

OCT 17 2019

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

Re: J2
Block 9998, Lot 25
Queens, Community District No. 12
Council District No. 27

Dear Mr. Speaker:

The referenced property ("Exemption Area") will contain one multiple dwelling known as J2 which will provide rental housing for low income families.

Under the proposed project, Jamaica II Housing Development Fund Corporation ("HDFC") will acquire the legal leasehold interest in Exemption Area and J2 147-07 94th Avenue LLC ("Company") will be the beneficial leasehold interest owner and will operate the Exemption Area. The HDFC and the Company (collectively, "Owner") will finance the acquisition and construction of the Exemption Area with loans from HPD and the New York City Housing Development Corporation ("HDC"), and low income housing tax credits. The Owner, HPD and HDC will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently benefits from an exemption from real property taxation for certain industrial and commercial properties ("Prior Exemption"). In order to facilitate the project, the Prior Exemption must be terminated and replaced with a new exemption from real property taxation that is coterminous with the 40-year term of the regulatory agreement.

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 J2 147-07 94th Avenue LLC or any other entity that acquires the beneficial leasehold 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, HDC and the Owner enter into the Regulatory Agreement.
 - c. "Exemption Area" shall mean the real property located in the Borough of Queens, City and State of New York, identified as Block 9998, Lot 25 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 Jamaica II Housing Development Fund Corporation or a housing development fund company that acquires the legal leasehold interest in 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. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - h. "Owner" shall mean, collectively, the HDFC and the Company.
 - i. "Prior Exemption" shall mean any tax exemption of the Exemption Area in effect on or before the Effective Date.
 - j. "Regulatory Agreement" shall mean the regulatory agreement between HPD, HDC and the Owner establishing certain controls upon the operation of the Exemption Area during the term of the New Exemption.
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. 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 or in the leasehold interest of the HDFC 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, or in the leasehold interest of the HDFC, 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 a building on the Exemption Area that has a new permanent certificate of occupancy or a temporary certificate of occupancy for all of the residential areas issued after the Effective Date and on or before five years from the Effective Date.



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- 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 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, 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,



Louise Carroll



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