



MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
July 25, 2023

A meeting of the Real Estate and Finance Committee (the "Committee") of the Board of Directors (the "Board") of New York City Economic Development Corporation ("NYCEDC"), was held on Tuesday, July 25, 2023, in Conference Center A/B, on the 14th Floor at the offices of NYCEDC at One Liberty Plaza, New York, New York.

The following members of the Committee were present:

Paula Roy Carethers
Mitch Draizin (by Zoom)
James McSpiritt
Patrick J. O'Sullivan, Jr. (by Zoom)
Betty Woo

Members of NYCEDC staff and members of the public also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:04 p.m. Meredith Jones, an Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms that may be contained in the Exhibit attached hereto.)

1. Approval of the Minutes of the April 11, 2023 Committee Meeting

It was moved that the minutes of the April 11, 2023 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Long Term Ground Lease to Queens Development Group, LLC

Kevin Dunlevy, an Assistant Vice President of NYCEDC, presented a proposal for New York City Land Development Corporation ("NYCLDC") (i) to enter into a lease (the "Lease") for Block 1833, Lots 120, 130, 135 and possibly 112 on the Tax Map of the Borough of Queens (the "Site") from the City of New York (the "City"), (ii) to assign such Lease to (a) Queens Development Group, LLC ("QDG") or an affiliated entity (whichever, the "Developer") and/or (b) an affiliated housing development fund corporation or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project (the "Financing Entity"), and (iii) to enter into

any related agreements and documents and consents and amendments to effectuate the Project substantially as hereinafter defined, all to provide for development of the Site by the Developer into two 12-story, mixed-use buildings comprising approximately 859,409 gross square feet ("GSF") as well as open space, which development is expected to include (a) approximately 717,571 GSF of affordable housing, (b) approximately 24,311 GSF of commercial space, (c) approximately 2,210 GSF of community facility space, (d) approximately 91,901 GSF of parking space (approximately 323 spaces), and (e) approximately 38,881 square feet of open space (including Lot 112) (collectively, the "Project"), all on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Ms. Woo, Mr. Dunlevy explained that it was anticipated that Lot 112 would become part of a mapped street, and that the Developer was required to maintain Lot 112 until it was to become part of a mapped street. He added that it was currently under discussion whether the best way to maintain Lot 112 during the interim period prior to mapping was through an access license with the New York City Department of Housing Preservation and Development ("HPD"), or through the inclusion of Lot 112 in the Lease. In answer to a second question from Ms. Woo, Mr. Dunlevy stated that Lot 111 also was anticipated to become a mapped street.

In answer to a question from Mr. O'Sullivan, Mr. Dunlevy summarized the appraisal process for the Site, explaining that the appraisal valued the highest and best use fair market value for the Site at \$87.3 million, and that the appraisal then valued the fair market value for the Site at \$0 after accounting for the project restrictions on rent and the corresponding impact on value. In answer to a second question from Mr. O'Sullivan, Mr. Dunlevy stated that it was currently contemplated that the affordable housing and community facility space would be covered under a synthetic Article 11 tax abatement and that the parking and commercial space would be covered under a synthetic Industrial and Commercial Abatement Program abatement. In answer to a third question from Mr. O'Sullivan, Mr. Dunlevy stated that all of the Phase 1 development was covered as obligations under an executed pre-development agreement. In answer to a fourth question from Mr. O'Sullivan, Mr. Dunlevy stated that the Phase 1 development and the planned Phase 2 ULURP were entirely distinct, and that neither was contingent on the other. The Committee at this time was just being asked to approve a portion of Phase 1. In answer to another question from Mr. O'Sullivan, Mr. Dunlevy stated that NYCEDC was working towards a mid-to-late November closing.

In answer to a question from Mr. McSpirtt, Mr. Dunlevy stated that Lot 120 was roughly an acre of open space that would have some sort of restrictive declaration for its use. Mr. Berg added that Lot 120 was formerly Willets Point Boulevard, but that it was de-mapped and would now serve as open space. In answer to a second question from Mr. McSpirtt, Mr. Dunlevy stated that the parking on the Site would be open to residents and the public.


In answer to a question from Ms. Carethers, Mr. Berg stated that he would have to check to confirm what the appraisal that will occur after the regulatory period would

be based on.

A motion then was made that the Committee recommend that the Board of Directors approve the matters set forth for approval in the Proposed Resolutions section of Exhibit A hereto and further resolve that there is no reasonable alternative to the proposed transfer to the Developer and/or a Financing Entity that will achieve the same purpose as the transfer. Such motion was seconded and unanimously approved.

3. Adjournment

There being no further business to come before the meeting, pursuant to a motion made, seconded and unanimously approved the meeting of the Committee was adjourned at 2:22 p.m.


Assistant Secretary

Dated: October 31, 2023
New York, New York

ATTACHMENT 1

DEFINITIONS

Apple	Apple Industrial Development Corp.
Armand	Armand Corporation d/b/a Armand of New York
BAT	Brooklyn Army Terminal
Bovis	Bovis Lend Lease LMB, Inc.
CDBG	Federal Community Development Block Grant
CDBG-DR Funds	Federal Community Development Block Grant-Disaster Recovery Program funds
CEQR	City Environmental Quality Review process
City DEP	New York City Department of Environmental Protection
City DOT	New York City Department of Transportation
City Parks	New York City Department of Parks and Recreation
City Planning	New York City Department of City Planning or City Planning Commission
CM	A construction manager
CM Contract	A construction management contract
DCAS	New York City Department of Citywide Administrative Services
EIS	Environmental Impact Statement
ESDC	New York State Urban Development Corporation d/b/a Empire State Development Corporation
FEMA	Federal Emergency Management Agency
FM	A facilities manager
FM/CM Contract	A facilities management/construction management contract
Funding Source Agreement	Any agreement necessary to obtain funds for the Project, including IDA Agreements
Gilbane.....	Gilbane Building Company
HDC	New York City Housing Development Corporation
HPD	New York City Department of Housing Preservation and Development
Hunter Roberts	Hunter Roberts Construction Group, L.L.C.
IDA	New York City Industrial Development Agency
IDA Agreement	Agreement with IDA pursuant to which IDA retains NYCEDC to accomplish all or part of the Project and reimburses NYCEDC for the costs of the work
LiRo	LiRo Program and Construction Management, PE P.C.
LMDC	Lower Manhattan Development Corporation
McKissack	The McKissack Group, Inc. d/b/a McKissack & McKissack

MOU	A memorandum of understanding
NYCEDC	New York City Economic Development Corporation, survivor of a November 1, 2012 merger of a local development corporation (the “LDC”) named New York Economic Development Corporation with and into New York City Economic Growth Corporation. References to NYCEDC prior to such merger are references to the LDC.
NYCHA	New York City Housing Authority
NYCLDC	New York City Land Development Corporation
Noble Strategy	Noble Strategy NY Inc.
OMB	New York City Office of Management and Budget
Port Authority	The Port Authority of New York and New Jersey
RFP	Request for Proposals
Sanitation	New York City Department of Sanitation
SBS	New York City Department of Small Business Services
SEMO	New York State Emergency Management Office
SEQR	State Environmental Quality Review process
Skanska	Skanska USA Building Inc.
State DEC	New York State Department of Environmental Conservation
State DOS	New York State Department of State
State DOT	New York State Department of Transportation
State Parks	New York State Office of Parks, Recreation and Historic Preservation
Tishman	Tishman Construction Corporation of New York
Turner	Turner Construction Company
ULURP	Uniform Land Use Review Procedure

EXHIBIT A

LONG TERM GROUND LEASE TO QUEENS DEVELOPMENT GROUP, LLC
Board of Directors Meeting
August 8, 2023

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

**LESSEE/
LEASE ASSIGNOR** NYCLDC

LEASE ASSIGNEE: The Lease assignee will either be (i) Queens Development Group, LLC (“QDG”) or an affiliated entity (whichever, the “Developer”) and/or (ii) an affiliated housing development fund corporation (“HDFC”) or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project (the “Financing Entity”). If the Financing Entity is the Lease assignee, the Developer will be the beneficial owner of the leasehold interest. The Developer is controlled directly or indirectly by the Related Companies and Sterling Equities and/or their affiliates.

**SITE
LOCATION:** Block 1833, Lots 120, 130, 135 and possibly 112 (the “Site”) Willets Point
Borough of Queens
Community Board #7

**SITE
DESCRIPTION:** The Site is approximately 139,479 square feet. If Lot 112 is removed from the Site, the Site will be approximately 135,609 square feet. The Site is owned by the City and is currently vacant. The Site is approximately depicted in Attachment A.

BACKGROUND: The City has envisioned the redevelopment of Willets Point over several mayoral administrations. The Willets Point and Flushing Meadows Corona Park area had been historically known as the ‘Valley of the Ashes’ due to their serving as a coal ash dump during the early 20th century. Though the coal ash was removed from the entire area and the larger Flushing Meadows Corona Park area was developed for the 1939 World’s Fair, the area known as Willets Point was never fully developed. In the mid-20th century, the Willets Point area evolved into primarily a neighborhood of automobile chop shops consisting of one-story metal structures and lacking basic infrastructure such as sanitary sewers.

In 2002, the Downtown Flushing Task Force convened to develop a planning strategy for the growth of Downtown Flushing, the Flushing River waterfront, and Willets Point. Building upon this strategy, in 2008, approximately 63-acres bounded by Seaver Way (126th Street), Northern Boulevard, Block 1833, Lot 1 to the west of Flushing Creek, and Roosevelt Avenue was rezoned, established as the Special Willets Point Zoning District (“SWPD”), and designated as an Urban Renewal Area. The City commenced purchasing properties from private landowners within Willets Point that would be part of future land assemblages.

NYCEDC released an RFP in 2011 for development proposals, and in 2012, the Developer was selected. QDG’s initial proposal included development of the SWPD and the parking lots of Citi Field (“Willets West”), which parking lots are mapped parkland. SWPD was to have been a mixed-use neighborhood featuring office, retail, hotel, a school, open space, and 2,500 units of housing, 35% of which was to have been affordable. Willets West was to have been developed as a retail mall. The Willets West component was challenged in court, and in 2017, was ruled to be a use inconsistent with the legislation that provided for the construction of Citi Field and its precursor Shea Stadium on parkland. Since Willets West was to have financially supported development of the entire plan, redevelopment was postponed.

On February 5, 2018 NYCEDC entered into a Pre-Development Agreement with the Developer, which as amended as of March 5, 2021 provided for a re-envisioned project consisting of the environmental remediation of the Site in accordance with State DEC standards pursuant to the Brownfield Cleanup Program; construction of on-site and off-site infrastructure, including the replacement of a 72” trunk water main in Willets Point Boulevard, construction of sanitary and storm sewers, distribution water mains, dry utilities, streets, open space and other associated work; construction of 100% affordable residential buildings totaling approximately 1,100 housing units; and delivery of a development-ready construction pad to the New York City School Construction Authority. The Developer is performing the infrastructure and remediation work pursuant to two funding agreements with NYCEDC.

In July 2021, infrastructure and remediation work commenced – with remediation expected to be completed in 2023 and infrastructure expected to be completed in 2025.

The Site will include the first 881 of the planned housing units for Willets Point.

PROJECT DESCRIPTION:

The Site will be developed by the Developer into two, 12-story mixed-use buildings comprising approximately 859,409 gross square feet as well as open space. Each building will be sited on its own tax lot. The development is expected to include (i) approximately 717,571 gross square feet of affordable housing, (ii) approximately 24,311 gross square feet of commercial space, (iii) approximately 2,210 gross square feet of community facility space, (iv) approximately 91,901 gross square feet of parking space (approximately 323 spaces), and (v) approximately 38,881 square feet of open space (including Lot 112) (collectively, the "Project"). Subject to unavoidable delays, the Developer is to commence construction of the Project within 90 days of the Lease effective date and substantially complete construction of the Project by 36 months after the construction commencement date.

The Developer anticipates delivering approximately 881 affordable housing units, which will include a homeless set-aside and units at affordability levels ranging from very low income to moderate income.

If Lot 112 is included in the Lease, it is anticipated that at a later date the Lot 112 portion of the Site will be withdrawn from the Lease and will become part of a mapped street.

PURPOSE OF THE DISPOSITION/BENEFIT TO THE PUBLIC:

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

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into a lease for the Site (the "Lease"). It is further anticipated that NYCLDC will then assign the Lease to the Developer or the Financing Entity and that NYCEDC will administer the Lease on behalf of the City.

The term of the Lease will be 99 years.

The annual base rent will be \$1 during the period that the rents of the housing units on the Site are regulated pursuant

to an agreement related to affordable housing with HPD. Upon termination or expiration of the regulatory period, and every 25 years thereafter, the annual base rent will be based on an appraisal of the fair market value of the Site for the uses permitted under the Lease, with periodic escalations.

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 if the owner of the Site was not the City except that PILOT will reflect (i) any as-of-right exemptions, abatements, credits, or other reductions that the Developer or the Financing Entity would be entitled to if it was the owner of the Site, and (ii) to the extent that any portion of the Project 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 June 2023. The appraisal valued the fair market annual rent for the Site (including Lot 112) at \$0, accounting for the specific development requirements and restrictions pertaining to the use and transfer of the Site. The appraisal also valued the highest and best use fair market value of the Site (including Lot 112) at \$87,300,000.

Appraised values for the individual tax lots are shown in the table below for each value determination.

	Highest and Best Use	As Restricted
Block 1833, Lot 112	\$0	\$0
Block 1833, Lot 120	\$0	\$0
Block 1833, Lot 130	\$50,800,000	\$0
Block 1833, Lot 135	\$36,500,000	\$0
Total	\$87,300,000	\$0

**EXISTING
ZONING:**

The Site is zoned C4-4 within the Willets Point Special District (“SWPD”).

**PUBLIC
APPROVALS:**

On September 24, 2008 (Calendar No. 17) City Planning approved the disposition and rezoning of the Site, as part of the Willets Point Urban Renewal Area.

Pursuant to Section 384(b)(4) of the City Charter, the proposed disposition of the Site was approved by the

Queens Borough Board on May 10, 2021. The proposed disposition is anticipated to obtain Mayoral authorization in September 2023.

The Project design is subject to review and approval by the Public Design Commission (“PDC”). The Project received Final Approval from PDC on April 24, 2023.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC to (i) enter into the Lease for the Site from the City substantially as described herein, (ii) assign such lease to the Developer and/or a Financing Entity, substantially as described herein, and (iii) 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 Developer and/or a Financing Entity that will achieve the same purpose as the transfer.

**NYCEDC
PROJECT CODE:**

1906

NYCEDC STAFF:

PJ Berg, Senior Vice President, Real Estate Transaction Services
John Raymond, Vice President, Real Estate Transaction Services
Kevin Dunlevy, Assistant Vice President, Real Estate Transaction Services
Maria Lombera, Associate, Real Estate Transaction Services
Sharmaine Belton, Analyst, Real Estate Transaction Services
Judy Fensterman, Assistant General Counsel, Legal

Attachment A

Site Location Map

