

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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January 21, 2015  
Start: 10:25 a.m.  
Recess: 10:57 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: JULISSA FERRERAS  
Chairperson

COUNCIL MEMBERS:

Ydanis A. Rodriguez  
James G. Van Bramer  
Vanessa L. Gibson  
Robert E. Cornegy, Jr.  
Laurie A. Cumbo  
Corey D. Johnson  
Mark Levine  
I. Daneek Miller  
Helen K. Rosenthal  
Vincent M. Ignizio

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

Alex Camarda, Director  
Intergovernmental Affairs  
NYC Department of Finance

Barbara Halm, Assistant Commissioner  
Governmental Relations  
Department of Housing Preservation & Development  
(HPD)

1 COMMITTEE ON FINANCE

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2 [sound check, pause]

3 COUNCIL MEMBER KOO: [off mic] Is this  
4 Finance?

5 CHAIRPERSON FERRERAS: Good morning, and  
6 welcome to today's-- Yes, this is Finance, Council  
7 Member Koo. [laughs] Cultural is next door. Yes.  
8 [laughs] He sits on both. Good morning, and welcome  
9 to today's Finance Committee hearing. I am Julissa  
10 Ferreras. I am the Chair of the Committee. I want  
11 to thank everyone for joining us today. We have been  
12 joined by Council Member Rosenthal, Minority Leader  
13 Ignizio, Council Member Rodriguez, Majority Leader  
14 Van Bramer and Council Member Levine.

15 Today, we will consider a Transparency  
16 Resolution on proposed Intro 612-A, which would  
17 extend the Finance Commissioner's authority to sell  
18 tax liens as well as add a few property owner  
19 protections to the lien sale. So let's start with  
20 the Transparency Resolution. The Transparency  
21 Resolution sets forth new changes in the designation  
22 of certain organizations receiving local agency and  
23 new discretionary funding. As well as new changes in  
24 the designation of certain organizations receiving  
25 funding pursuant to certain initiatives in the

2 budget. Organization appearing in the resolution that  
3 have not yet completed the pre-qualification process  
4 conducted by the Mayor's Office of Services--of  
5 Contract Services, the Council, or any other entity  
6 are identified in the attached as charts with an  
7 asterisk. As with all transparency resolutions,  
8 council members will have to sign a disclosure form  
9 indicating whether or not a conflict exists with any  
10 of the groups on the attached list. If any council  
11 member has a potential conflict of interest with any  
12 of the organizations listed, he or she has the  
13 opportunity to disclose the conflict at the time of  
14 their vote.

15           As a reminder, please disclose any  
16 conflicts you may have with proposed subcontractors  
17 that are used by organizations sponsored by  
18 discretionary funding. These disclosures must be  
19 made before the subcontractor can be approved.  
20 Jeremy Plofker from the General Counsel's Office can  
21 assist you with any questions or concerns regarding  
22 disclosures.

23           Now, let's address Proposed Intro 612-A.  
24 I am proud to be the prime sponsor of this  
25 legislation, which is co-sponsored by Council Members

2 Carlos Menchaca, Torres, Williams, Gentile, and Rose.  
3 if you remember, the Finance Committee held a hearing  
4 on this bill on January 8 of this year. To quickly  
5 sum up this bill, the bill will extend the Department  
6 of Finance Commissioner's authority to sell tax liens  
7 until December 2016; remove Super Storm Sandy  
8 affected properties from the lien sale; require DOF  
9 to provide to provide not-for-profit organizations  
10 with information about how to renew their property  
11 tax exemptions; require DOF, DEP, and HPD to provide  
12 the Council with the results of a lien sale outreach  
13 session; and allow council members to request an  
14 outreach session in their districts. And to create a  
15 task force comprised of the Administration and the  
16 Council to examine ways to minimize the non-payment  
17 of charges that are subject to the lien sale.  
18 Including increasing awareness and participation in  
19 tax benefit programs. The task force would also be  
20 charged with evaluating payment agreements, and  
21 evaluate the impact of tax liens sale process on  
22 affordable housing, particularly as it relates to  
23 HDFCs.

24 At the December--at the January 8th  
25 meeting, representatives from HPD, DOF, and DEP

2 testified on the provisions of this bill, and we also  
3 heard from members of the public. One of the major  
4 issues that arose during the hearing concerned the  
5 preservation of affordable--of affordability of  
6 housing stock once a lien on HDFC is sold. Since  
7 that hearing, my counsel and HPD have been in  
8 discussions, and it appears that upon a rare case of  
9 foreclosures, the affordability provision in the  
10 Regulatory Agreement would survive. We hope to get  
11 more clarity today from the Administration on this  
12 issue so the Council is clear and the public is clear  
13 about how the lien sales affects HDFCs and affordable  
14 housing.

15 I would also like to mention that in  
16 February, we need a vote to make a technical  
17 amendment to the legislation. The legislation states  
18 that appointments of the task force must be made  
19 within 60 days of the enactment of the legislation.  
20 However, upon further additional time-- Upon  
21 consideration, further additional time will be  
22 necessary for such appointments to be made. So,  
23 please stayed for further details on the minor  
24 amendment, which will likely occur, as I mentioned,  
25 in February.

2 I would like to thank the Finance  
3 Committee staff for working so hard on this  
4 legislation for the past several months. And thank  
5 you to the Administration for working collaboratively  
6 with the Council in finalizing the legislation, and  
7 providing informative testimony when this committee  
8 first considered the bill. I urge all my colleagues  
9 to vote in favor of this legislation, and I look  
10 forward to work with the Administration as the task  
11 force tackles the important issues before it.

12 Those are our items for today.  
13 Represent--representatives from HPD, DEP, and DOF are  
14 here to answer questions on the lien sale,  
15 reauthorization legislation. I have a few questions  
16 for HPD. So if council members have any questions,  
17 please submit your names to my counsel so she can put  
18 you in the queue. HPD, please come up to the table,  
19 and my counsel will swear you in? Oh, we've been  
20 joined by Council Member Cumbo.

21 LEGAL COUNSEL: Do you affirm--do you  
22 affirm that the information that you will testify to  
23 is to the best of your knowledge truthful?

24 ALEX CAMARDA: Yes.

25 LEGAL COUNSEL: Thank you.

2 CHAIRPERSON FERRERAS: So I wanted to  
3 first ask about contact information that would be  
4 included potentially. After we had a hearing, the  
5 advocates said, why don't you give an opportunity to  
6 homeowners to know how to be able to contact--  
7 Everybody come up. Anybody that can answer this  
8 question. Thank you. So when the City sells a lien,  
9 it is not selling the property, but rather just a  
10 debt owed by the owner on the property. But after  
11 the lien is sold to the trust, if a property owner  
12 still does not a payment on the debt, foreclosure  
13 proceedings may be instituted. I understand that the  
14 Administration does not usually identify advocacy  
15 groups in hearings. But can you please explain the  
16 objection to including the advocates information on  
17 notices relating to foreclosure proceedings. And  
18 these are the advocates that could potentially help  
19 an owner not lose their home.

20 ALEX CAMARDA: So I can answer that  
21 question. I want to just start by saying my name is  
22 Alex Camarda. I'm the Director of Intergovernmental  
23 Affairs for the Department of Finance. So with  
24 respect to the question, the Administration certainly  
25 shares the sentiment that the Council does that we



2 want to provide as much information to delinquent  
3 taxpayers as possible so they can address their  
4 delinquency. The concern with the proposal at hand  
5 is we really have no way of knowing whether the  
6 advocacy organizations are reputable organizations,  
7 whether they provide the quality or services that one  
8 would expect the would provide to delinquent  
9 taxpayers. And that could create a legal liability  
10 for the City. So we think that this proposal should  
11 be vetted before the task force that's created  
12 pursuant to this bill, that's equally balance between  
13 the Council and the Administration. So that we can  
14 further consider this and look at all the potential  
15 avenues for delinquent taxpayers to gain information  
16 so they can address their delinquency.

17 CHAIRPERSON FERRERAS: I think that we  
18 have a potential to create a potential to create a  
19 clearinghouse. There is tons of history developed  
20 with many successful non-profits. I'm not saying you  
21 list every one, but there are a lot of good guys out  
22 there that are doing great work and saving people's  
23 homes. So while I'm not as excited that we're not  
24 able to include this in today's legislation, I  
25 understand that we are creating this task force to

2 better address this. I think it should be placed on  
3 a 90-day, 60-day, 30-day notice. I think it should  
4 be paid on the famous good-bye letter that you send  
5 where you're saying I'm not going to deal with you  
6 guys any more. We sold your lien, and then the hello  
7 letter from the other guys that are saying we now own  
8 your lien. So I think it's important that we engage  
9 in every step. And that there are well-established  
10 non-profits, and understanding we can include a  
11 disclosure that says we're not, you know-- The City  
12 is not going to be--you can't hold the City  
13 accountable or-- You know, because I understand that  
14 we want to protect the City. The last thing council  
15 members want to do is have to pay out any money  
16 unless we are sort of frivolous. But I'm not as  
17 excited that it's being pumped into the task force,  
18 but I understand.

19           So, I want to acknowledge that we've been  
20 joined by Council Members Cornegy and Johnson. I  
21 want--at the hearing there was a lot of discussion on  
22 HDFC, and what would happen to the affordability  
23 status if they were focused--foreclosed upon after  
24 being included in the lien sale. Part of the HDFC  
25 discussion included that suggestion that legislation

2 should include the language stating that all efforts  
3 will be made to keep the units affordable. It is my  
4 understanding that the Regulatory Agreement remains  
5 in place because the covenants of the agreement run  
6 with the land and not with the person. Thereby,  
7 surviving a foreclosure proceeding. However, many  
8 advocates have claimed that this is not the case.  
9 Just so that we are clear, I want to ask clearly if  
10 an HDFC had the lien sold in the lien sale, and is  
11 ultimately foreclosed upon, would any regulatory  
12 agreement remain in place after the property is sold  
13 in foreclosure?

14 BARBARA HALM: Well, good morning Chair  
15 Ferreras. I am Barbara Halm, HPD's Assistant  
16 Commissioner for Governmental Relations. I'm happy  
17 to answer that question and clear up any confusion.  
18 So we talked to our general counsel, and for any HDFC  
19 with a regulatory agreement in place that is  
20 recorded, that agreements survives a foreclosure  
21 action.

22 CHAIRPERSON FERRERAS: Okay. What would  
23 happen in the cases where and HDFC regulatory  
24 agreement would expire soon after the lien is sold,  
25 or during the process? What happens in that case?

2 BAABA HALM: So buildings that were built  
3 before 1974 that are greater than six units, those  
4 buildings and those units are subject to rent  
5 stabilization. So even after a regulatory agreement  
6 elapses or concludes once a foreclosure action  
7 happens, for those units that are rent stabilized,  
8 they will remain rent stabilized even though the  
9 regulatory agreement is no longer in place.

10 CHAIRPERSON FERRERAS: Okay. After the  
11 discussion with my counsel I am aware that including  
12 a provision in the legislation stating that all  
13 efforts will be made to keep the units affordable  
14 will have no force and effects as the affordability  
15 provision in the HDFC regulatory agreements will  
16 survive foreclosure. As a practical matter, the  
17 Council does not generally include provisions that do  
18 not have any force and effect in local laws. We did  
19 not include this provision in the bill. But is the  
20 Administration's position on this suggestion?

21 BAABA HALM: Which suggestion is that  
22 again, Chair?

23 CHAIRPERSON FERRERAS: To include the  
24 provision that you will make sure that affordable  
25 housing is the priority to keep all of these

2 properties. So that the tax lien sales is not used  
3 as a tool to not ensure affordable housing.

4 BAABA HALM: We clearing get that the  
5 Council is concerned about the impact of the  
6 foreclosure action or HDFC's and other affordable  
7 housing developments. And we have committed that the  
8 task force is going to be looking at that as one of  
9 its central principles. And so, we will consider it  
10 in totality, look at the buildings that have actually  
11 gone through foreclosure. What was the nature of the  
12 recent arrears? What was the outreach that was  
13 undertaken? What is the condition of the building?  
14 And so to again look at the lien sale to make sure  
15 it's a fair and efficient process. And to the extent  
16 that affordable housing developments are included,  
17 that we do as much as we can to protect those units  
18 and retain affordability. Even if we think  
19 foreclosure is a good result, but we want to maintain  
20 affordability. And so we will be looking at that  
21 issue as part of the task force.

22 CHAIRPERSON FERRERAS: So in the spirit  
23 of maintaining affordability, HDFCs had liens sold  
24 since 2012. How many of these had regulatory  
25 agreements? So of the 2012 HDFCs that were sold in

2 2012--since 2012, how many of them had regulatory  
3 agreements?

4 BAABA HALM: So we've pulled the data  
5 since we've had the hearing, and we're looking at  
6 that. Right now, we don't have a comprehensive  
7 inventory. So we would have to go through each  
8 building and see when they came through HDFC.

9 CHAIRPERSON FERRERAS: So I guess that's  
10 what we also really need to talk about in the task  
11 force. Because I really have a hard time  
12 understanding how it's so complicated for us to know  
13 where we have regulatory agreements. what regulatory  
14 agreements have expired, why they have expired. You  
15 know, that to me if we're talking about creating  
16 affordable housing, and I understand this  
17 Administration and the Mayor's efforts in creating  
18 and preserving affordable housing. And for us not to  
19 know where that is, and that you're still-- I know  
20 this conversation started well over a month ago, and  
21 yet you're still looking at properties. That is  
22 perplexing to especially as we move forward. And  
23 this committee consistently votes on renewing,  
24 extending, and creating new HDFCs. I' do that. I'm  
25 tasked with that almost every month. This committee

2 votes out HDFCs. So if they come to us and we  
3 approve them, it is not enough for me to hear now  
4 that really are trying to collect the data to see  
5 where it is, and you don't know. I have a really big  
6 challenge with doing that especially since we're  
7 voting out HDFCs.

8 BAABA HALM: I understand that, Chair,  
9 but, you know, as we said at the hearing before, not  
10 all HDFCs were created by HPDs. There are some that  
11 were created by the State HCR, and many of these  
12 HDFCs were created many, many, many years ago before  
13 we had the infrastructure in place to record all  
14 this. We have hard paper files, thousands of them  
15 that we have to go through, and we're in the process  
16 of doing that. So we understand your frustration.  
17 But, again, we've inherited a system that we're now  
18 trying to keep up, and get organized so we can all  
19 know when a building came through. Whether it came  
20 through HPD. Whether there's a regulatory agreement  
21 in place and the condition of the building. We're in  
22 that process.

23 CHAIRPERSON FERRERAS: Okay. So we're  
24 going to be consistently checking in to see where  
25 this process is because I've got to believe you have

2 some data that you've been able to collect. Sorry.  
3 We've been joined by Council Member Miller. Now, I  
4 just want to get a commitment on the record that  
5 we're going to be focusing in on HDFCs in the task  
6 force included as a tax in conversation. But that we  
7 spend some dedicated time on ensuring that we have  
8 all this preservation. And I'm hoping that by this  
9 time you'll have all that data collected, and we will  
10 be able to really dig deep into what the lien sale,  
11 how it affects homeowners, and just potential  
12 affordable housing units as we move forward. So I  
13 just want to get that commitment from you.

14 BAABA HALM: We're clearing interested in  
15 that issue, and we're exploring it. I can't commit  
16 to the agenda of the task force. HPD is but one  
17 member of the task force, and the task force as a  
18 collective will decide the agenda and what issues it  
19 wants to consider.

20 CHAIRPERSON FERRERAS: Okay, I get you,  
21 and I understand, and I appreciate the answer. Not  
22 what I want to hear. Yes, we're going to work  
23 together on HDFC, and preserving affordable housing.

24 BAABA HALM: We'll absolutely work  
25 together on that.



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2 CHAIRPERSON FERRERAS: Okay, and through  
3 the task force?

4 BAABA HALM: Great. Thank you.

5 CHAIRPERSON FERRERAS: Do we have any  
6 questions from members? No. Okay, great. We're  
7 going to call the vote. I'll ask William Martin the  
8 Committee Clerk and he'll call the roll. Thank you  
9 very much for your testimony today.

10 CLERK: William Martin, Committee Clerk.  
11 Roll call vote, Committee on Finance.

12 [pause]

13 CLERK: The items are coupled, as per the  
14 chair. Chair Ferreras.

15 CHAIRPERSON FERRERAS: I vote aye, and I  
16 urge all my colleagues to vote aye.

17 CLERK: Rodriguez.

18 COUNCIL MEMBER RODRIGUEZ: [off mic]  
19 Aye.

20 [Pause]

21 CLERK: Cornegy.

22 COUNCIL MEMBER CORNEGY: [off mic]

23 [background comments]

24 CLERK: Van Bramer.

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2 COUNCIL MEMBER VAN BRAMER: [off mic] I

3 vote aye.

4 CLERK: Cumbo.

5 COUNCIL MEMBER CUMBO: I vote aye.

6 CLERK: Johnson

7 COUNCIL MEMBER JOHNSON: I vote aye on

8 all.

9 [pause]

10 CLERK: Rosenthal.

11 COUNCIL MEMBER ROSENTHAL: Aye on all.

12 CLERK: Ignizio.

13 COUNCIL MEMBER IGNIZIO: Aye.

14 CLERK: Cornegy.

15 COUNCIL MEMBER CORNEGY: Aye.

16 [Pause]

17 [background conversation]

18 CHAIRPERSON FERRERAS: Yeah, we're going

19 to announce the vote, and we're going to leave it

20 open because there are some members that are over

21 across at the Cultural. So we'll leave the vote open

22 so that--

23 CLERK: Current vote, Committee on

24 Finance. All items have been adopted by a vote of 8

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2 in the affirmative, 0 in the negative, and no  
3 abstentions.

4 [pause]

5 CLERK: Council Member Miller.

6 COUNCIL MEMBER MILLER: [off mic] I've  
7 got to vote on the items. [sic]

8 [pause]

9 COUNCIL MEMBER MILLER: I vote yes on  
10 612-A and I'll be abstaining on the transparency  
11 resolution. I'll be abstaining.

12 [pause]

13 CLERK: Council Member Levine.

14 COUNCIL MEMBER LEVINE: I vote aye.

15 [pause]

16 [background comments]

17 CLERK: Council Member Miller. Committee  
18 on Finance.

19 COUNCIL MEMBER MILLER: I vote aye.

20 [pause]

21 CHAIRPERSON FERRERAS: Aye on all?

22 COUNCIL MEMBER MILLER: On all.

23 CHAIRPERSON FERRERAS: On what?

24 COUNCIL MEMBER MILLER: I vote aye on  
25 all.

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2 CHAIRPERSON FERRERAS: Okay.

3 [pause]

4 [background comments]

5 CLERK: The final vote the Committee on

6 Finance now stands at 10 in the affirmative, 0 in the

7 negative, and no abstentions.

8 [pause]

9 CHAIRPERSON FERRERAS: I'd like to call

10 this vote--hearing to a close. [gavel] Thank you,

11 Council.

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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 January 28, 2015