

BIG SIX TOWERS, INC.

A HOUSING COOPERATIVE SPONSORED BY
NEW YORK TYPOGRAPHICAL UNION NO. 6

60-10 Queens Blvd Woodside, NY 11377 | (718) 898-7022 Management@bigsixtowers.nyc

March 8, 2023

To The Esteemed Members Dedicated to the Betterment of The City of New York:

His Honorable Mayor Eric Adams
NY State Senators
NY State Assembly Members
Members of the City Council of New York
Queens Borough President

We, the Board of Directors of Big Six Towers, are writing to you on behalf of the shareholders of Big Six Towers, Inc. to respectfully request financial assistance and relief regarding the mortgages owed and contemplated by the Big Six Towers, Inc., a New York City Mitchell-Lama Cooperative Development.

The Big Six was built in 1963 as a joint venture between Typographical Union #6, the Amalgamated Workers Union, and the City of New York. It was designed to be, and remains, a Mitchell-Lama middle income cooperative. The Big Six is comprised of 7 residential buildings and a commercial shopping center on 13 acres of land in Woodside, Queens, NY. It has 982 apartments, ranging from studios to 3 bedrooms, and houses approximately 3,000 people. It has a multicultural, multigenerational and multiracial population.

The Big Six faces a very daunting prospect over the next 5 years. Its buildings are quite old and they require significant capital investment to keep them viable. Further, there is significant façade work required as a result of Local Law (LL) 11. While the Board does not have a final estimate, its engineers and The Rand Organization have estimated that the work will run approximately \$19 million.

The roofs on the 7 buildings also need extensive work and arguably could be replaced entirely. It is our belief that being in the FAA flight path for LaGuardia Airport has exacerbated the deterioration of them. Those on the upper floors are particularly impacted by these conditions and it is quite concerning to us as Board Members. Our engineering team is in the process of assessing the roofs and coming up with the necessary scope.

The Big Six also has its own island power plant. This plant provides the shareholders with heat and electricity at rates greatly reduced from that of Con Edison and is a big factor in the affordability of the Big Six to its residents. However, the power plant needs to be upgraded – primarily because of the passage by the NYC Council of LLs 38 and 97. This is further complicated by the fact that when the Big Six built the plant in 1980, Con Edison cut off its connection to the Big Six over the objections of the Big Six Corporation and its residents at the time.

The Board has hired highly reputable and experienced engineers and consultants to guide them through what needs to be done, what is feasible and how to ensure compliance well into the future. These

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engineers and consultants estimate that all of the work inclusive of the power plant will require approximately \$90 million of investment.

There is no way that amount of money can be financed solely on the backs of the shareholders. If it is, the Big Six will no longer be affordable housing in direct violation of its Mitchell-Lama status. We are asking for your help and we would like that assistance as soon as is practically possible.

Currently, the Big Six has three mortgages financed through HDC:

The first Mortgage which totaled \$37,706,946.73 as of June 30, 2022, requires equal monthly installments of \$213,641; it bears interest at the annual rate of 5.43% and matures on July 1, 2052.

The second mortgage totals \$824,980.03 and requires no monthly payments. Interest accrues at the rate of 5% per annum; the loan matures July 1, 2052.

The third mortgage totals \$12,289,720.19 as of June 20, 2022; it requires no monthly payments and bears interest at 0% annually. It matures on July 1, 2052.

The co-op has only about \$3 million left of these proceeds; that will be spent on emergency projects and to begin the initial exploratory façade work to more closely determine the amount necessary to bring the façade up to LL 11 code. The Big Six has faced an explosion of costs in the wake of COVID in 2020 and from Hurricane Ida in 2021, resulting in a 21% increase in its maintenance charges. That increase brings the per room charge to approximately \$256 per month, which is the median of the current range of maintenance on Mitchell Lama apartments (which is \$200 to \$320 per room, per month based on our research). As an island power plant facility, our fuel costs have also increased greatly due to inflation and regulatory moratoriums on producing energy stateside. And as a union property, our labor costs have also risen dramatically due to COLA clauses in the 32BJ SEIU contracts.

To finance the \$90 million at current rates solely on the backs of the shareholders would put the Big Six well over the top of the per room per month charges at Mitchell Lamas (currently the top rate is \$320/month). It would cause significant hardship on the retired and elderly shareholders that reside in the Big Six (which we estimate is between 25% and 35% of the co-op's residents) and drive many families out of the Big Six.

We therefore request your help and kindly ask for the following:

That 0% interest loans in the amount of \$20 million be provided to the Big Six.

That HDC refinance the existing \$37,706,946.73 and combine it with a new loan of \$60 million for a total financing of \$100 million, extending out the maturity for 50 years so that the affordability be maintained.

That the interest on that loan be waived for the first 10 years.

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That HPD work with the Big Six and other regulatory bodies to determine a reasonable path forward to finance and maintain the power plant while complying with the City Council local laws 38 and 97 and (whichever other laws we need to comply with), including Federal Government funding and potentially some adjustments to the current law. There is variance wording written into these laws, but it is unclear to us if Big Six qualifies and we're worried Big Six will face stiff penalties depending on how the various local laws are interpreted if we did qualify. We're greatly concerned about what lies ahead of us from a capital raise standpoint in the near, intermediate and long term and our shareholders cannot bear this burden alone.

That HPD and the City of New York prevail upon Con Edison to reconnect the Big Six to the grid at minimal cost to the Big Six.

It is our understanding that under Article 12 of the NYS Housing Finance Law, HDC has broad powers to act, particularly in conjunction with the City of New York, the State of New York and HPD to provide co-ops such as the Big Six the flexibility it needs to remain a bastion of middle-class affordability in a city that is fast losing such options.

We truly appreciate your consideration in this matter.

Sincerely,

The Big Six Towers, Inc. Board of Directors Executive Committee

John Gillooly, President *Tom Haggerty*, Vice President *Mary Lisanti*, Treasurer *Howard Geary*, Secretary

cc: Board of Directors, Big Six Towers
Michael T. Reilly, Esq. Norris & McLaughlin, P.A.
David Baron, President, Metro Management Development
NYC Housing Development
NYC Department of Housing Preservation and Development
Michael Bloomberg, former NYC Mayor
Steven Cohen, NY Metropolitan Baseball Club Principal Owner
Melinda Gates, Gates Foundation Philanthropist
Donald Trump, CEO of the Trump Organization