



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD FOUR

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JOHN WEIS
Chair

ROBERT J. BENFATTO, JR., ESQ.
District Manager

December 1, 2010

State Senator Thomas K. Duane
322 Eighth Avenue, Suite 1700
New York, NY 10001

Assembly Member Richard Gottfried
242 West 27th Street
New York, NY 10001

Assembly Member Linda Rosenthal
230 West 72nd Street, Suite 2F
New York, NY 10023

**Re: Clinton Commons
Permanently Affordable Condominiums
533-543 West 52nd Street
Article XI Real Estate Tax Exemption**

Dear State Senator Duane and Assembly Members Gottfried and Rosenthal:

At the November 16, 2010 meeting of Manhattan Community Board 4's (CB4) Clinton/Hell's Kitchen Land Use Committee, West 52nd St. Affordable Developers, LLC (the "Developer") presented an update on their plans to develop 103 permanently affordable condominium units at 533-543 West 52nd Street in the Clinton Urban Renewal Area (CURA) (the "Site"). West 52nd St. Affordable Developers, LLC is an entity comprised of the not-for-profit sponsor, Clinton Housing Association (CHA), who was the original community sponsor for the CURA and its development partner, Monadnock Construction.

To respond to CB4's requirement that the condominium units be affordable in perpetuity, the Developer examined numerous options used throughout the city, state, and country. The Developer has identified a Community Land Trust (Land Trust) as the most viable option to ensure permanent affordability. A Land Trust is a non-profit entity created to acquire land and lease that land to, in this case, low and moderate-income homeowners on a long-term basis. The Land Trust transfers ownership of the improvements to the homeowners but retains rights to ensure that the housing remains affordable in perpetuity.

- The Land Trust will be a Housing Development Fund Corporation (HDFC)
- Each unit owner will lease a percentage of the land, own their condominium unit, and own a percentage of the common elements of the building

- The lease will run for 99 years with an option for renewal by the current owner for an additional 99 years
- Each subsequent unit owner will take over the balance of the remaining lease term
- This ownership structure is called a leasehold condominium
- The Land Trust will oversee the project to maintain affordability and financial health
- The Land Trust will be structured as a Housing Development Fund Corporation (HDFC) and will lease the land to the condominium association for 99 years and the lease will be renewable at the option of the condominium association for an additional 99 years
- The Land Trust will be given a first right of refusal on any apartment which comes up for sale or is foreclosed upon

In order to make the project financially feasible and to ensure permanent, long-term affordability, Developer will need an Article XI Tax Exemption, which would provide for a 40 year exemption from real estate taxes. Article XI tax exemptions are permitted for leasehold condominiums in New York State.

However, after further research, it has been determined that NYS Real Property Law § 339-e (12), which deals with leasehold condominiums, currently applies only in certain areas. Those areas are Roosevelt Island, Brooklyn Bridge Park, Queens West, and Battery Park City. The Developer is therefore seeking to amend the provisions of the NYS RPL to cover the Special Clinton District (SCD). By approving the extension of the current law to permit leasehold condominiums in the SCD, Developer could then apply for an Article XI tax exemption under the standard Department of Housing Preservation and Development (HPD) and City Council processes.

CB4 fully supports both:

- The extension of the application of the NYS RPL section on leasehold condominiums to cover the Special Clinton District, and
- The application by HPD and grant by City Council, of an Article XI tax exemption for the Site.

Thank you for your consideration and assistance.

Sincerely,



John Weis, Chair
Manhattan Community Board 4



Elisa Gerontianos, Co-Chair
Clinton/Hell's Kitchen Land Use Committee



Sarah Desmond, Co-Chair
Clinton/Hell's Kitchen Land Use Committee

cc: DCP Calendar Office
DCP – Edith Hsu-Chen, Erika Sellke
HPD – Sara Levenson, Meilan Chiu
MBPO – Deborah Morris
CM Quinn – Amanda Younger, Melanie La Rocca
CC Land Use – Danielle DeCerbo