



THE COUNCIL OF THE CITY OF NEW YORK

March 26, 2025

TO: Hon. Justin Brannan Chair, Finance Committee
Members of the Finance Committee

FROM: Brian Sarfo, Committee Counsel

RE: Resolution approving a tax exemption for Union Street Houses (Council District 35)

HPD provided the following information to the Council in relation to the request to approve a real property tax exemption for this project:

Unions Street Houses

Union Street Houses (the “Project”) consists of six buildings totaling 119 units: one (1) studio, 40 one-bedroom units, 50 two-bedroom units (one of which is a superintendent unit), and 28 three-bedroom units. The HAP contract covers all units, with the exception of the superintendent’s unit and one two-bedroom unit. The Project is comprised of 125,168 total square feet across 6 lots in Crown Heights. The Project has no commercial or community facility space.

The Project previously benefitted from a J-51 tax abatement obtained by a previous ownership. Union Street Houses Owners LLC (“Current Owner”) acquired the property in 2014 and since then the J-51 tax abatement obtained by previous ownership has run out. The Project is no longer receiving any tax exemption or abatement.

Current Owner is requesting a standard term sheet exemption of 12% Gross Rent Tax (GRT) base, plus an increase of 25% of increases in contract rents, with the total resulting Contract Rent Differential Tax (CRDT) charged to be capped at the lower of 17% of HUD contract rents and full property taxes, to assist in preservation of the Project’s affordability. At the closing, the title will be transferred from the Current Owner to Union Street Housing Development Fund Corporation (“HDFC”).

The transaction will also provide additional units set-aside for homeless tenants, as every other vacant unit will be set-aside for homeless tenants until 30% (36 units) of the building is rented to formerly homeless households. As part of this transaction, the Project will complete repairs and improvements including, but not limited to, both interior and exterior work such as façade

repairs, roof repairs, ceiling repairs, leak repairs, sprinkler repairs, and fire escape maintenance. The scope also includes improvements under HPD’s Aging-in-Place (“AIP”) initiative. The Project will also make free in-unit broadband and light-touch retention and stabilization services available to all residents for the entire term of the tax exemption.

Summary:

- Borough – Brooklyn
- Block 1396, Lots 47, 68, 70, and 74; Block 1402, Lots 21 and 24
- Council District – 35
- Council Member – Crystal Hudson
- Council Member approval – Yes
- Number of buildings – 6
- Number of units – 119
- Type of exemption – Article XI, partial, 40 year
- Population – Rental
- Sponsors – Metropolitan Realty Group
- Purpose – preservation
- Cost to the city – \$17.353 million (present value)
- Housing Code Violations
 - Class A – 3
 - Class B – 0
 - Class C – 1

- Anticipated AMI Rent Limit Targets: 50%