

TOPICS

Not Opposed CSI Expansion, Per Se

But the many submissions are flawed

There are Errors in Submissions

They might be characterized technical or conforming to common practice. While the errors on their face don't appear particularly egregious,

The Errors Have Serious Consequences

For the applicant and for the BSA.

TECHNICAL
ERRORS

Applicant Failed to Identify Equity

Application Instruction Item M:(5) concerning Financial Feasibility Studies for Condominium development proposals, requires specific information: market value of the property, equity (defined in M:(4) as "total cost less financing"), and percentage return on equity (cash flow divided by equity), and other items.

The applicant has not identified equity.

ROI Is Incorrectly Stated

Project financials submitted in Freeman/Frazier contain a line labeled ROI, but it is actually project profit rate. It is not Return on Investment or in BSA terminology, Return on Equity.

TECHNICAL
ERRORS, Cont'd

Rights Valuations are Questionable

Documents indicate disagreement not only on values but on the process of estimating market value. These arise because there is no developer bid.

There is a better method, used in my letter of April 10th, that produces an economic value that could be used by a developer, based only on CSI figures for the possible uses for the particular West 70th Street site.

CONSEQUENCES

Figures As Presented Mask Huge Profits

The Revised Proposed (December '07) and the Proposed Development with Courtyard (March '08) show developer ROIs of 69% when calculated using the BSA formula. These huge returns require, and result from, the requested variances.

If CSI itself were to be the developer, its return would be 144% on its investment in the Community Facility.

As of Right Uses Are Profitable

But the more important result of using the BSA formula is that it reveals at least two of the As of Right configurations (of Dec '07) are reasonably profitable.

Revised AoR CF/Residential	15%
All Residential (AoR) F.A.R. 4.0	30%

Since As of Right uses produce a reasonable return according to BSA method, a 72-21(b) finding cannot be invoked to justify variances.

BSA Procedure Vulnerable

Should the BSA authorize variances based on an application that violates BSA rules, uses questionable valuations, and produces huge profits flowing from those variances, it is open to challenge.

Statement to BSA

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