

New York City Land Development Corporation (NYCLDC)
One Liberty Plaza, 14th Floor
New York, New York 10006

Authorities Budget Office
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(Revised October 27, 2023, to include the size of the East Broadway Mall)

(Original by Certified Mail – Return Receipt Requested)

(Revised version by email: abo.sm.info <info@abo.ny.gov>)

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New York State Assembly
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New York State Senate
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Albany, New York 12224

State of New York
Authorities Budget Office
P.O. Box 2076
Albany, New York 12220-0076

Re: Broadway East Group, LLC (“BEG”) Lease - Project of the New York City Land Development Corporation – Explanatory Statement - Revised

To the Addressees:

Reference is made to Sections 2897(6)(d)(i) and (ii) of the New York State Public Authorities Law (the “Public Authorities Law”) and the requirement set forth therein to prepare and transmit an explanatory statement of the circumstances of each disposal by negotiation of certain property by a public authority (as the term “disposal” is defined in Section 2895(2) of the Public Authorities Law). Section 2897(6)(d)(ii) of the Public Authorities Law requires that such explanatory statement be transmitted not less than 90 days prior to the disposal of the property. Since the transaction contemplated herein falls within the purview of Section 2897(6)(d)(i) and (ii) of the Public Authorities Law, please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

New York City Land Development Corporation (“NYCLDC”), a New York not-for-profit corporation and a New York local development corporation, intends to enter into a lease (the “Lease”) with The City of New York (the “City”) for that certain property identified as East Broadway Mall, 88 East Broadway, New York, NY and on the NYCDOF Manhattan Tax Map as Block 282, Lot 44 (the “Site”). The size of East Broadway Mall is approximately 50,706 square feet and consists of a two-story retail mall (the size of the lot upon which the East Broadway Mall is built is approximately 18,750 square foot). Simultaneously with NYCLDC entering into the Lease with the City, NYCLDC intends to assign its interest as tenant under the Lease to Broadway East Group, LLC (“BEG”), a corporation organized under the laws of the State of Delaware, or its affiliate (the “Tenant”). It is contemplated that the Site will be renovated, developed, and operated, by Tenant as a first class retail mall, providing an improved beneficial amenity for the community, containing both retail stores and commercial offices (the “Project”).

October 17, 2023 (Revised October 27, 2023)

Broadway East Group, LLC

Page 2

The amount payable by Tenant under the Lease will be the initial annual rent in the amount of approximately \$1,322,000, which includes the payment of base annual rent of \$ \$622,905.24 (with a 3% annual rent escalations) and Payments in Lieu of Taxes (PILOT) for the full amount assessed by the New York City Department of Finance each year (currently approximately \$700,000 per year). In addition to the base rent and PILOT, Tenant is required to make an initial Payment to the City of two million dollars (\$2,000,000). It is expected that the Lease will be executed and simultaneously assigned to the Tenant within the next six (6) months. Additionally, the New Tenant has committed to putting in \$5,000,000 in capital improvements to resurrect the dilapidated building, with such renovations being completed in the first sixteen months. There will also be a one-time payment from Tenant to the City in the amount of \$2,000,000.

The Lease will be authorized by Section 384(b)(4) of the City's Charter, which authorizes the Mayor of the City, with the approval of a majority of members of the Borough Board of Manhattan, to lease the Site to a New York local development corporation without competitive bidding and for such purpose or purposes and at such price as may be determined by the Mayor to be in the public interest.

The Project will have a public benefit for and a positive economic impact on the City and the State of New York (the "State"). In addition to contributing to overall economic activity and increasing tax revenues, the Project will create construction and permanent jobs, and provide for the renovation and revitalization of the East Broadway Mall. The leasing of the Site to this Tenant was based upon such competition as was feasible under the circumstances since the former tenant-in-interest of the Site had filed for bankruptcy and disposing the Site to this Tenant proceeded in context of the resolution of the Bankruptcy proceeding.

NYCLDC has obtained an appraisal of the Site for its highest and best use, by an independent appraiser. The appraisal valued the fair market annual rent for the Site applied to the initial lease year at \$1,771,800 based on the highest and best use. The appraisal value, however, did not take into account that the Site is in need of extensive renovation including capital improvements, restructuring, and aesthetic improvements and therefore the appraisal value was not reduced by any amount of five million dollars (\$5,000,000) for the cost of renovation that the Tenant has committed to perform. In arriving at the rent for the Site, NYCLDC considered the \$5,000,000 for the cost of renovations and \$2,000,000 initial onetime payment by the Tenant to the City.

Additionally, the appraisal value did not reflect the beneficial costs of improving the community for the public with the development, renovation, and revitalization of the East Broadway Mall which shall provide for additional jobs, economic development, along with the benefit for the existing small businesses in the East Broadway Mall for which the Tenant has committed to allowing the existing small businesses in the East Broadway Mall to remain for a minimum of two (2) years, on substantially similar terms as in their existing agreements.

We appreciate this opportunity to provide you with an explanatory statement regarding the public welfare benefits of the Project and its anticipated positive economic impact on the City and State.

Very truly yours,



Spencer Hobson
Executive Vice President
New York City Land Development Corporation