

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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February 11, 2019
Start: 1:14 p.m.
Recess: 2:45 p.m.

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

B E F O R E: BEN KALLOS
Chairperson

COUNCIL MEMBERS: Chaim M. Deutsch
Ruben Diaz, Sr.
Vanessa L. Gibson
Andy L. King

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

Genevieve Michel, NYC Housing, Preservation and Development

Nina Plomchok (sp?), NYC Housing, Preservation and Development, HPD

Erica Benson, NYC Housing, Preservation and Development, HPD

Kevin Powers, NYC, Housing, Preservation and Development, HPD

Thomas Yu, the Co-executive Director of Asian Americans for Equality, Affordable Housing Developer

Lacey Tauber, Housing, Preservation and Development, HPD

Christine Retzlaff O'Connell, Director of ANCP, Housing, Preservation and Development, HPD

Emelio Dorcely, President, Bridge Street Development Corporation

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2 CONCESSIONS

4

3 CHAIRPERSON KALLOS: Are we good to
4 start?

5 MALE SPEAKER: You're good. [gavel]

6 CHAIRPERSON KALLOS: Good afternoon and
7 welcome to the Subcommittee on Planning, Dispositions
8 and Concessions. I am Council Member Ben Kallos.
9 You can Tweet me at Ben Kallos. I'm the Chair of
10 this subcommittee. We are joined by Council Member
11 Inez Barron, and Council Member King as well as
12 Council Chaim Deutsch. Today we will be holding
13 hearings on three projects. Before we begin our
14 hearings we will be voting to approve two projects we
15 heard on January 30th, Land Use Items 326, 327 and
16 328, 461 Alabama Avenue and 40—and Land Use Item 329
17 East Village Housing ANCP. Approvals of Land Use
18 326, 327 and 328 461 Alabama Avenue will facilitate
19 the development of a proposed 7-story mixed-use
20 affordable and supportive housing development
21 containing 70 apartments and community facility
22 space, 60% of those units will be supportive housing
23 for formerly homes and 40% of the units will be
24 affordable housing units at or below 60% of AMI,
25 which is one of the lower bands. It is actually one
of the affordable housing bands, and Council Member

1 Inez Barron is a vocal advocate for affordability and
2 for affordable for whom, and with the importance of
3 member deference, it is good to see council Member
4 Barron leading on this. HPD seeks approval of a
5 Special Permit to allow community facility bulk
6 regulations to be applied to a non-profit institution
7 with sleeping accommodations. She also seeks
8 approval for Urban Development Action Area
9 designation project approval, disposition approval,
10 Block 3803, Lot 6 and an amendment to the East New
11 York 1 Urban Renewal Plan. Council Member Barron is
12 supportive of this project. I'd like to invite her
13 to write some remarks.

15 COUNCIL MEMBER BARRON: Thank you, Mr.
16 Chair. I'll be very brief. I just want to say that
17 I always try to make sure that the projects that come
18 into the district are finally reflecting what it is
19 that I always talk about, which is providing adequate
20 housing for homeless and to make sure that the
21 housing that's coming in is affordable to the
22 community that lives there so that they are not
23 displaced, and as you have indicated, there are
24 supportive units for people with formerly-formerly
25 homeless people as well as those with mental issues,

1 and it is housing for people who presently live there
2 who haven't—the neighborhood needed income of only
3 about \$40,000 or less. Thank you, Mr. Chair.

4
5 CHAIRPERSON KALLOS: Thank you, and for
6 those who are interested, 60% of AMI is a band of a
7 single individual making \$43,060 to a family of six
8 making \$72,600. So, this is affordable for many of
9 New Yorkers where our average income across the city
10 is about \$55,000 a year. Approval of Land Use Item
11 329 East Village Housing ANCP will facilitate two
12 fully accessible buildings containing approximately
13 21 units of affordable housing and commercial space.
14 Out of the 21 units, 10 will become affordable
15 cooperative units and 11 will be affordable rental
16 units. HPD seeks approval for an Urban Development
17 Action Area designation project approval and
18 disposition approval for Block 406, Lots 6 and 47
19 located at 204 Avenue A and 535 East 12th Street.
20 For those have been vacant due to structural issues
21 since 2008. Council Member Rivera is supportive of
22 this project especially because thanks to this
23 approval ten of the original tenants who were
24 relocated a decade ago will be able to return to
25 their homes. I'd like to now ask the Committee

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2 Counsel to call the roll on Items 326, 327, 328 and
3 329 to approve.

4 LEGAL COUNSEL: Chair Kallos.

5 CHAIRPERSON KALLOS: Aye on all.

6 LEGAL COUNSEL: Council Member Deutsch.

7 COUNCIL MEMBER DEUTSCH: Aye on all.

8 LEGAL COUNSEL: Council Member King.

9 COUNCIL MEMBER KING: Aye on all.

10 LEGAL COUNSEL: The Land Use items are
11 approved by a vote of 3 in the affirmative, no
12 negative and no abstentions and will be referred to
13 the full Land Use Committee.

14 CHAIRPERSON KALLOS: Thank you to the
15 committee members for their votes. Thank you again
16 to Council Member Barron for her leadership, and I
17 hope that we can work together to see similar levels
18 of affordability. I think one of the things you will
19 notice, and I think you have noticed in this
20 committee is we tend to ask folks: Are the levels of
21 affordability at or near what the community is or are
22 they set higher than the community because I am often
23 concerned that the affordable housing we are building
24 is actually gentrifying the communities where it is
25 being built. So, no thank you. We will now move

1 onto public hearings. Our first hearing today will
2 be—give me one moment. [pause] Okay, the first
3 hearing today will be on Land Use Item 333-67-69 St.
4 Nicholas Avenue in Council Member Perkins' district
5 in Manhattan. HPD is seeking an Article XI pursuant
6 to Section 577 of the Private Housing Finance Law.
7 Approval of a new real property tax exemption and
8 termination of a prior exemption for this site. The
9 building is a 27-unit low-income coop. It was carved
10 out of the recent Article—recent round 10 of the 30-
11 third-party transfer program. This 40-year tax
12 exemption will be retroactive for 10 years, and
13 forward for 30 years the current HDFC will retain
14 ownership for this building. I now open the public
15 hearing on Land Use Item 330 67-69 St. Nicholas
16 Avenue. I'd like to invite HPD to present testimony.
17 If you could please state your names, and if the
18 committee counsel would administer the oath.

20 GENEVIEVE MICHEL: Genevieve Michel.

21 NINA PLOMCHOK: Nina Plomchok (sp?).

22 LEGAL COUNSEL: Do you affirm to tell the
23 truth, the whole truth and nothing but the truth in
24 your testimony before this sub committee and in
25 response to all Council Member questions?

2 GENEVIEVE MICHEL: I do.

3 NINA PLOMCHOK: I do.

4 CHAIRPERSON KALLOS: Before you testify,
5 I just want to proactively say thank you to HPD.

6 Last year during a third-party transfer, there were a
7 number of properties that were coming before this
8 committee not for the approval for the transfer,
9 which had been granted by a different committee, but
10 for approval for the tax benefits. At the time I
11 raised concern about moving properties from
12 homeownership to rental, and had suggested being able
13 to use processes like this to provide some of the
14 same benefits that would be afforded to real estate
15 developers to the existing owners of properties, and
16 to see an HDFC, a tenant-owned building, that was
17 pulled from the Third-Party Transfer Program, and
18 where they are seeing their tax arrears forgiven and
19 and being offered very similar terms to what
20 developers would is-is really a step in the right
21 direction. I appreciate HPD for hearing me on that
22 and so many of my colleagues in the City Council on
23 that issues, and so, I-it's a-when-when-when one is
24 as critical a I can be from time to time, it is

1 important to acknowledge and say thank you. That
2 being said, please begin your testimony.
3

4 GENEVIEVE MICHEL: Land Use No. 330
5 consists of an exemption area containing one
6 privately owned building located at 67-69 St.
7 Nicholas Avenue, Block 1823, Lot 56 in Manhattan
8 Council District 9. 67-69 St. Nicholas Avenue was
9 taken into city ownership on May 1, 1993, and
10 subsequently entered-entered into the tenter-Tenant
11 Interim Lease Program. On June 19, 1997, HPD
12 conveyed the property to the existing tenants as a
13 low-income cooperative with household AMIs capped at
14 a 121-120% in accordance with the TIL Program
15 Guidelines. The building contains two occupied
16 commercial units and 26 residential units of which
17 four are vacant and the remaining 22 are occupied.
18 The unit mix comprises 20 3-bedroom and 6 4-bedroom
19 apartments. The AMIs for the existing shareholders
20 ranges from up to 30% of AMI to above 165% of AMI and
21 maintenance charges are \$515 for the studio, \$782 for
22 a 3-bedroom unit and \$924 for a 4-bedroom unit.
23 Under the new Regulatory Agreement, new buyers will
24 be subject to 120% AMI income requirements. The
25 rental units will go for \$1,870 for a 3-bedroom and

1 \$2,210 for a 4-bedroom. The building was a Third
2 Party Transfer Program candidate in Round 10.
3
4 However, given the shareholders who are working with
5 HPD and the HDFC Coalition to come up with a strategy
6 to address some municipal arrears and develop a
7 capital improvement plan to save their building, the
8 Council passes local legislation disapproving
9 transfer to new ownership. Components of the plan
10 included the election of a new board of directors by
11 the HDFC in 2018, and renewal of a 2012 defaulted
12 payment agreement with the Department of Finance for
13 tax arrears dating to 2008. The HDFC also entered
14 into a payment agreement with the Department of
15 Environmental Protection in order to address water
16 and sewer charges. Additionally, the HDFC sold two
17 units in order to bring in revenue, and have made
18 progress addressing non-payment by tenants and other
19 shareholders. Rehabilitation of the property
20 includes the regular maintenance of the elevator as
21 well as its replacement within the next three to five
22 years, the installation of a new roof in the spring,
23 and the purchase of a new boiler in 2020. Currently,
24 the cost of these up-upgrades total approximately
25 \$80,000. In an effort to maintain continued

1
2 affordability and stability in the building, HPD is
3 before the Planning Subcommittee seeking retroactive
4 tax benefits that will replace the current partial
5 Article XI tax exemption. The new Article XI tax
6 exemption will be retroactive to 2008 and be in place
7 for a total of 40 years. The current estimated cost
8 of the tax benefit is \$5,029,380 with a net present
9 value of \$2,324,035. Thank you. [pause]

10 CHAIRPERSON KALLOS: Thank you. The net
11 present value is high because you are counting the
12 arrears as a full payment up front?

13 CHAIRPERSON KALLOS: How much were the
14 arrears?

15 GENEVIEVE MICHEL: [pause] The retroactive
16 arrears were \$692,213.

17 CHAIRPERSON KALLOS: Good. What are the—
18 in terms of the upcoming repairs, is there anything
19 else beyond the upgrades in the 80,000 or are there
20 additional violations that need to be cured or
21 anything else beyond that \$80,000 that is necessary?

22 GENEVIEVE MICHEL: They—I think they
23 currently have 59 violations that need to be cured.

24 CHAIRPERSON KALLOS: And that \$80,000
25 will cover those 59 violations?

1
2 GENEVIEVE MICHEL: The \$80,000 is what
3 they've spent to date. So, there will presumably be
4 more that they are going to turn to.

5 CHAIRPERSON KALLOS: Okay. So, you are
6 suggesting a new boiler—sorry, a new roof in the
7 spring and the purchase of a new boiler, and if you
8 may bring the mic closer to you, what would the cost
9 of those be?

10 GENEVIEVE MICHEL: This from the
11 Buildings Board. They have a new roof scheduled for
12 May of this year at a cost of approximately \$20,000
13 and they're planning for this new boiler in 2020.
14 They did not provide an estimated cost for that.

15 CHAIRPERSON KALLOS: In other
16 preservation projects that I have seen HPD has made
17 funding available for those types of repairs. Was
18 funding being made available from HPD for these
19 repairs?

20 GENEVIEVE MICHEL: We, you know, we
21 looked at that with the HDFC and looked at I think
22 our Green Preservation Loan program, which would
23 provide a subsidy to do those repairs. Ultimately
24 the HDFC decided they were not interested in that,
25

2 and so that's why we are just here before you with
3 this action today.

4 CHAIRPERSON KALLOS: I appreciate it, but
5 the good news that the—the resources there anyone
6 watching at home if they have an HDFC they—this Green
7 Preservation Program is available to do roof/boiler
8 type repairs and different boards are free to make
9 different decisions. In terms of the AMI, are you
10 familiar with the—the levels of income in the
11 surrounding area?

12 GENEVIEVE MICHEL: Yes. Hold on. I
13 think I have that. [pause] I think approximately in
14 the area based on some rough math. We think it's
15 roughly 60 AMI for a family of three.

16 CHAIRPERSON KALLOS: Thank you. That is
17 helpful and so in your testimony you indicated that
18 your—that this program allowed for AMIs up to 120%,
19 which is twice the surrounding area. It was
20 something that we've discussed with Council Member
21 Barron previously. Is there an opportunity to have
22 a—a lower threshold in the Regulatory Agreement for
23 this project?

24 GENEVIEVE MICHEL: Unfortunately, no. I
25 think our thinking here is we want to sure that the

1 building is actually able to maintain its fiscal
2 health and financial health particularly given those
3 issues identified. So, I think, you know, we're
4 comfortable going up to 120 AMI just in order to
5 ensure that there is actually a stable cash flow in
6 the building.
7

8 CHAIRPERSON KALLOS: So, 120 AMI would be
9 an individual making \$87,720 a year to a family of
10 six earning \$145,000.

11 GENEVIEVE MICHEL: Correct.

12 CHAIRPERSON KALLOS: And so, I guess if
13 somebody is seeing this ta home, and they are
14 interested in either the rental or homeownership
15 opportunities, where should they apply?

16 GENEVIEVE MICHEL: At all of the—you
17 know, I think this opportunity as well as many others
18 are available on Housing Connect.

19 CHAIRPERSON KALLOS: Thank you very much.
20 Are there any members of the public who wish to
21 testify? Seeing none, I will now close the public
22 hearing on Land Use Item 330, and it will be laid
23 over. The second hearing will be on Preconsidered
24 Land Use Items East Village Homes Phase 1, East
25 Village Homes Phase 2, East Village Homes NCP, which

1 we will hear together. The applications will
2 facilitate the new construction of two mixed-use,
3 mixed income residential rental buildings with 54
4 units in total that we built on two non-contiguous
5 vacant city-owned lots. This project will be built
6 in two phases. Phase 1 is located at 302 east Second
7 Street and Phase 2 is located at 276 East Third
8 Street. HPD is seeking an Article XI tax exemption
9 pursuant to Section 577 of the Private Housing
10 Finance Law for the two sites; an amendment to
11 previously approved UDAAP project. The original
12 UDAAP project was approved by the New York City
13 Council on April 29, 2010 under Resolution No. 214
14 and July 19, 2006 Resolution No. 450. I now open the
15 public hearing on these applications. I would like
16 to invite HPD to present its testimony. If you could
17 please state your names for the record.
18

19 GENEVIEVE MICHEL: It's still Genevieve
20 Michel.

21 ERICA BENSON: Erica Benson

22 THOMAS YU: Thomas Yu.

23 KEVIN POWERS: Kevin Powers.

24 LEGAL COUNSEL: Okay. [background
25 comments/pause]

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2 CHAIRPERSON KALLOS: Before we administer
3 the oath, we will ask the Committee Counsel to call
4 the roll on the previous items.

5 LEGAL COUNSEL: A vote on Land Use Items
6 326, 327, 328 and 329. Council Member Gibson.

7 COUNCIL MEMBER GIBSON: I vote aye on
8 all.

9 LEGAL COUNSEL: The final vote stands at
10 4 in the affirmative, no negatives, no abstentions
11 and the items will be referred to the full land use
12 committee. And as for the oath, Genevieve Michel you
13 are still under oath and for the rest of you: Do you
14 affirm to tell the truth, the whole truth and nothing
15 but the truth in your testimony before the
16 subcommittee and in answers to all Council Member
17 questions?

18 THOMAS YOU: Yes.

19 ERICA BENSON: I do.

20 KEVIN POWERS: I do.

21 CHAIRPERSON KALLOS: You may begin.

22 GENEVIEVE MICHEL: The preconsidered
23 items are related to a project known as East Village
24 Home, which—homes, which consist of two non-
25 contiguous vacant city-owned lots originally approved

1
2 for disposition in 2006 and 2010 for development of
3 two separate projects. No. 20195394 HAM is related
4 to the disposition or 302 East Second Street Block
5 372 Lot 49 and 276 East Third Street Block 372, Lot
6 11 in Manhattan Council District 2. While 20195392
7 HAM and No. 20195393 HAM are in reference to an
8 Article XI tax exemption-exemption request for the
9 project, which is slated for redevelopment under
10 HPD's New Construction Program. In 2019, HPD added
11 the sites to the NYHP NYPC Request of Qualification
12 and the development team was selected in 2017 to
13 develop the sites. Under the NYPC Guide-under the
14 NCP Guidelines, city-owned properties are conveyed to
15 sponsors in order to create affordable rental-rental
16 housing on in-fill sites. Construction and permanent
17 financing is provided through loans from private
18 institutional lenders and from public-

19 CHAIRPERSON KALLOS: [interposing] May I
20 have a copy of the testimony?

21 GENEVIEVE MICHEL: Oh, yes. Sorry. I'm
22 just trying to get through this. [laughter]

23 CHAIRPERSON KALLOS: I like to follow
24 along.

1
2 GENEVIEVE MICHEL: [laughs] Oh, fair
3 enough. Additionally, funding will be provided from
4 the syndication of Low-Income and Housing tax
5 credits. The newly constructed buildings provide
6 rental housing for low-income, moderate income, and
7 middle income families. 276 East Third was originally
8 approved by the Council in 2006 to be developed as a
9 eight bed facility by New York State Office of Mental
10 Health. 302 East Second was approved by the Council
11 in 2010 to be developed as part of an assemblage,
12 which would have included a total of 166 units of
13 which 34 units or roughly 20% would be affordable to
14 families with incomes up to 40 and 50% of the area
15 median income. However, due to project financing
16 issues, neither project moved forward and, therefore,
17 the sites remain city-owned. Given that 302 East
18 Second Street and 276 East Third Street were
19 previously approved—approve for separate projects is
20 seeking an amendment to the prior approvals in order
21 to develop the two sites for new construction through
22 NCP. The construction will be completed in two
23 phases and under the proposed project, the city will
24 sell 302 East Second Street to East Village Homes
25 Housing Development Fund Company and 276 East Third

1
2 Street to Lower Side (sic) a homes housing
3 development fund company for \$1.00 each. The
4 proposed project comprises of the 44 units at 302
5 East Second street and 10 units 276 East Third Street
6 for a total of approximately 53 rental dwelling units
7 plus one unit for a superintendent. Additionally,
8 the project will include 1,799 square feet of
9 commercial space at 276 East Third Street and
10 approximately 714 square feet of community-community
11 facility space at 302 East Second Street, which is
12 tentatively programmed a social services for the
13 surrounding community. The total development costs
14 is estimated to be \$29 million. Across the building
15 there will be a mixture of unit types including 23
16 studios, 17 1-bedroom, and 13 2-bedroom apartment.
17 The percent of the project's units will b set aside
18 for formerly homeless households. Other units will
19 have rents that are affordable to families earning
20 between 27% and 130% of the area median income so as
21 to serve a wide range of households in the
22 neighborhood. Both buildings will be accessible with
23 two elevators and 302 East Second Avenue and one
24 elevator in 276 East Third Avenue. As mentioned,
25 Preconsidered Items No. 20195392 HAM and No. 20195393

1
2 HAM see Article XI tax benefits for both phases that
3 will coincide with the regulatory agreement for a
4 term of 40 years. The cumulative value of the tax
5 benefits total approximately \$9,870,402 with a net
6 present value of \$2,603,325 for 302 East Second
7 Street. The cumulative value of the tax benefits
8 total approximately \$2,629,197 with a net present
9 value of \$710,163 for 276 East Third Street. In
10 order to facilitate continued affordability, of the
11 East Village Homes project, HPD is before the
12 Subcommittee seeking approval of these three
13 preconsidered items: No, 20195394 HAM, No 2019292
14 HAM and No. 20195393 HAM. Additionally, I think that
15 may be given to my testimony, but we are very
16 appreciative t have Reso A funding in this project
17 from the Borough and the Council.

18 CHAIRPERSON KALLOS: Do you know the
19 amounts.

20 GENEVIEVE MICHEL: Okay, bear with. I
21 can pull it.

22 CHAIRPERSON KALLOS: Okay, please
23 continue with the visual presentation while that is
24 being pulled.

THOMAS YU: The amounts are—it's \$500,000 from Councilwoman Carlina Rivera and then \$300,000 from Gale Brewer.

CHAIRPERSON KALLOS: Okay.

THOMAS YU: I'm just going to go briefly through the Power Point presentation. Hi. My name is Thomas Yu, the Co-executive Director of Asian Americans for Equality. We're a 45-year-old non-profit civil rights organization that in the last 20 years we also do a lot of affordable housing and small business and homeownership development along with our Social Service programs throughout the city and serve over 1.3 billion residents of Asian descent, and all those in need in New York City. So, thank you for the opportunity for us to present our project, and thank you for your continued advocacy on affordable housing issues. Here's a brief slide. It's our history, and I don't go too much into it. The Architect is LeRoy Street Studios. They're also the founders of Hester Street Collaborative who also is a non-profit working on a lot of civic engagement via public design. This is an overhead view of the lot. The two pink lots are the non-contiguous lots on this block in the East Village that we're

1 proposing to develop, and there's the current
2 conditions. This is the one facing East Houston and
3 East Second Street. This one is the larger of the
4 two, and then I'm not going to go over the—the Yake
5 (sic) House. You have that in front of you. This is
6 roughly the ground and typical floor layouts here.
7 The Third Street one is a very difficult lot. It's
8 very narrow in between two existing buildings. Quite
9 a regular lot. The most we could fit there were
10 studios, and so that will be the second phase of the
11 project, and this is the one with the commercial
12 space. Then this is—along with what AAFE does we do
13 a lot of small business technical assistance for
14 small business owners, and so we're looking to work
15 with a lot of the neighborhood retail to put a mom
16 and pop retail stores that we will have a survey and
17 work with the local community board, and other
18 stakeholders to see what's the best type of retail to
19 fit in that space, and then here are the next steps.
20 We are seeking approval this quarter from City
21 Council and then looking to close on construction
22 financing and beginning in June/July of this year.

24 CHAIRPERSON KALLOS: So, I appreciate the
25 transparency and the opportunity honesty relating to

2 delays. This project appears to have been delayed
3 for at least 13 years for one of the sites. How can
4 we avoid this moving forward and how many similar
5 projects are still in the pipeline that have been
6 stalled for 10 years or more?

7 GENEVIEVE MICHEL: I mean I think that
8 the entire idea of the NCP program, maybe not the
9 entire partner, part of the idea of the NPC program
10 is trying to actually have a term sheet and a program
11 at HPD that does allow sites of this size to move
12 forward. You know, I think as I mentioned, the, you
13 know, one of the sites the East Second Street site
14 was only going to work as part of an assemblage where
15 for an 80/20 building and so I think, you know, from
16 our perspective this is actually very positive. I
17 think this is a, you know, better term sheet and a
18 better project for this site. You know, I don't know
19 exactly how many are in the pipeline, but I think as
20 you can see based on how we've—how many of these
21 projects have come before the committee. HPD is very
22 focused on bringing these projects that might have
23 stalled out to fruition.

24 CHAIRPERSON KALLOS: When was NYHOP and
25 NCP created? [background comments/pause]

2 GENEVIEVE MICHEL: 2015.

3 CHAIRPERSON KALLOS: Okay, so this is
4 just a matter of it was created a part of this new
5 Administration one or two years in, and this went
6 into an RFP almost immediately, and so it just took—
7 Is there a way to speed up how long that RFP process
8 takes so that it's not a 4 or 5-year turnaround?

9 GENEVIEVE MICHEL: I mean I think, you
10 know the reality is we have a lot of projects in this
11 pipeline that we are trying to move as fast as
12 possible, but at the end of the day we can only mover
13 so many projects at once. So, I think you have seen
14 a lot of them. You will continue to see a lot of
15 them. I certainly understand that it can be a
16 frustrating sign that there are so many projects that
17 have stalled. I consider actually a good thing, and
18 I find that we are moving forward.

19 CHAIRPERSON KALLOS: In terms of the
20 space that is commercial, is there any commitments in
21 the Regulatory Agreement or from the developers that
22 it will have an affordable rate. I think you've
23 seemed already inclined and so generally I tend to
24 ask folks who come here who are very different
25 developers than yourselves whether or not they will

2 make this space available for community uses and mom
3 and pop shops.

4 THOMAS YU: That's our full intention,
5 and that's part of the organizational mission. So,
6 all our rents are in every one of the 40 or so
7 buildings in this area that we run as affordable
8 housing with ground floor retail. They are all at
9 the low market rate rents.

10 CHAIRPERSON KALLOS: That—that makes me
11 happy to hear. I'm going to run through a whole
12 bunch of quick questions. Who is the developer—
13 you've indicated the Design Studio. Who is the
14 developer—who's going to be doing the construction?

15 THOMAS YU: We're using AAD Construction
16 as our general contractor.

17 CHAIRPERSON KALLOS: Do you—do you happen
18 whether or not your general contractor or any of the
19 other subs or in terms of LeRoy Studio, whether or
20 not they are MWBEs.

21 THOMAS YU: AAD themselves are not an
22 MWBE, but we have been working with them so that we
23 will meet the MWB3—MWBE threshold via the subs and
24 then we also operate a local hiring network so that
25

2 we want to get a lot of community folks lined up for
3 job opportunities.

4 CHAIRPERSON KALLOS: You're—you're
5 skipping ahead of my—[laughter] and so what is the
6 local hiring requirement or what are you willing to
7 commit to over and above the local hiring
8 requirement?

9 THOMAS YU: I forget the exact number we
10 pledged on this project. Do you have that offhand?

11 GENEVIEVE MICHEL: I don't, but we can
12 certainly get it to you.

13 THOMAS YU: Yeah, but we would always
14 seek to exceed, and we can call our office, Asian-
15 Americans for Equality for access to the network. We
16 generally have a job placement and training so that
17 folks who come in not only for this project, for a
18 number of other different types of employment options
19 throughout New York City come in. We work with
20 folks. Maybe they're not skilled yet. Identify ways
21 that they can level their vocational training and
22 then work with all our general contractors to hire
23 folks.

24 CHAIRPERSON KALLOS: Yeah. If somebody is
25 watching at home right now and they would like a job

2 at this site building it or working on it and
3 maintaining it they can as part of this network what
4 number should they call?

5 THOMAS YU: Our general office line is
6 212-964-2288 and they can ask for the AAFE Job
7 Placement network. [pause]

8 CHAIRPERSON KALLOS: I'm going to stick
9 on that. Why? One of the best ways we can deal with
10 the affordable housing crisis is to pay people
11 sufficiently so that they don't necessarily need the
12 lowest levels of affordable housing, and this is just
13 to the developer. So far I'm liking everything
14 you're hearing—I'm hearing. Are you able to ensure
15 that the contractor that you are working with and
16 that in running the buildings that people will be
17 paid the right, the wages commensurate with the type
18 of work that they are doing that they will have
19 health insurance so they can go to a doctor if they
20 get hurt either constructing or maintaining that
21 they'll be able to one day retire because they have
22 access to a retirement plan. If they get disabled
23 that they will have more than workers comp but
24 disability insurance. Are—are those—will those be
25 available?

2 THOMAS YU: Yeah, we'll work with our
3 general contractors and make sure that their workers
4 are paid fairly and they're one of the more active
5 general contractors in the city and with a lot of
6 city contracts. So, they work above board, and which
7 is why we're careful in selection of our general
8 contractor. And even in our building operations when
9 the buildings are in place we run in-house our own
10 property management office, and all workers full-time
11 have all the benefits that you—you listed.

12 CHAIRPERSON KALLOS: Wow. Okay, thank
13 you. This is going better than—than normal. The—
14 will the buildings be accessible?

15 GENEVIEVE MICHEL: Yeah, as I mentioned
16 in my testimony, one will have two elevators, one
17 will have one elevators.

18 CHAIRPERSON KALLOS: Let's just—can we
19 just bid the projects out to—can you just make sure
20 to bid on all of the projects, please [laughter]
21 because this—this does not usually go this well. In
22 terms of the—there's a \$29 million total project
23 cost. What are the hard costs associated with this
24 project and what are you soft costs?

2 THOMAS YU: So, altogether if we combine
3 the buildings about 21—I'm sorry. \$20 million are
4 for hard costs; \$6.3 million roughly is for the soft
5 costs.

6 CHAIRPERSON KALLOS: Okay in this HPD
7 testimony they had \$29 million for the total
8 development costs. So, I'm still missing \$3 million.

9 THOMAS YU: Can I see your version?
10 There—there's—there might be some late changes
11 because we're still negotiating with the general
12 contractor to see if they get lower.

13 CHAIRPERSON KALLOS: You might have just
14 gotten an additional \$3 million. [laughter] In
15 terms of the developer fee, what is your developer
16 fee?

17 THOMAS YU: That's still in flux, but
18 we're hoping to get 42 million, half of we will not
19 get at closing. It's through maintaining the project
20 well for 15 years and we'll derive that from—only
21 from net cash flow.

22 CHAIRPERSON KALLOS: I appreciate the
23 set-aside for formerly homeless. We've been pushing
24 for a goal of 15% set-aside. Would you be open to a
25

1 15% set-aside for formerly homeless? I-I need you to
2 say a word into the record.
3

4 THOMAS YU: Yes.

5 CHAIRPERSON KALLOS: Would HPD be open to
6 additional financing to reach our 15% set-aside goal?

7 GENEVIEVE MICHEL: I think in order to
8 make the financing work on this project, we'd
9 probably then have to raise the AMI for some of the
10 units.

11 CHAIRPERSON KALLOS: So, that goes to the
12 next piece to the developer. Currently, you're
13 setting AMI at 27% of AMI to 130% and because I like
14 to try to say things in real numbers, that's about
15 for \$21,930 is 30% of AMI for a single individual and
16 130% of AMI is 155-\$157,300 for a family of six. So
17 that is a large range. Do you-are you familiar with
18 and this is for the developer or HPD the AMI for
19 those living in the surrounding area.

20 THOMAS YU: Yeah, so we looked at the
21 Furman center state of New York City Neighborhoods
22 Report, and roughly you have the-the-what we call
23 Community Board 3 of Manhattan split into five
24 quintiles, and if we were to take that, it's-it's
25 almost like more or less even along the lowest four

1
2 quintiles and the smallest in the—folks that make 20-
3 \$250,000 or more. And so, our AMI mix does reflect
4 as closely as possible each segment, and so we were
5 very cognizant of trying to create apartments for
6 each housing band in the—what we saw in the census
7 tracks.

8 CHAIRPERSON KALLOS: What is your
9 breakdown?

10 THOMAS YU: We have here a mix—I've got
11 the number here. Combined we have 11% homeless units;
12 8% of 30% AMI; 13% for 50% AMI; 23% for 80% AMI; 12%
13 for 100% AMI; 17% for a 130 and then there's a higher
14 bracket also 17% for 165 underwritten in that 130.

15 CHAIRPERSON KALLOS: Thank you. Do you—
16 so—so you're—what is your role in Asian Americans for
17 Equity?

18 THOMAS YU: I'm the Co-Executive
19 Director.

20 CHAIRPERSON KALLOS: So, how much of your
21 portfolio is—relates to advocacy and while the other
22 parts of your mission versus development?

23 THOMAS YU: I don't have the exact
24 number. Development does play one of the larger
25 roles, but I would say maybe a third of our

2 activities are about development. We have a lot of
3 micro lending for entrepreneurs, a Home Repair
4 Lending Technical Assistance Program getting folks
5 educated about financial literacy. We do a senior
6 care youth services job placement and your regular
7 immigration social services and entitlement help.

8 CHAIRPERSON KALLOS: So, you've now
9 gotten a lot of the questions I've been asking in the
10 committee relating to the amounts of financing, the
11 amounts of subsidy, MWBE status, accessibility
12 status, commercial affordability for commercial space
13 comparing the area median income to what you're
14 building. Do you think those are—are the right
15 questions to be asking those developers before the
16 committee?

17 THOMAS YU: Yeah, and I hope you continue
18 [laughs] to grow every average welfare. (sic)
19 [laughs] As a former housing advocate, we do a lot
20 of that type of advocacy, too.

21 CHAIRPERSON KALLOS: Is there anything
22 I'm missing that I—I should be adding?

23 THOMAS YU: I would say [laughter]—you're
24 doing to kick me if I say this, but sometimes
25 language access. We work with a lot of immigrant

2 populations and sometimes even amongst when Buildings
3 are in Operations, is it a responsible property
4 manager dealing with the tenants. So--

5 CHAIRPERSON KALLOS: I--I will accept
6 that. So, tell me about the languages spoken and
7 your census area or--or neighborhood, and what type of
8 language access is available.

9 THOMAS YU: In this neighborhood it's
10 primarily English, Spanish and Chinese. So, within
11 our staffing and property management personnel, they
12 cover all of those languages, but throughout the city
13 we have a lot of developments in Queens and Brooklyn
14 as well. That can tally up to dozens of languages.

15 CHAIRPERSON KALLOS: What languages or
16 marketing materials be available in?

17 THOMAS YU: All three languages.

18 CHAIRPERSON KALLOS: Great. Anything else
19 I should have asked with regards to language access?

20 THOMAS YU: I think that's it. [laughs]

21 CHAIRPERSON KALLOS: Okay. Thank you.
22 I--I will tell you that this--this really [laughter]
23 that this has--this has been the most positive
24 experience for me as a Chair I guess. I'm not sure
25 how it went for you, but usually these go a lot

1
2 differently. So, I appreciate it. Thank you and if
3 you have specific language in terms of questions
4 you'd like to see other developers get asked, I-I
5 will actually accept your recommendation and start
6 asking people about the accessibility. And in terms
7 of the current Housing Connect site, which we are
8 working at, I am proud to be working closely with HPD
9 and HPD is very open and transparent and-and working
10 well on this. How can we improve Housing Connect to
11 make it more accessible and easier for you to work
12 with in terms of for marketing your materials? Is it
13 available in enough languages right now, and also
14 from the Administrative side of-of using it to do the
15 offering? Do you have any quick feedback?

16 THOMAS YU: Yeah, we would welcome any
17 robust translations for the online portal. One of
18 the things that we helped on aren't on aren't
19 processes for another HPD funded development in
20 Flushing for 232 units and we received a staggering
21 85,000 applications for that, and the the-it-it
22 basically all of the applicants' when we received
23 came from every language and background you can think
24 of in terms of residents of New York City. And one
25 of the things we found that in especially the lower

1
2 income spectrums, they have difficulty getting
3 computer or Internet access to access Housing
4 Connect. So, to the extent HPD or the City Council
5 can look towards in the future funding a lot of
6 different particularly non-profit or resident groups
7 to help with that providing that technical
8 assistances. Maybe as someone that that the
9 community residents trust to work with them to help
10 them fill out something online would be very helpful,
11 and expand accessibility for all applicants.

12 GENEVIEVE MICHEL: Well, I was only going
13 to—I mean when—I think HPD is absolutely happy to
14 always look at ways to improve upon our Housing
15 Investment Program, but I also thought I would be
16 remiss if I didn't point out that--that number of
17 applications received for that number of units speaks
18 to why it is so important that we continue to produce
19 as many units as we are particularly all the ones
20 that are coming through this committee.

21 CHAIRPERSON KALLOS: So, I—I'm—tell me
22 something. You said there was a Housing Ambassador
23 program, and I guess is that available for this
24 specific development or how can we—what money is
25 available as part of the marketing for this project

1
2 to ensure that we're reaching out to folks on the
3 other side of the Digital Divide?

4 GENEVIEVE MICHEL: So, so what I mean by
5 our Housing Ambassador Program is we work with
6 community groups throughout the city to help us with
7 them the marketing process. I think you guys might
8 even be a housing ambassador.

9 CHAIRPERSON KALLOS: Uh-hm.

10 GENEVIEVE MICHEL: So, I think that would
11 cover it on this project, but I certainly, you know,
12 think there is room for us to have further
13 conversations about that program.

14 CHAIRPERSON KALLOS: So, I guess to Asian
15 Americans for Equality, would you be able to do the
16 same type of community outreach that you've done? Is
17 that something that should be reflected as part of
18 the budget? Is that question--? I should be asking
19 in terms of marketing to do grassroots and technical
20 assistance with completion of 85,000 applications.

21 [laughter]

22 THOMAS YU: It certainly helps. We do
23 have a marketing budget for this project. Generally
24 we would exceed the budget because we want to cover
25 more people and sometimes it's just not eligible

1 costs or within the budget. So, we would use kind of
2 limited unrestricted funds form our non-profit budget
3 to cover that since that's mission oriented, but to
4 the extent we can always increate the support for
5 groups all over the city do is really great.

7 CHAIRPERSON KALLOS: Okay. Is there-
8 anyone else have any questions? Do we have any
9 testimony from the public? Seeing none, I-I will now
10 close the public hearing on this application, and
11 they will be laid over and give me your card because
12 I-I look forward to having more of this conversation.

13 THOMAS YU: Sure. Thank you.

14 CHAIRPERSON KALLOS: [laughter] You-I
15 appreciate it. Thank you. [background comments/
16 pause] Our third hearing will be on Preconsidered
17 Land Use 32-34 Putnam Avenue Cluster. This, which
18 consists of a group of buildings in Majority Leader
19 Cumbo's district and Council Member Cornegy's
20 district. The project includes six partially
21 occupied city-owned buildings that will provide 51
22 affordable cooperative dwelling units, five
23 affordable rental dwelling units, and four storefront
24 commercial spaces. HPD is seeking to pursuant to
25 Article 16 of the General Municipal Law and Section

2 577 of Article XI of the Private Housing Finance Law
3 approval of an Urban Development Action Area Project
4 and real property tax exemption. This property
5 located at 32 Putnam Avenue, 34 Putnam Avenue, 550
6 Dekalb Avenue, 55 Carlton Avenue and 374-76 Prospect
7 Place and 1216 Pacific Street. And I will now turn
8 to my—to the Majority Leader to see if she has any
9 comments she wishes to make before we begin.

10 MAJORITY LEADER CUMBO: Thank you so
11 much, Council Member Kallos. I don't have any
12 questions at this time. I'd rather hear the
13 testimony and then pose questions that my
14 constituents have proposed for me. Thank you. If you
15 could please state your names for the record.

16 LACEY TAUBER: Lacey Tauber, HPD.

17 CHRISTINE RETZLAFF O'CONNELL: Christine
18 Retzlaff O'Connell, HPD.

19 EMILIO DORCELY: Hi. Emelio Dorcely, the
20 President of Bridge Street Development Corporation
21 Emelio Dorcely, the President of Bridge Street
22 Development Corporation.

23 CHAIRPERSON KALLOS: Thank you and I'll
24 ask Committee Counsel to administer the oath.

LEGAL COUNSEL: Do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this subcommittee, and in answer to all of Council Members' questions?

LACEY TAUBER: Yes.

CHRISTINE RETZLAFF O'CONNELL: I do.

EMILIO DORCELY: Yes.

LEGAL COUNSEL: Thank you.

LACEY TAUBER: Okay. This preconsidered item consists of the proposed disposition of disposition of six city-owned multiple dwellings and the approval of Article XI Tax benefits for the buildings located at 32-34 Putnam Avenue, 55 Carlton Avenue, 550 Dekalb Avenue, 374 Prospect place, and 1215 Pacific Street located in Brooklyn Council District 35 and 36. Known as the 32-34 Putnam Avenue ANCP Cluster, the six buildings centers city ownership through in rem-in rem foreclosure action between 1979 through 1983 for non-payment of real property taxes, and all except for 1216 Pacific Street opted into the Tenor-Tenant Interim Lease or TIL Program, between 2000 and 2002. As a requirement of the TIL Program, tenants from-form tenant associations to manage their building and collect

1 rents under a net lease from the city of New York.
2
3 Currently, the tenants in the partially occupied TIL
4 buildings have met the threshold requirements and are
5 ready to move forward with the next steps in
6 cooperative conversions under HPD's Affordable
7 Neighborhood Cooperative Program or ANCP. As part of
8 the ANCP Program Guidelines, the City-owned multiple
9 dwellings are conveyed to restoring communities HDFC
10 for \$1.00 per tax lot, and then rehabilitated by
11 private developers selected through a competitive
12 process to create affordable cooperatives for low and
13 moderate income households. The developer Bridge
14 Street Development Corp or BSDC, will sign a site
15 development and management agreement with Restoring
16 Communities that will be in a site until co-op
17 conversion occurs and title transfers from Restoring
18 Communities HDFC to a tenant form HDFC cooperative.
19 From the time of the cooperative conversion, the
20 developer will remain the property manager for at
21 least one year. After the first year, the co-op will
22 have the choice of keeping the developer as property
23 manager or hire a new company approved by HPD. The
24 32-34 Putnam Cluster has a total of 56 residential
25 units of which 32 are occupied and 24 are vacant.

1 The Cluster also contains four vacant commercial
2 spaces, two at 550 Dekalb Avenue, and two at 55
3 Carlton. The household incomes for the existing
4 tenants range from 11% to 119% AMI, and the co-op
5 interest attributable to occupied apartments will be
6 sold to the existing tenants for \$2,500.

7
8 Additionally, the maintenance is anticipated to be
9 approximately 42% of AMI for existing tenants, which
10 is roughly \$846 for a 1-bedroom unit; \$1,026 for a 2-
11 bedroom unit and \$1,179 for a 3-bedroom unit. The
12 cooperative interest attributable to vacant
13 apartments will be sold for a price affordable to
14 families earning no more than 110% of area median
15 income. 1216 Pacific Street, which is a vacant
16 building that has been sealed since 2001 is in HPD's
17 Division of Property Management and Client Services,
18 PMCS. This division manages and maintains City-owned
19 properties until they can be transferred to
20 responsible private ownership. 1216 Pacific Street
21 will become a rent stabilized property with 5 units
22 under the ownership of the developer. Initial rents
23 will be set at 100% of AMI. Roughly, \$1,899 for a 1-
24 bedroom unit. Each building will undergo substantial
25 rehabilitation, which will include layout changes in

1
2 order to conform to DOB building codes and handicap
3 accessibility. The scope of work includes
4 replacement of structural joists, work to angle of
5 the building as well as work to the electrical,
6 plumbing and heating system. Interior work will also
7 include new bathrooms and kitchen fixtures, entry
8 doors, new flooring, and upgrades to the public
9 hallways. During the construction, the existing
10 tenants will be temporarily relocated to units
11 provided by the sponsor in nearby neighborhoods.
12 Post-rehabilitation the mixture of unit types will be
13 21 1-bedroom, 33 2-bedroom, and 2 3-bedroom
14 apartments. Fifty-one will be cooperative units
15 while the five units at 1216 Pacific Street will be
16 rental units. The total development costs is
17 estimated to be \$24,566,731, which is subject to
18 change. In addition to seeking disposition approval,
19 HPD also requests a 40-year Article XI tax exemption
20 in order to help the HDFC maintain affordability.
21 The term of the tax exemption will be coterminous
22 with the Regulatory Agreement, and the total tax
23 benefit is approximately \$10,721,516 with a net
24 present value of \$2,995,283.

2 CHAIRPERSON KALLOS: [off mic] You must
3 have this for sure. (sic)

4 LACEY TAUBER: We provided a one-pager
5 with some background on-on Bridge Street. You're
6 welcome to give some background if you'd like on the
7 organization, but we don't have a formal
8 presentation.

9 EMILIO DORCELY: And good afternoon. My
10 name is Emilio Dorcely. I'm the Presidency of Bridge
11 Street Development Corporation. Bridge Street
12 Development Corporation often known as BSDC was
13 founded in 1995 and was created by the members of the
14 oldest continuing African-American congregation in
15 Brooklyn, which is Bridge Street Residents, African
16 Methodists, a physical church. We basically have a
17 mission of trying to create partnerships to help
18 benefit and create a higher quality of life in
19 neighborhoods in Central Brooklyn with a focus on low
20 to moderate income individuals. In addition to the
21 affordable housing work we do, we have a number of
22 program areas. We do work in homeownership services,
23 which is primarily focused on preventing foreclosure
24 and helping first time home buyers become buyer
25 ready. We have our Community Engagement Programs,

1 which is focused on a number of different areas in
2 youth development, which currently we have a program
3 that provides both in-school and out-of-school youth
4 with civic engagement and with job training through
5 the NDA program. We also have the working that we do
6 with Economic Development. These folks just
7 primarily on small local mom and pop businesses
8 primarily storefront businesses. Last year we had
9 over ten businesses graduate from our Small Business
10 Boot Camp, which was an opportunity to help increase
11 the capacity of small local storefront businesses to
12 make sure that they can continue to both survive and
13 hopefully become better as the neighborhoods continue
14 to change. We also do work with helping to make sure
15 that we can get people in the neighborhood to know
16 and to shop locally. So, we've had a number of
17 different special events with over 5,000 people
18 attending to help promote them, the local businesses
19 whether they be on Tompkins Avenue, Bedford Avenue or
20 Malcolm X Boulevard. We also have the work that we
21 do under community engagement, which is around tenant
22 advocacy, and community organizing that focuses on
23 primarily two areas: (1) Helping to promote and
24 develop, and support Tenant and the Block
25

1
2 Associations. We provide them with technical
3 assistance. We help them start. We help them keep
4 going, and we make sure that they can speak to the
5 issues in their neighborhood, and we actually helped
6 to create a coup of years ago the Bed-Stuy Workers'
7 Alliance, which is an alliance of block and tenant
8 associations that gets together on a regular basis to
9 be able to discuss and identify issues of concern to
10 the neighborhood. We also have the work that we do
11 with seniors, which is based out of 625 Chrissy (sic)
12 Street, which is a new construction building that we
13 developed almost 10 years ago, and we provide a whole
14 range of services for seniors ranging from being able
15 to assist them with aging in place primarily
16 providing them with case management, educational and
17 social recreational activities, everything from
18 helping them get on Facebook through our computer
19 center to making sure that they activities such as
20 line dancing, and Chair Yoga. The idea that we want
21 to make sure our elders have an opportunity to age in
22 place in the neighborhood that they've always call
23 as-as home. So-so that's some of the programming
24 work that we do, but we also have a pretty robust
25 affordable housing development pipeline. We've don't

1
2 both new construction and substantial rehabilitation,
3 this project is something that is doing—dear to our
4 heart because Bridge Street Development Corporation
5 started in 1995 as a way of being—to make sure some
6 of the abandoned brownstones in Bedford-Stuyvesant
7 found new owners, and we were able to make sure that
8 we—we revitalized the neighborhood, and this is just,
9 you know, another opportunity to make sure that we
10 can increase affordable homeownership in
11 neighborhoods that really need it.

12 CHAIRPERSON KALLOS: To the Majority
13 Leader for any statement to end questions?

14 MAJORITY LEADER CUMBO: Thank you so
15 much, and I just have a few questions about how this
16 process will happen. I'm very well aware of the work
17 of Bridget Street, and have been following and
18 participating in your work for over 20 years now.
19 So, happy to have you here and part of this process.
20 So, my first question goes to for the developments
21 that are in my district, how long are we anticipating
22 the renovation time would actually be?

23 EMILIO DORCELY: Sure. Currently, we're
24 anticipating that the relocation period should be up
25 to about 22 months, but we're targeting somewhere

1 between 18 to 22 to be able to complete the
2 construction period and be able to get people back
3 into their original apartments.
4

5 MAJORITY LEADER CUMBO: Okay. Now, would
6 all of the construction on let's say the three sites
7 in my district, would they be happen-happening
8 simultaneously or at different periods of time? And
9 I ask that question to determine do you actually have
10 the ability to house that many tenants related at the
11 same time or are you going to space it out in order
12 to be able to accommodate the number of people that
13 would be relocated at one particular time?

14 EMILIO DORCELY: Currently, the project
15 only has one actual phase, but the relocation process
16 is somewhat staggered, and so, as of right now, we
17 are working with two buildings that have completed
18 the relocation documentation process, which means
19 they sign all the forms and are in the process of
20 actually relocating. We have at least two
21 individuals-to units from I believe at least one of
22 the buildings in your district that has already
23 relocated, and another two are scheduled to relocate
24 next weekend, and we hope to have on building fully
25 vacant before the end of this month, and are in the

2 process of working to—and schedule another six people
3 from other buildings, and the hope is that we will
4 have at least three buildings actually fully
5 relocated prior to closing so that those buildings
6 can begin construction immediately. And then, within
7 the first month of construction be able to relocate—
8 complete the relocation process for the last building
9 so that all or the buildings would be under
10 construction about the same time.

11 MAJORITY LEADER CUMBO: Have you
12 relocated and done a renovation, and have tenants
13 move back in? Have you completed a process like
14 that/

15 EMILIO DORCELY: Yes, as in—in fact, we
16 are currently in the process of completing a—a
17 project where it was nine buildings located in three
18 neighborhoods. The neighborhoods were Bedford-
19 Stuyvesant, Crown Heights and Park Slope and about 74
20 units where about half of them were occupied, and we
21 had to relocate at least two-thirds of the tenants
22 and be able to bring them back to their original
23 units.

24 MAJORITY LEADER CUMBO: Lessons learned
25 from that project.

EMILIO DORCELY: Lessons learned is that relocation is difficult, and then we try to build in as much cushion time for the reality of the variation of people's individual lives and concerns so that we can do our best to meet their needs, but the reality that we're not going to be able to meet every single need, but there are certain minimum requirements.

(1) We try our best to make sure [coughing] that we provide them in an apartment that is in a fairly similar neighborhood and close by. (2) We try to provide them with a unit that is a fairly similar size, and if not, we then try to pay attention to the household size, and then we try to deal with special concerns like if individuals have mobility uses, and whether they have special requirements where they need to be on a lower floor and we try and take all these variables, and work with them and then at the same time try to make sure that people have realized the real schedules to try to work within the construction schedule, but still trying our best to accommodate any type of schedule that may prevent them from moving in the ideal time that we would like, and work with them to try to find some type of

1 mutual time that works, but still not in creating
2 excessive delays for the project.
3

4 MAJORITY LEADER CUMBO: And who pays for
5 the move-in costs and handles that?

6 EMILIO DORCELY: That is all part of the
7 project budget.

8 MAJORITY LEADER CUMBO: Okay. So the
9 residents do not have to incur any move-in costs.
10 They don't actually have to move their belongings
11 themselves?

12 EMILIO DORCELY: Yes, what we tell them
13 is that (1) We hire the movers. We work with them to
14 select the date. We ask them if they need storage,
15 and if they do, we coordinate with t he movers.
16 We've also actually added an additional because some
17 tenants have already told us or residents have told
18 us where they have things that they may not want to
19 bring to t he Relocation Unit, and we've worked it
20 out with the moving company that they will dispose of
21 items that they no longer want, and so so—and we also
22 provide moving boxes, and moving materials. And so
23 we do our best to try to accommodate them, but as you
24 can imagine, people who have lived in a unit for
25

1 sometimes well over 20 years, it's a--it's a bit of a
2
3 a--

4 MAJORITY LEADER CUMBO: [interposing] Uh-
5 hm.

6 EMILIO DORCELY: --difficult process, and
7 we do it t he best we can to hold their hand, but
8 it's still a very difficult process to deal with it.

9 MAJORITY LEADER CUMBO: So, walk me
10 through the process a bit because there seems to have
11 been some miscommunication or confusion on the part
12 of residents in my district in terms of them seeing
13 ads where their buildings are going to be sold for a
14 dollar. So, there's the discrepancy or the confusion
15 that residents have that their buildings are being
16 sold for a dollar, and giving them the impression
17 that, and I want to read and quote actually. "A
18 tenant states that the city is selling the building
19 to a developer for \$1.00, which is completely
20 nullifying the TIL agreement, and the TIL Program
21 enables tenants to manage and collect rent to deposit
22 into a bank account and do repairs. So, can you
23 explain to me the dollar sale and now tenants can
24 understand that they are not being displaced or moved
25 from their homes?

1
2 CHRISTINE RETZLAFF O'CONNELL: Sure. So,
3 I'm Christine Retzlaff. I'm the Director of ANCP
4 that's facilitating the development with Bridge
5 Street. The—the tenant body we've been meeting with
6 them since the project was assigned in late 2016.
7 We've provided a number of written materials, as well
8 as in-person meetings, and—and the talking point has
9 always been that at construction loan closing, the
10 property is transferred to Restoring Communities
11 HDFC. They're our non-profit partner, and they're
12 sole role is to own the buildings during construction
13 and also to apply for the New York State Affordable
14 Housing Corporation Grant. The HC Grant. At no time
15 will the develop—developer ever own the building
16 because we want to make sure that the tenants have
17 that secure feeling that the developer is coming in
18 to do a job. The job is to work on behalf of the
19 resident to facilitate the renovation and then to
20 walk away once the conversion to the cooperative
21 happens. And so, that is what we are—that's what
22 we're asking for today is actually the approval to
23 dispose of the property to Restoring Communities HDFC
24 for the price of a dollars, which is sort of our
25 historical transfer costs. It's—you know, it's—it's

2 really sort of symbolic versus a real value that
3 we're achieving--

4 MAJORITY LEADER CUMBO: Uh-hm.

5 CHRISTINE RETZLAFF O'CONNELL: --and
6 again, the developer will never own the building.
7 It's--it's intended that way for ANCP, and once the
8 conversion to cooperative happens, the--the--the
9 Restoring Communities will exit. They will no longer
10 own the property.

11 MAJORITY LEADER CUMBO: So, the tenants
12 have an opportunity to return back home--

13 CHRISTINE RETZLAFF O'CONNELL: Yes.

14 MAJORITY LEADER CUMBO: --to purchase
15 their unit for approximately \$2,500--

16 CHRISTINE RETZLAFF O'CONNELL: Correct.

17 MAJORITY LEADER CUMBO: --and they would
18 be considered a shareholder now in the building of a
19 home that they formerly rented?

20 CHRISTINE RETZLAFF O'CONNELL: That is
21 correct.

22 MAJORITY LEADER CUMBO: How long will
23 they be a co-op owner? Does that expire?

24 CHRISTINE RETZLAFF O'CONNELL: It does
25 not. Usually, a proprietary lease, which is the

2 legal document that connects the tenant to-to the
3 ownership in-in the building usually has a term of 99
4 years, which again is sort of symbolic versus a real
5 end or a conclusion to an ownership term. It's
6 intended that in 99 years the lease would be renewed,
7 the proprietary lease, and that's the same across the
8 all HDFC co-operatives. The-the shareholders will
9 remain as owners of their building, and we have put a
10 lot of thought and policy decisions into ANCP so that
11 we can make sure that these are buildings that will
12 be created under this program, and they will exist as
13 co-ops long into the future, and they will be
14 protected from concerns about mismanagement, lack of
15 operating funds, any kind of repair issues down the
16 line. They will-they will be saving all the while
17 making sure that their co-op can last long into the
18 future.

19 MAJORITY LEADER CUMBO: So, they have a
20 co-op so three I guess rapid fire questions would be-
21 -

22 CHRISTINE RETZLAFF O'CONNELL:
23 [interposing] Sure.

24 MAJORITY LEADER CUMBO: --can this co-op
25 transition from family member to a family member

3 particularly in death can it transition and in an
4 estate from one family member to another family
5 member? The other question is can they sell their
6 co-op for market value? And the third would be can
7 they take out a mortgage or a loan based off of the
8 the value of the co-op?

9 EMILIO DORCELY: Okay. So, for the first
10 question, ownership can be transferred—you—you—they
11 own the shares, right? So, they have the right to
12 transfer those shares to a family member or to a
13 friend. Basically, we recommend to residents that
14 they—they get a will. They're going to have
15 something of great value that they want to ensure
16 that there's a process codified so that if they want
17 to do that transfer, they can do so. So, yes, there
18 is the right to transfer the shares to a family
19 member and through a will. Something like that. If
20 the tenant wants to sell the unit, if the—the
21 shareholder wants—wants to sell the unit, they also
22 retain the right to do so. We do restrict the amount
23 of profit that an owner can—can realize from the
24 sale. Basically, the longer that a tenant or a
25 shareholder lives in the unit, the—the more profit
they recognize. So, it's—it's incentivizing long-

2 term homeownership, and it's also ensuring that folks
3 aren't buying in at \$2,500 or the vacant apartments
4 are buying in at—at the lower prices that we're
5 setting for the initial conversion, and then the next
6 day flipping--

7 MAJORITY LEADER CUMBO: Right.

8 CHRISTINE RETZLAFF O'CONNELL: --for-for
9 a higher price. So, the longer that they live in the
10 unit, the more profit they realize, and—and just to
11 confirm of to state it, profit is over and above what
12 they paid, and it's over and above closing costs.
13 So, we don't want anyone to be out of pocket, right?
14 We want them to be made whole when they sell, but the
15 profit will be subject to a flip tax. So, the amount
16 of the profit that is not taken home by the seller
17 it's—it's retained by the cooperative for the benefit
18 of the cooperative, and the third question you asked—
19 - Oh, you had also asked about market. These are
20 not market. Our initial sales are going to be at
21 100% of area median income, which is about 50 to 60%
22 less than market now, and then the income restriction
23 will be at 110% of area median income. And the third
24 question that you mentioned—
25

1
2 MALE SPEAKER: [off mic] If they can take
3 out a loan.

4 CHRISTINE RETZLAFF O'CONNELL: Right, if
5 they can take out a loan. So, we do expect that the
6 buyers of the vacant apartments will have to obtain a
7 mortgage to purchase their—their apartments at 100%
8 of area median income, and so—but we do expect that
9 with the fully gut renovation that will occur as part
10 of this process, and the reserves that we'll set up
11 for the co-op that they won't need to take out
12 individual loans for renovations in the building. If
13 an individual shareholder wants to make upgrades to
14 their apartments beyond what we're providing as part
15 of the renovation, they could take out a loan against
16 the equity that they've built up in their—in their
17 apartment. But it would be subject to the individual
18 apartment, and not the entire cooperative value.

19 MAJORITY LEADER CUMBO: So, if you wanted
20 to utilize—if you wanted to take out equity based off
21 of the fact that you wanted to purchase a home
22 somewhere else, could you do that?

23 CHRISTINE RETZLAFF O'CONNELL: That's a
24 great question. So, for the purposes of this
25 program, the Regulatory Agreement states that for the

1
2 outsider—the outside purchasers, they actually have
3 to be first-time home buyers. So, they cannot have
4 owned property anywhere ever before. For existing
5 families or says someone wants to take out—wants to
6 get a summer home or something like that--

7 MAJORITY LEADER CUMBO: [interposing]

8 That sounds nice.

9 CHRISTINE RETZLAFF O'CONNELL: It is
10 nice, or a time share--

11 MAJORITY LEADER CUMBO: [interposing] Oh,
12 wow.

13 CHRISTINE RETZLAFF O'CONNELL: --it has
14 to be within 100 miles of New York City. So it's
15 further up in Philly, it's further up than--than
16 Montauk.

17 MAJORITY LEADER CUMBO: So, the other
18 question that I have about that is if you—it was
19 about the mortgage. I wanted to know about the
20 mortgage, but then I wanted to know if—it's going to
21 come back to me. [pause] You'll have to come back
22 to me, but it's—but it's an important point, and I
23 want to definitely bring it back to that. So, I'm
24 going to put a pen on it right there because I asked
25

2 about the—Oh, so, this is what happened. So, if
3 someone does not want to move--

4 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.

5 MAJORITY LEADER CUMBO: --and you're
6 doing this gut rehab, what—what do you do? What
7 happens there?

8 CHRISTINE RETZLAFF O'CONNELL: So, it
9 does happen. This is not the only project that we're
10 working on right now. So, we've—we've seen that
11 scenario. In most cases we have a majority that want
12 to move, right so you—you may have out of 10—a group
13 of 10. Maybe one person says, No, I'm not going
14 anywhere. Because there is a, you know, publicly
15 sponsored process, because there's—there's money
16 that's been laid out because there's, you know,
17 orders show that the renovation is necessary that the
18 conditions warrant the renovation. The resident may
19 be forced through court action to actually vacate the
20 premises. If they—if they refuse to sign a
21 relocation agreement, and we—we do our best to—HPD
22 does our best in partnership with our developer to
23 ensure that the requirements are in writing, the
24 entire time that we go through pre-development that
25 the relocation is required, that we—that we really

1 stress it during meetings. We have a separate
2 meeting tenants to talk about relocation because it
3 is such a big responsibility. So, we want to make
4 sure that throughout the entire process folks are
5 thinking about this that their ready. That they're
6 thinking about the boxes coming, and what they want
7 to keep or what they don't want, what they want to go
8 in a storage, and for folks at the end of the day.
9 If we're going to pre-development for 2 years -2-1/2
10 years and they say I'm still not moving, we-we may
11 have to-we start a legal action.

12
13 MAJORITY LEADER CUMBO: I remembered my
14 question.

15 CHRISTINE RETZLAFF O'CONNELL: Okay.

16 MAJORITY LEADER CUMBO: They say I'm not
17 old enough to claim senior moments. So, I claim
18 mommy brain. [background comments/laughter] But,
19 the two worlds are starting to collide faster each
20 day. About ideas around Airbnb?

21 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.

22 MAJORITY LEADER CUMBO: So, co-ops from
23 what I understand are often very particular about
24 people or individuals Airbnb'ing their spaces out.
25 So, if someone chose that they wanted to-maybe this

2 isn't their primary living space. If they decided
3 they wanted to Airbnb it, could they? Or not even--
4 let's take a--Airbnb is on the extreme.

5 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.
6 Sublet.

7 MAJORITY LEADER CUMBO: Yeah, I'm
8 subletting. My cousin is coming in. She's going to
9 stay there. She's going to college, she'll live
10 there--

11 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.

12 MAJORITY LEADER CUMBO: --because in many
13 co-ops they won't even allow your cousin--

14 CHRISTINE RETZLAFF O'CONNELL: Right.

15 MAJORITY LEADER CUMBO: --and you're
16 paying the rent to just live there and you don't
17 liver there.

18 CHRISTINE RETZLAFF O'CONNELL: So, that
19 is part of the policy that we've implemented for
20 ANCP. So, we do not allow any kind of Airbnb
21 situation. Residents must certify annually that this
22 is their primary residence. They must stay there 270
23 days out of the year, reference the address on their
24 tax returns, driver's license. It has to be their
25 primary residence. There are some extreme situations

1 where somebody may want to sublet if they're active
2 military, and—and we would recognize that. It would
3 have to be approved by HPD first, but subletting and
4 Airbnb are actually not allowed, and the—the owner,
5 the individual shareholder at that point could be
6 subject to a fine or worse, and if the co-op is, you
7 know, becomes a pervasive problem in the co-op, HPD
8 would—would intervene and seek legal action. It's—
9 it's a lesson learned.

11 MAJORITY LEADER CUMBO: Got it.

12 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.

13 MAJORITY LEADER CUMBO: Thank you. This
14 on paper sounds like an incredible opportunity for
15 the residents to have homeownership within their
16 community, and that's such a rarity at this time. We
17 are hopeful, prayerful that this transition is one
18 that is beneficial to the community, that it doesn't
19 disrupt people's everyday lives, and—and as you
20 testified, I'm confident that you're making all
21 provisions to make sure that families are kept in
22 place, and parents that have to get to work and drop
23 their kids off at school and drop them off at daycare
24 and pick them up, that a change in a dynamic like
25 this can be very difficult and challenging. So, we

2 are—we are hoping that this will be one that you have
3 enough infrastructure and support in order to provide
4 that for our constituents. So, thank you.

5 EMILIO DORCELY: Thank you, Councilwoman.

6 CHAIRPERSON KALLOS: Thank you. [pause]

7 So, I have a new set of questions that I haven't ever
8 asked before relating to the languages in the
9 community—surrounding community. So, what are
10 languages spoken in the surrounding community, and
11 what languages are available—materials available and—
12 and so, what is the language—language accessibility
13 for this project?

14 CHRISTINE RETZLAFF O'CONNELL: The—the
15 majority of the residents in this cluster are English
16 speaking. I believe there are a couple of Spanish
17 speaking residents, but predominantly English. Every
18 communication that we have put out is always dual
19 lingual whether it's needed or not. So, always in
20 English and Spanish, and where we have recognized
21 that residents have language needs other than English
22 and Spanish, we always opt for translation, and every
23 meeting that we do with tenants, we also bring
24 interpretation services.

2 EMILIO DORCELY: And as part of the
3 marketing process that we work with HPD Marketing
4 Department, the marketing materials are required to
5 be provided in multiple languages in order to make
6 sure that the widest number of community members can
7 access the ability to complete the marketing
8 materials and also enter the lottery process.

9 CHAIRPERSON KALLOS: And do you provide
10 technical assistance with completing the
11 applications?

12 EMILIO DORCELY: We generally do.
13 Generally, what we do as part of this process we
14 sometimes have done these processes ourselves. Other
15 times we've hired a third party, and generally what
16 happens is that we are required to do advertising in
17 both a local paper, a larger city paper, and then we
18 do multiple community meetings in order to make sure
19 that the surrounding area residents understand the
20 process and it's usually set in a convenient location
21 near public transportation to be able to encourage
22 and inform people what the process is and how they
23 can be engaged and involved.

24 CHAIRPERSON KALLOS: I want to take a
25 moment to thank HPD again in this hearing. Don't-

1
2 don't let it go to your heads, but I really do
3 appreciate that this testimony included a lot of
4 specific numbers about what the rental rates would
5 be. I find AMIs very hard to assess. So, that is
6 helpful. Do you happen to know the incomes of the
7 surrounding neighborhood, and whether the 100% AMI
8 level is appropriate for the five—for the initial
9 rents at 100% of AMI, which translates to \$73,100 for
10 a single individual, \$221,000 for a family of six?

11 CHRISTINE RETZLAFF O'CONNELL: Yeah. So,
12 I have some—some data that's a little out of date.
13 It is—as referenced earlier, the —the State of New
14 York City Neighborhoods from NYU Furman Center, I'm
15 looking at data from 2016, which says that the median
16 household income is about \$76,000. I can get you a
17 more updated number.

18 CHAIRPERSON KALLOS: So—so, therefore,
19 you feel that the number you have said is—is on
20 track?

21 CHRISTINE RETZLAFF O'CONNELL: I feel
22 like it's on track, but it's probably—I hope that
23 it's gone up since 2016.

24

25

2 CHAIRPERSON KALLOS: Alright, and-and so
3 I will look-if you can send me the link to the Furman
4 Center, I-

5 CHRISTINE RETZLAFF O'CONNELL:
6 [interposing] Yes.

7 CHAIRPERSON KALLOS: --I've been using
8 the New York City Planning Population Fact Finder,
9 which shows census data indicating the median
10 household income of \$72,770--\$72,770-70--\$762, it is
11 yes. [laughter] Let the record explore something in
12 the-let the record reflect, and if my colleague gets
13 to say mommy brain, I hope to say daddy brain--

14 CHRISTINE RETZLAFF O'CONNELL:
15 [interposing] Yeah.

16 CHAIRPERSON KALLOS: --but the mean
17 household income is actually \$94,000 to 24 with
18 interestingly enough about 30% of the community had-
19 in households earning more than \$100,000 a year. So,

20 CHRISTINE RETZLAFF O'CONNELL: I want to
21 say that we're looking at a bunch of different
22 neighborhoods here and it-it varies kind of widely
23 across the neighborhoods. For that we're looking at
24 the--

1
2 CHAIRPERSON KALLOS: [interposing] I was
3 looking 32 Putnam.

4 LACEY TAUBER: Yeah. I mean we're
5 looking—we have properties in Bed-Stuy and—and
6 Clinton Hill and Crown Heights, Prospect Heights.
7 So, it varies across those neighborhoods.

8 CHAIRPERSON KALLOS: The New York City
9 Population Fact Finder allows you to select multiple
10 census tracks.

11 LACEY TAUBER: Yes, I—I did that
12 [laughter] and yeah, we're looking at probably an
13 average of around—between 60 and 70% AMI for a family
14 of three, but again it's a broad range across these
15 neighborhoods.

16 CHAIRPERSON KALLOS: I—I want to
17 appreciate HPD for—for hearing my concerns and
18 whether or not my concerns had anything to do with
19 it, it seems like today both multiple projects have
20 been on track. For Bridge Street Development
21 Corporation, which contractor have you selected to do
22 the repairs?

23 EMILIO DORCELY: We will be working with
24 Notias Construction. Notias Construction.

2 CHAIRPERSON KALLOS: Okay and do you know
3 if they are an MWBE?

4 EMILIO DORCELY: Notias Construction is
5 not an MWBE, but we are in the process of working
6 with them to make sure that subcontractors are
7 sufficiently enough MWBEs to make sure that we can
8 meet our goals, and also as part of the project, our
9 project architect is an MWBE, and that will help to
10 bring us to the goal that is set for this particular
11 project for MWBE.

12 CHAIRPERSON KALLOS: What are your
13 expected hard costs on this project?

14 EMILIO DORCELY: I believe the hard costs
15 are at \$14,785,275.

16 CHAIRPERSON KALLOS: What are your soft
17 costs?

18 EMILIO DORCELY: The soft costs are about
19 10% of that at \$1,478,528.

20 LACEY TAUBER: And I just want to say
21 those numbers are pretty specific. So-

22 CHRISTINE RETZLAFF O'CONNELL:
23 [interposing] Yeah.

24

25

1
2 LACEY TAUBER: --since we always like to
3 add that those can change after project closing, and
4 I think Christine has a clarification.

5 CHRISTINE RETZLAFF O'CONNELL: Yes. Just
6 a clarification on the soft costs. We're expecting
7 that the soft costs are \$8.3 million or about 34% of
8 the total budget. Hard cost is 66% and HPD is going
9 to finance 57% of the budget.

10 CHAIRPERSON KALLOS: Okay. Thank you. So
11 there seems to be--can somebody help explain the
12 discrepancy between the developer's--because it seems
13 that the total--the developer's costs look at like
14 \$1.6--\$16 million and yours look like \$24 million. So
15 where is the \$7 million discrepancy?

16 CHRISTINE RETZLAFF O'CONNELL: So, we
17 have a little cheat sheet, and it it's--it's more
18 detailed than--than what you usually ask for. So I
19 did a little tally beforehand. Our hard costs are
20 \$14 as President Emilio mentioned and our soft costs
21 are \$8.3.

22 CHAIRPERSON KALLOS: Okay, what are the--
23 okay, where does the--where are your seven--additional
24 \$7 million in--in hard costs going, and that's still
25 only gets us to \$22 million versus \$24 million.

1
2 CHRISTINE RETZLAFF O'CONNELL: So, our
3 hard costs are \$4.7 but we also have contingency that
4 we—we don't reference, which is—you were going to say
5 something.

6 LACEY TAUBER: It's \$14 million.

7 CHRISTINE RETZLAFF O'CONNELL: Oh, our
8 hard costs are \$14 million--

9 CHAIRPERSON KALLOS: [interposing] Okay,
10 and-[laughter]

11 CHRISTINE RETZLAFF O'CONNELL: Sorry and
12 our—our contingency for hard costs is \$1.4 million.
13 So, we always have a little set-aside just in case we
14 run over.

15 CHAIRPERSON KALLOS: Okay.

16 CHRISTINE RETZLAFF O'CONNELL: And then
17 in addition to that we have the \$8.3 million soft
18 costs, which is for the architect, environmental, DOB
19 fees, Regal Co-op Conversion, the marketing, and also
20 the developer fee.

21 CHAIRPERSON KALLOS: Okay. In your
22 testimony you shared \$24.5--

23 CHRISTINE RETZLAFF O'CONNELL:
24 [interposing] Correct.
25

1
2 CHAIRPERSON KALLOS: So, that's--there's
3 still numbers--there's still money in that same I
4 think.

5 LACEY TAUBER: Contingency?

6 CHRISTINE RETZLAFF O'CONNELL: It would
7 be the contingency of \$1.4 million.

8 CHAIRPERSON KALLOS: Okay, what is the
9 developer fee?

10 CHRISTINE RETZLAFF O'CONNELL: The
11 developer fee in this project is \$1.6 million, which
12 is in line with ANCP term sheet. We allow for up to
13 10% of total development costs that we pay to the
14 developer.

15 CHAIRPERSON KALLOS: In terms of the
16 commercial units--

17 CHRISTINE RETZLAFF O'CONNELL:
18 [interposing] Uh-hm.

19 CHAIRPERSON KALLOS: --my--my colleague
20 the Housing and Buildings Chair Robert Cornegy is
21 actually the first member to ever negotiate
22 affordable commercial space. Is this another Robert
23 Cornegy special?

24 CHRISTINE RETZLAFF O'CONNELL: So, we
25 will have three spaces after renovation. What we've

1 don on these particular buildings is we've capped the
2 rent at no more than a quarter of the total revenue
3 for that building. So, there is room to market
4 these, particularly the-particular commercial units
5 to smaller businesses that are looking for more
6 affordable rents. [pause]

8 CHAIRPERSON KALLOS: Are there any
9 additional subsidies? So, you have the HPD
10 subsidies.

11 CHRISTINE RETZLAFF O'CONNELL: Uh-hm.

12 CHAIRPERSON KALLOS: Are there HDC
13 subsidies?

14 CHRISTINE RETZLAFF O'CONNELL: No.

15 CHAIRPERSON KALLOS: Are there-is there
16 LIHTC, Low-income Housing Tax Credits?

17 CHRISTINE RETZLAFF O'CONNELL: No.

18 CHAIRPERSON KALLOS: Federal, State or
19 other city capital funds?

20 CHRISTINE RETZLAFF O'CONNELL: No.

21 CHAIRPERSON KALLOS: Is there-there's no
22 change in the floor area ratios?

23 CHRISTINE RETZLAFF O'CONNELL: Correct.

24

25

2 CHAIRPERSON KALLOS: Is-is-is Bridge
3 Street Development Corporation an MWBE or does it
4 have leadership that is MWBE?

5 EMILIO DORCELY: Well, Bridge Street
6 Development Corporation we're a 501(c)(3) non-profit
7 organization, and so I don't believe we qualify, you
8 know, as an MWBE, but as far a racial makeup, our
9 board of directors is 95% African-American, about 50%
10 women, and 50% men, and our staff is extremely
11 diverse matching what our board looks like.

12 CHAIRPERSON KALLOS: If-in terms of on
13 the job site, will the people who are doing the work
14 and operating the buildings have a-a wage that is
15 commensurate with other people doing similar work in
16 the area? [coughing] Will they have health insurance
17 if they get hurt on the job they can go to a doctor
18 without going bankrupt? Will they have disability
19 insurance so that if they can't continue that they
20 will be able to go on with their lives without having
21 to rely just on workers compensation? Will they be
22 able to retire?

23 EMILIO DORCELY: Well, I'll take that as
24 a two-part question. The first part [coughing]
25 currently we use a third-party property manager and

1 because these buildings will be for homeownership,
2 there's a slightly different structure, but
3 generally, the way we work with our third-party
4 property manager, and obviously this will be the same
5 for Pacific Street, which will remain a rental
6 property is that all full-time superintendents and
7 others are provided with all of the benefits that you
8 described, and we make sure that they have those
9 options available to them. As far as the work with
10 the contractor, we do try to work with the contractor
11 because we do believe in equity. Part of the mission
12 of Bridge Street and the work that we do outside of
13 the affordable housing development is to advocate
14 both on the affordable housing, but also on the
15 community level to make sure that individuals and
16 residents who live in the communities that we work
17 with are able to find sustainable employment, and are
18 able to find employment that can actually help them
19 sustain themselves in the neighborhoods as they
20 change. Again, these are significant challenges.
21 It's something that I know myself and other non-
22 profits would love to continue to work with you to
23 try to find that delicate balance that helps to allow
24 affordable housing to happen, but at the same time
25

1 making sure that we're protecting the interests of
2 the community residents.

3
4 CHAIRPERSON KALLOS: Great answers. Yes,
5 if you want to give me your card I will—I will bring
6 you into my group of developers who we are trying to
7 push those wages up. In terms of these positions, we
8 are trying to make sure people have health insurance,
9 and disability, and be able to save and retire, and
10 get paid enough to—to stay a part of the communities
11 that they live in. Do you have any local hire
12 requirement, and my favorite part of these hearings
13 is what number would they call if they'd like a job
14 on these buildings or with Bridge Street Development
15 projects?

16 EMILIO DORCELY: As an organization, we
17 don't have a specific local hiring requirement, but
18 we do work with all of the various contractors and
19 other professionals who help do—in one of our
20 particularly the development projects and we're
21 particularly concerned because we try our best to
22 identify as many local individuals. For example the
23 architect is a local architect who is only several
24 blocks from some of the buildings that are being
25 renovated, but we do try to encourage and have people

1
2 give us a call, and we try to make sure that we put
3 them in contact with the contractor.

4 CHAIRPERSON KALLOS: Great. So, if
5 somebody would be interested in these projects, what
6 number should they call to be put in touch with the
7 contractor or architect or any of the other folks on
8 the project?

9 EMILIO DORCELY: Yes, they can call our
10 general number, which is area code 718-399-0146, and
11 speak to someone in our Real Estate Division.

12 CHAIRPERSON KALLOS: Great, and I think
13 that takes me through all the questions that I
14 typically ask. I would normally ask about
15 accessibility, but these are TIL buildings. Is there
16 any opportunity to bring any accessibility to these
17 whether it's adding ramps or replacing staircases
18 with at-grade entrances or what have you?

19 EMILIO DORCELY: I know we're currently
20 working with our architect who is interfacing with
21 DOB now to make sure that where appropriate that if
22 there are additional opportunities for that, that we
23 will be doing that.

24 CHAIRPERSON KALLOS: That is good to
25 know. Is there anyone from the public who wishes to

1 testify? Seeing none, I will now close the public
2 hearing on this application, and it will be laid
3 over. This concludes today's hearing. I'd like to
4 thank the Counsel and Land Use staff for preparing
5 today—Oh, hold on. Sorry. One thing. I didn't get
6 a chance to ask you: It sounds like your development
7 corporation—almost made it out—like your organization
8 does a lot of work. Is there a question I should be
9 asking all the developers who come before this
10 committee [laughter] that I didn't ask you that I
11 should have?
12

13 EMILIO DORCELY: I think the previous
14 testimony hit it right on the head as far as, you
15 know, one additional question. I think, you know,
16 another additional question is looking at
17 opportunities where non-profits specifically because
18 of the fact that non-profits have a vested interest
19 in not only being in the neighborhoods for long
20 periods of time, but also reinvesting their profits
21 that they make through developer fee and other income
22 generated by the real estate development back into
23 the communities that they serve that it might
24 interesting to have an idea of how other developers
25 that are non-profit whether they have a similar

2 equation to be able to see not just the total value
3 of the development, but the total value of how their
4 income generated by the development has been put back
5 into the communities and serve them.

6 CHAIRPERSON KALLOS: This project will
7 have a developer fee of \$1.6 million. How will
8 Bridge Street Development Corporation reinvest that
9 into the community?

10 EMILIO DORCELY: Generally, the way our
11 operating budget works is that we have grants from
12 private foundations and other philanthropic
13 organizations, including financial institutions, and
14 we do have a significant amount of—of government
15 contracts where we provide services and then the
16 remaining amount comes from our earned income, which
17 is the unrestricted dollars, and so the developer fee
18 that will be over X number of years will be provided
19 to be able to support the programs I spoke about
20 earlier, which is Homeownership Counseling, which
21 helps people who are in foreclosure, and helps
22 prepare first-time home buyers, helps support the
23 youth development work that we do around helping them
24 to get employment and be job ready. Helps provide
25 additional services for seniors to make sure that

1
2 they can age in place, and make sure that we're
3 promoting small local businesses on the commercial
4 corridors in the neighborhoods that we work in.

5 CHAIRPERSON KALLOS: Thank you. I have
6 no further questions. That was a good one, which we
7 will accept and continue. I'd like to thank the-the
8 developers. Also a first time. Today, I will thank
9 the developers for coming to this hearing and
10 participating, and getting honest answers to
11 questions. I'd like to thank HPD for very complete
12 testimony that has allowed us to get through a lot of
13 items very quickly. I'd like to thank the Counsel
14 and Deputy Counsel and Land Use staff for today's
15 hearing, and members of the public and my colleagues
16 for attending. This meeting is hereby adjourned.

17 [gavel]

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C E R T I F I C A T E

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



Date March 12, 2019