

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON HOUSING AND  
BUILDINGS

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Monday, September 30, 2024  
Start: 1:22 p.m.  
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HELD AT: 250 BROADWAY COMMITTEE ROOM,  
14TH FLOOR

B E F O R E: Pierina Ana Sanchez, Chairperson

COUNCILMEMBERS:

Shaun Abreu  
Alexa Avilés  
Eric Dinowitz  
Oswald Feliz  
Crystal Hudson  
Lincoln Restler  
Gale Brewer

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

Kim Darga  
Deputy Commissioner  
Office of Development  
Department of Housing Preservation  
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Anne-Marie Santiago  
Deputy Commissioner  
Office of Enforcement and Neighborhood  
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Damira Rasheed  
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Will Depoo  
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Paula Segal  
Take Root Justice/  
Abolish Tax Lien Sale Coalition

Will Spisak  
New Economy Project

Arielle Hersh  
UHAB

Christie Peale  
The Center for NYC Neighborhoods

Salvatore D'Avala  
Executive Director  
Neighborhood Restore

Adam Roberts  
New York Apartments Association

Patrick Boyle  
Enterprise Community Partners

Theo Chino  
Social Democrats of America

Richard Reid

Annie Wilson  
TA/HDFC

Christopher Leon Johnson

Gregory C. Baggett  
A. Philip Randolph Square Neighborhood  
Alliance

2 SERGEANT AT ARMS: Quiet down please. Good  
3 afternoon and welcome to today's New York City  
4 Council hearing for the Committee on Housing and  
5 Buildings. At this time we ask that you silence all  
6 electronic devices and at no time is anyone to  
7 approach the dais. If you'd like to sign up for in-  
8 person testimony or have any other questions during  
9 the hearing, please see the Sergeant-at-Arms. Chair,  
10 we're ready to begin.

11 [GAVEL]

12 CHAIRPERSON SANCHEZ: Thank you, Sergeants, and  
13 good afternoon. I am Councilmember Pierna Sanchez,  
14 Chair of the Committee on Housing and Buildings.  
15 Thank you for joining us today for our hearing on the  
16 Third Party Transfer Program. I'd like to thank all  
17 members of the public who are here and my colleagues  
18 who are present, Councilmember Dinowitz,  
19 Councilmember Brewer, Councilmember Avilés,  
20 Councilmember Abreu, Councilmember Hudson on Zoom,  
21 and a few who will join us.

22 Today I'm excited to talk about the Third Party  
23 Transfer Program. The program was created almost 30  
24 years ago in the context of a New York City with very  
25 different housing and market dynamics than today.

2 Following World War II, New York City's economy was  
3 in freefall, impacted by rising prices of fuel, high  
4 inflation, and other challenging conditions.

5 Government and private sector policies, like  
6 redlining, devalued certain communities because they  
7 housed people of color, and investments like the GI  
8 Bill and favorable mortgages for white families,  
9 fueled white flight and abandonment in urban areas  
10 across the country. In New York City, there was a  
11 loss of approximately 350,000 private housing units  
12 to abandonment and disinvestment between the 60s and  
13 the 70s. For example, in 1975, 40,000 dwelling units  
14 per year or 3,000 per month were being lost to  
15 abandonment.

16 Many owners deferred maintenance and services in  
17 their buildings as operating costs increased, knowing  
18 that the city would soon foreclose on the property  
19 through the city's then in-rem foreclosure power. As  
20 a result, the city had taken title to 5,458  
21 buildings, totaling in 51,672 units by 1994. The  
22 cost to the city of rehabilitating and maintaining  
23 these properties was, on average, \$2.2 million per  
24 building, approximately \$4.24 million a day, and the

2 city was losing approximately \$209,000 per building  
3 in tax revenue each year.

4 It is in this context that New York City created  
5 the Third Party Transfer Program to forestall further  
6 deterioration of the building stock and encourage tax  
7 compliance throughout the city. The program allowed  
8 the city to foreclose on properties with outstanding  
9 municipal debt, but rather than taking ownership and  
10 managing these distressed properties, as it had been  
11 doing, the city could transfer properties to a  
12 qualified third party to rehabilitate the building.

13 Since the program was created in 1996, there have  
14 been 10 rounds. However, the program was put on hold  
15 in 2019 following heightened media attention to  
16 program administration and myriad calls for reform by  
17 impacted persons, elected officials, and advocates.

18 While the third-party transfer has had successes  
19 during its nearly 30-year history, its administration  
20 also proved extremely problematic.

21 In 2019, the New York City Council found  
22 disproportionate impacts to communities of color and  
23 instances of apparent misadministration of the  
24 program, with HPD both leaving out or being overly  
25 lenient on certain properties that could have been

2 included in transfers or foreclosing on properties  
3 that apparently should not have gone through the  
4 rounds.

5       Yet six years without a version of New York City  
6 using the power of municipal foreclosure has left our  
7 housing code enforcement apparatus hamstrung. Across  
8 New York City, hundreds of thousands of New Yorkers  
9 live in distressed buildings, 10,000 buildings of the  
10 115,000 units, with owners who owe tens of millions  
11 of dollars to the city, and these figures are  
12 increasing each day.

13       Last week, before the drama, the mayor's  
14 management report showed 895,457 BNC class violations  
15 were issued in fiscal year 24, a more than 40 percent  
16 increase since fiscal 21, and the number of units  
17 affected by emergency repair work has more than  
18 doubled since fiscal 21. We're talking about  
19 children, families, elderly persons living in mold,  
20 vermin, lead, collapsed ceilings, and more. We're  
21 talking about New Yorkers like those at 2201/2205  
22 Davidson Avenue, whose owner owes \$23 million in  
23 unpaid municipal arrears, over \$450,000 per unit.

24       The building had cycled through owners who  
25 exhibited systematic and cyclical patterns of

2 neglect, and had 539 open housing maintenance code  
3 violations, 83 open DOB violations dating back to  
4 1989, damaged facade and other structural issues.

5       Just a short walk away, 1915 Billingsley Terrace,  
6 which suffered a partial collapse in December of  
7 2023, also had hundreds of open violations at the  
8 time, and 705 and 709 West 170th Street in Washington  
9 Heights, whose tenants are living with over 700 open  
10 housing maintenance code violations. Those tenants  
11 live with lead, lead paint, roach, mice,  
12 infestations, inadequate electricity, and mold.

13       These buildings should have absolutely gone  
14 through TPT, but the program has been inactive.

15       The housing and livelihoods of these tenants have  
16 been left to the wayside, and today I want to be very  
17 clear--

18       I'd like to acknowledge we've been joined by  
19 Councilmember Restler.

20       Today I'd like to acknowledge and be very clear  
21 that these living conditions are unacceptable, and I  
22 for one, I'm sick and tired of touring building after  
23 building where tenants are living in inhumane  
24 conditions.



2 We need to act now. To that end, today we're  
3 hearing intro 1063, or what we're calling the Housing  
4 Recovery and Resident Protection Act, which overhauls  
5 the problematic Third Party Transfer Program and uses  
6 the city's power of municipal foreclosure in a manner  
7 that targets the worst buildings in New York City  
8 while protecting and expanding homeownership  
9 opportunities.

10 To highlight key features of the program, the old  
11 program included a block pickup provision where if  
12 one property on a block qualified for the program,  
13 then all properties were considered for third-party  
14 transfer and led to buildings and buildings  
15 inappropriately moving through the program.

16 The 2019 council audit found that 83 non-  
17 distressed properties were selected for TPT that were  
18 located on the same block as a distressed property,  
19 but they were not distressed themselves. The new  
20 program eliminates the disastrous block pickup  
21 provision.

22 The old program was found to include buildings  
23 not in distress. The 2019 council audit revealed  
24 that over 50 percent of properties selected for TPT  
25 were not in distress, pointing to possible

2 misadministration of the program, and three  
3 properties in particular had zero dollars in overdue  
4 DOF and DEP charges.

5       The new program selects only the worst buildings,  
6 those with the most unpaid municipal debt and the  
7 most open BNC or hazardous violations.

8       The old program residents had residents claiming  
9 that there was no outreach until after the transfer.  
10 There were lawsuits. In the new program, there are  
11 more stringent requirements so that all parties,  
12 including all shareholders within a cooperative  
13 building, for instance, not just the board, know  
14 their rights and receive transparent communication.

15       The old program resulted in racial concentration  
16 of transfers with the 2019 finding that 50 percent of  
17 Round 10 properties were in just 11 low-to-moderate  
18 income communities of color out of 195 neighborhoods  
19 in the city of New York.

20       The new program will have more rigorous outreach  
21 requirements and supports for owner-occupied  
22 properties, off-ramps for these properties in  
23 particular.

24       The old program attacked home ownership with an  
25 over-representation of owner-occupied homes, and the

2 new program will create new opportunities for  
3 resident ownership, including a process that allows  
4 interested residents to partner with qualified third  
5 parties to submit a tenant application for ownership.

6 Finally, this might be my longest opening  
7 testimony. Apologies, colleagues.

8 Finally, the old program did not require repairs  
9 in order to exit the round, only payment or payment  
10 plans. The new program requires corrective action  
11 plans.

12 We cannot leave New Yorkers to suffer living  
13 conditions dangerous to their health and safety.  
14 Their homes, their lives deserve to be rescued, and  
15 we can focus on rescue properties in the worst  
16 conditions while protecting and uplifting and even  
17 expanding home ownership and intergenerational wealth  
18 building opportunities.

19 I'd like to thank all of the advocates who engage  
20 with us on this bill draft and have provided  
21 thoughtful feedback and acknowledge that this bill  
22 reflects feedback from the 2019 third-party transfer  
23 working group, testimony from impacted individuals,  
24 and more than 50 advocacy organizations in 2019 and

2 2021 council hearings, which is a reflection of the  
3 commitment to try to get this right this time.

4 This introduced bill will not be perfect, even  
5 with the amount of input and collaboration reflected  
6 in it, so I invite the public to please testify  
7 today, of course, or submit testimony within the next  
8 72 hours for the official record. If you missed  
9 that, no worries. You might be able to tell that I'm  
10 very passionate about this program, so please e-mail  
11 my office, reach out, and we'll be here to listen.

12 I look forward to continuing to engage as we  
13 continue to make changes to the bill and get the  
14 program correctly.

15 I would like to thank my Chief of Staff, Sam  
16 Cardenas, my Director of Land Use Policy and Budget,  
17 Ben Ratner, and former Director, Kadeem Robinson, as  
18 well as the Housing and Buildings Committee staff,  
19 Taylor Zelony, Austin Malone, Jose Conde, Andrew  
20 Bourne, Dan Krupp, and Reese Hirota.

21 I will now turn it over to Committee Counsel to  
22 administer the oath.

23 COMMITTEE COUNSEL: Thank you. Please raise your  
24 right hand. Do you affirm to tell the truth, the  
25 whole truth, and nothing but the truth before this

2 committee, and to respond honestly to Councilmember  
3 questions?

4 PANEL: Yes.

5 COMMITTEE COUNSEL: Thank you.

6 DEPUTY COMMISSIONER DARGA: Okay, good morning or  
7 afternoon. It's afternoon. Good afternoon, Chair  
8 Sanchez and members of the New York City Committee on  
9 Housing and Buildings.

10 My name is Kim Darga, Deputy Commissioner of the  
11 Office of Development at the New York City Department  
12 of Housing Preservation and Development. I'm joined  
13 by colleagues from DOF and DEP, along with Anne-Marie  
14 Santiago, our Deputy Commissioner of the Office of  
15 Enforcement and Neighborhood Services. Thank you for  
16 the opportunity to testify about Intro 1063 of 2024.

17 We were proud to work alongside both the council  
18 and our partners at DOF and DEP earlier this year to  
19 improve the city's property tax enforcement, to  
20 ensure there is a balance between the city's need to  
21 effectively encourage payment of property taxes,  
22 which supports all of the great work we do as a city,  
23 and the challenges faced by property owners paying  
24 those bills.

2       Among the improvements we made to cover future  
3 tax lien sales, we're creating new noticing touch  
4 points and providing funding for intensive  
5 personalized outreach to delinquent owners to help  
6 get them back on track with their payments.

7       As we move forward with this improved tax  
8 collection strategy, we should, as we have in the  
9 past, recognize that there are some properties that  
10 need an alternative approach to enforcement through  
11 the sale of the tax liens.

12       Properties with multiple years of unpaid property  
13 taxes, water and sewer charges, and other municipal  
14 charges, which also have a significant number of  
15 recent serious housing maintenance code violations,  
16 are clearly buildings in crisis where the financial  
17 distress of a building has impacted the health and  
18 safety of the tenants.

19       In addition to tax enforcement, the city has an  
20 interest in stabilizing the condition of these  
21 properties to keep residents safe in their homes.  
22 This recognition resulted in the establishment of the  
23 Third Party Transfer Program as a companion program  
24 to the tax lien sale in 1996 by the New York City  
25 Council to meet these two goals.

2 TPT aimed to ensure that distressed properties  
3 that were unable to satisfy their tax debt or enter  
4 payment plans as a show of financial stability were  
5 moved into new ownership through foreclosure. Unlike  
6 traditional foreclosures, TPT transferred properties  
7 to an interim owner, Neighborhood Restore HDFC, and  
8 then to qualified affordable housing developers for  
9 rehabilitation and stabilization with support from  
10 HPD. Through TPT, residents remained in their homes  
11 with affordability and rent stabilization  
12 protections.

13 TPT also offered tenants in qualifying buildings  
14 who were interested and able to manage a cooperative  
15 housing development the option to petition to become  
16 limited equity cooperatives after their buildings  
17 were rehabilitated.

18 Since its inception, TPT stabilized over 6,000  
19 homes and approximately 520 buildings, improving  
20 housing quality and stability for about 15,000  
21 residents.

22 In response to concerns identified after the most  
23 recent round of TPT, a TPT working group was convened  
24 in 2019 with the purpose of eliciting ideas for  
25 operational improvements to ensure the program was

properly focused and achieved its intended purpose to stabilize properties in crisis.

The working group included elected officials, members of the HDFC coalition, legal services providers and tenant advocates, MWBE developers, property management firms, and community-based organizations with information provided by HPD, the Department of Finance, the Department of Environmental Protection, and the Law Department.

The working group issued a report with recommendations in late 2021 suggesting that the program be modified to include community-based organizations, the offices of elected officials, and other partners in the outreach program in addition to city agencies. Consider providing additional technical assistance to property owners including possible expansion of the homeowner help desk for one to four family homeowners to provide one-on-one technical financial legal counseling and the creation of a new owner resource center to provide and expand direct technical assistance and financial support for multi-family properties including rentals and HDFC cooperatives, enhance proactive outreach to each applicable owner before initiating a TPT round and



2 evaluate whether the amount of time provided to  
3 owners to address crisis conditions between initial  
4 outreach and foreclosure should be changed and  
5 standardize payment plan terms to be the same  
6 throughout the in-rent process to avoid overly  
7 complicated and confusing pathways to compliance.

8       The working group reviewed and weighed in on  
9 several options for selection methodology, the  
10 appropriate sources of data, and the criteria for  
11 selection inclusion in the TPT program. While there  
12 were different opinions on many of the options  
13 provided, the following recommendations garnered the  
14 most support from the working group members.

15       Eliminate the current statutory block pickup  
16 which requires that all properties of the same tax  
17 class on a block owing taxes for a certain period of  
18 time be included in the action, and replace it with a  
19 more refined selection methodology.

20       Employ a selection methodology that balances  
21 considerations related to the physical and financial  
22 crisis conditions of a building with a focus on  
23 conditions of life and safety.

24       Include in the selection process all properties  
25 with debt in excess of one year for tax class 2 or

2 three years for tax class 1 and co-ops of their tax  
3 liability, with a threshold for inclusion based on a  
4 property's individual annual tax liability and not a  
5 citywide threshold.

6 Change the selection and inclusion criteria to  
7 apply to one-to-three-family properties, tax class 1,  
8 multifamily rentals, tax class 2, and co-ops if such  
9 properties exhibit crisis conditions and excluding  
10 one to three family properties tax class 1 that have  
11 certain homeowner property tax benefits or exemptions  
12 that require homeowner occupancy as filed with the  
13 Department of Finance.

14 Consider allowing HDFC co-ops to petition to have  
15 an opportunity to become an HDFC cooperative again  
16 upon meeting certain requirements after transfer, and  
17 explore transferring properties in particular class 1  
18 properties to community land trusts among other  
19 qualified organizations as the ultimate owner after  
20 the interim ownership stage.

21 We're pleased that City Council has introduced  
22 legislation to modernize the program. The proposed  
23 legislation modifies various components of the  
24 program including provisions related to eligibility

2 and selection, outreach, redemption requirements, and  
3 payment plans.

4 Some of the proposed changes particularly with  
5 regard to eligibility and selection largely align  
6 with the recommendations of the Working Group and HPD  
7 supports these changes.

8 Other proposed changes deviate from the Working  
9 Group recommendations and raise some concerns.

10 We look forward to continuing to work with City  
11 Council to refine the legislation.

12 As the legislation proposes significant changes  
13 to eligibility and selection, we want to explain  
14 these modifications in depth and provide additional  
15 context on the characteristics of the properties that  
16 would potentially be included if the city were to  
17 commence a round today.

18 On slide two of the presentation-- I'm just  
19 going to pause. Okay. Slide two summarizes proposed  
20 eligibility criteria and proposed selection  
21 methodology. The eligibility would include tax class  
22 1 properties and cooperatives with delinquent debt  
23 that exceeds three years of an owner's annual tax  
24 liability, tax class 2 rentals with delinquent debt

2 that exceeds one year of the owner's annual tax  
3 liability.

4 For each property that meets these basic  
5 eligibility criteria, HPD would assign a ranking  
6 based on properties with the highest to lowest  
7 municipal arrears, and then a separate ranking is  
8 assigned based on properties with the highest to  
9 lowest total open hazardous, class B, and immediately  
10 hazardous, class C, violations issued and open within  
11 the last three years. Then a score is calculated by  
12 multiplying the arrears ranking with the violations  
13 ranking.

14 For the purpose of understanding the impact of  
15 the potential eligibility and selection criteria and  
16 understanding the characteristics of properties, HPD  
17 included the top 500 properties in the analysis to be  
18 presented today. However, HPD recommends that the  
19 number of properties included in TPT rounds and the  
20 frequency of these rounds be determined by HPD rather  
21 than statute.

22 There are about 770,000 class 1 and class 2  
23 residential properties, excluding condos, in New York  
24 City.

2 As shown on slide three-- if we can advance-- is  
3 it stuck? Okay, all right. 80% of residential  
4 properties do not owe property tax or water sewer  
5 charges, and did not have any hazardous violations  
6 issued between 2020 and 2023 that remain open. Slide  
7 four shows the frequency and level of arrears and  
8 violations for residential properties.

9 Of the 770,000 properties--

10 CHAIRPERSON SANCHEZ: I'm sorry, are we looking  
11 at the right slide?

12 DEPUTY COMMISSIONER DARGA: Yeah. Okay. If you  
13 could go back one for a second.

14 So just going to pause.

15 This is showing the distribution of the 770,000  
16 properties. You can see in the green that represents  
17 the 80% of those properties that have no outstanding  
18 municipal charges and no recent hazardous and  
19 immediately hazardous violations.

20 So we can keep going to the next slide. So this  
21 is slide four showing the 770,000 properties and then  
22 you can see the breakdown of those that have arrears  
23 and that meet the minimum eligibility criteria  
24 discussed by the working group and included in the  
25 proposed legislation, and then the top bit of that

2 pyramid is the 500-- top 500 for arrears and  
3 municipal, sorry, municipal charges and violations.  
4 That is the analytical sample we'll be talking about.

5 Okay. So, of the 770,000 properties,  
6 approximately 16% owe property tax and water arrears  
7 to the tune of \$2.1 billion. 5% have B and C housing  
8 violations issued between 2020 and 2023 that remain  
9 open.

10 2.6%, about 20,000 properties, meet the minimum  
11 criteria for eligibility. That is again the one or  
12 three years of the property's own tax debt depending  
13 on property type. Based on current conditions and an  
14 analytical sample of 500 properties in this balance  
15 model, would include properties with the following  
16 characteristics.

17 So based on the TPT analytical sample, the  
18 properties included in the program would have  
19 approximately \$492 million in DOF and DEP arrears  
20 representing about a quarter of all arrears among the  
21 relevant class 1 and class 2 properties.

22 Okay. Let's move to slide five.

23 As shown on slide five, properties have an  
24 average of \$81,000 per unit and an average of \$1

2 million per property in property tax and water  
3 arrears.

4 Let's advance the next slide.

5 On the housing quality index, properties have \$27  
6 million in emergency repair charges and 54,000 B and  
7 C housing code violations issued between 2020 and  
8 2023 that are still open, representing over 10% of  
9 all such violations among the relevant class 1 and  
10 class 2 properties.

11 Let's advance to slide six.

12 As shown on slide six, properties with an average  
13 of 16 B and C violations per unit, an average of 109  
14 B violations per unit.

15 And on slide seven, we show the size of the round  
16 could be less than 500 properties and be effective at  
17 capturing--

18 We can go back one slide, sorry. There we go.

19 Less than 500 properties and be effective at  
20 capturing buildings with high amounts of municipal  
21 debt along with housing code violations, reflecting a  
22 cohort for selection with both higher municipal debt  
23 and physical distress than in the last round of TPT.

24 The final slide-- We advance-- shows that the  
25 balance model captures buildings that are included in

2 HPD's enhanced enforcement programs such as 7A and  
3 AEP. If a TPT round were commenced today, nearly 40%  
4 of the properties in the round would also be in  
5 enhanced enforcement programs. As HPD has indicated  
6 to the council before, we believe that this program  
7 would be an important next step for buildings in 7A  
8 and AEP that fail to be responsive to the enforcement  
9 tools that those programs bring to bear on properties  
10 with serious physical challenges and little financial  
11 ability to address those challenges.

12 That's the end of the presentation.

13 While we support council's interest in updating  
14 the program, we believe the proposed eligibility and  
15 selection methodology will identify appropriate  
16 properties, there are some areas of the current draft  
17 legislation as written that we want to flag for  
18 further discussion.

19 Overall, the proposed legislation as written  
20 includes changes to requirements around outreach and  
21 noticing. While we understand the intention to  
22 ensure that all affected owners, residents, and  
23 shareholders are informed about the foreclosure risk,  
24 some of the proposed changes, including notice  
25 earlier in the process and potentially alarming



2 language, could serve to confuse and distress  
3 residents whose buildings may not end up going  
4 through the foreclosure process at all. Adding  
5 notice requirements, including multiple in-person  
6 notices, meetings, and personal service, would also  
7 require investment of additional resources and in  
8 some cases may not be feasible.

9       Additionally, there are several areas of the  
10 legislation that change the terms and timing of  
11 payment plans and a requirement that owners submit  
12 corrective action plans. We urge simplicity and  
13 consistency with payment plans offered by the  
14 Department of Finance during the initial stages of  
15 the process to increase transparency, avoid  
16 confusion, and allow city agencies to deliver the  
17 highest standard of customer service. HPD is fully  
18 in support of new legislation that improves the Third  
19 Party Transfer Program, but we cannot support the  
20 bill as currently written.

21       We're looking forward to working with in  
22 partnership with City Council, our sister agencies,  
23 and stakeholders to work through the proposed Housing  
24 Rescue and Resident Protection Act to ensure better  
25 outcomes for both property owners and the residents

2 and some of the most financially and physically  
3 distressed properties in the city.

4 Thank you very much.

5 CHAIRPERSON SANCHEZ: Thank you so much Deputy  
6 Commissioner.

7 I'd like to acknowledge that we've been joined by  
8 Councilmember Oswald Feliz and Councilmember Restler,  
9 who I acknowledged in opening remarks.

10 Okay, so I'm just going to ask a few questions  
11 before moving to colleagues just to be respectful of  
12 everybody's time, maximize everybody's time.

13 So just to start, a broad question: In your  
14 view, Deputy Commissioner and the administration,  
15 what were the most problematic elements of the of TPT  
16 Round 10 and prior administrations of the program?

17 DEPUTY COMMISSIONER DARGA: So I think it's-- the  
18 working group really focused a lot on the feedback  
19 that various stakeholders had with regard to prior--  
20 you know, the existing program, then existing  
21 program, and there are a couple main categories that  
22 the working group recommended for improvement or  
23 modification.

24 The two, I think, or the biggest is with regard  
25 to eligibility and selection and the proposed

2 legislation that's before us today, I think for the  
3 most part, really aligns with the working group  
4 recommendations, particularly with regard to  
5 eliminating the block as the smallest geographic area  
6 for inclusion and refining and replacing the block  
7 with methodology that identifies buildings that have  
8 the highest amount of financial and physical  
9 distress, as exhibited by administrative data.

10 So that is certainly the largest recommendation.

11 There were other modifications that the working  
12 group recommended. There certainly were some  
13 recommendations around outreach and technical  
14 assistance, making sure that there was notice to  
15 property owners before commencement of a round to  
16 give them a chance to address any issues that might  
17 exist. In addition, making sure that residents had  
18 notification. There were certainly concerns in the  
19 past for HDFC cooperatives specifically, that the  
20 notice was going to the HDFC cooperative body, and  
21 wherever the co-op had indicated their notice should  
22 go, but that individual shareholders didn't  
23 necessarily hear from the board or whoever the  
24 designee was about what was happening.

2       So there was certainly an interest in making sure  
3 that residents had some notification earlier in the  
4 process, and that also in addition to the notice  
5 there was additional technical support available to  
6 building owners. And in particular for class 1  
7 properties there was a strong recommendation to  
8 create a city-wide homeowner help desk. The  
9 administration over the last couple years has  
10 actually worked toward doing that, adding funding to  
11 the budget, and we hope to be able to launch that  
12 initiative soon, and in addition creating an owner  
13 resource center for multi-family property owners that  
14 not only provides technical assistance but also can  
15 help particularly those owners identify resources  
16 that may help them address some of the underlying  
17 issues.

18       So those were a couple of the big  
19 recommendations. There were also some  
20 recommendations around payment plans. In the current  
21 law with regard to DOF payment, the statute dictates  
22 what is allowed, and it is different than the types  
23 of payment options that property owners that just owe  
24 taxes have available to them. And in addition it  
25 changes throughout the MREM proceeding and so there

2 was a lot of concern that that added confusion for  
3 property owners and so that the recommendation was  
4 really to streamline those options, and to be as  
5 consistent with what is available for other property  
6 owners as possible.

7       There were some other recommendations too, but I  
8 think that outreach and technical assistance,  
9 thinking about payment options, and the ability to  
10 provide good customer service, and of course the  
11 eligibility and selection methodology were the kind  
12 of big areas of focus coming out of those working  
13 group discussions.

14       CHAIRPERSON SANCHEZ: Okay thank you Deputy  
15 Commissioner. So second question and it flows from  
16 the first.

17       I'm surprised to hear you say that you will not  
18 that you are not supporting the bill as written today  
19 given the amount of conversation that we've been  
20 having. It's a surprise. I know that there are  
21 certain areas of concern, but I didn't expect HPD to  
22 be characterizing that this way today.

23       So can you can you explain that? What are the  
24 changes in the bill that deviate from the working  
25 group's recommendations and what are HPD specific

2 concerns to lead you to say today that you do not  
3 support the bill as written?

4 DEPUTY COMMISSIONER DARGA: Yeah. So there are a  
5 couple areas. I think overall we're very pleased to  
6 see the Council introduce legislation to reform the  
7 program, and this has been a long time coming. We  
8 haven't had you know the tax lien sale was just  
9 reauthorized, so we haven't we didn't have that  
10 option as tax enforcement for many years, and TPT has  
11 essentially been on hold since the last round. So,  
12 basically since the beginning of 2019 late 2018.

13 So, we're really pleased to see that we are  
14 hoping to move forward and that there's interest with  
15 the City Council in doing so. I think we really--  
16 The new recommendations or legislation where we think  
17 it largely gets it right is in terms of eligibility  
18 and selection.

19 The proposal pretty closely aligns with the  
20 working group recommendations. There's a lot of  
21 analysis that goes behind that. Some areas where we  
22 think we just need to do some work to refine still:

23 Outreach, we go from the current law which has  
24 one required notice of property owners which is the  
25 notice of foreclosure to dozens and dozens of notices

2 to not just property owners but every resident,  
3 interested parties, posting information on the  
4 website, and not just doing it at like you know a  
5 couple strategic moments but doing it many, many,  
6 many, many times. We are really concerned that some  
7 of the notice could create undue alarm and confusion  
8 if it is preceding the in-rem action especially for  
9 residents, and we are concerned that some of the  
10 requirements are-- not just create confusion but are  
11 infeasible and would not potentially work the way we  
12 would expect the Council thought they would.

13       So for example personal service. There's a  
14 couple times of personal service in there. There's  
15 requirements to mail to every resident. We certainly  
16 currently do not have the mailing addresses of every  
17 resident in these buildings. So there's some issues  
18 like that where I think we understand the intent and  
19 I think the intent we probably agree on.

20       I think there's questions in terms of when and  
21 how we can best do that outreach to make sure that  
22 the interested parties know.

23       We also think in terms of payment plans that the  
24 legislation as currently drafted continues a pretty  
25 complex system and structure where the payment

2 options are dictated within statute. They're not  
3 aligned with what every other property owner in New  
4 York City has available to them, and it changes over  
5 the course of the in-rem proceeding. And so for a  
6 property owner that's trying to figure out how to  
7 address their tax liability it's a constantly  
8 shifting landscape for them. And so we really do  
9 believe-- and this was a strong recommendation of  
10 the working group as well-- that we need simplicity,  
11 at least up until an ability to align with the  
12 options that are available to every other property  
13 owner, at least up until there's an actual judgment  
14 of foreclosure.

15 With regard to corrective action plans, I think--  
16 So, there's kind of two stages I'd like to talk  
17 about. First, we think that initially a requirement  
18 related to a corrective action plan doesn't really  
19 align with the recommendation to streamline options,  
20 the initial stages of the in-rem action, and make it  
21 again consistent with what owners have outside of an  
22 in-rem action.

23 In the latter stages we don't think it's  
24 sufficient to actually just submit a corrective  
25 action plan. So once there's a judgment of



2 foreclosure we would argue that we need to see proof,  
3 right? If we've gotten all the way to a judgment of  
4 foreclosure, and owner has not paid or made a payment  
5 agreement, at that point in time they have to  
6 actually demonstrate that they have addressed the  
7 issues not just indicate that they will address the  
8 issues so we would go a step farther there.

9       There's a couple other smaller things that we  
10 would want to work with the Council on. There are a  
11 number of places where the timelines are longer than  
12 in the current statute, and I think we're open to  
13 talking about those timelines, but we are concerned  
14 that this the overall impact of lengthening the  
15 timeline in multiple places in the law is that the  
16 process will potentially double in duration, and  
17 that's even after there's a judgment of foreclosure.  
18 So currently the statute there's-- from the judgment  
19 of foreclosure, the actual transfer needs to occur  
20 eight months later and there is a 45-day council  
21 review period that tolls or pauses that period.

22       Under the current legislation that time frame is  
23 extended to an entire year, and the council review  
24 period is also extended 90 days, so we potentially go  
25 from-- let's say every council takes the full council

2 review period, 9.5 months, to approximately 15  
3 months. And again I think for, you know, what we've  
4 seen historically is that the buildings owners' that  
5 can pay generally pay and get out in the initial  
6 stages, and that the properties toward the end are  
7 far less likely to pay because they are facing issues  
8 in their buildings that are much more substantial,  
9 and that the impact of lengthening that time frame  
10 may be to keep residents and unstable situations  
11 longer.

12 So that's something I think is worth discussing  
13 in more depth, and I think we're open to the concept  
14 of having designated point people. I think it is  
15 complex to think about having one point person for  
16 the entire city of New York. So, I think we just  
17 need to talk through logistically how that works best  
18 to make sure that owners that are you know trying to  
19 pay or in turn a payment agreement how they make sure  
20 they can get to the right person.

21 So, I think those are the broad areas. Again I  
22 think with regard to intent there's a lot here we  
23 agree with. It's really the kind of the fine details  
24 that we need to work with council on.

2 CHAIRPERSON SANCHEZ: Thank you thank you so  
3 much. Yeah. I mean I-- Just on the length of the  
4 of the timeline that's something that advocates  
5 actually raise as well. They don't want to give as  
6 much time.

7 Just a quick follow-up: Given the honing of the  
8 selection criteria that we're talking about here  
9 owners that can pay to get out of the initial stages  
10 in rounds one through ten, but in in the future,  
11 right?, in the new methodology being proposed, do you  
12 do you foresee that to be-- do you think that we're  
13 going to get a similar dynamic?

14 DEPUTY COMMISSIONER DARGA: I mean I think we  
15 expect that if enacted as written today and we end up  
16 with a criteria where there's no longer block pickup  
17 and you're choosing, financially, the buildings that  
18 are the worst combined with buildings that have also  
19 high housing code violations, we are going to see a  
20 the number of properties pay or entered payment  
21 agreements will probably drop.

22 Historically in the first 10 rounds of the  
23 program the number of-- or the percentage of  
24 properties that transferred was below 20 percent, so  
25 more than 80 percent on average were able-- did not

2 transfer. And so we do expect that will likely  
3 change and that's actually one of the reasons why we  
4 think it's important that the city have discretion  
5 around the number of properties, because there's a  
6 lot we don't know about adopting the new criteria in  
7 terms of-- Is it, you know, 30% of the properties  
8 that pay? Is it 50%? We don't really know right  
9 now.

10 So, we do expect that the characteristics will be  
11 worse. For, you know, context in the last round of  
12 TPT buildings had on average about \$250,000-ish in  
13 debt per building. There were certainly properties  
14 that had a lot and would probably be on this list, if  
15 we had the criteria that's being proposed, but there  
16 were also because of the block pickup a lot of  
17 buildings that had pretty limited debt.

18 CHAIRPERSON SANCHEZ: Thank you, Deputy  
19 Commissioner. And then the last note I would make is  
20 just an observation. You spoke of one required  
21 notice today, but I think I recall from 2019 and all  
22 of the conversations since that HPD always called out  
23 trying to reach residents over 70 times throughout  
24 the round 10 process, and it didn't work in may  
25 cases. So I hear the concern, but this in

2 particular, getting it right, and making sure that  
3 notices are not confusing, completely agree on that,  
4 but wanting to reach all residents, all shareholders  
5 in a co-op is very important and worth trying to  
6 figure out, and just all owners, right, because, you  
7 know-- I'll ask my other questions later after my  
8 colleagues, but we need some assurances that the city  
9 does know where owners live and how to reach them.

10 DEPUTY COMMISSIONER DARGA: So just-- Yes, we  
11 have supplemented the notices. So there is the  
12 notice of foreclosure is the one that is required in  
13 statute. There is an additional notice, currently,  
14 that is in the rules of the program, and that notices  
15 is that we flyer the buildings, and that includes  
16 where we can get access in the building that we slip  
17 flyers under apartment doors. And at minimum we post  
18 in common areas or on the front door.

19 So, those are really the two that are in  
20 regulations today. We have substantially added to  
21 that. We certainly use information we have on the  
22 property, multiple dwelling registrations. We use  
23 the information that DP and DOF have in terms of  
24 contact information for regular bills.

2       So, we use all the information we have to try to  
3 get a hold of the property owner. And I would say  
4 that overall that has been successful. If more than  
5 80% of the properties' owners are acting, that means  
6 that the outreach they are seeing and hearing the  
7 outreach.

8       I think the concern that you've raised around  
9 HDFC co-ops is a unique issue, and I think that's  
10 where we should talk about what potentially would be  
11 most effective, and think about how we can  
12 strategically add outreach in order to make sure  
13 that, you know, if the board is not actually  
14 informing shareholders that the shareholders have  
15 another means of finding out.

16       CHAIRPERSON SANCHEZ: Thank you. Thank you  
17 Deputy Commissioner. I am now going to turn it over  
18 to Councilmember Brewer followed by Councilmember  
19 Restler.

20       COUNCILMEMBER BREWER: Thank you very much.  
21 Quick questions. First of all, how does this fit--  
22 and I know we should know this-- into the tax lien?  
23 That's question number one. Because I have buildings  
24 that are vacant, no taxes being paid, 20 years, rats,  
25 you know a hundred violations, et cetera.

2 Second: How-- On the HDFC's-- That's a  
3 community that I know extremely well from day one--  
4 But how does this work with the HDFC. A very  
5 difficult group to work with, not necessarily like  
6 the owner. And also how does the building stay with  
7 Neighbor Restore? How much do they get paid? How do  
8 they play a role? Those are my questions.

9 DEPUTY COMMISSIONER DARGA: Okay. So this is a  
10 companion to the tax lien sale.

11 COUNCILMEMBER BREWER: Right.

12 DEPUTY COMMISSIONER DARGA: Right-- and--

13 COUNCILMEMBER BREWER: But they're both be new in  
14 this situation. That's why I'm asking.

15 DEPUTY COMMISSIONER DARGA: Right, so the way I  
16 think this is currently drafted and we may need to  
17 refine this slightly, right? The lien legislation  
18 was just reauthorized in June. The idea is you have  
19 a regular lien sale and then properties that are  
20 meeting the certain distress characteristics as  
21 proposed here would not be eligible for the lien  
22 sale.

23 If a lien is sold it's no longer Lean to the city  
24 of New York, so it's not eligible to be included in  
25 this action.

2 COUNCILMEMBER BREWER: I think you'd make that  
3 clearer to people.

4 DEPUTY COMMISSIONER DARGA: Okay.

5 COUNCILMEMBER BREWER: I think it's-- it is  
6 confusing.

7 DEPUTY COMMISSIONER DARGA: Yes, is confusing.

8 COUNCILMEMBER BREWER: I know there's a-- I think  
9 the 25th of October or November, there's a lien sale  
10 coming up. I tried to get the buildings in it, but  
11 they're not eligible during this time period, et  
12 cetera. So I'm just saying, I think for the public  
13 in general, it has to be very clear as to what's  
14 what, particularly this bill passes, which I hope it  
15 does.

16 DEPUTY COMMISSIONER DARGA: Okay. Got it.

17 COUNCILMEMBER BREWER: Then the HCFC, that's a  
18 big mess. In general, they're a big mess.

19 DEPUTY COMMISSIONER DARGA: So talk to me about--

20 COUNCILMEMBER BREWER: I don't want to talk to  
21 you about it.

22 DEPUTY COMMISSIONER DARGA: -- your particular  
23 questions.

24 [LAUGHTER]



2 COUNCILMEMBER BREWER: But I just want to know  
3 how does this impact HCFC? So that's what I want to  
4 know.

5 DEPUTY COMMISSIONER DARGA: Yeah. So a couple  
6 things. The working group-- So let me take a step  
7 back. There are well over 1,250 HCFC co-ops in the  
8 city. These are like limited equity cooperatives.  
9 They were supported in one way or another by the  
10 city, right?, land subsidy, tax exemptions, other  
11 types of assistance. Most of them have operated  
12 really well. They're a success.

13 COUNCILMEMBER BREWER: I think there are about 78  
14 left.

15 DEPUTY COMMISSIONER DARGA: Yeah. There are  
16 about 30% of the HCFC co-ops that are struggling with  
17 high financial and/or physical--

18 COUNCILMEMBER BREWER: So 30% struggling and  
19 another, about 78 or so are in REM to go into-- they  
20 don't like your program.

21 DEPUTY COMMISSIONER DARGA: So they are not  
22 eligible for the tax lien sale, right? They are  
23 currently only eligible for third-party transfer.

24 COUNCILMEMBER BREWER: Okay.

2 DEPUTY COMMISSIONER DARGA: And up until about  
3 2010 or 2012, HCFC cooperatives that were in the  
4 Third-Party Transfer Program were able, like other  
5 buildings-- The residents were able to petition and  
6 submitted petitions saying they wanted to become a  
7 cooperative again--

8 COUNCILMEMBER BREWER: Right.

9 DEPUTY COMMISSIONER DARGA: --if they were  
10 foreclosed on. That modification was changed, and  
11 the intent-- What I mean is the reason it was  
12 changed is we saw some co-ops petitioning could not  
13 meet the requirements, and it just dragged on, and we  
14 weren't able to stabilize the housing. So to avoid  
15 that-- and also I think there were concerns that it  
16 didn't create the right incentive structure. If you  
17 didn't have to pay, you could be foreclosed on  
18 and then be a co-op again under the same management.  
19 Really it was like--

20 COUNCILMEMBER BREWER: The same problems.

21 DEPUTY COMMISSIONER DARGA: --was it going to  
22 actually result in a different outcome for the  
23 building? So there were, I think, legitimate issues  
24 and concerns.

2           The working group strongly recommended the City  
3 rethink this, and allow co-ops to petition again.  
4 Honestly, if we look at the characteristics of the  
5 HDFC co-ops, most of them, not all, but all in round  
6 10, the majority of the residents were actually  
7 renters, Hey were not shareholders.

8           And so interestingly by allowing this we may  
9 actually be allowing renters in those buildings to  
10 become shareholders. The recommendation is that we  
11 allow that, but make sure it is with clear  
12 requirements and timelines attached so that we don't  
13 end up in a situation where the properties are in  
14 limbo, trying to convert to cooperative in a way that  
15 potentially impacts the stability of the housing  
16 itself.

17           So, I think we are supportive of that. I think  
18 there's a lot of that is in the draft legislation  
19 before us today. The other thing that we really feel  
20 is important, and the working group strongly  
21 reiterated is that we build out additional technical  
22 assistance for HDFC cooperatives in the city.

23           And so, what does that look like? There is a  
24 training and technical assistance contract today that  
25 is available for kind of governance and operating

2 questions. There are also loan and tax exemption  
3 programs, this is really taking a step further and  
4 providing kind of a one-on-one type assistance to  
5 look at what is actually contributing, what is  
6 causing the issues in the buildings, and how can the  
7 co-op actually address those issues? Maybe it's some  
8 governance challenges, you know, only a few people  
9 that are involved in making decisions.

10 COUNCILMEMBER BREWER: I'm very aware.

11 DEPUTY COMMISSIONER DARGA: Right. So I think  
12 it's-- You know, let's allow a second chance with  
13 some guardrails, but let's also provide the support  
14 up front.

15 COUNCILMEMBER BREWER: Okay. And you have the  
16 funding for that?

17 DEPUTY COMMISSIONER DARGA: We interestingly  
18 think we may have the funding to get the Owner  
19 Resource Center up and running. We have the  
20 Homeowner Helpdesk. There's an additional funding  
21 because of the tax lien sale that we will be using to  
22 supplement what is in the Homeowner Helpdesk. We are  
23 also trying to set up resources for multi-family  
24 properties.

2 COUNCILMEMBER BREWER: HDFC will be the hardest  
3 owner program.

4 DEPUTY COMMISSIONER DARGA: It's complicated it's  
5 not just one person you're working with.

6 COUNCILMEMBER BREWER: I know, but the others you  
7 can handle.

8 Neighborhood Restore was final question.

9 DEPUTY COMMISSIONER DARGA: Yes. So what  
10 exactly--

11 COUNCILMEMBER BREWER: How does it work? How  
12 much do they get paid? What's their role? Blah blah  
13 blah.

14 DEPUTY COMMISSIONER DARGA: Okay, so Neighborhood  
15 Restore is the--

16 COUNCILMEMBER BREWER: I mean, I know what it is,  
17 but...

18 DEPUTY COMMISSIONER DARGA: --third party that  
19 the city has designated to be the interim owner. So,  
20 back pre-1996 when we the city foreclosed on  
21 property, we took it directly into city ownership.  
22 We found that was very inefficient. And so the idea  
23 is that we convey to a third party that holds the  
24 property, and then we work with that third party and  
25 designated developer-slash-property manager that

2 comes from a qualified list. They manage it during  
3 interim timeframe, and then that designated developer  
4 and property manager work to secure financing to  
5 renovate and stabilize the building.

6 So, Neighborhood Restore's primary role is to--  
7 they were created specifically for TPT-- is  
8 specifically to hold the property during that interim  
9 stage and make sure that the basic operating needs  
10 and critical maintenance are addressed. They work  
11 with those property owner managers to make sure that  
12 those things are happening.

13 COUNCILMEMBER BREWER: An how long does that  
14 take, and how much does it cost the city?

15 DEPUTY COMMISSIONER DARGA: So, how much it takes  
16 is a little complicated.

17 COUNCILMEMBER BREWER: Average.

18 DEPUTY COMMISSIONER DARGA: It should be a couple  
19 years. We've had some instances where there's  
20 litigation and it takes longer. The last round,  
21 there was a higher amount of litigation, and so the  
22 average is over four years for them holding the  
23 property. That's really a lot less than back in the  
24 days of in rem. And in the last round they have  
25 spent \$28 million on operations. The city is part of

2 stabilization. Once the assigned property manager  
3 and developer puts the financing and renovation plan  
4 together, we're providing additional support beyond  
5 that.

6 So they're really just helping to make sure the  
7 critical issues are addressed during that stage.  
8 That money largely comes through us providing a fee  
9 in the development budget. So once we close on  
10 construction financing, they get a fee. That fee  
11 goes to establish reserves that then help them with  
12 the interim operations.

13 COUNCILMEMBER BREWER: Okay.

14 DEPUTY COMMISSIONER DARGA: It's complicated, but  
15 I'm happy to explain more if necessary.

16 COUNCILMEMBER. All right. Thank you very much.  
17 Thank you.

18 CHAIRPERSON SANCHEZ: Just to follow up on that:  
19 What is the fee?

20 DEPUTY COMMISSIONER DARGA: We just modified it.  
21 I think it's \$15,000 per unit now. I'd have to  
22 double check.

23 CHAIRPERSON SANCHEZ: And-- Sorry, so that is  
24 that is for Neighborhood Restore's just staffing and  
25 operations, or is that being put in--

2 DEPUTY COMMISSIONER DARGA: No. So any cost that  
3 the building cannot address during that interim  
4 ownership stage, they use that fee to establish a  
5 reserve, and then they draw on the reserve to cover  
6 those costs.

7 So, for example: Insurance, right? If the roof  
8 is leaking and it can't wait for the full renovation,  
9 then they will-- The sponsor and property owner will  
10 submit a request saying, "There's not enough money in  
11 the accounts of the building. We need to replace the  
12 roof. We are requesting a draw." Basically  
13 Neighborhood Restore then covers the cost of those  
14 interim kind of critical stabilization activities.

15 So, it is really anything that the building can't  
16 cover from current revenue that is a critical  
17 operating need of the building.

18 CHAIRPERSON SANCHEZ: Got it. Thank you, Deputy  
19 Commissioner. I now want to turn it over to  
20 Councilmember Restler.

21 DEPUTY COMMISSIONER DARGA: Sorry. It is \$17,500  
22 now.

23 DEPUTY COMMISSIONER DARGA: Thank you.

24 COUNCILMEMBER RESTLER: I Just want to first  
25 express my on-the-record disappointment with the



2 Chair. You know, I think only a Bronx Councilmember  
3 would host-- would hold this important hearing while  
4 the Mets season is on the line. Unfortunately, we're  
5 down two to nothing.

6 [LAUGHTER]

7 But I appreciate the chair anyway, you know.

8 I do actually want to-- jokes aside-- commend the  
9 chair for her leadership and introducing this  
10 legislation. I don't think it can be understated the  
11 controversy that has surrounded this program and the  
12 Mayor himself previously called the last iteration of  
13 TPT racist. The former-- directly preceding Housing  
14 And Building Chair did the same.

15 It was not an easy thing to update-- modify--  
16 update and modify this program in a way that makes  
17 sense, and I think chair Sanchez's legislation does  
18 just that.

19 So, I want to just commend her for her courage  
20 and compassion and intelligence in, kind of, creating  
21 a new model for the program that I think we can rally  
22 around to preserve this important tool in HPD's  
23 arsenal.

24 And you know, I want to thank Deputy  
25 Commissioners Darga and Santiago for being here

2 today, and for your ongoing service to the city. You  
3 know we need good people now more than ever.

4 But I do find myself, I think similar to the  
5 Chair, somewhat confused by the testimony.

6 HPD had worked closely with the working group,  
7 and certainly was in conversation with the Chair  
8 prior to the introduction, and then to hear you be  
9 opposed to the legislation as written is surprising.

10 So, you know, I heard you testify today Deputy  
11 Commissioner, you know, that one of the main things  
12 you heard from the working group was that resident  
13 notification needs to happen earlier in the process.  
14 That was one of the things that was not working well  
15 in round 10 in previous rounds of TPT, right? I'm  
16 just repeating back to what you said.

17 So, it's confusing to me that-- You know, I mean  
18 I get that some of the notification processes may  
19 need to be updated, but isn't that one of the major  
20 things that we're trying to accomplish here? Is  
21 earlier notification, better notification, making  
22 sure that we're reaching everyone, because the  
23 seizure of property is a big freakin' deal, and we  
24 want to make sure that people fully understand what's

2 going, on and have every opportunity to course  
3 correct and address the situation before that occurs.

4 DEPUTY COMMISSIONER DARGA: So again, we  
5 absolutely, as I mentioned, we do think that there is  
6 room to add some strategic outreach to shareholders.  
7 There's one notice currently in the rules. This is  
8 drafted as all residents, not necessarily  
9 shareholders, and so I think we should talk more  
10 about the intent. Is it really to help address some  
11 of the concerns that are unique to cooperatives? Or  
12 is it to make sure residents of all buildings are  
13 aware if their property potentially might be included  
14 in an in round action someday, or is, right?

15 So, I think it's really that we just need to work  
16 on the details of when and how those notices are  
17 happening, and talk about whether this is unique to  
18 co-ops, or there's a need for doing outreach to  
19 residents outside of co-ops.

20 COUNCILMEMBER RESTLER: I Would think we'd want  
21 all residents to know and be aware of what's  
22 happening. I think that was, you know, why the  
23 legislation was crafted that way. I certainly  
24 support that effort, support that provision.

2 I'm interested though-- Perhaps if-- You did  
3 that kind of analytical sample of 500 properties, and  
4 a chunk of those-- I apologize. I don't think we  
5 know-- I have some electronic access to the deck  
6 that I didn't quite figure out. But, of that subset  
7 that would go into the TPT program, did you analyze  
8 which were co-ops in which were rentals?

9 DEPUTY COMMISSIONER DARGA: Yes. So  
10 approximately-- Let me just pull the specific data  
11 here that I have. So of the 500 The vast majority  
12 are class 2 properties. That's about 458. HDFC  
13 cooperatives, there are 81, if we ran around today,  
14 that would qualify.

15 Those properties on average have \$1.9 million per  
16 building and municipal charges outstanding, and have  
17 over 4 BNC violations per unit.

18 COUNCILMEMBER RESTLER: Yeah, okay that's  
19 helpful. And I was just also interested in trying to  
20 understand a sense of scale. My recollection was  
21 that it was 60-odd properties in round 10 when-- in  
22 the last TPT round that we did.

23 If this version of the if this legislation were  
24 to move forward, based on the analysis you've already  
25 conducted, do you have a sense-- Do you think that

2 we-- Do you have a sense of-- Do you think we would  
3 be capturing fewer buildings in a new iteration of  
4 TPT with the modifications that we've made?

5 DEPUTY COMMISSIONER DARGA: So historically the  
6 first 10 rounds, at commencement there were fewer  
7 than 500 properties. The last round had 420  
8 properties at start, and there were 62 in 2018 that  
9 transferred. There's a couple that have transferred  
10 since then, because litigation has been resolved. We  
11 do think that, with the elimination of the block  
12 pickup, and the proposed alternative methodology that  
13 would look at buildings that have the highest amount  
14 of municipal charges, violations across all of New  
15 York City, that the number of properties that would  
16 be able to redeem would probably go down.

17 So, we don't know what that percentage would be  
18 because we haven't done it before.

19 COUNCILMEMBER RESTLER: Yeah

20 DEPUTY COMMISSIONER DARGA: But you know, if you  
21 look at round 10, for example, at start buildings had  
22 on average about \$250,000 a unit charges. The  
23 properties that transferred had about \$800,000 on  
24 average in municipal debt.

2           So, you know the buildings that can pay do pay.  
3           And the owners that don't have the resources or  
4           ability to do so are the more likely to end up to the  
5           end-- end up in there in at the end.

6           COUNCILMEMBER RESTLER: That is helpful. I'll  
7           just say in closing, you know, I thought getting the-  
8           - providing consistency and simplicity with payment  
9           plans offered by the, you know, Department of  
10          Finance-- Sorry, let me restate that. The feedback  
11          you've given in your testimony about offering  
12          consistency with the payment plans offered by the  
13          Department of Finance. That makes sense to me. I'm  
14          not a deep expert, but that-- You know, I trust our  
15          Chair, but that seems logical.

16          I think-- and I mean this with total respect--  
17          I've never encountered a-- I've never had a  
18          conversation with a city agency where there's been a  
19          push for extensive additional outreach, and people  
20          have embraced it enthusiastically. I think it's just  
21          the nature of the beast that-- and that you all  
22          think you're doing enough, and I just think for--  
23          when it comes to the potential taking a property,  
24          necessary as it may be, it really does require us to

2 go above and beyond with that communication and  
3 information to all residents in a building.

4       And so, you know, I don't-- You know, I trust the  
5 Chair's leadership in Navigating a path forward here  
6 and negotiating the terms of the bill, but I really  
7 think that it's an area where HPD should get  
8 uncomfortable, and be going above and beyond, and  
9 making sure that we're really-- making we're really  
10 Informing every single resident of the building,  
11 shareholders, and tenants, and owners, all of the  
12 above, depending if it's a rental or a co-op, so that  
13 people are aware of what's happening.

14       And, you know, I think this is an important  
15 program. I support this bill. I want this to move  
16 forward. I want to make sure that the properties  
17 that are in worst condition in New York City, that  
18 we're able to bring in new landlords that can-- that  
19 can provide the dignity to tenants that they deserve

20       I just think we've got to be really deliberate  
21 through the process to get there. And I think that's  
22 the balance that the Chair reached in her  
23 legislation, that's why I support it, and hopefully  
24 we can get you guys a little bit uncomfortable with

2 some additional outreach to make it a bill that  
3 you're all comfortable with. Thank you.

4 CHAIRPERSON SANCHEZ: Thank You councilmember.

5 All right. So now I'm going to start my rapid-fire  
6 questions. Freedom!

7 [LAUGHTER]

8 Okay, thank you. Thank you so much to my  
9 colleagues, and for your answers Deputy Commissioner.

10 Okay, so just getting into the nitty-gritty,  
11 wanting to understand, and just share out for the  
12 public how-- how we're talking about the definition  
13 of distressed properties.

14 So first question: Are there any other changes  
15 that you would make to the definition of distressed  
16 property as written in the bill? And then second:  
17 You mentioned that you would like to have HPD have  
18 discretion as to the number of properties that are  
19 entering each round of the program. So, how would  
20 HPD be interested in selecting those properties?  
21 Specifically because we're talking about a new  
22 proposed methodology that only has thresholds around  
23 the financial arrears, you know that the liens that  
24 the property has, and then is indexing.

25



2           So, what additional criteria would you use to  
3 decide, it should be 500 or 2 million properties in a  
4 round?

5           DEPUTY COMMISSIONER DARGA: So I think--

6           CHAIRPERSON SANCHEZ: Hopefully not 2 million.

7           DEPUTY COMMISSIONER DARGA: So, the methodology  
8 would be the same, right? You have eligibility, and  
9 then you do the indexing. The question is, do you  
10 cut off at 250 buildings, do you cut off at 400, 500?  
11 Or do you cut off at a moment in time?

12           I think that what we decide is a function of a  
13 couple things. First, what do we know about  
14 redemption rates, right? So right now, I mentioned  
15 we don't really know how those are going to change.  
16 Historically, the city invests a fair amount of  
17 resources in this program, and the stability of the  
18 housing that ultimately is transferred. Not only do  
19 we support Neighborhood Restore, but we also invest  
20 when the buildings are transferred in renovations and  
21 stabilization. In the last round of TPT, round 10,  
22 that was over \$160,000 per unit in city capital  
23 funding to make sure the buildings are in good  
24 condition, along with tax exemptions and other  
25 assistance as needed.

2           So, if the redemption rate flips and we end up  
3 transferring 80% of the properties instead of 80%  
4 redeeming, the potential cost of the city could be  
5 very, very different.

6           And so we have to know that when we start an  
7 action that we're going to be able to actually  
8 stabilize the housing, right? That is one of the  
9 main goals here. So we wouldn't want to set up a  
10 program where we thought that that was in question.  
11 So I think that's number one.

12           I think, two, we know the characteristics of the  
13 top 500 today, right?, if we run the data now based  
14 on 2024 data. What we don't know, we haven't had a  
15 TPT action. We haven't had a tax lien sale in a few  
16 years now. Are we looking overall at buildings that  
17 are much worse than they would if we had regular tax  
18 enforcement happening through those programs?

19           And so, you know, right now it's over a million--  
20 about a million dollars per property. Let's say we  
21 do a round, and, you know, in two years, we're going  
22 to do another one, and the average debt for  
23 properties is \$500,000. Do we want 500 properties  
24 then? Or do we think that maybe it's not targeting  
25 the right universe if we go with a full 500, and we

2 have to go with a narrower universe of properties in  
3 order for this to focus on the properties where it  
4 makes the most sense, right?

5       So I think we're just-- This is a really  
6 significant change in the program, and I think we  
7 need to be able to monitor, and we need to make sure  
8 that over time as properties and conditions change,  
9 that we are able to use the program for the right set  
10 of properties.

11       CHAIRPERSON SANCHEZ: Thank you. Deputy  
12 Commissioner. So I guess I'm-- I've been worried on  
13 the on the other side of that, right? The other side  
14 of that being: What if 500-- What if 400-- What if,  
15 you know, the whatever number threshold HPD would  
16 like to see go through the program is leaving a lot  
17 of properties in that delta between not eligible for  
18 the lien sale and eligible for third-party transfer.

19       So, how do I phrase this question? What is--  
20 What would be the remedy for distressed properties in  
21 that case, and the residents that are living with  
22 them? Those properties in that limbo between lien  
23 sale and TPT?

24       DEPUTY COMMISSIONER DARGA: That's a really good  
25 question. I think that's a good reason we should

2 take another look at that within the legislation,  
3 because I think the ideal is that properties that are  
4 exempt from the lien sale, because they are  
5 distressed, meaning they meet these characteristics  
6 of having a high amount of debt and physical  
7 conditions, would be the universe that's eligible for  
8 TPT. Right? I think if-- Let's say there's 500 of  
9 those properties, and the city at a moment in time  
10 only feels like targeting 300 makes sense either from  
11 a resource perspective and/or from just what we're  
12 seeing in terms of the characteristics of those  
13 properties, I think what could be the result is that  
14 if those other 200 properties theoretically are not  
15 included this time, if conditions remain like that,  
16 they may be included in a future round, right? That  
17 said, it's pretty complicated and I think that's  
18 something we should try to map out together, and with  
19 some of the folks that work on the lien sale  
20 specifically.

21 CHAIRPERSON SANCHEZ: Okay, that's helpful. At  
22 least we have the same question.

23 DEPUTY COMMISSIONER DARGA: Yeah. That's the  
24 right answer today.

2 CHAIRPERSON SANCHEZ: It's all good. We've got  
3 a-- We've got some time to figure this out. So  
4 speaking of those costs, can you just repeat a little  
5 bit about the cost of previous Rounds of TPT? So how  
6 much-- On the legal side how much does it cost the  
7 city to bring a foreclosure action? Or you know,  
8 what are the resources that HPD is dedicating to the  
9 action itself? What are the personnel needs that  
10 the-- What would be the personnel needs to properly  
11 administer the program and then any numbers you can  
12 share on the cost of stabilizing properties.

13 DEPUTY COMMISSIONER DARGA: Sure. So first off I  
14 would say this is a tax and enforcement program,  
15 right?, as well as a stabilization program. Because  
16 it is a tax enforcement program, we also do collect  
17 taxes as part of this program. So in the last round  
18 of TPT, it was approximately \$30 million. So you  
19 know, that certainly has an impact in terms of the  
20 city's ability to provide breaks.

21 CHAIRPERSON SANCHEZ: Sorry, Deputy Commissioner.  
22 Do you have the denominator of how much was owed?

23 DEPUTY COMMISSIONER DARGA: The last round at  
24 start, the properties owed about \$110 million. So  
25 just for context, right?, we've talked about today,

2 if we were to use the selection methodology in the  
3 draft legislation, we would end up with properties  
4 that owe about \$492 million, so we are talking about  
5 a very significant amount of municipal debt. So  
6 there are four agencies that are involved in  
7 administering the program. That is HPD, the  
8 Department of Finance, Department of Environmental  
9 Protection, and the city's Law Department, and there  
10 are a range of ways in which we invest resources.

11 Prior to transfer we're coordinating to identify  
12 the qualifying properties. There's a lot of data  
13 just sharing and analytics that is involved. We're  
14 preparing legal filings. We're doing outreach to  
15 owners and other interested parties. We're fielding  
16 questions about payment and redemption. We're  
17 submitting to City Council for approval and  
18 coordinating with City Council, and we're also  
19 working to effectuate the foreclosure and manage any  
20 related litigation. Upon transfer, we support the  
21 work that Neighborhood Restore is doing during their  
22 interim ownership stage, and that has meant at times  
23 certainly allowing the fee in the budget that I  
24 talked about earlier, but it also has meant providing  
25 some money for emergency conditions during heat

1 season. We've had that come up from time to time.  
2  
3 And then we are providing loans, tax incentives, and  
4 other assistance in order to stabilize the housing.  
5 So as I mentioned about \$164,000 per unit in capital  
6 in the last round. We would expect that would be  
7 higher in the future just based on inflation, in the  
8 last couple years particularly, and ongoing increases  
9 in costs, and property tax exemptions on the  
10 residential side, as well as other assistance. In  
11 the past, we've offered residents section 8 in order  
12 to help them not be rent burdened, or maintenance  
13 burdened as part of the work that we're doing, and we  
14 have allocated low-income housing tax credits to  
15 these projects as well.

16 So that-- There's a full range. I mean if you  
17 had questions, certainly DEP and DOF are here. So if  
18 there's more questions on the work that they do we  
19 could talk about that.

20 CHAIRPERSON SANCHEZ: Yeah. I will have  
21 questions for them in particular.

22 For Neighborhood Restore, are we talking capital  
23 dollars, or are those coming out of the expense  
24 budget?  
25

2 DEPUTY COMMISSIONER DARGA: So we have allocated  
3 CD or expense funding at times. We have the money  
4 that is to cover the acquisition fee is typically  
5 capital. So it's included in the capital loan that  
6 HPD provides to stabilize the housing.

7 CHAIRPERSON SANCHEZ: But the fee is expense?

8 DEPUTY COMMISSIONER DARGA: So we have provided  
9 expense, or CDBG funding in the past, but the main  
10 source is the fee that is in the development budget,  
11 and we generally use capital to cover that expense.

12 CHAIRPERSON SANCHEZ: Okay. Thank you.

13 Okay. So in previous rounds. Hi, Deputy  
14 Commissioner Anne-Marie Santiago. Some code  
15 enforcement questions here. Thank you for being  
16 here.

17 So in previous rounds, once selected for TPT once  
18 in the round, does HPD inspect or reinspect the  
19 properties to ensure that the physical distress  
20 conditions that qualified the property into a round  
21 continue to exist and that there are no duplicate  
22 violations?

23 DEPUTY COMMISSIONER SANTIAGO: So, for the  
24 buildings that are selected, for the most part, they  
25 are managed or looked at by our asset management team



2 rather than code enforcement. Code enforcement will  
3 get involved and continues to respond to complaints  
4 that come in, and when work is done, you know, the  
5 owners apply to have violations removed. But we  
6 don't do daily management of those properties in that  
7 way, I think you're asking.

8 CHAIRPERSON SANCHEZ: Okay. Because one of the  
9 concerns that I've heard from advocates, including  
10 the HDFC coalition, is that properties will have  
11 violations duplicated, or items that were closed out  
12 aren't reflected in HPD's data and that sort of  
13 thing. So, is there any sort of quality control that  
14 happens on that side to verify the condition of  
15 buildings?

16 DEPUTY COMMISSIONER SANTIAGO: And again, you're  
17 asking about before the buildings are selected or  
18 once they are selected?

19 CHAIRPERSON SANCHEZ: Once they are selected and  
20 the foreclosure judgment filing process begins.

21 DEPUTY COMMISSIONER SANTIAGO: At any point  
22 during the process, like any owner, someone can come  
23 in and request a re-inspection of conditions from  
24 HPD, from code enforcement, and certainly we will go  
25 out and respond to that and remove violations if that

2 exists, either the conditions are corrected, we try  
3 to keep duplicates down once we do those types of re-  
4 inspections.

5 CHAIRPERSON SANCHEZ: Okay. Got it. So, it has  
6 to be owner initiated. It's not the agency going in.

7 DEPUTY COMMISSIONER SANTIAGO: Correct.

8 CHAIRPERSON SANCHEZ: Okay. Okay. So,  
9 Department of Finance and Department of Environmental  
10 Protection periodically prepare lists of delinquent  
11 taxes noting how properties can qualify as distressed  
12 in the existing round, or the existing version of the  
13 Third Party Transfer Program. And the Department of  
14 Finance can remove properties.

15 So how often are properties removed during the  
16 sort of data integrity process, the process that you  
17 mentioned, Deputy Commissioner Darga, is occurring  
18 before filings are-- Well, documents are filed in  
19 court?

20 DEPUTY COMMISSIONER DARGA: So we work-- We  
21 basically coordinate with DEP and DOF to get  
22 information on properties that owe taxes, and how  
23 much they owe.

24 We are relying on administrative data, so it's  
25 the same information that is shared with property

2 owners, right? They're getting their bills. They  
3 can look at their account. If they think that  
4 something is incorrect, they can certainly reach out  
5 to the agencies and, you know, address those issues.

6 So, we really rely on that administrative data to  
7 determine eligibility.

8 CHAIRPERSON SANCHEZ: Okay. So turning to DeP  
9 for a second. Hey, DEP, thank you.

10 So, in at least one case that we know of that the  
11 Council is aware of, the city foreclosed on a home  
12 with paid off water debt due to a discrepancy in the  
13 account number provided by the homeowner. The  
14 property was later returned to the homeowner, but the  
15 situation raises concerns about the ease with which  
16 ratepayers can pay off water debt.

17 So, does DEP have a sense of how frequently water  
18 and sewer payments are credited to the wrong account?

19 DEPUTY COMMISSIONER KRAMER: So that's usually,  
20 and just for the record, my name is Albert Kramer,  
21 Deputy Commissioner of the Bureau of Customer  
22 Services. Pleasure to be here.

23 So, in general, that's a very rare occurrence.  
24 We match the payments to the account number provided  
25 by the customer. If it ends up going due to, you

2 know, a clerical error on the side of the customer,  
3 otherwise usually somebody who's intending for a  
4 payment to be made notices it's not reflected and  
5 contacts us, and we try to be as proactive as  
6 possible, if we know that something is remiss.

7 CHAIRPERSON SANCHEZ: Thank you, Deputy. And how  
8 many-- What proportion of ratepayers are signed up  
9 for a MyDEP account?

10 DEPUTY COMMISSIONER KRAMER: Absolutely, yeah.  
11 So we have 840,000 customers in total. Roughly 64%,  
12 or 537,000, are signed up for our MyDEP account  
13 portal. And so we try our best to work with  
14 customers to meet them where they are. We've  
15 provided this online access for over a decade now.  
16 We also have borough offices if customers prefer to  
17 come in person, but we definitely encourage customers  
18 to sign up. They can see their billing history,  
19 their consumption history. It also allows us to send  
20 them leak notifications to let them know that they  
21 might have a leak to be addressed.

22 CHAIRPERSON SANCHEZ: And do you have a sense of  
23 what are the different characteristics between people  
24 who are signed up for MyDEP versus not, or owners  
25 that are?

2 DEPUTY COMMISSIONER KRAMER: So we've-- That's a  
3 great question. We found that over time,  
4 consistently as properties change hand, more and more  
5 customers do sign up. We haven't done a deep, deep  
6 dive to understand, but I think inherently, it tends  
7 to be-- You know, we have seniors that are customers  
8 that might not be as likely to sign up online, but,  
9 you know, we encourage all of our customers to do so.

10 But we, of course, allow customers to pay by  
11 written check. We allow customers to pay online  
12 without creating a MyDEP account. We're trying to be  
13 as customer-friendly as we can.

14 CHAIRPERSON SANCHEZ: Do you have any sense of  
15 whether ratepayers that have water and sewer debt are  
16 more or less likely to have a MyDEP account?

17 DEPUTY COMMISSIONER KRAMER: So we-- Not  
18 exactly. We ran the numbers, and it's roughly 8% of  
19 the enrolled population has an open, sort of a  
20 delinquent balance.

21 CHAIRPERSON SANCHEZ: Eighty!?

22 DEPUTY COMMISSIONER KRAMER: Eight. Sorry. I  
23 would have had the same reaction.

24 So, you know, we think that's probably a little  
25 bit-- you know, a little bit less than the sort of

2 pattern for all customers, which is a little closer  
3 to 10%, but, yeah.

4 CHAIRPERSON SANCHEZ: Okay. I'm very glad it's  
5 not 80.

6 DEPUTY COMMISSIONER KRAMER: Same here.

7 CHAIRPERSON SANCHEZ: Okay. And so, another for  
8 DEP. It's important that water and sewer charges  
9 accurately reflect water usage before they become a  
10 lien against a property. Although DEP allows  
11 property owners to dispute water and sewer charges,  
12 there is little public information about the results  
13 of those disputes.

14 Can you tell us about the process by which  
15 ratepayers can dispute their water and sewer charges,  
16 and approximately how many ratepayers have disputed  
17 water and sewer charges with DEP in, say, the last  
18 year, or whatever time frame you can offer?

19 DEPUTY COMMISSIONER KRAMER: Absolutely. So let  
20 me start with the last question and work backwards,  
21 Councilmember.

22 So roughly 15,000 disputes are filed each year.

23 I just want to clarify that we catalog a dispute  
24 as both somebody saying, "Hey, I don't think my  
25 charges are correct," and also somebody saying, "I

2 know that there was a leak." We send out, you know,  
3 tens of thousands of leak notifications. "I'd like  
4 to apply for DEP's leak forgiveness program."

5 CHAIRPERSON SANCHEZ: "There's a leak?" Okay.  
6 We'll get there.

7 DEPUTY COMMISSIONER KRAMER: For better for  
8 worse, all thing water bills, I'm happy to talk  
9 about.

10 But, yes, we-- You know, leaks happen. We get  
11 it. And as long as customers pay, you know, fix the  
12 leak within a set period of time, you know, trying to  
13 find a balance between water conservation, want to  
14 incentivize customers to conserve, we also want to  
15 be-- we understand that leaks happen and provide a  
16 bill relief to that.

17 So roughly half of disputes, as we catalog them,  
18 are requests for a leak forgiveness program, and  
19 roughly half are actually disputing the bill.

20 And we have a three-step review process, there's  
21 an initial dispute, then there's a Deputy  
22 Commissioner appeal, and then there's a final dispute  
23 to the Water Board. After that, there's an Article  
24 78 proceeding, like to any city government.

2 Most disputes don't rise up that rank, they're  
3 addressed in the initial appeal. And I just want to  
4 clarify, you know, we're very much committed to  
5 accurate bills, accurate charges, we want to help  
6 customers understand why their bill increased, we  
7 want to work with them.

8 If they need to enter into a payment agreement,  
9 we have very flexible payment agreement terms. If  
10 they're not signed up for a MyDEP account, I'm so  
11 glad you've brought up this topic, because we want  
12 all of our customers to sign up, to have the power--

13 CHAIRPERSON SANCHEZ: Sign up, y'all.

14 DEPUTY COMMISSIONER KRAMER: There we go.  
15 Beautiful. We'll get that on the bill.

16 But, you know, it's really important to us, and I  
17 want to, you know, build on what my colleagues at HPD  
18 were talking about.

19 You know, the administrative process or review  
20 sounds really cold. We really believe that any time  
21 a customer goes through the lien sale, TPT, or any  
22 other enforcement process, we want to make sure these  
23 are charges that we stand behind, that we believe are  
24 valid. The worst thing-- That example you brought  
25 up at the top sounds like a horribly unfortunate



2 situation that none of us would want to see happen.  
3 So, you know, whether it's TPT or lien sale, we  
4 manually review with experienced staff every single  
5 account.

6 That doesn't mean we're perfect. If a customer  
7 has an active dispute during that process, we do our  
8 best to resolve that dispute and prioritize it, and  
9 if the customer was right or there was something on  
10 our side, we would remove that, and if through the  
11 process, whether it's the lien sale, TPT (and I  
12 believe by the nodding of my peers at HPD and DOF do  
13 the same thing), we make sure to prioritize that,  
14 because the worst thing we want to do is to have  
15 somebody in that type of situation, there's some  
16 information we may not have been aware of, go forward  
17 with such a, you know, really serious topic and  
18 process like we're talking about now, TPT, lien sale,  
19 or otherwise.

20 CHAIRPERSON SANCHEZ: Thank you, Deputy  
21 Commissioner. And so, how-- What are the ways that  
22 DEP ensures that you have the right contact  
23 information for ratepayers?

24 DEPUTY COMMISSIONER KRAMER: Absolutely. So, the  
25 first-- Our main point of contact is the service

2 address, so sending mail to the actual address of the  
3 property. We also have customers who will willingly  
4 or voluntarily share additional mailing address  
5 information, the property, you know, this is all  
6 840,000, you know, varies by commercial, multifamily,  
7 residential, or single family. But, you know, we  
8 rely on the customer to provide additional contact  
9 points.

10 We also partner with HPD and the Department of  
11 Finance to get additional contact information. Also,  
12 because of MyDEP account, we actually have a lot of  
13 access to email addresses. We try to meet customers  
14 where they are, send them email.

15 That's something where we're looking to partner  
16 with the Department of Finance, make sure our privacy  
17 teams are partnering together, if we can share  
18 information we have with our partners to help them  
19 reach customers in a way that they might not have  
20 been able to themselves, we're happy to do so.

21 But, you know, it's similar outreach challenges,  
22 we. Sometimes it's hard to find some customers and,  
23 you know, we always, we never want to be in a  
24 situation where there's silence on the other end.

2 We're always trying our best to get a hold and work  
3 through things way before we ever get to TPT.

4 CHAIRPERSON SANCHEZ: I'm sorry, Deputy  
5 Commissioner, they're saying that on the Zoom-- If  
6 you can just get a little closer to the mic.

7 DEPUTY COMMISSIONER KRAMER: Absolutely. Is this  
8 better?

9 CHAIRPERSON SANCHEZ: Yep.

10 DEPUTY COMMISSIONER KRAMER: Perfect.

11 CHAIRPERSON SANCHEZ: Okay, so then, you know,  
12 just dovetailing with that, that desire to, you know,  
13 make sure that your information is good, and that  
14 you're reaching the right people and all of that,  
15 would there ever be, or has there ever been in the  
16 previous iterations of tax lien sale or the third  
17 party transfer, has there, have there been transfers  
18 or proceedings that have begun while charges were  
19 being disputed by a property owner, DEP charges?

20 DEPUTY COMMISSIONER KRAMER: I would have to look  
21 back through our records to get any, to get the  
22 exact. But I would say in principle, we always-- and  
23 again, you know, the amount of properties that were  
24 going through the foreclosure process for the last  
25 round was, help me out here, 50, 60, something on a

2 much smaller number-- enough that we can manually  
3 review and as much as possible. If we see something  
4 that's a miss, you know, we don't want to go through  
5 such a serious process if we can avoid it.

6 And that's something I can certainly say going,  
7 going forward, we'll do our best to really make sure  
8 we're vigilant on.

9 CHAIRPERSON SANCHEZ: Thank you. Thank you so  
10 much, Deputy Commissioner. Finance is here?

11 Hey, there you go. All right. Thank you.

12 So, for, for Department of Finance, HPD may have  
13 partially answered this for you, but can you describe  
14 what the-- what sort of the resource intensiveness or  
15 cost associated with the Third Party Transfer Program  
16 have been for the Department of Finance?

17 DEPUTY COMMISSIONER HILL: Okay. Hi. My name is  
18 Annette Hill. I'm the Deputy Commissioner of  
19 Customer Operations with the Department of Finance.  
20 For us, our cost associated with noticing and  
21 staffing. I don't have an exact amount, but I could  
22 get that if needed. But we do most-- we pull the  
23 information of the outstanding liens and we share it  
24 with HPD. So that includes our data, our data staff,  
25 and then they'll come back and tell us which

2 properties, based on the selection, and for the list  
3 to be created. So, we do-- It depends on the  
4 noticing and our staffing involved with creating the  
5 required list.

6 CHAIRPERSON SANCHEZ: If a homeowner has  
7 outstanding property tax debt, can you-- can you walk  
8 us through what are the different ways that DOF  
9 provides assistance to these homeowners? And for  
10 instance, I hope this is no longer the case, but I  
11 know that the notices that DOF used to send out, if  
12 they had outstanding amounts, they were, they were  
13 just listed. There was no special notice. There was  
14 no special font or anything like that about the  
15 arrears, the outstanding arrears. Has that changed?  
16 And what else does DOF do to let people know that  
17 they are delinquent in their property taxes?

18 DEPUTY COMMISSIONER HILL: Great question. We  
19 have done extensive work in improving our noticing to  
20 our customers. I'm going to apologize, because my  
21 voice is a little raspy, I have a very bad cold, so  
22 if you need me to explain something or repeat  
23 something, please let me know.

24 We have changed our noticing. In the last year,  
25 we have worked very diligently on improving our

2 noticing, being very clear as to what is owed and  
3 what you need to pay for the lien sale. Moving  
4 forward, we'll be highlighting the exact amount  
5 needed to be removed from the lien sale. We've also  
6 increased our fonts. We've highlighted in red  
7 information that customers should be looking at when  
8 they need to make a payment to know what amount is  
9 due.

10 With regard to helping them, we have done  
11 extensive outreach to our lien sale process, and  
12 during the year, we sent out several notices. We  
13 have our statement of accounts notices. We have a  
14 new 45-day notice, notification from the  
15 reauthorization of the lien sale that's been going  
16 out quarterly. We also have information on our  
17 website about exemptions, the different types of  
18 payment plans. We have a customer help desk, service  
19 desk they could call in for property, they could call  
20 for the lien sale.

21 We also work very closely for tax advocates,  
22 where they could go and ask questions, and they give  
23 them information on how to help them reduce their  
24 debt and tell them about the different exemptions  
25 availability.

2 And again, like I said, we do a lot of outreach  
3 as needed, and we will work close with any customer  
4 who needs help as to how to pay the tax bill, how to  
5 prevent them from being in any type of enforcement  
6 action.

7 CHAIRPERSON SANCHEZ: Thank you, Deputy  
8 Commissioner Hill. So, have you noticed-- have any  
9 of the notice changes that you just described, have  
10 those been implemented?

11 DEPUTY COMMISSIONER HILL: Yes.

12 CHAIRPERSON SANCHEZ: Have you noticed any  
13 changes?

14 DEPUTY COMMISSIONER HILL: We implemented our new  
15 notice in about a year and a half ago.

16 I'm just looking for my colleague to agree.

17 [BACKGROUND VOICE]

18 Okay. In August.

19 CHAIRPERSON SANCHEZ: Sorry, only-- right?  
20 Only you can speak.

21 DEPUTY COMMISSIONER HILL: Yeah. The 45-day  
22 notice was sent out in August, the quarterly notice,  
23 and based on the requirement from the tax lien.

24

25

2 But our notice changes went in over a year ago,  
3 where we improved the notice and to make it clearer  
4 to all customers.

5 CHAIRPERSON SANCHEZ: Have you noticed any  
6 changes in payments to the Department of Finance?

7 DEPUTY COMMISSIONER HILL: Well, I will say for  
8 the 45-day notices, we have noticed we took in-- I'm  
9 trying to remember the exact amount. I believe it  
10 was a little bit over \$45 million has come in since  
11 the August mail-in.

12 I can't say it's exactly related to that, but we  
13 have noticed an improvement in the payments, yes.

14 Okay. I'm so sorry. I stand corrected, \$235  
15 million since we sent the notice out in August.

16 And the next quarterly mailing will be going out  
17 in October.

18 CHAIRPERSON SANCHEZ: Okay. So \$235 million have  
19 come in since August. Do you have at least how that  
20 compares to the previous few quarterly notices?

21 DEPUTY COMMISSIONER HILL: I don't have that  
22 right in front of me, but I'd be happy to get back  
23 that information to you.

24 CHAIRPERSON SANCHEZ: Okay. Because as you know,  
25 we are entertaining some notice requirement changes.



2 So it'd be helpful to understand how that's going for  
3 you all.

4 DEPUTY COMMISSIONER HILL: Yeah. Like I said,  
5 we're fine. We're very adamant in making sure our  
6 notices are very clear and making sure customers  
7 understand what they need to pay, and how to keep  
8 themselves out of any enforcement action. So, we do  
9 work very diligently in looking at customers'  
10 responses and how they're reviewing our notices. So  
11 that's very important to us.

12 CHAIRPERSON SANCHEZ: Okay. And for the  
13 Department of Finance, do you have an online portal  
14 like MyDEP for owners to pay their property taxes?

15 DEPUTY COMMISSIONER HILL: Yes. You could pay  
16 online. There's several ways. You could pay online.  
17 You could call in and make payments. You can make  
18 payments through the mail, but we do have an online  
19 portal. You could go to CitiPay and make that  
20 payment right online, yes.

21 CHAIRPERSON SANCHEZ: And how are people paying  
22 their property taxes?

23 DEPUTY COMMISSIONER HILL: Explain what you mean,  
24 "how".

2 CHAIRPERSON SANCHEZ: How many people are paying  
3 online? How many people or owners are paying online?

4 DEPUTY COMMISSIONER HILL: I don't have that  
5 information right in front of me, but I'll be happy  
6 to get that for you.

7 CHAIRPERSON SANCHEZ: So how does the Department  
8 of Finance-- what are the ways that you ensure that  
9 you have the right contact information for owners and  
10 the right ways to reach people?

11 DEPUTY COMMISSIONER HILL: Okay. So, we do send  
12 the property notice to the-- We send our notice of  
13 property information in the beginning of the year,  
14 and customers-- We rely on our customers to come  
15 back and give us their correct address.

16 Online, they could go online and request to have  
17 their information updated if needed. There is a  
18 portal. They could go straight to our customer  
19 relation management system and write in for the  
20 information. They could also let us know if they  
21 want to have additional interested parties with their  
22 information. We have the ability to have the  
23 additional parties' name added to the mailing list,  
24 so when we send notices out, they could also send to  
25 interested parties.

2           It's very clear online how to update your  
3 information. And we also have the help-- the call-  
4 in center. They could call into our research area,  
5 which you could update right online with them and go  
6 through the process. There's an application online  
7 they could fill out, if needed. And if they don't  
8 know how to fill out the application, we could also  
9 walk them through it online.

10           CHAIRPERSON SANCHEZ: And you mentioned several  
11 resources that are available to help rate payers if  
12 they're DP, but to help property taxpayers to reach  
13 DOF. How do you advertise these resources?

14           DEPUTY COMMISSIONER HILL: It's on our website.  
15 It's also in every notice that goes out.

16           CHAIRPERSON SANCHEZ: Something that's on a  
17 website is not an advertisement. That just exists.

18           Is there anything that Department of Finance does  
19 proactively to tell the public about the resources?

20           DEPUTY COMMISSIONER HILL: We have external  
21 affairs that actually go out and do town halls with--  
22 they work of council, very closely with council, to  
23 tell them about the benefits that's available to  
24 them, and how to update their addresses. Every  
25 mailing we send, we put in information as to the

2 resources that's available for finance and how to  
3 contact us.

4 I'm trying to think of what else.

5 Make sure we give all the right information.

6 And we also work very closely with our partners  
7 at HPD to make sure if there's information they have,  
8 if they're having an outreach, we will work with them  
9 on outreach to make sure we're reaching our  
10 customers.

11 CHAIRPERSON SANCHEZ: Thank you, Deputy  
12 Commissioner. Great. Okay. So coming back to  
13 corrective action plans and making them stronger.

14 So, you mentioned, Deputy Commissioner Darga,  
15 that you would like to see corrective action plans be  
16 stronger after the foreclosure judgment has been  
17 dealt. So, what does HPD believe the content should  
18 be of a corrective action plan or the requirements?  
19 What does being stricter look like?

20 DEPUTY COMMISSIONER DARGA: Yeah. I think, you  
21 know, of particular concern, right?, we're talking  
22 about a universe if we change eligibility and  
23 selection criteria that is going to have a high  
24 amount, overall, of outstanding hazardous and  
25 immediately hazardous violations.

2 And so, you know, after some time, after the  
3 judgment of foreclosure is issued, we would expect to  
4 see evidence that the owner has cleared a significant  
5 number of those violations. And in the case of  
6 properties and enhanced enforcement programs, that  
7 they can meet the requirements to exit those  
8 programs.

9 CHAIRPERSON SANCHEZ: When you say that you would  
10 like to see evidence, you mean that they have the  
11 finances in order?

12 DEPUTY COMMISSIONER DARGA: I think we can talk  
13 about the specific requirement and whether or not  
14 that's in statute or in rule. But we could be  
15 talking about evidence that they have submitted, the  
16 documentation necessary to clear the violations, or  
17 that they are actually clear from the administrative  
18 record.

19 I have my colleague here, so I'm sure she has  
20 some thoughts about what that looks like given that  
21 there are certainly times of the year that HPD is  
22 extremely busy, especially during heat season, going  
23 out to the field.

2           So, I think we'd want to be careful about what  
3 exactly is in there, in terms of what it would mean  
4 from HPD's ability to manage workload.

5           There are certainly other programs that have  
6 requirements around clearance of violations, so I  
7 think we would be open to looking at those other  
8 requirements to see if they could be suitable here as  
9 well.

10           CHAIRPERSON SANCHEZ: Thank you. As written, the  
11 legislation gives HPD the discretion to approve or  
12 decline a corrective action plan. What criteria  
13 would the department consider when making such a  
14 determination?

15           DEPUTY COMMISSIONER DARGA: In the current  
16 program, there is discretion for HPD pursuant to the  
17 rules to account for a range of factors. And those  
18 factors include ability to make payment. There  
19 actually has to be proof, not just an intent to pay,  
20 but proof of the ability to pay. And that the HPD  
21 can account for whether those sources would further  
22 destabilize the housing or not. So just because  
23 there is money doesn't mean that the city needs to  
24 accept payment toward the end of an in rem action.

2           There is also requirements that we can account  
3 for conditions of the property, including the  
4 existence of violations. There are a range of other  
5 factors we can account for, including findings of  
6 harassment of residents. So, there's a very long  
7 list of characteristics that the city can account for  
8 in looking at whether we would accept payment.

9           I think having flexibility is certainly something  
10 that could be helpful, but we also think that after  
11 the judgment of foreclosure, there needs to be clear  
12 requirements that show that the conditions will be  
13 addressed and not just a proposal for addressing  
14 them.

15           CHAIRPERSON SANCHEZ: I can get on board with  
16 that. Thank you, Deputy Commissioner.

17           I lost my train of thought for a second. I blame  
18 you, baby. No, baby is perfect. Although they do  
19 get upset when I lean in. And they're like, nah, ma,  
20 chill.

21           Oh, yes. Okay, now I remember. Thank you for  
22 your patience.

23           Speaking of resources that HPD and the city have  
24 available to help homeowners, different kinds of  
25 homeowners, can you just walk us through where is the

2 homeowner help desk? Where is the office of the  
3 homeowner advocate? Where are all these different  
4 resources? Where do they stand? And to the extent  
5 that you all have made progress on your conversations  
6 after the lien sale reauthorization (that is called  
7 something different, but we all keep calling lien  
8 sale; somebody is upset somewhere). But to that  
9 point, if conversations have advanced about what  
10 outreach will look like, can you share updates on  
11 that end?

12 DEPUTY COMMISSIONER DARGA: Sure. So, we worked  
13 with council last year to create the Office of the  
14 Homeowner Advocate or the Homeowner Advocate at HPD.  
15 We have appointed-- There is an appointed person in  
16 that role now. And that person coordinates  
17 internally with homeowners that reach out, and also  
18 through a third party that we select that is also  
19 available to do outreach, address homeowner  
20 complaints, and manage issues, provide technical and  
21 legal assistance.

22 We have-- We are very close to announcing the  
23 relaunch of the Homeowner Help Desk, and the Center  
24 for New York City Neighborhoods will be managing  
25 that, and that allows us to also have access to the



2 data that they have about outreach and engagement  
3 with homeowners.

4 So that will be part of what the homeowner  
5 advocate accounts for.

6 So that is for class one property owners  
7 specifically. We are also working to provide  
8 technical assistance and assistance in accessing  
9 resources to class two properties.

10 We had a landlord ambassador program pilot that  
11 we administered a few years ago that basically was  
12 administered by a community-based organization, could  
13 do kind of a deep assessment with the property owner  
14 of conditions, and help develop a plan to improve  
15 conditions. That was limited to residential property  
16 owners, and one of the things we're very interested  
17 in doing is expanding that to multifamily  
18 cooperatives as well, particularly HDFCs where we do  
19 see currently that about 30% are experiencing pretty  
20 substantial physical and financial issues.

21 So that is, we're going to have to go through a  
22 procurement process to develop that program. So that  
23 will probably be up and running within the next two  
24 years or so. So, those are the two main types of  
25 resources, and certainly in both cases, again, the

2 Homeowner Advocate will be connected with the  
3 organizations that are administering the other  
4 contracts.

5 CHAIRPERSON SANCHEZ: Thank you. One criticism  
6 that I think this legislation, the agencies often,  
7 all of us receive, right?, is the question of whether  
8 the city does enough prior to a property entering the  
9 lien sale that has a new name, or the third party  
10 transfer in the past.

11 What is the administration's stance today,  
12 right?, given the changes and new resources that have  
13 been added? Are we as a city doing enough to engage  
14 property owners, and not just engage them and give  
15 them information, but provide them resources as well  
16 prior to them becoming eligible for the lien sale or  
17 the future version of the Third Party Transfer  
18 Program?

19 DEPUTY COMMISSIONER DARGA: Yeah, I mean, I think  
20 this is something that we've taken really to heart  
21 the last few years. We have dramatically expanded  
22 outreach and the commitment of resources to do  
23 outreach to class one property owners, and provided  
24 more flexibility in terms of payment over the last  
25 couple years.

2 Especially in Department of Finance. There have  
3 been some changes. There's PT AID. So, we  
4 absolutely are always looking for ways to improve  
5 what we do.

6 On the-- Like I said, on the multifamily side,  
7 we have a huge toolbox at HPD, including the ability  
8 to provide residential property tax exemptions, which  
9 would be enhanced if we had J51. I really hope city  
10 council will authorize that program soon.

11 If we had J51. So what we can provide tax  
12 exemptions and loans, and I think the missing part of  
13 that toolbox has really been the technical assistance  
14 for multifamily property owners. Deputy Commissioner  
15 Santiago, certainly we put information out to  
16 property owners on the enforcement and compliance  
17 side annually, and there are some resources that are  
18 noted there, but there's not really the same kind of  
19 point person that you can call and say, "This is what  
20 I'm struggling with. Can you help point me in the  
21 right direction, in terms of where I might be able to  
22 get help?"

23 And we know that there are a lot of city  
24 agencies. Many of them provide different forms of  
25 assistance, but navigating that can be very

2 complicated. So that is one of the things that we've  
3 been really focused on trying to improve.

4 CHAIRPERSON SANCHEZ: Thank you. Yeah, I also  
5 hope we get our ducks in a row on J51. Yeah, and I  
6 just welcome that to be part of what is shared with  
7 the public, right?, and what is shared in all of this  
8 outreach is the different programs and things  
9 available for residents to get out of rounds, right?  
10 Okay.

11 So next, just another technical question. So,  
12 understanding that we're receiving property owner  
13 contact information from property owners. How many--  
14 And if you can share agency by agency, or if there's  
15 a collective response, but how many property owners,  
16 rate payers, property taxpayers, do we have, you  
17 know, not just a mailing address, but also an email  
18 address, and maybe a cell phone number?

19 DEPUTY COMMISSIONER DARGA: So, I can turn to my  
20 colleague, Deputy Commissioner Santiago in a second.  
21 But we do-- Certain property owners in New York City  
22 have to submit an annual multiple dwelling law  
23 registration. And as part of that, they can and  
24 should list a variety of contacts and ways in which  
25 that we can communicate with them.

2           However, not every owner complies with that  
3 requirement, and updates the information. And  
4 there's not really a way for the city to know or to  
5 force that, outside of imposing a fine for not  
6 paying, for not registering, right?

7           So I think what is complicated sometimes is that  
8 even when there's a mechanism for a property owner to  
9 update information, not every owner does, right? And  
10 that's not just updating information, it could be  
11 including your property management company, listing  
12 them, you know, if it's a HDFC cooperative,  
13 shareholders can add themselves as interested  
14 parties, right?

15           So there are a variety of ways in which owners  
16 can. I think it's a question of when, (A) do they  
17 know that, right? I think you could ask that  
18 question. And, (B) do they do that? And I think,  
19 you know, what I certainly have seen is that owners  
20 that are not paying their bills, not addressing  
21 violations are often sometimes the same owners that  
22 are also not doing their annual registrations, not  
23 paying attention to other details. So, I'm going to  
24 turn it over to my colleague in case she has anything

2 to add in terms of the annual registration and what  
3 is on there.

4 DEPUTY COMMISSIONER SANTIAGO: Thank you for that  
5 question, Councilmember.

6 So as you know, property owners are required to  
7 register with HPD. We have about 170,000 residential  
8 properties that are required to register. For the  
9 most part, the larger the property, the more likely  
10 they are to register. The most trouble we have with  
11 getting registrations from folks are for smaller  
12 properties. You can give us an email address on your  
13 property registration. It is not currently required.

14 You can provide us with multiple telephone  
15 numbers for the owner, the agent of the property, and  
16 of course, you need to provide addresses for us to be  
17 able to serve violations.

18 We're currently in the property registration  
19 season now. We do make every effort to encourage  
20 people to register. We send out registration forms  
21 if you have not filled it out online. But we do need  
22 you to return a hard copy because we need your  
23 signature on it. And we are looking for ways always  
24 to improve this process. So, any suggestions, we're  
25 happy to take those back.

2 CHAIRPERSON SANCHEZ: Got it, so out of the  
3 170,000 required to register, how many do?

4 DEPUTY COMMISSIONER SANTIAGO: Again, the  
5 majority of the bigger buildings register.

6 The ones that struggle the most are small  
7 properties. We're just coming to the end of the  
8 cycle. So as we finish that, I can certainly get the  
9 current newest numbers to you.

10 Generally, I would say over 100,000 properties  
11 register every year. Most of the properties, I  
12 think, don't change a lot of information from year to  
13 year. So, we do rely on older registrations as well.  
14 If you don't register this year, we're still using  
15 the last current registration that you filed with us.

16 CHAIRPERSON SANCHEZ: And who is required to  
17 register? All properties with three or more  
18 residential units. And then one and two-family  
19 properties if neither the owner nor a close related  
20 family member lives at the property. So rental, one  
21 and two families.

22 CHAIRPERSON SANCHEZ: And does HPD mail to each  
23 property?

24

25

2 DEPUTY COMMISSIONER SANTIAGO: We do. We mail to  
3 each property based on the last information we have  
4 for the registration.

5 CHAIRPERSON SANCHEZ: Do you mail to the property  
6 itself or only to the owner on file?

7 DEPUTY COMMISSIONER SANTIAGO: We mail to the  
8 owner on file.

9 CHAIRPERSON SANCHEZ: Have you considered mailing  
10 to the property?

11 CHAIRPERSON SANCHEZ: If we have no information  
12 for who the owner is, we mail it to the property.  
13 Unfortunately, that's a hit-or-miss, because if the  
14 owner-- again, if it's a rental property, the owner  
15 may not be at the property or receive mail at the  
16 property.

17 CHAIRPERSON SANCHEZ: Got it. So one-and-two  
18 family homes are not included in HPD's data?

19 DEPUTY COMMISSIONER SANTIAGO: Only if they are  
20 rental properties and the owner doesn't live at the  
21 property. They are required to register.

22 CHAIRPERSON SANCHEZ: DEP.

23 DEPUTY COMMISSIONER KRAMER: Yes, so as stated  
24 earlier.



2 CHAIRPERSON SANCHEZ: I don't think your mic is  
3 on.

4 DEPUTY COMMISSIONER KRAMER: Right. I was closer  
5 to the mic, but the mic wasn't on. All right.  
6 Better.

7 So as stated earlier, any of our customers that  
8 are registered for a MyDEP account to provide an  
9 email address, we have that as a point of contact.  
10 In addition, service address, mailing address.

11 I think a key point of distinction for when  
12 trying to communicate with customers, and this is  
13 DEP's experience and maybe a shared experience with  
14 my colleagues, is that one, none of us at DEP, we  
15 don't want customers to go into foreclosure via TPT  
16 or a lien sale. That's the last option.

17 And so we're trying to do everything we can to  
18 avoid that. And I think that's just a really  
19 important thing to state. And in terms of  
20 communication, a lot of times when a customer first  
21 falls behind, we send them a robocall after three  
22 days, a letter after 30 days, 60 days, 120 days, 180  
23 days, pre-lien warnings. Like we're going out of our  
24 way to try to communicate to these customers.

2 And sometimes they're getting that and they're  
3 just not responding. And I think the DOF delinquency  
4 notices is a good example of that. If I'm talking  
5 out of turn, let me know.

6 It's not like it was magically going to all new  
7 addresses. It was going to the same place. It just  
8 let customers-- property owners, know the serious  
9 consequences of not paying your property taxes and  
10 people responded by paying their property taxes.

11 And we found the same thing with water and sewer  
12 debt in terms of when you're raising the concept of  
13 enforcement, that helps people-- brings a sense of  
14 urgency that didn't exist before. But we're always  
15 trying to find additional sources. But ultimately we  
16 need the property owner to tell us how to reach them.  
17 And as the population is smaller in a world of TPT,  
18 you can do advanced more manual searches, right? You  
19 can look at additional things like Property Shark and  
20 others to try to find these property owners as best  
21 you can.

22 CHAIRPERSON SANCHEZ: Thank you. And Department  
23 of Finance, how many emails do you have on file? Do  
24 you have any cell phone numbers?

2 DEPUTY COMMISSIONER HILL: We do require when  
3 somebody writes in that they put in their cell phone  
4 number or their email address. But again, we ask for  
5 it, but people don't always comply and it's not  
6 really a requirement.

7 We have a very small amount right now on our  
8 database of email addresses. We're working  
9 diligently to try to improve that. One of the things  
10 I didn't mention, people could go into-- We have  
11 five business centers where public could go in for  
12 information and assistance. So, when they do come  
13 into the business centers and they ask for  
14 information, the staff will ask them for their email  
15 address, their phone number, so we could update our  
16 records. But we don't have an exact-- it's a very  
17 small amount right now of email addresses.

18 CHAIRPERSON SANCHEZ: Jake, wherever you are,  
19 send that over, please.

20 But no, that would be great to know, just to see  
21 collectively how much we have as we think about these  
22 requirements, the requirements in this bill.

23 Okay, the afternoon is-- the clock is ticking, so  
24 let me be a little selective with my final questions  
25 here so we can get to public testimony.

2 Give me one second.

3 Okay, so just based on post-transfer for the  
4 record: HPD, do you have how many properties in  
5 round 10 or interested in round 10, but it could be  
6 by round or whatever, how many properties were  
7 transferred to tenant ownership or CLT ownership?

8 Sorry, the categories being tenant ownership, CLT  
9 ownership, non-profit ownership, or private  
10 ownership?

11 DEPUTY COMMISSIONER DARGA: Okay, wait, how many  
12 properties were transferred-- Say that one more  
13 time. To what type? To tenants?

14 CHAIRPERSON SANCHEZ: Tenants, CLT, non-profit,  
15 profit or private.

16 DEPUTY COMMISSIONER DARGA: Sorry. So I have  
17 four properties that petitioned to become cooperative  
18 over the first 10 rounds, 73 properties petitioned of  
19 which 47 converted, 13 remain rentals, 10 buildings  
20 are pending conversion because they are in  
21 construction or conversion process. Sorry, 13  
22 buildings are pending conversion.

23 And then you asked about-- So there were over  
24 520 properties total. I don't have the exact mix of  
25

2 how many went to non-profit versus for-profit  
3 entities.

4 And the last round of TPT started in 2015, so  
5 nearly a decade ago, and at that point in time--  
6 That's the point in time where we issue an RFQ, is  
7 around the point we start. At that point in time,  
8 there were, I think, only one or two active CLTs in  
9 New York City, so they have not really been involved  
10 in the program.

11 CHAIRPERSON SANCHEZ: Got it. And the numbers  
12 that you just gave me all were for round 10?

13 DEPUTY COMMISSIONER DARGA: No, that's in total.

14 CHAIRPERSON SANCHEZ: So 73 have petitioned, 40  
15 converted, 10 rentals, that's in the whole life since  
16 1996 of the program.

17 DEPUTY COMMISSIONER DARGA: Yes.

18 CHAIRPERSON SANCHEZ: Okay. Can we follow up and  
19 receive non-profit versus private?

20 DEPUTY COMMISSIONER DARGA: I don't know if we  
21 have that data going that far back. We may be able  
22 to pull-- We should be able to pull data on round  
23 10.

24 CHAIRPERSON SANCHEZ: Okay.

2 DEPUTY COMMISSIONER DARGA: It would be very  
3 manual, but we could probably pull it.

4 CHAIRPERSON SANCHEZ: Thank you. And then for  
5 tenant petition, HPD's rules provide a period for  
6 interim-- an interim period for HPD to evaluate  
7 whether tenants will be approved for eventual  
8 ownership of the property. How long is the interim  
9 evaluation period?

10 DEPUTY COMMISSIONER DARGA: So, there are maybe  
11 three stages to think about here. There is what  
12 happens prior to a foreclosure. So once the city  
13 requests the judgment of foreclosure, we then flyer  
14 the building, we notify all residents of the status,  
15 as well as the opportunity to petition to be a  
16 cooperative. Residents have approximately four  
17 months from that point in time. The date would be  
18 identified in the notification to them to submit the  
19 required materials.

20 And only certain buildings are eligible to  
21 petition. So, a building has to be at least 10 units  
22 and 50% occupied. And then they have to be able to  
23 identify a sponsor that is interested in working with  
24 them. We have a pre-qualified list they can look at.

2 And they also, at least 80% of the residents have  
3 to sign the application expressing interest.

4 CHAIRPERSON SANCHEZ: 50?

5 DEPUTY COMMISSIONER DARGA: 80%, sorry. Did I  
6 say 50? Yeah. Okay, sorry.

7 CHAIRPERSON SANCHEZ: But I know it's 80%.

8 DEPUTY COMMISSIONER DARGA: And then, so that's  
9 kind of the first stage. At that point in time, the  
10 sponsor will work to-- After foreclosure, will work  
11 to identify the renovation needs and put a financing  
12 plan together to stabilize the housing.

13 Once the developer owner closes on financing,  
14 meaning they take title, they have the financing  
15 necessary to renovate the building, that then brings  
16 us to the next stage. During that period, tenants  
17 may need to relocate. So, they have to cooperate  
18 during the relocation process. And they have to, at  
19 least 80% of the residents have to attend training.  
20 At least 80% have to be in good standing on their  
21 rent payments. At least 80% have to remain  
22 interested. And those requirements exist basically  
23 through the point in time construction completes and  
24 the conversion process starts.

2       So if the residents cannot demonstrate they can  
3 meet those 80% milestones. At that point in time,  
4 the property would be deemed ineligible, and would be  
5 an affordable rental property. So, tenants are not  
6 displaced as part of that process. But that is the  
7 point in time where there has to be a final decision.

8       And some of our concern is that sometimes that  
9 period has stretched a long time because everybody--  
10 We want to give the residents the best chance at  
11 converting. It's been-- Nobody wants to make the  
12 hard decision of saying no. But it does really need  
13 to be a firm line requirement, because otherwise you  
14 risk destabilizing the housing itself, because the  
15 property is still oftentimes in construction with a  
16 construction loan that needs to be paid.

17       CHAIRPERSON SANCHEZ: Thank you. And for these  
18 73 properties, properties that have petitioned for  
19 tenant ownership and done so successfully, are they  
20 receiving the same kind of financial support that  
21 other properties moving through DPTR?

22       DEPUTY COMMISSIONER DARGA: Yeah, regardless of  
23 whether or not a property is going to be an  
24 affordable rental property or a limited equity  
25



2 cooperative, HPD provides the support necessary to  
3 make sure the building properties are renovated.

4 We generally provide full residential tax  
5 exemptions. And to the extent that it's available at  
6 a moment in time, we will provide rental assistance  
7 if we have rent burdened residents.

8 CHAIRPERSON SANCHEZ: Thank you. Does HPD have  
9 the power to reverse a transfer once it is with  
10 Neighborhood Restore?

11 DEPUTY COMMISSIONER DARGA: So, HPD does  
12 currently, the city has the discretion if we find  
13 that there was some extenuating circumstance to  
14 reverse the transfer. That is not a decision we take  
15 lightly, because counsel has the property qualified  
16 and counsel did basically support the transfer.

17 We have had a couple instances where we made a  
18 decision that there was something unknown or a  
19 mistake that was made and therefore the property  
20 should not transfer.

21 So for example, the situation you talked about  
22 earlier when the payment went to the wrong account,  
23 as soon as we found out that that happened and the  
24 owner had attempted to pay correctly preceding the  
25 foreclosure, we acted to reverse the transfer.

2 So, there's certainly extenuating circumstances  
3 like that where it's clear the owner has done what  
4 they needed to do and there was a mistake, and we  
5 will certainly take action.

6 CHAIRPERSON SANCHEZ: Is there a time limit for  
7 how long HPD has?

8 DEPUTY COMMISSIONER DARGA: I don't believe  
9 there's a time limit in the law, but it certainly  
10 would be something where once the property qualifies,  
11 counsel approves it, the foreclosure happens,  
12 Neighborhood Restore owns it, it would really create  
13 significant risk if the city reverse transfers after  
14 a significant amount of time.

15 CHAIRPERSON SANCHEZ: On average, how long has  
16 Neighborhood Restore held title to a property?

17 DEPUTY COMMISSIONER DARGA: So I don't have the  
18 average. I can tell you the last round, about half  
19 of the properties were in litigation and so that  
20 really delayed the ability to stabilize. And I would  
21 just caution us in reforming the program that we are  
22 mindful of the design, and making sure that it is not  
23 super prone to litigation risk.

24 So, there are, I think at this point in time, 28  
25 buildings from round 10 that Neighborhood Restore--

2 or properties, I would say, that Neighborhood Restore  
3 still owns that are in the interim ownership stage.  
4 A lot of those we expect to close on financing in the  
5 coming year, year and a half as litigation has been  
6 resolved on a number of those properties.

7 CHAIRPERSON SANCHEZ: How many did you say?

8 DEPUTY COMMISSIONER DARGA: There are 28. Eight  
9 of those are lots, 20 are buildings. So the lots  
10 take a little-- If they're going to be developed,  
11 they can take a little bit longer to convey. So,  
12 most of those should be conveyed within the next  
13 year, year and a half. And certainly the pandemic  
14 delayed things a little bit in 2020, 2021 as well.

15 Outside of those 28, there are only six other  
16 buildings that are still owned by Neighborhood  
17 Restore and I believe all of those have had  
18 significant litigation and that's the reason why.

19 CHAIRPERSON SANCHEZ: Thank you. Sorry, I'm  
20 stuck on eight lots. So, there were class four  
21 properties that were transferred in previous rounds?

22 DEPUTY COMMISSIONER DARGA: Class one or class  
23 two properties, which could include vacant lots.

24 CHAIRPERSON SANCHEZ: Which could include vacant  
25 lots.

2 DEPUTY COMMISSIONER DARGA: Yes, and in the  
3 legislation as drafted, lots-- class one or class two  
4 lots would be potentially eligible as well.

5 CHAIRPERSON SANCHEZ: Would still be?

6 DEPUTY COMMISSIONER DARGA: Yes.

7 CHAIRPERSON SANCHEZ: Great. That was actually  
8 my last question. Okay, great.

9 Okay, well, thank you. Thank you all for being  
10 here today for your testimony. I'm looking forward  
11 to further discussion. I know the City Council is  
12 not interested in rushing this piece of legislation,  
13 so we will continue to have many, many more  
14 discussions, and I now look forward to hearing from  
15 members of the public after a five-minute recess.

16 [5.5 MINUTE SILENCE]

17 CHAIRPERSON SANCHEZ: Thank you. Thank you. All  
18 right, party people. Calling the hearing back to  
19 order. So, I now open the hearing for public  
20 testimony. I remind members of the public that this  
21 is a formal government proceeding and that decorum  
22 shall be observed at all times.

23 As such, members of the public shall remain  
24 silent at all times. The witness table is reserved

2 for people who wish to testify. No video recording  
3 or photography is allowed from the witness table.

4 Further, members of the public may not present  
5 audio or video recordings as testimony, but may  
6 submit transcripts of such recordings to the Sergeant  
7 at Arms for inclusion in the hearing record.

8 If you wish to speak at today's hearing, please  
9 fill out an appearance card with the Sergeant at Arms  
10 and wait to be recognized. When recognized, you will  
11 have two minutes to speak on today's hearing topic of  
12 the Third Party Transfer Program, including the  
13 following legislation: Intro number 1063.

14 If you have a written statement or additional  
15 written testimony you wish to submit for the record,  
16 please provide a copy of that testimony to the  
17 sergeant at arms. You may also email written  
18 testimony to [testimony@council.nyc.gov](mailto:testimony@council.nyc.gov) within 72  
19 hours of this hearing. Audio and video recordings  
20 will not be accepted.

21 I will now call the first panel. Will Depoo from  
22 ANHD, Paula Segal from Abolish the Tax Lien Sale  
23 Coalition and Take Root Justice, and Will Spisak from  
24 the New Economy Project.

25 And you may begin when ready.

2 MR. DEPOO: Is it on? Okay. Thank you, Chair  
3 and members of the Housing and Buildings Committee,  
4 for your opportunity to testify today. I also want  
5 to express my appreciation to Councilmember Sanchez  
6 for her commitment to fostering collaboration through  
7 this process.

8 My name is Will Depoo and I'm a senior campaign  
9 organizer at ANHD. ANHD is one of the city's leading  
10 policy advocacy and technical assistance and capacity  
11 building organizations.

12 We maintain a membership of 80 plus neighborhood  
13 based and citywide non-profit organizations that have  
14 affordable housing and/or equitable economic  
15 development as a central component of their mission.

16 We see the Housing and Rescue Resident Protection  
17 Act, formerly known as CPT, as a crucial step in  
18 holding negligent landlords accountable and ensuring  
19 low-income communities of color can access safe and  
20 affordable housing. At ANHD, preserving affordable  
21 housing and protecting tenants is central to our  
22 mission.

23 It's essential for the city to have an effective  
24 mechanism to transfer distressed properties from  
25

2 irresponsible landlords to responsible non-profit  
3 preservation purchasers.

4 In order to best support our members, CDCs, and  
5 tenant organizing groups, we recommend the following:  
6 Financial and technical support throughout the  
7 process, stricter criteria for Class 1 versus Class 2  
8 to ensure bad landlords do not take advantage of off-  
9 ramps designed for homeowners, applying extenuating  
10 circumstances slowly to Class 1 violations and  
11 excluding BC violations from prior ownership or  
12 duplicate violations.

13 We recommend that the property be transferred  
14 either to the city or to a qualified third party. We  
15 believe that property meant for affordable housing  
16 should not go to for-profit developers unless no  
17 other non-profit developer or community land trust  
18 has applied and qualified for it.

19 There should be clear information for tenants on  
20 their rights that is in multiple languages and  
21 incorporate text and email notifications.

22 There needs to be inter-agency communication,  
23 cross-training for staff from DOF, DEP, and NHPD.

24 [BELL RINGS]

25 I just have one point left.

2 To ensure that they understand the roles and  
3 responsibilities for each other in promoting  
4 streamlined process for the property owners and  
5 tenants alike.

6 So, we call on the council to take meaningful  
7 steps to ensure any reforms not only address our  
8 housing challenges but also safeguard their rights  
9 and dignity for tenants. Thank you for the time.

10 CHAIRPERSON SANCHEZ: Thank you.

11 Thank you so much. I think I'm going to go over.  
12 I hope that's okay.

13  
14 And thank you so much for this hearing. It's  
15 been really insightful. I'm also happy if anybody  
16 has questions that are burning to maybe try to answer  
17 anything.

18 MS. SEGAL: But I'm going to be delivering  
19 testimony on behalf of the Abolished Tax Lien Sale  
20 Coalition. The coalition is made up of grassroots  
21 groups and technical assistance providers, New York  
22 City Communities for Change, East New York Community  
23 Land Trust, Western Queen CLT, Brooklyn Level Up,  
24 Bronx Community Land Trust, the Northwest Bronx  
25 Community and Clergy Coalition, the Coalition for



2 Community Advancement, the New Economy Project, the  
3 New York City Community Land Initiative, Manny  
4 Management, and my organization Take Root Justice  
5 where I'm senior staff attorney in our equitable  
6 neighborhoods practice.

7 We're all thrilled that we share a priority for  
8 using municipal debt collection as a strategy for  
9 tenant protection, for increasing cooperative home  
10 ownership opportunities, and for the preservation and  
11 development of homes and other community assets.

12 We also share the council's urgency to bring a  
13 city foreclosure program for distressed properties  
14 back online as a tenant protection measure. The  
15 longer we don't have such a program the more tenants  
16 make their homes and buildings that are not safe,  
17 while landlords shirk their obligations and continue  
18 to collect rent. It's really heartening to hear that  
19 it sounds like the agency understands that urgency as  
20 well and I hope we'll be able to get this done by the  
21 end of the year.

22 Our comments on the bill fall into three  
23 categories: Which properties should be included in  
24 the foreclosure program, owner's rights, and  
25

2 harnessing the preservation powers of community land  
3 trusts.

4 We'll be submitting in writing, but I want to  
5 share five highlights and respond to a few things  
6 that I heard in the conversation.

7 That was awesome and thank you for all your  
8 questions before. So first of all I just want to  
9 make sure that that gap that is the falls between the  
10 number of properties that the administration--

11 [BELL RINGS]

12 CHAIRPERSON SANCHEZ: Would you like to continue?

13 MS. SEGAL: Yes I would. Thank you so much.

14 Thank you. So, I just want to make sure that we're  
15 really focusing on the properties that fall in the  
16 gap between the properties that the agency thinks it  
17 can handle, administratively, for closing on and  
18 routing to responsible owners and the properties that  
19 have lien sold to a privately managed tax lien trust.

20 And we just want to make sure that we're not  
21 recreating a situation where anything that the agency  
22 can't handle just goes to these private managers that  
23 have no responsibility to you all, that have no  
24 accountability to any of the Community Boards, the

2 borough presidents, or any of the elected officials  
3 in the city.

4 There needs to be an automatic removal from the  
5 lien sale based on set criteria even if actual  
6 foreclosure by the city is staged and prioritized to  
7 honor capacity limitations.

8 I just want to remind everybody that tax lien  
9 trust is not our ally, and it's run by private  
10 companies, and we've seen decades of its past  
11 practice.

12 There are lots of situations where it will not  
13 foreclose quickly and if it does of course the  
14 property goes to auction to be bid on by the highest  
15 bidder, not to be transferred to a responsible vetted  
16 landlord by HPD.

17 We also want to see language added that were that  
18 would require all vacant land with debt no matter the  
19 tax class to be routed directly to city foreclosure,  
20 without any reference to violations. It was really  
21 heartening to hear that HPD turns out does have a way  
22 to do this with Neighborhood Restore.

23 They're working on eight vacant lots and getting  
24 them to developers. That's awesome. Let's get the  
25 rest.

2 We are-- Some vacant land in the city is tax  
3 class one, some is tax class two, some is tax class  
4 four. How those tax classes got assigned does not  
5 seem to have any rhyme or reason and for some reason  
6 the current program only takes the tax class one and  
7 two ones. That makes no sense. Let's get rid of  
8 that.

9 We also want to make sure that unoccupied  
10 buildings particularly ones with vacate orders where  
11 there hasn't been any step-- there haven't been any  
12 steps towards resolution get the same treatment.  
13 Let's get those out of the hands of folks who are  
14 warehousing those properties, and into the hands of  
15 responsible developers as quickly as possible because  
16 neighborhoods are suffering.

17 That was number one.

18 I'm going to go a little faster.

19 Number two we heard the administration called  
20 this a companion program to the lien sale.

21 We absolutely agree with thinking of it that way  
22 and in that light we want to make sure -- and this is  
23 Councilmember Brewer, I'm really glad you're here for  
24 this. I think this will help. We want to make sure  
25 that as the criteria for the new city foreclosure

2 program is revamped, the agency is required to take a  
3 look back at all the liens that have been sold and  
4 are currently being held by the two remaining tax  
5 lien trusts. There's a trust that's called 1998-2.  
6 There's a trust called that's called 2021-A. 2021-A  
7 is going to close soon maybe by the time this is done  
8 we're just going to be talking about 1998-2.

9 But either way once we have these new criteria  
10 and this new program the agency should be required to  
11 look back and any liens that were sold on buildings  
12 that would otherwise qualify for the program in 2025  
13 should be defected, and the process that we're  
14 designing today should start for those buildings, and  
15 hopefully that'll capture the brownstones you've been  
16 really flagging for us Councilmember Brewer.

17 If that doesn't help, I'm happy to look at the  
18 specifics but that should.

19 It also seems like based on the discussion today  
20 that such a review should happen not just once but  
21 maybe at every round of city foreclosure, because I'm  
22 worried about that gap and it does seem like maybe  
23 we're going to keep selling liens on properties that  
24 should be going into city foreclosure, so maybe we

2 just check every year and then we'll all be a little  
3 bit less anxious.

4 We want to see-- Switching gears a little bit to  
5 HDFC cooperatives, we want to see some more robust  
6 supportive services and at minimum a majority that--  
7 that HPD meet with a majority of shareholders or the  
8 duly elected board of directors to discuss the  
9 possibility of renewed regulatory agreements and  
10 retroactive exemptions before any payment plan or  
11 foreclosure process is pursued.

12 Right now it's it is-- I think the legislation  
13 says it has to provide notice, and that's not enough  
14 and that's-- and there has to be either a majority  
15 of shareholders or a duly elected board that is  
16 speaking for those shareholders, and some  
17 verification that you know if you're meeting with  
18 three people out of a hundred unit co-op the rest of  
19 the people in that building know what's going on.

20 This is where it gets a little sticky.

21 We are a little worried that there could still be  
22 buildings going into the program where what the owner  
23 owes to the city is actually less than what the  
24 property is worth and we want to make sure that  
25 there's some clarity about how that works, how that

1 accounting is going to happen. Based on our  
2 observations and our research. We actually think  
3 that usually it's going to zero out or what it costs  
4 to fix the building, which is a cost the city is  
5 going to take on with its partners is going to cost  
6 more than what the building is worth. But in the few  
7 cases where the owner is owed something we want to  
8 make sure that that is handled both ethically and  
9 legally.  
10

11 And finally we want to see language adjusted to  
12 harness the preservation powers of community land  
13 trusts and other community development corporations.

14 The bill as drafted requires HPD to "consider  
15 whether" a third party applying for property  
16 disposition is a responsible legal tenant, not-for-  
17 profit organization, neighborhood-based for-profit  
18 individual organization, or community land trust.

19 We think this language is not strong enough. We  
20 think the agency should be prohibited from awarding  
21 property to a for-profit unless no legal tenant, not-  
22 for-profit organization or community land trust has  
23 expressed a willingness, and a further improvement  
24 would be to require priority to be given to legal  
25 tenants, not-for-profit organizations, and

2 neighborhood-based for-profit organizations or  
3 individuals that are partnering with community land  
4 trusts.

5 So, priority for anybody that's partnering with a  
6 CLT for permanent preservation.

7 Thank you so much for the indulgence.

8 CHAIRPERSON SANCHEZ: Thank you.

9 MR. SPISAK: Is this on? Okay. Yeah, good  
10 afternoon Chair Sanchez and members of the Housing  
11 Committee. So glad to go after Paula so I could just  
12 pretty much say ditto on everything.

13 But yes, my name is Will Spisak. I'm a Senior  
14 Program Associate at New Economy Project. We're a  
15 citywide economic justice organization.

16 We are the co-founders and facilitators of the  
17 New York City Community Land Initiative or NYSLI,  
18 which is the citywide coalition of community land  
19 trusts, and we are members of the Abolish the Tax  
20 Lien Sale Coalition, from which Paula just  
21 represented our views.

22 So, I'm not going to repeat everything Paula just  
23 said or, you know, go into too much detail. We will  
24 be submitting our own written testimony.



2 Just a few things we want to highlight in  
3 addition, or to echo what the Abolish the Tax Lien  
4 Sale Coalition testimony said.

5 On building selection, you know, just again  
6 echoing Paula, we think that, you know, kind of  
7 restricting the program to the worst 500 buildings in  
8 the city is arbitrary and unnecessary, and we would  
9 like to see all properties that qualify based on  
10 certain criteria of financially and physically  
11 distressed properties be included in the program.

12 The inclusion of vacant and commercial properties  
13 in the program is really important for us.

14 So, task class four properties, you know, present  
15 unique opportunities for CLTs that can acquire vacant  
16 lots to build housing or other community needs on  
17 them, and potentially convert other properties into  
18 community centers or community spaces to support  
19 local businesses, which many CLTs are currently  
20 working on.

21 Again, a preference for non-profits and CLTs is  
22 really important in the bill.

23 So, we would like to see, you know, stronger  
24 language that prioritizes CLTs, non-profits, and  
25 tenant ownership as opposed to for-profit developers.

2 [BELL RINGS]

3 CHAIRPERSON SANCHEZ: Would you like to wrap?

4 MR. SPIASK: Yeah. The last point is, you know,  
5 we also think that in regard to pathways for tenant  
6 ownership that CLTs could play an important role as  
7 supporting organizations. So, we would love to see  
8 the, you know, tenant ownership pathway include  
9 opportunities for education and collaboration between  
10 potential co-op conversions and community land trusts  
11 in the area.

12 CHAIRPERSON SANCHEZ: Thank you so much. I think  
13 you answered my question. I think you all answered  
14 all my questions, but let me just double check.

15 A general question on HDFCs-- And by the way, to  
16 all your organizations, to the three of you, thank  
17 you for all of your feedback coming into this  
18 hearing. It is much appreciated.

19 For HDFCs, do you have particular interventions  
20 that you think would be useful or helpful to help to  
21 stabilize them?

22 MS. SEGAL: I actually want to defer a little  
23 bit. My colleague, Mike Grinthal, isn't here, but  
24 he's hopefully going to be submitting written

2 comments on exactly that point. I'm going to nudge  
3 him and let him know this was on the record.

4 But the opportunity to enter into a new  
5 regulatory agreement is crucial formally, but there  
6 is a lot on the back end that needs to happen to  
7 support folks in following their own bylaws and  
8 understanding compliance, and making sure they have  
9 good relationships with their property managers.

10 CHAIRPERSON SANCHEZ: Thank you all. I'd now  
11 like to call the next panel. Arielle Hersh from  
12 UHAB, Christie Peale from the Center for New York  
13 City Neighborhoods, and Sal D'Avala from Neighborhood  
14 Restore.

15 And you may begin when ready.

16 MR. D'AVALA: --working. Good afternoon. My  
17 name is Salvatore DeVola. I'm the Executive Director  
18 of Neighborhood Restore, the Housing Development Fund  
19 Corporation. I'd like to thank Chairperson Sanchez  
20 and the committee members for allowing me to testify  
21 today.

22 The introduction of this bill is a critical step  
23 forward in creating a renewed path to addressing the  
24 needs of our most vulnerable residents who live in  
25

2 physically and financially distressed properties  
3 across New York City.

4 For the past five years, with a pause on  
5 municipal foreclosures, there have been limited  
6 options available to the city to take effective  
7 control of properties when negligent owners fail to  
8 provide essential services and continue to subject  
9 their tenants to hazardous and life-threatening  
10 conditions. We're therefore thankful to  
11 Councilperson Sanchez and the City Council for  
12 spearheading this effort.

13 We support many aspects of the bill and look  
14 forward to continuing a dialogue on issues of concern  
15 as you seek input on the legislation.

16 The last time the City of New York made  
17 significant changes to its foreclosure process was 28  
18 years ago. Local Law 38 of 1996 called for the city  
19 to transfer distressed properties directly to  
20 responsible new ownership without the city first  
21 taking title.

22 The legislation was an outgrowth of a study  
23 commissioned by the Department of Housing  
24 Preservation and Development, which showed that  
25 foreclosed or in rem properties remained in city

2 ownership for far too long, and that large city  
3 agencies were not effective in addressing the needs  
4 of the residents and distressed properties.

5 By transferring properties directly to a third  
6 party, corrective action could be taken quickly and  
7 efficiently to address repair needs and provide safe  
8 and affordable homes for its residents. The  
9 effectuation of that legislation was the Third Party  
10 Transfer Program.

11 Neighborhood Restore is a 25-year-old mission-  
12 driven non-profit organization specifically created  
13 to oversee the management of properties foreclosed  
14 upon by the City of New York through TPT.

15 As a supporting organization of two nationally  
16 renowned affordable housing non-profits, the Local  
17 Initiative Support Corporation, or LISC and  
18 Enterprise Community Partners, and with the support  
19 of HPD, Neighborhood Restore has improved the quality  
20 of life of thousands of low-income families by  
21 ensuring that they are living in decent and safe  
22 homes.

23 [BELL RINGS]

24 As the temporary steward of these properties, we  
25 work closely in collaboration with community-based

2 partners to ensure that the most urgent hazardous  
3 needs are addressed and tenants are not displaced and  
4 rents remain affordable.

5 I just have another page. Is that okay for me?  
6 Very quickly.

7 CHAIRPERSON SANCHEZ: Would you like to continue?

8 MR. D'AVALA: Yes, I would. Thank you. Where  
9 was I?

10 As the temporary steward of these properties, we  
11 work in close collaboration with our community-based  
12 partners to ensure that the most urgent and hazardous  
13 conditions are addressed, that tenants are not  
14 displaced, and that rents remain affordable.

15 Neighborhood Restore brings a quarter-century of  
16 experience and knowledge that makes it uniquely  
17 qualified to manage the most distressed housing in  
18 New York City.

19 By taking title on an interim basis, Neighborhood  
20 Restore provides its community-based organizations  
21 the time and opportunity to establish relationships  
22 with the tenants, assess the physical needs of the  
23 buildings, secure rehabilitation financing, and  
24 prepare for the final transfer where they oversee the

2 construction and reoccupancy of the buildings by the  
3 existing tenants.

4 During Neighborhood Restore's interim ownership,  
5 these organizations act as our property managers and  
6 handle the day-to-day management of these properties.

7 Since 1999, 594 properties with over 7,500 units  
8 of housing located throughout New York City's five  
9 boroughs have been included in the TPT program. To  
10 date, 34 properties remain in Neighborhood Restore's  
11 ownership, with 544 properties having successfully  
12 transferred to long-term, locally-based for-profit,  
13 community-based non-profit, and tenant-based  
14 ownership.

15 With the transfer of these properties to  
16 responsible, qualified sponsor owners, the residents  
17 live in newly renovated homes with affordable rents  
18 that are regulated in perpetuity. While highlighting  
19 the achievements in transitioning physically and  
20 financially distressed properties into affordable  
21 community assets, I would be remiss if I didn't  
22 acknowledge the concerns and criticisms raised about  
23 some aspects of the TPT program.

24 While the vast majority of interim foreclosed  
25 properties are multi-family, privately owned,

2 occupied buildings, vacant land and vacant buildings  
3 that are blights to their communities have also been  
4 included, as have Housing Development Fund  
5 Corporation cooperatives, more commonly known as HDFC  
6 co-ops, and small homes.

7       The inclusion of some properties during the last  
8 round of interim foreclosures in 2018 and 2019 led  
9 many elected officials, advocates, and community  
10 groups to stress the need to update various  
11 components of the program. A working group was  
12 convened to elicit ideas for operational  
13 improvements, ensure that the program seeks to  
14 achieve the stabilization of properties in crisis,  
15 and contemplate changes in the criteria for inclusion  
16 in TPT.

17       I'm happy to see that this legislation includes  
18 some of the recommendations brought forth from the  
19 working group, and I'm hopeful that through continued  
20 conversations, additional findings are incorporated  
21 into a revamped program.

22       We understand the difficulty in crafting  
23 legislation that seeks to address concerns related to  
24 different types of properties and ownership  
25 structures. It is important to provide safeguards to



2 protect owners who find themselves in financial  
3 crisis and need time and assistance to get back on  
4 track to allow their properties to remain in their  
5 ownership. However, it's equally important not to  
6 create escape hatches for negligent landlords who  
7 take advantage of the system by forestalling  
8 foreclosure without any real effort at addressing  
9 their tenants' suffering.

10 The legislation must strike a balance with  
11 greater consideration for needs and rights of  
12 residents living in deplorable conditions.

13 Despite issues raised by the city's interim  
14 foreclosure process, the TPT program has been an  
15 effective anti-displacement and anti-abandonment  
16 effort that has increased the quality of affordable  
17 housing for New York City low-income families, and in  
18 turn has fostered neighborhood stabilization.

19 The proposed legislation is a good effort at  
20 improving the program by making it more responsive to  
21 the needs of the city's residents and neighborhoods.

22 Thank you for your time and interest in our work.  
23 I'm happy to answer any questions.

24 CHAIRPERSON SANCHEZ: Thank you, Sal. Just a  
25 quick a few follow-ups for you, and agree on all

2 fronts. I appreciate that this feedback and your  
3 input into the into this hearing before coming today.

4 Is New York City part of your leadership at all  
5 on your board of directors for Neighborhood Restore?

6 MR. D'AVALA: Yes, the Deputy Commissioner for  
7 Deputy Commissioner for Development is on our board.

8 CHAIRPERSON SANCHEZ: Got it. Thank you.

9 Do you have the breakdown of what where  
10 properties these 594 properties have been transferred  
11 to in terms of you mentioned local for-profit,  
12 community-based, non-profit, and tenant-based  
13 ownership?

14 MR. D'AVALA: I have some of it. I'm not sure  
15 that I have it all, but I will say that there are 73  
16 properties were tenant petition buildings, meaning  
17 they were you know buildings where the residents  
18 opted to petition the city to become tenant-owned  
19 buildings, and I think there's a there's about-- and  
20 I would have to double check these numbers, but I  
21 think that there's been about slightly higher amount  
22 of buildings have gone to non-for-profits than for-  
23 profits, but it's been about an equal split, I would  
24 say. Somewhere around 250 to 60, around that number  
25 over the course of the history of the program.

2 CHAIRPERSON SANCHEZ: Thank you. That's super  
3 helpful. And is there anything that you'd like to  
4 highlight that is missing from the working group's  
5 recommendations that didn't make it into the  
6 legislation?

7 I think what's important is-- I think the  
8 efficiency is important. People have complained  
9 about the fact that it's very confusing when there  
10 the foreclosure happening, and they have to go to  
11 Department of Finance, they have to go to DEP.

12 Prior to round 10, residents who were in this  
13 situation, I think, used to only go to the Department  
14 of Finance, and they were able to address their water  
15 bill liens and their real estate liens.

16 And I think at some point between round nine and  
17 round ten, which is basically from 2011 to 2018, I  
18 think there was a change where you had to go to both  
19 agencies.

20 I think you guys should really consider going  
21 back to like a one-stop shop, which is really  
22 important. I also think that-- And I see it in the  
23 legislation here, a lot of the upfront outreach  
24 efforts I think are great. I do fear that with  
25 government things aren't necessarily efficient, and

2 so the concern is legislating a lot of these things  
3 can make them inefficient. Sometimes it's better to  
4 actually limit what's in the statute and maybe  
5 transfer it into the rules and the policies and  
6 procedures of the program, which I think then gives  
7 the flexibility which I think you're seeking.

8 CHAIRPERSON SANCHEZ: Thank you so much, Sal.  
9 Great. Hey, Christie.

10 MS. PEALE: Good afternoon, Chair Sanchez,  
11 members of the committee. Thank you so much for the  
12 hearing, the opportunity to testify. My name is  
13 Christie Peale. I'm the CEO and Executive Director  
14 of the Center for New York City Neighborhoods. We  
15 work with homeowners across New York City to offer  
16 free high-quality housing services, and we've served  
17 over 250,000 homeowners since our founding in  
18 response to the foreclosure crisis in 2008.

19 We're very supportive of the intentions behind  
20 the Housing Recovery and Residential Protection Act  
21 in addressing profoundly unsafe housing conditions  
22 while also protecting affordable homeownership.

23 In particular, we think that removing the block  
24 sweep will help mitigate some of the impact that we  
25 saw where BIPOC homeowners and communities in

2 particular were impacted. And we would love to work  
3 with the Council to continue to drive towards clarity  
4 and simplicity for owner-occupants in particular, and  
5 understanding how this legislation aligns and  
6 dovetails and deviates from the newly enacted tax and  
7 sale legislation.

8 We think it's very confusing for all of us, and  
9 we imagine that all these non-professional landlords  
10 out there are going to be similarly confuddled.

11 So, we thought in the tax lien-- I'm sorry, the  
12 TPT working group, the smaller group that was working  
13 on small homes, we had advocated for a separate  
14 pathway or even an exemption for tax class one  
15 properties.

16 We thought-- You heard the Deputy Commissioner  
17 say there's a robust toolbox for multifamily property  
18 owners. There is not as robust a set of tools for  
19 small homes.

20 We are really relying on individual outreach,  
21 community-based outreach, education, engagement,  
22 advocacy, one-on-one representation, and a limited  
23 number of repair resources to address unsafe building  
24 conditions. But we don't have the same tax  
25 exemptions, so we really would like to see a separate

2 and robust pathway and pipeline and process for tax  
3 class one properties.

4 And I would say that we could-- one example of a  
5 way--

6 [BELL RINGS]

7 CHAIRPERSON SANCHEZ: You may conclude.

8 MS. PEALE: -- way to simplify things is to look  
9 at the Philadelphia Homestead Tax Exemption, where  
10 you can declare owner occupancy in a much more  
11 simplified way, where you don't have to have been  
12 previously approved for a tax exemption in order to  
13 qualify. They just-- They require an affidavit and  
14 two proof, two sources of proof of residency.

15 Also, we think in order for the goals of this  
16 legislation to be realized, we need to make sure  
17 we're fully making property owners whole on the  
18 equity side so it's not subject to the same  
19 legislative challenges that we have seen under  
20 Hennepin.

21 And obviously in order to keep properties out of  
22 the situation where they're going to have significant  
23 financial and physical distress, we need to radically  
24 increase the resources for small property owners and  
25 also for the mission-driven CLTs and providers who

2 are-- mission-driven developers who are going to work  
3 with properties on the back end. We know that for  
4 every dollar, as ANHD said last week, you know, for  
5 every dollar in disinvestment, we need, you know,  
6 several dollars more to put back in in capital.

7 So the CLTs in particular that are operating now,  
8 they need resources to support those operations,  
9 especially if they're going to be contemplating  
10 taking on distressed properties alongside their  
11 mission-driven developer colleagues.

12 So, for that, thank you again. We look forward  
13 to working with you on making sure that we can have  
14 this be as aligned and simple as possible to keep  
15 well-intentioned homeowner and landlords off the tax  
16 lien and TPT foreclosure process.

17 CHAIRPERSON SANCHEZ: Thank you so much. That  
18 was really helpful.

19 MS. HERSH: All right. Hi, Chair Sanchez,  
20 members of the committee. Thank you so much for the  
21 opportunity to testify. My name is Arielle Hersh. I  
22 am the Director of Policy and New Projects at UHAB.  
23 For 50 years, UHAB has empowered low and moderate  
24 income residents to take control of their housing and

2 become homeowners in the buildings where they already  
3 live.

4 And we've done that, especially over the last,  
5 over 22 years through TPT, including nearly 1,000  
6 distressed rental units that have been transferred,  
7 are in the process of becoming transformed into safe  
8 and stable homes where residents have the opportunity  
9 for affordable homeownership.

10 I'm going to try to be brief since I know the  
11 clock is ticking, but I do want to say that we really  
12 are heartened by the council's interest in engaging  
13 seriously with what we know is a difficult and deeply  
14 fraught piece of legislation, and seriously engaging  
15 with the issues here, and really want to uplift this  
16 effort to improve living conditions in aging and  
17 distressed buildings, for the tenants in them, and to  
18 reform some of those past mistakes to really-- We  
19 want to affirm prioritizing the most distressed  
20 properties, improving outreach and notice  
21 requirements to residents and really focusing on  
22 helping homeowners get back on track before a crisis,  
23 while also protecting them from speculators and  
24 scams.



2 We also think that there are sort of a small  
3 bucket of additional improvements that we would love  
4 to keep talking about to really accomplish those  
5 shared goals of safe and dignified housing, and want  
6 to highlight that once a building is designated for  
7 foreclosure, we really want to lift up that it must  
8 swiftly move through the program towards  
9 comprehensive repairs. We deal with many of these as  
10 a sponsor and developer on these projects, and the  
11 longer that they sit waiting for that capital  
12 investment from a construction loan closing, the more  
13 intractable these issues get.

14 We also must create off ramps for HDFC  
15 cooperatives that address governance first, and  
16 really look at long-term financial--

17 [BELL RINGS]

18 May I? Thank you.

19 -- long-term financial and capital needs  
20 planning. I am really interested in the discussion  
21 today around corrective action plans and would really  
22 want to highlight that giving HDFCs, in particular,  
23 the opportunity to work with an HPD approved monitor  
24 to create a corrective action plan and then make  
25 meaningful milestones on that step would be huge as

2 we know that this is a multifocal issue, not simply  
3 one of tax distress.

4 And we were really encouraged to see that ability  
5 to remove tax class one properties in existing HPD  
6 loan pipelines from the TPT list and think that  
7 should be extended to HDFC cooperatives.

8 We know that we're currently working with over 40  
9 HDFC cooperatives in the HPD preservation programs  
10 like GHPP and PLP loans, where shareholders are  
11 working to address those property tax arrears and  
12 invest in capital needs proactively and really want  
13 to see that folks who are doing the work to get their  
14 buildings and their cooperatives back into shape are  
15 not penalized for doing so.

16 And we know that, of course, this program is  
17 going to need additional capital funding to ensure  
18 the pipeline moves smoothly. Many of the round 10  
19 projects, including some of ours, waited five-plus  
20 years for construction closing. Again, the longer  
21 those buildings sit, the harder it gets.

22 And we have sort of a bucket of additional  
23 resources and programs that we think might really  
24 help address some of the root causes of those  
25 physical, financial, and organizational symptoms of

2 distress that we see, particularly in HDFC co-ops.  
3 They include additional capital funding for HPD  
4 preservation pipelines, like the ones I mentioned,  
5 the Green Housing Preservation Program, and the  
6 Participation Loan Program, as well as having HPD  
7 really engage with HDFC cooperatives on the current  
8 version of the HPD Cooperative Regulatory Agreement  
9 to address outstanding issues and really  
10 collaboratively work with the community to find a  
11 better version of this document.

12 We also think that more HPD and DEP programs  
13 should be expanded to include HDFC cooperatives and  
14 help them address that physical and financial  
15 distress, including the Unlocking Doors Program, the  
16 DEP Amnesty Program, and the Landlord Ambassador  
17 Program, which I was so heartened to see Deputy  
18 Commissioner mention is on track to being expanded.

19 So, in brief, and thank you again for the  
20 opportunity to testify. I welcome any questions  
21 specifically about HDFC cooperatives.

22 CHAIRPERSON SANCHEZ: Done, okay. No, this is  
23 really helpful.

24 So, a quick follow-up for you, Christie. On the  
25 exemption of Class I properties, are you calling for

2 a wholesale exemption, or for owner-occupied Class I  
3 properties?

4 MS. PEALE: We understand that there's currently  
5 an exemption for owner-occupied tax class I  
6 properties in the legislation as written, and we  
7 thought that we could tighten up the-- or make it a  
8 little bit clearer how a property owner gets--  
9 verifies that they're an owner-occupant, right?

10 Because right now, it seems like you have to have  
11 been enrolled in one of the DOF programs. We know  
12 that there are a lot of challenges with ongoing  
13 eligibility and enrollment in a lot of those  
14 exemptions, and we think that there are other  
15 property owners who are owner-occupants who may not  
16 be qualified for those exemptions.

17 So, that's why we thought that the definition  
18 coming out of Philadelphia was a little bit easier  
19 to-- for struggling homeowners in particular, to  
20 manage and demonstrate that they are a bona fide  
21 homeowner-occupant.

22 In general, though, I think that having a  
23 separate pathway and a separate set of resources and  
24 tools that work with the smaller buildings would be  
25 something for us to consider.

2 A great example is that if you're going through a  
3 home repair program with HPD, you have to go through  
4 the same city capital approval process that you do if  
5 you're a 10- 20- 50-unit building. And that's just--  
6 it's a lot of time. Again, time is money in all  
7 these projects, to layer onto a small building. So,  
8 the more that we can think about faster approval  
9 processes, cheaper programs that can be better  
10 allocated on a per-unit basis for a one-to-three or  
11 even a one-to-four family building, I think it'll  
12 make a big difference.

13 Obviously, we know that there's, I think if you  
14 used the HPD's sample they described today, I think  
15 we backed into it that around 42 of those 500  
16 properties could have been tax class one properties.

17 So, if they have such significant physical and  
18 financial distress that they were pulled into that  
19 screen, those are very problematic properties and we  
20 wouldn't want them to be exempt from city oversight,  
21 but we absolutely want to have intention around how  
22 we bring those properties onto CLTs in bulk.

23 You know, we've been working with UHAB and MANI  
24 and Habitat to figure out how to bring smaller  
25 properties onto the inner borough CLT, and it becomes

2 challenging from a legal perspective when you think  
3 about having multiple small buildings in a co-op.

4 So, it's the ownership structure and how do you  
5 make sure you're not burdening those smaller  
6 properties with the same costs that you have to  
7 allocate on a big, you know, 50-to-100 unit building  
8 basis.

9 So, more work to be done there, but obviously we  
10 want to be able to protect the tenants in those small  
11 buildings as well.

12 CHAIRPERSON SANCHEZ: Thank you so much, that's  
13 really helpful.

14 And Arielle, you mentioned changes to the sort of  
15 base regulatory agreements that are used for HDFCs.  
16 Do you have specific-- I welcome you to share them  
17 now, or in the many conversations we'll have after  
18 this, but just specific changes and requirements that  
19 HPD should include?

20 Yeah, I'd love to follow up in more specific  
21 detail. I think in general they fall into two  
22 categories for us.

23 We see them either as additional requirements  
24 that create an administrative burden on the  
25 cooperative, that buildings may have a hard time

2 submitting yearly affidavits, keeping up with  
3 compliance on top of hefty, you know, city compliance  
4 requirements as it is, especially for small  
5 buildings, as Christie was mentioning. These tend to  
6 be additional sort of hurdles to jump through for a  
7 small number of shareholders who are operating and  
8 managing their buildings. So certainly things that  
9 sit within that sort of, things that make it more  
10 difficult to sort of like operate and maintain a  
11 building.

12 And then also provisions that create a financial  
13 burden on the cooperative. We've seen this  
14 specifically in additional provisions around  
15 marketing requirements in mandatory bookkeeping. And  
16 then certainly we know that there are critiques  
17 around monitoring fees and, sorry, property  
18 management, of course.

19 And, you know, there are a complicated range and  
20 specificity of issues out there that I'd love to  
21 discuss with the nuance that those things really  
22 deserve. But I think that's the sort of like broad  
23 structure that those fit in.

24 And I'd love to also mention that UHAB is  
25 internally and externally with staff and HDFC

2 shareholders going through a comprehensive review of  
3 the regulatory program. So we're not only saying  
4 that this is our sort of organizational opinion and  
5 stance on that document, but we really want to ask  
6 HDFC shareholders who are successfully owning and  
7 operating and managing their buildings, what the  
8 substance of the regulatory agreement would change in  
9 the way that they relate to themselves, their  
10 neighbors and their fellow shareholders, and to  
11 really be able to engage, again, with the substance  
12 that it deserves.

13 CHAIRPERSON SANCHEZ: Great. Thank you. Thank  
14 you all so much. Really appreciate it. Thank you.

15 I'd now like to call up the next panel, Adam  
16 Roberts from the New York Apartment Association,  
17 Patrick Boyle from Enterprise, and Theo Chino from  
18 the Social Democrats of America.

19 Oh, I'm sorry. Do you have it? No, I'm good.

20 And you may begin when ready.

21 MR. ROBERS: Thank you for holding this hearing.

22 I am Adam Roberts, testifying on behalf of the New  
23 York Apartment Association, also known as NYAA.

24

25



2 NYAA is a newly formed trade group representing  
3 multifamily housing providers across New York City.  
4 Our members provide more than 1 million units of  
5 rental housing, most of which are subject to rent  
6 stabilization and built before 1974, meaning they do  
7 not receive 421A or other subsidies.

8 We'd like to thank the Council for reevaluating  
9 the Third Party Transfer Program, though changes in  
10 the bill would not improve the program.

11 Regarding the specifics of the bill, the bill  
12 codifies one of the most unjust aspects of the  
13 program, which is the seizure of property for tax  
14 liens. The new definition of unpaid tax liens is  
15 dangerously low, only one year of the owner's annual  
16 tax liability. This puts any building behind on  
17 paying their taxes in danger.

18 Additionally, this bill would increase the number  
19 of buildings at risk of being seized. The bill  
20 requires HPD to maintain a list of no fewer than 500  
21 properties. Buildings are subject to the list based  
22 on multiplying the property's municipal debt by the  
23 property's total open hazardous and immediately  
24 hazardous maintenance code violations, a formula

2 which does not account for the size of a building as  
3 these are not violations per unit or resident.

4 It also fails to consider the tax burden, such as  
5 the ratio of municipal debt to income.

6 While clear steps are set forth on methods to  
7 cure, doing so will be impossible for most buildings.  
8 The bill states that a default may be cured upon  
9 payment within 60 days from the date of default, but  
10 few buildings that go into default will be able to  
11 make such a payment so quickly since they're in  
12 default due to their inability to pay in the first  
13 place.

14 Based on how the previous program was run, the  
15 new tenant opportunity to purchase provisions in this  
16 bill is evident that the council seeks to transfer  
17 these buildings to tenant and nonprofit ownership.

18 However, transferring ownership will not change  
19 the fact that these buildings lack the income to pay  
20 taxes, water bills, and fixed violations.

21 Looking at HPD's AEP, 14% of buildings are  
22 subject to the program are HDFCs, and 3% of all HDFCs  
23 are now on the AEP, and 80% of HDFCs in the AEP have  
24 rent-stabilized units.

25 [BELL RINGS]

2 And so even if upon conversion, tenant owners  
3 face the same structural problems other owners of  
4 rent-stabilized housing face, and not surprisingly,  
5 76% of buildings on the AEP are rent-stabilized.

6 I'll very quickly conclude that without  
7 structural reforms such as legalizing the ability to  
8 recoup the cost of renovations, allowing for rents to  
9 keep pace with inflation, shifting the tax burden  
10 away from rent-stabilized housing, and collecting  
11 unpaid rent in housing court, the new owners of these  
12 buildings will fail as the previous ones did.

13 Instead of pursuing this bill, the council should  
14 pursue things like a diversion program in housing  
15 court for non-payment cases.

16 Thank you so much for holding this hearing today.

17 CHAIRPERSON SANCHEZ: Thank you, Adam. So is  
18 your position that no version of this program should  
19 exist?

20 MR. ROBERS: I would say that certainly we would  
21 like to see it improved. But there are much larger  
22 financial issues behind why these buildings are being  
23 seized by the city than simply the way this program's  
24 structured.

2 And frankly, most of our members are paying their  
3 taxes. They are paying their water bills. And if  
4 their buildings are being seized, which many of them  
5 are now, it's mostly by banks because they took out a  
6 loan to maintain the building or purchase the  
7 building, and they're no longer able to repay the  
8 loan.

9 CHAIRPERSON SANCHEZ: And do you have members  
10 that would-- understanding the methodology is a bit  
11 complex to sort of administer as a layperson, but is  
12 it your position that you would have a lot of members  
13 that are caught up in being one of the 500 worst  
14 properties in the city of New York, in terms of  
15 physical distress?

16 MR. ROBERS: I think certainly for a lot of  
17 smaller owners, nowadays, it's just financially  
18 impossible to manage these buildings.

19 So, it could be many of them fall under here.  
20 I'd say our larger owners are actually probably the  
21 ones where these are being transferred to, but we  
22 want to make sure that everyone, no matter their  
23 size, is able to run a building and not have it  
24 seized by the city.

25 CHAIRPERSON SANCHEZ: Thank you, Adam.

2 MR. BOYLE: Hi, my name is Patrick Boyle. I'm a  
3 Senior Director with Enterprise Community Partners, a  
4 national affordable housing nonprofit organization.  
5 I want to thank the Chair and the members of the  
6 committee for the opportunity to deliver testimony  
7 about this critically important program.

8 As one of the organizations that played a leading  
9 role in informing the creation and structure of the  
10 TPT program initially, and as a member of the 2021--  
11 the working group that released a set of  
12 recommendations in 2021, Enterprise is very invested  
13 in the program's future and success.

14 As you know, there were many concerns about how  
15 properties were included in the program and how the  
16 program was administered previously, and we shared in  
17 those concerns. And to that end, we're pleased that  
18 Intro 1063 has been introduced and that TPT is on a  
19 pathway to being relaunched.

20 We feel this legislation takes clear measures to  
21 be responsive to the chief concerns over TPT, and  
22 overall, this is a significant step in the right  
23 direction toward a more targeted and transparent  
24 program for owners and residents.

2 We have a number of components of the bill that  
3 we'll respond to in the testimony. One is the new  
4 methodology that's created that replaces the block  
5 pickup requirement, which we feel like is an  
6 appropriate balance, and we feel like is a  
7 methodology that is focusing on the most distressed  
8 assets, and feel like it's a real step in the right  
9 direction in terms of the prior methodology from the  
10 previous iteration of the program.

11 A few other notes on sort of interim and long-  
12 term ownership: Given the conditions of the  
13 buildings and the residents living in these  
14 conditions, we feel that the most sort of important  
15 component of the interim owner and the long-term  
16 ownership should really be about who has the capacity  
17 and the expertise and the resources to bring these  
18 properties up to rehab standards, to work with  
19 residents, to work through complicated legal  
20 processes. So, legislation should not define who the  
21 entities are that should be part of this process, but  
22 rather it should be driven by who has the expertise  
23 and the capacity to be able to take on this work.

24 [BELL RINGS]

2 And I'll just wrap up very briefly by saying that  
3 the relaunch of the TPT program and sort of all the  
4 provisions of this bill, we feel like there's a real  
5 benefit to leaving some of this prescription up to  
6 city agencies on outreach, on method of outreach, on  
7 sort of language of outreach. That certain  
8 components of the bill, all the prescriptive nature  
9 that's written into the legislation just could  
10 potentially open up to lawsuits and other challenges  
11 down the line.

12 So, we do see some benefit to that agency  
13 flexibility in this process rather than being so  
14 heavily prescribed in the legislation.

15 But for more nuanced responses to the bill, we'll  
16 direct you to the written testimony and just thank  
17 you again for the opportunity.

18 CHAIRPERSON SANCHEZ: Thank you so much, Patrick.

19 MR. CHINO: Thank you. Dear Councilman Sanchez,  
20 my name is Tio Chino and I serve as the first  
21 secretary of the Social Democrats of America, also  
22 known internationally as the Committee of the Second  
23 Socialist International.

24 We are the socialist faction inside the  
25 Democratic Party. Given that I only have two

2 minutes, I won't waste time with diplomacy. Let me  
3 be clear, this bill is racist, paternalistic, and a  
4 textbook example of systematic governmental racism.

5 No matter how you spin it, as a collective, your  
6 actions are perpetuating racism. The bill should be  
7 known as Aunt Jen and Uncle Tom bill. The only way  
8 Third Party Transfer Program can work if it's paired  
9 with Tenant Opportunity to Purchase Act.

10 This would ensure tenants are the true  
11 beneficiary, not some shady non-profit set up by  
12 developer with questionable intention. The deed  
13 should go to the tenant themselves, period. Why are  
14 these non-profit allowed to raise the rent on rent  
15 control and rent-stabilized tenant while private  
16 sector is prohibited to do so using Title 15 of the  
17 Finance State Law?

18 I speak from experience. I am a resident at 640  
19 Riverside Drive, a building that was transferred on  
20 the TPT program following City Council Resolution 105  
21 back in 2003. Urban Homesteading Assistance Board,  
22 or UHAB, received a deed for \$1 in 2004 from  
23 Neighborhood Restore. Fast forward 20 years and \$100  
24 million later, and the building still hasn't been  
25 transferred to the tenant as promised.



2 Worse, our rent is set to skyrocket from \$400 in  
3 average to \$2,000 starting tomorrow, October 1st.

4 It's attached in the documentation. According to the  
5 documentation of the rent, it's going to also  
6 subsidize actress Rosario Dawson's mother's apartment  
7 on 13th Street.

8 For 15 years, tenants in my building have fought  
9 to expose the corruption with the TPT program.

10 Nearly everybody involved has since retired, except  
11 for UHAB lawyer, Anya Irons, and their director,  
12 Brent Sherman. As usual, new face, plead ignorance.  
13 We've seen it here before.

14 [BELL RINGS]

15 Please allow me to continue, I'm very quick.

16 Corrupt HPD commissioner like Henry Hendrickson  
17 conveniently vanished after being exposed in the last  
18 hearing back in 2019. At this point, it's just not  
19 my story.

20 It's the story of countless black and brown  
21 tenants who repeatedly reached out to the Department  
22 of Investigation, the FBI, the Attorney General, the  
23 District Attorney of the Five Boroughs, and the  
24 Department of Justice, only to be ignored.

2 Let me reiterate, the title should go directly to  
3 the tenant, not some non-profit set up by a shady  
4 developer.

5 Brent Sherman from UHAB advised an above-income  
6 tenant to apply to Section 8 to be denied, and in 10  
7 years, when he retired, to visit Sean Abreu's office,  
8 explaining it was political.

9 Since UHAB has made this issue political, the  
10 Social Democrats of America have launched the Rep My  
11 Block program to educate citizens about partisan  
12 politics, whether Democrat, Republican, or  
13 Independent.

14 Through this, I've seen firsthand how  
15 organizations like UHAB and RiseBoro have infiltrated  
16 the New York City political and journalist sphere.

17 To combat this, we sponsor Documentary County,  
18 now available to stream on PBS. As a socialist, I  
19 firmly believe tenants who want to become owners  
20 should receive the deed through fair means and  
21 organize via limited liability corporation or non-  
22 profit that pay its fair share of property expense.

23 However, allowing a shoddy organization like UHAB  
24 and RiceBoro to hold the title is nothing more than  
25 an extension of corruption. It's no surprise UHAB

2 supports this bill. It provides them a lifeline to  
3 hide what they have done to the residents of 640  
4 Riverside Drive, 644, and countless others.

5 This bill, if allowed to pass as is, would only  
6 perpetuate the legacy of racial redlining initially  
7 set up by the bank to prevent black and brown  
8 community from building wealth.

9 We at the Social Democrats of America are  
10 committed to educating the public until all these  
11 racist liberal policies are dismantled.

12 As for me, starting tomorrow, I will initiate a  
13 rent strike as tenant in what I can only describe as  
14 a criminal enterprise.

15 I will be demanding a full accounting of where  
16 the \$100 million has gone, and I'm available to  
17 answer any question you might have.

18 CHAIRPERSON SANCHEZ: Thank you.

19 MR. CHINO: And thank you for the opportunity to  
20 say all that.

21 COUNCILMEMBER BREWER: Mr. Roberts, are there  
22 parts of the bill that could be changed so that  
23 owners would have more of a chance to redeem  
24 whatever, and to make changes to their property,  
25 blah, blah, blah? What would you suggest?

2 MR. ROBERTS: Sure. So, that's a good question.

3 I'd say making sure it's not a minimum of 500  
4 properties is really key. Like the AAP is nowhere  
5 near 500 properties, and as HPD testified, this is  
6 drawing from a similar list of buildings.

7 Also making sure that perhaps there's a way to  
8 cure that isn't just a payment, because almost all of  
9 these buildings are in this situation because the  
10 owner can't pay, whether that owner is one of our  
11 members or an HDFC. So, making sure there is some  
12 other way that you can cure.

13 And also perhaps being a little more lenient with  
14 more than just one year of property taxes that's not  
15 that long.

16 I mean, again, as HPD testified, it's a lot of  
17 buildings. So, those are a few places where there  
18 could be some changes.

19 COUNCILMEMBER BREWER: Thank you. And then for  
20 Enterprise, are you also trying to figure out how to  
21 deal with some of the HDFC issues? Is Enterprise  
22 focused on that, or is it other than HDFC?

23 MR. BOYLE: In terms of the testimony we've  
24 submitted, we really just kind of focus on this as an  
25 affordable housing program and really kind of a

2 pipeline to create affordable housing. And that's  
3 sort of been the chief way that we view the  
4 importance of TPT, both in kind of how we started it,  
5 had a role in kind of shaping the launch of it, and  
6 then have followed it over time.

7 So, we would just like to see it kind of  
8 strengthened as that pipeline to let groups be able  
9 to really turn these properties around on behalf of  
10 the tenants. So that's really kind of the frame in  
11 which we're kind of looking at and shaping our  
12 testimony.

13 COUNCILMEMBER BREWER: Thank you very much.

14 CHAIRPERSON SANCHEZ: Thank you, Councilmember  
15 Brewer.

16 For Mr. Chino, would you be-- So you would be  
17 supportive of a version of this legislation that only  
18 included tenant ownership?

19 MR. CHINO: The thing is, I'm for legislation  
20 that get the path of the bill to the tenant, a entity  
21 that will be controlled by the tenant, and not by a  
22 non-profit you have, who then says, we're the owner,  
23 and in fact, you're not the owner. And that's what  
24 happened at many tenant association board, that they  
25 discover seven, eight, nine months when they started

2 questioning, "Why are we spending on ethernet cable  
3 in the building?" And they say, "Oh, we're the  
4 owner. We came up with that and tough luck. There  
5 is nothing you can say to no."

6 And in my case, because I'm very inquisitive,  
7 they actually changed the bylaws of the board to make  
8 sure that there would be an element that would  
9 create-- that would make-- that would create  
10 dissension inside the tenant association.

11 So they would say, they would come back to you  
12 like today. "Oh, we couldn't work with this building  
13 because the board is not together." And we heard  
14 that many time over and over.

15 And I would be for any bill that gives the power  
16 to the tenant who wants to go into a third party, but  
17 where the nonprofit, the for-profit, or whoever  
18 entity is around, the CTL, the tenant are the real  
19 decision maker that can say yes or no. And if there  
20 is a problem later on, the sponsor can refer to the  
21 court to say, "We need this to happen and the tenant  
22 are not understanding that," instead of the other way  
23 around.

24 CHAIRPERSON SANCHEZ: Okay, thank you. Thank you  
25 so much all. I appreciate it.

2 And now I'd like to call up the next panel. Not  
3 the final panel, the next panel, Richard Reid,  
4 representing himself, Josefina Sanfeliu, and sorry if  
5 I mispronounced that, and Annie Wilson.

6 MS. WILSON: Sure, I'm going to be providing  
7 written testimony, but these are documents to share  
8 with the panel here. And here's a few more. I know  
9 that's not enough for everybody, but just as  
10 examples.

11 CHAIRPERSON SANCHEZ: You may begin when ready.

12 MR. REID: Hi, good afternoon. My name is  
13 Richard Reed. My family resides at 640 Riverside  
14 Drive. I would like to address-- I've heard a lot of  
15 things about taxes, violations, stabilization, living  
16 conditions, and I think that the housing stock really  
17 needs to be addressed in terms of having it be decent  
18 for citizens.

19 My problem is through the third party transfer  
20 program, tenants end up with a situation where their  
21 rents are being doubled and tripled. At 640  
22 Riverside Drive, that is the case.

23 So, the housing stock has been improved, but the  
24 tenants can't afford the apartments anymore.

2           So that's what I would like to address. And I  
3 hope that something can be done about that situation  
4 because it's really untenable.

5           MS. WILSON: Hi, I'm Annie Wilson. I was co-  
6 founder of 544 East 13th Street HDFC. I lived there  
7 in 1984, and helped structure the building towards an  
8 HDFC with UHAB, and supported the transfer of the  
9 properties along with Margarita Lopez, who was the  
10 City Council person at the time in 2002 with what was  
11 a land disposition agreement, whereby there would be  
12 two years to complete the conversion of the building  
13 to an HDFC.

14           There were 11 properties. Our building of the 11  
15 properties had the least amount of work to do. And  
16 our scope of work was around \$160,000, plus about  
17 \$100,000 in weatherization through the Manhattan  
18 Weatherization Program with Dan Reber.

19           Well, it was very promising and I was looking  
20 forward to the completion of the building as soon as  
21 possible. And unfortunately, the sponsor developer,  
22 instead of helping us, forced us into a situation of  
23 disrepair, kept insurance money after a fire, removed  
24 our gas system and our heat, then took a loan without  
25 telling us, feigned a foreclosure, forced us into



2 foreclosure, negotiations, and a sponsorship-- a co-  
3 sponsorship with local developer Don Capocha.

4 And so the renovation went from \$260,000 to \$6  
5 million, and I was the first person to sign to a  
6 temporary relocation apartment, I encouraged my other  
7 neighbors to do so as well because we'd had a vacate  
8 order on half the building. We'd made the repairs  
9 and you have refused to remove the vacate order after  
10 the repairs were made.

11 So, I was looking forward to a beautiful  
12 apartment to return to. It's around 750 square feet,  
13 around \$800 a month.

14 [BELL RINGS]

15 And within two years, I learned that actually  
16 there were plans for an occupant to be in my  
17 apartment from Texas, a non-resident of New York.

18 So I obliged and agreed to negotiate for  
19 alternatives per the relocation contract. And that  
20 actually became fodder for harassment, bullying, and  
21 I agreed to five or six different offers and UHAB was  
22 dead set on not going to let me back to the building,  
23 or to 10th Street, or to a building in Bushwick,  
24 because I spoke up and I had requested accounting.

2 And that was not something they would want to  
3 address, and I was the coordinator for 15 years.

4 And I have been unable to return, I'm still in  
5 the relocation apartment. I'm being evicted from  
6 there now. My next court date is on the 22nd with a  
7 trial. I've gone through all of these, trying to get  
8 representation through a dozen different legal  
9 service providers. I'm a low-income person and a low  
10 income person shouldn't have to have enough money for  
11 a high-income lawyer to defend my situation.

12 I'm a senior citizen and I was looking forward to  
13 returning to my home. I would be happy to work with  
14 any type of investigation in this matter. There's a  
15 lot more information than what I've provided today.  
16 And thank you for giving me this opportunity to  
17 speak.

18 CHAIRPERSON SANCHEZ: Thank you, Annie. Okay.

19 MS. WILSON: Thank you. Any questions?

20 CHAIRPERSON SANCHEZ: Too many for this hearing.  
21 So, I'll be following up with you as yours and yours  
22 is an individual case. And I just want to thank you  
23 both for your time and hear you on the concerns about  
24 increasing rents. Thank you.

25 MS. WILSON: All right, thank you.

2 I'd now like to call up Christopher Leon Johnson,  
3 M.E. Green-Cohen, Gregory Baggett, and Sharon Brown  
4 Jetter, or Jeter, apologies.

5 You may proceed when ready.

6 MR. JOHNSON: All right, I'm ready now. Hi, my  
7 name is Christopher Leon Johnson, The Record, and I  
8 support my boy, Theo Chino, with his fight against  
9 UHAB. It's a real corrupt non-profit. I used to  
10 work in one of their buildings in Harlem, right in  
11 Sean Abreu's district, borderline Sean Abreu. I  
12 think it's now Yusuf Salaam's district in 115th area,  
13 the 100s area.

14 And yeah, it's really dirty. Those buildings are  
15 really dirty, and really nasty. It's not good for  
16 anybody to live in. This is like-- This stuff with  
17 Third Party Transfer, anytime these non-profits be  
18 saying like, this is going to benefit the tenants.  
19 It's never going to benefit the little person. It's  
20 never going to benefit these people here and the lady  
21 back there.

22 It's only going to benefit these non-profits.  
23 One thing I want to say to tell people like Theo and  
24 other people that's fighting against this stuff is  
25 that you've got be careful of the people that act

2 like they're fighting for you. I'm not talking about  
3 you, Theo. I'm talking about people like this little  
4 fat, little Wayne-looking Marquise Jenkins that sides  
5 with--

6 CHAIRPERSON SANCHEZ: Let's keep our remarks, no  
7 personal attacks here, okay?

8 MR. JOHNSON: I understand, I understand.

9 So li,e Marquise Jenkins, the district leader of  
10 the 74th district, who is under Conor Rivera's thumb  
11 and who act like he's fighting for us, and everybody  
12 else, with RAPPH, and he's not. Rivera takes money  
13 from developers. How do you have a person that leads  
14 an organization that's so-called fighting against the  
15 issue that is down with an elected official named  
16 Conor Rivera who is a YIMBY who is hell-bent on  
17 selling out Lower East Side to developers? And  
18 everybody know about Conor Rivera.

19 So I tell people this, people got to be careful  
20 of these organizations like RPPH and these so-called  
21 community land trust organizations that is in pocket  
22 with these developers and in pocket with REBNY to  
23 lead you guys astray. People got to start waking up  
24 to see like, who leading this stuff, who's on the  
25 board, who's the lead organizer, who's who?

2 [BELL RINGS]

3 Because they-- and the thing is, these elected  
4 officials. I'm not saying that you, Pierina, you  
5 don't be with them, but people like Sammy Nurse who  
6 are scared of these organizations because all she  
7 care about is keeping her next term and making sure  
8 her people get their terms in office. And this is a  
9 big issue. A lot of elected officials, they're  
10 scared of these community land trust organizations  
11 and they shouldn't be.

12 These community land trust organizations, they  
13 down with this stuff because they're reaping the  
14 rewards out of this. All this stuff is about  
15 putting-- keep these non-profits richer, and that's  
16 all it's about. And it's not just you-haves, it's  
17 the other non-profits that's under the Working  
18 Families Party and the New York City DSA, they're  
19 reaping the rewards out of this stuff too because  
20 they're part of this thing.

21 And especially our City Controller, Brad Pander,  
22 he's part of this stuff too. He's the one that's the  
23 main thing that's scared of this stuff.

24 CHAIRPERSON SANCHEZ: You can conclude, okay?

25

2 MR. JOHNSON: I'm concluding now. Cool, cool, I  
3 respect you, I love you, as an elected official.  
4 Let's conclude.

5 You people got to wake up. The Third Party  
6 Transfer is bad for business. They act like they  
7 fighting for the little guy, they're not. All this  
8 is about is to take away property from the developers  
9 and the landlords and the property management  
10 companies. They don't approve of the ones that don't  
11 donate to their campaigns and giving it to these  
12 corrupt non-profits that they know that all they're  
13 going to do is electioneer and electioneer and  
14 electioneer.

15 This is all about votes, all about votes.

16 So I'm going to let go. Take care. Beware of  
17 these organizations like RPPH and the fraud Marquise  
18 Jenkins.

19 Take care. Peace out.

20 CHAIRPERSON SANCHEZ: Thank you, thank you.

21 MR. BAGGETT: Good evening, Gregory Baggett from  
22 the A. Philip Randolph Square Neighborhood Alliance,  
23 and I'm a consultant in principle with the New York  
24 Council for Housing Development Fund Corporations.

2 I want to-- Or I just want to say it's a little  
3 disheartening to, after over 50 years of listening to  
4 stuff about HDFCs to still hear mostly stories about  
5 failing HDFCs, when the vast majority of the  
6 buildings are doing well.

7 I want to testify that the Third Party Transfer  
8 Program has successfully preserved home ownership  
9 since its inception and has created home ownership  
10 opportunities from previously failing rental  
11 properties. Moreover, most TPT converted HDFC  
12 cooperatives often outperform those from the TIL  
13 program despite fewer opportunities for resident  
14 education.

15 So, I want to thank you, Chairwoman Sanchez, for  
16 introducing this draft legislation and recognizing  
17 this program's historic potential to preserve and  
18 provide the promise of home ownership opportunities  
19 for many New Yorkers living in distressed properties.

20 However, we have one concern. The proposed  
21 solutions to preserve these precious assets seem to  
22 replicate past ineffective approaches.

23 One, reliance on monitors who represent the  
24 corporation's interests, not the city, the  
25 governmental agencies, or the residents.

2           Oversimplified education programs tantamount to  
3 physics for poets that create permanent dependency on  
4 the provider.

5           [BELL RINGS]

6           And three, involvement of paternalistic non-  
7 profits with proprietary and territorial practices  
8 that hinder effective stewardship.

9           I'd like to continue, I just have a paragraph.

10           These approaches have proven inadequate in the  
11 past. We need innovative solutions that treat the  
12 management of these scarce assets as the businesses  
13 that they are while supporting the residents and  
14 boards to whom these assets provide shelter with  
15 equity and empathy.

16           We urge you to consider establishing an asset  
17 management trust with expanded authority over the  
18 capital budget of these corporations, implemented  
19 mandatory tailored business education, engaging  
20 neutral business experts for unbiased direction and  
21 insight, and lastly, converting corporations at risk  
22 to non-profit HDFCs, HDFCs that's part of the  
23 community management program, or community land trust  
24 HDFCs.



2 In closing, addressing these concerns will ensure  
3 that the HDFC portfolio continues to create  
4 sustainable home ownership opportunities for future  
5 generation.

6 And one last point, I wanted to make a pitch for  
7 Intro 0958 to create home ownership opportunities for  
8 persons earning 70 to 165% AMI.

9 This bill, which was introduced by the speaker,  
10 is in perfect alignment with this draft legislation  
11 because most young professionals, first-time  
12 homeowners, retired older adults with retirement, and  
13 returning graduates earn too much to qualify for many  
14 of the city's preservation housing programs, and yet  
15 too little to access the free market.

16 So, thank you very much.

17 CHAIRPERSON SANCHEZ: Thank you so much, Mr.  
18 Baggett, that was very helpful.

19 We'll be following up with you if it's all right,  
20 if you have recommendations on those business  
21 professionals, the neutral business professionals  
22 that you mentioned. Thank you.

23 And lastly, I'd like to call up via Zoom Michelle  
24 Dela Ouz, Junior Gonzalez, Tanisha Grant, and Debra  
25 Blake.

2 Okay, hearing no others signed up to testify.

3 I'm sorry, we can speak off the record, your time  
4 has expired, and I'll need to close the hearing.

5 But just hearing no other new individuals signed  
6 up to testify, I just want to thank everyone who took  
7 the time to testify today, and we'll be collating all  
8 of the feedback received and moving forward,  
9 hopefully with a successful bill.

10 Thank you all.

11 [GAVEL]

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C E R T I F I C A T E

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



Date October 08, 2024