



Department of
Housing Preservation
& Development
nyc.gov/hpd

MARIA SPRINGER-TORRES
Commissioner

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

APR 24 2017

2017 APR 28 P 2:00

NEW YORK CITY COUNCIL
TIME KEEPING/PAYROLL
RECEIVED

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

NYC COUNCIL

2017 APR 28 P 2:11

SPEAKER'S OFFICE

Re: Lott Legacy Apartments
Block 1610, Lots 9 and 13
Block 1625, Lot 71
Block 1627, Lots 21 and 22
Block 1628, Lots 2, 4, 6, 10, 49, and 103
Block 1629, Lots 30, 64, and 65
Block 1655, Lots 23 and 29
Block 1677, Lot 38
Block 1710, Lots 19 and 21
Block 1711, Lot 121
Manhattan, Community District No. 11
Council District No. 5 and 8

Dear Madame Speaker:

The referenced property ("Exemption Area") contains twenty-one multiple dwellings known as Lott Legacy Apartments which provide rental housing for low income families.

Under the proposed project, Lott Legacy Apartments Housing Development Fund Corporation ("HDFC") will acquire the Exemption Area and Lott Legacy LLC (the "Company"), a limited liability company, will be the beneficial owner and will operate the Exemption Area. The HDFC and the Company (collectively, "Owner") will finance the rehabilitation of the property with a loan from the New York City Housing Development Corporation and a loan from the City of New York Department of Housing Preservation and Development ("HPD"). The Owner and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

Portions of the Exemption Area currently receive exemptions from real property taxation pursuant to Section 420-c of the Real Property Tax Law ("420-c Exemptions") and other portions of the Exemption Area currently receive an exemption from and/or abatement of real property taxation pursuant to Section 489 of the Real Property Tax Law ("J-51 Benefits"). In order to facilitate the project, the 420-c Exemptions must be terminated and replaced with a new exemption ("New Exemption") from real property taxation pursuant to Article XI of the Private Housing Finance Law that is coterminous with the new regulatory agreement. The New Exemption will be reduced by an amount equal to any concurrent J-51 Benefits.

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. "420-c Exemptions" shall mean the exemptions from real property taxation pursuant to Section 420-c of the Real Property Tax Law for that portion of the Exemption Area



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located at Block 1610, Lots 9 and 13, Block 1625, Lot 71, Block 1627, Lots 21 and 22, Block 1628, Lots 2, 10, and 49, Block 1629, Lots 30, 64, and 65, Block 1710, Lots 19 and 21, and Block 1711, Lot 121.

- b. "Company" shall mean Lott Legacy LLC.
 - c. "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.
 - d. "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 1610, Lots 9 and 13, Block 1625, Lot 71, Block 1627, Lots 21 and 22, Block 1628, Lots 2, 4, 6, 10, 49, and 103, Block 1629, Lots 30, 64, and 65, Block 1655, Lots 23 and 29, Block 1677, Lot 38, Block 1710, Lots 19 and 21, and Block 1711, Lot 121 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 Lott Legacy Apartments 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. "J-51 Benefits" shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law which are in effect on the Effective Date.
 - i. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - j. "Owner" shall mean, collectively, the HDFC and the Company.
 - k. "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.
2. The 420-c Exemptions 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, 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.
 4. 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) 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 New Exemption shall prospectively terminate.

- b. The New 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 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 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. Notwithstanding the foregoing, the J-51 Benefits shall remain in effect, but the New Exemption shall be reduced by the amount of such J-51 Benefits.

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, sweeping horizontal line extending to the right.

Maria Torres-Springer



