



Department of
Housing Preservation
& Development
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LOUISE CARROLL
Commissioner

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

MAY 28 2019

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

Re: St. Ann's Apartments
Block 2550, Lots 7 and 17
Block 2612, Lot 35
Block 2676, Lot 85
Block 2685, Lots 50 and 51
Block 2700, Lot 53
Bronx, Community District No. 1, 2, and 3
Council District No. 8, 16, and 17

Dear Mr. Speaker:

The referenced property ("Exemption Area") contains six multiple dwellings known as St. Ann's Apartments which provide rental housing for low income families.

Under the proposed project, St. Ann's Portfolio Housing Development Fund Corporation ("HDFC") will acquire the Exemption Area and St. Ann's Apartments LLC ("Company") will be the beneficial owner and will operate the Exemption Area. The HDFC and the Company (collectively, "Owner") will finance the acquisition and rehabilitation of the Exemption Area with loans from HPD and the New York City Housing Development Corporation, and an equity contribution from CPC Community Capital Advisors. 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.

A portion of the Exemption Area currently receives an exemption from real property taxation pursuant to Section 696 of the General Municipal Law that will expire in 2020 ("Prior Exemption"), while another portion receives an exemption from and/or abatement of real property taxation pursuant to Section 489 of the Real Property Tax Law ("J-51 Benefits"). The remainder of the Exemption Area receives both the Prior Exemption and the J-51 Benefits. In order to ensure the continued affordability of the Exemption Area, the Prior Exemption must be terminated and replaced with a new exemption from real property taxation 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 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. "Company" shall mean St. Ann's Apartments LLC or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
 - 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 Owner enter into the Regulatory Agreement.



- c. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 2550, Lots 7 and 17, Block 2612, Lot 35, Block 2676, Lot 85, Block 2685, Lots 50 and 51, and Block 2700, Lot 53 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 St. Ann's Portfolio 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 the Effective Date.
 - h. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - i. "Owner" shall mean, collectively, the HDFC and the Company.
 - j. "Prior Exemption" shall mean the exemption from real property taxation for a portion of the Exemption Area approved by the New York City Council on July 21, 1999 (Resolution No. 918) and the exemption from real property taxation for a portion of the Exemption Area approved by the New York City Council on May 24, 2000 (Resolution No. 1377).
 - k. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Owner that is executed after May 1, 2019 establishing certain controls upon the operation of the Exemption Area during the term of the New Exemption.
2. The Prior Exemption shall terminate with respect to the Exemption Area 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. 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 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 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.
5. 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. 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 the New Exemption shall be reduced by the amount of 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,



Louise Carroll

NYC

