



## Legislation Details (With Text)

<b>File #:</b>	Res 0933-2019	<b>Version:</b>	*	<b>Name:</b>	LU 446 - Taino Towers – Building 2 (Retroactive), Manhattan
<b>Type:</b>	Resolution	<b>Status:</b>		<b>Adopted</b>	
		<b>In control:</b>		Committee on Finance	
<b>On agenda:</b>	6/13/2019				
<b>Enactment date:</b>		<b>Enactment #:</b>			
<b>Title:</b>	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 1), Manhattan (Preconsidered L.U. No. 446).				
<b>Sponsors:</b>	Daniel Dromm				
<b>Indexes:</b>					
<b>Attachments:</b>	1. Res. No. 933, 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. 933

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 1), Manhattan (Preconsidered L.U. No. 446).

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 1), 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. 8-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



2. That the City is authorized to purchase an interest in the project of East Harlem 21st Block Urban Housing Development Fund Company, Inc., pursuant to Section 26-a of the Private Housing Finance Law, in accordance with the terms set forth in the attached letter of intent, and to execute and deliver to the said company the following:

1. That the City be and it be hereby authorized and directed to make payment for said interest in the project of East Harlem 21st Block Urban Housing Development Fund Company, Inc. in accordance with the terms and conditions stipulated in said letter of intent.
2. That the City be and it be hereby authorized and directed to make payment for said interest in the project of East Harlem 21st Block Urban Housing Development Fund Company, Inc. in accordance with the terms and conditions stipulated in said letter of intent.

Which was adopted by the following vote:

Which was submitted by the following vote:  
 Akin, 10; Coughlin, 1; The Acting President, 1.  
 Affirmed. Council of the Acting President of the Borough of Manhattan, the President of the Borough of Brooklyn, the Acting President of the Borough of The Bronx, the President of the Borough of Queens and the Acting President of the Borough of Richmond—22.

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

(See Cal. No. 7.)

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

(Second Call)

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

The Secretary presented an affidavit of publication showing that the master 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, transmittal a reversionary interest agreement, a disposition agreement and two proposed resolutions.

The Secretary also presented the following report of the Budget:

**To the Board of Estimate:** On October 28, 1977 (Cablevision No. 116), the Board of Estimate referred to the Director of the Budget the matters of disposition of Site 3 at the Harlem-East Harlem Film Block to the East Harlem Pilot Block-Building 3 Housing Development. The Board of Estimate requested that the Director of the Budget determine whether or not the proposed exemption from State income tax exemption to the extent of all of the value of the property, both land and improvements 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 Third Avenue, East 123d Street, Second Avenue and East 122d Street in the Borough of Manhattan. A portion of the block, an irregular-shaped parcel having an 88-foot frontage on Second Avenue and 300 feet frontage on 123d Street, is to be sold for the development of building J and related community and commercial facilities. The completed project block will consist of four residential buildings, community facilities and commercial structures.

In their portion of the total project to be developed by the Building & Housing Development Plan Company there will be one 25-story building containing 64 six and one-half room four-bedroom apartments and 28 eight and one-half room six-bedroom apartments. Rental charges per unit will be \$2,565 and \$2,613 for the 4 and 6-bedroom units, respectively. In addition there is commercial space and a job training center.

It is estimated that the maximum contribution by the Federal Government allocated to the financing of the project will be £1,274,639. The maximum loan available to the project will be £1,274,639. The maximum loan available to the project will be £1,274,639. The maximum loan available to the project will be £1,274,639.

Disposition of the land is proposed at \$500 per dwelling unit or \$46,000. The City Planning Commission has reported that the land subsidy is \$2,072,000 for the entire pilot project and \$1,160 per dwelling unit. The City-land subsidy for the Building 3 portion of the project will therefore be \$290,720.

The exemption has been requested to the extent of all of the value of the completed project consisting of approximately 600 units. The estimated cost of the project is \$19,720,000 over the maximum period of 48 months which includes construction, financing and occupancy costs. This unitary per dwelling unit tax rate exemption is \$4,000 per unit and the total amount of the exemption is \$2,400,000. It should be noted that the property to be exempted under the present program provides not only the residential portion of the development but also the commercial portion. Block 10 is to be financed at the building's projected cost of \$10,000,000 less the \$4,000 per unit exemption, approximately \$2,400,000 to \$3,600,000. The City will receive per dwelling unit subsidy of \$4,000 annually for the maximum period of forty years.

Construction of the project is to be financed by a mortgage funded under the provisions of Section 23 of the Internal Revenue Code. Normally the financing rate of a mortgage is about 10 percent. In this case, however, the interest rate will be reduced to 7 percent. This section is substituted down to 1 year term. In the present situation, the Federal Government has made a flat subsidy of \$2,000 per dwelling unit which it is estimated will be sufficient to subsidize the current rate down to 2 per cent.

In the total Pilot Block, the land subsidy will be \$207,000 less the program capital outlay for purchase of a ten-year unity interest, mostly per dwelling unit will therefore be approximately \$19,720,000 less the \$2,400,000 unitary per dwelling unit, \$2,675. Additional costs can be absorbed by the City in leasing and operating of the day care center.

[illegible]

of the project including Section 230 utility funds are required to make this project feasible. Comparison of the present requirements of the Housing and Development Administration, Urban Development Corporation and the State Department of Economic and Community Renewal, which total \$15,500,000, usually is made to determine if the funds will be available for the project. The project is then placed in the queue for the Public Block Project. Nothing in the submissions indicates that any alternative for additional funding has been investigated about the Section 230 funds not available or if the estimated costs should be reduced. The Housing and Urban Development Act of 1968 requires that the State Government will provide an additional \$100,000.

The subordination submitted by the Housing and Development Administration underpins funding the City's purchase of a seven-story unitary from Capital Project PD-9. However, funds for this purchase have been provided in Capital Project ES-58. Use of these funds to refinance the urban renewal purpose is proper.

to fund to eradicate the urban blight. The Urban Planning Administration has resulted in the Interim-Revision with the Housing and Development Agency. It is hoped that the project will be an amount not less than the projected annual blight rate. Approval of the project as presented but with an estimated 5 per cent of the value of the completed project, both land and improvements, which exceeds the value required to yield taxes in excess of 5 per cent at the subject property, will increase the average monthly per room residential rent by approximately \$3.50 for each of over 500 of the average tract.

Extension of the tax exemption to the non-residential portions of the project should remain in effect only for the period during which those portions are used for the purposes enumerated in the project plan. The disposition agreement should be modified to provide that a subsequent lease of the property shall be subject to approval of the Housing and Development Administration and that agency is charged with determining the propriety of associated tax exemption should tenure of the premises change.

It is further suggested that the decision of the Director of the Budget and authority of the Housing and Development Administration that the rent for the disposal and authority to purchase a reversionary interest be approved as submitted and that the Board of Estimates grant tax exemption to the extent of all of the value of the property in a completed project which exceeds the value required to hold a license for tax exemption for the annual shelter rent will be the uniform policy of the Housing and Development Administration for the non-residential license exemption to be removed by the Housing and Development Administration in order to change to usage of the premises.

**EDWARD K. HAMILTON, Director of the Budget.**

**RECEIVED**