



**Empire State  
Development**



**Lower Manhattan  
Development  
Corporation**

# **WTC Site 5 Affordable Housing Public Forum**

**Thursday, December 9, 2021**

# Project Background

- **February 2006** MOU between LMDC and Port Authority under which the Port agreed to provide parcels it owned at the center of the campus, including the original WTC tower footprints, to the 9/11 Memorial & Museum and Performing Arts Center, in exchange for Site 5 and adjacent parcels, owned by LMDC
- **February 2019:** MOU between LMDC and Port Authority to jointly RFP Site 5 for either commercial (*as of right*) or mixed-use (*requires modification to the WTC General Project Plan*)
- **June 2019:** Site 5 RFP released
- **February 2021:** Conditional Designation of Development Team
- **Proposed Project**  
Mixed-Use Tower, including:
  - Rental Residential (w. 25% permanently affordable units)
  - Office
  - 12,000 SF Community Facility
  - Amenity and Fitness Space
  - Retail
- If the proposed mixed-use project is approved, LMDC would transfer Site 5 to ESD, which would enter a long-term lease with the Development Team
- Consistent with the 2006 MOU, all rent payments would go to the Port Authority as compensation for the 9/11 Memorial & Museum and Performing Arts Center sites

# Port Authority of NY&NJ Background

- Bi-state public agency with a mandate to oversee and improve critical transportation infrastructure in the region
  - Five Airports (JFK, Newark, LaGuardia, Teterboro, and Stewart)
  - Two Tunnels (Lincoln Tunnel and Holland Tunnel) and Four Bridges (GWB, Bayonne, Goethals, and Outerbridge)
  - Port Authority Bus Terminal and GWB Bus Station
  - PATH
  - Seaports
- Financially self-sustaining, with virtually all agency revenues coming from tolls, user fees, fares and rents
  - Receives no tax revenue, and has no power to tax
  - Receives no funding from NY or NJ
  - Receives limited federal funding
- All agency revenues are dedicated to operations and capital projects
- Major capital projects include: LGA/EWR/JFK Redevelopments; Midtown Bus Terminal Replacement; Restoring the George (Bridge); Berth and Wharf Replacements; Superstorm Sandy Repairs to PATH; other critical State-of-Good-Repair projects to maintain facilities
- COVID-19 has resulted in a projected loss of ~\$3 billion of revenue over the first two years of the pandemic, forcing the Port Authority to reduce capital spending significantly in 2020, 2021, and 2022.

# Port Authority and WTC Site 5

- Port Authority agreed to accept the 5 WTC site and adjacent parcels in exchange for transferring property to the Memorial, Museum, and Performing Arts Center
- Disposition of this non-core asset has been assumed as a source of revenue to support the Port Authority's 10-year capital plan
- After completion of the building, around 2028, the Port Authority will receive rent payments from the developer
- If residential development is not viable for economic or regulatory reasons, the Port Authority will be limited to developing an office tower



# Affordable Housing

- 25% of all residential units in the Project – or **300 units** – would be **permanently affordable** at an average of **50% of Area Median Income (AMI)**. Currently, New York City AMI ranges from \$41,800 for an individual to \$59,650 for a family of four.
- RFP required affordable units to be cross-subsidized by market rate units.
- The affordable units would be **dispersed in the building**, not concentrated, and would **share an entry** with the market rate units.
- NYS Homes and Community Renewal (HCR) would enter into a **regulatory agreement** with the Development Team that would lay out the Project's permanent affordable housing obligations.

## Overview of HCR-financed multifamily projects

- New York State Homes and Community Renewal (HCR) is the State's affordable housing agency, with a mission to build, preserve, and protect affordable housing and increase homeownership throughout New York State.
- In 2017, the NYS Legislature approved **\$2.5B to support the 5-year Housing Plan** (approx. \$500M per year).
- Under the Housing Plan, the State's first, HCR creates or preserves approximately 20,000 units of housing each year across the state.
- Over the last 5 years, HCR has financed approximately **1,700 units of multifamily new construction annually in New York City**.
- A typical multifamily new construction project in NYC is approximately **140 units, 12 stories or less**, and receives approximately **\$100,000 per unit of state subsidy**.



# Affordable Housing

## Cost Comparison of HCR Annual Budget and Incremental WTC5 Affordability Scenarios *(assumes same 1200-unit building, avg 50% Area Median Income)*

	HCR	25%	30%	40%	50%	100%
Total subsidy need	~\$500MM/ year statewide	\$0	\$138MM	\$415MM	\$670MM	~\$930MM

# Affordable Housing

## Comparison of HCR Multifamily Projects and Redesigned WTC5 100% Affordable Scenario

*(assumes less costly building with more units, per request of elected officials)*

	HCR	WTC5
Total subsidy budget	~\$500MM/year statewide	~\$975MM
Total multifamily new construction (NYC)	~1,700 units/year	~1,475 units
Project size (NYC)	~140 units/up to 12 stories	~1,475 units/~80 stories

**Subsidy need for even a less costly 100% affordable building at WTC5 would preclude ~39,000 affordable units from being built across the state over 2 years.**



# Affordable Housing

## WTC 5 30% and 35% Affordable Housing Analyses\*

% Affordable Units	Affordable Income Mix									Incremental Aff. Units (vs. base case)	Project Rent psf	Market Rent (avg) psf	Invested Equity	Cash Subsidy	
	Total Aff. Units	40% AMI units	50% AMI units	60% AMI units	80% AMI units	100% AMI units	130% AMI units	165% AMI units	Avg AMI					Total Subsidy Need**	Per Incremental Aff. Unit
25% (base case)	300	120	60	120	0	0	0	0	50%	0	\$72.07	\$90.00	\$471,000,000	\$0	\$0
30% v1	360	90	60	90	0	0	60	60	83%	60	\$72.30	\$90.00	\$471,000,000	\$5,000,000	\$83,333
30% v2	360	90	60	90	60	0	60	0	68%	60	\$70.70	\$90.00	\$471,000,000	\$65,000,000	\$1,083,333
30% v3	360	90	60	90	60	60	0	0	63%	60	\$70.14	\$90.00	\$471,000,000	\$85,000,000	\$1,416,667
30% (all avg. to 50% AMI)	360	120	120	120	0	0	0	0	50%	60	\$68.63	\$90.00	\$471,000,000	\$138,000,000	\$2,300,000
35% v1	420	90	60	90	0	0	90	90	92%	180	\$70.57	\$90.00	\$470,769,662	\$82,000,000	\$455,556
35% v2	420	90	60	90	90	0	90	0	74%	120	\$68.17	\$90.00	\$470,769,662	\$170,000,000	\$1,416,667
35% v3	420	90	60	90	90	90	0	0	67%	120	\$67.33	\$90.00	\$470,769,662	\$200,000,000	\$1,666,667
35% (all avg. to 50% AMI)	420	157	106	157	0	0	0	0	50%	120	\$65.07	\$90.00	\$470,769,662	\$280,000,000	\$2,333,333

**\*Key Assumptions:**

1. Total Development Cost: \$989,500 per unit
2. Average unit size: 755 sf
3. Cost differential between market and affordable units: \$1,200-\$1,500 per unit

**\*\* NO SUBSIDIES ARE CURRENTLY AVAILABLE FOR THIS PROJECT**

# Public Comments

Per electeds' request, public comment period for the MGPP and on the Finding of No Significant Impact and Determination of Non-Significance (FONSI) will be held open until the later of 30 days after the date of public hearing or **February 15, 2022**

## Deliver Oral Comments

Virtual Public Hearing: January 12, 2022 (5 p.m. – 8 p.m.) make comment in real time via Zoom or phone

- Zoom: <https://us02web.zoom.us/meeting/register/tZMlceuorz0tHNVYDvrlvkdjpyaUzSY9mG31>
- Phone: (646) 558-6338 || Meeting ID: 878 6201 6761

## Submit Written comments

- E-mail: [WTCSite5@esd.ny.gov](mailto:WTCSite5@esd.ny.gov)
- Mail: ESD (Attention: WTC Site 5 Proposed Amendment)  
633 Third Avenue, 37th Floor, New York, New York 10017



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