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Title: Resolution approving an amendment to a previously approved real property tax exemption pursuant to Section 577 of the Private Housing Finance Law for property located at (Block 1787, Lot 60), Manhattan (Preconsidered L.U. No. 444).

Sponsors: Daniel Dromm

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Attachments: 1. Res. No. 931, 2. Housing Preservation and Development Letter, 3. Memorandum, 4. June 13, 2019 - Stated Meeting Agenda with Links to Files, 5. Hearing Transcript - Stated Meeting 6-13-19, 6. Minutes of the Recessed Meeting of May 29, 2019 Held on June 13, 2019, 7. Minutes of the Stated Meeting - June 13, 2019, 8. Minutes of the Recessed Meeting of June 13, 2019 Held on June 18, 2019, 9. Minutes of the Recessed Meeting of June 13, 2019 Held on June 19, 2019

Date	Ver.	Action By	Action	Result
6/13/2019	*	Committee on Finance	P-C Item Approved by Comm	
6/13/2019	*	City Council	Approved, by Council	Pass

THE COUNCIL OF THE CITY OF NEW YORK
RES. NO. 931

Resolution approving an amendment to a previously approved real property tax exemption pursuant to Section 577 of the Private Housing Finance Law for property located at (Block 1787, Lot 60), Manhattan (Preconsidered L.U. No. 444).

By Council Member Dromm

WHEREAS, the New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated May 28, 2019 that the Council amend a previously approved tax exemption for real property located at (Block 1787, Lot 60), Manhattan (“Exemption Area”) pursuant to Section 577 of the Private Housing Finance Law;

WHEREAS, the HPD’s request for amendments is related to a previously approved Board of Estimate Resolution adopted on November 11, 1971 (Cal. No. 7-A) (the “Prior Resolution”), attached hereto as Exhibit A, granting the Exemption Area a real property tax exemption pursuant to Section 577 of the Private Housing Finance Law;

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

RESOLVED:

The Council approves the amendments to the Prior Resolution requested by HPD for the Exemption

Area pursuant to Section 577 of the Private Housing Finance Law as follows:

The introductory paragraph of section 7 of the Prior Resolution is deleted and replaced with the following:

7. That the Board of Estimate hereby approves the exemption from local and municipal taxes, other than assessments for local improvements, of all of the value of the property, including both the land and any improvements, for the period commencing with the closing of the mortgage and delivery of the deed, and terminating forty (40) years from the date upon which the benefits of the aforementioned tax exemption first become available and effective; provided:

Except as specifically amended above, all other terms, conditions, provisions and requirements of the Prior Resolution remain in full force and effect.

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 June 13, 2019, on file in this office.

City Clerk, Clerk of Council

Exhibit A

Housing and Development Administration, transmitting a reversionary interest agreement, a disposition agreement and two proposed resolutions.
The Secretary also presented the following report of the Director of the Budget:
November 4, 1971.

To the Board of Estimate:
On October 28, 1971 (Calendar No. 114), the Board of Estimate referred to the Director of the Budget the matters of disposition of Sur 1 of the Harlem-East Harlem Flats Block to the East Harlem Flats Block - Building 1 Housing Development Fund Company, tax exemption to the extent of all of the value of the property, both land and building, in the completed project and purchase of the East Harlem Flats Block at the Harlem-East Harlem Urban Renewal Area and is bounded by Third Avenue, East 122nd Street, Second Avenue and East 122nd Street in the Borough of Manhattan. A portion of this Sur 1, bounded by East Street, East 122nd Street, East 121st Street and East Street to 120th Street is to be sold for the development of Building 1 and related community and commercial facilities. The completed project block will consist of four residential buildings, community facilities and commercial structures. The non-residential portion of the project block consists of approximately 200,000 sq. ft. of space for a community Development Fund Company, there will be one 38-story building containing 28 two-room efficiency apartments, 28 three and one-half room one-bedroom apartments and 52 six and one-half room one-bedroom apartments. Rental charges for the public utility and telephone service, water, sewer, heating and janitorial services, and day care center, will be included in the replacement cost of this portion of the project.

It is estimated that the replacement cost of this portion of the project will be \$8,000,000. The maximum mortgage commitment by the Federal Government is limited to the project cost less the amount of the Federal Government advance, which is estimated at \$159,246 if construction starts prior to December 1, 1974. If construction does not start prior to March 1, 1975, it is estimated that the equity required from the City will increase to \$453,131. To provide for this contingency, the Commission has approved the submission of a request for a purchase money advance of \$1,000,000. At the lowest bid highest amount, the City's advance will be at the rate of 11.0% and \$4,050 per dwelling unit respectively.

Disposition of the land is proposed as \$600 per dwelling unit or \$294,900. The City Planning Commission has approved the submission of a request for a purchase money advance of \$3,180 per dwelling unit. The City had already for the Building 1 portion of the project will therefore be \$467,690.

Tax exemption has been requested to the extent of all of the value of the completed project, including both land and building, in the completed project block to the amount of \$1,647,000 over the maximum period of alignment which is forty years. The subsidy per dwelling unit for tax exemption is \$2,345 per year and \$93,600 over the 40 year maximum period. It should be noted that the property to be exempted under the present proposal includes not only the residential portion of the development but also the commercial facilities and the community facilities.

For the portion of the Flats Block that is to be financed as the Building 1 project the City will provide per dwelling unit subsidies of approximately \$426 to \$440 in 1971 and approximately \$440 per dwelling unit annually thereafter over a maximum period of forty years.

Construction of the project is to be financed by a mortgage insured under the provisions of Section 235 of the National Housing Act. Normally the financing rate of a mortgage insured under this Section is subject to a maximum rate of 12% per annum, which is estimated to be sufficient to subsidize the interest rate down to 2 per cent.

In the total Flats Block, the land subsidy will be \$2,072,000, the pavement capital subsidy for purchase of reversionary interest, \$5,850,000, and the approximate annual tax subsidy for purchase of reversionary interest, \$2,400,000. The total subsidies are anticipated by the City in leasing and operating the day care center.

Federal Government Model Rehabilitation Supplemental Funds will be used to fund \$3,000,000 of the requested subsidy for purchase of reversionary interest. The amount of \$5-58 will be used for the balance of \$2,250,000 and the land subsidy of \$3,072,000.

It should be noted that approval of these requests will mark the first time approval has been granted of a project where the purchase of a reversionary interest will exceed

\$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$8,000 per dwelling unit. It will also be the first time that a project which includes reversionary interest will be financed by a mortgage insured under the provisions of Section 235 of the National Housing Act.

A large amount of Section 235 subsidy funds are required in order to satisfy the needs of the project. Analysis of the present requirements in the State Division of Housing and Community Development has shown that the total amount of Section 235 subsidy funds available for the City and the 400 other counties is \$1,900,000. Of this amount, \$1,500,000 is available for the Flats Block Project. Nothing in the present regulations indicates that any alternate plan for the financing of the project should be considered. It is recommended that the Department of Housing and Community Development be authorized to request from the Federal Government the purchase of a reversionary interest in the property to be developed at the Urban Development Fund Company Building B1D-9.

The submission submitted by the Housing and Development Administration, dated October 28, 1971, for the purchase of a reversionary interest in the property to be developed at the Urban Development Fund Company Building B1D-9, is hereby approved in principle. The purchase of the City's purchase of a reversionary interest in the property to be developed at the Urban Development Fund Company Building B1D-9, is hereby approved in principle.

Review of the East Harlem Flats Block project by the Bureau of the Budget and the Housing and Community Development Administration and the State Division of Housing and Community Development will be completed by the end of the year. Approval of the project by the Board of Estimate will be subject to the submission with the project of a detailed financial plan. Approval of the project by the Board of Estimate will be subject to the submission with the project of a detailed financial plan. Approval of the project by the Board of Estimate will be subject to the submission with the project of a detailed financial plan.

It is, therefore, the policy recommendation of the Director of the Department of Housing and Development Administration to be approved as submitted and that the Board should be authorized to request from the Federal Government the purchase of a reversionary interest in the property to be developed at the Urban Development Fund Company Building B1D-9. It is, therefore, the policy recommendation of the Director of the Department of Housing and Development Administration to be approved as submitted and that the Board should be authorized to request from the Federal Government the purchase of a reversionary interest in the property to be developed at the Urban Development Fund Company Building B1D-9.

Respectfully,
EDWARD K. HAMILTON, Director of the Budget,
Housing and Development Administration, submitting resolutions 1, 2, 3, 4, 5, 6, 7 and 8 of the agreement.

Tony Williams, representing East Harlem Flats Block Association, and Blaise T. Shuler, representing East Harlem Tenant Council, appeared but did not speak. No one else appeared.

Statements were made by the Special Assistant to the Mayor, the Acting Comptroller and the Acting President of the Borough of Manhattan. On motion of the Acting President of the Borough of Manhattan, the hearing was closed, and the following resolutions (1), (2), (3), (4), (5), (6), (7), (8) and (9) were adopted. The Board of Estimate for the Harlem-East Harlem Neighborhood Development Agency consent to the requirements of Article XV of the General Municipal Law, and

Whereas, East Harlem Flats Block Building 1 Housing Development Fund Company, Inc., agents of Article XI of the Private Housing Finance Law of the State of New York for the purpose of undertaking the redeveloping of a portion of the East Harlem Neighborhood Development Agency property located at the East Harlem Flats Block and designated by the Housing and Development Administration as a qualified project under the provisions of the Housing and Development Administration Act of 1967; Whereas, The proposed form of contract between the City and East Harlem Flats Block Association, Inc., dated October 28, 1971, is hereby approved in principle.

lands and a tax exemption per dwelling unit, valued at \$2,400 annually for a maximum period of forty years.

Construction of the project is to be financed by a mortgage insured under the provisions of Section 206 of the National Housing Act, at the maximum rate of a mortgage interest under that Act, which is 6 1/2 percent. The maximum rate of a mortgage interest under that Act has been reduced to 5 percent. In the present instance the estimated cost of the project is \$1,100,000. The maximum amount of the mortgage loan which can be made is \$825,000. The maximum amount of the mortgage loan which can be made is \$825,000. The maximum amount of the mortgage loan which can be made is \$825,000.

In the East Harlem Pilot Block, the total development subsidy per dwelling unit will therefore be \$12,000 and the annual tax subsidy per dwelling unit, \$2,400. Additional costs can be met by the City in the form of a loan or a grant. The total development subsidy per dwelling unit will therefore be \$12,000 and the annual tax subsidy per dwelling unit, \$2,400. Additional costs can be met by the City in the form of a loan or a grant. The total development subsidy per dwelling unit will therefore be \$12,000 and the annual tax subsidy per dwelling unit, \$2,400.

A large part of the present requirements of the Housing and Development Administration, Urban Renewal, Corporation and the State Division of Housing and Development, which total \$15,000,000, with the current and future needs for the City and its suburban Pilot Block Project. Nothing in the submission indicates that any adequate plan for additional funding has been investigated should the Section 206 lands not be available or if the estimated costs should fall short of what is required. The Federal Government is authorized to provide additional aid.

It is, therefore, the joint recommendation of the Director of the Budget and the Housing and Development Administration that the project be approved and that the Board be authorized to purchase a reversionary interest in the project. The Board should also be authorized to purchase a reversionary interest in the project. The Board should also be authorized to purchase a reversionary interest in the project. The Board should also be authorized to purchase a reversionary interest in the project.

Note—This resolution was adopted subject to a favorable report of the Corporation Council.

(See Cal. Nos. 8, 9 and 10).

Public Housing in Manner of Approval of Land Development Reversion with East Harlem Pilot Block in the City of New York, Inc., for Sale and Redevelopment of the East Harlem Pilot Block, Manhattan, Approval of Contract for Purchase by City of Reversionary Interest in Housing Project.

(Note—Calendar Nos 7 to 10, inclusive, were considered together.)

The Secretary presented an affidavit of publication showing that the notice has been duly advertised in accordance with a resolution adopted October 28, 1971. On the same date the Secretary also presented a communication dated October 28, 1971, from the Housing and Development Administration, requesting a reversionary interest agreement, a disposition agreement and a reversionary interest resolution.

The Secretary also presented the following report of the Director of the Budget:

November 4, 1971.

To the Board of Estimate:

Gentlemen—On October 28, 1971 (Calendar No. 115), the Board of Estimate referred to the Board the matters of disposition of Site 2 of the Harlem-East Harlem Pilot Block to the East Harlem Pilot Block-Building 2 Housing Development Fund Company, tax exemption to the extent of all of the value of the property, and improvements included in the complaint project and purchase of a reversionary interest in the complaint project.

The project is located in the East Harlem Pilot Block, Manhattan, bounded by Third Avenue, East 124th Street, Second Avenue and East 125th Street in the Borough of Manhattan. A portion of the project is bounded by Third Avenue, East 124th Street, Second Avenue and East 125th Street in the Borough of Manhattan. A portion of the project is bounded by Third Avenue, East 124th Street, Second Avenue and East 125th Street in the Borough of Manhattan. A portion of the project is bounded by Third Avenue, East 124th Street, Second Avenue and East 125th Street in the Borough of Manhattan.