July 29, 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

RE: Finance Committee Agenda of July 29, 2021 – Resolutions approving a tax exemption for two Land Use items (Council Districts 17 and 38)

**Item 1: Beck Street HDFC**

Beck Street HDFC is comprised of two contiguous buildings located on the border of the Mott Haven and Hunts Point neighborhoods in the Bronx, containing 84 residential units. The residential units include three studios, 50 one-bedrooms, 19 two-bedrooms, and 11 three-bedrooms (inclusive of one superintendent unit).

The building is owned and managed by 664-672 Beck Street Housing Development Fund Company, Inc. (“HDFC”). The project will support the substantial rehabilitation of the buildings, anticipated to include the replacement of nearly every building system. The buildings are expected to receive approximately $8 million in City capital and $4 million in private financing. In addition, the buildings will receive assistance through the Weatherization Assistance Program (“WAP”), which will provide $232,000 in grant financing for energy efficiency measures such as a new gas boiler and domestic hot water heater, LED lighting in apartments, low flow showerhead and aerators, and pipe insulation.

The properties currently benefit from partial J-51 tax exemptions. In order to ensure the continued affordability of the buildings, the new 40-year Article XI exemption will be reduced by an amount equal to any concurrent J-51 benefits. Further, the new tax exemption will be partially retroactive to address accumulated arrears, with an effective date of July 1, 2016 for the building located at 664 Beck Street, and an effective date of January 1, 2017 for the building located at 672 Beck Street.

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 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 33 units be leased to households with incomes up to 55 percent of the Area Median Income (“AMI”), that 30 units be leased to households with incomes up to 60 percent of the AMI, and that 20 units be leased to households with incomes up to 70 percent of the AMI.

Summary:

* Borough – Bronx
* Block 2684, Lots 54 and 57
* Council District – 17
* Council Member – Salamanca
* Council Member approval –Yes
* Number of buildings – 2
* Number of units – 84 (including one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – 664-672 Beck Street HDFC
* Purpose – preservation
* Cost to the city - $11.3 million
* Housing Code Violations
  + Class A – 33
  + Class B – 77
  + Class C – 2
* AMI target – 33 units at 55% of AMI; 30 units at 60% of AMI; 20 units at 70% of AMI.

**Item 2: Maimonides**

The Maimonides project consists of six buildings with a total of 229 residential units. The residential units include 21 studio units, 77 one-bedroom units, 97 two-bedroom units, and 33 three-bedroom units, inclusive of one superintendent unit.

Currently, one of the buildings receive J-51 benefits. Under the proposed project, Park Affordable HDFC will acquire the properties and Park Affordable LP (“Partnership”) will become the beneficial owner and will manage the buildings. The HDFC and the Partnership (collectively, “Owner”) will finance the rehabilitation of the buildings with a loan from a private lending institution.

HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption. The Owner and HPD would enter into a regulatory agreement that would require that 46 units be leased to households with incomes up to 50 percent of the AMI, three units be leased to households with incomes up to 60 percent of the AMI, 57 units be leased to households with incomes up to 110 percent of the AMI, 115 units be leased to households with incomes up to 110 percent of the AMI and seven units would be leased at market value. Additionally, as part of the regulatory agreement, there would be a 30 percent set-aside of the total regulated units for formerly homeless households. All units would also receive services to help referred tenants connect with benefits and other assistance in the area. Additionally, a portion of these units may receive enhanced services to address the needs of households who are high utilizers of NYC’s Health and Hospitals system.

Furthermore, the Partnership has committed to a number of other provisions memorialized in a June 25, 2021 letter to Council Member Menchaca, on file with the Finance Committee. These provisions include participating in HPD’s Aging in Place Initiative; working with CAMBA, Inc., as the services provider to acclimate tenants to their new apartments, develop an assessment and service plan for each household, assign case managers, provide entitlements counseling, facilitate regular meetings with property management and tenants on lease obligations to ensure long term tenancies, and connect tenants to other qualified providers to obtain additional services; making efforts to ensure that the opportunity for community members to apply for housing in this project would be made available and publicized in the various languages and publications; committing that any written communications from the property management to the tenants be made available in various languages; hiring individuals to host pertinent tenant meetings in languages most spoken in buildings, including three community open house meetings after the project closes; informing the community board of all vacancies; provide quarterly updates on vacancies and major capital improvements to the community board and the local Council Member; including an additional $12 million in renovations; and paying prevailing wages for all building service workers.

Summary:

* Borough – Brooklyn
* Block 5590, Lot 52; Block 5613, Lot 44; Block 5625, Lots 5, 8, and 11; Block 5637, Lot 32
* Council District – 38
* Council Member – Menchaca
* Council Member approval –Yes
* Number of buildings – 6
* Number of units – 229
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – Park Affordable HDFC; Park Affordable LP
* Purpose – preservation
* Cost to the city - $22.5 million
* Housing Code Violations
  + Class A – 36
  + Class B – 93
  + Class C – 72
* AMI target – 46 units at 50% of AMI, 3 units at 60% of AMI, 57 units at 110% of AMI, 115 units at 110% of AMI, and 7 units at market value.