

THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

L. U. No. 257

Clinton Site 7 Article XI Amendment

November 15, 2018

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Currently, construction on the relevant portion of lot 1 is ongoing and will include 14 studios, 37 one-bedroom, 47 two-bedroom and 4 three-bedroom apartments, plus one superintendent's unit. Therefore HPD is before the Subcommittee seeking to amend Resolution No. 527 from 2014 which approved the tax benefits for the Exemption Area provided the building received a permanent certificate of occupancy on or before thirty months from the Effective Date of April 30, 2015. Given the project has not receive a permanent certificate of occupancy as of yet, the Prior Resolution must be amended to extend the completion deadline. Additionally, the Prior Resolution requires amending to extend the tax exemption to the commercial space during construction. Currently, the cumulative value of the Article XI tax exemption is approximately \$40,193,564 and the net present value is \$11,228,921. All other aspects of the project remain the same.

{Johnson} **L. U. No. 257** consists of an exemption area located at 540 West 53<sup>rd</sup> Street (Block 1081, p/o Lot 1 *aka Lot 50*) that is also known as Site 7 within the Clinton Urban Renewal Area in Manhattan Council District 3. 540 West 53<sup>rd</sup> Street is part of a three parcel development site that previously received ULURP approval for Urban Development Action Area designation, project approval, and disposition by the City council on June 26, 2014 (Resolution No. 333) followed by approval of Article XI tax benefits on December 17, 2014 (Resolution 527).

The Sponsor for Clinton Site 7 acquired title to the project area in April 2015 under HPD's Mixed Income Program which facilitates new construction of multiple dwelling buildings for families with a mix of incomes. The Clinton Site 7 project includes the new construction of a 103-unit permanently affordable rental building with units affordable to families earning between 80% and 155% of the area median income (AMI) as well as commercial space and community gardens.

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L.U. 529

590 Southern Boulevard

November 15, 2018

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(Ayala) **LU 529** consists of an exemption area containing one (1) privately owned, partially occupied residential building with 2 commercial spaces, located **590 Southern Boulevard** (Block 2603, Lot 24) in Bronx Council District 8, for which HPD is seeking an Article XI tax exemption.

590 Southern Boulevard was taken into City ownership in 1978 and subsequently entered into the Community Management Program (CMP). On June 29, 1995, HPD conveyed the property to the existing occupants as a housing project for persons or families of low income as defined in Section 576 of Article XI of the Private Housing Finance Law.

It is a 27-unit building with 5 vacancies. There is a unit mixture of 6 one-bedroom, 5 two-bedroom, and 16 three-bedroom apartments. These are occupied by 12 shareholders, who pay \$693 per month in maintenance, as well as 10 renters, who pay between \$804 for a 1-bedroom unit and \$1,260 for a 2- bedroom unit. The two commercial spaces are currently occupied by a deli/grocery store and an electronics store.

The property was on the initial list of eligible buildings in Round 10 of HPD's Third Party Transfer (TPT) program, due to mismanagement by a non-functioning

board that failed to raise maintenance fees, which, coupled with low collections rates, resulted in an inability to meet financial obligations.

HPD's Asset Management team worked with the HDFC before transfer through TPT would have been required, to help them reach the required milestones to be removed from the program and retain ownership of the property (see attached checklist for reference).

With HPD, the shareholders worked out a plan to save their building. Those efforts include: modifying the original mortgage; executing a new regulatory agreement with HPD; electing a new board; developing a marketing plan to sell vacant units; creating payment plans to address municipal arrears (including property taxes, water and sewer charges, and commercial arrears); and developing a five-year financial plan to ensure the building's long-term financial health. This plan mandates a 2% annual increase of rent and maintenance and \$200 per residential unit designated annually to the building's reserve account. Vacant units will be marketed to households making up to 120% AMI.

Additionally, they will address their few housing code violations, which will be cleared from HPD's database. In order to keep the property free of such violations in the future, the property manager and the board have developed a plan to make

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routine repairs as needed with funds set aside from the increase in cash flow.

Because the HDFC met these milestones, HPD removed the building from TPT Round 10, and it remains privately owned.

In an effort to help maintain continued affordability and stability in the building, HPD is before the Council seeking retroactive tax benefits dating back to 2010, and for a term of 40 years, that will coincide with a regulatory agreement establishing certain controls over the property, such as mandating annual maintenance increases and hiring of a third party manager. (They have already hired the new management company, ADCNY Realty Corp.) The cumulative value of the tax benefits for the 40 year term is \$2,506,331 and the net present value is \$1,090,984.

**Checklist for Housing Development Fund Corporation (HDFC) Buildings in the *in rem* Foreclosure Action for Article XI Tax Amnesty**

- Financial audits for past two years.
- Budget projections for next five years, including a strategy to address all public and private financial obligations affecting the property.
- Minutes of two recent board meetings and most recent shareholders' election monitored by UHAB or NHS.
- Current rent roll identifying shareholders, tenants and sublets, including maintenance, rents charged, and any outstanding tenant arrears.
- A list of all court actions against shareholders and tenants.
- Board of Directors resolution approving the Regulatory Agreement and acknowledging the hiring of third party management and a monitoring agent, where required.
- Shareholders' resolution approving the Regulatory Agreement.
- Third party (IRS, Social Security award letter) proof of income for all shareholders.
- Minutes with record of last maintenance increase and percentage that the maintenance was increased by.
- Current Multiple Dwelling Registration.
- Certificate of property and liability insurance.
- Current RPIE filing, if applicable.
- Plan to address HPD code violations on property.
- Number of HDFC owned units rented or vacant.

**NYC**



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THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. 258 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 11/15/18

(PLEASE PRINT)

Name: Lacey Tauber

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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Appearance Card

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in favor  in opposition

Date: 11/15/18

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Name: Luis Salguero

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

**THE COUNCIL  
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Appearance Card

[ ]

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in favor  in opposition

Date: 11/15/18

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Name: Genevieve Michel

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_