

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

2. That the City is authorized to purchase an interest in the project of East Harlem Pilot Block Building Development Fund Company, Inc. pursuant to Section 208 of the Tax Law, in accordance with the terms set forth in the aforementioned Agreements; and

3. That the Corporation be and be hereby is authorized and directed to make payment for said interest in the project of East Harlem Pilot Block-Building 2 Housing Development Fund Company, Inc. in accordance with the terms and conditions stipulated in said agreement.

Which was adopted by the following vote:

Affirmative—The Special Assistant to the Mayor, the Acting Comptroller, the President of the Council, the Acting President of the Borough of Manhattan, the President of the Borough of Queens, the President of the Borough of Richmond—22.

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

(See Cal. No. 7.)

Col. No. 9

Public Hearing in Matter of Approval of Land Disposition Agreement with East Harlem Pilot Block-Building 3 Housing Development Fund Company, Inc. for Sale and Redevelopment of Site 3 of East Harlem Pilot Block, Manhattan Approval of Contract for Purchase by City of Reversionary Interest in Housing Project.

(Second Call)

(Note—Calendar Nos. 7 and 10, together are considered together.)

The Secretary, in a letter to the Mayor, is showing that the matter has been duly advertised in accordance with a resolution adopted October 28, 1971 (Cal. No. 116). The Secretary also presented a communication dated October 22, 1971, from the 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 6, 1971.

To the Board of Estimate:

On October 28, 1971, (Calendar No. 116), the Board of Estimate referred to the Director of the Budget the matters of disposition of Site 3 of the Harlem-East Harlem Pilot Block to the East Harlem Pilot Block-Building 3 Housing Development Fund Company, the exemption to the extent of all of the value of the property, both land and buildings, included in the completed project and purchase of a reversionary interest in the completed project.

The East Harlem Pilot Block is within the Harlem-East Harlem Urban Renewal Area and is bounded by 41st Avenue, East 123d Street, Second Avenue and East 123d Street in the Borough of Manhattan. A portion of the block, an irregular shaped parcel bounded by 41st Avenue, East 123d Street and Second Avenue, is owned by the City and 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.

In that portion of the total project to be developed by the Building 3 Housing Development Fund Company which will be developed by the City and which contains 488 and one-half units, the maximum mortgage commitment by the Federal Government allocated to the project is \$2,285,000 and \$2,285,000 for the 4 and 6-bedroom units, respectively. In addition there is commercial space and a job training center.

It is estimated that the replacement cost of this portion of the project will be \$2,285,000. The maximum mortgage commitment by the Federal Government allocated to the project is \$2,285,000. The maximum mortgage commitment by the Federal Government allocated to a reversionary interest in the project, the required additional equity now estimated at \$2,650,000 if construction starts prior to December 1, 1971. If construction does not start prior to March 1, 1972, it is estimated that the equity required from the City will increase to \$2,650,000. The maximum mortgage commitment by the Federal Government allocated to produce the reversionary interest in the project will be \$2,650,000. All the loans and highest amounts, the City's subsidy will be at the rate of \$28,610 and \$32,600 per dwelling unit respectively.

Disposition of the land is proposed at \$500 per dwelling unit or \$46,000. The City has proposed to purchase the land and subsidy is \$46,000 for the entire pilot block at \$3,160 per dwelling unit. The City has subsidy for the Building 3 portion of the project will therefore be \$286,236.

Tax exemption has been requested to the extent of all of the value of the completed project, including both units of \$19,792,000 with the maximum period of abatement which is forty years. This subsidy per dwelling unit for tax exemption is \$4,400 per year and \$176,000 over the 40 year maximum period. It should be noted that the property to be exempted under the present proposal includes not only the units in the section of the development which will also be the Pilot Block that is to be financed as a building 3 project but also the units in the Pilot Block that are to be financed as a building 2 project. The City will provide per dwelling unit, a subsidy of approximately \$29,000 to \$32,600 in Capital funds and a tax exemption per dwelling unit subsidy of \$4,400 annually for a maximum period of forty years. It is to be financed by a mortgage insured under the provisions of Section 225 of the National Housing Act. Normally the financing rate of a mortgage insured under this section is subsidized down to 1 per cent. The total investment in the Federal Government tax makes a total interest rate of 2 per cent, while the total Pilot Block land subsidy will be \$2,072,000, the approximate annual tax forgiveness is \$176,000. The total development subsidy per dwelling unit will therefore be \$129,792 and the annual tax subsidy operating at the day care center.

Federal Government Model Child Supplemental Funds will be used to fund \$1,000,000 of the required capital subsidies and City funds included in Capital Project ES-58 will be used to fund the balance of \$2,072,000 and the land subsidy for the first time approval has been made 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 complies with the requirements of the Urban Renewal Act is being financed with the assistance of the project including commercial facilities.

A large amount of Section 230 subsidy funds are required to make this project feasible. Comparison of the present requirements of the Urban Renewal Act and the Urban Renewal Act which total \$15,000,000 with the current allocation of \$9,000,000 made for the City and six additional counties raises the question as to whether these funds will be available when needed for the Pilot Block Project. Nothing in the submission indicates that any alternate plan for additional funding has been developed. The Urban Renewal Act is a Federal Government will provide no additional aid.

The submission submitted by the Housing and Development Administration in submitting the City for purchase has been provided in Capital Project B.D.C. Housing Fund to estimate the urban renewal project by the Bureau of City Budgeting and the Housing and Development Administration and the Housing and Development Administration. Review of the East Harlem Pilot Block project by the Bureau of City Budgeting and the Housing and Development Administration if it were to pay taxes in an amount not to exceed 5 per cent of the annual shelter rent. Approval of the project as presented by with exemption from real estate taxes of all the value of the completed project, both land and buildings, included in the completed project, the City's subsidy will be \$286,236 for each unit, 1 per cent of excess paid.

Extension of the tax exemption to the non-residential portions of the project should remain in effect only for the period during which these portions are used for the purposes enumerated in the project plan. The disposition of the project should be subject to approval of the Housing and Development Administration and that agency is charged with determining the propriety of the tax exemption and the amount of the tax exemption.

It is, therefore, the joint recommendation of the Director of the Budget and the Housing and Development Administration that the City purchase a reversionary interest in the completed project which exceeds the value required to produce the maximum mortgage commitment by the Federal Government allocated to produce the reversionary interest in the project. The City's subsidy will be \$286,236 for each unit, 1 per cent of excess paid.

Respectfully,
EDWARD K. HANDELTON, Director of the Budget.