March 28, 2019

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of March 28, 2019 – Resolutions approving a tax exemption for two Land Use items (Council Districts 2 and 30)

**Item 1: 368 East 8th Street**

368 East 8th Street (“Exemption Area”) is a multiple dwelling, co-operative building built in 1923, which provides homeownership housing for low income families. The New York City Department of Housing Preservation and Development (“HPD”) is requesting a full, 32-year Article XI property tax exemption for the Exemption Area to allow for moderate rehabilitation of the building; to amend the Certificate of Incorporation of the Housing Development Fund Corporation (“HDFC”); and to provide a new full Article XI tax exemption. The current owner and operator, Tenants of 368 East 8th Street HDFC, acquired the Exemption Area in 1975 and will change its name upon financing to 368 East 8th Street HDFC. The HDFC will finance the rehabilitation of the Exemption Area with loans from HPD and the New York City Housing Development Corporation (“HDC”). The HDFC and HPD will enter into a regulatory guaranteeing that apartments will be sold only to households earning up to 120% of the Area Median Income (“AMI”).

Currently, the Exemption Area receives an exemption from real property taxation pursuant to Section 577 of the Private Housing Finance Law that will expire in 2039. In order to facilitate the project, the prior exemption would be terminated and replaced with a new exemption from real property taxation that is coterminous with the term of the new HPD and HDC loans.

Summary:

* Borough – Manhattan
* Block 377, Lot 16
* Council District – 2
* Council Member - Rivera
* Council Member approval – Yes
* Number of buildings – 1
* Number of units –29 residential units and 3 commercial units
* Type of exemption – Article XI, full, 32 years
* Population – affordable cooperative housing
* Sponsor – Tenants of 368 East 8th Street HDFC; 368 East 8th Street HDFC
* Purpose – preservation
* Cost to the City - $856,739
* Housing Code Violations – N/A
* AMI targets - 120% AMI

**Item 2: Glendale Apartments**

The Glendale Apartments (“Exemption Area”) was constructed in 1928 and serves as a three contiguous, multifamily residential buildings located at 71-15, 71-21, and 71-27 65th Street in the Glendale neighborhood of Queens.

HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption for the Exemption Area to preserve the affordability of the rental units. Under the proposed project, Selfhelp Glendale HDFC will acquire the Exemption Area and Rockabill 65th Street LLC will become the beneficial owner and will operate the Exemption Area. The HDFC and the LLC will finance the acquisition and rehabilitation of the Exemption Area with loans from HPD and a private lending institution. The HDFC, the LLC, and HPD will enter into a regulatory agreement guaranteeing that 11 apartments will be rented only to households earning up to 50% of AMI, 10 apartments will be rented only to households earning up to 70% of AMI, 24 apartments will be rented only to households earning up to 85% of AMI, and 26 apartments will be rented only to households earning up to 105% of AMI.

Currently, the Exemption Area currently does not receive any exemption from real property taxation. In order to facilitate the project, HPD is requesting the Exemption Area be provided with an exemption from real property taxation that is coterminous with the 40-year term of the new regulatory agreement.

Summary:

* Borough – Queens
* Block 3676, Lots 31, 34, and 37
* Council District – 30
* Council Member – Holden
* Council Member approval – Yes
* Number of buildings – 3
* Number of units – 72
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – Rockabill Development LLC; Selfhelp Glendale Housing Development Fund Company, Inc.
* Purpose – preservation
* Cost to the City – $5.1M
* Housing Code Violations
  + Class A – 4
  + Class B – 23
  + Class C – 8
* AMI targets – 11 units at 50% AMI, 10 units at 70% AMI, 24 units at 85% AMI, and 26 units at 105% AMI