

GALLET DREYER & BERKEY, LLP

ATTORNEYS AT LAW

845 Third Avenue - 8th Floor
New York, NY 10022 - 6601
Telephone 212 - 935 - 3131
Facsimile 212 - 935 - 4514

July 24, 2015

Email (Ted.Houghton@nyshcr.org)
Executive Deputy Commissioner Ted Houghton
New York State Homes and Community Renewal
25 Beaver Street, 6th Floor
New York, New York 10004

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

Dear Commissioner Houghton:

Thank you and Mark Colon, Deputy General Counsel and John Stellar, Associate Attorney, for meeting on Friday with the Westview Task Force, Inc. (“WTI”). We appreciate your interest and assistance in connection with WTI’s questions and concerns regarding the dissolution of the Housing Company and conversion of the premises.

As mentioned at the meeting, WTI has negotiated and worked with David Hirschhorn of the Housing Company for several years and believes that we are close to a fair and reasonable plan for dissolution. However, WTI seeks compliance with the applicable HCR Mitchell-Lama regulations (Title 9, Subtitle S, Subchapter E of the New York State Code of Rules and Regulations) (“HCR Regulations”) and Department of Law Regulations (Title 13, Part 18 of the New York State Code of Rules and Regulations) (“AG Regulations”) and appropriate attention to rental and cooperative ownership affordability and cooperative sustainability concerns.

Further to your suggestion, this letter summarizes our concerns and requests for your assistance as discussed in the meeting.

1. Funds For Physical Condition Survey. WTI requires and requests to be made available immediately from reserves \$50,000 for a physical condition survey of the premises, \$25,000 of which is intended for immediate facade forensic inspection.

The Housing Company’s proposed “Affordability Plan” (see Section 12 of Exhibit “5” to the “red herring” offering plan at page 463) provides for reimbursement of engineering fees up to \$50,000 from a special fund established by the Sponsor, but these funds are required immediately.

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The survey is required in order to identify and disclose the true condition of the premises for, among other purposes, (a) satisfying Section 1750.3(b)(15) of the HCR Regulations regarding proper disclosure of the condition of the premises, (b) satisfying Section 1750.10 of the HCR Regulations regarding a plan and funds available for corrective work, and (c) providing proper disclosure under the offering plan for the conversion of the premises to prospective purchasers and otherwise satisfying the AG Regulations in connection with such an offering plan.

The condition of the facade is of immediate concern, and the NYS Department of Law's minimum review period of 4 months for providing offering plan deficiency comments to the Housing Company ends in August (but the period may extend to 6 months), so it is important that these funds be made available to WTI as soon as possible.

As noted at our meeting, WTI had previously submitted a copy of a physical condition survey, dated July 2, 2007, prepared by Braxton Engineering reflecting approximately \$21,000,000 of required repairs which estimate is far in excess of the Housing Company's survey. We acknowledge and agree with your request of the Housing Company to provide an update to the Housing Company's 2012 report but that does not negate the need for WTI to engage its own survey.

The condition of the premises is of great concern as it affects the safety of Westview residents, proper disclosure and has or can have a significant economic impact.

2. Funds for Accounting Audit. WTI requires and requests that \$6,000 be made available from reserve funds for WTI to engage an accountant to review the existing financial statements, and proposed rent increase, and projected budget for the first year of cooperative operations of the premises. This request is consistent with the provisions of Section 1728-3.2(a)(3) of the HCR Regulations.

HCR approved a similar \$6,000 for tenants' accountants in connection with the last budget rent determination process. It is even more important at this time in view of the proposed dissolution and offering plan and the impact that the cooperative budget will have on affordability of cooperative apartments.

In addition, we request the Housing Company's 2014 financial statements pursuant to HCR Regulations Section 1728-2.2 and which should be submitted to HCR pursuant to Section 1750.3(b)(11) of the HCR Regulations.

3. Rent Increase Determination. WTI requests and believes that HCR should review and determine the appropriateness of the 14.9% initial rent increase as proposed by the Housing

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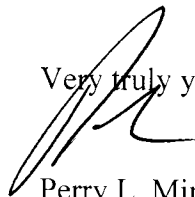
Company in connection with the Housing Company's dissolution consistent with the HCR Regulations and HCR's guidelines and practice.

4. Submeter Energy Audit. WTI requests that HCR coordinate with the New York State Public Service Commission to require compliance with its regulations with respect to sub-metering of rental (and cooperative) apartments including a timely energy audit. In addition, an energy audit should be provided by the Housing Company in accordance with Section 1732.2 of the HCR Regulations if not already provided.

We believe that these requests are reasonable, will help to facilitate compliance with HCR Regulations and the AG Regulations, preserve a certain level of affordability at Westview, permit Westview tenants to make a reasonably informed decision regarding the purchase of their homes, and address potential safety concerns.

Thank you again for your assistance and we look forward to hearing from and working with you and your office.

Very truly yours,



Perry L. Mintz

PLM/pms

cc: Westview Task Force, Inc.
Mark Colon, Deputy General Counsel via Email (Mark.Colon@nyshcr.org)
John Stellar, Associate Attorney via Email (John.Stellar@nyshcr.org)

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