ROUNDTABLE DISCUSSION HELD BY
THE NEW YORK STATE SENATE
STANDING COMMITTEE ON HOUSING

ROUNDTABLE DISCUSSION ON

CHALLENGES FACING NEW AFFORDABLE HOUSING IN NEW YORK

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250 Broadway - 19th Floor
New York, New York 10007

January 25, 2012
Morning Session

PRESIDING:

Senator Catharine M. Young
Chair

ALSO IN ATTENDANCE:

Lorrie Pizzola
Senate Finance

Teresa Rosie
Housing Counsel
Office of Senator Young

ROUNDTABLE PARTICIPANTS:

Alison Badgett
Executive Director
New York State Association for Affordable Housing

Marc Jahr
President
New York City Housing Development Corporation

Jeffrey Levine
Chairman
Douglaston Development, Levine Builders

Steven Spinola
President
Real Estate Board of New York

Ron Waters
General manager
Nehemiah HDFC

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SENATOR YOUNG: Well, why don't we begin.

And I think you all know, but, I'm Senator Cathy Young, and, I'm so happy that you can be here today.

And, this really is building on something that I started last fall. Because I'm new as Housing Chair, I really wanted to understand the entire industry, extremely well, and also develop meaningful policies that the State can do that are very positive and constructive.

So, we started, as I said, last year with a roundtable, and we'll be having another roundtable this afternoon. But, this is a way to generate ideas in policy, but, as you know, I try to be very interactive and accessible. And, anytime you have a question or a concern or an idea, I want to hear from you.

So, I really, truly appreciate you being here.

As you know, housing is an economic engine for the state. We need -- the most critical issue we have is rebuilding the economy, and I know you're on front lines of that, so I look forward to hearing your comments.

Now, what I've found since I became Housing

Chair, is that, usually, everybody in housing knows everybody else. It's really, and truly --

You're saying yes; right?

-- it's a community.

But, I thought we could go around the room so people could introduce themselves, just in case.

STEVEN SPINOLA: Yeah, I'm Steven Spinola, president of the Real Estate Board of New York.

JEFFREY LEVINE: Jeffrey Levine, chairman of Douglaston Development, Levine Builders, a member of -- founding member of NYSAFAH.

SENATOR YOUNG: See, proves my point perfectly.

ALISON BADGETT: Alison Badgett, the New York State Association for Affordable Housing.

RONALD WATERS: Ron Waters, general manager for Nehemiah HDFC.

MARC JAHR: I'm Marc Jahr, president of the New York City Housing Development Corporation.

SENATOR YOUNG: Very good.

So, there are some good things going on, on the state level.

The Governor doubled the tax credits, which I think is very important. We're trying to figure out how much on the dollar it would return.

And, as you know -- as you may know, I have legislation on a refundable tax credit that we're moving through the Senate, because that would draw more out-of-state investors and trigger more projects.

So, that's going on. I would love to hear your thoughts about that in this discussion, but, before I start, does anybody want to say anything?

No, not yet.

Okay.

Well, the way I've done this, is that --

STEVEN SPINOLA: We won't be shy.

SENATOR YOUNG: That's good. I have every confidence in you, Steve.

The way that we've run these, is that, we just want people to contribute.

I've held many hearings in my day, in the Senate, and the Assembly, and I like this format better, because you really can get some creative ideas and good dialogue going.

So, that's really what I'm hoping to do today.

But -- and by the way, does everybody know these people over here on the side?

This is Lorrie Pizzola, who works for

Senate Finance. And, she was one of the deputy commissioners at HCR for many years, and she has great knowledge.

Teresa Rosie, my Housing counsel.

And, that guy, I forgot your name.

Oh, Joe Rosenberg.

JOSEPH ROSENBERG: Joe Rosenberg, special counsel to the Governor.

SENATOR YOUNG: I was just teasing. You know that.

He comes to see me quite frequently.

JOSEPH ROSENBERG: But I'll be the straight-man.

[Laughter.]

SENATOR YOUNG: I'd like to start by talking about new construction of affordable housing. And, I wanted to get your ideas on what some of the barriers associated.

JEFFREY LEVINE: Oh, oh, oh.

SENATOR YOUNG: Good!

[Laughter.]

SENATOR YOUNG: I bet you sat in the front row in elementary school.

JEFFREY LEVINE: Oh, yes.

STEVEN SPINOLA: We put him in the front row

at our meetings.

JEFFREY LEVINE: The biggest issue that we have always faced in affordable housing, is the issue of the labor being used to construct affordable housing.

There have been lines of demarcation. Typically, low rise, low-density, have always fallen, much to the chagrin of the unions and their political supporters, to the non-union trades.

The differential in cost was just too much for anybody to consciously bear. There's probably a 25 to 30 percent cost differential between union prevailing wage -- I lump them into the same category because they're generally one and the same -- versus non-union.

So, the community constituents are very much in favor of non-union because, number one, many of the non-union trades typically resemble the people in the community, in terms of color and race, and, more housing is produced, on a non-union level.

So, the sword rattling over having prevailing wages be necessary in connection with almost any subsidy, you know, as we see now with this "living wage" bill, which, for -- what is it? -- a million dollars in subsidy will trigger a living

wage for the construction employees, but not for the future tenancy.

If we continue to move in the direction of prevailing wage for affordable housing, I think it will very limit our ability to create.

SENATOR YOUNG: Okay.

STEVEN SPINOLA: As it relates to that, part of the problem with the concept of prevailing wage, is that, number one, it's in the hands of the chief financial officer, which happens to be the Comptroller of the City of New York. And, he has to decide it based on the five boroughs.

So as a result, the prevailing wage is what Manhattan tends to pay.

So whether it's the prevailing wage for maintenance of buildings, or for construction, where, if you said, Okay, we're going to look at what the prevailing wage is in Williamsburg, or in Bushwick, you're going to have a very different number.

And, yet, I think the law backs up the way it's being done now; although, there is a lawsuit pending against the Comptroller, over the fact that he just looked at a -- on moving companies, that he just looked at a particular union, and didn't do a

survey.

Because, if he did a survey, I think the law says you have to be at least 30 percent of the market.

Well, you can't say that -- what it -- you can't maintain a building in Manhattan -- well, you can maintain a building in Manhattan with prevailing wages, but not if you're getting, 15 bucks, or 20 bucks a foot in an office building in Brooklyn or Queens.

And, so, one of the things that could be helpful, and maybe deal with this prevailing-wage issue, is to change that definition so that it's a smaller geographic area, because some counties outside of the city maybe have prevailing wages, but it's -- if there's a town comptroller, it's based on that township.

And, so, it's a much more realistic number that you're putting forward.

JEFFREY LEVINE: If I could say, on a national level, you know, it's really interesting that there has not been a HUD-financed project, on a residential basis, in New York, other than 232 nursing homes and 202 senior citizen facilities, which are deeply subsidized, because the

prevailing-wage requirement and the statutory limits do not work in New York City. So, we have not been a beneficiary of any federal.

We'd think, with our friend Sean Donovan coming from our backyard, there'd be a focus on New York, but they really just is unable to do that.

I will also say, that the unions recognize that they have lost the affordable low-rise, low-density sector of the market. And they are making strides to try to get back into it, but, this prevailing-wage issue will further confound that.

ALISON BADGETT: Senator, the issue that Steve brought up, setting a prevailing-wage rate based on Manhattan, that negatively affects the surrounding area, that actually applies statewide.

So you have, around Rochester, for example, Rochester is the -- you know, the hub of where prevailing wage is set, which negatively impacts communities around Rochester where the wages just can't be the same.

And that's a state law that was passed in the late '80s.

SENATOR YOUNG: Okay.

MARC JAHR: You know, if before directly

addressing this issue, if I could just step back, Senator, and --

SENATOR YOUNG: Sure.

MARC JAHR: -- thank you for all of your support for affordable housing in New York City and the state.

And also thank you for your support for HDC.

I know that -- I think the prior legislative session, or the most recent one, you supported our extender. You helped increase our bond cap.

All those are critical if we're going to stay in business.

And, in this last session, you know, you played a -- you drove the legislation that rolled certain powers in housing in New York into our statue. It clarified our ability to do subordinate lending, which was very critical for us, going forward.

We've done over a billion dollars to supported loans on our bond deals, and it provided us with power to get guarantees that we didn't have in the past.

So, all that's given us additional tools that allows us to do our job more effectively, and none of that would have occurred without your support.

So, I just wanted to state that at this point.

I should also add, Steve, I think you're aware of this, and, Jeff, that legislation was passed that allowed for the direct sale of bonds to qualified lending institutions.

And, once again, you played a central role in that.

And these are, you know, at a time of austerity, the more tools we have to play with, the better off we are.

And, these are all tools that really have expanded our ability to do affordable housing, and when it's most desperately needed in New York City and the state.

I want to focus, just briefly, on a different dimension than the issue of prevailing wages, as important as that is. And I understand its importance.

But, I think it's important that people understand the context that the City is working within right now, and the state; and that is a context of drastic cuts at the federal level, their subsidies for affordable housing.

And by "drastic," I mean, in New York City,

essentially, a $58 million cut in our home -- a 58 percent cut over two years in our home budget. And that translates into, overall, including the admin, a $65 million cut in what's available under "home," for affordable housing.

And, at the same time, an enormous -- well, not quite as big, but still an enormous cut in CDBG funds, which affects, obviously, not just the city, but the state and local municipalities throughout the state.

And, we understand that, again, we're in a period of time of substantial budget deficits, but one could argue that these are "penny wise, pound foolish" cuts that are gonna translate, not just into fewer affordable-housing developments and units in the city and in the state, but also, you know, draining economic activity out of our neighborhoods.

You know, I was pleased when you joined me, and went up to the South Bronx, and looked at developments there. It's a spectacular revival that's occurred there.

And it couldn't have occurred without the State's commitment and the City's commitment, but also the federal.

And, reduction in federal support that's going on right now is going to be -- you know, impinge on our ability to do the work we want to do.

SENATOR YOUNG: Are you formulating a strategy to deal with this right now?

MARC JAHR: You know, we've had conversations with folks.

Currently, you know, at this point, I think we just want to stanch the hemorrhaging. It's not so much that we don't expect that they're -- there are going to be restorations of funding at the federal level. But, we do want to try to slow the attrition in those funds.

And, then, you know, explore all the other means that we can do to, you know, bring additional resources, or better-priced resources, to the arena, to benefit developers, like Jeff and his colleagues, and, you know, the constituency of [unintelligible].

So, you know, there's a whole range of activities, or actions, I think we can take. And we're going to, you know, look at everything. I mean, everything is on the table right now, when it comes to figuring out solutions to, you know, addressing affordable-housing units.

ALISON BADGETT: I think it's particularly important, on the federal level, to focus on the tax credit, given tax reform will come up.

It's very important that we actually educate our New York delegation members on how important this program is.

MARC JAHR: Yeah, I mean, you know, we're very lucky in New York City, certainly. This is a hot spot -- a Community Reinvestment Act hot spot.

We have the best pricing for tax credits -- low-income housing tax credits in the United States.

Last year, in 2011, our pricing averaged 99.5 cents of -- per credit.

I'll give you an example.

At the height of the [unintelligible] of the financial crisis in '09, our pricing was down to about 82 cents on the credit.

So, it's rebounded significantly, and that's meant more free money; basically, federal subsidy, into our deals.

Right now, Congress, you know, there -- there's a -- the not -- what's called a "9 percent credit" was fixed for a period of time.

That fix is lapsing. And having it

sustained, going forward, as opposed to floating -- the credit floating, the rate on that floating is really important.

I think in all our work, you know, regardless of the type of housing we do, or the type of financial business we're involved in, certainty is really critical; particularly certainty in an era of volatile markets.

And, so, fixing the nine is --

STEVEN SPINOLA: Why is the New York City numbers so much higher?

MARC JAHR: So much higher?

I think there are two reasons. Fundamentally, two I'd look at.

One is: It's a CRA hot spot.

By that I mean, we have major financial institutions that reside in New York City, and have huge assets here.

And, while the Community Reinvestment Act doesn't provide quotas or numbers, or dictate to a bank how much they should invest, or not, in a particular area, or when to lend in a particular area, there are benchmarks, and it drives the banks to look, because they have such big asset bases here, at New York City in particular, but also

in the surrounding area, when it comes to investments and lending activity.

That's one thing.

The second thing is, I think this is a very safe environment for lending. We have a strong right -- you know -- we have --

JEFFREY LEVINE: Well, very low vacancies in New York --

MARC JAHR: -- we have an enormously strong rent in the market.

JEFFREY LEVINE: -- on the affordable sector --

MARC JAHR: -- you know, on the affordable side, and on the market-rate side, very low vacancies, so you don't have that risk on the lease upside.

But on the other hand, I think there's an understanding on the part of investors, that the City and State will back their deals.

That -- that, when push comes to shove, if there are problems, the City is not going to walk away, and say: You know, that's your problem. Take your losses. Too bad.

That doesn't mean that we're going to dump money into deals, but I think there's a

recognition that there's a sophisticated government commitment to housing being sustained over a long period of time.

JEFFREY LEVINE: In following up with that, the reality is, that New York City -- forgive me for shining the apple -- but, HPD; and, Joe, HDC; HFA, at the state level --

MARC JAHR: Yep.

JEFFREY LEVINE: -- are as expert at creating affordable housing as the rest of country together.

And we end up sucking back the excess of credits that are not utilized in many other cities, which, in some sense, hurts us at times, because we get a disproportionate amount because we are so good, as an --

MARC JAHR: I think that era of good times.

[Laughter.]

MARC JAHR: -- [unintelligible] has disappeared.

But I think there is a recognition on the part of investments, you know, and the syndicators, that this is a -- you know, a relatively safe environment compared to other parts of the nation, for a variety of reasons, but not the least, because government is committed to

affordable housing.

And, I think that leads to better pricing than what you're going to find in other places. You know, you don't have that discount for risk.

ALISON BADGETT: Even though that's a federal issue, it's very -- we have a lot of new delegation members.

MARC JAHR: Yep.

ALISON BADGETT: So I think it's important for us all to communicate how important the credit is to New York's economy.

MARC JAHR: And, you know, the increase in the state credit, that I think -- I believe was enacted in this past session, I think, again, is -- it gives us another additional, you know, amount of resources to address the affordable-housing needs in the state.

It's been used in the city. It's not as rich a credit or priced as highly as the federal credit, but, it complements the federal credit in really nice ways.

And I think one of the great advantages of the state credit, is that it allows you to go higher, in terms of the eligible income of the -- of people living in units.

So you can go, I think, to 90 percent of median income for credits -- for the state credits.

One of the things -- one of the pieces of legislation that I think were introduced at the federal level -- it was in the HUD's budget last year, the President's budget last year, and maybe this year, we hope it will be. We know they're committed to it. -- is what we call "an income averaging," or, "mixed-income tax credit"; a credit that would allow investors to take the full basis on projects, where 30 percent of the units are at or below 30 percent of median, let's say, a third are at 60 percent of median, and a third are at 90 percent median income.

And we think that that makes a lot of sense, because what it's going to do, is help to promote economic diversity within projects; it's going to remove a lot of the complications of doing mixed-income deals when you use tax credits; it's going to be more efficient; and, in fact, works for rural areas as well.

I've had a number of conversations with people in the Midwest, including the head of the Nebraska Housing and Finance Agency. Good guy --

SENATOR YOUNG: In my district? We're in the midwest.

MARC JAHR: I went to Buffalo. I'd say, "It's the Midwest."

You know, I grew up in Wisconsin. "It's the Midwest."

You know, and the problem in rural areas is they're thinly populated. You know, density's pretty low.

So, from an investor standpoint, what they see is a lot of market-rate risk. You know, that -- you know, you can't be certain about the lease of the projects; as opposed to New York City, where, you know, you build it, they come. They come, thousands come.

But, in rural areas, it's more complicated.

And, so, I think, for that reason, as well as others, but for that reason, there's a big steep discount when it comes to pricing the credits.

And, so, in rural areas, and let's say, out in Nebraska or Kansas, they see this sort of mixed-income model as expanding the tar- -- the band of eligible applications for a project; and, therefore, reducing the amount of risk.

And they -- and we think, and they think,

folks out in rural areas, that the credit will be priced higher; because, right now, there's a huge differential between the credits, like, say, in New York City, how to price, and how to price in the rural area.

SENATOR YOUNG: Right. Exactly.

MARC JAHR: So, we think this is a way to address, not just urban needs, but also rural needs.

And it's a nice coalition there that we think we can put together on the federal level.

SENATOR YOUNG: Great. Fantastic.

ALISON BADGETT: Can I make one more point --

SENATOR YOUNG: Yes.

ALISON BADGETT: -- on obstacles to new construction?

Definitely, state subsidy. Subsidy levels have been even for 12 years now.

SENATOR YOUNG: Okay.

STEVEN SPINOLA: Well, I don't think that ends the obstacles.

SENATOR YOUNG: Yeah, keep going.

STEVEN SPINOLA: Well, look, the bottom line is, Jeff, or any other developer, is going to build something if there's a reasonable rate of return, and the risk is not something that tells him he's

out of his mind.

All right?

So -- and, we'll build anything.

I mean, and the problem is, that you can't afford it.

Now, there is a bunch of reasons.

Jeff says labor is, clearly, one of them.

Land costs is also a problem. And, in some cases, it's more advantageous to an owner to keep it as a ground parking lot than to sell it in a down market.

So, even though this Administration thought that land prices would dramatically drop when we hit a recession, well, they really haven't. I mean, they've come down, but it's not --

JEFFREY LEVINE: But it's really very funny, where land prices are concerned, we have a situation which is similar to derivatives in, say, oil, or commodities.

There are nuts-and-bolts builders who want to buy dirt like a farmer, to build a building, and to raise a crop.

And then there are speculators, and land, who come in because they believe that the market is moving up, and they start to buy the land in

anticipation.

And, when they're right, they have great leverage and make a lot of money.

When they're wrong, they give it back to the bank.

STEVEN SPINOLA: Right.

JEFFREY LEVINE: But, either way, we don't have it to develop it.

STEVEN SPINOLA: And then there are some who will just keep it --

JEFFREY LEVINE: And affordable was the same.

If you remember, we tried to create that organization years ago, which was a fund to help purchase land so that it could be tied up --

MARC JAHR: Yep.

JEFFREY LEVINE: -- for affordable development.

MARC JAHR: Yep.

STEVEN SPINOLA: So -- so, and then you have to throw in the issue of taxes, which --

SENATOR YOUNG: I knew you were going to say that.

STEVEN SPINOLA: -- well, I mean, a rental -- you know, rental apartment buildings, basically, are being killed.

The 80/20s are now being -- are paying 30 to 35 percent of their gross income, in the form of tax -- or, they will be paying it, when the abatement period is over.

JEFFREY LEVINE: Well, new rentals would have tax abatements.

STEVEN SPINOLA: And new rentals.

And I'm told that even older portfolios.

One of the more established families, I won't mention who, who hasn't built an 80/20, ever. And when we were talking in the meetings about, 30 -- 30 percent, he went back and said, "What are we paying?"

And, he's got an old portfolio. He was paying 30.3 percent of his gross income to taxes.

JEFFREY LEVINE: If you rent, with today, typically, is $60 a square foot.

Okay?

You're talking about having a figure of $18 a foot, in taxes.

So, for a 1,000-square-foot apartment, you're talking about 18,000 for a typical two-bedroom.

STEVEN SPINOLA: For a new building.

JEFFREY LEVINE: Eight for a new building.

I said I'm changing the name of my

development company to the "Sheriff of Nottingham," because all I am is a tax collector. And, we don't have a future in real estate as tax collectors.

STEVEN SPINOLA: And that -- and that moves to a different problem, which, basically, the question of fairness of taxes. And, basically, income-producing properties are the source of paying for the city services, whether that's office or rental apartment buildings.

And they are the ones who continue to pay at this high level. We're talking to the City about it.

Politically, it's -- it is probably an impossible thing to really deal with, because, Marty Golden is not going to want to affect his people in his district because we're paying 35 percent somewhere else.

But that brings us back to the -- so what do you do about it?

And, what do you do, is, you play around with -- you know, I'll make the argument, that, you know, sometimes, two wrongs do make a right; because, if you've got a bad program, but you can eat into it, by coming up with, quote, an incentive program, or, some kind of thing that triggers new

development, new jobs, and helps that building.

They've changed the 421a, a few years back, especially going -- excluding Washington Heights and Inwood from getting 421a benefits, because it's a -- I guess, a prime area to build housing, just made no sense at all.

And that was a combination of, initially, City action; and then -- and, then, the Assembly side saying: Well, if the City can restrict it, then we can restrict it more.

And, went around and asked local Assembly members: Do you want to -- do you want to have more affordable housing in your district?

And when they said "yes," they said: Okay, we're going to exclude 421a from being available in those areas.

Well, that doesn't give them more affordable housing, because, nobody's going to put 20 percent low income in Inwood, because the rents on the market rate don't work.

So, it -- the bottom line is, that, it just costs more to build housing for the income level that we're talking about, than they can afford.

And, so, there's no magic to what the answer is.

The answer is: You bring down the costs.

Well, you can bring down the cost by building non-union. You can bring down the cost by buying material at the right time, or a lot of it all at once. And, you can bring down costs by having incentive programs, or tax programs, that help you to do that.

So, there's no -- again, my members will build as many housing units as you want, as long as, reasonable return, and the risk is not crazy.

And, the widening the band takes away the risk even more.

I mean, you know, one of the complaints we get about the 80/20s is, the ban is too narrow. And that it's difficult, sometimes, to actually --

JEFFREY LEVINE: Actually, it's an incredible process.

STEVEN SPINOLA: Right.

JEFFREY LEVINE: We can get 10,000 applications for 80 apartments, and, we have to go through most of those 10,000 to fill those 80 apartments because of the narrowness of the band at those the lower economic stratas.

STEVEN SPINOLA: And what is it? Is it -- what's the -- was it -- 40 -- 40 to 50 percent?

MARC JAHR: [Unintelligible] well, it's out of a low 50 on an 80/20 --

STEVEN SPINOLA: 40 percent of median. 50 percent of median.

MARC JAHR: Most of the deals we do are out of low 60 percent of median, which is, about, I think, 48,000 for a family of four, you know.

You know, frankly, we're very good at building housing for folks at or -- basically, between 55 and 60 percent of median. And then -- on the affordable size.

Above 60, takes enormous amounts of subsidy, you know, because we don't have the tax credit. We don't have a federal subsidy.

Below 55, takes an enormous amount of subsidy, because the -- then the rent, you know, what people can actually afford to pay, is -- is really minimal.

So, trying to figure out ways to go above and below is kind of the trick here. And, again, the state credit is very --

ALISON BADGETT: So, it comes forward for the families --

MARC JAHR: -- [unintelligible] addresses the 90 percent.

ALISON BADGETT: Right.

SENATOR YOUNG: Right.

MARC JAHR: And getting some tweaks in the federal credit would be really helpful too.

STEVEN SPINOLA: And, I know this is generally not a popular statement to make, because it's a concept of trickle-down, but the truth is, that if we can build more housing of any income, it will increase the supply.

SENATOR YOUNG: Right.

STEVEN SPINOLA: There is still truth to the fact that supply and demand matter, and it does set up some kind of pricing.

And one of the issues that the Supreme Court may take, the rent-regulation case -- I don't know if they will -- but one of the issues is: How could you argue that you have a temporary solution for a 65-year problem, that, in effect, in part, the rent regulations has helped maintain, or made worse, because of the limitations on it.

And I'm not a big believer that rent regulations has stopped Jeff from building.

It did at a certain point of time. When we got vacancy decontrol, it opened up, and more national companies came in, and were willing to deal

with it.

But, I do believe that you can't pretend that we have a solution for housing that's 65 years old, and we have a vacancy rate for under $1,000 -- I mean, it's amazing, how many apartments -- we have over a million -- I think we have a million apartments that rent at --

MARC JAHR: Rent regulated.

STEVEN SPINOLA: -- at -- at -- no, but that rent at less than $1,000 a month, which is an amazing number.

Now, the problem is, you know, we only have 900 -- and, I'm sorry -- we only have about 904,000.

The problem is, we've got over a million people who, at 30 percent of their income, would require that kind of rent.

So, we're -- we got a shortage of, somewhere between, two and three hundred thousand of affordable units.

Now, you throw in the underground cash world, and maybe that number isn't so -- so big.

JEFFREY LEVINE: And the illegal apartments, you know, too.

STEVEN SPINOLA: Yes.

SENATOR YOUNG: Right.

STEVEN SPINOLA: Which they should all be locked up.

SENATOR YOUNG: Ron, you've been quiet.

RONALD WATERS: Well, I'm at the low end of this conversation, as to what we do at Nehemiah HDFC.

We're a pure non-profit organization. We don't make any money on anything we sell, but, we are having trouble, now, keeping it affordable, because of the increase, in anything: Costs of construction. The neighborhood's economy; particularly, where we're working at present, is in District 5 of Brooklyn. It's quite a low-income area.

What we're trying to serve this area, the community and itself, we're finding it very difficult to find people who can afford to pay the necessary monies for the affordable housing.

The term "affordable" is going out of our picture. We cannot keep up with that.

It's a desperate scenario, and we're looking for every which way, as you mentioned, to get the costs down, or control them.

Very difficult.

Construction just goes up. No matter what

causes it, it goes up.

We use a combination of union and non-union on the site. We do all our work in a module plant in the Navy yard. It's certainly a union shop.

When they come out these modules to the site, we have to use some non-union people to put the nuts and bolts on it, and finish it up.

STEVEN SPINOLA: So that's non-union?

RONALD WATERS: Non-union, combined with the union --

STEVEN SPINOLA: Union inside.

JEFFREY LEVINE: Union on the inside is a union which is much more favorably priced, which is important, which is the direction that the unions continue to be --

STEVEN SPINOLA: I think it's about a 40 percent savings.

RONALD WATERS: Well, we also see the advantage of doing module work in an enclosed place, for weather conditions, et cetera. We can move much more quickly than a stick-built job.

And, also, build concrete/steel structures instead of wood structures a lot safer.

But, really getting to the economic side of it, as I said before, the jobs are just not there.

We had a lottery recently, of -- we received 12,000 applications -- requests for applications.

MARC JAHR: This is for a rental project? Or for --

RONALD WATERS: No, we don't rent. Everything is home ownership, one-, two-, and recently, two-, three-, family homes. Row houses.

MARC JAHR: And are your -- are applicants able to get end loans?

RONALD WATERS: We make sure they get end loans. We have a very good organization; a very good bank helping us, but they're getting a little tighter now than they have ever been before. It's getting more difficult.

It's taking more time to do everything, including, getting our construction-loan setup, the end loans processed. And it's taking so much time, that it's costing us more money just to operate.

And we're -- as I said, we're a non-profit. Everything, extra costs that we have not anticipated, kills us.

It really is --

SENATOR YOUNG: Are the federal regulations hurting the process?

RONALD WATERS: We don't get involved with federal funding, if we can avoid it.

SENATOR YOUNG: But, on the banks and the lending institutions?

RONALD WATERS: The banks are actually been -- very basically, we go through M&T Bank, if I can mention names, and they process it through Sonny Mae. Sonny Mae underwrites almost all the loans.

I would prefer that M&T do that, but, for some reason, they don't want to use their own funds. Maybe it's more difficult for them. I don't know the ins and outs of the M&T operation, but, they've been very good.

They are the only ones that stuck by us when 2008 came along, everything collapsed.

HSBC, ran that way. And, Chase, that way --

JEFFREY LEVINE: Closed up their home loan --

RONALD WATERS: -- or Wachovia, everybody ran. All of a sudden, everybody ran --

JEFFREY LEVINE: Now, I see Met Life is getting out of the business too?

RONALD WATERS: -- it was impossible to get money from any bank, other than M&T. They really stood by us, and --

STEVEN SPINOLA: That's good. It's an upstate bank.

MARC JAHR: You know, I think --

RONALD WATERS: Albany.

Albany, Buffalo.

STEVEN SPINOLA: Buffalo, yeah.

MARC JAHR: I think the recent federal legislation, like Dodd-Frank, and other regulations that are either in process or being [unintelligible], it's diff- -- it's un--- from my standpoint, it's unclear how that's going to play out in the home-mortgage market.

There are certain things, definitions, quote/unquote, qualified residential mortgages, and things like that, which, actually, the way regulations are being drafted could make it very difficult for low- or moderate-income prospective homebuyers to actually get financing.

So, I think there's a lot of work that needs to be done in that area, to ensure that the market remains a market that, you know, qualified buyers can gain access to.

Because, right now, putting aside all of regulation, the banks' underwriting standards are very stringent, whether in New York, or upstate in

your district, you know, when it comes to a home mortgage, it's a real slog.

JEFFREY LEVINE: Have you read "Reckless Endangerment"?

I'm sure you must have.

MARC JAHR: Nah, I didn't read "Reckless Endangerment."

JEFFREY LEVINE: Okay, okay.

It's -- you know, it's Morgan --

What's her name?

Gretchens -- Gretchen Morganstern.

MARC JAHR: Gretchen Morganstern, yeah.

JEFFREY LEVINE: Right, yeah.

-- and it goes, at length, as to how wrong we went in the home-mortgage business.

MARC JAHR: Uh-huh.

JEFFREY LEVINE: You know, we won't get into placing blame, there's plenty of blame to be placed, but now we're overreacting completely the other way.

You know, banks will not make loans. They -- appraisers will not make proper appraisals.

They are all afraid to repeat the crimes of the past years.

MARC JAHR: So, you know, I think we've

slowly worked through, on our side, the backlog of affordable cooperative units, for instance, that had to be marketed and sold.

There remained some.

There's some deals, where, you know, stuff that was built three years ago, still hasn't sold out.

JEFFREY LEVINE: Rockaway.

MARC JAHR: And it's very, very difficult, but we're kind of reaching the end of that.

We haven't -- we had a program to do cooperative lending for co-ops in New York City, which, you know, we shut down.

I, frankly, thought it was better that HPD do condominium lending, as opposed to co-ops.

But, putting that aside, the market evaporated, and there's little point in having a product on the market that -- that banks aren't going to finance, and you couldn't get the end loans for anyway.

This has been a tough time.

STEVEN SPINOLA: Why did you cut back on the three-family homes?

I'm just curious.

Was it because --

RONALD WATERS: Couldn't sell them.

STEVEN SPINOLA: Could not sell them?

RONALD WATERS: Could not sell them.

People did not have the resources to buy, and put -- to put the assets in.

STEVEN SPINOLA: Because the City also dropped it from eligible for 421a.

RONALD WATERS: Yeah.

STEVEN SPINOLA: And -- and which I thought was a mistake.

I argued; I lost the argument.

But, on the theory, that, at least with two apartments --

JEFFREY LEVINE: You had the rent.

STEVEN SPINOLA: -- you had income coming in.

JEFFREY LEVINE: Yeah, the psychology of those apartments today, might be that, in fact, you have a higher vacancy factor to carry in those units --

STEVEN SPINOLA: Because, even those units --

JEFFREY LEVINE: -- [unintelligible] need more optimists -- more optimistic, yes.

STEVEN SPINOLA: Wow.

RONALD WATERS: We do require a down payment.

STEVEN SPINOLA: Right.

RONALD WATERS: And based on --

STEVEN SPINOLA: What is it? Is it, five, or is it --

RONALD WATERS: 5 percent --

STEVEN SPINOLA: 5 percent.

RONALD WATERS: -- of full purchase price.

And, we found that nobody could afford the three-family.

We tried to sell it, but, if they don't meet the demands of the dollar sign, you can't sell it.

JEFFREY LEVINE: Yeah. Yep, yep.

RONALD WATERS: And --

STEVEN SPINOLA: Now, did you do -- is yours Arverne? Did you do Arverne?

RONALD WATERS: No, no.

MARC JAHR: East New York.

JEFFREY LEVINE: He's east New York.

STEVEN SPINOLA: East New York.

RONALD WATERS: East New York.

And, right now, we're working on a Spring Creek program, right near Starrett City; Fresh -- Spring Creek.

JEFFREY LEVINE: I built Fresh Creek, at Starrett, years ago.

RONALD WATERS: I'm sorry?

JEFFREY LEVINE: I built Fresh Creek, at Starrett, years ago.

RONALD WATERS: But, just to illustrate, going back, we had this lottery, for sale of the -- for people to apply for applications, because, 12,000 responses, and, in this program, and we've actually sold about 200.

And the rest did not qualify.

SENATOR YOUNG: Wow.

JEFFREY LEVINE: That's 1 1/2 percent?

RONALD WATERS: Did not meet --

They -- well, they don't -- they didn't read the lottery requirements.

STEVEN SPINOLA: No, they saw the opportunity --

RONALD WATERS: The first --

STEVEN SPINOLA: -- and they just applied.

RONALD WATERS: The first -- yeah, right.

And the first time homebuyer, you know --

STEVEN SPINOLA: Right.

RONALD WATERS: -- they didn't consider that; to stay in the home, as their primary residence? No.

A bad credit history? That's the killer with

all of it.

Bad credit history in the community, and that kills us, really.

STEVEN SPINOLA: Have you ever explored -- and this may make no sense at all -- but, the idea of, in lieu of the 5 percent, that it's a rent-to-buy scenario? That, in effect, people start paying rent, and some of it goes towards a down payment after a period of time?

It may make no sense at all, I don't know, but --

RONALD WATERS: We've been offered, I guess, all the fed programs, to -- for closing costs, so that it comes to zero down payment.

SENATOR YOUNG: Right, with the --

RONALD WATERS: But we don't believe in that, my sponsors, the churches.

The East Brooklyn Church, they don't believe in that. They believe people will work, and improve their community, and --

STEVEN SPINOLA: I don't disagree with that, but --

RONALD WATERS: -- take -- you know, if they have money invested in the property.

And that's always been the way they work.

And this dates back to the early '80s. I believe that we've finished, about, over 3,000 homes, mostly one-family. They seem to go very nicely.

STEVEN SPINOLA: The one-families?

RONALD WATERS: One-family. Single-family.

They seem to like that better than the two-family.

I have two-families I have difficulty selling right now.

STEVEN SPINOLA: And that's still because of the 5 percent down payment, or --

RONALD WATERS: I don't think it's that.

No, I think the leading problem is going to -- is the credit history.

And most of this -- yes, some things can be dealt with in a different way. But, the credit history, you don't meet it, you're gone.

And, particularly with Sonny Mae vetting everything.

Sonny Mae, even more -- well, I shouldn't say that. We're just as tough as Sonny Mae when it comes to our processing.

But, Sonny Mae, they will not allow it.

If somebody makes $100 a year more than the

ceiling, which is, I think, about 105,000 --

STEVEN SPINOLA: They'll reject it on that reason.

RONALD WATERS: Yeah, yeah.

SENATOR YOUNG: They're very strict about that.

MARC JAHR: You know, on rent-to-buy, or lease-to-buy, you know, it's an idea that never has really caught on. It's been discussed. It wasn't needed during the bubble -- during the boom and the bubble.

I think, now --

STEVEN SPINOLA: That's because we were giving people money.

MARC JAHR: -- but now it's kind of interesting. You know, there's a thrust right now --

JEFFREY LEVINE: Yeah, but there's a problem.

MARC JAHR: -- the Federal Reserve Bank is -- is, in the last, three months, four months, I think the fed made it a strategic decision that it would be very vocal about the issue of the housing markets in the United States. Very vocal. And very aggressive about saying, you know, proposing possible ways to address the issue of, you know,

the depressed single-family housing market.

So, the head of the New York Federal Reserve Bank, Bill Dudley, has given a couple of speeches on this.

Elizabeth Duke, who's the governor of the Federal Reserve, has spoken on it.

There's another governor out in, I don't know, maybe it's Philadelphia, also spoke about it.

So the fed has really emerged from the shadows, in some respects, on the issue of housing policy, and has been very, very forceful about saying we have to find some solutions to this problem.

Because, I think they have concluded, and I think people should have concluded this a long time ago, that there will be no solution to the overall problem of the economy without a solution to the depressed housing market.

But it's not just those individual homes and all of the homeowners under water, but it's the fact that, you know, you build a home or you rehab a home, you know, it's not just the house that's being built. Suddenly, you need a new stove, you need a new refrigerator. You know, there's a multiplier effect here that's enormous.

So the fed, I think, has recognized that, and has proposed a variety of things.

One things that's catching on right now, and it's at every level, and certainly at the federal government, is a notion of aggressively renting single-family properties. Selling them, bulk sales, to investors, and --

JEFFREY LEVINE: Right, the government should do it itself.

MARC JAHR: -- and renting. And, then, those investors renting those properties.

And that might make a lot of sense, but, the one caveat I'd have, and this is where it dovetails with what you were suggesting, is that the history of absentee owners of single-family homes is not a particularly good one.

SENATOR YOUNG: Right.

MARC JAHR: And that's not necessarily a criticism of the absentee owner, but property managing scatter sites, single-family homes, is brutal. The costs of that is enormous.

So, you know, at the end of the day, you're weighing the cost of maintaining that property versus the need for return. And maybe the maintenance gets short shrift in that process.

STEVEN SPINOLA: Yeah.

MARC JAHR: I think that type of proposal would make more sense if there's that back-end option, where the person who's renting --

STEVEN SPINOLA: You know, the problem with rent-to-own --

MARC JAHR: -- has that incentive to maintain --

JEFFREY LEVINE: The problem with the rent-to-own --

MARC JAHR: -- the property themselves, because they could potentially --

JEFFREY LEVINE: The problem with the rent-to-own in liberal traditional states, like New York, where landlord-tenant court seems to be very much in favor of the tenant, is, once they're in that space, if they don't elect to buy, you have a regulated tenant who's subject to the laws of the land, which make it very difficult.

MARC JAHR: Right.

STEVEN SPINOLA: Well, but you're --

MARC JAHR: [Unintelligible] single --

STEVEN SPINOLA: -- but you're a single-family home. You're not. You wouldn't be.

MARC JAHR: But the single-family, it's not

subject to stabilization. Or one to three units is not subject to stabilization.

STEVEN SPINOLA: Yeah, right.

I mean, you don't know what a judge might say, but --

MARC JAHR: Yeah, right.

SENATOR YOUNG: Uh-huh, right.

STEVEN SPINOLA: -- but, under the current law now, it would not be.

I mean, and you're right; if you've got a whole bunch of homes, and you sell it to Jeff, then he can manage it. If it's all in one area, he assigns a couple of people.

JEFFREY LEVINE: And the solution --

STEVEN SPINOLA: But if they're spread throughout --

JEFFREY LEVINE: The solution to the single-family housing problem that I'm in favor of, is, you just mentioned all of your prospective buyers have -- in these last three years, had financial difficulties and credit history, as many people have in this recession.

So, many people are not qualified, even if they live in a home and they're paying a mortgage, to get a new mortgage at a lower rate, either

because the house is over-mortgaged or they are under-credit.

I think it behooves us to allow our banking institutions to waive.

These people are already in their homes, they already owe the money.

Adjust the rate, accept their credit, and I think you will take a lot of these houses, which are subject to distress and foreclosure and sale, off of that market.

SENATOR YOUNG: Yes.

STEVEN SPINOLA: Now, what that does to the banks, is, theoretically, it takes money off of their books, because, where they were getting 7 percent, they're now going to be getting 3 1/2 percent.

JEFFREY LEVINE: Well, guess what? Qualified borrowers --

STEVEN SPINOLA: I don't have a problem with that, but --

JEFFREY LEVINE: -- qualified borrowers are doing it --

STEVEN SPINOLA: Now.

JEFFREY LEVINE: -- across the board.

STEVEN SPINOLA: That's correct.

JEFFREY LEVINE: So, it's nothing untowards.

And if the government has to step in and guarantee a small portion of that, it's a pittance next to what they did for the commercial banks of America.

STEVEN SPINOLA: Especially if the tenant has the ability to pay it at the 3.5 percent, or whatever the number would be. And --

JEFFREY LEVINE: And to me, that's a no-brainer of how to fix this problem.

STEVEN SPINOLA: -- you know, whether you write down the value is another story. That's a bigger hit to the banks.

JEFFREY LEVINE: No, I'm not saying to write down the banks.

STEVEN SPINOLA: Right.

JEFFREY LEVINE: I'm saying, they already owe the money. Don't change it, just adjust the rate to today's rate, and, in spite of the fact that it's underwater, so to speak, and in spite of the fact that they're under-credit.

SENATOR YOUNG: Alison, you were mentioning a study, you know, just going back to the whole "affordability" issue. And, I know there are concerns about prevailing wage.

And you're putting together some information.

You could tell the group about that?

ALISON BADGETT: Sure.

We're looking at how this state prevailing-wage rate is set. And, how some other states look at the prevailing-wage rate, and the impact on New York's economic competitiveness.

As I said, this was a state law passed in the late '80s. I think New York used to survey wage rates.

Of course, then you get an actual median-wage rate, which the Department of Labor currently captures.

Right now, we have --

SENATOR YOUNG: So, New York doesn't do that right now?

ALISON BADGETT: New York does not, no. They've created its own system, whereby, the collective bargaining agreements in a particular area are handed off to the Department of Labor, and then that's the actual wage rate.

So, in New York City, for example: For a carpenter, all in with benefits, you're looking at 165,000 a year; for an electrician, it's more like 180,000; compared to median which is closer to, say,

70,000.

STEVEN SPINOLA: And that goes back to Jeff's first point, which is: If you're passing, and the City Council will be passing, a prevailing wage on office, you're gonna -- and, so, you've got an office building in Brooklyn, that's getting -- again, getting 16-bucks-a-foot, or 18-bucks-a-foot, rent, they're going to be obligated --

We've watered it down enough so it's not going to affect too many.

-- but, they're going to be obligated, if they have enough city tenants in the building, to pay $77,000, or $80,000, for a cleaning person, under the 32BJ contract.

There is no question that 32BJ does not represent anywhere near the majority of people who clean and take care of buildings outside of Manhattan.

Brooklyn may have.

And, actually, Metro Tech doesn't use 32BJs.

So I'm guessing, even in Brooklyn, they don't.

But, because of the way the law is written, John Liu will say 32BJ is the predominant contract

in the city of New York; and, therefore, whether you're in the Bronx or Staten Island or Queens, if you have a city tenant, under the proposed compromise of 50 percent or more in the building, you'll have to pay prevailing wages.

Now, what that will mean?

SENATOR YOUNG: Increase in rent?

STEVEN SPINOLA: Increase in rent to the City of New York, predominantly, because the City of New York will be the predominant tenant;

Or, the owner will say, the next time that the lease is up: You can't come. You can't stay in my building.

So, you're going have to go back to Manhattan, pay higher rent, because nobody in the boroughs is going to be willing to pay the higher maintenance.

I know this is not housing, but it's the whole con- -- but, there is prevailing wages, as it relates to housing as well.

ALISON BADGETT: Yeah, for an affordable project, where your income is limited by the rent --

STEVEN SPINOLA: Right.

ALISON BADGETT: -- that means your maintenance loses out. You're not going to have the

money to operate the building.

STEVEN SPINOLA: It would be nice -- the study, which -- it will be helpful to identify how -- what is a fair way of determining what is prevailing wage, and for what?

You know -- I mean, again, it's not -- it's not the same in Midtown Manhattan as it is in the Bronx. It may not even be the same in Midtown South as it is in Midtown, although Midtown South is a hot market at the moment, but...

JEFFREY LEVINE: Not if you listen to Larry Silverstein. [Unintelligible].

STEVEN SPINOLA: Oh, he's down here.

Larry has always said, "I'm going to build a foundation, and if I can go up, I'm going to go up, Steve."

JEFFREY LEVINE: Oh, you did a very good imitation. That was very good. That's very good.

[Laughter.]

SENATOR YOUNG: On the rent-control issue, as it relates to taxes, when we had a group of academics in to talk about housing issues, one of the questions that I had, was: How much do we lose in tax revenues off of rent-control buildings?

And nobody really seems to know what that

figure is.

It's almost -- it would be interesting to find out.

STEVEN SPINOLA: It's tough to figure out, and, you'd have to go building by building.

I mean, my understanding of the numbers is, that rent-regulated average number is only about $100 less than what the average market rate, in terms of --

JEFFREY LEVINE: But that's been regulated, but not rent-controlled.

STEVEN SPINOLA: Well, rent control -- but, yeah, there's -- come on, there's few of them, Jeff. I mean --

MARC JAHR: We'll have to make sure [unintelligible].

STEVEN SPINOLA: I mean, there -- that's --

MARC JAHR: [Unintelligible].

JEFFREY LEVINE: Thank God.

STEVEN SPINOLA: It's truly outrageous.

But --

JEFFREY LEVINE: The truth of the matter is, going forward, I have no problem, when I build a new building, and whether I get a tax abatement or subsidy, subjecting that building to rent

regulation, because, generally speaking, rent regulation, with the increases, keeps up pretty much with the market, which is, essentially, what you said.

STEVEN SPINOLA: Right.

JEFFREY LEVINE: The only place, frankly, where I've had a problem with that, is, in some areas, you know, two bus fares out, in the boroughs of Brooklyn, Queens, and the Bronx, very often, there, even though you get the stabilization increases that would keep you up with the cost --

STEVEN SPINOLA: You can't get it.

JEFFREY LEVINE: -- you can't collect the rent.

STEVEN SPINOLA: Right.

JEFFREY LEVINE: And that's a problem.

STEVEN SPINOLA: You know, I'll drive the city a little bit more crazy. I mean, maybe, if you have rent-regulated apartments, maybe there should be some cap on taxes as it relates to that.

Even -- you know -- I mean, it's -- the whole argument that, Jeff Levine, because he owns a building, and he's going to -- he's supposed to subsidize the people in that building, well, it's society -- if people want to subsidize people in a

particular building, it should be society's responsibility.

JEFFREY LEVINE: I always say: Treat us like a supermarket. Don't pick a particular supermarket to sell food below cost.

You want to give people food stamps, give them food stamps; but, don't tell me, in my supermarket, that I have to sell certain people bananas below my cost.

MARC JAHR: It's hard to argue that, but --

[Laughter.]

STEVEN SPINOLA: No, it's easy to argue.

Come on.

[Laughter.]

MARC JAHR: -- but if the public -- you know, if HDC or HPD are going to provide subsidy to a project, then, you know, the deal -- you know, the deal is, it's going be rent-restricted.

STEVEN SPINOLA: No, no, and Jeff's is not alone --

MARC JAHR: It's okay.

STEVEN SPINOLA: -- Jeff's not alone in what he just said.

Most everybody would say: If I'm doing a deal now, you're going to give me something, okay,

it's my judgment, can I accept it?

And the chances are, they're going to accept it.

MARC JAHR: Absolutely.

STEVEN SPINOLA: But, what we're finding -- I hate to be a broken record -- but what we're finding, as we approach years 14 or 15 in a 20-year abatement, and taxes go up to --

JEFFREY LEVINE: And the water --

STEVEN SPINOLA: -- 30, 35 percent --

JEFFREY LEVINE: And the water, and sewer --

STEVEN SPINOLA: -- and water, double-digit increases in the last eight years in a row, I think, each year? Maybe they -- one year did not go up.

JEFFREY LEVINE: And you want to talk about a distorted tax, the reality is, when you have high-rise apartments in Midtown Manhattan, where they're, generally, one or two occupants. They don't cook there, they don't clean there. They shower and toilet there.

You go to the areas of less economic success, and there are families of four and five people; and they cook, and they clean, and a lot more people bathing.

MARC JAHR: And they're not going on vacations.

JEFFREY LEVINE: So, the water and sewer is an unfair tax to the lower economic stratus, that, we, as landlords, have to bear.

MARC JAHR: And, I mean, I think the City's grappled with that issue.

STEVEN SPINOLA: I don't think the City disagrees. I just don't know how to -- politically, to solve it.

That's -- I'm not --

JEFFREY LEVINE: Well, I don't know, with all the meters that they put in, that they completely disagree. They're happy to collect, because it's a way to collect.

STEVEN SPINOLA: Oh, the water meters.

Yeah. It's --

SENATOR YOUNG: Now, we -- I had a whole list of things.

MARC JAHR: Sure.

JEFFREY LEVINE: Did we get them all?

MARC JAHR: Well, you know -- you know, water and sewer, this does get to that issue of utilities; whether, saving, conserving water, or conserving energy.

And I think that was one of your questions, around energy conservation.

And, I think it's kind of interesting, right now, because there isn't a fully formed and shaped system, if you will, or set of resources, I think, available to owners of buildings, that will allow them to do the energy upgrades that are going to save them money, and protect the environment.

But, I think it's starting to take shape. I think we have a long ways to go.

You know, the federal -- under the federal Stimulus Act, there was actually a huge weatherization assistance program, that, State of New York received, like, 300 million, 400 million dollars for.

SENATOR YOUNG: Right.

MARC JAHR: And the City then received a suballocation.

And, I think all those monies were spent to good effect.

But, continuing that type of financial support on favorable terms to owners, that can benefit -- it's going to benefit everybody: the owners, the tenants, and the community at large.

JEFFREY LEVINE: And if you liken it to the

J-51 tax abatement, which is virtually -- virtually, non-existent, I was going to say.

Right?

MARC JAHR: Right.

SENATOR YOUNG: We're working at it.

JEFFREY LEVINE: But the reality is, if you remember, the concept --

STEVEN SPINOLA: They're working on it.

We're -- coming in soon?

JEFFREY LEVINE: -- the concept behind the J-51 tax abatement, was: Well, okay, we had landlords that had buildings that were deteriorating. Didn't have money for their roofs, their windows, their brick -- whatever the case may be.

So, the tax abatement created the ability to make those necessary improvements.

Well, maybe there's is a "G-51," a "green" 51, to enable buildings that don't have the resources to upgrade their lighting systems, their switching systems, their energy systems, to facilitate those under this initiative.

MARC JAHR: Yeah, and, you know, I discussion, and all the --

STEVEN SPINOLA: J-51G.

JEFFREY LEVINE: You like that?

MARC JAHR: -- with all the exploration around J-51, I mean, is -- you know, part of that is, is trying to address these issues, to make certain that the benefit is rich enough -- not too rich, but rich enough -- and that it's targeted to the types of improvements that are going to make a difference to the owner, the tenants, the community --

STEVEN SPINOLA: Yeah, the City is looking at, and they're concerned over, that, if it's just being done, just for the sake of trying to get the rent up, and so forth, that they'd like to figure out how to...

And we don't object to that, as long as it's a reasonable way of moving forward.

RONALD WATERS: Well, wherever these -- on these --

SENATOR YOUNG: We're getting that legislation soon.

RONALD WATERS: -- wherever these funds are coming from, we need some of it to filter down to us, because, again, it's increased costs to build.

And, we don't know where it's coming from.

If it's under construction now, we can't

increase prices, so we would have to wear it.

As a non-profit, you can't do.

For the future, that's -- it's great for the future. It's necessary, energy savings.

Absolutely essential for the world.

Right?

But, it costs.

And, again, I say, it's -- it's impact on the word "affordable." It's just squeezing tight, and tight, and tight.

SENATOR YOUNG: That's really --

RONALD WATERS: We need help.

ALISON BADGETT: -- that's a key point.

And I think whatever the State does in terms of green measures, it should really be about savings, energy efficiency, as opposed to less-tangible green requirements --

STEVEN SPINOLA: Well, you know, I'm --

ALISON BADGETT: -- that you can't pay for.

JEFFREY LEVINE: -- I'm, typically, a fair-market capitalist, as that fellow on CNBC says.

And, the reality is, that we are enacting every green measure that is cost-effective; whether it's be -- whether it be the -- you know, the type of lighting that we use, or the type of switching

that we use.

You know, tax credits for co-generation would help that quite a bit.

You know, it's an intelligent thing to do. It creates excess electricity as well.

STEVEN SPINOLA: If Jeff, or any of the other developers, see's a three- to five-year return on your investment, he's going to do it.

JEFFREY LEVINE: Absolutely.

STEVEN SPINOLA: If it's stretched beyond that --

JEFFREY LEVINE: Right.

STEVEN SPINOLA: -- you're going to question whether to do it.

And then there's the question of: Who gets the benefit?

Whether it's the tenant in there, who, you know, because there's no meters, all of us -- you know, if that's the case, then -- then -- or, if there is a -- you know, then they're getting it, but you put the money in.

And, we don't know if we're at a point where Jeff can charge more, because he can say: You're in a more efficient apartment.

JEFFREY LEVINE: Uh-huh.

STEVEN SPINOLA: And I think you may be able to at the high end. You clearly can't at the affordable end.

JEFFREY LEVINE: Well, you have to be careful, because of the moving price of energy.

I remember, years ago --

MARC JAHR: Right.

JEFFREY LEVINE: -- when I was a young developer in love, there were many developers who went away from oil- and gas-fired heating --

STEVEN SPINOLA: Right.

JEFFREY LEVINE: -- and went to electric --

STEVEN SPINOLA: Yeah.

JEFFREY LEVINE: -- which they lived to regret many times over.

SENATOR YOUNG: Sure. I'm pretty sure.

STEVEN SPINOLA: You said you were young and, in love, or loved?

JEFFREY LEVINE: Don't you remember that, "young doctors in love"?

STEVEN SPINOLA: Oh, okay. All right.

JEFFREY LEVINE: I was "a developer in love."

STEVEN SPINOLA: No, because you were never --

JEFFREY LEVINE: That was just an expression.

STEVEN SPINOLA: Okay.

-- you were never loved.

Developers are never loved.

MARC JAHR: You know, one of the interesting things here, Senator, also is -- is -- so, there's a lot of ferment in this area, and the developers are doing lots of different things.

For instance: Out in east New York --

Your district --

RONALD WATERS: My district.

Thank you very much.

MARC JAHR: Home. Home. Home.

I spend a lot of time up there.

-- you know, there's -- Hudson companies have built two rental developments that have the largest solar panel -- residential solar-panel arrays in the state of New York.

And derive -- according to them, they expect that, about, 99 percent of all at the electricity they need, or something --

JEFFREY LEVINE: In the common areas.

MARC JAHR: -- is gonna -- you know, cover their needs in the common areas --

SENATOR YOUNG: Right, because that's quite an investment.

Isn't solar expensive?

MARC JAHR: --including their --

JEFFREY LEVINE: Yeah.

MARC JAHR: -- including their elevators.

So, these are fantastic developments.

One of the things about them, though, is that, these sorts of things, which are probably going result in savings --

We think they will. Certainly the developer thinks it will.

-- they're not yet translating into what appraisers are willing to appraise the buildings at, and/or banks are willing to finance.

So, everybody's -- the banks are underwriting at numbers that don't take into account energy saving, going forward.

And, so, getting to the point where we have the type of data that allows the appraisers and the banks to feel comfortable underwriting to these sorts of energy improvements is kind of a key thing.

If we can get there, then I think we're going have a more rational financing system as well.

You know, I don't know, Jeff, whether you've had those arguments with banks, or --

JEFFREY LEVINE: Well, we have every

argument.

We have an argue about the fact that we have a city with a 1 percent vacancy, and the banks insist upon having a 5 percent vacancy.

So, you know, we have issues.

STEVEN SPINOLA: That's what they project? That's where they calculate it?

JEFFREY LEVINE: Oh, yeah.

And if it's, historically, been 1 percent, we can support it in a documented fashion. But, underwriting requires that.

SENATOR YOUNG: So, that was interesting to hear, a G-51 program.

Some good ideas today.

STEVEN SPINOLA: We just don't want the City to say you can only get it for green programs.

SENATOR YOUNG: Right. That's always the danger of that.

STEVEN SPINOLA: We got that with -- when ICIP was being phased out, they originally said: You can only get it if you do, quote, high, intelligent buildings, and --

SENATOR YOUNG: What about -- you know, we touched on a little bit --

STEVEN SPINOLA: It's smart. It's smart.

SENATOR YOUNG: -- but, zoning incentives to encourage affordable housing.

Want to address that?

STEVEN SPINOLA: Well --

JEFFREY LEVINE: I can address that all day long, because I was at the tip of the sword there.

When I was intimately involved in the rezoning of the Brooklyn Greens' waterfront, because I owned property there, in Williamsburg, the argument was made, you know, I have seen the City, through many years, use private-sector gains to support affordable housing. So, it became a cross-subsidy.

And when things were renting and selling at price points, where it was truly a subsidy, there was a great idea.

You know, you can get the rezoning, you create the affordable housing, and it all works.

But, as they eliminated, completely, 421a, and did all of these things that made it dependent upon a booming economic society, I mean, listen, you're writing a law that may kill itself, because, if this economy doesn't sustain itself, we will not be able to create this housing, both market rate or affordable, with the cross-subsidy for the

affordable, because the market is not there to buy or rent it.

And that's essentially what happened, from '08, '09, and then '10, and '11.

STEVEN SPINOLA: What's your FAR, Jeff?

JEFFREY LEVINE: In Williamsburg?

STEVEN SPINOLA: Yeah.

JEFFREY LEVINE: On the waterfront, you have a 10 FAR, okay, which can go to a 12, with the affordable.

Okay?

MARC JAHR: Of affordable, which is voluntary.

JEFFREY LEVINE: Which is vol- -- but it's not voluntary.

It became mandatory, because they eliminated the tax abatement which had been our as of right there.

So, where the tax abatement was the part of the puzzle that made the economics viable, not in my mind. I was unable to go to a lending institution and get a reasonable return on my risk and they get a fair return on their senior debt, without the tax abatement, which is evidenced by the fact that those areas, where had 421a removed,

have seen no new residential development.

MARC JAHR: Right -- yeah, well, you know, history is not a controlled experiment.

But, you know, for worse; not for better or worse.

I mean, during this period of time, you know, the economy, and the market for financing for residential and mixed-income projects, collapsed.

JEFFREY LEVINE: Absolutely.

MARC JAHR: You know, it just completely collapsed.

So, it hasn't been the -- necessarily, the best period to test out.

JEFFREY LEVINE: Yeah, but I can tell you, categorically, right now -- "right now" -- that the -- you will not see market-rate jobs done on the waterfronts of Brooklyn and Queens --

MARC JAHR: A year to come out of the [unintelligible].

JEFFREY LEVINE: -- without --

Well, that job had a tax abatement.

I'm saying, that I bought the property with the tax abatement in place.

MARC JAHR: Okay.

JEFFREY LEVINE: But, anybody buying

property, where, the 421a has been eliminated, and you need to do inclusionary zoning bonus in order to get the tax abatement, nobody's going to do a project that is fair market without the tax abatements.

So, the elimination of the tax abatement has eliminated the possibility of fair market.

And, then, when you go to the incorporation of the affordable component, it makes the economics quite difficult, as you can see by the projects that are not happening all along the Greenpoint waterfront.

The predominance of rezoning that is available to be built -- because Williamsburg is, essentially, built out -- is Greenpoint.

MARC JAHR: Uh-huh.

JEFFREY LEVINE: And I don't see any shovels going to work over there.

SENATOR YOUNG: So --

STEVEN SPINOLA: And there really haven't been, either.

SENATOR YOUNG: Steve, is there any kind tracking of that, or --

STEVEN SPINOLA: Well, we probably know what's been built there, or not. But I --

JEFFREY LEVINE: Well, I don't.

STEVEN SPINOLA: The --

JEFFREY LEVINE: Greensburgh, Greenpoint, has built nothing.

STEVEN SPINOLA: Nothing.

The average FAR for the whole week, was 4.1, which is why I asked you what yours was.

JEFFREY LEVINE: Well, no, you have -- no, you have the waterfront, and the upland production portion, which is lower, yeah.

STEVEN SPINOLA: And we actually made an argument to the City, that -- you know, because, part of the problem is transportation.

You get on the Double L or the L train, and you can't get on it, you know.

And -- and, yet, when you say, "We want ferry or we want bus service," they say, "Well, there's not enough people."

Well, the truth of the matter is, if you increase the density a bit, you'll have enough people who will actually utilize the transportation.

So all -- if all what you do is to -- on uplands, is to say, We're not going to go more than four stories high, or whatever, well, you're, in effect, hurting yourself, in terms of having the

population to be able to pay for the services that you would need.

You know, Jeff, had a -- you -- did you get -- you get the ferry. You got the ferry stopping.

JEFFREY LEVINE: I mean, I don't know if you've been reading, but, the ferry has been successful beyond their expectations, which is good news.

STEVEN SPINOLA: And -- and they needed a subsidy from the City as well.

And -- and, you know, and, hopefully, they're going to -- the City's gonna be able to cut back on the subsidy.

I mean, there's no transportation system in the city that doesn't have a --

MARC JAHR: Subsidy.

STEVEN SPINOLA: -- subsidy.

SENATOR YOUNG: Right.

So, is -- are your buildings right next to the ferry?

JEFFREY LEVINE: I happen to be right at the Williamsburg stop, yes.

SENATOR YOUNG: I know exactly where it is.

STEVEN SPINOLA: He's got --

MARC JAHR: [Unintelligible].

JEFFREY LEVINE: Yes, which is part of the rezoning. Yeah.

STEVEN SPINOLA: Only because Jeff is modest and shy.

Jeff -- I'll say this: Jeff's got a beautiful building there, if you want to go see a wonderful setup.

SENATOR YOUNG: I've walked past it.

JEFFREY LEVINE: Oh, yeah.

And, actually, I was telling Mark, as we came in, it's -- I think it's among the best moderate-income housing that the City has ever supported.

Because, as I said, the concept of having -- I think it's better, frankly, than the 80/20, because, you know, I have some psychological issues with 80/20.

And that, obviously, creating the 20 percent affordable within a high-rise building really puts the costs on steroids; so, it's not the most effective.

So, I'm typically in favor of an off-site lower cost --

STEVEN SPINOLA: See, he was right able to do

it right there, but off --

JEFFREY LEVINE: -- [unintelligible] --

STEVEN SPINOLA: -- but not in the same building.

JEFFREY LEVINE: -- but I did it on site.

But because it was adjacent to my building, it was a site-affordable rather than a building-affordable, we were able to maintain the separation that's necessary for the marketing of the market component.

But, we were also able to build the highest quality, masonry-bearing buildings, with floor-to-ceiling windows, and incremental heating and cooling, which typically is not done in moderate-income affordable. But, because of its connection to the market rate, it behooved me to make it the best it could be.

SENATOR YOUNG: Okay.

We talked about land costs, and taxes on new construction.

STEVEN SPINOLA: And by the way, the other area where we saw housing go up, is the rezoning of the high-line area, which has clearly been a huge success.

And, in that case, they gave us an average,

about a 7 1/2. A little bit -- I think, 10 on the Avenue.

And it's proved to be a huge, huge success, because, zoning.

You know, when the City says they can't afford incentives, I always say: You can always do additional air rights. It doesn't cost you anything.

JEFFREY LEVINE: Well, the best example, because the high line is evolving, as we speak --

STEVEN SPINOLA: Yes.

JEFFREY LEVINE: -- you know, O'Hara.

But, the Chelsea 6th Avenue corridor is the best evidence of what a rezoning can do --

STEVEN SPINOLA: Right.

JEFFREY LEVINE: -- because, that flower district, essentially, was not a big tax roll for the City.

STEVEN SPINOLA: You're right.

JEFFREY LEVINE: It was kind of seedy.

And, you go up 6th Avenue now --

MARC JAHR: No pun intended.

STEVEN SPINOLA: Very good.

JEFFREY LEVINE: Actually, yes, no pun intended.

STEVEN SPINOLA: It was dirty, too.

MARC JAHR: Sorry about that.

JEFFREY LEVINE: What could we do with the fur district? I know we got...

STEVEN SPINOLA: But, it's amazing what's there.

You know, look at Google now buying.

Chelsea Market wants to build another 300,000 square feet behind it, because of what is going down there.

And, just some zoning changes, and you make a neighborhood, give it some cache, or whatever you want to call it, all of a sudden, the area becomes hot.

MARC JAHR: Well, the City gets some credit there; right? City Planning.

STEVEN SPINOLA: City, that's great.

I argue, there wasn't enough FAR, but --

JEFFREY LEVINE: I always said --

STEVEN SPINOLA: -- but it was a good --

JEFFREY LEVINE: Listen --

STEVEN SPINOLA: -- it was a really good plan.

JEFFREY LEVINE: -- I -- always, Mayor Bloomberg has gone right to the chase. He

understands, too, you got a housing, you know, crisis, here, of a very low vacancy.

Guess what? Build more.

You look at the --

MARC JAHR: And, you know, on the waterfront, you know, that was, essentially, a dead zone for several decades.

JEFFREY LEVINE: Yes.

MARC JAHR: And nobody was prepared to take on that political fight of --

JEFFREY LEVINE: Well, because, there was some people waiting --

MARC JAHR: -- rezoning, meaning, that was a thing of past. Or it was in the past.

JEFFREY LEVINE: Right.

-- they were waiting for the commercial manufacturing to come back.

MARC JAHR: Yeah.

Well, you know, and there's -- some people still waiting for that to come back.

STEVEN SPINOLA: Some of them are in the City.

[Laughter.]

STEVEN SPINOLA: We're still protecting government workers.

Sorry.

SENATOR YOUNG: We won't go there.

So, I guess -- you know, you've done a really good job, I have to commend you, of covering a lot of the -- I knew this would be free-flowing, and a lot of ideas, which is -- is wonderful.

Does anyone want to add anything?

Or, is there something that I'm forgetting, that --

MARC JAHR: I would add one thing, and I'll argue my own case here -- actually, two things.

One is -- and, again, I think you've been very helpful in this area -- I think there's legislation that's been introduced, that would modify the impact of the bond-issuance charge on HDC.

And, that's a charge, that, it's on a sliding scale. Depending on how much you issue, you know, you get hit with a fee on the bonds.

And, it ranges, from -- as high as 84 basis points.

Just a huge fee.

STEVEN SPINOLA: Uh-huh.

MARC JAHR: It's a huge fee.

And, as it stands right now, the way it's

applied, is, regardless of the nature of the issuance that we do, the fee is hit.

So, you know, we get hit with the fee.

Now, some of these fees, we can pass on to the developer, to their, you know, regret, and unhappiness. And, it just increases the cost of the project.

JEFFREY LEVINE: Subsidy. Economic --

STEVEN SPINOLA: You increase the subsidy.

JEFFREY LEVINE: To the economic liability of others.

MARC JAHR: Just [unintelligible] more subsidy, going in.

JEFFREY LEVINE: Yep.

MARC JAHR: And some of these fees we have to eat ourselves.

For instance: If we're refunding bonds. If we're refinancing for -- as we restructure.

STEVEN SPINOLA: And the fee is paid to the State?

MARC JAHR: The fee goes to the State.

And, you know, I think we -- we're seeking, and, you know, we'd prefer not to get it legislatively. We want it -- you know, we've been talking to the Division of Budget, and asked them

for a waiver of certain forms of the fee, but not the whole fee.

And, you know --

SENATOR YOUNG: What are they saying to you?

MARC JAHR: There's been silence on this, for months.

SENATOR YOUNG: But maybe if we move some legislation, it may make them --

MARC JAHR: It may help them.

SENATOR YOUNG: Right.

MARC JAHR: You know, because this is a very -- it is a very expensive fee.

At such -- you know, back in the, let's say, '07, the fee would have been higher than the fee that a bank would have charged for an LC, you know, to a borrower like Jeff.

So, this is not an inexpensive fee that's being charged. And, either, it drives up the amount of subsidy that's required, or, you know, increases the costs to the developer. Or, it's a fee we absorb, and -- and, you know, and when we absorb it, it just means we have less subsidy that we can put into deals.

SENATOR YOUNG: Right.

MARC JAHR: You know, in our most recent

closings, we had around -- the closings are December closings, I think the fee amounted to about a million eight.

SENATOR YOUNG: Wow.

MARC JAHR: Not a small amount of money.

And I can understand the State's need, obviously, for revenue. So, you know, we understand that, but, there has to be a balance struck between --

SENATOR YOUNG: What would be a reasonable rate?

MARC JAHR: I think it would -- you know, it's a good question.

We could do it, a flat fee across everything, based on what we project. You know, what our historical averages has -- rolling average has been, in terms of issuance;

Or, it could be, there's certain categories of bond issuance that are exempted.

It's probably simpler to do the latter than to do the -- you know, sort of some flat fee across everything.

I'll give you an example.

One example, is that: We worked very hard down in Congress with our elected officials, to get

a provision put into federal law called "recycling."

And you've used it on deals.

In single-family homes, somebody pre-pays, bonds are paid down.

That -- the amount of the bond that's paid down, you can use it again, another time, for single-family financing.

In multi- -- that ability never existed in multi-family financing.

Now, the result was, for instance, on some projects, we would issue bonds. And, then, at conversion to permanent tax credits, equity comes in, and the bonds get paid down.

So, for two years, you would use this volume cap, a small volume cap, and then it's paid down, and disappear.

So this law that Congress passed during -- in 2008, as part of the Housing and Economic Renewal Act, I think it is, "HERA," this law allowed us to recycle the bonds, one more time, for another 32 years.

JEFFREY LEVINE: With no tax credits, just the bonds.

MARC JAHR: With no tax credits, just the bonds --

STEVEN SPINOLA: Right, but it was important.

MARC JAHR: -- and you'd get the tax-exempt rate.

So, an enormous benefit to the City, and the State, and --

SENATOR YOUNG: So you're envisioning, that, possibly, we should do something like that on the state level?

MARC JAHR: So -- well -- well, it's not so much that.

But, right now, when we -- because of the nature of the legislation, we -- you know, we were recycling the bonds. The legislation sort of complicated it.

We have to, in effect, warehouse the bonds until the next deal comes along that can use it.

So, we issue bonds, that warehouse these recycled bonds, we get hit with the fee.

Then --

JEFFREY LEVINE: Even for the warehouse.

MARC JAHR: -- we get hit with the fee again.

So, we're getting hit twice for this issuance, because of the nature of the federal legislation.

And sometimes it's a third time.

JEFFREY LEVINE: You mean the tax ID number for resale.

MARC JAHR: So, I -- you know, so, the idea here, would be to exempt that type of issuance with a waiver from the BIC.

I know that's long, it's complicated. I can give you more --

JEFFREY LEVINE: No, I'm serious.

It's, like, when I buy insurance for construction, you buy material for construction, you have a tax ID number, you don't pay the taxes multiple times as you produce the product.

MARC JAHR: Right. Product; right.

JEFFREY LEVINE: So, you need a resale number, is what it --

SENATOR YOUNG: Well, we'd like to talk some more about that.

MARC JAHR: Okay.

ALISON BADGETT: I think one more state issue to be aware of --

MARC JAHR: Sure.

ALISON BADGETT: -- the Mortgage Insurance Fund, and the excess reserves, traditionally, have gone to the General Fund.

And I think the Sage Commission recently

recommended that those reserves actually go to affordable housing, since it's coming off of housing.

Those reserves could actually be lowered, and you could increase your subsidy as a result, at the state level, which, as I said, has been stagnant for the last 12 years.

SENATOR YOUNG: That's a great idea.

STEVEN SPINOLA: We would love not to have to come back every year for multi -- multi-year, what you do for us. But, it would be nice if we just made it permanent, and so we don't have to.

So, if there's some piece of legislation --

SENATOR YOUNG: Then I would never see you, Steve.

[Laughter.]

STEVEN SPINOLA: You'll see me. I'll think of something else I'll need.

Trust me.

It would be wonderful if that was just there, so that there could be longer-term planning.

And, Alan Weiner [ph.] wasn't calling me every day, and saying: Did you get it passed? Did they do it yet? Did they do it yet?

And with the other bill that you mentioned,

that may be helpful, because Fannie or Sonny is totally out of -- one of them is, and the other one may be going.

So, think about it.

I don't think Shelly's going to want to do it, but, you never know if there's a bill that, somehow, everybody has to pass. Maybe it can be put in there.

I mean, we've been doing a multi-year now, forever. But it's -- we do -- some years are easier than others.

SENATOR YOUNG: Right.

MARC JAHR: And -- I mean, and part of this issue, is, you know, yeah, we all want more capital in one form or another, and more subsidy in one form or another.

But, on the other hand, you know, if we can reduce the cost of capital, whether it's through direct, you know, sales and bonds --

STEVEN SPINOLA: Right.

MARC JAHR: -- or through eliminating the BIC, things like that, that's --

STEVEN SPINOLA: Actually, I think Alan said he's now working on the possibility of the first direct bond.

MARC JAHR: We -- actually, we're working on a couple of deals, yeah.

STEVEN SPINOLA: So --

MARC JAHR: No, this, it's going to take [unintelligible], but, it's going be very helpful to everybody.

STEVEN SPINOLA: Yeah.

So, it was -- you know, I don't know who came up with it. I don't know if it was Alan.

He says it was his idea, but, it's --

[Laughter.]

STEVEN SPINOLA: -- but it's -- I think it's very important that we gave another option, another road to go down, to do these things.

SENATOR YOUNG: Great.

MARC JAHR: Yeah.

JEFFREY LEVINE: Right.

SENATOR YOUNG: Great.

Well, thank you.

I'm not going take anymore of your precious time.

STEVEN SPINOLA: Thank you.

Thank you for this.

Thanks for the help in each of the sessions.

We really appreciate it.

SENATOR YOUNG: Uh-huh. And that will continue.

But, I just want to say to you: Thank you. Your input is really valuable.

I think we got a lot of great ideas today. And, keep them coming.

I mean, this is a good way for people to get together, but, if you have any ideas that you think that would be helpful to the State, and to the -- you know, the industry, and, creative ways we get things moving in the economy, I would love to hear those.

So, thank you so much.

JEFFREY LEVINE: Thank you.

STEVEN SPINOLA: And I think this was a very -- is a very good way of doing it.

I think everybody is willing to say whatever they're thinking, rather than worry about -- and I know it's a public record, but it -- it's --

SENATOR YOUNG: But -- no, but still --

STEVEN SPINOLA: -- it's an easier way of having this dialogue.

SENATOR YOUNG: Right, exactly.

And you have the interaction.

I've been to so many hearings, and, you know,

I interact with the speaker. But, then, I know there are people in the audience who are just dying to say something, and they can't.

So, this is just a great way to do these things.

STEVEN SPINOLA: Yeah.

No, thank you.

JEFFREY LEVINE: Great.

SENATOR YOUNG: So, thanks so much.

MARC JAHR: Thank you, Senator.

(Whereupon, the roundtable discussion held by the Chair of the New York State Senate Standing Committee on Housing, concluded.)

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