

Island House Tenants Association, Inc.

PO Box 132, New York, NY 10044-0203

<http://islandhouse.us>

Date: April 29, 2012

From: IHTA Board

To: Members

Via: Door Drop, Glass-Case Posting, Web Posting

Subject: Tenants update

Graham Cannon, Chair
Frank Farance, Secretary
Geoffrey Kerr, Treasurer

Chris Enock, Director
Renato Folla, Director
Richard Leopold, Director

Update on Island House

We could not be more delighted than to send to you the attached letter that was sent by RIOC on Friday to the heads of the relevant State agencies and the leadership of the New York State Legislature.

Quite simply, it represents the agreement, after so many years, of all the State agencies, as well as Governor Cuomo, to the affordability plan and the protection it represents for the 400 families of Island House, that we voted on in September 2009. With the issuance of this letter (commencing the required 90 day notice of action under the Public Authorities Act), RIOC will now proceed with a vote to extend the ground lease for Island House allowing our building to exit Mitchell Lama (as the owner has the right to do) and to enter into the terms of the Affordability Plan. As the letter makes clear, if, for some reason, the New York Attorney General, when he reviews the Offering Plan, were to deny the conversion portion allowing tenants to purchase their units as outlined in the plan, then every tenant would be covered by the affordable rent program in the Affordability Plan for the next 30 years.

We understand that there will be many questions regarding what all this means and next steps. We are working to set up a tenant meeting as soon as possible with the key principals involved so as to provide the ability for as comprehensive a discussion as possible. We will send out a notice of that meeting shortly, but we didn't want to delay getting this letter to you.

The IHTA Board



**Roosevelt Island
Operating Corporation**
of the State of New York
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Roosevelt Island, NY 10044
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rioc.ny.gov

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April 27, 2012

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110 State Street
Albany, NY 12236

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The New York State
Office of General Services
Corning Tower – ESP – 41st Fl.
Albany, NY 12242

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Speaker of the NYS Assembly
Legislative Office Building 932
Albany, NY 12248

Hon. Robert L. Megna
Director of the Budget of the State of NY
NYS Capitol – Room 113
Albany, NY 12224

Hon. Dean G. Skelos
Temporary President of the NYS Senate
Legislative Office Building, Room 909
Albany, NY 12247

Hon. David Kidera
Director of the NYS Authorities Budget Office
P.O. Box 2076
Albany, NY 12220-0076

**Re: 90-Day Notice Letter under the Public Authorities Law
Roosevelt Island Operating Corporation
Property: 551-575 Main Street - Ground Lease Modification and Extension
Tenant : North Town Phase II Houses, Inc.**

To Whom It May Concern:

Pursuant to subparagraph (ii) of paragraph (d) of subdivision (6) of § 2897 of Title 5-A of the Public Authorities Law, this explanatory statement is being provided at least 90 days prior to the disposal of property by negotiation.

EXPLANATORY STATEMENT

As authorized by Title 5-A, § 2897 (6)(c)(v) and § 2897 (7)(a)(ii) of the Public Authorities Law, The Roosevelt Island Operating Corporation (“RIOC”) consistent with its purpose, mission and governing statute intends to dispose of property by negotiation not less than 90 days from the date of this notice.

The disposition at issue concerns a proposed modification and extension of an existing ground lease (the “Ground Lease”) between the Roosevelt Island Operating Corporation (“RIOC”) and North Town Phase II Houses, Inc. (the “Housing Company”), governing a Mitchell-Lama building with 400 residential rental units located on Roosevelt Island (“Island House”). The equitable owner of the Housing Company’s interest in the Ground Lease (North Town Phase II Associates, LP, referred to herein as the “Partnership”), has agreed to create and implement a program to maintain Island House as an affordable housing complex through conversion of the

building into condominium and cooperative units (the “Conversion”), pursuant to a thirty-year affordability plan (the “Affordability Plan”) approved by New York State Homes and Community Renewal. In exchange for the affordability-based Conversion, RIOC intends to grant the Partnership an extension of the expiration date of the existing Ground Lease from January 31, 2028 through December 22, 2068.

In addition, the proposed modification and extension of the existing Ground Lease provides for below-market ground rent payable to RIOC -- approximately 48% less than a full market ground rent unencumbered by the “Affordability Plan” for a lease extension through to 2068. The below-market ground rent was negotiated in exchange for the Partnership not exiting the Mitchell-Lama program at market. As a result of this agreement, Island House will maintain affordable housing -- at least 65% of the 400 units -- for an additional 30 years. RIOC supports affordable housing as part of its mission and statutory purpose.

In the event the Conversion is not approved by the New York State Attorney General’s Office, the building will convert as an “Affordable Rental,” whereby 65% of the 400 units will be subject to rent increases using as a base those percentage increases given to rent stabilized apartments for 30 years. Under this scenario, the below-market ground rent will be approximately 58% less than full market ground rent.

RIOC will not publicly advertise for bids before granting the lease extension and modification. Since the purposes of this property disposition are within RIOC’s purpose, mission and statutory authority, RIOC is availing itself of the exceptions within the Public Authorities Law previously cited herein.

Respectfully submitted,

A handwritten signature in black ink that reads "Steven Chironis". The signature is written in a cursive, slightly slanted style.

Steven Chironis
Vice President, CFO