



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N. Y. 10007

ROBERT K. STEEL
DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT

October 25, 2012

The Honorable Christine C. Quinn
Speaker
The New York City Council
250 Broadway, Suite 1856
New York, NY 10007

Dear Speaker Quinn:

The proposed Chelsea Market rezoning, which is presently before you for your review, provides for a contribution to the West Chelsea Affordable Housing Fund as a condition of utilization of a floor area bonus on that site. The West Chelsea Affordable Housing Fund requires contributions to be used for the development of affordable housing in Community District 4. The Administration is committed to expending the funds expected from the Chelsea Market floor area bonus for the further development of permanently affordable housing on the Robert Fulton Houses site.

In 2005 the approval of the Special West Chelsea District included a commitment to the development of affordable housing on the New York City Housing Authority's Robert Fulton Houses site as proposed in the Points of Agreement (the "POA"). The New York City Housing Authority and the Department of Housing Preservation and Development issued a Request for Proposal for the development of an affordable housing building to be located on West 18th Street on an existing parking lot within the Fulton Houses Development. That Request for Proposal resulted in the selection of Artimus Construction Inc. ("Artimus") as a developer. The POA anticipated a development of 100 units of middle and moderate income housing.

Taking into account the amount estimated to be received through this new funding source at such time as Chelsea Market seeks building permits for bonus floor area, the agencies have reexamined the site and its capacity to accommodate additional units. Based on this funding, the Administration has determined that the number of affordable units to be developed in the Fulton Houses site can be increased to at least 150 with 40% of the units having initial rents that are affordable to households at or below 80% of area median income ("AMI"). Further, given the immediate need for this housing in the neighborhood and consistent with the Mayor's 10-year plan to create and preserve 165,000 affordable housing units, if at the time of the anticipated closing in June 2014, the Chelsea Market contribution to the Affordable Housing Fund has not been made, the Administration will commit to provide the necessary funding (up to approximately \$4.7 million) to allow construction to proceed at that time. Appropriations will be made available in the Executive Budget for FY 2014 and will be listed as a commitment in the Capital Commitment Plan in September 2013.

In light of the expected funds being contributed to the West Chelsea Affordable Housing Fund, the transactional documents for the Fulton Houses development site will now require the creation of at least 150 affordable units. The transactional documents will further provide that those units have initial rents that are affordable to households with the following area median incomes ("AMI"), as determined by the United States Department of Housing and Urban Development, as set forth below:

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- 50% of AMI for 20% of the total number of units in the development
- 80% of AMI for another 20% of said units
- 130% of AMI for another 20% of said units
- 165% of AMI for 40% of said units.

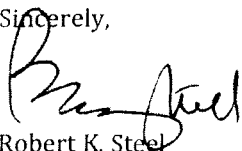
No units will have rents at the time of initial occupancy that are not affordable to households with incomes less than or equal to 165% of AMI. Further, the development will contain no less than thirty-seven (37) two-bedroom units.

This expanded project would require a number of discretionary actions, including ULURP and Federal reviews. The Administration will commit to the certification of the ULURP applications by the City Planning Commission no later than July 10, 2013 and, thereafter, it is expected that the closing of the transaction will occur no later than June 30, 2014, and construction will commence as quickly as possible thereafter.

DCP shall engage in further study with regard to the potential further expansion of the Special West Chelsea District. As identified in the 2005 POA, the boundaries shall be the area bounded by 11th and 12th Avenues, between West 22nd and 29th Street, and West 15th and 17th Streets between 10th and 11th avenues. In addition, the study area shall also include 85 and 99 10th Avenue, the South side of West 15th street and the east side of 10th avenue between 14th and 15th Street. The Department shall engage collaboratively with Community Board 4, with a preliminary meeting to take place in 1st quarter 2013, and the completion of an existing conditions analysis and draft recommendations for their review no later than June 30, 2013. Thereafter, DCP shall commence the public engagement process as a first step to advance a rezoning and advance a rezoning application if warranted.

The Administration remains committed to the POA, and will continue to oversee and coordinate with the appropriate City agencies to pursue the elements of the POA, including obtaining all required reviews and approvals, consistent with the foregoing. In addition, to further our shared ambition of improving access to technology, NYCHA shall make available 1,200 square feet of space for a computer / technology lab for residents on the understanding that your office shall arrange for another party to assume responsibility and costs of fit out, operations, and maintenance. We intend to locate this space at 427-431 West 17 street on the Ground Level, subject to further discussion and planning.

Sincerely,



Robert K. Steel

RKS:lg

JAMESTOWN PREMIER CHELSEA MARKET, L.P.
75 Ninth Avenue, Floor 3R
New York, New York 10011

October 24, 2012

Honorable Christine C. Quinn
New York City Council

Council District 3
224 West 30th Street, Suite 1206
New York, New York 10001

Re: Chelsea Market Expansion – Land Use Items 710-711 of 2012

Dear Councilmember Quinn:

Thank you for your consideration of the application by Jamestown Premier Chelsea Market, L.P. (“Jamestown”) for a rezoning that will facilitate a much needed expansion of Chelsea Market. Due to the hard work of you and your staff, we have refined this project to ensure that it will bring tangible benefits to the Chelsea community and also allow for the critical enlargement of opportunities in the technology and new media industries that will power the City’s growth.

This letter is to confirm our understanding and agreements regarding several items of concern that you and your staff asked us to address.

1. Preservation of the Existing Complex: In response to the Community Board’s recommendation that the existing complex of Chelsea Market be adequately preserved, Jamestown has agreed that as part of the project it would record a legally-binding restrictive declaration against the property that will require Jamestown, and its successors and assigns, to undertake significant preservation obligations. As part of the preservation requirement, Jamestown agrees to provide an annual report to a community advisory group composed of three people appointed by Manhattan Community Board 4, one person appointed by the Manhattan Borough President, and one person appointed by the City Council District 3 Councilmember (the “Community Advisory Group”) describing any changes to the exterior of the existing complex. The first report will be due on December 1, 2013.
2. Continuation of Food-Related Uses on the Ground Floor Concourse: In response to community requests that the ground floor concourse continue to be a neighborhood destination for food-related purveyors, Jamestown agrees to the following commitments as part of the project:

- a. Not less than 75% of the existing retail tenant space on the ground floor of Chelsea Market but exclusive of the existing spaces fronting on Ninth Avenue or Tenth Avenue (such interior retail tenant space excluding the Avenue-fronting spaces, the "Retail Area"), be dedicated to food-related uses, including retail, eating establishments, wholesale, and production. The 75% requirement set forth above shall be measured in terms of the rentable square feet of the Retail Area.
- b. No space in the Retail Area will be leased to food-related regional or national chain stores and restaurants, defined as having fifteen or more retail outlets located in New York, Connecticut and New Jersey as of the date of such lease, provided that this restriction shall not apply to any renewal or extension of a lease with a tenant.

Notwithstanding the foregoing, if Jamestown has used commercially reasonable efforts to lease a portion of the Retail Area for food-related uses in accordance with this commitment but is unable to do so, then Jamestown shall be entitled to lease such space for another retail use, provided, however, that prior to entering into a lease for a non-food related use, Jamestown shall notify, in writing, the Community Advisory Group of such lease and provide an explanation of the efforts Jamestown had undertaken to attempt to first lease to a food-related use. Jamestown shall consider and respond in writing to recommendations suggested by the Community Advisory Group for food related tenants within the Retail Area to meet the percentage obligations set forth in this letter, but shall be under no obligation to enter into any leasehold or other arrangement with any such suggested tenant. In addition, as part of the annual report to the Community Advisory Group described above, Jamestown shall identify the ground floor retail tenants, changes in tenancies since the prior report, the amount of space leased by food-related tenants and the amount of space leased by non-food retail uses, and the status of leasing activity to food-related tenants in the Retail Area.

3. Support for In-Tech Technology Training Program. Jamestown agrees to commit financial and other support to Hudson Guild's efforts to launch its impressive In-Tech concept, which will provide neighborhood youth with training and mentorship opportunities in the technology field. Jamestown's commitment is as follows:

- a. Tech Lab – Jamestown will commit up to \$350,000 to build out the tech lab required to support the program, which is anticipated to be located in unused spaces at Fulton Houses at 430 West 17th Street. This will include its construction and fit out of the tech lab, including computers, printers and internet services. In the event that the cost of the build-out is less than \$350,000, then the difference between actual costs and \$350,000 will be reallocated to operations. Jamestown's current estimate is that the construction and fit out will cost approximately \$250,000.
- b. Operational Support – Jamestown will make a \$700,000 commitment to support the launch and initial operation of the program. This payment will be made over 4 years beginning at \$225,000 in the 1st year, and then stepping

down to \$200,000 in the 2nd year, \$150,000 in the 3rd year and \$125,000 in the 4th year as the program becomes sustainable and attracts additional funding partners.

- c. Fundraising Support – In order to further support the sustainability of the program, Jamestown will provide space at Chelsea Market once a year for four years free of charge so Hudson Guild can hold a fundraiser for In-Tech.
 - d. Internship Support – Where possible, Jamestown will assist Hudson Guild in introducing them to companies that could potentially be a landing place for In-Tech interns.
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4. Food Incubator Space: Jamestown agrees to lease an approximately 100 square foot portion of its Chelsea Market kiosk arcade as a food entrepreneur market space to be run by an operator acceptable to Jamestown that will provide start-up New York City food vendors having production facilities in New York City retail space. This space sits in a prime location that is directly adjacent to the Market's only 15th Street entrance and is near other popular kiosk tenants. Jamestown will enter into a lease of up to five years on below-market rents (approximately \$1,500/month, subject to CPI increases, plus participation rent of 10% of gross sales and operating expenses) so as to ensure that the incubator is a successful endeavor. The lease will include other customary terms and will have a requirement that the selected start-ups not be competitive with other retailers in Chelsea Market. Jamestown agrees to continue to work with the Community Advisory Group to select the appropriate operator and any replacement during the five year period.

5. Wellness in the Schools: Jamestown will support the Wellness in the Schools ("WITS") which is a three-year program to teach nutrition and healthy eating in local public schools. The WITS program involves a professional chef who assists the schools in preparing healthy lunch menus and also includes interactive curricula. Jamestown has committed to fund the program at PS11 (the William T. Harris School) on West 21st Street for the second and third years of the ongoing program that began in 2011. Jamestown has also committed to fund a new program at PS33 (the Chelsea Prep school) on Ninth Avenue, for the full three years beginning in the fall of 2012.

6. Landscaping of 10th Avenue Expansion: Jamestown agrees that it will include, as part of the expansion along 10th Avenue, landscaping that is visible above the parapet walls or railings of the existing building and the terraces of such expansion. Such landscaping may include moveable planters to maintain flexibility to address the need for natural light through the window openings and the access to such areas by occupants.

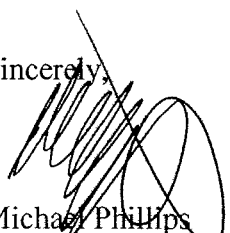
7. Other Commitments: In addition, Jamestown affirms that it will:

- a. Not locate any open air eating and drinking establishments, within the meaning of the Zoning Resolution, on the Chelsea Market block other than permitted sidewalk cafes.

- b. Continue to display and incorporate public artwork, including exhibits featuring New York City artists, and/or historic pictures and artifacts within the ground floor concourse in a manner consistent with Jamestown's current practices.
 - c. Place a link to its job openings on the CB#4 website, hold periodic job fairs in coordination with CB#4, and work with its Chelsea Market tenants to encourage their identifying and hiring employees from within Manhattan Community District #4.
 - d. Design and build the enlargements to a LEED silver standard.
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- e. Establish a website prior to the commencement of construction providing regular information on anticipated construction activities and identifying a contact for answering questions about the construction. In addition, notify the Community Advisory Group at least thirty days prior to commencement of construction of the expansions and meet with the Community Advisory Group on a quarterly basis while construction is ongoing to discuss the anticipated construction activities and schedule.
 - f. Jamestown will work with the Community Board, the Borough President's office and the local City Councilmember's office to organize the Community Advisory Group by December 1, 2012, and will hold the initial meeting with the Community Advisory Group in Jamestown's offices at Chelsea Market no later than January 15, 2013. Jamestown will meet with the Community Advisory Group annually thereafter until construction of the expansions commences, at which time Jamestown will meet with the group on a quarterly basis as noted above until construction is substantially complete.

We appreciate all of your and your staff's attention and careful consideration of this important project for Jamestown, and look forward to working with you as the project moves forward.

Sincerely,



Michael Phillips
Chief Operating Officer

cc: Honorable G. Comrie, Jr., Chair, Land Use Committee
Honorable Mark S. Weprin, Chair, Zoning and Franchises Subcommittee