

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

APR 24 2017

Re: Madison Court
Block 1376, Lot 32
Queens, Community District No. 3
Council District No. 21

Dear Madame Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Madison Court that provides rental housing for persons and families of low income. Madison Court-Queens Associates, L.P., a New York limited partnership, and Madison Court II, LLC, a New York limited liability company, currently own the Exemption Area.

Under the proposed project, Madison Court Housing Development Fund Corporation ("HDFC") will acquire the fee interest in the Exemption Area and Madison Court Limited Partnership, a New York limited partnership ("Company"), will acquire the beneficial interest and will operate the Exemption Area. The HDFC and the Company (collectively, "New Owner") will finance the acquisition of the Exemption Area with conventional financing. The New Owner and the 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) "Company" shall mean Madison Court Limited Partnership.
 - (b) "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 New Owner enter into the Regulatory Agreement.
 - (c) "Exemption" shall mean the exemption from real property taxation provided hereunder.
 - (d) "Exemption Area" shall mean the real property located in the Borough of Queens, City and State of New York, identified as Block 1376, Lot 32 on the Tax Map of the City of New York.
 - (e) "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.

- (f) "HDFC" shall mean Madison Court Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - (g) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - (h) "New Owner" shall mean, collectively, the HDFC and the Company.
 - (i) "Regulatory Agreement" shall mean the regulatory agreement between HPD and the New Owner establishing certain controls upon the operation of the Exemption Area during the term of the Exemption.
 - (j) "Gross Rent" shall mean the gross potential rents from all residential and commercial units (both occupied and vacant) of the Exemption Area, including any federal subsidy (including, but not limited to, Section 8, rent supplements, and rental assistance).
 - (k) "Gross Rent Tax" shall mean an amount equal to ten percent (10%) of the Gross Rent for the tax year in which the real property tax payment is made.
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. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the New Owner shall make real property tax payments in the sum of the Gross Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the New 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.
4. 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 PHFL, (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 the New 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 a building on the Exemption Area that exists on the Effective Date.



- (c) Nothing herein shall entitle the HDFC, the Company, or any past owner to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
5. In consideration of the Exemption, the owner of the Exemption Area, for so long as the Exemption shall remain in effect, shall waive the benefits, if any, 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,

A handwritten signature in black ink, appearing to read 'Maria Torres-Springer', with a long horizontal flourish extending to the right.

Maria Torres-Springer

