

September 18, 2020

Comptroller Scott M. Stringer  
David N. Dinkins Municipal Building  
1 Centre Street, 5<sup>th</sup> Floor  
New York, NY 10007

Dear Comptroller Stringer:

We appreciate your follow-up letter regarding the Historic South Street Seaport and ongoing discussion of development in the area. EDC endeavors to be transparent and responsive regarding your questions and those of the community, given the historical importance of the Seaport and our responsibility as stewards of the Seaport's City-owned property.

Regarding Howard Hughes Corporation's (HHC) proposed development project at 250 Water Street, EDC is one of several agencies with jurisdiction over portions of the process. We have answered your questions below to the best of our knowledge, and welcome additional discussion on this topic.

1. *Are there currently any discussions regarding air right transfers to 250 Water Street? If there are ongoing negotiations between EDC and the Howard Hughes Corporation (HHC) regarding such transfers, please describe efforts to date and next steps, specifically in regards to any transfer of rights from the New Market Building and Pier 17/Tin Building.*
  - EDC is aware that the Howard Hughes Corporation (HHC) has publicly introduced a potential plan and associated public benefits for 250 Water Street as part of their community visioning process. Given that their potential plan includes use of development rights currently owned by the City, HHC has approached EDC regarding these plans. To date, there has not been a decision made on how to proceed with their inquiry.
  - EDC has not engaged in negotiations with HHC regarding such transfers.
  
2. *Has EDC considered alternative receiving sites for the development rights? If so, please describe the criteria used to identify such sites and which sites are under consideration.*
  - EDC is not aware of applicable receiving sites within the existing South Street Seaport Historic District that would not require modifying the boundaries of the District.
  - As detailed in our letter from January 15, please keep in mind that a portion of the City-owned development rights in the Seaport – 415,000 square feet –

are within HHC's leasehold at Pier 17 and the Tin Building (until 2072), meaning that HHC must consent to their transfer. The City has sole jurisdiction over 248,000 square feet of air rights between Pier 17, the Tin Building, and the New Market Building.

3. *Could a sale of development rights be contingent on a deed restriction requiring the perpetual provision of community priorities that would be secured as part of development at the receiving site?*
  - Deed restrictions are one of several tools available to enforce future property uses and incorporate community priorities, but EDC cannot opine on this question without further specifics.
4. *Does EDC foresee a role for community groups, such as Manhattan Community Board 1 and the Seaport Advisory Group, in discussions concerning transfer of development rights? If so, please describe their foreseen involvement.*
  - Yes. EDC is one of many stakeholders in the Historic South Street Seaport district and recognizes the importance of engaging the perspectives of our partners. We take seriously the charge of balancing respect for the historic nature of the area with responsible economic development, and regularly participate in discussions with Community Board 1 and the Seaport Advisory Group regarding this and other matters in the district, and will continue to do so.
5. *In the January 11, 2017, First Amendment, the definition of "Excess Development Rights" was amended to include the following language "and exclusive of any Floor Area Development Rights appurtenant to the Tin Building Area and Pier 17." Please describe the reason for this change, its impact on how EDC would calculate the floor area development rights at these two buildings, and provide all agreements or documentation related to "Floor Area Development Rights" or "Excess Development Rights."*
  - EDC, as Lease Administrator, and HHC, as Tenant, desired to clarify that in the definition of "Excess Development Rights," the calculation would not be inclusive of floor area constructed at Pier 17 or the Tin Building per the plans approved in the restricted declaration. We do not consider this a material change to the definition of "Excess Development Rights" within the lease, but rather a clarification.
  - EDC will provide to your staff, under separate cover, the aforementioned leases, amendments, and restrictive declaration.
6. *Please list all lots and/or buildings in the Seaport that HHC has acquired that were not part of the original 2013 Master Lease Agreement, including the TransLux Building. For each lot and/or building, please describe the process by which they were able to make the acquisition.*

- EDC is unaware of building or land acquisitions other than 250 Water Street, but we recommend that your office contact HHC with this request given that EDC would not be party to other transactions.
  - The TransLux building was covered by an option for HHC to lease the premises, as detailed in the 2013 Amended and Restated Marketplace Lease. HHC has no ownership interest in the TransLux Building.
7. *In the Mortgage for the TransLux building (ACRIS Reference #2019070101168002), Article 1, Section 1.1a refers to a “certain letter agreement” regarding the donation of \$280,000 to the South Street Seaport Museum dated April 3, 2019. Please provide a copy of this letter, and explain the process by which the letter “may be further amended, restated, replaced, supplemented or otherwise modified from time to time.”*
- The letter agreement dated April 3, 2019, referenced in the mortgage recorded on ACRIS (reference #20190701168001), is the restated version of a letter dated October 3, 2017, Exhibit 4 in the second lease amendment. The original letter described the donation from HHC for interior renovation costs to be incurred by the South Street Seaport Museum at 213-215 Water Street, also known as the Thompson Warehouse. Subsequent to the original letter, the Museum received support from LMDC, EDC and DCLA to allocate and combine FEMA, CDBG, and City Capital funds for the development costs, but still needed funding for design costs. The April 3, 2019 letter redirected the aforementioned donation to the project’s architectural and design costs, to which EDC has also offered to contribute.
8. *Please describe any current conversations related to potential amendments to HHC’s lease in the Seaport or the use of their property within the District. If there are proposals for amendments, how would EDC incorporate community engagement and transparency in reviewing these proposals?*
- EDC and HHC are negotiating a third lease amendment. Tenant noticed Landlord that they wish to exercise their option to lease 133 Beekman Street premises, also known as the TransLux Building. EDC will attend a Community Board 1 meeting in October to discuss this project and solicit feedback.
  - During negotiations Tenant expressed the need for office leasing flexibility for the upper floors of the Fulton Market Building. EDC supports further activation of the Seaport, and a significant amount of space had remained without a long-term tenant since 2012. An Environmental Assessment Statement resulted in a negative declaration hence no public review is needed for the modification. EDC will attend a Community Board 1 meeting in October to discuss this project and solicit feedback.

9. *Where are the original agreements made with the City Council codified within the new amended agreement? If they are not included, do they stand as a separate but related agreement?*

- The 2013 ULURP related to the revitalization of Pier 17 included commitments from South Street Seaport Limited Partnership (SSSLP) to Councilmember Margaret Chin, memorialized in correspondence between SSSLP and the Councilmember. That correspondence references commitments to be included in the lease, which we can confirm are included therein.

As always, we would be glad to further engage with your office regarding responsible stewardship of the Historic South Street Seaport. Please do not hesitate to reach out with any additional questions.

Sincerely,



James Patchett

Cc: Congressman Jerrold Nadler  
Senator Brian P. Kavanagh  
Assemblymember Yuh-Line Niou