**Appendix K-1 – Form Term Sheet, Project Specific Terms (Ground Lease)**

**Pre-Development Agreement and Ground Lease Term Sheet**

This non-binding term sheet (the “Term Sheet”) sets forth the proposed terms to be negotiated between New York City Economic Development Corporation (“NYCEDC” or “Lease Administrator”) and [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] (the “Developer” or “Lessee”), (together, the “Parties”), for a Pre-Development Agreement (the “PDA”) relating to an anticipated long-term ground lease from the City of New York (the “City” or “Landlord”) to the New York City Land Development Corporation (“NYCLDC”) with an assignment to Lessee (the “Lease”) of an approximately 10,000 square foot (“SF”) parcel of land located at the corner of Little West 12th Street and 10th Avenue in the Meatpacking District of Manhattan (the “Site”) for the development of mixed-income housing and retail space (the “Project”).

This Term Sheet is intended solely as a basis for non-exclusive discussions and is not intended to be, nor does it create or give rise to any contractual or other legally binding or enforceable rights, obligations or liabilities of any kind on the part of the Parties, the City, or NYCLDC. The terms set forth herein do not include and should not be construed as including all material terms and conditions to be set forth in a final PDA or Lease subject to all necessary review and approvals. The Parties shall keep this Term Sheet and its terms and conditions confidential except to the extent of disclosure required by applicable law or legal process. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Gansevoort Square Mixed-Income Housing Request for Proposals.

**PDA Terms**

It is anticipated that the PDA, subject to all applicable approvals and conditions, will include, without limitation, the terms below, and will be entered into by Developer and NYCEDC.

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| 1. **Developer** | The Developer will consist of the following:  [name of entity or individual, % equity owned]  [name of entity or individual, % equity owned] |
| 1. **Site** | The Site, measuring approximately 10,000 SF in total, is anticipated to consist of 1) a portion of Block 644, Lot 1 (“Lot 1 Housing Site Parcel”) on the tax map of Manhattan which is owned by the City and is under the jurisdiction of the Department of Small Business Services, and 2) a portion (“10th Avenue City Parcel”) of 10th Avenue currently owned in fee by the State of New York which is anticipated to be transferred to the City and de-mapped (the “Anticipated De-Mapped Area”). See Appendix A of this Term Sheet for the anticipated site plan for Block 644 bound by Little West 12th Street, Washington Street, Gansevoort Street and 10th Avenue which shows in red the approximate location and configuration of the Site. |
| 1. **Developer Accepts Site “As-Is”** | Developer agrees to accept the Site “as is” and shall represent that Developer is fully familiar with the physical condition of the Site, title status etc.  Developer is solely responsible for the cost of any due diligence it elects to undertake. |
| 1. **Development Program** | The Developer’s proposed conceptual plans, elevations and floor plans as presented in the proposal (together with changes approved by NYCEDC) will be attached to the PDA as preliminary specifications of the development program. Final plans and specifications shall be approved by NYCEDC and shall be attached to the Lease. The proposed development program must comply with all laws and approvals, including but not limited to land use approvals, relevant zoning, and any requirements set forth through permits.  Developer agrees to the following programmatic requirements of the Project:  Ground Floor   1. Retail of approximately [insert ZSF] that activates the ground floor on Little West 12th Street and 10th Avenue frontages through high-quality neighborhood retail, enhances the streetscape and public realm, provides amenities to residents and visitors to the area, and meets the everyday needs of residents, New Yorkers and visitors to the area’s local attractions.   Residential   1. Developer shall build at least [insert ZSF] total residential ZSF. 2. Developer shall designate [insert X%] of the total residential units as affordable residential units. 3. Residential development program must comply with the City’s Mandatory Inclusionary Housing (“MIH”) program as determined through the City’s Uniform Land Use Review Procedure. 4. Residential development program must comply with New York State Real Property Tax Law § 485-x affordability requirements. 5. 25% of total residential units shall have a weighted average Area Median Income (“AMI”) not to exceed 60%, adjusted for family size (the “485-x Base Case”). 6. In addition to the 485-x Base Case, Developer shall designate an additional [insert %] of total residential units as affordable residential units, with a weighted average of 120% AMI (the “Additional Affordability Component”, and together with the 485-x Base Case, the “Affordable Residential Units”). 7. The Affordable Residential Units must be permanently affordable. 8. One or more regulatory agreements with the NYC Department of Housing Preservation and Development (“HPD”) and/or restrictive declarations, as applicable, will govern the Affordable Residential Units. 9. Prior to initial occupancy, the Affordable Residential Units must be entered into the New York State Rent Stabilization system at rents specified in the applicable regulatory agreement(s) and/or restrictive declaration(s) and must remain in the system for the term of the Lease. 10. Program:  |  |  |  |  | | --- | --- | --- | --- | |  | ZSF | GSF | RSF | | Residential |  |  |  | | Retail |  |  |  | | Other [insert use] |  |  |  |   Unit Mix:   |  |  |  | | --- | --- | --- | |  | Unit Count | | | Market Rate |  | | | Affordable |  | | | [40%] AMI |  | | | [60%] AMI |  | | | [80%] AMI |  | | | [100%] AMI |  | | | [120%] AMI |  |  | | Other [insert %] |  |  | |  | **Market** | **Affordable** | | Studio |  |  | | One Bedroom |  |  | | Two Bedroom |  |  | | Three Bedroom |  |  |   Program by Square Feet:   |  |  |  | | --- | --- | --- | |  | RSF | | | Market Rate |  | | | Affordable Floor Area |  | | | [40%] AMI |  | | | [60%] AMI |  | | | [80%] AMI |  | | | [100%] AMI |  | | | [120%] AMI |  |  | | Other [insert %] |  |  | |  | **Market** | **Affordable** | | Studio |  |  | | One Bedroom |  |  | | Two Bedroom |  |  | | Three Bedroom |  |  | |
| 1. **Design Coordination** | Developer will be responsible for coordinating with the Adjacent Museum Developer on the design of the facades of the Project facing the Proposed Open Space up to 23 feet from grade as specified in the Design Principles. |
| 1. **PDA Security Deposit** | Upon execution of the PDA, Developer shall make a $500,000 payment to NYCEDC as a one-time deposit (“PDA Security Deposit”). NYCEDC will hold the PDA Security Deposit in escrow; upon Lease closing, the PDA Security Deposit will be credited against the Lease Security Deposit (as defined below). The PDA Security Deposit will only be refundable in the event of default by NYCEDC under the PDA. |
| 1. **NYCEDC Administrative Fee** | Upon execution of the PDA, the Developer shall pay one-time, non-refundable payment to NYCEDC in an amount equal $250,000 (the “NYCEDC Administrative Fee”).  The NYCEDC Administrative Fee will not be credited against the ground rent or any other costs incurred by the Developer. The NYCEDC Administrative Fee will be deemed earned as of the date of the execution and delivery of the PDA and in no event whatsoever shall Developer be entitled to a refund of the NYCEDC Administrative Fee. |
| 1. **Public Subsidy** | Under the terms of the RFP, Developer’s proposed financing may not rely on competitive sources of financing from any Federal, State, or City governments, including but not limited to 4% or 9% Low Income Housing Tax Credits (LIHTC) or any other competitive program offered by NYSHFA, NYSHCR, NYCHDC, or HPD. |
| 1. **Environmental Review** | Developer acknowledges that it is anticipated that there will be a single environmental review for the Project on the Site and the anticipated developments on the Adjacent Site. The Developer will lead the preparation of all materials required for environmental review and be the lead applicant. The Developer and/or their consultants will be responsible for preparing and submitting all materials associated with the environmental review process. The Developer acknowledges that it shall engage a reputable environmental engineer or consultant, subject to the review and approval of the Adjacent Museum Developer, which shall not be unreasonably withheld. It is anticipated that, following their receipt of Developer’s request, the Adjacent Museum Developer and Adjacent Parks Developer will provide the Developer with necessary materials and information regarding the Proposed Museum Space and Proposed M&O Space required for environmental review. It is the responsibility of the Developer to coordinate efforts with the Adjacent Museum Developer and Adjacent Parks Developer to prepare the environmental review submission and the Developer agrees to work cooperatively and in good faith with Adjacent Museum Developer and/or its consultants and Adjacent Parks Developer and/or its consultants to prepare and submit materials and information required for the environmental review through completion of the same. Developer agrees to attend weekly ULURP and environmental review coordination meetings with NYCEDC, Adjacent Museum Developer, and Adjacent Parks Developer.  Developer will pay for the environmental engineer and/or consultant, any applicable environmental review costs incurred, and any other fees incurred in connection with the environmental review. The Adjacent Museum Developer will pay for its proportionate share of the environmental review costs, calculated as the ratio of the floor area of the Proposed Museum Space to the sum of the floor area of the Proposed Museum Space and the floor area of the Project (such proportion, the “ER Cost Ratio”).  All environmental review fees are non-refundable. |
| 1. **ULURP** | Developer acknowledges that all of Manhattan Block 644 bound by Little West 12th Street, Washington Street, Gansevoort Street and 10th Avenue is anticipated to be rezoned as part of a single, coordinated ULURP. It is required for all uses on the block to be as-of-right under the proposed zoning district.  The Adjacent Museum Developer will be responsible for the preparation and submission of the ULURP application and related documentation. Within 30 days of Developer selection, Developer, Adjacent Museum Developer, and Adjacent Parks Developer will coordinate on ULURP timeline and deliverables. Developer agrees to attend weekly ULURP and environmental review coordination meetings with NYCEDC, Adjacent Museum Developer, and Adjacent Parks Developer. Developer agrees to cooperate, particularly with respect to the sharing of necessary information and materials in a timely manner, with NYCEDC, the Adjacent Museum Developer and/or its consultants, and the Adjacent Parks Developer and/or its consultants in completing the environmental review, preparing the land use application, and obtaining ULURP approval in a timely manner.  Developer will reimburse the Adjacent Museum Developer for 50% of ULURP costs associated with the Project, including any application fees. Notwithstanding the foregoing, the Developer shall be solely responsible for any supplemental fee for large projects charged by the Department of City Planning in connection with the processing of the ULURP applications, and costs of any studies relating to potential school, daycare, or other studies required only due to the presence of residential uses in the Project.  The Developer shall share the obligations required pursuant to any mapping agreement associated with the de-mapping application with the Adjacent Museum Developer, and any costs of those obligations shall be shared such that the Adjacent Museum Developer shall be responsible for its proportionate share according to the ER Cost Ratio. |
| 1. **Other Public Approvals** | In coordination with NYCEDC, Developer shall obtain approvals from New York City Public Design Commission (“PDC”) as well as New York City Charter 384(b)4 approval for the Site only. |
| 1. **Pre-Development Preliminary Obligations** | The Developer must complete the following obligations including but not limited to:   1. No later than 30 days following the execution of the PDA, obtain a title report and survey of the Site; 2. No later than 60 days following the execution of the PDA, deliver to NYCEDC, and Adjacent Museum Developer as required, Project information necessary for ULURP, including without limitation, site plans, elevations, sections, massing diagrams; 3. No later than 90 days following the execution of the PDA, submit to NYCEDC all materials necessary for conceptual review of the Project by PDC and then pursue preliminary design approval and then final design approval from PDC with diligence; 4. No later than 180 days following the execution of the PDA, submit to NYCEDC a Schematic Design Package (including floor plans, circulation plans, major systems plans, and construction staging plans) 5. Obtain all relevant discretionary public approvals and determinations required for the Project, and cooperate with the Adjacent Museum Developer to obtain such approvals and determinations, prior to the Lease closing (such date, the “Scheduled Lease Closing Date”), and assist and cooperate with all matters in connection with any approvals, determinations and certifications for which NYCEDC and/or any governmental authorities apply, facilitate, coordinate or process; 6. Complete due diligence, if applicable, by the Scheduled Lease Closing Date; 7. Submit a proposed draft of any condominium declaration, by laws and other applicable condominium documents to NYCEDC, if applicable, no later than 90 days prior to the Scheduled Lease Closing Date (as defined herein), for review and approval; and 8. Pay fees in accordance with Sections 9 and 10 above. |
| 1. **Tax Lot Subdivision** | It is anticipated that Developer will be responsible, at its sole cost and expense and as directed by NYCEDC, for a tax lot subdivision of Block 644, Lot 1 and the Anticipated De-Mapped Area, and a tax lot merger of the Lot 1 Housing Site Parcel and the 10th Avenue City Parcel in order to effectuate the Project. It is anticipated that Developer will be required to file an application for a permit for demolition prior to ULURP approval. Developer agrees to work cooperatively and in good faith with Adjacent Museum Developer and its consultants. |
| 1. **Select Closing Conditions** | Closing conditions must be met by the Scheduled Lease Closing Date and include, but are not limited to:   1. Closing simultaneously on all construction financing in an amount which, together with other sources, is sufficient to fulfill the obligations under the Lease; 2. Evidence satisfactory to NYCEDC that all sources of financing and equity in the form of executed term sheets and statements of the availability of dedicated funds certified by the appropriate officer of Developer have been irrevocably committed and are then available in sufficient amounts to fulfil the obligations under the Lease; 3. Posting a completion bond or guaranty that complies with requirements as specified in the Lease; 4. Posting a payment bond or guaranty that complies with Section 5 of the Lien Law with requirements as specified in the Lease; 5. Executed HPD regulatory agreement(s), as applicable; 6. Receipt of all approvals and permits needed to commence construction; 7. Receipt of all approvals including ULURP, City Charter Section 384(b)(4), PDC approval, and approval from NYCEDC and NYCLDC boards; 8. A Public Authorities Accountability Act notice; and 9. Provision of M/WBE participation plan to NYCEDC for review and approval reflecting a minimum goal of 25% of hard and soft costs of the design and construction of the Project. |
| 1. **Appraisal** | Developer shall pay all appraisal fees in connection with the Project, including appraisals procured by NYCEDC and/or the City, which shall be paid for in advance within 10 days of request by NYCEDC. |
| 1. **Lease Closing Date** | Scheduled Lease Closing Date shall be the earlier of (1) 30 months following execution of the PDA and (2) 12 months following final ULURP approval, with option for two six-month paid extensions for $25,000 each.  If the Scheduled Lease Closing Date is not met, the PDA will automatically terminate and there will be no disposition of any part of the Site to Developer. |
| 1. **Assignment and Transfer** | No assignment or transfer of the PDA is permitted without prior written approval of Landlord or Lease Administrator. |

**END OF PDA TERMS**

**Lease Terms**

It is anticipated that the relevant Lease, subject to all applicable approvals and conditions, will include, without limitation, the terms below.

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| 1. **Site** | As defined in PDA Terms. |
| 1. **Landlord:** | The City of New York (the “City”) |
| 1. **Lessee:** | [Developer Entity] |
| 1. **Lease Administrator:** | NYCEDC |
| 1. **Lease Term** | 99 years, beginning at execution of the Lease, or such earlier date that the Lease is terminated in accordance with the terms thereof. |
| 1. **Lease Ground Rent** | Base Rent shall be $1. All land value shall be used to cross-subsidize the Affordable Residential Units. |
| 1. **Lease Administration Fee** | An annual fee of $35,000, adjusted annually by 3%, shall be due and payable to Lease Administrator. |
| 1. **Lease Security Deposit** | Upon execution of the Lease, Lessee shall provide a security deposit to the Lease Administrator in the amount of the PDA Security Deposit (the “Lease Security Deposit”) to be held in escrow by Lease Administrator, which may be funded from the PDA Security Deposit, with any deficiency to be funded by the Lessee. Lease Security Deposit shall increase by 15% every 5 years. If the Lease Security Deposit provided to the Lease Administrator decreases below this amount, at the start of each year of the Lease Term, Lessee will supply the Lease Administrator with any incremental amount needed to replenish the Lease Security Deposit to the proper amount. |
| 1. **Payment in Lieu of Taxes (“PILOT”)** | The Lease shall require Lessee to pay PILOT in an amount equivalent to real estate property taxes that would otherwise have been payable to the City if the Site were owned in fee by a private entity rather than by the City, reflecting a property tax abatement or exemption available under Section 485-x of the Real Property Tax Law (“NY RPTL”)  which allows for an exemption equal to 100% of land and improvements for up to five (5) years of construction and an exemption equal to 100% of improvements for forty (40) years after construction is completed[[1]](#footnote-2). After 40 years after the completion of construction, PILOT shall be equal to the full amount of real estate taxes that would have been owed but for the City’s ownership of the Site as determined by New York City Department of Finance. Lessee shall pay all transfer taxes, mortgage recording taxes, and sales taxes imposed by the City and the State of New York in connection with the transaction contemplated herein, regardless of the involvement of the City or NYCEDC in the transaction. There shall be no offset or reduction in Base Rent in connection with the PILOT. |
| 1. **Wages** | The minimum hourly rate of wages and supplements paid to employees for all construction work and ongoing operations of the Project shall be in compliance with NY RPTL § 485-x and any other wage and labor laws applicable to the Project. |
| 1. **Demolition** | It is anticipated that the Lessee will be responsible, at its sole cost and expense and as directed by NYCEDC, for the demolition of the Gansevoort Market located on Block 644, Lot 1. The Lessee will also be responsible for the abatement, remediation and removal all Hazardous Substances (including, without limitation lead paint) with respect to the portion of the High Line (including any supporting columns) located within or on the Lot 1 Parcel and perform all such abatement, remediation and removal as required by Legal Requirements as part of the Demolition (“Demo Required Abatement”), up to a maximum cost to Lessee of $400,000 (such cap to apply to costs incurred solely in connection with the Demo Required Abatement). |
| 1. **Permitted Uses** | Lessee will construct and operate the Project in accordance with the Development Program and Lessee will not make any changes to use without prior written approval by Landlord. The Site shall be continuously and uninterruptedly used for the purposes described in the relevant Lease and for no other purpose, except as approved in writing by Landlord. |
| 1. **Construction Commencement** | Construction commencement shall be no later than 60 days after Lease commencement. |
| 1. **Construction Completion** | Following Construction Commencement, Lessee shall prosecute construction of the Project with diligence and continuity and achieve Substantial Completion, as evidenced by receipt of temporary certificate of occupancy (“TCO”) from the New York City Department of Buildings, within 36 months of Construction Commencement. Lessee shall then diligently and in good faith pursue a final certificate of occupancy. |
| 1. **Costs and Fees** | Lessee is responsible for all costs incurred in connection with the Project, including, but not limited to construction costs and any applicable fees associated with the MIH and 485-x programs. |
| 1. **Maintenance** | Lessee shall be responsible for operating and maintaining the Site in good, clean and safe condition and shall bear all associated costs, expenses and other risks. |
| 1. **Recognized Mortgagee Rights/Institutional Lender** | Recognized Mortgagees to have customary rights to cure Lessee defaults. Recognized Mortgagee rights will be limited to Institutional Lenders.  “Institutional Lender” means any lender that has a net worth of not less than $500 million and total assets of not less than $1 billion and an established commercial real estate lending practice. |
| 1. **Transfers/Assignments** | Lessee shall not be permitted to convey the Project or any interest therein without prior approval of Landlord.  This restriction shall not apply to a foreclosure or a transfer in lieu of foreclosure under a mortgage held by an Institutional Lender securing construction financing with regard to construction of the Project or a permanent "take-out" loan with regard to such construction financing. |
| 1. **Sustainability** | Project shall be compliant with applicable laws, including Local Law 97, and strive to achieve a minimum of LEED Gold or comparable certification, or comply with the Enterprise Green Communities criteria with NYC Overlay 2.0. |
| 1. **Development Rights** | Landlord to retain all development rights in excess of the development rights sufficient to allow Lessee to develop the Site for the Project, and Lessee will waive any right it may have to the status of a “party in interest.” |
| 1. **Payment Bond / Guaranty** | Prior to commencement of any construction work or other work with a cost in excess of $250,000, Lessee shall deliver a payment bond or other form of undertaking that complies with Section 5 of the Lien Law guaranteeing prompt payment of moneys due to all contractors, subcontractors and persons furnishing labor or materials for such work. With respect to any payment guaranty provided in fulfillment of this requirement, substantially in a form to be provided by Landlord and Lease Administrator, the guarantor shall be subject to a net worth covenant and financial reporting requirements during the term of the guaranty, and shall be acceptable to Landlord in its sole discretion. Any payment bond must be satisfactory to the Landlord in its sole discretion and issued by a surety company licensed or authorized to do business in New York State for 100% of the aggregate costs and expenses. If prior to Substantial Completion of the applicable construction work, the payment bond is cancelled or otherwise ceases to be in full force and effect (other than pursuant to its terms), then, within thirty (30) days after notice of the foregoing, Lessee shall provide a replacement bond acceptable to Landlord in its sole discretion. |
| 1. **Completion Bond / Guaranty** | Lessee shall post or cause to be posted a performance or completion bond or guaranty satisfactory to the Landlord, to secure the faithful performance and completion of the Project. Any completion or performance bond must be issued by a surety company licensed or authorized to do business in New York State for 100% of the aggregate costs and expenses of the Project. If prior to Substantial Completion, the completion bond is cancelled or otherwise ceases to be in full force and effect (other than pursuant to its terms), then, within thirty (30) days after notice of the foregoing, Lessee shall provide a replacement bond acceptable to Landlord in its sole discretion. |
| 1. **Environmental Remediation and Indemnification** | Lessee is responsible for all costs associated with environmental remediation and shall indemnify Landlord, NYCLDC and Lease Administrator from any liability relating to environmental conditions. |
| 1. **M/WBE Participation** | Lessee shall make good faith efforts to ensure participation of minority- and women-owned businesses (“M/WBEs”) meets or exceeds its participation goal of [insert %] (which shall be no less than 25%) of hard and soft costs of the design and construction of the Project. Lessee shall submit its M/WBE participation plan to Lease Administrator for review and approval prior to closing of the Site. |
| 1. **General Terms** | In addition to the key business terms set forth above, general provisions are subject to updates to conform to the Landlord’s current lease form. |

**END OF PDA TERMS**

**[DEVELOPER]**

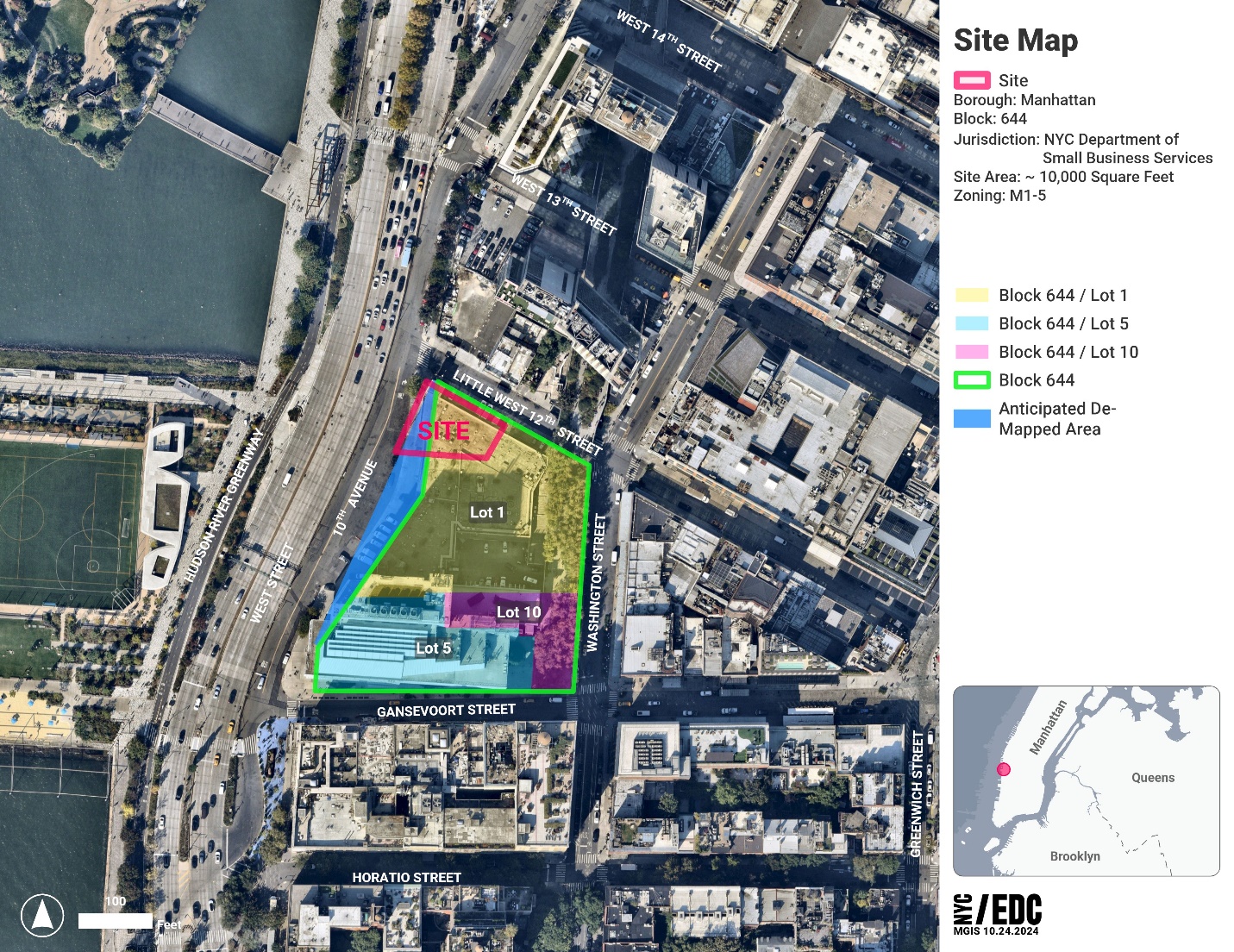
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Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Appendix A: Anticipated Site Plan**



1. [↑](#footnote-ref-2)