

Battery Park City Authority

200 Liberty Street, 24th Floor

New York, NY 10281

(212) 417- 2000

www.bpca.ny.gov

June 27, 2023

Mr. Pat Smith
President
Battery Park City Homeowners Coalition
300 Rector Place #7-S
New York, NY 10280

Dear Pat:

We have received your document labeled “Homeowners Coalition Proposal to Battery Park City May 23, 2023,” and thank you and the Coalition’s leadership, as well as our local elected officials, for joining us at the May 4 meeting and discussion regarding condominium ground rents. I refer you again to our [recap letter of May 8](#), which summarized that meeting’s important key takeaways, next steps, and some additional points regarding ground rent and the Authority’s ongoing discussions with willing partners.

Despite our May 4 discussion, your May 23 document does not include a proposed rent schedule or any other specific modifications to the existing ground leases for the Authority’s consideration, and therefore does not lend itself to continued negotiations. As enumerated in our May 8 recap letter and many times previously, a fiscally-responsible ground rent must be one that is based on a market value analysis. The Coalition’s continued focus on ground rent being derived based on the Authority’s revenues and expenses is misplaced.

The Authority will continue to negotiate the near-term resets directly with those five condominium buildings who have upcoming resets by 2031. And as discussed previously, we are moving forward with our efforts to develop a program to provide relief from ground rent increases to those Battery Park City homeowners with a demonstrated need. Such program is intended to complement recent legislation signed by Governor Hochul to expand SCHE and DHE tax relief programs to low-income senior and disabled homeowners.

To the extent other condominium boards are willing to negotiate in good faith, we are happy and eager to do so – including with the number of condominium boards that have already reached out to the Authority directly. As the buildings do each have some unique qualities, such conversations are likely to be the most effective way to achieve both parties’ mutual objectives.

Sincerely,



Martha J. Gallo



B.J. Jones



**Battery Park
City Authority**

Homeowners Coalition Proposal to Battery Park City Authority May 23, 2023

As was stated at our May 4 meeting, we believe that the outline in Page 9 of the recent BPCA Deck sets forth a framework from which both sides can successfully negotiate a ground lease amendment, particularly numbers 1, 4 and 5 of the outline under BPCA.

We also stated that an important principle in these negotiations is the needs of the BPCA: operations, debt service, payments to New York City for affordable housing.

With these points in mind, we make the following proposal:

I - Eliminate the 6 percent FMV reset for all leases through 2119.

II - The Coalition will submit a fair proposal for annual ground increases through 2119 once the Battery Park City Authority (BPCA) provides:

- A. A realistic accounting of its operational expenses and debt service obligations through 2119;
- B. A realistic accounting of projected revenue from Pier A and the former Ritz-Carlton Hotel site through 2119;
- C. Anticipated ground rent schedules for two buildings currently in conversion from rental properties.
- D. A realistic accounting of BPCA payments to the Joint Purpose Fund assuming various annual percentage increases in II (above).
- E. Financial reports or analyses relied on by the BPCA justifying its demand to raise ground rents for all 18 condos to \$10 per sq. ft.

III - A certain percentage of the newest iteration of the Joint Purpose Fund is allocated and spent annually to assist Battery Park City condominiums meet sustainability goals as per Local Laws 87 and 97.

IV - Assistance to homeowners unable to afford ground rent increases, as drafted into legislation by State Sen. Brian Kavanagh, to be included only as part of broader agreement negotiated between the BPCA and the Homeowners Coalition, and not to be considered as an alternative to a broader agreement.

We look forward to receiving a good faith response to this letter and your counter proposal within 30 days from the date of submission of this proposal, or by June 22, 2023, followed by an in-person session to continue our negotiations on or before July 6, 2023.