

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, dated as of May 17, 2005, sets forth certain understandings and agreements between ATLANTIC YARDS DEVELOPMENT COMPANY, LLC (the "Developer"), having an address at One MetroTech Center North, Brooklyn, New York 11021, and ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW ("ACORN"), having an address at 88 Third Avenue, 3<sup>rd</sup> Fl., Brooklyn, New York 11217.

WHEREAS, Developer and/or one or more affiliates thereof (the "Development Entities") intend to construct upon certain premises consisting generally of Tax Blocks 1118, 1119, 1120, 1121, 1127 and 1129 in Brooklyn, Kings County, New York a mixed use project, which may include, arena, residential, commercial and/or retail improvements (the "Project"); and

WHEREAS, if approved by New York State Urban Development Corporation d/b/a Empire State Development Corporation ("ESDC"), Metropolitan Transportation Authority ("MTA"), The City of New York ("City") and New York City Economic Development Corporation ("NYCEDC"; ESDC, MTA, the City and NYCEDC are collectively referred to as the "Public Parties"), the Project shall consist of 7.799 million zoning square feet and shall include approximately 4,500 units of residential housing (the "Residential Project"), predicated upon the Developer's ability to obtain final public approval of such 7.799 million zoning square feet of density; and

WHEREAS, Developer and ACORN are desirous of collaborating on the Residential Project, with the joint objective of developing fifty (50%) percent of the Residential Project as affordable rental housing units on the Project site for very low, low, moderate and middle income levels, including senior citizens, as described in Annex A (the "ACORN/ATLANTIC YARDS 50/50 Program").

NOW, THEREFORE, Developer and ACORN hereby agree as follows:

1. Developer shall develop fifty (50%) percent of the Residential Project as affordable housing in accordance with the ACORN/ATLANTIC YARDS 50/50 Program. Based on a projected number of units of 4,500 the affordable commitment will be 2,250 units.
2. ACORN agrees to assist the Developer in working with governmental authorities (including the Public Parties) in order to secure necessary modifications to existing affordable housing programs, and related rules and regulations (the "Affordable Housing Programs"), so as to enable Developer to carry out the Residential Project in accordance with paragraph 1.

3. As long as the Project will include the ACORN/ATLANTIC YARDS 50/50 Program as described in paragraph 1, ACORN agrees to take reasonable steps to publicly support the Project by, among other things, appearing with the Developer before the Public Parties, community organizations and the media as part of a coordinated effort to realize and advance the Project and the contemplated creation of affordable housing.

4. All non-public information (written or oral) provided by or on behalf of any of the Development Entities to ACORN (or its representatives) or by ACORN to the Development Entities (or their representatives) with respect to the Project which is confidential or proprietary in nature, shall be kept strictly confidential by ACORN or the Development Entities, as the case may be, and not disclosed to any other person or entity (except as required by law). Without limiting any other available remedies, the parties (including the Development Entities, in the case of Developer) shall be entitled to seek an injunction and other equitable relief in the event any failure or threatened failure by the other party to comply with the foregoing confidentiality provisions and to recovery of reasonable attorneys' fees and expenses incurred in obtaining such relief. This provision shall survive termination of this Memorandum.

5. If the projected number of residential units should increase for any reason that the Developer determines to be economically necessary, both the Developer and Acorn will work towards developing a program that follows the same guidelines and principles set forth in this document.

**ACORN/ATLANTIC YARDS****50/50 AFFORDABLE HOUSING PROGRAM**

The following goals will be pursued by Developer and ACORN for an affordable housing program for the Project to be adopted by the Public Parties:

**Targeted Affordability-** 50% of the 4,500 rental housing units built on the Project site will be affordable to families in the income tiers described below and rented through a broad reaching marketing and outreach process. The other 50% of the apartments will be made available at market rates.

**Apartment sizes** –the affordable housing units will consist of 50% studio and one bedroom apartments; 50% two and three bedroom apartments on a square foot basis.

**Rent as a percentage of Income** – all affordable apartment rents will be set initially at 30% of income by income tier.

**Community Preference** – Developer and ACORN will work with government agencies to develop a Brooklyn-based definition of Community Preference.

**Long term affordability** – Developer and ACORN have committed to long term apartment affordability for the rental units and not only affordability at initial lease up.

**Financing the housing** – the ACORN/ATLANTIC YARDS 50/50 Program will utilize existing Housing Development Corporation (HDC) bond programs and Department of Housing Preservation and Development (HPD) programs, with necessary modifications. The program may also utilize existing Housing Finance Agency (HFA), Affordable Housing Corporation (AHC) or Housing and Urban Development (HUD) programs, with necessary modifications.

**For sale housing-** Pursuant to paragraph 5 of the MOU, Developer and ACORN will work on a program to develop affordable for-sale units, which are intended to be in the range of 600 to 1,000 units, over the course of ten (10) years and can be on or off site. It is currently contemplated that a majority of the affordable for-sale units will be sold to families in the upper affordable income tiers.

***Income Mix for the Affordable Rental Units- Up to 140% AMI***

Percentage of total units (affordable and market rate)	Income based on % of area median income (AMI) = \$62,800 for family of 4	Income in \$\$\$ range to reflect different family sizes	Rent based on percentage of AMI
5%	30% - 40% of AMI	From \$13,181 for 1 person up to \$29,150 for 6 people	40% AMI
15%	41% - 50% of AMI	From \$18,014 for 1 person up to \$36,438 for 6 people	50% AMI
10%	60% - 80% of AMI	From \$26,362 for 1 person up to \$58,300 for 6 people	70% AMI
10%	81% - 100% of AMI	From \$35,589 for 1 person up to \$72,875 for 6 people	90% AMI
10%	101% - 140% of AMI	From \$44,376 for 1 person up to \$102,025 for 6 people	120% AMI

***Income Mix for the Affordable Rental Units- Up to 150% AMI***

Percentage of total units (affordable and market rate)	Income based on % of area median income (AMI) = \$62,800 for family of 4	Income in \$\$\$ range to reflect different family sizes	Rent based on percentage of AMI
5%	30% - 40% of AMI	From \$13,181 for 1 person up to \$29,150 for 6 people	40% AMI
15%	41% - 50% of AMI	From \$18,014 for 1 person up to \$36,438 for 6 people	50% AMI
10%	60% - 90% of AMI	From \$26,362 for 1 person up to \$65,588 for 6 people	75% AMI
10%	91% - 110% of AMI	From \$39,983 for 1 person up to \$80,163 for 6 people	100% AMI
10%	111% - 150% of AMI	From \$48,770 for 1 person up to \$109,313 for 6 people	130% AMI

**Income Mix for the Affordable Rental Units- Up to 160% AMI**

Percentage of total units (affordable and market rate)	Income based on % of area median income (AMI) = \$62,800 for family of 4	Income in \$\$\$ range to reflect different family sizes	Rent based on percentage of AMI
5%	30% - 40% of AMI	From \$13,181 for 1 person up to \$29,150 for 6 people	40% AMI
15%	41% - 50% of AMI	From \$18,014 for 1 person up to \$36,438 for 6 people	50% AMI
10%	60% - 100% of AMI	From \$26,362 for 1 person up to \$72,875 for 6 people	80% AMI
10%	101% - 140% of AMI	From \$44,376 for 1 person up to \$102,025 for 6 people	120% AMI
10%	141% - 160% of AMI	From \$61,951 for 1 person up to \$116,600 for 6 people	150% AMI