City of New York

DEPARTMENT OF

HOUSING PRESERVATION AND DEVELOPMENT

100 GOLD STREET, NEW YORK, N.Y. 10038

nyc.gov/hpd

**ADOLFO CARRIÓN JR.**

**Commissioner**

Honorable Adrienne Adams

Speaker of the Council

City Hall

New York, New York 10007

Attention: Jonathan Ettricks

Re: BUFF 236-1 Development Associates HPO.FY23

Block 2396, Lots 21, 24, 25, 26, and 27

Block 2409, Lots 8, 9, 11, 15, and 27

Block 2420, Lot 41

Block 2434, Lot 8

Brooklyn, Community District No. 1

Council District No. 34

Dear Madam Speaker:

The referenced property (“Exemption Area”) contains twelve multiple dwellings known as BUFF 236-1 Development Associates HPO.FY23 which will provide rental housing for low income families.

Under the proposed project, Grower Housing Development Fund Corporation (“HDFC”) will acquire the Exemption Area and Development Associates Buff L.P. (“Partnership”) will be the beneficial owner and will operate the Exemption Area. The HDFC and the Partnership (collectively, “Owner”) will finance the rehabilitation of the Exemption Area with a loan from a private lending institution. The Owner and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently does not receive any exemption from real property taxation. In order to facilitate the project, the Exemption Area needs an exemption from real property taxation that is coterminous with the 40-year term of the HPD 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:

1. “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.
2. “Exemption” shall mean the exemption from real property taxation provided hereunder.
3. “Exemption Area” shall mean the real property located in the Borough of Brooklyn, City and State of New York, identified as Block 2396, Lots 21, 24, 25, 26, and 27, Block 2409, Lots 8, 9, 11, 15, and 27, Block 2420, Lot 41, and Block 2434, Lot 8 on the Tax Map of the City of New York.
4. “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.
5. “HDFC” shall mean Grower Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
6. “HPD” shall mean the Department of Housing Preservation and Development of the City of New York.
7. “Owner” shall mean, collectively, the HDFC and the Partnership.
8. “Partnership” shall mean Development Associates Buff L.P. or any other entity that acquire the beneficial interest in the Exemption Area with the prior written consent of HPD.
9. “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 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, 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.

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,

Adolfo Carrión Jr.