

ECONOMIC DEVELOPMENT & ENERGY COMMITTEE
GOVERNMENT OPERATIONS, PERSONNEL, HOUSING & CONSUMER PROTECTION
COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE
MINUTES

A special joint meeting of the Economic Development & Energy Committee and the Government Operations, Personnel, Housing & Consumer Protection Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on May 15, 2013 to discuss the Capital Budget.

MEMBERS PRESENT:

DPO Wayne R. Horsley, Chair of the Economic Development & Energy Committee
Leg. Lou D'Amaro, Vice Chair of the Economic Development & Energy Committee
Leg. Thomas Cilmi, member of the Economic Development & Energy Committee and member of the Government Operations, Personnel, Housing and Consumer Protection Committee
Leg. Kara Hahn, member of the Economic Development & Energy Committee
Leg. Lynne C. Nowick, member of the Economic Development & Energy Committee
Leg. Robert Calarco, Chair of the Government Operations, Personnel, Housing & Consumer Affairs Committee
Leg. Ricardo Montano, member of the Government Operations, Personnel, Housing & Consumer Affairs Committee

ALSO IN ATTENDANCE:

Presiding Officer William J. Lindsay, 8th Legislative District
Leg. Jay Schneiderman, 2nd Legislative District
Leg. Al Krupski, 1st Legislative District
Carolyn Fahey, Economic Development
Marianne Garvin, Community Development Corporation of Long Island
Peter Elkowitz, Long Island Housing Partnership
Diane Burke, Habitat for Humanity
Jim Morgo
Marian Russo, Community Development/Patchogue
Elizabeth Lunde, Concerned for Independent Living
Michael Butler, Woolworth Revitalization LLC
Michael Kelly, River Walk
Bob Coughlan, Tritec Corp.
Ann Gajowski, Southampton Housing Authority

MINUTES TAKEN BY:

Diana Flesher, Court Stenographer

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THE MEETING WAS CALLED TO ORDER AT 1:07 PM

CO-CHAIR CALARCO:

Good afternoon. Welcome to the Capital Budget hearing for the Government Operations, Personnel, Housing and Consumer Affairs Committee. We're going to get started. If everybody could please rise for the Pledge of Allegiance led by Legislator Cilmi.

SALUTATION

PUBLIC PORTION

Okay. Thank you. We're going to go right into the Public Portion here. I see that we have some cards being brought up. And we're going to start with Marianne Garvin.

MS. FAHEY:

Mr. Chair, if I could real quick, those cards are for the Economic Development Committee. So I don't know if you want to wait until the members of that Committee are present.

CO-CHAIR CALARCO:

Sure. Well, I know everybody's here or trickling in. Is that a joint committee, Economic Development, Government Ops?

MS. FAHEY:

Yes.

CO-CHAIR CALARCO:

Okay. Well, Marianne Garvin, and she's with CDC of long island. I'm assuming she wants to talk about the Affordable Housing Program, which is something that comes through my Committee, Government Operations and Labor and Housing. So, Marianne, if you'd like to speak.

MS. GARVIN:

Hello. I'm Marianne Garvin, President and CEO of Community Development Corporation of Long Island, a regional non-profit that develops for-sale and rental housing for seniors and families.

I thank you for the opportunity to speak with you today about the importance of making investments that increase the supply of affordable housing in Suffolk County. As a member of the Long Island Regional Economic Development Council and the infrastructure workgroup, I can attest to the importance of Workforce Housing to the economic vitality of the region. Employers need housing in order to attract and retain businesses.

When CDC of Long Island was developing the Cottages at Mattituck, a 22-unit subdivision, a for-sale housing in the Town of Southold, we used the Acquisition of Land for Workforce Housing Program to cover the cost of the land in the transaction. Without this local subsidy, which was leveraged with additional funds from New York State, as well as private mortgage dollars, we would not have been able to develop and build these single family homes for the local workforce.

In appealing to the Town Board for the necessary rezoning, in addition to families who were interested in buying a house, the next biggest interest group in advocating for our project was the business community, which understood very clearly that housing was needed for local teachers, construction workers, farming and the fishing industries workers.

More recently CDC of Long Island is developing Wincoram Commons, a mixed use Smart Growth project with the cooperation of the local civic association that has been advocating the revitalization of the blighted UA Movie Theatre on the corner of Route 112 and Route 25 in Coram for for more

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than a decade. The expansion of a nearby sewer treatment plant and the construction of a connector road as envisioned in the Towns adopted land use plan for the site adds expense to the project that is offset by Suffolk's infrastructure improvement for Workforce Housing Program. This rental housing development will produce 176 units of workforce housing when both phases are complete as well as 13,300 square feet of commercial space, a community building, open green space and a public plaza.

The financing for projects like The Cottages at Mattituck and Wincoram Commons comes primarily from New York State, the Federal government and private sources. But the Suffolk County funds by providing gap financing is the final piece of a complex financial structure which enables a job to move from being a dream to a reality. The Suffolk County funds are highly leveraged, produce hundreds of construction jobs and inject millions of dollars into the local economy as well as producing much needed affordable housing.

I strongly encourage you to continue funding this highly successful Capital Program that has demonstrated over the year it incentivizes developers to build housing in Suffolk County. The numbers speak for themselves. Legislative approval of 562 affordable units representing 12 newly-constructed developments with 398 units of much needed rental housing. Please continue to fund these two Capital Programs, particularly the Infrastructure Program. The demand for workforce housing is very strong and very desperately needed. Thank you.

CO-CHAIR CALARCO:

Thank you, Marianne. Mr. Lipp, could you just tell us what the -- what's in the budget right now, what was proposed, what's in the budget for the Workforce Housing Program?

MR. LIPP:

Sure. Okay, so we're talking about -- we've already had appropriated over the years 15 million. There's -- in the proposed Capital Program there's five million more in 2014. We were recommending delaying that to subsequent years simply because the 15 million was authorized and appropriated several years ago and we still have an 8-and-a-half million dollar balance. So at this point the way things are being scheduled, we don't think that that additional money is needed; yet there is plenty of money there still to advance projects. And then next year, of course, we could alter that decision, if need be.

CO-CHAIR CALARCO:

Okay. Thank you. We'll go through the rest of the cards and we'll, I think, go back to that issue.

The next speaker is Peter Elkowitz.

MR. ELKOWITZ:

Thank you. My name's Peter Elkowitz. I'm the President and CEO of the Long Island Housing Partnership. I'd like to thank the Suffolk County Legislature for their continued support on affordable housing.

LIHP supports the request for an additional 2.5 million for land acquisition under the Capital Program 8704 and an additional 5 million for infrastructure funds under Capital Program 6411. Even though we just heard that there are additional funds still available, there is a lot of affordable housing still in the pipeline to be built.

Since 2004 these two funding sources have been instrumental in the development of 354 affordable housing units that LIHP either developed or assisted in the development of. Of the 354 units, I'm proud to say 150 were homeownership and 204 are rentals. As the grants continue to decrease for affordable housing, it has become more and more difficult to develop affordable housing for those low and moderate income populations that desperately need decent, safe housing here in Suffolk

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County.

These funds have also been a critical piece in the revitalization of many of our downtown communities such as Bay Shore, Patchogue and Riverhead. These funds have not only helped approximately 400 individuals and families secure housing, but have been instrumental in creating economic and social growth in communities across Suffolk County.

It should also be mentioned that the Long Island Housing Partnership's Developments have a significant impact on the Long Island economy during the construction phase as well as after the homes have been occupied; specifically increasing revenue spent in the community, employment, taxes and retaining critical workforce skills here locally.

I thank you for allowing me to speak here today and for all the support you've provided LIHP over the last 25 years. Without your support many of these families would already have moved off Long Island or be living in substandard housing conditions. Thank you.

CO-CHAIR CALARCO:

Thank you, Peter. The next speaker is Diane Burke.

MS. BURKE:

Good afternoon. I'm Diane Burke, Interim Executive Director CEO of Habitat for Humanity of Suffolk. I'm going to echo what the last two speakers have said. We are a low income -- low to moderate income housing ministry here in Suffolk County for the last 25 years. We have completed 162 homes here in Suffolk County thanks to the support -- much of the support from Suffolk County, of which we get all of our land. It's more than important for us to be able to help folks stay here in Suffolk County and in New York and keep our workers here, keep our young professionals from moving off of Long Island, even as close as New Jersey and Westchester our folks are leaving. So let's try to create affordable housing here in Suffolk County so that we can keep our workforce here producing and growing our economy. Thank you.

CO-CHAIR CALARCO:

Thank you, Diane. Our next speaker is Jim Morgo.

MR. MORGO:

Good afternoon everybody. My name is Jim Morgo and I've had many jobs, especially lately. But about 15, 16 years ago while I was still at the Long Island Housing Partnership, I often say I'm the second best President and CEO of the Long Island Housing Partnership ever. There have been two. But back about 15, 16 years ago Bob McMillan, who was the founder and the first Chairman of the Housing Partnership, said to me, he said, "Jim, you know, whenever I feel bad about getting older, I go out and I drive around and I go to all the sites of the homes that the Housing Partnership developed." And he said "when I look at those homes, I get a real sense of satisfaction and achievement knowing that I was part of something like that, when I see the homes and when I see the people who are living in them."

At the time I said, "yeah, Bob's in his late 60s. You must think of things like that when you're so old." But now, when I think of both these programs and think of really what they are, investments, and the returns for that investment are kind of -- the most obvious are the homes and the people who live in them, but there are other returns as well -- other returns as well. Young people stayed here on Long Island. The construction jobs when the homes are being built, particularly the sales taxes, the sales taxes generated by the new purchases that anyone has to buy when going into a new home, and remember a rental apartment is a home as well, so there are taxes generated by that economic activity.

And one of the best things about this program in contrast to other government programs involved in

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housing is that government doesn't build the homes. Government has non-for-profit partners like the Housing Partnership, like Community Development Corporation of Long Island, like Habitat for Humanity. These are groups that are noted for their competency and for their honesty. And they're the ones who do the selection of the new homeowners and the new renters.

So, as a couple of speakers said, doing affordable homes in Suffolk County is extremely difficult and you have to cobble together a lot of different financial pieces. This -- these two capital programs leverage other pieces. And it's -- they've been great successes with great returns on investments. Thank you.

CO-CHAIR CALARCO:

Thank you, Jim. My next speaker is Marian Russo. Is Marian here? Hi, Marian, how are you?

MS. RUSSO:

Hi, Rob, how are you?

CO-CHAIR CALARCO:

Good.

MS. RUSSO:

My name is Marian Russo. I'm the Executive Director of Community Development for the Village of Patchogue. The Mayor asked me to appear here on his behalf. He was unable to be here, but he knows firsthand, as our whole community knows, the importance of these capital fund programs and wanted the Village of Patchogue to have a voice here today.

And, as you know, both programs 8704 for the acquisition of land and 6411 for infrastructure improvements had been integral to the redevelopment of the Village of Patchogue. And the continued funding of these programs is essential to assist other communities in their redevelopment efforts. Affordable housing isn't just about providing housing for our kids. It's about economic development, downtown revitalization, stabilization of communities by bringing young families into the schools, the communities and downtowns.

The County funding sent a message to developers that Suffolk County is open for business. The redevelopment of Patchogue didn't happen without it. It was the seed money needed to bring in developers. The restaurants, retail and conversion of many two and three-family homes back to single-family homes happened because of your first investment in the Village in Copper Beach Village; \$3.75 million helped create 80 units, 50% of which were affordable, which makes 40 units of workforce housing.

Art Space came because of your investment in Patchogue; \$3.65 million, which turned the Village into a destination for the arts. That's 45 units of rental housing, 100% of which are affordable. And now under development, I passed it on my way here today, it's going up quickly, the Tritec Development, New Village in Patchogue. That's a \$1.75 million investment. It brought us \$110 million of development. And I know there's a speaker here from Tritec. Bob Coughlan is here. He'll speak about the specifics, but 30% of the apartments in that development will be affordable units. And that development is -- will forever change the face of Patchogue, but is a regional development that it will have long-reaching impacts and long-term impacts.

So, the Mayor wanted me to state that there are always unintended consequences. You thought this fund was just about housing, the housing it's created over the last seven years. Well, it's created over 1700 construction jobs, over a million dollars in new property taxes for the school, the County and the Village, over 500 new private sector jobs in the restaurants, retail, commercial and the jobs needed to support these new business and residential properties from the landscapers to the property managers. It's a jobs program, a tax-positive revenue-producer and a Workforce

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Housing Program. More importantly, it's an investment in the future of Suffolk County. And you have to realize the \$8 million that was received by Patchogue and their projects became actually \$300 million in investment. And over the long term, will be over a million dollars a year in tax revenue to this County.

So it was through the vision of this Legislative body and the administration at the time that Patchogue Village became -- has become what it is today and what it is destined to be in the future. There are many Villages, Hamlets and unincorporated areas that are now looking to you for the help to keep their young families in their communities, revitalize their downtowns and spur economic growth.

So we encourage you to continue this fund and continue to fund it. Because right now this is what Long Island needs. And we're going to need this for the future after what we've been through with Sandy and as we recover from that and the economic downturn -- Patchogue is thriving. And this fund can help other communities thrive as well. Thank you very much.

CO-CHAIR CALARCO:

Thank you very much, Marian. I can tell everybody here that Patchogue Village through the whole recession has seen nothing but construction going on in our Village. And it's a large part because of these types of projects and these investments.

My next speaker -- oh, it's wonderful, Tom. Next speaker is Elizabeth Lunde. Lunde.

MS. LUNDE:

Thank you. I'm Elizabeth Lunde. I'm the Senior Associate Executive Director of Concerned for Independent Living. We're a non-profit agency that develops housing and provides support services for folks who are challenged with a variety of different needs: Homelessness, disabilities, veterans, low-income folks.

I want to start by thanking you for the support that Suffolk County has already given us for our Concern Amityville Project, which you may be familiar with. It's a 60-unit property that was being developed. It was transferred to us from the military. It was a training base. And we have 60 units going up there. It's due to open by the end of the year. It will serve homeless veterans at 30% or lower of area median income. Unfortunately, the need for housing for homeless veterans far exceeds what we're developing at Amityville. And we're really looking to develop.

We have another project in development right now in Ronkonkoma on Portion Road. It's a 59-unit property for veterans who are homeless or at risk of homelessness. And we really need both kinds of support. I mean, really to echo what Jim Morgo just said about the patchwork of funding that goes into developing a project like this, when we put together one of these projects, we cobble together funding from low-income housing tax credits, the Office of Mental Health, the Affordable Housing Program, the Federal Home Loan Bank, HHAP, all these different sources coming together. And it really often comes right down to the wire in terms of pulling together the last pieces that make a project whole.

You were a part of making that happen for us at Amityville. And our hope is that you'll be a part of making it happen for us in Ronkonkoma as well. We used infrastructure funding on that last project. And that was terrific. Acquisition funding is also terribly important. Sometimes coming up with those funds for those pre-development costs is one of the most challenging pieces of getting a project off the ground. Before you can even begin to put these pieces of funding together, you often need to own the land and have that site control.

So I would urge you to continue your good work and continue to fund these two programs. You know, we've all talked about how it's leveraged and the far-reaching effects of this funding and what

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it does for communities. It's -- to me -- and for the work that my agency does, it's really about stopping a cycle of homelessness, particularly when you're housing families, to be able to interrupt a cycle that is transformative -- in a way that that it's transformative for the families, for the children. It's just terrifically important.

And so I thank you and encourage you to continue that support.

CO-CHAIR CALARCO:

Great. Thank you very much. Our next speaker is Mike Kelly.

MR. KELLY:

Hi. My name is Mike Kelly. Thank you very much for allowing me to speak today. I'm past President of Long Island Builders Institute. I'm also the past Vice President for Pulte Homes. And Pulte was the developer partner for a community called Copper Beech Village, which Marian had mentioned. It's in the heart of Patchogue Village. And I have to tell you, this is probably a good sign that Copper Beech has only been mentioned by Marian and myself. So it just means that affordable housing is advancing passed that community because in ten years, it was mentioned every other sentence. So that's a good thing.

As a local builder and developer, I do support the request for additional two-and-a-half million dollars for land acquisition under the Capital Program 8704 and an additional five million for infrastructure funds under Capital Program 6411. And these are important funding mechanisms, because I have to tell you, we are building a community right now in Patchogue as well. Tritec is not the only construction going on as some may be led to believe. (Laughter)

But I have to tell you, the cost of construction has gone up dramatically. You wouldn't think that based on the recession and the malaise that has gone on in the residential construction business, but cost of lumber's up 22%, cost of windows are up 5%, cost of sheetrock is up over 30%. All these costs combined with the cost of land and the cost of sewer are driving the need for prices to increase, but the market's not there for that. We can't have price increases because the market won't sustain it.

When we need to provide affordable housing, we need to separate the affordable housing price from the market rate price. These two programs 8704 and 6411, the funding of that helps us drive the price of the affordable housing down to something that -- the likes of Peter Elkowitz and the Housing Partnership and James {Brits} as well as Marianne Garvin, they go out and market these affordable housing units. We need to provide that separation in market rate price to affordable price. And the only way we can do that is by some offset or some subsidy, which these two programs allow us.

So I just want to make that clear because it's very, very important. Because we'll build the houses, but if we can't fill them because they're too high-priced because we don't have any subsidy to offset that, it really drives down and complicates our process because we have houses sitting there empty. It becomes very difficult. So from a practical standpoint, I just want to say thank you very much and appreciate it.

CO-CHAIR CALARCO:

Thanks, Mike. I just had one quick question for you, if you don't mind. I know you mentioned your project. I go by it every day on my way to work, River Walk.

MR. KELLY:

Sorry about the two weeks of construction.

CO-CHAIR CALARCO:

Yes, it made it getting around Town just a little harder, but that's okay. A question for you: Your

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project is a completely privately funded project; correct, River Walk?

MR. KELLY:

Yes.

CO-CHAIR CALARCO:

If it weren't for the previous investments in Art Space and Copper Beech and the other things being done in the Village that were -- benefited from this program, would you and your partners be doing River Walk right now?

MR. KELLY:

Probably not; mainly because Copper Beech, which was probably the first one to come to market and then Art Space, those two really set the market place. It cleaned up a blight that -- you know, it started to cause the market to turn. And cleaning up that area is what was needed. So we're putting \$60 million into the community. We wouldn't have done so that readily had that blight not been cleaned up previously, so --

CO-CHAIR CALARCO:

So it has a multiplier effect. Not only getting the private dollars in to do the projects that this program supports, but also drawing in other private entities to come in and do other projects.

MR. KELLY:

Without a doubt, without a doubt. Like Copper Beech Village -- I think that's seven (laughter) -- my over-under on Cooper Beech Village mentioning it is, I think, ten. So if you hear me mention it a couple more times -- but we wouldn't have -- we wouldn't have -- you wouldn't have gone down to Patchogue Village before Copper Beech came, because going down Gerard Street and Church Street, those are very, very blighted areas. I mean, it was a very difficult to go down there and bring some investment, like, Tritec or anybody else to the community, because it was very, very difficult. And these funds that you put forth, that's what made that happen. As the Build-a-Partner with the Housing Partnership, with the County and with the Village -- that turned it. And that's why these funds are so important.

CO-CHAIR CALARCO:

Great. Thank you. And I think it builds off of what Marian Russo is mentioning as well. I can take you folks down into my neighborhood of Patchogue Village, and I could show you probably at least a dozen, if not two dozen young families, that moved into the neighborhoods simply because of everything that's happening.

Legislator Nowick.

LEG. NOWICK:

Yeah, and it's more of a curiosity question. And I actually had opportunity to go through Patchogue last week. And I haven't been there in quite a while. And you're right. It's just -- it's amazing. What a wonderful job that's been done there. But I assume that River Walk is the big construction going on there.

MR. KELLY:

It's one of them. Yeah, the real big construction, the 800-pound gorilla back there, Tritec, that's on Main Street.

LEG. NOWICK:

I'm just curious, the one you call River Walk, is that -- is that a name that you've used for other buildings and other states? Or this like -- is this the first one?

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MR. KELLY:

No. This is the first one. And the River Walk was actually studied by Suffolk County Water Authority as well as the Patchogue Village Board for probably 15 or 20 years trying to link Main Street to the businesses on the river. But because Clare Rose, their warehouse was physically in the middle of this particular site, the walkway could never get built because the Clare Rose warehouse was there. So now that we've demolished the warehouse, we're able to construct the River Walk in hopes of extending a walkway for public access to get people from -- walking from Main Street down to the River.

LEG. NOWICK:

Somebody's thinking out of the box, right. Thank you.

MR. KELLY:

Thank you.

CO-CHAIR CALARCO:

Great. Thank you. All right, our next speak is Bob Coughlan.

LEG. HAHN:

The 800-pound gorilla.

MR. COUGHLAN:

I don't usually think of myself that way, but my name is Bob Coughlan. My brother Jim and I are the principal owners of Tritec Real Estate. I'm here today to support Capital Programs 8704 and 6411, which provide funding for land for workforce housing, infrastructure and infrastructure for Workforce Housing.

One of the projects that our organization's currently developing, as mentioned before a number of times, is New Village at Four Corners. For this project, we acquired six blighted properties at the corner of Main Street and North Ocean Avenue. We're currently under construction building 291 rental apartment units, 45,000 square feet of retail, 17,000 square feet of office space. Through these Capital Programs and this Legislative body, we received \$3.75 million which allowed us to offset the land cost and allowed us to provide 67 workforce housing units.

The total capitalization for this project, as mentioned before, is over 100 million dollars. However, without the assistance the \$3.75 million to offset the cost of the property, we have not been able to provide the 67 workforce units. New Village is much more than an apartment complex in the middle of a sod farm. This project is transforming blighted property in downtown Patchogue and revitalizing a community. This project is also an example for the rest of Suffolk County, as well as for Long Island for that matter, of what can and should be done to keep our young people and our seniors here on Long Island. This would not have been possible without the support of the Capital Programs 8704 and 6411. The support from these programs is essential, not only for those families in need of assistance, but for the health and well-being of our overall communities at large. And I ask you to continue the support for these programs.

And just as a point, as you had mentioned, I think, Rob, you had -- on line of what motivated us to get involved in Patchogue, and it was Copper Beech. And without Copper Beech having been there cleaning up the blighted area, we probably wouldn't have been encouraged to go down into Patchogue and to make the investment that we've made there so far. Thank you very much for your time.

CO-CHAIR CALARCO:

Great. Thank you. Okay. Last card is Michael Butler.

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MR. BUTLER:

Good afternoon. Thank you for the opportunity to speak here. My name is Michael Butler and the managing partner Woolworth Revitalization LLC. We're taking on a 40,000 square foot building in downtown Riverhead that has been vacant for -- since the Woolworth Store left about 18 years ago. Right. And it's right in the center of downtown Riverhead. I want to ask for the support of the Capital Program. Because without programs like this, it's going to be impossible to build affordable housing.

We've heard from some of the other developers and non-for-profit and for-profit about how important these programs are. And most of them have already received a lot of funds. We're in the development stage acquiring the property that had been vacant for many, many years in February. Currently we are working on the commercial portion and we're renting it out 25,000 square feet of commercial space. And on the upper floor we are planning 19 units of affordable housing. And to be as clear as possible, without these units, it's going -- without this funding from your programs, it's going to be almost impossible to build those units. And it would be a shame for downtown Riverhead, which is probably one step behind Patchogue in the redevelopment.

Downtown Riverhead was funded through a Summerwind Project, which was -- coming online now. And that was about 52 units of housing. And basically, you know, it can't be a clearer picture. These programs -- the cost of building this housing, whether it's new construction or a rehabilitation, is more than the rents are going to pay for, the development, and they won't happen.

I hear the numbers that we're talking about. And it really -- even to pass the money that you're asking for, is really peanuts, to be honest, in the whole realm of housing. One of these projects takes a few million dollars to build. And while you're going to lose out also on other things, for every dollar of investment that -- public, we're also looking at probably at least four or five times of that going in from the private sector.

So this is a great program. It has a good formula. It's a proven track record. So I urge the Legislature to continue funding this program and keep revitalizing our downtowns and building affordable housing. At the end of the day, like all the people have talked about here, it's not one thing. It's building -- whether it's 100 units or in smaller projects, 20 units, these are housing that's affordable for people who need housing. And Long Island just doesn't have -- especially Suffolk -- a good market for rental housing. And now I think people are getting smarter to see that it should be in downtowns as well, which will help spur the downtowns. And this is a great program. It's working. Let's hopefully continue it with as much funding as possible. Thank you.

CO-CHAIR CALARCO:

Thank you, Michael. Do we have anybody else from the public who would like to speak? Sure, come on up. Just introduce yourself for the record.

MS. GAJOWSKI:

Good afternoon. My name is Ann Gajowski. And I'm the Assistant Executive Director of the Southampton Housing Authority.

So we have a little housing authority in the heart of the Hamptons. And, of course, that's been said the stomping ground of the rich and the famous. But we also need affordable housing, in particular affordable rentals. Without your help, a small agency like ours, it would be absolutely -- near impossible, let's put it that way, to continue on and build in particular multi-family housing for our seniors, for our next generation families, young professionals.

We currently have in our pipeline a 34 one-bedroom and -- one-bedroom and accessory apartment complex that we're looking to build east of the Hampton Bays Canal, which has not been done before and certainly not in this magnitude. We really could use the infrastructure money. So if

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you could keep this Capital Funding rolling, it would truly be helpful. Thank you.

CO-CHAIR CALARCO:

Thank you. Is there anybody else from the public who would like to address the Committee? Okay. Staying on the subject of affordable housing in these two programs, is there someone from the County Executive's Office? Carolyn, is that you? Please come on up.

MS. FAHEY:

Actually I'm here on behalf of the Department and to talk about this and 8704. You've heard from all of the speakers the value that this program has brought to the County, to communities such as Bay Shore and Patchogue and so on. And the new Director of the BRO noted that we do have 8-and-a-half million dollars in our free balance. But what you should know is there's \$13.5 million of pending projects that we have in front of us now. That's just the ones that we have been in discussions with and have actually received some specifics on.

So with 13-and-a-half million on our table, we have 8-and-a-half-million -- we're already five million shy. That's if we fund them all. And we understand that they're not all going to come to fruition for the amounts that they had requested. There's still a lot in negotiations going forward. And it's why we have laid off the last year or two of requesting funding from the Capital Program. We didn't have any funding in '13 and we didn't have any funding in '12. Give us an opportunity to take that free balance and start planning it out.

The ability to have an ongoing pipeline of funding for this type of program is essential. These developers aren't going to look at projects unless there is that support there. Their projects three, four years down the line, we start discussing with them now. So the ability to have that funding in the 2014 year is important for us to move forward with that 13-and-a-half of those projects in the pipeline and anything new that comes to fruition.

So we're asking that the County Executive's recommended budget, which was the Department's request of 5 million for 2014, be considered and accepted.

CO-CHAIR CALARCO:

Carolyn, that 8 million plus that you mentioned you have, is that for both programs, both acquisition and infrastructure?

MS. FAHEY:

No. The 8-and-a-half million, that free balance, is in the Infrastructure Program.

CO-CHAIR CALARCO:

Infrastructure alone. You have nothing left for acquisition costs?

MS. FAHEY:

It's about 1.8, 1.9 --

CO-CHAIR CALARCO:

1.8, 9 --

MS. FAHEY:

-- in land, yeah. You're at 10 million. We still have 13-and-a-half million of just those projects that we've received so far.

CO-CHAIR CALARCO:

Okay. Great.

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P.O. LINDSAY:

Could I ask a question?

CO-CHAIR CALARCO:

Sure, Legislator Lindsay.

P.O. LINDSAY:

Yeah, but, Carolyn, the money -- if we added the 5 million as requested by the Department, that isn't to be spent in '14. It's just to renew the balance in that account; am I correct?

MS. FAHEY:

It's to give us the ability to continue projects beyond the 8-and-a-half million we have.

P.O. LINDSAY:

But is it needed in '14?

MS. FAHEY:

I can't tell you whether or not -- when we're going to need it. It's going to depend upon the timing of the --

P.O. LINDSAY:

When would you like it?

MS. FAHEY:

We would like it in '14.

P.O. LINDSAY:

Okay. That's all I want to know.

CO-CHAIR CALARCO:

Okay. Legislator Cilmi had some questions.

LEG. CILMI:

Thanks, Mr. Chairman. I don't know if -- questions to Budget Review or to Carolyn, either of you could answer, but I'm curious as to how much we've actually spent in the past, I don't know, three, four, five years per year?

MS. FAHEY:

I don't have that.

MR. LIPP:

I don't have it in front of me per year, but cobbled -- you know, what we have, you know, cursory stuff is for 6411 -- Capital Project 6411, which is what's being proposed for 5 million in 2014, we've spent 6-and-a-half million out of an authorization of 15 million. The authorizations go back to resolutions that were adopted in three separate years: In 2005, 5 million; 2008, 5 million; 2009, 5 million. And here we are in 2013 and we haven't spent all of that so what we were saying is we believe that that could be delayed for that reason, that precedent.

LEG. CILMI:

Okay. So -- so we've spent 6-and-a-half million since 2005?

MS. FAHEY:

No.

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MR. LIPP:

Well -- no. The authorization was in 2005 for the first 5 million. We've actually basically spent, I believe, the 2009 authorizations mostly. And then -- we still have outstanding authorizations. I'm not sure when the projects actually started.

MS. FAHEY:

Actually --

LEG. CILMI:

In pure dollars, I'm just thinking in pure dollars here.

MS. FAHEY:

6.5 million since 2009.

LEG. CILMI:

Since 2009.

MS. FAHEY:

Yeah. It's one, two, three -- almost four million in the last three years.

LEG. CILMI:

So nine, ten -- so -- how much did you say, Carolyn, I'm sorry?

MS. FAHEY:

About four million in the last three years.

LEG. CILMI:

Four million total in the least three years or in each of the last three years?

MS. FAHEY:

In three years. We've done 6.5 million since 2009. So in four years we've done 6.5 million.

LEG. CILMI:

Okay. So that's a little more than a million a year.

MS. FAHEY:

U-hum.

LEG. CILMI:

And we currently still have eight million available in that project?

MR. LIPP:

Eight-and-a-half.

LEG. CILMI:

I mean -- you know, I've supported affordable housing, but if we spent a little more than a million a year in the past four years and we still have 8 million left in the project, as it currently exists, what's -- why do we need to have it in -- it's just -- I mean, it seems like it's just a number at that point to me.

MS. FAHEY:

It's actually the growth and the maturity of the program. I mean, Copper Beech was the first -- you've heard it over and over, was the first project. That took a few years to get off the ground. But now that the program is being relied on more and accessed in a heavier fashion,

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having that money available to start negotiating and doing the discussions to get the projects up and running in two or three years, it's important. We have the 8-and-a-half million in our free balance. We have 13-and-a-half with the projects in front of us right now. And there are more projects coming in every day. It gives us the ability to work another year looking down the line and to budget out and to accept new projects.

LEG. CILMI:

How much do you think, Carolyn, we can physically spend in a year?

MS. FAHEY:

We have -- it depends on the status of each project.

LEG. CILMI:

I mean, do you -- are you --

CO-CHAIR CALARCO:

I think it's important to note, a lot of the projects, when they come through, the Cooper Beech project was, I think, a 3.75 million in one project. Tritec, I think their project is in that ballpark, too, around a 3.9 or somewhere around those numbers. So while they average out to a million a year because we had a really slow start, people were -- I think people were a little hesitant to do the program until they've seen the successes of it.

MS. FAHEY:

Exactly.

CO-CHAIR CALARCO:

A lot of these projects come out with a lot bigger dollar figures than just a million dollars in a year.

LEG. CILMI:

Okay. So my --

MS. FAHEY:

We have two projects in Port Jeff that are requesting 4 million on their own. Not that they'll get 4 million, but some projects come in at 4 million, 2 million, some come in at 150, 200,000.

LEG. CILMI:

So what's immediately before us? What's in the immediate future in terms of what are the project requests that you have, the funding that we have available currently, what do you see happening in the next year to two years?

MS. FAHEY:

In the next two years I would expect to have that 8 million in front of you for projects.

LEG. CILMI:

The next two years.

MS. FAHEY:

Right. And then 5 million will give us the ability to start working on projects that'll come before you in the later years. It's the ability to have that ongoing cash flow, the ongoing commitment of funding stream in order to allow us to negotiate and discuss with the builders.

LEG. CILMI:

Okay. And we've recommend -- the Budget Review Office has recommended just to not have any funding for 2014, but to continue the funding in subsequent years?

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MR. LIPP:

Correct.

LEG. CILMI:

'15, '16, etcetera?

MS. FAHEY:

No. Just '17 and on.

MR. LIPP:

Right. It was just -- let me get to that spot, make sure I have it right. (Inaudible) Right, we -- we delayed it to subsequent years. And then, you know, as we see what's going on, we could adjust to that. So, for instance, next year's Capital Program, if we see that things are being advanced faster, then we could move --

LEG. CILMI:

We can take it out of subsequent and put it in current.

MR. LIPP:

'15.

LEG. CILMI:

Yeah.

MS. FAHEY:

Legislator, to your point, if you go to -- I don't know if you have the Budget Review Report in front of you, but on page 363, they list the projects that are in the pipeline. And it tells you when we anticipate coming in front of the Legislature with the funding resolution. One of them -- you know, 2.2 for Jefferson Meadows is in discussion. Two million for Port Jeff Village, we're expecting to come in front of you this fall; one million in North Bellport we're expecting to come in this fall or early next spring; Wincoram we're expecting to lay on the table, that's one-and-a-half million this July; Woolworth we're looking to come to the Legislature this summer at 500,000; Wyandanch Rising, we're looking for this summer for another 2.6 million. So if you look at that listing, it kind of gives you an idea of the time table. And a lot of these are this year and the beginning of next year.

LEG. CILMI:

Okay, so I'm going to ask you what probably will be a rhetorical question. Obviously the extent of the County's fiscal challenges has been well-defined and well-presented. Our debt service in the County in the past 7 or 8 years or so has more than doubled. Because of the -- is it the Tobacco Reserve Fund is now gone, right, and so we're going to have an increase in debt service over the next couple of years. Right, Robert? Is that --

MR. LIPP:

Yes.

LEG. CILMI:

Yeah. So, I guess my question, and this is the rhetorical part, Carolyn, is what would you have us eliminate? I mean, understanding that this is a zero sum game, we have limited funds, what -- this is what we struggle with. So I'm asking you to deal with in your request for additional funding here, I'm asking you to deal with the questions that we deal with. What would you have us eliminate to include this funding? Right, that's what I meant; it was a rhetorical question.

MS. FAHEY:

Legislator, all I can tell you is that the economic impact with this program is beyond any other

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program that you see in front of you. The economic impact from the housing and from this program is at least 22 to 1. You heard from some of the developers, the jobs created, the construction job created, the sales tax revenue; if the Legislature is looking to put in funding into a program where our return is greater than probably most any other program you have in front of you, this is the program.

LEG. CILMI:

Right. I understand that and I understand the value of it. And you and the others who have spoken today have asked us to be your partners in, you know, in promoting and making additional housing available. I'm asking you to be our partners in trying to find ways that we can deal with our fiscal challenges. Because while this may be a priority to you, in an hour or two, we'll have another meeting and somebody will come in and he'll say "here's why this is a priority to us." And so we're faced with making these decisions. And I'm just asking you for some help in terms of how to prioritize in a fiscal situation that's becoming untenable.

CO-CHAIR CALARCO:

I guess the answer to that might be that these projects generate so much investment, it actually increases our tax take. You know, if -- Mike, I saw you raising your hand. How much did the -- did Cooper Beech, the Pulte Homes put in of their own money for their project compared to what did the County give them?

MR. KELLY:

Three to one.

CO-CHAIR CALARCO:

Three to one. So you got that much more investment. How about, you, Bob, with Tritec and Patchogue's Village project right now, how big is your project? How much is being invested in that?

MR. COUGHLAN:

Just over 100 million.

CO-CHAIR CALARCO:

And how much did you get from the County?

MR. COUGHLAN:

3.75 million.

CO-CHAIR CALARCO:

So for 3.75 million, we got 100 million dollars investment. What's your anticipated tax -- property tax payments going to be once you're up and fully constructed?

MR. COUGHLAN:

Property and sales will exceed 4 million.

CO-CHAIR CALARCO:

Four million in property and sales tax.

LEG. CILMI:

So I'd like to -- I appreciate that and I understand there's a multiplier effect and I understand the economic benefit of doing this, which is why I've supported it. But that doesn't negate the fact that we are in the position that we're in. And while those economic benefits may be real, it takes quite a bit of time for some of those economic benefits to become reality for us. And, quite honestly, while I agree that there are economic benefits, I'd like to see some sort of an overall study to see what the return on investment actually has or will be. I don't know if that's something that our Budget

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Office can undertake.

Look, I'm just expressing the frustration in choosing priorities. And, you know, this is valuable. It's proven itself. I understand. I would just like for the folks who come to us asking -- telling us how much of a priority things are, to help us find ways to deal with the other financial challenges that we have.

I have one last question, which is more specific to the housing that we've -- that we've done. What sort of capacity is there -- has there been created in terms of number of units? And what's been the -- what is the occupancy rate of that capacity? I don't know who might know the answer to that question. It's know it's a big question.

CO-CHAIR CALARCO:

Peter, maybe you have the of answer for the homes that Long Island Housing Partnership manages, which is a large number of them.

MS. FAHEY:

Overall we've created 562 homes.

CO-CHAIR CALARCO:

Are they all occupied right now to the best of our knowledge?

MR. ELKOWITZ:

Occupied or under construction right now, yes.

LEG. CILMI:

So 100% occupied or under construction.

MR. ELKOWITZ:

All the ones that are completely CO are occupied right now.

LEG. CILMI:

That's great. I mean it shows what demand there is out there. It would be interesting to hear in your presentations in addition to hearing from each of you, who I understand brings a great amount of experience, it would be great to hear from some of the folks who have benefited from this housing at the same time; just a suggestion.

MR. ELKOWITZ:

Absolutely.

CO-CHAIR CALARCO:

You can come down to the Patchogue Village. I'll take you over to Arts Space.

LEG. CILMI:

I have them in Bay Shore. I have them in Bay shore.

CO-CHAIR CALARCO:

Great group of people there. I saw Mr. Morgo raise his hand when you mentioned the study. Because, I think, actually there's been a lot of studies on these issues.

MR. MORGO:

I was leaving actually and I heard your question, Legislator Cilmi. If I'm not mistaken, you're talking about two different Capital Programs. One is older than the other. The Acquisition Land Program goes way back to when I was at the Housing Partnership. And for that one, there's only \$2

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million left in that program. And over \$14 million has been used for the acquisition. And perhaps the infrastructure program, because it's new and the bugs had to be worked out, that's why the money hasn't been used.

But you were talking about the program. There are really two programs. And the idea of postponing was only -- you're only talking about, Robert, the -- the infrastructure. And Peter said something to me that -- when I said that I wanted to clarify this, number one, to be clear, the Acquisition Program has only two million left and a lot is still in the pipeline.

And, secondly, when a development is being planned, and particularly when you talk about the delta or the gap that Mike Kelly talked about, the developers, be they not-for-profit or for-profit or public, private, have to look at the total budget. And they have to know what's available years in advance if they're going to plan the development at all.

So that's why when I talked about cobbling the different finances together, I don't think the infrastructure was used because people weren't accustomed to using it. They were accustomed to using the acquisition.

LEG. CILMI:

So, I'm sorry, Mr. Chair, but you just brought up other question, Jim.

CO-CHAIR CALARCO:

Sure, go ahead.

LEG. CILMI:

The \$2 million in acquisition money, has our Budget Review Office recommended -- is there a project currently in the --

MR. MORGO:

Peter would know that better than I --

CO-CHAIR CALARCO:

Go ahead, Mr. Lipp, you got the answer to that.

MR. LIPP:

Okay. So we said in our review there's two-and-a-half million, I believe, that's being proposed for 2014. We said we weren't recommending any changes to that, but part of the problem was -- that we had is we don't really understand at this stage what that money would be used for. So we were uncomfortable about making any sort of recommendation either way. That being said, I think big picture here, what we're talking about, there's some very interesting issues here in terms of the economic impact, in terms of the fiscal impact.

And I would suggest, number one, this can't be answered like that, a snap of the finger. So my suggestion would be for me to reach out to Carolyn and maybe have a meeting with some of the parties -- interested parties here. And I can scope out, you know, what our concerns are. I know fiscally, you know, what our issues are and we have a ranking form that ranks the projects and stuff like that, and talk about both the economic and fiscal impact. So there are only two things you need to know: The fiscal impact on our budget and economic impact on the economy. And the two don't always match together very well.

LEG. CILMI:

That would be great. I guess as a last point, one thing to consider might be, based on what I'm hearing, to move some of the money from the infrastructure project to the acquisition project. I don't know. That's just a -- just a thought. It seems like that portion of the -- or that project itself

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is, you know, in greater need at this point. But I don't know if that's correct. I'm just throwing it out there.

MS. FAHEY:

No, I think on the acquisition side, we're okay with what the County Executive recommended. It's what the Department requested and it's what Budget Review requested to stay in the budget. So, we're happy with that.

MR. MORGO:

Just history, we're just saying the acquisition started in 2001 so people know it. Infrastructure started in 2006.

CO-CHAIR CALARCO:

Jim, can you -- I'm going to need you to come up to the mike. The stenographer can't keep up. I see her leaning closer and closer to --

MR. MORGO:

I was talking about getting older. And sometimes when you get older, you have a sense of history and the history you can remember. But the acquisition started in 2001, 2002. The first development was Millennium Hills in Melville that -- using the acquisition. And that -- there was a learning curve there. So with the infrastructure, which started in 2006/7, people didn't -- weren't accustomed to using it. They're getting accustomed to it now. That was the only point.

LEG. CILMI:

Jim, in your experience, is there any way to create affordable or workforce housing out of some of the vacant foreclosed, single-family housing stock that we have available to us these days?

MR. MORGO:

Yeah, and that's being done. The Housing Partnership's doing it, CDC's doing it.

One of the things -- talk about history, ones of the things I started saying that these two programs were the first two programs for workforce homes from the County since the 72-h Transfer Program, which started back in 1986. That is also -- you're not talking about that today, but that has created a great many homes. And, Tom, that's where you take foreclosed homes, often times it's better to tear them down and build new because they're in such awful condition, but that's created thousands and thousands, that's real -- that program was also the foresight of the Legislature going way back.

LEG. CILMI:

Okay. Thanks. Thanks for the deference.

LEG. CILMI:

No problem. Thank you. Legislator Hahn had some questions.

LEG. HAHN:

I was going to try to respond to what some of Legislator Cilmi was saying, but I think so many minutes have passed, this getting old thing (Laughter) -- but, I mean, I think that there's no question that at this point what our economy's facing, we're feeling the kicking, you know, things kicking in. And these kinds of project are where we need to be investing to help the economy moving. And in places like Patchogue, the incredible vibrancy that's coming out of the investments, the -- you know, everything that's going on there, the developments, the -- and then not to mention the 67 workforce -- there's such an incredible need in our County and in our economy for places -- for people to live. We are trying to attract the best and brightest and new and innovative fields. And we need to have places for young, bright individuals to live as they're getting started in their careers and in these new fields. There's just so much going on in Patchogue, that it really

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needs to be a model everywhere around Suffolk County.

And what you're doing, the key to what the Suffolk County is investing is almost -- I mean, I'm already convinced by -- we don't need to study it, just by what was said here by the individuals, the private investment that's coming in as a result of the small seed money we're providing, it's ten, twenty fold. And then you start thinking about the people that come into the Village to use the arts, to use the restaurants, to use, you know, everything. It's a complete multiplier that is incredible. And I agree with the speakers thus far. And I hope that was clear.

CO-CHAIR CALARCO:

Thank you, Legislator Hahn. And it's not just Patchogue Village. As Legislator Cilmi mentined, Bay Shore has seen quite a renaissance itself with everything that's been going on down there. And they actually started before Patchogue Village, I think.

LEG. HAHN:

And I'm looking forward to the investment in Port Jefferson and Port Jefferson Station that are also on the block that you read out before. So I think there's a lot -- there's a lot of good coming from this and it's what's -- it's really part of what's needed in kick-starting the economy. And you've been doing it.

CO-CHAIR CALARCO:

Absolutely. Thank you very much.

Okay, we're getting very close to the end of our hearing scheduled time. Is there anybody else who wants to address either the Government Operations or the Economic Development Committees regarding the Capital Program? Seeing none, we will adjourn the Public Hearing and I'll let Legislator Hahn start her Public Hearing.

**THE MEETING CONCLUDED AT 2:05 PM
{ } DENOTES SPELLED PHONETICALLY**