

Holland & Knight

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Holland & Knight LLP | www.hklaw.com

Kenneth K. Lowenstein
212-513-3438
kenneth.lowenstein@hklaw.com

August 30, 2012

Via Certified Mail,

Nicholas D. Viest, Chair
Manhattan Community Board 8
505 Park Avenue, Suite 620
New York, New York 10022

Re: 113 East 90th Street Variance Application

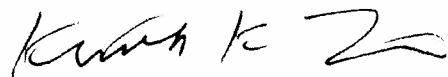
Dear Mr. Viest:

Pursuant to the Rules of the New York City Board of Standards & Appeals, enclosed is a copy of an application (together with all required supporting materials) for a variance pursuant to Section 72-21 of the Zoning Resolution for property located at 113 East 90th Street, Manhattan.

As set forth in the application, the property contains two buildings separated by a yard. The buildings, which date from the 1880s, were originally constructed by the New York Fire Patrol and have historically been used for a combination of residential and non-residential purposes. Prior to the purchase of the property by the current owners, it housed an art gallery on the ground floor, a museum in the rear building and residential uses.

The current owners wish to utilize the entire property as a single family residence. The application requests a variance to waive lot coverage, minimum distance between buildings and minimum distance of legally required windows from wall to permit this use.

Very truly yours,



Kenneth K. Lowenstein

Enclosures



RECEIVED
AUG 31 2012
BY COMMUNITY BOARD 8



City of New York
Board of Standards and Appeals
40 Rector Street, 9th Floor
New York, NY 10006-1705
Phone: (212) 788-8500
Fax: (212) 788-8769
www.nyc.gov/bsa

ZONING (BZ) CALENDAR

Application Form

BSA APPLICATION NO. _____

CEQR NO. _____

RECEIVED

AUG 1 2012

Section A

Applicant/
Owner

Holland & Knight LLP

NAME OF APPLICANT O

31 West 52nd Street

ADDRESS ADDRESS

New York NY 10019

CITY STATE ZIP CITY

212 513-3438

AREA CODE TELEPHONE

212 341-7134

AREA CODE FAX ADDRESS

kenneth.lowenstein@hklaw.com

EMAIL

Old Firehouse No. 4 LLC

OWNER OF RECORD

113 East 90th Street

New York NY 10128

CITY STATE ZIP

LESSEE / CONTRACT VENDEE

CITY STATE ZIP

Section B

Site
Data

113 East 90th Street

10128

STREET ADDRESS (INCLUDE ANY A/K/A)

ZIP CODE

north side of East 90th Street 150 feet west of the intersection of 90th Street & Park Avenue

DESCRIPTION OF PROPERTY BY BOUNDING OR CROSS STREETS

1519

7

Manhattan

7

No

BLOCK

LOT(S)

BOROUGH

COMMUNITY DISTRICT

LANDMARK/HISTORIC DISTRICT

Garodnick

R8B

6b

CITY COUNCIL MEMBER

ZONING DISTRICT

ZONING MAP NUMBER

(include special district, if any)

Section C

Dept of Building
Decision

BSA AUTHORIZING SECTION(S) 72-21

for

☒ VARIANCE

☐ SPECIAL PERMIT (Including 11-41)

Section(s) of the Zoning Resolution to be varied 23-145, 23-711, 23-861

DOB Decision (Objection/ Denial) date: July 31, 2012

Acting on Application No: 121133308

Section D

Description

(LEGALIZATION ☐ YES ☒ NO ☐ IN PART)

Site contains a 3-story building in front and a 2-story building in the rear. Application seeks a variance to waive lot coverage, minimum distance between buildings and minimum distance of legally required windows from wall. Requested variance will allow entire property to be used as a single-family residence.

Section E

BSA History
and
Related Actions

If "YES" to any of the below questions, please explain in the STATEMENT OF FACTS

YES NO

1. Has the premises been the subject of any previous BSA application(s)?

☒

☐

PRIOR BSA APPLICATION NO(S): 165-93-BZ

2. Are there any applications concerning the premises pending before any other government agency?

☐

☒

3. Is the property the subject of any court action?

☐

☒

Section F

Signature

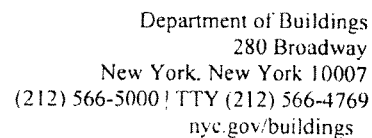
I HEREBY AFFIRM THAT BASED ON INFORMATION AND BELIEF, THE ABOVE STATEMENTS AND THE STATEMENTS CONTAINED IN THE PAPERS ARE TRUE.

SWORN TO ME THIS 29TH DAY OF AUGUST 2012

Kenneth K. Lowenstein

NOTARY PUBLIC

NANETTE FAZZINI
Notary Public, State of New York
No. 01FA6100501
Qualified in Kings County
Certificate Filed in New York County
Commission Expires Oct 20, 2015



STATEN ISLAND (5)
BORO HALL- ST. GEORGE
STATEN ISLAND, NY 10301

NYC Department of Buildings Examiner: Kenneth Fladen, R.A.

[illegible]



BOARD OF STANDARDS AND APPEALS

40 Rector Street, 9th Floor
New York, New York 10006-1705
Phone: (212) 788-8500
www.nyc.gov/bsa

AFFIDAVIT OF OWNERSHIP AND AUTHORIZATION

Affidavit of Ownership

Mark Shafir, being duly sworn, deposes and says that (s)he resides
at 145 East 92nd Street, in the City of New York, in the County of New York, in the
State of New York; that Old Firehouse No. 4 LLC is the owner in fee of all that certain
lot, piece or parcel of land located in the Borough of Manhattan, in the City of New York
and known and designated as Block 1519, Lot(s) 7, Street and House Number
113 East 90th St; and that the statement of facts in the annexed application are true.

Check one of the following conditions:



Sole property owner of zoning lot



Cooperative Building



Condominium Building



Zoning lot contains more than one tax lot and property owner

Owner's Authorization

The owner identified above hereby authorizes Kenneth K. Lowenstein
to make the annexed application in her/his behalf.

Signature of Owner

Mark Shafir

Print Name

Mark Shafir

Print Title

Member

Sworn to before me this 14th day

of August 2012
Linda A. Statti

Revised March 8, 2012

LINDA A. STATTI
Notary Public, State of New York
No. 01ST4963940
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires March 19, 2014

August 29, 2012

113 East 90th Street
New York, NY
Block 1519, Lot 7

STATEMENT OF FACTS

I. Introduction

Holland & Knight LLP submits this application pursuant to §72-21 of the Zoning Resolution of the City of New York (“ZR”) on behalf of Old Firehouse No. 4 LLC¹, the owner of 113 East 90th Street in the Borough of Manhattan (Block 1519, Lot 7) (the “Property”) for a variance to modify applicable requirements of the ZR relating to lot coverage, distance between buildings and minimum distance of legally required windows from lot lines or walls. The requested variance is needed to allow the Property to be used as a single-family dwelling.

The Property consists of a 25 by 100.71 foot lot on the north side of East 90th Street between Park and Lexington Avenues and is located in an R8B district. It is a highly unusual, if not unique, lot with two buildings on it: in the front and extending for a depth of 60 feet is a three-story building while the rear portion contains a two-story building with a depth of 15 feet. A yard of approximately 25 feet separates the two buildings.

The existing buildings were originally constructed around 1880 to serve as the quarters for New York Fire Patrol 4 which served the Upper East Side. The New York Fire Patrol was established by the New York Board of Fire Underwriters (an organization composed of fire insurance companies) to patrol neighborhoods and assist the official fire department by discovering fires and providing an initial response with the objective of minimizing property damages. The front building housed the actual fire-fighting equipment while the rear building

¹ This entity was formed for the purposes of holding title to the Property on behalf of Mark Shafir and Hillary Schafer who will reside in the property together with their family if the variance is approved.

was a stable for the horses. Patrol 4 was disbanded in 1941 and other patrols assumed responsibility for the area covered by Patrol 4.

In 1946, the Property was purchased by the American Alpine Club for use as a private club and museum. In 1993, the Property was sold and in April, 1994, the Board approved a variance (165-93-BZ) to permit a Use Group 6 commercial art gallery on the ground floor of the front building. The approved plans show that the upper floors of the front building contained two apartments and the rear building would be used as a Use Group 3 museum. The art gallery use has ceased and since the purchase of the Property by the current owner in August, 2011, both buildings have been vacant.

The most notable aspect of this history is that, unlike all the other lots on East 90th Street and most (if not all) mid-blocks properties between Park and Lexington Avenues, the Property has never been used primarily for residential purposes. The purpose of this application is to allow the entire Property to be used like its neighbors.

90th Street is a typical Upper East Side residential street. Directly to the east of the Property is a nine-story co-operative building and a group of six, five-story buildings. On the west of the Property and extending to Park Avenue is a 14-story co-operative apartment building (1125 Park Avenue) which is separated from the Property by a nine foot six inch open area. The south side of the street is characterized by nine to 15- story apartment buildings.

II. Proposed Project

This application proposes to convert the ground floor of the front building and both floors of the rear building to residential uses to allow the Property to be occupied as the residence of the owners. The ground floor of the front building would have a vestibule, living room and kitchen with living quarters on the second and third floors. The rear building would house guest quarters

with a vestibule on the ground floor and bedroom on the second floor. The plans also propose to excavate in the yard separating the two buildings and underneath the rear building to create a cellar which would contain a media room, gym, children's play room and wine cellar..

The floor area for the proposed building is 5,317.25 square feet which is less than the 10,071 square feet permitted by the R8A zoning. There is no increase in floor area from the existing conditions.

The existing front building contains a mechanical enclosure and bulkhead with a height of approximately 9 feet above the roof, bringing the elevation of the existing building to an elevation of 49.12 feet. The proposed building will have a mechanical enclosure on the roof and a smaller bulkhead (33.88 square feet in area compared to 198.33 square feet for the bulkhead on the existing building). The elevation to the top of the bulkhead is 47.98 feet and there is a 2.12 foot wall above the top of the bulkhead bringing the total height of the proposed building to 50.10 feet or about one foot higher than the existing building.

III. Alternative Development Scenarios

For purposes of this application, the architect has prepared two alternative development schemes. Option 1 is for a Use Group 3 medical office on the first floor of the front building and on both floors of the rear building. Option 2 is for a Use Group 3 museum on the first floor of the front building and on both floors of the rear building. Both schemes have residential uses on the upper two floors of the front building.

Both of the alternative development schemes conform with the underlying R8B zoning.

IV. Department of Buildings' Objections

The Department of Buildings has raised the following objections with respect to the proposed project:

1. Does not comply with lot coverage limitations of Section 23-145.

Section 23-145 provides that the maximum lot coverage on an interior lot in an R8B district is 70%. The subject lot has an area of 2,517.75 square feet so the maximum permitted lot coverage is 1,762.4 square feet. The proposed project will have a lot coverage of 1,899.75 square feet or 75.4%.

2. Does not comply with minimum distance between buildings per Section 23-711.

Section 23-711 governs the minimum distance between a building containing residential uses and any other building on the same zoning lot. The front building contains a bedroom with a legally required window facing the rear building while the rear building does not contain any legally required windows.² Accordingly, the conditions are "wall to window" and a minimum distance of 35 feet is required between the buildings.³ Since the existing distance between the front and rear buildings is 24.72 feet, the proposed project does not comply.

3. Does not comply with minimum distance of legally required windows from lot line or walls per Section 23-861.

Section 23-861 provides that the minimum distance between any legally required window and a wall or lot line is 30 feet. Since the existing distance between the front and rear buildings is 24.72 feet, the proposed project does not comply.

V Prior BSA Applications

As previously noted, the Site has been the subject of a prior variance application in 1994 when the Board approved a variance (165-93-BZ) for a term of 15 years to permit a Use

² The first floor of the rear building does not contain any "living" rooms while the second floor bedroom receives its legally required light and air from a skylight.

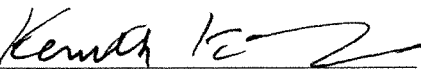
³ Section 23-711(c) provides that where buildings of different heights face each other, the average determines the required minimum distance. The front building has a height of 39.54 feet above curb level while the rear building's height is 20.01 feet above curb level, producing an average of 30.1 feet and, per the chart contained in that section, the required distance for a wall to window condition is 35 feet.

Group 6 commercial art gallery on the ground floor of the front building. By resolution adopted June 16, 2009, the Board granted an additional 15 year term to expire on April 12, 2024. As previously noted, the art gallery use has ceased.

VI. Pending Violations, Summonses and Court Actions

There are two pending violations, summonses or court actions with respect to the Property-- Violation #s 02477 and 02478 which both relate to failure to file 2010 annual boiler inspection report. These violations relate to the previous commercial art gallery use and to a period prior to when the present owner acquired title.

Dated: August 29, 2012
New York, New York

By: 
Kenneth K. Lowenstein

August 29, 2012

113 East 90th Street
New York, NY
Block 1519, Lot 7

STATEMENT OF FINDINGS

In order to grant a variance the Board must make each of the findings set forth in ZRCNY § 72-21. As set forth below, this case meets each and of the required findings.

(a) that there are unique physical conditions, including irregularity, narrowness or shallowness of lot size or shape, or exceptional topographical conditions or other physical conditions peculiar to and inherent in the zoning lot; and that, as a result of such unique physical conditions, practical difficulties or unnecessary hardship arise in complying strictly with the use or bulk provisions of the Resolution; and that the alleged practical difficulties or unnecessary hardship are not due to circumstances created generally by the strict application of such provisions in the neighborhood or district in which the zoning lot is located.

In its 1994 Resolution approving the prior variance for the Property, the Board found that:

"[T]he history of development of this small lot with two (2) separate buildings not designed or used for residential uses creates a unique condition and an unnecessary hardship in now utilizing both buildings [for] a conforming use"

The conditions on the Property have not changed since that time. The Property still contain two buildings separated by a yard. The buildings were designed and built for use by the old New York City Fire Patrol. They have never been used solely for residential purposes and, until 1994, it appears that the Property never contained residential uses. The surrounding Upper East Side neighborhood is one of the premier residential areas in the City. Its avenues and tree-lined side streets contain stately apartment buildings, townhouses and walk-ups. Having two

buildings on a 25 foot wide parcel is a condition that occurs very infrequently, if at all, in this neighborhood and is a unique condition peculiar to and inherent in this Property.

(b) that because of such physical conditions there is no reasonable possibility that a development, enlargement, extension, alteration or change of use on the zoning lot in strict conformity with the provisions of this Resolution will bring a reasonable return; and that the grant of a variance is therefore necessary to enable the owner to realize a reasonable return from such zoning lot; this finding shall not be required for the granting of a variance to a non-profit organization.

J. S. Freeman Associates, Inc. has prepared an Economic Analysis Report ("Report") analyzing the feasibility of the two alternative development scenarios:

(1) the "conforming development" which is designated as Option 1 on the plans submitted with this application. Under that option, the front building would contain Use Group 3 medical office on the first floor and residential uses on floors two and three while the rear building would have medical uses on both floors;

(2) the "approved development" which is designated as Option 2 on the plans. Option 2 would have a Group 3 museum on the first floor of the front building and on both floors of the rear building with residential uses on floors two and three of the front building.¹

For both options, the Report assumed that the residential space would be developed as two, full floor condominium units. The methodology and assumptions are set forth in the Report but the principal assumptions were the following:

- Rent for the medical offices- \$65 per square foot.
- Rent for the Commercial Art Gallery- \$70 per square foot.
- Condominium Sales Price- \$1,525 per square foot.

¹ Because the proposed use is not for an income producing use but it for a single family residence , no financial feasibility analysis is required.

- Market Value of the Property- \$10 million.
- Capitalization Rate- 6.00%

The Report found that for Option 1, the total development cost would be \$13,660,000 and that the development would have a value of \$5,418,000 or a loss of \$8,242,000. For Option 2, the loss was slightly less (\$7,921,000) based on a total development cost of \$13,455,000 and a value of \$5,534,000. Accordingly, neither of the alternative development scenarios is feasible.

(c) that the variance, if granted, will not alter the essential character of the neighborhood or district in which the zoning lot is located; will not substantially impair the appropriate use or development of adjacent property; and will not be detrimental to the public welfare.

The variance, if approved, would permit the entire Property to be used as a single-family residence and would remove a non-conforming commercial use. The Property is in an R8B district which permits only residential and community facility uses. The remainder of the block is entirely occupied by residential uses so the proposed variance would be consistent with the existing character of the neighborhood.

Even with approval of the variance, there would be substantial light and air provided to all living rooms. The second floor bedrooms in the front building will be 24.72 feet from the rear building. Moreover, since the rear building is only two stories in height, it will not be a significant obstruction to the light and air for these bedrooms. The second floor bedroom in the rear building will receive its required light and air from the a skylight.

(d) that the practical difficulties or unnecessary hardship claimed as a ground for a variance have not been created by the owner or by a predecessor in title; however, where all other required findings are made, the purchase of a zoning lot subject to the restrictions sought to be varied shall not itself constitute a self-created hardship.

The practical difficulties and unnecessary hardship was not created by the owner. The conditions on the Property have existed since the 19th century when the two buildings were

constructed by the New York Fire Patrol. They were not designed for, nor have they been used exclusively for, residential purposes since they were built.

By demolishing the rear building, the Property could be made fully compliant with the R8B zoning. Doing so, however, would entail the demolition of a highly unusual, historic building.² which the owner wishes to preserve.

(e) that within the intent and purposes of this Resolution, the variance, if granted, is the minimum variance necessary to afford relief; and to this end, the Board may permit a lesser variance than that applied for.

The Property will be occupied as a single family residence and the requested variance is needed to allow the entire Property to be used for this purpose.

Dated: August 29, 2012
New York, New York

By: 
Kenneth K. Lowenstein

² The Property is not a landmark nor is it located in an historic district.

Certificate of Occupancy

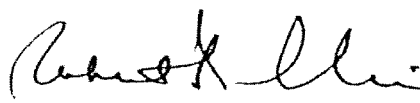
CO Number: 110476486F

This certifies that the premises described herein conforms substantially to the approved plans and specifications and to the requirements of all applicable laws, rules and regulations for the uses and occupancies specified. No change of use or occupancy shall be made unless a new Certificate of Occupancy is issued. *This document or a copy shall be available for inspection at the building at all reasonable times.*

A.	Borough: Manhattan	Block Number: 01519	Certificate Type: Final
	Address: 113 EAST 90TH STREET	Lot Number(s): 7	Effective Date: 06/17/2011
	Building Identification Number (BIN): 1048246		Expiration Date: 04/12/2024
	Building Type: Altered		
This building is subject to this Building Code: Prior to 1968 Code			
For zoning lot metes & bounds, please see BISWeb.			
B.	Construction classification: 3	(Prior to 1968 Code designation)	
	Building Occupancy Group classification: R-3	(2008 Code)	
	Multiple Dwelling Law Classification: None		
	No. of stories: 3	Height in feet: 38	No. of dwelling units: 1
C.	Fire Protection Equipment: None associated with this filing.		
D.	Type and number of open spaces: None associated with this filing.		
E.	This Certificate is issued with the following legal limitations: Board of Standards and Appeals - Recording Info: 165-93BZ		
Borough Comments: None			



Borough Commissioner



Commissioner

DOCUMENT CONTINUES ON NEXT PAGE

Certificate of Occupancy

CO Number: 110476486F

Permissible Use and Occupancy

All Building Code occupancy group designations below are 2008 designations.

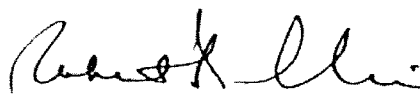
Floor From To	Maximum persons permitted	Live load lbs per sq. ft.	Building Code occupancy group	Dwelling or Rooming Units	Zoning use group	Description of use
CEL		OG	S-2		6	BOILER AND STORAGE IN CONJUNCTION WITH ABOVE
001	40	75	A-3		6	ART GALLERY
001	20	OG	A-3		3	MUSEUM DISPLAY ROOM CONJUNCTION WITH GALLERY (REAR BUILDING)
002		40	R-3	.5	2	ONE-HALF (1/2) APARTMENT
002	6	40	A-3		3	MUSEUM DISPLAY ROOM CONJUNCTION WITH GALLERY (REAR BUILDING)
003		40	R-3	.5	2	ONE-HALF (1/2) APARTMENT

ONE(1) FAMILY DWELLING, OLD CODE AS PER BSA CAL #165-93BZ. NOTE: THAT THERE SHALL BE ON EXTERIOR SIGN ADVERTISING THE GALLERY LIMITED TO A BRASS PLAQUE NO LARGER THAN 8"X 12" AND ONE BRASS OR BRONZE PLAQUE NOTE:ADVERTISING THE MUSEUM NO LARGER THAN 6"X 12". THAT THERE SHALL BE NO DISPLAY WINDOWS AND THAT ART WORK WILL NOT BE VISIBLE FROM THE STREET. THAT THE GLASS ON THE FRONT DOOR TO THE FRONT BUILDING SHALL BE OPAQUE UP SEVEN FEET ABOVE THE ADJACENT SIDEWALK GRADE THAT THE HOURS OF OPERATION OF THE ART GALLERY SHALL BE LIMITED TO 10 AM TO 6 PM MONDAY THRU SATURDAY. THAT THE USE OF THE FIRST FLOOR OF THE FRONT OF THE BUILDING SHALL BE LIMITED SOLELY TO A USE GROUP 6 COMMERCIAL ART GALLERY. THAT THE EXTERIOR LIGHTING ON THE BUILDING SHALL BE RESIDENTIAL IN SCALE. THAT THE TERM OF THE VARIANCE SHALL BE LIMITED TO 15 YEARS TO EXPIRE ON APRIL 12TH, 2024

END OF SECTION



Borough Commissioner



Commissioner

END OF DOCUMENT

110476486/000 6/17/2011 5:31:23 PM

ECONOMIC ANALYSIS REPORT

113 EAST 90TH STREET

NEW YORK, NEW YORK

Old Firehouse No. 4 LLC
August 27, 2012

J.S. Freeman Associates, Inc.
132 Nassau Street, Suite 1220
New York, New York 10038

1.00 Scope of Report

The purpose of this Report is to analyze the feasibility of two alternatives for the development of a site located at 113 East 90th Street, New York, New York. The alternatives considered are: 1) the Approved development with commercial art gallery and museum space on the ground floor and residential use on the second and third floor ("Approved Development"); and, 2) conforming development with medical office use on the ground floor and residential use on the second and third floor ("Conforming Development"). The Proposed Development option, an owner-occupied single family residential use, does not require a feasibility analysis. The Proposed Development requires approval from the Board of Standards and Appeals.

The report includes detailed financial schedules that compare the ability of the Approved Development and the Conforming Development alternatives to provide an acceptable return on the investment required to facilitate development. A summary of the economic characteristics of the Approved Development and Conforming Development alternatives, including projected cash flows, and development costs, may be found on Schedules A and B.

Recent, verifiable comparable property sales were reviewed to establish the market in the vicinity of the subject property. This review may be found as Schedule C.

Recent, verifiable rents for commercial art gallery use were reviewed to establish the potential space market in the vicinity of the subject property. This review may be found as Schedule D.

Recent, verifiable rents for medical offices and apartment rents were reviewed to establish the potential market in the vicinity of the subject property. These reviews may be found as Schedules E and F.

Financial feasibility, the ability to provide the developer and investor with the return of, and a reasonable return on capital invested, was analyzed for the Approved Development and Conforming Development alternatives using actual and estimated costs for acquisition, hard and soft construction costs and building operating expenses. These assumptions are detailed in subsequent sections of this Report.

1.10 Description of Property and Project Area

The subject property is located at 113 East 90th Street (Block 1519, Lot 7) on the north side of East 90th Street between Park and Lexington Avenues and is located in an R8-B district. The front portion of the Property contains a 60 foot deep three-story building constructed in the 1880s as a firehouse. A 24.72 foot yard separates this building from the rear building, which is a two-story structure originally used as a stable. The site has an area of approximately 2,516 sq. ft. In 1994, the Board granted a variance to permit commercial use as a commercial art gallery on the ground floor, museum use for the rear building, and residential use on the upper floors. The gallery has ceased operation. The 2nd and 3rd floors contained residences while the rear building formerly housed a museum used by the American Alpine Club.

The subject property is located in Manhattan Community Board #8. Immediately to the west of the Property is a 14-story co-operative apartment building which is separated from the Building by a 9.6 foot wide yard. The remainder of the north side of the street is a typical Upper East Side mid-block with five-story buildings. The south side of the street contains mostly apartment buildings ranging from 9 to 15 stories. The immediate vicinity of the site is multi-family residential and mixed-use.

1.20 Zoning Regulations

The present zoning for the property is R8-B, which is in a Residential District permitting only residential and community facilities uses.

The current residential floor area ratio (FAR) permitted by the Zoning Resolution for this district is 4.0. The maximum developable square footage permitted by R8-B regulations for this site is 4 x 2,516 sq. ft. (total site area), which yields an allowable zoning floor area of 10,064 sq. ft.

The Approved Development and the Conforming Development, including the rear building, contains 5,317.25 sq. ft. above ground. For the Proposed Development, the building area would be 5,317.25 sq. ft. The Proposed Development requires approval by the Board of Standards and Appeals.

1.30 Property Ownership

Old Firehouse No. 4 LLC owns the subject property.

The property is currently assessed in the 2012/13-tax year as follows:

	<u>Land</u>	<u>Total</u>
Target	\$2,214,000	\$2,695,500
Transitional	\$946,337	\$1,197,035

At a Class 4 tax rate of 10.152%, taxes on the property are estimated at \$121,523/year as per the NYC Department of Finance website.

The applicant in this BSA case is Kenneth K. Lowenstein of Holland & Knight, LLP on behalf of Old Firehouse No. 4 LLC.

1.40 Development Alternatives

The alternatives analyzed are the Approved Development and Conforming Development. The Proposed Development would create an owner-occupied single-family residence, which is not analyzed for financial feasibility.

1.41 Approved Development

The Approved Development consists of a three-story mixed use building with the following program: The cellar would have residential storage and mechanical equipment of approximately 1,683.96 sq. ft.

In the Main Building, the ground floor level has 1,517.75 sq. ft. of commercial gallery space; floors two and three contains two residential units with an average unit size of 1,517.75 sq. ft. and there is a bulkhead with 198.33 sq. ft. In the Rear Building, the ground floor and second floor each has 382 sq. ft. for museum space and storage.

The gross built area of this alternative is 7,199.54 sq. ft. not including the cellar. The zoning floor area for this development would be 5,317.25 sq. ft.

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

1.42 Conforming Development

The Conforming Development alternative would consist of a three-story mixed use building with the following program: The cellar would have residential storage and mechanical equipment of approximately 1,683.96 sq. ft.

In the Main Building, the ground floor level would have 1,517.75 sq. ft. of community space used for a medical office; floors two and three would contain two residential units with an average unit size of 1,517.75 sq. ft. In the Rear Building, the ground floor and second floor would each have 382 sq. ft. for medical office space.

The gross built area of this alternative is 5,317.25 sq. ft. not including the cellar. The zoning floor area for this development would be 5,317.25 sq. ft.

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

1.42 Proposed Development

The Proposed Development alternative would consist of a single-family residential building utilizing both the Main Building and Rear Building. The Main Building would have the following program: the cellar would have 2,569.47 sq. ft. of residential activity space and mechanical space. The ground floor level through third floor will each have 1,517.75 sq. ft. residential space and a roof bulkhead will have 33.88 square feet. The Rear Building would have 382 sq. ft. of residential space on both the ground and second floors.

The gross built area of this alternative is 7,156.60 sq. ft. including the cellar and Penthouse/Bulkhead. The zoning floor area for this development would be 5,317.25 sq. ft.

This development program would require a variance from the Board of Standards and Appeals and is referred to as the "Proposed Development".

2.00 Methodology

2.10 Value of the Property As Is

The value of the property was estimated based on comparison with recent sales of similar properties.

In order to estimate the value of the property under consideration, recent sales prices for comparable properties in similar residential zones and in geographic proximity within Manhattan were reviewed. Six appropriate sales were identified. A site visit to each property was made and location, condition and sales price data were compared. A schedule of the comparable sales is attached as Schedule C.

When adjusted for comparability, property sales ranged from \$8,676,754 to \$12,825,000, with an average of \$10,593.913. For purposes of this analysis, a value of \$10,000,000 was used.

3.00 Economic Assumptions

An economic analysis of the development alternative was undertaken. As part of this analysis, a review of comparable recent retail and apartment rentals was performed. Schedule A of this Report identifies and compares the ability of each alternative to provide acceptable income to justify the capital investments required.

3.10 Development Cost Assumptions

Development Costs consist of Acquisition Costs, as described in Section 2.00, above; Hard Construction Costs for specific improvements; and Soft Costs including construction loan interest, professional and other fees, property and other taxes and miscellaneous development related expenses incurred during the construction period.

Development related soft costs for the alternatives were estimated based on typical expenses incurred for similar types of development.

The architectural firm, Matthew Baird Architects, LLP has provided plans for each development alternative and construction cost estimates have been provided by Alcon Builders Group, Inc. The construction cost estimates are attached as Exhibit A to this Report.

The estimated hard construction cost for the Approved Development is \$2,330,000. The work includes interior building renovation, electrical and mechanical systems and basic medical office fit out. Additional fit out expenses for the ground floor commercial gallery and museum space would be the tenant's responsibility. Apartment interiors include kitchen appliances, bathrooms and high-grade finishes.

The estimated hard construction cost for the Conforming Development is \$2,481,000. The work includes interior building renovation, electrical and mechanical systems and basic medical office fit out. Additional fit out expenses for the ground floor medical office space would be the tenant's responsibility. Apartment interiors include kitchen appliances, bathrooms and high-grade finishes.

Based on our review, the cost estimates provided by Alcon Builders Group, Inc. can be considered within the reasonable range for comparable construction and finishes for this type of project.

3.20 Financing Assumptions

Typically, construction loan interest rates are indexed to the Prime Rate, at a variable index related to the type of project and its inherent risks. As of the Report's date, the Prime Rate was an unusually low 3.25%, which cannot be reasonably assumed to remain in effect during the development's projected timeframe. Therefore, 5.25% was used as the construction loan rate for the analysis.

Long-term mortgage financing rates are incorporated in the determination of the capitalization rate referenced in Section 4.20 of this report and for determination of financing fees and development cost-related financing expenses.

3.30 Real Estate Tax Assumptions

Current taxes were assumed as a base for the construction and rent up periods for the development alternatives.

3.40 Expense Assumptions

Operating characteristics for similar projects were reviewed. Expenses for the residential units are consistent with expenses for similar properties.

3.50 Commercial Gallery Rents

Commercial Gallery rents in the Upper East Side area were reviewed, as well as other comparable areas of the City. As identified in Schedule D adjusted rents are in the \$59/sq. ft. to \$74/sq. ft. range for comparable commercial space, with an average of \$70/sq. ft. For purposes of this analysis, \$70/sq. ft. has been used for the ground floor and \$35/sq. ft. has been used for the rear building museum space.

3.60 Medical Office Rents

Medical Office rents in the Upper East Side area were reviewed, as well as other comparable areas of the City. As identified in Schedule E adjusted rents are in the \$57/sq. ft. to \$69/sq. ft. range for comparable medical office space, with an average of \$63/sq. ft. For purposes of this analysis, \$65/sq. ft. has been used for the ground floor and \$35/sq. ft. has been used for the rear building space.

3.70 Condominium Sales

A review of recent residential condominium sales in the vicinity of the Project and surrounding Upper East Side/Carnegie Hill neighborhood of Manhattan were reviewed. Comparable apartments have been used, and appropriate adjustments made to account for their location and other pertinent factors. In estimating the potential sales prices for the development alternatives, appropriate adjustments to condominium sales prices were made for time, building location, unit size and location of unit within the building. The attached Schedule F provides this information.

Based on a review of recent verifiable sales of comparable apartments in comparable buildings, similar apartments are selling in the range of \$1,403 to \$1,558/sq. ft., adjusting for location, size, floor and amenities. The adjusted average sales value was \$1,517/sq. ft. For purpose of the analyses of the alternatives under consideration, an estimated sales value of \$1,525 was used.

4.00 Consideration

4.10 Property Acquisition

Based on our market review, the estimated price is within the observed market range, taking into account the special features and conditions regarding the subject property as noted in Section 2.10. Economic feasibility issues regarding the project are not, therefore, a result of the estimated value of the property.

4.20 Feasibility Analysis

Consideration of the economic feasibility of for-sale apartment projects is typically based on the potential profit generated from the sale of the apartments and other sources, on an annualized basis. Profit is the amount available for distribution to investors after all project expenses incurred in the development and sale of units are deducted from gross revenues. "Annualized Return on Total Investment" is measured by dividing the estimated annualized project profit by the total investment in the project.

We have used the capitalization of income method to determine the value of the non-residential rental space in each development alternative. This method capitalizes the net operating income, which is the sum of all rents less expenses. For purposes of the development alternatives contained in this Report, a capitalization rate of 6.00% has been utilized. This capitalization rate used is based on a survey of lenders and investors taken by RealtyRates.com in the 1st quarter of 2012, and includes both lender and investor expectations, attached as Exhibit B. The 6.00% cap rate is at the low end of the range shown in the RealtyRates.com surveys.

Schedule A1 provides an Analysis Summary of the Approved Development and the Conforming Development. Schedule A2 identifies the Capitalized Value of the Commercial Space for the Approved Development. Schedule A3 identifies the Capitalized Value of the Commercial Space for the Conforming Development. Schedule B identifies the development costs for each alternative.

As shown in the attached Schedule A1, the total development cost, including estimated property value, hard construction costs, soft costs, carrying and transaction costs for the Approved Development is estimated to be \$13,455,000.

The Feasibility Analysis estimated the net project value to be \$5,534,000. This amount is the sum of total estimated gross sales proceeds, less sales commissions plus the Capitalized Value of the Non-Residential Space. As shown in Schedule A1, the development of the Approved Development would in an estimated loss of (\$7,921,000). Therefore, the Approved Development is not feasible.

As shown in the attached Schedule A1, the total development cost, including property value, hard construction costs, soft costs, carrying and transaction costs for the Conforming Development is estimated to be \$13,660,000.

The Feasibility Analysis estimated the net project value to be \$5,418,000. This amount is the sum of total estimated gross sales proceeds, less sales commissions plus the Capitalized Value of the Non-Residential Space. As shown in Schedule A1, the development of the Conforming Development would in an estimated loss of (\$8,242,000). Therefore, the Conforming Development is not feasible.

5.00 Conclusion

The Net Project Value of the Approved Development and the Net Project Value Conforming Development contains significantly less value than the total development cost. Therefore, neither of these alternatives can be considered economically feasible.

6.00 Professional Qualifications

A statement of my professional qualifications is attached. Please note that I am independent of the subject property's owner and have no legal or financial interest in the subject property.

SCHEDULE A1 : ANALYSIS SUMMARY - MIXED USE/ RESIDENTIAL DEVELOPMENTS

BUILDING AREA (SQ.FT.)	APPROVED DEVELOPMENT	CONFORMING DEVELOPMENT
BUILT RESIDENTIAL AREA	3,036	3,036
SELLABLE AREA	3,036	3,036
CAPITAL INVESTMENT SUMMARY		
ACQUISITION COSTS	\$10,000,000	\$10,000,000
HOLDING & PREP. COSTS	\$0	\$0
BASE CONSTRUCTION COSTS	\$2,330,000	\$2,481,000
SOFT CONSTRUCTION COSTS	\$1,008,000	\$1,047,000
	\$13,338,000	\$13,528,000
PROJECT VALUE		
SALE OF UNITS	\$4,629,000	\$4,629,000
TOTAL EST. GROSS SALES PROCEEDS	\$4,629,000	\$4,629,000
(less) SALES COMMISSIONS 6%	(\$278,000)	(\$278,000)
CAPITALIZED VALUE OF NON-RESIDENTIAL SPACE	\$1,183,000	\$1,067,000
EST. NET PROJECT VALUE	\$5,534,000	\$5,418,000
PROJECT INVESTMENT		
ACQUISITION COST	\$10,000,000	\$10,000,000
HOLDING & PREP. COSTS	\$0	\$0
BASE CONSTRUCTION COSTS	\$2,330,000	\$2,481,000
SOFT CONSTRUCTION COSTS	\$1,008,000	\$1,047,000
CARRYING COSTS DURING SALES PERIOD	\$48,000	\$48,000
EST. TOTAL INVESTMENT	\$13,386,000	\$13,576,000
RETURN ON INVESTMENT		
ESTIMATED PROJECT VALUE	\$5,534,000	\$5,418,000
(less) EST. TOTAL INVESTMENT	(\$13,386,000)	(\$13,576,000)
(less) EST. TRANSACTION TAXES	(\$69,000)	(\$84,000)
EST. PROFIT (loss)	(\$7,921,000)	(\$8,242,000)
DEVELOPMENT/SALES PERIOD (MONTHS)	14	14
ANNUALIZED PROFIT (loss)	(\$6,789,000)	(\$7,065,000)
RETURN ON TOTAL INVESTMENT	\$0	\$0
ANNUALIZED RETURN ON TOTAL INVESTMENT	\$0	\$0

NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

SCHEDULE A2: CAPITALIZED VALUE OF COMMERCIAL SPACE - APPROVED DEVELOPMENT

BUILDING AREA (SQ.FT.)

GROUND FLOOR GALLERY	1,518
REAR MUSEUM	764
TOTAL RENTAL AREA	2,282

CAPITAL INVESTMENT SUMMARY

ACQUISITION COST	\$10,000,000
HOLDING & PREP. COSTS	\$0
BASE CONSTRUCTION COSTS	\$2,330,000
SOFT CONSTRUCTION COSTS	\$1,008,000
	\$13,338,000

INCOME AND EXPENSES

COMMERCIAL GALLERY	\$106,000
MUSEUM	\$27,000
GROSS INCOME	\$133,000
(less)VACANCY (@ 10%)	(\$13,000)
EFFECTIVE INCOME	\$120,000
(less)M&O EXPENSES	(\$8,000)
(less)WATER & SEWER	\$0
(less)R.E. TAXES	(\$41,000)
NET OPERATING INCOME	\$71,000
CAPITALIZED VALUE OF NOI @ 6.0%	\$1,183,000

NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

SCHEDULE A3: CAPITALIZED VALUE OF COMMERCIAL SPACE - CONFORMING DEVELOPMENT

BUILDING AREA (SQ.FT.)

MEDICAL OFFICE	1,518
MEDICAL OFFICE REAR	764
TOTAL RENTAL AREA	2,282

CAPITAL INVESTMENT SUMMARY

ACQUISITION COST	\$10,000,000
HOLDING & PREP. COSTS	\$0
BASE CONSTRUCTION COSTS	\$2,481,000
SOFT CONSTRUCTION COSTS	\$1,047,000
	\$13,528,000

INCOME AND EXPENSES

MEDICAL OFFICE FRONT	\$99,000
MEDICAL OFFICE REAR	\$27,000
GROSS INCOME	\$126,000
(less)VACANCY (@ 10%)	(\$13,000)
EFFECTIVE INCOME	\$113,000
	\$0
(less)M&O EXPENSES	(\$8,000)
(less)WATER & SEWER	\$0
(less)R.E. TAXES	(\$41,000)
NET OPERATING INCOME	\$64,000
CAPITALIZED VALUE OF NOI @ 6.0%	\$1,067,000

NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

SCHEDULE B : DEVELOPMENT COSTS

		EXISTING DEVELOPMENT	CONFORMING DEVELOPMENT
DEVELOPMENT COST SUMMARY			
ACQUISITION COSTS		\$10,000,000	\$10,000,000
HOLDING & PREP. COSTS:		\$0	\$0
BASE CONSTRUCTION COSTS		\$2,330,000	\$2,481,000
EST.SOFT COSTS		\$1,008,000	\$1,047,000
EST. TOTAL DEV.COSTS		\$13,338,000	\$13,528,000
=====			
ACQUISITION COSTS :			
Land Purchase Price		\$10,000,000	\$10,000,000
TOTAL LAND VALUE		\$10,000,000	\$10,000,000
HOLDING & PREP. COSTS:		\$0	\$0
BASE CONSTRUCTION COSTS :		\$2,330,000	\$2,481,000
EST.CONST.LOAN AMOUNT :		\$6,165,000	\$6,241,000
EST.CONST.PERIOD(MOS) :		12	12
EST. SOFT COSTS :			
Builder's Fee/Developer's Profit	1.50%	\$133,000	\$135,000
Archit. & Engin. Fees	6.00%	\$117,000	\$149,000
Bank Inspect.Engin.		\$11,000	\$11,000
Construction Management	0.00%	\$0	\$0
Inspections, Borings & Surveys			
Laboratory Fees	LS	\$5,000	\$5,000
Soil Investigation	LS	\$0	\$0
Preliminary Surveys	LS	\$5,000	\$5,000
Ongoing Surveys	LS	\$5,000	\$5,000
Environmental Surveys/Reports	LS	\$2,000	\$2,000
Controlled Inspection Fees	LS	\$35,000	\$35,000
Legal Fees			
Dev.Legal Fees		\$45,000	\$45,000
Con.Lender Legal	0.30%	\$12,000	\$12,000
Permits & Approvals			
D.O.B. Fees	25.53%	\$1,000	\$1,000
Other		\$0	\$0
Accounting Fees		\$5,000	\$5,000
Appraisal Fees		\$8,000	\$8,000
Marketing/Pre-Opening Expenses			
Rental Commissions	20.00%	\$27,000	\$25,000
Financing and Other Charges			
Con.Loan Int. @ Loan Rate =	5.25%	\$162,000	\$164,000
Rent-up Loan Int. @ Loan Rate =	6.50%	\$0	\$0
Con.Lender Fees	1.00%	\$62,000	\$62,000
End Loan Fee	1.00%	\$11,000	\$11,000
Construction Real Estate Tax		\$122,000	\$122,000
Title Insurance	0.33%	\$44,000	\$45,000
Mtge.Rec.Tax	2.75%	\$170,000	\$172,000
Construction Insurance	1.00%	\$23,000	\$25,000
Water and Sewer		\$2,000	\$2,000
TOTAL EST.SOFT COSTS		\$1,008,000	\$1,047,000

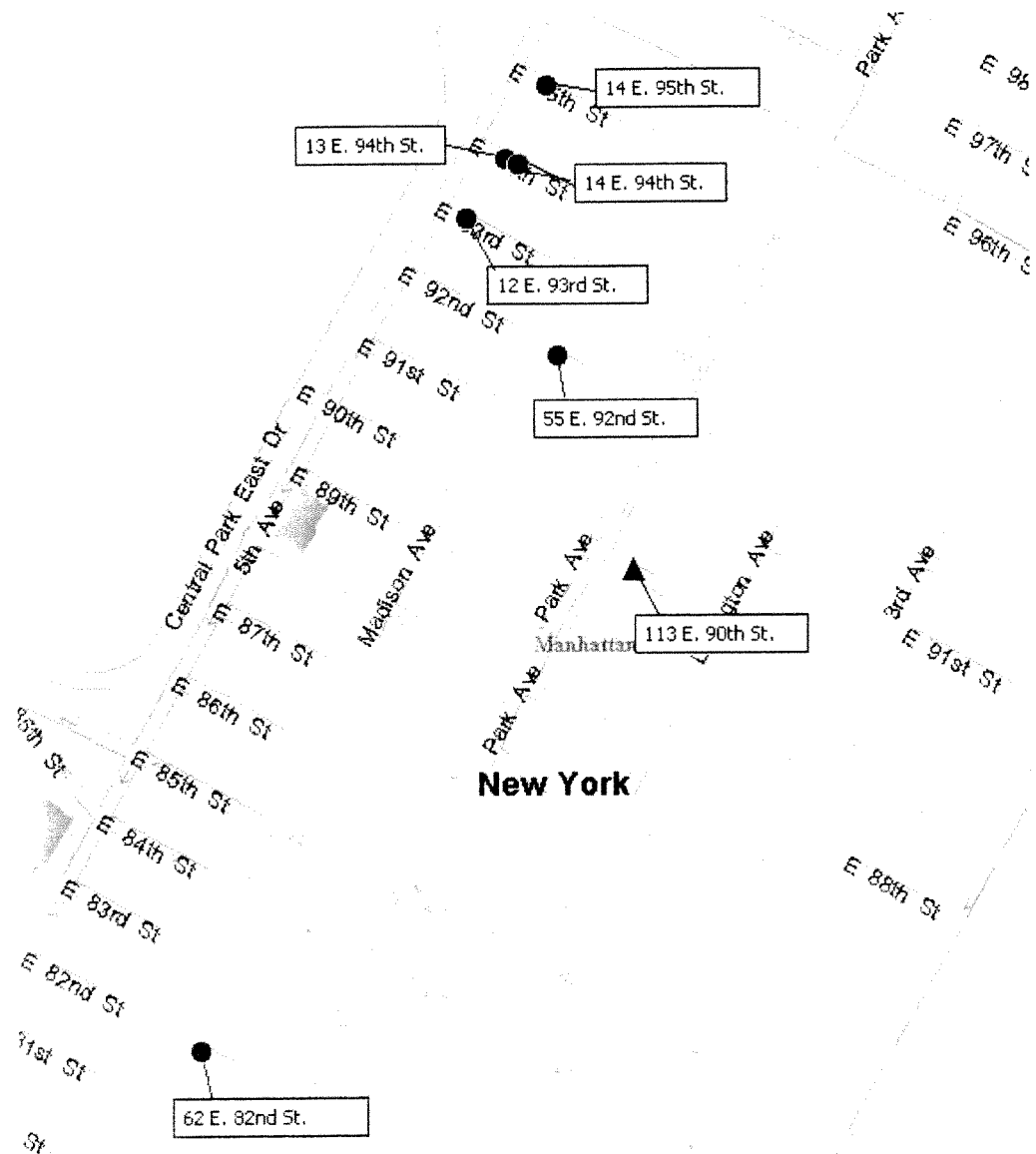
NOTE : ALL \$ FIGURES ROUNDED TO NEAREST THOUSAND

Date : August 27, 2012
Property : 113 East 90th Street
Block : 1519 Lot : 7
Total Land Area : 2,516 sq ft
Zone : R8-B
Page : 13

<u>SALE LOCATION</u>	<u>ZONE</u>	<u>DATE</u>	<u>PRICE</u>	<u>LOT AREA</u>	<u>EXISTING SQ.FT.</u>	<u>PRICE/ FAR SF</u>	<u>TIME</u>	<u>LOCATION</u>	<u>SIZE</u>	<u>ZONING</u>	<u>OTHER</u>	<u>COMPOS FACTOR</u>	<u>ADJUSTED SALE PRICE</u>	<u>ADJUSTED \$/FAR S.F.</u>
1. 13 East 94th Street New York, NY Blk 1506 Lot 10	R8-B/LH-1A	2/2/2011	\$12,500,000	2,013	6,420	\$1,947.04	1.00	0.95	0.95	1.00	0.90	0.81	\$10,153,125	\$1,581
2. 14 East 95th Street New York, NY Blk 1506 Lot 162	R8-B	2/9/2011	\$14,250,000	1,611	5,740	\$2,482.58	1.00	0.95	0.95	1.00	0.90	0.81	\$11,574,563	\$2,016
3. 14 East 94th Street New York, NY Blk 1505 Lot 163	R8-B/LH-1A	3/15/2011	\$15,000,000	2,013	5,500	\$2,727.27	1.00	0.95	1.00	1.00	0.90	0.86	\$12,825,000	\$2,332
4. 55 East 92nd Street New York, NY Blk 1504 Lot 126	R8-B/LH-1A	10/1/2010	\$10,550,000	918	4,590	\$2,298.47	1.00	0.95	1.05	1.00	0.90	0.90	\$9,471,263	\$2,063
5. 12 East 93rd Street New York, NY Blk 1504 Lot 63	R8-B/LH-1A	9/15/2010	\$9,665,000	2,164	6,263	\$1,543.19	1.00	0.95	1.05	1.00	0.90	0.90	\$8,676,754	\$1,385
6. 62 East 82nd Street New York, NY Blk 1493 Lot 93	R8-B	3/19/2011	\$12,100,000	1,000	4,800	\$2,520.83	1.00	0.95	1.05	1.00	0.90	0.90	\$10,862,775	\$2,263

[illegible]

Schedule C: Comparable Property Sales



Schedule C: Comparable Property Sales

1. 13 East 94th Street

This is a 5-story, single family, 6,420 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B/LH-1A zoning district between Madison and Fifth Avenues and is approximately six blocks away from the subject property. A 5% downward adjustment was made for the superior location and a 5% downward adjustment was made for the larger size. Additional 10% downward adjustment was made for superior condition of the building, single building on lot, and additional development rights. No other adjustments for timing or zoning were made.

2. 14 East 95th Street

This is a 6-story, 5,739 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B zoning district between Madison and Fifth Avenues and is approximately seven blocks away from the subject property. A 5% downward adjustment was made for the superior location and a 5% downward adjustment was made for the larger size. Additional 10% downward adjustment was made for superior condition of the building, single building on the lot, and additional development rights. No other adjustments for timing or zoning were made.

3. 14 East 94th Street

This is a 5-story, 5,500 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B/LH-1A zoning district between Madison and Fifth Avenues and is approximately six blocks away from the subject property. A 5% downward adjustment was made for the superior location. An additional 10% downward adjustment was made for superior condition of the building, single building on the lot, and additional development rights. No other adjustments for timing or zoning were made.

Schedule C: Comparable Property Sales

4. 55 East 92nd Street

This is a 5-story, 4,590 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B/LH-1A zoning district between Park and Madison Avenues and is approximately four blocks away from the subject property. A 5% downward adjustment was made for the superior location and a 5% upward adjustment was made for the smaller size of the building compared to the subject property. An additional 10% downward adjustment was made for superior condition of the building, single building on the lot, and additional development rights. No other adjustments for timing or zoning were made.

5. 12 East 93rd Street

This is a 5-story, 6,263 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B/LH-1A zoning district between Madison and Fifth Avenues and is approximately three blocks away from the subject property. A 5% downward adjustment was made for the superior location and a 5% downward adjustment was made for the larger size of the building compared to the subject property. An additional 10% downward adjustment was made for superior condition of the building, single building on the lot, and additional development rights. No other adjustments for timing or zoning were made.

6. 62 East 82nd Street

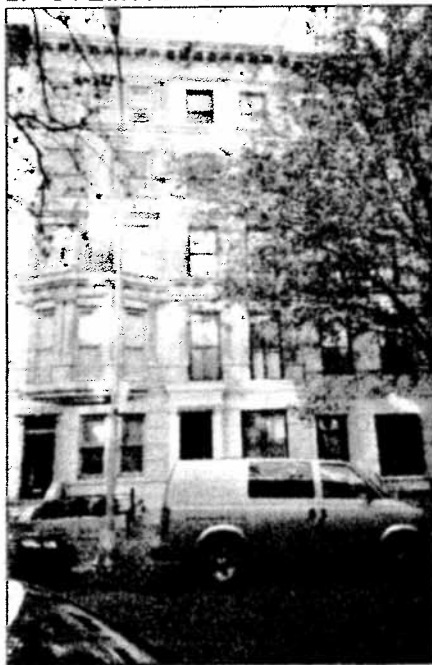
This is a 5-story, 4,800 sq. ft. building in the Carnegie Hill neighborhood of Manhattan. It is located in a R8B/LH-1A zoning district between Park and Madison Avenues and is approximately nine blocks away from the subject property. A 5% downward adjustment was made for the superior location and a 5% upward adjustment was made for the smaller size of the building compared to the subject property. An additional 10% downward adjustment was made for superior condition of the building, single building on the lot, and additional development rights. No other adjustments for timing or zoning were made.

Schedule C: Comparable Property Sales

1. 13 East 94th Street



2. 14 East 95th Street



Schedule C: Comparable Property Sales

3. 14 East 94th Street



4. 55 East 92nd Street



Schedule C: Comparable Property Sales

5. 12 East 93rd Street



6. 62 East 82nd Street



J.S. Freeman Associates

Date : August 27, 2012
 Property : 113 East 90th Street
 Block : 1519 Lot : 7
 Total Land Area : 2,516 sq ft
 Zone : R8-B
 Page : 20

Schedule D : Comparable Retail Rents - Commerical Gallery

<u>RENTAL LOCATION</u>	<u>DATE</u>	<u>RENT/YR</u>	<u>AREA</u>	<u>RENT SQ.FT.</u>	<u>TIME</u>	<u>LOCATION</u>	<u>SIZE</u>	<u>ZONING</u>	<u>OTHER</u>	<u>COMPOS FACTOR</u>	<u>ADJUSTED PRICE/S.F.</u>
1. UES (70th St - 90th St) New York, NY	Asking	\$132,005	1,700	\$77.65	1.00	1.00	1.00	1.00	0.95	0.95	\$74
2. UES (50th St - 70th St) New York, NY	Asking	\$132,005	1,700	\$77.65	1.00	1.00	1.00	1.00	0.95	0.95	\$74
3. UES (50th St - 70th St) New York, NY	Asking	\$48,000	600	\$80.00	1.00	1.00	0.90	1.00	0.95	0.86	\$68
4. 132 East 93rd Street New York, NY	Asking	\$47,943	700	\$68.49	1.00	1.00	0.90	1.00	0.95	0.86	\$59
5. 1660 Third Avenue New York, NY	Asking	\$216,000	2,500	\$86.40	1.00	0.90	1.00	1.00	0.95	0.86	\$74
<hr/>											
Subject 113 East 90th Street New York, NY			1,517	\$69.67	1.00	1.00	1.00	1.00	1.00	Average 1.00	\$70

Schedule D: Comparable Retail Rents – Commercial Gallery

A market survey to identify available, comparable commercial art gallery spaces for lease was done through New York City Art Spaces, a service who specializes in commercial real estate lease opportunities listed by gallery district. Other commercial lease spaces marketed as appropriate for gallery use were also included. Identified were the following:

1. NYC Art Spaces #1

This 1,700 sq. ft. gallery space was identified in the general area in the Upper East Side between 70th and 90th Street. A 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, size or zoning.

2. NYC Art Spaces #2

This 1,700 sq. ft. gallery space was identified in the general area in the Upper East Side between 50th and 70th Street. A 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, size or zoning.

3. NYC Art Spaces #3

This 600 sq. ft. gallery space was identified in the general area in the Upper East Side between 50th and 70th Street. A 5% downward adjustment was made for the current asking status of the site and a 10% downward adjustment was made for the size of the space in comparison to the subject property. No adjustments were made for time, location or zoning.

4. 132 East 93rd Street

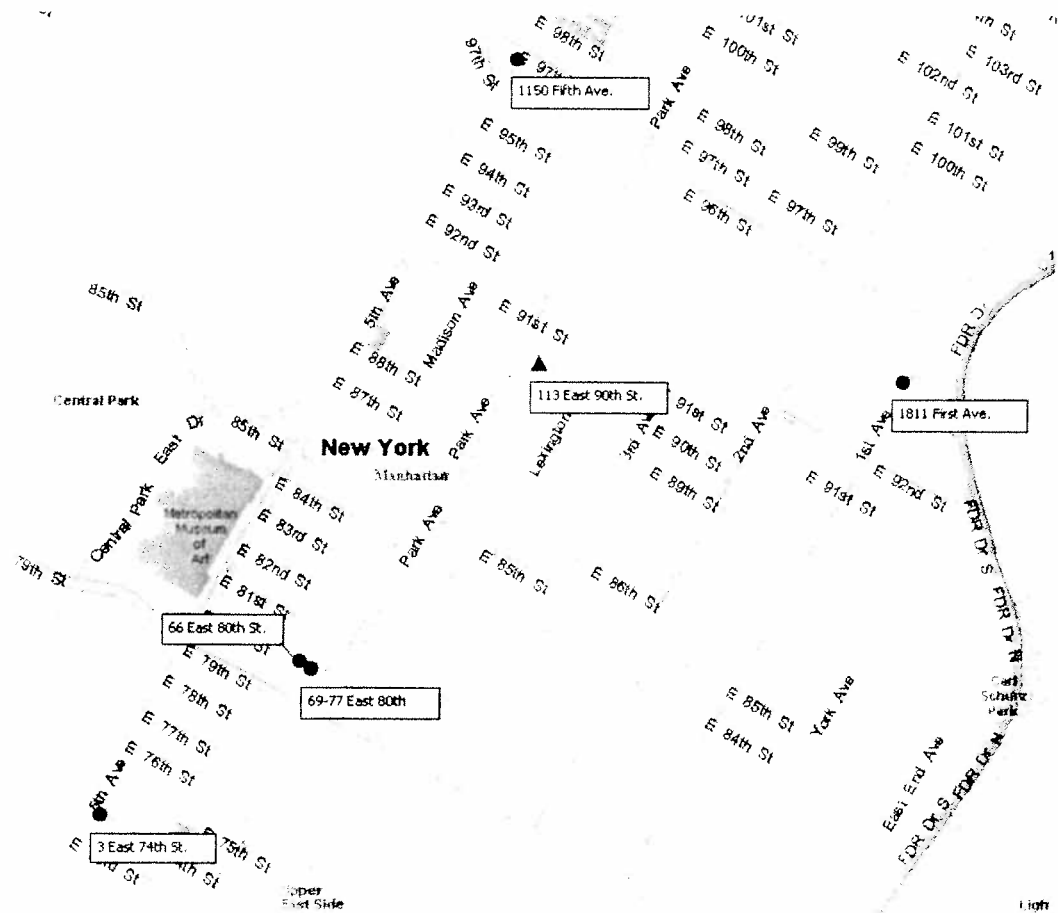
This is a 700 sq. ft. ground floor, retail space for rent located in the Upper East Side neighborhood of Manhattan between Lexington and Park Avenues, approximately three blocks away from the subject property. A 10% downward adjustment was made for the size of the space in comparison to the subject property, and a 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, or zoning.

Schedule D: Comparable Retail Rents – Commercial Gallery

5. 1600 Third Avenue

This is a 2,500 sq. ft. ground floor, retail space for rent located in the Upper East Side neighborhood of Manhattan at 90th Street, one-half block away from the subject property. A 10% downward adjustment was made for the superior location of the property, and a 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, or zoning.

Schedule E: Comparable Retail Rents – Medical Offices



Schedule E: Comparable Retail Rents – Medical Offices

1. 69-77 East 80th Street

This is a 1,500 sq. ft. community facility office for rent located in the Upper East Side neighborhood of Manhattan. Between Park and Madison Avenues, it is approximately ten blocks away from the subject property. A 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, size or zoning.

2. 1150 Fifth Avenue

This is a 750 sq. ft. community facility office for rent located in the Upper East Side neighborhood of Manhattan. Between 96th and 97th Streets, it is approximately eight blocks away from the subject property. A 5% downward adjustment was made for the size of the space in comparison to the subject property and a 5% downward adjustment was made for the superior location. A 5% downward adjustment was also made for the current asking status of the site. No other adjustments were made.

3. 1811 First Avenue

This is a 3,000 sq. ft. community facility office for rent located in the Upper East Side neighborhood of Manhattan. Between 93rd and 94th Streets, it is approximately seven blocks away from the subject property. A 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, size or zoning.

4. 66 East 80th Street

This is a 1,200 sq. ft. community facility office for rent located in the Upper East Side neighborhood of Manhattan. Between Madison and Park Avenues, it is approximately ten blocks away from the subject property. A 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location, size or zoning.

Schedule E: Comparable Retail Rents – Medical Offices

5. 3 East 74th Street

This is a 650 sq. ft. community facility office for rent located in the Upper East Side neighborhood of Manhattan. Between Fifth and Madison Avenues, it is approximately sixteen blocks away from the subject property. A 5% downward adjustment was made for the size of the space in comparison to the subject property and a 5% downward adjustment was made for the current asking status of the site. No adjustments were made for time, location or zoning.

Schedule E: Comparable Retail Rents – Medical Offices

1. 69-77 East 80th Street



2. 1150 Fifth Ave



Schedule E: Comparable Retail Rents – Medical Offices

3. 1811 First Avenue

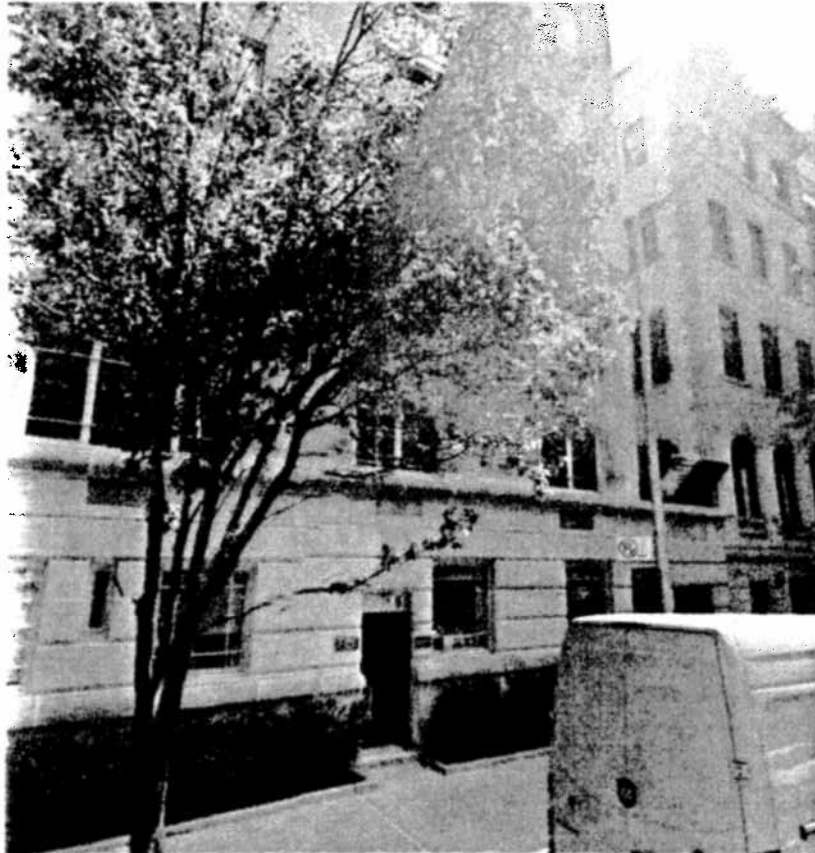


4. 66 East 80th Street



Schedule E: Comparable Retail Rents – Medical Offices

5. 3 East 74th Street



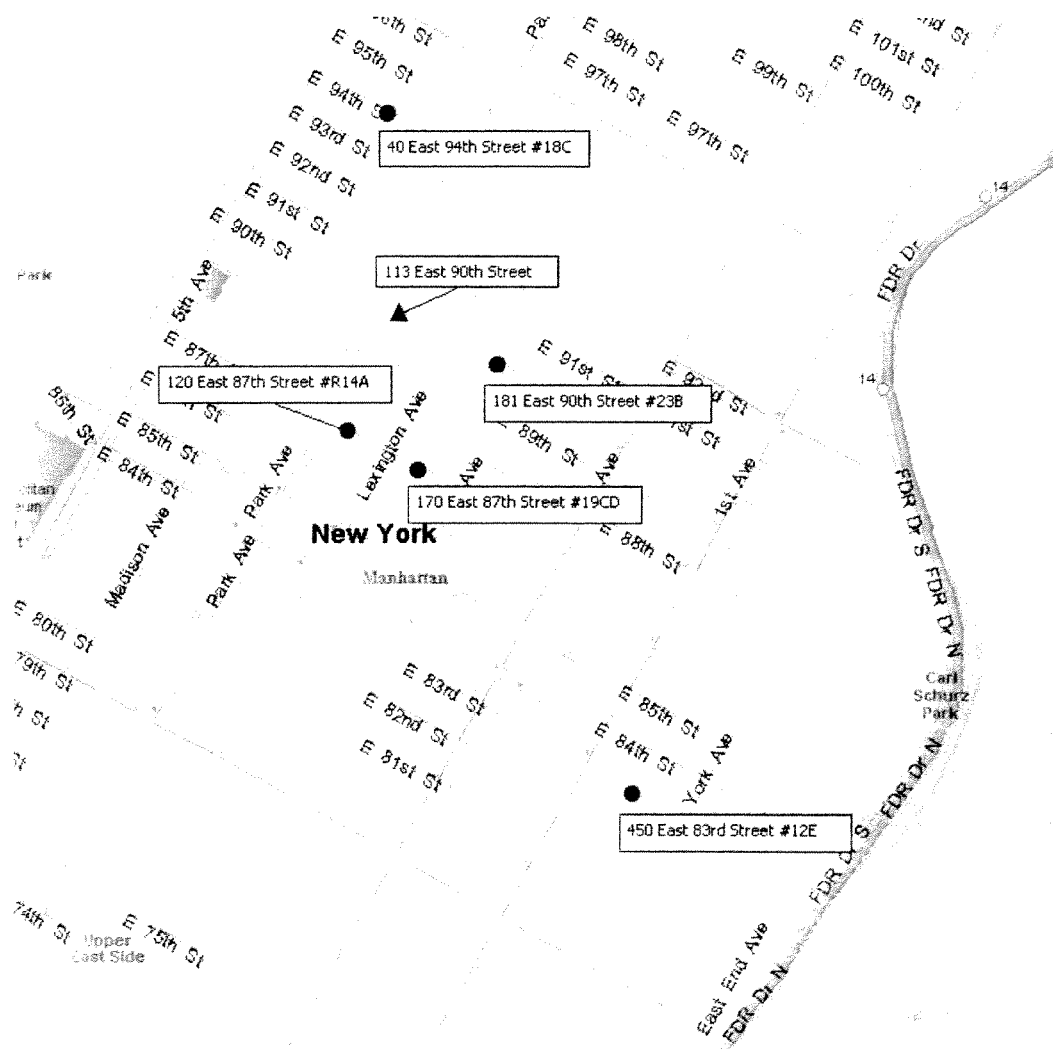
Date : August 27, 2012
 Property : 113 East 90th St
 Block : 1519 Lot : 7
 Total Land Area : 2,516 sq ft
 Zone : R8-B
 Page : 30

Schedule F.: Comparable Condominium Sales											
<u>SALE LOCATION</u>	<u>DATE</u>	<u>PRICE</u>	<u>AREA</u>	<u>\$/SQ.FT.</u>	<u>TIME</u>	<u>LOCATION</u>	<u>SIZE</u>	<u>ZONING</u>	<u>OTHER</u>	<u>COMPOS FACTOR</u>	<u>ADJUSTED PRICE/S.F.</u>
1 40 East 94th Street #18C New York, NY	5/17/2012	\$2,000,000	1,310	\$1,526.72	1.00	1.00	1.00	1.00	1.05	1.05	\$1,603
2 170 East 87th Street #19CD New York, NY	Asking	\$2,350,000	1,675	\$1,402.99	1.00	1.00	1.00	1.00	1.00	1.00	\$1,403
3 120 East 87th Street #R14A New York, NY	Asking	\$2,400,000	1,540	\$1,558.44	1.00	1.00	1.00	1.00	1.00	1.00	\$1,558
4 181 East 90th Street #23B New York, NY	Asking	\$2,495,000	1,658	\$1,504.83	1.00	1.00	1.00	1.00	1.00	1.00	\$1,505
5 450 East 83rd Street #12E New York, NY	Asking	\$2,450,000	1,618	\$1,514.22	1.00	1.00	1.00	1.00	1.00	1.00	\$1,514
AVERAGE											\$1,517

Subject Property
113 East 90th Street
New York, NY

[illegible]

Schedule F: Comparable Condo Sales



Schedule F: Comparable Condo Sales

1. 40 East 94th Street #18C

This is a two bedroom, two bathroom 1,310 sq. ft. apartment which sold for \$2M in May 2012. Located in the Carnegie Hill neighborhood of Manhattan, it is between Madison and Park Avenues approximately five blocks away from the subject property. A 5% upward adjustment was made for the newer renovation of the subject property. No adjustments were made for time, location, size or zoning factors.

2. 170 East 87th Street #19CD

This is a two bedroom, three bathroom 1,675 sq. ft. apartment for sale in the Carnegie Hill neighborhood of Manhattan. Located between Lexington and Third Avenues, it is approximately three blocks away from the subject property. A 5% downward adjustment was made for current asking status of the apartment, and a 5% upward adjustment was made for newer renovation of the subject property. No adjustments were made for time, location, size or zoning factors.

3. 120 East 87th Street #R14A

This is a two bedroom, two bathroom 1,540 sq. ft. apartment for sale in the Carnegie Hill neighborhood of Manhattan. Located between Park and Lexington Avenues, it is approximately three blocks away from the subject property. A 5% downward adjustment was made for current asking status of the apartment, and a 5% upward adjustment was made for newer renovation of the subject property. No adjustments were made for time, location, size or zoning factors.

Schedule F: Comparable Condo Sales

4. 181 East 90th Street #23B

This is a two bedroom, two and one half bathroom 1,658 sq. ft. apartment for sale in the Carnegie Hill neighborhood of Manhattan. Located between Lexington and Third Avenues, it is approximately one block away from the subject property. A 5% downward adjustment was made for current asking status of the apartment, and a 5% upward adjustment was made for newer renovation of the subject property. No adjustments were made for time, location, size or zoning factors.

5. 450 East 83rd Street #12E

This is a two bedroom, two and one half bathroom 1,618 sq. ft. apartment for sale in the Yorkville neighborhood of Manhattan. Located between First and York Avenues, it is approximately eleven blocks away from the subject property. A 5% downward adjustment was made for current asking status of the apartment, and a 5% upward adjustment was made for newer renovation of the subject property. No adjustments were made for time, location, size or zoning factors.

Schedule F: Comparable Condo Sales

1. 40 East 94th Street #18C



2. 170 East 87th Street #19CD



Schedule F: Comparable Condo Sales

3. 120 East 87th Street #R14A



4. 181 East 90th Street #23B



Schedule F: Comparable Condo Sales

5. 450 East 83rd Street #12E



EXHIBIT A: CONSTRUCTION COST ESTIMATE

FireHouse # 4
113 East 90th Street
New York, NY

Construction Cost Estimates
Approved Development

Alcon Builders Group Inc
General Contractors & Construction Managers

Date:

12-Apr-12

BUDGET SUMMARY Option 2

CIS - CODE	TRADE // DESCRIPTION		
01000	General Requirements	\$	62,000.00
02000	Site Work	\$	25,200.00
02050	Demolition	\$	40,509.00
02100	Cutting and Patching	\$	14,700.00
02250	Excavation and Backfill	\$	2,970.00
03000	Concrete	\$	12,100.00
04000	Masonry	\$	45,876.00
05000	Structural and Miscellaneous Steel	\$	59,244.00
05200	Miscellaneous Steel	\$	84,595.00
06000	Rough Carpentry & Drywall	\$	179,881.00
06300	Architectural Woodwork	\$	71,515.00
06600	Millwork	\$	105,450.00
08311	Doors and Hardware	\$	41,600.00
08400	Entry Doors	\$	23,800.00
08800	Windows	\$	11,200.00
09000	Ceilings	\$	44,848.00
09300	Ceramic Tiles & Stones	\$	46,661.00
09300	Wood Flooring	\$	63,488.00
09900	Painting & Skim Coating	\$	86,720.00
10801	Toilet Accessories	\$	11,610.00
10900	Mail boxes	\$	1,200.00
11000	Appliances	\$	23,797.00
14000	Residential Elevators	\$	25,000.00
15000	Plumbing Fixtures	\$	27,100.00
15050	Plumbing	\$	186,900.00
15200	Sprinkler	\$	28,800.00
15500	HVAC	\$	205,706.00
15700	Heating	\$	41,200.00
16000	Electrical	\$	216,000.00
16200	Lighting	\$	96,200.00
16500	Security	\$	53,200.00
	Subtotal	\$	1,939,070.00
	General Conditions (8%)	\$	155,125.60
	Fee (8%)	\$	167,535.65
	Insurance (3%)	\$	67,851.94
	Subtotal	\$	2,329,583.19
	Total	\$	2,329,583.19

FireHouse Option # 1
113 East 90th Street
New York, NY

Construction Cost Estimates
Conforming Development

Alcon Builders Group Inc
General Contractors & Construction Managers

Date:

12-Apr-12

BUDGET SUMMARY Option 1

CIS - CODE	TRADE // DESCRIPTION		
01000	General Requirements	\$	62,000.00
02000	Site Work	\$	31,200.00
02050	Demolition	\$	40,509.00
02100	Cutting and Patching	\$	14,500.00
02250	Excavation and Backfill	\$	2,970.00
03000	Concrete	\$	12,100.00
04000	Masonry	\$	45,876.00
05000	Structural and Miscellaneous Steel	\$	59,244.00
05200	Miscellaneous Steel	\$	87,745.00
06000	Rough Carpentry & Drywall	\$	188,462.50
06300	Architectural Woodwork	\$	70,715.00
06600	Millwork	\$	172,700.00
07000	Roof Work and Miscellaneous	\$	27,900.00
07500	Planted Roof	\$	15,000.00
08311	Doors and Hardware	\$	52,400.00
08400	Entry Doors	\$	33,300.00
08800	Windows	\$	11,200.00
09000	Ceilings	\$	44,848.00
09300	Ceramic Tiles & Stones	\$	55,642.00
09800	Wood Flooring	\$	39,750.00
09850	Resilient Flooring	\$	19,220.00
09900	Painting & Skim Coating	\$	93,220.00
10801	Toilet Accessories	\$	15,220.00
10900	Mail boxes	\$	1,200.00
11000	Appliances	\$	23,797.00
14000	Residential Elevators	\$	25,000.00
15000	Plumbing Fixtures	\$	31,850.00
15050	Plumbing	\$	188,400.00
15200	Sprinkler	\$	28,800.00
15500	HVAC	\$	180,706.00
15700	Heating	\$	41,200.00
16000	Electrical	\$	199,000.00
16200	Lighting	\$	96,200.00
16500	Security	\$	53,200.00
	Subtotal	\$	2,065,074.50
	General Conditions (8%)	\$	165,205.96
	Fee (8%)	\$	178,422.44
	Insurance (3%)	\$	72,261.09
	Subtotal	\$	2,480,963.98
	Total	\$	2,480,963.98

EXHIBIT B: REALTY RATES RESEARCH

Economic Analysis Report
 113 East 90th Street
 New York, NY
 August 27, 2012

EXHIBIT B

REALTY RATES RESEARCH

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2012*						
OFFICE MEDICAL						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.60%	DCR Technique	1.45	0.054355	0.65	5.12
Debt Coverage Ratio	1.45	Band of Investment Technique				
Interest Rate	3.57%	Mortgage	65%	0.054355	0.035331	
Amortization	30	Equity	35%	0.084878	0.029707	
Mortgage Constant	0.054355	OAR				
Loan-to-Value Ratio	65%	Surveyed Rates				6.50
Equity Dividend Rate	8.43%					6.18
Maximum						
Spread Over 10-Year Treasury	5.92%	DCR Technique	1.60	0.113883	0.50	9.11
Debt Coverage Ratio	1.60	Band of Investment Technique				
Interest Rate	7.89%	Mortgage	50%	0.113883	0.056942	
Amortization	15	Equity	50%	0.169444	0.084722	
Mortgage Constant	0.113883	OAR				
Loan-to-Value Ratio	50%	Surveyed Rates				14.17
Equity Dividend Rate	16.94%					13.46
Average						
Spread Over 10-Year Treasury	3.76%	DCR Technique	1.53	0.079161	0.58	6.94
Debt Coverage Ratio	1.53	Band of Investment Technique				
Interest Rate	5.73%	Mortgage	58%	0.079161	0.045518	
Amortization	23	Equity	43%	0.122933	0.052246	
Mortgage Constant	0.079161	OAR				
Loan-to-Value Ratio	58%	Survey				9.78
Equity Dividend Rate	12.29%					9.23

*1st Quarter 2012 Data

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Economic Analysis Report
 113 East 90th Street
 New York, NY
 August 27, 2012

EXHIBIT B (Continued)

REALTY RATES RESEARCH

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2012*						
RETAIL - FREE STANDING						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.83%	DCR Technique	118	0.049307	0.80	4.63
Debt Coverage Ratio	118	Band of Investment Technique				
Interest Rate	2.80%	Mortgage	60%	0.049307	0.039446	
Amortization	30	Equity	20%	0.082142	0.016428	
Mortgage Constant	0.049307	OAR				5.59
Loan-to-Value Ratio	80%	Surveyed Rates				5.81
Equity Dividend Rate	8.21%					
Maximum						
Spread Over 10-Year Treasury	5.32%	DCR Technique	186	0.124336	0.60	13.84
Debt Coverage Ratio	186	Band of Investment Technique				
Interest Rate	9.37%	Mortgage	60%	0.124336	0.074601	
Amortization	15	Equity	40%	0.176464	0.070585	
Mortgage Constant	0.124336	OAR				14.52
Loan-to-Value Ratio	60%	Surveyed Rates				13.84
Equity Dividend Rate	17.65%					
Average						
Spread Over 10-Year Treasury	3.07%	DCR Technique	151	0.074409	0.70	7.87
Debt Coverage Ratio	151	Band of Investment Technique				
Interest Rate	5.04%	Mortgage	70%	0.074409	0.052086	
Amortization	23	Equity	30%	0.124587	0.037376	
Mortgage Constant	0.074409	OAR				8.95
Loan-to-Value Ratio	70%	Surveyed Rates				10.63
Equity Dividend Rate	12.46%					

*1st Quarter 2012 Data

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EXHIBIT C: PROFESSIONAL QUALIFICATIONS

Resumé

JACK FREEMAN

Jack Freeman is principal of J.S. Freeman Associates and Freeman/Frazier & Associates. Mr. Freeman's professional background combines real estate finance, development planning, project management and public sector experience to provide comprehensive real estate advisory services to the benefit of his clients.

His development financing background includes several years experience as a mortgage Officer for The New York City Community Preservation Corporation, responsible for construction and permanent loan origination. The Corporation is a consortium of the New York City Commercial Banks and Savings Institutions, established to provide mortgage financing for multifamily housing rehabilitation and economic development.

Public Sector experience includes the position of Director, New York City Department of City Planning, Zoning Study Group and Senior Staff positions in the Mayor's Office of Development, responsible for management of major commercial and residential projects in Lower Manhattan.

As a developer, Mr. Freeman has been a principal and General Partner in the development of multifamily market rate and affordable housing projects, with a value in excess of \$17 million.

In 1993, Mr. Freeman was appointed, and served until 1996, as a Commissioner of the New York City Landmarks Preservation Commission. For three years, Mr. Freeman was a member of the New York State Council of Arts Capital Program Review Panel. He has been a recipient of a National Endowment for the Arts Grant for Architecture and a Progressive Architecture Award for Urban Design.

Mr. Freeman is a Licensed Real Estate Broker, a member of the Real Estate Board of New York, the Urban Land Institute and the American Planning Association. He has taught Real Estate Development as a member of the Graduate Faculty of the City University of New York and has been a regular lecturer in Real Estate Finance at Princeton University.

Mr. Freeman holds a Masters Degree in City Planning from the City University of New York and a Bachelor of Architecture Degree from Cooper Union.

real estate consulting services

j.s.freeman associates, inc.

132 Nassau Street | Suite 1220

New York City, NY 10038

212. 871. 0878

www.jsfreemanassociates.com

BSA CALENDAR NO.

BLOCK 1519

LOT 7

SUBJECT SITE ADDRESS

113 East 90th Street New York, NY 10128

APPLICANT

925 Fifth Avenue LLC

ZONING DISTRICT R8-B

PRIOR BSA #

SPECIAL/HISTORIC DISTRICT

COMMUNITY BOARD

COMPLIANT: "Y"

IF NOT: "N" and

INDICATE AMT

OVER/UNDER

* APPLICABLE	MAXIMUM	MINIMUM	LEGAL PER			
ZR SECTION	PERMITTED	REQUIRED	C of O or BSA	EXISTING	PROPOSED	OVER/UNDER
LOT AREA	23-32	1700	2517.75	2517.75	2517.75	Y
LOT WIDTH	23-32	18	25'	25'	25'	Y
USE GROUP (S)	22-12,13 & 14	2,3 & 4	2,3 & 6	2, 3 & 6	2	Y
FA RESIDENTIAL	23-145	10,071	3250.00	3035.50	5317.25	Y
FA COMMUNITY FACILITY	24-11	12,840	750	764	0	Y
FA COMMERCIAL/INDUST.				1517.75	0	N/A
FLOOR AREA TOTAL	24-11	12,840	5595	5317.25	5317.25	Y
FAR RESIDENTIAL	23-145	4	1.29	1.23	2.11	Y
FAR COMMUNITY FACILITY	24-11	5.01	.29	.3	0	Y
FAR COMMERCIAL/INDUST.	N/A			.58		N/A
FAR TOTAL	24-11	5.01	2.23	2.11	2.11	Y
OPEN SPACE	N/A					N/A
OPEN SPACE RATIO	N/A					N/A
LOT COVERAGE (%)	23-145	70	60	60	75	N
NO. DWELLING UNITS	23-22	15	1	1	1	Y
WALL HEIGHT	23-633	60'	42.11'	42.11'	42.11'	Y
TOTAL HEIGHT	23-633	75'	49.12'	49.12'	51.36	Y
NUMBER OF STORIES			3	3	3	Y
FRONT YARD	N/A					N/A
SIDE YARD	23-462(c)	0	0	0	0	Y
SIDE YARD	23-462(c)		0	0	0	N/A
REAR YARD	23-47	30	0	0	0	Y
SETBACK (S)	N/A					N/A
SKY EXP. PLANE (SLOPE)	N/A					N/A
NO. PARKING SPACES	N/A					N/A
LOADING BERTH (S)	N/A					N/A
OTHER: Minimum Distance	See Notes	35	N/A	N/A		N

* In Applicable ZR Section column: For RESIDENTIAL developments in non-residential districts, indicate nearest R district, e.g., R4/23-141, and contrast compliance. For COMMERCIAL or MANUFACTURING developments in residential districts, contrast proposed bulk and area elements to **current R district requirements**, except for parking and loading requirements (contrast to nearest district where use is permitted). For COMMUNITY FACILITY uses in districts where not permitted, contrast to **nearest district where permitted**. For all applications, attach zoning map and highlight subject site. Be sure that all items noted in the DOB Denial/Objection are included.

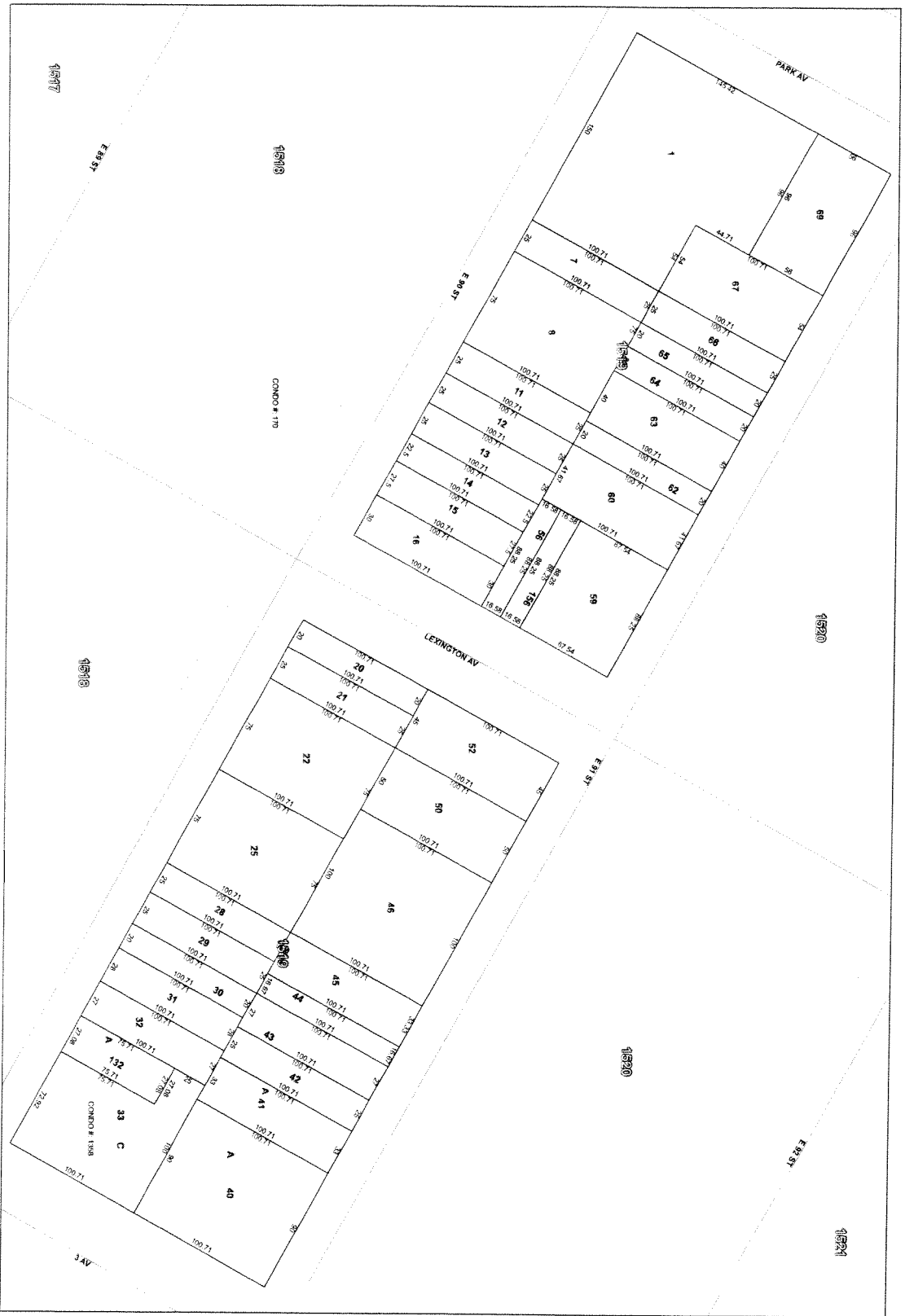
NOTES: Per Section 23-711, if 2 buildings on a zoning lot, min. distance between

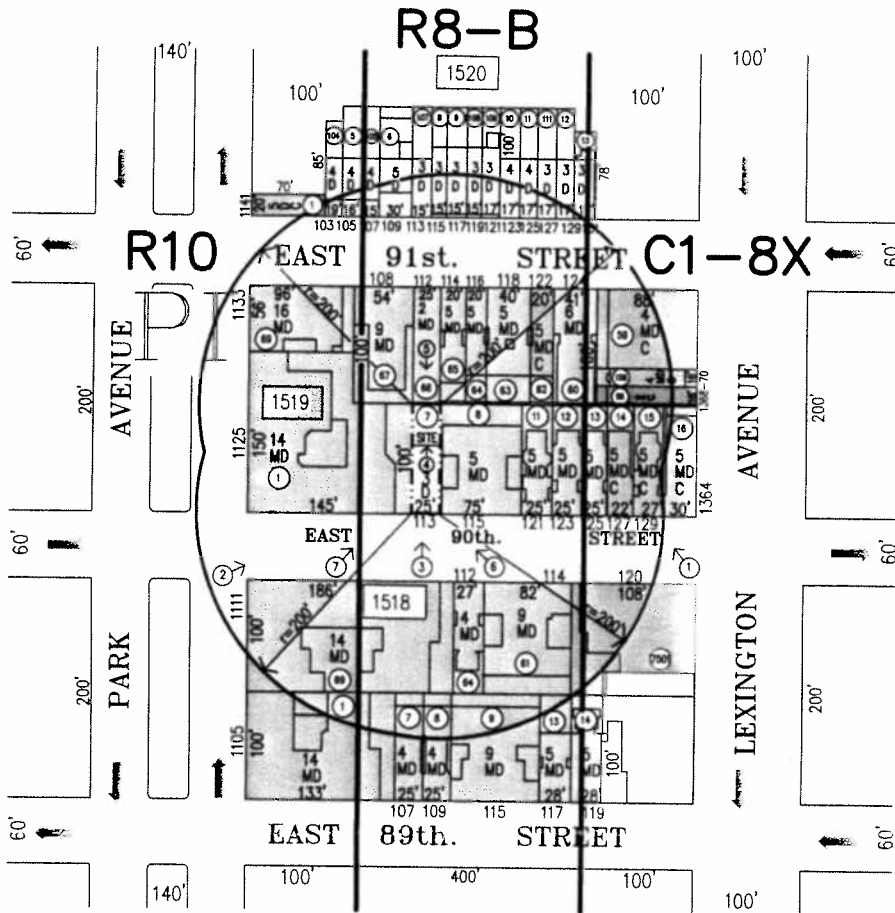
wall and legal window is 40 feet- only 24.72 feet is provided. Per Section 23-861, min. distance between legal window and lot line or wall is 30 feet- only 24.72 feet is provided.



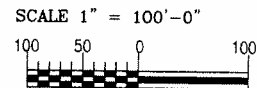
FINANCE
NEW YORK
CITY
COMMISSIONER
NYC Digital Tax Map
Effective Date : 12-09-2008 12:22:58
End Date : Current
Manhattan Block: 1519

- Legend
- Streets
 - Manhattan Tax Possession Blocks
 - Boundary Lines
 - Lot Area Possession Blocks
 - Regular
 - Underpass
 - Tax Lot Polygon
 - Condo Number
 - Tax Block Polygon





ZONING MAP #6b



LEGEND

R8-B

- 427 Existing Zoning
- 2 Tax Block Number
- 275' Lot Number
- 60' Indicates Dimension
- 1 2 Street Width
- 1 2 Number of Stories
- 400' 400-foot Radius
- Applicant Property
- Building Footprints
- C2-5 Commercial District
- Existing Zoning Lines

Key To Land Use Codes

- D One or Two Family Dwelling
- MD Multiple Dwelling
- M Manufacturing/ Industrial
- C Commercial
- T Transportation/Utility
- Pb Public Facilities & Institutions
- O Open Space/Park
- Pk Parking Facilities
- V Vacant Land
- G Garage

Street Direction Arrows

① → Camera Position

Special Purpose Districts:

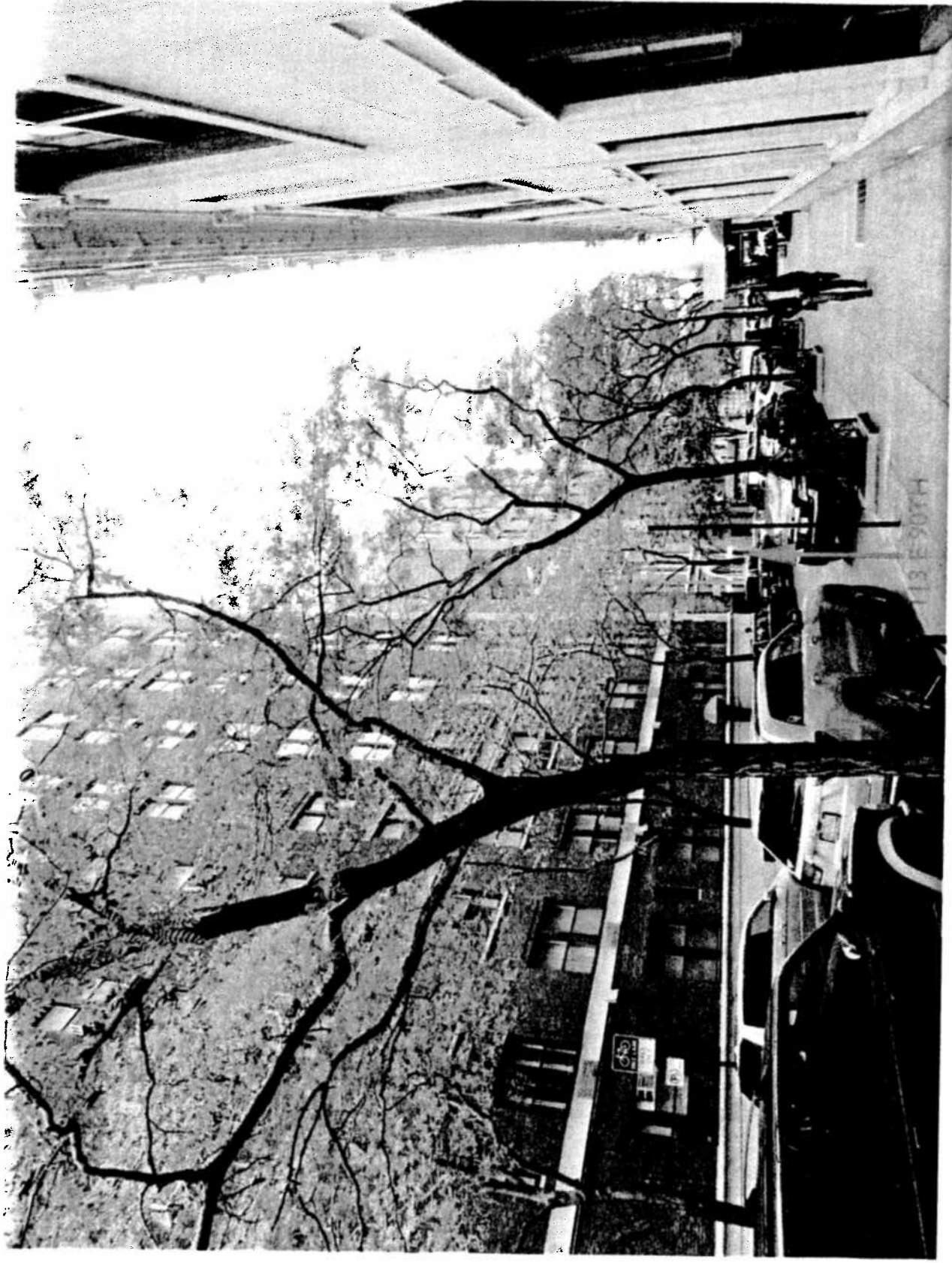
PI Park Improvement District

- ONE OR TWO FAMILY DWELLING
- MULTIPLE DWELLING
- MIXED USE-RESIDENTIAL/COMMERCIAL
- COMMERCIAL
- INSTITUTIONAL/COMMUNITY FACILITY
- MANUFACTURING
- VACANT/OPEN LOT
- PARKLAND/OPEN SPACE
- PARKING/AUTOMOBILE/UTILITY



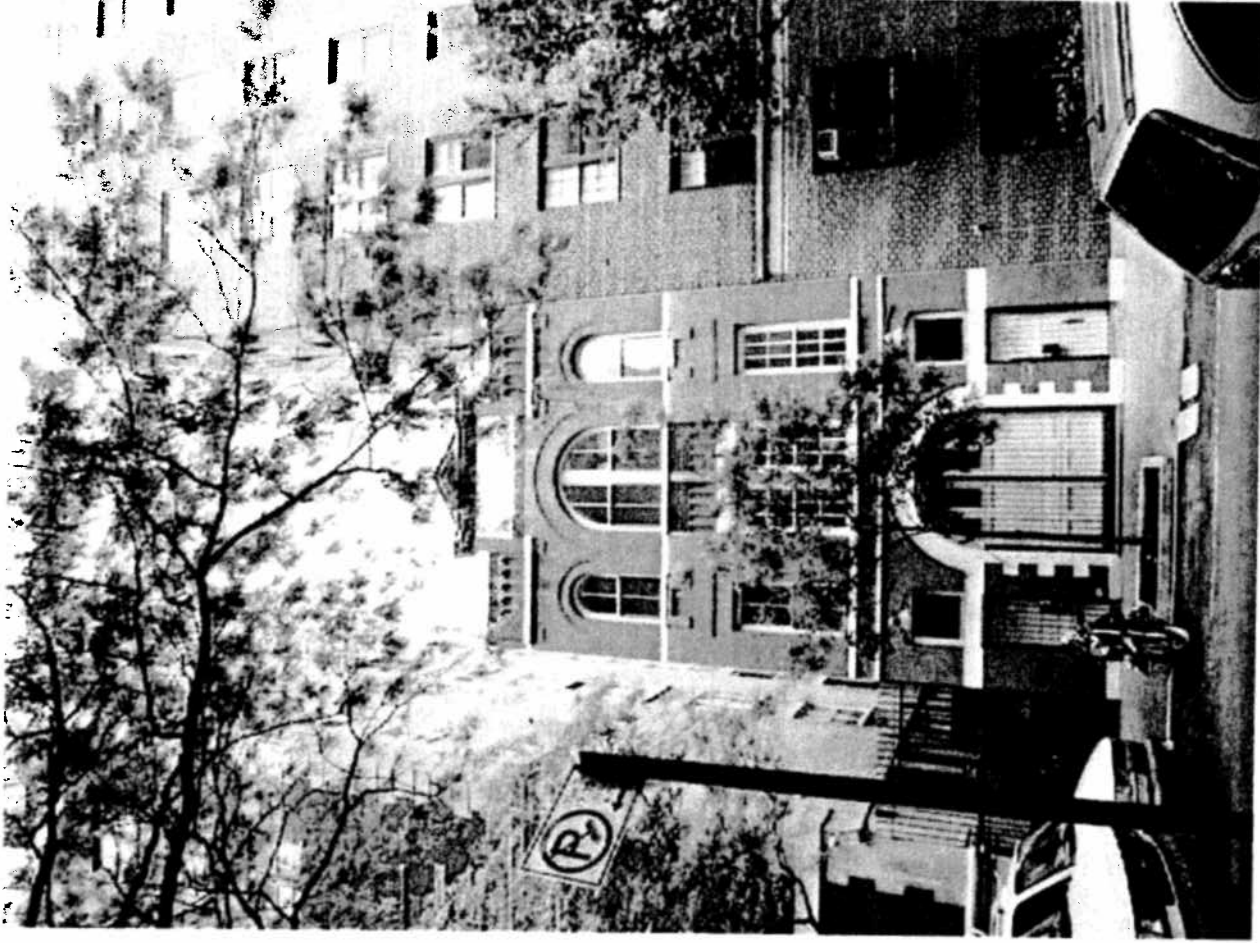
I. EAST 90TH STREET & LEXINGTON AVENUE, LOOKING NORTHWEST

08/14/2012



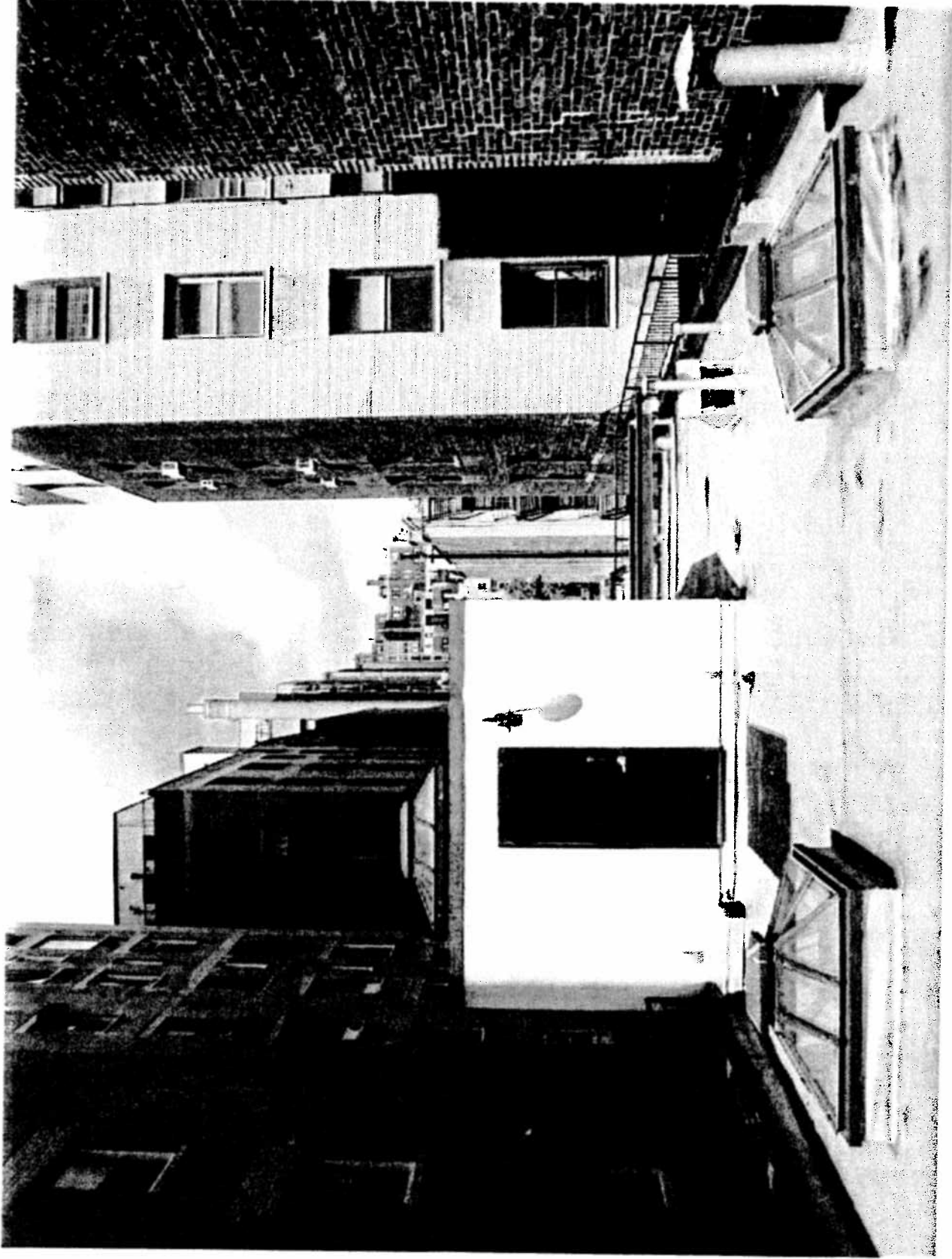
2. EAST 90TH STREET & PARK AVENUE, LOOKING NORTHEAST

08/14/2012



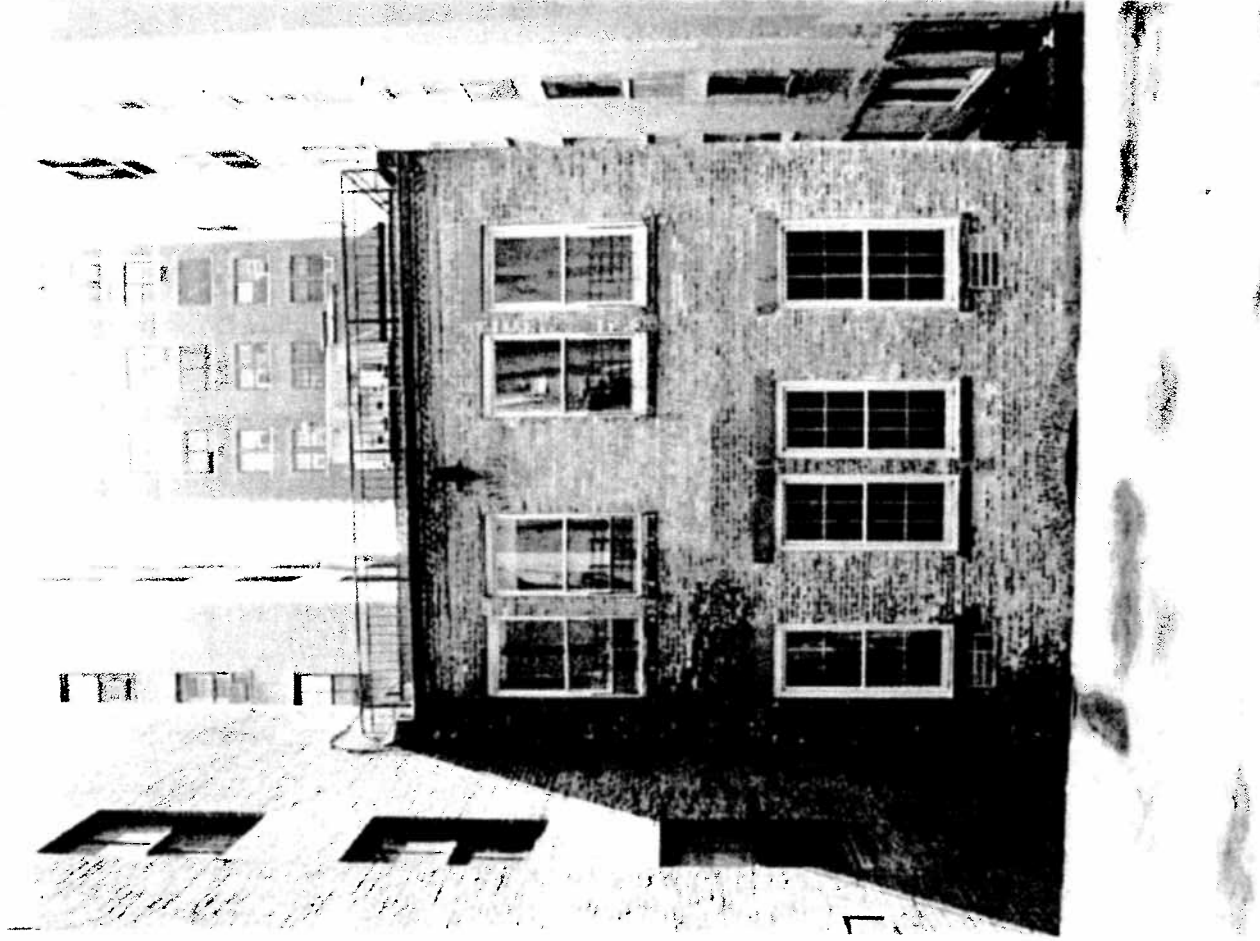
3.113 EAST 90TH STREET FRONTAGE, LOOKING NORTH

08/14/2012



4.113 EAST 90TH STREET, FRONT BUILDING ROOF, LOOKING NORTH

08/14/2012



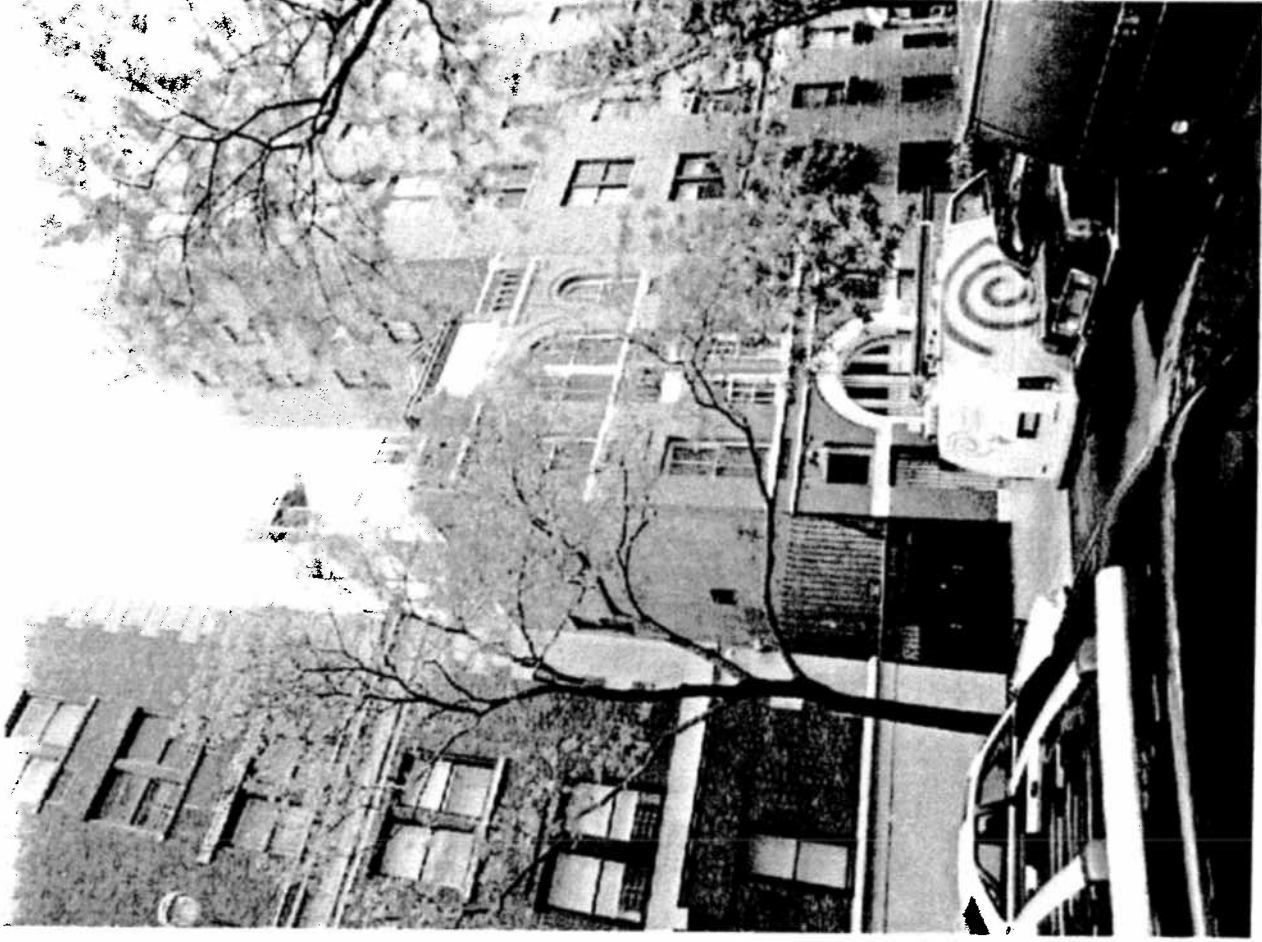
5. 113 EAST 90TH STREET, BACK BUILDING ROOF, LOOKING SOUTH

08/14/2012



6. 113 EAST 90TH STREET FACADE, LOOKING NORTHWEST

08/14/2012



7. 113 EAST 90TH STREET FACADE, LOOKING NORTHEAST

08/14/2012

HOSS: INKOD GALLIN BY A TO DEC. 17, 1913

Major Zoning Classifications:

R. C. M.

B

6

2

Effective Date(s) of Rezoning:

Special Requirements:

ZONING MAP

6b

EX 278

53

11

3

Vol. 10, No. 10 and 11, 1968

NOTE: Zoning information is shown on the map is subject to change. For the most up to date zoning information for the map area, please contact the Zoning section of the Department of City Planning website www.nyc.gov/dcp/zoning or contact the Zoning Information Board at (212) 312-1004.

