we have
5 significant concerns about the approach of the bill
6 before us today. In particular, we are concerned
7 that the new definitions and criteria could result in
8 selection of buildings not appropriate for this
9 program, while also missing properties that might
10 benefit most from inclusion. The methodology
11 proposed was not reviewed or recommended by the
12 working group and should be evaluated in depth to
13 minimize unintended impacts. The bill also
14 introduces a number of notice requirements that would
15 be practically infeasible for the city to implement.
16 About requirements to get out of the program that are
17 more rather than less confusing and potentially
18 burdensome for owners. It also adds significant time
19 to the process at every stage, which would be
20 harmful, I'm sorry, most harmful for residents who in
21 some instances have already been languishing far too
22 long in buildings with severe financial and physical
23 challenges. The working group's report builds on
24 much of the work already under way to improve
25 outreach and support for owners, especially

1 homeowners. Recognizing early on the critical role
2 that home ownership plays in stabilizing distressed
3 neighborhoods and building generational wealth, this
4 administration has been a champion of programs to
5 increase resources for new and current homeowners.
6 Through Housing New York 2.0 HPD launched the Open
7 Door Program to create newly constructed affordable
8 home ownership opportunities for first-time home
9 buyers, and the Home Fix Preservation Program to
10 provide low-cost loans and individualized assistance
11 to low-income homeowners who lack access to
12 traditional sources of funding. Last month we
13 announced the expansion of our Home First down
14 payment assistance program to offer up to \$100,000
15 per qualified first-time home buyers purchasing a
16 home in New York City, more than doubling the amount
17 of financial assistance available for first-time home
18 buyers. We also expanded the home owner help desk in
19 partnership with the Center for New York City
20 Neighborhoods to raise awareness about deed theft and
21 scams and offer one-on-one housing counseling,
22 financial assistance, legal services, and other
23 supports struggling homeowners. Expanding the home
24 ownership help desk city is a key proposal of the TPT
25

1 working group and would be complemented by a new
2 owner resource center within HPD to support owners of
3 multi-family properties, including HDFC co-ops.
4 Given the diversity of the housing stock across
5 neighborhoods the city has long deployed strong
6 community partners to aid in this important work.
7 The Center for New York City Neighborhoods was
8 created specifically in the wake of the mortgage
9 crisis to address the foreclosure crisis affecting
10 homeowners across the city. The center now provides
11 wraparound services to homeowners and operates a
12 homeowner hub hotline that evolved beyond its origins
13 to call center and a referral system to provide a
14 more complex set of services. This portal allows
15 homeowners to call the center and receive appropriate
16 referrals or assistance, including through various
17 HPD programs. While the administration supports the
18 goals of Intro 2436, which would create the Office of
19 Homeowner Advocate within HPD, we would welcome the
20 opportunity to, to discuss a more tailored approach
21 that maximizes existing public and private resources
22 to serve the vast array of needs facing homeowners
23 today, particularly low-income New Yorkers who are
24 often more vulnerable. As mentioned earlier, the
25

1 challenges we currently face are unprecedented.

2 While we have certainly learned lessons from 9/11,

3 the 2008 recession, and Hurricane Sandy, this

4 sustained pandemic is unlike anything we've seen in

5 our lifetimes and demands new and creative solutions

6 in order to get us through and recover from this

7 crisis. At HPD we are also considering the lessons

8 from past programs, especially those intended to

9 convert under-utilized spaces in targeted

10 neighborhoods and help revitalize those communities.

11 In particular, we are interested in exploring tools

12 to produce more affordable housing in high-

13 opportunity areas to advance our fair housing goals.

14 However, we want to ensure that any approach we take

15 not only results in more affordable housing, but goes

16 hand-in-hand with the holistic recovery agenda. And

17 in light of the importance of commercial business

18 district properties to the city's economy and tax

19 base, consideration of any effort to stimulate

20 conversions must take into account the potential for

21 adverse economic and fiscal efforts, not just

22 immediately, but for the long term economic recovery

23 and further growth. Most options for conversions

24 that we have seen so far still require a substantial

1 investment of city resources to finance acquisition,
2 construction, and ongoing operations. As city
3 capital is already committed to a lengthy and robust
4 pipeline for affordable housing development, we need
5 to think very carefully through cost and efficiency
6 of conversions relative to other affordable housing
7 programs, and the trade-offs involved and the various
8 alternatives, as we navigate the uncertainty ahead
9 and maintain optimum flexibility to ensure we can
10 deploy nimbly and efficiently any federal funding
11 that might come through a potential infrastructure
12 parking. It's difficult to predict how and when the
13 hospitality and other commercial industry will
14 recovery or how that recovery will impact the central
15 business districts in which these businesses reside.
16 We believe it would premature to propose an across-
17 the-board solution. That said, we continue to work
18 in lockstep with our partners through the many
19 considerations that factor into an economic recovery,
20 including housing. Regarding Intro 2246, which would
21 establish an office to affordable housing task force
22 to study options and make recommendations for
23 converting vacant commercial office space into
24 affordable housing, we truly appreciate the council's
25

1
2 interest and thinking proactively about ways to
3 create even more affordable housing for New Yorkers.
4 While the administration supports the goal of having
5 as many tools as possible to create affordable
6 housing, we would be interested in having further
7 discussions about the structure and timeline for any
8 potential task force, as any conversions would need
9 to consider zoning changes and economic development
10 impacts that rely on the expertise of our partner
11 agencies. Intro 2312 would limit fees associated
12 with vacating a premise. HPD has no specific
13 concerns or comments on this legislation. With
14 regards to Intros 1613 and 2378, these bills were
15 added with less than 24 hour's notice, so we are
16 still reviewing and unable to speak specifically to
17 our position. In closing, I want to thank you for
18 the opportunity to testify today. I look forward to
19 our continued partnership as we seek ways to help New
20 Yorkers pull through and get to the other side of
21 this crisis, as we work towards a more affordable and
22 equitable city. We will now take your questions.

23 CHAIRPERSON CORNEGY: Thank you very much
24 for your testimony. Um, we will begin, I'm sorry.

2 COMMITTEE COUNSEL: Sorry. We will now
3 hear from, ah, Ben Furness, director, um, of the
4 Mayor's Office.

5 DIRECTOR FURNESS: Ah, good morning.

6 CHAIRPERSON CORNEGY: I'm sorry, I'm
7 sorry. Before, before your testimony I do want to
8 acknowledge the, um, presence, I don't believe I
9 mentioned that, ah, Council Member Farah Louis is
10 here and Council Member Barry Grodenchik has also,
11 has also joined.

12 COMMITTEE COUNSEL: Ah, we are also, ah,
13 joined by Council Member Barron.

14 DIRECTOR FURNESS: Good morning,
15 everyone. Ah, my name is Ben Furness and I am the
16 director of the Mayor's Office of Climate and
17 Sustainability. I want to thank Chair Cornegy and
18 the members of the committee for this opportunity to
19 testify today on Intro 277. The fossil fuel cars and
20 trucks on the road account for about 30% of citywide
21 greenhouse gas emissions and particulate matter from
22 this traffic contributes to 320 premature deaths and
23 870 emergency department visits in New York City
24 every year, with the highest concentration of
25 pollution occurring in, in low-income neighborhoods.

1 Ah, electric vehicles do not emit tailpipe pollution
2 and are significantly more efficient than their
3 internal combustion engine counterparts. Ah, and,
4 and this means that electric vehicles present a
5 tremendous opportunity for greenhouse, ah, greenhouse
6 gas emission reductions and air quality improvements,
7 and are going to be a critical part in meeting the
8 city's ambitious climate goals. Um, from the major
9 new investments in electric vehicle charging from New
10 York State and from Washington, D.C., ah, to new
11 commitments by the major automobile companies, it's
12 clear that the future of vehicles is electric
13 vehicles and New York City should stand ready for
14 this shift. Ah, even as we transform our streets and
15 upgrade our transit systems so we need to drive less,
16 we want to make sure that when New Yorkers do drive
17 we drive electric. I'm thrilled that this committee
18 is hearing Introduction 277, which would require 40%
19 of parking spaces in new parking garages and open
20 parking lots, ah, to support electric vehicle
21 charging stations by 2030 and require existing lots
22 to expand their charging capabilities. Ah, we
23 support this bill and its intent to increase access
24 to electric vehicle charging stations and we have
25

1
2 some suggestions for amending the current legislation
3 so it goes even further. Ah, building in electric
4 vehicle chargers is cheapest and easiest when the
5 underlying electrical supply is provided at the time
6 of design and construction. So we'd like to propose
7 that every new parking space be able to support a
8 charging station without any additional work, and
9 that 20% of those spaces actually include a, a
10 charger. For existing parking facilities, in
11 addition to the electrical capacity upgrade mandate
12 in the legislation, we would also like to include
13 requirement that 20% of parking spaces have an
14 electrical, ah, an electric charger by a date
15 certain. Ah, increasing charging readiness now will
16 have long-lasting value. Ah, electric vehicles work
17 best for drivers when charging is convenient. Even
18 as batteries and charging technology continue to
19 become more efficient, electric vehicles will always
20 require charges and the electric capacity being
21 installed today will be valuable for drivers, who
22 will be able to access more sustainable options as
23 well as being a potential revenue opportunity for
24 parking lots and garage owners who have the option of
25 charging, ah, the use of their property for charging.

1
2 Ah, this legislation ensures that New York City can
3 accommodate today and tomorrow's climate-friendly
4 vehicles at a minimal cost. Ah, thank you all so
5 much. I'm happy to answer any questions, and look
6 forward to working with you to accelerate our shift
7 to a cleaner and greener transportation system.
8 Thanks.

9 COMMITTEE COUNSEL: Thank you. I will
10 now turn it over to questions from Chair Cornegy. As
11 a reminder, if other council members would like to
12 ask a question of the administration please use the
13 Zoom hand function and I will, I will call on you in
14 order. Chair Cornegy, you may begin.

15 CHAIRPERSON CORNEGY: Ah, thank you so
16 much, ah, for your testimony. Um, I, I am really
17 excited today about some of the legislation that
18 we're hearing. Um, the reform of the Third Party
19 Transfer program which, again, ah, have a
20 disproportionate, ah, impact, negative impact on, on
21 my community and communities like mine. Um, it was a
22 long, painstaking process of working groups, which,
23 ah, I really want to say that I appreciate the
24 advocates' input and HPD's willingness to do this
25 work, and by this work I mean this work. It was, it

1 was very difficult for us to get to this place and it
2 took a concerted amount, ah, concerted amount of
3 time, ah, based on the pandemic and the restraints
4 around the pandemic, but I want to thank HPD for,
5 for, for its willingness and commitment to pushing
6 through, even in the face of a pandemic. We could
7 have easily pushed back, ah, this work because we
8 were facing that. Ah, but this crisis was as
9 important, um, to our communities as some of the
10 other crises that were happening simultaneously. So
11 I'm, I'm forever appreciative of getting to this
12 point at this time. Um, so please tell the
13 commissioner I said that. Um, I'm gonna start with,
14 ah, questions around Third Party Transfer, obviously.
15 Um, the Third Party Transfer program was enacted in
16 '96 by the City Council to collect municipal taxes
17 and other charges while providing a mechanism to
18 address housing maintenance conditions. The city is
19 in a different place compared to where it was in '96.
20 Is TPT still necessary in your opinion and if so why?

22 DEPUTY COMMISSIONER OAKLEY: Thank you so
23 much, Chair Cornegy, for those kind words, and we
24 absolutely will pass on that message to our
25 commissioner. I do see that as Associate

1
2 Commissioner Kim Darga was unmuted now, so I'll let
3 her respond.

4 ASSOCIATE COMMISSIONER DARGA: Great.

5 Thank you, Council Member, and, and thank you for the
6 kind words. Um, um, it was, I do think a, a very
7 robust process, ah, over the last couple years to
8 evaluate the program, um, and, and hopefully we'll
9 get a chance to talk a little about, ah, the working
10 group, ah, final recommendations today. Um, so, ah,
11 in terms of the role of TPT, um, the Third Party
12 Transfer program is a, a tax enforcement program.
13 Um, but it's also a unique path to stabilize
14 buildings with crisis conditions. Um, in some case
15 this type of tool is necessary to remedy extreme
16 problems. So we do believe that it fits in to a
17 larger set of tools and resources, um, in order to
18 stabilize conditions across, ah, various types of
19 properties in New York City. Um, of course this is
20 not the only program that HPD administers to
21 stabilize buildings. Um, we certainly believe that,
22 um, there are other resources and tools that are
23 necessary as well, um, and in the last few years we
24 have, um, certainly tried to expand those other
25 resources as well, including, um, not only our

1 traditional types of assistance to help owners
2 address repairs, um, and housing conditions, but also
3 to help owners address, um, ah, the cost of operating
4 buildings. So, for instance, we a few years ago
5 worked with the Department of Environmental
6 Protection to create a multi-family water assistance
7 program, which provided, um, a reduced rate for
8 owners of affordable housing, regulated affordable
9 housing. We launched our green housing preservation
10 program, ah, early in this administration to help
11 owners undertake energy efficiency improvements,
12 reduce operating costs, and I think most important to
13 this conversation is that, ah, in the last few years
14 we have worked closely with, um, partners to also
15 create new forms of technical assistance to help all
16 sorts of owners, um, stabilize, assess conditions in
17 the buildings, stabilize their buildings, um, and
18 determine what type of resources they need. So, for
19 instance, um, certainly we've been working with the
20 Center for New York City Neighborhoods for, um, over
21 a decade now since they were first, um, created, ah,
22 during the Great Recession, but we've supplemented
23 the support that they provide, um, through the pilot
24 and recently expanded homeowner help desk, and also
25

1 we piloted the Landlord Ambassador Program, um, more
2 recently, ah, in order to help multi-family owners
3 understand, um, conditions within their property and
4 how to address conditions to stabilize them. Um, so,
5 again, we, we do believe that, ah, Third Party
6 Transfer is a critical program, um, when other forms
7 of stabilization and assistance basically can't
8 address the conditions and, um, can provide a really
9 critical tool to providing buildings with a, a fresh
10 start and stabilizing conditions for residents.

11 Thank you.

12
13 CHAIRPERSON CORNEGY: Well, thank you for
14 that response. Um, I want to, I want to stay there a
15 little bit. You know, the, the touch point, one of
16 the touch points, ah, around the Third Party Transfer
17 was the use of the term, ah, distressed properties.
18 Ah, so does HPD periodically review the distressed
19 properties to confirm that they're still distressed?
20 Because there's, you know, over time things, and we
21 talked about that much in the, in the working group,
22 ah, things, things change, conditions change. Ah,
23 and, and if you do check over a period of time is
24 there a proscribed time? What is the, um, mechanism
25 for checking whether properties are still distressed?

1
2 Is self-reporting, is it, is it 311, what, what's the
3 methodology, um, ah, for periodically reviewing
4 distressed properties, ah, to see whether they remain
5 distressed?

6 ASSOCIATE COMMISSIONER DARGA: Um, thank
7 you for that question. So, um, distressed I think
8 can mean different things to different people and I
9 think it, um, how we define it in part depends on the
10 context. Um, so with regard to Third Party Transfer
11 we certainly have, there's legislation, um, that
12 exists today that, um, ah, limits, um, the factors
13 that we can use, ah, to select, ah, the lengths for
14 participation. Um, so we certainly need to follow
15 the outlines of the current legislation. Um, but we
16 have of course, um, historically looked at, um,
17 indicators, um, of financial stress, um, by looking
18 at municipal debt. Um, for financial conditions
19 we've looked at, or, sorry, physical conditions we've
20 looked at, um, ah, housing code violations as an
21 indicator that there are issues within the property.
22 Um, in the working group context for the Third Party
23 Transfer program, um, we did have, one of the first
24 conversations we had with the working group was to
25 ask the members how they define crisis conditions

1 within existing buildings, um, so we did start with
2 trying to understand what a building in crisis, what
3 types of, um, conditions it has, what characterizes
4 that building, and then for there, from that point
5 talked about how we can use administrative data to
6 help identify those characteristics within buildings.
7 Um, so hopefully that helps address the question.
8 I'm certainly happy to follow up if, um, there's more
9 specifics that could be useful.

11 CHAIRPERSON CORNEGY: Yeah, I don't, I, I
12 don't think I've heard from you, um, how, how often,
13 um, ah, the process takes place.

14 ASSOCIATE COMMISSIONER DARGA: So I think
15 it depends on the context. Are we talking about
16 Third Party Transfer?

17 CHAIRPERSON CORNEGY: Yes.

18 ASSOCIATE COMMISSIONER DARGA: OK, so
19 in...

20 CHAIRPERSON CORNEGY: The, the definition
21 of distressed properties under the Third Party, Party
22 Transfer. Is there a way, a mechanism, ah, by which
23 we check the process of distressed properties. And,
24 like you said, distressed properties can mean, um,
25 you know, financial, it can mean, ah, the condition

1 of the physical property. Um, what, what, what's the
2 tool that we're using...

3
4 ASSOCIATE COMMISSIONER DARGA: Got it.

5 CHAIRPERSON CORNEGY: ... to move forward
6 in part to, to determine that and how often do we
7 determine?

8 ASSOCIATE COMMISSIONER DARGA: Great.

9 So, um, the, the, the statutory definition has not
10 significantly changed in the last couple decades, um,
11 or at least the Third Party Transfer statute
12 specifically. Um, that being said, um, the current
13 restrictions in terms of eligibility for Third Party
14 Transfer, um, are fairly inclusive, um, and basically
15 properties need to have at least one or three years
16 of debt. Um, we, um, we certainly at the city have
17 been thinking about how to characterize distress for
18 some time. Um, but the, I do believe the working
19 group was really, ah, the first effort in some time
20 to work with stakeholders to really look at that
21 definition and think about, um, what is relevant
22 today, ah, for buildings and, um, also to try to
23 understand, as I mentioned, not just what, what are
24 crisis conditions, how do we use administrative data
25 to find them or identify them, but if we use

1
2 different criteria for identifying buildings in
3 crisis what does that mean in terms of, in terms of
4 the types of properties that are selected? And are
5 those properties the ones that are actually
6 appropriate for this program? So, for instance, as
7 part of the working group, um, we looked at data that
8 went to, um, various methodologies, um, indexes,
9 ratios, thresholds, and then looked at the impact of
10 using those different methodologies in terms of the
11 building characteristics selected. How many, how
12 much municipal debt do they have? Um, how many
13 violations do we have in those buildings? What are
14 the building sizes, um, if we use that methodology?
15 Where are those properties geographically within the
16 city? What type of housing, um, are involved if we
17 select, use that methodology. And, um, and that, ah,
18 so that was all discussed as part of working group.
19 There was data presented. And then the members had
20 an opportunity to weigh in on what type of
21 methodology would be most relevant for a program
22 specifically, um, the Third Party Transfer program,
23 and so the working group, um, after, you know, the,
24 the last couple years of conversation, um, in a final
25 survey this summer, um, did say that they believed

1
2 that the best approach was to look at a balance of
3 considerations to, to first establish a minimum
4 threshold for participation and then that threshold
5 should be based on a building's own tax liability, so
6 not a one-size-fits-all approach, right? Not just a
7 thousand dollars, no matter what type of property
8 are, right? But actually looking at that building's
9 tax liability as the basis for determining a relevant
10 threshold. And that the debt, um, that annual tax
11 liability need to exist for a certain amount of time,
12 so one year is in the class, ah, for class two
13 properties, three or more years, ah, for, ah, class
14 one properties and for co-ops, and then on top of
15 that minimum threshold to look at, um, ah, and we
16 looked at 500 properties as an administratively
17 feasible group, um, for the city in a, a program like
18 this 'cause this is very labor-intensive, right. Um,
19 and from that point to look at, as I mentioned, a
20 balance of considerations. Ah, the working group
21 recommended looking at financial, high financial, um,
22 stress as exhibited through municipal debt and
23 recommended balancing that with looking at physical
24 characteristics as exhibited by specifically, ah,
25 hazardous and immediately hazardous housing code

1 violations. So hopefully that specificity, ah, will,
2 will help. I, I'm not sure if there's, um, more I
3 can talk about in terms of the definition of
4 distressed. But, again, I'm happy to talk about, um,
5 any aspect of the working group recommendations or
6 the process that we've gone through.

8 CHAIRPERSON CORNEGY: Well, thank you for
9 your, ah, your, your response. Um, Deputy
10 Commissioner Oakley in her, um, opening, um, ah,
11 statement, um, um, alluded to the fact that, um,
12 while, ah, we agree on the bill that's being
13 presented today, some of the components of the bill,
14 there are some, ah, that are, ah, deep reservation,
15 ah, to the administration. Um, so in the last round
16 there were concerns with the ways properties were
17 selected for TPT. What do you think is the best way
18 to capture buildings that have poor housing
19 conditions or unpaid taxes? For us, you know, um,
20 the bill removes block sweeps, which could lead to
21 the transfer of a property that was not otherwise
22 distressed but has an outstanding tax lien, and not
23 the same block as a statutory distressed property,
24 that this, that the, that the city support that
25 action.

1
2 ASSOCIATE COMMISSIONER DARGA: Ah, thank
3 you, yes. So we are still certainly, um, making sure
4 we have thoroughly read the legislation and, um, can
5 evaluate the impacts. Um, based on a preliminary,
6 and, and I just want to say, we do support the, um,
7 the recommendations of the working group, um, their
8 programmatic as well as legislative recommendations.
9 Um, one of the recommendations, as you've mentioned,
10 is elimination of the block pickup, which is part of
11 how selection is done today, um, ah, based on the
12 statute and, um, there was actually unanimous support
13 for eliminating the block pickup and substituting a
14 new selection methodology, um, as I just tried to
15 outline, that would establish a minimum threshold
16 for, ah, eligibility based on, ah, a building's own
17 tax liability and that would use a, um, balance of
18 considerations for selection, including financial and
19 physical conditions to select properties. Um, there
20 were certainly other recommendations of the working
21 group as well, um, some that had unanimous support
22 and some where there was a little bit mixed, um, more
23 mixed feedback, but still majority support. Um, so
24 other recommendations that are probably worth, um,
25 talking about also, streamlining payment options,

1 enhancing resources for owners through the homeowner
2 help desk and owner resources center, um, enhancing
3 outreach, including through community-based
4 organizations, ah, strategically at different moments
5 in time, um, and then there were some, um, areas that
6 I mentioned were, ah, that had majority support but
7 not unanimous support. Um, and that are some of the
8 things I had mentioned about, ah, selection
9 methodology and thresholds, um, as well as, um, which
10 properties should be included. Ah, there was some
11 debate as well about that issue, um, with the
12 majority of members recommending that all residential
13 properties be included from an eligibility
14 perspective with the exception of certain, um, class
15 one properties, ah, where the homeowner qualifies
16 through, ah, DOF for certain homeowner exemptions,
17 including the senior citizen homeowner exemption.

19 CHAIRPERSON CORNEGY: Thank you. Um, ah,
20 the bill also, ah, sought to and seeks to in its
21 language revise the definition of distressed. Do you
22 support that?

23 ASSOCIATE COMMISSIONER DARGA: Um, so we
24 support all, as I mentioned, we support all the
25 recommendations of the working group. Um, we do

1 believe that the working group, ah, final report and
2 recommends provide a solid road map for how we can
3 move forward, um, to update the program, to make sure
4 that it is relevant for properties today and, um,
5 provides, of course, additional support for owners as
6 appropriate.
7

8 CHAIRPERSON CORNEGY: So that, that
9 report was released, ah, yesterday, Commissioner?

10 ASSOCIATE COMMISSIONER DARGA: Yes, it
11 was. We're very, we're very proud to have worked
12 with you to do that. Thank you.

13 CHAIRPERSON CORNEGY: That was, that was
14 a shout-out to both of us, just for the record.

15 ASSOCIATE COMMISSIONER DARGA: [laughs]
16 Well, thank you. I shouted out for you as well.
17 Thank you. Um, it really was, I do think, a
18 collaborative effort and we appreciate, ah, your work
19 on that.

20 CHAIRPERSON CORNEGY: As you mentioned
21 before, ah, the bill creates more flexible payment
22 plans for property owners who are unable to pay a
23 sufficient amount towards a payment plan. Do you
24 think this would help reduce the amount of properties
25 that are eligible for TPT?

1
2 ASSOCIATE COMMISSIONER DARGA: So, um,
3 the working group recommended, there were some
4 programmatic, some of this is legislation, some
5 programmatic. It did recommend actually trying to
6 overall that there be good customer service. And one
7 of the recommendations around that was trying to
8 streamline payment options. Um, currently the, there
9 are, ah, specific payment options that are dictated
10 by the code for properties that are participating in
11 the Third Party Transfer program and they are
12 different than options available for every other
13 property owner. And so one of the recommendations
14 the working group was to try to streamline that, um,
15 to create, ah, less change throughout the process,
16 um, and to make sure, ah, owners have the same types
17 of options that other property owners have available
18 for them.

19 CHAIRPERSON CORNEGY: Ah, thank you. And
20 my last question in this, ah, regard, ah, well last
21 two questions. I, I know I have my, my colleagues
22 waiting to ask, it's just this is a very important
23 bill, ah, for everyone in the council. Ah, if this
24 bill became law how many properties would be eligible
25 for TPT? Can you provide us a breakdown or what the

1 universe would look like? And, and I'm asking that
2 because, um, obviously it is, it is, ah, our office's
3 intention and the working group's intention to reduce
4 the amount of, of, of entities involved in this,
5 especially, ah, in marginalized communities. We
6 believe that the revision, ah, that, ah,
7 recommendations and revisions that are presented in
8 the bill would significantly do that. Ah, is that
9 also your opinion, um, or, or do you have some, some
10 data that would suggest that we're right or wrong on
11 that?
12

13 ASSOCIATE COMMISSIONER DARGA: Um, so, as
14 I mentioned, so I think there's a couple parts there.
15 Let me just make sure I got it all. But, first, um,
16 we are still evaluating the full impacts of the bill.
17 Ah, I think, there's a lot in there, right, and we do
18 want to make sure that we get this right. It, it is
19 a, I think, a critical program, but it also has
20 substantial, and, and really has substantial impacts
21 for the owners as well as residents. And so I think
22 we, um, we are with you that we want to make sure
23 that we get this right. Um, so, as I mentioned,
24 we're still evaluating the impacts. There's a fair
25 amount to wade through in there, everything from, um,

1 changes in criteria, um, changes in payment options,
2 um, notice requirements, um, the amount of time
3 things take, um, and we do have some concerns with
4 what we have seen preliminarily, but we do want to
5 work with you to make sure that we, um, address any
6 specific concerns and that, um, we, um, as much as
7 possible, um, can follow the working group
8 recommendations, which we do believe is a good road
9 map for moving forward. On selections specifically,
10 as I, we're, it is, there, it's fairly technical in
11 the text and so we're, I do want to make sure we, um,
12 you know, we understand it thoroughly before we
13 present any detailed analysis. But from what we
14 preliminarily understand the, um, the financial
15 threshold, um, would be relatively low and, um, as a
16 result, um, the properties picked up would likely
17 have relatively low municipal tax, um, and from what
18 we can tell would likely consist of, um, of high
19 percentage of smaller buildings and, um, and
20 potentially be concentrated in more so than some of
21 the other methodologies considered by the working
22 group in racial inclusion and equity areas, which
23 was, um, as I think Council knows, um, the RIE areas
24 were defined as part of, um, some work during COVID
25

1
2 to look at, ah, social, economic, and health
3 indicators. Um, and so those are, those are some
4 preliminary indicators that we see that are a little
5 concerning, um, and I think we would want to follow
6 up to talk through how we, um, make sure, ah, that
7 the selection methodology employed, um, achieves the
8 intended goals of the program and that we are
9 minimizing any unintended, ah, impacts. And I think
10 there was a part two. What was the part two? I
11 think I may have missed it.

12 CHAIRPERSON CORNEGY: No, no, no. I
13 think, I think you've, ah, addressed...

14 ASSOCIATE COMMISSIONER DARGA: OK.

15 CHAIRPERSON CORNEGY: ...what, what I
16 said. Um, and again, I'm gonna ask this question and
17 it seems, ah, counterintuitive to ask, but does the
18 city support the new version of TPT as it relates,
19 um, to what we just spoke about?

20 ASSOCIATE COMMISSIONER DARGA: Um, so,
21 like I said, we, in the bill...

22 CHAIRPERSON CORNEGY: The [inaudible] and
23 specifically bill [inaudible].

24 ASSOCIATE COMMISSIONER DARGA: On the, on
25 the bill. OK. So we, there are components, again,

1 in the preliminary read that we support, I think, as
2 you had mentioned, um, the block pickup it looks like
3 has been eliminated and there's a substitution of new
4 criteria, um, that we certainly, ah, support the
5 recommendations of the working group and there was
6 unanimous support for eliminate the block pickup.
7 There are, however, I think, other components of the
8 bill that we do have some concerns about, and those
9 particularly are the new selection methodology, um,
10 that substitutes for the block pickup as well as some
11 of the notice requirements, um, and, um, some aspects
12 related to payment that may be unnecessarily complex,
13 as well as the timelines involved. So we would want
14 to sit down and talk with you and Council to discuss
15 those issues more thoroughly and make sure that we,
16 as closely as possible, align with the working group
17 recommendations.
18

19 CHAIRPERSON CORNEGY: Thank you. Ah,
20 and, and, and really lastly the, the threshold, ah,
21 is something that we looked and that we sought to
22 increase the threshold.

23 ASSOCIATE COMMISSIONER DARGA: Yep.

24 CHAIRPERSON CORNEGY: We found, and you
25 found, and I think the working group certainly found,

1 ah, that that low threshold allow for entry, um, ah,
2 ah, like Marlene Saunders and, and, and folks like
3 that. Ah, so I believe the threshold was, was a
4 thousand dollars in the past, ah, for entry into the
5 TPT program. We look to increase that significantly.
6 Do you agree with that?
7

8 ASSOCIATE COMMISSIONER DARGA: So we
9 absolutely do want to make sure that the minimum
10 threshold is, um, meaningful and in the past the one
11 or three years of debt, which was in the statute, um,
12 and the block pickup really did result in some
13 properties being, um, brought into the program that
14 had pretty minimal arrears. That, that's something
15 we don't, we don't, we don't want that going forward.
16 I think we all agree on that. Um, I think the
17 working group recommendation, so we do want to look
18 at that threshold, absolutely. The working group
19 recommendation was rather than a one-size-fits-all
20 approach that we actually, um, look a property's own
21 tax liability to make sure it's actually relevant for
22 that property. Um, clearly, you know, for some
23 properties who have, you know, debt, you know, tax
24 liability of, you know, 10 million a year, um, that's
25 very different than a property that may have debt,

1 um, or, sorry, um, ah, tax liability of \$6000 a year,
2 right, in terms of how far behind they are in their
3 tax liability. And so I think taking that more
4 nuanced approach, um, will help as actually make sure
5 that the properties included in this program just as
6 a minimum threshold that the properties included in
7 this program are actually potentially, um, have
8 enough debt that it is, um, it is worth considering
9 them. I would also say that in addition to a minimum
10 threshold, one of the things discussed in the working
11 group was, um, in [inaudible] was for 500 properties,
12 um, which is, as I mentioned earlier, we see as
13 potentially the right size from an administrative
14 feasibility perspective, and that this really should
15 be buildings that are the worst of the worst, and
16 some of these characteristics. And, um, so the
17 working group, ah, the concept outlined by the
18 working group was to have this minimum threshold, but
19 then really to take the top 500 worst of the worst.
20 So let's say there's 10,000 properties that still end
21 up having that, that minimum level of liability that
22 we would want to further screen, um, and come up with
23 the most relevant properties within that greater
24 universe. So rather than the block, right, the idea

1
2 is to then apply this other screening criteria to
3 limit the number to make sure it is really properties
4 that are the most suitable for participation.

5 CHAIRPERSON CORNEGY: Thank you. Um, at
6 this point, um, if any of my colleagues have
7 questions we can begin that process. Committee
8 Counsel, do we have a, a stack already?

9 COMMITTEE COUNSEL: Ah, we do. Um, um,
10 so I will now call on other council members to ask
11 questions. Ah, council members, please keep your
12 questions to three minutes, including responses. If
13 there is a second round of questioning, council
14 member questions will be limited to two minutes. A
15 Sergeant at Arms will keep a timer and let you know
16 when your time is up. First we have Council Member
17 Brooks-Powers, followed by Council Member Barron,
18 followed by Council Member Rosenthal. Council Member
19 Brooks-Powers, you may begin.

20 SERGEANT AT ARMS: Time starts now.

21 COUNCIL MEMBER BROOKS-POWERS: Um, good
22 morning. Thank you so much, Chair Cornegy, for the
23 opportunity to, um, provide remarks and ask questions
24 in today's hearing, um, as well as my fellow
25 colleagues and the staff to the Housing Committee,

1
2 um, as well. So I'm joining today's hearing on
3 behalf as well as with my constituent, Ms. Diane
4 Prashad, who will be testifying during the, um,
5 public remarks period, and the reason I am on in
6 support of Ms. Prashad is because for over 15 months
7 my constituent has been experiencing a serious and
8 long-standing dispute with tenants of a neighboring
9 HPD property, um, which has directly impacted her
10 quality of life and threatened her, the safety of her
11 and her partner. Ms. Prashad and her neighbor both
12 purchased their homes under HPD's partnership New
13 Homes program, which requires that participants
14 occupy the property, um, for at least 25 years. But
15 Ms. Prashad's neighbor is renting out her property to
16 [inaudible], um, threatened harm and created a, a
17 serious quality of life matter. I have been working
18 for several months with Ms. Prashad and other local
19 elected officials as well as local law enforcement,
20 trying to find a resolution working with HPD. And
21 today I wanted to take the opportunity to ask the
22 administration about how it plans to resolve this
23 issue at hand. Um, some of the questions that I have
24 include why has there been so much confusion about
25 the terms of the partnership New Homes program

1 contract? Why is DSS paying for a housing voucher
2 for tenants in an HPD project that directly
3 violations the homeowner's contract under the HPD
4 program? Also, there seems to be miscommunication
5 between agencies that leads to a higher cost for
6 taxpayers and poorer quality of life for
7 constituents. How is HPD communicating with other
8 agencies about the details and requirements of its
9 program. For example, the tenants currently receive
10 a voucher from DSS, um, and it appears that there
11 have been no communication to verify if this HPD
12 property, um, was even eligible to be rented out to a
13 voucher recipient because of, um, the funding streams
14 and resources being provided. And I'd like to know
15 how HPD plans to address, um, in this instance the
16 case, the situation with Ms. Prashad's quality of
17 life issue. Um, I'm especially sensitive to this
18 matter considering it's just a few blocks away from
19 where we had another neighborly dispute that resulted
20 in the loss of life for 10-year-old Justin Wallace,
21 and I feel that the matter has not been treated...

22
23 SERGEANT AT ARMS: Time expired.

24

25

2 COUNCIL MEMBER BROOKS-POWERS: ...with the
3 seriousness that it requires and I'm looking forward
4 to hearing the response [inaudible]. Thank you.

5 CHAIRPERSON CORNEGY: Thank you, Council
6 Member.

7 COUNCIL MEMBER BROOKS-POWERS: Thank you.

8 DEPUTY COMMISSIONER OAKLEY: Thank you,
9 Council Member Brooks-Powers, for your question. Um,
10 I am not familiar with the specifics of this case and
11 so we're going to have to discuss with our
12 colleagues, and we'll ensure that we have the
13 appropriate folks follow up with you. I, I apologize
14 we don't have more information about it, um, to share
15 today.

16 COUNCIL MEMBER BROOKS-POWERS: And I
17 could appreciate not knowing the specifics pertaining
18 to Ms. Prashad, but in terms of the policy practice
19 of HPD, considering HPD manages a number of programs,
20 um, and housing developments across the city how is
21 HPD ensuring that we don't have a circumstance where
22 we have another city agency that is providing city
23 taxpayer resources, um, for a voucher, um, for a
24 voucher program, for a project that prohibits
25 subleasing of that property?

1
2 DEPUTY COMMISSIONER OAKLEY: Thank you,
3 thank you for the follow-up. Um, so where I
4 understand that this does relate to homeowner
5 occupancy of developments, um, what I can say is that
6 we do take these issues very seriously and in
7 development we manage a number of home ownership
8 programs, including the Open Door Program that we
9 launched as part of Housing New York 2.0 that I
10 mentioned in my remarks, um, and, um, ah, Kim's team
11 manages programs for home owner preservation, and for
12 our newer home ownership programs we have created
13 standards to require annual primary residency
14 certifications to address these concerns. So I just
15 want to reiterate we do take this very seriously and
16 that's what we're doing to ensure that those
17 requirements are met and that we do have consistent
18 standards going forward. On the...

19 COUNCIL MEMBER BROOKS-POWERS: But what,
20 I'm sorry, go ahead.

21 DEPUTY COMMISSIONER OAKLEY: No, go
22 ahead.

23 COUNCIL MEMBER BROOKS-POWERS: I was
24 gonna ask when it's found that there's a violation
25 how can HPD quickly rectify that, um, and also just

1
2 want to point out this housing program is about 14
3 years in, so it's not a new program. Um, and HPD has
4 not been responsive to my constituent, who's provided
5 documentation, um, elected officials from the
6 Congress member all the way to myself have written to
7 HPD, has had conference calls with the commissioner,
8 and we have not received any result, any answers from
9 the administration.

10 DEPUTY COMMISSIONER OAKLEY: Again, I
11 apologize, but I am, I'm not familiar with the
12 particulars of this case, so I can't comment on the
13 specifics on follow-up, um, or anything related to
14 that. Um, I think you do raise important concerns
15 regarding, um, primary residency requirements and
16 that is something we have looked at and, and those
17 are policies that we have reviewed carefully and,
18 and, and standardized. Um, but I, I don't think we
19 can speak on the specific follow-up of her case.

20 COUNCIL MEMBER BROOKS-POWERS: And just
21 one last follow-up. Um, 'cause one question I asked
22 also that I would imagine that you would be able to
23 answer, um, which is why is DSS paying for a housing
24 voucher for someone in an HPD project that violates
25 the homeowner contract that HPD provided?

1
2 DEPUTY COMMISSIONER OAKLEY: Thank you
3 all, Council Member, for that question. Um, I, I
4 think, um, we can't speak specifically to, um, to
5 that issue, um, but I'm, I'm sure we could follow up
6 separately on your question.

7 COUNCIL MEMBER BROOKS-POWERS: And, and I
8 would just end with saying my concern is that this is
9 a safety matter, is causing great emotional and
10 mental health distress on, um, these constituents.
11 Um, and it's [inaudible] circumstances that have come
12 out of the dispute between the homeowner and the
13 tenant and, um, you know, we have seen a reluctance
14 from HPD, um, for enforcing its own contract or
15 working in an, um, a real way with DSS to, one, find
16 appropriate housing for the tenants so that they have
17 housing that they are legally able to reside in with
18 the voucher program, and HPD's reluctance to correct
19 something that should never have happened because of
20 lack of proper oversight for the programs that it
21 runs and operates. Um, and, you know, it just runs
22 the question of, one, HPD's ability to oversee its
23 programs in a real way, ah, as well as protecting New
24 Yorkers, um, when we have matters that threaten the
25 safety of our, of our residents in the community.

2 DEPUTY COMMISSIONER OAKLEY: Thank you
3 again for your questions and comments. We can't
4 speak to DSS matters. Um, but we do appreciate your
5 input and we do take the issues regarding primary
6 residency very seriously.

7 COUNCIL MEMBER BROOKS-POWERS: I look
8 forward to having a formal response from HPD to
9 answer the questions that I asked. Um, Chair
10 Cornegy, can I ask that, um, that your committee
11 ensure that we are able to get the responses needed
12 from the administration?

13 CHAIRPERSON CORNEGY: Absolutely. Thank
14 you for your questions and we will follow up and get
15 your office, your office and my office can, can work
16 on making sure that your constituent is taken care
17 of. And I just want to know that, I want you to know
18 that the, ah, members of Queens and in your district
19 have a pro in, in their new council member, good job.

20 COUNCIL MEMBER BROOKS-POWERS: Thank you.

21 COMMITTEE COUNSEL: Now we're going to
22 hear for questions from Council Member Barron,
23 followed by Council Member Rosenthal. Council Member
24 Barron.

25 SERGEANT AT ARMS: Time starts now.

1
2 COUNCIL MEMBER BARRON: Ah, thank you.
3 Thank you, Mr. Chair, and thank you to the panel for,
4 ah, being here today. I particularly want to talk
5 about the TPT program and try to get an understanding
6 of the differences between what exists and what is
7 being proposed. So there was a point where a
8 distressed property was in fact taken over in the
9 interim by one of those groups, I can't remember
10 which one it was. It was very popular, although it
11 ran into problems later. Ah, and at the conclusion
12 of that three or four, they had, the tenants had to
13 give up their lease, ah, give up all the rights that
14 they had for a period of time until such time as all
15 of those, ah, shortcomings and failures and, ah,
16 sitings had been corrected, and then they were given
17 their, their, their, ah, deed back. They were able
18 to reclaim their deed. There was a property in my
19 community of HDFC that was told, ah, they were out of
20 compliance, [inaudible] having these high bills for
21 water, for real estate, and that they would have to
22 give up their shares and that a new entity would come
23 and take possession of that building and that they
24 would then become tenants in the building where they
25 had lived. Is that still the policy? Because we got

1 a lot of conflicting information. Someone said, oh,
2 well, no, they can't go back, they can't go back to
3 the shareholders because they were negligent and
4 oftentimes it's, ah, another person that perhaps is
5 not getting the information to the shareholders as to
6 what the current situation is. Shareholders may not
7 even know, and I think that perhaps this new bill may
8 require shareholders to be, ah, listed as in fact
9 shareholders and to get that direct notice. So my
10 question is does the provision now, as proposed, ah,
11 Mr. Chair, does that provision allow for an HDFC to
12 perhaps get restructured, to have new leadership, to
13 get the financing that they need, perhaps by selling,
14 ah, vacant units and generating those funds, so that
15 they can then maintain their shares in the building
16 that they worked so hard to, ah, acquire?

18 CHAIRPERSON CORNEGY: So, Council Member
19 Barron, um, we worked with HDFC, ah, HDFC and HDFC
20 Coalition, ah, through the, um, working groups and
21 some of those things we were able to accomplish in
22 this bill. Some we still have to work harder to get
23 to. So the answer is yes and no. Ah, the, the, your
24 questions and the needs of HDFC's...

25 SERGEANT AT ARMS: Time expired.

1
2 CHAIRPERSON CORNEGY: ...Third Party
3 Transfer, um, ah, were not, ah, addressed in
4 totality. However, some of them, some of them were.
5 Ah, but you should know that the HDFC and the HDFC
6 Coalition was at the table and they did not miss a
7 meeting, and I think we may have had five, six hours
8 for meetings. Um, I'm exaggerating, but we did have
9 five, ah, very lengthy meetings and went in depth, so
10 the HDFCs were represented in the process. Um, I
11 don't believe that we got everything you asked, ah,
12 but we got, um, ah, some considerable changes in the
13 current legislation that we're proposing today.

14 COUNCIL MEMBER BARRON: I think it's
15 important that as we talk about, ah, home ownership
16 being the way to building wealth that we not put
17 people in a situation where their equity gets stolen
18 from them, because of someone else's negligence or
19 oversight, or inability to, ah, manage what they were
20 supposed to have managed. There may even be some,
21 ah, some lengths beyond just incompetence, if you'll
22 get my drift, that need to be looked at in terms of
23 some of the management that, ah, exists for the HDFCs
24 and I'm not in favor of people losing their equity
25 that they built over the years because of, ah, some

1
2 oversight. We are eager, I think, at times to give
3 that pot of money or those benefits or reductions to
4 a, a third entity, an outside party, some other, ah,
5 qualified entity, but not give that consideration to
6 the shareholders, and I think that that's a gross
7 miscarriage and it undermines what we say we want to
8 do. And I know my time has expired, but I did have
9 one other question, Mr. Chair.

10 CHAIRPERSON CORNEGY: Yes, please.

11 COUNCIL MEMBER BARRON: Ah, it talks
12 about the, um, administrative fees, ah, for the
13 emergency repair program that can go up to 49%. Ah,
14 is there some provision for reducing that? That's
15 like, you know, the, um, city Parks Department says
16 it costs 3, 4, 5 million dollars to build a bathroom
17 and you and I could probably learn the trade and do
18 it for much less and still be, and still have an
19 entity that's standing. But sometimes these fees are
20 excessive and is there any provision to put a cap on
21 the administrative fees?

22 CHAIRPERSON CORNEGY: Not in this
23 legislation, Council Member.

24

25

2 COUNCIL MEMBER BARRON: OK. I have other
3 questions and I'll save them for round two. Thank
4 you very much.

5 CHAIRPERSON CORNEGY: Thank you.

6 ASSOCIATE COMMISSIONER DARGA: Council
7 Member, may I, um...

8 COUNCIL MEMBER BARRON: Yes.

9 ASSOCIATE COMMISSIONER DARGA: ...address,
10 ah, a couple of, ah, questions, Council Member
11 Barron?

12 COUNCIL MEMBER BARRON: Thank you, yes.

13 CHAIRPERSON CORNEGY: Please, please.

14 ASSOCIATE COMMISSIONER DARGA: OK, great,
15 thank you. Um, so I do want to talk about Third
16 Party Transfer with regard to HDFC co-ops. Um, I, I
17 think those were some of the concerns that you've
18 raised...

19 COUNCIL MEMBER BARRON: Yes.

20 ASSOCIATE COMMISSIONER DARGA: ...and, um,
21 the working group recommendations I think do provide
22 a, a, really a good road map for how we may be
23 [inaudible] some of the, um, issues here, um, which
24 are, I think we're all concerned around loss of
25 equity for lower-income and, um, homeowners of color,

1 um, especially with regard to building wealth, right?
2
3 And so that was, there was a fair amount of debate
4 and some difference of opinion within the working
5 group. But, um, the recommendations, ah, at the end
6 were as such. Let me lay them out and then we can
7 talk about maybe how they address your concerns. Um,
8 the, there was a recommendation that all class one
9 and two properties, class two properties, including
10 co-ops, be included in Third Party Transfer. Um, and
11 the, there were, there were some members that did not
12 believe that HDFC should be included. Um, but some
13 of the folks that believed that, um, believed that if
14 there was really good, um, technical assistance
15 available for HDFCs, including, um, one of the
16 recommendations of the working group, which is to
17 create an owner resource center, um, which would
18 provide really deep technical assistance,
19 assessments, um, to the properties. Um, it's
20 actually an expansion of the current Landlord
21 Ambassador Program, but would include HDFC co-ops and
22 provide some of the assistance that they need, ah, to
23 support issues around governance, estate planning,
24 some of the challenges that we see. Um, so have that
25 on the front end. There are co-ops that probably

1
2 will not be able to address their concerns. You
3 know, we've seen some HDFC co-ops that have one or
4 two shareholders left, really huge debt, really
5 significant [inaudible] co-issues, um, they're,
6 they're really struggling. Um, it may be possible
7 some get to the point where, um, foreclosure helps
8 reset, um, but the second recommendation is that
9 rather that be a one chance and done, right, that we
10 think of this truly as a fresh start, and what that
11 means is that the co-ops then have an opportunity to
12 re-petition to become a co-op again afterward. Um,
13 there has been a prohibition on that in, ah, over the
14 last decade, and that's because I think there were
15 concerns that, um, eliminating the debt and then just
16 setting folks back on the path without dealing with
17 the larger issues, um, would not result in different
18 outcomes for that building, right?

19 COUNCIL MEMBER BARRON: Right, right.

20 ASSOCIATE COMMISSIONER DARGA: But the
21 idea behind the working group recommendation is you
22 give people, you've eliminated the debt through the
23 foreclosure. You help with renovations. You provide
24 the access to training. And if they meet the
25 requirements to convert to a co-operative that they

1
2 have that chance again. And so it's not that
3 they're, the foreclosure basically eliminates any
4 opportunity those folks have to access affordable
5 home ownership, but it truly is then a, a path to
6 stabilize the building. It would also give the
7 opportunities for some of the renters in a co-op, um,
8 actually petition to become shareholders going
9 forward. So it would create additional opportunities
10 for folks that have been living in those buildings
11 but haven't been able to buy in.

12 COUNCIL MEMBER BARRON: Would that allow
13 them to protect or preserve their equity?

14 ASSOCIATE COMMISSIONER DARGA: So that is
15 the concept, right. So it, the, it's not guard. I
16 just want to be really clear, right. If the costs
17 are included they'll have the technical assistance in
18 the front end. Let's say they get to foreclosure.
19 They can't resolve the issues. They are going to
20 become a renter, rental, on an interim basis. How,
21 and that's an affordable rental, right. That means
22 it's subject to an HPD regulatory agreement. They
23 have leases that protect them. However, they then
24 have the opportunity after the renovations are done
25 to become a co-op again. They would have to meet the

1 requirements, meaning they have to make sure that
2 there is sufficient interest within the building to
3 become a co-op. They have to be able to pay the rent
4 or maintenance to be able to cover expenses going
5 forward, and they have to attend required training.
6 Um, but if they meet those requirements then they get
7 a second chance. So if this really is, it's a reset,
8 right?
9

10 COUNCIL MEMBER BARRON: Right.

11 ASSOCIATE COMMISSIONER DARGA: It's a
12 reset for...

13 COUNCIL MEMBER BARRON: Thank you so
14 much, but, just, ah, I'm not getting the...

15 ASSOCIATE COMMISSIONER DARGA: Yeah.

16 COUNCIL MEMBER BARRON: ...answer that I'm
17 looking for. The equity that they have already built
18 prior to the foreclosure and the [inaudible] and...

19 ASSOCIATE COMMISSIONER DARGA: Oh, I see.

20 COUNCIL MEMBER BARRON: Yeah.

21 ASSOCIATE COMMISSIONER DARGA: Yeah, I
22 think this is better than that, because the issue is,
23 right, so I'm just thinking about the last round of
24 TPT. The, the co-ops that ended up getting to
25 foreclosure owed over a million dollars on average,

1
2 right, and so there was actually a diminishment of
3 equity for the shareholders in those buildings. If
4 we actually structure the program the way the working
5 group, um, ah, recommendations outline is that you
6 get a, you eliminate that debt. There is a, ah,
7 chance to renovate the building through an HPD
8 program, and then they become shareholders again, and
9 so the equity they have, it clearly would be based on
10 the affordability restrictions. This is an
11 affordable home ownership program, right, but they
12 would not have that debt there that then diminishes
13 the equity they have in their home. So yes, they
14 would have the equity without having the debt there
15 that reduces what they could actually realize on a
16 sale.

17 COUNCIL MEMBER BARRON: OK. So I'll take
18 that to mean yes, the equity that they have
19 established they would maintain.

20 ASSOCIATE COMMISSIONER DARGA: The, well,
21 it would be a different equity because you wouldn't
22 have the debt.

23 COUNCIL MEMBER BARRON: OK. Round two.
24 [inaudible].

25

2 ASSOCIATE COMMISSIONER DARGA: OK
3 [laughs].

4 COUNCIL MEMBER BARRON: Thank you, and
5 thank you, Mr. Chair, ah, for your tolerance.

6 CHAIRPERSON CORNEGY: Of course.

7 ASSOCIATE COMMISSIONER DARGA: Thank,
8 thank you.

9 COMMITTEE COUNSEL: Council Member
10 Rosenthal, do you have any questions?

11 COUNCIL MEMBER ROSENTHAL: I do. Oh,
12 great. Um, yes. Hang on one second. I'm
13 multitasking. Um, yes, and sorry I can't flip my
14 screen. Ah, I wanted to ask about, um, the TPT, um,
15 in particular Round X, ah, which was the city's last
16 foreclosure, um, TPT action. Um, sorry, hang on one
17 second. Um, so at that point, um, I think it was in
18 2018, there were 681 HDFC shareholder households, um,
19 that lost home ownership. Correct me if I'm wrong
20 about that. And I'm wondering, um, whether going
21 forward whether or not there will be required onsite
22 physical inspections. So, um, apparently what
23 happened, um, was in the last, in that last round X
24 there were, um, properties that were listed as having
25 hazardous, um, conditions that actually did not. Um,

2 so I'm just, ah, wondering your thoughts about that
3 and how you might, um, and your suggestions for how
4 to write into the new legislation protections against
5 that.

6 CHAIRPERSON CORNEGY: Wait. Ah, Council
7 Member, do you mean, you mean hazardous conditions...

8 COUNCIL MEMBER ROSENTHAL: Yes.

9 CHAIRPERSON CORNEGY: ...or distressed
10 properties?

11 COUNCIL MEMBER ROSENTHAL: Sorry,
12 hazardous conditions.

13 CHAIRPERSON CORNEGY: Not distressed
14 properties, hazardous conditions.

15 COUNCIL MEMBER ROSENTHAL: On the
16 distressed properties.

17 CHAIRPERSON CORNEGY: OK.

18 COUNCIL MEMBER ROSENTHAL: And, ah, I may
19 not have this exactly right, so feel free to jump in
20 if I'm not [inaudible].

21 CHAIRPERSON CORNEGY: Oh, the only
22 reason, the only reason, um, asking because there are
23 significant differences between hazardous properties
24 and distressed properties. I know that we had
25 focused, and I would be interested to hear, whether

1
2 the commissioner can identify whether or not some
3 Third Party Transfer, ah, ah, ah, participants were
4 drawn into the program through hazardous conditions
5 or was it distressed properties.

6 COUNCIL MEMBER ROSENTHAL: I see.

7 CHAIRPERSON CORNEGY: So, Commissioner,
8 if you, if you could?

9 ASSOCIATE COMMISSIONER DARGA: Sure,
10 sure. So historically the eligibility for TPT was
11 based on financial characteristics, specifically
12 having municipal debt, right. So, um, certainly
13 those buildings may have had other characteristics,
14 including housing code violations, um, and oftentimes
15 having municipal debt or characteristics of financial
16 crisis is indicative of larger issues within
17 buildings, including that the buildings may not be in
18 good condition physically. Um, the working group
19 recommendations, and I want to be clear, there's a
20 little, there's differences here between the current
21 draft legislation and the working group, um, ah,
22 recommendations. Ah, the report was just, ah,
23 released yesterday, so it, it's fresh. Um, but the
24 working group actually does recommend going forward
25 that there be a minimum financial threshold to make

1
2 sure, and that's based on that building's own tax
3 liability to make sure we don't include properties
4 that don't have, tax liability that's relevant for
5 them, and then second that we use a balance of
6 considerations going forward, which would combine,
7 um, looking at the worst of the worst in terms of
8 outstanding municipal debt and looking at the worst
9 of the worst in terms of housing code violations,
10 specifically hazardous and immediately hazardous
11 violations, which are the BNC violations. And there
12 was some debate in the working group whether that
13 should be all the violations forever and ever, right,
14 potentially going back decades...

15 COUNCIL MEMBER ROSENTHAL: Sure, sure.

16 ASSOCIATE COMMISSIONER DARGA: And
17 [inaudible] or more recent and this is, you know,
18 sometimes violations end up staying on because
19 somebody doesn't go through the process of clearing
20 them with the agency, even if they [inaudible].

21 COUNCIL MEMBER ROSENTHAL: I think that,
22 that was the piece...

23 ASSOCIATE COMMISSIONER DARGA: Right.

24 COUNCIL MEMBER ROSENTHAL: That people
25 had cleared up things, there was no...

2 ASSOCIATE COMMISSIONER DARGA: Right.

3 COUNCIL MEMBER ROSENTHAL: ...final, ah,
4 inspection, so the violations remained...

5 SERGEANT AT ARMS: Time expired.

6 COUNCIL MEMBER ROSENTHAL: ...on the books
7 and then, yeah.

8 ASSOCIATE COMMISSIONER DARGA: Right. So
9 in this case, right, it really would be looking at
10 some combination of factors, um, and, again, focusing
11 on the top few hundred properties in terms of those
12 characteristics, um, and eliminating some of the, um,
13 legislative criteria that existed before that
14 [inaudible] property use that really had more limited
15 issues, but because they were on the block, um, now I
16 do want to say most of those, those buildings, ah,
17 redeemed at a much higher rate, too, right, because
18 they were able to pay and address issues. But the
19 point is we really don't want to even have them in
20 there to start with going forward. We really want to
21 focus on the worst of the worst.

22 COUNCIL MEMBER ROSENTHAL: OK. And the
23 last question is just I know that HDFC, um, working
24 group put out a paper that, um, was, and, and I, I
25 mention this 'cause I have a range of HDFCs in my

1
2 district. I know Council Member [inaudible] does as
3 well, where they're in, you know, all different types
4 of shape. Um, so, so it's, you know, kind of
5 complicated. But, um, I would just ask actually,
6 yeah, for this legislation and for HPD to, to be
7 mindful of the working group's recommendations and to
8 make sure they're taken into consideration. You
9 know, when you described the working group there are
10 so many different players, ah, with different, um,
11 concerns that I, I can imagine it's very challenging
12 to put together, you know, a piece of legislation or
13 recommendations that meet everyone's needs. But I
14 just, I'm getting the sense from the HDFC working
15 group that their concerns were not given, um, as much
16 attention as they could, and so, um, yeah, I'm
17 speaking on their behalf.

18 ASSOCIATE COMMISSIONER DARGA: OK. Yeah.
19 So, thank you. I mean, the working group absolutely
20 did include a range of different organizations,
21 representing different [inaudible].

22 COUNCIL MEMBER ROSENTHAL: They were
23 included. I think that their opportunity to
24 participate was a bit restricted. So, um, yeah. I
25 just would appreciate, I, I appreciate the time,

1
2 Chair Cornegy to ask the question and just I'm asking
3 that you go back when you're reviewing all this,
4 which I know is a lot, that you take the HDFC
5 recommendations, which I can resend to you. Um, that
6 you make sure you have those in hand.

7 CHAIRPERSON CORNEGY: Thank you, Council
8 Member.

9 COUNCIL MEMBER ROSENTHAL: Thank you.

10 ASSOCIATE COMMISSIONER DARGA: We'll,
11 we'll certainly look at that. Thank you. I, just
12 one maybe quick note. Um, we did, in addition to
13 the, the facilitated sessions by an outside
14 facilitator, um, we did provide individual members
15 with opportunities to provide feedback outside of
16 that session, including written feedback, and we did
17 get some from some of the organizations that work
18 with or represent HDFC co-ops, and we provided each
19 individual member with an opportunity to complete a
20 survey, um, to make sure that the aggregate
21 recommendations that we heard that individuals could
22 weigh in on them and let us know if, um, they
23 supported those recommendations. Um, the, the
24 working group report that we released yesterday does
25 actually summarize those survey results, including

1
2 where there were maybe some differences of opinion
3 and how those differences of opinion could be
4 addressed. Um, so we're certainly happy for, of
5 course, any additional feedback, um, but, ah, there
6 is also, I do believe, is, um, the, the work of the
7 working group provides a decent road map for how we
8 can address the varying concerns that were raised.

9 COUNCIL MEMBER ROSENTHAL: Thank you.

10 ASSOCIATE COMMISSIONER DARGA: Thank you.

11 COMMITTEE COUNSEL: Um, do any other
12 council members have questions? Ah, if you do,
13 please raise your hand. OK, well, thank you. The
14 Department of Buildings, ah, submitted testimony in
15 writing but is unable to testify at today's hearing.
16 Instead, Chair Cornegy will read questions related to
17 give Council Member Gibson's preconsidered
18 Introduction, ah, into the record. Council Member
19 Cornegy?

20 CHAIRPERSON CORNEGY: A local law to
21 amend the administrative code of the City of New York
22 in relation to penalties for falling, I'm sorry, for
23 failing to certify corrections of immediate hazardous
24 conditions and the reinspection of immediate
25 hazardous conditions at construction sites and the

2 penalties for one- to four-family homes. How often
3 are penalties issued for a failure to submit a
4 certification of correction of an immediately
5 hazardous violation?

6 COMMITTEE COUNSEL: Oh, Council Member,
7 just, you're reading into the record, so you can just
8 read all of them.

9 CHAIRPERSON CORNEGY: Oh, OK, I'm sorry.

10 COMMITTEE COUNSEL: And then I'll go into
11 them later. Thank you.

12 CHAIRPERSON CORNEGY: How often are
13 penalties issued for such conditions at a
14 construction site? How often are these penalties
15 issued for conditions not at a construction site?
16 How often are these penalties issued for conditions
17 at one- to four-family homes? How often does DOB
18 conduct a reinspection of an immediately hazardous
19 condition? How often are these reinspections of
20 construction sites? How often are these inspections
21 not of construction sites? How often are these
22 reinspections conducted of conditions at one- to
23 four-family homes? How frequently does DOB find the
24 condition has been remediated? What is an example of
25

1
2 an immediately hazardous condition that DOB
3 reinspects? Thank you.

4 COMMITTEE COUNSEL: Thank you, Chair
5 Cornegy. Um, I'm now going to call on the public to
6 testify. Um, I'd like to remind everyone that unlike
7 our in-person hearings, ah, we will be calling
8 individuals one by one to testify. You will be on
9 mute until you are called to testify, at which point
10 you will be unmuted. Please listen for your name to
11 be called as I announce the panelists. Once your
12 name is, is called a member of our staff will unmute
13 you and Sergeant at Arms will set a timer and
14 announce that you may begin. Be aware that there
15 could be a delay in muting and unmuting, so please be
16 patient. Your testimony will be limited to two
17 minutes.

18 CHAIRPERSON CORNEGY: Ah, hold, hold,
19 wait, hold one second. I see that Council Member
20 Barron has raised her hands and before we move into
21 the next session I'd love to give her an opportunity.
22 She said she wanted to come back for round two.
23 She's [inaudible].

24 COMMITTEE COUNSEL: Right, sorry.
25

2 COUNCIL MEMBER BARRON: I hope the
3 commissioner is still there. I didn't get clarity on
4 my question, so I'm gonna pose it another way. If
5 I'm a shareholder and I have accrued \$10,000 in
6 equity for the period of time that I have had my, ah,
7 apartment and the building goes into foreclosure, do
8 I get my \$10,000 in some form or fashion?

9 ASSOCIATE COMMISSIONER DARGA: Oh, I see,
10 like a cash payment? No.

11 COUNCIL MEMBER BARRON: Anything.

12 ASSOCIATE COMMISSIONER DARGA: No cash...

13 COUNCIL MEMBER BARRON: OK, we'll...

14 ASSOCIATE COMMISSIONER DARGA: No cash
15 payment, but it is a potential retention of
16 ownership, meaning if you go through the foreclosure
17 the debt is wiped out, right. So let's see there's a
18 HDFC co-op, it has affordability restrictions
19 today...

20 COUNCIL MEMBER BARRON: Right.

21 ASSOCIATE COMMISSIONER DARGA: Right, and
22 they also would be limited.

23 COUNCIL MEMBER BARRON: Right.

24 ASSOCIATE COMMISSIONER DARGA: Let's say
25 it owed a million dollars in debt, right. When a

2 shareholder, if, shareholders could sell at any time.
3 There's nothing that prohibits them from doing that.

4 COUNCIL MEMBER BARRON: OK.

5 ASSOCIATE COMMISSIONER DARGA: But so
6 let's say they didn't want to sell, right. They
7 could always sell and try to cash out.

8 COUNCIL MEMBER BARRON: Right.

9 ASSOCIATE COMMISSIONER DARGA: Now the
10 debt would certainly limit potentially how much they
11 could sell for.

12 COUNCIL MEMBER BARRON: Right.

13 ASSOCIATE COMMISSIONER DARGA: But, um,
14 if they went through foreclosure they're gonna
15 temporarily be a rental.

16 COUNCIL MEMBER BARRON: Right.

17 ASSOCIATE COMMISSIONER DARGA: They would
18 have an option to become a co-op again. At that
19 point in time they would then have equity through the
20 shares that they purchased in the co-op, and that
21 equity would not be encumbered by the debt, meaning
22 they would be able to sell for the full value of
23 those shares, rather than a diminished value because
24 of the debt.

25 COUNCIL MEMBER BARRON: OK, great.

2 ASSOCIATE COMMISSIONER DARGA: But they
3 would not...

4 COUNCIL MEMBER BARRON: So [inaudible]
5 they lose their \$10,000 basically...

6 ASSOCIATE COMMISSIONER DARGA: They, as
7 part of the foreclosure they would lose that. But
8 they would still be able to sell...

9 COUNCIL MEMBER BARRON: Right.

10 ASSOCIATE COMMISSIONER DARGA: ... if they
11 don't want to stay, right.

12 COUNCIL MEMBER BARRON: Right.

13 ASSOCIATE COMMISSIONER DARGA: So they
14 could access that equity if they want to leave, or
15 they could stay through the foreclosure and access it
16 again afterwards.

17 COUNCIL MEMBER BARRON: Well, have a new
18 opportunity to start new, building new equity.

19 ASSOCIATE COMMISSIONER DARGA: Yes, a
20 fresh start, fresh start.

21 COUNCIL MEMBER BARRON: Thank you.

22 ASSOCIATE COMMISSIONER DARGA: And I just
23 want to say this is very different than other
24 foreclosures, right, where the only option is
25 foreclosure and you leave...

2 COUNCIL MEMBER BARRON: Right.

3 ASSOCIATE COMMISSIONER DARGA: ...and you
4 don't get that retention of home ownership long term.
5 So this would be a very different structure, um,
6 where ability to maintain that ownership long term is
7 actually an option.

8 COUNCIL MEMBER BARRON: OK. Thank you
9 very much, and thank you, Mr. Chair, for recognizing
10 me for the second round. Thank you.

11 COMMITTEE COUNSEL: Thank you. Um, do
12 any other council members have follow-up questions?

13 DEPUTY COMMISSIONER OAKLEY: I think it's
14 also important, Kim, you might, you touched on this
15 before, but related to the Council Member's
16 questions, I think it's important to note the
17 programmatic recommendations of the TPT working group
18 and trying to prevent homeowners to get into that
19 point to begin as well. Um, but I admire the Council
20 Member's tenacity and, and making sure we answered
21 the question. Um, ah, our, our ideal is not to get
22 to that point at all, so those owners can maintain
23 their equity.

24 COMMITTEE COUNSEL: OK, thank you very
25 much. Um, if there are no additional council member

1 questions we will move on to members of the public.

2 As a reminder, you will be on a two-minute timer.

3 First we will be hearing from Kevin Wolfe, followed

4 by Noelani Derrickson, followed by Russell Crane.

5 Kevin Wolfe, Wolfe, sorry, you may begin.

6
7 SERGEANT AT ARMS: Time starts now.

8 KEVIN WOLFE: Ah, well thank you very

9 much. I'd like to thank Chair Cornegy and thank the

10 members of the, ah, Housing and Buildings, ah,

11 Committee for having us here. Um, my name is Kevin

12 Wolfe and I am the senior government affairs manager

13 at the Center for New York City Neighborhoods. Ah,

14 the Center for New York City Neighborhoods is one of

15 the largest home owner service organizations in New

16 York City, ah, and we provide, ah, services to, ah,

17 New Yorkers at all stages of home ownership, whether

18 or not is in their prepurchase, ah, process all the

19 way up to the foreclosure process. And I would like

20 to thank the New York City Council for providing

21 leadership and providing resources to the work that,

22 that we do at the center, ah, from issues whether it

23 is, ah, foreclosure prevention, whether it's tax

24 liens, whether it's home repair, our black home

25 ownership project, ah, our senior initiative, the New

1
2 York City Council has provided millions of dollars in
3 support, ah, for the center and our, ah, partners
4 around the city. Just a little bit about, ah, what
5 we do and then we can get into the support, ah, our,
6 our positions on some of the legislation that has
7 been proposed today. Um, the, ah, Center for New
8 York City Neighborhoods, ah, as I said, we provide
9 services at all stages of home ownership. Ah, since
10 our founding in 2008 our network has assisted over
11 100,000 homeowners, and we provided 33 million
12 dollars in direct grants, ah, to community-based
13 nonprofits across the city, whether they're providing
14 legal services, housing counseling, or financial
15 counseling, ah, and in addition we were able to
16 leverage, ah, the public support, ah, for another 30
17 million dollars in indirect, ah, funding support.
18 Ah, one thing that I should note is that the center's
19 work is counter-cyclical. And so when the economy
20 goes bad, when we're in the midst of the pandemic, or
21 in the midst of the financial crisis that's when
22 homeowners need us the most. And so it's so
23 important to get the funding that we've gotten from
24 the city in the past.

25 SERGEANT AT ARMS: Time expired.

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KEVIN WOLFE: Oh.

CHAIRPERSON CORNEGY: Ah, I, I would just ask you, you were in, you were in your full stride, I would ask you to try to bring your, your comments to a close, and I know that you wanted to, to, um, to state something, so, ah, please, if you could. I don't want to be rude.

KEVIN WOLFE: Yes, thank you, Chair Cornegy. You're much appreciated. Ah, we, we do want to say that we support, ah, Intro 2463, ah, Intro 2436, I'm sorry. Ah, Council Member Daneek Miller's, ah, legislation. Ah, this is, this is really right up our wheelhouse and we'd like to, we, we support the leadership, ah, that the council member has provided. Ah, and, you know, ah, believe that it's very important for the city to focus, ah, on foreclosure prevention and home ownership generally. And then as far as your legislation, Chair Cornegy, ah, we want to thank you for the leadership, ah, that you're providing, ah, in this area, the Third Party Transfer. We think it's very important to get to the root causes, ah, and to really provide assistance for these homeowners, ah, that are in these dire conditions. So thank you very

1
2 much, ah, for the additional time, ah, and happy to
3 answer any questions, you know, or follow-ups from
4 the council.

5 CHAIRPERSON CORNEGY: Ah, I just want to
6 thank you for, um, ah, being a, a very strong
7 advocate and voice, ah, and working diligently to
8 make sure that, ah, residents, homeowners, everybody
9 gets an opportunity. So I thank you for your work
10 and I thank you for the work of your organization.

11 KEVIN WOLFE: Thank you.

12 COMMITTEE COUNSEL: Ah, next up we have
13 Noelani Derrickson, followed by Russell Crane,
14 followed by Diane Prashad.

15 SERGEANT AT ARMS: Time starts now.

16 NOELANI DERRICKSON: Hi, good, council
17 members and staff. My name is Noelani Derrickson.
18 I'm on the policy team at Tesla. Tesla's mission is
19 leading the world's sustainable energy future from
20 the way we generate energy, store energy, to how we
21 use it in our vehicles and home. We appreciate New
22 York City's leadership on transportation
23 electrification and are very excited to see Intro 277
24 proposed, which increases the electric vehicle ready
25 percentage targets in parking facilities from 20% to

1 40% no later than 2030. Requiring a percentage of
2 parking stalls to be capable of supporting electric
3 vehicle charging is essential in reducing retrofit
4 costs, which can be four to six times more expensive
5 than in new buildings, and providing more electric
6 vehicle charging access to city residents and
7 visitors. This is particularly important for renters
8 and for those who live in multi-unit dwellings. We
9 are really supportive of increasing the EV-ready
10 building code requirements and have a few
11 recommendations for consideration. One, increasing,
12 increasing those targets from 40% to 75% by 2030 and
13 potentially even higher for new residential parking
14 lots, since charging while your vehicle is parked
15 overnight is typically the easiest and least
16 expensive way to charge. We recommend adding a
17 requirement for EV chargers to be installed. We've
18 seen ranges from 5% to 25% in other cities. And
19 detailing discrete step-ups before 2030, such as
20 percentage targets in 2025 and percentage targets in
21 2028. And finally strengthening enforcement and
22 tracking, since implementation and awareness is key
23 to reaching the intended outcomes of more electric
24 vehicle charging. Again, Tesla supports the intent
25

1
2 of Intro 277 and looks forward to working with
3 Council and other stakeholders to expand this
4 proposal. Thank you for the opportunity to provide
5 comment here.

6 CHAIRPERSON CORNEGY: Thank you for your
7 comments.

8 COMMITTEE COUNSEL: Thank you. Um, next
9 we're going to be hearing from Russell Crane,
10 followed by Diane Prashad, followed by Arturo
11 Miranda.

12 SERGEANT AT ARMS: Time starts now.

13 RUSSELL CRANE: Good morning, Chair
14 Cornegy, and thank you for allowing me the
15 opportunity to testify before this committee. My
16 name is Russell Crane. I'm a Legal Aid staff
17 attorney in the housing justice unit, group advocacy
18 practice in the Bronx neighborhood office. At the
19 Legal Aid Society we represent both tenants and
20 shareholders who live in tax-delinquent, distressed
21 properties. I've submitted written testimony, ah,
22 which is more extensive, but I do want to focus on a
23 few points. While the news stories have covered
24 programs in the TPT program, there has not been
25 enough attention paid to the tenants of distressed

1 buildings. For them the TPT program offers an
2 opportunity to remain in their homes with a new
3 responsible owner who will invest in repairs in the
4 building. We know that some believe that the process
5 of its building entry with TPT is too quick, but for
6 many of our clients who are tenants the program is
7 that the process has been too slow. We'll hear from
8 Arturo Miranda about the suffering experienced by the
9 tenants in 220105 Davidson Avenue. That's a 49-unit
10 rent-stabilized filled with hard-working tenants of
11 color. There are currently 214 open violations of
12 record. In the last 12 months alone this building
13 has received 59 hazardous B violations and 68
14 immediately hazardous C violations. We have been
15 working with tenants there since 2016. [inaudible]
16 would have entered the TPT program in 2015 but for
17 real estate investors who swooped in and filed for
18 bankruptcy. The bankruptcy case delayed any action
19 by the city for three years. Since then, now six
20 [inaudible] investors took control, the tax lien
21 foreclosure remains incomplete because of the city's
22 pause on use of the TPT program. There's no question
23 that 2201 Davidson is exactly the kind of building
24 that merits the TPT program. There's more than 15
25

1 million dollars of liens owned the property and over
2 200 violations of record. Therefore, our clients at
3 Davidson have called on the city for there to be an
4 active TPT program that their building can enter as
5 soon as possible. We do have some concerns about the
6 proposed legislation and we hope that the council
7 will allow time to continue to work...

9 SERGEANT AT ARMS: Time expired.

10 RUSSELL CRANE: ...ah, through the, ah,
11 with the TPT working group and other stakeholders to
12 incorporate those ideas into an amended program that
13 will work for all of our clients, including those
14 tenants who have been living for years in distressed
15 property. Um, apologies for the notifications. Um,
16 I see my time has expired. I, I, I would be happy to
17 discuss a few of the points that we have concerns
18 about if, ah, the chair would like to hear them.

19 CHAIRPERSON CORNEGY: Um, Russell, we can
20 come back to that. But I do want to say to you,
21 though, that we understood the gravity and the
22 necessity for the TPT program during the process of,
23 of, ah, this kind of hole, ah, really taking a great
24 look at it, the advocates wanted to dismantle it. I
25 can't tell you how many, you know, threats I got for

1
2 dismantling the entire Third Party Transfer program
3 and it was, we had had to work diligently with HPD to
4 make sure that we kept the program but made reforms,
5 because we do understand the value to, to residents.
6 And that was the argument that I had. But a lot of
7 people didn't want to hear that argument. They
8 wanted to do away with the program because they felt
9 that small homeowners were disproportionately
10 negatively impacted and communities, but, but the
11 premise of the program, ah, is not wasted on myself
12 and people who, who, who value the program. So, um,
13 I believe that we can walk and chew gum at the same
14 time, which is protect these homeowners through the
15 legislation that we're presenting today, but stay
16 true to the values of the program for residents, ah,
17 for tenants simultaneously, and I, I intend to do
18 that. But I thank you for, ah, your testimony today.

19 COMMITTEE COUNSEL: Thank you very much.
20 Um, I've learned that Council Member Rosenthal would
21 like to ask some questions to HPD. Um, HPD is not
22 available to answer, but she can ask them for the
23 record. Council Member Rosenthal.

24 COUNCIL MEMBER ROSENTHAL: Thank you so
25 much. I appreciate your letting me jump back on.

1
2 Thank you, Council Member Cornegy. Yeah, these are,
3 this is just for the record, um, and it's the folks
4 in, in my community and the HDFC community who are
5 asking HPD to, um, go back and look at the, um, HDFCs
6 that were foreclosed upon in the last round, um, to
7 have an opportunity to reclaim their ownership. Um,
8 they'd like to be able to enroll in the tenant
9 petition program, um, that HPD and Council Member
10 Barron were talking about. Um, so I just wanted to
11 get that on the record. Perhaps it can be added to
12 the list of questions that goes over to HPD, and I
13 really appreciate the opportunity to bring these up.
14 Thank you so much.

15 COMMITTEE COUNSEL: Thank you, Council
16 Member.

17 CHAIRPERSON CORNEGY: Council Member,
18 will do.

19 COMMITTEE COUNSEL: Um, next we'll be
20 hearing from Diane Prashad, followed by Arturo
21 Miranda, followed by Matthew Berman. Um, Diane, you
22 may begin.

23 SERGEANT AT ARMS: Time starts now.

24 DIANE PRASHAD: Hello. Hello? Hello?
25 Hello?

1 COMMITTEE COUNSEL: We can hear you, but
2 you have a bit of an echo.

3 DIANE PRASHAD: Again? Can you hear me?

4 UNIDENTIFIED: Yes, we can, but it
5 appears you have two devices on, Diane.

6 DIANE PRASHAD: Yes, two, I'm sorry.
7 Yes, hi. Again, my name is Diane. Hello? Oh my
8 God. Hello, good morning. My name is Diane and I'm,
9 I'm from, and I do support the office housing
10 advocacy but with restrictions. From 34, from
11 3/14/20 I had been having a lot of issues with
12 involving HPD and their first time homeowners
13 program, which I'm covered, purchased a home from in
14 27. All homeowners on my block are required to
15 occupy these homes as their primary residence for 25
16 years. We received over \$100,000 in grants as well
17 as tax abatements to remain in residency per
18 contract. Ah, homeowners begin moving out of these
19 homes in 2012 and begin illegally converting these
20 homes into rentals. By 2020 four homeowners on my
21 block were illegally converting these illegal
22 conversions into, like I said, um, rentals and by
23 January 2020 I have been experiencing ongoing
24 harassment [inaudible] issues because of HPD, DSS,
25

1
2 the mayor's office refuses to use these illegal
3 occupants that they brought here, um, to stay in the
4 illegally converted home that shouldn't have been
5 rented out in the first place. Ah, HPD, DSS, and
6 everybody has been aware of these problems since 20,
7 ah, for going on 20 months and nothing has been done
8 to alleviate these problems or threats and safety to
9 myself and my wife. Ah, there have been, ah, the,
10 the male in the house is, ah, a known drug dealer who
11 has been using his property to, ah, distribute his
12 illegal substances. They have been having 48 to 72
13 hour parties spanning several weekdays, um, with any
14 intervention from HPD or DSS, the, ah, loan
15 commissioners, as well as the, um, ah, Counsel
16 McLondon, who has been fully apprised of these
17 ongoing programs that we have. Um, they, they're
18 refusing to speak to our elected officials. Ah, they
19 made promises in...

20 SERGEANT AT ARMS: Time expired.

21 DIANE PRASAD: ...July 30 regarding, ah,
22 removing these illegal occupants from the home and as
23 of today they're still here. We've been having
24 numerous police presence on the block because of, ah,
25 the ongoing harassments with them. They are

1 constantly banging on our walls, blasting music
2 throughout my house. And it seems as though, ah, the
3 city is using them at this point to retaliate against
4 us for speaking out against these illegal conversions
5 and the problems that it has created for my home and
6 the rest of the homeowners who abide to their
7 contracts. Um, there's just been, ah, ongoing,
8 ongoing issues here and we would like to know how
9 would, ah, this benefit us with having the advocacy,
10 ah, program, if HPD is solely responsible for our
11 utilizing this, ah, agency for select communities
12 and, ah, we just, I just don't feel that, ah, having
13 a OHC or change...

15 UNIDENTIFIED: Basically I don't believe
16 that OHA will change the mindset of this agency or
17 its culture of oppression and suppression. We've
18 been going through this as black homeowners,
19 homeowners and LGBTQ family for 20 months. We're
20 being harassed and, ah, ah, my job is affected. I'm
21 going through mental health issues because I can't
22 eat, I don't feel safe in my home. I'm being
23 harassed in my home, outside of my home, threatened
24 with violence, and this is all because of HPD and
25 their failure to monitor and enforce our contracts.

1
2 We've been in contract with them for 14 years. I've
3 upheld my contract. HPD has not monitored or
4 enforced its contracts since January 2010. And in
5 the interim that is causing me quite a lot of issues
6 and yet I'm still expected to be in my residence,
7 maintaining my primary occupancy, where I don't
8 [inaudible].

9 CHAIRPERSON CORNEGY: I want to thank you
10 for your testimony and commit to you that I will work
11 with, ah, Council Member Brooks-Powers, who has
12 brought this to my attention. HPD Commissioner, ah,
13 is, is, wasn't here, wasn't here today, ah, and the
14 Department of Buildings is gone. However, your
15 testimony is, is being submitted for the record and
16 I'm, I'm committed to when we get off this call to
17 call, ah, Council Member Brooks-Powers and to see
18 what we can do together, ah, to put, um, some
19 pressure on HPD, ah, for your individual, ah, ah,
20 problem, but also for the larger problem which you've
21 identified for us, which I truly appreciate.

22 UNIDENTIFIED: And I just have to add one
23 more thing. Um, in terms of your purview as a
24 legislator and in terms of housing, I know that we
25 are not the only, ah, first-time homeowner program

1 that is in existence and it would behoove the
2 legislative body of this city to take into
3 consideration, or at least go back to see what, ah,
4 are the regulations for these first-time homeowner
5 ventures, take a look at what communities are being
6 quote unquote revitalized and what role HPD is
7 playing in impeding our quality of life and
8 progression of property values, because right now I
9 have a house that I'm paying \$600,000, assessed by
10 the city, the Department of Finance is being, ah,
11 \$600,000. But in actuality because of what is going
12 on here and what they're allowing my home has been
13 devalued, that it cannot even be sold at a price that
14 I, I would be clear of my mortgage. So it's a lot
15 that's going on. It's very, it's a lot of layers,
16 and it negatively impacts communities of color. And
17 I'm a homeowner who has, ah, basically done my part
18 in this process and HPD, who is in contract with me,
19 who have failed to do and protect me as a contractee,
20 but is in turn protecting an illegal occupancy from
21 an illegal conversion, which is costing me safety
22 issues. That for me is nonsensical.

24 CHAIRPERSON CORNEGY: I, I agree with you
25 100%. Um, I will, um, at the end, at the conclusion

1
2 of this hearing, ah, confer with your, ah, council
3 member and, and take some action immediately. Thank
4 you for your testimony.

5 UNIDENTIFIED: Thank you very much.

6 COMMITTEE COUNSEL: Next we'll be hearing
7 from Arturo Miranda, who will have an interpreter,
8 followed by Matthew Berman, followed by Glory Ann
9 Kerstein.

10 ARTURO MIRANDA: [speaking in Spanish]

11 INTERPRETER: Hello, how are you. Good
12 afternoon to everybody.

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: Thank you to, we have the
15 opportunity to testify.

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: I'm from the building 2201.

18 ARTURO MIRANDA: [speaking in Spanish]

19 INTERPRETER: I have been living there
20 for more than 16 years.

21 ARTURO MIRANDA: [speaking in Spanish]

22 INTERPRETER: I'm gonna be brief.

23 ARTURO MIRANDA: [speaking in Spanish]

24 INTERPRETER: We have been here in this
25 building with [inaudible].

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ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: And, ah, it's not financial part from the part of the owners.

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: That's the reason that we want that our building...

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: Be transferred to the program of TPT.

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: Ah, for many years it has been controlled by a lawyer, David Fulton.

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: That he never paid any taxes to the city.

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: And one of the reasons that this building has been without services, the elevator, for many years.

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: In 2015...

ARTURO MIRANDA: [speaking in Spanish]

INTERPRETER: ...[inaudible]

ARTURO MIRANDA: [speaking in Spanish]

2 INTERPRETER: For millions of dollars.

3 ARTURO MIRANDA: [speaking in Spanish]

4 INTERPRETER: What that means that it
5 will be the path to be able to get into the program
6 of TPT.

7 ARTURO MIRANDA: [speaking in Spanish]

8 INTERPRETER: Unfortunately, ah, on that
9 year the [inaudible]...

10 ARTURO MIRANDA: [speaking in Spanish]

11 INTERPRETER: That they took control of
12 the building of Fulton.

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: And immediately they take a
15 strategy in, ah, and take over.

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: To take this building to
18 foreclosure.

19 ARTURO MIRANDA: [speaking in Spanish]

20 INTERPRETER: They do this to delay the
21 process, the city.

22 ARTURO MIRANDA: [speaking in Spanish]

23 INTERPRETER: Delay, delaying this, the
24 payment of this property.

25 ARTURO MIRANDA: [speaking in Spanish]

2 INTERPRETER: Thank you to the lawyers of
3 Legal Aid.

4 ARTURO MIRANDA: [speaking in Spanish]

5 INTERPRETER: And the association of
6 [inaudible].

7 ARTURO MIRANDA: [speaking in Spanish]

8 INTERPRETER: That they move faster to
9 don't go to foreclosure.

10 ARTURO MIRANDA: [speaking in Spanish]

11 INTERPRETER: And they make it that the
12 case was [inaudible].

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: In October of 2018.

15 ARTURO MIRANDA: [speaking in Spanish]

16 INTERPRETER: Those investors...

17 ARTURO MIRANDA: [speaking in Spanish]

18 INTERPRETER: ... from our building...

19 ARTURO MIRANDA: [speaking in Spanish]

20 INTERPRETER: ...that has to asked to
21 transfer again this program of TPT.

22 ARTURO MIRANDA: [speaking in Spanish]

23 INTERPRETER: Unfortunately, the program
24 was, can you repeat it, I'm sorry, can you repeat
25 that question again?

2 ARTURO MIRANDA: [speaking in Spanish]

3 INTERPRETER: The program was in pause.

4 ARTURO MIRANDA: [speaking in Spanish]

5 INTERPRETER: We were from 2015 and...

6 SERGEANT AT ARMS: Time expired.

7 INTERPRETER: ...2018...

8 ARTURO MIRANDA: [speaking in Spanish]

9 INTERPRETER: ... suffering a lot of
10 violations...

11 ARTURO MIRANDA: [speaking in Spanish]

12 INTERPRETER: ...with [inaudible]...

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: It reached 350 violations
15 and HPD...

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: All of us we have been
18 feeling...

19 ARTURO MIRANDA: [speaking in Spanish]

20 INTERPRETER: That the property have not
21 taken any action from our [inaudible].

22 ARTURO MIRANDA: [speaking in Spanish]

23 INTERPRETER: And the, the building has
24 been full of plagues.

25 ARTURO MIRANDA: [speaking in Spanish]

2 INTERPRETER: The city in 2015...

3 ARTURO MIRANDA: [speaking in Spanish]

4 INTERPRETER: It put in process the
5 program for the HPD program...

6 ARTURO MIRANDA: [speaking in Spanish]

7 INTERPRETER: Alternative.

8 ARTURO MIRANDA: [speaking in Spanish]

9 INTERPRETER: And this [inaudible] that
10 we are, they need, ah, a new, ah, roof.

11 ARTURO MIRANDA: [speaking in Spanish]

12 INTERPRETER: That they was replace it.

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: Only do a make-up, a small
15 reparation.

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: Never, never.

18 ARTURO MIRANDA: [speaking in Spanish]

19 INTERPRETER: That was looking like
20 decay, like a fall.

21 CHAIRPERSON CORNEGY: Mr. Interpreter,
22 can you please ask him to, um, to bring it, it went
23 overtime and we have some more folks. Can you ask
24 him to, to encapsulate for us.

25

2 INTERPRETER: Sure, sure. [speaking in
3 Spanish]

4 ARTURO MIRANDA: [speaking in Spanish]

5 INTERPRETER: [speaking in Spanish]

6 ARTURO MIRANDA: [speaking in Spanish]

7 INTERPRETER: I understand, in reality.

8 ARTURO MIRANDA: [speaking in Spanish]

9 INTERPRETER: But I, I think it was
10 necessary to talk about this.

11 ARTURO MIRANDA: [speaking in Spanish]

12 INTERPRETER: I'm very grateful.

13 ARTURO MIRANDA: [speaking in Spanish]

14 INTERPRETER: This new opportunity that
15 TPT is open and take in consideration...

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: We have been receiving...

18 ARTURO MIRANDA: [speaking in Spanish]

19 INTERPRETER: From, consulted Fernando
20 Cabrera...

21 ARTURO MIRANDA: [speaking in Spanish]

22 INTERPRETER: He make a letter and that
23 was sent to HPD.

24 ARTURO MIRANDA: [speaking in Spanish]

25

2 INTERPRETER: Supporting, ah, the
3 consequences.

4 ARTURO MIRANDA: [speaking in Spanish]

5 INTERPRETER: [inaudible]

6 ARTURO MIRANDA: [speaking in Spanish]

7 INTERPRETER: To be, so, we were able to
8 get into this program.

9 ARTURO MIRANDA: [speaking in Spanish]

10 INTERPRETER: Also the Assemblyman
11 [inaudible] Cabrera.

12 ARTURO MIRANDA: [speaking in Spanish]

13 INTERPRETER: For us it's very important.

14 ARTURO MIRANDA: [speaking in Spanish]

15 INTERPRETER: That we [inaudible]...

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: [inaudible]

18 ARTURO MIRANDA: [speaking in Spanish]

19 INTERPRETER: For our [inaudible] and to
20 make it better.

21 ARTURO MIRANDA: [speaking in Spanish]

22 INTERPRETER: And, and make it a better
23 quality.

24 ARTURO MIRANDA: [speaking in Spanish]

25

2 INTERPRETER: [inaudible] that has been
3 completely abandoned.

4 ARTURO MIRANDA: [speaking in Spanish]

5 INTERPRETER: With 50 million dollars
6 approximately, right?

7 CHAIRPERSON CORNEGY: Please let him know
8 that, um, I spoke to both Gustavo Rivera and, and,
9 um, Cabrera...

10 INTERPRETER: [speaking in Spanish]

11 CHAIRPERSON CORNEGY: And, and let him
12 know that we were reluctant to move forward with any
13 round...

14 INTERPRETER: [speaking in Spanish]

15 CHAIRPERSON CORNEGY: Until we had this
16 hearing and we were able to make the reforms to the
17 program.

18 INTERPRETER: [speaking in Spanish]

19 ARTURO MIRANDA: [speaking in Spanish]

20 CHAIRPERSON CORNEGY: So I will do...

21 INTERPRETER: There is a lot of things
22 there.

23 CHAIRPERSON CORNEGY: I will be reporting
24 back Gustavo Rivera and also Fernando Cabrera...

25 INTERPRETER: [speaking in Spanish]

1
2 CHAIRPERSON CORNEGY: ...after this to
3 seek to move forward on their behalf for the
4 [inaudible].

5 INTERPRETER: [speaking in Spanish]

6 CHAIRPERSON CORNEGY: Thank you.

7 INTERPRETER: [speaking in Spanish]

8 ARTURO MIRANDA: [speaking in Spanish]

9 INTERPRETER: [speaking in Spanish]

10 ARTURO MIRANDA: [speaking in Spanish]

11 INTERPRETER: I understand.

12 ARTURO MIRANDA: [speaking in Spanish]

13 INTERPRETER: I hope, I hope it's faster
14 enough, brief, you know?

15 CHAIRPERSON CORNEGY: Thank you.

16 ARTURO MIRANDA: [speaking in Spanish]

17 INTERPRETER: [speaking in Spanish]

18 CHAIRPERSON CORNEGY: Thank you. Thank
19 you for your testimony.

20 INTERPRETER: [speaking in Spanish]

21 ARTURO MIRANDA: [speaking in Spanish]

22 INTERPRETER: Thank you all.

23 CHAIRPERSON CORNEGY: Thank you.
24
25

1 COMMITTEE ON HOUSING AND BUILDINGS 116
2 COMMITTEE COUNSEL: Thank you. Next
3 we'll be hearing from Matthew Berman, followed by
4 Glory Ann Kerstein, followed by Kevin George Miller.

5 SERGEANT AT ARMS: Time starts now.

6 MATTHEW BERMAN: Good afternoon. My name
7 is Matthew Berman. Two minutes is a little too
8 short, so I'll submit written testimony, and I'm
9 opening to answering any questions you may have at
10 the end of my testimony as well. Perhaps the council
11 will be a little more accommodating of time if it
12 sees fit to as well. Um, I am one of the lawyers
13 representing the plaintiffs in a federal lawsuit
14 challenging the legality of the TPT program. The
15 case Dorce v. City of New York and it's in the
16 Southern District of New York Federal Court. I
17 representing the hundreds of property owners that
18 have their property taken through the TPT program.
19 The case asserts that the TPT is unconstitutional and
20 discriminatory, and unfortunately the proposed
21 legislation before this council does not fix those
22 fundamental problems. The TPT steals equity from the
23 black and brown community and gives it to developers.
24 Council Member Barron and Council Member Rosenthal
25 are exactly on point here. Chairman Cornegy, your

1 recitation of the history of the TPT is accurate, but
2 incomplete, because the city itself created this
3 problem by putting landlords in a position where they
4 couldn't collect costs from the tenants and then the
5 city walked away from the responsibility of
6 maintaining those buildings. It wanted to hand them
7 over to developers so that the developers would bear
8 the costs and not the city, and that's how we got
9 into this mess. But the discussion of the selection
10 procedures for identifying TPT properties is a
11 mistake. We shouldn't be focused on that. The
12 bottom line here, Chair Cornegy, is you cannot take
13 private property without paying for it. The
14 government cannot do that. It's unconstitutional.
15 If the government has other aims, it has other tools
16 that it can achieve them through. If it thinks
17 properties are dangerous or hazardous, it can condemn
18 them. If it wants to collect taxes, it can use the
19 tax lien sales. If it wants to build roadways or
20 other public use by taking property it can do that,
21 but has to pay for the property. Ah, we've got
22 lawyers in here for the committee. I don't
23 understand how no one has raised the issue that this
24 is an unconstitutional taking, even if it was
25

1 targeted disproportionately. Um, so, look, we've got
2 over 1 billion dollars in property that the city has
3 seized. If the TPT continues, it's gonna continue
4 seizing property. It's gonna continue seizing
5 equity. And it's gonna create further litigation,
6 and for the record, you know, I would request that
7 this recording and all the papers and communications
8 concerning the working group, which, by the way, we
9 were not invited to participate in as stakeholders.
10 We request that that be preserved because if this law
11 proceeds and is enacted we're gonna challenge it and
12 we're gonna seek an injunction. The proposed changes
13 make things worse, not better, by larding up these
14 properties with management fees, which make it even
15 harder for the property owners, if they find out that
16 their property was taken, which was a problem with
17 the original TPT, still makes it harder for them to
18 get their properties back 'cause now they've got to
19 pay off all these third parties who are building
20 these 5 million dollar toilets, right? That's the
21 problem. I want to thank the committee, and if you
22 have any further questions I'm happy to respond to
23 them.
24

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2 CHAIRPERSON CORNEGY: No. Thank you, and
3 thank you for your testimony. Um, actually these
4 hearings so that we can hear all stakeholders, from
5 all stakeholders. Ah, it's unfortunate and I don't
6 know what the circumstances were that didn't have you
7 at the table during the working group. I apologize
8 for that. But one of the things that I enjoy,
9 whether people are in agreement with my decisions to
10 put forward legislation or not, we at the very least
11 get an opportunity to hear from and to make
12 legislation better, and/or this is the process where
13 we determine whether or not legislation even goes
14 forward. So it's not a wasted, um, ah, opportunity
15 for you to voice your opinion on behalf of,
16 obviously, ah, ah, some folks who need to be heard.
17 So thank you for your testimony.

18 COMMITTEE COUNSEL: OK, thank you. Um,
19 next we'll be hearing from Glory Ann Kerstein,
20 followed by Kevin George Miller, followed by Craig
21 Housen.

22 SERGEANT AT ARMS: Time starts now.

23 GLORY ANN KERSTEIN: OK. I'm Glory Ann
24 Kerstein. I'm an HDFC shareholder since 1993, in a
25 building where I've lived since 1982. I also work

1
2 for HPD code enforcement for 26 years, ah, and have
3 since retired. I am also a member of the HDFC
4 Coalition and we have focused on the TPT foreclosure
5 process in the city simply because HDFCs are the
6 biggest recipients of the damage that this program
7 can render to those communities that have HDFCs, ah,
8 that are in distress. I would like to point out, ah,
9 to the committee that HDFC co-ops are the only
10 housing stock in the entire nation where the majority
11 of homeowners are persons of color, the only stock.
12 And yet in the latest round of foreclosures at TPT
13 transference in 2018, 45% of the properties
14 foreclosed were HDFC co-ops. But HDFC co-ops in New
15 York City only represent 1.2% of the entire apartment
16 housing stock. So we're 45% of almost half of all
17 foreclosures are against HDFCs, which are again
18 mostly owned by persons of color and we're such a
19 small percentage of the whole apartment stock, and
20 these buildings went for \$1 to developers with total
21 tax forgiveness, so anything that is said that TPT is
22 a tax collection program is untrue. TPT forgives the
23 prior taxes arrears to the TPT developers and going
24 forward they get, ah, tax waived again. Ah, we
25 welcome the opportunity to continue, however, to

1
2 collaborate with Council Member Cornegy, ah, with
3 reforms that are necessary. We ourselves only had a
4 week to look at this and wish we could have more
5 time. But here are the things, ah, that we feel
6 would strengthen the bill that Mr. Cornegy, um, and
7 staff are, are promoting. Number one, the City
8 Council should be required to vote directly to
9 foreclose a property. Right now the way it works is
10 a list is given to...

11 SERGEANT AT ARMS: Time expired.

12 GLORY ANN KERSTEIN: I'm sorry?

13 CHAIRPERSON CORNEGY: They said your time
14 was expired, but please continue.

15 GLORY ANN KERSTEIN: I've already done
16 two minutes? OK.

17 CHAIRPERSON CORNEGY: Time, time flies,
18 time flies [inaudible].

19 GLORY ANN KERSTEIN: All right, I'll just
20 go. City Council should vote directly to foreclose,
21 number one. Number two, manageable repayment plans
22 of arrears with, ah, to forego the 18% interest rate
23 compounded daily makes it impossible for HDFCs to pay
24 their arrears. Number three, the tenant petition
25 program that Council Member Barron was referring to

1
2 and Council Member Rosenthal must be retroactive to
3 the last round so that these 681 households that got
4 foreclosed, ah, from HDFCs have the opportunity to
5 recombine and get their finances and everything in
6 order and reclaim their home ownership. And four,
7 the quality of HPD's violations must be controlled.
8 They must be scrubbed for any violations that are
9 ancient, dating from the '80s and '70s. They must be
10 scrubbed for duplicates. They must be scrubbed for
11 those violations that are shareholders'
12 responsibility, and also for those, ah, violations
13 that are, ah, accrued from apartments that not paying
14 their maintenance and are taken to court and want to
15 strengthen their nonpayment by having high violation
16 count. Ah, so those are the four ways that we think
17 it can be, ah, this bill can be strengthened. We
18 have others that we will submit. I would also like
19 to talk about the four that we really support. Do
20 you, do I have time for that?

21 CHAIRPERSON CORNEGY: Um, Glory, how long
22 do you think it will be, because, you know, I,
23 it's...

24 GLORY ANN KERSTEIN: A minute and a half?

25

2 CHAIRPERSON CORNEGY: It's been, it's
3 been great to, to work with you and, and I want to
4 continue working with you, but we have some more
5 folks...

6 GLORY ANN KERSTEIN: All right.

7 CHAIRPERSON CORNEGY: ...who, who need to
8 be heard.

9 GLORY ANN KERSTEIN: I, I have three that
10 we supported. We just wanted to not just say, you
11 know, you're missing things in the bill. There are
12 also three that we supported, um, including your
13 extended notification, including your, um, repayment
14 plan to 5% down, with a much more extended, ah,
15 repayment timeframe of 240 quarters. We also like
16 the idea of the homeowner ombudsman, and we also like
17 the idea of exempting HDFC's from TPT until that
18 whole process can be ameliorated so that the city
19 makes a firm decision to save this very unique
20 homeowner.

21 CHAIRPERSON CORNEGY: Thank you. Like I
22 said, it, it was a pleasure, it was a pleasure to
23 work with you and that's, that's a testament to the
24 fact that we can work together. So we can disagree
25 and we can find ways to strengthen the bill, and we

1
2 can, and we can work, that's, that's what hearings, I
3 keep reminding people that that's what these hearings
4 are for. This is not a vote, we're not, this is not
5 a vote. This is for us to discuss the bill in its
6 entirety, to some degree, and to find ways and
7 recommendations, ah, to make it work for everyone.
8 So thank you, and thank you to the HDFC Coalition,
9 who I've relied on, ah, a lot to get us to this
10 place. Understanding that there's more work that
11 needs to be done. This is not final in any stretch
12 of the imagination. The next chair of Housing and
13 Buildings is gonna have to deal with some things that
14 we don't address and don't get done now. I
15 understand the need to, to while we have this door
16 open to get as much as we possibly can done, but
17 quite conceivably I won't be able to complete every,
18 every need, but I will have addressed it and, and,
19 and my successor, ah, will have at least a good
20 platform and foundation, and a great working group to
21 go forward with to get to a place where everybody is
22 taken care of, especially at HDFC co-ops, which I am
23 clearly aware, ah, that a lot of my district has been
24 benefitted from, um, whether it's HDFC co-ops, or
25 whether it's Mitch Alama. Um, home ownership has

1
2 come in many different forms in the City of New York,
3 especially for people of color, ah, and I'm aware and
4 my staff is aware of that. And so thank you for,
5 for, for being able to work with you and your spirit
6 around getting some good work done together.

7 GLORY ANN KERSTEIN: Thank you
8 [inaudible].

9 COMMITTEE COUNSEL: Um, Council Member
10 Barron, do you have any questions?

11 COUNCIL MEMBER BARRON: Yes. Thank you,
12 yes I do. Ah, I'm so glad to have, ah, kept my, ah,
13 system on and listened to the testimony from the
14 panelists because it's been very enlightening, and
15 help to clarify the question that I asked in so many
16 ways and didn't get a direct answer in terms of
17 losing equity. And, ah, I'm so glad that Mr. Berman
18 made it very clear. People have had their property
19 taken with not appropriate compensation for taking
20 their property. And it seemed that way to me, but I
21 hope, I think the lawyer helped to put it in legal
22 terms. How do you do that? How do you do that, ah,
23 even if you, even if you condemn someone's home or if
24 you take the property for, ah, ah, the common good or
25 the city good or whatever they call, I can't think of

1 the proper phrase, you, you give them compensation.
2 So if these are people who have earned equity, who
3 have gained equity, they should be compensated. And
4 it was sort of convoluted when the answer was given,
5 well, yeah, then they can start new. Yeah, but what
6 about all the money that I invested in the years
7 past. So I think that that's a significant, I think
8 it's a direct answer to my question. I think it's a
9 significant piece to be considered. Ah, so, Council
10 Member Cornegy, your bill is quite lengthy and you
11 know me, I'm the one to sit and turn each page and
12 read each of it, ah, each of the things, and it's
13 gonna take me a little while to get through that.
14 And I heard, ah, from Ms. Kerstein, who said that
15 there were things that they would like to see added.
16 So the question that I have is in its existing form,
17 as I continue to read through this bill, in its
18 existing form do you have any objections, ah, or do
19 you think there's, ah, elements of the bill that are
20 not beneficial, ah, in its current form? As the
21 Council Member said, we....

22
23 CHAIRPERSON CORNEGY: Ah, again, again,
24 Council Member Barron, that's what this is about,
25 right? So I, I've never...

2 SERGEANT AT ARMS: Time.

3 CHAIRPERSON CORNEGY: ... expected to
4 present a work product today that everybody loved and
5 agreed with because...

6 COUNCIL MEMBER BARRON: Right.

7 CHAIRPERSON CORNEGY: ...there [inaudible]
8 vantage points.

9 COUNCIL MEMBER BARRON: [inaudible].

10 CHAIRPERSON CORNEGY: So the, the answer
11 is yes, am I open to making, open to making sure that
12 this bill includes...

13 COUNCIL MEMBER BARRON: Right.

14 CHAIRPERSON CORNEGY: ...HDFCs in way that
15 makes sense, includes, yes, but I must say that, um,
16 I don't want, I don't want, ah, good to be the enemy
17 of, of, of great in this instance...

18 COUNCIL MEMBER BARRON: Right.

19 CHAIRPERSON CORNEGY: ...meaning that
20 there is so much more work we can do. This is the
21 door open...

22 COUNCIL MEMBER BARRON: Right.

23 CHAIRPERSON CORNEGY: ... into this bill,
24 right? And...

2 COUNCIL MEMBER BARRON: I [inaudible].
3 It, it wasn't an, an assault or an attack on your
4 [inaudible]...

5 CHAIRPERSON CORNEGY: No, no, no, I know,
6 I didn't take it that way. I didn't take it that way
7 at all.

8 COUNCIL MEMBER BARRON: OK, OK.

9 CHAIRPERSON CORNEGY: No, no, no, not at
10 all. Ah, we're...

11 COUNCIL MEMBER BARRON: I just wanted, I
12 just wanted to ask, ah, particularly, ah, Lawyer
13 Berman, Attorney Berman, in its present state, ah,
14 the legislation that's been presented, is there some
15 glaring flaw that you see?

16 MATTHEW BERMAN: Yes. The glaring flaw
17 is that the government cannot take property without
18 paying for it. If the, to answer your question that
19 you raised earlier, what happens if there is a
20 hazardous condition or a property that presents a
21 hazard to the community? The city has the power to
22 deal with that, but if the, if the property has value
23 it has to compensate the owner for the value. That's
24 the rule.

25 COUNCIL MEMBER BARRON: Thank you.

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2 CHAIRPERSON CORNEGY: So here's the
3 thing, here's the thing. That's one component of the
4 bill. On the other side I have a whole group of
5 family that needs to be, small homeowners that need
6 to be protected from this process. And that was the
7 intent of the bill, of the bill. It was very
8 comprehensive in what we did because we had this long
9 drawn out process.

10 COUNCIL MEMBER BARRON: Right.

11 CHAIRPERSON CORNEGY: Am I willing to
12 tease out the HDFC portion of this to look closer at
13 equity and all of that? Yes, but I don't want to
14 stop this bill...

15 COUNCIL MEMBER BARRON: OK.

16 CHAIRPERSON CORNEGY: ...which it is
17 formed to protect, ah, ah, small homeowners against
18 the Third Party Transfer program and then taking
19 their properties. So we, we can walk and chew gum at
20 the same time. We, we, we tried to make it very
21 comprehensive, which I'm not thrilled about, right?
22 Comprehensive bills, so much stuff can happen in
23 that.

24 COUNCIL MEMBER BARRON: Right.

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2 CHAIRPERSON CORNEGY: So am I willing to
3 say, hey, let's go back and look at a really more
4 targeted focus on HDFCs? Yes, but I'm not willing to
5 not go forward with the bill at the risk of these
6 homeowners who've lost so much already, small
7 homeowners, right, so we, we can walk and chew gum at
8 the same time. But I also want to point out that,
9 um, it's my understanding, um, that equity in co-ops
10 is not built the same way that equity in public
11 properties is built, and that should be noted. That
12 is not an excuse for protecting people's equity,
13 whether it's a dollar or a million dollars.

14 COUNCIL MEMBER BARRON: Right.

15 CHAIRPERSON CORNEGY: But there, but, but
16 equity is built in a co-op structure different than
17 it's built in, in, in a normal structure. So that's,
18 again, that is just a, a slight, ah, understanding of
19 the language, not an effort to say that we shouldn't,
20 ah, protect the equity.

21 COUNCIL MEMBER BARRON: Great. Thank you
22 so much, Mr. Chair.

23 CHAIRPERSON CORNEGY: Thank you.
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1 COMMITTEE ON HOUSING AND BUILDINGS 131
2 COMMITTEE COUNSEL: Thank you. Um, next
3 we'll be hearing from Craig Housen, followed by
4 Blanca Vazquez.

5 SERGEANT AT ARMS: Time starts now.

6 COMMITTEE COUNSEL: Mr. Housen? It looks
7 like he is actually no longer on. Um, ah, we'd like
8 to hear from Blanca Vazquez.

9 SERGEANT AT ARMS: Time starts now.

10 BLANCA VAZQUEZ: Hello? Am I going?

11 UNIDENTIFIED: Yes. [speaking in Spanish]

12 BLANCA VAZQUEZ: OK. I'm Blanca Vazquez.
13 I'm a member of the HDFC Coalition Anti-Foreclosure
14 Committee, and I'm here to advocate for a simple
15 reform that will protect HDFCs and the possibility of
16 home ownership for another generation of working and
17 middle-class New Yorkers. And it's just this. An
18 early warning system on arrears. I would name it in
19 honor of Will Buckery, a member of the HDFC Coalition
20 and an original shareholder. What HPD did for his
21 Harlem HDFC decades ago and needs to do once again is
22 to alert shareholders that their HDFC is in danger by
23 instituting a simple step in the process, a trigger
24 alert. Send, simply send, mail, a written alert, in
25 English and Spanish and any other relevant language,

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2 to all shareholders on record that their co-op is
3 falling into arrears. The criteria could be four
4 quarters or three quarters in arrears and that the
5 problem must be addressed now. For Will's building
6 they were alerted while what was owed was a
7 manageable amount of money, like \$20,000 or \$30,000,
8 and they got it together. That is, get help before
9 the onerous penalty rates kick in, before issues
10 become more difficult to reverse, simply alert all
11 the shareholders. Our experience is that affordable
12 HDFCs can be reorganized. People's equity can be
13 protected, and home ownership can be retained. The
14 Anti-Foreclosure Coalition Committee met with 18
15 HDFCs that we saved, that were in arrears. We
16 conducted, helped them to conduct, ah, new board
17 elections, and now represent the 503 households. On
18 a volunteer basis, without charging anybody a penny,
19 we saved 18 HDFCs. That means the city can do it,
20 too. An early warning system is a simple way to
21 protect and preserve this housing stock. It protects
22 your constituents, many of us of color, and honors
23 the principles of equity and the intent of the
24 original legislation, which highlighted identifying
25 problems early...

2 SERGEANT AT ARMS: Time expired.

3 BLANCA VAZQUEZ: ...in the original
4 legislation. So HPD is not doing that, and it can do
5 that, it's really easy to do. Thank you.

6 CHAIRPERSON CORNEGY: So, um, Ms.
7 Vazquez?

8 BLANCA VAZQUEZ: Yes?

9 CHAIRPERSON CORNEGY: Yes.

10 BLANCA VAZQUEZ: Yes [laughs] thank you.

11 COMMITTEE COUNSEL: OK, thank you very
12 much. This concludes the public testimony. If we
13 have inadvertently forgotten to call on somebody to
14 testify, if that person could raise their hand using
15 the Zoom raise hand function we will try to hear you
16 now.

17 CHAIRPERSON CORNEGY: If, if there is no
18 one else, I'd just like to say that, um, this hearing
19 reminds me of what a weirdo I am, because I love this
20 and I love this work. So I know that there are some
21 people who wouldn't want to sit through and hear
22 opposing voices, but I am truly a weirdo. I, I, I
23 love, in an effort to make things better. So those
24 of you who have stayed and who have, ah, added to,
25 um, ah, this hearing I greatly appreciate your

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2 commitment to the committees that you serve, whether
3 you be a member or whether you be just a resident or
4 a tenant, um, your voices are heard. Um, I'm
5 reinvigorated today by what I've heard, ah, to go
6 back to the drawing board and to make sure that
7 homeowners and shareholders and stakeholders are all
8 included. Um, every piece of legislation is not
9 perfect. That doesn't mean we don't continue to work
10 to get to a place, ah, where we can, where we can
11 protect, ah, people. The housing stock in the City
12 of New York remains in constant jeopardy for one
13 reason or another. Home ownership remains
14 jeopardize. Tenancy remains in jeopardy. And this
15 is why we do the hard work that we do. I thank you
16 all for your advocacy, um, the recommendations, um,
17 we have, and I will go back and look at. I intend to
18 work 'til December 31, ah, ah, on, on this and, and,
19 and major other things, ah, to leave a legacy and
20 leave a road map for my successor and the new council
21 that's coming in to pick up the mantle and continue
22 to do the work. So I want to thank all of you. I
23 really appreciate today's hearing. You have no idea.
24 I know it makes me a weirdo, but I'm even more

excited. Thank you. This, this hearing is now
concluded.

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C E R T I F I C A T E

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



Date November 29, 2021