



City of New York
DEPARTMENT OF
HOUSING PRESERVATION AND DEVELOPMENT
100 GOLD STREET, NEW YORK, N.Y. 10038
nyc.gov/hpd

ADOLFO CARRIÓN JR.
Commissioner

Honorable Adrienne Adams
Speaker of the Council
City Hall
New York, New York 10007
Attention: Jonathan Etricks

April 5, 2024

Re: Cadman Towers
Block 232, Lot 1
Block 238, Lot 35
Brooklyn, Community Board No. 2
Council District No.33

Dear Madame Speaker:

The referenced property ("Exemption Area") contains two multiple dwellings known as Cadman Towers which provide homeownership housing for low income families. Cadman Towers, Inc. ("Current Owner"), a City-aided limited profit housing company organized pursuant to Article II of the Private Housing Finance Law ("PHFL"), currently is the fee owner of the Exemption Area.

Under the proposed project, the Current Owner will dissolve in accordance with PHFL Section 35 and Section 3-14 of Title 28 of the Rules of the City of New York. Upon the dissolution of the Current Owner, Cadman Towers Housing Development Fund Corporation ("New Owner"), a housing development fund company organized pursuant to Article XI of the PHFL, will acquire the Exemption Area and will operate the Exemption Area. The New Owner and the HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently receives a partial exemption from real property taxation pursuant to Section 33 of the PHFL and makes annual shelter rent payments in lieu of paying full real property taxes ("Prior Exemption"). The Prior Exemption will terminate upon the dissolution of the Current Owner. The Exemption Area also currently receives an exemption from and/or abatement of real property taxation pursuant to Section 489 of the Real Property Tax Law ("J-51 Benefits"). In order to further support the proposed acquisition and rehabilitation, the Exemption Area needs a new tax exemption pursuant to Section 577 of Article XI of the PHFL that will be reduced by an amount equal to any concurrent J-51 Benefits.

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

1. For the purposes hereof, the following terms shall have the following meanings:



- a. "Current Owner" shall mean Cadman Towers, Inc.
- b. "Effective Date" shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, or (ii) the date that HPD and the New Owner enter into the Regulatory Agreement.
- c. "Exemption Area" shall mean the real property located in the Borough of Brooklyn, City and State of New York, identified as Block 232, Lot 1 and Block 238, Lot 35 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. "HDFC" shall mean Cadman Towers Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
- f. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
- g. "J-51 Benefits" shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law which are in effect on or after the Effective Date; provided, however, that such J-51 Tax Benefits shall not exceed fifty percent (50%) of the Shelter Rent Tax payable in any tax year.
- h. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
- i. "New Owner" shall mean the HDFC.
- j. "Prior Exemption" shall mean the exemption from real property taxation for the Exemption Area approved by the Board of Estimate on August 22, 1968 (Cal No. 16-A), as amended by the Board of Estimate on December 4, 1969 (Cal. No. 78) and on February 10, 1972 (Cal. No. 21), and as extended by the Council on February 2, 2005 (Resolution No. 388-A).
- k. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the New Owner that is executed on or after March 1, 2024 and that establishes certain controls upon the operation of the Exemption Area during the term of the New Exemption.
- l. "Shelter Rent" shall mean the total rents received from the residential and commercial occupants of the Exemption Area, including, but not limited to, Section 8, rent supplements, rental assistance, and any other subsidy, less the cost of providing to such occupants electricity, gas, heat and other utilities.
- m. "Shelter 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 Shelter Rent Tax for the applicable tax year.
- n. "Shelter Rent Tax" shall mean, with respect to any tax year, an amount equal to ten percent (10%) of the Shelter Rent in such tax year, but in no event less than six hundred fourteen thousand four hundred ninety-four dollars (\$614,494) per annum; provided, however, that if the New Owner fails to provide the Shelter Rent on or before the Shelter Rent Deadline, Shelter Rent Tax shall mean an amount equal to real property taxes that



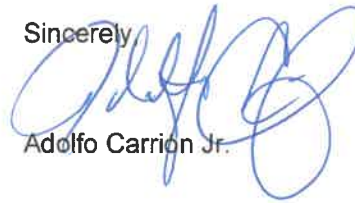
would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.

2. The Prior Exemption shall terminate upon the Effective Date.
3. 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.
4. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the New Owner shall make real property tax payments in the sum of the Shelter Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the New 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.
5. Notwithstanding any provision hereof to the contrary:
 - a. The New 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 New Owner and all mortgagees of record, 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 New Exemption shall prospectively terminate.
 - b. The New 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 New 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.
 - d. All previous resolutions, if any, providing an exemption from or abatement of real property taxation with respect to the Exemption Area are hereby revoked as of the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area shall, so long as the New 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, (a) 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, and (b) the J-51 Benefits shall remain in effect, but (i) the New Exemption shall be reduced by the amount of such J-51 Benefits, and (ii) the Shelter Rent Tax shall be reduced by such J-51 Benefits.



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,

A handwritten signature in blue ink, appearing to read 'Adolfo Carrion Jr.', written over the printed name.

Adolfo Carrion Jr.