

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PLANNING, DISPOSITIONS,
AND CONCESSIONS

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March 24, 2015
Start: 1:25 p.m.
Recess: 1:40 p.m.

HELD AT: 250 Broadway - Committee Room
16th Floor

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

COUNCIL MEMBERS:
Darlene Mealy
Ydanis A. Rodriguez
Andrew Cohen
Mark Treyger

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

Baaba Halm
Assistant Commissioner
Governmental Relations and Regulatory Compliance
Housing Preservation & Development (HPD)

Karin Maulsby
Deputy Director
Low Income Housing Tax Credit Preservation Program
Housing Preservation & Development (HPD)

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[sound check, pause, background
conversation, pause]

SERGEANT-A-ARMS: Quiet, please.

CHAIRPERSON DICKENS: Good afternoon. I
am Council Member Inez E. Dickens, Chair of the
Subcommittee on Planning, Dispositions and
Concessions. I would like to welcome everyone to
today's hearing. We have a small room, but it's
warm. I want to thank and acknowledge my Sergeant-
at-Arms Angel Chacon and Regina Sharp with the pretty
blue around her eyes. [laughter] I also want to
acknowledge and thank my Land Use Director, Raju
Mann; Deputy Director Amy Leviton; Attorney Ann
McCaughey; and my new Attorney Dillon Casey, who no
longer is going to get the title here. [sic]

I want to acknowledge my esteemed
colleagues who are members of the Planning
Subcommittee that are here. Council Member Mark
Treyger, who gets the gold star today. That's right.
It's all right to clap for him, and Council Member
Ydanis Rodriguez who thinks he would get it at every
hearing. [laughs]

COUNCIL MEMBER RODRIGUEZ: [off mic] All
right, I could use that.

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2 CHAIRPERSON DICKENS: We have one item on
3 our calendar today that we will be hearing, and
4 voting on. I am opening up the hearing for Land Use
5 Item No. 192, also known as Hunts Point Cluster.
6 These properties are located in Council Member
7 Arroyo's district in the Bronx. This application is
8 submitted by HPD for an approval for an Article 11
9 Property Tax Exemption for a cluster of buildings. I
10 want to just give you a note that this Article 11
11 Request is for a cluster that the City sold a number
12 of years ago that are now refinancing and will also
13 rehab the units. The tax benefits will assist in
14 keeping the project affordable. And we have to give
15 testimony today with us the renowned Assistant
16 Commissioner of HPD, Baaba Halm and Deputy Director
17 Karin Maulsby. Did I pronounce it correct? Please
18 identify yourselves first and then give us the
19 testimony.

20 BAABA HALM: Good afternoon Chair Dickens
21 and members of the Subcommittee. I am Baaba Halm,
22 HPD's Assistant Commissioner for Governmental
23 Relations and Regulatory Compliance. And I am joined
24 by--with Karin Maulsby our Deputy Director of the Low
25 Income Housing Tax Credit Preservation Program.

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2 Chair, today, we are here to discuss LU 192, which
3 consists of the proposed amendment to a UDAP
4 previously approved on May 5th, 1995 under HPD's then
5 Neighborhood Entrepreneurs Program. And our
6 application today is to include tax exemption
7 benefits for the project in the way that you've
8 described. Currently, the exemption area is located
9 at Block 2685, Lot 28; Block 2740, Lots 10 and 12;
10 and Block 2762, Lots 16, 18, 25 and 40. Also known
11 as you identified as the Hunts Point Cluster. The
12 sponsor for the exemption is proposing to
13 rehabilitate the seven multiple dwellings that
14 contain 96 units of affordable housing including two
15 superintendent units. The rehabilitation of the
16 project will include painting, upgrades, and
17 replacement of fixtures, flooring, heating and
18 plumbing upgrades as well as some other exterior
19 work. There is a mix of unit types within these
20 buildings that include, one studio apartment; 38 1-
21 bedrooms; 26 2-bedrooms; 15 3-bedrooms; and 16 4-
22 bedroom apartments.

23 There is currently only one vacancy in
24 these seven buildings. Currently--generally the AMIs
25 for tenants residing in the cluster are between 50

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1 and 80% AMI with rents varying between \$802 for a
2 studio, and \$1,183 for a four-bedroom apartment.
3

4 There is one commercial unit located in the Cluster,
5 and it's currently occupied by a delicatessen.

6 Today, HPD is before the Committee seeking the
7 Article 11 Tax Exemption benefit, which will coincide
8 with the terms of the new Regulatory Agreement. And
9 which would facilitate the continuing affordability
10 of the units for households living within the
11 Cluster.

12 CHAIRPERSON DICKENS: Do you have
13 anything that you would like to add, Karin?

14 KARIN MAULSBY: No, Chairman Dickens, but
15 if there are any questions, I'd be happy--I'd be
16 happy to address any questions you may have.

17 CHAIRPERSON DICKENS: Well, now, I
18 apologize, Baaba. Tell me how many units are in the
19 building.

20 BAABA HALM: 96.

21 CHAIRPERSON DICKENS: 96. All right.

22 BAABA HALM: Which includes two
23 superintendent units. So 94 plus--

24 CHAIRPERSON DICKENS: [interposing] 94
25 plus two.

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BAABA HALM: Yes.

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CHAIRPERSON DICKENS: All right and the
AMI is a great 50 through 80. The Article 11 will
allow it to remain affordable--

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BAABA HALM: [interposing] Yes.

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CHAIRPERSON DICKENS: --which is great.
This is going to be a moderate rehab then?

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BAABA HALM: Yeah, I wouldn't even
consider it moderate in that these are normal
maintenance upgrades to the property. The
significant rehab was done many years ago, but there
is a need to upgrade the individual units and some of
the systems that I identified for you.

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CHAIRPERSON DICKENS: Well, there's--is
there going to be any upgrade to the electrical
system because when it was done in '95, we did not
have the same need for the increase in the
electricity. Because of--of now we're using the
Internet, et cetera. So is there going to be an
upgrade to the electrical system?

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KARIN MAULSBY: Sure. So the way this
deal is structure well actually without providing any
additional City subsidizing. But we're reserving a
number of funds in the replacement reserve to allow

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2 the owner to really make these upgrades as he--as
3 needed. So that could be included. There should be
4 sufficient reserves that there are necessary upgrades
5 on all electrical.

6 CHAIRPERSON DICKENS: Well, actually,
7 this is going to be money. There's no--there's no
8 additional roll being put in place. This is actually
9 a drawdown on the replacement reserve money already
10 established.

11 KARIN MAULSBY: That's correct. The
12 project was fully capitalized, and is able to cover
13 the needs.

14 CHAIRPERSON DICKENS: Uh-huh. Is the
15 building up in its payments on the mortgage?

16 KARIN MAULSBY: Yes, and will be any
17 arrears whether they be DF [sic] or DEP will be
18 addressed as part of the repositioning paydown.

19 CHAIRPERSON DICKENS: What type of HVAC
20 system is there and is there going to be any upgrade
21 to the HVAC? If it's using oil. No. 6 is no longer
22 allowed, No. 4 is being phased out. What's being
23 done with the HVAC?

24 KARIN MAULSBY: Sure. We could look into
25 that, but once again, we're not really developing a

1
2 scope of work for this project since we're not
3 utilizing city capital.

4 CHAIRPERSON DICKENS: Well, thank you so
5 much, but in the future, please be aware, Karin, that
6 when we're talking about granting an Article 11 and
7 it's needed in order to maintain the affordability
8 that is so badly needed throughout the city, and
9 we're drilling down on the replacement reserve, I am
10 going to ask questions such as that. And I am going
11 to expect that you know what type of system it is,
12 and whether there is going to be an upgrade. And if
13 it's using oil, because we have implemented laws that
14 have outlawed 6 and is phasing out 4, are they going
15 to 2 or is going to be a conversion to natural gas.

16 BAABA HALM: Chair, we will absolutely
17 follow up on these additional questions for you to
18 understand the planned work. The electrical and the
19 HVS system wasn't identified to us as the work that
20 the building was going to be undertaking immediately.
21 But we will ask them what their plans are for those
22 upgrades.

23 CHAIRPERSON DICKENS: Are there going to
24 be a sufficient amount of replacement reserves left
25

1 in the pot in the event that something happens like
2 the roof.
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4 KARIN MAULSBY: Sure. So we do a couple
5 of needs assessments with the Ibarra [sic] and--

6 CHAIRPERSON DICKENS: I'm sorry. Speak
7 up.

8 KARIN MAULSBY: So there are a couple of
9 needs assessments done on the project, which
10 identified any capital improvements needed in the
11 next ten years. And we wrap in any improvements that
12 are taking place, and that should be taking place in
13 the next five years into the replacement reserve to
14 fully capitalize it. So, if there was a roof
15 replacement, unfortunately, I'm sorry I didn't bring
16 that drawdown schedule, but we would be including
17 that in the replacement reserve.

18 CHAIRPERSON DICKENS: All right. Well,
19 thank you so much. Thank you so much. You know, I
20 appreciate your testimony. Usually, you're very
21 thorough. You're usually very thorough. I do--you
22 know, when we're voting on giving Article 11 and when
23 we're looking into the drawdown on the replacement
24 reserves, I am going to basking these types of
25 questions because I want to know. I want to know

1 there are going to be replacement reserves left in
2 the pot that's allow in the case of the roof.
3 Particularly since we've been having the type of
4 weather we've been having. And that destroys--
5 destroys the roof.
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7 BAABA HALM: So we will absolute get back
8 to you with information about the extent of what will
9 be left over in the capital reserves. We don't
10 intend to liquidate that entire pot for these
11 upgrades that we've already identified for you. But
12 we will get back to you with additional information
13 about the electrical and the HVS system, and how much
14 will actually be left in the capital reserves for
15 future repairs that may be identified.

16 KARIN MAULSBY: Sure, and just to add to
17 that, there will be 500 per DU available in the
18 capital replacement reserve post improvements. So
19 there will be a minimum of at 500 DU.

20 CHAIRPERSON DICKENS: All right. All
21 right, well thank you very much for your testimony,
22 and I want to acknowledge Artie Pearson is--is here
23 with us today from HPD. And I'm going to now ask my
24 colleagues if any of my colleagues have any
25 questions. But I want to acknowledge that we've been

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2 joined by Council Member Darlene Mealy. Do any of my
3 colleagues have any questions. Council Member
4 Treyger.

5 COUNCIL MEMBER TREYGER: Thank you,
6 Chair. Just two clarifying questions. Does the
7 property currently have any violations. And if so
8 can you explain them?

9 KARIN MAULSBY: Sure, the property--

10 [background comment]

11 BAABA HALM: The property currently does
12 have a few violations. There were 11(c) violations
13 that have already been addressed and the owner is
14 working with the City to clear the database. But the
15 violations have been already addressed.

16 COUNCIL MEMBER TREYGER: So those were
17 11(c)?

18 BAABA HALM: Uh-huh.

19 COUNCIL MEMBER TREYGER: Are there any
20 other violations that we need to be aware of? As, Bs
21 or--?

22 KARIN MAULSBY: Sure. So we're working
23 with the Ibarra on all the violations. There were a
24 few. He has a larger portfolio. So at the project
25 itself we've addressed the violations, but we're

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2 looking also at his portfolio projects. But he is
3 spending time to clear those as well. So we're
4 working with them, and have a plan in place to have
5 those cleared prior to the closing.

6 COUNCIL MEMBER TREYGER: And so I think
7 it's very important so that people that keep coming
8 back to the city looking for more assistance that
9 they do their part. And especially we want to
10 maintain affordability. There's no question about
11 that, but they have to do their part to maintain
12 safety because being affordable by itself is nothing
13 if it's not a safe apartment, a safe building. So
14 that's really important. Maybe you can get us some
15 more information about the extent of the other
16 violations. And another question I had-- I don't
17 know if we heard it in your testimony. This is
18 Council Member Arroyo's district. Has she signaled
19 her position on this project?

20 BAABA HALM: Yes, absolutely the Council
21 Woman supports this project.

22 COUNCIL MEMBER TREYGER: Okay, than you,
23 Chair. I appreciate it.

24 CHAIRPERSON DICKENS: Council Member
25 Mealy.

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2 COUNCIL MEMBER MEALY: Could I ask have
3 you stopped any of--given any land to--if it only had
4 multiple violations? Have you done that once at any
5 time? If they do not clear up the violations, do you
6 still close on it?

7 BAABA HALM: I'm not sure I understand
8 the question, Councilwoman.

9 COUNCIL MEMBER MEALY: If a landlord had
10 multiple violations, and they did and Article 11,
11 have you ever denied them to get an Article 11 or do
12 any closing because they did not close out their
13 violations?

14 CHAIRPERSON DICKENS: I'm going to speak
15 a little bit more on that and expound on what she's
16 really--what the Council Member is really asking. Is
17 not only on the property of which you're seeking
18 currently an Article 11. Do you continue to give
19 them--support them to get Article 11 on this property
20 and any other property that they may have when there
21 are outstanding violations that purportedly they're
22 working on? Is that the questions.

23 COUNCIL MEMBER MEALY: [off mic] Thank
24 you, Chair.

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2 BAABA HALM: Thank you. I think Karin
3 indicated that this portfolio is an example of our
4 work with property owners to clear the violations on
5 the property that they're seeking the Article 11 on.
6 And to look at their entire portfolio, and to say are
7 there other buildings that they have own that have
8 existing violations. And to make sure to work with
9 them that they get addressed. One of the things that
10 we can do is we can delay our application before you
11 guys--

12 COUNCIL MEMBER MEALY: [interposing]
13 Have you ever denied? You could delay it, but have
14 you ever denied it?

15 BAABA HALM: I don't have the agency's
16 full record before me to speak to that particular
17 question. So I'm unable to answer that right now.
18 Also, some of the times or factors that the Article
19 11 is necessary to help the building address the
20 outstanding violations. So again, I don't have the
21 full record before me. But on an individual building
22 case, we look at it to see if t he Article 11 is
23 needed to help the building-- As we talked about
24 this building, is going to be doing repairs. We
25 don't have to put in a loan or city subsidy because

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2 they have capital reserves that they could do the
3 work. But other buildings may not be in the same
4 position. And so we could couple a loan with the tax
5 exemption benefit to do repairs.

6 COUNCIL MEMBER MEALY: All right, we
7 still should not neglect if they do have outstanding
8 violations.

9 BAABA HALM: Understood.

10 COUNCIL MEMBER MEALY: Thank you, Madam
11 Chair.

12 CHAIRPERSON DICKENS: Thank you. Are
13 there any other questions from my colleagues? All
14 right. I am now going to close the public hearing on
15 Land Use Item No. 192. I want to note for the record
16 that their Application they're voting on today has my
17 support and that of Council Member Arroyo. I will
18 now call on Counsel to call the roll on a vote to
19 approve.

20 LEGAL COUNSEL: Chair Dickens.

21 CHAIRPERSON DICKENS: I vote aye, and I
22 ask y colleagues to vote aye to approve the motion.

23 LEGAL COUNSEL: Council Member Mealy.

24 COUNCIL MEMBER MEALY: I vote aye.

25 LEGAL COUNSEL: Council Member Rodriguez.

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2 COUNCIL MEMBER RODRIGUEZ: Aye.

3 LEGAL COUNSEL: Council Member Treyger.

4 COUNCIL MEMBER TREYGER: Aye.

5 LEGAL COUNSEL: Land Use No. 192 is
6 approved with 4 votes in the affirmative, 0 in the
7 negative and 0 abstentions.

8 CHAIRPERSON DICKENS: I would like to
9 thank the members of the public and my colleagues and
10 the Council and the Land Use staff for attending
11 today's hearing that we have passed this motion.
12 Please mark your calendar. Be sure to attend our
13 next hearing, which will be held on April 13th. All
14 right, and again, thank you and this hearing is
15 hereby adjourned.

16 [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 March 30, 2015