June 17, 2021

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 17, 2021 – Resolutions approving a tax exemption for four Land Use items (Council Districts 6, 7, 9, 10, 27, 28 and 38)

**Item 1: 50th Street HDFC**

50th Street HDFC is comprised of two adjacent rental buildings, with a total of 48 residential units. The residential units include eight one-bedroom units, 21 two-bedroom units, 12 three-bedroom units, and seven four-bedroom units (inclusive of one superintendent unit).

The building is owned and managed by 50th Street Housing Development Fund Corporation (“HDFC”). The project will support the moderate rehabilitation and energy and water efficiency needs of the buildings, roof replacement, parapet and façade repairs, masonry work, window replacement, plumbing, and energy efficiency and water conservation upgrades. ; formalize affordability restrictions through a regulatory agreement; and provide a full 40-year Article XI tax exemption. The property currently benefits from an Article XI tax exemption that is set to expire in 2028. The new 40-year Article XI tax exemption will run conterminously on both buildings in the project and will replace the existing Article XI tax exemptions effective the date of closing. The sponsor is aiming to close on the HPD construction loan in 2021. The HDFC will finance the rehabilitation of the building with loans from the Community Preservation Corporation (CPC) and New York City Department of Housing Preservation and Development (“HPD”).

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support affordability. The HDFC, the New York City Housing Development Corporation (“HDC”) and HPD would enter into a regulatory agreement that would require that 28 units be leased to households with incomes up to 50 percent of the Area Median Income (“AMI”), and that 19 units be leased to households with incomes up to 70 percent of the AMI.

Summary:

* Borough – Brooklyn
* Block 782, Lot 56
* Council District – 38
* Council Member – Menchaca
* Council Member approval –Yes
* Number of buildings – 2
* Number of units – 48 (including one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – 50th Street HDFC, Fifth Avenue Committee
* Purpose – preservation
* Cost to the city - $2.5 million
* Housing Code Violations
  + Class A – 0
  + Class B – 0
  + Class C – 0
* AMI target – 28 units at 50% of AMI; 19 units at 70% of AMI.

**Item 2: JOE Uptown LLC.YR15.FY21**

JOE Uptown is a project comprised of 35 buildings with 374 residential units. The item currently being considered by the Council relates to a portion of the overall project, specifically the “Central Harlem 203k HDFC” and “610 West 178th Street HDFC” portfolios which combined consist of eight buildings and 47 residential units. The residential units include three studio units, 19 one-bedroom units, six two-bedroom units, 16 three-bedroom units, and three four-bedroom units. J-51 benefits.

The project is seeking financing for a moderate rehabilitation, including roof replacement/resealing, facade repairs, metal repairs/painting, stoop repairs, and boiler replacements. Tenants have also received Aging-in-Place Surveys, and Sponsor will be required to make the requested accessibility upgrades as requested in the survey. Under the proposed project, JOE Uptown CATCH HDFC would acquire the buildings and JOE Uptown LLC (“Company”) would be the owner and manage the buildings. The HDFC and the Company (collectively, “Owner”) would finance the acquisition and rehabilitation of the buildings with loans from HPD, HDC, and a private lending institution.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support the continued affordability for the buildings that will be reduced by an amount equal to any concurrent J-51 Benefits. The Owner, HPD and HDC would enter into a regulatory agreement that would require that the 47 units be leased to households with incomes up to 60 percent of the AMI.

Summary:

* Borough – Manhattan
* Block 1718, Lot 134; Block 1915, Lot 51; Block 1916, Lots 9 and 13; Block 1940, Lot 128; Block 2118, Lot 56; Block 2123, Lot 89; Block 2144, Lot 38
* Council District – 7, 9, 10
* Council Member – Perkins, Levine, Rodriguez
* Council Member approval –Yes
* Number of buildings – 8
* Number of units – 47
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – JOE Uptown CATCH HDFC, Inc.; JOE Uptown LLC; JOE New York City Corporation
* Purpose – preservation
* Cost to the city - $8.2 million
* Housing Code Violations
  + Class A – 17
  + Class B – 48
  + Class C – 14
* AMI target – 47 units at 60% of AMI

**Item 3: Carroll-Burke HDFC.PLP.FY22**

Carroll-Burke is comprised of ten buildings with a total of 219 units that is owned by five separate HDFCs. The residential units consist of five studio units, 49 one-bedroom units, 101 two-bedroom units, 49 three-bedroom units, and ten four-bedroom units (including five superintendent units).

Currently, all the HDFCs receive Article XI property tax exemptions that will expire, respectively, in 2028, 2029, and 2034. In addition, a portion of the buildings receive J-51 benefits.

Under the proposed project, Carroll-Burke HDFC (“Owner”) would acquire the buildings, and would finance the acquisition and rehabilitation of the buildings with loans from HPD and a private lending institution. The scope of the rehabilitation includes concrete, masonry improvements, new apartment entrance doors, window replacements, bathroom and kitchen work, roof replacements, plumbing, new HVAC systems, new intercom and surveillance systems, rooftop solar installations, new interior stairs, joist replacements, new electrical wiring, and elevator modernization.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support affordability. The Owner and HPD would enter into a regulatory agreement that would require that 30 units be leased to households with incomes up to 50 percent of the AMI; 61 units be leased to households with incomes up to 60 percent of the AMI; 26 units be leased to households with incomes up to 70 percent of the AMI; 49 units be leased to households with incomes up to 85 percent of the AMI; and 48 units be leased to households with incomes up to 50 percent of the AMI.

Summary:

* Borough – Bronx
* Block 2948, Lots 8 and 47; Block 2952, Lots 7, 9, and 12; Block 2955, Lot 36; Block 2957, Lots 1, 9, 11, and 34; Block 2958, Lot 62
* Council District – 6
* Council Member – Salamanca
* Council Member approval –Yes
* Number of buildings – 10
* Number of units – 219
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – Carroll-Burke HDFC, Aquinas Housing Corporation
* Purpose – preservation
* Cost to the city - $15.3 million
* Housing Code Violations
  + Class A – 124
  + Class B – 335
  + Class C – 150
* AMI target – 30 units at 50% of AMI; 61 units at 60% of AMI; 26 units at 70% of AMI; 49 units at 85% of AMI; 48 units at 50% of AMI.

**Item 4: Habitat Net Zero Homes**

Habitat for Humanity New York City’s Habitat Net Zero Homes project will consist of 10 single-family detached homes and six single-family semi-attached homes in Southeast Queens.

Currently the New York City Housing Authority (“NYCHA”) owns 13 vacant, dilapidated, single-family homes located at these sites and the properties receive a full property tax exemption on account of their ownership by NYCHA. Under the proposed project, NYCHA will initially convey the legal interest in the properties to Habitat Net Zero HDFC and the beneficial interest to Habitat Net Zero LLC. Ten of the vacant homes will be demolished and rebuilt as modular structures and the remaining three homes will be gut rehabilitated. After completion of construction and sale of the beneficial interest in each property, the HDFC interest, subject to the proposed tax exemption, will transfer from Habitat Net Zero HDFC to Interboro Community Land Trust HDFC.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption for the Habitat Net Zero HDFC. HPD would enter into a regulatory agreement with Habitat Net Zero HDFC and LLC, which would transfer to the Community Land Trust HDFC that would limit homeowner income to 90 percent of the AMI.

Summary:

* Borough – Queens
* Block 10841, Lot 1; Block 10868, Lot 26; Block 11055, Lot 21; Block 11070, Lot 147; Block 11074, Lot 54; Block 11099, Lots 62 and 76; Block 11127, Lot 44; Block 11656, Lot 67; Block 11670, Lot 40; Block 11795, Lot 68; Block 12014, Lot 3; Block 12017, Lot 49
* Council Districts – 27, 28
* Council Member – Miller, Adams
* Council Member approval –Yes
* Number of buildings – 13
* Number of units – 16
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership housing
* Sponsor – Habitat for Humanity New York City, Habitat Net Zero Homes HDFC, Interboro Community Land Trust
* Purpose – new construction
* Cost to the city – $1.2 million
* Housing Code Violations
  + Class A – 1
  + Class B – 5
  + Class C – 0
* AMI target – 16 units at 90% of AMI