

CITY OF NEW YORK CONFLICTS OF INTEREST BOARD

2 Lafayette Street, Suite 1010
New York, New York 10007
(212) 442-1400; (212) 437-0705 (Fax)
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April 19, 2023

Commissioner Adolfo Carrión Jr.
New York City Department of Housing Preservation & Development
100 Gold Street
New York, New York 10038

Re: Conflicts of Interest Board Case No. 2023-227 (Kimberly Darga)
Conflicts of Interest Board Case No. 2023-228 (Xiomara Pedraza)

Dear Commissioner Carrión:

This is in response to your letters to the Conflicts of Interest Board (the "Board"), dated March 17, 2023, designating, pursuant to Board Rules Section 1-13(e)(1), New York City Department of Housing Preservation and Development ("HPD") employees Kimberly Darga and Xiomara Pedraza to use City time and City resources to perform work for specified not-for-profit organizations. You also request a determination by the Board, pursuant to Board Rules Section 1-13(e)(2), that Ms. Darga and Ms. Pedraza may take part in these organizations' business dealings with the City.

Relevant Facts

Deputy Commissioner Kimberly Darga

You advise that Ms. Darga is Deputy Commissioner of HPD's Office of Development. She is responsible for leading HPD's implementation of Housing Our Neighbors: A Blueprint to Housing and Homelessness, the Mayor's plan to create and preserve affordable housing in the City. Ms. Darga supervises eight divisions within HPD: (1) Building & Land Development Services; (2) Housing Incentives; (3) Compliance and Enforcement; (4) New Construction Finance; (5) Preservation Finance; (6) Homeownership Opportunities and Preservation; (7) Special Needs Housing; and (8) Portfolio Management and Conversions.

You advise that, pursuant to Board Rules Section 1-13(e)(1), you have designated Ms. Darga to use City time and resources to perform work for the Neighborhood Restore Housing Development Fund Corporation ("Neighborhood Restore"), Preserving City Neighborhoods Housing Development Fund Corporation ("Preserving City Neighborhoods"), and Neighborhood Renewal Housing Development Fund Corporation

("Neighborhood Renewal"). You also request a determination from the Board, pursuant to Board Rules Section 1-13(e)(2), that Ms. Darga may take part in these organizations' business dealings with the City.

Assistant Commissioner Xiomara Pedraza

You further advise that at HPD Ms. Pedraza is Assistant Commissioner of the Homeownership Opportunities and Preservation Division in the Office of Development. She is responsible for managing City programs that create affordable homeownership opportunities and provide financial and technical assistance to existing homeowners; these programs include HomeFix, New York City Housing Authority ("NYCHA") Small Homes Rehab, Affordable Neighborhood Cooperative Program, Project Help, Basement Apartment Conversion Program, and Community Restoration Fund Program.

You advise that, pursuant to Board Rules Section 1-13(e)(1), you have designated Ms. Pedraza to use City time and City resources to work for the Restored Homes Housing Development Fund Corporation ("Restored Homes"), Restoring Communities Housing Development Fund Corporation ("Restoring Communities"), and Project Rebuild, Inc. You also request a determination by the Board, pursuant to Board Rules Section 1-13(e)(2), that Ms. Pedraza may take part in these organizations' business dealings with the City.

The Organizations

You advise that Neighborhood Restore is a not-for-profit organization created in 1999 at the request of HPD. Neighborhood Restore and its affiliates, Preserving City Neighborhoods, Neighborhood Renewal, Restored Homes, Restoring Communities, and Project Rebuild (collectively, the "Organizations") collaborate with HPD on programs to foster neighborhood stabilization by efficiently transitioning properties from physical and financial abandonment to responsible third-party ownership. Thus, each has business dealings with HPD. More specifically:

- **Neighborhood Restore** serves as an interim owner of properties subject to in rem foreclosure actions brought by the City through HPD's Third Party Transfer program, with the goal of transitioning multifamily buildings back into active use and increasing the quantity and quality of rental housing in the City.
- **Preserving City Neighborhoods** is a vehicle for the City to acquire distressed or at-risk mortgages in targeted neighborhoods to achieve optimal outcomes for the properties, homeowners, and neighborhoods through the City's Community Restoration Fund.
- **Neighborhood Renewal** creates and manages permanent affordable rent-regulated housing for families transitioning out of emergency homeless shelters through HPD's and the New York City Department of Homeless Services' Cluster Housing Conversion Program.

- **Restored Homes** administers foreclosure response programs through which it acquires, rehabilitates, and sells to qualified low- and moderate-income homeowners; provides low- or no-interest and potentially forgivable loans for home repairs to eligible homeowners through HPD's HomeFix program; oversees the rehabilitation and sale of vacant single-family foreclosed homes through the NYCHA Small Homes Rehab program; and takes title to City-owned infill sites during rehabilitation and oversees the transfer to qualified low- and moderate-income homebuyers through the City's Open Door Program. It also supports the City's Hurricane Sandy housing recovery programs by assessing and overseeing rehabilitation of single-family homes and multifamily buildings impacted by Hurricane Sandy and acts as a qualified plan, cost analyst, and construction monitor on the City's Build it Back Multifamily Loan Program.
- **Restoring Communities** takes title to City-owned properties formerly managed by tenants and oversees their conversion into low-income cooperatives under HPD's Affordable Neighborhood Cooperative Program.
- **Project Rebuild** purchases homes substantially damaged by Hurricane Sandy, rehabilitates or demolishes the homes, and resells the properties for redevelopment as part of the City's Build it Back Acquisition, Relocation and Buyout Program.

You further advise that an HPD employee serves as a voting member on the Organizations' governing boards, and you have selected Ms. Darga and Ms. Pedraza for these roles. In 2020, the Board approved Elizabeth Oakley, Ms. Darga's predecessor as Deputy Commissioner of HPD's Office of Development, to serve on the governing boards of Neighborhood Restore, Preserving City Neighborhoods, and Neighborhood Renewal (COIB Case No. 2020-052). Ms. Darga will replace Ms. Oakley as the HPD representative on these boards. In 2020, the Board also approved Ms. Darga's service on the governing boards of Restored Homes, Restoring Communities, and Project Rebuild when she was the HPD Associate Commissioner of Preservation in the Office of Development (COIB Case No. 2020-047). Ms. Pedraza will replace Ms. Darga as the HPD representative on these boards.

By your letter to the Board, you approve of Ms. Darga and Ms. Pedraza's work on behalf of the Organizations as part of their work for HPD and their participation in the business dealings between the Organizations and the City.

Relevant Law

Charter Section 2604(b)(2), as interpreted in Board Rules Section 1-13, prohibits a public servant's use of City time or City resources for non-City purposes.

Board Rules Section 1-13(e) provides that an agency head may designate a public servant to perform work on behalf of a not-for-profit corporation, association, or other such entity that operates on a not-for-profit basis, including serving as a board member or other position with fiduciary responsibilities, provided that: (i) there is a demonstrated nexus between the proposed activity, the public servant's City job, and the mission of the public servant's agency, and such work furthers the agency's mission and is not undertaken primarily for the benefit or interests of the not-for-profit; (ii) the designated public servant takes no part in the entity's business dealings with the City at the entity or at their agency; and (iii) within 30 days the written designation is disclosed to the Board and will be posted on the Board's website.

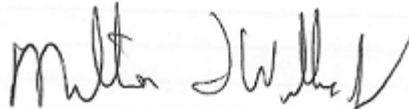
A public servant designated pursuant to Board Rules Section 1-13(e)(1) may take part in the entity's business dealings with the City at the entity and/or at their agency if, after written approval of the agency head, the Board determines that there is a demonstrated nexus between the proposed participation, the public servant's City job, and the mission of the public servant's agency; and that such participation furthers the agency's mission and is not undertaken primarily for the benefit or interests of the not-for-profit entity. See Board Rules Section 1-13(e)(2).

Advice

The Board has determined, based on the above representations and your written approval, that there is a demonstrated nexus between Ms. Darga's and Ms. Pedraza's work for HPD, their work for the Organizations, and the mission of HPD. The Board has also determined that Ms. Darga's and Ms. Pedraza's participation in the business dealings between the City and the Organizations furthers HPD's mission. Accordingly, they may use City time and City resources to perform work for the Organizations and may be involved in business dealings between the Organizations and the City. See Board Rules Section 1-13(e)(2).

The advice conveyed in this letter is conditioned on the correctness and completeness of the facts supplied to us. If such facts are in any respect incorrect or incomplete, the advice we have given to you may not apply. If at any time you would like further advice based on a change of circumstances or additional information, please contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "Milton L. Williams Jr.", written over a light blue horizontal line.

Milton L. Williams Jr.
Chair

Fernando A. Bohorquez Jr.
Wayne G. Hawley
Ifeoma Ike
Georgia M. Pestana

cc: Donna M. Murphy
Kimberly Darga
Xiomara Pedraza