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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MARCH 15, 2016

Start: 1:20 P.M. Recess: 1:50 P.M.

HELD AT: 250 BROADWAY - COMMITTEE RM, 16TH FL

B E F O R E: INEZ DICKENS

CHAIR

COUNCIL MEMBERS: ANDREW COHEN

DARLENE MEALY MARK TREYGER

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

Council Member Salamaca

Artie Pearson Director of Land Use from HDP Office of Governmental Affairs

Paul Moore, Consultant for Carmen Parson and Judge Gilbert

Carolyn Willims
Director of HUD Multi Family Programs
HPD

Kevin Parris HPD, Manhattan

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2 CHAIR DICKENS: Good afternoon, I am 3 Council Member Inez E. Dickens, Chair of the 4 Subcommittee on Planning, Dispositions and 5 Concessions. I would like to thank Andy Cohen for 6 filling in for me in my absences and for doing such 7 phenomenal job. Well you didn't tell me that in 8 private. Welcome everyone to today's hearing. I 9 want to thank and acknowledge my Sergeant at Arms, 10 Allen Shue and Jessica Pelgreno (sp) was here. 11 want to thank my Land Use Director Raju Man (sp) and 12 my Deputy Director, Amy Leviton (sp) and of course my 13 phenomenal Attorney, Dillon Casey. We are joined 14 here today by Council Member Andy Cohen and Council 15 Member Mark Treyger of which Mark gets the gold star 16 for today and has a gold shirt on to prove it and 17 we've been joined also by the newly elected and I 18 congratulate you Council Member Raphel Salamanca who 19 today has his very first Land Use item, welcome. 20 have three items on our calendar. We will be hearing 21 and voting on all. I am now going to open up the 22 hearing for Land Use item 339, the Judge Gilbert 23 Ramirez Apartments. An application submitted by HPD 24 for the approval of an amendment to previously

approved real property tax exemption for property

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2 located at 443 East 138th Street in the Speakers

3 district in the Bronx. I'm going to ask the

4 applicants to come up excuse me, are you want to join

5 | this, ok. We've been joined by Artie Pearson,

6 Director of Land Use at HPD and Carolyn Williams,

7 Director of Land Use in the Bronx or at HPD? Please

state you name and your identification and proceed.

ARTIE PEARSON: Afternoon Chair Dickens and members of the SubCommittee and welcome newly elected Council Member Salamanca. I'm Artie Pearson, Director of Land Use from HDP Office of Governmental Affairs. Land Use #339 consist of an amendment to a tax exemption approval for an exemption area containing affordable housing development construction constructed under the section 202 supportive housing program for the elderly with financing and operating subsidies from HUD. The exemption area contains one multiple dwelling located at block 2283, lot 33 and is known as Judge Gilbert Ramirez Apartments in Speaker Mark Melissa Viverito district. The fully occupied building has 87 one bedroom apartments, 10 two bedroom apartments for a total of 97 units which includes a superintendent's Judge Gilbert Ramirez Apartment HDFP received unit.

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS and tax exemption from the City that was approved on March 18, 1982 by the board of estimate for term of 40 years. The prior resolution provided for a full exemption from real property taxes from the date of construction commencement until the date the certificate of occupancy was issued. Thereafter, a partial exemption equivalent to a shelter and tax commenced. Beginning in 2004, increases in operating expenses made it difficult for the HDFC to pay their shelter and taxes and consequently do not have sufficient resources to pay their crew tax arrears. HPD is seeking an amendment to that prior resolution in order to provide the exemption area with full retroactive exemption from real property taxes from July 1st, 2004 through June 30th, 2016 and partial exemption from real property taxes from July 1st, 2016 for the balance of the exemption term. I should note that this project along with the next item on the agenda are moving along at the you know to have the same exemption extended to it and it should be noted that HPD and the State housing and community renewal are working towards merging these two HDFP to create one entity and once those details are worked out, HPD will be seeking a new article 11 tax

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SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND 1 CONCESSIONS exemption for the newly merged exemption area and the 2 amendment to the tax exemption will allow the HDFC's 3 4 to continue to operate as rental housing for low income seniors while the merger is underway and the new sponsor is in place. 6 7 CHAIR DICKENS: Ms. Williams do you have anything you'd like to add? 8 9 CAROLYN WILLIAMS: Good afternoon Council, I will just like to add that HCR did provide 10 11 approval for the merger, the consented merger. received that today in our office. 12 13 CHAIR DICKENS: All right and has the Speaker given her approval for this? 14 15 CAROLYN WILLIAMS: Yes. 16 CHAIR DICKENS: Now this is really for 17 the preservation of affordability, does it provide 18 any deeper subsidies with the merger? 19 The project is CAROLYN WILLIAMS: 20 currently project based section 8. It will continue 21 to be project based section 8, tenants will... will continue to pay 30% of their income as usual. 2.2 2.3 tenant pay average of about \$230 a month of... of... of

their portion of the rent at this time.

1	SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS 7
2	CHAIR DICKENS: What are the sizes of the
3	units?
4	CAROLYN WILLIAMS: There are studios and
5	one bedroom's.
6	CHAIR DICKENS: How many of each?
7	CAROLYN WILLIAMS: One moment please.
8	There are 24 studios, 72 bedrooms, 72 one bedrooms in
9	723 Elton Avenue and the other building has 87 one
10	bedrooms and 9 two bedrooms.
11	CHAIR DICKENS: Thank you. Are there any
12	questions from my colleagues but before doing so
13	there was a gentleman, Mister was it you wanted to
14	come up?
15	UNIDENTIFIED SPEAKER: Yes, Mr. Moor is
16	here as the consultant for the second building that
17	part this project, that's Land Use #340.
18	CHAIR DICKENS: It's under consolidation.
19	UNIDENTIFIED SPEAKER: It's going, right
20	part of the consolidation yes. Mr. Moore can come up
21	if he'd like.
22	CHAIR DICKENS: All right would you come
23	up please. Identify yourself and then you'll have to
24	sign. Sergeant of Arms please provide him the sign ir
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sheet.

1	SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS 8
2	PAUL MOORE: Hi my name is Paul Moore and
3	I'm a consultant for both buildings actually. Carmen
4	Parsons and well as Judge Gilbert.
5	CHAIR DICKENS: Oh so you will be
6	returning?
7	PAUL MOORE: Yes.
8	CHAIR DICKENS: Do you have anything you
9	would like to add as the consultancy for this
10	consolidation such as the reason why it's being done?
11	Would you care to share with us?
12	PAUL MOORE: Well I think again to
13	promote the affordability. We're doing also
14	renovations on other properties. The residents will
15	receive new kitchens and bathrooms, the common areas,
16	some roofing work, some landscaping to beautify the
17	area and just to increase the quality of life.
18	CHAIR DICKENS: Will there be upgrade of
19	the HVAC system?
20	PAUL MOORE: Where there is HVAC,
21	correct.
22	CHAIR DICKENS: And you said will there
23	be check affording or will the work be done with the
24	tenants in place?

PAUL MOORE: Tenants in place.

loss is the City will receive in doing this?

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3 open up the hearing for Land Use Item 340. The

hearing on Land Use Item 339 and I'm going to now

4 Carmen Parsons housing for the elderly. An

5 application submitted by HPD for approval of an

6 amendment to a previously approved tax exemption for

7 | property located at 723 Elton Avenue in Council

8 Member Salamanca's district in the Bronx. His very

9 | first Land Use item, welcome to this... this world.

ARTIE PEARSON: Again I'm Artie Pearson from HPD Office of Intergovernmental Affairs. Land Use #340 contains one multiple dwelling at block 2377, lot 20 and it's know at the South Bronx Carmen Parsons Housing for the Elderly in Councils district 17 in the Bronx. This is fully occupied building containing 24 studios, 72 one bedroom apartments and one two bedroom apartment for the superintendent for a total of 97 units. Again it's in the similar situation as Land Use 339, this building received a tax exemption approved by the City Council in October of 1990 for a term of 40 years and again in both cases the prior exemption went into effect from the date of construction commencement and after the certificate of occupancy was issued received a partial exemption equivalent to the shelter rent and

2 also beginning in 2004 increases an operating

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3 expenses made it difficult for the HDFC to pay the

4 | shelter and taxes and therefore there taxes have

5 accrued and at this point if the HPD is seeking a

6 retroactive tax exemption for a period of time in

7 order to get this property back on footing until the

merger has gone into full effect and a new exemption

9 | will be requested.

CHAIR DICKENS: Ms. Williams do you have anything you want to add?

CAROLYN WILLIAMS: Yes ma'am just that the property the refinancing of the property will increase operations, the ability to have fiscal positive fiscal effect on the property, it'll also do things such as reduces interest rates so that it has more excess cash flow, it won't have the same issues, tenants will continue to pay 30% of their income, they will not be affected by the financial transaction in anyway.

CHAIR DICKENS: Mr. Moore.

PAUL MOORE: I also was in with the previous number, item number. In this bill there will also be a renovation for all the units, kitchens and bathrooms, common areas, doors, bringing the

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Well I think that in the 2 PAUL MOORE: 3 previous management these building were managed my a 4 separate entity management company that was formed 5 when the builders first came in to (inaudible) in the late 80's, 1992 for this specific building and... and 6 7 about 2010 there was a management company that is not 8 innovative property management, they were brought in by HUD to then take over management by the previous management company that mismanaged the property and 10 11 brought the property into the condition that is was in when innovative came in and made some upgrades and 12 13 stabilized the building to where it is now. were brought in by HUD to do that.

COUNCIL MEMBER SALAMANCA: Now I'm just concerned you know we have seniors who live here and unfortunately because of the mismanagement of the previous management company they're at risk of ... of losing their apartments, they're at risk of getting having an increase. Are they not am I wrong here?

> PAUL MOORE: No they're not.

CAROLYN WILLIAMS. No they are not.

COUNCIL MEMBER SALAMANCA: So what

happens if this does not get approved, this tax

exemption? 25

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ability to do the rehabilitation of this instead of providing subsidies to the property to offset the taxes we thought it was a better strategy to ask the Council to relieve them of the tax burden so that the money that would go towards the taxes would instead be available to do the upgrades.

COUNCIL MEMBER SALAMANCA: All right, ok,

cool and again I apologize I was just briefed on this

last night so I just have some questions and so

innovative property management they're reputable

organization HPD have worked with them in the past?

PAUL MOORE: Correct, for many, for many

PAUL MOORE: Correct, for many, for many years, 15 years.

COUNCIL MEMBER SALAMANCA: So yet who makes up innovative property management?

CAROLYN WILLIAMS: I just know Mariam Gonzalez is the head I don't know.

PAUL MOORE: Mariam Rodriguez is the owner of Innovative Property Management.

COUNCIL MEMBER SALAMANCA: Ok how... how was this company chosen?

PAUL MOORE: Through HUD. HUD reached out to her specifically. She's managed other HUD

project based?

3 CAROLYN WILLIAMS: Yes we can, we can get

4 you the information on their portfolio.

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CHAIR DICKENS: Would you provide this to the Council Member today?

CAROLYN WILLIAMS: I'll do my best.

CHAIR DICKENS: And also he would like to know, I'm stepping in I'm sorry.

COUNCIL MEMBER SALAMANCA: Please, please go ahead.

CHAIR DICKENS: He would also like to know about any violations that are on this one or the others to see about management.

CAROLYN WILLIAMS: In terms of the violations according to our records right now they have 12A a combined (inaudible) both sights, A combination of 12A and 12B violations.

paul Moore: And the reason why they're just to add to that I think the reason why that some of them are there is just they haven't been physically submitted to get them taken off of the viola... all of these violations are corrected there is no active violations on the building that I'm aware of, it just need to be corrected. Not correct but...

COUNCIL MEMBER SALAMANCA: Yes.

2 PAUL MOORE: Upon loan closing is when the 3 renovations will take place.

COUNCIL MEMBER SALAMANCA: All right, all right well thank you very much.

CHAIR DICKENS: I have a couple of questions just based upon some of the question that were raised. Number one was the board of elected or appointed? Number two if so when was the last election? Number three as far as the violations and I understand Mr. Moore you said that they've all been cured and if there in the process of being cured which ones of the class A which are the hazards?

CAROLYN WILLIAMS: Will have to get back

 $\label{eq:carolyn williams: will have to get back} % \end{substitute} % \end{substitute$

{crosstalk}

CHAIR DICKENS: I thank you so much but in the future you should be prepared to come to answer the questions about violations and the board maker, you should know who makes of the board, not just their names but if there was an election and if so how long ago.

CAROLYN WILLIAMS: Yes, we'll be better prepared.

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CHAIR DICKENS: And so in the future I would expect that you would bring that information.

Are there any other questions from my colleagues?

Council Member Mealy?

COUNCIL MEMBER MEALY: Thank you, you said that it would be no extra cost to the seniors so you getting a different grant or something? Who's going to subsidies are you'll make you'll new rehabilitation?

CAROLYN WILLIAMS: The way it's happing is the current debt is being restructured so that the current debt is being paid off which has an interest rate of about between 8% and 9% interest on the old debt that was given by HUB back in 1992. The... the... the debt is being restructured and paid off with a new interest rate somewhere around 3% or 4%. So just the difference in interest rate alone is saving the property about \$200,000 a year in interest rate savings alone, so and then because they have those savings they have additional income where they can afford to have the loan to make all the rehabilitations and with this action in terms of removing or you know us asking to forgive these taxes during this time period, that money that would have

1	SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS 22
2	gone to pay the back taxes in the loan instead is
3	being used for the renovations.
4	COUNCIL MEMBER MEALY: So you saying it
5	will be no cost to the seniors two years later you
6	won't come and say that you going to do the roof and
7	then tax them?
8	CAROLYN WILLIAMS: No ma'am, there's no
9	cost to the tenants at any time.
10	COUNCIL MEMBER MEALY: We definitely
11	wanted to Ok thank you.
12	CAROLYN WILLIAMS: The tenant will
13	continue to pay 30% of their income, no more.
14	COUNCIL MEMBER MEALY: Right, thank you.
15	CHAIR DICKENS: So in other words no,
16	there will be no MCI.
17	PAUL MOORE: No.
18	CHAIR DICKENS: Cost
19	CAROLYN WILLIAMS: None.
20	CHAIR DICKENS: Pass alongs?
21	CAROLYN WILLIAMS: None.
22	CHAIR DICKENS: Are there any other
23	questions from my colleagues? Seeing none and seeing
24	no members of the public wishing to testify I am now
25	closing the public hearing on Land Use Item 340 and

construction project being developed under HPDs 2 (inaudible) program that will create 179 units of 3 4 affordable rental housing in a 12 story mixed use building. Under the terms of the original project, 5 rents are to be affordable to families with incomes 6 7 up to 90% of AMI with income targets for families 8 with income up to 60% and 90% of AMI. Our original project summary contains an error which is why were coming back to the Council and under the terms of the 10 11 amended project, rents are to be affordable to 12 families with incomes up to 30% of AMI, 60% of AMI 13 and 90% of AMI with income targets respectively for families with incomes up to 30%, 60% and 10% of AMI. 14 15 The project itself remains unchanged and that the 16 building will contain a mix of units types including; 17 studios, one, two and three bedroom units and there's 18 a 30% set aside for homeless families. The project 19 also includes 5,300 square feet of ground floor 20 commercial space, 4,334 feet of community facilities 21 space and 29 parking spaces and 9,410 square feet of 2.2 private outdoor recreational space. This amendment 2.3 has been discussed with the Speaker's office and it of her support has been indicated and we can answer 24 25 any questions that you have.

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CHAIR DICKENS: Thank you so much. Are there any questions from my colleagues? All right, are there any members of the public wishing to testify? Seeing now I will close the public hearing on Land Use Item 347 and I'm now going to ask Council Member Salamaca to please speak with reference to what's in his district.

COUNCIL MEMBER SALAMANCA: All right well thank you very much Madam Chair, this was a great experience here in the Subcommittee. I definitely want to, so in terms of LU 340 for the Carmen Parsons Houses you know I... I would like to ensure that they get the adequate exemptions as I see that seniors will be affected here and they would benefit from this but something that I will request from HPD, I would like to meet with the South Bronx Community Corp, it's important that I meet with them. I also would like to meet with the board you know who ever compose of the board. I would also like a meeting with the tenants and I would like a walk-through of the... the building. I would like a walk-through now, as soon as possible you can schedule it with my staff and also a walk-though after the renovations have been done.

CHAIR DICKENS: Aye.

1	SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS	28
2	Use staff for attending today's hearing. This	
3	hearing is hereby adjourned.	
4	{gavel}	
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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 April 2, 2016