

August 10, 2016

Honorable Melissa Mark-Viverito  
Speaker of the Council  
City Hall  
New York, New York 10007  
Attention: Gary Altman

Re: Renwick Gardens  
Block 934, Lot 15  
Manhattan, Community Board  
No. 6  
Council District No. 2

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Renwick Gardens that provides rental housing for low income families. Site 10 Community Alliance Associates ("Current Owner"), a redevelopment company organized pursuant to Article V of the Private Housing Finance Law ("PHFL"), currently owns the Exemption Area.

Under the proposed project, Renwick Housing Development Fund Company, Inc. ("HDFC"), a housing development fund company organized pursuant to Article XI of the PHFL, will acquire a fee interest in the Exemption Area and Site 10 Community Alliance Associates will dissolve as a redevelopment company and continue as a limited partnership ("Partnership") and the beneficial owner that operates the Exemption Area. The HDFC and the Partnership (collectively, "New Owner") will enter into a regulatory agreement with the City of New York Department of Housing Preservation and Development ("HPD") establishing certain controls upon the operation of the Exemption Area. Eligible tenants will receive Section 8 rental assistance.

The Exemption Area currently receives a partial exemption from real property taxation pursuant to Section 125 of the PHFL and makes annual shelter rent payments in lieu of paying full real property taxes. In order to support the proposed acquisition and rehabilitation, the Exemption Area requires a new tax exemption that is coterminous with the 40-year term of the new regulatory agreement.

HPD respectfully requests that the Council:

1. Approve the exemption from real property taxation pursuant to Section 577 of the Private Housing Finance Law as follows:
  - a. For the purposes hereof, the following terms shall have the following meanings:
    - i. "Current Owner" shall mean Site 10 Community Alliance Associates, a redevelopment company organized pursuant to Article V of the Private Housing Finance Law.
    - ii. "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 HPD Regulatory Agreement.
    - iii. "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 934, Lot 15 on the Tax Map of the City of New York.
    - iv. "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 HPD 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.
    - v. "HDFC" shall mean Renwick Housing Development Fund Company, Inc.
    - vi. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
    - vii. "HPD Regulatory Agreement" shall mean the regulatory agreement between HPD and the New Owner establishing certain controls upon the operation of the Exemption Area during the term of the New Exemption.
    - viii. "New Exemption" shall mean the exemption from real property taxation provided hereunder.
    - ix. "New Owner" shall mean, collectively, the HDFC and the Partnership.

- x. "Partnership" shall mean Site 10 Community Alliance Associates, a New York limited partnership.
  - xi. "Prior Exemption" shall mean the exemption of the Exemption Area from real property taxation pursuant to Section 125 of the PHFL approved by the Board of Estimate on April 20, 1978 (Cal. No. 1).
  - xii. "Shelter Rent" shall mean the total rents received from the commercial and residential occupants of the Exemption Area, including any federal subsidy (including, but not limited to, Section 8, rent supplements and rental assistance), less the cost of providing to such occupants electricity, gas, heat and other utilities.
  - xiii. "Shelter Rent Tax" shall mean an amount equal to (i) five (5%) of Shelter Rent for calendar year 2016, plus (ii) an additional amount equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the Exemption Area for that year (as adjusted and established pursuant to Section 8 of the United States Housing Act of 1937, as amended), exceed the total contract rents which are authorized as of the Effective Date.
- b. 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 or commercial 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.
  - c. 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 lesser of fifteen percent (15%) of contract rents applicable to the Exemption Area for that year or 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.
  - d. Notwithstanding any provision hereof to the contrary:
    - i. 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 HPD 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) the Exemption Area is conveyed 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 the 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.

- ii. The New Exemption shall apply to all land in the Exemption Area, but shall only apply to a building on the Exemption Area that exists on the Effective Date.
  - iii. Nothing herein shall entitle the HDFC to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
  - e. In consideration of the New Exemption, the owner of the Exemption Area shall, for 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.
2. Approve, pursuant to Section 125 of the PHFL, the termination of the Prior Exemption, which termination shall become effective one day preceding the conveyance of the Exemption Area from the Current Owner to the New Owner.
  3. Consent, pursuant to Section 123(4) of the PHFL, to the voluntary dissolution of the Current Owner.
  4. If the conveyance of the Exemption Area from the Current Owner to the New Owner does not occur either (i) within one day following the termination of the Prior Exemption, or (ii) on the same day as the voluntary dissolution of the Current Owner, then all of the approvals and consents set forth above shall be null and void, the dissolution of the Current Owner shall be rescinded, and both the obligations of the Current Owner to remain an Article V redevelopment company and the Prior Exemption shall be reinstated as though they had never been terminated or interrupted.

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 black ink, appearing to read 'D. Shacknai', written in a cursive style.

Don Shacknai  
First Deputy Commissioner