



between the City of New York and the Housing Company which (i) provides the Housing Company with the authority to impose future increases in carrying charges for utility, fuel and energy costs based on actual costs incurred, with the permission of HPD but without the need for approval from the City Council, and (ii) modifies the language with regard to succession and occupancy rights in the Housing Company, in place of the Fourth Amendatory Agreement previously approved by the City Council but not implemented; (4) to authorize the Mayor or any Deputy Mayor or the Commissioner of Housing Preservation and Development to execute the Fourth Amendatory Agreement when approved as to form by the Corporation Counsel and directs the City Clerk to attest to the same and to affix the seal of the City thereto; and (5) to permit a program by the Housing Company to impose a one-time capital assessment to be paid by purchasers on the first sale of shares of each apartment after the effective date of such program.

By Council Members Quinn, James and Weprin

Whereas, Mutual Redevelopment Houses, Inc. (also known as "Penn South" or "Housing Company") is a redevelopment company organized under Article 5 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, non-profit housing cooperative for twenty-five years; and

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

Whereas, The Contract and the PHFL require the Housing Company to apply to the Council of the City of New York, which has assumed jurisdiction over these matters due to the dissolution of the Board of Estimate, for authorization to increase carrying charges, to impose capital assessments and to amend the Contract; and

Whereas, the City Council has previously approved applications by the Housing Company for increases in carrying charges, the imposition of capital assessments for capital improvements and amendments to the Contract; and

Whereas, The Housing Company is seeking permission to impose a 5 percent increase in carrying charges payable by the cooperators, effective July 1, 2005, to meet increased operating expenses, especially those relating to fuel and energy, and for the authority to impose up to an additional fifteen percent increase in carrying charges in future years, in consultation with the New York City Department of Housing Preservation and Development (“HPD”), in appropriate amounts as and when needed to meet further increases in operating expenses; and

Whereas, In addition, the Housing Company is seeking permission to amend its Contract, pursuant to a Fourth Amendatory Agreement (in place of the Fourth Amendatory Agreement that was previously approved by the City Council but not implemented), (1) to modify the language with regard to succession and occupancy rights at the Housing Company by modifying paragraphs 210 and 208(a) of the Contract and (2) to modify paragraph 301 of the Contract to provide the Housing Company with the authority to impose future increases in carrying charges for increased utility, fuel and energy costs based on actual costs incurred, with the permission of HPD pursuant to section 3-11(a) of HPD’s rules, but without the need for successive applications to the City Council; and

Whereas, The Housing Company also seeks to establish a program to impose a one-time capital assessment to be paid by purchasers on the first sale of shares of each apartment after the effective date of the program, which (1) would double the equity price of an apartment, (2) exempts succession transfers, exempts move-down transfers to smaller apartment and, for those cooperators on the Housing Company's internal waiting list on the effective date of the assessment, exempts move-up transfers to larger apartments by reason of increased family size, and (3) requires that the proceeds to the Housing Company of the capital assessment be placed in the Housing Company’s replacement reserve and be used for capital improvement projects as approved by the Board of Directors of the Housing Company; now, therefore, be it

Resolved, That the Council of the City of New York hereby (1) permits Mutual Redevelopment Houses,

Inc. (Housing Company) to impose a five percent increase in carrying charges beginning July 1, 2005; (2) permits the Housing Company to impose an additional fifteen percent increase in carrying charges in future years, in appropriate amounts as and when needed to meet further increases in operating expenses, in consultation with the New York City Department of Housing Preservation and Development (HPD); (3) approves the Fourth Amendatory Agreement to the Contract between the City of New York and the Housing Company which (i) provides the Housing Company with the authority to impose future increases in carrying charges for utility, fuel and energy costs based on actual costs incurred, with the permission of HPD but without the need for approval from the City Council, and (ii) modifies the language with regard to succession and occupancy rights in the Housing Company, in place of the Fourth Amendatory Agreement previously approved by the City Council but not implemented; (4) authorizes the Mayor or any Deputy Mayor or the Commissioner of Housing Preservation and Development to execute the Fourth Amendatory Agreement when approved as to form by the Corporation Counsel and directs the City Clerk to attest to the same and to affix the seal of the City thereto; and (5) permits a program by the Housing Company to impose a one-time capital assessment to be paid by purchasers on the first sale of shares of each apartment after the effective date of such program.