

**LONG TERM GROUND LEASE TO THE COMMUNITY BUILDERS, INC.**  
**Board of Directors Meeting**  
**February 6, 2019**

**LESSOR:** The City of New York (the “City”)

**LESSEE/  
LEASE ASSIGNOR** NYCLDC

**LEASE ASSIGNEE:** The lease assignee will either be (i) The Community Builders, Inc. d/b/a TCB New York Affordable Housing (“TCB”) or an affiliated entity, or (ii) an affiliated housing development fund corporation or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project on the hereinafter defined Site (whichever, the “Lease Assignee”).

TCB is a not-for-profit corporation.

**SITE  
LOCATION:** Block 15705, Lots 69 and p/o 59 (the “Site”)  
10-37 Beach 21<sup>st</sup> Street  
Borough of Queens  
Community Board No. 14

**SITE  
DESCRIPTION:** The Site, which is located on the western side of Beach 21<sup>st</sup> Street between Mott and Cornaga Avenues, Queens, is approximately 42,560 square feet. The Site is owned by the City and is currently unimproved and is used as a bus layover and municipal parking lot.

It is anticipated that Lot 69 and the whole of Lot 59 (including the portion which does not form part of the Site) will form a single zoning lot, and that, under the terms of the proposed Lease, the project on the Site may use approximately 29,000 square feet of development rights in excess of those that would be available if the zoning lot comprised solely the Site.

The approximate configuration of the Site is depicted in Attachment A.

**BACKGROUND:** NYCEDC released an RFP on December 14, 2016, for the disposition and redevelopment of the Site and ultimately selected TCB as the successful respondent on June 29, 2018. Respondents to the RFP and a brief summary of their responses are listed on Attachment B.

**PROJECT DESCRIPTION:**

The Lease Assignee will develop the Site into a 10-story mixed-use development comprising approximately 245,000 square feet. The development is expected to include (i) approximately 179,000 square feet of affordable housing, (ii) approximately 22,000 square feet of commercial space, (iii) approximately 7,000 square feet of community facility space, and (iv) approximately 37,000 square feet of underground parking space for approximately 97 vehicles (collectively, the "Project").

TCB anticipates that the affordable housing space will include approximately 224 affordable housing units. As required by HPD and HDC, the Lease Assignee will set aside approximately 10% of the affordable housing units for formerly homeless households. The balance of the affordable housing units will be spread across multiple income bands with an anticipated range from approximately 30% to 90% of Area Median Income. It is currently anticipated that a total of approximately 40% of the residential units will be permanently affordable: approximately 25% by reason of the City's Mandatory Inclusionary Housing program ("MIH"), and approximately 15% in accordance with requirements of financing being provided by HPD and/or HDC for the Project. The remaining 60% of the residential units are expected to remain affordable for a period of time (the "Regulatory Period") set by HPD and/or HDC.

**PURPOSE OF THE DISPOSITION/BENEFIT TO THE PUBLIC:**

It is anticipated that the disposition of the Site will transform an underutilized City-owned asset into a mixed-use development that provides affordable housing, retail and community facility uses.

**LEASE TERMS:**

The City (as lessor) and NYCLDC (as lessee) will enter into a lease for the Site (the "Lease") and NYCLDC will then assign such Lease to the Lease Assignee.

The initial term of the Lease will be 40 years, or such term as is required to accommodate a low-income housing structure or other financing structure, as determined in cooperation with HPD and/or HDC, with up to three renewal options, for a total term of no more than 99 years.

The annual base rent during the Regulatory Period will be at least \$1. After the end of the Regulatory Period it is anticipated that, subject to negotiation, the annual base rent will be based on an appraisal of the fair market value subject to the Lease.

The Lease Assignee will make payments in lieu of taxes (“PILOT”) in amounts equal to the real property taxes that would be assessed and levied against the Site as improved, except that PILOT will reflect (i) any as-of-right exemptions, abatements, credits, or other reductions for which Lease Assignee would have qualified if Lease Assignee was the fee owner based on Lease Assignee’s exempt status and exempt use of the Site, and (ii) to the extent that any portion of the Site as improved is being used for a regulated affordable housing use, a discretionary abatement in line with abatements for projects encumbered by a regulatory agreement under then-applicable laws, regulations, policies and/or programs.

**APPRAISED  
VALUE:**

An independent appraisal of the Site was commissioned in December 2018. The appraisal valued the fair market annual rent for the Site, accounting for the specific development requirements and restrictions pertaining to the use and transfer of the Site, at \$0. The appraisal also valued the highest and best use fair market annual rent for the Site (with the approximately 29,000 extra development rights as described above) at \$350,000.

**EXISTING  
ZONING:**

The Site is zoned R6/C4-2 within the Special Downtown Far Rockaway District, and is within a designated MIH area.

**PUBLIC  
APPROVALS:**

City Planning on July 10, 2017 (Calendar Nos. 2, 4, and 8) and the New York City Council on September 7, 2017 approved the disposition and rezoning of the Site, as part of the wider Downtown Far Rockaway rezoning.

Pursuant to Section 384(b)(4) of the City Charter, the proposed disposition of the Site is anticipated to go before the Queens Borough Board for approval in March 2019.

The Project design is subject to review and approval by the Public Design Commission (“PDC”). The Project received Conceptual Approval from PDC on August 13, 2018 and will

return to PDC for preliminary approval and final approval over the coming months.

**PROPOSED  
RESOLUTIONS:**

Approval for NYCLDC to (i) lease the Site from the City substantially as described herein and (ii) assign such lease to the Lease Assignee, substantially as described herein, and approval for NYCLDC and NYCEDC to enter into any related agreements and documents and consents and amendments to effectuate the Project substantially as described herein

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to the Lease Assignee that will achieve the same purpose as the transfer

**NYCEDC  
PROJECT CODE:**

6541

**NYCEDC STAFF:**

Molly Anderson, Senior Associate, Real Estate Transaction Services  
Sarah Govier, Vice President, Real Estate Transaction Services  
Susan Goldfinger, Senior Vice President, Real Estate Transaction Services  
Richard Palumbo, Senior Counsel, Legal

**Attachment A**

**Site Location Map**



## Attachment B

### Respondent Comparison Table

<b>Developer</b>	<b>Proposed Project</b>	<b>Proposed Ground Rent or Sale Payment</b>	<b>HPD Term Sheet</b>	<b>Housing Units</b> <i>All 100% Affordable</i>	<b>% of 2- and 3-Bedroom Units</b>	<b>Total commercial and community facility space (GSF)</b>	<b>Parking Spaces</b>
An entity to be formed by Alexander Berkovitch, Allen Pilevsky, and David Shteierman, RA	Mixed-use development with affordable housing, commercial and community facility	Sale: \$1.00	Mix & Match	180	46%	~17,000	161 below-grade
Camber Property Group, LLC	Mixed-use development with affordable housing, commercial, and community facility	Ground Rent: \$1.00	Mix & Match	240	54%	~27,000	131 total, including stackers
Georgica Green Ventures, LLC	Mixed-use development with affordable housing, commercial and community facility	Ground Rent: \$1.00	ELLA	180	45%	~30,000	130 total
MacQuesten Development, LLC	Mixed-use development with affordable housing, commercial, and community facility	Ground Rent: \$1.00	Mix & Match	245	33%	~33,000	62 below-grade
The Beechwood Organization	Mixed-use development with affordable housing, commercial and community facility	Ground Rent: \$1.00	ELLA	220	50%	~42,000	116 below-grade
The Community Builders, Inc.	Mixed-use development with affordable housing, commercial, and community facility	Ground Rent: \$1.00	Mix & Match	224	50%	~29,000	97 below-grade

The data is the current proposed position and changed in the course of negotiations with certain respondents. Various respondents were eliminated at various stages of negotiations.