October 30, 2019

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Noah Brick, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of October 30, 2019 – Resolutions approving a tax exemption for three Land Use items (Council Districts 1 and 9)

**Item 1: Knickerbocker Village**

Knickerbocker Village is an affordable housing development consisting of 12 buildings containing 1,590 residential rentals units and 18 commercial units located in Lower Manhattan. It was developed in 1926 by a limited dividend housing corporation under a precursor to Article IV of the Private Housing Finance Law. Its initial tax abatement expired in 1954 and it presently receives no tax benefits. It remains regulated as a limited dividend housing corporation, with apartment rents determined by the New York State Division of Housing and Community Renewal (DHCR) according to a budget-based formula, and with income limits set as a multiple of rents. An attempt dissolve the limited dividend housing corporation and privatize the apartments in a co-op conversion was blocked by a court in 2006 which found that State law does not permit dissolution of pre-1962 limited dividend housing corporations.

In 2003, the State legislature created the option of extending a discretionary tax abatement of up to 50 years to any Article IV limited dividend housing corporation. The Department of Housing Preservation and Development (HPD) is requesting that the Council approve a partial, 50-year Article IV property tax exemption. This tax exemption is intended to have the effect of lowering future rent increases when DHCR applies the budget-based formula to determine the rents.

Summary:

* Borough – Manhattan
* Block 253, Lot 1
* Council District – 1
* Council Member – Chin
* Council Member approval –Yes
* Number of buildings – 12
* Number of units – 1,590 (including 2 superintendent units)
* Type of exemption – Article IV, partial, 50 years
* Population – affordable rental housing
* Sponsor – Cherry Green Property Corp., Knickerbocker Village, Inc.
* Purpose – preservation
* Cost to the city - $3.5 million
* Housing Code Violations
  + Class A – 4
  + Class B – 17
  + Class C – 7
* AMI target – N/A

**Item 2: Strivers Plaza**

Strivers Plaza is a scattered site project located in Central Harlem and comprised of nine mixed-use buildings that contain 117 residential units, eight commercial units, and four community facilities. The residential units include 14 studio units, 57 one-bedroom units, and 46 two-bedroom units (inclusive of one superintendent unit).

The buildings are owned and managed by the Greater Harlem Housing Development Corp. (GHHDC). GHHDC will enter into a nominee agreement with Greater Harlem Housing Development Fund Corporation (HDFC) to transfer the property to the HDFC, while GHHDC will remain the beneficial owner and operator. GHHDC and the HDFC will finance a moderate rehabilitation addressing the buildings’ energy and water efficiency needs with previously-allocated City Council discretionary capital funding as well as loans from HPD and a private lending institution.

HPD is requesting that the Council approve a full 40-year tax exemption to support affordability. GHHDC and the HDFC would enter into a regulatory agreement with HPD that would require that apartments be rented only to households earning less than 120 percent of Area Median Income (AMI).

Summary:

* Borough – Manhattan
* Block 1940, Lots 3 and 39; Block 1941, Lots 3, 11, 12, 13, 14 and 36; Block 1959, Lots 56 and 58
* Council District – 9
* Council Member – Perkins
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 117 (including 1 superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – Greater Harlem Housing Development Corp., Greater Harlem HDFC
* Purpose – preservation
* Cost to the city - $6.9 million
* Housing Code Violations
  + Class A – 44
  + Class B – 126
  + Class C – 25
* AMI target – 120% of AMI

**Item 3: St. Nicholas Manor Apartments**

St. Nicholas Manor Apartment is an affordable housing development in located in Central Harlem comprised of two buildings that contain 112 residential units and five commercial spaces. The residential units include 11 studio units, 46 one-bedroom units, 47 two-bedroom units (inclusive of one superintendent unit), and eight three-bedroom units.

The beneficial owner and operator of the project is 680 St. Nicholas Owner LLC while HP 680 St. Nicholas Housing HDFC owns the property. The project is subject to a Housing Assistance Payments (HAP) Section 8 contract, under which tenants pay a fixed portion their income in rent and the United States Department of Housing and Urban Development (HUD) makes payments to the landlord for any remaining markup-to-market contract rent.

HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption. The HDFC and the LLC would finance a rehabilitation of the buildings with a mortgage insured by HUD, supported by the tax savings. The HDFC would enter into a regulatory agreement with HPD that would require that vacant apartments be rented only to households earning less than 50 percent of AMI. Eligible tenants will continue receive Section 8 rental assistance.

Summary:

* Borough – Manhattan
* Block 2051, Lot 54
* Council District – 9
* Council Member – Perkins
* Council Member approval –Yes
* Number of buildings – 2
* Number of units – 112 (including 1 superintendent unit)
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – 680 St. Nicholas Owner LLC, HP 680 St. Nicholas Housing HDFC, Fairstead
* Purpose – preservation
* Cost to the city - $4.5 million
* Housing Code Violations
  + Class A – 3
  + Class B – 22
  + Class C – 6 (resolved and pending clearance)
* AMI target – 50% of AMI