



Department of
Housing Preservation
& Development
nyc.gov/hpd

VICKI BEEN
Commissioner

Office of the Commissioner
100 Gold Street
New York, N.Y. 10038

November 10, 2014

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

Re: Pio/VIP
Block 2762, Lot 1
Block 2946, Lot 1
Bronx, Community District No 2
Council District No. 17

Dear Madame Speaker:

The referenced property ("Exemption Area") contains two multiple dwellings known as Pio/VIP which provide rental housing for low income families.

Under the proposed project, Pio/VIP Housing Development Fund Company, Inc. ("HDFC") will acquire the Exemption Area. The HDFC will finance the acquisition and rehabilitation of the property with tax exempt bonds and low income housing tax credits. The HDFC 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. Eligible tenants will receive Section 8 rental assistance.

The Exemption Area currently receives an exemption from real property taxation pursuant to Section 422(1)(a) of the Real Property Tax Law. In order to facilitate the project, the current exemption must be terminated and replaced with a new exemption from real property taxation that is coterminous with the 40-year 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 Owner enter into the Regulatory Agreement.
 - b. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 2762, Lot 1 and Block 2946, Lot 1 on the Tax Map of the City of New York.
 - c. "Expiration Date" shall mean the earlier to occur of (i) a date which is forty (40) 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.

- d. "HDFC" shall mean Pio/VIP Housing Development Fund Company, Inc.
 - e. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - f. "New Exemption" shall mean the exemption from real property taxation provided hereunder with respect to the Exemption Area.
 - g. "Owner" shall mean the HDFC or any future owner of the Exemption Area.
 - h. "Prior Exemption" shall mean the exemptions from real property taxation for the Exemption Area approved by the Board of Estimate on June 30, 1987 (Cal. No. 371), as amended by the City Council on July 24, 2014 (Resolution No. 363), and approved by the City Council on July 30, 1991 (Resolution No. 1157), as amended by the City Council on July 24, 2014 (Resolution No. 362).
 - 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 New Exemption.
2. The Prior Exemption shall terminate upon the Effective Date.
3. 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.
4. 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 (i) \$229,920, plus (ii) an additional amount equal to twenty-five percent (25%) of the amount by which the total contract rents applicable to the housing project 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. 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 an existing or future local, state, or federal law, rule or regulation.
5. Notwithstanding any provision hereof to the contrary:
- a. The New 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) the Exemption Area is conveyed to a new owner without the prior written approval of HPD, or (v) the demolition of any private or



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 New 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 the refund of any real property taxes which were accrued and were paid with respect to the Exemption Area prior to the Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area, for so long as the New Exemption shall remain in effect, shall 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

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