

June 13, 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 June 13, 2019 – Resolution approving a tax exemption for 20 Land Use items (Council Districts 3, 8, 9, 11, 12, 13, 14, 15, 16, and 34)

Items 1 - 4: Stagg Portfolio

The Stagg 1, 2, 3 and 4 projects (“Stagg Portfolio”) is comprised of 96 properties containing 404 residential units that are separated into four clusters with individual LLCs as the beneficial owner: Amanda’s Cove, LLC (“Stagg 1,” 40 buildings, 157 units), Justin’s Corner, LLC (“Stagg 2,” 30 buildings, 114 units), Mickey’s Corner LLC (“Stagg 3,” 12 buildings, 43 units), and Tyler’s Bronx, LLC (“Stagg 4,” 14 buildings, 90 units). These buildings within the portfolio range from 2-unit to 10-unit multifamily buildings located throughout the Bronx.

Currently, certain properties within the Stagg Portfolio receive 412-a tax exemption benefits. Stagg 1 has 33 buildings with a 421-a tax exemption that expire for between 2021 and 2024. Stagg 2 has 21 buildings with a 421-a tax exemption that expire between 2019 and 2027. Stagg 3 has 6 buildings with a 421-a tax exemption that expire between 2022 and 2024. Stagg 4 has 8 buildings with a 421-a tax exemption that expire between 2024 and 2036.

The Department of Housing Preservation and Development (“HPD”) is requesting that the Council approve a partial, 40-year Article XI property tax exemption to each of the 96 properties. Each LLC would convey the fee interest in the exemption areas to a Housing Development Fund Corporation (“HDFC”) and each LLC and HDFC would enter into a regulatory agreement with HPD that would require that apartments be rented only to households earning between 75% and 105% of the Area Median Income (“AMI”). Upon approval of the Article XI property tax exemption, the 421-a tax exemption benefits will expire and all units in each project will become rent stabilized for the term of their respective regulatory agreement.

Item 1: Stagg 1 – Amanda’s Cove:

- Borough – Bronx
- Block 4595, Lots 4, 114, and 115; Block 4611, Lots 60, 156, 157, 158, 159, and 160; Block 4671, Lots 73 and 75; Block 4672, Lot 40; Block 4708, Lots 5, 8, 181, and 182; Block 4796, Lots 137, 138, 139, and 140; Block 4879, Lots 71 and 171; Block 4883, Lots 124, 125, 126, and 227; Block 4901, Lots 17, 18, and 20; Block 4903, Lots 20, 21, and 22; Block 5263, Lots 176, 177, 178, 179, 182, 183, 184, and 185
- Council Districts – 12, 15
- Council Members – Torres, King

- Council Members approval – Yes
- Number of buildings – 40
- Number of units – 157
- Type of exemption – Article XI, partial 40-years
- Population – affordable rental housing
- Sponsor – Stagg Berkadia Holdings LLC, Amanda’s Cove LLC, HP Amanda’s Cove HDFC
- Purpose – preservation
- Cost to the City – \$11.6 million
- Housing Code Violations
 - Class A – 49
 - Class B – 81
 - Class C – 18
- AMI targets – 28 units at 75% of AMI, 51 units at 80% of AMI, 45 units at 85% of AMI and 33 units at 95% of AMI.

Item 2: Stagg 2 – Justin’s Corner:

- Borough – Bronx
- Block 4447, Lot 36; Block 4450, Lots 14, 112, and 113; Block 4544, Lots 140, 142, and 144; Block 4596, Lot 51; Block 4669, Lots 71 and 72; Block 4685, Lots 161 and 162; Block 4716, Lot 118; Block 4723, Lots 140, 141, 142, 143, and 144; Block 4762, Lots 160 and 161; Block 4870, Lots 40 and 41; Block 4958, Lot 12; Block 4982, Lots 89, 90, 91, and 92; Block 5099, Lots 19 and 108; Block 5107, Lot 58
- Council Districts – 11, 12, 13, 15
- Council Members – Torres, Gjnoaj, Cohen, King
- Council Members approval – Yes
- Number of buildings – 30
- Number of units – 114
- Type of exemption – Article XI, partial 40-years
- Population – affordable rental housing
- Sponsor – Stagg Berkadia Holdings LLC, Justin’s Corner LLC, HP Justin’s Corner HDFC
- Purpose – preservation
- Cost to the City – \$7.9 million
- Housing Code Violations
 - Class A – 31
 - Class B – 69
 - Class C – 33
- AMI targets – 19 units at 75% of AMI, 59 units at 85% of AMI, 31 units at 95% of AMI and 5 units at 105% of AMI.

Item 3: Stagg 3 – Mickey’s Corner:

- Borough – Bronx
- Block 4667, Lots 65 and 66; Block 4699, Lot 1; Block 4755, Lots 65 and 66; Block 4840, Lots 69 and 70; Block 4852, Lot 62; Block 4865, Lots 169 and 174; Block 5028, Lot 15; Block 5107, Lot 54
- Council Districts – 11, 12

- Council Members – Cohen, King
- Council Members approval – Yes
- Number of buildings – 12
- Number of units – 43
- Type of exemption – Article XI, partial 40-years
- Population – affordable rental housing
- Sponsor – Stagg Berkadia Holdings LLC, Mickey’s Corner LLC, HP Mickey’s Corner HFDC
- Purpose – preservation
- Cost to the City – \$2.3 million
- Housing Code Violations
 - Class A – 20
 - Class B – 14
 - Class C – 6
- AMI targets – 16 units at 80% of AMI, 13 units at 85% of AMI, 12 units at 90% of AMI and 2 units at 95% of AMI.

Item 4: Stagg 4 – Tyler’s Bronx:

- Borough – Bronx
- Block 4434, Lots 10 and 11; Block 4667, Lot 74 and 75; Block 4668, Lots 42 and 44; Block 4834, Lots 44 and 46; Block 4860, Lots 26, 27, 167, 168, 169, and 170
- Council Districts – 12, 15
- Council Members – Torres, King
- Council Members approval – Yes
- Number of buildings – 14
- Number of units – 90
- Type of exemption – Article XI, partial 40-years
- Population – affordable rental housing
- Sponsor – Stagg Berkadia Holdings LLC, Tyler’s Bronx LLC, HP Tyler’s Bronx HDFC
- Purpose – preservation
- Cost to the City – \$3 million
- Housing Code Violations
 - Class A – 72
 - Class B – 51
 - Class C – 11
- AMI targets – 12 units at 75% of AMI, 39 units at 80% of AMI, 26 units at 85% of AMI and 13 units at 95% of AMI.

Items 5-12: Taino Towers

Taino Towers is comprised of 656 units of low-income housing in four buildings located in East Harlem, Manhattan, including 112 studios, 130 one-bedrooms (inclusive of one superintendent unit), 184 two-bedrooms, 202 one-bedrooms and 28 six-bedrooms. There are also 146,000 square feet of community facilities and 116,000 square feet of commercial space.

Although legally each building is owned by a separate HDFC, they operate as one entity under a single Housing Assistance Payments (“HAP”) Section 8 contract, under which tenants pay only 30% of their income in rent and the U.S. Department of Housing and Urban Development (“HUD”) makes payments to the landlord. The HAP contract is due to expire in September 2019.

In 1971, the City conveyed the properties to four separate HDFCs and the Board of Estimate granted each a partial Article XI property tax exemption that required the HDFCs to pay five percent shelter rent tax from the date of their certificate of occupancy 1983 until expiration in 2012. However, the Department of Finance never charged the HDFCs any of the shelter rent tax that should have become due.

HPD is requesting that the Council approve a retroactive, full, Article XI property tax exemption for each HDFC for 1983 to 2012 to exempt the uncollected shelter rent taxes. HPD is also requesting that the Council approve a partial, ten-year Article XI property tax exemption for 2012 to 2022. HPD and the HDFCs would enter into a 30-year regulatory agreement, 2012 to 2042, under which all units would be kept at 50% of AMI. The HAP contract would also be renewed for the entirety of the regulatory period.

Items 5 & 6: Taino Building 1 (221 East 122nd Street)

- Borough – Manhattan
- Block 1787, Lot 60
- Council District – 8
- Council Member – Ayala
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 148
- Type of exemption – Article XI, full, 1983-2012; Article XI, partial, 2012-2022
- Population – affordable rental housing
- Sponsor – East Harlem Pilot Block-Building 1 HDFC
- Purpose – preservation
- Cost to the City – \$56.4 million for the Taino portfolio, collectively
- Housing Code Violations
 - Class A – 77
 - Class B – 215
 - Class C – 27
- AMI targets – 148 units at 50% AMI (HAP)

Items 7 & 8: Taino Building 2 (2253 3rd Avenue)

- Borough – Manhattan
- Block 1787, Lot 1
- Council District – 8
- Council Member – Ayala
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 208

- Type of exemption – Article XI, full, 1983-2012; Article XI, partial, 2012-2022
- Population – affordable rental housing
- Sponsor – East Harlem Pilot Block-Building 2 HDFC
- Purpose – preservation
- Cost to the City – \$56.4 million for the Taino portfolio, collectively
- Housing Code Violations
 - Class A – 23
 - Class B – 52
 - Class C – 6
- AMI targets – 208 units at 50% AMI (HAP)

Items 9 & 10: Taino Building 3 (230 East 123rd Street)

- Borough – Manhattan
- Block 1787, Lot 80
- Council District – 8
- Council Member – Ayala
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 92
- Type of exemption – Article XI, full, 1983-2012; Article XI, partial, 2012-2022
- Population – affordable rental housing
- Sponsor – East Harlem Pilot Block-Building 3 HDFC
- Purpose – preservation
- Cost to the City – \$56.4 million for the Taino portfolio, collectively
- Housing Code Violations
 - Class A – 13
 - Class B – 59
 - Class C – 4
- AMI targets – 92 units at 50% AMI (HAP)

Items 11 & 12: Taino Building 4 (231 East 122nd Street)

- Borough – Manhattan
- Block 1787, Lot 70
- Council District – 8
- Council Member – Ayala
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 208
- Type of exemption – Article XI, full, 1983-2012; Article XI, partial, 2012-2022
- Population – affordable rental housing
- Sponsor – East Harlem Pilot Block-Building 4 HDFC
- Purpose – preservation
- Cost to the City – \$56.4 million for the Taino portfolio, collectively

- Housing Code Violations
 - Class A – 106
 - Class B – 210
 - Class C – 31
- AMI targets – 208 units at 50% AMI (HAP)

Item 13: 2316-2322 Andrews Avenue North

2316-2322 Andrews Avenue North is comprised of 42 units across two buildings on a single tax lot in the University Heights section of the Bronx. The buildings include one one-bedroom, 21 two-bedrooms, 10 three-bedrooms (inclusive of one superintendent unit), and 10 four-bedrooms.

The buildings were built in 1913, obtained by the City through an in-rem tax foreclosure in 1984, held until 1989, and purchased by Conagul Equites LLC in 1997. No existing regulatory agreement exists for the property.

HPD is requesting that the Council approve a partial, 30-year Article XI property tax exemption. The LLC would convey the fee interest in the property to Conagul HDFC and the LLC and the HDFC would enter into a regulatory agreement with HPD that would require 12 units be made available only to households earning up to 55% of AMI, 16 units be made available only to households earning up to 80% of AMI, and 13 units be made available only to households earning up to 105% of AMI. The regulatory agreement would require that four units be reserved for formerly homeless residents.

Summary:

- Borough – Bronx
- Block 3218, Lot 24
- Council District – 14
- Council Member – Cabrera
- Council Member approval – Yes
- Number of buildings – 2
- Number of units – 41
- Type of exemption – Article XI, partial 30-year
- Population – affordable rental housing
- Sponsor – Conagul Equites LLC, Conagul Equities HDFC, Skyline Management, Decathlon Consultants, Inc.
- Purpose – preservation
- Cost to the City – \$1.8 million
- Housing Code Violations
 - Class A – 1
 - Class B – 7
 - Class C – 1
- AMI targets – 12 units at 55% AMI, 16 units at 80% AMI, and 13 units at 105% AMI

Items 14 & 15: CB WHCO

The CB West Harlem Community Organization (“WHCO”) project consists of 95 units across eight buildings in Harlem, Manhattan. The portfolio is comprised of 4 studios, 17 one-bedrooms (inclusive of one superintendent unit), 54 two-bedrooms, eight one-bedrooms, and 12 six-bedrooms. There are also ten commercial units and one leased cellular antenna.

The buildings were built between 1900 and 1920, obtained by the City through in-rem tax foreclosures, and between 1989 and 1992 transferred to affiliates of WHCO Inc. under the HPD Enterprise Program and the HPD Community Management Program.

WHCO, Inc. and its joint venture partner, CB-Emmanuel Realty, LLC, are seeking private financing to rehabilitate the entire portfolio. The properties are currently in varying physical states requiring moderate to gut level rehabilitation. The scope of work includes a re-sizing of units that will result in a net addition of seven residential units, bringing the total residential unit count to 102. Post construction, there will be three studios, 36 one-bedrooms, 55 two-bedrooms, and eight three-bedrooms.

Seven of the eight buildings received 420-c or Division of Alternative Management (“DAMP”) tax incentives that either expired earlier this year or will expire in the next two years. One building, 157 West 119th Street, has never received any tax exemption and has substantial tax arrears.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption for the residential portion of the portfolio. WHCO and the LLC would transfer the properties to WHCO HDFC and the WHCO, the LLC, and the HDFC would enter into a 42-year regulatory agreement with HPD that would require four units be made available only to households earning up to 30% of AMI, 42 units be made available only to households earning up to 50% of AMI, nine units to be made available only to households earning up to 60% AMI, and 40 units be made available only to households earning up to 100% of AMI. HPD is requesting that the Council also approve a full 40-year Article XI property tax exemption for 157 West 119th Street for 2008 to present to address the tax arrears.

Item 14: CB WHCO

- Borough – Manhattan
- Block 1599, Lot 1; Block 1823, Lots 37 and 38; Block 1831, Lot 53; Block 1904, Lot 6; Block 1926, Lots 8 and 61
- Council District – 9
- Council Member – Perkins
- Council Member approval – Yes
- Number of buildings – 8
- Number of units – 96, becoming 103
- Type of exemption – Article XI, full, 40-year
- Population – affordable rental housing
- Sponsor – WHCO, Inc., WHCO 2017 LLC, WHCO CB Harlem LLC, Shamas Contracting Co. Inc., CB-Emmanuel Realty, LLC, Richard Christopher Bramwell, Jr., Benathan Upshaw, and GKC Industries Inc.

- Purpose – preservation
- Cost to the City – \$7.3 million
- Housing Code Violations
 - Class A – 239
 - Class B – 697
 - Class C – 277
- AMI targets – 4 units at 30% AMI, 42 units at 50% AMI, 9 units at 60% AMI, and 40 units at 100% AMI

Item 15: 157 West 119th Street, Retroactive

- Borough – Manhattan
- Block 1904, Lot 6
- Council Member approval – Yes
- Number of buildings – 1
- Type of exemption – Article XI, full, 11-year (retroactive)
- Cost to the City – \$770,000

Item 16: 1520 Sedgwick Avenue

1520 Sedgwick Avenue is an 18-story building comprised of 102 units located in the Morris Heights neighborhood of the Bronx. There are 35 one-bedrooms, 33 two-bedrooms, and 34 three-bedrooms (inclusive of the one superintendent unit).

The project currently receives a partial, Article XI property tax exemption that will expire in 2052. HPD is requesting that the Council replace the existing exemption with a full, 40-year property tax exemption that will improve the HDFC’s finances until 2059 and extend affordability until 2067. The affordability restrictions in the existing regulatory agreement between HPD and the HDFC will be extended, with 28 units available only to households earning up to 80% of AMI and 73 units available only to household earning up to 120% of AMI.

Summary:

- Borough – Bronx
- Block 2880, Lot 17
- Council District – 16
- Council Member – Gibson
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 102
- Type of exemption – Article XI, full, 40-year
- Population – affordable rental housing
- Sponsor – 1520 Sedgwick HDFC, Workforce Housing Associates
- Purpose – preservation
- Cost to the City – \$7.3 million
- Housing Code Violations
 - Class A – 12

- Class B – 60
- Class C – 4
- AMI targets – 28 units at 80% AMI, 73 units at 120% AMI

Item 17: 293 & 301 Hooper Street

293 and 301 Hooper Street has 71 residential units and one commercial space across two buildings in Williamsburg, Brooklyn. Four of the units are one-bedrooms, 53 units are two bedrooms (inclusive of a superintendent unit), and 15 units are three-bedrooms. It was an inclusionary housing preservation project that closed in 2008, but following a 7A action the property was transferred from United Jewish Organization to NY Quality Housing LLC.

HPD is requesting that the Council approve a partial, 40-year property tax exemption. The LLC will transfer the exemption area to HP Hooper Street HDFC, and the LLC and HDFC will enter into an amended inclusionary housing regulatory agreement with HPD to continue certain permanent affordability controls under the inclusionary housing program. Units will remain available for households earning between 30% and 80% of AMI.

Summary:

- Borough – Brooklyn
- Block 2463, Lots 21 and 24
- Council District – 34
- Council Member – Reynoso
- Council Member approval – Yes
- Number of buildings – 2
- Number of units – 71
- Type of exemption – Article XI, partial, 40-year
- Population – affordable rental housing
- Sponsor – RiseBoro Community Partnership, NY Quality Housing LLC, HP Hooper Street HDFC
- Purpose – preservation
- Cost to the City – \$3.9 million
- Housing Code Violations
 - Class A – 1
 - Class B – 4
 - Class C – 1
- AMI targets – 70 units between 30% and 80% of AMI

Item 18: 311 Tenth Ave

311 Tenth Avenue is located in West Chelsea in Manhattan. In 2013 developer Related Company, operating through 311 10th Avenue Residential, LLC, purchased the site and in 2016 commenced demolition of the existing vacant buildings.

Under the proposed project, Related would build a four-story, mixed use building with commercial space on the ground floor and multi-family residential units on floors two through four. The

commercial space would form its own condominium unit and be sold to another entity. The residential portion of the proposed development would include five units: four affordable one-bedrooms and one two-bedroom. The two-bedroom unit would also form its own condominium unit and be sold to another entity

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption. The LLC will transfer the five residential units to 311 10th Avenue HDFC and the LLC and the HDFC would enter into a regulatory agreement with HPD under which the four one-bedrooms will be available for households earning up to 165% AMI.

Summary:

- Borough – Manhattan
- Block 699, Lot 37
- Council District – 3
- Council Member – Speaker Johnson
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 5
- Type of exemption – Article XI, full, 40-year
- Population – affordable rental housing
- Sponsor – The Related Companies, 311 10th Avenue Residential, LLC, 311 10th Avenue HDFC
- Purpose – new construction
- Cost to the City – \$950,000
- Housing Code Violations – N/A
- AMI targets – 4 units at 165% AMI, 1 unit at market-rate

Item 19: Capitol Apartments

Capitol Apartments is comprised of one building with 278-unit residential units, inclusive of one superintendent unit. Currently, 249 units are under a HAP contract, which provides Section 8 tenant-based assistance for low income seniors. Of the remaining units in building, 25 units are made available at market-rate and three units are rent-stabilized. The existing HAP contract is due to expire in 2032, and the owner intends to extend for the duration of the new regulatory period.

HPD is requesting that the Council approve a partial, 30-year, Article XI property tax exemption. Capitol Apartments HDFC will acquire the properties, and Fifty First-Capitol Associates, L.P. will be the beneficial owner and will operate the properties. The HDFC and the partnership would enter into a regulatory agreement with HPD that would require that all HAP units be made available only to households earning up to 50% of AMI.

Summary:

- Borough – Manhattan
- Block 1022, Lot 61
- Council District – 3

- Council Member – Speaker Johnson
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 278
- Type of exemption – Article XI, partial, 30-year
- Population – affordable rental housing
- Sponsor – Fifty First-Capitol Associates, L.P.; Capitol Apartments HDFC
- Purpose – preservation
- Cost to the City – \$15.4 million
- Housing Code Violations – N/A
- AMI targets – 50% AMI (HAP units)

Item 20: Highbridge House

Highbridge House is a 400-unit residential building located at 1131 Ogden Avenue in the Highbridge neighborhood of the Bronx. There are 26 studios, 125 one-bedrooms, 224 two-bedrooms, and 25 three-bedrooms (inclusive of one superintendent unit).

The building was built in 1967 as an Article II limited-profit housing company rental and was a City supervised Mitchell-Lama until it exited the program in 2006, at which time it became subject to rent stabilization. While the majority of its units remain rent-stabilized, 45 units have been decontrolled.

HPD is requesting that the Council approve a partial, 40-year, Article XI property tax exemption. The current owner, Highbridge House Ogden LLC, would sell the property to Camber Property Group, Camber would transfer the exemption area to Highbridge House HDFC, and then HPD, Camber, and the HDFC would enter into a regulatory agreement reasserting rent regulations on all units. Additionally, the regulatory agreement would provide for maximum rents by which 120 units would be available only to households earning up to 65% of AMI, 60 units would be available only to households earning up to 75% of AMI, 24 units would be available only to households earning up to 90% of AMI, 80 units would be available only to households earning up to 105% of AMI, and 105 units would be available only to households earning up to 130% of AMI.

Summary:

- Borough – Bronx
- Block 2526, Lot 90E
- Council District – 16
- Council Member – Gibson
- Council Member approval – Yes
- Number of buildings – 1
- Number of units – 399
- Type of exemption – Article XI, partial, 40-year
- Population – affordable rental housing
- Sponsor – Highbridge House Ogden LLC, Camber Property Group, Highbridge House HDFC

- Purpose – preservation
- Cost to the City – \$19.9 million
- Housing Code Violations
 - Class A – 19
 - Class B – 37
 - Class C – 13
- AMI targets: 120 units at 65% AMI, 60 units at 75% AMI, 34 units at 90% AMI, 80 units at 105% AMI, and 105 units at 130% AMI