

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND
CONCESSIONS

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July 17, 2017
Start: 1:13 p.m.
Recess: 1:23 p.m.

HELD AT: Committee Room - City Hall

B E F O R E: RAFAEL SALAMANCA, JR.
Chairperson

COUNCIL MEMBERS: Darlene Mealy
Ydanis A. Rodriguez
Andrew Cohen
Mark Treyger

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

Jordan Press, Executive Director
Development and Planning
Housing, Preservation and Development, HPD

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2 [sound check, pause][gavel]

3 CHAIRPERSON SALAMANCA: Alright, good
4 afternoon everyone. I am Council Member Rafael
5 Salamanca, Chair of the Subcommittee on Planning,
6 Dispositions and Concessions. Welcome everyone to
7 today's hearing. Today we're joined by Council
8 Member Andrew—Andrew Cohen, and Council Member Mark
9 Treyger. Today, we'll be holding two hearings. The
10 first item is LU 704, the Habitat for Humanity Single
11 Family Home Phase 3 Application. This application
12 pursuant to Article 16 of the General Municipal Law
13 for approval of an Urban Development Action Area
14 project, a real property tax exemption, and a waiver
15 of the area designation requirements, and
16 requirements of Section 197-C and D of the Charter.
17 These approvals will facilitate the rehabilitation of
18 three single-family vacant homes by sponsor, and the
19 homes will be—will be then sold to purchasers making
20 no more than 80% of AMI. The affected properties are
21 located in Queens in Council Member Miller's
22 district.

23 The second item is LU 705, the 233
24 Stuyvesant Avenue, Brooklyn application. This
25 application is for a tax exemption pursuant to

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3 Article 11 of the Private Housing Finance Law. This
4 approval would facilitate the rehabilitation and
5 preservation of a four-story building containing
6 eight 1-bedroom units. The affected property is in
7 Council Member Cornegy's district. I am now opening
8 up the public hearing on LU 704, the Habitat for
9 Humanity Single-Family Homes Phase 3 Application. Mr.
10 Speaker.

11 JORDAN PRESS: Good afternoon. My name
12 is Jordan Press. I'm Executive Director for
13 Development and Planning at HPD. Land Use No. 704
14 consists of three small vacant homes located at 99-9
15 203rd Street, 202-02 111th Avenue and 190-17 109th Road
16 in Queens Council District 27. Each home was a
17 foreclosure, and as a result of a default on HUD FHA
18 mortgages over 20 years ago and turned over to NYCHA
19 to operate as part of their public housing portfolio.
20 As residents moved out of the—moved out, the homes
21 deteriorated significantly and require substantial
22 rehabilitation. NYCHA with approval from HUD
23 selected Habitat for Humanity as the sponsor and
24 conveyed the homes to them on July 26, 2016. The
25 sponsor is following the model of HPD's Small Homes
Rehab Program and is in the process of rehabbing the

2 homes in order to sell to purchasers as homeownership
3 units. The rehabilitation is approximately 50% to
4 60% complete under HUD's guidelines and the sponsor
5 will convey the properties to low and moderate income
6 families earning between 50% and 80% of AMI, which is
7 about \$43,000 to \$68,000. In addition, the homes
8 must remain affordable to present and future
9 homeowners for a period of 30 years at no higher than
10 80% AMI as required by HUD. The sponsor is
11 conducting marketing outreach events in the local
12 community in order to reach as many potential
13 applicants as possible. To date, applications have
14 been received and are now being reviewed. Today, HPD
15 is before the Planning Subcommittee seeking UDAAP tax
16 benefits for a period of 20 years in order to assist
17 the affordability for potential purchasers.
18 Councilman-Council Member Miller has been briefed and
19 has indicated his support for the project. Thank
20 you.

21 CHAIRPERSON SALAMANCA: Alright. Do we
22 have any questions from members of the committee?
23 No. A very quick question. So, the—whoever
24 purchases these homes, have to remain in these homes
25 for 30 years.

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3 JORDAN PRESS: It-the-

4 CHAIRPERSON SALAMANCA: [interposing] On
5 an AMI level of 80% or lower?

6 JORDAN PRESS: The-they don't have to
7 remain in the home, but if any subsequent purchaser
8 would come in, it would have to be at-at no higher
9 than that amount.

10 CHAIRPERSON SALAMANCA: Okay.

11 JORDAN PRESS: The new purchaser.

12 CHAIRPERSON SALAMANCA: Alright, are
13 there any more members of the public who wish to
14 testify? Seeing non, I will now close Public Hearing
15 LU 704. I am now opening up the Public Hearing on LU
16 705, the 233 Stuyvesant Avenue application. Mr.
17 Press.

18 JORDAN PRESS: Thank you. Land Use No.
19 705 consists of the exemption area containing a
20 partially occupied four-story eight-unit building
21 located at 233 Stuyvesant Avenue in Brooklyn Council
22 District 36. The building was originally approved
23 for disposition by the City Council on November 6,
24 1995 through Resolution No. 1196. The City conveyed
25 the property to the 200-233 Stuyvesant Avenue Housing
Development Fund Corporation as a Limited Equity

3 Cooperative under the Tenant Interim Lease Program in
4 1996. The property was also approved for a partial
5 Article 11 Tax Exemption, which will expire in 2029.
6 In 2010, 233 Stuyvesant Avenue, HDFC entered into a
7 loan agreement with a private lender using the shares
8 of the HDFC as collateral. When the individual
9 shareholders did not meet their obligation to pay
10 back the loan, the lender foreclosed on the shares.
11 The court appointed a receiver to hold the shares and
12 manager the property. Acting on behalf of the HDFC,
13 the receiver has requested that HPD consent to Bridge
14 Street Development Corporation's Application for a
15 loan that will pay off the mortgage and fund the
16 acquisition of the shares as well as rehabilitate the
17 property under HPD's Participation Loan Program. The
18 Limited Equity Co-op will be dissolved, and a new
19 rental HDFC will be created. The new sponsor will be
20 required to maintain the property as affordable
21 rental housing and enter into a regulatory agreement
22 with the city for a period of 30 years coinciding
23 with the term of the PLP Agreement. The building
24 requires a moderate rehabilitation that will include
25 the entire envelope, common areas and complete roof
replacement. The work will also include new bathroom

3 fixtures, new cabinets, countertops, flooring and
4 light fixtures in the kitchen. Additionally, the
5 work will be accomplished with the tenants in place.
6 HPD is currently before the Council seeking Article
7 11 tax benefits retroactive to April 1, 2012 in order
8 to ensure the financial and extended affordability of
9 this project. In total the tax exemption will be for
10 a term of 36 years. Council Member Cornegy has been
11 briefed and has indicated his support. Thank you.

12 CHAIRPERSON SALAMANCA: Any questions
13 from the committee?

14 COUNCIL MEMBER COHEN: Oh, as we're all
15 here. [laughs] On these, so the residents are
16 paying maintenance currently for each unit. How-how
17 do we know what they're going to pay for rent for
18 each unit?

19 JORDAN PRESS: So, the—we had sent out
20 income affidavits, and we always have an intention of
21 having them pay not more than 30% of their income
22 towards rent. So, for the existing tenants hopefully
23 they'll all return their income affidavits, and we'll
24 set the rent accordingly, and then we'll make
25 adjustments on the—on the vacant units to ensure that
the property is viable. There's also a--

2 COUNCIL MEMBER COHEN: [interposing]
3 Your--your goal that's set on the vacant units is 75%
4 of AMI, but it--that's subject to making the property
5 viable?

6 JORDAN PRESS: It--well, so the intention
7 is to have a--a blended rate of about 75% income, 75
8 to 80% income, and then we--but we need to know what
9 the existing tenants' income is. Additionally, three
10 of the tenants my understanding is have Section 8.
11 So, they're already guaranteed that they're going to
12 be paying not more than 30% of their income towards
13 rent.

14 COUNCIL MEMBER COHEN: And what is--I'm
15 sorry, what is the number--number of units?

16 JORDAN PRESS: Eight.

17 COUNCIL MEMBER COHEN: Oh, only eight.
18 Okay, and we did--

19 JORDAN PRESS: Of--of the eight, two are
20 original--were original two tenants who bought in for
21 \$250. Four are renters who are living there now, and
22 two are vacant.

23 COUNCIL MEMBER COHEN: Who are they
24 renting from there?

25 JORDAN PRESS: Who are--?

2 COUNCIL MEMBER COHEN: Who are the
3 renters from? Are they renting from the shareholders
4 or--?

5 JORDAN PRESS: Yes. From the--from the
6 cooperative.

7 COUNCIL MEMBER COHEN: The shareholder--
8 the--?

9 JORDAN PRESS: The renters are renting
10 from the--from the co-op, which--

11 COUNCIL MEMBER COHEN: So, the co-op is
12 holding the shares--

13 JORDAN PRESS: [interposing] Yes.

14 COUNCIL MEMBER COHEN: --then where their
15 shares have been forfeited or--?

16 JORDAN PRESS: And there's actually
17 there's a receiver now for the court so--

18 COUNCIL MEMBER COHEN: And conceivably
19 with someone happens to be making to be making more
20 than 80% of--someone could be paying more than--

21 JORDAN PRESS: [interposing] Yes. Then
22 we'll--we'll set it still towards--at 30% of their
23 income so that they're paying their fair share.

24

25

2 COUNCIL MEMBER COHEN: But the--the rent
3 could be--could the rent be substantially higher than
4 the maintenance payments? Is that--? [door bangs]

5 JORDAN PRESS: So, it--yes, it could be,
6 but again, we're going to--we need these income
7 affidavits so that we can be sure to set it at 30%.
8 Additionally, for those who might have Section 8,
9 because you can have Section 8 in a--in an ownership
10 environment. Again, if the maintenance is only--I
11 mean half of--

12 COUNCIL MEMBER COHEN: [interposing]
13 Section 8 people are sort of protected.

14 JORDAN PRESS: There would be room--there
15 would still be room under Section 8 for the
16 maintenance to shift to a higher rent, and still not
17 burden the tenant.

18 COUNCIL MEMBER COHEN: But yeah, their
19 limit--they--they--they have their own protections, but
20 if I--if I don't have Section 8, my--I could be paying
21 extra maintenance and I could end up paying
22 substantially more for rent particularly if--

23 JORDAN PRESS: [interposing] But--but not
24 more than 30%.

25 COUNCIL MEMBER COHEN: Not more than--

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2 JORDAN PRESS: Not more of 30% of their
3 income.

4 COUNCIL MEMBER COHEN: 30% of their
5 income.

6 JORDAN PRESS: That's our—that's our
7 standard practice in any rehab deal because the goal
8 of what we're doing is to not displace anybody.

9 COUNCIL MEMBER COHEN: Okay. Thank you,
10 Chair.

11 CHAIRPERSON SALAMANCA: Thank you. [door
12 bangs] Any other questions from members of the
13 committee? Alright. Are there any more members of
14 the public who wish to testify? Seeing none, I will
15 now close the public hearing on LU 705. We will not
16 vote on to approve to LU 704 and LU 705, which have
17 the support of the local Council Members. Counsel,
18 please call the vote.

19 LEGAL COUNSEL: Council Member Salamanca.

20 COUNCIL MEMBER SALAMANCA: Aye all.

21 LEGAL COUNSEL: Council Member Cohen.

22 COUNCIL MEMBER COHEN: Aye.

23 LEGAL COUNSEL: Council Member Treyger.

24 COUNCIL MEMBER TREYGER: Aye.
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2 LEGAL COUNSEL: We're leaving the vote
3 open.

4 CHAIRPERSON SALAMANCA: So, I would like
5 to thank all members of the public, my colleagues and
6 counsels and Land Use staff attending today's
7 hearing. This meeting is hereby adjourned. [gavel]

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C E R T I F I C A T E

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



Date July 31, 2017