



Legislation Details (With Text)

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On agenda:	6/13/2019				
Enactment date:		Enactment #:			
Title:	Resolution approving an amendment to a previously approved real property tax exemption pursuant to Section 577 of the Private Housing Finance Law for property located at (Block 1787, Lot 80), Manhattan (Preconsidered L.U. No. 448).				
Sponsors:	Daniel Dromm				
Indexes:					
Attachments:	1. Res. No. 935, 2. Housing Preservation and Development Letter, 3. Memorandum, 4. June 13, 2019 - Stated Meeting Agenda with Links to Files, 5. Hearing Transcript - Stated Meeting 6-13-19, 6. Minutes of the Recessed Meeting of May 29, 2019 Held on June 13, 2019, 7. Minutes of the Stated Meeting - June 13, 2019, 8. Minutes of the Recessed Meeting of June 13, 2019 Held on June 18, 2019, 9. Minutes of the Recessed Meeting of June 13, 2019 Held on June 19, 2019				

Date	Ver.	Action By	Action	Result
6/13/2019	*	Committee on Finance	P-C Item Approved by Comm	
6/13/2019	*	City Council	Approved, by Council	Pass

THE COUNCIL OF THE CITY OF NEW YORK RES. NO. 935

Resolution approving an amendment to a previously approved real property tax exemption pursuant to Section 577 of the Private Housing Finance Law for property located at (Block 1787, Lot 80), Manhattan (Preconsidered L.U. No. 448).

By Council Member Dromm

WHEREAS, the New York City Department of Housing Preservation and Development (“HPD”) submitted to the Council its request dated May 28, 2019 that the Council amend a previously approved tax exemption for real property located at (Block 1787, Lot 80), Manhattan (“Exemption Area”) pursuant to Section 577 of the Private Housing Finance Law;

WHEREAS, the HPD’s request for amendments is related to a previously approved Board of Estimate Resolution adopted on November 11, 1971 (Cal. No. 9-A) (the “Prior Resolution”), attached hereto as Exhibit A, granting the Exemption Area a real property tax exemption pursuant to Section 577 of the Private Housing Finance Law;

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

RESOLVED:

The Council approves the amendments to the Prior Resolution requested by HPD for the Exemption

Area pursuant to Section 577 of the Private Housing Finance Law as follows:

The introductory paragraph of section 7 of the Prior Resolution is deleted and replaced with the following:

7. That the Board of Estimate hereby approves the exemption from local and municipal taxes, other than assessments for local improvements, of all of the value of the property, including both the land and any improvements, for the period commencing with the closing of the mortgage and delivery of the deed, and terminating forty (40) years from the date upon which the benefits of the aforementioned tax exemption first become available and effective; provided:

Except as specifically amended above, all other terms, conditions, provisions and requirements of the Prior Resolution remain in full force and effect.

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 June 13, 2019, on file in this office.

City Clerk, Clerk of Council

Exhibit A

2. That the City is authorized to purchase an interest in the project of East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. pursuant to Section 26-a of the Private Housing Finance Law, in accordance with the terms set forth in the aforementioned Agreement; and

3. That the Corporation and its Board of Directors shall be authorized to make payment for the purchase of the interest in the project of East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. in accordance with the terms and conditions contained in said agreement.

Which was adopted by the following vote:

Adopted by the Board of Directors of the Corporation, the President, the President of the Borough of Manhattan, the President of the Borough of Brooklyn, the Acting President of the Borough of The Bronx, the President of the Borough of Queens and the Acting President of the Borough of Richmond—22.

Note—This resolution was adopted subject to a favorable report of the Corporation Committee.

(See Cal. No. 7.)

Cal. No. 9

Public Hearing in Matter of Approval of Land Disposition Agreement with East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. for Sale and Redemption of the Corporation's Interest in the Project of East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. (Second Call)

(Note—Calendar Nos. 7 and 10, inclusive, were considered together.)

The Secretary presented an affidavit of publication showing that the matter has been duly advertised in accordance with a resolution adopted October 23, 1971 (Cal. No. 116).

The Secretary also presented a communication dated October 22, 1971, from the Housing and Development Administration, transmitting a reversionary interest agreement, a differentation agreement and two proposed resolutions.

The Secretary also presented the following report of the Director of the Budget:

November 6, 1971.

To the Board of Estimate:

Gentlemen—On October 22, 1971, (Calendar No. 116), the Board of Estimate referred to the Director, at the Budget Committee, the matters of disposition of Site 3 of the Harlem-East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. for sale and redemption of the Corporation's interest in the project of East Harlem Pilot-Block Building 2 Housing Development Fund Company, Inc. in accordance with the terms and conditions contained in said agreement.

The East Harlem Pilot Block is within the Harlem-East Harlem Urban Renewal Area and is located on the corner of Second Avenue and 123rd Street, Manhattan. The building is an 18-foot frontage on Second Avenue and 209 feet frontage on 123rd Street and is to be sold for the development of building 3 and related community and commercial facilities. The completed project block will consist of four residential buildings, community center, and a training center.

In their order of the said project to be developed by the building 3 Housing Development Fund Company, Inc. will be four 28-story buildings containing 64 4's and one-half room four-bedroom apartments and 28 eight and one-half room six-bedroom apartments. Rental charges per unit will be \$238.63 and \$268.13 for the 4 and six-bedroom units, respectively; in addition there is commercial space and a 100 Training Center.

The maximum mortgage commitment by the Federal Government allocated to subject project is \$9,628,000. The City is therefore requested to provide, by purchasing a reversionary interest in the project, the required additional equity now estimated at \$2,680,000. If construction starts prior to December 1, 1971, if construction does not start prior to March 1, 1972, the City will be required to provide the required equity of \$2,680,000. To provide for this contingency the submission requests approval of authority to purchase the reversionary interest in an amount not to exceed \$3,000,000. At the lowest and highest amounts, the City's supply will be at the rate of \$26,010 and \$32,600 per dwelling unit, respectively.

Disposition of the land is proposed at \$500 per dwelling unit or \$46,000. The City Planning Commission has reported that the land subsidy is \$2,072,000 for the entire pilot block or \$2,160 per dwelling unit. The City land subsidy for the Building 3 portion of the project will therefore be \$26,010.

The exemption has been requested in the event of all of the value of the completed project, including both land and improvements, which exemption will be approximately \$2,072,000 annually or a total of \$19,720,000 over the maximum period of sixteen years in fifty years. This subsidy per dwelling unit is based on the assumption that the property to be developed will be sold for \$176,000 and the City will be required to pay the balance of the property to be developed but also the present proposal includes not only the residential portion of the development but also the commercial facilities and the community facilities.

For the portion of the Pilot Block that it is to be financed by the City, the City will provide per dwelling unit subsidy of \$2,072,000 annually or \$19,720,000 in fifty years. The City will also provide per dwelling unit subsidy of \$2,072,000 annually for a period of forty years.

Construction of the project is to be financed by a mortgage loan under the provisions of Section 26-a of the Private Housing Finance Law. The City will provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project.

In the East Harlem Pilot Block, the land subsidy will be \$2,072,000 for the residential portion of the project. The City will also provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project.

It should be noted that approval of these requests will mark the first time approval has been granted of a project where the purchase of a reversionary interest will exceed \$4,200 per dwelling unit. The City will also provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project. The City will also provide a mortgage loan to the Corporation for the development of the project.

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9/13

November 11, 1971

to purchase the reversionary interest in an amount not to exceed \$100,000. At the lowest and highest amounts, the City's subsidy will be at the rate of \$2,000 and \$4,800 per dwelling unit.

Disposition of the land is proposed at \$200 per dwelling unit or \$104,000. The City Planning Commission has reported that the land subsidy is \$2,072,000 for the entire project block or \$3,160 per dwelling unit. The City had paid for the building of the project, including both land and improvements, which amounted to \$440,000 annually or a total of \$17,840,000 over the maximum period of abatement which is forty years. This subsidy per dwelling unit for tax exemption is \$2,140 per year and \$3,603 over the year maximum period. It should be noted that the property to be exempted is the entire project block, including the portion of the development but also the commercial facilities and the community facilities.

For the portion of the Pilot Block that is to be financed as the Building 4 project the City will provide per dwelling unit subsidies of approximately \$2,250 to \$2,570 in capital funds and a tax exemption per dwelling unit subsidy of \$2,140 annually for a maximum period of 40 years.

Construction of the project is to be financed by a mortgage insured under the provisions of Section 236 of the National Housing Act. Normally the financing rate of a mortgage insured under this Section is subsidized down to 1 per cent. In the present instance the Federal Government has made a flat subsidy of \$2,400 per dwelling unit, which is in addition to the 1 per cent mortgage rate. The total subsidy for the project is \$2,400 in the total Pilot Block. The land subsidy will be \$2,072,000, the maximum capital subsidy for purchase of a reversionary interest, \$3,600,000, approximate annual tax for 40 years, \$17,840,000. The total development subsidy per dwelling unit will therefore be \$12,075 and the annual tax subsidy per dwelling unit, \$2,675. Additional costs can be met by the Federal Government Model Cities supplemental funds which will be used to fund the balance of \$2,250,000 and the land subsidy of \$2,072,000.

It should be noted that approval of these requests will mark the first time approval has been given for a project of this type. The project is a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.

A large amount of Section 236 subsidy funds are required to make this project feasible. Comparison of the present requirements of the Housing and Development Administration, Urban Development Corporation and the State Division of Housing and Community Renewal, which total \$15,500,000 with the current allocation of \$9,000,000 to the project, indicates that the project is a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.

The question submitted by the Housing and Development Administration regarding the funding for this purchase has been provided in Capital Project 253-56. Use of these funds to finance the purchase of the project is proper. Bureau of the Budget and the Housing and Development Administration has reported in the determination that the project would remain feasible if it were to pay taxes in an amount not to exceed 5 percent of the annual shelter rent. Approval of the project as presented but with exemption from real estate taxes of all of the land in the completed project, of 5 percent of the annual shelter rent would increase the average monthly per room residential rent by approximately \$30 for each 1 per cent of taxes paid.

Exemption of the tax exemption to the non-residential portions of the project should remain an effect only for the period during which those portions are used for the purposes contemplated in the project plan. The development should be subject to the provisions of the Housing and Development Administration and that agency is charged with determining the property of continued use exemption should waive of the premises change.

and the City Clerk is hereby directed to attest the same and affix the seal of the City thereto.

2. That the City is authorized to purchase an interest in the project of East Harlem Pilot Block Building 3 Housing Development Fund Company, Inc., pursuant to Section 236 of the Private Housing Finance Law, in accordance with the terms set forth in the attached resolution.

3. That the Comptroller be and he hereby is authorized and directed to make payment for and interest in the project of East Harlem Pilot Block Building 3 Housing Development Fund Company, Inc., in accordance with the terms and conditions contained in said Agreement.

Which was adopted by the following vote:

Affirmative—The Special Assistant to the Mayor, the Acting Comptroller, the President of the Board of the City, the Acting President of the Borough of Manhattan, the President of the Borough of Queens, the Acting President of the Borough of The Bronx, the President of the Borough of Richmond.

Noted—This resolution was adopted subject to a favorable report of the Corporation Counsel.

(See Cal. No. 7.)

Cal. No. 10
Public Hearing to Hear of Approval of Land Disposition Agreement with East Harlem Pilot Block Building 3 Housing Development Fund Company, Inc., for Sale and Lease of the Project Block of East Harlem Pilot Block, Manhattan, Approval of Contract for Purchase by City of Reversionary Interest in Housing Project.
(Second Call)

(Note—Calendar Nos. 7 to 10, inclusive, were considered together.)

The Secretary presented as follows in publication showing that the matter has been duly advertised in accordance with a communication dated October 28, 1971 (Cal. No. 117).

The Secretary also presented a communication dated October 28, 1971, from the Housing and Development Administration, transmitting a reversionary interest agreement, a disposition agreement and two proposed resolutions.

The Secretary also presented the following report of the Deputy and Acting Director of the Budget:

November 3, 1971.

To the Board of Estimate:

On October 28, 1971 (Calendar No. 117), the Board of Estimate referred to the Director of the Budget the matters of disposition of Site 4 of the Harlem-East Pilot Block Building 3 Housing Development Fund Company, Inc., for Sale and Lease of the Project Block of East Harlem Pilot Block, Manhattan, and improvements included in the completed project and purchase of a reversionary interest in the completed project.

The East Harlem Pilot Block is within the Harlem-East Harlem Urban Renewal Area and is bounded by Third Avenue, East 124th Street, Second Avenue and East 122nd Street. The project block consists of 113 lots fronting on Second Avenue and 400 feet frontage on 122nd Street. The project block will consist of four residential buildings, community facilities and commercial structures. The project block is a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.

In that portion of the project to be developed by the Building 4 Housing Development Fund Company, there will be one 35-story building containing 28 one-bedroom apartments, 14 two and one-half room efficiency apartments, 74 three and one-half room one-bedroom apartments, 46 four and one-half room one-bedroom apartments and 46 five room one-bedroom apartments. The project block will be a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.

It is estimated that the replacement cost of this portion of the project will be \$10,000,000. The project block will be a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.

It is estimated that the replacement cost of this portion of the project will be \$10,000,000. The project block will be a unique one in that it is a high as \$4,200 per dwelling unit. The price of the reversionary interest in this project can be as high as \$4,000 per dwelling unit. It will also be the first time that a project which contains templates receiving more than 50 percent of its income from non-residential sources will be granted a 100 percent tax exemption with that exemption extending to all aspects of the project.