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Title: Resolution approving an exemption from real property taxes for property located at (Block 3627, Lots 20, 30, 40 and 50) Bronx, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No. 98).

Sponsors:

Indexes:

Attachments: 1. Res. No. 367, 2. Housing Preservation and Development Letter, 3. Memorandum, 4. May 23, 2018 - Stated Meeting Agenda with Links to Files, 5. Hearing Transcript - Stated Meeting 5-23-18, 6. Minutes of the Stated Meeting - May 23, 2018

Date	Ver.	Action By	Action	Result
5/23/2018	*	Committee on Finance	P-C Item Approved by Comm	
5/23/2018	*	City Council	Approved, by Council	Pass

THE COUNCIL OF THE CITY OF NEW YORK
RES. NO. 367

Resolution approving an exemption from real property taxes for property located at (Block 3627, Lots 20, 30, 40 and 50) Bronx, pursuant to Section 577 of the Private Housing Finance Law (Preconsidered L.U. No. 98).

By Council Member Dromm

WHEREAS, the New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated March 16, 2018 that the Council take the following action regarding a housing project located at (Block 3627, Lots 20, 30, 40 and 50) Bronx (“Exemption Area”):

Approve an exemption of the Project from real property taxes pursuant to Section 577 of the Private Housing Finance Law (the “Tax Exemption”);

WHEREAS, the project description that HPD provided to the Council states that the purchaser of the Project (the “Sponsor”) is a duly organized housing development fund company under Article XI of the Private Housing Finance Law;

WHEREAS, the Council has considered the financial implications relating to the Tax Exemption;

RESOLVED:

The Council hereby grants an exemption from real property taxes as follows:

1. For the purposes hereof, the following terms shall have the following meanings:
 - a. "Effective Date" shall mean July 1, 2017.
 - b. "Exemption Area" shall mean the real property located in the Borough of the Bronx, City and State of New York, and identified as Block 3627, Lots 20, 30, 40 and 50 on the Tax Map of the City of New York.
 - c. "Expiration Date" shall mean the earlier to occur of (i) a date which is thirty-two (32) years from the Effective Date, (ii) the date of the expiration or termination of the Regulatory Agreement, or (iii) the date upon which the Exemption Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company.
 - d. "HDFC" shall mean Lafayette-Morrison Housing Development Fund Corporation or a housing development fund company that acquires the Exemption Area with the prior written consent of HPD.
 - e. "HPD" shall mean the Department of Housing Preservation and Development of the City of New York.
 - f. "J-51 Benefits" shall mean any tax benefits pursuant to Section 489 of the Real Property Tax Law.
 - g. "New Exemption" shall mean the exemption from real property taxation provided hereunder.
 - h. "Partial Tax Payment" shall mean real property tax payments in the following amounts:
 - (1) Commencing upon July 1, 2019, an amount equal to Three Hundred Twenty-Four Thousand Three Hundred Twenty-Four Dollars (\$324,324);
 - (2) Commencing upon July 1, 2020 and during each year thereafter until the Expiration Date, an amount equal to the greater of (i) ten percent (10%) of the Shelter Rent in the tax year in which such real property tax payment is made, or (ii) Four Hundred Twenty-Two Thousand Seventy-Eight Dollars (\$422,078).
 - i. "Prior Exemption" shall mean the exemption from real property taxation approved by the City Council on May 28, 2008 (Resolution No. 1440).
 - j. "Regulatory Agreement" shall mean the regulatory agreement between HPD and the HDFC entered into after the Effective Date establishing certain controls upon the operation of the Exemption Area on and after the date such Regulatory Agreement is executed.
 - k. "Shelter Rent" shall mean (i) the total carrying charges paid to the HDFC by reason of ownership of stock in such HDFC, including any federal, State or local subsidies paid on behalf of such shareholders other than interest reduction payments paid pursuant to Section 201(a) of the Federal Housing and Urban Development Act of 1968 (12 U.S.C.A. § 1715z-1)), less the cost to the HDFC of providing such shareholders with electricity, gas, heat, water, sewer and other utilities, plus (ii) the total rents received by the HDFC from the occupants of the Exemption Area that do not own stock in such HDFC (including any federal, State or local subsidies paid on behalf of such occupants other than interest reduction payments paid pursuant to Section 201(a) of the Federal Housing and Urban Development Act of 1968 (12 U.S.C.A. § 1715z-1)), less the cost to the HDFC of providing such occupants with electricity, gas, heat, water, sewer and other utilities.

2. The Prior Exemption shall terminate upon the Effective Date.
3. All of the value of the property in the Exemption Area, including both land and any improvements (excluding those portions, if any, devoted to business, commercial or community facility use) shall be exempt from real property taxation, other than assessments for local improvements, for a period commencing upon the Effective Date and terminating upon the Expiration Date.
4. Commencing upon the Effective Date, and during each year thereafter until the Expiration Date, the Owner shall make real property tax payments in the sum of the Partial Tax Payment. Notwithstanding the foregoing, the total annual real property tax payment by the HDFC shall not at any time exceed the amount of real estate taxes that would otherwise be due in the absence of any form of exemption from or abatement of real property taxation provided by an existing or future local, state, or federal law, rule or regulation.
5. Notwithstanding any provision hereof to the contrary:
 - a. The New Exemption shall terminate if HPD determines that (i) the Exemption Area is not being operated in accordance with the requirements of Article XI of the Private Housing Finance Law, (ii) the owner of the Exemption Area has failed to execute the Regulatory Agreement within three hundred sixty-five (365) days after the date of approval of the New Exemption, (iii) the Exemption Area is not being operated in accordance with the requirements of the Regulatory Agreement, (iv) the Exemption Area is not being operated in accordance with the requirements of any other agreement with, or for the benefit of, the City of New York, (v) any interest in the Exemption Area is conveyed or transferred to a new owner without the prior written approval by HPD, or (vi) the construction or demolition of any private or multiple dwelling on the Exemption Area has commenced without the prior written consent of HPD. HPD shall deliver written notice of any such determination to the HDFC and all mortgagees of record, which notice shall provide for an opportunity to cure of not less than sixty (60) days. If the noncompliance specified in such notice is not cured within the time period specified therein, the New Exemption shall prospectively terminate.
 - b. The New Exemption shall apply to all land in the Exemption Area, but shall only apply to a building on the Exemption Area that exists on the Effective Date.
 - c. Nothing herein shall entitle the HDFC, the Owner or any past owner to a refund of any real property taxes which accrued and were paid by or on behalf of the HDFC or any other owner of the Exemption Area prior to Effective Date.
6. In consideration of the New Exemption, the owner of the Exemption Area shall (i) execute and record the Regulatory Agreement, and (ii) waive the benefits, if any, of any additional or concurrent exemption from or abatement of real property taxation which may be authorized under any existing or future local, state or federal law, rule or regulation. Notwithstanding the foregoing, the Exemption Area may receive J-51 Benefits concurrently with the New Exemption on or after June 30, 2020, provided, however, that such J-51 Benefits shall not reduce the Partial Tax Payment by more than fifty percent.

Office of the City Clerk, }
The City of New York } ss.:

I hereby certify that the foregoing is a true copy of a Resolution passed by The Council of the City of New York on May 23, 2018, on file in this office.

City Clerk, Clerk of Council