

Staff Summary

Subject CONVEYANCE OF PROPERTY INTERESTS ASSOCIATED WITH BLOCK 3272, LOT 101, THE BRONX, NEW YORK
Department TRANSIT ORIENTED DEVELOPMENT
Department Head Name ROBERT PALEY
Department Head Signature
Project Manager Name NICK ROBERTS

Date FEBRUARY 23, 2023
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	02/21/2023	X		
2	Board	02/23/2023	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Development Officer		
3	Chief Financial Officer		

AGENCY: Metropolitan Transportation Authority (“MTA”) and Metro-North Railroad (“MNR”)

GRANTEE: Webster Development, LLC (“Longhouse Properties”)

LOCATION: Webster Avenue and East 197th Street, The Bronx, New York - Block 3273, Lot 101 (the “Subject Property”)

ACTIVITY: Sale or disposition of (i) ± 2,300 square feet of the Subject Property, (ii) ± 95,000 square feet of surplus transferrable development rights appurtenant to the Subject Property, (ii) ± 50,000 square feet of additional surplus development rights appurtenant to the Subject Property, (iii) a light and air easement covering ± 32,341 square feet of the Subject Property, and (vi) a passive use area easement covering ± 4,500 square feet of the Subject Property (collectively, the “MTA Property Interests”)

ACTION REQUESTED: Authorization to (i) enter into a land development and disposition agreement (“LDDA”) with Longhouse Properties providing for (a) the subdivision of the Subject Property, (b) the zoning lot merger of a portion of the Subject Property with adjacent properties owned by Longhouse Properties, (c) the release of certain restrictive covenants affecting portions of the Subject Property, and (d) the relocation of access to the Subject Property, to which the agreed-upon forms of the deed, zoning lot development agreement, release of restrictive covenants, passive use and access easements and other material transaction documents will be appended as exhibits (collectively, the “Transaction Documents”) and (ii) execute and deliver the Transaction Documents and such other appropriate agreements, documents or instruments necessary to consummate the sale or transfer of the MTA Property Interests to Longhouse Properties.

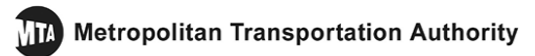
COMPENSATION: \$3,969,056, subject to adjustment as noted below if Longhouse Properties elects to purchase the Additional TDR’s

COMMENTS:

The Subject Property is a single tax lot owned by the MTA located in the Fordham section of The Bronx that is bounded by Webster Avenue, East Fordham Road, Bedford Park Boulevard, and the right of way of MNR’s Harlem Line (the “MNR ROW”). The MTA Property Interests are concentrated in an area of the Subject Property that is located in the immediate vicinity of the intersection of Webster Avenue and East 197th Street

Staff Summary

FINANCE COMMITTEE MEETING



Conveyance of Property Interests Associated with Block 3272 Lot 101, The Bronx, NY (Cont'd.)

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Longhouse Properties is in contract to acquire two properties that are adjacent to the Subject Property, 2740 Webster Avenue and 2768 Webster Avenue (collectively, the "Development Site"). Longhouse Properties intends to improve the Development Site with a multi-family housing project that will be comprised of approximately 550 low-income housing units (the "Proposed Project") and developed on an "as-of right" basis under applicable zoning law. Longhouse Properties initially approached MTA with a request for MTA to relocate an access easement and terminate certain restrictive covenants affecting the Developer Site to facilitate the Proposed Project. Longhouse Properties subsequently expressed an interest in acquiring: (1) a $\pm 2,300$ square foot portion of the Subject Property fronting Webster Avenue (the "Fee Interest"); (2) not less than 75,000 zoning square feet of unused/excess development rights (the "TDR Interests") appurtenant to the Subject Property; (3) an option to purchase an additional 50,000 square feet of excess development rights (the "Additional TDR's") appurtenant to the Subject Property; (4) a light and air easement for legal bedroom windows encumbering a $\pm 32,341$ square foot portion of the Subject Property (the "L&A Easement"); and (5) a non-exclusive easement for the limited, surface use of a $\pm 4,500$ square foot portion of the Subject Property in a manner so as not to interfere with MNR's continued access to subsurface facilities and equipment located at the Subject Property.

To facilitate the disposition of the MTA Property Interests, Longhouse Properties has proposed to subdivide the Subject Property at its own expense, creating separate tax lots for the Fee Interest to be conveyed to Longhouse Properties and the portion of Subject Property to be retained by MTA adjacent to MNR ROW. Longhouse Properties has also proposed to grant to MTA, for its own benefit and the benefit of MNR, a fee interest or permanent, exclusive access easement over a portion of the Development Site that will be graded and paved at Longhouse Properties' expense and made available for MNR's use on a 24/7 basis (the "MNR Access Easement"). The MNR Access Easement would provide MNR with roughly the same access to the Subject Property as it now has.

Upon receipt of the proposal from Longhouse Properties, MTA Transit Oriented Development ("TOD") submitted the proposed disposition of the MTA Property Interests to MNR for its review and approval. MNR determined that the proposed disposition of the MTA Property Interests would not materially impact its use of the Subject Property, prevent MNR from replacing existing facilities at a future date, or negatively impact MNR's ability to operate the Harlem Line. Based on the foregoing, TOD issued a request for proposals ("RFP") for the disposition of the MTA Property Interests in accordance with the requirements of the Public Authorities Law. Longhouse Properties was the only proposer to respond to the RFP. In its response to the RFP, Longhouse Properties agreed to MNR's development constraints and offered to pay a total of \$3,365,050 for the MTA Property Interests, as follows: \$50 per square foot for the Fee Interest, and \$30 per square foot for a $\pm 95,000$ square foot TDR Interest. After extensive negotiations with Longhouse Properties regarding appraisal methodology and assumptions, TOD and Longhouse Properties conditionally agreed to a "Total Purchase Price" of \$3,969,056 for the MTA Property Interests, as follows: \$65 per square foot for the Fee Interest, \$32 per square foot for the $\pm 95,000$ square foot TDR Interests, and \$3.20 per square feet for the $\pm 32,341$ square foot L&A Easement. The Total Purchase Price is supported by an independent appraisal of the MTA Property Interests obtained by TOD.

If Longhouse Properties exercises the option to purchase the Additional TDR's within twelve months of its designation as the successful proposer under the RFP, the Total Purchase Price will be increased by \$32 per square foot for each square foot of Additional TDR's purchased by Longhouse Properties. If Longhouse Properties exercises the option to purchase the Additional TDR's after such date, the purchase price for the Additional TDR's will be the greater of \$32 per square foot and the fair market value as determined by an independent appraisal obtained by TOD.

Based on the foregoing, TOD requests Board authorization for (i) MTA to negotiate and enter into the LDDA with Longhouse Properties for the sale of the MTA Property Interests, upon the terms and conditions set forth above and such other terms or conditions as the Chairman and Chief Executive Officer of the MTA or his designee deems necessary or appropriate, (ii) to execute and deliver the other Transaction Documents upon such terms and conditions and any and all other necessary or appropriate agreements, documents, writings and other instruments, including modifications and supplements, and to take all such actions as shall be necessary or desirable consistent with the Transaction Documents in order to consummate the sale or transfer of the MTA Property Interests on such terms and conditions.