

**THE COUNCIL OF THE CITY OF NEW YORK**

September 14, 2022

TO: Hon. Justin Brannan

Chair, Finance Committee

Members of the Finance Committee

FROM: Jim Caras, Special Counsel

RE: Finance Committee Agenda of September 14, 2022 – Resolutions approving tax exemptions for three Land Use item (Council Districts 8 (1 Item), and 14 (2 items)

**Item 1: 3300 Palmer Avenue**

The project consists of two buildings with a total of 135 residential units located in the Coop City neighborhood of the Bronx. Of the 135 units, there are seven one-bedroom units, 83 two-bedroom units, and 45 three-bedroom units (one of which is reserved for the superintendent). The units are all rent stabilized and four are vacant.

The project was built in 1999 with construction financing from HDC and a 421-a tax exemption. That same year, HDC entered into a 25-year Regulatory Agreement with the sponsor. The regulatory agreement will expire in 2025 with the expiration of the 421-a tax exemption, after which the owner would have the opportunity to destabilize the units.

The New York City Department of Housing Preservation and Development (HPD) is requesting that the Council approve a 40-year partial tax exemption to preserve long term-affordability and viable operations. The regulatory agreement will require all units to be rent stabilized and rent restricted during the 40-year term. Upon approval of an Article XI tax exemption, the 421-a tax exemption would expire.

*Summary*

* Borough – Bronx
* Block 5228, Lots 12 and 41
* Council District – 12
* Council Member – Riley
* Council Member approval – Yes
* Number of buildings – 2
* Number of units – 135
* Type of exemption – Article XI, partial 40-years
* Population – affordable rental housing
* Sponsor – YMY Acquisitions, LLC
* Purpose – preservation
* Cost to the City – $10.76 (present value)
* Housing Code Violations:
  + Class A – 16
  + Class B – 31
  + Class C - 20
* AMI targets – 80 units at 75% AMI; 16 units at 80% AMI; and 38 units at 100% AMI.

**Item 2: 1700 Harrison Avenue:**

The project consists of one six-story walk-up building with 79 units located in the West Tremont neighborhood of the Bronx. The building contains eight one-bedrooms, 48 two-bedrooms, and 22 three-bedrooms, plus one two-bedroom superintendent unit.

This building and 1730 Harrison Avenue (Item 3 below) have been owned by one legal entity, 1700 Harrison LLC, but they have had separate regulatory agreements and currently hold separate mortgages. HPD considers each a separate project and is seeking separate Article XI tax exemptions for each.

Under the proposed project, a new HDFC will acquire title to the building, with 1700 Harrison LLC being the beneficial owner and operating the property.

HPD is requesting the Council approve a partial 40-year tax exemption with a 40-year Regulatory Agreement expanding rent restrictions to all units in the building from the current restriction of 48% of units. The Regulatory Agreement will also add a 10 percent homeless set-aside and there will be a requirement on the owner to provide certain in-unit accommodations pursuant to HPD’s Aging-in-place initiative.

The project currently has a J-51 property tax exemption which will remain for rent stabilization purposes but the Exemption will be reduced by the amount of the J-51 benefits.

*Summary:*

* Borough – Bronx
* Block 2867, Lot 60
* Council District – 14
* Council Member – Sanchez
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 79 (including one superintendent unit)
* Type of exemption – Article XI partial, 40 years
* Population – affordable rental housing
* Sponsor – Langsom Property Services
* Purpose – preservation
* Cost to the city – $3.8 million (present value)
* Housing Code Violations

o Class A – 14

o Class B – 11

o Class C – 0

* AMI targets – 21 units at 50% of AMI; 33 units at 60% of AMI; 21 units at 70% of AMI; and 3 units at 80% of AMI.

**Item 3: 1730 Harrison Avenue**

The project consists of one five-story elevator building located in the West Tremont area of the Bronx. The building has 77 units, including one superintendent unit. It contains one studio, 28 one-bedrooms, 43 two-bedrooms, and four three-bedrooms, plus one three-bedroom superintendent unit. The project has commercial spaces used as a barber shop and health center which would remain taxable.

This building and 1700 Harrison Avenue (Item 2 above) have been owned by one legal entity, 1700 Harrison LLC, but they have had separate regulatory agreements and hold separate mortgages. HPD considers each a separate project and is seeking separate Article XI tax exemptions for each.

Under the proposed project, a new HDFC will acquire title to the building, with a new LLC as the beneficial owner which will operate the building. As with Item 2, both beneficial owners are affiliates of the same sponsor, Langsom Property Services.

HPD is requesting the Council approve a partial 40-year tax exemption with a 40-year Regulatory Agreement expanding rent restrictions to all units in the building from the current restriction of 48% of units. The Regulatory Agreement will also add a 10 percent homeless set-aside and there will be a requirement on the owner to provide certain in-unit accommodations pursuant to HPD’s Aging-in-place initiative.

The project currently has a J-51 property tax exemption which will remain for rent stabilization purposes but the Exemption will be reduced by the amount of the J-51 benefits.

Summary:

* Borough – Bronx
* Block 2867, Lot 60
* Council District – 14
* Council Member – Sanchez
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 77 (including one superintendent unit)
* Type of exemption – Article XI partial, 40 years
* Population – affordable rental housing
* Sponsor – Langsom Property Services
* Purpose – preservation
* Cost to the city – $3.1 million (present value)
* Housing Code Violations

o Class A – 21

o Class B – 10

o Class C – 12

* AMI targets – 14 units at 50% of AMI; 50 units at 60% of AMI; 11 units at 70% of AMI; and 1 unit at 80% of AMI.