

June 30, 2014

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**Via First Class Mail and Email (RMcCurnin@nyshcr.org)**

Mr. Richmond McCurnin, Assistant Commissioner  
New York State Homes and Community Renewal  
Division of Housing & Community Renewal  
25 Beaver Street, 6<sup>th</sup> Floor  
New York, New York 10004

Re: Westview 595-625 Main Street, Roosevelt Island, New York 10044 (“Westview”)  
North Town Phase III Houses, Inc. (the “Housing Company”)  
Withdrawal from Mitchell-Lama Program  
Our File No. 10100.002

Dear Rich:

As you know, we have requested your assistance in arranging one or more meetings with David Hirschhorn as necessary to resolve any outstanding issues with respect to Westview “Affordability Plan” proposed by the Housing Company.

We look forward to such meetings. However, in the meantime, we wanted to take this opportunity to respond to one particular question, apparently based upon the Housing Company’s claims, that has been asked of our client by you and others. To wit - What is wrong with “equalization” between Westview and Island House?

The answer to that question is nothing. In summary, we have no problem with real equalization of the Affordability Plans for Westview and Island House. Currently, however, the proposed terms for Westview are unequal. We ask for your assistance in ensuring that true equalization is achieved through equal affordable rental increases (for those tenants who do not purchase their apartments) and homeownership costs (for those tenants who choose to purchase their apartments), which should be addressed and resolved collectively, not independently.

In particular, the differences between the currently proposed terms for Westview and the Island House Affordability Plan include the following:

1. Rent Increases – The new initial rent increases recently proposed for Westview are between 26% - 37% during the first year alone, as compared to 9%-12.5% for Island House. See the graph attached hereto which reflects such new proposed rent increase vs the 2012 affordability plan (similar to IH) which HCR had approved.
2. Homeownership – The proposed cost of homeownership for Westview is 34% higher than that for Island House by virtue of (a) 10% higher inside price per square foot and 10% more square feet in Westview which result in a significantly higher “sale” price for Westview (despite historical valuations approximately 10% lower than Island House), and (b) 14% higher maintenance cost for Westview (which is largely the result of a proposed mortgage approximately \$4,000,000 greater than Island House).

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The equalization argument apparently advanced by the Housing Company is being applied selectively to proposed initial rent increases only. In particular, the Housing Company simply ignores the much higher cost of homeownership (including higher price, and higher maintenance costs driven up by the greater underlying mortgage) for Westview and imposes rent increases upon Westview far in excess of those for Island House in its positioning of the "equalization" argument.

The other issue that we have consistently raised is the absence of a true commitment to the plan on the part of the Housing Company.

The two principles of affordable rent increases and affordable homeownership (together with the Housing Company's commitment to a plan) are fundamental to developing an affordable transition out of Mitchell-Lama aimed at long term preservation of affordable housing through first time homeownership coupled with affordable rents for tenants who cannot purchase their apartments. Again, it is critical that these issues are addressed and resolved collectively, not independently.

Worthy of note is also that the rent increases in the original proposal for Westview included in the Housing Company's 2012 Affordability Plan was essentially the same as those in the Island House Affordability Plan as approved by New York State Homes and Community Renewal as it set initial and subsequent annual RGB rental adjustments and added income surcharges to families with incomes over AMI. Since the meeting you helped facilitate in July of 2013, proposed terms by the Housing Company have changed for the worse, seemingly punitive rent increases, with the potential of forcing many Westview residents out of their homes.

Historically, the nature and establishment of affordable rents in New York City and New York State has been based upon the rate of increase of rents. This practice acknowledges that increases that are harsh and severe are by their nature unaffordable and create unaffordable rents.

We continue to seek an expeditious resolution of the remaining issues and completion of a fair agreement so that the conversion of Westview can move forward and effectuate a seamless transition from Mitchell-Lama while preserving affordable housing through an affordability plan that includes both affordable rent increases and affordable first time home ownership. We ask that you help facilitate quick resolution to the remaining issues.

Very truly yours,



Perry L. Mintz

PLM/pms

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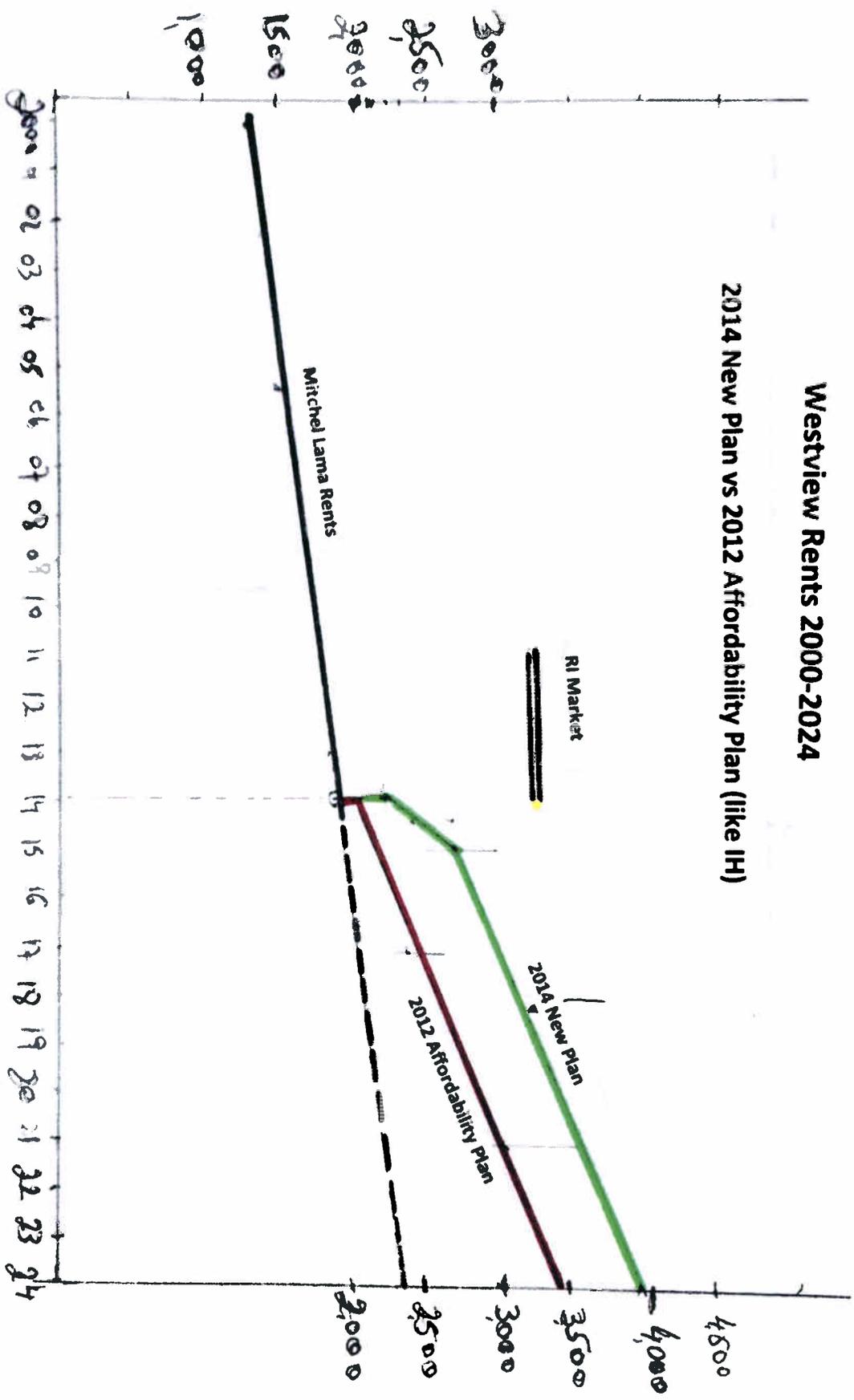
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**cc: Governor Andrew M. Cuomo  
Congresswoman Carolyn B. Maloney  
Senator José M. Serrano  
Assembly Member Micah Kellner  
Mayor Bill de Blasio  
Council Member Benjamin Kallos  
Darryl C. Towns, Commissioner/CEO HCR and Chairperson RIOC  
David B. Hirschhorn  
Westview Task Force**

**00518966**

# Westview Rents 2000-2024

## 2014 New Plan vs 2012 Affordability Plan (like IH)



Actual ML rents 2000-2014 average 2%  
 2012 Affordability Plan 5% initial + 6% annual  
 2014 New Plan 26%-37% initial (first year) + 6% annual  
 RI Market= Market 2BR (renovated) at Eastwood