

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND BUILDINGS

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June 1, 2015
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HELD AT: Committee Room - City Hall

B E F O R E:
JUMAANE D. WILLIAMS
Chairperson

COUNCIL MEMBERS:
Rosie Mendez
Ydanis A. Rodriguez
Karen Koslowitz
Robert E. Cornegy, Jr.
Rafael L. Espinal, Jr.
Mark Levine
Antonio Reynoso
Helen K. Rosenthal
Ritchie J. Torres
Eric A. Ulrich

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

Alicia Glen
Deputy Mayor
Housing and Economic Development
NYC Mayor's Office

Vicki Been
Commissioner
HPD, Housing Preservation and Development

Gary Rodney
President
New York City Housing Development Corp.

Walter Mosley
Assembly Member
New York State Assembly

Holly Chu
Office of Gale Brewer
Manhattan Borough President

Moses Gates
NHD

Tom Water
Community Service Society

Maritza Silva-Ferrell
Coordinator
RAFA, Real Affordability for All Coalition

Ellen Davidson
Staff Attorney
Legal Aid Society

Ava Farkas
Executive Director
Metropolitan Council on Housing

Bertha Lewis
President of the Black Institute

Lafonda Brown
NYC Community Alliance for Worker Justice
Appearing for Carol Turner

Ithier Lopez
Construction Worker

Minister Kirsten John Foy
Northeast Regional Vice President
National Action Networks

Bernadette Kelly
Appearing for George Miranda
President of Joint Council 16

Tony Williams
Construction Worker
NYC and Vicinity District Council of Carpenters

Dwight Chaparro
Carpenter
NYC and Vicinity District Council of Carpenters

Santos Rodriguez
Construction Worker
Construction Trade Council of Greater New York

Robert Altman
Consultant
Queens and Bronx Building Association

Anna Tobares
Laborer's Union

Dave Powell
Fifth Avenue Committee
Neighbors Helping Neighbors

Paris Simmons
Construction Worker
Local 79

Erica Glenn Biner
Construction Worker
Local 79

Jamal Fowler
Local 79

2 [sound check, pause]

3 [gavel]

4 CHAIRPERSON WILLIAMS: This hearing has
5 now begun. Good morning everyone, and thank you for
6 coming. My name is Council Member Jumaane Williams,
7 Chair of the Committee on Housing and Buildings. I'm
8 joined by Council Members Koslowitz, Rosenthal,
9 Lander and Rodriguez. Today, we are holding a
10 follow-up hearing to the committee's hearing on the
11 421-a Tax Benefit Program. At that hearing, we
12 reviewed the exiting 421-a Program. The purpose of
13 this hearing is to learn more about the Mayor's
14 proposed amendments to that program. To frame the
15 conversation we know that the city's rent laws expire
16 in just a few days, June 15, 2015. We also face the
17 expiration of a controversial 421-a tax exemption,
18 which I consistently stated that must end in its
19 current form. The 421-a program was originally
20 designed to encourage residential development of
21 underused land by providing a property tax exemption.
22 Since its inception, the goal of the 421-a program
23 has expanded to include incentivizing the development
24 of affordable housing for low and moderate income New
25 Yorkers. Some of the changes made to the program in

2 recent years in consideration of that goal include:

3 The creation of Geographic Exclusion Areas in which

4 421-a benefits are restricted to projects that

5 include affordable housing; extending the benefit

6 period based on the location of the development and

7 the inclusion of affordable housing; the requirement

8 of a prevailing wage for building service workers;

9 and the creation of a benefit cap for market rate

10 units. Historically, the 421-a program has been

11 renewed typically with amendments to address the

12 state's and the city's changing needs every four

13 years. According to the Department of Finance, there

14 are approximately 160,000 units citywide currently

15 receiving benefits under the 421-a program at a cost

16 to the city of about \$1.1 billion in foregone--

17 foregone tax revenue. The Mayor has recently put

18 forth a plan for renewing and amending the 421-a

19 program. Key parts of the plan include requiring all

20 projects to receive 421-a benefits to include

21 affordable housing; extending the tax exemption

22 period to 35 years; removing the benefit cap; barring

23 cooperative and condominium units from receiving 421-

24 a benefits; and enacting the city mansion tax.

25 Because the tax exemption costs New York City

2 residents so much every year, again right now about
3 \$1.1 billion of foregone revenue, which will only
4 increase, we must ensure that the Mayor's proposed
5 amendments to the program, should they be adopted,
6 offer the greatest benefit for our constituents.

7 I'm interested in hearing from the
8 Administration, housing advocates, legal service
9 providers and members of the real estate industry,
10 and the public at large about how the proposed
11 changes could affect our real estate markets, budget,
12 and supply of affordable housing. Unfortunately, I
13 recently learned that city's--that the city's largest
14 real estate industry association, the Real Estate
15 Board of New York is, while publicly supportive of
16 the Mayor's plan, unwilling to come before us and
17 give testimony. I find that unwillingness
18 disappointing and plan to have a staffer read their
19 testimony into the record so that my colleagues and
20 the public have a full understanding of their
21 position. I'd also like to state that I know there
22 are some here that are going to be clearly in support
23 of the Mayor's Proposal and some who will be against
24 the Mayor's Proposal. I want to make sure that we
25 all understand that I, one, thank the Mayor for what

2 he's been doing with a lot [sic] of affordable
3 housing. And the person who I find has done the least
4 is the Governor Cuomo. Although he is [applause]
5 critiquing--

6 SERGEANT-A-ARMS: Quiet down, please.

7 CHAIRPERSON WILLIAMS: --what's being
8 done in the city, I wish he would do less critiquing
9 and actually present something that would help us
10 around 421-a, particularly strengthen the rent laws,
11 and it's an abomination of what he's done with the
12 NYCHA capital funds. So, I hope the Mayor or the
13 Governor will stop just critiquing and present
14 something that will help New York City. In closing,
15 I'd like to thank my staff for the work they did to
16 assemble this hearing including Nikki Smith, my
17 Deputy Chief of Staff; Jen Wilcox, Counsel to the
18 Committee; Guillermo Patino, and Jose Conde, Policy
19 Analyst to the Committee, and Sarah Gastelum, the
20 Committee's Finance Analyst. With that said, I'm
21 going to call up representatives from the
22 Administration as our first panel.

23 I'd like to remind everyone that would
24 like to testify today to please a card out with the
25 Sergeant-At-Arms, and we have Deputy Mayor Alicia

2 Glen, Commissioner from HPD, Vicki Been, and Gary
3 Rodney, President of New York City Housing
4 Development Corp. Can you each raise your right
5 hand. Do you affirm to tell the truth, the whole
6 truth, and nothing but the truth in your testimony
7 before this committee, and to respond honestly to
8 council member questions? You can begin at your
9 convenience.

10 DEPUTY MAYOR GLEN: Chairman Williams and
11 members of the committee. Thank you so much for the
12 opportunity to testify today on the Administration's
13 proposal to reform and improve the 421-a program.
14 I'm Alicia Glen. I'm the Deputy Mayor for Housing
15 and Economic Development, and as you mentioned, I am
16 joined today Vicki Been, the Commissioner from the
17 Department of Housing and Preservation and
18 Development, and Gary Rodney the President of the
19 Housing Development Corporation. And while the focus
20 of today's hearing is 421-a, it is important that
21 this program is understood within the larger context
22 of the Mayor's ambitious Housing New York Plan to
23 create and preserve 200,000 units of affordable
24 housing.

2 As you all know, housing is the number
3 one expense of the vast majority of New Yorkers, and
4 it doesn't matter if you're a bus boy, a banker, a
5 teacher, housing is fundamental to a person's life,
6 to their identity, to their economic security, and to
7 their sense of possibility. We are at a turning
8 point in New York City's history where that
9 fundamental building block of what defines a person's
10 or a family's ability to succeed is under real threat
11 for millions of New Yorkers. But this crisis also
12 threatens our long-term economic growth and
13 competitiveness since our economy is fueled by
14 diversity of people, communities and businesses that
15 have long been New York City's hallmark. So in
16 short, if we want a city that is diverse, is
17 inclusive, that is fiscally sound, a city of real
18 opportunity and innovation, then there is nothing
19 more important than the work we can do to secure
20 affordable housing. We are literally in a housing
21 emergency, and that's what the Census Bureau has
22 clearly found. With an official citywide vacancy
23 rate of under 3-1/2%, which for all intents and
24 purposes is no vacancy. It is a crisis across the
25 board. Simply to keep up with population growth, we

2 expect the city will need to add 160,000 units of
3 market rate housing in addition to the 200,000 units
4 of affordable housing in our plan over the next
5 decade. But, again, the market is tightest at the
6 lowest end of the spectrum. We have only 1.8%
7 vacancy for units with asking rents under \$800 a
8 month. And that is a direct result of a drastically
9 shrinking supply of affordable housing. New York has
10 lost a quarter of a million, 250,000 rent regulated
11 units since decontrol began in 1994, and at least
12 25,000 units since the 2011 state regulation--state
13 rent regulation reforms were enacted. This turnover
14 has real consequences for the city's families,
15 especially given how rents and utility costs have
16 risen while real wages have declined.

17 Our latest data shows that 56% of rental
18 households are rent burdened in New York City. That
19 means you're spending more than 50% of your income on
20 housing. That's worse than last year, and up 15
21 points over the last 15 years. And while this
22 affordability gap is particularly acute for low-
23 income households, our critical workforce, our
24 nurses, our schoolteachers, our first responders
25 they're also feeling the pressure of rising rents.

2 And there is clearly growing income inequality in
3 both the highest income and the lowest income
4 neighborhoods, which limit many family's access to
5 the education, jobs and other opportunities that make
6 New York City a beacon to the rest of the world.

7 I am pleased to share with you a few
8 highlights of how we've been tackling this crisis by
9 executing on our plan on all fronts and at record
10 rates. Together, with you, we doubled the capital
11 budget for housing with a \$7.2 billion commitment
12 that will leverage an additional \$32 billion in other
13 private and public investments to produce more
14 housing and more range of units for a broader set of
15 New Yorkers than ever before. We also added human
16 capital so that we could actually implement and
17 execute the plan. Fueled by these investments, we
18 exceeded our calendar year '14 goal by financing the
19 creation of preservation of new affordable units by
20 almost 1,400 units. We financed more than 17,300
21 affordable units. That's enough to house nearly
22 42,000 New Yorkers, and 85% of those units in
23 calendar year 2014 were for families with incomes
24 roughly between \$23,000 and \$67,000 a year. So
25 overall, we are serving a wider range of New Yorkers

2 than ever before from households at the lowest
3 incomes to middle-class families whose housing needs
4 are also not being met by private market development.
5 As well as an unprecedented commitment to housing in
6 our most vulnerable population creating more housing
7 options for the homeless, for seniors and individuals
8 with disabilities. And as we work to create and
9 preserved affordable housing, we're also cracking
10 down on tenant harassment and increasing protections
11 for residents.

12 In February, the Mayor made two important
13 announcements. First, he announced a \$36 million
14 commitment to protect New Yorkers against harassments
15 from their landlords. This means that in areas in
16 which the city is rezoning, if the city finds
17 evidence that tenants are being harassed, we will
18 supply those tenants with legal representation at no
19 cost to take their case to Housing Court. Second, in
20 conjunction with the Attorney General and the
21 Governor, we launched a joint enforcement task force
22 titled The Tenant Harassment Prevention Task Force to
23 investigate and bring enforcement actions including
24 criminal charges against landlords who harass

2 tenants. And we've already seen the fruits of that
3 work.

4 The final point I'd like to make about
5 the housing plan, and this relates to our approach
6 for 421-a as well. Is that to accomplish our
7 development goals we've set out to get the best
8 possible value for the public. We've worked with the
9 City Council to scrutinize deals such as the one done
10 at Domino's Sugar factory to every possible
11 affordable housing unit we can, and we will continue
12 to do so. While we are developing our citywide
13 Mandatory Inclusionary Zoning Program, which will for
14 the first time require a developer to include
15 permanently affordable housing as part of any
16 residential project in a rezoned area. We are
17 negotiating for more affordability at any individual
18 inclusionary housing project as well. This was most
19 recently seen when we worked closely with the Council
20 to approved the first-ever Mandatory Inclusionary
21 housing project in the city, Astoria Cove, which will
22 be 27% affordable. Most to families earning no more
23 than \$62,000 a year. Of course, in order to reach
24 our goal of 200,000 units in ten years, we must have
25 leadership in Albany. This means stronger rent laws,

2 which the Mayor and I have called for as a
3 foundational protection for long-time tenants who
4 continue to face rapidly rising rents, and are being
5 pushed out of their own neighborhoods. Our proposed
6 rent reform law calls for ending vacancy decontrol,
7 eliminating the vacancy bonus and making improvement
8 surcharges temporary instead of permanent. These are
9 actions, which will both stem the loss of regulated
10 apartments and keep those in stabilization affordable
11 to both families.

12 The stronger rent laws will only protect
13 the families who already have affordable housing. We
14 also must use every tool we have to build new
15 affordable housing, and that means it is time for
16 fundamental reforms to 421-a. Today, 421-a simply
17 does not produce enough affordable housing to justify
18 its expense. The benefit is available citywide,
19 although affordable housing is only required in 16-
20 1/2% of the city. Let me underscore that point. In
21 over 83% of our city developers can receive a
22 substantial tax benefit in exchange for building
23 without a single unit of affordable housing. And
24 where affordable housing is required, no more than
25 20% of the housing must be affordable. And it only

2 reaches people at a very narrow income band of 60% of
3 AMI. I want to be 100% clear on this. The
4 Administration firmly believes that straight extender
5 of the current program is unacceptable. It will
6 continue to stick New York City with a bill for
7 billions of dollars in return for projects that
8 produce little or no affordable housing. Unless we
9 come together as a city with one voice and demand
10 that Albany fix this broken program, a straight
11 extender is a real threat. And that is an
12 indefensible outcome.

13 So let me talk to you about our proposed
14 421-a reforms. After many, many months of
15 consultation and work with advocates, elected
16 officials, policy experts and industry leaders we are
17 proposing substantial changes to the program to
18 accomplish several key objectives. Number one, we
19 must produce more affordable housing. We must
20 promote the economic diversity of our neighborhoods
21 by equitably serving households at a broader range of
22 incomes including very low-income New Yorkers. We
23 must lower the cost to the city per affordable unit.
24 We must help ensure that tenants in existing 421-a
25 affordable apartments are protected. We must use our

2 incentives wisely to create more good paying jobs,
3 and we must raise dedicated revenues for affordable
4 housing through a mansion tax. Let me go through
5 each of these components in more detail with you.

6 First, and this is a fundamental paradigm
7 shift. All proposal would require affordable housing
8 in all areas of the city. The current 421-a program
9 only requires affordable units in the quote
10 "Geographic Exclusion Area" the GEA, which
11 encompasses just 16.5% of the city. The artificial
12 boundary line to the GEA cannot keep pace with
13 changing market conditions. And more importantly, we
14 should not be in the business of drawing arbitrary
15 lines to tell us which neighborhoods in our city
16 require affordable housing. We believe every
17 neighborhood deserves affordable housing. The bottom
18 line is no more tax breaks anywhere in New York City
19 without building affordable housing everywhere if you
20 want a tax exemption. We also will move beyond the
21 current 80/20 structure to require either 25% or 30%
22 of all units must be affordable in every development.
23 And we will push for even more or deeper
24 affordability when other city subsidies are given to
25 a project.

2 Second, we propose a wider range of
3 affordability so that 421-a can serve families
4 earning a broader range of incomes. Again, from very
5 low to middle-income housing households. We have
6 created a menu of options that balances the number of
7 units that will be affordable with the depth of the
8 affordability. Developers will be allowed to select
9 one of three options depending on their view of
10 market conditions and the specifics of that project
11 at any given time. All reforms ensure that different
12 incomes do not mean unequal treatment. So we also
13 propose to eliminate the provisions that allow for
14 buildings to have two separate entrances based solely
15 on the income of tenants. The era of the poor door
16 is over. Every tenant in every building receiving
17 this tax benefit will be treated fairly and with
18 dignity.

19 Third, we aim to lower the cost per unit.
20 To this end, we are proposing eliminating the 421-a
21 benefit for condos, which we all know is among the
22 program's most wasteful aspects. The city has
23 foregone well more than a billion dollars or a
24 million dollars in tax revenue for every affordable
25 unit generated through the condo program. Which I

2 think we can all agree is a exorbitant cost for an
3 affordable housing unit. High-rise luxury condo
4 towers in Manhattan simply do not deserve a tax
5 exemption. Let me show you a comparative cost o both
6 plans. Currently, 421-a benefits could last up to 25
7 years despite a requirement that the affordable units
8 remain affordable for 35 years. Often that will
9 trigger the need for additional subsidies for the
10 affordable units at the end of that benefit term in
11 order to keep those units in good financial and
12 physical health. Our proposal will eliminate the
13 need for these additional subsidies by properly
14 aligning the length of the 421-a tax benefit with the
15 35-year full-term of affordability. So projects
16 would receive a 35-year tax exemption, but the final
17 ten years of which will be at a reduced benefit equal
18 to the percentage of affordable units in the
19 building. So in real life for example a building
20 that is 25% affordable will receive 25% of the
21 benefit in the final ten years. Thus, aligning our
22 incentives.

23 Fourth, we propose a new mechanism to
24 help protect affordable units with existing 80/20
25 buildings. It would be a tragedy to lose any

2 affordable housing units. So our preservation option
3 will be for those buildings built under 421-a prior
4 to 2008. It would help the buildings, but would have
5 20 or 25-year benefits remain affordable for 35
6 years. In return for this incentive, these buildings
7 will need to increase their percentage of affordable
8 housing to 25%. In essence, taking an 80/20 to a
9 75/25, and apply the rent regulations to all of those
10 units. This mirrors our approach across the city
11 similar to how we use every tool to safeguard
12 affordable housing apartments within Mitchell-Lama
13 developments, other old HUD financed buildings, and
14 other tax credits for projects that are reaching the
15 end of their affordability regimes.

16 In addition, with our proposals we will
17 expand the prevailing wage requirements for building
18 service workers mandating this wage scale in
19 buildings with 30 units or more instead of the
20 current 50-unit minimum. As well as in buildings
21 that are anything less than 100% affordable. This
22 means that security guards, doormen, mechanics and
23 custodians many of whom would otherwise be making
24 unsupportively low wages will now earn wages that can
25 support a family. And we can accomplish this without

2 jeopardizing the production of affordable housing
3 that is vital to thousands of families.

4 Finally, as the committee may be aware,
5 our 421-a proposals includes another essential
6 initiative, the mansion tax. As we've testified in
7 the past, the Housing New York Plan identifies a
8 roughly \$1.9 billion funding gap that must be
9 overcome in order to reach 200,000 affordable
10 apartments. So as part of our 421-a proposal we are
11 also proposing a tax on the transfer of high value
12 homes revenue from which will be put into a lockbox
13 that can be used only to build or preserve affordable
14 housing. This one-time tax would apply to luxury
15 homes trading at \$1.75 million or above, and that
16 represents the most expensive 10% of sales in 2014.
17 Revenue from the mansion tax, as I've said, will be
18 put into a lock box that can only be used to preserve
19 or build affordable housing. The one-time tax would
20 be graduated at one percent on home sales between
21 \$1.75 and \$5 million. And a 1.5% sales tax--tax on
22 sales over \$5 million. This will help ensure that
23 those who can afford to purchase the most expensive
24 2% of homes pay more than regular New Yorkers. Our
25 mansion tax proposal is projected to raise between

2 \$180 and \$200 million in the first year alone. Thus,
3 bridging the financial gap of the housing plan that
4 we've already identified, and over ten years will
5 allow us to provide for 37,000 affordable apartments
6 over the next decade. That's enough to house 95,000
7 people. Let's not just talk units, let's talk
8 people. 95,000 people will be housed with that
9 mansion tax, which by the way is roughly the entire
10 population of Albany.

11 So let me talk about the impact that all
12 of our proposals will have. Under our proposed 421-a
13 program changes, we now project the creation of over
14 25,000 new affordable units for a range of income
15 over the next ten years. Again, not just units.
16 It's people. That's 65,000 New Yorkers, almost
17 double what we would expect if the current program
18 were to be extended without any reform. All
19 residential developments will include affordable
20 housing on site. And that helps to ensure that our
21 neighborhood have the economic diversity that is so
22 critical to preserving the city's character and its
23 competitiveness. 421-a will now serve a wider
24 spectrum of New Yorkers including for the very first
25 time very low-income New Yorkers who earn as little

2 as \$31,000 for a family of three. That's well below
3 the current income ceiling of \$46,600.

4 We are ending the benefit for condos.
5 This will result in billions in savings that will be
6 freed up for us to finance affordable housing
7 infrastructure and other critical needs of the
8 neighborhoods. In the average 421-a expenditure
9 needed to build an affordable housing unit will also
10 be reduced by a third. So not only are we getting
11 more units and serving a deeper range of people, we
12 are actually cutting the city's tax expenditure by a
13 third. From \$573,000 a unit to an average of
14 \$391,000 in today's dollars. Our expansion of 421-a
15 will also provide for prevailing wage provisions for
16 good additional jobs for building service workers at
17 good wages. And finally, our mansion tax would
18 provide dedicated funding for 37,000 affordable
19 apartments over the next decade.

20 Finally, I want to take this opportunity
21 to reiterate how critical it is that as the State
22 Legislature considers 421-a reform, it also passes a
23 reauthorization and significant strengthening of our
24 rent laws. To make sure that the one million rent
25 stabilized apartments in our city can remain

2 affordable to the more than two million people who
3 are living in those apartments. Our 421-a and rent
4 regulation proposals work hand in hand to protect and
5 create the affordable housing that New Yorkers need
6 and deserve. As we work at the State level to enact
7 these critical reforms, we hope to be able to count
8 on your support. I believe the de Blasio
9 Administration shares the same goals as the City
10 Council to ensure that our tax expenditures and
11 related programs are efficient, effective and result
12 in the affordable housing and diverse stronger
13 neighborhoods New Yorkers deserve. Thank you again
14 for the opportunity to testify.

15 [pause]

16 CHAIRPERSON WILLIAMS: Thank you, Deputy
17 Mayor for your testimony. I really appreciate it.
18 I'm going to start with some questions from the
19 current 421-a program. Also, we've been joined by
20 Council Members Cornegy, and [background comments]
21 and Council Member Mendez. How many affordable
22 housing units were created under the current program?

23 COMMISSIONER BEEN: So, Council Member
24 Williams, I think as we talked about in January,
25 first of all it's important to remember that the 421-

2 a program initially was not an affordable housing
3 program, right. So post 2008 is really what we're
4 talking about when affordability requirements were--
5 were put into place. As we have talked about on
6 several occasions, the technology for recordkeeping
7 and for reconciliation of our data with the
8 Department of Finance data is not what it should be.
9 But when we went back to 2009 and--and estimated what
10 was the affordability of all of those, you know, of
11 the units that had been building since 2009, we came
12 up with about--I think it was about 7,600 units of
13 affordable housing.

14 CHAIRPERSON WILLIAMS: That's--that's
15 since 2008 or from the life of the program?

16 COMMISSIONER BEEN: 2009.

17 CHAIRPERSON WILLIAMS: 2009.

18 COMMISSIONER BEEN: Beginning in 2009.

19 CHAIRPERSON WILLIAMS: And if the program
20 was just a straight extender, how many new units of
21 affordable housing do you believe would be expected
22 to be created over the next ten years?

23 DEPUTY MAYOR GLEN: Well, Council Member
24 I think that's the critical thing that we need to--to
25 focus on. Notwithstanding the troubles of our

2 recordkeeping in the past, I think the critical issue
3 here is if you look at the slide. That if the
4 current program is extended, we're looking at 12,400
5 units of affordable housing versus the 25,500 that we
6 predict. That is a real difference in real people's
7 lives, which is why a straight extender simply is
8 unacceptable.

9 CHAIRPERSON WILLIAMS: So, let's stay
10 there for a second. And what AMIs would--would be
11 built on that 12,400 versus 25,500?

12 DEPUTY MAYOR GLEN: Well, if the law is
13 extended in its current form, that law only allows
14 and requires affordable housing for people with that
15 very narrow income band of \$60,000--of 60% of AMI.
16 So again, one of the things that is so critically
17 different about what we want to see happen is that we
18 are expanding the range of incomes, and requiring for
19 the first time that if you receive 421-a, you have to
20 serve very low-income families, go again to 40% of
21 AMI.

22 CHAIRPERSON WILLIAMS: Okay. How much do
23 you--what's the annual expectation of costs under the
24 Mayor's plan.

25 [background comments, pause]

2 DEPUTY MAYOR GLEN: We have projections
3 of what the cost of the program would be in total.
4 We haven't done it annually because it will be lumpy
5 depending on production. But under the current--if
6 we have the current proposal, the estimate is that we
7 would be spending \$7.1 billion to create the 12,400
8 units. Under our proposal, it would increase the
9 overall cost of the program for the 45 years that the
10 tax exemption is available. Right, you have 35 years
11 each starting over ten years. You have a 45-year
12 stream of tax benefits. That would estimate at a
13 cost of \$9.9 billion, but we would be getting 25,000
14 units. Hence, the dramatic reduction in costs per
15 affordable unit under our proposal.

16 CHAIRPERSON WILLIAMS: So back to the
17 affordable units over ten years. I really want to
18 drill down on that options, and how many units you
19 think will be built in some of the AMI areas.
20 Because I think one of the issues that we had is that
21 I believe in the Option 3 it's at 130% of AMI, which
22 is actually more than some of the market rates in
23 some neighborhoods. So we're considering that
24 affordable housing, and I don't think a lot of people

2 would consider that affordable housing. So how much
3 of that 25,500 are 130% of AMI?

4 DEPUTY MAYOR GLEN: Again, we don't have
5 projections exactly calibrated to which option will
6 create which number of units because again, the whole
7 thesis behind the menu is to allow for developers in
8 different neighborhoods to assess the market
9 conditions at any given time. And based on
10 economically rational decision-making, we project
11 that they will chose either Option 1, two and three.
12 But let me say something that's really, really
13 critical here to set the table a bit. Which is
14 right now only 13-1/2% of the city requires any
15 affordable housing for the benefit. So if you are
16 already in a part of the city where the GEA is not,
17 you can build 100% market rate housing and receive a
18 full tax exemption. So again, this is a real game
19 changer. So if a developer chooses to go into the
20 program, they will have to provide at a minimum 30%
21 at 130% of AMI. The other thing I would say, which I
22 think is really important, is that for many of these
23 neighborhoods, we can't predict what it's going to
24 look like 15 or 20 years from now. I mean who would
25 have thought 15 years ago that in Williamsburg or

2 even in Bushwick that 130% of AMI would have been
3 already well below where the market rent is.

4 So at a minimum what we are doing is
5 ensuring that as neighborhoods change there will
6 always be housing for families that are moderate or
7 middle-income families. We also, and one of the
8 reasons why we feel so strongly about Option 2 is
9 that it is in Option 2, where you can have 70% AMI
10 units and 130% AMI units. But most developers will
11 be working with the housing agencies to actually
12 provide for deeper affordability in those
13 neighborhoods. So in a neighborhood where today you
14 could do 421-a as of right. We expect with the
15 neighborhoods like in East New York or in parts of
16 the Central Bronx or in South Bronx, developers will
17 have to set aside 30% of their units, choose 70% and
18 130% option. But then also work with the city to
19 drive those incomes even lower.

20 Again, the idea here is to have 421-a
21 work in consort with our other programs. Not just to
22 have it be the only program. So I think that the
23 options allow us to make sure that when they forecast
24 into the future, we're making sure that neighborhoods
25 will always have some affordable housing. That we

2 have options that will allow developers to make
3 projects financially feasible working with the state
4 and working with the city housing agencies to drive
5 incomes down even further. And in the hottest
6 markets where we see now the 80/20s assuring at a
7 minimum that now we have 25% of the units set aside.
8 And that at least 40% of those low-income units are
9 for very low-income families. That is a massive,
10 massive change in the way in which this program is
11 being structured.

12 CHAIRPERSON WILLIAMS: So, I understand
13 what you're saying particularly we can't predict
14 where the market is going to go. I think we have an
15 idea of what's happening now. Only for a good couple
16 of years I guess we have some idea of which
17 neighborhoods may continue a trend. Can you give me
18 an idea of what neighborhoods you think would choose
19 which options, and why a developer would choose a
20 particular option?

21 DEPUTY MAYOR GLEN: Again, I'm going to
22 let the Commissioner answer that question because
23 again the other thing is these have been based on
24 very extensive modeling exercises, and actually done

2 on specific neighborhoods. So I'm going to let the
3 Commissioner speak to the methodology.

4 COMMISSIONER BEEN: So the--the
5 methodology that we used and we spent extensive time
6 modeling all of the different neighborhoods, at
7 costs, land costs, et cetera. Consulting widely
8 about costs and--and the financial decision making
9 that goes in. And we realized that there are
10 essentially three toggles that we use that can drive
11 people's decisions. The first is the percentage that
12 has to be set aside. So the 25 or 30%. The second
13 is how deep the affordability goes, and the third is
14 the availability of other subsidies or other
15 financing tools. And all three of those things come
16 into play. So in our Option 1, which is what all of
17 our modeling shows, rational developers would choose
18 in strong market areas. We would expect that core
19 Manhattan, core Brooklyn, the waterfronts, et cetera.
20 Those kinds of areas would end up taking Option 1.
21 Okay. And the reason--and the reason for that is
22 because to give up that--to go from 25% affordable to
23 30% affordable is much more expensive for the
24 developers than going from 60% AMI or 70% or 130%
25 even down to the 40% AMI.

2 And the second aspect there is that for
3 those developers the ability access federal tax-
4 exempt bonds is really critical to the way that they
5 finance those projects. So we would expect Option 1
6 to be being used in those strongest market areas. We
7 would expect that Option 2, which is--allows people
8 to--to put aside 30% of the units at--some at 70% and
9 some at 130% of AMI is the option that developers
10 would choose in the neighborhoods now that we are
11 having to provide a great deal of subsidy to see
12 anything built. So, you know, areas like
13 Brownsville, those kinds of--those areas where we
14 have very low--relatively low land costs, and
15 relatively low rents. Those we would expect the
16 developers to rely on our subsidies to make building
17 possible. And we will use our subsidies to drive
18 those affordability levels down even further. So we
19 would expect that in those areas we would be
20 matching--we would be using our subsidies like our
21 extremely low and low-income programs to drive AMI--
22 the AMI levels down even further with our subsidies.

23 Option 3, which requires 30% at 130, but
24 doesn't allow access to any of the--of the bonds,
25 credits or subsidies, we would expect to be being

2 used in emerging market areas. So, Flushing for
3 example or Jamaica for example. We would expect to
4 see those areas be using that 130% AMI option. And
5 what that does in those neighborhoods, we were
6 critically concerned with not stopping development in
7 those neighborhoods because they are so critical to
8 the future of the city. We need those areas to--to
9 be revitalizing and being developed. But we were
10 also very, very conscious that those were areas that
11 right now are getting a full 421-a benefit, and not
12 being asked to provide any affordability at all. So
13 in those neighborhoods what we've done is asked them
14 to provide 30% of the units at approximately market
15 right now, but those are capped. So they're locked
16 in. So when and if the neighborhood becomes a much
17 higher value, those units will be locked in at that
18 amount, and will be protected for 35 years ensuring
19 that those neighborhoods have a stability and have an
20 income diversity for the moderate and middle-income
21 households that is so important.

22 CHAIRPERSON WILLIAMS: The main concern I
23 have is I don't understand necessarily how many units
24 we will build at which income bracket, which AMI.
25 And it seems to me from the explanation you gave that

2 it might be a lot. You mentioned the core
3 neighborhoods would probably choose Option 1, but
4 there are a lot of neighborhoods that would choose
5 Option 3. And so, it's very concerning because
6 Option 3, we're going to count that as affordable.
7 And I'm not sure that we were aiming for those units
8 to be kind of affordable because market rate is
9 sometimes lower than the 130 in those--in those
10 areas. So, I'm--I wanted to ask specifically would
11 it have been better to--I never took this position
12 necessarily. Would it have been better to request
13 that the program end as opposed to trying to make a
14 package that people may choose an option where we're
15 just creating additional market rate units?

16 DEPUTY MAYOR GLEN: Well, we--we do not
17 believe that ending the program makes sense we have--
18 when we have an opportunity to amend this law to
19 really deliver a substantial amount of affordable
20 housing to a wider range of income levels. Again,
21 right now an extender. The current program will only
22 produce 12,000 units. We have an opportunity here to
23 dramatically expand with the amount of affordable
24 housing that the program delivers make it more fair
25 and equitable across the city. And also, I want to

2 remind everybody that our proposal is part of a
3 broader package that also includes the mansion tax.
4 We need the mansion tax, of revenue raised from the
5 mansion tax. The revenue raised from the revenue tax
6 will allow us to do at least 200,000 units that are
7 in the plan. So again, this is a package. This is
8 an extraordinary opportunity to take a program that
9 has been not delivering enough affordable housing for
10 New Yorkers, costing the city too much, and giving us
11 a very, very important tool in our toolbox. We are
12 at an unprecedented affordable housing crisis in the
13 city. And so, we need not only every tool we have,
14 we need new tools like the dedicated mansion tax.
15 Like many of the other programs that we are putting
16 together. So again, I just want to reiterate that
17 here is a chance for us all to work together to do
18 something that is fundamentally paradigm shifting
19 with respect to what has been a very, very deep
20 giveaway to developers for years. But we can fix
21 this and we can drive affordability for New Yorkers
22 and still maintain the economic diversity of our
23 neighborhood that are so critical to our future.

24 CHAIRPERSON WILLIAMS: And I--I

25 definitely understand that. My--still my concern is

2 I have no idea how much of that 25,000 will be at
3 market rate, which we will then have considered
4 affordable housing. So that's--that's the primary
5 concern I have. I'm very actually excited about the
6 mansion tax, and I'm glad we have that as part of the
7 package. I just have a major concern. If we don't
8 exactly know, it could be maybe 80% of it or 90% of
9 it. We have no idea. I don't know. But, is there a
10 way--could we make it so that the developer works
11 with HPD in which option to choose? Because right
12 now the developer has the choice, and so might--may--
13 is there a way to obviously not complete a
14 developer's choice. You can actually look at the
15 neighborhood and see what the neighborhoods need,
16 what the--what can be carried for that project
17 instead of just allowing it up to the developer?

18 [pause]

19 COMMISSIONER BEEN: Well, Council Member
20 Williams, I--I appreciate your question but I think
21 that one of the things that we--you know, we're so
22 concerned about here is really expanding the GEA or
23 making sure that every building that got 421-a had to
24 provide had to provide some affordable housing,
25 right. And so, we were trying to do that in a way

2 that would--would be consistent--would--would change
3 as markets change because one of the things that
4 drawing lines or making categories or drawing GEAs
5 showed us is that you can never keep up with the
6 market. Now, the reality is that any developer is
7 going to be talking with us about our programs. And
8 so in those areas of the city, which is a--the--the
9 areas of the city where we're now getting production
10 just to 421-a without any affordability at all. In
11 those areas of the city, they would be making a
12 choice between Option 2. And they would be coming to
13 us and talking through our, you know, subsidy
14 programs and everything in making their choice. But
15 I--I don't want us to get back into the trap of
16 thinking that we can define neighborhoods and keep up
17 with time. But we're talking with developers all the
18 time about the kinds of programs that we have
19 available. And we're working with them to figure out
20 what would be most, you know, efficient in their
21 particular project, in their particular neighborhood.
22 But I--I want to really emphasize that where we've
23 been getting enormous amounts of production now is in
24 those hot market areas. And in those hot market
25 areas, the rational choice is Option 1 with its

2 incredibly low unprecedentedly low 40% of AMI
3 requirements.

4 CHAIRPERSON WILLIAMS: Sure and I--and I--
5 -actually from my understanding I believe that in
6 Option 2 although it was just 70%, they will be
7 working with you to--to bring it further. My--one of
8 my biggest issues seems although ostensibly we're
9 saying we expand the GEA to make sure those
10 affordable units, quote, unquote in every project,
11 but with Option C we actually won't be doing that.
12 We will be taking credit for doing that, but we may
13 actually be building units in a place where the
14 market rents are lower than the 130%. Or, even if
15 they aren't 130% may be a little higher than what we
16 were considering in terms of quote, unquote
17 "affordable units." And that is an actuality, if
18 people choose Option C, they will be building those
19 units in the city wherever you're expanding the GEA,
20 but may not be building affordable units.

21 GARY RODNEY: I--I would just like to add
22 a point, [coughs] which I think is pretty important.
23 With Option C, there--the developer cannot access any
24 other city benefit. That means no direct subsidy.
25 No tax-exempt bonds from my agency. No direct

2 subsidy from HPD. And then the reason why I believe
3 that's important to know is that that significantly
4 increases the equity requirements to the developer.
5 So if they're in a neighborhood where they cannot
6 actually reach those 130% rents, they're going to be-
7 -have to charge lower, and they're going to have to
8 substantially increase the amount of money that goes
9 into the transaction. And a rational developer would
10 not take that choice.

11 CHAIRPERSON WILLIAMS: But it would
12 include Inclusionary Zoning? It can include
13 Inclusionary Zoning. So they would be getting an
14 additional benefit from the city for the project?

15 DEPUTY MAYOR GLEN: So, as you know, we
16 are in the process of finalizing our Inclusionary
17 Zoning requirements that will be going through the
18 public review process starting this summer. Let's be
19 very clear that we've been working to make sure that
20 these programs work constructively together. Again,
21 back to all the tools in our toolbox. But our going
22 in premise is that if you are going to be able to use
23 421-a and the Mandatory Inclusionary Area, you will
24 have to do either additional units or provide deeper
25 affordability. There is no way that you will be

2 allowed to maintain the status quo, which is what you
3 have now in highest market areas. Where not only can
4 you get 421-a direct cash subsidy, federal credits,
5 you can also get an FAR increase under the Voluntary
6 Inclusionary Program. So we share your concern that
7 we need to establish a set of tools that will overall
8 increase production in affordable housing, as well as
9 create deeper affordability. And again, we're not
10 ready to discuss the specifics of the mandatory
11 program today. But you'll be getting briefings on
12 those in the coming weeks. And I think to Gary's
13 point is that in those neighborhoods again where
14 costs--construction costs are so high and rents are
15 not quite that high yet in order to be able to
16 support quote "market rate rents" at 130%.

17 Those developers are highly incentivized
18 to work with HGC to structure transactions where they
19 can access federal bond financing, et cetera, to make
20 their deal work. And then in return for that, then
21 you create affordable housing units that are
22 substantially below the 130. Again, the 130 is
23 really like a stopgap, a protection measure against
24 runaway markets, which we have seen in a lot of
25 neighborhoods in the city. As I said, I mean I grew

2 up here, and I'm telling you 15 years ago you never
3 would have thought that a two-bedroom apartment in
4 Williamsburg was 3,500 bucks a month. If we have had
5 421-a where you have had 130% of AMI in those
6 neighborhoods, those units would be at 2,400 bucks a
7 month. And that's what a family of three, one of
8 who's a cop and one of whom is a nurse, critical
9 workers in our city could afford that, but can't
10 afford market rents. So I do think we have to
11 recognize that what we're proposing creates a stopgap
12 on runaway markets while simultaneously encouraging
13 developers to come in and work with us and create
14 even deeper levels of affordability.

15 CHAIRPERSON WILLIAMS: I am--I actually
16 like the--the menu option idea. My--my concern is
17 that it's all totally up to the developer. And even
18 with Inclusionary Zoning, if they choose to build
19 more affordable, they will be building more at 130%
20 if that is the option that they chose.

21 DEPUTY MAYOR GLEN: Yeah.

22 GARY RODNEY: I think what's important
23 to--to note here is that any time any additional city
24 benefit is--is added to a project, we're either going
25 to expand the percentage of affordable housing in the

2 project or we're going to drive deeper. We're going
3 to get deeper levels of affordability.

4 CHAIRPERSON WILLIAMS: But when you
5 expand, you might be expanding the 130% that they
6 chose in Option C.

7 COMMISSIONER BEEN: What we mean by
8 expand is you'd either have to--instead of giving 30%
9 of the units as affordable, you'd have give 35 or
10 you'd have to--instead of giving 130% of AMI, you'd
11 have to drive that down to 120, 110, 100, whatever,
12 right. And we control, not the developer, what the
13 additional cost of an additional layer of help is.

14 CHAIRPERSON WILLIAMS: But just for
15 clarity, if you're going from 20 to 30%--

16 COMMISSIONER BEEN: [interposing] Uh-huh.

17 CHAIRPERSON WILLIAMS: --as an expansion,
18 it will be 20% with 130% of AMI to 30% of 130% of
19 AMI.

20 COMMISSIONER BEEN: These are areas that
21 are not providing any affordable housing--

22 CHAIRPERSON WILLIAMS: [interposing]
23 Okay.

24 COMMISSIONER BEEN: --now, anything.

2 CHAIRPERSON WILLIAMS: [interposing]

3 Okay.

4 COMMISSIONER BEEN: There's nothing
5 capped. So it's zero to 30.

6 CHAIRPERSON WILLIAMS: Oh, all right, so
7 the answer to my question is yes.

8 GARY RODNEY: No, no, I--I--I don't think
9 that's actually correct--

10 CHAIRPERSON WILLIAMS: [interposing]

11 Okay.

12 GARY RODNEY: --council member, because
13 if--the--the other program restrictions still come
14 into place. So whatever is required under the
15 Inclusionary, they will be capped at whatever the
16 income requirements of the Inclusionary program are.

17 CHAIRPERSON WILLIAMS: Okay. I still
18 have concerns about particularly that option. I few
19 a few more questions, and then I'm going to go to my
20 colleagues. The Mayor's press release notes that the
21 revised 421-a law would lower the average cost of an
22 affordable unit produced under the plan from \$573,000
23 to \$391,000. It also states the program would double
24 the number of affordable units built over a ten-year

25

2 period. How do you determine the estimate cost--
3 estimated cost for each unit?

4 COMMISSIONER BEEN: [off mic] You want
5 me to take that? [on mic] So we did again very
6 extensive modeling, and we figured out what would we
7 be spending in the tax expenditure. So we--what we
8 did is we looked at over the next ten years what will
9 we get from the current program if we just extended
10 it and had another ten years of that program? Versus
11 what would we expect to get under our program? So
12 we--that's how we estimated the additional--the total
13 of 25,500 units, and that's based upon historical
14 production, extensive analysis of where people have
15 been building, et cetera. So, we estimated that. We
16 then estimated the cost of the tax exemption itself.
17 And divided that by the number of affordable dwelling
18 units that we expect to get from the two different
19 programs, the straight extender and our Reform
20 Proposal.

21 CHAIRPERSON WILLIAMS: Will the
22 apartments be subject to rent stabilization under the
23 new system.

24 [background comments]

2 DEPUTY MAYOR GLEN: So all of the
3 affordable apartments will be subject to rent
4 stabilization. All of the apartments will be subject
5 to rent stabilization if they would otherwise be
6 subject to rent stabilization.

7 CHAIRPERSON WILLIAMS: And with the--now
8 that the affordability is at same time as the
9 exemption what many advocates believe is that the gap
10 between--that existed before that allowed a hook for
11 the Administration to come in, and try to get
12 additional--additional affordability or additional
13 things that we need in the other affordability
14 extensions. Or try to get them into regulation.
15 Because that gap existed, the affordability was
16 longer than the exemption. Now that it is the same,
17 do you see any issues with trying to hook the owner
18 to extend another kind of affordability program?

19 [background comment]

20 COMMISSIONER BEEN: So quite the
21 contrary, the reason why we tried to match up the
22 benefit period with the affordability period is that
23 what we found is once the--the tax exemption had run
24 out the regulatory period continued. What we were
25 seeing then is owners coming into us needing

2 additional subsidy that wasn't as transparent, that
3 wasn't figured out upfront. And, often what we find--
4 --and what we find is that if the units are
5 financially and physically sustainable over that
6 entire 35-year period, we have a much better chance
7 of being able to preserve them for an additional 35
8 years or for an additional period. If they've been--
9 if we've been working with them over the entire time
10 they've been getting the benefit over the entire
11 time, and they find it extremely, you know, jarring
12 to them to lose any benefit at all. So we believe
13 that it will help us on the preservation efforts, and
14 that it's a much more transparent and, you know,
15 seeable and foreseeable way of--of structuring the
16 transaction. So we specifically matched up the
17 period because we think it improves our chance for
18 another regulatory period. Not that it decreases our
19 chance.

20 CHAIRPERSON WILLIAMS: A similar
21 question. I'm just going to read this. The draft
22 legislation includes a new mechanism that allows
23 properties already built with affordable--affordable
24 units to extend the current 20 or 25-year tax breaks
25 up to 35 years total. The newly added years would

2 have a tax break of 50%. In return, the buildings
3 would have to extend the regulatory agreements of
4 their affordable units by a similar length of time.
5 In addition, 5% of the units not currently affordable
6 would have to be affordable at 130% of AMI on top of
7 the 20% currently affordable. Why does it make the
8 old buildings match the 35-year exemption period of
9 the proposed program? Why not create an extension
10 longer than 10 or 15 years? What happens in 10 or 15
11 years when these affordability restrictions expire?

12 COMMISSIONER BEEN: So at the--at the end
13 of the 35 years we will again be trying to preserve
14 them for another 35 years or however long we can
15 extend them. That's--I mean all of our preservation
16 programs are targeted to do exactly. The reason why
17 we--the reason why we--we put in Preservation Program
18 is that in those pre-2008 programs, the regulatory
19 agreements often did not require as long of a period
20 as our currently regulatory agreements, our post-2008
21 regulatory agreements did. So, in many instances
22 those--in some instances those buildings are only
23 protected for 20 years, 25 years. So we needed to--
24 to extend that affordability. The other problem is
25 that many of the units pre-2008 were subjected to

2 rent stabilization only until the term of the tax
3 exemption ended. And the date that the tax exemption
4 ended, the current tenant lost all protections. So
5 we were trying to protect those particular units that
6 had those problems through the Preservation Program.

7 DEPUTY MAYOR GLEN: I also just want to
8 again reiterate a sort of basic level factor that I
9 think none of us can lose sight of. One, we cannot
10 afford to lose one single unit of the existing
11 affordable housing stock. And again, it's not just
12 units. There are human beings who live in those
13 buildings. Also, those buildings, those 80/20s,
14 which we're now trying to have a much more accessible
15 and predictable preservation program for, are often
16 in the neighborhoods where it is the biggest
17 challenge to maintain economic diversity. So first
18 of all, we cannot lose one unit of affordable
19 housing. We've all invested too much money in those
20 buildings to begin with. Number two, we want to
21 maintain economic diversity at every opportunity
22 possible. And number three, those buildings the
23 replacement cost for those affordable units would
24 simply be astronomical. So we think this is a very,
25 very fiscally responsible and policy sound way to not

2 only maintain all of those affordable units that are
3 currently in the 80/20 program, but actually add to
4 the stock.

5 CHAIRPERSON WILLIAMS: I have one more
6 questions and then I'll go to my colleagues, and I'll
7 probably have some additional questions after. When
8 it comes to the prevailing wage there is a lot of
9 back and forth of why it's not in, why we should have
10 it. Obviously, we want people to benefit from the
11 housing that we're going to build in way that they
12 can sustain their families. Do you have numbers that
13 would show how many units you believe you would not
14 be able to build if you provided a prevailing wage
15 versus what we would be able to build?

16 DEPUTY MAYOR GLEN: So--so first of all
17 we want to obviously share everybody's beliefs that
18 it is incredibly important that we provide housing to
19 the vast majority of New Yorkers who are currently
20 experiencing affordable housing crisis. And we also
21 we want to assure good jobs whenever possible.
22 Again, maximizing affordability is our number one
23 priority. And we've done a couple of things here.
24 One, as you know, we have actually increased
25 significantly the number of building service workers

2 who will now be able to work in projects that are
3 developed under the 421-a program. And those are
4 incredibly important jobs because those workers tend
5 to be on the lower income of the wage scale. And so
6 now, folks who are making \$10 to \$12 an hour as
7 porters, as security guards, et cetera, will now be
8 making good wages. With respect to your specific
9 question, based on the data that we've seen, both the
10 Columbia data, the CDC data, the RPA data, data that
11 I'm sure you're all familiar with, imposing a
12 prevailing wage requirement on all affordable housing
13 across the city is estimated to cost about 30% or
14 more in increase.

15 If we take that 30% cost increase across
16 the base of the program, we estimate that that would
17 translate into losing about 17,000 apartments. A
18 gain, those are people, not just apartments. But we
19 have also been very clear that we are working with
20 the trades to identify those parts of the Mayor's
21 Housing Plan where we can and will use union labor.
22 I'll give you an example. This administration signed
23 a PLA for hundreds of millions of dollars to do
24 capital work at the Housing Authority, also a
25 critical component to our Affordable Housing Plan.

2 We also have a PLA for billions of dollars of work in
3 our Sandy programs particularly in the Build It Back
4 Program. And at every opportunity where the cost of
5 the project can absorb prevailing wage and trade, we
6 will always, always make sure that we're doing that.
7 In fact, we're in constant negotiations with them to
8 make sure that if the math works, of course, we want
9 to see union jobs. But, as you know, as you said, we
10 are at a complete affordable housing crisis and we
11 must maximize affordability. To the extent the math
12 works, we want to do it.

13 CHAIRPERSON WILLIAMS: But we also don't
14 know--we don't know much about those units that you
15 were saying it was like 17,000. We don't know if
16 it's at 130% level of the 40% level.

17 DEPUTY MAYOR GLEN: Well, but we do know
18 that affordable housing that's 100% affordable
19 housing, right, it requires more subsidy. And so to
20 the extend that you have to add additional costs onto
21 the deeply, deeply affordable housing we could be
22 jeopardizing some of those projects. Which is why
23 again when you look at the wide range of housing
24 activity, whether it's the capital work at the
25 Housing Authority, the work we're doing on Sandy, or

2 where there are opportunities like in Astoria Cove
3 where there are projects of a size and a scale that
4 can clearly absorb those costs, we will make sure
5 that we're working aggressively with the trades to
6 sign PLAs for those programs.

7 CHAIRPERSON WILLIAMS: All right, I just-
8 -it's hard for me to fully envision what we're losing
9 when I don't--when we don't know which one of the
10 units or--or which part of--I know it's difficult to-
11 -to know, but I think that's our job to kind of
12 project these things out and see where some-- Like if
13 we're losing market rate units, it's a little
14 different than if we're losing 40% or 50% AMI units.
15 And so those are some of the things I'd like to know,
16 but I appreciate the answer to the question. I do
17 have one more. I'm sorry. I said I have no more,
18 but are there any plans to require-- I have a big
19 issue with diversity. I think a lot of the building
20 trades are very diverse and some of them are not, and
21 I'm very concerned about that. Is there--is there
22 anything you've been talking about with encouraging--
23 demanding local hiring or anything like that to make
24 sure that the workforce that benefits from this
25 construction will be as diverse as the city? And

2 also, the construction workers, but also contracts
3 that will be going out?

4 COMMISSIONER BEEN: So we have been
5 working on the PLA that the Deputy Mayor--Mayor
6 mentioned in terms of NYCHA, but also we have been
7 working--we have been in discussions with some of the
8 trades about a PLA on our existing prevailing wage
9 jobs, which are federally funded supportive housing.
10 And the main focus of the conversation has actually
11 been local hiring and MWBE hiring. So we're working
12 very hard to come up with realistic ways of making
13 sure that any PLA that's--that--that's entered into,
14 is very protective of local hiring and MWBE hiring.

15 CHAIRPERSON WILLIAMS: Thank you very
16 much. [off mic] Any other questions? [on mic] Thank
17 you. We're also joined by Council Members Levin,
18 Espinal, Reynoso and Levine, and this is the question
19 line up so far. Council Member Rodriguez, Rosenthal,
20 Cornegy, Mendez, Levine, Greenfield, Reynoso, Lander
21 and Levin. And we're going to give each council
22 member five minutes. We'll start with Council Member
23 Rodriguez who will be followed by Rosenthal and
24 Cornegy.

2 COUNCIL MEMBER RODRIGUEZ: Thank you,
3 Chairman. First of all, I would like to thank the
4 Mayor, the Deputy Mayor, the Commissioner and the
5 President. I can say for the first time, listening
6 to your testimony, the 46% of New Yorkers who live in
7 poverty in our great city, and the middle-class they
8 can say that someone is speaking their language. And
9 someone is really coming out with a plan on how to
10 address what I believe is not a housing emergency.
11 But what I believe is a housing crisis that you
12 inherit by the previous administration. And for so
13 many years, we have to deal with business as usual in
14 this great city. This is a real plan, and I just
15 hope that everyone from those who live in Buffalo
16 that has something in common with the district that I
17 represent. Which is that I have the higher numbers
18 of affordable or regulated units close to Buffalo.
19 And the district that has the higher numbers of
20 regulated apartments in the whole City of New York is
21 in Community Board 12.

22 And in that community we lost 14,000
23 tenants--moved from my district from 2000 to 2010.
24 Twenty apartments benefited from 421-a. You know how
25 many of those 20 provide affordable housing? One.

2 The one in the neighborhood. [sic] They only fill
3 100% affordable apartments that I got in the previous
4 administration, and they are going to afford.
5 Nineteen of those buildings that benefit from 421-a,
6 they provide zero affordable housing. That's a
7 shame. That contributes to a crisis and we have to
8 address it. That's why I cannot support 80/20 in my
9 district because if I supported 80/20 in my district,
10 I will be pushing my working class people out. And
11 that's what will happen, and that's why I'm fighting
12 so hard. And, of course, if I would be the council
13 member that represents the West Side or Riverdale or
14 the East Side, I would sign on the 80/20 because I
15 can say I have 35% of my constituency that they make
16 than \$200,000. But in my district in Northern
17 Manhattan that is part of those 46% people who live
18 in poverty. The average income is less than \$30,000.

19 So I believe that here we have a plan.
20 Here we have a plan that can say this is created.
21 This is addressing a crisis that we face, and I hope
22 that we will give the political support from the
23 whole State of New York that can understand, that can
24 sign on support of our progressive values to provide
25 opportunity for our working-class and middle-class to

2 be able to pay their rent and support their family.
3 I hope that we will look on page 3 as one of the
4 reforms when we address also the use of incentives
5 wisely to create more good paying jobs. But also we
6 connect it with job training because we need to
7 create a pipeline. We need to be sure that the
8 Google, the Facebook the Apple also they have to
9 address issues of diversity. Create a pipeline to
10 provide training so that we can say they can--our
11 working class they should have a hub. That through
12 the training they also can get a good job and make
13 the \$70 and \$80,000 and be able to pay the rent here.
14 My question is why is this reform 421-a so critical
15 to New York City, and what can be the negative impact
16 for our city if by any chance we don't get this
17 important reform that we need today?

18 DEPUTY MAYOR GLEN: Well, first of all,
19 Councilman, I want to thank you for everything you've
20 said. I hope you're going to be going to Albany this
21 week because you have hit it exactly on the nail.
22 Because this really is a chance to do something
23 extraordinary and serve more New Yorkers. And, of
24 course, you know I share your concern, and are
25 working with you and your office and everybody

2 around. Not jut the affordable housing piece of the
3 equation, but also the wage side, right. At the end
4 of the day, one of the challenges we have is the
5 people also don't earn enough to pay for housing
6 [bell] and we need to attack this on both sides of
7 the equation. So, again, we don't have time today to
8 talk about career pathways and Tech Town pipeline,
9 and all the initiatives that are on the income gross
10 side. But they're equally as important. But today,
11 I do want to address exactly what you said. We have
12 to have every single tool in our toolbox.

13 Reforming 421-a to require that more
14 affordable families--more affordable housing is
15 produced for the dollars we spend that we serve very
16 low-income New Yorkers through the program for the
17 first time. That we couple it with raising the
18 revenue that we need to make sure that we create or
19 preserve 200,000 units of affordable housing. It's
20 fundamentally critical to the future of the City of
21 New York. These things all work together.
22 Strengthening rent regulation. Making sure that we
23 get more per taxpayer dollars out of 421-a, and we
24 also maintain a healthy rental housing market. So we
25 can continue to build housing for the New Yorkers who

2 are here today, and the New Yorkers who want to have
3 come in the future. And making sure that people are
4 buying luxury condos, people are paying \$60, \$70 and
5 \$80 million for a condo. All that stuff we read in
6 the paper everyday, that they're paying incremental
7 money to New York the New York we want it to be.
8 That is three pieces of the puzzle that will work
9 together, and we need your help in Albany to make
10 sure we can get this done.

11 CHAIRPERSON WILLIAMS: Thank you, Council
12 Member. Council Member Rosenthal followed by Council
13 Member Cornegy.

14 COUNCIL MEMBER ROSENTHAL: Thanks so
15 much, Chair Williams for having this hearing. Thank
16 you so much, Deputy Commissioner--Commissioner for
17 coming today. I was particularly happy to hear you
18 say, Deputy Mayor that we cannot lose one more unit
19 of affordable housing. Because the Upper West Side
20 is losing affordable housing everyday. And we are
21 living what my colleagues--we are going through
22 everyday in my Constituent Services Office what my
23 colleagues will face in ten years, or in 20 years or
24 perhaps with this plan in 35 years. My concern is
25 with the 35 years from now for them, and the today's

2 for the Upper West Side. We have to make the
3 affordability permanent. There's just--it's not--we
4 can't kick the can--can't keep kicking the can down
5 the road. We can't set ourselves up for 35 years to
6 renegotiate the affordability. We know from the
7 Upper West Side that doesn't work. As we have tried
8 to over years work with HPD who's ready willing and
9 able--to coin a phrase--to help out, it's too
10 expensive now on the Upper West Side to provide a
11 subsidy to maintain the affordable housing.

12 So the scenarios you're painting about
13 units that will come out of affordability in 35 years
14 are happening now. And, what I don't understand is
15 why it couldn't be crafted in a way that would be
16 permanent. What was the feedback that you got from
17 negotiating partners for why you couldn't for example
18 say, and this is simplistic, but say how about this:
19 After the 35 years, only the units that you maintain
20 as affordable will continue to get the abatement, but
21 it's required. So, you continue the abatement on the
22 30% of the units only, and those units continue to be
23 permanently affordable. It's just one idea. I'm
24 sure there are many others, but what was the push
25 back on that?

2 COMMISSIONER BEEN: So the--the pushback
3 is--I mean our basic approach, council member, was we
4 tried through all of our modeling, through all of our
5 analysis to drive as hard of a bargain as we possibly
6 could. What can we get out of this tax abatement?
7 How can we push that as far as we possibly can? And
8 the pushback that we got, and that all of our
9 modeling showed is that we would have to pay a lot
10 more in order to get permanent affordability without
11 extending the benefit permanently as well. And to
12 just extend the 30% or 20--the 25% or the 30% of the
13 affordability benefit in our analysis was not enough
14 to keep those units financially and physically
15 sustainable over the long run. So where we provide
16 permanent benefits--So for example when we're talking
17 about inclusionary housing, which provides a
18 permanent benefit of additional density, we can
19 require permanent affordability and we will.

20 COUNCIL MEMBER ROSENTHAL: Will that ever
21 happen on the Upper West Side? We don't have any
22 zonings coming, and I don't think it's voluntary now.
23 So our soft sites on 96th and West End Avenue not
24 even including the lot we're talking about. And also
25 along Broadway are right for high-rises. Will there

2 be any affordability? They're going up as--they will
3 go up as of right.

4 DEPUTY MAYOR GLEN: Well, Councilwoman,
5 with respect and as you know, as an Upper West Sider,
6 I share all of these concerns with you. A couple of
7 things, number one, to the extent that a developer is
8 seeking to go into the Voluntary Inclusionary
9 Program, which on Broadway is, in fact, equivalent to
10 an R10 and there is a Voluntary Inclusionary Program.
11 Again, as the Commissioner said, in return for a
12 permanent increase in the amount of the FAR that a
13 developer then, of course, the Affordable Housing,
14 but there's a part of that that's--

15 COUNCIL MEMBER ROSENTHAL: [interposing]
16 Absolutely, and I'm sorry that I went down that track
17 at all--

18 DEPUTY MAYOR GLEN: [interposing] We
19 should talk about that off line.

20 COUNCIL MEMBER ROSENTHAL: --because
21 really what I want to talk about is 421-a.

22 DEPUTY MAYOR GLEN: Yes.

23 COUNCIL MEMBER ROSENTHAL: And my--my
24 real concern is the lack of permanent affordability.
25 And if you couldn't get it through the financial

2 modeling, I--I would ask you try to find it another
3 way--

4 DEPUTY MAYOR GLEN: [interposing] Well--

5 COUNCIL MEMBER ROSENTHAL: --because it--
6 it can't--it's intolerable what's happening now. And
7 I--on the Upper West Side we have people coming into
8 our office [bell] who are being harassed and evicted
9 out of their homes and the current program sets it up
10 so that they're living in intolerable conditions--

11 CHAIRPERSON WILLIAMS: [interposing]
12 Council Member.

13 COUNCIL MEMBER ROSENTHAL: --for them to
14 stay. Thank you, Council Member.

15 CHAIRPERSON WILLIAMS: Did you have
16 something, you wanted to say?

17 DEPUTY MAYOR GLEN: We'll come back to it
18 I'm sure. [laughs]

19 CHAIRPERSON WILLIAMS: Thank you, Council
20 Member and Council Member Cornegy and believe that
21 member is here. So we'll go to Council Member
22 Levine.

23 COUNCIL MEMBER: Who?

24 CHAIRPERSON WILLIAMS: Council Member
25 Cornegy and then we'll go to Council Member Levine.

2 COUNCIL MEMBER CORNEGY: [off mic] I am
3 up. [sic] Thank you Council Member Williams, Chair.
4 Deputy Commissioner, I couldn't help but notice how
5 much you read your testimony with. So there's
6 obviously a tremendous amount of excitement around
7 the proposed reforms. And as well, I share with my
8 colleagues most of which would be excited about an
9 opportunity for increased units. And I'm clear that
10 in my district and districts like mine across the
11 city, 80/20 does not work. You know, the bleeding of
12 our middle-class who contribute, you know, a solid
13 tax base and who are teachers and our firefighters
14 and our police officer is incredible. I am the
15 Council Member for Bedford-Stuyvesant and North
16 Brooklyn Heights, and we know what level of
17 gentrification we're under. Probably some of the
18 greatest in the city. And I'm a member of the
19 Affordable Housing Preservation Task Force, and know
20 important this work has been, and have gotten to
21 watch its development. And it seems as though it's
22 very simply an effort to get the maximum amount of
23 units affordable in the City of New York. My
24 question would be a very simple question. How has
25 the proposal been received in Albany?

2 DEPUTY MAYOR GLEN: Well, I think that
3 the--the challenge that we face, quite honestly, is
4 that the--the general philosophy has been that a
5 straight extender is an acceptable outcome. And
6 although there have been unbelievably strong
7 indications of support from the Assembly, who I think
8 obviously share our Administration's concerns with
9 respect to the affordable housing crisis, and making
10 sure that 421-a is improved and that that tool become
11 a critical piece of the plan going forward. I think
12 that the challenge for all of us, and for the
13 Administration and for folks like you who are going
14 to be our partner in this, is to continue reiterate
15 to Legislature, but particularly to the Governor and
16 the State Senate that a status quo extender is simply
17 not [sic] acceptable. And I think that understanding
18 these proposals are tied to our mansion tax proposal
19 and are part of a comprehensive set of reforms that
20 we believe will fundamentally help change this
21 housing crisis that we're in. Is something that we
22 absolutely all have to do stand together to do. I
23 think that the cynicism that we can't get anything
24 done this year is unacceptable. And I think with all
25 of us fighting and making these very strong policy

2 rationale, and explaining what we're experiencing
3 here in New York-- And you do. You are in a
4 neighborhood that is living it everyday that the
5 status quo is simply unacceptable, and I believe that
6 we can get something done this year.

7 COUNCIL MEMBER CORNEGY: Well, and just
8 lastly, I want to say that, you know, I hate to be
9 selfish on this panel, but I--I--I'm very concerned
10 with what's going on in my district. And when we
11 teased apart the--the proposal we found that first
12 and foremost the proposal will mean more affordable
13 housing at a lower cost to the taxpayer. Also, we'll
14 not longer be subsidizing homeownership projects, and
15 we will focus the benefit towards rental housing
16 where most of New Yorker families--New York families
17 live and even in my district. And a districts that
18 are currently inside the Geographical Exclusion Area
19 will see more affordable units, added income
20 diversity and deeper affordability in buildings
21 receiving the 421-a benefit. Districts that are
22 currently outside the GEA will for the first time see
23 a requirement of affordability. In order to receive
24 the benefit, this will retain affordability in these
25 districts for at least 35 years. Now, certainly, I'd

2 like to see it for 70 years, but we'll take 35 with
3 the rapid changes that we're facing and other
4 districts like mine are facing across the city. So
5 I--I just wanted to make sure that on the record I
6 pointed out what we've perceive as some immediate
7 benefits for districts--to my district personally and
8 for districts like mine across the city.

9 DEPUTY MAYOR GLEN: Thank you very much
10 and I think that that is why we are so focused on
11 making sure that these artificial boundaries of
12 whether you're in or you're out we get rid of that.
13 And that we fundamentally embrace the value that if
14 the City of New York is going to be providing a
15 developer with a tax exemption we must get affordable
16 housing in return for that just as a base case change
17 in the way in which program has been conceived from
18 the get-go. So we appreciate your support and
19 understanding of the.

20 COUNCIL MEMBER CORNEGY: Well, thank you
21 for yours, Deputy Commissioner.

22 CHAIRPERSON WILLIAMS: Thank you.
23 Council Member Levine followed by Council Member
24 Greenfield.

2 COUNCIL MEMBER LEVINE: Thank you, Chair
3 Williams. Hello, Deputy Mayor, Commissioner. Great
4 to see you. You know, with all the scandals in
5 Albany this year and the fact that so many of them
6 have had real estate developers entangled in them,
7 there are people saying that folks in Albany are
8 scared to even touch this issue, and just want to get
9 out of town as quickly as possible with the less--the
10 least noise possible with a straight extender on 421-
11 a. And I just want to say unequivocally that would
12 be terrible for New York City, unacceptable. It
13 would be an act of cowardice on behalf of Albany to
14 do that, and it would have really negative
15 implications for renters and workers and others here
16 in New York City. And while some aspects of your
17 plan I want to push you on a little bit, I give you
18 credit for at least proposing something that does
19 have many, many good elements in it. Whereas, as far
20 as I know, the Governor has not put anything forward
21 except for empty rhetoric. And if that leaves us
22 with a straight extender that's just a huge loss for
23 us. I just want--I want to quickly ask you about one
24 component of your plan, which I understand is that it
25 would eliminate the use of 421-a for condos. And if

2 I understand right, those we're spending even more
3 per unit of affordable housing in condo projects than
4 the already incredibly high \$573,000 in general.
5 Could you just quickly explain what's at stake for
6 the city in eliminating the condo provision.

7 DEPUTY MAYOR GLEN: Well, I think it's
8 not what's at stake, it's what to gain. So by
9 eliminating the tax exemption on luxury condos, which
10 as we said is costing more than a million dollars per
11 affordable using--per affordable housing unit. We
12 can use that money towards more efficient forms of
13 providing affordable housing, right. So, the
14 foregone tax revenue by providing tax breaks to
15 people who live in \$40 or \$50 million a year condos,
16 simply is not justifiable when you look at what we
17 could be doing with that revenue in terms of
18 supporting the broader housing agenda. So I think
19 it's not what's at stake, it's what's to gain, and
20 here's an incredible opportunity for us to say, we
21 need to take all the tools we have in our toolbox,
22 all the revenue that we can raise or the foregone
23 revenue and allocate it towards preserving and
24 construction new affordable rental housing. And
25 also, by the way, not just affordable housing. There

2 are other very successful and important home
3 ownership for lower income New Yorkers that we will
4 continue to fund and provide. And so I think what's
5 really the issue here is how could we possibly
6 justify a straight extender, which allows, you know,
7 luxury condos on 57th Street to get tax exemptions
8 that we know cost us more than a million dollars a
9 year? That's just simply indefensible.

10 COUNCIL MEMBER LEVINE: I couldn't agree
11 more. I was happy to hear you say, Deputy Mayor, a
12 few minutes ago that the affordable housing crisis is
13 partly going to be resolved by keeping rents down,
14 but also it has to be addressed by raising incomes.
15 Right? There are two halves of this--this challenge
16 that we face. So, we have tens of thousands of
17 people who are employed in employed in developing
18 these buildings and the building trades. And many of
19 them today are making wages that are not livable in
20 New York City. I think for a laborer or a non-Union
21 job it could be \$10 an hour, and it's--it's going to
22 be many times that on a prevailing wage job. And I
23 hear you. You spoke before about the financial
24 challenges of the prevailing wage provision. But
25 couldn't we have some sort of compromise where only

2 projects over a certain size or only projects which
3 had less than 50% of affordable units. Or only
4 projects in parts of the city that have lower land
5 values would be under the prevailing wage provision.
6 Wouldn't that be a way to get some benefit for
7 workers with it extracting too much of a negative
8 impact on the number of units we can produce?

9 DEPUTY MAYOR GLEN: Well, I think there
10 were a couple of questions in your question. Number
11 one, we too share the goal of having more workers in
12 the construction industry have higher wages. And
13 that's precisely why we've expanded the unbelievable
14 amount of work that's now available to the trades
15 through both the NYCHA program and the Build It Back
16 programs. So already, the number of jobs in the
17 affordable housing ecosystem that are now subject to
18 a PLA, have grown tremendously. So that's--that's
19 number one. Number two, we do want to make sure--
20 part of what we like about our proposal is that we
21 get out of the business of drawing lines and
22 predicting where land values are. So although we've
23 thought about ideas that you mentioned, again, we are
24 disinclined to try to divide up the city into
25 particular areas. And say in this neighborhood the

2 land value is only X today. [bell] Therefore, it
3 should or should not be subject to some special
4 provision of the law.

5 I think what we--what we do know is that
6 prevailing wage construction costs do cost roughly
7 30% and more. And so, not every single project that
8 is built under 421-a can absorb those costs. There
9 will be projects that can, right? And you can sort
10 of think what those projects would be. You know,
11 high-rise luxury rental towers in Manhattan where the
12 market rate rents are so extraordinary that could
13 subsidize both the low-income requirement and the new
14 deeper requirement that we're imposing as well as
15 support union labor. So I think, you know, we are
16 very much focused on making sure that where we can
17 have prevailing wage construction, we have it. But
18 we also want to make sure that we're not requiring it
19 in every single 421-a. Which could lead to the
20 unintended consequence of losing more than 10,000
21 maybe 15,000 units in those neighborhoods that need
22 the low-income housing the most. So I think again
23 where we have an opportunity and we can just the math
24 within our NYCHA programs our Build It Back programs,
25 large-scale projects that can support PLAs, we will

2 actively do that, and continue to engage in the
3 trades on all that.

4 I also think to your point, which is
5 about the really lowest wage workers, that's why we
6 actually did lower the requirement in our bill for
7 the building service workers from units--from
8 building for the 50 units down to 30 units.
9 Capturing hundreds of buildings where now those folks
10 will be making prevailing wage. So where we can
11 justify the math to make sure that workers are
12 improving their wages, we will absolutely do that
13 with every opportunity.

14 CHAIRPERSON WILLIAMS: Thank you, Council
15 Member.

16 COUNCIL MEMBER LEVINE: Thank you.

17 CHAIRPERSON WILLIAMS: Council Member
18 Greenfield followed by Council Member Reynoso.

19 COUNCIL MEMBER GREENFIELD: Thank you,
20 Mr. Chairman. I--I will pick up on the point that
21 Council Member Levine was making, and I tend to agree
22 with him. I think that we have, in fact, if you look
23 at the proposal for example the mansion tax. You set
24 a specific amount of money and that once you hit a
25 certain amount, we're going to charge a higher tax.

2 I--I don't see, to follow up on the Council's
3 proposal, why we couldn't do that with--with the cost
4 of projected units in terms of providing prevailing
5 wage for construction on higher costs units. So I
6 don't want to belabor the point, but I do--did want
7 to endorse Council Member Levine's point. I do think
8 it's an important point, and it might be another
9 point. But it comes to my second point I guess,
10 which is that, you know, it's really great to have
11 this hearing today, and we are grateful that you came
12 here today. Obviously, it's a little bit late
13 because you guys already put out your proposal. I
14 think most of us would have preferred having this
15 conversation before the proposal went up to Albany.
16 My question is a short question, and then I'm going
17 to speak about some issues that I have concerns
18 about. Although I do want to make it clear that I
19 certainly prefer your proposal to a straight
20 extension. I think we all agree on that. But my
21 question is with the feedback you get here today, do
22 you intend on making any changes to your 421-a plan?
23 Would you go back to Albany and say we heard from the
24 Council, and we have concerns. And Council Member
25 Levine had a good point and Council Member Greenfield

2 and Council Member Rosenthal. And we're going to
3 make some tweaks, or are you pretty much committed to
4 the process that you already have in place?

5 COMMISSIONER BEEN: So, Councilman
6 Greenfield, thank you for the question. We have been
7 working on the 421-a and in parallel with Mandatory
8 Inclusionary for many, many months. We--I was here,
9 as you know, in January. We laid out the main
10 concerns that we had heard after talking with people
11 across the city about 421-a. We laid out at that
12 time the kinds of levers that we were thinking about
13 using to--to make improvements. We, you know, we
14 talked with you then. We listened to you and we--we
15 responded to many of the issues that we heard that
16 day. But also, we've been talking with people across
17 the city and across the state. In fact, really, you
18 know, trying to gather all the information that we
19 could gather. To gather the ideas that we could
20 gather about how to craft this into a much more
21 efficient, much effective and much better plan for
22 New Yorkers than the current system.

23 COUNCIL MEMBER GREENFIELD: And it is--it
24 is, to be clear, just because I'm on a clock, it is a
25 much better clock and we appreciate it. But as you

2 can see today, the dialogue has room for improvement
3 because clearly council members have concerns that
4 were obviously not addressed. So just being fair.
5 But I'm running out of time so I'm going to move onto
6 my--my other points. In my particular case, and I
7 think that part of the challenge as you point out
8 with the citywide plan is that our communities would
9 get impacted on a community-by-community basis. So
10 in my particular situation let me take Borough Park,
11 which according to ANHD is a average 48% AMI. The
12 top in rent burden. The top ten in overcrowding and
13 top ten in lack of affordable housing. So I'm very
14 concerned about this particular portion of my
15 district. Right now, for a variety of vagaries
16 within the real estate market there are very--
17 virtually no rentals that are actually being built
18 under the current system. The only hope of what we
19 would even call market rate and is somewhat
20 affordable to folks is that there, in fact, are
21 affordable condo units that are built in the
22 community at approximately \$400 a square foot. So a
23 typical condo would be \$1,200 square feet for
24 \$480,000. A family comes in and they actually have a
25 place where they can beg, borrow and scratch together

2 some funds. Under your proposal, and I want to be
3 clear I 100% agree that with what you're saying
4 Deputy Mayor high-rise luxury condo towers in
5 Manhattan simply do not deserve a tax exemption.
6 Absolutely correct. However, I'm concerned about
7 affordable condos in neighborhoods like mine where we
8 don't have access to affordable housing. There is no
9 plan on the horizon to provide affordable housing for
10 this particular neighborhood of Borough Park. And
11 the only--the only potential path that folks have
12 right now is to purchase these relatively affordable
13 condos. And under the proposal their taxes would go
14 up instantly by approximately a thousand dollars a
15 month, which would price out many people who are, as
16 I said, they're begging, borrowing and perhaps even
17 stealing. Folks they are not. That's a tongue-in-
18 cheek comment, Deputy Mayor, to try to get to where
19 they have to. Would you consider creating or carving
20 out--this gets back to my first question in terms of
21 taking some of our suggestions of an affordable condo
22 program? Right, not everybody is living in these
23 multi-million dollar apartments in Manhattan. Some
24 people are living in \$400,000 or \$500,000 units when
25 they really have not alternatives.

2 COMMISSIONER BEEN: So, Council Member
3 we--we did consider and certainly in all of our
4 modeling we were very conscious of different
5 neighborhoods. We modeled every single neighborhood
6 in the city and tried to really understand what was
7 going on in that neighborhood. At the end of the
8 day--

9 COUNCIL MEMBER GREENFIELD: [interposing]
10 How did you--how did you make out for Borough Park?

11 COMMISSIONER BEEN: Pardon?

12 COUNCIL MEMBER GREENFIELD: How did you
13 make out for Borough Park?

14 COMMISSIONER BEEN: Well, we--we looked
15 at your rents, we looked at your costs. We tried to
16 figure out exactly what, you know, what was happening
17 and what had happened. We understand the value of
18 home ownership to be sure. And we will continue to
19 work. We, for example, have our NYHOP [sic] program,
20 which is building in some of the areas that you're
21 familiar with to provide homeownership in small
22 condos in those neighborhoods. But I think it's
23 important to keep in mind that 421-a is one tool. We
24 have many, many tools. We try to use our tools to
25 reach different problems to try to address them in

2 different ways. We thought providing the benefit to
3 condos was just too costly and we were not able in
4 our mind to draw lines of the kinds that you would
5 like us draw that stand up over time. What we've
6 seen over and over and over again is that the market
7 moves faster than lawmakers. And so, we get stuck
8 with, you know, lines that no longer make any sense,
9 and that are--and that distort the market in all
10 kinds of ways. But, certainly we continue to be
11 concerned about homeownership. We continue to look
12 for ways to provide affordable homeownership and
13 we're happy to talk with you more about those.

14 COUNCIL MEMBER GREENFIELD: Thank you.

15 CHAIRPERSON WILLIAMS: Thank you, Council
16 Member. Council Member Reynoso followed by Council
17 Member Lander.

18 COUNCIL MEMBER REYNOSO: Good morning.
19 We had a couple minutes of morning. Thank you guys
20 for being here. We really appreciate it. I'm
21 Council Member Reynoso from Williamsburg and
22 Bushwick, which many folks in my district I just want
23 to say think 421-a is, you know, is considered a full
24 program that has encouraged development at the
25 expense of long-term residents in Williamsburg and

2 Bushwick specifically. And, you know, coming in and
3 looking at what we have seen here in 421-a it's not
4 something that I think from hearing alongside of my
5 colleagues, something that we're--you know, we're
6 extremely excited about. It's a better plan than the
7 last one, but it's still not a good plan, or we don't
8 necessarily think it will get us to where we want to
9 be in Williamsburg and Bushwick. I want to be
10 specifically clear. I looked at all the options.
11 None of them apply reasonably to my district. I just
12 want to say I don't see the benefit in my district
13 for having this program in Williamsburg and Bushwick.
14 I just--it's a billion dollars a year we're talking
15 about. I just want to know if--were there any other
16 programs or ideas proposed or entertained--or
17 entertained as to what we could be doing with this
18 money that might give us like direct subsidies?
19 Maybe having direct subsidies or seeing it on a
20 block-by-lot rate? Something new, something
21 different? Doing away with 421-a and allowing you
22 guys to--to use your creative energy to think of
23 something that might be more--I don't even know what
24 to say. Just a better option for folks in my
25 community.

2 DEPUTY MAYOR GLEN: Well, Councilman, I
3 would--I would say that we--we are doing a lot of new
4 and creative things and that are going to be helping
5 folks in your community. As you--as you, of course,
6 mentioned look how closely you work with both Gary
7 and Vicki. We have been launching new programs that
8 actually are using the dollars that this Mayor
9 doubling the amount of subsidies, and it's going into
10 our affordable housing programs to make sure that we
11 are reaching an unprecedented number of low-income
12 families across the city. Very low-income families.
13 So, again, I agree with you. 421-a did not do what
14 it should have done for the Williamsburg community.

15 COUNCIL MEMBER REYNOSO: So what did--I
16 want to know why not give you more of that money so
17 that you can do that, right? You're right, you've
18 got to get involved.

19 DEPUTY MAYOR GLEN: [interposing] Well,
20 I--I--appreciate--I appreciate your faith in us, and--
21 -but I would say the following two things. One,
22 those programs are continuing, and you need to have
23 multiple programs and multiple levers in order to
24 accomplish the scale of what we are trying to do
25 here. We've already added 100 people to HPD's

2 workforce in order to increase the number of programs
3 that we're doing directly. We also are very
4 cognizant of the fact that we want to have a
5 dedicated revenue stream that will go right back into
6 affordable housing, which is why we have linked our
7 421-a reform proposals to our mansion tax. So that
8 money is lock boxed for affordable housing going
9 further--further.

10 COUNCIL MEMBER REYNOSO: [interposing]
11 Well, that's very good.

12 DEPUTY MAYOR GLEN: As you know, if we
13 were to just get rid of 421-a, I would think that
14 would make some sense because it's an incredibly
15 important tool in our toolbox. But (b) you can't get
16 you can't guarantee that every dime of foregone
17 revenue necessarily goes back into housing. It could
18 legitimately go back in bridge and tunnel repairs--

19 COUNCIL MEMBER REYNOSO: [interposing]
20 Yes.

21 DEPUTY MAYOR GLEN: --schools,
22 healthcare, any of the many other needs that we have
23 as citizens. So what we've done here really allows
24 us to do everything. Create a dedicated stream--

2 COUNCIL MEMBER REYNOSO: [interposing]
3 I'm sorry. I'm sorry, just because I'm running out of
4 time.

5 DEPUTY MAYOR GLEN: --and we'll do it
6 all.

7 COUNCIL MEMBER REYNOSO: So, I'm sorry,
8 just because I'm limited on time. I apologize. And
9 I--and I hear what you're saying. This is not an
10 easy issue that we can fix. You know, in one way we
11 do need this--this toolbox. I just don't think that
12 the other tools in your toolbox are compensating for
13 the destruction efforts that 421-a is causing.
14 That's all I'm trying to say. Is that there's a--
15 you're right. We want more of the--I want the other
16 tools in the toolbox to be more effective and this
17 will not be so prevalent or even be in the toolbox at
18 all. What I'm trying to say in my district, for
19 example, for every three units of affordable housing
20 we lose, we gain one unit through the 421-a tax
21 program or the other tools in your toolbox. You're
22 talking about 24,000 Latinos displaced in the last
23 ten years from Williamsburg, right? That is
24 significant damage that's being done and the 421-a is
25 supposed to be something that's supporting and

2 helping these communities and they're not. So it's
3 just very frustrating to see that they were going to
4 open it up. Looking at those affordability levels
5 are absolutely not in line with what we are seeing
6 down in our community. So I want to I'm being very
7 critical. It's better than the last time, but it's
8 still not where we need to be. I'm just hoping that
9 we could have conversations about developing your
10 other tools and they being the primary function of
11 preserving and creating affordable housing not 421-a.

12 DEPUTY MAYOR GLEN: I can take a look at
13 your question. [laughs]

14 COUNCIL MEMBER REYNOSO: It's--take it as
15 you wish and hope that we can continue to work to do
16 everything right.

17 DEPUTY MAYOR GLEN: [interposing]
18 Absolute, and as I said--I said again this is
19 incredibly important that it's seen in the context of
20 all of the prongs [bell] of the plan. And so, when
21 you just cited about the number of units you've lost
22 in your district over the past several years, that is
23 why we are so fundamentally committed to making sure
24 that we get our rent regulation bill passed. So that
25 we can stem that tide while simultaneously also

2 addressing our new construction needs, and driving
3 the number of--the amount of affordable housing up
4 while also serving a wider range of folks. And we're
5 happy to work with you to tailor those programs to
6 meet the specific needs of your community.

7 COUNCIL MEMBER REYNOSO: Thank you.
8 Thank you, Chair.

9 CHAIRPERSON WILLIAMS: Thank you, Council
10 Member. We have Council Member Lander followed by
11 Council Member Levin, followed by Council Member
12 Espinal.

13 COUNCIL MEMBER LANDER: Thank you, Madam
14 Chair. It's good to see you Deputy Mayor,
15 Commissioner and President. As you know, I've been
16 toiling in the 421-a reform space for over a decade
17 at this point. And I'll be honest, with pretty
18 limited success. It has been challenging given some
19 of the political and campaign finance political
20 contribution realities Council Member Levine alluded
21 to, the marketplace, the politics. We thought we had
22 made some significant reforms in 2006-2007. Most of
23 those wound up getting delayed. And so I want to say
24 that I strongly support, and I appreciate the
25 proposal that you have brought forward here. Could I

2 imagine one that I would like even better? Sure.
3 This isn't perfect. It doesn't solve all our
4 problems, but between this and the straight extender,
5 there is simply no question at all about what's
6 necessary. This is a strong proposal given the
7 economic and political realities of the moment. And
8 I wholeheartedly support it. I also want to say I
9 really appreciate your making clear how essential it
10 is to strengthen the rent laws. That is the core
11 thing we can do to protect tenants and from
12 displacement in gentrifying neighborhoods and non-
13 gentrifying neighborhoods still from rent escalation.
14 You can't solve that problem with 421-a. We must
15 strengthen the rent laws and hope that doesn't get
16 lost in the debate in Albany even while we're working
17 on reform--reforming 421-a.

18 I was very encouraged to hear the
19 commitment that you made this morning or that as
20 you're looking at the Inclusionary Zoning that the
21 combination of Inclusionary Zoning of 421-a will do
22 some deepening or broadening of affordability
23 requirements. I guess I want to ask two questions
24 there. First are you thinking about that only around
25 the mandatory inclusionary or around the voluntary,

2 existing voluntary programs as well where people
3 might be combing 421-a with the existing designated
4 areas or R10 Inclusionary programs.

5 DEPUTY MAYOR GLEN: Well, first of all,
6 thank you for your toiling for the past 10 years in
7 the 421-a space. I think for all of us who are
8 housers, we recognize that prior attempts for reforms
9 simply have not gone far enough. I mean this is a
10 real unique opportunity for us to get something and
11 changing done. So I appreciate your recognition of
12 all of your years of hard work. Most specifically to
13 your question, as you know, our focus has been on
14 doing a program that would allow us to impose a
15 Mandatory Inclusionary requirement on areas where we
16 are rezoning to allow additional residential use or a
17 change in use. And so that would be in rezoning
18 neighborhoods that we've already identified and
19 others that we have to work on in the coming years as
20 well as in private applications. So I think that
21 this is also really important for folks to understand
22 that once we have adopted the text of the new
23 mandatory requirement, it will allow us also to
24 impose that for private applications. And then
25 often, particularly in high value neighborhoods,

2 Lower Manhattan, Upper Manhattan, parts of Downtown
3 Brooklyn and Queens waterfront, et cetera, we simply
4 don't have that tool now.

5 So I do want to make clear that the
6 adoption of a mandatory requirement will actually
7 have benefits beyond just the neighborhoods where
8 we're going to be rezoning. That's number one.
9 Number two, we have been clear, though that our
10 priority in terms of what we need to get done in our
11 agenda immediately is to work on the mandatory for
12 all of the areas in which we are unlocking additional
13 residential capacity. We will look at and are
14 continuing to look at ways in which we can improve
15 the voluntary program. So that we can draw more
16 affordability and/or get more units. That is a
17 subject that is near and dear to our hearts, and we
18 are spending a lot of time on that. But right now
19 the Administration's key priority is to get the text
20 amendments adopted and then apply them to these
21 neighborhood wide rezonings.

22 COUNCIL MEMBER LANDER: And obviously
23 that makes sense in so much of the city where I think
24 there's some concerns about getting the deeper
25 affordability and more affordability are in the

2 places that you're looking and. And there's really
3 concerns in those neighborhoods about how we both
4 preserve and create new--more deeply affordable. I
5 think it's worth looking at the voluntary spaces both
6 where those are in places like Council Member
7 Rosenthal's district where we could address the
8 permanent need, the need for permanent affordability
9 especially where there is also a density bonus. And
10 some places like Council Member Reynoso's
11 neighborhood where they may have been a prior
12 designated area of rezoning. So again, those same
13 fears come into play. So if we could look at that
14 and think about ways--

15 DEPUTY MAYOR GLEN: [interposing]
16 Councilman, I--I want to reiterate -- sure.

17 COUNCIL MEMBER LANDER: --we get to keep
18 it more permanent, we'd be doing much better. [sic]

19 DEPUTY MAYOR GLEN: [interposing] And I
20 want to reiterate that nothing is off the table. Let
21 me be very clear that if we can't accomplish
22 everything that we need to accomplish through state
23 legislation in order to really advance our housing
24 agenda, there is nothing that is off the table.

2 COUNCIL MEMBER LANDER: All right, and
3 then, I guess my--my last question is one thing I
4 really like about this proposal is the way that the
5 421-a and the rent regulations would fit together.
6 Currently, in 421-a you can't take vacancy decontrol
7 during the period of time you're getting benefits.
8 Obviously, extending that to 35 years has some
9 additional advantages. You proposed in rent
10 regulation reform taking vacancy bonuses off the
11 table and also making the--

12 CHAIRPERSON WILLIAMS: [interposing]
13 Council Member.

14 DEPUTY MAYOR GLEN: --IAIs and MCIs one-
15 time surcharges. Hopefully, we'll win those on all
16 rent regulated units. If we don't, can we take a
17 good hard look at whether we could apply those to
18 newly created rent regulations through the 421-a
19 program.

20 DEPUTY MAYOR GLEN: Yes, and we do a lot
21 of that, as you know, through our regulatory
22 agreements already, but we will continue to look at
23 that. But the number one priority here is to get
24 those rent regulation reforms along with the 421-A
25 reform and the mansion tax passed in Albany.

2 COUNCIL MEMBER LANDER: Amen.

3 CHAIRPERSON WILLIAMS: We have Council
4 Member Levin. You can catch your breath.

5 COUNCIL MEMBER LANDER: Right.

6 CHAIRPERSON WILLIAMS: And then we'll be
7 followed by Council Member Espinal and that's all we
8 have on the list unless Council Member Mendez comes
9 in. I do want to acknowledge the presence of
10 Assembly Member Walter Mosley, who will be testifying
11 after. Thank you very much for being here.

12 COUNCIL MEMBER LEVIN: Thank you very
13 much, Mr. Chairman. Thank you Deputy Mayor and
14 Commissioner--commissioners, thank you. I have just
15 a couple of questions about the issue of expanding
16 the--the AMI levels up to 130%. Do you have an
17 accurate picture of how many units, affordable units
18 were created in the last five years under the 421-a
19 program at 50% of AMI. So the level that's currently
20 required in your private development?

21 COMMISSIONER BEEN: So, I--I'm sorry. I
22 don't have the exact breakdown in my head although we
23 can certainly get that to you. Many of the
24 affordable units that have been built in the last--
25 since 2009 were at 60% AMI because they were driven

2 down to 50% AMI through the use of tax credits,
3 right?

4 COUNCIL MEMBER LEVIN: No, but they were--
5 --but also they were required to get at 60% in order
6 to get a 421-A.

7 COMMISSIONER BEEN: Unless they had SGA.

8 COUNCIL MEMBER LEVIN: Unless they had
9 SGA, but take--take SGA out of the picture here.

10 COMMISSIONER BEEN: [interposing] Yes.

11 COUNCIL MEMBER LEVIN: I'm trying to look
12 at private development--

13 COMMISSIONER BEEN: [interposing] Uh-huh.

14 COUNCIL MEMBER LEVIN: --and--and get a
15 sense of--of--

16 COMMISSIONER BEEN: [interposing] Right.

17 COUNCIL MEMBER LEVIN: --how many units
18 have been created, affordable units have been created
19 through 421-a over the last five years?

20 COMMISSIONER BEEN: About 7,600.

21 COUNCIL MEMBER LEVIN: About 7,600.

22 COMMISSIONER BEEN: Right.

23 COUNCIL MEMBER LEVIN: And that's out--
24 that's taking SGA out of the equation.

2 COMMISSIONER BEEN: So, 7,600 total and
3 much of that received SGA, but the SGA also drove it
4 down because of the tax, the presence of tax credits
5 in that SGA.

6 COUNCIL MEMBER LEVIN: But SGA allowed
7 for a higher AMI. That's why I'm trying to--

8 COMMISSIONER BEEN: [interposing] But
9 not--but SGA allowed for the higher AMI, but if you--
10 part of your SGA was tax credits you had to go down
11 to 60.

12 COUNCIL MEMBER LEVIN: Okay, the--the
13 reason I asked is I wanted--you've done a projection.
14 How many affordable units at 60% or lower is
15 projected under this reform for the next five years?
16 How many--how many 60% AMIs are projected, 60 or
17 lower?

18 COMMISSIONER BEEN: Right. So we believe
19 that majority of the units will be at 60% or below,
20 and I want to remind you that for the first time
21 we're requiring in that Option 1, 10% to be at 40%
22 AMI, which is a--is a game changer.

23 COUNCIL MEMBER LEVIN: I get it. I just--
24 -I just want to know what the--what the number is on
25 your projection.

2 COMMISSIONER BEEN: Yeah, as we talked
3 about earlier, it's hard to predict exactly what
4 neighborhoods and exactly what choices, et cetera.
5 But we believe that the majority will be at those
6 low--at those low levels, 60% envelope.

7 COUNCIL MEMBER LEVIN: And is there a
8 range that you're projecting in terms of hard
9 numbers? Is there like--I mean you can't predict the
10 economy.

11 COMMISSIONER BEEN: So we predicted 25--
12 that we would get 25,500 affordable units over the
13 ten years if our reforms are passed--

14 COUNCIL MEMBER LEVIN: [interposing] And
15 what percentage of those--

16 COMMISSIONER BEEN: --the majority of
17 them. [sic]

18 COUNCIL MEMBER LEVIN: --would be over
19 80% of the AMI--over 60% of the AMI?

20 COMMISSIONER BEEN: So we believe that
21 the majority of them would be below 60--60% and
22 below.

23 COUNCIL MEMBER LEVIN: The majority is a--
24 -is a large--it's a very--that's a--that's wide
25 range. Is it 51% or is it like 95%. Like when you

2 say majority, which--which end of majority do you
3 mean?

4 COMMISSIONER BEEN: So I understand the
5 need for precision. I also understand that markets
6 are changing, interest rates are changing and so
7 we're committee.

8 COUNCIL MEMBER LEVIN: [interposing]
9 Yeah, but it's a big difference say--

10 COMMISSIONER BEEN:--[interposing] Sure.

11 COUNCIL MEMBER LEVIN: --that--that you--
12 the majority could be, you know, was it 12,751 60% or
13 lower, or it could be 21,000 at 60% or lower. I'm--
14 I'm trying to figure out where--I'm--I'm concerned.
15 The reason why I'm concerned is this: The--the--the
16 reason why I'm concerned is this, is that 130% of AMI
17 I don't consider affordable housing. I consider it
18 moderate income housing. [applause] Just it's--
19 it's--it's a different thing than affordable housing
20 because the rent is set at like \$2,500 a month for a
21 family--for--for a two-bedroom apartment a family of
22 four. That's too much. I--I don't consider that
23 affordable. That's like--that's like for somebody
24 like me in my--in my salary, and--and that's not who
25 really needs affordable housing. You say, yeah, I

2 mean we need moderate income housing. We do, but we
3 also really, really need affordable housing, and I
4 consider affordable housing 80% or lower. That's
5 really what I consider affordable housing, 80% of the
6 AMI or lower. So, then if--what I'm nervous about is
7 that a lot of the units under the proposed plan would
8 actually be at that 130% option, which I don't
9 consider affordable. So when we're talking about the
10 number of affordable units, and if half of them are
11 at 130% of AMI or 49% of them are at 130% of AMI,
12 that would be a big concern to me. So that's--that's
13 what I'm saying. So when--so that's why I want to
14 know a little bit more in depth. So can you [bell]
15 as deftness as you've been able to study it, can you
16 tell me roughly the range of percentage that you
17 think will be at 130 versus I guess it was 70% or
18 lower?

19 COMMISSIONER BEEN: So, let me put it
20 this way. First of all, I--I just want to push back
21 on one thing. We have an affordability crisis across
22 the board. It affects both the teachers and bus
23 drivers and the police officer and the firefighters
24 and the Sanitation workers across the city.

25 COUNCIL MEMBER LEVIN: I hear you.

2 COMMISSIONER BEEN: We've been--we have
3 been very, very focused on broadening the range of
4 affordability that's out.

5 COUNCIL MEMBER LEVIN: [interposing]
6 Right and this goes back to--I mean this is not a new
7 debate. Mitchell-Lama was for--

8 COMMISSIONER BEEN: [interposing] Uh-huh.

9 COUNCIL MEMBER LEVIN: --that moderate
10 income, middle income. It's not like, you know, this
11 is a brand new thing. What I'm saying is up to now,
12 the current 421-a program under--with private
13 development without substantial government
14 assistance, it--it yields--the affordable units that
15 it yields are 60% of AMI.

16 COMMISSIONER BEEN: Yes.

17 COUNCIL MEMBER LEVIN: That is
18 affordable. That is by every standard affordable
19 units. So I get the range issue. I--I get that
20 you're going down to 40%. What I'm saying is 130% of
21 AMI is not what I consider affordable. I consider it
22 moderate income.

23 COMMISSIONER BEEN: So remember that you
24 have the different options, and that especially in
25 Option 2 where--where people are relying upon

2 subsidies as well, we're going to use our subsidies
3 to drive down the affordability enormously. So we
4 would expect that you will certainly get as many
5 units at those low AMI levels as we're getting now,
6 and we would expect that really about two-thirds of
7 the--of the units that are built under the--under our
8 reforms would be Option 1, which requires 40% and 60%
9 and Option 2, which uses our subsidies to drive the
10 levels down to the levels that are required our ELLI,
11 our Extremely Low and Low Income programs, which are
12 40, 50 and 60% of AMI. And again, I just want to
13 emphasize the importance of driving it down to those
14 40% levels. You are right that under the current
15 program we get 60% units and they are 60%.

16 COUNCIL MEMBER LEVIN: Well, no because
17 you also get--you also get--

18 CHAIRPERSON WILLIAMS: [interposing]
19 Council Member.

20 COUNCIL MEMBER LEVIN: --you also get
21 40s--

22 CHAIRPERSON WILLIAMS: [interposing]
23 Council Member.

24 COUNCIL MEMBER LEVIN: --40s and 50s with
25 those that get tax credits as well, right.

2 CHAIRPERSON WILLIAMS: [interposing]

3 Council Member Levin, I'm going have to ask you to
4 wrap up.

5 COUNCIL MEMBER LEVIN: So there are--
6 there are 421-a's that also get--

7 CHAIRPERSON WILLIAMS: [interposing]
8 Thank you.

9 COUNCIL MEMBER LEVIN: --they're not
10 SGAs, they're bonds.

11 CHAIRPERSON WILLIAMS: [interposing]
12 Council Member Levin.

13 COUNCIL MEMBER LEVIN: But they're--they
14 go down to 40--50 and 40%.

15 CHAIRPERSON WILLIAMS: [interposing]
16 Thank you, Council Member Levin. Council Member
17 Espinal.

18 COUNCIL MEMBER ESPINAL: Thank you Chair
19 Williams. You know a lot has been said. I--I--I
20 agree with things that Reynoso and Levin brought up
21 and I guess that's what happens when you're last.
22 But I want to talk about East New York. You know, I
23 think it's the hop topic now especially in my
24 district because that's where I represent. And we're
25 looking to do 7,000 units there, right or proposing

2 to do about 7,000 units. Would you be able to talk
3 about how your straight extender--how the--how that
4 would affect the rezoning in my district with the
5 straight extender with the amount of units that it
6 would potentially bring in and the new reform
7 package?

8 COMMISSIONER BEEN: The straight extender
9 in your--you'll refresh my recollection. I'm sorry.
10 Most of your district is not in the GEA, right?

11 COUNCIL MEMBER ESPINAL: All of my
12 district is part of the 421 current plan.

13 COMMISSIONER BEEN: Is part of the--

14 COUNCIL MEMBER ESPINAL: Yeah.

15 COMMISSIONER BEEN: Is within the GEA?

16 So you would be getting where you had--where you
17 would be getting--where you had people taking the
18 421-A benefit, you would be getting 20%, you know,
19 affordability. Under our program, you will be
20 getting between and 25 and 30% at a deeper, a 40% and
21 a broader range of affordability, but I--

22 [background comments]

23 COMMISSIONER BEEN: Okay, we--we can get
24 back to you with exactly once we look at the

2 boundaries, part of the problem of these lines.

3 Pardon?

4 DEPUTY MAYOR GLEN: I just want to make
5 sure that we're using the nomenclature correctly.
6 Your district is not in the GEA. So, therefore, if
7 somebody wants to build a building there, a 50-unit
8 rental building they can get 421-a as of right today.
9 They don't have to do anything. By our proposal by
10 essentially eliminating this distinction between the
11 two different--that you're in the GEA, you're not in
12 the GEA, from now on just as a base case going into
13 the scenario, if they want a tax exemption, they have
14 to provide affordable housing. That's a fundamental
15 shift. So your district is actually a great example
16 of where our changes will ensure that the taxpayer is
17 getting something in return for the benefit.

18 COUNCIL MEMBER ESPINAL: Right, so--so
19 this plan will--will 100% benefit the--the rezoning
20 of my district?

21 DEPUTY MAYOR GLEN: A 100%.

22 COUNCIL MEMBER ESPINAL: Yeah, I'm on
23 board. Thank you.

24 DEPUTY MAYOR GLEN: [laughs]

25

2 CHAIRPERSON WILLIAMS: Thank you very
3 much. One second, please.

4 [pause]

5 CHAIRPERSON WILLIAMS: I have some
6 follow-up questions. I just want to go back to the
7 question I asked before about how many units. I just
8 want to see if you had an opportunity to rethink the
9 question. Because I would imagine if you did some
10 speculations about which of these--which of these
11 options will be chosen, you would have some idea of
12 how many units would be--will we get depending on the
13 A--on the AMI. My--my assumption is that is kind of
14 the function of HPD and the function of this--of this
15 proposal that there would have been some kind of idea
16 of how many of those units would fall into which
17 categories of AMI. So, I just wanted to give--I
18 wanted to repeat that question to see if by any--any
19 idea of how many units it would be. It seems that we
20 wouldn't have any idea at all.

21 DEPUTY MAYOR GLEN: So again, I mean this
22 is really carrying on from Council Member Levin's
23 questions, which is again I--I understand the desire
24 for precision and the extensive modeling we done--we
25 have done is--is really based on predictive behavior

2 and markets and where rents are going to be at any
3 given time, and where interest rates and total costs
4 are. As we've said, I think it is fair to say based
5 on the projections and even sensitizing them to
6 various shocks in the system that we would believe
7 that at least two-thirds of the overall production
8 would be at that 70% or less. Could I, you know,
9 give you my daughter's life on this? Of course not,
10 but we can tell you--

11 CHAIRPERSON WILLIAMS: [interposing] I'm
12 sorry repeat that. Say that again. Say that--

13 DEPUTY MAYOR GLEN: We believe based on
14 our predictive modeling, again shocking it for
15 various interest rate and other sorts of challenges
16 on TDC, etc cetera land prices, I think it's fair to
17 say that at two-thirds of those units would be at 70%
18 or below. Again, depending on economic conditions.
19 It could be substantially more than that because more
20 people would want to access the federal programs,
21 which are generally more available than other
22 programs. But again, I couldn't bet my daughter's
23 life on it, but I would say two-thirds, and I could
24 sleep at night.

2 CHAIRPERSON WILLIAMS: Two-thirds. So
3 can we just do the quick math. So one-third could
4 possibly be 130% of AMI?

5 DEPUTY MAYOR GLEN: It could, but let me
6 just again point out, if you had a straight extender,
7 you would have any affordable housing even if you
8 want to quibble over what the definition of
9 affordable housing is. Every society we have for
10 many, many, many years throughout the history of
11 housing policy said that providing moderate and
12 middle-income units is a good public good. Right
13 now, with the straight extender you would get
14 nothing. So those folks in East New York for example
15 could in theory charge \$4,000 a unit for every two-
16 bedroom and get a full tax exemption.

17 CHAIRPERSON WILLIAMS: [interposing] So
18 I think that--

19 DEPUTY MAYOR GLEN: So I think we really
20 need to keep that in mind when we look at what this
21 proposal actually will do, first of all.

22 CHAIRPERSON WILLIAMS: I think that in,
23 as you said, Brownsville or in East New York probably
24 would choose Option 1--I'm sorry, Option 2. But
25 there are some areas, and probably Council Member

2 Espinal, which have been sitting in my district that
3 would probably choose Option 3. And the problem is
4 if we do one-third of that, you know, I guess 75,
5 100, 8,000 units can be built. And I'm getting--and
6 the capacity could be more, would be built at 130% of
7 AMI. And could be in my district and projects will
8 be considered affordable now that might just be equal
9 to market rate. And so, that's the concern that we
10 have, and the concern that many of us share. My
11 belief is that I wish HPD had more involvement in
12 which developer--which--which operations a developer
13 could choose. I think that would provide some--some-
14 -some relief in--in some of my concerns. I'm--I'm
15 just concerned about that. And I, although I'm not
16 going to ask direct questions about that, I do
17 understand the political realities of what we will be
18 able to get irrespective of whatever we think in
19 Albany. And I'm sure that shaped some of what the
20 proposal was. But again, the question might have
21 been should we just have pushed for nothing if we
22 don't get what we want, or is this better than
23 nothing? I think those--those are very real
24 questions, but I know that is also shaped by
25 political realities. I did have--I have actually a

2 bunch of other questions that I'm going to ask staff
3 to make sure that they get asked. But before that,
4 the 30% more that you say would cost in prevailing
5 wage was kind of surprising because that meant--that
6 means that people are being paid certainly low right
7 now. Can you tell us a little bit of how you got
8 that number that if we paid prevailing wage, it would
9 provide--the cost of the building would be a 40%
10 jump.

11 DEPUTY MAYOR GLEN: There are several
12 studies that have been done over the past years. One
13 is by the Columbia University Center for Real Estate.
14 One is by CHPC and one is by the RPA, which have
15 tracked what the increased cost would be going from a
16 non-prevailing wage to prevailing wage job. So
17 that's--that's the source of the data plus obviously
18 the data that we collect internally on real time
19 transactions that are happening. So we have a fairly
20 robust set of data plans from various independent
21 third-parties that develops their own data that
22 suggests that the average build-out between a
23 prevailing wage and non-prevailing wage job is 25 to
24 30%. That's not to say that everybody who doesn't
25 make prevailing wage is making minimum wage. So I

2 guess you're asking two different sets of questions
3 with respect to wage data. And much of that data is
4 available through the Bureau of Labor Statistics in
5 terms of what the average wages are for prevailing
6 wage and non-prevailing wage. But we know based
7 again on independent third-party analyses and our own
8 data that the average increase in cost on a job is
9 between 25 and 30%. And that does equate roughly a
10 billion dollars, and a billion dollar roughly equates
11 to 17,000 units. Which is why to the extent that we
12 can accomplish it all, we very much to do that, and
13 there are huge portions of the Mayor's Housing Plan
14 particularly in the higher density. You know, larger
15 high scale building typologies where we think that
16 PLAs will make sense. And we're actively pursuing
17 those discussions with the trade. But often in, you
18 know, lower rise smaller 100% affordable housing
19 projects that do receive 421-a, it's simply the math
20 just doesn't work. And then we'd have to build less,
21 and we have a housing crisis and we can't build less.

22 CHAIRPERSON WILLIAMS: Thank you. One
23 second.

24 [pause]

2 CHAIRPERSON WILLIAMS: Okay, I'm going to
3 ask a few of these questions then I'm going to go to
4 Council Member Miller for his questions. I
5 understand at some point the Deputy Mayor is going to
6 have to leave, which I appreciate. We are then going
7 to go to a second round of questions, and I know the
8 Commissioner will be staying. So thank you for that.
9 What time do you have to leave, Deputy Mayor?

10 DEPUTY MAYOR GLEN: So, I--I have to be
11 at a meeting with the Mayor at 12:30. So I have to
12 step out right before 12:30.

13 CHAIRPERSON WILLIAMS: All right, let me
14 just get Council Member Miller in to ask questions
15 for five minutes.

16 COUNCIL MEMBER MILLER: Thank you, Mr.
17 Chair. I appreciate that. So I want to digress a
18 little bit. I just walked in on this whole PLA thing
19 and--and so forth, and obviously that's as important
20 to me, as the Chair of Labor, that it's important to
21 me that we create real careers wherever possible.
22 And think that here's a real opportunity that. And--
23 and you just mentioned that--that wherever possible
24 that conversation has been had--had. So, are there
25 any universal situations like the outer boroughs? Or

2 is there some particular criteria where that
3 conversation is automatically dismissed that it's not
4 happening, or it's not a viable solution?

5 DEPUTY MAYOR GLEN: Well, I think--I
6 think it's the opposite. I think we're not taking--
7 we're not saying that there are a certainly class of
8 buildings that we'll never work on. Because again, I
9 think the circumstances of any project can actually
10 be quite different, right. If the land, for example,
11 if the city owns sites so the project doesn't have as
12 high costs. Where there's an opportunity to do,
13 again, high-rise construction on a large-scale
14 project. Are there market rate components, a retail
15 component for example. Again, take a project like
16 Astoria Cove where you have a substantial amount of
17 market rate housing, a substantial amount of
18 affordable housing plus big infrastructure work, and
19 other non-residential uses. When you look at the
20 totality of that project it was clear that that
21 project in working with the Council very effectively
22 could and should have a PLA. So I think it's not
23 about any subset of projects that don't make sense.
24 At the end of the day, and I--I hate to sound so
25 nerdy about it, it's all about the math, right. It's

2 all about the math, and to the extent that we can
3 work with the trades to establish PLAs that allow us
4 to make the math work, we want to do that. But, I
5 think we also have to be very honest about the fact
6 that imposing an absolute requirement could limit our
7 ability to make good on our number one promise to New
8 Yorkers. Which is to make sure that in addition to
9 preserving every unit of affordable housing, we will
10 use every tool in our toolbox to build more
11 affordable housing.

12 COUNCIL MEMBER MILLER: So, I--I think
13 that there has to be a genuine attempt to--to make
14 this happen, and I'm not so sure that that has
15 happened. I--you mentioned Astoria Cove. I--I know
16 that there had to be some--some--some arm twisting,
17 and some demonstrations and a lot of things on--on--
18 on a lot of parts from a lot of parties involved
19 there in order for that to come to fruition. But I
20 also believe that that was very important to the
21 Borough of Queens. They said in the precedent that
22 when you come to Queens, you're not building because
23 you're not building on the cheap because there's a
24 price to pay for cheap. But there's also an
25 opportunity to create careers. And while we're

2 talking about investing, I would hope that we would
3 consider that there's an opportunity to create
4 careers that really stimulate economies and support
5 communities as well that we would--that would be part
6 of the conversation. And I know that that maybe a
7 little bit outside the purview of view, but I would
8 hope that these are things that are being considered
9 as well.

10 COMMISSIONER BEEN: Council Member, I
11 couldn't agree more, and again I look forward to
12 working with you again on our Career Pathways, on our
13 training programs to be more inclusive. So that
14 people have an opportunity not just to get into these
15 jobs, but to really have an opportunity to career
16 ladder up. So that people can really have the kinds
17 of wages they need to live a middle-class life. And
18 that is absolutely a priority of this administration
19 across the board, across every silo in every agency.
20 So we appreciate it, and we look forward to working
21 with you and with everybody who has constructive
22 ideas about how we can make the math work. And
23 create as many good jobs as we possibly can for all
24 New Yorkers. That is what we are here to do, and we
25 share that value.

2 COUNCIL MEMBER MILLER: And,
3 Commissioner, I really appreciate that sentiment, but
4 I just want to relate one thing that I've had some
5 conversations with developers that are intent to
6 develop in--in South East Queens and the Jamaica area
7 and so forth. And they are kind of using this
8 narrative to build on the cheap of what can't be
9 done. And that there cannot be conversation because
10 we historically--it just can't be done. And so, I
11 would hope that we'd put all these great minds
12 together, and that we figure out a way to build
13 effectively, to build qualified and to build union
14 and at the same time maintain the affordable, and hit
15 the numbers that we are looking to hit. And, that
16 will allow us certainly to create real careers and
17 support communities. So, I hope that we can work
18 together on that. So thank you.

19 CHAIRPERSON WILLIAMS: Thank you. Deputy
20 Mayor, I did have one question. Sorry, but I want
21 to--be--for you to be present. This is about the
22 Daily News had a pretty bad article about developers
23 receiving 421-a, and also being--having problems with
24 wage theft. Is there any plan to try to deal with
25 developers who are getting those exemptions, and who

2 are found stealing wages? Is there any way to pull
3 back that exemption, or somehow get those wages paid?

4 DEPUTY MAYOR GLEN: 421-a is an as-of-
5 right program. It's a program that's--that's aimed
6 at the developer. It doesn't depend upon which
7 contractor or subcontractor the developer hires. As
8 you know, we've had extensive conversations about
9 when we have money in the deal, when we have any
10 direct subsidy in the deal, we used our enhanced
11 review process. We use all of our other processes
12 to--to try to ensure that our developers are working
13 with responsible contractors and subcontracts. But,
14 421-a is an as-of-right program.

15 CHAIRPERSON WILLIAMS: That's
16 unfortunate. But thank you, Deputy Mayor. Again, I
17 know you have to leave. Please pass along to the
18 Mayor, one although I think there are some concerns
19 that we have with the proposal, I do want to thank
20 him. He has pushed forward affordable housing, and
21 pushed it forward as a priority in a way that hasn't
22 been done in quite some time, and that we want to
23 work together with him on that. And, of course, I
24 believe again that the Governor to be disingenuous in
25 his critique when he has not provided anything, I

2 believe, in terms of New York City and strengthening
3 the rent regulations or even an option for 421-a
4 besides a straight extension. So, thank you.

5 DEPUTY MAYOR GLEN: Thank you and I will
6 most definitely send your sentiments. And again, I
7 cannot stress enough how important it's going to be
8 for all of us in New York City to have one voice as
9 we go into the final two weeks of the session. And
10 that we understand that this is an historic
11 opportunity to begin to make a real change in the way
12 in which the affordable housing market operates in
13 New York. And so, we appreciate all of your support
14 and your hard work. So thank you again.

15 CHAIRPERSON WILLIAMS: Sure. Hopefully,
16 we'll be a little tighter with the conversations on
17 these issues. That would be helpful as well, but we
18 do want to move forward, and there is a political
19 reality of what's going on. So thank you, Deputy
20 Mayor. We're going to continue with the hearing.
21 I'm going to ask--I have actually a number of
22 questions that were not asked, Commissioner. So I'm
23 going to ask some of those and then we'll go to a
24 second round and then I have to finish up the asks.

2 Under some of the affordability options
3 properties are eligible for other subsidies and
4 assistance. How much money in addition to subsidies
5 are you projecting will be used to create affordable
6 housing annually over the next ten years? Just one
7 second. So colleagues, we do have--we will do a
8 second round, and so far I have Rosenthal and Lander.
9 If there is anyone that wants to be included, please
10 let me know. So, who ask me? I can't--I don't even
11 know. I think it's Rosenthal, Lander and then you
12 go. That's right? Okay.

13 COMMISSIONER BEEN: I'm sorry. The
14 questions is how much additional subsidy would we--
15 additional to--I mean, this is within the--the money
16 that the City Council and the Mayor have set aside
17 for the Housing Plan, right? The \$7.2 billion in
18 city capital that's been set aside is intended to be
19 used when necessary to bring down the levels of
20 affordability in those Option 2 areas?

21 CHAIRPERSON WILLIAMS: So all of the
22 additional subsidies will be within the \$7.2 billion
23 that's allotted. That's--that's a--

24 COMMISSIONER BEEN: Yes, that is belief.
25

2 GARY RODNEY: And economically, I just
3 want to specify, it can only be used within Option 2.

4 CHAIRPERSON WILLIAMS: Okay. I think
5 there's a general consensus that Option 2 would work
6 pretty well. I think there's a good track record of--
7 --when the administration steps in to try dig a little
8 deeper.

9 COMMISSIONER BEEN: Uh-huh, we will--

10 CHAIRPERSON WILLIAMS: [interposing]
11 That's why I think it would be even better if we had
12 more of the ability to jump in the developer and some
13 of the other options.

14 COMMISSIONER BEEN: I can assure you that
15 I bug developers all the time so--and I would
16 continue to do that as does--as does President
17 Rodney.

18 CHAIRPERSON WILLIAMS: Okay, when a new
19 tenant moves into an affordable unit during the
20 benefit period, how will his or her rent be
21 calculated?

22 COMMISSIONER BEEN: So, when a new tenant
23 moves into an affordable unit, they have--first of
24 all, they have to be right at the get-go it's through
25 the lottery, right. And a that time, the rent is set

2 based upon the affordability level of the apart--of
3 the apartment, right? So, if the apartment is a 40%
4 AMI unit, then if it's a one-bedroom the rent would
5 be \$647, right. So that's how it's set, it's based
6 upon the--the affordability restriction that is on
7 the apartment.

8 [pause]

9 COMMISSIONER BEEN: Oh, no, I'm sorry.
10 In subsequent re-rentals as well it would be--it
11 would still be, you know, whatever year it is. Every
12 year the--HUD calculates what the rents can be, and
13 it would be the rental for the 40% unit for however
14 large of an apartment that is.

15 CHAIRPERSON WILLIAMS: The 421-a program
16 requires the production of units at 40%, 60%, 70% and
17 one is 30% of AMI depending on which option is taken
18 by the developer. So, to provide one average cost
19 per unit for all these different levels of
20 affordability makes it hard to understand how
21 efficient a program might be. Do you have cost
22 estimates for each of those types of units? Cost per
23 unit at 40%, cost of unit per 60%?

24 COMMISSIONER BEEN: So, it's necessary
25 her to take an average because the--the cost for

2 let's say a 40% unit is going to vary depending upon
3 the neighborhood because the cost remember is the
4 foregone taxes. And the taxes will vary depending
5 upon what the market rents are for that apartment in
6 that neighborhood, right. So that's why we have to
7 take an average. It's just--otherwise, we'd have to
8 have a matrix that was, you know--

9 CHAIRPERSON WILLIAMS: [interposing]
10 Some--

11 COMMISSIONER BEEN: --59 different
12 neighborhoods, et cetera.

13 CHAIRPERSON WILLIAMS: --some argue that
14 the--the 421-a tax break inflates the cost of the
15 land. Do you believe that it does?

16 COMMISSIONER BEEN: We have--many people
17 argue that. The evidence is--I--I know of no hard
18 evidence that shows that it absolute does. One of
19 the reasons why we thought it was so critical to
20 abolish the program for condos is that certainly we--
21 we--we heard an enormous amount of anecdotal
22 evidence, and our own numbers told us that rentals
23 were just having a very hard time competing with
24 condos for land. And so, in that sense the, you
25 know, the demand for condos aided by the fact that

2 they were getting the 421-a benefit without having to
3 provide much in return surely affected that
4 calculation of whether you build rental or build
5 condo.

6 CHAIRPERSON WILLIAMS: Under the current
7 421-a program do the prevailing wage requirements
8 apply to superintendants? Under the Mayor's plan,
9 superintendants are not covered. Can you explain the
10 rationale for that change?

11 COMMISSIONER BEEN: No. I--I'll go back
12 and take another look. We thought we were just
13 expanding the--the requirement from 50-unit buildings
14 to 30-unit buildings. We didn't--I don't believe
15 that anything else was changed. So I'm surprised by
16 your question, but we will go back and take a closer
17 look at that.

18 CHAIRPERSON WILLIAMS: Okay. Just on the
19 topic--

20 COMMISSIONER BEEN: [interposing] Uh-uh.

21 CHAIRPERSON WILLIAMS: --the logic that
22 prevailing wage for the construction workers would
23 cost us units, couldn't you apply that same logic to
24 the prevailing wage for the ones that you are
25 providing?

2 COMMISSIONER BEEN: The difference
3 between the issues is that prevailing wag for the
4 building service workers is--the difference in wages
5 is really minimum wage is \$10, \$12 an hour for
6 porters, for security guards, et cetera. Prevailing
7 wage is certainly a better wage, but it--it can be
8 absorbed within the costs--within the cost structure.
9 The difference between--the difference in terms of
10 the--the trades is much, much great, and it has a
11 much larger impact on the cost of the building.

12 [pause]

13 COMMISSIONER BEEN: So, my team tells me
14 that superintendants were not removed from the
15 prevailing wage requirements of the building service
16 operations, but that there was a list of definitions
17 of different trades. And that there is apparently no
18 prevailing wage definition of superintendant. So it
19 is not on the list of definitions, but it is covered.
20 We understand that it is covered by the program. We
21 certainly did not intend to change that in any way.

22 CHAIRPERSON WILLIAMS: Thank you. So the
23 Mayor's Plan would allow projects receiving benefits
24 under the current 20 and 25-year 421-a Benefits plan
25 to apply for an extension of such benefits. What are

2 the qualifications to be eligible, and how many
3 owners do you expect to apply for an extension?

4 COMMISSIONER BEEN: So the qualifications
5 to be eligible is they had to be buildings that went
6 into the 421-a program before 2008 because that is
7 where we saw the problem that I identified earlier,
8 right. So it's limited to buildings that went into
9 service before 2008. It's obviously limited to
10 buildings that have at least 20% currently affordable
11 because they have to--you know, they have to protect
12 those 20%. And then they have to provide and
13 additional 5% of units. So many buildings? We think
14 that there are 64 buildings. I forget exactly how
15 many.

16 GARY RODNEY: Sixty-four buildings,
17 approximately 3,800 affordable units, and we think
18 we'll get just shy of 1,000 more middle-income units.

19 COMMISSIONER BEEN: Thanks. President
20 Rodney is always better on numbers than I am.

21 CHAIRPERSON WILLIAMS: The current
22 Inclusionary Housing Program has unit distribution
23 requirements. In other words, affordable units
24 cannot be grouped all on one floor. Are there any
25

2 distribution requirements for 421-a affordable units?

3 And, if not, will you consider adding them?

4 COMMISSIONER BEEN: So, the inclusionary
5 housing, inclusionary zoning does have distribution
6 requirements. 421-a has not had distribution
7 requirements. We did not change that in the
8 existing--or in the proposed bill. In many cases, as
9 you know, these things work together, and so the IZ
10 requirements do end up applying. But we did not
11 include them specifically in the proposed bill. It's
12 not been an issue the people have raised, but I'm
13 happy to talk about it. The--there are, as you know,
14 what we call distribution requirements are--are there
15 two-bedroom, one-bedroom studio, et cetera? And the--
16 the proposed bill requires that either you mirror
17 the distribution of the market rate units, or you
18 provide at least 50% as to two bedrooms and no more
19 than 25% as studios. It used to be the current
20 program allows you to satisfy the--the unit
21 requirements by just meeting--by just building
22 affordable housing on 20% of the floor area. We
23 thought that was being--not producing as much
24 affordable housing as it should, and so we ended that

2 provision. We took that provision out of the
3 proposed bill.

4 CHAIRPERSON WILLIAMS: Thank you. The
5 other question actually I was hoping to ask the
6 Deputy Mayor who was here and I forgot. So maybe you
7 will be able to respond. So, I know that the
8 administration is presenting this as a package--

9 COMMISSIONER BEEN: [interposing] Uh-huh.

10 CHAIRPERSON WILLIAMS: --but hopefully,
11 they're also having discussions around rent
12 regulation as well.

13 COMMISSIONER BEEN: Absolutely.

14 CHAIRPERSON WILLIAMS: Would you support
15 this current 421-a plan if the rent regs--
16 strengthening of rent regulations and the mansion tax
17 were not passed, they do not accept it as part of the
18 package?

19 COMMISSIONER BEEN: That is above my pay
20 grade. That is a question for the Mayor himself.
21 But obviously, he has made very, very clear that the
22 three prongs of the program are rent regulation to
23 protect existing tenants and preserve our
24 neighborhoods and that rent regulation must be
25 strengthened. 421-a has to be a better deal for the

2 tax payers. It has to get better affordability, more
3 affordability for our dollars, and we have to plug
4 the gap that he identified in the original Housing
5 Plan through a mansion tax. Those three things are
6 legs in the tripod. You know, legs in the stool, and
7 he has always made it very clear that they are all
8 centrally important to his housing agenda.

9 CHAIRPERSON WILLIAMS: I have some
10 additional questions that I have to get through--

11 COMMISSIONER BEEN: [interposing] Uh-huh.

12 CHAIRPERSON WILLIAMS: --but I'm going to
13 pause now and go for the second round. We're going
14 to set the clock for the second round for--for three
15 minutes each. Most of my colleagues said they only
16 need 30 second to one minute. So they can feel free
17 not to use the entire three minutes. We're going to
18 go from Rosenthal, Lander, Levin and Espinal.

19 COUNCIL MEMBER ROSENTHAL: All right, I
20 think I was one of those 30-second people. So,
21 Commissioner, I--I just want to make two last points.
22 One is that I'm 100% in agreement with you that we
23 can't do nothing--

24 COMMISSIONER BEEN: [interposing] Uh-huh.

2 COUNCIL MEMBER ROSENTHAL: --and I
3 appreciate that point. It's a message directly to
4 the Governor. You know, as I talk to Upper West
5 Siders this weekend at a variety of school fairs,
6 people are hungry for affordable housing and are--are
7 really disgusted with the current plan allowed, you
8 know, developers like at One West 57th Street to just
9 reap ridiculous amounts of property tax abatements
10 with such de minimis affordable housing. In fact, in
11 that case the affordable housing had already been
12 built. So, I want to be very clear that, you know,
13 something is better than nothing. And so, directly--
14 I really support you on that. I'm glad that you have
15 something out there, and it--it--it starts a
16 dialogue. I mean I think that, you know, the
17 Assembly is ready to talk. We need the Senate to put
18 something on the table, and promo has to be--you
19 can't just punt. It's too important and we have to
20 stop, you know, giving these ridiculous tax breaks to
21 people who can't afford to be paying their taxes.
22 So, I--I support you 100% on that. Although,
23 secondly, I would like to say to the extent there is
24 a dialogue, and there should be one--

25 COMMISSIONER BEEN: [interposing] Uh-huh.

2 COUNCIL MEMBER ROSENTHAL: --I would urge
3 you to--to look again at the financing to see if
4 permanent affordability is possible. And along those
5 lines, if it's appropriate, I would appreciate seeing
6 the--the financial models that you were looking at
7 specifically as it has to do with permanent
8 affordability.

9 COMMISSIONER BEEN: Okay. Thanks. I do
10 want to say, though, that I really appreciate your
11 support and the support that we've heard here today.
12 It's absolutely critical that the option of a
13 straight extender is off the table. That doing
14 nothing is not appropriate here. But I--but I also
15 want to push back. This--this perform--this proposal
16 is not perfect. There are all kinds of ways that I'm
17 sure that if we had, you know, tons of resources and
18 hundreds of modelers and all kinds of and lots of
19 time, that we could improve it. It is, however, a
20 game changer. Any time that you can double the
21 number of units that you're getting, reduce the cost
22 of those units by a third, that is not just
23 something. That is a game changer. That is a
24 remarkably important program to get past. [bell] So
25 I appreciate your support. Absolutely, we will take

2 everything everybody said today and go back and try
3 to think about ways that we could address those
4 issues.

5 COUNCIL MEMBER ROSENTHAL: Thank you so
6 much, Commissioner Been.

7 CHAIRPERSON WILLIAMS: Council Member
8 Lander.

9 COUNCIL MEMBER LANDER: Thank you and
10 thanks to both of you for sticking around for--for so
11 many questions. I want to ask just one thing about
12 the data. I know there's a lot of challenges to
13 analyzing and doing contrafactuals, but it's--it's
14 also true that historically we have not been able
15 just to get the data about the 421-a program itself
16 that we would like to have. And I think it is one of
17 the things the politics have been bigger at making
18 reforms and improvements over the years than the lack
19 of good data. But the lack of good data sure hasn't
20 helped. So I am wondering if there are some things
21 that you are starting to do administratively or that
22 we should be--you know, we should be considering. So
23 that we could just have much more clean, clear
24 transparent data on the lifetime value of each
25 exemption that we're giving to the extent we can when

2 we give it. So that as we go forward from here, we
3 just have a lot better information, and we can be
4 thinking forward about what changes, you know, should
5 and shouldn't be made over time.

6 COMMISSIONER BEEN: Absolutely, I think
7 that the lack of investment in infrastructure that
8 allows us to really analyze what we're doing and
9 learn from it is really critical. Thanks to the--the
10 Mayor and the City Council we have been able to be
11 fed up considerably. We are making huge investments
12 in--in our data infrastructure, and our technology
13 infrastructure. And the very first priority of all
14 of that is our tax incentive programs. They are
15 being--we--I am happy to report that for the first
16 time our--the data I think as I may have mentioned to
17 you, the data for our J51, which is our biggest
18 program next to 421-a was on a Wang computer, which
19 hadn't been made in 30 years. That is finally onto a
20 modern day computer where we can actually analyze it.
21 Shocking. And we are making major investments in--in
22 improving the data and the analytics across these
23 programs. So absolutely, you have my commitment that
24 we are doing everything we can there.

2 COUNCIL MEMBER LANDER: And when might we
3 be able, I mean to see new publicly available data
4 sets of information that would come from those
5 upgrades?

6 COMMISSIONER BEEN: I mean many of those
7 programs are going--I mean many of the new data
8 infrastructure--actually, some of them are being
9 tested already. But I, you know, I think it's fair
10 to say that by the end of the year certainly we will
11 have--we will be up and running. For example, we're
12 putting the applications for all of these tax
13 incentives online so that we have them. That kind of
14 thing. So, you know, I think we'll start to see
15 things at the--at the end of the year, and then we'll
16 continue to roll out from there.

17 COUNCIL MEMBER LANDER: Which is great
18 and I just, you know, my purpose here I mean I think
19 it's essential that we all work together now to win
20 this set of reforms rather than a straight extender.
21 I'm also mindful having been working on this, you
22 know, for more than a decade now. But we need to pay
23 attention. We're going to way to come back again and
24 see where we are in a few years, and having the data
25 that enables us to do that--

2 COMMISSIONER BEEN: [interposing]

3 Absolutely.

4 COUNCIL MEMBER LANDER: --as move forward
5 [bell] would be very important. Thank you.

6 COMMISSIONER BEEN: Absolutely.

7 CHAIRPERSON WILLIAMS: Thank you, and
8 last on the second round Council Member Levin, and
9 none of my colleagues said they wanted 30 seconds.
10 I'd like to shorten it, but it's okay. You've got
11 three minutes.

12 COUNCIL MEMBER LEVIN: Thank you. Thank
13 you, Mr. Chairman. So, I just--actually, it's a
14 quick follow up on my previous line of questioning.
15 So I just want to make it clear what we're talking
16 about. So as the Deputy Mayor said or as you said,
17 about roughly projected two-thirds of the units
18 produced under the proposed reform--

19 COMMISSIONER BEEN: [interposing] Uh-huh.

20 COUNCIL MEMBER LEVIN: --would be at 70%
21 AMI or lower. That's--and--and so, if that's the
22 case and you're projecting 25,500 units of--of
23 affordable units overall produced, that would be
24 16,830 units approximately produced under 70% of AMI.
25 That's a good thing.

2 COMMISSIONER BEEN: Absolutely.

3 COUNCIL MEMBER LEVIN: That's--that's
4 better than the current situation as you said if
5 7,500 units were produced over the last five years,
6 and if whatever percentage of those--not all of them
7 are actually under--under 70% of AMI. So that's--
8 that's about double number of low-income units. So
9 that's a good thing. I just--I just want to be clear
10 that that's--that if that's--if that's what we're
11 talking about, that's a--that's better than status
12 quo.

13 COMMISSIONER BEEN: That's what we've
14 been trying to communicate. Yes.

15 COUNCIL MEMBER LEVIN: Okay, so I just
16 want to be--but the--the hard numbers, when looking
17 at them [sic] that's about double the number of units
18 you project under 70% of AMI than are currently being
19 produced or at least have been produced over the last
20 five years.

21 COMMISSIONER BEEN: Yes.

22 COUNCIL MEMBER LEVIN: Okay, thank you.
23 I just wanted to make that clear.

24 COMMISSIONER BEEN: Great. Thank you. We
25 believe this is a much better program, and that a

2 straight extender is a terrible outcome because it
3 commits the city. It uses the city's tax dollars to
4 get a low number of units not at a range of incomes,
5 and not across the city.

6 CHAIRPERSON WILLIAMS: Thank you. I
7 agree for the most part. My--my concern is that we
8 don't have too much control over options. And so, my
9 concern is when will the options will the options be
10 used and what will be produced? So, I have a couple
11 more questions. I think then we'll be finished with
12 the Administration. Council Espinal wanted me to
13 make the--the map that he has did include a lot of
14 his district. And so there was some confusion on
15 what the shaded areas meant. So that's where the
16 confusion came up with what he wanted. [sic]

17 COMMISSIONER BEEN: Yes, so we will
18 circle back with him.

19 CHAIRPERSON WILLIAMS: Under the exiting
20 421-a program there is a benefit cap for market rate
21 units. Do you consider keeping the benefit cap in
22 place under the Mayor's plan?

23 COMMISSIONER BEEN: We certainly
24 considered it. The--what's called AV Cap, the
25 Accessed Value Cap is mostly used in the condo world,

2 and so once we got rid of condos, it--it was no
3 longer nearly as--as important. So we did not put it
4 back in. Certainly, it could apply to some rentals,
5 but there--you know, not all that many, and it really
6 was aimed at the condo program.

7 CHAIRPERSON WILLIAMS: I know that Option
8 1 would most likely be tax exempt bonds will be
9 needed. Do you know much will be needed in your
10 projections?

11 GARY RODNEY: How much of the bond
12 proceeds?

13 CHAIRPERSON WILLIAMS: Yes.

14 GARY RODNEY: It's--it's--we cannot
15 predict that just because every project is different,
16 and the size and the scope of them. So it's a
17 difficult thing for us to actually project how much
18 they will get. What I can say is that we, both us
19 and the partners at the State have changed the way we
20 finance the 80/20s. So we only issue tax exempt
21 bonds for the low-income portion of the buildings.
22 So we significantly reduced the amount of bonds that
23 are made available to these projects so that we can
24 actually extend it, and have more bond proceeds
25 available to use across the state. But for us in

2 particular citywide because it's such a significant
3 tool for us. So that much we try to rein in, but I--
4 unfortunately, I can't give you a specific on that.

5 CHAIRPERSON WILLIAMS: Want to allow such
6 funds to be allocated. This is for the mansion tax.
7 The Mayor's Plan states that funds from the tax will
8 be deposited. The mansion tax. We're on the mansion
9 tax. The Mayor's--the Mayor's Plan states that the
10 funds from the mansion tax will be deposited in an
11 account within the general fund established for the
12 development and preservation of affordable housing.
13 The Mayor is also free to assign all or any portion
14 of the taxes to HDC. Why not allow such funds to be
15 allocated through the normal budget process, which
16 includes a role for both the Mayor and the City
17 Council?

18 COMMISSIONER BEEN: The idea behind the
19 lock box is exactly to make sure that it gets spent
20 on preserving or building affordable housing. If it
21 becomes subject to the normal budgeting process, then
22 it could be used for other things. And so, we
23 thought it was critical, and when we talked with
24 everybody we certainly heard that support for this
25 particular tax was dependent upon it being

2 specifically targeted and protected to be used only
3 for affordable housing.

4 CHAIRPERSON WILLIAMS: What determines
5 the difference between when funds--the bill states
6 that funding from the tax shall supplant and not
7 supplement, not supplant the city's normal spending
8 on affordable housing. But provides more guidance on
9 what that means or the consequences that a part of
10 the law is not followed? What determines the
11 difference between when funds are being supplanted or
12 supplemented? That's the first question.

13 COMMISSIONER BEEN: So for example, I
14 mean the Mayor has made it very clear in the long--in
15 the Ten-Year Capital Plan that he has allocated \$7.2
16 billion of city capital for affordable housing,
17 right. If not--I'm just--this is a hypothetical.
18 This would never happen, but in response to your
19 question, if the Mayor after the mansion tax were
20 passed said well now I have \$2 billion. I'm going to
21 lower that \$7.2 billion to \$5.2 billion, that would
22 be supplanting rather than supplementing, right? So,
23 if there is money that was allocated for affordable
24 housing that is reasonable to expect would go to
25 affordable housing, and once the mansion tax money

2 comes in, that money disappears for affordable
3 housing then it's kind of a wash. That was the
4 intent of the bill is that this money that is meant
5 to be on top of what the Mayor has already committed
6 to affordable housing.

7 [background comments]

8 CHAIRPERSON WILLIAMS: So how would this
9 play out in recession where the city has to begin
10 cutting regular city funding to a number of areas
11 including affordable housing, wouldn't the mansion
12 tax funds then be considered supplanting city funds
13 that were cut?

14 COMMISSIONER BEEN: Oh, you're--those are
15 really great questions. They're really legal
16 questions. I mean the definition of exactly what
17 would constitute supplement versus supplant. But I
18 think the--the basic idea was that this money, the
19 mansion tax money should be dedicated to affordable
20 housing. And we were trying to, you know, use the
21 usual language of these kinds of lockbox situations
22 to make sure that it really was new money for
23 affordable housing. But I take your point. If, you
24 know, if there was a tremendous shock to the system,

2 the lawyers would have to work out exactly what
3 supplant and supplement mean. But that was the goal.

4 CHAIRPERSON WILLIAMS: I forgot to
5 mention that we were joined by Council Member Ulrich
6 earlier and we've also been joined by Council Member
7 Gibson.

8 COMMISSIONER BEEN: Uh-huh.

9 CHAIRPERSON WILLIAMS: The city's
10 proposed mansion tax means that a home worth \$6
11 million would have to pay a combined city and state
12 tax of 3.91% on the sale of the property. In
13 comparison, a large office tower or rental building
14 would pay a rate of 3.025%, a sizeable difference.
15 What is the policy rationale to charge a lower rate
16 to income producing properties?

17 COMMISSIONER BEEN: I'm sorry, the 3.02
18 for an office building is a transfer tax. I--I think
19 we're maxing apples and oranges. The--the mansion
20 tax is a one-time tax upon the transfer of the
21 property. So when the property gets sold the buyer or
22 the seller or if they split it between them, has to
23 pay that tax. I--I'm not aware of a transfer tax on
24 offices. Is that--may I consult with OMB counsel
25 here?

2 [background comments, pause]

3 CHAIRPERSON WILLIAMS: So apparently,
4 there are a few taxes related to sales, the sale of
5 the real property transfer tax--

6 COMMISSIONER BEEN: [interposing] Okay.

7 CHAIRPERSON WILLIAMS: --the state's real
8 estate tax.

9 COMMISSIONER BEEN: Uh-huh. Okay, so I
10 stand corrected. There is a real property something
11 or another tax on--on office buildings. I mean the
12 idea--so your question is why are--why is--why are
13 they different? I mean, our goal was to provide
14 needed funding for affordable housing from the very,
15 very top sales of property. Because we believe that
16 those transfers of property will not be affected by
17 having to pay this level of transfer tax. And that
18 it was fair to impose upon those obviously very
19 wealth owners of mansions--of--of buildings, of homes
20 worth more than \$5 million or \$1.75 million that it
21 was progressive. It was the most progressive and
22 fair way to raise money for affordable housing.
23 Those people--those homeowners depend upon a wide
24 range of service providers from the firefighters who
25 protect their homes to the Sanitation workers who--

2 who pick up the trash to the teachers who teach the
3 kits. It seemed to us to be the most fair and
4 progressive way of providing funding for the
5 affordable housing to tax the one-time--a one-time
6 transfer tax on the very, very tippy top of the
7 property sales in this city.

8 CHAIRPERSON WILLIAMS: And are there any
9 plans to look at some of the rates on the rental
10 buildings to hire?

11 COMMISSIONER BEEN: I will certainly take
12 this back and discuss it with my colleagues at DOF
13 and OMB. Uh-huh.

14 CHAIRPERSON WILLIAMS: Why did the
15 Administration decide to structure the tax as a
16 highly volatile transfer tax instead of as a more
17 stable structure like the property tax? Wouldn't the
18 more stable tax make it easier for the city to take
19 advantage of lower construction costs during
20 recession? Oh, let me read this part first. The
21 transfer taxes are among the most volatile taxes in
22 the city's structure. In the years from 2007 to
23 2010, the mortgage recording and real property
24 transfer taxes saw the--their revenues decline by
25 two-thirds. Earlier proposals to tax luxury condos

2 and home are structured as an extension of property
3 tax, which is a great deal more stable as a tax.

4 COMMISSIONER BEEN: So, I mean I don't
5 want to overstep my bounds. I am not an expert in
6 tax policy, but certainly in all of our conversations
7 with tax policy experts, with our colleagues at DOF
8 and OMB, we believed that our-- First of all, just in
9 terms of adding it onto the property tax, I mean the
10 property taxes are required to be uniform. This--the
11 whole idea here was to make it a very progressive tax
12 on the top 10% of sales, right. Not to make it
13 uniform so that somebody who was selling a condo for
14 \$300,000 would--would have to pay this tax. But that
15 somebody who was selling a condo for \$3 million we
16 believe the fairest and most progressive tax was--was
17 on those people.

18 CHAIRPERSON WILLIAMS: I did want to go
19 aback again. This is my third time I think trying to
20 get at this. How many units will be built under
21 which AMI. It seems that we had some information
22 that we agreed upon with Council Member Levin about
23 how many will be built under 70%. Why don't we have
24 a similar amount even if it's just guess work about
25

2 how many will be built at 130%? Are we saying that
3 your belief is one-third of the 130%?

4 COMMISSIONER BEEN: I mean so some of the
5 130--So look, if you choose Option 1, you will be
6 providing 10 at 40, 20 at 60 and 5 at 130. Depending
7 upon what else was going on, so for example, if it's-
8 -if it's being built in a voluntary inclusionary
9 housing area or in a mandatory inclusionary housing
10 cone we rolled that out. Those 130s might change.
11 Similarly, in the Option 2, some of those 130s will
12 be driven down to lower AMIs through the use of other
13 subsidies. So, while we would expect that, you know,
14 some number of those that would otherwise be at 130
15 are going to change depending upon what else is going
16 on. Whether they're using other subsidies, whether
17 they're, you know, in inclusionary housing areas, et
18 cetera. And so that's what--it just makes it very
19 hard to predict. But, you know, look, if we think
20 that about two-thirds of them will be at 70 or below,
21 we can also assume that a third are going to be at
22 above 70, whether it's 130 or it gets driven down to
23 120 or 110. It's harder for me to say, and that's
24 why I'm--I'm resisting the precision that you're
25 asking for is that that is--it all has to work

2 together with our other tools. And we will be using
3 our other tools to drive that down. Now, I also want
4 to really clear something up here, or just make--
5 make--I think what sometimes gets lost here. If you
6 are building in a--if you choose Option 3, right, so
7 that you're providing 30% of the units at 130 AMI, I
8 just want to reiterate something that President
9 Rodney said earlier. If your neighborhood, if the
10 market in your neighborhood is one 110, you are going
11 to not be charging 130 because the market won't
12 provide that. The market won't pay that, right? So
13 the 130 is a cap on what can happen over time. It's
14 really protecting the stability of those
15 neighborhoods for moderate and middle-income
16 families. So even if, you know, a third of the units
17 let's say were built under Option 3, which I don't
18 think is the case, but let's say that that's the
19 case, that 130 may come down in any number of ways.
20 And that's why--that's why I'm having trouble giving
21 you the kind of precision that you are asking for.
22 So 130 is the top. It will--it will drive down in
23 any number of ways.

24 CHAIRPERSON WILLIAMS: Well, thank you,
25 Commissioner, President Rodney for the time you've

2 taken here. At least I think we've had a good
3 exchange of what our concerns are, and what the plan
4 actually does and doesn't do. Again, someone like me
5 is stuck--I think there are some real concerns with
6 the--with some partions--portions of the proposal
7 while I think other portions are great and will be
8 very helpful. We are dealing with the political
9 reality of what will be even received in Albany. So
10 it's--it's very unclear and I hope, although I know
11 you can't mention much, that whatever we get on 421-a
12 is because we are--we will be strengthening rent
13 regulations. And if that doesn't happen, I think
14 we're all in a very spot, and if rent regulation is a
15 straight extend--is a straight extender, we would
16 have done much damage to many of the city's--to many
17 of the communities in the City of New York. So my
18 hope that our dialogue will continue, and that we'll
19 actually be really true partners as we move forward
20 in this discussion. So thank you very much for your
21 testimony.

22 COMMISSIONER BEEN: Thank you and I want
23 to say, we certainly appreciate your partnership and
24 very much look forward to working together in Albany
25 and here in the city to improve the program. And I

2 just want to reiterate that I don't think that you
3 have had a mayor in many decades, if ever, who has
4 been as supportive about rent regulation as Mayor de
5 Blasio. And from Mayor de Blasio to Deputy Mayor
6 Glen to myself and President Rodney you have a team
7 that firmly believes in the need to strengthen rent
8 regulation, and the need to get a better deal for
9 taxpayers. And to get more affordable housing at a
10 broader and deeper range of affordability through
11 421-a and the mansion tax. And we look forward to
12 working with all of you to make that happen.

13 CHAIRPERSON WILLIAMS: Thank you.

14 COMMISSIONER BEEN: Thank you.

15 CHAIRPERSON WILLIAMS: I would mention
16 that the rent regulation is one piece that I was
17 hoping would be in there. While we're looking at
18 issues, the preferential rent is something that we
19 have to propose something because that is going to
20 ravage communities in a way that I don't think we
21 understand. There are a lot of people who have
22 preferential rent and don't even realize they have it
23 until it's time to renew their lease. And, in fact,
24 the fact that they have it takes away a lot of the
25 protections that were given to them on their rent

2 regulation. Because if they speak up, they may not
3 get the rent again. So that's something that we
4 can't ignore, and I think--

5 COMMISSIONER BEEN: [interposing] Right.

6 CHAIRPERSON WILLIAMS: --communities are
7 facing some real bad--I mean DACR even now will tell
8 you how many--the increase of people who are getting--
9 --trying to get preferential rent. There is nothing
10 that we can do.

11 COMMISSIONER BEEN: We, too, are very
12 concerned about preferential rents. We think that,
13 you know, the vacancy, ending vacancy decontrol is
14 the most important, but preferential rent is also
15 important.

16 CHAIRPERSON WILLIAMS: Is someone from
17 the Administration going to remain--

18 COMMISSIONER BEEN: [interposing] Yes.

19 CHAIRPERSON WILLIAMS: --for the rest of
20 the hearing? Who would that be?

21 COMMISSIONER BEEN: Jordan among others,
22 okay?

23 CHAIRPERSON WILLIAMS: Yes.

24 COMMISSIONER BEEN: So, and will report
25 back to me and to the Deputy Mayor on other folks'

2 testimony, the Council Members concerns, and we will
3 try to address them as best we can within our
4 constraints.

5 CHAIRPERSON WILLIAMS: Thank you very
6 much.

7 COMMISSIONER BEEN: Thank you so much.

8 CHAIRPERSON WILLIAMS: So, we're going
9 to--we'll take about a seven-minute break just
10 stretching our legs. After that, we will have
11 Assembly Member Walter Mosley, Holly Chu, if she's
12 still here from Gale Brewer's Office. Just so people
13 know what the lineup looks like after that, we'll
14 have Moses Gates from NHD, Tom Waters from CSS,
15 Maritza Silva-Ferrell from RAFA, and Ellen Davidson
16 from the Legal Aid Society. They will be followed
17 by--[background comments]. They will be followed
18 Kirsten John Foy from National Action Network; Bertha
19 Lewis from the Black Institute, Ithier Lopez from the
20 New York City Community Alliance for Worker Justice.
21 Carol Turner from New York Community Alliance for
22 Worker Justice and Leandro Maquina from Make the
23 Road. So we're going to take seven minutes and then
24 we'll come back and hear from the Assembly and Member
25 and the Borough President's Office.

2 SERGEANT-A-ARMS: All right, ladies and
3 gentlemen if you could please find a seat, we are
4 going to re-adjourn the meeting momentarily. So once
5 again, please find a seat at this time. We're
6 moments away from starting the meeting again.

7 [gavel]

8 SERGEANT-A-ARMS: Everybody quiet,
9 please, quiet please.

10 CHAIRPERSON WILLIAMS: We'd like to call
11 up Assembly Member Walter Mosley, Holly Chu from Gale
12 Brewer's Office. They will be followed by Moses
13 Gates, Tom Waters, Maritza Silva-Ferrell, Ellen
14 Davidson, Ava Farkas, Kirsten John Foy, Bertha Lewis
15 and Ithier Lopez, Carol Turner and Leandro Maquina

16 [pause]

17 CHAIRPERSON WILLIAMS: When you're ready
18 if you can please raise your right hand. Do you
19 affirm to tell the truth, the whole truth, and
20 nothing but the truth in your testimony before this
21 committee, and to respond honestly to council member
22 questions? And Assembly Member, you can begin.

23 ASSEMBLYMAN WALTER MOSLEY: [off mic]

24 CHAIRPERSON WILLIAMS: Sure. Okay.

25

2 ASSEMBLYMAN WALTER MOSLEY: [off mic]

3 Thank you.

4 HOLLY CHU: My name is Holly Chu. I am
5 here on behalf of Borough President--Manhattan
6 Borough President Gale Brewer just giving--reading
7 off of this testimony that she is also submitting to
8 the Council. So, I will--I'll just summarize.

9 CHAIRPERSON WILLIAMS: Thank you.

10 HOLLY CHU: So, since January 2015 when
11 our President submitted her testimony before the same
12 committee at 421-a reform, the Mayor has come up with
13 his proposal, and this testimony is in response to
14 some of the items that are listed in the proposal.
15 And so, I am pleased to see the Mayor's deep
16 commitment to the development of affordable housing,
17 and stand ready to work with the Administration
18 toward making New York City an affordable place to
19 live in for families across--across all income
20 levels. With that said, there remains several areas
21 of concern to the 421-a tax benefit that needs to be
22 addressed for the program to continue. The 421-a Tax
23 Benefit Program as it currently stands should not be
24 allowed to continue without these changes. The first
25 item is the end of double dipping overlapping

2 subsidies used in the same affordable housing unit to
3 satisfy multiple requirements. I applaud Mayor de
4 Blasio's commitment to increase the percentage of
5 affordable units for the 421-a projects with
6 affordable housing requirements located within the
7 GEA, which is all of Manhattan. Ending double
8 dipping is essentially a similar call to ensure all
9 affordability requirements are maximized. The
10 elimination of double counting units to fulfill
11 multiple subsidy programs would necessitate
12 developers to commit to a higher number of affordable
13 units in order to leverage the same kinds of
14 subsidies. But with the added assurance that whether
15 at 20% affordability or 50%, no affordable unit is
16 lost to double counting to securing more than one
17 subsidy.

18 Number two, require affordable apartments
19 must be calibrated to area median income ranges
20 affordable to the local community. We need to
21 ensure 421-a subsidized apartments are affordable to
22 local residents. This may require offering rental
23 units at levels well below the program's current
24 requirement of 60 to 120% of AMI depending on whether
25 a project receives substantial government subsidy or

1 other project details. This goal is in the same
2 spirit as the Mayor's call to make affordable units
3 available to households with annual incomes as low as
4 \$31,000 annually compared to the current version of
5 \$46,000 per year. Like Mayor de Blasio, I also see a
6 need for more housing offered at rents that are
7 affordable for a mix of income ranges from the very
8 low income to moderate income households. The focus
9 of offering affordable housing to a wider range of
10 AMIs must start with those falling within the lowest
11 income bands often closer to a neighborhood's actual
12 median income level. A 421-a project with on-site
13 affordable units would likely use rental income for
14 market rate or higher rate rent or higher rent units
15 to cross-subsidize the operating costs for units
16 designated for very low income. For example, an 80%
17 AMI unit can balance out operating cost with a 30%
18 AMI unit as opposed to have two 60% AMI units that
19 are unaffordable to local residents earning the local
20 neighborhood median income. The result would be a
21 building with a range of affordability making the
22 421-a project accessible to more than one narrowly
23 defined income gap.
24

2 Number three is permanent affordability.

3 So the Mayor proposed to align the 421-a benefit to

4 the 35-year term of affordable units, but what will

5 happen in year 36? While any extension of

6 affordability is positively, true neighborhood

7 stability will only result from permanent

8 affordability. And the fourth item is transparency

9 and collection of data. I have continuously called

10 for transparency for all projects receiving 421-a tax

11 benefits. Any reform to 421-a must include the

12 requirement that comprehensive data be collected,

13 maintained and made publicly available, tracking each

14 project that receive 421-a benefits. Only then can

15 it be determined whether the subsidies are effective

16 in serving the program's purpose.

17 In addition to items related to

18 affordability under the Mayor's Proposal, I would

19 like to commend the administration's commit to

20 eliminate poor door. However, this commit cannot

21 only be applied to new programs moving forward. We

22 must also revise our current zoning tax for the

23 voluntary program. This is the only regulatory

24 framework we currently have, and the one that will

25 continue to apply to voluntary inclusionary housing.

2 I look forward to working with the Administration and
3 the City Council to achieve this objective. Thank
4 you again for the opportunity to testify at today's
5 hearing and for allowing me to submit this testimony
6 on behalf of Borough President Brewer.

7 CHAIRPERSON WILLIAMS: Thank you and
8 thank you again Assemblyman for being here. I know
9 it's a busy time. I really appreciate your presence.

10 ASSEMBLY MEMBER MOSLEY: Thank you,
11 Councilman or Chairman Williams and members of the
12 City Council Committee on Housing and Buildings. I
13 just flew in from Miam--Miami. Over the weekend I
14 was at a wedding. Unfortunately, my flight was
15 cancelled and I flew in early this morning. But
16 during that time I had to spend my time on a bench.
17 For a moment in time I was briefly homeless, but in
18 the back of my mind I always knew I had somewhere to
19 go that was safe, affordable, and a place where it
20 was sustainable for me and my family. I say this
21 because [coughs] there are hundreds of thousands of
22 men and women who are going through what I went
23 through last night who are--who are homeless or who
24 are on the verge of homelessness. And, I know that
25 the Commissioner said that New Yorkers are starving

2 for affordable housing. Actually, New Yorkers are
3 dying for affordable housing. New Yorkers are
4 homeless for affordable housing. This might be the
5 year of the tenant, but it is also the year of
6 evictions. It's the year of abuse. It's the year of
7 unaffordability and unsustainability. So, I'd would
8 like to just add that caveat to my testimony.

9 My name is Walter Mosley, Assemblyman
10 from the 57th Assembly District. I represent the
11 neighborhoods of Fort Greene, Clinton Hill, Prospect
12 Heights and parts of Bedford-Stuyvesant and North
13 Crown Heights. I currently sit on the Committee on
14 Housing for the State Assembly. I am here today
15 because we are almost at the 11th hour in Albany, and
16 as this week begins, we have only ten legislative
17 calendars days left on the scheduled joint session
18 days. And as many of you here in this room know,
19 rent stabilization laws of this state are up for
20 renewal in just 14 days. Those laws, which govern
21 hundreds of thousands of tenants in New York City are
22 inextricably tie to the Tax Incentive Program 421-a,
23 offered to real estate developers, which is also up
24 for renewal as well.

2 The 421-a Tax Abatement Program, which
3 started in 1970 to incentivize developer--development
4 of what was then a city on the brink of economic and
5 fiscal collapse. Since then, the 421-a program has
6 been used not to spawn economic development and
7 increasing housing, but as transformed in the subsidy
8 use for luxury real estate developers at the price of
9 hard-working New Yorkers and their tax dollars. The
10 421-a program has subsidized over 100,000 units since
11 the program's inception. However, according to a
12 recent report published by Briar's [sic] Institute in
13 conjunction with Habitat for Humanity's citing a 2003
14 report by the city's Independent Budget Office, only
15 about 8% of the units are affordable to low or
16 moderate-income families. In that same timeframe,
17 average tenant incomes are down 5.6%, but the average
18 rents were up 8.7% citywide. In the communities of
19 Central Brooklyn, whom I represent in part, the
20 average household income is roughly \$35,000 a year,
21 which has stagnated for over a decade. In recent--in
22 fact, recent this year have continued to spike. The
23 fact that in recent years rents have continued to
24 spike with the average apartment in Brooklyn going
25 for \$2,8058 in October of 2014, up almost 6% from the

2 previous year according to a report published by Real
3 Track. In light of these drastic numbers the
4 affordable housing crisis in the city at a peak and
5 we as elected representatives of the people have
6 turned to programs like 421-a to incentivize--
7 incentivize--incentivize private sector's growth to
8 spur on affordable housing units. Only to realize
9 the cost far exceeds the actual benefit. I will tell
10 you that this program, which costs the city roughly
11 \$1.1 billion in taxable revenue is shifting the
12 burden of taxation unjustly on those who can least
13 afford it, the hard-working families of the City of
14 New York.

15 Now, I believe that the only reason that
16 this system of census be kept is because the
17 philosophy of physical policies of government has
18 fundamentally moved away from the creation of new
19 public housing. Which is truly affordable housing on
20 a scale we saw post-World War II in this country. We
21 are in a time of private--private practice--public-
22 private partnership. But in these partnerships we as
23 government was see--set terms, beneficial terms for
24 all citizens of New York. With that said, I commend
25 the Mayor for finally releasing his proposal to amend

2 421-a. But I have some misgivings about the
3 calculation of affordable units that will be created,
4 who will be affordable to them, and--and its
5 sustainability as it relates to those units.

6 In a preliminary assessment of the
7 Mayor's 421-a proposal by Community Service Society
8 of New York, they outlined several possible effects
9 these proposed changes would have.

10 1. They would roughly double the value
11 of the tax exemption extended to developers by
12 increasing the term of the exemption to 35 years
13 where exemptions now run from 10 to 25 years
14 depending on location, affordability options and the
15 use of other subsidies.

16 2. It would eliminate the Geographic
17 Exclusionary, the GEA, approach to affordability
18 requirements in favor of one upon developer option.
19 Currently, development within a GEA include
20 affordable housing, which--which includes affordable
21 housing, and those outside it do not. Under the new
22 plan, developers citywide can choose to include
23 either 25% affordable apartments or 20% at the deeper
24 affordability levels, and 30% affordable apartments
25 all at the \$2,500 a month level. There is also a

2 third option for developers who also non-421-a
3 subsidies to create more affordability. T

4 3. Eliminate benefits for condos. This
5 will reduce the programs inefficiency, but less than
6 one might think because condos are relatively lightly
7 taxed anyway. I agree with the Mayor's Proposal to
8 eliminate the benefits for condos. As we have seen
9 in a recent series of news articles, condos have been
10 used under this program as a tax shelter for the
11 ultra-wealthy as they artificially inflate the
12 housing market around New York City.

13 4. Modestly increase affordability
14 requirements by deepening the income requirements for
15 some years for--from 60% of area median incomes to
16 40%, roughly the equivalent to lowering rents from
17 \$1,200 to \$800. And by adding a new income
18 targeting level at 130% of area median income,
19 roughly \$2,500 per month in rent.

20 The combined effect of these changes is
21 complicated, but it is likely tow work out as
22 follows:

23 1. In the very highest rent areas of
24 the city developers who either choose the 25%
25 affordable option also using tax exempt bonds

2 financing, or build condos without 421-a. this will
3 result in a fairly small number of apartments at the
4 \$800, \$1,200 and \$2,500 month levels subsidized
5 partly by 421-a and partly by the bond financing.
6 But this is indeed better affordability that the city
7 is getting now in these areas.

8 2. In much of the current Geographic
9 Exclusionary Areas including Harlem, Downtown
10 Brooklyn and Western Queens, developers who choose
11 the 30% affordable option this will result in a
12 significant number of apartments at the \$2,500 a
13 month level in areas where that is below the usual
14 market rent for new construction. This will provide
15 benefits, but only to a fairly high income group of
16 people with household incomes around \$100,000 a year
17 and the benefit--and the benefit will be less than
18 the city is now getting in these areas.

19 3. In areas beyond the current--the
20 current GEA and where rents are still relatively
21 high, developers will also choose 30% affordable
22 options. This will result in a significant number of
23 apartments at the \$2,500 a month level, but this time
24 in areas where that is close to the market rent for
25 new construction. Thus, there will be little

2 immediate economic benefit to tenants--to tenants at
3 any income level especially in my district where the
4 average income is roughly \$35,000 a year. The
5 affordability requirement to become meaningful some
6 time in the future.

7 In the area of the city--in areas of the
8 city further from New York--of Manhattan and the
9 outer boroughs, developers who build will little
10 unless they are given additional subsidies beyond
11 421-a, just as the case is now. Now, furthermore,
12 additional clarity--additional clarity--additional
13 clarity is needed for the Administration on estimate
14 of the proposed long-term costs including the full
15 impact of the proposal's five-year exemption, along
16 with the projection of the benefits to tenants. And
17 a clear quantitative argument that the benefits are
18 worth the costs.

19 I am disappointed that Mayor's--that
20 there is no language to keep the affordable units
21 created permanently in the rent regulation program
22 after the terms of the tax abatement end. The
23 extension of regular--of regulatory agreement entered
24 into by the Department of Housing Preservation and
25 the Department of--the Department of Housing

2 Preservation and Development and developers is
3 welcome. But it does not constitute as addressing
4 the needs of permanent affordability in this city.
5 Further, there is no fiscal or punitive penalties in
6 the proposal for developers who are caught breaking
7 the terms of the 421-a program.

8 Last, but certainly not least, the final
9 proposal of amendments to the 421-a should include
10 prevailing wage for construction workers. The case--
11 the case argument that paying construction workers a
12 living wage will add to the cost of development
13 projects and create disincentives to build affordable
14 housing is false. Government subsidies projects at
15 federal and state levels all have provide for paying
16 workers prevailing wages. So, too, should this tax
17 abatement program, which is at--which at its core is
18 a state subsidy for developers. I would also like to
19 see language from the final proposal to create a set-
20 aside for a certain percent of projects, which
21 qualify for 421-a--421-a be mandated to use MWBE
22 contractors just as the State of New York has in its
23 procurement process.

24 Now, in the Assembly two weeks ago, not
25 only did we renew our rent regulations laws for the

2 State of New York and the Assembly, but also
3 strengthened the program by eliminating vacancy
4 decontrol and prospectively extends [sic] the
5 eviction process to tenants living in former federal
6 Section 8 projects and multiple dwellings that are
7 covered by the New York City Rent Stabilization Law.

8 I believe it is imperative that we tackle
9 this issue of rent regulation renewal first and
10 foremost before taking up the renewal of 421-a. Rent
11 regulations is the top priority for my colleagues and
12 myself in the Assembly. We urge the State Senate
13 pass it through their chamber and bring to the floor
14 to vote on. So that we can address 421-a as a
15 standalone issue.

16 In conclusion, I renew my pledge to the
17 Assembly--members of the City Council and my, and
18 more importantly the citizenry of New York. That I
19 will continue to push my colleagues in the Assembly
20 and those in the State Senate in these last crucial
21 days of session to reform 421-a in order to make it
22 more equitable to taxpayers and create permanent
23 affordability housing in the city. Again, thank you
24 Chairman Williams and I want to thank the City
25 Council as a whole, to all the members and the

2 Speaker for allowing us this opportunity. I go back
3 up to Albany in a few minutes, but I just want to put
4 on record my position as a member of the Housing
5 Committee, my sentiments. I don't speak on behalf of
6 the conference. I don't speak on behalf of whatever
7 caucus I'm involved in, but I do believe that many of
8 my colleagues feel the same way as expressed in my
9 testimony.

10 CHAIRPERSON WILLIAMS: Thank you very
11 much for your testimony, and again for taking the
12 time to come down here. And you started off your
13 testimony describing that people are dying for
14 federal housing. I neglected to mention in my
15 opening remarks that a lot of people know me for some
16 of the gun violence work and the police reform work.
17 And one of the reasons I wanted to become the housing
18 chair is because all of these things are linked
19 together. And we cannot have one discussion without
20 the other, and this is what makes housing so
21 important. These communities are dealing with a lot
22 of issues, but then the response that comes, an over-
23 policing response as opposed to dealing with the
24 structural issues that are there. So my hope is that
25 Cuomo will take that into account when he is pushing

2 forward whatever he's trying to do. And so, we can't
3 deal with the structural issues of these communities
4 if we don't do this. [sic] And housing is
5 definitely important, an extremely important part of
6 those structural issues in many of these communities.
7 Can you just give us an idea of--from your vantage
8 point of where 421-a is now in Albany and what the
9 thinking is around it, and rent regulation?

10 ASSEMBLY MEMBER MOSLEY: Well, as you
11 know, we passed on this bill two weeks ago. [coughs]
12 And I think that it included everything that we
13 wanted in terms of deregulation, in terms of the
14 punitive measures, in terms of addressing AMI, IAI.
15 Many of the combinations that you and I see in our
16 districts every day related to that. So, obviously,
17 we're going to continue to push our colleagues in the
18 Senate to make it--it is a priority of ours. We know
19 that in the Senate a priority of theirs is making the
20 prop--the property tax cut permanent. So we
21 understand that we have different interests but, you
22 know, we do have priorities in our respective houses.
23 While at the same time we also understand that 421-a
24 is a program that benefits all members whether
25 you're, you know, in the Down State region. And to

2 us, you know, it transcends partnering for the aging,
3 it transcends, you know, neighborhoods because
4 everybody is impacted by it one way or another
5 whether we're talking about the actual people who
6 benefit from the actual housing themselves. Whether
7 you're talking about those who are actually looking
8 to work on their housing. Whether those who are
9 looking to get procurement contracts. As you say,
10 everything is kind of inextricably linked to this
11 plan. But right now, we are, as you see in the
12 publications, we have different perspectives. I,
13 myself personally would not support a straight--an
14 extension of the project. I would probably be on
15 record to vote against a straight extension. I'll--
16 I'll vote on the red [sic]. But at same time, I
17 understand that our Speaker is in constant
18 negotiations with the parties that be, and we believe
19 that we'll get something that is equitable to our
20 constituents. But we also have to understand that
21 the City has to be a part of this conversation. The
22 Administration has to be a part of this conversation,
23 that this not a one-way street.

24 CHAIRPERSON WILLIAMS: Thank you. Did
25 the--did the--and thank you for the Assembly Omnibus

2 Bill. Did it include any--any change to the
3 preferential rent?

4 ASSEMBLY MEMBER MOSLEY: Yes.

5 CHAIRPERSON WILLIAMS: Okay. Thank you.
6 [laughs] Everyone knows. [sic] Council Member
7 Torres.

8 COUNCIL MEMBER TORRES: Thank you, Mr.
9 Chairman. First, Assembly Member, I have enormous
10 for the work that you do. So thank you for
11 everything you do in Albany. I'm just curious to
12 know what's been the reception. You know, because
13 the Democratic Conference in the--in the Assembly is
14 the greatest friend that we have here in New York
15 City. So what's been the reception of the Mayor's
16 Plan particularly as it relates to both.

17 ASSEMBLY MEMBER MOSLEY: We did have--we
18 did have--thank you, Councilman. We did have a
19 meeting, a private meeting with the Commissioner, and
20 I think the sentiment you shared with the
21 Commissioner today earlier kind of paralleled our
22 sentiment in the Assembly. And if you could imagine
23 your former colleague, Assemblyman Barron, he was
24 quite adamant in his comments. Respectful, but at
25 the same time we understood that this was not a final

2 plan. This is something that we could not accept and
3 something, you know, you're bringing to the table.
4 We're going to have to counter that, but also at the
5 same time, we know that in our private conversation
6 with the Administration we want to make sure that
7 whatever plan we do bring is something that's been
8 amenable--amenable to a solution. And not just
9 something that's so far to the extreme that, you
10 know, we're--we're both sitting at each other--we're
11 both sitting across from one another now trying to
12 find a middle ground. So that's where we are right
13 now, but from--from what I witnessed in the meeting,
14 and what my feelings were from the meeting, they
15 would be parallel with you guys here today.

16 COUNCIL MEMBER TORRES: And so, so some
17 of the committee concerns are largely around the
18 extended life of the abatements, the lack of a
19 prevailing wage requirement. All of those are
20 probably deal breakers in the Assembly or--?

21 ASSEMBLY MEMBER MOSLEY: Some of them
22 brought up the meeting. You know, in the Assembly,
23 you know, we're rela--relegated to very short periods
24 of time in terms of our meetings. So, obviously, the
25 Cost Benefit Analysis many of the members did not

2 find that, you know, the amount of housing that
3 we're--that we have been producing, we were producing
4 it the amount of taxable revenues that were given
5 away. It did not--it did not--they didn't find it to
6 be equitable. Obviously, the extension to 35 years,
7 the 80/20 ratio obviously. So many of the things
8 that we could see just merely on its face. Many of
9 the members expressed a deep and grave concern.

10 COUNCIL MEMBER TORRES: Thank you,
11 Assembly Member. Thank you Councilman.

12 CHAIRPERSON WILLIAMS: Thank you very
13 much for your testimony. I appreciate it.

14 HOLLY CHU: Thank you.

15 CHAIRPERSON WILLIAMS: Next we have Moses
16 Gates, Tom Waters, Maritza Silva-Ferrell, Ellen
17 Davidson and Anna Farkas. They'll be followed
18 Kirsten John Foy, Bertha Lewis, Ithier Lopez, Carol
19 Turner and Leandro Maquena [sp?]. They will be
20 followed by Manny Mattas [sp?], Bernadette Kelly and
21 Robert Altman.

22 [pause]

23 CHAIRPERSON WILLIAMS: Can you all raise
24 your right hand please? Do you affirm to tell the
25 truth, the whole truth, and nothing but the truth in

2 your testimony before this committee, and to respond
3 honestly to council member questions? You each have
4 three minutes each and you can begin in whatever
5 order you prefer.

6 [pause]

7 MOSES GATES: Hi, thanks Chair Williams.

8 We greatly appreciate the chance to testify, and I
9 want to start out by saying that as a comprehensive
10 housing plan as a whole, this administration has--has
11 done incredibly. And we have not had an
12 administration this dedicated to affordable housing
13 across the board in--in a long time. And we
14 definitely recognize that. And the recent proposals
15 on rent regulations, you know, we think the
16 administration is definitely going in the right
17 direction with that. And I also wanted to comment
18 that the recent NYCHA plan we were extraordinarily
19 impressed with the commitment that this
20 administration showed towards affordable housing for
21 the New York City Housing Authority, and really the
22 foresight to preserve that housing going forward.

23 In the 421-a proposal if Albany and the
24 Governor allowed this to be a straight extender, that
25 would be extraordinarily disappointing and a--and a

2 real failure on the part of the State Legislature we
3 believe. And we commend the Administration for
4 recognizing that this program needs significant
5 reforms, and that it cannot be continued in the
6 current form as--as we have been saying. We do have
7 some concerns about the type of affordability
8 specifically on the neighborhood level, and how it
9 would be effective in this particular proposal
10 especially concerning the 130% AMI units. So just to
11 be clear, 130% of AMI, and we have heard this from
12 several Council people, you know, we--is middle-
13 income housing in certain neighborhoods and certain
14 circumstances where it's significantly below market,
15 you might count it as--as needed affordable housing.
16 But overall, 130% AMI is not the same thing as a 60%
17 AMI or a 40% AMI unit, and shouldn't be counted the
18 same way towards the plan. 130% of AMI is for
19 families of four making about six figures. Rents are
20 at \$2,500 and up, and \$2,500 and up is what the
21 luxury decontrol threshold is currently. And the
22 421-a plan exempts the market rate units at that
23 level and above from being rent stabilized under the
24 rationale that rents at those levels are not
25 affordable and should not be in the--in the system.

2 So creating those kind of units is not of the same
3 value. And the vacancy rate is 7.32% on \$2,500 and up
4 units well above what a housing emergency is. The
5 rent burdening for households making \$75,000 and
6 over, which is actually below what any 130% AMI unit
7 household would be is less than 5% of that income
8 cohort. About 50,000 make over 75,000 a year and are
9 rent burdened. Over a million people in New York
10 City make under \$75,000 a year and are rent burdened.
11 Almost half of that--over half of that income cohort
12 and so [bell] we want to make sure this program
13 focuses on the low-income component. Can I have a
14 couple more minutes, one more minute?

15 CHAIRPERSON WILLIAMS: No, we can
16 probably when we get to questions.

17 MOSES GATES: We want to make sure this
18 program stays a low income housing production
19 program. As it stands right now, there's certain
20 neighborhoods Bushwick--

21 CHAIRPERSON WILLIAMS: We're going to
22 have to ask to move on. We're going to get questions
23 and then you can--you can finish up then.

24 MOSES GATES: Fair enough.

25 CHAIRPERSON WILLIAMS: Thank you.

2 TOM WATERS: Hi, I'm Tom Waters from the
3 Community Service Society, and thank you so much for
4 this opportunity to comment on this important
5 proposal. It is unfortunate that we're doing it in
6 the midst of a fairly counterproductive exchange
7 about 421-a between the Mayor and the Governor. It
8 makes it--it's not the best context to be having a
9 discussion in. You know, the currently existing 421-
10 a, and the currently existing rent regulation system,
11 those were laws that were signed into law by Governor
12 Cuomo. The status quo is the Governor's status quo,
13 and the currently existing rent regulation system,
14 those were laws that were signed into law by Governor
15 Cuomo. The status quo is the Governor's status quo,
16 and the status quo is not an acceptable alternative
17 on 421-a or on rent regulation. And we should not
18 allow--we should not be distracted from the need for
19 action to improve both of these systems by the
20 governor.

21 I want to endorse everything about what
22 Melissa has just said about the 130% AMI, \$2,500
23 apartments. Without having to get into an argument
24 about the definition of affordability, those
25 apartments are no substitute for the type of

2 apartments at 60% of AMI or 40%, \$800 and \$1,200 a
3 month apartments. The city needs those a lot more.
4 I--I'd also like to comment on the cost that the city
5 has projected per affordable unit for--for this
6 program. The slide that was up there until recently
7 said \$391,000 per affordable unit as the projected
8 cost, but that is the present value of an income
9 stream over 35 years. If you look at the total cost,
10 the simple total cost, it's going to be more than
11 double that. So in other words, it's the cost per
12 unit is the same. It's \$833,000 now not counting
13 additional subsidies, about the same as what they
14 project under their plan, but it's for less
15 affordable units. You know, a lot of those units are
16 going to be \$2,500 a month units. So it's a worse
17 deal. Also, we discussed the share of units that
18 would be affordable at different levels. I asked
19 that question of HPD and received an answer on Friday
20 that said this is what they said today. I want to
21 trace, you know, track down the reason. The wording
22 was a little bit different so there may be some
23 explanation for this difference. But I was told that
24 9,500 apartments over tens years would be at the--
25 would be at rents of \$1,500 or less, and 16,000 at

2 higher rents. So we're actually getting rent
3 apartments at--at \$1,500 or less than we're getting.
4 Because now they're projecting 12,400. [bell] And I
5 guess I have to stop there. [laughs]

6 MARITZA SILVA-FERRELL: So--oh, good
7 afternoon. My name is Maritza Silva-Ferrell. I am
8 the Coordinator of the Real Affordability for All
9 Coalition, and thank you again for allowing to
10 testify today on this important issue. So I'll be
11 brief. My testimony has more details, but I will,
12 you know, touch on a couple of things. As we all
13 agree today, it is clear that New Yorkers are not
14 getting their money's worth with the 421-a Tax
15 Abatement. There are ways, there are different other
16 ways in which we can spend over \$1 billion that the
17 city is giving away. And some suggestions that we
18 have is for example building housing at the right
19 income levels, and paying good jobs. Career-oriented
20 living wage jobs are the two direct ways to increase
21 economic viability of the entire city and all its
22 residents. We should be using that revenue for that
23 instead of giving it away. We appreciate Mayor de
24 Blasio's effort to champion and managing tax. Also
25 to take condos out of the 421-a program, and

2 eliminate discriminator poor doors. But 421-a is
3 still a failed and wasteful program that should be
4 ended, not amended. It is a driving force of
5 corruption in Albany and tied directly to unethical
6 actions of landlord management and other billionaire
7 developers. Rather than tweaking 421-a that has done
8 nothing to provide apartments for low and moderate-
9 income New Yorkers and having, in fact, increased
10 unaffordability, as we stated earlier to day. We
11 must pressure Albany to end the devastating practice
12 of dual relations now by strengthening the rent laws,
13 eliminate 421-a and requiring the building in New
14 York City includes well paying jobs and labor
15 standards for all workers. We can control what gets-
16 -what gets billed, by whom and have a more direct
17 impact on the appropriate development and
18 revitalization of all New Yorkers neighborhoods. I
19 would just say, a straight extension of this program
20 will be a rubber stamp to corruption and we should be
21 aware of that. So I want to just thank you everyone,
22 and as I said, I would like to just give more time
23 for questions later. Thanks.

24 ELLEN DAVIDSON: Good afternoon. Sorry.
25 Good afternoon. I'm Ellen Davidson. I'm a staff

2 attorney at the Legal Aid Society. I imagine most of
3 you know we are a law firm that represents well
4 actually extremely low-income New Yorkers. And I say
5 it that way because according to the federal
6 government, extremely low income means you're at 30%
7 of AMI. And I will point out that none of the plans
8 on the table actually address my clients and what
9 they can afford. Certainly not a plan that targets
10 130% of AMI, but the current status quo, which is at
11 60% of AMI, does nothing for my clients. It's one of
12 the reasons we have been so strongly urging that this
13 plan--that the 421-a Tax Benefit be ended. We would
14 like to bring those billion dollars a year that go to
15 developers and bring them back to the city, and
16 perhaps do better things. I sat here in January at a
17 hearing that was very similar on an oversight
18 hearing. And probably somewhat inappropriately
19 pointed out that we had just had an indictment of the
20 sitting speaker that was strongly connected to 421-a.
21 I don't think at that moment I thought I'd be sitting
22 here a couple months later and say that we have not
23 only an indictment of the sitting former Speaker.
24 But also the former Majority Leader where once again

2 421-a is intimately tied to the indictment that has
3 been put out before him.

4 I read recently that a State Senator said
5 that he didn't know how to come to a deal on 421-a
6 and rent regulations because everything that
7 previously had been done was--ended up indictments
8 for the people who lead the houses. So, I guess what
9 I'm looking for her, and I know I'm talking to City
10 Council, is leadership from our Governor. Our
11 Governor who was at a press conference this morning
12 in which he said that--well, he seemed to suggest
13 that perhaps renewing 421-a, unlike what he had said
14 previously wouldn't be a victory. But he did not say
15 what would improve it. He has done very little to
16 change the status quo which has harming--that is
17 harming my clients day in and day out. And what I
18 would like to see is stronger rent laws. I've said
19 that again and a again. And the end of the 421-a
20 program so we could actually get the taxpayers back
21 and maybe provide housing for my clients who can't
22 afford any of these apartments. And to the extent I
23 have 16 of 15 seconds left, I'll give it to Moses.

24 AVA FARKAS: Good afternoon. My name is
25 Ava. I'm from the Metropolitan Council on Housing.

2 The Metropolitan Council on Housing is calling for
3 the end of 421-a. It was never intended as an
4 affordable housing program. It's a tax break for
5 wealthy developers. In its current form, it's led to
6 the lost of a billion dollars in city revenue a year,
7 gentrification and a stock of affordable housing that
8 will sunset after 25 years. The new de Blasio plan
9 supported by the Real Estate Board of New York would
10 exacerbate many of the current problems. Although it
11 would require a higher amount of affordable housing,
12 the question that must be ask is affordable for whom,
13 which many have asked today. The only units that
14 would be more affordable than the current program
15 would be 10% of the units in only one of the three
16 developer chosen options. In the other two of the
17 three options a majority of units would be affordable
18 to households with an income of \$100 to \$110,000 a
19 year. That would mean around a level of \$2,500 a
20 month, which is the current market level or higher in
21 many levels--or higher than market level in many
22 neighborhoods. In what world can market rate housing
23 be spun as affordable? The whole reason we need
24 affordable housing is precisely people can't afford
25 the market rates.

2 It's also worrisome that the
3 Administration just said today that in the lowest
4 income communities, developers would be likely to
5 choose Option 2 with AMIs at 70 and 130%, which is
6 well above the median household incomes in those
7 neighborhoods. Which is a recipe for gentrification
8 and secondary displacement. While the Administration
9 is touting a mansion tax as a benefit of their
10 reforms, it would only raise \$200 million, a drop in
11 the bucket compared with the \$1.1 billion, which is
12 lost annually. Any 421-a reform must also include
13 union wages and protections for construction workers.
14 Developed receiving millions of dollars per projects
15 in public subsidies have public responsibility to
16 create good middle-class jobs for our city. 421-a is
17 and will continue to be bad public policy even with
18 these reforms. The way out of housing crisis is not
19 to line the pockets of billionaire developers, but to
20 preserve and strengthen the largest source of
21 affordable housing, the one million rent regulated
22 homes. We thank the Mayor and his--for his support
23 on this front. We thank the City Council members
24 willing to put themselves on the line with us up in
25 Albany, and we remain hopeful that the Governor will

2 side with tenants over real estate. Passing these
3 421-a changes without repealing vacancy decontrol
4 would be a disaster for New York City tenants. Thank
5 you.

6 CHAIRPERSON WILLIAMS: Thank you very
7 much for your testimony. First, Tom, there--there,
8 you know that you got. How many units did they say
9 would be at--above and what did they say?

10 TOM WATERS: They said there would be
11 9,500 below \$1,500 a month. That's the way I phrased
12 it in my--

13 CHAIRPERSON WILLIAMS: What AMI is that?

14 TOM WATERS: That's equivalent to about
15 80 or 90% of AMI. So it's intended to be between the
16 60% and the 130%.

17 CHAIRPERSON WILLIAMS: So around 80% of
18 AMI?

19 TOM WATERS: Yes.

20 CHAIRPERSON WILLIAMS: And the 16,000
21 were?

22 TOM WATERS: The 16,000 at higher levels,
23 which I took to mean primarily the 130% level, but
24 there are all kinds of things they can do once

2 substantial government assistance is part of the
3 picture.

4 CHAIRPERSON WILLIAMS: Well, how you rate
5 it, it's possible that over half could be over 130%.

6 TOM WATERS: Yes, and that's what makes
7 sense to me when I think about the geographic impact
8 of the--the way the proposal works. The said in
9 their email to me that they thought developers in
10 Harlem would use Option 1, but to, you know, to me
11 it--it seems that that would only work if there was
12 an enormous amount of taxes and bond financing and
13 the 4% tax credits that come with that. In other
14 words, a lot of additional subsidy to make that
15 preferable to Option 3. You know, near me in Inwood
16 in Upper Manhattan, there's a--there's brand new
17 building where a two-bedroom apartment rents for
18 \$2,750 a month. So that's market--the market rate
19 for new construction is basically the 130% of AMI
20 rent in Inwood. So, in Inwood a developer would
21 certainly prefer to use Option 3 because it has no
22 financial hit at all, but you get a 35-year tax
23 exemption. A little further downtown in Harlem new
24 two-bedrooms are renting for \$3,000 to \$4,500. So,
25 you, you know, the 130% level starts to be a little

2 bit below market for new construction in those
3 neighborhood. And it gets a little bit easier to use
4 bond financing to induce them to take Option 1. But
5 it's going to take a lot inducing, and a lot of those
6 buildings I think are going to go with 30% at 130%
7 option and we'll be substantive--subsidizing a lot of
8 \$2,500 a month apartments in Harlem, which is not
9 what that neighborhood needs. They need apartments
10 that rent for \$500 and a \$1,000 a month. Anyway, so
11 that's why I think 9,500 is probably a--it looked to
12 me like an optimistic prediction of what you would
13 get because there's only so much construction that's
14 going to be done with 421-a, you know, in--in
15 Manhattan below Harlem.

16 CHAIRPERSON WILLIAMS: So overall, a
17 hundred--so by your calculations and by what they
18 told you, do you think that there--the number of 130%
19 AMI unit apartments is more--is closer to half than
20 130?

21 TOM WATERS: Yes, more than a half.

22 CHAIRPERSON WILLIAMS: Okay. Did anybody
23 have any response to any--they--they gave some
24 numbers in terms of who used prevailing wage that we
25 would lose 17,000 apartments. Did anybody have any

2 response to that? Is that accurate, and do you where
3 we would lose the apartments and which AMI level?

4 TOM WATERS: I mean you would--you would
5 use--you would lose the apartments where taking 421-a
6 versus not taking 421-a is, you know, sort of close
7 to the edge, right? But they--they say it's a 25%
8 in--in construction costs. So an extra \$75,000 per
9 apartment. So, you know, you would lose the projects
10 in the neighborhoods where the tax exemption of 421-a
11 is worth--worth less than \$75,000.

12 CHAIRPERSON WILLIAMS: Which option?

13 TOM WATERS: What?

14 CHAIRPERSON WILLIAMS: Which option?

15 TOM WATERS: It doesn't matter. In a way
16 it doesn't matter which option I think, although it's
17 better if it's helping me. [sic]

18 CHAIRPERSON WILLIAMS: Are there--are
19 there numbers that they gave in terms of how many--

20 TOM WATERS: [interposing] You're--
21 you're increasing their costs by \$75,000. So they
22 need to get a \$75,000 net benefit. In other words,
23 the tax benefit minus what they're giving up in
24 affordability for that to make sense to do.

2 CHAIRPERSON WILLIAMS: So, you agree that
3 it's--it would increase the projects 30% and we would
4 lose 17,000 units?

5 TOM WATERS: I don't know what number,
6 but we would certainly lose some units.

7 MOSES GATES: I mean I would just say the
8 city has--and I was heartened to hear this--done a
9 very detailed analysis by neighborhood of all of the
10 possible outcomes and options and worked for almost a
11 year on this. And I would--I would encourage them to
12 release that data, and we would have a lot of the
13 answers to these questions without, you know, trying
14 to redo their calculations.

15 CHAIRPERSON WILLIAMS: Give the political
16 climate now, do you think this is the best that we
17 can get? Based on the political realities, do you
18 think it's best for us to be pushing just to end it?
19 What do you think is the best given the reality of
20 where we are now.

21 ELLEN DAVIDSON: Well, one debate whether
22 we think this is a good plan or--or not. It is what
23 we hear that it is--that the plan for various reasons
24 is--is dead on arrival I mean that the Senate will
25 not consider a mansion tax. We understand it was not

2 received well by the Assembly. The--the 421-a aspect
3 of it was not received well by the Assembly. So it's
4 a little hard to see where you go from there, which
5 is part of the reason why to our mind what's really
6 on the table in Albany is extending it as is or
7 ending it, and we strongly feel that under those
8 circumstances the best possible outcome is ending the
9 program.

10 CHAIRPERSON WILLIAMS: Thank you.
11 Council Member Lander.

12 COUNCIL MEMBER LANDER: Thank you, Mr.
13 Chair, it's--it's nice to see all of you long-time
14 allies on this and--and many other issues, and you
15 know, I'm mindful of the fact that on this one we're
16 in a different place. And I guess it really just
17 goes to this one sole point, which is what are the
18 real options. And to me, 35 years of mutual hostage
19 taking on the rent laws in 421-a, you know, we know
20 what it produces. So, you know, I look forward to
21 working together to a day when a Republican--you
22 know, we don't have a Republican State Senate
23 majority controlled by real estate contributions with
24 the sole job of preserving the 421-a program as it
25 is, and taking the rent laws hostage to do so. So,

2 you know, I'd love to see the next cycle when we get
3 back on the same side of the table and make more
4 progress. You know, the way I see it now these are
5 our options, and I don't think ended as any kind of
6 real option unless they were willing to have the
7 Assembly say all right, we won't renew 421-A. We
8 know the Senate won't renew the rent laws, and we'll
9 see what happens. We've done that one before, too.
10 So, you know, to my mind those are our choices.
11 We'll see what comes out of--of Albany. I think
12 you're probably right, at the moment it feels like
13 straight extenders on both the rent regs and 421-a
14 are what is the most likely. If you were just a
15 betting person, what you would say would come out of
16 Albany, and that seems to me like a utter nightmare.
17 And that's why, you know, the Reform Proposal that I
18 happen to think is better than the current situation
19 even if not all the way to what I'd like to see is
20 worth it. I heard, you know, that your point of view
21 is dramatically different on that, and I appreciate
22 you taking time to analyze it. I guess what I want
23 to ask is what are the things you think the Council
24 can be doing whatever comes out of Albany to be
25 confronting the realities that we face. You know,

2 and that's sort of where we're stuck. It's useful
3 for us to have an oversight hearing and kind air the
4 differences that people have, and see what happens up
5 in Albany. I think we're trying to figure out the
6 ways that we can add value, and I'd be open to your
7 ideas on that for sure.

8 ELLEN DAVIDSON: On a probably facetious
9 note, I would suggest that Council Member Williams is
10 going up to Albany on Wednesday, and you are welcome
11 to join him.

12 COUNCIL MEMBER LANDER: I wish I could.
13 I--my--as a result of my car wash arrest the judge
14 instructed me not to get arrested for six months.
15 [laughs] And so sadly, I might take my car wash
16 arrest back and trade it for rent regs arrest, which
17 obviously covers many more people than our car wash
18 arrests. But I did not have the foresight to think
19 about that one when I got arrested and the judge
20 told--told Carlos and me that we have to stay clean
21 for six months. But I certainly totally agree and
22 really respect the Chair and Council Member Johnson
23 and others are doing. And I do think advocating in
24 Albany for stronger rent laws is by far like the
25 numbers 1, 2, 3, 4 and 5 the thing we all need to be

2 doing right now. So that's not facetious at all.

3 Though I'm sorry I can't do it on Wednesday.

4 MARITZA SILVA-FERRELL: Yeah, maybe just
5 get other folks to go, right. Like that's another
6 way. Why not? But I did want to add one point to
7 the conversation that I think is important to address
8 in terms of the 421-a program as is right now. I
9 mean people--I mean they talk so much about how much
10 it costs the building, right. If you think about how
11 much the actual program has impacted the land prices
12 in our communities, is another point that people need
13 to understand. Like the Commissioner talked about--
14 so much about like how much it will cost, how much it
15 will actually-- That's the reason why we cannot get
16 construction workers to get prevailing wages and also
17 to service workers. But if the land prices are so
18 high because of the program then we have to rethink
19 about how the subsidy is working, right. So that's
20 another thing I think to address.

21 CHAIRPERSON WILLIAMS: I wasn't sure if
22 the CD was public yet, but I guess now it is.

23 [laughter]

24 MARITZA SILVA-FERRELL: I was being
25 subtle.

2 CHAIRPERSON WILLIAMS: All right, well,
3 it's--it's out there now. So I guess we'll see a
4 bunch of you up in Albany in a couple days. Thank
5 you Council Member.

6 COUNCIL MEMBER LANDER: [off mic] Thank
7 you.

8 CHAIRPERSON WILLIAMS: Thank you so much
9 for your testimony. We appreciate it.

10 [pause]

11 CHAIRPERSON WILLIAMS: Next up we have
12 Kirsten John Foy unless he wants to wait for the next
13 panel. No. Okay. Kirsten John Foy, Berth Lewis,
14 from the Black Institute, Ithier Lopez, New York City
15 Community Alliance for Justice--for Worker Justice;
16 Carol Turner, Community Alliance for Worker Justice
17 and Leanna Loquina [sp?], Make the Road. After that,
18 we will have Manny Mathas, Dr. B.J., Bernadette
19 Kelly, Teamsters Joint Council 16; Robert Altman,
20 Queens and Bronx Building Association followed
21 Rolando Guzman, Saint Nick's Alliance; Dave Powell,
22 Fifth Avenue Community who has his name twice her so.
23 So we have Rolando Guzman and Dave Powell and then we
24 will add another one when we get there.

2 MALE SPEAKER: Can we have some water?

3 CHAIRPERSON WILLIAMS: The Sergeant-At-
4 Arms. Sure. Can you each raise your right hand,
5 please? Do you affirm to tell the truth, the whole
6 truth, and nothing but the truth in your testimony
7 before this committee, and to respond honestly to
8 Council member questions?

9 PANEL MEMBERS: Yes.

10 CHAIRPERSON WILLIAMS: Yes? We'll--we'll
11 each have three minutes. You can start at your
12 preference.

13 ITHIER LOPEZ: You want to start here?

14 BERTHA LEWIS: Good morning, and thank
15 you Chair Williams, committee members and other
16 council members present for the opportunity to
17 testify today. My name is Bertha Lewis and I'm the
18 President of the Black Institute, an action tank
19 whose mission is to shape intellectual discourse
20 dialogue and impact public policy view from a Black
21 perspective. I say this every time I come to testify
22 and I'm going to say it again on the record. In any
23 hearing that has to do with anything that affects New
24 Yorkers that people should testify. We have been
25 here for four hours, and we always have to go after

1 the Administration whose job it is. They can be
2 called in here at midnight and some council somewhere
3 sometime will let the people testify first on the
4 record. I'm going to begin by stating the obvious,
5 the 421-a program failing tenants, taxpayers and
6 workers in the minority and majority industry.
7 Squandering public resources on luxury housing and--
8 and in neighborhoods for residents that can't even
9 afford it. It is promoting displacement and
10 inequality. What a big building. Who are we
11 building it for? How are we building it? I can you
12 for a fact I have seen one RFP after another, and in
13 these RFPs, non-union building is being promoted by
14 this very Administration. The average New Yorker
15 would be appalled to learn that 80/20 subsidy means
16 80% luxury and not the reverse. And they would be
17 ashamed to learn that the affordable housing that's
18 crated by workers frequently denied the wages they
19 deserve. The 2010 Census says that 60% of the
20 construction workers are people of color, 224,500.
21 80,000 of them are Latinos; 31.6 are Black; and 21.2
22 are Asian, and we know what the history of the 421-a
23 program has been. And that it is a tax abatement
24 program that is out of sync with the times.
25

2 Developers are receiving \$1.1 billion of public
3 subsidies, and we should be required to build more
4 and permanent affordable housing and pay middle-class
5 wages. In a city that's old and many people live in
6 poverty, we do not need to choose between good wages
7 and affordable housing. We need both. We know that
8 it can be done. Mayor de Blasio's Affordable Housing
9 Plan was announced last year at project in Brooklyn
10 built by union labor and contractors paying middle-
11 class wages where half of the housing affordable. I
12 don't want to see poor doors. I don't want to see
13 the condos, but you know what, this plan is deeply
14 flawed. We also need to take steps to boost Minority
15 and Women Owned Business, MWBEs participation in this
16 very industry with the African non-American community
17 remains unrepresented and there is rampant fraud.
18 [bell] If you don't change the program, then give us
19 our billion back. Thank you.

20 CHAIRPERSON WILLIAMS: Thank you.

21 ITHIER LOPEZ: We all move down?

22 CHAIRPERSON WILLIAMS: However you want
23 to do it.

24 ITHIER LOPEZ: Ladies first.

25

2 LAFONDA BROWN: Good afternoon. My name
3 is Lafonda Brown and I'm with New York City Community
4 Alliance for Worker Justice and I'm here in place for
5 Carol Turner who had to leave. I want to touch base
6 about a project receiving the 421-a tax break, which
7 is in the Bronx, which is the West Forums [sic]
8 project, and the lack of uncertified and unlicensed
9 people that they have working on those jobs. And I
10 know that for a fact because I myself have worked on
11 these jobs with unlicensed welders, torch operators,
12 crane operators, you name it, et cetera. It's
13 supposed to be affordable housing for the low-income
14 people, which is also myself. But I can't afford to
15 live it because my contractor, my boss was also
16 stealing some wages. So do I think we need some
17 fixing to this 421-a thing? Yeah, we do. Either fix
18 it or get rid of it. That's all.

19 CHAIRPERSON WILLIAMS: Thank you.

20 ITHIER LOPEZ: My name is Ithier Lopez
21 and I'm--I also want to comment on the 421-a project.
22 I worked on most of these projects that receive tax
23 break, and I just want to say, comment to what you
24 said earlier about wages being robbed. I just want
25 to say that I'm a--I have been--I have had my wages--

2 wages robbed on these job sites that are receiving
3 this tax break, and I'm--I understand that they don't
4 oversee the developer hiring the contractor. But I
5 just think that they should hire the responsible
6 contractors. And also have training--the contract
7 come and train because I wasn't trained on most of
8 these jobs. And we're working on--next to schools
9 and, you know, we work alongside of the community,
10 and we want to have workers that are trained in
11 safety. And, you know, we deserve our wages not
12 being robbed when you're getting a tax break that
13 big. And I'm just here talking on--talking on a
14 worker's perspective that they hear that yes we're
15 being robbed on--on these jobs that are getting these
16 tax breaks. Thank you.

17 MINISTER KIRSTEN JOHN FOY: Good
18 afternoon, distinguished Chairman Williams. [coughs]
19 That was hard to say. Members of the Housing and
20 Buildings Committee, members of the Council at large
21 and the court members of New York City, distinguished
22 members and residents of New York City. My name is
23 Minister Kirsten John Foy Northeast Regional Vice
24 President National Action Network. The National
25 Action Network otherwise known as NAN, fights for

1 advancements of civil rights and liberties, human
2 rights and endowments, economic and social justice.

3 Reverend Sharpton is our president. We have come
4 here today to discuss and debate the merits of Mayor

5 de Blasio's Proposed Amendment to 421-a Housing

6 Program. 421-a while intended to stimulate

7 production and construction of affordable housing,

8 here in the State of New York has evolved into a

9 hybrid of corporate subsidies and housing stimulus,

10 and it must be amended if not ended. As we debate

11 the merits of the program, it's also important to

12 recognize the significance that the program still

13 unfortunately plays over--an over played hand in the

14 stimulation of construction of affordable housing.

15 For the civil rights community, there are two

16 prevailing issues. First, does this program meet its

17 full potential in stimulating construction of

18 affordable housing? And second, can we seize the

19 moment to advance the discussion pertaining to labor

20 force diversity and compensation? As I write--wrote

21 in the Amsterdam News several weeks ago, the lack of

22 and gender diversity in New York City's construction

23 industry is both overt and appalling. 91% of the

24 construction industry is male with people of color
25

2 representing smaller and smaller proportions of the
3 overall industry. Even more egregious is the lack of
4 diversity that we see heavily concentrated--or the
5 diversity that we do see is heavily concentrated in
6 what's known as the open shop sector, which is the
7 less regulated sector. And those workers tend to be
8 more exploited and underpaid and subject to wage
9 theft and other--other things. Unless we are
10 simultaneously dealing with both the supply and the
11 demand of affordable housing, we'll never arrest the
12 housing crisis. Affordability is not merely a
13 function of the available housing stock, it's also a
14 function of consumption, capacity and purchasing
15 power. In other words, if people don't make enough
16 money they won't be able to afford any kind of
17 housing. We need to focus on wages and compensation.
18 Mayor de Blasio's Billion Dollar Affordable Housing
19 Plan creates an astronomical opportunity to hone
20 these monies and resources, and steer them towards
21 economically depressed and deprived communities right
22 here in the City of New York. The fact that we are
23 not having this discussion in the context of a \$40
24 billion economic stimulus package for our city is
25 myopic and ultimately self-defeating. That \$40

2 billion was--[bell] I only got through half of it,
3 brothers.

4 CHAIRPERSON WILLIAMS: [laughs] Well, I
5 appreciate it and I appreciate your testimony. To
6 Ms. Lewis' point, I concur we do try to get the
7 public in sometimes depending on what the hearing is.
8 And we did that with the construction safety hearing
9 as it was an explicit direct link. Also, with this
10 one, one of the things we thought about is the Mayor
11 actually had not publicly stated what his plan. And
12 so, we wanted to get that out there as well. But,
13 your point is well taken.

14 BERTHA LEWIS: He had it in his document.
15 he had it in--in his One New York Plan, and you as
16 the Council this Committee, you can haul the Mayor's
17 people in any time you want, and just deal with them.
18 That's all I'm saying because the press knows what
19 the plan is. As the Housing Committee, they should
20 give you the plan prior to. There was a hearing
21 January, and they laid out something because they
22 knew what was coming. I'm just imploring this new
23 progressive City Council change the dynamic not just
24 in the committee, but in other committees. And when
25 we have hearings at City Hall on whatever subject it

2 is, let the people speak first. Hear from them, and
3 then let the Administration come. They're getting
4 paid to do this. They work for us, not the reverse.

5 CHAIRPERSON WILLIAMS: That--I think that
6 makes sense for a lot of the hearings. It doesn't
7 necessarily make sense for necessarily all of them.
8 But as you mentioned, we do want to make sure yes we
9 should have had some other information, as I
10 mentioned when I was speaking to the Administration.
11 My hope is that the partnership between the Council
12 and the Administration tightens up a little bit--a
13 little bit better. But I wanted to know if you had
14 any--any data or information to refute any of what
15 was said in terms of what would happen to the units
16 if we used prevailing wage or any comments you want
17 to make on that? As well as any particular comments
18 on the 130% AMI? That's one of the options?

19 BERTHA LEWIS: Well, I agree with the
20 previous testimony about the 130% AMI. In my
21 estimation if I were going to amend the program, it
22 would only be for 100% affordable units. People that
23 are building for the people, need to get the break.
24 I don't agree with this mixed-use of 421-a. Money is
25 money. It's all fungible. We're not telling these

2 folks how much profit that they can make, what their
3 margin is for 25, 35 years. This is what factors in.
4 I do have some doubt about the Administration's data
5 because as was previously testified, the data is so
6 opaque you cannot really get down to it. You'd have
7 to be an archeologist in order to get really
8 accurate--accurate numbers. And you go to meet with
9 the Administration, and they tell you one thing one
10 day if you can meet with them, and another thing
11 another day. They tell one group one set of numbers
12 one day, and another group another set of numbers
13 another day. So it is very, very difficult for us to
14 do this. Because of the way projects are
15 constructed, I just don't agree with their numbers
16 that we would lose all of this. If that were the
17 case, then they are making the case for ending it
18 altogether taking back the billion dollars, and
19 actually using them for 100% construction possibly
20 with non-profit developers that can build just as
21 well and just as fine as the for-profit guys.

22 MINISTER KIRSTEN JOHN FOY: I'd like to
23 add I think it's--I think it's important to note that
24 they cannot--they can't give you projects about how
25 many units are going to be built in any of the given

2 categories. So they can't really ascribe any real
3 standards for--for labor or ascribe any real costs
4 for anything because they don't know who's going to
5 apply for what. 130% AMI really just--just devalues
6 the whole conversation. It really is--it--it makes
7 it a joke. You can't say that people at 130% and
8 people at 40% should be grouped together in the same
9 kind of subsidy or the same kind of public benefit.
10 That's just--that's just ridiculous. Our--our
11 position personally is that 421-a should be scrapped
12 and maybe replace with instead of a grant program, a
13 low-interest loan program. Then let the developers
14 sell low interest loan rates to them--

15 CHAIRPERSON WILLIAMS: [interposing] I'm
16 sorry. Whoever's phone that is. I'm not sure.

17 MINISTER KIRSTEN JOHN FOY: Their
18 developer.

19 CHAIRPERSON WILLIAMS: Oh, I see.

20 MINISTER KIRSTEN JOHN FOY: But, you
21 know, we have--we have--we have to have I think a--a
22 clear vision of where this is going. And chopping up
23 421-a the way this is done is not a clear vision. It
24 is a patchwork of, you know, of edge, of, you know,
25 nipping around the edges. It's not really getting at

2 the core of the fact that 421-a has failed New York
3 City.

4 BERTHA LEWIS: Especially, when you have
5 prevailing wages tied to some things that are getting
6 tax benefit, and you're pitting one worker against
7 the other. Construction jobs are the most dangerous
8 that there are, one of the most dangerous jobs. And
9 if this Administration, this Council, this City is
10 about attacking income inequality, and we're not
11 talking about height or weight inequality. We're
12 talking about income inequality. Then what's good
13 for some goose is good for other ganders. And we
14 cannot say that we're going to give a tax break even
15 if it's all messed up. If it's, you know, if you're
16 not going to have 100% affordable, then at least you
17 ought to pay the folks that build the prevailing wage
18 the same way as you give other workers in those
19 buildings.

20 CHAIRPERSON WILLIAMS: Thank you very
21 much for your testimony. We really appreciate it.

22 MINISTER KIRSTEN JOHN FOY: [off mic]

23 CHAIRPERSON WILLIAMS: I try to give you
24 as much latitude as I can.

2 MINISTER KIRSTEN JOHN FOY: Well, I'll
3 take that as an opportunity. I think the Council
4 [laughter]--the Council has--has a clear opportunity
5 here with this whole affordable housing plan outside
6 of 421-a. Why--why doesn't the Council mandate with
7 any project that receives a public subsidy where
8 there's any regulatory consideration that there has
9 to be a local hiring component that's tied to--that's
10 tied to a public workforce development training
11 program. Force--force them to diversify, force them
12 to hire locally. Use the leverage, the regulatory
13 leverage, use every tool in the toolbox. Because
14 they said 421-a is just one tool. They happen to be
15 spending a lot of time on sharpening this one
16 particular tool, but it's just one tool. There are
17 other tools, and I think that you can expand that
18 toolbox. But we can no longer allow them to profit
19 off of tax credits, tax abatements, and continue to
20 deny people that live in the city who will be
21 building the buildings the opportunity to afford to
22 live in a building that they are actually building.

23 CHAIRPERSON WILLIAMS: Thank you very
24 much. Manny Mattas, are you here? Is Manny here.

2 Bernadette Kelly from Teamsters Joint Council 16 and
3 Robert Altman. Is Robert here?

4 [background comment]

5 [pause]

6 CHAIRPERSON WILLIAMS: Is Santos
7 Rodriguez here from New York City Building Trades?
8 Dwight Shapiro from New York City Carpenters, Tony
9 Williams from New York City Carpenters.

10 [background noise, pause]

11 CHAIRPERSON WILLIAMS: After this panel,
12 we'll have Rolando and Dave Powell. So we should
13 have Bernadette Kelly, Santos Rodriguez, Dwight
14 Shapiro, Tony Williams and Robert Altman. Can you
15 each raise your right hand, please? Do you affirm to
16 tell the truth, the whole truth, and nothing but the
17 truth in your testimony before this committee, and to
18 respond honestly to council member questions? You
19 can begin in the order you prefer.

20 BERNADETTE KELLY: [off mic] Good
21 afternoon. [on mic] Good afternoon. My name is
22 Bernadette. I'm here on behalf of George Miranda,
23 the President of Joint Council 16 representing
24 approximately 120,000 hard working men, women and
25 their families in the New York region. I just want

2 to begin by thanking the Committee on Housing and
3 Buildings and, of course, our Chair, Council Member
4 Williams for this hearing on the Mayor's 421-a
5 Proposal, and how thorough so far the hearing has
6 been. The Teamsters represent workers in a number of
7 public and private industries. We represent school
8 safety and NYCHA workers, heating oil, sanitation,
9 horse carriages, construction, building supply, air
10 freight and cargo, you name it. The Teamsters most
11 likely represent workers at some part of that
12 industry. And as many members have been priced out
13 of New York City particularly as they start families,
14 we recognize the value of the Mayor's ambitious
15 affording housing retention and creation goals. We
16 support reforming the 421-a Tax Subsidy to provide a
17 deeper affordability, and eliminating the
18 Exclusionary Zones for mandated affordable housing
19 percentages. However, there needs to be prevailing
20 wage standards as part of the requirement for all
21 workers both during construction and post
22 construction. This tax break saves developers
23 millions of dollars a year. New York City foregoes
24 over a billion dollars a year in tax revenue, yet
25 currently 421-a creates a dismal amount of actual

2 affordable housing into often highly subsidized
3 luxury development driving up neighborhood real
4 estate values and further exacerbating the housing
5 crisis. The Teamsters Joint Council 16 respectfully
6 requests that the Administration and members of the
7 New York City Council support the inclusion of wage
8 standards for construction workers as part of any
9 421-a reform policy. I thank you for your time.

10 TONY WILLIAMS: Good morning. Thank you,
11 Chair Williams and the Council Members present for
12 allowing me to speak today. My name is Tony
13 Williams, and I am here representing New York City
14 and Vicinity District Council of Carpenters. I
15 represent a body comprising of eight individualized--
16 individualized locals and over 23,000 members. I am
17 new member of the New York City and Vicinity District
18 Council of Carpenters, and also a resident of
19 Brooklyn. Before joining the union, I worked in the
20 non-union sector for five years. As a non-union
21 worker, I worked on a number of residential projects
22 many of which were on Brooklyn. On one project I
23 worked from 8:00 a.m. to 6:00 p.m. with half an hour
24 lunch only receiving \$75 a day. I never received any
25 benefit on any non-union. I was very getting by and

2 consistently working. I couldn't believe this was
3 happening in America. I couldn't believe this was
4 happening in New York City, but I had no choice. I
5 had to work. On non-union jobsites, workers are
6 expected to perform the work of every trade. I
7 performed carpentry, bending rebar, in addition a lot
8 more to you know, you expected.

9 Little or no training is provide.
10 Working on a union jobsite, however, is an entirely
11 different experience. All workers are highly trained
12 and only perform tasks specified by their trade.
13 Workers are fairly compensated and receive benefits.
14 I am no longer struggling to get by and working
15 impossible hours. Unfortunately, a port of workers
16 that perform residential work still experience
17 exploitation just the same as I had suffered. They
18 were not given the opportunity to join a union. They
19 are on these projects everyday making just enough to
20 make their rent. If they get hurt, they have no way
21 to support themselves and their families. A lot of
22 government--a lot of these projects receive 421-a Tax
23 Abatement. Workers should never be exploited
24 especially when the government is providing funding.
25 We should be lifting more workers up as opposed to

2 continuing to ignore the problem. We should fix 421-
3 a and create more opportunities for the workers who
4 build these projects. I was given the opportunity to
5 join a union, and hope more workers will get that
6 change. I hope our politicians will work for us, and
7 not for the real estate developers that only care
8 about their profits. Thank you.

9 DWIGHT CHAPARRO: Good afternoon. Thank
10 you Chair Williams and all Council Members present
11 for allowing me to speak today. My name is Dwight
12 Chaparro, and I'm here representing the New York City
13 and Vicinity District Council of Carpenters, a
14 representative body comprised of eight individual
15 locals and over 23,000 members. I'm a resident of
16 Brooklyn, New York and a new member of the
17 Carpenter's Union having worked in the non-union
18 sector at the start of my career. I was disappointed
19 when I heard the Mayor opposed paying workers a
20 prevailing wage on 421-a projects. As I've
21 experienced first hand the exploited and dangerous
22 conditions on non-union jobsites. As a non-union
23 worker, carpenter, working in the concrete industry,
24 I was putting my life at risk each day all for a wage
25 that could not sustain my family. I worked

2 exclusively on residential projects during my time in
3 the non-union sector. Some of these projects--some
4 of those projects being 421-a projects, including 429
5 10th Avenue in Brooklyn. I saw workers being paid
6 \$12 an hour with no benefits on many of these jobs.
7 We were not required to wear safety glasses or vests.
8 There was one instance where 50 workers on a jobsite
9 did not receive their 10-hour OSHA training. DOB
10 subsequently inspected the site, and made sure the
11 workers got their cards.

12 Dangerous equipment would be left lying
13 around, such as nail guns meant to drive through
14 concrete. We could not take off when we were sick
15 out of fear of being fired. The Mayor should
16 understand that when he says he opposes prevailing
17 wages for construction workers, he is complicit in
18 this exploitation. After becoming a member of the
19 Carpenters Union my life changed dramatically. I no
20 longer lived paycheck to paycheck and can afford
21 things other than the bare necessities. I also
22 receive benefits, something that was never provided
23 in the non-union sector. I no longer have to worry
24 about my retirement or how I will afford medical
25 bills if I ever become ill. I now feel safe in the

2 workplace. As a non-union worker I was always
3 concerned for my safety and the safety of others on
4 the site. As a union member, I feel like I am part
5 of a community where everyone looks out for each
6 other. Safety rules are strictly enforced and
7 extensive training is provided. More non-union
8 workers should be given the opportunity to enter the
9 union sector. They should be--they should be able to
10 access training, healthcare and retirement security.
11 The Mayor is denying them all of those things when he
12 says he opposes prevailing wages for construction
13 workers on 421-a projects. Thank you for your time,
14 Council Members.

15 SANTOS RODRIGUEZ: Good afternoon. My
16 name is Santos Rodriguez and I am speaking on behalf
17 of the Building and Construction Trade Council of
18 Greater New York, which represents 100,000 unionized
19 construction workers. I want to start by thanking
20 the Housing and Building committee members and Chair,
21 Council Member Williams for the oversight hearing on
22 Mayor de Blasio's proposal for--proposal for 421-a.
23 The building trades has been advocate for 421-a
24 reforms for a number--a number of years, support
25 deeper more sustained affordability and wage

2 standards on large majority market rate tax
3 subsidized developments. We disagree with the
4 Mayor's position that developers should not be
5 required to provide wages, benefits and path to the
6 middle-class in order to receive the tax breaks that
7 421-a provides. These are the facts: 421-a tax
8 subsidies have failed to achieve the primary goals of
9 creating any affordable housing. 421-a remains to be
10 a billion dollar--a billion dollar a year tax
11 giveaway to developers building mainly market rate
12 luxury housing without any requirements for labor
13 standards for those construction workers that risk
14 lives everyday to build our city.

15 There's a misnomer out there perpetuating
16 by--by developer's paid media campaign that
17 prevailing wage will impede the ability to build
18 affordable housing. That couldn't be further from
19 the truth. We have reached--researched 421-a
20 subsidies, subsidized buildings from 2010 to 2013 and
21 found that the majority of buildings with more than
22 50 units are already being built by prevailing wages
23 of this industry. Construction remains to be one of
24 the most dangerous industries to work--to work in.
25 It was only a few weeks ago I was here before you

2 about an individual who lost their life from a fall
3 down an elevator shaft. The Mayor recognizes this in
4 20--in his 2015 Management Report, which found that
5 construction accidents have increased by 39%, and 21%
6 respectively from the same period study in 2014. In
7 2012, 79% of the fatal fall construction worker
8 accidents investigated by OSHA in New York occurred
9 in non-union construction sites. We need to change
10 the 421-a--the 421-a program, and simply an extender
11 of the current program is unacceptable. We ask the
12 Council to support us and these efforts. Thank for
13 the opportunity to address the committee today.

14 ROBERT ALTMAN: Good afternoon. My name
15 is Robert Altman. I am a consultant to the Queens
16 and Bronx Building Association, and I'm testifying on
17 behalf of changes to the proposed 421-a law. First,
18 we would ask that any new proposal is grandfathered
19 what's currently in the Buildings Department that is
20 awaiting approval. In a lot of respects DOB has been
21 hit with some scandals and some new processes, which
22 have led to tremendously lengthy delays in getting
23 plans approved. Builders who had thought they had
24 budgeted plenty time to get the project approved are
25 now coming across a deadline without having

2 approvals. Second, we do believe that Carlton Condos
3 in some areas of the city should, in fact, be
4 receiving 421-a benefits. As the gentleman, the
5 Councilman from Borough Park had brought up, there
6 are areas where this does make sense. We do
7 understand that this does require an analysis, but we
8 do believe that would be worth it, and that
9 homeownership is a stabilizing element to it. Third,
10 with all due respect to my colleagues on this panel,
11 we do not support prevailing wage.

12 We have done an analysis on various parts
13 of the city with the attached chart that you see in
14 this. And you will see that for the more part per
15 year the tax break is \$6 to \$7,000 per unit. We have
16 run the numbers on what prevailing wage costs for
17 both the building maintenance workers and for the
18 construction workers. And it adds \$9,500 per unit.
19 That being the case, no one developing a project
20 using--would bother using 421-a. So what do you lose
21 from that? Any 421-a project that comes out must, in
22 fact, be rent stabilized. You lose the rent
23 stabilization element. Second, you also lose, and I
24 think this is one of the reasons why the
25 Administration chose the 130% element, certain areas

2 of the city it does make some sense to allow
3 affordable--as much 421-a housing construction to
4 take place as possible. Now, I'm going to point out
5 one unit here in the Bronx, which is Bronx Block 2872
6 Lot 8 because actually I do know some information
7 about the project itself. That project, which got in
8 under the old deadline so, therefore, it doesn't pay
9 maintenance workers prevailing wage. It receives a
10 \$3,600 per unit subsidy under 421-a. It's a \$3,000--
11 that subsidy would go down to basically \$632 per unit
12 per year. The rents in that project are \$1,100 to
13 \$1,500. It is not in the City's Affordable Housing
14 Program. [bell] Thank you.

15 CHAIRPERSON WILLIAMS: Thank you all very
16 much for your testimony. Just I also are you
17 against the prevailing wage for construction worker
18 and people who work in your buildings?

19 ROBERT ALTMAN: Well, if you have--the
20 problem with prevailing wage with the building
21 workers is when you do have that in certain areas of
22 the city it will basically if the unit if you're
23 talking 3,600 in Highbridge in the Bronx, you're
24 basically eliminating the tax break for \$600. And
25 the unit no longer requires if opt out of 421-a,

2 there is no rent stabilization requirement. So I
3 think you want to get--in certain elements, certain
4 parts of the city's geographical areas, you want to
5 sort of leave that alone. Because listen, Manhattan,
6 you look at the numbers on Manhattan on this sheet,
7 they're sky high. I mean I'm surprised they didn't
8 come in even higher. Maybe I just didn't--most of
9 these sites were randomly selected. Two were not.
10 And if you look at Manhattan, they come in sky high,
11 you know, any place from, you know, in the \$15,000 to
12 \$20,000 per unit per year basis. And I would gather
13 we didn't look--go looking for A-Rod's apartments.
14 So I mean it's--it's--so let's say this is a typical
15 one in 15 to 20. You know, then--then prevailing
16 wage you can do it. We can do it. the subsidy is
17 still worth it, but if you're looking at Highbridge
18 in the Bronx, and you want to go prevailing wage for
19 everything that's a problem. Additionally, you're
20 looking at, if you're looking at--and this is for
21 multiple dwellings. So it's only--

22 CHAIRPERSON WILLIAMS: Even if you got
23 additional subsidies at the bottom.

24 ROBERT ALTMAN: Well, if you got
25 additional subsidies you'd have to have it be above

2 and make it worth it this--the \$9,500 per unit part,
3 and what the Administration is trying to do is with
4 its dollars that it has for affordable housing spread
5 it out as far as it can. I don't disagree with what
6 the Administration is trying to do is with its
7 dollars that it has for affordable housing spread it
8 out as far as it can. I don't disagree with what the
9 Administration is trying to do, and I can understand
10 it. But every time you increase the maintenance and
11 every time you increase the cost of construction, you
12 are also increasing the amount of subsidies available
13 and making so whatever amount they're putting out,
14 shrinks the amount of units that can be construction.

15 SANTOS RODRIGUEZ: It seems like you're
16 also--also lessening the income that the developer
17 themselves are making when you're paying prevailing
18 rate. On 57th Street Billionaire's Row, right, a
19 product that's receiving 421-a sells its penthouse
20 for \$100 million. That's okay, though.

21 CHAIRPERSON WILLIAMS: Well, I always--

22 ROBERT ALTMAN: [interposing] I'm not
23 saying that 421-a should even apply to Manhattan at
24 all. I mean I'm not going to say that it should.
25 It's your--it's the decision of the body deposit

2 account. [sic] I'm here with respect to Queens, Bronx
3 even with respect to Staten Island just to approve
4 this testimony just before I got here, and Brooklyn.
5 So I mean it's--it's those neighborhoods that you're
6 talking about, which can very much be harmed by
7 prevailing wage. In Manhattan it looks like subsidy
8 would still be worth it.

9 CHAIRPERSON WILLIAMS: I appreciate it.
10 I think in--in--in all what we have to do is we have
11 to make sure that the subsidies are adequate. We
12 have to make sure that we provide that we provide
13 that. We also have to make sure that developers and
14 owners make a profit, but we also have to make sure
15 that they don't squeeze every dime out at the expense
16 of people who are working and a building owner. So
17 we have to find that balance. I think everybody has
18 to give and have a responsibility here to make sure
19 that this work. So I thank you so much for your
20 testimony. If you have one more thing. If it's in
21 response to what he's saying, it's not going to be
22 really helpful. If you want to add to your
23 testimony.

24 SANTOS RODRIGUEZ: In reference to, you
25 know, Reynoso said he comes from Williamsburg. I was

2 born and raised in Williamsburg, and you heard it
3 first hand from him, and you heard from the--from the
4 workers here, the training, the lack of abuse of the
5 abuse that these people get all the workers across
6 the board. And the lack of consideration that the
7 community themselves get. And specifically
8 Williamsburg where he said himself no one benefitted
9 from these projects. Thank you.

10 CHAIRPERSON WILLIAMS: Thank you. Next
11 we have Rolando--Rolando Guzman from St. Nick's
12 Alliance. Are they here? They left. Also we have
13 Dave Powell. [background comments] So we're just
14 going to call the rest of the folks up if they're
15 still here. Anna Tobares, Laborer's Union. Jamal
16 Fowler, 100 BCW Local 79, Paris Simmons, Local 79 and
17 Erica Glen Biner [sp?] Local 79. Thank you all for
18 your patience with the testimony. That is all that
19 we have signed up to testify. If there is anyone
20 else who is wishing to testify, please bring your--
21 get a sheet to sign up and give it to the Sergeant-
22 At-Arms. And each raise your right hand, please. Do
23 you tell--Do you affirm to tell the truth, the whole
24 truth, and nothing but the truth in your testimony

2 before this committee, and to respond honestly to
3 council member questions?

4 PANEL MEMBERS: I do.

5 CHAIRPERSON WILLIAMS: You can begin in
6 whichever order you prefer.

7 [background comments]

8 ANNA TOBARES: Good afternoon and thank
9 you. My name is Anna Tobares. I'm here today to
10 voice my concerns about the Mayor's proposed
11 amendments to 421-a. While I was glad to hear that
12 certain workers are going to be guaranteed the
13 industry wages, I can't understand why others are
14 being left out. I am a union construction worker and
15 I'm an organizer. I struggled for far too long
16 working retail taking one and two jobs just to make
17 ends meet. I faced eviction--I faced eviction and it
18 is not a good thing to do--to go through. And I
19 worry how I will feed my--and clothe my daughters.
20 Today, as a single mother I am able to provide my
21 family with what they need not only to survive, but
22 to succeed. The pride that I feel about that
23 translates to my daughters. It has helped them
24 believe in themselves, and realize that with effort
25 anything is possible. I also can tell you that have

2 the protection of a union as a woman on a jobsite is
3 something that should be overlooked. Many more women
4 are entering construction--the construction industry
5 each year, but not enough are staying. It is a slow
6 changing culture that should be protected at all
7 costs. Where else with little more than a high
8 school diploma and decided to work hard can a woman
9 or anyone else earn a decent middle-class living.
10 Let's now talk about some wages are too high when
11 they only honestly just begin to provide the pathway
12 out of the struggles of poverty. Let us instead keep
13 focused on maintaining what we have achieved and
14 using every government dollar we can to extend the
15 benefits to more people. I am also a member of a
16 steering committee of the Bronx Rezoning. We meet
17 regularly with Council members and other members of
18 the community where I grew up to discuss our vision
19 of the proposed rezoning. And I can tell you that
20 good paying jobs are just as important as affordable
21 housing. Additionally, I'm an organizer for the
22 Laborer's Eastern Region Organizing Fund, and I see
23 vulnerable workers being taken advantage of on New
24 York City affordable housing projects almost every
25 day. With three-quarters of all construction access

2 happening on non-union, non-prevailing wage jobs and
3 more than half of construction injuries happening to
4 Latino workers, it is clear we need to take action to
5 provide a safer environment. How hypocritical is it
6 that those who are building the affordable housing in
7 your city cannot afford to live in those buildings
8 that they are building. Thank you.

9 DAVE POWELL: Thank you. Thank you
10 Council Member Williams and to all of you who stuck
11 around at this hearing. My name is Dave Powell. I'm
12 the Director of Organizing and Advocacy at the Fifth
13 Avenue Committee and also at Neighbors Helping
14 Neighbors, an organizational affiliate of the Fifth
15 Avenue Committee. These two organizations assist
16 approximately 400 tenants with housing problems
17 annually in the neighborhoods of Gowanus, Park Slope,
18 Burnham Hill, Downtown Brooklyn, Sunset Park, Bay
19 Ridge and beyond. And like many of the community
20 based organizations who spoke here today, the issue
21 of 421-a is one that we know well. The 421-a program
22 has been and continues to be a billion dollar
23 giveaway to developers that have resulted in little
24 affordable housing. What it has produced under the
25 banner of affordable housing for the most part has

2 been unaffordable to the majority of renters in our
3 communities. A few weeks ago, the Mayor came out
4 with the Proposal for 421-a, which while laudable in
5 its aims, did not address the flaws to this program
6 that housing and tenant advocates have been
7 articulating for some time. These include the need
8 for housing at lower AMI levels and the
9 implementation of permanent affordability. I think
10 our colleagues at ANHD did a good technical analysis
11 of the flaws of the Mayor's proposal. But, I just
12 want say that in the neighborhoods where we are
13 active, where we're seeing to according to that
14 analysis is more market rate housing with a subset of
15 130% AMI housing and that's not helpful to us or our
16 people at all. That housing will not reach the
17 average household in our community and, in fact, will
18 increase gentrification and displacement particularly
19 in Sunset Park. Our recommendation to the State
20 Legislature and to the Governor is that they end this
21 developer subsidy program and instead focus on the
22 issue most critical to our communities, strengthening
23 the rent stabilization laws. Rent regulation is the
24 biggest source of affordable housing in New York City
25 closing loopholes like vacancy decontrol--

2 deregulation provision, individual apartment
3 increases, major capital improvement increases and
4 statutory vacancy bonuses are critical in stemming
5 the loss of affordable housing and curbing the
6 pattern of displacement we've seen in our
7 communities. In our eviction prevention work we seen
8 on a daily basis how these loopholes in the rent laws
9 are destroying our neighborhoods household by
10 household. They literally create an incentive for
11 speculators, private equity firms and aggressive
12 landlords to evict our neighbors. Albany must
13 recognize as the 2.3 million residents of rent
14 stabilized apartments know too well, as those no
15 longer able to live in New York City know too well,
16 and as those sleeping in New York City homeless
17 shelters know too well, that addressing the
18 displacement crisis through stronger tenant
19 protections is a significantly deeper priority than
20 making adjustments to the Developer Subsidy Program.
21 Thank you.

22 [pause]

23 PARIS SIMMONS: Good afternoon. Thank
24 you for granting me the opportunity to testify today.
25 My name is Paris Simmons, and I am here to speak

2 about the importance of real career opportunities and
3 family sustaining wages when it comes to trying to
4 make a good life here in New York City, but even more
5 crucially when it comes to trying to rebuild your
6 life. I am a member of Local 79. Doing construction
7 is one of the very few opportunities for people like
8 who served time, and want a second chance to make the
9 life we didn't make before because we were young and
10 made a mistake. Not only does the union not
11 discriminate, they work directly with the Osborne
12 Association to mentor and guide potential candidates
13 through the necessary life skills it takes to make it
14 in this business. Coming back is not easy, and
15 having a brotherhood, a sisterhood to belong to and
16 watch each other's backs while earning a living, you
17 can be proud of, and return back to your community
18 and family is indispensable. Earning prevailing
19 wages has meant that I can help my family and support
20 the local shops and restaurants on 159th Street in
21 the Bronx. I can be a role model for the young people
22 in life. [coughs] And I have to wonder why it is
23 that the Mayor's Proposal on 421-a seeks to protect
24 wages and careers for some while ignoring others.

2 Those of us who renovate, demolish and
3 build New York do so with our bodies. We lift,
4 carry, cross-manage, grind and pour bricks everyday
5 we can, and I say we can because construction is not
6 a job like others. You work when there is work and
7 then you wait and then you work. Sometimes and 80-
8 hour work to get the job done and then you wait.
9 Prevailing wage--prevailing wages are a way to ensure
10 that we can still make a decent living and afford one
11 of the affordable apartments the city sees we so
12 badly need. I am also shocked that there is no
13 mention of safety or apprenticeship requirements in
14 the Mayor's Proposal. Just last month a worker fell
15 to his death on 8th Avenue and 46th Street.
16 Construction injuries and even deaths are a reality
17 of our jobs, but at our schools we--were we receive
18 thousands of hours of free training, one thing is
19 emphasized in every single class: Safety, safety,
20 safety. Every worker deserves that kind of
21 protection. We need to be getting the most from our
22 public dollars by having good contractors provide
23 career pathways, open to all people in our
24 neighborhoods while building quality homes.
25 Prevailing wages and apprenticeship requirements with

2 real affordability and local opportunities for
3 workers does not seem like too much to ask for in
4 return for building and public dollars. Thank you.

5 ERICA GLENN BINER: Good afternoon,
6 Council, and thank you. My name is Erica Glenn
7 Biner. I'm a veteran, a proud Brooklyn resident and
8 a union laborer. I am concerned that we are missing
9 a real opportunity with 421-a, opportunities for more
10 women in construction. Women in construction
11 nationally represent only 3%. African-American
12 women, .2. At our apprenticeship program at the
13 Laborers, we are 13% women, 9% of whom are Black or
14 Latino. We are leading the nation with numbers like
15 that. With peer apprenticeship program into the
16 trades like non-traditional employment for women we
17 can continue to grow. But without jobs to send us to
18 work on, good and safe jobs with prevailing wages.
19 Public subsidies like 421-a should be used to ensure
20 that those opportunities provide a pathway out of
21 poverty and into the middle-class. There is no
22 reason to believe that we have sacrifice workers to
23 have affordable housing. The Governor doesn't think
24 so. Many community and housing groups don't think so.
25 My neighbors don't think so. My union brothers and

2 sisters don't think so, and I hope you don't think
3 so. I'd like to believe that the Mayor would stand
4 up for the rights of all workers. I remain hopeful
5 that he will consider what it means to be able to pay
6 your bill on time or afford the ever-increasing rent
7 in my neighborhood. Because even with more units
8 coming, the rent keeps rising--the rents keep rising.
9 And the peace of mind of going to work each day on as
10 safe a job site possible. As a resident of East New
11 York, I am excited that a lot affordable housing is
12 going to be built where I live. We need it, but I'm
13 also acutely aware of the need for jobs in my
14 neighborhood, and not just the same part-time jobs
15 that shoot you up, and then right back down the
16 ladder. A good job. A job which provides the
17 opportunity for further employment. A job which
18 offers support and training. A job with health
19 insurance. A job that enforces safety regulations so
20 that we can make it home to our families at the end
21 of the day. A job which pays a wage which actually
22 adds up to enough money to rent, or maybe even buy
23 one of these affordable homes. A career. We can fix
24 421-a for all New Yorkers, not just the powerful, but
25 instead, bringing the power to the powerless.

2 Projects receiving public subsidies should not be
3 built on the backs of workers, and over a billion
4 dollars is a lot of money to be giving away without
5 ensuring that it benefits all New Yorkers. Thank
6 you.

7 JAMAL FOWLER: Good afternoon. I'd like
8 to thank you, Chairman Williams and his distinguished
9 committee members for allowing me the opportunity to
10 speak about some of the important--not on the need
11 but for all of the construction workers who helped
12 build out beautiful city. My name is Jamal Fowler,
13 and I'm a proud member of Black Construction Workers,
14 whose main--whose--what am I saying--oh main mission
15 is to improve the political, the educational and the
16 economic status of African-Americans within the
17 construction trade. Also--I'm also a member of Local
18 79, the laborers--general construction laborers. We
19 are the core and we are the backbone of your
20 construction industry. As Mayor de Blasio advocates
21 for his proposal for the expiring 421-a Tax
22 Abatement, I would like to applaud him for requiring
23 developers who receive a large tax break to pay
24 prevailing wages to workers in building services.
25 These hard working men and women deserve to get paid

2 wages and benefits. Unfortunately, the Mayor's plan-
3 -the Mayor's plan fails to mention that workers who
4 will be responsible for these unions. I am very
5 disappointed that the Administration does not have
6 the--does not believe that prevailing wages for
7 construction workers is appropriate wage. Failing to
8 require developers provide good wages and the path to
9 create--crate a middle-class is not addressing income
10 equality. It is missing the opportunity to put all
11 working families first and to aggressively elevate
12 them out of poverty. I live in Flushing--I'm
13 originally from out of Spanish Harlem, but right now
14 reside in Flushing, Queens with my fiancé, and we are
15 planning on raising a family. I'm third-year
16 apprentice and I love my work and I love the work
17 that I do, and I received such incredible training.
18 Be mentored and educated by people with some 30 years
19 in the business who want nothing more but to see you
20 succeed has opened my eyes in ways I've never
21 imagined. I don't see this just as a job, but I do
22 see this as a career. There are lot of
23 misconceptions with regards to prevailing wages. One
24 of them is that we either choose between affordable
25 housing or we choose between--or we choose to pay

2 construction workers middle-class wages. But that's
3 false model. In fact, we have done both. Prevailing
4 wages benefits not just the workers who earn them,
5 but the community as a whole. We have the
6 opportunity to tackle the income inequality, and this
7 administration should take a--and this administration
8 should stand advocate for a standing across the
9 board. \$1.1 billion in subsidy should not be a
10 giveaway to developers who are making millions of
11 dollars while the people who actually do the hard
12 work and put their lives at risk every day are
13 treated like second class citizens. So together,
14 let's fix this 421-a for all New Yorkers. Thank you.

15 CHAIRPERSON WILLIAMS: Thank you very
16 much, all for your testimony, particularly for those
17 who shared their personal story. We really do
18 appreciate it. Thank you so much. We have for the
19 record, testimony from NYSAFAH Enterprise, Habitat
20 for Humanity, Issac Bowman, NYSARA, Urban Justice
21 Center, Central Labor Council. And we were planning
22 to read into the record the testimony from REBNY,
23 although they didn't submit it to us until about 1:00
24 or 2:00 o'clock this afternoon, which made it a
25 little bit untenable to get it done. So we are

2 disappointed that they're not here, and we are
3 disappointed that they waited so long to get us out
4 testimony. But I think that's it. So with that
5 said, I want to thank everybody, particularly those
6 who waited to the end to make sure your testimony was
7 heard. Thank you very much, and this hearing is now
8 closed.

9 [gavel]

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1 COMMITTEE ON HOUSING AND BUILDINGS

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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 June 3, 2015