

APR 23 2019

Honorable Corey Johnson
Speaker of the Council
City Hall
New York, New York 10007
Attention: Jonathan Ettricks

Re: Development Associates (Green)
Block 2412, Lots 25, 27, 30, 33
Block 2413, Lot 31
Block 2421, Lot 35
Block 2424, Lots 6, 9, 12, 14, 16, 35
Block 2437, Lot 3
Brooklyn Community District No. 1
Council District No. 34

Dear Mr. Speaker:

The referenced property ("Exemption Area") contains thirteen multiple dwellings jointly known as Development Associates (Green) that provide rental housing for low income families. 236-1 Development Associates (Green) L.P. ("Partnership") currently owns the Exemption Area.

Under the proposed project, Grower-Green Housing Development Fund Corporation ("HDFC"), will acquire the fee interest in the Exemption Area and the Partnership will remain the beneficial owner and operator of the Exemption Area. The HDFC and the Partnership (collectively, "Owner") and the Department of Housing Preservation and Development ("HPD") will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently does not receive any exemption from real property taxation. In order to facilitate the project, HPD respectfully requests that the Council approve, pursuant to Section 577 of the Private Housing Finance Law, an exemption from real property taxation as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a) "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 Owner enter into the Regulatory Agreement.



- b) "Exemption Area" shall mean the real property located in the Borough of Brooklyn, City and State of New York, identified as Block 2412, Lots 25, 27, 30, 33, Block 2413, Lot 31, Block 2421, Lot 35, Block 2424, Lots 6, 9, 12, 14, 16, 35, and Block 2437, Lot 3, on the Tax Map of the City of New York.
- c) "Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
- d) "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.
- e) "HDFC" shall mean Grower-Green Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
- f) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
- g) "Owner" shall mean, collectively, the HDFC and the Partnership.
- h) "Partnership" shall mean 236-1 Development Associates (Green) L.P. or partnerships that acquire the beneficial interest in the Exemption Area with the approval of HPD.
- i) "Regulatory Agreement" shall mean the regulatory agreement between HPD and the Owner establishing certain controls upon the operation of the Exemption Area during the term of the Exemption.
- j) "Gross Rent" shall mean the gross potential rents from all residential and commercial units (both occupied and vacant) of the Exemption Area, including any federal subsidy (including, but not limited to, Section 8, rent supplements, and rental assistance).
- k) "Gross Rent Tax" shall mean an amount equal to five percent (5%) of Gross Rent in the tax year in which such real property tax payment is made.



2. 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), 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.
3. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the Gross Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the Owner shall not at any time exceed the amount of real property taxes that would otherwise be due in the absence of any form of exemption from or abatement of real property taxation provided by any existing or future local, state, or federal law, rule or regulation.
4. Notwithstanding any provision hereof to the contrary:
 - a) The 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.
 - b) The Exemption shall apply to all land in the Exemption Area, but shall only apply to buildings on the Exemption Area that exist on the Effective Date.
 - c) Nothing herein shall entitle the HDFC, the 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.



- d) All previous resolutions, if any, providing an exemption from or abatement of real property taxation with respect to the Exemption Area, are hereby revoked as of the Effective Date.
5. In consideration of the Exemption, the owner of the Exemption Area shall, for so long as the Exemption shall remain in effect, waive the benefits of any additional or concurrent real property tax abatement and/or tax exemption which may be authorized under any existing or future local, state or federal law, rule or regulation.

HPD recommends approval of this matter and requests that it be referred to the appropriate committee at the next scheduled meeting of the Council.

Sincerely,



Maria Torres-Springer

