

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

Re: Fulton Park
Block: 1702, Lot: 1
Block: 1708, Lot: 1
Brooklyn, Community District No. 3
Council District No. 36

Dear Madame Speaker:

The referenced property ("Exemption Area") contains nine multiple dwellings known as Fulton Park which provide rental housing for persons and families of low income.

The Exemption Area is owned by Fulton Park Associates, L.P. ("Company"), a redevelopment company formed pursuant to Article V of the Private Housing Finance Law ("PHFL").

The Board of Estimate approved a resolution on April 1, 1982 (Cal. No. 31) providing for a tax exemption for the Exemption Area pursuant to PHFL Section 125(1)(a) ("Original Exemption"). The Original Exemption, which will expire on June 30, 2024, requires the Exemption Area to make an annual real property tax payment equal to 10% of the annual shelter rent, plus an additional amount equal to 25% of the amount by which the contract rents applicable to the project, as adjusted and established from time to time pursuant to Section 8 of the United States Housing Act of 1934, as amended, exceeds the contract rents in effect as of the date of occupancy of the project by eligible tenants.

Chapter 478 of the Laws of 2013 authorized an additional period of tax exemption following expiration of the current tax exemption for redevelopment companies organized pursuant to Article V of the PHFL for a term of forty years or until such time as the project was no longer operated in accordance with the restrictions of PHFL Article V. During such additional tax exemption period, Chapter 478 of the Laws of 2013 also provided, *inter alia*, that such redevelopment companies would pay an amount of taxes no less than the taxes payable by such company in accordance with the resolution for such redevelopment company that was approved by the local legislative body and was in effect immediately prior to the expiration of the initial tax exemption.

In order to maintain the Exemption Area as affordable housing, HPD respectfully requests that the Council approve, pursuant to PHFL Section 125(1)(a-3), an additional period of tax exemption as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. "Company" shall mean Fulton Park Associates, L.P.
 - b. "Effective Date" shall mean the later of (a) June 30, 2024, or (b) the date that the Company and HPD enter into the Restrictive 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 Brooklyn, City and State of New York, identified as Block 1702, Lot 1 and Block 1708, Lot 1 on the Tax Map of the City of New York.
 - e. "Expiration Date" shall mean the earlier to occur of (i) June 30, 2064, (ii) the date of the expiration or termination of the Regulatory Agreement, (iii) the date upon which the Exemption Area ceases to be owned by the Owner or, with the prior written approval of HPD, another redevelopment company organized pursuant to Article V of the Private Housing Finance Law, (iv) the date upon which the City terminates the partial tax exemption pursuant to the terms of the Regulatory Agreement, or (v) the date of the expiration or termination of the Exemption Area's Section 8 Housing Assistance Payments Contract.
 - f. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - g. "Owner" shall mean the Company or, with the prior written approval of HPD, any future owner of the Exemption Area that is a redevelopment company organized pursuant to Article V of the Private Housing Finance Law.
 - h. "Regulatory Agreement" shall mean the Redevelopment Agreement dated April 1, 1982 between the City of New York and the Owner, establishing certain controls upon the operation of the Exemption Area in accordance with Private Housing Finance Law Section 114.
 - i. "Restrictive Agreement" shall mean an agreement between HPD and the Company that is entered into on or after January 1, 2017 and that requires the Exemption Area to remain a redevelopment company development organized under and operated pursuant to Article V of the Private Housing Finance Law for a period of twenty years from the date of execution.
2. All of the value of the property in the Exemption Area, including both the land and any improvements, 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 Owner shall make real property tax payments in the sum of the (i) the amount of taxes due in the year immediately prior to the Effective Date, plus (ii) an additional amount 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) exceed the total contract rents which were authorized on the Effective Date. 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.



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 V 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 the Restrictive Agreement, (iv) 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, (v) the Exemption Area is conveyed to a new owner without the prior written consent of HPD, or (vi) 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 Exemption shall prospectively terminate.
 - b. Nothing herein shall entitle the Company 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 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,



Maria Torres-Springer

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