

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON LANDMARKS, PUBLIC SITINGS AND
DISPOSITIONS

----- X

December 2, 2019
Start: 1:06 PM
Recess: 1:23 PM

HELD AT: 250 BROADWAY - COMMITTEE RM.
16th Fl

B E F O R E: ADRIENNE E. ADAMS
Chairperson

COUNCIL MEMBERS: Inez D. Barron
Peter A. Koo
I. Daneek Miller
Mark Treyger

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

Nelson Chan, Housing, Preservation and
Development

Artie Pearson, Housing, Preservation and
Development

Alejandra Ramos who, Project Manager, Lemle &
Wolff

Patrick Logan, Principal, Lemle & Wolff

1 SUBCOMMITTEE ON LANDMARKS, PUBLIC SITINGS AND
DISPOSITIONS

3

2 (sound check) (pause) (gavel)

3 CHAIRPERSON ADAMS: Good afternoon. I'm
4 Council Member Adrienne Adams. Welcome to this
5 meeting of the Subcommittee Landmarks, Public Sitings
6 and Dispositions. I am joined today by Council
7 Member Peter Koo. Today we're holding a public
8 hearing on LU 590, an application submitted by the
9 Department of Housing, Preservation and Development
10 requesting the approval of an Urban Development
11 Action Area Project pursuant to Article 16 of the
12 General Municipal Law, and an exemption from real
13 property taxes pursuant to Article XI of the Private
14 Housing Finance Law for the MMN19032 LEMLE West 117th
15 Street Project. The project area consists of two
16 buildings, 138 through 140 West 117th Street, Block
17 1901, Lots 51 and 52, and 264 West 117th Street,
18 Block 1922, Lot 53. The proposed actions will
19 facilitate the disposition and rehabilitation of the
20 properties as affordable housing. The properties are
21 located in Council Member Perkins' district in
22 Manhattan. We're joined today by representatives of
23 HPD, and we are going to call our HPD representatives
24 Nelson Chan, Artie Pearson. Hi, Artie and we're also
25 swearing in the---we're also swearing in our

1
2 developers from LEMLE and Wolff Patrick Logan and
3 Alejandra Ramos. Counsel, please swear in the panel.

4 LEGAL COUNSEL: Please raise your right
5 hands and state your names.

6 PATRICK WOLFF: [off mic] Patrick Wolff.

7 ARTIE PEARSON: [off mic] Artie Pearson.

8 ALXEANDRA RAMOS: [off mic] Alexandra
9 Ramos.

10 LEGAL COUNSEL: Do you affirm to tell the
11 truth, the whole truth and nothing but the truth in
12 your testimony before this Subcommittee and

13 ARTIE PEARSON: Yes,

14 ALICIA ALEXANDRA RAMOS: Yes.

15 PATRICK LOGAN: Yes.

16 CHAIRPERSON PEARSON: Thank you so much.
17 You may begin.

18 ARTIE PEARSON: Okay, Land Use Number 590
19 consists of the Proposed Disposition of the three
20 partially occupied city-owned buildings located at
21 138 and 140 West 117th Street, Block 1901, Lots 51
22 and 52, and 264 West 117th Street, Block 1922, Lot 53
23 in Manhattan Council District 9. The project is
24 known as MMN 1902 LEMLE and LEMLE West 117th Street,
25 and it's slated for redevelopment under HPD's Multi-

1
2 Family Preservation Loan Program also known as MPLP.
3 Under MPLP, sponsors purchase and rehabilitate city-
4 owned and privately owned vacant and/or occupied
5 multiple dwellings in order to create rental housing
6 with a range of affordability. The three buildings
7 were taken into city ownership through in rem
8 foreclosure actions as early as 1973, and
9 subsequently entered the Tenant Interim Lease Program
10 in the early 2000s. The Tenant's Associations within
11 this cluster failed to meet obligations and were
12 therefore terminated from the program. Currently the
13 buildings as mentioned are in MPLP and will be
14 conveyed to the sponsor LEMLE and Wolff Development
15 Company, LLC who will undertake the rehabilitation
16 of the properties to create affordable rental units.
17 The cluster comprises 59 residential units including
18 a superintendent's unit. However, the current
19 configuration is non-is not co-compliant and,
20 therefore, post rehab, the final unit count will be
21 41 and build the necessary layout changes. There
22 will be a mixture of unit types including 8 studios,
23 16 1-bedroom, and 17 2-bedroom apartments including
24 one for the superintendent. The sponsor is proposing
25 to substantially rehabilitate all three buildings and

1
2 the work includes rehabilitation to the envelope,
3 which is a new roof, windows, façade. The common
4 areas of all the residential units will be upgraded
5 with new bathroom and kitchen fixtures, new doors, a
6 new boiler and yard repairs. During the
7 rehabilitation period tenants are offered temporary
8 relocation and are provided with a written agreement
9 regarding their relocation rights. Upon completion
10 of the work the sponsor must offer legal tenants the
11 right to return an apartment of size suitable for
12 their family composition. All units will be rent
13 stabilized, and a portion of the units will be set
14 aside for homeless households. The targeted incomes
15 for existing tenants will not exceed 60% of AMI, and
16 rents will not exceed 30% of household income. The
17 vacant units will be marketed to income households
18 with AMIs no greater than 80% of AMI. In order to
19 facilitate long-term affordability of the rental
20 units, HPD also seeks approval of Article XI tax
21 benefits for a term of 40 years coinciding with the
22 regulatory agreement. The net present value of the
23 exemption is a \$2,399,887. The cumulative tax
24 benefits are per unit is—I'm sorry. I got that
25 backwards. The cumulative tax benefit for the entire

1 project is \$8,590,315. Council Member Perkins has
2 been briefed on the project, and has indicated his
3 support for this project, and we can answer any
4 questions you have, but before that, I'm going to
5 turn this over to the developer to do the
6 presentation.

7
8 PATRICK LOGAN: Okay. Thank you, Artie
9 and thank you Council Members, and thank you Council
10 Members Adam and Koo. I just wanted to take a few
11 minutes to introduce LEMLE and my colleague Alejandra
12 Ramos who is the Project Manager. He's going to talk
13 a little bit more about the project including
14 existing building conditions and the renovation scope
15 and the project timeline. So, Lemle & Wolff is an
16 affordable developer and general contractor and
17 property manager. Our development arm was started in
18 1991. Since that time we have renovated or
19 constructed over 1,500 affordable apartments, and
20 working closely with various city agencies and stat
21 agencies including HPD, and as Artie mentioned, we
22 have the strong support of our Council Member whose
23 provided a letter of support. The Lemle—the first
24 Lemle company, Lemle South was established in 1938
25 originally manages and owners of apartment buildings

1 in Northern Manhattan including neighborhoods of
2 Inwood and Washington Heights. Like many
3 neighborhoods around the city in the late 70s, many
4 neighborhoods were experiencing—experiencing upheaval
5 and abandonment, and at that time Lemle took some of
6 the first buildings through the city's fledgling
7 Preservation Programs including the PLP program. We
8 still manage many of those buildings today. They
9 remain affordable, and have actually been preserved
10 in some cases for a second time. Overall, today we
11 manage 6.000 apartment across the city including
12 Northern Manhattan, Harlem, the Bronx and even into
13 Brooklyn. Our construction arm was founded in 1981
14 first as a general contractor working on
15 rehabilitations including moderate and substantial
16 rehab, and then later and currently as a general
17 contractor executing new construction, and we just
18 have a few examples of the four afters on some of the
19 interiors of our recent rehabs. We've tried to focus
20 on finishes. You'll notice pedestal sinks now in one
21 of the after shots of one the bathrooms there. We
22 also focus on quality materials including in the
23 kitchens all ceramic. Typically wood in the common
24 areas, and on this project and in recent projects
25

1 we've been moving to stone counters as well, and with
2 that, I'd like to turn it over to Alejandra to talk a
3 little bit about this project starting with existing
4 conditions.
5

6 ALEJANDRA RAMOS: Alright, next up.

7 Okay. so the two buildings are contiguous, 138 and
8 140 are found between Malcolm X and Adam Clayton and
9 then the other one is about an avenue away between
10 Adam Clayton and Frederick Douglas. The two that are
11 together 138 and 140 each has 22 existing units, and
12 then the other one has 15. So, for a total of 59
13 existing units. Both buildings or all three
14 buildings were built under old tenement law over a
15 hundred years ago. So, they're very, very small non-
16 compliant units currently. Um, some of the existing
17 conditions that we've found there's about 70%
18 vacancy. So there's—there's about—there's 19 existing
19 households out of those 59. There's significant
20 structural deflection. The mechanical and electrical
21 systems are failing. Again, the units are very small
22 and the exterior needs a lot of work in terms of
23 insulation and brick replacing. These are just some
24 pictures so you can kind of get the idea of what the
25 exterior looks like, the crumbling stone at 138 and

1 140. Some of the interior vacant units were left in
2 these conditions, and this is pretty typical
3 throughout and then the same for 264 the smaller
4 building and that giving away (sic) also. It needs a
5 lot of work on the exterior, and interior as well.
6 As you can see that kind of configuration in that
7 hallway and that hallway is typical for an old dot
8 tenement. So, although, um, the buildings are not in
9 great shape right now, we do see this as a really
10 good opportunity in order to preserve. They're for
11 long term affordability of these units. Um, so in
12 general what we're proposing is that 138 and 140 be
13 combined into one building, and the reason why we're
14 doing this because that would take away on public
15 area so it will really just be one public hall system
16 in order to give more space to the unit. We are
17 losing. We're going from 44 to 27 because we have to
18 enlarge the units. Um, and then at the other
19 building we'd only be losing one unit in order to
20 give space back to the interior of the units as well.
21 So, that will be 41 total including the super's unit
22 and the cellar of 138 and 140, and again the 19
23 existing household will be given the temporary
24 relocation agreements and be given the right to
25

1
2 return to a unit that's adequate for their household
3 size. We've explained this to the tenants. We've
4 held four tenant meetings so far. um, the Council
5 Member Perkins was actually present at one of the
6 meetings, and the Director Constituent Services for
7 his offices—for his office Rafael Escano was present
8 at two of the meetings. So, they've been very
9 involved in this process. In terms of the renovation,
10 again we're going to do a structural reinforcement,
11 enlarge the units. There will be new kitchens,
12 bathrooms, windows a new heating distribution system,
13 um, and everything will be compliant with Enterprise
14 Green Communities to ensure operating efficiency,
15 and, of course, there will be a new exterior
16 insulation and reappointing as well. So, in terms of
17 our timeline and its proposed financing, we have
18 applied for 9% Low-Income Housing Tax Credits, which
19 we expect to hear on in the next couple of weeks. Um,
20 so we will have a tax credit investor and HPD will be
21 one of the lenders, and we will also bring on another
22 private lender to take on my private debt. The
23 assumes tax incentive will be Article XI. That's
24 part of the UDAAP package, and it will run for the
25 term of the Regulatory Agreement for 40 years. Um,

1 Section 8 has been made available to the existing
2 tenants those that have decided not to apply or that
3 do not qualify will be, um, will be paying 30%--no
4 more than 30% of their income. So, we will have to
5 income certify those tenants. There will also be a
6 10% homeless set-aside so there will be four units
7 dedicated to HPD Homeless Placement Services and, um,
8 as Pat mentioned, the average AMI or Area Median
9 Income rents of the whole buildings will be 60%,
10 which translates to about \$1,135 for a one-bedroom
11 and just as a point of reference the--the--the average
12 AMI right now in that area in the market rentals is
13 120%, which is about \$2,400 for a one-bedroom unit.
14 So, it's over double. Um, so with that--within this
15 timeline we've been working towards a closing in the
16 first quarter of 2020, and hopefully we'll be able to
17 start and get these building back to good shape in
18 April of 2020. Thank you very much.

20 CHAIRPERSON ADAMS: Thank you very much.
21 Thank you for your testimony today. Um, I have a
22 question on the, um, the existing condition at 264
23 with the interior stairway. It looked like the
24 interior stairway. The number of existing households
25

1 was 19. Is that cumulative for all of the properties
2 right now?
3

4 ALEJANDRA RAMOS: Yes.

5 CHAIRPERSON ADAMS: And how many are—are
6 occupied in 264?

7 ALEJANDRA RAMOS: Five households.

8 CHAIRPERSON ADAMS: Five and who's
9 maintaining the premises right now? To me it looks
10 very dangerous. The pictures here look very
11 dangerous.

12 ALEJANDRA RAMOS: So, we—we are. Um, we
13 took over the property management as of March 1st.
14 All of the vacant—so the pictures of the interior
15 units those are all vacant, and those are locked. Um,
16 so we do have a super on site. He doesn't live
17 onsite right now, but he is maintaining the
18 properties every day as of March 1st and, um8 , the
19 tenants call him if they need any minor repairs and
20 we have had to make, you know, other repairs within
21 the occupied units, but otherwise we're taking care
22 of everything else.

23 PATRICK LOGAN: And I would add that, um,
24 as Alejandra mentioned, we're offering along with HPD
25 Section 8 to all tenants, and as soon as they receive

1 that Section 8, we're looking to move them out of the
2 properties for the duration of the rehabilitation.

3
4 CHAIRPERSON ADAMS: What's their rent
5 right now?

6 ALEJANDRA RAMOS: Um, average is \$135. So
7 some of them pay two something of three something,
8 but that's the average.

9 CHAIRPERSON ADAMS: We're coming in 60%
10 of--\$1,125 for one-bedroom?

11 ART ALEJANDRA RAMOS: One bedroom.
12 Correct.

13 CHAIRPERSON ADAMS: Okay, thank you.
14 We've been joined by Council Member Barron.
15 Questions?

16 COUNCIL MEMBER BARRON: Yes, thank you,
17 Madam Chair. So, to the question of the rents, those
18 existing tenants of which you say they're at 19, when
19 they--you're going to have them moved out as you do
20 the renovations? Is that what you're saying?

21 ALEJANDRA RAMOS: Correct. So, because of
22 the condition of the buildings, um, we cannot do it.
23 We've tried to see if could do it with tenants in
24 place, but the structural quality wouldn't allow us.
25 So, they'll be moved a couple months prior to--some of

1 them as soon as they get their Section 8 Vouchers
2 that some have. Um, we given them a temporary
3 relocation agreements, which they still have the
4 right to return, and then was we finish their units,
5 we'll move them back.

7 COUNCIL MEMBER BARRON: Will they return
8 to units with the same number of bedrooms?

9 ALEJANDRA RAMOS: So, the ones that have
10 applied for Section 8, that is determined by HPD, um,
11 because they have to be in a certain—it depends on
12 the household size, and then the ones that decided
13 not to apply for Section 8, um, then they would be
14 yes, the same budget number.

15 COUNCIL MEMBER BARRON: So, they have to
16 meet the criteria that HPD has for that?

17 ALEJANDRA RAMOS: For Section 8.

18 COUNCIL MEMBER BARRON: Section 8. Yes,
19 and what about the rents? How much of an increase
20 will they experience in terms of what they're paying
21 now as to when they return?

22 ALEJANDRA RAMOS: So, all of them will be
23 paying 30% of their income. So, it completely
24 depends on—on that household, um..

1
2 COUNCIL MEMBER BARRON: So, have you done
3 an analysis to see what that dollar amount would be
4 for those that are returning? How much of an increase
5 that would be for them?

6 ALEJANDRA RAMOS: For—we have—we have not
7 collected full—we have to—we have to income certify
8 them prior to construction closing. Um, but we have
9 not done that full analysis yet. We're still
10 gathering that information.

11 COUNCIL MEMBER BARRON: My question would
12 be what that number is --

13 ALEJANDRA RAMOS: Uh-hm.

14 COUNCIL MEMBER BARRON: --because even
15 though you're say 30%--

16 ALEJANDRA RAMOS: Uh-hm.

17 COUNCIL MEMBER BARRON: --if these are
18 tenants who may have lived here for a number of years
19 that—that may be much lower than 30% of their income.
20 So, I just wanted to know what those dollar amounts
21 are.

22 ALEJANDRA RAMOS: Right.

23 COUNCIL MEMBER BARRON: And I did have
24 another question. Oh, are any of these existing
25

1 tenants, are they all tenants or are there any
2 shareholders?
3

4 ALEJANDRA RAMOS: They're all tenants.

5 COUNCIL MEMBER BARRON: Okay.

6 ALEJANDRA RAMOS: They're rental
7 properties.

8 COUNCIL MEMBER BARRON: Okay. Thank you,
9 Madam Chair.

10 CHAIRPERSON ADAMS: Thank you, Council
11 Member Barron. Okay, thank you very much for your
12 testimony, panel. Thank you very much. Um, I don't
13 see any members of the public who wish to testify on
14 these items. So you are excused. Thank you very much.

15 PATRICK LOGAN: Thank you.

16
17 ALEJANDRA RAMOS: Thank you.

18 CHAIRPERSON ADAMS: Seeing no further
19 members of the public who wish to testify on these
20 items, I now close today's hearing, and this
21 application will be laid over. I would like to thank
22 members of the public, my colleagues, counsel and
23 Land Use staff for attending today's hearing. This
24 meeting is hereby adjourned. [gavel]
25

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 December 5, 2019