



Department of
Housing Preservation
& Development
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VICKI BEEN
Commissioner

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

DEC 19 2014

Honorable Melissa Mark-Viverito
Speaker of the Council
City Hall
New York, New York 10007

Re: Schervier Apartments
Block 5750, Lot 500
Bronx, Community District No. 8
Council District No. 11

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Schervier Apartments which provides rental housing for elderly persons of low income.

Frances Schervier Housing Development Fund Corporation developed the project under the Section 202 Supportive Housing Program with financing and operating subsidies from the United States Department of Housing and Urban Development ("HUD") and tax exemption from the City. Under the proposed project, Bon Secours New York Housing Development Fund Corporation ("HDFC") will acquire the Exemption Area and Schervier Apartments, LLC ("Company"), a New York limited liability company, will be the beneficial owner of and will operate the Exemption Area.

The HDFC and the Company (collectively, "Owner") will finance the acquisition and rehabilitation of the Exemption Area with proceeds from the refinancing of the existing mortgage under the HUD Section 223(f) program. In connection with such refinancing, the Owner and the City of New York Department of Housing Preservation and Development ("HPD") will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area which, among other things, will require the project to continue to provide rental housing for elderly persons of low income on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement ("Regulatory Agreement"). Eligible tenants will receive project-based Section 8 rental assistance.

On April 28, 1983 (Cal. No. 300), the Board of Estimate approved a tax exemption for the Exemption Area ("Prior Exemption"). In order to further support the proposed acquisition and rehabilitation, the Exemption Area needs a new tax exemption pursuant to Section 577 of the Private Housing Finance Law that is coterminous with the 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 Schervier Apartments, LLC.



- (b) "Effective Date" shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, and (ii) the date that HPD and the Owner enter into the Regulatory Agreement.
 - (c) "Exemption Area" shall mean the real property located in the Borough of Bronx, City and State of New York, identified as Block 5750, Lot 500 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-five (35) 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 Bon Secours New York Housing Development Fund Corporation.
 - (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 the exemption from real property taxation for the Exemption Area approved by the Board of Estimate on April 28, 1983 (Cal. No. 300).
 - (j) "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.
 - (k) "Shelter Rent Tax" shall mean \$250,000 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 six (6) months from the Effective Date.
2. The Prior Exemption shall terminate upon the Effective Date.
3. All of the value of the property, including both the land and the improvements (excluding those portions, if any, devoted to business or commercial use), shall be exempt from real

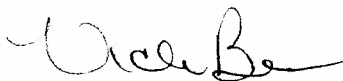


property taxation, other than assessments for local improvements, for a period commencing upon the Effective Date and terminating upon the Expiration Date.

4. Commencing upon the Effective Date and during each year thereafter until the Expiration Date, the New Owner shall make annual real property tax payments in the sum of the Shelter Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the Owner 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 New 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 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 the New 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 to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area, for so long as the New 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.

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
Commissioner

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