

FREEMAN

FRAZIER

& ASSOCIATES, INC.

REAL ESTATE SERVICES

132 NASSAU STREET
NEW YORK, NY 10038
TEL: 212.732.4056
FAX: 212.732.1442

FAX TRANSMITTAL

Date: February 22, 2008
To: Jeffrey Mulligan + Jed Weiss
Fax Number: 212-788-8769
From: Jessica Daniels
Re: 10 W 70th St Meeting Follow Up
No. of Pages: 8 (including cover page)
Fax Number: (212) 732-1442

<input type="checkbox"/> URGENT	<input checked="" type="checkbox"/> FOR REVIEW	<input type="checkbox"/> PLEASE COMMENT
<input type="checkbox"/> AS REQUESTED	<input type="checkbox"/> PLEASE REPLY	<input type="checkbox"/> FOR YOUR INFORMATION

NOTES/COMMENTS:

FREEMAN

FRAZIER

REAL ESTATE SERVICES

& ASSOCIATES, INC.

132 NASSAU STREET
NEW YORK, NY 10038
TEL: 212.732.4056
FAX: 212.732.1442

MEMORANDUM

Date : February 22, 2008

To : Jeffrey Mulligan
Jed Weiss
New York City Board of Standards and Appeals

From : Jack Freeman

Re : 6-10 West 70th Street
BSA Meeting Response

Attached please find a letter in response to the BSA meeting of February 20, 2008.

FREEMAN

FRAZIER

REAL ESTATE SERVICES

& ASSOCIATES, INC.

132 NASSAU STREET
NEW YORK, NY 10038
TEL: 212.732.4056
FAX: 212.732.1442

February 22, 2008

Jeffrey Mulligan, Executive Director
New York City Board of Standards and Appeals
40 Rector Street
New York, New York 10007

Re: 6-10 West 70th Street
New York, NY
74-07-BZ

Dear Mr. Mulligan:

Following our meeting on February 20, 2008, we had the chance to review the materials we provided in our previous submissions and December 21, 2007 Response to the Board. Below we provide a summary to highlight the assumptions made for the most recent submission:

The floor area of the As of Right with Tower was determined by Platt Byard Dovell White's (PBDW) zoning analysis to be 37,888.11 sq. ft. This served as the basis of our property valuation and As of Right analysis. For your review we have attached is an axonometric drawing of the As of Right with Tower Development and floor area schedule as provided by PBDW (for current discussion purposes, PBDW's 37,888.11 sq. ft. is more or less consistent with the +/-36,000 sq. ft. you described at the meeting; differences can be discussed and resolved with PBDW).

Of the As of Right 37,888.11 sq. ft., 19,755 (as shown on floor area schedule) is residential square footage, and 18,133 is community facilities area. In our most recent submission, the acquisition cost of \$14,816,000 was determined based only on the 19,755 sq. ft. of As of Right residential area at \$750/sq. ft. In previous analyses, the acquisition costs were based on the entire building, which included the community facility areas.

Attached is a copy of page two of the December 21, 2007 Hearing Response submission, which describes the As of Right with Tower Development, as per the above. Schedule A from the same submission (attached), shows the As of Right scheme is not feasible and has a capital loss of \$7,076,000.

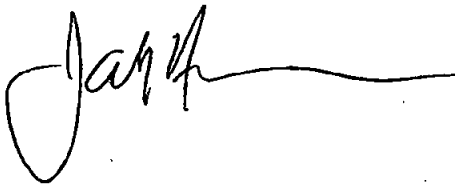
BSA Hearing Response
6-10 West 70th Street
New York, NY
February 22, 2008
Page 2

The Proposed Development has slightly more floor area, 42,962 sq.ft. of total floor area, of which 14,430 sq.ft. is community facility area, and 20,863 sq.ft. is residential area. As seen in Schedule A, the return is 12.19%. This is somewhat higher than in previous analyses, but is a direct result of the decrease in acquisition costs based on the elimination of the Community Facility floor area requested by the Board. In other variances the Board has accepted increased returns, which result at changes in assumptions made at their request.

As we noted at the meeting, and as shown by the analysis of the As of Right with Tower Development, without the floor area included in the Proposed Development, the project would not be economically feasible. When PBDW completes their analysis of creating a courtyard, we will analyze the effect of the loss of floor area from the courtyard and discuss that with you at next Thursday's meeting.

Please feel free to call me if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Freeman", with a long horizontal flourish extending to the right.

Jack Freeman

C) As of Right with Tower Development

The As of Right with Tower Development would occupy the full zoning envelope, and would consist of a new synagogue lobby on the ground floor, and community facility space on floors two through four. Floors five through sixteen would be for sale condominium units. There would be a total of thirteen residential units.

The gross built area of this alternative would be 37,888 sq.ft., not including the cellar. The zoning floor area for this alternative would be 37,888 sq.ft. The total gross residential area, which includes residential lobby and core but does not include the cellar, would be 19,755 sq.ft. The residential sellable area is 10,795 sq.ft.

D) Proposed Development

The Proposed Development alternative would consist of new construction of an eight-story plus penthouse. The new development consists of a new synagogue lobby on the ground floor, and community facility space on floors two through four. Floors five through eight and the penthouse would be for sale condominium units. There would be a total of five residential units.

The gross built area of this alternative would be 42,962 sq.ft., not including the cellar. The zoning floor area for this alternative would be 42,962 sq.ft. The total gross residential area, which includes residential lobby and core but does not include the cellar, would be 22,907 sq.ft. The residential sellable area is 14,980 sq.ft.

This development program is referred to as the "Proposed Development".

E) As of Right Residential F.A.R. 4.0 – Scheme C

The "As of Right Residential F.A.R. 4.0" alternative was submitted at the request of the Board based on Notice of Objections of June 15, 2007, Objection #37. A revised analysis at the request of the Board was performed in the October 24, 2007 submission.

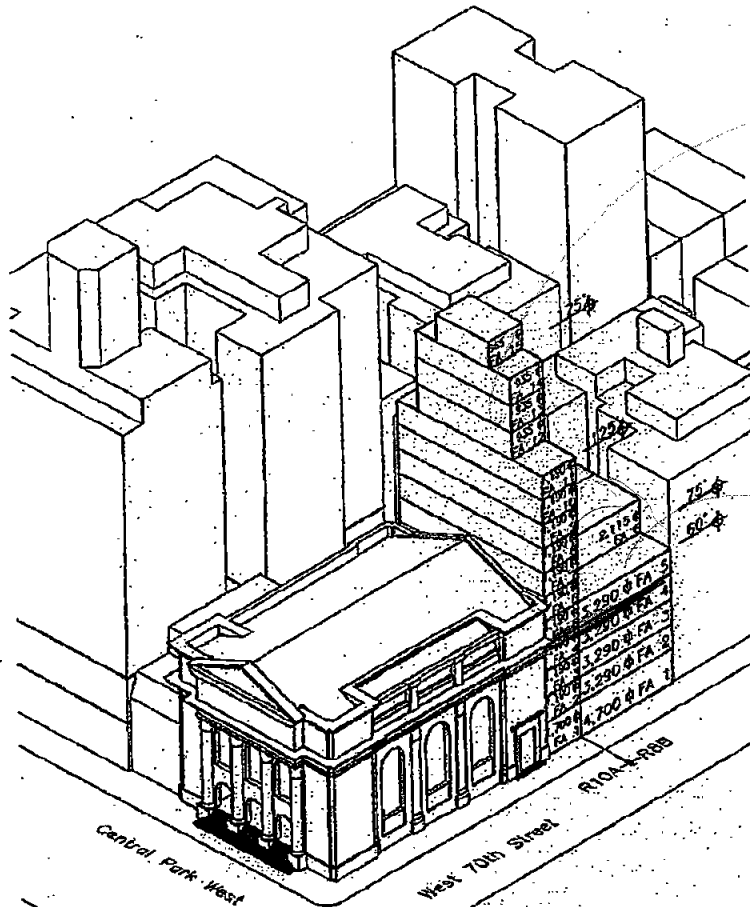
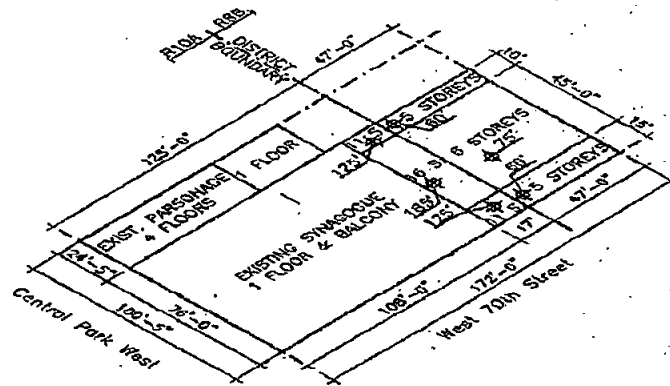
The specifics of this alternative are discussed in Exhibit C.

Value of the Property

Estimating the acquisition cost is part of every Economic Analysis Report submitted as part of the BSA procedure. For this mixed institutional and residential development, property valuation was estimated assuming complying development after review and analysis of comparable land sales, based on an average \$/square foot of buildable floor area.

SCHEDULE A1: ANALYSIS SUMMARY - CONDOMINIUM USE

		REVISED AS OF RIGHT CF/RESIDENTIAL DEVELOPMENT	LESSER VARIANCE CF/RESIDENTIAL DEVELOPMENT		AS OF RIGHT WITH TOWER DEVELOPMENT (Residential Only)		REVISED PROPOSED DEVELOPMENT (Residential Only)		ALL RESIDENTIAL F.A.R. 4.0
BUILDING AREA (SQ.FT.)									
BUILT RESIDENTIAL AREA		7,594	12,575		20,019		20,863		28,724
SELLABLE AREA	70%	5,316	8,593	76%	10,346	52%	15,799	62%	17,780
CAPITAL INVESTMENT SUMMARY									
ACQUISITION COST		\$14,816,000	\$14,816,000		\$14,816,000		\$14,816,000		\$14,816,000
HOLDING & PREP. COSTS		\$0	\$0		0		\$0		\$0
BASE CONSTRUCTION COSTS		\$3,722,000	\$4,339,000		\$8,056,000		\$7,488,000		\$11,808,000
SOFT CONSTRUCTION COSTS		\$4,337,000	\$4,525,000		\$6,274,000		\$6,434,000		\$6,847,000
		\$22,875,000	\$23,680,000		\$29,146,000		\$28,738,000		\$33,471,000
PROJECT VALUE									
SALE OF UNITS		\$12,623,000	\$20,191,000		\$24,595,000		\$40,968,000		\$40,199,000
(less) SALES COMMISSIONS	6%	(\$757,000)	(\$1,211,000)		(\$1,476,000)		(\$2,458,000)		(\$2,412,000)
EST. NET PROJECT VALUE		\$11,866,000	\$18,980,000		\$23,119,000		\$38,510,000		\$37,787,000
PROJECT INVESTMENT									
ACQUISITION COST		\$14,816,000	\$14,816,000		\$14,816,000		\$14,816,000		\$14,816,000
HOLDING & PREP. COSTS		\$0	\$0		\$0		\$0		\$0
BASE CONSTRUCTION COSTS		\$3,722,000	\$4,339,000		\$8,056,000		\$7,488,000		\$11,808,000
SOFT CONSTRUCTION COSTS		\$4,337,000	\$4,525,000		\$6,274,000		\$6,434,000		\$6,847,000
CARRYING COSTS DURING SALES PERIOD		\$470,000	\$493,000		\$600,000		\$664,000		\$688,000
EST. TOTAL INVESTMENT		\$23,345,000	\$24,173,000		\$29,746,000		\$29,402,000		\$34,159,000
RETURN ON INVESTMENT									
ESTIMATED PROJECT VALUE		\$11,866,000	\$18,980,000		\$23,119,000		\$38,510,000		\$37,787,000
(less) EST. TOTAL INVESTMENT		(\$23,345,000)	(\$24,173,000)		(\$29,746,000)		(\$29,402,000)		(\$34,159,000)
(less) EST. TRANSACTION TAXES		(\$230,000)	(\$368,000)		(\$449,000)		(\$748,000)		(\$734,000)
EST. PROFIT (loss)		(\$11,709,000)	(\$5,561,000)		(\$7,076,000)		\$8,360,000		\$2,894,000
DEVELOPMENT/SALES PERIOD (MONTHS)		23	23		32		28		28
ANNUALIZED PROFIT (loss)		(\$6,109,000)	(\$2,901,000)		(\$2,654,000)		\$3,583,000		\$1,240,000
RETURN ON TOTAL INVESTMENT		0.00%	0.00%		0.00%		28.43%		8.47%
ANNUALIZED RETURN ON TOTAL INVESTMENT		0.00%	0.00%		0.00%		12.19%		3.63%



R8B

**EXISTING AS OF RIGHT ZONING ENVELOPE @
DEVELOPMENT SITE**

LOT AREA AT DEVELOPMENT SITE: 6,427 SF
PERMITTED FLOOR AREA:

- R10A- 17,070 SF
- R8B- 18,878 SF
- COMBINED - 35,948 SF

10 WEST 70th ST.

PLATT BYARD DOVELL WHITE STEPHEN TILLY, Architect
ARCHITECTS LLP

PLATT BYARD DOVELL WHITE
Architects

Congregation Shearith Israel
As-of-Right with Tower
(existing synagogue not included)

	R8B CF	R8B RES	R10A CF	R10A RES	R8B & R10A CF	R8B & R10A RES	R8 & R10	ZONING FAR
C2	4723.50		1918.10		6641.60		6641.60	
C1CF	3247.68		1602.44		4850.12			
C1R		1339.75		315.66		1655.41	6505.53	
1CF	3705.44		1918.10		5623.54			
1R		1017.57				1017.57	6641.11	6641.11
2CF	2988.00		1198.50		4186.50			
2R		325.50				325.50	4512.00	4512.00
3CF	2988.00		1198.50		4186.50			
3R		325.50				325.50	4512.00	4512.00
4CF	2938.50		1198.50		4137.00			
4R		375.00				375.00	4512.00	4512.00
5CF								
5R		3315.50		1198.50		4514.00	4514.00	4514.00
6		2138.50		1198.50		3337.00	3337.00	3337.00
7				1198.50		1198.50	1198.50	1198.50
8				1198.50		1198.50	1198.50	1198.50
9				1198.50		1198.50	1198.50	1198.50
10				1198.50		1198.50	1198.50	1198.50
11				1198.50		1198.50	1198.50	1198.50
12				773.50		773.50	773.50	773.50
13				773.50		773.50	773.50	773.50
14				773.50		773.50	773.50	773.50
15				773.50		773.50	773.50	773.50
16				773.50		773.50	773.50	773.50
R8B	12619.94	7497.57	5513.60	12257.00				
R10A	20,117.51		17,770.60					
TOTAL CF			18,133.54					
TOTAL RES						19,754.57		
TOTAL FAR							51,035.24	
TOTAL ZONING FAR								37,888.11