

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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September 14, 2017
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HELD AT: Council Chambers - City Hall

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

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

Molly Park
Deputy Commission for Development
NYC Housing Preservation and Development

Jordan Press
Executive Director of
Development and Planning
Division of Government Affairs
NYC Housing Preservation and Development

Barika Williams
Deputy Director
Association for Neighborhood and Housing
Development

[sound check]

[pause]

[gavel]

CHAIRPERSON WILLIAMS: Good morning

everyone. My name is Jumaane Williams, chair of the Committee on Housing and Buildings. Sorry for my tardiness in getting this hearing started. We've been joined by Council Member Rafael Salamanca, and I'm sure we'll have some others who may still be recuperating from a busy day a few days ago.

We are here to hold an oversight hearing on HPD Term Sheets. HPD and the New York City Housing Development Corporation use term sheets to define the parameters of specific affordable housing programs for City financed or subsidized projects. Included in the term sheets are the amount of the subsidies that will be provided by the City, the number of units that will be affordable at certain AMI levels, for how long the building will be affordable, and the number of percentage of certain size units in the building. The hearing today will explore those terms and conditions and the process by which the term sheets are developed and the impact of these term sheets on developers and individuals

1
2 seeking housing, in addition to the effects of the
3 new Mandatory Inclusionary Housing Program on HPD's
4 term sheets.

5 I would like thank my staff for the work
6 they did to assemble this hearing, including Mike
7 Twomey, my Legislative Director; Megan Chen and
8 Guillermo Patino, Counsel to the Committee; Jose
9 Conde, Policy Analyst to the Committee; and Sarah
10 Gastelum, the Committee's Finance Analyst.

11 I would like to remind everyone who would
12 like to testify today to please fill out a card with
13 the sergeant.

14 And we all know that the affordable
15 housing crisis is probably one of the biggest issues
16 we're dealing with in the city; my hope is that
17 understanding these term sheets will help us
18 understand also how it's impacting the Mayor's
19 Housing Plan **[inaudible]** in the past few months we
20 have been trying to drive harder to get down to more
21 income-targeted low AMIs and hopefully these term
22 sheets will help us do that; if we don't, I don't
23 think we'll address the crisis in the way that
24 everyone is hoping we would.

1
2 We have been joined by Jordan Press and
3 Molly Park from HPD, who will be testifying. I'm
4 glad to see you here. Will you please raise your
5 right hand? Do you affirm to tell the truth, the
6 whole truth and nothing but the truth in your
7 testimony before this committee and to respond
8 honestly to council member questions?

9 JORDAN PRESS: I do.

10 MOLLY PARK: I do.

11 CHAIRPERSON WILLIAMS: Thank you. And
12 you can begin at your convenience and in the order of
13 your convenience.

14 MOLLY PARK: Great. Good morning,
15 Chairman Williams and members of the New York City
16 Council on Housing Buildings. My name is Molly Park
17 and I am the Deputy Commissioner for Development with
18 the New York City Housing Preservation and
19 Development (HPD). At the table with me is Jordan
20 Press, HPD's Executive Director of Development and
21 Planning with the Division of Government Affairs, who
22 will be available for questions at the conclusion of
23 this testimony. Thank you for the invitation to
24 testify on HPD's updated term sheets, which allow us
25 to implement Mayor de Blasio's historic capital

1 investment in Extremely Low Income (ELI) and Very Low
2 Income (VLI) units. I want to especially thank
3 Council Member Williams for his continual leadership
4 in pushing for deeper affordability. The Council has
5 been an important partner in fighting for low income
6 housing. We also appreciate the time and feedback
7 from numerous Council Offices who participated in
8 meetings and a brown bag briefing on these updated
9 term sheets earlier this summer.
10

11 The Administration has taken historic
12 steps to develop and preserve affordable housing
13 under Mayor de Blasio's Housing New York Plan. From
14 the beginning, we set out to achieve deep
15 affordability in Housing New York. With the 10 year
16 plan we created new programs to reach New Yorkers at
17 lower incomes than ever before and we have seen the
18 results. Developers are going lower in our mixed-
19 income programs and we are reaching deeper
20 affordability. As of June 30, 2017, 17,651 units
21 have been created or preserved under Housing New
22 York. This includes 6,533 homeless units and 4,627
23 senior units to support some of the City's
24 populations most impacted by rising rents. These
25

1 numbers put us at 39% of our target goal and on track
2 to meet the plan's ambitious objectives.

3
4 HPD's financing programs are direct
5 capital subsidy, real estate tax exemptions, or both
6 to facilitate the acquisition of property, new
7 construction, rehabilitation, and preservation of
8 affordable housing. Term sheets set the parameters
9 for each of our subsidy programs with out many
10 partners in development finance: they outline
11 eligible borrowers and sponsors; required income and
12 rent tiers; how much financing is available on a per-
13 unit basis; equity requirements; design requirements;
14 eligible real estate tax benefits; and other
15 important loan terms. In development finance, term
16 sheets are a critical way to structure and give shape
17 to our programs, and to give consistent guidance to
18 our many partners.

19 We updated our term sheets for four
20 reasons. First, we wanted to address several
21 programmatic goals. In the Mayor's State of the City
22 address in February, he announced an increase of
23 10,000 units for Extremely Low Income and Very Low
24 Income households within Housing New York. ELI
25 units, which are defined as having rents affordable

1 to households earning 30% of the Area Median Income
2 or just under \$26,000 for a family of three, and VLI
3 units, defined as having rents affordable to
4 households earning up to 50% of the Area Median
5 Income or just under \$43,000 for a family of three,
6 now represent 25% of the overall housing plan.
7 Updates to our Extremely Low and Low Affordability
8 (ELLA) term sheet and our Mix and Match term sheets,
9 which I will explain in more depth shortly, will help
10 us to achieve this commitment to housing the lowest
11 income New Yorkers. As part of the emphasis on ELI
12 and VLI units, we also sought to address the
13 homelessness crisis by improving the distribution of
14 units for formerly homeless households. All ELLA and
15 Mix and Match projects will include both homes and
16 ELI/VLI units, ensuring that we are building both for
17 current shelter residents and those who may be
18 precariously housed.

19
20 Second, we wanted the updated term sheets
21 to assist in making projects more sustainable over
22 the long term. HPD wants buildings to be financially
23 healthy not just at the point of construction but
24 throughout the life of the property. This helps to
25 ensure good maintenance and that residents will have

1 ongoing access to high-quality housing.

2 Incorporating ELI/VLI units into projects that also
3 have some slightly higher income units helps to do
4 that.

5
6 Third, in order to keep up with our
7 ambitious production and preservation goals we had to
8 respond to the ever-changing marketplace. Our term
9 sheets increased subsidy in part to address the
10 concurrent reduction of resources and increases in
11 costs. The affordable housing marketplace has not
12 been immune to increased costs to develop property in
13 New York City. Construction hard costs have risen
14 approximately 15% since the start of Housing New
15 York. The cost to develop is also increased by very
16 high land costs, which are prevalent throughout the
17 City.

18 Finally, we updated the term sheets to
19 improve our operations, create more clarity for
20 developers who might not have much experience working
21 with the City, and to codify common practices.
22 Perhaps the most noteworthy and progressive of these
23 clarifications relates to how the Department is
24 financing projects that are using HPD subsidy while
25 also complying with the City's Mandatory Inclusionary

1 Housing program (MIH). As the Committee knows, MIH
2 was created as a baseline requirement for affordable
3 housing in new developments where an increase in
4 zoning allows for more residential floor area. The
5 City explicitly did not intend to contribute funds
6 that might subsidize MIH units, and so we had to
7 establish a policy for affordable housing projects
8 that go well beyond MIH affordability but which are
9 also subject to MIH requirements. Our new
10 construction term sheets now clarify and codify that
11 we expect developers to make an additional 15% of
12 units permanent affordable, on top of the 25-30%
13 permanently affordable units required under MIH, when
14 HPD-subsidy is provided.

16 Now I will speak to the most significant
17 programmatic changes to the term sheets. Mix and
18 Match now requires both homeless and ELI/VLI units --
19 previously this was an option, but not a requirement.
20 ELLA has always emphasized deep affordability, but
21 the current version of the term sheet creates a
22 strong incentive to do both some homeless and some
23 ELI/VLI in the same project, rather than just a
24 larger share of homeless units. In addition, request
25 for City subsidy that go above term sheet levels will

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2 require additional homeless units or additional
3 permanent affordability going forward. We are also
4 encouraging further incorporation of senior or
5 supportive housing into predominately family
6 buildings.

7 I am also excited to share some of the
8 changes in our Affordable Neighborhood Cooperative
9 Program (ANCP) term sheets. The ANCP program was
10 launched in 2012 and rehabilitates former Tenant
11 Interim Lease program buildings into affordable
12 homeownership as HDFC cooperatives. During a hearing
13 for the Committee on Housing and Buildings this
14 April, HPD announced a new approach to the TIL-to-
15 ANCP conversion process that addressed the concerns
16 brought by the Council, residents and the community.
17 These collaborative efforts, in conjunction with
18 changing market conditions, necessitated changes to
19 the ANCP term sheet. HPD committed additional
20 funding to rehabilitate these buildings and increased
21 the maximum City subsidy from \$110,000 to \$200,000
22 per unit. The higher subsidy amount covers a greater
23 share of the rehabilitation cost, reducing the amount
24 of the private mortgage. This allows HPD to reduce
25 the monthly maintenance payments in our ANCP units to

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2 be affordable for households earning 40% of Area
3 Median Income or just about \$34,000 per year for a
4 family of three. Since the hearing, we are already
5 seeing benefits to the ANCP pipeline that will
6 facilitate the development of affordable
7 homeownership units.

8 Updating our term sheets will result in a
9 further diversification of New York's housing stock
10 and drive deeper affordability. We know how
11 important this is to the Council and again thank
12 Chair Williams, Chair Greenfield, Speaker Mark-
13 Viverito, and the many members who fought long and
14 hard for even further affordability in our projects.
15 ELLA projects are now much more likely to lead to
16 both homeless and ELI/VLI units. Mix and Match will
17 now incentivize 40% ELI/VLI units while requiring a
18 minimum of 20% in any given project. Our partnership
19 on this issue also recently resulted in the addition
20 of \$1.9 billion of capital funds over the remainder
21 of Housing New York. This will be critical to
22 implement the commitment of more housing for the
23 lowest income households in our City.

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25

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2 Thank you for the opportunity to testify
3 and we are happy to answer any questions you may have
4 at this time.

5 CHAIRPERSON WILLIAMS: Thank you very
6 much for the testimony. There's a lot of good stuff
7 happening with your term sheet, which many of us
8 appreciate. I do wanna delve a little deeper in some
9 of the things that were mentioned.

10 MOLLY PARK: Of course.

11 CHAIRPERSON WILLIAMS: Thank you for
12 acknowledging the Council in our efforts to push on
13 this. So my first question is; can you just tell us
14 a little bit of how you develop the term sheets; do
15 you consult with advocates; affording housing
16 developers? We know part of the frustration --
17 'cause a lot of this seems to happen, for lack of a
18 better word, behind closed doors and not openly where
19 people can comment, so can you tell us a little bit
20 about this?

21 MOLLY PARK: Absolutely. Yes, it is a
22 very involved process; it involves consulting with a
23 lot of stakeholders. So on this particular
24 iteration, we did a fair amount of analysis in-house
25 to think about what our options were, but then we met

1 with the advisory boards of both Enterprise and LISC,
2 which are housing and intermediaries; their advisory
3 boards are made up of a mixed group of nonprofit
4 developers; we met with the NYSFAFH executive board;
5 we met with a group of homeless advocates, including
6 Picture the Homeless, VOCAL and Coalition for the
7 Homeless; we met with a group of labor advocates; we
8 met with the Supportive Housing Network of New York
9 and some of their members; we had a very productive
10 meeting with Council Land Use and Finance staff; we
11 met with Council Members Greenfield and Salamanca;
12 Council Members Cabrera and Gibson. I know we were
13 trying to connect with your office; I apologize that
14 that did not happen. And then we had a very
15 productive and helpful conversation with a very large
16 group of Council staff people over the summer; I
17 think there were probably about 40 people there
18 representing an array of different offices.

19
20 CHAIRPERSON WILLIAMS: No, I absolutely
21 remember being reached out to, and I think I actually
22 saw the term sheets, so I feel comfortable.

23 MOLLY PARK: **[inaudible]**

24 CHAIRPERSON WILLIAMS: But I know that
25 some of that -- I wanna differentiate briefing versus

1 consulting to actually develop the term sheet, and so
2 my understanding is some of those people that you
3 mentioned, it was to brief them on what the term
4 sheet was and I'm trying to get an understanding of
5 how many -- who did you speak to to develop the term
6 sheet; how did you develop it [sic]?

8 MOLLY PARK: Sure. The majority of those
9 meetings that I just mentioned, with the exception of
10 the brown bag after the fact [sic], were before the
11 term sheets were released. Part of the impetus for
12 the changes were the feedback that we had gotten from
13 the first couple of years of using these. So none of
14 these were brand new products; we were starting from
15 term sheets that had been in use; we had gotten lots
16 of feedback, both from those who were using them but
17 also from the council members who were reviewing
18 projects in their districts. So when we started the
19 process, we had a good sense of the feedback that we
20 were going to get. When we did all of these
21 consultations in the time period leading up to the
22 term sheet release, we did get some feedback and we
23 certainly made changes. One piece -- this is an
24 example that particularly stuck in my head because it
25 was such a good example of us thinking about

1 something in different ways than the advocate
2 community was thinking about it, but we had in our
3 term sheets for many, many years language that says
4 priority given to projects that use less subsidy,
5 which seems like a fairly straightforward and
6 noncontroversial piece of fiscal responsibility, but
7 one of the advocate groups pointed out that it takes
8 more subsidy to do the lower income units, so that
9 that could be misinterpreted. So we took out that
10 language and we replaced it with priority given to
11 projects that use less subsidy for a given AMI tier,
12 which that was a simple change, but I think it was
13 useful feedback to get.

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15 CHAIRPERSON WILLIAMS: So just for
16 clarity, initially where you said there was no
17 opportunity for open public discussion, correct;
18 there was no kind of public hearing around the term
19 sheets and the development of the term sheets?

20 MOLLY PARK: We don't do an open public
21 hearing on the term sheets. It's very important for
22 us to have these be statements of policy rather than
23 regulation or something that is codified, and there's
24 a couple of reasons for that. First, it is useful to
25 be nimble and to be able to make changes when we need

1 to in response to really sensible feedback that we
2 get as we go along. Again, another example; it used
3 to be that in ELLA you could go to 20% moderate
4 income units and in Mix and Match you could do 50%
5 moderate and 50% low income, but if you wanted to do
6 a building that was 60% low income, we had no term
7 sheet for you; it was not allowed under our
8 parameters, and that... you know, people came to us and
9 said that didn't make a lot of sense and as we
10 thought about it, we agreed, it didn't make a lot of
11 sense; there were communities where a 60% low income
12 building is really exactly what we ought to be doing.
13 So first of all, being nimble is important. The
14 other thing is; I think the term sheets are documents
15 that should work for 70-75% of projects. If we put
16 out term sheets that work in absolutely every
17 circumstance, we've been too generous, but there are
18 cases where being able to deviate from these terms
19 makes a lot of sense. So if, for example, we have a
20 site that is running up against an MTA train line,
21 the site conditions on that mean that it's gonna be
22 really expensive to build there and it might mean
23 that our HPD subsidy numbers that are in the term
24 sheet aren't gonna be enough, but if it that is a
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2 blighted site, you know a vacant lot sitting in the
3 middle of an otherwise thriving neighborhood; that
4 could be a really good place to develop, so we need
5 to have the flexibility that we can deviate from the
6 term sheet where we collectively agree that it makes
7 sense.

8 CHAIRPERSON WILLIAMS: Does HPD take any
9 measures after the properties are completed to ensure
10 compliance of the term sheets?

11 MOLLY PARK: Absolutely. Virtually all
12 of our projects, and particularly in the ELLA and Mix
13 and Match universe that we're talking about here have
14 low income housing tax credits, and those have very
15 strict penalties for compliance with the
16 affordability restrictions, and in fact, the investor
17 who buys the Low-Income Housing Tax Credit will lose
18 their tax benefit if those affordability requirements
19 aren't met, so it's not just HPD and HDC, the Housing
20 Development Corporation that are looking at it, but
21 also the investor partner. So there is annual income
22 certification; we review the results of that annual
23 income certification; we do physical inspections, so
24 it's a very intensive asset management process.

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2 CHAIRPERSON WILLIAMS: How often do you
3 do the inspections?

4 MOLLY PARK: The physical inspections?

5 CHAIRPERSON WILLIAMS: Yeah.

6 MOLLY PARK: If the building has
7 Section 8 in it, it's an annual inspection; I believe
8 it is also an annual inspection for Low-Income
9 Housing Tax Credits, although I want to confirm that
10 and get back to you. In other cases, it is on a
11 periodic and as-needed basis.

12 CHAIRPERSON WILLIAMS: So just to be
13 clear, I wanna make sure I go through all of the term
14 sheets. So we have -- ELLA is one term sheet?

15 MOLLY PARK: Yes.

16 CHAIRPERSON WILLIAMS: And Mix and Match
17 is another?

18 MOLLY PARK: Correct.

19 CHAIRPERSON WILLIAMS: ELI/VLI is not
20 term sheets; are just terminology within both of
21 those?

22 MOLLY PARK: Correct.

23 CHAIRPERSON WILLIAMS: Are there any
24 other term sheets?

25 MOLLY PARK: Yes, there are many of them...

CHAIRPERSON WILLIAMS: I mean...

MOLLY PARK: uhm...

CHAIRPERSON WILLIAMS: Go ahead.

MOLLY PARK: So within new construction ELLA and Mix and Match account for the bulk of the new construction, but we also have Supportive Housing and Senior Housing term sheets; we have term sheets for the smaller projects; it's called -- the predominant small program is the Neighborhood Construction Program (NCP); this is for the little infill sites; we do some homeownerships. Then on the preservation side we have a host of programs, because on our preservation programs the term sheets range from doing fairly small-scale systems work, right; there is a term, the Housing Rehabilitation program is if an owner needs some help replacing the boiler or replacing the roof, all the way up through the gut rehab programs and a lot of things in-between. So these are all up on our website; we're happy to get you a list of all of the different programs, if that would be useful.

CHAIRPERSON WILLIAMS: Did you submit that to us?

MOLLY PARK: The PowerPoint?

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CHAIRPERSON WILLIAMS: Yeah.

MOLLY PARK: Uhm did we? Yeah.

CHAIRPERSON WILLIAMS: Okay. And so just to go point by point, just repeat again the ELLA term sheets, please, the terms in the ELLA.

MOLLY PARK: So the principal terms in the term sheet itself is about six pages, so I won't read the whole thing, but there are two primary options for mixing the affordable. Option one is 10% homeless and then a mix of units going at 30, 40, 50% of AMI, and up to 60. Option two is 30% homeless and then a smaller tier at the 40 and 50% AMI. And when I talked in my testimony about emphasizing in ELLA both the ELI/VLI units and the homeless, under..

[interpose]

CHAIRPERSON WILLIAMS: Sorry; is it... homeless is separate and then VLI, so you have..

[interpose]

MOLLY PARK: Yes.

CHAIRPERSON WILLIAMS: ELI/VLI and homeless?

MOLLY PARK: And homeless. In the previous iteration of the ELLA term sheets, we gave a lot more subsidy for the homeless units than we did

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2 for the ELI/VLI units, and so there was a very strong
3 financial incentive to do the 30% homeless and not to
4 do those... [background comments] not to do the 30% AMI
5 units. So homelessness is a very important need; I
6 think it's good that we were building homeless units,
7 but we were concerned that we weren't also building
8 units for Extremely Low Income households who are
9 precariously housed. So the critical change that we
10 made to the ELLA term sheet was that we changed the
11 subsidy numbers so you no longer have this really
12 significant financial incentive to do just the
13 homeless and not the 30% AMI units.

14 CHAIRPERSON WILLIAMS: So just for
15 clarity in the ELLA, what percentage does all this
16 include of the universe of units? What percentage is
17 that? So is it 70/30; 60/40? You're saying 10% has
18 to be homeless **[inaudible]**... [crosstalk]

19 MOLLY PARK: So there is two options
20 within ELLA... [interpose]

21 CHAIRPERSON WILLIAMS: Yeah.

22 MOLLY PARK: 10% are homeless...

23 CHAIRPERSON WILLIAMS: Yeah.

24 MOLLY PARK: this isn't -- sorry, this is
25 in option one -- 10% are homeless, 10% are 30% AMI...

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CHAIRPERSON WILLIAMS: Uhm-hm.

MOLLY PARK: 10% are 40% AMI; 10% are 50% AMI, so that's the first 40% of the building.

CHAIRPERSON WILLIAMS: Okay.

MOLLY PARK: The remaining units are up to 60% of AMI, unless you opt to do a tier that can go up to moderate income, so it is -- you can do a ceiling of 30% of the units that go up to 100% of AMI.

CHAIRPERSON WILLIAMS: Okay.

MOLLY PARK: So it is a minimum of 70% at 60% or below with those subcategories that I spelled out...

CHAIRPERSON WILLIAMS: A minimum of...

MOLLY PARK: A minimum of 70% at 60% AMI or below, but with those subcategories, but some of those projects might be 80% at 60% AMI or below or 100%; this... [interpose]

CHAIRPERSON WILLIAMS: And others you can go up to 100% of AMI?

MOLLY PARK: Right, so the moderate income units can go to 100%. Option two within ELLA -- 30% of the units are for formerly homeless; 5% are

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2 at 40% AMI; 5% are at 50% of AMI; you also have that
3 option... [interpose]

4 CHAIRPERSON WILLIAMS: I'm sorry; 30% for
5 formerly homeless... [crosstalk]

6 MOLLY PARK: Right.

7 CHAIRPERSON WILLIAMS: 5% are at 40% AMI?

8 MOLLY PARK: Yep...

9 CHAIRPERSON WILLIAMS: Okay.

10 MOLLY PARK: 5% are at 50; up to 30% go
11 up to 100% AMI, and then everything else is at or
12 below 60.

13 CHAIRPERSON WILLIAMS: And this is just
14 the developer can choose which option?

15 MOLLY PARK: Yes, although we will steer
16 that process fairly significantly. We will look at
17 what exists in the neighborhood; what has been built
18 there recently; where we think the holes in the
19 market are; what the local electeds and the community
20 board are interested in seeing, so it is an
21 **[inaudible]** process and the developer gets a lot of
22 input from us and other stakeholders on that. And
23 the majority of our projects under the old version of
24 the ELLA term sheet were in option two, because of
25 the way the financing was structured, so you weren't

1 getting the 30% AMI units. I think now the majority
2 -- it is now actually a much more financially
3 realistic option to do option one and we're going to
4 see those 30% AMI units that are for non-homeless
5 households, which I think is a terrific add.
6

7 CHAIRPERSON WILLIAMS: And the breakdown
8 for Mix and Match?

9 MOLLY PARK: Mix and Match is a lot more...
10 it allows for more creativity. We have a menu of AMI
11 numbers and there is more opportunity to, at the risk
12 of sort of belaboring it, mix and match. So at least
13 40% of the units have to be at or below 60 and no
14 more than 60% of the units can be at or below 60.

15 CHAIRPERSON WILLIAMS: Say that again --
16 at least 40% of the units... [crosstalk]

17 MOLLY PARK: Right, but no more than 60.
18 So you have... it is 40-60% low income; within that low
19 income tier, 10 per... [interpose]

20 CHAIRPERSON WILLIAMS: Okay, I just wanna
21 follow you. At 40% of the units are at or below 60%?

22 MOLLY PARK: Six... yep.

23 CHAIRPERSON WILLIAMS: And you said it's
24 at least... why do you say 40-60%?

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2 MOLLY PARK: No more than 60% of the
3 building can be at or below 60% of AMI within Mix and
4 Match. Within that low income tier, in that 40-60%
5 of the units, 10% must be homeless and 10% must be
6 Extremely Low Income/Very Low Income. The way the
7 subsidy structure is set up, the developers get
8 significantly more subsidy for doing the Extremely
9 Low and Very Low Income units; so although we have
10 set minimums, we actually think that we are
11 underwriting most projects so that it'll go beyond
12 the minimum.

13 CHAIRPERSON WILLIAMS: And so what
14 triggers the use of these term sheets are direct
15 subsidy from the City?

16 MOLLY PARK: Correct.

17 CHAIRPERSON WILLIAMS: I do have a
18 philosophical question. Why don't we consider the
19 rezoning a direct subsidy from the City? Why does it
20 have to be additional funding? If a developer is
21 rezoning a community, they are getting something from
22 the City which could be viewed as a direct subsidy,
23 so why doesn't that not trigger automatically?

24 MOLLY PARK: Rezoning the MIH program is
25 designed to be a market-driven program where the

1 benefit that they're getting is the added density;
2 it's a real benefit, but it is a real benefit that
3 supports some affordability but not nearly the depth
4 of affordability that actual capital subsidy will
5 support.
6

7 CHAIRPERSON WILLIAMS: I'm still not
8 clear. Why can we not consider that a subsidy that
9 triggers these type of term sheets or something
10 similar?

11 MOLLY PARK: In order to make sure that
12 the projects are financially viable because we are a
13 portion of the sources of the development cost but
14 certainly not the entire piece of it, and in an MIH
15 project we are not part of the cost of the project at
16 all generally, right, we are not covering the
17 construction costs of that project. There needs to
18 be sufficient revenue coming from that project to
19 cover the cost of the development. The added density
20 adds revenue to the project because there's more
21 units and that allows us to purchase some
22 affordability, but we would have to put in subsidy to
23 be able to purchase as much affordability as we're
24 able to get through the term sheets. Where we can
25 purchase more affordability we absolutely do; we have

1 done some projects that overlay MIH and the HPD
2 subsidy program through the term sheets, and in that
3 case it is absolutely the deeper requirements that
4 are on the term sheets that are what is the governing
5 set of regulations.
6

7 CHAIRPERSON WILLIAMS: Alright, I have
8 additional questions on this and some other things..
9 [crosstalk]

10 MOLLY PARK: Sure.

11 CHAIRPERSON WILLIAMS: but I wanna get to
12 my colleagues, and so Council Member Salamanca and
13 Grodenchik both have questions. Since there's no
14 council members, I wanna try to be lenient and not
15 use the clock.. [background comment] but uh..
16 [background comment] if everyone can kinda be
17 responsible with it that will be helpful, alright..
18 [crosstalk]

19 COUNCIL MEMBER SALAMANCA: Thank you, Mr.
20 Chair.

21 CHAIRPERSON WILLIAMS: Council Member
22 Salamanca.

23 COUNCIL MEMBER SALAMANCA: Thank you.
24 Good morning, Commissioner.. [crosstalk]

25 MOLLY PARK: Good morning.

1
2 COUNCIL MEMBER SALAMANCA: Commissioner,
3 my first question is; who exactly decides on how the
4 term sheets are changed? Who in HPD makes these
5 decisions?

6 MOLLY PARK: It was a process that
7 involved the development team that is under me, but
8 it was reviewed by the Commissioner; they were
9 reviewed by our general counsel; they were reviewed
10 by our budget team. There were a lot of players
11 within HPD involved as well as the various parties
12 that I mentioned who are external, and City Hall
13 signed off on them as well.

14 COUNCIL MEMBER SALAMANCA: Okay. I wanna
15 talk a little bit about the Our Space program, which
16 the name has changed now to the homeless set-aside.
17 Just to get clarification, there is a mandatory 10%
18 for both Mix and Match and ELLA?

19 MOLLY PARK: Correct.

20 COUNCIL MEMBER SALAMANCA: So regardless
21 of where there's a project -- it could be in the
22 Upper East Side, up the Riverdale -- if they're
23 getting City subsidies there has to be a 10% set-
24 aside in these projects?

25 MOLLY PARK: Correct.

1
2 COUNCIL MEMBER SALAMANCA: And there is
3 no: no, I want 8%; I want 5%; it is 10%?

4 MOLLY PARK: Correct.

5 COUNCIL MEMBER SALAMANCA: Okay. I wanna
6 thank you for that. One of the issues that I saw in
7 my community, as I saw developers come in, they
8 wanted to always apply for the Our Space program; at
9 times even offering 30%, you know and in my
10 community, the issues that I had with this project,
11 or with the way that the fact sheet was set at the
12 time was that the Our Space units were taken away
13 from the 30% AMI units, and I know that after
14 multiple conversations with HPD, to see that you came
15 back with new fact sheets where there is a set-aside,
16 regardless of what community it is, they have to take
17 in a 10% homeless set-aside, but also we're
18 protecting the 30% AMI units, the low-income units,
19 so I thank you for that.

20 MOLLY PARK: Thank you for all your
21 input; we appreciate it.

22 COUNCIL MEMBER SALAMANCA: Now my other
23 question is, in terms of the homeless set-aside, how
24 is HPD ensuring that homeless families are coming
25

1
2 back to their communities with these units that are
3 set aside?

4 MOLLY PARK: So the homeless referrals
5 come from DHS to HPD; generally the practice is that
6 there are up to three referrals for very homeless
7 unit; we do that to make sure that both, the homeless
8 families have an opportunity to have some level of
9 selection, that we are keeping the process moving,
10 you know, things happen; people don't come to
11 interviews, so we do that. Defining where a homeless
12 household comes from is actually a challenging
13 concept. A family may have been in a shelter in a
14 given neighborhood for a year, a year-and-a-half;
15 their kids are in school in that neighborhood; they
16 have put down some roots. Prior to entering into
17 shelter, most families don't go directly from a given
18 address into the shelter system; they spend a period
19 of time, you know, sleeping on their mother's couch
20 or staying with a friend; they often bounce around a
21 little bit, so that sort of what is the community of
22 origin is actually a challenging question to answer.
23 What we have found; that the most successful
24 predictor of a family's stability is whether or not
25 we are able to match their borough of preference for

1
2 where they are moving, so if a family indicates that
3 they wanna live in the Bronx and we are able to match
4 them to a unit in the Bronx or they wanna live in
5 Brooklyn and we are able to match them to a unit in
6 Brooklyn; they are much more likely to remain stably
7 housed than if we say hey guess what; we've got
8 something for you in Queens.

9 COUNCIL MEMBER SALAMANCA: So there's no
10 indicators other than families choosing the way they
11 wanna move, in terms of homeless families, other than
12 bring families back to where their children are going
13 to school at or where their friends or families are
14 at?

15 MOLLY PARK: Where we can we certainly
16 look to make sure that we are helping those homeless
17 families remain connected to whatever social
18 infrastructure that they have; things like schools,
19 doctors, hospitals; churches.

20 COUNCIL MEMBER SALAMANCA: And HPD works
21 with DHS on this and who makes the final decision as
22 to who enters that unit; is it HPD or is it DHS?

23 MOLLY PARK: DHS is referring the three
24 households for any given unit; the developer is
25 actually doing that final screening process the way

1
2 that they do for any of the units that are going
3 through the lottery, with significant HPD oversight
4 to make sure that there is nothing untoward going on...
5 [crosstalk]

6 COUNCIL MEMBER SALAMANCA: Who gives the
7 final okay?

8 MOLLY PARK: HPD.

9 COUNCIL MEMBER SALAMANCA: Okay, awesome.
10 And then finally, just a question in terms of your
11 financing fund that you have. With the new fact
12 sheets, you've increased subsidies for units, from
13 \$110-\$200,000 per unit; how is this going to affect
14 your financing fund that you have for future projects
15 with the increase?

16 MOLLY PARK: So that specific change was
17 the ANCP, just to make sure we're all on the same
18 page. Because the Mayor added almost \$2 billion to
19 HPD's capital budget in the Executive Plan to serve
20 extremely low and very low income families, that 40%
21 AMI households that we are underwriting to within the
22 ANCP program qualify towards that Extremely Low
23 Income and Very Low Income set-aside and we'll be
24 using those funds to do it. I feel very privileged
25 that we have a capital budget of about a billion

1
2 dollars a year and we are optimistic that that will
3 be sufficient to get through our Housing New York
4 Plan.

5 COUNCIL MEMBER SALAMANCA: Thank you.
6 And once again, I congratulate you on making it a
7 requirement, regardless of what community in the City
8 of New York, that if they are getting City subsidies,
9 they too have to participate in the Homeless Set-
10 Aside program. Thank you.

11 MOLLY PARK: Thank you.

12 CHAIRPERSON WILLIAMS: Thank you.
13 Council Member Grodenchik.

14 COUNCIL MEMBER GRODENCHIK: Thank you,
15 Mr. Chair. Good morning. Still morning? I think
16 it's... yeah, still morning. You mentioned a billion;
17 I just wanna pick up on some of the things that my
18 colleague, Mr. Salamanca said. We're looking at
19 about a billion dollars a year in subsidies across
20 the City; is that what you're telling me?

21 MOLLY PARK: Our capital plan is about a
22 billion dollars a year, correct.

23 COUNCIL MEMBER GRODENCHIK: The maximum
24 -- good morning Ydanis -- The maximum is \$200,000 per
25

1 unit -- so it could be less; that's all I'm getting
2 at, so... [crosstalk]

3
4 MOLLY PARK: Absolutely. That \$200,000
5 is specifically for the ANCP program which, while a
6 critically important piece of Housing New York,
7 because it is a homeownership program for very low
8 income households, is a fairly small piece of the
9 overall Housing New York numbers.

10 COUNCIL MEMBER GRODENCHIK: So do you
11 have a number on what the average subsidy per unit to
12 create affordable housing is?

13 MOLLY PARK: Within new construction
14 programs, it averages about \$150,000 a year I would
15 say.

16 COUNCIL MEMBER GRODENCHIK: One five
17 zero?

18 MOLLY PARK: Yep.

19 COUNCIL MEMBER GRODENCHIK: Okay.

20 MOLLY PARK: Preservation projects range
21 tremendously because within the rule book of
22 preservation, we're talking everything from replacing
23 a boiler through gut rehab, so it's a much harder
24 question to answer.

1
2 COUNCIL MEMBER GRODENCHIK: And what is
3 the average number of people per unit; is it three;
4 is it four; is it two-and-a-half; is it...

5 MOLLY PARK: It's about two-and-a-half.

6 COUNCIL MEMBER GRODENCHIK: Okay. And on
7 the homeless stuff, on the people that are coming in;
8 DHS is recommending all these folks, they're
9 screening them... [crosstalk]

10 MOLLY PARK: Yes, all... all...

11 COUNCIL MEMBER GRODENCHIK: they're
12 screening them for you?

13 MOLLY PARK: Correct.

14 COUNCIL MEMBER GRODENCHIK: Because one
15 of the complaints that I get, and I'm sure all of my
16 colleagues get, is that you know we just don't...
17 certainly don't have enough affordable housing, and I
18 know how hard you're working, but I was curious; I
19 think you've pretty much explained it to my
20 satisfaction, where the recommendations are coming
21 from, and are you successful generally in keeping
22 people? I know it's -- you know like a district like
23 mine, where we have, you know no affordable units
24 being created or very, very few, it would be hard,

1
2 but I expect that you're fairly decent at matching
3 people to their districts?

4 MOLLY PARK: So there are two separate
5 pathways here -- the homeless units are coming; the
6 referrals are coming through DHS. As I mentioned, we
7 are looking wherever possible to match the homeless
8 families to their borough of preference. For the
9 non-homeless units that are going through the lottery
10 process -- Housing Connect -- right now 50% of those
11 units are set aside for residents of the community
12 board; there's some litigation going on there, and I
13 won't comment on that today.. [crosstalk]

14 COUNCIL MEMBER GRODENCHIK: I know...
15 [laugh] I've read. Okay, I appreciate that and I
16 thank you for your work. Thank you, Mr. Chairman.

17 MOLLY PARK: Thank you.

18 CHAIRPERSON WILLIAMS: Thank you. We've
19 also been joined by Council Member Rodriguez.

20 Just back to the MIH discussion. So for
21 ELLA and Mix and Match, there are no market rate
22 units; is that correct?

23 MOLLY PARK: Correct.
24
25

1
2 CHAIRPERSON WILLIAMS: And you're saying
3 for MIH you need the market rate units, I guess to
4 cross-subsidize?

5 MOLLY PARK: MIH is -- sorry, excuse me.
6 An MIH project that has no other HPD involvement,
7 right; we're not putting capital subsidy into at all,
8 is essentially a market rate project. We..
9 [interpose]

10 CHAIRPERSON WILLIAMS: I just.. I just..
11 The only thing I wanna say is; I believe the rezoning
12 itself is a subsidy; I just wanna make sure I'm clear
13 on that.

14 MOLLY PARK: Right and we agree with you
15 and that's how we're able to leverage the 25-30%
16 affordable, but to go deeper and broader than that
17 would need the capital piece to go along with it.

18 CHAIRPERSON WILLIAMS: Why can't we
19 mandate a certain amount of affordability in the MIH,
20 similar to what we're doing with the term sheet?

21 MOLLY PARK: Let me make sure that I am..
22 I hope I am answering the right question, but we do
23 mandate the affordability within MIH, so we have the
24 four different options, so ranging from, you know
25 option one is.. [interpose]

CHAIRPERSON WILLIAMS: So let me clarify...

MOLLY PARK: 'Kay.

CHAIRPERSON WILLIAMS: because these mix and match mandates a certain amount of homeless, and it looks like it may mandate a certain amount of low-income, like 30-40%. Why can't we mandate certain amount of homeless units in all of the options of MIH or minimally, mandate a certain amount of 40% AMI in all of the options of MIH?

MOLLY PARK: So we have 40% units in option one, as you know; it really depends on the market that the units are in, and that's why MIH was based on a very carefully researched market study that took into account what the market rents are in a given neighborhood and how much revenue that those were going to generate and therefore how much affordability and how deep the affordability could be to offset the affordable units. The homeless units that we're underwriting, we underwrite those at shelter rent, so the tenants of those are paying, you know a couple of hundred dollars a month for their unit; it is a terrific thing that we are able to do that, but it is an expensive proposition; we put a lot of subsidy into the units that are underwritten

1
2 at shelter rent and frankly, the MIH, the zoning is a
3 real benefit to the developer, but it is not a deep
4 enough benefit to cross-subsidize the homeless units.

5 CHAIRPERSON WILLIAMS: Sure. My
6 understanding was the sweet spot to help cross-
7 subsidize and allow a unit to maintain itself was 40%
8 of AMI, so why didn't we mandate a specific
9 percentage of 40% of AMI in every option in MIH?

10 MOLLY PARK: Across the diversity of
11 neighborhoods within New York City market rents
12 obviously vary tremendously, so there are absolutely
13 places where that 40% number works, but there are
14 also places where the 40% number doesn't work because
15 the market rents are relatively lower.

16 CHAIRPERSON WILLIAMS: So just for
17 clarity, you think the three options that don't
18 mandate 40% AMI could not have handled a mandated 5%
19 of 40% or 10% of 40%?

20 MOLLY PARK: So just to clarify that
21 there are two options that don't include 40% AMI...
22 [interpose]

23 CHAIRPERSON WILLIAMS: Sure. Okay.

24 MOLLY PARK: I think; two of them do.
25 MIH was a very carefully negotiated set of policies;

1
2 it was the product of a market study that looked very
3 carefully at market conditions across different
4 neighborhoods, it went through a full ULURP, it was
5 passed by the Council; we are extremely proud of the
6 progressive framework that we worked together with
7 the Council to create through Mandatory Inclusionary,
8 but we really think that the best way to get to more
9 extremely low and very low income units is to focus
10 on what we can do with our term sheets.

11 CHAIRPERSON WILLIAMS: I hear you; I
12 voted against MIH, I think it was wrong; I think most
13 people believe that we could've done more, now -- I
14 was gonna say retrospect -- but I think people
15 believed it then; they just didn't do it, but I do
16 wanna specify the question: are you saying that the
17 two options that don't mandate 40% of AMI, the market
18 in parts of the City could not have handled a mandate
19 of 5% of 40% AMI or 10% of 40% AMI?

20 MOLLY PARK: At this point I'm speaking
21 based on my experience in housing policy; I think in
22 order to get to the 40% AMI units in some of those
23 markets we would've had to give up some of the other
24 tiers of affordability, so we would've ended up with
25 fewer affordable units, although deeper affordable

1 units, and given the discussion and the tradeoff and
2 the very comprehensive vetting process that this went
3 through, the emphasis on having the range of incomes
4 as opposed to smaller numbers of units at a deeper
5 affordability level was what made most sense for the
6 City.
7

8 CHAIRPERSON WILLIAMS: Alright. So yes,
9 we could've handled a mandate; we would've had to
10 have a tradeoff on affordable units; there's a very
11 broad definition of what affordable is; I just submit
12 that back then I think some of that tradeoff would've
13 been beneficial; I believe in a broad spectrum of
14 income bands; I also believe in projects that have
15 market rate; I don't want segregated pockets of
16 poverty in the City, but I want to say that I think
17 that tradeoff would've been beneficial because we
18 still would've had units in those other MIs, albeit
19 less of it, but we would've had deeper affordability
20 mandated to break up the segregated pockets of
21 poverty, which everyone knew we should've done, for
22 some reason didn't, I'm happy that we're doing the
23 term sheets now to try to make up some of that, but
24 going forward, I think we need to think of this more
25 thoroughly. My hope is actually we review MIH and

1 change it, because as you have mentioned, there are
2 ways to do it; we just have to decide what our
3 priority is and it seemed that our priority was not
4 going deeper into affordability, which I think was a
5 mistake and I think most people believe that we
6 should have. I won't force you to respond to that --
7 you can if you want to, but I won't try to force you
8 to respond to that... [crosstalk]

10 MOLLY PARK: Thank you.

11 CHAIRPERSON WILLIAMS: I do have a
12 question: are we going to review the amount of units
13 that are being asked for in the Mayor's housing plan?
14 I know that we are achieving the goals; in some
15 places going past the goal, which is great, but many
16 folks believe that the amount of units and the goals
17 that were there were not enough to begin with, so
18 with these new term sheets, are we going to look at
19 the housing plan and what ways are we going to look
20 at the housing plan to make changes, and are we going
21 to increase some of the goals?

22 MOLLY PARK: We remain committed
23 absolutely to the 200,000 units and we'll always look
24 for ways that we can go beyond it, but the bottom
25 line number of 200,000 remains the same. The

1
2 critical change that we made was shifting 10,000 of
3 those 200 down to the extremely low and very low
4 income units. So of the plan, it is now 25%
5 extremely low and very low income, where it was 20%
6 previously. We can flip to that slide again.

7 CHAIRPERSON WILLIAMS: So which was
8 great, and I gave a lot of kudos for that 10,000
9 shift when it happened, but we now have 21% of very
10 low and extremely low; is that correct?

11 MOLLY PARK: It is a 21% increase on the
12 very [sic] low income and a 31% increase on the very
13 [sic] low; the total percentage overall of the plan
14 is at 25... the target is 25% combined ELI/VLI.

15 CHAIRPERSON WILLIAMS: Twenty-five
16 percent?

17 MOLLY PARK: Of... yes.

18 CHAIRPERSON WILLIAMS: So VLI/ELI will be
19 combined 25%? MOLLY PARK: Correct.

20 CHAIRPERSON WILLIAMS: So we have a chart
21 here that says most of the population is almost at --
22 looks like 30 -- let's do the math here -- about 41%
23 very low and... VLI and ELI. Most of the population is
24 at 41%, but our goals here are 25%.

1
2 MOLLY PARK: So first of all, I would say
3 that these construction numbers are a part of the
4 housing solution... [interpose]

5 CHAIRPERSON WILLIAMS: Is it just for
6 construction?

7 MOLLY PARK: This is construction,
8 meaning new construction and preservation, but
9 development; the Housing New York Plan is a part of
10 the response to serving extremely low and very low
11 income households in New York. Rental subsidies are
12 another really important piece of that puzzle and
13 public housing is another really important piece of
14 that puzzle and I think investing in public housing,
15 maintenance and making sure that that remains a solid
16 piece of the housing stock, which is not my
17 department, but it's something that the
18 Administration has done a lot -- made major steps
19 towards as well. So first I would say that there are
20 multiple ways to serve housing needs of the lowest
21 income New Yorkers... [crosstalk]

22 CHAIRPERSON WILLIAMS: So why is that not
23 part of the Housing Plan?

24 MOLLY PARK: The public housing piece of
25 it?

1
2 CHAIRPERSON WILLIAMS: Well all the
3 things that you mentioned, why is that not part of
4 the broader housing plan?

5 MOLLY PARK: So Housing New York has the
6 200,000 unit goal but gets a lot of attention because
7 it is very easy to put in a press release, but
8 there's also a lot of other things that are in
9 Housing New York and actually investment in public
10 housing and attention to rental subsidies and many
11 other ask [sic] policy goals are in fact part of
12 Housing New York. Uhm... [interpose]

13 CHAIRPERSON WILLIAMS: So the Housing New
14 York Plan, you're saying 200,000 units preserved or
15 created is not the whole thing. So how many units
16 does Housing New York hope to develop or preserve?

17 MOLLY PARK: 200,000 units created and
18 preserved are associated with Housing New York, but
19 there are a number of policy initiatives that are not
20 tied to direct unit count that are really important
21 components of the Housing New York Plan. I would
22 also say that, you know, we do not count anything
23 related to NYCHA preservation in the Housing New York
24 Plan, so there was a major recapitalization and
25 rehabilitation of a project that was started in

1
2 December of 2016 that NYCHA did; HPD wasn't involved
3 in it, other than supporting it with a property tax
4 exemption, but that was a critical housing
5 preservation of permanently affordable units; it is
6 above and beyond what we are counting towards the
7 Housing New York Plan.

8 CHAIRPERSON WILLIAMS: And the
9 frustration... So now we have a housing crisis, we have
10 a homelessness plan that's under one commissioner and
11 one deputy mayor, we have a housing plan that's under
12 one commission and one deputy mayor, and now we have
13 NYCHA, that is three different pieces and that is
14 very frustrating, and so the one thing that we have
15 to look at is Housing New York, which I would assume,
16 if it's coming from the Administration, would
17 encapsulate all that is being done around housing;
18 you're saying that that's not the case. I do need to
19 focus on that and my question is; according to the
20 Housing New York plan, 25% of the units are for very
21 low and extremely low, but the population is at 41%.

22 MOLLY PARK: So first, you know as we
23 were just talking about, there are a variety of ways
24 to serve extremely low and very low income households
25 that are on top of what we would count to the unit

1 starts in Housing New York. Second, there are real
2 drivers of housing need other than income, so one of
3 the things that we see from the households that are
4 coming in and applying for HPD housing is they may be
5 living doubled up with other households, they may be
6 living in very poor conditions, they may be living
7 very far from jobs so that that is limiting their
8 social and economic mobility. So there are a variety
9 of reasons that a household might need affordable
10 housing that actually I think are very legitimate and
11 so we are trying to address a spectrum of those.

12
13 CHAIRPERSON WILLIAMS: And there are
14 actually -- I think **[inaudible]** had a report that
15 really focused on -- I wish it had gotten more
16 attention -- actually focused on overcrowding,
17 because overcrowding numbers I don't think are
18 factored into the homelessness crisis the way they
19 should be, which means the numbers would be I think a
20 lot higher. Most of what you said, except for where
21 the person lives, which -- actually, I would include
22 that; most of those probably are also associated with
23 income, so if the income was higher, you'd probably
24 be able to afford not to be doubled or tripled up or
25 to live closer to the job; although it may not push

1
2 you down to the lower income, it's probably either
3 connected to... [interpose]

4 MOLLY PARK: They are certainly related,
5 yeah.

6 CHAIRPERSON WILLIAMS: But I just wanna
7 be clear; are you saying that the numbers that are in
8 Housing New York are satisfactory goals to be
9 reaching?

10 MOLLY PARK: We always strive to do more.
11 At this point, about a third of the units that we
12 have actually started so far are for extremely low
13 and very low income units and I'm even more proud of
14 the fact that in 2017 **[inaudible]** ended in June, more
15 like 40% of the units were extremely low and very low
16 income units. It is a goal that we always look to
17 exceed, but we also understand that there are a
18 variety of competing factors. We are very sensitive,
19 for example, to Low-Income Housing Tax Credit raises.
20 Low-Income Housing Tax Credit is a major source of
21 funding for affordable housing and simply the threat
22 of federal tax reform has driven those raises down
23 substantially, so we are managing our way through
24 that. So absolutely we will look to exceed the goals

1
2 if we possibly can but understanding that exist in a
3 larger marketplace.

4 CHAIRPERSON WILLIAMS: I have some more
5 questions -- I know you're probably happy about that
6 -- but... [crosstalk]

7 MOLLY PARK: Absolutely.

8 CHAIRPERSON WILLIAMS: I do wanna go to
9 my colleague. I also wanna just clarify that I
10 believe the percentages are wrong and the amount of
11 units we're trying to build, the aggregate number are
12 wrong in the housing plan; I thought it was a good
13 framework, and I'm actually happy we're achieving the
14 goals, but we do have to review, just like I think we
15 should be reviewing MIH, I think people finally agree
16 that we should be reviewing the term sheets and dig
17 deeper. We did agree to review the housing plan by
18 going deeper and adding those 10,000, so I think all
19 those are good, but we've gotta keep pushing, because
20 the crisis is not getting better, even with the great
21 work that is being done, so we've gotta figure out
22 why and where and I think some of that starts with
23 the goals we're trying to achieve. I understand
24 sometimes you wanna set a goal so you can achieve
25 more of it; it looks really good; here I'd be into

1 setting a large goal, maybe not achieving it, but at
2 least we're reaching for it and I don't think that
3 we're reaching for it now. I do have some additional
4 questions, and I'm gonna go to my colleague, Council
5 Member Rodriguez. Because of the limited amount of
6 council members, I did not set a time clock and
7 asking the council members to please use it
8 responsibly; so far the two council members have.

9 [background comment]

10 COUNCIL MEMBER RODRIGUEZ: Thank you,
11 thank you, Chair and thank you for your leadership
12 advocating for our tenants and be sure that we build
13 affordable housing for working-class and middle-
14 class.

15 You know Inwood is one of those areas
16 that we are looking to create the best condition to
17 build affordable housing, and by the way, even today
18 we are starting the new phases of the vision for
19 Inwood, with a scoping meeting that we will have
20 tonight, where we will hear from members of the
21 community what it is that we would like to see
22 happening after we rezone that area. Something that
23 in principle and in general I will be working with
24 the Administration to get it done, assuming that we
25

1
2 are able to finalize **[inaudible]** by this time next
3 year and be able to vote on the rezoning of Inwood
4 and helping to create a condition to build thousands
5 of new units affordable for working-class and middle-
6 class.

7 I do believe it is important to building
8 housing not only for our working-class, but also for
9 our working-class New Yorkers. I do believe it is
10 important to have different tiers where a percent is
11 to be designated for those individuals that make the
12 average income, in areas such as in mine where it's
13 around \$36,000 and also to be a percent of those
14 apartments for the teacher and the firefighter, the
15 son and daughter of those working-class families, who
16 many of them live on the poverty line, but their son
17 and daughter are doing better. One area where I have
18 concern is about those individuals that the average
19 income is not even close to the average median
20 income. Like what will happen to those families --
21 let's say my mother is lucky because we are many sons
22 and daughters, but she's been relying on her SSI, so
23 what is the plan that we have in our city in those
24 areas, let's say such as in Inwood, where we have the
25 largest regulated apartments in the City of New York

1
2 and the second one in the State after Buffalo, so
3 when we will be approaching, you know getting close
4 to agreeing on whatever is gonna be the best rezoning
5 that we will do, how will we protect like that
6 percentage; not those whose average income is \$36,000
7 or 25; it is the other percent who make \$15,000,
8 those who rely on SSI, that they will not qualify to
9 fill out the application to be part of the lottery
10 process, so will we have Section 8; will we have
11 other programs where we'll let you know that
12 percentage of New Yorkers to be able to apply for the
13 affordable housing, even though their income is not
14 at the level of the average median income of our
15 communities?

16 MOLLY PARK: So first let me say I'm very
17 interested and committed to the Inwood rezoning, both
18 as my professional capacity, but also as one of your
19 constituents, so thank you. Serving that range of
20 incomes and getting down below 30, there are some
21 real challenges there, but I think we are actively
22 looking at different ways that we can do that and I
23 think the senior housing that we're doing is a really
24 good example of that. Virtually all of the senior
25 housing that we are doing uses project-based

1 Section 8 contracts, so the federal government
2 essentially pays the bulk of the rent on those units,
3 the tenant pays 30% of whatever their income is, but
4 it does allow us to serve senior citizens who we are
5 aware, based on all of the demographic data that
6 exists, that you know, senior citizens' incomes are
7 very, very, very low. So that is why we have
8 structured the seniors program to generally rely on
9 project-based vouchers.
10

11 Serving that population for families is a
12 little bit more challenging, but we are doing tiers
13 of project-based voucher units within some of our
14 other buildings and looking for other creative ways
15 that we can do it, so it's something that we continue
16 to look at.

17 COUNCIL MEMBER RODRIGUEZ: I thin it is
18 important to put the clarity now, because I spent my
19 first term here at the Council, my first four years
20 where we hear a lot -- we will look at it; this is a
21 challenge that we know we have in front of us, and in
22 my community, for the 12 years of the previous
23 administration, only around 200 affordable housing
24 were built in four years, so at the same time that we
25 saw a lot of **[inaudible]** pushing people out, we as a

1 city were not building and what brought me to
2 support, in general, the concept of rezoning Inwood
3 is because I do believe that we have a plan to rezone
4 that community in the area that besides the
5 percentage of apartments that will be market, that we
6 will be able also to bring the other percentage for
7 the working-class and middle-class -- one of the
8 things is gonna be the public library, we're gonna be
9 building a new library and housing above the library,
10 so I know that that one's gonna be 100% affordable.
11 But it is critical, you know because we talk about
12 the average median income, the percentage of people
13 who are on unemployment, and the number that we
14 share, sometimes at Manhattan level or borough level,
15 is not necessarily a discretion [sic] for the whole
16 borough. Let's say in Inwood, to the east of
17 Broadway where the rezoning will be focusing, that
18 particular average income, I'm pretty sure that when
19 we studied that data a good percentage income is
20 probably like \$25,000; \$18,000. So it is important
21 as we are gonna be, you know, moving forward,
22 starting this new conversation, the new phases not
23 only for Inwood but for the whole city, that we not
24 only say we have challenges, we're gonna be looking
25

1
2 at this, but what will we do with that percentage of
3 families that the average income is \$15-18,000? I
4 support... again, I support a percentage for the
5 average median income; I support a percentage for the
6 middle-class, but we also have that group in that
7 universe, so I...

8 MOLLY PARK: Understood. It costs about
9 \$7,000 a unit a year to keep the lights on, to pay
10 the super's salary, to have the insurance; those are
11 very basic operating costs. So there are many
12 households that aren't gonna be able to afford that
13 rent level; we've been able to get down to the 30%
14 AMI level using a variety of capital subsidy and
15 cross-subsidization options; to get much below 30% of
16 the Area Median Income we're generally gonna need a
17 rent subsidy; we are using Section 8 to the best of
18 our ability and I very much hope that that will
19 continue to be a stream of subsidy that remains
20 available; we are keeping a very close eye on what's
21 going on in the federal level to make sure that that
22 is the case, but then we also have a variety of City
23 rent subsidies that we are leveraging wherever we can
24 to make sure that we can serve the full compliment of
25 incomes.

COUNCIL MEMBER RODRIGUEZ: Okay. Please...

I'll end it with this; please you know, pay attention to that percentage, you know, I will be working with this Administration to get the rezoning of Inwood; if we are able, again, to building housing for working-class and middle-class too, knowing that a percentage will be market as also a good percent will be affordable, but I think that that percentage of New Yorkers whose average income is too low even to qualify in the new term sheets, it is important for us to pay attention to them [sic]. Thank you...

[crosstalk]

MOLLY PARK: Understood. Thank you.

CHAIRPERSON WILLIAMS: Thank you Council Member. I do have a couple more questions and then I actually wanna ask a couple of questions from the advocates who are submitting testimony, 'cause I just wanna hear a response. Just back to MIH briefly. So if they choose an option and they choose Mix and Match or ELLA and they overly, the terms of ELLA and Mix and Match then apply?

MOLLY PARK: Absolutely. The other thing that we have done in this iteration of the term sheets is if it is an MIH project that using HPD

1 subsidy, they have comply with all the term sheet
2 requirements, but we also require that 15% additional
3 units need to be permanently affordable. So the MIH
4 requirement is that... [interpose]

5 CHAIRPERSON WILLIAMS: What's the
6 definition of permanent?
7

8 MOLLY PARK: Till the building comes
9 down.

10 CHAIRPERSON WILLIAMS: Okay. And just
11 back to... I think we were talking about how you get to
12 the term sheets and we were saying there was no
13 public hearing, just explain again why the thought
14 process is that there's a policy in programmatic
15 there wouldn't be opportunity for the public to weigh
16 in.

17 MOLLY PARK: So we'd need... it is
18 important that we are able to be flexible and
19 adaptable with our term sheets, which is why we don't
20 put them in formal regulation and go through a CAPA
21 process, anything like that. We need to be able to
22 adapt to changing market conditions. Often we get
23 feedback from elected officials, from communities;
24 from developers of things that make a lot of sense
25 and it is useful to be able to have a fairly

1 straightforward process for making changes; this was
2 a major overhaul; we did a lot of vetting this time
3 around, but occasionally we'll make more minor
4 tweaks, and then there are projects that for a whole
5 variety of reasons it may make sense to do, even if
6 they don't comply with a particular set of term sheet
7 requirements. So -- trying to think of a good
8 example -- the one that I used before that I think
9 remains a good example is the site is particularly
10 expensive to build because it's up against a train
11 line; still a good project to do, but it's gonna need
12 more subsidy than we spelled out in our term sheet.
13 If the term sheets were codified in regulation, we
14 wouldn't be able to have that level of flexibility,
15 whereas as statements of policy, we do have that
16 flexibility.

18 CHAIRPERSON WILLIAMS: Now that part I
19 get; I think I can argue a little bit even for a
20 little more codification, but that part I got; I was
21 trying to figure out why even the policy we couldn't
22 have or would not have some sort of hearing around
23 such major changes in policy.

24 MOLLY PARK: We take feedback on a
25 continual basis from the people who work with the

1 term sheets, and I'm using "work with" in a very
2 broad perspective; the people who -- you know, the
3 communities and elected officials who are voting on
4 projects, the developers; tenant advocacy groups.
5 The bulk of what is in the term sheets are highly
6 technical housing finance terms; we're covering the
7 allowable loan to value and that sort of coverage
8 ratios and, you know, what the equity requirement is
9 and to be frank, we didn't see it as topics for
10 generalized public input, but we certainly take
11 comments on an ongoing basis. We welcome this forum,
12 and as I said at the beginning, we heard from, I
13 don't know, probably 150 different stakeholders at
14 the end of the day on input into the term sheets and
15 took their comments very seriously.

17 CHAIRPERSON WILLIAMS: Okay. And back to
18 the housing plan, these new term sheets, are they
19 gonna increase the amount of ELI and VLI or is this
20 to achieve the 10,000 that we put on before?

21 MOLLY PARK: It is to achieve the
22 increase that was announced in the Mayor's State of
23 the City.

24 CHAIRPERSON WILLIAMS: Ahh.
25

1
2 MOLLY PARK: This is the implementation
3 plan for what the Mayor announced.

4 CHAIRPERSON WILLIAMS: Are we gonna be
5 reviewing the plan to either increase the aggregate
6 number or increase the VLI/ELI?

7 MOLLY PARK: We are always happy to have
8 conversations about that, absolutely.

9 CHAIRPERSON WILLIAMS: I don't know if
10 that was a yes, no or maybe. Which one is that one?

11 JORDAN PRESS: I would say I think we're
12 constantly reevaluating the goals of the plan and
13 the... [interpose]

14 CHAIRPERSON WILLIAMS: That sounds like a
15 longer version of what she said.

16 [laughter]

17 JORDAN PRESS: Fair enough.

18 CHAIRPERSON WILLIAMS: Okay. It sounds
19 like there's no real answer. My push is that we do
20 need to relook at housing plan and make some
21 adjustments, same way I feel for MIH.

22 I do wanna talk about some of the
23 questions I heard advocates asking; this has to do
24 with ELLA option one. The difference in the subsidy
25 per unit of old ELLA and new ELLA approach is double,

1 compared to the relatively small difference between
2 the deep AMI homelessness units of the old ELLA and
3 new ELLA. Basically saying that the amount of
4 subsidy we're giving, we're not getting enough back.
5 So do you have any response to that?
6

7 MOLLY PARK: Absolutely. Under old ELLA
8 -- and we had essentially the same distribution of
9 units, as was pointed out -- but on top of the
10 \$75,000 in subsidy per unit that was part of the base
11 term sheet, you could get an additional up to
12 \$150,000 a unit for the homeless units under the Our
13 Space sort of overlay. So it wasn't included in the
14 term sheet; it was sort of a separate funding stream
15 for homeless units. So for a homeless unit you've
16 got \$225,000; that meant that the incentive was
17 absolutely to go with option two, right, because for
18 30% of the units you got \$225,000, whereas for option
19 one you got that 225 just for your 10% of the units
20 and everything else you got the lower subsidy number.
21 So the result that we saw, and this was a very
22 unintended consequence, but was that there was a
23 strong incentive and many more of the projects were
24 going with option two. Homeless units are certainly
25 desperately needed, but we did not wanna create a

1
2 competition between the homeless units and the 30%
3 AMI units, so by evening out the subsidy numbers
4 between option one and option two we actually think
5 that we're gonna actually achieve more of those 30%
6 AMI units.

7 CHAIRPERSON WILLIAMS: So the change was
8 to try to steer people's views a different -- they
9 were steering toward one unit and so now you wanna
10 try to incentivize them to use other options; is that
11 correct?

12 MOLLY PARK: Correct. And I should also
13 point out that there were some real increases in
14 costs from the point at which the original ELLA term
15 sheet was released; we've seen about a 15% increase
16 in costs since the start of Housing New York; that's
17 New York City construction market; not Housing New
18 York specific, but it's a reality of life that we
19 have to deal with.

20 CHAIRPERSON WILLIAMS: Alright. There
21 are similar questions both from ANHD and Tenants &
22 Neighbors, so I'm just gonna read some of the Tenants
23 & Neighbors testimony.

24 "Third, there is a significant concern
25 that a developer using the Mix and Match term sheet

1
2 could pick 4 income bands, where one is the 10%
3 homeless (required); one is 10% between 30-50% AMI
4 (required); but the other 80% of the units could all
5 be unaffordable to our communities (70-130% bands)."

6 Do you wanna make any...

7 MOLLY PARK: Yeah, that's a, I think
8 misreading of the term sheet and we can certainly
9 look at the language and see if it needs to be
10 clarified. Under Mix and Match, a minimum of 40% of
11 the units have to be in the low income space, so that
12 means 60% AMI or below. The other thing that I would
13 add onto that is that the subsidy numbers are
14 structured to incentivize that it goes substantially
15 further. So if you were doing a 30% AMI unit within
16 Mix and Match, the subsidy number for that is
17 \$185,000; if you're doing a 60% AMI unit, you're
18 getting \$95,000. So there is a real meaningful
19 financial incentive to do those lower income units,
20 so we are setting some baseline requirements. Term
21 sheets are statements of policy that need to work
22 citywide, so we try to balance the requirements with
23 some level of flexibility, so there are baseline
24 requirements but there are also incentives to go
25 significantly beyond that.

1 CHAIRPERSON WILLIAMS: And both had
2
3 similar questions -- just gonna read a couple; then
4 you can respond. Why the greater subsidy levels for
5 buildings with more higher AMI units? Why is the new
6 ELLA structured so that buildings with more higher
7 AMI units get greater subsidy over scenarios with
8 deep affordability? And the term sheets outline that
9 HPD give preference to developers who use the least
10 amount of subsidies. We believe that despite the
11 large subsidies that should provide incentives for
12 developers to select the lowest income bands, the
13 conflicting message of "least subsidy" will direct
14 developers seeking to win an RFP to select higher
15 income bands that are incompatible with neighborhood
16 and citywide need.

17 MOLLY PARK: Alright. So first let me
18 answer the question about the ELLA and the projects
19 with the up to 30% moderate income tier. Anything at
20 or below 60% AMI is eligible for Low-Income Housing
21 Tax Credits; that is an incredibly valuable source of
22 financing for a project. On average, the very rough
23 average, because projects vary, but housing tax
24 credit units are getting about \$125,000 a unit in
25 equity, so if your unit is at 60% AMI you can

1 generate that equity through the Low-Income Housing
2 Tax Credits and that really offsets need for subsidy.
3 If the unit is at 70% AMI you get zero; there's no
4 sliding scale or anything like that, it is you are in
5 the tax credit bucket or you're out of the Low-Income
6 Housing Tax Credit bucket. So the moderate income
7 units generate no Low-Income Housing Tax Credit
8 equity, so there is a hole there that exists in the
9 financing structure for those projects that needs to
10 be dealt with. The reason that we want to have those
11 units and why we really thought very carefully about
12 these numbers and structured it this way is that --
13 the comment that I made during my testimony, and we
14 didn't talk a lot about it, but is the need to make
15 sure that the buildings are sustainable. We can
16 subsidize the capital costs up front, but we also
17 need to make sure that over that 30, 40, 50 year
18 lifetime of the affordability period -- even longer
19 in a lot of cases -- that the maintenance is getting
20 done, that the front lighting is good; all of the
21 things that we want to make sure that those are high-
22 quality affordable housing assets, and the sort of
23 sweet spot for the average income for the building to
24 be able to cover those basic maintenance costs is
25

1 right in about the 55-60% AMI, so 50-60% AMI. So we
2 have two choices, we can either make all of the units
3 in that 50-60% AMI unit and it'll cover the operating
4 costs or we can do some of the units much deeper and
5 have some of the units higher and then the average
6 revenue for the building is covering the operating
7 costs. That was sort of technical way of saying that
8 I see those moderate income units as a tool to get to
9 the extremely low and very low income units and still
10 have a financially sustainable building over the long
11 term.
12

13 The second piece of the question, I
14 should have written that down, uhm...

15 CHAIRPERSON WILLIAMS: I'll just read it.
16 We believe that despite the large subsidies that
17 should provide incentives for developers to select
18 the lowest income bands, the conflicting message of
19 "least subsidy" will direct develop.. [crosstalk]

20 MOLLY PARK: Right, thank you. That
21 actually was the example that I gave you of comments
22 that we got during the vetting process that I am 98%
23 sure that we changed; that we made it clear that the
24 language said "lowest subsidy" for that particular
25 income band, right? We wanna make sure that we are

1
2 sending the signal of "don't pad your budgets," but
3 understanding lower income needs more subsidy and
4 these term sheets are a very clear signal that we are
5 going to pay for that.

6 CHAIRPERSON WILLIAMS: I have one more
7 question, then I'll go to my colleague, Council
8 Member Rosenthal, and then I think we may hopefully
9 get some of the advocates up. The question is: Is
10 ELLA giving very generous financing in order to get
11 for-profit developers to do the deep affordability
12 units that mission-driven entities like CDCs and land
13 trusts want to do? And I just wanted to get... I want
14 that question answered and just get the opinion of
15 community land trusts to begin with.

16 MOLLY PARK: Sure. The deep subsidies
17 that we have in ELLA are what we need to make
18 projects financially viable and the nonprofits and
19 the for-profit developers are working with very
20 similar... [interpose]

21 CHAIRPERSON WILLIAMS: Sorry, one second,
22 because I know they're leaving; I wanna just thank
23 ANHD, who's still here, and Tenants & Neighbors for
24 their work, and I've got a special soft spot for
25 Tenants & Neighbors because I was their executive

1
2 director for a while and some of the board members
3 are here that hired me, so thank you very much.

4 Sorry; continue.

5 MOLLY PARK: No problem. The subsidies
6 that are in our term sheets are what are needed in
7 most cases to make a project financially viable. The
8 for and the nonprofit developers are working with
9 very similar sets of terms with respect to the
10 interest rates that they're getting from banks, the
11 Low-Income Housing Tax Credit raises; all of the
12 other kind of external parameters that impact how
13 much it costs. The reality of it is that the
14 combination of lower tax credit raises; higher
15 construction costs, those are impacting all the
16 developers, whether or not they're CDCs or for-
17 profits, and then the dynamic that I was talking
18 about previously where the projects worked pretty
19 well if they were 30% homeless, but not so well if
20 they were a mix of 30% AMI and homeless. Again, that
21 affects anybody who is working with the term sheets;
22 that was what we were trying to address with this
23 higher subsidy.

24

25

1
2 CHAIRPERSON WILLIAMS: So you think CDCs
3 and community land trusts can still be viable over
4 the for-profit?

5 MOLLY PARK: Absolutely, we value all of
6 those partners. We have been spending a lot of time
7 thinking about how we can support the nonprofit
8 development partners. One of the things that I'm
9 pleased about is that the Acquisition Loan Fund,
10 which was designed to help some of the smaller MWBEs
11 and nonprofits acquire land and compete with the for-
12 profits; that was recapitalized and is bigger than
13 ever before, so it's important to have the tools that
14 will support the nonprofit partners, but yes, we work
15 very closely with them; we want them to be using our
16 term sheet. When I mentioned that, in the testimony,
17 the clarity issues, there are certainly terms and
18 policies that had existed that were familiar to some
19 of the bigger developers who do multiple projects a
20 year with HPD that were a little less clear to the
21 nonprofits, so one of the things that we tried to do
22 was make sure that everything was spelled out clearly
23 and we were giving an even playing field to all
24 involved.

1
2 JORDAN PRESS: And if I could just add on
3 CLTs, on community land trusts. Thanks to a
4 partnership with Enterprise Community Partners, HPD
5 received a \$1.65 million grant and we did a Request
6 for Expressions of Interest across the City for
7 community land trusts to be formed and we won that
8 grant and were able to regrant that money out to four
9 different entities to create community land trusts,
10 three of which have concrete plans to create
11 community land trusts, and the fourth is gonna be for
12 a learning collaborative where about 8-10 of the
13 applicants through the RFEI are going to work with
14 the New Economy Project to refine their plans to in
15 fact develop some hard ideas around creating a real
16 community land trust, very effective [sic]..
17 [crosstalk]

18 CHAIRPERSON WILLIAMS: Who are the three
19 and what areas are they looking at?

20 JORDAN PRESS: The three were the East
21 Harlem/El Barrio Community Land Trust in East Harlem,
22 Cooper Square, which is working both in Council
23 Member Mendez and Chin's districts, and a group
24 called the Interboro CLT, which is MHANY, Center for
25 New York City Neighborhoods and Habitat for Humanity,

1
2 which is looking to work across Queens, Brooklyn and
3 the Bronx, and UHAP as well is part of that.

4 CHAIRPERSON WILLIAMS: Are we gonna be
5 putting CLTs in the Housing Plan?

6 MOLLY PARK: We're looking at the best
7 ways to incorporate the CLTs in; I mean right now the
8 grant that Jordan mentioned was just announced; most
9 of these groups are in formation stage right now and
10 don't necessarily have the capacity to take on big
11 new projects, but we're looking at ways that they can
12 support our initiatives and engage and that we can
13 use, we can leverage the value that they bring; I
14 think it's particularly of interest in the
15 homeownership space and I expect that we will see
16 that grow in the future, but right now it is still in
17 the planning and discussion phase.

18 CHAIRPERSON WILLIAMS: Thank you. I'm
19 gonna go to my colleague, Council Member Rosenthal.
20 As more council members come -- I'm getting a little
21 nervous, but previously I have not put anyone on the
22 clock; everybody has been very responsible so far,
23 and so my hope is that trend will continue so we
24 don't have to use the clock, but we'll go with
25 Council Member Rosenthal.

1
2 COUNCIL MEMBER ROSENTHAL: Thank you,
3 Chair Williams. Good to see you guys. I'm wondering
4 about the 10% I think was the number of set-aside for
5 the homeless in these developments; are there
6 supportive services going to be available for them in
7 some way?

8 MOLLY PARK: For the most part, these are
9 not supportive housing..

10 COUNCIL MEMBER ROSENTHAL: Right.

11 MOLLY PARK: set-asides, right?
12 Occasionally a developer will incorporate a
13 supportive housing component within the building and
14 serve [sic] it this way, but these are families
15 coming out of the shelter system and for most of
16 them, they are very low income, they hit whatever
17 bumps that they hit but their particular challenge is
18 a housing challenge, as opposed to a social service
19 challenge. So it's a question we've heard a lot and
20 I think there probably is a tier of households that
21 could benefit from some level of aftercare. I think
22 we can talk about whether or not where you spent last
23 night, whether it was a shelter or precariously
24 housed but not sheltered, is where is the place to
25 draw the line for the need for services. What we do

1
2 now is that we work very closely with partners that
3 we have in an array of social service organizations;
4 many of our development partners have had social
5 service components, but the short answer is no, there
6 isn't a formal component right now.

7 COUNCIL MEMBER ROSENTHAL: And so -- I'm
8 not gonna stay on this long, but so you're talking
9 about the way that you would get the homeless
10 families; you would work with those different
11 shelters or with DHS? I didn't quite understand the
12 last part of your question... answer... [crosstalk]

13 MOLLY PARK: Sure. Sure, the homeless..
14 the homeless referrals come through DHS.. [crosstalk]

15 COUNCIL MEMBER ROSENTHAL: Okay.

16 MOLLY PARK: they refer three households
17 for every unit, to make sure that we are able to fill
18 those units, they are families who have been in their
19 shelter system; they are not particularly special
20 needs population.

21 COUNCIL MEMBER ROSENTHAL: Right. And do
22 you have a sense of demand for that, in that... you
23 know what's the... does DHS, could they tell you in
24 total there are 50 families like this, 100; 2,000?

1 Even if the number is overwhelming, I am just..

2 [crosstalk]

3 MOLLY PARK: Okay..

4 COUNCIL MEMBER ROSENTHAL: curious of
5 their families in shelters, how many are there
6 because of the lack of affordable housing?
7

8 MOLLY PARK: Honestly, we have not had
9 that conversation.. [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: Okay.

11 MOLLY PARK: simply because the demand is
12 in fact so significant, right; there has never been
13 **[inaudible]**... [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: I don't know.

15 MOLLY PARK: well there's never been a
16 worry that we're gonna run out of homeless families
17 for the **[inaudible]**... [crosstalk]

18 COUNCIL MEMBER ROSENTHAL: No, I'm
19 thinking in the opposite direction. I'm just trying
20 to understand what route to the numbers. What was
21 your route to what percentage would be at this; what
22 percentage with that; what percentage with a
23 different income band; was it based on anything; was
24 it based on the financing, which is fine if that's
25 the answer?

1
2 MOLLY PARK: Sure. Thanks for the
3 clarification; that is helpful. It is a combination
4 of the financing, but then also the feedback that
5 we've gotten about the need to make sure that we have
6 both the 30% AMI units and the homeless units, that
7 we are trying to avoid setting up any kind of actual
8 competition between those two legitimately housing
9 need populations, and so we were structuring the
10 buildings to look for that kind of balance.

11 COUNCIL MEMBER ROSENTHAL: I'd love to
12 learn more, but thank you.

13 MOLLY PARK: Happy to talk further.

14 COUNCIL MEMBER ROSENTHAL: Thank you,
15 Chair.

16 CHAIRPERSON WILLIAMS: Thank you.
17 Everybody's been very responsible with the time; much
18 appreciated.

19 I have one more question. What are HPD's
20 most commonly used term sheets; what are the most
21 popular term sheets in each of the boroughs?

22 MOLLY PARK: Let's see... let me answer it
23 generally and we'll see if we can get the borough.
24 The vast majority of the new construction units are
25 ELLA and Mix and Match; those two programs account

1
2 for well over half of new construction and if you
3 pull supportive housing out of that, it's gonna be
4 even higher. Preservation is much more -- which we
5 have talked less about today, but is an important
6 part of our housing plan -- it's much more spread out
7 and it varies more year by year simply because it
8 depends a lot by which projects -- there are
9 sometimes very, very large projects in the
10 preservation space and those happen periodically, so
11 it's a little bit of a lumpier trend there.

12 JORDAN PRESS: And we do have the borough
13 breakdown; I think it might actually be on our
14 website of what we do by fiscal year in the By the
15 Numbers page on the website; I just don't have it at
16 my **[inaudible]**... [crosstalk]

17 MOLLY PARK: Okay, we can follow up with
18 you on that.

19 CHAIRPERSON WILLIAMS: Thank you very
20 much. That's all the questions I have; I do think
21 these plans are ambitious, but I don't think they're
22 ambitious enough, based on what we're facing. I am
23 happy that the Administration is moving in a
24 direction that many of us have been pushing for and
25 these term sheets seem to be in a response to that,

1 which is great; let's keep working together and
2 pushing forward. Those of us that really wanna see
3 this happen are gonna probably be relentless in
4 pushing us forward, and I know some of the advocates
5 will probably be even more relentless than us, so.

6 MOLLY PARK: Thank you for the feedback
7 and for the continued collaboration; I appreciate it.

8 CHAIRPERSON WILLIAMS: Thank you very
9 much.

10 We have one person signed up for public
11 testimony -- Barika Williams from ANHD. Can you
12 please raise your right hand?

13 BARIKA WILLIAMS: Oh, this is new.

14 CHAIRPERSON WILLIAMS: Do you affirm to
15 tell the truth, the whole truth and nothing but the
16 truth in your testimony before this committee and to
17 respond honestly to council member questions?

18 BARIKA WILLIAMS: I do.

19 CHAIRPERSON WILLIAMS: You can begin.

20 BARIKA WILLIAMS: 'Kay. Good morning.
21 My name is Barika Williams; I am the Deputy Director
22 at the Association for Neighborhood and Housing
23 Development (ANHD), and you know us. We just wanted
24 to come and testify in terms of thinking about both
25

1
2 what these term sheets are and how they fit into the
3 broader Housing New York Plan, and did some analysis
4 for council members specifically on what the
5 breakdown of the units are in terms of preservation
6 and new construction at different AMI levels to get a
7 little bit more in-depth and really understand how
8 they're contributing to addressing the affordable
9 housing crisis. I think fundamentally, similar to
10 what you testified, Chair Williams, our question is
11 -- we deeply and completely agree that the City needs
12 a bit commitment on producing affordable housing, and
13 I think the question is; is the Housing New York
14 Plan, as it's currently structured and its current
15 affordability levels, moving us forward in addressing
16 the City's housing crisis?

17 And so what we have really been focused
18 on is where is New York City's population, in terms
19 of what AMI levels New York City is made of and who
20 is rent-burdened in the City. And so what looks like
21 is about 40% of New York makes below 50% AMI and
22 that's actually what combines for what is now a
23 higher number in the housing plan of 25%, and that's
24 a big mismatch right there, in terms of where we're
25 targeting to create in the housing plan versus what

1
2 our population is. The other piece that's critical
3 in that is that is also the population who is rent-
4 burdened in the City. So 68% of rent-burdened
5 households in New York City are in that group; it's
6 the vast majority of people in New York City who are
7 struggling to pay their rent and yet that is actually
8 exactly the inverse of how the plan is created right
9 now. Most of the units are from 60% and above; we
10 just have the 25% below, and so I think there's a lot
11 of questions about how we move forward on a crisis
12 when we're not actually targeting the population that
13 is in crisis the most.

14 And then specifically we also wanted to
15 give council members some information that delves
16 into what was happening in their boroughs in a more
17 detailed level. So for example, in the Bronx, the
18 extremely low income and low income bands together
19 are about 58% of Bronx households, and the ELI band
20 is 40%; that is only 28% of the new construction
21 production so far and it's only 14% of the
22 preservation construction so far. So there's also
23 the huge mismatch that happens specifically in the
24 boroughs, and which I'm sure is also replicated at
25 community districts. Likewise in Brooklyn, we've got

1
2 29% who are ELI and 15% who are VLI compared to just
3 15% new construction who are extremely low income in
4 Brooklyn and 11% preservation units.

5 So I think we kind of wanted to come and
6 be a part of this conversation; we think under this
7 administration they've definitely taken steps
8 forward; 5-10 years ago, if you had asked whether or
9 not we could do 30% and 40% AMI units at all, I think
10 we were hearing no and so we know that our ability to
11 do this is changing and part of what we feel like we
12 and the housing community and what many council
13 members have been partners in is continuing to push
14 that, because we know it's what our neighborhoods
15 need, residents need and what helps move **[inaudible]**.

16 CHAIRPERSON WILLIAMS: Thank you very
17 much for the testimony. I just wanted to be clear.
18 So you have a chart -- Housing New York New
19 Construction and Preservation. And so is it 18% new
20 construction plus 14% new construction?

21 BARIKA WILLIAMS: Eighteen percent of..
22 18% of Housing New York's new construction is ELI and
23 14% of Housing New York's preservation is ELI.

24 CHAIRPERSON WILLIAMS: But then that's
25 32%.

2 BARIKA WILLIAMS: But two different
3 buckets. I think total combined... let me see... Do you
4 know? I think combined... it's not 32% total.

5 CHAIRPERSON WILLIAMS: There's
6 overlapping there?

7 BARIKA WILLIAMS: There's not overlap,
8 but it's -- it's not 32% of everything.

9 CHAIRPERSON WILLIAMS: Because when I
10 asked...

11 BARIKA WILLIAMS: Got it?

12 CHAIRPERSON WILLIAMS: it was a little
13 confusing, 'cause when I asked them, they said 25% of
14 both. They said their numbers are 25% of both,
15 preservation and construction, and it looks like your
16 numbers...

17 BARIKA WILLIAMS: So the two... the 18% new
18 construction and the 14% preservation combine to be
19 27% of the overall total. So 27% of their plan right
20 now is ELI.

21 CHAIRPERSON WILLIAMS: Help me understand
22 why that adds up...

23 BARIKA WILLIAMS: Oh, that's population.
24 I'm sorry. We can get you that number.

2 CHAIRPERSON WILLIAMS: Okay. [inaudible]

3 18...

4 BARIKA WILLIAMS: It's not the.. It's not
5 just the addition of the two.

6 CHAIRPERSON WILLIAMS: Okay. Why not?

7 BARIKA WILLIAMS: You wanna... [background
8 comment]

9 CHAIRPERSON WILLIAMS: Can we get a slip
10 for her to fill out, and can you say your name, if
11 you're gonna testify?

12 BARIKA WILLIAMS: Yeah.

13 CHAIRPERSON WILLIAMS: And please raise
14 your right hand. Do you affirm to tell the truth,
15 the whole truth and nothing but the truth in your
16 testimony before this committee and to respond
17 honestly to council member questions?

18 LUCY BLOCK: I do.

19 CHAIRPERSON WILLIAMS: Thank you.

20 LUCY BLOCK: Yeah.

21 CHAIRPERSON WILLIAMS: And can you state
22 your name?

23 LUCY BLOCK: Lucy Block, with ANHD.

24 CHAIRPERSON WILLIAMS: Thank you.

25

1
2 LUCY BLOCK: So we don't have the
3 combined total, but this is a -- if you take the
4 total number of housing starts that have been created
5 under Housing New York, it's not gonna be 18 plus 14,
6 but when you break it into those two categories, one
7 of them is 18% at ELI and one of them is 14% at ELI.
8 So we could get you the number, but I believe it will
9 be something like 16%.

10 CHAIRPERSON WILLIAMS: I don't understand
11 that at all.

12 LUCY BLOCK: Okay.

13 CHAIRPERSON WILLIAMS: You'd have to... I
14 don't understand...

15 LUCY BLOCK: So we're doing percentages
16 within one band and percentages within another band;
17 when we put... [crosstalk]

18 CHAIRPERSON WILLIAMS: I see. I see.

19 BARIKA WILLIAMS: Yeah, right. So we
20 broke their... One of the concerns that we have always
21 had and one of the things that I think you all very
22 correctly as council members asked us to address in
23 giving this analysis is that the City reports on
24 affordability levels for the overall numbers, right?
25 So the City, as part of their press release says we

1
2 are doing X percent at ELI; that's different than
3 what the number of new construction units are at ELI
4 and what... [crosstalk]

5 CHAIRPERSON WILLIAMS:

6 BARIKA WILLIAMS: the number of
7 preservation units are.

8 CHAIRPERSON WILLIAMS: I see; I got it.
9 Thank you. And of course the most poignant things
10 are -- and one of them, which I pointed out -- is
11 that almost a majority of New Yorkers are in the
12 ELI/VLI, but that is not the majority by far of the
13 housing plan, and as you added, the rent burden is --
14 60% of the rent-burdened is from that population.
15 Also, from what I generally see, the higher up you go
16 the more available units you have, which is also
17 something that I don't think is taken into account;
18 there are some parts -- I wouldn't say 80% AMI, but
19 certainly, when you go up to 100, 150, 160% of AMI
20 and market rate, you have more available units
21 **[inaudible]**... [crosstalk]

22 BARIKA WILLIAMS: Yes. So the difficult
23 piece of this is that it's hard to get analysis done,
24 and really the only time that we have definitive
25 numbers on it are every three years when the new

1 housing vacancy survey comes out, so at this point in
2 time, any numbers that we could give are three to
3 four years old because it's from a 2013, 2014 survey
4 of the City. We do know from sort of market reports
5 and what comes out in folks who do more like tracking
6 of the real estate market trends, that there is a
7 glut/oversupply of high-end units, right? So there
8 are a lot of higher-end units that are sitting on the
9 market and not moving. This is true for the
10 extremely luxury condo market, which is actually more
11 concentrated in Manhattan -- I think there was a
12 piece just recently about condo units being sold on
13 the Upper East Side that had to drop their asking
14 price by more than 40-50% in order to move. And then
15 on the rental side, what we do know in certain
16 pockets of the City is that we -- it's hard to say
17 oversupply, but the market... the number of units being
18 created at certain price points are not necessarily
19 matched with demand, and that's something we're
20 trying to figure out and understand better. But for
21 example, in downtown Brooklyn there is a large supply
22 of new market rate luxury units in downtown Brooklyn
23 pretty much everywhere you go coming up Flatbush.
24 Likewise, there will be another big chunk of those
25

1 units coming on as Atlantic Yards continues to move
2 forward. We do know that many of those units are
3 offering incentives and other things to try to fill
4 the units, because as they are at their current
5 asking rents they weren't being taken up, which does
6 create a challenge and a concern for us overall as a
7 city when we're creating lots of units that are
8 priced at points that are not being taken up by the
9 population.
10

11 CHAIRPERSON WILLIAMS: What's your
12 opinion of the new term sheets in general and do we
13 need to make adjustments to the housing plan that's
14 out there now?

15 BARIKA WILLIAMS: I think we were pleased
16 to see in the term sheets that the City is continuing
17 to respond to housing advocates and push for more
18 deep affordability; I think we understand and
19 appreciate that they made a shift recognizing that in
20 the previous ELLA term sheet that there was this
21 unintended composition between homelessness and deep
22 affordability units that none of us want to have
23 folks competing around; at the same time, I think the
24 struggle for us and for many of our communities is;
25 what is in the term sheets versus what communities

1
2 need in order to feel like there's affordable, stable
3 housing is not matching up, right? So the need and
4 the desire is to have more units at deeper
5 affordability levels and as I believe the
6 representative from HPD testified, the City made a
7 very calculated decision in MIH that they would
8 rather have more affordable units at not a deeper
9 affordability level, and I think that that's
10 something that many people feel like just doesn't
11 line up with who the New York City population is, who
12 needs housing and where we should be prioritizing our
13 City money.

14 CHAIRPERSON WILLIAMS: Okay. Do you
15 think it's just -- this is I think my last question
16 -- is it just a matter of additional funding or a
17 matter of reprioritizing where we're putting the
18 money?

19 BARIKA WILLIAMS: I actually think it's
20 -- beyond the term sheets, I actually think it's
21 bigger and broader than that. I think that challenge
22 is that the focus of the housing plan -- and Molly
23 Park from HPD is correct -- it's bigger and broader
24 than just 200,000 units, but that is where most of
25 our focus and much of our resources go when it comes

1 to our housing plan, and that's about creating and
2 preserving units, which is good, but the goal is not
3 just to create the units; the goal is to get people
4 where they're not forced to make bad decisions and
5 decisions that they don't want to because they can't
6 afford their rent, right; we don't want people
7 choosing between food and medicine; we don't want
8 people falling into homelessness. And so I think the
9 real question that we should be starting with in the
10 housing plan is how can we move people out of a
11 crisis and part of that is units, but creating units
12 does not necessarily do that, and in some ways I
13 think we've really gotta take a step back and rethink
14 whether or not a unit-only focused goal actually
15 moves us forward on the goal of having a more
16 affordable New York.

18 CHAIRPERSON WILLIAMS: You said a unit-
19 only focused goal, so we have to have a goal based on
20 where we need to go **[inaudible]**...

21 BARIKA WILLIAMS: Yeah. I mean I think...
22 I mean this obviously not what the City has done in
23 their plan, right, but we could create 300,000
24 affordable units, in whoever comes next in their
25 housing plan, and they could do them all at \$1500

1 rent and above. It would be a big plan; it would
2 cost us a lot of money; it would be very ambitious in
3 scale, but it would not address our housing crisis,
4 right? And we have to really have some tough
5 conversations about what is our crisis now; it's not
6 the same as 30 years ago when we first had our very
7 first affordable housing plan that Koch laid out; the
8 challenges that neighborhoods are facing are not all
9 the same as they were 10 years ago, 20 years ago; 30
10 years ago, right? So Flatbush, for example, what the
11 Flatbush neighborhood was struggling with 20 years
12 ago is not at all the same as what it is today, and
13 do we have the tools for what today's problems are;
14 is that where we're prioritizing our resources, and
15 are we prioritizing outcomes that are tied to those
16 problems; right? If the quintessential problem in
17 many neighborhoods today is displacement; how are we
18 saying yes, we are doing better on displacement and
19 this is a key benchmark of success in a plan, which
20 is different than necessarily saying we need a lot of
21 units in a neighborhood? Those two things can be the
22 same, but they're not necessarily the same.

24 CHAIRPERSON WILLIAMS: I agree, I think
25 which is why we pushed the previous mayor, who

1 finally agreed toward the end, and I think this mayor
2 just assumed correctly that we should focus on
3 preservation, so most of the plan is on preservation
4 where it should be.
5

6 BARIKA WILLIAMS: Right.

7 CHAIRPERSON WILLIAMS: Is that the type
8 of thinking you're saying; should we be focusing more
9 of the units on preservation; should we be doing
10 something else? I wanna just align what you're
11 saying we should be saying and make sure... 'cause it
12 sounds like we do some of that in the housing plan
13 with preservation, just not enough.

14 BARIKA WILLIAMS: We do and we do and we
15 would completely agree with this mayor and previous
16 administration's decision to focus more on
17 preservation than new construction and I think that
18 that's something that we hope continues going
19 forward, but we do also need to look at the
20 difference in AMI levels and what different people
21 need and what things should be prioritized. So
22 looking at the numbers, preservation has a smaller
23 share of ELI units; we're actually having a very
24 difficult time holding onto deeply affordable
25 preservation units. Also, a struggle with new

1 construction units, but that then creates -- I mean,
2 what, 40% of New Yorkers need a rent that is gonna be
3 less than \$1200-1500 a month and we lose about 11% of
4 those units every three years, right?
5

6 CHAIRPERSON WILLIAMS: Just so I'm clear,
7 of the -- which I think they don't have enough focus
8 on the ELI/VLI, but of the ones they do have, a
9 smaller percentage is on the preservation side?

10 BARIKA WILLIAMS: Yeah, so far in..

11 [crosstalk]

12 CHAIRPERSON WILLIAMS: That's terrible.

13 BARIKA WILLIAMS: how the plan is moving
14 forward.

15 CHAIRPERSON WILLIAMS: That's terrible.

16 BARIKA WILLIAMS: And it's also
17 discrepancies by borough, so Staten Island had -- and
18 this is probably because they have won a big project
19 -- 46% of Staten Island's preservation units were ELI
20 compared to only 11% of Brooklyn's preservation units
21 were ELI, right? And so I think it's digging into
22 and understanding who are the populations in each of
23 these neighborhoods; what do they need to actually
24 stabilize their communities; what are additional
25 tools that we weren't using before, and I think the

1 City's done some of this in pushing forward on things
2 like community land trusts and by moving forward and
3 signing right to counsel, but we do sort of need to
4 take a step back and say we have been doing
5 iterations on basically the same type of housing plan
6 structure since the 70s, right; there's definitely
7 changes in how we focus or how we think about things
8 and how we target things, but it is a very similar
9 template year after year, through administration and
10 that might not work given where our neighborhoods are
11 now compared to where they were 30-40 years ago.

13 CHAIRPERSON WILLIAMS: Well thank you
14 very much; I appreciate your testimony. I do know
15 one thing that this plan did which I think Koch
16 didn't was at least try to view neighborhoods more
17 holistically...

18 BARIKA WILLIAMS: Yes. Yeah.

19 CHAIRPERSON WILLIAMS: which is just a
20 huge plus. Bu thank you so much for your testimony...

21 BARIKA WILLIAMS: Thank you.

22 CHAIRPERSON WILLIAMS: I greatly
23 appreciate it. I would like to call the
24 Administration back up very quickly. So thank you
25 very much. Who's gonna come back up to represent

1
2 HPD? Can we get her to fill out a card and can you
3 please raise your right hand? Do you affirm to tell
4 the truth, the whole truth and nothing but the truth
5 in your testimony before this committee and to
6 respond honestly to council member questions?

7 HPD REPRESENTATIVE: I do.

8 CHAIRPERSON WILLIAMS: Don't worry; it's
9 gonna be relatively painless... [crosstalk]

10 HPD REPRESENTATIVE: Yeah.

11 CHAIRPERSON WILLIAMS: 'cause I'm pretty
12 sure I know what your answers are going to be..

13 HPD REPRESENTATIVE: Yeah.

14 CHAIRPERSON WILLIAMS: but there was one
15 thing I just wanted to make sure I pointed out; I'm
16 disturbed at the -- I mean, I don't like the number
17 that's there, but the thing that disturbed me the
18 most is that on the preservation side the VLI/ELI are
19 a lower share, which is a critical part, because if
20 they're a lower share, it doesn't matter if the plan
21 is focused on preservation, because we're not
22 preserving the amount that we should be preserving.
23 So I'm pretty sure what you're gonna say, but I'd
24 like to give you an opportunity to respond to that
25 anyway.

1
2 HPD REPRESENTATIVE: Sure. I'll take
3 that question back and talk more and give you more
4 answers at a later date.

5 CHAIRPERSON WILLIAMS: Speak into the
6 mic.

7 HPD REPRESENTATIVE: Oh yeah, sure.
8 We'll get back to with more information on that.

9 CHAIRPERSON WILLIAMS: Okay. Alright,
10 thank you very much; appreciate it.

11 HPD REPRESENTATIVE: Thank you.

12 CHAIRPERSON WILLIAMS: We have testimony
13 submitted for the record from Tenants & Neighbors,
14 and with that, this hearing is now closed.

15 [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 September 25, 2017