

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HOUSING AND BUILDINGS

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February 10, 2009

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City Hall

B E F O R E: ERIK MARTIN DILAN  
Chairperson

COUNCIL MEMBERS:  
Joel Rivera  
Tony Avella  
Leroy G. Comrie, Jr.  
Lewis A. Fidler  
Rosie Mendez  
Thomas White, Jr.  
James S. Oddo  
James F. Gennaro

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

Joseph Rosenberg  
Deputy Commissioner of Intergovernmental Relations  
NYC Department of Housing Preservation and Development

Julie Walpert  
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Molly Park  
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Electchester Fourth Housing

William Greenspan  
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Frank Magri  
President  
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Ms. Joyce Brown

Peter Bordonaro

Andrew Schwartz  
First Deputy Commissioner  
NYC Department of Small Business Services

Bea de la Torre  
Executive Director, Business Improvement District  
Program  
NYC Department of Small Business Services

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

Jerry Armer  
Director of Services  
MetroTech BID

Anne Bonacum  
Fashion Center BID

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2                   CHAIRPERSON DILAN: ... it will be  
3 considering two items, a Proposed Intro 138-A,  
4 which is a Local Law to amend the Administrative  
5 Code of the city in relation to gates used to  
6 secure commercial premises. The second item on  
7 the agenda is Proposed Resolution number 1569-A,  
8 that's a resolution granting additional real  
9 property tax exemptions for certain affordable  
10 housing developments.

11                   Intro 138-A sponsored by Council  
12 Member Vallone would require businesses abutting a  
13 sidewalk to install rolled down gates which are  
14 70% see-through upon the replacement of the  
15 existing gate. This bill is largely an anti-  
16 graffiti measure. Council Member Vallone has  
17 spent the majority of his career in this chamber  
18 working on anti-graffiti issues and this will be  
19 another bill toward that effect. The bill has  
20 been amended from the original version by  
21 eliminating the requirement that all buildings  
22 covered by this legislation which install gates  
23 that are 70% see-through--well, I have an old  
24 opening--by July 1, 2015, or upon the replacement  
25 of the existing gate that was removed and the bill

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2 now reads as upon the replacement of an existing  
3 gate you're required to replace it with a roll  
4 down gate that is more see-through.

5 Proposed Intro 1569-A would grant--  
6 and that's sponsored by Council Member Gennaro and  
7 White--would grant additional real property tax  
8 exemptions to the Electchester Houses beginning in  
9 the tax quarter immediately following the adoption  
10 of the resolution terminating 50 years from the  
11 date upon which the original tax exemption  
12 expired.

13 During today's hearing, the  
14 committee anticipates hearing from representatives  
15 from HPD, the Department of Buildings,  
16 representatives from the Electchester houses,  
17 building advocates, unions, as well as real estate  
18 industry and businesses.

19 I'd like to take a brief moment to  
20 give the sponsors of today's agenda items a moment  
21 to say a few words. I'll start with Council  
22 Member Vallone on 138-A. Council Member Vallone.

23 COUNCIL MEMBER VALLONE: Thank you,  
24 Chair Dilan.

25 You know, the City Council does a

1  
2 lot of good work, but the average citizen doesn't  
3 notice it because it usually doesn't directly  
4 affect them. This bill they will notice. We have  
5 the opportunity now to make New York City even  
6 more beautiful, to eliminate up to 75% of the  
7 disgusting graffiti we see out there, and to make  
8 the jobs of our first responders, our police, and  
9 our fire easier all just by banning the  
10 installation and sale of these solid roll down  
11 gates.

12 This has been a four-year journey  
13 for me, I introduced this a long time ago and I'd  
14 really like to thank the Chair Erik Dilan because  
15 it's under his stewardship now that this bill was  
16 amended and is coming to light, as will our  
17 businesses at night once we get this passed. But  
18 changes have been made in this bill to reflect  
19 concerns of the cost for small business--let me  
20 say that they are marginal, we have experts here  
21 to testify that these solid gates may cost about  
22 10% more than the mesh type gates. And in fact,  
23 the business studies show elsewhere where this  
24 exists and almost every business district supports  
25 this kind of thing, business has improved because

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2 of the sense of well-being that the light  
3 engenders because of the fact that when some  
4 stores are open and some are closed, it doesn't  
5 look like a semi-war zone with graffiti all over  
6 the place, people feel safer, people shop more,  
7 people spend more. It does already exist in  
8 places like Philadelphia and Yonkers. And in  
9 fact, one of the first things to New Orleans id  
10 after Katrina to help business was to pass a law  
11 which banned these roll down gates in the downtown  
12 district.

13 So we have made changes. First and  
14 foremost, the original bill was supposed to have  
15 all gates replaced by a date certain in 2015, this  
16 bill will grandfather in all the old gates, so no  
17 small business, no business will incur an expense  
18 until such time as they're going to replace the  
19 gates and at that point, 10% is a small price to  
20 pay to eliminate 75% of graffiti to make our city  
21 more beautiful and, perhaps more importantly, to  
22 make our jobs easy of the first responders, this  
23 is supported by the police department, it is  
24 supported by every firefighter that I have ever  
25 spoken to. When they roll up on a scene, when

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2 they roll up on an alarm, they will now see  
3 inside, they don't have to guess where the smoke  
4 is coming from, guess that there's an armed  
5 burglar waiting inside that gate for them, they  
6 will be able to see and assess the scene as soon  
7 as they get there, so they support this.

8 And, again, I want to thank Chair  
9 Dilan for his leadership on this and I look  
10 forward to hearing testimony and moving forward  
11 with this bill. Thank you.

12 CHAIRPERSON DILAN: Thank you,  
13 Council Member Vallone.

14 Council Member White, a few words  
15 on the Electchester Reso?

16 COUNCIL MEMBER WHITE: Thank you,  
17 Mr. Chairman.

18 I have been in consultation with my  
19 colleague, Council Member Gennaro, whose district  
20 this is in. And--

21 MALE VOICE: Mic on? Is your mic  
22 on?

23 COUNCIL MEMBER WHITE: Is my mic on?

24 MALE VOICE: Yeah.

25 COUNCIL MEMBER WHITE: Yeah. And



1  
2 one of the issues that concerns the Electchester  
3 is the fact that back in the history of the status  
4 of--in '04 there was a resolution that gave  
5 exemptions to housing developments that fit the  
6 same profile as Electchester, however,  
7 Electchester was not included in that. And it is  
8 the maker of this resolution, which I'm proud to  
9 be a member of, is that we want to correct that--I  
10 wouldn't call it an injustice, but an oversight  
11 and to include them in the resolution that was  
12 passed.

13 Now I just had my staffs give me--  
14 this was approved in the Buildings Committee on  
15 2/2/05, it was at the stated Council meeting  
16 voting records of resolution 0388 of '04, voting  
17 record summary, affirmation was 40 in favor, 2  
18 excuse, 1 not voting, and it did not require the  
19 Mayor's approval or signature, that is I'm stating  
20 for the record.

21 So this is an opportunity for us in  
22 the City Council to maintain what has been said by  
23 the president, by the mayor of affordable housing  
24 in the city of New York and I think that we would  
25 be remiss in our responsibility not to take into

1  
2 account this oversight and to approve the  
3 resolution that's before us.

4 Thank you very much, Mr. Chair.

5 CHAIRPERSON DILAN: Okay. Just a  
6 technical correction, I understand that for Intro  
7 138, the Department of Small Business Services  
8 will be the agency representing the  
9 administration, not the Buildings Department, so  
10 Small Business Services will provide testimony on  
11 Intro 138.

12 So I guess without further ado,  
13 we've been joined by a Deputy Commissioner  
14 Rosenberg from HPD. I'd like to I guess first  
15 give you the prerogative to introduce the two  
16 members that are with you on your panel and then  
17 you can go into your testimony.

18 DEPUTY COMMISSIONER ROSENBERG:

19 Thank you, Chairman Dilan.

20 I'm Joseph Rosenberg, Deputy  
21 Commissioner of Intergovernmental Relations for  
22 the New York City Department of Housing  
23 Preservation and Development. To my right is  
24 Julie Walpert, who is the Assistant Commissioner  
25 for Housing Supervision; to my left is Molly Park,

1  
2 who is the Assistant Commissioner for our Budget  
3 Office.

4 Thank you, I'm pleased to be here  
5 today. So, again, good afternoon, Chairman Dilan,  
6 Members of the Housing Committee. I'm here to  
7 testify in opposition to Resolution 1569-A.

8 As many of you know, Electchester  
9 is comprised of five Article IV limited dividend  
10 mutual companies located in Queens containing a  
11 total of 2,408 units. It is supervised by the New  
12 York State Division of Housing Community Renewal,  
13 which is DHCR, it has been supervised by them  
14 since their date of occupancy in the late 1940s,  
15 early 50s.

16 Chapter 389 of the laws of 2003,  
17 this is a state legislative bill, permitted an  
18 additional 50 years Of tax exemption for limited  
19 dividend companies after the expiration of their  
20 current tax exemptions for as long as they  
21 continued to be operated as Article IV limited  
22 dividend companies, this is I believe the  
23 certainly the state version of the resolution that  
24 Councilman White referred to. Such an extension  
25 of this tax exemption would require approval

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2 locally of the local legislative body, namely the  
3 City Council. The additional 50 year period of  
4 tax exemption will be calculated going forward so  
5 that Electchester would be entitled to  
6 approximately 37 more years of tax exemption, this  
7 is computed by taking the 50 year exemption minus  
8 the number of years that have lapsed since the  
9 expiration of their prior exemptions.

10                   Unfortunately, this resolution and  
11 request for a tax exemption hits the city of New  
12 York's budget at an extremely difficult time. As  
13 you are aware, the Mayor and the Council have  
14 worked together to make some very difficult  
15 choices, one of which was to repeal the 7%  
16 property tax cut that was originally enacted in  
17 June 2007. The administration, while supporting  
18 affordable housing, cannot support giving  
19 Electchester a tax exemption in this challenging  
20 fiscal climate, the cost of providing this  
21 development with such an exemption would be \$109  
22 million.

23                   Just two weeks ago, the Mayor  
24 announced his fiscal year 2010 preliminary budget  
25 and a plan to close a \$4 billion deficit,

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2 including a new 30% capital cut. Even if the  
3 mayor's projected revenue increases and gap  
4 closing actions are adopted as proposed in this  
5 plan, significant budget deficits will continue  
6 through the plan period up to 2013, amounting to  
7 3.2 billion, 4 billion, and 5.2 billion.

8 While this administration strongly  
9 supports the preservation of affordable housing,  
10 and has done so with the help of the Council  
11 certainly, and has preserved and developed 103,201  
12 units of housing since 2003, this tax benefit is  
13 too great an expenditure to be supported  
14 currently.

15 Thank you.

16 CHAIRPERSON DILAN: Okay. Thank  
17 you, Mr. Rosenberg.

18 I just want to acknowledge that  
19 we've been joined by Council Member Jim Gennaro,  
20 who is the Council Member of the Electchester  
21 area.

22 I just want to start off by saying  
23 your figure of \$109 million, is that an estimate  
24 over the 37 years of the remaining portion of the  
25 benefit?

1  
2 DEPUTY COMMISSIONER ROSENBERG: Yes,  
3 that's over the life of the exemption that would  
4 continue forward, yes.

5 CHAIRPERSON DILAN: All right, and I  
6 didn't do the math quickly, but how much would it  
7 cost us over the next two or three fiscal years?  
8 What's the dollar amount that it would cost the  
9 city?

10 DEPUTY COMMISSIONER ROSENBERG: I'd  
11 have to give the mic here to Molly Park.

12 CHAIRPERSON DILAN: And if you could  
13 just say your name in your own voice, I know that--  
14 -

15 MS. MOLLY PARK: Sure. Molly Park.  
16 The exemption starts at about \$5 million a year,  
17 it grows over time as assessed value will grow.

18 CHAIRPERSON DILAN: Okay. And so  
19 you're saying that it starts at 5 million and...

20 MS. PARK: The \$110 million figure--

21 CHAIRPERSON DILAN: [Interposing]  
22 Starts at 5 million, so I guess you would  
23 anticipate that for the next two or three fiscal  
24 years after this one that it would increase  
25 slightly or would it remain at 5 million? Say for

1  
2 fiscal years 2011 and 12.

3 MS. PARK: By 2011-12, I would  
4 imagine it would be, I project it will be up about  
5 to 5 1/2 to \$6 million.

6 CHAIRPERSON DILAN: Okay. And, I  
7 guess aside from financial reasons, Mr. Rosenberg,  
8 I guess what's the benefit of this action? I see  
9 this action as keeping approximately 2,500 units  
10 in the borough of Queens affordable. Is this  
11 intended as an affordable program?

12 DEPUTY COMMISSIONER ROSENBERG: Yes,  
13 it is, but what's unclear to us is that this has  
14 been under state supervision since 1949 and it is  
15 legally currently already in the Article IV  
16 program under the Private Housing Finance Law  
17 which requires affordability, but there was a  
18 state law in 1987 which indicated that certain  
19 Article IV developments could forego tax exemption  
20 in exchange for it seems like a lessening of some  
21 of the requirements of income eligibility and  
22 admissions.

23 So it's not quite clear what this  
24 would produce in terms of continuing units of  
25 affordability, we certainly would hope it would

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2 keep it in the program for a much longer period,  
3 but the income issues and the admission issues at  
4 this point are unclear to us and are frankly  
5 something that's under state supervision.

6 So to answer your question, this is  
7 currently in Article IV, it's not as though--it  
8 appears to us that this was going to buy out, but,  
9 again, that will be speculation.

10 CHAIRPERSON DILAN: Okay. And, just  
11 generally, how many limited dividend companies  
12 would be eligible in the city of New York for this  
13 type of exemption?

14 DEPUTY COMMISSIONER ROSENBERG: I  
15 think there are only three remaining in the entire  
16 city, this is a program that was a precursor to  
17 the Mitchell-Lama program at a time when there was  
18 no government financing available for  
19 construction, the construction was done completely  
20 I think through pension funds and private funding.  
21 So this is a program that has never been under  
22 city jurisdiction, but there are a handful that  
23 were under state jurisdiction and have remained  
24 under state jurisdiction since the date of  
25 occupancy.



CHAIRPERSON DILAN: Okay. My last question before I open it up to my colleagues, I believe, Ms. Park, is there is some type of formula that you use to determine or anticipate how much you expect assessed values to increase over the years?

MS. PARK: I used a 3% increase per year, which is a fairly common assumption that I use when I'm doing modeling of things like this. So a 3% increase in assessed value per each year over the 37 years.

CHAIRPERSON DILAN: Okay. Do any of my colleagues have a question for this panel? Council Member Avella.

COUNCIL MEMBER AVELLA: Thank you, Mr. Chair.

CHAIRPERSON DILAN: So unless, Mr. Avella, it'd be your decision if you want to give prerogative to Council Member Gennaro.

COUNCIL MEMBER AVELLA: Sure.

CHAIRPERSON DILAN: Okay. Thank you.

COUNCIL MEMBER GENNARO: Thank you, Mr. Chairman. Thank you, Councilman Avella.

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2 Sorry for getting late to the  
3 hearing, I had a vote in Civil Service and Labor  
4 Committee, the Committee was only meeting for just  
5 a brief time so I had to cast my vote.

6 I just want to talk about a little  
7 history, back in 2005 when the Council did the  
8 bill that related to Article II and Article IV  
9 housing regarding tax exemption, this was the  
10 situation that this housing development could have  
11 been included in that bill and I think the view  
12 here that I hope a lot of my colleagues share is  
13 that we're just rectifying an unfortunate  
14 omission, and if that is the case then how can we  
15 justify not having them included?

16 DEPUTY COMMISSIONER ROSENBERG:

17 Okay. I think you're referring to Amalgamated and  
18 Article IV probably back then. These are troubled  
19 fiscal times, we're in a difficult spot and the  
20 world in our estimation and yours as well has  
21 changed tremendously and things have really  
22 deteriorated financially just in the last few  
23 months for the city and for the state and even for  
24 the federal government so--

25 COUNCIL MEMBER GENNARO: So--

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2 DEPUTY COMMISSIONER ROSENBERG: --  
3 that was a different time and the reason that this  
4 is opposed at this time is due to the fiscal  
5 impact.

6 COUNCIL MEMBER GENNARO: Now it was  
7 my understanding that there had been discussions  
8 with the Administration regarding rectifying this  
9 unfortunate omission of a couple of years ago and  
10 it was my understanding that we pretty much were  
11 good to go. We were going to try to make up for  
12 the fact that this didn't happen a couple of years  
13 ago and get it done and the Administration was on  
14 board, and now they're not. So it sounds like  
15 we're trying to balance the city's budget on the  
16 backs of these good folks who really deserve to  
17 have this exemption and have been denied it for a  
18 couple of years now and are looking to get the  
19 benefit of what many other complexes across the  
20 city were able to get. And why is it that the  
21 good people of Electchester should make this sort  
22 of outsized contribution basically to the city's  
23 budget crisis and why should they have to do that?

24 DEPUTY COMMISSIONER ROSENBERG: Well  
25 I can say, really, I mean, I understand your

1  
2 points, these are difficult times and this is  
3 really a fiscal decision and we believe at this  
4 point that the amount of \$109 million is just too  
5 much for us to support at this point.

6 COUNCIL MEMBER GENNARO: But you  
7 throw out this figure of 109 million and if you  
8 sat there long enough and calculated, you could  
9 probably get that up to 250 million if you--so in  
10 terms of the--I think the real perspective to be  
11 taken here is that this was a lapse and we're  
12 trying to fix it, and the only thing that we're  
13 getting is that notwithstanding the fact that the  
14 Bloomberg Administration had made a deal and like  
15 made an agreement to get this done, now they're  
16 reneging on it.

17 DEPUTY COMMISSIONER ROSENBERG: No,  
18 I wouldn't categorize it that way, there were some  
19 discussions in HPD, but when we started to see the  
20 fiscal impact, we had to pull back.

21 COUNCIL MEMBER GENNARO: Had to pull  
22 back.

23 DEPUTY COMMISSIONER ROSENBERG: We  
24 pulled back, yes.

25 COUNCIL MEMBER GENNARO: Well, it

1  
2 seems, Mr. Chairman, that there's not like lots  
3 and lots to talk about with regard to the  
4 Administration on this. They have made a decision  
5 that they're going back on what we had heard they  
6 were going to, they had understood, now they no  
7 longer understand. I think it's beyond my  
8 capability to make them understand, perhaps there  
9 are things that myself and the good people of  
10 Electchester can do over the short-term to bring  
11 this into more clear focus for the Bloomberg  
12 Administration.

13 Thank you, Mr. Chairman.

14 CHAIRPERSON DILAN: Thank you. And  
15 I'd like to thank Council Member Avella for his  
16 deference and I'd like to call on him now.

17 COUNCIL MEMBER AVELLA: Thank you,  
18 Mr. Chair.

19 I have to admit when I first saw  
20 this on the agenda, I thought it was a no-brainer,  
21 that we would come in here, we'd have some  
22 testimony and we'd it. I'm like shocked to hear  
23 the Administration come in and basically say they  
24 don't want to do it.

25 So before I get into my question

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2 for HPD, I just want to say that I'd like to be  
3 added as a co-sponsor of the bill. This  
4 absolutely must be done.

5 My question for the Deputy  
6 Commissioner is you mentioned that we're in bad  
7 fiscal times and we all recognize that, so if we  
8 weren't in bad fiscal times, you would be in favor  
9 of this.

10 DEPUTY COMMISSIONER ROSENBERG:

11 That's a tough question, I think that, you know, I  
12 will answer it--no, no, no---

13 COUNCIL MEMBER AVELLA: Ah

14 [crosstalk]--

15 DEPUTY COMMISSIONER ROSENBERG: --

16 no, no, I will answer it, I think that--

17 CHAIRPERSON DILAN: [Interposing]

18 Yeah, I just want to ask that order remain. I  
19 know there's passionate feelings on this issue,  
20 but I would like for the members and the  
21 Administration to get their point of view in a  
22 manner where it's not disruptive to the  
23 proceedings here. Thank you.

24 Mr. Rosenberg?

25 DEPUTY COMMISSIONER ROSENBERG: Yes,

1  
2 thank you.

3 I think that everyone here knows  
4 we're in the middle of an 11 year housing plan of  
5 165,000 units and the mission of HPD has always  
6 been for preservation and affordability. I can't  
7 speculate on if fiscal situations had changed.  
8 Generally, we are supportive of tax exemptions if  
9 they are tied to an affordable component. Here we  
10 have a changed circumstances due to the fiscal  
11 impact, I can't project what's going to happen  
12 ahead with similar proposals from other  
13 developments in the future not knowing what the  
14 fiscal climate's going to be.

15 COUNCIL MEMBER AVELLA: But your own  
16 testimony you say that because of the fiscal  
17 crisis, it's not a good idea at this time, you can  
18 not support this expenditure. So by your own  
19 logic you're in effect admitting whether you want  
20 to admit on the record or not that in better  
21 fiscal times you would agree that this is an  
22 important component that should be continued.

23 DEPUTY COMMISSIONER ROSENBERG:  
24 That's probably, yes, I'd say that's the safest  
25 [crosstalk]--

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2 COUNCIL MEMBER AVELLA: Now my other  
3 question is, and you just alluded to it is the  
4 Mike Bloomberg is committed to doing affordable  
5 housing in this city. Based upon your testimony,  
6 does that mean because of the bad fiscal times  
7 we're not going to do any affordable housing  
8 anyplace in the city of New York?

9 DEPUTY COMMISSIONER ROSENBERG: Well  
10 no, we have a capital program, we're still  
11 committed to the construction and the production  
12 of--

13 COUNCIL MEMBER AVELLA: And--

14 DEPUTY COMMISSIONER ROSENBERG: --  
15 many housing units--yeah, go ahead, sorry.

16 COUNCIL MEMBER AVELLA: No, that's  
17 the answer, no, you're going to continue to do  
18 other things. So why is it that the residents of  
19 Electchester are not going to be given the same  
20 consideration as other projects that are going to  
21 be built throughout the entire city? Why are they  
22 going to be disenfranchises from affordable  
23 housing?

24 DEPUTY COMMISSIONER ROSENBERG:  
25 We're focusing our efforts on rehabilitation and



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2 new construction. This is an existing development  
3 that's already under state law under Article IV,  
4 so the question of preservation is something that  
5 we really aren't sure as to whether they would be  
6 in or out of--being completely frank with you--in  
7 that of the Article IV program as supervised by  
8 the state.

9 The housing plan proceeds with  
10 basically a new construction and new rehab  
11 component throughout the five boroughs.

12 COUNCIL MEMBER AVELLA: I got to  
13 tell you, I'm like surprised by your testimony, in  
14 effect you're saying we'll go for new  
15 construction, whereas an existing, successful  
16 development that has provided affordable housing  
17 for 2,500 families for a long time we're going to  
18 abandon. Well I mean that's what your testimony  
19 basically is, and I think I speak for my  
20 colleagues and we're not going to let this happen.

21 Thank you, Mr. Chair.

22 CHAIRPERSON DILAN: Before I get to  
23 Council Member Fidler, I just want to jump in on  
24 that line of questioning because I think Council  
25 Member Avella was, I guess, down the right track

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2 and it just makes me think is this because of--and  
3 this may be, again, a question that's above HPD,  
4 maybe it's a question that needs to be asked of  
5 the entire Administration--but I guess, because of  
6 the current fiscal climate of the city, state, and  
7 country, is this a shift in the Administration  
8 policy in terms of how tax credits will be used?  
9 Will affordable development continue to be built  
10 in this city using tax policy as HPD has always  
11 done in the past?

12 DEPUTY COMMISSIONER ROSENBERG:

13 We're committed to continuing the developments  
14 we've been working on and moving ahead on new  
15 ones. As I said, there will be rehab, there will  
16 be tax [off mic] issues, everything we have in our  
17 arsenal for affordability and production of, not  
18 just low income, but middle income and moderate  
19 income units will continue.

20 CHAIRPERSON DILAN: Okay. So then  
21 generally, and you may not have the answer for  
22 this, but I heard Amalgamated come up, I believe  
23 that's in Article IV, is that correct? Is  
24 Amalgamated similar?

25 DEPUTY COMMISSIONER ROSENBERG: Yes,

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that was an Article IV, that's in the Bronx.

CHAIRPERSON DILAN: And how much is their benefit on an annual basis?

DEPUTY COMMISSIONER ROSENBERG: Unclear, something I can certainly try to find out if you want.

CHAIRPERSON DILAN: Yeah, if Ms. Park could forward that to the Committee that would be helpful.

DEPUTY COMMISSIONER ROSENBERG: Sure.

CHAIRPERSON DILAN: Council Member Fidler.

COUNCIL MEMBER FIDLER: Thank you, Mr. Chairman.

And Deputy Commissioner, I generally love you, but I don't get this one. You shifted your comments at the beginning, you were talking about the Bloomberg Administration's commitment to the creation and preservation of affordable housing and then you took preservation out and used the term rehabilitation, and I understand the technical difference, but I don't understand the logic. So let me ask you this

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2 question, on the average, the cost of  
3 rehabilitating 2,500 units of housing to make it  
4 affordable would be what?

5 DEPUTY COMMISSIONER ROSENBERG: I  
6 don't have a--it varies on our program. We have  
7 small programs that could be as little as systems  
8 replacements and the larger ones are mostly the  
9 gut rehabilitation ones, which often exceed over  
10 100 thou, that would be boilers, roofs, windows,  
11 that's your major, major [crosstalk]--

12 COUNCIL MEMBER FIDLER:  
13 [Interposing] So let's go for a moderate one,  
14 somewhere in between the little ones and the big  
15 ones, what's the average cost per unit?

16 DEPUTY COMMISSIONER ROSENBERG: The  
17 probably least expensive of all the programs that  
18 we have would be the 8A program, this is a rehab  
19 program for privately owned owners of multiple  
20 dwellings around 22 thou per unit.

21 COUNCIL MEMBER FIDLER: Okay. So  
22 2,500 units at 22 thou, that would be your best  
23 case scenario for a comparison. And I can't do  
24 that math all that fast in my head, but that's  
25 still approaching \$1 million somewhere in there.

1  
2 Now I want to ask Ms. Park a question because your  
3 math didn't add up for me either. You said that  
4 the cost next year is \$5 million, is that correct?

5 MS. PARK: Approximately, yeah.

6 COUNCIL MEMBER FIDLER: But over 37  
7 years it's 109 million, are you anticipating a  
8 reduction in property tax rates or assessed values  
9 [crosstalk]--

10 MS. PARK: [Interposing] That's the  
11 net present value. So, in fact, the absolute  
12 value is significantly higher than that, but  
13 because the costs, the value of money out in 37  
14 years is less than I took them at present value.

15 COUNCIL MEMBER FIDLER: What's the  
16 value of 2,500 units of affordable housing over 37  
17 years? I mean, what does that mean to the tax  
18 base of the city of New York to keep these people  
19 here? It's a rhetorical question, I don't really  
20 expect you to answer it.

21 It just strikes me that in an  
22 economic downturn, affordable housing is more  
23 important than it was in an economic boom and I  
24 don't really get the idea that we're going to move  
25 forward with--and we didn't even get into

1  
2 constructing affordable units because the cost of  
3 that has to be way above the cost of preserving  
4 2,500 like Electchester. So it seems to me both  
5 penny wise and pound foolish in the short term and  
6 the long term not to preserve these 2,500 units as  
7 affordable, so I don't understand the policy and I  
8 know that you're not here to answer for Mike  
9 Bloomberg, but it strikes me as if there's no  
10 developer here making a lot of money, so maybe it  
11 doesn't really make sense to this administration.  
12 It makes sense to me that the cheapest way that we  
13 have to preserve affordable housing would be  
14 things like this.

15 And so I'm going to support this  
16 resolution, I would also like to add my name be  
17 added to this piece of legislation. I came in  
18 here not knowing thing one about what this bill  
19 was about and, despite the enormous respect I have  
20 for you and your agency, I think you've got this  
21 one wrong and you ought to go back and figure out  
22 exactly what it means when something is penny wise  
23 and pound foolish.

24 CHAIRPERSON DILAN: Council Member  
25 White, and Council Member White will be followed

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by Council Member Vacca.

COUNCIL MEMBER WHITE: Yes, good  
afternoon.

DEPUTY COMMISSIONER ROSENBERG:  
Afternoon.

COUNCIL MEMBER WHITE: In '05, the  
original cost to the City for resolution 388-A was  
over \$200 million limited dividends for the  
housing companies. Is that correct?

DEPUTY COMMISSIONER ROSENBERG: I  
don't know, I--

COUNCIL MEMBER WHITE: What was the  
cost in '05?

DEPUTY COMMISSIONER ROSENBERG:  
You're referring to the tax exemption for  
Amalgamated?

COUNCIL MEMBER WHITE: No, for the  
resolution 388-A.

[Off mic]

DEPUTY COMMISSIONER ROSENBERG:  
We'll have to check, I frankly don't know. We'll  
have to get back to you on that.

COUNCIL MEMBER WHITE: Which  
included something like \$200 million for all of

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those housing developments that you captured.

DEPUTY COMMISSIONER ROSENBERG:

You're referring to the law that allowed Article II--I mean, Mitchell-Lama's and Article IV's to--

COUNCIL MEMBER WHITE: Yes.

DEPUTY COMMISSIONER ROSENBERG: --

get an exemption extend--

COUNCIL MEMBER WHITE: Yes.

DEPUTY COMMISSIONER ROSENBERG:

Okay. We'll see if we can calculate that for you, we don't have that with us.

COUNCIL MEMBER WHITE: You don't

have that--

DEPUTY COMMISSIONER ROSENBERG: No,

no, no, we don't.

COUNCIL MEMBER WHITE: Okay. It was

also through discussion and my understanding that we had no problem with this, that we were having conversations and we were working it out, we were all for affordable housing, the Mayor was for affordable housing, the now Secretary of HUD who was in a meeting was for affordable housing, and, just in the last 24 hours, in the last 24 hours, things have changed. You know, for the record,



1  
2 you didn't have a problem with it, I was in a  
3 meeting with DHCR, they didn't have a problem with  
4 it and we were moving along very nicely in terms  
5 of maintaining affordable housing for those people  
6 who should have it. And I would like to know,  
7 what changed in the last 24 hours? I mean, I  
8 understand--excuse me, what's your title, Miss?

9 MS. PARK: Assistant Commissioner  
10 for budget.

11 COUNCIL MEMBER WHITE: Okay. The  
12 Assistant Commissioner for Budget. I understand  
13 the numbers, I understood that the now Secretary  
14 of HUD said when this was laid out which DHCR was  
15 present, I believe you are present too? You  
16 weren't present?

17 DEPUTY COMMISSIONER ROSENBERG: No,  
18 I wasn't.

19 COUNCIL MEMBER WHITE: That they had  
20 no problem with it, okay, to work it out, it was  
21 worked out. Just out of curiosity, what changed  
22 in the last 24 hours?

23 DEPUTY COMMISSIONER ROSENBERG:  
24 Well, it's more than 24 hours--

25 COUNCIL MEMBER WHITE: [Interposing]

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No, let me ask you this--

DEPUTY COMMISSIONER ROSENBERG: --

but I know you're being rhetorical. It's that--

COUNCIL MEMBER WHITE: --let me ask-

-excuse me.

DEPUTY COMMISSIONER ROSENBERG:

Yeah.

COUNCIL MEMBER WHITE: The question is, had we not reached an agreement at some point?

DEPUTY COMMISSIONER ROSENBERG: We were moving towards one, certainly. I mean, you make a good point, I think really the fiscal crisis derailed the talks.

COUNCIL MEMBER WHITE: In spite of the--okay, let's not mention the fiscal crisis prior to--because the fiscal crisis has been with us for some time, but we had reached an agreement of this working out at some point, am I correct?

DEPUTY COMMISSIONER ROSENBERG:

There were discussions with DHCR and HPD--

COUNCIL MEMBER WHITE: And?

DEPUTY COMMISSIONER ROSENBERG: -- where there was an interest in moving forward--

COUNCIL MEMBER WHITE: Right.

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DEPUTY COMMISSIONER ROSENBERG: --  
then we saw what the fiscal impact was and that  
was the problem that we ran into here.

But your points are correct.

COUNCIL MEMBER WHITE: Okay. Thank  
you very much.

CHAIRPERSON DILAN: Yeah, again, if  
I could ask that all cell phones be put on  
vibrate.

Council Member White, are you done?

COUNCIL MEMBER WHITE: Yes, yes.

CHAIRPERSON DILAN: Council Member  
Vacca, followed by Council Member Comrie.

COUNCIL MEMBER VACCA: Commissioner,  
I respect your position, and I respect the pros  
and cons on this issue, but I have to say it  
doesn't make sense to me either that we're taking  
these apartments off-line as affordable and you're  
building other apartments as affordable. It seems  
like we're going backward and not forward.

But my only statement to you,  
Commissioner, the City Council, from what I've  
been advised, can do this without the Mayor. So  
did you feel or did he feel so strongly about

1  
2 this? Because once we pass the resolution, we  
3 pass the resolution, so maybe I'm not  
4 understanding, if we pass the resolution, am I not  
5 correct in assuming that this would be the law of  
6 the land so to speak?

7 DEPUTY COMMISSIONER ROSENBERG: You  
8 have the authority to pass resolutions of this  
9 nature this is not a bill to my knowledge [off  
10 mic].

11 COUNCIL MEMBER VACCA: And you would  
12 implement, your agency would implement and your  
13 agency would not do anything counter to the  
14 resolution that we pass.

15 DEPUTY COMMISSIONER ROSENBERG: I  
16 don't know what else we can do moving forward.  
17 The resolution is something that the Council can  
18 do unilaterally on tax exemption issues.

19 COUNCIL MEMBER VACCA: So you  
20 basically felt it was important for you to come  
21 here just to go on record testifying that there is  
22 a fiscal crisis in New York City and that we  
23 should be aware that you are not in favor of this  
24 from a generic point of view, basically.

25 DEPUTY COMMISSIONER ROSENBERG: Yes,

1  
2 but I just wanted one thing that you said though,  
3 this is already an Article IV development of 2,400  
4 units. It's already under supervision, so it's  
5 not clear whether there would be--this would come  
6 out of Article IV or not. We're not in the  
7 instance where say we have a Mitchell-Lama that is  
8 about to buy out that but for a continuing  
9 exemption or a rehab loan, it would be brought  
10 back into the fold. This is an Article IV, it's  
11 always been an Article IV so it is under the  
12 Article IV provisions of the state law.

13 So when you say is this something  
14 that's lost, I don't know whether it would be lost  
15 with the exemption or not, certainly they have a  
16 sense, they being Electchester, and the state has  
17 a sense of the fiscal impact that this might have.  
18 But it's not an instance, I think, where there is  
19 an intent to buy out of the Article IV program.

20 COUNCIL MEMBER VACCA: So explain  
21 that to me with the Article IV again. So the  
22 Article IV means--is there a state role in this  
23 even though the Council passes the resolution, is  
24 there a state role?

25 DEPUTY COMMISSIONER ROSENBERG: No,

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the state doesn't act on the resolution--

COUNCIL MEMBER VACCA: No, I know.

DEPUTY COMMISSIONER ROSENBERG: --

this is the state drafted legislation that was passed several years ago that provided the local legislative body to extend the tax exemptions of certain Article IV developments, one of them was Amalgamated which was referred to in the Bronx, I guess in 2004 or five. The state role here is that DHCR has been the supervisory agency of Article IV's since this program was created in 1949, there's only around four left. HPD has not been a supervisory agency of any Article IV's. You know us through basically supervising maybe 60% of the Mitchell-Lama stock in the city.

COUNCIL MEMBER VACCA: So are you saying something that--I'm trying to see--are you saying that if we continue this tax exemption, DHCR may not be the supervisory agency over this development?

DEPUTY COMMISSIONER ROSENBERG: Oh no, they continue--

COUNCIL MEMBER VACCA: No.

DEPUTY COMMISSIONER ROSENBERG: --to

1  
2 be supervisory, they will remain the supervisory  
3 agency. I'm saying they don't have a legal or  
4 legislative role in, I believe, what you do here  
5 today or in the future on the tax exemption.

6 COUNCIL MEMBER VACCA: Okay. Thank  
7 you.

8 CHAIRPERSON DILAN: Okay. Council  
9 Member Comrie.

10 COUNCIL MEMBER COMRIE: Thank you,  
11 Mr. Chair.

12 I want to say that I support all of  
13 the statements of my colleagues that have spoken  
14 before me. I'm very disappointed that this is not  
15 an automatic hearing. I'll also say that I have  
16 great faith in you, Deputy Commissioner Rosenberg,  
17 and your team, clearly this is not a choice that  
18 you made individually or through HPD's office that  
19 I think really believes in trying to develop and  
20 preserve affordable housing. This is the decision  
21 that was made, for what reasons I still have yet  
22 to fathom, I heard the explained reasons.

23 But it doesn't make sense to me  
24 that we would lose 2,500 spaces for people that  
25 have worked hard to maintain an affordable

1  
2 lifestyle in this city, that have worked hard to  
3 maintain the original vision of why Electchester  
4 was built. And I'm confused about something that  
5 I'm sitting down reading here 'cause I actually  
6 thought this was a no-brainer, I didn't really  
7 look into and research everything, so I'm really  
8 disappointed.

9           But I'm reading this statement from  
10 Assemblyman Mayersohn that said that Electchester  
11 was not provided for in the Article IV extension  
12 that was done in 2003. That they have, as a  
13 result, their carrying charges have been  
14 increasing, are you aware of that? That they  
15 weren't included in the Article IV extension that  
16 was done in 2003?

17           DEPUTY COMMISSIONER ROSENBERG: Yes,  
18 yes, we are.

19           COUNCIL MEMBER COMRIE: So you're  
20 aware that they were not included in Article IV,  
21 so why are you mentioning Article IV as a  
22 prohibitive issue to extending tax credits that  
23 we've been extending regularly to other large  
24 affordable housing properties that I know we just  
25 did something on Fifth Housings today, I think, in



1  
2 the Land Use Committee extending their opportunity  
3 to maintain their levels of affordability. I  
4 don't understand why Electchester would not be  
5 under that same type of situation.

6 DEPUTY COMMISSIONER ROSENBERG: Well  
7 legally they can be and several years ago  
8 Amalgamated utilized this provision to get their  
9 exemption extended another 50 years or whatever  
10 the balance of the exemption was. That was  
11 several years ago, this is changed circumstances  
12 where it's not supported.

13 COUNCIL MEMBER COMRIE: So even  
14 though you recognize that they've lost their  
15 Article IV coverage and that they are being forced  
16 to find some type of way to maintain their  
17 affordability, the city is not committing to  
18 making this happen.

19 I don't want to continue to beat  
20 the dead horse, I think that this is a bad  
21 decision on behalf of the city. I don't  
22 understand why a complex as important as  
23 Electchester--who I still have constituents in my  
24 district that would love to have an apartment  
25 there, I know constituents from all over the

1  
2 Queens would love to be a part of Electchester  
3 because there is a symbiotic relationship between  
4 affordability in Electchester and the borough.  
5 And for us to have let this fall into a situation  
6 where they could not maintain their affordability  
7 because the city didn't step up and do its role  
8 which would displace many people, I daresay most  
9 of which are union people, civil service people,  
10 people that want to stay in this city, people that  
11 could not find any type of apartment at that type  
12 of price range anywhere else in the city is  
13 creating something that would create a ripple  
14 effect that would seriously destabilize affordable  
15 housing in the city. And I think that those  
16 overall costs would be far more than the estimated  
17 costs that you have put down in your testimony.

18 And I'm very disappointed in the  
19 city that I won't echo everything Council Member  
20 Lou Fidler said, but there's something seriously  
21 wrong in this thinking because Electchester is a  
22 jewel in this city that needs to be preserved. We  
23 need to have an affordable component for  
24 Electchester and if they're having problems, we as  
25 a city must stand up to defend it.

1  
2 I'm glad that I'm an original  
3 sponsor of the resolution. If I wasn't, I would  
4 be on it now, but I'm very disappointed in the  
5 city in taking these actions.

6 Think you, Mr. Chair.

7 CHAIRPERSON DILAN: Okay. Thank  
8 you. That will conclude the line of questioning  
9 towards HPD.

10 I just would like to say, going  
11 forward, I'm going to pay very close attention to  
12 how the administration applies the future use of  
13 tax policy for affordable development. Again, I'm  
14 a proponent of using tax policy to encourage  
15 affordable development, but I would hope that tax  
16 policies for affordable housing are applied  
17 consistently across the board and I have no doubt  
18 that that's the case. But again, I want to look  
19 for and hope to see consistency from the  
20 Administration.

21 And so I would hope that--and I  
22 believe you'll follow up on the numbers that the--

23 DEPUTY COMMISSIONER ROSENBERG: Yes,  
24 we will.

25 CHAIRPERSON DILAN: --the Committee

1  
2 asked for with Amalgamated? I'd also be  
3 interested to know why--and I don't know the  
4 reasons why now--why this wasn't included in the  
5 2005 Reso that was referenced by Council Member  
6 White.

7 But, with that, we'd like to thank  
8 you for your time and your testimony on this  
9 subject.

10 DEPUTY COMMISSIONER ROSENBERG:

11 Thank you.

12 CHAIRPERSON DILAN: Okay. Next I'm  
13 going to call up for a brief statement a  
14 representative from Assemblywoman Nettie  
15 Mayersohn's office, Mr. Michael Shamanowitz?  
16 Simanowitz? Mr. Simanowitz, if you could correct  
17 me on the pronunciation of your last name. State  
18 your full name for the record and then you could  
19 begin your testimony.

20 MR. MICHAEL SIMANOWITZ: Michael  
21 Simanowitz, Chief of Staff for Assemblywoman  
22 Nettie Mayersohn.

23 I didn't realize Joe was so tall.

24 On behalf of the Assemblywoman I'm  
25 going to read her statement, she's actually up in

1  
2 Albany, so she wanted to be here herself, but  
3 asked me to stand in her stead.

4 Chairman Dilan and distinguished  
5 Council Members, it has been my pleasure to  
6 represent the five housing companies of  
7 Electchester in the New York State Assembly for  
8 the last 26 years. Electchester is a limited  
9 dividend cooperative housing development located  
10 in Fresh Meadows, Queens, and was established by  
11 Harry Van Arsdale, Jr. and Local Union number 3 of  
12 the International Brotherhood of Electrical  
13 Workers.

14 The 2,500 unit development provides  
15 quality, affordable housing for many of New York's  
16 working class families. Electchester was built  
17 under Article IV of the Private Housing Finance  
18 Law. The financing was provided by a mortgage  
19 issued by the Pension and Hospitalization Benefit  
20 Plan of Electrical Industry and the Joint Industry  
21 Board. No federal, city, or state funding or  
22 bonding was used to build Electchester. What  
23 Electchester did receive from the government was  
24 Shelter Rent.

25 Shelter rent covered both Article

1  
2 IV developments and Article II Mitchell-Lamas.

3 The sunset provisions of Shelter Rent allowed for  
4 affordable housing developments to go private once  
5 their mortgages had been satisfied. Of all the  
6 Article IV developments originally covered by  
7 Shelter Rent, the five housing companies of  
8 Electchester are the only ones that have not gone  
9 open market. Electchester has continued to stay  
10 true to the vision of Harry Van Arsdale, Jr.,  
11 continuing to provide an affordable alternative to  
12 the suburbs. Unfortunately, Electchester started  
13 to lose its Shelter Rent in the 1990's. In the  
14 subsequent years, Electchester has found it  
15 increasingly difficult to maintain its affordable  
16 carrying charges without the benefit of Shelter  
17 Rent.

18 In 2003, recognizing the importance  
19 of Shelter Rent to the affordable housing market  
20 in New York, the state passed a law empowering the  
21 localities to extend Shelter Rent for article II  
22 and IV housing companies. In 2005, the Council  
23 passed a resolution extending Shelter Rent for 50  
24 more years. Every Mitchell-Lama was included in  
25 the list appended to the resolution. The only

1  
2 housing companies not included were the five  
3 housing companies of Electchester. Why they were  
4 not included and why the oversight was not brought  
5 up at that time are unknown. What is known, is  
6 that over the last several years, residents of  
7 Electchester have seen their carrying charges  
8 increase at a staggering rate. Over the last few  
9 years alone, carrying charges have increased by  
10 nearly 30%. Electchester is, after all, a  
11 cooperative and must, therefore, meet its ever  
12 increasing expenses with their carrying charges.

13 Additional construction of the  
14 first buildings in--additionally--excuse me--  
15 construction of the first buildings in  
16 Electchester began in 1949, thus leaving  
17 Electchester with a burgeoning capital need.

18 I fear that if we do not do  
19 something to provide relief to Electchester, it  
20 will be forced to follow the path of so many other  
21 Article IV housing developments. Going open  
22 market may provide a windfall for these struggling  
23 housing companies, but it will also lead to the  
24 elimination of 2,500 additional units of  
25 affordable housing at a time when the city is

1  
2 trying to increase its affordable housing stock.

3 We are all aware of the serious  
4 financial situation our city and state economies  
5 are in, but every other development in this  
6 category is already receiving the Shelter Rent  
7 benefit. We must act before we lose these  
8 affordable housing units.

9 Many of the residents in  
10 Electchester helped and continue to help build  
11 this city, let us not force them into the suburbs  
12 because they can't afford to live in the community  
13 they built.

14 Thank you.

15 Just one additional question that  
16 the Assemblywoman asked me to posit to HPD, which  
17 I guess left, is in their figuring of that \$109  
18 million figure, I wonder if they took into account  
19 the loss of city income tax that the city would  
20 face if all these hard-working electricians would  
21 be forced to live in the suburbs. Thank you.

22 CHAIRPERSON DILAN: Okay. Any  
23 questions? Thank you. I have to just check with  
24 my colleagues if they have a question before I  
25 decide to release you. Does the panel have any



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questions?

MALE VOICE: Uh-oh Tony's looking at  
[crosstalk]--

CHAIRPERSON DILAN: Council Member  
Gennaro.

COUNCIL MEMBER GENNARO: Thank you,  
Mike, good to see you.

I'd like to thank you and Nettie  
for being great advocates on behalf of  
Electchester. And I just want to pledge to  
Nettie's office that I and my colleagues will do  
whatever we have to do in order to make this  
happen. If it means passing it over the Mayor's  
objection, then so be it.

I certainly would benefit from  
anything that Nettie and good people of  
Electchester could do to help me prevail upon this  
Administration and on this Council, the absolute  
need to go forward as soon as possible, I know I  
can count on you for that.

MR. SIMANOWITZ: Absolutely.

COUNCIL MEMBER GENNARO: Thank you,  
Mike, good to see you.

CHAIRPERSON DILAN: Any other

1  
2 questions from the committee? If not, we'd like  
3 to--

4 MR. SIMANOWITZ: Thank you--

5 CHAIRPERSON DILAN: --thank you for  
6 your time.

7 MR. SIMANOWITZ: Thank you, Mr.  
8 Chairman.

9 CHAIRPERSON DILAN: Okay. Next I'll  
10 call up Mr. William Greenspan.

11 And if the gentleman that leaned on  
12 the light could stop leaning on the light, that'd  
13 be appreciated.

14 MALE VOICE: Who? Who?

15 CHAIRPERSON DILAN: As well as Mr.  
16 Gilbert Medina.

17 [Off mic]

18 CHAIRPERSON DILAN: And if you have  
19 any written testimony, you can give it to the  
20 Sergeant-at-Arms and they will provide the  
21 Committee with that testimony.

22 COUNCIL MEMBER GENNARO: Mr.  
23 Chairman, I thought for a moment there might be  
24 something wrong with the electrical and would like  
25 to say we have many people on hand who could jump

1  
2 in if need be.

3 [Off mic]

4 CHAIRPERSON DILAN: No, well I guess  
5 for the benefit of the members, both items on  
6 today's agenda at the conclusion of the hearing  
7 will be laid aside and there'll be discussions on  
8 each one of them and hopefully we can come to a  
9 conclusion in a future disposition of both items  
10 at a date in the near future.

11 I guess, gentlemen, you can begin  
12 in any order you like. Just please state your  
13 name for the record before you begin your  
14 testimony.

15 MR. GILBERT MEDINA: My name is  
16 Gilbert Medina. Good afternoon, ladies and  
17 gentlemen of the Committee. I want to thank you  
18 for giving me the opportunity to speak to you this  
19 afternoon regarding Electchester Housing's need to  
20 be covered under Shelter Rent.

21 I stand here on behalf of the close  
22 to 10,000 people living in Electchester. As you  
23 can see, some of those residents have chosen to be  
24 here today. I have been a resident of Electchester  
25 for eight years, the last three in Fourth Housing,

1  
2 I live there with my wife, my 3 year old son and  
3 newborn daughter. In addition to being a resident  
4 in Electchester and Fourth Housing, I am currently  
5 its president. As the president, and speaking for  
6 the other four housing presidents who are here, I  
7 can tell you firsthand about the financial needs  
8 and strains on the housing company to try and  
9 maintain affordable housing and why it is vital to  
10 our continued existence as affordable housing to  
11 be covered under Shelter Rent.

12 Electchester was born out of an  
13 idea to establish affordable housing by Local  
14 Union Number 3 and the employers who are signatory  
15 to that contract. In deciding to build such a  
16 housing project, the parties did not go to the  
17 federal, state, or city governments to ask them  
18 for funding to build Electchester. Rather,  
19 Electchester was built solely with loans issued by  
20 the Pension Hospitalization Benefit Plan of the  
21 Electrical Industry, the Joint Industry Board of  
22 the Electrical Industry, and by selling \$100 bonds  
23 to members of Local 3 in order to raise an  
24 additional \$300,000.

25 First Housing Company, which was

1  
2 the first of five housing companies, was formed  
3 April 25, 1949, under the New York State Limited  
4 Dividend Housing Law. First, Second, Third and  
5 Fourth Housing Companies were completed by 1954.  
6 Fifth Housing Company was built in 1965. These  
7 five housing companies compromise 25 units of  
8 affordable housing. Other than Fifth Housing, all  
9 of our buildings are over 50 years old and in need  
10 of major renovations and repairs. Rising  
11 operating costs, as well as the need for capital  
12 improvements, threaten our ability to maintain  
13 Electchester as affordable housing. In Fourth  
14 Housing, my housing, we have 361 units; of the  
15 361, 109 are occupied by either senior citizens or  
16 others living on a fixed income.

17 In order to just meet our operating  
18 costs, in the last year we have had to have a 13%  
19 increase in the monthly carrying charges and an  
20 additional 14% to take effect this year. These  
21 increases have been established and approved by  
22 DHCR as necessary in order for us to continue our  
23 current operations. These increases do not  
24 provide sufficient funds to replace the wiring and  
25 plumbing in these 50 plus year old buildings.

1  
2 I was not living in Electchester in  
3 the early 1990's, therefore, I do not know why  
4 Electchester, as an Article IV housing company,  
5 did not continue to receive the benefit of Shelter  
6 Rent; nor was I president in 2005 when we were not  
7 included in the extension of Shelter Rent, but I  
8 do know it is absolutely vital to our future  
9 existence to have Shelter Rent reinstated.

10 In order for Electchester to  
11 maintain its status as affordable housing for the  
12 citizens of New York, we are asking that Shelter  
13 Rent be reinstated to Electchester Housing, as it  
14 has been to all of the Mitchell-Lamas, which will  
15 allow us significant savings in our operating  
16 expenses and allow us to keep our maintenance  
17 charges from rising, while providing us with the  
18 funding necessary for us to make the needed  
19 repairs to our buildings and to keep housing  
20 affordable in New York City.

21 Ladies and gentlemen, we take pride  
22 in the fact that we do not want to go private,  
23 that we work hard individually to help our fellow  
24 cooperators maintain affordable housing. Please  
25 help us help them.

1  
2 I thank the Committee for your time  
3 and consideration. We look forward to working  
4 with you in restoring Shelter Rent to the  
5 Electchester Housing Companies. I thank you for  
6 your attention and consideration of our needs.

7 Thank you.

8 MR. WILLIAM GREENSPAN: Good  
9 afternoon, Chairperson Dilan, Council Members.

10 My name is Bill Greenspan and I am  
11 the General Counsel for the five housing companies  
12 known as Electchester.

13 CHAIRPERSON DILAN: [Interposing]  
14 Mr. Greenspan, I just want to stop you, if you can  
15 just adjust the mic and bring it closer down so  
16 that we can hear you a little more clearly,  
17 thanks.

18 MR. GREENSPAN: Thank you.

19 I am here today to speak on behalf  
20 of Resolution 1569-A pending before you which will  
21 allow these five housing companies to receive the  
22 benefits of Shelter Rent.

23 Approximately 80 years ago, it  
24 became the policy of both the state and the city  
25 of New York to help to construct and maintain

1  
2 affordable housing for the people who work in the  
3 city of New York and toil at their regular jobs  
4 that are necessary for the health and well-being  
5 of the city. That policy was codified under  
6 Article IV of what is now called the Private  
7 Housing Finance Law. It called for housing  
8 companies to obtain funds to construct units from  
9 agencies of the state and city of New York, and  
10 further to be covered under what we now call  
11 Shelter Rent, which was in lieu of real estate  
12 taxes.

13                   Based upon that law, the  
14 Electchester Housing Companies were constructed  
15 primarily in the 1950s without any state or local  
16 help to build them and with only the promise that  
17 they would receive Shelter Rent.

18                   The promise to support affordable  
19 housing was further codified when the Mitchell-  
20 Lama law, which is Article II of the Private  
21 Housing Finance Law, was enacted in the 1950's  
22 with the result being tens of thousands of  
23 affordable units having been constructed. The  
24 Mitchell-Lama law, as you know, calls for all of  
25 its units to be covered under Shelter Rent.



1  
2 For those Members who are not  
3 familiar with Shelter Rent, it is a formula where  
4 you take the total amount of carrying charges,  
5 less the total amount of utility charges, times  
6 10% and the housing company pays that amount in  
7 lieu of regular real estate taxes. If I can  
8 digress, I heard before the use of assessed value,  
9 assessed value has nothing to do with Shelter  
10 Rent, the spokesperson was incorrect in stating  
11 that. I go on, it probably runs approximately 20%  
12 of what regular real estate taxes would be.

13 The only problem with the above  
14 statutes were that they originally had sunset  
15 provisions, which allowed for the housing  
16 companies to go private at the end of their  
17 mortgages. That seemed, to the Legislature, the  
18 proper way to go at the time. And, again, I  
19 digress, all of the Article IVs, except for three,  
20 actually have gone private. These are five  
21 housing companies who chose not to.

22 What we now know, is that by 1986,  
23 Governor Cuomo, having realized that hundreds of  
24 thousands of affordable housing units were about  
25 to be lost, made it the policy of the state of New

1  
2 York to try and maintain the units at--[clears  
3 throat] excuse me--at the conclusion of their  
4 mortgages. No money was available at the time to  
5 build new units and the fear was, especially in  
6 the city of New York, that it would not be able to  
7 help its working class remain within its borders.  
8 At approximately that time, the first units that  
9 were coming out of the Shelter Rent program and  
10 leaving to go private, were the Article IV limited  
11 dividend housing companies. It appears that of  
12 all of the co-ops under that program, the only  
13 ones left--and I add to it, the Amalgamateds and  
14 Knickerbocker houses to the Electchesters. They  
15 started to lose their Shelter Rent in the 1990's.

16 I am asking you to understand how  
17 the Electchesters ran in order to keep them  
18 affordable. Amazingly, they had no management  
19 company, they had no General Counsel, the five  
20 presidents, who were just regular working people  
21 who go to work each day and then came back and ran  
22 their individual housing companies to keep the  
23 costs down as low as humanly possible. They had  
24 to comply with all of the myriad of city, state  
25 and federal regulations, with little or no

1  
2 professional help. They just went about their  
3 jobs, enlisting their cooperators to try to put in  
4 lights or correct the electric or whatever might  
5 need to be done.

6 In the meantime, in the Mitchell-  
7 Lamas, DHCR and HPD were finding ways to maintain  
8 Shelter Rent, notwithstanding that the mortgages  
9 were ending and the law appeared to indicate that  
10 they would lose their Shelter Rent. The first of  
11 these developments received a loan from a federal  
12 agency and it was determined that they could keep  
13 their Shelter Rent because of that. Subsequently,  
14 other developments received refinancing through  
15 private entities and they were still allowed to  
16 receive Shelter Rent.

17 By 2003, the Governor of this great  
18 state, the Mayor of this great city, the  
19 Legislature and this Council realized that it was  
20 a moral imperative to keep affordable housing and  
21 to do so by extending Shelter Rent to all  
22 remaining Article II and Article IV corporations  
23 for 50 years. Legislation was passed--A8028-A and  
24 S4833-A--by the State Legislature and signed into  
25 law to that effect. It empowered you, the City

1  
2 Council, to extend to those housing companies in  
3 the city of New York who are Article II or Article  
4 IV that benefit. In return, these housing  
5 companies remain in the programs and affordable  
6 for the citizens of New York.

7 In 2005, this Council passed  
8 resolution 388-A extending Shelter Rent for 50  
9 more years. An entire list of all of the  
10 Mitchell-Lamas were appended to that resolution,  
11 except, as we now know, the five housing companies  
12 at Electchester. It is hard to understand today  
13 how the oversight took place, but it did.

14 Why, you may ask, did the  
15 Electchesters not jump up and remind everyone.  
16 Again I point out that they had neither  
17 professional management, nor a General Counsel to  
18 make them aware of the legislation.

19 In 2007, having undergone enormous  
20 carrying charge increases and facing enormous  
21 capital needs, including the entire wiring system,  
22 plumbing systems, roofs, parapets, walls, etc.  
23 that had to be re-done, the five housing companies  
24 determined to hire professional management and  
25 counsel. That having occurred, they were finally

1  
2 made aware that they were missing from the  
3 resolution extending Shelter Rent. That started  
4 the last two year odyssey which has culminated in  
5 today. It took a lot of hard work, meetings,  
6 negotiations, and discussions for this resolution  
7 to be before you.

8 This is the opportunity for the  
9 Council to correct the oversight by putting its  
10 stamp of approval on its stated policy, that of  
11 its Speaker, the Mayor of the city of New York,  
12 the Legislature of the state of New York, the  
13 Governor of the great state of New York, and, in  
14 fact, the president and help the Electchesters  
15 remain as affordable housing and, apparently, as  
16 the last of the Article IV cooperative  
17 corporations still in existence.

18 I thank each and every one of you  
19 for your support on behalf of each and every  
20 cooperator of the Electchester Housing Companies.

21 May I just add the following. It  
22 seemed to be that the prior testimony limited the  
23 benefits or the expense of the 2005 legislation to  
24 just the Article IV. In fact, if I calculated  
25 right, if they bring you back the figures from

1  
2 that resolution, it covered the Mitchell-Lamas and  
3 the Article IV and probably cost some place north  
4 of \$5 billion.

5 I am saying to you for those of you  
6 that are in the Bronx, Co-op City alone is \$1  
7 billion, Rochdale Village is \$500 million. For  
8 those in Brooklyn, Amalgamated Warbasse, for  
9 example, is probably about the same exact number  
10 as we are here today, they have exactly the same  
11 units. If you go in the city and you go to  
12 Chelsea and you go to Penn South, Penn South is  
13 several hundred million dollars on its own. So if  
14 you multiply out all of these numbers, they are  
15 \$5-\$10 billion, and, in fact, it is my belief that  
16 what happened here is that the Electchesters,  
17 having not received the benefit that everyone else  
18 did, subsidized the city of New York. We're only  
19 trying to get them back to where they were  
20 supposed to be in the first place. I thank you.

21 CHAIRPERSON DILAN: Okay. Thank  
22 you. So if I understand this correct, you're the  
23 General Counsel for Electchester, Mr. Greenspan,  
24 and, Mr. Medina, you're a tenant.

25 MR. MEDINA: I'm one of the

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presidents of the housings.

CHAIRPERSON DILAN: Okay. So you're part of the management of the--

MR. MEDINA: I am a tenant in Electchester and I'm the president of board of directors for Fourth Housing Corporation.

CHAIRPERSON DILAN: Okay. So, again, my question is to you then, Mr. Medina, is it the intent that if we were to go forward with this resolution, it's your intent to keep these apartments affordable?

MR. MEDINA: That is the legacy that has been put on us and that's what we intend to do.

CHAIRPERSON DILAN: Okay. What did a range of rents that you charge for your apartments there?

MR. MEDINA: I believe a three-bedroom is going, at this point, around \$1,100. I don't have the exact figures on the other two, I happen to live in a three-bedroom, but they're obviously lower than that.

CHAIRPERSON DILAN: All right. Is there anyone else here from Electchester that

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maybe might know that?

MR. FRANK MAGRI: [Off mic] and-a-half for two and about 8--

CHAIRPERSON DILAN: [Interposing]  
Well I could just ask if you could just come forward, say your name for the record, and then answer the question.

It'd be the only question I'd ask of you, I just need to know that.

MR. GREENSPAN: Give your name and tell them you're the president of [crosstalk]--

MR. MAGRI: Hello everyone, I'm Frank Magri, I'm the president of Second Housing, Electchester.

Nine-and-a-half would be for a two-bedroom and about 8 1/4 for a one.

CHAIRPERSON DILAN: For a one bedroom. Okay. Thank you. Appreciate--

MR. MAGRI: You're very welcome, thank you.

CHAIRPERSON DILAN: Council Member Gennaro.

COUNCIL MEMBER GENNARO: Yes, thank you, Mr. Greenspan, you've made a valuable



1  
2 contribution in all of your work. I want to thank  
3 you for all of your dealings with my office, what  
4 you've been able to provide to us has been greatly  
5 appreciated and your presentation before the  
6 Council today is most compelling. I believe that  
7 anyone who had any lingering doubt as to whether  
8 or not this was worthy of support in your  
9 presentation today, you've certainly put that to  
10 rest. And on behalf of the Council, I thank you  
11 and I think it's a lot of your good work over the  
12 last year or more that's going to bring us to that  
13 soon and ultimate very good day when we get this  
14 done on behalf of the people of Electchester. And  
15 this Council owes you a lot of thanks for that, as  
16 do the people of Electchester. Now let's work  
17 together to get it done. Thank you, Mr.  
18 Greenspan.

19 MR. GREENSPAN: Thank you.

20 CHAIRPERSON DILAN: Council Member  
21 White.

22 COUNCIL MEMBER WHITE: Yes, let me  
23 say that I want to thank you for your testimonies.

24 And it would appear to me that one  
25 of our responsibilities is to make sure that

1  
2 people are protected and people are treated  
3 fairly. The city has become very expensive to  
4 live in. I am committed to making sure that the  
5 middle-class do not become the working poor. I  
6 think that we need to keep as affordable as  
7 possible the living conditions and shelter in our  
8 city so that people don't have to move out of our  
9 city.

10 And, along with my colleague,  
11 Council Member Gennaro, I support the words that  
12 he echoed. And I can see where well-meaning  
13 people wanting decent housing, hard-working  
14 people--my father worked for New York City Housing  
15 in maintenance and he worked very, very, very  
16 hard, a blue-collar worker, and to be able to come  
17 home and have a place to live that you can afford  
18 was very, very important to him and for me.

19 I just listened to on the way in  
20 the stimulus package being passed and within the  
21 stimulus package, you hear all of this talk about  
22 big financial institutions being saved, you hear  
23 about buying bad paper, okay, to make the banking  
24 institutions solvent so that they can lend money.  
25 You here are all of these things, but one of the

1  
2 things that I'm determined and I had a meeting  
3 yesterday as Chairman of Economic Development [off  
4 mic] the average person has not seen where they  
5 fit in this recovery to where they feel it. We  
6 got to feel it and I think those people who are  
7 being foreclosed on--in my district I have over  
8 2,000 housing foreclosures, and that's a shame.

9           So anywhere where people can stay  
10 affordable, okay, I will support and I really  
11 support this wholeheartedly, I ask my colleagues  
12 to support it, I want to thank the Chairperson for  
13 holding this hearing and my colleague Gennaro and  
14 all those signators and I think we need to move  
15 forward and see to it that wherever possible we  
16 can take care of people that are on Main Street as  
17 they put it, we should remain on Main Street. I  
18 think that the way that the--and not being an  
19 economist, the best way to give hope to people who  
20 are unemployed and homes are taken and  
21 affordability is like building a house, you start  
22 from the bottom up, if you don't have a firm  
23 foundation, forget about it. And we know about  
24 all of these rich cats, we gave them billions of  
25 dollars and they spent on Lear jets and I saw on

1  
2 the daily news a guy looking very disgusted that  
3 he had to have lunch at a Burger King.

4 I mean, okay, if you work hard and  
5 you make your money fine, I have nothing against  
6 people that make money. All I'm saying is we're  
7 all in this together and every opportunity that we  
8 get I think we should demonstrate how together we  
9 are and I would urge that we keep this in the  
10 forefront, Mr. Chairman, and we move towards  
11 getting this passed for the people in Electchester  
12 that's been looked over.

13 CHAIRPERSON DILAN: Okay. Thank  
14 you. And if there are no more questions for this  
15 panel, I'd like to--

16 MR. MEDINA: Thank you.

17 CHAIRPERSON DILAN: --ask them...

18 I understand there's one more  
19 speaker on this subject and then we'll take a  
20 short recess and we'll hear from the Department of  
21 Small Business Services on Intro 138-A.

22 Ms. Joyce Brown on the resolution,  
23 I understand?

24 MS. JOYCE BROWN: Yes, it is.

25 CHAIRPERSON DILAN: Okay.

1  
2 MS. BROWN: Good afternoon. Is this  
3 good?

4 CHAIRPERSON DILAN: Yeah.

5 MS. BROWN: My name is Joyce Brown,  
6 I've been a housing advocate for over five years  
7 and I am a cooperater in what you term affordable  
8 housing--which it is not, and this is because HPD  
9 does not enforce affordable housing.

10 Now I have, since I've been a  
11 housing advocate, I've been familiar with Deputy  
12 Commissioner Rosenthal and he is awesome, he has a  
13 brilliant mind, as well as Ms. Welburn [off mic]  
14 I have her name in my document, Walpert, Julie  
15 Walpert who worked for the Mitchell-Lama for some  
16 years, she had an executive position under HPD in  
17 that division and she went and had a baby and she  
18 got promoted after that.

19 Did you all get a copy of my--no?

20 CHAIRPERSON DILAN: Unless you  
21 submitted it to the Sergeant-at-Arms, we wouldn't  
22 have [crosstalk]--

23 MS. BROWN: I submitted it.

24 CHAIRPERSON DILAN: Yeah, we don't  
25 [crosstalk]--

1  
2 MS. BROWN: I only submitted one  
3 though.

4 CHAIRPERSON DILAN: Yeah, well, then  
5 we wouldn't have it, we would need for-- but is  
6 your testimony specifically about the resolution  
7 for Electchester or is it just about Mitchell-  
8 Lama's in general--

9 MS. BROWN: [Interposing] I was  
10 told--I went to another building meeting, a sub  
11 meeting having to do with NYCHA, they told me to  
12 come to a full meeting. So I'm here.

13 CHAIRPERSON DILAN: Yeah, but this  
14 meeting is specifically--

15 MS. BROWN: [Interposing] I know,  
16 but I have a need which has not been fulfilled  
17 with HPD, with Mitchell-Lama, and Housing, and I  
18 have turned to my Council Member and have not had  
19 satisfactory recourse. I have tried my  
20 Assemblyman and I have not--and I do not know  
21 where to turn.

22 CHAIRPERSON DILAN: Okay. Well let  
23 me tell you how this is going to go, I'll allow  
24 you a brief few minutes to take your testimony,  
25 you made the effort to come down here, then my

1  
2 staff person, Rick Arvello [phonetic] will talk to  
3 you afterwards about your specific need because we  
4 may not be able to help you here today because  
5 we're prepared and geared towards an entirely  
6 different subject. So why don't you proceed.

7 MS. BROWN: Well at the other  
8 meeting, a sub meeting for Buildings, I was told  
9 that the Chairperson's assistants would talk to  
10 me. We went outside, the assistant said they  
11 would contact me when there was a full meeting  
12 having to do with buildings, I was not contacted.  
13 I found out about this meeting on my own. So  
14 forgive me if I have doubts--

15 CHAIRPERSON DILAN: Sure.

16 MS. BROWN: --about some of  
17 [crosstalk]--

18 CHAIRPERSON DILAN: I understand. I  
19 understand.

20 MS. BROWN: Okay. I'll read this.

21 CHAIRPERSON DILAN: Sure.

22 MS. BROWN: Okay. My name is Joyce  
23 Brown, as I said before. I came to this meeting  
24 to request that the Committee encourage HPD's  
25 Mitchell-Lama division to enforce their--that is,

1  
2 HPD and New York State Housing Laws, Rules and  
3 Regulations. This legislation was established for  
4 low and middle-income housing in New York State.

5 I live in a Mitchell-Lama co-op on  
6 the Upper West Side, it is RNA House located on  
7 West 96th Street. I have experienced Mitchell-  
8 Lama's failure to enforce their rules and  
9 regulations. For example, senior citizens in that  
10 cooperator have not received, but are eligible for  
11 SCRIE, which is the Senior Citizen Rent Exemption.

12 Now HPD's SCRIE department is aware  
13 of that, but they have not encouraged or forced  
14 our management company to allow a deduction on the  
15 senior citizens' rent increase.

16 So that you're not bored or may  
17 understand it, let me see, a senior citizen who's  
18 only income is from Social Security with a good  
19 Social Security income is \$1,300 a month. Okay?  
20 From that, the maintenance charge for this  
21 Mitchell-Lama co-op is about \$600. Now the  
22 management company in cahoots with the board of  
23 directors have placed additional charges on the  
24 cooperators, in some cases raising it additional  
25 50%, okay? So the maintenance is about \$600,



1  
2 additional \$300 makes it \$900, leaving the senior  
3 citizen with \$400 for a month, that would include  
4 visits to physical therapy for their back pain  
5 etc., their medication, transportation by public  
6 by the subway, and thank God there's that \$50, \$40  
7 unlimited, plus not even including food. Now that  
8 gives a person about \$10 a week to live off of--  
9 that is because HPD's Mitchell-Lama unit does not  
10 enforce their regulations.

11 Another problem is the sub-  
12 metering, where not only there has been a lot of  
13 problems with sub-metering. Our electrical  
14 charges are astronomical, but small compared to  
15 other people where I have heard that in Roosevelt  
16 Island they had been placed on sub-metering, a  
17 two-bedroom apartment sub-metering cost per month  
18 was \$1,000, in other places charges are much less.

19 So if HPD is supposed to monitor  
20 and enforce the rules--

21 CHAIRPERSON DILAN: [Interposing]  
22 Ms. Brown, I [crosstalk]--

23 MS. BROWN: --they have not been  
24 doing it.

25 CHAIRPERSON DILAN: --I have to stop

1  
2 you, and I don't want to seem insensitive here,  
3 but we are truly today not prepared to take up the  
4 issues that you are talking about. It's not that  
5 we are bored, it's not that--we're prepared today  
6 to talk about a resolution that pertains to one  
7 particular development, in this case, which is  
8 Electchester.

9           Now I want you to do, this is what  
10 I'm going to ask you to do, and I'm going to ask  
11 you to bear with me 'cause, again, I don't want to  
12 seem unsensitive, I understand there are problems  
13 with Mitchell-Lama, and if you would like, I'll  
14 take the prerogative to do a total oversight  
15 hearing on the Mitchell-Lama program and HPD's  
16 enforcement, I'll commit to doing that. But we're  
17 just simply not prepared to look into that subject  
18 today.

19           MS. BROWN: I just wanted to bring  
20 your attention and I'm wondering how I can do  
21 follow-up because sometimes we get busy and forget  
22 to follow up the topic.

23           CHAIRPERSON DILAN: We'll guarantee  
24 the follow-up, Rick Arvello is a member of my  
25 personal staff, I want you to see him after the

1  
2 meeting, we do have your address so you'll be on  
3 the committee's notice, you can follow up with  
4 him--

5 MS. BROWN: [Interposing] That's  
6 what they said before, and they [crosstalk]--

7 CHAIRPERSON DILAN: [Interposing]  
8 Well he is a member of my staff, so we will  
9 definitely follow up and I'll be directly  
10 responsible for that follow-up.

11 And the committee staff who is  
12 sitting beside me, I'll instruct them that at a  
13 future date we'll do an oversight hearing on the  
14 HPD's Mitchell-Lama program.

15 But that's the best I can do for  
16 you today because we're just simply not  
17 [crosstalk]--

18 MS. BROWN: [Interposing] Thank you.  
19 And would you include Julia Walpert, since she was  
20 a big force in Mitchell-Lama until she got her  
21 recent promotion?

22 CHAIRPERSON DILAN: We can ask her  
23 to come and provide--and, again, I want to thank  
24 you for your time, I know you came down, I know  
25 this--

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[Applause]

CHAIRPERSON DILAN: --I could see this is an issue where I can see you are emotionally and personally involved, so I don't want to just totally discredit it, but, again, we're just not prepared.

And, as they showed, you are with brothers in the affordable housing fight, so I'm sure they will not leave you hanging alone [crosstalk]--

MS. BROWN: [Interposing] Yeah, and make sure the housing remains affordable, just not in name only.

CHAIRPERSON DILAN: That's what we're trying to do. Thank you.

FEMALE VOICE: You want to take the break [crosstalk]--

CHAIRPERSON DILAN: Yeah, we'll take a short recess to allow for the Department of Small Business Services to come.

That will conclude the hearing on Reso 1569. And at the end of this hearing, that item will be laid aside.

MALE VOICE: Thank you.

[Off mic]

CHAIRPERSON DILAN: Okay. Mr. Bordonaro, I know I've called you up, but why don't you introduce yourself in your own voice before you begin your testimony and if you--well you have no copies for the Sergeant-at-Arms--

MR. PETER BORDONARO: I have one extra copy.

CHAIRPERSON DILAN: All right, well we'll take the one extra copy. Just start by saying your full name for the record and then you can begin your testimony.

MR. BORDONARO: Okay. My name is Peter Bordonaro, I have been in the door business for almost 40 years and I'd like to start by saying I'm happy to come here today and testify. I'm for this bill that Peter is trying to pass.

Rolling doors have been around for probably 130, 140 years and they've been in the city probably--you've probably got some doors down well over a hundred years down in the SoHo area, but most of the doors have been used for industrial type applications, fire ratings, different things like that. Doors weren't really

1  
2 starting to put in front of the stores until  
3 around the 70s, 80s when we had a heroine epidemic  
4 and people were starting to break into the stores.  
5 Most of the stores that you see usually try and  
6 put them on the inside and if you go down Fifth  
7 Avenue or some of the better areas, they try and  
8 keep them inside and they go to an open type  
9 grille. When we talk door and grille, we're  
10 talking about a solid door as opposed to an open  
11 type one that you can see and gives you full  
12 visibility, so you can still see into the store.

13           What's been happening is that, once  
14 you start going into a store that starts to get a  
15 couple of break-ins and you go to sell them on a  
16 grille, the first guy that puts in a solid door,  
17 everybody starts to follow down the line. He  
18 thinks it's a better door and it's a little bit  
19 cheaper and he starts it, and over the course of  
20 10, 15 years you get areas like Astoria,  
21 Brownsville, Fordham Road areas in New York where  
22 they just start putting in door after door after  
23 door. This becomes several problems, one of them,  
24 besides the graffiti which we'll get into later,  
25 is a safety feature.

1  
2 Now I've put in tens of thousands  
3 of doors through the years that I've been in it,  
4 I've dealt quite a bit with police departments,  
5 I've dealt with fire departments, I've dealt with  
6 building inspectors, one of the problems they have  
7 is the police don't like the solid doors because  
8 if there's a burglary in progress and you have a  
9 solid door there, they can pull up with their  
10 cruiser and they can't see into the store.

11 Give you a short story, last month  
12 I was in Hunts Point and a store got broken into  
13 and I went down to go meet the police, the alarm  
14 went off 4:30 in the morning. The police were  
15 stationed to go down there, they went down, they  
16 had all solid doors on the outside. They hung  
17 around for about 20 minutes, tried to look around,  
18 they couldn't see into the space at all because  
19 all the doors were solid. It turned out that  
20 somebody broke in from near the roof, scaled the  
21 side of the window, broke into the window and went  
22 in, and they spent about 45 minutes in the place  
23 ripping the flat TVs off the walls, there was  
24 holes in the walls, they rifled through the  
25 drawers, and they left later on. When the cops

1  
2 came in the next day, they said we got the call,  
3 we went around, we couldn't see anything, had you  
4 had one of the gates would have been open, we  
5 would have seen something suspicious, a hole in  
6 the wall or the drawers rifled, we would've called  
7 for help and secured the building. So this is a  
8 situation that we run into. They can't really  
9 see, if you had an open gate, a cop can get out of  
10 his cruiser, he can look into a store if it looks  
11 suspicious, and he can tell if there's a problem  
12 or not.

13 We have the same problem with fire  
14 departments. Fire departments have told me when  
15 they go into a place and they see smoke smoldering  
16 and there's six, eight stores in a row and they've  
17 all got solid doors, they have no choice but to  
18 just start ripping the doors off the wall to find  
19 out where the smoke is coming from. Whereas, if  
20 they could look through the windows, they can kind  
21 of locate where it's coming from and save some  
22 time on it.

23 So we get asked all the time, why  
24 don't you sell them gates. Well all I can do is  
25 sell them what they ask for and recommend that



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they should try and go with gates.

The part of putting a solid door there in one situation is that no sooner you have it within days it's used as a mural for every graffiti artist that's in the area--it just adds blight to the neighborhood, it really makes the neighborhood looked terrible.

If you had an open gate at night time, the shop owners would be able to display their windows, people could walk by and still see what's in the windows. The small advantage to that is that if you came out of a restaurant at night or came out of a movie theater, you could still window shop, which you can't do too much anymore, you could see stuff in the window, they may come back the next day or the day after and try and buy some of that stuff from the store.

So there's some advantages to having the open gates there as opposed to the solid doors. The shop owners think there's quite a bit of difference on it, but we run them and it comes out to about a 10% cost increase on the open gate over solid doors, very little considering the amount of safety that you're going to get for it

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and the additional business you may get from it.

CHAIRPERSON DILAN: Okay. Does that conclude your testimony?

MR. BORDONARO: Yeah.

CHAIRPERSON DILAN: Okay. Now you, from what I understand, you operate a roll down gate business [crosstalk]--

MR. BORDONARO: I do.

CHAIRPERSON DILAN: You sell both type of gates?

MR. BORDONARO: Yes.

CHAIRPERSON DILAN: Okay. And I guess, are store owners now currently voluntarily installing these type of gates anywhere in the city?

MR. BORDONARO: In most of the places, new store owners that are coming in--if you go into an area, I said Astoria, some of the areas where if a new shop owner comes in and he doesn't have one, he's going to put one in because he doesn't want to be the only guy on the block that doesn't have one realizing he's going to get broken into. So you're getting more and more shop owners that are opening up, they're coming back

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looking to put gates on the front of it.

CHAIRPERSON DILAN: Okay. And you said that the mesh type gate costs more or less than the [crosstalk]--

MR. BORDONARO: [Interposing] It runs about 10% more.

CHAIRPERSON DILAN: Ten percent more, okay. Do the, I guess do the solid metal gates provide any additional security in terms of death and robbery as opposed to the [crosstalk]--

MR. BORDONARO: Not really, we found that if you have the gates on the front of the stores, in most situations a lot of the robberies are crash and run, they'll just grab whatever they can get and get out of there. By having the gates in the front--

CHAIRPERSON DILAN: [Interposing] I'm sorry, if you could just come closer to the mic because this is being recorded, we need each to get your answer for the record.

MR. BORDONARO: By having the gates in the front, most of the time it serves as a deterrent for them to go someplace else on it. Whether it's a solid or whether it's an open gate

1  
2 really doesn't matter, gives them the option that  
3 if they try and break through the gate, someone's  
4 either going to see them at the front or someone  
5 can see the store if it's open. If you have a  
6 solid door there obviously, you can go through a  
7 back door or a back window and you can stay there  
8 forever robbing the place.

9           So you put a gate at the front, you  
10 still have to be concerned about the perimeter of  
11 the area.

12           CHAIRPERSON DILAN: Okay. Council  
13 Member Vallone I assume you have some questions.

14           COUNCIL MEMBER VALLONE: Yeah, thank  
15 you.

16           We have never met nor spoke and  
17 you've more clearly and succinctly summed up the  
18 need for this bill than I could, so I thank you  
19 for coming down here. And I'm glad the city was  
20 here to hear some of this because you've shown  
21 from the standpoint of someone who's there at the  
22 scene what it's like for a first responder to show  
23 up and not know what faces them, whether it be  
24 smoke as you mentioned or an alarm going on, and  
25 what's happening behind that that opaque door,

1  
2 very scary for first responders. So thank you for  
3 that.

4 MR. BORDONARO: You're welcome.

5 COUNCIL MEMBER VALLONE: Right now,  
6 how often do you see--how many opaque gates are  
7 being sold as opposed to mesh? What would you say  
8 is the breakdown?

9 MR. BORDONARO: That's kind of  
10 tough. The rolling door industry throughout the  
11 country is probably about a \$500 million industry,  
12 a lot of it is done in malls, almost every mall  
13 you see in the country has an open type look, what  
14 we call the roll up gates. A lot of the  
15 businesses, rolling fire doors for fire separation  
16 or little counters on top of concessions.

17 This stuff that's going in front of  
18 the stores is a small portion of it in actuality.  
19 Depending on the area where it is, you can  
20 usually, if it's in a decent area, you can usually  
21 tell a shop owner, look by putting the grille  
22 there, the people can still go by and see what he  
23 has in his display windows at night time. If he  
24 goes into an area which is, as I've said, you've  
25 got some of the areas that everybody's using solid

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2 doors, you'll find that that's what he wants to go  
3 with ,and the majority I would say is going with  
4 grilles.

5 COUNCIL MEMBER VALLONE: I'm glad  
6 you can--I mean, you're sitting there and, again,  
7 telling it like it is and you say when you go into  
8 a decent area, you can get the mesh gates, more  
9 mesh gates and that's unfortunately the perception  
10 and that's what we're trying to fight here. When  
11 people see these roll down gates that you can't  
12 see through, it doesn't look like a decent area,  
13 it looks like a war zone covered with graffiti and  
14 it makes people feel less safe, which is something  
15 that we're looking to combat. Did you have  
16 something to say on that?

17 MR. BORDONARO: No, I was going to  
18 say, well if you take a ride down Fifth Avenue,  
19 you'll still see a lot of these gates at night but  
20 they're all open, they're more expensive shops,  
21 they don't want that look of the ghetto gates in  
22 front of their stores. If you go into, I said,  
23 you take Astoria, you go down Steinway Street,  
24 you'll see almost every door solid.

25 COUNCIL MEMBER VALLONE: Yeah, I'm

1  
2 glad you mentioned Astoria and Steinway Street  
3 because you're absolutely right, it's an area that  
4 at night does not look as good as it should, and I  
5 think--describe a little bit more in detail your  
6 actual business.

7 MR. BORDONARO: Oh, I've been in the  
8 rolling door business for almost 40 years, I've  
9 been in every sense of it from sales,  
10 architectural promotion, I've worked with the fire  
11 departments, most of the departments on specifying  
12 doors, working with them on how to handle them,  
13 what they should be putting in, as well as sales  
14 and the whole area, and I sell the whole tri-state  
15 area.

16 COUNCIL MEMBER VALLONE: And would  
17 this affect your business in any way?

18 MR. BORDONARO: Well I would hope to  
19 get business out of it, but this is a capitalistic  
20 society, so they can go where they want to go get  
21 doors. I mean, I would like to say I'll give you  
22 my card and hand it out, but let's face it,  
23 they're going to call who they want to call to put  
24 in gates.

25 COUNCIL MEMBER VALLONE: But what I

1  
2 mean is if they're going to put in the gates and  
3 your business is--if this bill passes, you don't  
4 foresee any drop in business on your end?

5 MR. BORDONARO: [Interposing] No,  
6 because--I'm sorry, no, I don't think that they're  
7 going to add gates to it, I think the people that  
8 are going to be putting gates in are going to put  
9 gates in. Whether they put a door or whether they  
10 put a grille is not going to make a difference on  
11 the amount of gates that are going in. The people  
12 that are still going into the areas that want  
13 protection are going to order one, whether they  
14 order a solid or whether they order an open one is  
15 not the situation. It's just a matter of do you  
16 want it to look decent so that people can walk by  
17 and feel like they're in a safer neighborhood or  
18 do you want it to look like a bombed out zone.

19 COUNCIL MEMBER VALLONE: Okay. I  
20 know the City's been really patient, so I'm going  
21 to end my questions, but thank you very much for  
22 coming in today.

23 MR. BORDONARO: You're welcome.

24 CHAIRPERSON DILAN: Council Member  
25 Fidler, I understand you have a question.



2 COUNCIL MEMBER FIDLER: Yeah, just a  
3 couple.

4 You said the differences in cost is  
5 about 10%.

6 MR. BORDONARO: That's right.

7 COUNCIL MEMBER FIDLER: So for the  
8 average one-story retail store, 20-foot frontage,  
9 what is that in dollars?

10 MR. BORDONARO: I ran some budget  
11 numbers--I don't know if Peter has them--but based  
12 on a 10 by 10 and based on a 20 by 10, a small  
13 storefront and a little larger one. The door cost  
14 about \$2,000 on a 10 by 10 door, the grille ended  
15 up costing \$2,200, and just the same thing on a 20  
16 by 10 was 4,000 and \$4,400, give or take. Now  
17 that's based on a plain Jane door putting it up,  
18 all the extras if they wanted electrified or do  
19 anything like that, all of that is basically the  
20 same whether you buy a door or a grille, so that  
21 doesn't really affect--you're basically talking  
22 about the different curtains.

23 COUNCIL MEMBER FIDLER: Now I assume  
24 that there are a number of rolling gate companies  
25 in the city of New York, do they all sell both

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kinds of grilles?

MR. BORDONARO: Most of them do.

Most of them do, we are a manufacturer, there are several manufacturers that may come and sell them.

[Off mic]

COUNCIL MEMBER VALLONE: Sorry I'm asking him to ask you a question.

COUNCIL MEMBER FIDLER: I'll yield.

COUNCIL MEMBER VALLONE: Let me just jump in [crosstalk].

MR. BORDONARO: That's okay.

COUNCIL MEMBER VALLONE: Do you have any position on the percentage of the gate that you believe should be transparent? Right now it's at 70% [off mic]--

CHAIRPERSON DILAN: [Interposing] I got to stop you because I think Council Member Fidler is recognized--

COUNCIL MEMBER FIDLER:  
[Interposing] No, I'm allowing him to ask a--I'm yielding to him for one question.

CHAIRPERSON DILAN: Oh, okay, I missed that part. Council Member Vallone.

COUNCIL MEMBER VALLONE: Do you have

1  
2 a position on the amount of gate that should be  
3 transparent?

4 MR. BORDONARO: No, but we've done  
5 this years ago up in Yonkers and Yonkers did about  
6 70 to 75% open, what they wanted was about three  
7 feet of the bottom of the door solid. By having  
8 it solid people weren't going to get down low and  
9 try and cut the rods and links on a grille and  
10 sneak through, so it ended up putting in about  
11 three feet solid on the bottom of the door and  
12 then the rest of it was open.

13 COUNCIL MEMBER FIDLER: Well that's  
14 a good segue to my next question which was these  
15 gates in terms of--forget about the other issues  
16 you've raised and Council Member Vallone has  
17 raised in terms of the security value of being  
18 able to see into the store--that's a no-brainer.  
19 The ability to go through the gate should someone  
20 ever try to do that, I mean are the mesh gates as  
21 sturdy, as break proof as the solid gates?

22 MR. BORDONARO: Well, they are, but  
23 that's--the reason you would have solid on the  
24 bottom so that somebody doesn't come by with a car  
25 and hook it up to the bottom of it and try and

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yank it off.

COUNCIL MEMBER FIDLER: Right.

MR. BORDONARO: If you have a riot in the city, let's face it, they're going to get into whatever stores, whatever you put in front of it, but if you're talking about someone is trying to break into a store at night, either one doesn't make a difference.

COUNCIL MEMBER FIDLER: No ability to reach through the gap in the mesh and punch your way through a window and grab something?

MR. BORDONARO: Well an open gate is probably in the neighborhood of an open space is about two inches by eight inches, no bigger than your name sign up there. You might be able to pull through a piece of ladies' clothing, you're not going to be able pull through a TV or a radio or anything like that, but first you'd have to get through the gate, break the window, stick your hand through and try and reach far enough in.

But if you go out and actually look at the relationship of the gate in front of the window and then this material that's in the window, in the display, I mean you're usually 18

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inches, 20 inches away--

COUNCIL MEMBER FIDLER:

[Interposing] I would suppose in a jeweler--

MR. BORDONARO: --I mean I can't get my hand--

COUNCIL MEMBER FIDLER: I would suppose that if you really--a jewelry store, you might be able to do it if you had enough time, I just can't imagine a jewelry store wouldn't have an alarm as well. So--

MR. BORDONARO: In most of the jewelry stores that I put gates into, they usually pull stuff out of the front of the window at nighttime.

COUNCIL MEMBER FIDLER: Okay. Thank you.

MR. BORDONARO: You're welcome.

CHAIRPERSON DILAN: Okay. Just one last question before we hear the Department of Small Business Services on this bill, you stated you're a manufacturer, is that correct?

MR. BORDONARO: That's right.

CHAIRPERSON DILAN: So you produce these units and you sell them to distributors or

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do stores buy--

MR. BORDONARO: Both.

CHAIRPERSON DILAN: Both, so you do to distributors and there's direct buy, right?

MR. BORDONARO: That's right.

CHAIRPERSON DILAN: And how many other manufacturers service the tri-state--

MR. BORDONARO: In New York? Oh, you mean--

CHAIRPERSON DILAN: New York or tri-state area.

MR. BORDONARO: --oh, you could have 40 of them.

CHAIRPERSON DILAN: Forty? Okay. All right, and I'd like to thank you for your time and testimony--

MR. BORDONARO: You're welcome.

CHAIRPERSON DILAN: --on this, Mr. Bordonaro.

MR. BORDONARO: Thank you for having me here.

CHAIRPERSON DILAN: And I'd like to at this time, if they're ready, I'll call up the Department of Small Business Services.

1  
2 Sorry about that, I was under the  
3 impression at the outset that Buildings would be  
4 the lead agency, then when I saw you there, I  
5 figured something must've been wrong.

6 MR. ANDREW SCHWARTZ: Yeah, sorry  
7 for the confusion. We were here for the opening  
8 of the two-part hearing, so happy to be back.  
9 Thanks for your patience.

10 Good afternoon, Chairman Dilan,  
11 Members of the Housing and Buildings Committee.

12 My name is Andrew Schwartz, I'm the  
13 First Deputy Commissioner at the Department of  
14 Small Business Services. I'm here today with Bea  
15 de la Torre, who's the Executive Director of our  
16 Business Improvement District Program.

17 SBS appreciates the opportunity to  
18 testify on Intro 138-A requiring businesses to  
19 install certain security gates when upgrading  
20 their storefronts.

21 Intro 138-A prohibits the sale and  
22 installation of security roll down gates unless  
23 they allow for 70% visibility of the premises.  
24 While the administration is supportive of the  
25 intent of this bill--to increase security of

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2 commercial properties, improve the aesthetics of  
3 commercial streets, and increase public safety in  
4 our communities--we do not feel it is necessary to  
5 legislate what is essentially a business decision.

6 SBS is supportive of small business  
7 owners, whether they're new to the field or have  
8 been in operation for many years, and we have many  
9 tools available to help these owners with a  
10 variety of challenges, including security. SBS  
11 appreciates the important roles security and  
12 design play in the operation of a business.  
13 Through our AvenueNYC program, we regularly work  
14 with neighborhood organizations and local  
15 development corporations to enhance the safety and  
16 aesthetic of businesses throughout the five  
17 boroughs. With commercial revitalization grants  
18 and the establishment of Business Improvement  
19 Districts, many neighborhoods have had the  
20 opportunity to study their streetscapes and  
21 consider various types of design improvements.

22 These concerns also extend to  
23 security upgrades. The appearance of security  
24 gates, as well as their function and  
25 effectiveness, is vitally important to many



1  
2 businesses.

3           Furthermore, gates that allow for  
4 greater visibility could assist first responders  
5 in the case of a fire or other emergency.

6 However, due to businesses' escalating cost,  
7 especially during the present economic crisis, we  
8 believe it would be imprudent to legally require a  
9 particular business, especially a new business  
10 that is already facing large start up costs, to  
11 purchase a particular brand or type of security  
12 gate.

13           Rather than mandating specific  
14 types of gates, Small Business Services would  
15 prefer to work with the City Council to help  
16 inform both business owners and property owners of  
17 the selection of security gates that are available  
18 on the market and of the benefits of the types of  
19 gates that offer greater visibility.

20           So thank you for the opportunity to  
21 testify today. I would be happy to answer any  
22 questions at this time.

23           CHAIRPERSON DILAN: Okay. Yeah, I'd  
24 like to give the sponsor of the bill prerogative  
25 in answering questions to the Administration [off

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2 mic]--

3 COUNCIL MEMBER VALLONE: Thank you  
4 for coming down, thank you for the help in re-  
5 crafting this bill prior to today.

6 And I thank you for saying you  
7 support the intent of this bill and you understand  
8 some of the benefits that it would bring. And I  
9 understand your position, that's why we changed  
10 the bill, I am loath to add any new costs to any  
11 businesses and, normally, when the Mayor opposes  
12 people trying to tell business what to do, I'm  
13 there, I think we do that perhaps too much on this  
14 side.

15 However, it has been done by the  
16 Mayor and myself--trans fat, smoking, I wrote the  
17 trans fats bill--so I understand that there are  
18 times that we can tell business what to do when  
19 there's a greater good. We can argue the  
20 difference of the greater good from health and  
21 safety of first responders or you name it, but  
22 there are times that it's been done and I hope to  
23 over time bring you on to our side of this issue  
24 or at least not have you vociferously oppose it,  
25 which clearly you're not.

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2                   You do mention some of the  
3 improvements that this would bring and I agree.  
4 The first responders obviously support this not  
5 only in rank-and-file that I've spoken to, but  
6 people like Ray Kelly, who I know you're aware  
7 that he supports this, and he agrees with you, I  
8 mean his letter to me to quote says that there are  
9 potential difficulties, but the advantage of this  
10 proposed legislation clearly outweighs any  
11 disadvantages. So he and I have both weighed the  
12 disadvantages that you have spoken of, which are  
13 the additional costs to the business owner, and  
14 come out on the side of the safety of our first  
15 responders and the beautification to our city.

16                   Let me see if I have any questions.  
17 Do you disagree with some of the testimony you  
18 heard where the costs of this bill would only  
19 increase the cost of the businesses by about 10%  
20 when it comes to new gates?

21                   MR. SCHWARTZ: I heard only the tail  
22 end of the testimony that was just given, but  
23 certainly information like that is going to be  
24 important to business owners and, again, we would  
25 like to get--you know, if there is the perception

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2 that these visible gates are less secure, we would  
3 like to help educate businesses when they're  
4 making a decision on gates that perhaps that is a  
5 better way to go. I don't know how many different  
6 types of visible type of gates are available on  
7 the market either, but we do deal with a lot of  
8 startup companies at our business solutions  
9 centers, that's one of the primary customers that  
10 we have coming in are people who are entrepreneurs  
11 and want to start up and if we can get the  
12 information together to give them as part of the  
13 packet, 'cause they are extremely concerned with  
14 costs. We would like to help in that effort that  
15 when they go out to make a decision about  
16 installing gates that they realize that some of  
17 the advantages that were laid out here are worth  
18 it, they're going to benefit their business  
19 overall, maybe they're going to deter graffiti,  
20 and those are important things too in the  
21 operation of their business.

22 COUNCIL MEMBER VALLONE: Well the  
23 Business Improvement Districts do support this.  
24 In fact, the Fashion Center BID is either here or  
25 is here and has provided testimony in support of

1  
2 this, as has every other BID that we've spoken to  
3 and some are trying every method that they can  
4 right now to try to get businesses to do this.

5 Oh, in going forward to bring you  
6 on board, is there any other change that you might  
7 recommend? For instance, we have tried to craft  
8 this to not cover businesses that might need these  
9 sort the opaque gates, we've only had it covered  
10 type C and E zoned buildings, we tried to  
11 eliminate garages, which garages and loading bays,  
12 and perhaps we can do more of that in order to  
13 assuage any concerns you have. Is there something  
14 like that, that you might recommend?

15 MR. SCHWARTZ: Not at this point,  
16 but I think it would be something we could  
17 discuss. I think it was someone in your office,  
18 perhaps your Chief of Staff, gave us some  
19 information about other city's ordinances and we  
20 want to take a look at that, we want to see if  
21 there are any variations that we can make on this  
22 that would help.

23 COUNCIL MEMBER VALLONE: Mr. Chair,  
24 I'm done. Thank you.

25 CHAIRPERSON DILAN: Council Member

Fidler.

COUNCIL MEMBER FIDLER: Thank you,  
Mr. Chairman.

And Deputy Commissioner, don't take this as anything other than an expression of my usual love for you and your agency, I usually only beat up on Deputy Commissioner Day [phonetic], but I can't help it, Councilman Vallone made reference to what I was going to say.

It's interesting that the Bloomberg Administration takes the position that they don't want to interfere in what is essentially a business decision, yet we've required calories to be on menus, we've legislated trans fats, it seems that we pick and choose what I'm shocked at in this discussion is the lack of consideration for our first responders. Forget about the fact that if I were a business owner, it would make perfect sense to me that I would want a police officer driving by after hearing my alarm to be able to look into my storefront, but I certainly know that if I was a police officer, I would want to know what I was facing if I was confronting that circumstance. If I was a firefighter, I would

1  
2 certainly want to know what I was facing before I  
3 had to break in and find out where the smoke was  
4 coming from, and if I was the tenant living on the  
5 second floor of a mixed-use building when the  
6 first floor had a roll down gate, I would want the  
7 firefighters to make that decision very, very  
8 quickly. And so if we're going to talk about  
9 trans fats and calories and sodium and things like  
10 that that affect people's life over a long period  
11 of time, I just wonder why the lack of  
12 consideration for something that is a life-and-  
13 death decision that has to be made in matters of  
14 minutes, maybe seconds, and so I'm a little  
15 perplexed by that.

16 And I would urge you when you're  
17 picking and choosing on this one to reconsider  
18 that. And I just wonder if Small Business  
19 Services, if you have a response to the issue of  
20 the safety of the first responders, the safety of  
21 the people living above these stores.

22 MR. SCHWARTZ: Council Member, we've  
23 worked with the Office of Legislative Affairs, as  
24 I indicated to Council Member Vallone, we will  
25 work with the Council on this bill if there are

1  
2 concerns to address it, and my understanding is  
3 that there have been discussions with fire and  
4 police department on this bill and hopefully we  
5 could reach an appropriate resolution, but I'm  
6 here today to state the city's position on the  
7 bill.

8 COUNCIL MEMBER FIDLER: I understand  
9 you're here to state the city's position on the  
10 bill and I'm not going to ask what you believe as  
11 a human being and as an individual, but you're  
12 talking about compromising the bill because I  
13 think you sense that we're going to pass this bill  
14 and I hope we are--and, in fact, I'd take this  
15 opportunity to ask that my name be added to this  
16 bill. But you said that the reason that the  
17 administration opposes this bill is because it's a  
18 business decision and it should be left to the  
19 business.

20 MR. SCHWARTZ: That's correct, but  
21 I'm saying when I don't say that [crosstalk]--

22 COUNCIL MEMBER FIDLER: How is that  
23 going to change--

24 MR. SCHWARTZ: --my personal, I  
25 meant when the city's position is that we've



1  
2 worked with the police department and the fire  
3 department as well before coming in here today  
4 so...

5 COUNCIL MEMBER FIDLER: But look, I  
6 don't really want to belabor it, but you've made a  
7 decision, you've taken a position not based on  
8 substance of this kind of gate for these kind of  
9 stores, you said you're against this because this  
10 is a business decision.

11 MR. SCHWARTZ: Essentially.

12 COUNCIL MEMBER FIDLER: So I don't  
13 understand, I guess, how you compromise that  
14 principle if that's the basis of your opposition.  
15 If you were telling me you were against it because  
16 this type of store doesn't need it and this type  
17 of store does and the bill goes too far, that's  
18 something you compromise over, but you've taken a  
19 position based on principle, not on substance.

20 MR. SCHWARTZ: Well, Council Member,  
21 you asked questions of the last witness as well,  
22 the same kind of questions that business owners  
23 are going to ask about their particular  
24 storefronts or the particular types of gates. Now  
25 the police department does do a crime prevention

1  
2 survey and they will go to business owners,  
3 they'll visit their store, give them  
4 recommendations on what they could have, where to  
5 place the cash register, they may recommend gates,  
6 they may even recommend these type of gates to the  
7 business owner in making that decision. So we  
8 think that's an appropriate way to go to get the  
9 first responders, as you say, for the PD to come  
10 down and look at and analyze their situation and  
11 make a crime prevention recommendation.

12 COUNCIL MEMBER FIDLER: And I have  
13 no doubt that your excellent staff when you're  
14 talking to commercial property owners will draw  
15 attention to all the reasons, including the  
16 graffiti, why this type of choice is better for  
17 them. Just like the Health Department tells  
18 people why they shouldn't be eating trans fats and  
19 they should be mindful of calories and sodium.  
20 And yet we've chosen to take those decisions away  
21 from people legislatively and from businesses  
22 legislatively and in this particular case, I just  
23 don't get the dichotomy of principle. I don't  
24 understand, why is this decision that maybe a \$400  
25 decision something that we're going to leave in

1  
2 the hands of business owners as opposed to saying,  
3 hey, you're endangering the lives of cops and  
4 firefighters, of tenants who live upstairs, and  
5 creating a canvas that someone's going to have to  
6 remove that graffiti and I don't think that  
7 business owners would appreciate it if we passed a  
8 law that said you're responsible for the graffiti  
9 on your gate, remove it within 24 hours because  
10 that would cost them more.

11 MALE VOICE: [Crosstalk] did, we  
12 tried [crosstalk]--

13 COUNCIL MEMBER FIDLER: We tried  
14 that, okay? So this is the less expensive option.  
15 And Councilman Vallone has--it was painful of him  
16 to do it, has compromised so that this only  
17 applies to the installation of gates in the future  
18 and grandfathers in all the old ones, so that no  
19 business owner is being forced to put in a gate  
20 before its time.

21 Again, I just don't get it  
22 sometimes the positions that the Bloomberg  
23 Administration takes that are inconsistent, and I  
24 think this is one of them. I mean, when we were  
25 doing the baseball bat, all I heard from the

1  
2 Bloomberg Administration was this is a nanny state  
3 bill and we're against that and yet then they do  
4 trans fats. Well maybe this is a nanny state bill  
5 for businesses, but it has a very, very, very  
6 clear implication for the life and safety,  
7 particularly of police and firefighters and  
8 tenants living in the second floor.

9           And so I would urge you to go back  
10 and, in addition to looking at the substance of  
11 the bill to have that discussion with Council  
12 Member Vallone to look at the principle and  
13 whether it's being applied inconsistently and  
14 remove that objection because I think it's an  
15 inappropriate objection and I hope--well I made my  
16 point.

17           And I think you guys do a great  
18 job, I don't want you to think that this is any  
19 lack of love for SBS or for you, it's just I just  
20 sometimes don't get the Bloomberg Administration.  
21 They don't get me either me, so...

22           COUNCIL MEMBER VALLONE: I would  
23 just like to clear up the record with the chair's  
24 permission and you bring up--accidentally bring up  
25 a great point, in fact, we did pass a law which

1  
2 mandates that building owners, commercial building  
3 owners, clean the graffiti off their buildings or  
4 request that the city do it for them. So, in  
5 fact, this would save business owners and the city  
6 a great deal of money from having to clean up the  
7 graffiti on their gates, so it's perhaps something  
8 that has not been worked into the equation,  
9 perhaps they'll pay less taxes in the future  
10 because the money we save because of this bill.

11 And Erik Dilan was the only person  
12 to vote against--

13 [Crosstalk]

14 CHAIRPERSON DILAN: Yeah, and I'm  
15 proud that I voted against that as well 'cause I  
16 view them as victims of a crime and they shouldn't  
17 have to clean up a crime that's committed against  
18 them, that was my position at the time.

19 And I just have just one simple  
20 question, what do you feel, if any, would be any  
21 insurance impact or any insurance obligations that  
22 these small businesses may have as a result of the  
23 change? Do you foresee any, is it possible?

24 MR. SCHWARTZ: It's a good question,  
25 and that's, I don't know--

2 CHAIRPERSON DILAN: You don't.

3 MR. SCHWARTZ: --sitting here right  
4 now and that's one of the things want to analyze  
5 some of those issues.

6 CHAIRPERSON DILAN: But you perceive  
7 it as possible then.

8 MR. SCHWARTZ: Possible.

9 CHAIRPERSON DILAN: Okay. All  
10 right, I'd like to thank you for your time and  
11 your testimony on it.

12 And I think the chair is definitely  
13 nervous 'cause he knows just traditionally this is  
14 something that I had struggled over myself, but I  
15 do think from the perspective of anti-graffiti and  
16 safety that it is a worthy measure, but I'm also  
17 at least mindful that, at least from my  
18 perspective, businesses should be, in some degree,  
19 allowed some flexibility on how to secure their  
20 businesses. I think it's tough for us to sit here  
21 in this position, not knowing the nuances of every  
22 individual small businesses, it may be tough for  
23 us to make them safe, but of all the research that  
24 Council Member Vallone has done to date, it shows  
25 basically a zero-sum difference in terms of

safety, so we'll continue to investigate it.

So I just want to thank you for your time and your position on this.

MR. SCHWARTZ: Thank you. Appreciate the comments of all the Council Members. Thank you.

CHAIRPERSON DILAN: Thank you. And, again, sorry for the delay in allowing you--

MR. SCHWARTZ: I'm just [crosstalk]-

-

CHAIRPERSON DILAN: --get back to your work.

Next I'd like to call up. Mr. Jerry Armer from the MetroTech BID, as well as Anne Bonacum?

[Off mic]

CHAIRPERSON DILAN: Bonacum from the Fashion Center BID.

MS. ANNE BONACUM: Do you want us together?

CHAIRPERSON DILAN: Yeah, together, yeah. I know one person has marked their position on the bill, do you have different opinions on the bill?

2 MS. BONACUM: Now, I think we have--

3 MR. ARMER: I think we're the same.

4 CHAIRPERSON DILAN: Same position,  
5 okay.

6 MS. BONACUM: And you won't even  
7 need to hear me after [crosstalk]--

8 MR. ARMER: Oh, I'm going first?

9 CHAIRPERSON DILAN: Well--

10 MS. BONACUM: Yeah, go, go.

11 CHAIRPERSON DILAN: --we generally  
12 allow prerogative to the ladies, if you  
13 [crosstalk]--

14 MR. ARMER: [Interposing] That's  
15 what I [crosstalk]--

16 MS. BONACUM: No, I yield, go ahead,  
17 'cause you guys [crosstalk]--

18 CHAIRPERSON DILAN: Okay. Well her  
19 prerogative is to yield so...

20 MS. BONACUM: So I still get  
21 [crosstalk]--

22 MR. ARMER: Okay.

23 Good afternoon, Chairman Dilan and  
24 Members of the Committee. My name is Jerry Armer  
25 and I am the Director of Services for the



1  
2 MetroTech BID in Downtown Brooklyn.

3           In the late 1990's under the  
4 direction of our Executive Director Michael Weiss,  
5 the MetroTech BID realized that in order to make  
6 the shopping experience in MetroTech more  
7 interesting and pleasurable, we needed to work  
8 with our shop owners to improve the appearance of  
9 our retail core, both when stores are open and  
10 when they're closed. We realized that this had to  
11 be a multi-prong effort and not a one-shot deal.  
12 To do this we created the MetroTech BID Facade  
13 Program, which I've given you a brochure on  
14 attached to my statement. The program offers  
15 professional assistance in areas such as store  
16 signage design, window display, and solid roll  
17 down gate replacement.

18           When you or the average shopper  
19 walk down a retail street and store after store  
20 has their roll down gates pulled down, it creates  
21 a feeling that you are not wanted, kind of a siege  
22 mentality in the neighborhood. It sends a  
23 subliminal message to the shoppers that the area  
24 is not safe. It prevents shoppers from seeing  
25 what the stores have to offer to the consumer. I

1  
2 believe that roll down gates are one of the most  
3 noxious elements that impact our shopping  
4 district. They attract graffiti, give the  
5 impression that our streets need to be fortresses,  
6 they potentially reduce illumination on the  
7 sidewalk, prevent law enforcement and fire  
8 officers from seeing into and accessing the  
9 stores, and, most of all, encourage pedestrians  
10 and shoppers to walk elsewhere.

11 On the other hand, open link gates  
12 are not inherently less protective and they can  
13 allow a retailer to market their merchandise  
14 through well-designed window displays even at  
15 night.

16 The MetroTech BID'S open link type  
17 roll down gate replacement program is very simple.  
18 The BID will pay a store owner up to \$750 or 50%  
19 of the gate replacement, whichever is less, once  
20 they have replaced their solid roll down gate with  
21 an open link type. We have had a limited success  
22 with existing merchants. They are usually  
23 resistant to spending any money if they already  
24 have a gate. However, when they are renovating  
25 their storefront, our rate of success increases.

1  
2 We have one merchant who did a new storefront with  
3 no gate and that has been fine for over a year.  
4 The solid roll down gate replacement works best  
5 with newly leased retail spaces, especially when  
6 we get to speak to the new retailers as they are  
7 building out their stores.

8 With Intro 138-A, the Council is to  
9 be commended for looking to make retail streets in  
10 New York City more inviting for our residents and  
11 for the thousands of visitors who come to spend  
12 their money in New York City. Intro 138-A is the  
13 first small step in improving the shopping and  
14 walking experience on the retail streets of New  
15 York City.

16 Although we totally agree with the  
17 intent of this bill, we would like to offer to  
18 work with Council Members and Council staff to  
19 ensure that the bill is effective and enforceable.  
20 For example, why not require that, as it is in  
21 Downtown Brooklyn rezoning section 101-12 second  
22 paragraph, that after a date specific, all new  
23 security gates installed to secure a commercial  
24 premises shall, when closed, permit visibility of  
25 at least 75% of the area covered by such gate when

1  
2 viewed from the street--this is already on the  
3 books, it exists in the zoning resolution.

4 In closing, let me point out that  
5 in 1996 the Wall Street Journal printed a positive  
6 article about see-through link type gates, which I  
7 have attached to the copy of my testimony. And in  
8 the ensuing 13 years, the crime rate in New York  
9 City has declined to levels that no one would have  
10 imagined in 1996, thus eliminating the major  
11 reason that has always been given for putting up  
12 solid roll down gates.

13 Thank you for the opportunity to  
14 put our thoughts before you.

15 MS. BONACUM: Hope I don't poke  
16 myself in the eye.

17 Good afternoon, my name is Anne  
18 Bonacum and I'm here on behalf of Barbara Randall,  
19 the president of the Fashion Center Business  
20 Improvement District.

21 The Fashion Center, like MetroTech,  
22 supports this legislation. We believe see-through  
23 security gates have obvious aesthetic, economic,  
24 and safety benefits and as an organization the BID  
25 has long urged our ground floor retailers and

1  
2 property owners in the Fashion District to convert  
3 the gates on their storefronts.

4           As a streetscape initiative, see-  
5 through gates on illuminated storefronts bring  
6 more light to the streets, thereby improving the  
7 pedestrian experience and the quality of life,  
8 which in turn create higher value. By contrast,  
9 solid gates give an area the impression of being  
10 dangerous and downtrodden, creating a negative  
11 impact that is felt by all who live, work, or do  
12 business in an area.

13           Solid gates also encourage  
14 graffiti. When the BID was founded, we spent many  
15 man-hours painting over graffiti and we continue  
16 to do so today in some areas. See-through gates  
17 do not lend themselves to graffiti, and the  
18 additional light cast by the illuminated  
19 storefront within makes the location even less  
20 inviting of graffiti.

21           Furthermore, when merchandise in a  
22 store can be seen from the street, it enlivens the  
23 area, and, from a merchant's perspective, offers  
24 the added advantage of displaying merchandise  
25 during off-hours that may prompt a passing

1  
2 consumer to return during business hours.

3           Finally, and most importantly, the  
4 added light on the sidewalk simply creates a safer  
5 environment, as it is well known that lighting is  
6 an effective weapon against crime.

7           For all these reasons, see-through  
8 gates were included among the elements in the  
9 BID'S first streetscape improvement plan in 1996  
10 and in years since we have offered all of our  
11 property owners and retailers the opportunity to  
12 take advantage of a program we have that offers a  
13 financial incentive for completing this  
14 improvement. See-through gates have by far been  
15 the most popular among the elements for which the  
16 BID offers such an incentive, indicating that  
17 forward-thinking property owners and retailers  
18 realize their benefits as well.

19           Now, I just want to amend my  
20 written testimony here, this is where it kind of  
21 concludes, but I just want to add that we were not  
22 aware that the bill was amended to eliminate the  
23 2015 deadline date and we would like to say that  
24 that was actually something that we think is a  
25 very positive thing and a necessary thing, because

1  
2 I think without it there won't necessarily be any  
3 teeth to this and we won't necessarily see the  
4 kind of conversions that we think would greatly  
5 benefit areas in the city.

6 So that concludes, therefore, on  
7 behalf of the board of directors and members of  
8 the Fashion Center BID, we strongly support this  
9 legislation with the caveat that we think that the  
10 deadline date does need to be included. Thank  
11 you.

12 CHAIRPERSON DILAN: Okay.

13 COUNCIL MEMBER VALLONE: I don't  
14 disagree with you, but it's been taken me four  
15 years to get this far so--

16 MS. BONACUM: I know, I know--

17 COUNCIL MEMBER VALLONE: --let's not  
18 mess that up please.

19 MS. BONACUM: --I know, I was just  
20 surprised to come here. I hadn't known that and  
21 when I came here and heard that, I was surprised--

22 COUNCIL MEMBER VALLONE:

23 [Interposing] You know politics is all about--

24 MS. BONACUM: --and disappointed.

25 COUNCIL MEMBER VALLONE: --the

possible and--

MS. BONACUM: I understand, I understand, and we support the legislation in its intent.

COUNCIL MEMBER VALLONE: Thank you very much. And just to clarify what you said, you said, why not a date certain where all new installations, that's what this bill would do, all new installations after the bill passed would have to be see-through, but we no longer have the date certain where any one that exists--

MS. BONACUM: [Crosstalk]

COUNCIL MEMBER VALLONE: --have to be removed and changed.

MR. ARMER: We would also support date certain for existing stores.

COUNCIL MEMBER VALLONE: Very good to know. Thank you. And I don't have any questions, so thank you both.

MR. ARMER: Thanks.

CHAIRPERSON DILAN: Well I just have just a question for Mr. Armer. Now you said you've dealt with businesses in the downtown Brooklyn area, existing businesses that have



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converted from--

MR. ARMER: Yes, sir.

CHAIRPERSON DILAN: --the unvisible to the 75% visible.

MR. ARMER: Yeah.

CHAIRPERSON DILAN: Just--and it's the same question I asked to the Deputy Commissioner of SBS, are you aware of any insurance implications?

MR. ARMER: We have not heard from any of the approximately 15 stores as it had any effect on their insurance, we have not had a problem with those--also we haven't had a problem with the gates once they were put in.

CHAIRPERSON DILAN: Okay. Now I'm just going to ask a question from a little bit from the perspective that I share, I don't run a business, but I do run a Council office, I have the roll down gates that are not actually visible. I don't own the property, I lease the property from the landlord and I'm sure that many small businesses do the same. And I got the gates that came with the business and I'm sure many store owners have the same type of situation. Maybe

1  
2 this was mandated, I should've asked this question  
3 towards the administration, but ultimately--and  
4 maybe the Council Member can speak to his intent  
5 of the bill, ultimately the way you read it, who  
6 do you deem responsible? Would it be the  
7 commercial business owner or would it be the  
8 property owner who is responsible for converting  
9 the gates?

10 MR. ARMER: The way we read it and  
11 the way we deal with in our Business Improvement  
12 District is it is the store owner that is  
13 responsible.

14 CHAIRPERSON DILAN: Right.

15 MR. ARMER: --it is put up by the  
16 store owner, it is maintained by the store owner,  
17 and it is changed by the store owner. The only  
18 thing the BID does and we spent a lot of time  
19 doing it, is steam cleaning and chemically  
20 cleaning the solid roll down gates on a monthly or  
21 weekly basis.

22 CHAIRPERSON DILAN: Yeah, I keep  
23 forgetting that on the commercial side when you  
24 enter into a lease, you get an empty space--

25 MR. ARMER: That's correct.

1  
2 CHAIRPERSON DILAN: --I keep  
3 forgetting. it's hard for me to share from  
4 business to residential leases sometimes when I  
5 think in my head, but...

6 Council Member Vallone.

7 COUNCIL MEMBER VALLONE: To clear up  
8 the intent, originally it was all stores replace  
9 and then in the negotiation process with yourself  
10 and the Mayor's people and the store owners, I had  
11 proposed that perhaps upon a new lease or a new  
12 construction or something of that nature that it  
13 would have to be replaced and even that did not  
14 happen. My thought would have been when a new  
15 store opens up or a new owner, replace it.

16 But, no, under the intent of this  
17 new bill, if you buy a store and continue to use  
18 those gates, you're okay with them until you do  
19 purchase new ones, there's no requirement.

20 CHAIRPERSON DILAN: Yeah, I would  
21 hope you exempt Council district offices 'cause  
22 then it comes out of my operating budget, Mr.--

23 [Off mic]

24 CHAIRPERSON DILAN: Yeah, thanks a  
25 lot. If there are any more questions for the

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panel?

If not, I'd like to thank you for your time and testimony.

And how much do these gates cost on average? I see the gentleman in the back. Depends on the size of--

[Off mic]

CHAIRPERSON DILAN: They're not giving me extra LTPS for this, mister.

[Off mic]

MALE VOICE: Well maybe the landlord's responsible [off mic]

CHAIRPERSON DILAN: We might do term limits to 2015, we might still be here, right? That's off the record, please take that off the record.

Yeah, my Council's pushing the gavel towards me and I think I'm going to listen to her.

With that, we've received no testimony for the record on any of these items, so Intro 138-A and Resolution 1549-A will be laid aside and that will--

FEMALE VOICE: [Crosstalk] 69, 69-A,

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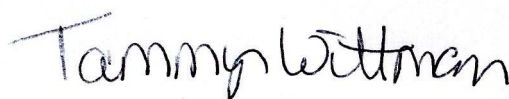
69 is wrong, it's 69--

CHAIRPERSON DILAN: Forty-nine.

Somebody wrote it, somebody wrote it wrong on my document. Excuse me, 1569-A will be laid aside, not 49, 1569 will be laid aside and that will conclude today's hearing.

C E R T I F I C A T E

I, Tammy Wittman, 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.

A handwritten signature in cursive script that reads "Tammy Wittman". The signature is written in black ink on a light-colored background.

Signature\_\_\_\_

Date February 23, 2009