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The City of New York
Manhattan Community Board 8

March 3, 2016

Vicki Been, Commissioner
Housing Preservation and Development
210 Jeralemon St #804
Brooklyn, New York 11201

RE: Section 421-a Partial Tax Exemption Application – 501 East 74th Street, Block 1486 Lot 1 – New York, New York 10021/Harvey I. Schiff, Esq. the attorney for the owner/applicant, Golden Asset, LLC, appeared along with Brandon Hall, a representative of Sky Management, to discuss and answer questions regarding the 421-a partial tax exemption application for 501 East 74th Street. The new building replaces a six-story tenement building that was on that location and demolished as part of this project.

The applicant is using a “Negotiable Certificate of Eligibility” to build the new market rate rental units. The site of the affordable units is 1159 Intervale Avenue (a.k.a. “Hamilton Place”), in the Foxhurst section of the Bronx. The certificate indicates that the temporary certificate of occupancy for the affordable units was issued on October 3, 2008. Mr. Schiff was unable to say how many affordable units were built in the Bronx and the certificate only indicates that 82 market rate units were eligible. Much discussion and concern centered on the lack of affordable units being built in CB8 and the need to at least maintain those affordable units now in existence. It was noted that approximately 20 units were lost when the previous building was demolished. Again, Mr. Schiff was unable to specify how many units were in the building and, whether any and/or all were rent-stabilized.

Based on a cursory view – i.e., Google Maps – of the donor site (1159 Intervale Avenue), it appeared that the 7-story building on that site could accommodate approximately 30-35 apartments. Again, the applicant was not able to say specifically how many units were in that building. Mr. Schiff noted that one of the reasons why he did not have more information about the affordable units in the Bronx was that the applicant had purchased the certificates from the builder of the affordable apartments – Intervale Gardens, LLC. Moreover, the Negotiable Certificate had been re-issued – reducing the amount of market rate units eligible from 83 to 82.

The 82 units in the new building, when it is completed (February 15, 2016 is the date that construction will end, according to the application) will be comprised of – 33 studios; 15 1-bedroom; 31 2-bedroom; and, 3 3-bedroom apartments.

The rent for these units breaks down as follows: Studios \$6,452.72 - \$7,078.52; 1-Bedrooms \$9,748.61 - \$12,529.95; 2-Bedrooms \$13,211.38 - \$20,512.41; and, 3-Bedrooms \$23,391.10 - \$36,727.70. The building will receive a 10-year tax exemption that will be reduced by 20% every two years. As such, there will be a 100% exemption for the first two years, an 80% exemption for the following two years, 60% two years after that and so on until it reaches 0% in ten years.

The applicant pointed out that the exemption cannot go below a certain minimum amount, which is the amount of tax the replaced building was paying. In this case \$2,500,000. per year. The appraised value of the site at the beginning of construction was \$25,000,000.

The Committee expressed concern that these certificates were still being used in 2016 and, skepticism as to their timeliness with respect to the building of the affordable units – i.e., after the expiration of the certificate program. Mr. Shiff indicated that there were a finite number of certificates and that they were no longer being created and that the date of execution of the written agreement for the affordable units was December 1, 2006, before the expiration of the certificate program.

Instead of certificates, the 421-a program (which recently expired) requires an 80/20 ratio of market rate to affordable apartments within the community district or within a ½ mile radius of the site. Renewal of the program stalled in Albany due to a failure to agree on prevailing wage issues.

As a result of the foregoing presentation and ensuing discussion - the Committee then passed the following Resolution 6-0-0 (Yes – Ashby, Brown, Chocky, Hartzog, Popper, Tamayo):

Dear Ms. Been:

At the February 17, 2016 Full Board meeting of Manhattan Community Board 8, the following recommendation was adopted by a vote of 35 in favor, 0 opposed, 1 abstentions and 0 not voting for cause:

WHEREAS, the applicant is unable to provide a specific number of affordable apartments that were built in exchange for these market rate rental units and,

WHEREAS, the affordable units were not built in Community District 8 and,

WHEREAS, the ratio of market rate to affordable apartments does not capture the need to preserve and build affordable housing,

THEREFORE BE IT RESOLVED that, the Committee recommends against the applicant receiving the 421-a partial tax exemption for the foregoing reason.

Please advise this office of any actions taken regarding this matter.

Sincerely,

James G. Clynes
Chairman

Ed Hartzog,
Chair, Housing Committee

cc: Honorable Bill de Blasio, Mayor of the City of New York
Honorable Gale Brewer, Manhattan Borough President
Honorable Carolyn Maloney, United States Congress Member, 12th District
Honorable Liz Krueger, New York State Senator, 28th District
Honorable Dan Quart, New York State Assembly Member, 73rd District
Honorable Rebecca Seawright, New York State Assembly Member, 76th District
Honorable Ben Kallos, New York City Council Member, 5th District
Honorable Daniel Garodnick, New York City Council Member, 4th District