

Office of the Attorney General
Real Estate Finance Bureau
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July 28, 2023
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(4 enclosures below)

Dear Assistant Attorney General, Mr. Jang W. Lee, Review Section Chief, and HPD,

We are prepared to develop and submit an RFP for a three-part subdivision in the very likely event that this upcoming vote for Article 11 fails due to unpopularity, apathy, and likely lack of voter turnout.

This letter is a follow-up to our July 25, 2023 letter declaration, despite the current court case with which we, the Cadman Transparency Group, are not affiliated. However, we do support and echo their voice and opinion in the spirit of Transparency, as we do with the other voices in our community. In launching our Cadman Transparency Group, last winter, we found various ideas and views from Cadman Towers Shareholders who articulate they prefer to stay anonymous for fear of retribution from any disagreements with this Board.

Firstly, our overall study and takeaway are that it will be a miracle if this vote even gets the turnout, what to speak of a 66% “yes-vote,” all due to apathy and distrust. Yearly, the vote turnout for new Board members barely reaches 45%. And being on the Board has become so laborious from the “President” engaging the Board in ***day-to-day non-board activities***† that there are rarely any candidates stepping forward to run who will also be supported by the President’s exclusive email list and private Facebook personal group—some say, “strategically always maintaining a preferred status quo.”

† Timecode 9:05 in the official video “[Mitchell-Lama Co Op Boards – The Basics](#)” ***clearly states:***



<https://www.youtube.com/watch?v=JiFhuDuYq7A&t=545s>

“The Board does NOT concern itself with the details of day-to-day Management! It maintains a line of separation between the function of the Board and those of management. If the Agent is not [handling ALL day-to-day management], the Board should discuss issues and expectations before automatically seeking new management.”

*It’s important to point out that the next section in this official video discussing “***Identity of Interest***” explicitly and implicitly states, “*Identity of Interest**

arises when a Board Member takes some action which also benefits his or her financial or other interests.” (Please see our July 25, 2023 letter.) Some say this is so clearly transparent as the reason for the apathy.

However, the many voices we spoke with from the Cadman Transparency Group shared several viable ideas, thoughts, and options to Fix Article 11 for a *voting turnout and a “Yes” vote*. Such success is simply in the numbers and incentives, nothing more. Hearing their voices and logic, we programmed a **Flip Tax Calculator Excel Sheet** for numbers and incentives that will, in turn, address the crucial financial situation facing Cadman Towers, which is **NOT** being handled by the current proposal.

CURRENT Article 11 Selling Ceilings + 3% Yearly Equity vs. Double Selling Ceilings w/ 25%/25% Perpetual Flip Tax for ALL! (Starting 2024)											
3% = Enter # of FUTURE Flips w/ Full 3% Flip Tax Paid			25.00% = Min Flip Tax			\$250,000 = Min Selling Price FOR YOUR UNIT			\$500,000 = Max Selling Price FOR YOUR UNIT (Double)		
25.00% = EQUAL Flip Tax (PERPETUAL)			YOUR Gross Sale			Incumbent Shareholder 50%			Flip Tax REVENUE		
YOUR Equity In	YOUR Equity In	Revenue In the	3% Flip Tax	EQUAL Flip	YOUR Gross Sale	YOUR Gross Sale	Incumbent Shareholder 50%	Flip Tax REVENUE			
Current Proposal	New Proposal	Current Proposal	per unit	Tax per unit	Current Proposal	New Proposal					
2024	\$250,000	\$500,000	\$75,000	\$1,250,000	\$7,500	\$125,000	\$125,000	\$625,000	\$500,000	2024	
2025	\$257,500	\$515,000	\$77,250	\$1,287,500	\$7,725	\$128,750	\$128,750	\$643,750	\$515,000	2025	
2026	\$265,225	\$530,450	\$79,550	\$1,326,125	\$7,957	\$132,613	\$132,613	\$663,063	\$530,450	2026	
2027	\$273,182	\$546,364	\$81,955	\$1,365,909	\$8,195	\$136,591	\$136,591	\$682,954	\$546,364	2027	
2028	\$281,377	\$562,754	\$84,413	\$1,406,888	\$8,441	\$140,689	\$140,689	\$703,443	\$562,754	2028	
2029	\$289,819	\$579,637	\$86,946	\$1,449,093	\$8,695	\$144,909	\$144,909	\$724,546	\$579,637	2029	
2030	\$298,513	\$597,026	\$89,554	\$1,492,545	\$8,955	\$149,257	\$149,257	\$746,283	\$597,026	2030	
2031	\$307,468	\$614,937	\$92,241	\$1,537,342	\$9,224	\$153,734	\$153,734	\$768,671	\$614,937	2031	
2032	\$316,693	\$633,385	\$95,008	\$1,583,463	\$9,501	\$158,346	\$158,346	\$791,731	\$633,385	2032	
2033	\$326,193	\$652,387	\$97,858	\$1,630,966	\$9,786	\$163,097	\$163,097	\$815,483	\$652,387	2033	
2034	\$335,979	\$671,958	\$100,794	\$1,679,895	\$10,079	\$167,990	\$167,990	\$839,948	\$671,958	2034	
2035	\$346,058	\$692,117	\$103,818	\$1,730,292	\$10,382	\$173,029	\$173,029	\$865,146	\$692,117	2035	
2036	\$356,440	\$712,880	\$106,932	\$1,782,291	\$10,693	\$178,220	\$178,220	\$891,191	\$712,880	2036	
2037	\$367,133	\$734,267	\$110,140	\$1,835,867	\$11,014	\$183,567	\$183,567	\$917,834	\$734,267	2037	
2038	\$378,147	\$756,295	\$113,444	\$1,890,737	\$11,344	\$189,074	\$189,074	\$945,369	\$756,295	2038	
2039	\$389,492	\$778,984	\$116,848	\$1,947,459	\$11,685	\$194,746	\$194,746	\$973,730	\$778,984	2039	
2040	\$401,177	\$802,353	\$120,353	\$2,005,883	\$12,035	\$200,588	\$200,588	\$1,002,942	\$802,353	2040	
2041	\$413,212	\$826,424	\$123,964	\$2,066,060	\$12,396	\$206,606	\$206,606	\$1,053,030	\$826,424	2041	
2042	\$425,609	\$851,217	\$127,682	\$2,128,041	\$12,768	\$212,804	\$212,804	\$1,104,403	\$851,217	2042	
2043	\$438,377	\$876,753	\$131,513	\$2,191,883	\$13,151	\$219,188	\$219,188	\$1,156,941	\$876,753	2043	
2044	\$451,528	\$903,056	\$135,458	\$2,257,439	\$13,546	\$225,764	\$225,764	\$1,210,820	\$903,056	2044	
TOTALS		\$2,150,738	\$35,645,607						\$14,338,243		
Paid Towards Loan Year by Year											
Faster Loan Payment											
If you sell under current plan						If you sell Under New plan					
						Incentive for a 60%+ Vote					

THIS LINK DOWNLOADS the Excel Flip Tax Calculator at:

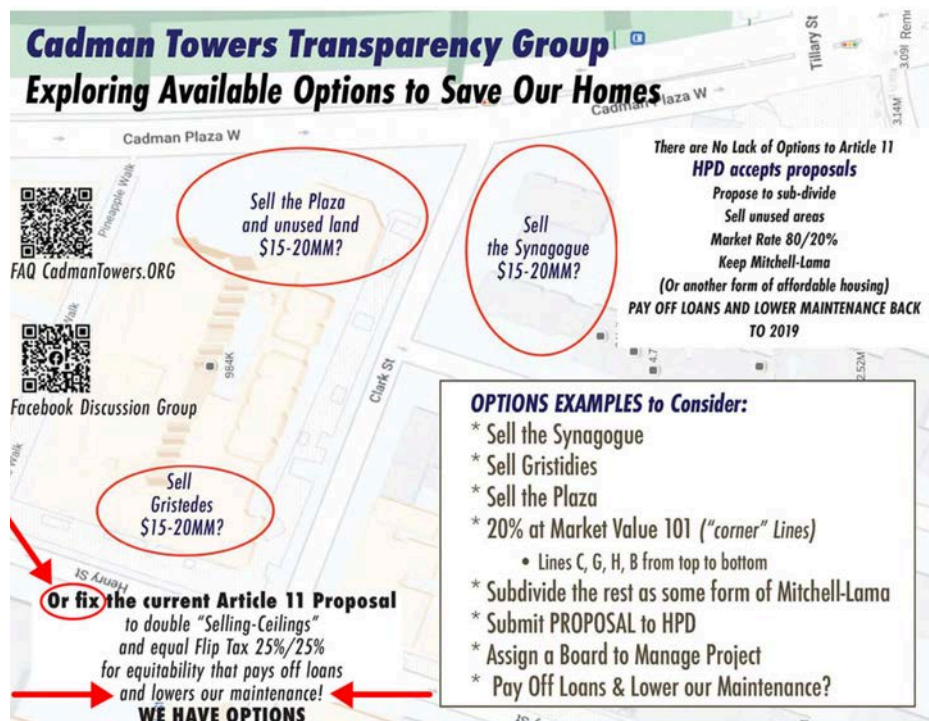
<https://cosmicwisdom.com/CadmanTowers2023/downloads/EQUAL-Flip-Tax-DOUBLE-Selling-Ceiling-CALCULATOR.xlsx.zip>

The simple premise is to incentivize and promote revenue with “Double Selling Ceilings” and an “Equally Shared Flip Tax.” Please download and utilize this (above) Excel Calculator to show the various yearly revenue, despite the problem of Family Transfers. You will see that the incentive of higher selling ceilings will tend to forgo Family Transfers. At the same time, the shared equal Flip Tax of a minimum 25% /25% in perpetuity will create the revenue required to pay off existing loans and future capital repairs and expansions.

This is an excellent formula for all Mitchell-Lama conversions across the city, promising continued financial viability across the city’s Affordable Housing suffering infrastructure. *And initially lowering Cadman Towers’ rising monthly family maintenance affordability.*

As a neutral voice inside the Cadman Towers Mitchell-Lama Community, we feel confident the above solution proposed in a **subsequent amendment** will procure the voting turnout and passing vote, although with an upfront negotiated Regulatory Agreement, yet NOT necessarily needing the now prohibited Financial Projections beyond one year, as such already exists within this formula of this “Double Selling Ceilings” and a “Equally Shared 25% / 25% Flip Tax.”

On the other hand, when this vote fails, we, James Ordonez and volunteers, are prepared to submit an RFP for a subdivision idea from several, including an ex-Board member and HPD / NYCHA Experienced Cadman Shareholder and their affiliation. That premise is two-fold and potentially multifaceted for numerous options. By subdividing and rezoning if necessary, several options become available for near or distant futures as needed. The first subdivides units from within into an 80/20 (%) *affordable housing vs. Market Value, respectively*. (Much like the “[535 CARLTON AT PACIFIC PARK BROOKLYN](#)”) The 20% could, *for instance*, be the corner, higher floors, larger units with the best views, and more oversized balconies (and/or Townhouses), etc., while the 80% could remain a form of Affordable Housing through Mitchell-Lama or another name. Their idea may also be loosely projected in the attached Flip Tax Calculator. *I would be available to re-program another version of the calculator to show various revenues from such internal subdivisions.*



[Download](#) **Cadman Towers Options PDF**

The second value of subdividing will be the option of selling portions to developers in a booming Brooklyn Heights developer market to pay off loans and, again, lower monthly maintenance costs for low-middle-income Mitchell-Lama style affordability. The first and very viable choice proposed by this group is selling the now empty Synagogue. Then, we thought, also the Plaza with the bridge over Clark Street that was rarely, if ever, utilized and is now eating 20%+ of the construction costs initiated by this Board during Covid—after we asked them, without reply, to ***“wait until after the pandemic and close it off***

temporarily if necessary.” We also have the parcel, including and over the Supermarket, “Gristedes,” arguably whose lease could as well be re-negotiated and/or sold to a developer as a distant option.

...

All these alternative solutions to explore are “win-win-wins” for the HPD, Mitchell-Lama residents, and the city’s Affordable Housing network into the future—across all Mitchell-Lama Projects, where available surrounding parcels are being underutilized, without displacing families and failing future Affordable Housing initiatives.

In conclusion, our Cadman Transparency Group has listened, and voices that the Board never hears have spoken, and we have now shared these with all of you for consideration. Thank you for your attention on this matter. **There exist many options!**

Sincerely,

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How to use the Flip Tax Calculator