

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING,
DISPOSTIONS AND CONCESSIONS

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May 15, 2018
Start: 2:14 p.m.
Recess: 3:37 p.m.

HELD AT: 250 Broadway -Committee Rm, 16th Fl.

B E F O R E: Benjamin Kallos
Chairperson

COUNCIL MEMBERS: Vanessa L. Gibson
Ruben Diaz, Sr.
Mark Levine
Chaim M. Deutsch
Andy L. King

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

Lacey Tauber, Housing Preservation & Development

Nelson Chan, Housing Preservation & Development

Michael Rooney, MDG Design and Construction

Christine Mezoff, Housing Preservation &
Development

Ingrid Gomez, the Community League of the Heights

Adam Briones, Genesis Companies

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

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2 Test, test. This is the Subcommittee on
3 Planning, Dispositions and Concessions. Today's date
4 is May 15, 2018. And this recording is being recorded
5 by Han (sic) Doubleday (sic).

6 CHAIRPERSON KALLOS: [gavel] Good
7 afternoon. And welcome to the Subcommittee on
8 Planning, Dispositions and Concessions. I am Council
9 Member Ben Kallos, the Chair of this Subcommittee. We
10 are joined today by Council Member Ruben Diaz, Sr.
11 Today we will be holding three public hearings and we
12 will be voting on a number of other projects. Our
13 first hearing will be Land Use Item 79. The MPLP
14 Uptown 6 Cluster, in Council Member Perkins district
15 in Manhattan. HPD seeks urban development action area
16 of project, UDAAP approvals pursuant to Article 16 of
17 the General Municipal Law and approval of a new 40
18 year Article XI tax exemption pursuant to Article XI
19 of the Private Housing Finance Law under the
20 Multifamily Preservation Loan Program. HPD has
21 designed. Developer MPLP 6 Housing Development Fund
22 Corporation, HDFC, to purchase the City owned
23 properties and develop the 6 existing partially
24 occupied multifamily buildings. Provide 81 affordable
25 rental units, one superintendent unit and five

2 commercial units. During construction, prior tenants,
3 all who make between 11 and 29% of AMI will be
4 relocated within the buildings. If relocation is
5 necessary, legal tenants will have the return to an
6 apartment of size suitable for the family composition
7 within the cluster. Tenants offered temporary
8 relocation during implementation will be provided
9 with a written relocation agreement. The vacant
10 apartments, 8 will be set aside for formerly homeless
11 households. And remainder will be rented for a price
12 affordable to a family earning no more than 80% of
13 AMI. And so, in English, these are a group of six
14 buildings that the City ended up in possession of.
15 The tenants have been there as part of a TIL Program,
16 hoping to have ownership interests. The buildings are
17 being taken from the TIL Program and being disposed
18 of, and given to a new HDFC where they will rent the
19 units. People who are there make between 10 and 30%
20 of AMI according to self-reported information and
21 they will be able to pay a percentage of their income
22 up to 50% of the AMI. This item is supported by the
23 local Council Member, Bill Perkins who is not able to
24 join us. But I will now open up the public hearing on
25 this item. I will now ask our Committee Counsel,

2 Julie Lupin, to swear in the panel. If you can please
3 state your names for the record with the mics on?

4 LACEY TAUBER: Lacey Tauber, HPD.

5 NELSON CHAN: Nelson Chan, HPD.

6 MICHAEL ROONEY: Michael Rooney, MDG.

7 COMMITTEE COUNSEL: Do you swear or affirm
8 that the testimony that you're about to give will be
9 the truth, the whole truth and nothing but the truth.
10 And that you will answer all questions truthfully?

11 LACEY TAUBER: Yes.

12 NELSON CHAN: Yes.

13 MICHAEL ROONEY: I do.

14 CHAIRPERSON KALLOS: You may begin.

15 LACEY TAUBER: Okay. Item Number 79
16 consists of 6 partially occupied City owned buildings
17 located at 118, 120, and 122 West 139th Street. 123
18 West 112th Street, 281st West 118 Street, and 30 West
19 132nd Street in Manhattan Council District 9. The
20 project is known as Uptown 6 Cluster and is slated
21 for redevelopment under HPDs Multifamily Preservation
22 Loan Program, MPLP. Under the MPLP, sponsors purchase
23 and rehabilitate City owned, and privately owned
24 vacant and/or occupied multiple dwellings in order to
25 create rental housing with a range of affordability.

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

6

3 The 6 buildings were taken into City ownership
4 through in rem foreclosure actions as early as 1973.
5 And subsequently they entered into the TIL Program in
6 the late 1990s and early 2000s. However, in 2017, the
7 buildings were transferred from the TIL Program into
8 MPLP and have since been net leased to the sponsor,
9 MDG Design and Construction, LLC. In total, the
10 Cluster comprises 82 residential units including a
11 superintendents unit and 5 vacant commercial spaces.
12 There is a mixture of unit types including 19
13 studios, 2 one bedrooms, 28 two bedrooms, 22 three
14 bedrooms and 10 four bedrooms. The sponsor is
15 proposing to substantially rehabilitate all of the
16 buildings. And the work includes the rehabilitation
17 of the facades, joint replacements, and common areas
18 in all residential units. New bathrooms and kitchens,
19 stoves and refrigerators. New doors and windows, a
20 new boiler, a new roof and façade, and yard repairs.
21 All unites will be rent stabilized. A portion of the
22 units will be set aside for homeless households and
23 AMIs for existing tenants will exceed 50%. The rents
24 for the existing tenants will be between \$239.00 for
25 a studio, and \$359.00 for a four bedroom unit.
Household income for vacant units will not exceed 80%

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

7

2 AMI and rents will range from \$1,231.00 for a studio,
3 to \$2,033.00 for a four bedroom apartment. Existing
4 tenants will be temporarily relocated during the
5 construction period and upon completion of the work
6 will return to their apartments. Tenants will be
7 checker boarded within the building and also via
8 external relocation to other buildings within the
9 cluster. In order to facilitate long term
10 affordability of the rental units, HPD is also before
11 the Planning Subcommittee, seeking approval of
12 Article XI tax benefits for a term of 40 years
13 coinciding with the regulatory agreement. The net
14 present value of the exemption is \$3,598.831.00 the
15 accumulative tax benefit is \$13,467,192.00. We added
16 that at the end just for you.

17 CHAIRPERSON KALLOS: I appreciate the
18 transparency. Does the developer have any testimony?

19 MICHAEL ROONEY: Yes. I just wanted to say
20 that we've had several meetings with the residents,
21 joint meetings, and we've been meeting with
22 individually at their apartments and there is great
23 excitement. They've been waiting a long time to have
24 their buildings renovated. Our scope of work is over
25 100,000, the units are basically going to be brand

3 new. New bathrooms, kitchens, new flooring, new
4 electric. Refinishing the walls, new windows, it's
5 basically receiving a brand new unit. So, they're
6 very excited about it and we are excited to get
7 started with the work this summer.

8 CHAIRPERSON KALLOS: So, thank you for
9 that. That is helpful to know. Are there any tenants
10 from these projects in the audience currently? Anyone
11 here who wants to testify on this matter? Okay. I see
12 none. So, I guess one question is, you're
13 representing that you've been meeting with the
14 tenants, you've had a chance to meet with every
15 single tenant?

16 MICHAEL ROONEY: I can't say if we've met
17 with everyone. Later on or, Mike, I'm not sure how
18 many people do you think we've actually met?

19 CHAIRPERSON KALLOS: So, I need you to
20 repeat what he said.

21 COMMITTEE COUNSEL: You can repeat what he
22 said for the record.

23 MICHAEL ROONEY: Oh, so, Mike Jr. said
24 that we've knocked on every door and he believes that
25 we have reached every resident in the buildings.

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

9

2 CHAIRPERSON KALLOS: Were they advised of
3 today's hearing and their opportunity to testify in
4 support or opposition at all?

5 MICHAEL ROONEY: I never notified them
6 myself directly.

7 CHAIRPERSON KALLOS: Did HPD notify the
8 tenants of their opportunity to participate in this
9 process publicly?

10 LACEY TAUBER: Not to my knowledge.

11 CHAIRPERSON KALLOS: Fair enough. Not
12 necessarily fair enough, I think one of the questions
13 is just moving forward how to make sure that tenants
14 can have meaningful participation. So, these are TIL
15 buildings and so the tenants were working towards
16 ownership. Has that been brought up with the tenants
17 either with HPD or the developer?

18 MICHAEL ROONEY: Yes. The tenants have
19 talked about it and they were at our meetings. They
20 expressed their excitement that that long process was
21 finally over, they realized that they couldn't do it.
22 we have a good relationship with each of the tenant
23 board leaders and most of them know me either from
24 the community, from developing in Harlem for the last
25 20 years or I used to represent many of the TIL

2 buildings in the City. I've probably worked on over
3 200 TIL buildings over the years representing tenants
4 groups. So, they knew me as soon as they saw me and
5 found out we were the ones that were awarded the
6 site, they were extremely excited.

7 CHAIRPERSON KALLOS: In your testimony,
8 you indicate that folks will be limited to 30% of
9 their income. The current rates for existing tenants,
10 what are the current rates. So in your testimony you
11 say the existing tenants will be between \$239.00 to
12 \$359.00 for between a studio and four bedroom unit.
13 What are the current rents?

14 MICHAEL ROONEY: Right now I'm showing the
15 current rents at \$215.00, again, these are ranges. So
16 on the low for a studio-\$215.00. For a two bedroom-
17 \$299.00. For a three bedroom-\$415.00 and for four
18 bedroom-\$397.00.

19 CHAIRPERSON KALLOS: \$315.00 for a four
20 bedroom, so...

21 MICHAEL ROONEY: [interposes] \$415.00 for
22 a...

23 CHAIRPERSON KALLOS: That's currently?

24 MICHAEL ROONEY: Currently.
25

3 CHAIRPERSON KALLOS: Okay. So, you're
4 projecting, just to be clear, according to HPDs
5 testimony, for the rent to go up for studios to
6 \$239.00 so only about \$24.00. And then for a four
7 bedroom unit the rent would actually go down by
8 \$64.00? Sorry, \$66.00.

9 LACEY TAUBER: Well, it's actually based
10 on the tenant's income...

11 CHAIRPERSON KALLOS: Okay.

12 LACEY TAUBER: So the way the rent
13 restructuring works is that it would be either the,
14 upon coming back to the building they would pay
15 either their current rent or 30% of their income.
16 Whichever is higher, capped at 50% of AMI.

17 CHAIRPERSON KALLOS: So how many of the
18 tenants are likely to see an increase in their rent
19 based on the 30% income criteria?

20 NELSON CHAN: So, so far we've received 22
21 tenant surveys where we, prior to meeting with HPD
22 during this transfer and out of the 22 tenant surveys
23 we see that 11 would experience an increase. And 11
24 tenants will experience no increase.

25 CHAIRPERSON KALLOS: So it's about half
and half. And I guess the other question is, so the

2 existing AMIs in this building are very, very low,
3 and so we're talking about a 10 to 30%, you're
4 looking at changing the composition of the building
5 to 80% of AMI. Is there a reason why it needs to be
6 80% AMI? Could it be 60% or even 30% to match who is
7 already living there?

8 MICHAEL ROONEY: The 80% AMI was to bring
9 in enough rental income to be able to support the
10 mortgage that would renovate the buildings. So, the
11 80% was more born out of the loan amount that was
12 required to do the required work in the buildings.
13 Historically we found that all of the way back from
14 the mid-1990s when we started doing buildings in
15 central Harlem, all the first buildings, we felt our
16 largest success was mixing current affordable
17 residents with people with a slightly higher AMI. And
18 I think the mix back in the mid-90s was mixing 60%
19 AMI with 80% AMI. So, usually what happens is it
20 creates more of a stable building, you have working
21 people and non-working people. It incentivizes people
22 to go to work. The newer working people that are 80%
23 AMI tenants, we find generally mentor the other
24 residents in the building and it becomes a nice mix.
25 We also have, the existing tenant organizations are

2 still in place in the buildings that were
3 representors of the TIL building, so those groups
4 will still, I would assume stay organized. And still
5 be well represented within the buildings. So we don't
6 see any problem with the mix in incomes. In fact, we
7 think it will be more successful that way.

8 CHAIRPERSON KALLOS: What is the AMI in
9 the surrounding census block? Neighborhood?

10 LACEY TAUBER: I don't have that
11 information readily available. Oh, all right.

12 MICHAEL ROONEY: 110...

13 NELSON CHAN: [interposes] 110 to 130.

14 LACEY TAUBER: Thanks.

15 CHAIRPERSON KALLOS: So you believe that
16 this will actually still be below. And is that based
17 on market or that's just based on census information?

18 LACEY TAUBER: That's based on the market
19 rents.

20 CHAIRPERSON KALLOS: Okay. And that
21 includes rent regulated units?

22 LACEY TAUBER: Yes.

23 CHAIRPERSON KALLOS: Okay. And you're
24 receiving an Article XI tax abatement. I want to
25 thank HPD for publicly sharing the value of that

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

14

3 abatement. Are you receiving an additional HPD
4 subsidy?

5 MICHAEL ROONEY: Yes. We will be receiving
6 a little over \$8 million in HPD loan funds at a below
7 market rate of interest that will be mixed with some
8 bank funds from Low Income Investment Fund.

9 CHAIRPERSON KALLOS: So, LHTC?

10 MICHAEL ROONEY: No, LIIF, L-I-I-F. Low
11 Income Investment Fund would be giving the market
12 rate loan.

13 CHAIRPERSON KALLOS: And are you receiving
14 any additional subsidy from HPD or just the HPD loan?

15 MICHAEL ROONEY: Just the HPD loan.

16 CHAIRPERSON KALLOS: Anything from HDC?

17 MICHAEL ROONEY: No funding from HDC.

18 CHAIRPERSON KALLOS: Anything from Low
19 Income Tax Credits?

20 MICHAEL ROONEY: We are not using Low
21 Income Tax Credits on this project.

22 CHAIRPERSON KALLOS: Federal?

23 MICHAEL ROONEY: There are no federal
24 incentives or funds coming into the property.

25 CHAIRPERSON KALLOS: New York State?
Anything from New York State?

2 MICHAEL ROONEY: Nothing from New York
3 State. There is developer equity that we're putting
4 in, about \$1.3 million which represents about 10% of
5 the overall financing.

6 CHAIRPERSON KALLOS: The developer equity
7 was \$1 million?

8 MICHAEL MOONEY: \$1.3 million.

9 CHAIRPERSON KALLOS: The folks who are
10 doing the renovations, will they receive health,
11 disability or pension benefits so that if they get
12 hurt on the job they can go see a doctor without
13 going bankrupt or if they by chance are not able to
14 continue working because they're injured so badly
15 they don't be stuck without any income?

16 MICHAEL ROONEY: All of the contractors
17 that would be working on the project will be required
18 to abide by Obamacare that's in place at the current
19 time. Whether or not they are exempt themselves, we
20 did something similar a year ago with you on the lot
21 re-syndication project. And we were also guaranteed a
22 minimum wage for all workers, for all subcontractors
23 of \$15.00.

24 CHAIRPERSON KALLOS: Isn't that the
25 minimum wage?

3 MICHAEL ROONEY: That's the wage that
4 we're requiring all subs to make sure they're paying
5 in addition to following the current federal
6 requirement of Obamacare which many of our
7 contractors are exempt because of the side of their
8 companies.

9 CHAIRPERSON KALLOS: So, under Obamacare
10 there is a requirement for employers to provide help
11 (sic)?

12 MICHAEL ROONEY: To offer medical to the
13 workers whether they take it or not.

14 CHAIRPERSON KALLOS: So, your contractors
15 have 10 or fewer employees? Or 11 or more employees?

16 MICHAEL ROONEY: Well, it depends on the
17 contractor that's hired, but I would say the majority
18 of them will have less than 10 to 20 employees.

19 CHAIRPERSON KALLOS: Okay. So, as of this
20 year the New York State minimum wage is \$12.00 so you
21 are requiring \$13.00 which is what the minimum wage
22 will be starting in 2020...

23 MICHAEL ROONEY: [interposes] we're
24 requiring \$15.00 an hour.

25 CHAIRPERSON KALLOS: Right. So, just the
additional 3. And then when the facilities are being

2 operated will the folks have health insurance,
3 disability or pension so that they continue working
4 for you?

5 MICHAEL ROONEY: The current management
6 company which is Concord, which is an affiliate of
7 ours, has health insurance for all of it's employees.
8 Or offers health insurance. Some people obviously
9 don't take it.

10 CHAIRPERSON KALLOS: So, do they offer any
11 subsidy or do they just procure it and the person has
12 to pay 100%?

13 MICHAEL ROONEY: I believe the portion
14 that Concord pays is 50%.

15 CHAIRPERSON KALLOS: And do they have a
16 specific wage rate that is commensurate with the
17 community?

18 MICHAEL ROONEY: Well, obviously the wage
19 rate is commensurate with the community or else we
20 wouldn't be able to hire them. But I believe in
21 general, Concord pays more than our competitors in
22 the community.

23 CHAIRPERSON KALLOS: Fair. And are you and
24 M/WBE is your contractor, and M/WBE architect so on
25 and so forth?

2 MICHAEL ROONEY: The architect is M/WBE so
3 it's a minority and woman owned. She has a contract
4 for a half a million dollars as the architect and we
5 already sent in our utilization plan to HPD and we
6 have exceeded the woman and minority requirements.

7 CHAIRPERSON KALLOS: Local hire?

8 MICHAEL ROONEY: Local hiring, we are
9 probably the leader in local hiring. For example, we
10 did the Bayside project with NYCHA. Recently we had
11 83 NYCHA hires, we hired 74 people locally and 367
12 people on one job with...

13 CHAIRPERSON KALLOS: [interposes] If
14 somebody is watching at home and they would like a
15 job working on this project, and they're from the
16 neighborhood. How do they get a job?

17 MICHAEL ROONEY: We've told the residents
18 at the buildings at least that anybody that wanted a
19 job, we reach out to the. But, MDG is a general
20 contractor to make that clear, and what we do is if
21 we have good local hires that are available to work,
22 we pass their names along to our subcontractors. But
23 we do have a requirement through New York City Hire,
24 so we'd recommend them to get into the system because
25 they're first hire requirement is through NYC Hire.

2 CHAIRPERSON KALLOS: So, to be clear, do
3 they go to you or do they go to NYC, how do they get
4 a job? Watching at home on TV, somebody said jobs,
5 how do I get it?

6 MICHAEL ROONEY: They would call us and we
7 would send them to the appropriate people to get into
8 the database for NYC Hire.

9 CHAIRPERSON KALLOS: What number should
10 they call?

11 MICHAEL ROONEY: They should call our
12 office at 631-421-7371, and extension 152.

13 CHAIRPERSON KALLOS: Thank you.

14 MICHAEL ROONEY: [interposes] Milton
15 Feliciano.

16 CHAIRPERSON KALLOS: And then you have
17 five commercial spaces. What is your goal for that?
18 Are we looking at banks? Is this an underbanked
19 community, if it is an overbanked community, what
20 have you? Are we looking at supermarket, are we
21 looking at Fresh? Are we looking at a health provider
22 that accepts Medicare? Are we looking at mom and pop
23 or all of them going to get merged? What is?

24 MICHAEL ROONEY: These are all very
25 extremely small commercial spaces. So we are looking

2 for locally based commercial businesses that are
3 looking to have below market rent. So we purposely
4 set the rents below market. I was looking for the
5 amount per square foot, \$30.00 a square foot. So, we
6 are renting at \$30.00 a square foot compared to the
7 market which I believe is \$80.00 to \$100.00 a square
8 foot currently. We own and manage a lot of buildings
9 in Central Harlem, so, those rents are accurate.

10 CHAIRPERSON KALLOS: I think those are all
11 of the questions. I want to thank you and HPD for
12 your transparency and being ready with many of the
13 answers. We will send any additional questions that
14 we might have and thank you.

15 MICHAEL ROONEY: Thank you.

16 CHAIRPERSON KALLOS: Are there any more
17 members of the public who wish to testify on this
18 Land Use item? Seeing none I will now close the
19 public hearing on this Application. Our next public
20 hearing will be on Land Use Item 80, the 615 West
21 150th Street Cluster for properties in Council Member
22 Levine's District in Manhattan. HPD seeks Urban
23 Development Action Area Project, UDAAP, approvals
24 pursuant to Article 16 of the General Municipal Law
25 and approval of a new 40 year tax exemption pursuant

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

21

3 to Article XI Private Housing Finance Law. The City
4 will convey two partially occupied City owned
5 residential buildings, 615 West 150th Street and 601
6 West 148th Street, to Restoring Communities HDFC. The
7 buildings will be substantially rehabilitated, and
8 tenants will be temporarily relocated during
9 construction. They will have written relocation
10 agreements brought in for their return to their
11 apartments once construction is completed. The
12 building will then be conveyed in cooperative HDFC
13 formed by the buildings tenants. Existing tenants
14 will be able to purchase their shares in the co-op
15 for \$2,500.00 per unit. Vacant apartments will be
16 sold for a price affordable to a family earning no
17 more than 165% of AMI as restricted under the term
18 sheet (sic). However, the HPD regulatory agreement
19 which runs with the land is more restrictive. Plan
20 for vacant units to be sold for a price affordable to
21 a family making between 85 and 95% of the area mean
22 income. All units will have resale restrictions which
23 will include maximum sale prices, income restrictions
24 on new purchasers, limitations on profits from sale
25 proceeds and asset caps. Council Member Levine has a

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

22

2 statement and he is on his way, so we will start by
3 if you can please state your names for the record?

4 LACEY TAUBER: Lacey Tauber, HPD.

5 CHRISTINE MEZOFF: Christine Mezoff (sp?)

6 HPD.

7 INGRID GOMEZ: Ingrid Gomez, Community

8 League of the Heights.

9 CHAIRPERSON KALLOS: Thank you. I will now
10 instruct the Counsel to swear you in.

11 COMMITTEE COUNSEL: Do you swear or affirm
12 that the testimony you're about to give will be the
13 truth, the whole truth and nothing but the truth and
14 that you will answer all questions truthfully?

15 LACEY TAUBER: Yes.

16 CHRISTINE MEZOFF: Yes.

17 INGRID GOMEZ: Yes.

18 CHAIRPERSON KALLOS: Please begin.

19 LACEY TAUBER: All right. Land Use Item
20 #80 consists of the proposed disposition of two
21 partially occupied City owned properties as well as
22 Article XI tax benefits for the buildings located at
23 615 West 150th Street, and 601 West 148th Street,
24 a.k.a. 3601 Broadway, in Manhattan Council District
25 7. Known as the 615 West 150th Street Cluster, the

3 building is entered City ownership through in rem
4 foreclosure actions in 1981 and 1990 respectively for
5 non-payment of real property taxes. In 1996, 615 West
6 150th Street entered HPDs Tenant Interim Lease, TIL
7 program and 601 West 148th Street entered the program
8 in 2001. As a requirement of the TIL program, tenants
9 form tenant associations to manage their buildings
10 and collect rents under a net lease from the City of
11 New York. Currently the tenants are ready to move
12 forward with the next steps in cooperative conversion
13 under HPDs Affordable Neighborhood Cooperative
14 Program, ANCP. As part of ANCP, HPD selects qualified
15 developers to rehabilitate distressed, City owned,
16 occupied multifamily properties managed under the TIL
17 program in order to create affordable cooperatives
18 for low to moderate income households. The buildings
19 will be transferred to restoring communities HDFC,
20 which we call Neighborhood Restore, an Article XI
21 non-profit upon construction loan closing. Restoring
22 communities will hold title and oversee the
23 rehabilitation and cooperative conversation that will
24 be undertaken by Community League of the Heights,
25 acronym CLOTH, the developer selected through a
request for qualifications, RFQ. The developer will

3 sign a site development and management agreement with
4 Restoring Communities that will be in effect until
5 co-op conversation occurs when title will be
6 transferred to the individual cooperatives. From
7 cooperative conversion, the developer will remain the
8 property manager for at least one year. After the
9 first year, the co-op will have the choice of keeping
10 the developer as their property manager or hiring a
11 new company which would be approved by HPD. The 615
12 West 150th Street Cluster has a total of 80 units
13 that includes a mixture of unit types. There are 12
14 one bedroom, 42 two bedroom, 25 three bedroom, and 1
15 four bedroom apartments. Exiting occupants will be
16 able to purchase their unit for \$2,500.00 and the
17 initial maintenance is anticipated to be set at 35%
18 AMI or approximately \$649.00 for a one bedroom until.
19 \$785.00 for a two bedroom apartment, and \$901.00 for
20 a three bedroom apartment. And the four bedroom
21 apartment will be \$1,010.00. Household AMI targets
22 for vacant properties are 85 to 95% AMI. The
23 buildings will undergo a substantial rehabilitation.
24 The work will consist of structural joist replacement
25 work, electrical upgrades and replacement of building
systems including new windows, a new roof, plumbing

3 upgrades and installation of a new boiler. Both
4 buildings will require design changes to ensure that
5 layouts conform to the 2014 DOB building code and are
6 handicap accessible. The scope of work also includes
7 new bathrooms, kitchens, entry doors, masonry work,
8 flooring, mailboxes, hallway upgrades with bi-level
9 lighting, painting and asbestos and lead removal. The
10 estimated development costs for both buildings
11 combined is approximately \$30 million. Tenants will
12 be temporarily relocated during rehabilitation in
13 accordance with the plan currently being developed by
14 the developer. It is expected that the relocation
15 units will be identified in the local private market.
16 All relocated tenants will sign relocation
17 agreements, which are legally binding, giving the
18 tenants the right to return to their original units.
19 Any existing tenant requesting to return to a
20 different unit based on physical limitation, may be
21 accommodated upon written consent by HPD. HPD is
22 before the Subcommittee seeking disposition approval
23 and Article XI tax benefits for a term of 40 years
24 coinciding with the regulatory agreement in order to
25 facilitate continued affordability of the

3 cooperative. The cumulative value of the tax benefits
4 is approximately \$12,110,060.00 for both properties.

5 CHAIRPERSON KALLOS: I'd like to recognize
6 that we have been joined by Council Member Mark
7 Levine in whose district Land Use Item 80, 615 West
8 150th Street Cluster is for a statement.

9 COUNCIL MEMBER LEVINE: I am briefly going
10 to say how excited I am, that what has been almost a
11 two decade journey is now nearing a major milestone.
12 This building, the residents of the building have
13 really been suffering for a long time, since the days
14 of it being owned by a slumlord. And we are thrilled
15 that we are putting together what will be an
16 incredible plan. I thank HPD for your perseverance on
17 this. It's a complicated deal, physically,
18 financially and otherwise, but it's going to be life
19 changing for these residents. We have a wonderful
20 non-profit developer partner in Community League of
21 the Heights, a.k.a. CLOTH, which has been a key
22 ingredient for the success for this building and I am
23 excited now to see the work begin immediately. And
24 certainly encourage my colleagues on the Committee
25 and the broader Council to approve this item. Thank
you, Mr. Chair.

3 CHAIRPERSON KALLOS: Thank you. And
4 something that wasn't necessarily mentioned in the
5 testimony, but will there be any community benefits
6 in this project such as a basement community facility
7 or community room?

8 CHRISTINE MEZOFF: Yes. So, the current
9 properties, one has a commercial space and the other
10 does not. So, 601 West 148 Street does have a
11 commercial space that is currently vacant. Actually,
12 excuse me, there is two commercial spaces that are
13 occupied by a salon and a computer store, they will
14 be rehabbed. And they will be marketed, the income
15 coming in will help generate revenue for the co-op.
16 the other property, 615 West 150 Street currently has
17 two basement units that are illegal. They do not
18 comply with light and air requirements and so they
19 will actually be converted into a community facility
20 that will be marketed for use by a doctor's office,
21 or another non-profit partner.

22 CHAIRPERSON KALLOS: In your testimony,
23 you shared the tax abatement accumulative value, do
24 you have the net present value?
25

2 CHRISTINE MEZOFF: Yes. The net present
3 value for the cluster is \$3.3 million. And that is
4 the 40 year exemption.

5 CHAIRPERSON KALLOS: Thank you. And this
6 has 35 vacant units?

7 CHRISTINE MEZOFF: There is currently 27
8 vacant units between both buildings.

9 CHAIRPERSON KALLOS: 27 vacant units and
10 so that is 53 occupied?

11 CHRISTINE MEZOFF: Correct.

12 CHAIRPERSON KALLOS: Okay. And what are
13 the current AMIs for the 53 units?

14 CHRISTINE MEZOFF: The self-reported
15 income for the 53 existing tenants, as low as 7% AMI,
16 but at its highest is 131% AMI. Those are self-
17 reported, we do income qualify, but that is typically
18 once Section 8 has been offered and we are actually
19 qualifying for the New York State Grant, the
20 Affordable Housing Corporation Grant. At that time we
21 actually check documents.

22 CHAIRPERSON KALLOS: And what is the AMI
23 on the surrounding neighborhood?

24 CHRISTINE MEZOFF: The surrounding
25 neighborhood has an average income of 120% of AMI.

3 CHAIRPERSON KALLOS: And in terms of the
4 53 folks who are going to get to buy their co-ops for
5 \$2,500.00 can they sell their co-op the next day? Is
6 there anything to stop folks from turning these from
7 units that are serving somebody at 7% of AMI to a
8 unit that is serving somebody at 95% of AMI overnight
9 and then taking \$200,000.00 and just running?

10 CHRISTINE MEZOFF: So, within the
11 regulatory agreement there are provisions that do
12 restrict the income requirements and also the value
13 upon each sale. So, after co-op conversion, yes, an
14 owner can turn around and sell their unit the next
15 day. They own it, they have that authority, but in
16 terms of how much value they can recognize, it is
17 restricted. Every unit is subject to a profit sharing
18 or a flip tax schedule. The longer that you're in the
19 unit, the more value you can retain. The profit that
20 is required to be flipped back to the co-op actually
21 pays down some of the HPD debt on the property and it
22 also pays into an operating reserve for future use
23 for the co-op.

24 CHAIRPERSON KALLOS: In terms of subsidy,
25 so if there is an Article XI tax abatement, what type

2 of, is the developer receiving any other subsidies
3 from HPD?

4 CHRISTINE MEZOFF: Yes. This project is
5 receiving a substantial amount of City Capital toward
6 the substantial renovation of the buildings. We are
7 investing about \$250,000.00 per unit so that is 80
8 units. So we are covering a majority of the
9 renovations to this building. I also wanted to
10 mention that the Council Member Mark Levine and also
11 the Borough President Gail Brewer made a significant
12 contribution of RESO A funds, but they City Capital
13 funds but they are at the discretion of the elected
14 official. And they put in a significant amount of
15 RESO A into this project in order to help buy down
16 the private debt so that we can keep the co-op
17 maintenance very low.

18 CHAIRPERSON KALLOS: Mark, how much did
19 you invest with our Borough President?

20 COUNCIL MEMBER LEVINE: It was
21 substantial.

22 LACEY TAUBER: I have that actually. It
23 was \$3.2 million from Borough President Brewer and
24 \$900,000.00 from Council Member Levine. Thank you.

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

31

3 CHAIRPERSON KALLOS: That is quite an
4 investment.

5 COUNCIL MEMBER LEVINE: It's an important
6 project.

7 CHAIRPERSON KALLOS: Absolutely. So, the
8 HPD subsidy of \$250,000.00 per unit is under what
9 program?

10 CHRISTINE MEZOFF: The Affordable
11 Neighborhood Cooperative Program, ANCP.

12 CHAIRPERSON KALLOS: Are there any
13 additional HPD subsidy?

14 CHRISTINE MEZOFF: No.

15 CHAIRPERSON KALLOS: Any HDC subsidies?

16 CHRISTINE MEZOFF: No.

17 CHAIRPERSON KALLOS: Low income housing
18 tax credits, federal, state, New York State?

19 CHRISTINE MEZOFF: No tax credits, but we
20 have applied with our partner, Restoring Communities
21 HFC, through the New York State Affordable Housing
22 Corporation. We have applied for a home ownership
23 grant of up to \$40,000.00 per unit which also helps
24 pay down the construction debt so that we can keep
25 maintenance very low.

2 CHAIRPERSON KALLOS: In terms of the work
3 that is going to be done, will the works on the site
4 have health insurance, disability, or pension
5 benefits so that if they get injured on the job they
6 can actually seek medical treatment and get better or
7 worse case scenario if they can't keep working that
8 they and their family will still have a stream of
9 income? And when they're done doing all of these
10 renovations they can retire?

11 INGRID GOMEZ: To be transparent, we have
12 not discussed this before, but we are complying with
13 all of the HPD regulations in terms of M/WBE, New
14 York City Hire. We also will go back to our
15 contractor and have a conversation with him on this.

16 CHAIRPERSON KALLOS: Thank you. And
17 similarly for the folks who will be managing the
18 building day to day, same question.

19 INGRID GOMEZ: As Christine mentioned
20 before, we will be there for the first year then
21 afterwards, and we do, meaning CLOTH, we do have
22 health insurance. After the first year they will have
23 the opportunity to choose another management company.

24 CHAIRPERSON KALLOS: And in terms of this
25 work, it seems substantial, in the millions of

3 dollars, is there an opportunity for folks in the
4 local neighborhood to work on this? Is there a local
5 hire requirement on this?

6 INGRID GOMEZ: Yes. The New York City
7 Hire. It will be part of the contract.

8 CHAIRPERSON KALLOS: And if somebody is
9 watching at home, and they are grateful to Council
10 Member Levine and his investment and they would like
11 to get a job, how do they apply for NYC Hire so that
12 they can work and build in their community?

13 INGRID GOMEZ: We will have signs posted
14 at the building, and we will have that information
15 also on our website.

16 CHAIRPERSON KALLOS: Okay. And your
17 website for those watching at home?

18 INGRID GOMEZ: www.cloth159.org.

19 CHAIRPERSON KALLOS: And do you have any
20 inclination what you're thinking for the basement
21 community facility?

22 INGRID GOMEZ: I don't think the...

23 CHRISTINE MEZOFF: [interposes] The
24 facility will be marketed at the time that it's
25 completed. So at current we don't have someone in
mind, but as soon as the space is ready for use then

2 it will be marketed to a non-profit or a medical
3 facility partner.

4 INGRID GOMEZ: And I think that is what
5 the tenant associations have mentioned.

6 CHAIRPERSON KALLOS: You mentioned M/WBE,
7 do you know whether any of the professionals, whether
8 they are contractors, architects or others on this
9 project will be M/WBE already?

10 INGRID GOMEZ: Yes. The goal amount is
11 just over \$3 million. The architect is M/WBE, the
12 title company, M/WBE. And the moving company.

13 CHAIRPERSON KALLOS: Thank you. We've been
14 joined by Council Member Vanessa Gibson, a Committee
15 Member, does anyone else have any other questions?
16 Are there any members of the public who wish to
17 testify? Seeing none, I will close the public hearing
18 on this Application and excuse this panel. Because we
19 now have a quorum we will move to a vote prior to
20 opening up our last public hearing of the day on Land
21 Use Item 81. We will be voting on the following
22 Applications which were subject to the hearing on our
23 May 1st Subcommittee meeting. We vote to approve Land
24 Use Item 66, the PRC Tiffany Street Application for
25 property located at 975 Tiffany Street in Chair

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

35

3 Salamanca's District in The Bronx. HPD seeks approval
4 of a new Article XI tax exemption for a period of 40
5 years pursuant to Section 577 of Private Housing
6 Finance Law. This action will facilitate the
7 development of a new eight story, 100% affordable
8 housing building with 161 residential neighborhood
9 units in The Bronx. Of the 161 units, 24 will be set
10 aside for formerly homeless households. 22 units at
11 30% of AMI, 24 units at 40% of AMI, 16 units-50% of
12 AMI. 14 units at 16% AMI and 60 units will be rented
13 at 80% of AMI but be available to households making
14 up to 100% of AMI. We will vote to approve to approve
15 Bethany Place Application Land Use Item 68 for
16 property located at 301 West 153 Street, and 2091
17 Frederick Douglas Boulevard in Council Member Perkins
18 District in Manhattan. The subject of property is an
19 existing 23 unit building. The building which already
20 receives a full tax exemption is fully occupied and
21 current tenants income range is from 70 to 80% of
22 AMI. Vacant units will be income restricted including
23 5 units at 100% of AMI, and 18 units at 130% AMI.
24 Extension of the term of the Article XI tax exemption
25 is necessary in order to match the life and first
position loan from HDC. We will vote to approve the

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

36

2 two building sentence united HDFC Application Land

3 Use Item 71 for property in Council Member Rivera's

4 District in Manhattan. HPD seeks UDAAP approvals

5 under Article 16 of General Municipal Law and Article

6 XI tax exemption under Private Housing Finance Law

7 for property located at 280 East 3rd Street and 230

8 East 4th Street. The properties are two, six story

9 multiple dwellings with 36 rental units. All units

10 are fully occupied and targets households at 60 to

11 80% of AMI. Currently there is no exemption provided

12 from the real property taxation and significant tax

13 arears to preserve the rental affordability and

14 prevent tenant displacement wall. So addressing

15 retroactive tax burden, the current owners will

16 transfer the deed to the City who will then free and

17 clear of taxes convey the property to buildings

18 tenants, United Housing Fund Company, HDFC. Under the

19 new regulatory agreement HDFC will preserve and

20 rehabilitate such buildings and continue to provide

21 affordable rent stabilized dwelling units. We will

22 also vote to approve CHS Application Land Use Item 72

23 for a 40 year tax exemption pursuant to Article XI of

24 the Private Housing Finance Law. Property located at

25 752 Mac Donough Street and 1638 Broadway, in Council

3 Member Ampry-Samuel's District in Brooklyn. These two
4 buildings are part of a 32 building CHA Corporation
5 for supportive housing portfolio that entered into a
6 new regulatory agreement with HPD in 2015. The
7 Article XI tax exemption for those two buildings will
8 replace a different type of tax exemptions 421-C that
9 was erroneously applied. The exemption will last for
10 35 years from 2015, it will be contemporaneous with
11 new regulatory agreement. We will also be voting on
12 the two Applications that we held hearings on this
13 afternoon, Land Use Items 79 MPLP Uptown 6 Cluster,
14 and Land Use Item 8615 West 50th Street Cluster. The
15 local Council Members in support of approval for all
16 of the Applications I have described. I will now call
17 for a vote in the accordance with the recommendations
18 of the local Council Members to approve Land Use
19 Items 66,68, 71, 72, 79 and 80. Counsel please call
20 the roll.

21 COMMITTEE COUNSEL: Chair Kallos.

22 CHAIRPERSON KALLOS: Aye on all.

23 COMMITTEE COUNSEL: Gibson.

24 COUNCIL MEMBER GIBSON: Aye on all.

25 COMMITTEE COUNSEL: Diaz?

COUNCIL MEMBER GIBSON: Aye on all.

2 COMMITTEE COUNSEL: The Land Use Items are
3 approved by a vote of three in the affirmative, zero
4 negative and zero abstentions. And refer to the Full
5 Land Use Committee.

6 CHAIRPERSON KALLOS: We will not move onto
7 our public hearing on Land Use Item 81, the 105
8 Amsterdam Avenue Application property located in
9 Council Member Levine's District in Manhattan. Would
10 Council Member Levine like to make a statement on the
11 matter?

12 COUNCIL MEMBER LEVINE: Thank you, Mr.
13 Chair. And I am going to apologize in advance that I
14 won't be able to stay for the remainder of the
15 hearing. I have a very busy schedule today, but I did
16 want to express my support for this project, these
17 two buildings in the Manhattan Valley neighborhood
18 have been through a 40 year odyssey. The City took
19 them over, believe it or not, in 1978 when we had a
20 very bad actor who had owned the buildings. So
21 families have grown and kids have been born, and
22 people have passed on, multiple generations now in
23 these buildings. They have been in the TIL Program
24 now, I believe, since the 90s. So these folks have
25 been waiting for a long time, and this is an

3 incredibly hopeful moment for them. We are exited
4 this deal has come together. Genesis has been an
5 outstanding partner for my office and for these
6 residents. So, we are very happy that they are
7 leading this project. I understand we are not voting
8 today, but I certainly will be when the time comes
9 encouraging my colleagues on the Committee to support
10 this important project. Thank you, Mr. Chair.

11 CHAIRPERSON KALLOS: Thank you. And your
12 investment in the last project shows that you put
13 your money where your mouth is on all of this and you
14 are one of the most involved members in building
15 these affordable housing. And preserving this
16 affordable housing, and your community benefits. If
17 you can please state your names for the record and
18 our Committee Counsel will swear you in.

19 LACEY TAUBER: Lacey Tauber, HPD.

20 CHRISTINE MEZOFF: Christine Mezoff, HPD.

21 ADAM BRIONES: Adam Briones, Genesis
22 Companies.

23 COMMITTEE COUNSEL: Do you swear or affirm
24 that the testimony that you're about to give will be
25 the truth, the whole, and nothing but the truth?

LACEY TAUBER: Yes.

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
2 CONCESSIONS

40

3 CHRISTINE MEZOFF: Yes.

4 ADAM BRIONES: Yes.

5 CHAIRPERSON KALLOS: Is you can hold for
6 one moment we'd like to continue the roll.

7 COMMITTEE COUNSEL: Continued vote on the
8 Land Use Items, Deutsch.

9 COUNCIL MEMBER DEUTSCH: Yes.

10 COMMITTEE COUNSEL: The Land Use Items are
11 approved by a vote of four in the affirmative. Zero
12 negative and zero abstentions. And refer to the full
13 Land Use Committee.

14 CHAIRPERSON KALLOS: You may now begin.

15 LACEY TAUBER: Land Use Item 81 consists
16 of the proposed disposition of two partially
17 occupied, City owned properties as well as Article XI
18 tax benefits for the buildings located at 107 West
19 105th Street, and 891 Amsterdam Avenue, a.k.a. 161
20 West 108 Street, in Manhattan Council District 7.
21 Known as the 105th Street and Amsterdam Avenue
22 Project, both buildings entered City ownership
23 through in rem foreclosure actions in 1978 and 1974
24 respectively for non-payment of real property taxes
25 and opted into the TIL, Tenant Interim Lease Program
between 1998 and 1999. As a requirement of the TIL

3 Program, tenants form tenant associations to manage
4 their buildings and collects rents under a net lease
5 from the City of New York. Currently the tenants are
6 ready to move forward with the next steps in
7 cooperative conversion under HPDs Affordable
8 Neighborhood Cooperative Program. As part of ANCP,
9 HPD selects qualified developers to rehabilitate
10 distressed City owned, occupied, multifamily
11 properties managed under the TIL Program in order to
12 create affordable cooperatives for low to moderate
13 income households. The buildings will be transferred
14 to Restoring Communities, HGFC, and Neighborhood
15 Restore an Article XI non-profit upon construction
16 loan closing. Restoring Communities will hold title
17 and oversee the rehabilitation and cooperative
18 conversion that will be undertaken by Genesis
19 Companies, LLC. The developer selected through a
20 Request for Qualifications, RFQ. The developer will
21 sign a site and management agreement with Restoring
22 Communities that will be in effect until co-op
23 conversion occurs, when title will be transferred to
24 the individual cooperatives. From cooperative
25 conversion, the developer will remain the property
manager for at least one year. After the first year,

3 the co-op will have the choice of keeping the
4 developer as their property manager or hiring a new
5 company which would be approved by HPD. 105th Street
6 and Amsterdam Avenue Project has a total of 28 two
7 bedroom units. Existing occupants will be able to
8 purchase their unit for \$2,500.00 and the initial
9 maintenance is anticipated to be set at 45% of AMI or
10 \$1,005.00 per month for a two bedroom unit. Total
11 household income for subsequent purchasers may not
12 exceed 110% of AMI and the price cannot exceed a
13 price affordable to a purchaser at 100% AMI. The
14 buildings will undergo a substantial rehabilitation.
15 The work will consist of structural joist replacement
16 work as needed, electrical upgrades, and replacement
17 of building systems including new windows, a new
18 roof, plumbing upgrades and installation of a new
19 boiler. Both buildings will be required to comply
20 with federal accessibility requirements. The scope of
21 work also includes new bathrooms, kitchens, entry
22 doors, masonry work, flooring, mailboxes. Hallway
23 upgrades with bi-level lighting, painting and
24 asbestos and lead removal. The estimated development
25 cost is approximately \$12 million. Tenants will be
temporarily relocated during rehabilitation and

3 according to the plan the developer is currently
4 formulating. It is expected that the relocation units
5 will be identified in the local private market. All
6 relocated tenants will sign relocation agreements
7 which are legally binding, giving them the right to
8 return to their original units. Any existing tenant
9 requesting to return to a different unit based on
10 physical limitations may be accommodated upon written
11 consent by HPD. HPD is before the Subcommittee
12 seeking disposition approval and Article XI tax
13 benefits for a term of 40 years coinciding with the
14 regulatory agreement in order to facilitate continued
15 affordability of the cooperative. The cumulative
16 value of the tax exemption is approximately
17 \$5,089,855.00. And the net present value is
18 \$3,589,831.00.

19 CHAIRPERSON KALLOS: One more time, I
20 didn't...

21 LACEY TAUBER: Which one? Both?

22 CHAIRPERSON KALLOS: The net present.

23 LACEY TAUBER: \$3,598,831.00.

24 CHAIRPERSON KALLOS: The cumulative value
25 seems awfully close to your net present value.

2 LACEY TAUBER: Oh, I'm sorry, I have the
3 numbers mixed up.

4 CHAIRPERSON KALLOS: That's okay.

5 LACEY TAUBER: Oh, you know what, I think
6 that we pulled that, yeah, I'm not really sure. Here
7 are the correct ones. Cumulative, \$5,089,856.00. Net
8 present value, \$1,421,960.00. My apologies.

9 CHAIRPERSON KALLOS: No, that is an honest
10 mistake. And so, this is an ANCP HPD subsidy?

11 CHRISTINE MEZOFF: Correct.

12 CHAIRPERSON KALLOS: Is it the same value
13 per unit or a different value per unit?

14 CHRISTINZE MEZOFF: The current estimate
15 is \$266,000.00 per unit for a total investment of
16 \$7.4 million in City Capital.

17 CHAIRPERSON KALLOS: Are there any
18 additional HPD subsidies?

19 CHRISTINE MEZOFF: No.

20 CHAIRPERSON KALLOS: HDC?

21 CHRISTINE MEZOFF: No. There is, on this
22 particular project there was an award of \$3.6 million
23 in collegiate funds which was a settlement that the
24 City received a significant amount of money in order
25 to conduct development work in certain neighborhoods.

2 These two TIL properties are the only properties
3 located in this specific geographic area. And so the
4 \$7.4 million that I quoted, \$3.6 million of that is
5 the collegiate funds.

6 CHAIRPERSON KALLOS: If you were to
7 classify that, what would you classify that as?

8 CHRISTINE MEZOFF: The settlement funds?

9 CHAIRPERSON KALLOS: Would you call
10 that...

11 CHRISTINE MEZOFF: It is capital because
12 it does...

13 CHAIRPERSON KALLOS: So its City Capital?

14 CHRISTINE MEZOFF: Correct.

15 LACEY TAUBER: It's a fairly unique
16 circumstance. Though there are other projects also
17 receiving collegiate funds.

18 CHAIRPERSON KALLOS: No tax credits, no
19 federal, no state grants?

20 CHRISTINE MEZOFF: The only state monies
21 in this project is the Affordable Housing
22 Corporation, the AHC grant at up to \$40,000.00 per
23 unit.

24 CHAIRPERSON KALLOS: Okay. Is there any
25 private funds in this project?

2 CHRISTINE MEZOFF: No. Excuse me, there is
3 a private loan from Chase Bank in order to facilitate
4 the renovation.

5 CHAIRPERSON KALLOS: Okay. How many units
6 are currently occupied?

7 CHRISTINE MEZOFF: There is currently 21
8 units occupied and 7 vacancies for a total of 28
9 units.

10 CHAIRPERSON KALLOS: What are the current
11 AMIs of existing tenants?

12 CHRISTINE MEZOFF: Existing families self-
13 reported incomes between 8% of area median income and
14 121% of area median income.

15 CHAIRPERSON KALLOS: And what is the
16 neighborhoods AMI?

17 CHRISTINE MEZOFF: Again, this is close to
18 120% of AMI on average.

19 CHAIRPERSON KALLOS: And what are the
20 terms of the, so an existing tenant can pay \$2,500.00
21 to buy one of these co-ops, these co-ops otherwise
22 would be worth, I believe in your testimony you
23 stated how much they were being sold for. How much
24 are they being sold for?

2 CHRISTINE MEZOFF: The two bedrooms, the
3 vacant two bedrooms would be sold at \$268,000.00,
4 approximately \$268,000.00 which is, compared to the
5 market, it's 65% less than the market. The average in
6 the market is about \$773,000.00 for a unit.

7 CHAIRPERSON KALLOS: So, what is to stop a
8 tenant from selling their unit for \$773,000.00 and
9 taking that windfall or selling it for \$200,000.00
10 and taking a windfall there?

11 CHRISTINE MEZOFF: There is a number of
12 restrictions that come along with the co-op
13 regulatory agreement. One of them is that there is an
14 income restriction for future buyers and that income
15 restriction also guides the purchase price for future
16 buyers. So the purchase price for future buyers
17 cannot be any higher than, I believe this is 110% of
18 area median income. So we would never get to that
19 \$773,000.00 with a purchase price affordable to 110.
20 We are pretty close to that right now at 268.
21 Additionally, there is asset caps, there is the
22 requirement to be a first time home buyer. There is
23 ongoing training requirements, there is a number of
24 restrictions in order to keep this affordable...

2 CHAIRPERSON KALLOS: [interposes] So what
3 is the flip, so if somebody sells it they have to pay
4 a portion of their profits to the co-op to help
5 defray costs. If they sell at year one, what is the
6 flip tax?

7 CHRISTINE MEZOFF: Sure. So the flip tax
8 or the profit sharing schedule for any of the new
9 purchasers including the existing tenants, within the
10 first three years it cannot realize a profit. They
11 get back what they paid in, they get back what it
12 costs to do the closing, but they do not recognize a
13 profit. In year four they start to recognize a profit
14 and every year thereafter it increases until year 15.

15 CHAIRPERSON KALLOS: What is the profit in
16 year four and what is the profit in the year 15?

17 CHRISTINE MEZOFF: Profit in year four,
18 for an insider is 5% of the sale profit. The rest of
19 that comes back to the co-op to pay down debt and
20 also go into the reserves. And then in year 15, when
21 it caps or maxes out, they can retain 80% of the
22 profit. 20% comes back.

23 CHAIRPERSON KALLOS: Okay. So if you're
24 just using \$200,000.00 then if they sell as soon as
25 they can, they get nothing. If they sell at year

2 four, they get \$10,000.00 and if they stay for 15
3 years then they get \$160,000.00 and we're not
4 encountering inflation or the increases in AMI or
5 what have you, but that's just the back of the end
6 flow.

7 CHRISTINE MEZOFF: That is a good
8 estimate, yes.

9 CHAIRPERSON KALLOS: Okay. How many
10 commercial units are there?

11 CHRISTINE MEZOFF: There is one commercial
12 unit currently at 981 Amsterdam, aka 161 West 180
13 Street, it is vacant.

14 CHAIRPERSON KALLOS: And is there going to
15 be a big box store there or a chain, or will it be a
16 local mom and pop? And what steps are being taken to
17 ensure folks can actually use it in the community?

18 CHRISTINE MEZOFF: So the commercial space
19 is approximately 2,000 square feet. It is a decent
20 size, but its' not a big box store size. The
21 estimated rent for that particular space is lower
22 than the market, \$33.00 a square foot so that we can
23 attract a potential occupant post construction
24 completion. The goal is to make sure that we have an
25 occupant or a tenant in that commercial space that is

3 a paying tenant that can help subsidize the co-op
4 costs.

5 CHAIRPERSON KALLOS: Thank you. And for
6 the developer, I think you know the questions that
7 are coming. When the rehabilitation work is being
8 done, will the folks doing that work have health
9 insurance, disability insurance, and pension
10 benefits?

11 ADAM BRIONES: Sure. We will discuss that
12 with our third party general contractor. We have not
13 had that conversation with them yet, but as the
14 developer we will be overseeing them to ensure that
15 they comply with all relevant regulation and laws
16 here in New York City. Our property manager will be
17 Concord Management, so I know I'm skipping ahead a
18 bit, but they have obviously outlined their benefit
19 package.

20 CHAIRPERSON KALLOS: Sorry about that. And
21 so for the health, who is your third party company?

22 ADAM BRIONES: For our general contractor
23 it will be ETC Companies.

24 CHAIRPERSON KALLOS: M/WBE?

25 ADAM BRIONES: Genesis Companies is a
certified M/WBE. ETC is not an M/WBE.

2 CHAIRPERSON KALLOS: Architects?

3 ADAM BRIONES: Romines Architecture, not a
4 certified M/WBE. Our lead construction manager is a
5 third party consultant and we need to confirm this
6 with her, but she is a minority woman owned business.

7 CHAIRPERSON KALLOS: Okay. Local hire?

8 ADAM BRIONES: We will comply with NYC
9 Hire. We will post outside of the buildings as well
10 as provide a link on our website.

11 CHAIRPERSON KALLOS: I believe that's all,
12 folks. Is there anyone here from the public who
13 wishes to testify on this item? Folks will need to
14 have filled out these forms if they did. Okay, I see
15 no one who is interested in testifying from the
16 public. I will now close the public hearing on this
17 Application and this Application will be laid over.
18 I'd like to thank the Council and Land Use staff for
19 preparing today's hearing and the members of the
20 public, and my colleagues for attending. And we will
21 hold the vote open. So I will turn this over to the
22 Land Use Counsel.

23 COMMITTEE COUNSEL: King.

24 COUNCIL MEMBER KING: I vote aye.

25

1 SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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2 COMMITTEE COUNSEL: The Lane Use Items are
3 approved by a vote of five in the affirmative, zero
4 in the negative and zero abstentions and referred to
5 the full Lane Use Committee.

6 CHAIRPERSON KALLOS: I hereby adjourn this
7 meeting. [gavel]

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SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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 _____ June 7, 2018 _____