



Department of  
Housing Preservation  
& Development  
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VICKI BEEN  
Commissioner

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

MAY 16 2016

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

Re: Minford Gardens  
Block 2977, Lot 80  
Bronx, Community District No. 3  
Council District No. 17

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Minford Gardens which provides rental housing for elderly persons of low income.

Minford Gardens Housing Development Fund Company, Inc. (the "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"). On September 26, 1996 (Res. No. 1930), the City Council granted the Exemption Area a partial exemption from real property taxation pursuant to Section 422 of the Real Property Tax Law ("Prior Exemption").

The Exemption Area was unable to pay its real property taxes and water and sewer charges. In August 2014, the City of New York sold the Exemption Area's outstanding real property taxes to NYCTL 1998-02 Trust pursuant to a Tax Lien Certificate. Tower Capital Management, LLC services and collects payments. The HDFC has worked out, with HUD, a plan to repay Tower Capital. Furthermore, the Exemption Area will seek low-income housing tax credits and rent increases in order to assist with needed rehabilitation. In order to further facilitate the project, the Prior Exemption must be terminated and replaced with a new exemption from real property taxation pursuant to Section 577 of the Private Housing Finance Law. The HDFC and the City of New York Department of Housing Preservation and Development ("HPD") will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

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. "Effective Date" shall mean the date that HPD and the Owner enter into the Regulatory Agreement.
  - b. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 2977, Lot 80 on the Tax Map of the City of New York.



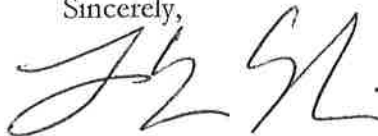
- c. “Expiration Date” shall mean the earlier to occur of (i) a date which is forty (40) years from the Effective Date, (ii) the date of the expiration or termination of the Regulatory Agreement, or (iii) the date upon which the Exemption Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company.
  - d. “HDFC” shall mean Minford Gardens Housing Development Fund Company, Inc.
  - e. “HPD” shall mean the Department of Housing Preservation and Development of the City of New York.
  - f. “New Exemption” shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
  - g. “Owner” shall mean the HDFC or any future owner of the Exemption Area.
  - h. “Prior Exemption” shall mean the exemption from real property taxation for the Exemption Area approved by the City Council on September 26, 1996 (Res. No. 1930).
  - i. “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 New Exemption.
  - j. “Shelter Rent” shall mean the total rents received from the commercial and residential occupants of the Exemption Area, including any federal subsidy (including, but not limited to, Section 8, rent supplements, and rental assistance), less the cost of providing to such occupants electricity, gas, heat and other utilities.
  - k. “Shelter Rent Tax” shall mean an amount equal to ten percent (10%) of Shelter Rent.
2. The Prior Exemption shall terminate upon the Effective Date.
  3. 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 the Expiration Date.
  4. Commencing in tax year 2021/22, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the Shelter Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the Owner shall not at any time exceed the amount of real property taxes that would otherwise be due in the absence of any form of exemption from or abatement of real property taxation provided by an existing or future local, state, or federal law, rule or regulation.
  5. Notwithstanding any provision hereof to the contrary:



- a. The New 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) the Exemption Area is conveyed 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 New Exemption shall prospectively terminate.
  - b. The New Exemption shall apply to all land in the Exemption Area, but shall only apply to a building on the Exemption Area that exists on the Effective Date.
  - c. Nothing herein shall entitle the HDPC to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
  - d. All previous resolutions, if any, providing an exemption from or abatement of real property taxation with respect to the Exemption Area are revoked as of the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area, for so long as the New 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

