DATE: April 22, 2020

TO: Hon. Corey Johnson, Speaker

Members of the Committee of the Whole

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Noah Brick, Assistant Counsel, Finance Division

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Committee of the Whole Agenda of April 22, 2020 – Resolutions approving tax exemptions for nine Land Use items (Council Districts 5, 6, 7, 9, 14, 24, and 49)

**Item 1: 1898 Harrison Avenue**

1898 Harrison Avenue is a 54-unit building located in University Heights-Morris Heights. The 54 units include 34 one-bedroom units, 14 two-bedroom units (inclusive of one superintendent unit), and six three-bedroom units.

1898 Harrison Avenue was built in 1926, taken by the City through in rem foreclosure in 2003, and under the Department of Housing Preservation and Development’s (HPD) Third Party Transfer (TPT) program deeded to Urban Homesteading Assistance Board (UHAB) Housing Development Fund Corporation (HDFC) in 2005.

UHAB HDFC received a 40-year Article XI property tax exemption and oversaw a renovation in anticipation that the building would be converted to a limited-equity cooperative. But after the renovation was completed the tenants opted not to become a co-op so UHAB deeded beneficial ownership to Bronx Pro New Building LLC to operate the building as a rental.

Under the proposed project, the property would undergo moderate rehabilitation and energy and water efficiency upgrades financed by HPD through its Green Housing Preservation Program (GHPP), including façade and masonry work, parapet replacement, low-flow fixtures, efficient appliances, LED lighting, insulation, and solar photovoltaic (PV). As part of this GHPP project, HPD would enter into a new regulatory agreement with the HDFC and the LLC.

HPD is requesting that the Council replace the existing exemption with a new 40-year Article XI property tax exemption to be coterminous with the new regulatory agreement. The superseding regulatory agreement would require that five units be leased to formerly homeless households with incomes up to 50% of Area Median Income (AMI), 18 units be leased to households with incomes up to 60% AMI, 20 units be leased to households with incomes up to 90% AMI, and ten units be leased to household with incomes up to 120% AMI.

Summary:

* Borough – Bronx
* Block 2869, Lot 87
* Council District – 14
* Council Member – Cabrera
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 54 (inclusive of one superintendent unit)
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – UHAB HDFC, BP New Building LLC, Bronx Pro Group
* Purpose – preservation
* Cost to the city – $2.7 million
* Housing Code Violations
  + Class A – 4
  + Class B – 4
  + Class C – 5
* AMI target – 5 units at 50%, 18 units at 60%, 20 units at 90%, and 10 units at 120%

**Item 2: Grace Senior Housing**

Grace Senior Housing is a senior housing development at 155-02 90th Avenue in Jamaica, Queens. Its 80 units include 20 studio units, 59 one-bedroom units, and one two-bedroom superintendent unit.

The Council approved a partial 40-year Article XI property tax exemption in 1990 for Grace Episcopal Church and Grace Episcopal Church Jamaica Senior Citizens HDFC to subsidize the development. The property is also under a Housing Assistance Payments (HAP) Section 8 contract, under which tenants pay only 30% of their income in rent and the U.S. Department of Housing and Urban Development (HUD) makes payments to the landlord. Current tenant rents average about 16% of the HAP contract rents.

The HDFC is refinancing its existing HUD mortgage and plans on using its equity to complete moderate rehabilitation to its building. HPD is requesting that the Council approve a new partial 40-year Article XI property tax exemption. The HDFC would enter into a new HPD regulatory agreement restricting the use of the development to rental housing for seniors with incomes up to 50% AMI.

Summary:

* Borough – Queens
* Block 9754, Lot 1
* Council District – 24
* Council Member – Lancman
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 80 (inclusive of one superintendent unit)
* Type of exemption – Article XI, partial, 40 years
* Population – affordable senior rental housing
* Sponsor – Grace Episcopal Church Jamaica Senior Citizens HDFC
* Purpose – preservation
* Cost to the city – $1.6 million
* Housing Code Violations
  + Class B – 1
* AMI target – 50% of AMI

**Item 3: HP Morningside Heights Portfolio HDFC.YR15.FY20**

Black Spruce Management LLC proposes to acquire a portfolio of 48 buildings in Morningside Heights. The portfolio’s 679 residential units consist of eight studios, 167 one-bedroom units, 258 two-bedrooms units, 191 three-bedroom units, 50 four-bedroom units, five five-bedroom units, and three superintendent units. There are also 13 commercial units.

Black Spruce LLC would control the portfolio through five single-purpose entities: Columbus Affordable Housing LLC, 109th Affordable Housing LLC, 114th Affordable Housing LLC, 115th Affordable Housing LLC, and Amsterdam Affordable Housing LLC (collectively, the LLCs). HP Morningside Heights Portfolio HDFC would be the legal owner.

HPD is requesting that the Council approve a partial 40-year Article XI property tax exemption. Currently, the portfolio has 33 rent-controlled units, 381 rent-stabilized units, and 262 market rate units. Following closing, the HDFC, the LLCs, and HPD would enter into regulatory agreements that would require stabilization of 97 of the market rate units and which would require that 54 units be leased to households with incomes up to 30% of AMI, 168 units be leased to households with incomes up to 50% AMI, 72 units be leased to households with incomes up to 80% AMI, 210 units be leased to households with incomes up to 100% AMI, seven units be leased to households with incomes up to 110% AMI, and that 165 units be market rate.

Summary:

* Borough – Manhattan
* Block 1831, Lots 8, 9, 13, 14, 18, and 121; Block 1848, Lots 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17 and 18; Block 1860, Lots 31, 32, and 33; Block 1861, Lots 59, 60, and 61; Block 1862, Lot 2; Block 1863, Lots 45, 46, 54, 55, and 56; Block 1880, Lots 37, 39, 42, and 44; Block 1881, Lots 7, 8, 9, 10, 11, 12, 15, 19, 24, 25, 26, 27, and 28
* Council Districts – 7 and 9
* Council Members – Levine and Perkins
* Council Member approval –Yes
* Number of buildings – 48
* Number of units – 679
* Type of exemption – Article XI, partial, 40-year
* Population –affordable rental housing
* Sponsor – Black Spruce Management LLC, Columbus Affordable Housing LLC, 109th Affordable Housing LLC, 114th Affordable Housing LLC,115th Affordable Housing LLC, and Amsterdam Affordable Housing LLC, HP Morningside Heights Portfolio HDFC, Nieuw Amsterdam Property Management LLC
* Purpose – preservation
* Cost to the city – $29.2 million
* Housing Code Violations
  + Class A – 23
  + Class B – 59
  + Class C – 20
* AMI target – 54 units at 30% AMI, 168 units at 50% AMI, 72 units at 80% AMI, 210 units at 100% AMI, 7 units at 110% AMI, 165 units at market rate, and three superintendent units

**Item 4: Turin House**

Turin House is a 19-story limited-equity HDFC cooperative at 609 Columbus Avenue on the Upper West Side. Its 189 residential units consist of nine studio units, 45 one-bedroom units, 90 two-bedroom units (inclusive of one superintendent unit), 36 three-bedroom apartments, and nine four-bedroom apartments. There are also two commercial units and 48 residential parking spaces (inclusive of one superintendent parking space).

In December 2018, the HDFC entered into a 40-year partial Article XI property tax exemption, retroactive to the October 2009 expiration date of a previous tax exemption. A physical needs assessment to develop the scope of work for a moderate rehabilitation revealed more extensive capital requirements than initially assumed. The HDFC would finance the rehabilitation of the property with loans from the New York City Housing Development Corporation (HDC) and HPD. A full Article XI exemption, effective on the signing of the regulatory agreement, would allow the project to leverage a larger HDC first mortgage and decrease the amount of City capital needed to complete the moderate rehabilitation of this project.

HPD is requesting that the Council approve a full 40-year Article XI property tax exemption, retroactive to October 2009. The HDFC, HDC, and HPD would enter into a regulatory agreement requiring that units be sold only to households with incomes up to 165% AMI.

Summary:

* Borough – Manhattan
* Block 1203, Lot 1
* Council District – 6
* Council Member – Rosenthal
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 189
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership
* Sponsor – Turin HDFC
* Purpose – preservation
* Cost to the city – $10.7 million
* Housing Code Violations
  + Class A – 3
  + Class B – 5
  + Class C – 1
  + Class I – 1
* AMI target – 165% AMI

**Item 5: Schreiber**

Schreiber is a five-building portfolio located in the Hamilton Heights neighborhood in Manhattan. Its 182 residential units include 21 studio units (inclusive of one superintendent unit), 110 one-bedroom units (inclusive of one superintendent unit), 43 two-bedroom units, and eight three-bedroom units. There are also two commercial units.

Under the proposed project, Black Spruce Management LLC would purchase the portfolio and would operate the buildings through J Robinson Park LLC. WHGA Robinson Park HDFC would be the legal owner. HPD is requesting that the Council approve a partial 40-year Article XI property tax exemption. The HDFC, the LLC, and HPD would enter into a regulatory agreement covering the full portfolio, of which 64% is currently unregulated and 36% is restricted solely though rent stabilization. The agreement would require that 24 units be leased to households with incomes up to 55% of AMI, 12 units be leased to households with incomes up to 65% AMI, ten units be leased to households with incomes up to 85% AMI, 53 units be leased to households with incomes up to 100% AMI, 11 units be leased to households with incomes up to 110% AMI, and 70 units be leased to households with incomes up to 125% AMI.

Summary:

* Borough – Manhattan
* Block 2047, Lots 21, 23, and 35; Block 2054, Lots 12 and 15.
* Council District – 9
* Council Member – Perkins
* Council Member approval –Yes
* Number of buildings – 5
* Number of units – 182
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – Black Spruce Management LLC, J Robinson Park LLC, WHGA Robinson Park HDFC
* Purpose – preservation
* Cost to the city – $12.7 million
* Housing Code Violations
  + Class A – 129
  + Class B – 206
  + Class C – 65
* AMI target – 24 units at 55% AMI, 12 units at 65% AMI, 10 units at 85% AMI, 53 units at 100% AMI, 11 units at 110% AMI, 70 units at 125% AMI

**Item 6: 757 East 169th Street**

757 East 169 Street is a limited-equity HDFC cooperative in Morrisania. Its 24 units include 16 one-bedroom units and eight two-bedroom units. It also has 8 commercial spaces.

757 East 169 Street HDFC acquired the building from the City in 1995 under the Tenant Interim Lease (TIL) program. The HDFC currently owes over $600,000 in real estate tax arrears and over $340,000 in water and sewer charges and was pulled from the TPT program in 2018. Since 2015, the HDFC has been in a payment agreement with the Department of Environmental Protection (DEP) to cover the outstanding water and sewer charges. In 2019, it paid approximately $115,000 to the Department of Finance (DOF) for tax arears. The HDFC has also applied for a loan to cover monthly DEP payments and pay for capital improvements.

HPD is requesting that the Council approve a full 40-year Article XI property tax exemption, retroactive to 2010. The approval of the loan is contingent on the Council’s approval of the proposed exemption. The HDFC and HPD would enter into a regulatory agreement that would require that units only be sold to households with incomes up to 120% AMI.

Summary:

* Borough – Bronx
* Block 2961, Lot 15
* Council District – 17
* Council Member – Salamanca
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 24
* Type of exemption – Article XI, full, 40 years
* Population – affordable homeownership
* Sponsor – 757 East 169 Street HDFC
* Purpose – preservation
* Cost to the city – $1.6 million
* Housing Code Violations
  + Class A – 1
  + Class B – 10
  + Class C – 4
* AMI target – 120% AMI

**Item 7: Howard Amron House**

Howard Amron House is a recently-constructed 11 unit 100% permanently affordable building located at 166 East 100th Street in Manhattan. Its 11 residential units include one studio unit and 10 one-bedroom units.

Howard Amron House was privately financed and closed with the Voluntary Inclusionary Housing Program with no City subsidy. Extell partnered with the non-profit organization, Urban Pathways, to form East 100 HDFC, its legal owner. East 100 HDFC has an existing 2016 regulatory agreement with HPD.

To help the HDFC cover taxes unanticipated at the time of project underwriting, HPD is requesting that the Council approve a partial 40-year Article XI property tax exemption, retroactive to 2016. HPD and East 100 HDFC would remain subject to the existing regulatory agreement.

Summary:

* Borough – Manhattan
* Block 1627, Lot 43
* Council District – 5
* Council Member – Kallos
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 11
* Type of exemption – Article XI, partial, 40-year
* Population – affordable rental housing
* Sponsor – Urban Pathways, 166 East 100 Owner LLC, East 100 HDFC
* Purpose – preservation
* Cost to the city – $0.7 million
* Housing Code Violations
  + Class A – 0
  + Class B – 0
  + Class C – 0
* AMI target – 80% AMI

**Item 8: Belmont Daniel**

The Belmont Daniel HDFC project consists of two six-story buildings containing 112 units on a single tax lot in St. George on Staten Island. Of the 112 units, 76 are one-bedroom units (inclusive of one superintendent unit), 24 are two-bedrooms, and 12 are three-bedrooms. The site also includes a surface parking lot with 47 parking spaces. Thirty-two of the units are vacant.

The buildings are currently in Alternative Enforcement Program (AEP) and on the Certificate of No Harassment (CONH) Pilot list. The buildings were added to the CONH Pilot list due to their inclusion in AEP and an active vacate order.

Iris Holdings Group would form Belmont Daniel HDFC as legal owner and acquire the buildings from the Public Administrator and Receiver of the properties. Following acquisition, Iris plans to remediate all open violations, rehabilitate the vacant units, repair the façade, and replace the boiler and elevators.

HPD is requesting that the Council approve a partial 40-year Article XI tax exemption. Iris, the HDFC, and HPD would enter into a regulatory agreement that would require that 11 units be leased to households with incomes up to 65% AMI, 58 units be leased to households with incomes up to 80% AMI, 34 units be leased to households with incomes up to 90% AMI, and eight units be leased to households with incomes up to 120% AMI. The agreement would also require a 30% homeless set-aside and 20% permanent affordability.

Summary:

* Borough – Staten Island
* Block 20, Lot 8
* Council District – 49
* Council Member – Rose
* Council Member approval –Yes
* Number of buildings – 2
* Number of units – 112
* Type of exemption – Article XI, partial, 40-year
* Population – affordable rental housing
* Sponsor – Iris Holdings Group, Black Iris Capital, Belmont Daniel HDFC
* Purpose – preservation
* Cost to the city – $7.6 million
* Housing Code Violations
  + Class A – 90
  + Class B – 387
  + Class C – 45
* AMI target – 11 units at 65%, 58 units at 80% AMI, 34 units at 80% AMI, 8 units at 100% AMI

**Item 9: Manhattan Ave Apartments**

The Manhattan Ave Apartments project consists of four buildings on a single tax lot in Manhattan Valley. Its 81 residential units consist of seven studio units, 38 one-bedroom units, 21 two-bedroom units (inclusive of one superintendent unit), and 15 three-bedroom units.

In 1982 the City transferred the tax lot to an Article V redevelopment company and approved a partial Article V tax exemption that continues until the sooner of 2023 or the payoff of the HUD mortgage. The owner, LIHC Investment Group, operating through Manhattan Avenue Associates, L.P., refinanced the project in August 2018 using a HUD loan and received a 20-year HAP Section 8 contract.

HPD is requesting that the Council approve a partial 40-year Article XI property tax exemption. The existing partnership would dissolve the Article V tax exemption, enter into a new partnership with Manhattan Avenue Apartments HDFC, and the HDFC and HPD would enter into a regulatory agreement that would require that the units be leased to households with incomes up to 50% AMI.

Summary:

* Borough – Manhattan
* Block 1843, Lot 20
* Council District – 7
* Council Member – Levine
* Council Member approval –Yes
* Number of buildings – 4
* Number of units – 81
* Type of exemption – Article XI, partial, 40-year
* Population – affordable rental housing
* Sponsor – LIHC Investment Group, Manhattan Avenue Associates, L.P., Manhattan Avenue Apartments HDFC
* Purpose – preservation
* Cost to the city – $2.9 million
* AMI target – 50% AMI