Legislation Details (With Text)

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Title: Resolution approving a new real property tax exemption pursuant to Section 577 of the Private Housing Finance Law (PHFL), termination of a prior exemption under PHFL Section 125, consent to the voluntary dissolution of the prior owner under PHFL 123(4), and approval of the conveyance to a new owner for the Exemption Area located on Block 1041, Lots 6 and 11, Borough of Manhattan (L.U. No. 728; 20185031 HAM).

Sponsors:

Indexes:

Attachments: 1. Land Use Calendar - Week of August 21, 2017 - August 25, 2017, 2. August 24, 2017 - Stated Meeting Agenda with Links to Files, 3. Hearing Transcript - Stated Meeting 8-24-17, 4. Committee Report, 5. Minutes of the Stated Meeting - August 24, 2017

Date	Ver.	Action By	Action	Result
8/22/2017	*	Committee on Land Use	Approved by Committee	
8/24/2017	*	City Council	Approved, by Council	Pass

THE COUNCIL OF THE CITY OF NEW YORK
RESOLUTION NO. 1628

Resolution approving a new real property tax exemption pursuant to Section 577 of the Private Housing Finance Law (PHFL), termination of a prior exemption under PHFL Section 125, consent to the voluntary dissolution of the prior owner under PHFL 123(4), and approval of the conveyance to a new owner for the Exemption Area located on Block 1041, Lots 6 and 11, Borough of Manhattan (L.U. No. 728; 20185031 HAM).

By Council Members Greenfield and Salamanca

WHEREAS, the New York City Department of Housing Preservation and Development ("HPD") submitted to the Council on July 13, 2017 its request dated July 10, 2017 that the Council take the following actions regarding a tax exemption for real property located on Block 1041, Lots 6 and 11, Community District 4, Borough of Manhattan (the "Exemption Area"):

Approve an exemption of the Exemption Area from real property taxes pursuant to the Private Housing Finance Law (PHFL) Section 577 (the "Tax Exemption");

Approve, pursuant to PHFL Section 125, the termination of a prior exemption for the Exemption Area;

Consent, pursuant to PHFL Section 123(4), to the voluntary dissolution of the current owner;

WHEREAS, the original project was approved by the Board of Estimate on April 26, 1979 (Cal. No. 5), (the "Original Exemption");

WHEREAS, upon due notice, the Council held a public hearing on the Exemption on August 21, 2017;

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WHEREAS, the Council has considered the land use and financial implications and other policy issues relating to the Exemption Area;

RESOLVED:

Pursuant to Section 577 of the Private Housing Finance Law, the Council approves an exemption of the Exemption Area from real property taxes as follows:

1. (a) For the purposes hereof, the following terms shall have the following meanings:

(1) "Community Facility Space" shall mean those portions of the Exemption Area which the Regulatory Agreement requires to be devoted solely to community facility uses.

(2) "Company" shall mean Polyclinic Owner LLC.

(3) "Current Owner" shall mean 341-363 West 50th Street Redevelopment Company, L.P.

(4) "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.

(5) "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 1041, Lots 6 and 11 on the Tax Map of the City of New York.

(6) "Expiration Date" shall mean the earlier to occur of (i) a date which is thirty-five (35) 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.

(7) "HDFC" shall mean HP Polyclinic Housing Development Fund Company, Inc.

(8) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.

(9) "New Exemption" shall mean the exemption from real property taxation pursuant to Section 577 of the PHFL provided hereunder with respect to the Exemption Area.

(10) "New Owner" shall mean, collectively, the HDFC and the Company.

(11) "Prior Exemption" shall mean the exemption of the Exemption Area from real property taxation pursuant to Section 125 of the PHFL approved by the Board of Estimate on April 26, 1979 (Cal. No. 5).

(12) "PHFL" shall mean the Private Housing Finance Law.

(13) "Regulatory Agreement" shall mean the regulatory agreement between HPD and the New Owner establishing certain controls upon the operation of the Exemption Area during the term of the New Exemption.

(b) 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, other than the Community Facility Space), 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.

(c) Commencing upon the Effective Date and during each year thereafter until the Expiration Date, the New Owner shall make real property tax payments as follows: (a) commencing upon the Effective Date and during each year thereafter until the fifth anniversary of the Effective Date, in the sum of $802,613; and (b) commencing upon the fifth anniversary of the Effective Date and during each year thereafter until the Expiration Date, in the sum of (i) $802,613, plus (ii) an additional amount equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the Exemption Area for that year (as adjusted and established pursuant to Section 8 of the United States Housing Act of 1937, as amended) exceed the total contract rents which are authorized as of the fifth anniversary of the Effective Date. Notwithstanding the foregoing, the total annual real property tax payment by the New Owner shall not at any time exceed the lesser of either (a) the amount of real property taxes that would otherwise be due in the absence of any form

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of exemption from or abatement of real property taxation provided by an existing or future local, state, or federal law, rule, or regulation, or (b) seventeen percent (17%) of the contract rents, including any federal subsidy (including, but not limited to, Section 8, rent supplements, and rental assistance), in the applicable year.

(d) Notwithstanding any provision hereof to the contrary:

(1) 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 the 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.

(2) The New Exemption shall apply to all land in the Exemption Area, but shall only apply to a building on the Exemption Area that exists on the Effective Date.

(3) Nothing herein shall entitle the HDFC, the New Owner, or any past owner to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to the Effective Date.

(e) In consideration of the New Exemption, the owner of the Exemption Area, for so long as the New Exemption shall remain in effect, shall waive the benefits, if any, 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.

2. The Council approves, pursuant to Section 125 of the PHFL, the termination of the Prior Exemption, which termination shall become effective one day preceding the conveyance of the Exemption Area from the Current Owner to the New Owner.

3. The Council consents, pursuant to Section 123(4) of the PHFL, to the voluntary dissolution of the Current Owner.

4. If the conveyance of the Exemption Area from the Current Owner to the New Owner does not occur either (i) within one day following the termination of the Prior Exemption, or (ii) on the same day as the voluntary dissolution of the Current Owner, then all of the approvals and consents set forth above shall be null and void, the dissolution of the Current Owner shall be rescinded, and both the obligations of the Current Owner to remain an Article V redevelopment company and the Prior Exemption shall be reinstated as though they had never been terminated or interrupted.

Adopted.

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 August 24, 2017, on file in this office.

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City Clerk, Clerk of The Council

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