November 22, 2021

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Noah Brick, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of November 22, 2021 – Resolution approving a tax exemption for two Land Use items (Council Districts 17 and 40)

**Item 1: 1018 East 163rd Street**

1018 East 163rd Street is a 97-unit affordable rental building in the Longwood neighborhood of the Bronx. Its units include 30 one-bedrooms, 27 two-bedrooms, 30 three-bedrooms (one of which is a superintendent unit), and 10 four-bedrooms. The project’s 40-year Article V property tax exemption expired as of October 2019. The building is under a 20-year Mark to Market Housing Assistance Payments (HAP) contract through 2036, under which tenants pay no more than 30% of their income in rent, with the remainder of contract rent paid by United States Department of Housing and Urban Development (HUD).

1018 East 163rd Street Housing Fund Development Company (HDFC) and 1018 East 163rd Street LLC (collectively, Owners) acquired the property in September 2021, and plan to finance a rehabilitation with conventional financing. HPD is requesting that the Council approve a 40-year partial Article XI property tax exemption, retroactive to 2019. HPD and Owners would enter into a 40-year regulatory agreement that would require that the Owners renew the HAP contract upon expiration.

Summary:

* Borough – Bronx
* Block 2723, p/o Lot 40 (Tentative Lot 1002)
* Council District – 17
* Council Member – Salamanca
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 97
* Type of exemption – Article XI, partial, 40-years
* Population – affordable rental housing
* Sponsor – The Wavecrest Management Team, Ltd., 1018 East 163rd Street LLC, 1018 East 163rd Street HDFC
* Purpose – preservation
* Cost to the City – $3.35M
* Housing Code Violations
  + Class A – 2
  + Class B – 6
* AMI target - 50% AMI

**Item 2: 15 Stratford.GHPP.FY22**

15 Stratford Road is a five-story walk-up rental building with a total of 20 units located in the Prospect Park South neighborhood of Brooklyn. The residential units include 16 three-bedroom and four four-bedroom units.

In June 2018, the owner, 15 Stratford LLC (LLC), closed on an HPD Green Housing Preservation Program (GHPP) loan, in participation with the Community Preservation Corporation (CPC), to fund rehabilitation work. At the time of the closing, HPD expected that the property would be able to receive an Enriched J-51 tax abatement. However, before the work was completed and the construction loan could be refinanced with a traditional mortgage, the J-51 tax abatement legislation sunset in June 2020 and was not reauthorized.

To assist with the refinancing of the GHPP loan in the absence of the J-51 abatement, HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption. The LLC would transfer the exemption area to 15 Stratford HDFC and the LLC and the HDFC would enter into a 40-year regulatory agreement with HPD which would require that nine of the apartments be rented only to household earning less than 50% of AMI, six of the apartments be rented only to household earning less than 60% of AMI, and five of the apartments be rented to households earning less than 90% of AMI.

Summary:

* Borough – Brooklyn
* Block 5072, Lot 58
* Council District – 40
* Council Member – Eugene
* Council Member approval – yes
* Number of buildings – 1
* Number of units – 20
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental
* Sponsor – 15 Stratford LLC, 15 Stratford HDFC
* Purpose – preservation
* Cost to the City – $1.0M
* Housing Code Violations
  + Class A – 2
  + Class B – 7
  + Class C – 1
* AMI targets – nine units at 50% AMI, six units at 60% AMI, and five units at 90% AMI