

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HOUSING AND
BUILDINGS

----- X

January 13, 2020
Start: 10:29 a.m.
Recess: 12:18 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: Robert E. Cornegy, Jr.
Chairperson

COUNCIL MEMBERS: Robert E. Cornegy, Jr.
Fernando Cabrera
Margaret S. Chin
Rafael Espinal
Mark Gjonaj
Barry S. Grodenchik
Farah N. Louis
Bill Perkins
Carlina Rivera
Helen K. Rosenthal
Ritchie Torres

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

Ann Marie Hendrickson
Deputy Commissioner
HPD Office of Asset and Property
Management

Margy Brown
Associate Commissioner of Housing
Opportunity and Program Services
HPD

Michael Palma
HDFC Coalition

April Tyler
HDFC Coalition

Tina Defelice Antonio

John McBride
HDFC Coalition

Glory Ann Hussy Kirstein
HDFC Coalition

Victor Morriset Romero

Shelivia Thomas Merchison

Dayanara Delrio

Dave Powell

Martha Danziger

Carol Cordon

Beth Mills

1 COMMITTEE ON HOUSING
AND BUILDINGS

4

2 KEITH POLITE: Testing one, two, one two.
3 Today is Monday, January 13, 2020. Today's meeting
4 is on Housing, being recorded by Keith Polite.

5 CHAIRPERSON CORNEGY: Good morning,
6 everyone. I'm Council Member Robert Cornegy, chair
7 of the Committee on Housing and Buildings, and we're
8 here today to hold a hearing on proposed amendments
9 to the Local Law 64 for the year of 2018, which
10 created a Department of Housing and Preservation and
11 Development Administered housing portal. Affordable
12 housing in New York is a rare and precious commodity.
13 44% of our fellow New Yorkers are rent-burdened,
14 meaning that they pay at least 30% of their income in
15 rent. Of those rent-burdened New Yorkers, more than
16 half are severely rent-burdened, meaning that they
17 pay at least 50% of their income in rent. These
18 rent-burdened and severely rent-burdened New Yorkers
19 are spending so much of their income on housing that
20 they are unable to afford routine medical care,
21 transportation, food, and educational opportunities.
22 In 2014 the city undertook an initiative to increase
23 the affordable housing stock, Housing New York, a
24 five-borough, 10-year plan sought to create or
25 preserve 300,000 units of affordable housing.

1 Affordable housing is created through tax abatements
2 and exemptions, and through programs sponsored by HPD
3 and the New York City Housing Development
4 Corporation. Many of these housing opportunities are
5 available through HPD's Housing Connect website,
6 which allows applicants to search for and apply to
7 affordable housing opportunities. The portal will
8 also allow HPD to maintain oversight over the city's
9 affordable housing stock by requiring owners to
10 provide certain unit information. Today we'll be
11 hearing Intro number 1757, sponsored by Council
12 Member Ben Kallos. This bill makes technical
13 amendments to the Local Law 64 housing portal, as
14 well as amendments that exempt from inclusion certain
15 small preservation programs and that includes some
16 unregulated properties in mixed affordable and
17 market-rate developments. Today we'll also be
18 hearing proposed Intro 1783-A, sponsored by Council
19 Member Mark Levine. This bill excludes from
20 including in the housing portal housing cooperatives
21 incorporated under Articles 2, 4, 5, or 11 of the
22 Private Housing Finance Law. These cooperatives
23 include housing development fund companies. Housing
24 development fund companies were created when the city
25

1
2 took abandoned properties and testified them to
3 tenant associations for rehabilitation and subsequent
4 ownership. I'd like to thank my fellow committee
5 members who are here today, Committee Members
6 Grodenchik, Farah Louis, Ben Kallos, and Bill
7 Perkins. And we'll hear now from the sponsors of
8 Intro number 1757. I'm sorry, I do want to make that
9 the sponsor of 1757 is not here because he is feeling
10 ill, 1783 is not here. I see you, I see you, Ben.
11 So we'll hear right now from the sponsor of that
12 introduce, Ben Kallos.

13 COUNCIL MEMBER KALLOS: Good morning.
14 I'm Council Member Ben Kallos. You can reach me on
15 all social media platforms, @benkallos, if you want
16 to participate in the hearing, whether you're a
17 member of the public watching at home or here in the
18 audience, or watching the live stream. Please
19 forward any questions, concerns, or comments and
20 we'll try to include it in the hearing. I want to
21 start with a big thank you to our Housing and
22 Buildings Committee chair, Robert Cornegy, for being
23 a champion, and whether it's standing up on Third
24 Party transfer, or helping on these two very
25 important pieces of legislation, he's been a true

1
2 champion for those who own homes in our city and
3 those who seek affordable housing in our city, and I
4 just want to thank him. We're in the midst of
5 [laughter] [applause], sorry about that, and as the
6 chair would like to interrupt me to say, and the City
7 Council, if you hear something you like and agree
8 with you, we ask you to twinkle, which is to raise
9 your fingers like so, ah, in a way that does not
10 interrupt the hearing. So, but he deserve that round
11 of applause.

12 CHAIRPERSON CORNEGY: I disavow any
13 knowledge of being entitled twinkle, though.

14 [laughter]

15 COUNCIL MEMBER KALLOS: Now, in all
16 seriousness, we're in the midst of an affordable
17 housing crisis in our city. More than 59,000 people
18 woke up this morning in homeless shelters, two-thirds
19 of which are families and of those half of which are
20 children. About 20,000 children woke up this morning
21 and went to a public school from a shelter. And it's
22 a symptom of the affordable housing crisis. And now
23 may believe that the only way out of the affordable
24 housing crisis is through an oversimplified
25 understanding of economics and for supply just to

1
2 exceed demand. However, as reported in yesterday's
3 *New York Times*, the data shows that developers would
4 rather leave half of every condo unit built since
5 1995 empty, literally thousands of apartments, rather
6 than making affordable for everyday New Yorkers.

7 Mayor Bill de Blasio has an ambitious plan to build
8 or preserve 300,000 units of affordable housing and
9 he's brought thousands of new units onto the market
10 with tens of thousands, if not hundreds of thousands,
11 of New Yorkers applying for each affordable housing
12 opportunity. Your chances of being able to afford to
13 live in this great city have to be better than
14 literally winning a lottery. With roughly one
15 million affordable housing units in our city, I
16 thought we should turn our attention to existing
17 affordable housing stock. Since 2015 we've been
18 working with a whistleblower and hero at HPD, Mr.
19 Steven Werner, with the support of his union, the
20 Organization of Staff Analysts, investigative
21 reporters at ProPublica and the *Wall Street Journal*
22 and our cosponsor, Manhattan Borough President Gail
23 Brewer, to identify a possible 200,000 affordable
24 housing units, where the developers were receiving up
25 to a billion or more dollars in subsidies for units

1 that they might have been offering for non-affordable
2 rates, even market rates, and so we sought to figure
3 out how can we deal with the fact that there is a
4 state law that says if you have affordable housing
5 you have to register it, but in 1995 they got rid of
6 any fines, so most people didn't register. This is
7 something that Steven Werner identified. So how do
8 we deal with non-registration? The fact that a lot
9 of the applications are paper and those can get lost
10 in the mail. There were lotteries where three-
11 quarters of applicants were rejected and where
12 several investigations by the DOI on the state level,
13 even on the city level, found corruption in waiting
14 lists, and, if that wasn't enough, there were so many
15 different places to apply, between DHCR, HPD, HDC,
16 even individual nonprofits like my council had their
17 own portals for applications and so what we proposed
18 and accomplished through Local Law 64 was to make it
19 easier to find affordable housing with one place for
20 all city-subsidized affordable housing in one, in one
21 location, being able to match residents to the
22 correct affordable housing units by income instead of
23 folks having to just figure out whether or not they
24 were right for, ah, having transparency around
25

1 waiting lists and application tracking so you could
2 see where you were in the process, and ensuring that
3 subsidized housing that offered at affordable rates
4 by requiring a registration with the state and a
5 registration with the city, but for the city saying
6 that if folks didn't do it for several months or
7 years they would face a fine per unit per month, and
8 then providing tenant protections from illegal rents,
9 and then providing public information so that
10 advocates could make sure that things were followed.
11 When we finally passed it, I think it was one of the
12 hardest bills I've ever negotiated. We went back and
13 forth with the administration over a hundred times.
14 The legislation covered all affordable housing that
15 was being subsidized from January 2, 2018, moving
16 forward. There was a responsibility to look back to
17 see if anything else was covered, and in the
18 negotiations we included at the time home ownership.
19 Particularly, I was at the time looking at condos and
20 things like that. I grew up in a cooperative. We
21 ended up inadvertently including cooperatives,
22 particularly HDFCs. I want to thank the HDFC
23 Coalition who are here today, who are working with my
24 office on our legislation. In our legislation we
25

1 actually included a provision at the request of both
2 the coalition and HPD to exclude small buildings that
3 were owned by only one person and they didn't have
4 multiple buildings that they owned, so our technical
5 amendment would include buildings with 10 or fewer
6 units, which would cover a lot of the HDFCs that are
7 smaller. We did wish to include the larger HDFCs but
8 we were actually able to, because of council rules,
9 whoever puts in the legislative service request goes
10 first, so we were able to work with Council Member
11 Mark Levine on an additional piece of legislation to
12 provide a specific carve-out for HDFCs, and it's
13 because HDFCs are in a different, different situation
14 than other people who have received affordable
15 housing. Many of you did not win a lottery so much
16 as retake a building from squatters, from people
17 using your building as drug dens, and from just
18 really being there in the city when people were
19 leaving and abandoning the buildings. You came in,
20 you took over these buildings, you took
21 responsibility for these buildings, and so we felt
22 that you were in a very different situation than
23 others. And so we are hoping to make sure that it is
24 a lot easier for people to get affordable housing,
25

1 that if somebody is over-housed they don't feel
2 trapped in a large apartment with large bills and
3 large utilities, just because they can't find a
4 smaller unit. And, similar, people who, I'm in a
5 one-bedroom with a wife and baby and that feels a
6 little cramped. So we're hoping that through this
7 system we can have a place where units start coming
8 back on the market that exist and people can start
9 being able to move between different units and have
10 access to affordable housing without having to win
11 the lottery. So I want to thank everyone. And I
12 think the last piece is when we passed Local Law 64
13 the *Wall Street Journal* held it to be a huge victory,
14 but they mentioned something that I didn't quite
15 understand at the time, but I now do. When a
16 building receives a 421-A subsidy there would be a
17 certain number of units that were tied to the
18 applicant's income and were rent regulated. But we
19 also learned that there were a lot of market-rate
20 units in the building that would receive rent
21 regulation, which meant that you might come in and
22 start paying \$3000 or \$4000 a month, which is the
23 market rate, but then you wouldn't have to worry
24 about the developer being able to raise your rent by
25

1
2 10% or 20%, which has actually happened to me. You'd
3 be protected by the Rent Guidelines Board's
4 increases, which have been zero at times, recently 1%
5 or 2%, which for many people would be very helpful
6 because they would be able to know that they could
7 get in and have predictability. So I want to thank,
8 a lot of the people who worked on this, we've spent
9 the past, pretty much as soon as we passed Local Law
10 64, the first two years of my term, so I want to
11 thank Assistant Deputy Director Megan Chen and
12 legislative counsel of committee, Janan Zilka, my
13 chief of staff, Jesse Touse, and my legislative
14 director Wilfredo Lopez and I also know that Housing
15 and Buildings Chair Robert Cornegy has been there
16 every step of the way along with his staff, so we are
17 incredibly grateful. Thank you.

18 CHAIRPERSON CORNEGY: Thank you. I'd
19 like to remind everyone that there will be, if you'd
20 like to testify today please fill out a card with the
21 sergeant. We'll be sticking to a two-minute clock
22 for all public testimony. And now we'll administer
23 the oath to the administration before their
24 testimony.

2 COUNSEL: Raise your right hand. Do you
3 affirm to tell the truth, the whole truth, and
4 nothing but the truth in your testimony before this
5 committee, and to respond honestly to the council
6 member questions?

7 UNIDENTIFIED: I do.

8 UNIDENTIFIED: Yes.

9 CHAIRPERSON CORNEGY: Thank you. So I
10 ask that before you begin your testimony just
11 introduce yourself and your title for the record.

12 UNIDENTIFIED: Sure.

13 DEPUTY COMMISSIONER HENDRICKSON: So good
14 morning. My name is Anne Marie Hendrickson and I am
15 the deputy commissioner of HPD's Office of Asset and
16 Property Management.

17 ASSOCIATE COMMISSIONER BROWN: I'm Margy
18 Brown. I am associate commissioner of Housing
19 Opportunity and Program Services at HPD.

20 CHAIRPERSON CORNEGY: Thank you, you can
21 begin your testimony whenever you're ready.

22 DEPUTY COMMISSIONER HENDRICKSON: Good
23 morning, Chair Cornegy and members of the Committee
24 on Housing and Buildings. I am Ann Marie
25 Hendrickson, deputy commissioner for Asset and

1
2 Property Management at the New York City Department
3 of Housing Preservation and Development, HPD. Thank
4 you for the opportunity to testify on proposed
5 amendments to the enacted Local Law 64 of 2018,
6 Introductions 1757 and 1783. I am also joined today
7 by Margaret Brown, associate commissioner for
8 Housing, Opportunity, and Program Services.
9 Affordable housing is one of the biggest concerns
10 that New Yorkers face. Already this administration
11 has financed over 135,000 affordable appointments
12 through fiscal year 2019, 57,000 of which serve very
13 low income individuals, making less than roughly
14 \$37,000 per year, or \$48,000 for a family of three.
15 Housing Connect, the city's affordable housing
16 lottery system, allows New Yorkers to search for
17 affordable housing, fill out a profile, and apply for
18 multiple homes with a few clicks of a button. Since
19 launching 2013 over two million people have made
20 accounts on Housing Connect, 1.1 million have
21 submitted applications, and 23,000 households have or
22 soon will move into new homes. Now six years after
23 this revolutionary was created HPD is currently
24 building our new and improved Housing Connect 2.0
25 system. Housing Connect 2.0 will also incorporate

1 the changes required by Local Law 64 of 2018, the
2 focus of today's bills. This law sponsored by
3 Council Member Kallos not only expanded the universe
4 of eligible homes for the city's housing lottery, but
5 per unit advertisement requirements, but placed unit
6 advertisement requirements, or put, I'm sorry, unit
7 advertising requirements in place, intended to make
8 applying for affordable housing more centralized and
9 streamlined for the ease of New Yorkers trying to
10 navigate the website. We have also learned a lot
11 through operating Housing Connect over the past six
12 years and Housing Connect 2.0 will provide New
13 Yorkers with a more transparent and user-friendly
14 experience. 2.0 will automate, standardize, and
15 streamline the application, the applicant eligibility
16 review process with an integrated information
17 exchange between housing developers, applicants, and
18 HPD. The new system would also facilitate additional
19 HPD oversight and reporting on housing lottery
20 indicators. Stakeholder engagement has been critical
21 in crafting this system as we engage with housing
22 developers and marketing agents, applicant advocates,
23 and service providers, financial counseling experts,
24 several other agencies, and of course applicants
25

1 themselves. We are also working with behavioral
2 research experts to ensure 2.0 will more easily guide
3 users through complex questions, such as how to
4 calculate their income, and specifying what types of
5 housing best fit their needs. As we move forward
6 with these innovations we are looking at every aspect
7 of the Housing Connect system through the lens of
8 fair housing and how we can promote equal
9 opportunities for all New Yorkers. When the Trump
10 administration rolled back the implementation of
11 their affirmatively furthering fair housing
12 requirement the de Blasio administration launched our
13 Where We Live New York City process that led to the
14 publication of the draft report published just last
15 week. Through this work the city has developed a
16 draft plan to take bold and formative action to break
17 down barriers to opportunity and build more
18 integrated, equitable, and inclusive neighborhoods.
19 As part of the Where We Live New York City process
20 the city has undertaken an inclusive collaborative
21 and comprehensive effort to better understand how
22 fair housing challenges like segregation,
23 discrimination, and lack of access to thriving
24 neighborhoods impact New Yorkers' lives and how the
25

1 city can take action. Since launching HPD worked
2 with 30 sister agencies and more than 150 stakeholder
3 organizations to study, understand, and address
4 patterns of residential segregation and how these
5 patterns impact New Yorkers' access to opportunities,
6 including job, education, safety, public transit, and
7 positive health outcomes. With these important goals
8 in mind, HPD also updated our marketing policies that
9 developers must follow to further limit how credit
10 history impacts housing applicants, address and
11 clarify complexities in income calculations, ensure
12 special protections for survivors of domestic
13 violence, and make the lottery selection process more
14 efficient. These updates demonstrate the city's
15 continued commitment to create more opportunities for
16 all New Yorkers. HPD's also been very focused on
17 expanding our existing outreach tools in education
18 efforts. We currently have robust communication
19 requirements during the market process, including,
20 but not limited to, outreach to local community
21 boards, elected officials, and the general public
22 through online and print advertisements, both
23 citywide and local. Understanding that some may find
24 may find applying for projects to be complicated, HPD
25

1 provides resources to lottery applicants in a variety
2 of ways. Our marketing program conducts
3 informational seminars for potential lottery
4 applicants two to three per time, three times per
5 week to teach them about the process and also
6 provides training for community-based service
7 providers to do the same. Our housing program
8 partners with nonprofits such as Impact Brooklyn or
9 Mutual Housing Association of New York, MANY, and
10 even council offices, who help individuals prepare
11 and apply for open lotteries. HPD's Ready to Rent
12 initiative also provides free one-on-one financial
13 counseling and assistance with affordable housing
14 application, and our resource fairs, marketing
15 seminars and mobile van allow us to assist New
16 Yorkers directly in their communities. Thanks to the
17 City Council we've also been able to translate
18 application guides into 17 languages. With this
19 robust and aggressive work in mind we appreciate the
20 council's straight goals to increase access to our
21 lottery system and address issues as we work to
22 implement the specifics of Local Law 64. For
23 example, we are interested in discussing the removal
24 of buildings utilizing HPD financial support for the
25

1 lead hazard reduction in Healthy Homes Primary
2 Prevention Program. Addressing lead hazards is a top
3 concern for both this administration and the council,
4 and we want to make sure we are not discouraging
5 potential users of this program, which is not
6 intended for affordability, from utilizing this
7 financing resource of federal dollars to reduce the
8 risk to children. We therefore support the intent of
9 Council Member Kallos' bill and would like to
10 continue conversations about the specific language to
11 ensure there are no unintended consequences to the
12 bill. We also support Council Member Levine's bill
13 to remove cooperatives from the requirements of the
14 bill, a unique and critical piece of affordable
15 housing stock. Thank you again for the opportunity
16 to testify today. We will take any questions that
17 you may have.

18
19 CHAIRPERSON CORNEGY: Thank you for your
20 very concise testimony, and I don't remember the last
21 time the administration was in full support of some
22 bills that we, I don't even know how to proceed at
23 this point [laughter]. But I do have some questions
24 of my own before I pass this to my colleagues. I'd
25 like to start with Intro 1757, which is the Local Law

1
2 to amend the administrative code of the City of New
3 York in relation to modifications to the Department
4 of Housing Preservation and Development's housing
5 portal. So what's the current status of the housing
6 portal?

7 ASSOCIATE COMMISSIONER BROWN: Sure. So
8 of course we do have a housing portal now, a Housing
9 Connect system, that has been up and running since
10 2013. The development of 2.0, most of it is
11 currently in the testing phase. It will be rolled
12 out prior to the implementation date required by the
13 bill, which is July 1st of this year. It will
14 probably be rolled out about a month before, which
15 will give us some runway to get projects actually
16 into the system before the implementation date of the
17 bill.

18 CHAIRPERSON CORNEGY: Thank you. How
19 many units do you expect to be included in the portal
20 once it's completed?

21 ASSOCIATE COMMISSIONER BROWN: Sure. So
22 some of the, ah, changes that we're talking about,
23 there are some language, there is some ambiguity in a
24 few pieces of the language that we want to work with
25 council to understand the full intent. There's

1
2 actually a big, pretty big swing factor in the number
3 of units that would be required based on
4 understanding that intent better. And so once we
5 have that, ah, the finalized version and fully
6 understand the council's intent of the bill we'll be
7 able to provide a better, um, response in terms of
8 exact number of units.

9 CHAIRPERSON CORNEGY: So is the
10 administration aware of the concerns that tenants
11 have had about the current iteration of the portal?

12 ASSOCIATE COMMISSIONER BROWN:
13 Absolutely. So, I mean, one of the, um, ah, the
14 great things about the fact that we engage in
15 communities two to three times a week on our
16 marketing program and have the Housing Ambassadors
17 program, which is about 50 not-for-profit
18 organizations that both help applicants apply but
19 also are really our eyes and ears and feed back to
20 us. We have bimonthly meetings with them to really
21 health applicants' concerns, and so we, it is a great
22 way to get feedback. We also have, ah, a direct
23 hotline to our marketing program and take calls to
24 that every single day.

1
2 CHAIRPERSON CORNEGY: So just to go off
3 script for a second and not to throw too many curve
4 balls, but I know in my office and in the office of
5 my colleagues we go so many questions around the
6 portal, the use of the portal, I'm wondering how
7 you're capturing information about people's concerns
8 around the portal and is there a clearinghouse to
9 help us, like we all, I'd love to have that in my
10 office, like some kind of virtual suggestion box,
11 that we could use from tenants who are coming to our
12 offices and then we have to disseminate the
13 information and then pass it on. Is there a direct
14 way possible in the new iteration of the portal to
15 include feedback of some sort?

16 ASSOCIATE COMMISSIONER BROWN: Ah, so we
17 do, the portal does have a way to just kind of email
18 HPD and let us know. We currently have an email
19 address that is posted on Housing Connect, so people
20 know how to reach us by email as well as by phone.
21 But the new system will kind of incorporate that into
22 the system.

23 CHAIRPERSON CORNEGY: What would you say
24 the response time to a concerned potential tenant
25 would be from HPD?

1
2 ASSOCIATE COMMISSIONER BROWN: So it
3 really depends on the type of concern and the way
4 that somebody submits it. So for, if somebody calls
5 our hotline we have people manning that hotline
6 during all business hours and so they usually get
7 picked up immediately. With regard to a question
8 that comes into the email, partly it depends on the
9 nature of that. If it is a very like nitty-gritty
10 questions regarding an application often we need to
11 kind of gather information before we address it. But
12 certain things we respond to immediately, particular
13 questions about either technical difficulty or just
14 questions on how to use the system we get back to
15 very quickly.

16 CHAIRPERSON CORNEGY: I know oftentimes
17 we have hearings where we question particular
18 industries on their level of customer service as we
19 advocate for our constituencies.

20 ASSOCIATE COMMISSIONER BROWN: Sure.

21 CHAIRPERSON CORNEGY: I'm gonna do that a
22 little bit, not here today, but in, ah, a continual
23 fashion with the administration, in particular HPD,
24 to have at least their virtual customer service meet
25 the needs of its clients, because, quite frankly,

1 when it doesn't my office and the offices of my
2 colleagues are inundated with questions that not, we
3 don't necessarily as not being HPD and it's a level
4 of advocacy that we wind up having to do that is not
5 even advocacy around getting a unit, it's advocacy
6 around accessing the information and/or having a
7 direct relationship with HPD. So I'd like to
8 suggest, although it's not, ah, stated in these
9 particular pieces of legislation the opportunity to
10 work hand in hand with the administration, HPD in
11 particular, to increase the level of customer service
12 so that we can increase the level of customer service
13 as council members who are on the front line.

14
15 ASSOCIATE COMMISSIONER BROWN:

16 Absolutely.

17 CHAIRPERSON CORNEGY: So with that being
18 said I'm going to pass, let some of my colleagues ask
19 questions, because I know that there are several
20 hearings happening simultaneously. So Council Member
21 Kallos, whose bill we are discussing here today.

22 COUNCIL MEMBER KALLOS: Thank you again
23 to the chair, great questions. Ah, I have four
24 questions, but, OK, thank you. As mentioned in my
25 opening, when Local Law 64 passed the *Wall Street*

1
2 *Journal* noted that the law did not include market-
3 rate units in mixed-income buildings which are not
4 income restricted, but still rent regulated. Intro
5 1757 will require these units to be registered with
6 the city. How many units are we talking about?

7 ASSOCIATE COMMISSIONER BROWN: I'm sorry,
8 I do not have that figure with me today, but I can
9 get back to you on that.

10 COUNCIL MEMBER KALLOS: OK. I think
11 based on our analysis it may be hundreds of
12 thousands, but we'll get a firm answer. The next one
13 is following Local Law 64 HPD raised concern that
14 small buildings with 10 or fewer units that weren't
15 owned by, under common ownerships receiving subsidies
16 might be forced into registration or offering units
17 which could be burdensome. We agree and we're
18 exempting those under Introduction 1757. How many
19 buildings and units are we talking about in this
20 universe?

21 ASSOCIATE COMMISSIONER BROWN: Um, I'm
22 sorry. I think that I, I need to get back to you
23 with that number as well.

24

25

2 COUNCIL MEMBER KALLOS: No worries. I
3 think when we discussed we were talking about
4 hundreds or thousands, but very low...

5 ASSOCIATE COMMISSIONER BROWN: Yes.

6 COUNCIL MEMBER KALLOS: And then I think
7 thousands of units, but I think you had, you
8 mentioned some of the programs being like folks who
9 needed help with energy retrofits and that was not,
10 we want to encourage people to do those without
11 adding, ah, and so, also as mentioned in my opening,
12 HDFC and other affordable housing cooperatives are
13 uniquely situated. Intro 1783, of which I am a co-
14 prime sponsor, would exclude the HDFCs and other
15 cooperatives. Do you know how many HDFCs have more
16 than 10 units and how many home ownership
17 opportunities would be excluded?

18 DEPUTY COMMISSIONER HENDRICKSON: So,
19 Council Member, every question you're asking will
20 require us to just go back and just finalize some
21 numbers for you, because we have those...

22 COUNCIL MEMBER KALLOS: No worries. So
23 we already have been talking about it, so I
24 understand wanting to have firm numbers on the
25 record. So I guess the part that we've gotten the

1
2 most questions about is when we passed Local Law 64
3 we kind of defined a universe and said let's get
4 everyone into one place, ah, and make sure everyone
5 is registering with you so we know what the universe
6 looks like and I imagine whatever you come back to us
7 with, hopefully on the record, hopefully before the
8 record closes in 72 hours, we'll probably end up
9 being inaccurate because when the system goes online
10 you'll actually get all the registrations. So I
11 guess the question is we said define the universe and
12 then we kicked it to you to say, OK, how is it going
13 to work. So I think folks are, we've now all seen
14 these things I've mentioned in my opening, like
15 hundreds of thousands people apply for 10 units. How
16 would the system work, and the thing I'm most
17 interested is re-rentals. So if you're a building
18 owner and you're watching home and you've got 11
19 units or you've got a hundred units and you've got
20 two units that are coming online for June 1st and
21 you're saying, oh my God, I'm going to get 100,000
22 people applying for this. How is the system going to
23 work?

24 ASSOCIATE COMMISSIONER BROWN: Yes,
25 absolutely. So in developing the system we really

1 recognize the need to have a different process other
2 than an open advertised lottery for re-rental units
3 as they come online. We don't want to compromise the
4 cash flow of buildings and so we recognize that it
5 needed to be a really immediate process. And so how
6 the system will work for re-rentals is that as
7 developers submit the required registration
8 information the system saves that information, and so
9 it has the specifications of the units. And so if a
10 developer goes into the system and says Unit 2B in
11 this building is available, the system automatically
12 knows that's a two-bedroom unit. It knows the
13 address of the building. It knows the square
14 footage, all things that go into an applicant
15 deciding whether they would want to live there. And
16 then rather than holding an open lottery for it the
17 system will automatically pull a, what we like to
18 think of as a mini lottery of applicants, 10 to 20
19 applicants depending on kind of how the housing
20 opportunity is and it will match applicants based on
21 not only their eligibility information but also
22 certain housing choices that they put in their
23 application, and so applicants can specify I'm really
24 interested in a two-bedroom unit. They can specify
25

1
2 neighborhoods that they might be interested in and
3 other factors, like disability needs, that help to
4 determine whether a housing opportunity is right for
5 a particular applicant. As that unit becomes
6 available the system will randomly select the 10 to
7 20 applicants that match all of those specifications
8 and the system will automatically reach out to them
9 and say, hey, you've come up for as a candidate for
10 this housing opportunity, are you interested. If you
11 are interested, submit your documents through the
12 system now. If, you know, five out of 10 of those
13 applicants respond the developer will move forward
14 with the application process with those five
15 applicants and then make a offer of housing in log
16 order, in mini log order, to the, the lowest log
17 number applicant there.

18 COUNCIL MEMBER KALLOS: OK, OK, so just
19 to be clear for all these re-rentals it's not going
20 to be a situation of an avalanche. They will get a
21 number of applicants. They will have a chance to
22 screen those applicants. Folks will be pre-matched
23 based on what they said and then because they will
24 already have their financial income and you'll have a
25 situation where folks who will be getting five to 10

1
2 prequalified, bona fide, I believe the real estate
3 industry people have to pay a lot of money to get
4 those leads and even often have to pay a broker, a
5 fee of at least now under state a law a month just
6 for that service. So I'm hoping both of our bills
7 pass as soon as possible and so HDFCs would be
8 exempt, other folks would also, would people be
9 allowed to opt in if they heard what you had to say
10 today and they were like, without, I could save like
11 in my district \$5000 for the money and other
12 districts perhaps different amounts.

13 ASSOCIATE COMMISSIONER BROWN: Sure, so
14 the, um, the current portal is being built to really
15 around affordable properties and built particularly
16 to come into compliance with the law, but one
17 requirement of the law is that we do a study to
18 determine whether non-affordable units, non-HPD
19 units, can be handled through the system and exactly
20 how those would be handled, and so we are focused now
21 on rolling out the initial version of the system, but
22 we'll absolutely be coming back with that study.

23 COUNCIL MEMBER KALLOS: And just to be
24 clear, the law as written focuses on new affordable
25 housing units from January 1, 2018, but if I'm an

1
2 affordable housing developer and I have a unit from
3 1990, from a 1990 regulatory agreement that hasn't
4 expired and I say, you know, I'd like to use this
5 instead of having to pay a manager. I've actually
6 had the chance to look at a budget and I think 20% of
7 the budget goes towards dealing with marketing, re-
8 rentals, and something like that, so they could
9 actually pull that out of their budget if they were
10 using your service. So could an existing affordable
11 housing developer or administrator use your service?

12 ASSOCIATE COMMISSIONER BROWN: Yes, if,
13 ah, if the property is affordable and not necessarily
14 subject to the marketing handbook or the law but does
15 want to come through the system it could accommodate
16 that.

17 COUNCIL MEMBER KALLOS: And do we know
18 how many apartments we will likely see becoming
19 vacant every month or per year?

20 ASSOCIATE COMMISSIONER BROWN: Ah, so,
21 again that depends on some of the technical language
22 of the law and understanding the exact intent, but in
23 general we see about, um, of the fact that we monitor
24 and know, we see between a 2% and 3% turnover rate in
25

2 affordable housing so that is probably the rate of
3 turnover that we would see in buildings.

4 COUNCIL MEMBER KALLOS: That is amazing.
5 Thank you very much. Thank you to the chair and to
6 the members of this committee for their indulgence.

7 CHAIRPERSON CORNEGY: We've been joined
8 by Council Member Carlina Rivera and she has a
9 question.

10 COUNCIL MEMBER RIVERA: Good morning.

11 ASSOCIATE COMMISSIONER BROWN: Good
12 morning.

13 COUNCIL MEMBER RIVERA: Thank you so much
14 for your work, and Deputy Commissioner, I know
15 you've, you've been doing this for a long time and I
16 appreciate your commitment. Your testimony covered
17 Housing Connect and the ambassador program. When I
18 worked as a housing counselor I was one of the
19 ambassadors, so I know it has in fact come a long way
20 since it first launched, and the Where We Live
21 program was currently in the Lower East Side, so I
22 thank you for trying to make those rounds. I want to
23 ask specifically about HDFC rentals. The bill as it
24 stands covers cooperatives and in my district and in
25 districts across the city there are many HDFC rentals

1
2 that we want to ask how they can be potentially cut
3 out or incorporated in a more efficient way going
4 forward. Do you know how many HDFC rentals there are
5 citywide?

6 DEPUTY COMMISSIONER HENDRICKSON: Good
7 morning, Council Member, and thank you for the
8 question. I don't have that particular stat in front
9 of me, but I definitely could you provide you with
10 the HDFC rentals that HPD has been involved with
11 formation and has regulatory agreements under their,
12 under their guise.

13 COUNCIL MEMBER RIVERA: I ask because the
14 HDFC rental units that are managed by nonprofits in
15 my community, for example, are more than willing to
16 go forward with a new regulatory agreement and work
17 with HPD. With the marketing expenses that they
18 incur, with all of these kinds of factors, but I want
19 to make sure that we are not adding anything too
20 cumbersome or onerous on nonprofits that are already
21 really trying to manage a significant portfolio of
22 truly affordable housing. So can HPD think of any
23 reason why HDFC rental units should not be cut out of
24 LL64 under similar circumstances as the HDFC co-ops
25 as proposed in Intro 1783-A?

1
2 ASSOCIATE COMMISSIONER BROWN: Um, I
3 think that we would need to look at the exact
4 universe that it is and, um, and how they, um, are
5 similar or different from the universe of buildings
6 that would be subject to the law and, ah, but we'd be
7 happy to engage with you on that.

8 COUNCIL MEMBER RIVERA: I have, ah, HDFC
9 rental units and cooperatives directly connected to a
10 community land trust in my district. And as you may
11 have noticed from the last budget cycle we put
12 forward a new initiative to really expand community
13 land trust, which I think is a great model. Does HPD
14 support the CLT model and does it believe that
15 applying these housing portal rules to these kinds of
16 models will inhibit their expansion?

17 DEPUTY COMMISSIONER HENDRICKSON: I
18 think, in terms of, we support the CLT model and I
19 think what we are doing right now is further
20 exploring how that model can be replicated. Right
21 now the experience with the CLT model is pretty
22 limited. I only really know of one, being the Cooper
23 Square model, OK, which has been a good model.
24 However, it is something we are definitely supportive
25 of. We're doing a little bit more exploring about

1
2 how it would work and how it can be replicated
3 throughout the city. In terms of why maybe it
4 shouldn't come through the portal, again, I think we
5 need to take a look at that a little closer to see
6 what the governing pieces of it are to see how it
7 would affect if they include the portal, because
8 we're not looking to restrict, you know, we're
9 looking to accelerate and expand, OK, the
10 opportunities for all New Yorkers to be able to get
11 into affordable housing.

12 COUNCIL MEMBER RIVERA: Yes, I would
13 encourage you. There's going to be some individuals
14 testify today specifically from Cooper Square Mutual
15 Housing and I think they would be a great ally. I
16 know you're already working with them very, very
17 closely.

18 DEPUTY COMMISSIONER HENDRICKSON: Yep.

19 COUNCIL MEMBER RIVERA: I'm pretty much
20 done with my questions. I just want to say that I do
21 think that we should further expand the cutouts in
22 Intro 1783-A to include all CLTs and CLT-connected
23 projects that meet the definition of CLTs enshrined
24 in Local Law 67. I think it's important, um, because
25 of their mission, because of what they've been

1
2 successful in achieving, and I look forward to
3 working with you on this issue. Thank you, Mr.
4 Chair, for the time.

5 CHAIRPERSON CORNEGY: Thank you. So I
6 just want to go back to a few questions that I had
7 before we move onto the public testimony. On
8 proposed Intro 1783 how many units would be excluded
9 by this bill?

10 ASSOCIATE COMMISSIONER BROWN: Um, so I
11 can tell you the universe of units that are excluded
12 from the bill. Um, ah, one of those, um, I'm sorry,
13 the units, there are certain units that currently
14 excluded from the existing version of the law and
15 then there are units that are excluded through the
16 new, um, through the new amendments and the new, um,
17 living bill. So under the current version of the law
18 dwelling units that are currently subject to a
19 referral process, a government referral process, are
20 subject to the law, are not subject to the law.
21 Also, dwelling units with inconsistent regulatory
22 requirements from either a state or federal body are
23 also not subject to the law. Ah, based on the
24 proposed amendments, of course, the HDFCs as well as
25 other types of cooperatives would be removed. Again,

1
2 I think we need to get back to you with exact numbers
3 on that, and then of course based on the new
4 amendments as well, small buildings with less than,
5 ah, with 10 or less units that are owned by a
6 landlord that does not own other properties are also
7 excluded.

8 CHAIRPERSON CORNEGY: So to me that was
9 just a tad bit confusing, but I will visit back,
10 because really I want to do the best I can for
11 tenants to understand what tools they have in a city
12 that's becoming increasingly unaffordable. So I've
13 got to find a better way to get that explanation out
14 of you. I don't want to be rude, but it was very
15 confusing to me as a Council Member, as the chair who
16 kind of does this all day, I can't imagine what a
17 tenant may be feeling in hearing that response.
18 While I appreciate and respect the response, it was
19 quite technical in your response and it was very
20 difficult for me.

21 ASSOCIATE COMMISSIONER BROWN: I think at
22 the high level, um, the kind of top line, is that
23 most, ah, rentals and re-rentals will, that are, um,
24 are newly created or have, um, were previously
25 created and are still under a regulatory agreement or

2 tax exemption will be included in the portal,
3 included, will be included.

4 CHAIRPERSON CORNEGY: I'm sorry, so let
5 me drill down just a little further to see if I can
6 get some clarity. Absent this exemption, I'm sorry,
7 absent this exception would HDFC cooperatives because
8 included in this bill?

9 ASSOCIATE COMMISSIONER BROWN: Under the
10 current version of the law, HDFC and cooperatives are
11 in it, but based on the exemption that was proposed
12 they would be removed.

13 CHAIRPERSON CORNEGY: Would vacant units
14 be required to go through the housing lottery?

15 ASSOCIATE COMMISSIONER BROWN: Vacant
16 units in HDFC cooperatives?

17 CHAIRPERSON CORNEGY: Yes.

18 ASSOCIATE COMMISSIONER BROWN: No, they
19 would not.

20 CHAIRPERSON CORNEGY: How are vacant HDFC
21 units currently filled?

22 ASSOCIATE COMMISSIONER BROWN: Um, so
23 the, ah, bylaws of a cooperative, um, create
24 standardized evaluation criteria to evaluate new
25 applicants to the cooperative.

2 CHAIRPERSON CORNEGY: What is that
3 criteria, if you could share it for the record?

4 ASSOCIATE COMMISSIONER BROWN: Um, so
5 the, ah, the criteria vary from co-op to co-op. It
6 is based on the bylaws.

7 CHAIRPERSON CORNEGY: So it literally
8 varies co-op to co-op?

9 ASSOCIATE COMMISSIONER BROWN: Um, ah,
10 yes, there, um, certainly there are the regulatory,
11 um, ah, income restrictions that are based on being
12 an HDFC.

13 CHAIRPERSON CORNEGY: I feel like my
14 colleague, Ben Kallos, is chomping at the bit over
15 here. Did you have something? Nothing? OK, OK. Do
16 you think HDFC should be required to be listed on the
17 portal?

18 ASSOCIATE COMMISSIONER BROWN: Um, so,
19 the, ah, the current amendment, which we support,
20 does remove them from, um, both the requirement to
21 rent, or, I'm sorry, to sell through the portal, um,
22 as well as the reporting requirements.

23 CHAIRPERSON CORNEGY: Do you think that
24 vacant HDFC units should be required to go through
25 the housing lottery?

1
2 ASSOCIATE COMMISSIONER BROWN: Um, so
3 where we create a new HDFC cooperative, um, that is,
4 um, has received new financing from HPD, those units
5 do go through Housing Connect, or, um, currently are
6 subject to lottery and will go through the new
7 system, um, ah, if they have newly received
8 financing.

9 CHAIRPERSON CORNEGY: So I gotta ask, and
10 I know this is probably going to drive you crazy, but
11 do you think that there is some retroactive for
12 existing agencies that would benefit tenants by
13 having them included in the portal as well? And I
14 know it's a double question, because I asked the
15 question earlier, but in light of the fact that we
16 are, we've recognized the importance moving forward,
17 ah, with new HDFCs, I'm just curious as to what you
18 think about the necessity for perhaps, ah, revisiting
19 existing HDFCs.

20 DEPUTY COMMISSIONER HENDRICKSON: Um,
21 Council Member, it's a good question. Um, I think
22 what we'd like to think about for the HDFC co-ops as,
23 as you know and as you propose, you know, we've been
24 looking at, we have [inaudible] working group and
25 we've been using that working group as a vehicle, OK,

1
2 with field leadership in Commissioner Carroll to hear
3 feedback from our HDFC community. Um, you know, we
4 know that we have challenges. We know we want to
5 support, um, provide additional support. So I think
6 that's something we would want to talk with our, with
7 our, um, external parties about, whether they think
8 there's some advantages to coming through the portal.
9 Um, at this point, because, again, there's a cost to
10 that, OK, and I think we want to be mindful of cost,
11 OK, as it impacts, you know, low-income co-ops, low-
12 and middle-income co-ops let me say.

13 CHAIRPERSON CORNEGY: So that wasn't me
14 as a masked advocacy for it, I just wanted to know
15 what your opinion is around it. Um, would HDFCs that
16 do not have regulatory agreements but that they avail
17 themselves [inaudible] tax cap currently be included
18 in the portal?

19 DEPUTY COMMISSIONER HENDRICKSON: At this
20 point, um, again, with the amendment proposed, none
21 of the HDFCs co-ops, OK, particularly the affordable
22 ones that have come through HPD's programs, are
23 expected to be part of the housing portal.

24 CHAIRPERSON CORNEGY: Got it. And just
25 lastly, absent this exception, would limited divided

2 housing company units be required to go through the
3 housing lottery? Are you, you're familiar with that
4 classification, correct?

5 DEPUTY COMMISSIONER HENDRICKSON:

6 [inaudible] limited one. Yeah, I mean, again, I mean
7 with the amendment that's being proposed those would
8 also be excluded.

9 CHAIRPERSON CORNEGY: So my last

10 question, as it always is in this particular instance
11 is does HPD support Intro 1783, but you were clear in
12 stating up front that you did, so, um, I could have
13 probably done away with the hearing in its entirety
14 because you supported it, but we have to go through
15 the process, so. Thank you. If there are no more
16 questions from my colleagues we can move to the first
17 public panel. Thank you for your testimony and
18 questions.

19 DEPUTY COMMISSIONER HENDRICKSON: Thank

20 you, thank you.

21 CHAIRPERSON CORNEGY: So we're going to

22 call the first panel, is, this looks like Michael
23 Palmeo, Palma, OK, sorry. Got it.

24 UNIDENTIFIED: [inaudible]

2 CHAIRPERSON CORNEGY: Yes. April Tyler.
3 Tina Defelice Antonio, it's a lot of syllables but I
4 made it, I think. Ah, John McBride. When you've
5 settled in you can begin your testimonies. We are
6 asking that two minutes on the clock for your
7 testimony. You can do it however you like. You've
8 got to press that button for me, though. And I just
9 ask before you begin your testimony if you can
10 identify yourself for the record.

11 MICHAEL PALMA: OK. My name is Michael
12 Palma. I'm one of the founders of the HDFC
13 Coalition. I'll also introduce myself in my
14 testimony.

15 APRIL TYLER: Oh, I'm April Tyler. I'm
16 also a founding member of the HDFC Coalition, and I
17 am also the cochair of the Housing, Land Use, and
18 Zoning Committee of Community Board 9 in Manhattan.

19 TINA DEFELICE ANTONIO: Hi, I'm Tina
20 Defelice Antonio, a newbie compared to these guys
21 with the HDFC Coalition, and I live on West 26th
22 Street.

23 JOHN MCBRIDE: Good morning. My name is
24 John McBride. I'm a member of the HDFC Coalition.
25 I've been involved with the HDFC Coalition since, ah,

1
2 the '90s with the late Geordie Reyes [inaudible] some
3 of you may remember him. Thank you.

4 CHAIRPERSON CORNEGY: So please begin
5 your testimony and just remember be mindful that
6 there are several panels and if you could keep your
7 testimony to two minutes we would appreciate it.

8 MICHAEL PALMA: Sure thing. Thank you,
9 Council Member Cornegy and members of the Committee
10 on Housing and Buildings for the opportunity to
11 testify in support of Intro number 1783-A, which
12 would provide a much-needed amendment to Local Law 64
13 by excluding HDFC cooperatives from HPD's housing
14 portal. My name is Michael Palma. I am seated here
15 with April Tyler, John McBride, Tina Defelice Antonio
16 of the HDFC Coalition policy committee. On behalf of
17 the HDFC Coalition and the 30,000 families who live
18 in 1200 HDFCs we would like to express our strong and
19 emphatic support for Intro 1783-A. The HDFC
20 Coalition has been and remains ever vigilant when
21 city or state policy is developed for HDFCs,
22 especially when well-meaning legislation has that
23 first unintended consequences for HDFC co-ops and
24 their shareholders. The HDFC Coalition began its
25 advocacy work in 1992. Twenty-eight years later we

1
2 continue our efforts to assist HDFC shareholders in
3 preserving and protecting their homes. We work with
4 city, state, elected officials, community boards, and
5 HDFCs throughout the city, primarily in Manhattan,
6 Brooklyn, and the Bronx, where the majority of HDFCs
7 are situated. Through our collective efforts we have
8 been successful in preserving HDFC affordable home
9 ownership by securing HDFCs an exemption from tax
10 lien sales in 1994, successfully advocating for
11 state-sponsored tax forgiveness in early 2000, saving
12 distressed HDFCs from foreclosure both in the past
13 and the present, objecting to the Third Party
14 Transfer Program as it devolved into a land grab
15 instead of being used as a mechanism to turn
16 buildings abandoned by landlords into HDFC
17 cooperatives, helping to protect New York City's
18 watershed supply, water supply by fighting against
19 the sale of land around our watershed, and more
20 recently HDFC Coalition has mounted advocacy efforts
21 to prevent HPD from imposing onerous and impractical
22 one-size-fits-all regulatory agreement. We crafted a
23 counter-proposal to HPD's proposed [inaudible] and we
24 are submitting it for the record. Additionally, we
25 worked with pro bono attorney Steve Siegel to draft

1 badly needed changes to update the state's 1960s-era
2 private housing finance law to ensure the continued
3 viability of the 1200 HDFC co-ops. Now HDFC
4 homeowners, which I see a lot here today, are faced
5 with yet another threat to their survival and their
6 right to self-determination by the enactment of Local
7 Law 64.

9 APRIL TYLER: We're pleased, sorry, we're
10 pleased to hear that there seems to be general
11 support for exempting HDFCs, but I will quickly read
12 this statement anyway. It's important to note that
13 Local Law 64 was intended to crack down on
14 sophisticated developers receiving 421-A and J-51 tax
15 breaks who were not registering their affordable
16 rental units as being rent stabilized with the New
17 York State Housing Homes and Community Renewal
18 Agency. However, as it's now written Local Law 64
19 requires every single HDFC shareholder to comply with
20 onerous provisions or face fines amounting to tens of
21 thousands of dollars potentially. We need to
22 remember that these HDFC co-op apartments are
23 privately owned homes, not public housing and should
24 be treated as such. HDFC home ownership is in danger
25 of diminishing if individual homeowners and HDFC co-

1
2 ops are forced to comply with burdensome, confusing,
3 impractical, and counterproductive obligations
4 imposed by Local Law 64. Local Law 64 presently
5 requires HPD to create a housing portal, which will,
6 which will, which as had been stated, is a massive
7 government database and each individually owned HDFC
8 co-op apartment would be required to be listed on
9 that portal. And in each year HDFC homeowners would
10 be legally compelled to comply with requirements that
11 are not only burdensome, but also constitute a gross
12 invasion of privacy by demanding substantial personal
13 information be posted on the portal. In addition, if
14 their apartment becomes available for a sublease or
15 sale every single HDFC shareholder is required to
16 post this information on the website. The practical
17 difficulties and burdens created by this were
18 summarized by our HPD's deputy commissioner, Ann
19 Marie Hendrickson, in council hearings in 2016 and
20 you can read her direct statements at your leisure.
21 And I ended exactly on time.

22 CHAIRPERSON CORNEGY: I just want to say
23 for the record that's an awesome example to set for
24 the rest of the panels. Good job.

1 TINA DEFELICE ANTONIO: Again, I'm Tina
2 Defelice Antonio. As an example, a homeowner who is
3 unable to reply in a timely fashion to prospective
4 buyers may be sued or fined with substantial
5 penalties. The demands imposed on thousands of
6 people include penalties of up to \$2000 a month that
7 will need to be paid by low- and middle-income
8 owners, retirees, the elderly, and those on fixed
9 incomes, which can be comprised of fiscal instability
10 for both individuals and the co-op. Keep in mind that
11 the severity of these fees were originally aimed at
12 real estate developers of rental buildings who were
13 skirting the law, not private homeowners. Also keep
14 in mind that those without access to computers, those
15 without technical prowess, those who are limited due
16 to disability, and those for whom English is a second
17 language will likely be unable to comply with the
18 demands imposed by Local Law 64. It's a virtual
19 certainty that a homeowner's obligation to respond to
20 as many as hundreds of individual applications for
21 one unit will cause widespread confusion and anxiety
22 amongst our most valuable and vulnerable of citizens.
23 Inexplicably, nothing in Local Law 64 anticipated,
24 let alone address, any of these complex issues, which

1
2 may inevitably result in widespread involuntary
3 noncompliance. While developers may view financial
4 penalties as part of the cost of doing business, the
5 imposition of those fees are exorbitant for those who
6 can least afford them. It is imperative for Local
7 Law 64 to be amended by enacting number 1783-A so
8 that the intent of this law is absolutely clear, that
9 is to regulate developers on the housing portal, not
10 private co-ops.

11 CHAIRPERSON CORNEGY: Thank you.

12 JOHN MCBRIDE: I'm going to continue and
13 finish the statement, thank you. Indeed, HPD itself
14 has acknowledged through into previous testimony of
15 its deputy commissioner in 2016 that these concerns
16 are not susceptible to resolution, through rule-
17 making, and are intrinsic to the law itself. We
18 share HPD's expressed view that the obligations
19 imposed by Local Law 64 on individual homeowners are
20 overly burdensome, confusing, impractical, and
21 counterproductive. To those very grave concerns we
22 add another, that in all likelihood was also
23 unanticipated. The onerous obligations imposed on
24 HDFCs, as detailed by HPD's deputy commissioner, may
25 have a chilling effect on the ability of eligible

1 lower- and moderate-income New Yorkers to actually
2 buy a home in an HDFC cooperative. More
3 specifically, due to compliance and liability issues,
4 lenders may limit their support and in some cases
5 even withdraw from the HDFC marketplace for share
6 loans. This means that potential homeowners who need
7 to rely on financing would essentially be shut out of
8 home ownership. Instead, those with resources to pay
9 cash only would end up being the primary purchasers
10 of HDFC apartments. In its present form Local Law 64
11 will have the perverse and unintended effect of
12 making home buy less affordable to the very people
13 who are intended to benefit from the HDFC program,
14 namely hard-working New Yorkers of low and moderate
15 income. Accordingly, the HDFC Coalition supports
16 Council Member Mark Levine's Intro 1783-A to limit
17 the applicability of Local Law 64 to landlords and
18 developments of rental buildings, landlords and
19 developers of rental buildings and to fully exempt
20 HDFC private individual home owners from the onerous
21 obligations imposed by Local Law 64 of 2018. I'd
22 like to the, or we would like to thank the bill's
23 sponsors and co-sponsors, Levine, Kallos, Cornegy,
24 Rosenthal, Rivera, Rodriguez, Cohen, Chin, and Yeger.
25

2 Thank you for your time and attention. We are happy
3 to answer any questions you may have.

4 CHAIRPERSON CORNEGY: Thank you so much
5 for your testimony. And wow, excellent. Thank you
6 for your testimony.

7 JOHN MCBRIDE: Thank you. Thank you for
8 your support.

9 CHAIRPERSON CORNEGY: I don't have any
10 questions, but I do just want to state that your
11 advocacy, the coalition's advocacy around this has
12 driven the legislation on our level and has driven me
13 to be more astute as it relates to the relationship
14 between Third Party Transfer and HDFCs, as well as
15 this topic. So I just want to personally thank you.

16 JOHN MCBRIDE: Well, we want to thank the
17 council and we appreciate all you're doing for
18 housing, and we've seen a lot going on that you've
19 been trying to assist people who are victims or
20 potential victims of [inaudible], too. So we support
21 individual home ownership all across the city. Thank
22 you.

23 CHAIRPERSON CORNEGY: Thank you. Thank
24 you for following instructions correctly. I happen
25 to know for a fact that the coalition is a, could be

1
2 a rather rowdy crowd [laughter] so thank you for
3 following along. I'm going to call the next panel
4 now. Glory Ann Kirstine, sorry. Victor Romero. Ah,
5 Mary Beth O'Hara. Sheliva Tomlins Merchanson. And
6 Dayanara Delrio.

7 CHAIRPERSON CORNEGY: I have to be
8 excused for a moment. Ben Kallos will be sitting in
9 in my absence. You know you've got one of the best
10 with Ben, so just please excuse me. I do want to
11 acknowledge the presence of Mark Gjonaj and Helen
12 Rosenthal for joining us today.

13 COUNCIL MEMBER KALLOS: Thank you. You
14 may begin.

15 GLORY ANN HUSSY KIRSTEIN: I'm Glory Ann
16 Hussy Kirstein. I'm a member of the HDFC Coalition,
17 both its steering committee and its anti-foreclosure
18 committee, which is fighting the TPT Program. I have
19 lived in my HDFC for 37 years, Manhattan Valley on
20 the Upper West Side. I'm here to address three
21 points. The first one is thanks to a fellow employee
22 when I worked at HPD for 26 years, Steve Werner, who
23 took it upon himself to do his own research and
24 reviewed that over 50,000 units of affordable rental
25 housing that were created through massive tax breaks

1 to rich developers were not being registered with
2 rent stabilization. A quick thanks then follows to
3 Mr. Kallos, Council Member Ben Kallos, who picked up
4 on this very valuable research that was printed in
5 ProPublica and decided to craft legislation that
6 would correct the wrong of these rentals not being
7 protected through rent stabilization. So thanks to
8 both my fellow employee at HPD, Steve Werner, and Mr.
9 Kallos for trying to correct this. The second thing
10 I'd like to address is just to tell the story about
11 my HDFC. My HDFC is 15 units in an old law tenement
12 five-story walk-up. The majority of the HDFC
13 shareholders in my building are Dominican immigrants
14 and as a matter of fact that is typical of most
15 HDFCs. Out of the 1247 HDFC co-ops throughout the
16 city, 817 have 20 or less units, 364 have 10 or less
17 units. What this means is that we are very, very
18 small and the majority of such small HDFCs are self-
19 managed. That means the entire burden of the
20 building, all the maintenance, all the repairs, all
21 the paperwork, fall on a small group of shareholders
22 who are on the board. And that is why in my
23 building, for example, eight out of the 15
24 shareholders don't have computers. Six out of 15
25

1
2 households do not speak English. One-third of the
3 households are senior citizens of advanced age. That
4 probably includes me, being 71. So this is just
5 giving you a schematic based on one HDFC that is
6 typical of most HDFC co-ops that were never meant to
7 be targeted by this law that was supposed to go after
8 those developers who were misusing their tax breaks
9 in order to get out from under, since there are no
10 longer fines if you don't register, get out from
11 under the rent-stabilized law. So thirdly, of
12 course, I'm here today both as an individual
13 shareholder, ah, in my building for 37 years as well
14 as a member of the HDFC Coalition to thank and
15 support Council Member Levine for his groundbreaking
16 amendment, 1783-A, to protect HDFC co-ops and also to
17 thank the cosponsors, Mr. Kallos, Helen Rosenthal,
18 and others for supporting that same amendment. Thank
19 you.

20 COUNCIL MEMBER KALLOS: Great example.
21 Continue.

22 UNIDENTIFIED: Good morning, council
23 members. I'm a member of the HDFC Coalition in the
24 East Village chapter. We shareholders as part of the
25 urban homesteading program in the 1980s dedicated

1
2 nine-plus years of our lives to the complete gut
3 renovation of one of many abandoned city-owned
4 buildings. These buildings were a sore reminder of a
5 city that had almost gone into bankruptcy, a city of
6 landlords that abandoned thousands of buildings all
7 around New York City, creating a blight that could be
8 seen on every block in our neighborhood. Many of
9 these buildings were used as shooting galleries.
10 They were dangerous for many reasons. The East
11 Village had lost its community. There was no tax
12 revenue coming in on any of these buildings. We
13 shareholders contributed our own money to buy tools
14 and rent many dumpsters. We put in sweat equity
15 doing development work, completing demolition,
16 pointing the bricks, digging the subfloors, and took
17 out loans to be able to hire professional contractors
18 to put in all new building systems and renovate these
19 units. All we wanted was a home and the security a
20 home brings. We wanted to stay here in our beloved
21 city and build on our future. The loans that paid
22 for the renovations have been repaid in full by our
23 co-op and expired 14, and we fulfilled the
24 requirement of our regulatory agreement with the
25 city, which expired 14 years ago. During the 36-year

1
2 history with our building and over 28 years since
3 we've received our C of O and have occupied the
4 building, we have taken great care to responsibly
5 maintain our home and remain financially healthy
6 through our own hard work and resources. Doing so
7 brought new business and people back to the East
8 Village. In 2012 we ourselves paid for a complete
9 roof replacement. Given the history of our building
10 and many other healthy HDFCs, including us in Local
11 Law 64 would be a violation of our co-op and
12 shareholders' rights as homeowners. Thank you.

13 COUNCIL MEMBER KALLOS: Thank you.

14 VICTOR MORRISSET ROMERO: Good morning, my
15 name is Victor Morrisset Romero. I am a member of the
16 HDFC Coalition on their foreclosure committee and
17 [inaudible] franchise, a financial services company
18 that is offering pro bono work to HDFC. I am here to
19 support proposed Intro 1783-A, ah, a Local Law that
20 will exclude HDFC from the housing portal. I also
21 request that Local Law 64 be amended in its current
22 form to ensure that all HDFCs, co-ops, are not
23 participating with the portal because of the
24 financial burden that it imposes on them. It may be
25 appropriate for, ah, Local Law 64 to apply to

1 developers who receive huge tax incentives, as it was
2 said before, of over a million, a billion dollars in
3 the City of New York. They have staff. They have
4 financial stability to be able to cope with the
5 financial issues and the burden that imposed Local
6 Law 64 in the current form. Local Law 64 would place
7 a huge financial burden to a small HDFC, imposing
8 penalty, forcing them to spend money by hiring
9 marketing consultants, developing a marketing plan,
10 advertising in local circulation newspaper, like the
11 *New York Times*, hiring translators, involving
12 community forums, and sending mailings out. This is
13 sort of the burden that Local Law 64 imposes
14 currently. And this is one of the reasons why we ask
15 the council to support Intro 783-A. Our company
16 conducted a survey of HDFCs and what it will have,
17 what they will have to do that will have to comply
18 with Local Law 64 in its current form. For example,
19 this service indicated that a typical building, small
20 HDFC, as described by Glory, which is the reality of
21 all the HDFCs in the city's co-ops will have to have
22 a financial burden to, to market one or two units of
23 about \$42,000. Because why, and let me just, ah, to
24 conclude...

1
2 COUNCIL MEMBER KALLOS: We hear you very
3 clearly, if you can wrap up. Thank you.

4 VICTOR MORRISET ROMEO: To conclude, it
5 is not fair for them to use the financial resources
6 that they need to support the building to spend it on
7 hiring, consulting, and complying with all the
8 stringent requirements with a check list of having to
9 fulfill 60 items of the housing portal that will be
10 required under Local Law 64. This is the reason why
11 we support Intro 783-A. Thank you.

12 COUNCIL MEMBER KALLOS: Thank you.

13 SHELVIA THOMAS MERCHISON: Good morning,
14 council. My name is Shelivia Thomas Merchison. I do
15 support the initiative 1783-A for the reasons already
16 mentioned. Today I'm here to testify about my HDFC,
17 which is the 248 Madison Street HDFC. I have a
18 petition here that I would like to put forward to the
19 council today, um, I'm actually sending it to the
20 Department of Justice. What we want to, um, make
21 clear here is that we as HDFCs feel like we were
22 targeted, um, by developers and their, um,
23 development partners. And what I'm asking for
24 specifically is that our reps be held accountable for
25 not protecting us and for not doing what they were

1
2 needed to do before we were put into this, because
3 not only were the properties taken, people were
4 harmed by this. So this petition that I have before
5 me now, I have over 200 signatures here. We're going
6 for at least 2000 signatures to send to the
7 Department of Justice. This is going to United
8 States Department of Justice, Attorney General
9 William Barr, 950 Pennsylvania Avenue. We the people
10 demand that a special prosecutor be appointed to
11 investigate the case involving Third Party Transfer,
12 indeed, theft in the State of New York. We the
13 people demand that a special prosecutor be appointed
14 to file felony murder charges on City Council
15 Representative Robert E. Cornegy, Jr. for the murder
16 of Margaret Below and the subsequent death of her
17 husband 28 days later. We the people demand that a
18 special prosecutor be appointed to file felony murder
19 charges on City Council representative Robert E.
20 Cornegy, Jr. for the murder of Margaret Below, the
21 owner of a property targeted by the representative
22 and his Third Party Transfer developments. Margaret
23 Below is the owner of a property targeted by the City
24 Council member and his development colleagues since
25 1995. Margaret Below is the property owner who was

1 targeted by the city member, by the City Council
2 member and his colleagues through an aggressive
3 housing push known as the affordable housing Third
4 Party Transfer Program. Margaret Below was 54 years
5 old, in good health, and she was the mother of seven
6 children. My mother's body was found on 14th Street
7 and Nostrand on April 1, 2011. One more sentence.
8 And later died of heart failure as she bled out from
9 her injuries, from an injury to her face. My mother,
10 Margaret Below, refused to sign over her property,
11 was sign agreements to transfer her property, and
12 died as a result of the aggressive harassment from
13 the development colleagues of Robert Cornegy, Jr. So
14 we're asking this now to come down from the federal
15 government. We already have a, actually a state case
16 in, in court now. Attorney Nicholson, she is my
17 attorney, and we're asking for a special prosecutor
18 to be attached to any Third Party Transfer deed theft
19 of the [inaudible] cases, particularly, in
20 particularly we're asking for a federal prosecutor to
21 come in because our highest prosecutor is Letitia
22 James and we, at this time we feel there is a
23 conflict of interest and we could not ask her to, um,
24 prosecute fellow members or former members,
25

1
2 colleagues, in which she have set them before. So
3 that's why we're asking the federal government to
4 actually send a special prosecutor so it is not
5 burdensome on her as our highest prosecutor here in
6 the State of New York. So I appreciate you guys for
7 your time. We do appreciate you guys giving back the
8 properties or exempting us from those properties with
9 their, you guys must understand not coming to me, is
10 missing meetings, um, staffers not doing their jobs,
11 those things, you have these districts in your hand
12 and you also have lives in your hand and we trusted
13 our families with the people we vote into office, so
14 it's not a, um, a option whether or not you show up
15 to important hearings that say whether or not these
16 people will lose their livelihood. You have to stop
17 that. You have to stop all the in-fighting amongst
18 yourselves and you also have to make sure that you're
19 doing the job. In order for my council member to say
20 it was not humanly possible for him to visit all the
21 properties that were put on that list says that it
22 was not humanly possible for those people to come
23 out, your constituents and vote. So I appreciate
24 your time, council, I appreciate.

1
2 COUNCIL MEMBER KALLOS: Thank you. We're
3 very sorry for your loss. I'd like to excuse this
4 panel and call our final panel. If you haven't
5 already signed up please fill out a slip of paper up
6 front. Ah, David Powell, Cooper Square MHA, Martha
7 Danziger, representing herself, Beth C. Mills,
8 representing 1346 Park Avenue, Park Place HDFC, and
9 Carol Cordon, New Destiny Housing.

10 UNIDENTIFIED: Should we slide down?

11 DAYANARA DELRIO: Good morning, Committee
12 Chair Cornegy, members of the committee. Thank you
13 for the opportunity to testify today regarding
14 proposed amendments to Local Law 64. My name is
15 Dayanara Delrio. I'm the co-director of New Economy
16 Project. We're a co-founder and member of the New
17 York City Community Land Initiative, or NYCCLI, the
18 alliance on whose behalf I am submitting testimony
19 today. NYCCLI is an alliance of more than 30
20 organizations citywide that are working to advance
21 community land trusts and community controlled
22 development in New York City's five boroughs. Our
23 members include existing and emerging CLTs in all
24 five boroughs that are working to create and preserve
25 deeply and permanently affordable housing, both

1 cooperative and other homeownership models as well as
2 deeply affordable and permanently affordable rental
3 housing, affordable commercial space for local small
4 businesses, and other critical community needs.

5 NYCCLI supports the council's efforts to expand
6 access to affordable housing, especially for New
7 Yorkers who are low, very low, and extremely low
8 income and those experiencing or at risk of
9 homelessness. We understand that the intent of Local
10 Law 64 is to hold accessible developers and landlords
11 that receive public subsidies and ensure that New
12 Yorkers can fairly and efficiently apply for
13 affordable housing. We support these aims, as well
14 as the appropriate exemptions to Local Law 64 in
15 order to prevent adverse and unintended consequences
16 for certain affordable housing providers, including
17 CLTs and nonprofit developers in our coalition. We
18 urge City Council to exempt from Local Law 64 and the
19 housing portal requirements community land trusts, as
20 defined in New York City's administrative code and
21 properties on CLT land. We also support broadening
22 Intro 1783-A to exempt both cooperative and rental
23 HDFCs. A little bit of background on CLTs. We are,
24 CLTs are community-led nonprofits that own and
25

1 steward land for the public good. CLTs lease use of
2 the land they own for affordable housing and other
3 critical community needs, typically through 99-year
4 renewable leases that establish affordability,
5 resale, and other restrictions. In recent years City
6 Council has supported CLTs in recognition of their
7 ability to preserve and protect public subsidy,
8 affordable housing, and combat displacement. I just
9 want to note that there are two specific issues
10 regarding Local Law 64 that affect CLTs. First of
11 all, the cost-prohibitive requirements that the law
12 would impose on CLTs, which you've heard about, like
13 other nonprofit and community-based affordable
14 housing providers, CLTs have very limited budgets,
15 already have annual reporting requirements and it
16 would be a burden, you know, to the extent they would
17 have to comply with Local Law 64 and this would
18 impede and hinder their ability to provide deeply and
19 permanently affordable housing. Secondly, the
20 requirements would undermine CLTs' abilities to
21 prioritize housing for and combat displacement of
22 existing and long-time community residents, which are
23 a core part of CLTs' mission. Communities are
24 organizing CLTs throughout the city thanks to City
25

1
2 Council members' support. We especially want to
3 thank Council Member Rivera for her championing of
4 CLTs, the Progressive Caucus, and this council at
5 large. They're organizing precisely to combat
6 displacement of long-time neighborhood residents and
7 to support community members in planning for their
8 neighborhoods' long-term stability. And so we
9 believe it's important as community-governed and
10 community-accountable institutions that CLTs have the
11 ability to provide for mobility within the community
12 for their members and stakeholders. I'll leave it at
13 that, and thank you for your time.

14 DAVE POWELL: Hello, OK. My name is Dave
15 Powell. I'm the executive director of the Cooper
16 Square Mutual Housing Association on the Lower East
17 Side. I'm the only member of our organization or co-
18 op testify today, so I just want to ask the other
19 shareholders of Cooper Square MHA if they could
20 please stand and just make their presence known to
21 this body. Thank you. And like many of the people
22 who have testified here today, um, you're looking at,
23 you know, people who have been in their community in
24 some cases three and four generations and really
25 fought to keep it a community when the city turned

1
2 its back on us, so we're gonna just honor that
3 commitment of everybody in this room who has been
4 part of that movement. Um, I want to just let you
5 know, for those who don't know, is, you know, Daya
6 mentioned the impact of the Local Law 64, while well-
7 intentioned, on community land trusts we are the
8 first and perhaps only existent community land trust
9 existed, ah, connected organization. We are a mutual
10 housing association of 21 buildings. That is a
11 federated HDFC, so we are an HDFC co-op. We also
12 manage an additional four buildings that are HDFCs,
13 three of which are HDFC rentals, and I just want to
14 echo, um, both my colleague, Daya, you know, pitch
15 for and our Council Member, Carlina Rivera's question
16 about HDFC rentals and, and request for the council
17 that a cut-out be orchestrated for them as well. Um,
18 Intro, ah, 1783-A would cut us out of Local Law 64
19 and I do appreciate that and want to acknowledge
20 that. However, our, you know, the other rentals,
21 HDFCs, that we manage would be left behind and I do
22 want to, um, again make that pitch. Similarly, I
23 want to echo the thought that CLT-connected projects,
24 all of the existent or burgeoning CLTs at the moment
25 are HDFCs, so you know, existing, exempting all

1
2 HDFCs, including rentals, would get us probably
3 there. But since this council is thinking about CLTs
4 in the future, um, I want to suggest that there
5 should be, as Daya said, a cut-out specifically for
6 CLTs. Um, and lastly I do want to draw the attention
7 of this body to something that is not relegated
8 necessarily to Local Law 64, but I think comes into
9 really clear focus when you log onto the housing
10 portal, and that is if you do, um, many of us who
11 live in HDFCs live in walk-ups without elevators.
12 Every, all 21 of our buildings in the MHA co-op, for
13 example, are walkups. If you go on the housing
14 portal you'll notice that there is a, under the
15 eligibility requirement, and this is attached to my
16 testimony, there is a specific piece that says that
17 shareholders are not allowed to apply for HPD-
18 supported housing through the portal. Now, um, for
19 organizations like ours and HDFCs that, co-ops that
20 are under resale restrictions, um, there's no good
21 reason for this. Our people bought in at the
22 original, you know, \$250 price. We are resale
23 restricted to sell at that price, not withstanding
24 the consumer price index, right? So, um, this is not
25 a private co-op, right, that people are selling and

1
2 many HDFCs also have resale restrictions, although
3 probably none as, quite as deep as that. So want to
4 just point out that for those of our residents that
5 are aging in place in our community or who are
6 mobility challenged the inability for an HDFC
7 shareholder to apply for affordable housing through
8 Housing Connect or other means is effectively a
9 housing accessibility issue and may not, you know,
10 may actually put the city out of compliance with the
11 ADA, um, and I just want to urge the council to
12 revisit that issue. Again, it's beyond the scope
13 necessarily of just Local Law 64. Ah, if HPD was
14 still here I would, I would bring that issue to them.
15 I did buttonhole Ann Marie Hendrickson in the
16 hallway. But I want to ask the City Council to work
17 to, to correct that, um, what I think is a glaring
18 omission in the city's policy. Thank you.

19 MARTHA DANZIGER: Hello, my name is
20 Martha Danziger, and I live at 52 East First Street
21 in the East Village and, ah, it's a small, um, old
22 building and a five-flight walkup, and I, ah, would
23 like to thank first the coalition for all they've
24 done to protect our buildings, and I'd also, I'd like
25 to say that, um, the, while I understand the whole

1
2 point of Local Law 64 and I'm in a neighborhood where
3 you see new high-rises all the time, and it is very
4 important that if, um, people are given the right to
5 build a building and have an obligation to house
6 some, provide some affordable housing they
7 absolutely, ah, should be made to do it and it is a
8 very good idea that, um, it will be made more public
9 and made more available to the public. I also would,
10 of course, be in favor of the two proposed, ah, um,
11 amendments, and I thank both Council Member Rivera
12 and Council Member Chin for supporting these. And,
13 um, I want to just point out Victor mentioned the
14 fact that will cost a small, it would cost anybody,
15 anybody in an HDFC about \$42,000 to go meet all the
16 obligations, all the requirements of Local Law 64
17 and, um, as someone who has been in this small self-
18 managed building for over 30 years, um, anything over
19 10 grand throws us and as, because it's an old
20 building, old buildings have lots of problems. They,
21 you know, things you did not expect suddenly happen
22 and, and there's not a lot of money waiting around.
23 It usually involves a mortgage or an assessment. So,
24 um, I just want to add that one point and that is
25 that these are buildings that were repaired and they

1
2 may seem like they're very valuable now, but they're
3 old buildings that need a lot of attention and an
4 additional requirement that could cost the co-op is
5 unfair, and I appreciate the fact that the City
6 Council is considering, um, the change and I agree
7 that, um, the community land trust should be
8 considered as well. Thank you.

9 CAROL CORDON: Hello. My name is Carol
10 Cordon and I'm the executive director of New Destiny
11 Housing, a 25-year-old nonprofit committed to ending
12 the cycle of domestic violence and homelessness by
13 connecting families to safe permanent housing and
14 services. We're testifying because of our concern
15 about the unintended consequences of Local Law 64 for
16 very low-income survivors of domestic violence. New
17 Destiny currently operates a rapid rehousing program
18 called Housing Link, in partnership with the Mayor's
19 Office to End Domestic and Gender-Based Violence and
20 its five Family Justice Centers. Housing Link
21 connects victims with vacant re-rental units managed
22 by New York City's affordable housing providers.
23 Case managers at the Family Justice Centers, which is
24 administered by the Mayor's Office, refer victims
25 requesting help to the on-site Housing Link staff and

1 under the program 108 families have moved to safe
2 affordable housing, helping them avoid shelter or
3 shorten their shelter stays. This unique rapid
4 rehousing program is based on a HUD best practice
5 that has been successfully implemented in other parts
6 of the country for victims who are homeless or at
7 risk of homelessness. The success of this program
8 relies upon strong relationships with affordable
9 housing owners and managers. Local Law 64 will
10 require all city-financed affordable housing re-
11 rentals to go through the Housing Connect portal and
12 lottery. Survivors forced to flee domestic violence
13 will no longer have rapid access to safe, affordable
14 housing. New Destiny recognizes that Local Law 64
15 was not intended to further marginalize very low-
16 income survivors of domestic violence and therefore
17 we are asking that the law be amended to explicitly
18 include the Mayor's Office to End Domestic and
19 Gender-Based Violence under the exemption for direct
20 referrals from a government agency or
21 instrumentality. Currently the law allows for units
22 that will be filled by direct referral from a
23 government agency or instrumentality to bypass the
24 lottery system and receive applicants directly from
25

1
2 that referral source. The Mayor's Office, through
3 its Family Justice Centers, is the referral source
4 for survivors of domestic violence and should be
5 included in this exemption. This change will permit
6 Housing Link to continue rehousing very low-income
7 victims who are homeless or at risk of homelessness
8 because of domestic violence. Thank you for the
9 opportunity to speak today, and I welcome any
10 questions you may have.

11 COUNCIL MEMBER KALLOS: Can we get you to
12 fill out a form?

13 UNIDENTIFIED: Yes.

14 COUNCIL MEMBER KALLOS: Perfect.

15 BETH MILLS: Good morning, council
16 members. My name is Beth Mills and I'm the board
17 president of 1346 Park Place HDFC, located in
18 Brooklyn, New York. The 1346 Park Place HDFC is not
19 in favor of the LL64 local law that requires
20 lotteries and publication of HDFC unit availability
21 as beneficial to HDFCs. We are vetted property
22 owners who have long proven that we are more than
23 capable of managing our existing properties. We have
24 stood the test of challenge and meager to nonexistent
25 support from any source except our dogged self-

1
2 reliance in the face of what to do and how. There
3 are endless stories of courage, bravery, and
4 determination that are the cornerstone of our HDFCs.
5 Our HDFCs are still standing in an absolutely
6 habitable and managed way. This was not small feat.
7 HDFCs are each uniquely different and have been
8 shaped by the experiences and circumstances of the
9 HDFC community. We are by no means one size fits
10 all, but we are united by the very familiar struggle
11 that began this journey. In the end, we understand
12 the need for self-determination, ownership, and the
13 home to call our own. We require assistance at this
14 very moment that I speak. However, within any
15 assistance offered or pondered we the people of our
16 HDFCs must be absolutely included in the decision-
17 making process and how it is executed. The question
18 is will the assistance be to the overall greater good
19 that will ensure the future of HDFC property
20 ownership and its collective culture, or will this
21 ownership be in the constant threat of political
22 wrecking ball decisions. As HDFC gatekeepers it is
23 our collective effort to be included in a most
24 significant and meaningful way in the making of all
25 laws and decisions that will protect the interest and

1
2 sustainability of our HDFCs. It is more than
3 necessary. It is a right. We are here today to
4 exercise that right in our show of support for
5 Councilman Mark Levine's proposal bill 1783-A.
6 Respectfully submitted, Beth C. Mills.

7 COUNCIL MEMBER KALLOS: Thank you. I'd
8 like to acknowledge we've been joined by Council
9 Member Margaret Chin. We will have a quick round of
10 questions. First up is Carlina Rivera. I will
11 follow here.

12 COUNCIL MEMBER RIVERA: Thank you so much
13 everyone for being here and for testify. Really,
14 really appreciate all of you. So actually this
15 question I guess is for David and some of your work
16 at the Cooper Square Mutual Housing Association. I
17 know with the other HDFC tenants and shareholders how
18 \$10,000 can make a very, very, very big difference in
19 your infrastructure cost and to even nonprofits like
20 yours, David, where \$40,000 is actually a very big
21 deal, and that's just for marketing. So you
22 mentioned in your testimony some of the challenges
23 that you're facing with the rules, the citywide rules
24 that HPD would apply to affordable housing
25 developments that would affect you. One thing you

1 just mentioned, for example, was community
2 preference. Are there other challenges? Could you
3 expand on that a little bit?

4
5 DAVE POWELL: Yeah, thank you for asking.

6 Um, I mean one of them and this, again, if HPD was
7 still here I'd ask them and would really ask the
8 council to help us, you know, understand this issue.
9 But the issue around community preference, um, has
10 had an interesting impact on the conversations we're
11 having with them in trying to negotiate a new
12 regulatory agreement. So right now, for example,
13 like, I think, most HDFCs, most of our vacant
14 apartments, when we get a vacancy here or there we
15 have internal transfers. We have our people who are
16 overcrowded, they might be living on a top floor and
17 maybe we want to try and checkerboard them down to a
18 lower floor, etc., etc. There's two ways that we do
19 this. Both of them are enshrined in our co-op's
20 offering plan. One of them is a straight transfer,
21 right, where you take a full health home and you
22 would move them, let's say, from a one-bedroom to a
23 two-bedroom. The other is a so-called additional
24 apartment request where you would take that same
25 household but let's say it's two generations and the

1
2 younger generation is starting a family of their own.
3 Under our current rules we can offer that younger
4 generation or that able-bodied generation a, an
5 apartment of their own. It's an internal transfer.
6 Um, and what HPD has told us is that, um, because of
7 community preference, but also impacted somewhat by
8 Local Law 64, because that's where these apartments
9 would go, they would have to be marketed now on, on
10 the portal, that we would no longer be able to offer
11 additional apartments to that second or third or, in
12 some cases, fourth generation of our residents who
13 are now overcrowded and need their own apartment.
14 Um, so this something that has been a real challenge
15 that we have had as a kind of business issue, we've
16 been a little stuck on in our, in our regulatory
17 agreement with HPD. We're currently negotiating a
18 construction loan through the Green Housing
19 Preservation Program. But, you know, when our
20 shareholders, um, became shareholders and voted to
21 become a co-op and voted to become a mutual housing
22 association affiliated with the CLT they understood
23 the practices enshrined in their offering plan to be
24 what they were signing up for, and now it seems that,
25 um, HPD, um, possibly through its own rule making,

1
2 although possibly through Local Law 64, we're not
3 entirely sure, is stepping on that. And, again,
4 we're asking for the council to help us uphold the
5 additional apartment provision that we have in our
6 co-op offering plan.

7 COUNCIL MEMBER RIVERA: Thank you. Yeah,
8 I realize, um, how these rules could affect kind of
9 your internal operations and, and everything that you
10 have to deal with. And thank you for, for all of
11 your work in this issue. And Mr. Chair, thank you
12 for allowing me to ask the question. Thank you,
13 Carlina Rivera, for your championing of CLTs and for
14 your work for all HDFCs in our district. And thank
15 you, Council Member Chin, likewise, for your work on
16 HDFC and CLT issues in our district.

17 COUNCIL MEMBER KALLOS: Thank you for
18 those, that question. Ah, in the council we, we
19 wiggle our fingers to applaud and we would like to
20 applaud. We are joined by PS-309, the George E.
21 Wibecan Preparatory Academy and New York City
22 District School located at 794 Monroe Street,
23 Brooklyn, New York, 11221. Thank you for joining us
24 in the City Council. This is your home. This is the
25 people's house and, ah, folks your age can actually

1 introduce and pass legislation into law. So we
2 welcome you and we are just wrapping up a hearing,
3 but we will continue. I just have a question and
4 then we'll go to Council Member Helen Rosenthal. I
5 guess first, I recently was looking at an affordable
6 housing co-op in my district and it had a \$20,000 to
7 \$40,000 annual set-aside included in the maintenance
8 for management costs to do with managing possible,
9 ah, remarketing and what-have-you, and so, um, this,
10 this material provided by Victor Morriset Romero is
11 incredibly helpful because I did not realize that
12 they were asking you for 60 different documents just
13 to, ah, to sell your home. That is a little bit
14 beyond the pale and I think the hope was that you
15 would just be able to use information the government
16 already had and be able to just put something up like
17 on Street Easy and that it would be that
18 straightforward. And my goal is to actually save you
19 the 10, 20, 30, 40 thousand dollars. So many of you
20 are going to get carved out, but there will still be
21 an option, if you wish, um, what are some things we
22 can cut out of this 60-item marketing package and
23 what-have-you? Please confine it to just like 30
24
25

1 seconds to a minute if possible. But like this seems
2 a little bit long and ridiculous.
3

4 DAVE POWELL: Are you, are you directing
5 it to anybody in particular?

6 COUNCIL MEMBER KALLOS: Well, I think
7 multiple of you brought up the same marketing issue,
8 too. It's OK, don't...

9 DAVE POWELL: I mean, I will say I think
10 the exemption in and of itself is, is helpful, right.
11 So if, so if HDFCs are exempted then, you know, the
12 marketing checklist that you're talking about, um,
13 will not be something that we have to deal with,
14 right, so, so, um, I do, I do want to say, you know,
15 in the case of Cooper Square Mutual Housing
16 Association we, we do have an annual asset management
17 submission to the city, right, which includes all of
18 our admissions. We do have nine years of practice
19 for, we have an admissions committee which is mostly
20 made up of shareholders that live in the co-op, um,
21 and in fact we do, we have own costs for our own
22 admissions process even without Housing Connect. So
23 I just want to sort of say that there are
24 organizations out there and even stand-alone HDFCs
25 that have cultivated admissions processes and I think

1 that that, that should be preserved as much as
2 possible.
3

4 COUNCIL MEMBER KALLOS: And I guess for
5 New Destiny, if I recall in the legislation, which is
6 15 pages so it is, we put in specifics because, ah,
7 there are certain housing units where there is
8 preference if somebody is in a shelter, a person is a
9 victim or survivor of domestic violence, if a person
10 is HIV-positive, if a person is an artist and we
11 wanted to make sure that that would be reflected and
12 that people would be able to move forward and then if
13 somebody ever saw on the waiting list that somebody
14 got ahead they could say, oh, I understand, this
15 person has this status so I understand why they would
16 go ahead of me on this list. So, so my, I guess from
17 the initial legislation, ah, our before is that this
18 would not impact access for survivors of domestic
19 violence to gain access to affordable housing and
20 that even in the HPD regulatory process that the
21 would be even further clarified.

22 CAROL CORDON: So I, I think one of the
23 issues is that this is a rapid rehousing program and
24 so we're actually trying to prevent survivors who are
25 fleeing domestic violence from having to go into

1
2 shelter and we also are trying to get them linked to
3 housing quickly to avoid the impact both on the
4 survivor, but also on the children, that they very
5 frequently bring with them when they flee domestic
6 violence. So the idea is really to reduce trauma, to
7 reduce the impact of the shelter system. And to do
8 that, having direct access to those affordable units
9 is really critical because they're good quality,
10 they're affordable, they're rent stabilized and
11 therefore sustainable over time. So going through
12 the whole process will really length that process and
13 essentially, you know, undermine a program which has
14 been very successfully done in conjunction with the
15 Mayor's Office.

16 COUNCIL MEMBER KALLOS: So, again, to
17 clarify, my understanding is working with HPD, the
18 regulations that they've been drafting would not
19 force domestic violence victims out of a rapid
20 rehousing, is that your understanding?

21 CAROL CORDON: That is our hope, so, yes.
22 I know we have spoken with HPD and they seem to be
23 supportive of this.

24 COUNCIL MEMBER KALLOS: OK.
25

1
2 CAROL CORDON: Rapid rehousing is a HUD
3 best practice and would be one way that survivors
4 could avoid becoming homeless.

5 COUNCIL MEMBER KALLOS: Agreed. So, just
6 to be clear, a lot of things can be handled through
7 the regulatory framework and I believe we're trying
8 to solve for your specific issue through the
9 regulatory framework. If as part of the regulatory
10 framework you are not able to be addressed we are
11 committed to working with you to any specific
12 exception. I want to keep survivors from being in
13 any way homeless, if possible.

14 CAROL CORDON: Thank you very much.

15 COUNCIL MEMBER KALLOS: My pleasure.

16 CAROL CORDON: We appreciate the
17 council's support.

18 COUNCIL MEMBER KALLOS: I'd like to hand
19 it over to Council Member Rosenthal to, I think maybe
20 close out.

21 COUNCIL MEMBER ROSENTHAL: Well, I just
22 wanted to, um, thank you, Council Member Kallos. I
23 wanted to thank, um, New Destiny for coming today and
24 testify. Um, you know, while I do think that HPD may
25 be writing something into the rule making, what I've

1
2 asked counsel to do is look into explicitly, ah, in
3 the law noting the, that NGBV should be part of it
4 or, or however the language is, to make sure it's
5 very clear that there are exemptions for domestic
6 violence survivors. I appreciate your noticing it
7 and coming here to testify and just wanted to get on
8 the record the importance of making sure that
9 survivors are exempt from any burden so that the
10 rapid response can go forward. If anything, you
11 know, the, the severe lack of affordable housing and
12 even shelters, um, in terms of rapid response for
13 survivors is, has been a frustration, and certainly
14 the requirement that, you know, survivors leave the
15 DV shelter and possibly have to enter just regular
16 homeless shelters, um, is concerning, you know, we
17 need to keep them in some sort of protected location
18 longer, um, and make sure that they get into, you
19 know, safe, secure, affordable housing. So thank you
20 for that. Um, Daya, I also just wanted to thank you
21 for coming and, um, and your testimony on community
22 land trust. And, again, I just want to confirm that,
23 um, I think it's 1783-A accommodates what you're
24 asking for here.

1 COMMITTEE ON HOUSING AND BUILDINGS 85
2 DAYANARA DELRIO: So there's two things.
3 One is that our understanding of 1783-A is that it
4 would only exempt cooperative HDFCs and we're asking
5 for an expanded definition to include rental HDFCs.

6 COUNCIL MEMBER ROSENTHAL: Ah, got it.

7 DAYANARA DELRIO: Um, and we want, our
8 understanding, you know, there are, so there is the
9 Cooper Square CLT, there are other incorporated CLTs
10 and there are many more that are taking root. Our
11 understanding is that most will be incorporated as,
12 under HDFC law. But we think that it would make
13 sense to explicitly include the carve-out for CLTs,
14 which, um, the City Council defined a few years ago,
15 um, in legislation, actually defining CLTs in the
16 administrative code. So if we could request an
17 exemption for CLTs and properties on CLT land we
18 think that that would just ensure that CLTs, which
19 obviously are not the intended target of Local Law 64
20 aren't inadvertently harmed.

21 COUNCIL MEMBER ROSENTHAL: OK, so a
22 similar issue as with domestic violence survivors in
23 the law itself noting the carve-out, not waiting for
24 HPD in rule making. OK, thank you for that.

25 DAYANARA DELRIO: That's correct, yes.

1
2 COUNCIL MEMBER ROSENTHAL: OK. And then,
3 um, I want to raise an issues, really anyone is free
4 to answer, but a deep concern I have is that, um, you
5 know, ah, people who are students with parents who
6 have significant funds who sort of, you know, land in
7 some of these HDFCs and shouldn't really be there,
8 um, what are the protections against that happening?
9 Is that partially the ongoing requirement to, you
10 know, for people though show income? But how do we
11 get around this?

12 DAVE POWELL: I mean, I would say resale
13 restrictions are always part of that picture, right,
14 because whenever you, you know, if you have an income
15 restriction but you're selling an apartment for
16 \$200,000, right, so that's when you have that trust
17 fund kid coming, you know, with cash in hand, boxing
18 out the rest of New York. Um, I think also, you
19 know, and this actually, ah, intersects a little bit
20 with, you know, domestic violence survivor referrals,
21 one of the issues that we are having, again, with HPD
22 in negotiating our regulatory agreement is, um, we
23 currently can take direct referrals from community-
24 based organizations that are trying to keep residents
25 in our community from being displaced from the

1 community. So people who are facing eviction, people
2 who are fleeing domestic violence, and these, by the
3 way, may or may not be organizations that are
4 specifically, usually they're, they're tenant
5 advocacy groups, like Cooper Square committee goals,
6 um, Social Service organizations like University
7 Settlement in our area. Right now we have the
8 ability, um, to accept direct referrals based on need
9 and what we're being told, again, in part, we're not
10 so sure exactly where HPD's fear of the community
11 preference lawsuit, you know, ends and Local Law 64
12 begins. But we're basically being told that that is
13 being scrubbed out, right. So when you put our
14 people, you know, intergenerational, Lower East Side
15 residents in competition with the rest of the city,
16 in competition with, you know, coming up with, you
17 know, a spotless credit report, you know, hitting
18 deadlines, being computer literate, having English as
19 a first language, right, you start to see who gets
20 into this housing and it will be, you know, it's,
21 it's, you know, the intent of the law I think is
22 terrific, you know, from the, from the consumer side.
23 But I think, exactly to your point, Council Member,
24 we have to be sure that we don't privilege those who
25

1
2 are, um, most in a position to, you know, use the
3 system and present as an ideal candidate, right, and
4 I think that, um, again, allowing for, I'm going to
5 make a pitch for our own existent admissions process
6 we have. We have a place for direct referrals, for
7 people who are shelter-bound, or who are fleeing
8 domestic violence, or who are the victims of natural
9 or manmade disasters. The Second Avenue gas
10 explosion, we took in, um, you know, 10 of those
11 residents. Nine of them are shareholders today with
12 us. Some of them are here today, actually. Um, so,
13 you know, and that was actually working with Ann
14 Marie Hendrickson and HPD. Funny enough, HPD still
15 wants to reserve the right to make direct referrals
16 themselves. But they don't want us to be able to
17 take them from local tenant advocacy organizations,
18 social service organizations, and so on. So it's a
19 little, um, dicey and a little difficult for us to,
20 again, preserve intergenerational legacy for our
21 housing for the people who most deserve it if we
22 don't have the ability and the autonomy to make those
23 kind of, you know, direct emergency housing, or
24 receive, rather, those direct emergency housing
25 referrals and this, again, very much cuts into the

1
2 CLT model which relies on local governance and local
3 accessibility.

4 COUNCIL MEMBER ROSENTHAL: So are you
5 saying that that should be explicit in the law to
6 make, ah, to have priorities?

7 DAVE POWELL: Um, we would love to see
8 that. Um, again, you know, if you, if you speak with
9 HPD they will say that this is, this has to do with
10 the community preference issue. The strange thing,
11 and I've not found anybody who can explain this to
12 me, is my understanding is that that lawsuit hasn't
13 been settled yet, and yet it seems that HPD is sort
14 of running scared and setting policy based on like
15 kind of hedging their bets. And so, again, like
16 within their portfolio, I don't know where that
17 begins and ends. Is it just the HDFCs and the CLTs
18 and the MHAs that are subjected to this, or is it
19 like are they, you know, for new development, you
20 know, across the city or in [AD 20s] are they also
21 scrubbing out community preference? I, you know, we
22 have to ask them directly.

23 COUNCIL MEMBER ROSENTHAL: OK.

24 DAVE POWELL: But, yes, having it, having
25 it legislated would be better than having it, to your

1
2 point, than having HPD write the rules and interpret
3 it on their own.

4 COUNCIL MEMBER ROSENTHAL: Yep. Thank
5 you very much. Thank you all. Appreciate your them.

6 DAVE POWELL: Thank you.

7 COUNCIL MEMBER KALLOS: Seeing no further
8 testimony, no further questions, I want to thank all
9 the advocates who are here for what turned out to be
10 a longer-than-average hearing. Thank you, thank you
11 for your sharing your expertise, working with us on
12 this legislation, and working with us to cover even
13 more housing so that we can make it a lot easier for
14 every New Yorker to get affordable housing. So it's
15 a little bit more than winning the lottery, but folks
16 will actually be able to get access to about 2% to 3%
17 of all the existing affordable housing in our city.
18 I think that could be a huge, big game changer.
19 Thank you. I hereby adjourn this hearing. [gavel]

20

21

22

23

24

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 January 18, 2020