November 10, 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

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of November 10, 2021 – Resolution approving a tax exemption for three Land Use items (Council Districts 8 and 39)

**Item 1: Culver El Phase I**

Culver El Phase I is a new-construction affordable condominium project consisting of 36 units in nine buildings located at the northern edge of Borough Park, Brooklyn. Each building is four stories and contains four units, and all units are either three-bedroom or four-bedroom. There are also approximately nine parking driveways which will be sold and deeded separately. The project had a full Article XI tax exemption from November 25, 2014 to November 25, 2020, which was intended to cover the entirely construction period. Because of multiple construction and administrative delays, the units are only recently being marketed for sale.

The Department of Housing Preservation and Development (HPD) is requesting that the Council extend the expired full Article XI tax exemption an additional three years, through November 25, 2023, to cover the close out and marketing period. The existing regulatory agreement between owner NYC Partnership Housing Development Fund Company, Inc. (HDFC) and HPD would be amended to be extended through November 25, 2023. Under that regulatory agreement, 12 of the units would be available for households making less than 90% of the Area Median Income (AMI), and 24 of the units would be available for households making less than 110% of the AMI.

Summary:

* Borough – Brooklyn
* Block 5295, Lots 4, 104, 105, 106, 107, 108, 111, 112, and 113
* Council District – 39
* Council Member – Lander
* Council Member approval – yes
* Number of buildings – 9
* Number of units – 36
* Type of exemption – Article XI, full, 3-year extension
* Population – affordable homeownership
* Sponsor – Culver Housing Developments, LLC; Southern Brooklyn Community Organization, NYC Partnership HDFC
* Purpose – new construction
* Cost to the City – $1.6M
* AMI targets – 12 units at 90% AMI, 24 units at 110% AMI

**Item 2: 55 Summit**

55 Summit consists of one building in the borough of Brooklyn, containing one studio and four two-bedroom affordable housing units.

In 2019, SS Dev Partners LLC (LLC) acquired the exemption area, under the Inclusionary Zoning program, and entered into a Mandatory Inclusionary Housing (MIH) Restrictive Declaration with HPD on November 25, 2020. The intent of entering into the MIH Restrictive Declaration was for the LLC to construct a new building containing five affordable cooperative units, next to four market-rate townhomes in Brooklyn. Under the proposed project, The 55 Summit Street HDFC will acquire the building, and the LLC will become the beneficial owner and operate the exemption area.

HPD is requesting that the Council approve a full, 40-year Article XI tax exemption to support the new construction of affordable housing. Under that regulatory agreement, the five units included in the exemption area would be available for households making less than 80% of the AMI, and the remaining four units not within the exemption area would be sold as market-rate single-family units.

Summary:

* Borough – Brooklyn
* Block 352, p/o Lot 49 (Tentative Lot 150)
* Council District – 39
* Council Member – Lander
* Council Member approval – yes
* Number of buildings – 1
* Number of units – 5
* Type of exemption – Article XI, full, 40-year
* Population – affordable homeownership
* Sponsor – The 55 Summit Street Housing Development Fund Company, Inc.; SS Dev Partners LLC
* Purpose – new construction
* Cost to the City – $196,220
* AMI targets – 5 units at 80% AMI

**Item 3: Revive 103**

Revive 103 consists of one building in East Harlem, Manhattan, containing 10 studios, 29 one-bedrooms, 11 two-bedrooms (one unit reserved for the superintendent), and 10 three-bedrooms. All units except the superintendent’s unit are currently covered under a Mark-Up-to-Market project-based Housing Assistance Payment (HAP) contract. Revive 103 Associates L.P. is the current owner of the building, and the exemption area currently receives an Article V tax exemption that will expire in 2025.

Under the proposed project, Revive 103 HDFC will acquire the building, and Revive 103 L+M Workforce Holdings LLC (LLC) will operate the exemption area. The HDFC and the LLC will finance the acquisition with a bridge loan from a private lending institution and the rehabilitation of the building with a mortgage insured by the United States Department of Housing and Urban Development (HUD). Upon the expiration of the 20-year HAP contract, the project will be required to renew per requirements in the HPD’s regulatory agreement.

HPD is requesting that the Council approve a partial, 40-year Article XI tax exemption to support the preservation of the rental units. The LLC and the HDFC would enter into a 40-year regulatory agreement with HPD which would require that all units within the exemption area be rented to households earning less than 50% of AMI. Additionally, the prior Article V tax exemption would terminate and the current owner, Revive 103 Associates L.P., would voluntarily dissolve.

Summary:

* Borough – Manhattan
* Block 1630, Lot 41
* Council District – 8
* Council Member – Ayala
* Council Member approval – Yes
* Number of buildings – 1
* Number of units – 60
* Type of exemption – Article XI, partial, 40 years
* Population – affordable rental
* Sponsor – Revive 103 Housing Development Fund Corporation; Revive 103 L+M Workforce Holdings LLC
* Purpose – preservation
* Cost to the City – $1.7M
* Housing Code Violations
  + Class A – 4
  + Class B – 31
  + Class C – 8
* AMI targets – 59 units at 50% AMI