May 27, 2021

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Noah Brick, Assistant Counsel, Finance Division

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of May 27, 2021 – Resolutions approving a tax exemption for four Land Use items (Council Districts 2, 7, 11, 32)

**Item 1: Dora Collazo.GHPP.FY21**

Dora Collazo is composed of six tax lots and five buildings, containing a total of 41 residential dwelling units. The remaining lot is vacant and is used as recreational space for the neighboring buildings. The units are composed of three studios, 17 one-bedrooms, 18 two-bedrooms (one unit reserved for the superintendent), and three three-bedrooms.

The properties have received partial J-51 exemptions since 2002 that will expire in 2036. The properties fell behind on property taxes, and the arrears were satisfied in November 2020 with the proceeds of an internal loan.

The New York City Department of Housing Preservation and Development (HPD) is requesting that the Council approve a full, 40-year Article XI property tax exemption. Under the proposed project, owner Dora Collazo Plaza Limited Partnership (Partnership) will convey the legal interest in the properties to Dora Collazo Housing Development Fund Company (HDFC). The HDFC and Partnership would enter into a regulatory agreement with HPD that would cap rents at 40% of Area Median Income (AMI) for 26 of the units, including four of the units set aside for formerly homeless families, and 60% AMI for 14 of the units.

Summary:

* Borough – Manhattan
* Block 407, Lot 38, 29, 40, 41, 42, and 43
* Council District – 2
* Council Member – Rivera
* Council Member approval –Yes
* Number of buildings – 5
* Number of units – 41 (including one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – Dora Collazo Plaza Limited Partnership
* Purpose – preservation
* Cost to the city – $2 million
* Housing Code Violations
  + Class A – 6
  + Class B – 5
  + Class C – 1
* AMI target – 26 units at 40% of AMI, and 14 units at60% of AMI

**Item 2: Light Hall**

Light Hall is a five-story rental property located in the Harlem neighborhood of Manhattan. The building consists of 42 single-room-occupancy (SRO) units, inclusive of one superintendent unit.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption. Under the proposed project, owner Lantern Organization, Inc. would convey the properties to an LLC, of which Lantern Organization, Inc. would be the sole member, and the LLC would then transfer the legal interest to Light Hall HDFC. The project has had a 420-a benefit in place since 2005, which will terminate upon the proposed transfer. The HDFC and LLC would enter into a regulatory agreement with HPD that would cap rents at 30% of AMI for 14 units, 40% of AMI for 14 units, and 60% of AMI for 13 units.

Summary:

* Borough – Manhattan
* Block 1977, Lot 46
* Council District – 7
* Council Member – Levine
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 42 (including one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – Lantern Organization, Inc.
* Purpose – preservation
* Cost to the city – $1.1 million
* Housing Code Violations
  + Class A – 9
  + Class B – 17
  + Class C – 8
* AMI target – 14 units at 30% of AMI, 14 units at 40% of AMI, and 13 units at 60% of AMI

**Item 3: 3800 Putnam HDFC.HPO.FY21**

3800 Putnam is comprised of 44 residential units, which includes 31 one-bedroom units and 13 two-bedroom units. The property currently receives a 421-a property tax exemption, set to expire in 2030, and is encumbered by a regulatory agreement with the New York City Housing Development Corporation (HDC).

Under the proposed project, 3800 Putnam HDFC will acquire the building and Putnam II, LLC (Company) will be the beneficial owner and will operate the building. The HDFC and the Company will finance the acquisition of the building with a loan from HDC.

HPD is requesting that the Council approve a partial, 35-year Article XI property tax exemption, effective five years from closing, to support affordable rental housing at 3800 Putnam for 40 years. The HDFC, the LLC, HPD, and HDC will enter into a regulatory agreement establishing certain controls that would require that 36 units be leased to households with incomes up to 80% of AMI and eight units be leased to households with incomes up to 90% of AMI. The existing HDC regulatory agreement will expire the later of the expiration of the existing exemption or the satisfaction of the HDC mortgage.

Summary:

* Borough – Bronx
* Block 3271, Lot 101
* Council District – 11
* Council Member – Dinowitz
* Council Member approval - Yes
* Number of buildings – 1
* Number of units – 44
* Type of exemption – Article XI partial, 35 years
* Population – affordable rental housing
* Sponsor – 3800 Putnam Housing Development Fund Corporation
* Purpose – preservation
* Cost to the city – $3.3 million
* Housing Code Violations
  + Class A – 1
  + Class B – 5
* AMI target –36 units at 80% of AMI, and 8 units at 90% of AMI

**Item 4: 840-50 St Marks Ave HDFC.HRP.FY22**

840-50 St. Marks Avenue is a six-story, 55-unit limited equity cooperative located in the Crown Heights neighborhood of Brooklyn. Fifty-three of the units are shareholder-owned, one is a rental, and one is the superintendent unit. Twenty of the units are one-bedrooms (including the superintendent unit), 28 are two bedrooms, and seven are three-bedrooms.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption. The HDFC would enter into a regulatory agreement with HPD that would cap maintenance fees to remain affordable for households earning up to 120% of AMI and would restrict sales to households with incomes up to 120% of AMI. Additionally, to ensure financial stability, the regulatory agreement would require that a co-op monitor is hired prior to closing to ensure compliance with the HPD regulatory agreement, that the HDFC makes monthly deposits of 5% of its effective gross income into a reserve account, and that the HDFC increase maintenance fees by at least 2% each year.

Summary:

* Borough – Brooklyn
* Block 1228, Lot 37
* Council District – 36
* Council Member – Cornegy
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 5 (including one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership
* Sponsor – 840-50 St Marks Ave HDF
* Purpose – preservation
* Cost to the city – $2 million
* Housing Code Violations
  + Class A – 12
  + Class B – 24
  + Class C – 17
* AMI target – 120% of AMI