

Public Subsidies: What The Taxpayer Will Give Bruce Ratner

Known Subsidy Amounts*

1. Direct Cash From New York City.....\$100 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. 9.1 Million Square Feet of Development Rights
(A \$910 million value for which Ratner pays approximately \$300 million, including a discounted, closed door price for the Rail Yards, without genuine competitive bidding; Rail Yards appraised value: \$214.5 million, Ratner bid \$100 million, Extell bid \$150 million).....~\$610 million
6. Tax-Exempt and Taxed Bonding for the Arena.....~\$555.3 million
7. Housing Construction Subsidies.....~\$101 million
8. 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

Approximate Known Subsidy Total.....\$1.929 BILLION

Unknown Subsidy Amounts*

9. Unspecified (and unlimited) additional funds for “extraordinary infrastructure costs”\$???,???,???
10. Government subsidies and/or tax credits to provide “affordable housing**”\$???,???,???
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.....\$???,???,???

Public and Political Oversight and Input.....3 Men in a Room in Albany

*Footnotes:

- 1, 2. As per the Memorandum of Understanding (MOU) between Ratner NY city and state. The city money is approved, the state money is pending approvals.
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 has ranged in the press from \$2.5 to \$3.5 billion, and will likely surpass those numbers.
5. 9.1 million sq. ft. of development rights, at a conservative \$100 per sq. ft, presuming Ratner pays a maximum of \$300 million on property acquisition.
6. As per the MOU: Based on press reports over 18 months, with an arena construction cost ranging from \$450 to \$600 million.
7. This is a minimum figure as announced at a May 19, 2005 Mayoral press conference at Brooklyn Borough Hall.
8. As per the MOU: Based on approximately 260,000 sq. ft. of development rights at a conservative \$100 per sq. ft.
- 9, 10, 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 also surpass the \$1 billion mark.

****Affordable Housing: 7,300 Total Units are proposed. 31% or 2,250 are proposed to be “affordable.” Only 12% might be affordable to people making Brooklyn’s area median income or less. 69% or 5,050 would be luxury units.**

“Affordable” housing as described in a housing MOU between Ratner and ACORN released on May 19th, 2005:

- 225 units for \$13,181-29,150 household income (1 and 6 person families)*
- 675 units for \$18,014-36,430 household income (1 and 6 person families)*
- 450 units for \$26,362-72,875 household income (1 and 6 person families)*
- 450 units for \$44,376-\$102,025 household income (1 and 6 person families)*
- 450 units for \$61,951-\$116,600 household income (1 and 6 person families)*

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.