



Department of
Housing Preservation
& Development

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MARIA TORRES-SPRINGER
Commissioner

Office of the Commissioner
100 Gold Street
New York, NY 10038

FEB 14 2019

Honorable Corey Johnson
Speaker of the Council
City Hall
New York, New York 10007
Attention: Jonathan Ettricks

Re: Block 1553, Lot 41
Manhattan, Community District No. 8
Council District No. 5

Dear Mr. Speaker:

The referenced property ("Exemption Area") will contain one multiple dwelling which will provide rental housing for low income families.

On October 26, 2016, ADHP Housing Development Fund Company, Inc. ("HDFC") acquired the fee interest in the Exemption Area and 316 E 91 ST LLC ("Company"), a limited liability company, is the beneficial owner and operates the Exemption Area. The HDFC and the Company (collectively, "Owner") financed the acquisition and construction of the Exemption Area with a loan from a private lending institution. The Owner and the Department of Housing Preservation and Development ("HPD") entered into an Inclusionary Housing Regulatory Agreement ("Regulatory Agreement") dated October 26, 2016. The Regulatory Agreement establishes certain controls upon the operation of the Exemption Area.

The Exemption Area currently does not receive any exemption from real property taxation. In order to facilitate the project, 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. "Company" shall mean 316 E 91 ST LLC or a limited liability company that acquires the beneficial interest in the Exemption Area with the approval of HPD.
 - b. "Effective Date" shall mean October 26, 2016.
 - c. "Effective Gross Income" shall mean the amount of income generated by operating the Exemption Area less vacancy losses of up to five percent (5%).
 - d. "Effective Gross Income Tax" shall mean an amount equal to twenty percent (20%) of the Effective Gross Income in the tax year in which such real property tax payment is made.
 - e. "Exemption" shall mean the exemption from real property taxation provided hereunder.
 - f. "Exemption Area" shall mean the real property located in the Borough of Manhattan, City and State of New York, identified as Block 1553, Lot 41 on the Tax Map of the City of New York.
 - g. "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



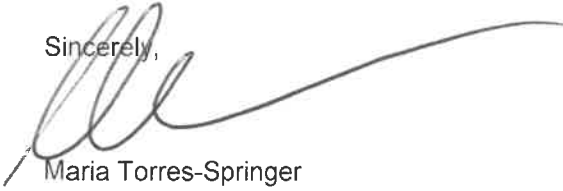
Agreement, or (iii) the date upon which the Exemption Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company.

- h. "HDFC" shall mean ADHP Housing Development Fund Company, Inc. or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - i. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - j. "Owner" shall mean, collectively, the HDFC and the Company.
 - k. "Regulatory Agreement" shall mean the Inclusionary Housing Regulatory Agreement between HPD and the Owner dated October 26, 2016 establishing 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 Effective Gross Income 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 shall only apply to a building in the Exemption Area that has a permanent certificate of occupancy or a temporary certificate of occupancy for all of the residential areas on or before three years from the Effective Date.
 - c. Nothing herein shall entitle the HDFC, the Owner, or any past owner 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, for so long as the 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,



Maria Torres-Springer