

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING,
DISPOSITIONS AND CONCESSIONS

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October 20, 2015
Start: 1:29 p.m.
Recess: 2:35 p.m.

HELD AT: 250 Broadway - Committee Rm.
16th Fl.

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

ANDREW COHEN
Acting Chairperson

COUNCIL MEMBERS: Darlene Mealy
Ydanis A. Rodriguez
Mark Treyger

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

Baaba Halm
Assistant Commissioner of Government Relations
NYC Dept. of Housing Preservation and Development

Jiana Zhang
Director of Brooklyn Planning
NYC Dept. of Housing Preservation and Development

Carrie Labotz
Director of our Year-15 Program
NYC Dept. of Housing Preservation and Development

Richard Mazur
Executive Director
North Brooklyn Development Corporation

President of Procida
President
Construction Corp & Procida Companies

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AND CONCESSIONS

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[sound check, pause]

[gavel]

CHAIRPERSON COHEN: Good afternoon. I'm
Andy Cohen, Acting Chair of the Subcommittee on
Planning, Dispositions and Concessions. We are
joined today by Council Members Mealy, Treyger and
Reynoso. We have five items on the calendar. We
will be laying over three items today, Land Use 290,
291 and 292 at the request of HPD. We will be
holding a public hearing and voting on two items.
We're going to start with Land Use No. 293.
[background comment] 294. [laughs] Sorry. I will
now open the public hearing on Land Use Item 294. We
have to testify [pause] Baaba Halm from--the
Assistant Commissioner from HPD and Lin--is it Kim?
Win. Jiana Zhang, the Director of Brooklyn from HPD.
All right. So I will now open the public hearing on
Land Use 294, an Application for the designation of
property located at 337 Berry Street and 99/101 South
5th Street as an urban development action area.
Project approval and disposition to facilitate the
development of an 11-story mixed-use building with 55
units of affordable housing ground floor, commercial
and community facility space. This property is

1 located in Antonio Reynoso's district. I'm going to--
2 [background comment]. Okay, thank you. Okay, so
3 then please. Were you going to swear them in?
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5 COUNCIL MEMBER REYNOSO: Yes.

6 CHAIRPERSON COHEN: Okay.

7 COUNCIL MEMBER REYNOSO: You want me to
8 do it?

9 CHAIRPERSON COHEN: Okay, do you swear or
10 affirm the testimony you're going to give before this
11 committee shall be the truth?

12 ASSISTANT COMMISSIONER HALM: Yes.

13 CHAIRPERSON COHEN: Excellent. Please.

14 ASSISTANT COMMISSIONER HALM: Good
15 afternoon, Chair Cohen and members of the Committee.
16 I am Baaba Halm, HPD's Assistant Commissioner for
17 Government Relations and I'm joined by Jiana Zhang
18 our Director of Brooklyn Planning. LU 294 consists
19 of the proposed ULURP actions for designation as an
20 urban development actionary project and disposition
21 approval. The city-owned property located at 105
22 South Fish Street, also known as LPC Warehouse. The
23 property is approximately 16,000 square feet and
24 proved by a 5,067 square foot one-story building,
25 which the Landmark Preservations Commission utilized

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2 for the storage of architectural features under its
3 salvage program. In 2000, the program ended and
4 subsequently the site was identified in the 2005
5 Greenpoint and Williamsburg Rezoning Points of
6 Agreement as a potential housing site. In 2012, the
7 Landmark Preservation Commission vacated the building
8 and moved to a new warehouse in the Bronx. That same
9 year HPD issued a request for proposal for the
10 development of the property in accordance with the
11 points of agreement. We selected the sponsor in 2013
12 who will demolish the current structure and construct
13 a new building under our Extremely Low and Low-Income
14 Affordable Housing Program. The new building will
15 contain approximately 54 rental units. There's going
16 to be a mixture of unit types including studios,
17 rooms and two and three-bedroom apartments including
18 one unit for the superintendant. The target income
19 limits for this project will not exceed 60% of AMI
20 and rents will average between \$822 for a studio and
21 \$1,200 for a three-bedroom unit. Of the 54 rental
22 units, 19 will be permanently affordable under the
23 inclusionary of the Voluntary Inclusionary Program
24 and 16 of the units may be set aside for homeless
25 families. In addition to the rental units, the

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2 project includes 1,120 square feet of community
3 facility space, a little bit over 4,000 of ground
4 floor commercial space, and approximately 1,644
5 square feet of recreation or open space. HPD is
6 before the Council seeking ULURP approval in order to
7 facilitate the sale and development of LU 244--294.

8 CHAIRPERSON COHEN: Thank you. Before I
9 ask any questions, I'm going to defer to Council
10 Member Reynoso.

11 COUNCIL MEMBER REYNOSO: Thank you,
12 Chair. I appreciate you giving me the time to ask
13 some questions to--to HPD, and I just want to--I
14 think what I'm going to be bringing up today. And I
15 just wanted the members of the committee to know that
16 I have huge concerns over HPD and their process in
17 this application more so than anything else. And I
18 just want to make sure that I do my best to bring to
19 light what I think are--are mishaps and missteps that
20 I want to make sure are cured in HPD, and I feel that
21 if we don't say anything, these type of processes
22 might continue to be--to be circumvented. Was this
23 city-owned property RPF'd?

24 COMMISSIONER BAABA HALM: Yes, it was the
25 subject of a 2012 RFP.

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COUNCIL MEMBER REYNOSO: Who won the RFP?

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COMMISSIONER BAABA HALM: The RFP was won
by North Brooklyn and MDG as its development partner.

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COUNCIL MEMBER REYNOSO: MDG. Have any
of the develop--developer partners changed?

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COMMISSIONER BAABA HALM: Yes.

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COUNCIL MEMBER REYNOSO: Who are the new
developer partners?

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COMMISSIONER BAABA HALM: It's North
Brooklyn and Procida. (sp?)

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COUNCIL MEMBER REYNOSO: Why did the
development partners change?

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COMMISSIONER BAABA HALM: North Brooklyn
or actually MDG withdrew the--from the project.

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North Brooklyn identified another development
partner, Procida, which HPD approved.

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COUNCIL MEMBER REYNOSO: Why did the
development partner withdraw?

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COMMISSIONER BAABA HALM: We understand
that MDG had labor related issues, and they

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voluntarily withdrew from the project base on those
issues.

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COUNCIL MEMBER REYNOSO: Did they not--
did they withdraw because of any pressure from HPD?

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COMMISSIONER BAABA HALM: No.

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COUNCIL MEMBER REYNOSO: So they

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voluntarily withdrew from the project?

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COMMISSIONER BAABA HALM: Yes.

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COUNCIL MEMBER REYNOSO: So, and just to

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put it into perspective the reason MDG fell off this

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projects was because they were part of an

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investigation by HPD--no, an investigation in which

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they were underpaying their workers? They were

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taking money from their workers. They were reporting

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one amount of money, and they were paying another.

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In the RFP did--did MDG have a--or what was the

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development cost of the project under MDG and North

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Brooklyn? And MDG is the original developer. What

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was the cost of construction?

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COMMISSIONER BAABA HALM: We--we also

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have North Brooklyn here who again was the primary

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sponsor who can talk about the development costs

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under the prior team composition and the current

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team.

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COUNCIL MEMBER REYNOSO: I want to--well,

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you guys are the ones that read the application--

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COMMISSIONER BAABA HALM: [interposing]

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Sure.

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2 COUNCIL MEMBER REYNOSO: --so you should
3 have this readily available--

4 COMMISSIONER BAABA HALM: [interposing]
5 We do.

6 COUNCIL MEMBER REYNOSO: --even though
7 I'm pretty sure North Brooklyn Development
8 Corporation could absolutely answer these questions,
9 I think it's more appropriate that you answer them
10 because you're the oversight and the ones that
11 reviewed the applications and ultimately chose who
12 the winners of the RFP are. So I just wanted to know
13 what was the cost of construction for the project
14 under MDG and North Brooklyn Development Corporation?

15 COMMISSIONER BAABA HALM: Okay so we will
16 give you those numbers now. Again, those were
17 projections, right. So until we actually get closing
18 nothing was a fixed amount.

19 COUNCIL MEMBER REYNOSO: So you guys
20 collect RFPs under a projection. So if I was to put
21 in an application for a development project, and I
22 project that it cost \$11 million and it actually
23 costs \$15 million it's okay because I'm going to win
24 the RFP. And then after closing, I'll modify my
25 number to my \$15 and then end up getting the project.

1
2 Is that what you're saying could possibly happen in
3 these projects?

4 COMMISSIONER BAABA HALM: No, from when
5 we RFP'd the project in 2012, our term sheets have
6 changed. Our term sheets changed last year, and so
7 the current project has to fit in the existing term
8 sheets. And so that's the--primarily the difference
9 between what was submitted by North Brooklyn and MDG
10 in 2012 and what the ADC is considering now because
11 we have new term sheets, and so the project has to
12 conform to those new term sheets.

13 COUNCIL MEMBER REYNOSO: So the project
14 from what I understand between MDG and the number
15 that I have is information that I received from HPD,
16 which took a long time to get. I just want to be
17 very mindful that I asked for it quite some time ago
18 and only received it recently. MDG and NBDC project
19 was projected at \$17 million for the project to
20 happen and the new project is now at \$19.6 million.
21 So an increase of \$2.5 million for the project. Is
22 that an accurate statement?

23 COMMISSIONER BAABA HALM: Yes, that is
24 the information we provided.

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COUNCIL MEMBER REYNOSO: Okay. So, my concern here, and I'm going to show you--I'm going to just explain to you why I think it's a big problem that this happened. Is there a transparent and inclusive process as to which another developer could have possibly been a partner with NBDC?

8

COMMISSIONER BAABA HALM: Not that we selected its own partner. We did not select--

10

COUNCIL MEMBER REYNOSO: [interposing] So you left the discretion of--the left the choosing of a development to--at the discretion of the other developing partner or the not-for-profit in this case?

15

COMMISSIONER BAABA HALM: Yes, all of the respondents to the RFP chose their own partners. So we continued that. Yes.

18

COUNCIL MEMBER REYNOSO: Yeah, they charged their own partners for the RFP, but after somebody withdrew, there was not another competitive transparent and democratic process with whom we choose moving forward as the new partner?

23

COMMISSIONER BAABA HALM: We did not choose the partners, no.

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2 COUNCIL MEMBER REYNOSO: It was done at
3 the discretion--independent--it was done at the
4 discretion of the not-for-profit that had that.

5 COMMISSIONER BAABA HALM: Yes.

6 COUNCIL MEMBER REYNOSO: And in do so,
7 for example, we have here the numbers by which the
8 original RFP had a disclosure of 73 to 71. So the
9 original RFP was won by two points. It's--it's a--I
10 mean if you guys want to see the paperwork that you
11 sent me, I can also show it to you. They won by two
12 points. So congratulations to North Brooklyn
13 Development Corporation and MDG for winning a project
14 by two points, but in it they got one out of five
15 points for total hard costs of construction because I
16 guess it was more expensive than the--than what you
17 guys would have liked it to be. But the competitive--
18 the other competitive application only lost by two
19 points. My issue here is that moving forward if I'm
20 a developer and I have a partner and that's another
21 developer, and I get into a relationship with a not-
22 for-profit, and tell them I'm going to say to this
23 project that I can do it at \$14 million. I'm going
24 to voluntarily withdraw, and I want you to choose
25 another developer at your discretion that's actually

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1 going to change you about \$19 or \$20 million. Is
2 that a--can that happen in this process?

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4 COMMISSIONER BAABA HALM: I'm not sure I
5 understand your question. It would be around--

6 COUNCIL MEMBER REYNOSO: [interposing]
7 All right. So I'm going to go--I'm Developer A--

8 COMMISSIONER BAABA HALM: [interposing]
9 Uh-huh.

10 COUNCIL MEMBER REYNOSO: --and Council
11 Member Cornegy is Developer B. I am going to put an
12 RFP with North Brooklyn Development Corporation. I'm
13 going to tell North Brooklyn Development Corporation
14 we can do it at \$13 million, the project. North
15 Brooklyn Development Corporation is going to be like
16 great. That's awesome. It's going to make it
17 extremely competitive, and we're probably going to
18 win this RFP because we're going to have the lowest
19 responsible bid. Then I go to--and then we win. Then
20 I go to North Brooklyn Development Corporation and
21 tell you, well, you know what, I want to voluntarily
22 withdraw. I'm not going to tell you why. I just
23 want to do it. It could be because I'm stealing, but
24 I just want to let you know that I'm going to drop
25 out. I've got a friend here Developer B that you

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2 guys should really talk to about working with. They
3 understand the project. They actually helped us
4 through it maybe in some back room where we have some
5 experience of working projects that are similar. And
6 BDC (sic) knowing the relationship that they have
7 with us, not knowing that we're stealing money, says
8 okay we'll talk to this department. This department
9 says yeah we can do this project, but it's going to
10 cost \$2.5 million more. What makes this--this
11 relationship is not a conflict of interest. What
12 makes this is so that you guys did your due diligence
13 in make sure that there is no conflict of interest in
14 the next partner that was chosen, but you were not
15 part of the process. How did you guarantee that
16 there was no conflict of interest?

17 COMMISSIONER BAABA HALM: I--I--I think
18 you're asking us a couple of things. I'd like to go
19 through some of the criteria that we assess when we
20 are looking respondents to our RFP. But I do want to
21 say that our role is not to make marriages between
22 partners, and we don't get involved in that at all.
23 And so we allow the partners to identify each other,
24 and to--

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COUNCIL MEMBER REYNOSO: [interposing]

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In the original RFP. I understand that process that

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you are going to reply--you look for your partner and

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you reply to an RFP because it's a competitive

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process. Thereafter, if it's left at your

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discretion--the discretion of the partner that we're

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working with, there's opportunities there for

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conflict of interest and circumventing a process that

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existed that made it so that you had oversight as to

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how that moved. And now moving forward, how do you

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protect against conflict of interest in those cases?

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COMMISSIONER BAABA HALM: Ultimately, we

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approve the replacement of the development partner.

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We did approve that replacement, and so it wouldn't

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have been in any instance that they could have

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selected any partner, submitted any budget and the

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agency could not have had any say-so. You know,

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involvement in that, but HPD did approve the

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replacement of the development partner.

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COUNCIL MEMBER REYNOSO: And what is that

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approval process? In all of the information that I

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got, and in all the documentation that I got in

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regards to how you guys were going to compare and

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2 contrast I guess between developers, how did that
3 happen?

4 COMMISSIONER BAABA HALM: So for our RFP
5 process, our selection process we generally evaluate
6 development capacity. We evaluate--

7 COUNCIL MEMBER REYNOSO: [interposing]
8 An RFP process. I know the RFP. I appreciate RFPs.
9 I like RFPs. They're competitive and fair, and you
10 go through a process. I love process. After the
11 process is no longer part of the issue because they
12 get to choose at their own discretion who the
13 developer is. After that, what process do you have
14 that makes it so that it's transparent, it's
15 competitive or you lose conflict of interest?
16 That's what I'm asking.

17 COMMISSIONER BAABA HALM: Well, I think
18 the conflict of interest question any developer that
19 we work with has to go through a pretty rigorous
20 long-term review process. So we do look at their
21 finances and their history to make sure, you know, in
22 a case of MDG, you know, if that happened again, we--
23 the city would probably not want to do business with
24 a developer that has labor relations issues. So that
25 is a continual process. We make sure that we work

1 with developers that have the development integrity
2 in that sense so and the--and I guess the rise in
3 development costs that you're bringing up in this
4 project was when the proposals came in it was over
5 two years ago. So certain construction costs always
6 go up, and--and I think that speaks to the--you know,
7 that may be a reason for why that's different.
8

9 COUNCIL MEMBER REYNOSO: So when you--
10 when you guys got the application from MDG or from
11 Procida, who's the new partner, you guys looked at
12 Procida. You check marked as to how is this group
13 the same or similar or remains competitive in
14 compare--when you compare them to the original
15 application? Was that done? [coughing] Or did you
16 just say Procida is a good player. Their Vendex was
17 clean. It is a person that was chosen--it is a group
18 that is chosen by NBDC thereby--the North Brooklyn
19 Development Corporation.

20 COMMISSIONER BAABA HALM: [interposing]
21 North Brooklyn.

22 COUNCIL MEMBER REYNOSO: So we're good.
23 As long as they're clean?

24 COMMISSIONER BAABA HALM: It wasn't just
25 a matter of them also being just clean. They have to

1
2 have the capacity to perform to fully step into the
3 shoes of MDG and to complete the project as
4 originally designed. Here we have a change in
5 development partners, but the project in itself
6 didn't change. So we're able to maintain the same
7 level of units. We're able to maintain the same
8 level of affordability. So the project in essence
9 was the same project even though there was a change
10 in development team.

11 COUNCIL MEMBER REYNOSO: Right, and I
12 understand that. There's a--the change in
13 development team is one of our biggest concerns.
14 There is no process that you have that you can
15 showcase in which you did your due diligence to
16 ensure that the projects are comparable. The second
17 place person or group lost by two points. If MDG--if
18 Procida would have been the partner for--with NBDC,
19 they could--NBDC could have lost this project
20 originally for all we know. Could that have been a
21 possibility? And by the way, the MDG's costs of
22 construction cost are--oh, no, sorry. Procida's cost
23 of construction is a reasonable cost of construction
24 that we're used to. The one that MDG proposed even
25 in 2012 was way below the market rate. We should

1
2 have given it--you should have give MDG everything in
3 development in the City of New York if they were able
4 to do it at those low construction costs. But those
5 low construction costs obviously gave them an
6 advantage in the RFP that allowed for North Brooklyn
7 Development Corporation and MDG to win it. The
8 second place only lost by two points, but they had a
9 more fair estimate as to what construction costs are,
10 and they lost the RFP. So we understand that when
11 you put forth an RFP--

12 COMMISSIONER BAABA HALM: [interposing]
13 Uh-huh.

14 COUNCIL MEMBER REYNOSO: --when you put
15 forth an RFP, you guys it's competitive and it's fair
16 and there's a process there, but if you allow for
17 thereafter a process to exist in which that no longer
18 is important or competitiveness is--is thrown out the
19 window, it's a huge process issue there. Do you
20 understand? Do you even get what I'm trying to say?

21 COMMISSIONER BAABA HALM: We understand
22 the concerns that you're expressing. I mean I think
23 we are looking. This all transpired over a span of
24 two years where there was a change in construction
25 costs. It's a little difficult to compare apples to

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2 apples because weren't in 2012. The project was
3 advancing. We know that construction costs go up.
4 We know that our term sheets changed in 2014. So the
5 new project budget has to conform to those term
6 sheets and the market conditions and the construction
7 costs.

8 COUNCIL MEMBER REYNOSO: And I understand
9 that. I get what you're saying, and it's only been
10 two years, by the way. I want you to be very mindful
11 there was a \$2.5 million increase in the project over
12 two years. At that rate if that's what you're saying
13 is the cost of increases in construction of those--in
14 that time period-- So you're saying the project at
15 this point two years later the construction costs are
16 at--and I don't want to say the wrong numbers here,
17 but it's a significant increase, percentage increase
18 in construction costs. In two years \$2.5 million.
19 So you're saying that \$1.25 million every single year
20 construction costs are going to increase throughout
21 the City of New York? Well, in this--in relation to
22 these types of construction? Is that a fair--is that
23 what you're saying?

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2 COMMISSIONER BAABA HALM: I'm not saying
3 that it's the average. So I can't speak to all of
4 the increases--

5 COUNCIL MEMBER REYNOSO: [interposing]
6 It's \$2.5--

7 COMMISSIONER BAABA HALM: --but
8 construction costs do increase, and again, as we said
9 before, these are not the final costs. There are
10 just where we are right now, and we determine how the
11 project moves. We don't actually get to the final
12 costs until we get to closing, and we're a couple
13 months away from that.

14 COUNCIL MEMBER REYNOSO: For a project to
15 cost \$17 million, \$2.5 million increase over two
16 years is the average--is a--is a--is a--that increase
17 is only attributable to increase in construction
18 costs, only?

19 COMMISSIONER BAABA HALM: I'm not--I'm
20 not sure what the full--again, the--the--what
21 informed that budget if it was just construction
22 costs or there was a cost related to labor or other
23 things. I'm not--you know, I can't speak as to that
24 full budget and what informed that budget.

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2 COUNCIL MEMBER REYNOSO: I can tell you
3 by looking at the paperwork it's mostly blacked, by
4 the way, because you guys I see that a lot of this
5 information that I have in front of me I can't even
6 read. You know, what--what value does that have for
7 me when I can't even read what I'm trying to assess?
8 All right, there's no--there's no transparency in
9 what you're doing. You blacked everything out.
10 Right, it's very hard for me to be able to get clear
11 answers from you guys when I don't have all of the
12 information. What I'm letting you know is that \$2.5
13 million is not a--relative I guess is what I want to
14 say increase of costs for construction over a two-
15 year period on a \$17 million project. That's what
16 I'm trying to say. There's a lot of extra costs
17 there that I think are more attributable to the low-
18 balling that was done by MDG when they originally
19 presented this RFP. And then that process was
20 circumvented by allowing for them to withdraw and
21 someone else at the discretion of one developer
22 partner to choose another, and we can't allow that to
23 happen. Because we RFP these things and maybe you
24 keep the not-for-profit partner, and refer that away
25 to have a process in which we can compete on the

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2 other end, which is the developer end. But you don't
3 just don't let people choose. You have processes to
4 do it. You don't just dispose of them, and HPD
5 constantly continually figured out a way in
6 Williamsburg to circumvent processes to work for
7 political reasons. And in this case when--in this
8 case they choose a completely different process, and
9 you guys always have something that's brand new,
10 always. There's always a problem in North Brooklyn.
11 Just do everything the same. You're either going to
12 dispose of all the land or you're going to RFP all
13 the land. Just make a choice and stick with it non-
14 stop. Don't keep flip-flopping and doing whatever
15 you think is best whenever it's best. Just do the
16 same process across the board for every single
17 person--for every single developer, and that's--
18 that's my statement that I want to leave with, but
19 I'm not happy with HPD, and I'm trying to build a
20 relationship because of the new Administration. I'm
21 trying to move forward. My community has lost all
22 faith and all trust in how HPD does, and this is an
23 example of what they do and process pieces that make
24 it so that we don't gain new trust. Thank you.

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CHAIRPERSON COHEN: Do any of my

colleagues have any other questions? If I can, just
a couple, um, just because I'm curious. In terms of
the unit mix, there's one three-bedroom.

COMMISSIONER BAABA HALM: Yep. Yes,

that's correct.

COUNCIL MEMBER REYNOSO: It's all new

construction. How did we decide on--on--on that unit
mix?

COMMISSIONER BAABA HALM: This is--I

believe this is your term sheet.

JIANA ZHANG: Yes.

COMMISSIONER BAABA HALM: So it--it

follows what our term sheet says. Kind of the
requirements of our finance term sheets.

CHAIRPERSON COHEN: But how did you come

to the conclusion that one three-bedroom is what was
needed or appropriate or as opposed--I mean there's
27 2-bedrooms, and one 3-bedroom. I'm just curious
how--how was that decision made? Why is that
reflective of the best needs of the--

COMMISSIONER BAABA HALM: Um, I think I

mean we have the developers here who could speak to
that, but certainly the--probably the site

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2 constraints and the configuration of the site allows
3 for this number, this breakdown, this distribution of
4 bedroom mixes that is most efficient here so--

5 CHAIRPERSON COHEN: I mean it just--you
6 know, like I said if you're doing 27 2-bedrooms and
7 one, you know, why one 3-bedroom? Why not another 3
8 bedrooms. I'm just--whoever decided that I--I'd like
9 to know what the thought process was.

10 COMMISSIONER BAABA HALM: Yeah, I think
11 we can follow up with you on that, and it's probably
12 mostly site constraints because this is a small
13 project. It's only 54 units, and you look at, you
14 know, again affordability and sustainability of the
15 rents. That may have factored in, but I think we're
16 happy to talk to North Brooklyn about how they came
17 up with the unit bedroom mix. It is a function also
18 of our time sheets that requires a certain number of
19 bedrooms based on the size of the unit. So this is I
20 think a minimum required. Now, whether or not they
21 could have done more, is--is a site design question.

22 CHAIRPERSON COHEN: Is that--is that how
23 the term sheet works in other words like you--like
24 you RFP bedrooms as opposed to bedrooms as opposed to
25 units or unit size or--

1
2 COMMISSIONER BAABA HALM: No, the term
3 sheets do dictate that there be mixes that we
4 generally do unless it's a senior housing, we're not
5 just looking for one bedroom, but it we want it to--
6 to meet the community's needs, and that includes for
7 families, and that includes for singles. For we do
8 ask for a mix--a mix of unit types and a minimum
9 number of one and two bedrooms on our term sheets,
10 yes.

11 CHAIRPERSON COHEN: I mean in all
12 fairness, I don't have the vaguest idea what's
13 approved for--for Antonio's district, but I just know
14 in my own district that people like to see a mix and,
15 you know, having like I said 27 twos and it doesn't
16 really feel like a mix if you throw one 3-bedroom on
17 top. Um, and also just educate me a little bit. In
18 terms of permanent affordability, what does that
19 mean? How permanent is permanent?

20 COMMISSIONER BAABA HALM: Permanent is
21 indefinite. So this is under the voluntary inclusion
22 of the program. So those units are--are going to be
23 permanently affordable under that program.

1
2 JIANA ZHANG: And that is with the land
3 I believe. So--so those units would stay permanently
4 affordable, you know, for the life of the land.

5 CHAIRPERSON COHEN: But the regulatory
6 scheme is wholly contained in the deed as opposed to
7 any other regulation or rent stabilization or
8 anything else like that?

9 COMMISSIONER BAABA HALM: Yeah, the--the
10 Inclusionary Program, the--the requirements are under
11 the Zoning Resolution in terms of the permanence of
12 the units that are created under the Voluntary
13 Inclusionary Program.

14 CHAIRPERSON COHEN: Did they become
15 deregulated in the--in the same way that other--

16 JIANA ZHANG: Uh-huh.

17 CHAIRPERSON COHEN: Okay.

18 COMMISSIONER BAABA HALM: No, it gets
19 memorialized in the Regulatory Agreement.

20 CHAIRPERSON COHEN: That's what I wanted
21 to hear. Does anybody else have any more questions?
22 Council Member Treyger.

23 COUNCIL MEMBER TREYGER: Thank you Chair
24 Cohen. Just a quick comment and then just some--a
25 couple quick questions. I just want to speak to the

1
2 concern that my colleague Council Member Reynoso
3 raised. I'm a big believer in that if there's a
4 problem with process, usually the outcome becomes
5 problematic as well. And so, this is not the first
6 time I've heard concerns about process issues, and I
7 know this might date back to the prior administration
8 but I--I do want to just emphasize that the more we
9 engage local officials and communities, the more we
10 empower them, the better decisions we all make. And
11 I think that we need to strive to really improve that
12 process, and really to make sure that we are in
13 constant communication with stakeholders, making sure
14 the rules are clear and followed. And I just wanted
15 just to--just to comment on that. What is the
16 breakdown on the affordability of these units?

17 COMMISSIONER BAABA HALM: Well, they are
18 all affordable, 100% affordable up to 60% of the area
19 median income. I don't have the rent--I was going to
20 pull that up for us.

21 COUNCIL MEMBER TREYGER: Sure.

22 [background comments, pause]

23 COMMISSIONER BAABA HALM: So for a family
24 size of four, these units would be affordable to a
25 family making up to \$51,780 a year.

1

2

COUNCIL MEMBER TREYGER: And these are

3

all--all the units or--

4

COMMISSIONER BAABA HALM: Just some are I

5

believe 30% of AMI and 40% of AMI and up to 60. So 60

6

is the cap.

7

COUNCIL MEMBER TREYGER: Okay, and it

8

mentions here as well that there's a ground level

9

commercial right? Now, does affordability extend to

10

that as well? How are we doing with that retail

11

commercial space that goes into the structure?

12

COMMISSIONER BAABA HALM: So the ground

13

level would be used for both retail and community

14

facility. I believe the community facility will be

15

rented out at an affordable rate, and the commercial

16

that has not been--a tenant has not been finalized

17

yet for that site. Usually for construction projects

18

this is too early in the process for that to happen.

19

So that--that is to be determined.

20

COUNCIL MEMBER TREYGER: But just to be

21

clear, the commercial space will be at market value

22

or there's a certain affordability?

23

COMMISSIONER BAABA HALM: I think the

24

commercial unit will be at market value, correct.

25

Our term sheets exclude commercial spaces from, you

1 know, our subsidies and so we could, you know,
2 subsidize the rents for commercial units or the
3 likelihood it could be a market.
4

5 COUNCIL MEMBER TREYGER: I mean I'm just
6 saying that we hear a lot from this community how
7 they're getting priced out as well, and just wanted
8 to be mindful of--of that. And just a question about
9 what Chair Cohen raised about how permanent is
10 permanent. We have to ask these questions now.
11 You're saying it's the--it's the lifetime of the
12 land, is that correct.

13 COMMISSIONER BAABA HALM: Yes, I believe
14 so, yeah.

15 COUNCIL MEMBER TREYGER: Let's say for
16 example, future administrations want to undo the
17 mandatory Inclusionary Zoning, then what?

18 COMMISSIONER BAABA HALM: But this isn't
19 pursuant to Mandatory Inclusionary Zoning.

20 COUNCIL MEMBER TREYGER: Well, you know,
21 but you mentioned before about this is a part of a
22 program that this administration is growing that.
23 Right? Is that correct?

24 COMMISSIONER BAABA HALM: No, this is the
25 exiting--

1

2

COUNCIL MEMBER TREYGER: Existing.

3

4

COMMISSIONER BAABA HALM: -- the existing
inclusionary program.

5

COUNCIL MEMBER TREYGER: Correct.

6

COMMISSIONER BAABA HALM: Voluntary.

7

8

COUNCIL MEMBER TREYGER: But can this be
undone? The question is can this be undone by the
future administration.

9

10

11

12

13

14

COMMISSIONER BAABA HALM: Well, it's
memorialized in the Regulatory Agreement so that
would have to go through regulatory processes to
change that. So, you know, probably mayoral
approval--approval.

15

16

17

COUNCIL MEMBER TREYGER: So for example,
20 years from now the mayor says I want to undo this.
You're saying that that--that can't be done?

18

19

20

21

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COMMISSIONER BAABA HALM: Again, it's
each project that's subject to these restrictions and
the Regulatory Agreement with the agency, and so I'm
not--I don't think we can speak to right now what the
legal options are to undo it, and what steps would
have to be taken in order to reverse something that
is supposed to be permanent. That's just what this--
the Voluntary Inclusionary programs is for.

1
2 COUNCIL MEMBER TREYGER: Just for the
3 sake of clarity, we just need to be clear with people
4 about this because when we say this is for affordable
5 details matter. You know, the life span and--and how
6 that works, and to define what does affordable mean.
7 Affordability means different things to different
8 people. And on last question and I'll turn it back
9 over to the Chair, Council Member Reynoso mentioned
10 that when the--when the RFP--someone was selected and
11 someone had withdrawn and then that--Does HPD notify
12 the local officials when that happens? So when
13 someone withdraws and new partners are selected, does
14 HPD notify the stakeholders or local officials of
15 those changes?

16 COMMISSIONER BAABA HALM: We--we did not
17 do that in this instance, but we will be doing that
18 going forward. It did not happen.

19 COUNCIL MEMBER TREYGER: Yeah, that--
20 that--that's an issue.

21 COMMISSIONER BAABA HALM: Yeah,
22 absolutely.

23 COUNCIL MEMBER TREYGER: And again I go
24 back to when the process is problematic, outcomes
25 become an issue, but the key is that the residents do

1 need housing, which they could afford to live in.
2
3 And so I think that, you know, that's something that
4 Council Member Reynoso I'm sure factors into his
5 decision here that we need to make sure that
6 residents have an affordable place--place to stay.
7 But process really does matter because when residents
8 feel shut out and officials feel shut out, usually
9 outcomes are not very positive. So, with that, thank
10 you, Chair, for your time.

11 CHAIRPERSON COHEN: Council Member--
12 Council Member Mealy.

13 COUNCIL MEMBER MEALY: Thank you. I just
14 want to concur with my colleagues the process is
15 tainted really, and I think we should really put
16 something in place that this cannot continually
17 happen because it's going on a lot. I have my own
18 issues with changing developers. So I concur with
19 them, and I hope that we can do something about that.
20 It's like--almost like HPD going rogue, and doing
21 whatever they feel is best for them and not best for
22 the community. And with this development, I can't
23 understand it's only one 3-bedroom apartment. With
24 society is having bigger families and this city-owned
25 property is only going to give one 3-bedroom

1
2 apartment, I feel that something is wrong with that
3 how they did the design of it. I hope they can
4 really look back at that, Council Member Reynoso,
5 because families are bigger now, and they need space
6 just as well. And one thing I haven't heard here
7 this whole hearing what about the parking? Are you
8 going to have 14 spaces of parking or not?

9 COMMISSIONER BAABA HALM: I believe the
10 current plan is yes there will be parking on site.

11 COUNCIL MEMBER MEALY: You think or there
12 will be?

13 COMMISSIONER BAABA HALM: There will be
14 parking on site.

15 COUNCIL MEMBER MEALY: There will be?

16 COMMISSIONER BAABA HALM: There will be
17 parking on site, correct.

18 COUNCIL MEMBER MEALY: Okay, I just
19 wanted to make sure that that was in this proposal
20 just as well. Thank you, Chair, and just want to say
21 I wish my colleague Inez Dickens well, a speedy
22 recovery. She's doing much better. So can't wait
23 until she gets back, and thank you Council Member
24 Cohen. You're doing an excellent job.

SUBCOMMITTEE ON PLANNING, DISPOSITIONS
AND CONCESSIONS

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2 CHAIRPERSON COHEN: Thank you and for the
3 record, I spoke to Council Member Dickens and she is
4 definitely on the mend. Okay. I think that's it for-
5 -does anyone else have any more questions? Okay, so
6 we have another panel. Who else?

7 MALE SPEAKER: [off mic]

8 CHAIRPERSON COHEN: Okay. Thank you.

9 COMMISSIONER BAABA HALM: Thank you.

10 CHAIRPERSON COHEN: Richard Massick.
11 [background comment] Masic. Richard Masic. Sorry
12 about that.

13 Good afternoon, ladies and gentlemen.

14 [background comment]

15 RICHARD MAZUR: Hello. Hello. Good
16 afternoon, ladies and gentlemen of the City Council
17 and Chairman Cohen and some other friends. My name
18 is Richard Mazur. I'm the Executive Director of the
19 North Brooklyn Development Corporation. We were the
20 lead partner for this RFP. I will not speak to the
21 process because I don't run it. I will speak to how
22 the process worked from our end. We went to our
23 legal advisors who do affordable house. They've done
24 it for 40 years. That's Goldstein Hall, and asked
25 them if they had any good partners for an RFP. Andy

1
2 Jew (sic) who I had never met before in my life was
3 set up for a meeting with us. We met with them.
4 They impressed us. We put together a plan, and as
5 far as the construct--the construct of how many units
6 and whatever, the initial estimates on how many units
7 could have been put into this space, was somewhere
8 around 34 or 35. So Dattner, the architects, were
9 the ones that were the creative ones that actually
10 squeezed in an extra 20 units into the space, which
11 for our purposes-- You have to understand my goal as
12 a life long resident of Greenpoint and Williamsburg,
13 is to kind of slow down the gentri--the
14 gentrification, fight, you know, for tenants' rights
15 and--and get as much affordable housing place as
16 possible as soon as possible. And so, the fact that
17 we got an extra 20 to me that was a great--a great
18 deal, and I thought that was kind of the winning
19 kicker. As far as the financing of it, that's up to
20 the developers, tax credits and everything else. At
21 some point, MDG contacted us and said there were some
22 optics--there's an article in the Daily News that
23 said there were some issues with some labor costs.
24 They said there were no--there were no legal
25 ramifications. Whatever it was, they took care of

1 but they said--they told me that just to make it
2 easier for us as North Brooklyn so that we would have
3 no, you know, no--no clouds hanging over the project,
4 they would withdraw voluntarily. And that was--it
5 was up to us to choose someone else. To choose
6 someone else, I went back to Goldstein Hall and said
7 give me a list of bona fide contractors that are well
8 respected that can get the job done exactly the same
9 as was proposed in the RFP with respect to HPD
10 meaning that they go through the process. Their
11 labor contracts are solid, the prevailing wage guys
12 they--they--you know, end, and we went and visited
13 sites. So we had to get--he gave me three choices.
14 And as it turns out, that Procida, Mario Procida and
15 his company they came in. And again, I had never met
16 any of these people before in my life. It was just a
17 matter of whether or not a city agency went through
18 the process I did. Because for me I said I can't--I
19 can't in conscience move forward with the prop--with
20 a project unless it's exactly the same as I
21 envisioned it. And we needed to get it done
22 immediately, and because we've been waiting since the
23 2005 rezoning for 1,600 units of housing. To date, I
24 think North Brooklyn built 14 and that's the only
25

1
2 official housing that was built as a result of
3 rezoning. We're all against the rezoning as it--as
4 it stood. Thank God we all stood arm-in-arm, you
5 know, Council Member Reynoso and I, all of the other
6 groups. We stood arm-in-arm. We marched 800,000
7 strong on the waterfront saying we need--we were
8 fighting for 40% affordable housing. The whole point
9 is that is my agenda. My agenda is to get housing
10 built, and get it built as quickly as possible. As
11 far as how the process worked, for my end it worked,
12 but I--I--I got someone that was filtered through our
13 filters that could deliver exactly as--as promised on
14 the RFP costs notwithstanding. I have no idea. I--I
15 have a lot complaints from a lot of contractors at
16 this point that say oh, the sudden construction costs
17 have gone through the roof. So the fact that this
18 is--that it had gone up 15% from \$17 million to \$19.6
19 I have no idea. And, you know, can go through the
20 details and someone can--and find out that a girder
21 cost 20% more or a brick costs 20% more, or labor
22 costs another 20% more. I have no idea but--but that
23 is a comparison that can be made. The only thing
24 that, you know, that I want to see in this process,
25 and I'll let all of you debate, you know, how the

1
2 future process should work, is that these units get
3 built immediately. The closing can be done in
4 December (coughs). We can be finished within 18
5 months. If we delayed this because we're going to
6 throw it back into the pool, and I know--I know
7 Council Member Reynoso agrees with me on that. But
8 the problem is instead of moving quicker, we're
9 moving slower on a lot of these things, you know.
10 Because there--there are properties that have been
11 laying dormant for 25 years. So obviously, I'm in
12 favor of this project. I just want to see it get
13 done as quickly as possible, but I just wanted to
14 clarify what our side of the--of the formula was. We
15 were the lead organization. We got to pick people
16 that we--that we thought were qualified that our
17 legal counsel recommended to us. Any questions?

18 CHAIRPERSON COHEN: Thank you, but first
19 I keep forgetting to acknowledge we've been joined by
20 Council Member Rodriguez. I may have a question, but
21 I will defer again to Council Member Reynoso if you
22 have--

23 COUNCIL MEMBER REYNOSO: [off mic]

24 CHAIRPERSON COHEN: No, go ahead, please.

1
2 COUNCIL MEMBER REYNOSO: Hello, which
3 means how are you doing, sir?

4 RICHARD MAZUR: I'm fine. How are you--

5 COUNCIL MEMBER REYNOSO: Doing good.
6 Doing good.

7 RICHARD MAZUR: --Mr. Reynoso.

8 COUNCIL MEMBER REYNOSO: (laughs) The
9 formalities in the hearing. I do want to say that I
10 don't--I don't think that you had anything to do with
11 the process issues that we're having here, and I
12 definitely don't think that your organization or my
13 community, to be perfectly honest, should suffer a
14 setback because of process issues that HPD is pushing
15 forth, right? But I just need you to know that in
16 everything that I do I need to make sure that in the
17 future that my community is taken care of always, and
18 that we're doing things the right way. And you know
19 better than I about the politics and the history of
20 our district, and how the act (sic) of process led to
21 a lot of lawsuits that we actually won against HPD.
22 Now, we don't want to continue to have to sue HPD to
23 get things done the right way. We want to do it the
24 right way from the beginning. So, I do want to say
25 that you should speak to the breakdown of the

1
2 apartments. I think council members are asking
3 regarding the 2-bedroom versus the 3-bedroom, and
4 where did you get that from? And then, yeah, and I
5 also thought-I think that a representative fro
6 Procida should also be up there with you talking.
7 Yeah, we should definitely, and just, sir, should say
8 your name and where you're from, if someone to answer
9 questions, please. (sic) But talk about the
10 breakdown of the apartments, and just give you guys
11 an example, when we talk about permanent--permanent
12 affordability, the owner of the site is going to be
13 who?

14 MARIO PROCIDA: The owner of the site--by
15 the way, my name is Mario Procida. I'm the President
16 of Procida Construction Corp and Procida Companies,
17 which is partnered with North Brooklyn. The
18 ownership structure of the site is a single-purpose
19 entity that is owned collectively, jointly, 50--
20 equally by North Brooklyn and a Procida entity, which
21 is also a separate single-purpose entity. We will
22 retain ownership throughout the life of the
23 development process. The initial 15 years are gone
24 and we will have a tax credit partner, a syndicator.
25 It's a standard traditional low-income housing 4% tax

1
2 credit deal. So we will have an investor in the
3 project. Capital One is the--is the lender and
4 investor in the--in the development of the project.

5 COUNCIL MEMBER REYNOSO: But the--but
6 the--on the deed, who's the owner on the deed?

7 MARIO PROCIDA: I--I don't have the
8 specific--North Development Group.

9 COUNCIL MEMBER REYNOSO: Corporation?

10 MARIO PROCIDA: Something to that--yeah,
11 I don't--I don't remember the specifics.

12 COUNCIL MEMBER REYNOSO: So my--my opinion
13 is that if--if North Brooklyn Development Corporation
14 owns it, I think a lot of folks here would be very
15 happy because of their long-term goal of, you know,
16 collateral affordable housing--

17 MARIO PROCIDA: Correct

18 COUNCIL MEMBER REYNOSO: --and
19 maintaining. We know that North Brooklyn is not
20 going to sell out. So we want to make sure that--I
21 hope that there's some--in the--in the ownership
22 process that NBDC is--is a part of that.

23 MARIO PROCIDA: North Brooklyn
24 Development Corporation is a 50% owner in the entity
25

1 that will own the--who owns the--that will own the
2 property at closing.
3

4 COUNCIL MEMBER REYNOSO: And then the
5 next question is--

6 MARIO PROCIDA: [interposing] As we
7 move. (sic)

8 COUNCIL MEMBER REYNOSO: --what about the
9 unit breakdown? Why did you guys choose the unit
10 breakdown?

11 MARIO PROCIDA: Okay, when I came into
12 the project, we inherited the development, but
13 generally speaking it was a composition of--of units,
14 but units are difficult. And I think to HPD's
15 credit, frankly in their new programs they've managed
16 a lot of pushing up from larger sized units because
17 the larger sized units take up more frontage. They
18 do take up a lot of space, and so, you know, I
19 cannot--I can get some--I can guess as to where they
20 came up with the distribution. But the reality is if
21 you build a 3-bedroom apartment, you're effectively
22 taking--would take up the space of maybe two 1-
23 bedrooms or 2-1/2 1-bedroom units or some
24 combinations of 1s and 2s. So I think what I've
25 heard from Rich and what I've heard from the

1 architect was that they were trying to get the unit
2 count up. It's certainly impacted the number of 3s.
3 Normally, you would not in a development process even
4 in a market rate deal, and we do a mix of affordable
5 and market rate development. You probably wouldn't
6 end up with an equal split of 1, 2 and 3-bedroom
7 apartments across the board. So, you would normally
8 skew towards 1s and 2s, and have a smaller percentage
9 of 3s and in some instances studios. And so that's
10 about the best I can offer on that.
11

12 COUNCIL MEMBER REYNOSO: Thank you.

13 CHAIRPERSON COHEN: Council Member Mealy.

14 COUNCIL MEMBER MEALY: Oh, um, yes, that's

15 MDG?

16 COUNCIL MEMBER REYNOSO: [off mic] Well,
17 they were under MDG, but then they went with Procida.

18 COUNCIL MEMBER MEALY: Oh, okay. Well,
19 Procida. Well, not Procida--

20 RICHARD MAZUR: Not Brooklyn Development
21 Corporation.

22 COUNCIL MEMBER MEALY: Not Brooklyn. So
23 you said you went back to your lawyers and asked them
24 what--what construction company would be able to do
25

1
2 it. Had--did you ever think about going back HPD and
3 see who is the second one who--

4 RICHARD MAZUR: [interposing] No.

5 COUNCIL MEMBER MEALY: --had lost? Why
6 not? May I ask?

7 RICHARD MAZUR: Because I put in an RFP.
8 We won the RFP and the project was exactly as we
9 designed it. So why would I?

10 COUNCIL MEMBER MEALY: Well--

11 RICHARD MAZUR: It wasn't my--I didn't
12 make the selection? HPD made the selection.

13 COUNCIL MEMBER MEALY: Right they made
14 the selection, but this was an outside. It's not a
15 CBO. It's a contracting company. You couldn't--you
16 couldn't coordinate with anyone else that the next
17 development company only lost by two points. Am I
18 right or wrong?

19 COUNCIL MEMBER REYNOSO: [off mic] The
20 last question is--

21 COUNCIL MEMBER MEALY: By two points.

22 RICHARD MAZUR: At--at--at that point in
23 time, we didn't know we already had a--we actually
24 had a partnership agreement with the--

25

1

2

COUNCIL MEMBER MEALY: [interposing] MDG

3

and then--

4

RICHARD MAZUR: Well, we had a

5

partnership agreement and also a memo of

6

understanding with Los Sudos (sp?) who did come in

7

second. It--at that point--

8

COUNCIL MEMBER MEALY: [interposing] Who

9

came in second?

10

RICHARD MAZUR: Los Sudos. They're the,

11

um, local not-for-profit. We all--you know, we all

12

work together in adjoining communities. So we

13

already have--had an MOU with them, and there's not--

14

there's no discussion actually as to, you know,

15

choosing their contractor or anything like that. We--

16

--we pretty much went back to the law firm and say

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we're the best guys to do this. And that's--and they

18

came back with--they could have come back with the

19

contractor that was chosen for number two. I don't

20

even know who it was. I just--I just went to the

21

people that I--that I trusted that knew--that knew

22

the not-for-profit affordable housing marketplace and

23

who the best contractors were, and that's what I

24

asked for.

25

1
2 COUNCIL MEMBER MEALY: Okay, and that's
3 why I know something is wrong with HPD where it's--
4 it's giving people too much power to just choose
5 whoever, and once we have a transparency stating that
6 we already approve these people and then if we give
7 everyone a chance to just change to whatever contract
8 they're--or partner they want, what's the sense of
9 really having transparency? So, I understand he
10 wants this project, but I really feel we should look
11 into HPD in regards to that. And 3-bedroom apartments
12 is much needed also. So thank you for this size.

13 RICHARD MAZUR: I agree with you on the
14 3-bedroom apartments. The one thing that I want to
15 add on this project, I've done a lot of work with the
16 homeless and the community and the one portion of
17 this project that's very unique in my mind is that
18 we're putting in 16 homeless units. These are the
19 people that are really on the edge of the cliff. And
20 the 3-bedroom apartment is going to the homeless.

21 COUNCIL MEMBER MEALY: I understand that
22 and it's a lot of homeless--well, people who need
23 apartments also, families that need apartments to
24 keep it affordable. And you said it's going to be
25 affordable apartment.

1
2 RICHARD MAZUR: They're all going to be
3 affordable.

4 COUNCIL MEMBER MEALY: All of them are
5 going to be affordable, but a lot of families cannot
6 find affordable apartments any more, and especially
7 wit having three or more children. So, having
8 permanently affordable housing would have been great
9 if there were more 3-bedrooms.

10 RICHARD MAZUR: I agree.

11 COUNCIL MEMBER MEALY: [interposing] I'm
12 just making a statement.

13 RICHARD MAZUR: The configurations are
14 all done for size and economics--

15 COUNCIL MEMBER MEALY: [interposing]
16 Sometimes I would love to get a resident to help
17 more, too. Thank you because a lot of our families,
18 bigger families are going into the shelter because
19 they cannot afford the apartments now.

20 RICHARD MAZUR: Well, that's--I--I wish
21 we could have built all 3-bedrooms for homeless
22 people because these--these units are being
23 subsidized where that--that homeless family for the
24 3-bedroom will only be paying \$500 a month in rent.

1
2 COUNCIL MEMBER MEALY: And that's what we
3 need more of to help families in need. So thank you.

4 RICHARD MAZUR: We--we--we concur.

5 CHAIRPERSON COHEN: Could Procida just
6 kind of take a moment to explain to us the difference
7 between the two--you know, ultimately you believe
8 that the construction cost is going to be \$2.5
9 million more than the previous developer. Can you
10 just explain to us what went into that?

11 MARIO PROCIDA: Okay, I can--yes, on
12 several fronts. Um, first of all, over the past I'd
13 say three years we--and--and just to clarify, we come
14 in primarily as a developer partner or as a
15 development partner to North Brooklyn. And
16 secondarily, as a general contractor on like the
17 construction company comes in as a general
18 contractor. Like some that are in the business that--
19 --that we do, we also competitively bid a lot of work
20 to independent third-party developers on city and
21 state affordable housing projects as well as private
22 construction work.

23 CHAIRPERSON COHEN: Your role as a GC?

24 MARIO PROCIDA: My role as a GC. So we
25 think our numbers are competitive. We win a lot of

1
2 work on competitive bid basis as a pure straight GC,
3 and we think that the numbers that we have included
4 in the budget here are on target. Over the past
5 three years or since the--when the RFP was submitted,
6 my guess is costs have escalated. You know, I
7 wouldn't be surprised if costs have gone up in excess
8 of 30%. The market at the moment is extraordinarily
9 tight. The market is tighter than when the back pre-
10 crash the market was pretty busy. The market today
11 for trades and for--for trades and for skilled labor
12 is--is far in excess of--of what it was back pre-
13 crash days. So, you know, incrementally I don't know
14 that the numbers, you know, on a percentage basis
15 are--are much higher. I think the increases are in
16 mine. I think some of the uniqueness of the project
17 that makes it more expensive are the small size of
18 the site. Normally, a 55-unit building you would
19 probably build in five to six stories. We have an 11
20 or 12-story building we're building here. That
21 necessitates the use of a hoist that comes with an
22 operator. We've got the impact of the--of the bridge
23 right next door, which has necessitated the use of
24 triple pane windows. We did build a--we developed
25 and built the building not--I guess two blocks to the

1 west from the site. So we're fairly familiar with--
2 with the location on the corner of White (sic) and
3 South 5th, which happens to be a market rate rental
4 housing development. But it's--I think the costs are
5 reflective of the--the hard costs are reflective of
6 the market, and many of the soft costs that have been
7 incurred are also reflective. We went through an
8 extensive review process with the Office of
9 Environmental--with OER. We are doing the demolition
10 of the building under Prevailing Wage Guidelines.
11 This project happens not to be subject to prevailing
12 wage because of the finance of structures. But while
13 the property is in city ownership, the demolition and
14 some of the other work that has to be happen now is
15 being done under prevailing wages. That's added some
16 money to the demo costs, and the asbestos removal
17 costs that took place there. But we've had plans
18 developed. We've priced it out in the market place,
19 and on the construction site, and this is where we
20 see the costs slant. (sic)

22 CHAIRPERSON COHEN: And so you don't
23 think your bid is--your bid is in line with the
24 original bid where it's subject to the increased
25 costs and construction costs.

1
2 MARIO PROCIDA: Yes, and I think that
3 what you'll see if you did a line-for-line comparison
4 is yes, there are construction costs and increases,
5 but you're also going to find that there are some
6 professional costs increases on the architectural and
7 engineering side, and on the environmental review
8 side and probably some of the controlled inspections
9 and things that are required by the Building
10 Department.

11 CHAIRPERSON COHEN: But what is the cost
12 of the property? What are you paying for the
13 property?

14 RICHARD MAZUR: I believe it's \$1.00.

15 CHAIRPERSON COHEN: Anybody else have any
16 questions? [coughing] Council Member Treyger.

17 COUNCIL MEMBER TREYGER: Yeah, just a
18 quick question. With regards to maintenance of the
19 building, can you explain how that's going to work
20 out as far as will there be a super or is there going
21 to be someone? How is the--how are the properties
22 maintained an all that.

23 MARIO PROCIDA: Okay, the operating
24 budget is set up. We will have a full-time live-in
25 on site superintendant. We will have a third-party

1
2 management company probably spearheaded by North
3 Brooklyn, and, you know, we'll be maintained like
4 every well maintained residential apartment building
5 in New York. The 14 parking spaces are being
6 constructed. They are only there for the benefit and
7 use of the tenants. There will be a nominal charge.
8 We don't expect frankly a lot of them to be least,
9 but more to move through the approval process. We
10 kept the plans as they were gener--as they were
11 originally developed. So Rich knows.

12 RICHARD MAZUR: Yeah, I'd--I'd invite you
13 to visit any of the properties that we manage
14 unannounced because that's kind of an indication of
15 how, you know, we have a few properties with live-in
16 supers, and pretty much our motto is that every place
17 that we build or manage should be a place where I'd
18 want my mother to live.

19 COUNCIL MEMBER TREYGER: I--I--I
20 appreciate those comments because I'm--in my neck of
21 the woods sometimes there's a super who doesn't live
22 in the building or they share like four or five
23 different buildings and there's always maintenance
24 issues and--and it's hard to get a hold of the
25 person. And I think that especially any unit such as

1 this it's important to have someone that's really
2 there, and readily available to the residents.
3

4 RICHARD MAZUR: So all of our properties
5 are within half a mile of our office. I have mopped
6 floors when I needed to.

7 COUNCIL MEMBER TREYGER: All right. I
8 appreciate that, and just the last word about I
9 appreciate the comments and the, um, the empathy and
10 the sympathy that we show for our most vulnerable
11 families making sure that they--some families who
12 come in let's say from the shelter system or are
13 homeless might need additional support services being
14 mindful of that. And that's always a critical thing
15 that sometimes gets lost in conversations, but I just
16 want to be mindful that they get the care, which they
17 deserve.

18 RICHARD MAZUR: Exactly, and that-and
19 that is part of what we do because as I said I've
20 done a lot of work with the homeless--

21 COUNCIL MEMBER TREYGER: [interposing]
22 Right.

23 RICHARD MAZUR: --in--in the community.
24 So whether it's local church support, the social
25 services people are homeless for different reasons.

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COUNCIL MEMBER TREYGER: Correct.

RICHARD MAZUR: And--and just getting into a home doesn't square up their lives.

COUNCIL MEMBER TREYGER: Exactly.

RICHARD MAZUR: Then you have to feed them.

COUNCIL MEMBER TREYGER: That's right.

RICHARD MAZUR: And we've got a lot of outreach for I guess soup kitchens and other things, and even we can supply them with food for a week, and then there's the mental states--

COUNCIL MEMBER TREYGER: [interposing]

Yep.

RICHARD MAZUR: --and everything else and we have, you know, partners at our Project Outreach as soon as you--

COUNCIL MEMBER TREYGER: [interposing]

And that's the piece that historically has been missing in many cases in my opinion.

RICHARD MAZUR: Yes.

COUNCIL MEMBER TREYGER: And, um, and they suffer and the community around them feel the burden of that. So I--I appreciate your understanding.

1
2 RICHARD MAZUR: We--we embrace the whole
3 package because they deserve it.

4 COUNCIL MEMBER TREYGER: Thank you.
5 Thanks, sir. Thanks, Chair.

6 MARIO PROCIDA: On that note also just so
7 you know, I think that there was a recent add to the
8 program to switch the percentage of homeless from
9 what would normally be ten and increased it up to 20%
10 and that was at the agency's request.

11 CHAIRPERSON COHEN: Thank you for your
12 testimony, gentlemen.

13 RICHARD MAZUR: Thank you.

14 CHAIRPERSON COHEN: Please feel free.

15 COUNCIL MEMBER REYNOSO: So I just wanted
16 to finish off. I would also like to say that, you
17 know, that, you know, it's not my community's fault.
18 It's not MBG's fault. This is HPD's processes that
19 continue to disrupt, and disrupt my neighborhood, but
20 I'm supportive of the project. I think it should
21 move forward. Just we should be as vigilant as
22 possible every time HPD is moving to change something
23 in any--after any RFP. Thank you.

24 CHAIRPERSON COHEN: Okay, I have to
25 acknowledge I don't--I don't think, you know, in my

1
2 term serving on this, I don't recall a member being
3 as diligent about a project. So I think that that's
4 inspirational. I think you should be proud of the
5 fact that you're getting 100% affordable project in
6 your district. So you're to be commended. All
7 right, so we're going to move onto the next item on
8 the calendar, and that's Land Use Item No. 293, and I
9 guess this is going to be no problem. There is going
10 to be Carrie Labotz and Baaba Halm again. [pause]
11 You've been sworn. So I think you're okay.

12 COMMISSIONER BAABA HALM: Did you want to
13 swear Carrie in?

14 CHAIRPERSON COHEN: Well, are you also
15 from HPD?

16 COMMISSIONER BAABA HALM: Yes, she is.

17 CHAIRPERSON COHEN: All right, well you
18 can raise your right hand. Do you swear or affirm
19 the testimony you're about to give is the truth?

20 CARRIE LABOTZ: Yes.

21 CHAIRPERSON COHEN: Excellent. Proceed.

22 COMMISSIONER BAABA HALM: Thank you for
23 hearing us again. I'm Baaba Halm and I'm joined by
24 Carrie Labotz, the Director of our Year-15 Program.
25 LU 293 consists of a proposed amendment to a UDAP

1
2 previously approved on May 2, 1996 under HPD's then
3 Neighborhood Entrepreneurs Program. The sponsor is
4 proposing to preserve seven of the multiple dwellings
5 within the exemption area located at Block 2728, Lots
6 16 and 19, Block 2745, Lot 36; Block 2752, Lot 17;
7 Block 2754, Lot 69; Block 2974, Lots 22; and Block
8 2979, Lot 2 also known as the Home Street Homes in
9 the Bronx. The project has a total of 109
10 residential units and there are seven vacancies. There
11 is a mix of one, two, three and four-bedroom
12 residential units plus two units for super. One of
13 those units is a studio and the other is a one-
14 bedroom. The existing AMI bans per our regulatory
15 agreement are that there 13 units at 50% AMI, 77
16 units at 60% AMI, and 17 units at 165% AMI. The
17 current existing rents range between \$695 for a one-
18 bedroom unit, and \$1,340 for a 4-bedroom unit. J-51
19 benefits for the buildings will expire--will begin
20 expiring in 2017 and 2018, and in order to continue
21 the affordability of these units, HPD is seeking
22 approval of Article 11 tax benefits, which will
23 coincide with the new regulatory agreement for a term
24 of 32 years. In preserving the buildings, the
25 sponsor will conduct a moderate rehabilitation that

1 will include upgrades to the heating and water
2 systems, repairs to masonry work on the building
3 facades as well a roof and window replacements.

4 Again, we are before this committee to seek approval
5 of tax benefits in order to facilitate the continued
6 affordability of these rental units. Thank you.

7
8 CHAIRPERSON COHEN: Are you going to
9 testify or just--

10 COMMISSIONER BAABA HALM: No, she will
11 answer--

12 CHAIRPERSON COHEN: [interposing] Okay.

13 COMMISSIONER BAABA HALM: --specific
14 questions. Thanks.

15 CHAIRPERSON COHEN: My job as chair was
16 to read this little tiny paragraph, and I totally
17 blew it, but the sum and substance is that Council
18 Member Arroyos has indicated her support for this
19 project. Who is the sponsor currently, Ms. LaBatz?

20 CARRIE LABATZ: It's PRB Realty.

21 CHAIRPERSON COHEN: And how long have
22 they owned it?

23 CARRIE LABATZ: Well, since--well,
24 currently--excuse me. The limited partnership is--
25 the limited partnership is the current owner. PRB

1
2 Realty will be stepping in at Year 15, which is what-
3 -we're going through this financing now to step in as
4 the owner. So as part of the Year 15, the limited
5 partner, the investor will exit, and then the new
6 owner will step in for the remainder of the
7 regulatory term.

8 CHAIRPERSON COHEN: I understand. Okay.
9 Do any of my colleagues have any questions? Okay.
10 Thank you very much for your testimony and now--
11 [background comment] Oh, is there anybody else who
12 would like to testify today? [laughs] You can.
13 Going once. Okay. We're going to close the hearing.
14 Yes, yes, we're definitely voting and I will now
15 move--move onto a vote to approve Land Use Items No.
16 293 and 294. Counsel, please call the roll.

17 LEGAL COUNSEL: Chair Cohen.

18 CHAIRPERSON COHEN: I vote aye.

19 LEGAL COUNSEL: Council Member Mealy.

20 COUNCIL MEMBER MEALY: [laughs] May I
21 explain my vote?

22 CHAIRPERSON COHEN: Please.

23 COUNCIL MEMBER MEALY: I definitely feel
24 that we should do some changes and I hope HPD think
25 about all the permanent affordability in my district

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1
2 also, and I vote aye on all, and thanks to Council
3 Member Reynoso for being diligent and making sure we
4 get affordability for his district, which is needed
5 desperately also, and I vote aye on all.

6 LEGAL COUNSEL: Council Member Rodriguez.

7 COUNCIL MEMBER RODRIGUEZ: Aye.

8 LEGAL COUNSEL: Council Member Treyger.

9 COUNCIL MEMBER TREYGER: I just want to
10 give a thanks to the chair who helped facilitate I
11 think a very great and formative hearing today. He
12 did a great job filling in, and I certainly wish
13 Chair Dickens a speedy recovery and with that, I vote
14 aye on all.

15 LEGAL COUNSEL: Land Use Items 293 and
16 294 are approved by a vote of 4 in the--4 votes in
17 the affirmative, 0 in the negative and 0 abstentions.
18 They are referred to the full Land Use Committee.

19 CHAIRPERSON COHEN: All right. That
20 closes the hearing. Thank you.

21 [gavel]

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C E R T I F I C A T E

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



Date October 24, 2015