



Department of
Housing Preservation
& Development
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MARIA TORRES-SPRINGER
Commissioner

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

NOV 28 2017

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

Re: Cooper Square Senior Housing
Block 460, Lot 1
Manhattan, Community District No. 3
Council District No. 2

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Cooper Square Senior Housing which provides rental housing for low income seniors.

Cooper Square Housing Development Fund Co., Inc. ("Owner") developed the project under the Section 202 Supportive Housing for the Elderly Program, with financing and operating subsidies from the United States Department of Housing and Urban Development ("HUD") and a tax exemption from the City. The Owner now wishes to prepay its original HUD mortgage with a bridge loan from a private lending institution and, within the next five years, anticipates refinancing the bridge loan with a new Section 223(f) HUD-insured mortgage ("223(f) Mortgage"). In connection with the prepayment, the Owner will enter into a HUD Use Agreement which, among other things, will require the Owner to continue to operate the Exemption Area on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement, any Section 8 or other rental housing assistance contract, and applicable federal regulations. In addition, the Owner and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area. In conjunction with the 223(f) Mortgage, which will fund needed repairs and preserve the affordability of the project, the Owner intends to seek further tax relief.

On March 3, 1983 (Cal. No. 13), the Board of Estimate of the City of New York approved a tax exemption for the Exemption Area ("Prior Exemption"). Under the terms of the Prior Exemption, the proposed prepayment will terminate the Prior Exemption. In order to facilitate the project, the Exemption Area requires a new exemption from real property taxation that is coterminous with the term of the bridge loan.

HPD respectfully requests that the Council approve, pursuant to Section 577 of the Private Housing Finance Law, a new 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 date of repayment or refinancing of the HUD Mortgage.
 - b. "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 460, Lot 1 on the Tax Map of the City of New York.
 - c. "Expiration Date" shall mean the earlier to occur of (i) a date which is five (5) 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.
- d. "HDFC" shall mean Cooper Square Housing Development Fund Co., Inc. or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - e. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - f. "HUD" shall mean the Department of Housing and Urban Development of the United States of America.
 - g. "HUD Mortgage" shall mean the original loan made by HUD to the HDFC in connection with the Section 202 Supportive Housing for the Elderly Program, which loan was secured by a mortgage on the Exemption Area.
 - h. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - i. "Owner" shall mean the HDFC.
 - j. "Prior Exemption" shall mean the exemption from real property taxation for the Exemption Area approved by the Board of Estimate on March 3, 1983 (Cal. No. 13).
 - k. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Owner establishing certain controls upon the operation of the Exemption Area during the term of the New Exemption.
 - l. "Use Agreement" shall mean a use agreement by and between the Owner and HUD which commences on or before the Effective Date, runs with the land, binds all subsequent owners and creditors of the Exemption Area, and requires that the Exemption Area continue to operate on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement or any Section 8 rental assistance payments contract or any other rental housing assistance contract and all applicable federal regulations.
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. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the (i) \$284,565, plus (ii) an additional amount equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the housing project for that year (as adjusted and established pursuant to Section 8 of the United States Housing Act of 1937, as amended) exceed the total contract rents which are authorized as of the Effective Date. 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.



5. 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 a building on the Exemption Area that exists on the Effective Date.
 - c. Nothing herein shall entitle the HDFC, the Owner, or any past 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.
 - 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.
6. In consideration of the New Exemption, the Owner of the Exemption Area shall, for itself, its successors and assigns, (i) execute and record a Use Agreement encumbering the Exemption Area, (ii) execute and record a Regulatory Agreement, and (iii) waive, for so long as the New Exemption shall remain in effect, 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,



Maria Torres-Springer

