

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

NOV 06 2017

Re: Mount Hope Preservation Apartments
Block 2807, Lots 16, 22, 52, and 56
Block 2809, Lot 31
Block 2849, Lots 24 and 64
Block 2861, Lots 123 and 135
Block 2867, Lots 134, 139, and 147
Block 3026, Lot 7
Bronx, Community District No. 5
Council District No. 14 and 15

Dear Madame Speaker:

The referenced property ("Exemption Area") contains thirteen multiple dwellings known as Mount Hope Preservation Apartments which provide rental housing for low income families.

Under the proposed project, Mount Hope Preservation 1A Housing Development Fund Company, Inc. ("HDFC") will acquire the Exemption Area and Mount Hope Preservation Apartments LLC ("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 acquisition and rehabilitation of the Exemption Area with a loan from the New York City Housing Development Corporation as well as City capital funds from the 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.

A portion of the Exemption Area currently receives an exemption from real property taxation pursuant to Section 577 of the Private Housing Finance Law that will expire in 2037 ("Prior Exemption"). Another portion of the Exemption Area currently receives 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 ensure the continued affordability of the Exemption Area, the Prior Exemption must be terminated and replaced with a new Article XI exemption for the Exemption Area that 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. "Company" shall mean Mount Hope Preservation Apartments LLC or a limited liability company that acquires the beneficial interest in the Exemption Area with the approval of HPD.
 - 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 Owner enter into the Regulatory Agreement.



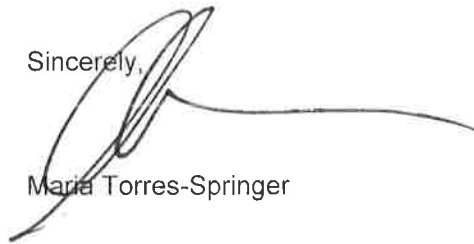
- c. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 2807, Lots 16, 22, 52, and 56, Block 2809, Lot 31, Block 2849, Lots 24 and 64, Block 2861, Lots 123 and 135, Block 2867, Lots 134, 139, and 147, and Block 3026, Lot 7 on the Tax Map of the City of New York.
 - d. "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.
 - e. "HDFC" shall mean Mount Hope Preservation 1A Housing Development Fund Company, Inc. or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - f. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - g. "J-51 Benefits" shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law which are in effect with respect to any portion of the Exemption Area on the Effective Date.
 - h. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - i. "Owner" shall mean, collectively, the HDFC and the Company.
 - j. "Prior Exemption" shall mean the exemption real property taxation for the Exemption Area approved by the New York City Council on May 16, 1995 (Resolution No. 988).
 - 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 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, 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.
 - d. All previous resolutions, if any, providing an exemption from or abatement of real property taxation with respect to the Exemption Area are hereby revoked as of 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,



Maria Torres-Springer