



**Department of
Housing Preservation
& Development**

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ERIC ENDERLIN
Commissioner

Office of the Commissioner
100 Gold Street
New York, NY 10038

APR 10 2019

Honorable Corey Johnson
Speaker of the Council
City Hall
New York, New York 10007
Attention: Jonathan Etricks

Re: Putnam Gardens
Block 3271, Lot 125
Bronx, Community District No. 8
Council District No. 11

Dear Mr. Speaker:

The referenced property ("Exemption Area") contains one multiple dwelling known as Putnam Gardens which provides rental housing for low income families.

Under the proposed project, 3815 Putnam Housing Development Fund Corporation ("HDFC") will acquire the Exemption Area and Putnam-Deegan, L.P. ("Partnership") will be the beneficial owner and will operate the Exemption Area. The HDFC and the Partnership (collectively, "Owner") will finance the rehabilitation of the Exemption Area with a loan from the New York City Housing Development Corporation ("HDC"). The Owner, HDC and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently receives an exemption from real property taxation pursuant to Real Property Tax Law Section 421-a ("RPTL Section 421-a") that will expire in 2027 ("Prior Exemption"). In accordance with RPTL Section 421-a(2)(j) and in order to facilitate the project, HPD will authorize the termination of the Prior Exemption so that it may be replaced with a new exemption from real property taxation pursuant to the Private Housing Finance Law.

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 earlier of the following dates to occur after the conveyance of the Exemption Area to the HDFC: (i) the fifth anniversary of the date that HPD, HDC, and the Owner enter into the Regulatory Agreement, or (ii) July 1, 2024.
 - b. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 3271, Lot 125 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 thirty (30) 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. "Gross Rent" shall mean the gross potential rents from all residential and commercial units on the Exemption Area without regard to whether such units are occupied or vacant, including, but not limited to, Section 8, rent supplements, rental assistance, or any other subsidy.
 - e. "Gross Rent Deadline" shall mean three hundred and sixty-five (365) days from the date of the HPD letter requesting the information that HPD needs to calculate the Gross Rent Tax for the applicable tax year.
 - f. "Gross Rent Tax" shall mean, with respect to any tax year, an amount equal to three and three-fourths percent (3.75%) of the Gross Rent in the tax year in which such real property tax payment is made for three (3) tax years commencing upon the Effective Date, and for each tax year thereafter until the Expiration Date, an amount equal to seven and three-fourths percent (7.75%) of the Gross Rent in such tax year; provided, however, that if the Owner fails to provide the Gross Rent on or before the Gross Rent Deadline, Gross Rent Tax shall mean an amount equal to real property taxes that would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.
 - g. "HDC" shall mean the New York City Housing Development Corporation.
 - h. "HDFC" shall mean 3815 Putnam Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - i. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - j. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - k. "Owner" shall mean, collectively, the HDFC and the Partnership.
 - l. "Partnership" shall mean Putnam-Deegan, L. P.
 - m. "Prior Exemption" shall mean the existing tax exemption of the Exemption Area pursuant to Section 421-a (1-15) of the Real Property Tax Law.
 - n. "Regulatory Agreement" shall mean the regulatory agreement between HPD, HDC and the Owner that is executed after March 1, 2019 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. 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 Gross 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) 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, and, where there has been an unauthorized conveyance or transfer of any interest in the Exemption Area, to the new owner of such interest in the Exemption Area, 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 HDFC, the Owner, or any other person or entity to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area shall, for so long as the New Exemption shall remain in effect, 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, nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities.

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,



Eric Enderlin