

FEB 16 2015

Honorable Melissa Mark-Viverito
Speaker of the Council
City Hall
New York, New York 10007
Attention: Gary Altman

Re: Rose Ellen Smith HDFC
Block 2744, Lots 55 and 63
Bronx, Community District No. 2
Council District No. 17

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Rose Ellen Smith HDFC which provides rental housing for low income seniors.

Rose Ellen Smith Housing Development Fund Company, Inc. ("HDFC") developed the project under the Section 202 Supportive Housing Program for the Elderly, with financing and operating subsidies from the United States Department of Housing and Urban Development ("HUD") and a tax exemption from the City. On May 21, 1987 (Cal. No. 22), the Board of Estimate approved a tax exemption for the Exemption Area pursuant to subdivision 1 (a) of Section 422 of the Real Property Tax Law ("RPTL") and Section 577 of the Private Housing Finance Law ("Prior Resolution"). The Prior Resolution provided for a full exemption from real property taxation from the date of commencement of construction until the date of issuance of the certificate of occupancy. It thereafter provided for a partial exemption commencing on the certificate of occupancy issuance date ("Effective Date") for a period ending on the earlier of 40 years from the Effective Date or for so long as the HUD mortgage remained outstanding. This partial tax exemption required a payment of the sum of (i) ten percent of the annual shelter rent or carrying charges, plus (ii) an annual adjustment equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the Exemption Area for that year (as adjusted and established pursuant to Section 8 of the United States Housing Act of 1937, as amended) exceeded the total contract rents which were authorized as of the Effective Date for the balance of the exemption term, capped at the lesser of 17% of the contract rents or the amount of real estate taxes that would have been due in the absence of any exemption or abatement ("Shelter Rent Tax").

Due to an increase in operating expenses, the HDFC has been unable to pay the Shelter Rent Tax since 2007 and does not have sufficient resources to pay the accrued tax arrears. Accordingly, HPD is requesting that the Council amend the Prior Resolution in order to provide the Exemption Area with a full exemption from real property taxation from January 1, 2007 through December 31, 2015, and a partial exemption from real property taxation effective January 1, 2016 for the balance of the exemption term. This action will allow the HDFC to continue to operate the Exemption Area as rental housing for low income seniors.

Accordingly, HPD respectfully requests that the Council amend the Prior Resolution by deleting the ninth and tenth "Resolved" clauses and replacing them with the following:

9. That the Board of Estimate, pursuant to subdivision 1 (a) of Section 422 of the RPTL and Section 577 of Article XI of the PHFL, does hereby approve an exemption from local and



municipal taxes, other than assessments for local improvements, of all of the value of the property included in the Housing Project (excluding those portions, if any, devoted to business or commercial use), provided that the Housing Company make annual real estate tax payments commencing upon the Effective Date as hereinafter defined. Commencing upon the Effective Date and during each year thereafter, real estate tax payments shall be made as follows: (i) commencing upon the Effective Date and during each year thereafter until December 31, 2006, payments shall consist of (a) ten (10%) percent of the annual shelter rent or carrying charges for the Housing Project, plus (b) 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 the Effective Date; (ii) commencing upon January 1, 2007 and during each year thereafter until December 31, 2015, payments shall consist of \$0; and (iii) commencing upon January 1, 2016 and during each year thereafter until the Expiration Date as hereinafter defined, payments shall consist of (a) \$15,662, plus (b) 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 December 31, 2015. In any year in which a real estate tax payment must be made by the Housing Company, the total annual real estate tax payment in such year shall not exceed the lesser of either seventeen (17%) percent of contract rents, or the amount of real estate taxes that would otherwise be due in the absence of any form of tax exemption or abatement provided for by existing or future local law or state legislation for such year.

10. That the required partial real estate tax payment shall first become payable and effective upon the date of issuance ("Effective Date") of the Certificate of Occupancy, temporary or permanent, whichever occurs first, for the Housing Project, or, if the Housing Project is constructed in stages, the required partial real estate tax payment applicable to each stage shall become payable and effective from the date of issuance of the Certificate of Occupancy, temporary or permanent, whichever first occurs, for each such stage. Furthermore, (i) the tax exemption approved herein shall operate and continue for so long as the HUD mortgage is outstanding, but in no event for a period of more than forty (40) years, commencing upon the Effective Date ("Expiration Date") and (ii) nothing herein shall entitle the Housing Company to a refund of any real property taxes which accrued and were paid with respect to the Housing Project prior to January 1, 2016.

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

