

Atlantic Yards: Government Backed Financing and the Cost to the Taxpayer (as of June 30, 2007)

Known Subsidy Amounts*

1. Direct Cash From New York City.....\$205 million
2. Direct Cash From New York State.....\$100 million
3. 30 Year Full Property Tax Exemption (if the lease runs for its full term of 99 years, the abatement would exceed \$1 billion).....~\$360 million
4. Mortgage Recording Tax Exemption.....~\$77 million
5. 8.0 Million Square Feet of Development Rights
(An ~ \$800 million value for which Ratner pays approximately \$386 million (according to ESDC), including a discounted \$100 million for the Rail Yards, without competitive bidding.
Rail Yards appraised value: \$214.5 million, Ratner bid \$100 million, Extell bid \$150 million).....~\$414 million
6. Tax-Exempt and Taxed Bonding for the Arena.....\$637 million
7. Forest City Pays \$1.00 for a 99 year lease for all the land under the Arena, its garages, and accessways, including City streets, a total of approximately 6.5 acres.....\$26 million
8. Special 421-a Bill Carve Out Pending Signing by Governor Spitzer (according to NY Times).....\$300 million

Approximate Known Public Cost.....\$2.119 BILLION

Unknown Subsidy Amounts*

9. Unspecified (and unlimited) additional funds for “extraordinary infrastructure costs”.....\$???,???,???
10. Federally tax free bonds, tax credits to provide “affordable housing**” at least \$1.4 billion
11. Dollar for Dollar Credit for any costs which Ratner incurs in relocating and installing public utility infrastructure.....\$???,???,???
12. Guaranties from the City, the ESDC and the EDC that they will “use their best efforts” to obtain energy cost savings for the Arena for an unspecified period of time.....\$???,???,???
13. Arena Construction Materials & Fixtures Sales Tax Exemption.....\$???,???,???
14. Credit under the Brownfield Program if Forest City has to spend more than \$20 million in remediation of environmental hazards.....\$???,???,???

Approximate Unknown Subsidy Total..... \$???,???,???

**Footnotes*

- 1, 2. As per the Memorandum of Understanding (MOU) between Ratner NY city and state, confirmed in ESDC GPP.
3. As per the MOU: Present value for a 30 year exemption (likely to be an unheard of 99 years, which would more than triple the \$360 million amount). Based on the City finance department’s formulas for assessed value of commercial and residential properties, and current tax rates.
4. As per the MOU: Based on a \$3.5 billion total project cost. The cost is now \$4.0 million so this number would be higher.
5. 8.0 million sq. ft. of development rights, at a conservative \$100 per sq. ft. ESDC says acquisition costs total \$386 million.
6. As per the MOU: ESDC GPP - Arena construction cost is \$637 million
7. As per the MOU: Based on approximately 260,000 sq. ft. of development rights at a conservative \$100 per sq. ft.
- 9, 11, 12, 13, 14: All stipulated in the MOU. To date there is no way to know what total these items will reach. It is not difficult to imagine that these unknown amounts could well surpass the \$2 billion mark.

****Affordable Housing: 6,430 Total Units are proposed. 35% or 2,250 are proposed to be “affordable.” Only 13% would be affordable to people making Brooklyn’s Area Median Income or less. 40% of the “affordable” units are for household incomes between \$70,000 and \$113,000 per year. 65% or 4,180 would be luxury units.**

Table: “Affordable” housing income bands as described by Forest City Ratner:

Affordable Housing Income Bands

This program provides housing for low, moderate and middle income households.

| Income Bands* | AMI Income Range | Number of Affordable Housing Units – 2,250 Total | Minimum and Maximum Income for a Family of 4 | |
|---------------|------------------|--|--|-----------|
| | | | Minimum | Maximum |
| Band 1 | 30-40% | 225 units | \$21,270 | \$28,360 |
| Band 2 | 41-50% | 675 units | \$28,361 | \$35,450 |
| Band 3 | 60-100% | 450 units | \$42,540 | \$70,900 |
| Band 4 | 101-140% | 450 units | \$70,901 | \$99,260 |
| Band 5 | 141-160% | 450 units | \$99,261 | \$113,440 |

*Note: Income bands are based on the NYC Area Median Income (AMI). The AMI is set by the U.S. Dept. of Housing and Urban Development. As of April 7, 2006, AMI is \$70,900 for a family of four.

Note: The median household income for ALL of Brooklyn is \$32,000. It is not clear how many units in each bracket will skew towards the higher or lower ends. At least 40% of the “affordable” rents would be similar to going rate market rents in the borough.