



# Scenario D

# AGENDA

OBJECTIVES

SITUATION OVERVIEW

SCENARIO RECAP

*NEW: SCENARIO D*

OCCUPANCY COST ANALYSIS

RECOMMENDATIONS

IMPLICATIONS/NEXT STEPS

TIMELINE

# OBJECTIVES

**IMPROVE  
SPACE  
EFFICIENCY**

**MITIGATE  
FUTURE REAL  
ESTATE COST  
INCREASE**

**AVOID  
ADVERSE  
OPERATIONAL  
IMPACT**



# SITUATION OVERVIEW

## THE PROJECT Addresses the Occupancy and Functions Currently Residing in the Following Locations:



### 250 BROADWAY Downtown Manhattan

*Central office headquarters and executive offices*

- 339,705 RSF (Omitting subleased space & partial 8th floor – currently occupied by the Inspector General)
- Floors: Ancillary Office (LL & P 1) and P 1, E 2-7, P 8, E 9-12 & P 25
- LX 12/31/2019
- 2 x 5-year renewal options (notice due 12 months before LXD)



### 90 CHURCH STREET Downtown Manhattan

*Central office, administrative and support functions*

- 422,264 RSF
- Floors: Ancillary Office (LL & P 7) and E 5-6 & E 8-11
- LX 8/31/2024
- 2 x 5-year renewal options (notice due 24 months before LXD)



### 23-02 49TH AVENUE Long Island City

*Centralized supply warehouse, archive storage, 24/7 call center, skilled trades workshops, and a related office support facility*

- 637,419 RSF
- Floors 1-5
- LX 1/31/2020
- 2 x 5-year renewal options (notice due 6 months before LXD)



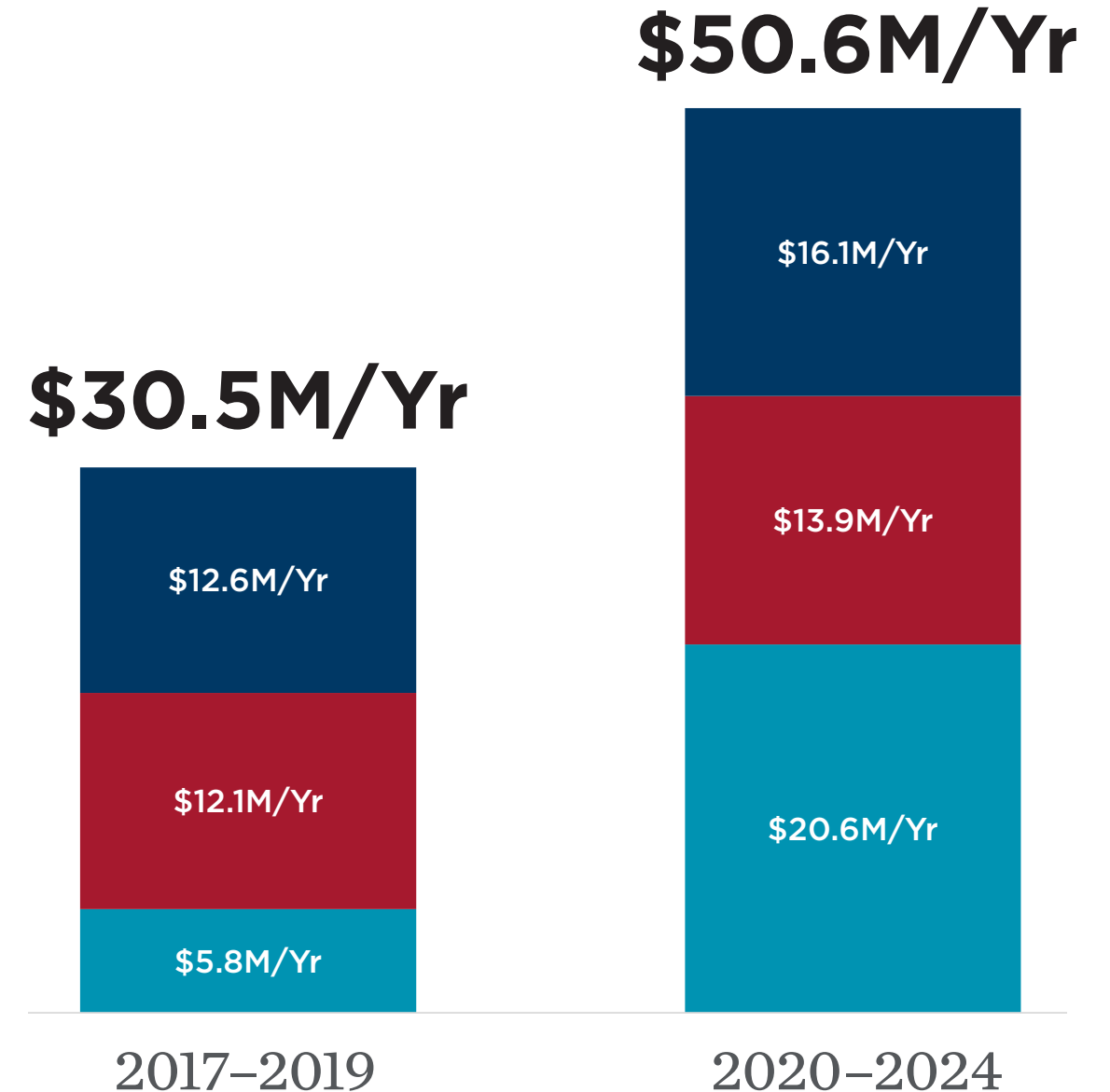
### 23 ASH STREET Brooklyn

*Fleet repairs & storage, and Print Shop*

- 34,000 RSF
- Ground floor
- Owned asset
- Broker's Opinion of Value: ±\$20 M

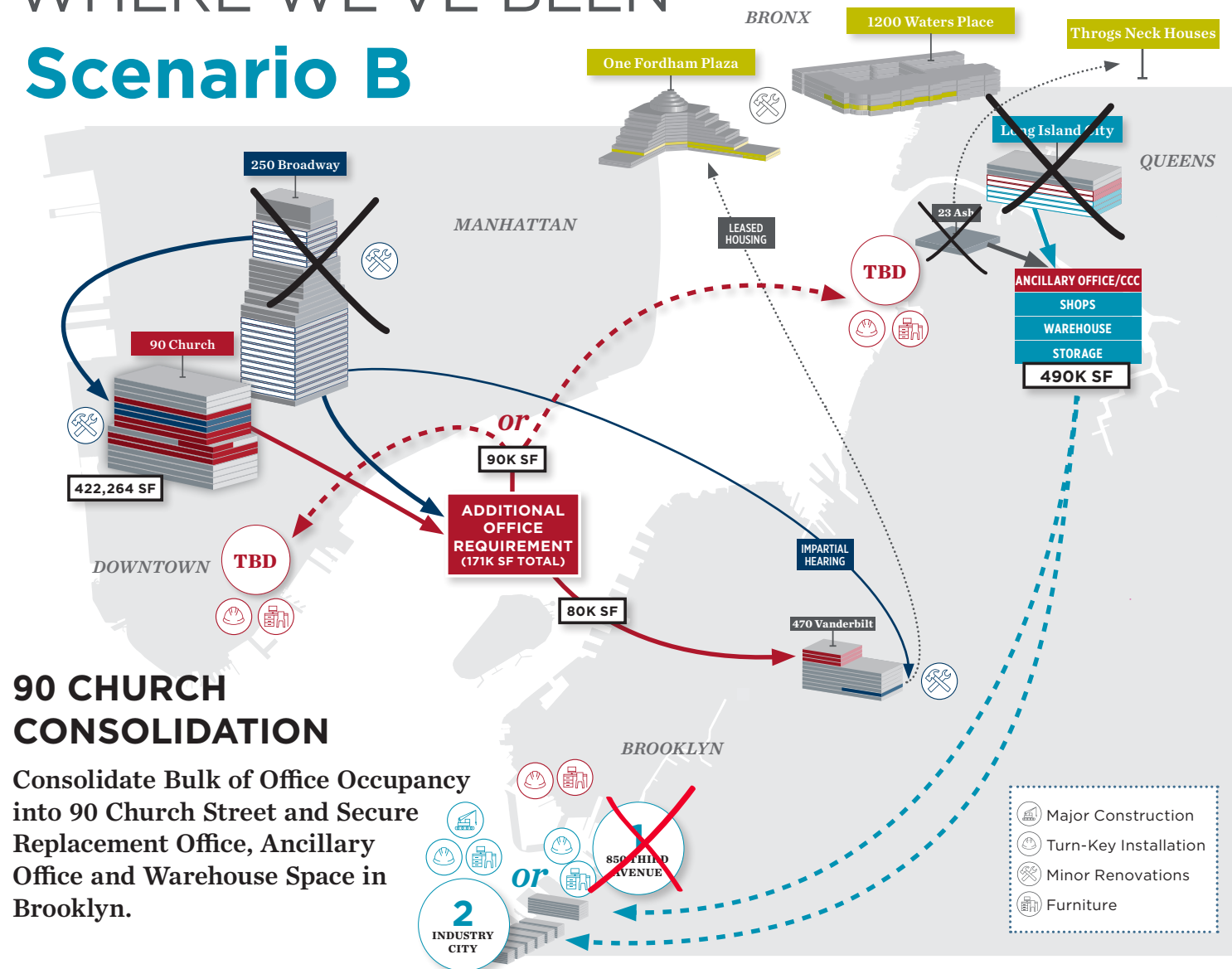
## BASELINE | Scenario A

Exercise As-Of-Right Renewal Options for 250 Broadway and LIC



# WHERE WE'VE BEEN

## Scenario B



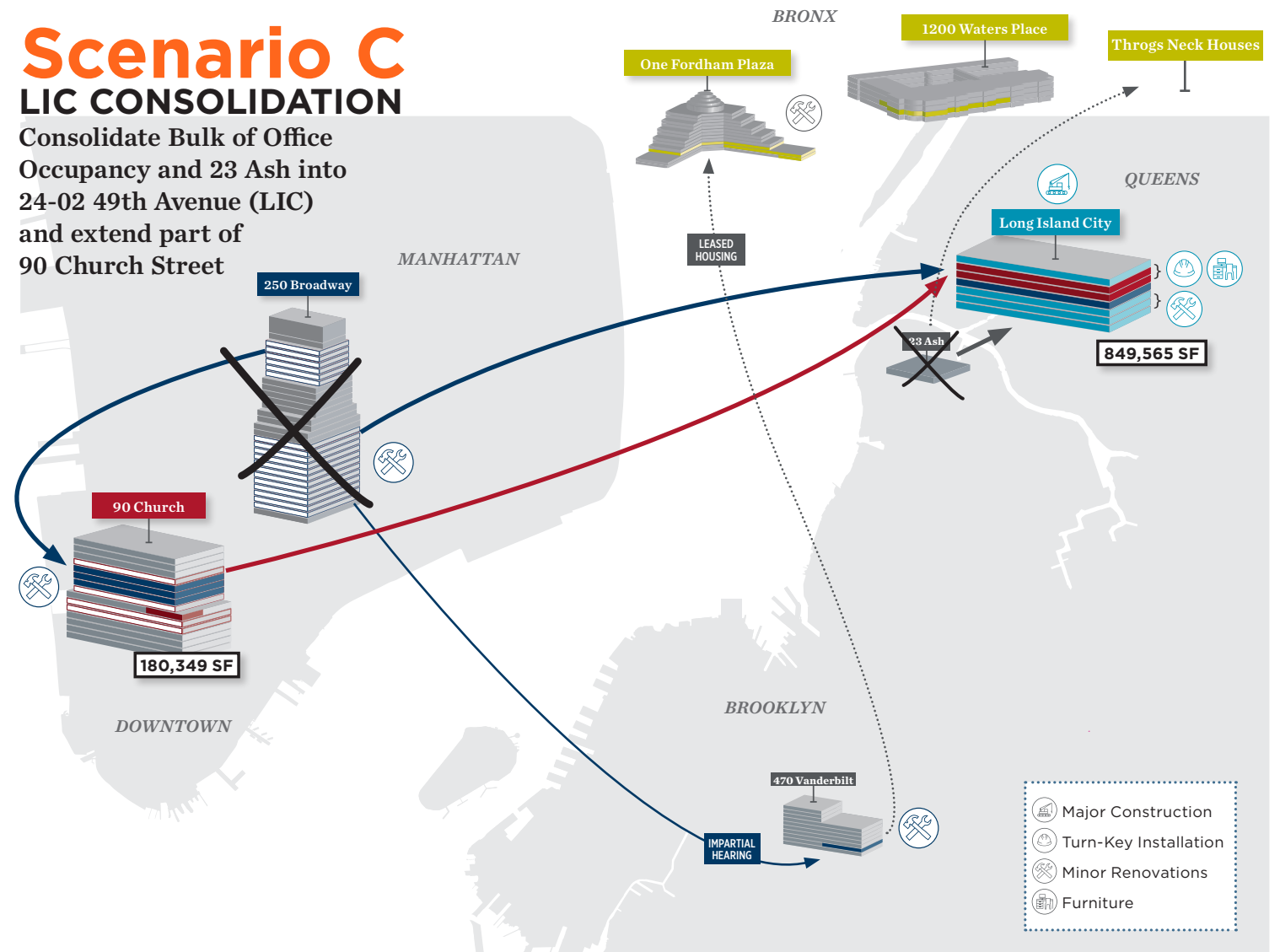
### 90 CHURCH CONSOLIDATION

Consolidate Bulk of Office Occupancy into 90 Church Street and Secure Replacement Office, Ancillary Office and Warehouse Space in Brooklyn.

## Scenario C

### LIC CONSOLIDATION

Consolidate Bulk of Office Occupancy and 23 Ash into 24-02 49th Avenue (LIC) and extend part of 90 Church Street



#### BENEFITS

- + Long-term office occupancy in Downtown Manhattan at very favorable rates
- + Superior location for central office at 90 Church
- + Maintain IT data center infrastructure at 90 Church
- + Less disruption to central office employee base (no in-place construction)
- + New infrastructure, mechanicals and systems for warehouse/trades
- + Amenities in close proximity

#### DRAWBACKS

- Non-central location (Sunset Park vs. LIC) for warehouse core support facilities to development properties
- Less flexibility to convert to office use under 850 Third scenario
- Lack of exclusivity for warehouse functions
- Dispersed office locations

#### OUTSTANDING ISSUES

- Parking
- Ancillary office use restrictions at 850 Third Avenue
- Scope and timing of building infrastructure upgrades at Industry City

#### BENEFITS

- + Superior location for core services to access developments for warehouse & trades
- + Consolidates central offices into two locations (90 Church & LIC)
- + Exclusivity and control of entire building in LIC
- + Flexibility for office and warehouse use in LIC
- + Candidate for 30-year leasehold condominium
- + Availability of dedicated parking

#### DRAWBACKS

- Move disruption for majority of office employees (commuting and initial construction noise)
- Possible impact of relocating or outsourcing IT data center
- Minimal amenities for office use in LIC

#### OUTSTANDING ISSUES

- Scope and timing of building infrastructure upgrades
- IT data center relocation or outsourcing

# WHERE WE'VE BEEN

## Scenario B

### BENEFITS

- + Majority of central office functions located Downtown
- + 90 Church secured long-term at below-market rates

### DRAWBACKS

- Inferior warehouse location
- Up to four locations for additional office and ancillary office requirements

## Scenario C

### BENEFITS

- + Maintains central location for warehouse

### DRAWBACKS

- Central office staff in dispersed locations



# WHERE WE'RE GOING

## Scenario D

*All of the Benefits... and None of the Drawbacks*

- + Majority of central office functions located Downtown
- + 90 Church secured long-term at below-market rates
- + Maintains central location for warehouse
- + The ***BEST ECONOMIC SOLUTION***

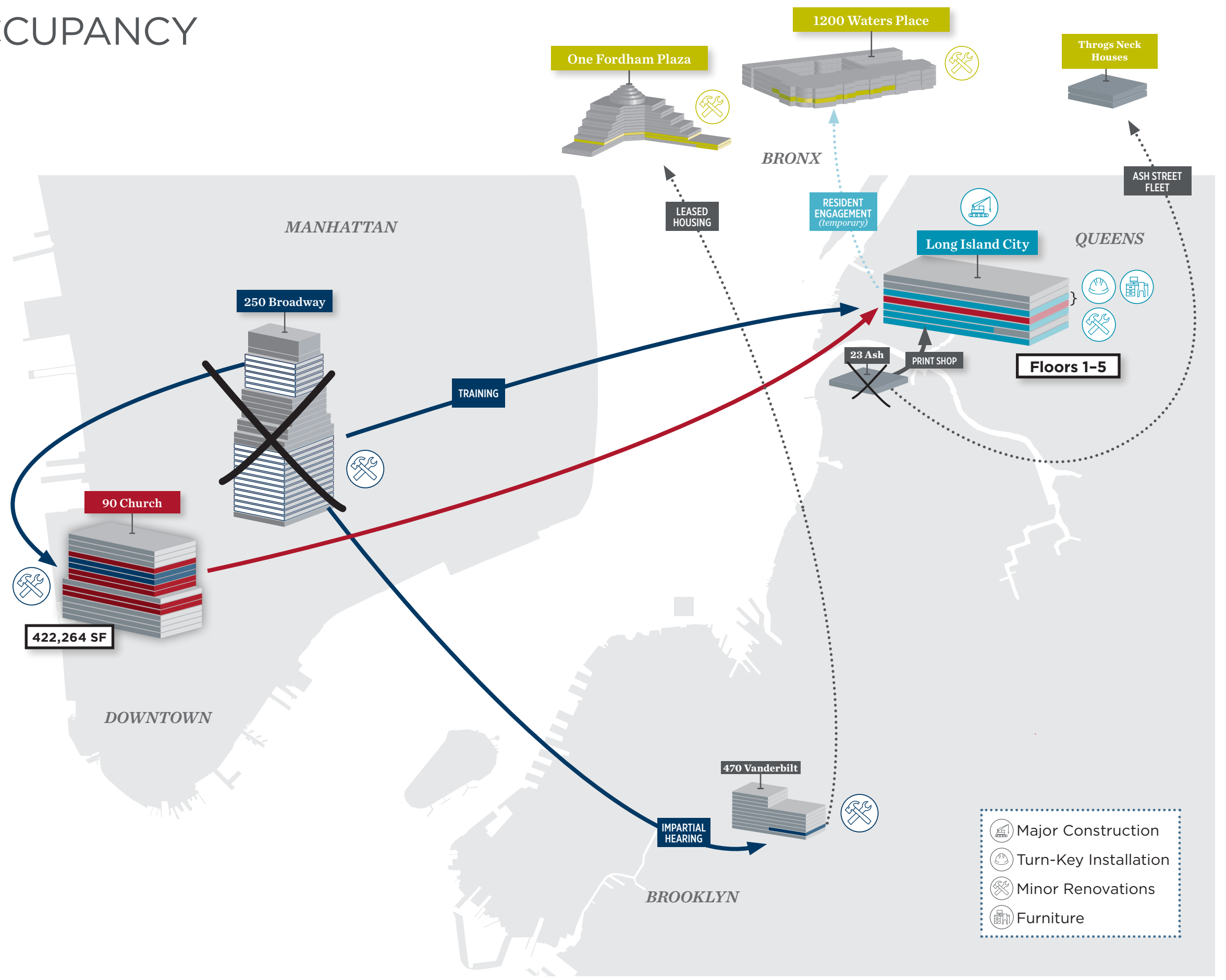
# NYCHA OFFICE OCCUPANCY

## Scenario D

### 90 CHURCH STREET & LIC CONSOLIDATION

Consolidate Office and Warehouse Occupancy into existing space at 90 Church Street and 24-02 49th Avenue (LIC)\*

*\*Existing LIC footprint partially reduced by approximately 40,000 SF. to accommodate 3rd-party tenant lobby and retail.*





# SCENARIO D | TARGET LOCATIONS



**90 Church Street**

## OFFICE

**AREA:** 422,264 RSF

**FLOORS:** 5-6, 8-11 + Ancillary P LL & P 7

**PUBLIC TRANSIT:** Excellent

### DEPARTMENTS

- HR Admin
- Finance
- Leased Housing
- ATAD
- Real Estate
- Procurement
- IT
- Public Safety
- Law
- Executive Department



**24-02 49<sup>th</sup> Avenue**

## WAREHOUSE

**AREA:** 383,615 RSF

**FLOORS:** 1-3

**PUBLIC TRANSIT:** Good

### DEPARTMENTS: WAREHOUSE

- Materials Management and Supply Chain (MMD)
- Elevator Service & Repair
- Maintenance Repair & Skilled Trades (MR&ST)
- Process & Information Management
- Print Shop (23 Ash) (*Print Shop added to paper storage @ LIC*)

## OFFICE

**AREA:** 212,134 RSF

**FLOORS:** 4-5

### DEPARTMENTS: OFFICE

- Training
- Resident Engagement?
- Customer Call Center
- Capital Projects (*proposed*)
- Technical Services

# SCENARIO D | CONSIDERATIONS

## BENEFITS

- + Superior location for core services to access developments for warehouse & trades
- + Consolidates central offices into 90 Church
- + Flexibility for office and warehouse use in LIC
- + Candidate for 30-year leasehold condominium
- + *Future* amenities in close proximity
- + Availability of dedicated parking
- + Long-term occupancy in Downtown Manhattan at very favorable rates

- + Superior location for central office at 90 Church
- + Maintain IT data center infrastructure at 90 Church

## DRAWBACKS

- Minimal amenities for office use in LIC *today*
- Complexity of logistics, phasing of construction and timing

## OUTSTANDING ISSUES

- Scope and timing of building infrastructure upgrades
- 30-year leasehold condo commitment
- 90 Church Landlord rent appraisal



# OCCUPANCY COST ANALYSIS

Scenario		Footprint	1X Capital 2017-2020	Average Annual Cost Omitting Capital 2017-2019   2020-2024   2025-2039			Average Annual Cost w/ Amortization of Capital 2017-2019   2020-2024   2025-2039			Total 2017-2039	NPV 2017-2039
<b>A</b>	Baseline	1,399,388 SF	\$0.0M	\$30.5M/Yr	\$50.6M/Yr Through 8/2024		\$30.5M/Yr	\$50.6M/Yr Through 8/2024			
<b>B</b>	90 Church Consolidation +IC	1,077,914 SF	\$34.0M	\$32.9M/Yr	\$36.2M/Yr	\$61.2M/Yr	\$34.7M/Yr	\$39.7M/Yr	\$64.1M/Yr	\$1,224.8M	\$615.2M
<b>C</b>	LIC Consolidation	1,029,914 SF	\$30.3M	\$32.0M/Yr	\$38.8M/Yr	\$62.9M/Yr	\$34.6M/Yr	\$41.0M/Yr	\$65.2M/Yr	\$1,247.7M	\$625.5M
<b>D</b>	90 Church & LIC	1,018,013 SF	\$31.1M	\$30.5M/Yr	\$36.3M/Yr	\$61.1M/Yr	\$32.7M/Yr	\$39.9M/Yr	\$62.4M/Yr	\$1,196.3M	\$603.4M
			<i>w/o LIC Taxes:</i>	\$30.5M/Yr	\$34.8M/Yr	\$55.3M/Yr	\$32.7M/Yr	\$38.4M/Yr	\$56.5M/Yr	\$1,103.0M	\$563.3M

- Scenario D will require **\$5.4M** of upfront capital to be funded by NYCHA, the **\$25.7M** balance of the upfront capital can be amortized into the LIC lease with 6% interest over 10 years (**\$3.6M/Year**).
- NYCHA Capital Funding Breakdown:
  - Scenario D includes a cost of **\$1.0M** to relocate Resident Engagement from LIC to 1200 Waters Place
  - Scenario D includes **\$1.5M** to relocate Leased Housing from 470 Vanderbilt to One Fordham Plaza
  - Scenarios B-D include **\$1.4M** of upfront capital for restoration upon vacating 250 Broadway
  - Scenarios B-D include **\$1.1M** to relocate Impartial Hearings from 250 Broadway to 470 Vanderbilt
  - Scenarios B-D include **\$0.4M** to decommission and relocate the Print Shop from 23 Ash Street to LIC
- Analysis omits costs associated with vacating 23 Ash Street and relocating Fleet operations to Throggs Neck based on the assumption that these costs will be covered by the sale proceeds  
Proceeds from sale of 23 Ash are not included in the analysis

# BASIS FOR RECOMMENDATION



**IMPROVE  
SPACE  
EFFICIENCY**



**MITIGATE  
FUTURE REAL  
ESTATE COST  
INCREASE**



**AVOID  
ADVERSE  
OPERATIONAL  
IMPACT**



**Minimal Capital  
Outlay Required  
by NYCHA**



**Reduce Overall  
Footprint by  
400,000 RSF**



**Reduce Annual Cost  
vs. the Baseline by  
\$20mm**



**90 Church & LIC  
Centrally Located**



**Long-Term Solution  
allowing for  
Operational Flexibility**

# MAJOR IMPLICATIONS

- **Impartial Hearings** moves from 250 Broadway to CCC/  
Walk-in center at 470 Vanderbilt
  - Requires splitting Office of the Secretary and Law Department from Impartial Hearings
- **Leased Housing** unit from 470 Vanderbilt consolidates with other Leased Housing units at One Fordham Plaza
- **Law Department** moves to 90 Church into existing cubicles, with ancillary space (law library, paper filing) shrinking considerably
- **Executive Department** moves to 90 Church
- Most **M2, M3** and some directors will move **from offices to cubes**
- **Capital Projects Division** (approx. 350 FTE) is planned to move to LIC into new space built using DCAS standard. This allows for **Law and Executive staff** to move from 250 Broadway to 90 Church
- **Resident Engagement** moves from LIC to 1200 Waters Place, Bronx (*to be determined if required*)
- **23 Ash to vacate** to LIC (Print Shop) and Throgs Neck Houses depot area (Fleet)
- Assumes full relocation of NYCHA's **OIG** with the New York City DOI

# QUESTIONS

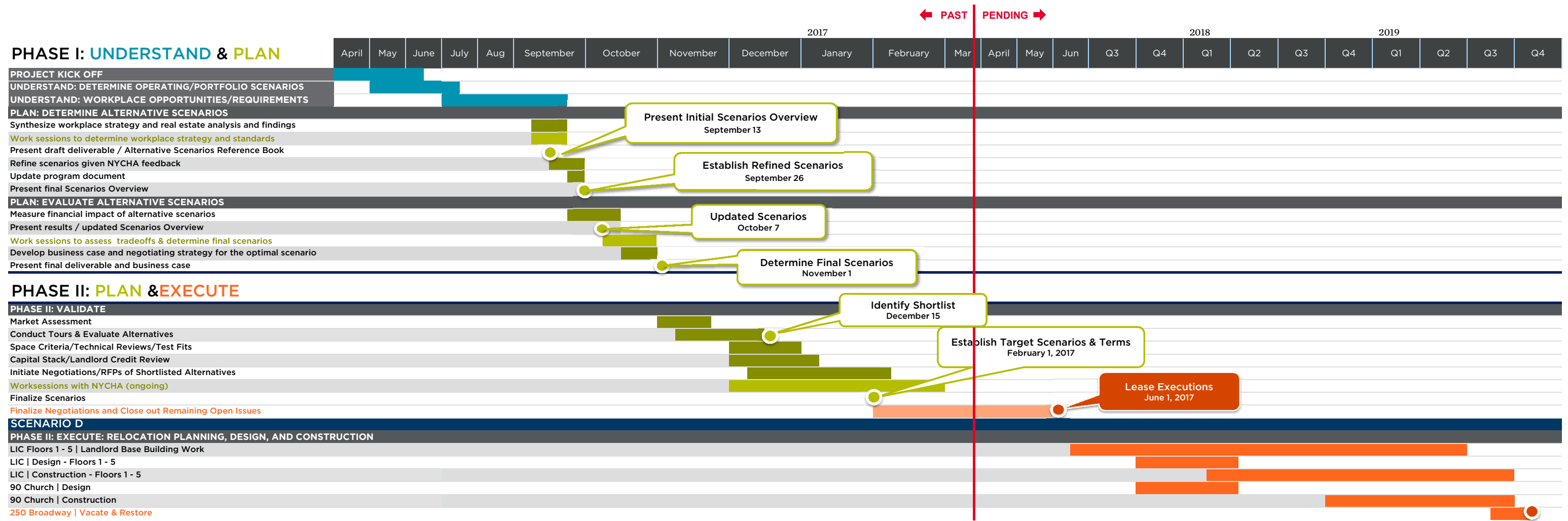
- Is a 30-year leasehold condominium viable?
- Does NYCHA want to use LL capital or fund additional monies from its own budget?

# NEXT STEPS

- Finalize term sheets at both 90 Church and LIC
- Prepare documentation for Chair and Board Approval
- Finalize construction budgets
- Target Lease execution in Mid-to-Late June



# SCHEDULE/TIMELINE



**NOTE**

● Represents projected date of task/milestone.

■ Represents projected duration of task/milestone.

Tasks Completed:	Target Date
Hold kick-off meeting and share data request	Apr 18
Define real estate scenarios under consideration	Jun 7
Work sessions with NYCHA to discuss workplace strategy options	Aug 15
NYCHA to determine headcount for future occupancy	Aug 19
Present draft deliverable / Alternative Scenarios Reference Book	Sep 13
Present final Scenarios Overview	Sep 26
Present results / updated Scenarios Overview	Oct 7
Present final deliverable and business case	Nov 1
Identify Shortlist Options	Dec 15
Finalize Target Scenarios	Feb 1

Upcoming Key Dates	Target Date
Lease Execution	Jun 1

Note: Relocation is tied to current Lease Expirations at 250 Broadway and LIC to ensure that NYCHA retains full benefit of existing below market rents at each location.