CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PUBLIC HOUSING

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Start: 10:00 am
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HELD AT: Council Chambers
City Hall

B E F O R E:
ROSIE MENDEZ
Chairperson

COUNCIL MEMBERS:
Council Member Gale A. Brewer
Council Member Maria del Carmen Arroyo
Council Member Margaret S. Chin
Council Member Daniel J. Halloran III
Council Member Robert Jackson
Council Member Letitia James
Council Member Melissa Mark-Viverito
Council Member James G. Van Bramer

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

Carlos G. Laboy-Diaz
Deputy General Manager for Operations
New York City Housing Authority

Ilene Popkin
Assistant Deputy General Manager for Development
New York City Housing Authority

Brian Honan
Director of Intergovernmental
New York City Housing Authority

Victor Bach
Senior Housing Policy Analyst
Community Service Society

Joel Feinberg
Organizer
Good Old Lower East Side

Luther Stubblefield
Organizer
Baruch Houses

Joseph Garber
Resident/Advocate
Public Housing

CHAIRPERSON MENDEZ: Good morning. Thank you, Sergeant. Thank you, everyone, for being here. Today, there are several hearings going on, so you'll see some Council Members joining us at different points. At this moment, to my immediate left, is my Policy Analyst, Benjamin Goodman, I think he looks familiar to many of you. And to my right, Laura Rogers, the attorney for this Committee. And today, we are having a hearing on the mixed financing, NYCHA's mixed financing, to fund modernization and/or development plans. Last year, March 1, 2010, we held and oversight hearing to discuss NYCHA's proposed mixed finance modernization plan, for the 21 city and state developments. At that hearing, NYCHA provided testimony relating to the proposed use of mixed finance modernization program, to federalize the 21 city and state developments here in New York, that had no funding stream. Today's hearing will be a follow up to that hearing, to provide NYCHA the opportunity to update this Committee and the public, on the progress it has made in this modernization plan. In addition to this update, we are asking NYCHA to provide the

Committee with testimony regarding any plans to use mixed financing transactions to fund future modernization or development projects. So, I want to thank everyone for being here. As the Sergeant said, if you would like to give testimony, you need to fill one of these out. You don't even have to make that decision now. You can wait a little later. And at this moment, if the Authority is ready, and again, as I usually do, I remind the Housing Authority also that you must identify yourself for the record. Thank you very much. [pause]

CARLOS LABOY-DIAZ: Good morning. For the record, my name is Carlos G. Laboy-Diaz, I'm the Deputy General Manager for Operations, for the New York City Housing Authority. Chairwoman Rosie Mendez, and Members of the Committee, and to all Members of the City Council, I'm excited to be with you and to have the opportunity to discuss the New York City Housing Authority's successful completion of the federalization of the 21 developments built by the State and City of New York. What federalization means for the Authority and for our residents, and NYCHA current progress to rehabilitate and modernize these homes. Again, my name is Carlos G. Laboy-Diaz, I'm the Deputy General Manager for Operation, and I'm joined by Ilene Popkin, which is Assistant Deputy General Manager for Development, and Members of NYCHA development and operations team. The last time NYCHA appeared before the City Council to discuss federalization, the conversation was one of optimism and hope. Today, I'm proud to report that our optimism has been affirmed and our hope has been fulfilled. With the support of the Mayor Michael Bloomberg, Members of the City Council, the City, the State Assembly and Senate, the United States Congress and the Department of Housing and Urban Development, NYCHA successfully completed one of the most innovative federalization plan in public housing history. By qualifying then for ongoing federal capital and operating subsidies, as well as immediate funds for rehabilitation and modernization work. Taken together, NYCHA will receive more than $400 million in public and private funding, the majority of which will go to capital improvements that are now taking place and will continue throughout 2012. What is more important, federalization help to alleviate a significant drain on the, on the Authority finance. Allowing NYCHA to stop diverting vital resources, nearly $700 million over ten years, from its federal portfolio, to support the 21 developments, that more than a decade ago, received no dedicated federal subsidy. Today, I would like to bring the Council up to date on NYCHA's progress in meeting and, as you will hear, exceeding HUD benchmarks for advancing this historic undertaking and the work that we're doing in these 21 communities. To provide for our residents, safety, wellbeing, and to ensure that these homes are preserved for future New Yorkers. I want to briefly recap what, why completing this federalization plan was so urgent to the Authority and to the communities we serve. The 21 developments represent over 20,000 public housing units that are home to more than 45 residents, living across four of the City's five boroughs. Although originally constructed with the assistance of the State and the City, these homes no longer receive direct operating or capital subsidy. Thereby forcing NYCHA to effectively subsidize their operations and maintenance. Coupled with a prolonged decline in HUD operating subsidy during the previous decade, the loss of State and City support and a profound impact in NYCHA long term structural deficits. As a result, NYCHA was unable to fulfill, to fully maintain all the public housing throughout the City: less able to address regular maintenance to preserve our aging infrastructure; less able to restore our building façades; less able to modernize individual homes; less able to ensure safe, reliable elevator service; and less able to meet our commitment to our customers service, and providing the overall quality our residents, to our residents' lives. With no solution in sight, NYCHA structural deficit growing by millions, years after year, the 2000 President Election proved to be a watershed moment for public housing, as well as the entire nation. Only the second piece of legislation approved by the new Congress, and signed into law by President Barack Obama, the American Recovery and Reinvestment Act of 2009, more commonly known as the Stimulus Bill, included $13.6 billion for public housing developments nationwide. When they released 75 percent of the funding allocated to State and local recipients. As you know, the Housing Authority received $423 million of stimulus funding. But as important by suspending these restrictions of the 1998 Faircloth Amendment, which barred additional federal funding for new public housing units. Stimulus also provide a one-time opportunity to qualify the now 21 federalized developments for ongoing federal operating and capital subsidy. This, the legislation guidelines use a mixed finance model to develop these properties. We also successfully obligate every stimulus dollar we receive before the federal government deadline. Actually, we were 67 percent before the deadline was required. We already, we will, in our way, to spend off stimulus funds before March 2012. After completing an assessment of the properties' capital needs and operating profiles, NYCHA separate the 21 now fully federalized developments into two portfolios, to take full advantage of the stimulus funds and to leverage, leverage potential. As well as tax credits generated by the mixed finance transaction. And, and just as a point of information, it's different type of mixed finance transaction. This particular one is, is what is called hot mixed finance transaction, which a little bit different to what my team, Ms. Popkin will present to you. This is called mixed finance because you're using capital dollars from the public housing programs with private, with private investors. When my partner goes into the details of the other ones, you will see that it's different types of mixed finance transactions going on in, throughout the nation. Citibank has joined NYCHA in the ownership of these properties as part of their participation in the low income housing tax credit program. They're investing it in the properties in exchange for being able to take a tax credit on their federal income tax returns. NYCHA sold 13 developments to NYCHA Housing Preservation I, LLC, as a limited liability company, comprised of NYCHA I, HDFC, a wholly owned subsidiary of NYCHA, and Citibank. NYCHA sold eight properties to NYCHA Housing Preservation II, a limited liability company, comprised of NYCHA II and HDFC. And New York

Housing Partnership, a nonprofit entity. NYCHA is using the funds, NYCHA is using--using the funds Citibank is investing in capital improvements. This is how most affordable housing development and revitalization is funded in the United States today. Furthermore, federalization will benefit the residents and the New York City Housing Authority will be able to carry out rehabilitation activities they will otherwise be unable to afford. The residents are seeing the benefits as NYCHA carries out rehabilitation activities at the properties during 2011 and 2012. The Housing Authority kept its promise that the tenancy rights of all assisting residents will be protected and the families who live in the 21 developments will not be relocated from their homes, will continue to benefit from public housing rent schedules, protections and programs; and that if anything, their life, the quality of life will improve. A construction update, physical work is actively underway in all 21 development, the 13 in LLC I and the eight in LLC II. There are 24 projects in progress at 21 developments, including 16 roof replacement, elevators, building entrance upgrades, heating systems, the firsts four projects scheduled to be completed in 2011, remain on or ahead of schedule. - - , we're actually doing all the closing. We met with investors yesterday, and it's, it was on time on budget. Amsterdam Addition will be in June, Castle Hill and Marble Hill in September. The next two projects, Manhattanville and Chelsea, are currently ahead of schedule and be completed by the end of the year. They were scheduled to be completed next year. The remaining seven projects are on schedule to meet their plan 2012 completion dates. For LLC II, all projects are on schedule to be completed in 2011. Just to give you a little more detail, seven projects are 99 percent completed, four projects are between 70 to 85, 9 projects are between 50 to 69. In conclusion, what, what seems to be an impossible challenge is today a reality. The 21st, the 21 State and City build developments are now fully federalized. They are now eligible for ongoing federal operating and capital subsidy. And the resources provided by the stimulus bill were successfully leveraged to bring needed private investment to these communities. But as I outlined, our work is not done. As our residents can attest, NYCHA is now doing the urgent work repairs and modernize these development, ensuring their long term sustainability. Our federalization was a unique opportunity, it will serve as a model for future partnership, not only to preserve New York City Housing Authority homes, but also to foster the healthy, vibrant, public health and communities our City so richly deserve. Now, I will like to take the Council through a quick presentation, showing in more details our current progress in the rehabilitation and modernization of the 21 developments. I added as part of the testimony, a small PowerPoint presentation. In the interests of time, the first two pages are part of the details of the transaction and detail of the construction update. Page five gives you a detail of the status of each project in the federalization program. LLC I is page five, LLC II is page six. Page seven is something that, that is very important for us. As you can see, we have completed 74 percent of the unit interior inspections, and those, those inspections have generate over 80,000 work orders. Thanks to the resources that we have now, we've been able to address 50,000, a little over 50,000 of those work orders. As part of our aggressive maintenance plans to address the work, the backlog in work orders that, that we have. As you well know, the Housing Authority has capital needs of about $7.5 billion, and this is only part of what we've been able to do even with the greater need that we have. And the final page talks about the families that we've been able to certify as qualified families to, for the program. Now, I will pass the microphone to Ms. Popkin.

ILENE POPKIN: Good morning, Ilene Popkin, the Assistant Deputy General Manager for Development at NYCHA. Chairwoman Rosie Mendez, Members of the Committee, and to all Members of the Committee, and to all members of the City Council, thank you for inviting me to speak with you today about the mixed finance approach to investing in public housing communities, and in the New York City's Housing Authority's commitment to forming new partnerships that will help ensure the long term sustainability of public housing and affordable housing. Mixed financing is not the only option for investing in public housing. But in the current economic climate, it is one of the most promising and effective means of leveraging limited public housing capital funds to preserve this critical housing resource, and to foster healthy neighborhood development for all New Yorkers. As my colleague, Carlos Laboy previously mentioned, the term "mixed finance development," refers to a specific type of financial transaction that allows public housing authorities to leverage HUD capital funding with private funds, such as the low income housing tax credit. In these types of mixed finance transactions, HUD funds can be used to develop and preserve public housing while also supporting the development of a variety of housing types, including home ownership, low, moderate and middle income housing, as well. In short, HUD mixed financing brings additional resources to public housing communities, resource that can be used to bridge the gap between government appropriations and our actual development needs. Where government funding is reduced, NYCHA can use private capital to develop quality housing. Mixed financing also stimulates neighborhood revitalization and economic development. Public housing funds are often leveraged to create new public facilities, in addition to housing, including community centers, health clinics and recreation centers. Finally, mixed financing provides opportunities for partnering with for-profit and not-for-profit organizations that have been successfully working with our residents and in our communities for years, to improve service delivery, foster economic growth, and to support affordable housing development. Preserving pub--In the future, sorry, in the future, NYCHA plans to use mixed financing to both preserve public housing, as well, on a limited basis, develop new affordable housing units. As you know, the considerations for development of public and affordable housing are different. First, Congress limits the amounts of public housing that can exist in the United States. The 1998 Faircloth Amendment restricts federal operating capital funds for additional public housing units; thereby, effectively capping the number of public housing units in the country.

While NYCHA and other housing authorities may replace lost public housing, we cannot create new units. As my colleague, Carlos Laboy discussed, the American Recovery and Reinvestment Act of 2009, ARRA, temporarily suspended the Faircloth Amendment allowing NYCHA to complete the federalization of the 21 city and state developments. While federalization under ARRA may serve as a model for leveraging HUD public housing capital funds with private investment, to preserve existing public housing, is a more challenging financing structure for the creating, creation of new public housing units. Even if NYCHA planned to replace its buildings and apartments within the limits of Faircloth Amendment, developing new public housing is extremely expensive. NYCHA has limited public housing capital funds; as such, NYCHA's priority for the use of these capital funds is on the preservation and maintenance of our current housing stock, rather than developing, development of new public housing units. However, we are also firmly committed to creating new affordable housing. As you know, NYCHA is an important partner in supporting the Mayor's new housing marketplace plan, which sets a goal of creating and preserving 165,000 homes by 2014. Since the housing plan's implementation in 2004, NYCHA has worked with the New York City Department of Housing, Preservation and Development, HPD, and the New York City Housing Development Corporation, HDC, to develop more than 4,000 affordable housing units on NYCHA's property. This affordable housing development has been developed with a variety of financing sources, including New York City capital funds, Reso A funds, tax exempt bonds, low income housing tax credits, New York State affordable housing funding, and federal 202 funds, representing a different type of mixed financing. This is not through the HUD mixed financing, but it is a form of mixed financing. While these financings do not, resources do not rely on traditional HUD financed mixed housing model, these programs provide important tools and critical resources that allow NYCHA to capitalize opportunities and to create new affordable housing, while at the same time focusing our limited HUD capital funds on preservation. Ultimately, NYCHA is committed to fostering strong communities, not just housing. Strong communities means having better schools, recreation facilities, economic development, as well as creating opportunities for residents. We believe the key to creating opportunities for NYCHA residents is through forming inclusive partnerships that take into account all aspects of healthy community development. Partnerships that will make critical investments to support housing infrastructure, education, workforce development and transportation, as well as to facilitate and attract private investment in the surrounding neighborhoods. Conclusion, we welcome the City Council's insight and expertise in this effort. As NYCHA moves forward, we hope to work with members of City Council to create the solutions that will ensure that NYCHA continues to create strong communities that every New Yorker deserves. Thank you and I look forward to your questions.

CHAIRPERSON MENDEZ: Thank you. We've, we're finished the video presentation? Okay. I'm going to turn it over to my colleague, Margaret Chin, who happens to represent Rutgers Houses, which is part of this mixed finance modernization program, so that she could get started with the questions. I want to thank you both for your testimony. Margaret? I'm sorry, we've also been joined by Council Member Melissa Mark-Viverito, from El Barrio, who's to my far left, usually. So is Margaret, but I don't know what happened today. Go ahead.

COUNCIL MEMBER CHIN: [laughs] Thank you, thank you, Chair. Good morning.

CARLOS LABOY-DIAZ: Good morning.

COUNCIL MEMBER CHIN: I'm looking at your statistic for Rutger, it looks very good, that you're able to get everyone certified. So, I want to start with that question. Can you just describe a little bit, a little bit about the effort that NYCHA did to get tenants to fill out all the forms, 'cause I've heard stories. And I know you guys work hard, so maybe you could just describe it a little bit in terms of the process, the amount of staff time, and the extreme effort that you guys have to put in to get this done.

CARLOS LABOY-DIAZ: Well, actually, the property has 720 units, but as part of the transaction, because this was a different type of transaction, we knew that some families will not qualify, and what we, the commitment that we made was to certify 572 families out of the 700--I believe 20--that the property has. As you know, because I remember one of the meetings that, that you helped us, we have to, it was a lot of communications with the tenants. We needed to move staff with the language skills necessary to address the community. The tenants, once we explained the transaction to the tenants, we explained to the tenants that this is not something that's going to affect their, their benefits as public housing residents. On the other hands, we needed to, to do this paperwork because it's part of the requirements. HUD requires, and the IRS, that we certify that the family living in this unit is a low income family. We were able to, to get into the units. Once they saw that we were doing the repairs, they realized that this, this is for real, this is going on. And actually, we've been able to enter in about 700 of the 720 units, to make the repairs. We're still working with, with 20 families. We were able to do the inspections, 100 percent of the inspections, but we're having difficulty with, with 20 families. But it was an effort from the community operations, the operations staff, and actually the leadership of the community, help us a lot in this process.

COUNCIL MEMBER CHIN: Yeah, I, I think that was a, it's a good model, to really use to hopefully whatever experience that you have learned here, can transfer--

CARLOS LABOY-DIAZ: Yes.

COUNCIL MEMBER CHIN: --over to the rest of the housing projects. I mean, the amount of time that you got the inspection and the repair done, I think that's really important to carry over to the other development in our district. Because the amount of, you know, complaints that we've been hearing about, repairs not getting done, so that whatever experience that's learned there, because I, I did look at, also, the, the units and the inspection, and getting the amount of repair done. I mean, over 90 percent, I think that's, that's very, very significant. And--

CARLOS LABOY-DIAZ: Actually, that's exactly what we're doing, Rutgers was our test, our pilot project, to do repairs now, across the, over 300 properties that we have. As part of this year budget, we committed $11 million to the work order backlog. And as part of the initiatives, are especially, exactly what we did at Rutgers, we are looking at the work orders in a different way, consolidating skill traits, looking at the, you know, who goes first into the unit, having our partners in community operations, working with the community before we go in, to ensure that we don't have this issue that we go in and the tenant is not in, at the apartment. It was a great experiment, it worked. We're doing it, we're going to be implementing that across the City.

COUNCIL MEMBER CHIN: Okay, and my last question is related to, in terms of your, the mixed financing, and how to really use that to help develop more affordable housing. So, is down the road, is NYCHA looking at maintaining its property to use for housing development, rather than looking at selling it?

ILENE POPKIN: We are using our property as a, to develop more affordable housing.

And it can be through both the sale or long term lease of development. When I talk about mixed income properties, and financing, we're using the financing resources of the City, leveraging City, State and federal resources, to create affordable housing. HUD mixed financing includes both public housing, and we are not generally focusing our public housing capital dollars on new development, other than in limited cases where we're looking at the use of our capital funds for preservation.

COUNCIL MEMBER CHIN: I, yeah, I think that, in terms of the creativity of using different program, to really look at, yeah, options, maybe leasing the land or whatever, and not selling the land, to private developers and then you have no control over what they're going to develop. But the other thing with the development is also look at, in terms of having commercial development included, so that when you talk about creating kind of like the Healthy Neighborhood, in terms of offering jobs and small business creations, so--'cause most of the NYCHA development don't have the commercial strip along the way. And that's, I think that's important to look at.

ILENE POPKIN: Sure, correct, and we agree with you completely. We're working very closely with the City's Department of City Planning. For example, they have a rezoning effort underway that they're looking at in, in Bed-Stuy. I was out there yesterday, with the Resident Association President, looking at the potential for commercial overlay, as part of their rezoning. So, we agree with you. We think that where it makes sense to have commercial, and there are rezoning efforts, we should be looking at that. And include commercial for the residents' community and the income it also provides.

COUNCIL MEMBER CHIN: Okay. Thank you, Chair.

CHAIRPERSON MENDEZ: Council Member Melissa Mark-Viverito.

COUNCIL MEMBER VIVERITO: Good morning.

CARLOS LABOY-DIAZ: Good morning.

COUNCIL MEMBER VIVERITO: And Mr. Laboy, bienvenido, because I know that you come from the Authority in Puerto Rico, right?

CARLOS LABOY-DIAZ: Yes, ma'am.

COUNCIL MEMBER VIVERITO: So, I'm sure that New York City is a whole different animal, right, in comparison. But it's the first time that I, that I get to meet you, so thank you for being here. I have a couple of just clarification questions, and then some specifics, because we talk about the ARRA money. And I know that the ARRA money in this case is being applied towards this mixed income financing for the federalization of the units. But there was also money that was available for other capital upgrades, correct? 'Cause I do remember a press conference in my district, at Lehman Houses, and that certain of that money was being applied towards capital improvements at some developments. Is that--?

CARLOS LABOY-DIAZ: That's correct, we, we received over $400 million and about $200 was included in the federalization, and the rest in the other properties.

COUNCIL MEMBER VIVERITO: In capital upgrades.

CARLOS LABOY-DIAZ: Yes.

COUNCIL MEMBER VIVERITO: On other properties. Okay. Maybe, I would like to actually get an update, not, doesn't have to be now, but just in terms of the staff, of maybe, I think there was one or two developments in my district that were getting--

CARLOS LABOY-DIAZ: Sure.

COUNCIL MEMBER VIVERITO: --some of that capital upgrade money, about how that's going. That work. The other issue is, is, was any, and I believe some of this ARRA money was also in another development in my district, the Metro North rehabs. Was that project, was any of that money being used for the--

ILENE POPKIN: No--They had actually used T-cap money, which was part of the stimulus, but it was not ARRA money. And it was mostly tax credits and tax, the, what was called t-cap through the stimulus program.

COUNCIL MEMBER VIVERITO: It was stimulus funds, it wasn't ARRA.

ILENE POPKIN: It wasn't, exactly, it wasn't ARRA.

COUNCIL MEMBER VIVERITO: Right.

ILENE POPKIN: But it had to do with T-cap was, I'm trying to think, it was part of the, when the tax credit rates went low, was, were low, less because of the financial problems, there was a gap financing program that HUD and the Congress created called T-cap. And so it was part of that same pieces of legislation, but it wasn't the specific ARRA that was used by the Authority, it was not part of the $423 million the Authority received.

COUNCIL MEMBER VIVERITO: But what, the work that's being done there, and the model that was set up, 'cause you are working with a community partner, would that be considered a mixed financing model?

ILENE POPKIN: It's not a HUD mixed financing model, typical HUD mixed financing means a combination of public housing, with affordable and other types of housing. Metro North, for example, was never public housing, it was a project based Section VIII.

COUNCIL MEMBER VIVERITO: Section VIII, mm-hmm.

ILENE POPKIN: It will result in

340 affordable housing units, but it's not mixing public housing in the same building as other types of 40, of housing.

COUNCIL MEMBER VIVERITO: So that' a project based Section VIII that you manage.

ILENE POPKIN: It--right.

COUNCIL MEMBER VIVERITO: And you own.

ILENE POPKIN: Right, we--

COUNCIL MEMBER VIVERITO: I mean--

ILENE POPKIN: --we did. It's not, it's not owned by, it's long term, it's under a ground lease, a 99 year ground lease. It will have a combination of project based and tenant based. But it's not traditional HUD mixed financing with the same requirements--

COUNCIL MEMBER VIVERITO: Okay.

ILENE POPKIN: --that a, the federalized 21 properties had as mixed finance. It's very confusing, 'cause we use the same terms to mean different things.

COUNCIL MEMBER VIVERITO: Okay, what, I mean, I'm just trying to understand, 'cause I know there's all these different models out there, so I'm trying to see if it--

ILENE POPKIN: Right.

COUNCIL MEMBER VIVERITO: --fits the definition of this mixed finance model. It doesn't. Okay.

ILENE POPKIN: It actually doesn't for HUD, but it is using a variety of funding sources.

COUNCIL MEMBER VIVERITO: Right. And I would actually also add to the list, is that I really do want to aggressively have an update on that project, in specific--

ILENE POPKIN: Certainly.

COUNCIL MEMBER VIVERITO: --because I think there is a process of now, these were original units, families were relocated, with the option to be able to return once a development was upgraded, and once the apartments were rehabbed. And I think we're in that process. And I just want to understand the level of communication NYCHA's having with those residents, to ensure that those that want to come back have the ability to come back. There's been some calls that we've received on that. And so--

ILENE POPKIN: Certainly. We can give you a detailed update.

COUNCIL MEMBER VIVERITO: We definitely need to have an update on that.

ILENE POPKIN: I mean, I know that there are about 75 residents that have already indicated they're looking to return.

COUNCIL MEMBER VIVERITO: Correct.

ILENE POPKIN: They're just starting the marketing.

COUNCIL MEMBER VIVERITO: That's more than half, that's great.

ILENE POPKIN: And, yeah, which is actually a good number. And--

COUNCIL MEMBER VIVERITO: Yes.

ILENE POPKIN: --we are in the process of getting phone numbers and addresses and doing the second round of, of outreach to folks.

COUNCIL MEMBER VIVERITO: Okay, thank you. And then, so then, in your testimonies, you talk about, and you know Margaret alluded to it, as well, in terms of the kind of communities that you want to create, right, with the, for your public housing residents, when you're talking about partnerships with nonprofits, job opportunities, and I know there's a lot of thinking going around. Now, the, the strategy that you all have now, and part of your moving forward about having this underdeveloped land, available for development, is that falling under your mixed income model idea? In terms of what you're developing there. I have one in my district, the Harlem RBI project.

ILENE POPKIN: Mm-hmm, correct.

COUNCIL MEMBER VIVERITO: In conjunction with Department of Education, in conjunction with NYCHA, creating affordable units of housing.

ILENE POPKIN: Mm-hmm.

COUNCIL MEMBER VIVERITO: But also a community facility.

ILENE POPKIN: Right.

COUNCIL MEMBER VIVERITO: Also a school.

ILENE POPKIN: Mm-hmm.

COUNCIL MEMBER VIVERITO: So I'm wondering if that's what you've kind of describing in your testimony.

ILENE POPKIN: It is, using a variety of sources. Usually that would not be considered a mixed financing, because it's not using public housing capital funds. And while it's creating 87 units of affordable housing, and a 60,000 square foot charter school, it is not creating new public housing. Prospect Plaza, which is an example of a site that will include both public housing, affordable, all affordable low income housing, community center, is a mixed finance, because we are using public housing Hope VI funds, and combining new public housing units with affordable units.

COUNCIL MEMBER VIVERITO: So can you give us--

ILENE POPKIN: So--

COUNCIL MEMBER VIVERITO: --other examples throughout the City of where you are doing this mixed income model?

ILENE POPKIN: We have two projects that are--

COUNCIL MEMBER VIVERITO: Prospect Plaza.

ILENE POPKIN: --Prospect Plaza and

Randolph Houses, where we are specifically using HUD public housing capital funds, and developing a mix of public housing and private affordable house combined. Those are really for new developments, the two sites that we're working on, currently.

COUNCIL MEMBER VIVERITO: And how did you determine that? Like why is the mod--the one in my district, not, you're not investing capital moneys or moneys?

ILENE POPKIN: Because the, NYCHA has limited capital funds and as, as my colleague here has said, Mr. Laboy, that we have $7.5 billion of capital needs in backlogs on maintenance needs. So, NYCHA's public housing funds are, as a general priority, are being focused on our public housing. New York City is lucky to have a wealth of tools, of financing tools available for the development of affordable housing. It has a strong track record, public agencies and private partners, that know how to develop affordable housing.

COUNCIL MEMBER VIVERITO: Right.

ILENE POPKIN: So while we are firmly committed to creating more opportunities on our land for affordable housing, we are using primarily those tools and resources that are, that where we can leverage private funding and focusing most of NYCHA's capital funds on the preservation. So we're trying to be strategic about which funds get used for which purpose. So, technically, what we're doing at Harlem, at Washington House, is a mixed finance, but it's not using--

COUNCIL MEMBER VIVERITO: Using your public moneys.

ILENE POPKIN: --it's not use--it's not the HUD term.

COUNCIL MEMBER VIVERITO: Mm-hmm.

ILENE POPKIN: When people talk about mixed finance, in HUD speak, they're talking about a very specific HUD regulations of how you can use capital funds.

COUNCIL MEMBER VIVERITO: And I guess the, and, and this is probably where I'm not as knowledgeable, so let me just ask. I guess one of the concerns that gets raised is especially when you start talking about these private entities being part of the equation, and investing money, Citibank you talked about in your case, of the, of the federalization. You know, what--the idea of privatization always comes up, the word, you know, when you're talking about these private entities. To what extent is there any sort of threat in these mixed financing models when you are involving some level of these private interests, you know, when they're part of the equation, what threat, if any, is there, to the housing stock? Is there anything, anything in the, in the way that the contracts are set up, with the relationships are set up, where anything could happen that could jeopardize or threaten that public housing? That is created.

CARLOS LABOY-DIAZ: Well, in the, in the federalization transaction, the fact that HUD has to approve the transaction and the money that we're using to pay bonds and, and so forth, are money approved by HUD, guarantees that the tenants will always be public housing.

COUNCIL MEMBER VIVERITO: Why does it guarantee? Look at this reaction Congress. I mean, what's the guarantees?

CARLOS LABOY-DIAZ: Oh, the guarantees are the terms of the benefits. I mean, we, we cannot guarantee the budgets, but in terms of the rules and regulations will not change. I mean, people will be, still have to follow the same admissions policy, the same rent rules, the same process. And, and the way that the Housing Authority even is doing it, because we manage these properties, we still have the same unions, the same employees. Just to give you an example, I was looking at the statistic in preparation for this report. We made a commitment of about, hiring about 100 tenants, as part of the whole construction of the mixed finance transaction. And we hire a little over 200. Tenants are being employed now as part of this, this construction that is going all over the City, in the federalization projects. That's, but the rule says, I mean, we cannot change this, you can take it, I believe it's even 30 years, I mean, it's a contract. And that's the way that we can guarantee that to the tenants and to, and to the community.

COUNCIL MEMBER VIVERITO: No, no, I understand that, and all due respect, I think you know, in, I guess my short political career, and in this, in this day and age, we're seeing some things happening that really I don't, I think we're beyond our thinking. You know, what you see in Wisconsin, what you see is happening all over, you have a reactionary Congress that is really turning back the hands of time. You know, so granted, yes, the rules and regulations can always be changed, and that's always a threat. So I guess, right now, as it stands, yes, the rules and regulations to some extent might protect this. But you never know down the line where that could be under threat, if rules and regulations are changed. And you know, possibility of, of a different dynamic than exists now. So, I'm just, I know it's--

CARLOS LABOY-DIAZ: Well, but my answer to you is, if the rules and regulations change, they're changing for everything, not only--

COUNCIL MEMBER VIVERITO: Right.

CARLOS LABOY-DIAZ: --for the 21.

COUNCIL MEMBER VIVERITO: Right.

CARLOS LABOY-DIAZ: I mean, that means--

COUNCIL MEMBER VIVERITO: It will be for the whole agency.

CARLOS LABOY-DIAZ: --it's for, for the, that's the reason that the public housing residents have to be active, and watching over what Congress does, because it's not about changing the rules and only for 21 projects. It will change the rules for--

COUNCIL MEMBER VIVERITO: For everything.

CARLOS LABOY-DIAZ: --334 projects that we have.

COUNCIL MEMBER VIVERITO: No, understood. And I, I mean, I'm just trying to, you know, those are the concerns and things that you hear. So, I'll leave it there for now. I may have some more questions. Though I don't have any of the, although I have the most public housing in the City of New York, in my district, it's interesting I have none of the City or State units. So, I know that my colleagues, my colleagues do, and they may have more specific questions about that. But thank you very much.

CHAIRPERSON MENDEZ: Thank you.

We've been joined by Council Member Tish James. And it looks like she, you have questions now? Before I ask questions, I have one question for you, why aren't you a member of this Committee?

COUNCIL MEMBER JAMES: [off mic] I don't know.

CHAIRPERSON MENDEZ: You're always here. [laughter] You got perfect attendance, let's make it so. Thank you. Council Member Tish James from Brooklyn.

COUNCIL MEMBER JAMES: [laughs]

CHAIRPERSON MENDEZ: [off mic] I always thought you were a member.

COUNCIL MEMBER JAMES: I had thought I was a member, as well, but anyway. Good morning. So my question, obviously, relates to the developments in my district: Ingersoll, Whitman, Farragut, Atlantic Terminal, and I always include in my remarks Lafayette Gardens, even though technically it's not in my district, but it's literally one block out. What is the status of the modernization in those public housing? There's a big sign about ARRA funds going to the modernization project. Where are we? Can we get an update?

CARLOS LABOY-DIAZ: We can provide you with that information.

COUNCIL MEMBER JAMES: Okay, today or at a later date?

CARLOS LABOY-DIAZ: Probably, today's Friday, probably by Monday?

COUNCIL MEMBER JAMES: So by Monday. Just, does anyone have any general information with respect to the--

CARLOS LABOY-DIAZ: Yes, we, we, in terms of Whitman and Ingersoll--

COUNCIL MEMBER JAMES: Yes.

CARLOS LABOY-DIAZ: --we recently awarded the last piece of the contract, I believe, was about $40 million for the modernization. We have active construction there, going on. That's, that's the information I recall from the last briefing I have.

COUNCIL MEMBER JAMES: Okay. I do note that one thing that always concerns me, there's all these rumors in downtown Brooklyn about privatization. I've continued to reassure my constituents that privatization is not on the table, and would not be anything that I would support and would fight it with every fiber of my being. But nonetheless, there's still a number of empty apartments, and there's, you know, allegations of warehousing. I do know that one of the, one of the objectives of--I was just looking at it--one of the objectives of the Quality Housing and Work Responsibility Act of 1998 is to decrease concentrations of poverty in public housing. And so, my question to that is, as it relates particularly to my development where there appears to be some, a significant number of empty units, those individuals who have been displaced, I do know that we have received confirmation from NYCHA which indicates as long as they're in good standing, and you went on to define good standing, those individuals can return. My question is if they do not return, at this point in time, are we going to the list, or do we plan on renting out those apartments to more, to working class people, more middle income people, or what is, what's the, what's the plan?

CARLOS LABOY-DIAZ: I think you're asking me two questions. I'm going to answer the first part.

COUNCIL MEMBER JAMES: Okay.

CARLOS LABOY-DIAZ: Just for, I just got some information from Whitman and Ingersoll. We--

COUNCIL MEMBER JAMES: Sure.

CARLOS LABOY-DIAZ: --used to have 1,500 apartments that were vacant. As of today, we went down to only 400, which are the ones that we're working.

COUNCIL MEMBER JAMES: Okay.

CARLOS LABOY-DIAZ: That public housing projects are tenants out of the waiting list, the new tenants are going. We're also working in other, in other projects throughout Brooklyn, that we're doing major repairs, as part of the effort that I mentioned, with the work orders, we identified some properties in Brooklyn that have the highest number of outstanding work orders. We already started that process, and we can brief you in a later date, so some of that effort.

COUNCIL MEMBER JAMES: So let me just say, sure, so you said 1,500, and you said there's only 400 vacant now, which means 1,100 have returned, or 1,100 you've rented out? And--

CARLOS LABOY-DIAZ: In Whitman and Ingersoll, it is different situations. Some people, when people move out, we never rented the apartment back because of the conditions they were in. That mean that that tenant wasn't there, it wasn't relocated. The tenants mostly were relocated, the information I have. And again, we, I can brief you--

COUNCIL MEMBER JAMES: Okay.

CARLOS LABOY-DIAZ: --provide you the information, the exact numbers, probably was within the, within the same property. But I will provide you with that information.

COUNCIL MEMBER JAMES: Okay. I do know that the, the developments that I just mentioned are not part of the 21--

CARLOS LABOY-DIAZ: Mm-hmm.

COUNCIL MEMBER JAMES: --developments, but specifically those, Ingersoll and--Whitman and Ingersoll were, was the first modernization plan, and received the largest num--amount of ARRA funding. And I thank you for that.

And I specifically thank President Barack Obama, obviously. But, but I just am concerned, obviously, with the, the number of vacancies and, and who will be renting those apartments when in fact they go back online.

CARLOS LABOY-DIAZ: Again, in Whitman and Ingersoll, it, the tenants have to come out of the waiting list. The public housing waiting list.

COUNCIL MEMBER JAMES: Okay. And, last but not least, I do know that it's not the subject of this hearing, but at some point in time we have talked about mixed income developments somewhere in downtown Brooklyn on NYCHA property, and I'd like to continue to have those discussions with you in regards to that. Are there any plans for modernization in Atlantic Terminal and/or Farragut and/or Lafayette Gardens?

CARLOS LABOY-DIAZ: I don't--

COUNCIL MEMBER JAMES: None?

CARLOS LABOY-DIAZ: I don't, I don't have that information with me now. I'd have to provide you that, at a later date.

COUNCIL MEMBER JAMES: Okay. So,

if you could update on whether or not there's plans for those other three developments--

CARLOS LABOY-DIAZ: Sure.

COUNCIL MEMBER JAMES: --as well as the status of Ingersoll and Whitman's modernization, that would be greatly appreciated. And I look, look forward to hearing you on, did you say Monday?

CARLOS LABOY-DIAZ: Yeah.

COUNCIL MEMBER JAMES: Monday like in, like two--

CARLOS LABOY-DIAZ: We can, we can send you the information.

COUNCIL MEMBER JAMES: --after this weekend?

CARLOS LABOY-DIAZ: Yes, ma'am.

COUNCIL MEMBER JAMES: Thank you.

CHAIRPERSON MENDEZ: Thank you, Council Member James. So, I want to take you back, and I want to start off with the 21 developments, and if you can talk me through this, like I'm a baby. All right? We have [laughs] oh, we've been joined by Council Member Maria Carmen Arroyo, from The Bronx. And Maria, let me know when, when and if you want to ask questions. So, the 21 developments. They were done in two portfolios, LLC I and LLC II, and it was done that way because--?

[pause, background comments]

ILENE POPKIN: Right, I mean, it was, partly, it was as we were, as looking at the low income housing tax credits and how those portfolios worked out in terms of how many tax credits you could use and how you could use them, it was really based on kind of the financing of those projects, and which ones made the most sense to go into the tax credit portfolio. So it was really a financial decision of which ones went into which portfolio.

CHAIRPERSON MENDEZ: Okay. Did that have anything to do with the state of repairs that any of the developments may have been at?

ILENE POPKIN: No.

CHAIRPERSON MENDEZ: No, so it's strictly how you access--

ILENE POPKIN: Although I will say, it--

CHAIRPERSON MENDEZ: --the most tax

credits.

ILENE POPKIN: Right, but I will say also that there need to be a minimum level, $6,000 per unit--

CARLOS LABOY-DIAZ: - - , mm-hmm.

ILENE POPKIN: --of, of--

CHAIRPERSON MENDEZ: Excuse me, repeat that. Minimum level--

ILENE POPKIN: Minimum level, at least 6,000 units of eligible tax credit work, that need to get done. So in some cases, if there was less work required, they would not qualify for the low income housing tax credit. So, that was one cut that was looked at.

CHAIRPERSON MENDEZ: I'm sorry. Please repeat, repeat that one more time.

ILENE POPKIN: Okay.

CHAIRPERSON MENDEZ: Like I said, like a baby, and tell me--

ILENE POPKIN: Tax credit--

CHAIRPERSON MENDEZ: --about the eligible tax credits.

ILENE POPKIN: --tax credits rules require that you spend at least $6,000 a unit--

CARLOS LABOY-DIAZ: A unit.

ILENE POPKIN: --on eligible work. We were looking at exterior kinds of work that need to get done, and need to ensure that there was the sufficient amount of work per apartment where we were doing mostly exterior kinds of work. And so, that was one of the cuts that was looked at in determining which portfolio they went into.

CHAIRPERSON MENDEZ: So, eligible work is determined by HUD.

CARLOS LABOY-DIAZ: By the IRS.

ILENE POPKIN: Actually by the IRS.

CARLOS LABOY-DIAZ: IRS.

CHAIRPERSON MENDEZ: IRS.

ILENE POPKIN: Yes.

CHAIRPERSON MENDEZ: For the tax credits.

ILENE POPKIN: For the tax credits.

CARLOS LABOY-DIAZ: Mm-hmm.

CHAIRPERSON MENDEZ: And so eligible work is the exterior work?

ILENE POPKIN: Well, it could be, I mean, it's, it's specifically an amount of capital work that gets done, but other issues were we weren't doing relocation of residents in this, we, there was, you know, it was a very fast turnaround time of how you could design the work. So there were a lot of issues about what NYCHA could identify in the time period that would qualify for tax credits.

CHAIRPERSON MENDEZ: So the fast turnaround time, that was because of the stimulus funding--

ILENE POPKIN: Correct.

CHAIRPERSON MENDEZ: --not because of the tax credits.

CARLOS LABOY-DIAZ: There's two factor, two factors. Factor one is the stimulus, and, and the way that the transaction was designed, and was part of the repairs are being used with stimulus money. Those repairs, when we, when we look into the project schedule, let's say that we're doing brickwork and elevators. Probably the brickwork is using one sources of fund and the elevators are using the stimulus money. Why? Because we need, we have a deadline for the stimulus money. That's one factor. And that is a HUD rule. HUD requires that we spend the stimulus money by March 2012. However, the IRS rule says that I have 24 months to complete the repair. That means that you can see some projects that, that I spent the stimulus money, but the work is still going on, because we have until December of 2012 to complete that repair. And the, the team that was designing the deal needs to take all this into consideration, in order for us to put a property in one transaction versus the other. [pause] The other factor is the qualify families.

CHAIRPERSON MENDEZ: I don't know about that. [comment may not have been directed at Mr. Laboy-Diaz]

CARLOS LABOY-DIAZ: And at that, we analyze, we analyze the, the, our records, and you had families at the time that will exceed the income requirements. That means that the way that this transaction, what this, what make this transaction unique is that because we recognize and we made a commitment not to relocate these families, instead of saying that we going to qualify 100 percent of the families in a particular property, like you seen the example at

Rutgers, out of 720 units, we're only qualifying for 170, and change. I mean, we took all those factors in consideration, plus the benefit of the 6,000, and that divided the LLC I and the LLC II.

ILENE POPKIN: It's kind of very complicated chess at the time, when we were trying to figure out the, where things would go. And which factors we had to consider.

CHAIRPERSON MENDEZ: Previously, in front of this Committee, and the Authority had given testimony about the 8,400 Section VIII units that are located, or assumed, that are going to be transitioned to Section VIII units, in the City and State developments. About 2,500 has been transitioned, is that correct?

CARLOS LABOY-DIAZ: That's about, that's the number I recall.

CHAIRPERSON MENDEZ: Okay. And how many of these units are in the LLC I? How many in LLC II? And how many have actually been transitioned in LLC I and LLC II?

CARLOS LABOY-DIAZ: I don't have that particular number with me. But we can provide that for you Monday, because we have it, we keep track of the units, for property, LLC I and LLC II, but I don't have that specific statistic with me.

CHAIRPERSON MENDEZ: Going back to the eligible work that is required under, for the IRS, for the tax credits and what's required under stimulus. Just give me some examples of the work that's been going on and, like you said, elevators' probably going out of stimulus, point work--

CARLOS LABOY-DIAZ: Well, eligible work is anything, imagine anything that is capital. For example, roof, brick, windows, exit doors, elevators, electrical upgrades. Also, as part of the transaction, we, we are doing repairs inside the unit, the same logic. I mean, you, you know, Painting Department, the basic kitchen cabinets, replacing doors, and that's what we're doing, everything that, that improve the, the unit.

CHAIRPERSON MENDEZ: Okay. I know I saw Jimmy Van Bramer here, a little earlier, from Queens. I see, I see Robert Jackson here from Manhattan. And I have more questions, but

Maria, were you ready to ask some questions, I think? Okay.

COUNCIL MEMBER ARROYO: Thank you, Madam Chair. I was fighting on the FDR this morning, so I'm sorry I'm late. But thank you for being here. One of the State developments is in my district, St. Mary's, and my, my concern is always what effort is the Authority engaged in to not just deal on an apartment or unit by unit basis, but collectively keeping the residents of the 21 developments up to speed on where you are, what phase you're in, when they can expect to see what happening. The little details that keep people informed about what's going on. So that they, they feel a sense of comfort that their housing is going to be taken care of and not turned over to some private entity, 'cause you know part of what we had to help deal with in the community when this proposal was put out was that the Authority was going to sell, you know, its public housing, and people were going to lose their, their homes. So, what, what efforts are you engaged, or plan to engage in, to keep people not on an individual tenant basis, but collectively as a community, up to date?

CARLOS LABOY-DIAZ: Well, we're, we're working on, we actually developed a question and answer document, because people have a lot of questions. We, thank to our experience at Rutgers, we were able to, to take some of those questions, we're distributing that. As part of the process, we're also doing, tying the inspections with some of the communication that is going on, especially at some areas, we've been able to inspect already 47 percent of the units. That, that generated about 5,400 work orders, and we took care so far about 58 percent of those work orders. And the last - - we have.

COUNCIL MEMBER ARROYO: No, I, I know that, but that's on an individual unit basis. So, my question is a different one. As the tenant who is in one of those 47 percent inspected units, something's happening, they see something happening. There's another 53 percent of the tenants in that development that have not--

CARLOS LABOY-DIAZ: Well, actually--

COUNCIL MEMBER ARROYO: --been

inspected. Is it 100 percent that you are going to do the inspections on?

CARLOS LABOY-DIAZ: We're going to inspect 100 percent.

COUNCIL MEMBER ARROYO: And then my question is, on a community perspective, individual tenants are receiving a question answer document.

CARLOS LABOY-DIAZ: They, we, we're distributing to management the question and answer, there being, management has been, is being trained, we already trained a group of properties. We're going to, I don't know specifically at this property if they distribute the, the question and answer document, but I, I will, I will check and inform you of this.

COUNCIL MEMBER ARROYO: Okay, mis-- are you Mr. Laboy?

CARLOS LABOY-DIAZ: Yes, Carlos Laboy.

COUNCIL MEMBER ARROYO: Okay. Carlos. I, I'm sure that this is not going to come as a surprise to you, but the relationship between management and tenants, is not always what we would hope for it to be. So, what I'm hoping to hear at some point, is that we're doing periodic tenant meetings, where everyone is invited to attend so a presentation is done to provide an update one what step you're at, what you can expect to happen over the next whatever period that is. That's what I'm hoping to hear you plan to do or are doing.

CARLOS LABOY-DIAZ: We're already doing that. We have done it in many properties.

COUNCIL MEMBER ARROYO: So tell me about that.

CARLOS LABOY-DIAZ: Like I said, we, we, the first property that we did was Rutgers, I have done it personally, done at Rutgers in Amsterdam. We're meeting with the, with the tenant association. We have done it before the transaction, we have done it when we begin work at the property. I'm meeting with the, the City, the district presidents; I met recently with the Bronx North. And we're going to continue that. My goal is to be able to meet with all the tenant associations at the property, not only talking about federalization but about all the things that we're doing to address the backlog in work orders that we have.

COUNCIL MEMBER ARROYO: When is it going to happen at St. Mary's?

CARLOS LABOY-DIAZ: I have to check, I honestly don't know now, but I will--

COUNCIL MEMBER ARROYO: Soon.

CARLOS LABOY-DIAZ: --let you know very soon.

COUNCIL MEMBER ARROYO: Soon, right, soon?

CARLOS LABOY-DIAZ: Yes, ma'am.

COUNCIL MEMBER ARROYO: It will happen soon.

CARLOS LABOY-DIAZ: Very soon.

COUNCIL MEMBER ARROYO: Okay, thank you, Madam Chair.

CHAIRPERSON MENDEZ: Thank you. So, you, you showed us this, right? On the screen.

CARLOS LABOY-DIAZ: Yes, ma'am.

CHAIRPERSON MENDEZ: And your testimony said that through this mixed finance modernization program, you would be able to leverage federal, ongoing federal and operating subsidies. So, I see here in LLC I, we have four developments that are 99 'cent complete. So, does that mean that you've receive, or you're going to start receiving, ongoing operating for those four development, or explain to me the process, if you started getting it when will you start, and when these get to 100 percent, what does that trigger?

CARLOS LABOY-DIAZ: Okay, it's two ways to receive the money. Actually, three ways. One is the operating subsidy. We've been receiving operating subsidy for all the units in LLC I, since September last year. That means that as of last month, we receive about $35 million in operating subsidy. In terms of the ongo--

CHAIRPERSON MENDEZ: That's for all 21 developments.

CARLOS LABOY-DIAZ: For the, for the, the 13--

CHAIRPERSON MENDEZ: Or is that based on the LLC?

CARLOS LABOY-DIAZ: LLC I.

CHAIRPERSON MENDEZ: LLC I. So you've received $35 operating.

CARLOS LABOY-DIAZ: Yeah, operating. Remember that in LLC II you have some units with subsidy and some units without subsidy, because also you have Section VIII. For the Section VIII units we're receiving the, the portion of the Section VIII subsidy already.

CHAIRPERSON MENDEZ: We don't have Section VIII in the LLC I?

CARLOS LABOY-DIAZ: We have some units in Section VIII.

CHAIRPERSON MENDEZ: Some.

CARLOS LABOY-DIAZ: Some. And I can give you the--

CHAIRPERSON MENDEZ: But you don't know off the top of your head.

CARLOS LABOY-DIAZ: I can give you the, the breakdown, we have that. We have a detailed, per property, how many are public housing, how many are, are Section VIII, and so forth.

CHAIRPERSON MENDEZ: And this $35 million is separate and apart from the Section VIII subsidies.

CARLOS LABOY-DIAZ: Yes, ma'am,

yes.

CHAIRPERSON MENDEZ: Thank you, okay.

CARLOS LABOY-DIAZ: Also, we have the stimulus money and the payment that Citibank made at the closing, for construction. I mean, there, there's part of the bonds and the breach loan that we have, and that's about $108 million. Now, as we going doing completing the cost stru--

CHAIRPERSON MENDEZ: And again that's for LLC I.

CARLOS LABOY-DIAZ: That's for LLC I, yes. And as, as we're going doing, as we go into construction, once we do the closing--for example we're in the process of doing the closing of Rutgers, within the next 90-120 days, we will receive the partial payment of that particular property that was part of the transaction. And I can get you the number, I don't have that particular number with me. And that will apply to every property that we have, in the, in the transaction.

CHAIRPERSON MENDEZ: Can you give us a ballpark? Is it in the millions, low, high?

CARLOS LABOY-DIAZ: Oh, in the millions, in the millions. I don't even - -

CHAIRPERSON MENDEZ: High millions, double digit millions?

CARLOS LABOY-DIAZ: [off mic] Do you remember the number, I don't - -

CHAIRPERSON MENDEZ: Just the ballpark. One, two, three, four, stop me when I'm getting close, five, six--

CARLOS LABOY-DIAZ: I think it's more than $20 million, about that.

CHAIRPERSON MENDEZ: More than $20?

CARLOS LABOY-DIAZ: The whole, remember, the whole--

CHAIRPERSON MENDEZ: Just for Rutgers.

CARLOS LABOY-DIAZ: The, the--the whole package is about $400 million for all the properties.

CHAIRPERSON MENDEZ: For al 21. $423, right, that's the stimulus?

CARLOS LABOY-DIAZ: Yeah, I need, I need to look at the--

CHAIRPERSON MENDEZ: Or that's--

CARLOS LABOY-DIAZ: That's the, that's the, the tax credit equity, the, and Section VIII that we receive. And I hate to be quote on numbers--

CHAIRPERSON MENDEZ: Mm-hmm.

CARLOS LABOY-DIAZ: And I have the numbers in the office, you will have Monday, because it's, it's a detailed description where and how.

CHAIRPERSON MENDEZ: No, I'm, I just want to get a rough idea, whether it was single digit, double digit, you know, I just wanted to get a rough idea of where it was at.

CARLOS LABOY-DIAZ: The whole transaction, it was about $400-$500 million, and, and the key part here is the subsidy and the capital money that we're going to receive next fiscal year, because that means that the money that we were using for our regular federal projects, no longer have to go to these properties, and we can afford the, the regular maintenance and operation of these properties, which free, technically free that money to do the work that we need to do in the actual properties that we needed to do in the first time.

CHAIRPERSON MENDEZ: And for LLC II, have you gotten any operating funds from the feds now? Or not yet?

CARLOS LABOY-DIAZ: Not yet.

CHAIRPERSON MENDEZ: Not yet.

CARLOS LABOY-DIAZ: And how much did you get from Citibank for LLC II?

CHAIRPERSON MENDEZ: I don't have that.

ILENE POPKIN: It was, that was not tax, that was on a syndicated--

CARLOS LABOY-DIAZ: No this is--

ILENE POPKIN: --project, they-- [background comment]

CARLOS LABOY-DIAZ: No, Citibank is only involved with LLC II.

ILENE POPKIN: Citibank was only involved in LLC I, and in LLC II, it has more Section VIII, and the Section VIII leveraged bonds through Housing Development Corporation, HDC, for additional financing.

CHAIRPERSON MENDEZ: I, Ms. Popkin, I'm just going to ask you to grab the microphone a little closer to make sure we capture all your testimony.

ILENE POPKIN: Oh, sure, okay, okay.

CHAIRPERSON MENDEZ: Okay. Okay. Oh, I had a question. Okay. It went out of my head. Let me look at this again, it'll come back to me. Council Member James, I hear you have another question?

COUNCIL MEMBER JAMES: Just a follow up. How was Citibank selected? Was that through a competitive bid negotiated?

ILENE POPKIN: There was a, there was an, there was a solicitation that went out to the major lenders.

COUNCIL MEMBER JAMES: Okay. And in terms of financing, how many minority and women owned businesses were part of the selection process? Or are they involved in any of the financing of this, of these developments?

ILENE POPKIN: Not--

COUNCIL MEMBER JAMES: Any bond counsel, bond firms, that are either owned by people of color or women?

ILENE POPKIN: I couldn't answer that.

COUNCIL MEMBER JAMES: Anybody know?

ILENE POPKIN: I, I couldn't answer that.

COUNCIL MEMBER JAMES: Okay. Can I get that on Monday, too?

ILENE POPKIN: I don't know, I don't know--

p CARLOS LABOY-DIAZ: That's not under my purview, I have to check with the Law Department. Remember we, I, we just manage the deal. I'd have to find out. I don't know how soon - - I will, I will ask for the information.

COUNCIL MEMBER JAMES: Okay. I mean, that's a--

CARLOS LABOY-DIAZ: I promise from only the ones that I, I'm responsible.

COUNCIL MEMBER JAMES: Okay. That's a major issue, obviously, in the City of New York, as we try to increase opportunities for women and people of color in the City of New York. It's also on the financing aspect, people just think construction and widgets, but financing, bond counsel, Wall Street firms, are very, very, very much significant, as well. They've got to eat, as well, and we obviously need to increase opportunities for women and minorities in that industry, as well. And so I'd appreciate that information on Monday, as well. Thank you.

CHAIRPERSON MENDEZ: Here, just - -

CARLOS LABOY-DIAZ: I want to clarify, as for information, some other unit responds to that question.

COUNCIL MEMBER JAMES: Okay, so, if, so, I know we'll talk on Monday with regards to my other request, and if I don't get the information on the, on the women and minorities, you tell me who I need to call, and I'm sure I'll get that info--

CARLOS LABOY-DIAZ: Well, we will, we'll have the Director of Intergovernmental Relations here, he will--

COUNCIL MEMBER JAMES: Ryan is a very good friend, and I'm sure he'll get that information to me. Thank you.

CARLOS LABOY-DIAZ: He made that

commitment.

CHAIRPERSON MENDEZ: So [laughter] the question I was going to ask was about the LLC I, LLC II, the Section VIII, what we know as public housing, traditional public housing. So now we have all these different kind of leases, correct? In each one of those situations.

CARLOS LABOY-DIAZ: You mean tenant leases?

CHAIRPERSON MENDEZ: Correct.

CARLOS LABOY-DIAZ: We have two type of leases: Section VIII and public housing.

CHAIRPERSON MENDEZ: And for the LLC?

CARLOS LABOY-DIAZ: The only difference is the same lease, the only thing that changed is they have the names of all the new partners. Meaning there's Housing Authority and Citibank.

CHAIRPERSON MENDEZ: And for LLC II?

CARLOS LABOY-DIAZ: The same thing.

CHAIRPERSON MENDEZ: Okay. I'd like a copy of all those leases--

CARLOS LABOY-DIAZ: Sure. I will give--

CHAIRPERSON MENDEZ: --so I can make sure that they are all the same, except for the names.

CARLOS LABOY-DIAZ: Yeah, sure. All the leases or just a sample of each one?

CHAIRPERSON MENDEZ: One lease, one copy that is used in each of those instances.

CARLOS LABOY-DIAZ: Okay.

CHAIRPERSON MENDEZ: And what happens with the apartments in the city and state development that hasn't been transitioned? What kind of leases do those tenants have? That's a different lease.

CARLOS LABOY-DIAZ: The transition, the transition takes place with the annual review, I mean, it's kind of facing that, that process. Only the ones in LLC I, we need to do it with, before the end of, some of one before the end of the year, some of one when you put them in, place in service.

CHAIRPERSON MENDEZ: Okay. Now, you need to explain that to me. You're transitioning the remainder of 8,400 apartments to Section VIII. And those apartments, when they're currently six buyers, they're being transitioned?

CARLOS LABOY-DIAZ: We're talking about two different things. LLC II. LLC II, you have Section VIII--

CHAIRPERSON MENDEZ: Okay, no, talk me through both of them. I want to know about the 8,400 units that's yet to be transitioned, whether it's in LLC I or LLC II.

CARLOS LABOY-DIAZ: Well, if you're a Section VIII resident already, you have a Section VIII lease.

CHAIRPERSON MENDEZ: Correct.

CARLOS LABOY-DIAZ: And that means that if you're not a Section VIII resident, and most of the non--the, the ones that are still City, what we call funded with the Housing Authority, are with the old lease until we do the--and it's about 6,000 families, not about eight.

CHAIRPERSON MENDEZ: Right, 'cause 2,000 have been transitioned. But those remaining 6,000 families--

CARLOS LABOY-DIAZ: Mm-hmm.

CHAIRPERSON MENDEZ: --they have a different lease than regular, traditional public housing tenants. Correct?

CARLOS LABOY-DIAZ: It's, it's basically the same lease, nothing has changed, remember what I said that they were Section--

CHAIRPERSON MENDEZ: There were cha--there were, it was a different lease, to my knowledge. I sat with one of my tenants in estate development years ago. And it was slightly different.

CARLOS LABOY-DIAZ: The difference that I'm aware of, is the names in the beginning. I can find out what you refer to, but to my knowledge, we're using the same lease, with exception of the names. I will look into it, and I will get back to you as soon as possible.

CHAIRPERSON MENDEZ: And I know you've tried to make them the same, but for example once upon a time residents in City and State developments could deduct a certain amount for uniforms and for, there were other things that they could claim on their taxes and off their rental and the lease amount, and I know the

Authority through the years has been trying to make those leases similar to the public housing leases. But I don't know where they are, and what's happened with the transition, where those extra 6,000 that have not been transitioned are those exactly as the same as the public housing reasons.

CARLOS LABOY-DIAZ: That, you're precisely correct, that has to do with the rules and we're more than happy to provide that information to you. I don't have it--[background noise] We will provide you with the analysis of the, of the lease for, for you, as soon as possible.

CHAIRPERSON MENDEZ: Okay. I look forward to getting all the leases. I, Maria, Melissa, Robert, are you, you have questions? Okay. So we'll take it from the left, going to my right.

COUNCIL MEMBER ARROYO: No pun intended on that left comment, right? I don't know which of you would, would answer the question, but in, and it might be a question that we revisit during the next monthly meeting or hearing, which is the budget hearing for the Committee, but I've been at the New York City Council for six years. And for six years, for at least for the previous five, there's always been a great deal of concern and a lot of noise about the deficit that the Authority's facing, and the millions that we contend with and under the leadership of our Chair, the Council has been very supportive in, in trying to help the Authority bridge that gap. With the transition of these un--these 21 developments, how does that position the authority? I haven't heard any noise and it could be that I’m not paying attention, but I really have not heard the, the urgency that we have heard in past years. [pause, background noise] Maybe he should come to the microphone. I think that's permitted, right? [laughs] So that way, you know, you know, we play--

BRIAN HONAN: For the record, my name is Brian.

COUNCIL MEMBER ARROYO: --we play telephone and then the message gets trans--

BRIAN HONAN: Sure. For the record my name is Brian Honan, I'm the Director of

Intergovernmental. I believe that we'll address that in the, at the budget hearing that'll happen in a few weeks. Felix Lam, who is our CFO, will be here at that time, and the Chairman. But we have had conversations with OMB and with Council Finance, and Chairwoman Mendez, about our budget needs. Of course, this deal did help us, but you know, NYCHA's--

COUNCIL MEMBER ARROYO: Did not address 100 percent of it.

BRIAN HONAN: --but didn't address it 100 percent, though, so.

COUNCIL MEMBER ARROYO: I see, okay. Thank you.

BRIAN HONAN: Okay.

COUNCIL MEMBER MARK-VIVERITO: Thanks, Madam Chair. So, yeah, I think that, you know, the question about how much infusion, right, into NYCHA, you know, is coming based on this plan. I know it had been discussed initially, I think, in terms of the projections of what additional revenue was going to come into the agency or the Authority. Is that something that you can just mention now, or not? You just don't have the, those numbers.

CARLOS LABOY-DIAZ: Well, as, as we expressing in other hearings, I think the Chairman has said that we have a capital need of about $7.5 billion for the Housing Authority. About half a billion is for the interior of the apartments, that's the, the work that we've been doing. If you think about, we're only doing $30-$40 million, that can give you a general idea--

COUNCIL MEMBER MARK-VIVERITO: A sense of where you're--

CARLOS LABOY-DIAZ: Of where we are. And that's something that, that--

COUNCIL MEMBER MARK-VIVERITO: Well, that's globally, right?

CARLOS LABOY-DIAZ: Yeah, that's--

COUNCIL MEMBER MARK-VIVERITO: For the whole Authority.

CARLOS LABOY-DIAZ: --for the whole Housing Authority.

COUNCIL MEMBER MARK-VIVERITO: Right, for the whole Authority.

CARLOS LABOY-DIAZ: Just, just give you a perspective of where we are.

COUNCIL MEMBER MARK-VIVERITO: Yep. The other thing, just, you know, in the future, and I know we have these ongoing hearings, and these updates, right. This is like the second one that we've done on the federalization plan. You know, two key things that are very critical to this Committee, and it would be good because you kind of said, "Well, that's another agency," but it'd be good that moving forward, if you come prepared with that information, 'cause it is important to us, would be helpful, was one, the MWBE contracting, you know, to the extent that all of this work is happening, what percentage of those millions of dollars that are going for capital repairs and upgrades, are going to MWBE firms, that's been a real priority for this Council. And also the job creation aspect, you know, how many jobs are being created that are going, are being provided specifically for public housing residents. Now you mention, Mr. Laboy, about above 200, and the initial expectation was $100. But you know, like just, that kind of information in your testimony, I think will be helpful to us, because those are things that are really critically important moving forward. And then just two quick questions that haven't I don't think been asked yet. With regards to the Boards of each of those portfolios--LLC I, LLC II--who comprises those boards? And then how often are they meeting? Are those meetings public? Can we, you know, if you can give us a sense of the breakdown of who oversees each of those.

CARLOS LABOY-DIAZ: Sure, the same members of the New York City Housing Authority boards are the same member of these two boards. That's--

COUNCIL MEMBER MARK-VIVERITO: Are there any public housing residents as members of those boards?

CARLOS LABOY-DIAZ: At this time, no. Yes? Will be, will be now, in the, I think it's June or July 1st. July 1st.

COUNCIL MEMBER MARK-VIVERITO: Right. So now that the Public Housing resident representative will be on that board, that's, the expectation will also be on the boards of these entities. Okay. So, then, do these meet different, or is this all discussed under the same time, you know, whenever the general board meets, these conversation pertain to these issues, is where it comes up? At those general board meetings?

CARLOS LABOY-DIAZ: Yeah. Yes.

COUNCIL MEMBER MARK-VIVERITO: Okay. And then the last question is, I think you were touching on it a little bit. So are there any other, you mentioned Prospect Plaza. You mentioned Randolph Houses, as other mixed financing projects that are coming up.

ILENE POPKIN: Correct.

COUNCIL MEMBER MARK-VIVERITO: Is there anything else in the pipeline? Anything else that you've been thinking of internally? Anything that's been engaged in conversations with HUD?

ILENE POPKIN: There's one small little project. We have this odd source of money called "Replacement Housing Factor," it gets, it's a very complicated formula for, that HUD provides. It's about $5 million. And needs to be used only for the development of new public housing units. And we are working on a small, privately owned site that will produce about 50 units of housing, of which 20 will be new public housing. But it's an anomaly in terms of the source of funds and how it can be used. And right now, that's for new developments, that are those are the only three projects we have.

COUNCIL MEMBER MARK-VIVERITO: Okay. Thank you. And then, just, as part of the communication conversation, again, and I know that when this whole federalization plan was hatched and, you know, put together, that there was, I know that there was, a lot of going to the different boroughs and different resident meetings and really, you know, putting it out there in terms of what this means. So is that going to be a standard practice, moving forward, of the Authority, that whenever you do these kinds of actions that part of the communication mechanism is going to be going to the resident associations?

ILENE POPKIN: Absolutely.

COUNCIL MEMBER MARK-VIVERITO: Okay.

ILENE POPKIN: I mean, and, and the elected officials.

COUNCIL MEMBER MARK-VIVERITO: Yes, very much, yes, yeah, so obviously we are very interested in knowing what's happening in our districts, but obviously the residents, very much, we want to advocate that they be in the loop, as well. So--

ILENE POPKIN: Absolutely.

COUNCIL MEMBER MARK-VIVERITO: Thank you, Madam Chair.

CHAIRPERSON MENDEZ: We've been joined by Council Member Gale Brewer from Manhattan, over on our left. Council Member Jackson.

COUNCIL MEMBER JACKSON: Thank you, Madam Chair. Is it morning? It's still good morning, good morning, everyone.

ILENE POPKIN: Good morning.

COUNCIL MEMBER JACKSON: I guess I have a couple of questions, and one is that I understand that there's a bond sale for the federalization. Is that correct?

ILENE POPKIN: There were tax, private activity bonds, that were issued by the Housing Development Corporation, in conjunction with the federalization projects that was part of the source of the financing.

COUNCIL MEMBER JACKSON: Okay.

ILENE POPKIN: And the source of the financing for the four percent tax credits.

COUNCIL MEMBER JACKSON: Okay. And has NYCHA received all of the proceeds from the sale of those bonds? Or can you explain that process? For example, do we get one lump sum? Does it come in periodically? And how much money are we supposed to receive as a result of that, in order to deal with the whole federalization process?

ILENE POPKIN: I don't, it does come in over time, in that it was issued, the bonds are issued over a period of three, of essentially three years.

COUNCIL MEMBER JACKSON: From when to when?

ILENE POPKIN: It was--

CARLOS LABOY-DIAZ: First March - - 2010.

ILENE POPKIN: 2010 through 2012, as I recall. We can provide you with more of the details on the preform--the financing expectations. I don't have the details in front of me. But the structure was to take into account when the money would be used, you don't want to borrow too soon, or you're paying significant interest. Also, when bonds are available, it was a very large amount of private activity bonds. So, there was a very specific schedule associated with those bonds.

COUNCIL MEMBER JACKSON: And how much money are we talking about, with, for those bonds? [background comments] $50 million, $100 million, half a billion? $2 billion?

ILENE POPKIN: You know, I haven't looked at the--

COUNCIL MEMBER JACKSON: You don't know?

ILENE POPKIN: I haven't looked at those numbers--

COUNCIL MEMBER JACKSON: Well, do you have a general number?

ILENE POPKIN: --since they closed. So, we have--

COUNCIL MEMBER JACKSON: I mean, if

you don't have a specific number, are we talking about--

ILENE POPKIN: It was about $250 million worth of bonds, as I recall.

COUNCIL MEMBER JACKSON: Scuze me, I'm sorry.

ILENE POPKIN: It was about $250 million worth of tax credit bond money that came in.

COUNCIL MEMBER JACKSON: Over the three years?

ILENE POPKIN: Correct. But we need to get you the exact amounts. I don't have, I have not looked at it in a while.

COUNCIL MEMBER JACKSON: Okay, I can understand that you need to get the exact amount, but I'm trying to understand from a process point of view what numbers are we talking about, and what specific period of time. You've indicated a three year period of time.

ILENE POPKIN: Correct.

COUNCIL MEMBER JACKSON: And approximately $250 million, all not coming in at one time. Is that correct?

ILENE POPKIN: I'm sorry, I missed the question, I was--I apologize.

COUNCIL MEMBER JACKSON: I was just trying to summarize what you said--

ILENE POPKIN: Okay.

COUNCIL MEMBER JACKSON: --that you're, you responded to my question, that over a three year period of time, the private financing bonding--

ILENE POPKIN: Correct.

COUNCIL MEMBER JACKSON: --is going to bring in, give or take, rounded off, $250 million. Is that correct?

ILENE POPKIN: Yes.

COUNCIL MEMBER JACKSON: That's basically what you responded.

ILENE POPKIN: That's what I responded. That's, as I recall, and what I have committed, is we will get you more specific information really next week on the financial transaction.

COUNCIL MEMBER JACKSON: Okay. And as a, as the Assistant Director General Manager for Development, has there been a problem in that process? Or has everything gone smoothly in that process?

CARLOS LABOY-DIAZ: So far it's going smoothly.

ILENE POPKIN: Smoothly, as far as we know, it's--I mean, we've been working with the lenders and the financing, and everything has been fine. There's been no problems.

COUNCIL MEMBER JACKSON: Okay, so, everything, as far as the bond sale--

ILENE POPKIN: Right.

COUNCIL MEMBER JACKSON: --the amount of money that's supposed to come in, everything is going as planned, is that correct?

ILENE POPKIN: Correct.

CARLOS LABOY-DIAZ: That's correct.

ILENE POPKIN: Yes.

COUNCIL MEMBER JACKSON: Okay, that's, that's good, that's what I want to know. This is an oversight hearing. These are the questions that we need to ask.

ILENE POPKIN: It's going so well that it's just happening as was planned, so--

COUNCIL MEMBER JACKSON: That's

good.

ILENE POPKIN: We only get information when it's a problem.

COUNCIL MEMBER JACKSON: Okay.

ILENE POPKIN: It's not.

COUNCIL MEMBER JACKSON: Now, I guess, let me just ask, my colleague raised a question about MWBE, and Mr. Laboy-Diaz, you indicated that, you know, that's not your bailiwick, that's another department. As the Deputy General Manager of Operations, do you have any knowledge about how many of the contractor are MWBE in dealing with this? Or you have no knowledge whatsoever?

CARLOS LABOY-DIAZ: As part of the preparation for this hearing, and I have to apologize, we, we thought that most of the thing was about the management and the operation, this, this was a very complicated leader--deal with a lot of players. And, and I apologize partly for not having the person that designed the deal. I cannot send you the bond questions, or the person that, as part of the procuring department, is done, is, is prepare the bids and the specifications. I, I can tell you the constructions are on time, I can tell you how much money we're spending. But as part of our preparation, because those issues where I thought was addressed before, in other hearings, that they have been discussing similar issues, but we will provide you with infor--whatever information that you need.

COUNCIL MEMBER JACKSON: Sure. And I appreciate that. And let me just ask Madam Chair, is this the first hearing on the federalization process, as far as--

CHAIRPERSON MENDEZ: We had a hearing March of 2010, when the Housing Authority was putting forward their application just before it got approved.

COUNCIL MEMBER JACKSON: Yes, that--

CHAIRPERSON MENDEZ: And so this is the update of what they've done in the past year.

COUNCIL MEMBER JACKSON: Okay.

CHAIRPERSON MENDEZ: And Mr. Laboy, the, the topic is the use of mixed finance. Some of the questions have been answered in other hearings, some have not. But the individuals who were here don't attend every hearing. And then, even for someone like myself, some of that information needs to be recollected for us. So, whatever you have available today is fine. Whatever we've asked for, we'll get I think on Monday. Right?

COUNCIL MEMBER JACKSON: Sure, but let me just comment to you, sir, that as members of the City Council, and especially members of people of color, especially, and I Co-Chair the New York City Council Black, Latino and Asian Caucus, the question of MWBE contracts is always raised. And so I ask you to always come, be prepared to answer those questions, because the viability of our great city depends on all New Yorkers. And when it comes to contracts, it's always an issue. Always. So I ask you to please, in future hearings, be prepared to address and respond to questions about that. And let me just ask, concerning contracts, who gives out these contracts? Is it NYCHA that awards the contracts, or someone else?

CARLOS LABOY-DIAZ: To the first

point, this is my first hearing, I'm pretty sure that will never happen again. To the second point--

COUNCIL MEMBER JACKSON: Yeah, and I, I accept, I accept what you said. [laughter] [crosstalk]

CARLOS LABOY-DIAZ: Uh-huh, yeah, well, things happen. Now, to the second question--

COUNCIL MEMBER JACKSON: Yes, sir.

CARLOS LABOY-DIAZ: --the procurement process, is public, we announce the bids, goes through an evaluation, and the Board approve the lower qualified vendor.

COUNCIL MEMBER JACKSON: Okay.

CARLOS LABOY-DIAZ: And we as part of the, as part of the requirements, we ask to, we identify them in written - - vendors, and we also identify, we require the vendors to provide the number of residents they will hire. As part of the federalization, we made a commitment to hire about 100 residents, and we did a little over 200.

COUNCIL MEMBER JACKSON: Okay, so in essence, you made a commitment for 100, and you hired a little over 200, so in essence you have exceeded what you initially had said you were going to do.

CARLOS LABOY-DIAZ: In terms of Section III, which is the hiring of residents. The other information, I need to get the information for you.

COUNCIL MEMBER JACKSON: Well, I, I appreciate the fact that you've exceeded the, the minimum goal that you've set of 100. And you've exceeded that, that's, that's very good. But let me just ask the question, if you don't mind, Madam Chair, with respects to the contractors. You know, I heard on the news, and I commented yesterday, about a contractor hired by the Department of Education, ripped off, allegedly ripped off the City by, by inflating contracts and subcontractors, so forth and so on. And one individual company ripped off the City, allegedly ripped off the City to about $3.6 million over several years. Who is monitoring these contracts, and making sure that we are not being ripped off? And I'm talking about not just saying, "Yes, we have oversight." Really looking at it.

CARLOS LABOY-DIAZ: We have a complete division, Capital Work, in which you have a staff that goes, about three or four people, in different levels, verify that the, the work is done, and completed and certified. In the federalization projects--

COUNCIL MEMBER JACKSON: Mm-hmm.

CARLOS LABOY-DIAZ: --we have an additional level of supervision. We have an outside construction management firm, hired by the investor, that is also, once we approve everything before payment, they also look at it, to ensure that the construction is, is being done, and properly charged.

COUNCIL MEMBER JACKSON: And who's watching that outside contractor?

CARLOS LABOY-DIAZ: We're watching each other.

COUNCIL MEMBER JACKSON: Okay.

CARLOS LABOY-DIAZ: In order for us to do that.

COUNCIL MEMBER JACKSON: No, I'm, and I'm, and I'm not, I'm very, I'm being very serious, because, you know, I'm concerned about the public being ripped off, and I'm concerned about--My next question is, who is verifying that the quality of work that's being done meets the standard that is acceptable to NYCHA? And I hope that's a good standard. Who is verifying that the work is being done is an acceptable standard?

CARLOS LABOY-DIAZ: Like I mentioned, we have a construction division in the Capital Works, and that's their job. We have Housing Authority employees that work with the design and specifications, according to HUD rules and regulations, and one group do the design, another group do, does the inspections.

COUNCIL MEMBER JACKSON: Okay, well I just, let me just express to you my concern, as a member of the City Council, and as a member of the Housing Committee, and I always come to Public Housing Committee hearings, because in my district, and my district is the 7th Councilmatic district in Northern Manhattan, which includes I think six NYCHA developments: Manhattanville, which is on the list; Drew Hamilton, which is on the list; the Audubon House, which is not; the Mary McCloud Bethune House, which is not on, in my understanding; and the 99 Fort Washington Avenue. Those are like the six developments in my district. And I'm just concerned overall, especially now, with all of the media attention, of contractor ripping us off. And I just ask you as the Deputy General Manager for Operations, to make sure that, that we're not being ripped off. And I'm not saying that we are. I'm just asking you to please be diligent on this particular matter.

CARLOS LABOY-DIAZ: We, we, I was reminded that we also have a unit outside the construction team, that does quality control inspections, precisely to avoid conflict of interest. I mean, construction does the work, we have another quality control unit that goes out and, and reviews some of the work that has been completed at a site. And we're very conscientious of your concern. And we're very vigilant.

COUNCIL MEMBER JACKSON: Okay, my last question is, does NYCHA have any future plans for mixed finance transactions; and if so, can you just elaborate on that?

[pause]

ILENE POPKIN: Sorry, I turned it off instead of on. Currently, we have two significant projects that we're working on, as mixed finance transactions. One, redevelopment of Prospect Plaza; the second is the redevelopment of Randolph Houses, and the third is a small project, about 20 units to use what's called replacement housing factor funds. So those are the three projects where we are using HUD capital funds, leveraging it with private funding under the HUD mixed finance transaction. There are many other developments we do as affordable housing development throughout the City. But those are done in conjunction with HPD, HDC, and they're not considered mixed finance projects.

COUNCIL MEMBER JACKSON: So, can I assume that, that those plans, or whatever they are, have been submitted to HUD for approval already? Or where is it at in the approval process?

ILENE POPKIN: We, we just two days ago received the planned approval on Prospect Plaza.

COUNCIL MEMBER JACKSON: By HUD?

ILENE POPKIN: By HUD.

COUNCIL MEMBER JACKSON: Oh, so you submitted it how long ago? Three months ago, a year ago? Give or take.

ILENE POPKIN: It was submitted about three, two, two months ago or so.

COUNCIL MEMBER JACKSON: Okay.

ILENE POPKIN: We had very extensive resident consultation. We did a very extensive three-day planning workshop in June. The redevelopment plan is--

COUNCIL MEMBER JACKSON: Workshop in June to the NYCHA residents? Or whom?

ILENE POPKIN: To the NYCHA residents--

COUNCIL MEMBER JACKSON: Okay.

ILENE POPKIN: --over about 100 people attended it over the three days.

COUNCIL MEMBER JACKSON: Okay. At that location, I would assume?

ILENE POPKIN: At, it was located in Bronx at Van Dyke Houses.

COUNCIL MEMBER JACKSON: Okay, very good.

ILENE POPKIN: And then, after the three day workshop, the plans were put together to reflect the residents' wishes about the development. And that's the plan that went to HUD. And that was the plan that was just approved two days ago.

COUNCIL MEMBER JACKSON: So in essence, I'm summarizing, that you have three plans, you indicated. One was approved recently by HUD--

ILENE POPKIN: Right.

COUNCIL MEMBER JACKSON: --and residents were consulted--

ILENE POPKIN: Correct.

COUNCIL MEMBER JACKSON: --in the input into all of that--

ILENE POPKIN: Correct.

COUNCIL MEMBER JACKSON: And that project, are any--I'll wait till you finish. Okay. And that project, are any NYCHA residents going to be involved in whatever they're doing as far as employing some of those NYCHA residents in that project?

ILENE POPKIN: Yes, there will

absolutely be Section III requirements, Section III hiring. It will be part of the process and we will retain significant communications with the residents, at both sites. And I should say at the other, Randolph Houses, we're also working very closely with the residents. There we're planning an update resident meeting, in May.

COUNCIL MEMBER JACKSON: Is that A. Philip Randolph Houses? Where's that located, please?

ILENE POPKIN: It's located at 114th between 7th and 8th.

COUNCIL MEMBER JACKSON: Okay, and the other two locations you indicated, I'm sorry.

ILENE POPKIN: Prospect Plaza is--

COUNCIL MEMBER JACKSON: Is in Brooklyn.

ILENE POPKIN: --Brooklyn.

COUNCIL MEMBER JACKSON: Sounds-- Prospect Park, yeah. And the other one is in The Bronx, you said?

ILENE POPKIN: The--

COUNCIL MEMBER JACKSON: The one that just finished by HUD.

ILENE POPKIN: That was the, that's Prospect Plaza in, in Brooklyn.

COUNCIL MEMBER JACKSON: Okay, and the, you mentioned three.

ILENE POPKIN: There's a small project in 1070 Washington Avenue in The Bronx.

COUNCIL MEMBER JACKSON: Okay.

ILENE POPKIN: This replacement housing factor.

COUNCIL MEMBER JACKSON: Okay. Okay, well, great, anything else on that?

ILENE POPKIN: No, just wanted to reiterate that we really particularly new development, work very closely with residents, and include them in the process and feel that's really an important part of our development.

COUNCIL MEMBER JACKSON: Well, thank you very much.

ILENE POPKIN: You're welcome.

COUNCIL MEMBER JACKSON: Madam Chair, thank you very much.

CHAIRPERSON MENDEZ: Thank you. Margaret Chin, and I'm going to ask my colleagues to make some, get their questions a little quickly, 'cause then I, I have some questions on the, the non-City and State developments. And Gale Brewer, who joined us, I don't know if she has questions, she hasn't asked any yet. So, Margaret, followed by Maria and then Gale if she wants.

COUNCIL MEMBER CHIN: Yeah, thank you, Chair, Madam. I just want to get a little bit of clarification, because like the number of housing units that were certify is different, it's less than most, usually it's less than the number of total units in the building. So, maybe you can explain why you didn't have to certify every unit. And also, is it because like in Rutgers, is it because some of the units are Section VIII? Or is it something else?

CARLOS LABOY-DIAZ: It has to do with the way that the deal was structured. Remember, we mentioned earlier that we knew that some families, their income was higher, that of what the requirement is. And we, in order to preserve those standards in those units, we make the commitment, as part of the transaction, that we will not move anybody out. We look at the tenants, that in our records will show will qualify, and that's the commitment that we made for this transaction. This is actually something that make this, the New York City Housing Authority transaction, very unique. Because it's not the full building, it is in terms of the total amount of tenant in the property, which ones qualify, and that way you preserve the other tenants that we knew from day one that they would not qualify.

COUNCIL MEMBER CHIN: So, so what was the income limit that--?

CARLOS LABOY-DIAZ: 60 percent of the AMI.

COUNCIL MEMBER CHIN: Okay, so the, there were tenants right now that are higher than that.

CARLOS LABOY-DIAZ: Yes, ma'am, yes.

COUNCIL MEMBER CHIN: And then, also, like for example in Rutgers, are the people that did the certification, were some of them also Section VIII, that they have Section VIII, or none of them have Section VIII?

CARLOS LABOY-DIAZ: That is, Rutgers I think is 100 percent public housing. I'm not sure.

ILENE POPKIN: [off mic] But you can, I mean, you can have Section VIII-- [on mic] I'm sorry, I keep forgetting that, I apologize. If you are a Section VIII tenant, and you're under 60 percent of AMI, you would still qualify as a tax credit unit, and we have to file the certifications. So it's really income based, not whether or not you're a public housing resident, or a Section VIII resident.

COUNCIL MEMBER CHIN: Okay, thank you.

ILENE POPKIN: You're welcome.

COUNCIL MEMBER ARROYO: Thank you, Madam Chair, and it'll, just one question. I, I want to, and it's a follow up question to the, the concerns that Council Member Jackson referenced, around monitoring the expenditures and making sure that we get our dollars' worth. And you referenced quality control as part of the process, and it's a separate unit from the construction and inspection. So there's three different units that are looking at--

CARLOS LABOY-DIAZ: Well, cons--

COUNCIL MEMBER ARROYO: --the projects.

CARLOS LABOY-DIAZ: The way that it works is at the site, you have a construction inspector, that person has a supervisor, and the approval process go up to the director of that unit. The old report, to what is called capital construction, CPD, in the Housing Authority, in addition to that, separate to CPD we have a unit that do quality control, in the property. That is something that is being done for years.

COUNCIL MEMBER ARROYO: Okay, so--

CARLOS LABOY-DIAZ: And usually--

COUNCIL MEMBER ARROYO: Could you give us, and you don't have to ref--you know, say this today, you can, I'm sure you're going to have to go back and check, how many projects has the Quality Control Unit identified to be out of compliance with standards? And, and has forced construction or that other unit to take further action?

CARLOS LABOY-DIAZ: Sure, I will

provide you the information.

COUNCIL MEMBER ARROYO: Okay, thank you.

CHAIRPERSON MENDEZ: Gale, do you have any questions, or--

COUNCIL MEMBER BREWER: Just very quickly, I have Amsterdam Addition and Wise Towers, and the residents are very, very well informed, 'cause it's been explained to them. I will just say that whatever construction company you used at Harbor View, use it again, they're fabulous. Thank you.

CARLOS LABOY-DIAZ: Thank you.

CHAIRPERSON MENDEZ: Thank you, Gale. Okay. I have, I have some questions. If, if you could help me wrap my head around, you've mentioned the redevelopment, Prospect Plaza, Randolph, and you said the replacement housing factor funds.

ILENE POPKIN: Right.

CHAIRPERSON MENDEZ: You mentioned earlier Harlem River Project, and I don't believe you mentioned Markman Gardens. So, tell me what is different in all of these, or what's similar, and what's redevelopment--

ILENE POPKIN: Just, just Harlem River, Harlem Harbor, we must've been talking about George Washington Houses, Harlem RBI.

CHAIRPERSON MENDEZ: Harlem RBI.

ILENE POPKIN: Yeah, it's a, it's a charter school with a affordable housing component. The difference is in Washington Houses where we're doing the affordable housing component, Markham Gardens, where we were doing affordable housing, versus Randolph and Prospect. At Randolph and Prospect, there will be newly developed public housing, replacing existing public housing.

CHAIRPERSON MENDEZ: So the other housing--

ILENE POPKIN: With--

CHAIRPERSON MENDEZ: --is being demolished. The, what was there before is being demolished.

ILENE POPKIN: Well, it may, at Markham Gardens, it was demolished, it was built as temporary housing for World War II and simply could not be preserved. The new construction will be at Washington Houses, it's a new construction site. Randolph is actually preservation, it's also historic, and we've spent a significant amount of time working with State Historic Preservation Office to come up with an acceptable redevelopment plan. Prospect Plaza will be new construction.

CHAIRPERSON MENDEZ: Randolph you said is historic?

ILENE POPKIN: Yes.

CHAIRPERSON MENDEZ: Okay.

ILENE POPKIN: It's eligible for State Historic District. And the eligibility potential gives it historic designation and we have worked with, with SHPO quite closely, to ensure their approval over the plans. So the real issue in typical--

CHAIRPERSON MENDEZ: And in Prospect Plaza, so that--there was existing structure that you're--

ILENE POPKIN: We're going to be demolishing the three remaining towers and will be redeveloping it as a mix of, it'll be 100 percent affordable housing, and we'll also include a portion of public housing.

CHAIRPERSON MENDEZ: So when you say you are demolishing the three remaining towers, how many towers were there?

ILENE POPKIN: There were four, there was one that was demolished, I believe it was 2005. It--

COUNCIL MEMBER BREWER: [off mic] '06.

ILENE POPKIN: It's '06, this is a Hope Six project.

CHAIRPERSON MENDEZ: Okay. And in any of these, were these considered a significant amendment? And what process was used to bring this to the residents, to the City, not just to the residents of the development of former residence, but the community and the rest of the City residents?

ILENE POPKIN: The projects are either in the annual plan themselves, so they're not an amend, do not need to be an amendment to the plan. If they were not in the timeframe when we were issuing the annual plan, they were a minor amendment to the annual plan, in terms of what we were planning to do.

CHAIRPERSON MENDEZ: Minor amendment? So let me, let me just get this. I mean, let's use Prospect Plaza. So there were four towers, it was in the plan at some point, where one tower was demolished, and then a minor amendment where we demolished the other three. Is that correct?

ILENE POPKIN: Well, we have not yet demolished them, they're still standing, but--

CHAIRPERSON MENDEZ: Well, we're going to demolish.

ILENE POPKIN: We're, we are going to be demolishing them.

CHAIRPERSON MENDEZ: That's a minor amendment?

ILENE POPKIN: And that was put into the plan as a minor amendment, correct.

CHAIRPERSON MENDEZ: So what's a major amendment? If demolishing three towers is a minor amendment, what becomes a significant amendment?

ILENE POPKIN: They were done at-- but the, there was a public hearing associated with that, because they were done as a public hearing at, at the same time we were doing the federalization, so I believe we also had a, a hearing. We've also done--

CHAIRPERSON MENDEZ: That I requested.

ILENE POPKIN: And we have also done significant, significant tenant discussion and outreach.

CHAIRPERSON MENDEZ: Give me, can someone just give me, I still can't wrap my head around this minor amendment. Give me an example of what would be a significant amendment, that would trigger--

ILENE POPKIN: Federalization was a, was a major amendment. And last time we did rent increase was a major amendment.

CHAIRPERSON MENDEZ: Well, federalization was a major amendment because we wanted stimulus funding? And because there, there was the exception to the, whatever, Faircloth?

CARLOS LABOY-DIAZ: Every time that you have, using make, capital dollars from public housing, and you want to use private dollars, you need to do--if it's not discussed as a regular annual plan discussion, you have to make a major amendment. If I recall correctly, even though I wasn't here, the issue was that the agency wanted to take advantage of the stimulus money, to do the transaction. And as part of the requirement of that portion of the money, you needed to do this --

CHAIRPERSON MENDEZ: Mr. Laboy, I get it, I get it for the 21 City and State developments. I don't get it around Markman Gardens, I don't get it around Prospect Plaza--

ILENE POPKIN: Markham--

CHAIRPERSON MENDEZ: --I don't get it in the other developments, how it's not a significant amendment.

ILENE POPKIN: Markham Gardens was included in the regular annual plan process, so there was no need, it wasn't considered, it's only an amendment if it's not in the process when you're doing your normal annual plan. Prospect Plaza has, because it's Hope Six, it has its own separate requirements. As I mentioned, there's a Hope Six revitalization plan, and for Hope Six, and the approval by HUD of the Hope Six revitalization plan, that is where they approve your demolition plans, and so their requirement was significant, community consultation on that, as part of the Hope Six revitalization discussion. So, it was not ever intended not to have significant community discussion, but it was done in the context of the Hope Six revitalization plan. And not in the context of the annual plan.

CHAIRPERSON MENDEZ: So there's significant community discussion, even though it's not a significant amendment.

ILENE POPKIN: Corr--yes, 'cause it was done in the context of the Hope Six revitalization plan.

CHAIRPERSON MENDEZ: Okay. I, I'm ... I'm not happy with this. I, you know, if we're, it being put in the annual plan, and when anything is being demolished, to me is a significant amendment, you know, and this is, I've had this discussion already with the Housing Authority. I'm going to continue to have it. I have to keep mentioning it, because it, it--I, nowhere, I, you know, we could take a poll:

Demolishing three buildings just 'cause you put it on a piece of paper one year, and then seven years later then you go to demolish it, doesn't seem to me like that's a minor amendment. Seems to me like it's a significant amendment, and it should trigger a whole big process with it, where there's more notice to the community, to the former residents, and to the City at large. Because at the end of the day, we're all part of public housing. And whether you live in one public housing, you could always get transferred to another. So it has bigger, wider ramifications. But that's not something we're going to resolve today.

ILENE POPKIN: And we hear you on that, and the one thing I will add is there are no, there's no demolition plans for any other sites at this point. We're spending a lot of time on Randolph, we'll be at Preservation, and there is no other demolition plans for any of our housing projects, at this time.

CHAIRPERSON MENDEZ: So, explain to me when you can, when you can use this fi--mixed finance money to, to preserve. [pause] Or to do these repairs and--

CARLOS LABOY-DIAZ: Well, the, the way that we presented the federalization transaction was using the HUD terminology, no the IRS terminology, that we will use capital work stimulus money to leverage private money to do the preservation of these units. That was, they we're not receiving any subsidy at the time. And also, to make the repairs that we're doing. That, that--actually the best example in the nation of preservation of a mixed finance transaction to preserve public housing is the New York transaction.

[pause]

CHAIRPERSON MENDEZ: So can this be used in other NYCHA developments?

CARLOS LABOY-DIAZ: The preservation model, yes, if--it could be used.

CHAIRPERSON MENDEZ: And I'm assuming you're looking at that.

CARLOS LABOY-DIAZ: At this time, I'm looking into compliance with all our transactions. To, to regain the, to complete the work that we have scheduled. And the Development

Department is working on the projects that, that my colleague mentioned to you. But the traditional, this HUD definition at this time, we're not looking at it. We're using the development model for, for other things.

CHAIRPERSON MENDEZ: And how would any future budget cuts, 'cause we understand the federal government is looking at substantial capital and expense cuts--how would we utilize this to offset all those much needed repairs that we have in our developments?

CARLOS LABOY-DIAZ: That, that could be an option. But in order for you to do a mixed transaction with capital dollars, you also have to have the capacity to pay. And because they are also doing cuts in the capital budget, limit our chances to do another one.

CHAIRPERSON MENDEZ: Mm-hmm.

CARLOS LABOY-DIAZ: 'Cause you still need that money to pay for the transaction, looking forward. That means that if they cut, I don't know, 30 percent, to give you a number, our chances are reduced a little more than 30 percent to, to do it. That doesn't mean that it cannot be done, but it makes more difficult, because what you, you're not going to leverage the kind of money that we need to make the repairs that we have to do in the Housing Authority.

CHAIRPERSON MENDEZ: When the Housing Authority last year announced to me that it was planning to do this mixed finance model, and, and utilize the stimulus funding, to get much needed repair and to federalize the 21 developments, I was kind of, for lack of a better word, mixed about it, right?

CARLOS LABOY-DIAZ: [laughs

CHAIRPERSON MENDEZ: So, you know, because, you know, I would've preferred to have put the funding in place, and was unsuccessful during those years, and to me, and I know to many residents, there is this doubt about whether this will be permanently affordable. And so, I want you to talk to me about long term affordability, and permanent affordability, and regarding these 21 City/State developments that are to be federalized, and then what does it mean for those 8,400 units that just have Section VIII, what does it mean for them? Council Member Melissa Mark-

Viverito earlier asked about affordability, and under the U.S. Code, it says that housing developed with the assistance of federal capital development funds must be "operated under the terms and conditions applicable to public housing during the 40 year period that begins on the date on which the project becomes available for occupancy." So, explain that to me, as well.

CARLOS LABOY-DIAZ: Starting from the last part, the transaction requires a guarantee to the tenants that the project will be public housing for 40 years. If you look at the documents that our particular deal has, also guarantees that the end of the tax credit period, the Housing Authority have the option to, to acquire the property back. What I mean with that is, in my testimony I talk about we sold the properties to a partnership in which the Housing Authority's part owner. This is a financial instrument that HUD allow housing authorities to use to take advantage of the IRS rules, to fund, to fund needed repairs. As you can see, it's like a circle, that even though you sold it, the property, you sold it to a partnership that we're members, and our board control. Meaning that if, if at the end of the 40 years, there's no other option that, for us, I mean, that, we have the choice, right, but to buy that back, and the way that the deals are designed, in some places it's, it's a dollar. And the subsidy, the reason we get HUD involved is, it's still guaranteed through the whole process, that the reason you read the code, and it tells you about rules and regulations. And if any change happen, it's not because it happened to these particular properties, it's because it happened to the whole system. And that is something that, that is dictated by Congress.

CHAIRPERSON MENDEZ: So, the guarantee on the 21 develop--21 City and State developments is that it will be public housing for 40 years; however, the Housing Authority will be able to buy it back after the tax credits. And that is when?

CARLOS LABOY-DIAZ: At the end of--

ILENE POPKIN: It was, prior, I believe year, it's year 15.

CARLOS LABOY-DIAZ: 15.

CHAIRPERSON MENDEZ: Year 15.

ILENE POPKIN: The end of the tax credit, the initial tax credit compliance period.

CARLOS LABOY-DIAZ: But just, why I keep emphasizing this, we are part owners now, I mean, it's not that we sell that to someone outside. I mean, it's, this is a mechanism that we use, that has been used throughout the nation in many housing authorities, because we don't have the resources, meaning in terms of nationwide, to, to pay for the repairs. I mean, we sold the, the properties to a partnership that we, we control with the managing partners, and at the end of the time, we can keep it as that model, or we can put it back into the system. But either way, it continues to use the rules and regulations. And that's the mechanism that they did, and I'm not an attorney, to try to bring private capital to most needed public housing throughout the nation. And that's, that, that is the guarantee to the tenants that will be public housing. And that's different to development. Development has other rules and regulations. Public housing, the rule is if you're a Section VIII tenant, will be a Section VIII rule. Or traditional public housing. But still HUD rules. And we can change that. Not even Citibank can change that. And in, in many places throughout the nation, that have done this before us, at the end of the 15 years, what they do is they try to refinance again and get more capital to do more work in other, in other developments, and they keep using the money. If, it depends on each market, on each need, and any, any housing authority, they do it different ways. But here, because the purpose is to preserve, to keep it, we're not doing like Chicago did. Chicago demolished a bunch of units. I mean, we recognize our need for public housing, we want to preserve, we have some limitations of resources, $7.5 billion. And we needed to be creative, to preserve public housing, and, and there's no way you can change that. I mean, we can't change that.

ILENE POPKIN: And I just want to add that in addition to all of the legal documents that have these requirements in there, HUD places restricted deeds of, there's deeds of trust on the properties themselves, so in the deeds it requires that they be operated as public housing, with declarations of trust put into the deeds.

CARLOS LABOY-DIAZ: And in addition, we sold the building, not the land. The land's still the property of the Housing Authority. And something that I have not seen in other deals in my experience, we keep the parking rights, the land, and even the rooftops. It's kind of we sold, we, only the stuff in the middle. Everything else still owned by the traditional Housing Authority, the way it is. In other places, you sell everything. Here, because again, they want it preserved, the stock, I mean, the land's still owned by the Housing Authority, the roof is owned by the Housing Authority. It's only the building that one, that we sold, in this particular deal.

CHAIRPERSON MENDEZ: Okay. So let's talk about the stuff in the middle, right. And many of us as Council Members give capital funding. So, I've put money in for the senior centers, that are run at the ground level. I've put money in for cameras. I got money coming into another development to make it ADA compliant. And my one State development that now is being federalized, I had put cameras in. The City of New York has obstacles for us putting money in privately owned property. So, when my public housing tenants, or, right, Margaret and, and Gale, when our tenants from these mixed finance plans come to us, asking us for capital funding for something like cameras, or repairs to the senior center, or something, how do we give you money?

[background comments]

CARLOS LABOY-DIAZ: The, the, it's two things. I have to be, we need to talk about particular projects, but just to give you an example, the senior center is, was not part of the transaction in the particular project. Meaning that, that you can legally do some stuff with it, but you talk about the property - -

CHAIRPERSON MENDEZ: [interposing] So there's less middle.

CARLOS LABOY-DIAZ: Yeah.

CHAIRPERSON MENDEZ: Okay.

CARLOS LABOY-DIAZ: But, and, and--

CHAIRPERSON MENDEZ: But that's just one particular project.

CARLOS LABOY-DIAZ: No, no, but I, but I--I would like to request is that maybe we can have a meeting and talk about these particular projects, and would you have some particular issues that we need to address, to find a solution. But we need to look at exactly where you want to install the door, or the, if it's the roof of the community center, versus something in the building. And, and that's part of the, the way that we can work. And, and it also has to do, the limitation with the transaction, it has to do with the bond, the way that the CD leveraged the money, and you cannot mix private bonds with, with non-private bonds. But again, because of the technicality, and probably a particular project that each one of you have in mind, I will request that we can have some kind of meeting that we can address that particular issue to, to be able to look for a solution.

CHAIRPERSON MENDEZ: Okay. So, in, in those developments, that already has money allocated, it's not a problem. Is that correct?

BRIAN HONAN: Not necessarily.

CARLOS LABOY-DIAZ: Not

necessarily.

BRIAN HONAN: Not necessar--there are two things that have to happen. Number one, since the buildings are owned by Citigroup, we'd have to have consultation with them. They would have to approve anything that goes there. Our number two, there's a certain percentage of public and private money, that can't, it can't, we can't go over the percentage of either way. So, on a case-by-case basis, we'd have to look at, you know, look at these projects. So, sometimes we'd have to ask you to take the money from one place and put it in another development that's not part of this federalization.

CHAIRPERSON MENDEZ: And, and, and in--

CARLOS LABOY-DIAZ: Now, just, just make sure that, that we don't give you the wrong impression.

CHAIRPERSON MENDEZ: I want to ask, besides the Citigroup, so what happens in the LLC II? What happens at the rentals at Markman Gardens, what's going to happen in Prospect Plaza if we want to put capital money in there?

CARLOS LABOY-DIAZ: Let me separate LLC I and LLC II for a second, because of the technicalities of the rules. Like Brian says, we have to look at what and where you want, you want something done. And, and it has to do, like he says, with the authorization process, but it also have to do with that maybe you cannot do it in year one, but it can be done in year two. Now, that's about LLC I and LLC II. About the other projects, it's different rules.

ILENE POPKIN: Right, and I can say we work with OMB very closely. So if there's Reso A funding that's available, in a project that we're closing on, we work with them and make that money available at closing. So we have not had problems accessing it in buildings that will ultimately not be city owned, but are part of a loan.

CHAIRPERSON MENDEZ: Okay. OMB is usually our major impediment to putting money even in not-for-profit buildings. So, if you can get OMB there, thanks.

ILENE POPKIN: We'll see.

CHAIRPERSON MENDEZ: And we'll let

you known when they give us problems with it.

ILENE POPKIN: Didn't say it was easy but we do work with them and we've used it on a community center just recently.

CHAIRPERSON MENDEZ: [laughs] I will, I'm going to just turn to my Margaret, 'cause I think there's capital money at Rutgers. Do you have any questions about that? Or we're ready to wrap this up?

COUNCIL MEMBER CHIN: I think we'll have a separate discussion, yeah, thank you.

CHAIRPERSON MENDEZ: Okay. I, I want to thank you, Mr. Laboy, congratulations, you've just finished your first Public Housing hearing her at the City Council. Thank you for being here, for your testimony, for your attention, and for all the answers that you're going to get us next week.

BRIAN HONAN: And I'd like to add, too, that this is Ms. Popkin's last City Council hearing, as she'll be leaving us soon. She'll be retiring and we congratulate her at NYCHA, and I know the Council's always been happy to work with her.

CHAIRPERSON MENDEZ: Ooh, okay, I didn't know that. All right. So, I don't know, the City must've incentivized retirement lately. [laughter] It's happening a lot at NYCHA.

ILENE POPKIN: I only wish. [laughter] 32 years.

CHAIRPERSON MENDEZ: Congratulations.

ILENE POPKIN: Thank you.

CHAIRPERSON MENDEZ: And you'll be, you'll be missed. I know I've relied on you for a lot of information.

ILENE POPKIN: I have a great support staff.

CHAIRPERSON MENDEZ: When is your last day?

ILENE POPKIN: May 19th.

CHAIRPERSON MENDEZ: Okay, we have several meetings to be set up with her [laugher] before she leaves, Brian.

ILENE POPKIN: But I have a fabulous staff, who really do a great job on this stuff.

CHAIRPERSON MENDEZ: Thank you very

much. So, for the public, we are ready for the public testimony part, and NYCHA you will keep someone here?

VOICES: Yes.

CHAIRPERSON MENDEZ: Okay. Luther Stubblefield from Baruch Houses; Joel Feingold from GOLES; and Victor Bach from CSS. That'll be my first panel, to be followed by Joseph Garber in his own panel, in his own right. Whenever he comes back. So, everybody can come up. Victor Bach, Joel Feingold, Luther Stubblefield, and whoever's ready to give testimony first, you can start.

[pause]

VICTOR BACH: I'm Victor Bach, with Community Service Society. I'm not going to focus on the 21 federalized buildings so much as what has been happening in recent years where NYCHA has proposed a growing number of property dispositions on public housing properties, to help raise capital for modernization and preservation, and at the same time promote new private residential development and construction of school facilities. Many of these plans for disposition may have substantial merit. Our concern is that the NYCHA planning process for these dispositions is often seriously flawed, with major gaps in resident involvement, and public transparency and accountability. As NYCHA dispositions accelerate, and I believe some of the testimony indicates that it will, from NYCHA, and NYCHA property is transferred, we will all be in danger of standing by unawares while larger and larger amounts of property are transferred without adequate opportunity for public scrutiny, or the voices of residents to be heard. What do we, what do we mean by accountability, the prevailing standard is what was set out in 1998, by Washington, for the annual plan. Under the federal requirement, the annual plan has to be in written form, a draft made public, and allow for at least 45 days of public review, after which the Housing Authority is required to hold a public hearing on the plan which is open to public comment from any concerned public. Nevertheless, some NYCHA proposals bypass this process. We've already, there's already been discussion of the Prospect Plaza demolition, in which resident consultation didn't take place until after the proposal was submitted as a minor amendment. Another example that concerns me, and I use it primarily as an example, is the Washington Houses disposition, which the NYCHA board just approved last March, and, and let me state what some of the key problems are with the NYCHA Planning process. Again, these are process issues, not questions about the ultimate value of the disposition transfers. First, NYCHA tends to use its prerogative when it can to designate the demolition or disposition proposal as a minor amendment--that's already been alluded to--and a minor amendment only requires cursory review by the resident advisory board. No written plan, no 45 day review, no public hearing. In the case of George Washington Houses, NYCHA did consult resident about the Section--it's called a Section 18 demolition or disposition proposal. That's a HUD terminology. NYCHA did prepare a plan for Washington Houses, it was submitted as a minor amendment, so there has really been no public scrutiny of the terms of the Washington Houses disposition. It did involve the transfer of 29,000 square feet of land, NYCHA land, 150,000 square feet of transferable development rights, total project cost to developers were estimated at $93 million for the construction of a new 87 unit residential building, low income housing tax credits, a Harlem RBI charter school, a new community center, and replacement of lost parking space, and a compactor bulk storage area. NYCHA was to receive $3 million, one time outlay, for its property, which was appraised by the way, at $4 million, and an option to purchase the residential building for $1 at the end of the 15 year tax credit compliance period. Yet it was only a minor amendment, slipped into the NYCHA plan, it's there now, which bypassed any public scrutiny beyond the immediate stakeholders. What is required under a Section VIII submission is resident consultation where there's already, someone mentioned, resident consultation, I believe NYCHA also consults local elected officials. We don't think that's enough. Let me briefly outline what happened in the case of Washington Houses--

CHAIRPERSON MENDEZ: Sometimes.

VICTOR BACH: Ah. We don't think

that's ever enough. And let me indicate why. There was extensive resident consultation in the case of Washington Houses. On October 5th, Commissioner Lopez and NYCHA staff met with the Board of the Washington Houses Resident Association, explained the proposal for the development. In the course of the presentation, Commissioner Lopez says she believed in the project and planned to support it. And she asked for the resident association's reaction. The resident board had no independent technical advisors present, only the NYCHA Commissioner and staff, to answer questions. On October 12th, the Commissioner and NYCHA staff met with 50 Washington Houses residents, out of the development's 1,500 apartments. The announcement of the meeting began "NYCHA Commissioner Margarita Lopez invites you to a meeting. We will discuss great improvements to your quality of life." The residents and NYCHA can be credited that residents ultimately received a number of benefits in this consultation, including a 50 percent set aside in the charter school lottery, preference for the affordable housing to be developed, and a Section

III training program to absorb residents into resulting construction jobs. The question about whether NYCHA was getting fair value for the property was transferred; whether it should lease or sell the property outright, never came up. And you would never expect that in a resident consultation because residents usually don't have those kinds of technical resources and commands available. That's why I think it needs to go beyond that level of consultation. NYCHA also met with the Manhattan South District Council Presidents, in December, before the Section VIII, 18 application went in. But the proposal never reached the citywide Council of Presidents, which is the jurisdictional, jurisdiction wide body that should be seeing all of these, because what happens in one district is likely to happen in the other eight. And yet, the only district that was consulted was the Manhattan South, where Washington Houses is located. We believe this kind of disposition planning process is flawed, that it needs to be strengthened in order to enable residents to participate effectively, and allow greater public scrutiny, particularly as

NYCHA's dispositions accelerate over the near future. We may end up in a, and there are some recommendations in the testimony for that, as those disposition plans grow in number and size over the coming years, we stand to see public housing assets transferred, development by development, one by one, in discreet Section 18 applications, many of which may be designated minor amendments and simply slipped into NYCHA's annual plan without a murmur to the broader resident constituency affected, or to the concerned public. The disposition of valuable public housing resources are a public matter, that call for full transparency and accountability. Thank you.

CHAIRPERSON MENDEZ: Thank you very much. And for the Housing Authority that's out there, and we'll, you know, I see someone there, so if you could take notes, I'm interested in knowing why the Housing Authority got $3 million for something that was appraised at $4. And I'm certainly interested in continuing this conversation about minor and significant amendment.

VICTOR BACH: Right, we're, we proposed that any, any proposal for demolition or disposition be a significant amendment. Thank you.

CHAIRPERSON MENDEZ: Thank you. Anybody have questions for Vic Bach? Okay. Next, whoever's ready.

[pause]

JOEL FEINBERG: Hello. My name's Joel, Joel Feingold, I'm an organizer with Good Old Lower East Side. I've just got a few quick comments and questions. I know that, first of all I wanted to thank the Council for this very crucial oversight hearing. We have heard so many questions from Rutgers residents specifically about what this means for the tenancy, and what this means for the continued public nature of public housing on the Lower East Side. So, thanks to the Council for holding the hearing and such a vigorous questioning of NYCHA, that was much appreciated and it clarified a number of questions that I might've asked otherwise. One thing that I wanted to know, and that I would suggest, as a matter of fact, is that, you know, NYCHA has this option to purchase at the end of the, at the end of the 15 year tax credit, term. It would seem to me that to preserve the public nature of these developments, and to ensure the tenancy of low income families in these developments forever, that NYCHA should be required by the legislation to exercise its rights, its right to first purchase, at the end of the, of the term of the tax credits. And, you know, if it were necessary to establish a fund, you know, it would, it would be prudent, I think, to start saving now. So, that would be one thing that I would suggest, and would be interested to know if it were possible. Another question that I had was, you know, I'm aware that NYCHA's the sole managing partner in the tax credit portfolio. But why, I mean, we heard early in the testimony today, why was it necessary for there to be a meeting with private investors to update them? What was going on in, in, in the redevelopment or, you know, in the renovation of these, Rutgers Houses, in specific, because this was the pilot project. I mean, if NYCHA's the sole managing partner, why is it necessary for private investors to be briefed on what's happening. It would seem to suggest a level of control which was eventually confirmed in Council Member's, Mendez's line of questioning, that Citibank must be consulted on certain elements of the program. And you know, that, that is alarming to some extent. I wanted to share with the Council that Good Old Lower East Side has won a very extensive Freedom of Information Law request for all documents surrounding the mixed finance federalization of the 21 City and State developments. We're having an independent legal analysis done of, done of them, and it would be great if the Council or if the Housing Authority, you know, if question that emerge from that, if they would join us at Rutgers Houses and explain any differences of interpretation of the policy. Finally, you know, the one thing that we really want to know is can NYCHA guarantee that, barring a sea change in federal policy, that every unit in all 21 developments will remain public housing forever? Thanks.

[pause]

CHAIRPERSON MENDEZ: Okay. I don't--any questions? Nope. Okay. And certainly we'd love to see your analysis when you're done with it, and share it with us. In terms of Citigroup, also, they, they are part, partners, though the, the minor percentage of the controlling interest. And certainly, besides their written agreements, anyone, well, who has a substantial amount of money invested in anything, would want to make sure that the major investor, and the manager, is complying and making sure that they get all that other money that should be coming their way, so the stimulus funding, the tax credits, and that they're on target with doing that. So, I'm sure that was written into their agreements for those very same reasons. Mr. Stubblefield.

LUTHER STUBBLEFIELD: Thank you for having us here today. I wasn't quite sure what this meeting was going to be about. I didn't even think I was going to speak. But now I've got three very important questions or issues that I would--

CHAIRPERSON MENDEZ: Can you raise the microphone a little bit higher?

LUTHER STUBBLEFIELD: I can even

talk a little bit higher, too. I'm glad we're not on the clock this time. First of all, I would like to open by saying that I was at a meeting this month, here in the building, it's called "Saving NYCHA," which Margarita Lopez and Brian expressed the fact at the very beginning of the meeting, that NYCHA--

CHAIRPERSON MENDEZ: Which Brian? Brian Honan?

LUTHER STUBBLEFIELD: Honan.

CHAIRPERSON MENDEZ: Who was here earlier?

LUTHER STUBBLEFIELD: That was just here, yes.

CHAIRPERSON MENDEZ: Okay.

LUTHER STUBBLEFIELD: That we definitely want to hold onto NYCHA housing and not fall into the situation that happened in Chicago, or happened in Atlanta. I would like to think that, but I don't know if NYCHA has the power, if Congress or if HUD comes up with another situation. And at the same time, what's going on right now, the selling of the parking lots or different parts of NYCHA, I question. Chelsea

Elliott Houses are finishing a building right now, that was the parking lot that was sold to a private developer. And I was at a meeting also this month, with the developers at the Fulton Houses, and there was about 200 tenants that was in attendance there, to find out exactly how to apply for them, and what were the qualifications? It seems as though that the property was sold. I'm not quite sure of the figures, but it was like $5.2 million. Now, I thought that was land, I'm understanding it's not land, it's not roof, it's something in between the middle, which is kind of confusing. I do know that they're going to allow the parking to be down underneath the other building for the same NYCHA residents that had the parking spaces before. But we were announced that 38 apartments were set aside for low income people and 100 plus would be for market rate, with a private developer. Those apartments were going to start at $20,000, or an average $40,000 per household. How does that be affordable for low income people? We still have people in NYCHA, we have people in the shelters, many of them with jobs, and they're not qualified for $40,000, and even maybe $20,000. I don't see how we're having a safe place to be able to have a future for NYCHA residents. Working with GOLES, and working with Joel, that he just spoke here, there's a SPURA project, which is the Seward Park on Delancey Street, and we've been fighting for years now with the community board to recognize that public land be recognized for affordable housing. And I was in Detroit, I was in Michigan this past Christmas when I got a report from CP3 that there was an agreement that 50 percent would go market rate and 50 percent would go affordable. And that affordable amount was divided up where only ten, ten percent would be for senior citizens and disabled, and only ten percent were going to be for $20,000 again, up to $40,000, household income family of four. Now--yes.

CHAIRPERSON MENDEZ: Mr. Stubblefield, so let me just interrupt with, with a couple of things. So there's a lot of different things that you've mentioned. And none of that actually has to do with the mixed finance modernization program. So, SPURA is--

LUTHER STUBBLEFIELD: I just want

to know with the mixed finance, where, where's the lower income? It was--

CHAIRPERSON MENDEZ: Okay, let me-- Okay, so SPURA, the Seward Park Urban Renewal Area, is City owned land, it's not NYCHA land. And community residents have been, and some of the Council Members right here, have been advocating for affordable housing, and the community came up with a community based plan on how to develop that land after 40 years. So, that's separate and apart from NYCHA and this mixed finance. Now, Chelsea Houses, and, and Fulton Houses is NYCHA property. However, under a rezoning of the area on the west side, and some years back, certain NYCHA land, underutilized land, was made available for 80/20 housing, where there would be a certain amount of set aside affordable units. So that also was separate and different than this mixed finance model that NYCHA has given testimony today, regarding property that they own and property that they demolish under a minor amendment and rebuild, and property that Markman Gardens, which is in Staten Island, it was separated into affordable housing, that people could purchase their houses, and there was another aspect that was rental. So, all of these fall under different things, but the ones you've mentioned actually are outside the realm of NYCHA, except, well, Chelsea Elliott is related because it was NYCHA land. And so, not just the middle there, but all of that is, is going to be developed by a private developer. When they've talked about the middle, they've talked about really NYCHA buildings, existing buildings. And, and the City and State development. And when we talked about the middle before, that's what they were saying, that fuzzy area, that is jointly owned with other groups.

LUTHER STUBBLEFIELD: And I just want to ask one more question, and maybe you can clarify for me, then. As I'm sitting here today, I'm hearing that there's no capital money or funds that's going to be kind of in the near future for developing for a NYCHA type residence. That there is $7.5 billion in back needs for capital funds needing to, to take care of the federal buildings is already. Is there any future for, can I tell my people that there's a future, that housing is going to be available for them, in any type of aspect?

CHAIRPERSON MENDEZ: I think ... what we've been trying to do at NYCHA is preserve it as permanent, affordable, low income housing, and whatever my issues have been with the housing authority, at least, in this City we have not destroyed completely and not replaced it, public housing as they've done in New Jersey, in New Orleans, in Chicago. They have demolished buildings that they're redeveloping, which I have issues on the process of how that's been done. But our major thing is the federal government, fully providing full funding for the Housing Authority, the reason the buildings are deteriorated, and it needs so much capital work, is because it's been financially starved for longer than I've been in office.

LUTHER STUBBLEFIELD: Right.

CHAIRPERSON MENDEZ: And so, they've had to take their money and spread it around, and then at the end of the day, they have to figure out what work they can do, and what work they keep putting off. And it's not a good situation for the residents of public housing.

LUTHER STUBBLEFIELD: Okay, thank you very much.

CHAIRPERSON MENDEZ: Welcome. Okay, Mr. Garber.

JOSEPH GARBER: [off mic] Yes.

CHAIRPERSON MENDEZ: You are the next panelist, and the last panelist. We might even make it out of here before the, the next hearing starts. Come on up. [background comment] Oh, is that you? Is that why you're back? I just thought you came back for the end of the hearing.

COUNCIL MEMBER JAMES: [off mic] I did.

CHAIRPERSON MENDEZ: Oh.

[pause, background noise]

JOSEPH GARBER: Let me just catch my breath. [pause, background noise] Good afternoon, Chair Mendez, Members of the Council, Robert Jackson, Barbara Chin, Margaret Chin, and--

CHAIRPERSON MENDEZ: Oh.

JOSEPH GARBER: --Letitia James.

CHAIRPERSON MENDEZ: They married you guys.

JOSEPH GARBER: And members of the public, and NYCHA staff present. Good afternoon, my name is Joseph G. Garber. I'm a resident of, and a resident leader of public housing, first, and Douglas Houses from 1957 as a little boy, until 1976; and since 1976, to the present, God willing, I'm at Independent Towers of Taylor White Consolidation. First of all, I want to formally go on the record stating that Mr. Carlos Laboy is an excellent person for this position, because he has a unique background. When he joined NYCHA in August of 2010, as per the NYCHA bulletin--

CHAIRPERSON MENDEZ: Hold on, hold on.

JOSEPH GARBER: Yeah.

CHAIRPERSON MENDEZ: NYCHA person is here. Joseph Garber just gave a compliment to someone at public housing. Right, and it's on the record.

JOSEPH GARBER: I've given compliments before.

CHAIRPERSON MENDEZ: Oh, okay.

JOSEPH GARBER: I have, you were, even--

CHAIRPERSON MENDEZ: They've been far and few between, I don't remember them.

JOSEPH GARBER: No, no, I, people know me, I call it the way I see it. Okay, not everybody, okay, and Mr. Laboy, when he was the Managing Director for Mixed Finance and Asset Management, came around, I asked him to come and look at the construction. You see, this hearing today was excellent, you discussed the whole issue of mixed finance, it's quite complicated. I've read some of the SPs or GMs or other memoranda numerous times. I would suggest that the plan to preserve public housing do have a large section and codify. Also the director of the Department of Research, Management and Research Analysis, Ann Marie Flatley, should try to codify all the SPs, GMs, any other publication in one booklet, because if I'd be, let's say, an administrator, I would be confused and I would have no one source to go, to elicit all the documents. The New York City Police Department has a very good codification system of the numerous orders and directives that they publish. Unfortunately, I've tried to get NYCHA with a changed mindset, under Chairman Rhea, to try to look at the way you codify your SPs, GMs, and maybe change the names and do a different type of cataloging, but it's still not surfaced. But Mr. Laboy came out to Independence Towers of Taylor White Consolidated, and he was very unimpressed as far as the construction. So I don't recall, Chair Mendez, have you ever held a hearing on how the construction is coming along? Because you've done an excellent job, and it's shown by the testimony here, that--

CHAIRPERSON MENDEZ: Oh my god, two compliments today!

JOSEPH GARBER: Very, very--

CHAIRPERSON MENDEZ: Nice!

JOSEPH GARBER: --a very complicated issue, that should be codified, as you're doing a Ph.D. dissertation, try to eliminate, duplicate, duplication in memoranda. But however, as far as construction, leaves a lot to be desired. And I'm sure all of you Council people have heard it from your residents. And I, I have a follow up meeting scheduled with the operations staff. So, I, I only pray to God that Mr. Laboy will be able to devote a lot of time to the management aspect of the mixed finance, versus his duties as the DGM for operations. Because that alone, that alone which he's so far done a Herculean job, to take, to try to take this step much higher than the former DGM for Operations, Gloria Finkelman did. Okay? But it takes time from monitoring. So therefore, I hope that NYCHA, and please let the Chairman know, that Mr. Laboy needs additional staff from the mixed finance analysis and perhaps we could combine some units, if one goes back to what I've been talking about years, duplicate effort of staff units. I think we could take some of these units and put 'em under Mr. Laboy's control and remove other units that maybe not be under management or mixed finance. Okay. So, I think he's an excellent man. Now, I just want to, for the record, I've heard some Council people use the term "project." Okay, we're developments, we're not tenants--

COUNCIL MEMBER JAMES: [off mic] I said - -

JOSEPH GARBER: --we are residents--

COUNCIL MEMBER JAMES: [off mic] I

said development.

JOSEPH GARBER: Okay, but some people, I've heard testimony here. I've also heard some other people use the term--

CHAIRPERSON MENDEZ: You say potato, I say potato.

JOSEPH GARBER: Okay, now, there's a document which everybody might've forgot. There's a document, FY 2011 Capital Plan, okay, which I tried to look up some of the developments that were asked, I think Farragut, I couldn't find Farragut here; I'm going to have to look quicker for other developments. But this document should be FOILed. You can FOIL this. The official title is "New York City Housing Authority FY 2011-2015 Capital Plan, CPD Federal." So, living, living in a State development that was converted, I still don't have my lease from August 2010. So, they say you're following all rules, the lease that was prepared under a former manager, Barbara Grant, was, was in great error. I sent a copy to the Chairman, to the Law Department, to the IG, and I'm still waiting for a corrected copy. So, evidently something has fallen through the cracks.

Now every resident had to get a new lease, whether they were LLC I or LLC II. Okay? But I have not gotten a corrected lease, which technically makes me, makes me a nonresident. Okay? And I've tried since August of 2010 to get a corrected lease, and I'm not getting a corrected lease. And it's laying on somebody's desk. So there, this would be interesting for the Chairman to be made aware. Okay, now, let's talk about minute, minutiae. Now, there's some PHAS, Public Housing Assessment System, going on in developments that are under, that are under, okay, LLC I or LLC II. For instance, at Independence Towers, there's a PHAS going to start approximately May 9th. And you should see the way they're running around, fixing stuff, many of the things that I've surfaced for five, six months, and now somebody's noticing it. So, I think we have to look at the CCC component, if, if LLC I and LLC II, developments will be working as well as the other 330, total 334 developments. Okay, the key to maint--to maintenance, is the CCC. Now the CCC's a very good idea, I've always praised it, because you get a control number. But those jobs that have to be turned over to the development, when it comes to the development, it loses, it gets lots. Now, in addition, I've heard about the, dealing with the outstanding work tickets, that's a big problem. Mr. Laboy can, can solve it, he will go down in history. That is a big problem, but that is the key to the plan to preserve public housing. So I think we have to look in this and suggest to the Chairman that elements of the LL I, LL II, go into this, and the whole modernization program. An average NYCHA employee does not understand this, even. I mean, I could study, I've studied for many exams, my last exam was the Associate - - exam. I could study 35 documents, and I bet you if I had every document on the mixed finance plan, I would find contradictions. Okay, as I have in other, other NYCHA cons--Now, I'll give you a joke, but it's show you how bad it is. There's a Department called the Department of Communications. But when you call after working hours, (212) 306-3322, you get a voice mail, "This is the Office of Communications." Now, office and department, according to Concepts of Public Administration, are two different things. Now, let's go better. There's a, there's a unit in NYCHA called Office of Facilities Management and Administration. Yet, on the board calendar, under board calendar, okay, it states under "Submitting Department," when it's not on the - -

CHAIRPERSON MENDEZ: Mr. Garber?

JOSEPH GARBER: Yeah, I've tried to get--

CHAIRPERSON MENDEZ: Mixed finance is the topic that we're here for.

JOSEPH GARBER: Okay, fine, but I have, I have to show you mixed finance with the best finance, without the other entities, will still cause problems that the residents will have. We have to get--so, if you haven't called a hearing on the construction of the mixed finance, I suggest you do, because that's a story by itself. Anyway, I do have the highest praise for Mr. Laboy. Everybody has to get together, there has to be a partnership, residents have to be involved. And I would like to see, lately you have not attended the board meetings, especially-- Let me say this, a very good help to us on the mixed finance is the recent appointment by the

Mayor of Emily Youssef, because Emily Youssef came, not only she's a professor real estate, but she came from HDC. So, she could be a bolster to Chairman Rhea, and making sure that a proper financial transactions of mixed finance go to the highest level. So, I think we have to note that. All right? But other than that, I feel it's a step in the right direction. There has to be a follow up on, on capital projects, as far as the mixed finance. But they covered a lot, it's could be confusing, we got to get all the documents in one source. Thank you.

CHAIRPERSON MENDEZ: Thank you, thank you, Mr. Garber for, for more than five years coming to my hearings.

JOSEPH GARBER: And I question what, what is accomplished, because you, you've hardly listened to me. [laughter]

CHAIRPERSON MENDEZ: Oh!

JOSEPH GARBER: If I suggest something, you don't do it.

CHAIRPERSON MENDEZ: Oh.

JOSEPH GARBER: I'm - - with you. You - -

CHAIRPERSON MENDEZ: [interposing] Compliments can only go but so far, I should've known. Anyway--

JOSEPH GARBER: Well, - - not wondering - -

CHAIRPERSON MENDEZ: [interposing] I want to thank everybody else who's here, who stayed till the end of the hearing, especially I want to thank my colleagues who came, Robert Jackson, and Tish James, who are not Members of this Committee, who always come to the hearings, and always participate, and are there for my Public Housing residents, for all our Public Housing residents.

JOSEPH GARBER: - - said, I don't have.

CHAIRPERSON MENDEZ: Council Member Chin, you were hear from beginning to end. Thank you. [background voices] I'm going to put you in the corner with Joseph Garber. This hearing has come to an end, thank you very much. And thank you, Sergeant. What?

C E R T I F I C A T E

I, JOHN DAVID TONG certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature John David Tong

Date June 23, 2011