

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PLANNING, DISPOSITIONS & CONCESSIONS

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February 8, 2010
Start: XX:XXam/pm
Recess: XX:XXam/pm

HELD AT: Council Chambers
City Hall

B E F O R E:
STEPHEN LEVIN
Chairperson

COUNCIL MEMBERS:
Charles Barron
Sara M. Gonzalez
Inez E. Dickens
Diana Reyna

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

Carol Clark
Assistant Commissioner
HPD

Sal D'Avola
Executive Director
Restored Homes Housing Development Fund Corporation

Wendell Walters
Assistant Commissioner New Construction
HPD

2 CHAIRPERSON LEVIN: Oh. Thank you,
3 Charles. Committee hearing on the Subcommittee
4 for Planning, Dispositions, and Concessions and
5 thank you all very much for coming out. Ms.
6 Carol--

7 FEMALE VOICE: Introduce yourself.

8 CHAIRPERSON LEVIN: I'm Council
9 Member Stephen Levin, representing the 33rd
10 district and the Chair of the Subcommittee. I
11 want to introduce Council Member Charles Barron, I
12 want to introduce Council Member Sara Gonzalez,
13 Council Member Inez Dickens, and I want to thank--
14 and Council Member Diana Reyna, thank you very
15 much, Council Member. I want to introduce Carol
16 Clark. Excuse me, and...

17 FEMALE VOICE: Sal D'Avola.

18 CHAIRPERSON LEVIN: And Sal D'Avola
19 from HPD to deliver testimony on these items and
20 we'll get going.

21 First up is Land Use number 19,
22 it's a non-ULURP number 20105186HAK, 64 Harman
23 Street, 1231 Putnam Avenue, 69 Cornelia Street in
24 Community Board district 4, I believe.

25 [Pause]

2 CHAIRPERSON LEVIN: Community Board
3 district 3 in Brooklyn, these are Asset Control
4 Area Program properties in the 34th Council
5 district. Ms. Clark?

6 CAROL CLARK: Thank you, Chairman
7 Levin. I'm Carol Clark, Assistant Commissioner at
8 HPD and I just wanted to correct the record on one
9 point, Sal D'Avola is the Executive Director of
10 Restored Homes, which--

11 CHAIRPERSON LEVIN: Excuse me.

12 CAROL CLARK: --is the owner of
13 these properties currently.

14 CHAIRPERSON LEVIN: Thank you,
15 sorry about--

16 [Crosstalk]

17 CAROL CLARK: And the LU number 19
18 does consist of three vacant properties located at
19 1231 Putnam Avenue, 69 Cornelia Street and 64
20 Harman Street which we're proposing be developed
21 under the Asset Control Area Program.

22 In an effort to revitalize
23 neighborhoods by bringing vacant homes back into
24 use and creating affordable home ownership
25 opportunities for low and moderate income

2 families, HPD and the U.S. Department of Housing
3 and Urban Development, HUD, have undertaken this
4 initiative, which is called the Asset Control Area
5 Program.

6 Under the program, one to four
7 family homes acquired by HUD as a result of
8 mortgage foreclosures are sold to a not-for-profit
9 sponsor, which is Restored Homes Housing
10 Development Fund Corporation, of which Mr. D'Avola
11 is the Executive Director. The Restored Home
12 undertakes to rehab and subsequently sell the
13 properties to qualified purchasers. In
14 collaboration with HPD, Restored Homes will
15 oversee the rehab of these buildings and will
16 conduct the marketing process that is established
17 to identify the income eligible purchasers.

18 Today, HPD is before the Council
19 seeking its approval of a UDAAP tax exemption for
20 the eligible purchasers to enhance the
21 affordability of the project.

22 Council Member Reyna is reviewing
23 the matter and considering lending her support.

24 [Off mic]

25 CHAIRPERSON LEVIN: Thank you. I

2 don't have any questions, so I'm going to ask if
3 any members of the committee have questions.

4 Council Member Reyna.

5 COUNCIL MEMBER REYNA: Thank you
6 very much. I just wanted to review some of the
7 properties on the calendar. Charles, may I borrow
8 my documents again? [Pause] Thank you so much.

9 I have a great deal of respect for
10 Mr. D'Avola and I've seen his work and I'm very
11 happy that he is in Bushwick and trying to make
12 certain that we're revitalizing our neighborhood,
13 and we're in discussions of making sure that
14 certain issues have been raised on my behalf, such
15 as streetscape. And Mr. D'Avola has mentioned
16 that there will be minimal streetscape applied as
17 far as each property is concerned because they're
18 trying to control cost. If you can just describe,
19 Sal, some of the streetscape if possible as to
20 what you would have in mind as far as the frontage
21 of the property is concerned so that way at least
22 we have an overview. [Pause] Of what you've done
23 in the past perhaps.

24 SAL D'AVOLA: Sure, as I had
25 mentioned to you, we've purchased about 60 homes

2 through this program over the past few years and
3 essentially, given the fact that these homes are
4 foreclosed homes that are existing homes and we're
5 looking to preserve them, each home has its own
6 unique qualities to it, so the streetscape in many
7 ways is reflective of what is existing in those
8 homes when we purchase the homes and looking
9 towards minimal efforts to beautify those homes.
10 'Cause as you mentioned, there are budget
11 constraints and limitations and we'd rather focus
12 the funding on renovating the homes on the
13 interior. Some homes have front yards already and
14 we encourage--you know, we will actually maintain
15 those front yards that are there. Some homes have
16 stoops in front of them, some homes have flat sort
17 of concrete.

18 At a minimum, what we could seek to
19 do, and I know you have one house in particular
20 that is just an illegal parking pad in front of
21 the house, we obviously would look at those issues
22 and remove the curb cut that is illegal in front
23 of the house and we would consider looking at some
24 other methods to sort of in some way beautify the
25 front of that home.

2 COUNCIL MEMBER REYNA: And I just
3 wanted to state for the record that in the city of
4 New York, I know in my Queens portion of my
5 district we just had a borough board meeting
6 concerning streetscape and in the city of New
7 York, the Department of City Planning is looking
8 into making sure that there isn't this pattern
9 where homeowners are removing their green
10 landscaping from the front of their yards, taking
11 away the green that's left in the city of New York
12 to just put a slab of concrete. And so in the
13 efforts of beautifying--you know, trees do go in
14 Brooklyn, we want to be able to, wherever there's
15 an opportunity, to assist a neighborhood as
16 Bushwick grow in its landscaping. And so if you
17 can assist us in making sure that as a developer
18 to be able to rehab these properties, if you can
19 invest as minimal as possible, controlling costs,
20 but beautifying these front yardage that's not
21 much to be able to see a strip of lawn or a tree
22 or two, shrubbery, anything that can assist in
23 beautifying the block.

24 I understand as well that one of
25 the properties was a illegal converted SRO and

2 that's a systemic issue in Bushwick, along with
3 the foreclosure issues in the areas of which these
4 particular properties exist that I want to be able
5 to make sure that we're not providing opportunity
6 for your next investor because this isn't a first-
7 time homeowner necessarily program per se,
8 correct?

9 SAL D'AVOLA: It is not, but most
10 of our home buyers are first time homebuyers.

11 COUNCIL MEMBER REYNA: Right. And
12 you're seeking in your very best ability to seek
13 first homeowner, but it does not require you to
14 have a first time homeowner, correct?

15 SAL D'AVOLA: No, it doesn't.

16 COUNCIL MEMBER REYNA: And so I
17 just want to make sure that the properties are not
18 going to land in the hands of predators who seek
19 property, investment properties to turn them into
20 illegal occupancies.

21 SAL D'AVOLA: That's a preclusion
22 of the program, the program is an owner occupancy
23 program. Every single person who purchases one of
24 our homes, the requirement is that they live in
25 the home that they're purchasing and, in fact, the

2 enforcement notes in mortgages that are tied to
3 the property stipulate that it has to be owner-
4 occupied.

5 COUNCIL MEMBER REYNA: And--

6 SAL D'AVOLA: I agree with you,
7 Councilwoman, that--

8 COUNCIL MEMBER REYNA: Right.

9 SAL D'AVOLA: --this predatory
10 issue that you're mentioning, that is not
11 something that we--

12 COUNCIL MEMBER REYNA: Right.

13 SAL D'AVOLA: --in our program in
14 any way encourage and, in fact, we shun upon it
15 and when we are looking at these homes, as I had
16 mentioned to you in our conversation, that any
17 illegal SRO type situations or any home that has
18 been sort of altered illegally from the
19 certificate of occupancy or its use, we bring the
20 buildings back to the condition that they should
21 be in. If they were originally a two-family home,
22 we bring them back to a two-family home; if there
23 are illegal apartments throughout or in the
24 cellars, we remove those illegal units.

25 COUNCIL MEMBER REYNA: And one of

2 my last comments as far as the affordability of
3 these homes. You mentioned that this already went
4 through a lottery and there were no potential home
5 buying qualified individuals, can you tell me how
6 many applications were reviewed that the lottery
7 was just not successful?

8 SAL D'AVOLA: I don't know the
9 exact number--

10 COUNCIL MEMBER REYNA: Yeah.

11 SAL D'AVOLA: --of the lottery at
12 this point, I can say that we sort of fell into an
13 interesting period. We're in this economic
14 downturn and we're also in the middle of this
15 issue of retrenchment of credit from lenders and
16 so the combination of those two things has
17 affected us, as well as affected everyone else in
18 the country.

19 COUNCIL MEMBER REYNA: Correct.

20 SAL D'AVOLA: But we are, and I can
21 say this, we are still selling homes and we are
22 still finding qualified buyers who are getting 30-
23 year fixed rate interest rate mortgages.

24 COUNCIL MEMBER REYNA: And you go
25 through a home owner's counseling requirement, you

2 do incurring--certain applications that will allow
3 for the screening to prevent any foreclosure in
4 the future.

5 SAL D'AVOLA: Yes, there's a home
6 ownership counseling that's required and we do go
7 through that process to ensure that the potential
8 homeowners are ones that are going to be able to
9 afford these homes.

10 COUNCIL MEMBER REYNA: And the
11 rentals are taking into consideration as a partial
12 ability to pay the mortgage but not entirely the
13 source of paying a mortgage.

14 SAL D'AVOLA: There's standard
15 underwriting that lenders put in place in dealing
16 with multi-family homes, two-family, three-family
17 homes where they take a percentage of the
18 projected rental income.

19 COUNCIL MEMBER REYNA: Does it vary
20 or is it one standard percentage?

21 SAL D'AVOLA: I don't know, I think
22 it is a standard number, I'm not quite sure these
23 days, but there's a percentage of the rent that's
24 included in the calculations and in determining an
25 affordability.

2 COUNCIL MEMBER REYNA: You know the
3 price of the rental as a projected--

4 SAL D'AVOLA: Not for these homes,
5 but generally we seek input from the community, we
6 talk to local brokers to get a sense of what the
7 rent is in those particular communities for if
8 it's a one-bedroom or a two-bedroom apartment.

9 COUNCIL MEMBER REYNA: And what is
10 your take right now on those rentals?

11 SAL D'AVOLA: I don't know for
12 these particular properties, I didn't bring that
13 information with me.

14 COUNCIL MEMBER REYNA: If we can,
15 in our follow-up conversations, can you provide me
16 with that information?

17 SAL D'AVOLA: I'm happy to.

18 COUNCIL MEMBER REYNA: Thank you.
19 Thank you, Mr. Chair.

20 CHAIRPERSON LEVIN: Like to
21 recognize Council Member Barron.

22 COUNCIL MEMBER BARRON: Thank you,
23 Mr. Chair. What is the neighborhood AMI for that
24 area?

25 SAL D'AVOLA: The neighborhood AMI?

2 I'm not sure that I know what the neighborhood AMI
3 is.

4 COUNCIL MEMBER BARRON: So you
5 establish AMIs for property in a neighborhood that
6 you have no idea what the neighborhood AMI is?

7 SAL D'AVOLA: No, we use the
8 standard Area Median Income for--

9 COUNCIL MEMBER BARRON: Well--

10 SAL D'AVOLA: --New York City.

11 COUNCIL MEMBER BARRON: --I know,
12 but when we're doing projects, it can vary, it can
13 go over the New York City or metropolitan area AMI
14 or it can go under that, so there is some
15 negotiations around the AMI, and I'm asking you,
16 what is the AMI for this project?

17 SAL D'AVOLA: We cannot exceed 115%
18 of AMI.

19 COUNCIL MEMBER BARRON: Right, so
20 you did go beyond the area AMI, there's
21 metropolitan area AMI, you went 15 percentage
22 points above it.

23 SAL D'AVOLA: I'm not sure what
24 you're asking me, Councilman.

25 COUNCIL MEMBER BARRON: I'm asking

2 you if you can decide what the AMI is for a
3 project, think the metropolitan area AMI is about
4 76,000?

5 SAL D'AVOLA: You're talking about
6 the 100% of AMI.

7 COUNCIL MEMBER BARRON: Yes.

8 SAL D'AVOLA: Yes, it's 78 six, I
9 believe.

10 COUNCIL MEMBER BARRON: Seventy-
11 eight six.

12 SAL D'AVOLA: Or 76 eight, one or
13 the other, I just--

14 COUNCIL MEMBER BARRON:
15 [Interposing] Right, all right, let's say 78 six,
16 so you established that for this project you're
17 going up to 115% of the AM--

18 SAL D'AVOLA: [Interposing] We
19 didn't establish, it was a program that's put in
20 place by HUD and we're part of that program and
21 the parameters under that program by the federal
22 government and by the city of New York established
23 that we could not exceed 115% of AMI.

24 COUNCIL MEMBER BARRON:
25 [Interposing] Right, but you can go lower.

2 SAL D'AVOLA: We can go below it,
3 yes.

4 COUNCIL MEMBER BARRON: Right, so
5 I'm asking you in determining to do the maximum
6 AMI, 'cause that's what you did basically,
7 determined that you would use the maximum amount
8 since you can't exceed for--

9 SAL D'AVOLA: [Interposing] That's
10 not the case, Councilman, actually.

11 COUNCIL MEMBER BARRON: You said
12 you cannot exceed 115%, right?

13 SAL D'AVOLA: Correct.

14 COUNCIL MEMBER BARRON: So you
15 can't beyond that, right?

16 SAL D'AVOLA: Correct.

17 COUNCIL MEMBER BARRON: So that's
18 the maximum AMI that you could--

19 SAL D'AVOLA: [Interposing] For the
20 program, yes.

21 COUNCIL MEMBER BARRON: Well that's
22 what I said.

23 SAL D'AVOLA: Yeah, okay.

24 COUNCIL MEMBER BARRON: Well that's
25 what I said, you know. So I'm saying to you that

2 why wouldn't you want to see what the area, the
3 neighborhood AMI is to see, you know, if we're
4 talking about affordability here or not,
5 affordable to who. If the top only 10% of the
6 neighborhood or 15% of the neighborhood is making
7 \$88,000 or \$84,000, whatever, then that would be a
8 very small percentage of that neighborhood being
9 able to purchase that home.

10 SAL D'AVOLA: I'm not saying we
11 don't do that, you asked me specifically--

12 COUNCIL MEMBER BARRON:
13 [Interposing] Well you didn't, but you didn't--

14 SAL D'AVOLA: --you asked me
15 specifically whether I knew what the AMI was for
16 this particular area--

17 COUNCIL MEMBER BARRON: Right.

18 SAL D'AVOLA: --in the
19 Councilwoman's district. We don't just base the
20 price of the home on the 115% of AMI number, we do
21 a number of things. We look at what the market is
22 in terms of what these homes can go for in the
23 market, we look at Department of Finance data, we
24 look at different websites that give you
25 comparables in the neighborhood of what CLs are--

2 COUNCIL MEMBER BARRON:

3 [Interposing] I'm familiar with that, I'm familiar
4 with all of that.

5 SAL D'AVOLA: --and we determine
6 which of the lower is the appropriate number to
7 make these homes sellable.

8 COUNCIL MEMBER BARRON: Right, I'm
9 familiar with the process, but I'm asking you more
10 about the idea of affordability for an area and
11 whether all of the factors there now--we have a
12 real challenge 'cause if it goes too low, and we
13 always talk about this, if you have the AMI too
14 low, then the people in that neighborhood may
15 [pause] be able to secure a loan if the AMI is too
16 low. If the AMI is too high, then you're
17 outpricing 90% of the people in the neighborhood,
18 so it couldn't really be considered affordable.
19 One would say affordable to who.

20 So as we define affordability for a
21 neighborhood, it's trying to strike that balance
22 between required incomes that can get the mortgage
23 and not go into foreclosure because they're over
24 their head, while at the same time not locking out
25 people in the neighborhood and we have problems

2 with gentrification. This is our neighborhoods
3 are gentrified by coming in with high priced high
4 AMIs and high priced homes that the people in the
5 neighborhood can't even afford. And that's why I
6 always raise these issues so that we'll be
7 sensitive so the least you can do is lay--it
8 doesn't take a whole lot to research and find out
9 the area, you know, the neighborhood AMI and then
10 negotiate. 'Cause sometimes even if the
11 neighborhood AMI is \$30,000 or whatever, then we
12 know that's low and we know that that's not
13 something that we could try to get somebody to buy
14 with that income to get this kind of home, but at
15 least you give, as you go up the income ladder,
16 you give some people a chance to get it as opposed
17 to outpricing 99% of the people in the
18 neighborhood and then having others come in and
19 our neighborhoods be gentrified.

20 SAL D'AVOLA: I think we do what
21 you're saying we do, I think we, through the
22 different factors and the different conversations
23 in the different community groups and local
24 brokers that we talk to, we do get to that place
25 that you're discussing. I also think that our

2 goal is not to gentrify these neighborhoods, our
3 goal is to provide affordable housing in the
4 communities to the people that live in these
5 communities as well. We're not looking to push
6 the people in these communities out of their
7 neighborhoods and--

8 COUNCIL MEMBER BARRON:

9 [Interposing] I know, but its--

10 SAL D'AVOLA: --we have preference
11 categories that allow for that.

12 COUNCIL MEMBER BARRON: I
13 understand, but I'm saying no matter what your
14 intentions are, it's all boils down to what the
15 policy is going to be, it all boils down to what
16 the AMI is going to be and what the price of the
17 house is going to be, no matter what anybody's
18 intentions are. It's the price of the house and
19 the income requirement that determines
20 affordability in a neighborhood, so we can be
21 well-intended and come in at 115% of the AMI and--
22 what is the price of the house, by the way?

23 SAL D'AVOLA: The particular houses
24 in the Councilwoman's district, I think in the low
25 fours, I don't have the specific number, 415, 430.

2 COUNCIL MEMBER BARRON: Four
3 thirty.

4 SAL D'AVOLA: And 460.

5 COUNCIL MEMBER BARRON: Four 60?

6 So it's about \$460,000 and a AMI of 115%.

7 [Pause]

8 SAL D'AVOLA: The cap is 115%.

9 COUNCIL MEMBER BARRON: Right.

10 SAL D'AVOLA: Yes. But I'm not
11 sure--

12 [Crosstalk]

13 COUNCIL MEMBER BARRON:
14 [Interposing] That's what you consider an
15 affordable--

16 [Crosstalk]

17 SAL D'AVOLA: The affordability may
18 not be at 115%, I don't have the number in front
19 of me, but we could do that calculation.

20 COUNCIL MEMBER BARRON: All right,
21 thank you very much.

22 CHAIRPERSON LEVIN: Sorry, Mr.
23 D'Avola, if I could just ask for like one
24 clarification. So there's a maximum of 115% of
25 AMI, but is there a minimum?

2 SAL D'AVOLA: No, there's no
3 minimum, the minimum is basically required on what
4 a person can get for a mortgage. So essentially
5 you don't want to encourage people that don't have
6 sufficient income to purchase a home. Generally,
7 our homes have been affordable to people making
8 anywhere between 70% of AMI up to the 115%.

9 CHAIRPERSON LEVIN: So then there's
10 good reason to believe that somebody making 75,
11 80% of AMI, a family of four, would be able to
12 qualify for a mortgage and would not be rejected
13 from an application for this home, for these
14 homes.

15 SAL D'AVOLA: Correct. And, in
16 fact, our average in terms of people who have
17 purchased our homes has been around 90 to 95% of
18 AMI.

19 CHAIRPERSON LEVIN: So then there's
20 just as many people below that number as above
21 that number--

22 SAL D'AVOLA: Correct.

23 CHAIRPERSON LEVIN: --up to the
24 maximum of 115% AMI--

25 SAL D'AVOLA: Yes.

2 CHAIRPERSON LEVIN: --as defined by
3 HUD and HPD [off mic]. So just for our
4 clarification and so that this committee I think
5 would feel more comfortable, there's no reason to
6 believe that somebody making 80% of AMI or 75% of
7 AMI would be rejected out of hand as not
8 qualifying for a home like this.

9 SAL D'AVOLA: And in fact, you have
10 another item on the agenda today for a number of
11 homes in Councilwoman Rose's district and those
12 homes are affordable to people making about 70% of
13 AMI on Staten Island.

14 [Pause]

15 COUNCIL MEMBER BARRON: --say one
16 other--

17 CHAIRPERSON LEVIN: Sure thing.
18 Council Member Barron.

19 COUNCIL MEMBER BARRON: Just so,
20 and I know the Chair knows this, but any time you
21 have a 115% of the AMI, the likelihood of somebody
22 making 70%, 75% of the AMI getting that is slim,
23 very, very slim 'cause most would go for the
24 higher income because they would consider that
25 that person could afford it more than likely,

2 that's why in some of our instances we stop it at
3 80% or we stop it at 70% and say that you can't go
4 higher than that to make sure that we get those
5 who come in at that level. When it's way up there
6 like that, then it's like he said, it'll be more
7 like 95% of the AMI or 100% of the AMI would be
8 more likely [pause] them to have it.

9 Now so you're saying Debbie Rose's
10 project is at 70% of the AMI?

11 SAL D'AVOLA: The homes currently
12 are affordable at 70% of AMI.

13 [Pause]

14 CHAIRPERSON LEVIN: Are there any
15 other questions from the committee? Council
16 Members.

17 COUNCIL MEMBER REYNA: I'm sorry, I
18 just want to ask what was the comparable sales
19 [pause] these properties?

20 SAL D'AVOLA: I don't have that
21 data in front of me, Councilwoman, I can get that
22 for you.

23 COUNCIL MEMBER REYNA: Sure. And
24 Carol, would you know?

25 CAROL CLARK: No, I don't know

2 either, but we can get back to you with that
3 information, Council Member Reyna.

4 COUNCIL MEMBER REYNA: And when you
5 do the comparables, do you do the comparable on
6 the size of the property, livable size square
7 footage, or do you do it based on the
8 construction?

9 SAL D'AVOLA: It's based on the--
10 the comparables are done through the appraisals or
11 through the broker priced opinions in the
12 community from local brokers and they do take into
13 consideration the size of the homes as well.

14 COUNCIL MEMBER REYNA: And, Sal--

15 SAL D'AVOLA: It's sort of a
16 multifaceted process to get--

17 COUNCIL MEMBER REYNA: Right.

18 SAL D'AVOLA: --to a place where
19 it's determining the comparables.

20 COUNCIL MEMBER REYNA: And as far
21 as you know a two-family at 460, which is the
22 highest price of the three homes, the particular
23 price has been the price for the last two years?

24 SAL D'AVOLA: I think that's the
25 price that we--I'm not sure actually, we may have

2 re-looked at that price over the past year.

3 COUNCIL MEMBER REYNA: So do you
4 think that it's been lowered since the market has
5 plummeted?

6 SAL D'AVOLA: I don't know that we
7 advertised the price when we first bought the
8 property because we don't--

9 COUNCIL MEMBER REYNA: Right.

10 SAL D'AVOLA: --necessarily
11 immediately start marketing the home the minute we
12 purchase it--

13 COUNCIL MEMBER REYNA: Right.

14 SAL D'AVOLA: --we have to put
15 together scopes of work and focus on the
16 construction side and then we focus on marketing
17 efforts thereafter.

18 COUNCIL MEMBER REYNA: How long has
19 this been marketed?

20 SAL D'AVOLA: I would want to say
21 maybe a year.

22 COUNCIL MEMBER REYNA: A year? And
23 no one has come through--the lottery resulted in
24 zero applicants that would qualify.

25 SAL D'AVOLA: Yes.

2 COUNCIL MEMBER REYNA: And how much
3 was the property from HUD as far as each property
4 was concerned?

5 SAL D'AVOLA: The sales prices?

6 COUNCIL MEMBER REYNA: Yes.

7 [Pause]

8 [Off mic]

9 SAL D'AVOLA: I don't have the
10 actual number in front of me, but it was a 50%
11 discount from the appraised value that was done by
12 HUD at the time.

13 COUNCIL MEMBER REYNA: At the time,
14 so if you purchased 64 Harman Street in 2008, the
15 date acquired was 2008, June 24th. [Pause] The
16 assessed value for 2008 was 418 [pause] is that--
17 I'm looking at the Department of Finance--

18 SAL D'AVOLA: Okay.

19 COUNCIL MEMBER REYNA: --as far as
20 the assessed value--

21 SAL D'AVOLA: Okay.

22 COUNCIL MEMBER REYNA: --for that
23 year--

24 SAL D'AVOLA: Okay.

25 COUNCIL MEMBER REYNA: --so 418

2 would be the price?

3 SAL D'AVOLA: That's the assessed
4 value, we based it on an appraisal that was done
5 by HUD, that's different.

6 COUNCIL MEMBER REYNA: Okay.

7 SAL D'AVOLA: An independent
8 appraisal is commissioned by HUD that is provided
9 to us and, as per the program requirements, we pay
10 50% of that appraised value of that property.

11 COUNCIL MEMBER REYNA: Could you
12 give me a copy of each property concerning that
13 information?

14 SAL D'AVOLA: Would you like the
15 price that we paid for the property, is that what
16 you're asking me?

17 COUNCIL MEMBER REYNA: The
18 appraisal.

19 SAL D'AVOLA: The appraisal, I'd
20 have to see if it's--I'm happy to give it to you
21 if there's no requirement that I can't give it to
22 you--

23 COUNCIL MEMBER REYNA: Right.

24 SAL D'AVOLA: --'cause it's a
25 private document--

2 COUNCIL MEMBER REYNA: Right.

3 SAL D'AVOLA: --so I'm happy to see
4 if that's something I can do.

5 COUNCIL MEMBER REYNA: Right, I
6 appreciate that, I just want to understand
7 because, again--

8 SAL D'AVOLA: [Interposing] You
9 have to remember, too, that the appraisal that was
10 done on the property at the time was done on a
11 vacant building in an as-is condition. Appraisals
12 then get done again when the homes are completed
13 for the homeowner in an as-repaired condition, and
14 we've put a significant amount of work in these
15 buildings, which would obviously show that the
16 work was done in the home.

17 COUNCIL MEMBER REYNA: And you
18 expect to have these homes ready for an appraisal
19 by when?

20 SAL D'AVOLA: Two of those homes
21 are at least 90 to 95% completed, and one home is
22 about 80 to 85% completed at this point, so I
23 think that they should be ready in the next 30 to
24 60 days.

25 COUNCIL MEMBER REYNA: With a new

2 appraisal.

3 SAL D'AVOLA: The appraisal would
4 get done when the buyer is identified.

5 COUNCIL MEMBER REYNA: And the tax-
6 -

7 SAL D'AVOLA: As part of the
8 mortgage process.

9 COUNCIL MEMBER REYNA: Right. And
10 the tax exemption would be applicable to the
11 appraisal from pre-rehab or post-rehab?

12 SAL D'AVOLA: The appraisal has
13 nothing to do with the exemption.

14 COUNCIL MEMBER REYNA: Okay.

15 SAL D'AVOLA: The exemption is
16 something that the Department of Finance does
17 their own assessment of what the property is worth
18 and they determine an assessment, they determine
19 what the tax figure should be. The tax exemption
20 that gets put in place is an exemption that
21 basically says that the building will be taxed as
22 if it did not have a structure on it, it would be
23 taxed as land for the first five years and then
24 for the subsequent five years, it would come in in
25 tiers so that by year 11, the property would have

2 full taxes on the property. It is an
3 affordability mechanism to help that homeowner
4 make that home more affordable to them--

5 COUNCIL MEMBER REYNA: Correct.

6 SAL D'AVOLA: --by reducing the
7 taxes which comes into play when you're
8 determining an affordability for a mortgage.

9 COUNCIL MEMBER REYNA: And the
10 appraisal based on the taxes would be based on
11 pre-rehab or post-rehab? As far as the 11th year
12 full taxes being paid.

13 SAL D'AVOLA: The only thing that
14 the appraisal is--the appraisal is basically for
15 the lender to determine whether or not the
16 mortgage that they're providing to that buyer is
17 justified for them to sell that home to them. So
18 that is what the appraisal is determining, is for
19 the mortgage lender to say yes, we can provide
20 this mortgage, the value of this home is
21 sufficient for this mortgage.

22 COUNCIL MEMBER REYNA: And what
23 about the assessment conducted by the Department
24 of Finance?

25 SAL D'AVOLA: That's totally

2 something separate.

3 COUNCIL MEMBER REYNA: Okay. So
4 talk to me about the assessment conducted by--

5 SAL D'AVOLA: [Interposing] I'm not
6 an expert on that, so I don't know, you'd have to
7 talk to Department of Finance about that.

8 COUNCIL MEMBER REYNA: So as far as
9 the assessment's concerned, it's done after the
10 home is rehabbed?

11 [Pause]

12 SAL D'AVOLA: I don't know,
13 honestly.

14 CAROL CLARK: I think we're a
15 little out of our ken in that arena, but my belief
16 is that assessments are carried out on an annual
17 basis by the Department of Finance and, as Mr.
18 D'Avola was indicating, the assessment process is
19 completely separate from the appraisal process.

20 COUNCIL MEMBER REYNA: And, you
21 know, I understand, it's just the taxing of this
22 property if an exemption were not to be approved.

23 SAL D'AVOLA: If the exemption were
24 not to be approved then the homeowner would be
25 subject to full taxes on that property based on

2 what the Department of Finance determines to be
3 the taxes for that property based on an assessment
4 and based on how they determine the assessment to
5 translate into an annual tax amount. And it would
6 be significantly greater than an exemption where
7 you're just taxing the property as if it were a
8 vacant piece of property.

9 COUNCIL MEMBER REYNA: And the
10 property value as of 2009, the market value is 418
11 with a change of \$158,000 taxing year 2009 to 2010
12 would be at 576,000.

13 CAROL CLARK: Is that data you've
14 gotten from the Department of Finance?

15 COUNCIL MEMBER REYNA: Yeah.

16 CAROL CLARK: Okay, assessment
17 information.

18 COUNCIL MEMBER REYNA: Yeah.

19 CAROL CLARK: Thank you.

20 COUNCIL MEMBER REYNA: And so I'm
21 just trying to understand how is this homeowner,
22 based on the certain income criteria, going to
23 afford the taxes after the 10th year, let's say,
24 of exemption, is it based on pre-rehab assessments
25 or is it post-rehab assessment or it doesn't even

2 matter, it's not quantified into the equation?

3 CHAIRPERSON LEVIN: Council Member,
4 we have a question from Council Member--

5 COUNCIL MEMBER DICKENS:
6 [Interposing] Well maybe a little clarity,
7 actually the assessment goes up every year even if
8 there is a tax exemption or a partial abatement in
9 place, and what happens is if the owner doesn't go
10 to certiorari to keep the assessment down, the
11 assessment goes up and when taxes kick in, it'll
12 be based upon the higher assessment. That's how
13 it works generally. [Pause] So that, yes, the
14 taxes will be based upon--are higher than what you
15 see here on these papers. But my question is the
16 sales price is at 418, is that what I'm reading
17 here? Is the sales price--

18 COUNCIL MEMBER REYNA: It's dif--

19 CAROL CLARK: There's three
20 separate sales prices that have been--

21 COUNCIL MEMBER DICKENS: Well I'm
22 talking about one--

23 CAROL CLARK: --determined, it's
24 \$460,000 is a proposed sales price on the property
25 at 64--

2 COUNCIL MEMBER DICKENS:

3 [Interposing] Sixty-four Harman Street.

4 CAROL CLARK: Right, and the
5 others, it's 415 on 1231--

6 [Crosstalk]

7 COUNCIL MEMBER DICKENS:

8 [Interposing] And your sales price is based upon
9 what you paid for it, plus whatever construction
10 you did on the property.

11 SAL D'AVOLA: No, our price is
12 based on two factors, 115% of AMI as the cap and
13 what the market will bear in those communities to
14 sell those houses.

15 COUNCIL MEMBER DICKENS: And who
16 determines what the market will bear as--

17 SAL D'AVOLA: [Interposing] We do,
18 as I had mentioned, it's a couple of factors, we
19 talk to local community groups, we talk to local
20 brokers, we look at Department of Finance data of
21 recent sales, we look at realty data and we
22 combine that information with what the cap can be
23 in terms of the affordability and seeing whether
24 or not these homes will be affordable in these
25 communities.

2 COUNCIL MEMBER DICKENS: Can the
3 Council Member get the information on what you
4 actually bought the property for plus if any rehab
5 was done and what the cost of it, can she get
6 that?

7 SAL D'AVOLA: Sure, that's fine--

8 [Pause]

9 COUNCIL MEMBER DICKENS: Thank you.

10 COUNCIL MEMBER REYNA: I'm going to
11 be following up with Sal just to not prolong the
12 hearing. This is the first opportunity we've had
13 to review these three properties and
14 uncontrollable situations concerning last year's
15 term and entering into a new term. And so I know
16 that there's an expiration date on this
17 application and I don't want not to do due
18 diligence based on an expiration date. So I know
19 that Sal is going to work with me and I appreciate
20 the time that I've been afforded. Thank you, Mr.
21 Chair.

22 CHAIRPERSON LEVIN: Okay. Any
23 other questions from the Council? Any questions
24 from the public? The hearing on this matter is
25 closed.

2 We'll be moving on to Land Use
3 number 22, 20105272HAR, that's 14 Hill Street, 35
4 Susan Court, 37 Susan Court, 36A Thelma Court, 15
5 Thelma Court in the district of Council Member
6 Debbie Rose, that is in the Community Board
7 district 1 in Staten Island, ASA control area.

8 SAL D'AVOLA: You can do it, too.

9 CHAIRPERSON LEVIN: Ms. Clark?

10 CAROL CLARK: Sure. LU 22 consists
11 of five vacant properties located at 14 Hill
12 Street, 35 and 37 Susan Court, and 15 and 36A
13 Thelma Court to be developed under the Asset
14 Control Area program. In an effort to revitalize
15 neighborhoods by bringing vacant homes back in use
16 and creating affordable home ownership
17 opportunities for low and moderate income
18 families, HUD and HPD have undertaken this
19 initiative as we've been discussing.

20 Under the program, one to four
21 family homes that were acquired by HUD as a result
22 of mortgage foreclosure are sold to the not-for-
23 profit sponsor Restored Homes for rehab and
24 subsequent sale to qualified purchasers.
25 Collaborating with HPD, Restored Homes will be

2 overseeing the rehabilitation of these buildings
3 and will conduct the marketing process that's
4 established to identify income eligible
5 purchasers.

6 Today, as you know, HPD is here
7 seeking the Council's approval of a UDAAP tax
8 exemption for eligible purchasers to enhance the
9 affordability of these homes.

10 Council Member Rose, whose
11 representative I see in the audience, has reviewed
12 the project and indicated her support.

13 [Long pause]

14 CHAIRPERSON LEVIN: Well I don't
15 have any questions, any member of the committee
16 have--

17 COUNCIL MEMBER BARRON:
18 [Interposing] Well just point [pause] point of
19 clarification, the AMI is 70% on this one, 'cause
20 we had 115%.

21 [Pause]

22 SAL D'AVOLA: Program allows us to
23 go up to 115% of--

24 COUNCIL MEMBER BARRON: I got that.

25 SAL D'AVOLA: --AMI, these homes

2 are affordable between 70 to 80% of AMI.

3 COUNCIL MEMBER BARRON: Seventy to
4 80?

5 CHAIRPERSON LEVIN: So a max of 80.

6 SAL D'AVOLA: The prices are based
7 on the--they're affordable to people making
8 between 70 and 80% of AMI, the maximum in the
9 program is 115% of AMI.

10 CAROL CLARK: Which, for the
11 record, is \$88,335.

12 CHAIRPERSON LEVIN: Any other
13 questions? Okay, the hearing on this matter is
14 closed. We'll be moving on to Land Use number 24,
15 that is 20105274HAK, 562 Gates Avenue, 564 Gates
16 Avenue, 566 Gates Avenue, 566A Gates Avenue, 560A
17 Gates Avenue, 562A Gates Avenue in the borough of
18 Brooklyn, Community Board district 2, Council
19 district 36, represented by Council Member Al
20 Vann. Ms. Clark?

21 CAROL CLARK: For this item we're
22 joined by Wendell Walters, who's the Assistant
23 Commissioner for Housing Production at HPD, he'll
24 give the testimony.

25 WENDELL WALTERS: Good afternoon,

2 actually I have a new title now, well it's still
3 Assistant Commissioner, but now it's New
4 Construction as opposed to Housing Production--

5 [Crosstalk]

6 CHAIRPERSON LEVIN: [Interposing]
7 Thank you, Mr. Walters for joining us.

8 WENDELL WALTERS: --for the record
9 and for the members of the committee.

10 CHAIRPERSON LEVIN: Thank you.

11 WENDELL WALTERS: Land Use number
12 24 consists of the proposed amendment of a project
13 known as the Gates Avenue Cooperatives, located at
14 560A, 562, 562A, 566, and 566A Gates Avenue in
15 Brooklyn. The project was previously approved by
16 the Council on May 9th, 2007, for the new
17 construction of one building under the Cornerstone
18 program at HPD.

19 The sponsor, Pratt Area Community
20 Council and Gates Townsend [phonetic] LLC, is
21 currently in construction of the five storied
22 building which will provide 34 co-op units.

23 Under the original project, 11 of
24 the 34 units were to be sold to incomes up to 80%
25 of AMI; 23 of those units were to be sold to 110%

2 of AMI. To stimulate marketing for the project,
3 HPD proposes to amend the maximum income for
4 purchaser eligibility to a fixed dollar amount
5 instead of a percentage of AMI. Based on the
6 previous discussion, I'm sure this will be a line
7 of questioning that I can certainly delve into.
8 Under the amended project, all the co-op units
9 will be sold to purchasers with household incomes
10 up to \$84,000 irrespective of the household
11 composition.

12 Council Member Vann has reviewed
13 the project and has indicated his support. And I
14 now will be glad to answer any questions.

15 [Pause]

16 CHAIRPERSON LEVIN: I don't have
17 any questions, do any other members of the
18 committee have any questions regarding this
19 matter?

20 COUNCIL MEMBER BARRON: I have no
21 questions for you whatsoever. [Pause] ...It
22 clearly.

23 [Pause]

24 CHAIRPERSON LEVIN: Very well. Any
25 members of the public have any questions about

2 this matter? The hearing on this matter is now
3 closed.

4 And if there's any other comment at
5 all or questions [pause] any of these matters,
6 then the hearing is hereby closed.

7 [Long pause]

8 CHAIRPERSON LEVIN: Be calling a
9 vote on Land Use items 22 and 24--

10 FEMALE VOICE: [Off mic] over all
11 the rest.

12 CHAIRPERSON LEVIN: The rest of the
13 items on today's agenda will be laid over.

14 [Off mic]

15 CHAIRPERSON LEVIN: I do recommend
16 an aye vote and I will ask the Counsel to call the
17 roll.

18 CAROL SHINE: Carol Shine, Counsel
19 to the Subcommittee. Chair Levin?

20 CHAIRPERSON LEVIN: Aye, aye on
21 all, sorry.

22 CAROL SHINE: That's fine, Council
23 Member Barron?

24 COUNCIL MEMBER BARRON: Aye.

25 CAROL SHINE: Council Member

2 Gonzalez?

3 COUNCIL MEMBER GONZALEZ: Aye.

4 CAROL SHINE: Council Member

5 Dickens?

6 COUNCIL MEMBER DICKENS: Aye.

7 CAROL SHINE: By a vote of four in
8 the affirmative and none in the negative with no
9 abstentions, the aforementioned items are approved
10 and referred to the full committee.

11 [Pause]

12 CHAIRPERSON LEVIN: We'll be
13 leaving the vote open for 10 minutes, pending the
14 presence of Council Member Halloran. [Pause] And
15 after that, the meeting is adjourned.

16 [Pause]

17 CAROL SHINE: Okay, you can adjourn
18 the meeting now.

19 CHAIRPERSON LEVIN: The meeting is
20 now officially adjourned.

21 CAROL SHINE: Thanks.

C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature Tammy Wittman

Date February 18, 2010