June 30, 2021

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

Noah Brick, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of June 30, 2021 – Resolutions approving a tax exemption for three Land Use items (Council Districts 14, 15, 34, 35 and 41)

**Item 1: TBK902 - Shinda**

TBK902 – Shinda is a Third Part Transfer (“TPT”) Round 9 project consisting of seven buildings located in the Crown Heights, Bedford-Stuyvesant, Ocean Hill/Brownville, and Bushwick sections of Brooklyn. The project includes 95 residential units, comprised of 31 one-bedroom units, 41 two-bedroom units, 16 three-bedroom units, inclusive of one superintendent unit.

Currently, all 95 units are rent stabilized and the properties receive J-51 Benefits. Under the proposed project, S-Five Housing Development Fund Corporation (“HDFC”) would acquire the properties and S-Five Properties LLC (“Company”) would be the beneficial owner. The HDFC and the Company (collectively, “Owner”) financed the rehabilitation of the properties with loans from New York City Department of Housing Preservation and Development (“HPD”) and a private lending institution.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support the continued affordability for the buildings that will be reduced by an amount equal to any concurrent J-51 Benefits. The Owner and HPD would enter into an amended and restated regulatory agreement that would require that the 48 units be leased to households with incomes up to 70 percent of the Area Median Income (“AMI”), 28 units be leased to households with incomes up to 100 percent of the AMI, and 18 units be leased to households with incomes up to 110 percent of the AMI. The project would also have a new 10 percent homeless set aside.

Summary:

* Borough – Brooklyn
* Block 1387, Lot 57; Block 1452, Lot 51; Block 1466, Lots 65 and 67; Block 1470, Lot 29; Block 1987, Lot 71; Block 3208, Lot 50
* Council Districts – 34, 35, 41
* Council Members – Reynoso, Cumbo, Ampry-Samuel
* Council Members approval –Yes
* Number of buildings – 7
* Number of units – 95
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsors – S-Five Housing HDFC; S-FIVE Properties LLC
* Purpose – preservation
* Cost to the city - $4.5 million
* Housing Code Violations
  + Class A – 14
  + Class B – 10
  + Class C – 3
* AMI target – 48 units at 70% of AMI; 28 units at 100% of AMI; 18 units at 110% of AMI.

**Item 2: University Heights**

University Heights is a project consisting of a building with 104 residential units. The residential units include 75 studio units, and 29 one-bedroom units, inclusive of one superintendent unit.

Sedgwick and North Halls HDFC had an existing Article XI exemption, which it received on March 6, 1980 and was set to expire at the end of March 2022, or upon the sooner prepayment of an existing HUD Section 202 mortgage. On April 16, 2021, the HUD loan was paid off by Seller upon acquisition of the property by 123 West 183 HDFC. The project is now seeking a new 40-year Article XI property tax exemption in order to meet the needs of the project and preserve affordability. The project would be completed using 100 percent equity, but would be refinanced with a to-be-determined mortgage product in the future. Each year of the exemption, the project would pay a base amount of $207,858, plus 25 percent on future contract rent increases.

HPD is requesting that the Council approve a partial, 40-year Article XI property tax exemption to support the continued affordability for the building. The Owner and HPD would enter into a regulatory agreement that would require that all residential units be leased to households with incomes up to 50 percent of the AMI.

Summary:

* Borough – Bronx
* Block 3225, Lot 48
* Council District – 14
* Council Member – Cabrera
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 104
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsor – 123 West 183 HDFC; 123 West Senior Apartments LLC
* Purpose – preservation
* Cost to the city - $2.5 million
* Housing Code Violations
  + Class A – 11
  + Class B – 17
  + Class C – 4
* AMI target – 104 units at 50% of AMI

**Item 3: 2465 Crotona Avenue**

2465 Crotona Avenue is comprised of a 32-unit residential building located in the Belmont neighborhood of the Bronx. The property consists of 15 one-bedrooms, 16 two-bedrooms, and one three-bedroom, inclusive of one superintendent unit. Six of the units are currently market rate and unregulated, but will be placed into rent regulation through this transaction, and 25 units are already subject to rent regulation.

Under the proposed project, 2465 Crotona Avenue HDFC would acquire the property and 2465 Crotona LLC (“Company”) would be the beneficial owner and would manage the building. The HDFC and the Company (collectively, “Owner”) would finance the acquisition and rehabilitation of the building with a loan from HPD’s Green Housing Preservation Program. The anticipated scope of work, deriving from the Integrated Physical Needs Assessment (“IPNA”) conducted in the Fall of 2020, consists of the following items: window replacement, roof replacement, façade repairs, door replacement, sidewalk repairs, and energy efficiency improvements.

HPD is requesting that the Council approve a full, 40-year Article XI property tax exemption to support the continued affordability for the building. The Owner and HPD would enter into a regulatory agreement that would require that five units be leased to households with incomes up to 50 percent of the AMI, 14 units be leased to households with incomes up to 75 percent of the AMI, and 12 units be leased to households with incomes up to 100 percent of the AMI.

Summary:

* Borough – Bronx
* Block 3105, Lot 34
* Council District – 15
* Council Member – Feliz
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 32
* Type of exemption – Article XI, full, 40 years
* Population – affordable rental housing
* Sponsor – 2465 Crotona Avenue HDFC; 2465 Crotona LLC
* Purpose – preservation
* Cost to the city - $2.1 million
* AMI target – 5 units at 50% of AMI, 14 units at 75% of AMI, and 12 units at 100% of AMI.