

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITION AND
CONCESSIONS

October 3, 2018

Start: 2:11 P.m.

Recess: 4:23 p.m.

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

B E F O R E: BEN KALLOS
Chairperson

COUNCIL MEMBERS:

CHAIM M. DEUTSCH

RUBEN DIAZ, SR.

VANESSA L. GIBSON

ANDY L. KING

ALICKA AMPRY-SAMUEL

JAMES G. VAN BRAMER

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

2

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

Lacey Tauber

Development and Planning Director of the New York City Department of Housing Preservation and Development, HPD

Jon McMillan

Director of Planning for TF Cornerstone

Derek Marcus

Director of Acquisitions and Development at TF Cornerstone

Ken Spillberg

Director of Mixed Income Programs at the New York City Department of Housing Preservation and Development, HPD

Perris Straughter

AICP at the New York City Department of Housing Preservation and Development, HPD

Elan Peskin

Project Manager at Habitat for Humanity

Erika Benson

New York City Department of Housing Preservation And Development, HPD

Genevieve Michel

Executive Director of Government Affairs for Planning, Land Use Development at the New York City Department of Housing Preservation and Development, HPD

Maria Lizardo

Executive Director at Northern Manhattan Improvement Corporation, NMIC

Ehi Uwa

Deputy Director at the New York City Department Of Housing Preservation and Development, HPD

Victoria Gousse

Fairstead Affordable

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

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

John Tatum
Partner at Fairstead Affordable

Carolyn Williams
MPA-Director, HUD Multifamily at the New York
City Department of Housing Preservation and
Development

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

4

[gavel]

CHAIRPERSON KALLOS: Good afternoon and welcome to the Subcommittee on Planning, Dispositions and Concessions. I'm Council Member Ben Kallos, Chair of the Subcommittee. You can tweet me at Ben Kallos. We are joined today by Council Members Ruben Diaz Senior, who is here early and on time as always and Council Member Chaim Deutsch who I hope you'll come a little closer to me, so you might be able to sub in. today we'll be holding a hearing on four projects, which have several applications; Hunter Point South, Sunset Parks one through four, Hopkinson Park Place and 21 Arden Street. If you're here to testify please fill out a white speaker slip with the Sergeant At Arms and indicate the Land Use Number of the item you wish to testify on, on that slip, slip. We also have a, a guest star, Jimmy Van Bramer. Before we begin our hearings, we will vote on three applications in Council Member Perkin's district in Manhattan which were subjects of hearings on September 17th. Land Use Items 22, 20... Land Use Items 223, 224, and 225 are related to property at 95 Lenox Avenue in Central Harlem section of Manhattan. The project known as

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

5

Canaan IV Towers is a section 8 building comprised of 161 dwelling units on 11 floors with two elevators.

[emergency alarm]

CHAIRPERSON KALLOS: That is your emergency alert going off, those watching at home do not worry you... if, if you're watching it after the fact there is nothing to be alarmed about because this happened before. It was built in 1981, is granted an exemption under the Article V of the private housing finance law and it turns out those beeps were just a test of the national wireless emergency alert system, no action is needed. It was part of a planned project that will expire in 2021. The building's Section 8 contract is currently set to expire in 2033. Land Use Item 223, HPD seeks approval pursuant to Section 115 of the private housing finance law. The modification of the plan and project of Canaan IV Towers block 1824, lot 16 and 155 removing from the plan and project. Block 1824, lot 155 currently containing a parking lot and open space. Lot 16 which contains the aforementioned existing Section 8 building will remain in the plan and project until it expires. For Land Use Item 24, HPD seeks approval for conveyance of the parking lot

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

6

1
2 and open space from the current owner to a new owner
3 who will redevelop with two new buildings, a 40
4 percent income restricted 60 percent market rate
5 building containing approximately 288 dwelling units
6 assuming a future rezoning and 100 percent income
7 restricted ELLA building potentially containing
8 approximately 209 dwelling units. Proportion of lot
9 155 is combined with HPD owned lots 19, 20, and 21.
10 The third action, Land Use Item 225 is for approval
11 pursuant to Section 123, subsection four, that's one
12 of my favorite sections of the law, 123, 4 of the
13 private housing finance law. The voluntary
14 dissolution of the current owner of Manhattan's block
15 1824, lot 16, the existing Section 8 building to
16 remain and approval of a new tax exemption for it
17 pursuant to Section 577 of Article IV, Article XI of
18 the private housing finance law. Council Member
19 Perkins is supportive of this application and has
20 submitted a letter in support. Before voting I'd like
21 to just note that if you're interested in seeing the
22 letter from Council Member Perkins you can find it on
23 the Council website. I now call for a vote to approve
24 Land Use Items 223, 224, and 225, if the Counsel
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

7

1
2 could please call the roll on her first hearing as
3 Counsel.

4 COMMITTEE CLERK: Thank you Chair. Chair
5 Kallos?

6 CHAIRPERSON KALLOS: Aye on all.

7 COMMITTEE CLERK: Deutsch?

8 COUNCIL MEMBER DEUTSCH: Aye.

9 COMMITTEE CLERK: Diaz?

10 COUNCIL MEMBER DIAZ: Aye on all.

11 COMMITTEE CLERK: The Land Use are... Items
12 are approved by a vote of three in the affirmative,
13 no negatives, and no abstentions and will be referred
14 to the full Land Use Committee.

15 CHAIRPERSON KALLOS: And, and we will
16 hold the vote open and as we do so we see our Council
17 Member Vanessa Gibson who will vote.

18 COMMITTEE CLERK: Vote on Land Use Items
19 223, 224, and 225 related to 95 Lenox Avenue, Council
20 Member Gibson?

21 COUNCIL MEMBER GIBSON: I vote aye.

22 COMMITTEE CLERK: The final vote is four
23 in the affirmative, no negatives, and no abstentions
24 and these items will be referred to the full Land Use
25 Committee.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

8

[off mic dialogue]

CHAIRPERSON KALLOS: That vote is now closed. Before, before I go any further I just want to share that for many employees you get to take a sick day, elected officials sometimes we get to take a sick day so I... this, this is me just sharing with the general world at large because 168,000 of you are my employers that I am feeling a little bit under the weather so just as a full disclosure its not the easiest to read today and I may have to step out of the hearing every now and then and I will hope that my Committee Counsel can step in ever here and there. With that being said the show must go on. We will now start a public hearing, first we will start with Land Use Items 221 and 222, Hunters Point South in Council Member Van Bramer's district in Queens which we will hear together. I will now go to Council Member Van Bramer for any statement he wishes to make on the record.

COUNCIL MEMBER VAN BRAMER: Thank you very much Chair Kallos and it is a significant amount of progress that we've made and that I believe some folks will, will speak to now but items numbers 221 and 222 represent a project that has certainly been

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

9

1 known about and worked on for a very long time and
2 obviously has been through a series of approvals
3 already but what we're going to be doing today is
4 making it even better so the UDAAP application
5 presented here is providing for two new schools for
6 this community which so desperately needs additional
7 school seats and its not increasing the number of
8 total units but instead is actually increasing the
9 number of affordable units and bringing AMIs down as
10 low as 30 percent. So, this project while it's been
11 in the works for a very long time and again we're
12 making some adjustments to it today is one that I
13 support and of the 5,000 total units that will be
14 built on Hunters Point South, 60 percent are
15 affordable, the first 924 units are already open and
16 occupied and we'll be hearing obviously from folks
17 who'll be a part of the subsequent 4,000 units but
18 these new schools are incredibly important to our
19 community and I am supportive of the changes that are
20 being made to it today and will be as a result of a
21 positive action on the council. So, with that I thank
22 our Chair and our acting Chair, Council Member
23 Deutsch.
24
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

COUNCIL MEMBER DEUTSCH: Thank you. Thank you, ELLA, 221 Hunter's Point South is related to property 5203 Center Boulevard block six, lot 60 also known as parcel C to the North tower in the Long Island City neighborhood of Queens. HPD seeks approval of the new Article V tax exemption for a period of 40 years pursuant to Section 577 of the private housing finance law. The project will consist of one residential building totaling 855,541 square feet with 8,071 square feet of commercial space. The project will provide rental housing for low income families receiving UDAAP approval in 2008, amended UDAAP approval is being requested under LU 222 to reflect an addition of two new schools within the overall Hunter's Point South plan. LU 222 was an application to modify the project that was previously approved in 2008 pursuant to Article XVI of the general municipal law. HPD seeks UDAAP designations, designations for property located at 2nd Street, 54-02 2nd Street and 52-50 2nd Street block six, lots 20, 30, 40, 50, 60 and 130, 160 and 165 Long Island City neighborhood of Queens in order to accommodate the inclusion of new schools to the project. The lower AMIs for residents under the proposed project, the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 city will still sell the disposition areas for the
3 construction of approximately 16 buildings containing
4 a total of approximately 4,076 units. However, under
5 this approval approximately 2,446 units will be
6 rented or sold to households with incomes ranging
7 from up to 30 percent of AMI to up to 165 percent of
8 AMI and approximately 1,630 units will be rented or
9 sold at market rate prices. Additionally, sponsors
10 will construct approximately 109,824 square feet of
11 retail space, approximately 45,000 square feet of
12 community facility space and accessory parking under
13 disposition area and develop portions of disposition
14 area as public and private open spaces. The School
15 Construction Authority will develop two approximately
16 80,000 square foot schools on the disposition area. I
17 now open the public hearing on the Hunter's Point
18 South and would like to invite the HPD to present its
19 testimony, can you please come up HPD? I'm going to
20 ask Counsel to administer the oath to HPD.

21 LACEY TAUBER: Just a second, we have...

22 [cross-talk]

23 COUNCIL MEMBER DEUTSCH: And we have the
24 applicants now... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: ...a couple of... yeah, we have a couple of people from the development team... [cross-talk]

COUNCIL MEMBER DEUTSCH: Official... they'll all step up... [cross-talk]

LACEY TAUBER: ...who would like to come up too. Okay, thanks.

COMMITTEE CLERK: Okay, before answering please state your name. Do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this Subcommittee and in response to all Council Member questions?

DEREK MARCUS: Derek Marcus, I do.

LACEY TAUBER: Lacey Tauber, yes.

JON MCMILLAN: Jon McMillan, yes.

PERRIS STRAUGHTER: Perris Straughter, yes.

CHAIRPERSON KALLOS: You may begin.

LACEY TAUBER: What... yeah. Sorry, I'll speak louder. Okay, Land Use Items 221 and 222 consist of a proposed amendment to the Hunter's Point South project, a multiphase initiative in Queens council district 26. On November 13th, 2008, City Council approved the Hunter's Point South project,

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 which included approximately 5,000 units,
3 approximately 126,500 square feet of retail space,
4 approximately 45,000 square feet of community
5 facility space, on 180,000 square foot middle school
6 slash high school and ten acres of public parkland as
7 well as other public and private open spaces. The
8 project also included new public streets and
9 utilities. The project was envisioned as a middle-
10 income housing project with income targets above 80
11 percent AMI. It was to include 60 percent permanently
12 affordable housing units at moderate and middle
13 incomes and 40 percent market rate units. The housing
14 developments were to pay for the operations and
15 maintenance of the ten-acre park, including public
16 restrooms and the kayak launch. Since the 2008
17 approvals, approximately 16,676 square feet of
18 commercial space has been created. Additionally,
19 construction of 924 units on parcels A and B was
20 completed in 2015. Parcel B also contains an 1,100-
21 seat school that was completed in 2013. Furthermore,
22 ten acres of public parkland completed construction
23 in two phases, one in 2013 and the other in 2018.
24 Under the... under the proposed amendment for the
25 Hunter's Point South project, the project has been

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 updated to include two new public schools in response
3 to the local community and to include deeper
4 affordability than was planned previously. One or
5 more sponsors will acquire disposition areas for one
6 dollar per tax lot and each sponsor will deliver an
7 enforcement note and mortgage for the remainder of
8 the appraised value. The sponsors will conduct
9 approximately... sorry, construct approximately 4,076
10 units of which approximately 2,446 units will be
11 rented or sold to households with incomes ranging
12 from 30 percent AMI to up to 165 percent AMI. The
13 balance will be market rate units, that's 1,630
14 units, constructed in phases. Additionally, the
15 sponsors will create approximately 109,824 square
16 feet of retail space, approximately 45,000 square
17 feet of community facility space and accessory
18 parking on the city owned sites. Land Use Number 222
19 relates specifically to the development of eight
20 vacant city owned lots slated for the construction of
21 new mixed-use development as just described by a
22 selected developer and two new schools by the School,
23 School Construction Authority which will yield 572
24 seats on parcel C and 612 seats on parcel F. Land Use
25 221 is related to a request for an Article XI tax

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 exemption for the residential building to be
3 constructed on block six, lot 60. Upon conveyance,
4 the residential building will be 55 stories,
5 comprised of approximately 800 units with a mixture
6 of unit types including 174 studios, 145 one bedroom
7 and 480 two-bedroom apartments plus one two-bedroom
8 apartment for a superintendent. 534 units will be
9 permanently affordable to individuals and or families
10 with incomes of 40 percent, 50 percent, 130 percent
11 and 165 percent of AMI, with rents at 37 percent, 47
12 percent, 115 percent, and 130 percent AMI. There will
13 be 265 market rate units, one superintendent's unit
14 and approximately 8,071 square feet of ground floor
15 retail space. HPD is before the Subcommittee seeking
16 an amendment to the project and tax benefits under
17 Article XI in order to facilitate affordability for
18 the housing units to be constructed in the long term.
19 The cumulative value of the tax exemption is.. this is
20 possibly a typo, 402,258,316 and the net present
21 value is approximately 112,379,404. Thank you,
22 Council Member Van Bramer, for your support and for
23 being here today. Yeah.

24 [off mic dialogue]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Please turn on the mic and please get the correct net present value while... [cross-talk]

LACEY TAUBER: Sorry, there... yeah...

CHAIRPERSON KALLOS: ...folks are speaking.

LACEY TAUBER: ...dollar sign there.

JON MCMILLAN: Hi, I'm Jon McMillan, Director of Planning for TF Cornerstone. We are a family owned company originally from Queens, we've been around for 50 years and we now mostly do large public, private sector projects. This is an example of one of those, I have a board I'd like to show of the project. It's a project that we're doing in partnership with the city. Parcel C Hunter's Point South here, it's a total of 1,200 units and its going to be done in two towers, a north tower and a south tower. Originally there was going to be housing throughout the entire site, there's going to be a street wall along Center Boulevard but we ran into some subterranean issues on this site and these were problems and so we felt it was better to move all the housing to the northern and southern end of the site but that created an opportunity to take some time and we worked with Council Member Van Bramer and we were

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

able to bring in a, a public school for the site,
which you can see in yellow and a very large outdoor
playground and in the, the remainder of the middle of
the site we're going to be doing public open space
which will be a sort of rotating community base
sculpture garden. For the north tower we are in
partners... partnership with Self Help Community
Services, they will help us manage and provide
services to 100 low income senior units and in the
south tower we will be doing a new facility for
Sunnyside Community Services where they will be
providing a new facility for home health care so if
you are sort of taking care of an ailing parent or
something you can come to this center to get help for
yourself or if you want to become a home health care
aid you can come to a training center here and get
certified as a home health care worker. The, the...
because we had to move the apartments to the north
and south extreme ends of the site, these are tall
buildings and relatively expensive, so TF Cornerstone
is putting in a hundred million dollars of its cash
equity for the project as well as foregoing any
developer's fee and this is enabling us to achieve
the 66 percent affordable objective for the project.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

So, in the north tower a total of 534 units will be mixed income units, these will range in AMIs from 37 percent to 130 percent. Sixty percent of the units will be family sized two-bedroom units... [cross-talk]

CHAIRPERSON KALLOS: Our Sergeant At Arms is asking if somebody can assist you with the microphone so that...

JON MCMILLAN: Almost done here. Sixty percent will be family sized two-bedroom units and then you can see the associated incomes for the apartments down here. One last thing, TF Cornerstone is one of the few remaining union builders in town, all of our projects have been built by union labor. This will be a 32 BJ project as well, we strive very hard to reach out to WMBEs. We've only awarded one contract so far for this project, but it is the concrete superstructure, the largest contract and that has been awarded to a woman owned firm. We strive very hard to achieve 25 to 30 percent of minority-based workforce on the project and we work with the city's... New York City Hire Project to reach out to the local community to provide job opportunities both permanent, temporary and job training at the site. Thank you. Any..

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Do you... do you have a, a version of that that can be submitted for the record?

JON MCMILLAN: Certainly.

CHAIRPERSON KALLOS: Thank you.

[off mic dialogue]

CHAIRPERSON KALLOS: Thank you. Yes.

COUNCIL MEMBER VAN BRAMER: So, thank you I just want to highlight a couple of things. Number one, almost 70 percent affordable on this project and very pleased that you're working with all of those unions and, and they are part of the project and, you know I, I don't want to gloss over it but I, I want to stress how important these schools are to our community, absolutely essential as we have a school seat crisis and we are absolutely in desperate need of these over 1,000 seats on the combined two projects and also the open space and your partners, I was actually just with Self Help on Saturday right by your site, they were very excited about working together and of course Sunnyside Community Services I am thrilled are part of the project as well. Maybe Jon you could talk a little bit about timing here because that school cannot be built fast enough, and

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

we are hopeful that not only this action but... will help expedite your process but, but how are we doing there?

JON MCMILLAN: Our expectation is to close at the end of this year and we will have a building permit at that point and we will begin construction immediately and it's my understanding that the school is lined up to begin construction at the same time, at the beginning of next year.

COUNCIL MEMBER VAN BRAMER: Okay and I believe our other school is currently already... [cross-talk]

JON MCMILLAN: They're ahead... yeah, they're ahead... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...underway and in construction because I go by often and see parcel F... the school in parcel F already under construction. So, with that I just want to say we've worked on this, it is... it is a... an adjustment of a plan that's already approved or has been approved. This proposed action actually makes it a much better project in, in several different ways so that's all I have to say at this point Chair Kallos.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Thank you Council Member Van Bramer. Thank you for disclosing so very much in your testimony for HPD as well as thank you for the developer being here. What is the net present... I'm sorry, what... so what is the cumulative value on the net... on, on the tax exemption?

LACEY TAUBER: Yeah, it's 402,258,316, there was just a four where the dollar sign should be in the testimony, we'll get you a clean copy for the record, sorry about that.

CHAIRPERSON KALLOS: Thank you and when you ran that 402 million dollars is that from today until 40 from today or is that from 2008 until 40 years from 2008?

PERRIS STRAUGHTER: We... I assume it's from closing and the projection, but we can get... we can get back to you... [cross-talk]

CHAIRPERSON KALLOS: So, that is a... closing you project at the end of the... [cross-talk]

JON MCMILLAN: This year... [cross-talk]

PERRIS STRAUGHTER: It wouldn't be from 2008 but we'll get back to you at exactly the... [cross-talk]

CHAIRPERSON KALLOS: Okay... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

PERRIS STRAUGHTER: ...the terms... [cross-talk]

LACEY TAUBER: It's, it's from... it's from closing, okay. Yeah, it's from closing.

CHAIRPERSON KALLOS: So, I, I figured out a, a way of... so, I guess my... this is... your project and, and... in, in one sense it is a good thing that you now have an opportunity to add two schools to this site, that is... I, I would... there are very few things I would not do in the world to get two schools in my district, believe you me, the, the Mayor hears about that from me every single time I see him. So, I, I think that is a net positive but can you just... yours is part of a, a series of projects I've been seeing from HPD recently that have been stalled and in this case it appears to have been stalled for ten years, if you can share why that is and for HPD why HPD has not... I, I think for the developer why did it stall for so long for and, and, and why you should continue to be the custodian of this project and, and to HPD why this allowed to stall for so long with five of those years being under the watch of this administration?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

DEREK MARCUS: I, I can answer for the...

[cross-talk]

JON MCMILLAN: Okay... [cross-talk]

DEREK MARCUS: ...the developer. Just to clarify in 2013 we were awarded the RFP, the 2008 date I think refers to the, the, the rezoning of Hunter's Point South. So, shortly after we were designated the winner of the RFP we did preliminary planning work and realized that there were several easements that are beneath the site; Amtrak tunnels, a New York LIPA power line that goes through the site, some drainage easements so it took a long time to work with those easement holders to reconfigure the site to allow us to move forward.

CHAIRPERSON KALLOS: And for HPD, so that, that, that accounts for... so, you're only, only on the hook for five years but it took five years from purchasing to... [cross-talk]

JON MCMILLAN: They were developing the two sites to the north during those two years, parcels A and B and then this... [cross-talk]

PERRIS STRAUGHTER: Well and also just the, the five years, I mean you'd redesigned the project about four times...

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

JON MCMILLAN: Right...

PERRIS STRAUGHTER: We had to incorporate a school, even before actually that it was made clear that the easements were a problem we knew about the school and the school was not part of the original RFP so that was a design exercise and then we found out that we can't do any building over the easements fairly late in the process and that's, that's another reason why. In terms of... since 2008 we actually have two buildings that have been constructed, two buildings and the school so two residential buildings on parcels A and B and then the school on parcel B, those were all done, the school opened in 2013, the buildings opened in 2015. Also, the 2008 approval covered the park as well so some of this was HPD's housing project and some of this was coordinating with EDC on the infrastructure so that all the roads and the park was built out before the buildings came online.

CHAIRPERSON KALLOS: I've, I've been giving developers a hard time for taking two years and these are small non-profit affordable housing developers, you are... you are a developer so large that I can see your logo from my house. No, I, I

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

don't actually have river views but like your logo is very prominent and I represent the upper East Side so I, I can't look at the waterfront without seeing it. So, you're saying... so, a... you got... why did it take five and seven years to get the two parcels done and what is your estimated timeline for these new approvals?

PERRIS STRAUGHTER: The five years from 2008 to 2013, we can get back to you on specifics but we, we put out an RFP after ULURP for those two parcels designated which takes anywhere from nine months to a year depending on the complexity of the project, those are very... two large buildings then predevelopment and then the closing, you know we can get back... we can get an exact timeline, I wasn't here at that time but I'm... we'll get, get you the exact timeline. And then in terms of going forward we designated two more parcels F and G and we just did that, expect to be... we're in predevelopment now and we expect to be closing on those parcels soon, hopefully some time next year and then we'll release the RFP for the next two parcels probably at the same time but we haven't determined that yet, they're very large parcels and a lot of... a lot of units so we

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

might break them up but we expect to release an RFP next year for the next two parcels.

[off mic dialogue]

PERRIS STRAUGHTER: Yeah, it was... it was intended to be a phased project with different developers, different architects and just in terms of the amount of units and absorption reasons we can't put 5,000 units on the market all at the same time because there is a market rate component here, it, it made sense to phase the project over a long time and that was part of the original 2008 docket... planning.

CHAIRPERSON KALLOS: I, I would like to hear an answer from TF Cornerstone in terms of what they're experience has been, I also can't help but want to jump on why can't we put 5,000 units on the market tomorrow, like why is that bad for the market and affordable housing? I, I... that's, that's not for...

[cross-talk]

JON MCMILLAN: Well the... [cross-talk]

CHAIRPERSON KALLOS: ...for, for you that's for HPD so if I can let HPD answer that question because I, I imagine that would have a... an effect that HPD might want.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

JON MCMILLAN: We have to build the infrastructure...

PERRIS STRAUGHTER: Yeah, I mean we had to build the infrastructure so there were two phases of infrastructure on this project too, the phase one infrastructure was done in 2014 I believe when they finished the streets in the phase one project. Phase two, the streets just opened this past year... or this year, 2018, actually DOT is still in the process of taking jurisdiction of the streets but they're... they just opened, the park just opened, those streets had to be all built out before the buildings can be in operation so again the reason for phasing. In terms of speaking to why you want to... want to put 5,000 units out all at the same time if they're 100 percent affordable, it goes through a lottery, maybe you can fill that quickly but there's a development process that takes time, it takes time to build a building, get your permits, get your CO, etcetera and because there's a market rate component here of the project the market rate component does take time to, to absorb and you don't want to flood the market with, with the same income of units or same rents, it's... and they can speak to their experience in Long Island

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

City and the Upper East Side as the developer but it never makes sense to put too many units out on the market all, all at the same time.

CHAIRPERSON KALLOS: I, I would argue that is precisely what HPD should be doing, you have no duty to protect the market rates for your developers and I, I, I question whether HPD should be supporting developers in withholding market units from the market, I think that is a big deal. I know that Council... and, and so I just want to speak globally, I just want to thank Council Member Van Bramer for his great work on this project, he's gotten a lot for his district and anyone watching from his district should know, my questions relate more and are directed at HPD related to just a, a larger threshold that I'm starting to see throughout all the different pieces as a thread just things taking longer than perhaps they should and us missing opportunities to get 5,000 units on the market at once which would have a huge impact on the market rates.

COUNCIL MEMBER VAN BRAMER: So, I appreciate very much all the things that you've contributed Council Member Kallos obviously no one

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

has lived through this project more intimately than myself and we have certainly been unhappy with the delay on the school in particular and obviously want as many affordable housing units to come online as possible but as was referenced we have a lot infrastructure challenges in Hunter's Point and Long Island City and I'm not sure the neighborhood could absorb 5,000 units coming online all at once. In many ways we, we like the phasing out of this because we've got a lot of work to do at this administration to get transportation and other kinds of infrastructure enhancements to be able to absorb those other 4,000 units that are coming online over time. So, while the schools can't happen fast enough and, and that's what we've been pressing for and part of what's happened here is there wasn't a school initially on this but we demanded and worked with the administration to get one put into and then of course they had to change the plans to make sure that we had the school in the project and of course they spoke to some of the issues that they ran into underground and so overall we're at a place now where this school could be built and, and needs to be built because we have a lot of young children in our neighborhood who

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 are going to be going to that school as soon as it
3 opens up and of course this process sometimes
4 laborious and sometimes very frustrating has actually
5 improved this project and what we're looking at today
6 is better than what the council approved in 2008 and
7 so I see progress there and that's what's important I
8 think to my community. We have the, the park, we just
9 opened 105-million-dollar state of the art waterfront
10 park expansion, that's good, we need that. This
11 project will actually include a little bit more open
12 space and I love the rotating sculpture garden
13 feature as the Chair of Cultural Affairs so there,
14 there are good things happening, the good things
15 here, your points all well taken but I do think that
16 there are some very valid reasons not to want 5,000
17 units to come online at the same time in this
18 community because what you see here is a... is a
19 project that proceeds several other projects that
20 this administration would like to advance and there
21 is just so much we can take all at one time.

22 CHAIRPERSON KALLOS: What has been the
23 experience for TF Cornerstone as these delays have
24 come up through HPD and these unforeseen easement
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

issues and how could the city be a better partner to you.

JON MCMILLAN: We had to work through the easement requirements for Amtrak, the Long Island Railroad and the MTA all of which have easements under the site but the killer was a New York power easement, there's a powerline that runs under the site that actually serves Manhattan, it cannot be built over under any circumstances, none of us realized that going into the project, we fought with the power authority for a long time, big complicated meetings at City, City Hall over this, we ultimately lost that but a lot of it was, you know the battle trying to win the right to build the original plan when we lost those battles we had to reorganize, reorganize the site and come up with a different configuration.

CHAIRPERSON KALLOS: What are your project costs?

JON MCMILLAN: 462... about 460...

DEREK MARCUS: 462 million... [cross-talk]

JON MCMILLAN: ...about 460 million dollars.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: What are your hard costs and what are your soft costs?

DEREK MARCUS: I'm not... I didn't bring the breakout of the hard and soft costs.

CHAIRPERSON KALLOS: Would you provide it on the record.

DEREK MARCUS: Yeah, sure.

CHAIRPERSON KALLOS: We will need that within 72 hours so please have that submitted. In terms of the 100,000 square feet of commercial space is that going to be one lump sum commercial space, or will that be broken down, how many spaces and will any of that be at affordable rates or market rates?

JON MCMILLAN: The, the 100,000 square feet I believe relates to the entire Hunter's Point South project, parcels A through G. We're providing in this property 8,000, 8,000 square feet of retail and a parking garage that's about 30,000 square feet for 100 spaces and then in the south tower which is not part of this north tower development we're providing a community facility space and that will be at below market rents.

CHAIRPERSON KALLOS: You mentioned being committed to certain labor standards will those also

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

apply to people operating the community facility or commercial spaces and by labor standards I don't mean union I just mean whether or not they will have to meet wages that are commensurate with the rest of the neighborhood, whether they'll have health insurance, disability insurance, so on and so forth?

JON MCMILLAN: For construction we will be building all of those spaces so, yes. All of the senior units that, that will part of our building so that will be 32 BJ, whether or not Sunnyside uses labor to clean their offices I don't know, I can't answer that.

CHAIRPERSON KALLOS: I, I... it, it was just in terms of the operation so, I think in one place we, we... and so I, I will also ask just for the record, so, so you mentioned the word union but that isn't something that is within our purview so the only thing I can ask you is just whether people will be paid a, a wage that is commensurate with the neighborhood, whether or not they will have health insurance, disability insurance and retirement benefits and whether that will be available to the construction workers, the service workers in your

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 buildings as well as people who operate and work
3 within the commercial spaces?

4 JON MCMILLAN: I can't speak for our
5 retail tenants or for Sunnyside Community Services
6 but for us, yes.

7 CHAIRPERSON KALLOS: Great and you
8 already made reference to the MWBE, one of the other
9 questions that I often ask is just whether or not you
10 as a developer, an MWBE or how many executive members
11 of your board or executive level employees identify
12 as minority or women?

13 JON MCMILLAN: We have three executive
14 women, one of whom is Hispanic.

15 CHAIRPERSON KALLOS: And, and out of how
16 many?

17 JON MCMILLAN: The two owners of the
18 company, one, one is an immigrant, there are two
19 brothers, one of whom was an immigrant. I'm sorry,
20 what was your... out of how many executives, 40 maybe
21 executives..

22 DEREK MARCUS: No, not 40 executives..

23 JON MCMILLAN: 20.

24 DEREK MARCUS: No... [cross-talk]

25 JON MCMILLAN: Well I don't..

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

DEREK MARCUS: Over ten.

JON MCMILLAN: Ten.

CHAIRPERSON KALLOS: So, 30 percent is, is better than one percent so, yes... sorry, than ten percent so, okay... if you can just share that information. What sources of fund... so, you have the Article XI, what are the other sources of funding that you were looking... [cross-talk]

JON MCMILLAN: We're putting in 100 million of our cash, the city is lending us 100 million and we are borrowing 260 million.

CHAIRPERSON KALLOS: From a private window or from... [cross-talk]

DEREK MARCUS: It'll be a private construction lender, yes.

CHAIRPERSON KALLOS: Are you receive... and the 100 million is that HPD or HDC or split between both?

DEREK MARCUS: I believe it's HPD money.

CHAIRPERSON KALLOS: Any subsidies over and above the loan?

DEREK MARCUS: No.

CHAIRPERSON KALLOS: No, per units. Do you know what term sheet you're using?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

PERRIS STRAUGHTER: It's the M squared term sheet...

DEREK MARCUS: It's M squared, yeah.

CHAIRPERSON KALLOS: Okay, so you'll... but you're not planning to take the unit... per unit subsidy just the financing?

DEREK MARCUS: No, there's, there's subsidy in here as well.

PERRIS STRAUGHTER: Did you fill out a card?

KEN SPILLBERG: Yeah, I... it was... [cross-talk]

LACEY TAUBER: I did... he did... this is Ken from HPD finance.

CHAIRPERSON KALLOS: Thank you for being here.

KEN SPILLBERG: Sure...

CHAIRPERSON KALLOS: How did you know?

LACEY TAUBER: Just had a hunch he might be needed.

CHAIRPERSON KALLOS: What, what is the per unit subsidy on the M2 term sheet?

KEN SPILLBERG: It is the, the 100 million that he referenced is what we are calling

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

term sheet subsidy. This is a project that has predated the M2 term sheet so effectively we are working on this kind of outside the purview of what is a normal M2 project that said for administrative purposes we have to call it an M2 so..

CHAIRPERSON KALLOS: So, if you... will you put... insert the, the, the unique and custom term sheet into the record?

KEN SPILLBERG: Sure, we can do what you like.

CHAIRPERSON KALLOS: Okay and its 100 million all in with the financing and the per unit subsidy?

KEN SPILLBERG: Yes.

CHAIRPERSON KALLOS: Okay, is there HDC, HDC subsidies on top of this or financing?

KEN SPILLBERG: There is not.

CHAIRPERSON KALLOS: Okay, federal, anything from the federal government?

KEN SPILLBERG: There is not.

CHAIRPERSON KALLOS: Anything from New York State?

KEN SPILLBERG: No.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Low income housing tax credits?

KEN SPILLBERG: Yes.

CHAIRPERSON KALLOS: Okay, do you have an estimate on how much those will be?

DEREK MARCUS: We're, we're planning to retain the credits as the develop.

KEN SPILLBERG: We'd have to get back to you on a, a good number there.

CHAIRPERSON KALLOS: I, I'm interested in, in how... not here but I would be interested, you are the first developer who's planning to retain the, the credits that, that I believe I've seen before this committee so I, I would be... how long would that question... how long would that take to answer, is that 30 seconds or like 20 minutes?

DEREK MARCUS: Well I can give you a condensed answer to your question.

CHAIRPERSON KALLOS: Let's go for it. So, so most developers... so, how, how do you evaluate whether to sell or retain?

DEREK MARCUS: There's, there's lots of factors that go into it, for one the company.. the principals of the company are, are tax payers and so

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

they're able to take the depreciation and losses associated with the tax credits whereas most nonprofit... most developers or nonprofits are not tax payers so therefor they sell, sell the credits to make money or to pay for the development costs rather or... and to pay their developer's fee but here we've decided that it makes the most sense to keep the tax credits, keep the depreciation that goes with it as well.

CHAIRPERSON KALLOS: And on this project what was the original zoning FAR and what is the current zoning FAR?

DEREK MARCUS: I believe it's ten and, and... [cross-talk]

JON MCMILLAN: It was unchanged... [cross-talk]

DEREK MARCUS: ...still ten... still ten... [cross-talk]

JON MCMILLAN: I don't believe it changed.

DEREK MARCUS: Or maybe it's ten and a half and we can provide that number afterwards.

CHAIRPERSON KALLOS: And do you have a local hire commitment as part of this project?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

DEREK MARCUS: I think Hire NYC may be local.

JON MCMILLAN: Yeah, it's... we do that in conjunction with the city's Hire NYC... [cross-talk]

CHAIRPERSON KALLOS: It's... Council Member Van Bramer's constituents are watching right now and want to be able to walk to work and help put up Hunter's Point South who do they call to get a job?

JON MCMILLAN: I tried to find an answer to that and I... my, my best answer is they should google Hire NYC and go through the, the procedures for applying to the program.

CHAIRPERSON KALLOS: Fair and... [cross-talk]

JON MCMILLAN: It's a centralized process that the city's put in place where they reach out to the local communities and gather these names. Our contractors are then forced to call Hire NYC to use those names when they need temporary or permanent employees.

CHAIRPERSON KALLOS: If, if... so, that, that is a, a fair enough answer but I, I am concerned that that is slightly bureaucratic and the preference is if a developer such as yourself are able to have a

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 person who's designated to receive outreach from the
3 community and work people through the process so that
4 they can be walked through dealing with the
5 bureaucracy that may or may not be Hire NYC... [cross-
6 talk]

7 JON MCMILLAN: Sure... [cross-talk]

8 CHAIRPERSON KALLOS: ...and then find their
9 way back to your project for their local job...

10 JON MCMILLAN: Sure, we can do that.

11 CHAIRPERSON KALLOS: And, and so you...
12 would you like to share a number, or would you like
13 to just submit it into the record later?

14 JON MCMILLAN: Let us submit it to the
15 record.

16 CHAIRPERSON KALLOS: Okay. And I think
17 the only other question that I, I have remaining is
18 just a turn on how to quantify the, the delay as it
19 were, you've provided the cumulative and net present
20 value of the Article XI moving forward, I'm under the
21 belief that this project has not been paying... been
22 paying taxes since 18 or 13 so I guess just who's had
23 custody of the site and have there been differed
24 taxes that have not been used as it were?
25

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

PERRIS STRAUGHTER: Its, its city owned property, we purchased the property from port authority and the state before 2008 actually, I can't remember what year it was... [cross-talk]

CHAIRPERSON KALLOS: Okay, so it's, it's not on this project... [cross-talk]

PERRIS STRAUGHTER: Since... [cross-talk]

CHAIRPERSON KALLOS: ...but on, on other... [cross-talk]

PERRIS STRAUGHTER: No, its city owned... [cross-talk]

CHAIRPERSON KALLOS: ...projects moving forward I will ask you what the valuation of the lost taxes are when we did not necessarily get affordable housing. We may forward additional questions that we may have but I want to thank Council Member Van Bramer for attending and for his leadership on this, for what sounds like a very daunting process. I, I can't imagine having to deal with the power authority and I, I will thank you for Ravens Wood and all the other items that... all of the other power that is being generated for a city in your district. Thank you.

JON MCMILLAN: Thank you.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 CHAIRPERSON KALLOS: Are there any other
3 questions from members of the public or Subcommittee,
4 seeing none I will now close the public hearings on
5 Land Use Items 221 and 222 and the application will
6 be laid over. I would like to now recognize that
7 we've been joined by Council Member Bill Perkins who
8 would like to speak to previous Land Use items 223,
9 224 and 225. Council Member Perkins.

10 COUNCIL MEMBER PERKINS: Thank you very
11 much for this opportunity. I have a statement that I
12 want to read into the record. I write this letter to
13 support the tax exemption of block 1824, lot 16 a.k.a
14 95 Lenox Avenue also known as Malcolm X Boulevard; a
15 160-unit Section 8 building. The modification of the
16 plan and the project and the conveyance approval for
17 block 1824, lot 155 to L and M Development and
18 Partners. I support the redevelopment plans as
19 represented in the attached commitment letter which
20 aims to one, preserve 160 units of Section 8
21 affordable housing and Canaan IV. Number two, develop
22 a mixed income 288-unit building with 10 percent of
23 unit's income restricted at 50 percent of AMI, ten
24 percent of units at 90 percent AMI and 20 percent of
25 units at 130 percent AMI. Number three, develop a

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 210-unit affordable building with 20 percent of units
3 at 80 percent AMI, 20 percent of units at 70 percent
4 AMI, 20 percent of units at 50 percent AMI, 20
5 percent of units at 40 percent AMI, ten percent of
6 units at 30 percent AMI and ten percent of the units
7 set aside for formerly homeless families. As a part
8 of this development effort L and M and HPD will
9 submit a follow up application to rezone lots 16, 19,
10 20, 21, 155 as well as disposition of approval for
11 city owned lots 19, 20 and 21. Although I would like
12 to see deeper affordability in the entire
13 development, I recognize the efforts of those who
14 have come to, to the table to provide and preserve
15 housing in my district I therefor give my support to
16 this development effort including the three items
17 currently before the council; 20195047 conveyance
18 approval, 20195048 modification of the previous plan
19 and project and 20195049 Article XI approval. Tax
20 exemptions on lot 16 as well as the future rezoning
21 and disposition of city owned property for lots 19,
22 20 and 21. Therefore I support these efforts that
23 will preserve Section 8 housing, create 100 income
24 restricted building with ELLA term sheets and ensure
25 that Harlem continues to be a neighborhood where

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 people of diverse incomes and backgrounds can thrive.

3 Sincerely, Bill Perkins, Council Member of the 9th
4 district. I vote aye.

5 CHAIRPERSON KALLOS: Thank you. I will
6 now open a public hearing on Hopkinson Park Place and
7 would like to invite HPD to present its testimony.

8 And I want to thank Council Member Alicka Ampry-

9 Samuel for joining us and while we are waiting for

10 folks to be seated our third hearing today is for

11 Land Use Item 233, Hopkinson Park Place. Land Use

12 Item 233 is an application to modify a project that

13 was previously approved in 2009 for a UDAAP

14 designation and disposition pursuant to Article XVI

15 of the general municipal law for property located at

16 1612 Park Place block 1468, lot 56 and 416, Thomas

17 Boyland Street block 1468, lot 63 in the Brownsville

18 neighborhood of Brooklyn. This project is part of

19 HPD's new Infill Homeownership Opportunities Program

20 which promotes new construction of one to three

21 family homes, small buildings with condominium or

22 cooperative units provide affordable homeownership

23 opportunities. The sponsor of this project is Habitat

24 for the Humanity latent Thomas Boyland Street Housing

25 Development Corporation is constructing up to three

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 buildings containing approximately 25 cooperative
3 units for sale affordable to families with annual
4 household incomes between 80 percent and to 130
5 percent of AMI. Specifically, HPD is seeking approval
6 to amend the approved 2009 project summary to allow
7 HPD to place the entire HPD land debt construction
8 loan in one mortgage secured against the property
9 owned by the cooperative corporation as opposed to
10 allocating such debt among individual cooperative
11 units following completion of construction.

12 [off mic dialogue]

13 CHAIRPERSON KALLOS: I will now ask our
14 Counsel to administer the oath.

15 COMMITTEE CLERK: For Miss Tauber,
16 you're... just reminding you you're still under oath
17 and for the new people joining us can you please
18 before answering state your name, do you affirm to
19 tell the truth, the whole truth and nothing but the
20 truth in your testimony before this Subcommittee and
21 in response to all Council Member questions?

22 ERIKA BENSON: This is Erika Benson, I
23 do.

24 ELAN PESKIN: Elan Peskin, yes.

25 CHAIRPERSON KALLOS: You may begin.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: Okay and I would just add that Elan is with us from Habitat so... and Erika is also from HPD. Okay. Land Use Number 233 consists of an amendment to a project located at 19, 1900 A and B Park Place and 416 Thomas S. Boyland Street in Brooklyn Council District 41, known as Hopkinson Park Place. The ULURP approval for the Hopkinson Park Place project originally occurred on December 1st, 2009 allowing for the area designation, disposition of city owned property, and project approval for new construction of 25 homeownership units without tax benefits under the New Foundations Program. However, the project did not advance beyond award to the selected development team because of the downturn in the housing market. Over time, as the housing market began to rebound, HPD began looking at other ways to bring former New Foundations projects online and one strategy HPD is utilizing for this is the New Infill Homeownership Opportunities Program or NIHOP. On February 10th, 2017, HPD conveyed the site to the development team to build a 25-unit condominium, construction of which is now approximately 65 percent complete. Subsequent to the conveyance, an amended Mayoral authorization was approved on June 21st, 2017

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 converting the project from a condominium to a
3 cooperative. The City Council also granted a 40-year
4 Article XI tax exemption on February 15th, 2018 in
5 order to assist with affordability for the potential
6 cooperative homebuyers. At that time, the agency did
7 not realize that the project summary also required a
8 revision because it contains language relative to the
9 2009 approval stating that the land debt and city
10 subsidy should be allotted to each homeowner.

11 Therefore, as a result of the oversight, HPD is
12 currently seeking to amend the project summary to
13 change those terms. More specifically, the change
14 will allow HPD to maintain city subsidy and land debt
15 as debt secured by the HDFC cooperative's property,
16 rather than allocating such debt among individual
17 cooperative units following completion of
18 construction. In addition, the change will permit HPD
19 to forgive all or a portion of the land debt upon the
20 conversion of the HPD construction loan to the HPD
21 permanent loan, based on the appraised value of the
22 cooperative units and or if HPD determines that the
23 forgiveness is necessary, to reduce the taxable
24 consideration for the cooperative units. These
25 changes provide the agency with the flexibility to

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 reduce the land debt if we find that purchasers
3 cannot obtain end loan financing because the
4 underlying coop debt is too high. Other aspects of
5 the project remain the same. The sponsor for the
6 project is Habitat for Humanities Latent Thomas
7 Boyland Street HDFC. The project entails the creation
8 of three four story buildings with a mixture of unit
9 types, including seven one bedrooms, 15 two bedrooms,
10 and three-bedroom apartments for a total of 25 coops.
11 The sales prices are anticipated to range
12 approximately 212,015 dollars to 250,522 dollars. An
13 Article XI tax exemption was obtained on February
14 15th, 2018 and will remain in place for a term of 40
15 years coinciding with the regulatory agreement. Owner
16 occupancy is required throughout the regulatory
17 period and resale restrictions include the original
18 price plus two percent compounding appreciation for
19 every year of compliance with the HPD regulatory
20 agreement. In order to facilitate moving the project
21 forward, HPD is before the Subcommittee seeking the
22 approval of the amended project.

23 CHAIRPERSON KALLOS: Do we have testimony
24 from Habitat?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: They're just here to answer questions.

CHAIRPERSON KALLOS: Thank you, over to Council Member Ampry-Samuel.

COUNCIL MEMBER AMPRY-SAMUEL: Good afternoon. I just want to state that everyone knows that I am 100 percent supportive of this project in my district. I am very excited about the opportunity for homeownership and the community is very excited and we worked very closely with Habitat for Humanity on the outreach in doing informational sessions in the district and so we look forward to, to the day when the apartments are complete, completed and ribbon cuttings and everything else. But I just want to ensure that this process is fair and that it makes sense and that in the end of the regulatory period it's not an opportunity for the city to step in and take ownership of it but it actually remains in the coop and so that's one of the reasons why I have just some questions about just getting some clarity related to the purpose of the amendment and in particular we did speak outside and we spoke on the phone yesterday. I had questions about HPD's request to forego the forgiveness section and, and can you

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

just kind of speak on the record as to what that looks like in the end and what you're trying to prevent?

ERIKA BENSON: In that instance what we're really saying is that the debt will go away at the end of 40 years however if the coop is, is not in compliance with the regulatory agreement then HPD can require payment on the enforcement debt.

[off mic dialogue]

LACEY TAUBER: Move a little closer to the mic.

ERIKA BENSON: Okay. Do I need to...

[cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: Yes...

[cross-talk]

ERIKA BENSON: ...restate that... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: ...please do...

[cross-talk]

ERIKA BENSON: Okay...

COUNCIL MEMBER AMPRY-SAMUEL: Thank you.

ERIKA BENSON: What we're saying here is that the debt is written as forgivable debt so at the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

end of 40 years it will... it will be forgiven, it will
go away... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: Like the
other NIHOP programs?

ERIKA BENSON: Yes, yes... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: After the
regulatory period is expired then the debt is
forgiven?

ERIKA BENSON: Yes...

COUNCIL MEMBER AMPRY-SAMUEL: Right.

ERIKA BENSON: But all we're saying is if
the cooperative is not in compliance with the
regulatory agreement HPD can require payment on the
enforcement... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: So, can you
give me an example of that because in the language
that I read and if, if you can explain that as well,
it says if the coop is not in compliance in all or in
part... [cross-talk]

ERIKA BENSON: Uh-huh... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: ...and so
the, the period is 40 years... [cross-talk]

ERIKA BENSON: Yes... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

COUNCIL MEMBER AMPRY-SAMUEL: ...so can you speak a little to what that would look like and the enforcement piece of it?

ERIKA BENSON: So, in, in this case we're saying that, say that there's one coop board that was in existence for ten years and during those ten years they were not monitoring the sales or they were allowing multiple sales that were no longer affordable and they were able to effectuate those sales despite the regulatory agreement then we could require repayment or... in lieu of repayment an extension of the regular... regulatory agreement for that period of noncompliance only.

COUNCIL MEMBER AMPRY-SAMUEL: So, if there are enforcement mechanisms in place to, to address those situations is there a need to add this language?

ERIKA BENSON: We imagine that this is purely theoretical, I would say we don't imagine that this will happen but in the event that despite the regulatory agreement and the other mechanisms that are in place the coop is able to move forward with sales that are not in compliance we would still need the enforcement tool as a way to ensure that the coop

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

comes back into compliance and continues to provide affordable housing for the community.

COUNCIL MEMBER AMPRY-SAMUEL: Okay. Okay.

I just want to make sure that we have language in place that would in the end actually protect the, the owners of the units because it just... I don't want it to turn into a situation where there's one bad actor in a building and you have all these great tools and, and, and enforcement mechanisms in place but they're not necessarily enforced but because the language speaks to the opportunity to not forgive and you just go based on what's black and white and the entire building is taken over by HPD and you know the other homeowners lose out and so that's what I'm trying to prevent and so I want to make sure that the language that, that, that we vote on just protects the owners because it just... it's a little confusing with the language that I'm reading.

ERIKA BENSON: So, I can say that HPD if its... if it's one unit that wasn't in compliance this language is not written imagining that scenario, there are other mechanisms in the regulatory agreement that can be used to deal with one shareholder who's trying to violate the terms of the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

regulatory agreement. This is more in the case that a
coop in multiple instances across a time period is
shown to be violating the spirit of the regulatory
agreement. I can read the exact language in the
project summary into the record if that would help
clarify... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: Okay, that
would help... [cross-talk]

ERIKA BENSON: ...what we're saying...
[cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: And let me
just... and, and I just want to read just so you can
understand my level of, of confusion. This is what I
received as an interpretation from HPD staff and it
says, under the NIHOP program any HPD land debt or
construction subsidy will be forgiven at the end of
the regulatory period however HPD is requesting the
right to forego the forgiveness of either or both of
the HPD land debt and construction subsidy in the
event that the cooperative corporation has not
complied with HPD regulatory terms during oral... all
or a portion of the regulatory period. So, this was a
red flag for me and so if you can just read the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

actual language so that I can know that this is... that this interpretation was incorrect.

ERIKA BENSON: Okay. So, in the project summary we're saying the sum evidence by the notes, note or notes and secured by the mortgage or mortgages will be reduced to zero upon maturity of the land debt and city subsidy respectively if the HDFC cooperative has complied with the regulatory agreement.

COUNCIL MEMBER AMPRY-SAMUEL: Okay and that would be left up to the interpretation.

ERIKA BENSON: Well the regulatory agreement does have pretty clear terms about what the corporative is required to do to be in compliance and again that there, there are mechanisms in, in place for the corporative if it's just one unit that is violating the terms of the regulatory agreement so we would not require payment on the enforcement note if we are talking about one shareholder.

COUNCIL MEMBER AMPRY-SAMUEL: And that, that already exists?

ERIKA BENSON: Yes, the regulatory agreement does exist, we have a template, HPD

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

regulatory agreement and it is... the terms are the same across HPD corporative.

CHAIRPERSON KALLOS: Just if, if Council Member Ampry-Samuel will give me a, a moment to just jump in, we voted earlier last month on taking corporative away from residents who had been working as part of their HDFCs towards homeownership through third party transfer programs, we've also taken other cooperatives away from tenants and trying to work through this regulatory system can be quite a difficult task and I think Council Member Ampry-Samuel is rightly concerned that there's any discrepancy that allows for a, a mis-payment here or there or... so many of these cases it's getting 18 different tax bills for 18 different lots and just people really doing their best but not having the level of sophistication tax attorneys might have so can it be... can the language that you just read be amended and clarified to just state that as, as... that the people will get their ownership interest and that there are so many other tools that you have out there over and above this language to try to help out the building if they're having any trouble?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: I mean I think... I think... I think the point is that this provision is in place for, you know what I think we would consider a worst case scenario and that the, the goal of it is to try to ensure that they are complying with the regulatory agreement and keeping the units affordable but we can get you some more details on the legal interpretation of, you know how... why we feel comfortable saying that. Yeah, we can... we can take this back and get some clarification on that.

CHAIRPERSON KALLOS: And HPD would be willing to submit either a, a legal opinion letter or memorandum of law either from HPD's counsel or from the Law Department to just alleviate my colleague's fears?

LACEY TAUBER: We'll have to get back to you on what it will look like exactly.

COUNCIL MEMBER AMPRY-SAMUAL: Okay, okay. Alright, so I look forward to working with your office on that language because just, just over recent weeks we've just had some concerns and I just want to make sure that the residents in 41st are protected so... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: Yep, understood... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: ...I look forward to it.

LACEY TAUBER: I think we can get this clarified.

COUNCIL MEMBER AMPRY-SAMUEL: Okay...

ERIKA BENSON: Okay, thank you... [cross-talk]

COUNCIL MEMBER AMPRY-SAMUEL: Thank you so much Chair.

CHAIRPERSON KALLOS: I want to thank you for being here and I look forward to our partnership, I, I only have a small portion of the affordable housing market before this committee while you have the, the larger portion of our public housing so we will continue to work together. I, I think first and foremost will... I, was disappointed that Jimmy Carter did not come to testify today, will, will former president Jimmy Carter be involved in this project in any way, will he come help in construction or be there for the ribbon cutting this, this, this is a, a condition to this, this, this is possible condition to passing?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

ELAN PESKIN: If president Carter would grace us with his presence on any day for any reason we will be sure to find a position for him at this project.

CHAIRPERSON KALLOS: Okay. Again, a lot of the questions that I may have here are not necessarily for, for Habitat or not... so, when did Habitat end up getting this project, was it in 2009 or more recently?

ELAN PESKIN: My understanding is that Habitat became involved in the project in, in early 2015 when we were introduced to the party that submitted the RFP who was a co-developer and the architect to the project.

CHAIRPERSON KALLOS: And I guess why did it... so my question for you is just once you came in is it the regular circumstance for it to take three years or how off... what is your usual timeline and why did this... why did it take longer for you?

ELAN PESKIN: So, we, we got involved in 20... early 2015 and we closed on the acquisition and the construction financing in early 2017 so two years is, is about typical pre-development phase for a homeownership project. Some of the, the main

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

challenge that we find in pre-development is securing the financing for the project and especially in a deeply affordable project like this one.

CHAIRPERSON KALLOS: And when you got to it in 2015 it was already 65 percent complete?

ELAN PESKIN: No, it was... HPD still owned the land at that point, the building was only in its early stages of design, we were coming into the project almost from scratch.

CHAIRPERSON KALLOS: Okay and so it's already 65 percent complete, how soon will it be done?

ELAN PESKIN: Scheduled completion is February 2019.

CHAIRPERSON KALLOS: That's fast.

ELAN PESKIN: Oh, yeah.

CHAIRPERSON KALLOS: Okay and when will the units go on the market, are they currently being marketed?

ELAN PESKIN: They... the marketing period has been closed, it was marketed between late June and late August and we are in the process of conducting the lottery with HPD.

CHAIRPERSON KALLOS: And... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: Can I add a point of clarification on that actually because I think in your testimony you mentioned AMI levels but I wanted to clarify that actually this project because of Habitat's participation has the ability to offer a, a mortgage product for first time homebuyers that allows us to market this project for AMIs between 55 and 58 percent AMI which I think is slightly different from what your testimony had said.

CHAIRPERSON KALLOS: I appreciate the correction, we, we use the information that you give us but that is... that is welcome news. So, the, the prior hearing that we had involved the developer, a project that... taken about ten years, this one is on the nine-year track, so you just showed up, you're almost done, that's impressive. So, HPD, we had over a thousand units come through over 30 third party transfer units and I was concerned that projects might stall and that when they stall without a need to come back to the council you won't and not to put words in your mouth, you can feel free to correct me if I'm wrong, HPD insisted that it was too difficult to come back to the council so on this item you had a hearing in December of 2009, another one in 2017 in

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

February, another one in June 2017 and another one in February so, so that's about four hearings in a little over a year, how difficult did... is it for HPD to come before the City Council for an approval on affordable housing projects to keep them on track?

LACEY TAUBER: Well this is, you know a, a pretty... this is a small change to this project, you know all we're really doing here is amending the project summary it's not a huge output of resources for us to do a thing like that as opposed to, you know coming back multiple times and digging into the program of every project. I think... you know our, our development team likes to say every project is a special flower so I feel like its hard to compare this to that and you know we, we admit that this one, the reason we're back here was because of an error that we made and not realizing that the project summary should have been updated with this information in the first place and you know we're coming back to you because we have to because we want to make sure that the residents in this building have the best affordability that they can get.

CHAIRPERSON KALLOS: If HPD had to come back after the initial transfer, after the initial

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

closing and you had two years to get on the ground in order to keep the Article XI, could, could we add that in to say that when HPD gives an Article XI or, or some other... or even UDAAP that whoever gets it has to get into the ground within two years and then after that two year mark they get another two to three years to finish the project not that Habitat needed it because they went really quick but like could we have steps so that we don't get stuck with somebody holding it, it sounds like this co-developer was... and the co-developer are they here?

ELAN PESKIN: No, they, they couldn't be here today, they're a small architecture firm and its fair to say that they're a silent partner in the project.

CHAIRPERSON KALLOS: So, so moving forward HPD you on notice when there are two developers and one of them is the most sympathetic developer in the world and there's a co-developer who had the project for six years without anything happening I would like to see both of them or all of them, it doesn't need to be every single partner but a representative from whomever so we can get into

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

what went wrong but, but... so yes back to the question... [cross-talk]

LACEY TAUBER: Understood on... [cross-talk]

CHAIRPERSON KALLOS: Could, could... [cross-talk]

LACEY TAUBER: ...that part... [cross-talk]

CHAIRPERSON KALLOS: ...we do... could we do two... [cross-talk]

LACEY TAUBER: ...and we're... [cross-talk]

CHAIRPERSON KALLOS: ...years and two years... [cross-talk]

LACEY TAUBER: ...not going to be committing to that right now, I will say that this project is a good example of why committing to something like that might be an issue because when this project got its initial approvals I don't think anybody knew that, you know the financial crisis was about to happen and that, you know building homeownership in the city was going to become a challenge right after that and part of the reason for the stall was, you know the conditions in the housing market and you know now that things are back on track where you're seeing that we're bringing a lot of

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

these projects back to you and we're able to offer, you know different kinds of new and exciting things like this mortgage project that Habitat is bringing to the table, yeah and it's a better project in the end.

CHAIRPERSON KALLOS: Thank you very much

for your testimony on this, I want to thank my colleague for her advocacy. We, we need the answer, we need to make sure that these tenants have certainty and, and, and just to be clear this is the best way that we can support affordable housing and make sure that the tenants have... ultimately get to have homeownership because there's just so many instances of HPD properties where people buy in and then years down the line be... end up in a rental situation losing all the equity that they invested so this is about protecting people and making sure that they actually get the affordable housing that, that was promised. Do we have any other members of the public who are here to testify on this item? If you could on the... on this item... I... it... I understand that when a coop is, is sold below market for affordable housing purposes can the person just turn it around and sell it at market the next day?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

ERIKA BENSON: No, there is the regulatory agreement in place that has certain restrictions on resale price and incomes for new purchasers and again in the event that, that regulatory agreement is violated HPD does have the enforcement... [cross-talk]

CHAIRPERSON KALLOS: If somebody tries to sell in year one how much money do they have to pay back to the coop?

ERIKA BENSON: They don't have to pay back money to the coop, they just have to sell at the price stipulated by the regulatory agreement.

CHAIRPERSON KALLOS: And if they sell at year ten?

ERIKA BENSON: It's the same, the price goes up for each year of owner occupancy, but you don't pay any money to the coop or HPD you just pay the price that is stipulated in the regulatory agreement.

CHAIRPERSON KALLOS: And so, then the, the owner cannot make any profit?

ERIKA BENSON: They do... [cross-talk]

CHAIRPERSON KALLOS: Or its very limited?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

ERIKA BENSON: They make some appreciation and then they make the equity that they built up through paying off their shareholder.. [cross-talk]

CHAIRPERSON KALLOS: And at what point can they sell it at market?

ERIKA BENSON: At the end of the 40-year regulatory period.

CHAIRPERSON KALLOS: So, at year 39 if they sell it, it is at the regulatory rate to somebody of restricted income?

ERIKA BENSON: Yes.

CHAIRPERSON KALLOS: Great. Thank you very much, seeing no one from the community to testify on this item I will now close the public hearing on Land Use Item 233 and the application will be laid over. The record will remain open for 72 hours. Our next hearing is Land Use Item 234 for a project site at 21 Arden Street in the Inwood section of Manhattan pursuant to HPD's affordable neighborhood cooperative program where occurred city owned residential buildings are purchased by restoring community's housing development fund corporation and then rehabilitated by a private

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 developer. This building will be rehabilitated and
3 conveyed to the current tenants. HPD is seeking
4 approval of an Urban Development Action Area project
5 related to actions pursuant to Article XVI of the
6 general municipal law and approval of a 40-year real
7 property tax exemption pursuant to section 577 or
8 Article XI of the private housing finance law. The
9 building entered into city ownership through an In
10 Rem Foreclosure in 1991, has been participating in
11 the Tenant Interim Lease, the TIL program since 2004.
12 The building has 12 occupied units and three vacant
13 units, once the rehab work is complete the building
14 will be conveyed to cooperative HDPC formed by the
15 building's tenants. Cooperative interest to occupied
16 apartments will be sold to existing tenants for 2,500
17 per unit and vacant apartments will be sold for a
18 price affordable to families earning no more than 165
19 percent of AMI which I am hoping HPD will correct me
20 on. I'd like to open the public hearing on 21 Arden
21 Street and would like to invite HPD to present its
22 testimony. If folks could sit... state their names for
23 the record and then I will ask the Counsel to
24 administer the oath.

25 GENEVIEVE MICHEL: Genevieve Michel, HPD.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

MARIA LIZARDO: Maria Lizardo with Northern Manhattan Improvement Corporation.

EHI UWA: Ehi Uwa, HPD.

COMMITTEE CLERK: Do you each swear or affirm that the testimony that you're about to give will be the truth, the whole truth and nothing but the truth and to answer all questions truthfully?

GENEVIEVE MICHEL: Yes.

MARIA LIZARDO: Yes.

EHI UWA: Yes.

CHAIRPERSON KALLOS: Before you begin I realized that in my infatuation with president Carter I forgot to get certain information related to present... net present value and other items so please make sure that such information is submitted for the record. You may begin on this item.

GENEVIEVE MICHEL: Land Use Number 234 consists of the proposed disposition of one partially occupied city owned building as well as Article XI tax benefits located at 21 Arden Street, block 2174, lot 188 in Manhattan council district ten. The property entered city ownership through an In Rem Foreclosure Action in 1991 and has been participating in the Tenant Interim Lease, TIL program since 2004.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

As a requirement of the TIL program, tenants formed Tenant Associations to manage their buildings and collect rents under a net lease from the city of New York. Currently, the tenants are ready to move forward with the next steps in cooperative conversion under HPD's Affordable Neighborhood Cooperative Program, ANCP. As part of ANCP, HPD selects qualified developers to rehabilitate distressed city owned occupied multifamily buildings managed under the TIL program in order to create affordable cooperatives for a low to moderate income households. The buildings will be transferred to Restoring Communities HDFC, an Article XI nonprofit upon construction loan closing. Restoring Communities will hold title and oversee the rehabilitation and cooperative conversion that will be undertaken by Northern Manhattan Community Corporation, the developer selected through a Request for Qualification, RFQ. The developer, developer will sign a site development and management agreement with Restoring Communities that will be in effect until coop conversion occurs when title will be transferred to the cooperative. From the date of coop conversion, the developer will remain the property manager for at

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

least one year. After the first year, the coop will have the choice of keeping the developer as their property manager or hiring a new company approved by HPD. 21 Arden contains a total of 15 units including six one-bedroom units and nine two-bedroom units. Of the 15 units, three units are vacant and there are no commercial spaces associated with the property. The household incomes for the existing tenants range from 10 percent to 131 percent AMI and the coop interest attributable to occupied apartments will be sold to the existing tenants for 2,500 dollars. Additionally, the maintenance is anticipated to be approximately 47 percent AMI for existing tenants with... which is roughly 944 dollars for a one-bedroom unit to 1,143 dollars for a two-bedroom unit. the cooperative interest attributable to vacant apartments will be sold for a price affordable to families earning no more than 165 percent of the Area Median Income. The building will undergo a substantial rehabilitation. The work will consist of structural joist replacement work, electrical upgrades and replacement of building systems including new windows, a new roof, plumbing upgrades and installation of a new boiler. The scope of work also includes new bathrooms, kitchens, entry

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 doors, masonry work, flooring, mailboxes, hallway
3 upgrades with bi level lighting, painting, foundation
4 stabilization, and, and asbestos remove.. and lead
5 removal. The estimated development cost is
6 approximately 6,686,793 dollars. Tenants have been
7 temporarily relocated since 2009 due to structural
8 issues and will remain relocated during the
9 rehabilitation of the building. All relocated tenants
10 have signed relocation agreements, which are legally
11 binding giving them the right to return to their
12 original units. Any existing tenant requesting to
13 return to a different unit based on physical
14 limitations may be accommodated upon written consent
15 by HPD. HPD is before the Subcommittee seeking
16 disposition approval and Article XI tax benefits for
17 a term of 40 years coinciding with the regulatory
18 agreement in order to facilitate continued
19 affordability of the cooperative. The cumulative
20 value of the tax exemption is approximately 2,886,289
21 dollars with a net present value of 806,346 dollars.
22 I also note that unfortunately Council Member
23 Rodriguez could not be here today, but we are
24 extremely thankful that he has contributed 200,000
25 dollars in Reso A funding to support the project.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

COMMITTEE CLERK: Do you have testimony or you're just answering questions?

MARIA LIZARDO: No, just answer questions.

COMMITTEE CLERK: Okay. Same? Let's just pause for a moment so we can see if Council Member Kallos is going to resume with... return with questions.

GENEVIEVE MICHEL: Thank you. Five-minute recess. Good afternoon, I want to thank our, our, our substitute Committee Counsel for stepping in. At the opening of this hearing I'm... I mentioned that I was dealing with some ailments and my doctor who was just calling back so I just needed to step out and find out that I will continue to feel bad for some time but I will eventually feel better but... if you... if you think politicians medical care could get better I'm waiting for my drive quarter and yes I am a huge nerd. So, I want to thank folks for coming in on this, I am a big fan of the TIL program. I wanted to just zero in on some key items, so I guess the first one which I did not see corrected is that under your terms the... there are three vacant units in this building, is that correct?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

EHI UWA: That's correct.

GENEVIEVE MICHEL: And... sorry, just one thing to jump in with, Christine who's been point on this was going to join the hearing today, unfortunately during... due to a last minute emergency for her and some timing constraints she had to leave so as grace... graciously agreed to jump in and I think can adequately fill in for her but in the event that there are follow up we might need to go to Christine.

CHAIRPERSON KALLOS: Sure. You have a building with tenants earning as little as 7,000 dollars a year and tenants earning as much as 95,000, if... for, for the... for the single individual is 95,000 if it is a family of six it could be as much as 157 but, but that's the affordability of that part of this neighborhood, you're setting the affordable rates at 47 percent of AMI and, and so that speaks to me that you believe that... so, so am I right to believe that setting it at 47 percent of AMI for existing tenants is an indicator that the affordability rate for this building and perhaps even this neighborhood may be 50 percent of AMI or 47 percent?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

EHI UWA: So, we're setting the maintenance at 47 percent AMI for the insiders and the outsiders and that's set at that level to pretty much meet the operating cost of the building. We try to make sure that the insider tenants are able to afford as much as they can, you noted that, you know some people are making ten percent of AMI for those tenants we aim to secure Section 8 vouchers for them so everyone in the building can meet the same maintenance.

CHAIRPERSON KALLOS: So, 165 percent of AMI is 120,615 dollars a year with such low income folks in this building and I imagine this surrounding neighborhood why not limit the new purchasers to the same affordability as the previous building that we saw with, with, with folks and.. instead of doing it at 165 would, would you be willing to limit it to 50 percent of AMI because that's what the maintenance is going to be anyway?

EHI UWA: Are you speaking on the, the sales prices of the vacant units or the maintenance amount?

CHAIRPERSON KALLOS: I'm connecting the two... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

EHI UWA: Yeah... [cross-talk]

CHAIRPERSON KALLOS: ...and I'm asking why the sales price of the vacant units is going to be for people earning 120,000 to 199,000 dollars a year.

EHI UWA: So, the sales prices for the vacant units are... they're set at 80 percent of AMI so for a one bedroom that's 149,000 roughly and for a two bedroom its 178... [cross-talk]

CHAIRPERSON KALLOS: Do you... [cross-talk]

EHI UWA: ...that's around 81 percent less than the market for a one bedroom and 152 percent less for the two.

CHAIRPERSON KALLOS: I, I like what I'm hearing...

EHI UWA: Yeah...

CHAIRPERSON KALLOS: So, can somebody earning 199,000 dollars a year get one of the three vacant units or is it only for people making between 58 and 96,000?

EHI UWA: Yes, so someone making 199 would not be eligible, there's an income band and we normally set that around ten percent higher than what the AMI for the sales... for the vacant units are so... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Does... [cross-talk]

EHI UWA: ...that's correct... [cross-talk]

CHAIRPERSON KALLOS: Would HPD... [cross-talk]
talk]

EHI UWA: ...that's... [cross-talk]

CHAIRPERSON KALLOS: ...like to, to change
its testimony and just reaffirm that it's at 80
percent of AMI not 165 percent or does the regulatory
agreement allow for more and this is just your
current offering?

EHI UWA: So, we can... could definitely
get back to you and confirm that number but the
vacant unit is not set at 165 for these vacant units.

CHAIRPERSON KALLOS: Okay. I appreciate
what you're saying, all the materials we have
including the, the spoken testimony said 165 so...

GENEVIEVE MICHEL: Yeah, we'll get back
to you.

CHAIRPERSON KALLOS: Okay. Similarly,
along those same lines, there are tenants making
7,000 a year, there are tenants who be... who may be
making between 95 and 157,000 a year, why has HPD
chosen to set it 47 percent of AMI versus asking

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 those who are making perhaps six figures, actually
3 pretty much six figures to pay a little more?

4 EHI UWA: So, because this is a coop
5 maintenance is equalized for all tenants regardless
6 of how much they make. What we aim to do as I
7 mentioned for those tenants who make below the amount
8 that we're setting the maintenance we aim to secure
9 Section 8 vouchers, so they can meet that 47 percent
10 AMI mark.

11 CHAIRPERSON KALLOS: If, if... in your
12 testimony you could also include that, the Section 8
13 vouchers. So, you're saying its aimed, is there a
14 commitment from HPD to provide it?

15 EHI UWA: What we've seen is that we've
16 received an allocation for the projects that are
17 going through conversion and we're hoping to also
18 have that for these tenants once that time does come.

19 CHAIRPERSON KALLOS: What is the... how
20 does... so, I'm almost sure today I, I saw a Section 8
21 in previous testimony, how does HPD determine when
22 it's going to offer Section 8 and when it's going to
23 hope to offer Section 8?

24 EHI UWA: So, as the projects near
25 completion there's a rent restructuring that occurs

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

and at that time we can offer the applications for tenants to fill out for Section 8 vouchers. On the allocations there's not a periodic time period but we do receive frequent allocations, I can't give a set time period for when these allocations are given but we have received them in the past and we expect to maintain them in the future.

CHAIRPERSON KALLOS: When will the construction begin and when will it complete?

EHI UWA: So, right now we're aiming for December, December financing, you know commitment to begin construction, with that expectation we'll expect construction to begin sometime in January and we normally aim for an 18-month construction period so with that said the June of 2020 would be the aim for completion.

CHAIRPERSON KALLOS: That's, that's a long time.

EHI UWA: Yes, so with this project there is a substantial need to rehab the building, there's also some stability concerns with the structure so with all that considered it's... it definitely is a lot of rehab work that's needed and that does take a while, we want to make sure we're doing it correctly

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

so, you know we definitely do not want it to not take the amount of time that's really required.

CHAIRPERSON KALLOS: And I think you're about to be the third person from HPD that I've asked a specific question today. So, we have this project, it starts in 1991 when it becomes... when it becomes In Rem and, and the city forecloses, it became a TIL property in 2004, it seems that there was so much work that needed to be done that these tenants had no hope, they were forced out of their home in 2009, it's been nine years, you people, people have been forced from their homes that they owned under TIL for nine years, that's, that's a long time, what happened?

EHI UWA: It's definitely a long time. So, as mentioned, I know this was mentioned in previous testimonies that, you know there was the economic downturn, homeownership was not as viable a financial option for the city to fund at that time so there was a halt in TIL development at that time. In 2012 the ANCP program was created, 21 Arden was one of the first projects that was assigned, was assigned to the NMIC soon after. We tried different methods in trying to make this a more financially viable

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

project, we wanted to pair this with other buildings,
for one reason or another these other buildings did
not work out and you know at this time we're coming
here because we understand this building has been out
of their homes for nine years as you mentioned and,
you know... [cross-talk]

CHAIRPERSON KALLOS: Soon to be 11..

EHI UWA: Soon to be 11, it's a very
expensive project but we understand that, you know
with that amount of time out of their buildings this
building does need the renovation and these tenants
do need to return home.

CHAIRPERSON KALLOS: I admire your
commitment to the right of return. What are the
sources of funding for the 6.6... 6.7-million-dollar
project?

EHI UWA: So, the city is providing a
substantial amount, we're also getting private..
[cross-talk]

CHAIRPERSON KALLOS: Specific agencies,
specific programs...

EHI UWA: HPD... so, HPD is providing 4.6
million dollars for this project...

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: And loans or
subsidies...

EHI UWA: City subsidy.

CHAIRPERSON KALLOS: Okay...

EHI UWA: As was mentioned the Council
Member Ydanis Rodriguez has allocated 200,000 dollars
in Reso A funding.

CHAIRPERSON KALLOS: Okay...

EHI UWA: And there's a private loan from
a bank totaling at 762,000.

CHAIRPERSON KALLOS: I'll take your word
for it, I'm not seeing the 200,000 from Rodriguez in
the testimony...

GENEVIEVE MICHEL: I added it in at the
end it wasn't in the official, but it was in the... it
was in all of the information that was sent over to
you guys.

CHAIRPERSON KALLOS: Okay, thank you for
adding it to the oral, I, I... full disclosure I rely
pretty heavily on this because it's a lot of numbers
to, to chew and then there's 700,000 that you
mentioned?

EHI UWA: Yes, and that's from a private
lender, that's 762,324 dollars.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Okay, that, that
does not get me to 6.7 million dollars.

EHI UWA: Okay, so there is also AHC
funding of 530,000 dollars...

CHAIRPERSON KALLOS: What does AHC stand
for?

EHI UWA: That's the affordable housing
corporation, that's a state grant that is applied for
by Restoring Communities and we've already secured
that amount of money for this project.

CHAIRPERSON KALLOS: And how much was it
again, sorry?

EHI UWA: 530,000 and also, we have the,
the sales proceeds its 30,000 dollars for the
occupied units and its 476,974 for the vacancies.

CHAIRPERSON KALLOS: I think we're still
short 300,000.

EHI UWA: That was... I... its adding up to
me.

CHAIRPERSON KALLOS: On your sheet it
adds up?

EHI UWA: Yes, sir.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Okay, I, I may have not accounted for the 30's and the 60's and what have you so... [cross-talk]

EHI UWA: Yeah...

CHAIRPERSON KALLOS: I will take your word for it. To the extent you can share that... [cross-talk]

EHI UWA: Definitely.

CHAIRPERSON KALLOS: So, I guess the, the larger question because I'm always going somewhere with my questions it's just... it seems... in 2009 the only money that wouldn't have necessarily been there would have been about 900,000 dollars from the... 760 from private, 200,000 from the Council Member, I guess one question I have for HPD overall is for at least two items today you've said there was an economic downturn how was HPD impacted by the economic downturn and, and, and granted ANCP didn't exist until 2012 but to what extent did, did HPD stop issuing subsidies and loans during the economic downturn or to what extent can the economic truly be blamed for this?

EHI UWA: I can say that for our program there was a... there was another TIL hearing last year

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 in the same building based on the outcome of that
3 hearing the city increased its term sheet limit for
4 this program to ensure that more TIL buildings could
5 be renovated. I can speak for our... but I cannot speak
6 for exactly what happened in 2009...

7 CHAIRPERSON KALLOS: What was the change
8 in the term sheet?

9 EHI UWA: It went from 100,000 per DU to
10 200,000. As you can see this project is a lot more
11 expensive than that and a lot of that... a lot of our
12 commitment to this project is due to the fact that
13 these tenants have been out of the building for nine
14 years now and as you mentioned it will be 11 years by
15 the time construction is done.

16 CHAIRPERSON KALLOS: Okay. What
17 additional subsidies did you roll into the number
18 because at 200,000 per DU there's... so, there's only
19 15 units so that only comes out to three million?

20 EHI UWA: And we've went way beyond our
21 term sheet limit for this project because of the... you
22 know the concerns that tenants have been out of this
23 building for a long time and just the construction
24 needs of this building at this time.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: So, you added
another 150?

EHI UWA: Correct, approximately.

CHAIRPERSON KALLOS: Okay. These are the
tough questions that we're not answered in the
testimony as with previous developers so this is just
about how this is being developed so just in terms of
the work that's being done will the people doing the
work and maintaining the building will they get paid
a... will they be able to afford to live in this
building, will they get paid enough, will they get
paid a commensurate wage, if they get injured by the
job... on the job can they get health insurance, if
they can't go back to work will they have disability
insurance will they be able to retire, will they have
a, a retirement that they can rely on?

MARIA LIZARDO: We're the nonprofit
partner working with Lemle and Wolfe who is actually
doing the construction work, so we'll get back to you
with all the details when it comes to the employment
pieces.

CHAIRPERSON KALLOS: Do you agree...
[cross-talk]

MARIA LIZARDO: We, we... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: ...that these are important values?

MARIA LIZARDO: Of course, they are hon, that's what we want as an organization to make sure that happens.

CHAIRPERSON KALLOS: Great and with regards to the, the, the contractor are, are they or any of the other providers MWBEs?

MARIA LIZARDO: We'll get back to you with specifics on that because we do our best to make sure that we have MWBEs available, the architect.

CHAIRPERSON KALLOS: And, and with regards to your organization are you an MWBE or if you're not able to qualify based on your status what is the makeup of your... for your executive level employees?

MARIA LIZARDO: In terms of we're a nonprofit so we're not able to be certified, I am the Executive Director and about 60 percent of our leadership team is people of color and our board is primarily comprised of people of color.

CHAIRPERSON KALLOS: In terms of local hire, are you planning to hire people from the community to work on this project?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1

CONCESSIONS

2

MARIA LIZARDO: We will work with Lemle

3

and Wolfe to ensure that we get the information out

4

on the availability of work on the project.

5

CHAIRPERSON KALLOS: If somebody is

6

watching at home and they may be walking past 21

7

Arden where... who do they call, who do they reach out

8

to get a job on this site?

9

MARIA LIZARDO: We'll make sure to have

10

an appropriate number to call for that. We also run

11

an unemployment program so we're also trying to see

12

how we can get some of our clients in there as well.

13

CHAIRPERSON KALLOS: Okay, to the extent

14

that you might be here again please have all these

15

answers in, in the future, I think those... oh, sorry,

16

I... and I'm sorry for not asking if, if we can get

17

answers on the previous applications. Will... I know

18

that this is a small building with only 15 units, I'm

19

imagining that the folks are a lot older now than

20

they were before... [cross-talk]

21

MARIA LIZARDO: Yes... [cross-talk]

22

CHAIRPERSON KALLOS: ...and at the rates of

23

income I'm going to also guess that many of them may

24

be on fixed incomes... [cross-talk]

25

MARIA LIZARDO: Uh-huh... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: ...what types of accessibility are being planned and while HPD is at the table how much would it cost you to make the entrance accessible or to make additional floors accessible and how many tenants are you dealing with that have mobility related disabilities?

EHI UWA: So, the exact... [cross-talk]

CHAIRPERSON KALLOS: I wanted her to answer but its fine...

EHI UWA: The, the exact number of tenants that require accessibility needs I would not have that but I think as mentioned we do provide on tenants the opportunity if they do need a lower floor to provide documentation to us and, you know try to accommodate as best we can if there is an available unit on a lower floor for them.

CHAIRPERSON KALLOS: Okay, back, back over to Northern Manhattan...

MARIA LIZARDO: One, one person has requested, needs... one-person, right Jennifer? Yeah, he lives on the first floor now so... in terms of the tenants, yes, you're right they are getting older, we have a tenant who's here with us today, Muriel, right here who has been leading the tenants in the Tenant

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

Association and holding them together to make sure that this project got done.

CHAIRPERSON KALLOS: So, I guess does the building have a stoop or...

[off mic dialogue]

CHAIRPERSON KALLOS: You all... can you... [cross-talk]

MARIA LIZARDO: A ramp in the front, we will have a ramp... [cross-talk]

CHAIRPERSON KALLOS: So, there will be a ramp, so the first floor will how many units?

MARIA LIZARDO: Three.

CHAIRPERSON KALLOS: Three units on the first floor that will all be accessible via the ramp?

MARIA LIZARDO: Yes.

CHAIRPERSON KALLOS: And then the remaining five stories... sorry, the remaining four stories will not be accessible?

MARIA LIZARDO: It's a walk up.

CHAIRPERSON KALLOS: Okay... [cross-talk]

MARIA LIZARDO: It's a walk up... [cross-talk]

CHAIRPERSON KALLOS: ...and is there any ability to add... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

MARIA LIZARDO: No, there's no ability to add an elevator.

CHAIRPERSON KALLOS: Okay, if you're interested I'd be interested in working with you as... I imagine this is a gut rehab?

MARIA LIZARDO: Uh-huh.

CHAIRPERSON KALLOS: Do you mind stating for the record... [cross-talk]

MARIA LIZARDO: Yes.

CHAIRPERSON KALLOS: Is there... is there opportunity, I don't know where you are in terms of architectural or design but to try to do so, I'm, I'm very interested in taking on this specific challenge of how do we find space, whether it's relaxing rear yard requirements or is this an old... an old style tenement building or...

MARIA LIZARDO: Yes, it is.

CHAIRPERSON KALLOS: How, how wide is your air shaft?

[off mic dialogue]

MARIA LIZARDO: There's no... yeah, there's no...

CHAIRPERSON KALLOS: You don't... you don't have... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

MARIA LIZARDO: Uh-uh...

CHAIRPERSON KALLOS: Sorry, the person in the audience...

[off mic dialogue]

CHAIRPERSON KALLOS: Oh, so... [cross-talk]

MARIA LIZARDO: I, I know... I know that the... we have exhausted every option when it came to expanding space, it's a small building... [cross-talk]

CHAIRPERSON KALLOS: Uh-huh... [cross-talk]

MARIA LIZARDO: ...and so there isn't an opportunity to add an elevator.

CHAIRPERSON KALLOS: To, to the extent you're interested if I can wave a magic wand, in, in my district a, a lot of the hospitals get BSA variances to do whatever they want and even small educational institutions that charge 60,000 dollars a year and have endowments of 100 million dollars get variances to do things and I, I would find making your building accessible to its tenants to be equally if not more so valuable as deserving of a variance so I'd just be interested if you have any ideas of how you would do it structurally, it's more just learning, it doesn't need to be for the 72 hour period that would be helpful. If there's any

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

additional questions we will submit them and just in,
in the additional submission if you could share what
the cost has been for the time without... what, what
the net present value, the cumulative value is for
the tax abatements that were not paid while this
property has been vacant I would like to figure out
what the... I can put a number on it, what is the cost
of leaving these buildings vacant to the taxpayers
and I, I think just... my, my last, last, last is how
does somebody apply for some of these vacant units?

EHI UWA: So, once construction is
complete the vacant units would be... will be
advertised on HPD's website.

CHAIRPERSON KALLOS: And what address
would that be on?

EHI UWA: That would the... [cross-talk]

CHAIRPERSON KALLOS: Housing connect dot
NYC I believe or...

GENEVIEVE MICHEL: My understanding is
these don't go through Housing Connect but they are
advertised on HPDs website which I believe is HPD dot
NYC dot gov.

MARIA LIZARDO: We also advertise because
we want to make sure that as many people from the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

community have an opportunity to apply so NMIC is committed to doing outreach in the community when these are available.

CHAIRPERSON KALLOS: It is not Housing Connect at NYC, if you google Housing Connect it will come up because the URL is not easy to find... [cross-talk]

GENEVIEVE MICHEL: Sorry, just, just to clarify these units do not go through Housing Connect.

CHAIRPERSON KALLOS: I definitely wrote a law on this and it should. We would... I, I already sent an email about this the other day so we'll sit down and go over it, not related to this specific project but I believe that all New Yorkers should be able to just go to one site to apply to all the affordable housing instead of having to go to a site for HPDs on Housing Connect, having to go to HPD's website to... where would it even be on HPD's website?

GENEVIEVE MICHEL: I, I mean I think we do the homeownership different and separate from Housing Connect but I can actually get back to you with that information.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Okay, I'm just on your website and I'm just trying to find home ownership and there's not even a link on the front page so we will... we will dig into this deeper but I'm, I'm almost certain that a law I wrote last year will... would, would require this to be included so thank you very much. Is there anyone from the public who wishes to testify? Seeing none I will close this hearing on this item and we will now go to the next item on the agenda. Our next hearing will be on four applications; Land Use Items 226, 227, 228, and 229, Sunset Parks one through four that we will hear together related to several properties in Sunset Park in Council Member Menchaca's district in Brooklyn. Land Use Item 226 relates to several blocks and lots in community district seven containing 21 buildings known as Sunset Park one. Land Use Item 227 relates to several blocks and lots in community district seven containing 13 buildings known as Sunset Park two. Land Use Item 228 relates to block 816, lot 42 in community district seven containing two buildings known as Sunset Park three. Land Use Item 229 relates to two blocks and lots in community district seven containing three buildings known as Sunset Park four.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

All of the buildings in four applications provide rental housing for low income families. In 2017, the council approved a 30-year Article XI tax exemption pursuant to Section 577 of the private housing finance law which coincides with the 30 year term of regulatory agreement. HPD and the new owners will amend the regulatory agreement to suspend the restriction period from 30 to 40 years and accordingly HPD is requesting that the tax exemption be extended. I would like to open the public hearing on Sunset Park one, two, three, and four and would like to invite HPD to present if you have not already testified please state your name for the record.

CAROLYN WILLIAMS: Carolyn Williams, HPD.

JOHN TATUM: John Tatum, Fairstead.

VICTORIA GOUSSE: Victoria Gousse,
Fairstead.

COMMITTEE CLERK: Do you each swear or affirm that the testimony that you're about to give will be the truth, the whole truth and nothing but the truth and to answer all questions truthfully?

CAROLYN WILLIAMS: Yes.

VICTORIA GOUSSE: Yes.

JOHN TATUM: Yes.

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

LACEY TAUBER: Still yes.

CHAIRPERSON KALLOS: You may begin, I need to step out for a moment, but I will return to ask questions.

LACEY TAUBER: Do you want... you don't want us to wait?

CHAIRPERSON KALLOS: Its fine.

LACEY TAUBER: Okay. Alright Land Use Items Number 226, 227, 228 and 229 consist of amendments to council resolutions number 154, 155, 156, and one... sorry; 1554, 1555, 1556, and 1557 which were approved on June 6th, 2017. Located in Brooklyn council district number 38, the four clusters are referred to as the Sunset Park Portfolio. Together the portfolio contains 42 buildings with 408 units originally approved for disposition and development by the Board of Estimate in the early 1980's as Section 8 HUD multifamily rental housing for low income families. The resolutions approved on June 6th, 2017 provided new tax benefits for the portfolio, as well as conversion from Article V housing status to Article XI HDFCs with 30-year regulatory agreements. On June 13th, 2017, the buildings were conveyed to new HDFC entities under

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

CONCESSIONS

1
2 Article XI of the Private Housing Finance Law. In
3 advance of these approvals, HPD and the sponsor
4 worked together to determine the best approach to
5 maintaining the units as low income rental housing,
6 given the number of potential threats to the
7 portfolio's continued affordability, including: HUD
8 mortgages having been satisfied a number of years
9 ago; Land Disposition Agreements that were set to
10 expire in 2022; and the fact that the buildings'
11 Housing Assistance Program or HAP contracts were set
12 to begin expiring in 2017, and these contracts were
13 the only regulating documents that restricted rents
14 to 30 percent of household income. Therefore, the
15 sponsor obtained council approval to voluntarily
16 terminate their Article V housing status and obtain
17 new tax exemptions under Article XI. Currently, the
18 owner is refinancing the existing loan and is
19 requesting to amend the prior resolutions and extend
20 the tax exemptions to 40 years from the current 30-
21 year term. And there's some stuff in the testimony
22 about the blocks and lots for each of the sites which
23 I will spare you from having me read all of them, but
24 they are here in the written version. The unit
25 breakdown across the portfolio includes four

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

superintendent units as well as 17 studios, 159 one
bedroom, 197 two bedrooms and 35 three-bedroom
apartments with no vacancies. Household AMIs at
initial occupancy are capped at 50 percent AMI as per
the HAP contract, and tenants pay 30 percent of
adjusted gross household income. The buildings were...
will undergo a moderate rehab, including new kitchens
and baths, low flow fixtures, energy efficient
lighting, in unit electrical panels, new closet
doors, and custom shelving. There will be upgrades to
common areas and the community room as well as roof,
boiler and window replacement. The work will address
any outstanding HPD violations. The projects are
privately owned and have existing HAP contracts. The
HDFCs have retained fee ownership and have conveyed
beneficial ownership to four LLCs. In June 2017, the
current owners financed the acquisition of the
development with a private loan and investor equity.
There is no city, city subsidy in the project. As
indicated, the HDFCs and the LLCs entered into a 30-
year HPD regulatory agreement restricting the use of
the development to low income rental housing. Now,
HPD will extend the regulatory agreement to be
conterminous to the new 40-year exemption term. HPD

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

is requesting that the four prior resolutions be amended by replacing paragraph five with language regarding the expiration date of the Article XI pursuant to Section 577 of the Private Housing Finance Law. The estimated cumulative value of the tax exemption for the portfolio over the 40-year term is 27,390,671 dollars with a net present value of 9,810,936 dollars.

CHAIRPERSON KALLOS: This seems like one of the more straightforward... [cross-talk]

LACEY TAUBER: Yep, pretty simple just changing the term of the regulatory agreement, adding ten more years to coincide with their new refinancing.

CHAIRPERSON KALLOS: And so, you... we have the property owner here?

JOHN TATUM: Yep, yep.

CHAIRPERSON KALLOS: So, tell us a little bit about why you chose to maintain these units as affordable when you could have kicked everybody out and, and tried to go market or what have you?

JOHN TATUM: Well so... [cross-talk]

CHAIRPERSON KALLOS: Why'd you do the right thing?

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

JOHN TATUM: Well I guess... I... just step back just a little bit and say you know what, what Fairstead Affordable or the principles of Fairstead have created a business around doing is finding, you know avenues to long term preservation relating, you know to various programs like HUD, RAD or other things. This particular cluster of properties that we look at as, as a single property although in the eyes of HUD is four individual HAP contracts, you know we acquired... you know we... from an... from an owner who had, you know not done I think everything they could and you know there's an opportunity in working with HPD to, you know extend the tax abatement I should go through a new tax abatement and you know find a path to rehabilitation and preservation and long term renewal of this Section 8 contract. Three of the four properties were Article V and one was not now they're all under Article XI.

CHAIRPERSON KALLOS: What is the total project cost for the community room, roof, boilers, windows?

JOHN TATUM: So, and, and this is something that we do in New York and, and more broadly across the country is that I find that it

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

makes sense myself, my team and we go in and we actually meet with HUD so on this property... particular project we went and sat down with HUD asset management and talked about what are you hearing at these, these project... we sat with Council Member Menchaca and said what are you hearing sort of boots on the ground and what was asked of us is how can you find a way to do more rehab, we were initially targeting somewhere in the two to four million dollar range and they, they asked us how can you do more and so we looked around at the various financing structures that were available and the one that we found when paired with a longer term tax abatement to be the most effective was something call the HUD 223F loan and the programmatic requirement under that loan is a tax agreement at, at least the same length as the amortization which is 35 years or, or beyond and so while initially we had done a 30 year agreement we needed as part of this refinancing to extend it ten years so that the term of the Article XI was longer than the loan that we would get from, from HUD and by doing this, this refinancing we were able to invest somewhere closer to 13 and a half million dollars and the project will touch 100

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

percent of the units, all of the common areas, most of the plant systems, you know half the roofs, a very extensive rehab. Victoria anything to add?

VICTORIA GOUSSE: No, that, that sounds right.

CHAIRPERSON KALLOS: What additional sources of funding do you have beyond the Article XI?

JOHN TATUM: None.

VICTORIA GOUSSE: Well we have... we have the, the HUD loan which is what we're applying for at this time.

CHAIRPERSON KALLOS: So, HUDs going to... so, you have the Article XI plus the 13 million-dollar HUD loan is that a, a loan that gets forgiven by HUD or do you actually have to pay back that 13 million?

JOHN TATUM: Sorry, I don't understand your question. So, when we acquired this portfolio of properties we assumed existing financing plus or minus between the four properties it was 63 million dollars, we invested our own capital to... I think total acquisition cost and rehab reserves and everything else was around 97 and a half million dollars, you know based on interest rates and where

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

you, you know work through with HUD we expect the final loan amount to be, you know around 95 million dollars, it could be a little bit more and we're going to invest, you know call it... 14 million plus soft cost design, architect, relocation reserves, we have a relocation specialist that, that we work with who, you know manages all the resident relocation throughout the project and other things like that and so I think total capitalization when it's all said and done is plus or minus 100... [cross-talk]

VICTORIA GOUSSE: Yeah, about 95 to 100 million dollars all in and including the 13 to 14 million that will be putting in is... as rehab.

JOHN TATUM: Yeah and that's really funded through, you know first mortgage through HUD and then our own equity and those are the only sources of funds.

CHAIRPERSON KALLOS: The developer equity is 13 million, 13-14?

JOHN TATUM: No, right now 35 call it... we have in the project...

CHAIRPERSON KALLOS: So, that's 35 plus an additional 15 or is that... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

JOHN TATUM: We can get you the exact source and use.

CHAIRPERSON KALLOS: That's... [cross-talk]

JOHN TATUM: ...because yeah, there's... between soft costs and everything else I just want to get you the right number.

CHAIRPERSON KALLOS: Okay. Any, any other state or federal dollars, LIHTC, anything like that?

JOHN TATUM: No.

CHAIRPERSON KALLOS: Okay, I didn't see this in, in the testimony so I'll just go through some of the other pieces which are just... if, if you can share your project... your total project cost, your hard cost and soft cost and, and supplemental submissions?

VICTORIA GOUSSE: Yes, we can provide that.

CHAIRPERSON KALLOS: Unless you know it off the top of your head. In terms of the... sorry, just getting to that section of my spreadsheet, so it's a question that you heard me ask a number of other folks, in terms of the people who will be doing this 100 million dollars in work will they be able to afford to live in your affordable housing, will you

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

be paying them at least 30... 50 percent of AMI, I, I hope that you'll actually be paying them more than that, will they be getting wages that are commensurate with others, will they have training, will they have the ability to get free training, will they have access to health insurance if they get hurt on the job they can go to a doctor, disability benefits so if they can't come back to work they're taken care of and will they be able to retire with a pension and that's both for people building the project as well as maintaining it afterwards?

JOHN TATUM: So, I think you're asking

two question let me know if... [cross-talk]

CHAIRPERSON KALLOS: Uh-huh... [cross-talk]

JOHN TATUM: ...I'm wrong, one is... you know

this is project based Section 8 housing and the rules about project based are fairly clear, you know we have a tenant selection plan, there are opportunities when our wait list is not closed to open it up for people to apply, I... you know I cannot say at any given time when those wait lists... it's very competitive to get Section 8 housing, people generally do not leave, this is a very low turnover neighborhood and we historically have not turned over

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

very many apartments, wouldn't expect that to change in the future. So, I can't say that anyone... [cross-talk]

CHAIRPERSON KALLOS: The apartment was about the workers not... the... sorry... [cross-talk]

JOHN TATUM: Got it... [cross-talk]

CHAIRPERSON KALLOS: ...the question wasn't about the units it was about the workers and their compensation.

JOHN TATUM: So, we can check with the... one of our main subs who handles, you know in unit work, we have... you know HUD has requirements on, you know general contractor liability insurance and other things and we can follow up after that.

CHAIRPERSON KALLOS: I'm going to guess that if its HUD that it has prevailing wage requirements.

CAROLYN WILLIAMS: The staff at the site are all 32 BJ; the supers, the porters are required by HUD to be union members.

VICTORIA GOUSSE: Correction, that's local two but yes, all of the staff members... well all of the maintenance... [cross-talk]

CHAIRPERSON KALLOS: Local two of which...

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

VICTORIA GOUSSE: Local two..

CAROLYN WILLIAMS: There are four
superintendents and porters and all of them are union
members.

CHAIRPERSON KALLOS: Did... does it... it's
just local two does it have a...

VICTORIA GOUSSE: Yeah, we, we checked in
with their management team before and they told us it
was a Local two union in, in Brooklyn and that's,
that's the union that we have a contract with and
that the staff members are a part of.

CHAIRPERSON KALLOS: And, and so they get
a prevailing wage, they have health insurance, they
have disability insurance and.. [cross-talk]

VICTORIA GOUSSE: That's correct... [cross-
talk]

CHAIRPERSON KALLOS: ...a pension.

VICTORIA GOUSSE: Yes.

CHAIRPERSON KALLOS: And they also have
access to training and hiring hall?

VICTORIA GOUSSE: They have access to all
of the resources of the union.

CHAIRPERSON KALLOS: Okay. And then is,
is your organization an MWBE, if you're not able to

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

certify as an MWBE what is the makeup of your board
and executives?

JOHN TATUM: It is not, is not MWBE.

CHAIRPERSON KALLOS: And, and do you
happen to know, or would you be willing to submit
later just a... an... whether any executives or board
members are minorities or women?

JOHN TATUM: Sure, we can follow up
after...

CHAIRPERSON KALLOS: If you are HUD you,
you likely have a, a local hire requirement, how can
somebody get a job if they are in the Sunset Park
area of Brooklyn?

VICTORIA GOUSSE: Is, is your question
how... [cross-talk]

CHAIRPERSON KALLOS: To get a job on this
100 million dollars of work that's happening?

VICTORIA GOUSSE: Just... correction, it's
actually 13 million dollars' worth of work that's
happening and I... [cross-talk]

CHAIRPERSON KALLOS: Right because a, a
lot of it was debt and, and what not... [cross-talk]

VICTORIA GOUSSE: Yeah, I mean that's
all, all the, the hard cost... [cross-talk]

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

CHAIRPERSON KALLOS: Thank you.

VICTORIA GOUSSE: ...that's going into the construction and with the following I'm assuming our general contractor will have information available... [cross-talk]

CHAIRPERSON KALLOS: Who's the general contractor and...

JOHN TATUM: Our affiliate is the general contractor, but we set out... we don't have direct trades, so we can provide the information for some of our key subcontractors.

CHAIRPERSON KALLOS: Okay and I, I think I've asked this of almost everyone who's come before the committee so to the extent if, if HPD can make sure that when we bring the developers and they are ready to answer those questions because if I was watching at home today because I thought I might be able to call somebody and get a job I'd be highly disappointed that there were not those opportunities. I think... give me one moment... I think those are all of our questions, thank you for keeping the housing affordable. Is there anyone from the public here to testify, seeing none I will now close the public hearing on Land Use... on this Land Use Item and the

SUBCOMMITTEE ON PLANNING DISPOSITIONS AND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONCESSIONS

application will be laid over. This concludes today's
hearings. I'd like to thank the council and Land Use
staff for preparing today's hearing and members of
the public and my colleagues for attending. This
meeting is hereby adjourned.

VICTORIA GOUSSE: Thank you.

[gavel]

C E R T I F I C A T E

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



Date

October 25, 2018