

November 12, 2013

Hon. Robert Tierney, Chair
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 Chair Tierney:

This letter and the accompanying documents concern the pending application of the Stahl Organization (the "Applicant") for a certificate of appropriateness pursuant to Administrative Code § 25-309 to allow the buildings located on the above premises (the "Subject Buildings") to be demolished on the ground of economic hardship. This submission specifically addresses comments and questions from Commissioners and Commission staff that were offered during and subsequent to the discussion of this matter that occurred at the Commission's public meeting of October 29, 2013.

The Other Buildings in the First Avenue Estate

The Commission raised several questions regarding the size and condition of apartments in the other residential buildings that comprise the First Avenue Estate ("FAE") and recent rents in these other buildings.

• **Apartment Size:** The accompanying letter of Gregg Wolpert of the Stahl Organization reconfirms that the apartments in the other FAE buildings are significantly larger than the apartments in the Subject Buildings. It notes that recent Tax Commission filings for these other buildings, which list the number of apartments and the gross residential square footage on each of the three tax lots occupied by the buildings, contain an inadvertent and previously unnoticed error in the allocation of the total number of units in the other buildings on the block among the three tax lots on which they are situated.¹ This error, unfortunately, leads to a skewed calculation of average apartment size.

¹ The Tax Commission filings are accurate as to the aggregate number of units in these buildings; they err only in the way the units are ascribed to individual tax lots.

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Mr. Wolpert's letter demonstrates that the apartments in the other FAE buildings have an average size of 532.5 gross square feet when the correct data is used – an average that is about 19 percent larger than the apartments in the Subject Buildings, which have an average size of 446 gross square feet. Mr. Wolpert also explains that, because the apartments in the other FAE Buildings are served by proportionately fewer entrance lobbies, these buildings have a higher gross-to-rentable square footage efficiency factor than the Subject Buildings. Consequently, when measured on a rentable square foot basis, the apartments in the other FAE buildings are, on average, about 23 percent larger than the apartments in the Subject Buildings.

We understand how the error described above might have led the Commission's staff to question the applicant's statements as to the average apartment size in the other buildings on the block. However, we were surprised, perplexed, and disappointed that it chose to raise it for the first time in a public session of the Commission. Both the Commission and its staff have visited the buildings on the block (where the physical evidence as to the number of units in each building is indisputable) on several different occasions, both had full access to the City's tax maps (which accurately show the dimensions and boundaries of each tax lot on the block), and both had innumerable opportunities to question the applicant about what appeared to be an inconsistency in the evidence it presented. There is simply no reason why the available evidence and the opportunity to clarify it could not have been used before presenting the Commission with what appeared to us to be an accusation – and a potentially prejudicial one – of misrepresentation of a material fact.

- **Apartment Layouts:** The Wolpert letter also reconfirms that the larger apartments in the other FAE buildings have more regular and generally superior layouts than the apartments in the Subject Buildings. For example, in contrast to the Subject Buildings, most of the apartments in the other FAE buildings have standard bathroom fixtures and living rooms and bedrooms capable of accommodating full-size furnishings. Copies of floor plans for each of the buildings in the FAE are attached to illustrate these differences.

- **Location:** The Wolpert letter provides statistical evidence in support of the Applicant's contention that the apartments in the balance of the FAE are somewhat more desirable and easier to rent than apartments located further to the east, such as the Subject Apartments, because they are closer to subways and retail services on and west of First Avenue. More specifically, it notes that, at the start of 2012, the FAE buildings fronting on First Avenue had a vacancy rate of 11 percent, the two buildings located immediately east of the First Avenue buildings had a 12 percent vacancy rate, while the rest of the FAE buildings, excluding the Subject Buildings, had a vacancy rate of more than 20 percent.

- **Marketing:** The Wolpert letter addresses and refutes, once again, the suggestion that the apartments in the rest of the FAE are being warehoused or are not being

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actively marketed. Mr. Wolpert explains that the other FAE buildings are actively marketed in a similar manner to the marketing of other residential buildings in which Stahl has an interest, with information on vacant apartments available through the on-site rental office or the website of the property manager, Charles H. Greenthal. None of the Stahl buildings advertises in the newspapers or on Facebook, Twitter, or any other social media. Nevertheless, vacancy rates in the Stahl residential properties other than the FAE are minimal, as are vacancy rates in the one elevator building in the FAE – a clear indication that the high vacancy rates in the other FAE buildings is due to the lack of appeal of these aging 6-story walk-up structures rather than a lack of marketing effort.

● **Rents:** The Commission took note of the fact that in its May 2010 report Cushman and Wakefield (“Cushman”) cited 12 2009 leases in the other FAE buildings which had an average rent of about \$44 per leasable square foot and suggested that the vacant apartments in the Subject Buildings could have achieved at least the same average rent in the 2009 test year.

The applicant respectfully disagrees. Cushman’s May 2010 report appropriately concluded that the 12 FAE apartment leases that it cited supported a rent of no more than \$40 per square foot for the Subject Buildings’ vacant apartments under the so-called Market Rehab scenario because the apartments in the Subject Buildings had inferior layouts and were further from transportation and services. Furthermore, the 12 apartments subject to these leases consisted of the most recently leased apartments in the FAE at the time that the report was prepared and were not representative of the 853 apartments in those buildings. The Wolpert letter notes that:

- Three of the 12 leases cited by Cushman were for apartments previously rented to staff of Memorial Sloan Kettering Hospital (“MSK”) – apartments that had been renovated to a significantly higher standard than other FAE apartments;
- The rent under one of the leases listed was mistakenly shown as the apartment’s “legal” rent -- i.e., the maximum rent permitted under Rent Stabilization -- instead of the lower actual or “preferential” rent. Among the non-MSK leases cited by Cushman, the average actual rent was about \$43 per square foot; and
- Perhaps most significantly, the 21 leases that were signed for the other FAE buildings in all of 2009 and listed in the Applicant’s October 2012 submission indicated an average monthly rent was \$1,248. This rent level, which represents a per square foot rent of about \$40, is virtually identical to the

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average monthly rent of approximately \$1,237 that was projected by Cushman under the Market Rehab scenario – the most economically feasible scenario for restoring the Subject Buildings to stabilized occupancy.

What is clear is that the rent levels achieved in executed leases at the FAE in 2009 fully supported Cushman & Wakefield's conclusion that the vacant apartments in the Subject Buildings would, in the Market Rehab scenario, rent for \$40 per square foot.

Estimated Repair / Renovation Costs

The Commission asked for further information concerning the method used to estimate the costs associated with the various scenarios for restoring the Subject Buildings to stabilized occupancy that were analyzed by the Applicant.

The hard costs associated with each restoration scenario were estimated by Gleeds, New York, a very experienced and respected construction consultant. The accompanying letter of Dana Martinez, P.E., Vice President of Gleeds, explains that, in order to provide its cost estimates, Gleeds reviewed a spreadsheet prepared by the Stahl Organization which classified each of the vacant apartments in the Subject Buildings under one of four levels relating to its condition and the amount of work required to render the apartment legally habitable. Gleeds also performed a thorough inspection of the Subject Buildings, which included an examination of mechanical systems, cellars, roofs, common areas and a large number of vacant apartments. Gleeds personnel then focused on 14 vacant apartments that were representative of the four condition levels established by Stahl. They surveyed and sketched each of these apartments and confirmed its condition level and the amount of work required under each scheme. Gleeds then estimated the hard costs associated with this work and applied these costs to the buildings' remaining vacant apartments in order to produce an estimate of the total costs associated with each scenario. The Martinez letter explains that the cost estimates that Gleeds prepared for the Subject Buildings were based on its extensive experience with renovations of New York City residential buildings and employed the same methods it has used in numerous other projects. The letter also confirms that none of these estimates involved the double counting of any costs, including "general conditions" costs for the general contractor and subcontractor.

In previous submissions, Gleeds estimated that the so-called Minimum Habitability Scheme, involving no building-wide capital improvements and only the work in vacant apartments necessary to render them legally habitable, would have entailed hard costs of about \$4 million. Gleeds also estimated the hard costs of the Market Rehab scheme, which involved build-wide capital improvements and a higher level of work in vacant apartments in order to render them reasonably competitive with other walk-up apartments in the surrounding

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area. Gleeds estimated that the Market Rehab scheme would have entailed hard costs of about \$16.7 million. In a previous letter of October 11, 2013, Mr. Martinez explained that the Minimum Habitability scenario excluded much of the work that was part of the Market Rehab scheme, including new electrical systems to support modern appliances and electronic equipment, apartment intercoms, new apartment windows, and full renovations to all kitchens and bathrooms, including new appliances, fixtures and tile.

Lease-up Costs

The Commission questioned the inclusion of “lease-up” costs in the economic feasibility studies submitted by the Applicant.

In its initial reports of February 5, 2009 and May 1, 2010, Cushman calculated the return on assessed value under each of the repair / renovation scenarios that it analyzed. In each of these initial calculations, the rate-of-return denominator included “lease-up” costs, *i.e.*, an estimate of the lost revenue and costs associated with bringing the Subject Buildings to stabilized occupancy. Lease up costs are routinely included in economic feasibility studies prepared by real estate professionals. In subsequent reports, Cushman recalculated the return on assessed value under the Minimum Habitability and Market Rehab scenarios using the methodology that the Commission employed in the hardship application of KISKA Developers, Inc. for 351-353 Central Park West, wherein the rate-of-return denominator did not include estimated lease-up costs. See Cushman’s letter of July 1, 2011 and report of October 12, 2012. In both of these submissions, Cushman’s rate-of-return denominator equaled the sum of the subject property’s actual assessed value in 2009 and 45 percent of the hard costs associated with each scenario, as estimated by Gleeds. As we have previously discussed, under both of these methods of calculation, Cushman concluded that neither the Minimum Habitability scenario nor the Market Rehab scheme would have generated a 6 percent return on assessed value in the 2009 test year.

Alternative Means of Deriving Economic Benefit from the Subject Property

The Commission questioned whether, in addition to the repair/renovation scenarios that have been analyzed, the Applicant has explored alternative methods of deriving additional economic benefit from the subject property while maintaining the Subject Buildings, such as adding floors to the existing structures.

In its responses to a previous list of Commission questions, which were annexed to a letter to the Commission’s Counsel dated February 20, 2013 (see response to question 38 at pg. 28), the Applicant explained that it has investigated the feasibility of transferring to other parcels the excess development rights attributable to the subject property and has determined that

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none of the neighboring sites to which these development rights may lawfully be transferred under the Zoning Resolution are viable receiving sites.

The Applicant has not in the course of this proceeding explored adding stories to the Subject Buildings because the Commission has not previously asked it to do so. However, such an exploration would have been a very short one because both the Multiple Dwelling Law (§ 211) and the Building Code prohibit the addition of any stories to these buildings unless their existing wood floor joists were replaced with new noncombustible floor systems. It is self-evident that all of the floors in these buildings cannot be replaced unless the buildings are vacated and their interiors are gutted – actions that, as we have noted previously, are not possible as a matter of right under the City’s rent regulation system and are infeasible as a practical matter. Moreover, even if it were legally possible and practically feasible, the Applicant has been told that these aging structures would not support a significant vertical addition, and we believe it is extremely unlikely that the Commission would ever approve a vertical enlargement that utilizes a meaningful amount of the property’s unused floor area.

The 2009 Test Year

The Commission questioned the Applicant’s use of 2009 as the “test year” for this hardship application.

Under the Landmarks Law (Administrative Code § 25-302[v]), the relevant “test year” for a hardship application shall be (1) the most recent full calendar year, (2) the applicant’s most recent fiscal year, or (3) any 12 consecutive months ending not more than 90 days prior to the filing of the hardship application. This hardship application was filed in October 2010. Therefore, 2009, the previous full calendar year, is an appropriate and legally sufficient test year.

In any event, the circumstances that, in 2009, would have prevented the Applicant from earning a reasonable return on the assessed value of the subject property following restoration of the Subject Buildings to stabilized occupancy continue to exist at the present time. All of the deficiencies in these buildings that have been documented by the Applicant still exist, and renovation costs have increased so that the cost of restoring the buildings to stabilized occupancy would be significantly higher than it was in 2009. Furthermore, even assuming that market rents are higher in 2012 today than they were in 2009, achievable rents in all of the buildings’ apartments, including the vacant apartments, continue to be restricted by rent regulation.

In the end, this is a moot issue about which there is absolutely no evidence in the record and on which LPC has no basis for making a decision on this application. It is a

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distraction that does not contribute to the serious analysis of the evidence in the record and has no place in the Commission's discussions.

The Scope of the Hardship Analysis

We understand that some members of the Commission have questioned whether this hardship application should be considered in light of the economics of the entire FAE.

Considering the application in such a manner would be contrary to the plain language of the Landmarks Law. Section 25-309 of the Administrative Code expressly states that the reasonable return analysis is to be performed with respect to "the improvement parcel (or parcels)" which contain the structure or structures that the applicant proposes to demolish. Administrative Code § 25-302 defines an "improvement parcel" as "[t]he unit of real property which ... is treated as a single entity for the purpose of levying real estate taxes," in other words, as a tax lot. In this case, both of the Subject Buildings are located on a single tax lot, *i.e.*, Lot 22. The remaining buildings in the FAE are located on three distinct tax lots, Lots 1, 10 and 30. Significantly, Administrative Code §25-302 distinguishes between an "improvement parcel," which constitutes a single tax lot, and a "landmark site," which is defined as one or more improvement parcels on which a designated landmark is situated. If the drafters of the Landmarks Law had intended that the economic analysis for a hardship application be performed with respect to an entire multi-building landmark site, irrespective of whether demolition of all the buildings on the landmark site has been proposed, the text of §25-309 undoubtedly would have stated that the reasonable return test shall be performed with regard to the "landmark site" rather than one or more "improvement parcels." Therefore, this hardship application is properly analyzed with respect to the economic circumstances of the Subject Buildings alone.

Conclusion

• Issues that are Not in Dispute:

Although the Applicant's ultimate contention that it has satisfied the statutory hardship test continues to be challenged, it is important to note that neither the Commission nor any opponent of this application, including HR&A on behalf of Friends of the Upper East Side, has disputed the substantial accuracy of much of the information that the Applicant has introduced into the administrative record:

(i) Methodology for Calculating Return on Assessed Value: There has been no dispute that the appropriate method of estimating the stabilized rate of return on the Subject Buildings during the 2009 test year is the methodology that the Commission employed in its consideration of the hardship application of KISKA Developers, Inc. for the properties located at 351, 352 and 353 Central Park West. Under the KISKA methodology, the rate-of-return

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denominator is determined by using the so-called “cost approach” and therefore equals the property’s assessed value for the test year plus 45 percent of the hard costs expended to repair and upgrade the property. The rate-of-return numerator equals the property’s estimated net operating income during the test year, taking into account a depreciation factor of 2 percent or the actual depreciation shown on tax returns for the test year and real estate taxes that are also calculated using the cost approach.

(ii) The Subject Buildings: No one has disputed the essential facts regarding the Subject Buildings. They are 6-story walk-up apartment buildings which were constructed in the early 20th Century, are wholly lacking in modern amenities and contain 190 very small apartments with an average rentable square footage of about 371 square feet. In November 2006, when the buildings were re-designated by the Commission, 53 apartments were vacant. At the end of the 2009 test year, 97 apartments were vacant.

(iii) Expenses: In addition, there is nothing in the record that seriously disputes the Applicant’s estimates of operating expenses under the various scenarios that were examined. These estimates were made by Cushman, one of the City’s leading real estate consulting firms, on the basis of historic expense data for the Subject Buildings and expense data for comparable buildings. For both the Minimum Habitability and Market Rehab scenarios, Cushman estimated 2009 expenses to be about \$24 per gross building square foot. In fact, in its reports in opposition to this application, HR&A adopted Cushman’s expense estimate for the Minimum Habitability scenario without any modification and used it in its economic analyses.

● **Issues in Dispute:**

In light of the undisputed issues, the question of whether the Applicant could have earned a return of 6 percent on the Subject Buildings’ assessed value in the 2009 test year essentially turns on three issues: (i) the cost of restoring the Subject Buildings to stabilized occupancy, (ii) the achievable market rents for the 97 vacant units that have been restored to occupancy and (iii) the assumed vacancy and collection loss factor upon stabilized occupancy.

(i) Repair / Renovation Costs:

The Applicant has explained that, in furtherance of its long-standing plan to eventually redevelop the Subject Properties, it has maintained the Subject Buildings in accordance with all legal requirements, but has kept vacated apartments unleased and empty, some for many years, and has not made any significant capital improvements to the property. As a result, in order to render the Subject Buildings’ vacant apartments reasonably marketable and competitive with other apartments in the balance of the FAE and the surrounding neighborhood, the Applicant would be required to perform a so-called Market Rehab of those buildings, which

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would involve both building-wide capital improvements and full renovations to vacant apartments, including new kitchens and bathrooms. Gleeds has documented in significant detail the scope and the hard costs of such work and has shown that in 2009 a Market Rehab of the Subject Buildings and its 97 vacant apartments would have cost approximately \$16.7 million. This estimate was based upon Gleeds' extensive knowledge and experience and properly took into account the buildings' lack of elevators, their narrow, winding staircases, the absence of space for storage of equipment and materials, the need to perform work in buildings that are substantially occupied and other special conditions that would impact repair and renovation costs.

Gleeds has also analyzed a much more modest Minimum Habitability scenario, which would not involve any building-wide capital improvements and would not result in all vacant apartments being fully renovated, but would instead entail only the work necessary to render vacant apartments code-compliant and legally habitable. Gleeds has thoroughly documented the scope and cost of this Minimum Habitability scheme, has explained how it differs from the Market Rehab, and has shown that, in 2009, it would have entailed hard costs of about \$4 million. In summary, the Applicant has demonstrated that, in order for the Subject Buildings' vacant apartments to be rendered reasonably marketable and competitive, the buildings and those apartments would have to undergo a Mark Rehab that, in 2009, would have entailed costs of about \$16.7 million.

(ii) Achievable Market Rents:

In several reports submitted in support of this application, Cushman reviewed a number of actual lease transactions from 2009 in other FAE buildings and elsewhere on the Upper East Side, made appropriate adjustments to account for differences in layouts, finishes and amenities, and concluded that in the 2009 test year, after the Subject Buildings had undergone a Market Rehab, its 97 vacant apartments could have achieved market rents of \$40 per leasable square foot, which represents an average monthly rent of about \$1,237. As discussed above and in the accompanying letter of Gregg Wolpert, although Cushman's May 2010 report reviewed 12 2009 leases in the other FAE buildings with an average rent of about \$44 per square foot, all of the 2009 leases in the other FAE buildings produced an average rent of \$1,248, which represents about \$40 per square foot and is almost identical to the average rent that Cushman projected for the Subject Buildings, despite the fact that the other FAE buildings are larger and have better layouts than the apartments in the Subject Buildings are somewhat closer to subways and retail services. Cushman's reports also reviewed (i) leases for 14 apartments in walk-up, non-doorman buildings located between East 60th Street and East 84th Street, where rents per square foot averaged \$45.76 for studio units, \$33.14 for one-bedroom apartments and \$36.57 for two-bedroom units; (ii) leases for 9 apartments in elevator, non-doorman buildings located between East 63rd Street and East 79th Street, where the average rent per rentable square foot was

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approximately \$42; and (iii) leases for 115 elevator, doorman buildings located between East 60th Street and East 82nd Street, where the average rents per square foot were \$48.74 for studios, \$46.54 for one-bedrooms and \$47.75 for two-bedrooms.

In opposition to this application, HR&A cited asking rents in a number of Upper East Side walk-up buildings in support of its contention that, in the 2009 test year, after undergoing only the \$4 million Minimum Habitability upgrade, the Subject Buildings' vacant apartments could have achieved market rents in excess of \$50 per square foot. In prior submissions, the Applicant has shown that the finishes and amenities in the comparable apartments cited by HR&A were superior to the apartments in the Subject Buildings under even a Market Rehab scenario. Furthermore, in its recent submission of October 2013, the Applicant demonstrated that, according to filings with the Department of Finance, actual rents in the comparable buildings cited by HR&A appear to fall within a range of between \$38 and \$44 per leasable square foot.

In summary, all of the comparables cited by both Cushman and HR&A, as well as the complete and accurate record of all 2009 leasing activity in the other FAE buildings, fully supports Cushman's conclusion that in 2009, following a Market Rehab, the Subject Buildings' vacant apartments could have achieved an average market rent of no more than \$40 per leasable square foot.

(iii) Vacancy and Collection Loss:

Cushman assumed that, upon being restored to stabilized occupancy under the various scenarios it examined, revenues at the subject buildings would be impacted by a 10 percent vacancy and collection loss factor. This assumption is based on the specific circumstances of the Subject Buildings. These buildings are more than 100 year old 6-story walk-up structures with apartments that are tiny, awkwardly laid out and devoid of modern amenities. They are located a greater distance from subways and retail services than many persons wish to be, particularly families and older persons. As a result, the apartments in the FAE tend to attract a younger, relatively transient population and therefore experience significant tenant turn over. Although at one time, many tenants in the FAE were students or staff of the large educational and healthcare institutions located in the surrounding neighborhood, in recent years all of these institutions have constructed their own modern staff housing facilities where tenants receive direct or indirect rent subsidies. Consequently, today few prospective tenants of the FAE are affiliated with these institutions. Vacancy rates in the other buildings in the FAE are very relevant here. As discussed, these other buildings are subject to an active leasing program, are closer to subways and retail services and have apartments that are somewhat larger and have better layouts than the apartments in the Subject Buildings. Nevertheless, in recent years they have had vacancy rates in excess of 20 percent, with even higher levels of vacancies in their 5th

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and 6th story walk-up apartments. In addition, collection losses in the Subject Buildings are significant, with about 20 percent of the tenants in arrears on their rent at any time. All of these factors support Cushman's assumption of a 10 percent vacancy and credit loss for the Subject Buildings under stabilized occupancy.

HR&A's projection of a 5 percent vacancy rate for the Subject Buildings under stabilized occupancy is based entirely on City-wide vacancy statistics and does not take into account the particular circumstances surrounding the Subject Buildings that would almost certainly produce a higher than average loss factor. Furthermore, the Applicant pointed out in its most recent submission that City-wide vacancy statistics tends to understate actual vacancy rates, a fact that has been acknowledged by the City. In addition, in its estimate of revenue for the Subject Buildings, HR&A failed to identify any separate collection loss. Therefore, HR&A's projection of a total revenue loss factor of only 5 percent for the Subject Buildings is not realistic or credible.

- **The Hardship Test is Satisfied:**

The Applicant has analyzed a number of different scenarios for abandoning its longstanding plan to redevelop the subject property with a new building and restoring the Subject Buildings to stabilized occupancy. For each scenario that was analyzed, Gleeds produced a detailed estimate of the hard costs and Cushman estimated maintenance and operating expenses. None of these estimates have been seriously discredited. Cushman also projected achievable market rents for each scenario, which were based upon verified actual rents in a number of comparable buildings, including the other buildings in the FAE, and appropriate adjustments thereto to account for differences in location, condition and level of amenities. Cushman also projected a vacancy and credit loss that reflected the specific conditions that impact the Subject Buildings. These analyses have conclusively shown that, under each scenario for returning these buildings to stabilized occupancy, the achievable rents as constrained by the applicable rent regulations would have been insufficient to generate a 6 percent return on the subject property's assessed value, as properly adjusted to account for the hard construction costs associated with each scheme.

This record also demonstrates that the only way a 6% return can be calculated is by marrying the most optimistic assumptions about rent levels and vacancy rates with the least extensive and least costly renovation – a marriage that is without any factual foundation. Even HR & A's most recent analysis, which was based on wildly overstated rents/square foot in excess of \$50 and a 5% vacancy rate, would not have produced a 6% return if calculated using the cost of the Market Rate rehabilitation scenario rather than the cost of the minimum rehabilitation scenario. And, between the calculations offered by HR & A and those submitted by Cushman & Wakefield, there is no evidence that indicates that rents at the highest level could be achieved in

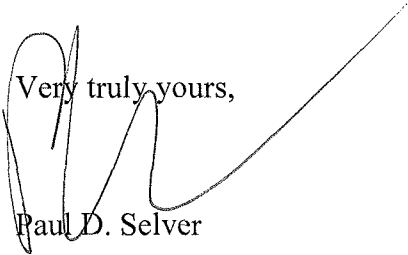
KRAMER LEVIN NAFTALIS & FRANKEL LLP

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a rehabilitation scenario that is both smaller in scope and lower in cost than the Market Rate and greater in scope and cost than what is minimally necessary for Code compliance.

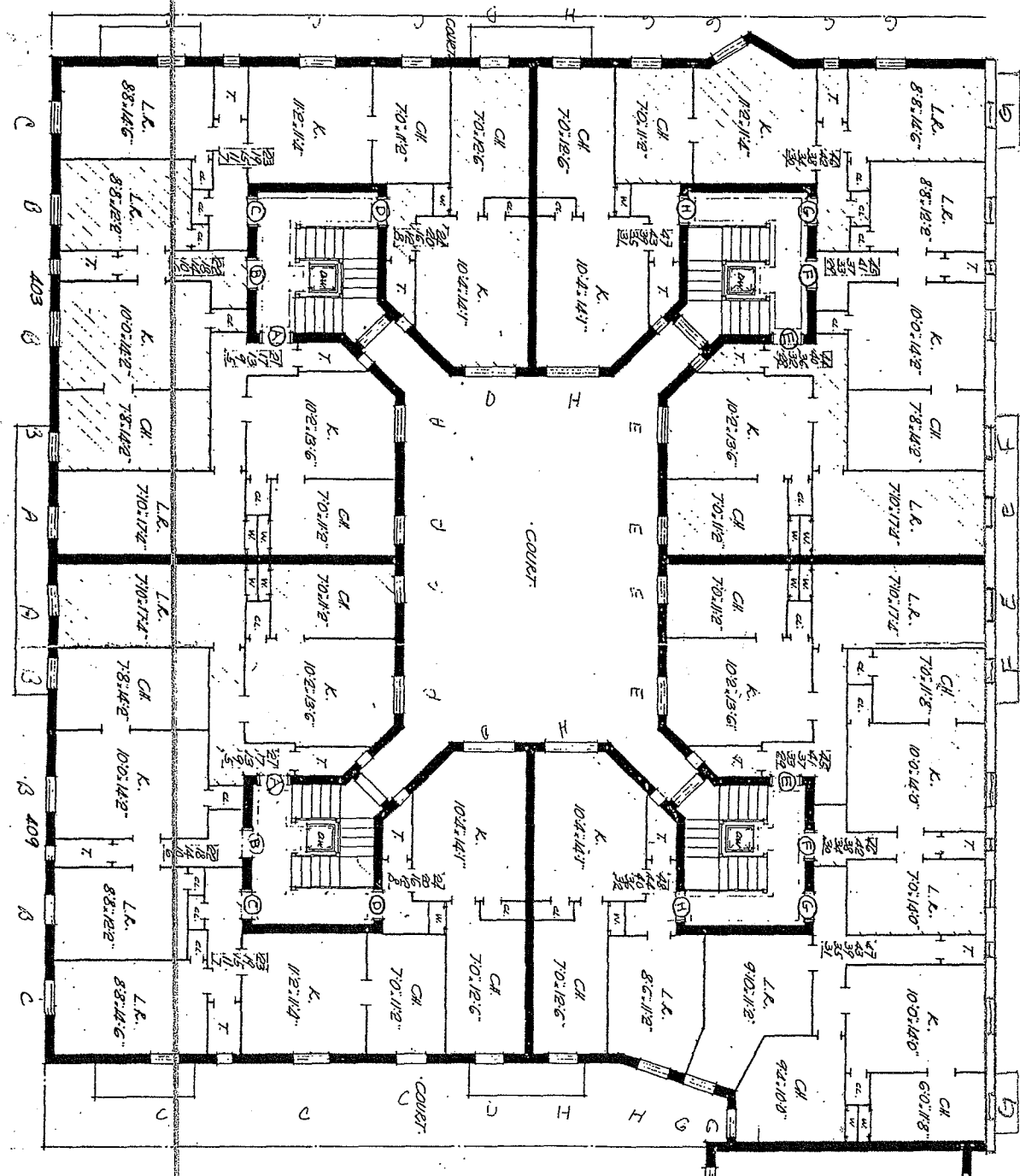
In conclusion, the Applicant has shown that, even under the low “reasonable return” threshold set forth in the Landmarks Law, in light of the substantial investment that would be required to restore the Subject Buildings to stabilized occupancy under any feasible scenario, it is not possible to earn a reasonable return on the assessed value of these properties. Furthermore, neither HR&A nor any other entity or individual has offered credible and persuasive evidence that refutes this showing. We therefore urge the Commission to grant this hardship application.

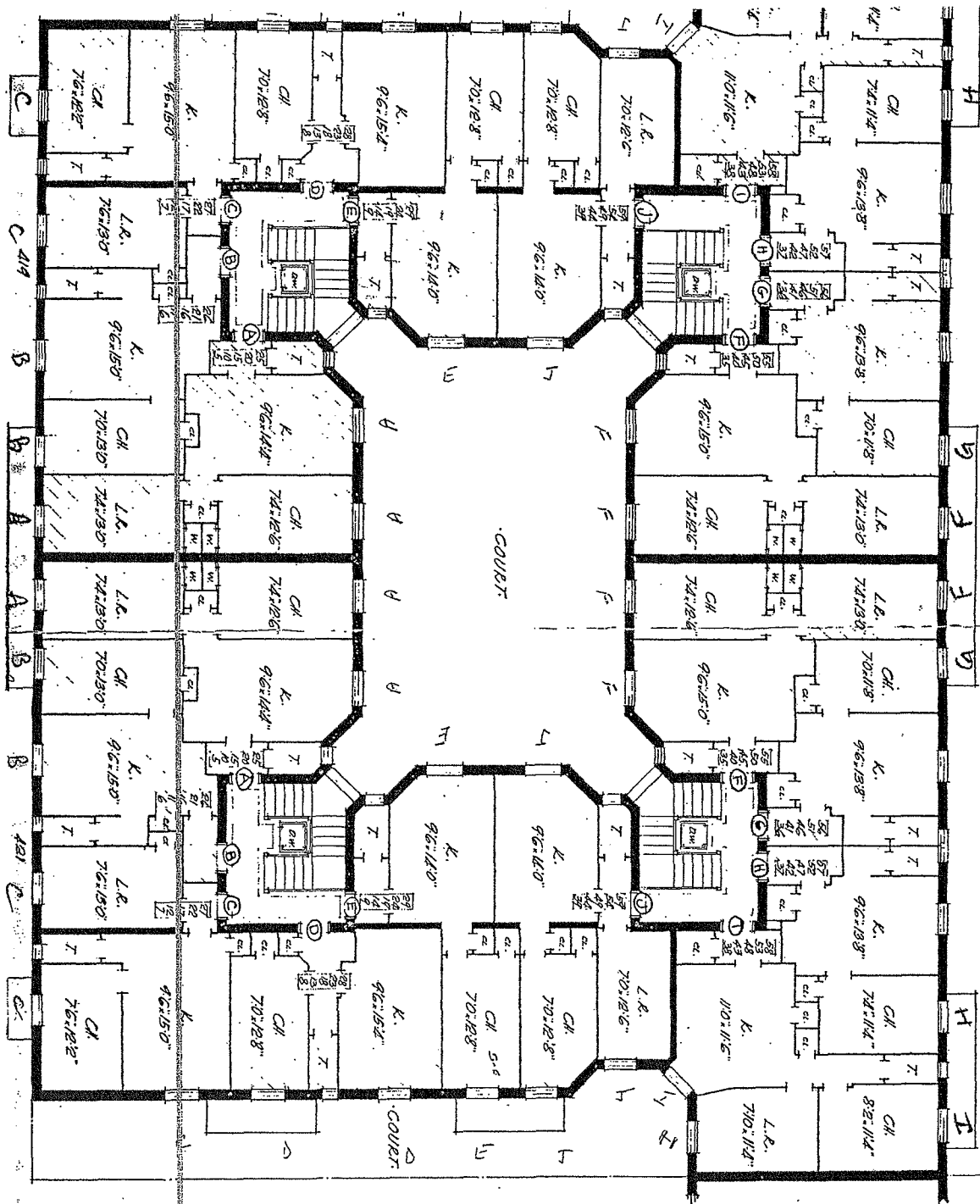
Very truly yours,



Paul D. Selver

cc: Mark A. Silberman

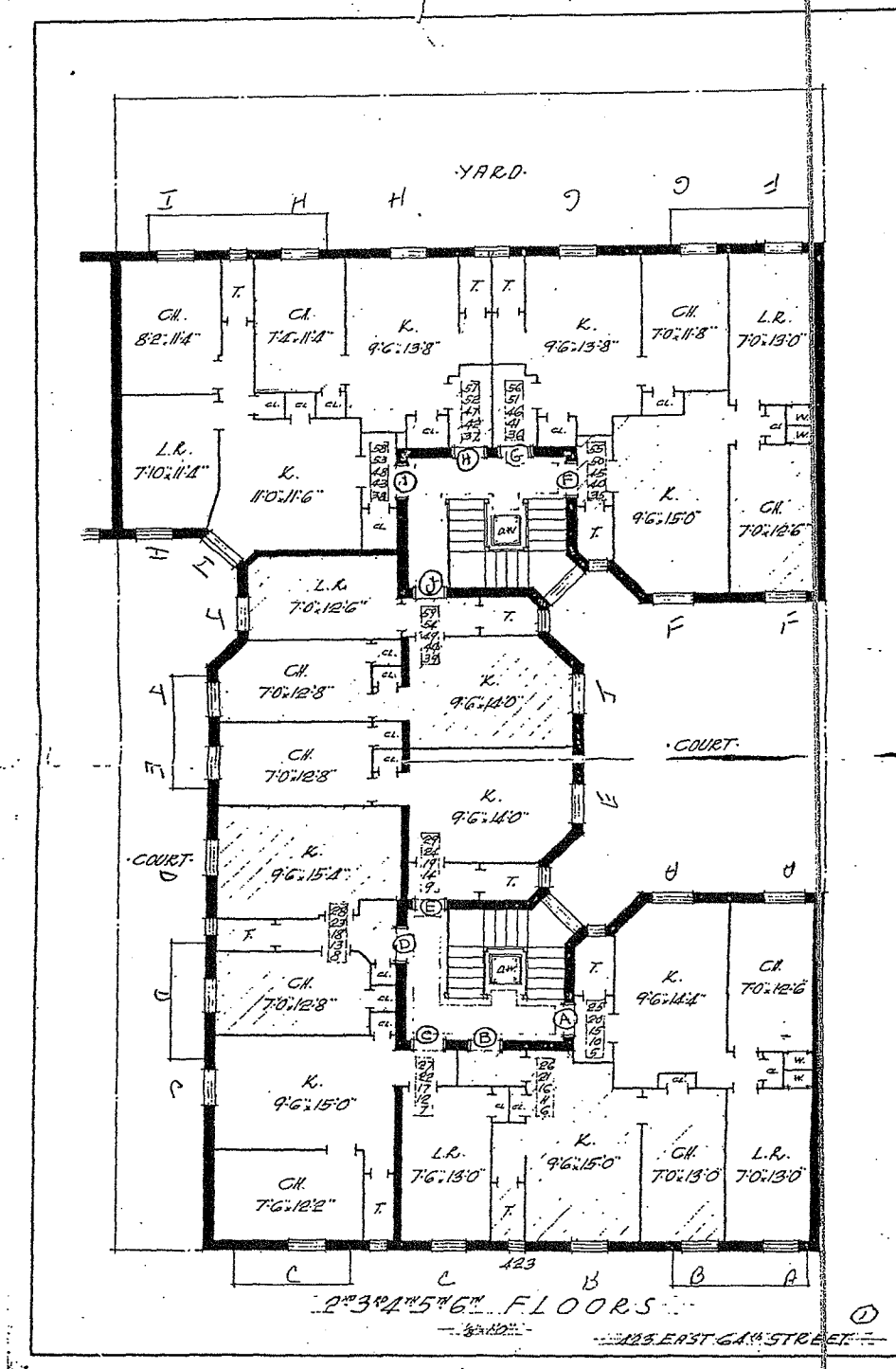




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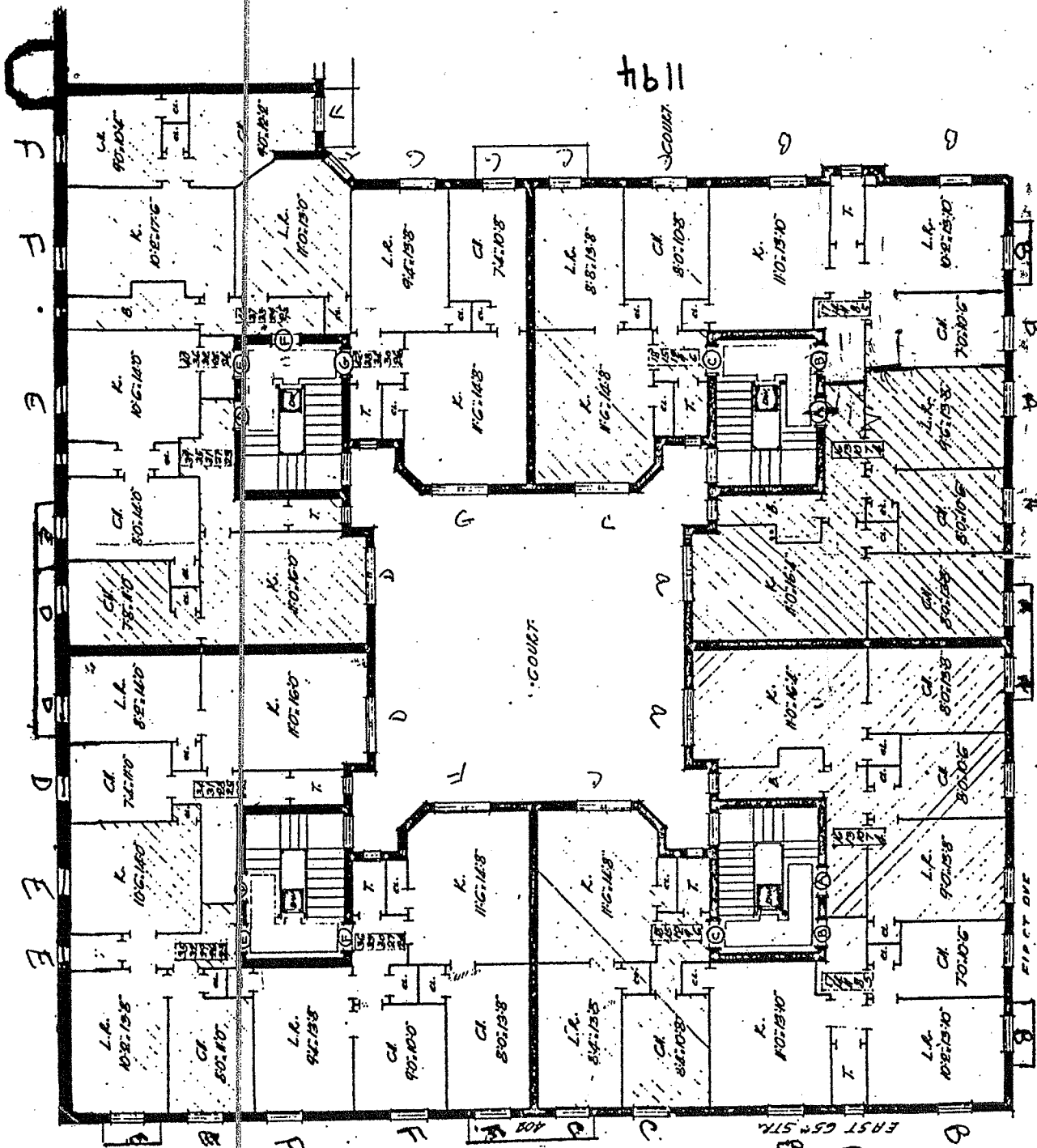


↑ ERMIT

This is a detailed architectural floor plan of a large building, likely a school or institutional structure. The plan shows a complex arrangement of rooms, corridors, and courtyards. Key features include:

- Rooms and Dimensions:** Numerous rooms are labeled with abbreviations (e.g., L.R., C.H., K., B., P., H., I., J., K., L., M., N., O., P., Q., R., S., T., U., V., W., X., Y., Z.) and their dimensions (e.g., 70'x10'7", 92'x14'7", 75'x11'9", 100'x13'9", 100'x13'5", 100'x14'0", 100'x14'9", 100'x15'9", 100'x16'7", 100'x17'9", 100'x18'9", 100'x19'9", 100'x20'9", 100'x21'9", 100'x22'9", 100'x23'9", 100'x24'9", 100'x25'9", 100'x26'9", 100'x27'9", 100'x28'9", 100'x29'9", 100'x30'9", 100'x31'9", 100'x32'9", 100'x33'9", 100'x34'9", 100'x35'9", 100'x36'9", 100'x37'9", 100'x38'9", 100'x39'9", 100'x40'9", 100'x41'9", 100'x42'9", 100'x43'9", 100'x44'9", 100'x45'9", 100'x46'9", 100'x47'9", 100'x48'9", 100'x49'9", 100'x50'9", 100'x51'9", 100'x52'9", 100'x53'9", 100'x54'9", 100'x55'9", 100'x56'9", 100'x57'9", 100'x58'9", 100'x59'9", 100'x60'9", 100'x61'9", 100'x62'9", 100'x63'9", 100'x64'9", 100'x65'9", 100'x66'9", 100'x67'9", 100'x68'9", 100'x69'9", 100'x70'9", 100'x71'9", 100'x72'9", 100'x73'9", 100'x74'9", 100'x75'9", 100'x76'9", 100'x77'9", 100'x78'9", 100'x79'9", 100'x80'9", 100'x81'9", 100'x82'9", 100'x83'9", 100'x84'9", 100'x85'9", 100'x86'9", 100'x87'9", 100'x88'9", 100'x89'9", 100'x90'9", 100'x91'9", 100'x92'9", 100'x93'9", 100'x94'9", 100'x95'9", 100'x96'9", 100'x97'9", 100'x98'9", 100'x99'9", 100'x100'9").
- Courtyards:** Three central courtyard areas are labeled "COURT.".
- Entrances:** A large entrance area at the bottom is labeled "EAST ST. A".
- Corridors:** Numerous corridors are shown, connecting the various rooms and courtyards.
- Staircases:** Several staircases are indicated by sets of parallel lines.
- Labels:** The plan is heavily labeled with letters (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z) and numbers (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100) to identify specific areas and rooms.

4 FRONT 6th Street
429



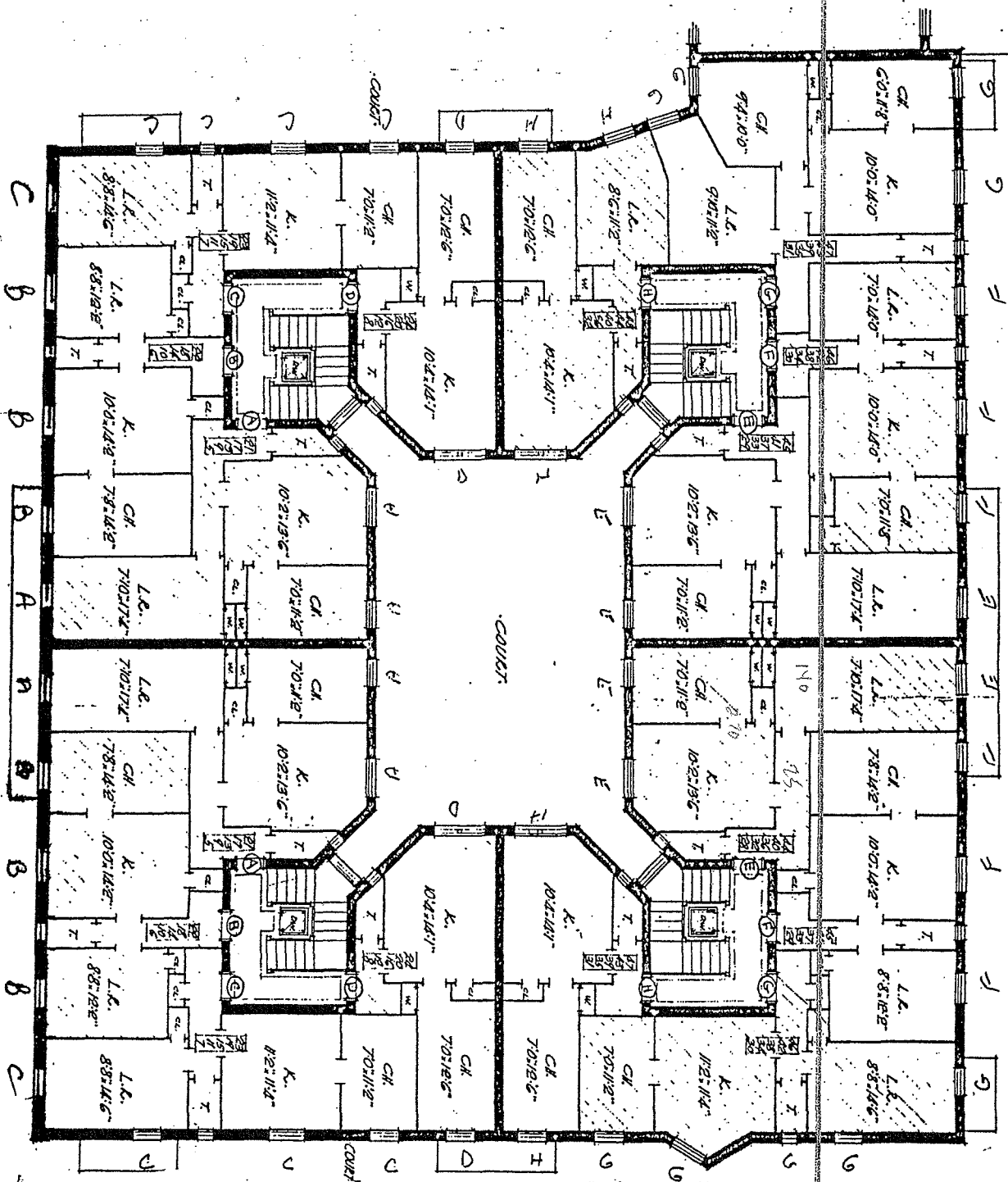
1194

402

51
35050
132

1ST ST

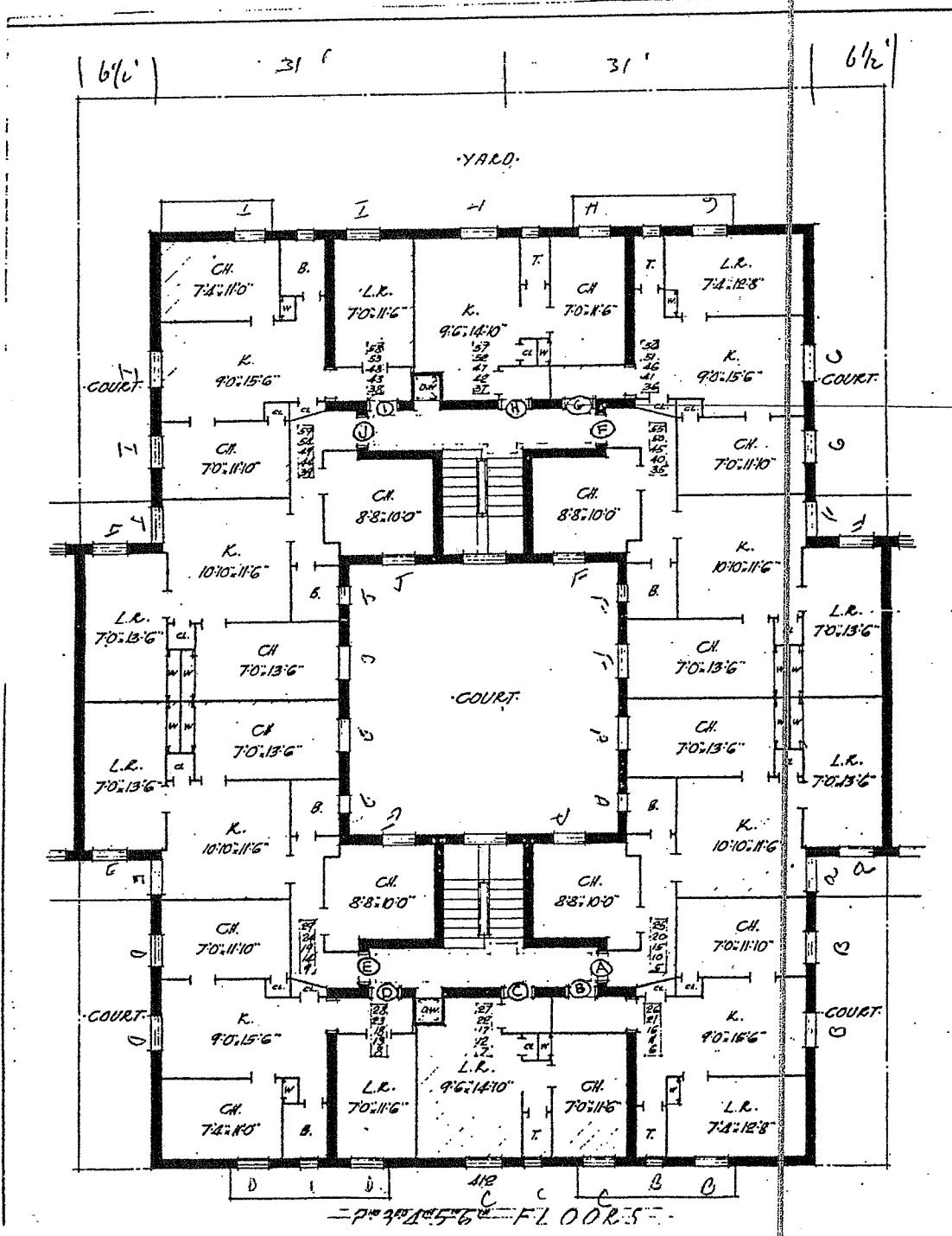
FIRST 65' ST.



408

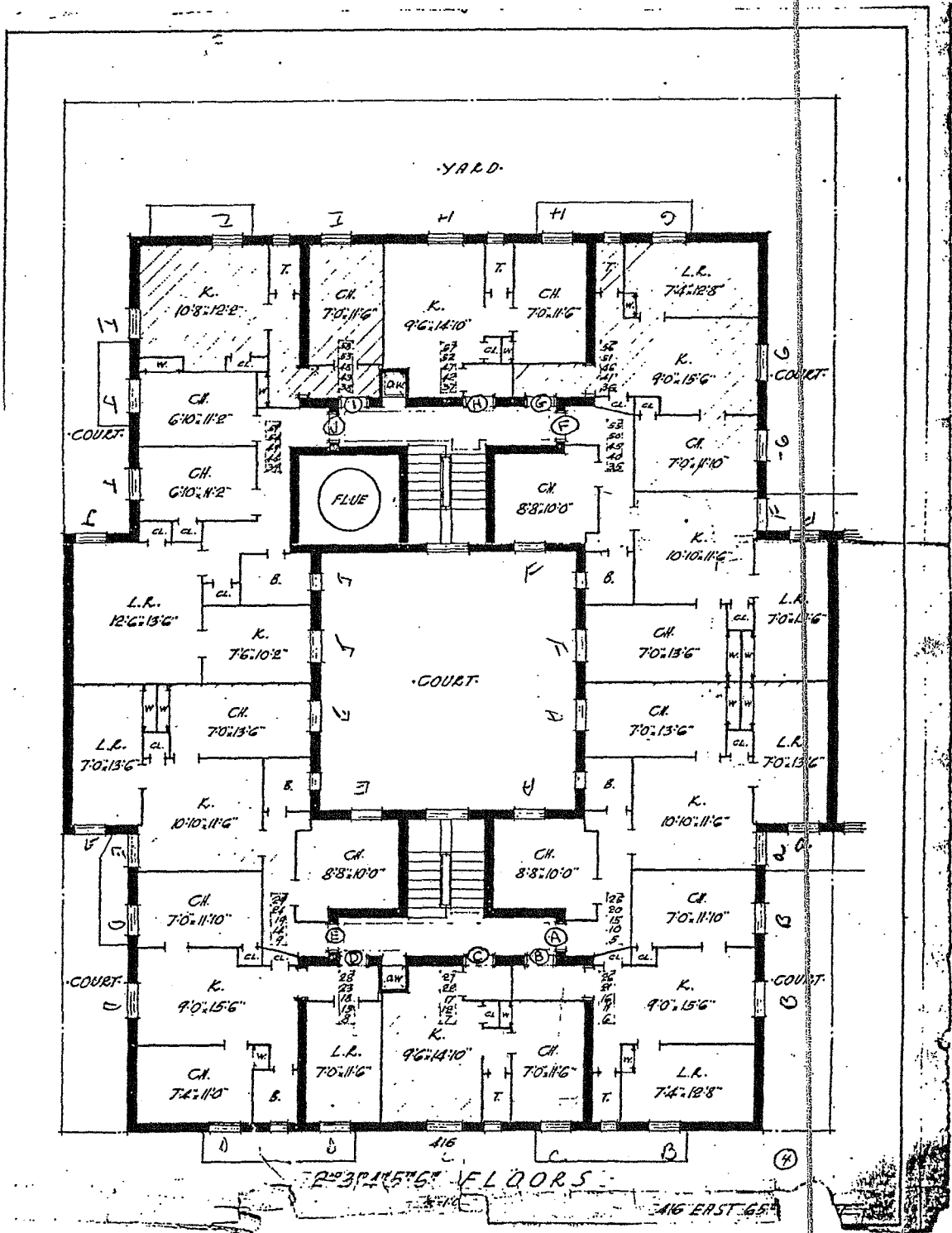
404

412



[illegible]

416



[illegible]

The ***Stahl***
Organization

277 Park Avenue
New York, NY 10172-0124

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

November 12, 2013

Hon. Robert Tierney, Chair
Landmarks Preservation Commission
1 Centre Street
New York, N.Y. 10007

Re: City and Suburban Homes Co., First Avenue Estate
429 East 64th Street and 430 East 65th Street, Manhattan
Block 1459, Lot 22 (the "Subject Buildings")

Dear Chair Tierney:

This letter is submitted by the Stahl Organization in support of its application for permission to demolish the Subject Buildings on the ground of economic hardship. It responds to several issues raised by Commission members and the Commission's General Counsel during and after the Commission's public meeting of October 29, 2013.

- (1) The Commission disputed our assertion that the other apartments in the First Avenue Estate ("FAE") are larger than the apartments in the Subject Buildings.

At the Commission's meeting, Counsel Mark Silberman stated that he reviewed real estate tax data (NYC Tax Commission filings) suggesting that apartments in the FAE buildings fronting on First Avenue averaged more than 1,000 square feet, and were materially larger than apartments in the Subject Buildings, but that all of the other apartments on the block were comparable in size to the Subject Buildings.

Unfortunately, this statement was based on incorrect Tax Commission data. The tax lot encompassing the FAE First Avenue buildings (Block 1459, Lot 1) contains a total of eight buildings, consisting of four buildings fronting on First Avenue, plus 403 and 409 East 64th Street and 404 and 408 East 65th Street. However, the Tax Commission filings for Lot 1 erroneously included only the four buildings fronting on First Avenue and omitted the other four buildings. Consequently, the filings erroneously state that Lot 1 contains only 141 apartments. The four buildings omitted from the Lot 1 filing were erroneously included in the Tax Commission filings for two other FAE tax lots – Lots 10 and 30 – thereby over-counting the number of apartments contained on these two parcels. The corrected number of units and gross square feet for each of the 4 different tax lots in

the FAE are shown on Exhibit A attached¹. Exhibit A indicates that the eight buildings located on Lot 1 actually contain a total of 331 apartments. Relying on this erroneous information, Mr. Silberman stated and distributed a computation (Exhibit B hereto) suggesting that the average apartment size on Lot 1 was 1,106 gross square feet. However, when the correct information is utilized, the actual average size for these units is only 595 gross square feet². Once this correction is made, the average gross unit size in the balance of FAE, excluding the Subject Buildings, is calculated to be 532.5 gross square feet, which is about 19% greater than the average gross square foot unit size in the Subject Buildings. In conclusion, apartments in the Subject Buildings are materially smaller than apartments in the balance of the FAE as measured on a gross square foot basis.

The apartments in the Subject Buildings are also significantly smaller than the apartments in the other FAE buildings on a rentable square foot basis. On the basis of sample measurements in the other FAE buildings, we have estimated that the apartments in the other FAE buildings are approximately 23% larger than those in the Subject Buildings. This estimate is consistent with the fact that apartments in the Subject Buildings have a greater "loss factor" because there are 8 different entrance lobbies serving 190 units (average 23.75 apartment per entrance), while the buildings along 64th Street and 65th Street generally have 59 apartments served by only a single entranceway. While no one has measured every single apartment in FAE on a rentable basis, it is likely that the disproportionate number of entranceways in the Subject Buildings are one of the main factors why the apartment size differential is greater on a net rentable basis than on a gross basis³. In any event, the average size of units in the

¹ Block 1459 Lot 1 contains the incorrect gross measurement on the TC 101 form filed with the City. Errors are not unusual on reporting information on forms, and many of the discrepancies can be attributed to both the conversion to electronic filings for RPIE's in 2006, and the fact that RPIE's and TC101's calculate vacancies differently. We have already disclosed that the City records on one of HR&A's comparable buildings had underreported its unit count by 25%, and we made the appropriate adjustments in our analysis. In any event, neither of these errors affected the income and expenses reported to the City, or taxes paid [Exhibit D hereto, p.4].

² We believe that the origin of the measurement error on Lot 1 is that, while the measurement for Lot 1 is 201,882 gross square feet, the City attributed 36,000 gross square feet as retail space, concluding that the remaining residential area must be, mathematically, 165,882 gross square feet. Our accountants and tax certiorari counsel inadvertently truncated the total gross area for Lot 1 (201,882), and entered what was the (erroneously) "reported" residential gross area as the total area, which is why future TC101 filings showed total area of 165,882. Further, the only retail space that should be deducted from the 201,882 gross area to calculate gross residential area is the on-grade retail space, excluding basement retail space, which totals 4,819 square feet. The Silberman submission also incorrectly deducts 8,804 square feet as commercial space, with the balance being in the basement which should not be deducted in this computation [See Exhibits C and D hereto].

³ Another factor contributing to the difference between gross and rentable measurements in the FAE buildings versus the Subject Buildings is that the one elevator building, 415 East 64th Street, has significantly smaller

Subject Buildings is materially smaller than the average size of apartments in the balance of the FAE, whether it is 19.27% on a gross basis, or 23% on a net basis, or possibly greater when comparing only the walk-up buildings to the Subject Buildings.

(2) The Commission continued to question the rental efforts at the balance of the FAE.

Any claim that the applicant is not actively attempting to lease apartments in the balance of the FAE is both wrong and nonsensical. Affiliates of the applicant have ownership interests in more than 3,000 apartments in New York City. Vacancy throughout our portfolio, except for the FAE, is minimal, and none of these other properties are advertised through social media, internet, or newspapers. FAE has an on-site rental office, and potential renters can and do make inquiries seven days per week, whether from people finding out about the buildings directly through the sales office, through the website of Charles H. Greenthal, our property manager, or through their own brokers. This is the same rental strategy that is used at another 550 unit, elevator apartment complex owned by Stahl affiliates and managed by Greenthal, which is 10 blocks south of the FAE. Those buildings have minimal vacancy, but they also have elevators, doormen, spacious rooms, views, and many have fireplaces. The FAE buildings do not lack for foot traffic and phone inquiries. At FAE we receive approximately 6 on-site inquiries for each one apartment leased. The problem is not with the marketing effort. The problem is building specific.

Contentions that Stahl is warehousing apartments in the other FAE buildings were originally introduced by residents of the Subject Buildings who vehemently oppose this hardship application because it would involve their relocation, and others who were delinquent on their rent, and others who were unsuccessful in demanding that ownership let them trade in their apartments on high floors for apartments on lower floors⁴. We have already provided the Commission with detailed statistics on the frequent apartment turnover in the balance of the FAE, which is a component of vacancy, and makes it extremely difficult to lower the vacancy rate. The customers who lease walk-up apartments as far east as the FAE tend to not stay very long. In fact, we've previously pointed out that the comparable apartments cited by HR&A Advisors in opposition to this application actually support our statistics on tenant turnover in the FAE. As we have noted, despite the fact that HR&A's comparable buildings have more amenities and are closer to public transportation than the Subject Buildings, 133 of the

apartments. A comparison of only the walk-up buildings in FAE with the Subject Buildings would create a larger net rentable area differential.

⁴ As a matter of sound business judgment we generally would not agree to relocate an existing tenant to a lower floor unless it involved a physical disability as the upper floors are much more difficult to lease, and existing tenants ask to keep their existing rents in this process.

199 units in these buildings were listed for lease in the 2009 Test Year. Furthermore, virtually every single apartment in the 3 buildings comprising 80% of HR&A's comparable units were listed for rent, on average, every single year for 4 consecutive years. We have also demonstrated that offering preferential rents at the FAE was essential to keep the vacancy rate from rising even higher.

- (3) The Commission suggested that recent rents in the other FAE buildings that were cited in Cushman & Wakefield's reports would support projected rents in the Subject Buildings in excess of \$40 per square foot.

In its May 2010 report, Cushman & Wakefield listed the last 12 lease transactions in the FAE during the 2009 Test Year, without regard to floor, size, number of rooms, and unit condition. They computed to a weighted average rent of \$44.48 per leasable square foot. However, the rents on these units do not support rents in excess of \$40 per rentable square foot in the vacant apartments of the Subject Buildings under the so-called Market Rehab scenario. First, I would note that, for one of the apartments listed by Cushman (the most expensive unit on a per square foot basis, and the one "outlier" cited by Mr. Silberman at the October 29th public meeting), the unit's "legal" rent was mistakenly cited. The actual rent for that apartment was a "preferential" rent that was significantly lower than the legal rent but was not cited by Cushman. It should also be noted that 3 of the 12 units listed by Cushman were former Memorial Sloan Kettering ("MSK") corporate apartments and were finished to a significantly higher standard. Among the FAE rents cited by Cushman in its 2010 report, the average actual rent for the non-MSK units was only \$42.99 per square foot⁵.

In its economic analyses, Cushman determined average rents per leasable square foot for all the leases examined in each comparable building and used these averages, with appropriate adjustments, to project an average rent per leasable square foot for the Subject Buildings' vacant apartments, which is the most common way of estimating rental income. However, at the October 29th public meeting, several Commissioners suggested that Cushman's analyses would have been more meaningful if it had separately analyzed and projected rents for different categories of units, including studio, 1 bedroom and 2 bedroom units. In order to ascertain its impact on projected rents in the Subject Buildings, we performed such an analysis on the FAE leases that Cushman cited in its 2010 report and found that this analysis would actually lower the average achievable rents in the Subject Buildings due to the large percentage of studio apartments and the small percentage of 2 bedroom apartments that were vacant in the

⁵ Also, the sample included only 1 unit on the 6th floor, and 8 of the 12 units were on the lower 1st through 3rd floors of the walk-up buildings, which have been historically easier to lease than upper floors, so they are not representative of all of the units at FAE, at least based on floor location.

Subject Buildings at the end of the 2009 test year. We first determined the average rent per square foot for each category of apartment among the FAE leases cited by Cushman and then inserted these averages into a spreadsheet listing each of the 97 vacant units in the Subject Buildings that was previously prepared in order to show the average rents per square foot that HR&A had projected for these vacant apartments, where HR&A had originally made separate projections for studio, one bedroom and two bedroom apartments, but on an apartment, rather than a square foot, basis [Exhibits E and F hereto]. We thereby produced an “apples to apples” comparison between HR&A’s rent projection and a projection based on actual recent rents in the other FAE buildings. The results of the FAE analysis were an average rent of \$41.18 per leasable square foot excluding the superior MSK units, and even if the MSK units are included, the average is \$43.84 per rentable square foot. In comparison, the HR&A average rents, at \$51.09 per square foot, were 16.5% to 24% greater depending on whether or not the MSK units are included in the analysis.

In summary, the per square foot rents in the comparable FAE apartments that Cushman cited were only slightly higher than the \$40 per square foot rents that Cushman projected for the vacant apartments in the Subject Buildings under the Market Rehab scheme. Furthermore, in my previous letter dated October 11, 2012, I explained that, in 2009, a total of 21 apartments were rented in the other FAE buildings on the block, and not just the 12 contained in Cushman’s report. Whereas the leases Cushman cited had an average rent of \$1,446.10 per month (adjusted to \$1,436.74 per month for the missing preferential rent, and \$1,358.05 per month excluding the MSK units), the actual average rent achieved across all apartments rented in 2009 was only \$1,248 per month, or 14% below Cushman’s highest rental average above⁶. Therefore, on the basis of recent leases in the other FAE buildings, it is impossible to project a monthly rent of more than \$1,248 for the vacant apartments in the Subject Buildings, which represents a per square foot rent of about \$40 and is almost identical to the average monthly rent of about \$1,237 that was projected by Cushman for the Market Rehab scenario.

Even using the average rent of about \$44 per square for the 12 leases in the other FAE buildings that it cited, Cushman properly determined these rents would only support projected rents of \$40 per square foot in the Subject Buildings because the larger apartments in the other buildings have better layouts and are somewhat closer to subways and retail services than apartments in the Subject Buildings. The validity of both these distinctions is discussed below.

⁶ Similarly, in 2010 the average monthly rent achieved in the other FAE buildings was \$1,233 per month, and in 2011 it was \$1,244 per month.

- (4) The Commission disputed that apartment layouts in the Subject Buildings are inferior to the layouts in the other FAE buildings.

It is undisputed that the apartments in the Subject Buildings have very small rooms. Many bathrooms are awkwardly shaped and cannot accommodate standard bathroom fixtures. A typical bedroom has dimensions of approximately 8' x 10'. The Commission has suggested that a bedroom with these dimensions can accommodate a queen-size bed and that, even if it cannot, non-load bearing partitions can be moved to provide more space. This contention misses the point that, if you put a queen sized bed in a room of this size, there is no room for a dresser and nightstand. It also fails to recognize the paucity of closet space (in number, size, and depth) in these tiny units. Furthermore, if you did move a wall (these types of costs were certainly never contemplated under any renovation scenario that we considered), you would then have an issue with the size of the living room, which is already quite small. This is what it means to have an inferior layout: you cannot readily fit all of the furniture and clothing that one would reasonably expect to have in his or her apartment. The apartments in the Subject Buildings undoubtedly meet that test. In contrast, the apartments in the balance of the FAE have larger, regularly shaped rooms that can accommodate standard fixtures and typical furnishings, including queen-size beds. They generally have more closets, larger closets, and deeper closets as well. This distinction is very real and it makes apartments in the Subject Buildings less desirable than apartments in the other FAE buildings.

- (5) The Commission challenged the notion that apartments in the Subject Buildings are more difficult to rent than other FAE apartments because they are further east from the subway and retail services.

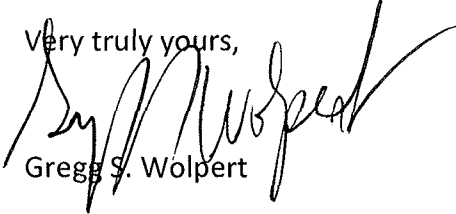
The statistical vacancy facts in FAE support our contention that the FAE apartments that lie further east tend to be more difficult to rent. My previous submission of October 11, 2012 included a detailed statistical summary of all vacancies in the entire FAE, building by building [Exhibit G]. Ignoring the vacant MSK apartments (which again were the most desirable and rentable in the portfolio), it is extremely clear that the vacancy rate grows significantly as you go further away from 1st Avenue towards York Avenue. The buildings fronting 1st Avenue had an average 11% vacancy rate, the next 2 buildings east of those on both 64th and 65th Street had an average 12% vacancy rate, and the balance of the block, excluding the Subject Buildings, had a vacancy rate greater than 20%.

We recently analyzed 2009 Department of Finance filings on 12 walk-up buildings with 259 apartments located in close proximity to the Subject Buildings that are not owned by the petitioner. Four of these buildings are 6 story walk-ups, and eight are 5 story walk-ups. The Department of Finance's imputed rents for these buildings, including

adjustments to reflect stabilized occupancy, averaged \$30.59 per gross square foot. Assuming a 90% gross-to-rentable square foot efficiency factor yields an average rent of \$33.99 per leasable square foot. With a 10% imputed vacancy these units would have an average rent per leasable square foot of \$37.77 [Exhibit H hereto], which is less than Cushman's estimated market rent for the Subject Buildings under the Market Rehab scheme. In addition, on 8 of these 12 buildings which contain a total of 189 apartments, we were able to locate detailed financial information on RPIE forms from 2008 to 2010. Again utilizing an assumed 10% vacancy rate, these buildings had a weighted average rental rate of only \$33.45 per leasable square foot [Exhibit I hereto]. Finally, in our last submission of October 10, 2013 we offered documentation on another walk-up property owned by the applicant, which is located on York Avenue and has vacancy rates in excess of 10%. We believe that all of the above market data provides significant, if not overwhelming proof, that the marketability of walk-up apartments is significantly diminished as you get physically further removed from the main business and shopping avenues in the neighborhood. Accordingly, the walk-up apartments in the Subject Buildings are more difficult to rent than the apartments in the balance of the FAE.

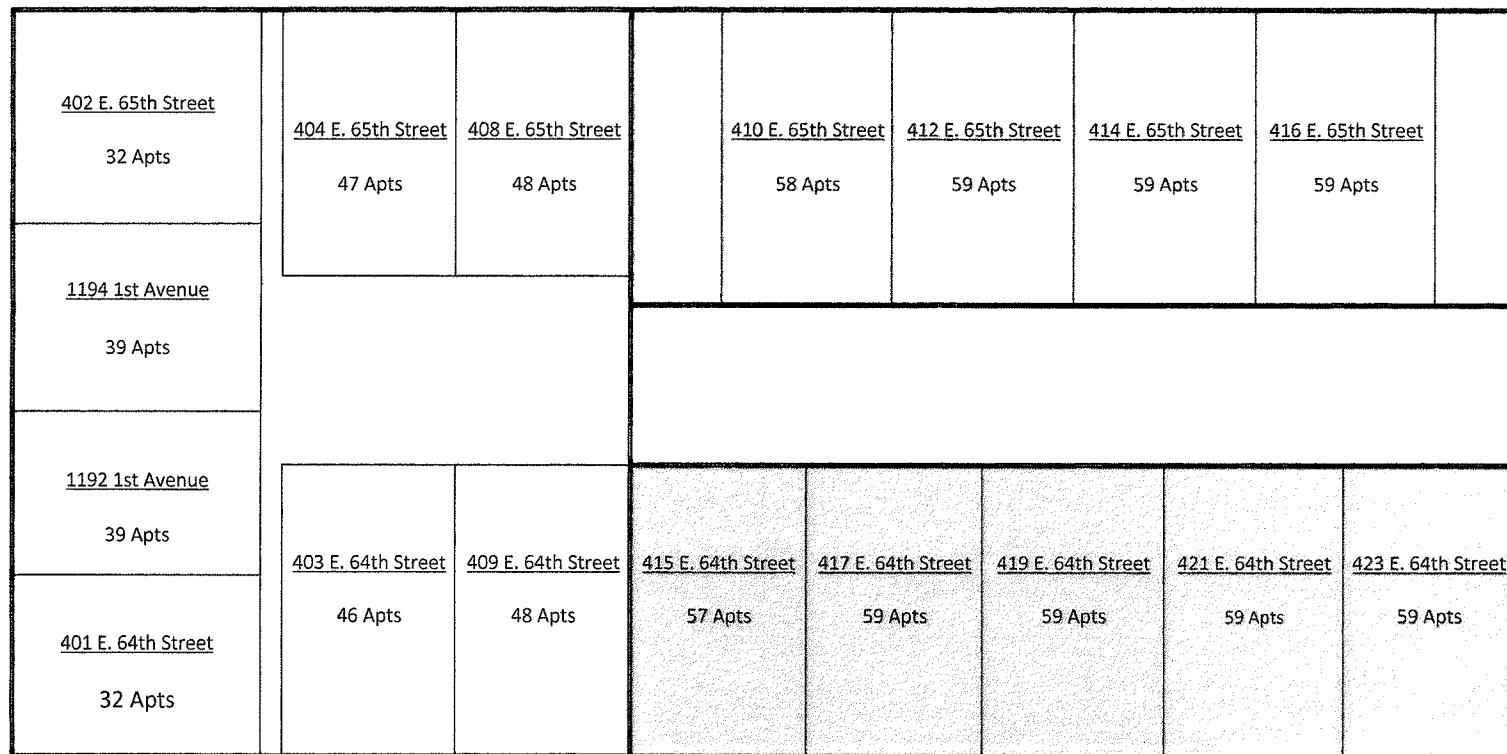
In conclusion, in comparison to the apartments in the Subject Buildings, the apartments in the other buildings of the FAE are larger, have better layouts and are closer to subways and retail services. Nevertheless, despite an active leasing program in these other buildings, they experience frequent tenant turnover and, in recent years, have had vacancy rates significantly higher than 10 percent. Since 2009, the rents on new lease transactions in the other FAE buildings have averaged about \$40 per square foot. Therefore, on the basis of a complete and accurate picture of the other FAE buildings, recent leasing activity in these properties fully supports Cushman's conclusion that, under the most economically feasible Market Rehab scenario, in the 2009 test year the Subject Buildings could have achieved market rents of no more than \$40 per square foot and would have experienced vacancy and collection losses of at least 10%.

Very truly yours,


Gregg S. Wolpert

East 65th Street

Block 1459 Lot 30



Block 1459 Lot 10

East 64th Street

Block and Lot No.	Apartment Sq Ft	Total # Units	Average Unit Size
1459, 1	197,063 ²	331 ¹	595.36
1459, 10	133,860	290	461.59
1459, 22	84,826	190	446.45
1459, 30	124,902	235	531.50

¹ The city is missing 94 apartments from its unit count.

² This is the total building square footage of 201,882 less 4,819 square feet of actual retail space.

GROSS SQUARE FOOTAGE OF BUILDINGS IN CITY & SUBURBAN COMPLEX BASED ON NYC TAX COMMISSION TC201 FILINGS FOR CALENDAR YEAR 2009.

Block	Lot	Residential GSF	No. Apartments	GSF/Apt
1459	1	157,078*	142	1,106
1459	10	133,860	388	345
1459	22	84,826	190	446
1459	30	124,902	330	378

Average GSF/Apt for lots 1, 10 and 30:

$$(157,078+133,860+124,902) / (142+388+330) =$$

$$415,840 / 860 = 483.5$$

Average GSF/Apt for lots 10 and 30:

$$(133,860+124,902) / (388+330) =$$

$$258,762 / 718 = 360$$

Calculation provided
by LPC

- Excludes 8,804 of commercial gross square footage




Stahl York Avenue 2009 Commercial Lease Information

































#	<u>Address</u>	<u>Tenant</u>	<u>Square Feet at Grade</u>	<u>Rentable Square Feet</u>
1	1168 First Avenue, New York, NY	Apple Bank for Savings	767	1,267
2	1170 First Avenue, New York, NY	Chung Jong Wong (Cleaners on First Corp.)	448	650
3	1188 First Avenue, New York, NY	H.D First Ave. Inc.	727	1,300
4	1192 First Avenue, New York, NY	Marjatta Men's Salon	435	800
5	1194 First Avenue, New York, NY	Vacant	1,305	2,200
6	1198 First Avenue, New York, NY	News & Discount Inc.	510	800
7	1200 First Avenue, New York, NY	A. Goldberger's Pharmacy	<u>627</u>	<u>1,050</u>
Total			4,819	8,067

There is one additional commercial tenant (Adam Smith DDS) located on the first floor. This tenant occupies two residential apartments, which equate to 800 square feet, and was not included in our analysis.

	Manhattan	NEW QUICK SEARCH:			
	Borough Block Lot	Manhattan			
BLOCK: 1459 LOT: 1					

*You could also query other properties by entering BLOCK and LOT # and click search icon.

ADDRESS 1168 1 AVENUE 10065 		STORIES 6		LOT FRONTAGE 200 ft. 9 in.		LOT DEPTH 213 ft. 0 in.	
ALTERNATE ADDRESSES 400 to 402 EAST 65 STREET (map it) 401 to 401 EAST 64 STREET (map it) 403 to 403 EAST 64 STREET (map it) 404 to 404 EAST 65 STREET (map it) 408 to 408 EAST 65 STREET (map it) 409 to 409 EAST 64 STREET (map it) 1188 to 1192 1 AVENUE (map it) 1194 to 1196 1 AVENUE (map it) 1198 to 1200 1 AVENUE (map it)		No. of BUILDINGS 8		BUILDING FRONTAGE 50 ft. 0 in.		BUILDING DEPTH 90 ft. 0 in.	
BUILDING CLASS C7 WALK-UP APARTMENTS: Over six Families with Stores 		TOTAL No. of UNITS 246		RESIDENTIAL UNITS 237		LAND AREA 42,777	
PROPERTY TYPE null		MARKET VALUE \$19,711,000		EXTENSION		CORNER NE	
OWNER STAHL YORK AVE CO		COMMUNITY BOARD 8		NYC LANDMARK Yes		TYPE of LANDMARK DESIGNATION Individual Bldg Located in Hist. Dist. Yes No	
ZONING C1-9, R8B		Overlay		MORE INFO Zone Map FAR Charts More Zoning Info/ZoLa 		YEAR BUILT 1903	
SPECIAL PURPOSE DISTRICT		YEAR ALTERED 1911		TAX CLASS 2		EXEMPTION	
		SQUARE FEET		TOTAL 201,882		Residential 165,882	
				Office 0		Retail 36,000	
				Other 0			
Click here for Property Tax Benefit Information							

SUMMARY												
SALES (Last 10)				MORTGAGES			ASSESSMENT				INCOME/EXPENSES	
	Unit	Sale Date	Amount		Date Recorded	Amount		Year	Final	Tentative		Year
					Nov 16, 1999	\$17,500,000		2014	\$8,869,950	\$8,869,950		2011
					Nov 16, 1999	\$0		2013	\$8,471,700	\$8,471,700		2010
					Nov 16, 1999	\$2,772,822		2012	\$8,353,350	\$8,353,350		2010
					Jun 18, 1997	\$2,000,000		2011	\$8,460,000	\$8,460,000		2009
					Jun 18, 1997	\$895,055		2010	\$6,525,000	\$6,525,000		2009
					Jun 18, 1997	\$895,055		2009	\$6,525,000	\$6,480,000		2008
					Jun 18, 1997	\$0		2008	\$6,750,000	\$6,750,000		2008
					Jun 18, 1997	\$15,000,000		2007	\$6,075,000	\$6,075,000		2005
					Jun 18, 1997	\$857,194		2006	\$5,310,000	\$17,685,000		2005
					Jun 18, 1997	\$3,300,000		2005	\$5,355,000	\$5,355,000		2004
See all Sales				See all Mortgages			See all Assessments					
												

Search for a location:

Enter an address

Search

Advanced Search

Searched Locations

MANHATTAN Block: 1459 Lot: 1

Hide Additional Information...

- Find Nearest

- Building & Property Information

Borough: MANHATTAN **Block:** 1459 **Lot:** 1**Police Precinct:** 19**Owner:** STAHL YORK AVE CO**Address:** 1168 1 AVENUE 10065**Lot Area:** 42777 sf**Lot Frontage:** 200.83' **Lot Depth:** 213**Year Built:** 1903**Number of Buildings:** 8**Number of Floors:** 6**Gross Floor Area:** 201,882 sf (estimated)**Residential Units:** 237 **Total # of****Units:** 246**Land Use:** Mixed Residential and
Commercial Buildings**Zoning:** C1-9 R8B**Commercial Overlay:****Zoning Map #:** 8CDept. of City Planning, PLUTO 13v1 ©
2013 and other city agency sources

Links to More Information

[Address Translator](#)[Building Profile](#)

- Neighborhood Information

- Elected Official Information

Show Additional Data on Map

Data Feedback

NOTICE OF PROPERTY VALUE

#BWNFFBV
#556183613021101#

JANUARY 15, 2013

STAHL YORK AVE CO
277 PARK AVE STE 4700
NEW YORK NY 10172-0013



What is This Notice?

This notice gives you information about how we value your property. **THIS IS NOT A BILL**

Property Description

Owner Name	STAHL YORK AVE CO
Property Address	1168 1 AVENUE
Borough-Block-Lot	MANHATTAN (1)-1459-1
Tax Class	2 (Residential Property With More Than Ten Units And Commercial Space)
Building Class	C7 (Walk-Up Apartments)
Number of Units	237 Residential 9 Non-Residential

Property Assessment

	July 1, 2012 thru June 30, 2013	Change	July 1, 2013 thru June 30, 2014
Market Value	\$18,826,000	+\$885,000	\$19,711,000
Level of Assessment	45%	--	45%
Actual Assessed Value	\$8,471,700	+\$398,250	\$8,869,950
Transitional Assessed Value	\$7,678,890	+\$493,740	\$8,172,630

Exemption: NONE

Important Information

If you disagree with your property value, you may appeal to the NYC Tax Commission no later than **March 1, 2013**.

Hurricane Sandy Damage

We adjusted property values due to Hurricane Sandy where applicable. Please read the Hurricane Sandy insert enclosed with this letter for directions on what to do if you feel that we did not capture your hurricane damage correctly.

Questions?

Visit nyc.gov/finance or contact 311 for more detailed information about your property, this notice, and to read our Class 2 Property Tax Guide.

DETAILED VALUE INFORMATION

Property Address: 1168 1 AVENUE

Borough: MANHATTAN

Block: 1459 Lot: 1

Building Class: C7 - Walk-up apartments

- The Department of Finance estimates that as of January 5, 2013, the market value for this property is \$19,711,000. Finance will use this market value to determine your property taxes starting July 1, 2013.
- Finance estimated your property's market value using the income approach. Market value is found by dividing the net operating income by the overall cap rate.

Factors Used By Finance To Determine Market Value:

- Building Gross Square Footage: We estimated building gross square footage at 201,882.
- Gross Income: We estimated gross income at \$3,939,523.
- Expenses: We estimated expenses at \$1,218,597.
- Net Operating Income: We subtracted estimated expenses from estimated gross income, resulting in a net operating income of \$2,720,926.
- Base Cap Rate: We used a capitalization rate of 7.872% which is Finance's estimated of the rate of return that an ordinary investor would expect on their investment in this type of property.
- Overall Cap Rate: We added an effective tax rate of 5.931% to account for taxes due. Added together your overall capitalization rate is 13.803%.

429 East 64th Street / 430 East 65th Street
Using Cushman & Wakefield's FAE Comparables
(Excluding MSK Units)

Unit	C&W 2010 Analysis	Price Per Sq Ft	HRA Advisors Mkt Rate Rent	Sq Footage	Price Per Sq Ft
1A	\$ 1,271.99	\$ 37.32	\$ 1,615.90	409	\$ 47.41
3A	1,203.57	37.32	1,615.90	387	50.11
4A	1,203.57	37.32	1,615.90	387	50.11
5A	1,271.99	37.32	1,615.90	409	47.41
6A	1,203.57	37.32	1,615.90	387	50.11
1B	1,278.21	37.32	1,615.90	411	47.18
2B	1,087.51	45.79	1,335.58	285	56.23
4B	1,278.21	37.32	1,615.90	411	47.18
5B	1,087.51	45.79	1,335.58	285	56.23
6B	1,087.51	45.79	1,335.58	285	56.23
2C	1,767.75	47.14	1,963.86	450	52.37
2C	1,144.48	37.32	1,615.90	368	52.69
3C	1,144.48	37.32	1,615.90	368	52.69
4C	1,767.75	47.14	1,963.86	450	52.37
5C	1,144.48	37.32	1,615.90	368	52.69
2D	1,250.22	37.32	1,615.90	402	48.24
3D	1,194.36	45.79	1,335.58	313	51.20
3E	1,197.35	37.32	1,615.90	385	50.37
6E	1,175.58	37.32	1,615.90	378	51.30
1F	1,488.18	45.79	1,335.58	390	41.09
1F	1,098.96	45.79	1,335.58	288	55.65
2F	1,488.18	45.79	1,335.58	390	41.09
2F	1,098.96	45.79	1,335.58	288	55.65
3F	1,098.96	45.79	1,335.58	288	55.65
5F	1,098.96	45.79	1,335.58	288	55.65
1G	1,160.03	37.32	1,615.90	373	51.99
3G	1,234.67	37.32	1,615.90	397	48.84
4G	1,160.03	37.32	1,615.90	373	51.99
5G	1,160.03	37.32	1,615.90	373	51.99
2H	1,190.54	45.79	1,335.58	312	51.37
3H	1,190.54	45.79	1,335.58	312	51.37
4H	1,190.54	45.79	1,335.58	312	51.37
1I	1,076.07	45.79	1,335.58	282	56.83
2I	1,121.86	45.79	1,335.58	294	54.51
2I	1,076.07	45.79	1,335.58	282	56.83
4I	1,121.86	45.79	1,335.58	294	54.51
4I	1,076.07	45.79	1,335.58	282	56.83
6I	1,121.86	45.79	1,335.58	294	54.51
1J	1,222.23	37.32	1,615.90	393	49.34
5J	1,222.23	37.32	1,615.90	393	49.34
6J	1,194.24	37.32	1,615.90	384	50.50
2K	1,171.46	45.79	1,335.58	307	52.21
2K	1,169.36	37.32	1,615.90	376	51.57
4K	1,169.36	37.32	1,615.90	376	51.57
5K	1,171.46	45.79	1,335.58	307	52.21

Unit	C&W 2010 Analysis	Price Per Sq Ft	HRA Advisors Mkt Rate Rent	Sq Footage	Price Per Sq Ft
6K	1,171.46	45.79	1,335.58	307	52.21
6K	1,169.36	37.32	1,615.90	376	51.57
1L	1,102.78	45.79	1,335.58	289	55.46
4L	1,102.78	45.79	1,335.58	289	55.46
6L	1,102.78	45.79	1,335.58	289	55.46
2M	1,240.89	37.32	1,615.90	399	48.60
3M	1,240.89	37.32	1,615.90	399	48.60
4M	1,240.89	37.32	1,615.90	399	48.60
5M	1,240.89	37.32	1,615.90	399	48.60
5M	1,144.48	37.32	1,615.90	368	52.69
2N	1,102.78	45.79	1,335.58	289	55.46
3N	1,102.78	45.79	1,335.58	289	55.46
6N	1,102.78	45.79	1,335.58	289	55.46
1O	1,256.44	37.32	1,615.90	404	48.00
2O	1,194.24	37.32	1,615.90	384	50.50
5O	1,194.24	37.32	1,615.90	384	50.50
6O	1,256.44	37.32	1,615.90	404	48.00
1P	1,190.54	45.79	1,335.58	312	51.37
1P	1,362.18	37.32	1,615.90	438	44.27
2P	1,190.54	45.79	1,335.58	312	51.37
3P	1,190.54	45.79	1,335.58	312	51.37
4P	1,362.18	37.32	1,615.90	438	44.27
5P	1,190.54	45.79	1,335.58	312	51.37
6P	1,190.54	45.79	1,335.58	312	51.37
\$ 82,976.70		\$ 102,942.46		24,179	

Cushman & Wakefield Summary			
studio	2 rooms	\$	45.79
1 bedroom	3 rooms		37.32
2 bedroom	4 rooms		47.14
Average Price Per Sq. Ft.	\$	41.18	Average Sq. Footage 350
Average Rent	\$	1,202.56	

HR&A Summary			
Average Price Per Sq. Ft.	\$	51.09	Average Sq. Footage 350
Average Rent	\$	1,491.92	

429 East 64th Street / 430 East 65th Street
Using Cushman & Wakefield's FAE Comparables

Unit	C&W 2010 Analysis	Price Per Sq Ft	HRA Advisors Mkt Rate Rent	Sq Footage	Price Per Sq Ft
1A	\$ 1,461.83	\$ 42.89	\$ 1,615.90	409	\$ 47.41
3A	1,383.20	42.89	1,615.90	387	50.11
4A	1,383.20	42.89	1,615.90	387	50.11
5A	1,461.83	42.89	1,615.90	409	47.41
6A	1,383.20	42.89	1,615.90	387	50.11
1B	1,468.98	42.89	1,615.90	411	47.18
2B	1,064.24	44.81	1,335.58	285	56.23
4B	1,468.98	42.89	1,615.90	411	47.18
5B	1,064.24	44.81	1,335.58	285	56.23
6B	1,064.24	44.81	1,335.58	285	56.23
2C	1,767.75	47.14	1,963.86	450	52.37
2C	1,315.29	42.89	1,615.90	368	52.69
3C	1,315.29	42.89	1,615.90	368	52.69
4C	1,767.75	47.14	1,963.86	450	52.37
5C	1,315.29	42.89	1,615.90	368	52.69
2D	1,436.82	42.89	1,615.90	402	48.24
3D	1,168.79	44.81	1,335.58	313	51.20
3E	1,376.05	42.89	1,615.90	385	50.37
6E	1,351.04	42.89	1,615.90	378	51.30
1F	1,456.33	44.81	1,335.58	390	41.09
1F	1,075.44	44.81	1,335.58	288	55.65
2F	1,456.33	44.81	1,335.58	390	41.09
2F	1,075.44	44.81	1,335.58	288	55.65
3F	1,075.44	44.81	1,335.58	288	55.65
5F	1,075.44	44.81	1,335.58	288	55.65
1G	1,333.16	42.89	1,615.90	373	51.99
3G	1,418.94	42.89	1,615.90	397	48.84
4G	1,333.16	42.89	1,615.90	373	51.99
5G	1,333.16	42.89	1,615.90	373	51.99
2H	1,165.06	44.81	1,335.58	312	51.37
3H	1,165.06	44.81	1,335.58	312	51.37
4H	1,165.06	44.81	1,335.58	312	51.37
1I	1,053.04	44.81	1,335.58	282	56.83
2I	1,097.85	44.81	1,335.58	294	54.51
2I	1,053.04	44.81	1,335.58	282	56.83
4I	1,097.85	44.81	1,335.58	294	54.51
4I	1,053.04	44.81	1,335.58	282	56.83
6I	1,097.85	44.81	1,335.58	294	54.51
1J	1,404.65	42.89	1,615.90	393	49.34
5J	1,404.65	42.89	1,615.90	393	49.34
6J	1,372.48	42.89	1,615.90	384	50.50
2K	1,146.39	44.81	1,335.58	307	52.21
2K	1,343.89	42.89	1,615.90	376	51.57
4K	1,343.89	42.89	1,615.90	376	51.57
5K	1,146.39	44.81	1,335.58	307	52.21
6K	1,146.39	44.81	1,335.58	307	52.21
6K	1,343.89	42.89	1,615.90	376	51.57
1L	1,079.17	44.81	1,335.58	289	55.46
4L	1,079.17	44.81	1,335.58	289	55.46
6L	1,079.17	44.81	1,335.58	289	55.46

Unit	C&W 2010 Analysis	Price Per Sq Ft	HRA Advisors Mkt Rate Rent	Sq Footage	Price Per Sq Ft
2M	1,426.09	42.89	1,615.90	399	48.60
3M	1,426.09	42.89	1,615.90	399	48.60
4M	1,426.09	42.89	1,615.90	399	48.60
5M	1,426.09	42.89	1,615.90	399	48.60
5M	1,315.29	42.89	1,615.90	368	52.69
2N	1,079.17	44.81	1,335.58	289	55.46
3N	1,079.17	44.81	1,335.58	289	55.46
6N	1,079.17	44.81	1,335.58	289	55.46
1O	1,443.96	42.89	1,615.90	404	48.00
2O	1,372.48	42.89	1,615.90	384	50.50
5O	1,372.48	42.89	1,615.90	384	50.50
6O	1,443.96	42.89	1,615.90	404	48.00
1P	1,165.06	44.81	1,335.58	312	51.37
1P	1,565.49	42.89	1,615.90	438	44.27
2P	1,165.06	44.81	1,335.58	312	51.37
3P	1,165.06	44.81	1,335.58	312	51.37
4P	1,565.49	42.89	1,615.90	438	44.27
5P	1,165.06	44.81	1,335.58	312	51.37
6P	1,165.06	44.81	1,335.58	312	51.37
\$ 88,335.17		\$ 102,942.46		24,179	

Cushman & Wakefield Summary			
studio	2 rooms	\$	44.81
1 bedroom	3 rooms		42.89
2 bedroom	4 rooms		47.14
Average Price Per Sq. Ft.	\$	43.84	Average Sq. Footage 350
Average Rent	\$	1,280.22	

HR&A Summary			
Average Price Per Sq. Ft.	\$	51.09	Average Sq. Footage 350
Average Rent	\$	1,491.92	

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
<i>Subtotal Excl. Elevator Bldg</i>	<i>331</i>	<i>7</i>	<i>2%</i>	<i>1,551.78</i>	<i>1,437.25</i>	<i>86</i>	<i>26%</i>	<i>829.54</i>	<i>769.10</i>	<i>93</i>	<i>28%</i>	<i>883.90</i>	<i>812.61</i>
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
<i>TOTALS Excl. Elevator Bldg</i>	<i>986</i>	<i>32</i>	<i>3%</i>	<i>1,613.17</i>	<i>1,597.52</i>	<i>269</i>	<i>27%</i>	<i>865.50</i>	<i>812.53</i>	<i>301</i>	<i>31%</i>	<i>944.99</i>	<i>864.13</i>
<i>TOTALS Excl York Av + Elev</i>	<i>796</i>	<i>15</i>	<i>2%</i>	<i>1,545.31</i>	<i>1,491.86</i>	<i>176</i>	<i>22%</i>	<i>853.30</i>	<i>788.76</i>	<i>191</i>	<i>24%</i>	<i>907.65</i>	<i>819.63</i>

Stahl York Comparable Rental Properties
Based on the Dept. of Finance

#	Property Address	Year	Total Income	Vacancy	Occupied Units	Stories	Income per Occupied Apt	Monthly Rent per Occupied Apt	Gross Apt SF (occupied)	Rent per SF (Gross)	*Net Apt SF (occupied)	Rent per SF (Net)
1	417 East 65th Street	2009	\$697,356.00	5.00%	26.6	6	\$26,216.39	\$2,184.70	14,820	\$47.06	13,338	\$52.28
	417 East 65th Street	2009	\$697,356.00	10.00%	25.2	6	\$27,672.86	\$2,306.07	14,040	\$49.67	12,636	\$55.19
2	425 East 65th Street	2009	\$608,869.00	5.00%	28.5	6	\$21,363.82	\$1,780.32	15,077	\$40.39	13,569	\$44.87
	425 East 65th Street	2009	\$608,869.00	10.00%	27.0	6	\$22,550.70	\$1,879.23	14,283	\$42.63	12,855	\$47.37
3	429 East 65th Street	2009	\$325,181.00	5.00%	28.5	6	\$11,409.86	\$950.82	14,820	\$21.94	13,338	\$24.38
	429 East 65th Street	2009	\$325,181.00	10.00%	27.0	6	\$12,043.74	\$1,003.65	14,040	\$23.16	12,636	\$25.73
4	438 East 66th Street	2009	\$266,409.00	5.00%	9.5	5	\$28,043.05	\$2,336.92	8,465	\$31.47	7,618	\$34.97
	438 East 66th Street	2009	\$266,409.00	10.00%	9.0	5	\$29,601.00	\$2,466.75	8,019	\$33.22	7,217	\$36.91
5	436 East 66th Street	2009	\$266,409.00	5.00%	9.5	5	\$28,043.05	\$2,336.92	8,465	\$31.47	7,618	\$34.97
	436 East 66th Street	2009	\$266,409.00	10.00%	9.0	5	\$29,601.00	\$2,466.75	8,019	\$33.22	7,217	\$36.91
6	434 East 66th Street	2009	\$266,409.00	5.00%	9.5	5	\$28,043.05	\$2,336.92	8,465	\$31.47	7,618	\$34.97
	434 East 66th Street	2009	\$266,409.00	10.00%	9.0	5	\$29,601.00	\$2,466.75	8,019	\$33.22	7,217	\$36.91
7	432 East 66th Street	2009	\$176,059.00	5.00%	19.0	5	\$9,266.26	\$772.19	8,465	\$20.80	7,618	\$23.11
	432 East 66th Street	2009	\$176,059.00	10.00%	18.0	5	\$9,781.06	\$815.09	8,019	\$21.96	7,217	\$24.39
8	430 East 66th Street	2009	\$167,300.00	5.00%	19.0	5	\$8,805.26	\$733.77	8,465	\$19.76	7,618	\$21.96
	430 East 66th Street	2009	\$167,300.00	10.00%	18.0	5	\$9,294.44	\$774.54	8,019	\$20.86	7,217	\$23.18
9	428 East 66th Street	2009	\$503,730.00	5.00%	19.0	5	\$26,512.11	\$2,209.34	8,251	\$61.05	7,426	\$67.84
	428 East 66th Street	2009	\$503,730.00	10.00%	18.0	5	\$27,985.00	\$2,332.08	7,817	\$64.44	7,035	\$71.60
10	426 East 66th Street	2009	\$242,275.00	5.00%	19.0	5	\$12,751.32	\$1,062.61	9,201	\$26.33	8,281	\$29.26
	426 East 66th Street	2009	\$242,275.00	10.00%	18.0	5	\$13,459.72	\$1,121.64	8,717	\$27.79	7,845	\$30.88
11	424 East 66th Street	2009	\$241,369.00	5.00%	20.0	5	\$12,098.70	\$1,008.22	9,201	\$26.23	8,281	\$29.15
	424 East 66th Street	2009	\$241,369.00	10.00%	18.9	5	\$12,770.85	\$1,064.24	8,717	\$27.69	7,845	\$30.77
12	422 East 66th Street	2009	\$492,512.00	5.00%	38.0	5	\$12,960.84	\$1,080.07	18,402	\$26.76	16,561	\$29.74
	422 East 66th Street	2009	\$492,512.00	10.00%	36.0	5	\$13,680.89	\$1,140.07	17,433	\$28.25	15,690	\$31.39
Total			\$4,253,878.00	5.00%	246.1		\$17,288.67	\$1,440.72	132,093	\$32.20	118,883	\$35.78
Total			\$4,253,878.00	10.00%	233.1		\$18,249.15	\$1,520.76	125,141	\$33.99	112,626	\$37.77

* 90% of gross square footage

Stahl York Comparable Rental Properties

Based on the Real Estate Board of NY

#	Property Address	RPIE Year	Total Income	Vacancy	Occupied Units	Stories	Income per Occupied Apt	Monthly Rent per Occupied Apt	Gross Apt SF (occupied)	Rent per SF (Gross)	*Net Apt SF (occupied)	Rent per SF (Net)
1	417 East 65th Street	2010	\$629,879.00	5.00%	26.6	6	\$23,679.66	\$1,973.31	14,820	\$42.50	13,338	\$47.22
	417 East 65th Street	2010	\$629,879.00	10.00%	25.2	6	\$24,995.20	\$2,082.93	14,040	\$44.86	12,636	\$49.85
2	425 East 65th Street	2010	\$553,890.00	5.00%	28.5	6	\$19,434.74	\$1,619.56	15,077	\$36.74	13,569	\$40.82
	425 East 65th Street	2010	\$553,890.00	10.00%	27.0	6	\$20,514.44	\$1,709.54	14,283	\$38.78	12,855	\$43.09
3	434 East 66th Street	2009	\$175,308.00	5.00%	9.5	5	\$18,453.47	\$1,537.79	8,465	\$20.71	7,618	\$23.01
	434 East 66th Street	2009	\$175,308.00	10.00%	9.0	5	\$19,478.67	\$1,623.22	8,019	\$21.86	7,217	\$24.29
4	432 East 66th Street	2008	\$170,931.00	5.00%	19.0	5	\$8,996.37	\$749.70	8,465	\$20.19	7,618	\$22.44
	432 East 66th Street	2008	\$170,931.00	10.00%	18.0	5	\$9,496.17	\$791.35	8,019	\$21.32	7,217	\$23.68
5	430 East 66th Street	2010	\$163,812.00	5.00%	19.0	5	\$8,621.68	\$718.47	8,465	\$19.35	7,618	\$21.50
	430 East 66th Street	2010	\$163,812.00	10.00%	18.0	5	\$9,100.67	\$758.39	8,019	\$20.43	7,217	\$22.70
6	426 East 66th Street	2008	\$235,218.00	5.00%	19.0	5	\$12,379.89	\$1,031.66	9,201	\$25.57	8,281	\$28.41
	426 East 66th Street	2008	\$235,218.00	10.00%	18.0	5	\$13,067.67	\$1,088.97	8,717	\$26.99	7,845	\$29.98
7	424 East 66th Street	2008	\$234,339.00	5.00%	20.0	5	\$11,746.32	\$978.86	9,201	\$25.47	8,281	\$28.30
	424 East 66th Street	2008	\$234,339.00	10.00%	18.9	5	\$12,398.89	\$1,033.24	8,717	\$26.88	7,845	\$29.87
8	422 East 66th Street	2008	\$463,067.00	5.00%	38.0	5	\$12,185.97	\$1,015.50	18,402	\$25.16	16,561	\$27.96
	422 East 66th Street	2008	\$463,067.00	10.00%	36.0	5	\$12,862.97	\$1,071.91	17,433	\$26.56	15,690	\$29.51
Total			\$2,626,444.00	5.00%	179.6		\$14,627.93	\$1,218.99	92,093	\$28.52	82,884	\$31.69
Total			\$2,626,444.00	10.00%	170.1		\$15,440.59	\$1,286.72	87,246	\$30.10	78,521	\$33.45

* 90% of gross square footage

Gleeds
215 Park Avenue South
6th Floor
New York, New York 10003

Telephone: 212.406.8474
Facsimile: 212.228.6431
www.gleeds.com

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November 11, 2013

Hon. Robert B. Tierney, Chairman
New York City Landmarks Preservation Commission
One Centre Street, 9th Floor North
New York, New York 10007

Re: **City and Suburban Homes Co., First Avenue Estate**
429 East 64th St. / 430 East 65th St., Manhattan

Dear Chairman Tierney:

This letter is submitted in support of the application of the Stahl Organization for permission to demolish the above-referenced buildings on the grounds of economic hardship. It responds to several issues concerning this application which, we understand, were raised by the Commission following its October 29, 2013 public meeting.

In connection with this application, Gleeds New York (formerly Project Consult) estimated the hard costs associated with several scenarios for restoring the subject buildings to stabilized occupancy, including a so-called Minimum Habitability scheme, involving only the work required to render the buildings' vacant apartments legally habitable, and a so-called Market Rehab scheme, which involved building-wide capital improvements and a more intensive renovation of the buildings' vacant apartments in order to render them reasonably competitive with other walk-up apartments in the surrounding area. (My previous letter of October 11, 2013 compared the scope of work associated with these two schemes.) In order to estimate the costs associated with these scenarios, we reviewed a spreadsheet prepared by the Stahl Organization which classified each of the vacant apartments, then totaling 110, in one of four condition levels. As explained in our previous reports, a Level 1 apartment required only some lead paint abatement, paint and plaster repairs and electrical

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work to render it code compliant and legally habitable. A Level 2 apartment required the Level 1 work plus improvements to either the kitchen or bathroom. A Level 3 apartment required the Level 1 and Level 2 work, plus improvements needed to the kitchen and bath, plus more extensive wall and/or floor repairs or replacement. A Level 4 apartment, of which there were only five, required a complete gut renovation due to previous fire, water damage or neglect. We also performed a thorough inspection of the subject buildings, which included an examination of mechanical systems, cellars, roofs, common areas and a large number, albeit not all, of the buildings' vacant apartments. We then focused on 14 vacant apartments which were representative of the four specified condition levels. We surveyed and sketched each of these apartments and confirmed its condition level and the amount of work it needed under each scheme. We estimated the hard costs associated with this work and applied these costs to the remaining vacant apartments to produce an estimate of the total costs associated with each scenario.

Our cost estimates in this matter were based on our extensive experience with renovations of New York City residential buildings and employed the same methods that we have used in numerous other projects, which reflect generally accepted cost-estimation practices. Estimates of the cost of renovating multiple apartments within a building are uniformly based on surveys of representative apartments.

None of our estimates involved the double counting of any costs, including "general conditions" costs for the general contractor and subcontractors. As with any significant renovation project, costs attributable to general conditions, overhead, taxes and profit would be separately incurred and charged for the general contractor and subcontractors. We incorporated these contractor and subcontractor costs into our cost estimates for the subject buildings in accordance with standard industry practice -- for subcontractors, these costs

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were incorporated into the specific unit costs listed for each apartment and, for the general contractor, they were added as a percentage of the total of the subcontractor (trade) costs.

This did not result in a double counting of any "general conditions" costs. The general contractor has overall responsibility for the project site and will incur costs for such things as management salaries, overall site supervision (project superintendent), site security, site maintenance, site clean-up and office overhead. Subcontractors generally incur their own separate job-related costs relating to such things as off-site management, site supervision, site safety, drafting and engineering, and transporting, loading, unloading and storing of materials, supplies and equipment.

Furthermore, the special conditions associated with the subject buildings, which I have described in previous submissions, would significantly increase the "general conditions" costs of subcontractors working in these buildings. This is not your typical renovation especially for the Minimum Habitability scheme or the Market Rehab. These buildings, with their small floor plans, no vertical transportation, limited storage, no common core area, plus working within an occupied building, will have an overall impact on the subcontractors and General Contractor costs in management and administration of the project. For example, the absence of elevators and the narrow, winding staircases would increase the time and costs incurred by subcontractors in moving materials, supplies and equipment to where they are needed. The lack of storage space in the subject buildings would require that supplies and materials be delivered to subcontractors in smaller batches and thus more frequently, thereby increasing these costs. As I have previously explained, because of the multiple cores (stairwells) at each building, the use of equipment such as a crane or hydraulic lift would not significantly mitigate the extra costs produced by these particular conditions. If a hydraulic lift was used to deliver materials, you would have to deliver to 4 apartments per

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building (one per building core), and a significant amount of manual distribution to other apartments through the building core would still be required. Because of the very limited areas in and around the subject buildings available for the storage and staging of materials, multiple deliveries would be required. Consequently, any equipment that was used to move materials into the buildings would have to be kept on site for a number of days or remobilized multiple times, which would entail significant expense. Delivering materials to building roofs would require the use of a crane and would still necessitate manual deliveries to each apartment. Additionally, storage at the roof level could be problematic because the roof may not have the structural capacity for this storage, the material would have to be protected from the elements and the material would have to be secured to prevent it from blowing off the roof. Delivering material to each floor would involve the use of a hydraulic lift and would require that materials travel through apartment windows, which would have to be removed for this purpose.

Subcontractors would also incur additional costs in connection with either the Minimum Habitability scheme or the Market Rehab scenario due to the need to perform work in the subject buildings with many apartments occupied by tenants. Such a situation requires additional protection for common areas, more frequent clean-up of work areas and special measures to mitigate noise, dust, etc., all of which increase subcontractor costs.

Additionally, costs to address, respond to and mitigate tenant complaints, including complaints to New York City's 311 telephone line, would be incurred by the subcontractors and General Contractor. All of these will cause an increase in overall costs, especially general conditions related costs.

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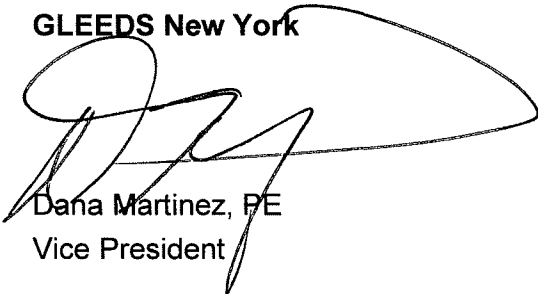
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Based on all of the above and due to the very nature of this project (small floor plates, multiple cores, limited access, limited storage, no elevators, and occupied building), the comparison of anticipated costs with standard printed cost manuals does not fully capture and address the costs that will be incurred over the course of the construction project.

Finally, all of our estimates included the cost of demolishing and replacing any bathroom partitions that required relocation in order to install new bathroom fixtures. In the reports that we previously submitted to the Commission, the cost summary for each apartment indicates whether it includes the cost of a new bathroom wall.

Respectfully

GLEEDS New York



Dana Martinez, PE
Vice President

Cc: Albert Fredericks – Kramer Levin Naftalis & Frankel
Paul Reimer – SVP Gleeds