



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: 277 Gates Avenue
Block 1974, Lot 51
Brooklyn, Community District No. 3
Council District No. 36

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as 277 Gates Avenue which provides rental housing for low income families.

Under the proposed project, Gateway 277 Housing Development Fund Corporation ("HDFC") will acquire the Exemption Area. The HDFC ("Owner") will finance the acquisition and rehabilitation of the property with a loan from the New York City Housing Development Corporation ("HDC"). The Owner and HDC will enter into a regulatory agreement providing that, upon vacancy, 26 of the dwelling units in the Exemption Area must be rented to persons and families whose incomes do not exceed 100% of area median income, and an additional 9 of the dwelling units in the Exemption Area must be rented to families whose incomes do not exceed 150% of area median income.

The Exemption Area currently receives an exemption from and/or abatement of to real property taxes pursuant to Real Property Tax Law Section 489 ("J-51 Benefits"). In order to facilitate the project, the Exemption Area must be granted an Article XI tax exemption that will not be reduced by the J-51 Benefits and that is coterminous with the 30-year term of the new 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. "Effective Date" shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, or (ii) the date that HDC and the Owner enter into the Regulatory Agreement.
 - b. "Exemption" shall mean the exemption from real property taxation provided hereunder.



- c. "Exemption Area" shall mean the real property located in the Borough of Brooklyn, City and State of New York, identified as Block 1974, Lot 51, 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 thirty (30) 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. "HDC" shall mean the New York City Housing Development Corporation.
 - f. "HDFC" shall mean Gateway 277 Housing Development Fund Corporation.
 - 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. "Owner" shall mean the HDFC or any future owner of the Exemption Area.
 - i. "Regulatory Agreement" shall mean the regulatory agreement between HDC and the Owner providing that, for a term of thirty (30) years, 26 of the dwelling units in the Exemption Area must, upon vacancy, be rented to persons or families whose incomes do not exceed 100% of area median income, and an additional 9 of the dwelling units in the Exemption Area must, upon vacancy, be rented to persons or families whose incomes do not exceed 150% of area median income.
 - j. "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.
 - k. "Shelter Rent Tax" shall mean an amount equal to five percent (5%) of Shelter Rent.
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 the Expiration Date. Until such time as the Owner is required to pay the Shelter Rent Tax, the Exemption shall be reduced by the amount of any J-51 Benefits.
 3. Commencing in tax year 2024/25, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the Shelter Rent Tax. Such payments shall not be reduced by the J-51 Benefits. Notwithstanding the foregoing, the total annual real property tax payment by the Owner shall not at any time exceed 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.

4. Notwithstanding any provision hereof to the contrary:
 - a. The 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) the Exemption Area is conveyed to a new owner without the prior written approval of HPD, or (v) 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 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. The 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.
 - c. Nothing herein shall entitle the HDPC to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
4. In consideration of the Exemption, the owner of the Exemption Area, 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. Notwithstanding the foregoing, the J-51 Benefits shall remain in effect as provided above.

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

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