

COMPARATIVE ECONOMIC FEASIBILITY STUDY

**City and Suburban Homes Company, First  
Avenue Estate**

**429 East 64th Street & 430 East 65th Street  
New York, New York County, NY 10065**

Latitude: 40.76054 Longitude: -73.977882

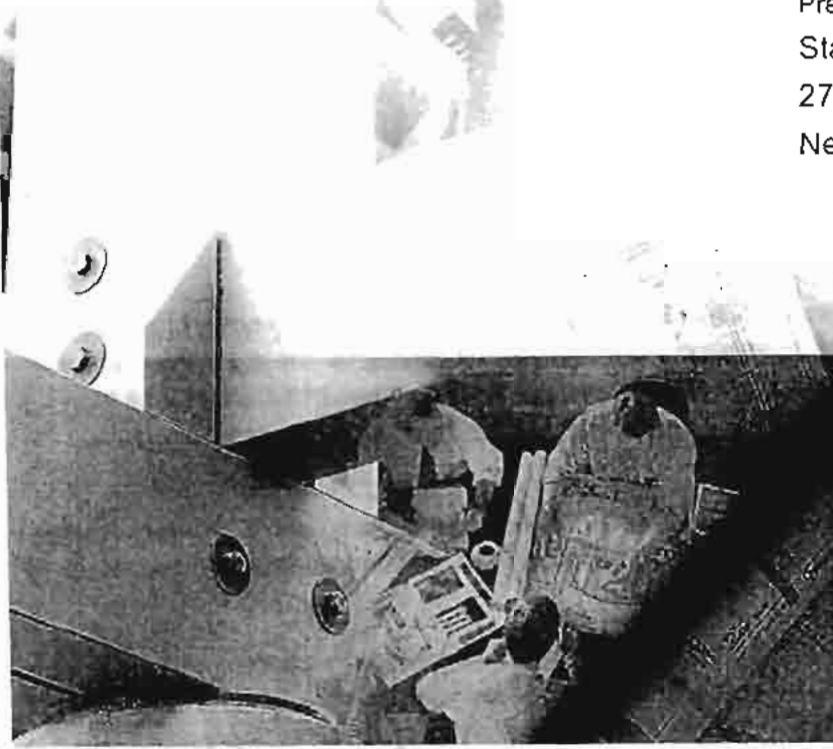
As of February 5, 2009

Prepared For:

Stahl Real Estate

277 Park Avenue, Suite 4700

New York, NY 10172



Photograph of Subject Property

Prepared By:

Cushman & Wakefield, Inc.

Valuation Services, Capital Markets Group

51 West 52nd Street

New York, NY 10019

C&W File ID: 08-12003-9138





CUSHMAN & WAKEFIELD, INC.  
51 WEST 52ND STREET  
NEW YORK, NY 10019

May 26, 2009

Mr. Gregg Wolpert  
Co-President  
**Stahl Real Estate**  
277 Park Avenue, Suite 4700  
New York, NY 10172

Re: Comparative Economic Feasibility Study  
**City and Suburban Homes Company, First Avenue Estate**  
429 East 64th Street & 430 East 65th Street  
New York, New York County, NY 10065

C&W File ID: 08-12003-9138

Dear Mr. Wolpert:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our comparative economic feasibility study of the above property dated May 26, 2009. The effective date of the analysis is February 5, 2009.

The subject of this comparative economic feasibility study is two walk-up buildings containing 190 units, which are landmarked by the New York City Landmark Preservation Commission. According to the New York City Administrative Code Section 25-309, reasonable return is defined as a net annual return of 6.0 percent of the valuation of an improvement parcel. Under the definition, the subject property does not generate a reasonable return.

The property was inspected by and the report was prepared by M. Wendy Hwang and John T. Feeney, Jr. Matthew C. Mondanile, MAI and Timothy Barnes, CRE, FRICS did not inspect the property but have reviewed the report and concur with its findings.

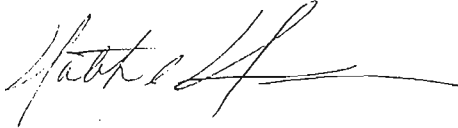
Based on the continued use with capital infusion for building-wide improvement, our analysis develops a return of **1.190%** based on the valuation. Without the capital improvement, the proforma develops a return of **0.614%** based on the valuation. Therefore, we have concluded that the imposition of the landmark's designation on November 21, 2006, has rendered the property incapable of generating a sufficient and competitive economic return.

The results of the analysis indicate that continued operation of the property in its current or renovated conditions is not economically feasible. The level of feasibility is made worse if measured on a leveraged basis. Financing for multi-family assets is very difficult to obtain in the current market and properties such as the subject would not likely qualify for financing at levels greater than 50 to 60 percent of current market values.

We conclude that the Landmark designation creates a hardship upon ownership as a result of projected economic performance. Furthermore, the Landmark designation prevents re-development in a manner consistent with the highest and best use.

Respectfully submitted,

**CUSHMAN & WAKEFIELD, INC.**



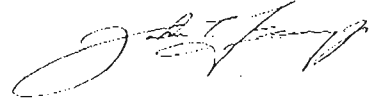
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Timothy Barnes, CRE  
Managing Director  
New York Certified General Appraiser  
License No. NYS 46000006137

## GENERAL DESCRIPTION

The following is an executive summary of the information that we present in more detail in the report.

BASIC INFORMATION			
Common Property Name:	City and Suburban Homes Company, First Avenue Estate	Report Type:	Comparative Economic Feasibility Study
Address:	429 East 64th Street & 430 East 65th Street	Date of Inspection:	2/5/09
City:	New York	Date of Report:	2/10/09
State:	NY		
Zip Code:	10065		
County:	New York		
Property Ownership Entity:	Stahl York Ave. Co. LLC		
CW File Reference:	08-12003-9138		
SITE INFORMATION			
Land Area Gross SF:	20,083	Site Utility:	Good
Land Area Acres:	0.46	Site Topography:	Gently sloping
Is there additional Excess Land?	No	Site Shape:	Rectangular
Excess Land Area SF:	0	Frontage:	Very Good
Excess Land Area Acres:	0.00	Access:	Good
Total Land Area SF:	20,083	Visibility:	Good
Total Land Area Acres:	0.46	Location Rating:	Average
Flood Zone:	X	Number of Parking Spaces:	0
Flood Map Number:	360497-0089F	Parking Ratio (per 1,000 sf):	0.00:1
Flood Map Date:	9/5/07	Parking Type:	None
BUILDING INFORMATION			
Type of Property:	Multi-Family	Actual Age:	93 Years
Number of Units:	190	Quality:	Poor
Number of Buildings:	2	Condition:	Fair to Poor
Gross Building Area:	84,826 SF	Year Built:	1916
Net Rentable Area:	72,102 SF	Year Renovated:	N/A
Number of Stories:	6	Land to Building Ratio:	0.24:1
		Building Class:	C



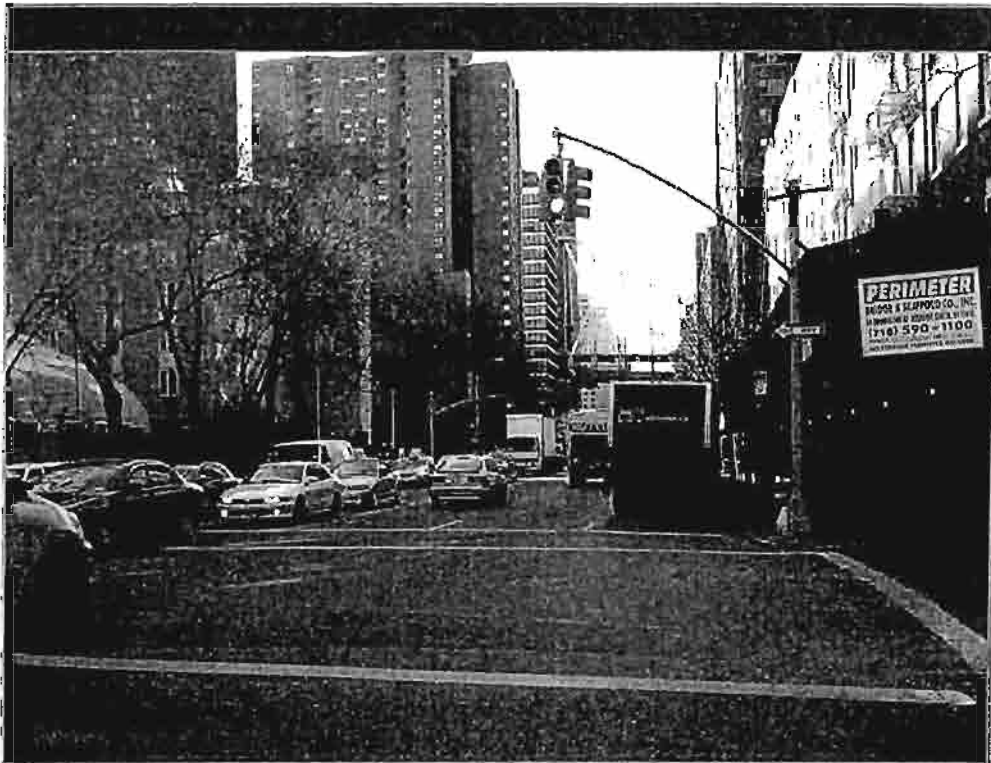
View of the subject property looking northwest across York Avenue.



View of the subject property looking southwest across York Avenue.



Street scene facing north on York Avenue. Subject property is on the left.



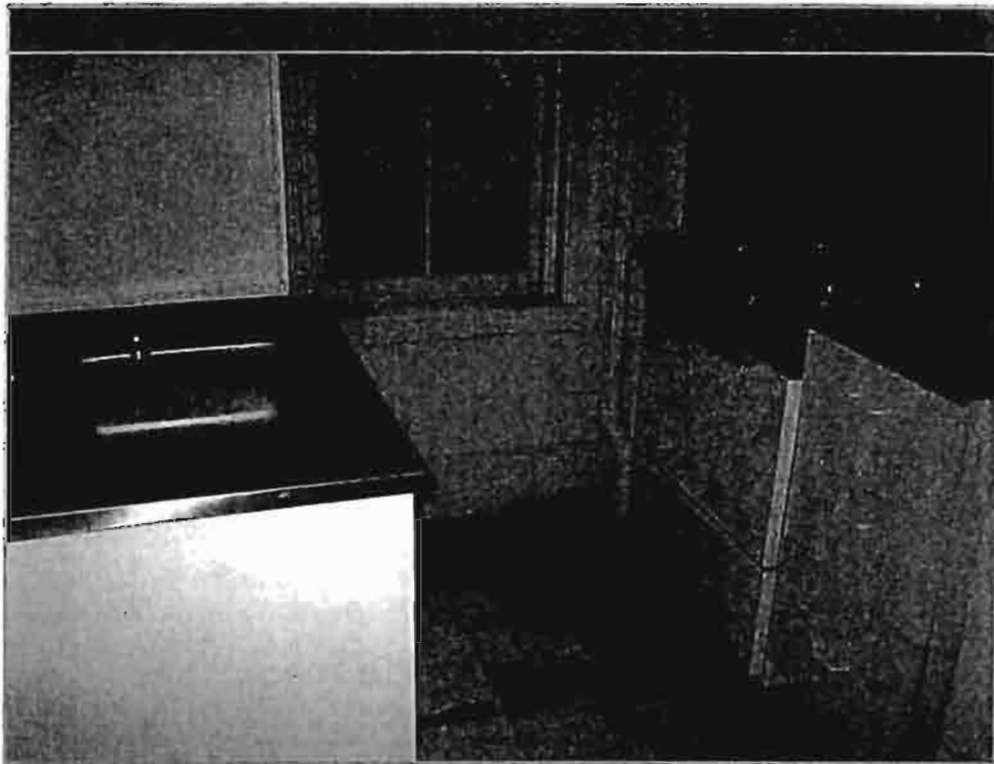
Street scene facing south on York Avenue. Subject property is on the right.



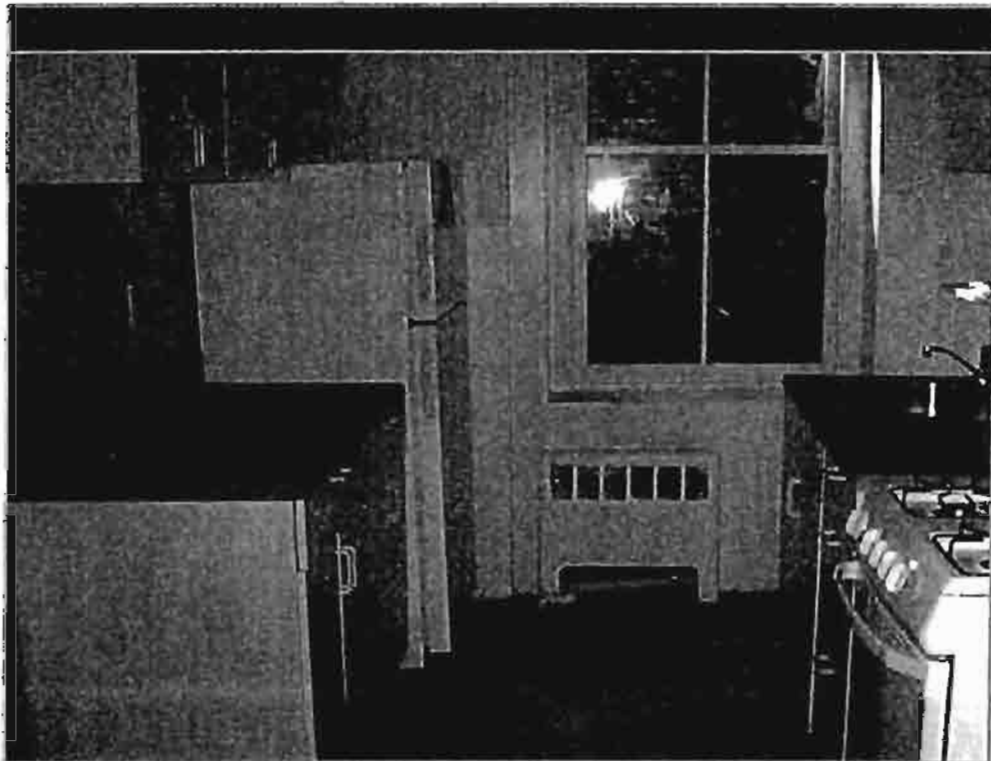
View of the subject and adjacent buildings from East 64<sup>th</sup> Street.



View of the subject and adjacent buildings from East 65<sup>th</sup> Street.

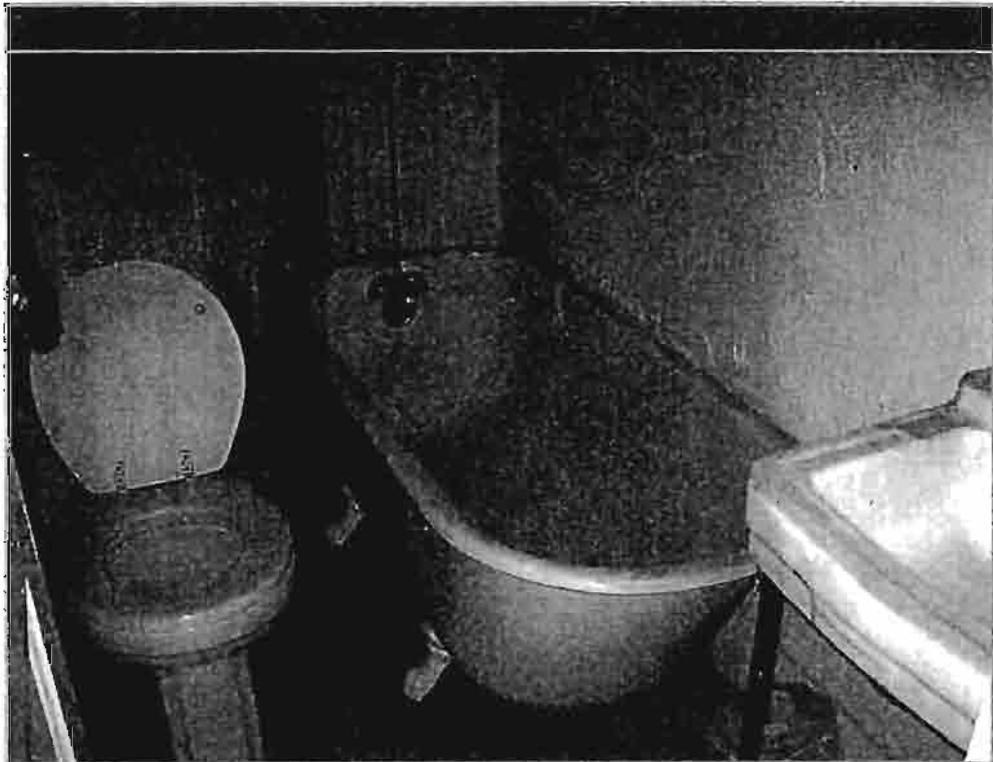


View of a typical kitchen.



View of a renovated kitchen.





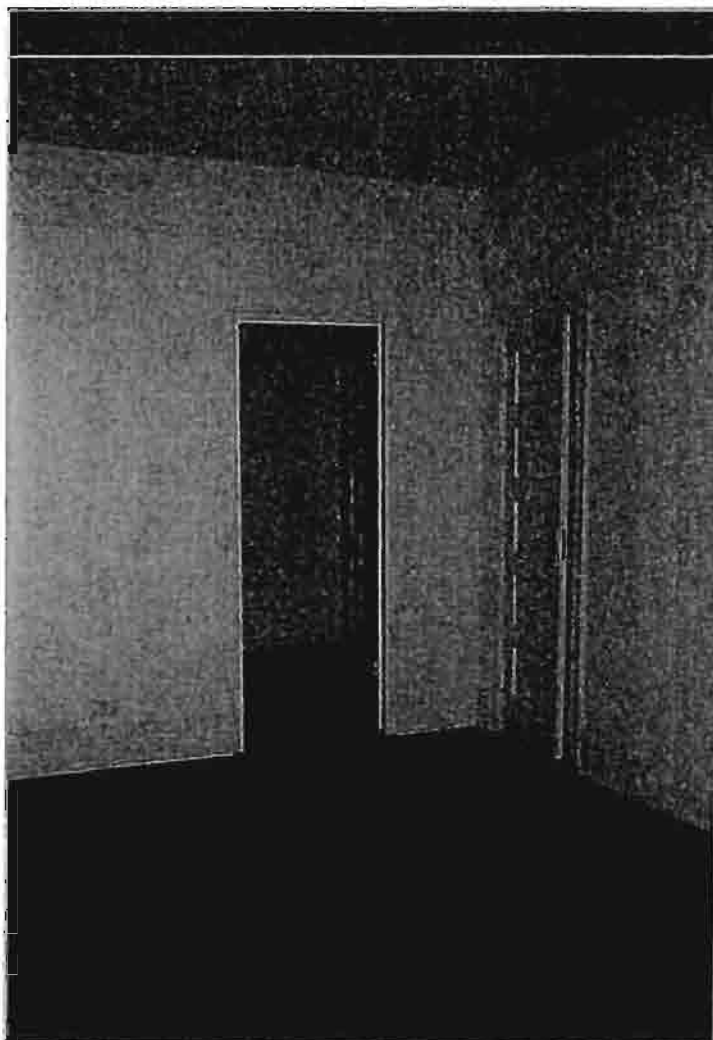
View of a typical bathroom.



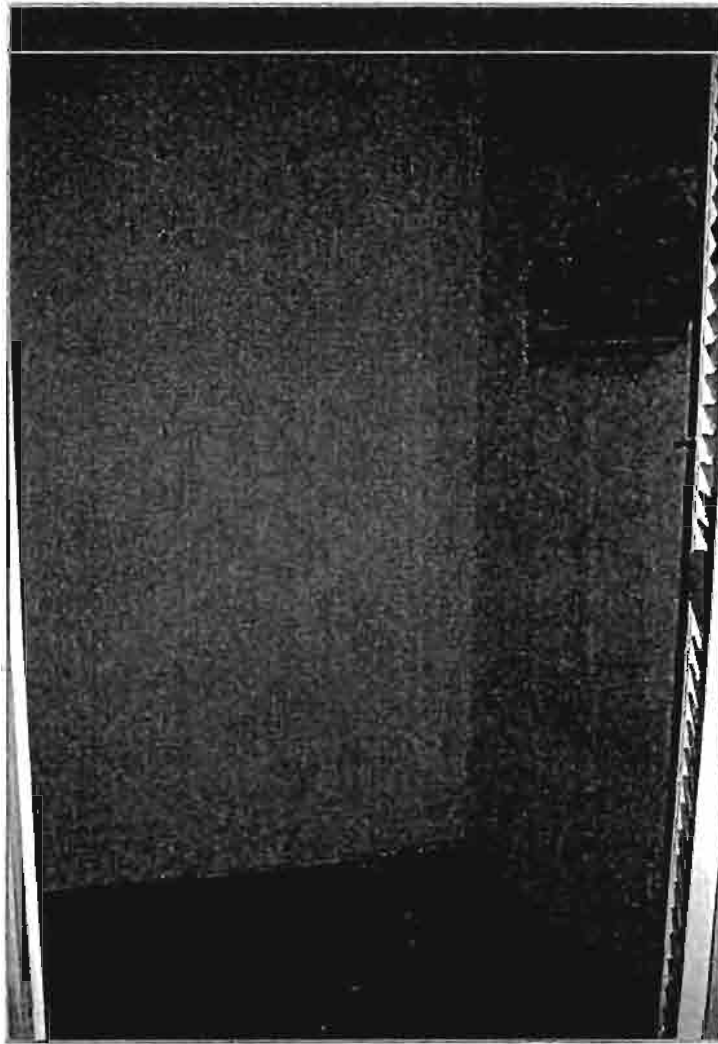
View of a typical bathroom.



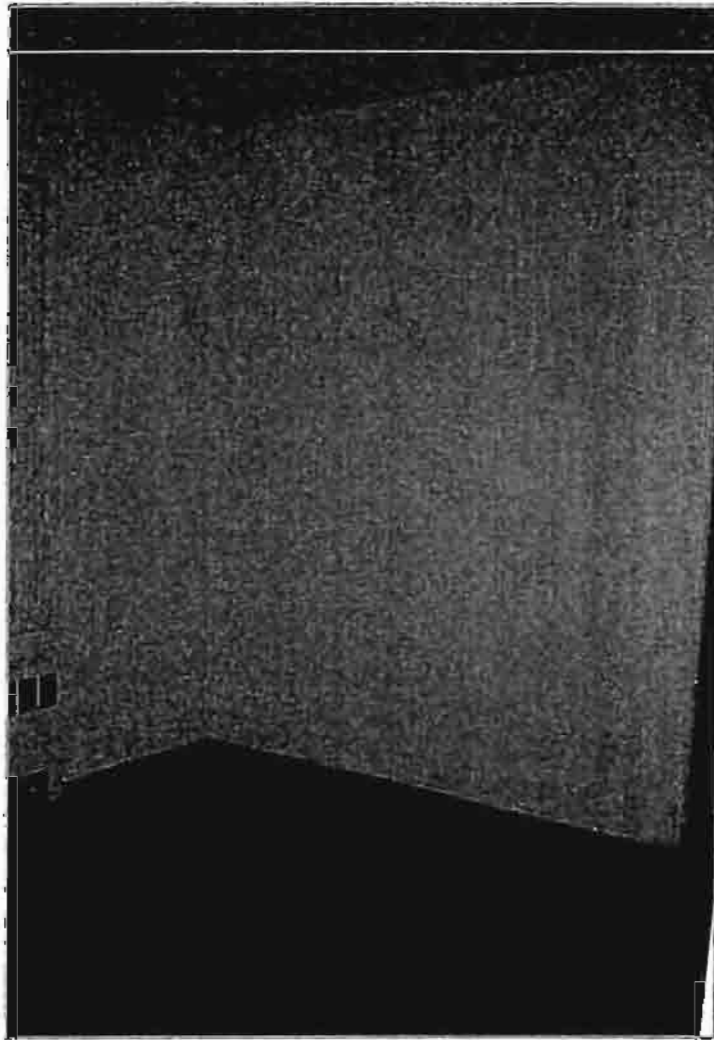
View of a typical living room.



View of a typical living room.



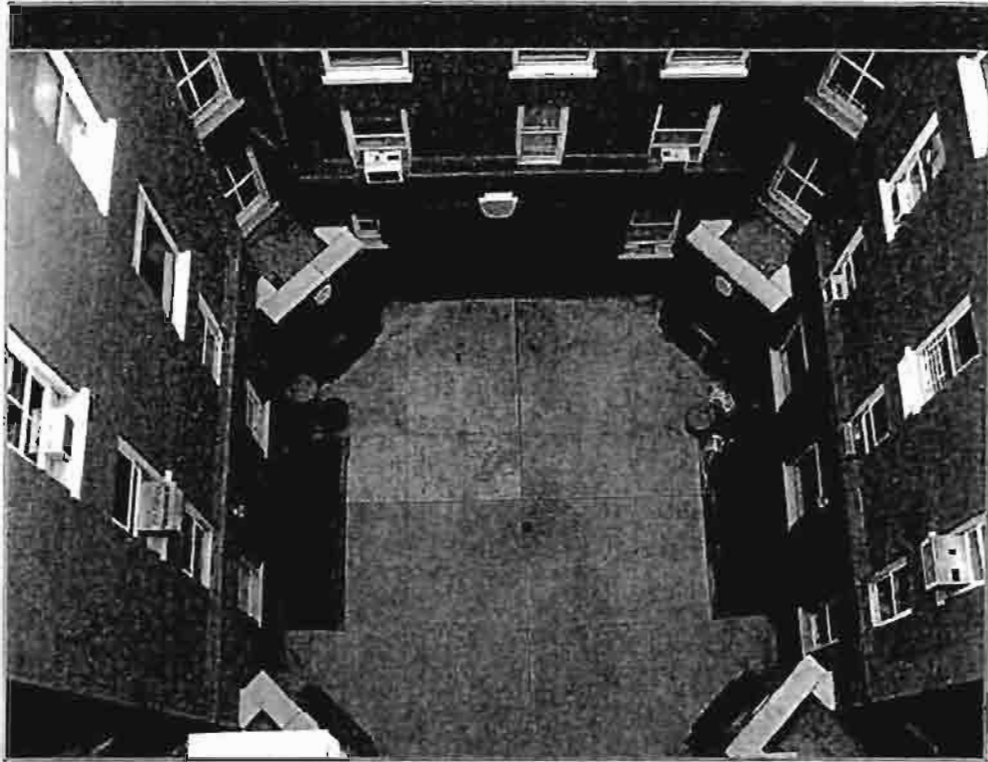
View of a typical bedroom.



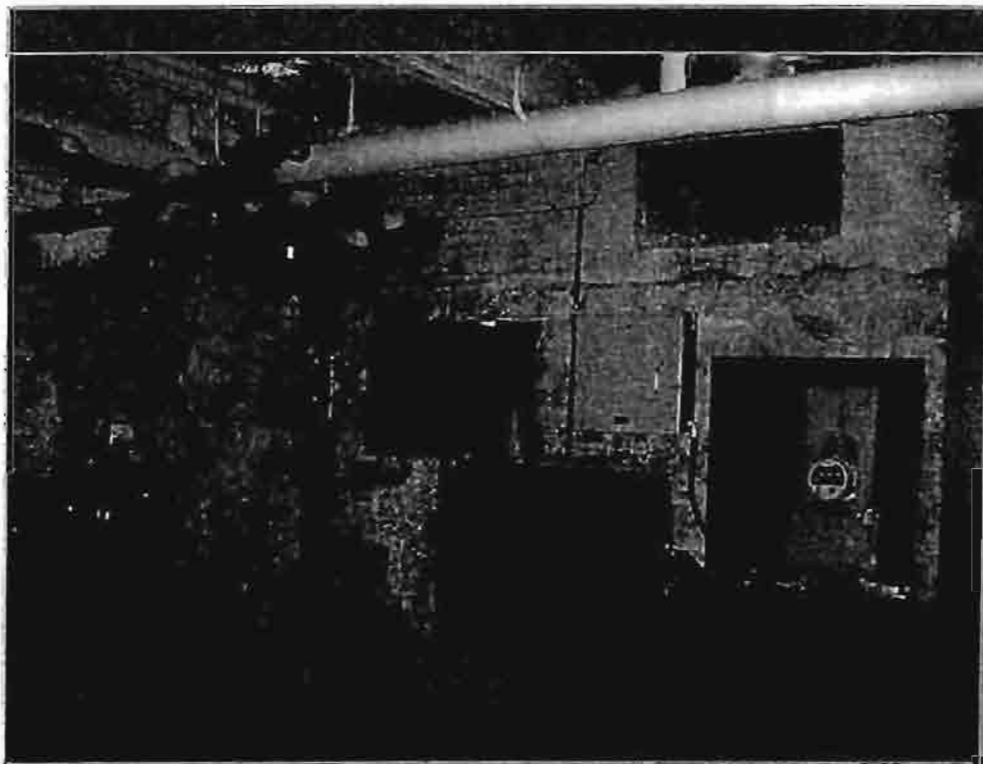
View of a typical bedroom.



View of exterior façade facing courtyard.

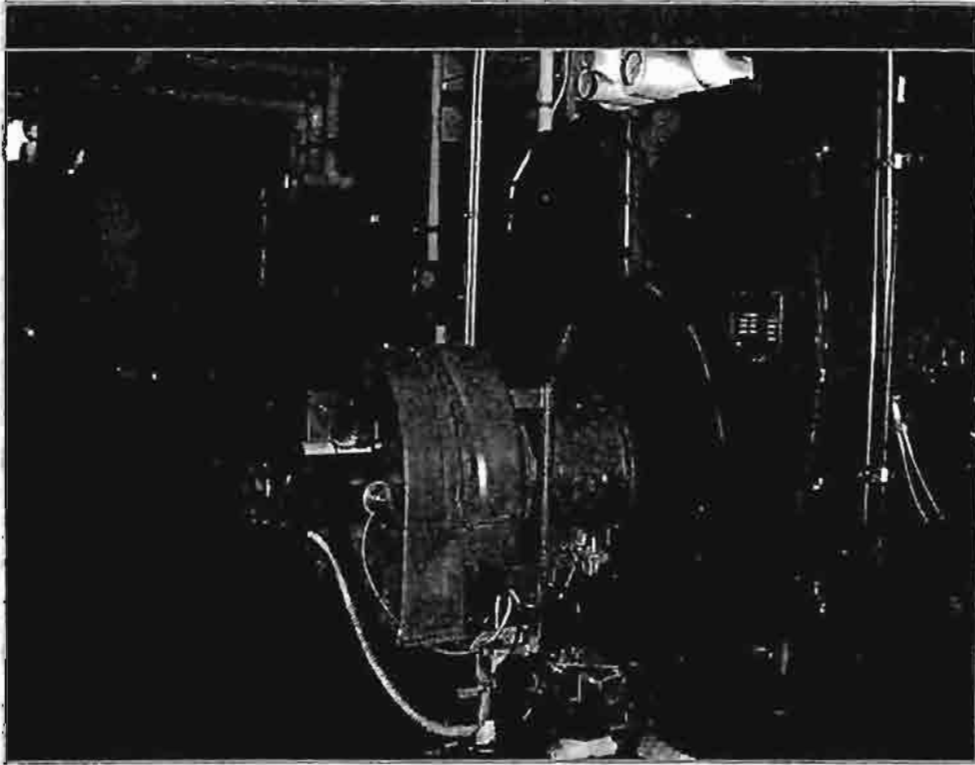


View of the courtyard.

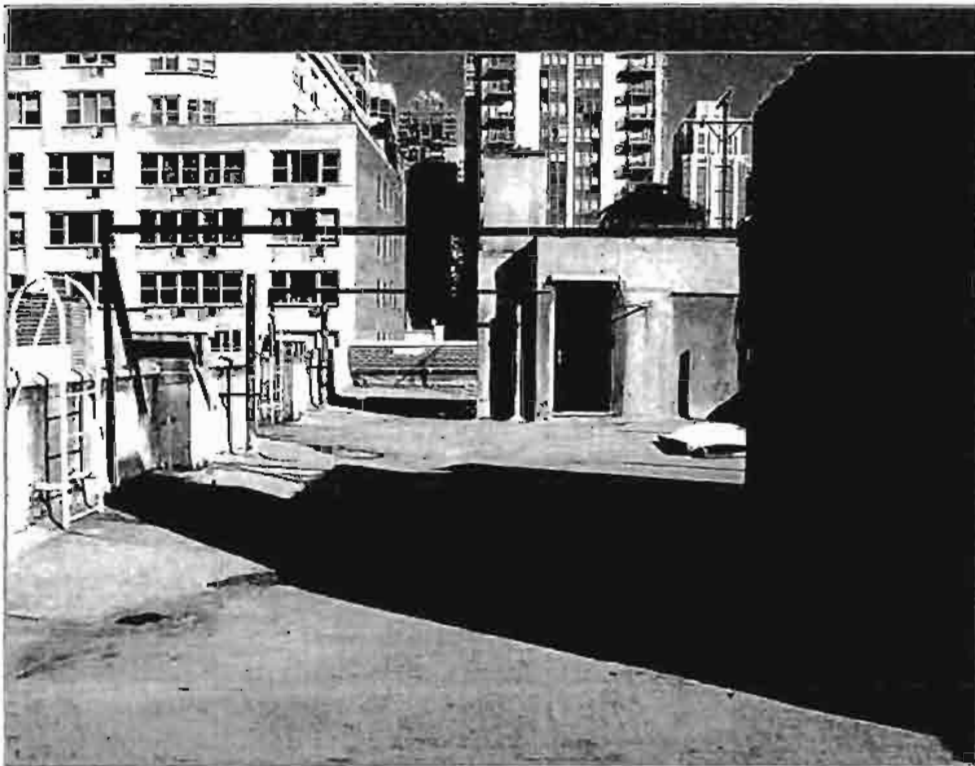


View of the electrical room.





View of the boiler room.



View of the roof.

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## INTRODUCTION

### SCOPE OF WORK

Cushman & Wakefield, Inc. has an internal Quality Control Oversight Program. This Program mandates a “second read” of all assignments. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

The scope of this assignment required collecting primary and secondary data relevant to the subject property. We analyzed rental data, and considered the input of buyers, sellers, brokers, property developers and public officials. We made a physical inspection of the subject property. We also investigated the general regional economy as well as the specifics of the subject property’s local area.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

The assignment employs elements of the Income Capitalization Approach for use in a comparative economic feasibility study.

**IDENTIFICATION OF PROPERTY**

Common Property Name: City and Suburban Homes Company, First Avenue Estate

Location: 429 East 64th Street & 430 East 65th Street  
New York, New York County, NY 10065

Assessor's Parcel  
Number: Block 1459, Lot 22

Legal Description: The legal description is presented in the Addenda of the report.

**PROPERTY OWNERSHIP AND RECENT HISTORY**

Current Ownership: Stahl York Ave. Co. LLC

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

**DATES OF INSPECTION AND ANALYSIS**

Date of Analysis: February 5, 2009

Date of Inspection: February 5, 2009

Property inspection was  
performed by: M. Wendy Hwang and John T. Feeney, Jr.

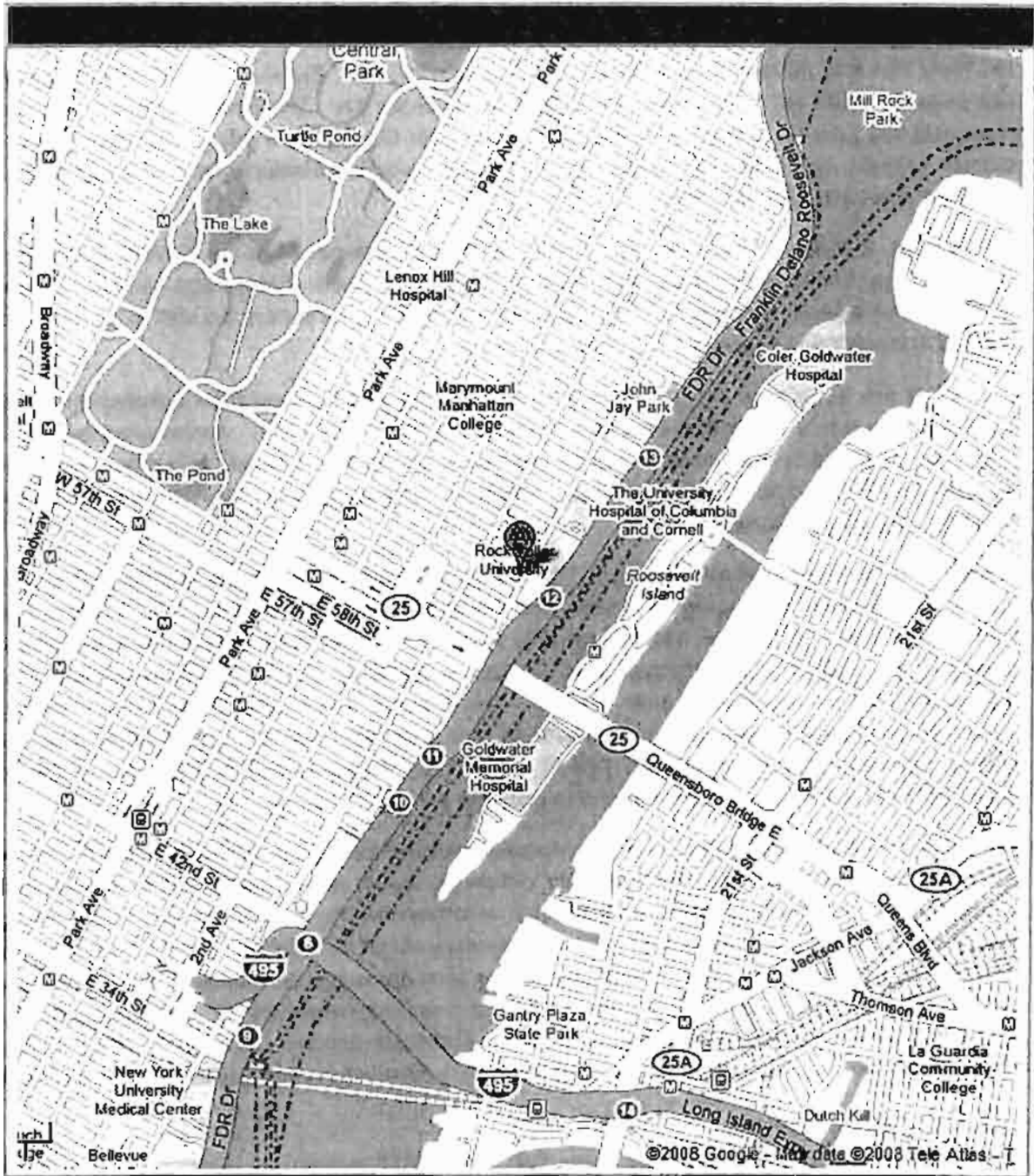
**INTENDED USE AND USERS OF THE REPORT**

Intended Use: Internal use by The Stahl Real Estate and for submission to the Landmarks Preservation Commission of the City of New York.

Intended User: The consulting report is prepared for The Stahl York Company for their internal use and for the use in connection with their efforts to reverse an existing landmark designation by the Landmarks Preservation Commission (November 21, 2006, designation list 383, LP -1692A) of the subject property. The subject property was excluded from designation in 1990 and then subsequently designated in 2006. No other use is anticipated nor permitted without the written permission of Cushman & Wakefield, Inc.

This report does not employ any extraordinary assumptions, hypothetical conditions, supplemental standards, or jurisdictional exceptions.

# REGIONAL MAP



## INVESTMENT CONSIDERATIONS

### GENERAL RESIDENTIAL MARKET CONDITIONS

The New York City residential market has retreated from its peak. Significant declines in condominium prices as well as rental rates are evident throughout most areas of the city. The local economy is anticipated to lose at least 165,000 jobs as estimated by the New York State Comptroller's office. Forecasts from other sources indicate as many as 250,000 to 300,000 job losses, which would be similar to the losses witnessed between 1991 and 1994 as well as 2001 and 2003.

Rental rates, on an effective rent basis, have decreased between 20 to 25 percent since September 2008. Landlords are offering concessions in the form of free rent, payment of brokerage commissions and offering fee service amenities such as health club memberships. Long term, we believe the shift in the residential market will stabilize in late 2009, with a return to growth in 2011.

Developers are not able to obtain financing to acquire sites and the market for development sites is very poor currently. There is a substantial disconnect between bid and ask prices. As investors must use significantly greater levels of equity, and demand greater returns commensurate with risk, prices are expected to decrease. However, the lack of data from transactions, warrants a discussion of the impact on real estate from the malaise throughout the capital markets.

Financing remains very difficult to obtain. The Cushman & Wakefield Capital Markets Group's February 2009 update indicates loan to value ratios of less than 40 percent for hotel use, and 50 to 75 percent for other uses. Terms range from 1 to 10 years with interest only to 30 year amortizations. Interestingly, several larger loans, in excess of \$70 million being arranged by Cushman & Wakefield Sonneblick Goldman have attracted strong interest from life companies and bank lenders. The common thread among the loans is the strength of the borrowers, all of whom have significant equity in their properties, and the conservative underwriting used by lenders. There is probably more market depth for \$70 plus million loans than borrowers realize, provided they accept 60% of current loan to value levels and pricing in the mid 7% range.

As it relates to development sites, financing is more restrictive than in the 2004-2007 period. We do not know of new land loans being made in New York City. However, banks are extending loans on partially improved and dormant sites. Borrowers are being asked/forced to increase equity in return for extensions of 6 to 12 months. Buyers requiring large percentages of debt are currently out of the market. Equity oriented buyers are those which will be able to acquire development sites. Long term, the supply fundamentals for Manhattan are favorable compared to most urban areas of the country. Industry analysts report that significant amounts of equity exists poised to enter the market at timing most advantageous to those sources. Cushman & Wakefield Capital Markets Group reports no significant development sites currently available from non distressed sellers in Manhattan.

### THE FINANCIAL CRISIS

The credit crunch that began to unfold in the U.S. in mid-2007 evolved into a global financial crisis by October 2008, soon after the Lehman Brothers bankruptcy. As of spring 2009, the crisis shows few signs of abatement and will likely continue through the end of the year, and possibly into early 2010. Many market observers equate this crisis as the greatest challenge facing the world's economic health since the Great Depression. Its effects have already radically reshaped the financial sector, with the potential for more to come.

Initially confined to non-depository lenders and investment banks, turmoil has now breached even the largest money-center banks, resulting in a dramatic selloff at equity exchanges across the globe. Institutions heavily exposed to mortgage-backed securities, collateralized debt or credit shortfalls have been forced into the arms of better capitalized suitors, declared bankruptcy or been taken over by their respective governments.

These events are rooted in the subprime mortgage crisis, which began garnering attention in 2007. The crisis was sparked primarily by the perceived strength of the U.S. residential market, and exacerbated by lax regulations on elaborate structured finance and insurance instruments designed to earn profit and hedge against losses. In early 2008, U.S. banks began showing cracks in their financial structure as the flaws in these practices became more apparent. At that point, the companies affected were those directly involved in home construction and mortgage lending, but as the crisis emerged financial institutions that had engaged in the securitization of mortgages began to falter as well.

By the end of September 2008, an international crisis had emerged, as more banks failed and global markets witnessed sharp reductions in stock and commodity values. In the weeks that followed, the crisis began affecting the general availability of credit to businesses and to larger financial institutions not directly connected with mortgage lending. In an attempt to avoid a world-wide financial freeze, staunch the public fear, and unlock the credit markets, governments began their largest private sector interventions in history.

Although government efforts are certainly robust, it remains to be seen whether their policies will successfully reinvigorate the financial markets. Many economists, as well as investors, still have reservations regarding how much and to what extent governments should be involved in private industry. Nevertheless, the global attention and cooperation occurring is exceptional, and many believe their efforts may prevent a severe recession or depression.

## THE FALLOUT

In response to the economic crisis, the U.S. government passed the Emergency Economic Stabilization Act of 2008 (EESA) on October 3, 2008. This law enabled Treasury to facilitate a \$700.0 billion Troubled Asset Relief Program (TARP). Initially, TARP intended to recapitalize financial institutions by transferring their "toxic" securities to U.S. government balance sheets. Instead of buying the debt, however, the government decided to resuscitate the financial markets by directly infusing capital into large banks via preferred stock. On January 15, 2009 Congress released the second half of TARP funds and extended its focus outside the finance industry into the automotive bailout and programs such as the Homeowner Affordability and Stability Plan.

In addition to TARP's efforts to revitalize the economy, the American Recovery and Reinvestment Act of 2009 (AARA) was enacted by Congress and signed into law on February 17, 2009. Better known as the "stimulus bill," the \$787.0 billion package includes federal tax cuts, extended unemployment benefits, and other social welfare provisions as well as domestic spending in education, health care and infrastructure.

The fallout from the crisis has been significant, widespread, and has permanently altered the financial landscape. Below is a list of some of the major changes:

- IndyMac collapsed and its assets were seized by the federal regulators.
- Fannie Mae and Freddie Mac have been placed in federal conservatorship.
- Barclay's Bank acquired Lehman Brothers' core business assets, while the rest remain in bankruptcy proceedings.
- Bank of America acquired Merrill Lynch, but has since received billions in federal aid.
- JP Morgan Chase assumed all of Washington Mutual's assets, and most of their liabilities. The remaining subsidiaries have filed for Chapter 11 bankruptcy protection.
- Wells Fargo acquired Wachovia.

- Goldman Sachs and Morgan Stanley converted to bank holding companies.
- AIG, suffering a credit downgrade and liquidity crisis, was saved from insolvency by the Federal Reserve in return for a 79.9 percent equity interest.
- Citigroup announced that the U.S. government will acquire a 36.0 percent equity stake.
- Since the crisis began, the FDIC has taken over more than 40 banks, more than 20 since January 2009.

### ECONOMIC IMPACT

The U.S. is now in its 18<sup>th</sup> month of official recession, the lengthiest slowdown since the Great Depression. Although a few economic indicators such as consumer confidence and retail sales are showing signs of stabilization, most experts don't anticipate a recovery in the near future. In early April 2009, The Organization for Economic Cooperation and Development (OECD) reported that economies for G-20 members are expected to shrink by an average of 4.3 percent in 2009. Although they anticipate that the U.S. economy will contract by 4.0 percent this year, it is an improvement from the 6.3 percent GDP drop witnessed in fourth quarter 2008. Listed below are some of this recession's major economic impacts:

- April 2009 lost a net total of 539,000 jobs, pushing the national unemployment rate to 8.9 percent, up from 8.5 percent just a month before. So far, 5.6 million jobs have been lost in this recession, 2.6 million of which occurred in 2009 alone. Although April's job loss report was better than anticipated, many economists believe that the U.S. will continue to shed jobs throughout 2009 and that a normal 5.0 percent unemployment rate will not be realized until 2013.
- U.S. inflation hit a 17-year high in July 2008. Since then, however, a precipitous drop in commodity prices is now generating fears of over-capacity and deflation. In fact, both the PPI and CPI (excluding food and energy) are expected to rise just 0.1 percent for first quarter 2009. This would translate into a year-over-year core CPI gain of 1.4 percent, a level not realized since the 1960s.
- Total retail and food service sales declined in 2008 for the first time since 1967 with monthly retail sales declining for the entire second half of the year, the longest consecutive decline on record. In April 2009, the International Council of Shopping Centers reported that retail sales rose by 0.7 percent, however excluding Wal-Mart they fell by 2.7 percent.
- The injection of capital into banks, and the lowering of lending rates have not yet put confidence back into the market. As a result, the stock market has witnessed record gains and losses since September 2008. At the end of first quarter 2009, the Dow Jones Industrial Average was down 13.0 percent over fourth quarter 2008, the worst quarter in percentage terms since 1939.
- The National Association of Realtors U.S. reported that home prices fell 13.8 percent in March 2009, on a year-over-year basis; peak to trough U.S. home prices dropped over 30.0 percent. On a positive note, first quarter 2009 existing home sales rose 3.2 percent over fourth quarter 2008, intimating that sales may be approaching a bottom.

In their April 2009 semiannual *Global Financial Stability Report*, the International Monetary Fund (IMF) increased their forecast to a total loss of \$4.1 trillion, up from \$2.2 trillion in January 2009. For U.S. financial institutions, the IMF is predicting total losses of \$2.7 trillion, nearly double the estimate from six months ago. From a historical context, the losses from the savings and loan crisis of the early 1990s totaled approximately \$160.0 billion, before adjustment for inflation.



Complex, illiquid, and difficult to price securities remain widely distributed on the balance sheets of the world's financial institutions. Risks are magnified by instruments such as credit derivatives and credit default swaps. If nothing else, the recent failures on Wall Street demonstrated to regulators just how serious a risk the mortgage finance crisis presents to the nation's overall capital markets.

## CONCLUSION

As market observers who simulate behavior rather than affect it, we await market evidence as to the long term impact of the credit crisis. Risk is considered in the context of our anticipation of rental growth and most vividly in our cap and discount rate selections. Current investor behavior reflects a higher cost of capital, concern about the economy, a reduced pool of investors, and more conservative rent growth and cash flow modeling assumptions. We recognize also that the new market purchasers will have a greater equity interest and lenders will be working with more conventional lending margins, debt and equity coverage ratios.

## RESIDENTIAL REAL ESTATE MARKET IMPACT

Household credit in the U.S. is in turmoil. As a result of the credit crisis and economic downturn, the housing market has collapsed in many markets. The following national statistics reflect the general state of the housing market:

- The 1<sup>st</sup> quarter 2009 new home median price of \$205,600 was approximately 20% below the high posted in the 1<sup>st</sup> quarter 2007 and approximately 8% below the 4<sup>th</sup> quarter 2008 median price. Current pricing has returned to 2003-2004 levels.
- The 1<sup>st</sup> quarter 2009 existing home median price of \$168,200 was approximately 26% below the high posted in the 2<sup>nd</sup> quarter 2006 and approximately 7% below the 4<sup>th</sup> quarter 2008 median price. Current pricing has returned to 2002-2003 levels.
- New home sales in 2008 dropped precipitously to levels not seen since 1982, approximately 62% below the high posted in 2005. Year over year through March, 2009 sales are approximately 38% below 2008 levels.
- Existing home sales in 2008 dropped to levels not seen since 1997, approximately 31% below the high posted in 2005. Year over year through March, 2009 sales are approximately 7% below 2008 levels.
- New home construction permits in 2008 declined to the lowest level since recording began in 1959, approximately 58% lower than all-time high levels in 2005. Year over year through March, 2009 permits are approximately 48% below 2008 levels.
- As new home construction has dropped, new home inventory levels have decreased approximately 46% from the peak in August 2006 to levels not seen since 2002. However, as sales rates declined, the months of new home supply increased to a new high of 14.2 months in January 2009. After burning through some inventory, the months of new home supply dropped to 9 months in March 2009, which is still approximately 3 months higher than 2005 levels.
- Existing home inventory, as of March 2009, had decreased approximately 18% from an all-time high of 4.57 million units in July 2008. With slow sales, the months of existing home supply peaked in April 2008 at 11.2 months and have since declined to 9.8 months. Both inventory and months supply levels remain well above those seen in 2005.

- Nearly 900,000 homes were lost to foreclosure in 2007.
- There were over 3.1 million foreclosure filings in 2008, which translates to 1 in every 54 households and an 81% increase from 2007. The U.S. has experienced approximately 4 million foreclosures in the crisis.
- The 1<sup>st</sup> quarter 2009 saw foreclosure filings increase 9% from the previous quarter and increase nearly 24% from 1<sup>st</sup> quarter 2008, reaching their highest levels on record. California, Florida, Arizona, Nevada and Illinois accounted for nearly 60% of the nation's foreclosure activity in 1<sup>st</sup> quarter 2009.
- More than 1 in 5 homeowners are estimated to be underwater on their mortgages.
- Over 3.5 million additional foreclosures are forecast through 2010.
- Loan originations (\$) in 2008 were approximately 58% below the high posted in 2003 and 30% below 2007 levels. Fourth quarter 2008 originations were the lowest since 4<sup>th</sup> quarter 1997. First quarter 2009 loan originations (\$) were approximately 4% below 1<sup>st</sup> quarter 2008 originations.
- Despite affordability levels, many would-be buyers have been waiting on the sidelines anticipating further price declines, worsening economic conditions or job loss. For those willing to purchase, the difficulty in obtaining financing has further depressed sales numbers.

Although most indicators are negative, there have been some positive factors relative to the housing market:

- 30-year fixed-rate mortgages as of May 7, 2009 were averaging 4.84%, their lowest in over 40 years.
- Falling home prices and low interest rates have in part increased affordability. The percentage of households that can afford the median price of a new home has increased to approximately 60%, an all-time high up 45% from the low recorded in 1<sup>st</sup> quarter 2007. Existing home affordability has increased above those levels seen during the early 1990s recession.
- Homebuilder confidence bottomed out in January 2009 at levels not seen in over 25 years. In April 2009 builder confidence rose over 50%, reflecting the largest one-month increase since May 2003. The recent increase may signify the bottom of the housing depression is near, however, the lack of acquisition, development and construction financing stills remains a problem.

On September 7, 2008, the Federal Finance Housing Agency (FFHA) announced that it would place Fannie Mae and Freddie Mac into a conservatorship. Fannie Mae and Freddie Mac, both Government Sponsored Enterprises (GSEs), serve to provide liquidity to the primary mortgage market. With combined losses of \$14.9 billion, the Treasury issued \$200 billion in preferred stock and extended credit through 2009 to help keep these GSEs afloat. Both Fannie Mae and Freddie Mac have more than \$5 trillion outstanding in mortgage backed securities and debt. The action by the FFHA is projected to be one of the largest government bailouts ever of private enterprises. The \$700 billion dollar bailout of U.S. financial institutions has created uncertainty across all financial markets in the U.S. and abroad and the final impact on residential housing and development is unknown.

Delinquencies on first mortgages recently surpassed delinquencies on unsecured credit cards for the first time ever. The fallout from the sub-prime crisis is expected to last throughout the current decade with remainder effects through 2012. In July 2008, the U.S. Congress passed the American Housing Rescue and Foreclosure Prevention Act, which would allow certain qualified homeowners to refinance their high interest mortgage to lower rates and also reduce the loan amount to 85%± of its current value. This may help alleviate some of the excess supply in the market and help homeowners stay in their homes.

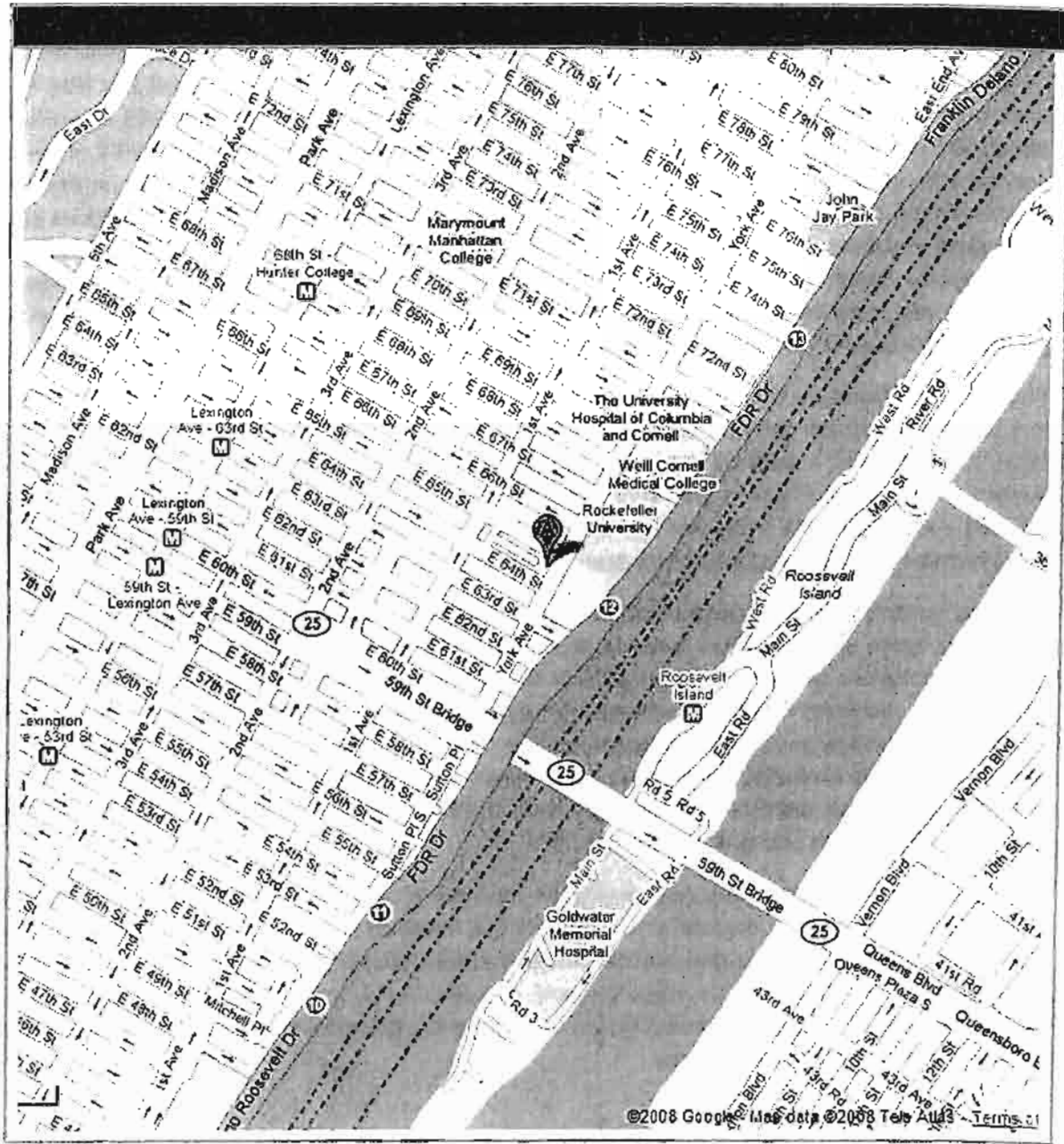
On February 18, 2009, the Treasury Department announced a plan that would give up to 9 million families the chance to refinance or modify their loans. Six participants have signed up for the plan, including JPMorgan Chase, Wells Fargo, Citigroup, GMAC Mortgage, Saxon Mortgage and Select Portfolio Servicing. Payment reduction is Part 1 of the plan, calling for servicers to reduce monthly payments to no more than 31% of eligible borrowers' pre-tax income or to refinance eligible mortgages even if the homeowner has little or no equity. The government is allocating \$75 billion to subsidize part of the payment reduction as well as provide thousands of dollars in incentives for servicers and borrowers to participate. Loan modification is Part 2 of the plan, calling for servicers to reduce interest rates or loan balances so that the monthly obligation is no more than 38% of a borrower's pre-tax income. The government would then contribute additional money to reduce payments to 31% of income. However, only loans where the cost of the foreclosure will be higher than the cost of modification would qualify. Some research suggests that unemployment and home price declines play a larger role in missed mortgage payments than higher interest rates or tough mortgage terms, raising questions as to whether the government's focus on loan modification will stem the rise of foreclosures.

The American Recovery and Reinvestment Act of 2009 also authorized a tax credit of up to \$8,000 for qualified first-time home buyers purchasing a principal residence on or after January 1, 2009 and before December 1, 2009. Said tax credit, in addition to some state programs offering similar incentives, has helped generate first-time buyer home sales, typically in the more affordable price range. Many home buyers are also utilizing Federal Housing Authority (FHA), Veteran's Administration (VA), and U.S. Department of Agriculture (USDA) programs which substantially reduce the required down payment on home purchases.

Even so, lenders have tightened credit standards for home purchases with conventional financing. Qualifying criteria for home purchases has become much more comprehensive and difficult. Required down payments, typically a minimum of 20% and often 25% to 40% depending on loan program, have increased considerably. Interest rates and costs of funds have been decreasing as of late, which has spurred refinancing of existing loans. However, new home purchase mortgages remain difficult to obtain in many stressed markets. More recent studies suggest an increasing percentage of home purchases are by cash buyers seeking out opportunities in the foreclosure/short-sale markets. Recessionary fears, in addition to the turmoil in the financial markets, continues to negatively affect home pricing and sales trends.

There have been recent studies suggesting the housing market may reach a "bottom" in late 2009 or 2010. Indeed, in certain markets the rate of depreciation has been decreasing while sales rates increasing. From the demand side, population increases continue in the traditional growth markets and interest rates are very favorable for qualified buyers. However, the major demand generator in the housing market is employment, which remains weak in the current economic climate. Hence, an economic recovery will be the necessary precursor to a healthy rebound in housing market conditions.

# LOCAL AREA MAP



## LOCAL AREA ANALYSIS

### LOCATION

The property is located on the westerly blockfront on York Avenue between East 64<sup>th</sup> and East 65<sup>th</sup> Streets in the Upper East Side section of New York. The Upper East Side is an area that extends from East 59<sup>th</sup> to East 110<sup>th</sup> Streets, east of Central Park and Fifth Avenue to the East River. The closest sub-district defined within the Upper East Side is Lenox Hill, extending from East 66<sup>th</sup> to East 77<sup>th</sup> Streets, generally west of Lexington Avenue. The immediate area of the subject is characterized by low and mid-size housing with institutional/hospital uses. Area institution includes Rockefeller University, Memorial Sloan-Kettering, and Weill Cornell Medical Centers.



The Upper East Side is a general term that incorporates the neighborhoods of Park East, Yorkville and Carnegie Hill. Park East is located between Fifth and Park Avenues, north of East 59<sup>th</sup> Street and is the premier Upper East Side locale. Yorkville is centered around 86<sup>th</sup> Street and Second Avenue. Carnegie Hill is the district around 92<sup>nd</sup> Street and Madison Avenue. The heart of the district is generally considered to be between 65<sup>th</sup> and 79<sup>th</sup> streets. The Plaza District, a commercial area of Midtown Manhattan, borders the Upper East Side on the south. East or Spanish Harlem borders the Upper East Side to the north.

The Upper East Side has historically been one of the more desirable parts of New York City in which to reside and Park East is an especially attractive area. Fifth Avenue, which forms the eastern border of Central Park, was formerly lined with mansions and townhomes that were built by wealthy industrialists and socialites in the late 1880s, shortly after Central Park was laid out. While nearly all of the mansions on Fifth Avenue have been razed for high-rise development, the side streets are still improved with turn-of-the-century mansions. Many of the townhouse and mansions in the Park East area have been converted to apartments, offices, schools or are used by foreign consulates of the United Nations.

The area of the Upper East Side, east of Lexington Avenue, is not considered as prestigious an address as Park East. Housing east of Park Avenue was originally constructed for the working class and consisted of century-old low-rise tenements and brownstones. The architecture in this area is inferior to that of Park East, and there are fewer buildings of historic merit. The Second and Third avenue "Els" (elevated train lines) had been located in the area. The noise and other associated problems of elevated trains diverted luxury residences to the west before they were razed. East End Avenue and parts of York Avenue have some of the more expensive high-rise residences on the East Side. Since they are close to the East River, many apartments enjoy unobstructed river views.

Since World War II, most of the new residential development on the Upper East Side has been concentrated east of Park Avenue due to the lack of available sites and zoning restricts new high-rise construction in Park East. The avenues are, for the most part, lined with modern post-war rental and condominium high-rise buildings that have restaurants, boutiques and rental on the street-level.

The Upper East Side is a place of many art galleries in Manhattan. The construction of the Metropolitan Museum of Art, begun in 1877, served as a magnet attracting other museums and galleries. Fifth Avenue is also known as Museum Mile along parts of its length. The Guggenheim Museum, The Museum of the City of New York and the Frick Collection are in the vicinity on Fifth Avenue. On Madison Avenue the largest and most widely known museum is the Whitney Museum of American Art at East 75<sup>th</sup> Street. Madison Avenue has a wide variety of private art galleries and dealers along the side streets, as articulated earlier. Internationally known auction houses are also located within the Upper East Side. Christie's is located at Park Avenue and East 59<sup>th</sup> Street while Sotheby's is on York Avenue at East 72<sup>nd</sup> Street.

Hunter College of the City University of New York occupies several modern high-rise buildings at 68<sup>th</sup> Street and Lexington Avenue. This liberal arts college is 70 years old and has a 14,000-student enrollment for business and liberal arts students. Marymount Manhattan College has several buildings on East 72<sup>nd</sup> Street and Second Avenue.

The largest institutions of higher learning on the East Side are along York Avenue and the FDR Drive between 63<sup>rd</sup> and 71<sup>st</sup> streets. On this stretch are Rockefeller University and the Cornell Medical Center. Three hospitals adjoin this complex. The more notable is the Memorial Sloan-Kettering Cancer Center which is perhaps the leading institution focusing on cancer care. The Hospital for Special Surgery and Rockefeller Hospital are nearby. Other hospitals on the East Side include Regent on East 61<sup>st</sup> Street, Manhattan Eye, Ear and Throat on East 64<sup>th</sup> Street and Lenox Hill which occupies an entire block at East 76<sup>th</sup> Street and Lexington Avenue. There are also Gracie Square Hospital, Doctors Hospital and two large complexes north of East 96<sup>th</sup> Street, Mount Sinai and Metropolitan. This vast collection of general and specialist health care creates a multi-billion dollar industry. Patients come from all over the world to seek treatment at these fine institutions. Hundreds of private practitioners are found on the East Side, especially on Fifth and Park avenues.

## CONCLUSIONS

The neighborhood benefits from its a large relative affluent resident population. The cultural attractions of the Upper East Side, have always helped to make it a desirable and culturally enriching place in which to reside and conduct business. The location is considered to be attractive and well served by local service and retail establishments. The immediate vicinity of the subject is one which is relatively distant from subway service. Lexington Avenue at 59<sup>th</sup>, 63<sup>rd</sup>, and 68<sup>th</sup> Streets are the closes subways. The presence of the area hospitals and Rockefeller University interrupt the retail landscape, requiring residents to traverse to First and Second Avenues for some basic neighborhood services. Overall, the area is considered average.

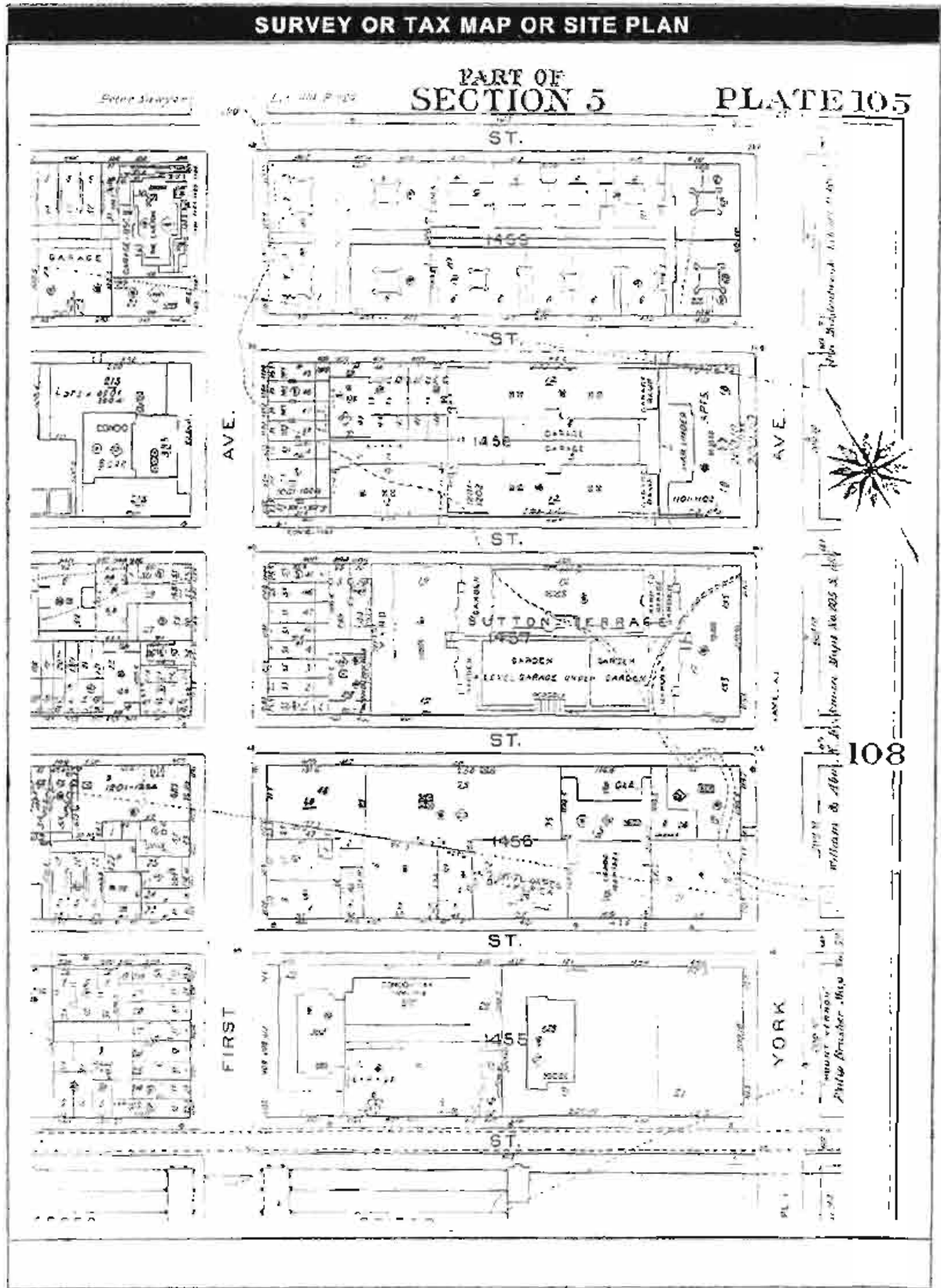
## SITE DESCRIPTION

Location:	429 East 64th Street & 430 East 65th Street New York, New York County, NY 10065 The subject property is located on the westerly blockfront of York Avenue between East 64th and East 65th Streets.						
Shape:	Rectangular						
Topography:	Gently sloping						
Land Area:	0.46 acres / 20,083 square feet						
Frontage:	The subject property has very good frontage. The frontage dimensions are listed below: <table> <tr> <td>East 64th Street</td> <td>101 feet</td> </tr> <tr> <td>East 65th Street</td> <td>101 feet</td> </tr> <tr> <td>York Avenue</td> <td>201 feet</td> </tr> </table>	East 64th Street	101 feet	East 65th Street	101 feet	York Avenue	201 feet
East 64th Street	101 feet						
East 65th Street	101 feet						
York Avenue	201 feet						
Access:	The subject property has good access.						
Visibility:	The subject property has good visibility.						
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structures. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.						
Utilities:	All municipal/public utilities are provided and available to the site.						
Site Improvements:	The site improvements include asphalt curbing, courtyard, yard lighting and drainage.						
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.						
Flood Zone:	The subject property is located in flood zone X.						
FEMA Map & Date:	360497-0089F, dated September 5, 2007						
Flood Zone Description:	Areas determined to be outside the 500 year flood plain						
Wetlands:	We were not given a Wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.						
Hazardous Substances:	We are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.						

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Average





## IMPROVEMENTS DESCRIPTION

The subject property is improved with a 190-unit apartment complex. The subject's unit mix is presented below:

Unit Type	Market Rate Units	Rent Stabilized Units	Vacant Units	Employee Units	Total Units
Studio	0	32	33	0	65
One-Bedroom	0	71	48	0	119
Junior 4	0	3	3	0	6
<b>Total</b>	<b>0</b>	<b>106</b>	<b>84</b>	<b>0</b>	<b>190</b>

The subject property features various amenities, which are listed below:

### SUBJECT PROPERTY AMENITIES

#### PROPERTY AMENITIES

24 Hour Doorman:	No	24-Hour Main./Mgt.	Yes	Fitness Center:	No
Concierge:	No	Security:	No	Fireplace:	No
Valet Services:	No	Laundry Facilities:	Yes	Cable TV:	No
Recreation Area:	No	Tenant Storage:	No	High-Speed Internet:	No
Community Center:	No	Public Transportation:	Yes	Valet Trash:	No
Business Center:	No	Walk-in Closets:	No	Vaulted Ceiling:	No
Tot Lot:	No	Microwave:	No	Balcony / Patio:	No

#### UNIT AMENITIES

Air Conditioning:	No	Panic Alarms:	No	Dishwasher:	No
Washer & Dryer:	No	Mini Blinds:	No	Hardwood Floors:	Yes

Compiled by Cushman & Wakefield, Inc.

The following description of improvements is based on our physical inspection of the improvements and our discussions with the subject property's owner's representative.

### GENERAL DESCRIPTION

Years Built:	1916
Years Renovated:	N/A. Individual units have been renovated.
Number of Units:	190
Number of Buildings:	2
Number of Stories:	6
Land To Building Ratio:	0.24 to 1
Gross Building Area:	84,826 square feet
Net Rentable Area:	70,406 square feet

### CONSTRUCTION DETAIL

Basic Construction:	Wood frame with masonry
Foundation:	Poured concrete slab

Framing:	Wood post and beam
Floors:	Wood sub-floor over wood joists
Exterior Walls:	Stucco and commercial grade brick
Roof Type:	Flat with parapet walls
Roof Cover:	Sealed membrane
Windows:	Thermal windows in aluminum frames in most units.
Pedestrian Doors:	Glass, wood and metal

### MECHANICAL DETAIL

Heat Source:	Oil-fired boiler, burning No. 6 oil. There are 2 oil tanks located in the basement with 10,000 and 11,000-gallon capacity. The mechanical system is located in 416 East 65 <sup>th</sup> Street, which provides service to the subject buildings.
Heating System:	Steam heat to perimeter coils
Cooling:	Window-mounted units
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Electrical Service:	Each unit has 40 AMPs of electrical capacity. Fuse boxes are located above each unit's entrance door. The electrical system is inadequate based on current market standards. The amperage is not adequate to service typical appliances/lightings/electronics/computer usage in the market.
Electrical Metering:	The building has a master meter
Emergency Power:	None
Elevator Service:	The buildings do not contain elevators.
Fire Protection:	Not sprinklered. The owner reports several small fire in the structures. Each apartment has a metal fire escape.
Security:	None

### INTERIOR DETAIL

Layout:	The subject buildings are adjacent to a large complex in the Upper East Side. In combination, the complex is situated on an entire City block between East 64 <sup>th</sup> and East 65 <sup>th</sup> Streets with avenue frontage along First and York Avenues. These buildings were built in the early 1900's with uniform construction details, excluding the subject buildings. On April 1990, the complex, excluding the subject buildings, was landmarked by The New York City Landmarks Preservation Commission. The subject buildings were landmark designated in November 2006.
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The subject of this comparative economic feasibility analysis consists of two, 6-story walk-up apartment buildings. Each building is divided into 4 sectors with separate entrances off the courtyard. A typical sector contains 3 to 5 units per floor. The property contains 190 units with approximately 9 foot ceiling heights. Unit types include studio, one-bedroom, and two bedroom layouts. Each unit features hardwood floors in the bedrooms and living room with vinyl tile floors in the kitchen. Kitchen appliances include 4-burner stove/oven, a refrigerator, wood countertop, and cabinets. The bathrooms contain a 4-foot tub/shower with toilet and vanity. Room sizes are very small, with atypical dimensions compared to market norms. Doorways and common area hallways are narrow. Apartments have minimal closet space. Furthermore, 6-story walk-ups typically represent of old tenement designs. Most walk-up buildings experience higher rates of turnover comparative to elevator rental buildings, as tenants request re-location to lower floors or move to more functional buildings.

Floor Covering:	Hardwood
Walls:	Painted drywall and plaster
Ceilings:	Painted drywall and plaster
Lighting:	Fluorescent
Restrooms:	Original bathrooms consisted of ceramic tile flooring and ceramic tile tub surrounds. Due to the small size and inadequate layout of the bathroom, the existing tubs are approximately 48" long with custom-fit toilet. New fixtures must be custom built to accommodate the size of the bathrooms.

## AMENITIES

Project Amenities:	Laundry facilities available in a neighboring property on First Avenue.
Unit Amenities:	None

## SITE IMPROVEMENTS

Parking Capacity:	0 spaces
Onsite Landscaping:	Minimal
Other:	The site improvements include asphalt curbing, courtyard, yard lighting and drainage.

## PERSONAL PROPERTY

Personal property was excluded from our valuation.

## CAPITAL EXPENDITURES

In addition to normal routine property maintenance, the following major capital improvement expenditures are planned for the immediate future:

- New through-window AC units with upgraded electrical system to support the additional load.
- Installation of toilet exhaust systems.

- Installation of corridor ventilation systems.
- Installation of kitchen ventilation systems.
- Installation of emergency lighting in all egress corridors, lobby, basement, and roof utility rooms.
- Replacement of floor drain grates and cleaning of underground piping.
- Replacement of all existing sanitary stacks and vent risers.
- Replacement of all existing storm water risers.
- New 4" metered domestic water service.
- New domestic water service backflow preventer.
- Insulation of all domestic hot and cold water piping.
- Domestic water service consent pressure pumping system.
- Gas-fired domestic hot water heaters for each building.
- Installation of shut-off valves for cold and hot water risers.
- Installation of full sprinkler system.
- Address fire alarm system.

A total future capital improvement budget of \$10,530,233, excluding unit renovation was provided by Project Consult, a project management consulting firm with extensive experience in the New York City market.

Other than noted above, no additional items of deferred maintenance were noted during our inspection.

## SUMMARY

**Condition:** The improvements were found in fair to poor condition. The improvements are in need of physical and functional upgrade. The improvements provide a fair to average appearance relative to the competing buildings within its market. Its competitive position is poor.

The subject is situated within a market characterized by hi-rise elevator buildings. The subject does not offer physical or service amenities similar to market norms. Its room size dimensions are very small, inferior to competitive product. Furthermore, the infrastructure within the buildings is sub-standard including electrical, plumbing, and fixtures.

We inspected the roof of the buildings and made a detailed inspection of the mechanical systems. The appraisers, however, are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical system.

**Quality:** The building quality was found to be fair to poor.

**Design and Functionality:** The average unit size of the subject buildings is 442 square feet. The unit layout and design are not consistent with current market standards. The existing bathrooms require custom fixtures, including 48" tub and custom-fit toilet. The bathroom size and unit layout prevents further alteration to expand the existing bathroom.

Actual Age: 93 years

## REAL PROPERTY TAXES AND ASSESSMENTS

### CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of New York City. The assessor's parcel identification number is Block 1459, Lot 22. According to the local assessor's office, the subject property is classified as a Class II property. The assessment and taxes for the property are presented below:

Property Real Estate Taxes		
<b>2008/2009</b>	<b>Actual</b>	<b>Transitional</b>
Land:	\$1,800,000	\$1,499,400
Improvements:	949,500	1,149,300
<b>Total:</b>	<b>\$2,748,500</b>	<b>\$2,648,700</b>
<b>2009/2010</b>	<b>Actual</b>	<b>Transitional</b>
Land:	\$1,800,000	\$1,649,700
Improvements:	733,500	1,114,650
<b>Total:</b>	<b>\$2,533,500</b>	<b>\$2,764,350</b>
2008/2009 Class 2 Tax Rate (per \$100 of assessed value)		\$12.596
<b>Total Taxes</b>		<b>\$325,166</b>

Real estate taxes in New York City are the product of the assessed value times the tax rate, for the fiscal year July 1 through June 30 (payable July 1 and January 1). Taxes are estimated based on applying the Class 2 tax rate to the lower of the transitional or actual assessment. The 2008/2009 tax rate for a Class 2 property is \$12.596 per \$100 of assessed value. The real estate taxes for the subject property are based on the fiscal year beginning February 1, 2009. Therefore, we utilized 5 months of the 2008/2009 tax assessment and 7 months of the 2009/2010 tax assessment. Therefore, the total real estate tax burden for the subject site equates to \$325,166, which is \$3.83 per square foot. We used this amount in our analysis.

### TAX COMPARABLE ANALYSIS

To determine if the taxes on the property are reasonable, we examined the actual tax burdens of similar properties in the market. They are illustrated in the table below.

REAL ESTATE TAX COMPARABLES								
No.	Property Name & Location	Parcel No.	Building Area (SF)	Year Built	Assessment	Assess/SF	Total Taxes	Taxes/SF
0	SUBJECT PROPERTY	Block 1459, Lot 22	84,820	1910	\$2,648,700	\$31.21	\$325,166	\$3.79
1	412 East 55th Street	Block 1368, Lot 30	80,020	1958	\$1,638,500	\$43.12	\$465,950	\$5.23
2	310-20 East 71st Street	Block 1445, Lot 40	89,000	1958	\$1,651,500	\$37.99	\$200,478	\$3.49
3	331 East 71st Street	Block 1448, Lot 18	80,400	1948	\$2,740,500	\$45.37	\$332,969	\$5.51
4	450 East 62nd Street	Block 1457, Lot 17	723,578	1968	\$24,265,000	\$34.38	\$3,030,790	\$4.17
5	438 East 68th Street	Block 1482, Lot 31	87,386	1961	\$3,388,500	\$34.79	\$411,330	\$4.22
6	425-21 East 73rd Street	Block 1457, Lot 18	87,373	1938	\$1,658,500	\$33.39	\$225,603	\$3.83
<b>STATISTICS</b>								
Low:			57,278	1938	\$1,581,500	\$27.08	\$200,478	\$3.40
High:			723,578	1961	\$24,265,000	\$45.37	\$3,030,790	\$5.51
Average:			181,128	1961	6,280,790	338.34	778,130	\$4.29

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The comparable properties reflect taxes ranging from \$2,992 to \$6,181 per unit or \$3.40 to \$5.51 per square foot, with an average of \$4,730 per unit or \$4.29 per square foot of above grade gross building area.

## REAL ESTATE TAXES UPON STABILIZATION

The subject property will be re-assessed based on the stabilized income of the property. To determine the real estate taxes on a stabilized basis, we examined the actual income and real estate taxes of rental apartment buildings throughout Manhattan. They are illustrated in the table below.

<b>Income vs. Real Estate Taxes</b>							
<b>Property Location</b>	<b>No. of Units</b>	<b>GBA</b>	<b>No. of FM</b>	<b>No. of RR</b>	<b>EGI</b>	<b>RE Taxes</b>	<b>% of EGI</b>
Midtown East	30	18,725 SF	19	11	\$705,330	\$166,528	23.61%
Midtown West	95	63,528 SF	51	44	\$2,941,329	\$700,555	23.82%
Midtown West	479	475,327 SF	479	0	\$23,334,220	\$5,754,546	24.66%
Chelsea	55	55,233 SF	26	29	\$1,850,868	\$383,797	20.74%
Upper West Side	150	124,284 SF	73	77	\$3,933,330	\$801,193	20.37%
						<b>Average</b>	<b>23.83%</b>

Based on the 2008 revenue and expense statement, the real estate taxes of the subject property was 26.34 percent of the effective gross income. Based on stabilized occupancy, we believe a reasonable estimate of the real estate taxes for the subject property will be 25.0 percent of the effective gross income.



## ZONING

### GENERAL INFORMATION

The property is zoned R-10 by the New York City. A summary of the subject's zoning is provided below:

#### **R3-2, R4, R4B, R5, R6, R7, R8, R9 AND R10-GENERAL RESIDENCE DISTRICTS.**

These districts are designed to provide for all types of residential buildings, in order to permit a broad range of housing types, with appropriate standards for each district on density, open space, and spacing of buildings. However, R4B Districts are limited to single- or two-family dwellings, and zero lot line buildings are not permitted in R3-2, R4, (except R4-1 and R4B), and R5 (except R5B) Districts. The various districts are mapped in relation to a desirable future residential density pattern, with emphasis on accessibility to transportation facilities and to various community facilities, and upon the character of existing development. These districts also include community facilities and open uses which serve the residents of these districts or are benefited by a residential environment.

The R-10 zoning district permits a maximum as-of-right, floor area ratio (FAR) that governs building sizes of 10.0 times the lot size for residential uses and 10.0 times the lot size for community facility uses. With Inclusionary Housing Bonus, this zoning districts permits maximum as-of-right FAR of 12.0 times the lot size for residential uses.

In the Property Description section of the report, we estimated that the subject site contains 20,083± square feet. Based upon the maximum residential floor area of 10.0, an as-of-right yield of 200,830± square feet is indicated before mechanical bonuses. Based upon the maximum permitted floor area, the current improvements do not exceed the maximum bulk size. The subject site is substantially under-improved. We are not experts in the interpretation of complex zoning ordinances but the existing and proposed development appear to be a legal, conforming use based on our review of public information.

The above grade gross building area of the existing structure at the subject site is 84,826 square feet. The property is significantly under improved. However, on November 2006, the subject property was included in the amendment of the April 1990 Landmark designation of City and Suburban Homes Company, First Avenue Estate by The New York City Landmarks Preservation Commission. In 1990, the subject buildings had been excluded from the Landmark designation of the city block 1459.

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this consulting assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.



## COMPARATIVE ECONOMIC FEASIBILITY ANALYSIS

### OVERVIEW

To measure the respective economic feasibility of the subject property as improved, we analyzed the future potential stabilized income and expenses of the subject property, as detailed in our proforma, to determine the economic return. The residential and miscellaneous income reflects the existing rent regulated leases and the potential revenue also consider leasing of the vacant units at achievable rents in the market. We examined the subject's historical expenses as well as comparable expenses to project a level of expenses for the subject.

According to the New York City Administrative Code Section 25-309, a request for a certificate of appropriateness authorizing demolition, alterations or reconstruction on grounds of insufficient return must meet the following tests:

1. the improvement parcel (or parcels) which includes such improvement, as existing at the time of the filing of such request, is not capable of earning a reasonable return; and
2. the owner of such improvement:
  - in the case of an application for a permit to demolish, seeks in good faith to demolish such improvement immediately (a) for the purpose of constructing on the site thereof with reasonable promptness a new building or other income-producing facility, or (b) for the purpose of terminating the operation of the improvement at a loss; or
  - in the case of an application for a permit to make alterations or reconstruct, seeks in good faith to alter or reconstruct such improvement, with reasonable promptness, for the purpose of increasing the return therefrom.

Within the statute, a reasonable return is defined as a net annual return of 6.0 percent of the valuation of an improvement parcel. For the purpose of this economic feasibility analysis, the valuation shall be the current assessed valuation (\$2,749,500) established by the City, which is in effect at the time of the filing of the request for a certificate of appropriateness, plus proposed renovation costs(\$4,650,000), building-wide capital expenditure (\$10,530,225), and lease-up costs (\$2,286,737 or \$2,469,053). Such that the valuation is calculated to be \$20,186,462. A copy of the administrative code is exhibited in the addendum. Thus, an economic feasibility analysis is generated based on the stipulated reasonable return of 6.0 percent:  $6.0\% = \frac{\text{Numerator}}{\text{Denominator}}$ ; whereby the Numerator is the stabilized NOI in Year 1 and the Denominator is the sum of the current valuation (assessed value), the renovation, capital expenditure, and lease-up costs.

We present hereafter an analysis of the anticipated income and expenses for the subject property based on continued operation as improved. This projection includes the estimated cost to renovate to determine whether a reasonable return may be achieved.

### CONTINUED USE - WITH CAPITAL IMPROVEMENT

#### POTENTIAL GROSS REVENUES – RESIDENTIAL

Generally, Manhattan residential tenants pay a fixed gross rent on a monthly basis. It is atypical in this market to provide heat and electricity in the rents. Other operating expenses and real estate taxes are the responsibility of the landlord.

The subject property's rental component includes 190 rental apartments. The residential rental apartments consist of 65 studio units, 119 one-bedroom units, and 6 two-bedroom units. Furthermore, 44.21 percent of the

units (84) are rentable at market rates with this component partially leased but overwhelmingly vacant which could be leased if appropriately improved; and 55.79 percent of the units (106) are leased to rent regulated tenants. Total net rentable residential area is estimated at 70,406± square feet. The market rate units have a total net rentable residential area of 30,783± square feet and the rent-regulated units have a total net rentable residential area of 39,623± square feet. Based upon this mix, an average unit size of 379± square feet is derived. The following chart is the unit breakdown of the subject property.

Unit Type	Market Rate Units	Rent Controlled Units	Rent Stabilized Units	Vacant Units	Employee Units	Total Units
Studio	0	4	28	33	0	65
One-Bedroom	0	7	64	48	0	119
Junior 4	0	0	3	3	0	6
<b>Total</b>	<b>0</b>	<b>11</b>	<b>95</b>	<b>84</b>	<b>0</b>	<b>190</b>

### MARKET RENTAL RATES - APARTMENTS

In order to evaluate the potential rents for market based units we surveyed the competitive market to determine what comparable buildings in residential areas similar to the subject's are offering. The competitive rental properties surveyed were located in various neighborhoods of Manhattan. From interviews with the leasing agents of the properties, we were able to verify the unit mix and square footages within these competitive projects and the rental ranges associated with each unit type.

In our analysis of the current market rental rates for these units, we utilized the rent per square foot measure. The price per square foot unit of comparison is the most widely used for these types of buildings.

The chart presented on the second following page indicates current rental rates ranging between \$47.36 and \$54.55 per square foot for studio units, \$37.24 and \$51.23 per square foot for one-bedroom units, and \$34.29 and \$50.40 per square foot for two-bedroom units.

A potential tenant in any apartment complex makes subjective judgments concerning location, floor plans, apartment size, quality of finishes, and special amenities included in competitive properties. Other considerations such as parking and convenience to transportation, shopping, recreation, cultural, educational, and employment centers also enter the list of intangibles that may affect the desirability of a residence in the perception of a typical tenant. The comparison of real estate is not a scientific process, but the analysis we have undertaken duplicates that followed by the typical potential tenant.

The following chart exhibits the market rental rates of 5 market rate apartments within adjacent buildings of the subject property. These buildings are under the same ownership as the subject and are Landmarked. They contain a total of 965 units, including 157 vacant units. This equates to a vacancy rate of 16.27 percent. Of the 965 units, the following chart exhibits 18 market rate units. The adjacent buildings are generally homogenous in terms of physical features and services. These buildings have similar renovated interiors, but generally better layouts, and superior overall conditions.

<b>COMPARABLE RENTS</b>					
<b>ADDRESS</b>	<b>UNIT NO</b>	<b>LAYOUT</b>	<b>SIZE</b>	<b>BASE RENT</b>	<b>\$/SF</b>
412 East 65th Street	4B	2-ROOM	360 SF	\$1,300.00	\$43.33
412 East 65th Street	5G	2-ROOM	356 SF	\$1,300.00	\$43.82
417 East 64th Street	2H	2-ROOM	275 SF	\$1,350.00	\$58.91
419 East 64th Street	3B	2-ROOM	295 SF	\$1,300.00	\$52.88
423 East 64th Street	4J	2-ROOM	345 SF	\$1,300.00	\$45.22
407 East 64th Street	1F	2-ROOM	383 SF	\$1,377.87	\$43.17
415 East 64th Street	1H	1.5-ROOM	271 SF	\$811.22	\$35.92
421 East 64th Street	1I	3-ROOM	369 SF	\$988.08	\$32.13
421 East 64th Street	3A	3-ROOM	373 SF	\$1,217.93	\$39.18
402 East 65th Street	4A	4-ROOM	576 SF	\$2,300.00	\$47.92
404 East 65th Street	2E	2-ROOM	435 SF	\$1,415.22	\$39.04
404 East 65th Street	3B	3-ROOM	420 SF	\$1,708.75	\$48.82
410 East 65th Street	3F	2-ROOM	350 SF	\$1,216.94	\$41.72
410 East 65th Street	5B	2-ROOM	356 SF	\$1,388.22	\$46.79
412 East 65th Street	2I	3-ROOM	455 SF	\$1,373.87	\$36.23
412 East 65th Street	2D	3-ROOM	415 SF	\$1,792.30	\$51.83
414 East 65th Street	6D	4-ROOM	425 SF	\$1,531.64	\$43.25
1194 First Avenue	5A	4-ROOM	610 SF	\$1,929.94	\$37.97
		<b>MIN</b>	<b>271 SF</b>	<b>\$811.22</b>	<b>\$32.13</b>
		<b>MAX</b>	<b>610 SF</b>	<b>\$2,300.00</b>	<b>\$58.91</b>
		<b>AVERAGE</b>	<b>393 SF</b>	<b>\$1,422.33</b>	<b>\$43.46</b>

The following are images of the comparable units illustrated above, which demonstrate superior finishes and overall condition. Without the in-unit renovation and upgrades, and the proposed building-wide capital expenditure, we do not believe the vacant units will achieve a level of occupancy remotely close to the industry standards.



View of a typical kitchen.



View of a typical bathroom



View of a typical bedroom.



View of a typical kitchen.



View of a typical bathroom



View of a typical bedroom.



View of an updated kitchen.



View of an updated bathroom.



View of an updated bedroom.

The comparable rents exhibited indicate a wide unadjusted range in average rental rate. Location, level of physical and service amenities, building height, room dimensions, and interior apartment finish and ceiling height are the most critical factors affecting the average rent obtainable within apartment buildings.

COMPETITIVE RENTAL SURVEY			Studio	1 Bedrm	2 Bedrm
1. 359 E 82nd St	55 units	<i>Current Rent:</i>	\$2,337	\$3,102	\$5,734
359 E 62nd St	10 floors	<i>Average Unit Size:</i>	520	770	1,750
New York	Built in 1979	<i>Annual Rent PSF:</i>	\$53.93	\$48.34	\$39.32
2. Stonehenge 63	90 units	<i>Current Rent:</i>	\$2,295	\$2,700	\$4,200
300 E 63rd St	7 floors	<i>Average Unit Size:</i>	550	870	1,000
New York	Built in 1949	<i>Annual Rent PSF:</i>	\$50.07	\$37.24	\$50.40
3. Rencir House	152 units	<i>Current Rent:</i>	\$2,500	\$3,250	\$5,000
221 E 63rd St	15 floors	<i>Average Unit Size:</i>	550	850	1,750
New York	Built in 1964	<i>Annual Rent PSF:</i>	\$54.55	\$45.88	\$34.29
4. 400 E 57th St	264 units	<i>Current Rent:</i>	\$1,989	\$3,138	\$4,514
400 E 57th St	20 floors	<i>Average Unit Size:</i>	504	735	1,574
New York	Built in 1931	<i>Annual Rent PSF:</i>	\$47.36	\$51.23	\$34.41
		<i>Minimum</i>	\$1,989	\$2,700	\$4,200
		<i>Maximum</i>	\$2,500	\$3,250	\$5,734
		<i>Average</i>	\$2,280	\$3,048	\$4,862
		<i>Minimum</i>	\$47.36	\$37.24	\$34.29
		<i>Maximum</i>	\$54.55	\$51.23	\$50.40
		<i>Average</i>	\$51.48	\$45.67	\$39.60

With consideration given to the inferior layout, amenities, building height, and overall condition, we project a market rate for the subject of \$40.00 per square foot as of February 2009. To reflect the current market conditions created by the recession and global credit crisis, we did not increase the rental projections through the absorption period.

### RESIDENTIAL UNIT ABSORPTION

The provided rent roll indicates that 106 of the units are occupied; 55.79 percent occupancy is indicated. Ownership reports very high vacancy levels for many years as the utility of the subject's units/layout are not conducive for tenants in the market. Six-story walk-ups are not ideal, especially for senior citizens, or tenants with families. The buildings lack modern security features and the wood frame construction, which lacks a sprinkler system, is a poor combination regarding fire safety. Electrical service is poor and does not support typical tenant usage in the market. As such, we conclude the subject will continue to operate with high vacancy levels. We have projected an absorption period of approximately 36 months. This is well supported by the absorption analysis contained within the residential market analysis and considers the variable factors impacting the residential market in the short term. It considers that no units will be absorbed in the first month of leasing due to the renovation of the units.

The following chart depicts the recent leasing activity in Manhattan at residential developments.

SUMMARY OF ABSORPTION RATES FOR SELECTED NEW RESIDENTIAL RENTAL CONSTRUCTION				
Project/ Location	Completion Date	No. of Floors/ Units	No. of Units Rented	Total Absorption
Liberty Tower 10 Liberty Street	3Q 2004	45/ 287	287	Initial absorption at 30 units per month
The Grand Tior Broadway & 64 <sup>th</sup> Street	3Q 2004	30/ 231	231	Initial absorption at 35 units per month
10 Hanover 10 Hanover Square	3Q 2005	22/ 493	493	Fully leased by 2006
Avalon Chrystie Place I 11 East 1st Street	2Q 2005	9/ 206	205	Fully leased by the 2Q 2006
The Verdesian 211 North End Avenue	1Q 2006	26/ 253	N/A	100% leased in 6 months
East Coast Tower I 47-20 Center Boulevard	3Q 2006	32/ 495	495	100% leased in 6 months
37 Wall Street	1Q 2007	25/ 373	N/A	Leased 50 units in first three weeks of marketing. All of the units have been leased with an average absorption rate of 40 units per month
Epic 125 West 31st Street	2Q 2007	58/ 458	N/A	Leased 35 units per month
88 Leonard Street	1Q 2007	21/ 358	316	Initial absorption at 45 units per month
ArchStone Clinton 510 West 52nd St	3Q 2007	24/ 67	490	Leased 490 units in 13 months, which equates to approximately 38 units per month
East Coast Tower II 47-10 Center Boulevard	4Q 2007	30/ 395	75	Approximately 200 units leased in 6 months.
100 Tenth Avenue	1Q2008	8/ 288	78	Initial absorption at 39 units per month.
10 Barclay Street	1Q2008	50/ 396	376	Leasing started May 2007

These comparable properties depict the performance of investment grade assets in Manhattan, with best-in-class physical and service amenities. The subject is not in this competitive class. At the appropriate rent, New York City apartment buildings generally experience less than 5.0 percent vacancy. Based on the schedule for renovations, the proposed upgrade to building infrastructure and the rent conclusion, we determined the appropriate velocity to be 8 units per quarter. This conclusion considers the practical issues of work crews performing upgrades in conjunction with the layout, infrastructure, and power requirements to upgrade the building and apartments. The presence of lead paint also delays typical renovation schedule. The 84 vacant

market rate units have a total net rentable area of 30,783± square feet. We leased the vacant market rate units at a market rent of \$40.00 per square foot.

RESIDENTIAL ABSORPTION ANALYSIS							
Units Leased	Lease Up Period	Area SF	Current Rent/ SF	Annual Rent FYB @ Stabilization	Commissions Free Rent	Revenue Loss Free Rent	Estimated Lost Revenue During Lease-up
0 Units Leased	Quarter 1	0	\$40.00	\$0	1 month	\$0	\$0
8 Units Leased	Quarter 2	2,932	\$40.00	\$117,269	1 month	\$9,772	\$56,634
8 Units Leased	Quarter 3	2,932	\$40.00	\$117,269	1 month	\$9,772	\$87,951
8 Units Leased	Quarter 4	2,932	\$40.00	\$117,269	1 month	\$9,772	\$117,269
8 Units Leased	Quarter 5	2,932	\$40.00	\$117,269	1 month	\$9,772	\$146,586
8 Units Leased	Quarter 6	2,932	\$40.00	\$117,269	1 month	\$9,772	\$175,903
8 Units Leased	Quarter 7	2,932	\$40.00	\$117,269	1 month	\$9,772	\$205,220
8 Units Leased	Quarter 8	2,932	\$40.00	\$117,269	1 month	\$9,772	\$234,537
8 Units Leased	Quarter 9	2,932	\$40.00	\$117,269	1 month	\$9,772	\$263,854
8 Units Leased	Quarter 10	2,932	\$40.00	\$117,269	1 month	\$9,772	\$293,171
8 Units Leased	Quarter 11	2,932	\$40.00	\$117,269	1 month	\$9,772	\$322,489
4 Units Leased	Quarter 12	1,466	\$40.00	\$58,634	1 month	\$4,886	\$175,903
<b>84 Totals</b>		<b>30,783</b>		<b>\$1,231,320</b>		<b>\$102,610</b>	<b>\$2,081,517</b>

This equates to lease-up costs of \$2,286,737.

Residential Commissions/overhead	\$102,610
Lost Rental Revenue	\$2,081,517
Contingency	\$102,610
<b>Total Post-Completion Costs</b>	<b>\$2,286,737</b>

### SUBJECT RENT REGULATED UNITS

The subject property contains 106 rent regulated units. Of the rent regulated units, there are 11 rent controlled units. The rent roll indicates that the 106 rent-regulated subject units currently achieve a total monthly rent of \$89,564, or \$1,074,771 per year, equating to \$26.48 per square foot. The average monthly rent is \$844.94 per unit. According to the owner, there are approximately 12 habitable units amongst the vacant units. In addition, the owner is collecting preferential rents from the rent regulated tenants, which are rents below the legal regulated rents. Preferential rents result from market participants unable or unwilling to pay legal recorded rents. This situation, especially considering the low level of rents obtained in the subject, are a strong indication of poor economic performance.

### RESIDENTIAL RENTAL INCREASES

Earlier, we reported the historical rental rate increases allowed by the Rent Control and Rent Stabilization Board. Over the past twenty-one years, the average increase for one year lease renewals was 3.57 percent, rounded. The average increase for two year renewals was 6.02 percent, rounded or approximately 2.96 percent on an annual compounded basis. Although these rate increases are not applicable to market rate units, they do serve as a guideline as we project future rent increases.

### MAJOR CAPITAL IMPROVEMENT (MCI) REVENUE

The subject property will also generate revenues from its proposed capital improvement program. Major capital improvements that are approved, may be amortized over an 84 month (7 year) period and passed through, in the form of a rent surcharge, to rent stabilized tenants, based on a pro-rata basis. We based MCI revenues on a total capital expenditure of \$5,265,112 in each of the first two years. We assumed 90 percent of the total expenditure is approved as a Certified Reasonable Cost (CRC).



Major capital improvement revenues may not exceed 6 percent of the rent stabilized tenant's total lease payments. As such, the potential MCI revenues are tested versus this threshold, and applied beginning in year 1 of the holding period.

A CRC of \$4,738,601 (Year 1) and \$4,738,601 (Year 2), when amortized over an 84 month period, results in total permitted increases of \$56,411.91 per month in Years 1 and 2. The landlord may pass through \$447.17 per unit per month for the rent regulated units in Years 1 and 2. MCI pass throughs only impact rent regulated tenants. Pro-rated, the potential MCI revenue equates to \$34,199.22 per month in Year 1 and an additional \$30,779.29 per month in Year 2.

The maximum annual pass throughs for the 115 rent regulated units are \$3,568.62 per apartment in Year 1 and \$7,102.91 per apartment in Year 2. This equates to a total potential MCI revenue of \$410,391 in Year 1 and \$738,703 in Year 2. The rent regulated units currently pay a total of \$1,153,749, and pass throughs are limited to 6 percent of this amount, equating to \$69,225 in total, or \$601.96 per apartment in Year 1. The MCI revenues reflect the revenue from the remaining rent regulated units.

### MISCELLANEOUS REVENUE

Miscellaneous income includes forfeited deposits, late fees, and other miscellaneous items. We budgeted \$10,000 for miscellaneous revenue. This is a typical amount experienced in the marketplace, for a building in the size range of the subject. The miscellaneous revenue includes income from forfeited security deposits and interest income, and miscellaneous fees (i.e., lost keys, lock replacement).

### POTENTIAL GROSS INCOME –

Potential gross income in Year 1 may be summarized as follows:

Residential – Market:	\$1,231,320
Residential – Rent Regulated:	1,074,771
MCI Revenue	64,486
Miscellaneous Revenue:	10,000
Total:	\$2,380,577

### VACANCY AND COLLECTION LOSS

Both the investor and the appraiser are primarily interested in the annual revenue an income property is likely to produce over a specified period of time, rather than the income it could produce if it were always 100 percent occupied and all tenants were paying their rent in full and on time. A normally prudent practice is to expect some income loss as tenants vacate, fail to pay rent, or pay their rent late.

In our projection we have assumed that the market rate residential units will be assessed a 10.0 percent weighted average global vacancy charge through the majority of the projection period. Our global vacancy factor assumes an average annual collection loss rate of 5.0 percent for the residential tenants and a 5.0 percent global vacancy factor. These estimates are supported by our survey of occupancy rates at competing projects, which reflect an overall average occupancy rate of 95 to 100 percent. While the historical vacancy rate in Manhattan has been generally below 5.0 percent, the historic performance of the subject is very poor in this regard. Tenants are not compelled to rent in the subject, whose units are obsolete in terms of size, room dimension, and infrastructure. We considered this as well as the supply-demand factor discussed earlier in the market analysis. Therefore, we projected an average global vacancy and collection loss of 10.0 percent.

## OPERATING EXPENSES AND NET OPERATING INCOME

Typically, an appraiser attempts to utilize the subject's historical operating expense data supported by comparable expense data. Ownership of the subject property provided us with historical operating expenses for 2007 and 2008.

EXPENSE ANALYSIS - RESIDENTIAL BUILDINGS							
	2007		2008		C & W Projection		
	Total	Per SF	Total	Per SF	Total	Per Unit	Per SF
<b>OPERATING EXPENSES</b>							
Real Estate Taxes	\$304,341	\$3.59	\$307,296	\$3.62	\$535,630	\$2,819	\$6.31
Insurance	\$132,220	\$1.56	\$65,574	\$0.77	135,700	\$714	\$1.60
Salary and Benefits	\$256,846	\$3.03	\$317,146	\$3.74	296,900	\$1,563	\$3.50
Utilities	\$227,884	\$2.69	\$258,930	\$3.05	267,200	\$1,406	\$3.15
Water and Sewer	\$72,796	\$0.86	\$128,832	\$1.52	106,000	\$558	\$1.25
Repairs and Maintenance	*\$1,315,754	\$15.51	*\$1,409,576	\$16.62	212,100	\$1,116	\$2.50
General and Administrative	\$17,420	\$0.21	\$0	\$0.00	25,400	\$134	\$0.30
Legal and Professional Fees	\$841,363	\$9.92	**\$361,742	\$4.26	29,700	\$156	\$0.35
Management	\$32,528	\$0.38	\$0	\$0.00	63,600	\$335	\$0.75
Painting and Supplies	\$6,580	\$0.08	\$14,612	\$0.17	47,500	\$250	\$0.56
Depreciation Factor	\$0	\$0.00	\$0	\$0.00	161,352	\$849	\$1.90
Miscellaneous	\$66,634	\$0.79	\$5,980	\$0.07	21,200	\$112	\$0.25
<b>TOTAL EXPENSES</b>	<b>\$3,274,366</b>	<b>\$38.60</b>	<b>\$2,889,688</b>	<b>\$33.83</b>	<b>\$1,902,282</b>	<b>\$10,012</b>	<b>\$22.43</b>

\*Includes Capital Expenditure

\*\*Includes Management & Administration

In addition, we have relied upon our own estimates supported by market comparables. We forecasted the property's operating expenses after reviewing operating expenses of similar buildings and after consulting local building managers and agents, including Cushman & Wakefield property management personnel, etc. We also examined industry norms as reported by the Conventional Apartments published by the Institute of Real Estate Management, and the 2006 and 2007 Dollars and Cents of Multi-Family Housing.

Following are the projected operating expenses we have used in our proforma analysis. We have analyzed each item of expense individually and attempted to project what the typical informed investor would consider reasonable. Although every expense category is addressed herein, only those requiring explanation will be discussed in great detail. The unit expense estimates are applied to the gross, above grade area, reported as 84,826± square feet.

The forecast of projected growth rates in all categories of expense reflect typical investor expectations as noted in the Cushman & Wakefield Investor Survey. Except where noted, our projected growth rates for the various types of expense categories generally do not attempt to reflect growth rates for any individual year, but rather the long term trend over the period of analysis. The following is a summary of stabilized expenses that an investor could expect as of February 2009, based upon stabilized operations. The expenses have been applied to the subject in our proforma.

## ANALYSIS OF EXPENSES

<b>Expense</b>	<b>C&amp;W Forecast</b>	<b>Per SF</b>	<b>Analysis</b>
Real Estate Taxes	\$535,630	\$6.31	A complete discussion of the taxes is included in the Real Property Taxes and Assessments section of this report. The real estate taxes is based on the stabilized operation of the subject building.
Insurance	\$135,700	\$1.60	The insurance expense includes the cost of fire and extended liability coverage.
Salary and Benefits	\$296,900	\$3.50	This expense covers the cost of salary and benefits for the operation of the building on a rental basis. It considers the need for full-time superintendents and porters.
Utilities	\$267,200	\$3.15	This category includes common area heat and electricity, gas and/or oil expenses. It considers the extraordinary increase in fuel costs witnessed in 2006, 2007, and early 2008.
Water and Sewer	\$106,000	\$1.25	This category includes all water and sewer charges.
Repairs and Maintenance	\$212,100	\$2.50	Repairs and maintenance considers the ongoing maintenance to the interior and exterior of the building, pest control, as well as any minor and ordinary maintenance to the plumbing and electrical systems, kitchen appliances and the roof. It also includes monies for contract labor for specific repair and maintenance functions.
General and Administrative	\$25,400	\$0.30	This expense covers the cost of office overhead, supplies and administrative costs.
Legal and Professional Fees	\$29,700	\$0.35	Our estimate is based on the budgeted expense plus expense levels at competing properties.
Management	\$63,600	\$0.75	This covers the cost for all management personnel and financial reporting.
Painting and Supplies	\$47,500	\$0.56	This expense allows for the periodic painting of units and common areas. As a rental building, the landlord is required to paint units every three years and usually upon turnover.
Depreciation Factor	\$161,352	\$1.90	Depreciation of two per centum of the assessed value of the improvement, which includes 45.0 percent of the capital expenditure.
Miscellaneous	\$21,200	\$0.25	This accounts for minor unforecasted expenses.

The subject building's operating expense is based on the following factors:

- Distribution of the utility services incorporate more material and distance within the infrastructure, decreasing efficiency.
- Small size of the units, which averages 446 square foot of gross building area per unit. This is half the size of a typical post-war rental building.
- Multiple entrances to the property from street grade and courtyard areas, which requires additional maintenance.
- Including the courtyard, the property has multiple exterior walls to maintain, with extensive perimeter areas required facades maintenance.
- The design of the building and the lack of fire-proofing result in high insurance costs.
- The age and efficiency of the mechanical plant, shared with the adjacent buildings, means higher overall expenses.

## SUMMARY OF OPERATING EXPENSES

In our analysis of the subject property, the total fixed and operating expenses estimated for 2009, excluding real estate taxes and depreciation factor, is \$1,205,300 or \$14.21 per square foot of above grade area, rounded. In

In addition to these costs, we deducted an additional amount for reserves, detailed below. Despite the low occupancy rate, our analysis projects a full operating expense as rent regulated tenants can have no diminution in service.

In the proforma, we deducted these expenses on an annual basis from effective gross income to determine the annual net operating income. Our operating expenses estimated for the subject property are similar to the actual operating expenses of competing residential buildings located in the metropolitan region. These comparables indicate a range in expenses, excluding real estate taxes, between \$9.47 and \$12.17 per square foot of gross building area, rounded. The estimate for the subject falls slightly above the range, but is reflective of the size and nature of the development.

<b>COMPARABLE OPERATING EXPENSES APARTMENT BUILDINGS</b>						
<b>PROPERTY</b>	<b>Block 1459, Lot 30</b>			<b>Block 1459, Lot 10</b>		
No. of Stories	6			6		
No. of Units	235			388		
Size (SF)	124,902			133,860		
Year Built/Renov.	1903			1903		
Data Year	2008			2008		
<b>EXPENSES</b>	<b>Total</b>	<b>\$/SF</b>	<b>\$/Unit</b>	<b>Total</b>	<b>\$/SF</b>	<b>\$/Unit</b>
Insurance	\$81,103	\$0.65	\$345	\$101,465	\$0.76	\$262
Salary & Benefits	\$392,259	\$3.14	\$1,669	\$490,741	\$3.67	\$1,265
Utilities	\$320,257	\$2.56	\$1,363	\$400,662	\$2.99	\$1,033
Water & Sewer	\$159,346	\$1.28	\$678	\$230,648	\$1.72	\$594
Repairs & Maintenance	\$102,802	\$0.82	\$437	\$116,092	\$0.87	\$299
General & Administrative	\$72,751	\$0.58	\$310	\$107,958	\$0.81	\$278
Legal & Professional	\$8,607	\$0.07	\$37	\$10,769	\$0.08	\$28
Management	\$0	\$0.00	\$0	\$0	\$0.00	\$0
Misc	\$46,106	\$0.37	\$196	\$42,321	\$0.32	\$109
<b>TOTAL EXPENSES</b>	<b>\$1,183,231</b>	<b>\$9.47</b>	<b>\$5,035</b>	<b>\$1,500,656</b>	<b>\$11.21</b>	<b>\$3,868</b>
Total Expenses Less Mgt	\$1,183,231	\$9.47	\$5,035	\$1,500,656	\$11.21	\$3,868
<b>PROPERTY</b>	<b>Manhattan</b>			<b>Manhattan</b>		
No. of Stories	21			10		
No. of Units	141			30		
Size (SF)	166,432			43,800		
Year Built/Renov.	1964			1913		
Data Year	2007			2008 Budget		
<b>EXPENSES</b>		<b>\$/SF</b>	<b>\$/Unit</b>	<b>Total</b>	<b>\$/SF</b>	<b>\$/Unit</b>
Insurance	\$66,270	\$0.40	\$470	\$25,247	\$0.58	\$842
Salary & Benefits	\$524,379	\$3.15	\$3,719	\$64,134	\$1.46	\$2,138
Utilities	\$305,688	\$1.84	\$2,168	\$81,704	\$1.87	\$2,723
Water & Sewer	\$80,511	\$0.48	\$571	\$9,968	\$0.23	\$332
Repairs & Maintenance	\$261,132	\$1.57	\$1,852	\$72,029	\$1.64	\$2,401
General & Administrative	\$0	\$0.00	\$0	\$9,126	\$0.21	\$304
Legal & Professional	\$0	\$0.00	\$0	\$35,071	\$0.80	\$1,169
Management	\$375,342	\$2.26	\$2,662	\$72,000	\$1.64	\$2,400
Misc	\$2,820	\$0.02	\$20	\$163,674	\$3.74	\$5,456
<b>TOTAL EXPENSES</b>	<b>\$1,616,142</b>	<b>\$9.71</b>	<b>\$11,462</b>	<b>\$532,953</b>	<b>\$12.17</b>	<b>\$17,765</b>
Total Expenses Less Mgt	\$1,240,800	\$7.46	\$8,800	\$460,953	\$10.52	\$15,365

## INCOME AND EXPENSE PRO FORMA

The following chart is our opinion of income and expenses for Year 1.

<b>SUMMARY OF REVENUE AND EXPENSES PROFORMA - WITH CAPITAL EXPENDITURE 429 EAST 64TH STREET &amp; 430 EAST 65TH STREET NEW YORK, NEW YORK</b>		
<b>INCOME</b>	<b>Year One</b>	
	<b>Total</b>	<b>\$/SF</b>
Market Rate Units Revenue	\$1,231,320	
Rent Stabilized Units Revenue	\$1,074,771	
MCI Revenue	\$64,486	
Miscellaneous Revenue	\$10,000	
<b>Total Gross Income</b>	<b>2,380,577</b>	
Less: Vacancy and Credit Loss	238,058	
<b>Effective Gross Income</b>	<b>2,142,520</b>	
<b>OPERATING EXPENSES</b>		
Real Estate Taxes	535,630	\$6.31
Insurance	135,700	\$1.60
Salary & Benefits	296,900	\$3.50
Utilities	267,200	\$3.15
Water & Sewer	106,000	\$1.25
Repairs & Maintenance	212,100	\$2.50
General & Administrative	25,400	\$0.30
Legal & Professional Fees	29,700	\$0.35
Painting & Supplies	47,500	\$0.56
Management fees	63,600	\$0.75
Depreciation Factor	161,352	\$1.90
Miscellaneous Expense	21,200	\$0.25
<b>TOTAL EXPENSES</b>	<b>1,902,282</b>	<b>\$22.43</b>
<b>NET OPERATING INCOME</b>	<b>240,238</b>	<b>\$2.83</b>

## CONCLUSIONS

Based on stabilized operations, the NOI is estimated at \$240,238. The denominator to be used in the test of reasonable return equates to the sum of the assessed value, the capital improvement costs, renovation costs, and the cost to reach stabilization. Therefore, we included the cost of in-unit renovation and the lease-up cost. This equates to a total of \$20,186,462. The economic return equates to 1.190%. A Reasonable Return as defined by the New York City Administrative Code is 6.0 percent per annum. Hence, the subject property does not generate a "reasonable return" as improved.

The results of the analysis indicate that continued operation of the property in its renovated conditions with capital expenditure is not economically feasible. The level of feasibility is made worse if measured on a leveraged basis.

## CONTINUED USE - WITHOUT CAPITAL IMPROVEMENT

The following analysis of the subject property is based on continued operation of the subject without the proposed capital improvement. This projection includes the estimated cost of unit renovation but excludes the building-wide capital improvements. Again, without in-unit renovation, the subject units are not leaseable in this market at rent suitable to provide economic incentive.

## MARKET RENTAL RATES - APARTMENTS

Earlier, we projected a market rate for the subject of \$40.00 per square foot as of February 2009. To reflect the inferior conditions without the capital improvement, we applied a 12.5 percent decrease from projected rent levels. This equates to a projected market rental rate of \$35.00 per square foot, rounded.

## RESIDENTIAL UNIT ABSORPTION

We have projected an absorption period of approximately 45 months. It considers that no units will be absorbed in the first month of leasing due to the renovation of the units. We leased the vacant market rate units at a market rent of \$35.00 per square foot. At an absorption rate of 6 units at on quarterly basis, all vacant units are projected to be leased by the third quarter of fiscal year beginning February 2012.

RESIDENTIAL ABSORPTION ANALYSIS							
Units Leased	Lease Up Period	Area SF	Current Rent/ SF	Annual Rent FYB @ Stabilization	Commissions Free Rent	Revenue Loss Free Rent	Estimated Lost Revenue During Lease-up
0 Units Leased	Quarter 1	0	\$35.00	\$0	1 month	\$0	\$0
6 Units Leased	Quarter 2	2,199	\$35.00	\$76,958	1 month	\$6,413	\$38,479
6 Units Leased	Quarter 3	2,199	\$35.00	\$76,958	1 month	\$6,413	\$57,718
6 Units Leased	Quarter 4	2,199	\$35.00	\$76,958	1 month	\$6,413	\$76,958
6 Units Leased	Quarter 5	2,199	\$35.00	\$76,958	1 month	\$6,413	\$96,197
6 Units Leased	Quarter 6	2,199	\$35.00	\$76,958	1 month	\$6,413	\$115,436
6 Units Leased	Quarter 7	2,199	\$35.00	\$76,958	1 month	\$6,413	\$134,876
6 Units Leased	Quarter 8	2,199	\$35.00	\$76,958	1 month	\$6,413	\$153,915
6 Units Leased	Quarter 9	2,199	\$35.00	\$76,958	1 month	\$6,413	\$173,154
6 Units Leased	Quarter 10	2,199	\$35.00	\$76,958	1 month	\$6,413	\$192,394
6 Units Leased	Quarter 11	2,199	\$35.00	\$76,958	1 month	\$6,413	\$211,633
6 Units Leased	Quarter 12	2,199	\$35.00	\$76,958	1 month	\$6,413	\$230,873
6 Units Leased	Quarter 13	2,199	\$35.00	\$76,958	1 month	\$6,413	\$250,112
6 Units Leased	Quarter 14	2,199	\$35.00	\$76,958	1 month	\$6,413	\$269,351
6 Units Leased	Quarter 15	2,199	\$35.00	\$76,958	1 month	\$6,413	\$288,591
<b>84 Totals</b>		<b>30,783</b>		<b>\$1,077,405</b>		<b>\$89,784</b>	<b>\$2,289,486</b>

This equates to lease-up costs of \$2,469,053.

Residential Commissions/overhead	\$89,784
Lost Rental Revenue	\$2,289,486
Contingency	\$89,784
<b>Total Post-Completion Costs</b>	<b>\$2,469,053</b>

## SUBJECT RENT REGULATED UNITS

Please refer to Continued Use of the report.

## RESIDENTIAL RENTAL INCREASES

Please refer to Continued Use of the report.

## MISCELLANEOUS REVENUE

Please refer to Continued Use of the report.

## POTENTIAL GROSS INCOME –

Potential gross income in Year 1 may be summarized as follows:

Residential – Market:	\$1,077,405
Residential – Rent Regulated:	1,074,771
Miscellaneous Revenue:	10,000
<b>Total:</b>	<b>\$2,162,176</b>

## VACANCY AND COLLECTION LOSS

Please refer to Continued Use of the report.

## OPERATING EXPENSES AND NET OPERATING INCOME

Depreciation has been modified as a function of total renovation costs and lease-up costs. Real estate taxes remain 25.0 percent of the EGI, but are lower than the earlier scenario. For other income and operating expenses, please refer to Continued Use of the report.

## INCOME AND EXPENSE PRO FORMA

The following chart is our opinion of income and expenses for Year 1.

<b>6-STORY APARTMENT BUILDINGS PROFORMA - WITHOUT CAPITAL EXPENDITURE 429 EAST 64TH STREET &amp; 430 EAST 65TH STREET NEW YORK, NEW YORK</b>		
<b>INCOME</b>	Year One	
	Total	\$/SF
Market Rate Units Revenue	\$1,077,405	
Rent Stabilized Units Revenue	\$1,074,771	
Miscellaneous Revenue	\$10,000	
<b>Total Gross Income</b>	<b>2,162,176</b>	
Less: Vacancy and Credit Loss	216,218	
<b>Effective Gross Income</b>	<b>1,945,959</b>	
<b>OPERATING EXPENSES</b>		
Real Estate Taxes	486,490	\$5.74
Insurance	135,700	\$1.60
Salary & Benefits	296,900	\$3.50
Utilities	267,200	\$3.15
Water & Sewer	106,000	\$1.25
Repairs & Maintenance	339,304	\$4.00
General & Administrative	25,400	\$0.30
Legal & Professional Fees	29,700	\$0.35
Painting & Supplies	47,500	\$0.56
Management fees	63,600	\$0.75
Depreciation Factor	66,580	\$0.78
Miscellaneous Expense	21,200	\$0.25
<b>TOTAL EXPENSES</b>	<b>1,885,574</b>	<b>\$22.23</b>
<b>NET OPERATING INCOME</b>	<b>60,385</b>	<b>\$0.71</b>

## CONCLUSIONS

Based on stabilized operations, the NOI is estimated at \$60,385. The denominator to be used in the test of reasonable return equates to the sum of the assessed value, renovation costs, and the cost to reach stabilization. Therefore, we included the cost of in-unit renovation and the lease-up costs. This equates to a total of \$9,838,553. The economic return equates to 0.614%. A Reasonable Return as defined by the New York City Administrative Code is 6.0 percent per annum. Hence, the subject property does not generate a "reasonable return" as improved.

The results of the analysis indicate that continued operation of the property in its current or renovated conditions is not economically feasible. The level of feasibility is made worse if measured on a leveraged basis.

## CONCLUSION

Based on the continued use with capital infusion for building-wide improvement, our analysis develops a rate of return of 1.190% based on the valuation. Without the capital improvement, the net proforma develops a rate of return of 0.614% based on valuation. Therefore, we have concluded that the imposition of the landmark's designation on November 21, 2006, has rendered the property incapable of generating a sufficient and competitive economic return.

<b>CONCLUSION</b>		
	<b>CONTINUED USE W/ CAPITAL IMPROVEMENT</b>	<b>CONTINUED USE W/O CAPITAL IMPROVEMENT</b>
<b>Reasonable Return</b>	1.190%	0.614%

The results of the analysis indicate that continued operation of the property in its current or renovated conditions is not economically feasible. The level of feasibility is made worse if measured on a leveraged basis. Financing for multi-family assets is very difficult to obtain in the current market and properties such as the subject would not likely qualify for financing at levels greater than 50 to 60 percent of current market values.

We conclude that the Landmark designation creates a hardship upon ownership as a result of projected economic performance. Furthermore, the Landmark designation prevents re-development in a manner consistent with the highest and best use.



## ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:


- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

## CERTIFICATION OF APPRAISAL

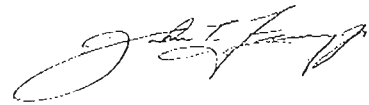
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Matthew C. Mondanile, MAI did not make a personal inspection of the property that is the subject of this report
- As of the date of this report, Matthew C. Mondanile, MAI, has completed the continuing education program of the Appraisal Institute.




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Matthew C. Mondanile, MAI  
Senior Managing Director  
NY Certified General Appraiser  
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Managing Director  
New York Certified General Appraiser  
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# ADDENDA CONTENTS

Rent Roll and Analysis  
 429 East 64th Street and 430 East 65th Street, NY, NY  
 As of: January 13, 2009

02/09/09

Building	Unit	Occupant	Rooms	Lease Expiration	Days Over	Rent Analysis					Annual Rent	
						Occupied Rent Cont.	Occupied Stabilized	Vacant @ Market (MSK)	Vacant Last Rent	Monthly Rent		Per Room
429	1 A	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 A	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 A	Susan M. Graves	3.0	06/30/09			\$845.27			\$845.27	\$281.76	\$10,143.24
429	4 A	Thomas A. Harrington	3.0	01/31/09			\$598.08			\$598.08	\$199.36	\$7,176.96
429	5 A	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	6 A	Gerald R. Bunting	3.0	02/28/09			\$1,018.34			\$1,018.34	\$339.45	\$12,220.08
429	1 B	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 B	George Reisz, Jr.	3.0	05/31/09			\$672.21			\$672.21	\$224.07	\$8,066.52
429	3 B	Demetrios P. Gouvakis	3.0	10/31/09			\$1,009.89			\$1,009.89	\$336.63	\$12,118.68
429	4 B	Vacant	3.0					\$0.00		\$0.00	\$0.00	\$0.00
429	5 B	James S. Monck	3.0	RC		\$727.42				\$727.42	\$242.47	\$8,729.04
429	6 B	Kaitlin & John Griffin	3.0	08/31/09			\$655.32			\$655.32	\$218.44	\$7,863.84
429	1 C	Vacant	4.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 C	Vacant	4.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 C	Manolina G. Stevenson	4.0	01/31/09			\$1,156.85			\$1,156.85	\$289.21	\$13,882.20
429	4 C	Vacant	4.0						\$0.00	\$0.00	\$0.00	\$0.00
429	5 C	Anthony Stylianou	4.0	11/30/09			\$664.27			\$664.27	\$166.07	\$7,971.24
429	6 C	Carlos Rodriguez	4.0	04/30/10			\$763.63			\$763.63	\$190.91	\$9,163.56
429	1 D	Joana Dos Santos	3.0	09/30/10			\$945.85			\$945.85	\$315.28	\$11,350.20
429	2 D	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 D	David Peralstein	3.0	10/31/09			\$763.13			\$763.13	\$254.38	\$9,157.56
429	4 D	Petrit Husenaj	3.0	10/31/09			\$1,368.65			\$1,368.65	\$456.22	\$16,423.80
429	5 D	Patricia and Jose Gallardo	3.0	11/30/09			\$707.07			\$707.07	\$235.89	\$8,484.84
429	6 D	Rosaly Grunsberg	3.0	10/31/09			\$978.75			\$978.75	\$326.25	\$11,745.00
429	1 E	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 E	Tricia Donahue	3.0	09/30/09			\$532.61			\$532.61	\$177.54	\$6,391.32
429	3 E	Cladius Duchamp	3.0	09/30/10			\$717.68			\$717.68	\$239.23	\$8,612.16
429	4 E	Kevin P. Daly	3.0	03/31/09			\$1,008.26			\$1,008.26	\$336.09	\$12,099.12
429	5 E	Avdul Lazorja	3.0	RC		\$642.66				\$642.66	\$214.22	\$7,711.92
429	6 E	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 F	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 F	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 F	Mania Vitoria Santos	2.0	02/28/09			\$1,127.63			\$1,127.63	\$563.82	\$13,531.56
429	4 F	Ye Shun & Junning Hu	2.0	12/31/08	(40.50)		\$889.89			\$889.89	\$444.95	\$10,678.68
429	5 F	Avdul Lazorja	2.0	RC		\$530.54				\$530.54	\$265.27	\$6,366.48
429	6 F	Andres Weintraub	2.0	11/30/08	(71.50)		\$945.99			\$945.99	\$473.00	\$11,351.88
429	1 G	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 G	Brock & Mary Lowmes	3.0	09/30/09			\$769.44			\$769.44	\$256.48	\$9,233.28
429	3 G	Wendy Yee	3.0	09/30/09			\$1,264.46			\$1,264.46	\$421.49	\$15,173.52
429	4 G	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	5 G	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	6 G	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 H	Stacy Yablonski	3.0	09/30/09			\$1,026.15			\$1,026.15	\$342.05	\$12,313.80
429	2 H	Abigail Beyer-Deliagre Bohrt	3.0	07/31/10			\$600.60			\$600.60	\$200.20	\$7,207.20
429	3 H	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	4 H	Pamela Abney	3.0	09/30/10			\$716.75			\$716.75	\$238.92	\$8,601.00
429	5 H	Melvin Stanley	3.0	11/30/10			\$1,179.68			\$1,179.68	\$393.23	\$14,156.16
429	6 H	Harnet Pellagrino	3.0	RC		\$600.23				\$600.23	\$200.08	\$7,202.76
429	1 I	James J. Leary	2.0	11/30/09			\$877.13			\$877.13	\$438.57	\$10,525.56
429	2 I	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 I	Mary T. A. Miller	2.0	11/30/10			\$995.40			\$995.40	\$497.70	\$11,944.80
429	4 I	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	5 I	John Williams	2.0	11/30/08	(71.50)		\$713.69			\$713.69	\$356.85	\$8,564.28
429	6 I	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 J	Devkant (David) Kulkarni	3.0	08/31/09			\$680.83			\$680.83	\$226.94	\$8,169.96
429	2 J	Christopher Coucill	3.0	12/31/08	(40.50)		\$612.03			\$612.03	\$204.01	\$7,344.36
429	3 J	James N. Costello	3.0	09/30/09			\$1,209.78			\$1,209.78	\$403.26	\$14,517.36
429	4 J	Jose and Julia Torres	3.0	02/28/09			\$877.67			\$877.67	\$292.56	\$10,532.04
429	5 J	Iralda Cherry	3.0	RC		\$738.48				\$738.48	\$246.16	\$8,861.76
429	6 J	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 K	Frank Grudzinski	2.0	11/30/08	(71.50)		\$749.90			\$749.90	\$374.95	\$8,998.80
429	2 K	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 K	Martin Eklund	2.0	01/31/09			\$893.86			\$893.86	\$446.93	\$10,726.32
429	4 K	Leonard Rotner	2.0	RC		\$617.22				\$617.22	\$308.61	\$7,406.64
429	5 K	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	6 K	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 L	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 L	Luz S. Calan	2.0	07/31/10			\$532.60			\$532.60	\$266.30	\$8,391.20
429	3 L	Tracy L. Murray	2.0	12/31/09			\$1,020.24			\$1,020.24	\$510.12	\$12,242.88
429	4 L	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	5 L	Bernard M. Delgado	2.0	10/30/09			\$801.85			\$801.85	\$400.93	\$9,622.20
429	6 L	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	1 M	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	2 M	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 M	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	4 M	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	5 M	Vacant	3.0						\$0.00	\$0.00	\$0.00	\$0.00
429	6 M	Joseph Karandy	3.0	RC		\$426.13				\$426.13	\$142.04	\$5,113.56
429	1 N	Nora Watson	2.0	01/31/09			\$1,496.45			\$1,496.45	\$748.23	\$17,957.40
429	2 N	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	3 N	Vacant	2.0						\$0.00	\$0.00	\$0.00	\$0.00
429	4 N	Arlene Nobile	2.0	06/30/10			\$1,074.28			\$1,074.28	\$537.14	\$12,891.36
429	5 N	Michael C. Rosen	2.0	11/30/09			\$705.13			\$705.13	\$352.57	\$8,461.56

429	6 N	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
429	2 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
429	3 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
429	4 O	Janel Nonsmaker	3.0	05/31/10	\$668.97		\$668.97	\$222.99	\$8,027.64
429	5 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
429	6 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
429	1 P	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
429	2 P	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
429	3 P	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
429	4 P	Jonathan Geller	2.0	02/28/10	\$595.87		\$595.87	\$297.94	\$7,150.44
429	5 P	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
429	6 P	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	1 A	Jonas Cohen	3.0	02/28/09	\$866.64		\$866.64	\$288.88	\$10,399.68
430	2 A	Monica McLaughlin	3.0	08/31/09	\$614.76		\$614.76	\$204.92	\$7,377.12
430	3 A	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 A	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 A	Suzanne Pickersgill	3.0	02/28/09	\$1,338.05		\$1,338.05	\$446.02	\$16,056.60
430	6 A	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 B	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 B	Rev Angelo and Mary Gavalas	2.0	06/30/10	\$493.30		\$493.30	\$246.65	\$5,919.60
430	4 B	Ronald Butcher	2.0	03/31/10	\$609.65		\$609.65	\$304.83	\$7,315.80
430	5 B	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 B	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	1 C	Eric K. Daniels	3.0	04/30/09	\$728.67		\$728.67	\$242.89	\$8,744.04
430	2 C	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 C	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 C	James Slutsky	3.0	04/30/10	\$661.14		\$661.14	\$220.38	\$7,933.68
430	5 C	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 C	Nadine Firmin	3.0	09/30/09	\$888.49		\$888.49	\$296.16	\$10,661.88
430	1 D	Paulina Caleron	2.0	05/31/10	\$714.66		\$714.66	\$357.33	\$8,575.92
430	2 D	Melanie McKinzie	2.0	03/31/09	\$868.61		\$868.61	\$434.31	\$10,423.32
430	3 D	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 D	Elba Mohamed	2.0	04/30/10	\$693.81		\$693.81	\$346.91	\$8,325.72
430	5 D	Judy Cuzzo	2.0	RC	\$439.07		\$439.07	\$219.54	\$5,268.84
430	6 D	Michael Weintraub	2.0	09/30/10	\$805.28		\$805.28	\$402.64	\$9,663.36
430	1 E	Ellen Gross	3.0	05/31/09	\$970.32		\$970.32	\$323.44	\$11,643.84
430	2 E	John Walter	3.0	08/31/09	\$908.72		\$908.72	\$302.91	\$10,904.64
430	3 E	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 E	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 E	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 E	Douglas Tyskiewicz	3.0	11/30/09	\$572.46		\$572.46	\$190.82	\$6,869.52
430	1 F	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 F	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 F	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 F	Charles Eichlin	2.0	RC	\$473.63		\$473.63	\$238.82	\$5,683.56
430	5 F	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 F	Marcelo Ribeiro	2.0	04/30/09	\$791.77		\$791.77	\$395.89	\$9,501.24
430	1 G	Noreen and Richard Lynch	3.0	02/28/10	\$747.61		\$747.61	\$249.20	\$8,971.32
430	2 G	Sabina Windell	3.0	04/30/10	\$933.62		\$933.62	\$311.21	\$11,203.44
430	3 G	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 G	M. Mckenna	3.0	RC	\$647.32		\$647.32	\$215.77	\$7,767.84
430	5 G	Joan Minihan	3.0	09/30/10	\$716.49		\$716.49	\$238.83	\$8,597.88
430	6 G	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	1 H	Thomas Scarlato	2.0	02/28/09	\$765.35		\$765.35	\$382.68	\$9,184.20
430	2 H	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 H	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 H	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 H	Tom Stratford	2.0	11/30/10	\$971.74		\$971.74	\$485.87	\$11,660.88
430	6 H	David Ferrarie	2.0	10/31/09	\$699.60		\$699.60	\$349.80	\$8,395.20
430	1 I	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 I	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 I	Joseph S. Cabuay	2.0	08/31/09	\$994.58		\$994.58	\$497.29	\$11,934.96
430	4 I	Vacant	2.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 I	Carl Cruickshank	2.0	02/28/10	\$1,090.07		\$1,090.07	\$545.04	\$13,080.84
430	6 I	Gary S. Kruk	2.0	10/31/09	\$1,088.22		\$1,088.22	\$544.11	\$13,058.64
430	1 J	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 J	John McElean	3.0	09/30/09	\$1,318.61		\$1,318.61	\$439.54	\$15,823.32
430	3 J	Martha Martinez	3.0	11/30/09	\$610.86		\$610.86	\$203.62	\$7,330.32
430	4 J	G. Leff and J. Schwartz	3.0	09/30/09	\$649.93		\$649.93	\$216.64	\$7,799.16
430	5 J	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 J	Kevin and Donna M. Gallagher	3.0	04/30/09	\$652.11		\$652.11	\$217.37	\$7,825.32
430	1 K	Jennifer Pugliese	3.0	06/30/09	\$1,152.96		\$1,152.96	\$384.32	\$13,835.52
430	2 K	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 K	Louis and James Santo	3.0	05/31/10	\$821.58		\$821.58	\$273.86	\$9,858.96
430	4 K	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 K	Margaret Kennedy	3.0	10/31/09	\$1,096.19		\$1,096.19	\$365.40	\$13,154.28
430	6 K	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	1 L	Vincent Bastlici	3.0	10/31/09	\$892.48		\$892.48	\$297.49	\$10,709.76
430	2 L	Hamdi El-Gabry	3.0	04/30/10	\$1,621.30		\$1,621.30	\$540.43	\$19,455.60
430	3 L	Christopher J. Benevent	3.0	09/30/09	\$798.06		\$798.06	\$266.02	\$9,576.72
430	4 L	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 L	Alan Resnick	3.0	01/31/10	\$747.11		\$747.11	\$249.04	\$8,965.32
430	6 L	Boldizsar Csoboth	3.0	RC	\$619.28		\$619.28	\$206.43	\$7,431.36
430	1 M	Joanne Bednar	3.0	11/30/08	\$1,252.62	(71.50)	\$1,252.62	\$417.54	\$15,031.44
430	2 M	Peter Riley	3.0	07/31/09	\$1,247.96		\$1,247.96	\$415.99	\$14,975.52
430	3 M	Brian Terberry	3.0	04/30/10	\$909.93		\$909.93	\$303.31	\$10,919.16
430	4 M	Elisabeth A. Pearce	3.0	09/30/09	\$635.11		\$635.11	\$211.70	\$7,621.32
430	5 M	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 M	Dale Hodgens	3.0	09/30/10	\$671.06		\$671.06	\$223.69	\$8,052.72
430	1 N	Ruth Price	3.0	12/31/09	\$622.38		\$622.38	\$207.46	\$7,468.56

430	2 N	Ramon G. Perez	3.0	03/31/09	\$870.01		\$870.01	\$290.00	\$10,440.12
430	2 N	Ramon G. Perez	3.0	03/31/09	\$870.01		\$870.01	\$290.00	\$10,440.12
430	3 N	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	4 N	Stephanie McCann	3.0	12/31/09	\$746.85		\$746.85	\$248.88	\$8,959.80
430	5 N	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	6 N	Jessica Nelson	3.0	12/31/08	(40.50)	\$1,134.70	\$1,134.70	\$378.23	\$13,616.40
430	1 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	3 O	Jay Kusnetz	3.0	10/31/09	\$674.69		\$674.69	\$224.90	\$8,096.28
430	4 O	Memorial Sloan Kettering **	3.0	02/28/08	(347.50)	\$1,371.61	\$1,371.61	\$457.20	\$16,459.32
430	5 O	Jaimee Ruthman Boehm	3.0	06/30/09	\$892.36		\$892.36	\$297.45	\$10,708.32
430	6 O	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	1 P	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	2 P	Murat Kalipcı	3.0	07/31/10	\$825.83		\$825.83	\$275.28	\$9,909.98
430	3 P	Rafael and Kimberly Ramos	3.0	06/30/10	\$1,148.43		\$1,148.43	\$382.81	\$13,781.16
430	4 P	Vacant	3.0			\$0.00	\$0.00	\$0.00	\$0.00
430	5 P	Maïa Strenger	3.0	04/30/09	\$710.08		\$710.08	\$236.69	\$8,520.96
430	6 P	Nicole Osario	3.0	08/31/09	\$1,061.93		\$1,061.93	\$353.98	\$12,743.16

## NEW YORK CITY ADMINISTRATIVE CODE - TITLE 25

### LAND USE

§ 25-309 Request for certificate of appropriateness authorizing demolition, alterations or reconstruction on ground of insufficient return. a. (1) Except as otherwise provided in paragraph two of this subdivision a, in any case where an application for a permit to demolish any improvement located on a landmark site or in an historic district or containing an interior landmark is filed with the commission, together with a request for a certificate of appropriateness authorizing such demolition, and in any case where an application for a permit to make alterations to or reconstruct any improvement on a landmark site or containing an interior landmark is filed with the commission, and the applicant requests a certificate of appropriateness for such work, and the applicant establishes to the satisfaction of the commission that:

(a) the improvement parcel (or parcels) which includes such improvement, as existing at the time of the filing of such request, is not capable of earning a reasonable return; and

(b) the owner of such improvement:

(1) in the case of an application for a permit to demolish, seeks in good faith to demolish such improvement immediately (a) for the purpose of constructing on the site thereof with reasonable promptness a new building or other income-producing facility, or (b) for the purpose of terminating the operation of the improvement at a loss; or

(2) in the case of an application for a permit to make alterations or reconstruct, seeks in good faith to alter or reconstruct such improvement, with reasonable promptness, for the purpose of increasing the return therefrom;

the commission, if it determines that the request for such certificate should be denied on the basis of the applicable standards set forth in section 25-307 of this chapter, shall, within ninety days after the filing of the request for such certificate of appropriateness, make a preliminary determination of insufficient return.

(2) In any case where any application and request for a certificate of appropriateness mentioned in paragraph one of this subdivision a is filed with the commission with respect to an improvement, the provisions of this section shall not apply to such request if the improvement parcel which includes such improvement has received, for three years next preceding the filing of such request, and at the time of such filing continues to receive, under any provision of law (other than this chapter or section four hundred fifty-eight, four hundred sixty or four hundred seventy-nine of the real property tax law), exemption in whole or in part from real property taxation; provided, however, that the provisions of this section shall nevertheless apply to such request if such exemption is and has been received pursuant to section four hundred twenty-a, four hundred twenty-two, four hundred twenty-four, four hundred twenty-five, four hundred twenty-six, four hundred twenty-seven, four hundred twenty-eight, four hundred thirty, four hundred thirty-two, four hundred thirty-four, four hundred thirty-six, four hundred thirty-eight, four hundred forty, four hundred forty-two, four hundred forty-four, four hundred fifty, four hundred fifty-two, four hundred sixty-two, four hundred sixty-four, four hundred sixty-eight, four hundred seventy, four hundred seventy-two or four hundred seventy-four of the real property tax law and the applicant establishes to the satisfaction of the commission, in lieu of the requirements set forth in paragraph one of this subdivision a, that:

(a) The owner of such improvement has entered into a bona-fide agreement to sell an estate of freehold or to grant a term of at least twenty years in such improvement parcel, which agreement is subject to or contingent upon the issuance of the certificate of appropriateness or a notice to proceed;

(b) The improvement parcel which includes such improvement, as existing at the time of the filing of such request, would not, if it were not exempt in whole or in part from real property taxation, be capable of earning a reasonable return;



(c) Such improvement has ceased to be adequate, suitable or appropriate for use for carrying out both (1) the purposes of such owner to which it is devoted and (2) those purposes to which it had been devoted when acquired unless such owner is no longer engaged in pursuing such purposes; and

(d) The prospective purchaser or tenant:

(1) In the case of an application for a permit to demolish seeks and intends, in good faith either to demolish such improvement immediately for the purpose of constructing on the site thereof with reasonable promptness a new building or other facility; or

(2) In the case of an application for a permit to make alterations or reconstruct, seeks and intends in good faith to alter or reconstruct such improvement, with reasonable promptness.

b. In the case of an application made pursuant to paragraph one of subdivision a of this section by an applicant not required to establish the conditions specified in paragraph two of such subdivision, as promptly as is practicable after making a preliminary determination as provided in paragraph one of such subdivision a, the commission, with the aid of such experts as it deems necessary, shall endeavor to devise, in consultation with the applicant, a plan whereby the improvement may be (1) preserved or perpetuated in such manner or form as to effectuate the purposes of this chapter, and (2) also rendered capable of earning a reasonable return.

c. Any such plan may include, but shall not be limited to, (1) granting of partial or complete tax exemption, (2) remission of taxes and (3) authorization for alterations, construction or reconstruction appropriate for and not inconsistent with the effectuation of the purposes of this chapter.

d. In any case where the commission formulates any such plan, it shall mail a copy thereof to the applicant promptly and in any event within sixty days after giving notice of its preliminary determination of insufficient return. The commission shall hold a public hearing upon such plan.

e. (1) If the commission, after holding a public hearing pursuant to subdivision d of this section, determines that a plan which it has formulated, consisting only of tax exemption and/or remission of taxes, meets the standards set forth in subdivision b of this section, as such plan was originally formulated, or with such modifications as the commission deems necessary or appropriate, the commission shall deny the request of the applicant for a certificate of appropriateness and shall approve such plan, as originally formulated, or with such modifications.

(2) Such plan, as so approved, shall set forth the extent of tax exemption and/or remission of taxes deemed necessary by the commission to meet such standards.

(3) The commission shall promptly mail a certified copy of such approved plan to the applicant and shall promptly transmit a certified copy thereof to the tax commission. Upon application made by the owner of such improvement pursuant to the provisions of paragraph five of this subdivision e, the tax commission shall grant, for the fiscal year next succeeding the date of approval of such plan, the tax exemption and/or remission of taxes provided for therein.

(4) In accordance with procedures prescribed by the regulations of the commission, it shall determine, upon application by the owner of such improvement made in advance of each succeeding fiscal year, the amount of tax exemption and/or remission of taxes, if any, which it deems necessary, as a renewal of such plan for the ensuing year, to meet the standards set forth in subdivision b of this section, and shall promptly mail a certified copy of any approved renewal of such plan to the applicant and shall promptly transmit a certified copy of such renewal to the tax commission. Upon application made by the owner of such improvement pursuant to the provisions of

paragraph five of this subdivision e, the tax commission shall grant, for such fiscal year, the tax exemption and/or remission of taxes specified in such determination.

(5) Where any such plan or a renewal thereof is approved by the commission, pursuant to the provisions of the preceding paragraphs of this subdivision e, prior to January first next preceding the fiscal year to which the tax benefits of such plan or renewal thereof are applicable, the owner shall not be entitled to such benefits for such fiscal year unless he or she files an application therefor with the tax commission between February first and March fifteenth, both dates inclusive, next preceding such fiscal year. Where any such plan or a renewal thereof is approved by the commission between January first and June thirtieth, both dates inclusive, next preceding the fiscal year to which the tax benefits of such plan or renewal thereof are applicable, the owner shall not be entitled to such benefits for such fiscal year unless he or she files an application therefor with the tax commission on or before August first of such fiscal year.

f. (1) In any case where the commission determines, after holding a public hearing pursuant to subdivision d of this section, that a plan which it has formulated, consisting in whole or in part of any proposal other than tax exemption and/or remission of taxes, meets the standards set forth in subdivision b of this section, as such plan was originally formulated, or with such modifications as the commission deems necessary or appropriate, the commission shall approve such plan, as originally formulated, or with such modifications, and shall promptly mail a copy of same to the applicant.

(2) The owner of the improvement proposed to be benefited by such plan mentioned in paragraph one of this subdivision f may accept or reject such plan by written acceptance or rejection filed with the commission. If such an acceptance is filed, the commission shall deny the request of such applicant for a certificate of appropriateness. If a new application for a permit from the department of buildings and a new request for a certificate of appropriateness are filed, which application and request conform with such proposed plan, the commission shall grant such certificate as promptly as is practicable and in any event within thirty days after such filing.

(3) If such accepted plan consists in part of tax exemption and/or remission of taxes, the provisions of paragraphs two, three, four and five of subdivision e of this section shall govern the granting of such tax exemption and/or remission of taxes.

g. (1) Except in a case where the applicant is required to establish the conditions set forth in paragraph two of subdivision a of this section, if

(a) The commission does not formulate and mail a plan pursuant to the provisions of subdivisions b, c, and d of this section within the period of time prescribed by such subdivision d; or

(b) The commission does not approve a plan pursuant to the provisions of subdivision e or f of this section within sixty days after the mailing of such plan to the applicant; or

(c) A plan approved by the commission pursuant to the provisions of paragraph one of subdivision f of this section is rejected by the owner of such improvement pursuant to the provisions of paragraph two of such subdivision;

the commission may, within ten days after expiration of the applicable period referred to in subparagraphs (a) and (b) of this paragraph one, or within ten days after the filing of a rejection of a plan pursuant to paragraph two of subdivision f of this section, as the case may be, transmit to the mayor a written recommendation that the city acquire a specified appropriate protective interest in the improvement parcel which includes the improvement with respect to which the request for a certificate of appropriateness was filed, and shall promptly notify the applicant of such action.

(2) If, within ninety days after transmission of such recommendation, or, if no such recommendation is transmitted, within ninety days after the expiration of the period herein prescribed for such transmission, the city does not:

(a) Give notice, pursuant to section three hundred eighty-two of the charter, of an application to condemn such interest or any other appropriate protective interest agreed upon by the mayor and the commission; or

(b) Enter into a contract with the owner of such improvement parcel to acquire such interest, as so recommended or agreed upon;

the commission shall promptly grant, issue and forward to the owner, in lieu of the certificate of appropriateness requested by the applicant, a notice to proceed.

h. No plan which consists in whole or in part of the granting of a partial or complete tax exemption or remission of taxes pursuant to the provisions of this chapter shall be deemed to have been approved by the commission unless it is also approved by the mayor and council within the period of time prescribed by this section for approval of such plan by the commission.

i. (1) In any case where the applicant is required to establish the conditions set forth in paragraph two of subdivision a of this section, as promptly as is practicable after making a preliminary determination with respect to such conditions, as provided in paragraph one of subdivision a of this section, and within one hundred and eighty days after making such preliminary determination, the commission, alone or with the aid of such persons and agencies as it deems necessary and whose aid it is able to enlist, shall endeavor to obtain a purchaser or tenant (as the case may be) of the improvement parcel or parcels with respect to which the application has been made, which purchaser or tenant will agree, without condition or contingency relating to the issuance of a certificate of appropriateness or notice to proceed and subject to the provisions of paragraph three of this subdivision i, to purchase or acquire an interest identical with that proposed to be acquired by the prospective purchaser or tenant whose agreement is the basis of the application, on reasonably equivalent terms and conditions.

(2) The applicant shall, within a reasonable time after notice by the commission that it has obtained such a purchaser or tenant, which notice shall be served within the period of one hundred and eighty days provided by paragraph one of this subdivision i, enter into such agreement to sell or lease (as the case may be) with the purchaser or tenant so obtained. Such notice shall specify a date for the execution of such agreement, which may be postponed by the commission at the request of the applicant.

(3) The provisions of this section shall not, after the consummation of such agreement, apply to such purchaser or tenant or to the heirs, successors or assigns of such purchaser or tenant.

(4) (a) If, within the one hundred eighty day period following the commission's preliminary determination pursuant to paragraph one of subdivision a of this section, the commission shall not have succeeded in obtaining a purchaser or tenant of the improvement parcel, pursuant to paragraph one of this subdivision i, or if, having obtained such a purchaser or tenant, such purchaser or tenant fails within the time provided in paragraph two of this subdivision i, to enter into the agreement provided for by such paragraph two, the commission, within twenty days after the expiration of the one hundred eighty day period provided for in paragraph one of this subdivision i, or within twenty days after the date upon which a purchaser or tenant obtained by the commission pursuant to the provisions of such paragraph one fails to enter into the agreement provided for by said paragraph, whichever of said dates later occurs, may transmit to the mayor a written recommendation that the city acquire a specified appropriate protective interest in the improvement parcel or parcels which include the improvement or are part of the landmark site with respect to which the request for a certificate of appropriateness was filed, and shall promptly notify the applicant of such action.

(b) If, within ninety days after transmission of such recommendation, or, if no such recommendation is transmitted, within ninety days after the expiration of the period herein prescribed for such transmission, the city does not give notice, pursuant to section three hundred eighty-two of the charter, of an application to condemn such interest or any other appropriate protective interest agreed upon by the mayor and the commission, or does not enter into a contract with the owner of such improvement parcel to acquire such interest, as so recommended and agreed upon; the commission shall promptly grant, issue and forward to the owner, in lieu of the certificate of appropriateness requested by the applicant, a notice to proceed.

(5) Such notice to proceed shall authorize the work of demolition, alteration, and/or reconstruction sought with respect to the improvement parcel or parcels concerning which the application was made, only if such work (a) is undertaken and performed by the purchaser or tenant specified pursuant to the provisions of paragraph two of subdivision a of this section, in the application, or a bona-fide assignee, successor, lessee or sub-lessee of such purchaser or tenant (other than the owner who made application therefor), and (b) is undertaken and performed with reasonable promptness after the issuance of such notice to proceed.

## PROFESSIONAL QUALIFICATIONS

### **Matthew C. Mondanile, MAI**

*Senior Managing Director/ Area Leader*

*Valuation Services, Capital Markets Group*

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Actively involved in the analysis and appraisal of commercial real estate for the past 30 years. Nationwide experience on a variety of property types including apartment buildings, office buildings, shopping centers, regional malls, motels and hotels, manufacturing plants, warehouses and mixed-use projects. Appraisal and consulting assignments have been completed for mortgage loan purposes, condemnations, arbitrations, allocations, estates, tax assessment hearings and as an aid in the decision making process in the acquisition, disposition and marketing of real estate.

#### **Experience**

Senior Managing Director – Valuation Services, Cushman & Wakefield, Inc.

Area Leader –New York Region 51 West 52nd Street, New York, New York from January 2005. Previous position as New York Manager from April 2001, Senior Director from January 1994 until March 2001; Director from May 1991 until December 1993; and Senior Appraiser from April 1984 until May 1991.

Formerly manager of the Appraisal Division of Douglas Elliman Knight Frank, Inc. New York, New York from April 1983 until April 1984. Previous position as a Senior Appraiser from July 1982 until April 1983.

Prior employment included appraisal positions with Richard W. Boyce, MAI, San Diego, California (1981-1982); R.S.T. Real Estate Company, Inc., Los Angeles, California (1978-1982); and the City of Paterson Tax Assessor's Office, Paterson, New Jersey (1976-1978).

#### **Appraisal Experience – New York City Office Buildings**

Extensive experience in the analysis and appraisal of New York City office buildings including Class A and B buildings constructed pre and post war as well as mixed-use properties and institutional office buildings. The primary market area of concentration is Manhattan where over 300 office buildings were appraised within the last five years. Notable office building assignments include the following:

- World Trade Center
- World Financial Center
- General Motors Building
- One Penn Plaza
- Trump Tower
- IBM Building
- Swiss Bank Tower
- Lever House
- 1251 6<sup>th</sup> Avenue

#### **Brokerage and Consulting Experience**

Varied commercial real estate experience in New York City for the past 20 years. Notable recent assignments included:

Consultant to the Port Authority of New York and New Jersey in selecting their alternatives for disposition of the World Trade Center, a seven building office and retail complex in lower Manhattan.

#### **Special Purpose Property Experience**

Diversified experience in the preparation of market studies of industry specific real estate including movie theatres, health clubs, television and film production studios and internet data centers and carrier hotels:

- Sony Theatres at Lincoln Square – 12-screen movie theatre complex including the largest IMAX Theatre in the United States.
- Reebok Sports Club – Four-story, 140,000 square foot health club complex with the largest membership in New York City.
- Hudson River Studios – Five-story television and film production studio to be built over an existing building – expected to be the largest facility of its kind in New York City.
- Telecom building experience included 85 Tenth Avenue a 595,000 square foot facility and 111 Eighth Avenue, a 2,300,000 square foot facility in New York City and the Lakeside Technology Center, a 1,200,000 facility in Chicago, Illinois.

**Luxury Rental and For Sale Residential Experience**

Extensive experience in the appraisal, analysis and feasibility of to be built apartment buildings. Notable recent assignments included:

515 Park Avenue Trump World Tower	The Chatham Condominium Columbus Centre	Union Square South 731 Lexington Avenue
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**Testimony in Courts of Law and Quasi-Judicial Hearings**

- Qualified as an expert witness
- New York City Tax Appeal Tribunal
- New York State Supreme Court
- United States Bankruptcy Court

**Education**

- William Paterson College of New Jersey
- Bachelor of Arts - 1977
- American Institute of Real Estate Appraisers Courses
- 1A Basic Principles and Procedures
- 1B Capitalization Theory and Techniques
- II Urban Properties
- VI Real Estate Investment Analysis
- VII Industrial Valuation

**Memberships, Licenses and Certificates**

- Broker "C" Member The Real Estate Board of New York, Inc.
- State of New York Licensed Real Estate Broker
- State of New York Certified General Real Estate Appraiser #46000004616
- State of Ohio Certified General Real Estate Appraiser #2004007236
- Certified Tax Assessor - State of New Jersey

**Professional Affiliations**

- Appraisal Institute
- M.A.I. Designation # 6811
- Metropolitan New York Chapter
- Board of Director Second Vice President

## PROFESSIONAL QUALIFICATIONS

**John T. Feeney, Jr.**

*Senior Director, Valuation Services, Capital Markets Group*

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### **Background**

Mr. Feeney is a graduate of Manhattan College School of Business, Class of 1987, with a Bachelor of Science Degree in Finance. He entered the real estate business in 1985 with Cushman & Wakefield, Inc. Since that time, Mr. Feeney was promoted to Associate Director in October, 1993 by the Executive Board of Cushman & Wakefield, Inc. He was subsequently promoted to Director in July 1996 and to Senior Director in 2006.

### **Appraisal Experience**

Since joining Cushman & Wakefield's Valuation Services Division, Mr. Feeney has worked on assignments including vacant land, air rights, office buildings, corporate headquarter facilities both existing and proposed, shopping centers, industrial complexes, commercial properties, residential properties, hotels and investment properties throughout the United States.

Mr. Feeney is qualified as an expert witness in U.S. Bankruptcy Court, Southern and Eastern Districts of New York, and in the Supreme Court of the State of New York, County of New York, County of Queens and County of Nassau. Mr. Feeney has also been a guest speaker at Columbia University School of Business, and for the Appraisal Institute, Metropolitan District Chapter Number 4.

Since 1997, Mr. Feeney has headed the multi-family valuation team for New York's Valuation Services. During this time, Mr. Feeney has prepared appraisals and consulted on hundreds of multi-family assets including premier developments such as the Residences at the Time Warner Center, Trump World Tower, the Residences at 50 Central Park South, and One Beacon Court. Appraisal and consultation services have been provided to Con Edison on its transaction for its sites along First Avenue, proposed to be developed with over 5,000,000 square feet of mixed use buildings. Mr. Feeney's team was responsible for the appraisal of the first downtown residential buildings to be granted Liberty Bond Financing. Assignments have included properties in each borough of New York City, and include cooperatives, existing and proposed condominium developments, proposed and existing rental developments, 80/20 mixed use developments, Section 8 and Section 236 housing developments, Mitchell Lama developments, development sites, air rights, Low Income Housing Tax Credits, Inclusionary Housing, and benefits related to sub-market financing.

### **License and Professional Affiliates**

Candidate, American Institute of Real Estate Appraisers

New York State Certified General Real Estate Appraiser No. 46000028659

### **Education**

Manhattan College  
Riverdale, New York

Degree: B.S. Finance (1987)

New York University  
New York, New York

Degree: Master of Science, Real Estate Development and  
Investment Analysis (Currently attending)

Mr. Feeney has also successfully completed all required real estate courses in pursuit of the MAI designation offered by either the American Institute of Real Estate Appraisers or the Appraisal Institute.



## Professional Qualifications

### M. Wendy Hwang

*Associate Director, Valuation Services, Capital Markets Group*

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#### Background

Before joining the Valuation Services, Capital Markets Group in Midtown Manhattan, Wendy Hwang was an associate appraiser in Vanderbilt Appraisal Company, LLC in Manhattan. She also worked as a Software Engineer in North America Data Command Center for Citigroup Inc. and Information Technology Specialist for Beckton, Dickenson and Company. Currently, Ms. Hwang is an associate director with Cushman & Wakefield, Inc., Valuation Services, Capital Markets Group. She joined Cushman & Wakefield Valuation Services in February 2006.

#### Experience

Since joining the division, Ms. Hwang has worked on multi-unit residential properties, mainly in Manhattan and other four boroughs in New York City. She is working as an associate of John T. Feeney, Jr. who specializes in the portfolio valuation of residential properties. Previously, Ms. Hwang worked on residential appraisals including cooperative, condominium, single-family, multi-family, and townhouse residences at Vanderbilt Appraisal Company, LLC for over two years.

#### Education

Stevens Institute of Technology  
Hoboken, NJ  
Bachelor of Science, Computer Science, May 2003  
Literature, May 2003

#### Appraisal Education

Kovats Real Estate and Insurance School, Maywood, New Jersey:  
Uniform Standards of Professional Appraisal Practice (15-hour)  
Introduction to Real Estate Appraisal (R-1)  
Valuation Principles and Procedures (R-2)  
Rockland County Board of Realtors, Pearl River, New York:  
Fair Housing & Fair Lending/Environmental Issues (AQ-1)  
New York Real Estate School, New York, New York:  
Applied Residential Property Valuation (R-3)  
Introduction to 1-4 Family Income Capitalization (R-4)  
Basic Income Capitalization (G-1)  
Advanced Income Capitalization (G-2)  
Applied Income Property Valuation (G-3)

#### Licenses and Certificates

Certified General Real Estate Appraiser (#46000048428) - State of New York





**Timothy Barnes, CRE, FRICS**

*Managing Director, Capital Markets Group*

*National Practitioner, Dispute Analysis & Litigation Support Services*

*Quality Control Reviewer, New York*

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Mr. Barnes has provided valuation and counseling services on a wide variety of commercial, industrial, and residential properties including industrial buildings, shopping centers, office buildings, apartment complexes, malls, mixed-use complexes, auto-related properties, contaminated properties, golf courses, headquarters facilities, portfolios, adapted use properties, environmentally significant land, air rights, underwater land, acreage tracts, and fractional interests. He has prepared reports and studies for institutional, legal, government, private, and corporate clients. These reports have been prepared for mortgage purposes, buy/sell decisions, condemnation matters, zoning and land-use hearings, insurance and contamination claims, real estate tax review proceedings, federal tax trials, bankruptcy proceedings, foreclosure hearings, partnership disputes, and arbitration.

Mr. Barnes regularly provides expert services to the Internal Revenue Service, the New York State Department of Transportation as well as other State agencies including the Department of Environmental Conservation, the Department of Parks, Recreation, and Historical Preservation, the Connecticut Office of Policy and Management, and the Connecticut Department of Utilities Control. He has conducted seminars before the Suffolk County Department of Real Estate, the Appraisal Institute, and the Suffolk County Bar Association (Environmental Committee), and has spoken on a number of topics before appraisal education groups including the Candidates Forum of the Appraisal Institute. He has been a guest lecturer at New York University and the Long Island Real Estate Institute. Mr. Barnes has appeared before numerous planning boards and town boards on behalf of client/applicants and has qualified as an expert witness before a number of trial courts including U.S. Bankruptcy Court, U.S. Tax and Tariff Court, the Supreme Court of the State of New York, and the New York State Court of Claims.

Mr. Barnes is certified as a Real Estate General Appraiser by the State of New York (No. 46-6137). He is a member of The Counselors of Real Estate and has participated nationally at both the committee and task force levels, including Alternate Dispute Resolution, Litigation Support, Editorial Board of Real Estate Issues, and Invitation Advisory. He is a State Accredited Affiliate of the Appraisal Institute and has variously been affiliated with the Urban Land Institute, the Pension Real Estate Association, The American Bar Association, and the Institute of Professionals in Taxation.