

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PUBLIC HOUSING

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HELD AT: Council Chambers - City Hall

B E F O R E: Ritchie J. Torres
Chairperson

COUNCIL MEMBERS:

Rosie Mendez
James G. Van Bramer
Donovan J. Richards
Laurie A. Cumbo

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

Shola Olatoye
Chair and CEO of New York Public Housing
Authority

Yetta Kurland
Justice for Homeowners

Brad Hoylman
New York State Senator

Carol Lamberg
New York Housing Conference

Moses Gates
ANHD

Bill Frey
New York Office of Enterprise Community Partners

Victor Bach
Community Service Society

Lucy Newman
Legal Aid Society

Alexis Smallwood
Far Rockaway

Mo George
Director of Organizing at Community Voices
Heard, Representing Lorraine Knox

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

Katrina Cortez
GOLES

Venacio Lima
Local 79

Dereese Huff
President of Campos Plaza One

Beatriz Torres Guzman
GOLES

Carl Johnson
Plumbers Local Union Number One

Abraham Rosado
New York Community Alliance for Workers' Justice

Thomas Rachko
Safety Net Project of Urban Justice Center

Gaston Acevedo
Green City Force

Mildred Martinez
Past President of Campos Plaza One

Lisa Kenner
President of Van Dyke Houses

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

Patricia LaMonica
TA of Bronxchester

Carole [sic] Turner
New York City Alliance for Workers' Justice

CHAIRPERSON TORRES: This hearing is coming to order. Good morning everyone. I'm City Council Member Ritchie Torres and I chair the Committee on Public Housing and I'm proud to be joined by members of the Committee, Council Member Rosie Mendez and Council Member Donovan Richards. As many of you know, NYCHA's the largest provider of affordable housing in New York City. NYCHA's affordable housing portfolio includes 178,000 units of public housing, 88,000 Section 8 vouchers and six project based Section 8 properties, which are the subject of today's hearing. In December of 2014, NYCHA entered into a transaction that sold a 50 percent stake in its project based Section 8 portfolio to private developers, L&M Development Partners and BFC Partners. The name of the transaction is the Tri-Borough Agreement and under that agreement, NYCHA is no longer the sole owner of its project-based Section 8 portfolio. The new owner is a public private partnership known as the Tri-Borough Preservation LLC, which is controlled 50 percent by NYCHA and 50 percent by L&M and BFC. Despite the new structure of public private ownership, the project-based Section 8 developments

will have the same depth of affordability that it did before. Residents will continue paying no more than 30 percent of their gross adjusted income toward rent, and the developments will actually have a greater length of affordability, a 20 year Section 8 contract instead of a one year Section 8 contract. Now many of you might be wondering why on earth NYCHA would enter into a public/private partnership in which 50 percent of the ownership interest is in the hands of private developers. The answer to that question requires a review of the facts. So I ask that you reserve judgment and bear with me for a moment. The six project-based Section 8 properties have 48 million dollars in capital needs over the next five years. Yet, these properties are slated to receive zero dollars in capital funding from the federal government. So before the Tri-Borough Agreement, you had 48 million dollars in needs versus zero dollars in funding. After the agreement, you have 48 million dollars in needs versus 80 million dollars in rehab. Now in the ideal world, NYCHA would get the 48 million dollars it needs directly and immediately from the Federal Government, but that wonderful world of good old Uncle Sam coming to the

rescue is no longer the world we live in. that has not been the world that NYCHA has known for the last 20 years. In the real world, NYCHA had essentially two options. The worst option would have been essentially demolition by neglect. The 48 million dollars in capital needs would have grown over time as a result of deferred maintenance. The longer you defer repairs, the more expensive those repairs become. What would have begun as 48 million dollars in capital needs over the next five years would have become 100 million dollars over the next 15 years. If NYCHA had chosen to neglect the properties long enough, there would have come a point when the properties themselves would have been beyond repair, and therefore, unlivable. To neglect these properties indefinitely would have been a betrayal of NYCHA's core mission of providing safe, decent and affordable housing. Demolition by neglect was simply not an option. The better option is preservation by means of a public/private partnership. A public/private partnership enables NYCHA to access funding that it could not obtain on its own because of federal law. There are multiple sources of funding worth mentioning here. You have federal

funding from the renewed half [sic] contracts, private financing from tax credits and tax exempt bonds, and the equivalent of city funding from the real estate tax exemption. In order to access these critical funding sources, NYCHA was required by law to form a public/private partnership, which brings us back to the original question, why on earth would NYCHA enter into a public/private partnership and with 50 percent of the ownership is in the hands of private developers, and the answer quite simply is that the Housing Authority had no choice. Demolition by neglect was not an option, and a public/private partnership was the only means of preserving both the affordability and the livability of these properties. And so I truly believe that the purpose of this partnership is not privatization, the purpose is preservation. All that being said, I do have questions and concerns about the Tri-Borough Agreement. I have questions about the affordability of the project-based Section 8 developments beyond the 30 year life of the agreement. I have questions about the process of resident engagement leading up to the agreement, and the process of engagement going forward, and I have concerns about NYCHA's decision

1 to dilute, I feel, dilute economic opportunities
2 available to its own residents by replacing what
3 would have been union construction with non-union
4 construction. Over the course of the hearing, my
5 colleagues and I will ask NYCHA questions regarding
6 the ownership, financing, rehabilitation and
7 management of the Tri-Borough Agreement portfolio and
8 will touch on the themes of preservation, resident
9 engagement, and labor. With that said, I would like
10 to invite--is the Public Advocate here? Okay. So, I
11 would like to invite the Chairwoman to testify. One
12 minute? Okay. It's unprecedented that I'm allowing
13 NYCHA to testify first, so. [off mic]

14
15 SHOLA OLATOYE: Good morning.

16 CHAIRPERSON TORRES: Madam Chairwoman,
17 can you please raise your hand? Do you swear or
18 affirm to tell the truth, the whole truth and nothing
19 but the truth before today's committee?

20 SHOLA OLATOYE: I do.

21 CHAIRPERSON TORRES: You may precede,
22 thank you.

23 SHOLA OLATOYE: Good morning, Chairman
24 Ritchie Torres, Members of the Committee on Public
25 Housing and other distinguished members of the City

Council. Thank you for the opportunity to discuss the New York City Housing Authority's innovative public/private partnership that will revitalize and preserve six Section 8 development outside of our traditional public housing portfolio. I am Shola Olatoye, Chair and CEO of the New York City Housing Authority. Joining me here today are William Crawley, NYCHA's Vice President for Development, and Richard Couch, NYCHA's Chief Financial Officer. We are proud of the significant benefits that the partnership with L+M Development Partners Incorporated and Preservation Development Partners Incorporated will bring to more than 875 households. This project was the only solution to the underfunding issues experienced at our project-based Section 8 developments for decades. The affordable housing industry and as of late, public housing authorities have leveraged private funds to preserve their buildings for residents for more than 30 years. This transaction provides 80 million dollars for critical capital repairs, including new kitchens and bathrooms for every apartment, renovated lobbies and community areas, energy efficient technologies and security enhancements. It will enable NYCHA to

1 preserve these developments for the long term and
2 improve resident's quality of life, all without any
3 changes to the amount of rents tenants pay. This
4 transaction allows NYCHA to provide timely capital
5 repairs and enhancements to preserve these assets for
6 the long term. Since our first properties were
7 opened 80 years ago, NYCHA has served as the
8 country's largest public housing authority. We are
9 New York City's largest landlord, managing more than
10 178,000 apartments and 328 developments. The erosion
11 of government support for public housing at the
12 federal, state and local levels since the 1990's has
13 resulted in continued deficits and accelerated
14 deterioration of the nation's public housing stock.
15 NYCHA, because of our size, has experienced these
16 cuts even more dramatically. Defunding has required
17 that we cover large operating deficits by depleting
18 our reserves, transferring capital funds to support
19 operations and reducing our staff. This situation is
20 even more attractable when it comes to our project-
21 based Section 8 housing, which sits outside of our
22 traditional public housing portfolio, a little known
23 fact. Over 30 years ago, NYCHA inherited these six
24 project-based Section 8 developments from the City of
25

New York and others. Comprised of 875 apartments in 10 buildings, they include tenement buildings at Milbank Frawley, East 120th Street and East Fourth Street, and three high rise developments, Campo's Plaza One, Saratoga Square and Bronxchester Houses. They currently require about 48 million dollars of capital work over the next five years and about 113 million dollars over the next 15 years. For the sake of our residents and these communities, NYCHA needed to find another way to maintain and preserve these 875 properties, 875 units for current and future New Yorkers. Tri-Borough Partners, the public/private partnership we created with L+M Development Partners and Preservation Development Partners provides us with a creative solution to not only rehabilitate these 875 units in two years, but to maintain and preserve them. It's important to understand the facts about this partnership that provides critical funding to preserve these project-based Section 8 developments for tomorrow and improve resident's quality of life today. Thanks to this partnership, approximately 80 million dollars in capital work will be performed to bring the properties into a state of good repair and provide energy efficient technologies

in enhanced security. In total, we expect this partnership to generate a return to NYCHA of approximately 360 million dollars over the next 15 years, vital funds that helped us close NYCHA's 2014 operating deficit and will fund capital work at our public housing developments going forward. NYCHA is a partner with a 50 percent stake in the ownership structure of these six developments, to access four percent low income housing tax credits and HDC tax exempt bonds we cannot own more than 50 percent. Without this partnership we would not have access to these financial tools. The units will remain project-based Section 8 and are also subject to rent stabilization regulations. NYCHA retains approval rights over major decisions and oversight that effect the Section 8 developments. Under Section 8, resident's share of the rent will not increase. It will stay at 30 percent of their income. The residents of these Section 8 developments have a lower average household income than our public housing population, about 19,000 versus 23,000 respectively. And the apartments will continue to be rented to low income families. One of our partners with experience in Section 8 property management will

oversee maintenance and operation at these properties, providing more efficient and timely service, improving work order turnaround and enhancing customer service. NYCHA sought a partner who is experienced with tenant in place rehabilitation work. Prior to forming this partnership we held more than 30 meetings with residents of these buildings as well as with local officials, elected officials and other stake holders to determine and communicate priorities for this initiative. Not only did we gather valuable input that helped us refine our rehabilitation goals. For example, residents prioritized security enhancements and larger community spaces. We also ensured that we had an explicit understanding of exactly what needs to be addressed by a partnership. Tri-Borough Preservation Partners, the name of the public/private partnership has successfully completed 10 in place projects involving more than 3,000 units, including the recent rehab of over 1,000 project-based Section 8 units in Ocean Village in Queens. Tri-Borough will minimize the impact of renovation on residents. In the event that a resident must be relocated, the relocation will be temporary and at no cost to the

resident. The Tri-Borough team includes the management company C&C Apartment Management, which will manage the development's day to operations. Part of our agreement with Tri-Borough is that NYCHA Residents be trained and hired for at least 20 percent of the construction positions to be filled and 50 percent of the maintenance work force to be hired. Through a partnership with Building Skills New York, Tri-Borough will provide free construction industry training to the qualified residents referred by NYCHA's own office of Resident, Economic Empowerment and Sustainability. So far, 21 NYCHA residents have been hired for maintenance positions. All of those hired for the constructions jobs including NYCHA residents will be paid at least 15 dollars an hour. The 16 NYCHA employees that have been working at these Section 8 developments have been redeployed to nearby NYCHA public housing developments. Finally, it's important to note that while we are extremely proud of the solution we forged here to preserve our project-based Section 8 housing stock, it's hardly unique nationally. Public housing authorities all over the country, White Plains, St. Louis, Miami, just to name a few have

embraced public/private partnerships to support their preservation goals for years. Given the continued and persistent lack of support from Washington, we would be negligent in our responsibility to our residents if we did not harness the tools that other public housing authorities have demonstrated works well to preserve and protect their housing stock. With this transaction, NYCHA has forged a solution to the chronic and unyielding funding shortage suffered by these six developments and raised money for the rest of our developments with a responsible financial tool commonly used in New York, which has been a leader in this field. This administration has made affordable housing a cornerstone of its platform. This transaction is evidence of the Mayor's and our commitment to the goal of the preservation of existing affordable housing. We know that the City Council shares our vision of safe, clean and connected affordable housing for all New Yorkers. We look forward to working with you and the Mayor on future endeavors to make this vision a reality. Thank you, and I'm happy to answer any questions you may have. Actually, can I just pause for one second and walk you through a brief presentation that we also

1 have submitted for the record? It's really important
2 to provide some context for--and we have hard copies
3 for to be handed out--provide some context for the
4 before and after of the planned rehabilitation for
5 these properties. Here is an existing photo of
6 Milbank Frawley, which I know well. I live around
7 the corner. This is the after. There is renewed
8 commercial space, renewed--a see-through lobby which
9 adds to the enhanced security for residents and
10 neighborhood and the community residents alike. This
11 is the existing exterior of Saratoga right now. This
12 is the proposed after. Bronxchester, the existing
13 exterior-- this is the proposed after, a real
14 transformation in terms of access, light. You'll
15 see, if you look closely, improved replaced mail
16 boxes, a transparent entry way. We should say that
17 all buildings will have access, will be outfitted
18 with cameras, layered access, which are two major
19 components that this body has funded NYCHA to install
20 in its developments in the past, and we thank you for
21 that. This actually just happened last week. You'll
22 see on the left hand side the before hallways of, I
23 believe this is Bronxchester, and here is the after.
24 This is the new reality for the families in
25

1 Bronxchester. Campos, excuse me. Thank you. Thank
2 you. Before and after bathrooms, again, at Campos.
3 Again, at Campos, before kitchens, updated kitchens.
4 So just wanted to give you a sense of the type of
5 work that's planned here, which in some ways is very
6 basic, but also something that all residents deserve
7 to have, and we're pleased to be able to provide
8 that. I'm happy to answer your questions, Chair.
9

10 CHAIRPERSON TORRES: Thank you for your
11 testimony, Madam Chairwoman. I want to recognize my
12 colleague Council Member Laurie Cumbo from Brooklyn.
13 You know, I can tell you having grown in NYCHA myself
14 there is nothing that NYCHA residents fear more than
15 privatization, the loss of their homes, the
16 privatization of NYCHA owned property, which is
17 rightfully seen as a public resource. And so I want
18 you to address those fears head on. You know, to
19 play devil's advocate for a moment, one could argue
20 that the Tri-Borough Agreement at a minimum
21 represents a partial privatization of ownership
22 because NYCHA will own 50 percent as opposed to 100
23 percent of the properties, and it represents a
24 complete privatization of management, because these
25 properties are said to be operated by a private firm.

So given these facts, why would it be unfair to characterize this agreement as a transition to privatization?

SHOLA OLATOYE: I think the first part--

CHAIRPERSON TORRES: I'm sorry, can you not applause? I'm sorry, yeah, thank you.

SHOLA OLATOYE: Regardless of the terms that we choose to use, I think the ultimate test here is what's going to happen for the residents of these 875 units, and I would agree with you that the thing--slightly disagree that what residents most care about most is the safety and security of their homes. And as you well know, in many of these, particularly in these six buildings, the conditions that were--that exist were truly deplorable, and it was simply a function of the fact that they receive zero funding from the federal government. So, ultimately, the result of this partnership is the ability for NYCHA to continue to live up to its mission of providing safe, clean and affordable housing.

CHAIRPERSON TORRES: And my understanding is that the new owner of the Tri-Borough portfolio is a LLC Tri-Borough Preservation LLC, and according to the charter, NYCHA is the legal owner, whereas Tri-

Borough Preservation LLC is the beneficial owner. So can you explain the difference between the legal owner and the beneficial owner and the distribution of rights and responsibilities between them?

SHOLA OLATOYE: Well, as 50--and I'll defer to my lawyers to give you the specific legal definition between those two definitions, but ultimately as a 50 percent partner in this LLC, NYCHA retains the right to oversee and make decisions around any major decisions with regard to the future of this property, whether that be existing operations, development, rehabilitation, outreach, etcetera, and that was a key component that we not only felt was important for the sake of the residents, but important for NYCHA to ensure that what happens in these developments here over the terms of their life continued to help us meet our mission. Ultimately, the structure of a tax credit LLC requires that you have--that we remain at the 50 percent level, and that is function of federal IRS tax rules, something that New York City has been a leader in utilizing tax credits. And so the partnership is structured such that NYCHA retains its rights. I would also say that as you mentioned,

Chair, the federal funding that's still flows through this project through contract, which is the Section 8 housing assistance payment contract. It's something that NYCHA retains the right to oversee because that is a federal contract. There is compliance that goes along with that. So there's still a very active role that the housing authority must play because of the presence of public funding and will continue through the life of the partnership.

CHAIRPERSON TORRES: So, since NYCHA did not have the option of opting for controlling interest, right, it's a 50 percent partner, would that mean that NYCHA could not make any decision regarding these properties without the cooperation of the private partner in the agreement?

SHOLA OLATOYE: It's a partnership, and this is--it's a partnership I would say with two partners who have done a tremendous amount of work within the affordable housing space here in New York and beyond. Like any partnership, there is a desire to certainly have consensus around major decisions, and we expect nothing less than this partnership as well.

CHAIRPERSON TORRES: Now as we noted, in order to access federal and private financing that you couldn't obtain on your own, NYCHA set out to form a public/private partnership. NYCHA's obviously the public partner. In June 2013, NYCHA issued an RFP for a private partner, and according to a press release dating from November 7th, 2011--2013, I'm sorry, NYCHA originally selected RDC Development as a private partner, but it appears that RDC withdrew from the transactions. So I'm wondering why you did select RDC in the first place, and why did RDC withdraw from the transaction?

SHOLA OLATOYE: They withdrew. They chose to withdraw from the solicitation process. We, as dictated in following HUD disposition and public procurement rules, issued a public RFP prior to my joining the Housing Authority, and again, the goals of this partnership were sort of three-fold. One was ultimate preservation and rehabilitation of these six properties. Two, was revenue generation for the Housing Authority to ensure its long term sustainability, and three, was ultimately the wellbeing of--the economic wellbeing of our residents. Actually, and fourth, what would be a

1 true sort of transformation of these six properties,
2 and so those were the goals of the solicitation. We
3 selected a partner that we thought met those. That
4 partner withdrew under their own circumstances and
5 following HUD procurement rules and guidelines, we're
6 required to go to the next two bidders that in terms
7 of the scoring process and that's what we did
8 beginning earlier this year, and made a decision
9 based on their submission to select the partners with
10 who we are now partnered with.
11

12 CHAIRPERSON TORRES: How many responses
13 were there to the RFP?

14 SHOLA OLATOYE: To the original RFP?

15 CHAIRPERSON TORRES: Yeah.

16 SHOLA OLATOYE: There were eight
17 responses.

18 CHAIRPERSON TORRES: Okay. And you laid
19 out some of the, I guess, criteria that NYCHA took
20 into account when evaluating the responses. I'm not
21 sure if I remember, but did the criteria include the
22 labor practices of the respondents?

23 SHOLA OLATOYE: The solicitation followed
24 all federal and state, city guidelines that are
25 consistent across all city agencies, and so it

1 included those, the criteria that I just highlighted
2 as well as the standard criteria that exists in any
3 public procurement document that NYCHA issues.

4
5 CHAIRPERSON TORRES: And NYCHA eventually
6 selected L+M and BFC as private partners. What is
7 your knowledge of their labor practices?

8 SHOLA OLATOYE: My knowledge of their
9 labor practices is in some ways much more focused on
10 what they've produced. I'll let them speak for their
11 own sort of practices, but I think what we chose a
12 partner of record that had experience in in-place
13 tenant rehabilitation, that had a record of producing
14 timely, efficient and effective rehabilitation and
15 improved customer service for residents, and doing
16 that in a way that ultimately improved the lives of
17 the residents of their developments.

18 CHAIRPERSON TORRES: Are you aware of
19 their record of how these developers have engaged
20 with residents in their own private developments?

21 SHOLA OLATOYE: Their record, well it's
22 important to state that these partners as in all of
23 our procurements are screened via the State Attorney
24 General's process as well as our internal conflicts
25 process, and we take that process incredibly

seriously, and their record was part of our decision to select them as our development partner.

CHAIRPERSON TORRES: So here's one thing that alarms me. According to the Daily News in 2012, three residents of 1831 Madison Avenue sent a letter to HPD and local elected officials complaining about the quality of construction and repairing their buildings, and the Daily News reported that the head of BFC, Don Kaposha[sp?], who was a partner in the Tri-Borough Agreement, retaliated against these same residents with a four million dollar lawsuit, which was subsequently dismissed in court. And I'm wondering, was NYCHA aware of this retaliatory lawsuit when it selected Mr. Kaposha as a partner in the agreement?

SHOLA OLATOYE: I can't speak to whether or not the immediate team members were aware of that at the time of selection, but certainly we are aware of it now, and as you just noted, that case was dismissed in court.

CHAIRPERSON TORRES: It was dismissed, right, but right, because it had--presumably it had no merit. I guess that reinforces the notion that it appeared to be retaliatory in nature.

SHOLA OLATOYE: I can't speculate as to why it was dismissed.

CHAIRPERSON TORRES: Fair enough. Financing--

SHOLA OLATOYE: Sure.

CHAIRPERSON TORRES: So, obviously, there are a few sources of financing, the federal subsidy from the renewed HAP contracts, the private capital from tax credits and tax exempt bonds and the city's subsidy from the real estate tax exemption. Can you break down each funding source one by one?

SHOLA OLATOYE: Sure. So the sources of--as you may know, in tax credit transactions there's construction financing as well as permanent financing. In the source of funds for construction as you mentioned there were HDC bonds, that's the city's Housing Development Corporation, which serves as their municipal bond issuer.

CHAIRPERSON TORRES: What was the dollar amount?

SHOLA OLATOYE: The dollar amount was 235 million dollars. There is--there were tax credit proceeds, for percent tax credit proceeds, which as you know, New York City has as-of-right, which were

in the amount of 22 million dollars. There's a seller's note. There's interest. There's deferred reserves. It's a very important part of the tax credit program, and one that ultimately makes it a very attractive program is that reserves, operating reserves are built into the project which allows the property to tap those to maintain its operations going forward. So you have to actually set aside operations for the future of the property, and that was in the amount of 7.6 million and rounding up, and we can give you the break down if you'd like. I think you actually already have it. But and then in terms of the deferred developer fee as well, which represents the standard tax credit transaction of about 10 percent, which is about 46 million dollars, and that's the source of funding for construction. The permanent financing, which begins at the completion of construction is again, a 30 year HDC, Housing Development Corporation permanent loan, which again, public subsidy here from the city, 235 million dollar, a permanent loan, a permanent mortgage, to use common nomenclature. Again, proceeds from the tax credit program of 150 million dollars and a seller's note of about 45 million dollars and then

deferred developer's fee of about 34 million dollars. And so that is a breakdown of both the construction and the permanent financing. And I'm happy to again share with you the specifics via paper.

CHAIRPERSON TORRES: The HAP contract, what's the value of a renewed HAP contract?

SHOLA OLATOYE: The value of the renewed HAP cont--

CHAIRPERSON TORRES: [interposing] Both in the aggregate and I guess per unit. And if you could do a before and after comparison for the pre-Tri-Borough value and the post-Tri-Borough value.

SHOLA OLATOYE: Okay. We'll get you that answer, sir. We might have to come back to you at a--after the--

CHAIRPERSON TORRES: Fair enough, okay. Do you have the value of the real estate exemption, can you give me a dollar among there, or is that something you would have to--

SHOLA OLATOYE: [interposing] The value of the real estate exemption? I don't have that number in front of me, sir, so I'll have to come back to you.

CHAIRPERSON TORRES: Okay. So, as I noted in my opening statement, in the ideal world Uncle Sam--and I have a troubling image of Uncle Sam right there, would simply give NYCHA the money it needs so it's a straightforward transaction to stakeholders, but in the more complicated world of mixed finance, you have a complicated web of contracts, HDFC's, LLC's, and so there are a whole host of moving parts and multiple stakeholders, and can you just take the time to explain? You know, you have HDC, Housing Development Corporation, HPD, Housing Preservation and Development, HUD, Wells Fargo, Fannie Mae. Can you explain each role, the role of each stakeholder in the transaction?

SHOLA OLATOYE: Sure. So, as part of--as you mentioned, part of low income housing tax credit finance, I didn't realize we were going to do tax credit 101, but we could do that.

CHAIRPERSON TORRES: The public has a right to know.

SHOLA OLATOYE: Of course. So Tax Credit 101 is both first you have to create a partnership, which is an LLC. This allows you to access the federal tax credit. Because we are a public agency,

and as you mentioned, funded via the federal government, there are multiple players involved. Our role as 50 percent owner has been outlined. HDC is effectively a lender. They are effectively a lender. HPD as the provider of the tax benefit ultimately there is a level sort of asset management compliance that goes along with that over the course of the term of that benefit. HUD is very involved to ensure that the Section 8 contract remains adhered to, that the rents remain 30 percent of family's income. There's a process of annual recertification, which is frankly standard in all of our portfolio, both Section 8 and public housing where families have to annually recertify that their income--that whatever changes there may have been with their income. So HUD remains very involved there, and that will be an annual process that the partnership manages. And then, obviously, our role as part of the partnership and really managing to the operating agreement, and managing to the--even before operating, construction. So, we have identified within our capital division staff who will be managing construction and managing the process of that construction per a series of agreed upon milestones. We expect in 18 to 22 month

1 construction period, which is standard for New York
2 City. So, there will be an ongoing management of
3 that process to ensure that work is proceeding, to
4 ensure that our residents who have been hired
5 obviously are still there and, you know, just again
6 as a function that we already perform in the more
7 than 700 million dollars in capital contracts that we
8 issue, at least last year, to ensure that work
9 compliance and all of the sort of laws and
10 regulations of construction sites are maintained.
11 So, very specific roles that have a number of
12 compliance functions attached to them and something
13 that will be--that will continue throughout the
14 duration of the partnership.

15
16 CHAIRPERSON TORRES: And can you explain
17 the role of Wells Fargo and Fannie Mae?

18 SHOLA OLATOYE: Again, they're lenders.

19 CHAIRPERSON TORRES: Okay.

20 SHOLA OLATOYE: So they are the tax
21 credit investors. There is a quarterly reporting
22 that the partnership has to submit to Wells Fargo to
23 ensure that whether it be work is proceeding
24 according to schedule, that rents and annual
25 certifications are happening in a timely fashion.

It's frankly just a reporting function that ensures that the partnership can continue to draw down on the tax credit equity throughout the life of the project.

CHAIRPERSON TORRES: So I have a few questions regarding the possible risk associated with the transaction. The agreement will remain in place for 30 years. So, I'm curious to know what happens after the expiration of the agreement. Can you walk me through possible scenarios?

SHOLA OLATOYE: Well, I won't traffic in hypotheticals, but I will tell you in terms of what will happen, in terms of the HAP contract. We will and expect to renew that contract. The security of the Section 8 program while underfunded is one that really is cornerstone of affordable housing finance. And so we assume that that program will continue, and so we will be right there at the table reapplying for the HAP contract upon its exploration. We will be there if at the end of the 30 year term for the tax benefit. Like most buildings, buildings need to be renovated over a course of a period of time. I would imagine at that time one would apply to the city again for extended tax benefits to ensure that we can

rehab those buildings and keep them affordable and keep them in good condition.

CHAIRPERSON TORRES: Now, the regulatory agreement is 30 years.

SHOLA OLATOYE: Correct.

CHAIRPERSON TORRES: It depends on the success of the HAP contract which is 20 years. Why not a 30 year HAP contract? Was that an option?

SHOLA OLATOYE: HAP's contracts I believe are only 20 years.

CHAIRPERSON TORRES: 20 years, okay.

SHOLA OLATOYE: That's a fact.

CHAIRPERSON TORRES: And so you expect the contract to be renewed in 20 years?

SHOLA OLATOYE: Yes, we do.

CHAIRPERSON TORRES: Okay. What happens if the contract is not renewed? What is the risks? However improbable, what is the risk?

SHOLA OLATOYE: Well, I don't believe that's going to happen, sir, and we are-- New York City remains a leader in affordable housing and would certainly have because of frankly the commitment of the city of its own capital resources to affordable housing projects and maintaining affordability, I

1 would imagine that there would be a strategy put in
2 place with the leadership at that time to think
3 through a financial strategy to support the ongoing
4 preservation of the project. And also it's important
5 to remember that the units will remain in rent--are
6 protected by rent stabilization rules regardless of
7 at the end of the 30 year period.

9 CHAIRPERSON TORRES: And rent
10 stabilization does provide some degree of protection,
11 but it's worth noting that rent stabilized rents tend
12 to be significantly higher than Section 8 subsidized
13 rent. So, there's a limit to that protection. The
14 debt, NYCHA's taking out 200--or the Tri-Borough LLC
15 is taking out 235 million dollars in debt. However,
16 improbable, what happens in the event of a default?
17 Who--

18 SHOLA OLATOYE: [interposing] I'm glad you
19 said that. As you know, NYCHA cannot take on debt,
20 because that is a--we are prohibited from doing that
21 by the federal government. The partnership is
22 assuming a level of debt to deliver the
23 rehabilitation needs of these properties. This is
24 HDC, you know, tax exempt bonds, and permanent
25 financing. There's always a risk in taking on debt,

but given that these are our city partners, we expect that, you know, should there be a problem, we will work very closely with our lenders to come up with a solution.

CHAIRPERSON TORRES: And again, I have no--I never doubt the resourcefulness of our city officials, but what is that risk? I'm not--what happens to the property in the event of a default? Assume the worst case scenario. I just want to understand.

SHOLA OLATOYE: You know, I honestly, in terms of worst case scenario when properties go into default there's a default notice that's issued. The city, because HDC is a city agency, would have the first, would be sort of first in line and first in position to take ownership of those properties. But, you know, this is again, a city partner of ours and that holds first position here, so I would imagine it's very much in the city's interest to ensure that a workable solution is identified.

CHAIRPERSON TORRES: Because the city, HDC is the lender.

SHOLA OLATOYE: That's correct.

CHAIRPERSON TORRES: I do want to pause my question for a moment. I want to give the Public Advocate--we've been joined by Public Advocate Letitia James. I want to give the Public Advocate an opportunity to say a few words.

PUBLIC ADVOCATE JAMES: Thank you, Mr. Chair, and good morning Chair Shentola [sic] Ola--Chair.

SHOLA OLATOYE: Olatoye.

PUBLIC ADVOCATE JAMES: Thank you for your leadership and your determination to bring about true changes into public housing from the broken boilers in NYCHA developments affected by Sandy to pushing for intercom systems, as well as the need for additional funding. I thank you. I know that part of your mission is to increase opportunities for low and moderate income New Yorkers by providing safe and affordable housing, and we know that NYCHA provides a vital service to more than 400,000 New Yorkers living in 334 public housing developments, and another 235,000 who receive subsidized rental assistance in private homes through NYCHA's administered Section 8 leased house program, but it is no secret that NYCHA has seen dramatic decreases in funding from both the

federal, the state and the local level, and for every dollar that NYCHA receives, it's only recouping 81 cents, and this makes the mission increasingly difficult and I understand that. I also understand that this redevelopment plan for NYCHA, although raises a number of questions, it seems promising, but there are a number of unanswered questions and concerns about community input, financing options, concern about privatization, transparency, union issues, and last but not least, what happens after 30 years. I have a number of questions I would like answered, which range from ensuring that a plan is in place for temporary relocating residents affected by renovations, to ensuring transparency and how the new revenue is spent. And in closing, I'd like to remind everyone that as part of their most recent agency plan for the Department of Housing and Urban Development it was cited that this new financing option will help address many key challenges, including preserving aging housing. NYCHA has assured the public that they have discretion at the end of the 30 year contract to determine what happens to their buildings, and we'd hope that we would continue to monitor that and ensure that that

1 happens, that that in fact is the case. Obviously the
2 last question that was asked to you by the Chairman
3 about rent stabilization, he indicated that it is
4 subject to--it is the rent stabilization and the
5 individuals in NYCHA and Section 8 obviously pay a
6 much lower rate, and obviously we're much concerned
7 about that disparity. However, the developers could
8 technically ask for the units to become market rate,
9 and that would be--that obviously urges some concern,
10 causes some concern, and I would ask that we remember
11 that part of the goal for this plan is to preserve
12 housing, not eroding it today or in 30 years. And so
13 with that, Mr. Chair, I turn it back over to you at
14 the appropriate time. I do have some questions, and I
15 thank you for this opportunity to say a few words.

17 CHAIRPERSON TORRES: Thank you, Madam
18 Public Advocate. I have a few more questions.
19 Obviously, I have many more questions, but I just
20 want to quickly go through some of the labor
21 questions around the rehabilitation and then I want
22 to give my colleagues an opportunity to weigh in.
23 NYCHA recently negotiated a project labor agreement
24 with the Building Trades. The PLA, as you know, will
25 unionize construction work in NYCHA owned properties,

but the PLA will not apply, however, to the six project bases Section 8 properties. It would have applied, I believe, to these properties before the Tri-Borough transaction, but in the wake of the agreement will not apply. And so I'm curious to know, why did NYCHA choose to displace union work in favor or nonunion work?

SHOLA OLATOYE: Well, first, I'll just say we're incredibly proud of the PLA agreement. It had been languishing for about three and a half years prior to this administration coming in and obviously, the Mayor's commitment to ensuring that this is a priority for the agency, and I'm pleased that we were able to sign that effective January of 2015. Also, just want to also say that there was no displacement of union labor at this--or termination of union labor in these six properties. The 16 NYCHA employees who were impacted by this transaction were deployed to nearby NYCHA developments, which--and did not miss a day of work, an hour of work in terms of their reassignments. We are looking forward to our PLA agreement applying to the more than 700 million dollars in construction capital that NYCHA puts out, put out last year, and will--and has plans to put out

1 this year. The PLA agreement ensures that about 120
2 NYCHA residents will have access to a path to union
3 membership, and we believe that the overwhelm--the
4 majority of our work as a public agency and as NYCHA
5 far outweighs the work that at this particular
6 project, and so we look forward to living up to our
7 agreement and working with our union colleagues with
8 regard to the PLA on our large capital portfolio.
9

10 CHAIRPERSON TORRES: I'm sorry, what I
11 meant by display--I mean, you, it seems to me that
12 NYCHA replaced what could have been union
13 construction with non-union construction. NYCHA
14 could have chosen to solicit bids from developers who
15 pay their employees union wages and benefits, and why
16 did you not choose to go in that direction?

17 SHOLA OLATOYE: I will just quibble a lit
18 bit with the use of words and to say that we didn't
19 displace anything, alright. The project closed in
20 December of 2014.

21 CHAIRPERSON TORRES: Right.

22 SHOLA OLATOYE: The PLA was effective in
23 January of 2015. So, just to be clear. Two,--

24 CHAIRPERSON TORRES: [interposing] But the
25 RFP dates back to June of 2013.

SHOLA OLATOYE: Right. And if you look at our RFP's, our RFP's have been consistent and will remain consistent across housing agencies where there is no dictation around union requirements with regard to our labor practices. There are certainly objectives that were articulated. I can't speak for why or why not that that was not included under the previous administration, but we remain consistent with this administration's policy going forward.

CHAIRPERSON TORRES: So the Tri-Borough Agreement pre-exists the PLA?

SHOLA OLATOYE: Correct.

CHAIRPERSON TORRES: Okay. I'm wondering and I don't know, could you have included an agree--I guess, in the agreement of provision that said the following, that if NYCHA successfully negotiates a PLA with the Building Trades, then that PLA shall apply to the Tri-Borough properties. Could such a provision have been included in the agreement, or that was not an option at all?

SHOLA OLATOYE: I will say that the final terms of the deal were negotiated and were very final. I mean, we're really looking forward to being able to close the deal at the end of 2014, and it was

a really important priority for this administration, and reopening things at that time was not something that we could do.

CHAIRPERSON TORRES: Now there were also concerns about contractors and subcontractors, and I know HPD has, I believe, enhanced review, which is a list that identifies contractors who have failed to live up to their legal obligations, and I'm wondering, can you assure this committee that no enhanced review contract or subcontractor will be hired to do the rehab work in these six developments?

SHOLA OLATOYE: We are working very closely with our colleagues at HPD on their process, and I will say actually have probably an added layer of process given our federal compliance and procurement rules that we labor under that HPD does not. And so, we will be working like we always do to ensure that our contractors and their subs are following the rules and following the law.

CHAIRPERSON TORRES: Fair enough, but are you in a position to prevent the hiring of an enhanced review subcontractor for the rehab work?

SHOLA OLATOYE: We are--as a 50 percent owner in the partnership, we will be overseeing all

major decisions and have the right to contend and not agree to some of the ultimate hiring decisions. So, yes.

CHAIRPERSON TORRES: I just want to be clear. So you have the ability.

SHOLA OLATOYE: We do.

CHAIRPERSON TORRES: And can you assure this committee that you will exercise that ability if the need arises?

SHOLA OLATOYE: We will. We will make every effort to ensure that the projects and the partners working on this team are following the rules and following the law. If we find out otherwise, we will exercise our right to take immediate action.

CHAIRPERSON TORRES: With that said, I want to hand over--I want to give the Public Advocate a few more opportunities to ask questions.

PUBLIC ADVOCATE JAMES: Thank you, Chairman. Chairwoman Olatoye--I don't know why this morning I can't--

SHOLA OLATOYE: Olatoye.

PUBLIC ADVOCATE JAMES: Olatoye.

SHOLA OLATOYE: There you go.

PUBLIC ADVOCATE JAMES: Okay. I don't understand. So, what is NYCHA's plan regarding temporary relocations for residents affected by renovations and how will NYCHA be covering related costs for residents, cost of moving, etcetera?

SHOLA OLATOYE: So, the partnership's plan, just to be clear, because it's part of the partnership. One of the reasons why we selected these partners was because of their experience in in-place tenant rehab. Should a resident need to be relocated, it will be done with the least amount of sort of burden to the resident. All costs are covered by the partnership. They would work very closely with the resident. Obviously it's going to depend on--every apartment's needs are different in terms of what the actual capital needs are that would require relocation, and the goal would be the shortest least invasive, lest intensive impact on the resident, but all costs and associated costs with said relocation would be covered by the partnership.

PUBLIC ADVOCATE JAMES: So, it's the partnership's plan, but you will have oversight, correct?

SHOLA OLATOYE: We will ensure. Yes, is the answer.

PUBLIC ADVOCATE JAMES: Okay. And will the partnership with your oversight pay special attention to older adults, anyone with disabilities and families with children enrolled in local schools and all populations that could possibly be adversely effected by the move?

SHOLA OLATOYE: Of course. Of course. Yes, ma'am.

PUBLIC ADVOCATE JAMES: And NYCHA is getting 150 million dollars up front in additional, 115 million dollars over 15 years to invest, and how will the public be able to track how these funds are spent?

SHOLA OLATOYE: So, we are--it was 158 million dollars at the end of 2014, and because of that for the first time in about 10 year, NYCHA was actually able to balance our budget last year. So we were able to close our 58 million dollar budget deficit for 2014. Going forward, our plan--first of all, everyone can track our progress, our financial progress, our operational progress on our website, through our NYCHA metrics, through our annual audit,

1 through the numerous audits that colleagues across
2 the city also subject the agency to. We will
3 obviously look forward to coming back to this body
4 and presenting our executive budget in early March,
5 and we'll continue to provide updates through our
6 monthly public board meetings as to not only how
7 those resources, but all of our financial resources
8 are accounted for.
9

10 PUBLIC ADVOCATE JAMES: And I know that
11 the Governor of the State of New York has proposed 25
12 million dollars in his executive budget for NYCHA.
13 Assuming that that is included in the budget that is
14 ultimately passed by the state legislature, what are
15 the plans for the 25 million dollars?

16 SHOLA OLATOYE: Well, first of all, we are
17 incredibly grateful that we for the first time have
18 shown up in the executive budget. Not since the
19 1990's has that happened. Our plan--and while I
20 don't necessarily plan for money that I don't have
21 yet--

22 PUBLIC ADVOCATE JAMES: Yes.

23 SHOLA OLATOYE: the two most important
24 things that we would focus on would be our mold
25 remediation. So that would be certainly around roofs,

and parapets [sic], and sort of the major structures in our buildings, and public safety and security.

PUBLIC ADVOCATE JAMES: Great. Does NYCHA have any plans to ensure equity in the affected developments? For instance, some buildings in Campos Plaza will receive extensive renovations and a new management company for maintenance request, while other buildings potentially will receive little if anything. What are the plans for equity?

SHOLA OLATOYE: So, and I think you're specifically referencing Campos where one of the--

PUBLIC ADVOCATE JAMES: [interposing]
Section 8, yes.

SHOLA OLATOYE: Yes, Campos Section 8 building versus public housing--

PUBLIC ADVOCATE JAMES: [interposing]
Correct.

SHOLA OLATOYE: right across the way. A real, I think, sort of interesting reality of our portfolio is that it is incredibly diverse, and you can have such sort of differences right next to one another.

PUBLIC ADVOCATE JAMES: Yes.

SHOLA OLATOYE: No question that our challenge remains how do we ensure that the rest of our development have the same level of investment. And so with all of you, with the Mayor, it is our hope that you will help support our work in a 10 year strategic investment plan that we look forward to talking more about in the spring about how we can deliver resources to all of NYCHA so that new kitchens and bath won't be the exception, but the rule.

PUBLIC ADVOCATE JAMES: So I would hope that as we anticipate 25 million dollars from the State Legislature and the Governor, monies that we have not seen since the 1990's as you indicated, that perhaps some of that money could equalize Campos Plaza so that on the same footprint we don't have individuals who receive extensive renovations and those in Section 8 who receive little or no. So I would hope that as we go to travel to Albany to lobby for money and for policy changes on a host of issues, I would join with you in either seeking additional funds to make sure that Campos Plaza is treated the same, all residents are treated the same on that campus. What--so I want to go to section three.

What opportunities will be available to NYCHA residents for the new work being done?

SHOLA OLATOYE: So, to date, of the 36 site based staff, that is the plan for these six buildings, 36 site based management and operation staff. Twenty-one of those 36 are NYCHA residents. For the construction hiring, which has not yet begun -

PUBLIC ADVOCATE JAMES: Yeah.

SHOLA OLATOYE: the agreement specifies that 20 percent must be NYCHA residents.

PUBLIC ADVOCATE JAMES: I know that in the past everyone has referred to section three. A number of NYCHA residents have come to my office. As I meet with NYCHA residents all throughout the city in my town hall meetings, I'm hearing complaints from residents, notwithstanding what the requirement is, is that it's increasingly difficult to get work on NYCHA facilities. And so I know it's required. I know it's written in the law. What can we do to ensure that residents in public housing actually get employed?

SHOLA OLATOYE: So section three, so it's separate from this initiative. Section three is a

1 very important rule, also one of the hardest rules, I
2 think, to enforce, and when you look at the contracts
3 which all of you can do at our monthly board meeting,
4 you'll often times see very large amount contracts
5 being approved and smaller number of section three
6 hires being required. That's per the statute. And
7 so what NYCHA created in 2011, I believe, and we'll
8 fact that date, was our REESE Program, our Resident
9 Economic Empowerment and Sustainability initiative,
10 which last year placed more than 2,000 NYCHA
11 residents in permanent jobs, above and beyond what
12 section three would actually require us to do. And
13 so, I think section three is important. We continued
14 to need to improve it and there are always was to
15 improve that program, but we also recognize that it
16 has a limit and that is why our support of REESE
17 initiative. Other initiatives like the Painters
18 Apprenticeship Program, which this body has supported
19 allow us to go above and beyond the sort of frankly
20 minimal section three requirements and actually place
21 even more people in permanent jobs.

23 PUBLIC ADVOCATE JAMES: And so lastly, the
24 Chairman touched on my concern, and that is what
25 happens after 30 years, and obviously all of us are

1 concerned about what could possibly happen, and I
2 know that we're not--we don't want to speculate, but
3 clearly preserving affordable housing is paramount
4 and is a priority for this City Council as well as
5 this Public Advocate, and although rent regulations
6 are there to protect the residents, they're much
7 higher than what they're currently paying. And so I
8 too want to join with the Chairman in expressing
9 concerns about what could possibly happen after 30
10 years. And lastly, the 16 employees who had to leave
11 these public facilities, these buildings will not be
12 employed by members of any particular union, is that
13 true?
14

15 SHOLA OLATOYE: I'm sorry, repeat the
16 question.

17 PUBLIC ADVOCATE JAMES: Will the employees
18 be unionized?

19 SHOLA OLATOYE: The employees at the--no,
20 they will not. We don't have any plans for that.

21 PUBLIC ADVOCATE JAMES: And so my--why
22 was that not a factor in the negotiations, given the
23 fact that unions are really key to addressing income
24 inequality not only in our city but in our nation,
25 and NYCHA has had a history of hiring, working well

with the union, and I don't understand why we would move forward with regards to hiring individuals who are not unionized and protecting a shrinking middle class.

SHOLA OLATOYE: So, I think there are a couple of answers to your question. One, I think, you know, this transaction as I outlined had a number of different goals associated with it. One was to improve the more than 2,000 people who live in the 875 units. Two was revenue generation for the Housing Authority given the significant financial duress that we operate under. Three was to try--to provide a path for NYCHA residents for employment, and four was to select a partner of record that could do this kind of work quickly. Those are four priorities that--and sometimes are conflicting, and we believe we worked incredibly hard with this administration to strike the best deal to meet all those priorities. I think going forward, we will continue to refine our objectives, being consistent with the Mayor and his vision and his goals, and we look forward to continuing to do that.

PUBLIC ADVOCATE JAMES: So in closing, I don't think those priorities are in conflict with the

1 making sure that we have a unionized workforce, and I
2 think all of those mission, all of those priorities
3 complement the fact that in the city of New York we
4 take as a priority making sure that the employees,
5 the workforce are unionized. They're protected. Their
6 rights are protected, and they're paid a living wage
7 in the city of New York, and it's really key to an
8 issue that all of us are talking about, that's income
9 inequality and the growing privatization of
10 individuals, particularly women. And so I would hope
11 that the company in question reconsiders their
12 position. I hope the administration would reconsider
13 their position, and I hope that we would unionize the
14 workforce. Thank you.

16 CHAIRPERSON TORRES: Thank you, Madam
17 Public Advocate, and I just want to echo your
18 sentiments, that I think, you know, NYCHA has a dual
19 mission. I think your primary mission is obviously to
20 provide safe, decent and affordable housing, but also
21 create economic opportunity for the residents you
22 serve, and I truly believe that there's an
23 inextricable link between the middle class and labor
24 here in New York City and throughout the country. Can
25 you--will you see to it that the PLA applies, that if

1
2 NYCHA decides to pursue public/private ownership or
3 partnership in the future that the PLA will apply to
4 those properties?

5 SHOLA OLATOYE: Where there is public,
6 meaning NYCHA capital dollars, our, the PLA will
7 certainly apply, meaning where there is NYCHA
8 dollars, where there is CDBG or home dollars, our PLA
9 agreement will certainly apply.

10 CHAIRPERSON TORRES: What about suppose
11 in the future there are properties owned by
12 public/private partners? NYCHA's--a similar
13 transaction is the one we have here.

14 SHOLA OLATOYE: Right. We will evaluate
15 every deal individually, but certainly the commitment
16 remains, and now that the PLA is in effect, we will
17 need to look at what the--to ensure that that is
18 something that applies to work that we do.

19 CHAIRPERSON TORRES: I'm sensing
20 ambivalence, but I won't dwell on it. Campos Plaza
21 is the district of Council Member Mendez, so I do
22 want to give Council Member Mendez and opportunity to
23 ask a few questions.

24 COUNCIL MEMBER MENDEZ: Thank you, Mr.
25 Chair. I just have to point out that it's kind of odd

to see Tish James on the other side with Uncle Sam with NYCHA in the middle. The only thing comforting is that Tish is at the far left. So, good morning, Chair Olatoye. I said that correct, right? No? Hold it. This is a trick. Okay. Olatoye, Olatoye? I need to get this right. Please?

SHOLA OLATOYE: Olatoye. I'm going to bring phonetics--

COUNCIL MEMBER MENDEZ: [interposing]
Olatoye.

SHOLA OLATOYE: cards next time.

COUNCIL MEMBER MENDEZ: So, Mr. Chair, I have a series of questions, and so you need to let me know if I need to go for a second round. But the first question, Madam Chair, is NYCHA had 21 city and state developments that pursuant to the American Recovery and Reinvestment Act of 2009, also known as stimulus funding, was federalized by doing a private/public entity. In that case, NYCHA retained 51 percent of the controlling interest. So, why is this different and why could not NYCHA retain 50 percent, 51 percent of the controlling interest when doing this venture with the Section 8 buildings?

SHOLA OLATOYE: Well, so you reference a 2010 transaction that really represented the first time the city--that the Housing Authority was able to access public housing dollars for these 21,000 units that received no operating subsidy from the federal government, and so the focus of federalization was to provide that subsidy stream for a public housing units. Federalization allowed HUD to provide each--to provide subsidy to the public housing units in those developments. The project-based developments that we're talking about are receiving the HAP contract. So, it's a little--it's a different funding stream from the federal government. These two transactions do compare favorably in that they both use the tax credit partnership to provide the capital repairs. The 50/51 percent difference was frankly--it was a sort of function of the financing streams. One is Section 8 and one is public housing, and we were in the federalization. That was public housing operating subsidy that was being turned on for the first time, and here this is Section 8 HAP contract which is different.

COUNCIL MEMBER MENDEZ: I'm not quite that sure that I understand that, and I get some of it,

but I'm not quite sure I get all the intricacies, and I'm not quite sure that my residents who are out there would understand this.

SHOLA OLATOYE: Okay.

COUNCIL MEMBER MENDEZ: So, maybe we can take this offline and it could be explained in plain English so that I could go back and explain it in plain English to my residents. I would like to know when outreach was done to my residents or to any residents in these six developments. Two of these developments are in my district. The RFP was put out in June 2013. I am very well aware of that, but at that time we were dealing with in-fill. So I'd like to make sure that the in-fill meetings are not doubling as public meetings for this Section 8, because we had an in-fill project at Campos Plaza. So I'm not quite sure when these meetings happened. I do know that there was a meeting for the first time this past November. So, can you tell me offhand and-

-

SHOLA OLATOYE: [interposing] I cannot tell you offhand the specific distinction between the dates, but I will--we can certainly provide you that offline, Council Member.

COUNCIL MEMBER MENDEZ: Can you tell me the year? You know that there was meetings with these developments in 2013?

SHOLA OLATOYE: 2014, ma'am.

COUNCIL MEMBER MENDEZ: 2014.

SHOLA OLATOYE: Correct.

COUNCIL MEMBER MENDEZ: You don't know when in 2014. You'll get me that?

SHOLA OLATOYE: I can get you those dates, ma'am.

COUNCIL MEMBER MENDEZ: I'd like every meeting that was had with the residents at least in my district and the signup sheets.

SHOLA OLATOYE: And yourself [sic]?
Okay.

COUNCIL MEMBER MENDEZ: And the signup sheets, because I want to make sure that those in-fill meetings are not doubling up as the same meetings for this Section 8 project. Now, besides Campos Plaza One, were any of the other buildings in Section 8 transitioned effected by Superstorm Sandy?

SHOLA OLATOYE: No.

COUNCIL MEMBER MENDEZ: Can you tell me what Tri-Borough will be doing to make Campos Plaza

One resilient? There was about three feet of water in those lobbies.

SHOLA OLATOYE: So in addition to a set of interventions that will apply to all six developments like running high fiber cable on the outsides of the buildings as opposed to in the basements where things can flood, Campos has plans for cogeneration activities as well. Putting systems on the roofs is also something that will be planned for all six developments. There is a fair amount of landscaping planned for the developments also at Campos as well that seeks to serve, and this is--I am stepping outside of my area of expertise, but certainly seeks to serve as a retainer of potential storm water and such to meliorate potential flooding.

COUNCIL MEMBER MENDEZ: Will that cogeneration apply to Campos Two or just to Campos--

SHOLA OLATOYE: [interposing] To Campos, Campos One, ma'am.

COUNCIL MEMBER MENDEZ: Just Campos One?

SHOLA OLATOYE: That's correct.

COUNCIL MEMBER MENDEZ: So, we better hope Campos Two doesn't get flooded. They'll be in the dark. Okay.

[applause]

COUNCIL MEMBER MENDEZ: In December, in the middle of December, Manhattan Borough President Gale Brewer, State Senator Brad Hoylman and Daniel Squadron [sp?], Assembly Member Brian Cavanagh and myself had a meeting with NYCHA regarding the transition of the Section 8 buildings within our district. At that time, we requested documents upon closing. You closed at the end of December. We got the documents last week. We wanted to review many things just to make sure that we could keep these buildings affordable long term. One of the things that's really disturbing to me, we were not told at that meeting that after 30 years this would be subject to rent stabilization, and that to me, is an issue with the way the state of states--rent stabilization in New York State at this moment. When was that decision decided that it would go into rent stabilization after 30 years?

SHOLA OLATOYE: That was part of the closing decision documents and something that frankly was really important--a really important moment to ensure that the buildings would remain affordable.

COUNCIL MEMBER MENDEZ: So when the meeting with HAP, with all the elected officials, you knew that that was going to happen, rent stabilization, and no one told us, or going to closing that was a decision that was made and it was put in the closing documents?

SHOLA OLATOYE: Okay. So I can't speak to it. I wasn't at that meeting, ma'am, but I will say just a correction that the rent stabilization goes into effect if there is no other protection, right? So if for example, if HAP for whatever reason, which we don't believe will happen, doesn't extend, these residents will also have the benefit of rent stabilization as a significant back stop. I can't speak to what was known at that meeting. I was not there. It would have been something I would have shared with you for sure, and hopefully sharing that with you now is an important step forward.

COUNCIL MEMBER MENDEZ: It would have been great to have it a month and a half ago, but that's fine. Particularly because in our districts we are bleeding rent stabilization. Everyone is--the apartments are turning over. So that is of great concern to us. I'd like to know when these six

developments became part of NYCHA's portfolio, these six Section 8 developments.

SHOLA OLATOYE: So when--about 30 years ago, ma'am, when the city--

COUNCIL MEMBER MENDEZ:[interposing] So was that upon creation? Like I know one in my district is a tenement building and I believe it came into your portfolio later, but like Campos One, once it was built it was rented out with Campos Two as part of your portfolio?

SHOLA OLATOYE: I'm not sure of that particular historical fact. We can come back to you with the sort of chronology if that's helpful. But these six buildings really represented a shift in housing policy 30 years ago when the city of New York was the landlord of last resort and the Housing Authority actually had money, and the city transferred these properties through to the Housing Authority, utilized its own city capital dollars to renovate them, and then the Housing Authority took them over as the owner. It's sort of an interesting fact of housing development history in New York City, that we assumed them. As you know, they are not part of our normal maintenance and operation, sort of

baily wick [sic] and represent a real shift for us,
but that is how we acquired them some 30 years ago.

COUNCIL MEMBER MENDEZ: The reason I ask,
and I'd like to know when particularly in my district
these became part of your portfolio is because East
Fourth Street rehab, it was a tenement building, and
I saw not only the economic value to NYCHA to
transition it, but for Campos Plaza and Campos Plaza
One and Two where the tenants there had always been
treated as public housing tenants, it created a type
of schizophrenia, and to bifurcate the buildings and
possibly the tenant associations has caused a variety
of issues for tenants in One and Two. When I
allocated funding for cameras, I allocated to both. I
didn't allocate to one or two, and the tenants from
both buildings decided where those cameras could go.
So, it, you know, I had always been against taking
this and separating them, and I think we're starting
to see a lot of the confusion among the tenants in
those developments, because they were able to
transfer from one building to another. There was
never any distinction and now there is. I want to
let you know that at 205 Avenue C within Campos Plaza
One renovations started at the beginning of the year.

I've received phone calls from tenants there about the work that's being done and the fumes that have made many of my residents have to go to the hospital. EMS has come to pick up some residents, and EMS has indicated the fumes were very strong. Complaints could not be logged with any particular person because the site manager doesn't have a phone. Josephine Chung [sp?] cannot be reached on site. My office reached out to C&C Management, Serena Miller and Jasmine Cornelius, last week. We got a phone call last night at 5:20 p.m. regarding these situations. The tenants have told us that they had not been told of the construction plan. These are all repairs that are going on in the public areas. So, I'm trying. My office was working with C&C Management and trying to log complaints to see how long it would take to get an answer and how effective it would be, but this is a problem we're encountering early on with your co-partner in Tri-Borough. There have been problems with communications regarding the lease renewals as well. So, just want to let you know that. So if you weren't aware, now you are.

SHOLA OLATOYE: Thank you for sharing that with us. We actually did hear about some of

these issues and had a meeting with our partners, and very much--if you'd let me finish--very much expressed our displeasure with hearing of these concerns, because the whole point of doing this partnership was to ensure more timely, more effective and more efficient repairs for residents. So, it is my hope that those issues have been resolved going forward. I think it's also important to note that on day one, which would have been January 2nd, we passed over about 768 back logged work orders from NYCHA to the new management structure for the 10 buildings, and between January 1st to January 31st more than 47 percent or 362 of those inherited work orders have been addressed and completed, and there--and they're working towards reducing the remaining work orders. So there is a real momentum forward here, and construction can be a messy business, and I think our goal and our objective here is to improve whatever communication is not happening for sure, and to ultimately try and ensure that whatever impact has to happen for residents is as minimal as possible, and please communicate with our office if there are any other issues we need to know about.

COUNCIL MEMBER MENDEZ: Thank you. I have one other question, but to the people in the audience, it is important for us to hear the answers, you as well as us, so please give the Chair the respect when she's answering questions. Thank you. Community Board Three now has a Committee on Public Housing. There was a meeting on February 10th. NYCHA had said that they were going to attend. They had a month's notice. At the last minute, NYCHA did not show up. We had over 70 tenants show up to this public meeting of Community Board Three. NYCHA cited that it had to prepare for this hearing that was originally scheduled for last month. I want to get a commitment that NYCHA will answer all the questions that they were given several weeks and come and meet with the residents of my district but with Community Board Three at a Community Board Three meeting.

SHOLA OLATOYE: We will most certainly attend and answer all questions presented to us, ma'am.

COUNCIL MEMBER MENDEZ: Thank you very much. Thank you, Mr. Chair.

CHAIRPERSON TORRES: Thank you, Council Member Mendez. I want to acknowledge the arrival of

Majority Leader Jimmy Van Bramer. And it just--and Council Member Darlene Mealy from Brooklyn. It just occurred to me that, you know, since--normally when NYCHA testifies, you're testifying about properties over which you have 100 percent control. Here you have 50 percent control, and I'm wondering was BFC, were BFC and L+M aware of this hearing? Were they asked to testify or not to testify at this hearing, or?

SHOLA OLATOYE: I don't know. I don't know if you invited--

CHAIRPERSON TORRES: [interposing] Did NYCHA have any conversations with the partners?

SHOLA OLATOYE: We certainly had conversations with them, but the invitations I guess to testify here come from you, sir, so I'll refer to you.

CHAIRPERSON TORRES: Okay, so you had no conversations regarding--with L+M and BFC regarding whether they should testify today?

SHOLA OLATOYE: We had many conversations with them, and--

CHAIRPERSON TORRES: [interposing] but specifically regarding my question, yes or no?

SHOLA OLATOYE: If they would show up today?

CHAIRPERSON TORRES: If they should testify today.

SHOLA OLATOYE: We did not ask them to attend on our behalf today. We chose to come and speak clearly with you and the members.

CHAIRPERSON TORRES: Okay. Council Member Richards?

COUNCIL MEMBER RICHARDS: Thank you, Chairman, and welcome Chair. So, I just wanted to speak. Now, one, L+M obviously did Auburn View in my district, and you know, they came and they did some very good things, you know, as a former resident of that particular development I can speak that the quality of life has certainly improved since they've come into our particular development, but one of the challenges we did have, and you know, I have to put this out here honestly, is communication. Very disheartening to hear my sister Council Member Rosie Mendez say that there's a communication issue on her end, which I didn't know about on the lease renewals, and I would hope that NYCHA is going to really take that into account. We had to pull together an event,

1 I believe, around a month ago or two months ago,
2 because there was so much miscommunication amongst
3 vouchers and project-based Section 8 and HPD and it
4 really became mind boggling that we couldn't even get
5 a straight forward answer in particular from C&C on
6 some of these issues and we had to pull together once
7 again an event. And we still are getting calls in
8 particular at my office, in particular, on lease
9 renewal questions and rent increases and all sorts of
10 questions. So I would hope that as you guys move
11 forward with them, that you're going to have a strong
12 conversation with them on this issue, and I wanted to
13 know what are you prepared to in case C&C Management
14 doesn't suffice, you know, your expectations.

16 SHOLA OLATOYE: Well, first of all,
17 communication is incredibly important any time
18 there's a change regardless. And so that has to be
19 something that is prized throughout this partnership,
20 frankly throughout all of our work. If a member of
21 this partnership is not living up to the terms as
22 expressed in the documents, we will--we reserve our
23 right to make changes accordingly.

24 COUNCIL MEMBER RICHARDS: And you can
25 make those changes any time?

SHOLA OLATOYE: We have to make those changes in concert with our partners, but yes, we will make those changes accordingly.

COUNCIL MEMBER RICHARDS: Okay.

CHAIRPERSON TORRES: [off mic] I'm sorry, can you refrain from interrupting, please, or you'll be removed from here [sic].

COUNCIL MEMBER RICHARDS: Another question I had, so is this deal that you guys put together with Tri-Borough and L+M, is this a model for a future development projects? And the second question I have, are there any deals like this, other deals like this in the pipeline so I'm not necessarily blindsided in the Rockaways if this comes down the line? So, I just wanted to know if there are any other deals like this coming down the pipeline.

SHOLA OLATOYE: So, these six properties were the last of our Section 8 properties. So there will be no more properties, no more projects specific to this, because they were the last of our portfolio. Do we have a development plans going forward? Yes, it's part of the Mayor's affordable housing plan and it's part of Next Generation NYCHA, as you've heard

me talk about. We certainly will be coming forward to both local elected officials and citywide leaders to talk about in our--and obviously it's beginning with our residents to talk about development within the context of the Mayor's affordable housing plan and local need so that we don't blindside anyone. That is certainly not our intention.

COUNCIL MEMBER RICHARDS: And how do you foresee community participation outside of elected officials? And while I love myself and I love my colleagues, how will we work with community organizations, tenant associations, and in particular, residents to alert them of these things way in advance of them happening so that they're blindsided?

SHOLA OLATOYE: Well, let me first sort of speak to what we've done just this past year, sort of a new model of resident engagement for NYCHA, which is working very closely with external community organizing groups, to work with established resident association leaders and members as well as identifying new members and new leaders through a series of visioning conversations that then have led to a series of follow up meetings, and work groups in

the individual developments that have resulted in some very interesting outcomes, all resident led. So we will look to expand upon that model in any conversations about not only development, but about sort of the visions for these respective communities. Certainly partnering with community partners, resident leaders and other stakeholders is central to not only I think a successful and transparent process, but one that ultimately ensures success. We're not going to always agree, but I think if we can at least come around the table, it's proven to be helpful to date.

COUNCIL MEMBER RICHARDS: And then can you elaborate on community center space? So who would oversee community centers, I guess, in these developments?

SHOLA OLATOYE: In what developments, sir?

COUNCIL MEMBER RICHARDS: I meant if there's a community center in particular. I mean, going--I'm not sure if there's a community center in particular at this location, at these locations. I'm not too familiar with them, but in the future, if

there is particular community space, who would be in charge of that particular space?

SHOLA OLATOYE: So, first of all, I'll speak to these six properties, which is to say that the management of all of the spaces are a part of the partnership. So, the partnership is responsible for that. So our partner--

COUNCIL MEMBER RICHARDS: [interposing] So L+M.

SHOLA OLATOYE: C&C Management is the management company that will oversee the operations of those space, but the resident associations will clearly have a very, you know, strong role in I'm sure the programming and what happens in those spaces and the use of those spaces. Going forward, I think you know, that will be an important part of the discussion with residents around less about control over the space, but the use and the programming of the space that is reflective of local and community need and input, and that will need to be an important part of any future development conversation.

COUNCIL MEMBER RICHARDS: Can we go into the hiring component for a second? So you said out of, I believe, 36 jobs that 21 people were hired from

1 NYCHA. Were they from those particular developments?

2 So I'm wondering was there a local, which I know it
3 gets touchy, is there a local hiring component to,
4 you know, these projects? And secondly, I know
5 individuals that said they will paid up to at least
6 15 dollars, but does that include benefits as well?
7

8 SHOLA OLATOYE: So the 21 residents, I
9 just wanted to confirm, the 21 residents that have
10 been hired thus far are from local or nearby
11 developments. We, I'm not sure we can give you
12 specific addresses in terms of privacy issues, but we
13 will certainly provide you as much information about
14 those 21. The 15 dollar per hour, it is--it was part
15 of our expectation that our partners would pay
16 benefits, and that is an evolving part of the
17 conversation going forward and something that we are
18 very interested in having seen through.

19 COUNCIL MEMBER RICHARDS: So I would hope
20 that as we move forward, and I guess there'll be a
21 lot more conversation that we really are focusing on
22 the residents and in particular with training
23 programs in the particular developments where you're
24 doing these particular projects at, and I would also
25 hope that you know, we are doing our best to work

1 with the union, because we know that that will create
2 good jobs. I mean, we want residents to be self-
3 sustainable. We want to, you know, not only work
4 with them as they live in NYCHA, but I mean, why not
5 home ownership eventually, affordable home ownership
6 eventually? So I would hope that we're putting
7 people on a course in this direction in particular
8 and not stagnating them with 15 dollars an hour,
9 which you know, is can be a good thing, I mean, if
10 you're not working, but we're doing better for them.
11 We're putting people in a place where they can go out
12 and do better for themselves. So, I guess just in
13 closing, I guess our big concern is what happens
14 obviously in 30 years. WE may not have an
15 administration as friendly, you know, to our crisis
16 of affordable housing. So, I would hope that as once
17 again we move forward that you keep that in mind, and
18 I also want to thank your administration for working
19 very closely with us in the Rockaways. Thank you.

21 CHAIRPERSON TORRES: I do have a quick
22 question before I move onto one of my colleagues.
23 The rehab of the 875 apartments, will that count
24 toward the Mayor's plan to create and preserve
25 200,000 units?

SHOLA OLATOYE: Yes.

CHAIRPERSON TORRES: And those are the first NYCHA-owned units that are counting toward that goal, or?

SHOLA OLATOYE: No, actually. We closed several deals in June that will also count towards the new construction goals as well.

CHAIRPERSON TORRES: Okay. Council Member Cumbo?

COUNCIL MEMBER CUMBO: Good afternoon, Commissioner Olatoye. How are you?

SHOLA OLATOYE: Good morning.

COUNCIL MEMBER CUMBO: Very good to see you today. Have a few questions. As you know, it's always one of my strong interests about the community facilities at the development. So I understand as a result of the conversations that were had, that one of the things that the residents expressed were the need for more community facility. Through this arrangement, will there be community spaces either reopened or renovated or any kind of programing that will be available to residents as a result of this deal and negotiation?

SHOLA OLATOYE: In the six properties, is that what you were talking about?

COUNCIL MEMBER CUMBO: Correct.

SHOLA OLATOYE: IN the six properties, in fact, the spaces were increased because that was something that residents to see more of. So yes, there will be space, community spaces there. Programming will be developed in concert with the resident associations. Management will continue to pay for Family Day going forward. The sort of, the way that NYCHA works with our tenant, our residents, is the 25 dollars per door. That will remain the case in these six properties as well so that there will be resources to support programming and to support the use of community center space. Community facility space just to be exact.

COUNCIL MEMBER CUMBO: Specifically. So the community spaces, senior centers, those types of spaces, do they already have those types of facilities within the developments already, these six that we're talking about?

SHOLA OLATOYE: Most of these buildings are very small. They're walk-ups. So the spaces are really, they're single purpose rooms in some ways,

1 and they were made larger. There are kitchens that
2 were put in. So I think some kitchens were put in
3 some so that they could be utilized for family event
4 spaces, etcetera. So there are no centers, I think
5 as you might think of at Ingersoll, not that kind of
6 space. These are very small buildings, but the fact
7 that they actually will have those spaces is really
8 important, one. Two, these buildings will for the
9 first time have onsite superintendents that are there
10 to be responsive to resident needs and overall, you
11 know, ongoing maintenance issues, which you know I've
12 spent a lot of time talking about. And so that will
13 be I think a huge addition and support for the
14 quality of life at these six developments.

16 COUNCIL MEMBER CUMBO: Will there be other
17 amenities that will come outside of the structural
18 changes? I saw the images of the renovated lobby and
19 what the kitchen space and the bathroom space, but
20 will there be other amenities that will be
21 incorporated as a result of this agreement?

22 SHOLA OLATOYE: Well, certainly, and you
23 might have seen some of the exterior spaces. There is
24 improved green and active and passive spaces, whether
25 they be playgrounds for children, benches for

regular, for pedestrian use, etcetera, and I think just a much more enhanced green and landscaped environment.

COUNCIL MEMBER CUMBO: This particular hearing and this discussion as a Council Member is so important because the decision that we're going to make is going to have such a transformative impact on the city of New York and beyond, and so the questions are--that all of my colleagues have asked are very important because I suspect, and I can only speak for myself in many ways, there's a fear in terms of making this initial decision, what it will mean going forward and the responsibility that we will hold if we make--if our diligence is not what it should be in terms of moving forward. So, I know my--I say that to say my Council Member asked this question, but I have to be very clear and understanding and asking it again. With the understanding, is this somewhat--I understand that these were the last of Section 8 housing that was inherited and that's why these particular buildings were selected, but is this part of a pilot of sorts that we're looking at to see could this be a financial solution that NYCHA's been looking for and if successful, we would plan to

1
2 implement this in other developments? Because as
3 we've said or you've said, what was anticipated when
4 federal funding was given to NYCHA in the early
5 years, no one necessarily would have predicted that
6 year after year that that funding would decrease, and
7 so we can't even anticipate what the federal
8 government will do long term. And so with that in
9 place, is this starting to become the viable solution
10 in terms of how we support our NYCHA development?

11 SHOLA OLATOYE: So, first, I just want to
12 go back to your community center question. I just
13 wanted to correct for the record. So, at Saratoga and
14 Campos there are both senior and community centers
15 there respectively. The existing sponsorship
16 sponsors will continue operations there, and so
17 those--and residents from these six developments have
18 access and will be able to use those accordingly. So
19 I just want to correct the record for that.

20 COUNCIL MEMBER CUMBO: And let me just
21 follow--

22 SHOLA OLATOYE: [interposing] Sure.

23 COUNCIL MEMBER CUMBO: with what you just
24 added to that. Will that, the support of this
25 public/private partnership then free up money that

NYCHA was putting into the maintenance of those facilities so that those funds--

SHOLA OLATOYE: [interposing] No.

COUNCIL MEMBER CUMBO: other developments?

SHOLA OLATOYE: No, no.

COUNCIL MEMBER CUMBO: Okay.

SHOLA OLATOYE: The dollars to support these six developments frankly were being taken from those other developments because they receive absolutely no federal capital source. So it actually means that we can better utilize the resources that we currently have to meet the need of the other developments.

COUNCIL MEMBER CUMBO: Understood.

SHOLA OLATOYE: Moving to your broader question about really the future of public housing plans, we don't know what the future holds. And I think--but I think it would be irresponsible for us to not take advantage of tools that frankly this city has utilized and pioneered to create thousands of affordable housing units. We know that if you look at the president's budget and projections going forward, federal funding from HUD is not coming in the way

1 that we would need--that we need it to be. And we're
2 thrilled that we are showing up in the Governor's
3 executive budget for the first time and certainly the
4 support of this body has been tremendous, but we know
5 the need is far greater than that. And so we have to
6 take advantage of whether it's this type of
7 transaction, although it was very unique, because
8 these are the last remaining Section 8 properties, or
9 others. We have to fully utilize our diligence and
10 the responsibility that's been entrusted with us to
11 ensure that, I think to use the Chairman's reference,
12 to not let these buildings sort of fall into
13 disrepair by just--by indecision and neglect. Now,
14 we need to do that in a way that's transparent. We
15 need to do that in a way that upholds at least the
16 priorities of this administration and that's
17 something that I make a commitment to do going
18 forward.

19
20 COUNCIL MEMBER CUMBO: Now, with the--
21 it's a 50/50 arrangement. Does the 50/50 arrangement
22 also mean that the amount of resources that are being
23 put forward are 50 percent on both sides? Is there a
24 50 percent commitment to resources in this agreement?
25

SHOLA OLATOYE: Do you mean--what do you mean in terms of resources?

COUNCIL MEMBER CUMBO: In terms of investment. So, you know--

SHOLA OLATOYE: Did NYCHA put up half and they put up half? No. So, I mean, we--I mean, part of our--and we can provide you the straight sort of breakdown in terms of sources and uses again, but certainly the buildings are a part of that, but more importantly I think it's what comes from this transaction for the benefits of the entire NYCHA portfolio and family, which is 158 million dollars at the end of 2014, which we were able to utilize to close our budget deficit, meaning that we didn't need to come to you to ask you for more resources to help us for 2014. For the first time, being able to have some additional resources to tackle mold remediation and safety and security with NYCHA capital dollars, although it is a onetime expense, only one time, but being able to do that on a really proactive way. So I think thinking--and then going forward in year '15 and at the conclusion of the partnership there will be resources there that we can count on to help us with our huge capital needs in our portfolio.

COUNCIL MEMBER CUMBO: Was there any discussion, and I apologize if these questions are very 101 to you, but I need to understand it so that I can explain it to my residents as well. Was there any discussion in terms of the Mayor's affordable housing plan to preserve and create affordable housing to utilize funding from that program to support those Section 8 housing developments?

SHOLA OLATOYE: So we certainly talk about the Mayor's affordable housing plans all the time and it's a very sort of unique quirk of the Section 8 portfolio that we were able to do this, this type of transaction, and certainly utilizing the resources generated from this transaction are allowing us to preserve the other parts of our portfolio. So, certainly, you know, there is a direct correlation in the resources that are being generated here to allow us to preserve NYCHA's other 178,000 units.

COUNCIL MEMBER CUMBO: But support directly from that program will not be transitioning into this program?

SHOLA OLATOYE: Support directly--

COUNCIL MEMBER CUMBO: [interposing] Or
this deal.

SHOLA OLATOYE: from this transaction
will not be. It goes into our operating budget,
which certainly supports our entire portfolio.

COUNCIL MEMBER CUMBO: We know that NYCHA
stands to see an infusion of up to 350 million
dollars. We can only wonder what the value and
incentive is to the developer. What will their
financial gain be from this particular partnership?

SHOLA OLATOYE: Like any standard tax
credit transaction, there's a developer fee, which is
about 10 percent that's payable over a period of time
in all the documents that we shared, and so that is--
this is a robust business that the city's, New York
City pioneers, but ultimately we generate more
affordable housing, you know, based on--than any
other municipality in the country. So, we--there is--
-and that is a standard, sort of, transaction fee
that's part of a tax credit transaction.

COUNCIL MEMBER CUMBO: I apologize. Can
you do the mathematics for me on that one?

SHOLA OLATOYE: Sure. So there is a--
it's about a 10 percent developer fee, and over the
life of this transaction--I'm sorry--

COUNCIL MEMBER CUMBO:[interposing] That's
30 years?

SHOLA OLATOYE: 15 years, right. So 531?
Right. So it's about 46 million dollars over the
course of 15 years.

COUNCIL MEMBER CUMBO: So 46 million
dollars over the next 15 years?

SHOLA OLATOYE: Correct.

COUNCIL MEMBER CUMBO: And what about--
what happens 15 years after that?

SHOLA OLATOYE: Well, that's the end--
that's the end of the tax credit term. So their sort
of fee is complete, right? And so we continue with
the HAP contract and there's a management fee that's
built in there, but their developer fee ends at the
end of the tax credit compliance period, which is 15
years.

COUNCIL MEMBER CUMBO: Okay, but that
also of course doesn't include the rent and all of
those sorts of things that they would benefit from
long term?

SHOLA OLATOYE: Well that goes back into the operations of the building, right?

COUNCIL MEMBER CUMBO: I see.

SHOLA OLATOYE: Right. So there are, you know, there's revenue, right? So that's only rent. There's no commercial space here. There's no one sort of--so that's just the rent. Because these are tax credit properties, there are also some operating reserves that you heard me talk about earlier, that were underwritten into the transaction, and those sort--those dollars are what you use to do day to day maintenance and operations of your building.

COUNCIL MEMBER CUMBO: Okay. My main question--and I just have one more after this. Of course the greatest fear is that after the 30 years that there could be an opportunity for the developer to assume complete ownership of the building. What is the likelihood that the developer could acquire complete ownership of the building? What circumstances would have to take place for that to happen?

SHOLA OLATOYE: Sorry, ma'am, could you repeat the first part of your question?

COUNCIL MEMBER CUMBO: There's a concern as far as what will happen after the 30 years, and everyone's asked it several different ways, but my concern is after those 30 years, we have a concern that there's no guarantee that the apartments will be affordable. There's not a clear understanding for me, perhaps for others, in terms of what will be the future of those developments, and how could the developer assume complete responsibility and ownership of those buildings after the 30 year period? That's my greatest fear in all of it.

SHOLA OLATOYE: Right. So, a really important part of the partnership for us was that NYCHA remain as a partner beyond the 30 years. So after 30 years, NYCHA continues to be a partner and has control over the decisions that affect affordability.

COUNCIL MEMBER CUMBO: Is that legally binding or just what we would ideally like to see?

SHOLA OLATOYE: That is we have a right of first refusal. That's legally--

COUNCIL MEMBER CUMBO: [interposing] I'm sorry.

SHOLA OLATOYE: A right of first refusal, legally binding per the operating agreements and all the developer agreements that made up the closing transaction. After--

COUNCIL MEMBER CUMBO: [interposing] Okay, so the right of first approval--

SHOLA OLATOYE: [interposing] First refusal.

COUNCIL MEMBER CUMBO: First refusal, I'm sorry. A first refusal, that would mean that you would have the first option after that 30 year agreement to say whether you wanted to reinvest and take over complete ownership of those buildings, correct?

SHOLA OLATOYE: That's correct. That is correct.

COUNCIL MEMBER CUMBO: But you could then also not have the money in order to do that 30 years from now given everything that's going on on a yearly basis. So if you don't have the resources to then assume responsibility for those buildings, which you don't have 30 years now, you know--I mean, I don't know how to articulate my question, but--

SHOLA OLATOYE: [interposing] Yeah, I understand what you're asking.

COUNCIL MEMBER CUMBO: Okay.

SHOLA OLATOYE: I mean, I think, one, you know, in 30 years NYCHA retains the right of first refusal, right? And so we have the right, and I can't speculate about the leadership and the priorities of the future, but the Housing Authority will remain the owner and has the right, and we would, I would expect the city would want to reinvest into these properties, and NYCHA retains the right of first refusal to either assume those properties into our portfolio, which is probably an unlikely scenario given the financial realities, or to select another partner with whom to ensure that more resources can be delivered to these properties should they need it, and that is what NYCHA's role is constant in this transaction.

COUNCIL MEMBER CUMBO: This is my final question. Has NYCHA received any of the money at this time as a result of this agreement and partnership?

SHOLA OLATOYE: Yes.

COUNCIL MEMBER CUMBO: So in essence,
we're really just having a hearing just to be having
a hearing, because this is already done.

SHOLA OLATOYE: I received an invitation
from Chairman Torres, and I showed up.

COUNCIL MEMBER CUMBO: So this is what
we're doing.

SHOLA OLATOYE: This is happening.

COUNCIL MEMBER CUMBO: This is done.

SHOLA OLATOYE: This is done.

COUNCIL MEMBER CUMBO: Okay.

CHAIRPERSON TORRES: Although, I should
note, I think I found out when the agreement was a
fate [sic] of place [sic] so.

COUNCIL MEMBER CUMBO: Oh, I'm not--

CHAIRPERSON TORRES: So it's not as if--
yeah. The agreement was a done deal when the City
Council Committee found out, so.

COUNCIL MEMBER CUMBO: I'm finished.
It's done.

CHAIRPERSON TORRES: Council Member Mealy?

COUNCIL MEMBER MEALY: It's still
morning. Good morning. Thank you, Chair. I just
spoke with the Mayor yesterday in the budget

1 preliminary budget, and he said, "No, we not selling
2 no NYCHA buildings whatsoever." And I tell him, "No,
3 I beg to differ." And I kept bringing it to him
4 where--well, they have sold it. And only way I found
5 out was at a meeting, another meeting, and L+M said
6 that they had bought Saratoga Square. And I know for
7 sure they had said that. So I know the Mayor was
8 wrong. So here it is, I want to know, for years,
9 Saratoga is here right now. They had said, the
10 seniors coming to me, NYCHA is selling off Saratoga.
11 I said no they are not. I had a big meeting in
12 Saratoga. It said no. I asked HPD. I asked NYCHA.
13 Everyone said no. And I had a meeting with them and
14 told them almost hell no, and here it is, I come now
15 two years later, the building is halfway sold, and
16 you're telling me that it's a done deal without even
17 coming to the elected official, letting them know
18 anything, and then when I started asking L+M they
19 said that now the tenants do not have to go the
20 administration or tenant hearings, they have to go to
21 the court. So what are you saying to our tenants,
22 that we are going to displace our seniors? Please,
23 Chair, tell me what are your vision? This is,
24 Saratoga Circle is majority of seniors, and I asked
25

1 the Mayor and they spoke to me this morning and all,
2 and they said, "Well, the majority of them will go
3 back to Section 8." But now, no one can tell me if
4 someone perish, hate to say, another Section 8
5 individual will come in there. Will it be another
6 senior or it will be another young person going right
7 next door to this all senior building?
8

9 SHOLA OLATOYE: So thank you for your
10 questions, Councilwoman Mealy. First, just to be
11 clear, I think my office made several attempts to be
12 in touch with you and will be happy to share with you
13 all of the notes of those attempts to reach out to
14 you prior to the deal closing because you did have--
15 Saratoga is--

16 COUNCIL MEMBER MEALY: [interposing] Prior
17 to the deal, I called a couple of times to make sure
18 that this was not being sold.

19 SHOLA OLATOYE: Okay, so we can provide
20 you that outreach.

21 COUNCIL MEMBER MEALY: Please do.

22 SHOLA OLATOYE: We were very clear.

23 COUNCIL MEMBER MEALY: Why would I meet--

24 SHOLA OLATOYE: [interposing] We made
25 several attempts to try and--

COUNCIL MEMBER MEALY:[interposing] with the constituents and tell them that?

SHOLA OLATOYE: actually received no response. So that's issue number one. Issue number two is your question about if someone were to pass away what happens upon vacancy, and the issue would be the first thing is an income restricted building. They are restricted to actually lower incomes than even our public housing portfolio. So, one would need to be at a minimum 60 percent AMI, at a minimum. Two, three, they would have also need to be--come from the wait list. So this isn't--it doesn't end up on the market. This is a--

COUNCIL MEMBER MEALY:[interposing] A senior wait list?

SHOLA OLATOYE: So, it is not a senior wait list.

COUNCIL MEMBER MEALY: So, now I have to inform--

SHOLA OLATOYE: [interposing] It's not a senior building--

COUNCIL MEMBER MEALY:[interposing] the seniors that they could be--

SHOLA OLATOYE: Saratoga--ma'am?

COUNCIL MEMBER MEALY: next door to a teenager now?

SHOLA OLATOYE: Saratoga is not a senior only buildings.

COUNCIL MEMBER MEALY: I under--but right now, is it not the majority all seniors in that building, yes or no?

SHOLA OLATOYE: Yes. Yes, it is, ma'am.

COUNCIL MEMBER MEALY: So now you're saying--

SHOLA OLATOYE:[interposing] A third of our population is over the age of 62.

COUNCIL MEMBER MEALY: [interposing] if anyone vacate a apartment now, it would be opened up to sort of everyone, not just--

SHOLA OLATOYE: [interposing] We will file--our partnership will certainly file a federal fair housing guidelines and not restrict rent based on age, and so if that person happens to be 30 years old and under, but meets the income--

COUNCIL MEMBER MEALY:[interposing] No, that's just something I have to let--

SHOLA OLATOYE: [interposing] Exactly.

COUNCIL MEMBER MEALY: tenants know.

SHOLA OLATOYE: But I'm just also saying we're going to follow the law, right? So, if someone is under the age of 62--

COUNCIL MEMBER MEALY:[interposing] So it just so happened way before all seniors applied and they just miraculously got those apartments.

SHOLA OLATOYE: No, they weren't--well, one of the--

COUNCIL MEMBER MEALY:[interposing] It was a federal law then also.

SHOLA OLATOYE: One of the interesting things about NYCHA, ma'am, is that they weren't seniors when they moved in, and we have a huge aging in place population, and so that building is not a senior only development. Those folks have--they've aged in place and they now represent the majority of the population, and certainly our seniors are incredibly an important part of our population and we certainly take pause to the specific needs that they have, but this partnership is going to follow federal fair housing guidelines and rules, and if someone comes and meets all of the eligibility and is on the wait list and needs the income eligibility and all of

the sort of various background checks that one will need to do, they will be eligible for that apartment.

COUNCIL MEMBER MEALY: Okay. I will let the tenants know now. How were you able to make the changes to the eviction rights of tenants without making changes to their lease?

SHOLA OLATOYE: I'm not sure I understand your question.

COUNCIL MEMBER MEALY: You're--I just said it earlier. Now, if--when I spoke to L+M, they said if now someone get behind in their rent, and it's a eviction notice, they have to go now downtown to the court and be processed. But here it is, you're still not changing their lease.

COUNCIL MEMBER MENDEZ: I think I can be helpful here. When NYCHA brought their Section 8 buildings into your portfolio, you asked HUD for a waiver to treat your Section 8 tenants like your public housing tenants. Therefore, they got all the rights of public housing tenants including administrative process before going to housing court. Now, that there are solely Section 8 tenants in this public/private venture, you are no longer seeking a waiver and they don't get the benefits of public

housing tenants. They get whatever rights they had before, which is they get taken directly to housing court. So, the answer to Council Member Mealy's question is because you sort of waiver, you gave the Section 8 tenants special rights, the rights that public housing tenants had and now they're not afforded those rights anymore because you have this new venture and you may or may not get a waiver from HUD if you seek it.

SHOLA OLATOYE: That's correct, ma'am.

You are correct.

COUNCIL MEMBER MEALY: Thank you, my sister.

SHOLA OLATOYE: Thank you for explaining that. I appreciate that. She's right.

COUNCIL MEMBER MEALY: She is right. So how is that fair to constituents?

SHOLA OLATOYE: Well, first of all--

COUNCIL MEMBER MEALY: [interposing] And I think--and I realize, so you didn't get in contact with Council Member Inez Dickens either of Harlem, the ninth district, you didn't communicate with her either? Because now she puts something in writing to this board, "As a representative of the ninth

1 district in Harlem, I am disgusted by the nature of
2 these transactions taken place in the community and
3 how it was--it will affect our residents of Milbank
4 Frawley." And if you would read it, she said she is
5 disgusted, and you were never--she was never
6 contacted either in regards to this, and she have
7 three pages here, and I feel I could have 10 pages.
8 So, I'm saying if this is happening, how could you
9 have really talked to the community or the
10 representatives to find out if that was the best
11 interest of the community?
12

13 SHOLA OLATOYE: So, we certainly, as I
14 mentioned, did make an effort to reach out to you,
15 ma'am, and--

16 COUNCIL MEMBER MEALY: [interposing] I
17 don't care about that. You could have easily--I know
18 Bryant, a lot of them. I see you at hearings. You
19 never said anything or no one ever said that they
20 were trying to talk to me. I did spoke with the
21 Mayor's Office and spoke to HPD just to try to--I
22 have spoke to Ramon Martinez just in regards to this.
23 But first of all, why would I talk with them if had
24 known that it's not being sold?
25

SHOLA OLATOYE: So, certainly communication's incredibly important, and I apologize if we, if our signals--

COUNCIL MEMBER MEALY:[interposing] Did they speak to you?

[off mic]

SHOLA OLATOYE: If--well, okay.

COUNCIL MEMBER MEALY: Did they speak to you in regards to this because you had a hearing?

COUNCIL MEMBER MENDEZ: Well, this--

CHAIRPERSON TORRES: [interposing] Can we just--

COUNCIL MEMBER MENDEZ: I was the Chair of the Committee and it was brought up in one of the preliminary budget under the old administration when they were first putting out the RFP, but they were busy doing infill and didn't get back to us on this until later at the end of last year.

COUNCIL MEMBER MEALY: It's very horrible. I have only about one other question. It has been reported that L+M and DPD was not on the top bidder for this project. Who was the top bidder on this project for Saratoga?

SHOLA OLATOYE: Well, for all six properties, ma'am, it was MDG was the initial selected chosen winner. They withdrew from the--

COUNCIL MEMBER MEALY:[interposing] Do you know why they withdrew?

SHOLA OLATOYE: They withdrew from the solicitation.

COUNCIL MEMBER MEALY: Do you know why?

SHOLA OLATOYE: I do not. They withdrew.

COUNCIL MEMBER MEALY: They just withdrew?

SHOLA OLATOYE: They withdrew?

COUNCIL MEMBER MEALY: How many other L+ML, have any of the other Council Members spoke on their work ethics or how they deal with any other buildings? Chair? I'm sorry.

CHAIRPERSON TORRES: Council Member Richards spoke about his experience as well with L+M.

COUNCIL MEMBER MEALY: Okay.

CHAIRPERSON TORRES: I believe his commentary was favorable.

COUNCIL MEMBER MEALY: Yeah, Dickens say something different also. And I met with them and only way I found out that Saratoga was brought 50/50

1 was at a private, at Marcus-Garvey [sp?] Village
2 meeting I was having with L+M, and then they just
3 haphazardly said that they are the half owners of
4 Saratoga Village and Saratoga Square. I think that's
5 the wrong way to be introduced into what NYCHA is
6 doing where NYCHA should be letting elected officials
7 know that we can work together, that we can make sure
8 that our constituents know what are they looking
9 forward to. And after 30 years, what safeguards are
10 you putting in? If L+M and PDP go into financial
11 ruins, what happens?

12
13 SHOLA OLATOYE: Well, as I testified
14 earlier, NYCHA remains the constant partner here--

15 COUNCIL MEMBER MEALY:[interposing] And
16 you'll get another developer?

17 SHOLA OLATOYE: beyond 30 years, and we
18 reserve the right to select, to either bring them
19 into our own portfolio or to select another developer
20 to work with.

21 COUNCIL MEMBER MEALY: Even though we're
22 just spinning our wheels here, this is a sad state
23 for today with NYCHA housing in general. So I'm
24 really sad being here today. Thank you.

SHOLA OLATOYE: Can I just respond?

Chair, may I respond? So I'm going to respectfully disagree, because I think for the folks who are living in these buildings, who have been living with horrible conditions, who had no promise of any resources for those units to come because there are no resources coming. I actually think for those families it's actually a very good day. It's a very good day that they get to have a roof that doesn't leak, a kitchen that works and a toilet that flushes. And so if there are always things that we can do to improve, communication certainly being one of them, certainly as evidenced by your questioning and commentary this morning, and we will certainly seek to do that, but I think that what I hope we can do as partners is think about how we can do really look to more creative solutions to ensure that not just these 2,000 families, if I may, not just these 2,000 individuals get to have improved quality conditions, but all 400,000 residents that live in public housing have the same kind of conditions that these residents now get to enjoy.

COUNCIL MEMBER MEALY: Okay. Since--so we say in collaboration. How's the concession rights on

1 apartment? NYCHA, are y'all letting--since we don't
2 know what the 30 years will--we don't know how
3 NYCHA's going to be in 30 years, can--how open are
4 NYCHA to putting their family members on their lease,
5 concession right to the apartment. Let's make sure
6 we--
7

8 SHOLA OLATOYE: Succession rights, ma'am?

9 COUNCIL MEMBER MEALY: strengthen them?

10 CHAIRPERSON TORRES: So I just want to--

11 COUNCIL MEMBER MEALY: [interposing] That
12 we could have affordable housing for years to come.

13 CHAIRPERSON TORRES: Council Member, I
14 want to wrap up the questioning, because I feel like--
15 -

16 COUNCIL MEMBER MEALY: [interposing] But
17 she can answer. I was finished at first.

18 CHAIRPERSON TORRES: Fair enough. Fair
19 enough.

20 COUNCIL MEMBER MEALY: Could she answer
21 that one?

22 SHOLA OLATOYE: I'm happy to answer.

23 CHAIRPERSON TORRES: Please answer.

24 SHOLA OLATOYE: So, I think you mean
25 succession rights, ma'am. So, these tenants will

1 have the ability to have, I would imagine, add family
2 members to the lease per their--per however their
3 family makeup may change in the future, and that will
4 be something that will be the responsibility of the
5 primary tenant holder to make sure that they execute
6 in full time and with enough sort of notice, but that
7 will be something that is specific to their lease and
8 the partnership. And their--full stop.

10 COUNCIL MEMBER MEALY: I would definitely
11 work on that with the tenants, but I don't believe
12 NYCHA's really open for that. People come to my
13 office and they say, no, they practically never could
14 put someone else on their lease. So I hope I will
15 work with you hand in hand on that to make sure that
16 our children's children would be able to live in
17 these developments.

18 COUNCIL MEMBER CUMBO: I just want to, and
19 I apologize I have to attend another meeting, but I
20 just wanted to say that I recognize that the position
21 that the federal government has put us in has put us
22 into a situation where there are no unanimously good
23 solutions and that there are going to be very
24 difficult decisions, and at the end of the day,
25 decisions and hard choices have to be made, and there

are going to be no unanimous winners in those decisions that are made, but for us as elected officials, we were voted in by thousands of people, and we represent hundreds of thousands of people, and for us, our fear is the fact that we're making decisions that are going to have long term effects on the entire fabric of the city of New York. And in addition to that, there's some people that are watching at home today, there's some people that are not, but when these types of decisions are being made, we ultimately as the elected officials receive the blame for it, because not everybody's understanding what's happening. My greatest fear moving forward and I didn't understand that how far this deal had already transpired, my greatest fear is that other discussions are happening and other solutions in this same way are happening, and I don't know about it, and I would just suggest moving forward that for these types of plans to be made we have to be brought in during its inception to make sure that 30 year term agreement, section three, how people are going to be relocated. I don't want to be in a situation where I'm just telling the tenants, "Hey, this is what it is. So, you got to do what you

1 got to do. I got to do what I got to do." I want to
2 be able to shape that dialogue and that conversation
3 and to be a part of it, and I don't want to be 30
4 years from now saying that Council Member Cumbo sold
5 off NYCHA to private developers. I don't want to say
6 that, and I want to be empowered. So, I know you have
7 a--

8
9 CHAIRPERSON TORRES: [interposing] I'm
10 sorry, can you refrain from applauding, please?
11 Thank you.

12 COUNCIL MEMBER CUMBO: I know you have a
13 tough job and I would not want to be in your shoes.
14 I mean, this is an incredibly difficult situation
15 we're in. Just moving forward, we need to be at
16 ground level on these types of conversations. So, I
17 appreciate you being here and your testimony, and we
18 have to move forward in a different way, because
19 that's the last stop of affordable housing in all of
20 New York City. Thank you.

21 CHAIRPERSON TORRES: Thank you. I want
22 to give Council Member Mendez an opportunity to have
23 a second round of questioning, but I do want to know,
24 look, I support the Tri-Borough Agreement to the
25 extent that it preserves these units over the long

1 haul, but I do worry that the, you know, the level of
2 stakeholder engagement based on the testimony of
3 reading from Council Member Dickens, Congressman
4 Serrano, based on what I heard from Council Member
5 Mealy was disappointing and that the labor component
6 of this agreement is disappointing. So, you know, on
7 the preservation part, I think it's a sound
8 transaction, but as far as engaging the residents,
9 there was certainly room for improvement. So, as
10 well as the elected officials. With that said,
11 Council Member Mendez?

13 COUNCIL MEMBER MENDEZ: Thank you, Mr.
14 Chair, and I'll try to keep these questions brief so
15 we can get to the public testimony. But I wanted to
16 ask about tenant participation funds and what
17 happens. So I don't know if there were any other of
18 these six developments that are like Campos Plaza
19 where its half or some buildings were always Section
20 8 and some were public housing. My understanding is
21 that tenant participation's funds were given to the
22 entirety of Campos Plaza One and Two, and so I don't
23 know if we bifurcate the tenant associations, does
24 Campos Plaza Two still get TPA funds, and if we--and
25 if they choose to have one tenant association,

1 because currently the president is in the Section 8
2 building Campos Plaza One, does Campos Plaza Two
3 forfeit its TPA funds? So that's my first question.
4 And I wanted to know also about the NYCHA waiting
5 list since you did seek a HUD waiver to treat the
6 Section 8 buildings like public housing. Will you
7 seek a HUD waiver to continue to use the same waiting
8 list for Campos Plaza One? And I want to see if you
9 will work with me with your partner to make sure that
10 we have written weekly construction updates that's
11 sent to stakeholders by email, such as my office and
12 others, and that it's printed and posted in the
13 lobbies of the buildings so that residents know what
14 construction is happening on a weekly basis.

16 SHOLA OLATOYE: So, in response to your
17 question about TPA funds, Tenant Participation Funds,
18 as you know, the TA for Campos One and Two was split.
19 The TA funds for--remain the same for Campos Two.
20 The partnership will pay the TPA funds for Campos
21 One. They will be able to use them as the tenant
22 leaders and leadership determine as they see fit. In
23 terms of your question with regard to construction
24 updates, I believe the plans are all ready to post
25 construction work planned in the developments on a

regular basis. I'm not sure of the exact timing, but we can confirm that with you offline, ma'am, in multiple languages as well. Not only posted but also under door information as well. And we can come back to you as--is that going to be weekly or monthly, but certainly a regular and multilingual communication effort will be needed to ensure residents know what's happening in their developments.

COUNCIL MEMBER MENDEZ: The waiting list?

SHOLA OLATOYE: The waiting list, yes, we will apply again for a waiver and we will wait from HUD to see if that--if we receive that.

COUNCIL MEMBER MENDEZ: Okay. So just one follow up question. So Campos Plaza Two does get TPA funds and if they choose to have one association for all four buildings, one and two, and if that president is from the Section 8 buildings, that means that they are not allowed to attend CCOMP [sic] and RAP [sic] meetings, is that correct?

SHOLA OLATOYE: After next year, that is correct, ma'am.

COUNCIL MEMBER MENDEZ: Thank you.

CHAIRPERSON TORRES: So, I'll just wrap up with one more, just one more question around

resident engagement. You issued the RFP in June of 2013. How early did you begin engaging the residents? Did you engage residents before issuing the RFP?

SHOLA OLATOYE: So, what we--I clearly wasn't here.

CHAIRPERSON TORRES: Obviously.

SHOLA OLATOYE: We certainly did do some outreach in the notification of plans to do the disposition as per our annual plan, etcetera. We can follow up offline and give you the specific dates of the meetings that we did do in early 2013 as well as in 2014.

CHAIRPERSON TORRES: And I suspect there are six project based developments here, and you made outreach to each of those developments?

SHOLA OLATOYE: Yes. Yes, sir.

CHAIRPERSON TORRES: To the TA associations in each of those developments?

SHOLA OLATOYE: Yes, sir.

CHAIRPERSON TORRES: Is there--are there any components of the agreement that came out of your engagement with the residents that you can point to

1 COMMUNITY ON PUBLIC HOUSING 112
2 that we incorporated resident feedback into this
3 agreement?

4 SHOLA OLATOYE: Well, certainly the
5 addition and augmentation of the community facility
6 space that was very important that we heard from
7 residents in addition to increased security
8 enhancements. In fact, I believe it was in
9 Bronxchester in particular, the entrance and egress
10 to the main courtyard, there were some concerns there
11 that were addressed through transparent glass that's
12 facing the actual courtyard from the community
13 facility space. So there were real design and
14 utilization ideas that were generated from our
15 conversations with residents that ultimately will be
16 reflected in what gets built.

17 CHAIRPERSON TORRES: Okay. With that
18 said, I thank you for your testimony, and despite
19 giving you a hard time, I do believe that NYCHA is
20 committed to preserving all of its properties. So I
21 thank you for your testimony. Thank you.

22 SHOLA OLATOYE: Thank you, Chair. Thank
23 you, members.

24 CHAIRPERSON TORRES: Oh, I want to
25 acknowledge actually the Borough President of

Manhattan, Gale Brewer and afford the Borough President an opportunity to offer a few words if she wishes. Are you--we kept you under four hours.

GALE BREWER: I'm ready.

CHAIRPERSON TORRES: Okay. Please proceed.

GALE BREWER: Thank you very much. We have statements. I'm Gale Brewer, and I'm delighted to be here. Just like many of you I'm concerned about the initiative to sell a 50 percent ownership stake in some of the properties of NYCHA to private developers who will then co-own and manage them. So I'm going to skip around a little bit. I want to talk about the timeline. On November 13th, 2014, NYCHA informed my office of plans to enter into public/private partnership with the developers via C Partners and L+M Development Partners for six properties and there are four in Manhattan. You've heard a lot about Campos, East 4th Street rehab, East 120th Street rehab, and Milbank Frawley. As we know, these are under a different HUD designation from other NYCHA properties and cannot get federal funds for capital improvements that we know. So after my office learned of NYCHA's plan, we discovered that of

the four Manhattan properties, NYCHA intended to hold information meetings at that point with only the residents of Campos Plaza One and Milbank Frawley to inform residents of a change in ownership and management. At that point, we thought that they were not reaching out to tenants living in the two other properties because it didn't have tenant's association. I know they did, but not in a really comprehensive way, I believe. On December 18th, 2014, State Senator Brad Hoylman, Assembly Member Brian Kavanagh, Council Member Rosie Mendez who is always fabulous, and I met with NYCHA and representatives of the Tri-Borough Preservation LLC, which is this group BFC Partners, L+M Development Partners and C&C Apartment Management LLC, as well as tenant leaders from Campos Plaza One to discuss the sale which was scheduled for the end of December 2014. The tenants knew about the scheduled transaction, but it was only then that we learned and elected officials were informed that it is unlikely to renew HUD waivers for Campos Plaza One and the other properties in order to keep them in public housing agency portfolio. As a result, as you know, upon exploration of the new ownership agreement, the

six properties would become project-based Section 8.

We know that because we heard about it today and read

a lot about it. But this is what--others have

brought this up, but this is tremendously of concern

to me. New tenants will no longer be admitted from

NYCHA's waiting list, raising the question of who

will occupy these units in the future. And of

course, we all know that NYCHA faces a big shortage.

So I just don't know who will occupy these units. At

least that's my understanding. On February 3rd,

2015, NYCHA finally provided contractual and closing

documents from the December closing of Campos Plaza

One. These documents yielded additional information

about the public/private ownership. I think we know

that the properties under this partnership consist of

874 dwelling units that will be rehabbed under this

partnership. Rehab will be financed with tax exempt

bonds and the low income tax credits, and units will

remain affordable to families with the household

income of 60 percent AMI or below, and we know that

they'll be subject to rent stabilization, but the

real issue as you know, is 30 years and we don't know

what happens after that. And to somebody who's been

around for 40 years and watched apartments with a 30

year tax abatement expire, people do get kicked out.

I think we have--we will make sure that you have an

organizational chart, but I think you already have

that. I'm very concerned about transparency. We

know that as the housing stock ages at NYCHA it's

vital for the agency to be innovative about funding

necessary to repair and make the capital upgrades,

but it must--we must ensure that NYCHA residents are

not forced to live in substandard conditions, and I

know that, but I'm really concerned about the lack of

communication and transparency throughout this entire

process, and I know you brought this up. The

decision to enter into long term agreements that

fundamentally alter the ownership and management

structure of the publicly owned housing under its

administration at NYCHA should only be taken through

a transparent public process. NYCHA should have

fully communicated to all stakeholders its plan to

develop a public/private model to finance the capital

need of these six properties and should have done so

well in advance. By the time we learned of the new

initiative in November, two private development

partners had already been chosen. There are lots of

questions when you don't have transparency. First,

1 why these two companies? Was there an open process
2 that allowed other development companies to bid
3 competitively? Members of the community are aware
4 I'm sure that these entities have a checkered
5 reputation including, and you heard this earlier,
6 documented cases of tenant harassment. In addition,
7 both 32BJ and the Building and Construction Trades
8 Council have expressed concerns about the labor
9 records of these entities. So it's fair to ask how
10 were these developers recruited and vetted. So when
11 we inquired about these concerns, NYCHA responded
12 that the developers have demonstrated the capacity to
13 acquire, rehab, manage large scale projects. The
14 question of course is in the course of transferring
15 responsibility will NYCHA be able to protect the
16 wellbeing of the resident or ensure that labor
17 practices are compliant with state and city
18 regulations. That these questions were not publicly
19 aired prior to the agreements is dismaying and that's
20 where we come into this lack of transparency, and it
21 should never ever be repeated. Second, while NYCHA
22 held information with all four Manhattan properties
23 effected by this model the long term implications of
24 the partnership were not sufficiently related to the
25

residents in my opinion. We went to two of the four meetings. I think as I indicated earlier there wasn't as much reach out to East 4th and East 120th Street, and these developments perhaps need even more support as Council Member Mendez indicated because they don't have a strong tenant association. There was a strong meeting, a successful meeting at Campos Plaza One and Milbank Frawley in November 2014, and they had Spanish and Chinese translators, but what they talked about at NYCHA was on the good things, such as the kitchen upgrades that individual units will receive and the continuation of Section 8 for existing voucher holders, but they didn't address possible long term affordability and stability implications on making these properties part private. I know that Council Members just talked about the fact that they won't be able to be part of the citywide organization that residents in NYCHA, and I think that is a problem, because every voice needs to be heard as a resident. Third, there are unanswered questions regarding the soundness of the public/private partnership. What happens if one or more of the partnerships pulls out of the joint venture? What happens if the partners decline to extend the

partnership or the end of the agreed upon term upon the exploration of federal subsidies under HUD's mark up to market program? Will there be safeguards to ensure that the units under the properties will not lose affordability and become market rate. What will happen as you have asked over and over again at the end of 30 years? And 30 years goes like this. NYCHA stated in December 2014 that the developer, that the agency is entitled to buy back the developer's 50 percent stake and re-assume 100 percent ownership. Sounds great, but such a repurchase would require substantial funds and given the financial situation, they may not have the money. Furthermore, the terms of the partnership agreement permanently alter the legal status of the properties to project-based Section 8 housing. Even with buy back, NYCHA will be challenged or could be challenged by the burden of reassuming management of these properties. This should have been addressed before the LLC took ownership in December 14. NYCHA's unwillingness to consult with all stakeholders in advance to consider an exit strategy was an important lapse in accountability in my opinion. Finally, there are broader concerns that this public/private model would

trigger. It could trigger a wave of partial or full privatization of public housing, although I know the Mayor and others have said that it's not going to happen. NYCHA has assured my office that this is not expected to happen, but I am always a skeptic. Nevertheless, I strongly urge NYCHA to make transparency a priority going forward and allow full public consideration of new financing models for all NYCHA developments. Finally, I want to summarize that I fully understand NYCHA's need to secure funds to conduct rehab and repairs, and I know that the residents must reside in safe quality housing, but this goal which we all, all, all share should not be pursued without a commitment to full open communication and transparency in the future, and we need to monitor this LLC deal extremely, extremely closely. Thank you very much. I summarized my testimony, but you have a full copy, and I really appreciate this hearing. I don't appreciate all hearings. This is an important hearing. Thank you very much.

CHAIRPERSON TORRES: I--and I--and I felt like, you know, I saw the hearing as an opportunity to educate the public about the transaction because I

1 think NYCHA obviously sincerely believes that it made
2 as much outreach as it could, but for me and for many
3 elected [sic] it had the feeling of unfolding
4 overnight, and so I felt the hearing was an
5 opportunity to shed some light. You're obviously
6 dissatisfied with the level of stakeholder
7 engagement. DO you support this transaction? Do you
8 feel--

10 GALE BREWER: [interposing] Well, I mean,
11 I must admit I don't know the process in which the
12 companies were selected, and I'm also learning that
13 in some deals around the city to the credit of the
14 administration they are doing partial private, even
15 in the deal, and then partial nonprofit. Put a
16 nonprofit in and a 10, five, eight, 15 percent in the
17 deal. That's what I would like to see, because then
18 you have a watchdog as part of the discussion going
19 forward in addition to the public and NYCHA. And I
20 think it's an interesting model that we should be
21 looking more careful at even for--I don't want to
22 call them 80/20's, but buildings that are now going
23 to be part of the new inclusionary zoning should
24 always have a nonprofit partner that has obviously a
25 quality background and would also be part of an RFP

process. I don't know what this RFP process was,
maybe you do.

CHAIRPERSON TORRES: I don't.

GALE BREWER: Right. Well, I do think
that's of concern.

CHAIRPERSON TORRES: So most of what I
learned, I learned today.

GALE BREWER: Right, and we're all in the
same ship.

CHAIRPERSON TORRES: Okay. Thank you,
Madam Borough President.

GALE BREWER: Thank you very much, Mr.
Chair.

CHAIRPERSON TORRES: We're going to recess
for three minutes as we relocate to the committee
room. Thank you.

[gavel]

[break]

UNIDENTIFIED: --financial condition in
more than 40 years. This is the right time to
correct years of neglect. There's several concerns I
have and like to raise. First, the authority did not
discuss any of its plans for action prior to
implementation, and I heard the Chair say that she

1 had 30 meetings. Not one did she have with this
2 union. One lesson we all learned over the years is
3 that when our input is sought, it's important and it
4 has been important for the success of the authority.
5 Let me give you one example. The properties will now
6 be managed by a new outside company. Had the
7 authority talked to us, we could have explored having
8 NYCHA manage these facilities. Our workforce is best
9 when they are provided adequate manpower and
10 resources. Second, we have indicated that the
11 authority--we have also indicated to the authority
12 that they have violated Local Law 63. This law
13 establishes a set of procedures that must be followed
14 should our workforce be replaced by private
15 contractors. The authority apparently violated this
16 law. Before I conclude, I would like to also raise
17 one cautionary note. There is some who see this to a
18 step to privatization. I hope not. And I believe
19 that the Council will make sure that this does not
20 happen. The Council I believe will continue to
21 protect the middle class of New York City. I want to
22 thank you for your leadership in this matter.
23
24
25

CHAIRPERSON TORRES: Just wondering, how many employees in NYCHA do you represent? How many employees in NYCHA do you represent?

UNIDENTIFIED: Eight thousand. We represent 8,000 employees in NYCHA.

CHAIRPERSON TORRES: Eight thousand out of 11,000.

UNIDENTIFIED: Yes.

CHAIRPERSON TORRES: So you represent the vast majority of employees in the New York City Housing Authority, and yet you were never briefed about the transaction?

UNIDENTIFIED: Correct, never briefed about the transaction.

CHAIRPERSON TORRES: And the privatization of the management affects your employees and you were never briefed about the decision to privatize?

UNIDENTIFIED: Never briefed, and as we stated, we are filing something because they violated in our opinion Local Law 63.

CHAIRPERSON TORRES: So that's a matter we will look into. Thank you for your testimony.
Ms. Kurland?

YETTA KURLAND: Thank you, Chair, Council Members. Good afternoon. My name I Yetta Kurland. I am a civil rights attorney representing members of the organization Justice for Homeowners. This is a community based organization working with both public and private sector unions as well as advocacy organizations like the National Action Network and the NAACP. The organization's goal is to protect low income tenants and homeowners from predatory developers and to respond to emerging problems with substandard housing development which has unfortunately seen a significant uptick within the last decade or so in low income housing stock in the New York City area. While any time we consider privatizing affordable public housing we must be wary. We are especially concerned with the proposed plan and the proposed developers poised to take on the work currently being considered or perhaps as the Chair said is already a done deal, but being discussed before this body. In specific, Justice for Homeowners unfortunately has firsthand experience with concerns regarding a head of at least one of these developers, Donald Kaposha [sp?], who recently brought a lawsuit for 4.25 million dollars against

three of our members, low income tenants, when they asked simply to have their elected officials help them in dealing with chronic problems, serious problems with shoddy construction in their development. And I've included in your package press coverage from this matter. Fortunately, we were able to get this suit dismissed, but not without time and hardship and expense to those low income tenants. And most low income tenants don't have access or resources to law firms who can help defend them against these types of suits. So, I think that Council Member Mealy, Council Member Mendez pointed out that there was not proper advanced notice regarding NYCHA's applications here, and perhaps to some degree there's nothing we can do about it as the NYCHA representative intimated. But I think at a bare minimum, this is something we can do, and hopefully we can think about. As Gale Brewer pointed out the transparency issue was the issue that she raised the most concern about. And I do think that there are other developers who would be able and capable of doing this work without the checkered history as the Borough President intimated. Compounding this is the fact that this work will fall

1 outside of the PLA and will therefore not be subject
2 to prevailing wages and section three requirements.
3 It will allow Mr. Kaposha to use a questionable
4 training program he's created called "Building Skills
5 to Circumvent Real Oversight and Supervision" and
6 allow him to continue being a bully landlord to
7 vulnerable New Yorkers while providing nothing more
8 than dead end 15 dollar an hour jobs. We ask the
9 Committee--

11 CHAIRPERSON TORRES: [interposing] Case
12 [sic] conclude [sic].

13 YETTA KURLAND: Yeah, we ask you to think
14 seriously about the process that the developers will
15 be chosen for, and thank you for your time.

16 CHAIRPERSON TORRES: Well, thank you for
17 your testimony. Will representative from State
18 Senator Brad Hoylman's Office.

19 SENATOR HOYLMAN REPRESENTATIVE: Thank
20 you so much. I'm here on behalf of the Senator, and
21 he apologizes that he could not be here in person
22 today. He is Albany for the legislative session.
23 Thank you for this opportunity to submit testimony on
24 the sale of the New York City Housing Authority's
25 project-based Section 8 portfolio. I represent New

York State's 27th Senate District in which Campos One, one of NYCHA's six project-based Section 8 buildings is located. I'm grateful to NYCHA for establishing a dialogue with me, other elected officials and tenants to explain the details of this transaction. Although some important answers remain unclear, including how this proposal will affect the long term sustainability of our public housing and the potential impact on residents' quality of life and involvement in the building. I understand the dire financial position of NYCHA and the immediate need for substantial repairs. I applaud NYCHA for abandoning the ill-considered infill plan as proposed by the previous administration and for coming forward with an alternative to raise additional revenue. However, there are still unanswered questions from NYCHA about their contract with the developers. Campos Plaza residents have not been fully briefed on what happens to the development after the contract ends and what benefits will be provided to tenants in the interim. I am concerned that selling a significant ownership stake in Campos One to a private developer is a start of an alternate road to privatization and that this may set a precedent for

the permanent sale of our public housing stock.

Although the contract preserves NYCHA's right to first refusal at the end of this ownership agreement, based on the current situation, it seems unlikely that in the intervening years NYCHA will develop the financial means to reclaim the full ownership stake. Further, NYCHA has not made clear the specific scope of work for repairs and any tenant protections that will be implemented during the construction period. There is still a limited understanding about the logistics of the plan, including relocation of vulnerable tenants, dust and noise abatement, back up plans in the event of unexpected outages to utilities, and the frequency if any of air quality monitoring for the duration of the rehabilitation. This is of concern since the developer has signaled its intent to do the rehabilitation of individual units with tenants in place. In addition, I was informed that as a result of this new partnership, NYCHA will no longer seek new waivers from HUD to manage Campos One within its public housing portfolio, although, as we've obviously heard today, they do intend to do so. As a result, C&C Management will no longer be able to take tenants from NYCHA's

1 waiting list once their current waiver ends this
2 summer, breaking apart the combined Campos One and
3 Campos Two tenants association. I understand that
4 NYCHA retains a 50 percent ownership of Campos One
5 and that the agency can apply for another waiver from
6 HUD to allow C&C Management to continue the use of
7 the existing waiting list. Given the affordable
8 housing crisis and the lengthy public housing waiting
9 list in New York City, I strongly urge NYCHA to
10 reconsider this decision. Lastly, earlier this year,
11 tenants at Campos Two reported hearing from NYCHA
12 officials that the management office for Campos Two
13 will be merged with LES Five and for Charity Plaza
14 [sic]. To date, they've been unable to get
15 verification from NYCHA as to whether or not the
16 agency intends to eliminate the Campos Plaza
17 Management Office, and if so, how the Management
18 Office Space will be used. Yesterday, I along with
19 my colleagues--

21 CHAIRPERSON TORRES: [interposing] Please
22 conclude.

23 SENATOR HOYLMAN REPRESENTATIVE: Yeah,
24 sorry. Council Member Rosie Mendez, Assembly Member
25 Brian Kavanagh and Borough President Gale Brewer

wrote to NYCHA requesting clarification on this and other issues. I look forward to receiving NYCHA's response and continuing this dialogue. Thank you for consideration of my comments and I look forward to working with you to preserve safe, affordable and decent public housing for New York's most vulnerable and disadvantaged residents.

CHAIRPERSON TORRES: Thank you for your testimony. Next is Justice Favor from Local 79.

JUSTICE FAVOR: Good afternoon, Committee. Thank you for the opportunity to tell my story and be part of this public process. I have always been interested in politics. This is not the first or the last time you will be hearing from me, because I know from experience how important these issues are. My name is Justice Favor. I grew up in Hambush [sic] Houses in Rockaway, Queens and was a resident of public housing for 23 years of my life. I've have also worked nonunion construction for many years. I did whatever it took, plumbing, carpentry, laboring, but I always knew I wanted to have the opportunity to work union construction. I saw the difference, and I knew I was going to do whatever it takes to get in. I polished my skills and my resume,

took tests, and learned what I needed to do, and persistence paid off. I became an apprentice with Laborers Local 79. The NYCHA PLA guarantees that opportunity to public housing residents through direct entry. That means guaranteed access to union jobs in the union book. That means access to the middle class. We must protect those jobs. What does that mean to be a union apprentice? It means the world to me. After years of working construction jobs that would start and stop with no future employment in site, where the pay structure would be one thing one week and something else the next, where the health insurance was minimum if offered at all. I am finally on a stable path to the middle class. I work for contractors who follow the law, pay me my legal wage. I qualify for unemployment when needed. I have an incredible health plan and annuity, vacation pay and a pension. I have enough breathing room to go back to school and to further my education and to take care of my family, and one day I just might be sitting where you're sitting now. I'm a proud member of Real Affordability for All and a proud union member. Every jobs that NYCHA gives to private developers outside of the PLA is a lost

1 opportunity for a public housing resident. My
2 friends, my family too have real a chance at the
3 American dream, not some low wage part time trophy
4 job where they teach you the most minimal skills
5 required, stick a flag in your hand and pick up the
6 local face at the next job leaving you behind with
7 little more than you had before they came. I'm a
8 living dream, and I believe that we need to be
9 looking for ways to increase these opportunities not
10 bury them. There's just too much at stake for us to
11 let this happen, and as a result of being a union
12 member, I'm able to move out of public housing and
13 live a more productive life with my family. Thank
14 you.

16 CHAIRPERSON TORRES: Thank you for an
17 inspirational story. So, thank you so much for your
18 testimony. Thank you. And if you're going to run for
19 politics, just don't run against me. [off mic]
20 We're going to call up the next panel. We have a
21 representative from the New York Housing Conference,
22 Carol Lamberg. We have a representative from ANHD,
23 Moses Gates. And a representative from Enterprise
24 Community Partners.

UNIDENTIFIED: [off mic] but I'm not going to read from it. This is what I had been going--but I'm not sure after hearing the hearing.

CHAIRPERSON TORRES: You may proceed.

CAROL LAMBERG: Okay, thank you Chairman Torres and Committee Members for the opportunity. I'm Carol Lamberg. I've been in housing for many decades. I co-chair the New York Housing Conference, which is a very broad coalition of affordable housing advocates, professionals, all there is for affordable housing. And I was fascinated by the questioning that took place over the last couple of hours, because I do go to other parts of the country and I don't hear this kind of passion for public housing, which the New York Housing Conference is committed to. Having said all this, I do see terrible withdrawal of federal funds. They said 25 percent cutbacks. It's much more than that over the last decades. And in these times when federal funds are so few and far between, the proposed partnership, which likes a practical strategy to generate funds for the Housing Authority to improve the quality of life in these developments and also strengthening its own fiscal health, which I think is, you know,

crucially important so that it can be the watchdog over--do the best it can in these very, very difficult times. It is only one half of one percent of their portfolio and it isn't traditional public housing which is sold with applause in other parts of the country, and here the Housing Conference and the members of this committee are passionate about preserving it as an important asset, and you know, really good interior layouts that you don't get in some of the luxury buildings that I see today. So NYCHA retains 50 percent ownership all to the good. Maybe it would be better to have 51 percent as other people said, but in other transactions that I've seen they don't retain any control. When Section 8 first came into being I was looking over some of the J51 and other tax exemptions, I would always ask, "What's going to happen at the end of the compliance period?" And everybody laughed at me. They said, "You're really worried about what's going to happen in 30 years? We'll all be dead," or something like that. But it's very refreshing to see that these are assets that we all have to care about, and I thank you for your vigilance. I think we should support this transaction. It's an important thing for the

1 residents, although it's never fun to do rehab with
2 tenants at occupancy. It's a very brave undertaking
3 and something that the New York Housing Conference is
4 supporting.
5

6 CHAIRPERSON TORRES: Thank you for your
7 testimony.

8 MOSES GATES: Good morning, Chair Torres,
9 other members of the Committee. My name is Moses
10 Gates. I'm the Director of Planning and Community
11 Development for the Association for Neighborhood
12 Housing Development, which is a not for profit
13 organization that represents 98 community based
14 housing organizations throughout the city. Whenever
15 I come to these things I have to check the favor or
16 oppose box, and I always have a really hard time, and
17 I checked the favor box for this particular
18 development because I would say I fall just slightly
19 on that side of the line. I think we both agree, and
20 I think, you know, there's general consensus that
21 something needs to be done about these properties and
22 we need to find ways to do it. I also think that
23 there's general consensus that it is a real shame and
24 a real problem that the work around to the federal
25 restrictions in place essentially, and I'm just

1 summing this up very succinctly, involved the federal
2 government lending money with one program, the
3 federal government paying that money back with
4 another program, and a private developer in the
5 middle taking a 46 million dollar cut. I think we can
6 all find better ways to preserve our housing stock
7 than that. ANHD right now is involved in looking at
8 what happens when regulatory agreements expire after
9 30 years, and there are real problems, and these are
10 problems that are not anticipated. I really
11 appreciate the Council's dedication to looking at
12 what's going to happen for the long term with these
13 projects. As we've all seen it takes hours and there
14 are several wrinkles, and I think that NYCHA or any
15 other development that undergoes these regulatory
16 agreements does need to be more transparent and work
17 with the Council a lot more, but there's several
18 other wrinkles that, you know, quite honestly I just
19 thought of while listening to the testimony. What
20 are the registered--what are the rents going to be
21 registered at under rent stabilization? Are they
22 going to be registered at the current rents, or are
23 they going to be registered at the mark-up to market
24 rents? If they're registered at the mark-up to
25

market rents, that's no real affordability restriction whatsoever at all. I mean, it may as well not be registered in rent stabilization for all practical purposes. There is a right of first refusal. Is that right of first refusal at a predetermined price or evaluation, or is that right of first refusal negotiated after 30 years, or is based on market valuations? Those are two very different scenarios that are going to lead to very different outcomes. So, I would like, really like to reiterate Councilwoman Brewer's point, which is that we've seen what happens when the city government and a private developer believe that it is sufficient to have a bilateral regulatory agreement between the private developer and the city and that that will take care of all the potentialities and all the issues. What happens is that loopholes are found and loopholes are found constantly, and affordability after the end of any regulatory agreement is threatened. And I would really like to reiterate, as I said Councilwoman Brewer's suggestion, that an outside not for profit is involved in all of these deals as a guarantor [sic] of the affordability in the long term. Thank you.

CHAIRPERSON TORRES: Thank you for your testimony. Enterprise?

BILL FREY: I want to thank you for the opportunity to testify today. My name is Bill Frey. I'm a Senior Advisor for the New York Office of Enterprise Community Partners. Enterprise is a national nonprofit housing organization started 30 years ago, and our experience is creating decent and affordable safe housing for very low income people around the country. Since our New York office opened in 1987, we have invested three billion dollars in community development projects and created or preserved nearly 50,000 affordable homes for 114,000 New Yorkers. It is because of this experience and affordable housing that I wish to comment on the recent decision by NYCHA to leverage private dollars for public housing. We all know what an important and scarce resource public housing is for low income New Yorkers, and the City Council is right to want to ensure that NYCHA residents are protected in any transaction. Enterprise was not involved in this particular project, so I'll focus my comments today primarily on the experience of Enterprise nationally. We believe that this kind of public/private

partnership is necessary given the trends in funding to public housing. Most important is the ability to provide decent and affordable homes for the residents of NYCHA housing. NYCHA also needs this kind of infusion to help meet its current capital deficit, let alone plan for the future. This does not mean that we think every NYCHA property should be open to private investment, nor does it mean that we should stop advocating for more federal dollars to serve public housing residents. It means that public/private partnerships are a potential solution for some properties and some issues NYCHA is facing. The type of affordable housing Enterprise worked with in New York is funded through public/private partnerships and regulatory agreements and/or project-based Section 8's going forward. The best insurance we have against losing affordability after this is working with responsible nonprofit and private landlords. NYCHA should retain control over all properties that under private partnerships, as it has done in this deal. NYCHA's control and the continuation of Section 8 and rent stabilization at this project will ensure that housing remains affordable for long term and that tenants are

protected. What I think we have to consider is a counterfactual. Where will these tenants be in 30 years absent this sort of private investment? National HUD funding is cut every year, and the gap between NYCHA's mandate to provide safe, decent affordable homes and the resources they have to do that keeps growing. What we know is that this investment the tenants will benefit from, 80 million dollars of capital work including new kitchens, bathrooms, lobbies, community areas, energy efficient technologies, and security enhancements. One example of how these partnerships can work comes from Enterprise's experience in New Orleans.

CHAIRPERSON TORRES: Please conclude.

MOSES GATES: And I won't talk to you about that experience in New Orleans.

CHAIRPERSON TORRES: Fair enough. Fair enough. So, I actually do have a few questions, because obviously all of you are in the affordable housing world. You're familiar with the Archaean [sic] details of these transactions. You obviously believe the benefits outweigh the cost, but I want you to--what do you see as the greatest risk associated with the transaction and how substantial

1 is that risk? And I would like to hear from each of
2 you if possible.

3
4 CAROL LAMBERG: Well, I've had a lot of
5 year, 15 year, 30. Some have been great. With
6 limited partners they honor the intent of the
7 agreement. Others where the partner said, "Oh, I
8 can't--we can't wait to get out." Sometimes because
9 of the tax law, what's called the hobby law, the
10 legal agreements are very obfuscated, and we seen
11 these sold. It's a compliment to the affordable
12 housing. They're sold for so much more money than I
13 would have ever dreamt and want to--this is not as
14 the Conference. This is as my former work. I wanted
15 to hit myself in the head for not controlling it. So,
16 I get nervous about year 30. I've seen great
17 examples, and I've seen not so great examples, but I
18 think the Housing Authority does have more clout than
19 my little nonprofit did when I was doing that.

20 CHAIRPERSON TORRES: So the greatest risk
21 is the question mark in year 30?

22 CAROL LAMBERG: A question mark and all
23 rehab with tenants in occupancy. There are going to
24 be unhappy times, and yet, it's the most cost
25 effective important work to be doing. I'd much

1 rather see public housing continue its level of
2 funding, and project-based Section 8 just have a
3 budget based mark-up, but that isn't the world we
4 live in. And for once in my life I try to be
5 realistic and you always have to compromise, but you
6 don't want to sell out, and sometimes it's hard to
7 know the difference.

9 BILL FREY: I would concur. I see a
10 significant risk that at year 30 you don't have a HAP
11 contract renewal, you have a prohibited, a
12 prohibitive cost for NYCHA to exercise their right of
13 first refusal at year 30, and you essentially have a
14 building where I don't believe there's any risk to
15 the current tenants in the building, but you have one
16 where you have in essence vacancy decontrol and
17 market rate apartments after 30 years. It's the
18 largest risk if the regulatory agreement is not
19 really tight. I would say that there--you know,
20 there are other creative solutions I would really
21 like to see NYCHA explore and to be found. Maybe
22 NYCHA can set up a for profit subsidiary that is, you
23 know, under public control that's able to be the
24 middle man, take the 50 percent ownership so then the
25 people doing either the rehab or the management can

work on a traditional fee for service basis and not have an actual ownership interest, and you know, potential ownership long term of the building, something like that. And I will point out that for profit developers have had some very good lawyers who have found some very good loopholes to access benefits, mostly tax exemption benefits that are supposed to be reserved for not for profit partners. So I think that trying to reverse that paradigm is certainly something that can be explored.

CHAIRPERSON TORRES: So you feel--just very quick, you feel like federal law would have allowed for a partnership with a not for profit?

BILL FREY: I am a humble urban planner. I am not a lawyer, but I would encourage NYCHA and perhaps City Council to look into more creative possibilities than the one under--than the one in this particular deal if possible.

CHAIRPERSON TORRES: And I want to follow up on one more thing. If supposedly in year 30 the HAP contract is the basis for the affordability of these units, and if the HAP contract is terminated and not renewed, therefore, there's no way to pay the debt. What happens afterwards?

BILL FREY: Well, in the mark--I mean, have a mark-up to market program, then you essentially have a voucher where the tenants pay, you know, 30 percent of their income and the federal government is making up the vast majority of the rent. It depends quite honestly on what the legal registered rents under rent stabilization of the apartments are. If they're registered very high, in that case you have no renewal of the HAP contract. Those rents are, you know, at an essentially at market rents registered in the rent stabilization system. You know, you're not going to be able to have low income tenants in the building and be able to pay back the bonds or anything else. That's my--sure. I mean, the risk that the HAP contract is not going to be renewed because, you know, HAP goes away or something is there now, but the ownership interest now is public and it can be counted on to be maintained in the public interest. If you have an ownership interest that's private and the main ownership interest is debt service and investor return, you're looking at a very different paradigm.

CHAIRPERSON TORRES: I just want to--and then I'll--I'm sorry, just one more question. So it

1 seems to me that the risk--I mean, NYCHA is fully
2 confident that the HAP contract is going to be
3 renewed, but that's actually year 20, or just 20
4 years into the--so suppose for a moment the HAP
5 contract is not renewed. Does that mean the rents
6 will then increase from the subsidized rate to the
7 stabilized rate, which could be market rate
8 effectively, or?

10 BILL FREY: That, I think other people at
11 the table have a better understanding of the HAP
12 program and other people coming to testify will be
13 able to explain this in much more detail, my
14 colleagues at the Community Service Society in
15 particular, but that would be my understanding of the
16 program, although I don't want to say definitively.

17 CHAIRPERSON TORRES: I'm sorry, go ahead.

18 CAROL LAMBERG: There'll be lawsuits.

19 MOSES GATES: I'll just add, I think,
20 what people have raised as the right issue, and I
21 think that's--I've heard that this morning. I think
22 that our experience in terms of what has happened
23 with the tax credit program, which is a program we're
24 involved with as well as an investor is that there is
25 an opportunity in year 15 where you can extend the

1 affordability. And what we have done especially with
2 our nonprofit partners whose mission it is to really
3 extend affordability and to be involved in affordable
4 housing has been to extend it so it's really a 45
5 year compliance period. So I think there is an
6 opportunity that people should be--the City Council
7 at that time should be prepared to have oversight of
8 and make sure that that happens.

9
10 MOSES GATES: if I can just--

11 CHAIRPERSON TORRES: And for the record,
12 I'll be 42, so.

13 MOSES GATES: I mean, if I can just add, I
14 think that year 15 in this particular deal there is a
15 real ability. The developer has gotten all of their
16 fee. The HAP contract is still in place. There is a
17 real ability to rework the deal at year 15 to once
18 again have complete public ownership under some
19 creative circumstances or to really rework the deal
20 so that it's maintained in the public interest. We
21 don't know where we're all going to be in 15 years,
22 but that would be where an opportunity to revisit the
23 deal would really come.

24 CHAIRPERSON TORRES: Just one final
25 question. Can the deal be reworked every 15 years?

CAROL LAMBERG: I think it can be.

MOSES GATES: Yes, it could be.

CHAIRPERSON TORRES: It could be.

MOSES GATES: But there is--as has been stated, at year 15 is a real opportunity to look at a change in the ownership structure.

CHAIRPERSON TORRES: Okay. Thank you for your testimony. So I want to acknowledge testimony for the record from Senator Bill Perkins, Council Member Inez Dickens and Congressman Jose Serrano, and I would like to call up the next panel. We have Victor Bach from the Community Service Society, Lucy Newman from the Legal Aid Society. We have Lorraine Knox from Community Voices Heard, and we have Alexis Smallwood from Far Rockaway, New York.

VICTOR BACH: Good af--good afternoon. I'm Victor Bach with the Community Service--

CHAIRPERSON TORRES: [interposing] I'm sorry, we need to start the timer, please. Okay, thank you.

VICTOR BACH: Excuse me?

CHAIRPERSON TORRES: You may proceed.

VICTOR BACH: Okay. With the community Service Society. Given the serious problems that

NYCHA and its residents face, I just want to spend a moment on a positive note and that is to remember that yesterday Mayor de Blasio's preliminary budget permanently would leave NYCHA of its 72 million dollar a year obligation to pay for police services. That's 72 million dollars a year that can go into management and repairs and alike. Now we've got to work on getting the capital commitments necessary from the state and the city in order to keep those buildings operable and in decent condition. Despite the risks involved in these transactions, I think we have to remember that they represent an unusual opportunity for NYCHA. Given the fact that they are six hybrid developments under the HUD multifamily Section 8 program not under the conventional HUD public housing program. However, these transactions also ought to maximize the opportunities for residents, for the community and for the public housing constituency at large. I do understand that vacancies are likely to be filled from the public housing waiting list rather than through a separate waiting list created by the new private owner, which I think is for the good. But and that the package will also contain training and employment

opportunities for residents and hopefully long term opportunities for the community. I am concerned however, about the transparency and timing issues that have been raised in previous testimony. We have serious concerns about the process through which NYCHA pressed forward beginning late last year in moving these sales to closing by the end of the year or early January. As one of the resident leaders said to me, the plans were thrown at us. Given the timing, the crunch between November, Thanksgiving and the Christmas, New Year's holidays, that's not quite the time needed for residents to deal with a rather complicated set of transactions, and we think they should have the opportunity for independent legal representation, for independent technical assistance, and given the timing that was not at all possible as far as we understand it. I'll end there.

LUCY NEWMAN: Thank you. I'd like to thank the Chair Ritchie Torres and his commitment to public housing and public housing residents. My name is Lucy Newman. I'm an attorney at the Legal Aid Society. We have actually submitted joint written testimony with Victor Bach from CSS, so you have that. I just want to take this opportunity to echo

the words that Victor was speaking, in particular about transparency or the lack thereof. As you all know, we only found out about these sales through a Wall Street Journal article in November or December of 2014, and we obviously have concerns about what that means for any future public/private transactions or any other significant transactions that NYCHA's going to undertake in the future and how they intend to include residents and other stakeholders in those plans. I also wanted to just recommend that we understand that NYCHA does have this waiver, will be applying for a waiver to take vacancies from the public housing wait list, but wanted to urge them to actually take those lowest income applications who are on the wait list, because Section 8 income eligibility is actually lower and available for the lowest income families and for those below 50 percent of AMI as public housing goes up to 80 percent of AMI. So we would ask that they do fill vacancies with those who have the lowest income. Thank you.

MO GEORGE: So I am not Lorraine Knox. Unfortunately Lorraine had to leave for an appointment--

CHAIRPERSON TORRES: [interposing] [off mic] Imposter?

MO GEORGE: Yeah, yeah. I play her on TV.

CHAIRPERSON TORRES: You know it's a crime to be an imp--no, I'm kidding.

MO GEORGE: So, Mo George. I'm the Director of New York City Organizing with Community Voices Heard and Lorraine is one of our members, and I'll just read her testimony. "So, my name is Lorraine Knox. I'm a member of CVH and also who are also members of the Real Affordability for All, RAFA Coalition. I've lived in NYCHA for many years. I remember when apartments got painted regularly. The excitement of new windows, cabinets, stoves and refrigerators, it was like Christmas for some of us. This is why I understand the excitement residents have about getting their apartments renovated. They deserve it. And my testimony today is not at all against any renovations of any apartments within the NYCHA portfolio. We all want a quality place to live. We all deserve a quality place to live. My testimony today is not even against NYCHA. I'm fully aware of the financial shortfalls that NYCHA has been

forced to deal with from a federal government that has strategically starved public housing and a city and state that only seems to think of putting funds towards NYCHA when something hits the news. I'm testifying because while I'm happy for residents, I'm scared about the future. I'm scared that in search of funding we may have sold our souls. I'm afraid that while the current NYCHA Chair who I believe wants to preserve public housing, I'm not sure whether the deal will support long income affordable housing for the long haul, especially in a city that just knows the words market rate. I'm worried about NYCHA's partnering with a developer who has sued tenants. Does that mean if the deal doesn't go the way it's planned, if residents speak out they run the risk of being sued? We all know that many residents don't have any problem with speaking out, hence why I'm here today. I'm scared about a loss of union jobs because while 16 dollars an hour sounds great, it's small change when compared to union scale. I'm afraid that all talks about privatization of NYCHA is going to force to come true if its partners deem it so. I'm afraid that in the city of this have and have notes we can't afford to lose what is the last batch

1 of true affordable housing. I'm worried that
2 residents will enjoy all of these renovations to only
3 lose the whole community to privatization and soon
4 gentrification. During this time of being scared,
5 afraid and worried I have hope. I hope that this deal
6 is all that NYCHA says it will be. I hope that the
7 future chairs of NYCHA have the same commitment to
8 its preservation as the current one. I hope that
9 this city, this body, this state, and the federal
10 government--yes, I said the federal government; a
11 woman can dream--dedicate real money to NYCHA. I hope
12 that these renovations don't take as long as it does
13 to fix my elevator, and I hope that the quality is
14 placed over quickness. Finally, I'm grateful for
15 being allowed to voice my concerns, and I'm thankful
16 to the committee for holding this hearing today.
17 Thank you."

18
19 CHAIRPERSON TORRES: And just one quick
20 thing. You brought up the concerns about Mr.
21 Kaposha, and I just want you to know we're going to
22 closely monitor the process of resident engagement,
23 the committee. We're going to ask for information
24 about the contractors and subcontractors who do the
25 rehab work. So we will make every effort to closely

mon--and if I have to hold another hearing, I will,
so.

MO GEORGE: Yeah, and on behalf of CVH
and RAFA, so will we.

CHAIRPERSON TORRES: Okay.

ALEXIS SMALLWOOD: Hello everyone. My
name is Alexis Smallwood, and I am actually a
resident of Ocean Village, which is now Averno [sic]
view and I am a Community Outreach Coordinator for
Rockaway Wildfire. And we will actually be
spearheading the Community Benefits Agreement for the
81 acres of land that L+M once again inherited. My
issues with L+M and C&C are communications, the
Community Liaison Yasmin Cornelius Education and
Opportunity After School Senior Citizens and
Resiliency, because we have a weak tenants
association. They know that we can't really advocate
for after school like we're supposed to, but they
give--they just gave space to someone for cheap art
space. Another issue with L+M is climate justice.
They're not into green jobs and they're not for the
union. Another thing is quality of life issues.
From Lion [sic] Management to L+M and C&C they don't
deal well with repairs. Like the elevators been

1 broken off and on for nine years. It also gets in
2 the way of us going to work and going to school. L+M
3 doesn't respect the unions. I have various things to
4 talk about. L+M only really fuels the shelter system
5 and the housing courts. Rockaway Waterfront Alliance
6 tried to get community space from L+M. They gave her
7 the runaround. Even Worker's World [sic] which does
8 worker-owned Rockaway Cooperatives. They asked to
9 put a hub inside of Ocean Village. L+M crossed that
10 out. Even Anthony Weiner [sic] came to Ocean Village
11 to start his own kitchen for the people that lived in
12 Ocean Village. L+M and C&C are like a cheating
13 husband. They lie, lie, lie, lie. They make all
14 these promise to you and promises to you and they do
15 not keep them. Another thing, the Chair of Housing,
16 she either works for either Enterprise or Triangle
17 Equal, so she has another hand in this also. She has
18 a part in L+M getting some housing in here, and it's
19 not fair. Another thing, it's between the Goldman
20 Sachs and Patricia Harris. We have to also watch who
21 he's friends with in the business world, because
22 Goldman Sachs also has a part in this too, and a few
23 other people. Another issue with L+M is--yes, yes.
24 So between the Chair of Housing, L+M, C&C, Triangle

Equities and Bloomstone [sic] and Goldman Sachs, there's some things that are not going in. And that's another thing, they're cheating and they're lying, and that's my issue with them. Quality of life, the lies and the promises they make and they don't keep. And the AMI is crap. Do not listen to that. As soon as they get that 30 they're going to turn it to market value rent. When I moved into Ocean Village the rent was 500-600. My one bedroom right now is 1,400 dollars. It's going to go to market value rent. Do not listen to him when he says, "Oh, we're here for you." No, you're not here for me. You're not here for me. You're here for your pockets. They're going to turn it into market value rent. Like Moses Gates said, as soon as that 30 comes, it's going to go to market value. Five years from now the rent in Ocean Village will be almost 3,000 dollars. Who can afford that? L+M [sic] pairs [sic], the union, the after school, I'm constantly fighting for after school. My thing is, how can you have a group of men do art and we just--the men told me [sic] they will do art right now from some foundation in Ocean Village told me--

CHAIRPERSON TORRES: [interposing] Can you please conclude.

UNIDENTIFIED: You got it all in, girl. You got in.

CHAIRPERSON TORRES: Do you want to tell me how you really feel? Okay. I've never seen so much information and passion fit into three minutes of testimony, but thank you. I do have a question, but those concerns are the very concerns we've been expressing throughout the hearing, and that's why I made a decision to hold it. I do have a question. I want to follow up with some legal questions that were raised when I spoke to the representative from ANHD about whether NYCHA could have partnered with a not for profit instead of a for profit developer. Are you aware if that was a legal option under federal law?

VICTOR BACH: [off mic] The financing arrangements that made the six deals possible under federal law have to go to a for profit entity.

CHAIRPERSON TORRES: Okay. So, let's--the federal laws are written to favor for profit entities, right?

VICTOR BACH: Yes, federal policy favors for profit entities. These conversions that'll mark up to market would not be allowed if the building were owned by a nonprofit entity.

CHAIRPERSON TORRES: So does the transaction represent the best transaction that NYCHA could have done with the parameters of federal law or is there something that could have been improved?

VICTOR BACH: In financial terms, it's the only ownership arrangement that would allow some of the federal benefits such as the low income housing tax credit and others to flow.

LUCY NEWMAN: Obviously with all the other provisions like the labor and use agreements and things like that, they could have probably.

CHAIRPERSON TORRES: And one final question, I'll ask you the same question I asked the previous panel. What's the greatest risk that you see associated with the transaction and how substantial is that risk?

VICTOR BACH: Well, the one risk is the, obviously, the 20 year expiration of the HAP agreement, and then the 30 year expiration of use restrictions and how that coincides. The other is if

the developer happens to go belly up in the process. Not all development projects proceed. The previous chosen developer backed out of the arrangement. We don't know why. And if the developer does not succeed in carrying out the project to completion, it can since it's now owned by a private entity simply be put up for foreclosure, and that means it would be sold to the appropriate bidder in the foreclosure process.

LUCY NEWMAN: Yeah, I mean, similarly we have the concerns about the 30 year, but also the lady to my left mentions all of the day to day worries that we have about what that means for the residents of these six units and having the new management in place and what that might mean for them.

CHAIRPERSON TORRES: I'm sorry, can you-- I'm going to ask you--you mentioned the fore--can you repeat what you just said, because I felt like there was something. Okay. No, no, about the risk of foreclosure.

VICTOR BACH: Yes.

CHAIRPERSON TORRES: Can you repeat what you said before?

VICTOR BACH: Excuse me?

CHAIRPERSON TORRES: Can you repeat what you said about the risk of foreclosure? I didn't catch it before.

VICTOR BACH: Yes. If the developer is unable to successfully complete the project, it is currently owned by a private entity, and if the developer for any reason is unable to make the project viable, then it would--the developer would go into default, and what happens is determined by the ownership entity which is 50 percent private, 50 percent NYCHA.

CHAIRPERSON TORRES: Okay.

VICTOR BACH: But ordinarily, a private building that goes into default ends up in foreclosure.

CHAIRPERSON TORRES: And just one more question. Yeah?

LUCY NEWMAN: It's also my understanding is that this building is--these developments are not going to have the federally subsidized mor--the HUD subsidized mortgages which would themselves obviously provide greater protection in the event that there was a default. NYCHA made clear that these are going

to be rent stabilized and that's because they do not have a HUD insured mortgage.

CHAIRPERSON TORRES: Although my understanding is that since HDC is the lender, in the event of a default, the city would own these properties. No, or?

LUCY NEWMAN: I think by definition project-based--by definition, those that are HUD mortgage insured are exempt from rent stabilization. Project-based Section 8 can be under rents stabilization, but the HUD insured mortgage would give greater protection in the event of a default by these developers.

VICTOR BACH: As I understand it, the HDC contribution would be bonds, which would be privately financed through HDFC. So, it would function like any other private ownership entity.

CHAIRPERSON TORRES: So if there is a default on the debt, who owns the--who will eventually own the property? I'm not--because I was led to believe the city would. So--

VICTOR BACH: I'm unclear--

CHAIRPERSON TORRES: [interposing] Like what happens--okay, so what happens? So no one's

clear on what happens in the event of a default?

See, I'm under the impression that HDC is the lender, therefore it would fall in the hands of HDC.

VICTOR BACH: The city would take the property in the case of property tax arrears, or it would sell the tax debt through the tax lien process, but I'm not quite sure what the future would be, other than go through the normal foreclosure process that any private building goes through.

CHAIRPERSON TORRES: My impression is, I think the Chair testified that the city would take possession. So that was my understanding. We'll get clarity from NYCHA.

VICTOR BACH: Yeah.

CHAIRPERSON TORRES: But thank you for your testimony.

VICTOR BACH: Thank you.

COUNCIL MEMBER MENDEZ: Chair?

CHAIRPERSON TORRES: Oh, yes.

COUNCIL MEMBER MENDEZ: I have some questions.

CHAIRPERSON TORRES: Of course, I'm sorry. Please.

COUNCIL MEMBER MENDEZ: Just wondering if either anybody on the panel understood what the Chair was saying about the difference of the 51 percent and the 50 percent between the city and state developments in the Section 8, and why they couldn't do 51 percent here?

LUCY NEWMAN: I think with a little research we can get back to you with a definitive answer, but my understanding is that the federalization was actually a different structured financing and was done as a result of the 2008 Recovery Act money, and that required a 51 percent ownership stake. This is being done under a kind of mark-up to market version which does not require a 51 percent ownership.

COUNCIL MEMBER MENDEZ: Okay. So the legislative structure required 51 percent, gotcha.

VICTOR BACH: Yeah, under the federalization, the federal economic stimulus law allowed public housing authorities to pick up state and city finance developments and become 51 percent owners. So it was a different kind of opportunity which is not available to the Section 8 developments.

COUNCIL MEMBER MENDEZ: Now I get it.
Okay.

LUCY NEWMAN: Yeah, because at the end of the day, I think what we have to remember is that this is actually--they are project-based Section 8 buildings, so they're not--the other ones were actually state and city owned. So they were their kind of public housing. These are actually under the Section 8 multifamily program.

COUNCIL MEMBER MENDEZ: Okay. Okay. And what's your name?

ALEXIS SMALLWOOD: Alexis Smallwood.

COUNCIL MEMBER MENDEZ: Thank you. I wanted to ask you a question also. I didn't catch, because you were trying to get all your testimony in. I'm sure the Chair would have given you a little bit of extra time to wrap up. SO, do you live in one of these buildings or do you know people who live in--

ALEXIS SMALLWOOD: [interposing] I actually live in a building that was taken over by L+M after Hurricane Sandy. I am a survivor of Hurricane Sandy, and I am from Far Rockaway, New York. I wasn't born and raised there. I've been living there for nine years. I came out of the DHS

shelter system. I am three generations going through homeless and mental health issues, three generations. My mother was actually homeless back in the day in the 80's, and you know what I would tell her? The Coalition for the Homeless, Henry Straights [sic] settlement--like my mom comes from that era, and this is my thing, I should not be third generation almost about to be homeless dealing with mental health issues in the 21st century, right? This is supposed to be the 21st century, so we should have 21st century housing solutions.

COUNCIL MEMBER MENDEZ: Where is this building located?

ALEXIS SMALLWOOD: So right now we're on--we're Far Rockaway on Beach 60th Street and it's called--it used to be Ocean Village. Now it's Averno View. And we do have issues with crime and other things, but we need adequate transportation, adequate after school programs where the kids can come. I come from Harlem Children Zone, and I'm trying to bring Jeffery Canada [sic] and the Harlem Children Zone to L+M, but they don't have a community liaison. Another thing, change the MIA. Right now our MIA is for Westchester, Nassau County. That does not meet

1 the income requirements for those who live in Far
2 Rockaway, Queens. We are not a unionship town. So
3 why are you guys taking the AMI from Nassau County,
4 Westchester and all these other counties who make
5 more than us in Far Rockaway. That's not right and
6 that's what needs to be changed, and we need a Cooper
7 Square model. We need that model. The Cooper Square
8 model.

9
10 CHAIRPERSON TORRES: We have to--we do
11 have--

12 COUNCIL MEMBER MENDEZ: [interposing] I
13 just--we are not those guys that are just--

14 ALEXIS SMALLWOOD: No, no, no, I'm--

15 COUNCIL MEMBER MENDEZ: [interposing] Just
16 saying.

17 CHAIRPERSON TORRES: It's Uncle Sam who
18 sets the AMI.

19 COUNCIL MEMBER MENDEZ: Okay. I want to
20 thank this panel for their testimony. Thank you, Mr.
21 Chair.

22 ALEXIS SMALLWOOD: Thank you.

23 CHAIRPERSON TORRES: Thank you for your
24 testimony, thank you. Ms. Lopez from the Good Ol'
25 Lower East Side, Venecio from Local 79 and the Team

1 President of Campos Plaza Residence, and Patricia--
2 yeah, I'm sorry. I said--yes? Do we have--oh, it
3 looks like it's filled. Do you want to--Okay. But I
4 want to thank everyone for your perseverance and for
5 staying throughout the course of the hearing. So,
6 but you may begin.

8 KATRINA CORTEZ: Hello. My name is
9 Katrina Cortez. I work at GOLES, Good Ol' Lower East
10 Side. Our formal testimony on behalf of GOLES is
11 going to be presented by our member Beatriz [sp?],
12 but I just wanted to say that on behalf of GOLES and
13 the residents that we represent, this process is
14 actually incredibly infuriating, the fact that Shola
15 Olatoye had the nerve to evade so many questions, and
16 the face of a public hearing, the fact that there was
17 again no written information provided to the
18 community members who were present, and the fact that
19 again, residents opinions have again been placed on
20 the back burner. I really do feel that this hearing,
21 as the testimonies began, should have prioritized
22 resident input, the first folks who should have come
23 up to be able to testify. The fact that community
24 members are still waiting to be able to testify after
25 developers and organizers who get to put this time

CHAIRPERSON TORRES: Well, let me--I'm going to defend myself. Normally, we actually allow residents to testify first, and then we hear complaints from the administration. So we let the administration testify first, and then we hear complaints from residents. So there's no satisfying. You know, we could have one panel full of residents, but that's four out of 20 residents, 30 residents. We're making a good faith effort to be as inclusive as possible, you know, and this is a committee that values bringing government to the people. I've held public housing hearings in public housing developments. So I have made every effort to be as inclusive of resident input, but we do have constraints, but I hear your concerns and in the future we're going to rectify it. Next?

VENACIO LIMA: Buenos tardes. [speaking Spanish]

1 COMMUNITY ON PUBLIC HOUSING 170

2 TRANSLATOR: Good afternoon. My name is
3 Venacio Lima [sp?].

4 VENACIO LIMA: [speaking Spanish]

5 TRANSLATOR: I am a construction worker
6 who has worked city jobs here in the city.

7 VENACIO LIMA: [speaking Spanish]

8 TRANSLATOR: Thank you for giving me the
9 opportunity to coming here speaking to you on my
10 behalf, on the behalf of my community, the future of
11 our city.

12 VENACIO LIMA: [speaking Spanish]

13 TRANSLATOR: It's true that NYCHA has
14 given a big construction project to the construction
15 company L+M.

16 VENACIO LIMA: [speaking Spanish]

17 TRANSLATOR: And L+M is permitting,
18 promising good jobs to the community.

19 VENACIO LIMA: [speaking Spanish]

20 TRANSLATOR: But I'm here to tell you
21 that that worries me.

22 VENACIO LIMA: [speaking Spanish]

23 TRANSLATOR: Why?

24 VENACIO LIMA: [speaking Spanish]

25

TRANSLATOR: Because in 2001 I worked for
MC&L Construction in a project at Riverway.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: This was a city project.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: MC&L stole almost a million
dollars from us the workers in that project.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Even so, even with that
information, L+M continue to use MC&L.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Why?

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Why doesn't NYCHA worries
about the quality of the work where their own
residents go to work?

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: The work at MC&L was hard
and dirty.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: And I had to leave the job
because the foreman use to harass us, verbally harass
us.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Now that I have a union, I have the peace of mind of knowing that somebody's going to back me up and to make sure that I get paid as a union worker.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: That I am treated fairly and that I have security on the job site.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: I want other people to have the same opportunity that I have to work for a company that treats them good with respect like a human being.

CHAIRPERSON TORRES: Can we please conclude?

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: And not for contractors who steal from us, treat us badly and take advantage of our fears and necessity of providing for our families.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Please think about it. I ask you not to reward companies who do not support long term careers.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: With real careers, with real benefits for--and real benefits for the workers.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Good training and a real future.

VENACIO LIMA: [speaking Spanish]

TRANSLATOR: Thank you for the opportunity to express myself.

BEATRIZ TORRES GUZMAN: Good afternoon.

My name Beatriz Torres Guzman and I'm a member of the Good Ol' Lower East Side and a 32 year resident of Campos Plaza, a public housing development located, as you know, on the lower East Side of Manhattan. I would also like to add that I am the proud mother of a son who was raised in Campos Plaza receive [sic] the Council Proclamation in 1999, graduated from Yale University and is currently the Manhattan City Council designee on the Civilian Complaint Review Board. This morning I speak on behalf of myself and many other Campos residents who are here with me this morning from Campos Plaza and East Fourth Street rehab. I would like to thank the City Council members for taking the time this morning to listen to our concerns about the mark up to market plan. First, I

want to start with a little background about how residents learned about this conversion plan. In early 2014, NYCHA representatives attended a resident association meeting at Campos Plaza to present a plan about renovations for Campos Plaza One. At the time, it was not made clear that NYCHA's plan included selling 50 percent of the units, 50 percent of the building stock to a private management. In fact, many residents were under the impression that the buildings were getting much needed repairs and would just be under new management. It was not until recently that we learned through a news article about the conversion of the buildings. Residents were understandably alarmed by this news. What we now know is that two of the five buildings have been singled out for major capital renovations. Residents who reside in the buildings that remain under NYCHA management such as me question why we are not receiving the same renovations. This is creating a divide among residents who do not understand the plan and who have also been in long time need of major repairs. Overall, the lack of information and transparency has caused a considerable amount of concern and confusion. Some of the concerns and

1 questions that I and many of my neighbors share are
2 as follows. In regards to eligibility and rent
3 increases, NYCHA has now typically evicted residents
4 whose income exceed the income eligibly criteria.
5 Instead, NYCHA has implemented flat rents and other
6 measures in an attempt to fairly distribute the rent
7 burden among higher income residents. While I
8 understand that everyone must pay their fair share of
9 rent, it is also important to note that a slight
10 income change may put residents over the income edge,
11 but may not be enough to pay rents in private
12 housing. What will happen in the event that a family
13 experiences income increases? Will they be forced to
14 move? Will their rent increase to market rate?
15 These possibilities could create economic hardship
16 for families and ultimately lead to eviction. In
17 reference to representation, the current resident
18 leadership that is supported by the majority of the
19 residents is being encouraged to establish separate
20 representation. The resident association president
21 who resides in one of the buildings that is part of
22 NYCHA's new plan will no longer be able to
23 participate in the citywide Council of Presidents
24 that--this means that our development will be left
25

out of major decisions that impact the lives of residents. In terms of long term affordability--

CHAIRPERSON TORRES: [interposing]

Please conclude.

BEATRIZ TORRES GUZMAN: I went over my time?

CHAIRPERSON TORRES: Yeah, just conclude.

BEATRIZ TORRES GUZMAN: Can I close out?

CHAIRPERSON TORRES: Yeah, within 10 seconds, yeah.

BEATRIZ TORRES GUZMAN: There is something that hasn't been mentioned that I will mention, it's in terms of Campos Plaza. I have to add that in addition there's a distinct lack of clarity about parking regulations in the lot that is on the Section 8 site and how this will impact residents currently parked there. As a mobility impaired person who has had a disabled parking space in the lot since before NYCHA's deal, I must rely on my car to conduct many of my daily tasks. Yet, parking spot holders have not been notified in writing about the change in management of the lot. When I inquire with the new management, the agent told me that the company is still deciding on the use

of the parking lot for those currently parked there.

In closing, I'm concerned about the long term impacts

of this conversion. We must find solutions that

don't simply act as band aids, but that consider how

to achieve permanent affordable and safe decent

housing. Our elected official, NYCHA and the

residents must work together to find a way to

preserve housing without compromising its family

[sic]. And I wanted to acknowledge the residents

that are here, that are still here, and I would like

for them to stand up, including any residents who are

here. Can you please stand up so we can acknowledge

your presence, and if they agree with my statements?

Thank you.

[applause]

DEREESE HUFF: Good afternoon. My name

is Dereese Huff, The TA [sic] President at Campos

Plaza One. Well, I'm sorry. My concern today is

that I understand what everyone is saying, but I do

understand. I've been living in this development for

the last 35 years since 1979. I was here, I was in

this development as a young child with the good, the

bad, the ugly, and everything else. We deserve the

changes--we deserve the things that are coming to us,

1 new bathrooms, new kitchens. In all the years that
2 I've been living there we had a new kitchen once in
3 the 35 years. So, I agree with Shola when she said
4 the building is literally crumbling down with us
5 around it, because it was. It was deteriorating from
6 out--we suffered Hurricane Sandy where we had three
7 feet of water. I mean, the change is due, but do we
8 want it under these circumstances that's being thrown
9 at us, or the way they're coming at us? I just feel
10 it would have been nicer if I would have known as a
11 TA President that I would no longer be able to sit on
12 RAP [sic], DCOP [sic] or any of that. I just--I mean,
13 I just feel that should have been brought forth to
14 the table from the beginning, not now, not at the
15 end. I just feel it should have been brought forth at
16 the table from the beginning. And I also want to say
17 I'm, you know, I'm sorry for any inconvenience if I
18 feel like I stepped on any toes for what I'm saying,
19 but I just feel that changes are deadly [sic] needed,
20 not that I'm knocking NYCHA in any way. I haven't
21 had a carbon monoxide thing in my house in over two
22 years. I actually went out the other day and bought
23 one because one of the tenants in the building had
24 carbon monoxide poisoning in her own apartment. She

1 was in the hospital for three days. So that's what
2 made me go buy one until the new company can come in
3 to install what it is that we do need in our
4 developments. That's all I want to say. Thank you.

5 CHAIRPERSON TORRES: Thank you for your
6 testimony. So we're going to call up the next panel.
7 Okay, I'm sorry. Nope? I'm sorry.

8 COUNCIL MEMBER MENDEZ: Okay. I'm going
9 to try to keep this short because I know there's a
10 lot of people, but Beatriz, I didn't think you stated
11 on the record, can you state on the record whether
12 you live in Campos One or Two?
13

14 BEATRIZ TORRES GUZMAN: I am Campos Plaza
15 Two resident.

16 COUNCIL MEMBER MENDEZ: Do you have--

17 BEATRIZ TORRES GUZMAN: I am a Campos
18 Plaza Two resident for 32 years.

19 COUNCIL MEMBER MENDEZ: And Dereese, you
20 live in Campos Plaza One, which is now being
21 transitioned, is that correct?

22 DERESE HUFF: Yes, that's correct.

23 COUNCIL MEMBER MENDEZ: Okay. I heard
24 here for the first time that there was a meeting in
25

2014 to discuss the repairs and did not discuss the new structure and the RFP, is that correct?

BEATRIZ TORRES GUZMAN: That is correct.

COUNCIL MEMBER MENDEZ: That--

DEREESE HUFF: I'm sorry, say that again.

COUNCIL MEMBER MENDEZ: There was a meeting held in early 2014 regarding all the repairs that would come to Campos Plaza, actually Campos Plaza One, but there was no information about the new ownership structure and the selling of 50 percent?

DEREESE HUFF: No, it wasn't. I don't know if you remember but two years ago when they came to us, I don't know about 2014, I remember when Wavecrest [sic] Company came in last and they backed out, or they were thrown out, I don't know, that's what I remember.

COUNCIL MEMBER MENDEZ: They--

DEREESE HUFF: 2014? I don't know. That wasn't with Wavecrest.

COUNCIL MEMBER MENDEZ: Right. Yeah, Wavecrest was 2013.

DEREESE HUFF: Wavecrest was 2013. That's the last time, you know.

COUNCIL MEMBER MENDEZ: So, they did have a conversation with you guys at a tenant association meeting was it? Regarding Wavecrest or the RFP or the repairs that are coming?

DEREESE HUFF: That was Wavecrest 2013.

KATRINA CORTEZ: And they only--they didn't talk about the--

COUNCIL MEMBER MENDEZ: My question is, did they come to a tenant association meeting or did they call for a special meeting of all the residents?

DEREESE HUFF: They came to a--they--no. It was a called a special meeting. That one was called a special meeting.

COUNCIL MEMBER MENDEZ: Okay. I'd be interested in seeing all the sheets and everything. And to date, no information has been given to anyone about the parking lots and what's going to happen with the car slots there?

BEATRIZ TORRES GUZMAN: I have--the only thing I heard December 18th from tenant resident meeting with Ms. Huff is that the rates were going up and that it was under new management, but we haven't received anything in writing. Not all residents in their parking spot are from Campos Plaza. They are

external, people that live externally, parked in Campos Plaza One in the Section 8 parking lot. Out of three parking lots, one is now owned or managed by C&C.

COUNCIL MEMBER MENDEZ: Isn't that the--

BEATRIZ TORRES GUZMAN: [interposing]
Supposedly.

COUNCIL MEMBER MENDEZ: parking lot that was supposed to be infill development?

BEATRIZ TORRES GUZMAN: Yes, it's the same one.

COUNCIL MEMBER MENDEZ: Okay, that's scary.

DEREESE HUFF: I'm sorry. I was told on that it was about 10 tenants that has parking that they would filtered in as parking. They would get parking. That's what I was told.

COUNCIL MEMBER MENDEZ: Okay.

DEREESE HUFF: They'd be filtered in. They'd be grandfathered in for the parking spots. They wouldn't lose their parking spots. That's what I was told.

COUNCIL MEMBER MENDEZ: Senior Venecio, [sic] [speaking Spanish]

VENACIO LIMA: [speaking Spanish]

COUNCIL MEMBER MENDEZ: [speaking Spanish] Okay. [speaking Spanish]

VENACIO LIMA: [speaking Spanish]

COUNCIL MEMBER MENDEZ: [speaking Spanish] For the public, I was just asking the company that he referenced in Riverdale what the name was, because I didn't catch it and if it was part of L+M, and they said they are their contractors. Okay. Thank you, Mr. Chair.

CHAIRPERSON TORRES: Thank you. We're going to call up just a panel of residents, Patricia from Bronxchester, Lisa from Van Dyke, Major [sic] Martinez from Campos Plaza, and Jerry K. from Saratoga. Anyone else? The residents are--[off mic] You may proceed. So we'll start with Bronxchester.

PATRICIA LAMONICA: My name is Patricia LaMonica. I am the TA of Bronxchester Houses. Back in April of 2014 I was attending a RAP meeting. It was brought to my attention that Bronxchester was sold. They--I have it in minutes. They said it was a mistake, Bronxchester was not supposed to be sold. Over the summertime we heard nothing. November, they asked for a special meeting. This is what you're

getting, bottom line. No tenants input. Nobody met with us 30 minutes. I couldn't tell you what they were. But I know our questions that we would like to have answered is, will the residents be authorized-- we have a parking lot also. It's not going to build on. We have insiders and outsiders. Are they going to be able to still park on our parking lot?

According to C&C we own you, you do as we say.

Tenants have no input. Who will be responsible for collecting our rent, you know, the money that we pay for, our parking, and where is it going to go?

CHAIRPERSON TORRES: Well, I don't normally answer questions, but it looks like C&C Management is going to handle the day to day operations.

PATRICIA LAMONICA: Right, I know that part, but they don't let the tenants have no in-say [sic] of it. If you go to my building--they came in January 1st. If you go with me right now back to my building, my elevator has been out since January 1st. It's still not working today. Then they said to the tenants, the other elevator, you must go to the second floor to catch. Unacceptable. No hot water. No heat. We're freezing.

CHAIRPERSON TORRES: It's unacceptable.
We--I'll have a staffer of mine speak to you
afterwards, yep.

PATRICIA LAMONICA: No problem.

LISA KENNER: Good afternoon. My name is
Lisa Kenner. I'm the President of Van Dyke Houses,
which is located in Brownsville. I wish my Council
person was here so she could hear me. Maybe you can
convey the message to her. While I've been sitting--
I came and was listening to everybody because I feel
Van Dyke going to get ready to go into the same mold
where they're going to do it differently. They sold
the parking lot for low income supportive housing,
which people do need a place to live, but you got to
upgrade. Like I told them, they got to upgrade the
stuff. We have the oldest playground, and you know,
kids [sic] are territorial. You got to make
everything look nice. Now, they've been having
meetings since September, and what they start off
with, they say maintenance and repairs, they got like
six categories. Now, they want to get the football
field. Instead of making the football field--you
wonder why kids are running around, they want to be
acting up, because they don't see a football field.

CHAIRPERSON TORRES: I'm sorry, can I briefly interrupt? Is this Choice Neighborhoods, or?

LISA KENNER: Choice Neighborhood, whatever they want to call it.

CHAIRPERSON TORRES: Okay.

LISA KENNER: It's Choice Neighborhoods, but the reason why I'm saying something because I don't want to get into particular like everyone else and they all the sudden is there and nobody knows nothing. You know? So, this is why I'm bringing it up. I wasn't going to say anything. I was going to sit there and listen. But I said, wait a minute, you better get up here and say something. Now, across the street they want to put a building which was a football field, make it as a football field, a baseball field where kids can go and play. Then you wonder why kids always into things that negative, because they don't see nothing positive. But my thing is now they was talking about--been going to these classes, next week is another one, and they talking, they talking, they talking, you know. It's like 50 to 60 percent, but my thing is if you build a building there and you have 22 buildings that's going to be 60 years old and you're not doing nothing in

1 those buildings, how can you build a new building and
2 the building that people living in is not even--it
3 need help. The walls need painting. The elevators
4 need painting. The town [sic]--like I said, when Van
5 Dyke was built, it started in 1944. It was completed
6 in 1955. We'd be 60 years old, you know, and we went
7 on a tour. They looking at the land. You got to
8 come in and look inside the building, and plus, you
9 cannot build a building with 22 buildings with people
10 and it's a brand new building. We all living in
11 other buildings that we haven't had a refrigerator in
12 17 years, a new refrigerator. I've been to people
13 house, their refrigerator look like it went through
14 dirt, and it's just that they can't clean it no more.
15 Only thing, reason why I want to say this because
16 when they do come, I want you to know it already so
17 when I come back you can say, "Wait a minute, she
18 told us about it." So they won't try to put nothing
19 underneath. Thank you.

21 CHAIRPERSON TORRES: Thank you so much
22 for your testimony. And I think you've been a
23 regular. I think you've testified at my hearings
24 before.

25 LISA KENNER: Right, in Brooklyn.

CHAIRPERSON TORRES: Yes, you did.

MILDRED MARTINEZ: Hi, Chair [sic], and thank you for allowing us to come up. My name is Mildred Martinez, and I am the--I was the President of Campos Plaza One and Two for 14 years. I participated in all, pretty much all the meetings throughout the community to always stress the need that our community had. I came to this meeting today confused because we've been hearing a lot of things, bits and pieces here and there, but Chairperson cleared [sic] it really good, and I hope that you're going to take the time to give it your undivided attention, because you are confused just like we are. And the bits and pieces that they want us to hear, she made it very clear to go around and around, okay. And how they're so concerned for us to be part of that process, but yet, they failed to invite you before the due process was put in place, and then on top of that, they went back to the community here and there, and I videotaped one meeting that they were going to have me arrested because I was videotaping it. Why wouldn't you want for the world to know what you're saying if what you're saying is a legit process that you're taking. She kept stressing how

1 we want to go through the legal process and
2 everything is really upfront, but meanwhile, she's
3 not being upfront with you guys. I truly believe that
4 this deal has been coming for 21 years, starting with
5 Giuliani, and then it was supposed over [sic] with
6 Bloomberg, okay. Now, I'm sad to say that I
7 supported Bloomberg due to the circumstances of
8 working with Shelton Silva [sic] for 23 years and
9 terminated for supporting Fernando Ferrer [sic].
10 Now, if we really take the time to listen to what she
11 said, that goes for you guys. Pay attention because
12 they're only giving you what you want to hear or what
13 they want you to hear. They're not giving you the
14 real big picture behind closed doors. You honestly
15 think that we're going to get to 30 years with them?
16 I don't think so. I honestly feel the first 10 years
17 something's going to happen. The city is not going
18 to be able to fund the money. Twenty years, then
19 you're done. So then what are you going to do?
20 You're going to go foreclosure. It's going to go for
21 foreclosure, and then by the time it hits 30 years,
22 they're going to own it. I'm here on behalf of Campos
23 Plaza's residents because I am really concerned at
24 the fact if they go five dollars over the minimum
25

1 wage or the cap that they have, what's going to
2 happen to them? If we stay in place right now in the
3 conditions that we're in, we're going to sink,
4 because in the long run the residents are going to be
5 out because it's going to go market rate, and people
6 don't want to believe that. Okay? Now, you our
7 elected officials, I'm expecting you to give this
8 your undivided attention because it's going to affect
9 all of us, the six buildings that are already being
10 taken and put into place. And remember what she
11 said, it's a done deal. So if it's a done deal, why
12 are we here? I mean, you're the elected officials,
13 are you supposed to be voting on it? So, if it's a
14 done deal, why are we here? But if you have the last
15 word, take the time to evaluate what has been said,
16 request information, compare it, and then make your
17 decision. Thank you so much.

19 CHAIRPERSON TORRES: We're here because
20 one of the roles of the City Council is to perform
21 oversight, even though NYCHA's not a city agency. It
22 is an authority. It's exclusive in New York City.
23 And oversight means reviewing past, present and
24 future decisions of the Housing Authority. So the
25 fact that it happened does not mean that we shouldn't

1 have a hearing about it, because people have
2 questions, and those questions need to be answered in
3 a public forum.
4

5 MILDRED MARTINEZ: But it's a done deal.
6 How can you overturn it? You can't.

7 CHAIRPERSON TORRES: The point of an
8 oversight hearing is not to overturn it. The point
9 is to affirm the public's right to know the details
10 of the translation. I don't have the legal authority
11 to overturn it.

12 MILDRED MARTINEZ: Okay, so then how is
13 it that they're going to--

14 CHAIRPERSON TORRES: [interposing] I mean,
15 I don't want to get into a back and forth, but I just
16 wanted to answer your question.

17 MILDRED MARTINEZ: My point is, they come
18 into the community. They misinform the people, and
19 then they only give them what they want to sell.

20 CHAIRPERSON TORRES: Also, I want to
21 address your--so, I'm comfortable saying that for 20
22 years, the affordability of the units will remain
23 solidly in place. If the federal government were to
24 terminate the HUD--the HAP contract will last for 20
25 years. And if the federal government were to

1 terminate the contract before the 20 year period, the
2 federal government could get sued. You can get sued
3 for violating a contract. So for the first 20 years
4 the affordability is firmly in place. Nothing's
5 going to happen in 10 years.

6 MILDRED MARTINEZ: Uh-hm.

7 CHAIRPERSON TORRES: I think the question
8 is what happens the 30 year mark. That's the concern
9 that I have, and--

10 MILDRED MARTINEZ: [interposing] Yeah,
11 but--

12 CHAIRPERSON TORRES: I don't want you to
13 think that there's--

14 MILDRED MARTINEZ: [interposing] before
15 the 30 years, if the residents make a 100 dollars
16 more, are they going to be forced to pay market rate
17 or are they going to have something fixed in place?
18 They're not. They're going to be forced out.

19 They're going to be priced out, exactly. And that's
20 a question that you need to secure the resident of
21 NYCHA, because of the fact that everybody's really,
22 really worrying about this and we have you guys to
23 look out for us because you're in the inside, you
24 know, and we're entrusting in you that you're going
25

1 to do right by us. And I'm hoping that Mr. de Blasio
2 isn't going to be selling us out, because I really
3 love him, okay? And I'm really impressing on the
4 things that he's brought into place compared to Mr.
5 Bloomberg that has sold us out and divided the city
6 of New York. You got to know that the flavor is
7 coming back slowly. You know? So we got to give him
8 that benefit of the doubt and work together.
9

10 CHAIRPERSON TORRES: So I appreciate--

11 MILDRED MARTINEZ: Thank you so much.

12 CHAIRPERSON TORRES: If you have any
13 questions, I'd be more than happy to speak in
14 private, but I do want to-- Council Member Mendez has
15 a few questions.

16 COUNCIL MEMBER MENDEZ: Thank you. I want
17 to make a statement and then I have a question.
18 First of all, Ritchie and I are children of public
19 housing, so nothing is more important to us than what
20 is happening not just where we grew up but throughout
21 all the developments. The benefit of these hearings
22 is information. So, today we got information that we
23 didn't know about what could happen in 15 years with
24 another refinancing. We got information where the
25 Chair agreed that they would, and told us that she go

1 for getting the waiting list extended to Campos One.
2 So that's all very important things. There's a lot of
3 more details. I feel, myself, we were given
4 information in drips and drabs, and so this clarifies
5 things on the record. I will, you know, I got them
6 to agree that they're going to come to a Community
7 Board Three public housing meeting. I also have
8 asked them to do meetings in each of the lobbies,
9 because sometimes, particularly with the winter we've
10 had, people can't come out to get the information and
11 we should be able to go to the people and give them
12 the information right there in their lobby. So,
13 thank you, Mr. Chair, for giving me that opportunity.
14 The question, I wanted to ask you. You're a resident
15 in Campos One or Campos Two?

17 MILDRED MARTINEZ: I've been there for 32
18 years.

19 COUNCIL MEMBER MENDEZ: And I forgot to
20 ask, in all the years that you have all been there,
21 Campos One and Campos Two, the rent was then the same
22 and--

23 MILDRED MARTINEZ: Everything has been
24 pretty much the same, and the all participate in the
25

COUNCIL MEMBER MENDEZ: Yes, and that was my concern when they first put out the RFP in terms of Campos Plaza. It's like being adopted and then--

COUNCIL MEMBER MENDEZ: years later the adopted child being treated differently and it's just not right.

COUNCIL MEMBER MENDEZ: Well, the reason is that through all the years, NYCHA used to go to HUD and ask for a waiver so that all the tenants in all the buildings irrespective could be treated the same and enjoy the same benefits and run, and now that they've done this public/private venture, it's a different entity, and they would have to seek a waiver in order to continue to do it that way, but

then you have this outside partner. I don't know that HUD would give the waiver.

MILDRED MARTINEZ: I know they're not.

COUNCIL MEMBER MENDEZ: NYCHA did say they would look for a waiver to keep the waiting list the same, and I think that's a big thing, and we'll wait to see--

MILDRED MARTINEZ: [interposing] Who would want to move into 205 or 635 right now?

COUNCIL MEMBER MENDEZ: If--

MILDRED MARTINEZ: [interposing] The conditions--

COUNCIL MEMBER MENDEZ: [interposing] If you qualify for Section 8 you'd want to move in there, and just like Section 8 and public housing, it's 30 percent of--

MILDRED MARTINEZ: [interposing] Your income.

COUNCIL MEMBER MENDEZ: Of your rent is what you pay, and then the--you know, they get a subsidy for the rest.

MILDRED MARTINEZ: And who made the selection of bathtubs, the cabinets? They say that it's all compressed wood.

CHAIRPERSON TORRES: There are a few--
there are many tenants who are waiting to testify, so
but if you have any questions, we'd be more than
happy to--

LISA KENNER: [interposing] Can I just say
something?

MILDRED MARTINEZ: Thank you so much.

VAN DYKE: That's why, you know, I'm glad
I stayed because I think we going to get into
predicament like these people right here, and I want
to be upfront. See, I'm sorry that Saratoga Square
left, but let me just say something about Saratoga
Square. That was a senior development, and I don't
know how they put--starting to put younger people in
there, because that been a senior development as long
as I can remember. Now, I know young people live in
there because they didn't take them out, but I know
all--I know the presidents. I don't know where they
came up with that. I don't know. But I don't know.
But I want you to know this, when Van Dyke come and
they start messing with us like this, I will be back.
Thank you.

CHAIRPERSON TORRES: I hope you're back
before then. [off mic] Will Mr. Acevedo from Green

1 City Force [sic]? We have Thomas Rocko from Urban
2 Justice Center or Rachko? I'm sorry. We have Ms.
3 Lopez from Good Ol' Lower East Side. Ms. Lopez?
4 Okay. George Finley [sp?] from NYCC. We have Carl
5 Johnson from Plumbers Local Union One. Is this--
6 Okay. We have Abraham Rosado, for--Abraham Rosado?
7 And Mr. Tomer [sp?], former BFC employee, Mr. Tomer?

8 UNIDENTIFIED: Turner?

9 CHAIRPERSON TORRES: Turner, I'm sorry,
10 Turner, yeah. It's not--I'm having trouble. Is this
11 the final panel? We have one more? [off mic]

12 COUNCIL MEMBER MENDEZ: Mr. Chair? Can--
13 I'm going to have to leave during this panel, because
14 I have another meeting so I can't stay to the end,
15 but I also wanted to give a shout out to Thea
16 Martinez [sp?]. Her father was the one who put the
17 financing plan to create Campos Plaza and there was
18 not enough money, and he and others in my
19 neighborhood went to Mayor Koch so that they could
20 build this housing. He was responsible for putting
21 the plan together for Buscetti [sp?] Houses, Campos
22 Plaza One and Two, and Tanya [sic] Towers in Albadio
23 [sic]. So he's one of our community heroes and I
24 just want to acknowledge that. Thank you.
25

CHAIRPERSON TORRES: On behalf of the Housing Committee, thank you to your father. Thank you. Thank you for your work. I want to start with my favorite organization, Green City Force.

GASTON ACEVEDO: Good afternoon, Chairman Ritchie Torres and Committee Member Mendez. Thank you for the opportunity to speak with you today about experience as a Green City Force Alumni and porter with C&C Apartment Management. My name is Gaston Acevedo and I am a resident of the Valadic [sic] Houses located on the Lower East Side. I have worked as a porter for C&C Property Management since the first of January. My long term goal is to be able to comfortably support a family of my own and ensure them opportunities and a living environment that I did not have growing up. I work at Campos Plaza One, which is located in my neighborhood. This is very convenient for me because I walk to work. As a porter, I maintain the inside and grounds of the building, mopping, sweeping, and practicing proper trash and snow removal. The staff here are all very friendly and have quickly addressed any concerns of mien. Together we have been achieving our goal of providing efficient meters [sic] throughout the

premises while delivering customer service to the residents. We have faced some challenges along the way since we are all new and are trying to establish a system that works, but I can confidently say that everything is coming together quite well. The L+M Management staff frequently visits the property to ensure that everything is going accordingly. So far, the renovations are coming along and security measures are being implemented as well. I had first heard about the position through Green City Forces Alumni Coordination Team. Green City Force is dedicated to recruiting, training and supporting young residents of New York City public houses ages 18 to 24 who have their GED or high school diplomas but are unemployed. Green City Force is deeply committed to its Alumni to helping us find job opportunities and a career path as well. I learned about Green City Force through a NYCHA information session. This is the second opportunity that I have been able to obtain as an alumni of Green City Force. It is my understanding that L+M, the parent company to C&C Management, and they were looking to hire NYCHA residents and reached out to resident Economic Empowerment and Sustainability lease as well as Green

City Force. The staff at L+M were all very impressed with the work that Green City Force performs and how well they train young adults living within the NYCHA houses. This in turn led to my interviewing for the available position. I met with Jose Cruz who was Quality Control for all maintenance operations. My interview went exceptionally well and ultimately me and 16 others from Green City Force were offered positions within the company. I would like to thank Green City Force for this wonderful opportunity, because not only was I informed about the position through the alumni coordination but the professionalism and work ethics that the program had instilled in me has already made me well regarded within the company. I truly believe it would have been near impossible to obtain this position without the help of Green City Force, because through the program I gained valuable work experience and I was competitive for the position. It has been a pleasant experience so far working for C&C Management. I see that there is tremendous room for growth within the company and this certainly can be considered a career path. Thank you.

THOMAS RACHKO: Hi. Good afternoon, Chairman Torres and honorable members of the Public Housing Committee of the New York City Council. My name is Thomas Rachko, I'm a Policy Fellow at the Safety Net Project of the Urban Justice Center. I come before you today regarding NYCHA's decision to sell the stake in several project-based Section 8 developments to private developers. A lack of federal funds, disgraceful disinvestment in public housing by the state and the previous mayoral administration and mismanagement at various levels within NYCHA have disastrously driven the city agency over the brink to a state of financial calamity. I wish could provide you information on analysis that we are able to do on the positive and negative aspects of the proposal. However, I am unable to do that. Like Legal Aid, it was not until reading a December of 2014 article in the Wall Street Journal that we were made aware of the proposed sale. We fully understand that NYCHA faces a dire financial situation. However, that does not alleviate the responsibility as a New York City authority to have a transparent process for making important decisions such as this sale. This administration has promised

greater transparency and community engagement.

Accordingly, we are surprised that a deal of this magnitude effecting thousands of residents was not fully vetted by the greater community of NYCHA residents and the network of community stakeholders dedicated to improving the lives of NYCHA residents.

The Safety Net Project has raised the issue of transparency previously in an article penned by our Managing Director, Naneese Miranda [sp?]. In her article, Ms. Miranda suggests that transparency and accountability are two easy quick ways to address the most micro and most important of NYCHA's problems, the living conditions of tenants. Thus, we strongly believe that it is crucial that NYCHA is transparent and held accountable in anything that it does that affects its residents. We suggest that the New York City Council urges NYCHA to commit itself to better transparency for the sake of residents and advocates.

We ask that NYCHA host informational sessions in each borough that will provide interested residents and stakeholder's information in regards to this deal.

Going forward, we ask that NYCHA work with the office of Council Member Torres who has been at the forefront of crafting a community engagement model

that both informs residents and stakeholders of NYCHA's plans and allows for meaningful feedback and input. Thank you.

CHAIRPERSON TORRES: Thank you for the nice shout out.

ABRAHAM ROSADO: I'd like to thank the panel for hearing me out. My name is Abraham Rosado. I'm Assistant Coordinator for New York City Community Alliance for Workers Justice, and I'm here just to share basically an awareness for awareness. Give me a quick sec here to pull up my little writing. I'm a resident of New York City. I have worked for Thomas Oranga [sp?] for five years. This is a company that Don Kaposha hires. I'm here today because I am shocked to hear NYCHA's becoming a partner with this private developer who tried to sue his own tenants and hires Thomas Oranga companies who sexually harasses women, exploits and robs its workers as well as my government, our government. It seems NYCHA did its research on private developers, private developer's bank statements that is, not its true value. It's motivation money. I've worked for Thomas Oranga, this company. I have a lawsuit against them. It's currently 70 employees where he

1 had received kickbacks. In order to keep certain
2 jobs, prevailing wage jobs, you had to provide
3 kickbacks to her. He verbally and sexually harassed
4 female. This is who Don Kaposha hires. I mean, the
5 reputation that he carries. For NYCHA to actually
6 hire someone like this just further proves the
7 disregard for everyone and everything. Along with
8 the panel, everyone, no one knew about it. It became
9 a surprise to everyone. Like, all of a sudden it's
10 like we kind of feel deceived. So it's even hard for
11 me to kind of put in words. Certain things you don't
12 expect, and I'm not into politics. I never was. I'm
13 for the people. I try to help anyone and everyone.
14 And first of all, my family is from the projects, and
15 we work hard and we try to better ourselves, and for
16 them just to give everything away it seems like. And
17 security, there is none. Where's the security for
18 us? Every day we go out, we work hard, you know, and
19 we have nothing to show for it, except our homes. We
20 take pride in what we have in our home. And it's
21 just so disappointing. Not so much in just them, but
22 in the government, the thing in place that's supposed
23 to oversee it. Why doesn't the federal government
24 just give NYCHA the money instead of giving 421-a tax
25

breaks to the developers themselves? Why is the money going around to all the developers except to NYCHA directly? Why don't they get the tax breaks?

CHAIRPERSON TORRES: So, I'll actually answer your question. So 421-a is a creature of the city and the state. So the city and the state give the 421-a tax abatements because, you know, the real estate is a powerful constituency. That's the honest answer. And the federal government is controlled largely by Republicans, and I think it's fair to say that as a general rule, Republicans don't believe in public housing. So, that's--

ABRAHAM ROSADO: [interposing] I just feel if they could bail--

CHAIRPERSON TORRES: [interposing] what explains this.

ABRAHAM ROSADO: out MTA, they should bail out housing. We're in dying need of it. But thank you for hearing me.

CHAIRPERSON TORRES: No, of course. Thank you for your testimony. And I want you to know that we're going to ask NYCHA for information regarding the contractors and sub-contractors hired to do the rehab, and if there's any indication that

those contractors have a history of stealing wages or creating unsafe working conditions or failing to live up to their statutory obligations, I'll hold another hearing.

: Thank you.

CARL JOHNSON: Good afternoon, Mr. Chairman, ladies and gentleman. Thank you for hearing my testimony. I'm Carl Johnson. I'm the organizer of Plumber's Local Union Number One, and I'm here to speak on behalf of the Building and Construction Trades Council of New York which represents 100,000 construction workers in the city. We believe that transparency and disclosure in the NYCHA public/private partnership terms are necessary and warranted. We're pleased to announce that the Building Trades has recently entered into a historic project labor agreement with NYCHA that would allow its construction managers to perform renovation and rehab work with Building Trades Union Labor that will aid NYCHA in performing this work in accordance with the highest industry standards. The Building Trades believes that this PLA will encourage the participation of responsible contractors to pay good wages and benefits to their employees and train their

employees in the highly sponsored apprenticeship programs of the Building Trades Unions which is second to none. Thus, helping NYCHA deliver efficient and safe projects for both its workers and its tenants. In order to make this happen, the Building Trades Unions agreed to adjustment to the conditions of their employment that will help to control and even reduce NYCHA's expenditures, including adjustments to overtime, shift work, make up time for weather days as well as holidays. This agreement also calls for NYCHA and the Building Trades to collaborate on creating opportunities for NYCHA residents to gain access to training programs, providing real skills that can prepare them for a career in the construction trades. This PLA is the best model for meaningful workforce development. With respect to project-based Section 8 subsidies for owner developers as well as other forms of NYCHA infill work, there are no labor standards attached and no commitment required for training opportunities. These subsidies do nothing to advance the lives or careers of tenants and only perpetuates the need for more and more affordable housing. While owners and developers are assured full Section 8

tenancy for boosting their profits at the expense of city residents. We believe a better model is to use these subsidies in a way that advances NYCHA's dual goals of completing efficient projects and creating work opportunities for its residents. NYCHA should not outsource its commitment to improve the lives of its residents to owner developers that don't share this view. We encourage NYCHA to include all its work into a PLA that includes labor standards, guaranteeing an appropriate wage and benefit package as well as training opportunities for residents that can provide a skilled trade in the construction field. The more projects that are included under a PLA the more work opportunities that can be protected to the residents which may ultimately result in their being able to leave Section 8. Nonunion developers and builders don't provide this commitment to the advancement of NYCHA resident and the Building Trades has made. On a personal note, as someone who was born and raised in a New York City housing project, I'd like to just stand here and say that without the union I wouldn't be where I am today. And there aren't many other organizations that are going to

extend a hand and help people out from the projects and this community. Thank you.

CHAIRPERSON TORRES: Thank you for your testimony. Where did you grow up, by the way? Where were you born, which development?

CARL JOHNSON: I was born and raised in the Soundview Houses in the Bronx.

CHAIRPERSON TORRES: Yeah, I love the Bronx.

CARL JOHNSON: Yes, sir.

CAROLE TURNER: Good afternoon, distinguished panel and guests. My name is Carole [sic] Turner, and I'm here representing New York City Community Alliance for Workers' Justice. My fellow co-workers here with just testified, we work for the same company. I worked for that company for 13 years and for the affordable housing my boss owns [sic] almost 75 to 80 percent of that job, Dan Kaposha, which is the BFC, I think, L+M. And if I could stray a little, Joy [sic] Construction and Knickerbocker Construction, and the treatment that we receive from my boss, I'll say Thomas Oranga and his affiliated company, I would like to know if Dan Kaposha or the other companies that hired my boss as a subcontractor

do these jobs, and he treated us as a worker. Nine dollar, 10, 11, 12 dollars per hour to work in a construction field. All these risk and working in any type of weather, what I'm saying is this once my boss look at me and told me, "Oh, Carole, last year I was a millionaire. This year I'm a multi, multi-millionaire. Yes, you as a contractor who's been stealing from your workers and my coworker said, paying us what you feel like. To me, in a construction field at nine dollars an hour, that's below minimum wages. And if we worked like that--and I'm going say, my boss is a part of that stream. Is the stream that filters out is so dirty at the bottom, God forbids what is at the top. I would like you distinguished guests and officials in your field to look in what I'm saying, to look at NYCHA who hired these people, like Don Kaposha and his affiliated company who hired Thomas Oranga with his affiliated company, because any time he got wrong with the government, he changes the name of the company can come with a different name. He was disbarred once from doing prevailing wages. Now he's back in the field paying us what he feels like and getting away with it. And to my little knowledge

1 that I have is because, as I say, the stream is
2 dirty. No one looks into what he is doing. No one
3 look into what NYCHA, who NYCHA hire. Oh, yes, this
4 one is a good contractor. But what about the
5 subcontractor who treated us like we're nothing. And
6 as I say, it doesn't matter, the color, creed or
7 class, God forbid we are all humans and we need to be
8 treated properly so we can take care of our families.
9 So, I would like you distinguished Council Members or
10 whosoever can look into it and see who getting the
11 contract from Dan Kaposha and look at my company
12 which is--if you give me a minute. It was Super
13 Structure [sic] Urban Erector [sic], New York Regas
14 [sic], New York Steel [sic], SSBI [sic], and all
15 these affiliated company under one umbrella whose
16 been robbing us, and while he's doing that and
17 getting away, is because 75 percent--knocking nobody,
18 but 75 percent of his workers are undocumented. So
19 he can do what he feels like with us and think he can
20 get away with it. Thank you for your inmil [sic],
21 and I appreciate it.

22
23 CHAIRPERSON TORRES: Thank you for your
24 testimony. Thank you so much. So--do we have more?
25 Kimberly Cotton? Okay. So this looks like our last

2 panel. Thank you for your testimony. Since--so
3 since there are no one waiting to testify, I'm going
4 to adjourn this hearing.

5 [gavel]

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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 February 22, 2015