



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

December 10, 2009

Honorable Christine Quinn
Speaker
New York City Council
City Hall
New York, N.Y. 10007

Re: Western Rail Yard Rezoning Plan- City Council ULURP Actions

Dear Speaker Quinn:

Please find attached to this letter a "Points of Agreement" reflecting recent discussions among the City Council, the Administration and the Related Companies, representing the interest of RGWRY LLC, regarding the City Council's review of the Western Rail Yard Rezoning, a project which encompasses both the rezoning of the Western Rail Yard site itself as well as the provision of off-site affordable housing at two locations.

In addition to items which reflect modifications made by the City Council with respect to the ULURP actions and the associated restrictive declaration, a number of the items set forth in the "Points of Agreement" reflect commitments to future action by the Administration, while others reflect commitments to future action by the Related Companies. The Administration and the Related Companies are each providing you with this letter in acknowledgment of their respective commitments.

With respect to certain of the items described in the "Points of Agreement", implementation is subject to further review under applicable procedures, including land use and environmental review, and the receipt of additional approvals. In other cases, implementation is contingent upon the availability of funding and financing support or determinations by State or federal agencies. In all such cases, the Administration and the Related Companies, with respect to their respective commitments, will work diligently with your cooperation to achieve the goals stated in this "Points of Agreement".

We look forward to continuing to work with you and your colleagues as this project progresses towards the transfer of the Western Rail Yard site from the MTA to the Related Companies, and implementation of all the items in the "Points of Agreement" associated therewith.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert C. Lieber".

Robert C. Lieber for the City of New York
(with respect to Points of Agreement
Sections: 1, 3 (a) – (f), 4 (b), 6 (c) & (d),
8, and 10)

A handwritten signature in black ink, appearing to read "Jay Cross".

Jay Cross for RGWRY LLC
(with respect to Points of Agreement
Sections: 2, 3 (g) & (h), 4 (a) & (b), 5,
(a) & (b), and 7)

POINTS OF AGREEMENT

Western Rail Yard Rezoning

December 10, 2009

I. ANTI-DEMOLITION COMMITMENTS

- (a) Anti-demolition Language: The Administration and the City Council recognize that with the construction of the Number 7 Line Subway underway and scheduled for completion by 2014, and completion of the Hudson Yards Park and Boulevard, scheduled for completion by 2014, the conditions will be in place for the substantial development forecasted in the 2004 Hudson Yards FGEIS and the 2005 West Chelsea FEIS to occur. The Administration and the City Council acknowledge the community's concerns that the growth forecasted for the Hudson Yards and adjacent areas, should it occur, could result in development pressures that may affect tenement housing that has historically provided an affordable housing resource for residents. To address these concerns, additional measures are warranted to facilitate the preservation of existing housing stock. For this purpose, the Administration agrees to support a zoning text amendment for Subareas D4 and 5 of the Special Hudson Yards District, Preservation Area P-2 of the Special Garment Center, and the Special West Chelsea District (the " Zoning Text Amendment"), in the form annexed hereto as Exhibit I.
- (b) Referral of Zoning Text Amendment: The Department of City Planning ("DCP") commits to refer the Zoning Text Amendment for public review by no later than July 1, 2010. Council Member Quinn agrees to support the Zoning Text Amendment in the form annexed hereto as Exhibit I.

2. AFFORDABLE HOUSING COMMITMENTS: WESTERN RAIL YARD ("WRY") AND EASTERN RAIL YARD ("ERY")

- (a) Related commits to build a minimum of 265 permanently affordable rental units ("Affordable Units") on the WRY and an additional minimum of 166 Affordable Units on either the WRY or ERY, in either rental or condominium buildings, for a total of 431 Affordable Units combined, contingent upon:
 - (i) Availability of a tax abatement program comparable to existing tax abatement programs for either rental units or condominiums, including 20 year abatement for condominium with 20% Affordable Units;
 - (ii) Availability of tax-exempt bonds to fully finance the construction of the 80/20 rentals that Related chooses to develop to fulfill its commitment; and,
 - (iii) At the expiration of the initial real estate tax program, WRY & ERY Affordable Units will convert to permanent affordability to households at an average income of up to 90% AMI, not to exceed 125% AMI, provided that there are incentives, programs, exemptions, credits or abatements available

that will reduce the real estate taxes for the 80/20 buildings to a level consistent with real estate taxes paid prior to any phase out of the real estate tax abatement in the initial 421-a program for the building. No restrictions shall apply to the market rate units as rentals or as a conversion to condominiums after the initial 421-a real estate tax exemption period.

- (b) With respect to the distribution of Affordable Units within any 80/20 rental component of a building, Related commits to the following:
 - (i) A maximum of 50% Affordable Units on any floor; and,
 - (ii) At least one Affordable Unit on 80% of the floors included within the 80/20 rental components (assuming there are enough Affordable Units planned for at least one per floor, otherwise one per floor for as many floors as there are Affordable Units).

3. AFFORDABLE HOUSING OFF-SITE COMMITMENTS

- (a) The Department of Housing Preservation and Development (“HPD”) commits to issuing Requests for Proposals (“RFPs”) for the development of affordable housing on the City-owned sites at West 54th Street and 9th Avenue, which is under the leasehold control of the Metropolitan Transportation Authority (“MTA”), and West 48th Street and 10th Avenue, currently occupied by the Department of Environmental Protection (“DEP”) in connection with the construction of Water Tunnel No. 3. The City reiterates its commitment to propose, and Council Member Quinn reiterates her commitment to support, the provision in the City capital budget of the sum of \$40 million to construct or otherwise create new affordable housing units off-site.

HPD’s RFPs will contain the following requirements:

- (i) A height cap restriction that the local Council Member and Community Board 4 (“CB4”) understand will result in the creation of an estimated 267 units. Without the height cap restrictions, these sites would generate 312 units. The height on the DEP site will not exceed 77 feet. The height on the MTA site will not exceed 85 feet on 9th Avenue, and 99 feet on the midblock;
 - (ii) An AMI mix of 165% or under;
 - (iii) 50% two or more bedroom units; and,
 - (iv) Permanent affordability.
- (b) HPD will share the program overview with CB4 before releasing the RFPs for the off-site housing developments.
- (c) The Administration agrees that the MTA and DEP sites will not generate an Inclusionary Zoning bonus under NYC Zoning Resolution Section 23-90, and

acknowledges that they cannot serve as the Cure for Anti-Harassment under NYC Zoning Resolution Section 96-110.

- (d) The Administration, in the attached letter from Deputy Mayor Edward Skyler dated December 10, 2009 and annexed hereto as Exhibit 2, commits to make a best effort to vacate the Department of Sanitation (“DSNY”) facilities located at 136-140 West 20th Street with a goal of completing the relocation by December 31, 2011. If DSNY is relocated from its West 20th Street facilities, HPD commits to develop the site for affordable housing at a range of incomes up to 165% AMI. In the event that DSNY is not relocated, the local Council Member and CB4 acknowledge that HPD will not be expected to make up for those units anywhere else.
- (e) SRO Preservation: HPD will work with the local Council Member and CB4 to preserve up to 150 units of privately owned SRO housing. The Council Member and CB4 acknowledge the difficulties inherent in and lengthy timeframe needed to accomplish these private acquisitions. To the extent that such acquisition(s) can be negotiated, HPD will use its programs to acquire and rehabilitate these SRO units.
- (f) HPD commits to providing CB4 with quarterly updates on the affordable housing developments that were committed as a part of the Hudson Yards and West Chelsea rezonings.
- (g) Related commits that it will seek two extensions of federal rental subsidy to its existing Mark Up to Market Project Based Section 8 HUD Contracts (or a comparable successor program) for a period of no less than 40 years from City Council approval of the WRY rezoning, for its properties known as Terrific Tenements (at 525 West 47th Street and 425 West 48th Street) and the French Apartments (at 330 West 30th Street). Related will apply for the initial extension no later than March 31, 2010. The current maximum extension is a 20 year period, and if granted, will expire in 2030. Related will then seek additional extensions totaling an additional 20 year period. Related will diligently pursue all necessary approvals to seek such extensions, provided:
 - (i) All necessary Department of Housing and Urban Development (“HUD”) and investor approvals are obtained; and,
 - (ii) The relevant financing and tax programs, including applicable real estate tax abatement programs, currently available for Section 8 housing are made available to effectuate the extensions. Related will commit to pursue extending Section 8 benefits at these properties and will diligently pursue all necessary approvals. The period of each extension will be the maximum period allowed under the program.
- (h) Related Off-site 80/20s: Related commits to guaranteeing that all existing affordable rental units in the Westport (at 500 West 56th Street) and the Tate (at 535 West 23rd Street) in Community District 4 will remain permanently affordable to

households at an average income of up to 90% AMI, not to exceed 125% AMI, provided that there are incentives, programs, exemptions, credits or abatements available that will reduce the real estate taxes for the 80/20 buildings to a level consistent with real estate taxes paid prior to any phase out of the real estate tax abatement in the initial 421-a program. No restrictions shall apply to the market rate units as rentals or as a conversion to condominiums after the initial 421-a period. This commitment is contingent on obtaining lender and investor approvals, which Related will diligently pursue.

- (i) A summary chart of the affordable housing commitments is annexed hereto as Exhibit 3.

4. WRY SCHOOL COMMITMENTS

- (a) Community Notification: Related agrees that copies of an amended Letter of Intent with the School Construction Authority (“SCA”) regarding school site selection, modified to reflect the commitments in paragraph (b) will be provided to CB4, the local school district, the Manhattan Borough President, and the local Council Member.
- (b) School Site Selection: Related commits that it will offer SCA approximately 120,000 square feet of space at Site 6 for a public school and that Site 6 will be one of the first three buildings to be built. The SCA commits that it will initiate the site selection process for the public school at Site 6 no later than July 1, 2010. Related shall only be required to offer Site 6 to the SCA and no alternate sites. In the event that the SCA rejects Site 6, for whatever reason, Related's obligation to provide space for the public school under Section 3.04 of the Restrictive Declaration (“Declaration”) is terminated.

5. COMMUNITY AND CULTURAL SPACE COMMITMENTS

- (a) Related agrees to make available a minimum of 16,000 gross square feet of space for local cultural institutions or other local arts not-for-profits.
- (b) The cultural space will be provided in at least two facilities.
- (c) Related commits to constructing the core and shell of the cultural spaces, including the distribution of base building systems to the cultural spaces, in accordance with Section 2.04(d) of the Declaration, as modified by the City Council.

6. OPEN SPACE COMMITMENTS

- (a) Related agrees to replace the member appointed by the President of the Hudson Yards Development Corporation to serve on the Open Space Advisory Board established under Section 2.02(e) of the Declaration with a member appointed by the Manhattan Borough Commissioner of the Department of Parks and Recreation (“Parks Dept”).

(b) Related agrees to change the timing of the open space payments required under Section 3.04(b)(i) of the Declaration to two payments of \$1 million each, with the 1st payment triggered by the TCO for the 2nd residential building, provided that the 2nd residential building results in a total of 500 or more units, and the 2nd payment triggered by the TCO for the 4th residential building. In the event that the 1st and 2nd residential buildings produce less than 500 total units, then the 1st payment will be triggered by the TCO for the 3rd residential building and the 2nd payment will be triggered by the TCO for the 5th residential building.

(c) Greening and Neighborhood Opens Space Development:

(i) Street Tree Planting: The Administration agrees to work with the City Council to review and modify, as necessary, the Parks Dept's street tree planting program to ensure that the Hudson Yards area of CB4 has an appropriate allocation of street trees. In addition, the Administration will work with Con Edison on a master plan for the appropriate location of street trees and infrastructure vaults. The Parks Dept will seek to plant trees at all viable street tree locations.

(ii) Port Authority Sites: The Administration will continue working with the City Council, the community and the Port Authority of NY & NJ ("Port Authority") toward creating open space on Port Authority sites within the blocks bounded by West 34th and West 41st Streets, between 9th and 10th Avenues.

(iii) The Administration agrees to establish an Open Space Task Force to review and advise on the creation of open space within the blocks described above. The Task Force will be comprised of representatives from the Department of Transportation ("DOT"), the Parks Dept, and the Hudson Yards Community Advisory Committee. The Administration will invite the Port Authority to participate on the Task Force.

a. The Administration, in coordination with the Port Authority, agrees to use the Greenstreets Program to green the "canoe" traffic island on the north side of West 36th Street, between 9th Avenue and the Lincoln Tunnel Expressway, subject to and in accordance with the following:

- i. The Administration will allocate new funding to the Greenstreets Program for this greening;
- ii. The Parks Dept, DOT and the Port Authority will work together to establish a plan to address greening, sidewalk and safety requirements;
- iii. The nature and extent of the greening will depend upon subsurface conditions, including utilities, and infrastructure issues

at or adjacent to the canoe traffic island, which will be examined as part of the planning process;

- iv. DOT will relocate the NYPD vehicles currently parked on this island; and,
- v. The Administration will use all reasonable efforts to expedite the implementation of these plans.

- (iv) Sidewalk ADA Compliance: The Administration agrees to work with the Port Authority to improve sidewalks along Dyer Avenue, between West 34th and West 36th Streets in order to upgrade to ADA standards, subject to any public safety concerns identified by either the Administration or the Port Authority with respect to any particular location. The Administration will use all reasonable efforts to achieve these upgrades.

(d) DEP Open Space Funding:

- (i) Provided that the open space proposed for the site currently occupied by DEP at 10th Avenue, between West 48th Street and West 49th Street is not mapped as park land, upon completion of Water Tunnel No. 3 DEP will fund the design of the open space and will make a capital contribution to the construction of the open space.
- (ii) DEP will not be responsible for making any contributions to the maintenance or operation of the proposed open space. A maintenance and operations plan will be created as part of the design process.

The proposed open space is identified on the map annexed hereto as Exhibit 4 as that area occupying the northeast corner of the DEP site, bounded to the north by West 49th Street, to the east by 10th Avenue, to the south by the horizontal line demarking the "Fenced Area For DEP Operations" and to the west by the solid black line identified in the map legend as an "Easement Line" and running in a north to south direction.

At an appropriate time following completion of Water Tunnel No. 3, a metes and bounds survey will be conducted to establish the boundaries of the proposed open space consistent with the description of the open space boundaries contained in the map annexed hereto as Exhibit 4.

7. DAY CARE COMMITMENTS

Related agrees to provide the Administration for Children's Services ("ACS") with additional opportunities to exercise the option for 10,000 square feet of ground floor space suitable for use as a child care center. Under Section 3.04(c) of the Declaration, as modified by the City Council, ACS may trigger the requirement for Related to offer space following the issuance of a TCO or PCO for any new building on the WRY

containing residential rental units. In that event, Related shall offer space located either in a new building on the WRY or at a nearby off-site location, provided that Related shall have no obligation to offer space in new buildings on the WRY other than Sites 1, 2 and 4. In the event that ACS accepts a space at an off-site location, Related shall have no further obligations under Section 3.04 to offer space, whether on or off site.

8. FIRE PROTECTION ASSESSMENT COMMITMENTS

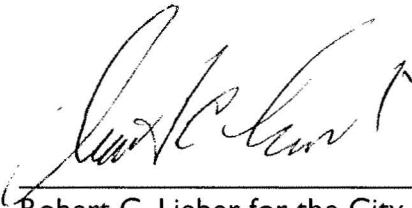
To address the potential need for new Fire Department (“FDNY”) facilities in the Hudson Yards district, if the City Council requests in 2014, the FDNY will commence a review of the fire protection needs of the district beginning January 1, 2015, and at the City Council's request every five years thereafter, until such time as all projected development has been completed.

9. ZR SECTION 93-06 AND RESTRICTIVE DECLARATION

- (a) Modification of ZR Section 93-06: Under Section 93-06 of the Zoning Resolution, as modified by the City Council, the execution and recordation of a Restrictive Declaration including the modifications described in (b)- (e) below shall be required for any development or enlargement on the WRY pursuant to the zoning amendments.
- (b) City Council Approval of Modifications: Under Section 4.04 of the Declaration, as modified by the City Council, any future modifications to the provisions of the Declaration pertaining to Affordable Housing (Sec. 2.01); Public Access Areas (Sec. 2.02 (a)-(e) and (h); Arts and Cultural Space (Sec. 2.04); the Public School, Open Space, and Day Care Mitigations (Sec. 3.04 (a)-(c)), Modification and Amendment (Sec. 4.04(a)), and the Construction Consultation Process Committee and Liaison (Sec. 6.01), that would diminish or alter the obligations of Related, shall be subject to the approval of the City Council.
- (c) Independent Monitor: Under Sections 3.07(a) and 6.01 of the Declaration, as modified by the City Council, the Independent Monitor shall prepare a quarterly report summary of activities for distribution to any Construction Consultation Process Committee established under Section 6.01 of the Declaration.
- (d) Wind Analyses: Under Section 3.02(c) of the Declaration, as modified by the City Council, Related agrees to provide copies of all final Wind Conditions Reports to Manhattan Community Board 4, the local Council Member, the Manhattan Borough President, and any Construction Consultation Process Committee established pursuant to Section 6.01 of the Declaration.
- (e) Construction Consultation Process Committee: Under Section 6.01 of the Declaration, as modified by the City Council, Related agrees that, upon request of the Construction Consultation Process Committee, Related's designated liaison shall address, on a regular basis, the questions and concerns of the Committee about construction related issues beginning at the time of issuance of the first Foundation Permit for a New Building on the WRY.

10. LANDMARKS

The Landmarks Preservation Commission ("LPC") will conduct a preliminary review of the historic districts proposed by CB4 in their letter dated November 20, 2009 and annexed hereto as Exhibit 5, by the end of Fiscal Year 2010. During that period the LPC will also complete an evaluation of the 11 sites proposed for landmark designation by CB 4 in their letter dated November 20, 2009 and annexed hereto as Exhibit 6, to determine whether they should be considered further for landmark status.



Robert C. Lieber for the City of New York
(with respect to Points of Agreement
Sections: 1, 3 (a) – (f), 4 (b), 6 (c) & (d),
8, and 10)



Jay Cross for RGWRY LLC
(with respect to Points of Agreement
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