

July 1, 2011

Mark A. Silberman, Esq.
Counsel
Landmarks Preservation Commission
1 Centre Street
New York, New York 10007

Re: City and Suburban Homes Co., First Ave. Estate
429 East 64th St. / 430 East 65th St., Manhattan
Block 1459, Lot 22

Dear Mark:

This letter responds to the comments in your letter of February 3, 2011 concerning the pending application for permission to demolish the two referenced buildings (the "Subject Buildings") on the grounds of economic hardship pursuant to Administrative Code §25-309.

Mechanical and Maintenance Services

The Subject Buildings and the rest of the residential buildings on Block 1459 share a common heating plant, which consists of three boilers located in the cellar of the building at 416 East 65th Street. This arrangement existed at the time that our client purchased these properties, and it has been retained because it provides significant cost efficiencies for both fuel and maintenance expenses. The branch piping that transmits heat to the individual buildings contains cutoff switches and valves that allow the two Subject Buildings to be disconnected from the heating plant at any time.

All of the buildings on Block 1459 also share maintenance services, not unlike the arrangements in most residential complexes. However, as explained in our original submission, maintenance and repair expenses for the Subject Buildings are separately itemized and charged directly to the building that incurs that expense. Each of the buildings on Block 1459 is also separately metered and charged for electricity. Finally, the Subject Buildings are on their own tax lot and are therefore assessed and taxed separately from all of the other buildings on the block.

Renovation Work and Costs

We are enclosing a report dated March 23, 2011 by Project Consult, an independent development consultant with extensive experience in managing the planning, design

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and construction of capital projects in the New York City region, on the estimated cost of bringing the vacant apartments in the Subject Buildings up to compliance with the applicable building and housing codes. In order to prepare the report, Project Consult conducted an in-depth inspection of each vacant apartment and prepared a detailed analysis of the cost of the minimal renovation that was proposed. Its analysis did not take into account any additional work, either within vacant apartments or to other areas of the Subject Buildings, that would be required to make these vacant apartments and the buildings themselves more attractive and comfortable and, therefore, might be desirable from a marketing standpoint.

Project Consult's report classifies into four ascending levels the amount of work needed to make each of the vacant apartments habitable – with apartments requiring only minor work, such as plaster repairs, painting and routine electrical work, classified as Level 1 and apartments that have suffered extensive damage from fire or other causes and require a complete gut renovation classified as level 4. The report estimates that the cost of performing this required work in each of the vacant apartments would fall between about \$21,000 and \$59,000, with an overall average of \$41,427 per unit and a total cost of \$4,556,932.

Market Rent Level

The enclosed letter from Cushman & Wakefield ("CW Letter") reiterates its confidence in its 2010 estimate that the apartments that were vacant in 2009 would have, if occupied during this "test year", generated an average rent/unit of \$600/month. Cushman & Wakefield's position was based on a comparison of the conditions in the apartments on the Subject Property with the conditions in other apartments in the neighborhood, with appropriate adjustments for the inferior layouts, amenities and overall condition of the units in the Subject Buildings. Additional support for its position can be found in a letter from Gregg Wolpert, Executive Vice President of Stahl Real Estate Co., dated May 23, 2011 ("Wolpert Letter"), which summarizes the rents of all the dwelling units on Block 1459. A copy of the Wolpert Letter is enclosed.

The Wolpert Letter states that the mean average rent of the occupied units in the Subject Buildings is \$839.83 per month, or somewhat less than the mean average rent of \$888.25 per month for units in the other buildings on Block 1459 that are comparable to those in the Subject Buildings. The Subject Buildings were unencumbered by a landmark designation until 2006, and they had long been slated for eventual demolition and replacement. They are in poorer condition than the other buildings on Block 1459, and, in anticipation of the eventual demolition and replacement of these structures, apartments that became vacant were not re-rented and remained vacant. The Wolpert Letter goes on to note that, on the balance of the block, there is a vacancy rate of 24 percent despite the maintenance of a full time rental office on site.

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The median average last-registered rent for vacant units elsewhere on Block 1459 that are comparable to the vacant units in the Subject Buildings is about \$788. By way of comparison, the last-registered rents for about a third of the vacant units in the Subject Buildings were in the vicinity of \$600 per month. These figures strongly suggest that, if the vacant units in the Subject Buildings had been brought into minimally habitable condition, the achievable rents in the “test year” would have been significantly lower than the average rent of the occupied units.

Rate of Return Analysis

We have asked Cushman & Wakefield to prepare two alternative economic analyses for the Subject Buildings in the “test year”. These alternative analyses are set forth in the CW Letter and, in addition to reflecting the information contained in the report of Project Consult and the Wolpert Letter, both adhere more closely to the calculations of economic return that the Commission performed in its consideration of the hardship application of KISKA Developers, Inc. for the properties located at 351, 352 and 353 Central Park West.

The first analysis projects, consistent with Cushman & Wakefield’s earlier reports, that vacant units in the Subject Buildings would have been rented for an average of \$600 per month and that, at this rent level, effective gross income would be reduced by a vacancy and collection loss of 10 percent. This analysis differs from the analysis in the 2010 report in that, consistent with the methodology used in KISKA and in reliance on Project Consult’s cost estimate, it (i) includes in the Buildings’ operating expenses a 2 percent depreciation allowance, (ii) calculates the real estate tax expense on the basis of the sum of the property’s actual assessed value and 45 percent of the estimated cost of bringing the vacant market rate units into habitable condition and (iii) uses the same figure, *i.e.*, actual assessed value plus 45 percent of the improvement costs, for the rate-of-return denominator. Under this analysis, in the first year of operation of the Subject Buildings following the repair and lease-up of the vacant units, the buildings would generate a net operating loss of \$530,943 and a net annual return on value of negative 12.229 percent.

The second analysis also relies on the Project Consult cost estimate and utilizes the same methodology used by the Commission in making its determination in KISKA. It differs from the first analysis in that it is intended only to test whether Cushman & Wakefield’s conclusions are sensitive to changes in the income generated by the Proposed Building. Thus, this analysis projects that, if renovated to a legally habitable standard, the vacant units in the Subject Buildings would have been rented in the “test year” for an average of \$888.25 per month – the mean average rent for occupied units in the other buildings on Block 1459 that are comparable to the Subject Buildings – and that the vacancy and collection loss would have been 24% -- comparable to the vacancy rate in the other buildings on Block 1459. This analysis

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concludes that the operation of the Subject Buildings during the “test year”, assuming rent levels and occupancy comparable to others in the area, would have resulted in a net operating loss of \$511,201 and a net annual return on value of negative 11.774 percent.

Conclusion

Under the Landmarks Law, a hardship application must be granted if the applicant demonstrates that the relevant improvement parcel does not have the capacity, “under reasonably efficient and prudent management,” of earning a net annual return of six percent on the parcel’s assessed value. Section 25-302 of the Landmarks Law provides that, for the purposes of a hardship application, the net annual return yielded by an improvement parcel during the most recent calendar year or another allowable “test year” “shall be presumed to be the earning capacity of such improvement parcel, in the absence of substantial grounds for a contrary determination by the commission.”

This application is premised on an economic analysis of the Subject Buildings by Cushman & Wakefield. Cushman’s May 1, 2010 study (the “2010 Study”) utilizes 2009 as the “test year.” The 2010 Study begins by pointing to the 2010 income and expense schedule (Form TC201) for the Subject Buildings that was filed with the New York City Tax Commission, a copy of which is enclosed. This schedule shows that in 2009, the Subject Buildings were operated at a loss in that the expenses incurred in operating the buildings (\$1,596,790) significantly exceeded the income that they generated (\$1,031,611). Consequently, the actual operation of these building during the “test year” yielded a negative return on value.

As previously discussed, a significant number of apartments in the Subject Buildings were vacant during 2009, which is a reflection of the owner’s plans to eventually demolish these buildings and redevelop the site. In order to determine whether the Subject Buildings are capable of earning a six percent return on assessed value “under reasonably efficient and prudent management,” the 2010 Study goes on to analyze a hypothetical scenario under which all of the vacant units in the Subject Buildings were occupied during the 2009 “test year” after having received repairs and improvements necessary to render them code compliant and habitable. The 2010 Study estimates the costs necessary to render the vacant units habitable and finds that, given the very small size of the vacant units and their lack of modern amenities, the average monthly rents for these units after having been brought into minimally habitable condition would not have exceeded \$20 per square foot of net rentable area, or \$600. It concludes that, under these circumstances, the Subject Buildings would still have operated at a loss and yielded a negative return on assessed value during the 2009 “test year.”

As further evidence of the capacity of the Subject Buildings to earn a reasonable return, our original submission also included a 2009 Cushman and Wakefield study (the “2009

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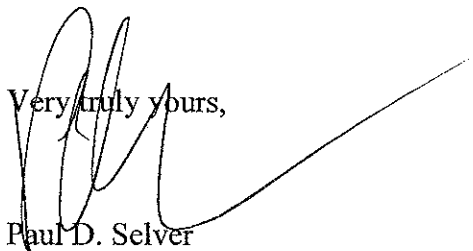
Study”) which analyzed two other scenarios for the continued use of the Subject Buildings – one in which the vacant apartments would receive a more significant renovation and the other involving both significant renovations to the vacant apartments and major infrastructure and capital improvements to the buildings themselves in order to bring them closer to current residential standards. The 2009 Study found that, under both of these scenarios, the Subject Buildings would earn an annual return on assessed value of far below six percent.

Our current submission addresses each of the issues regarding our original submission that are raised in your letter of February 3, 2011. We have provided a more thorough and accurate analysis of the costs necessary to bring the Subject Buildings into minimally habitable condition. We have provided detailed information about the rents that are presently being received for occupied units in the Subject Buildings and the other buildings on Block 1459. We have also submitted two additional economic analyses of the Subject Buildings by Cushman & Wakefield. Both of these analyses incorporate the more accurate cost information which we have provided and adhere more closely to the economic return analysis performed by the Commission in the KISKA matter. The second of these analyses assumes that, if they were brought into minimally habitable condition, the Subject Buildings’ vacant units would obtain rents equal to the mean average rent of the occupied units in the buildings on Block 1459 that are comparable to the Subject Buildings, where an active leasing program is maintained. We submit that this represents the most generous rents that can reasonably be ascribed to these vacant units. Under both of these additional analyses, the Subject Buildings continue to generate a net operating loss and a negative return on value.

In short, our submissions in this matter conclusively demonstrate that there is no feasible scenario under which the Subject Buildings are capable of earning a reasonable return of six percent on assessed value, as defined by the Landmarks Law.

Our entire project team is available to respond to any questions or comments about the information we have provided. We would also be happy to have officials of the Commission and/or HPD visit the Subject Buildings and inspect some of the vacant apartments. Please contact me to make the necessary arrangements.

Very truly yours,



Paul D. Selver

**RE: City and Suburban Homes Company
429 East 64th Street & 430 East 65th Street
New York, New York 10065 (Buildings)**

Dear Mr. Selver:

At your request, we have performed further studies of the economics of operating the Buildings under the New York City Landmarks Law (Landmarks Law). These studies supplement the rate of return study Cushman & Wakefield prepared and issued on June 1, 2010. One further study looks at the rate of return from the Buildings using different, and more appropriate, inputs than were used in the 2010 study. The other is a sensitivity analysis designed to test the impact on the rate of return from the buildings' operations by varying the projected income from the currently vacant units in the Buildings.

In general, the rate of return study in this letter incorporates the same assumptions as to income and expense as were used in the 2010 report. However, there are two key differences between the 2010 feasibility analyses and the rate of return study in this letter.

The first difference arises from changing the estimate of the hard costs required to put the vacant apartments in the Buildings into code-compliant condition. The estimate used in the study which is the subject of this letter is based on the renovation costs laid out in a report prepared by Project Consult dated March 11, 2011. We believe that the estimates in the Project Consult report are more realistic and more accurate than those used in Cushman & Wakefield's 2010 report because, unlike the earlier estimates, they are based on a detailed scope of work (including quantities of materials and unit costs) for all of the vacant apartments. Project Consult concluded that the hard cost of renovating the 110 apartments that were vacant at the time of its study would be \$4,556,932. We have pro-rated this total to reflect the fact that only 97 units were vacant as of the period relevant to the present Cushman & Wakefield study. As pro-rated, the hard costs are estimated to be \$4,018,385, or \$41,427/apartment.

The increase from the \$2,500,000 of hard costs estimated in the Cushman & Wakefield 2010 report to the \$4,018,385 estimated by Project Consult required adjustments to three of the inputs used in our analysis: (i) the buildings' estimated real estate taxes, (ii) the 2% depreciation factor required by the Landmarks Law to be included in the rate of return analysis, and (iii) the adjusted assessed valuation of the tax lot on which the Buildings are situated. These adjustments have been computed as follows:

Real Estate Taxes:

$$\begin{aligned} & (\text{Actual Assessment} + (\text{Renovation Cost} \times 0.45)) \times \text{Tax Rate} / 100 \\ & (\$2,533,500 + (\$4,018,385 \times 0.45)) \times 13.353 / 100 = \$579,757 \end{aligned}$$

Depreciation Factor:

$$\begin{aligned} & (\text{Actual Assessment} + \text{Renovation Cost}) \times 0.02 \\ & (\$2,533,500 + \$4,018,385) \times 0.02 = \$131,038 \end{aligned}$$

Valuation:

$$\begin{aligned} & \text{Actual Assessment} + (\text{Renovation Cost} \times 0.45) \\ & \$2,533,500 + (\$4,018,385 \times 0.45) = \$4,341,773 \end{aligned}$$

The second key difference between the Cushman & Wakefield 2010 rate of return current study and the study in this letter is the inclusion in expenses of the depreciation factor, which had inadvertently been omitted in the 2010 study.

One input that did not change was the projection of average rent for the 97 apartments that had been vacant as of the period covered by the 2010 study. The Cushman & Wakefield 2010 analysis projected that, after completion of the fix-up work required to bring the apartments into code-compliant condition, the average rent would be approximately \$600 per unit per month. We continue to believe that this estimated rent level is both reasonable and appropriate under all of the circumstances, including, in particular, the following:

- The average monthly rent for approximately one-third of the 97 vacant units at the time they were voluntarily surrendered was \$617, indicating that they were not considered attractive enough for continued occupancy at even that rent level.
- The average monthly rent for apartments on the balance of the city block, in like-kind buildings, is \$833. However, these buildings have an overall vacancy rate of 24% despite the fact that the owner maintains a full time rental office on premises. The high vacancy rate suggests that even at the average rent levels it is not possible to achieve occupancy rates comparable to most other buildings in New York City. The use of a \$600 per month average rent reflects the discount necessary to attract enough tenants to reach more typical levels of occupancy in the Buildings. That is why our rate of return study assumed a vacancy and collection loss factor of 10% rather than the 24% found in the buildings on the balance of the block.

Based on the foregoing, we have prepared the pro forma below, which shows what the normalized net operating income for the Buildings would have been during the "test year" if they were fully occupied.

PROFORMA 429 EAST 64TH STREET & 430 EAST 65TH STREET NEW YORK, NEW YORK		
INCOME	Year One	
	Total	\$/SF
Market Rate Units Revenue	\$698,400	
Rent Stabilized Units Revenue	\$969,495	
Miscellaneous Revenue	\$12,500	
Total Gross Income	1,680,395	
Less: Vacancy and Credit Loss	168,039	
Effective Gross Income	1,512,355	
OPERATING EXPENSES		
Real Estate Taxes	579,757	\$6.83
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	131,038	\$1.54
Miscellaneous Expense	21,200	\$0.25
TOTAL EXPENSES	2,043,299	\$24.09
NET OPERATING INCOME	-530,943	-\$6.26

This pro forma indicates that the net operating income for the Buildings under normalized conditions in the "test year" would be negative \$530,943. Using \$4,341,773 as the denominator, this equates to a rate of return of **negative 12.229%** -- or far below the 6% return deemed reasonable by the Landmarks Law.

We have also prepared a pro forma to test the sensitivity of our conclusion to changes in the income generated by the two buildings. Preparing this sensitivity analysis does not in any way change our level of confidence that the apartments that were vacant during the "test year" would have rented for an average of \$600 per month. Rather, the analysis was prepared in order to gain an understanding of the impact on the rate of return of an increase in the rental income from the vacant apartments to an average of \$888.25 per month, the mean average rent of comparable apartments in other buildings on the block, and an adjustment of the vacancy and collection loss factor from 10% to 24%, the loss factor over all of the buildings on the balance of the block. That analysis is set forth as follows:

PROFORMA
429 EAST 64TH STREET & 430 EAST 65TH STREET
NEW YORK, NEW YORK

INCOME	Year One	
	Total	\$/SF
Market Rate Units Revenue	\$1,033,923	
Rent Stabilized Units Revenue	\$969,495	
Miscellaneous Revenue	\$12,500	
Total Gross Income	2,015,918	
Less: Vacancy and Credit Loss	483,820	
Effective Gross Income	1,532,098	
OPERATING EXPENSES		
Real Estate Taxes	579,757	\$6.83
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	131,038	\$1.54
Miscellaneous Expense	21,200	\$0.25
TOTAL EXPENSES	2,043,299	\$24.09
NET OPERATING INCOME	-511,201	-\$6.03

This pro forma indicates that, even if the income and the loss factor for the Buildings is adjusted to track more closely conditions on the balance of the block, the net operating income for the buildings under normalized conditions in the "test year" would still be negative \$511,201. Using \$4,341,773 as the denominator, this equates to a rate of return of **negative 11.774%** – again, far below the 6% return deemed reasonable by the Landmarks Law. Lowering the vacancy and collection loss factor did not materially affect this conclusion.

Please contact me at (212) 841-7868 should you have any questions or comments.

Sincerely,
Cushman & Wakefield, Inc.



John T. Feeney
 Executive Director
 Valuation & Advisory

The **Stahl**
Organization

277 Park Avenue
New York, NY 10172-0124

Tel: 212-826-7060
Fax: 212-223-4609

May 23, 2011

Mr. John Feeney
Senior Director, Valuation Services
Cushman & Wakefield, Inc.
1290 Avenue of the Americas
New York, N.Y. 10104

BY HAND DELIVERY

**Re: Follow-up information for City and Suburban Homes / First Avenue Estate
Economic Feasibility Study**

Dear John,

Recently, you requested additional information on the above referenced properties to enable you to supply a supplemental analysis to Kramer Levin in connection with the hardship application filed on behalf of the apartment buildings located at 430 East 65th Street and 429 East 64th Street. I have compiled, and submit herewith, a detailed rental, occupancy, and vacancy analysis for all of the buildings on the block bounded by 64th and 65th Street, York and 1st Avenues. The analysis is based on the March 2011 rent rolls, and is the most current information available on the properties. As such, the occupancy levels and average rents may vary slightly from the information you were provided earlier, albeit I do not believe these changes are material to the overall analysis.

The analysis covers 1,043 apartments in the 17 buildings on the block. The data is presented separately for vacant units and leased units, and subtotaled by tax lot. The data for the entire block is totaled, and the totals are also shown adjusted to remove the data for the one building containing an elevator on the block (415 East 64th Street), and further adjusted to remove the "York Avenue" (430 East 65th and 239 East 64th Street) buildings to afford a comparison to the other buildings on the block. For this latter

case, (excluding the elevatored building and the York Avenue buildings) we now have a comprehensive and current database of rental levels for 796 other apartments on the block, of which 605 (76%) are occupied, and 191 (24%) are vacant.

The analysis demonstrates that the median average rent of comparable¹ occupied units in the 14 comparable buildings, \$833.53/month, is virtually identical to the median rent of occupied units on York Avenue, \$831.13/month. The mean average rent of the comparable units is \$888.25/month, an approximate 6% premium to the mean average of \$839.83/month on York Avenue. I also analyzed the Rent Controlled units to see if their (traditionally lower rent) status has a significant bearing on the above averages. Rent Controlled units only comprise 8.7% of the occupied units on the entire block and less than 6% of the total units. Due to the small percentage of Rent Controlled units, they could influence the average rental analysis by no more than \$20/month since these tenants pay, an average \$200/month less rent, which is statistically inconsequential to this study.

The analysis also demonstrates that the median average of the last listed rent for now-vacant comparable units is \$788.76/month. This is significant as it reflects the normal turnover of comparable units through an active leasing effort from a full time on-site renting office. It reflects "rental value" in the neighborhood for similarly situated units, namely extremely small walk-up units in 100+ year old buildings in poor physical condition, and with no amenities. In contrast, the median last listed (vacant) rent in the York Avenue buildings is \$857.51/month, or almost 9% higher based on a lack of adjustment of rent to market rates because the vacant units have not been re-rented. The data suggests that a re-leasing program, if it could be established at all for York Avenue² would drive the average "vacant" rent downward over time as people would not be willing to pay this rental level for the product offered.

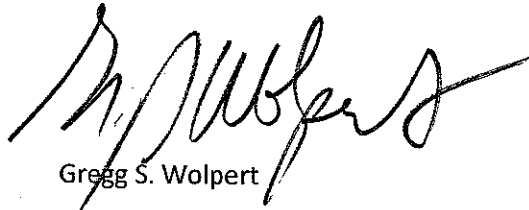
With regard to the cost of bringing the vacant apartments on York Avenue into habitable condition, we have recently received a detailed study from an independent third party construction cost consultant, which concludes that this cost is, on average, \$41,427 per unit rather than the \$25,000 per unit that you estimated in your prior report. A copy of this report has been sent to you by electronic mail. The analysis also showed that the average vacancy rate for the other buildings on the block is 24%. Given that there is a full time on-site renting office, the 24% vacancy is indicative of the vacancy rate that is likely to result if we sought to re-rent vacant units on York Avenue at rent levels comparable to the rents that are being achieved in the other buildings on the block.

¹ "comparable" units excludes the 19 re-occupied and 32 currently vacant units formerly leased to Memorial Sloan Kettering Hospital (MSK) under a long term contract which was entered into in 2001 and terminated in 2008 when MSK completed several new construction housing projects for client, employee, and student use. MSK was willing to pay an above market rent for a period of time because it was the only block of apartments available in proximity to the hospital at that time, but the list price or last rental value of these apartments bears no resemblance to current market value, and 84% of the re-occupied units required preferential rents to induce their renting. Also, the "renovation" of these units included an upgrade outside of the scope suggested for the York Avenue units. The majority (63%) of the former MSK units still cannot be leased. The listed rents for these units therefore cannot be deemed comparable.

² This is a theoretical exercise since the units cannot be leased until minimal improvements are made to bring them into a minimally habitable, code compliant condition.

If you have any questions please feel free to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Wolpert", written in a cursive style.

Gregg S. Wolpert

cc: w/enclosures

Wendy Hwang

Richard Czaja

Paul Selver, Esq.

Al Fredericks, Esq. ✓

3/2011 rent roll
prepared 5/10/11

VACANT APARTMENTS

Address	TTL # Apts.	Former MSK			Non - MSK Vacancy			Total Vacancy					
		#	% Ttl	Mean Rent/mo	Median Rent/mo	#	% Ttl	Mean Rent/mo	Median Rent/mo	#	% Ttl	Mean Rent/mo	Median Rent/mo
430 East 65th St.	95	7	7%	1,634.01	1,674.92	43	45%	858.59	806.08	50	53%	967.15	899.74
429 East 64th St.	95	10	11%	1,700.36	1,701.82	50	53%	914.40	901.74	60	63%	1,045.39	976.14
SUBTOTAL	190	17	9%	1,673.04	1,690.74	93	49%	888.60	857.51	110	58%	1,009.83	941.41
423 East 64th St.	59	0	-	-	-	22	37%	857.43	892.83	22	37%	857.43	892.83
421 East 64th St.	59	0	-	-	-	15	25%	669.51	590.12	15	25%	669.51	590.12
419 East 64th St.	59	0	-	-	-	20	34%	797.27	655.25	20	34%	797.27	655.25
417 East 64th St.	59	4	7%	1,647.02	1,584.00	17	29%	789.65	758.41	21	36%	952.96	866.75
415 East 64th St. (ELEV)	57	0	-	-	-	8	14%	1,191.52	1,066.70	8	14%	1,191.52	1,066.70
409 East 64th St.	48	3	6%	1,424.80	1,241.58	9	19%	1,079.06	993.56	12	25%	1,165.50	1,088.56
403 East 64th St.	47	0	-	-	-	3	6%	1,117.77	902.96	3	6%	1,117.77	902.96
SUBTOTAL	388	7	2%	1,551.78	1,437.25	94	24%	860.35	794.43	101	26%	908.27	832.73
Subtotal Excl. Elevator Bldg	331	7	2%	1,551.78	1,437.25	86	26%	829.54	769.10	93	28%	883.90	812.61
416 East 65th St.	59	2	3%	1,860.98	1,860.98	21	36%	857.87	905.73	23	39%	945.09	914.95
414 East 65th St.	58	1	2%	1,482.66	1,482.66	19	33%	805.42	682.04	20	34%	839.28	736.78
412 East 65th St.	59	2	3%	1,632.64	1,632.64	14	24%	822.27	671.98	16	27%	923.57	698.72
410 East 65th St.	57	2	4%	1,256.44	1,256.44	10	18%	1,011.90	952.48	12	21%	1,052.65	960.77
408 East 65th St.	48	1	2%	1,334.37	1,334.37	4	8%	620.98	643.44	5	10%	763.66	659.14
404 East 65th St.	47	0	-	-	-	7	15%	895.51	665.97	7	15%	895.51	665.97
SUBTOTAL	328	8	2%	1,539.64	1,539.64	75	23%	849.35	775.30	83	25%	915.89	800.55
402 E.65/1194 1st Av.	66	0	-	-	-	8	12%	1,218.21	1,196.62	8	12%	1,218.21	1,196.62
401 E.64/1192 1st Av.	71	0	-	-	-	7	10%	770.48	708.27	7	10%	770.48	708.27
SUBTOTAL	137	0	-	-	-	15	11%	1,009.27	968.72	15	11%	1,009.27	968.72
TOTALS	1043	32	3%	1,613.17	1,597.52	277	27%	874.92	819.87	309	30%	951.37	869.38
TOTALS Excl. Elevator Bldg	986	32	3%	1,613.17	1,597.52	269	27%	865.50	812.53	301	31%	944.99	864.13
TOTALS Excl York Av + Elev	796	15	2%	1,545.31	1,491.86	176	22%	853.30	788.76	191	24%	907.65	819.63

3/2011 rent roll
 prepared 5/10/11

-----OCCUPIED APARTMENTS-----

Address	TTL # Apts.	Former MSK			Non - MSK Occupied			Total Occupancy					
		#	% Ttl	Mean Rent/mo	Median Rent/mo	#	% Ttl	Mean Rent/mo	Median Rent/mo	#	% Ttl	Mean Rent/mo	Median Rent/mo
430 East 65th St.	95	0	-	-	-	45	47%	882.09	876.77	45	47%	882.09	876.77
429 East 64th St.	95	0	-	-	-	35	37%	785.49	772.44	35	37%	785.49	772.44
SUBTOTAL	190	0	0%	-	-	80	42%	839.83	831.13	80	42%	839.83	831.13
423 East 64th St.	59	0	-	-	-	37	63%	897.32	806.04	37	63%	897.32	806.04
421 East 64th St.	59	0	-	-	-	44	75%	808.94	771.25	44	75%	808.94	771.25
419 East 64th St.	59	4	7%	1,402.42	1,392.34	35	59%	890.62	831.80	39	66%	943.11	850.00
417 East 64th St.	59	1	2%	1,400.00	1,400.00	37	63%	765.11	820.45	38	64%	781.82	831.17
415 East 64th St. (ELEV)	57	0	-	-	-	44	77%	989.29	1,000.00	44	77%	989.29	1,000.00
409 East 64th St.	48	0	-	-	-	36	75%	1,013.33	904.13	36	75%	1,013.33	904.13
403 East 64th St.	47	2	4%	875.00	875.00	42	89%	971.22	926.96	44	94%	952.97	910.16
SUBTOTAL	388	7	2%	1,251.38	1,245.62	275	71%	905.73	868.03	282	73%	912.14	869.11
Subtotal Excl. Elevator Bldg	331	7	2%	1,251.38	1,245.62	231	70%	889.81	842.90	238	72%	897.88	844.91
416 East 65th St.	59	0	-	-	-	36	61%	851.29	808.73	36	61%	851.29	808.73
414 East 65th St.	58	2	3%	1,625.00	1,625.00	36	62%	929.99	840.92	38	66%	966.57	850.96
412 East 65th St.	59	2	3%	1,602.04	1,602.04	41	69%	901.57	802.27	43	73%	934.15	834.45
410 East 65th St.	57	1	2%	1,300.00	1,300.00	44	77%	960.71	933.26	45	79%	968.25	938.24
408 East 65th St.	48	1	2%	1,400.00	1,400.00	42	88%	891.64	844.41	43	90%	903.46	856.95
404 East 65th St.	47	5	11%	1,467.58	1,545.00	35	74%	826.61	784.54	40	85%	906.73	812.87
SUBTOTAL	328	11	3%	1,499.27	1,534.46	234	71%	896.33	838.75	245	75%	923.40	852.72
402 E.65/1194 1st Av.	66	0	-	-	-	58	88%	871.23	823.04	58	88%	871.23	823.04
401 E.64/1192 1st Av.	71	1	1%	850.00	850.00	63	89%	868.16	789.44	64	90%	867.87	800.90
SUBTOTAL	137	1	1%	850.00	850.00	121	88%	869.63	805.55	122	89%	869.47	811.43
TOTALS	1043	19	2%	1,373.77	1,392.02	710	68%	889.05	843.58	729	70%	900.85	849.78
TOTALS Excl. Elevator Bldg	986	19	2%	1,373.77	1,392.02	666	68%	882.43	833.24	685	69%	895.17	840.13
TOTALS Excl York Av + Elev	796	19	2%	1,373.77	1,392.02	586	74%	888.25	833.53	605	76%	902.49	841.32

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

TC201
2010

INCOME AND EXPENSE SCHEDULE FOR RENT PRODUCING PROPERTY

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

1. PROPERTY IDENTIFICATION

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

a. ♦ If property is a condominium, does this schedule cover all lots listed on Form TC109? _____ . If yes, skip section b.

b. ♦ Does this schedule cover more than one tax lot? No . If yes, state total number of lots _____ , and list block and lot numbers:
 Block _____ Lots _____ Block _____ Lots _____
 Block _____ Lots _____ Block _____ Lots _____
 Check if applicable: Additional lots are listed on page _____ All lots are contiguous All lots are operated as a unit

c. ♦ Does this schedule report occupancy and income for the entire tax lot (or lots)? Yes . If no, describe portions not covered and reason for omission:

2. REPORTING PERIOD AND ACCOUNTING BASIS

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

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

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

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

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

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

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

FLOOR	APPLICANT OR RELATED	RENTED (UNRELATED)	VACANT	TOTAL
FLOOR 3 - <u>6</u>	Sq.ft. %	Sq.ft. %	Sq.ft. %	Sq.ft. %
2 ND FLOOR	Sq.ft. %	Sq.ft. %	Sq.ft. %	Sq.ft. %
1 ST FLOOR	Sq.ft. %	Sq.ft. %	Sq.ft. %	Sq.ft. %
BASEMENT	Sq.ft. %	Sq.ft. %	Sq.ft. %	Sq.ft. %
ENTIRE BUILDING	Sq.ft. %	Sq.ft. %	Sq.ft. %	Sq.ft. 100%

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

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

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

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

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

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

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

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

6. INCOME INFORMATION		BOROUGH/BLOCK/LOT Manhattan/1459/22	Prior year	Reporting year	
a. Residential:	Regulated			1,000,769	a.
	Unregulated			10,976	
b.	Office				b.
c.	Retail (including storefront professional offices, banks, restaurants)				c.
d.	Loft				d.
e.	Factory				e.
f.	Warehouse				f.
g.	Storage				g.
h.	Garage/parking				h.
SUBTOTAL				1,011,745	
i.	Owner-occupied or owner-related space				i.
j.	Ancillary Income: 1. Operating escalation				j.
	2. Real estate tax escalation				
	3. Sale of utility services			1,314	
	4. Sale of other services				
	5. Government rent subsidies			6,486	
	6. Signage/billboard				
	7. Cell towers/telecommunications equipment				
k.	Other (specify) Laundry			12,066	k.
I. TOTAL GROSS INCOME				1,031,611	l.
7. EXPENSE INFORMATION					
a.	Fuel			98,548	a.
b.	Light and power			125,848	b.
c.	Cleaning contracts				c.
d.	Wages and payroll			263,097	d.
e.	Repairs and maintenance			39,817	e.
f.	Management and administration			451,337	f.
g.	Insurance (annual)			52,896	g.
h.	Water and sewer			87,706	h.
i.	Advertising				i.
j.	Interior painting and decorating			2,919	j.
k.	Amortized leasing and tenant improvement costs			7,723	k.
l.	Miscellaneous expenses (from Part 9)			125,774	l.
m. EXPENSES BEFORE REAL ESTATE TAXES (add lines a through l)				1,255,665	m.
n.	Real estate taxes (before any abatements)			341,125	n.
o. TOTAL EXPENSES (add lines m and n)				1,596,790	o.
8. NET PROFIT (OR LOSS)					
a. Net before real estate taxes (subtract Part 7 line m from Part 6 line l)				(224,054)	a.
b. Net after real estate taxes (subtract Part 7 line o from Part 6 line l)				(565,179)	b.
9. ITEMIZATION OF MISCELLANEOUS EXPENSES					
ITEM		AMOUNT		ITEM	
Depreciation of building				Security	61,337
improvement		29,185		Sundry	5,117
Supplies		13,945		Bad debt expense	4,866
Taxes and permits		11,324			
10. TENANTS' ELECTRICITY					
◆ Do tenants obtain electricity from the applicant or a related person? No					
◆ Is there a separate charge in addition to the rent? No					