NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Jonathan Springer
Senior Vice President

May 16, 2014

Melissa Burch
Forest City Ratner Companies, LLC
1 Metrotech Center
23rd Floor
Brooklyn, New York 11201

Re: Atlantic Yards – Building B3
Brooklyn, New York

Dear Ms. Burch:

The New York City Housing Development Corporation ("HDC" or the "Corporation") has received your proposal for HDC to provide construction and permanent financing for the above referenced project. Your proposal envisions HDC issuing tax-exempt bonds to finance an approximately 301 unit mixed-use development to be located in the Prospect Heights neighborhood in Brooklyn. The project will also contain commercial space and community facility space which will be included as part of the financing.

It is anticipated that each building will be 100% affordable with the following mix of units targeted to low, moderate and middle income tenants. Approximately 50% of the units will have rents set at 160% of AMI targeted to households making 165% of AMI or less, 15% of the units will have rents set at 130% of AMI targeted to households making 145% of AMI or less, 5% of the units will have rents set at 80% of AMI affordable to households making 100% of AMI or less, 25% of the units will have rents set at 57% of AMI affordable to households making 60% of AMI or less and 5% of the units will have rents set at 37% of AMI affordable to households making 40% of AMI or less.

Max Income Levels (% of AMI)	***Rent Levels (% of AMI)***	***% of Total of Units***	***Subsidy Per Affordable Unit***
165%	160%	50%	
145%	130%	15%	$65,000
100%	80%	5%	$85,000
60%	57%	25%	$85,000
40%	37%	5%	$85,000
		Total Subsidy	$11,765,000

Additionally, it is proposed that HDC will make a subordinate loan in the approximate amount of $11,765,000 according to the affordability targeting illustrated in the table above and consistent with HDC's Mixed Income Program term sheet. Of the total 301 units, it is anticipated that approximately 19% of the overall units will be studios, 46% will be one bedrooms, 30% will be two bedrooms and 5% will be 3 bedroom units. There will also be one non-income generating superintendent unit.

110 William Street, New York, NY 10038 tel: 212.227.9479 fax: 212.227.6845
jspringer@nychdc.com www.nychdc.com

HDC would be pleased to consider financing the project. The Corporation's ability to do so is contingent on, among other things, availability of private activity volume cap, a complete and feasible underwriting of the project including the review and approval of the acquisition and development costs, satisfactory completion of the project principals' disclosure review, receipt of the other contemplated sources of financing including equity required, finalization of all necessary legal documents (including environmental review and tax exempt bond compliance requirements) to the satisfaction of HDC, authorization by the Members of HDC for such financing, and the issuance of a letter of credit by a suitable lender to secure HDC's bonds during construction. The amount of new issue private activity bond volume cap to be allocated will be based on the full amount required for the project to meet the 50% test threshold for generating 4% low income housing tax credits on the low-income units. Any additional bonds required to fund the Project's mortgage loans will be issued as "recycled" tax exempt bonds.

This letter should not be construed as a commitment on the part of HDC to allocate private activity volume cap or any of the Corporation's funds to the project or to provide any other financing for the project. Such a commitment can only be issued based upon completion of all items listed above by June 30, 2015, receipt of private activity volume cap and an acceptable bond rating, and an approval of the Members of HDC, none of which has been obtained at this juncture.

Sincerely,

Jonathan Springer
Senior Vice President