

FOR CONSIDERATION

October 21, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Twin Parks Northeast 6 & 8 – UDC Loan No. 17
City of New York (Bronx County)

REQUEST

FOR: (i) Approval of Determination of “No Reasonable Alternative” to Transfer of Parcel of Land for Less than Fair Market Value; (ii) Confirmation of Authorization to Convey Title to Parcel of Land to OMNI New York LLC.; (iii) Authorization to Make a Determination of No Significant Effect on the Environment; and (iv) Authorization to Take All Related actions.

PROJECT SUMMARY

Location: City of New York (Bronx County)

Description: A 16,500 square foot open space strip of land located on the westerly side of Prospect Avenue between the southern boundary line of Block 3101, Lot 23 and the northerly boundary line of a former NYC paved street (Grote), located within the Twin Parks NE 6&8 apartment complex (“Twin Parks” or the “Project”) in the Tremont section of Bronx, NY. The parcel (“Parcel”) is currently owned by NYS Urban Development Corporation (“UDC”) and used as an open space connector that includes paved driveway and walkways to access the buildings within the Twin Parks NE 6&8 apartment complex, which is owned by Twin Parks Northeast Houses, Inc.

BACKGROUND

Legal title to Twin Parks is currently held by Twin Parks Northeast Houses, Inc. (the “Housing Company”), with beneficial ownership in Twin Parks Northeast Associates, a New York limited partnership (the “Partnership”).

PRIOR BOARD ACTION

Under an authorization by the UDC Board of Directors, a Workout Agreement was executed in 1977. The New York State Mortgage Loan Enforcement and Administration Corporation (“MLC”) and UDC Boards of Directors authorized a foreclosure action and the making of Section 32 advances in 1984. In 1994, the MLC and UDC Directors authorized the execution of an Arrears Payment Agreement and discontinuance of the foreclosure action. In August 2010, the ESD Directors authorized a partial settlement of outstanding indebtedness, forgiveness of the remaining balance of outstanding indebtedness; assignment, extension, and subordination of Project Improvement Program (“PIP”) Loan; and conveyance of title to the parcel of land described herein to Omni New York LLC (“Omni”).

CURRENT STATUS

Constructed in the early 1970s, Twin Parks (UDC Loan No. 17) and another Mitchell-Lama project, Grote Street (UDC Loan No. 31) are in need of major rehabilitation and modernization. Both projects are located in the Tremont section of the Bronx, have the same principal owner, are under contract for sale to Omni, and are proposed for refinancing by HFA.

Located within the Twin Parks project is a parcel of land on which a park/plaza was built and which continues to be utilized for this purpose. According to our files and an early survey of the property, this parcel was intended to be conveyed to the Housing Company pending the construction of a park/plaza. Although the plaza was constructed, the parcel was never transferred to the Project. In order for the redevelopment plan to move forward, staff requested and the ESD Board authorized the conveyance of title to the parcel to Omni New York LLC. In compliance with the property disposal provisions of the Public Authorities Accountability Act (“PAAA”), staff informed the Board that an appraisal would be obtained. Although staff expected the parcel to have minimal or no value, the appraised value was determined to be \$91,000.

Pursuant to the requirements of the PAAA, the Board is requested to consider the information below in order to approve the determination that there is “no reasonable alternative” to the below market transfer of the aforementioned parcel that would achieve the same purposes of such transfer:

(I) Description of Asset

A 16,500 square foot open space strip of land located on the westerly side of Prospect Avenue between the southern boundary line of Block 3101, Lot 23 and the northerly boundary line of a former NYC paved street (Grote), located within the Twin Parks NE 6&8 apartment complex in the Tremont section of Bronx, NY. The parcel is currently owned by NYS Urban Development Corporation and used as an open space connector that includes paved driveway and walkways to access the buildings within the Twin Parks NE 6&8 apartment complex, which is owned by Twin Parks Northeast Houses, Inc.

(II) Appraisal of Parcel

Appraised value of \$91,000, based on continued restricted and limited use as open space partially used as a connector between the buildings within the complex.

(III) Purpose of Transfer

To allow the planned acquisition and redevelopment of Twin Parks to proceed with the Parcel as part of the Project and title to the Parcel held by the common and new owner.

(IV) Value to be received by ESDC

ESDC will receive no financial consideration for the transfer.

(V) Private Parties Participating in the Transfer

No private parties were retained by ESDC.

(VI) Private Parties who made an offer for parcel of land

No offer was received.

PUBLIC PURPOSE

The public purpose served by the transfer of this parcel of land for less than market value is that the transfer will complete the original intent that the property be part of the Twin Parks project footprint and is an essential part of the project's overall rehabilitation and modernization plan. Further, the restructuring of the project's governmental subsidy will leverage new private capital investment.

NON-DISCRIMINATION

ESDC's non-discrimination policy will apply.

ENVIRONMENTAL REVIEW

Pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation, ESDC staff performed an uncoordinated review. This review determined the requested authorization to convey title to a parcel of land to OMNI New York LLC to be an Unlisted Action, which would not have a significant effect on the environment. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

REQUESTED ACTION

The Directors are requested to adopt the attached resolution (i) approving determination of “no reasonable alternative” to transfer of parcel of land for less than fair market value; (ii) confirming authorization to convey title to parcel of land to OMNI New York LLC.; (iii) authorizing the making of a determination of no significant effect on the environment; and (iv) authorizing the taking of all related actions.

RECOMMENDATION

Based on the foregoing, I recommend approval of the attached resolution.

ATTACHMENT

Resolution

October 21, 2010

CITY OF NEW YORK - BRONX COUNTY – (TWIN PARKS NORTHEAST 6 & 8 – UDC LOAN NO. 17) - (I) APPROVE DETERMINATION OF “NO REASONABLE ALTERNATIVE” TO TRANSFER OF PARCEL OF LAND FOR LESS THAN FAIR MARKET VALUE; (II) CONFIRM AUTHORIZATION TO CONVEY TITLE TO PARCEL OF LAND TO OMNI NEW YORK LLC.; (III) AUTHORIZE THE MAKING OF A DETERMINATION OF NO SIGNIFICANT EFFECT ON THE ENVIRONMENT; AND (IV) AUTHORIZE THE TAKING OF ALL RELATED ACTIONS.

RESOLVED, on the basis of the materials submitted to this meeting and ordered filed with the records related to Twin Parks Northeast 6 & 8 (Twin Parks Northeast Houses, Inc. - UDC Loan No. 17), the New York State Urban Development Corporation (“Corporation”) be and hereby is authorized to (i) Approve Determination of “No Reasonable Alternative” to Transfer of Parcel of Land for Less than Fair Market Value; (ii) Confirm Authorization to Convey Title to Parcel of Land to OMNI New York LLC.; (iii) Authorize the Making of a Determination of No Significant Effect on the Environment, and (iv) Take All Related actions; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution.