

THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Pre-Considered L. U.

River Crossing
Ground Lease Amendment

March 11, 2020

{Ayala} This pre-considered item (20205318 HAM) consists of a proposed ground lease amendment for a multiple dwelling and parking garage located at **Block 1694, Lot 3** (455 East 102nd Street) in the Borough of Manhattan, Council District No. 8. The property is part of a four-building portfolio known as **River Crossing**. The subject buildings were originally constructed in 1973 under the Mitchell Lama Program and are the only buildings within the portfolio with a ground lease that was negotiated with the City. It is our understanding that the City retained the land for the purpose of building the school adjacent to the lot. The city subsequently leased the ground to the owner when the residential building and parking garage were constructed.

The River Crossing complex exited the Mitchell Lama program in 2005 and operated as market-rate housing until recently. As part of a private preservation deal, the Sponsor, L+M Development Partners, purchased the property in 2019 with the assistance of HPD's Housing Preservation Opportunities (HPO) program and obtained Article XI tax benefits approved by the Council's Finance Committee on July 23, 2019. It should be noted that the ground lease site (Block 1694, Lot 3) was not included in Article XI transaction and is not in the exemption area as the

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building makes Payments in Lieu of Taxes (PILOTs) to the Department of Finance (DOF).

The current ground lease PILOT payment is equal to the building's full taxes and is set to expire in 2058. HPD is working with the sponsor to extend the ground lease from 2058 to 2118 for a total of an unexpired term of 99 years. The PILOT payment for the site will be frozen at \$1,091,118, the Fiscal Year 2019. In addition, the ground lease payment will increase from \$12,957 to \$25,914 and will continue increasing by the Consumer Price Index annually.

The building on the ground leased site comprises 147 rental units, including one for a superintendent. Of the total unit count, 110 units will be affordable to households with targeted incomes ranging from 80% of AMI to 160% AMI and rents will range between 70% AMI to 120% AMI. The remaining 36 units will remain market rate. There is a mixture of unit types including 52 Studios, 18 one-bedroom, 24 two-bedroom, 12 three-bedroom and 4 four-bedroom apartments. The building is fully occupied and rents average \$1,924 for a studio to \$3,327 for a four-bedroom unit. At acquisition, in October 2019, the sponsor entered into a regulatory agreement restricting rents and incomes for all of the units on the

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ground leased site as well as the larger River Crossing complex. Rents and incomes for the units under the ground lease will continue to be restricted for the entire length of the proposed ground lease extension.

HPD is before the Subcommittee seeking Urban Development Action Area Project (UDAAP) findings in order to facilitate the amendment to the ground lease between the City and Sponsor for Block 1694, Lot 3 in Manhattan.

THE COUNCIL
THE CITY OF NEW YORK

River Crossing

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Hollis Savage

Address: 100 Gold Street, Rm 9-47A

I represent: HPD

Address: 100 Gold Street

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

River Crossing

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 3/11/2020

(PLEASE PRINT)

Name: Artie Pearson

Address: 100 Gold Street

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms