December 19, 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 December 19, 2019 – Resolutions approving a tax exemption for five Land Use items (Council Districts 7, 13, 14, 15, and 17)

**Item 1: William R. Anderson**

William R. Anderson Housing Development Fund Company (HDFC) is a two-building project comprised of 32 apartments and one commercial unit in Hamilton Heights. The first property, 1638 Amsterdam Avenue, is a five-story building that contains nine three-bedroom units and one ground-floor commercial space. The second property, 93 Hamilton Place, consists of six one-bedroom units, four two-bedroom units, 11 three-bedroom units, and two four-bedroom units (inclusive of one superintendent unit).

The Department of Housing, Preservation, and Development (HPD) anticipates providing the HDFC with approximately $1.1 million in subsidy for moderate rehabilitation work, including roof replacement, asbestos abatement, façade repairs, masonry work, window replacement, and plumbing, energy efficiency and water conservation upgrades. The HDFC would be the borrower and West Harlem Group Assistance, Inc. (WHGA) would come on as the project sponsor, managing agent, and beneficial owner.

The HDFC has had a partial Article XI tax exemption since 1994 and a full exemption since 1999, which is set to expire in 2027. HPD is requesting that the Council approve a full, 32-year Article XI exemption to replace the prior exemption. HPD would enter into an amended and restated regulatory agreement with the HDFC and WHGA for the same 32-year term. That agreement would require that 18 units be leased to households with incomes up to 50% of the Area Median Income (AMI), 10 units be leased to households with incomes up to 60% of AMI, and three units be leased to households with incomes up to 80% of AMI. Three of these units would be reserved for referrals of formerly homeless families.

Summary:

* Borough – Manhattan
* Block 2072, Lot 36; Block 2073, Lot 25
* Council District – 7
* Council Member – Levine
* Council Member approval –Yes
* Number of buildings – 2
* Number of units – 32 (inclusive of 1 superintendent unit)
* Type of exemption – Article XI, full, 32 years
* Population – affordable rental housing
* Sponsor – West Harlem Group Assistance, Inc.
* Purpose – preservation
* Cost to the city - $1 million
* Housing Code Violations
  + Class A – 20
  + Class B – 28
  + Class C – 7
* AMI target – 18 units at 50% AMI, 10 units at 60% AMI and three units at 80% AMI

**Item 2: 1632 Hutchinson River Parkway East**

HP Hutchinson River Parkway HDFC.HPO.FY20 consists of a single building containing 44 apartments located at 1632 Hutchinson River Parkway East in Pelham Bay. These 44 apartments include two studios, 12 one-bedroom units, and 30 two-bedroom units.

The property was constructed in 2005 and it currently receives a 421-a property tax abatement that expires on July 1, 2020. HPD is requesting that the Council approve a partial, 40-year Article XI exemption to replace the expiring abatement. Beechwood Hutchinson Management Company, LLC would remain the beneficial owner and would transfer the exemption area to HP Hutchinson River Parkway HDFC. HPD would enter in a regulatory agreement with the LLC and the HDFC that would require that 16 units be leased to households with incomes up to 80% of AMI and 28 units be leased to households with incomes up to 95% of AMI. Five of these units would be reserved for referrals of formerly homeless families. The HDFC and LLC would at their expense conduct aging-in-place apartment upgrades for tenants who request them.

Summary:

* Borough – Bronx
* Block 4153, Lot 8
* Council District – 13
* Council Member – Gjonaj
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 44
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – Beechwood Hutchinson Management Company, LLC
* Purpose – preservation
* Cost to the city - $3.1 million
* Housing Code Violations
  + Class C – 1
* AMI target – 16 units at 80% AMI, 28 units at 95% AMI

**Item 3: 1414 Walton Avenue**

1414 Walton Ave.Pillars.FY20 consists of a single 60-unit building at 1414 Walton Ave in Mount Eden. Its 60 apartments consist of eight studios, 35 one-bedroom units, 12 two-bedroom units (inclusive of superintendent unit), and five three-bedrooms.

ELH Management LLC acquired the building in June 2019 through its subsidiary 1414 Walton LLC with a Community Preservation Partnership (CPC) acquisition bridge loan and granted the exemption area to 1414 Walton HDFC. At acquisition closing, the HDFC and HPD entered into a regulatory agreement. At permanent closing, the HDFC will replace its CPC bridge debt with a loan from the New York City Housing Development Corporation (HDC). Following closing, the HDFC will receive a private loan to complete moderate rehabilitation work including plumbing and electric upgrades and boiler repair.

HPD is requesting that the Council approve a full, 40-year Article XI exemption. HPD, HDC and the HDFC would enter into a superseding 40-year regulatory agreement that would require that 13 units be leased to households with incomes up to 50% of AMI, 19 units be leased to households with incomes up to 60% of AMI, 14 units be leased to household with incomes up to 80% of AMI and 13 units be leased to household with incomes up to 90% of AMI. Half of each tranche of units would remain permanently affordable through the expiration date of the agreement and 18 of the units would be reserved for referrals of formerly homeless families.

Summary:

* Borough – Bronx
* Block 2843, Lot 74
* Council District – 14
* Council Member – Cabrera
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 60
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental
* Sponsor – ELH Management LLC, 1414 Walton LLC
* Purpose – preservation
* Cost to the city - $2.7 million
* Housing Code Violations
  + Class A – 3
  + Class B – 11
  + Class C – 1
* AMI targets – 13 units at 50% AMI, 19 units at 60% AMI, 14 units at 80% AMI and 13 units at 90% AMI.

**Item 4: 254 East 184 Street**

254 E 184 St HDFC.GHPP.FY20 consists of a single building containing 24 apartments located at 254 East 184th Street in Fordham. The 24 apartments include four one-bedroom units, 13 two-bedroom units, and 7 three-bedroom units.of the units are shareholder-owned and nine are rentals. HPD proposes to subsidize moderate rehabilitation, including roof replacement, window replacement, domestic host water heater and storage tank replacement, boiler replacement, façade repointing, and electrical upgrades, as well as the energy and water efficiency needs of the building.

The HDFC currently receives a Division of Alternative Management (DAMP) tax exemption, which would be terminated. HPD is requesting that the Council approve a full, 40-year Article XI exemption. HPD and the HDFC would enter into a 40-year regulatory agreement that would require that vacant units be available to households earning up to 120% of AMI, as well as several other conditions: that the five rental units be sold upon turnover, that a coop monitor be hired prior to closing to ensure compliance with the regulatory agreement, that the HDFC retains a property manager for the entirety of the regulatory agreement period, that the HDFC deposit 5% of its effective gross income monthly into a reserve account, and that the HDFC increase maintenance fees by at least 2% each year.

Summary:

* Borough – Bronx
* Block 3151, Lot 28
* Council District – 15
* Council Member – Torres
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 24
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership
* Sponsor – 254 East 184 Street HDFC
* Purpose – preservation
* Cost to the city - $1 million
* Housing Code Violations
  + Class A – 59
  + Class B – 104
  + Class C – 8
* AMI target – 120% AMI

**Item 5: Evergreen and Tiebout Pillars**

Evergreen and Tiebout, LLC.Pillars.FY20 consists of two buildings located at 2240 Tiebout Avenue in Fordham and at 1160 Evergreen Avenue in Soundview. The buildings contain 120 apartments, including 80 one-bedroom units, 35 two-bedroom units (inclusive of two superintendent units, one in each building), and five three-bedroom units.

Evergreen Tiebout HDFC acquired these buildings in July 2019 with a CPC acquisition bridge loan. At acquisition closing, the HDFC and HPD entered into a regulatory agreement. At permanent closing, the HDFC will replace its CPC bridge debt with a loan from HDC and receive HPD subsidy to complete moderate rehab work, including window replacement, façade repointing, and elevator replacement.

HPD is requesting that Council approve a full, 40-year Article XI exemption. HPD, HDC and the HDFC would enter into a superseding 40-year regulatory agreement that would require that 18 units be leased to households with incomes up to 50% of AMI, 15 units be leased to households with incomes up to 60% of AMI, 55 units be leased to household with incomes up to 80% of AMI, 24 units be leased to household with incomes up to 90% of AMI, and 4 units be leased with incomes up to 105% of AMI. Half of each tranche of units would remain permanently affordable through the expiration date of the agreement. 36 of the units would be reserved for referrals of formerly homeless families.

Summary:

* Borough – Bronx
* Block 3143, Lot 150; Block 3738, Lot 27
* Council Districts – 15 and 17
* Council Members – Torres and Salamanca
* Council Members approval – Yes
* Number of buildings – 2
* Number of units – 120 (inclusive of two superintendent units)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental
* Sponsor – ELH Management LLC
* Purpose – preservation
* Cost to the city - $7.0 million
* Housing Code Violations
  + Class A – 30
  + Class B – 49
  + Class C – 6
* AMI targets – 18 units at 50% AMI, 15 units at 60% AMI, 55 units at 80% AMI, 24 units at 90% AMI, and 4 units at 105% AMI