



## Legislation Text

**File #:** Res 0911-2003, **Version:** A

Proposed Res. No. 911-A

Resolution to amend the contract between the City of New York and Mutual Redevelopment Houses, Inc. (1) to allow the Housing Company to impose a capital assessment of \$960 per room payable in a period of 48 months beginning July 1, 2003 and (2) to modify the language with regards to succession and occupancy rights in the Housing Company.

By Council Members Provenzano, Quinn and Comrie.

Whereas, Mutual Redevelopment Houses, Inc. (also known as "Penn South" or "Housing Company") is a redevelopment company organized under Article five of the Private Housing Finance Law (PHFL); and

Whereas, The PHFL requires a contract between the municipality and the Housing Company; and

Whereas, In 1962 the City of New York and the Housing Company entered into a contract under which the Housing Company agreed to operate as a limited equity, nonprofit housing cooperative for twenty-five years; and

Whereas, On July 1, 1987 this original contract expired and an amendatory agreement (Agreement) was approved by the Board of Estimate; and

Whereas, The Agreement continued the Housing Company's nonprofit and limited equity status and provided for the gradual phase-in of real estate taxes over twenty-five years; and

Whereas, The Agreement placed income limitation restrictions on admissions to the Housing Company; and

Whereas, In 1991 the City Council approved a request by the Board of Directors of the Housing Company (1) to extend to individuals and couples awaiting admission existing provisions permitting waiting list families of three or more with incomes up to twenty-five percent above the prescribed limit to occupy an apartment, provided they pay a surcharge and (2) to impose a one-time carrying charge increase of \$100 per room; and

Whereas, In 1995 the City Council approved a request by the Board of Directors of the Housing Company to amend the Agreement (1) to allow admissions of households with incomes up to fifty percent above the maximum as stipulated in the contract to take occupancy in the development, provided such households pay a surcharge; (2) to permit two person households consisting of a parent and any age child, legal guardian, or ward to be permitted to occupy a two bedroom apartment; (3) to expand occupancy standards to include persons meeting enumerated standards of emotional and financial commitment and interdependence (including domestic partners), and in this light to expand the parameters for succession rights to units in the development; (4) to remove the existing twelve-year contractual exclusion for J-51 benefits; and (5) to impose a \$15 per room increase in carrying charges, to be applied to equity, for a period of thirty-six months to be used to fund part of the \$8,000,000 cost of replacing all of the windows in the Housing Company; and

Whereas, In 1998 the City Council approved a request by the Board of Directors of the Housing Company (1) to allow a four percent increase in carrying charges to be imposed by the Housing Company and (2) to provide the Housing Company with the authority to impose an additional eleven percent increase in carrying charges in future years, as required; and

Whereas, The PHFL requires that any change as to provisions necessary or desirable for the financing, construction, operation, and supervision of the project be made pursuant to contract, and the imposition of a carrying charge constitutes such a change; and

Whereas, Therefore the Board of Directors of the Housing Company is now, once again, applying to the Council of the City of New York, which has assumed jurisdiction over this matter due to the dissolution of the Board of Estimate, for an amendment to the Agreement; and

Whereas, The Housing Company is seeking to impose a capital assessment of \$960.00 per room payable by the cooperators during a period of up to 48 months at \$20 per room per month to be applied to their equity investments; and

Whereas, The purpose of this increase is to fund the cost of replacing the underground electrical distribution system and to fund other capital improvement projects at the Housing Company; and

Whereas, In addition, the Housing Company is seeking permission to amend its contract to modify the language with regards to succession and occupancy rights at the Housing Company; and

Whereas, The amendment, to be contained in a Fourth Amendatory Agreement, will revise the definition of "family members" to more closely conform it to the definition that applies to the "Mitchell-Lama" rules for cooperative housing developments organized pursuant to Article two of the PHFL under the supervision of the Department of Housing Preservation and Development and authorizes the Mayor or any Deputy Mayor or the Commissioner of Housing Preservation Development to execute the Fourth Amendatory Agreement when approved as to form by the Corporation Counsel and directs the City Clerk or Acting City Clerk to attest to the same and to affix the seal of the City thereto; and

Whereas, The Department of Housing Preservation and Development, which supervises the Housing Company, recommends that the Council approve aforesaid capital assessment and amendment to the contract concerning succession and occupancy rights at the Housing Company; now, therefore be it

Resolved, That the Council of the City of New York approves an amendment to the contract between the City of New York and Mutual Redevelopment Houses, Inc. (1) to allow the Housing Company to impose a capital assessment of \$960 per room payable in a period of 48 months beginning July 1, 2003 and (2) to modify the language with regards to succession and occupancy rights in the Housing Company.

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