



Legislation Text

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**THE COUNCIL OF THE CITY OF NEW YORK
RESOLUTION NO. 775**

Resolution approving the application submitted by the New York City Department of Housing Preservation and Development (“HPD”) and the decision of the City Planning Commission, ULURP No. C 190069 HAM, approving the designation of an Urban Development Action Area, an Urban Development Action Area Project, the disposition of city-owned property located at 204 Avenue A and 535 East 12th Street (Block 406, Lots 6 and 47), Borough of Manhattan, Community District 3, to a developer selected by HPD, and an exemption from real property taxation for such property (L.U. No. 329; C 190069 HAM).

By Council Members Salamanca and Kallos

WHEREAS, the City Planning Commission filed with the Council on January 22, 2019 its decision dated December 19, 2018 (the "Decision"), on the application submitted by the New York City Department of Housing Preservation and Development (“HPD”) regarding city-owned property located at 204 Avenue A and 535 East 12th Street (Block 406, Lots 6 and 47), (the “Disposition Area”), approving:

- a) pursuant to Article 16 of the General Municipal Law of New York State the designation of Disposition Area as an Urban Development Action Area;
- b) pursuant to Article 16 of the General Municipal Law of New York State an Urban Development Action Area Project for the Disposition Area (the "Project"); and
- c) pursuant to Section 197-c of the New York City Charter the disposition of the Disposition Area to a developer to be selected by the New York City Department of Housing Preservation and Development;

to facilitate the development of two new buildings that will provide approximately 10 affordable cooperative dwelling units with ground floor retail space at Site 1 and approximately 11 affordable rental housing units at Site 2 in the East Village neighborhood of Manhattan Community District 3, (ULURP No. C 190069 HAM) (the "Application");

WHEREAS, by letter dated January 14, 2019 and submitted to the Council on January 16, 2019, HPD submitted its request (the “HPD Request”) with respect to the Disposition Area that the Council approve an exemption of from real property taxes pursuant to Section 577 of Article XI of the Private Housing Finance Law;

WHEREAS, the Decision is subject to review and action by the Council pursuant to Section 197-d(b)(1) of the City Charter;

WHEREAS, upon due notice, the Council held a public hearing on the Application and Decision and the HPD Request on January 30, 2019;

WHEREAS, the Council has considered the land use and financial implications and other policy issues relating to the Application and Decision and HPD Request; and

WHEREAS, the Council has considered the relevant environmental issues, including the negative declaration issued on September 5, 2018 (CEQR No. 18HPD092M) (the “Negative Declaration”);

RESOLVED:

The Council finds that the action described herein will have no significant impact on the environment as set forth in the Negative Declaration.

The Council finds that the present status of the Disposition Area tends to impair or arrest the sound growth and development of the municipality and that the proposed Urban Development Action Area Project is consistent with the policy and purposes of Section 691 of the General Municipal Law;

The Council approves the designation of the Disposition Area as an Urban Development Action Area pursuant to Section 693 of the General Municipal Law.

The Council approves the Project as an Urban Development Action Area Project pursuant to Section 694 of the General Municipal Law.

Adopted.

The Project shall be developed in a manner consistent with the Project Summary that HPD has submitted to the Council on January 14, 2019 a copy of which is attached hereto.

Pursuant to Section 577 of Article XI of the Private Housing Finance Law, the Council approves an exemption of the Exemption Area from real property taxes as follows:

- a. All of the value of the property in the Disposition Area, including both the land and any improvements (excluding those portions, if any, devoted to business or commercial use), shall be exempt from real property taxation, other than assessments for local improvements, for a period commencing upon the later of (i) the date of conveyance of the Disposition Area to the Sponsor, or (ii) the date that HPD and the Sponsor enter into a regulatory agreement governing the operation of the Disposition Area (“Effective Date”) and terminating upon the earlier to occur of (i) a date which is forty (40) years from the Effective Date, (ii) the date of the expiration or termination of the regulatory agreement between HPD and the Sponsor, or (iii) the date upon which the Disposition Area ceases to be owned by either a housing development fund company or an entity wholly controlled by a housing development fund company (“Expiration Date”).
- b. Notwithstanding any provision hereof to the contrary, the exemption from real property taxation provided hereunder (“Exemption”) shall terminate if HPD determines at any time that (i) the Disposition Area is not being operated in accordance with the requirements of Article XI of the Private Housing Finance Law, (ii) the Disposition Area is not being operated in accordance with the requirements of the regulatory agreement between HPD and the Sponsor, (iii) the Disposition 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, or (iv) the demolition of any private

or multiple dwelling on the Disposition Area has commenced without the prior written consent of HPD. HPD shall deliver written notice of any such determination to the owner of the Disposition Area 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 herein, the Exemption shall prospectively terminate.

- c. In consideration of the Exemption, the Sponsor and any future owner of the Disposition Area, for so long as the Exemption shall remain in effect, shall 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.

Adopted.

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 February 28, 2019, on file in this office.

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City Clerk, Clerk of The Council

PROJECT SUMMARY

- 1. PROGRAM: AFFORDABLE NEIGHBORHOOD COOPERATIVE PROGRAM
2. PROJECT: East Village Housing 204 Avenue A 535 East 12th Street
3. LOCATION: a. BOROUGH: Manhattan b. COMMUNITY DISTRICT: 03 c. COUNCIL DISTRICT: 02 d. DISPOSITION AREA: BLOCK LOT ADDRESS

6 406
204 Avenue A

47 406
Street 535 East 12th

4. **BASIS OF DISPOSITION PRICE:** Nominal (\$1.00 per building). The Sponsor will also deliver a note and mortgage for the remainder of the appraised value ("Land Debt"). For a period of up to sixty (60) years following cooperative conversion, the Land Debt will be repayable out of resale or refinancing profits. The remaining balance, if any, may be forgiven in the final year of that period.

5. **TYPE OF PROJECT:** New Construction

6. **APPROXIMATE NUMBER OF BUILDINGS:** 2 Multiple Dwellings

7. **APPROXIMATE NUMBER OF UNITS:** 10 cooperative units
11 affordable rental units

8. **HOUSING TYPE:** Cooperative. If units remain unsold at the end of the marketing period and HPD determines in writing that (i) sale is not feasible within a reasonable time, and (ii) a rental fallback is the best available alternative, then Sponsor may operate the building as rental housing in accordance with the written instructions of HPD.

Rental. Only 535 East 12th Street.

9. **ESTIMATE OF INITIAL**

PRICE: The cooperative interests attributable to occupied apartments will be sold to the existing tenants for \$2,500 per apartment. The cooperative interests attributable to vacant apartments will be sold for a price affordable to families earning no more than 165% of the area median income.

ESTIMATE OF INITIAL

RENTS: Initial rents will be established in compliance with federal regulations, where applicable, and will be affordable to the targeted income groups. All units will be subject to rent stabilization. Eligible tenants may apply for rent subsidies.

10. **INCOME TARGETS:** The Disposition Area will contain occupied buildings which will be sold subject to existing tenancies. After sale, units must be resold in compliance with federal regulations, where applicable. Units not subject to such regulation may be resold to purchasers with annual household incomes up to 165% of the area median.

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| 11. | PROPOSED FACILITIES:
commercial space | Storefront |
| 12. | PROPOSED CODES/ORDINANCES: | None |
| 13. | ENVIRONMENTAL STATUS:
Declaration | Negative |
| 14. PROPOSED TIME SCHEDULE: | Approximately 36 months from closing to cooperative conversion. | |