

TUDOR REALTY SERVICES CORP.

FOR THE RECORD

**STATEMENT IN SUPPORT OF MAPLE COURT HDFC REQUEST FOR TAX EXEMPTION (SECTION 577 OF THE PRIVATE HOUSING FINANCE LAW)**

TO: Committee Members, Andrew Cohen, Darlene Mealy, Inez Dickens, Mark Treyger, and Ydanis Rodriguez:

Maple Court HDFC was built with the intention of providing affordable housing for long time neighborhood residents. Since it opened nearly 20 years ago, it has served that purpose well, providing home ownership responsibilities and advantages to all who reside there.

One of the components that made Maple Court affordable was the 421A real estate tax exemption. With the exemption in place, maintenance expense could remain within the range that was attainable by its residents.


That exemption phases out starting in 2017, and ultimately, the coop will be taxed at the full rate and assessed valuation. The impact of this expense will render apartments unaffordable for most of the current shareholders and would thus defeat the original purpose of providing affordable housing.

Maple Court HDFC has therefore requested that you consider granting Shelter Rent status to commence at the expiration of the tax exemption.

Maple Court is in the process of negotiating a refinance of its mortgage. Part of the consideration for a new mortgage is the issue of the increasing real estate tax burden. The financing must be structured to provide for the additional tax expense as the 421A expires. This in itself will require increases in the maintenance expense to cover the cost of the increasing tax burden.

If the Shelter Rent status is achieved, Maple Court will be able to continue to remain affordable and provide opportunities for neighborhood residents to remain.

Respectfully submitted:

  
David Goodman  
Tudor Realty Services Corp.  
As Agent For Maple Court HDFC  
June 17, 2014

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Licensed Real Estate Broker

**Testimony to New York City Council Subcommittee on Planning, Dispositions and  
Concessions on June 17, 2014**

Given by  
**Gabriela T. Richard**  
**Treasurer, Board of Directors**  
**Maple Court HDFC (Housing Development Fund Corporation)**

On behalf of  
**The Shareholders of Maple Court HDFC**

A request for  
**Modification to a previously approved project to grant a real property tax exemption pursuant to  
Section 577 of the Private Housing Finance Law for property located at 51 East 122nd Street  
(Block 1748, Lot 1), Borough of Manhattan, Community District 11, Council District 9**

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Dear Committee Members, Andrew Cohen, Darlene Mealy, Inez Dickens, Mark Treyger, and  
Ydanis Rodriguez:

I am testifying here today on behalf of the low and moderate income shareholders of Maple Court HDFC, an Article 11 cooperative in East Harlem, established in 1996 as an affordable cooperative housing development for community residents. Specifically, we are requesting an exemption in property taxes, commonly known as “shelter rent” (i.e., Section 577 of the Private Housing Finance Law) in order to remain affordable to our limited income shareholders, as well as remain viable as a cooperative.

We currently receive a partial real estate tax exemption under the 421-a program, which will expire on June 30, 2021. The 421-a grants us a substantial exemption so that we pay about \$35,000 a year in taxes. We are not allowed to withdraw early from the 421-a, or have a concurrent exemption in place during the phase out period. However, between now and 2021, when our exemption ends, specifically starting in 2017, our exemption will start to phase out, resulting in annual increases of \$200,000 until our annual tax obligation reaches approximately \$1 million dollars in 2021. However, during that time, we will still have several more years remaining on our current mortgage, held by HDC, to which we pay almost \$1 million a year in monthly installments of \$75,064.

Below is a chart our cooperative’s annual tax obligation, starting in 2017:

2017: \$200,000  
2018: \$400,000  
2019: \$600,000  
2020: \$800,000  
2021: \$1,000,000

In addition to day-to-day expenses of operating a cooperative, we have expended substantial sums addressing damage caused by water penetration resulting from structural defects in the initial construction of our development. In fact, since I came on the board, in 2004, we have spent close to \$1 million dollars on exterior and interior repairs, mold and mildew remediation, and roof repair

related to these original construction deficiencies. This doesn't include the cost of repair for substandard or missing plumbing and sewage pipes and drains.

While we have implemented reasonable maintenance increases, we have only been able to address repairs in a piecemeal fashion, as well as keep up with inflation and our steadily increasing building expenses (such as utilities, insurance, etc.) and maintain our affordability. A substantial portion of our reserves has been used to address the structural work over the years, including extensive roof repair and remediation after Hurricane Irene. While we still maintain healthy reserves, which have mainly been regulated by HDC for structural repairs, they cannot be used for the level of operating increases that will be generated by the increases in taxes.

Council Member Inez Dickens and the City Council generously supported our application for \$1.2 million dollars in City Council capital funding, allocated over a 2-year period, the proceeds of which we anticipate will be processed through HPD as a loan (grant) with no debt service payments. In conjunction with the grant, we have committed to extend our affordability restrictions, something the vast majority of our shareholders strongly supported. However, while the grant will help address the majority of our much needed structural repairs, we still need to address our expiring partial tax exemption. We have been working diligently for the past five years with various private lenders, HUD and HDC to see if there is a way to restructure our expenses to cover what will essentially be \$1 million in increased annual expenses, while other major expenses remain. We were unable to secure refinancing because lenders were concerned by the expiring real estate tax exemption, which would mean committing to double maintenance for all shareholders in less than a 10-year period.

We appealed to HDC, as our mortgage-holder, to consider options to keep us affordable, as well as address our needs as a low and moderate-income building. HDC has offered us a refinancing option structured to cover the increased tax obligations between 2017-2021, as well as some of the additional money needed for addressing the structural repairs (which will not be fully covered by the City Council capital funding grant proceeds). As a part of the HDC refinancing, Maple Court will agree to further extend its affordability restrictions. **Importantly, HDC's refinancing proposal assumes that the 577-tax exemption HPD has requested on our behalf will be granted.** We are hoping to close on our refinancing with HDC no later than July 2014 so that we can address all necessary structural work during this construction season and establish our long term viability as an affordable development as soon as possible. However, the closing and restructuring cannot occur without the requested 577 partial tax exemption. I have included HDC's refinancing proposal with this testimony.

With the 577-tax exemption, we would be able to remain affordable and self-sufficient for years to come. The HDC refinancing and the 577-tax exemption would enable us to not only cover our current expenses and remedial work, but also be able to build up a healthy financial structure to maintain and address future structural needs, while remaining affordable for our limited-income shareholders.

We hope that you will support HPD's request submitted on our behalf for a 577 exemption from real property taxes. We thank you for your time and consideration of our request.

Sincerely,

Gabriela Richard

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 71 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Artie Pearson, Director of Land Use

Address: Ariel Lipper

I represent: HPD

Address: 100 Gold Street

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 83 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Artie Pearson, Director of Land Use

Address: Kimberly Danga, Asst. Comm

I represent: HPD

Address: 100 Gold Street

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 93 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Artie Pearson, Director of Land Use

Address: Jack Hammen, Director of Brooklyn

I represent: HPD Planning

Address: 100 Gold Street

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 909/92 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Artie Pearson, Director of Land Use

Address: Kimberly Danga, Asst. Comm

I represent: HPD

Address: 100 Gold St.

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THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 93 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Ray Hodges

Address: HPD - 100 Gold Street

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 80 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/17/2014

(PLEASE PRINT)

Name: Arttimeche Pearson Director of Land Use

Address: Kimberly Danga, Asst. Commissioner

I represent: HPD - 100 Gold Street

Address: \_\_\_\_\_

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 75+76 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Artie Pearson Director Land Use

Address: Thebba Walters, Director of Manhattan Planning

I represent: HPD

Address: 100 GOLD Street

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: 6-17-14

(PLEASE PRINT)

Name: Thebba Walters

Address: 100 Gold St

I represent: HPD

Address: \_\_\_\_\_

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: BENJAMIN WARKER

Address: 11 HARBOR SQUARE SUITE 701 NYC 10005

I represent: Alembic Community Development

Address: \_\_\_\_\_

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

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

LU-697

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/17/14

(PLEASE PRINT)

Name: ARLO CHASE

Address: 305 7th AVENUE

I represent: SERVICES FOR UNDERSEAL

Address:

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

LV71

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/17/14

(PLEASE PRINT)

Name: GABRIELA RICHARD

Address: 1901 MADISON AVE #512, NY, NY

I represent: MAPLE COURT HDFC

Address: 1901 MADISON AVE NY, NY 10035

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

L.4.78

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6-17-2014

(PLEASE PRINT)

Name: Charles Powell

Address: 2004 West 136th St. NY NY 10030

I represent: Carstar Home & Home Dev. Corp.

Address: 2004 W. 136th St NY NY 10030