

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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December 8, 2014
Start: 10:27 a.m.
Recess: 10:47 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
Rosie Mendez

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

Michael Blaise Backer

Deputy Commissioner

Neighborhood Development

Department of Small Business Services

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2 CHAIRPERSON FERRERAS: Good morning and
3 welcome to today's Finance Committee hearing; I am
4 Council Member Julissa Ferreras and I chair this
5 committee. We've been joined by Council Members
6 Rosenthal, Cornegy, Van Bramer, Ignizio, Cumbo and
7 Johnson and more members will be joining us.

8 I'd like to take this opportunity before
9 I read my opening statement to ask Council Member
10 Cornegy to place his vote.

11 COUNCIL MEMBER CORNEGY: I vote aye.

12 CHAIRPERSON FERRERAS: Thank you council
13 member; you voted aye to a lot of things today.
14 Okay, great.

15 COUNCIL MEMBER CORNEGY: Aye on all.

16 CHAIRPERSON FERRERAS: Yes, great. Today
17 we have six items on the agenda; the first item is
18 BID legislation and the five other items are land
19 use. The BID item that we will be considering today
20 is Int. 0530, which would authorize an increase in
21 the budgets of ten BIDS. The budget increases have
22 been requested by the property owners within the
23 boundaries of each BID, the increases would be used
24 to enhance the services provided in each of the BIDS;
25 for example, additional sanitation, holiday lighting

1 displays, outdoor art projects and marketing. The
2 ten BIDs that are seeking budget increases are: the
3 34th Street BID in Council Member Johnson's district,
4 the 47th Street BID in Council Member Garodnick's
5 district, the 86th Street Bay Ridge BID in Council
6 Member Gentile's district, the 161st Street BID in
7 Council Member Gibson's district, the 125th Street
8 BID in Council Member Dickens' district, the Columbus
9 Amsterdam BID in Council Member Levine's district,
10 the Forest Avenue BID in Council Member Debi Rose's
11 district, the Myrtle Avenue Brooklyn BID in Council
12 Member Cumbo's district, the Steinway Street BID in
13 Council Member Constantinides' district, and the
14 Sunnyside Shines BID in Council Member Van Bramer's
15 district. All of the council members have submitted
16 letters in support of the requested budget increases;
17 more information regarding the specific amounts of
18 the assessments and the additional services that will
19 be provided can be found in the Committee Report
20 prepared by the Finance Division. The Department of
21 Small Business Services is here to testify regarding
22 these items.
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24 Next we have five land use items, the
25 first is the Mascot Flats in Council Member Mendez'

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2 district in Manhattan. This property provides 19
3 units of affordable housing for low- to middle-income
4 families. These properties will receive a
5 retroactive full property tax exemption from 2006
6 through 2013 and a partial property tax exemption
7 from 2013 through 2046 for an additional 40 years of
8 exemptions through HPD's HDFC program.

9 The next four land use items are all in
10 Council Member Arroyo's district in the Bronx and all
11 four will be receiving a partial property tax
12 exemption for 40 years through the HPD HDFC program.
13 The four projects are the Crotona Estates, which
14 provides 153 units of affordable housing for low-
15 income families. The Crotona IV, which provides 153
16 units of affordable housing for low-income families,
17 Evergreen Estates, which provides 234 units of
18 affordable housing for low-income families and
19 Pio/VIP, which provides 182 units of affordable
20 housing for low-income senior citizens. Both council
21 members support these projects and representatives of
22 HPD are here to answer any questions you may have on
23 the land use items. Additionally, more details about
24 these items, including income thresholds, are in the
25 briefing paper for these items on your desk.

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2 Last week representatives from HPD
3 provided a presentation on HDFCs and other property
4 tax exemptions voted on by this committee pursuant to
5 the Private Housing Finance Law. Many council
6 members, including myself, were not able to attend
7 due to the Eric Garner press briefing that we had at
8 Police Plaza, which was held at the same time. I
9 will be in discussions with the HPD commissioner to
10 set up another presentation for council members, so
11 please stay tuned.

12 Those are the four items today; I will
13 first open up the floor for questions regarding the
14 land use items and then SBS will testify on the BID
15 assessment. Do we have any questions on the land use
16 items? Okay, SBS, if you can come up to testify.
17 And my counsel will swear you in.

18 Before you begin your testimony I'd like
19 to give an opportunity to say a few words. We've
20 been joined by Council Member Levine and Council
21 Member Rodriguez; Majority Leader Van Bramer,
22 followed by... oh, he's not here. [background
23 comments] Oh, followed by Council Member Levine.

24 COUNCIL MEMBER VAN BRAMER: Thank you
25 very much, Madame Chair and it's great to have

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2 Sunnyside Shines, our Sunnyside business improvement
3 district here today for the first time at City Hall,
4 Rachel Thieme, our amazing executive director; she
5 does an incredible job in so many ways and we're
6 thrilled that she's here and I'm proud to support the
7 BID in all that it does and here today as well and
8 while Steinway Street is mostly in Council Member
9 Constantinides' district, I am proud to represent
10 several blocks of the Steinway Street BID as well and
11 Marie Torniali is there; she is an amazing leader of
12 that organization as well, so both of them are here
13 in the room; I wanted to mention them; thank them for
14 their incredible hard work in making sure that
15 Sunnyside and Astoria are the great, great
16 neighborhoods that they are with thriving small
17 businesses. So thank you, both of you for all of
18 your work, it's a pleasure to work with you and proud
19 to support both of our organizations here today.
20 Thank you very much, Madame Chair.

21 COUNCIL MEMBER LEVINE: Thank you, Madame
22 Chair. Just very briefly, 'cause I have to run to
23 the Housing Committee; I wanna endorse the increase
24 being requested for the Columbus Amsterdam BID, which
25 is in my district; Peter Arndtsen, the Director, is

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2 here; they play a critical role in maintaining what
3 is an increasingly thriving commercial district and
4 just about every cost they could face is rising, in
5 part because it is succeeding and attracting more
6 businesses and more customers and therefore much
7 greater needs in servicing the district, so I just
8 wanted to lend my support to the proposed increased.
9 Thank you.

10 CHAIRPERSON FERRERAS: Thank you very
11 much. You may begin your testimony.

12 [background comments]

13 COMMITTEE COUNSEL: Do you affirm that
14 your testimony will be truthful to the best of your
15 knowledge, information and belief?

16 MICHAEL BLAISE BACKER: I do.

17 COMMITTEE COUNSEL: Thank you.

18 MICHAEL BLAISE BACKER: Good morning,
19 Chair Ferreras and members of the Finance Committee;
20 I'm Michael Blaise Backer, Deputy Commissioner of
21 Neighborhood Development at the Department of Small
22 Business Services and I wish to express our support
23 for the law providing an increase in the amount to be
24 expended in ten business improvement districts.

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2 As required by law, the ten BIDs
3 published a notice of the public hearing at least
4 once in a local newspaper having general circulation
5 in the districts, specifying the time, when and the
6 place of where the hearing will be held and stating
7 the proposed amount to be expended annually. In
8 addition, each BID has certified that they have
9 mailed a letter to property owners informing them
10 about the proposed assessment increase and the time
11 and place of this public hearing. Finally, the
12 council member for each district has submitted a
13 letter of support for each BID's assessment increase.

14 The ten BIDs requesting increases of
15 annual expenditures are doing so to address vital
16 needs and changing conditions, these increases will
17 further expand, reinforce and strengthen existing
18 core services currently provided in the business
19 districts. The BIDs wish to increase the amount to
20 be expended annually, beginning on July 1st, 2014 as
21 follows: 34th Street, from \$9,940,000 to \$10,885,000;
22 47th Street, from \$700,000 to \$900,000; 86th Street
23 Bay Ridge, from \$210,000 to \$290,000; 161st Street,
24 from \$190,000 to \$240,000; 125th Street, from
25 \$947,820 to \$1,005,793; Columbus Amsterdam, from

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2 \$260,000 to \$350,000; Forest Avenue, from \$150,000 to
3 \$175,000; Myrtle Avenue Brooklyn, from \$425,000 to
4 \$575,000; Steinway Street, from \$325,000 to \$400,000,
5 and Sunnyside, from \$300,000 to \$360,000.

6 The City's 70 BIDs invest over \$120
7 million into local economies in the form of
8 supplemental services and programs that serve over
9 85,000 businesses across the city. BIDs have been
10 valuable and proven partners in ongoing initiatives
11 and neighborhood revitalization and economic
12 development across the five boroughs, making New York
13 City neighborhoods cleaner, safer and more vibrant.
14 In partnership with city government, BIDs help to
15 create jobs, improve the quality of life for New
16 Yorkers and visitors, enhance the City's tax base and
17 strengthen local economies.

18 Representatives of the ten BIDs are here
19 today to answer any questions I might not be able to
20 answer, but I'm happy to take any questions you have
21 right now. Thank you.

22 CHAIRPERSON FERRERAS: Thank you very
23 much. Does any colleague have any questions?
24 Council Member Cumbo.

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2 COUNCIL MEMBER CUMBO: Thank you. Wanted
3 to ask you; in my district, in the 35th, there's a 35
4 percent increase; just wanted to know how often and
5 how frequently do these increases take place and is
6 this percentage jump in keeping with what's normally
7 happening?

8 MICHAEL BLAISE BACKER: So it really does
9 depend on the business improvement districts; some of
10 our BIDs may come for assessment increases every
11 year; others will wait several years.. [crosstalk]

12 COUNCIL MEMBER CUMBO: Every year.

13 MICHAEL BLAISE BACKER: so in the case --
14 I know at Myrtle Avenue, in particular, I know it has
15 been.. [crosstalk]

16 COUNCIL MEMBER CUMBO: Do you know a
17 little bit about that one...? [crosstalk]

18 MICHAEL BLAISE BACKER: I do a little
19 bit; I know a little; I believe it's been four to
20 five years since they did it, so usually Myrtle
21 Avenue and what a number of BIDs do, they will
22 actually wait several years, go for a larger
23 increase, like 35 percent, but actually phase it in
24 over time. So these numbers are providing caps to
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2 how much they are allowed to assess, but then the BID
3 Board can actually phase that in over time.

4 COUNCIL MEMBER CUMBO: So in this
5 particular case with Myrtle Avenue, will it be phased
6 in over time?

7 MICHAEL BLAISE BACKER: Yes.

8 COUNCIL MEMBER CUMBO: Now when you make
9 these adjustments and these increases, the business,
10 are they aware or is there some type of agreement
11 where they know in advance that let's say for
12 example, there won't be another BID increase for
13 another five years or it won't be reviewed for
14 another five years or could it happen at any given
15 point?

16 MICHAEL BLAISE BACKER: Well so the
17 assessment increase is voted on by the Board of
18 Directors of the BID, so in this case, obviously SBS
19 requires a mailing to every property owner in the
20 district, letting them know, again, of this hearing
21 and of the proposed assessment increase, but
22 theoretically, I mean a BID board is empowered to
23 approve the budget and therefore approve an
24 assessment increase, so I guess it really is on a
25 case by case basis, so I don't think a BID board is

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2 prevented from doing another increase, but certainly
3 just the nature of these types of changes I think a
4 board is very conscientious about, you know,
5 revisiting an assessment and making sure that the
6 constituents, the stakeholders, property owners;
7 tenants can afford any increases that are being
8 proposed. Again I know in some cases and I know in
9 Myrtle, and you know the district well, of course,
10 you know you have a lot of development taking place,
11 so I know there's a very conscientious effort to
12 ensure that any increase is actually largely being
13 absorbed by some of the new assessed value that is in
14 the district, but any incremental changes to your
15 kind of average mom and pop property owner is
16 minimized... [crosstalk]

17 COUNCIL MEMBER CUMBO: So... So the new
18 construction and the development that's going on,
19 they will assume some of this as well to keep the
20 increase from hitting the business owners that
21 quickly?

22 MICHAEL BLAISE BACKER: Yeah, in the case
23 of Myrtle Avenue, yes, that is true.

24 COUNCIL MEMBER CUMBO: Now let me ask you
25 a question; this is switching gears a little bit, but

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2 just wanted to ask; is there any way or are there any
3 checks and balances from being able to understand if
4 the landlords and/or the owners are not pushing off
5 these assessment costs to the business owners?

6 MICHAEL BLAISE BACKER: Checks and
7 balances, in what sense?

8 COUNCIL MEMBER CUMBO: In terms of -- I
9 have a situation actually in the district where a
10 property owner seems to push off the fees actually
11 off to the owners, I mean to the business owner
12 versus the land owner paying it; is there any way --
13 and when I say checks and balance; is there any way
14 that we can be assured that landlords or owners of
15 the property are not pushing off the assessment fees
16 onto the business owner?

17 MICHAEL BLAISE BACKER: Well I would say
18 it's not uncommon for property owners to pass on the
19 assessment on to small businesses through the nature
20 of a lease, so the nature of a commercial lease,
21 often parts of the real estate tax, as well as a BID
22 assessment are passed on and in many cases when a BID
23 is being formed, you know the business owner is very
24 much involved in supporting the BID formation and in
25 many cases is sort of vocally, you know well aware

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2 that they will be paying the assessment, so it really
3 is a case by case basis; I think it often just
4 depends on, you know the nature of the commercial
5 lease.

6 COUNCIL MEMBER CUMBO: Does the business
7 owner... who has the ability to vote on it; does the
8 business owner as well as the property owner both
9 have the right to vote on the assessment?

10 MICHAEL BLAISE BACKER: Again, so
11 everyone -- tenants, property owners -- are members
12 of the BID... [crosstalk]

13 COUNCIL MEMBER CUMBO: Okay.

14 MICHAEL BLAISE BACKER: and they register
15 every year; they have elected board members, but the
16 board is the actual body that, you know votes on the
17 budget and votes on the assessment increase and then
18 lets the membership know... [crosstalk]

19 CHAIRPERSON FERRERAS: And... Thank you.
20 Council Member Cumbo... [crosstalk]

21 COUNCIL MEMBER CUMBO: Thank you.

22 CHAIRPERSON FERRERAS: we're having an
23 oversight hearing specifically on all the questions
24 you're having... [crosstalk]

25 MICHAEL BLAISE BACKER: Thursday.

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2 CHAIRPERSON FERRERAS: this Thursday, so
3 December 11th at 10 a.m. this committee's gonna have
4 a BID-specific and neighborhood development-specific
5 hearing with Small Business Services, because a lot
6 of the questions that you're... and you'll have an
7 opportunity to get more into the details and into the
8 weeds on a lot of the questions that you're having,
9 because they were coming up, so I think it's a good
10 point... [crosstalk]

11 COUNCIL MEMBER CUMBO: Very good
12 transition. Thank you, Madame Chair... [crosstalk]

13 CHAIRPERSON FERRERAS: and they will be
14 able to hopefully have even more answers to our
15 questions. Okay? Not hopefully; they will have more
16 answers to our questions. Any other questions that
17 we have? No? Okay. Thank you for your testimony..
18 [background comments] Okay. And so Billy stepped
19 out to take a vote in the other committee. I want to
20 wish everyone a happy holiday. One second; as soon
21 as we get Billy back... [background comments] Can se
22 get Billy back? [pause]

23 So as I said earlier and I invite
24 executive directors, property owners of BIDs -- hi,
25 Billy -- the hearing will be on December 11th at 10

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2 a.m. on the 14th Floor, room.. at 250 Broadway; we're
3 looking forward to hearing from SBS specifically talk
4 about opportunities to help small businesses and in
5 particular, from this Finance Committee perspective,
6 on BIDs. And I will now have Billy Martin, the
7 Committee Clerk, call the roll and I remind all my
8 colleagues that we have a joint hearing with SBS this
9 Thursday. Billy. [background comments] We've been
10 joined by Council Member Mendez. Do you wanna talk
11 about your BID? Okay.

12 [pause]

13 COUNCIL MEMBER MENDEZ: Thank you, Madame
14 Chair. This is an affordable limited equity
15 cooperative in my district that has a long history,
16 about 30-40 years ago now, 40 years ago, President
17 Jimmy Carter came to the building to help the
18 homesteaders there; he was there just again last year
19 on their anniversary; this will help the
20 homesteaders, that are now cooperatives, keep their
21 building affordable and I am very proud that this
22 item is before the City Council and to support the
23 residents in my district. Thank you.

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COMMITTEE ON FINANCE

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CHAIRPERSON FERRERAS: Thank you very much, Council Member. Billy Martin will now read the call.

COMMITTEE CLERK: William Martin, Committee Clerk, roll call vote Committee on Finance. Chair Ferreras.

CHAIRPERSON FERRERAS: I vote aye.

COMMITTEE CLERK: Rodriguez.

COUNCIL MEMBER RODRIGUEZ: Aye.

[background comments]

COMMITTEE CLERK: Van Bramer.

COUNCIL MEMBER VAN BRAMER: Proudly aye.

COMMITTEE CLERK: Cumbo.

COUNCIL MEMBER CUMBO: Aye.

COMMITTEE CLERK: Johnson.

COUNCIL MEMBER JOHNSON: I vote aye.

COMMITTEE CLERK: Levine.

COUNCIL MEMBER LEVINE: Aye.

[background comment]

COMMITTEE CLERK: Rosenthal.

COUNCIL MEMBER ROSENTHAL: Aye.

COMMITTEE CLERK: Ignizio.

COUNCIL MEMBER IGNIZIO: Aye.

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2 COMMITTEE CLERK: By a vote of 9 in the
3 affirmative, 0 in the negative and no abstentions,
4 all items have been adopted.

5 [background comments]

6 CHAIRPERSON FERRERAS: We'll leave the
7 roll open for 15 minutes. If you have... staff, if
8 your members are on their way in, please let them
9 know that they 15 minutes to get to the chamber.
10 Thank you.

11 [background comments]

12 COMMITTEE CLERK: Quiet please. Council
13 Member Gibson.

14 [pause]

15 [background comment]

16 [pause]

17 [background comments]

18 COUNCIL MEMBER GIBSON: Thank you. Thank
19 you, Madame Chair. I want to speak in support of the
20 assessment increase on 161st Street BID in the Bronx;
21 proud supporter of Dr. Cary Goodman and the entire
22 Board at the 161st Street BID, who have been doing
23 incredible work in my district in the South Bronx;
24 I'm truly grateful to have a partnership with them
25 and I look forward to continued partnerships with

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them as they expand and make the 161st Street BID a beautiful beacon in the Bronx and with that I proudly vote aye on all.

COMMITTEE CLERK: Council Member Miller.

COUNCIL MEMBER MILLER: I vote aye on all.

COMMITTEE CLERK: Final vote in the Committee on Finance is 11 in the affirmative, 0 in the negative, with no abstentions.

CHAIRPERSON FERRERAS: And we will now adjourn this hearing.

[gavel]

[background comments]

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 December 8, 2014