

Honorable Melissa Mark-Viverito  
Speaker of the Council  
City Hall  
New York, New York 10007  
Attention: Gary Altman

Re: Marine Terrace Apartments  
Block 893, Lots 20, 30, 50  
Block 894, Lots 2, 20, 75, 101  
Queens, Community Board No. 4  
Council District No. 22

Dear Madame Speaker:

The referenced property (“Exemption Area”) contains seven multiple dwellings known as Marine Terrace Apartments that provide rental housing for persons and families of low income. Marine Terrace Holdings LLC currently owns the Exemption Area.

Under the proposed project, Marine Terrace Housing Development Fund Corporation (“HDFC”) will acquire the Exemption Area and Marine Terrace Preservation L.P., a limited partnership (“Partnership”), will be the beneficial owner and will operate the Exemption Area. The HDFC and the Partnership (collectively, “New Owner”) plan to utilize cost savings from the exemption to make necessary repairs to the apartments. The New Owner and HPD will enter into a regulatory agreement establishing certain controls upon the operation of the Exemption Area. Eligible tenants will receive project-based Section 8 rent subsidies.

The Exemption Area currently does not receive any exemption from real property taxation. In order to support the proposed acquisition and rehabilitation, the Exemption Area requires a tax exemption pursuant to Section 577 of the Private Housing Finance Law that is coterminous with the term of the new regulatory agreement.

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 New Owner enter into the HPD Regulatory Agreement.
- (b) “Exemption” shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
- (c) “Exemption Area” shall mean the real property located in the Borough of Queens, City and State of New York, identified as Block 893, Lots 20, 30,



50 and Block 894, Lots 2, 20, 75, 101 on the Tax Map of the City of New York.

- (d) "Expiration Date" shall mean the earlier to occur of (i) a date which is thirty-two (32) years from the Effective Date, (ii) the date of the expiration or termination of the HPD Regulatory Agreement, (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 Marine Terrace Housing Development Fund Corporation.
  - (f) "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
  - (g) "HPD Regulatory Agreement" shall mean the regulatory agreement between HPD and the New Owner establishing certain controls upon the operation of the Exemption Area during the term of the Exemption.
  - (h) "New Owner" shall mean, collectively, the HDFC and the Partnership.
  - (i) "Partnership" shall mean Marine Terrace Preservation, L.P.
  - (j) "PHFL" shall mean the Private Housing Finance Law.
  - (k) "Shelter Rent" shall mean the total rents received from the commercial and residential occupants of the Exemption Area, including any federal subsidy (including, but not limited to, Section 8, rent supplements, and rental assistance), less the cost of providing to such occupants electricity, gas, heat, and other utilities.
  - (l) "Shelter Rent Tax" shall mean an amount equal to (i) ten percent (10%) of Shelter Rent, plus (ii) an additional amount equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the Exemption Area for that year (as adjusted and established pursuant to Section 8 of the United States Housing Act of 1937, as amended) exceed the total contract rents which are authorized as of the Effective Date.
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 or commercial 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 New Owner shall make real property tax payments in the sum of the Shelter Rent Tax. Notwithstanding the foregoing, the total annual real property tax payment by the New 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 an 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 HPD 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) the Exemption Area is conveyed 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 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 to a refund of any real property taxes which accrued and were paid with respect to the Exemption Area prior to 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 exemption from or abatement of real property taxation 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,

Vicki Been

