

FREEMAN



REAL ESTATE SERVICES

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July 8, 2008

Hon. Meenakshi Srinivasan, Chairperson  
New York City Board of Standards and Appeals  
40 Rector Street  
New York, New York 10007

Re: 6-10 West 70<sup>th</sup> Street  
New York, NY  
Calendar No. 74-07-BZ

Dear Chairperson Srinivasan:

The following has been prepared in response to questions raised by the Board at the hearing of June 24, 2008.

In addition, responses have been provided to a report by Metropolitan Valuation Services (the "MVS Report"), dated June 23, 2008; and a letter by Alan D. Sugarman ("Sugarman Letter"), dated June 20, 2008 in opposition to the above referenced application submitted. Both of the opposition documents questions specific items in our letter to you of June 17, 2008.

**Response to the BSA**

In response to questions raised at the BSA, we provide the following:

**Rear Terraces**

The rear terrace on the fifth floor on top of the community facility, where the building setbacks, and the small area on the sixth floor, created by the courtyard, were not originally designed as accessible open space on the plans provided by Platt Byard Dovell and White (PBDW). Therefore, these areas were not included in the sales price as sellable terrace areas of the respective units.

In order to respond to the question raised at the hearing by the BSA regarding the fifth and sixth floors open areas, we have provided an alternative analysis

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**SCHEDULE A: ANALYSIS SUMMARY**

	REVISED AS OF RIGHT CF/RESIDENTIAL DEVELOPMENT	REVISED PROPOSED DEVELOPMENT
<b>BUILDING AREA (SQ.FT.)</b>		
BUILT RESIDENTIAL AREA	7,594	22,352
SELLABLE AREA	5,316	15,243
<b>CAPITAL INVESTMENT SUMMARY</b>		
ACQUISITION COST	\$12,347,000	\$12,347,000
HOLDING & PREP. COSTS	\$0	\$0
BASE CONSTRUCTION COSTS	\$3,722,000	\$7,398,000
SOFT CONSTRUCTION COSTS	\$3,977,000	\$6,322,000
	\$20,046,000	\$26,067,000
<b>PROJECT VALUE</b>		
SALE OF UNITS	\$12,702,000	\$36,394,000
(less) SALES COMMISSIONS	6% (\$762,000)	(\$2,184,000)
EST. NET PROJECT VALUE	\$11,940,000	\$34,210,000
<b>PROJECT INVESTMENT</b>		
ACQUISITION COST	\$12,347,000	\$12,347,000
HOLDING & PREP. COSTS	\$0	\$0
BASE CONSTRUCTION COSTS	\$3,722,000	\$7,398,000
SOFT CONSTRUCTION COSTS	\$3,977,000	\$6,322,000
CARRYING COSTS DURING SALES PERIOD	\$419,000	\$664,000
EST. TOTAL INVESTMENT	\$20,465,000	\$26,731,000
<b>RETURN ON INVESTMENT</b>		
ESTIMATED PROJECT VALUE	\$11,940,000	\$34,210,000
(less)EST.TOTAL INVESTMENT	(\$20,465,000)	(\$26,731,000)
(less) EST.TRANSACTION TAXES	(\$232,000)	(\$664,000)
EST.PROFIT (loss)	(\$8,757,000)	\$6,815,000
DEVELOPMENT/SALES PERIOD (MONTHS)	23	28
ANNUALIZED PROFIT (loss)	(\$4,569,000)	\$2,921,000
RETURN ON TOTAL INVESTMENT	0.00%	25.49%
ANNUALIZED RETURN ON TOTAL INVESTMENT	0.00%	10.93%

NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

SCHEDULE B : DEVELOPMENT COSTS

		REVISED AS OF RIGHT CF/RESIDENTIAL DEVELOPMENT	REVISED PROPOSED DEVELOPMENT
<b>DEVELOPMENT COST SUMMARY</b>			
ACQUISITION COSTS		\$12,347,000	\$12,347,000
HOLDING & PREP. COSTS:		\$0	\$0
BASE CONSTRUCTION COSTS		\$3,722,000	\$7,398,000
TENANT FIT-OUT COSTS		\$0	\$0
EST.SOFT COSTS		\$3,977,000	\$6,322,000
<b>EST. TOTAL DEV.COSTS</b>		<b>\$20,046,000</b>	<b>\$26,067,000</b>
<b>ACQUISITION COSTS :</b>			
Land Purchase Price		\$12,347,000	\$12,347,000
<b>TOTAL LAND VALUE</b>		<b>\$12,347,000</b>	<b>\$12,347,000</b>
<b>HOLDING &amp; PREP. COSTS:</b>		<b>\$0</b>	<b>\$0</b>
<b>BASE CONSTRUCTION COSTS :</b>		<b>\$3,722,000</b>	<b>\$7,398,000</b>
TENANT FIT-OUT COSTS		\$0	\$0
EST.CONST.LOAN AMOUNT :		\$15,035,000	\$24,770,000
EST.CONST.PERIOD(MOS):		20	24
<b>EST. SOFT COSTS :</b>			
Builder's Fee/Developer's Profit	3.00%	\$601,000	\$782,000
Archit.& Engin. Fees	8.00%	\$298,000	\$592,000
Bank Inspect.Engin.		\$30,000	\$34,000
Construction Management	5.00%	\$186,000	\$296,000
Inspections, Borings & Surveys			
Laboratory Fees	LS	\$5,000	\$5,000
Soil Investigation	LS	\$10,000	\$10,000
Preliminary Surveys	LS	\$5,000	\$5,000
Ongoing Surveys	LS	\$10,000	\$10,000
Environmental Surveys/Reports	LS	\$2,000	\$2,000
Controlled Inspection Fees	LS	\$45,000	\$45,000
Legal Fees			
Dev.Legal Fees		\$150,000	\$150,000
Con.Lender Legal		\$45,000	\$62,000
End Loan Legal		\$0	\$0
Permits & Approvals			
D.O.B. Fees	25.53%	\$95,000	\$119,000
Cond/Co-op Offering Plan		\$30,000	\$30,000
Other		\$40,000	\$40,000
Accounting Fees		\$5,000	\$5,000
Consultant Fees		\$0	\$0
Appraisal Fees		\$8,000	\$8,000
Marketing/Pre-Opening Expenses			
Sales Expenses & Advertising		\$198,000	\$198,000
Financing and Other Charges			
Con.Loan Int. @ Loan Rate =	8.50%	\$1,190,000	\$2,353,000
Con.Lender Fees	1.00%	\$150,000	\$248,000
Construction Real Estate Tax		\$334,000	\$445,000
Title Insurance	0.33%	\$66,000	\$66,000
Mlge.Rec.Tax	2.75%	\$413,000	\$681,000
Construction Insurance	1.00%	\$56,000	\$111,000
Water and Sewer		\$5,000	\$5,000
Other		\$0	\$0
<b>TOTAL EST.SOFT COSTS</b>		<b>\$3,977,000</b>	<b>\$6,322,000</b>

NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

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*Revised Scheme C*

Mr. Sugarman is concerned that a revised Scheme C was not provided.

We note that the BSA did not request a submission of an analysis of a revised Scheme C.

*Case Law*

Freeman/Frazier made no reference to case law and limits consideration to financial analysis in submissions to the BSA.

*Income from School*

As noted above, and as noted in prior submissions, market rate rents for community facilities were provided at the request of the Board.

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