



Legislation Text

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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

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such a City-owned site located in an area generally bounded by Second Avenue, East 40th Street, Third Avenue and East 42nd Street within the Ruppert urban renewal plan. The approval of three 50-year mortgage loans from The City of New York in the total sum of \$2,597,000 or 5% per cent of the actual project cost, whichever is less, for the purpose of an extension of the real property of the project from local and municipal taxes (General City Law, Section 245) to State taxes to the extent of all the increase over the assessed valuation of the real property at the time of acquisition by the limited-profit housing company, provided, however, that the amount of such taxes to be paid shall not be less than 10 per centum of the annual State tax on the property for the period of more than 30 years commencing from the date on which the benefits of such extension first become available and effective on condition that the project shall become effective from the date of issuance of a certificate of occupancy or a temporary certificate of occupancy for such stage.

The total estimated cost of this urban renewal project is \$74,334,200. The average monthly average dwelling unit for Ruppert Towers (Site 1) is \$90.33 or \$419.00 per average dwelling unit for Yorkville Towers (Site 2) and \$90.00 or \$477.24 per average dwelling unit for Ruppert Plaza (Site 3).

The amount of fifty-six of these units are specially designed for senior citizens. One hundred fifty-six of these units are located in Ruppert Plaza, which consists of 500 per cent rental room are made possible by the anticipated F. Y. A. 2257 - interest in view of the above, the Department of Real Estate has not made an independent and independent appraisal of the project.

TRA DUGRAN, Commissioner of Real Estate

No one appeared in opposition or in favor.

The hearing was continued to November 23, 1971.

Cal. No. 6.

Public Hearing is Matter of Proposed Amended Urban Renewal Plan for Ruppert Plaza, Yorkville Towers and Ruppert Towers, Manhattan, New York, which has been duly advertised in accordance with a resolution adopted October 14, 1971 (Cal. Nos. 200).

The Secretary also presented:

(1) Communication dated September 30, 1971, from the Housing and Development Committee of the Board of Estimate and City Planning, Manhattan, New York, which recommended that the proposed plan for the Ruppert, Brewery Urban Renewal Area, Borough of Manhattan.

(2) Report dated September 24, 1971, of the City Planning Commission, printed in the Journal of Proceedings of the meeting of October 14, 1971 (Cal. No. 200).

(3) Report dated September 24, 1971, of the City Planning Commission, printed in the Journal of Proceedings of the meeting of October 14, 1971 (Cal. No. 200).

The Secretary also presented the report of the Board of Estimate and City Planning, Article 13 of the General Municipal Law (Urban Renewal Law) of the State of New York.

No one appeared in opposition or in favor.

The hearing was continued to November 23, 1971.

Cal. No. 7.

Public Hearing is Matter of Approval of Land Disposition Agreement with East Harlem Block Building 1 Housing Development Fund Company, Inc. for Sale and Redevelopment of Site 1 of East Harlem Block Building, Manhattan, Approval of Contract for Purchase by City of Revolutionary Interest in Housing Project.

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

The matter has been duly advertised in accordance with a resolution adopted October 28, 1971 (Cal. No. 154).

The Secretary also presented a communication dated October 22, 1971, from the

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payments at 6 per cent are increased under the revised plan from \$48,200 to \$70,500. Real estate tax payments under the shelter rent formula as provided in the plan increase as shown in the following table:

	Original Proposal	Revised Proposal
50-Yr. City Mortgage - No Subsidy 7 per cent	\$1,791,000.00	\$2,411,500.00
50-Yr. City Mortgage - 2% Subsidy 1 per cent	592,500.00	114,600.00
40-Yr. FHC Mortgage - No Subsidy 7 per cent	182,000.00	248,000.00
40-Yr. FHC Mortgage - 2% Subsidy 1 per cent	100,000.00	197,200.00

Without the requested tax exemption, tax payments to be \$94,600 under the original plan and \$94,000 under the revised plan. Income from other than the project is increased to reflect increased rent payments to be \$1,000,000 instead of \$900,000 as originally proposed and the use of washing and vending machines for the additional residents. The total dollar amounts of these increases are: from \$39,000 to \$82,200 for parking and from \$1,500 to \$2,000 for washing and vending machines.

In addition to the facilities mentioned above, the development will utilize the roofs of the parking garages for play areas, together with gardens, promenade and sitting areas for adults. Appropriate community facilities are to be incorporated in each of the three facilities in accordance with requirements of the Housing and Development Administration.

The project is situated in an area served by several bus lines and the Lexington Avenue Subway. There are several schools in the area and a Support Substation Center has been proposed which will contain approximately 4,000 seats. No expenditures for other facilities are included in the estimate.

It should be noted that the land for the development is presently City-owned. The total area of the three project sites is 202,200 square feet. In the submitted financial estimates the sponsor lists a total of \$800,000 as his land cost. This amount will be increased to reflect the additional amount shown in the revised estimates for Ruppert Plaza, which increases the estimated land cost to the sponsor to \$972,000. No estimate of the cost of acquisition of the land by the City has been submitted. The cost to the City will be approximately \$2,500 per dwelling unit. The subsidy for land on these three projects will be \$3,648,000.

By adopting the three resolutions submitted by the Housing and Development Administration your Board may approve the three projects at originally submitted prices and of amounts with to approve the revised proposal a separate resolution will be required.

It should be noted that the revised proposal for Ruppert Plaza, changing the number of dwelling units and rental rooms, has not been the subject of a public hearing before the Board of Estimate and City Planning. Such hearing and report, may be necessary prior to action by the Board of Estimate.

To advance the development of the Ruppert Brewery Urban Renewal Area the Director of the Board of Estimate recommends that the Board of Estimate adopt the resolution submitted by the Housing and Development Administration, dated September 24, 1971, and Yorkville Towers. In the matter of Ruppert Plaza, since the two proposals do not differ materially except for maketables, the Director of the Budget recommends adoption of a suitable resolution approving either the original proposal for this site or the revised proposal.

DAVID A. GROSSMAN, Deputy and Acting Director of the Budget, November 9, 1971.

To the Honorable Board of Estimate:

The Board of Estimate (Cal. No. 200), the Board of Estimate referred to the Committee on Real Estate three applications submitted on behalf of Frederick DeKastel, Antonio L. Dekastel, and Seymour Deutsch for approval of City-aided limited-profit rental housing developments to be known as Ruppert Towers, Yorkville Towers and Ruppert Plaza, pursuant to the provisions of Article 13 of the Private Housing Finance Law.

The applicants of the three housing companies request:

(1) Approval of City-aided rental housing developments, to be known as Ruppert Towers, Yorkville Towers and Ruppert Plaza. These projects are to be erected





lands and a tax exemption per dwelling unit subsidy of \$2,360 annually for a maximum period of forty years.

Construction of the project is to be financed by a mortgage instrument under the provisions of Section 226 of the National Tax Code. The maximum rate of a mortgage instrument is limited to 12 per cent. The City has made a decision to purchase the project. The City has made a decision to purchase the project. The City has made a decision to purchase the project.

In the final Pilot Block, the total subsidy is \$5,500,000 and the approximate annual outlay for purchase of the land is \$1,750,000. The total development subsidy for dwelling unit will therefore be \$12,025 and the annual tax exemption unit \$2,075. Additional costs can be anticipated by the City in leasing and operation of the project will be \$3,800,000 of the required Government-Mortgage Corporation funds included in Capital Project #15-58 will be used. It should be noted that approval of this request will mark the first time that a project has been granted a project where the purchase of a interest in this project can be as high as \$2,360 per dwelling unit. It will also be the first time that a project which can be financed by a 100 per cent tax exemption will be granted a 100 per cent tax exemption which is required to make this project feasible.

A letter of the Corporation and the State Division of Housing and Urban Development, Urban Development Corporation and the State Division of Housing and Urban Development, Urban Development Corporation, which total \$15,000,000 with the other sources mentioned above for the City and the subsidy Pilot Block Project. Nothing in the submission indicates that any alternate plan for additional funding has been investigated through the Section 226 instrument from the feasibility letter of the Department of Housing and Urban Development that the Federal Government submitted to the Housing and Development Administration anticipates funding the City's purchase of a reversionary interest from Capital Project #15-58. However, funds for this purchase have been provided in Capital Project #15-58. Use of these funds to effectuate the urban renewal purpose is possible. Bureau of the Budget and discussions with the Federal Government and the Housing and Urban Development Administration has resulted in the determination that the project would remain feasible 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 proposed but with exemption from real estate taxes of all of the units of the project would result in a total and improvements which would increase the average monthly per room residential rent from approximately \$30 for each 1 per cent of taxes 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 exempted from taxes enumerated in the project plan. The disposition of the project should be subject to approval of the Housing and Urban Development Administration and that agency is charged with determining the propriety of continued tax exemption through usage of the premises change.

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 of Finance to purchase a reversionary interest in the project as submitted and that the Board of Finance be authorized to the extent of all of the value of the property in the project of \$1,750,000 which exceeds the value required to yield taxes in excess of 5 per cent of the annual shelter rent with the understanding that conditions for the continuation of the non-residential facilities will be subject to review by the Housing and Development Administration upon change in EDWARD K. HAMILTON, Director of the Budget.

The Secretary also presented a communication dated November 10, 1971, from the Housing and Development Administration, submitting revised pages 1, 2, 7 and 8 of the agreement.

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

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

Cal. No. 8. Resolution presented with East Harlem Public Housing in Matter of Approval of Land for the East Harlem Pilot Block, Manhattan, Approved of Contract for Public Block at Site # 3, East Harlem Pilot Block, Manhattan, Approved of Contract for Purchase by City of Reversionary Interest in Housing Project.

(Second Call)

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

The Secretary presented an affidavit of publication showing that this matter has been duly advertised in accordance with a resolution adopted October 28, 1971. (Cal. No. 11).

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 resolution.

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. 11), the Board of Estimate referred to the matter of disposition of Site 2 of the East Harlem Pilot Block to the East Harlem Pilot Block Building Housing Development Fund Company, tax exemption to the extent of all of the value of the property, and improvements included in the completed project and purchase of a reversionary interest in the project.

The East Harlem Pilot Block is within the East Harlem Urban Renewal Area and is bounded by Third Avenue, East 124th Street, Second Avenue and East 122nd Street in the Borough of Manhattan. A portion of the project is bounded by Third Avenue, East 124th Street and 123rd Street. The project is to be sold for \$1,750,000. The project will consist of four residential buildings, community facilities and commercial structures. The non-residential portion of the project block comprises approximately 49 per cent of the project. The project will be developed by the Building 2 Housing Development Fund Company there will be one 15-story building containing 28 two-room efficiency apartments, 14 two and one-half room efficiency apartments, 24 three and one-half room efficiency apartments, 48 four and one-half room efficiency apartments and 45 one-bedroom apartments. Total charges per unit will be \$75.45 for the one-bedroom apartments, \$102.79 for the two-bedroom units and \$123.18 for the two-bedroom apartment and \$226.83 for the three-bedroom units, respectively. In addition, there will be a parking lot for 49 cars, commercial space and a medical care center to be operated by the City.

The replacement cost of this portion of the project will be \$12,197,765. The maximum mortgage commitment by the Federal Government allocated to subject project is \$11,190,250. The City is therefore requested to provide, by means of a reversionary interest in this project, the balance of the project cost estimated at \$1,007,515. The project was approved by the Board of Estimate on October 28, 1971. If construction does not start by March 31, 1972, it is estimated that the equity required from the City will increase to \$1,324,023. To provide for this contingency the submission requests approval of authority to purchase the reversionary interest in an amount in excess of \$1,007,515. At the lowest and highest estimates the City's liability will be at the rate of \$4,680 and \$6,700, respectively.

The Housing Commission has reported that the land subsidy is \$2,360 per dwelling unit block or \$1,100 per dwelling unit. The City has also reported that the project will cost \$491,500 annually or a total of \$19,060,000 over the maximum period of forty years. The subsidy per dwelling unit is \$2,360 per year and \$94,060 over the 40 year period. It should be noted that the property to be