

SUBCOMMITTEE ON PLANNING, DISPOSITION

AND CONCESSIONS

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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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June 19, 2018

Start: 2:07 p.m.

Recess: 2:32 p.m.

HELD AT: 250 Broadway-Committee Rm, 14th Fl.

B E F O R E: CHAIM M. DEUTSCH
Chairperson

COUNCIL MEMBERS:

RUBEN DIAZ, SR.

VANESSA L. GIBSON

ANDY L. KING

CARLINA RIVERA

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

Lacey Tauber

Development and Planning Director at the
Department of Housing Preservation and
Development, HPD

Mary Bruch

Affordable Housing Attorney with Nixon Peabody
LLP at the New York City Department of Housing
Preservation and Development, HPD

Carolyn Williams

Director at the New York City Department of
Housing Preservation and Development/HUD Multi
Family Program

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[gavel]

CHAIRPERSON DEUTSCH: Good afternoon and welcome to the Subcommittee on Planning, Dispositions and Concessions. I'm Council Member Chaim Deutsch and I am filling in today for Chair Kallos who could not be here today for the Subcommittee. We are joined today by Council Members Carlina Rivera and Ruben Diaz Senior. Today we'll be holding hearings on three projects. The first is La Cabana which has three applications; 20185415 HAK, 20165416 HAK and 20185435 HAK. The project site is in Council Member Reynoso's district, Brooklyn. Its compared to one... it's, it comprises of 167 dwelling units built in 1982 under Article V of the private housing finance law. As part of the plan of the project the first action is the extermination of Article V, tax exemption for the existing buildings and replaced with the new partial Article XI tax exemption. The second action is the removal of two vacant parcels from the plan and project. The third action is to approve the, the, the conveyance of the two vacant parcels from the current owner to new... to new owner who will redevelop them with new buildings containing approximately 60 dwelling units. We will open the public hearing on La

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2 Cabana, actually we're going to do both at the same
3 time. So, the second one is public hearing on the
4 East Village I. This project also has three
5 applications; 20185417 HAK, 20185418 HAK and 20185436
6 HAK. The project site in... is in Council Member
7 Rivera's district in Manhattan. It is comprised of
8 approximately 150 existing dwelling units which are
9 part of a plan and project establishment in 1977
10 pursuant to Article V of the private housing finance
11 law. The first action is a termination of Article V
12 tax exemption for the existing buildings and
13 replacement of a new part... partial Article XI tax
14 exemption. The second action is the removal of two
15 vacant parcels from the plan and project. The third
16 action is to approve the conveyance of one vacant
17 parcel from the current owner to new owner who will
18 redevelop it with a new building containing 11 units.
19 So, I will now open the public hearing on both of
20 these...

21 [off mic dialogue]

22 CHAIRPERSON DEUTSCH: Okay, I will go
23 into the final project. Our... part of our public
24 hearing will be on East Village II as well. This
25 project also has three applications; 20185419 HAK,

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COUNCIL MEMBER RIVERA: Thank you. Thank you, so much acting Chair Deutsch and committee members, especially Reverend Diaz... [cross-talk]

[Spanish dialogue]

COUNCIL MEMBER RIVERA: So, thank you for granting me the opportunity to speak in support of the proposed application for the Article XI tax exemption and associated actions and conveyances for the preservation of 243, Section 8-subsidized units and the development of 24 additional units on East 10th Street. Located in the East Village in my district, these affordable housing units are home to hundreds of families many of whom struggle with income under 20 percent of AMI. Compare this to the surrounding neighborhood, which averages over 200 percent AMI. The preservation of these affordable units, therefore, would prevent the displacement of these lower income tenants, many of them are multigenerational families. The items also include the construction of 23 new units on a vacant lot, 43 percent of which will be affordable under a deeper affordability 421-a model, codified in a restrictive declaration. As opposed to maintaining a fenced in vacant lot, this model enforces that at least ten

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2 units will be made affordable, with rents below a 70
3 percent AMI bracket. Again, these target income
4 levels are significantly less than the neighborhood
5 average. We support all portions of the... of HPD's
6 application for both the modification of the previous
7 plan and application of a new one. As areas in the
8 East Village continue to see upward pressures on
9 rents due to real estate speculation and
10 gentrification, these housing units represent an
11 opportunity for longtime residents to remain in a
12 neighborhood that many of them have known their
13 entire lives. For the preservation of affordability
14 for hundreds of tenants who will otherwise be
15 displaced, as well as the use of...

16 COUNCIL MEMBER DIAZ: Ignore, ignore,
17 ignore... go on reading...

18 COUNCIL MEMBER RIVERA: ...as well as the
19 use of unused land for new affordable homes, I ask
20 that you approve these conveyances and tax
21 exemptions. After I specifically thanked you. I also
22 want to thank HPD, council staff, my own staff for
23 working on this project and I, I hope to have your
24 support as we move this forward and provide real
25 affordable housing for New Yorkers.

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CHAIRPERSON DEUTSCH: Thank you Council

Member Rivera and... hold on I'm speaking to Ruben
Diaz, hold on. So, I'd like to ask counsel to swear
in our panel.

COMMITTEE CLERK: Before starting please
state your names but first I'm going to ask you to
make the affirmation. Do you affirm to tell the
truth, the whole truth and nothing but the truth in
your testimony before this Subcommittee and in
response to all Council Member questions?

LACEY TAUBER: Lacey Tauber, yes.

MARY BRUCH: Mary Bruch, yes.

CAROLYN WILLIAMS: Carolyn Williams, yes.

CHAIRPERSON DEUTSCH: Thank you Lucy,
Mary, Carolyn, you may begin, we'll go clockwise from
my direction, so you go first Lucy.

COMMITTEE CLERK: Lacey, right?

CHAIRPERSON DEUTSCH: Sorry, Lacey.

LACEY TAUBER: It's okay. So, wait am I
starting with East Village I and then II... and then
I'll read II, one right after the other? Okay, great.
Alright and thank you Council Member Rivera for being
here. East Village I consists of three pre-considered
Land Use items related to property located at block

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2 392, lots 17, 19, 20, 21, 27, 28, 29, 30, and 40 and
3 block 393, lots 12, 14, 15, and 56, 57, and 58 in
4 Manhattan council district two. The development is a
5 low-income Section 8 HUD multi family complex
6 currently owned by an Article V housing redevelopment
7 company that was approved for disposition on December
8 15th, 1977 by the Board of Estimate. Originally known
9 as Lower East Side I Associates, the original project
10 completed construction in 1983 and comprises of 152
11 apartments. The buildings are fully occupied, and
12 tenant pays more than 30 percent of their adjusted
13 household income. Currently, the sponsor is proposing
14 to convert a portion of the project area to an
15 Article XI HDFC, convey underutilized vacant land for
16 the construction of a new building and in order to
17 facilitate such conveyance, amend the plan and
18 project. The first pre-considered item associated
19 with this action is in reference to four multiple
20 dwellings located within the exemption area located
21 at block 392, lots 17, 19, 20, 21, 27, 28, 29, and
22 30, and 40 and block 393, lots 12, 14, 15, 56, 57,
23 and 58. The buildings comprise of 152 units, as
24 mentioned above and the unit mixture includes 45 one-
25 bedrooms, 50 two-bedrooms, and 55 three-bedroom

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apartments. Under federal guidelines for the housing assistance contract, the maximum household incomes are up to 50 percent of AMI for the East Village I development. This Land Use item seeks to help preserve affordability of the low income rental units by allowing the sponsor to voluntarily dissolve their status as an Article V redevelopment housing company and convert to an Article XI HDFC requiring them to enter into a regulatory agreement restricting the use of the development to low income rental housing. They will also enter into a new HAP contract for 20 years. The sponsor also seeks to terminate their current tax exemption and enter into a new partial, partial Article XI tax exemption for a period of 40 years that will coincide with the term of the regulatory agreement. The second pre-considered item associated with this number is the conveyance. The conveyance will... this will allow for the conveyance of block 392, lot 40, also known as 645 East 9th Street, to an affiliate of the sponsor who will construct the new building. The new owner will comply with a restrictive covenant placed on block 392, lot 40 that stipulates 30 percent of the total unit count be set aside for households with the following AMIs; ten

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percent of the units will be affordable to households at or below 70 percent of AMI and 20 percent of the units will be affordable to households at or below 130 percent of AMI. The balance of the units will, will be rented at market rates. Ten percent of the units shall be leased to 70 percent AMI tenants and an additional 20 percent of the units shall be leased to 130 percent AMI tenants. The third pre-considered item will revise the original plan and project comprised, comprised of block 392, lots 17, 19, 20, 21, 27, 28, 29, 30 and 40 and block 393, lots 12, 14, 15, 56, 57, and 58. The plan and project is now proposed to be modified by deleting from the areas described in the plan and project to exclude block 392, lot 40 in order to facilitate the new construction of one new building with 11 units. In order to facilitate the development of the East Village I HDFC, HPD is before the council today seeking approval of the three pre-considered Land Use items associated with the project. Okay, so that was for East Village I and this is for East Village II.

CHAIRPERSON DEUTSCH: Alright, so before

you go further, does any members have any questions?
No, no. Any members of the public, no, let's move on.

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LACEY TAUBER: Okay. East Village II consists of three pre-considered Land Use items related to property located at block 392, lots 22, 48, 50, 51 and 52, block 393, lots 59 and 60, and block 395, lots 1, 3, and 5 in Manhattan council district two. The development is a low-income Section 8 HUD multi family development currently owned by an Article V housing redevelopment company that was approved for disposition on December 15th, 1977 by the Board of Estimate. Originally known as Lower East Side II Associates, the original project completed construction in 1983 and comprises of 91 apartments, including one two-bedroom unit for the superintendent. The buildings are fully occupied, and no tenant pays more than 30 percent of their adjusted household income. As noted in the previous testimony regarding East Village I, the sponsor is proposing to convert a portion of the project area to an Article XI HDFC, convey underutilized vacant land for the construction of a new building, and in order to facilitate such conveyance, amend the plan and project. The first pre-considered item associated with this land use number is in reference to four multiple dwellings located with within an exemption

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area at block 392, lots 22, 48, and block 395, lots 1, and 3. The buildings comprise of 91 units, as mentioned above and the unit mixture includes 11 one-bedrooms, 41 two-bedrooms, 28 three-bedrooms and 11 four-bedroom apartments. Under federal guidelines for the housing assistance contract, the maximum household incomes are up to 80 percent of AMI. This land use item seeks to help preserve affordability of the low income rental units by allowing the sponsor to voluntarily dissolve their status as an Article V redevelopment housing company and convert to an Article XI HDFC requiring them to enter into a regulatory agreement restricting the use of the development to low income rental housing. They will also enter into a new HPA contract for 20 years. The sponsor also seeks to terminate their current tax exemption and enter into a new partial Article XI tax exemption for a period of 40 years that will coincide with the term of the regulatory agreement. The second pre-considered item will allow for the conveyance of block 393, lot 59, also known as 351 to 353 East 10th Street, to an affiliate of the sponsor who will construct the new building. The new owner will comply with a restrictive covenant placed on block 393, lot

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2 59 that will provide affordable units at the greater
3 of 39 percent of all units at or below 130 percent of
4 AMI, which included a portion of units affordable to
5 people at or below 70 percent of AMI or a minimum of
6 three units will be at 130 percent of AMI and an
7 additional minimum of eight units will be at 70
8 percent of AMI. The third pre-considered item will
9 revise the original plan and project comprised,
10 comprised of block 392, lots 22, 48, 50, 51, and 52,
11 block 393, lots 59 and 50 and 60, and block 395, lots
12 1, 3, and 5. The plan and project is now proposed to
13 be modified by deleting block 393, lot 59 from the
14 areas described in the plan and project to exclude in
15 order to facilitate the new construction of one new
16 building with 23 units. In order to facilitate the
17 development of the East Village II HDFC, HPD is
18 before the council today seeking approval of the
19 three pre-considered items associated with the
20 project.

21 CHAIRPERSON DEUTSCH: You done?

22 LACEY TAUBER: Yes.

23 CHAIRPERSON DEUTSCH: Okay, so first of
24 all I want to... I'd like to thank you for the, the
25 lengthy briefing and, and the, the questions and

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2 answers that you provided and it made me personally
3 happy and I just want to thank Carlina Rivera for her
4 advocacy on behalf of her constituents and the
5 community as a whole, for her advocacy in fighting
6 for, for the ability to make sure that people have a
7 place to live and, and it... we all know that it's
8 always difficult to make ends meet and she's been a
9 champion not only here in the council but for the
10 district and for the entire city so I will now..

11 [off mic dialogue]

12 CHAIRPERSON DEUTSCH: Oh, okay. So... okay.
13 So, we'll... Mary so I guess you're next.

14 MARY BRUCH: Thank you Council Members.
15 I'm here just if there are questions for the owner,
16 my firm represents the owners of the project.

17 CHAIRPERSON DEUTSCH: Okay, so... any
18 questions from the members of the council? Any
19 questions from the public? No, we'll go to that soon,
20 but do you have questions? Okay, thank you very much.
21 Carolyn?

22 CAROLYN WILLIAMS: I'm here to answer
23 questions on behalf of HPD if there are any questions
24 the council may have regarding the tax exemption.

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2 CHAIRPERSON DEUTSCH: Colleagues? No,
3 none... no questions so... [cross-talk]

4 COMMITTEE CLERK: Okay, so ask if there
5 are any of the members of the public here on East,
6 East Village I... [cross-talk]

7 CHAIRPERSON DEUTSCH: Any members of the
8 public here on East Village I or II? Any members of
9 the public here for La Cabana? Seeing none... [cross-
10 talk]

11 [off mic dialogue]

12 CHAIRPERSON DEUTSCH: Okay, so we're
13 going to close the hearing now on East Village I and
14 II and then we'll move on to La Cabana. Okay.

15 LACEY TAUBER: We're all the same people
16 for this one.

17 CHAIRPERSON DEUTSCH: Okay, so we're
18 going to... [cross-talk]

19 LACEY TAUBER: So, you can intro and
20 then... [cross-talk]

21 CHAIRPERSON DEUTSCH: ...do the same thing...
22 [cross-talk]

23 LACEY TAUBER: ...I'll do the... [cross-talk]

24 CHAIRPERSON DEUTSCH: We're going to go
25 clock... [cross-talk]

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2 LACEY TAUBER: ...same again... [cross-talk]

3 CHAIRPERSON DEUTSCH: ...wise.

4 LACEY TAUBER: Yeah.

5 [off mic dialogue]

6 CHAIRPERSON DEUTSCH: Okay, so I'd like
7 to ask the counsel to remind you you're still under
8 oath.

9 COMMITTEE CLERK: I'm just going to
10 remind everyone that they're still under oath and to
11 please state their names again before speaking.

12 CHAIRPERSON DEUTSCH: Okay.

13 LACEY TAUBER: Okay.

14 CHAIRPERSON DEUTSCH: Okay, so Lacey.

15 LACEY TAUBER: Lacey Tauber, HPD.

16 Alright. La Cabana Houses consists of three pre-
17 considered Land Use items related to property located
18 at block 3022, lots 16 and 25 and block 3031, lot 18
19 in Brooklyn council district 34. The development is a
20 low-income Section 8 HUD multifamily development
21 currently owned by an Article V housing redevelopment
22 company that was approved for disposition on December
23 16th, 1982 by the Board of Estimate. The original
24 project provided for the construction of three
25 buildings with 167 units, including a

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superintendent's unit and 76 parking spaces. To date, all the rental units are occupied. However, the parking spaces have not been used in over a decade. Currently, the sponsor is proposing to convert a portion of the project area to an Article XI HDFC, convey the underutilized parking lot for the construction of a new building, and in order to facilitate such conveyances, amend the plan and project. The first pre-considered item consists of the three original multiple dwellings located within an exemption area at block, block 3022, part of lot 16, lot 25; block 3031, part of lot 18. The buildings comprise of 167 units, as mentioned above and the unit mixture includes 53 one-bedroom, 34 two-bedrooms, and 80 three-bedrooms. Under federal guidelines for the housing assistance contract, the maximum household incomes are up to 50 percent of AMI. This land use item seeks to help preserve affordability of the low income rental units by allowing the sponsor to voluntarily dissolve their status as an Article V redevelopment housing company and convert to an Article XI HDFC requiring them to enter into a regulatory agreement restricting the use of the development to low income rental housing. They

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will also, also enter, enter into a new HAP contract for 20 years. The sponsor also seeks to terminate their current tax exemption and enter into a new partial Article XI tax exemption for a period of 35 years that will coincide with the term of the regulatory agreement. The next pre-considered item will allow for the conveyance of development parcel A and development parcel B, to two separate affiliates of the sponsor who will construct the new building. The new owners will comply with the restrictive covenant placed on the development parcels requiring in the new project 25 percent of the dwelling units to be affordable to persons at or below 40 percent of AMI, ten percent of the dwelling units to be affordable to persons at or below 80 percent of AMI, and ten percent of the dwelling units affordable to persons at or below 100 percent of AMI and five percent of the dwelling units be affordable to persons at or below 135 percent of AMI. That amounts to 50 percent of the total unit count being affordable at or below 135 percent of AMI. The balance of the units will be market rate. The unit types have yet to be determined. The third pre-considered land use item seeks to modify the original

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2 CHAIRPERSON DEUTSCH: Just here to answer
3 questions, okay, I thought so.

4 [off mic dialogue]

5 CHAIRPERSON DEUTSCH: Any members of the
6 public here to testify for La Cabana? I.. [cross-talk]

7 LACEY TAUBER: Can I give a shout..
8 [cross-talk]

9 CHAIRPERSON DEUTSCH: ...see... [cross-talk]

10 LACEY TAUBER: ...out to... [cross-talk]

11 CHAIRPERSON DEUTSCH: ...I see none..
12 [cross-talk]

13 LACEY TAUBER: ..Alex from Council Member
14 Reynoso's office who's been the organizer in this
15 building and has done a great job communicating with
16 the tenants on this project.

17 CHAIRPERSON DEUTSCH: Great.

18 [off mic dialogue]

19 CHAIRPERSON DEUTSCH: Alright, seeing
20 none I now close the hearing on La Cabana and we'll
21 do... we'll... [cross-talk]

22 COMMITTEE CLERK: We'll, we'll take a
23 short pause... [cross-talk]

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2 CHAIRPERSON DEUTSCH: Yeah, we take a
3 short pause, we're just waiting for quorum so... stand
4 by... [cross-talk]

5 LACEY TAUBER: Okay... [cross-talk]

6 CHAIRPERSON DEUTSCH: Be patient.

7 LACEY TAUBER: Thank you.

8 [off mic dialogue]

9 CHAIRPERSON DEUTSCH: I now call... I, I
10 now call a vote to approve Pre-considered LU's La
11 Cabana, Pre-considered LU's East Village I and Pre-
12 considered LU's East, East Village II, Counsel please
13 call the roll.

14 COMMITTEE CLERK: This is a vote to
15 approve Pre-considered 20185417 HAM, vote to approve
16 20185418 HAM, 20185436 HAM, 20185419 HAM, 20185420
17 HAM, 20185423 HAM, 20185415 HAK, 20185416 HAK, and
18 20185435 HAK, Council Member Gibson?

19 COUNCIL MEMBER GIBSON: I vote aye.

20 COMMITTEE CLERK: Deutsch?

21 CHAIRPERSON DEUTSCH: Aye.

22 COMMITTEE CLERK: Diaz?

23 COUNCIL MEMBER DIAZ: Yes.

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COMMITTEE CLERK: All the pre-considered LUs on today's calendar are approved and referred to the full Land Use Committee.

CHAIRPERSON DEUTSCH: Thank you, I'd like to thank the council and the Land, Land Use staff for preparing for today's hearing and the members of the public and my colleagues for attending. The meeting is hereby adjourned

[gavel]

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 15, 2018