

Testimony

F. Carlisle Towery
President, Greater Jamaica Development Corporation

in support of **Station Plaza**

to

New York City Council
Sub-Committee on Planning, Dispositions & Concessions
Councilman Daniel R. Garodnick, Chairman

City Hall
Council Chambers, Room 5

July 23, 2007

Councilman Garodnick, thank you for the opportunity to testify before this committee. I
Peter Buzgalovich Director of Capital projects at Greater Jamaica
~~am Carlisle Towery, President of Greater Jamaica Development Corporation.~~
development Corporation

The intersection of Sutphin Boulevard and Archer Avenue is a long neglected transit hub serving 13 bus lines, the subway and the LIRR. On an average weekday about 18,000 passengers use the subway at this location. It is a congested, unsafe and chaotic environment; the worst intersection for pedestrian accidents in Queens and the 11th worst in the City. There are about ~~20~~⁵⁰ vehicular accidents a year at this location.

As the gateway to the now completed \$350 million public investment that includes the renovation of the LIRR Jamaica Station and the construction of the AirTrain terminal, this intersection requires special attention and substantial adjustments. There have been many attempts by DOT over the years to tinker with the problems here but none have succeeded. Station Plaza is a major redesign of the intersection allowing more sidewalk space for pedestrians, easing traffic flow and bus turns, improving lighting and signage. It will also provide much needed amenities for the thousands of commuters who use this place daily; including plazas, seating, landscaping and concessions.

GJDC strongly supports these public improvements which are critical to sustain the development anticipated by the proposed zoning. Station Plaza ~~and~~^{is} urgently needed to correct the existing unsafe and dysfunctional condition that exist now. DOT, DCP and EDC are to be commended for taking the bold steps that are necessary to achieve these goals.

7/23/07 (1)

To Mr. Chairman: Daniel R. Garodnick
and members of the Committee.

My name is Denise Rosa I am a
tenant and a advocate at Maria Lopez
Plaza. I am here today along with
some tenants to show good reasons
why Gerald Migdol should not buy
Maria Lopez Plaza. (attach to this letter
I have a petition of ~~90~~ signatures that
I collected this past weekend of tenants that
dont want Migdol to buy Maria Lopez plaza).

I'll start by reading testimonies of
the tenants of MLP.

On Aug 23, 2006 Jerald Migdol
said he was going to inspect 30 Apt with
an engineer, due to the major repair
that is needed in MLP Apartments. According to
t (which she's here today) Mr. Migdol went
partment with one of his employer
irke) They only looked at the

(2)

tenants testimony
bathroom and didn't bother going upstairs when they were asked to, instead they pulled out the dining chair, sat down, stretch and after about 5 minutes they left without writing anything down for repairs. The tenants felt very uncomfortable and upset.

As I was going around w/ the petitions another tenant of 635 Morris Avenue said, "I definitely don't want Gerald Migdol to buy this property" She said that her daughter lives in one of the buildings he currently owns, and is in bad condition. She immediately signed the petition.

My personal testimony

(3)

Back in 2006 in Gerald Migdol's office after the Meeting I ask him if he could make a donation so that I could meet with the rest of the board members and elected officials in D.C. Gerald Migdol got up from his seat and ask me how much \$ I needed? I told him about \$100 - \$120. Gerald Migdol said "I tell you what" if you write a letter to Council woman Maria Arrollo and a letter to Ms. Debra Van Amerongen (HUD official) I'll make the donation. I told him right away one thing dont have to do with the other. Mr. Migdol ask me again and I said "no", "I can't do that". The following day he call me on my house phone and ask me if Im going to write the letter and tell them (the elected officials) That he has the support from the tenants and I said NO, Im not ^{going} _{to} ^{lie}. (His employer Ronald Clarke is the only witness to all this, he was sitting on the right side of me.),

Continuation My personal testimony

Gerald Migdol was on the Bronx Net Cable TV along with the tenant Association. He ~~said~~ made false allegations about me. (a tenant). They were suppose to talk about why they disagree with Council woman Maria Arrollo's decision.

1. Gerald Migdol said that "I (Denise Rosa) was not in the best interest of the community."
 - a. I ^{Denise Rosa} was the president of the T.A.
 - b. Secretary of P.A in public school 1
 - c. Still a boardmember of the National Alliance of Hud Tenants.
 - d. And an advocate at MLP.

Gerald Migdol also said that I was not honest with him and the tenants, thats also a false allegations. He stated not everybody ~~gave out~~ received a chritsmas present. (Attach to this testimony is a letter from public school one that I donated the rest to the school.) Also attach to this is a letter that he gave to the tenants the same day his employers, his ~~kids~~ and his wife

(5)

Along with the Boatmember gave out
the presents, ~~##~~ Some tenants did not
want any presents from Migdol.
With this false allegation he tried to
call me a thief.

Mr. Chairperson and members of the Committee:

We, The tenants of Maria Lopez plaza ask Not to approve the sale of MLP to Gerald Migdol for the following reasons:

1. Mr. Migdol has a serious of history of violations in other properties and a history of not renewing the section 8 contract when the contract expires. Thats a concern for us tenants.
2. He Cause Segregation, that most of us tenants, notice at the first meeting that the current tenant Association held back in Sept of 2006. In fact I was not allow to speak at the meeting (witness ^{asa} Dan Desbois ^{from} UNAB).
3. Gerald Migdol influence residents leaders by offering individual inducements such as employment, preferential and other benefits not available to all residents in the development. Thats a violation of the

(7)

rules and regulations of Hud, And is unfair for ^{the} other tenants. Maria Alvarez (a tenant here today) received a gift that other tenant like my self did not receive.

4. Gerald had his employers putting up signs 2 days prior the Tenant Association Elections w/ the tenant association. Both parties violated the rules and regulations of HUD.

Gerald Migdol had his employees Ronald Clarke and Delfina Cruz at the elections once again that's violation ^{of} the rules and regulations of Hud. That is consider intimidating the tenants and not enough time to notify all tenants of the elections.

5. Gerald Migdol made false allegation about me, on Bronx Net T.V ^{cable} when he also said that I spoke to Peter Fine (a developer across the street from MLP) ^{regarding the vacant lot} I ^{never} spoke to Peter Fine, I never met him. I only heard about him.

(8)

If Gerald Migdol talked about me (False Allegation) that gives ~~me~~ the impression that he has a persona vanderam with a tenant (me). (I was not even the president at that time).

If Gerald Migdol had the nerve to make false allegations about a tenant on T.V. he'll ~~not~~ make false allegations about anyone. He cause emotional problems to my daughter and I, after listening to these false allegations. I was unable to think right and concentrate when given a task in Capital Hill with my boardmembers,

Gerald Migdol has cause a lot of damage, emotionally, segregation, confusions false allegations and lies after lies just to get what he wants. Obviously he's not going to keep his word in keeping the building in good shape and affordable, because he's use to breaking the rules whenever he wants just to get what he wants.

(9)

On behalf of the tenants of
M L P and myself, I ask you to
please take this matter into consideration
The evidence is on the plate.

Gerald Migdol has done so much
damage and he's not even the owner,
I can imagine if he was to own
M L P, It will be a fraggie.

Thank you.

Sincerely
Denise Root the
tenants of M L P.

PUBLIC SCHOOL 1
The Courtlandt School

Jorge Perdomo
Principal
Gloria Smith
Assistant Principal
Carlyn Rahynes
Assistant Principal
Peter P. Heaney, Jr.
Regional Superintendent for Region 9
Donald Conyers
Regional Instructional Superintendent

335 East 153rd Street
Bronx, New York 10451

TEL: (718) 292-9191
FAX: (718) 292-2227

March 8, 2007

To Whom It May Concern:

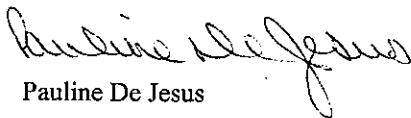
This letter is to inform you that **Denise Rosa** has been and always will be an active member of the community concerned with its affairs. In doing so, she has volunteered extensively within the community and the school. She has been an advocate for adults and children alike and goes above and beyond to see to it that their concerns are addressed and that their needs are met.

To that end, I would like to express that Ms. Rosa for the past few years volunteered here at the school and she was formerly a member of the Parents Association as of last year. During her participation in the Parents Association, she made a very big contribution/donation for our children by providing them with coats, jackets, sweaters, shirts, socks, undergarments, toys, and other things that she said she received from ⁵⁰¹ ~~the President~~ of MLP. All these items were given to the school in the presence of the **Parent Coordinator, Angelica Arroyo, then PA President, Nicole Stone, and myself.** Migdol

We are tremendously grateful for her drive to advocate for others and we are endeavoring to keep the lines of communication open with Ms. Rosa within the near future. We are also thankful for the generosity of the former President of MLP for her contributions to the needs of our children.

If you should have any concerns or questions, please feel free to contact me at the above telephone number. Thank you for your consideration.

Sincerely,


Pauline De Jesus



January 20, 2006

Dear friend and neighbor,

We are going to be the future owners of Maria Lopez and by way of introducing ourselves we would like to give holiday gifts by way of the Migdol Family Foundation. The five of us, Sheri, Jerry, Aaron, Daniel and Jessica are very happy that you were able to join us here today and to help us celebrate this holiday season and New Year. The Migdol Family Foundation was formed by us this year and is our way of giving back to the community. Our success in developing low and middle income housing has enabled us to live our dream by giving to others so that they might live their dreams too.

Thank you and May God Bless Us All.

A handwritten signature in black ink, appearing to be "Jerry Migdol", written in a cursive style.

Jerry Migdol



MIGDOL ORGANIZATION LLC
 2280 Adam Clayton Powell Jr. Blvd.
 New York, NY 10030
 212.283.4000 fax 212.283.4424
 migdolnyc.com

GERALD S. MIGDOL, Esq.
 President and CEO

4 de Febrero, 2007

Maria López Apartamento
 635 Morris Avenue
 Bronx, New York 10451

Estimados Inquilinos:

Escribo a usted por primera vez desde que firmé un contrato para comprar el local casi hace dos años. Escribo hoy porque quiero que ustedes sepa la verdad acerca de mis planes para la propiedad Maria López y no depender de las mentiras e informaciones equivocadas acerca de mí. YO SOY PARA la VIVIENDA RAZONABLE Y yo ESTOY A FAVOR DE SECCION OCHO. YO MANTENDRE MARIA LOPEZ COMO VIVIENDA de SECCION MIENTRAS HUD OFREZCA CONTRATOS de SECCION 8. De hecho, hay las restricciones en la tierra de HUD que requiere la propiedad es mantenida como Sección 8 y ningún dueño pueden cambiarlo hasta después de 2032. Yo siempre pensé mantenerlo como vivienda Sección 8 y cualquiera que dijo diferente, le mintió a usted.

Yo siempre quise mejorar Maria López como en agregando un parca para los niños juega, pista corriente y un mejorado centro de comunidad. Usted merece vivir en mejores condiciones con la administración que tiene interés en sus inquilinos y que limpia y mantiene el edificio. Y también con seguridad que ayude todos los residentes. Ahora es el tiempo de apoyar la Asociación de Inquilinos en sus esfuerzos de ayudarme compra la propiedad de otro modo AIMCO no podrá vender y usted será obligado a quedases con ellos. Yo podré ayudar a todo ustedes y nosotros podríamos trabajar juntos como UNA COMUNIDAD otra vez.

Si usted tiene preguntas por favor llame a Delfina o Rosa en mis oficinas y ellos podrán contestarla en español, si necesario. Su número de la oficina es 212-283-5660.

Gracias,

Gerald Migdol

part of my
 testimony → #

Gerald Migdol Put Rosa so
 that the tenants could get
 Confuse. ~~and~~ Tenants thought
 that I work for Migdol

He put get in touch with Rosa
 No last or first name and no position.
 of the individual was given in this letter

Petitions of Tenants of Maria Lopez Plaza
 that oppose of Gerald Migdol To purchase
 the building. Peticiones de inquilinos de
 Maria Lopez Plaza que se imponen a que
 Gerald migdol Compre el Edificio. 7/20/07

1. Denise Rosa #314
2. Jose Pagan #313
3. ~~Jose~~ Famera 315
4. Lenise Kohn 340
5. Jorge Riverer 102
6. Yolanda Sorez 0618-Mc Luff 317
7. Elsa Pieren - 110 ~~Juanita Ruiz~~
8. Elizabeth Cintran 119
9. Alma Kaez 117
10. Josefina - 122
11. ~~Laraine~~ ~~Ena~~
12. Juana Financ 124
13. Luisa Roman
14. Teresa Navedo apt 427
15. Ana Quiñones
16. Luz Abreu

1 Signature per
household.

una firma por cada
apartamento.

17. Keith Simmons 350

- 18. MARGARITA GARCIA 301
- 20. Mary Pen 306
- 20. MICHAEL O'CONNOR 308
- 22. Brenty Cruz - APT 309
- 22. Diana Garcia 120
- 24. - Nilda Nozario 303
- 25. MARIA ALVAREZ 5WA
- 26. Melida Zayas
- 27. E. J. ...
- 28.
- 29. ELVI ROY ... APT 300
- 30. Ivette Aguirre ... APT 402
- 30. Fernanda Leoncio #506
- 31. ... 727 B
- 32.
- 33. Carlos Buckley #736 B
- 34. ...
- 35. Carmen Correa B630
- 36. Modesto Aleantora 527
- 37. Juana Rivera 532
- 38. Tonya Marrero 533
- 39. JOSE CRUZ 534
- 40. Julia Sanchez 536
- 41. - Arnulfo Bate 435 B



Petitions of tenants of MARIA LOPEZ MORA that
oppose of Gerald Migdol To Purchase the building.
Peticiones de inquilinos de Maria Lopez Mora
que se imponen (no quiere) que Gerald Migdol
compre el edificio.

One signature per
house hold.

una firma por cada
apartamento.

42. Julia G 4130B
43. Karol Vasquez 428.B
44. Noemi Perez 325A
45. BILMARIA JETER 337
46. Violeta Hidalgo 702
47. FIOR MEJIA 134
48. MARIA CABRETA 702 A
49. Maria Arce #701
50. Angela De Hoyos
51. Clea Caceres #709
52. Carmen M. Sulez 711.
53. ~~Requel Perez~~ Requel Perez APT 610.
54. Sr Simforiano Almonte #607
55. Nelson Guzman (548 A)
56. Omar Renequez (546)
57. Alice Delacruz (539)
58. Brian Gonnell APT 541

- 59. Briana Fernandez Apt #503
- 60. Victoria Fajardo - 404
- 61. Zigors Henry 406
- 62. Scarlet Mejia B729.
- 63. Shakarish Watson #410A
- 64. Dionisia Tavares #143
- 65. Georgina Valentin #138
- 66. Bienvenida Beredo #127
- 67. Tudy Jones 318
- 68. Quent Chisolm 523
- 69. Maria Isabel Jess #129
- 70. Marie DAWSON #133
- 71. Denise Chisolm Wallace 135
- 72 - Ramona Zouibis 136
- 73. Sydio Villalona 137
- 74. Jarraine Desarden 139
- 75. Mildred Jones 108
- 76. Melby 109
- 77. Bejamin M... 104
- 78 - Jenny B. Penrod 13
- 79. Henry Klein 106
- 80. Madeline Neel
- 81. Ramon Rosa #403

PETICIONES DE INQUILINOS DE MARIA LOPEZ PLAZA
that oppose of Gerald Migdol To Purchase
the building. Peticiones de inquilinos de
Maria Lopez Plaza que se impones (no quiere) que
Gerald Migdol compre el Edificio. 7/21/07

- 82. Angeles D. Pagan - 311 - 1 signature per household
- 83. Lauer Lauer - 349
- 84. Michelle Monroe 542 una firma por cada unidad (Apt)
- 85. Ernest Nunez 505
- 86. Elias Ayala - 331
- 87. Eulalia Hernandez
- 88 - Aida Cortez 334
- 89 - Rosario Mendez 628
- 90. Olga Loue 508

Some of the tenants were not in their units at the time. Some are on vacation and others refuse to sign.

CITY COUNCIL TESTIMONY-CONDEMNATION

Good afternoon, I am Larry Bernstein, vice president of Jonas Equities, the owner of property fronting on Archer Avenue between Sutphin Boulevard and 147th Place. We are a family operation and have owned and managed our Jamaica property for over 40 years. We have remained in Jamaica through thick and thin and would welcome being a part of Jamaica's revitalization. We wish to redevelop our property in an appropriate manner and to continue in business in Jamaica.

As part of the City's plan for the revitalization of Downtown Jamaica, the Economic Development Corporation proposes to condemn a substantial portion of our property, lot 38, which is 80 feet deep, in order to widen Sutphin Boulevard to provide an improved turning radius for buses at the corner of Archer Avenue and Sutphin Boulevard, and to create a public plaza with private concessions fronting on Archer Avenue. We strongly favor

redevelopment of downtown Jamaica and applaud efforts to re-zone the area and to improve pedestrian and traffic safety. However, we strenuously object to the City attempting to condemn most of our property for private development. I request that the City merely condemn only what is necessary – a 12 foot deep bus turn lane -- while preserving most of our property so that we may construct an economically viable building in the heart of downtown Jamaica along with the amenities desired by the City.

Our property comprises two contiguous lots – lots 31 and 38 of block 9994. Lot 38 is the property to be condemned by the City. As stated, it is 80 feet deep and fronts the entire 202 feet along Archer Avenue between Sutphin Boulevard and 147th Place. The remaining lot, lot 31 is irregularly shaped, and is improved with an obsolete, 40 year old, 15-story vacant office building formerly occupied by the City's Human Resources Administration. The condemnation of all of lot 38 will leave us with the irregularly L-shaped lot 31 and the vacant office building, lacking modern infrastructure and with only 8-foot ceilings,

which was constructed specifically for the City. The vacant, functionally obsolete office building cannot be feasibly renovated to modern standards and has become unrentable at a reasonable economic return. Most importantly, the irregular shape and reduced size of the lot resulting from the condemnation will preclude the economical construction of a new commercial building with an efficient and sufficient footprint. Thus, the condemnation alone will substantially diminish the value of our remaining property. Furthermore, the proposed condemnation is unconstitutional since a substantial portion of our property will be turned over to a private developer for use as private concession space. I am advised by condemnation counsel that the United States Supreme Court has recently held that a city would be forbidden from taking private property for the purpose of conferring a private benefit on a particular private party. I am also submitting my condemnation counsel's testimony previously made to the City Planning Commission.

It is unnecessary for the City to condemn all of our 80-foot deep lot 38 in order to achieve the purpose of creating a better bus turn and concession space in an open area. A new traffic lane is only 12-feet in width. Moreover, there is no need to take our privately-owned property in order to turn it over to other private entities to develop it for street level concessions or other retail uses. We have consistently offered to work with City Planning, EDC, local elected officials and the community board to provide a desirable space with retail uses while retaining our ability to construct a viable commercial building in the heart of the Jamaica redevelopment. Indeed, we would be willing to enter into binding agreements with the City to insure appropriate use of our property the City wishes to condemn for other developers. Although we have met with representatives of the Department of City Planning and the Economic Development Corporation to attempt to resolve our differences, we have yet to achieve a resolution of our differences. The Department of City Planning has presented to us a Memorandum of Understanding which we will continue to negotiate in good faith. However, we strongly

believe that the tax-paying people who have remained and invested in Jamaica for the past four decades should now have the opportunity to re-develop their property rather than it being condemned and turned over to a favored developer.

I urge the City to grant our modest request that only the minimum amount of our property necessary for the bus turn be condemned, and to work with us so that we may redevelop our property in a manner appropriate to the proposed redevelopment plan without surrendering our rights as a tax paying owner. I respectfully ask that the City mapping action only apply to the area required for the bus turn and that the remaining portion of our lot 38 along with the proposed public plaza be incorporated into our development plan in conjunction with the City.

Thank you

Maria Lopez Council Hearing – July 23, 2007

Good Afternoon. My name is Julie Walpert and I am the Assistant Commissioner for Housing Supervision at the Department of Housing Preservation and Development. I am joined here today by Carol Clark, the Assistant Commissioner for Local Legislative Affairs.

Urbanization Maria Lopez is a 216-unit project-based Section 8 development located in the Bronx. It was constructed in 1982 under Article 5 of the Private Housing Finance Law as a redevelopment company.

Maria Lopez NH, LLC a limited liability company organized as an Article V redevelopment company, would like to acquire the project and will maintain it for persons of low and moderate income. The new owner will rehabilitate the project including: replacing five percent of the stoves, refrigerators and cabinets; painting the interior units where needed; correcting plumbing issues; painting common areas where needed; repairing the exterior walls and painting where needed; renovating the community room including installation of a new kitchen and bathroom and the implementation of a daytime community senior center and after school youth center; renovating the play area (including installation of new customized child safe playground equipment; an outdoor track around the play area, and new benches); installing a new building security system with video cameras; installation of new fencing and landscaping; and reconstructing the laundry facility.

The acquisition and rehabilitation will be financed by the assumption of the existing HUD insured mortgage and HUD subordinate mortgages and an infusion of private equity. Maria Lopez currently has a partial tax exemption pursuant to the Private Housing Finance Law and makes annual shelter rent payments in lieu of paying full real property taxes. In order to support the proposed acquisition and rehabilitation, the new owner is requesting a new partial tax exemption. The owner is also seeking approval of the Project Summary, the conveyance of the Exemption Area by the current owner to the new owner, the termination of the partial tax exemption and consent to the voluntary dissolution of the current owner. Finally, the new owner is seeking Council approval of the HPD Regulatory Agreement and authorization of the Commissioner of HPD to execute the regulatory agreement. Thank you.

**Joint Testimony of New York State Tenants & Neighbors and the Urban
Homesteading Assistance Board**

New York City Council Subcommittee on Planning, Dispositions and Concessions

**Council Member Daniel Garodnick, Chairperson
Monday July 23, 2007**

RE: Urbanization Maria Lopez
2950 Park Avenue
Block 2441, Lot 1

Good afternoon. My name is Patrick Coleman and I am the Preservation Coordinator for New York States Tenants & Neighbors. I would like to thank the committee for the opportunity to testify on the city's consideration of a tax abatement to facilitate the sale of Maria Lopez Plaza Apartments, an affordable development for low-income families under the US Department of Housing and Urban Development's (HUD) project-based Section 8 program, from the current owner, AIMCO, to Gerald Migdol.

On behalf of both New York State Tenants & Neighbors (T&N) and the Urban Homesteading Assistance Board (UHAB), I urge the committee to not approve any tax abatement to aid the purchase of Maria Lopez Plaza Apartments by Mr. Migdol. Our opposition is grounded in a number of reasons, which I will summarize today, and I will submit written testimony that provides more specific information.

We discourage the award of tax abatements for the following reasons:

- 1. Mr. Migdol's track record on housing conditions, 569 HPD violations on 78 units, is troubling;**
- 2. Mr. Migdol has a history of 'flipping' affordable HUD properties for profit – in one case, selling a property for twice his purchase price 20 months after his acquisition;**

3. **Mr. Migdol was involved in a speculative purchase of 783 St. Nicholas Ave through HUD's 203k scandal; conditions of that property since deteriorated and residents have been encouraged by Mr. Migdol to seek housing elsewhere;**
4. **Mr. Migdol submitted a notice of intent to opt-out, or terminate, the project-based Section 8 contract at St. Nicholas Manor, thus threatening the affordable homes of over 100 low-income New Yorkers;**
5. **Limited city resources should not be used to facilitate Mr. Migdol's acquisition of Maria Lopez Plaza, as, we understand, he intends to develop market rate condominiums on an adjoining parcel of land, contrary to the city's Land Disposition Agreement, which calls for the parcel to be parkland.**

For these reasons, and our anxiety about Mr. Migdol's financial capacity to act as a responsible owner of Maria Lopez Plaza (which is expanded upon below) T&N and UHAB strongly discourage the City Council from granting tax abatement for this property.

1. Buildings Owned and Code Violations

These are buildings that are owned or managed by Gerald Migdol and Migdol Realty. This information was gathered from the online HPD Building Registration Database and from the NYC Department of Finance ACRIS Database. This information was last updated on July 20, 2007.

Building Address	Borough	Units	Violations
235 West 132th St.	Manhattan	3	114
1125 Findlay Ave.	Bronx	11	58
783 St. Nicholas Ave.	Manhattan	4	47
2048-2052 Mapes Ave.	Bronx	26	63
765 Washington St.	Manhattan	8	31
180 East 108th St.	Manhattan	6	85
223 West 138th St.	Manhattan	4	15
222 West 132nd St.	Manhattan	3	6
228 West 132nd St.	Manhattan	9	68
243 East 118th St.	Manhattan	4	82
TOTAL		78	569

Mr. Migdol is certainly not the City's worst landlord, but clearly is not one that the City should be rewarding with tax breaks.

2. History of 'Flipping' HUD Properties

In December of 2003, Mr. Migdol and his partners purchased St. Nicholas Manor, located at 680 St. Nicholas Avenue, for \$7 million. Like Maria Lopez Plaza, St. Nicholas Manor is kept affordable through HUD's project-based Section 8 program. A little over a year later, in January 2005, Mr. Migdol's company sent tenants a notice of intent to not renew the building's Section 8 contract when it expired a year later (more on this below). In August 2005, Mr. Migdol's company sold the property to another owner for \$15.3 million, more than two-times his purchase price 20 months earlier.

3. Involvement in HUD's 203k Scandal

According to James Lewis, a former organizer at Harlem Operation Take Back and currently at CATCH, who worked extensively on HUD's 203k program, Mr. Migdol purchased two properties through this program. The 203k scandal involved questionable realtors facilitating the sale of building's assisted with HUD's 203k program to non-profits at highly inflated prices, with HUD promising rehabilitation grants. Unable to keep up with mortgage payments, many non-profits were eventually foreclosed on by HUD. Others, like the owners of 783 St. Nicholas Avenue discussed below, sold the buildings to private owners at many times their market value. Mr. Migdol, for example, bought 783 St. Nicholas Avenue, at 6 times its worth.

In one of his 203k buildings, Mr. Migdol cut off the heat and hot water multiple times, forcing the tenants to go without until they could get HPD to restore the service. He flooded out one tenant by leaving windows open in the vacant apartment above her during heavy rains last fall.

At 783 St. Nicholas Avenue, a 4-unit 203k property, tenant testimony reveals that Mr. Migdol immediately set about persuading her to relocate to another one of his properties, St. Nicholas Manor, which he assured her was protected by a Section 8 contract. As her building was in serious disrepair, she agreed.

After relocating, she learned that Mr. Migdol was in the process of prepaying the HUD insured mortgage, opting out of the project-based contract and selling the building to a speculator for more than twice what he paid for it one year earlier. (See details above).

4. St. Nicholas Manor: Threats to Affordable Housing

In late 2003, Mr. Migdol purchased St. Nicholas Manor, a HUD subsidized building, for \$7 million. Testimony from 4 tenants, each speaking separately, revealed uniformly negative feelings toward Mr. Migdol. All tenants spoke about his unfulfilled promises for renovations, including new countertops, a new front door, repair of the elevator, and new windows. In the wintertime, Mr. Migdol ran the heat very low, and the oil ran out periodically. He promised weatherization, but instead some tenants had to tack plastic sheeting over their windows to try to block cold air coming in through cracks. All tenants felt that conditions in the building worsened while Mr. Migdol was the owner.

One month after purchasing the building, Mr. Migdol sent tenants a letter of intent to not renew the building's project-based Section 8 contract, which keeps it affordable for low-income families. Shortly thereafter, he sold the building to a new owner for \$15.3 million – more than twice what he paid for it.

5. Tax Abatement at Maria Lopez is Poor Use of Public Resources

T&N and UHAB understand from the NYC HUD Office that AIMCO, the current owner of Maria Lopez Plaza intends to sell the property only if the purchaser also buys Baisley Park Gardens in Queens.

Both buildings have project-based section 8 contracts, and HUD insured mortgages; AIMCO took both properties through a Mark to Market restructuring about 5 years ago. According to the restrictions pursuant to entry into the Mark to Market program, these properties should remain affordable for nearly another 25 years.

However, to facilitate his acquisition of these buildings, Mr. Migdol has contacted the local HUD office requesting a waiver on satisfying the subordinated second mortgages, which was generated during the Mark to Market restructuring, on both buildings in the event that the sales go through. (NOTE: If an owner sells a Mark to Market restructured

property, current HUD policy states that the subordinated debt generated through restructuring, comes due at sale.) HUD has not made a determination on whether or not to grant this exception.

In recent years, BPG failed three consecutive REAC inspections and AIMCO lost a double appeal to raise the score to a passing grade.

It is the understanding of T&N and UHAB that Mr. Migdol intends to develop market rate condominiums on an open parcel of land connected to Maria Lopez Plaza. The City's original Land Disposition Agreement called for this parcel to be developed as a park. In fact, when Maria Lopez Plaza tenants asked Mr. Migdol to sign a Memorandum of Understanding which requested that he fulfill the City's plans by developing a park on this site, Mr. Migdol refused.

Should the City award Mr. Migdol this tax abatement, we believe the City will be subsidizing the development of market rate condominiums on a site originally designated as parkland.

Furthermore, Mr. Migdol's request for tax abatements and continued subordination of the secondary mortgages at Maria Lopez Plaza and Baisley Park Gardens, not ordinary terms and conditions, suggests that he is overextending himself financially.

Of course, it is tenants who will bear the brunt of financial mismanagement through decreases in maintenance and upkeep.



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CHAIRPERSON

July 23, 2007

The Subcommittee on: Planning, Dispositions & Concessions
Of the Council of the City of New York

Statement of Bronx Community Board One
On Maria Lopez Plaza

Dear Council Members: On behalf of our Chairperson, Mr. George L. Rodriguez, thank you for allowing our board to provide this statement on the proposed acquisition of a HUD property Maria Lopez Plaza by the Migdol Organization LLC. which is located in our community board.

During the last ten years, over 2,500 new or rehabilitated units have been developed in District One. This construction has been achieved through initiatives such as Mayor Bloomberg's new Housing plan, and the infusion of public and private capital. The fact that banks have reconsidered their lending criteria to support reinvestment in our community reflects a commitment to growth in the Bronx.

With this resurgence, one of the challenges to the stability of our neighborhoods is the future survival of affordable housing for low-income families. In the past we have witnessed the absence of adequate attention to management and operating needs of the District's multifamily housing stock.

This neglect contributed to a substantial loss of our housing portfolio, and reducing our

population from 150,000 in 1980 to 82,159 persons presently according to the United States census. It is of paramount importance to this board that our subsidized multi-family rental housing be retained. The residents of the Maria Lopez Plaza property are disproportionately those of our citizens with the greatest housing need and the least of resources to obtain improved rental housing. According to HUD, all indicators suggest the property in which they reside is troubled by distress. Because of this neglect, the tenancy of Maria Lopez Plaza has received organizing intervention from staff at the Urban Homesteading Assistance Board (UHAB). The majority of residents have a willingness to assume a role in the selection of a new owner and have expressed concern of a purchase by the Migdol Organization.

As we have seen decisions in the marketplace by owners of our affordable multifamily rental housing can have a formidable impact on its stability predominately, these decisions are influenced by the municipal financing programs available for investment by property owners and developers. It is imperative that the various financial incentives, such as City tax exemptions help support the development and retention of affordable housing, not its elimination. The tax exemptions outlined in Section 125 of the private Housing Finance Law should be utilized as intended, as a vehicle to finance affordable housing, not to subsidize a profitable future sale of the property.

As a result of improving residential real estate market conditions in District One, owners of multifamily rental housing have been responding more rapidly to rising estimates of our neighborhood's future. With these increasing investment values, the opting out of, or "flipping" of a HUD-subsidized rental project as a market rate-upper-income rental,

cooperative or condominium housing may exceed the outstanding principal balance of the mortgage.

The physical upgrading that has occurred in the immediate environs of Maria Lopez Plaza is improving the quality of life in the area. Based on the past performance of the proposed owner, we have concerns as to the applicant's commitment to sustain the property as a viable part of the district's housing portfolio. The selling of Maria Lopez Plaza, a problem building to a problem owner would be ill-advised. We ask that in this matter, a higher level of care and consideration be extended by the Council of the City of New York in this endeavor. We request your assistance and support by denying a tax exemption to the Migdol Organization LLC to support the purchase of Maria Lopez Plaza.

Thank you.