



The New York City Landmarks Preservation Commission

1 Centre Street, 9th Floor North New York NY 10007 (212) 669-7700 Fax (212) 669-7960

http://nyc.gov/landmarks



APPLICATION FORM

FOR WORK ON DESIGNATED PROPERTIES

This application will not be deemed complete until it is so certified by the Landmarks Preservation Commission. An application consists of an application form and the materials necessary to describe the project fully. If being submitted in response to a Warning Letter or Notice of Violation, please enter the number below. Please print or type all items. If not applicable, mark N.A.

| Staff Use Only | | | |
|------------------------------|------------------------------|-------------------------------|---------------------------------|
| | | | |
| LPC Docket # | Date Received | | Staff |
| <input type="checkbox"/> PMW | <input type="checkbox"/> CNE | <input type="checkbox"/> COFA | <input type="checkbox"/> REPORT |
| Action | OTHER | Work Type | |

Designated Property:

429 East 64th Street/430 East 65th Street

| | | |
|-----------|----------------------|------------|
| Address | Floor or Apartment # | |
| Manhattan | 1459 | 22 R10 |
| Borough | Block | Lot Zoning |

Cost of Project:

\$ _____ Warning Letter/NOV # (if applicable): _____

Description of Work
(check all that apply):

- | | | |
|-------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Interior Alterations | <input type="checkbox"/> Rooftop or Rear Yard | <input type="checkbox"/> Sidewalk or Street Paving |
| <input type="checkbox"/> Restoration Work | Addition: Visible? <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Barrier-Free Access |
| <input type="checkbox"/> Replace Window(s) or Door(s) | <input type="checkbox"/> Awnings/ Signage/ Lighting | <input type="checkbox"/> Sidewalk Café |
| <input type="checkbox"/> Thru-wall, Thru-window | <input type="checkbox"/> New Building | <input type="checkbox"/> Temporary Installations |
| Air Conditioning Equipment | <input type="checkbox"/> Storefronts | <input checked="" type="checkbox"/> Other: Demolition |
| <input type="checkbox"/> Rooftop or Rear Yard HVAC | <input type="checkbox"/> New Window or Door Opening(s) | |

Are you applying to any of the following? Buildings Department City Planning Commission Board of Standards & Appeals

Tenant/ Lessee/ Co-Op Shareholder:

Name, Title and Firm (if applicable) _____

Address _____ City, State, Zip Code _____

Phone (Day) _____ Fax _____ E-mail address _____

Architect/Engineer/ Contractor
(if applicable):

Name, Title and Firm (if applicable) _____

Address _____ City, State, Zip Code _____

Phone (Day) _____ Fax _____ E-mail address _____

Person Filing Application
(e.g., Expeditor, Attorney, Managing Agent, etc.):

Paul D. Selver, Esq. - Kramer Levin Naftalis & Frankel LLP

Name, Title and Firm (if applicable) _____

1177 Avenue of the Americas New York, NY 10036

Address _____ City, State, Zip Code _____

212-715-9199 715-8231 pselver@kramerlevin.com

Phone (Day) _____ Fax _____ E-mail address _____

I am the owner of the above-listed property. I am familiar with the work proposed to be carried out on my property and give my permission for this application to be filed. The information entered is correct and complete, to the best of my knowledge.

Owner:

Richard F. Czaja, President 212-826-7060

Owner's Name and Title (please type or print) _____ Phone (Day) _____

Stahl York Avenue Co., LLC rczaja@stahlre.com

Company, Corporation, Organization (if applicable) _____ E-mail address _____

277 Park Avenue, 47th Floor New York, NY 10172

Address _____ City, State, Zip Code _____

For applications for work on or in a cooperative or condominium building, the "owner" is the Co-op Board or Condominium Association. An officer of the Co-op Board or Condominium Association must sign this application. Please consult the Instructions for Filing for additional information.

Signature:

Richard F. Czaja 10/11/10

Signature of Owner _____ Date _____

Note: Section 25-317 of the Administrative Code of the City of New York makes it a punishable offense to willfully make false statements on this application.

429 EAST 64th STREET / 430 EAST 65th STREET

Statement in Support of Application for a Certificate of Appropriateness

This is an application by the owner of the above-referenced parcels (the “Applicant”) for a Certificate of Appropriateness pursuant to Administrative Code §25-309 to allow the two buildings located on these parcels (the “Subject Buildings”) to be demolished on the ground that they generate an insufficient economic return.

Background

The Subject Buildings consist of two six-story walk-up apartment buildings which are located on the west side of York Avenue, between East 64th Street and East 65th Street. Both of these buildings are located on Tax Lot 22 within Block 1459 (“Tax Lot 22”), which lies within an R10 zoning district. On April 24, 1990, the Landmarks Preservation Commission (the “Commission”) designated as a landmark all of the residential buildings located on Block 1459, including the Subject Buildings, which were constructed in the late 1800’s and early 1900’s by the City and Suburban Homes Company, one of several model tenement developers active at the time. This designation was modified by the Board of Estimate on August 21, 1990 so as to exclude the Subject Buildings. Approximately 16 years later, on November 21, 2006, the Commission amended its prior landmark designation, as modified by the Board of Estimate, to once again include the Subject Buildings within the designated landmark site (the “Landmark Site”). The City Council approved the Commission’s amended designation on February 1, 2007.

Administrative Code §25-309 states that the Commission shall grant an application for a Certificate of Appropriateness authorizing the demolition of any improvement located on a landmark site, or a specified alternative form or relief, where the applicant establishes that (a) “the improvement parcel (or parcels) which includes such improvement, as

existing at the time of such request, is not capable of earning a reasonable return” and (b) the owner of the improvement “seeks in good faith to demolish such improvement immediately ... for the purpose of constructing on the site thereof with reasonable promptness a new building or other income-producing facility...” Administrative Code §25-302 defines “reasonable return” as a net annual return of six percent on the current assessed value of the relevant improvement parcel. Section 25-302 defines “net annual return” as “the amount by which the earned income yielded by the improvement parcel during a test year exceeds the operating expenses of such parcel during such year....” That section defines an “improvement parcel” as “[t]he unit of real property which ... is treated as a single entity for the purpose of levying real estate taxes,” *i.e.*, a tax lot.

Section 25-309 provides that, when an application that satisfies the aforementioned requirements has been made, the Commission shall first determine whether the requested Certificate of Appropriateness should be granted pursuant to the aesthetic, historical and architectural considerations set forth in Administrative Code §25-307. If the Commission determines that the Certificate of Appropriateness cannot be granted on that basis, it is required to make a preliminary determination of insufficient return. The Commission may thereafter endeavor to devise a plan to preserve the subject improvement and allow it to earn a reasonable return, which may consist of tax exemptions and/or abatements and authorization for building alterations or enlargements that the Commission determines to be appropriate and consistent with the purposes of the Landmarks Law. If a suitable plan to preserve the improvement cannot be devised, the Commission is required to grant the Certificate of Appropriateness on the grounds of insufficient return, thereby allowing the improvement to be demolished and replaced with a

new building. As discussed below, both of the aforementioned requirements for the issuance of a Certificate Appropriateness pursuant to Administrative Code §25-309 are satisfied in this case.

Lack of Reasonable Return

Submitted herewith are two economic feasibility studies of the Subject Buildings prepared by Cushman & Wakefield, one dated February 5, 2009 (the "2009 Study"), and the other dated May 1, 2010 (the "2010 Study"). The 2010 Study notes that the Subject Buildings are six-story walk-up apartment buildings constructed in the early 1900's. They contain a total of 190 dwelling units which are extremely small by today's standards, with an average size of only 371 square feet. These units have small rooms, including bathrooms that require undersized tubs and toilets, tiny closets and electrical systems which do not support modern usage. They also lack sprinklers and other modern safety and security systems. In short, the dwelling units in the Subject Buildings lack the space and the amenities necessary to meet current market requirements. According to the 2010 Study, as of May 1, 2010, 93 of the 190 dwelling units in the Subject Buildings were occupied and subject to Rent Stabilization or Rent Control. The remaining 97 units were vacant and could be leased at market rents.¹

The 2010 Study contains an Addenda that includes a copy of the 2010 income and expense schedule for Tax Lot 22 (Form TC201) which was filed with the New York City Tax Commission. This schedule shows that in 2009 the Subject Buildings were operated at a loss, i.e., the expenses incurred in operating these buildings, both before and after the payment of real estate taxes, significantly exceeded the income that they generated. Therefore, the Subject

¹ Since the preparation of the 2010 Study, additional apartments in the Subject Buildings have become vacant. Currently, of the 190 units in these buildings, 107 are vacant and 83 are occupied. Of the occupied units, 76 are subject to Rent Stabilization and 7 are subject to Rent Control.

Buildings yielded a negative return on their value. The information contained in this income and expense schedule reflects the fact that a significant number of the dwelling units in the Subject Buildings were vacant during all or part of 2009. In order to determine whether the Subject Buildings are capable of earning a reasonable return, the Cushman & Wakefield studies analyze several different scenarios, each of which provides for these buildings to be brought into full occupancy.

The 2010 Study analyzes a scenario under which (i) neither the Subject Buildings nor any of their dwelling units are upgraded or modernized and only those repairs and capital improvements necessary to bring the vacant units into compliance with current codes and render them habitable are performed and (ii), upon the completion of these necessary repairs and improvements, the vacant units are offered for rent at market rates. The 2010 Study estimates that the hard costs necessary to bring the vacant units into a lawful and habitable condition would be \$2,325,000. It also estimates that, in light of the small size of these units and their lack of modern amenities, (i) it would take approximately 51 months to lease all 97 units, with lease-up costs of \$1,788,600, and (ii) the average monthly rents for these units would not exceed \$600, or approximately \$20 per square foot of net rentable area.

The 2010 Study goes on to estimate that, in the first year of operation of the Subject Buildings following the repair and lease-up of the vacant units, these buildings would have annual operating expenses of \$1,713,062 and would generate an effective gross annual income of \$1,522,234, which would result in a net operating *loss* of \$190,829. For the purpose of determining the return on value under the Landmarks Law, the 2010 Study assigns a value of \$6,647,100 to the Subject Buildings, which represents the sum of (i) their current assessed value of \$2,533,500, (ii) the estimated repair and restoration costs of \$2,325,000 and (iii) the estimated

lease-up costs of \$1,788,600. This yields a net annual return on value in the first year of full operation of the Subject Buildings of *negative 2.871 percent*, which is far below the minimum 6 percent return on value which the Landmarks Law defines as a “reasonable return.”

The 2009 Study analyzes two other scenarios for the continued use of the Subject Buildings. In the first of these scenarios, the Subject Buildings would receive major infrastructure and building-wide capital improvements designed to bring them closer to current residential standards and the vacant units would be renovated and re-rented. Under this scheme, the Subject Buildings would earn a net annual return of 1.19 percent. In the second scenario, the Subject Buildings’ vacant units would be renovated and re-rented, but the buildings would not receive any building-wide capital improvements. Under this scheme, the Subject Buildings would earn a net annual return of 0.614 percent.

In summary, the Cushman & Wakefield studies analyze a variety of scenarios for the utilization of the Subject Buildings which are designed to show their maximum potential for income generation and profitability. These studies clearly demonstrate that there is no feasible scenario under which the Subject Buildings are capable of earning a “reasonable return” as defined by the Landmarks Law.

In accordance with the plain language of Administrative Code §25-309, the Cushman & Wakefield studies analyze the economic feasibility of the Subject Buildings as discrete properties, separate from the other residential buildings on the Landmark Site. Section 25-309 expressly states that the reasonable return analysis is to be performed with respect to “the improvement parcel (or parcels)” which contain the structure or structures that the applicant proposes to demolish. As noted, an improvement parcel constitutes a discrete tax lot. In this case, both of the Subject Buildings are located on a single tax lot, *i.e.*, Tax Lot 22. The Cushman

& Wakefield studies, therefore, properly analyze the economic potential, as encumbered by the landmark designation, of these two buildings.²

The analyses performed in these studies are also supported by the fact that, although all of the land and buildings on the Landmark Site are in common ownership, Tax Lot 22 and the Subject Buildings are treated as separate and distinct entities by both the City of New York and the Applicant. Evidence of this separate treatment includes the following:

- Because the Subject Buildings sit on a separate tax lot from the rest of the Landmark Site, they are separately assessed and taxed by the City. In connection with the tax assessment process, the Applicant is required to file separate Real Property Income and Expense (“RPIE”) statements and related documents³ for these buildings with the Department of Finance. (Copies of the most recent versions of these documents are annexed hereto as Attachment A.)
- The records of various City regulatory agencies, including the Department of Buildings and the Department of Housing Preservation and Development, indicate that each of the Subject Buildings is separately classified and is subject to discrete regulatory action by these agencies.
- Each of the Subject Buildings is separately metered and charged for electricity by Con Edison.
- Maintenance and repair expenses for the two buildings are separately itemized and charged directly to the building that incurs that expense.

² The Landmarks Law (Administrative Code §25-302) distinguishes between an “improvement parcel,” which constitutes a single tax lot, and a “landmark site,” which is defined as one or more improvement parcels on which a designated landmark is situated. If the drafters of the Landmarks Law had intended that the §25-309 economic analysis be performed with respect to an entire multi-building landmark site, irrespective of whether demolition of all the buildings on the landmark site has been proposed, the text of §25-309 undoubtedly would have stated that the reasonable return test shall be performed with regard to the “landmark site” rather than one or more “improvement parcels.”

³ The related documents include an Application for Correction of Assessed Value (TC101), a Supplemental Application (TC 150), an Income and Expense Schedule (TC201) and an Accountant’s Certification (TC309).

- Since well before 2006, when the Subject Buildings were not encumbered by the landmark designation that covered the rest of the buildings on the Landmark Site, the Applicant has treated Lot 22 as a discrete redevelopment site. Although specific plans for a new development on that parcel have not yet been prepared, the Applicant has incurred expenses in analyzing the economic feasibility of various redevelopment scenarios and, in anticipation of eventually demolishing the Subject Buildings, has left many apartments in these buildings vacant after their occupants have moved out.

Intention to Redevelop the Site

The Applicant intends to demolish the Subject Buildings and replace them with a new residential building which will fully utilize Tax Lot 22's development potential. This new building will have larger apartments with the layouts and modern amenities that are required in today's housing market.

In furtherance of its plans to demolish the Subject Buildings and redevelop Tax Lot 22, the Applicant has left many of the apartments in the buildings vacant when their occupants have moved out. As previously noted, 107 of the 190 units in these two buildings are currently vacant. Among the 83 occupied apartments, 76 are subject to the Rent Stabilization Law and 7 are covered by the Rent Control Law. Under the New York City Rent Stabilization Code (9 NYCRR §2524.5), the State Division of Housing and Community Renewal ("DHCR") is obligated to issue an order requiring a building's rent-stabilized tenants to vacate a building and accept specified relocation assistance from its owner where the owner has demonstrated to DHCR that it intends to demolish the building and replace it with a new building. The Applicant is negotiating to arrange for the relocation of the handful of rent-controlled tenants in the Subject Buildings to other housing accommodations. Once this is done, the Applicant will file the documentation with DHCR that is necessary to obtain an order requiring the Subject Buildings' rent-stabilized tenants to accept relocation assistance. Upon the relocation of the remaining

tenants and the Commission's issuance of the requested Certificate of Appropriateness, the Applicant will immediately undertake to demolish the Subject Buildings and promptly construct a new building on Tax Lot 22. Therefore, the second requirement for the issuance of a certificate of appropriateness pursuant to Administrative Code §25-309 is satisfied in that the Applicant is seeking in good faith to demolish the Subject Buildings in order to promptly replace them with a new income-producing building.

Other Procedural Issues

As previously noted, when the Commission receives an application for a Certificate of Appropriateness that satisfies the requirements of Administrative Code §25-309, it must first determine whether the requested certificate should be granted pursuant to the aesthetic, historical and architectural considerations set forth in Administrative Code §25-307. The Commission has historically refused to grant a Certificate of Appropriateness pursuant to §25-307 where a property owner seeks to demolish a designated landmark and replace it with a new building. Furthermore, the Applicant does not contend that the demolition of the Subject Buildings would satisfy the standards for a Certificate of Appropriateness set forth in §25-307. Therefore, it is requested that the Commission make a prompt determination denying a Certificate of Appropriateness pursuant to §25-307 and then proceed to evaluate this application under the hardship standards set forth in Administrative Code §25-309.

As discussed above, when the Commission makes a preliminary determination of insufficient return, it may thereupon attempt to devise a plan to preserve the affected building or buildings that will allow the owner to earn a reasonable return. Such a plan may consist of tax exemptions and/or abatements and authorization to alter and/or enlarge the buildings. With regard to potential relief from real estate taxes, as previously noted, the 2010 Study concludes

that, under the scenario that was examined, the Subject Buildings would generate a negative net annual return on value. Under both of the scenarios that were analyzed in the 2009 Study, the Subject Buildings would generate annual returns of less than 2 percent. A review of the income and expense analyses contained in the 2009 and 2010 Studies indicates that, under each of the scenarios that was examined, the Subject Buildings would earn a net annual return on value of less than 6 percent even if Tax Lot 22 were completely exempt from real estate taxes.

Conclusion

The Cushman & Wakefield studies conclusively demonstrate that the Subject Buildings are incapable of earning a “reasonable return,” as defined under the Landmarks Law, irrespective of whether any relief from real estate taxes is granted. Under those circumstances, the Applicant would welcome the opportunity to work with the Commission to devise a plan for the redevelopment of Tax Lot 22 that will meet the requirements of appropriateness under the Landmarks Law and provide the Applicant with a reasonable economic return.

ATTACHMENT A

Real Property Income and Expense - 2009

Borough-Block-Lot (BBL): 1-01459-0022 429 EAST 64 STREET

Updated and Filed On: 08/31/2010

Initially Loaded On: 06/18/2010 Seq No. 0

SECTION A - OWNER INFORMATION

| | | | |
|---------------------------------------------------|-----------------------|--------|-------------|
| 1a. Owner's Name | Stahl York Avenue Co. | b. EIN | c. 13-***** |
| d. Additional Owner's Name (if applicable) | | e. | f. |
| g. Additional Owner's Name (if applicable) | | h. | i. |
| 2a. Filer's Name (if different from the owner) | | b. | c. |
| d. Filer's Relationship to the Property | Owner | | |

SECTION B - CONTACT INFORMATION

| | | | |
|------------------|---------------|----------------------|--------------------------|
| 1. Contact Name | Gregg Wolpert | 2. Firm Name | Stanley Stahl Management |
| 3. Telephone No. | (212)826-7060 | 4. E-mail Address | gwolpert@stahlre.com |

SECTION D - RPIE EXEMPTIONS

TO BE COMPLETED ONLY IF YOU ARE NOT REQUIRED TO FILE AN RPIE

1. I am not required to file an RPIE for this year because my property:

- a. has an actual assessed value of \$40,000 or less.
- b. is exclusively residential with 10 or fewer apartments.
- c. is primarily residential with 6 or fewer apartments and no more than one commercial unit.
- d. is a residential cooperative apartment building with less than 2,500 square feet of commercial space (not including garage space).
- e. is an individual residential condominium unit that is not part of a group of rental units that makes up the majority of the development.
- f. is rented exclusively to a related person or entity.
- g. is occupied exclusively by the owner but is not a department store with 10,000 or more gross square feet; hotel or motel; parking garage or lot; power plant; or theater.
- h. is owned and used exclusively by a fully exempt not-for-profit organization or government entity and generates no rental income.
- i. is vacant or uninhabitable and non-income-producing for the entire year.
- j. is vacant, non-income-producing land.

If you claimed an exemption above and want to file an RPIE-EZ to provide Finance with the most current information about your property, please check the box to the left.

SECTION E - PROPERTY USE AND VACANCY INFORMATION

1. Description:

a. Total # of Units: 190 b. # of Residential Units: 190 c. # of Commercial Units: 0
 d. # of Buildings: 2 e. # of Floors: 6 f. Year of Purchase: 1977

g. Is a total demolition expected prior to January 5th 2011? No

2-1.3: Indicate the percentage of the space in the building that was vacant during the entire reporting period.

| | Percentage Vacant |
|--------------------|-------------------|
| 2. Residential | 31% |
| 3. Office: | 0 % |
| 4. Retail: | 0 % |
| 5. Loft: | 0 % |
| 6. Factory: | 0 % |
| 7. Warehouse: | 0 % |
| 8. Storage: | 0 % |
| 9. Garage/Parking: | 0 % |
| 10. | 0 % |
| 11. | 0 % |
| 12. | 0 % |
| 13. | 0 % |

SECTION H - ADDITIONAL REQUIRED INFORMATION

TO BE COMPLETED ONLY IF THE PROPERTY CONTAINS ANY PARKING-RELATED SPACE

1. Outdoor Parking Information:

a. # of Outdoor Parking Spaces: 0
 b. # of Paid Outdoor Parking Spaces: 0
 c. Monthly Rate Per Space: \$ 0

2. Indoor Parking Information:

a. # of Indoor Garage Spaces: 0
 b. # of Paid Indoor Garage Spaces: 0
 c. Monthly Rate Per Space: \$ 0

SECTION J - LEASE and OCCUPANCY INFORMATION

- 1. Does the tenant pay ALL the operating expenses including the real estate taxes (triple net lease)? NO
- 2. Is there a ground lease on the property? NO
- 3. Owner Occupancy: Is any part of this property owner-occupied or occupied by a related party? NO

SECTION K - FILING EXCEPTIONS

- 1. I am not required to file the RPIE-2009 Part II or Part III Income and Expense

Statement. Indicate the reason for this exception below:

- a. I electronically filed a Tax Commission Income and Expense Schedule containing full calendar (2009) or full fiscal year (2009-2010) income and expense information.
 - b. I purchased my property in 2010.
2. I am not required to file the RPIE-2009 Part II or Part III Income and Expense Statement for the entire year because I purchased, built or renovated my property in 2009. Indicate the reason for this exception below:
- a. I purchased this property in an arms length transaction during the 2009 reporting period and a 12 month statement is not available.
 - b. The property was unoccupied while under construction or renovation during the 2009 reporting period.
 - c. The property was available for use but was entirely vacant for one or more months during the 2009 reporting period.

PART II: SECTION L - REPORTING PERIOD

1. The Income and expense statement is for: Calendar Year
2. Indicate the period covered in this statement: From 01 / 09 To 12 / 09

SECTION M - INCOME FROM REAL ESTATE. Do not list any negative figures.

| | # of Units | Income (\$ per year) (Round to nearest \$) |
|-------------------------------------------|------------|-----------------------------------------------|
| 1. a. Residential: Regulated | 96 | 1,000,769 |
| b. Residential: Unregulated | 0 | 10,976 |
| 2. Office: | 0 | 0 |
| 3. Retail Tenants: | 0 | 0 |
| 4. Loft: | 0 | 0 |
| 5. Factory: | 0 | 0 |
| 6. Warehouse: | 0 | 0 |
| 7. Storage: | 0 | 0 |
| 8. Garages/Parking: | 0 | 0 |
| 9. Owner-Occupied or Owner-Related Space: | 0 | 0 |
| 10. Ancillary Income: | | |
| a. Operating Escalation: | | 0 |
| b. Real Estate Tax Escalation: | | 0 |
| c. Sale of Utility Services: | | 1,314 |
| d. Sale of Other Services: | | 0 |
| e. Government Rent Subsidies: | 0 | 6,486 |
| f. Signage / Billboard: | 0 | 0 |
| g. Cell Towers: | 0 | 0 |
| 11. Other (describe): | | |
| a. Laundry | 0 | 12,066 |
| b. | 0 | 0 |
| c. | 0 | 0 |
| 12. TOTAL INCOME FROM REAL ESTATE | | 1,031,611 |

SECTION N - INCOME FROM BUSINESS

| | Income (\$ per year) (Round to nearest \$) |
|--------------------------------------|-----------------------------------------------|
| 1. Merchandise: | 0 |
| 2. Food and Beverage: | 0 |
| 3. Parking: | 0 |
| 4. Automotive Fuel: | 0 |
| 5. Admissions: | 0 |
| 6. Other Sales: | 0 |
| 7. Gross Sales: | |
| a. Gross Sales: | 0 |
| b. Returns and Refunds: | 0 |
| c. Leased Departments: | 0 |
| d. Net Gross Sales: | 0 |
| 8. TOTAL INCOME FROM BUSINESS | 0 |

SECTION O - EXPENSES

| | Expenses (\$ per year) (Round to nearest \$) |
|-----------------------------------------------------|-------------------------------------------------|
| 1. Fuel: | 98,548 |
| 2. Light and Power: | 125,848 |
| 3. Cleaning Contracts: | 0 |
| 4. Wages and Payroll: | 263,097 |
| 5. Repairs and Maintenance: | 39,817 |
| 6. Management and Administration: | 451,337 |
| 7. Insurance (annual): | 52,896 |
| 8. Water & Sewer: | 87,706 |
| 9. Advertising: | 0 |
| 10. Interior Painting and Decorating: | 2,919 |
| 11. Amortized Leasing and Tenant Improvement Costs: | 7,723 |
| 12. Miscellaneous Expenses: | |
| a. Depreciation of bldg improvements | 29,185 |
| b. Supplies | 19,062 |
| c. Taxes and permits | 11,324 |
| d. Security | 61,337 |
| e. Bad debt expense | 4,866 |
| 13. TOTAL EXPENSES | 1,255,665 |

Comments:

SECTION IV - RPIE CERTIFICATION

I certify that all the information contained in the Real Property Income and Expense Statement submitted electronically for the borough, block and lot 1-01459-0022, including any attachments, is true and correct to the best of my knowledge and belief.

I understand that the willful making of any false statement of material fact will subject me to the provisions of the law relevant to the making and filing of false instruments.

This form has been filed

If you need to correct or amend information, please select the 'Amend a Filed Return' option on the main menu and use the same password to re-access the filed information.

1-01459-0022 -08/31/2010-00031



TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 936, New York, NY 10007

COPY

TC 101
2010

APPLICATION FOR CORRECTION OF ASSESSED VALUE
OF CLASS TWO OR FOUR PROPERTY

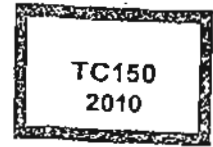
WOLPEGREG

READ THE INSTRUCTIONS BEFORE YOU BEGIN. COMPLETE ALL PARTS OF THE FORM. ANSWER YES OR NO TO QUESTIONS MARKED ◆

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------|
| 1. PROPERTY IDENTIFICATION - A separate application is required for each tax lot. | | | | 1 |
| BOROUGH (Bronx, Brooklyn, Manhattan, Queens or Staten Island) MANHATTAN | BLOCK 1459 | LOT 22 | ASSESSMENT YEAR 2010/11 | |
| FULL ADDRESS OF PROPERTY (WITH ZIP CODE) 429 East 64th Street, New York, NY 10021 | | | | YEAR 2010 BOROUGH Manhattan BLOCK 1459 LOT 22 GROUP # 135 TC 101 |
| 2. APPLICANT - The applicant must be an owner or other person aggrieved, not an attorney or agent. | | | | |
| NAME OF APPLICANT Stahl York Avenue Co., L.L.C. | | | | |
| ◆ Is applicant an owner/title holder of entire property? Yes If yes, is the entire property subject to a net lease? No See TC101 instructions. | | | | |
| ◆ Is applicant a lessee of entire property who pays all property charges and is not barred from contesting the assessment? No If yes, select a or b. | | | | |
| a <input type="checkbox"/> Lease from unrelated owner or sublease. Provide lease information on form TC200 or TC201. See TC101 instructions. | | | | |
| b <input type="checkbox"/> Lease from a related owner. Specify applicant's relation to owner. | | | | |
| If neither owner nor lessee, per above, specify applicant's relation to property: | | | | |
| ◆ Does applicant claim eligibility for review without filing an income schedule (TC201, 203, 208 or 214) or net lease rent on TC200? No Submit Form TC200. If yes, specify the reason: | | | | |
| If property is 4, 5 or 6 - unit residential property and TC201 or TC203 is not filed, is any portion of the property rented or being offered for rent as of January 5, 2010? If yes, % floor area at or above grade rented or offered for rent. 2009 gross rent: \$ | | | | |
| If application is filed after March 1, applicant claims eligibility for review because filing is within 20 calendar days of: <input type="checkbox"/> Apportionment notice. | | | | |
| <input type="checkbox"/> Notice of increase by the Department of Finance. You must attach a copy of the apportionment notice or notice of increase. | | | | |
| 3. REPRESENTATION - Complete this section even if you will represent yourself. | | | | |
| PHONE NUMBER (212) 490-2900 | | FAX NO. (212) 599-3167 | | |
| NAME OF PERSON OR FIRM TO BE CONTACTED Marcus & Pollack LLP | | | GROUP #, IF ANY 135 | |
| MAILING ADDRESS 708 Third Avenue, 11th Floor, New York, NY 10017 | | | | |
| The person listed is: <input type="checkbox"/> The applicant <input checked="" type="checkbox"/> An attorney <input type="checkbox"/> Other representative <input type="checkbox"/> Employee of owner corporation | | | | |
| 4. ATTACHMENTS - List all schedules and documents attached. Number the pages. | | | | |
| <input type="checkbox"/> TC201 <input type="checkbox"/> TC203 <input type="checkbox"/> TC208 <input type="checkbox"/> TC214 | | | | |
| <input type="checkbox"/> TC309 <input type="checkbox"/> TC200 <input type="checkbox"/> TC230 | | | | |
| <input type="checkbox"/> OTHER: Total number of pages _____ <input type="checkbox"/> Refer to the attachments to application for block _____ lot _____ | | | | |
| 5. HEARING REQUEST - Check only one box. | | | | |
| <input type="checkbox"/> Review on papers submitted without a personal hearing, OR <input checked="" type="checkbox"/> Personal hearing in Manhattan <input type="checkbox"/> Personal hearing in the Bronx | | | | |
| <input type="checkbox"/> Personal hearing in Brooklyn <input type="checkbox"/> Personal hearing in Queens <input type="checkbox"/> Personal hearing in Staten Island | | | | |
| 6. CLAIMS OF UNEQUAL OR EXCESSIVE ASSESSMENT. | | | | |
| Applicant objects to the assessment on the grounds that it is (a) unequal or (b) excessive because the assessment exceeds the full value of the property or statutory limits on increases, as follows: | | | | |
| a. Tentative actual assessment \$ 2,646,000 | | b. Applicant's estimate of market value \$ 662,000 under ordinary circumstances. | | |
| c. Estimated class assessment ratio: 15 % | | d. Requested assessment: \$ 99,300 | | |
| Applicant also objects to the assessment on the following grounds: UNEQUAL - 1) assessment at higher proportionate valuation than; a) all property on same roll and all property on tax rolls of the city; b) property of like character in section; c) other property in same class on same roll by same officers; 2) extent of unequal assessment; (assessment) minus (claimed full value times 15 %). EXCESSIVE - 1) extent: (assessment) minus (claimed full value); 2) entitled property failed to receive all or part of partial exemption; 3) failure to comply with RPTL 1805 limitations on increase and methods of computing transition assessment. UNLAWFUL - 1) unlawful use of defective classification statute; 2) failure to: a) equalize between boroughs and/or sections intra and/or inter class; b) assess at full value; c) assess at a uniform percentage of value; d) adhere to constitutional tax rate limits; e) establish proper base and adjusted base proportion; f) specify on roll if assessment increased under RPTL 1805 (3); g) adhere to RPTL 489 (9) limits on an assessment; 3) assessment unlawfully set based on percentage of gross sales price; 4) RPTL 720 (3) unlawful; 5) property misclassified. MISCLASSIFIED - a) property misclassified as being in class two or four instead of appropriate class; b) class designation results in incorrect allocation of parcel's assessed valuation between two or more classes. | | | | |
| | | | DATE RECEIVED | |



TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 936, New York, NY 10007



SUPPLEMENTAL APPLICATION

WOLPEGREG

INSTRUCTIONS: Use this form to submit a supplemental application, from March 3 to March 24, inclusive, for one of the purposes listed.

This submission is for attachment to an application identified as follows:

| | | | |
|-----------------------------------------------------------------------------------|----------------------|------------------|-----------------------------------|
| BOROUGH (Bronx, Brooklyn, Manhattan, Queens or Staten Island) Manhattan | BLOCK 1459 | LOT 22 | ASSESSMENT YEAR 2010/11 |
|-----------------------------------------------------------------------------------|----------------------|------------------|-----------------------------------|

| | |
|--------------------------------------------------------|---------------------|
| APPLICANT NAME Stahl York Avenue Co., L.L.C. | YEAR 2010 |
|--------------------------------------------------------|---------------------|

| | | |
|---------------------------------------------------|-----------------------------|-------------------------------|
| REPRESENTATIVE Marcus & Pollack LLP | BOROUGH Manhattan | GROUP #, IF ANY 135 |
|---------------------------------------------------|-----------------------------|-------------------------------|

PURPOSE OF THIS SUBMISSION - Check the applicable box.

Rental property having an actual assessment of \$750,000 or more. The original application did not include a complete statement of income and expenses. Attach an income and expense schedule on Form TC201 and, if the actual assessment is \$1,000,000 or more, and income exceeds \$100,000, an accountant's certification on Form TC309.

Other income-producing property having an actual assessment of \$750,000 or more. The original application did not include a complete statement of income and expenses on the appropriate Tax Commission form for a hotel, department store, theatre, parking garage or lot, cooperative or condominium. Attach Form TC208, TC214 or TC203.

Form TC200, Part 5. Lease information that was not filed with the original application (actual assessment of \$750,000 or more). Is attached

Rental property having an actual assessment of less than \$750,000. The original application did not include a complete statement of income and expenses, the applicant uses a calendar year for federal tax purposes and acquired the property from an unrelated person more than six months but less than twenty-four months before the beginning of this calendar year. Complete Form TC201 for the calendar year or shorter period of ownership ending December 31 and file it with this form. Also attach the Tax Commission's Sale Schedule, Form TC230 and a copy of the closing statement.

ATTACHMENTS - List all schedules and documents attached.

| Attachment | Number of pages |
|----------------------|-----------------|
| | |
| | |
| | |
| Total pages attached | |

OATH

The oath must be signed by the applicant, a fiduciary, an officer of a corporate applicant, or an agent who has personal knowledge of the facts and the applicant's power of attorney. The applicant must be the owner or other person aggrieved by the assessment. The submission of materially false or misleading information is a crime.

Print name of person signing Richard Czaja

If signing as corporate officer, you must specify name of corporation and officer's title:

Name of corporation _____ Title Member

Signer or corporation is: The applicant General partner of partnership applicant. Member or manager of limited liability company (LLC) applicant. Fiduciary (specify) _____

An attorney, employee, manager or other agent (A notarized power of attorney and Form TC244 must be attached); file on 9th floor

CERTIFICATION: I certify that all statements made on this supplemental application are true and correct to the best of my knowledge and belief, and I understand that such statements are subject to verification. I also understand that the making of any willful false statement of material fact in this application including the attached sheet(s) will subject me to the provisions of the penal law relevant to the making and filing of false statements.

Signature of affiant: Richard Czaja

County New York State NY Date 3/20/10

Sworn to before me:

Signature of person administering oath: Christine Kuehner

The signer must appear and acknowledge the signature before a notary.

CHRISTINE KUEHNER
Notary Public, State of New York
No. 01KU47905
Qualified in New York
Commission Expires May 3, 2011

NOTARY STAMP

DATE RECEIVED



7. SALE OR CONSTRUCTION AFTER JANUARY 6, 2008 - You must answer both questions.

- ◆ Has the property or an interest in it been bought, sold, transferred or placed under contract of sale after January 5, 2008? **No** If yes, submit Form TC230. If transferred between related parties, Form TC200 may be submitted instead.
- ◆ After January 5, 2008, has any construction or major alteration work been under way or is a new building proposed in filed plans? **No** If yes, submit Form TC200.

8. PROPERTY DESCRIPTION AS OF JANUARY 5, 2010 - Property uses; retail units, dwellings, parking spaces.

| | | |
|----------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------|
| NUMBER OF BUILDINGS 2 | NUMBER OF STORIES ABOVE GRADE 6 | YEAR OF CONSTRUCTION 1906 |
| NUMBER OF DWELLING UNITS 190 | NUMBER OF RETAIL UNITS 0 | NUMBER OF VEHICLE PARKING SPACES Indoor: 0 Outdoor: 0 |
| YEAR OF PURCHASE 1977 | NUMBER OF VEHICLE PARKING SPACES PAID Indoor: 0 Outdoor: 0 | |

Uses (residential, office, retail, hotel, loft, factory, warehouse, storage, garage, theater, etc.)

| | |
|---------------|-------------|
| Floors 3 - 6 | Residential |
| Second floor | Residential |
| First floor | Residential |
| Basements | Storage |
| Outdoor Space | |

9. APPROXIMATE GROSS FLOOR AREA AS OF JANUARY 5, 2010

| FLOOR | ALL USES (ABOVE GRADE) | RETAIL | GARAGE | OFFICES |
|--------------|------------------------|---------|---------|---------|
| FLOORS 3-6 | sq. ft. | sq. ft. | sq. ft. | sq. ft. |
| SECOND FLOOR | sq. ft. | sq. ft. | sq. ft. | sq. ft. |
| FIRST FLOOR | sq. ft. | sq. ft. | sq. ft. | sq. ft. |
| BASEMENTS | XXXXXXXXXXXXXXXXXXXX | sq. ft. | sq. ft. | sq. ft. |
| TOTAL AREA | 84,826 sq. ft. | sq. ft. | sq. ft. | sq. ft. |

10. USE BY APPLICANT

- ◆ On January 5, 2010, was any of the property used by the applicant or related persons? **No** If yes, complete Part 10.

Use by applicant: Entire property. Part. Specify location in building _____

Approximate nonresidential gross floor area used by applicant _____ sq. ft., of which first floor _____, basement _____

Describe applicant's use: _____
See instructions if used as a department store, public parking garage or lot, theater or hotel.

11. OATH

BOROUGH **MANHATTAN** BLOCK **1459** LOT **22**

This application must be signed by an individual having personal knowledge of the facts who is the applicant or a fiduciary of an agent or an officer of a corporation or a general partner of a partnership or a member or manager of a limited liability company, which legal entity is the applicant or is a general partner or member or manager of the applicant. If an agent signs, attach a notarized power of attorney signed by the applicant and Tax Commission Form TC244, Agent's Statement of Authority and Knowledge. If a fiduciary, see Form TC600 for instructions on documentation of authority.

Print name of person signing **Richard Czaja**

Member

If signing as an officer, general partner or member or manager, specify name of entity and person's title.

Name of entity **Stahl York Avenue Co., L.L.C.**

Title

Signer or entity is: The applicant. General partner of partnership applicant. Member or manager of limited liability company applicant.

An attorney, employee, property manager or other agent. A notarized power of attorney and form TC244, Agent's Statement, must be attached.

If signing as fiduciary and applicant is a corporation, partnership, or LLC entity, specify name of entity and name and title of person for whom you are signing.

Name of entity _____ Name and title _____

I certify that all statements made on this application are true and correct to the best of my knowledge and belief, and I understand that such statements are subject to verification. I also understand that the making of any willful false statement of material fact in this application including the attached sheet(s) will subject me to the provisions of the penal law relevant to the making and filing of false statements.

Signed: X. Richard Czaja

The signer must appear and acknowledge the signature before a notary.

County **New York** State **NY** Date **2/17/10**

Sworn to before me:

NOTARY

Signature of person administering oath Jacqueline Larsen

JACQUELINE LARSEN
NOTARY PUBLIC-STATE OF NEW YORK
No. 01LA6136990
Qualified in New York County
My Commission Expires November 14, 2013

Notary Stamp



TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 936, New York, NY 10007

TC201
2010

INCOME AND EXPENSE SCHEDULE FOR RENT PRODUCING PROPERTY

ATTACH TO AN APPLICATION. TC201 IS NOT VALID IF FILED SEPARATELY. READ TC201 INSTRUCTIONS BEFORE YOU BEGIN. COMPLETE ALL PARTS OF TC201. ANSWER YES OR NO TO QUESTIONS MARKED ♦. INCOME AND EXPENSES MUST BE ITEMIZED IN PARTS 6 - 9 ON REVERSE.

| | | | | |
|----------------------------------------------------------------------------|---------------|-----------|-----------------------------|----------------------------|
| 1. PROPERTY IDENTIFICATION | | | | |
| BOROUGH (Bronx, Brooklyn, Manhattan, Queens or Staten Island) Manhattan | BLOCK 1459 | LOT 22 | REP. TC GROUP NUMBER 135 | ASSESSMENT YEAR 2010/11 |

- a. ♦ If property is a condominium, does this schedule cover all lots listed on Form TC109? _____ . If yes, skip section b.
- b. ♦ Does this schedule cover more than one tax lot? No . If yes, state total number of lots _____ , and list block and lot numbers:
 Block _____ Lots _____ Block _____ Lots _____
 Block _____ Lots _____ Block _____ Lots _____
 Check if applicable: Additional lots are listed on page _____ All lots are contiguous All lots are operated as a unit
- c. ♦ Does this schedule report occupancy and income for the entire tax lot (or lots)? Yes . If no, describe portions not covered and reason for omission:

2. REPORTING PERIOD AND ACCOUNTING BASIS

Reporting year: From 1/1/09 to 12/31/09 Accounting basis: Cash Accrual

Has the accounting basis changed from the prior reporting year? Y N

If assessment is \$1,000,000 or more, and income exceeds \$100,000, attach accountant's certification TC309. TC309 does not apply to parts 3, 4, 5 or 10.

3. RESIDENTIAL OCCUPANCY AS OF JANUARY 5, 2010 - Number of dwelling units, rent by type of occupancy.

| TYPE OF OCCUPANCY | NUMBER OF UNITS | MONTHLY RENT |
|---------------------|-----------------|--------------|
| RENTED, REGULATED | 96 | \$ 132,660 |
| RENTED, UNREGULATED | | \$ |
| VACANT | 94 | \$ |
| TOTAL | 190 | \$ 132,660 |

♦ Does rent reported include all recurring charges, such as parking, subsidies and SCRJE abatements? _____

4. NONRESIDENTIAL OCCUPANCY AS OF JANUARY 5, 2010 — Approximate gross floor area and/or percent.

| FLOOR | APPLICANT OR RELATED | | RENTED (UNRELATED) | | VACANT | | TOTAL | |
|-----------------------|----------------------|---|--------------------|---|--------|---|--------|------|
| | Sq.ft. | % | Sq.ft. | % | Sq.ft. | % | Sq.ft. | % |
| FLOOR 3 - <u>β</u> | | | | | | | | |
| 2 ND FLOOR | | | | | | | | |
| 1 ST FLOOR | | | | | | | | |
| BASEMENT | | | | | | | | |
| ENTIRE BUILDING | | | | | | | | 100% |

5. LAND OR BUILDING LEASE INFORMATION AS OF JANUARY 5, 2010

♦ Does applicant or a related person pay rent pursuant to an arms-length lease of the entire tax lot (or lots)? No . If yes, complete this part.

| | |
|--------|-------------------------------------------------------|
| LESSOR | IF NOT OWNER OF RECORD, DESCRIBE RELATION TO PROPERTY |
| LESSEE | IF NOT APPLICANT, DESCRIBE RELATION TO APPLICANT |

Term of lease: from _____ to _____ Annual rent \$ _____

Start date of annual rent stated: _____ End date of annual rent stated _____ End date of lease option: _____

♦ Does lessor receive any sums in addition to annual rent stated? _____ . If yes, state additional sums here: \$ _____

♦ Does lessor pay any of the operating expenses or real estate taxes? _____ . If yes, specify: _____

♦ Is the lease a ground lease? _____ AV \$2,646,000

| 6. INCOME INFORMATION | | BOROUGH/BLOCK/LOT Manhattan/1458/22 | Prior year | Reporting year | | | |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------|------------|------------------|----|--------|--|
| a. Residential: | Regulated | | | 1,000,769 | a. | | |
| | Unregulated | | | 10,976 | | | |
| b. | Office | | | | b. | | |
| c. | Retail (including storefront professional offices, banks, restaurants) | | | | c. | | |
| d. | Loft | | | | d. | | |
| e. | Factory | | | | e. | | |
| f. | Warehouse | | | | f. | | |
| g. | Storage | | | | g. | | |
| h. | Garage/parking | | | | h. | | |
| SUBTOTAL | | | | 1,011,745 | | | |
| i. | Owner-occupied or owner-related space | | | | i. | | |
| j. | Ancillary Income: 1. Operating escalation | | | | j. | | |
| | 2. Real estate tax escalation | | | | | | |
| | 3. Sale of utility services | | | 1,314 | | | |
| | 4. Sale of other services | | | | | | |
| | 5. Government rent subsidies | | | 8,486 | | | |
| | 6. Signage/billboard | | | | | | |
| | 7. Cell towers/telecommunications equipment | | | | | | |
| k. | Other (specify) Laundry | | | 12,066 | k. | | |
| I. TOTAL GROSS INCOME | | | | 1,031,611 | l. | | |
| 7. EXPENSE INFORMATION | | | | | | | |
| a. | Fuel | | | 98,548 | a. | | |
| b. | Light and power | | | 125,848 | b. | | |
| c. | Cleaning contracts | | | | c. | | |
| d. | Wages and payroll | | | 263,097 | d. | | |
| e. | Repairs and maintenance | | | 39,817 | e. | | |
| f. | Management and administration | | | 451,337 | f. | | |
| g. | Insurance (annual) | | | 52,896 | g. | | |
| h. | Water and sewer | | | 87,706 | h. | | |
| i. | Advertising | | | | i. | | |
| j. | Interior painting and decorating | | | 2,919 | j. | | |
| k. | Amortized leasing and tenant improvement costs | | | 7,723 | k. | | |
| l. | Miscellaneous expenses (from Part 9) | | | 125,774 | l. | | |
| m. EXPENSES BEFORE REAL ESTATE TAXES (add lines a through l) | | | | 1,255,865 | m. | | |
| n. Real estate taxes (before any abatements) | | | | 341,125 | n. | | |
| o. TOTAL EXPENSES (add lines m and n) | | | | 1,596,990 | o. | | |
| 8. NET PROFIT (OR LOSS) | | | | | | | |
| a. Net before real estate taxes (subtract Part 7 line m from Part 6 line l) | | | | (224,054) | a. | | |
| b. Net after real estate taxes (subtract Part 7 line o from Part 6 line l) | | | | (565,179) | b. | | |
| 9. ITEMIZATION OF MISCELLANEOUS EXPENSES | | | | | | | |
| ITEM | | AMOUNT | | ITEM | | AMOUNT | |
| Depreciation of building | | | | Security | | 61,337 | |
| Improvement | | 29,185 | | Sundry | | 5,117 | |
| Supplies | | 13,945 | | Bad debt expense | | 4,866 | |
| Taxes and permits | | 11,324 | | | | | |
| 10. TENANTS' ELECTRICITY | | | | | | | |
| ◆ Do tenants obtain electricity from the applicant or a related person? No | | | | | | | |
| ◆ Is there a separate charge in addition to the rent? No | | | | | | | |

TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 936, New York, NY 10007

TC309
2010

ACCOUNTANT'S CERTIFICATION

Attach TC309 to an application. It is not valid if filed separately.

WOLPEGREG

File TC309 with an application or supplemental application and Form TC201, the Tax Commission's schedule of income and expenses for rent-producing properties, for a parcel having a tentative actual assessed valuation of \$1,000,000 or more, and income exceeding \$100,000, as stated in Form TC201. An accountant's certification is required only for rent-producing properties. TC309 is not required when the Tax Commission prescribes use of a schedule other than Form TC201. The certification is limited to certain parts of TC201 as indicated in the form. Form TC201 and this certification are part of an application for correction or supplemental application. They may not be submitted separately. The Tax Commission has no authority to extend the time for filing. This form must not be conditioned, modified or altered in any respect. It must be signed by an independent certified public accountant, using his or her own name, not the firm name. This form and the schedule which it accompanies are subject to public disclosure.

This certification is attached to an application for property identified as follows:

| BOROUGH (Bronx, Brooklyn, Manhattan, Queens or Staten Island) | BLOCK | LOT | REP. TC GROUP NUMBER | ASSESSMENT YEAR |
|---------------------------------------------------------------|-------|-----|----------------------|-----------------|
| Manhattan | 1459 | 22 | 135 | 2010/11 |

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying schedule of income and expenses, Form TC201, prepared pursuant to the requirements of the Tax Commission of the City of New York, of Stahl York Avenue Co., L.L.C., the applicant, reflecting the operations of the property or properties identified on that TC201 for the fiscal period 1/1/09 to 12/31/09

The schedule is the responsibility of the applicant. My responsibility is to express an opinion on this schedule based on my audit. I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by the applicant, as well as evaluating the overall schedule presentation. I believe that my audit provides a reasonable basis for my opinion. The schedule is presented pursuant to the requirements of the Tax Commission of the City of New York and on the basis of accounting described below, and is not intended to be a complete presentation of the property's revenues and expenses.

ACCRUAL BASIS. The schedule of income and expenses has been prepared on the accrual basis. Under the requirements of the Tax Commission, the schedule does not include interest expense, depreciation, other items set forth below and footnote disclosures which are necessary for a complete presentation of the results of operations of the property in conformity with generally accepted accounting principles.

CASH BASIS. The schedule of income and expenses has been prepared on the basis of cash receipts and disbursements; consequently, certain revenues are recognized when received rather than earned, and certain expenses are recognized when paid rather than when the obligation is incurred. In addition, under the requirements of the Tax Commission, the schedule does not include interest expense, depreciation, other items set forth below, and footnote disclosures which are necessary for a complete presentation of the results of operations of the property. Because of the foregoing, the schedule does not purport to present results of operations in conformity with generally accepted accounting principles.

Other income and expense items excluded from Form TC201 schedule of income and expenses:

Interest income _____ Amortization of mortgage _____ costs _____

Footnotes: Included in management and administration are professional fees in the amount of \$368,480 incurred to challenge the New York City Landmarks Preservation Commission's decision to designate the property as a New York City Landmark.

In my opinion, the aforementioned schedule of income and expenses on borough/block/lot Manhattan / 1459 / 22 presents fairly, in all material respects, the information contained therein in conformity with the basis of accounting described above. This report is prepared solely for information and use of the applicant and for filing with the Tax Commission of the City of New York and should not be used for any other purpose.

SIGNATURE OF CERTIFIED PUBLIC ACCOUNTANT: [Signature], CPA

PRINT NAME OF SIGNER: Tony Cucci

PRINT FIRM NAME: Berdon LLP

ADDRESS: 360 Madison Avenue, New York, NY 10017

DATE: February 3, 2010