



Department of
Housing Preservation
& Development
nyc.gov/hpd

VICKI BEEN
Commissioner

Office of the Commissioner
100 Gold Street
New York, N.Y. 10038

May 3, 2016

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

Re: Mixed Income Program: Mix and Match
Story Avenue East
Block 3623, Lot 30
Bronx, Community District No. 9
Council District No. 17

Dear Madame Speaker:

The referenced property ("Exemption Area") is the site for the proposed development of an affordable housing project under HPD's Mixed Income Program: Mix & Match.

Under HPD's Mixed Income Program: Mix and Match, sponsors purchase City-owned or privately owned land or vacant buildings and construct multifamily buildings in order to create affordable rental housing units with a range of affordability in which at least half of the units are affordable to low income households earning up to 60 percent of the Area Median Income ("AMI") and the remaining units are affordable to other low income households. Construction and permanent financing is provided through loans from private institutional lenders and from public sources including HPD, the New York City Housing Development Corporation, the State of New York, and the federal government. Additional funding may also be provided from the syndication of low-income housing tax credits.

The referenced property ("Exemption Area") is currently a portion of an existing parking lot within the Lafayette-Boynton housing complex, a former New York State Mitchell-Lama project. Under the proposed project, HP Story Avenue Housing Development Fund Company, Inc. ("HDFC"), a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law, will acquire the Exemption Area and Story Avenue East Residential LLC, a New York limited liability company, or an affiliate (the "LLC"), will be the beneficial owner and will operate the Exemption Area. The HDFC and the LLC (collectively, the "New Owner") will construct one multiple dwelling known as Story Avenue East consisting of 211 units of housing for low income families plus one superintendent unit and 7,486 square feet of ground floor community space.



The HDFC will finance the acquisition and construction with funds provided by HPD and HDC and low income housing tax credits. The New Owner will enter into a regulatory agreement with HPD and HDC providing that, for a term of at least 40 years, approximately 50% of the units will be rented to families and individuals whose incomes do not exceed approximately 60% of area median income, approximately 35% of the units will be rented to families and individuals whose incomes do not exceed approximately 100% of area median income, and the remainder of the units will be rented to families and individuals whose incomes do not exceed approximately up to 130% of area median income.

In order to facilitate the project, 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) "HDFC" shall mean HP Story Avenue Housing Development Fund Company, Inc.
 - b) "HDC" shall mean New York City Housing Development Corporation.
 - c) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - d) "LLC" shall mean Story Avenue East Residential LLC or an affiliate.
 - e) "New Owner" shall mean the HDFC and the LLC or any future owner of the Exemption Area.
 - f) "Exemption" shall mean the exemption from real property taxation provided hereunder.
 - g) "Effective Date" shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, and (ii) the date that HPD, HDC and the New Owner enter into the Regulatory Agreement in their respective sole discretion.
 - h) "Exemption Area" shall mean the real property located on the Tax Map of the City of New York in the Borough of the Bronx, City and State of New York, identified as Block 3623, Lot 30.
 - i) "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 or leased by either a housing development fund company or an entity wholly controlled by a housing development fund company.
 - j) "Project" shall mean the construction of one multiple dwelling building on the Exemption Area containing approximately 211 rental dwelling units plus one unit for a superintendent and 7,486 square feet of ground floor community space.
 - k) "Regulatory Agreement" shall mean the regulatory agreement between HPD, HDC and the New 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 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 Expiration Date.

3. (a) Notwithstanding any provision hereof to the contrary, the exemption from real property taxation provided hereunder ("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 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 consent of HPD, or (v) the demolition or construction 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 Exemption shall prospectively terminate.
 - (b) Nothing herein shall entitle the New Owner to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
 - (c) The Exemption shall not apply to any building constructed on the Exemption Area which does not have a permanent or temporary certificate of occupancy by June 30, 2021, as such date may be extended in writing by HPD.
4. In consideration of the Exemption, the New Owner (i) shall execute and record the Regulatory Agreement, and (ii) for so long as the Exemption shall remain in effect, shall 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.

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,



Vicki Been

Enclosures

NYC



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