



Department of
Housing Preservation
& Development
nyc.gov/hpd

VICKI BEEN
Commissioner

Office of the Commissioner
100 Gold Street
New York, N.Y. 10038

May 10, 2016

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

Re: Mixed Income Program: Mix and Match
491 Gerard Avenue
Block 2351, Lot 50
Bronx, Community District No. 1
Council District No. 8

Dear Madame Speaker:

The referenced property ("Exemption Area") is the site for the proposed development of an affordable housing project under HPD's Mixed Income Program: Mix and Match.

Under HPD's Mixed Income Program: Mix and Match, sponsors purchase City-owned or privately owned land or vacant buildings and construct multifamily buildings in order to create affordable rental housing units with a range of affordability in which at least half of the units are affordable to low income households earning up to 60 percent of the Area Median Income ("AMI") and the remaining units are affordable to other low income households. Construction and permanent financing is provided through loans from private institutional lenders and from public sources including HPD, the New York City Housing Development Corporation, the State of New York, and the federal government. Additional funding may also be provided from the syndication of low-income housing tax credits.

Under the proposed project, Samaritan-Gerard Housing Development Fund Corporation (the "HDFC"), a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law, will lease the Exemption Area from East 149th Realty Corp., pursuant to a ground lease with a term of approximately 98 years. The HDFC will enter a nominee agreement with RAM Housing LLC, a New York limited liability company or an affiliate (the "LLC"), pursuant to which the LLC will be the beneficial owner of the leasehold interest in the Exemption Area and will operate the Exemption Area. The HDFC and the LLC (collectively, the "Lessee") will construct one multiple dwelling with 153 rental units.

The Lessee will enter into a regulatory agreement with HPD with a term of 40 years. During the first 30 years of the regulatory agreement term, approximately 15% of the units will be set aside for homeless families with incomes up to 30% of area median income (AMI) with rents set at 30% of 30% of AMI. For the remaining 10 years, these units will no longer be set aside for homeless families; however, they will remain affordable for families with incomes up to 30% of AMI with rents set at 30% of 30% of AMI. Not less than 35% of the units will be rented to families and individuals whose incomes do not exceed approximately 60% of AMI, with rents set at 30% of 57% of AMI, and approximately 50% of the units will be rented to families and individuals whose incomes do not exceed approximately 90% of AMI, with rents set at 30% of 80% of AMI.



In order to facilitate the project, 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:
 - a) "HDFC" shall mean Samaritan-Gerard Housing Development Fund Corporation.
 - b) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - c) "Exemption" shall mean the exemption from real property taxation provided hereunder.
 - d) "Effective Date" shall mean the later of (i) the date of leasehold conveyance of the Exemption Area to the HDFC, and (ii) the date that HPD and the Lessee enter into the Regulatory Agreement in their respective sole discretion.
 - e) "Exemption Area" shall mean the real property located on the Tax Map of the City of New York in the Borough of the Bronx, City and State of New York, identified as Block 2351, Lot 50.
 - f) "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 or leased by either a housing development fund company or an entity wholly controlled by a housing development fund company.
 - g) "Lessee" shall mean the HDFC and the LLC, or any future lessee of the Exemption Area.
 - h) "LLC" shall mean RAM Housing LLC or an affiliate.
 - i) "Project" shall mean the construction of one multiple dwelling building on the Exemption Area containing approximately 153 rental dwelling units.
 - j) "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Lessee 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 or commercial 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 Expiration Date.
3. (a) Notwithstanding any provision hereof to the contrary, the exemption from real property taxation provided hereunder ("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 operated in accordance with the requirements of any other agreement with, or for the benefit of, the City of New York, (iv) the leasehold interest in the Exemption Area is conveyed to a new lessee

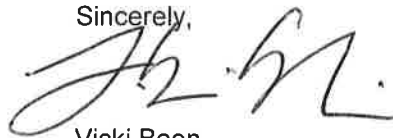


without the prior written consent of HPD, or (v) the demolition or construction of any private or multiple dwelling on the Exemption Area has commenced without the prior written consent of HPD. HPD shall deliver written notice of any such determination to the Lessee and all mortgagees of record, which 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) Nothing herein shall entitle the Lessee to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
 - (c) The Exemption shall not apply to any building constructed on the Exemption Area which does not have a permanent or temporary certificate of occupancy by June 30, 2021, as such date may be extended in writing by HPD.
4. In consideration of the Exemption, the Lessee (i) shall execute and record the Regulatory Agreement, and (ii) for so long as the Exemption shall remain in effect, shall 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.

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

Enclosures

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