

THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

LU No. 265

The JOE

December 3, 2018

{Levin, Cumbo, Cornegy, Ampry-Samuel, Barron} Land Use No. 265

consists of an Exemption Area containing a cluster of buildings across central Brooklyn in Council Districts 33, 35, 36, 41 and 42. The project is known as The JOE Central Brooklyn LLC.YR15.FY19.

It will combine nine existing portfolios that were originally conveyed to one of four non-profit organizations under various HPD rehab programs mostly throughout the 1990s and 2000s. Legal ownership of the portfolio will remain with the participating non-profits, including St. Nick's Alliance Corporation, Bedford Stuyvesant Restoration Corporation, Bridge Street Development Corporation, and Pratt Area Community Council Inc. (d/b/a IMPACCT Brooklyn). At closing, the project will transfer beneficial ownership to an entity affiliated with the Joint Ownership Entity NYC known as The JOE. The JOE is a non-profit membership organization that serves as asset manager for over 1,000 affordable housing units within the portfolios of 11 non-profit members. The project is receiving a new first position construction loan from a private lender and gap financing through the City to fund rehabilitation.

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The JOE Central Brooklyn Cluster consists of 79 residential buildings on 79 lots in the Bedford-Stuyvesant, Clinton Hill and Brownsville neighborhoods in Brooklyn. See attached for a full list of clusters by ownership. The project has a current unit count of 524 residential units, of which 25 are vacant. There is a mixture of unit types including 33 studios, 179 one-bedrooms, 190 two-bedrooms, 108 three-bedrooms, 2 four-bedrooms, and 12 superintendent units. The project is 100% affordable as all incomes will be restricted not to exceed 100% AMI with tiers at 30%, 50%, 60%, 80% and 100% AMI. At least 15% of the units will be set aside for formerly homeless families. In addition to the residential units, there are 20 occupied commercial units, one vacant commercial unit, two community facility units, and one residential parking space that is rented out to a community member. The community facility spaces will not be included in the exemption area.

Currently, the portfolio is undergoing a Year 15 repositioning, which occurs upon expiration of certain provisions included in previously approved agreements. The repositioning provides for the financing of a rehabilitation to address immediate capital needs and deferred maintenance. HPD will provide City Capital to finance the rehabilitation, as well as modify and extend existing debt currently

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encumbering the project. HPD will also restructure the legal rents for a percentage of the portfolio, while ensuring that current tenants will continue paying their current rents plus any applicable Rent Guidelines Board increases.

The scope of work includes full roof replacement or sealing, boilers, water heaters, and controls, façade repointing and sealing, interior painting, sidewalk and stoop repair, and select kitchen and bathroom replacement. The projected development cost is approximately \$95.6 million.

Portions of the Exemption Area currently receive Article XI tax exemptions that are set to expire in 2038 and 2041; some have Section 420-c tax exemptions that will expire in 2031 and 2045; while other portions have J-51 benefits or no benefits at all. In order to facilitate continued affordability of the Exemption Area, the Prior Article XI and 420-c exemptions must be terminated and replaced with an Article XI tax exemption for a period of 40 years coinciding with the length of the regulatory agreement restricting incomes and rents. The new Exemption will be reduced by an amount equal to any concurrent J-51 benefits. The cumulative value of the Article XI tax exemption is approximately \$86,860,594 and the net present value is approximately \$24,266,351.

| | Entity Name | Address |
|---------------------------------------|-------------------------|-------------------------|
| Bedford Stuyvesant Restoration | Fulton Street Houses LP | 1921-1925 Fulton Street |
| Bridge Street Development Corporation | Bedford Village HDFC | 223 Madison Street |
| | | 346-348 Jefferson Ave |
| | | 351 Tompkins Ave |
| | | 456 Nostrand Ave |
| | | 466 Nostrand Ave |
| Bridge Street Development Corporation | BSDC NRP I LP | 817 Marcy Ave |
| | | 732 Marcy Ave |
| | | 444 Lexington Avenue |
| | | 585 Greene Avenue |
| | | 609 Greene Avenue |
| | | 651 Greene Avenue |
| | | 655A Greene Avenue |
| | | 697 Greene Avenue |
| | | 676 Greene Ave |
| | | 46 Halsey Street |
| | | 19 Arlington Place |
| | | 307 Tompkins Ave |
| IMPAACT Brooklyn | 942 Kent HDFC | 942 Kent Ave |
| IMPAACT Brooklyn | Judah Associates LP | 249 Tompkins Ave |
| | | 235 Tompkins Ave |
| | | 593-5 Gates Ave |
| | | 234 Spencer St |
| | | 1055 Bedford Ave |
| | | 231 Tompkins Ave |
| IMPAACT Brooklyn | PACC HDFC | 301 Tompkins |
| | | 99-105 Herkimer |
| | | 469 Prospect Place |
| | | 157 Halsey Street |
| IMPAACT Brooklyn | Strong LP | 118 Macon Street |
| | | 31 Brevoort Place |
| | | 41-43 Clifton Place |
| | | 104 Steuben Street |
| | | 155 Clinton Avenue |
| St. Nick's Alliance | Jefferson Cluster LP | 250 Greene Avenue |
| | | 501 Clinton Avenue |
| | | 7 Decatur St |
| | | 9-11 MacDonough Street |
| | | 68 Decatur Street |
| | | 100 Macon St |
| | | 103 Halsey St |
| | | 111 Putnam Ave |
| | | 116-118 Jefferson Ave |
| | | 121 Putnam Ave |
| | | 133 Jefferson Ave |
| | | 143 Jefferson Ave |
| | | 145 Jefferson Ave |
| | | 161 Halsey St |
| | | 161 Jefferson Ave |
| | | 221 Halsey St |
| | | 224 Macon St |
| | | 445 Tompkins Ave |
| St. Nick's Alliance | Watkins Cluster LP | 447 Tompkins Ave |
| | | 464 Nostrand Ave |
| | | 486 Gates Ave |
| | | 1160 Fulton Ave |
| | | 1204 Bedford Ave |
| | | 1369 Atlantic Ave |
| | | 1371 Atlantic Ave |
| | | 73 Riverdale Ave |
| | | 140 Newport St |
| | | 167 Newport St |
| | | 397 Legion St |
| | | 431 Jefferson Ave |
| | | 441 Herzl St |
| | | 518 Chester St |
| | | 544 Bristol St |
| | | 618 Chester St |
| | | 670 Watkins St |
| 671 Watkins St | | |
| 769 Thomas S Boyland St | | |
| 816 Saratoga Ave | | |
| 865 Thomas S Boyland St | | |
| 891 Mother Gaston Blvd | | |
| 894 Rockaway Ave | | |
| 895 Mother Gaston Blvd | | |
| 898 Rockaway Ave | | |
| 910 Rockaway Ave | | |
| 2245 Strauss St | | |

THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

L.U. 266

464-468 West 51st Street

November 29, 2018

(Johnson) Land Use No. 266 consists of an exemption area containing two (2) privately owned buildings with commercial spaces located at 464-468 West 51st Street (Block 1060, Lots 61 and 160) in Manhattan Council District 3 for which HPD is seeking an Article XI tax exemption. The property was taken into city ownership in 1978 and tenants subsequently entered into the Tenant Interim Lease (TIL) program. As part of TIL program, tenant associations enter into a lease with the City to maintain and manage buildings in which they live. HPD's staff assists tenant associations in establishing regular collection of maintenance charges and provide training in building management, maintenance, and financial recordkeeping with the ultimate goal of preparing them to be well functioning and financially viable cooperatives.

On August 15, 1991 (Resolution No. 1229), the Council approved the disposition of 464-468 West 51 Street and on November 6, 1992, the building was conveyed to the existing tenants as a low income cooperative subject to Section 576 of Article XI of the PHFL, which states that a household's income cannot be more than 6 times the maintenance fee (including utilities). The building is fully occupied by shareholders and comprises 11 units with a unit mixture of 8 one-bedroom and 3 three-bedroom apartments. Maintenance is \$329 per month for a

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L.U. 266

464-468 West 51st Street

November 29, 2018

one-bedroom and \$517 per month for a three-bedroom unit. Additionally, there are three commercial spaces that are currently leased separately to a restaurant, a bakery, and a market.

As mentioned, the project is fully occupied. If in the future a shareholder decides to sell their unit, vacant units will be priced to be affordable to households earning up to 120% AMI (\$125,160 for a family of 4). For 2018, the maximum resale price for a 1-BR would be \$422,381 and for a 3-BR would be \$573,099. Also, thirty (30%) percent of the profits of each and every resale, disposition or other change of ownership of shares in the HDFC allocated to individual units will be returned to the Coop.

At this time, the shareholders of 464-468 West 51st Street have applied for rehabilitation funds under HPD's Green Housing Preservation Program (GHPP) which provides low and no-interest loans to finance energy and water conservation improvements and moderate rehabilitation work. The purpose of the program is to assist small and mid-sized building owners lower operating expenses to ensure the long term physical and financial health of their buildings as well as preserve safe and affordable housing for low and moderate income households.

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L.U. 266

464-468 West 51st Street

November 29, 2018

The building will undergo a moderate rehabilitation consisting of capital improvements such as boiler replacement, oil to gas conversion and pipe insulation. In addition, energy efficiency and water conservation work that includes low-flow faucet aerators and showerheads, steam heating upgrades, and LED lighting is set to take place. No relocation will be necessary as all work will be done with tenants in place. The cost for the rehabilitation is estimated to be \$200,000.

The building currently receives a partial tax exemption that is due to expire in 2029. Therefore, in an effort to help maintain continued affordability, HPD is before the Council seeking a new Article XI tax exemption that will coincide with the length of a 30 year regulatory agreement establishing certain controls on the property including hiring a third party manager. The current cumulative value of the tax exemption is \$2,308,464 and the net present value is \$877,603.

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L. U. No. 279

Victory Plaza SARA

November 29, 2018

{Perkins} This item consists of an amendment to a project known as Victory One located at 11 West 118th Street and 1460-1472 5th Avenue (Block 1717, Lots 28 and 33, formerly Lots 28-40) in Manhattan District 9. The original project was previously approved for development by the Council on August 5, 1997 (Resolution No. 2507) under HUD's Section 202 Supportive Housing Program For The Elderly. The existing building is located on Block 1717, Lot 33 and contains an eight-story building with 109 dwelling units for low income seniors, a superintendent's unit, 15 parking spaces and open space.

Under the Amended Project, the owner will convey Block 1717, Lot 28, which is underutilized, to a new Sponsor known as Victory Plaza Housing Development Fund Corporation who proposes to construct a new building under HPD's Senior Affordable Rental Apartments (SARA) Program that will be known as Victory Plaza.

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Projects developed with SARA funding are 100% affordable rental housing for low income seniors that must also set aside 30% of units for homeless seniors generally referred through the Department of Homeless Services (DHS) or other municipal social service agency. Income is limited to 50% of AMI and all tenants will pay 30% of their income as rent due to Section 8 Project-Based Vouchers. Approximately 40% of units are designated permanently affordable.

The new building will provide approximately 134 studios, one 1-bedroom, and a 1-bedroom unit for a superintendent and a new parking lot with 10 parking spaces for existing Victory One residents and staff. Additionally, Administrative office space will be provided for building staff including full-time employees such as an onsite super, a porter, a residential project manager and social worker. A community room and open/recreational space will be provided as well.

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November 29, 2018

A supplemental Project Summary describing the New Project will be added to the existing Project Summary approved in 1997 which will remain unchanged. Additionally there will be no changes made to the existing Victory One building.

In order to facilitate the construction of the new building, HPD is before the Council seeking approval to amend the original project.

JOE Central Brooklyn

JOE NYC
JOINT OWNERSHIP ENTITY



 **Bridge Street**
DEVELOPMENT CORPORATION



 **St.Nicks Alliance**
Where Opportunity Grows

Article XI Real Estate Tax Exemption
November 29,2018

Joint Ownership Entity (JOE NYC) Overview



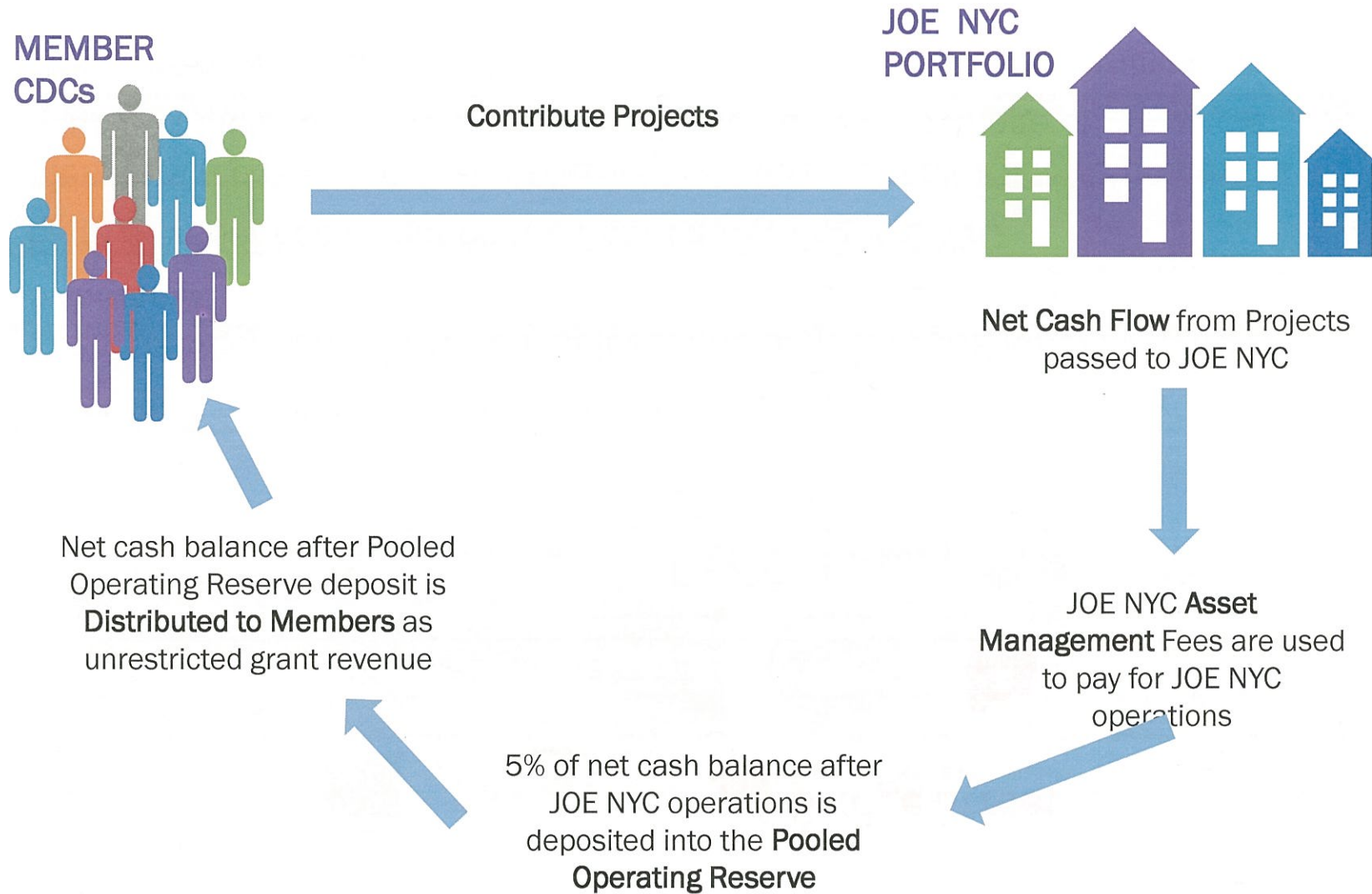
- JOE NYC is a non-profit membership organization that serves as the asset manager for a portfolio of affordable housing properties
- JOE NYC was created in response to community assets (housing) developed by CDC's becoming controlled by profit-motivated owners
- JOE NYC's mission is to ensure long term affordability of housing & assist CDC members preserve more housing
- JOE NYC has a current ownership and preservation pipeline of over 3,000 affordable housing units

JOE NYC Membership



- 11 current members are all CDC's creating affordable housing in NYC
- Each member has transferred at least one project to JOE NYC collective ownership
- Each member has a seat on the Board governing JOE NYC
- Members receive a portion of the net cash flow from all JOE NYC properties based on their contributed properties' value as a percentage of the whole
- Members retain control of their buildings, acting as the local administrator

JOE NYC Net Cash Distribution



JOE NYC Portfolio

Current JOE NYC Portfolio
1,146 units

JOE NYC Preservation Pipeline
1,800+ units



783 Beck Street, BX



439 West 125th Street, MN



19 Maujer Street HDFC, BK



140 Johnson Ave, BK

JOE Central Brooklyn Financing

- Bank construction loan
- HDC permanent loan
- +/- \$40,000 per du HPD subsidy
- Deferred & accrued existing HPD loans
- \$7 MM existing reserves
- \$1.5 MM Reso A from CM's Ampry-Samuel, Cornegy, and Cumbo
- Article XI real estate tax exemption

Assumptions

- Rent restructuring 3 portfolios
- Tenant-based Section 8 vouchers

| Permanent Sources | Total | Per Unit | % of Total |
|------------------------|-------------------|----------------|-------------|
| Permanent Loan | 10,000,000 | 19,000 | 11% |
| HPD City Capital | 20,477,000 | 39,000 | 21% |
| HPD Article 8 Loan | 1,000,000 | 1,900 | 1% |
| Existing HPD Loans | 53,164,000 | 101,300 | 56% |
| Existing Reserves | 6,987,000 | 13,300 | 7% |
| Operating Income | 544,000 | 1,000 | 1% |
| Deferred Developer Fee | 1,318,000 | 2,500 | 1% |
| Reso A Funds | 1,490,000 | 2,800 | 2% |
| NYSERDA Solar | 216,000 | 400 | <1% |
| Developer Equity | 416,000 | 800 | <1% |
| Total | 95,620,000 | 182,100 | 100% |

| Uses | Total | Per Unit | % of Total |
|---------------------------------|-------------------|----------------|-------------|
| Acquisition Cost | 7,195,000 | 13,700 | 8% |
| Existing Debt | 53,164,000 | 101,300 | 56% |
| Construction Cost | 23,790,000 | 45,300 | 25% |
| Soft Cost | 4,963,000 | 9,500 | 5% |
| Capitalized Operating Reserve | 2,252,000 | 4,300 | 2% |
| Capitalized Replacement Reserve | 263,000 | 500 | <1% |
| Developer's Fee | 3,994,000 | 7,600 | 4% |
| Total | 95,620,000 | 182,100 | 100% |

JOE Central Brooklyn Scope of Work

Team & Overview

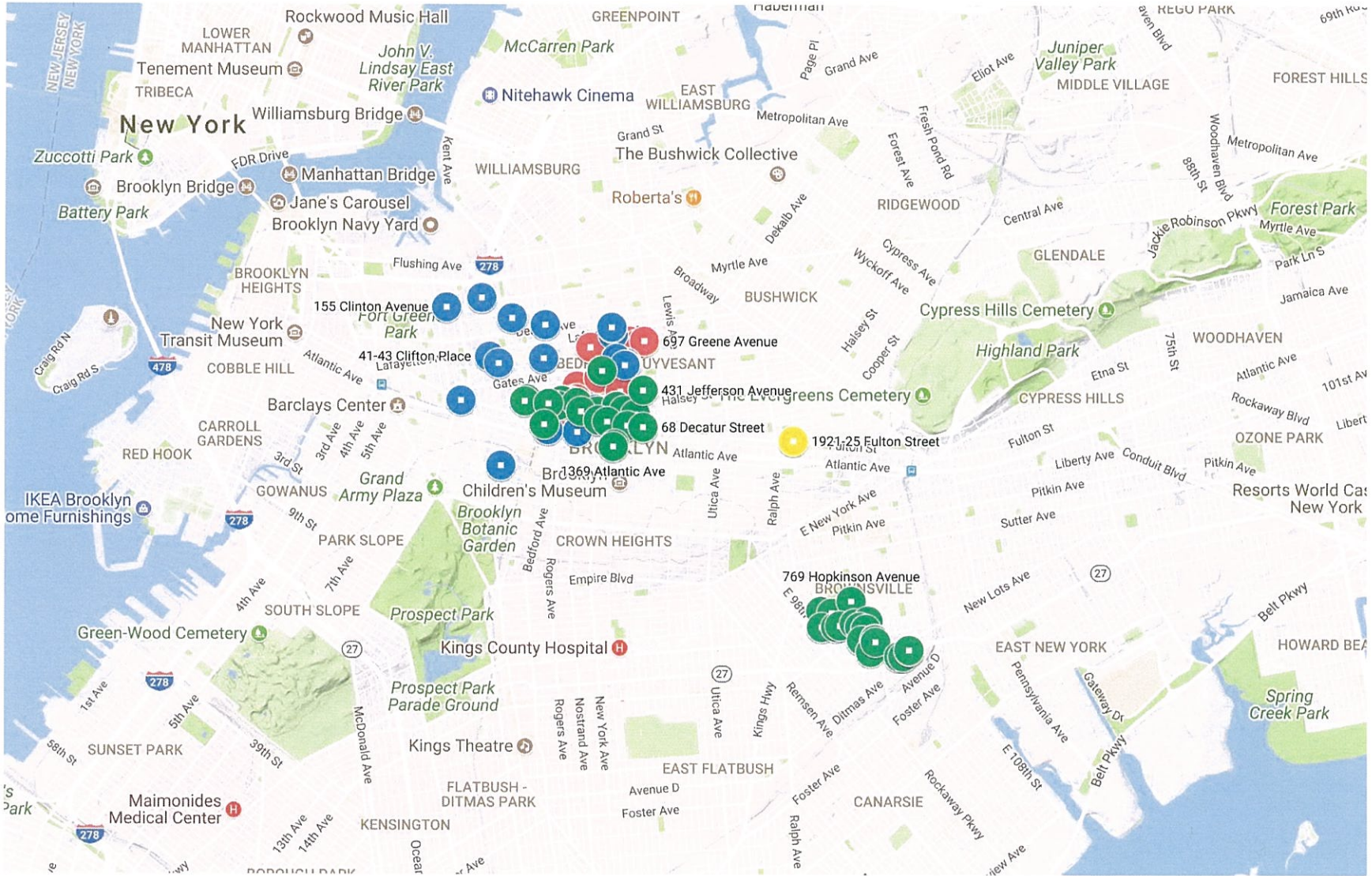
- CTA Architects
- Notias General Contracting
- Moderate renovations with tenants in place
- Creates energy efficiency and improved conditions for tenants

Scope of work includes

- Roof replacement or resealing
- New boilers and controls
- Façade repointing and resealing
- Select kitchen and BR alterations
- Interior painting
- Sidewalk and stoop repairs
- Solar panels on 28 rooftops
- 67 DOB filings, 10 LPC filings



Questions



Appendix

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Rick Groppa

Address: 32 EAST 21ST STREET

I represent: CAMBER PROPERTY GROUP

Address: 11

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 265 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Denise St. Just Cordero

Address: _____

I represent: HPD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 265 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Seth Bynum

Address: _____

I represent: HPD

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 265 Res. No. _____

in favor in opposition

Date: 12/3

(PLEASE PRINT)

Name: Peter Madden

Address: _____

I represent: JOE NYC

Address: 588 Broadway, NY, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 266 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Genevieve Michel

Address: _____

I represent: HPD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 266 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Dara Yaskil

Address: _____

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 275 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Jenna Breiner

Address: _____

I represent: HPD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 279 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Vlenda Simmons

Address: _____

I represent: HPD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 279 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Genevieve Michel

Address: _____

I represent: HPD

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 265 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Charlie Stuart

Address: _____

I represent: St Nicks Alliance

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 265 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Lacey Tauber

Address: _____

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms