

Alan D. Sugarman
Attorney At Law

17 W. 70 Street
Suite 4
New York, NY 10023
212-873-1371
mobile 917-208-1516
fax 212-202-3524
sugarman@sugarlaw.com

June 12, 2007

Fax 212. 732. 1442

Mr. Jack Freeman
Freeman/Frazier & Associates
132 Nassau Street, Suite 1220
New York, NY 10028

Re: BSA 74-07-BZ
Congregation Shearith Israel
Economic Analysis Report

Dear Mr. Freeman:

Reference is made to the Economic Analysis Report dated March 28, 2007, which you prepared for Congregation Shearith Israel for submission to the New York City Board of Standards and Appeals in support of its application for a zoning variance.

A meeting of the Land Use Committee of Community Board 7 is scheduled for June 20, 2007. We understand that you will be at the meeting to support the CSI zoning variance requests.

We have reviewed your March 28, 2007 report. On behalf of community residents, we respectfully ask that you provide responses to these questions at or before said meeting. We believe these are very relevant and focused questions. We do believe that the CB7 committee should not proceed with this matter without your complete answers.

Q-1.: Mr. Freeman, in your computations at Section 1.20 of your report, you use the figure of 37,899 sq. ft. as the total adjusted maximum developable square footage. This figure is not consistent with the floor area schedule in drawing AOR-2 submitted to the BSA. AOR-2 as well does not take into account the fact that the plans for the First Floor provide for a 20 ft. tall floor which could accommodate two floors of developable square footage. Please provide a worksheet and explanation of how you arrived at 37,899 sq. ft.

A.

Q-2.: Mr. Freeman, related to the prior question, in Section 4.10 of your report in valuing the cost of land at \$18.9 million, you multiple \$500 a sq. ft. by the potential residential area of the building of 37,889 sq. ft. to arrive at this figure. Does your number of 37,899 assumes that there could be built on the R10A portion of the land a tower of 273 feet high – was it part of your assumptions in arriving at the 38,8899 sq. ft. figure, or is there another explanation?

A:

Q-3.: Mr. Freeman, in your computation of maximum developable sq. ft., did you take into account the required 40 ft. separation between buildings and the variance required according to Department of Buildings objection No. 8?

8. PROPOSED SEPARATION BETWEEN BUILDINGS IN R10A DOES NOT COMPLY. 0.00' PROVIDED INSTEAD OF 40.00' CONTRARY TO SECTION 24-67 AND 23-711.

A.

Q-4.: 1. Q-a. Mr. Freeman, based upon the table in As-Of-Right Drawing AOR-2 submitted by the applicant to BSA, and adjusting for the fact that the first floor being 20 feet in height occupies two floors of developable space, would it be fair to conclude that in the as of right proposal, 70% of the developable space is utilized for the community facility and 30% for the residential facility? Q-b. If this is not accurate, please provide your allocation with an explanation of your computations.

A.-a

A.-b.

Q-5.: Mr. Freeman, in your computations in your Schedule A1, you assumed that in the as of right building, floors 4-6 would be developed as condominium space and concluded there would be a loss of \$16.6 million. Would you please tell us what profit or loss would occur if floors all 75 feet of the as of right building you describe were developed and sold as condominiums? In preparing your response, please assume that two floor of condominiums can be built in the 20 foot high first floor shown in the as of right drawings.

A:

Q-6.: Mr. Freeman, in your computation, you assumed that in the as of right building, floors 5-7 would be developed as condominium space and stated a loss of \$16.6 million. Would you please tell us what profit or loss would occur if floors 2-6 of the as of right building you describe were developed and sold as condominiums.

A:

Q-7.: Mr. Freeman, when the applicant decides to develop only 2 floors of the as of right building as cadmiums, rather than 3 or more floors as condominiums, is that not decision self-imposed by the applicant, rather than a requirement imposed by the physical conditions of the construction site?

A.

Q-8.: Mr. Freeman, on page 6, Section 4.20, of your report, you state:

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4.20 Unique Site Conditions

Although the potential residential floor area is 37,417 sq.ft., the undersized site; the presence of the existing zoning district boundary and requirements to align its street wall and east elevation with the existing Synagogue; need to replace and enlarge the existing functions in the Community House; and need to address the Synagogue's circulation problems create practicable difficulties in being able to feasibly develop the New Building in a manner that would further CSI's religious, educational and cultural mission. These restrictions also prevent development of a valuable tower component of the building on the R10A portion of the site and limit the overall residential floor area possibilities.

Mr. Freeman, would you please explain why the site of over 6000 square feet is undersized, as you allege in 4.20, if a profit could be earned by the applicant if the entire site were developed as condominiums?

A:

Q-9.: Mr. Freeman, you computed a value for the construction site to be \$18.9 million by multiplying the maximum number of developable sq. ft. times a value you estimated of \$500 a sq. ft. In arriving at the \$500 figure, did you take into account the undersized site and other physical limitations which you allege existed as to the property site which you enumerate in Section 4.20 of your report.?

A.

Q-10.: Mr. Freeman, would you explain, as you state in your section 4.20 quoted in Question why a requirement that the street wall and east elevation be aligned with the existing Synagogue impairs the developability of a building on the construction site?

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A:

Q-11.: Mr. Freeman, would you explain with particularity in what ways floors 2-6 of the as-of-right building help address the Synagogue's circulation problems as you assert in 4.20 of your report?

A:

Q-12.: Mr. Freeman, referring to your statement in 4.20 quoted above, would you explain how the additional 3 floors in the proposed building as sought in the variance request alleviates the unique site conditions which you claim to exist?

A:

Q-13.: Mr. Freeman, in your computation of acquisition cost, of \$18.9 million the cost of the land, you assumed that the developer would be paying for the development rights for 38,000 square feet of developable rights (at 1.20 of your report). But, Mr. Freeman, in you schedule A-1 of the report, you have the developer using only 7596 gross sq. ft. for residential development and 5022 net square feet for residential development. If the "developer" paid only for the residential development rights that it could use, and that figure were used for the "acquisition cost), what would the estimated profit/loss using the same methodology shown at schedule A-1?

A:

Q-14.: Mr. Freeman, following up on the prior question, we note that you allocated all of the \$18.9 million cost of land to the residential use in the as of right building. But, Mr. Freeman, most of the developable rights, as much as 70%, is being used for the community space - why did you not allocate a portion of the acquisition cost to the community space?

A:

Q-15.: Mr. Freeman, in you Schedule A1, you have a line item "Capitalized Value of Commercial Space" to which you assign the value zero. What is the purpose of that line item and what income capitalized would belong on such line? Why would you assign land cost for rentable school uses to the condominium analysis, but not include school income, in your analysis?

A:

Q-16.: Mr. Freeman, when you were preparing Schedule A1, did you at any time have discussions with the Congregation concerning income from the school and banquet hall to be developed in the as of right building or are you now aware that the Congregation intends to obtain such income, and, if so, why did you not include such commercial income in your analysis?

A:

Q-17.: Mr. Freeman, the applicant here describes a mixed-use project with institutional and commercial value, and, integrated with a zoning lot which include a Parsonage that also has commercial value, containing a apartment and office space. In providing your economic analysis, please explain why you exclude in our computations all commercial value accruing to the applicant, other than the condominium value?

A:

Q-18.: Mr. Freeman, the Congregation at the last CB7 committee hearing stated there would be no developer for this project - who is the developer here - is it not the

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Synagogue. Please provide a full explanation of the conceptual approach to your analysis.?

A:

Q-19.: Mr. Freeman, would you compute in your answer the value of the land cost retained by the Congregation for its own use for the community space in the as of right building?

A:

We are preparing what we believe are accurate responses to many of these questions. In the absence of contrary statement by you, we will ask that the Boards accept our statements as to these issues.

Sincerely,



Alan D. Sugarman

cc:

Hon. Sheldon J. Fine, Chair Manhattan Community Board 7
Jeff Mulligan, Executive Director BSA
Norman Marcus
Kate Wood, Executive Director, Landmarks West
Shelly Friedman, Esq., Friedman & Gotbaum LLP
Hon. Betsy Gotbaum, Public Advocate of the City of New York
Hon. Gail Brewer, New York City Council Member
Hon. Scott Stringer Manhattan Borough President
Hon. Richard Gottfried State Assembly Member