

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS

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July 23, 2012
Start: 1:13 p.m.
Recess: 1:28 p.m.

HELD AT: Council Chambers
City Hall

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

COUNCIL MEMBERS:
Stephen T. Levin
Charles Barron
Sara M. Gonzalez
Peter A. Koo

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

Carol Clark
Assistant Commissioner
NYC Department of Housing Preservation and Development

Teresa Arroyo
Project Manager, Bronx Planning
NYC Department of Housing Preservation and Development

Jacqueline Alexander
Assistant Commissioner
Division of Property Disposition and Finance
NYC Department of Housing Preservation and Development

CHAIRPERSON DICKENS: Good

afternoon. This is the opening of the Planning Committee hearing of July 23rd, 2012. Chair Levin is out of town, and so you've got me. Yes, you do have me. I want to introduce my colleagues: Council Member Sara Gonzalez of Brooklyn, and Brooklyn being in high attendance, Council Member Charles Barron.

We have a very short agenda. The first is UDAP number C120161 HAX, Land Use number 650 in the district of Council Member Arroyo. It's a UDAP at 493 Brook Avenue and 457 and 467 East 147th Street to facilities the development of a five story building and a seven story building with 66 dwelling units and 1,710 square feet of commercial space to be developed under HPD's low income rental program. We have to testify to give us directions is this is HPD's deputy commissioner, Carol Clark and Terry Arroyo.

ASSISTANT COMMISSIONER CLARK:

Thank you, Madam Chair and members of the Subcommittee. I'm Carol Clark, Assistant Commissioner at HPD, and I'm joined by Terry Arroyo, the project manager with HPD's Bronx

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2 Planning Office. L.U. 650 consists of the
3 proposed development of two vacant city-owned lots
4 located as you noted at Brook Avenue and East 147th
5 Street for development under HPD's low income
6 rental program. The proposed project includes the
7 construction of two buildings which upon
8 completion will provide 65 units of rental housing
9 for low income households and 1 superintendent
10 unit. The project will also provide approximately
11 6500 square feet of open space, 1700 square feet
12 of commercial space and 28 accessory parking
13 spaces. HPD is before the Council today seeking
14 the disposition approval of 493 Brook Avenue as
15 well as the UDAP designation and project approval
16 for both 493 Brook Avenue and 467, 457 East 147th
17 Street. Council Member Arroyo has been briefed
18 and she supports the project. Thank you.

19 CHAIRPERSON DICKENS: We've also
20 been joined by Queens Council Member Peter Koo.
21 Thank you. Alright, now this is being developed
22 under HPD's low income rental program. Please,
23 Carol, can you tell me what the rentals will run
24 for the space? How will it be divided,
25 Subdivided, That 1700 or is it planned to be

1
2 rented as one, and what is the range of rents that
3 you are expecting to get for the commercial?

4 ASSISTANT COMMISSIONER CLARK:

5 Certainly, Ms. Chair. There are, as we noted, a
6 total of 65 units. There are 4 studios, 29 one
7 bedrooms, 17 two bedrooms, and 1 three bedroom.
8 They will all be rented to folks who are earning
9 up to 60% of the area median income, which for a
10 single individual is approximately 35,000 and a
11 family of four is approximately \$50,000. The
12 rents will range from approximately \$495 to
13 approximately \$650 for the units.

14 CHAIRPERSON DICKENS: But what
15 about the commercial space? What about the rental
16 on the commercial space? The problem I'm asking
17 is because what happens is the commercial rents
18 are so high that local storeowners are unusable to
19 rent in buildings such as this, so please can you
20 tell me how the rents will be set for the
21 commercial?

22 ASSISTANT COMMISSIONER CLARK:

23 Right. The sponsor of the proposed project is Uco
24 [phonetic] Real Estate Company and the principals
25 are Raymond and Catherine Yu [phonetic], and HPD

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2 will take back to them the ongoing concern about
3 commercial space because at this point in the
4 project, we haven't determined how much the rent
5 will be for the commercial space, but we have a
6 full appreciation of you having expressed
7 previously the concern along these lines and we
8 will communicate that. Right, Terry?

9 TERESA ARROYO: Yes.

10 CHAIRPERSON DICKENS: I appreciate
11 that, and Council Member Arroyo you said is in
12 support of this?

13 ASSISTANT COMMISSIONER CLARK: Yes,
14 she is full support.

15 CHAIRPERSON DICKENS: I hope that
16 you will get back to her with the setting and have
17 her input on the setting of the commercial
18 rentals, so that we can be assured that local
19 people can actually rent there rather than people
20 from outside of the community. Do any of my
21 colleagues have any questions? Seeing none.
22 Alright, thank you so much, Carol and thank you so
23 much, Terry, for your testimony on this. Are
24 there any others to testify on this? Seeing none.
25 Thank you. So we're going to close on that UDAP,

1 Land Use 650.

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3 And we're now going to open up and
4 we're going to combine the next three, which are
5 third party transfers. All three having been
6 prior approved by the Council Finance Committee,
7 and that's third party transfer number 20125705
8 HAK, in the districts of Council Members James,
9 Vann, Lander, Eugene, Mealy and Barron, and this
10 is dealing with an - - application that was
11 submitted by Finance and now they went to already
12 like I said to the Finance Committee for approval
13 for the tax exemption. The second one is third
14 party transfer number 20125706 HAK in the
15 districts of Council Member James, Vann and Mealy,
16 and this also deals with an - - action and that's
17 why it had to go to the Finance Committee for the
18 tax exemption status. The third one is 20125707
19 HAK in the district of Council Member Vann, also
20 an - - action. The three will be combined and
21 will be considered as one action. We have to
22 testify on behalf of that of course deputy
23 commissioner, Carol Clark, and Jacqueline
24 Alexander. Thank you.

25 ASSISTANT COMMISSIONER CLARK:

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2 Thank you, Madam Chair and Jacqueline Alexander is
3 the assistant commissioner of HPD's division of
4 property disposition and finance. These three
5 coupled Land Use items consist of the proposed
6 transfer of a total of 19 properties under HPD's
7 third party transfer program. The Commissioner of
8 Finance included the parcels in a final judgment
9 of foreclosure, which is known as NRM [phonetic]
10 action number Brooklyn 51. The judgment
11 authorized the Commissioner of Finance to execute
12 and deliver a deed to a transferee Neighborhood
13 Restore HDFC, which was selected by the
14 Commissioner of HPD. HPD is before the Council
15 today to seek its approval of the transfer and
16 disposition of the properties and the related tax
17 exemptions. Council Members Barron, Eugene,
18 James, Lander, Mealy and Vann have been briefed
19 and have indicated their support. Thank you.

20 CHAIRPERSON DICKENS: Now in all of
21 these three actions, they are low income housing
22 and will the rents remain the same or what? What
23 is going to be impacted upon?

24 ASSISTANT COMMISSIONER CLARK:
25 Assistant Commissioner Jacqueline Alexander.

ASSISTANT COMMISSIONER ALEXANDER:

Good afternoon. The rents for the existing residents will remain that they will pay no more than 30% of their existing income, so for right now, there is not going to be any rent restructuring for these units until construction is completed. At such time, they would have rents that will be restructured, but again, those existing residents would pay no more than 30% of their income and any vacancies that exist at the time of construction completion would be set at an affordable rent typically between anywhere from 60 to 80% of AMI.

CHAIRPERSON DICKENS: You mean 60-80% in Council Member Barron's district? No, you can't. We'll get clarity from you on that one. Now you said the rents will be restructured, now what does that mean? Please explain to me the definition of restructured and when I say explain I mean in dollars and cents.

ASSISTANT COMMISSIONER ALEXANDER:

Sure. Right now it's premature to say what exactly is the financing on any of these properties, but when we say restructuring, if the

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2 financing requires that in order to cover the debt
3 service on the building and to cover the
4 maintenance and operations, sometimes the rents
5 need to be increased and at the time that the
6 construction financing is put in place, that is
7 when the rents are reevaluated and even before we
8 start construction, it is presented to the
9 residents what the effects may be on their
10 existing rents. Some of these residents may be
11 paying very low rents, maybe \$300. A \$300 rent is
12 insufficient to cover operations and debt service
13 on a building. It may need that it is typically
14 increased, and when we increase rents—and again,
15 it's too premature at this point to tell—but if we
16 do have to restructure rents and that means
17 increased rents to the existing residents, we will
18 walk them through and we will let them know at the
19 time prior to the construction on closing what
20 that financing may be and what may be required.

21 CHAIRPERSON DICKENS: Now you
22 mentioned about the rents would be set at 30%.
23 Does that mean that when it's restructured, it
24 will not be more than 30% of their income?

25 ASSISTANT COMMISSIONER ALEXANDER:

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2 That is correct, and if there is a difference
3 where they—

4 CHAIRPERSON DICKENS: [Interposing]

5 Is that adjusted income?

6 ASSISTANT COMMISSIONER ALEXANDER:

7 That is on gross income, not on adjusted.

8 CHAIRPERSON DICKENS: Mm.

9 ASSISTANT COMMISSIONER ALEXANDER:

10 But if a resident is unable to afford to increase
11 in the rent, Section 8 is made available to all
12 the existing residents.

13 CHAIRPERSON DICKENS: And how long
14 will it take for them to get that?

15 ASSISTANT COMMISSIONER ALEXANDER:

16 When it's available, which usually it is, the
17 application process takes anywhere between three
18 to six months.

19 CHAIRPERSON DICKENS: And what
20 happens during those three to six months?

21 ASSISTANT COMMISSIONER ALEXANDER:

22 The residents are just to pay what they are
23 responsible—their portion they're responsible for
24 paying.

25 CHAIRPERSON DICKENS: At the

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2 reduced amount and not the increased amount
3 without the Section 8. Is that correct?

4 ASSISTANT COMMISSIONER ALEXANDER:
5 They would just be paying the reduced amount,
6 correct.

7 CHAIRPERSON DICKENS: Alright, and
8 all of the Council Members have agreed to this, to
9 all three. Okay.

10 ASSISTANT COMMISSIONER ALEXANDER:
11 Yes, they have.

12 CHAIRPERSON DICKENS: Do any of my
13 colleagues have any statements or questions?

14 COUNCIL MEMBER BARRON: Yes.

15 CHAIRPERSON DICKENS: Seeing none.

16 [laughter]

17 CHAIRPERSON DICKENS: Council
18 Member Barron?

19 COUNCIL MEMBER BARRON: I just want
20 to thank the Commissioner. We worked very closely
21 on this and we even spoke to the residents because
22 we were concerned about your excellent questions,
23 the right questions 'cause they were concerned
24 about that. The place is in poor condition and
25 the main thing is it's going to be rehabilitated

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2 and that's the key because the conditions were
3 horrendous, and we met with them. We told them
4 that there's going to be a new person being
5 involved in that. It will be 60% more than 80%--
6 watch me work--and then, the restructuring of
7 rents, it is going to be 30%. It is going to stay
8 at the low level and we will be monitoring that
9 very, very closely. I thank you for those
10 questions 'cause on the serious side, those are
11 the real, real questions that need to be asked
12 about development in our neighborhoods.

13 CHAIRPERSON DICKENS: Thank you so
14 much, Council Member Barron. Do any of my
15 colleagues have any other questions? Alright,
16 seeing none, I want to thank Carol and Jacqueline
17 also for the work that you--and Terry--for the work
18 that you do, not just on these developments, but
19 all the time, and I also want to say that Carol is
20 leaving HPD. We're very sorry to hear that. I've
21 worked very well with you and I hope that whoever
22 is your successor, I will be able to work with as
23 well, although, I doubt it. I wish you much
24 success. Where are you going?

25 ASSISTANT COMMISSIONER CLARK: The

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2 New York State Office of Parks, Recreation and
3 Historic Preservation.

4 CHAIRPERSON DICKENS: New York
5 State, so that means you're leaving the city?

6 ASSISTANT COMMISSIONER CLARK: The
7 job is based in Albany. I'll be there three days
8 a week, and in the city two days a week.

9 CHAIRPERSON DICKENS: I'm happy. I
10 feel that that's a better position and I'm very
11 happy for you. I wish you very well, and I hope
12 you do will do well, and I know you will do
13 extremely well at your new position and
14 congratulations.

15 ASSISTANT COMMISSIONER CLARK:
16 Thank you very much. I'll miss all of you too.

17 CHAIRPERSON DICKENS: You think so?
18 [laughter]

19 ASSISTANT COMMISSIONER CLARK: I'm
20 sure.

21 CHAIRPERSON DICKENS: We have one
22 Land Use item that we are laying over, Land Use
23 item number 627, which is in Council Member Gale
24 Brewer's district, 165 West 80th Street in
25 Manhattan and that will be laid over. Hearing all

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2 the testimony, the interim chair asks for an aye
3 vote on all items. Roll call, please.

4 COUNSEL: Christian Hilton, counsel
5 committee. Chair Dickens?

6 CHAIRPERSON DICKENS: Aye on all.

7 COUNSEL: Council Member Barron?

8 COUNCIL MEMBER BARRON: I vote aye
9 and I say that in the absence of the Chair that we
10 do a coup d'état and vote in the present chair as
11 the permanent chair of this committee, since he
12 was not here for this important vote. I think we
13 should make that change. Aye on all.

14 COUNSEL: Council Member Gonzalez?

15 COUNCIL MEMBER GONZALEZ: Aye on
16 all.

17 COUNSEL: Council Member Koo?

18 COUNCIL MEMBER KOO: Aye on all.

19 COUNSEL: By a vote of four in the
20 affirmative, none in the negative and no
21 abstentions, L.U. 650 and pre-considered items
22 L.U. 20125705 HAK, 20125706 HAK and 2012570 HAK
23 are approved and referred to the full Land Use
24 Committee.

25 CHAIRPERSON DICKENS: Thank you,

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and I want to remind everyone that we have Land

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Use tomorrow, Tuesday, at 10 am right here in this

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same room. I want to thank my colleagues for

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coming and thank you. This hearing is now closed.

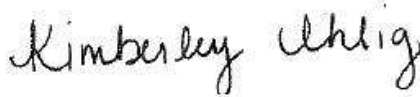
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[gavel]

C E R T I F I C A T E

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

Signature

Handwritten signature of Kimberley Uhlig in cursive script, written over a horizontal line.

Date

8/7/12