December 9, 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

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of December 9, 2021 – Resolutions approving a tax exemption for five Land Use items (Council Districts 1, 9, 17 and 49)

**Item 1: Hong Ning Senior Housing**

Hong Ning Senior Housing, located in the Lower East Side of Manhattan, consists of one 14-story building containing 156 units, of which 143 are one-bedroom units and 12 are two-bedroom units. All low-income units in the building are assisted by a project-based Section 8 contract.

The Chinatown Planning Council Housing Development Fund Company, Inc. (HDFC) acquired the property in 1981, and Hong Ning LLC (Company) will operate the property. The HDFC and the Company (collectively, Owner) will finance the rehabilitation of the building with a mortgage insured by the United States Department of Housing and Urban Development (HUD). The Owner and the New York City Department of Housing Preservation and Development (HPD) will enter into a regulatory agreement establishing certain controls upon the operation of the building and eligible tenants will receive Section 8 rental assistance.

The building currently has an existing 20-year partial Article XI exemption from the City Council which it received on May 29, 2014 and expires in 2034. In order to facilitate the project, the prior exemption will be terminated and replaced with a new 40-year partial Article XI exemption that is coterminous with the new HPD regulatory agreement.

HPD is requesting that the Council approve a 40-year partial Article XI property tax exemption. HPD and Owners would enter into a regulatory agreement that would require would all 156 units would be available for households making 50% of the Area Median Income (AMI).

Summary:

* Borough – Manhattan
* Block 346, Lot 1
* Council District – 1
* Council Member – Chin
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 156
* Type of exemption – Article XI, partial, 40-years
* Population – affordable rental housing
* Sponsor – The Chinatown Planning Council Housing Development Fund Company, Inc.; Hong Ning LLC
* Purpose – preservation
* Cost to the City – $6.8
* Housing Code Violations
  + Class A – 1
  + Class C – 1
* AMI target - 50% AMI

**Item 2: Johanna I**

Johanna 1, located at 104-110 West 144th Street in Central Harlem, Manhattan, consists of four five-story buildings with 60 units, all with two-bedrooms, including one unit for the superintendent.

The Project is currently unregulated by HPD. It had an Article V property tax exemption that expired as of October 2019 and is subject to a 20-year Mark-Up-to-Market Housing Assistance Payments (HAP) project-based Section 8 contract through 2036, under which tenants pay no more than 30% of their income in rent, with the remainder of contract rent paid by HUD.

HCCI 144th Street HDFC and HCCI 144th Street LLC (collectively, Owners) acquired the property in September 2021. HPD is requesting that the Council approve a 40-year partial Article XI property tax exemption. HPD and Owners would enter into a 40-year regulatory agreement that would require that the Owners renew the HAP contract upon expiration, create a 12-unit set-aside for formerly homeless families, and require participation in HPD’s Aging-In-Place initiative.

Summary:

* Borough – Manhattan
* Block 2012, Lots 39, 41, 42, 43
* Council District – 9
* Council Member – Perkins
* Council Member approval – Yes
* Number of buildings – 4
* Number of units – 60
* Type of exemption – Article XI, partial, 40-years
* Population – affordable rental housing
* Sponsor – Harlem Congregations for Community Improvement, Camber Property Group, Wavecrest Management Group
* Purpose – preservation
* Cost to the City – $2.5M
* Housing Code Violations
  + Class A – 11
  + Class B – 28
  + Class C – 9
* AMI target - 50% AMI

**Item 3: 250 West HDFC.HPO.FY22**

250 West 116th Street in Central Harlem, Manhattan, contains 32 units, of which six are one- bedroom units and 26 are two-bedroom units.

The Project currently has a 421-a exemption will begin phasing out in 2028 and will expire in 2033. Prospective buyers 250 West Housing HDFC and 250 West Partners LLC (collectively, Buyers) seek a partial tax exemption to start in 2029 that will offset the loss of the 421-a tax benefits.

HPD is requesting that the Council approve a 32-year partial Article XI property tax exemption, starting in 2029. HPD, although Buyers would enter into a 40-year regulatory agreement upon purchase that would restrict rent and income tiers, such that two units would be available for households making 50% AMI, two units at 60% AMI, seven units at 75% AMI, 14 units at 85% AMI, four units at 105% AMI, and three units at 120% AMI, and require that four units be set-aside for formerly homeless families.

Summary:

* Borough – Manhattan
* Block 1831, Lot 56
* Council District – 9
* Council Member – Perkins
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 26
* Type of exemption – Article XI, partial, 32-years (prospective, starting in 2029)
* Population – affordable rental housing
* Sponsor – Heritage Affordable Communities, Settlement Housing Fund, Inc.
* Purpose – preservation
* Cost to the City – $1.3M
* AMI targets – 50% to 120% AMI

**Item 4: 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 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 HUD. On November 22, 2021, the Council approved a 40-year partial Article XI property tax exemption, conditioned on 1018 East 163rd Street HDFC and 1018 East 163rd Street LLC (collectively, Owners) entering into a 40-year regulatory agreement that would require that the Owners renew the HAP contract upon expiration.

Between the October 2019 and the building’s acquisition in August 2021 by Owners, it was taxed as if the Article V was still in force. HPD is now asking the Council to retroactively extend the expired Article V from October 2019 to August 2021, which would formally adjust the building’s tax liability to equal the taxes collected during that period.

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 V, partial, 3-year (retroactive)
* 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 – $98,833
* Housing Code Violations
  + Class A – 2
  + Class B – 6
* AMI target - 50% AMI

**Item 5: Seaview Estates**

Seaview Estates consists of four buildings with a total of 316 residential units located in the St. George neighborhood of Staten Island. Of those 316 units, there are 43 studios, 225 one-bedroom units (inclusive of two units reserved for superintendents), and 48 two-bedroom units.

HPD is requesting that the Council approve a 40-year partial Article XI tax exemption. Seaview Estates Preservation HDFC and Seaview Estates Preservation L.P. (collectively, Buyers) would enter into a regulatory agreement with HPD restricting rents and income tiers, such that 43 units would be available for households making 70% AMI, 150 units at 85% AMI, 88 units at 100% AMI, and 33 units at 120% AMI, requiring that 48 units be set-aside for formerly homeless families and participation in HPD’s Aging-in-Place initiative.

Summary:

* Borough – Staten Island
* Block 22, Lot 70
* Council District – 49
* Council Member – Rose
* Council Member approval – Yes
* Number of buildings – 4
* Number of units – 316
* Type of exemption – Article XI, partial, 40-years
* Population – affordable rental housing
* Sponsor – Iris Holdings Group, Seaview Estates Preservation L.P.,
* Purpose – preservation
* Cost to the City – $25.8M
* Housing Code Violations
  + Class B – 6
  + Class C – 3
* AMI target - 70%-120% AMI