



Department of  
Housing Preservation  
& Development  
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VICKI BEEN  
Commissioner

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

MAR 13 2015

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

Re: 404 East 10th Street  
Block 379, Lot 11  
Manhattan, Community District No. 3  
Council District No. 2

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as 404 East 10th Street which provides cooperative housing for low income families.

The Exemption Area currently receives an abatement of and/or an exemption from real property taxes pursuant to Real Property Tax Law Section 489 that will expire in June 2015 ("J-51 Benefits"). Since 2009, the Exemption Area has experienced financial hardship due to the phase out of the J-51 Benefits. In order to facilitate the project, the Department of Housing Preservation and Development proposes to grant the Exemption Area a 40-year exemption from real property taxation pursuant to Private Housing Finance Law ("PHFL") Section 577, commencing retroactively as of October 1, 2009. The Exemption Area would enter into a regulatory agreement with HPD establishing certain controls upon the operation of the Exemption Area.

HPD respectfully requests that the Council approve, pursuant to Section 577 of the Private Housing Finance Law, a tax exemption as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
  - (a) "Commercial Property" shall mean those portions of the Exemption Area devoted to business or commercial use.
  - (b) "Effective Date" shall mean October 1, 2009.
  - (c) "Exemption" shall mean the exemption from real property taxation provided hereunder.
  - (d) "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, and identified as Block 379, Lot 11 on the Tax Map of the City of New York.
  - (e) "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.



- (f) "HDFC" shall mean Tenants of 404 E. 10th St. Housing Development Fund Corp.
  - (g) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
  - (h) "J-51 Benefits" shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law for the Exemption Area which are in effect on the Effective Date.
  - (i) "Partial Tax Payment" shall mean an annual real property tax payment on an assessed valuation equal to the lesser of (i) an amount equal to the full assessed valuation of the Residential Property, or (ii), an amount calculated by multiplying \$3,500 times the number of residential units included in the Exemption Area and increasing such product by three and seven tenths percent (3.7%) on July 1, 2014 and on July 1 of each successive year.
  - (j) "Regulatory Agreement" shall mean the regulatory agreement between HPD and the HDFC establishing certain controls upon the operation of the Exemption Area on and after the date such Regulatory Agreement is executed.
  - (k) "Residential Property" shall mean all of the real property, other than the Commercial Property, included in the Exemption Area.
2. All of the value of the Exemption Area shall be exempt from real property taxation, other than assessments for local improvements, for a period commencing upon the Effective Date and terminating on December 31, 2014 ("Retroactive Exemption").
  3. Commencing upon January 1, 2015 and during each year thereafter until the Expiration Date, all of the value of the Exemption Area shall be exempt from real property taxation, other than assessments for local improvements, provided, however, that (i) the Owner shall make real property tax payments in the sum of the Partial Tax Payment, and (ii) the Commercial Property shall be subject to full taxation.
  4. Notwithstanding the foregoing, the Partial Tax Payment by the HDFC shall not at any time exceed the amount of real estate taxes that would otherwise be due in the absence of any form of tax exemption or abatement provided by an existing or future local, state, or federal law, rule or regulation.
  5. Notwithstanding any provision hereof to the contrary:
    - a. The Exemption shall terminate if HPD determines 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 owner of the Exemption Area has failed to execute the Regulatory Agreement within three hundred sixty-five (365) days after the date of approval of the Exemption, (iii) the Exemption Area is not being operated in accordance with the requirements of the Regulatory Agreement, (iv) 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, (v) the Exemption Area is conveyed to a new owner without the prior written approval by HPD, or (vi) the 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 HDFC 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. The Exemption shall apply to all land in the Exemption Area, but shall only apply to a building in the Residential Property that exists on the Effective Date.
  - c. Nothing herein shall entitle the HDFC to a refund of any real property taxes which accrued and were paid by or on behalf of the HDFC or any other owner of the Exemption Area prior to Effective Date.
6. In consideration of the Exemption, the owner of the Exemption Area shall (i) execute and record the Regulatory Agreement, and (ii) for so long as the Exemption shall remain in effect, waive the benefits, if any, 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, the J-51 Benefits shall remain in effect, but (i) the Retroactive Exemption shall be reduced by the amount of such J-51 Benefits, and (ii) the Partial Tax Payment shall not 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,



Vicki Been

**NYC**

