



Legislation Details (With Text)

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Title: Resolution approving an exemption from real property taxes for property located at (Block 232, Lot 1; Block 238, Lot 35), Brooklyn, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No. 72).

Sponsors:

Indexes:

Attachments: 1. Housing Preservation and Development Letter, 2. Memorandum, 3. Res. No. 379, 4. April 18, 2024 - Stated Meeting Agenda, 5. Hearing Transcript - Stated Meeting 4-18-24, 6. Minutes of the Stated Meeting - April 18, 2024

Date	Ver.	Action By	Action	Result
4/18/2024	*	Committee on Finance	P-C Item Approved by Comm	
4/18/2024	*	City Council	Approved, by Council	Pass

THE COUNCIL OF THE CITY OF NEW YORK
PRECONSIDERED RES. NO. 379

Resolution approving an exemption from real property taxes for property located at (Block 232, Lot 1; Block 238, Lot 35), Brooklyn, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No. 72).

By Council Member Brannan

WHEREAS, The New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated April 5, 2024 that the Council take the following action regarding a housing project located at (Block 232, Lot 1; Block 238, Lot 35), Brooklyn (“Exemption Area”):

Approve an exemption of the Project from real property taxes pursuant to Section 577 of the Private Housing Finance Law (the “Tax Exemption”);

WHEREAS, The project description that HPD provided to the Council states that the purchaser of the Project (the “Owner”) is a duly organized housing development fund company under Article XI of the Private Housing Finance Law;

WHEREAS, the Council has considered the financial implications relating to the Tax Exemption;

RESOLVED:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. “Current Owner” shall mean Cadman Towers, Inc.
 - b. “Effective Date” shall mean the later of (i) the date of conveyance of the Exemption Area to the HDFC, or (ii) the date that HPD and the New Owner enter into the Regulatory Agreement.
 - c. “Exemption Area” shall mean the real property located in the Borough of Brooklyn, City and State of New York, identified as Block 232, Lot 1 and Block 238, Lot 35 on the Tax Map of the City of New York.
 - d. “Expiration Date” shall mean the earlier to occur of (i) a date which is forty (40) years from the Effective Date, (ii) the date of the expiration or termination of the Regulatory Agreement, or (iii) the date upon which the Exemption Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company.
 - e. “HDFC” shall mean Cadman Towers Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - f. “HPD” shall mean the Department of Housing Preservation and Development of the City of New York.
 - g. “J-51 Benefits” shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law which are in effect on or after the Effective Date; provided, however, that such J-51 Tax Benefits shall not exceed fifty percent (50%) of the Shelter Rent Tax payable in any tax year.
 - h. “New Exemption” shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - i. “New Owner” shall mean the HDFC.
 - j. “Prior Exemption” shall mean the exemption from real property taxation for the Exemption Area approved by the Board of Estimate on August 22, 1968 (Cal No. 16-A), as amended by the Board of Estimate on December 4, 1969 (Cal. No. 78) and on February 10, 1972 (Cal. No. 21), and as extended by the Council on February 2, 2005 (Resolution No. 388-A).
 - k. “Regulatory Agreement” shall mean the regulatory agreement between HPD and the New Owner that is executed on or after March 1, 2024 and that establishes certain controls upon the operation of the Exemption Area during the term of the New Exemption.
 - l. “Shelter Rent” shall mean the total rents received from the residential and commercial occupants of the Exemption Area, including, but not limited to, Section 8, rent supplements, rental assistance, and any other subsidy, less the cost of providing to such occupants electricity, gas, heat and other utilities.
 - m. “Shelter Rent Deadline” shall mean three hundred and sixty-five (365) days from the date of the HPD letter requesting the information that HPD needs to calculate the Shelter Rent Tax for the applicable tax year.
 - n. “Shelter Rent Tax” shall mean, with respect to any tax year, an amount equal to ten percent

(10%) of the Shelter Rent in such tax year, but in no event less than six hundred fourteen thousand four hundred ninety-four dollars (\$614,494) per annum; provided, however, that if the New Owner fails to provide the Shelter Rent on or before the Shelter Rent Deadline, Shelter Rent Tax shall mean an amount equal to real property taxes that would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.

2. The Prior Exemption shall terminate upon the Effective Date.
3. All of the value of the property in the Exemption Area, including both the land and any improvements (excluding those portions, if any, devoted to business, commercial, or community facility use), shall be exempt from real property taxation, other than assessments for local improvements, for a period commencing upon the Effective Date and terminating upon the Expiration Date.
4. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the New Owner shall make real property tax payments in the sum of the Shelter Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the New Owner shall not at any time exceed the amount of real property taxes that would otherwise be due in the absence of any form of exemption from or abatement of real property taxation provided by an existing or future local, state, or federal law, rule, or regulation.
5. Notwithstanding any provision hereof to the contrary:
 - a. The New Exemption shall terminate if HPD determines at any time that (i) the Exemption Area is not being operated in accordance with the requirements of Article XI of the Private Housing Finance Law, (ii) the Exemption Area is not being operated in accordance with the requirements of the Regulatory Agreement, (iii) the Exemption Area is not being operated in accordance with the requirements of any other agreement with, or for the benefit of, the City of New York, (iv) any interest in the Exemption Area is conveyed or transferred to a new owner without the prior written approval of HPD, or (v) the construction or demolition of any private or multiple dwelling on the Exemption Area has commenced without the prior written consent of HPD. HPD shall deliver written notice of any such determination to New Owner and all mortgagees of record, which notice shall provide for an opportunity to cure of not less than sixty (60) days. If the noncompliance specified in such notice is not cured within the time period specified therein, the New Exemption shall prospectively terminate.
 - b. The New Exemption shall apply to all land in the Exemption Area, but shall only apply to buildings on the Exemption Area that exist on the Effective Date.
 - c. Nothing herein shall entitle the HDFC, the New Owner, or any other person or entity to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.
 - d. All previous resolutions, if any, providing an exemption from or abatement of real property taxation with respect to the Exemption Area are hereby revoked as of the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area shall, so long as the New Exemption shall remain in effect, waive the benefits of any additional or concurrent exemption from or abatement of real property taxation which may be authorized under any existing or future local, state, or federal law, rule, or regulation. Notwithstanding the foregoing, (a) nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities, and (b) the J-51

Benefits shall remain in effect, but (i) the New Exemption shall be reduced by the amount of such J-51 Benefits, and (ii) the Shelter Rent Tax shall be reduced by such J-51 Benefits.

Office of the City Clerk, }

The City of New York } ss.:

I hereby certify that the foregoing is a true copy of a Resolution passed by The Council of the City of New York on April 18, 2024, on file in this office.

City Clerk, Clerk of Council