CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PLANNING,
DISPOSITIONS AND CONCESSIONS
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September 30, 2014 Start: 1:13 p.m. Recess: 2:09 p.m.

HELD AT: 250 Broadway - Committee Room

16th Floor

B E F O R E: INEZ E. DICKENS

Chairperson

COUNCIL MEMBERS:

Darlene Mealy

Ydanis A. Rodriguez

Andrew Cohen Mark Treyger

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

Barbara Hahn, Assistant Commissioner Government Regulations Department of Housing Preservation and Development, HPD

Charles Marcus, Director of Operations Office of Neighborhood Strategies Department of Housing Preservation and Development, HPD

Kerry Labotz, Director
Low Income Housing and Tax Credit
Preservation Program
Department of Housing Preservation and
Development, HPD

Malcolm Punter, Executive Vice President Harlem Congregation for Community Improvement

[gavel]

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SERGEANT-AT-ARMS: Quiet please.

CHAIRPERSON DICKENS: Good afternoon.

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am Council Member Inez E. Dickens. As Chair on the

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Subcommittee on Planning, Dispositions, and

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Concessions, I would like to welcome everyone to

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today's hearing. I want to first thank and

acknowledge my Sergeant-at-Arms, Rafael Perez and, of

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course, my Land Use Director Raju Mann, Deputy

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Direction Amy Leviton and, of course, my attorney,

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Ann McCoy, I put through-- [chuckles]. I want to

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acknowledge my esteemed colleagues who are member of

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the Planning Committee, Council Member Mark Treyger,

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who gets the gold star, and Council Member Andrew

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Cohen.

17 We have two items on our calendar today

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that we will be hearing and voting on. Land Use Item

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No. 119, a UDAAP Application by HPD concerning 161-79

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86th Avenue in Queens located in Council Member Rory

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Lancman's district. And Land Use Item 123, a UDAAP

to please mark your calendars and be ready to attend

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Application by HPD concerning Northern Manhattan

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Equities located in my district.

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I want to remind everyone at this point

COMMITTEE ON PLANNING, DISPOSITIONS, 1 AND CONCESSIONS 2 our next hearing, which will be held on October 20th, colleagues. [chuckles] I am now going to open the 3 4 public hearing on Land Use Item 119, the UDAAP Application by HPD concerning the 161-79 86th Avenue 5 in Queens located in Council Member Lancman's 6 7 district. We have here to testify Barbara Hahn, Assistant Commissioner at HPD, and Charles Marcus 8 9 also of HPD. 10 [Pause] CHAIRPERSON DICKENS: Are there any other 11 12 members of the public that want to testify on Land Use Item 119? Please speak to my sergeant-at-arms 13 14 and fill out a paper. Thank you. Identify yourself, 15 please. 16 BARBARA HAHN: Good afternoon Chair 17 Dickens, I'm Barbara Hahn, Assistant Commissioner of 18 Government Regulations, HPD. CHARLES MARCUS: And I'm-- Is this on? 19 And I'm Charlie Marcus. I'm the Director of 20 Operations for HPD's Office of Neighborhood 21 2.2 Strategies. 23 [background conversation]

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2 CHARLES MARCUS: Okay, I'll repeat that.
3 I'm Charles Marcus, Director of Operations for HPD's

4 Office of Neighborhood Strategies.

BARBARA HAHN: Chair, Land Use Item 119

consists of the proposed disposition of a singlefamily city owned property located at 16179 86th

Avenue under HPD's Asset Sales Management Program.

The Asset Sales Program is a competitive program,
which sells city owned properties. The program
guidelines require the sponsor to remove all Housing

Code violations, and retain any existing residential
tenants for at least two years at their current rent.

The ability to secure financing to satisfy the
purchase price and perform the needed repairs is the
sole responsibility of the purchaser.

family home that was located on a lot, which was on a mapped street created by the Department of Transportation in 1966 during condemnation proceedings. The DOT never actually developed the planned street, and because the lot had a residential property under it, that property came under HPD's jurisdiction for management. The property was in poor condition and, therefore, in order to turn the

the condition of the property.

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CHARLES MARCUS: Well, that's true I mean because the-- Normally, in this program we would require a purchaser to rehabilitate the building or to remove the code violations. In this case, the building is in very poor condition. So, it's up to the purchaser. The purchaser happens to be the next door neighbor, and they're giving him the option of demolishing the building. And he would then be authorized to build up to single-family houses when he's able to.

CHAIRPERSON DICKENS: So he can build two. It's one lot, or two lots?

BARBARA HAHN: It's one lot.

CHAIRPERSON DICKENS: So on one lot he can build two separate or one two-family?

CHARLES MARCUS: It's wide enough that he could build two single-family homes.

CHAIRPERSON DICKENS: And the demapping how is that going to impact the firm financially upon his obtaining the mortgage?

CHARLES MARCUS: Well, the demapping has been completed.

BARBARA HAHN: We did the demapping in 2011. So without the demapping it would have been

2 deteriorating over the years. And this is a -- You know, it's a lovely neighborhood, a homeownership 3 neighborhood and this building has been a blight on 5 the neighborhood. So I think whether it's a--Whether there's a-- the building is rehabilitated, or 6 7 new homes are built, or even it becomes -- If the 8 homes aren't built right away, but they're

maintained -- the lot is maintained by the next door 9

10 neighbor, it would be a tremendous improvement to the

neighborhood. 11

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COUNCIL MEMBER COHEN: Thank you.

CHAIRPERSON DICKENS: Council Member, does that answer your question? That raised another issue with me about a vacant lot in that neighborhood that could be open for garbage to be thrown, not by the owner, but by others. I'm very concerned, and considering that this Administration has also indicated that they're reluctant to give lots or sell lots to developers. And this would be a developer even if it's a one family, and that the lot is left vacant for an extended period of time. And it's been bantered five years or so. Now, that hasn't been enacted, but I want that to be on the recorded.

Because if it's put in one neighborhood, I want it

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all neighborhoods if that's going to be enacted. And I do have a serious concern about a lot because at some point it sounds like we're going to hear back that there's garbage going there. And the owners are going to feel like, I didn't put it there, or could feel that way. And so, I have a serious concern, and is it going to be required that a fence be erected to prevent people from going in on the lot? None of that has been addressed today.

BARBARA HAHN: I know your concern, Chair I mean as you said because of the condition Dickens. of this home we thought it was in the best interest to get it to someone who is interested in either putting in the value of making repairs to the home, or demolishing it. That is going to be an affirmative obligation. And this is a little different because we're selling this lot for a considerable value. And so, I think that there is a real interest to again rectify the existing condition of the home. And address the neighborhood's needs in not having a vacant residential structure that someone is concerned is going to fall down. And so, that's what are real interests are here in disposing of this property in this particular manner.

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CHARLES MARCUS: This is one of a number
of homes that were offered to the public through a
request for offers. So there was more than one offer
that we received. But in this case the offer, the
highest offer happened to be the next door neighbor,
a homeowner next door. So we feel a little bit more

CHAIRPERSON DICKENS: I've just been given a photograph of the house, and I see that there is a fence erected, which I assume was done by the City?

CHARLES MARCUS: Yes.

comfortable about selling it that way.

CHAIRPERSON DICKENS: Uh-huh. You know,
I'm not a construction engineer, but it appears that
it is salvageable. Council Member Treyger, do you
have any questions?

COUNCIL MEMBER TREYGER: Yes. Thank you, Chair. Just a point of clarification. Why was the property in poor shape to begin with? If you can go into the history and the background of this.

CHARLES MARCUS: I'm not sure that I can answer that question. I'm sorry.

COUNCIL MEMBER TREYGER: Because I think it's key to prevent it from happening again in the

Okay, thank you. Thank you, Chair.

CHAIRPERSON DICKENS: Do you guys have any other questions? Council Member Rory Lancman, is he in support of this?

BARBARA HAHN: Yes, he is.

CHAIRPERSON DICKENS: All right. Thank you so much for your testimony. Are there any others of the public wishing to give testimony on this Land Use item? Seeing none, thank you so much for coming and for your testimony. I am closing the public hearing on Land Use Item 119, and I am now opening on Land Use—Opening the public hearing on Land Use

Item 123, a UDAAP Application by HPD concerning

Northern Manhattan Equities that is located in my district. And we have two persons here, three.

Carrie, there's three. Kerry, you should have filled out your own form.

CHAIRPERSON DICKENS: That's all right.

I am going to ask the sergeant-at-arms when he
returns to give your own form. We have Barbara Hahn
out there, the Assistant Commissioner, and Kerry

KERRY LABOTZ: Oh, okay. Oh, excuse me.

23 Lebowitz? [sp?]

KERRY LABOTZ: Kerry Labotz.

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properties under HPD's Neighborhood Entrepreneurial

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Program: Block 20, 26, Lots 20, 22, 23, 26, 27 and 29. The Local Initiatives Support Corporation

Program for Block 17, 18, Lot 69; Block 1903, Lot 29; Block 1904, Lots 33 and 59; Block 1906, Lot 64; and Brathurst Redevelopment Program, Block 2031, Lot 18; Block 2032, Lot 43; Block 2036, Lot 61; Block 2045, Lots 96, 97, and 100; and Block 2046, Lot 7 and 63.

These buildings are being repositioned under the Low Income Housing Tax Preservation Year Program. Under the Year 15 Program HPD seeks to preserve long-term affordability of city and state assisted tax credit properties that are reaching the end of their initial 15-year tax credit compliance period. As part of the program, HPD assess the needs of each project, and works with the sponsor to develop a repositioning strategy that addresses the project's financial and capital needs through the remaining regulatory period.

Additionally, the buildings have J-51 benefits, which have begun to expire. Therefore, we are seeking to have these projects, the 19 lots with 20 buildings consolidated to be known as an exemption area called Northern Manhattan Equities. The sponsor will acquire a rehabilitative exemption area, and

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2 once completed approximately 400 units of rental
3 housing for low income families will be renovated.

Currently, HPD is before the Council seeking approval of an Article 11 Tax Exemption that will coincide with the regulatory agreement in order to continue the affordability of the project.

The AMIs for this project are between 60% AMI and 120% AMI, and the current rents range between \$286 for a one-bedroom apartment and \$1,653 for a five-bedroom apartment. Are there any questions?

[Pause]

 $\label{eq:KERRY LABOTZ: No, I have nothing to add.} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{No, I have nothing to add.} \end{center} % \begin{center} \textbf{KERRY LABOTZ:} & \textbf{KERRY LABOTZ:} \end{center} % \begin{center} \textbf{KERR$

MALCOLM PUNTER: The Harlem Congregations for Community Improvement is pleased to petition the Council as well as HPD for a repositioning of these projects. The project consists of three clusters of housing in Central Harlem. The first cluster is centered from 118th Street up to 123rd Street. The second cluster is along the 140th Street Corridor between Adam Clayton Powell Boulevard and Fredrick Douglass Boulevard. And the last cluster is from 145th Street to 154th Street. All of these areas in Harlem are still in need of affordable housing. It

is the goal of HCCI as well as its partners that it selects in repositioning those projects to maintain affordability for these housing units. And in addition to that, there are a significant amount of commercial retail locations in our buildings. And it has been HCCI's goal to maintain not only affordability, but maintain an important mix of retail so that they can service the community that the buildings lie within. So we do ask that the committee support us in this project. These buildings have not been rehabilitated since the early 1990s. So they are in need of assistance in preserving and key affordable housing in the community. Thank you.

CHAIRPERSON DICKENS: Thank you for coming down for your testimony. I now will open the questions that I have. These were formerly Indian properties, is that my understanding, and that now they will go into a partnership between a not-for-profit and a for-profit?

KERRY LABOTZ: That's correct.

CHAIRPERSON DICKENS: Kerry.

KERRY LABOTZ: Yes, that's correct.

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CHAIRPERSON DICKENS: Uh-huh, and what are the two entities, please? What is the not-for-profit?.

KERRY LABOTZ: The not-for-profit-- I'll just make sure I'm getting the name correct here.

[Pause]

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KERRY LABOTZ: The not-for-profit-CHAIRPERSON DICKENS: I'll give you a
hint, HCCI.

KERRY LABOTZ: Oh, that's the 60's, and the ownership structure it's under the Housing Development Fund Corporate Company. But yes, the sponsor entity of that is HCCI.

CHAIRPERSON DICKENS: It is known for having provided affordable housing in the community.

I'm cheating a little because it's my birthday. [sic]

So HCCI has provided in making this project and aggressive company—

MALCOLM PUNTER: Sure, since 1986, HCCI has been providing affordable housing. In it's 28-year history it has developed over 4,500 units of affordable housing, and some of which we sold to the residents. Some of which we sponsored and now hold. We currently hold about 22,000 units of housing in

2 the Harlem community, which are all in some

affordable housing program either state, local, or federal.

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CHAIRPERSON DICKENS: Now, how was HCCI formed. I mean is that a housing company? What is that?

MALCOLM PUNTER: So HCCI was formed by a coalition of clergy men and women in 1986 with the sole purpose of revitalizing the Harlem community in terms of housing as well as commercial revitalization, and I'm proud to say working with HCCI for the last eight years, that throughout its history I've seen that it has maintained its mission. It hasn't deviated. It hasn't become starry eyed by the upswing in the real estate market of Harlem. It has maintained its mission, and will continue to do under the current leadership. Our President Doug Broomes, as well as our Chairman Dr. Charles Curtis are adamant that affordable housing will be preserved in this community.

CHAIRPERSON DICKENS: Now in this case, this particular UDAAP, this Land Use item is partnering with a for-profit entity?

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MALCOLM PUNTER: And that's key. That's the key point. In actuality, HCCI, and this is really noteworthy to the for-profit partners who maintain a 51% ownership of both the non-profit entity, which will hold title to the properties, as well as the for-profit entity, which will operate the properties. So it's truly a not-for-profit arrangement. And we trust our partners to continue the mission along with us, and they have shown that by giving and agreeing to a 51% ownership stake by then non-profit organization, something you don't usually see in these types of arrangements.

CHAIRPERSON DICKENS: All right. Thank
you so much. Barbara, please tell me about the AMI.
How many units will be at what. And was there going
to be a reduction in what had become quite
unaffordable in some of those developments, and that
will allow this to be affordable. That's one. And
then I want— I have questions about the huge number
of violations that I see.

BARBARA HAHN: Kerry is going to address the question about the AMI levels.

KERRY LABOTZ: So the current AMI levels are-- And this is going to be there's two separate

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periods of affordability. So we have the current period. That's for the next 15 years, and then post from year 16 through 30 that's going to run to the end of the regulatory period, we have a different mix of AMIs. So I will first cover the current AMIs.

So until 2028, 56% of the units are going to be limited to 60% AMI or less, 44% of the units are going to be limited to 100% AMI or less. That's from closing until 2028. Post 2028, we're introducing a mixed income level. So on the policy side of it, HPD in Year 15 had looked to do projects that are in areas exactly where these projects are to try to introduce low cost ways to introduce more mixed income affordability. So from 2028 to 2024—Excuse me. 2044, 23% of units are going to be limited to 60% AMI or less. 17% of units are going to be limited to 90% AMI or less. 44% of the units are going to be limited to 100% AMI or less, and 17% of the units are going to be limited to 120% AMI or less.

CHAIRPERSON DICKENS: Now, these numbers you're utilizing based upon the current trend? Is that what you're doing? Because I have some concerns. I dare say I won't even be alive in 2044,

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but I'm going to be concerned about my community and what happens in the year 2044. So I commend you for what you did up through 2028, but 2028 to 2044 I am concerned about. And I understand the mixed income. I also find that frequently mixed income doesn't work when it goes too high. So I want to put that on the record. I'm going to ask Mr. Punter as part, the representative for part of the ownership with HCCI that I think that needs to be revisited. Now, I support this development. However, unless there's a drastic change that I haven't found. I find that in the trend of housing, things come around.

So right now, Harlem is on the upswing, and I dare say it will be on the upswing. The economic based is raised. Therefore, some of the people coming into the community can afford a little bit more. I am also concerned about those families are maybe now low income. But their children are returning from college, and they become middle income and there's no housing for them. However, by the year 2028, it may begin to do a reversal, and that's where my concern is. What's going to happen with that? Because that's exactly what happened in Harlem and the Harlems of New York City why we eventually

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2 had so many vacant buildings. Because at one point
3 with the renaissance everything went up, and then all

4 of a sudden it reversed and things went down, and

5 people no longer could take care of the properties.

KERRY LABOTZ: If I may just for one additional note that in kind of reviewing the area that the units are in the current AMI for bucket rents is approximately 100% AMI. So just kind of just tag the discussion, I do--

CHAIRPERSON DICKENS: [interposing] Yes,

I do question that because I lived there. So I
questioned the validity of that in its totality
because I'm acutely aware of the people that reside
there. And the indigenous population that has stayed
there that made Harlem to be the diamond that
everybody now wants to live in, has raised the
economic base, which we did want it raise. However,
it's a transient community that comes in also, and
the City needs to be acutely aware of that. Because
they move around. They're subject to move anywhere.
So I am concerned about the longevity of the
community surviving whether it's going up or down.

MALCOLM PUNTER: I think that one of the individuals currently in place under 60% AMI or under

COMMITTEE ON PLANNING, DISPOSITIONS, AND CONCESSIONS

for-profits have low income limits.

2 | 100% of AMI will be displaced at the second period.

I think they will continue to be renting at those rates. I think that the 120% of AMI is still a little lower than what we're seeing out there. We're seeing 165% in other developments, and some of the

CHAIRPERSON DICKENS: [interposing] Do you prevent--

MALCOLM PUNTER: You know, we're tending to leverage what we believe to be maintaining people currently in 60% and 100%. But making someone albeit the minority percentage of them when the operating costs of the buildings arise, which we know will rise. We're experiencing rises that are more than what underwriting costs were. Underwriting costs were 3% and we're seeing rises of close to 8 and 9% in operating costs in the building. So we do need a small percentage of the units during the second period of this project to have some ability to generate a larger income base.

CHAIRPERSON DICKENS: I understand what you're saying.

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MALCOLM PUNTER: So that in our view so that we can preserve the affordable units for the remaining Harlem base. [sic]

CHAIRPERSON DICKENS: I understand and I appreciate that. However, with the units, the properties you're talking about at 165, do you want me to tell you how many of them are operating at 50% occupancy? That's number one, and I've had several to come back and ask me to reverse what they asked me to initially pass on, which was unaffordable. So I dare that there's been a lot of problems with the high AMIs. Because even though those moving into the community may have a higher income level, and a higher ability to pay a higher AMI, they frequently don't want to. And some of they can't really pay. So I'm having developers coming back to me, and asking me, we don't want nothing affordable. don't want nothing affordable. We just want to do 80/20 and then they come back and say, Hey, you've got to help me out.

MALCOLM PUNTER: Right.

CHAIRPERSON DICKENS: Do any of my

24 colleagues have any questions?

COUNCIL MEMBER: [off mic]

Τ	AND CONCESSIONS 26
2	CHAIRPERSON DICKENS: Well, thank you.
3	Thank you so much, and I do Just for the record, I
4	do support this, but I do ask that you, Mr. Punter,
5	particularly, please keep a handle and understand the
6	trend, and watch it. I dare say you won't be there
7	yourself in 2028, but
8	MALCOLM PUNTER: Oh, no.
9	CHAIRPERSON DICKENS: I didn't say you
10	wouldn't be alive. I just said you may not be there.
11	MALCOLM PUNTER: [laughs] Well, I
12	haven't decided to leave Harlem yet. So I've been
13	here awhile.
14	CHAIRPERSON DICKENS: I didn't say you
15	was leaving Harlem. I meant HCCI. Are there any
16	other persons wishing to testify on this? Seeing
17	none, I'm closing the public hearing on Land Use Item
18	123, a UDAAP Application by HPD concerning Northern
19	Manhattan Equities located in my district. I am now
20	going to ask my counsel to call the role on a vote,
21	and I'm asking my colleagues to say aye to both Land
22	Use items.

23 LEGAL COUNSEL MCCOY: Chair Dickens.

CHAIRPERSON DICKENS: Aye.

${\tt C} \ {\tt E} \ {\tt R} \ {\tt T} \ {\tt I} \ {\tt F} \ {\tt I} \ {\tt C} \ {\tt A} \ {\tt T} \ {\tt E}$

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



Date October 5, 2014