



## Legislation Text

File #: Res 0813-2011, Version: \*

### Res. No. 813

Resolution (1) to permit Mutual Redevelopment Houses, Inc. (Housing Company) to impose an annual capital assessment, beginning on June 1, 2011, of \$204.00 per room per year payable in equal monthly installments of \$17.00 in each year of the ten (10) year period from June 1, 2011 through May 31, 2021, to be used for capital improvements, including the Housing Company's HVAC replacement project; (2) to permit the Housing Company to impose a fifteen percent increase in carrying charges in future years, in appropriate amounts as and when needed to meet increases in operating expenses, in consultation with the New York City Department of Housing Preservation and Development (HPD); (3) to approve a Sixth Amendatory Agreement to the Contract between the City of New York and the Housing Company which (i) modifies the real estate tax exemption language to provide additional tax exemption for eight additional years; (ii) modifies the language with regard to income eligibility requirements at the time of admission, (iii) modifies the language with regard to division of surcharge revenue, (iv) modifies the language permitting tenant/cooperators to finance the purchase of the Housing Company's stock allocated to their apartments, and (v) adds a new provision expanding the Housing Company's right to future development of portions of its property, thereby providing funding for major capital projects and sustaining affordability; (4) to authorize the Mayor or any Deputy Mayor or the Commissioner of the New York City Department of Housing Preservation and Development to execute the Sixth 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 the Housing Company to modify its existing program of imposing a capital assessment to be paid by sellers on the sale of shares of apartments.

By the Speaker (Council Member Quinn) and Council Members Dromm, Koslowitz, Gennaro, Lander and Williams

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, which Contract extends to June 30, 2022; 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 (1) permission to impose an annual capital assessment, beginning on June 1, 2011, of \$204.00 per room per year payable in equal monthly installments of \$17.00 in each year of the ten (10) year period from June 1, 2011 through May 31, 2021, to be used for capital improvements, including the Housing Company's HVAC Replacement Project, and (2) the authority to impose up to a 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 increases in operating expenses; and

Whereas, In addition, the Housing Company is seeking permission to amend its Contract, pursuant to a Sixth Amendatory Agreement, to modify the language with regard to (1) additional real property tax exemption for the period July 1, 2022 through June 30, 2030, by modifying Section 105 of the Contract, (2) income eligibility requirements at the time of admission by modifying Section 203(a) of the Contract, (3) division of surcharge revenue by modifying Section 206 of the Contract, (4) the guidelines for allowing tenant/cooperators to finance the purchase of their apartments by modifying Section 209(a)(iii)(B)(3) of the Contract and (5) future development of portions of the Housing Company's property by adding new Section 213 to the Contract; and

Whereas, The Housing Company also seeks to modify its existing program which imposes a capital assessment to be paid by sellers on the sale of apartments, by increasing such capital assessment on first sales made on or after September 1, 2011 from an amount equal to the equity to an amount equal to up to two times the equity as determined by the Housing Company's Board of Directors, subject to adjustment for any such capital assessment received for an apartment sold prior to September 1, 2011, the proceeds of which capital assessment will 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, including the Housing Company's HVAC Replacement Project; 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 an annual capital assessment, beginning on June 1, 2011, of \$204.00 per room per year payable in equal monthly installments of \$17.00 in each year of the ten (10) year period from June 1, 2011 through May 31, 2021, to be used for capital improvements, including the Housing Company's HVAC Replacement Project; (2) permits the Housing Company to impose up to a fifteen percent increase in carrying charges in future years, in appropriate amounts as and when needed to meet increases in operating expenses, in consultation with the New York City Department of Housing Preservation and Development (HPD); (3) approves the Sixth Amendatory Agreement to the Contract between the City of New York and the Housing Company which (i) modifies the language with respect to real property tax exemption to grant additional exemption for eight years provided, however, that such additional exemption is contingent upon the enactment of an amendment to Section 125 of the Private Housing Finance Law authorizing such additional exemption by the New York State Legislature on or before June 30, 2016 and is in full force and effect on June 30, 2022; (ii) modifies the language with regard to income eligibility requirements at the time of admission, (iii) modifies the language with regard to division of surcharge revenue, (iv) modifies the guidelines allowing tenant/cooperators to finance the purchase of their apartments and (v) adds a new provision expanding the Housing Company's right to future development of portions of its property, thereby providing funding for major capital projects and sustaining affordability; (4) authorizes the Mayor or any Deputy Mayor or the HPD Commissioner to execute the Sixth 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 the Housing Company to modify its existing program of imposing a capital assessment to be paid by sellers on the sales of apartments, by increasing such capital assessment on first sales made after September 1, 2011, from an amount equal to the equity to an amount equal to up to two times the equity as determined by the Housing Company's Board of Directors, subject to adjustment for any such capital assessment received for an apartment sold prior to September 1, 2011, the proceeds of which capital assessment will 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, including the Housing Company's HVAC Replacement Project.

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