

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS & CONCESSIONS

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April 20, 2009
Start: 01:09 pm
Recess: 01:25 pm

HELD AT: Council Chambers
City Hall

B E F O R E:
DANIEL R. GARODNICK
Chairperson

COUNCIL MEMBERS:
Sara M. Gonzalez
Inez E. Dickens
Vincent Ignizio

A P P E A R A N C E S

Carol Clark
Assistant Commissioner
HPD

Wendell Walters
Assistant Commissioner
HPD

Karim Hutson
Genesis Development Partners

2 CHAIRPERSON GARODNICK: Good

3 afternoon, everybody. Welcome to the Subcommittee
4 of Planning, Dispositions and Concessions. This
5 is a subcommittee of the Land Use Committee of the
6 New York City Council. My name is Dan Garodnick
7 and I have the privilege of chairing this
8 subcommittee. I'm joined today by Council Member
9 Sara Gonzalez and Vincent Ignizio, as well as
10 Counsel to the Committee. We're going to go right
11 on into it. We have a very short agenda today.
12 We're going to open the day with opening the
13 hearing on Preconsidered Land Use related to the
14 Liberty Fountain Apartments, Brooklyn Community
15 Board 5, C090227HAK. It's an application from
16 HPD, which is represented here. We will invite
17 them to state their names and present this item.

18 CAROL CLARK: Good afternoon,
19 Council Members. I'm Carol Clark, an assistant
20 commissioner at HPD. I'm joined by Wendell
21 Walters, assistant commissioner from HPD who will
22 be giving the testimony on this item. Wendell?

23 WENDELL WALTERS: Good afternoon.
24 As Carol said, I'm Wendell Walters, Assistant
25 Commissioner for Housing Production at HPD. I'm

2 here to introduce Land Use Pre, also known as the
3 Liberty Fountain Apartments that consists of the
4 proposed disposition of 15 vacant city-owned lots
5 located at 115-129 Fountain Avenue and 922-932
6 Liberty Avenue and 66-72 Crystal Street in
7 Brooklyn. The proposed development team of Dunn
8 Development Corporation and Cypress Hill
9 Development Corporation will construct one
10 residential building on these lots, plus two
11 adjacent private lots. When completed, the
12 project will provide 42 residential units plus one
13 super's unit. In addition, the project will
14 develop approximately 17,400 square feet of open
15 space. Council Member Dilan has reviewed the
16 project and has indicated his support.

17 CHAIRPERSON GARODNICK: Thank you
18 very much. Are there buildings on the sites right
19 now?

20 WENDELL WALTERS: They're vacant
21 lots.

22 CHAIRPERSON GARODNICK: So there's
23 nothing going on with those lots. Dunn
24 Development and Cypress Hill will be turning them
25 all into one residential building and open space.

2 Is that right?

3 WENDELL WALTERS: That is correct,
4 sir.

5 CHAIRPERSON GARODNICK: How were
6 Dunn Development and Cypress Hill chosen?

7 WENDELL WALTERS: The Dunn
8 Development and Cypress Hill group were the owners
9 of the adjoining private lots. They approached
10 HPD for disposition of the city-owned lots to make
11 one assemblage. They came to HPD with a funding
12 commitment from the state. It was decided by our
13 agency that this would be a viable project for
14 disposition to this partnership.

15 CHAIRPERSON GARODNICK: What level
16 of affordability will the 42 residential units be?

17 WENDELL WALTERS: All of the units
18 will be at 60% of AMI and lower.

19 CHAIRPERSON GARODNICK: You said
20 below 60?

21 WENDELL WALTERS: That's correct.

22 CHAIRPERSON GARODNICK: Will the
23 open space be accessible to members of the
24 neighborhood or just the building residents?

25 WENDELL WALTERS: It's open space

2 that's ancillary to the building and used by the
3 residents themselves.

4 CHAIRPERSON GARODNICK: The
5 building has the obligation to maintain and
6 upkeep?

7 WENDELL WALTERS: That's correct.

8 CHAIRPERSON GARODNICK: Thank you.
9 I want to note that we've been joined by Council
10 Member Inez Dickens. I have one member of the
11 public wishing to testify on this item. It's
12 Martin Dunn of Dunn Development Corporation. Mr.
13 Dunn, if you want to add anything you're welcome
14 to. No? You're more than welcome if you wish,
15 but it seems like we've got everything that we
16 need here. Seeing no questions or other members
17 of the public, we will close the hearing on the
18 Liberty Fountain Apartments, C090227HAK. We will
19 open the hearing on Land Use 0986, non-ULURP
20 number 20095297HAM, which is a property at 308
21 East 120th Street in Manhattan in the district of
22 Council Member Melissa Mark-Viverito.

23 CAROL CLARK: LU 0986 consists of
24 the proposed disposition of one occupied city-
25 owned building located at 308 East 120th Street

2 through HPD's Tenant Interim Lease program. This
3 program, known as TIL, assists organized tenant
4 associations in city-owned buildings to purchase
5 and manage low income cooperatives. Council
6 Member Mark-Viverito has reviewed and indicated
7 her support.

8 CHAIRPERSON GARODNICK: Thank you.
9 What can you tell us about the number of units in
10 the building and how they plan to organize?

11 CAROL CLARK: There are a total of
12 six units in this building at 308 East 120th
13 Street. Five of them are occupied. One is
14 vacant.

15 CHAIRPERSON GARODNICK: And the one
16 vacancy will be available for whom?

17 CAROL CLARK: Once the building is
18 transferred and there is the tenants owning the
19 building, they will be able to sell the vacant
20 apartment, which is located in the basement, to
21 tenants who are earning up to \$92,000 per year.

22 CHAIRPERSON GARODNICK: Thank you.
23 You indicated that Council Member Mark-Viverito is
24 supportive of this?

25 CAROL CLARK: That's correct.

2 CHAIRPERSON GARODNICK: Thank you.

3 Seeing no members of the public wishing to testify
4 or questions from my colleagues, we'll close the
5 hearing on non-ULURP 20095297HAM, also known as
6 Land Use 0986. We will open the hearing on the
7 last item of the day, Land Use 0974, non-ULURP
8 number 20095235HAM. It's a number of different
9 addresses, which fall in the districts of Council
10 Member Inez Dickens and Robert Jackson.

11 CAROL CLARK: Again, I'm Carol
12 Clark. Wendell Walters, the assistant
13 commissioner at HPD is going to give the
14 testimony. We're also joined at the table by
15 Karim Hutson of Genesis Development Partners.

16 WENDELL WALTERS: Land Use 0974
17 consists of the proposed amendment to a project
18 previously approved by the Council on April 16,
19 2008 for the disposition of nine city-owned vacant
20 lots located at 312 West 112th Street, 2778-2080
21 Frederick Douglas Boulevard, 215 West 115th
22 Street, 228 West 116th Street, 274 West 117th
23 Street, 203-205 West 119th Street in Council
24 Member Dickens' district and 311 West 141st Street
25 in Council Member Jackson's district through HPD's

2 Cornerstone Program. The sponsors, FS-Genesis
3 Partners LLC was designated through a competitive
4 process and proposes to construct seven buildings
5 containing approximately 107 rental and
6 condominium dwelling units, 240 square feet of
7 commercial space, 4,694 square feet of community
8 facility space and 6,951 square feet of open
9 space. Council Members Dickens and Jackson have
10 been briefed and support the project.

11 CHAIRPERSON GARODNICK: Thank you.
12 I'm a little confused as to what exactly the
13 action is that we're doing today. You said that
14 we acted on April 16, 2008 in the disposition of
15 these properties and that this is an amendment to
16 that disposition.

17 WENDELL WALTERS: That is correct.
18 There was an adjustment to the rental and home
19 ownership makeup of the project where we increased
20 the amount of rental units and decreased the
21 amount of home ownership units due to the
22 difficulty in finding home ownership financing in
23 the market nowadays.

24 CHAIRPERSON GARODNICK: Is that the
25 only change?

2 WENDELL WALTERS: That's the
3 majority of the change. We did adjust some of the
4 rents a little bit, but the material change was
5 the change of one building to a rental unit
6 building as opposed to a previously approved home
7 ownership building.

8 CHAIRPERSON GARODNICK: I know
9 Council Member Dickens has been involved in this
10 and has a statement on the subject so I will turn
11 to her at this point.

12 COUNCIL MEMBER DICKENS: Thank you
13 so much, Mr. Chair, for the opportunity to speak
14 about this development, a majority of which is in
15 my district. After long negotiations with HPD and
16 the developers Genesis and Full Spectrum, I have
17 decided to lend my support with important
18 reservations for this project, which the Council
19 reviewed and passed in a different form a little
20 more than a year ago. Since last year much has
21 changed in the housing market. Credit has become
22 harder to come by, both for developers and for
23 potential homeowners, making loans and mortgages
24 harder to come by. As such, this project
25 originally proposed as half condominiums and half

2 rentals had to be reevaluated as a primarily
3 rental project. I have asked HPD, the
4 administration and anyone else who would listen
5 that the market with too many overpriced
6 condominiums and inflated rents would not sustain
7 all of these new units. People would not be able
8 to afford them and developers would not be able to
9 hold them until the market came back. This is not
10 the first project that has come back to me under
11 these circumstances and I doubt it will be the
12 last. Let me be clear though, the proposed units
13 on the project in this new format is still too
14 high and do not serve the needs of my community
15 where incomes fall far below the AMI targets set
16 by the project's new units. I am skeptical that
17 these units will be rented at these rents in this
18 market. However, the developer has agreed to more
19 affordable home ownership units, which is
20 important to me and to my community. The new
21 project will have 22 home ownership units, 10
22 units at 50-75% AMI under the management of
23 Habitat for Humanity and the remaining 12 units at
24 80% of AMI. Unless we own our communities they do
25 not belong to us. We can be evicted, priced out

2 and lost by attrition at almost any time if we do
3 not own. Therefore, a greater share of
4 affordability home ownership units weights heavily
5 in my decision to allow this project to move
6 forward. Also the developer has agreed to lower
7 the rents substantially of rents on the project's
8 commercial and community space. The first 780
9 square feet of community space in the building on
10 116th Street will be provided to the clergy and
11 staff of First Corinthian Baptist Church for no
12 rent for 15 years. The free community space will
13 house the church's offices as well as its
14 community outreach and ministry operations. The
15 other square footage, the other space, 3,407
16 square feet at the 119th Street location will
17 first be rented at \$15 per square foot at my
18 urging, which is far below the going market rents
19 for community or commercial space in Harlem.
20 Preference will be given to displaced locally
21 owned businesses that have already been adversely
22 impacted by the economic downturn or other such
23 forces. Lastly, I am proud that this project is
24 being developed by minority owned and operated
25 businesses of Genesis Companies and Full Spectrum

2 New York. Walter Edwards, a partner on this
3 project and president of the Harlem Business
4 Alliance has been focused on issues related to the
5 minority business community and has been a
6 tremendous asset by assisting my office on all
7 matters regarding the business community of
8 Harlem. I thank the Chairman for my time and I
9 thank HPD's Wendell Walters and Deputy
10 Commissioner Carol Clark for their assistance. I
11 know that they were very unhappy with me on most
12 of the meetings. In fact, they hated to take my
13 calls. But I ask my colleagues for their support
14 on this important project's renewal.

15 CHAIRPERSON GARODNICK: Thank you,
16 Council Member Dickens. I find that impossible.
17 Having said that and seeing no other members of
18 the public wishing to testify on Land Use 0974, we
19 will close the hearing on that item, which is also
20 known as non-ULURP 20095235HAM.

21 WENDELL WALTERS: I think the
22 Councilwoman wanted to have a represent from the
23 development team say a few words for the record as
24 well.

25 CHAIRPERSON GARODNICK: It would be

2 our pleasure. I'm sorry; if we have a form for
3 you, please go ahead, Mr. Hutson.

4 KARIM HUTSON: Good day. I wanted
5 to thank Councilwoman Dickens and Councilman
6 Robert Jackson for working with us on this
7 project. Obviously it's a very challenging
8 environment to build all housing, especially
9 affordable housing. We've seen the deterioration
10 in the credit markets, which has increased the
11 transaction costs as well as created financing
12 difficulties. We've seen an increased in cost of
13 capital across the board, from debt to equity.
14 We've seen a disproportionate decrease in the cost
15 of construction to make up for these increases.
16 Also, this site had very specific challenges which
17 we have had to work through. Specifically it's a
18 scattered site deal. It's 7 buildings, 107 units.
19 That's only 15 units per building. The cost on a
20 per square foot basis and the cost on a per unit
21 basis in that type of context is dramatically
22 increased. So we have worked together and I thank
23 the Councilwoman for her urging and HPD and HTC
24 for helping us to try to get this project done.

25 CHAIRPERSON GARODNICK: Thank you

2 very much. Thank you for being here. Again, we
3 will close the hearing on Land Use 0974. That is
4 the last item that we're going to be hearing
5 today. We're going to lay over all the other
6 items on today's calendar at the request of the
7 Council Members in whose districts those
8 properties sit. We'll couple together the three
9 items we just heard for the purposes of voting.
10 The Chair is recommending an aye vote on all three
11 and will ask the counsel to call the role.

12 CAROL SHINE: Carol Shine, Counsel
13 to the Subcommittee. Chair Garodnick?

14 CHAIRPERSON GARODNICK: I vote aye.

15 CAROL SHINE: Council Member
16 Gonzalez?

17 COUNCIL MEMBER GONZALEZ: [off mic]

18 CAROL SHINE: Council Member
19 Dickens?

20 COUNCIL MEMBER DICKENS: Aye.

21 CAROL SHINE: Council Member
22 Ignizio?

23 COUNCIL MEMBER IGNIZIO: Yes, I'd
24 like to vote aye and just point out the great
25 balance that both the city administration and

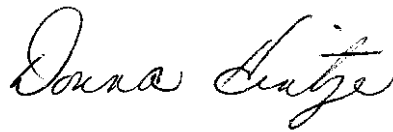
2 Council Members Jackson and Dickens made on this
3 compromise. They're to be congratulated and I
4 proudly vote aye.

5 CAROL SHINE: By a vote of four in
6 the affirmative, none in the negative and no
7 abstentions, the aforementioned items are approved
8 and referred to the full committee.

9 CHAIRPERSON GARODNICK: Thank you.
10 With congratulations to Council Member Dickens and
11 Mr. Hutson and the folks at Genesis, we thank you
12 for all of your hard work as always and respect
13 the results that you get. With that, we are
14 adjourned. Thank you.

C E R T I F I C A T E

I, Donna Hintze certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



Signature_____

Date May 6, 2009_____