



Department of  
Housing Preservation  
& Development

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ERIC ENDERLIN  
Commissioner

Office of the Commissioner  
100 Gold Street  
New York, NY 10038

APR 22 2019

Honorable Corey Johnson  
Speaker of the Council  
City Hall  
New York, New York 10007  
Attention: Jonathan Etricks

Re: Lexington Courts  
Block 1767, Lots 11, 22, 47, and 52  
Block 1768, Lots 9 and 11  
Block 1771, Lots 14 and 56  
Block 1783, Lot 41  
Manhattan, Community District No. 11  
Council District No. 8 and 9

Dear Mr. Speaker:

The referenced property ("Exemption Area") contains nine multiple dwellings known as Lexington Courts which provide rental housing for low income families.

East Harlem Lexington Housing Development Fund Company, Inc. ("HDFC") acquired the Exemption Area in 2009. East Harlem Lexington Partners, L.P. ("Partnership") is the beneficial owner and operates the Exemption Area. The HDFC and the Partnership (collectively, "Owner") entered into a regulatory agreement dated December 17, 2009 with the New York City Housing Development Corporation providing that all units must be rented to families who incomes do not exceed 60% of area median income. The Owner and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area. Eligible tenants will receive Section 8 rental assistance.

The Exemption Area currently does not receive any exemption from real property taxation. In order to facilitate the project, the Exemption Area needs an exemption from real property taxation.

HPD respectfully requests that the Council approve, pursuant to Section 577 of the Private Housing Finance Law, an exemption from real property taxation as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
  - a. "Effective Date" shall mean the later of (i) the date that HPD and the Owner enter into the Regulatory Agreement, or (ii) the HDC Regulatory Agreement Amendment Date.
  - b. "Exemption" shall mean the exemption from real property taxation provided hereunder.
  - c. "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 1767, Lots 11, 22, 47, and 52, Block 1768, Lots 9 and 11, Block 1771, Lots 14 and 56, and Block 1783, Lot 41 on the Tax Map of the City of New York.
  - d. "Expiration Date" shall mean the earlier to occur of (i) a date which is forty (40) years from the Effective Date, (ii) the date of the expiration or termination of the Regulatory Agreement, or (iii) the date upon which the Exemption Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company.



- e. "Gross Rent" shall mean the gross potential rents from all residential and commercial units on the Exemption Area without regard to whether such units are occupied or vacant, including, but not limited to, Section 8, rent supplements, rental assistance, or any other subsidy.
  - f. "Gross Rent Deadline" shall mean three hundred and sixty-five (365) days from the date of the HPD letter requesting the information that HPD needs to calculate the Gross Rent Tax for the applicable tax year.
  - g. "Gross Rent Tax" shall mean, with respect to any tax year, an amount equal to ten percent (10%) of the Gross Rent in such tax year; provided, however, that if the Owner fails to provide the Gross Rent on or before the Gross Rent Deadline, Gross Rent Tax shall mean an amount equal to real property taxes that would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.
  - h. "HDC" shall mean the New York City Housing Development Corporation.
  - i. "HDC Regulatory Agreement" shall mean the regulatory agreement between HDC and the Owner dated December 17, 2009 providing that, for a term of 30 years, all dwelling units in the Exemption Area, must, upon vacancy, be rented to families whose incomes do not exceed 60% of area median income.
  - j. "HDC Regulatory Agreement Amendment Date" shall mean the date upon which Section 3.3 of the HDC Regulatory Agreement is amended to authorize the Exemption Area's receipt of Real Property Tax Benefits as defined in Section 1 of such agreement.
  - k. "HDFC" shall mean East Harlem Lexington Housing Development Fund Company, Inc. or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
  - l. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
  - m. "Owner" shall mean, collectively, the HDFC and the Partnership.
  - n. "Partnership" shall mean East Harlem Lexington Partners, L.P. or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
  - o. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Owner establishing certain controls upon the operation of the Exemption Area during the term of the Exemption.
2. All of the value of the property in the Exemption Area, including both the land and any improvements (excluding those portions, if any, devoted to business, commercial, or community facility use), shall be exempt from real property taxation, other than assessments for local improvements, for a period commencing upon the Effective Date and terminating upon the Expiration Date.
  3. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the Gross Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the Owner shall not at any time exceed the amount of real property taxes that would otherwise be due in the absence of any form of exemption from or abatement of real property taxation provided by an existing or future local, state, or federal law, rule, or regulation.

4. Notwithstanding any provision hereof to the contrary:
- a. The Exemption shall terminate if HPD determines at any time that (i) the Exemption Area is not being operated in accordance with the requirements of Article XI of the Private Housing Finance Law, (ii) the Exemption Area is not being operated in accordance with the requirements of the Regulatory Agreement, (iii) the Exemption Area is not being operated in accordance with the requirements of any other agreement with, or for the benefit of, the City of New York, (iv) any interest in the Exemption Area is conveyed or transferred to a new owner without the prior written approval of HPD, or (v) the construction or demolition of any private or multiple dwelling on the Exemption Area has commenced without the prior written consent of HPD. HPD shall deliver written notice of any such determination to Owner, all mortgagees of record, and, where there has been an unauthorized conveyance or transfer of any interest in the Exemption Area, to the new owner of such interest in the Exemption Area, which notice shall provide for an opportunity to cure of not less than sixty (60) days. If the noncompliance specified in such notice is not cured within the time period specified therein, the Exemption shall prospectively terminate.
  - b. The Exemption shall apply to all land in the Exemption Area, but shall only apply to buildings on the Exemption Area that exist on the Effective Date.
  - c. Nothing herein shall entitle the HDFC, the Owner, or any other person or entity to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
5. In consideration of the Exemption, the owner of the Exemption Area shall, for so long as the Exemption shall remain in effect, waive the benefits of any additional or concurrent exemption from or abatement of real property taxation which may be authorized under any existing or future local, state, or federal law, rule, or regulation. Notwithstanding the foregoing, nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities.

HPD recommends approval of this matter and requests that it be referred to the appropriate committee at the next scheduled meeting of the Council.

Sincerely,



Eric Enderlin



**NYC**