



LEFT OUT IN THE COLD

EXAMINING THE LOSS OF IMMEDIATE
HEATING IMPROVEMENTS AT ASTORIA HOUSES



Report Prepared By:
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Chair, Oversight & Investigations

REPORT OVERVIEW

Central Questions:

What impact did City Hall's decision to withhold bond financing for the Halletts Point development have on the four boilers that provide heat and hot water to the more than three thousand residents at Astoria Houses?

Central Findings:

After thoroughly reviewing the record and carefully considering arguments from all sides, I have come to conclude that City Hall knew or should have known that withholding bond financing from the Halletts Point Development would likely have the effect of delaying heating improvements for the four boilers at Astoria Houses—improvements that could have been completed before the next heating season. The decision to withhold bond financing came two months before Mayor de Blasio's announcement of \$200 million for heating systems in public housing. Even with new funding for boilers at Astoria Houses, the residents there will have to wait four to six heating seasons before the installation of the new boilers is complete. City Hall's decision therefore did a demonstrable disservice to the more than three thousand residents of Astoria Houses, who will have no assurance of reliable heat and hot water in the next heating season.

ASTORIA HOUSES: THE FACTS

General Information

- Constructed in 1951
- 22 Buildings, 1104 Units
- 6-7 Stories Tall¹

Demographics²

Total Population by Age		
Age Group	# of Residents	Percentage
Under 5 years	174	5%
5 to 9 years	281	9%
10 to 14 years	303	10%
15 to 19 years	405	13%
20 to 24 years	377	12%
25 to 34 years	363	11%
35 to 44 years	337	11%
45 to 54 years	346	11%
55 to 59 years	168	5%
60 to 64 years	123	4%
65 to 74 years	182	6%
75 to 84 years	86	3%
85 years and over	35	1%

¹ Source: MyNYCHA Developments Portal, see <https://my.nycha.info/DevPortal/Portal/DevelopmentData>

² Ibid.

ASTORIA HOUSES: THE FACTS

Heating System Information³

- **Number of Boilers:** 4
- **Age of Boiler:** 28 Years (1990)
- **Type of Fuel:** Gas
- **Type of Boiler:** Steam
- **Type of Distribution:** Low Pressure Steam

2017 Heating Outages⁴

- **Heating Outages:** 26
- **Hot Water Outages:** 32 in 2017
- **Lack of Heat Complaints:** 1265

Boiler Status⁵

- The boilers' gas firing operations are satisfactory, although the burners are plugged with dirt.
- The boilers' oil firing operations are problematic.
- Overall, the boilers are near the end of their useful life and should be replaced.

³ Information provided by NYCHA prior to City Council Hearing on 2/6/2018

⁴ Information provided by NYCHA prior to hearing, outage information based on outage tags in Maximo system.

⁵ Based on boiler assessment conducted in December 2016, see Appendix 2.

ASTORIA HOUSES: BOILER VISUALS



Halletts Point: Development History

In early 2013, the Halletts A Development Company, an affiliate of Lincoln Equities Group LLC, and the New York City Housing Authority (NYCHA) submitted an application to the Department of City Planning (DCP) seeking approval for a rezoning in Halletts Point, Queens. Halletts A Development Corporation was seeking to undertake a project which would transform a largely unused waterfront area into a vibrant mixed-use development. In response to a citywide need for affordable housing and NYCHA's efforts to leverage its existing assets for revenue, the project included development parcels on the NYCHA Astoria Houses campus. At the time of the application, the project site contained eight building sites, three of which were on NYCHA property. In 2013, the rezoning application was certified by DCP, recommended for approval by the local community board and the Queens Borough President (with certain conditions) and passed by the City Council.⁶

In order for NYCHA to convey land at the Astoria Houses campus, they were required to seek approval from the U.S. Department of Housing and Urban Development (HUD) under section 18 of the U.S. Housing Act. In November 2013, the NYCHA Board approved a request for authorization to submit a Section 18 application to dispose of 2 parcels to Halletts A Development Corporation in order to develop 340 units of affordable housing in connection with the proposed mixed-use development to take place within the surrounding area.⁷ In May 2014, the NYCHA Board

⁶ New York City Dept. of Housing Preservation and Development, "Record of Decision: Halletts Point Rezoning," 12/2/2013, see Appendix 4; New York City Planning Commission, "C 090484 ZMQ," 8/21/13, see Appendix 3; City Council Land Use Action information available here: <http://legistar.council.nyc.gov/LegislationDetail.aspx?ID=1476000&GUID=21C8F758-5DFD-4B73-AD78-4351708FC525&Options=ID|Text|&Search=halletts>

⁷ New York City Housing Authority, "Three-Thousand Seventy-Third Meeting," item 15, 11/20/13, see Appendix 9.

approved a request to amend this Section 18 Application to convey the affordable housing sites upon HUD's approval and the developer's proof of construction financing for each site within the Affordable Housing Sites.⁸

In September 2014, The Durst Organization paid \$100 Million for a 90% stake in the Halletts Point project.⁹ In July 2017, Durst and NYCHA entered into an initial Purchase and Sale Agreement (PSA) for the development of two building sites on the Astoria Houses campus, and on November 29, 2017, Durst and NYCHA signed an amendment to this agreement. This amended PSA stipulated that Durst would be responsible for certain improvements to the Astoria Houses apart from the construction of the new housing. These improvements, referred to as Off-Site Work, included the provision of replacement parking, landscaping, and a requirement to pre-emptively correct an environmental hazard that the existing boilers and smokestack at Astoria Houses would pose to the new affordable development. The amended PSA included two options to address such environmental hazard: a boiler flue rerouting option or a burner replacement option. The burner replacement option would require Durst to retrofit the four existing boilers at the Astoria Houses' central boiler plant and put in new, low emission burners. If Durst proceeded with the burner replacement option, they were also required to make a payment of \$550,000 to NYCHA, only to be made after closing.¹⁰ This \$550,000 was intended to replace the mud legs of the boilers at Astoria Houses.¹¹ The agreement set out a schedule for the Off-Site work, stipulating that the burner

⁸ New York City Housing Authority, "Three-Thousand Eightieth Meeting," item 21, 5/21/14, see Appendix 8.

⁹ New York Times, "Builders Turn Focus to Housing Market," 9/26/14, see Appendix 13.

¹⁰ First Amendment to Development Agreement, Page 1-3. See Appendix 5.

¹¹ *Ibid.*, Page 3; Testimony offered by Deborah Goddard on 2/6/2018, EVP NYCHA, see Appendix 11, Page 152.

replacement option or the boiler flue rerouting was to be undertaken once Durst began construction on the new building.¹² The amended PSA included a Completion Guaranty, stating that Durst was responsible for the construction and completion of the off-site work if the sale of the development site closes or at their earlier discretion.¹³

During negotiations with NYCHA, Durst was simultaneously seeking New York City Housing Development Corporation (HDC) bond financing for the project at Astoria Houses. The bond financing was intended to make the project¹⁴ financially viable and according to the Durst Organization, it was seen as a prerequisite for closing. On November 27, 2017, the HDC board voted to approve bond financing of up to \$43,435,000 for the project. However, just days prior to HDC board approval, Durst received notice from the Administration that the bond financing would not be given.

On January 31, 2018, at their monthly meeting, the NYCHA Board approved a request to amend their earlier resolution on the Astoria Houses project. This amendment now included the condition that the 2 parcels of land at Astoria Houses be disposed only if the developer obtained all available tax-exempt bond financing necessary or if the developer entered into a completion guaranty for the construction of the affordable housing.¹⁵

¹² First Amendment to Development Agreement, Exhibit G (Appendix 5).

¹³ First Amendment to Development Agreement, Exhibit H (Appendix 5).

¹⁴ 14-story building with 163 residential units, with at least 70% of the units being affordable for households earning at or below 60% AMI, see NYC HDC “Memorandum, 11/17/2017, Attachment 10,” Appendix 7.

¹⁵ New York City Housing Authority, “Three-Thousand One Hundred and Twenty-First Meeting,” item 16, 1/31/18, see Appendix 6.



Findings

Question #1

Is the withdrawal of bond financing from Halletts Point a moot point in light of local and federal funding for new boilers at Astoria Houses?

City Hall Response

Yes.

NYCHA Response

Yes.

Finding

Since Astoria Houses is set to have new boilers funded by a combination of local and federal dollars, the controversy around bond financing is essentially a moot point, claims both City Hall and NYCHA. Left unmentioned, however, is the years-long difference in timeline. Unencumbered by city, state, and federal procurement rules, the Durst Organization claims the heating improvements would have been in place before the next heating season. By contrast, NYCHA projects the process of designing, procuring, and constructing boilers can span somewhere between 3.5 and 5 years.¹⁶ According to NYCHA's own estimate, Astoria Houses will have boilers sometime between 2021 and 2023. Even with local and federal funds for new boilers, the withdrawal of bond financing means that the residents of Astoria Houses will have to go a minimum of four heating seasons without a reliable boiler.

Moreover, NYCHA's capital need is so overwhelming that the expenditure of private dollars on heating improvements by Durst could have freed up federal and local dollars for

¹⁶ Information provided by NYCHA at New York City Council Hearing, 2/6/18, see Appendix 11.

boilers elsewhere in the portfolio. But far worse than the opportunity cost of the decision to withdraw the bond financing is the immediate impact it will have on the residents of Astoria Houses: it will deprive them of reliable boilers for the next heating season.

Question #2

Did the withdrawal of bond financing from the Halletts Point development delay the retrofit of four boilers at Astoria Houses?

City Hall Response

No.

NYCHA Response

No.

Finding

The heating improvements in the four boilers at Astoria Houses—the new burners and the new mud legs—were understood, by both Durst and NYCHA, to be contingent on the closing,¹⁷ which in turn was understood to be contingent on the bond financing. As shown in the amended agreement between NYCHA and Durst, the developer had the option to select a "burner replacement option," which is expressly defined as a retrofit of the four boilers at Astoria Houses. As shown in the January 2018 NYCHA Board Minutes, NYCHA expected the developer to receive tax-exempt bond-financing, which NYCHA described as funding "to cover the hard costs and soft costs necessary for the construction of the

¹⁷ First Amendment to Development Agreement, Exhibit H (Appendix 5).

affordable housing."¹⁸ The withdrawal of bond financing meant no closing and therefore no heating improvements.

Question #3

Would the installation of the heating improvements "solely" benefit Halletts Point, separate and apart from Astoria Houses, as NYCHA claims?

NYCHA Response

The purpose of the work was not to improve Astoria Houses' heating systems, but to secure environmental approvals for the new development. The work was about the new affordable housing, not improving heating at Astoria Houses.¹⁹

Finding

NYCHA appears to be commenting on the intent rather than the effect of the heating improvements. But the question posed, as well as the Politico article on which the question was based, has to do with effect. Original intent notwithstanding, the heating improvements would benefit both the Halletts Point Development and Astoria Houses.

Question #4

Does Durst need to install new burners in order to ensure that Halletts Point meets the requirements of the City Environmental Quality Review (CEQR)?

¹⁸ New York City Housing Authority, "Three-Thousand One Hundred and Twenty-First Meeting," item 16, 1/31/18, see Appendix 6.

¹⁹ Letter from NYCHA, 2/21/2018, see Appendix 14.

NYCHA Response

Yes.²⁰

Finding

The statement is true but beside the point of the original question, as well as the Politico article on which the question is based, not to mention the hearing itself. The question is not why Durst agreed to install the heating improvements in the first place (no one, after all, is claiming that Durst was acting out of altruism). The relevant questions are these: (1) what impact would the new burners and the new mud legs, if installed, have on the heating systems at Astoria Houses and (2) what impact did the withdrawal of the bond financing have on the planned installation of the new burners and mud legs. The subject of both the question and the hearing had to do with the effect of government decision-making on NYCHA's heating systems, not the self-interested motive of the Durst Organization. Turning the focus to the intent of the developer is a clever sleight of hand that conveniently ignores the thrust of the original question.

Question #5

Was the January 31st Politico article accurate in suggesting that the heating improvements agreed upon by both Durst and NYCHA would benefit the boilers at Astoria Houses?

NYCHA Response

No.²¹

²⁰ Letter from NYCHA, 2/21/2018, see Appendix 14.

²¹ Testimony offered by Deborah Goddard on 2/6/18, EVP NYCHA, see Appendix 11, Page 138.

Finding

New burners and mud legs would increase the efficiency and improve the performance of the four boilers at Astoria Houses. For NYCHA to either deny or downplay those benefits is disingenuous.

Question #6

Did the withdrawal of bond financing result from the failure of the Durst Organization to live up to its commitments, as NYCHA claims?

NYCHA Response

Yes.²²

Finding

The Administration has given the public more than one explanation on more than one occasion. First, City Hall told Politico NY that the decision to withdraw bond financing was simply a matter of making hard choices about scarce resources. Then, during a City Council hearing, the NYCHA Chair offered an entirely new explanation, testifying that Durst failed to live up to its commitments without specifying exactly what those commitments were. The lack of details aside, if Durst did indeed fail to live up to its commitments, as the NYCHA Chair claims, then why would HDC, on November 27th, authorize bond financing to a developer who had been acting in bad faith?²³

Furthermore, the amended agreement Durst and NYCHA signed in November 2017 stipulates that the Offsite Improvements were to be undertaken upon closing or at

²² Testimony offered by Shola Olatoye, CEO NYCHA, on 2/6/18, see Appendix 11, Page 140.

²³ NYC HDC “Memorandum, 11/17/2017,” see Appendix 7.

Durst's earlier discretion. Without a closing, it is unclear how Durst could have been in violation of its commitments.

Question #7

Would the new burners and mud legs improve the efficiency, performance, and life of the boilers at Astoria Houses?

NYCHA Response

No.²⁴

Finding

NYCHA is correct to point out that the new burners were designed to reduce emissions so that Durst could meet the requirements of CEQR. The statement, though true, is beside the point, for the reasons noted previously (see Question #4). There is little doubt that installing new burners and mud legs would have the effect of improving the efficiency, life, and performance of the four boilers at Astoria Houses.

Question #8

Is the burner replacement a prior commitment rather than a conditional one?

City Hall Response

Yes.²⁵

Finding

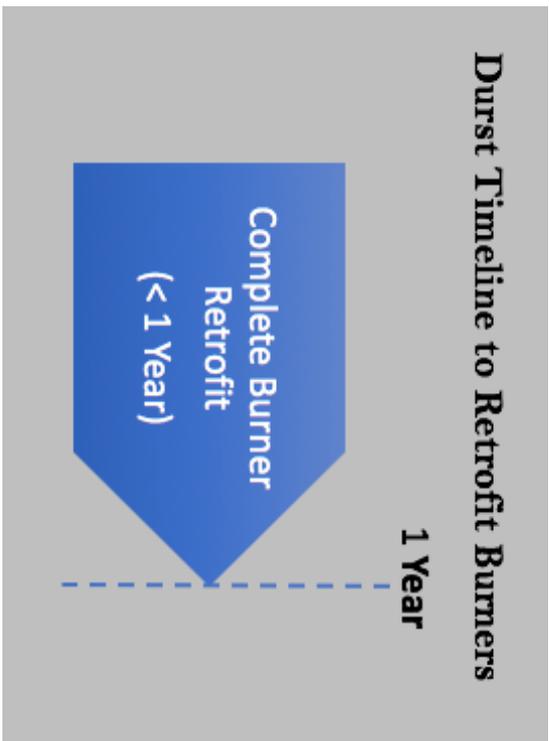
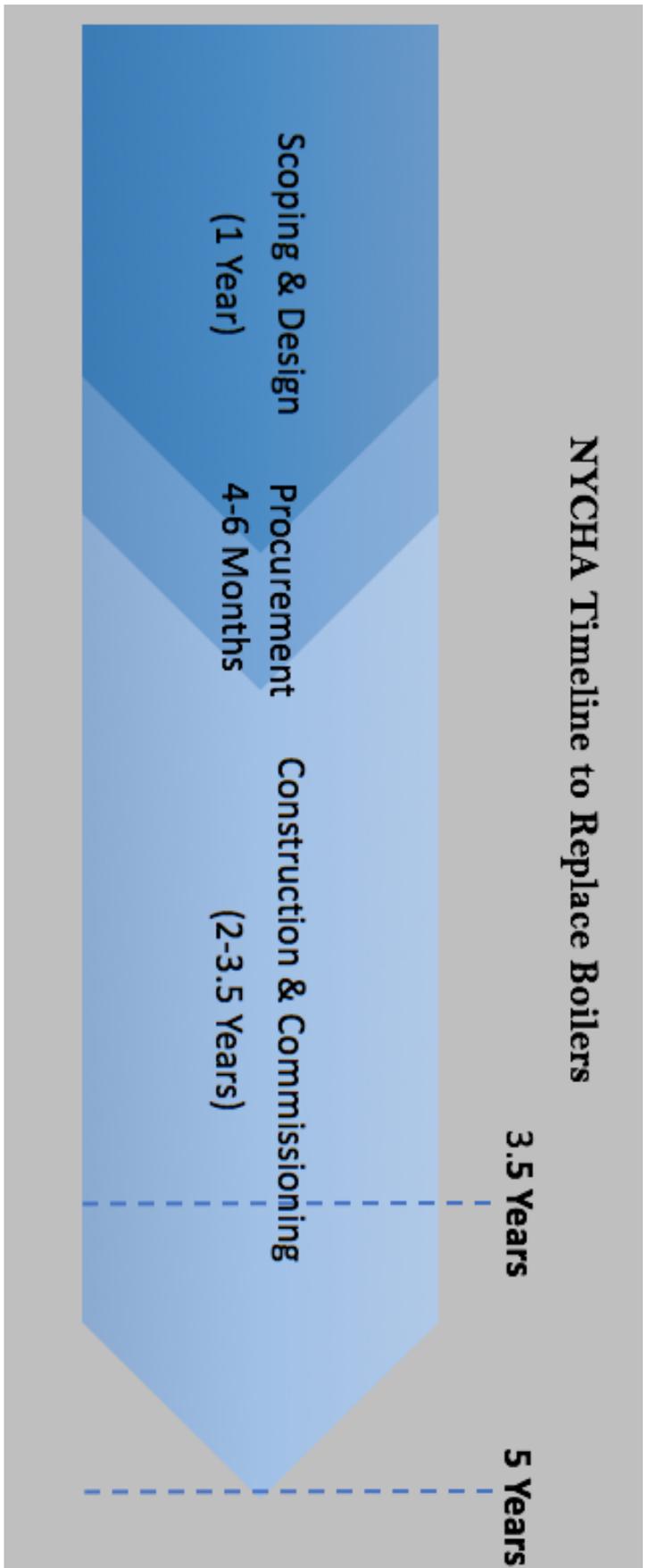
According to Politico NY, the Administration asserts that the burner replacement is a prior, rather than a conditional,

²⁴ Testimony offered by Deborah Goddard on 2/6/18, EVP NYCHA, see Appendix 11, Page 151.

²⁵ Politico NY, "City halts funding for affordable housing at Durst development," 1/31/18, see Appendix 10.

obligation. The Administration's claim that Durst is required to replace the burners unconditionally--even in the absence of the very project whose environmental review necessitates the replacement--is absurd on its face. If the burner replacement is "solely" about environmental clearance for the new affordable housing, as NYCHA claims, then expecting the burners to be replaced without a closing seems folly at best and disingenuous at worst.

APPENDIX 1



APPENDIX 2

Boiler and Burner Assessment Document

Summary

On 12/13/2016 and 12/14/2016 ACS and Preferred Utilities performed a combustion analysis and burner assessment.

Natural Gas Firing

Gas firing tested on all boilers, all boilers are operating satisfactorily on natural gas.

Boiler #1 needs no adjustment as combustion is about as good as it gets.

Boiler #2 natural combustion readings can be improved but are not terrible. Low fire is good, mid-fire is ok, high fire could be much better, should be around 3% - 4% O₂. Upon opening the burner, it was noticed that some of the gas jets are partially plugged with dirt. This is not uncommon as burners draw in a lot of boiler room/dirty air. Prior to re-tuning the gas jets should be cleaned, however, this requires access to the furnace as the jets need to be cleaned from the inside. This needs to be scheduled when the boiler can be taken off line for 2-3 days. Also when the burner was opened up we noticed significant cracking of the floor refractory, these cracks were glowing meaning that the boiler steel was no longer being protected.

Boiler #3 natural gas combustion requires some tuning as the low fire and high fire points are good too excellent. Mid-fire the O₂ is too low and border-line unsafe. Similar to boiler #2 the gas jets need cleaning and the air inlet damper has a loose/fluttering blade at 7 o'clock, these conditions should be repaired and the burner re-tuned to provide a greater excess air level at mid-fire.

LEFT OUT IN THE COLD: A CLOSER LOOK AT ASTORIA HOUSES

Boiler #4 has slightly high excess air at high fire, upon internal inspection with mirror some of the gas jets are dirty, similar to boilers #2 and #3 with proper cleaning and retuning this burner can be brought within specifications.

Oil firing

Boiler 1 was tested but CO levels reached 1400ppm and the boiler was shut down. Upon inspection we noticed damage to the refractory throat which needs to be repaired.

Boiler #2 could not be tested on oil as there is a problem with its fuel oil pump.

Boiler #3 the combustion is excellent

Boiler #4 oil firing is not good as the O₂ is too high and CO₂ too low at all firing points. The CO at mid and high fire is also too high, 223ppm and 370ppm respectively. Discussing this with Preferred Utilities the Voluvalve/Fuel Oil Control Valve needs a thorough cleaning. This will require some downtime and should be scheduled for the spring.

As boilers 1 and 2 require mechanical repairs which NYCHA is capable of performing. It would make sense to return once repairs on Boilers 1 and 2 are complete.

The good news is that there appears to be no major issues with the boiler/combustion chamber itself as the natural gas combustion readings for all boilers were good.

One common issue amongst all the boilers is that the draft controls are locked in the full open position. Proper draft control is critical to burners performance when more than one boiler is connected to a common breeching and/or a chimney/stack in excess of 50 feet. **I strongly recommend that new draft controls be installed** on these burners as it would help current performance and will be necessary to ensure performance once the stack is elevated.

Boilers General – NYCHA should plan to replace these boilers in the near future. ACS was assessment was related to the operation of the burners which are 20 plus years old and could be brought with reasonable operating condition. The boilers are also 20 plus years old and nearing the end of their useful service life. From a rough visual inspection all the boilers need some degree of refractory repair which is a significant cost for equipment of this vintage.

Appendix 3

CITY PLANNING COMMISSION

August 21, 2013 / Calendar No. 31

C 090484 ZMQ

IN THE MATTER OF an application submitted by Halletts A Development Company, LLC and New York City Housing Authority pursuant to Sections 197-c and 201 of the New York City Charter for the amendment of the Zoning Map, Section No. 9a:

1. changing from an R6 District to an M1-1 District property bounded by the U.S. Pierhead and Bulkhead Line, 2nd Street, 26th Avenue, and the easterly boundary line of a Park (Astoria Athletic Field) and its southerly prolongation;
2. changing from an R6 District to an R7-3 District property bounded by the southerly boundary line of a Park (Astoria Athletic Field), the southerly prolongation of the easterly boundary line of a Park (Astoria Athletic Field), 26th Avenue and its westerly centerline prolongation, and the U.S. Pierhead and Bulkhead Line;
3. changing from an M1-1 District to an R7-3 District property bounded by 26th Avenue and its westerly centerline prolongation, 2nd Street, a line 275 feet southerly of 26th Avenue, 1st Street, the northerly boundary line of a Park and its easterly prolongation, and the U.S. Pierhead and Bulkhead Line;
4. establishing within a former Park an R6 District property bounded by the westerly street line of 1st Street, the southerly street line of Astoria Boulevard, the northeasterly prolongation of a southeasterly boundary line of a Park, the easterly boundary line of a Park, and the easterly prolongation of a northerly boundary line of a Park;
5. establishing within an R6 District a C1-4 District bounded by:
 - a. 27th Avenue, 8th Street, a line 150 feet southerly of 27th Avenue, and 1st Street; and
 - b. Astoria Boulevard, the terminus of the Astoria Boulevard (westerly portion), the easterly prolongation of the southerly street line of Astoria Boulevard (westerly portion), the terminus of the of Astoria Boulevard (easterly portion), Astoria Boulevard, Vernon Boulevard, a line 150 feet southerly of Astoria Boulevard (easterly portion) and its westerly prolongation, a line 150 feet southerly of Astoria Boulevard (westerly portion) and its easterly prolongation, and the southerly centerline prolongation of 1st Street (straight line portion); and
6. establishing within a proposed R7-3 District a C1-4 District bounded by the southerly boundary line of a Park, the northerly centerline prolongation of 1st Street, 26th Avenue, 2nd Street, a line 275 feet southerly of 26th Avenue, 1st Street, the northerly boundary line of a Park and its easterly prolongation, and the U.S. Pierhead and Bulkhead Line;

Borough of Queens, Community District 1, as shown on a diagram (for illustrative purposes only) dated April 22, 2013, and subject to the conditions of CEQR Declaration E-309.

This application for an amendment to the Zoning Map was filed by Halletts A Development Company LLC on June 10, 2009 and revised on April 3, 2013 to change an M1-1 district to R7-3/C1-4 and to map C1-4 commercial overlays in existing R6 districts in addition to mapping R6 on public parkland to facilitate a mixed-use large-scale general development located at Halletts Point, Queens Community District 1.

RELATED ACTIONS

In addition to the zoning map amendment which is the subject of this report, implementation of the proposed development also requires action by the City Planning Commission on the following which is being considered concurrently with this application:

- C 130068 MMQ** Amendment to the City map involving the de-mapping of portions of 26th Avenue, 27th Avenue, Astoria Boulevard, and a Park, the delineation of a street easement, and the establishment of a Park.
- N 090485 ZRQ** Amendment to the Zoning Resolution modifying Article II, Chapter 3, and Appendix F relating to Inclusionary Housing, Article VI, Chapter 2 (SPECIAL REGULATIONS APPLYING IN WATERFRONT AREAS), Article VI, Chapter III (SPECIAL REGULATIONS APPLYING TO FRESH FOOD STORES) and Article VII, Chapter 4 relating to large-scale general development.
- C 090486 ZSQ** Special permits pursuant to Sections 74-743(a)(1), 74-743(a)(2), and 74-743(a)(11) to distribute floor area and lot coverage, modify the rear yard requirements of Sections 23-532 and 35-53, to modify the height and setback requirements of Section 62-341, and to allow the distribution of floor area from a zoning lot containing existing public housing buildings within a large-scale general development.
- N 090487 ZAQ** Authorization by the Planning Commission pursuant to Section 62-822(a) to modify the location, area, and dimension requirements of Section 62-50 for waterfront public access area and visual corridors within a large-scale general development.
- N 090488 ZCQ** Chair certification pursuant to Section 62-811(b) that a site plan has been submitted showing compliance with the provisions of Section 62-50 and 62-

60, as modified by the authorizations (N 090487 ZAQ, N 130245 ZAQ, and N 130246 ZAQ), within a large-scale general development.

C 130244 ZSQ Special permit pursuant to Section 62-836 to modify bulk requirements of Section 62-341 and the distance between buildings requirement of Section 23-711, within a large-scale general development.

N 130245 ZAQ Authorization by the Planning Commission pursuant to Section 62-822(b) to modify the design requirements of Section 62-60 for waterfront public access area and visual corridors within a large-scale general development.

N 130246 ZAQ Authorization by the Planning Commission pursuant to Section 62-822(c) to allow for the phased development of waterfront public access area within a large-scale general development.

BACKGROUND

A full background discussion and description of this application appears in the report for a related application for a special permit (C 130244 ZSQ).

ENVIRONMENTAL REVIEW

This application (C 090484 ZMQ), in conjunction with the related applications, was reviewed pursuant to the New York State Environmental Quality Review Act (SEQRA), and the SEQRA regulations set forth in Volume 6 of the New York Code of Rules and Regulations, Section 617.00 et seq. and the New York City Environmental Quality Review (CEQR) Rules of Procedure of 1991 and Executive Order No. 91 of 1977. The CEQR number is 09DCP084Q. The lead agency is the City Planning Commission.

A full summary of the environmental review appears in the report on the related application for a special permit (C 130244 ZSQ).

UNIFORM LAND USE REVIEW

This application (C 090484 ZMQ), in conjunction with the applications for the related ULURP actions, was certified as complete by the Department of City Planning on April 22, 2013, and was duly referred to Community Board 1 and Queens Borough President, in accordance with Title 62 of the Rules of the City of New York, Section 2-02(b) along with the related non-ULURP actions, which were referred for information and review on April 22, 2013 in accordance with the procedures for non-ULURP matters.

Community Board Public Hearing

Community Board 1 held a public hearing on this application (C 090484 ZMQ) and on applications for the related actions on May 21, 2013 and on that date, by a vote of 29 in favor, with 0 opposed and 0 abstentions, unanimously adopted a resolution recommending approval of the application with conditions.

A summary of the recommendations of Community Board 1 appears in the report on the related application for a special permit (C 130244 ZSQ).

Borough President Recommendation

This application (C 090484 ZMQ), in conjunction with the related actions, was considered by the Borough President, who recommended approval of the application with conditions on July 8, 2013.

A summary of the recommendations of the Borough President appears in the report on the related application for a special permit (C 130244 ZSQ).

City Planning Commission Public Hearing

On June 19, 2013 (Calendar No. 13), the City Planning Commission scheduled July 10, 2013 for a public hearing on this application (N 090484 ZMQ). The hearing was duly held on July 10, 2013 (Calendar No. 35) in conjunction with the public hearing on the applications for related actions. There were 17 speakers in favor of the application and related actions and no speakers in opposition, as described in the report on the related application for a special permit (C 130244 ZSQ), and the hearing was continued. The continued hearing was duly held on July 24, 2013 (Calendar No. 19). There were no other speakers and the hearing was closed.

WATERFRONT REVITALIZATION PROGRAM CONSISTENCY REVIEW

This application (C 090484 ZMQ), in conjunction with related actions, was reviewed by the City Coastal Commission for consistency with the policies of the New York City Waterfront Revitalization Program (WRP), as amended, approved by the City Council on October 13, 1999 and by the New York State Department of State on May 28, 2002, pursuant to the New York State Waterfront Revitalization and Coastal Act of 1981 (New York State Executive Law, Section 910 et seq.). The designated WRP number is 12-087.

The City Coastal Commission, having reviewed the waterfront aspects of this action, finds that the actions will not substantially hinder the achievement of any WRP policy and hereby determines that this action is consistent with WRP policies.

CONSIDERATION

The Commission believes that this amendment to the zoning map (C 090484 ZMQ), in conjunction with the related actions, is appropriate.

Appendix 4



RUTHANNE VISNAUSKAS
Commissioner
ERIC ENDERLIN
Acting Deputy Commissioner
JOHN E. GEARRITY
Assistant Commissioner

Office of Development
Building & Land Development
Services
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RECORD OF DECISION

HALLETTS POINT REZONING QUEENS, NEW YORK

This document is a Record of Decision (ROD) for the Halletts Point Rezoning Project prepared pursuant to the National Environmental Policy Act of 1969 and its implementing regulations (40 CFR Parts 1500-1508) (collectively, NEPA), Executive Order 11988 (Floodplain Management), Executive Order 12898 (Environmental Justice), the National Historic Preservation Act of 1966 and its implementing regulations (36 CFR Part 800) (collectively, NHPA), the New York State Environmental Quality Review Act (Article 8 of the New York State Environmental Conservation Law) and the regulations adopted pursuant thereto (6 NYCRR Part 617) (collectively, SEQRA), and New York City Environmental Quality Review (Sections 6-08 and 6-12 of Executive Order No. 91 of 1977 as amended) (CEQR). Because the Project involves the disposition of New York City Housing Authority (NYCHA) property, the New York City Department of Housing Preservation & Development (HPD), acting as Responsible Entity (RE) pursuant to 24 CFR Part 58, has issued this ROD. The New York City Department of City Planning (DCP), acting on behalf of the City Planning Commission (CPC), served as the Lead Agency for CEQR. The project was assigned CEQR number 09DCP084Q and was classified as a Type I action under SEQRA. HPD and HUD served as involved agencies under CEQR.

This ROD draws upon facts and conclusions in the Final Environmental Impact Statement (FEIS) approved by the lead agency, in consultation with HPD, as well as comments thereon and related documents and submissions. This ROD attests to the fact that DCP and HPD have complied with all applicable procedural requirements, including those found in 40 CFR Parts 1500-1508, 24 CFR Part 58 and 6 NYCRR Part 617, in reviewing the proposal.

This ROD also attests to the fact that HPD has given due consideration to the Draft Scope, Final Scope, DEIS and FEIS prepared in conjunction with the Halletts Point Rezoning Project (the Project) and the public comments submitted on the same. This ROD is the final step in the NEPA process for the Project.

A. DESCRIPTION OF THE SELECTED PROJECT

PROJECT BACKGROUND

The project has been developed in close consultation with NYCHA, the Astoria Houses tenants, elected officials, the Department of City Planning (DCP), the Department of Parks and Recreation (DPR), and other community stakeholders over the last several years. These consultations, many of which were done before the project's application under New York City's Uniform Land Use Review Procedure (ULURP) was finalized, informed several aspects of the

project including the overall site plan and program, as discussed below. Initially, the Project Sponsor only contemplated development on the Waterfront and Eastern Parcels (discussed below). However, in response to community and agency requests for greater affordable housing, a more integrated plan for the isolated Halletts Point peninsula, and increased connectivity to the East River waterfront, as well as NYCHA's efforts to reposition and capitalize on its existing real estate assets to provide revenue to support its affordable housing mission, the project evolved to include development on parcels within the NYCHA Astoria Houses campus. As a result of the changes to the project during these consultations, the project analyzed in the FEIS provides for greater integration with the existing Halletts Point community, increased connectivity to the waterfront and cohesive transitions between the project site and waterfront open spaces, and also provides specific project elements (e.g., the proposed senior housing and supermarket) that were requested by the community. Furthermore, the proposed disposition of NYCHA property would provide revenue to support NYCHA's mission.

DESCRIPTION OF SELECTED PROJECT

The Project Sponsor, currently identified as Halletts A Development Company, LLC, intends to construct a mixed-use development on several parcels on Halletts Point along the East River in Astoria, Queens. After development and consideration of a variety of program layout options and other alternatives, including a No Build Alternative, DCP and HPD have concurred with the selection of the "proposed project" as defined in the FEIS (hereafter referred to as the Selected Project).

PROJECT SITE

The project site comprises all or portions of eight existing tax lots on the Halletts Point peninsula along the East River in Astoria, Queens. The project site contains eight building sites on which new development would occur with the Selected Project. Seven of the building sites (Buildings 1-7) would be developed as part of the Project Sponsor and NYCHA's current proposal and one (Building 8) would be developed as part of a future request for proposals (RFP) by NYCHA and future Section 18 disposition application to HUD.

- **Building 1** would be located on the block bounded by 27th Avenue to the south, 1st Street to the west, 26th Avenue to the north, and 2nd Street to the east (the "Eastern Parcel" or "Eastern Zoning Lot").
- **Buildings 2 through 5**, including the mapped streetbeds of 26th and 27th Avenues between 1st Street and the East River, would be bounded by Halletts Point Playground to the south, the East River to the west, Whitey Ford Field to the north, and 1st Street to the east (the "Waterfront [WF] Parcel").
- **Buildings 6 through 8** would be located within the existing NYCHA Astoria Houses Campus bounded by 27th Avenue, 1st Street, and 8th Street.

PROJECT PROGRAM

The Selected Project would result in the development of a total of approximately 2.73 million gross square feet (gsf) on the building sites, consisting of a total of approximately 2.2 million gsf of residential space (2,644 housing units including 2,161 market-rate and 483 affordable housing units); approximately 69,000 gsf of retail space (including an approximately 30,100-gsf retail



space designed for supermarket use in Building 1); and approximately 1,347 garage parking spaces and 53 on-site surface parking spaces. The Selected Project would also include approximately 105,735 sf (2.43 acres) of publicly accessible open space, including a waterfront esplanade along the East River and upland connections to 1st Street. The Selected Project would be built continuously over time and it is expected that the full build out would be complete by 2022. Table 1 provides a summary of the Selected Project.

Table 1
Summary of Selected Project

Use	Bldg 1	Bldg 2	Bldg 3	Bldg 4	Bldg 5A	Bldg 5B	Bldg 6A	Bldg 6B	Bldg 7A	Bldg 7B	Bldg 8 ²	Total
Residential gsf	385,717	286,820	360,738	205,299	195,174	253,129	87,586	49,711	69,438	61,547	240,000	2,195,159
<i>Total Units</i>	<i>472</i>	<i>351</i>	<i>441</i>	<i>251</i>	<i>239</i>	<i>310</i>	<i>111</i>	<i>63</i>	<i>88</i>	<i>78</i>	<i>240</i>	2,644
<i>Market-Rate Units</i>	<i>377</i>	<i>351</i>	<i>441</i>	<i>251</i>	<i>191</i>	<i>310</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>240</i>	2,161
<i>Affordable Units</i>	<i>95</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>48</i>	<i>0</i>	<i>111</i>	<i>63</i>	<i>88</i>	<i>78</i>	<i>0</i>	483
Retail gsf	30,100	4,115	7,033	5,156	2,069	2,660	1,945	3,735	4,755	4,095	3,000	68,663
Parking gsf	76,308	60,383	63,818	44,745	50,852	60,661	0 ²	0 ²	0 ²	0 ²	51,015	407,782
<i>Garage Parking Spaces¹</i>	<i>228</i>	<i>215</i>	<i>222</i>	<i>137</i>	<i>162</i>	<i>212</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>171</i>	1,347
<i>Surface Parking Spaces¹</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>27</i>	<i>26</i>	<i>0</i>	<i>0</i>	<i>0</i>	53³
Mechanical gsf	11,738	8,198	13,177	9,138	7,266	6,303	NA	NA	NA	NA	5,000	60,820
Total gsf	503,863	359,516	444,766	264,338	255,361	322,753	89,531	53,446	74,193	65,642	299,015	2,732,424
Open Space	105,735 sf (2.43 acres)											
Notes: gsf = gross square feet. All proposed gsf are approximate. ¹ All parking would be accessory. ² In addition to the Project Sponsor's proposal, NYCHA is seeking approvals in connection with the disposition and future development of Building 8. ³ The Selected Project would also maintain 178 surface parking spaces within the NYCHA Parcel adjacent to Buildings 6 and 7 and in an expanded surface lot south of Astoria Boulevard to replace the surface parking displaced by the development of Buildings 6, 7, and 8.												

In addition, it is expected that a number of street improvements and improvements to stormwater and sanitary sewer infrastructure would be provided to support the new development, and a new connecting street segment between existing mapped portions of Astoria Boulevard would be constructed through the NYCHA Astoria Houses campus. The Selected Project would implement a variety of stormwater management measures as part of its overall design and as part of the site connection process with DEP and the project's Stormwater Pollution Prevention Plan (SWPPP). These measures would be similar to Low Impact Development (LID) techniques, which is an approach to development that works with nature to manage stormwater as close to its source as possible. Similar to LID practices, the Selected Project's stormwater measures would improve water quality and reduce peak storm flows from the project site.

To facilitate the development of the Selected Project, NYCHA is serving as the Applicant for the current Section 18 disposition application. In addition to the sites for Buildings 6 and 7, NYCHA's current Section 18 disposition application includes a parcel within Astoria Houses which has been set aside for the construction of a school by the New York City School Construction Authority (SCA) should SCA exercise their option to purchase. NYCHA will reserve the requested school site for conveyance at a nominal price until the end of 2022.

PROJECT PURPOSE AND NEED

The purpose of the Selected Project is to implement a plan for a large-scale housing development with affordable units, along with ground-floor retail space and a publicly accessible waterfront esplanade and open space. The Selected Project is intended to transform a largely underused waterfront area into a new, enlivened mixed-use development. The proposed new housing would



support the city's plans to provide additional capacity for residential development, especially affordable housing. The proposed neighborhood retail is intended to provide amenities that are currently lacking in the area and which would serve the existing residential population in addition to the project-generated population. The proposed action includes a request to include the project area in the Food Retail Expansion to Support Health (FRESH) Program, which, if pursued, will facilitate the siting of grocery stores selling a full range of food products with an emphasis on fresh fruits and vegetables, meats, and other perishable goods in this underserved area. The Selected Project would also establish a publicly accessible waterfront esplanade with upland connections and a connection to Halletts Point Playground south of the site and Whitey Ford Field north of the site. The proposed open space is intended to provide benefits for the Astoria Houses Campus, adjacent community, the Borough of Queens, and the city as a whole.

In addition to the Project Sponsor's proposal for the development of Buildings 1 through 7, NYCHA is contemplating a master plan for the Astoria Houses that may include future development on other parcels within the campus. NYCHA is seeking to identify sources of revenue in order to continue its mission of maintaining and providing affordable housing, and one source of revenue is to reposition and capitalize on its existing real estate assets. The approval from HUD sought by NYCHA for the disposition of the land for Buildings 6 and 7 to the Project Sponsor, the disposition intended to reserve a school site for possible future sale to the SCA, and the anticipated future disposition of the land for Building 8 would provide revenue to support NYCHA's mission. The development of Building 8 would also contribute to the introduction of an economically diversified population within the Astoria Houses Campus. As discussed above, the Selected Project would facilitate the disposition of the site for Building 8 by NYCHA pursuant to a future RFP and future application to HUD. The future RFP and application to HUD related to Building 8 will rely on the findings of the FEIS and this ROD.

The new connecting street segment between existing mapped portions of Astoria Boulevard on the NYCHA Parcel is intended to improve circulation in the area and provide a better connection with the surrounding community. The development of Building 8, including the proposed ground-floor retail, is intended to enliven the new Astoria Boulevard. The proposed bus layover would facilitate the provision of better bus service to the area.

FEIS COMMENTS AND RESPONSES

The New York City Department of City Planning received written comments on the FEIS from the EPA Region 2 in an undated letter received on October 18, 2013. As stated in the EPA letter, their comments are intended to provide useful information to inform local, state, and federal decision-making. As such, these comments have been considered by HPD in preparing this ROD. The EPA's comment letter on the FEIS is attached in **Appendix A**.

The EPA's comments on the FEIS were a reiteration of comments previously issued on the DEIS relating to three issues: children's public health, the project's tree planting waiver, and environmental justice. These comments were initially presented by EPA in a July 23, 2013 comment letter on the DEIS and were subsequently addressed in FEIS Chapter 29, "Response to



Comments on the Draft Scope of Work and DEIS”. It is the lead agency and HPD’s position that the responses provided in the FEIS adequately address the comments raised by the EPA.

FEDERAL APPROVALS

The Selected Project would require approval from a federal agency and a federally designated RE, including:

- Approval from HUD under Section 18 of the U.S. Housing Act for disposition of NYCHA public housing property, specifically the sites of proposed Buildings 6 and 7, a site to be reserved for development of a future school, and provision of a street easement at the Astoria Houses Campus.
- The possibility of construction funding from HUD (allocated by HPD) in connection with the Selected Project, which may include funding from HUD’s HOME Investment Partnerships Program (HOME), Project-Based Section 8 Housing Assistance Payments Program, Veterans Assistance Supportive Housing Program (VASH), and Section 202 Program. In addition, the New York City Housing Development Corporation (HDC) may seek mortgage insurance through HUD’s Risk Sharing Program.

B. ALTERNATIVES ANALYZED IN THE FEIS

In addition to the Selected Project, the alternatives analysis presented in the FEIS considered three alternatives: a No Build Alternative, a No Unmitigated Significant Adverse Impacts Alternative, and a Reduced Density Alternative. Each of these alternatives was described, analyzed and assessed in the DEIS and FEIS in terms of each alternative’s ability to achieve the stated purpose and need.

NO BUILD ALTERNATIVE

The No Build Alternative assumes no discretionary actions would be approved and that the Selected Project would not be implemented. The project site would remain in its current underutilized state under the existing M1-1 manufacturing zoning along the waterfront, including a building materials storage yard, a building used for construction materials storage, two vacant buildings, a vacant parcel, and a partially vacant industrial building. This alternative would avoid the Selected Project’s significant adverse impacts relating to public elementary schools, public funded child care facilities, open space, transportation, and construction impacts related to transportation and noise. The anticipated development projects in the study area would substantially increase the background demand for schools and child care facilities, and would result in declines in the level of service (LOS) at up to 18 study area intersections. However, in this alternative, there would be no market-rate or affordable housing developed on the project site and no new publicly accessible open space or a public waterfront esplanade with upland connections and connections to Halletts Point Playground and Whitey Ford Field. Furthermore, no neighborhood retail amenities would be introduced and the No Action Alternative would not provide revenue to support NYCHA’s mission. In short, the No Build Alternative would fail to meet all of the Selected Project’s principal goals.

NO UNMITIGATED SIGNIFICANT ADVERSE IMPACTS

The No Unmitigated Significant Adverse Impacts Alternative considers several modifications of the Selected Project to eliminate its significant adverse impacts on public elementary schools,



child care centers, open space, traffic, and construction impacts related to traffic and noise. To eliminate all unmitigated significant adverse impacts, the Selected Project would have to be modified to a point that its principal goals and objectives would not be realized. In particular, with the modifications considered for this alternative, the number of units in Selected Project would be reduced to the point that no development would occur on the sites of Buildings 6, 7, and 8. As such, there would be no disposition of NYCHA property and no new revenue to support NYCHA's mission and, unlike the Selected Project, this alternative would be integrated with the existing NYCHA Astoria Houses campus. Furthermore, this alternative would provide less publicly accessible open space than the Selected Project and would not create new access to the waterfront to the same extent as the Selected Project.

REDUCED DENSITY ALTERNATIVE

The Reduced Density Alternative considers a project program that does not include development of Building 8. In general, this alternative would result in effects substantially similar to the Selected Project but would result in 240 fewer residential units (market-rate) and would therefore be less supportive of the PlaNYC goal of creating enough housing for almost a million more people. In addition, this alternative would be less supportive of NYCHA's goal of repositioning its assets to generate revenue for operation of its affordable housing mandate, particularly at the Astoria Houses Campus, and would be less supportive of the public policy goals of Plan NYCHA. This alternative would still result in similar impacts as those identified for the Selected Project. With respect to transportation, the Reduced Density Alternative is expected to result in the same or a slightly fewer number of significant adverse traffic impacts than the Selected Project, depending on the peak analysis hour. These impacts could be mitigated using the same mitigation measures identified for the Selected Project and the Reduced Density Alternative would result in the same unmitigated traffic impacts as the Selected Project. With respect to the other impact categories, the Reduced Density Alternative would result in similar impacts as the Selected Project and would not eliminate any of the Selected Project's significant adverse impacts, nor would it make unmitigated impacts of the Selected Project mitigatable. The Reduced Density Alternative could result in an unmitigated schools impact since without the disposition of Building 8, the SCA would be required to pay fair market value for the site for the school. Absent sufficient funding to acquire the site, no school would be built; therefore, it is expected that this alternative would result in an unmitigated impact on elementary schools. This alternative would also be less supportive of the goals and objectives of the project, particularly the goal to provide revenue to support NYCHA's affordable housing mission through the proposed disposition of the land for Building 8 pursuant to a future RFP and the introduction of an economically diversified population within the Astoria Houses Campus. Overall, although the Reduced Density Alternative would meet a number of the goals and objectives of the Selected Project, it would do so to a lesser degree than the Selected Project because it would introduce fewer residential units and provide less revenue to support NYCHA's affordable housing mission. The Reduced Density Alternative would result in significant adverse impacts in the areas of elementary schools, public child care, open space, traffic, transit, and construction as the Selected Project, and would not make the unmitigated impacts of the Selected Project mitigatable.



C. IDENTIFICATION OF ENVIRONMENTALLY PREFERABLE ALTERNATIVE

In accordance with 40 CFR 1505.2 (b), the environmentally preferred alternative must be identified in the ROD. HPD considers the environmentally preferred alternative for the Halletts Point project to be the No Build Alternative described above. This alternative would result no significant adverse impacts. However, it would fail to meet all of the principal goals as stated above under “Purpose and Need” which include providing much needed affordable housing and retail opportunities for the neighborhood, expansion of publicly accessible open space resources, and providing revenue to support NYCHA’s mission.

D. DECISION RATIONALE

The basis for HPD’s decision includes its consideration of the project purpose and need, as described in Section A, “Description of the Selected Project,” the environmental impacts of the Selected Project and its ability to satisfy that purpose and need as described in Section A and E, “Significant Adverse Impacts and Mitigation Measures,” the ability of alternatives to meet the project purpose and need and the environmental impacts of such alternatives as described in Section B, “Alternatives Analyzed in the FEIS,” and the public comments received on the DEIS and FEIS, as well as during the planning processes described above.

The Selected Project will facilitate a mixed-use development with housing (including affordable units), ground-floor retail space, and a publicly accessible waterfront esplanade and open space. The Selected Project would transform a largely underused waterfront area into a new, enlivened mixed-use development that is integrated with the surrounding community, provides increased access to the East River waterfront, and supports NYCHA’s efforts to reposition and capitalize on its existing real estate assets to provide revenue to support its affordable housing mission. The Selected Project has been designed and is expected to achieve each of these goals while minimizing the potential for adverse environmental impacts. Nevertheless, as discussed in the analyses below, construction of the Selected Project would involve significant traffic, transit, and noise impacts during its construction period. When completed, the Selected Project would result in significant adverse impacts to elementary schools, public child care facilities, open space, traffic, and transit services. While the Project Sponsor has committed to a broad program of measures to mitigate (or avoid entirely) these impacts, some adverse impacts are inevitable if the significant benefits of the Selected Project are to be realized.

E. SIGNIFICANT ADVERSE IMPACTS AND MITIGATION MEASURES

The *CEQR Technical Manual* served as the general guide on the methodologies and impact criteria for evaluating the Selected Project’s potential effects on the various environmental areas of analysis. As discussed in the EIS, the Selected Project would avoid significant adverse impacts in the areas of land use, zoning, and public policy; socioeconomic conditions; shadows; historic resources; urban design and visual resources; natural resources; hazardous materials; water and sewer infrastructure; solid waste and sanitation services; energy; air quality; greenhouse gas emissions; noise; neighborhood character; and public health.



Significant adverse impacts were identified in the areas of community facilities (elementary schools and publicly funded child care), open space, transportation (traffic and transit), and construction (traffic, transit, and noise). These impacts and the proposed mitigation measures are described below.

COMMUNITY FACILITIES

The FEIS presents analyses of indirect effects to elementary, intermediate, and high schools; libraries; and child care centers. The Selected Project would not result in any significant adverse impacts to intermediate schools, high schools, or libraries. The FEIS analysis finds that the Selected Project would result in significant adverse impacts to public elementary schools and public child care facilities. These impacts and associated mitigation measures are discussed below.

ELEMENTARY SCHOOLS

Study area elementary schools would operate with a deficit of seats in the future without the Selected Project, and would continue to do so in the future with the Selected Project. Within Sub-district 3, elementary schools would operate with a shortage of seats in 2022, and the Selected Project would result in an increase of more than 5 percentage points in the collective utilization rate over the No Build condition. Therefore, the Selected Project would result in a significant adverse impact on elementary schools in the study area.

Mitigation

In order to address the Selected Project's potential significant adverse impact on public elementary schools, a Memorandum of Understanding (MOU) will be entered into between Project Sponsor, NYCHA, and the SCA with regard to the potential development of a new school building that could accommodate students in kindergarten through grade 8 on a site located within the NYCHA Astoria Houses Campus. The MOU will set forth the cost, timing, and duration of the disposition of the school site from NYCHA to SCA, among other activities. The proposed school would fully mitigate the potential significant adverse impact to public elementary schools, and is anticipated to also provide public intermediate school seats, even though the Selected Project would not result in a significant adverse impact to public intermediate schools. It is expected that this school building would be approximately 130,000 sf and would accommodate 1,057 elementary and intermediate school students.

Development of the public school would be subject to the confirmation that the need for a new school exists and the allocation of sufficient capital funding for design and construction of the new school facility in the New York City Department of Education's (DOE) Five-Year Capital Plan. The disposition of the property within the NYCHA Astoria Houses Campus to the SCA to facilitate the construction of the future school would be subject to approval by HUD under Section 18 of the National Housing Act. Similar to the disposition of property for Buildings 6 through 8, HPD would act as Responsible Entity for NYCHA's environmental review of the school sites disposition pursuant to 24 CFR Part 58. While funding for design and construction of the public school would be included in the Capital Plan, the SCA has stated that in order to proceed, the site acquisition cost would be required to be for a nominal amount.



No further mitigation measures are proposed in the event that NYCHA is unable to dispose of the proposed school site to SCA for a nominal fee or the SCA were to otherwise decline to develop the proposed public school due to the absence of City capital funding or for other reasons. In the event that the SCA is unable to obtain sufficient capital funding to develop a school of the size proposed above, the SCA could develop a smaller school potentially containing only elementary school seats that would also fully mitigate the significant adverse impact on public elementary schools. In addition, other options to address school seat demand in the future if the SCA were to decline to develop any public school could include standard measures utilized by DOE/SCA to address school capacity such as redistricting, the provision of off-site capacity, or other administrative measures. Such measures could wholly or partially mitigate the significant adverse impact on public elementary schools. Absent the construction of a new school building or the implementation of other measures by SCA, the Selected Project would result in an unmitigated significant adverse impact on public elementary schools.

PUBLIC CHILD CARE CENTERS

The Selected Project would result in a potential significant adverse impact to publicly funded child care facilities. Child care facilities in the study area would operate with a shortfall of seats both in the future without and the future with the Selected Project.

Mitigation

The Selected Project would result in a potential significant adverse impact to publicly funded child care facilities based on *CEQR Technical Manual* methodology. As the Selected Project is developed, the Project Sponsor will coordinate with ACS to consider the need for and the implementation of measures to provide additional capacity, if needed, in child care facilities within the 1½-mile study area or within Community Board 1. Possible mitigation measures for this significant adverse impact will be developed in consultation with ACS and may include provision of suitable space on-site for a child care center, provision of a suitable location off-site and within a reasonable distance (at a rate affordable to ACS providers), or funding or making program or physical improvements to support additional capacity. As a city agency, ACS does not directly provide new child care facilities, instead it contracts with providers in areas of need. ACS is also working to create public/private partnerships to facilitate the development of new child care facilities where there is an area of need. As part of that initiative, ACS may be able to contribute capital funding, if it is available, towards such projects to facilitate the provision of new facilities. The Restrictive Declaration for the Selected Project will require the Project Sponsor to work with ACS to consider the need for and the implementation of one or more measures as listed above to provide additional capacity, if required, to mitigate the significant adverse impact to publicly funded child care facilities within the 1½-mile study area or within Community Board 1. Absent the implementation of such needed mitigation measures, the Selected Project could have an unmitigated significant adverse impact on publicly funded child care facilities.

OPEN SPACE

The detailed analysis of open space presented in the FEIS determined that the Selected Project would result in a potential significant adverse impact to open space in the residential study area



Appendix 5

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “**First Amendment**”) is made as of the 29th day of November, 2017, by and between the NEW YORK CITY HOUSING AUTHORITY, a public benefit corporation established under the laws of the State of New York, with offices at 250 Broadway, New York, New York 10007, including any successors in interest or assigns by act of NYCHA, or by operation of law or otherwise (collectively, “**NYCHA**”), and Halletts Building 6 SPE LLC and Halletts Building 7 SPE LLC, each a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, with its principal office at c/o Royal Realty Corp., One Bryant Park, New York, New York 10036 (collectively, “**Developer**”); each of NYCHA and Developer are referred to as a “**Party**” and collectively as the “**Parties**”).

WHEREAS, that certain Development Agreement dated as of July 19, 2017 (the “**Original Agreement**”) was previously entered into by and between NYCHA and Developer.

WHEREAS, the Parties wish to amend the Original Agreement as hereinafter provided (the Original Agreement, as amended pursuant to this First Amendment, being hereinafter referred to as the “**Agreement**”).

WHEREAS, capitalized terms used herein but not defined shall have the meaning set forth in the Original Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby modify and amend the Original Agreement, effective as of the date hereof, as follows:

1. The term “PSA(s)”, as used in the Agreement, shall hereinafter include all amendments to the PSA(s) from time to time.
2. Section 1.3 of the Original Agreement is hereby amended to add the following new definitions:

“**Boiler Flue Rerouting Option**” shall mean construction of the Underground Ducts, staging for construction of the New Smokestack, and modification and rerouting of central boiler plant exhaust from the existing smokestack at the Housing Development to the New Smokestack.”

“**Burner Replacement Option**” shall mean retrofitting the four (4) existing boilers in NYCHA’s central boiler plant at the Housing Development with low NOx burners with a maximum emission rate of 20 ppm (the “**New Burners**”).”

3. The term “Legal Requirements” in Section 1.3 of the Original Agreement is hereby amended and restated in its entirety as follows:

“**Legal Requirements**” means: (i) any and all applicable laws, rules, regulations, orders, ordinances, statutes, codes, resolutions and requirements of all Governmental Authorities; (ii) the laws, rules, regulations, orders, ordinances, statutes, codes and requirements of any applicable fire rating bureau or other body exercising similar functions, as the same may be amended from time to time; (iii) any Certificate of Occupancy issued for the NYCHA Development Sites and/or any portion thereof as in effect from time to time; (iv) any Permits and Approvals issued by any Governmental Authority in connection with the Improvements; and (v) that certain Consent Decree filed on November 13, 2015 (the “**Consent Decree**”) pursuant to which the United States of America, The Durst Organization Inc. and The Helena Associates LLC settled a litigation captioned, USA v. The Durst Organization Inc. et al., which was pending in the United States District Court, Southern District of New York, under Case No. 14 CV 2698 (RA), for so long as such Consent Decree remains in effect pursuant to its terms.”

4. The term “New Smokestack” in Section 1.3 of the Original Agreement is hereby amended and restated in its entirety as follows:

“**New Smokestack**” means, only if Developer implements the Boiler Flue Rerouting Option, the smokestack to be built on Lot 80 (or following the merger of Lot 80 and Lot 90, the part of Lot 90 which formerly constituted Lot 80) as part of the NYCHA Development Site Improvements, which will be built to a height in compliance with the Restrictive Declaration and applicable Legal Requirements and will be connected to the central boiler plant at the Housing Development by way of the Underground Ducts, all in accordance with the Final Plans and Specifications.”

5. The term “NYCHA Off-Site Work” in Section 1.3 of the Original Agreement is hereby amended and restated in its entirety as follows:

“**NYCHA Off-Site Work**” means all work performed at the NYCHA Off-Site Locations, by Developer or any Developer’s Team Member, associated only with the: (i) removal and relocation of trash compactors and dumpsters to a new compound established in the vicinity of the Pump Station; (ii) provision of replacement parking (to replace parking spaces lost as a result of the development of the NYCHA Development Sites) through the expansion and reconfiguration of the parking lots within the Housing Development and the opening of a new parking lot within the Housing Development adjacent to Lot 80 and Lot 90; (iii) landscaping work and construction of walkways adjacent to the NYCHA Development Sites; (iv) restoration of any green space affected by the NYCHA Development Site Improvements; (v) the Astoria Blvd. Work; and (vi) if the Burner Replacement Approval has been obtained, the implementation of the Burner Replacement Option, or if the Burner Replacement Approval has not been obtained, the implementation of the Boiler Flue Rerouting Option. The table attached as **Exhibit G** sets forth the timing of the NYCHA Off-Site Work.”

6. The term “Underground Ducts” in Section 1.3 of the Original Agreement is hereby amended and restated in its entirety as follows:

““**Underground Ducts**” means, only if Developer implements the Boiler Flue Rerouting Option, the ducts to be constructed as part of the NYCHA Off-Site Work, which will connect NYCHA’s central boiler plant at the Housing Development to the New Smokestack for the purpose of allowing the central boiler plant exhaust to be vented through the New Smokestack.”

7. Section 2.4 of the Original Agreement is hereby amended by adding the following at the end thereof:

“Notwithstanding anything to the contrary in this Agreement or in any other NYCHA Document(s), provided that the Burner Replacement Option is approved in writing by The New York City Department of City Planning, in consultation with any appropriate expert agencies (including, without limitation, The New York City Department of Environmental Protection), as an alternative environmental measure in accordance with the Restrictive Declaration, notice of such approval is recorded against the applicable property(ies) in the Register’s Office of the City of New York, Queens County, and the New York City Office of Environmental Remediation issues a notice to proceed with respect thereto (collectively, the “**Burner Replacement Approval**”), Developer shall implement the Burner Replacement Option as part of the NYCHA Off-Site Work, in lieu of the Boiler Flue Rerouting Option. If (and only if) (x) the Closing (as defined in the PSAs) occurs with respect to Lot 80 and Lot 90 by December 8, 2017 and (y) the Burner Replacement Approval is obtained, then Developer shall make a payment to NYCHA in the aggregate amount of \$550,000.00 within ten (10) days following the later to occur of (i) the Burner Replacement Approval being obtained, and (ii) the Closing occurring with respect to Lot 80 and Lot 90.”

8. Section 2.4.2 of the Original Agreement is hereby amended and restated in its entirety as follows:

“Developer must cause 733 Properties, Inc., a New York corporation (“**Guarantor**”) to execute and deliver, concurrently with the execution and delivery of the First Amendment, an “Amended and Restated Completion Guaranty” (in the form attached as Exhibit H to the First Amendment) (the “**Completion Guaranty**”), pursuant to which Guarantor will guaranty the Final Completion of the NYCHA Off-Site Improvements (as amended pursuant to the First Amendment) corresponding to each Phase if and when the sale of such Phase closes. The Parties acknowledge that, concurrently with the execution of the Original Agreement, Developer executed and delivered to NYCHA an “**Environmental Indemnity**” (in the form attached to the Original Agreement as Exhibit I), pursuant to which Guarantor will indemnify NYCHA against any environmental conditions created or caused by Developer or any Developer’s Team Member (i.e., excluding pre-existing conditions or conditions caused by other non-Developer related parties). Developer agrees that, if there is a change in Guarantor’s circumstances that render Guarantor incapable of meeting its obligations under the Completion Guaranty, Developer will promptly obtain a new Completion Guaranty, in substantially the same

form attached as Exhibit H to the First Amendment, from another guarantor reasonably acceptable to NYCHA.”

9. Section 2.4.3 of the Original Agreement is hereby amended and restated in its entirety as follows:

“To the extent assignable, Developer must assign to NYCHA all applicable warranties relating to the NYCHA Off-Site Work, including but not limited to, warranties covering the Underground Ducts (if applicable) or the New Burners (if applicable).”

10. Section 2.4.4 of the Original Agreement is hereby amended and restated in its entirety as follows:

“NYCHA will be responsible, at its sole expense, for the ongoing maintenance and repair of the NYCHA Off-Site Work (including, without limitation, the New Burners if Developer implements the Burner Replacement Option), except for: (i) maintenance relating to construction defects which are covered by warranty pursuant to the applicable Construction Contract; (ii) only if Developer implements the Boiler Flue Rerouting Option, aspects of the NYCHA Off-Site Work that are associated with rerouting of the central boiler plant exhaust from the existing smokestack at the Housing Development to the New Smokestack if it involves boiler modification and underground ductwork, all of which—i.e., the immediately preceding items (i) and (ii)—will be the ongoing responsibility of Developer; provided, however, that NYCHA will be responsible for the maintenance and proper operation of its boiler, and Developer shall not be responsible for any repair or maintenance obligations pursuant to clause (ii) above arising out of NYCHA’s failure to maintain and/or properly operate its boiler. The obligations set forth in this paragraph shall survive the expiration or termination of this Agreement. Upon the expiration or termination of this Agreement, or sooner if necessary, NYCHA and Developer will enter into license agreements to the extent necessary to allow Developer to conduct required maintenance and repair work (including on the Underground Ducts located on the NYCHA Site). For the avoidance of doubt, nothing set forth in this Section 2.4.4 shall be deemed to supersede the provisions of Section 3.6 of this Agreement.”

11. Section 2.5 of the Original Agreement is hereby amended and restated in its entirety as follows:

“**NYCHA Design Requirements.** Subject to the next sentence, the design (and future material design modifications, if any) of the Improvements are subject to NYCHA’s prior approval, which approval: (i) shall not be unreasonably withheld, conditioned or delayed; and (ii) shall be conclusively deemed given if NYCHA fails to deliver written notice of disapproval within thirty (30) calendar days of Developer’s request (which time period may be extended due to Force Majeure), provided that NYCHA has received plans and specifications to review concurrently with or prior to Developer’s request for approval. Notwithstanding the foregoing, NYCHA’s approval rights over the design of the NYCHA Development Site Improvements shall be strictly limited to the following: site plan; building façade (including fenestration and color scheme); excavation/shoring plan;

underground storm water detention/retention system; only if Developer implements the Boiler Flue Rerouting Option, boiler exhaust (including the New Smokestack); exterior lighting; fire egress; waste management; and staging area for construction. NYCHA will be given the opportunity to comment on and review all of the aforementioned design elements related to the NYCHA Development Site Improvements and all design elements related to the NYCHA Off-Site Improvements, subject to the same conditions set forth above in clauses (i) and (ii). NYCHA hereby acknowledges and agrees that, as of the date of the First Amendment, NYCHA has approved the design of the NYCHA Off-Site Improvements and the above-listed aspects of the design of the NYCHA Development Site Improvements, as depicted on the plans and specifications listed on Exhibit N annexed hereto, which plans and specifications Developer has submitted to NYCHA.”

12. Section 2.6 of the Original Agreement is hereby amended and restated in its entirety as follows:

“Developer shall cause the demolition, design and construction of the Improvements, and perform all Construction Work, in accordance with the terms and conditions of this Agreement and the NYCHA Documents. As more fully set forth in the PSA for each NYCHA Development Site, upon the closing under each such PSA, either (i) the purchaser of such NYCHA Development Site shall have succeeded in securing all available tax-exempt bond financing that, together with purchaser’s equity, is required to cover the projected hard and soft costs necessary to fund the development and implementation of the construction of the affordable housing on such NYCHA Development Site, or (ii) such purchaser’s affiliate, 733 Properties, Inc., a New York corporation, shall deliver to NYCHA on the closing date a completion guaranty in the form annexed to such PSA.”

13. Section 2.11.2 of the Original Agreement is hereby amended by adding the following at the end thereof:

“Notwithstanding anything to the contrary in this Agreement (including, without limitation, this Section 2.11.2 and any definitions set forth in Section 1.3) and/or anything to the contrary in the PSAs, if NYCHA is not ready, willing and able to close in accordance with the terms of the PSA for Lot 80 and the PSA for Lot 90 on or before December 13, 2017 (it being agreed that (without limitation of any other actions or factors) NYCHA’s failure to agree to a closing date shall be deemed to mean that NYCHA is not ready, willing and able to close), Developer shall have the option to exercise the first extension of the Phase I Outside Closing Date by delivering notice to NYCHA of such election at any time prior to January 1, 2018, and Developer shall not be required to pay an Extension Fee in connection with such extension.”

14. Exhibit G of the Original Agreement is hereby deleted in its entirety and replaced with Exhibit G annexed to this First Amendment.

15. Exhibit H of the Original Agreement is hereby deleted in its entirety and replaced with Exhibit H annexed to this First Amendment, and the Parties hereby acknowledge and agree that the Completion Guaranty dated as of July 19, 2017 made by 733 Properties, Inc. for the benefit of NYCHA is being amended and restated in its entirety as of the date of this First Amendment.
16. Exhibit N annexed to this First Amendment is hereby added as a new Exhibit N to the Original Agreement.
17. Other than as set forth in this First Amendment, all provisions of the Original Agreement shall remain in full force and effect.
18. This First Amendment may not be changed, modified, discharged, canceled or waived orally, or in any manner other than by an agreement in writing signed by the Parties hereto.
19. The Parties have freely negotiated this First Amendment. In any controversy, dispute or contest over the meaning, interpretation, validity or enforceability of this First Amendment or any of its terms or conditions, there shall be no inference, presumption or conclusion drawn whatsoever against either Party by virtue of that Party having drafted this First Amendment or any portion thereof.
20. This First Amendment shall be governed by and construed in accordance with the laws of the State of New York. Any and all proceedings relating to the subject matter of this First Amendment must be maintained in the state courts sitting in the County of New York, which courts shall have exclusive jurisdiction for such purpose. The Parties hereby consent to submit themselves to the jurisdiction of such courts with respect to any proceedings arising out of, under or related to this First Amendment.
21. If any portion of this First Amendment is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this First Amendment and the remaining parts of this First Amendment shall continue in full force as though such invalid or unenforceable provision had not been part of this First Amendment.
22. This First Amendment may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first set forth above.

NEW YORK CITY HOUSING AUTHORITY, a New York public benefit corporation

By: Deborah J. Gaddard
Name: *Deborah J. Gaddard*
Title: *Acting Executive Vice President for Real Estate*

HALLETTS BUILDING 6 SPE LLC, a Delaware limited liability company

By: Halletts Investors Building 6 LLC, a Delaware Limited Liability Company, Its Sole Member

By: Halletts Members LLC, a Delaware Limited Liability Company, Its Sole Member

By: The Durst Manager LLC, a New York Limited Liability Company, Its Manager

By: SRDA Manager, LLC, a New York Limited Liability Company, Its Managing Member

By: _____
Name: Jonathan D. Durst
Title: President

HALLETTS BUILDING 7 SPE LLC, a Delaware limited liability company

By: Halletts Investors Building 7 LLC, a Delaware Limited Liability Company, Its Sole Member

By: Halletts Members LLC, a Delaware Limited Liability Company, Its Sole Member

By: The Durst Manager LLC, a New York Limited Liability Company, Its Manager

By: SRDA Manager, LLC, a New York Limited Liability Company, Its Managing Member

By: _____
Name: Jonathan D. Durst
Title: President

(Acknowledgments on Following Page)

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first set forth above.

NEW YORK CITY HOUSING AUTHORITY, a New York public benefit corporation

By: _____

Name:

Title:

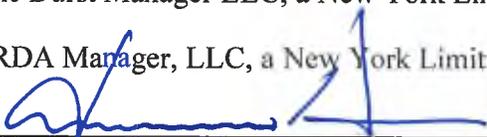
HALLETTS BUILDING 6 SPE LLC, a Delaware limited liability company

By: Halletts Investors Building 6 LLC, a Delaware Limited Liability Company, Its Sole Member

By: Halletts Members LLC, a Delaware Limited Liability Company, Its Sole Member

By: The Durst Manager LLC, a New York Limited Liability Company, Its Manager

By: SRDA Manager, LLC, a New York Limited Liability Company, Its Managing Member

By:  _____

Name: Jonathan D. Durst

Title: President

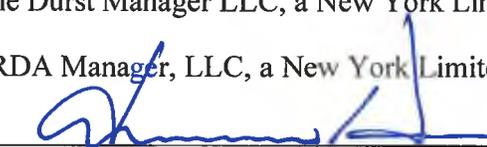
HALLETTS BUILDING 7 SPE LLC, a Delaware limited liability company

By: Halletts Investors Building 7 LLC, a Delaware Limited Liability Company, Its Sole Member

By: Halletts Members LLC, a Delaware Limited Liability Company, Its Sole Member

By: The Durst Manager LLC, a New York Limited Liability Company, Its Manager

By: SRDA Manager, LLC, a New York Limited Liability Company, Its Managing Member

By:  _____

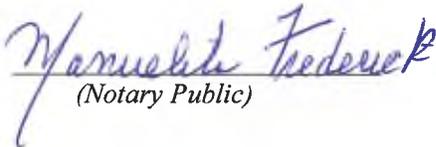
Name: Jonathan D. Durst

Title: President

(Acknowledgments on Following Page)

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On the 27th day of November in the year 2017 before me, the undersigned, personally appeared Deborah J. Goddard, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


(Notary Public)

MANUELITA FREDERICK
Notary Public, State of New York
No. 01FR6162369
Qualified in Bronx County
Commission Expires 03/12/20 19

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On the ___ day of _____ in the year 2017 before me, the undersigned, personally appeared Jonathan D. Durst, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

(Notary Public)

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On the 2 day of November in the year 2017 before me, the undersigned, personally appeared Jonathan D. Durst personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Margaret A. Spencer
(Notary Public)

MARGARET A. SPENCER
Notary Public, State of New York
No. 01SP6339360
Qualified in Nassau County
Commission Expires March 28, 2020

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On the 2 day of November in the year 2017 before me, the undersigned, personally appeared Jonathan D. Durst, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Margaret A. Spencer
(Notary Public)

MARGARET A. SPENCER
Notary Public, State of New York
No. 01SP6339360
Qualified in Nassau County
Commission Expires March 28, 2020

Exhibit G

NYCHA Off-Site Work

Affordable Housing Development Site / Phase of Project, as applicable	NYCHA Off-Site Work in connection with Affordable Housing Development Sites / Phase of Project, as applicable			
	Before Commencing Construction Work on the NYCHA Development Site with which the Subject NYCHA Off-Site Work is Paired Herein	During Construction Work on the NYCHA Development Site with which the Subject NYCHA Off-Site Work is Paired Herein	After Completion of Construction Work on the NYCHA Development Site with which the Subject NYCHA Off-Site Work is Paired Herein	Prior to Obtaining a Temporary Certificate of Occupancy for the Last Phase of the Project
Lots 80 and 90 (Site 7A and 7B):	To temporarily replace 14 of the 29 parking spaces lost as a result of the development of the NYCHA Development Sites Lot 80 and Lot 90, provision of 9 temporary parking spaces at NYCHA Parking Lot A and 5 temporary parking spaces at NYCHA Parking Lot B. The Parties acknowledge and agree that the temporary replacement of the remaining 15 spaces is not required.	Construction of 42 parking spaces in the new parking lot adjacent to Development Sites Lot 80 and Lot 90. Only if Developer implements the Boiler Flue Rerouting Option, construction of the Underground Ducts to the New Smokestack, staging for construction of the New Smokestack (for clarity, construction of the New Smokestack may take place on Lot 80, in which case it will be a NYCHA Development Site Improvement rather than NYCHA Off-Site Work). Only if Developer implements the Burner Replacement Option, retrofitting the 4 existing boilers in the central boiler plant at the Housing Development with the New Burners.	Opening of the aforementioned 42 parking spaces in the new parking lot adjacent to Development Sites Lot 80 and Lot 90. Only if Developer implements the Boiler Flue Rerouting Option, modification and rerouting of central boiler exhaust from existing smokestack at Housing Development to New Smokestack. Restoration of green space affected by the NYCHA Development Site Work at Lot 80 and Lot 90, along with landscaping work and construction of walkways adjacent to the NYCHA Development Sites known as Lot 80 and Lot 90.	
Lots 60 and 70 (Site 6A and 6B):	Plan for relocation of the parking spots lost as a result of the development of the NYCHA Development Sites Lot 60 and Lot 70 to be prepared for NYCHA approval. Plan for the removal and relocation of trash compactors and dumpsters on Lot 60 and Lot 70 to be prepared for NYCHA approval.		Restoration of green space affected by the NYCHA Development Site Work at Lot 60 and Lot 70, along with landscaping work and construction of walkways adjacent to the NYCHA Development Sites known as Lot 60 and Lot 70.	
Last phase				Astoria Blvd. Work

Notwithstanding the above table, Developer has the right to perform all or any part of the NYCHA Off-Site Work ahead of schedule, including prior to closing on the NYCHA Development Site with which the applicable NYCHA Off-Site Work is paired.

Exhibit H

Completion Guaranty

(see following pages)

AMENDED AND RESTATED COMPLETION GUARANTY

THIS AMENDED AND RESTATED COMPLETION GUARANTY (this “**Guaranty**”) is made as of _____, 2017, by 733 PROPERTIES, INC., a New York corporation (“**Guarantor**”) with offices at c/o Royal Realty Corp., One Bryant Park, New York, New York 10036, for the benefit of the NEW YORK CITY HOUSING AUTHORITY, a public benefit corporation established under the laws of the State of New York having offices at 250 Broadway, New York, New York 10007 and its agents, contractors, employees, directors, board members, officers, assigns and/or successors and its affiliates (collectively, “**NYCHA**”).

RECITALS:

A. NYCHA holds fee simple title to the public housing development known as Astoria Houses (the “**Housing Development**”) located in Queens County in the City and State of New York, appearing on the tax map for the City of New York on Block 490, Lot 101 (Lot 101, before the subdivision described below in Recital B, is referred to as the “**Original NYCHA Site**”).

B. Halletts Building 6 SPE LLC and Halletts Building 7 SPE LLC (collectively, “**Developer**”) have, with NYCHA’s participation, caused the Original NYCHA Site to be subdivided into six (6) separate tax lots as follows: Queens County Block 490, Lots 60, 70, 80, 90, 101 and 102 (Lots 60, 70, 80 and 90 are, collectively, the “**NYCHA Development Sites**” and the remainder of Lot 101 following the subdivision, together with Lot 102, is the “**NYCHA Remaining Site**”).

C. NYCHA intends to sell, in fee simple, the NYCHA Development Sites to Developer, along with corresponding development rights. The NYCHA Development Sites will be sold individually or, in Developer’s sole discretion, in groups to Developer in up to four (4) “**Phase(s)**” under the terms and conditions of four (4) Purchase and Sale Agreements (as same have been amended and may be further amended from time to time, the “**PSA(s)**”) that correspond to such Phase(s).

D. Developer and NYCHA are parties to that certain Development Agreement dated as of July 19, 2017 (the “**Original Agreement**”), as amended by that certain First Amendment to Development Agreement dated as of the date hereof (collectively, the “**Development Agreement**”), pursuant to which, *inter alia*, Developer shall undertake the NYCHA Off-Site Work on portions of the NYCHA Remaining Site (such portions are referred to in the Development Agreement as the NYCHA Off-Site Locations) in accordance with the terms and conditions of the Development Agreement.

E. In connection with the execution of the Original Agreement, Guarantor executed and delivered for the benefit of NYCHA that certain Completion Guaranty dated as of July 19, 2017 (the “**Original Guaranty**”).

F. In connection with the execution and delivery of the aforementioned First Amendment to Development Agreement as of the date hereof, Guarantor and NYCHA desire to

amend and restate the Original Guaranty in its entirety, and this Guaranty shall supersede all of the terms of the Original Guaranty.

G. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Development Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and to induce NYCHA to enter into the First Amendment to Development Agreement and to convey the NYCHA Development Sites to Developer in accordance with the PSAs, the Guarantor and NYCHA hereby acknowledge, agree and confirm that all of the above recitals are true, correct and complete and hereby agree to amend and restate the Original Guaranty, and supersede its terms, as follows:

1. The Guarantor absolutely, irrevocably and unconditionally guarantees to NYCHA that:

a. Developer will cause the construction and Final Completion of the NYCHA Off-Site Improvements corresponding to each Phase if the sale of each such Phase closes (or earlier in Developer's sole discretion), in accordance with the Development Agreement, and shall pay all costs and expenses incurred in connection therewith; and

b. Developer will keep the NYCHA Remaining Site and the improvements thereon free and clear of all liens, which have not been bonded or otherwise secured, connected with or arising from the construction or Final Completion of the NYCHA Off-Site Improvements.

Guarantor covenants and agrees that, if Developer fails to perform any of the above following an Event of Default and subject to any Cure Period or Extended Cure Period, as the case may be, Guarantor will, at the written request of NYCHA, do any and/or all of the foregoing. If NYCHA makes such a request upon Guarantor, NYCHA agrees to reasonably cooperate with Guarantor to allow Guarantor to satisfy its obligations hereunder, including but not limited to promptly providing Guarantor access to the NYCHA Off-Site Locations pursuant to any license agreement that might exist by and between Developer and NYCHA, as if Guarantor were a party thereto.

2. If Developer and/or Guarantor do not commence the NYCHA Off-Site Work and achieve Final Completion of the NYCHA Off-Site Improvements on or before the time such matters are to be completed in accordance with the Development Agreement and an Event of Default has occurred under the Development Agreement beyond any Cure Period or Extended Cure Period, as the case may be, Guarantor will reimburse NYCHA, upon demand, for all actual out-of-pocket costs and expenses, including but not limited to reasonable third party attorneys' fees to the extent not otherwise reimbursed to NYCHA by Developer, incurred by NYCHA in connection with:

a. completing the construction of the NYCHA Off-Site Improvements in accordance with the Development Agreement; and

b. the removal of any lien that has not been bonded by Developer or Guarantor (or otherwise secured to the reasonable satisfaction of NYCHA) caused by

Developer's failure to comply with the Development Agreement or arising from the construction and Final Completion of the NYCHA Off-Site Improvements by Developer, any Developer's Team Member or Guarantor, irrespective of whether the validity, priority or enforceability thereof has been adjudicated by a court of competent jurisdiction or otherwise.

3. Guarantor agrees that it shall indemnify, defend and hold harmless NYCHA, at Guarantor's sole cost and expense and to the fullest extent provided or permitted by law, against any loss or liability, actual out-of-pocket cost or expense (including but not limited to reasonable, actual out-of-pocket third party attorneys' fees, with counsel selected by NYCHA in its sole but reasonable discretion), and all claims, actions, procedures and suits arising out of or in connection with, except to the extent same results from the willful misconduct or gross negligence of NYCHA or any of its employees or agents:

a. Developer's failure to achieve Final Completion of the NYCHA Off-Site Improvements in accordance with the Development Agreement and within the time periods (including any extended time periods) set forth therein; or

b. any and all lawful action that may be taken by NYCHA in connection with the enforcement of the provisions of this Guaranty and the obligations of Guarantor, regardless of whether suit is filed in connection with the same, or in connection with Guarantor or any partner, joint venturer, member or shareholder of Guarantor becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding.

4. Guarantor hereby represents and warrants that on and after the date hereof: (i) the fair saleable value of Guarantor's assets exceeds its liabilities, Guarantor is meeting its current liabilities as they mature, and Guarantor is and shall remain solvent; (ii) all of Guarantor's financial statements heretofore delivered to NYCHA by or on behalf of Guarantor are true and correct in all material respects and accurately reflect the financial condition of Guarantor as of the respective dates thereof; (iii) since the date of such financial statements, there has not occurred a material change in the financial condition of Guarantor that would adversely affect Guarantor's ability to perform its obligations under this Guaranty; and (iv) there are not now pending any court or administrative proceedings or undischarged judgments against Guarantor, no federal or state tax liens have been filed or, to the best knowledge of Guarantor, threatened against Guarantor, and Guarantor is not in default or claimed default under any agreement which default would adversely affect Guarantor's ability to perform its obligations under this Guaranty. In addition, Guarantor covenants that it will, unless otherwise consented to in writing by the NYCHA:

a. within one hundred eighty (180) days after the end of each calendar year, deliver to NYCHA copies of its compiled Current Value Consolidated Statement of Assets, Liabilities and Stockholders' Equity (which statement shall include a contingent liability schedule, if any) prepared in accordance with the Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and in a manner consistent with previous statements delivered to NYCHA prior to the date hereof, together with a Certification (as defined below); and

b. furnish to NYCHA, within thirty (30) days after request, such further detailed financial and other information as may be reasonably requested by NYCHA with respect to Guarantor, or any affiliate of, or entity controlled by Guarantor, as of a date not earlier than that specified by NYCHA in such request, together with a certificate (a “**Certification**”) signed by an officer of Guarantor certifying on the date thereof that: (i) such financial information is true, correct and complete in all material respects; and (ii) either that no default nor event which upon notice or lapse of time or both would constitute a default has occurred hereunder or, if such default exists, the nature thereof and the period of time it has existed with respect thereto.

5. Guarantor acknowledges and agrees that it will be impossible to accurately measure the damages to NYCHA resulting from a breach of Guarantor’s covenants as set forth in this Guaranty, that such a breach will cause irreparable injury to NYCHA and that NYCHA has no adequate remedy at law in respect of such breach. Guarantor therefore agrees that such covenants will be specifically enforceable against Guarantor and Guarantor hereby waives and agrees not to assert any defense based on the denial of any of the foregoing in an action for specific performance of such covenants.

6. Each reference herein to NYCHA shall be deemed to include its successors and assigns, in whose favor the provisions of this Guaranty shall also inure. Each reference herein to Guarantor shall be deemed to include the successors and assigns of Guarantor, all of whom shall be bound by the provisions of this Guaranty, provided, however, that Guarantor shall in no event have the right, without obtaining NYCHA’s prior written consent, to assign or transfer Guarantor’s obligations and liabilities under this Guaranty, in whole or in part, to any other person, party or entity.

7. The term Guarantor shall include any altered or successive partnerships or limited liability companies, as may be applicable, but the predecessor partnerships or limited liability companies, as may be applicable, shall not thereby be released from any obligation or liability hereunder.

8. No delay on the part of NYCHA in exercising any right or remedy under this Guaranty or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No course of dealing between Guarantor and NYCHA shall change, modify or discharge, in whole or in part, this Guaranty or any obligations hereunder.

9. This Guaranty may only be modified or terminated by an agreement in writing signed by NYCHA and Guarantor. No waiver of any term, covenant or provision of this Guaranty shall be effective unless given in writing by NYCHA and in such case shall only be effective in the specific instance in which given. The execution and delivery hereafter to NYCHA by Guarantor of a new instrument of guaranty or any reaffirmation of guaranty, of whatever nature, shall not terminate, supersede or cancel this Guaranty, unless expressly so provided therein, and all rights and remedies of NYCHA hereunder or under any instrument of guaranty hereafter executed and delivered to NYCHA by Guarantor shall be cumulative and may be exercised singly or concurrently.

10. Guarantor acknowledges that its obligations under this Guaranty are and shall at all times continue to be absolute, irrevocable and unconditional in all respects, and shall at all

times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of Guarantor under this Guaranty, including, but not limited to, the filing of a petition under Title 11 of the United States Code with regard to Guarantor, or the commencement of an action or proceeding for the benefit of the creditors of Guarantor. This Guaranty sets forth the entire agreement and understanding of NYCHA and Guarantor with respect to the matters covered by this Guaranty and NYCHA and Guarantor acknowledge that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to Guarantor's obligations hereunder, except those specifically set forth in this Guaranty.

11. This Guaranty has been validly authorized, executed and delivered by Guarantor. Guarantor represents and warrants to NYCHA that Guarantor has the power to do so and to perform its obligations under this Guaranty and this Guaranty constitutes the legally binding obligation of Guarantor fully enforceable against Guarantor in accordance with the terms hereof. Guarantor further represents and warrants to NYCHA that:

(a) neither the execution and delivery of this Guaranty nor the consummation of the transactions contemplated hereby nor compliance with the terms and provisions hereof will violate any applicable provision of law or any applicable regulation; and

(b) all necessary approvals, consents, licenses and/or registrations of any governmental regulatory body, including, without limitation, approvals required to permit Guarantor to execute and carry out the provisions of this Guaranty, for the validity of the obligations of Guarantor and for the making of any payment or remittance of any funds required to be made by Guarantor under this Guaranty, have been obtained and are in full force and effect.

12. Any notice, request or demand given or made under this Guaranty shall be in writing and shall be hand delivered or sent by FedEx or other reputable courier service or by postage prepaid certified mail, return receipt requested, and shall be deemed given (a) when received at the following addresses if hand delivered, (b) one (1) business day after being sent by FedEx or other reputable courier service, and (c) three (3) business days after being postmarked and addressed as follows if sent by registered or certified mail, return receipt requested:

If to NYCHA:

New York City Housing Authority
Department for Development
250 Broadway, 3rd Floor
New York, New York 10007
Attention: Vice President for Development

With a copy (which will not constitute notice) to:

New York City Housing Authority
Law Department
250 Broadway, 7th Floor
New York, New York, 10007

Attention: Associate General Counsel
for Real Estate and Economic Development

If to Guarantor:

733 Properties, Inc.
c/o Royal Realty Corp.
One Bryant Park
New York, New York 10036

With a copy (which will not constitute notice) to:

Rosenberg & Estis, P.C.
733 Third Avenue
New York, New York 10017
Attention: Gary M. Rosenberg, Esq.

it being understood and agreed that NYCHA and Guarantor will each use reasonable efforts to send copies of any notices to the addresses marked "With a copy (which will not constitute notice) to" hereinabove set forth, provided, however, that failure to deliver such copy or copies shall have no consequence whatsoever on the effectiveness of any notice made to Guarantor or NYCHA. Guarantor or NYCHA may designate a change of address by giving notice as herein provided to the other party fifteen (15) days prior to the date such change of address is to become effective.

13. This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of New York and shall be in all respects governed, construed, applied and enforced in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

14. Guarantor agrees to submit to personal jurisdiction in the State of New York in any action or proceeding arising out of this Guaranty. In furtherance of such agreement, Guarantor hereby agrees and consents that without limiting other methods of obtaining jurisdiction, personal jurisdiction over Guarantor in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon Guarantor by registered or certified mail to, or by personal service at, the last known address of Guarantor, whether such address be within or without the jurisdiction of any such court. Guarantor hereby further agrees that the venue of any litigation arising in connection with any of the obligations of Guarantor under this Guaranty shall, to the extent permitted by law, be in New York County.

15. No exculpatory provisions contained in the Development Agreement shall in any event or under any circumstances be deemed or construed to modify, qualify or affect in any manner whatsoever the obligations and liabilities of Guarantor under this Guaranty.

16. **Guarantor hereby irrevocably and unconditionally waives, and NYCHA by its acceptance of this Guaranty irrevocably and unconditionally waives, any and all right to**

trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Guaranty.

17. Provided that no Event of Default has occurred and is continuing and NYCHA has not made any claim or demand for payment under this Guaranty which remains unpaid, Guarantor's obligations under this Guaranty shall terminate, with respect to the NYCHA Off-Site Improvements corresponding to each Phase, upon the lien-free Final Completion of the NYCHA Off-Site Improvements corresponding to such Phase. Upon satisfaction of the condition set forth in the preceding sentence and upon Guarantor's request to NYCHA, NYCHA agrees that it shall, within twenty (20) Business Days of such request, provide to Guarantor a certification by NYCHA that the Final Completion of the NYCHA Off-Site Improvements has been achieved with respect to such Phase in accordance with the Development Agreement.

18. NYCHA's acceptance of, and agreement to the terms of, this Guaranty has been validly authorized, executed and delivered by NYCHA.

(Remainder of Page Intentionally Left Blank)

Exhibit N

Approved Plans and Specifications for the Improvements

1. NYCHA Development Site Improvements

- a. Halletts Point Building 7 NYCHA Review Set Plans and Specifications, prepared by Dattner Architects, dated October 6, 2017

2. NYCHA Off-Site Improvements

- a. NYCHA Parking Lot A Modifications, Construction Plans providing 9 temporary parking spaces; prepared by Langan Engineering, dated October 20, 2017
- b. NYCHA Parking Lot E Modifications, Construction Plans providing 5 temporary parking spaces; prepared by Langan Engineering, dated October 20, 2017

Appendix 6

NEW YORK CITY HOUSING AUTHORITY

THREE-THOUSAND ONE HUNDRED AND TWENTY-FIRST MEETING

Minutes of Board Meeting

Wednesday, January 31, 2018

The meeting was held at the office of the Authority, 250 Broadway, New York City. A Quorum being present, the Chair called the meeting to order.

Present: Shola Olatoye, Chair
Derrick D. Cephas, Vice-Chair
Jacqueline Arroyo, Member
Zaire Dinzey-Flores, Member
Victor A. Gonzalez, Member
Jacqueline Young, Member
Michael P. Kelly, General Manager
Wilma Huertas, Corporate Secretary

16 Authorization to Amend Board Resolution 14-5/21-21

Location:	Astoria
Administering Department:	Development
Funding Source:	N/A
Amount:	N/A
Projected Section 3 Hires:	N/A

Authorization is requested to amend Board Resolution 14-5/21-21 to (i) condition conveyance of the two (2) parcels of land comprised of an approximate 56,500 square foot land area at Astoria Houses located at Queens County, Block 490, part of Lot 101 (the "Affordable Housing Sites") to the Developer, upon either the (a) Developer obtaining all available tax-exempt bond financing that, together with Developer's equity, is required to fund the projected hard and soft costs necessary for the construction of affordable housing within the Affordable Housing Sites, or (b) Developer's affiliate delivering to the Authority a completion guaranty for the construction of affordable housing within the Affordable Housing Sites; (ii) include, within the light and air easement area being granted to the Developer, an egress easement, in compliance with a New York City Department of Buildings' requirement; and (iii) permit the Developer to undertake a New York City Department of City Planning-approved alternative to retrofit the four (4) existing boilers located in the Astoria Houses' central boiler plant in lieu of rerouting of the central boiler exhaust to a taller smoke stack.

APPROVED

- 17 Board Member Dinzey-Flores moved that the Members be authorized to meet in Executive Session today to discuss the litigation matters of *Johnston et al. v. NYCHA*, Civ. No. 16-9924, *Lewis et al. v. NYCHA*, Civ. No. 17-00294, *Brown et al. v. NYCHA*, Civ. No. 16-9263 and *Jones et al. v. NYCHA*, Civ. No. 17-3683.

APPROVED



Vilma Huertas
Corporate Secretary

Appendix 7



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin 
President

Date: November 17, 2017

Re: Multi-Family Housing Revenue Bonds, 2017 Series G, H and I and Approval of a Mortgage Loan

I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2017 Series G-1, 2017 Series G-2-A, 2017 Series G-2-B, 2017 Series G-3, 2017 Series G-4, 2017 Series H and 2017 Series I (the "2017 Series G-1 Bonds", "2017 Series G-2-A Bonds", "2017 Series G-2-B Bonds", 2017 Series G-3 Bonds", "2017 Series G-4 Bonds", "2017 Series H Bonds" and "2017 Series I Bonds", respectively, and collectively, the "Bonds") in an amount not expected to exceed \$755,720,000 to finance the construction, acquisition, rehabilitation and/or permanent financing of certain projects and other activities as described herein.

Interest on the Bonds is expected to be exempt from Federal, state and local income tax, and such bonds and obligations will qualify as tax-exempt private activity bonds ("Private Activity Bonds") with a combination of an allocation of new private activity bond volume cap and an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA"). The anticipated interest rates, maturity dates and other relevant terms of the Bonds are described herein.

The Members are further being requested to authorize the Corporation to originate one (1) taxable construction Preservation loan for the acquisition and rehabilitation of one (1) development.

An Authorizing Resolution will authorize the 255th through 261st Supplemental Resolutions.

Following is a description of the making of one (1) Preservation loan, the background of the Open Resolution, a description of the proposed uses of the Bonds and a description of their structure and security.

Potential Tax Reform and Elimination of Private Activity Bonds

Recently proposed tax reform legislation in the U.S. House of Representatives would, if enacted, eliminate Private Activity Bonds. Financing for certain developments were approved by the Members and structured as funding loans. Private activity volume cap was allocated to the projects when originally financed but each project is also structured as drawdown loans in which

each draw is treated as the issuance of tax exempt bonds. In order to ensure that the full amount of the loan will be considered tax exempt it is expected that each of these projects will draw all remaining amounts under the loan prior to the end of 2017. In addition, the financing for each of these developments was structured to be financed with the issuance of refunding bonds into the Open Resolution upon completion of construction and conversion to permanent financing. This refunding would not be tax exempt under the proposed legislation. In light of the proposed legislation, the Members are further being requested to authorize the Corporation to (i) modify documents for developments financed with existing funding loan agreements to preserve their tax exempt status and (ii) make other changes to the financing and documents for those developments that are necessary or desirable in light of the proposed legislation.¹

Financing a Preservation Loan

It is anticipated that the Corporation will originate one (1) taxable construction loan for the acquisition and rehabilitation of a portfolio of existing affordable developments originally owned by affiliates of The Mount Hope Housing Company, Inc. (collectively referred to as the "Mt. Hope Development). The Mt. Hope Development will contain approximately 497 units and is located in the Bronx. It is anticipated that upon origination HDC will sell a 100% participation interest in the construction loan to JPMorgan Chase Bank N.A. It is also anticipated that upon construction completion, the Corporation will re-purchase the bank's participation interest in the construction loan and convert such loan to permanent phase with the Corporation's unrestricted reserves. The permanent loan may be included in a future Open Resolution securitization transaction and pledged to the Open Resolution or pledged to a previously issued series of Open Resolution bonds. If included in a future transaction, such securitization will be brought to the Members for approval at that time. The loan will be made in an amount not to exceed \$40,000,000. For more information on the project, please see Attachment "1".

The Mt. Hope Development is also expected to receive a restructured subordinate mortgage loan pursuant to a Purchase and Sale Agreement with the City of New York.

Background and Status of the Open Resolution

Under the Open Resolution, the Corporation has issued bonds (a) to finance or acquire mortgage loans for multi-family rental and cooperative housing developments throughout New York City, (b) to refund other bond issues of the Corporation, which had financed other multi-family developments, and (c) to acquire a 100% interest in City-owned mortgages. As of July 31, 2017, there were 917 mortgage loans (788 permanent loans and 129 construction loans) held under the Open Resolution with a total outstanding principal balance of approximately \$5,422,504,898

¹ At the request of one of the Members at the Members' meeting on November 27, 2017, this sentence was revised as follows: "In light of the proposed legislation, the Members are further being requested to authorize the Corporation to (i) modify documents for developments financed with existing funding loan agreements to preserve their tax exempt status and (ii) make other changes to the financing and documents for those developments ~~that are necessary or desirable in light of the proposed legislation~~ to maintain the tax exempt status of the funding loans.

including \$4,108,725,362 in permanent loans and \$1,313,779,536 in construction loans. These mortgage loans, together with funds in the Bond Proceeds Account and Debt Service Reserve Account, totaled \$7,092,021,143 as of July 31, 2017. There are no material monetary defaults on any of the mortgage loans other than temporary financial difficulties with respect to certain developments which are in the process of being cured. As of July 31, 2017, there were \$5,978,910,000 of Open Resolution bonds outstanding, not including bonds issued under the Federal New Issue Bond Program (NIBP). Subsequent to July 31, 2017, the Corporation issued \$133,915,000 principal amount of Open Resolution bonds.

Proposed Uses for the 2017 Series G Bond Proceeds

It is anticipated that the proceeds of the 2017 Series G-1 Bonds, 2017 Series G-2-A Bonds, 2017 Series G-2-B Bonds, 2017 Series G-3 Bonds and 2017 Series G-4 Bonds (together, the “2017 Series G Bonds”), in an amount expected not to exceed \$545,720,000, will be used to finance mortgage loans for nine (9) developments as described in the chart below.

Development Name (Borough/Number of units)	Project Type	Loan*	Expected Not to Exceed Amount
985 Bruckner (Bronx/215)	ELLA	Senior Loan	\$47,295,000
		Subordinate Loan	14,055,000
Beach Green Dunes II (Queens/127)	ELLA	Senior Loan	20,975,000
		Subordinate Loan	9,085,000
Bedford Arms (Brooklyn/94)	Mixed-Middle Income (M2)	Senior Loan	17,350,000
		Subordinate Loan	9,825,000
Creston Parkview (Brooklyn/189)	Mix/Match	Senior Loan	24,030,000
		Subordinate Loan	15,595,000
600 East 156 th Street (Bronx/175)	Mix/Match	Senior Loan	34,045,000
		Subordinate Loan	14,440,000
Spring Creek 4B-1 (Brooklyn/160)	ELLA	Senior Loan	25,110,000
		Subordinate Loan	11,370,000
La Central (Bronx/496)	ELLA	Senior Loan	140,555,000
		Subordinate Loan	35,465,000
Halletts Point Building 7 (Queens/163)	ELLA	Senior Loan	43,435,000
Compass 3	ELLA	Senior Loan	66,590,000

(Bronx/336)		Subordinate Loan	16,500,000
TOTAL SENIOR LOAN AMOUNT: \$419,385,000 TOTAL SUBORDINATE LOAN AMOUNT: \$126,335,000 TOTAL LOAN AMOUNT: \$545,720,000			

* It is anticipated that the subordinate loans will receive financing from the 2017 Series G Bonds and/or the Corporation's unrestricted reserves.

Five (5) ELLA developments, two (2) Mix/Match developments and one (1) Mixed-Middle Income (M2) development are expected to receive subordinate financing from the 2017 Series G Bonds and/or Corporation's unrestricted reserves. The aggregate amount of such subordinate financing is not expected to exceed \$126,355,000. All subordinate loans are expected to have an interest rate equal to the Applicable Federal Rate as recently published by the Internal Revenue Service ("AFR"), with set lower monthly payments, to be advanced during construction and to remain in the projects as permanent loans.

Due to the limited availability of new private activity bond volume cap, certain of the projects have a bifurcated structure that enables those projects to satisfy Federal low-income housing tax credit requirements with a smaller allocation of new private activity bond volume cap from the Corporation but will also receive allocations of recycled bonds.

For more information on the individual projects, please see Attachments "2-10".

Proposed Uses for the 2017 Series H Bond Proceeds

It is anticipated that the 2017 Series H Bonds will be issued as a convertible option bond ("COB") to preserve tax-exempt "recycled" volume cap in excess of the amounts currently needed by the Corporation.

To manage uncertainty arising from the potential elimination of Private Activity Bonds under the proposed tax reform legislation, the Members are asked to authorize a not-to-exceed amount of \$110,000,000 for the 2017 Series H Bonds to maximize the amount of tax-exempt "recycled" volume cap by including the additional prepayments anticipated to be made by March 2018. If issued, the proceeds of the 2017 Series H Bonds are expected to provide construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, all of which are listed on Attachment 11 and which will reserve a minimum of 20% of the units for households earning no more than 50% of the Area Median Income ("AMI") or 25% of the units for households earning no more than 60% of the AMI. The mortgage loans for these developments are expected to close in 2018 at which point the 2017 Series H Bonds will be refunded or remarketed to match the terms of the applicable mortgage loans.

Most of the developments listed will not be funded from the 2017 Series H Bond proceeds but all will be eligible for such financing.

Proposed Uses for the 2017 Series I Bond Proceeds

Attachment "9"

**Halletts Point Building 7
Queens, New York**

Project Location: 3-24 27th Avenue

HDC Program: ELLA

Project Description: The project will consist of the new construction of one 14-story building containing 163 residential units in the Astoria section of Queens. At least 70% of the units will be affordable to households earning at or below 60% AMI and will include additional tiers of deeper affordability.

Total Rental Units: 163

Apartment Distribution:

<u>Unit Size</u>	<u>No. of Units</u>
Studio	40
1 bedroom	41
<u>2 bedroom</u>	<u>82</u>
Total Units	163

Expected HDC Construction Financing Amount: \$39,485,000

Expected HDC Permanent Financing Amount: \$0

Expected HDC Second Mortgage: \$0

Expected Total Development Cost: \$80,220,276

Owner: An entity to be formed by Douglas Durst and Jonathan Durst of The Durst Organization.

Developer: The Durst Organization whose principals are Douglas Durst and Jonathan Durst.

Investor Limited Partner: N/A

Credit Enhancer: Stand-by Letter of Credit provided by M&T Bank (Construction)

Appendix 8

NEW YORK CITY HOUSING AUTHORITY

THREE-THOUSAND EIGHTIETH MEETING

Minutes of Board Meeting

Wednesday, May 21, 2014

The meeting was held at the office of the Authority, 250 Broadway, New York City. A Quorum being present, the Chair called the meeting to order.

Present: Shola Olatoye, Chair
Diahann Billings-Burford, Member
Beatrice Byrd, Member
Victor A. Gonzalez, Member
Willie Mae Lewis, Member
Emily A. Youssouf, Member
Cecil R. House, General Manager
Wilma Huertas, Corporate Secretary

Appendix 9

NEW YORK CITY HOUSING AUTHORITY

THREE-THOUSAND SEVENTY-THIRD MEETING

Minutes of Board Meeting

Wednesday, November 20, 2013

The meeting was held at the office of the Authority, 250 Broadway, New York City. A Quorum being present, the Chairman called the meeting to order.

Present: John B. Rhea, Chairman
Diahann Billings-Burford, Member
Beatrice Byrd, Member
Victor A. Gonzalez, Member
Kyle E. Kimball, Member
Willie Mae Lewis, Member
Emily A. Youssof, Member
Cecil R. House, General Manager
Vilma Huertas, Corporate Secretary

- 15 Authorization to Submit a Section 18 Application to: (i) Grant a Public Access Easement for the Reopening of Astoria Boulevard, (ii) Dispose of One Parcel of Land for School Construction, and (iii) Dispose of Two Parcels of Land for Affordable Housing Development

Location:	Astoria
Submitting Department:	Development
Funding Source:	N/A
Amount:	N/A
Projected Section 3 Hires:	N/A

Authorization is requested to submit an application to the US Department of Housing and Urban Development, pursuant to Section 18 of the United States Housing Act of 1937, as amended (the "Section 18 Application"), to: (i) grant an approximate 50,000 square foot public access easement to the City of New York (the "City") for a new private street connecting Astoria Boulevard through the Astoria Houses campus; (ii) dispose of an approximately 66,450 square foot parcel of land at Astoria Houses located at Queens County, Block 490, Lot 101, to the NYC School Construction Authority for future development of a school; and (iii) dispose of two (2) parcels of land comprised of an approximate 61,650 square foot parcel of land at Astoria Houses located at Queens County, Block 490, Lot 101, to Halletts A Development Company, LLC, an affiliate of Lincoln Equities Group LLC, for development of a total of 340 units of affordable housing, in connection with the proposed mixed use development on the adjacent Halletts Point waterfront in Queens.

APPROVED

- 16 Authorization to Convey an Approximately 48,452 Square Foot Parcel of Land at Soundview Houses for the Development of 86 Units of Affordable Housing

Location:	Soundview
Submitting Department:	Development
Funding Source:	N/A
Amount:	N/A
Projected Section 3 Hires:	N/A

Authorization is requested to convey an approximately 48,452 square foot parcel of land at Soundview Houses, located at Bronx Block 3515, Lot 40 for the purpose of constructing 86 units of affordable rental housing for seniors (inclusive of one (1) superintendent unit) to HP Soundview Senior Housing Development Fund Company, Inc., an affiliate of Community Preservation Corporation Resources, Inc., L&M Development Partner Inc., and Lemle and Wolff, Inc.

APPROVED

Appendix 10

POLITICO
POLITICONEWYORK

The move comes after a protracted fight between Mayor Bill de Blasio and developer Douglas Durst. | Getty

City halts funding for affordable housing at Durst development

By **SALLY GOLDENBERG** | 01/31/2018 05:02 AM EST

Mayor Bill de Blasio's administration abruptly and inexplicably halted funding for an affordable housing project in Astoria last fall, months after he and the developer, Douglas Durst, had a public argument over campaign donations.

The city's Housing Development Corporation was planning to issue \$43.5 million in financing for a 163-unit development that is part of the sprawling Halletts Point project Durst is constructing in Queens. This particular building is planned for tenants earning up to 60 percent of the area median income, which amounts to \$51,540 for a three-person household.

But city officials pulled the bonding authority just days before the Housing Development Corporation board voted to include it in a larger package of financing in November, POLITICO recently learned.

The shift doesn't only impact the building in question and the seven-building, mixed-income Hallets project. It also stalls Durst's agreement to spruce up the grounds of the New York City Housing Authority's Astoria Houses development on which the building would be erected, and retrofit four boilers.

"Three days prior to HDC board approval for our 100 percent affordable building's bond financing, we were notified that the bonds were no longer available to us," Durst spokesman Jordan Barowitz said on Tuesday. "We have not heard from City Hall since then, and until we do, the future of the project is unknown."

Asked for an explanation, a city spokeswoman said projects are competing for tax-exempt bonds that many fear are under threat from federal cuts. The financing tool is always, however, a limited resource sought by competing projects.

She also pointed out this particular project would support other market-rate apartments in the Hallet's development, even though this building would be entirely for low-income tenants.

ADVERTISING



Replay

"There are many deserving affordable housing developments that are ready to go, and we constantly make tough choices to stretch precious resources as we ensure we get the best deals for New Yorkers," Housing Development Corporation spokeswoman Elizabeth Rohlfsing said. "While this project is in our pipeline, this year's volume cap allocations haven't been made yet."

Volume cap refers to the total amount of bond financing the city allows entities to issue in a given year. Rohlfsing would not say which projects benefited from the bond issuance Durst was expected to receive.

Another city official said the board intentionally approved more than it could actually issue, as a cushion in case of federal cuts that have yet to materialize. Halletts was the only project approved at that November meeting that was subsequently halted.

The move comes after a protracted fight between de Blasio and Durst. Under pressure to come up with examples of campaign donors who did not get favorable treatment from City Hall, the mayor cited a company that lost a bid to operate the East River Ferry in a blog post over Labor Day weekend last year.

Though he did not name Durst, the reference was obvious to anyone who followed the ferry competition, which Durst lost to Hornblower, a San Francisco-based company.

Barowitz subsequently warned the administration that "winter is coming," a reference to the popular television show *Game of Thrones*, whose characters use that line to describe pending danger.

The administration was also irked by Durst's disruption of billionaire Barry Diller's development plans for Pier 55 on the Hudson River.

It's unclear whether the loss of bond financing is related to that feud — neither the city nor Barowitz would say.

Regardless, the change in plans is a concern for housing authority residents, said Bishop Mitchell Taylor, who runs Urban Upbound, an organization that provides services for housing authority tenants.

"For Astoria Houses [and] the Astoria peninsula, which has been a neighborhood that has been overlooked and underserved for a long time, we were very optimistic about this particular development, and our prayer and hope is that the Durst Organization and the city of New York will find a way to overcome whatever the obstacles are so we can get the

project going," Taylor said. "My hope and anticipation is that Humpty Dumpty can be put back together again."

He said the project "without question" would be a benefit to the housing authority.

"For one, they're going to build a building that's going to have affordable housing units on the NYCHA campus. There's going to be some new boilers put in, some campus improvements, parking lot enhancements, grounds enhancements because I know that it's important to Durst that the new development doesn't look like a shiny nickel and the old development or existing development looks like a rusty penny," Taylor said.

City officials said Durst is still obligated to meet its prior commitment to the housing authority, including the boiler replacements.

Barowitz disputed that, saying the upgrades would not happen until the company closes on the building. And, he added, "We can't close until we have a project."

UPDATE: This story has been updated to reflect that city officials pulled the bonding authority just days before the Housing Development Corporation board voted to include it in a larger package of financing.

Appendix 11

1

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
JOINTLY WITH THE COMMITTEE ON PUBLIC HOUSING

----- X

February 6, 2018
Start: 10:18 a.m.
Recess: 4:53 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E:

RITCHIE J. TORRES
Chairperson
ALICKA AMPRY-SAMUEL
Co-Chairperson

COUNCIL MEMBERS:

Ben Kallos
Rory I. Lancman
Keith Powers
Rafael Salamanca, Jr.
Mark Treyger
Kalman Yeger
Diana Ayala
Laurie A. Cumbo
Ruben Diaz, Sr.
Mark Gjonaj
Carlos Menchaca
Donovan J. Richards
James G. Van Bramer
Speaker Corey Johnson

COUNCIL MEMBERS:

Public Advocate Letitia James

Margaret Chin

Barry Grodenchik

Brad Lander

Robert Cornegy

Helen Rosenthal

Bill Perkins

Chaim Deutsch

Vanessa Gibson

Carlina Rivera

Jumaane Williams

Inez Barron

Mark Levine

I. Daneek Miller

A P P E A R A N C E S (CONTINUED)

Representative for Daniel Barber
Chairman
Citywide Council of Presidents

Rose Fernandez
Resident of Carver Houses
Member of Community Voices Heard

Carmen Quinones
President and Resident
Douglass Houses

Lisa Kenna
Resident
Van Dyke Houses

Sipria Noel
Langston Hughes Houses

Calvin Drumgo
Breukelen Houses

Shola Olatoye
Chair and CEO
New York City Housing Authority

Deborah Goddard
Executive Vice President
Capital Projects
New York City Housing Authority

A P P E A R A N C E S (CONTINUED)

Cathy Pennington
Acting Executive Vice President
Operations
New York City Housing Authority

Vita Mustaciuolo
Acting General Manager
New York City Housing Authority

Javier Almodovar
Deputy Director
Heating Services
New York City Housing Authority

Kerri Jew
Executive Vice President and
Chief Administrative Officer
New York City Housing Authority

Robert Marano
Executive Vice President and
Chief Information Officer
New York City Housing Authority

Bomee Jung
Vice President
Energy and Sustainability
New York City Housing Authority

Zachary Carter
Corporation Counsel
City of New York

2 [sound check]

3 [background comments]

4 [pause]

5 [background comments]

6 SERGEANT-AT-ARMS: Hi, well may I please
7 have your attention? Please have a seat; we're going
8 to be starting shortly. Everyone, please have find a
9 seat, we are going to be starting shortly; we need
10 everyone to have a seat. If you are standing on the
11 back, you have to find a seat as well; if you're not
12 able to find a seat on the main floor, please head
13 upstairs to the balcony; we have plenty of seats in
14 the balcony. If you are with staff, Council staff,
15 Mayor staff, and if you are standing in the back,
16 please find a seat and put your cell phones on
17 vibrate or silence; we are going to be starting
18 shortly. Thank you.

19 SERGEANT-AT-ARMS: Quiet, please.

20 [pause]

21 [gavel]

22 CO-CHAIRPERSON AMPRY-SAMUEL: Okay, we're
23 going to get the hearing started. Can everyone find
24 a seat?

25

2 have, but we do look at what is failing now most; we
3 look at the remaining age, and as I said, we look at
4 work tickets to identify what is causing the most
5 problems, as well as what are so old that... or...

6 Barry's [sic] not... Barry's older, but **[inaudible]**,
7 what boilers for which we can't get parts and that's
8 what we prioritize. We have a need of approximately
9 \$725 million for boilers alone, so we prioritize up
10 against those three pieces of information.

11 COUNCIL MEMBER VAN BRAMER: Well I look
12 forward to hearing from our very, very smart Deputy
13 Mayor, because maybe she can help get us out of this
14 crisis. Thank you.

15 [background comments]

16 CHAIRPERSON TORRES: Yeah, I actually
17 wanna interject very quickly, because there was a --
18 speaking of the Deputy Mayor, there was an article in
19 *Politico* dated January 31, 2018 holding that the
20 City's Housing Development Corporation was planning
21 to issue \$43.5 million in financing for a 163-unit
22 development in Queens in Astoria Houses, but City
23 officials -- it was said to be Alicia Glen -- pulled
24 the bonding authority just days before the HDC Board
25 voted to include it in a larger package of financing

2 in November; that shift stalled the retrofit of four
3 boilers at Astoria Houses. So the article in
4 *Politico* claims that the City's decision to withdraw
5 bond financing had the effect of indefinitely
6 delaying the retrofit of four boilers at Astoria
7 Houses. It's worth noting that those four boilers
8 serve over 3,000 residents and over 1,000 apartments.
9 Did City Hall consult with NYCHA before making a
10 decision that would indefinitely delay the retrofit
11 of your boilers?

12 DEBORAH GODDARD: If I can just clarify
13 one... well a significant piece of that story. The
14 developer, Durst Corporation, had agreed to provide
15 new burners to our furnaces; that was specifically to
16 benefit the affordable housing that was to be built
17 by that organization. Right now our emission stacks
18 -- when they built the new housing, their housing
19 would've been taller than the emission stacks, it
20 would've caused them problems probably with their
21 environmental clearance at DCP, so in order to build
22 that building they were gonna install the four new
23 burners.

2 CHAIRPERSON TORRES: So you're expecting
3 no improvements in the four boilers at Astoria
4 Houses...? [crosstalk]

5 DEBORAH GODDARD: So I just wanna make it
6 clear; [background comment] we actually have Astoria
7 on our list to be addressed with federal funds, but
8 that particular aspect, putting the burners in, was
9 solely to benefit the affordable housing that was
10 gonna be developed by the Durst Corporation...

11 [crosstalk]

12 CHAIRPERSON TORRES: Okay, so the article
13 seems to suggest that it would benefit the boilers at
14 Astoria Houses; are you suggesting that's inaccurate?

15 DEBORAH GODDARD: No, it was all about
16 the emissions and the new housing that was gonna be
17 built.

18 CHAIRPERSON TORRES: So it has nothing to
19 do with the boilers at Astoria Houses?

20 DEBORAH GODDARD: No.

21 CHAIRPERSON TORRES: So that article was
22 inaccurate?

23 DEBORAH GODDARD: It was inaccurate.
24
25

2 CHAIRPERSON TORRES: Okay. Okay. And do
3 you have a position on the tax exempt bond financing
4 decision that was made by City Hall?

5 DEBORAH GODDARD: I don't know anything
6 about it; I do know that... [interpose]

7 CHAIRPERSON TORRES: Well it was... it was...

8 DEBORAH GODDARD: all agencies

9 **[inaudible]**... [crosstalk]

10 CHAIRPERSON TORRES: it was part of the
11 agenda for NYCHA's board meeting on January 31st, so
12 there was obviously some interest... [interpose]

13 SHOLA OLATOYE: So... yeah...

14 CHAIRPERSON TORRES: and specific
15 reference [background comment] to tax exempt bond
16 financing... [crosstalk]

17 SHOLA OLATOYE: Thi... This...

18 CHAIRPERSON TORRES: in relation to
19 Astoria Houses.

20 SHOLA OLATOYE: This is a... [background
21 comment]

22 CHAIRPERSON TORRES: So it would be odd...
23 [interpose]

24 SHOLA OLATOYE: So...

25 CHAIRPERSON TORRES: Yeah.

2 SHOLA OLATOYE: just to finish the
3 thought -- so one, a very complicated project that
4 involved financing, as you indicated, as the article
5 indicated, from other sources. There were some
6 commitments that that developer chose not to live up
7 to, and so that was the... the outcome of the loss of
8 financing was in response to that, so this was not a
9 NYCHA... there were some benefits that were supposed to
10 come from the project to Astoria Houses... [interpose]

11 CHAIRPERSON TORRES: What are those
12 benefits?

13 SHOLA OLATOYE: There were some
14 pedestrian things and other **[inaudible]**... [interpose]

15 DEBORAH GODDARD: They were actually,
16 again, all related to taking care of some of the
17 damage that would be done naturally by construction
18 of the new housing, so there was gonna be repair of...
19 and improvement of some sidewalk; I believe there was
20 repair of a parking lot; some of those things like
21 that. I don't have the whole list right now; I could
22 get it to you.

23 CHAIRPERSON TORRES: I wanna move on.
24
25

2 about that problem, and we are committed in this
3 Council to make sure that NYCHA gets the funding that
4 it deserves, but we need confidence that you will use
5 the money the right way to help the residents
6 [clapping] that we all serve. [background comments]
7 I thank the Chairs for their time.

8 [background comments]

9 CO-CHAIRPERSON AMPRY-SAMUEL: Please, no
10 outbursts, please. Please, no back and forth.
11 Everyone, please. Please. Thank you.

12 CHAIRPERSON TORRES: I just wanna seek
13 clarification on your answer earlier regarding the
14 boilers at Astoria Houses. Is there work that was
15 supposed to be done to make the boilers more energy
16 efficient and extend the life of the boiler?

17 DEBORAH GODDARD: No.

18 CHAIRPERSON TORRES: Okay, 'cause I have
19 an email here from City Hall...

20 DEBORAH GODDARD: Uh-huh.

21 CHAIRPERSON TORRES: indicating that
22 there is supposed to be work at NYCHA to make the
23 boilers more energy efficient and also contribute
24 \$550,000 to extend the life of the boiler. So is
25 that inaccurate; is...

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date February 9, 2018



City officials have disputed that their decision has to do with Mayor Bill de Blasio's public feud with Douglas Durst. | Getty

City Council to investigate de Blasio decision to pull financing from affordable housing project

By **SALLY GOLDENBERG** | 02/19/2018 09:48 AM EST | Updated 02/20/2018 06:00 AM EST

The City Council is investigating the de Blasio administration's decision to stall financing for an affordable housing building that would have benefited an adjacent New York City Housing Authority complex at a time when public housing developments citywide are suffering from crumbling infrastructure.

In order to construct a 163-unit building on the site of the Astoria Houses in Queens, which is part of the sprawling Halletts Point project, the Durst Organization agreed to improvements to the public housing complex's heating system.

City officials contend Durst's repairs would simply resolve problems created by its building in the first place. But the developer says its work would help the Astoria Houses, whose boilers were recently featured in a New York Daily News article titled "Aging NYCHA boilers can't cope as tenants are left shivering."

The matter, first reported by POLITICO last month, warrants further scrutiny, said Council Member Ritchie Torres, who chairs the legislative body's oversight and investigations committee.

"On Jan. 31, 2018, POLITICO New York published an article reporting that the withdrawal of bond financing from the Halletts Point development at Astoria Houses led to an indefinite delay in the retrofit of four NYCHA boilers. In light of the troubling report, which comes amid a citywide collapse of heating systems in public housing, I am investigating the circumstances surrounding the loss of immediate heating upgrades for 3,000 NYCHA residents," Torres said over the weekend. "I cannot comment any further until the review is complete."

Durst was counting on the ability to issue \$43.5 million in bonds for the low-cost building, which is part of the 2.4-million-square-foot Halletts Point complex. Three days before the city's Housing Development Corporation voted on the bonds in November, de Blasio officials informed the developer they would not issue the financing. Without the bonds, Durst did not close on a deal with the housing authority, and the building is indefinitely stalled.

City officials said they approved an excess of bonds because they wanted a cushion in case the federal government canceled the financing stream altogether. They said they axed the bonds for Halletts because revenue from the project's predominantly market-rate units could cover the cost of the affordable housing site.

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"As we've clearly explained, the work proposed by the Durst Corporation was to support a new project the developer planned, not to improve heat at Astoria Houses. Indeed, we've allocated \$20 million in federal and city funds to deliver the heating upgrades residents deserve," de Blasio spokeswoman Melissa Grace said.

"As part of the Halletts development plan, we will provide new burners and 'mud legs' to the boilers in the Astoria Houses," said Durst spokesman Jordan Barowitz. "They will allow the boilers to burn hotter, more efficiently and cleaner and extend their useful life."

In January, NYCHA officials highlighted the problematic heating system at the Astoria Houses for the Daily News, which reported that a mobile boiler was deployed during a cold snap this winter.

"While all four permanent boilers at the Astoria Houses were up and running, they were barely able to heat the building to 68 degrees. And while some developments have a redundancy — an extra boiler that kicks in if one fails — Astoria doesn't," the Daily News wrote, citing Robert Knapp, director of heating at the housing authority.

Mitchell Taylor, a bishop who runs the nonprofit organization Urban Upbound, has said the Durst project would "without question" benefit housing authority residents.

"For Astoria Houses [and] the Astoria peninsula, which has been a neighborhood that has been overlooked and underserved for a long time, we were very optimistic about this particular development, and our prayer and hope is that the Durst Organization and the city of New York will find a way to overcome whatever the obstacles are so we can get the project going," he said last month. "My hope and anticipation is that Humpty Dumpty can be put back together again."

City officials have disputed that their decision has to do with Mayor Bill de Blasio's public feud with Douglas Durst.

In a blog post over Labor Day weekend last year, as he was trying to refute claims he did favors for campaign donors, de Blasio highlighted Durst as an example of a fundraiser who didn't get his way.

Durst had lost a bid to operate the East River Ferry to San Francisco-based Hornblower. The mayor, without naming Durst, used him as one of two examples to convince people he is not influenced by campaign contributions.

In response, Barowitz warned the de Blasio team "winter is coming," a reference to the popular television series Game of Thrones, whose characters use that line to warn of pending doom.

The mayor was also troubled by Durst's legal fight against billionaire Barry Diller's development plans for Pier 55 on the Hudson River.

N.Y. / REGION

Builders Turn Focus to Housing Market

By CHARLES V. BAGLI SEPT. 26, 2014

In a sign of New York City's rapidly shifting real estate market, the Durst family, whose empire was built on a forest of Manhattan office towers, is plunging into the housing market with an ambitious plan for a sprawling residential development on the Queens waterfront.

The Dursts, whose two skyscrapers on 42nd Street helped fuel the renaissance of Times Square, are now looking to spend \$1.5 billion to transform a knobby, windswept peninsula in Astoria, where the East River meets the Harlem River, across the water from Gracie Mansion.

The Dursts' move to Astoria highlights a trend in the city in which a seemingly insatiable demand for luxury housing has upended the traditional pecking order in the real estate world. Building glamorous office towers for Fortune 500 companies is not the surefire route to fame and riches it once was.

With the cost of land soaring and high-end apartments commanding soaring prices, developers whose reputation and wealth rests on gleaming office towers are leaping into the residential market in the hunt for profits.

Brookfield, a longtime commercial developer whose holdings include the former World Financial Center in Lower Manhattan, is putting down \$1 billion for nearly 4,000 apartments in northern Manhattan and on Roosevelt Island.

In Queens, not far from the Durst project, Tishman Speyer Properties, the owner of Rockefeller Center and the Chrysler Building, is planning to build a rental complex with 1,600 apartments. In Downtown Brooklyn, Tishman Speyer is bidding against Vornado Realty and other developers for a former Macy's property on Fulton and Hoyt Streets with an eye to turning it into a residential project.

The Fisher real estate family, which is also known for its office towers, is turning toward the residential side with the development of a 950-foot-tall condominium tower in TriBeCa and a 37-story apartment building on the East Side.

Although the Dursts have built a few apartment buildings in recent years, the Queens project represents a major, long-term investment in the city's booming housing market and its first foray outside Manhattan.

Plans call for a set of seven apartment buildings with more than 2,000 apartments — 20 percent reserved for poor and working-class tenants — an esplanade, a school and a supermarket where industrial buildings now stand.

“Times are changing,” said Douglas Durst, a third-generation developer. “Large-scale office development opportunities are sparse and Manhattan land is cost-prohibitive to build rentals. It is time for the family to go deeper into residential and to cross the ocean to Astoria.”

The changing economics of the real estate market have made housing more appealing. Land costs have doubled and tripled in recent years to \$600 a square foot and more as residential developers snapped up one site after another. Commercial developers have often found themselves priced out of the market.

High-end apartments in Manhattan and parts of Brooklyn sell for \$4,000 or more per square foot, far more than most commercial tenants are willing to pay.

“The economic dynamics make it good to be in multifamily,” Richard B. Clark, chief executive of Brookfield Property Partners, said.

Of course, even as they venture into residential real estate, many prominent developers are still investing in commercial deals.

Still, Robert A. Knakal, a real estate broker who has sold a long list of development sites and buildings this year, said he no longer sends out property listings to select groups of commercial, retail, hotel or residential developers and investors. “Today,” he said, “we send out our listings to a much wider audience of potential buyers.”

The Dursts, who own 4 Times Square and 10 other office towers in Manhattan, spent more than a year mulling whether to buy the residential development in what was for them far-off Astoria.

Douglas Durst’s father, Seymour, a prominent developer who died in 1995, used to brag that he could walk to any of his properties from the family’s Midtown office. He built office towers in which his tenants went home at night; residential buildings were “messy” and complicated.

But the family ran out of land in Manhattan after it built the 55-story Bank of America Building at 42nd Street and Avenue of the Americas in 2010.

More than a year ago, Lincoln Equities Group contacted the Dursts, asking if they were interested in buying a residential development it owned in a working-class section of Queens. This week, the Dursts paid well over \$100 million for a 90 percent stake in the project. Lincoln will retain about 10 percent.

Known as Hallets Point, the site is next to Astoria Houses, a city housing project built in the 1950s that is home to more than 3,500 residents, and nearly a mile from the nearest subway stop. There are warehouses and a ball field. It is by no means a gentrifying neighborhood.

Joel Bergstein, a principal at Lincoln, spent seven years putting together a string of adjoining industrial properties there and working with residents and city officials on a proposal. Last year, the Bloomberg administration approved his plans.

“The Dursts got it right away,” Mr. Bergstein said. “This will be an iconic property that’ll completely change this portion of the Queens waterfront.”

Hallets Point will eventually have 2,404 apartments, including 483 units for poor and working-class tenants in seven buildings. In an unusual arrangement with the New York City Housing Authority, the developer will build and own two buildings on the grounds of Astoria Houses for affordable housing for older adults.

There will also be three market-rate buildings, ranging from 17 to 31 stories, and two buildings in which 20 percent of the units will be subsidized.

The complex will open up the waterfront to local residents with an esplanade and include a supermarket, retail space and a school. The city has promised better bus service, and there is talk of a ferry to Manhattan.

The plans won the support of elected officials, local residents and the community board. Claudia Coger, president of the Astoria Houses Resident Association, said the neighborhood had a “deserted” feel, because there were few stores and the industrial buildings were closed at night.

“The mere fact that somebody would want to develop over there is a plus for the quality of life for the residents,” Ms. Coger said of Hallets Point. “We gave them our feelings about tall buildings blocking our beautiful Manhattan views and the need for a grocery store. They listened to what we had to say.”

The city’s Planning Commission is expected to vote by the end of the month on a second residential project nearby, Astoria Cove, which includes 1,723 apartments. Like Hallets Point, the developer has promised that 20 percent of the units would be for low- and moderate-income tenants.

But Mayor Bill de Blasio has made affordable housing a high priority of his administration. He and the City Council are expected to push the portion of affordable housing closer to 30 percent before Astoria Cove receives final approval.

“Record-breaking land values and market demand are causing historically Manhattan-based developers to rework their business models and consider new products and locations,” said Ross Moskowitz, real estate partner at Stroock & Stroock & Lavan, a Manhattan law firm. “Commercial developers are now following the money outside of the Manhattan core and considering residential projects, which never would have happened a few years ago.”



Appendix 14

NEW YORK CITY HOUSING AUTHORITY
250 BROADWAY • NEW YORK, NY 10007
TEL: (212) 306-3000 • <http://nyc.gov/nycha>

SHOLA OLATOYE
CHAIR & CHIEF EXECUTIVE OFFICER

February 21, 2018

Hon. Ritchie Torres
Council Member
573 East Fordham Road
Bronx, NY 10458

Dear Council Member *Ritchie* Torres:

This is in response to your letters sent to the New York City Housing Authority (NYCHA) regarding the January 31, 2018 Politico NY article the article's claim that the decision regarding bonding authority impacted anticipated work the Durst Corporation was to undertake at nearby Astoria Houses.

Independent of the Halletts Point proposal, Astoria Houses is already receiving more than \$20 million in federal and city capital funds to completely replace four boilers, modernize hot water systems and install new heating controls. Ultimately, these are the investments that will improve the reliability and quality of heating for the complex's residents, not the Durst Corporation's proposed scope of work.

In terms of the financial transaction, the total purchase price for the Astoria parcels is \$5.4 million. NYCHA received \$4,210,490.04 from the Durst Corporation as a deposit including interest in July 2017. The deposit is money NYCHA keeps if Durst decides not to go forward with the project. The remaining \$1.2 million will be paid at closing. If Durst does not close on the property, the City will keep the deposit and RFP the site for affordable housing.

With respect to the installation of the new boiler burners, the purpose is not to improve heating at Astoria Houses, it is to mitigate an environmental issue created by the Durst organization's project. The proposed affordable building is taller than NYCHA's boiler chimney and therefore exhaust from the boilers could drift into the new apartments if residents have the windows open. The Durst Corporation's solution is to upgrade the efficiency of the burners in the Astoria Houses boiler plant, instead of making the chimney taller. While the oil burners are aged, they are not in need of repair. This replacement is only necessary so that the Durst project can obtain environmental approvals from the Department of Environmental Protection and the Department of City Planning. The Durst scope of work also included new 'mud legs' that collect rust and other debris from the aging boiler plan. NYCHA's planned total replacement of the boiler plant eliminates the need for that equipment replacement.

With regard to the grounds beautification work, this is again work needed to facilitate the new development. During construction, the grass and interior sidewalks may crack and dug up as equipment moves in and out of the work site. The Durst Corporation agreed to repair the grounds after completion of the work. Durst would also expand the parking lot of to make room for the additional tenants, rework

some of the sidewalks to lead to the new building and the waterfront and move an exterior trash compactor that would be impacted by the new building. Again, these additions and restorations would be needed only in conjunction with the construction of the new building.

Sincerely,

A handwritten signature in blue ink that reads "Deborah".

Deborah Goddard
Executive Vice President for Capital Projects



**Department of
Housing Preservation
& Development**

Appendix 15



February 21, 2018

Hon. Ritchie Torres
Council Member
573 East Fordham Road
Bronx, NY 10458

Dear Council Member Torres:

This is in response to your letters sent to Deputy Mayor Glen, the Department of Housing Preservation and Development (HPD) and the Housing Development Corporation (HDC) regarding the January 31, 2018 Politico NY article about plans to build affordable housing on NYCHA's land at Astoria Houses.

With respect to the allocation of Private Activity Bonds, this subsidy is vital to providing affordable housing in New York City. There are many deserving affordable housing developments that are ready to receive financing, and we constantly make tough choices about the allocation of volume cap in order to maximize this precious and scarce resource. Were we to have allocated funding to Halletts Point, it would have been at the expense of other affordable projects in neighborhoods throughout the City. The project at Halletts Point remains in our pipeline, and we hope to continue to work with the developer to make the project more competitive.

We work closely with our partner agency, the New York City Housing Authority (NYCHA), and they will be responding to your request separately with information pertaining to the Astoria Houses.

Sincerely,

Maria Torres-Springer
Commissioner
NYC Dept of Housing Preservation &
Development

Eric Enderlin
President
NYC Housing Development Corporation