May 7, 2019

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Stephanie Ruiz, Assistant Counsel, Finance Division

Noah Brick, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of May 7, 2019 - Resolution approving a tax exemption for five Land Use items (Council Districts 11, 18, and 29)

**Item 1: Putnam Gardens Portfolio**

The Putnam Gardens project is a single-building portfolio comprised of 90 residential units located at 3815 Putnam Avenue West in the Bronx, consisting of 13 one-bedroom apartments, 76 two-bedroom apartments, and one superintendent unit.

Under the proposed project, 3815 Putnam Housing Development Fund Corporation (HDFC) will acquire the referenced property and Putnam-Deegan, L.P. will be the beneficial owner and will operate the property. The HDFC and the L.P. will finance the rehabilitation of the property with a loan from the New York City Housing Development Corporation (HDC).

The Department of Housing Preservation and Development (HPD) is requesting that the Council approve a 30-year, partial Article XI property tax exemption for the portfolio. HPD, HDC, and the HDFC will enter into a regulatory agreement that will require that the units be leased only to households within income tiers between 80% and 95% of Area Median Income (AMI). Additionally, the project will include a homeless set aside requirement in which 10% of the units (or nine units), upon turnover, will be required to be filled with referrals of eligible homeless tenants.

The building currently receives a 421-a tax exemption that will expire in 2027. In order to facilitate the project, HPD will authorize the termination of the 421-a tax exemption so that it may be replaced with the Article XI exemption, if approved. Upon being approved by the Council, the Article XI exemption will become effective on the fifth-anniversary of the date that HPD, HDC, and the HDFC enter into the regulatory agreement.

Summary:

* Borough – Bronx
* Block 3271, Lot 125
* Council District – 11
* Council Member – Cohen
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 90
* Type of exemption – Article XI, partial, 30 years
* Population – affordable rental housing
* Sponsor(s) – 3815 Putnam HDFC; Putnam-Deegan, L.P
* Purpose – preservation
* Cost to the City - $4.2 million
* Housing Code Violations –
  + Class A: 3
  + Class B: 12
* AMI targets – 56 units up to 80% AMI, and 33 units up to 95% of AMI

**Item 2: 2997 Marion Avenue**

The 2997 Marion Avenue project will be a newly-constructed 18-unit building located in the Bedford Park neighborhood of the Bronx, consisting of 13 studios and five one-bedroom apartments.

Under the proposed project, NFW Marion HDFC will acquire the property and NFW Marion LLC will be the beneficial owner and operate the property. The HDFC and the LLC, will finance the acquisition and construction of the Exemption Area with a loan from HPD.

HPD is requesting that the Council approve a 40-year, full Article XI property tax exemption for the portfolio. HPD and the HDFC will then enter into a regulatory agreement that will require the units be leased only to households within income tiers between 77% and 95% of AMI.

Summary:

* Borough – Bronx
* Block 3281, Lot 23
* Council District – 11
* Council Member – Cohen
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 18
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor(s) – NFW Marion LLC; NFW Group LLC; Erin Development Member LLC; Forsyth Street Advisors; NFW Marion HDFC
* Purpose – new construction
* Cost to the City - $977,000
* Housing Code Violations – N/A
* AMI targets – 2 units up to 77% AMI; 16 units up to 95% of AMI

**Item 3: Soundview Homeownership – Phase III**

The Soundview Homeownership – Phase III project will consist of ten, four-story multifamily buildings on land presently owned by the New York City Housing Authority (NYCHA) at 1715-1739 Lacombe Avenue and 351-359 Bronx River Avenue in the Bronx. The project will consist of 27 one-bedrooms, 33 two-bedrooms and 12 three-bedrooms, as well as 19 onsite residential parking spaces and 25 offsite residential parking spaces within the NYCHA campus.

Under the proposed project, Soundview Park Townhomes HDFC will acquire the property and Soundview Park Townhomes LLC will be the beneficial ownerand willoperate the property. The HDFC and the LLC will finance the construction of the project with loans from HPD and the New York State Affordable Housing Corporation.

As NYCHA-owned property, it is not currently subject to real property taxation. This tax-exempt status will terminate upon NYCHA’s conveyance of the project to the HDFC. In order to facilitate the project, HPD is requesting that the Council approve a 40-year, full Article XI property tax exemption for the portfolio. HPD and the HDFC will then enter into a regulatory agreement that will require that the units be sold only to households within income tiers of 85% and 93% of AMI.

Summary:

* Borough – Bronx
* Block 3515, Lot 20
* Council District – 18
* Council Member – Diaz
* Council Member approval – Yes
* Number of buildings – 10
* Number of units – 72
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership
* Sponsor(s) – Lemle & Wolff, Inc.
* Purpose – new construction
* Cost to the City - $1.46 million
* Housing Code Violations – N/A
* AMI targets – 10 units at up to 85% AMI, 50 units at up to 90% AMI, and 12 units at up to at 93% AMI.

**Item 4: Apex Place Phase I Portfolio**

The Apex Place Phase I project will be a newly-constructed building comprised of 183 residential units, a community facility space, garage and surface parking, located at 62-11 108th Street in Queens. The building will consist of 16 studio apartments, 77 one-bedroom apartments, 74 two-bedroom apartments, and 16 three-bedroom apartments.

Under the proposed project, Apex Place HDFC will acquire the property and Apex Place Associates, L.P. will be the beneficial owner and will operate the property. The HDFC and the L.P. will finance the acquisition and construction of the property with loans from HDC and HPD and low-income housing tax credits.

HPD is requesting that the Council approve a 40-year, full Article XI property tax exemption for the portfolio. HPD, HDC, and the HDFC will then enter into a regulatory agreement that will require that the units be leased only to households within income tiers of 40%, 50%, 70%, 110% and 130% of AMI. Of the 183 residential units, 18 units will be set aside for homeless families under the Our Space initiative and 74 units, which will be tax credit units, will be designated as affordable with 37 units to households earning up to 50% of AMI and 37 units to households earning up to 70% of AMI. The remaining 91 units will be designated as affordable, with 46 units at income levels up to 110% of AMI and 45 units of income levels up to 130% of AMI.

On November 16, 2017, Council approved an Article XI exemption on Block 2159, Lot 2, which stated that the exemption applied to all land in the Exemption Area but only applied to buildings on the Exemption Area that exist on the effective date of the exemption. As of August 17, 2018, Lot 2 split into Lots 2, 20, 50, and 80. In order to facilitate the proposed project and extend the exemption to the new construction, the prior exemption will be terminated and replaced with the new Article XI exemption, if approved.

Summary:

* Borough – Queens
* Block 2159, Lot 80
* Council District – 29
* Council Member – Koslowitz
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 183
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor(s) – Apex Place HDFC; Apex Place Associates, L.P.
* Purpose – new construction
* Cost to the City - $16.5 million
* Housing Code Violations – N/A
* AMI targets – 18 units up to 40% of AMI, 37 units up to 50% AMI, 37 units up to 70% AMI, 46 units up to 110% AMI and 45 units up to 130% AMI

**Item 5: Apex Place Phase II Portfolio**

The Apex Place Phase II project will be two newly-constructed buildings comprised of a total of 259 residential units and a community facility space, located at 110-41 Colonial Avenue and 108-75 62nd Drive in Queens. The portfolio consists of 23 studio apartments, 94 one-bedroom apartments, 119 two-bedroom apartments (inclusive of one superintendent’s unit), and 23 three-bedroom apartments.

Under the proposed project, Apex Place II HDFC will acquire the property and Apex Place II Associates, L.P. will be the beneficial owner and will operate the property. The HDFC and the L.P. will finance the acquisition and construction of the property with loans from HDC and HPD and low-income housing tax credits.

HPD is requesting that the Council approve a 40-year, full Article XI property tax exemption for the portfolio. HPD, HDC, and the HDFC will then enter into a regulatory agreement that will require that the units be leased only to households within income tiers of 40%, 50%, 70%, 110% and 130% of AMI. Of the 259 residential units, 26 units will be set aside for homeless families under the Our Space initiative and 104 units, which will be tax credit units, will be designated as affordable with 52 units to households earning up to 50% of AMI and 52 units to households earning up to 70% of AMI. The remaining 128 units will be designated as affordable, with 64 units at income levels up to 110% of AMI and 64 units of income levels up to 130% of AMI.

On November 16, 2017, Council approved an Article XI exemption on Block 2159, Lot 2, which stated that the exemption applied to all land in the Exemption Area but only applied to buildings on the Exemption Area that exist on the effective date of the exemption. As of August 17, 2018, Lot 2 split into Lots 2, 20, 50, and 80. In order to facilitate the proposed project and extend the exemption to the new construction, the prior exemption will be terminated and replaced with the new Article XI exemption, if approved.

Summary:

* Borough – Queens
* Block 2159, Lots 20 and 50
* Council District – 29
* Council Member – Koslowitz
* Council Member approval – Yes
* Number of buildings – 2
* Number of units – 259
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor(s) – Apex Place II HDFC; Apex Place II Associates, L.P.
* Purpose – new construction
* Cost to the City – $19 million
* Housing Code Violations – N/A
* AMI targets – 26 units up to 40% AMI, 52 units up to 50% AMI, 52 units up to 70% AMI, 64 units up to 110% AMI and 64 units up to 130% AMI.