

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND BUILDINGS

----- X

March 31, 2016
Start: 10:43 a.m.
Recess: 11:41 a.m.

HELD AT: Council Chambers - City Hall

B E F O R E: JUMAANE D. WILLIAMS
Chairperson

COUNCIL MEMBERS: Rosie Mendez
Ydanis A. Rodriguez
Robert E. Cornegy, Jr.
Rafael L. Espinal, Jr.
Mark Levine
Helen K. Rosenthal
Ritchie J. Torres
Barry S. Grodenchik
Rafael Salamanca, Jr.
Eric A. Ulrich

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

Baaba Halm, Assistant Commissioner
Government Relations and Regulatory Compliance
NYC Dept of Housing and Preservation and Development

Miriam Colon, Assistant Commissioner
Housing Incentives
NYC Dept of Housing and Preservation and Development

Elaine Toribio, Director
Tax Incentive Programs
NYC Dept of Housing and Preservation and Development

Timothy Sheares, Deputy Commissioner
Property Division
New York City Department of Finance

2 [sound check, pause]

3 CHAIRPERSON WILLIAMS: You ready.

4 FEMALE SPEAKER: Yep, yep.

5 [gavel]

6 SERGEANT-AT-ARMS: Quiet please.

7 CHAIRPERSON WILLIAMS: Good morning
8 everyone and thank you for coming. My name is
9 Jumaane Williams, Chair of the Council's Committee on
10 Housing and Buildings. I'm joined today by Barry
11 Grodenchik, who we did not want to punish for being
12 on time. He gets the gold star. We are here today
13 to conduct a hearing on two bills to extend the
14 city's real property tax exemption abatement
15 programs. In addition to these two bills we'll be
16 hearing testimony from advocates to help us determine
17 whether any changes should be made to the programs.
18 Last June the State Assembly with J-51 and 488-A
19 programs through 2019. These programs provide local
20 real estate tax exemption and abatement benefits to
21 owners of buildings who undertake certain capital
22 improvements on their properties including the
23 replacement of installing of elevators, heating
24 components, plumbing components, wiring and windows.
25 The first bill Intro No. 1118 would extend the

2 benefits provided under Section 489 of the Real
3 Property Tax Law, which applies to Class A multiple
4 dwellings through June 30th, 2019. The second bill,
5 Intro No. 1119 would extend the benefits provided
6 under Section 488-A of the Real Property Tax Law,
7 which applies to the rehabilitation of single-room
8 occupancies through December 31st 2019. The
9 Department of Housing Preservation and Development
10 administers the J-51 program and also processes
11 applications for the J-51 Program while the
12 Department of Finance applies the benefit to the
13 properties. According to the Department of Finance,
14 in Fiscal Year 2015 the J-51 Program for Class A
15 Multiple Dwellings provided 21,747 exemptions and
16 114,536 abatements to 560,380 units. Recent New York
17 State homes--housing--homes and community renewal
18 orders have demonstrated that owners of over 50,000
19 apartments received the J-51 exemption, and abatement
20 have not registered the units as rent regulated. The
21 units are now the target of the J-51 Re-registration
22 Initiative by HCR. This initiative required owners
23 of buildings that receive J-51 tax benefits, but have
24 filed A DHCR Building Summary Registration with
25 apartments exempt from rent--rent regulation to

2 reregister the apartments and provide each tenant
3 with a stabilized lease renewal offer prior to the
4 expiration of the tenants' current lease expires.
5 I'd like to thank my staff for the work they did to
6 assemble this hearing including Nick Smith, my Deputy
7 Chief of Staff, my Legislative Director Jim Wilcox
8 and Megan Chin, Counsel to the committee, Guillermo
9 Patino and Jose Conde, Policy Analyst to the
10 committee, and Sarah Gastelum, the Committee's
11 Finance Analyst. As a reminder for those of you
12 registering who are testifying today, please be sure
13 to fill out a card with a the sergeant. With that,
14 we're going to go and call up the first panel
15 representing us from the administration, Timothy
16 Sheares from the Department of Finance, Elaine
17 Toribio, HPD, Miriam--Mariam Colon, HPD and Baaba
18 Halm, HPD and also-- Oh, I forgot about Council
19 Member Ydanis Rodriguez who was here, Council Member
20 Mendez and Council Member Rodriguez who is still here
21 and Council Member Salamanca congratulations and
22 welcome. Is this the first housing hearing?

23 COUNCIL MEMBER SALAMANCA: [off mic] Yes.

24 CHAIRPERSON WILLIAMS: Yes. Welcome,
25 welcome. All right, thank you. [pause] So we

2 called up four people. We have five. Are all five--
3 [background comments] Okay, those who are testifying,
4 if you would please raise your right hand. Do you
5 affirm to tell the truth, the whole truth and nothing
6 but the truth in your testimony before the committee
7 and to respond honestly to council member questions?

8 PANEL MEMBERS: [off mic] I do.

9 COUNCIL MEMBER WILLIAMS: Thank you very
10 much and you can begin at your leisure. Thank you.

11 ASSISTANT COMMISSIONER HALM: Good
12 morning Chair Williams and members of the Housing and
13 Buildings Committee. My name is Baaba Halm. I am
14 Assistant Commissioner for Government Relations and
15 Regulatory Compliance for the New York City
16 Department of Housing and Preservation and
17 Development. Here with me today are Miriam Colon,
18 Assistant Commissioner for Housing Incentives; Elaine
19 Toribio, Director of Tax Incentive Programs, and
20 Timothy Sheares, Deputy Commissioner of Property
21 Division of the New York City Department of Finance.
22 Thank you for the opportunity to testify today in
23 support of Intro Nos. 118 and 119. These bills would
24 extend the J-51 Tax Benefit Program that is available
25 for rehabilitation and upgrade of New York City's

1 housing stock. The J-51 program has played a
2 significant role in the improvement of New York
3 City's housing since the program inception during the
4 1950s. The program was initially conceived as a way
5 to incentivize the repair and upgrade of the city's
6 coldwater housing stock, which did not have modern
7 building systems such as central heating, central
8 heat, hot water or even in some cases indoor
9 plumbing. When the city required owners to modernize
10 their buildings to include these types of
11 improvements, many objected stating that they could
12 not pay for the cost of the upgrades based on their
13 existing rental income since it was due to--to rent
14 control in many cases. The J-50 program--J-51
15 program was enacted to allow owners to recover a
16 percentage of the cost of the improvements to their
17 tax abatements. In the 1980s and '90s, J-51 was
18 expanded to provide a combination of real property
19 tax benefits for owners to multiple dwellings that
20 vary according to location and type of building. In
21 recent years, the J-51 program has continued to be an
22 important tool for rehabilitating New York City's
23 housing stock with approximately 539,549 units still
24 receiving the benefits as of Fiscal Year 2016. Under
25

2 the current program, in order to receive benefits
3 buildings must fall up in the following categories:
4 Moderate and rehabilitation finance with governmental
5 assistance or privately financed, privately financed
6 or governmental assisted major capital improvements
7 to multiple dwellings and conversions of loss or
8 other residential--non-residential buildings into
9 multiple dwellings financed by substantial
10 governmental assistance. Buildings may receive a tax
11 abatement or in some cases it's a tax exemption. The
12 tax exemption works by temporarily excluding the
13 property from the imposition of an increase in the
14 assessed value that is the result of significant
15 renovation work. An abatement reduces the building's
16 existing taxes or a percentage of the cost of the
17 work performed to improve the building. [coughs] The
18 tax exemption is either a 34-year or a 14-year
19 exemption from the increase in assessed value
20 resulting from the J-51 eligible work. Affordable
21 housing projects generally get the 34-year exemption
22 while other projects primarily receive the 14-year
23 exemption. In addition, existing real property taxes
24 are abated by 8.33% or 12.5% of the percentage of the
25 certified reasonable cost of billed work for each

1 year for a maximum of 20 years. [coughs] The 12.5%
2 abatement, which abates 150% of the certified
3 reasonable cost is called an enrich abatement, and is
4 primarily for projects receiving substantial
5 governmental assistance to complete the work. The
6 program not only provides benefits to owners who
7 receive it, but also ensures tenants are able to
8 access more affordable housing because units in
9 buildings receiving the benefit must remain rent
10 stabilized during the J-51 period. A State Division
11 of Housing and Community Renewal [coughs] is
12 responsible for ensuring a property owner is
13 compliant with rent stabilization requirements after
14 benefits have been applied to the property. It
15 should be noted that eligible cooperatives and
16 condominiums are not subject to rent stabilization
17 requirements.
18

19 In 2013, the State authorized the
20 extension of the J-51 Tax Benefit Program while
21 promulgating reformed through Chapter 4 of the laws
22 of 2013, which the Council adopted through Local Law
23 48 of 2013. [coughs] These changes related to
24 eligibility, construction period, completion periods,
25 the application process, and served the purposes of

2 enhancing the benefits made under the program and
3 incentivizing the creation of--of affordable housing.

4 The most notable reforms adopted were first,
5 benefits from conversion from non-residential to
6 residential uses were eliminated--were eliminated
7 unless the project received substantial
8 governmental assistance such as the government funded
9 loans, rent or subsidy from the city, state or
10 federal entity in the furtherance of developing
11 affordable housing. Second, homeownership projects
12 with an assessed value of \$30,000 or more per
13 dwelling unit are now ineligible for benefits unless
14 the work was carried out with such substantial
15 governmental assistance. Third, the construction
16 completion period for most projects was reduced from
17 36 to 30 months, and as a part of this reduction, the
18 application filing deadline was reduced from 48 to 36
19 months after the work was commenced. The reforms
20 also included amendments to the pro--to the J-51
21 rules that both implemented the statutory changes,
22 and made the application process more efficient. The
23 2013 Rule Amendments reduced the--reduced the
24 application completion period--completion period from
25 24 to 12 months, and updated the Schedule of the

2 Certified Reasonable Cost. The Schedule of the
3 Certified Reasonable Cost determines that abatement
4 projects, which would receive for J-51 eligible work.
5 The J-51 program expired on June 30 of 2015. Last
6 year the state authorized the City to extend the
7 program until June 30th, 2019. The bills before us
8 today Intro 1118 and 1119 are necessary in order for
9 the City's J-51 program to continue. There are
10 currently 893 applications pending with the agency,
11 but we will not be able to grant a benefit for work
12 completed after June 30 of 2015 if the City does not
13 enact these bills. The continuation of the program
14 also signals to property owners who may be interested
15 in upgrading their properties that a tax bene--
16 abatement--a tax benefit is available to offset the
17 cost of the work. Without this benefit, property
18 owners may now rehab their buildings. The
19 Administration strongly supports these bills and
20 encourages the Council to reauthorize this important
21 this important tax incentive program. The extension
22 of the J-51 program is central to the City's interest
23 in providing safe, habitable and affordable housing
24 to the residents of New York City. The program has
25 been primarily responsible for the rehabilitation and

1 upgrade of the city's housing stock since the 1950s.
2
3 The program also serves as an important tool in HPD's
4 Housing Preservation Programs, which seek to
5 rehabilitate housing while simultaneously enabling
6 owners to maintain rents affordable to low and
7 moderate income households. And as part of the
8 package of low-interest loans and tax incentives that
9 HPD offers to owners who choose to accept the
10 agency's financing, and helps them replay these
11 rehabilitation costs while reducing--reducing the
12 overall cost of building operations. For New York
13 City, this means a continuously revitalized housing
14 stock affordable to its residents. We thank you for
15 the opportunity today to testify in support of the
16 continuation of the J-51 program that is integral to
17 HPD's work to both phys--to both physically and
18 financially maintain New York City's housing stock.
19 We will be happy to answer any questions you may
20 have.

21 CHAIRPERSON WILLIAMS: Thank you very
22 much. I appreciate the testimony. Do you know what
23 areas of the city most of the buildings are in that
24 you cited in your testimony? The buildings who are
25

1 COMMITTEE ON HOUSING AND BUILDINGS 13

2 in District--in all 48. (sic) Just repeat how many
3 buildings altogether have either one

4 ASSISTANT COMMISSIONER HALM: Currently
5 there are 539,549--

6 CHAIRPERSON WILLIAMS: [interposing]
7 Units.

8 ASSISTANT COMMISSIONER HALM: --units--

9 CHAIRPERSON WILLIAMS: [interposing] How
10 many buildings?

11 ASSISTANT COMMISSIONER HALM: --
12 throughout the city.

13 DEPUTY COMMISSIONER SHEARES: [off mic]
14 That's units?

15 ASSISTANT COMMISSIONER HALM: Yes, units.
16 Right, he's asking for the number of buildings.

17 DEPUTY COMMISSIONER SHEARES: [off mic]
18 At each building site--

19 ASSISTANT COMMISSIONER HALM: Put the
20 mic-- [pause] Thank you.

21 CHAIRPERSON WILLIAMS: And also say your
22 name, please? Is it on? Your light, the red light
23 is on? Then get the mic closer to your mouth then.

24 [background comments, pause]

25 CHAIRPERSON WILLIAMS: Uh-huh.

1 COMMITTEE ON HOUSING AND BUILDINGS

14

2 DEPUTY COMMISSIONER SHEARES: In terms of
3 buildings are--

4 CHAIRPERSON WILLIAMS: [interposing] Say
5 your name again, sir.

6 DEPUTY COMMISSIONER SHEARES: Again, my
7 name is Timothy Sheares from the Department of
8 Finance . I'm the Deputy Commissioner for the
9 Department of Finance.

10 CHAIRPERSON WILLIAMS: Thank you.

11 DEPUTY COMMISSIONER SHEARES: In terms of
12 buildings, the Borough of--of Brooklyn has the most
13 buildings. In terms of those that are receiving the
14 abatement, Brooklyn has 2,969, and in terms of
15 buildings receiving the exemption, Brooklyn has 1,269
16 out of a total 3,460 citywide.

17 CHAIRPERSON WILLIAMS: How many citywide
18 exemptions?

19 DEPUTY COMMISSIONER SHEARES: 3,460.

20 CHAIRPERSON WILLIAMS: 3,000 and Brooklyn
21 has 2,000 of those?

22 DEPUTY COMMISSIONER SHEARES: Brooklyn
23 has 1,269.

24 CHAIRPERSON WILLIAMS: And for the
25 abatement?

1 COMMITTEE ON HOUSING AND BUILDINGS 15

2 DEPUTY COMMISSIONER SHEARES: There is a
3 total of 8,284 citywide, and Brooklyn has 2,969.

4 CHAIRPERSON WILLIAMS: Thank you. Just
5 go ahead and do the rest of the boroughs, please.

6 DEPUTY COMMISSIONER SHEARES: Manhattan--
7 in terms of abatements, Manhattan has 2,039; the
8 Bronx has 1,649. I'll repeat Brooklyn again, 2,969.
9 Queens has 1,585 and Staten Island has 42. In terms
10 of the exemptions, Manhattan has 1,083. The Bronx
11 has 999, Brooklyn again has 1,269. Queens has 103
12 and Staten Island has 6.

13 CHAIRPERSON WILLIAMS: Thank you very
14 much. Now, the abatement goes to--to the building,
15 not the units, right?

16 DEPUTY COMMISSIONER SHEARES: Yes.

17 CHAIRPERSON WILLIAMS: Do you know what
18 kind of work? Is it broken down by what type of work
19 was done in the building? Was it NCIs, we have
20 conversion?

21 ASSISTANT COMMISSIONER HALM: So the
22 exemption and abatement is--is based on the--the work
23 that is deemed eligible to qualify for the J-51. So
24 that does include major capital improvements and
25

2 other building systems work that the property may
3 undertake.

4 CHAIRPERSON WILLIAMS: So the MCI they
5 may get the abatement or exemption and an increase in
6 their rent because of the MCI?

7 ASSISTANT COMMISSIONER HALM: So as it
8 stands, a building is eligible for J-51
9 notwithstanding their eligibility to pass down on the
10 MCI through the tenants. So the owner would apply to
11 HPD for the J-51 benefit. They could also apply to
12 DHCR for MCI Rental Increase. To the extent that the
13 MCI is granted, the owner could only pass down 50% of
14 the MCI cost to the tenant.

15 CHAIRPERSON WILLIAMS: Okay. So you don't
16 think it's double dipping because they can only do
17 half?

18 ASSISTANT COMMISSIONER HALM: They can
19 only do half, and last year the State when they made
20 improvements to the Rent Stabilization Code and
21 renewed the Rent Stabilization in law, it extended
22 the--the period that the tenants can pay back at MCI.
23 And so I think that those changes coupled really
24 reduced the value of MCI. Oh, I think they extended
25 it. I don't know how much improvement they added to

2 it. So we may differ a little bit there in the
3 language of what happened.

4 ASSISTANT COMMISSIONER HALM: Uh-huh.

5 CHAIRPERSON WILLIAMS: Do--do you have a
6 breakdown of the type of buildings, condo, SRO,
7 multiple dwelling? [pause]

8 ASSISTANT COMMISSIONER HALM: So we do
9 have that information for you. We have by total
10 number of units through the life of the program or
11 are you asking about pending applications because I
12 think it's through the life of the program that DOF
13 would have that data.

14 CHAIRPERSON WILLIAMS: You can actually,
15 if--if you have it, you can just hand it to us and we
16 just want the Commissioner to put it on the record.

17 ASSISTANT COMMISSIONER HALM: Okay.

18 CHAIRPERSON WILLIAMS: If you have that
19 information. We've also heard from building owners
20 that they don't find out about their approved J-51
21 benefits until after they've made the improvements.
22 Do you have any type of preliminary approvals? If
23 not, is there something you can begin to build in
24 because I can imagine it's a very difficult time if

2 someone wants to make improvements, and they don't
3 know if they're getting the benefit or not.

4 ASSISTANT COMMISSIONER HALM: So we have
5 this--this scheduled of certified reasonable costs
6 that list all the work and the value that we are
7 likely to be giving that work that owners can look
8 to, but we really do require that the work be
9 completed before we can determine one, if the work
10 actually happened, and the--the--the--receive
11 documentation about the cost that the owner incurred
12 to make those improvements. So there's really
13 nothing that we could do upfront to give owners a
14 guarantee that we're going to be giving them a
15 benefit for work that they may not have yet completed
16 or have done to satisfy our quality controls.

17 CHAIRPERSON WILLIAMS: But I get a lot of
18 preapprovals for credit cards, the fact it's
19 necessary that men and women get it, but it does
20 provide a little bit of comfort. Is there any kind
21 of preapproval process that you can think of to
22 attach to this? I would probably be very frustrated
23 if I have to kick out a lot of money with no idea if
24 I'm going to get the--the abatement or exemption. Is
25 that something you could look into?

2 ASSISTANT COMMISSIONER HALM: Well, we--
3 we can certainly look into what the owners are saying
4 that they wouldn't want to give them some level of
5 comfort, but we certainly believe that the schedule
6 that we have that again itemizes every component of
7 the work, and the value that we could attribute to
8 that work is available for owners to use as a guide
9 to determine what work that they want to understand,
10 and what may likely be comfortable.

11 CHAIRPERSON WILLIAMS: [interposing] So--
12 but there's--I want to clear this. The schedule
13 saying if you do this, this is the kind of benefit
14 you can get, but there's nothing saying you're
15 preapproved for it.

16 ASSISTANT COMMISSIONER HALM: Right, and--
17 --and we can't give preapproval because we want to
18 know that the work is actually done, and for certain
19 work we send in an inspection team to verify that the
20 work was done well because the City is giving a
21 valuable benefit, and we just don't want to give that
22 benefit to anyone who just puts up, you know, ply
23 windows for example.

24 CHAIRPERSON WILLIAMS: That makes sense,
25 but it seems to me if you pre-approve, you only give

2 it if the work is actually done. So I'm not--I'm
3 unclear as to why some kind of preapproval--this
4 preapproval process will prevent you from saying you
5 actually didn't do what we preapproved, and then they
6 don't get the benefits.

7 ASSISTANT COMMISSIONER HALM: Well, it's
8 also the cities would be doing the work twice. So
9 you--an owner would be submitting information to us
10 that we would have to evaluate without knowing when
11 they're going to complete the work, if they actually
12 will complete the work. Because the owners have, you
13 know, a--a lot of time to determine when they file
14 for eligibility of the benefits. So the agency would
15 be doing the work twice for a preapproval to go
16 through the entire inventory of what the owner
17 expects to do, and then the owner has to come back
18 and then we have to verify. So it seems as if we're
19 kind of shifting the responsibility to--to the agency
20 to determine whether owner's work is going to qualify
21 even well before they have even expended any effort
22 to get the work done.

23 CHAIRPERSON WILLIAMS: Can you walk
24 through the application process?

2 ASSISTANT COMMISSIONER HALM: Sure. I
3 mean I'll turn it over to Miriam [laughs] to--to
4 answer that question. Elaine is a little hoarse
5 today. Sorry.

6 ASSISTANT COMMISSIONER COLON: Okay.
7 Sure. So the applicable--

8 ASSISTANT COMMISSIONER HALM: [off mic]
9 Please state your name--say your name.

10 ASSISTANT COMMISSIONER COLON: I'm sorry.
11 I'm Miriam Colon, Assistant Commissioner.

12 CHAIRPERSON WILLIAMS: Sorry, give me one
13 second. [pause] [coughing] Sorry, go ahead.

14 ASSISTANT COMMISSIONER COLON: All right.
15 My name is Miriam Colon, Assistant Commissioner for
16 Housing Incentives. So, owners have made an
17 application after the work is completed, as--as you
18 noted, and they have--there is a 30-month period to
19 complete the work before--

20 CHAIRPERSON WILLIAMS:]interposing] I'm
21 sorry. Say that again?

22 ASSISTANT COMMISSIONER COLON: The
23 applicants have 30 months to complete the work, and
24 then they--but they must apply after the work is
25 completion. And once the application is filed, they--

1 -they must complete the application with--within 12
2 months of filing of the application. So that's in
3 general, but the application--we have received a lot
4 of applications that there's a lot of--a significant
5 of documents. So there's--that's why the--that 12-
6 month period also. So over that 12-month period they
7 complete--the applicants complete the application.
8 It requires for example a certification--a CPA
9 Certification of Costs, and architect certification
10 of when the work started and complete as well for
11 most of the projects. If it's a DOB required to sign
12 up then we would require, we would look at a DOB
13 document for--and--and then--then once the--we
14 receive, our unit receives all the documentation for
15 that application-- I just--I'm sorry. At the same
16 time that the application is submitted, we send the--
17 a request for inspection to our Inspection Unit. So
18 while the application is being compiled, the
19 documentation for that application, our Inspection
20 Unit also goes out to inspect the buildings to make
21 sure that their work is completed. Once that
22 information is gathered, then it goes to our
23 Evaluation Unit that evaluates the--to make sure that
24 all the documents correspond, that there are no
25

2 questions. So there is often an exchange to clarify
3 documents with the applicant or the applicant's
4 filing agent. Once the certified costs are
5 confirmed, then we issue the Certificate of
6 Eligibility, and that the applicant takes that to
7 Department of Finance for implementation. [coughs]

8 CHAIRPERSON WILLIAMS: With that, there's
9 been a lot of complaints about the application
10 process being difficult. Have you received any of
11 those complaints? Do you know which parts that are
12 believed to be difficult?

13 ASSISTANT COMMISSIONER COLON: Well, it's
14 very paper intensive. Even though last--around
15 prohibitions (sic) to--to the J-51 Statute. We
16 streamline by requiring, for example, the CPA
17 Certification before we require contracts--copies of
18 contracts and certified checks to confirm work and--
19 and start of work as well. So we streamline that to
20 require the Architect Certification and the CPA
21 Certification. But again, the applicant has 12
22 months to complete and, you know, when--when we
23 worked last--between FY13 and--and 16, the--complete
24 an application before it went to be evaluated, it

2 took the applicant--applicants nine months to
3 complete the application. So, you see the--

4 CHAIRPERSON WILLIAMS: It takes nine
5 months to complete the application?

6 ASSISTANT COMMISSIONER COLON: To
7 complete to submit all the documentation to support
8 that application?

9 CHAIRPERSON WILLIAMS: And they're not
10 even sure if they're going to get it for another 30
11 months?

12 ASSISTANT COMMISSIONER HALM: [pause]
13 No, our review doesn't take 30 months. The 30 months
14 relates to when the work in the building must be
15 complete by.

16 CHAIRPERSON WILLIAMS: How does it take
17 you to do the review?

18 ASSISTANT COMMISSIONER HALM: On average
19 it could take us through all the different steps and
20 layers, four months.

21 CHAIRPERSON WILLIAMS: How many people
22 applied for J-51 in the past two or three years.

23 ASSISTANT COMMISSIONER HALM: So we have
24 the numbers for you since Fiscal Year 13, and the
25 number of applications that we have re--received

2 during that period that are still pending or you want
3 the overall number that's--

4 CHAIRPERSON WILLIAMS: [interposing]
5 Overall number.

6 ASSISTANT COMMISSIONER HALM: So the
7 overall number of applications is 2,016.

8 CHAIRPERSON WILLIAMS: How many were
9 denied?

10 ASSISTANT COMMISSIONER HALM: [laughs]
11 Well, we have a--a couple that were withdrawn. S o
12 that's not a denial, but--

13 CHAIRPERSON WILLIAMS: Okay.

14 ASSISTANT COMMISSIONER HALM: --and then
15 we have 652 that are incomplete, but that's also not
16 a denial because the property owner needs to submit
17 necessary documentation. So, we haven't--don't have
18 any actual denials. We have withdrawals and we have
19 incomplete applications.

20 CHAIRPERSON WILLIAMS: Has in the past
21 five years do you know if any denials that would--
22 were--were given?

23 ASSISTANT COMMISSIONER HALM: Yes. We
24 can get those numbers for you.

2 CHAIRPERSON WILLIAMS: And I'd like to
3 know the--the reason.

4 ASSISTANT COMMISSIONER HALM: Sure.

5 CHAIRPERSON WILLIAMS: My discern--I--I
6 do still feel that there could be some indications to
7 owners whether or not they complete this work they
8 will get the abatement. So I'm not--I'm--I
9 understand what you're saying. It's just--it feels
10 like there can be a preferable and then if the work
11 is not done, then they don't--they just don't get the
12 abatement. So, just as the Chair and the sponsor of
13 the bills, my hope is that maybe you'll have some
14 discussions with the people who represent the owners--
15 -

16 ASSISTANT COMMISSIONER HALM:
17 [interposing] Sure.

18 CHAIRPERSON WILLIAMS: --about something
19 that can make it better for them at least--at least
20 some--some--something they know if they do everything
21 that you're asking and as you complete the work
22 there's some kind of preapproval that they will get
23 their abatement actually. I think that can caution
24 (sic) me. So if you can have that kind of meeting

2 sooner than later as we're moving forward with the
3 bill--

4 ASSISTANT COMMISSIONER HALM:

5 [interposing] Sure.

6 CHAIRPERSON WILLIAMS: --that will be
7 very helpful.

8 ASSISTANT COMMISSIONER HALM: Sure.

9 CHAIRPERSON WILLIAMS: Thank you.

10 [pause] So according to the City Law, it says,
11 "Following the expiration of tax abatement
12 alterations or improvements constituting major
13 capital improvements for which a rent adjustment has
14 been granted by such division, the owner may collect
15 the full the amount of annual rent permitted pursuant
16 to such a rent adjustment. So according to City Law,
17 they actually get the full MCI adjustment and not
18 50%. So where are you with referring to where they
19 get 50%? [background comments pause] Apparently,
20 it--it looks like they get 50% during the abatement,
21 and then full MCI after the abatement?

22 ASSISTANT COMMISSIONER HALM: Oh, okay.

23 So, it's interesting. During the life of the J-51
24 benefit, they cannot claim the full MCI. It's only
25 during the life of the J-51 benefits. So if it's an

2 enhanced benefit, that's 34 years. They can't get
3 the full value of the MCI. If it's just a regular
4 benefit, it's during the 14-year in term they can't
5 get the full value of the MCI. Once the J-51 benefit
6 has ended, then the full cost of the MCI can be
7 passed down to the tenant, but that's not again a
8 function of--of, you know, of--of--

9 CHAIRPERSON WILLIAMS: [interposing]

10 That's one of the problems with the MCI in some ways.
11 The MCI is lifelong anyway, which it probably
12 shouldn't be. So, okay, I understand. Thank you.
13 [pause] We've been joined by Council Member
14 Rosenthal. I want to ask some questions. I have
15 additional questions to pose.

16 ASSISTANT COMMISSIONER HALM: Okay. Go
17 ahead. (sic)

18 COUNCIL MEMBER ROSENTHAL: That's right.
19 Thank you, Chair Williams. Just a quick follow-up to
20 what you just said just as a point of understanding.
21 The J-51 gives them the tax abatement to cover the
22 cost of the capital improvements, and then they
23 charge the rent regulated tenant the cost of doing
24 the improvements. Aren't they getting funded twice
25 for the cost of that improvement?

2 ASSISTANT COMMISSIONER HALM: So--so with
3 J-51 it gives them exemption. The--

4 COUNCIL MEMBER ROSENTHAL: [interposing]
5 Yeah.

6 ASSISTANT COMMISSIONER HALM: --abatement
7 is determined by DOF--

8 COUNCIL MEMBER ROSENTHAL: [interposing]
9 Sure.

10 ASSISTANT COMMISSIONER HALM: --if--if
11 there's been any increase in assessed value.

12 CHAIRPERSON WILLIAMS: So just to--isn't
13 the exemption the exact cost of the work?

14 ASSISTANT COMMISSIONER HALM: No, it's
15 not. It's based on the Certified Reasonable Cost
16 Schedule, and it's also based on our verification
17 that the work meet our standards. So far--

18 COUNCIL MEMBER ROSENTHAL: [interposing]
19 Right.

20 ASSISTANT COMMISSIONER HALM: --an
21 example an owner can claim they changed 100 windows,
22 and would want the, you know, the value of the
23 benefits comport with that. Our inspectors would go
24 out and say, we believe only 80 windows should get
25 that credit, and that's what the value of the benefit

2 will be. And so that's why, you know, there--it
3 takes some time from application to our review to
4 determine whether or not the claimed cost should be
5 even valued--

6 COUNCIL MEMBER ROSENTHAL: [interposing]
7 Right.

8 ASSISTANT COMMISSIONER HALM: --and for
9 the value of it.

10 COUNCIL MEMBER ROSENTHAL: Of course,
11 that all makes sense, and then you give them the
12 abatement. An abatement it means they're not paying
13 what they would have been paying. They're--they're
14 getting a savings in taxes because they've made this
15 expenditure that's a capital improvement.
16 Hypothetically, then that means that the capital
17 improvement has been paid for. Why would they then
18 get an MCI that DHCR would charge the tenants to pay
19 for the 80 windows or 100 windows that have been
20 fixed? You already paid for it through the
21 abatement.

22 ASSISTANT COMMISSIONER HALM: Right, but
23 it's not on 100% abatement. So it's only a
24 percentage--

1 COMMITTEE ON HOUSING AND BUILDINGS 31

2 CHAIRPERSON WILLIAMS: [interposing] So
3 we're giving them--just--just can you clarify the
4 difference between abatement and exemption, the
5 reason if they're changeably and the difference?

6 ASSISTANT COMMISSIONER HALM: Sure, and--
7 and do we want DOF--

8 COUNCIL MEMBER ROSENTHAL: [interposing]
9 Are they not interchangeable?

10 CHAIRPERSON WILLIAMS: They're not.

11 ASSISTANT COMMISSIONER HALM: No.

12 COUNCIL MEMBER ROSENTHAL: Help me.

13 ASSISTANT COMMISSIONER HALM: Sure.

14 DEPUTY COMMISSIONER SHEARES: The
15 exemption comes off the--the assessed value. So
16 there's a reduction of the assessed value based on
17 the exemption.

18 COUNCIL MEMBER ROSENTHAL: It doesn't
19 matter. Sorry.

20 CHAIRPERSON WILLIAMS: [interposing] And--
21 -sorry, and then what's the abatement?

22 DEPUTY COMMISSIONER SHEARES: And the
23 abatement comes off the taxes.

24 COUNCIL MEMBER ROSENTHAL: Right, one--

25

2 DEPUTY COMMISSIONER SHEARES: So the
3 exemption is applied first, and then the abatement
4 comes off the taxes.

5 COUNCIL MEMBER ROSENTHAL: [laughs] One
6 way or another, they're getting a reduction in how
7 much money they pay the city, of course, because the
8 city is helping to encourage them do this capital
9 improvement. We're paying for it, but I know from
10 cases in my district that the 100% cost--like in your
11 story of the 80 windows versus 100 windows, that's
12 80% of the cost is being reimbursed via the exemption
13 or the abatement or both. However, now the tenant is
14 being charged with their portion off 100% of the cost
15 through the MCI, not the remaining 20%. I don't
16 understand. I'm just asking questions of fact. I'm
17 not singling--

18 ASSOCIATE COMMISSIONER SCHINDLER:

19 [interposing] I think--

20 COUNCIL MEMBER ROSENTHAL: --out (sic)
21 anyone. I'm just saying question of fact. This
22 doesn't--I don't understand how someone could have
23 passed that law to begin with.

24 CHAIRPERSON WILLIAMS: I think for their-
25 -for the life of the exemption and abatement they're

2 only getting half of the MCI, which could still be a
3 problem if based on--I'm--so what I'm trying to
4 understand so is it possible in your scenario with
5 the 100 windows that if you thought all the work was
6 actually done and up to par that I will get a full
7 exemption or abatement for the cost of those 100
8 windows?

9 ASSISTANT COMMISSIONER HALM: No because
10 again the certified reasonable cost only gives you a
11 percentage of the cost that you expended for the
12 work. It would never be 100% even if we verify that
13 you did all of the work that you did. That's not the
14 way that the J-51 program is structured. We don't
15 pay back 100% of the costs--

16 COUNCIL MEMBER ROSENTHAL: [interposing]
17 Sure.

18 ASSISTANT COMMISSIONER HALM: --incurred.

19 COUNCIL MEMBER ROSENTHAL: And that
20 totally makes sense, you know, because the assessed
21 value of the building is going up because they've now
22 repaired their windows. So that's--I'm with--I'm
23 done with all of that. What I'm not done with, and
24 don't understand is the double--sort of the double
25 count of now tenants bearing the burden of the MCI

2 into perpetuity. Do you--am I not understanding it
3 correctly? Do you see that double count as well?

4 ASSISTANT COMMISSIONER HALM: Again, we
5 as HPD have nothing to do with the implementation of
6 rent stabilization laws or even calculating that MCI
7 or the length of the benefit, and--and so I
8 understand your question. I'm not really sure how we
9 as the agency can really answer that.

10 COUNCIL MEMBER ROSENTHAL: [off mic]

11 Thank you.

12 ASSISTANT COMMISSIONER HALM: Thank you.

13 [background comments]

14 CHAIRPERSON WILLIAMS: MCI period is--is
15 terrible

16 COUNCIL MEMBER ROSENTHAL: [off mic] It
17 is.

18 CHAIRPERSON WILLIAMS: -because they get
19 it for the life, which is HUB.

20 COUNCIL MEMBER ROSENTHAL: [off mic] Yes,
21 it's a real number. (sic)

22 CHAIRPERSON WILLIAMS: Yes.

23 COUNCIL MEMBER ROSENTHAL: [off mic]

24 Thank you, Chair.

25

2 CHAIRPERSON WILLIAMS: [pause] So there
3 have been issues with I think I alluded to. I'm not
4 sure, or you may have because you--I think you have--
5 there's a new unit, but there's some issues with
6 ensuring that the buildings received J-51 and the
7 buildings that do receive the benefit keep their
8 units and rent stabilization. I know one has that
9 been an issue that you're aware of? Do you have
10 process of informing tenants that their buildings are
11 in J--are rent stabilized and have J-51 benefit. I
12 know our district goes to HCR, but I'm sure there's
13 some things that HPD can do to assist.

14 ASSISTANT COMMISSIONER HALM: So our role
15 in using rent--rent stabilization registration
16 requirements is at determining eligibility. That's
17 part of the application process and that we ask
18 owners to demonstrate that they have indeed
19 registered with HCR. And we verify that by checking
20 HCR's system at the time of determining eligibility.
21 But once the benefits are applied to the property, we
22 don't participate in ongoing monitoring of rent
23 stabilization requirements. That is within the
24 purview of HCR.

25 CHAIRPERSON WILLIAMS: Why?

2 ASSISTANT COMMISSIONER HALM: Because
3 again compliance with the Rent Stabilization Laws is
4 not within the City's enforcement authority.

5 CHAIRPERSON WILLIAMS: If you find out
6 they haven't registered, do you take the benefits
7 away?

8 ASSISTANT COMMISSIONER HALM: Yes. If
9 we--if we find out from HCR that there is a
10 compliance of Rent Stabilization requirements, we can
11 issue a notice of pending ratification to the
12 property owners, which gives them 90 days to respond,
13 and to correct. That correction means that if they
14 fail to rent stabilize, to register then they can
15 reregister, but to the extent that we find that there
16 isn't a failure to comply, then we could issue a
17 notice to D--DOF to remove the benefits from their
18 property.

19 CHAIRPERSON WILLIAMS: Is there any--
20 well, one, with that scenario, I know they're
21 supposed to reregister, which I assume their benefit
22 will be put back, but do they lose any years from the
23 benefit from the years they haven't had it
24 registered?

2 ASSISTANT COMMISSIONER HALM: It--it
3 really would depend on the--our--our findings and
4 when we send a--issue a notice of a pending
5 ratification or whether or not we're going to be
6 revoking it for over a period depending on what we
7 determined in that particular building.

8 CHAIRPERSON WILLIAMS: What's the
9 communication with the HCR. Is it every so often
10 with you, or how--is there any monitoring of it
11 either from DHCR that they inform you of, or is it a
12 complaint-driven thing?

13 ASSISTANT COMMISSIONER HALM: Well, we
14 are working more closely with HCR on compliance
15 related to receiving tax related benefits, and
16 incentives, and we have a working group with them,
17 and--and we are reviewing property owners and
18 building compliance more regularly than we have in
19 the past.

20 CHAIRPERSON WILLIAMS: Understanding this
21 is the Division of who does what? Is there anything
22 preventing you from letting tenants know somehow that
23 they have J-51 benefit, and they should be in rent
24 stabilized units, and they should be in rent
25 stabilized buildings or units?

2 ASSISTANT COMMISSIONER HALM: Again,
3 what--what we do is determine eligibility. So the
4 owner comes to us, and gets a certificate of
5 eligibility, but they have to go to DOF for the
6 benefits to even apply, and--and then we wouldn't
7 know if and when they go to D--DOF to get the
8 benefits to apply to the building.

9 CHAIRPERSON WILLIAMS: Is there anything
10 preventing you from allowing tenants to know that
11 they have J-51 benefits and should be in rent
12 stabilization?

13 ASSISTANT COMMISSIONER HALM: Again, we
14 would have to know when the benefits apply to the
15 building in order to get the--

16 CHAIRPERSON WILLIAMS: [interposing]
17 Sorry?

18 ASSISTANT COMMISSIONER HALM: We would
19 have to know when the benefits applied to the
20 building. All we determine is eligibility. We don't
21 know again when the benefits apply to the building,
22 and that's when the rent stabilization requirements
23 would kick in when the benefits actually apply to the
24 building.

2 CHAIRPERSON WILLIAMS: So when that
3 happens, is there anything preventing you from
4 letting your tenants know that they have J-51
5 benefits and should be in rent stabilization?

6 ASSISTANT COMMISSIONER HALM: I think
7 that that's something that we would have to look into
8 whether or not we could do that because again the
9 ongoing requirements related to rent stabilization is
10 not vested with us. So, even if we said this
11 building is participating in the J-51 program, we
12 would still have to refer them back to the state
13 entity that is responsible for the--

14 CHAIRPERSON WILLIAMS: [interposing] But
15 we can--

16 ASSISTANT COMMISSIONER HALM: --program.

17 CHAIRPERSON WILLIAMS: --we can demand
18 that there's a posting or something in the building
19 saying that this is a rent stabilized building.

20 ASSISTANT COMMISSIONER HALM: I'm--I'm
21 sure you--you can if that's within your authority. I
22 am certain we can't speak to that.

23 CHAIRPERSON WILLIAMS: Okay. Thank you
24 very much. In the past five years, have you taken in
25 any benefits from any owners?

2 ASSISTANT COMMISSIONER HALM: No.

3 CHAIRPERSON WILLIAMS: Even though it's
4 kind of proving that there have been owners who
5 haven't put their building in rent stabilization?

6 ASSISTANT COMMISSIONER HALM: Well, we
7 haven't received any information from the state
8 asking us to revoke benefits, and what they've gotten
9 those owners to do is to reregister to achieve
10 compliance.

11 CHAIRPERSON WILLIAMS: Okay. Okay, I
12 have some more questions, but Council Member
13 Salamanca I know has some questions.

14 COUNCIL MEMBER SALAMANCA: Thank you, Mr.
15 Chairman. A question. In terms of the eligibility
16 for improvements, what are--what are the
17 eligibilities to qualify for J-51 in terms of
18 improvements? Boilers, windows? Can you give me a
19 description?

20 ASSISTANT COMMISSIONER HALM: Sure we
21 could give you a--a description of some of the
22 categories of work eligible.

23 ASSISTANT COMMISSIONER COLON: That?
24 Yes?

2 ASSISTANT COMMISSIONER HALM: Yes, from
3 the J-51 alone category. [pause]

4 ASSISTANT COMMISSIONER COLON: So for
5 example the broad categories includes gut rehabs of
6 vacant buildings with Alt-1 permits. That could be
7 substantial rehabilitation where a minimum of four
8 major building wide systems are required.

9 [background comments, pause]

10 ELAINE TORIBIO: I'm sorry. Are you
11 asking about the types of work items?

12 COUNCIL MEMBER SALAMANCA: Yes, the type
13 of capital improvements that need to be made in order
14 for a landlord to qualify for a J-51?

15 ELAINE TORIBIO: The J-51 Program--the--
16 the Certified Reasonable Cost Schedule has a very
17 long list of eligible work items, and they include
18 work such as elevators, boilers, roofs, windows.
19 It's over 100 items. So it's, you know, not
20 something I can roll off the top of my head, but it
21 includes almost every major system--roofs, windows,
22 boilers, elevators, et cetera. It's makes in
23 reappointing.

24 COUNCIL MEMBER SALAMANCA: Now, if a
25 certain work is being done, in the building such as

2 repairing the windows, installing new windows, must a
3 landlord install windows 100 to 100% of the building,
4 or just a certain percentage of the building?

5 ELAINE TORIBIO: The owner--the owner
6 determines which windows need replacing, and those
7 are the windows that they apply for the benefit. It
8 doesn't have to be the entire building.

9 COUNCIL MEMBER SALAMANCA: All right, now
10 we have at least in the Bronx in my district I have
11 multiple landlords who have multiple violations in
12 their buildings. Can they qualify for a J-51 to fix
13 these violations?

14 ELAINE TORIBIO: They would have to do--
15 the Statute requires that you do the work, and
16 complete it before you apply. So they would have to
17 do the work and then they could apply for J-51 and
18 they would reimburse part of the cost that they
19 invested in--in clearing those violations.

20 ASSISTANT COMMISSIONER HALM: But--but we
21 do require that the violations on the building be
22 cleared and that is something--that is something that
23 we require to be included as part of the application
24 to the agency.

2 COUNCIL MEMBER SALAMANCA: All right,
3 thank you, Mr. Chair.

4 CHAIRPERSON WILLIAMS: Thank you. Just
5 back to the MCI really quickly, there's a state law,
6 city law that says they only get 50% if they have the
7 J-51? [background comments]

8 ELAINE TORIBIO: [off mic] That's--that
9 state law, the labor. I'm not sure.

10 ASSISTANT COMMISSIONER HALM: We--we
11 will get the--the section for you of law that says
12 that the owner can only take 50% of the MCI during
13 the life of the J-51 benefit. We will provide that
14 to that.

15 CHAIRPERSON WILLIAMS: Yeah, I'd like to--
16 -I'd like to see that before you further the bill.
17 But also I just want to be 100% clear again. If I
18 spend a million dollars on 100 windows, is there any
19 way for me to get a full abatement or exemption for a
20 million dollars?

21 [background comments]

22 ELAINE TORIBIO: Well, the way CRC works
23 [coughs] The way the CRC works, you get lesser of
24 what you paid for the--

2 CHAIRPERSON WILLIAMS: [interposing] Now,
3 what's the CRC?

4 ELAINE TORIBIO: The Certified Reasonable
5 Cost Schedule.

6 CHAIRPERSON WILLIAMS: Certi--Certified
7 Reasonable Cost Schedule. Okay.

8 ELAINE TORIBIO: You get the lesser of
9 what you paid for the windows or what we allow. So
10 let's say you paid \$500 for your windows, if our
11 schedule only allows \$175 for the windows, you will
12 get \$175 even though you spent \$500. It's not a one-
13 for-one abatement that if you paid \$500 for the
14 windows you're going to get \$500 worth of abatement.

15 CHAIRPERSON WILLIAMS: So there's no one-
16 for-one in any of this?

17 ELAINE TORIBIO: Except for landmark
18 buildings.

19 CHAIRPERSON WILLIAMS: Except for
20 landmark buildings?

21 ELAINE TORIBIO: Correct.

22 CHAIRPERSON WILLIAMS: So it is
23 reasonable [coughing] to get some of the MCI to make
24 up for some of the costs that they do not get back in
25 the abatement or the exemption? But in landmark

2 buildings where it's one-for-one, are they also
3 getting the MCI?

4 ELAINE TORIBIO: [off mic] I believe so.

5 ASSISTANT COMMISSIONER HALM: We believe
6 so, but it's also that the MCI you can't get the full
7 value of the MCI during the life of the J-51. So
8 while you may be getting a one-for-one through the J-
9 51 program, you're not going to get the full value of
10 the MCI during the length of the J-51 benefit.

11 CHAIRPERSON WILLIAMS: I think the point
12 was what you--even during the life of the benefit,
13 you probably shouldn't be getting more than what you
14 put in. So, if you're getting a one-for-one in a
15 landmark building, why are you even getting 50% on
16 the MCI? But I--I think we should start with what we
17 legally can do, and can't do. That will be helpful.

18 ASSISTANT COMMISSIONER HALM: Okay.

19 CHAIRPERSON WILLIAMS: I have one more
20 question. [coughing] We've also been joined by
21 Council Member Levine. Data that we have shows that
22 488-A was not used in FY16 or '15, and only cost the
23 City less than \$100,000. If it wasn't used at all,
24 why should this be extended? Is this a program that

2 the Administration anticipates owners making greater
3 use of?

4 ASSISTANT COMMISSIONER HALM: So, that
5 and that's I think Intro 119 or 118, but that's the
6 J-51 benefit for SROs, and--and there are few SRO
7 buildings in the city, but--but there are some. And
8 so, we do think that we would like to continue that
9 incentives. In the case if those buildings want to
10 make the repair, the program would be available to
11 them. So despite the fact that we haven't had SROs
12 take advantage of it, there are SROs that exist that
13 we think could take advantage of it. And so, we
14 would like to see the program continue for that
15 purpose.

16 CHAIRPERSON WILLIAMS: Thank. I think we
17 have different questions from [coughing] from Council
18 Member Rosenthal.

19 COUNCIL MEMBER ROSENTHAL: Thank you,
20 Chair Williams, and I'm going to try not to take a
21 lot of time because I'm late to the game, and perhaps
22 this has already been decided. But can I please just
23 confirm this is a straight extender.

24 ASSISTANT COMMISSIONER HALM: Yes.

2 COUNCIL MEMBER ROSENTHAL: Is there an
3 opportunity in the extender to make modifications?

4 ASSISTANT COMMISSIONER HALM: There's
5 always an opportunity to make modifications to the
6 program. And so we don't believe that moving forward
7 with the extenders as the straight extenders preclude
8 there to be an evaluation of the J-51 program and
9 later changes made.

10 COUNCIL MEMBER ROSENTHAL: If we wanted
11 to--may I ask why HPD is not recommending any
12 modifications to this extender that might help us not
13 be giving--not double dipping for example?

14 ASSISTANT COMMISSIONER HALM: We have as
15 I think--as I said earlier--

16 COUNCIL MEMBER ROSENTHAL: [interposing]
17 Yes.

18 ASSISTANT COMMISSIONER HALM: --893
19 applications pending. We almost have already done
20 the work. So, you know, for a lot of owners who make
21 repairs to their properties understanding the
22 limitations of a program is something that they need
23 to know well in advance of undertaking that work.

24 COUNCIL MEMBER ROSENTHAL: May I ask
25 since this is an extender I would imagine it would

2 not apply to the ones that you have in the pipeline.

3 It would apply to new applications, and my question

4 is for the new application starting, you know, as

5 soon as we pass this bill could there be

6 modifications that we put in that would stipulate for

7 example taking out the double count however that

8 would be done technically.

9 ASSISTANT COMMISSIONER HALM: So the way
10 that this--the bill would work is that it would
11 extend the program from when it sunsets, which was--
12 was last June of 2015.

13 COUNCIL MEMBER ROSENTHAL: Sure. Could
14 we put a date on it that says applications made after
15 whenever this bill is signed will be subject to the
16 following: No double dipping?

17 ASSISTANT COMMISSIONER HALM: Again, the
18 question of double dipping is--is [coughing] is
19 relative to MCI and because--

20 COUNCIL MEMBER ROSENTHAL: [interposing]
21 That's right.

22 ASSISTANT COMMISSIONER HALM: --we don't
23 again control the calculations--

24 COUNCIL MEMBER ROSENTHAL: [interposing]
25 I'm not talking--

2 CHAIRPERSON WILLIAMS: [interposing]

3 Sorry, let me just jump in. Let me--I--I asked for
4 some information about if it's City or State law that
5 provides for the 50% of MCI. So if it's State Law,
6 we wouldn't be able to change it anyway because it's
7 State law.

8 COUNCIL MEMBER ROSENTHAL: [interposing]

9 Why not?

10 CHAIRPERSON WILLIAMS: If it's State law?

11 COUNCIL MEMBER ROSENTHAL: We can't

12 change what the State does--

13 CHAIRPERSON WILLIAMS: [interposing] Of

14 providing a--

15 COUNCIL MEMBER ROSENTHAL: [interposing]

16 But we can change what the City does so that the

17 Department of Finance does not give as big an

18 exemption or any exemption at all.

19 CHAIRPERSON WILLIAMS: Sure. So I just

20 asked also does--does it sound like there's no J-51

21 projects where it is a one-for-one exemption or

22 abatement.

23 COUNCIL MEMBER ROSENTHAL: Of course.

24 CHAIRPERSON WILLIAMS: Except for

25 landmarking so--

2 COUNCIL MEMBER ROSENTHAL: Fine.

3 CHAIRPERSON WILLIAMS: So I actually want
4 to look at the landmarking to make sure that they're
5 not getting--if we can prevent it--getting one form
6 abatement, and MCI. So it's definitely something
7 that we should--we should

8 COUNCIL MEMBER ROSENTHAL: [interposing]
9 Thank you.

10 CHAIRPERSON WILLIAMS: --look at.

11 COUNCIL MEMBER ROSENTHAL: I would hope
12 that between today's hearing and the final bill, the
13 opportunity for modifying this.

14 CHAIRPERSON WILLIAMS: Well, there's a
15 couple things I've asked, and I wanted to meet with
16 the owners about preapproval, and then I want to look
17 at this MCI.

18 COUNCIL MEMBER ROSENTHAL: Okay. Thank
19 you so much, Chair Williams.

20 CHAIRPERSON WILLIAMS: No problem.
21 [pause] Has there been any examples where the actual
22 cost was less than the Certified Reasonable Cost

23 [pause]

2 ASSISTANT COMMISSIONER HALM: We--we
3 think it's possible, and we don't know of any cases
4 in which that's actually occurred.

5 CHAIRPERSON WILLIAMS: Can you look into
6 that please. As we continue this discussion--

7 ASSISTANT COMMISSIONER HALM:
8 [interposing] Sure.

9 CHAIRPERSON WILLIAMS: --we definitely
10 want to have it around (sic) making sure that there
11 aren't--there isn't double dipping for this.

12 ASSISTANT COMMISSIONER HALM: Sure.

13 CHAIRPERSON WILLIAMS: Thank you. I
14 don't think I have any additional questions from my
15 colleagues, and so with that, I want to thank you
16 very much for your testimony.

17 ASSISTANT COMMISSIONER HALM: Thank you.

18 CHAIRPERSON WILLIAMS: We've been joined
19 by Council Member Cornegy who looks smooth. [laughs]
20 Do you have any questions?

21 COUNCIL MEMBER CORNEGY: [off mic] I
22 don't. No.

23 CHAIRPERSON WILLIAMS: All right. thank
24 you very much. We also--it looks like do not have
25 anybody from the public scheduled to testify. We

2 have for the record [background comments]-- We have
3 the record, Tenants and Neighbors. I've got to give
4 a shout-out to them. Legal Aid Society as well.
5 This is one of our practice (sic) hearings. I think
6 our next one is going to be pretty long, though. So
7 we'll make up for it then. Thank you very much, and
8 with that this hearing is adjourned.

9 [gavel]

10

11

12

13

14

15

16

17

18

19

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 April 24, 2016