September 23, 2021

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 September 23, 2021 – Resolutions approving tax exemptions for two Land Use item (Council Districts 1 and 48)

**Item 1: Little Italy Restoration Apartments**

Little Italy Restoration Apartments (“L.I.R.A.”) are 152 units of project-based Section 8 low-income housing located at 21 Spring Street in the Nolita neighborhood of Manhattan. The residential units include 34 one-bedrooms, 94 small two-bedrooms (inclusive of one superintendent unit), and 24 large two-bedrooms.

The project is presently owned by an Article V Housing Redevelopment Company and all units are low-income rentals subject to 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 for any remaining markup-to-market contract rent. The Department of Housing Preservation and Development (“HPD”) is requesting that the Council approve a partial, 40-year Article XI property tax exemption. In addition, the Article V property tax exemption, which would otherwise expire in 2022, would be terminated and the Article V Housing Redevelopment Company would be voluntarily dissolved. L.I.R.A. Housing Development Fund Corporation (“HDFC”) would acquire the exemption area and the HDFC together with prospective beneficial owner L.I.R.A. Apartments Company, L.P. (“the Partnership”) would enter into a 40-year regulatory agreement with HPD that would require the apartments be rented only to households earning less than 50% of the Area Median Income (“AMI”), and require HDFC and the Partnership to renew the HAP contract for another 20 year term when it expires in 2040.

Notably, HPD proposes to increase the current level of partial tax exemption to compensate L.I.R.A. once it leases a private courtyard to Haven Green, an affordable senior housing project that will be developed on an adjacent City-owned site.

Summary:

* Borough – Manhattan
* Block 493, Lot 41
* Council District – 1
* Council Member – Chin
* Council Member approval –Yes
* Number of buildings – 1
* Number of units – 152
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental housing
* Sponsors – L.I.R.A. Apartments Company, L.P., L.I.R.A. HDFC, and LIHC Investment Group
* Purpose – preservation
* Cost to the city - $17.3 million
* AMI target – 50% of AMI

**Item 2: Manhattan Beach Housing**

Manhattan Beach Senior Housing is a complex of 150 units of project-based Section-8 low-income senior rental housing located in interconnected towers located at 161 Corbin Place and 156 West End Avenue in Manhattan Beach, Brooklyn. The residential units include 51 studios and 99 one-bedrooms (inclusive of one superintendent unit).

The sponsor, Jewish Association Serving the Aging (“JASA”) Corporation, operates the property through the Manhattan Beach Senior Housing L.P. (“Partnership”). The project is supported by a HAP contract that expires in May 2022. The Partnership seeks to refinance its mortgage when it renews its HAP contract and seeks to extend the term of its existing Article XI tax exemption, that which would otherwise expire in 2042, to align with the term of the refinanced mortgage.

HPD requests that the Council approve a partial, 40-year Article XI property tax exemption. The Partnership and the Manhattan Beach HDFC would enter into a regulatory agreement with HPD upon renewal of the HAP contract that would require that the apartments be rented only to households earning less than 50% of AMI and that the Partnership renew the new HAP contract upon its expiration for a subsequent 20-year term.

Summary:

* Borough – Brooklyn
* Block 8719, Lots 27 and 73
* Council District – 48
* Council Member – vacant
* Council Member approval – yes
* Number of buildings – 4
* Number of units – 150
* Type of exemption – Article XI, partial, 40 years
* Population – affordable senior rental
* Sponsor – JASA Corporation, Manhattan Beach Senior Housing L.P.
* Purpose – preservation
* Cost to the City – $1.3M
* AMI targets – 50% of AMI