City of New York

DEPARTMENT OF

HOUSING PRESERVATION AND DEVELOPMENT

100 GOLD STREET, NEW YORK, N.Y. 10038

nyc.gov/hpd

**ADOLFO CARRIÓN JR.**

**Commissioner**

Honorable Adrienne Adams August 15, 2022

Speaker of the Council

City Hall

New York, New York 10007

Attention: Jonathan Ettricks

Re: 1730 Harrison LLC.YR15.FY23

Block 2867, Lot 70

Bronx, Community District No. 5

Council District No. 14

Dear Madam Speaker:

The referenced property (“Exemption Area”) contains one multiple dwelling known as 1730 Harrison LLC.YR15.FY23 which will provide rental housing for low income families.

Under the proposed project, 1730 Harrison Housing Development Fund Company, Inc. (“HDFC”) will acquire the Exemption Area and 1730 Harrison LLC (“Company”) will be the beneficial ownerand willoperate the Exemption Area. The HDFC and the Company (collectively, “Owner”) will enter into a regulatory agreement with HPD establishing certain controls upon the operation of the Exemption Area.

The Exemption Area currently receives an exemption from (but not an abatement of) real property taxation pursuant to Section 489 of the Real Property Tax Law (“J-51 Benefits”). In order to ensure the continued affordability of the Exemption Area, HPD is requesting an Article XI exemption for the Exemption Area that will be reduced by an amount equal to any concurrent J-51 Benefits.

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:

* 1. “Company” shall mean 1730 Harrison LLC or any other entity that acquires the beneficial interest in the Exemption Area with the prior written consent of HPD.
  2. “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.
  3. “Exemption” shall mean the exemption from real property taxation provided hereunder.
  4. “Exemption Area” shall mean the real property located in the Borough of the Bronx, City and State of New York, identified as Block 2867, Lot 70 on the Tax Map of the City of New York.
  5. “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.
  6. “Gross Rent” shall mean the gross potential rents from all residential, commercial, community facility units on the Exemption Area without regard to whether such units are occupied or vacant, including, but not limited to, Section 8, rent supplements, rental assistance, or any other subsidy.
  7. “Gross Rent Deadline” shall mean three hundredand sixty-five (365)days from the date of theHPD letterrequestingthe information that HPD needs to calculate the Gross Rent Tax for the applicable tax year.
  8. “Gross Rent Tax” shall mean, with respect to any tax year, an amount equal to five percent (5%) of the Gross Rent in such tax year; provided, however, that if the Owner fails to provide the Gross Rent on or before the Gross Rent Deadline, Gross Rent Tax shall mean an amount equal to real property taxes that would otherwise be due in such tax year in the absence of any form of exemption from or abatement of real property taxation.
  9. “HDFC” shall mean 1730 Harrison Housing Development Fund Company, Inc. or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
  10. “HPD” shall mean the Department of Housing Preservation and Development of the City of New York.
  11. “J-51 Benefits” shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law which are in effect on the Effective Date.
  12. “Owner” shall mean, collectively, the HDFC and the Company.
  13. “Regulatory Agreement” shall mean the regulatory agreement between HPD and the Owner that is executed on or after May 1, 2022 and that establishes certain controls upon the operation of the Exemption Area during the term of the Exemption.

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 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 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 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 shallonly apply to a building on the Exemption Area that exists on the Effective Date.

c. Nothing herein shall entitle the HDFC, the Owner, or any other person or entity 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. Notwithstanding the foregoing, (a) nothing herein shall prohibit the granting of any real property tax abatement pursuant to Sections 467-b or 467-c of the Real Property Tax Law to real property occupied by senior citizens or persons with disabilities, and (b) the J-51 Benefits shall remain in effect, but the Exemption shall be reduced by the amount of such J-51 Benefits.

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,

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Adolfo Carrión Jr.