

June 30, 2021

TO: Hon. Daniel Dromm
Chair, Finance Committee
Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division
Stephanie Ruiz, Assistant Counsel, Finance Division
Noah Brick, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of June 30, 2021 – Resolutions approving a tax exemption for three Land Use items (Council Districts 14, 15, 34, 35 and 41)

Item 1: TBK902 - Shinda

TBK902 – Shinda is a Third Part Transfer (“TPT”) Round 9 project consisting of seven buildings located in the Crown Heights, Bedford-Stuyvesant, Ocean Hill/Brownville, and Bushwick sections of Brooklyn. The project includes 95 residential units, comprised of 31 one-bedroom units, 41 two-bedroom units, 16 three-bedroom units, inclusive of one superintendent unit.

Currently, all 95 units are rent stabilized and the properties receive J-51 Benefits. Under the proposed project, S-Five Housing Development Fund Corporation (“HDFC”) would acquire the properties and S-Five Properties LLC (“Company”) would be the beneficial owner. The HDFC and the Company (collectively, “Owner”) financed the rehabilitation of the properties with loans from New York City Department of Housing Preservation and Development (“HPD”) and a private lending institution.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support the continued affordability for the buildings that will be reduced by an amount equal to any concurrent J-51 Benefits. The Owner and HPD would enter into an amended and restated regulatory agreement that would require that the 48 units be leased to households with incomes up to 70 percent of the Area Median Income (“AMI”), 28 units be leased to households with incomes up to 100 percent of the AMI, and 18 units be leased to households with incomes up to 110 percent of the AMI. The project would also have a new 10 percent homeless set aside.

Summary:

- Borough – Brooklyn
- Block 1387, Lot 57; Block 1452, Lot 51; Block 1466, Lots 65 and 67; Block 1470, Lot 29; Block 1987, Lot 71; Block 3208, Lot 50
- Council Districts – 34, 35, 41
- Council Members – Reynoso, Cumbo, Ampry-Samuel
- Council Members approval –Yes
- Number of buildings – 7
- Number of units – 95
- Type of exemption – Article XI, full, 40 years
- Population – affordable rental housing
- Sponsors – S-Five Housing HDFC; S-FIVE Properties LLC

- Purpose – preservation
- Cost to the city - \$4.5 million
- Housing Code Violations
 - Class A – 14
 - Class B – 10
 - Class C – 3
- AMI target – 48 units at 70% of AMI; 28 units at 100% of AMI; 18 units at 110% of AMI.

Item 2: University Heights

University Heights is a project consisting of a building with 104 residential units. The residential units include 75 studio units, and 29 one-bedroom units, inclusive of one superintendent unit.

Sedgwick and North Halls HDFC had an existing Article XI exemption, which it received on March 6, 1980 and was set to expire at the end of March 2022, or upon the sooner prepayment of an existing HUD Section 202 mortgage. On April 16, 2021, the HUD loan was paid off by Seller upon acquisition of the property by 123 West 183 HDFC. The project is now seeking a new 40-year Article XI property tax exemption in order to meet the needs of the project and preserve affordability. The project would be completed using 100 percent equity, but would be refinanced with a to-be-determined mortgage product in the future. Each year of the exemption, the project would pay a base amount of \$207,858, plus 25 percent on future contract rent increases.

HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption to support the continued affordability for the building. The Owner and HPD would enter into a regulatory agreement that would require that all residential units be leased to households with incomes up to 50 percent of the AMI.

Summary:

- Borough – Bronx
- Block 3225, Lot 48
- Council District – 14
- Council Member – Cabrera
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 104
- Type of exemption – Article XI, partial, 40 years
- Population – affordable rental housing
- Sponsor – 123 West 183 HDFC; 123 West Senior Apartments LLC
- Purpose – preservation
- Cost to the city - \$2.5 million
- Housing Code Violations
 - Class A – 11
 - Class B – 17
 - Class C – 4
- AMI target – 104 units at 50% of AMI

Item 3: 2465 Crotona Avenue

2465 Crotona Avenue is comprised of a 32-unit residential building located in the Belmont neighborhood of the Bronx. The property consists of 15 one-bedrooms, 16 two-bedrooms, and one three-bedroom, inclusive of one superintendent unit. Six of the units are currently market rate and unregulated, but will be placed into rent regulation through this transaction, and 25 units are already subject to rent regulation.

Under the proposed project, 2465 Crotona Avenue HDFC would acquire the property and 2465 Crotona LLC (“Company”) would be the beneficial owner and would manage the building. The HDFC and the Company (collectively, “Owner”) would finance the acquisition and rehabilitation of the building with a loan from HPD’s Green Housing Preservation Program. The anticipated scope of work, deriving from the Integrated Physical Needs Assessment (“IPNA”) conducted in the Fall of 2020, consists of the following items: window replacement, roof replacement, façade repairs, door replacement, sidewalk repairs, and energy efficiency improvements.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support the continued affordability for the building. The Owner and HPD would enter into a regulatory agreement that would require that five units be leased to households with incomes up to 50 percent of the AMI, 14 units be leased to households with incomes up to 75 percent of the AMI, and 12 units be leased to households with incomes up to 100 percent of the AMI.

Summary:

- Borough – Bronx
- Block 3105, Lot 34
- Council District – 15
- Council Member – Feliz
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 32
- Type of exemption – Article XI, full, 40 years
- Population – affordable rental housing
- Sponsor – 2465 Crotona Avenue HDFC; 2465 Crotona LLC
- Purpose – preservation
- Cost to the city - \$2.1 million
- AMI target – 5 units at 50% of AMI, 14 units at 75% of AMI, and 12 units at 100% of AMI.

THE COUNCIL OF THE CITY OF NEW YORK
RES. NO.

Resolution approving an exemption from real property taxes for property located at (Block 1387, Lot 57; Block 1452, Lot 51; Block 1466, Lots 65 and 67; Block 1470, Lot 29; Block 1987, Lot 71; Block 3208, Lot 50) Brooklyn, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No.).

By Council Member Dromm

WHEREAS, The New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated April 27, 2021 that the Council take the following action regarding a housing project located at (Block 1387, Lot 57; Block 1452, Lot 51; Block 1466, Lots 65 and 67; Block 1470, Lot 29; Block 1987, Lot 71; Block 3208, Lot 50) Brooklyn (“Exemption Area”):

Approve an exemption of the Project from real property taxes pursuant to Section 577 of the Private Housing Finance Law (the “Tax Exemption”);

WHEREAS, The project description that HPD provided to the Council states that the purchaser of the Project (the “Owner”) is a duly organized housing development fund company under Article XI of the Private Housing Finance Law;

WHEREAS, the Council has considered the financial implications relating to the Tax Exemption;

RESOLVED:

The Council hereby grants an exemption from real property taxes as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. “Company” shall mean S-Five Properties LLC or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
 - b. “Effective Date” shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, or (ii) the date that HPD and the Owner enter into the Regulatory Agreement.
 - 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 Brooklyn, City and State of New York, identified as Block 1387, Lot 57, Block 1452, Lot 51, Block 1466, Lots 65 and 67, Block 1470, Lot 29, Block 1987, Lot 71, and Block 3208, Lot 50 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 S-Five Properties Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - 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 which are in effect on the Effective Date.
 - i. “Owner” shall mean, collectively, the HDFC and the Company.
 - j. “Regulatory Agreement” shall mean the regulatory agreement between HPD and the Owner that is executed on or after March 1, 2021 and that establishes certain controls upon the operation of the Exemption Area during the term of the Exemption.
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, 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.
3. 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) 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 Exemption shall prospectively terminate.
 - b. The Exemption shall apply to all land in the Exemption Area ,but shall only apply to buildings on the Exemption Area that exist on the Effective Date.

- c. Nothing herein shall entitle the HDFC, the Owner, or any other person or entity 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 shall, for so long as the Exemption shall remain in effect, 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, (a) nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities, and (b) the J-51 Benefits shall remain in effect, but the Exemption shall be reduced by the amount of such J-51 Benefits.

Office of the City Clerk, }
The City of New York } ss.:

I hereby certify that the foregoing is a true copy of a Resolution passed by The Council of the City of New York on June 30, 2021, on file in this office.

City Clerk, Clerk of Council

THE COUNCIL OF THE CITY OF NEW YORK
RES. NO.

Resolution approving an exemption from real property taxes for property located at (Block 3225, Lot 48), Bronx, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No.).

By Council Member Dromm

WHEREAS, The New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated June 10, 2021 that the Council take the following action regarding a housing project located at (Block 3225, Lot 48), Bronx (“Exemption Area”):

Approve an exemption of the Project from real property taxes pursuant to Section 577 of the Private Housing Finance Law (the “Tax Exemption”);

WHEREAS, The project description that HPD provided to the Council states that the purchaser of the Project (the “Owner”) is a duly organized housing development fund company under Article XI of the Private Housing Finance Law;

WHEREAS, the Council has considered the financial implications relating to the Tax Exemption;

RESOLVED:

The Council hereby grants an exemption from real property taxes as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. “Company” shall mean 123 West Senior Apartments LLC or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
 - b. “Contract Rent Deadline” shall mean three hundred and sixty-five (365) days from the date of the HPD letter requesting the information that HPD needs to calculate the Contract Rent Differential Tax for the applicable tax year.
 - c. “Contract Rent Differential” shall mean the amount by which the total contract rents applicable to the Exemption Area for such tax 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.
 - d. Contract Rent Differential Tax” shall mean the sum of (i) \$207,858, plus (ii) twenty-five percent (25%) of the Contract Rent Differential; provided, however,

that the total annual real property tax payment by the Owner shall not at any time exceed the lesser of (A) seventeen percent (17%) of the contract rents in the applicable tax year, or (B) 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. Notwithstanding the foregoing, if the Owner fails to provide the contract rents on or before the Contract Rent Deadline, Contract Rent Differential Tax shall mean an amount equal to real property taxes that would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.

- e. "Effective Date" shall mean April 16, 2021.
 - f. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 3225, Lot 48 on the Tax Map of the City of New York.
 - g. "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.
 - h. "HDFC" shall mean 123 West 183 Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - i. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - j. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - k. "Owner" shall mean, collectively, the HDFC and the Company.
 - l. "Prior Exemption" shall mean the exemption from real property taxation for the Exemption Area approved by the Board of Estimate on March 6, 1980 (Cal. No. 170).
 - m. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Owner establishing certain controls upon the operation of the Exemption Area on or after the date such Regulatory Agreement is executed.
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 Contract Rent Differential Tax.
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 other person or entity 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 (a) execute and record the Regulatory Agreement, and (b) for so long as the New Exemption shall remain in effect, 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, nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities.

Office of the City Clerk, }
The City of New York } ss.:

I hereby certify that the foregoing is a true copy of a Resolution passed by The Council of the City of New York on June 30, 2021, on file in this office.

City Clerk, Clerk of Council

THE COUNCIL OF THE CITY OF NEW YORK
RES. NO.

Resolution approving an exemption from real property taxes for property located at (Block 3105, Lot 34) Bronx, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No.).

By Council Member Dromm

WHEREAS, the New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated June 10, 2021 that the Council take the following action regarding a housing project located at (Block 3105, Lot 34) Bronx (“Exemption Area”):

Approve an exemption of the Project from real property taxes pursuant to Section 577 of the Private Housing Finance Law (the “Tax Exemption”);

WHEREAS, the project description that HPD provided to the Council states that the purchaser of the Project (the “Sponsor”) is a duly organized housing development fund company under Article XI of the Private Housing Finance Law;

WHEREAS, the Council has considered the financial implications relating to the Tax Exemption;

RESOLVED:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. “Company” shall mean 2465 Crotona LLC or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
 - b. “Effective Date” shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, or (ii) the date that HPD and the Owner enter into the Regulatory Agreement.
 - 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 the Bronx, City and State of New York, identified as Block 3105, Lot 34 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 2465 Crotona Avenue Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - g. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - h. "Owner" shall mean, collectively, the HDFC and the Company.
 - i. "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 Exemption.
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, 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.
3. 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) 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 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 HDFC, the Owner, or any other person or entity to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.

