Kramer Levin

Valerie Campbell
Partner
T 212-715-9183
F 212-715-8252
VCampbell@KRAMERLEVIN.com

1177 Avenue of the Americas
New York, NY 10036
T 212.715.9100
F 212.715.8000

April 13, 2023

By Electronic Submission

Sarah Carroll
Chair, Landmarks Preservation Commission
Municipal Building
One Centre Street, 9th Floor North
New York, NY 10007

Re: West Park Presbyterian Church
165 West 86th Street, Manhattan (Block 1217, Lot 1) (the "Building")
Application pursuant to NYC Administrative Code § 25-309 (2)
Response to LPC Comments July 28, 2022

Dear Chair Carroll:

This letter is submitted in support of the above-referenced hardship application by the West-Park Presbyterian Church (the "Church") in response to the questions from the Commissioners sent to us in a memorandum from Mark Silberman dated July 28, 2022.

Summary

Before addressing the Commissioners' questions and presenting this new information, we would like to summarize the key issues in this application to frame the Church's responses within the requirements of the hardship provisions of the Landmarks Law.

The two central issues in this hardship application under the Landmarks law are factual determinations as to: (i) whether the Building, if used by a third party, could be capable of earning a reasonable return, and (ii) whether the Building, if retained by the Church, would be suitable or appropriate for use for the purposes for which the Building was designed.

- **Third Party Use**. With regard to the reasonable return calculation, the analysis included in our application, as further updated by the additional information provided here, clearly demonstrates that the Building is not only incapable of earning a reasonable return as defined in the Landmark Law, it *would not even be able to earn a positive return*. The central issue in the analysis is the cost to restore the Building for use by a third party in light of its poor condition and manifold structural, NYC Building Code ("Code") and life-safety issues. This analysis is in strict compliance with the requirements of the statute and the Commission's precedents, and additionally incorporates the financial impact of Historic Tax Credits. The new information gathered by the Church regarding the condition of the Building further supports the conclusion that the restoration costs would far exceed what fair market rents could support.

  It is important to note that any change in "dominant use or occupancy" of the Building would require the issuance of a Certificate of Occupancy, which the Building does not have today. This would necessitate clearing all outstanding Department of Buildings ("DOB") violations (including those received by the Church as recently as last week), bringing the entire Building up to Code for non-church use, and addressing all fire, life-safety, and accessibility issues that are currently grandfathered.

- **Church Use**. With regard to the suitability of the Building for use by West Park (or any religious institution), the relevant analysis focuses on the question of whether the Building can be made suitable for sustainable use for religious services. This excludes repairs to the interior of the Parish House to remedy code, fire safety and accessibility issues, which are grandfathered under current statutes.

  Because the dominant use of the Building would not change in this scenario, only Code issues that relate to its use as a church would be relevant. Nevertheless, all safety-related DOB violations and any serious structural concerns relating to the Building would still have to be addressed. The entire street-facing sandstone façades would need to be restored or repaired in accordance with permits issued by both DOB and the Landmarks Preservation Commission ("LPC" or "the Commission") to a point where it would be safe to remove the sidewalk shed. Based on the submitted materials, our analysis supports the finding required by Admin.

> Code §25-309(a)(2)(c) that, as a landmark, the Building has ceased to be suitable for the purpose for which it was originally designed.

The information included with this submission highlights additional concerns that have been discovered about the structural integrity of the Building. Of particular concern are the north and south walls of the sanctuary. In 2021, while conducting a survey of the Building's sandstone façade, it was discovered that the south wall of the sanctuary had detached from the roof, creating a five-inch opening and leaving the roof's ridge beam unsupported at its south end, which resulted in the closure of the building until temporary repairs could be completed.

A subsequent survey of the sanctuary confirmed that both the north and south walls were leaning outward, away from the Building. The Church's consulting engineer, Severud Associates, has determined that this outward lean is "excessive," as reported in a letter dated July 15, 2022 describing recommendations for stabilizing the walls, included with this submission. Further, probes of the south and west exterior walls of the Building that were conducted at the end of 2022 found that the iron "tie bars," which hold the sandstone façade to the structural walls have deteriorated to the point that they are no longer functional, meaning that the leaning stone façade is not properly anchored to the main structure. Monitoring devices affixed to the north and south walls since July of 2022 also indicates that there is continued movement in the south wall in the area of greatest lean. None of these conditions were identified in 2011 when a study conducted under the egis of the Landmarks Conservancy concluded that the restoration of the façade and windows would cost $14.6 million. Since then, costs have risen substantially[1], and the condition of the Building and the soft sandstone façade have deteriorated further.

The overwhelming burden of maintaining and repairing the Building over the years has far exceeded the Church's financial resources. Building repairs have consumed all of the Church's limited funds, and has made it impossible for the Church to devote resources to any other purpose. The Church has been without a pastor since 2017, and can no longer support the community outreach programs that defined the congregation in years past. The Church created the Center at West Park in 2017 to facilitate fundraising and activation of the

[1] The Turner Building Cost Index shows construction costs have increased 60% from 2011 to 2022.

Building, but this has only resulted in further depleting its resources, with no funds spent on restoration.[2] Today the Church currently has less than $10,000 in the bank, and is over $175,000 in debt. To continue operating, the Presbytery of New York City recently approved a third $50,000 loan to the Church to enable it meet its operating expenses for the next several months, pushing it even further in debt.

It is important to note that, even if the Church did not lease the Building to the Center and instead collected space rental income directly from arts organizations and other churches, while continuing its own use of the Building for worship and programming, the Building would be unsustainable even before assuming the cost of serious structural and safety issues described herein.

In marked contrast, the issuance of a Notice to Proceed would enable the Church to construct a safe, sustainable place for worship and its historic support of the arts. It would provide the funding to repay its debts, hire the pastoral staff needed to revitalize this storied congregation, and it would enable the Presbytery of New York City to fund repairs to its other landmark churches and to support community service programs across the City.

Allegations that the Church's current situation is the result of "demolition by neglect" are totally without merit. Given the magnitude of the required restoration and the absence of any meaningful support from advocates for designation, including elected officials, preservation groups and neighbors with views over the Building, the Church has done its best to maintain the Building and its congregation.

It should also be recognized that the Church's current plight is not surprising given that the Building was designated in 2010 over the objections of the Church's pastor and congregation, which at the time were struggling to maintain a deteriorating structure with severely limited resources. It is clear that the Church's plans to develop affordable housing on a portion of the site in order to raise funds for restoration were derailed by designation. After

[2] In 2016, the year before the Center started to assume operation of the Building, the Church had space use income of $276,000 and a cash balance at year-end of $375,000. Over the term of the Center's formal lease of the Building, space use income averaged $26,000 per year, and by the end of the Center's lease on December 31, 2022, the Church had incurred substantial debts and depleted nearly all its funds. During this period, the only major building repairs, for roof and emergency repairs, were funded by the Church.

designation, while some neighbors and preservation groups raised a limited amount of funds to assist the Church, the total was only a small fraction of the estimated $14.6 million price tag to restore the façade and windows at the time the Building was landmarked.

The Church's submission of this application, after more than 20 years of effort both prior to and after designation, is necessary, and the depletion of all its other assets is justified and deserves the Commission's full consideration based on the criteria set forth on the Landmark Law. The hardship provisions on the Landmarks Law are a constitutional safeguard that protects the validity of the Law itself and the rights of owners. These provisions are extraordinarily difficult to satisfy but they must be honored.

No religious institution should be denied the opportunity to continue to further its mission based on unfounded allegations of neglect, or to be required to transfer its property to an unrelated entity with no demonstrated capacity to address the real and serious issues that have resulted in this application. We believe that the Church has satisfied the requirements set forth under §25-309 (2) of the Landmarks Law as informed by the Commission's prior determinations, and that an issuance of a Notice to Proceed with demolition is justified. The Commission's issuance of a Notice to Proceed in this case is not a failure of the Landmarks Law but proof of its validity and intent.

A description of the additional materials submitted with this letter in support of the application follows. The Church and its consultants look forward to responding to any additional questions the Commission and its staff may have.

Very truly yours,

Valerie Campbell

cc: Roger Leaf – West Park Administrative Commission
Kenneth Horn – Alchemy Properties
Mark Silberman, Esq. – Landmarks Preservation Commission

Additional Submissions

The additional submissions are in two parts:

Part I provides responses to the questions from the Commission, including attached responses from the Church and from its consultants, where applicable.

Part II contains a revised estimate of the cost to restore the Building based on the additional information that the Church has gathered over the last few months to assess the Building's condition issues in greater detail. Since the LPC public hearing on July 19, 2022, the Church has undertaken extensive additional analysis of the Building's façade, windows and structural integrity to respond to the Commissioners' questions and provide further detail to support the Commission's determination. This information includes the following studies and reports:

- Results of tilt monitors that were installed on the north and south walls of the sanctuary in August 2022 to monitor the visible lean in these walls. Those data show continued movement in an area of the south wall where the lean is most concerning.

- A cost estimate to brace the leaning north and south sanctuary walls. These costs, of approximately $1.8 million, were not included in the cost estimate submitted with the Church's original application.

- The findings of probes taken of the Building's façade to determine the underlying condition of the façade. These probes indicate that the metal anchors holding the sandstone façade elements in place have deteriorated and in many areas are no longer supporting the façade in any way. The information from these probes is further evidence that facade repair is more extensive than originally believed.

- A survey of the stained glass windows by Liberty Stained Glass Conservation, an expert in stained glass restoration, which estimates the degree of deterioration of the windows and a detailed estimate of the cost of window repairs.

- Floor plans prepared by FXCollaborative to provide greater clarity as to the scope of work that would be required to address code and accessibility issues if the Parish House were to be repurposed for commercial use.

- Revised cost estimates prepared by Leeding Builders Group ("LBG") incorporate the new information described above for conversion of the Building to commercial use; for commercial use with infill development; and for conversion to residential use. In each case the analysis assumes that the new owner would need to obtain a Certificate of Occupancy to occupy the Building. LBG estimates that he cost of each of these alternative uses would be $49.1 million, $50.2 million and $58.6 million, respectively.
    - The new cost estimates include a revised estimate for façade restoration. The revised estimate for stone replacement utilized the more detailed breakdown of the types and quantities of the existing stone on the façade that was set forth in the 2011 restoration study that was sponsored by the Landmarks Conservancy and led by Sciame Construction. The scope from this earlier study has been updated to reflect current pricing for the stone and other quantities listed in the plan.
- LBG has also prepared a revised estimate for the restoration of the Building for sustained use as a house of worship, which does not include costs for code compliance and accessibility issues, but it does address the necessary exterior work to repair the stained glass windows and make the Building safe and structurally sound. This analysis shows that the Church would need invest at least $26.0 million to do so – money the Church neither has nor could raise.
- Revised financial analysis prepared by Appraisers and Planners, incorporating the new LBG cost estimates and updated market rent data, showing that the Building is not able to earn a reasonable return under any of these scenarios.

Please let us know if there is any additional information that we can provide in support of the Church's application.

PART I

Response to LPC Commissioner Comments

Responses to the Commissioner's questions have been grouped as follows:

A. Responses from the West Park Presbyterian Church, including
   - Exhibit 1 - BBG Appraisal dated August 9, 2021
   - Exhibit 2 - March 30, 2021 Letter of Intent between the Church and Alchemy Properties Inc.
   - Exhibit 3 - FX Collaborative Study of Development Alternatives
   - Exhibit 4 - July 15, 2022 Letter from the Presbyterian Foundation

B. Responses from Façade MD

C. Responses from Severud Associates

D. Responses from Nova

E. Responses from CCI

F. Responses from Appraisers and Planners

A. Responses from the West Park Presbyterian Church

To: Landmarks Preservation Commission

From: West Park Administrative Commission
165 West 86th Street, Manhattan

Re: West Park Presbyterian Church Hardship Application

Date: April 11, 2023

Cc: Sarah Carroll; Lisa Kersavage; Cory Herrala;
John Weiss; Caroline Kane Levy; James Russiello

I. Sales, Rentals, Membership and Repairs

a. Detail efforts to sell, lease or adaptively reuse the building since 2001.

i. Church states that no other "congregation", "worshiping community" or community facility has expressed interest in the building. Did church seek to sell or lease to secular entities or only other congregations/religious entities?

The Church worked with two developers prior to being landmarked in 2010; first with Related Company on a plan to replace the Building with a combination new sanctuary and market rate apartment building, and second with Richman Housing Resources (Richman) for the demolition of the community house and a portion of the church building, the construction of a 20-30 unit residential tower, and the restoration of the remaining portion of the church building. The Church vacated the Building in 2009 in preparation for Richman's redevelopment project, which would have included the preservation and restoration of the sanctuary. The Richman plan was about to go forward with demolition when the Building was calendared for possible landmark designation, whereupon the developer pulled out of the deal.

As soon as Richman pulled out of its deal, the Church began an aggressive campaign to find a partner who might purchase or share ownership of the Building - a partner willing to take on the considerable challenge of restoring the property, and also provide the congregation with a place for worship. Beginning in 2010, there were ongoing conversations with Marymount School, the Manhattan Jewish Experience, and the Venezuelan Consulate to the UN regarding the development of an Inter-American Cultural Center. Less extensive discussions were also held with The West Side Theatre Center, The Open Center, a group looking to start a new private school, and the Dwight School. Because of Building's condition issues and its imminent landmarking, none of these discussions led to a final offer.

At the same time, the Presbytery of New York City (the "Presbytery"), at the request of the Church, had established an administrative commission (AC) similar to the West Park Administrative Commission (West Park AC) to assist in the sale of the Building.

In a congregational meeting held on May 16, 2010,[3] just days after the City Council approved the landmarking of the Building, the recommendation of the AC to sell the Building was brought before the congregation for a vote, but it was voted down over concerns of the loss of its spiritual home of over 140 years, and the expectation of pledges from Gale Brewer and others to raise millions of dollars for restoration. At the time, the Church had 88 members.

Arts groups such as Joffrey Ballet, the Rioult Dance company, and the Rockefeller Group also considered long-term building leases, but after extensive assessments of renovation costs, all chose not to move forward.

1. **Churches and other significant assembly spaces have partnered with catering facilities [i.e. Cipriani], museums [i.e. CMOM] or similar businesses. Has the church approached businesses like these to investigate a partnership?**

As noted above, the Church vacated the Building in 2009 in preparation for Richman's redevelopment of the Building, which would have included restoration of the sanctuary, but once the Building was calendared for landmarking Richman withdrew from the project. The church remained unoccupied from 2009 to 2011, with no heat (and no air conditioning). In February of 2011, a leak in the sanctuary roof was discovered, and the Church was sued over a "slip and fall" on the sidewalk on 86th Street, adding to expenses. But by the end of the year, heat was restored to the Building, and the Church had begun to lease space to religious and arts groups. Despite condition issues, the church leased the sanctuary to the Woodshed Collective in the summer months of 2011, and by the end of that year Sanctuary USA, an AME church formerly known as The Sacred Center, was regularly worshiping in the sanctuary. In 2012, Noche Flamenca became a tenant for rehearsal and performance space, and in 2013 Manhattan Jewish Experience was a tenant for several months. In 2014, several theatre groups used the space, and the French Christian Ministry began meeting for worship in the sanctuary. In 2015, the Inure Community Church, a Korean congregation, and the Buddhist Council of New York were tenants, and Shen Wei used space in the Building for rehearsals. In 2016, Restoration Temple Ministries briefly leased space in the Building, and Russian Arts and the Lighthouse Church became long-term tenants (Noche, Russian Arts, and Lighthouse continue to be tenants to this day). In 2016, the Church was also able to generate some additional revenue from film shoots.

The Church did not approach any profit-making business because its focus was on worship and the arts. Moreover, the cost of refitting the space to accommodate a business or museum was not deemed feasible. These uses would have required the Church to remove pews, provide ADA accessibility and rest rooms, better climate control and, in the case of a catering hall, a full commercial kitchen.

ii. **What exactly was Cushman & Wakefield hired to do in 2012; were they trying to sell or lease? What were the results of their efforts?**

In addition to the leasing activity described above, the Church signed an Exclusive Leasing and Sales Agency Contract with Cushman and Wakefield (C&W) in 2012 to identify potential groups to lease or partner with the Church. According to Jamie Covello, who was a senior executive at C&W at the time and was the principal responsible for working with the Church, C&W was engaged to secure not-for-profit tenants with good credit for long-term leases that would enable the Church to qualify

[3] The constitution of the Presbyterian Church (USA), commonly referred to as the Book of Order, states that a church property cannot be sold without the approval of the congregation.

for bank financing for renovations and repairs. During this period C&W actively engaged in multiple negotiations with prospective tenants, including private schools, visual and performance arts groups, arts management groups, and religious congregations. However, concerns about the significant requirements for leasehold improvements and the Church's lack of funding for repairs and upgrades ultimately caused all of these prospective tenants to back away from any form of partnership to restore the Building.

Notable prospective tenants with which C&W entered into discussions on behalf of the Church include the following:

- Muslim Religious and Cultural Center - May-September 2012. C&W conducted multiple tours, and proposals and counterproposals were exchanged, which ranged from an average of $14 to $18 per square foot, as is, with 3% escalation applied to the rent annually. These negotiations did not result in a lease as the Muslim center decided that it preferred to purchase the Building, and, as described above, the Church was not willing to sell the Building at that time.

- Playwright and Actors Studio - November 2013-January 2014. C&W conducted multiple tours, proposal and counterproposal were exchanged, and numerous meetings and discussions were held. The deal was ultimately abandoned due to the significant cost of bringing the Building up to Code for a change in dominant use.

- Jewish Congregation – November 2013-August 2014. Negotiations for the entire Church House continued for nearly two years, which included significant studies and expenses committed on behalf of the tenant. This included Community Board presentations and approval, an approach to the DOB and a planned approach to the Landmarks Preservation Commission, all with the support of a consultant paid by the prospective tenant. The proposal was for a gut renovate the Building in exchange for a $16 per-square-foot net rent plus a 2% rent escalation for a long-term lease and right of first refusal to acquire the Building in the event of a sale. After many meetings, the Jewish Congregation backed away from negotiations due to the high cost of renovations.

- Dance Company - August-November 2014. The dance company offered to lease the community house except for the portion of space rented by Noche Flamenca. Proposed rent was in the range of $24 to $26 net per square foot for a 15-year term. The Church committed to building renovations of the roof and plumbing for the 3rd floor bath. Ultimately the dance company's Board rejected this lease due to the cost of further renovations.

- Significant Ballet Company - April thru September 2014. The ballet company offered $27 net per square foot plus rent escalation for a 15-year lease. The ballet company offered to make significant renovations (roof and water damage, elevator, broken windows, plumbing for 3rd floor restroom), as well as a $170,000 as a cash contribution to the Church. According to Session minutes, the deal fell through when the Department of Buildings (DOB) turned down the Church's request for a Letter of No Objection (LNO) relating to a change in dominant use of the Building.

- Ballet School - June 2016. The School offered to lease the entire building for $30 net per square foot for a 10-year term, with a requirement that the Church pay for 50% of the cost of renovations. Once the School thoroughly understood the poor condition of the Building, they withdrew the offer.

During this period the Church also removed the pulpit and altered the sanctuary to accommodate a stage for dance and musical groups, and repurposed meeting rooms and its assembly hall to accommodate paying tenants.

iii. **Did the church decline any offers to purchase the church between 2001-2021 (other than as described in the application materials and presentation) and, if so, why?**

As described above, prior to landmarking, the Church worked with Related Company on a plan to replace the building with a combination new sanctuary and market rate apartment building. In 2004 the Friends of West Park, a community-based group, presented a plan for restoring the church and community house as a rental space for non-profits. The Church worked with both groups to develop these proposals but ultimately, both plans were deemed economically infeasible.

In 2007 the Church explored a plan with Richman for the demolition of the community house and a portion of the church building to build a 20-30 unit residential tower, and to restore the remaining building. When the Building was calendared for possible landmark designation, Richman pulled out of the deal.

The Church entered into discussions with several potential partners since it was landmarked in 2010 with the goal of sharing space and retaining a place for worship in the Building, but restoration and code compliance issues were difficult to overcome. A recent purchase option from the Center at West Park was not considered because of the conditional nature of the offer. It was also not considered a serious offer because the Center also could not demonstrate that it could raise the funds needed to bring the Building up to Code as required if it were to purchase the Building.

b. **Detail efforts to sell development rights from 2001 to the present. Did church attempt to market the development rights?**

There have been numerous studies undertaken over the years to explore the feasibility of selling the Church's unused development rights. All of these studies concluded that there were no viable receiving sites that could use these air rights for development purposes.

There are two zoning lots to which the Church's air rights could be sold as of right: 151-161 West 86th Street and 176 West 87th Street. Both of these properties are pre-war co-op apartment buildings, and further development of those properties would likely necessitate buying out all current shareholders and effectively constructing a new building on the site. While the Church did not directly approach either of these co-ops, it is clear that residents of both buildings were aware of the availability of the Church's unused air rights, at least as far back as 2003, and at no time has either property shown an interest in purchasing the Church's air rights for development purposes.

There is also a limited number of additional eligible receiving sites through the use of a Zoning Resolution Section 74-79 transfer. This approach is costly, time consuming, subject to ULURP approvals, and uncertain in outcome (there have been only 12 successful 74-79 transfers in 55 years). Nevertheless, the Church engaged FXCollaborative to analyze the feasibility of using a Section 74-79 transfer for development by 140, 168 and 170 West 86th Street. This analysis clearly demonstrated that none of these fully occupied buildings could feasibly utilize the acquired air rights without a wholesale redevelopment of the property.

i. **Were there any offers to purchase the church's development rights?**

The Church received three inquiries related to the potential purchase of its development rights, all of which would have included the grant of a light and air easement prohibiting development above the existing building. The first proposal was for $1.5 million in 2003 from the tenants of 176 West 87th Street, led by a resident who subsequently became a member of the Center at West Park Board. (An article describing the offer appeared in the NY Times on October 24th of that year.) The second offer, in 2011, was also from the tenants of 176 West 87th Street, was to "lease" the Church's air rights for $1,500 per year for a period of ten years. The third offer, in 2019, was from The Center at West Park, led by Board members who owned apartments in the adjacent buildings. The Center's offer was for $1 million, to be raised from tenants of adjacent buildings. In all cases, the intent was to ensure that the Church's unused air rights could not be utilized *on site* to block the views of apartments in the neighboring buildings. It was never clear whether the tenants of either building would have been able to raise the necessary funds from its residents. None of the offers would have provided enough funds to repair and restore the building.

c. Declining membership in congregation.

i. Provide congregation membership numbers from 2001 to the present. (Note: according to the Kramer Levin letter, membership was about 250 in the 1980s, 80 in 2010, less than 30 in 2015 and "approaching single digits today".)

According to membership data reported by the Church to the Presbytery of New York City, the Church's membership in 1990 was 287, but began to fall in the mid-90's as building condition issues worsened, dropping to 94 in 1999. Membership was fairly stable until the Building was landmarked in 2010, when its membership was 88. However, after landmarking, membership dropped to 28 in just four years - ultimately leading to the termination of its pastor in 2017. The most recent census of membership was conducted in 2022, when active membership was 12. No other Presbyterian Church on the Upper West Side experienced a comparable drop in membership over this period.

ii. Provide support for statement that challenges of dealing with building was a cause for the declining membership.

After extensive water damage from burst pipes in 2009, the collapse of negotiations with Richman and the landmarking of the Building in 2010, the Church faced the challenge of returning to the Building for worship, which consumed not just money but considerable time and energy of its members. The purpose of a church is to worship together; to express faith through works; to offer support to one another as a community; and to help each other transform their lives as they understand their faith. Instead, the Church was consumed with raising funds for repairs and attracting groups willing to rent space in the Building. Addressing the needs of a building is part of the stewardship that goes with maintaining any church, but not when they become all-consuming when there are many other churches nearby that were not grappling with such overwhelming challenges. A 68% drop in membership in the four years after landmarking speaks for itself.

iii. Provide information on membership in congregations in nearby Presbyterian churches since 2001 for a similar time-period.

There are four other Presbyterian Churches on the Upper West Side that are part of the Presbytery of New York City: Broadway (601 W. 114th Street), Rutgers (236 W. 73rd St.), Second (6 W. 96th St.), and West End (165 W. 105th St.). The memberships of these churches over the last 20 years, based on data reported by these churches to the Presbytery, are as follows:

- Broadway - Membership was 76 in 2002. It grew to a high of 106 in 2010 (which might partly be attributable to members leaving West Park) and was 84 in 2021.
- Rutgers - Membership was 127 in 2002. It fluctuated between 119 and 133 from 2002 to 2011, and between 102 and 122 from 2012 to 2021. Its membership was 96 in 2021, but in 2020, before Covid, membership was 121.
- Second - Membership was 61 in 2002. Since then, membership has been fairly steady, and was 57 in 2021.
- West End - Membership was 139 in 2002, but declined to around 90 by 2006, and reached a low of 63 in 2013 due to internal issues unrelated to West Park. In 2021, its membership was 71.

iv. You have stated that there are 12 members of the congregation. At what point is there legally no longer a congregation?

In the Presbyterian Church (USA), there is no required minimum membership for a congregation. The denomination is based on a "bottoms-up" hierarchy, so questions of sustainability generally fall to the congregation. In rare cases where a church ceases to follow the tenants of the denomination, a Presbytery can step in and make the decision to disband the congregation. The congregation of West Park, as long as it follows the ecclesiastical teachings of the denomination set forth in the Book of Order, can continue to operate if it chooses to do so. However, as a practical matter, the Church will need either a new source of income or relief from its existing Building expenses to continue to operate.

1. If there was no longer a legal congregation, who is responsible for the building?

If a congregation votes to disband (or if a Presbytery were to step in in the event the congregation were unable to take such action), the church property would be turned over to that Presbytery. Typically, the property would be sold and the proceeds would be used to assist other Presbytery churches. .

d. Efforts to address the physical conditions of the building.

i. You have stated that the Congregation has sold "all of its assets" (such as the Manse) and used the proceeds to try and maintain the church. Please detail what maintenance or restoration work (or other work) has been done to maintain the building and address the exterior and structural issues since 2001.

As described above, prior to landmark designation in 2010, the Church's focus was on redevelopment of the Building with a potential development partner. The Church engaged in discussions with both Related Company and Richman on plans to demolish portions of the Building and construct a new building on a portion of the site. The Church also met with Landmarks West! In 2003 regarding potential strategies to fund restoration of the Building, including strategies for marketing and programming space in the Building. The Church also worked with Friends of West Park in 2004 to develop an adaptive reuse plan that would have involved significant changes to the Building. These plans were abandoned when they were found to be infeasible (and in the case of the Richman proposal, the developer pulled out when the Building was calendared for landmark designation.)

In 2009, the Building was not occupied and the congregation was worshiping at St. Paul and St. Andrew United Methodist Church at 263 West 86th Street. During the time water pipes burst in the unheated Parish House, causing extensive damage to the interior of the Building, including electrical wiring, the elevator and boiler. The Church had no endowment at the time, and possessed only three assets: a small apartment at 62 West 87th Street, a manse at 124 West 93rd Street, and the Building. By January 1, 2010, the Church had almost no money in the bank, and loans and payables exceeding $350,000.

The apartment on West 87th Street was sold in January 2010, netting $450,651; most of which went to pay outstanding debts and back expenses. Five months later, the Church had just $34,000 on hand, leaving few funds to pay for repairs for asbestos abatement, electrical work, and a new boiler. Most of the insurance proceeds from the water damage were paid directly to contractors.

By May 2011, Church funds were down to $14,500, but it was able to obtain grants from the New York Foundation for the Arts, the NH Charitable Fund, and the Halbreich Foundation to pay for operating expenses, repairs and a new boiler (the elevator was never repaired). In all, the Church spent $50,000 on building repairs in 2011.

In 2012 and 2013, the Church continued to struggle financially, relying on fundraising and nearly $90,000 in loans from parishioners to keep operating. As such, it was unable to afford any additional repair or restoration work during this period.

In January 2014, the Church sold its manse on West 93rd Street, netting $1.3 million. This provided the first real funding for building repairs since the Building was landmarked. The Church spent $76,000 in 2014 and an additional $234,400 in 2015 on architects, engineers, new fire safety equipment, and repairs to damaged pipes. In 2016, the Church spent an additional $60,000 on repairs to bathrooms, repair of basement flood damage, and to the church balcony. The first significant repair to the exterior of the Building occurred in 2019, when the Church spent $113,000 to replace the roof of the parish house.

Not all of the net proceeds from the sale of the 93rd Street manse went toward Building repairs. Funds also went to the payment of salaries, insurance, utilities, a sidewalk bridge, and routine building maintenance. The Church's cash income and expenses since the sale of the manse in 2014 have included the following:

West Park Presbyterian Church
Cash Income and Expenses ($ in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sale of Manse, Net	1,277.6	0	0	0	0	0	0	0	0
Grants and Loans	10.0	7.0	25.0	0	0	10.0	0	47.9	175.6 (a)
Rent & Other Income	60.8	219.8	294.5	92.1	42.7	39.0	23.2	40.9	82.5
Total Cash Income	**1,348.4**	**226.8**	**319.5**	**92.1**	**42.7**	**49.0**	**23.2**	**88.7**	**258.1**
Personnel	206.6	156.9	152.7	38.7 (b)	26.0	23.5	24.6	26.9	28.2
Insurance	36.8	35.8	31.3	30.7	60.7 (c)	45.7	52.5	35.1 (d)	56.1
Utilities	36.0	39.8	30.8	8.3 (e)	0	0	0	0	0
Sidewalk Shed	30.0	23.8 (f)	0	0	0	0	0	19.0 (f)	0
Other Operating	126.2 (g)	52.4	71.3	10.4	6.2	4.2	2.5	32.8	115.8 (h)
Capital Imps.	76.1	234.4	93.1	4.5	11.8	108.2	11.3	19.9	73.2
Total Cash Expense	**598.7**	**543.2**	**379.3**	**92.6**	**104.8**	**181.6**	**91.0**	**133.6**	**273.6**
Net Cash Flow	**749.7**	**(316.3)**	**(59.8)**	**(.5)**	**(62.1)**	**(132.6)**	**(67.7)**	**(44.9)**	**(15.5)**

(a) Includes $100,000 in loans from the Presbytery
(b) Senior pastor position was eliminated.
(c) Change in carriers.
(d) Change in carriers - gap in coverage.
(e) Center at West Park assumed responsibility for utilities under its lease.
(f) Sidewalk sheds purchased in February 2015 and April 2021.
(g) Includes closing costs and back expenses paid from sale of manse.
(h) Includes building condition assessment costs.

Major vendor expenses for repairs, scaffolding, and insurance between 2011 and 2022 were as follows:

Eagle Scaffolding - Sidewalk Shed - 2010-2014	$ 87,100
Gem Mechanical - Boiler - 2011	25,000
NYGC - Basement Repairs 2014, 2015	174,000
CTA Architects - 2014, 2015	30,000
AFA Protective - Fire Alarm - 2015	60,600
JBI Management - Basement Repairs - 2016	50,200
Imperial Construction - Roof - 2019-2020	113,300
Phoenix Sutton - Purchase Sidewalk Shed - 2021	19,000
Various Insurance Carriers - 2012-2022	454,800
DOB/DOF Fines and Penalties - 2012-2022	41,700
TOTAL	**$1,055,600**

e. Relationship between the church (session) and the Presbytery

The 'church' consists of the individual congregants who are members of the Church. The governing body of the Church is the session, although most Presbyterian churches also have Trustees and Deacons, all of whom are elected by the congregation. The Board of Trustees are the officers of the Corporation, and Deacons attend to the wellbeing of the congregants and the execution of the mission of the church.

West Park does not have a Board of Trustees. The session became the sole governing body of the Church in 1998, and since then session members also serve as the corporate officers of the Church. All Church property is owned by The West-Park Presbyterian Church of New York City (the "Corporation"), a religious corporation incorporated under the Religious Corporations Law of the State of New York, which is solely responsible for its upkeep.

All decisions about church matters, such as the time and place of worship, the administration of the sacraments, the welcoming of members, the approval of budgets, the maintenance of church property, and the use of the sanctuary are made by the session. Session members are ordained Elders elected for three-year terms at a duly called congregational meeting.

There are certain actions for which the session must also obtain the approval of both the congregation and the Presbytery. These include the hiring of a new pastor, the sale of church property, and the approval of certain loans. In addition, the Presbytery must approve all leases that either involve the use of the sanctuary or are have a term longer than five years.

The Presbytery of New York City is made up of 89 Presbyterian churches and 15 worshiping communities, including West Park, which are each solely responsible for the upkeep of their property. Although it has a limited amount of restricted funds that are used to make about $100,000 in grants and loans annually to be spread among its member churches. The Presbytery is a member of the Synod of the Northeast, and the Synod is part of the General Assembly, the national organization of the Presbyterian Church (USA). The Book of Order sets forth the jurisdictional authority of each of these bodies. It is the responsibility of the Presbytery to ensure that its member churches follow the Book of Order.

i. **The session (and now the Administrative Commission) is described as the "owner". Does the Session have the authority/power to take out a loan or mortgage without the consent of Presbytery?**

As stated above, the Corporation is the owner of the Building, and the officers of the session are the corporate officers of the Corporation.

Neither the session nor an administrative commission can sell or mortgage church property without affirmative votes by both the congregation and the Presbytery and, in the State of New York, with the consent of either the State Attorney General or the Supreme Court of the State of New York.

ii. **What is the difference between the Session and the West Park Presbyterian Church of New York City (a NY religious corporation)? Is the Corp. the actual owner of the property? Is the Session a subsidiary? Is it the equivalent of a Board of Directors?**

The Corporation is the owner of the Building. The session is the governing body of the Church, and since 1998 members of the West Park session also serve as the officers of the Corporation. In accordance with the Book of Order, the Presbytery may assign "original jurisdiction" that would otherwise reside with the session to an administrative commission. The West Park AC was granted original jurisdiction over the Church on October 19, 2021, although session members remain the officers of the Corporation.

iii. **The Administrative Commission was authorized to act as the Corp. by virtue of the 10/19/21 resolution. Describe the relationship between the Administrative Committee, the Session and the Corp.**

The West Park AC was created by the Presbytery in December 2020 "to provide leadership and assistance to the Church in pursuing the sale of church property, and addressing existing and future space use issues." In October 2021, the session requested that the West Park AC be granted "original jurisdiction" so that it could also assist in, among other things, arranging loans from the Presbytery to pay for operating expenses and emergency repairs. By granting original jurisdiction to the West Park AC, all powers granted to the session under the Constitution of the Presbyterian Church (USA) were assigned to it, and as such has the jurisdictional authority to act on behalf of the session on all matters relating to the Church. However, members of the session continue to serve as the officers of the Corporation. The West Park AC has delegated certain responsibilities, such as the approval of active members and the time and place of worship services, to the session.

iv. **Please provide the BBG appraisal dated 8/9/21 that was referenced in the Presbytery minutes and used to support the contract with Alchemy.**

The BBG appraisal is attached as Exhibit 1 to this response.

v. **What would happen if the Presbytery did not approve the sale of the church? Given the church's testimony that the Session is for all intents and purposes non-existent, who would be responsible for compliance with local laws and codes?**

The congregation of the Church voted unanimously to approve the sale of the Building to Alchemy Properties at a called congregational meeting on March 27, 2022, and the Presbytery approved the sale at its quarterly meeting on June 7, 2022 by a vote of 91 to 3. The session of the Church is still an active body, and is responsible for compliance with local laws as the corporate officers of the Corporation.

vi. Is the Presbytery obligated to give loans or other financial assistance to the Session?

The Presbytery's financial resources are extremely limited. It is restricted in its ability to assist one member church over another, although it has established a board designated fund that provides about $100,000 in grants annually to its member churches. In rare cases, the Presbytery has also loaned funds to member churches from the same designated fund, generally in anticipation of the sale of church property. The Presbytery made two $50,000 loans to the Church in 2022 that came from this fund, as well as a third $50,000 loan approved within the last month. A loan greater than $50,000 would require an affirmative vote of the entire Presbytery.

vii. Has the Presbytery authorized the sale or long-term lease of other church properties in New York?

The Presbytery must approve all sales of property by its member churches, all leases of church property with a term of more than five years, and all leases involving the use of a sanctuary, regardless of the term. The Presbytery has routinely approved such leases and the sale of property owned by member churches after a careful review of all documentation and the approval of sales by the related congregation. Such sales have included bequests of real property, manses, auxiliary buildings, and in rare cases, churches.

viii. Has the national Presbytery supported churches with loans or grants? Did West Park seek support from the national Presbytery? What was the outcome of those efforts? If it didn't, why not?

Small grants, less than $100,000, are sometimes made to individual congregations by the Presbyterian Mission Agency. These grants are generally made to new worshiping communities, but such grants are not available for capital improvements to church property.

The Presbyterian Investment and Loan Program ("ILP") can provide loans to congregations for construction and renovation, and has made approximately $100 million in loans to the 8,500 churches in the denomination. To qualify, churches must meet a rigid lending criterion that West Park would be unable to meet.

In 1986 the Church received a loan from ILP's predecessor entity, which was repaid in 2002. In 2012, the Church investigated whether ILP might provide a loan for renovation and maintenance of the Building, but it was unable to meet the necessary credit criteria.

A July 15, 2022 letter from the Presbyterian Foundation describing the relationship between the national organization and local congregations is attached as Exhibit 4.

II. Other efforts to raise funds

a. **Describe fundraising efforts to address building issues from 2001 to the present.**

b. **Has the church sought to obtain grants from foundations or other institutions? If so, describe the efforts and the outcomes.**

As described above, the Church raised funds from a range of sources, including grants from foundations, loans from parishioners, and renting space in the Building. In 2010 and 2011, the Church sponsored fundraisers, and hosted a craft fair to raise funds for a new boiler. The Center at West Park (the "Center") hosts an annual fundraising gala," but has never shared any of the funds raised with the Church.

III. Lease with Center at West Park

a. **Has the Center exercised its right to renew the lease for another five years, until 12/31/28? What is the status of the lease?**

The Church and the Center entered into a written lease agreement dated April 6, 2018 for an initial five-year term ending on December 31, 2022, which contained a renewal option whereby the Center could extend its tenancy through December 31, 2027.

The Church - which at the time of lease obligations did not have a pastor and was not represented by counsel - subsequently became aware that the lease violated the New York Religious Corporations Law ("RCL"). Since the renewal option would extend the lease term beyond five years, RCL § 12 required the parties to submit the lease to the Presbytery to obtain its prior consent and, in addition, to obtain the approval of the NY Supreme Court or Attorney General. However, the lease was never submitted to either the Presbytery for approval, or to the Court or Attorney General. In the absence of these approvals, the Lease is void *ab initio* as a matter of statutory law, including its renewal option.

The Church is currently seeking a declaration of the New York Supreme Court, New York County, in an action entitled *West-Park Presbyterian Church of New York City d/b/a West Park Presbyterian Church v. The Center at West Park, Inc. d/b/a The Center at West Park, et al.* (Index No. 652924/2022), that the Lease is void *ab initio* for violating the RCL. Specifically, the Church seeks a declaration along with a judgment of possession and the immediate issuance of a warrant of eviction, enabling the Church to recapture legal possession of its real property occupied by the Center.

After commencing this action, the Church moved for summary judgment seeking dispositive resolution, and the Center cross-moved, requesting leave to file an amended answer and to compel discovery. Both motions are currently pending before the judge, and oral arguments are scheduled for May 3rd.

IV. Contract with Alchemy

a. **Admin. Comm. has testified that it explored ways to retain, modify and replace the building. How did it do that? Did the Church issue RFP or equivalent in 2020 or 2021 to solicit interest from developers?**

Working with a team of architects and zoning experts from FXCollaborative, Alchemy Properties undertook a series of massing studies to determine the development potential of the property under a range of scenarios within the limits of the sites contextual zoning restrictions. At a more advanced stage of the review process, Severud, Façade MD, and CCI were brought in to assess restoration, code and building condition issues. Attached as Exhibit 3 to this response are massing studies of the many design options that were considered.

b. How did church "select" Alchemy to be its development partner in 2021?

In early 2021, the West Park AC engaged the firm of Kramer Levin Naftalis & Frankel ("Kramer") as counsel for real estate matters and to advise it in how best to identify developers that had experience in projects involving landmarked properties. It was the view of the West Park AC, confirmed through discussions with Kramer, that only a small number of experienced developers would be willing to undertake a project that would involve the alteration of a landmark. which potentially could take years to complete and would entail the risk that a proposed plan might not ultimately be approved. It was felt that a targeted approach focused on such developers was more likely to identify the best potential purchaser vs. the very public process of hiring a real estate broker.

Dan Berman, a Partner in Kramer's Real Estate Department, researched the matter with his partners and reached out to multiple developers, identifying a total of seven firms that were willing to sign a nondisclosure agreement and discuss the project in detail. After several months of interviews and negotiations, the West Park AC selected Alchemy Properties to explore the possibility of constructing a residential tower over the church to fund the restoration of the existing building, and signed a letter of intent (LOI) with Alchemy Properties on March 30, 2021.

c. Is there a retainer/contract/agreement that describes what Alchemy was selected to explore? If so, please provide.

A copy of the March 30, 2021 letter of intent is attached as Exhibit 2 to this response.

d. Alchemy testified that it explored many options to save portions of the building to incorporate into a new development. Besides the example provided in the application, can Alchemy provide information on any other alternatives they explored?

Attached as Exhibit 3 is an analysis FXCollaborative Architects that presents the alternatives explored by Alchemy and a discussion of why each of them were found to be unworkable.

e. When did Alchemy retain FXCollaborative, Façade MD and Severud and the other consultants?

Alchemy brought in FXCollaborative immediately after signing the LOI to assist in exploring development options because of its design and zoning expertise and its experience in working on landmark buildings. The project team investigated a number of potential development options, including adaptive reuse of the structure within its existing envelope, the replacement of the community house with a residential tower, the construction of a new residential tower above the sanctuary, and the replacement of the entire building. In each case, the design incorporated a worship and community space for use by the Church.

Severud, CCI, Nova Construction, LBG, Krypton Engineering, and Liberty Stained Glass Conservation subsequently joined the project team to investigate existing building condition issues and to estimate the cost to repair and restore the façade and interior of the Building. This comprehensive evaluation of the Building went far beyond the Landmarks Conservancy assessment in 2011, and included addressing code compliance and ADA accessibility issues that were identified for the first time.

Exhibit 1

BBG Appraisal

BBG

Third-party reports by a true third party

Appraisal Report

West-Park Presbyterian Church

165 West 86th Street
New York, New York 10024

BBG File #0121012016

Prepared For

West-Park Presbyterian Church
c/o Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Daniel Berman, Esq.

Alchemy Properties
Attention: Mr. Kenneth Horn
800 Third Avenue, 22nd Floor
New York, NY 10013

Report Date

August 9, 2021

Prepared By

BBG, Inc., New York Office
112 Madison Avenue
New York, NY 10016
Ph: 212-682-0400

Client Manager: Eric Haims, MAI, AI-GRS
ehaims@bbgres.com

VALUATION ADVISORY ASSESSMENT ZONING

BBG

August 9, 2021

West-Park Presbyterian Church
c/o Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Daniel Berman, Esq.

Alchemy Properties
Attention: Mr. Kenneth Horn
800 Third Avenue, 22nd Floor
New York, NY 10013

Re: Appraisal of **West-Park Presbyterian Church**
165 West 86th Street
New York, New York 10024
BBG File No. 0121012016

Dear Mr. Berman and Mr. Horn:

As requested, we have completed an appraisal of 165 West 86th Street for the purpose of determining our opinion of the subject's market value of the fee simple estate based on its highest and best use and based on the hypothetical condition that the subject property is not a NYC Landmark. The intended users of the appraisal report are our clients, West-Park Presbyterian Church and Alchemy Properties. The intended use is for possible acquisition purposes/NYS Attorney General approval.

The subject site is located on the northeast corner of West 86th Street and Amsterdam Avenue in the Upper West Side section of Manhattan, city, county and state of New York. The subject is identified on the New York County tax maps as Block 1217, Lot 1. The subject property is irregular in shape and contains 10,157 square feet of lot area. The subject property is improved with a three-story religious facility building, consisting of 16,003 square feet of gross building area (as per New York City records).

The subject site is located in the R10A Residential Zoning District and has a C1-5 Commercial Overlay, which has a maximum FAR of 10.00 for residential use and 2.0 for commercial use. The subject site has 101,570 square feet of maximum developable area (as per our calculations).

We have used the Sales Comparison Approach to value the subject property since the subject's highest and best use as improved is to demolish the existing building and redevelop the subject site using all of the subject's available development rights. We did not use either the Cost Approach or the Income Capitalization Approach to value the subject property since the subject's current use is no longer the subject's highest and best use as improved.

The value of the underlying land is the focus of this appraisal. We have searched for residential land sales located in Manhattan that were purchased for and developed with residential condominium buildings in order to determine the value of the subject site. We have also developed an opinion of the subject's market value as a development site using the Land Residual Approach.

In order to apply the Land Residual Approach, we have relied on comparable residential condominium unit sales, and construction costs estimated by local NYC developers and our knowledge of the New York City real estate market.

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

We refer the reader to the “Scope of Work” section of the appraisal report, which includes, but is not limited to: 1) the extent to which the property is identified, 2) the extent to which the tangible property is inspected, 3) the type and extent of data researched, and 4) the type and extent of analyses applied to arrive at opinions or conclusions.

By agreement, this is a narrative appraisal report intended to comply with or exceed the reporting requirements set forth under applicable regulations of the 2020/21 Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation and the Appraisal Institute’s Code of Professional Ethics.

Based on our inspection of the property, the investigation and the analysis undertaken, subject to the assumptions and limiting conditions, we have developed the following value opinion.

MARKET VALUE CONCLUSION(S)		
Interest Appraised	**Date of Value**	**Value Conclusion**
Fee Simple	July 23, 2021	$49,000,000

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of fee simple market value would have required an exposure time of approximately 6 to 12 months. Furthermore, a marketing time of approximately 6 to 12 months is currently warranted for the subject property.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.

Eric P. Haims, MAI, AI-GRS
NY Certified General Appraiser
License #: 46000045128
Ph: 347-537-2136
Email: ehaims@bbgres.com

Sara Blessing
NY Certified General Appraiser
License #: 46000052616
Ph: 347-537-2156
Email: sblessing@bbgres.com

TABLE OF CONTENTS

SUBJECT PROPERTY

SUMMARY OF SALIENT FACTS

APPRAISAL INFORMATION		
Client	West-Park Presbyterian Church c/o Kramer Levin Naftalis & Frankel LLP 1177 Avenue of the Americas New York, New York 10036 Attention: Daniel Berman, Esq.	Alchemy Properties Attention: Kenneth S. Horn, Esq. 800 Third Avenue, 22nd Floor New York, NY 10022
Intended User(s)	The intended users of the appraisal report are our clients, West-Park Presbyterian Church and Alchemy Properties	
Intended Use	The intended use is for possible acquisition purposes/NYS Attorney General approval.	
Premise Summary	As Is Market Value July 23, 2021	
Date of Inspection	July 23, 2021	
Report Date	August 4, 2021	
Marketing Time	6 to 12 months	
Exposure Time	6 to 12 months	
Owner of Record	West Park Presb Church	
Highest and Best Use		
If Vacant	Development of a mixed-use residential condominium building	
As Improved	Demolition of existing improvement and development of a mixed-use residential condominium building	

PROPERTY DATA		
Property Name	West-Park Presbyterian Church	
Address	165 West 86th Street New York, New York 10024	
Location	The subject site is located on the northeast corner of West 86th Street and Amsterdam Avenue in the Upper West Side section of Manhattan, city, county and state of New York.	
Property Description	Religious Facility	
Census Tract No.	173	
Tax Lot	Block 1217, Lot 1	
Site Area		
Primary Site	10,157 square feet	(0.2332 acres)
Zoning	R10A (C1-5); Residential and Commercial	
Flood Status	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.	
Type of Construction	Brick	
Number of Buildings	1	
Gross Building Area	16,003 square feet	
Overall Condition	Poor	
Overall Quality	Poor	

BBG

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	Our appraisal is based on the hypothetical condition that the subject property is not a New York City landmark.

RISK SUMMARY	
Challenges	The impact of the COVID-19 virus has created near-term instability in the capital and real estate markets. It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy and the market in which the subject property is located. As such, the associated risk may not yet be priced into the real estate market. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. The opinions of this report are as of a specific point in time and may change in the near term.

PROPERTY HISTORY

The subject property has not sold within the last three years. The most recent sale of the subject property can be found in the chart below. The subject property is not currently available on the market for sale.

PROPERTY HISTORY	
Recent Transaction	
Property Owner	West Park Presb Church
Comments	The current owner of the subject property is West Park Presb Church. There has been no transfer or sale of the subject property in the previous three years.

As per our clients, the subject property is in need of extensive interior and exterior renovations. A conceptual budget completed for the subject property as of August 16, 2011 by Sciame, estimated costs at approximately $15 million. These repairs include items such as masonry work, roof repairs, electrical, and window and door restoration. Since these provided cost estimates are 10 years old, a new report with updated costs is being prepared but has not yet been provided to us.

It is our opinion that the subject's highest and best use is no longer the current improvements, but the demolition of the religious facility and the development a new mixed-use residential condominium building with ground floor commercial condominium units.

SCOPE OF WORK

SCOPE OF THE INVESTIGATION	
General and Market Data Analyzed	▪ An exterior inspection of the subject's property performed; ▪ A review of New York City records (including plot plans and tax maps) in order to gather information about the physical and legal characteristics of the subject property that are relevant to the valuation problem; ▪ An analysis of local area characteristics and market trends as of the date of value; ▪ A determination of the subject's highest and best use; ▪ Application of the Sales Comparison Approach as a development site, which involves a comparative analysis of relevant factors that influence value to adjust the comparable land sales and asking prices for development sites currently on the market for sale gathered to the subject property based upon the likely actions and preferences demonstrated by participants in the marketplace, as of the date of value; ▪ Application of the Land Residual Approach, which involved the research of comparable residential and retail condominium units, and the deduction of development costs (hard and soft costs), financing costs and entrepreneurial incentive, marketing and leasing costs in order to develop an opinion of the subject's prospective market value as a potential development site; ▪ The Cost Approach and the Income Capitalization Approach were not used to value the subject property as the subject's current use is no longer the subject's highest and best use as improved; and ▪ The reporting of our opinions and conclusions in a narrative appraisal report format, as requested by our clients.
Inspection Details	An exterior site visit was conducted on July 23, 2021 by Sara Blessing. Eric P. Haims, MAI, AI-GRS did not personally inspect the site.

Property Specific Data Requested and Received

PROPERTY DATA RECEIVED
Comparable Cost Comps
Massing Study
Zoning Memo
Illustrative Massing
Exterior Restoration Costs

Data Sources

DATA SOURCES	
Site Size	NYC Dept. of Finance
Building Size	NYC Dept. of Finance
Tax Data	NYC Dept. of Finance
Zoning Information	NYC Dept. of City Planning
Flood Status	FEMA
Comparable Land Sales	CoStar, Brokers
Comparable Retail Condo Sales	CoStar

VALUATION METHODOLOGY	
Most Probable Purchaser	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property. The most probable purchaser of the subject "As Is" is a developer as there are no long-term leases in place.
Valuation Methods Utilized	This appraisal employs the Sales Comparison Approach and the Land Residual Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these two approaches would be considered necessary and applicable for market participants. Since no contributing improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under condition whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

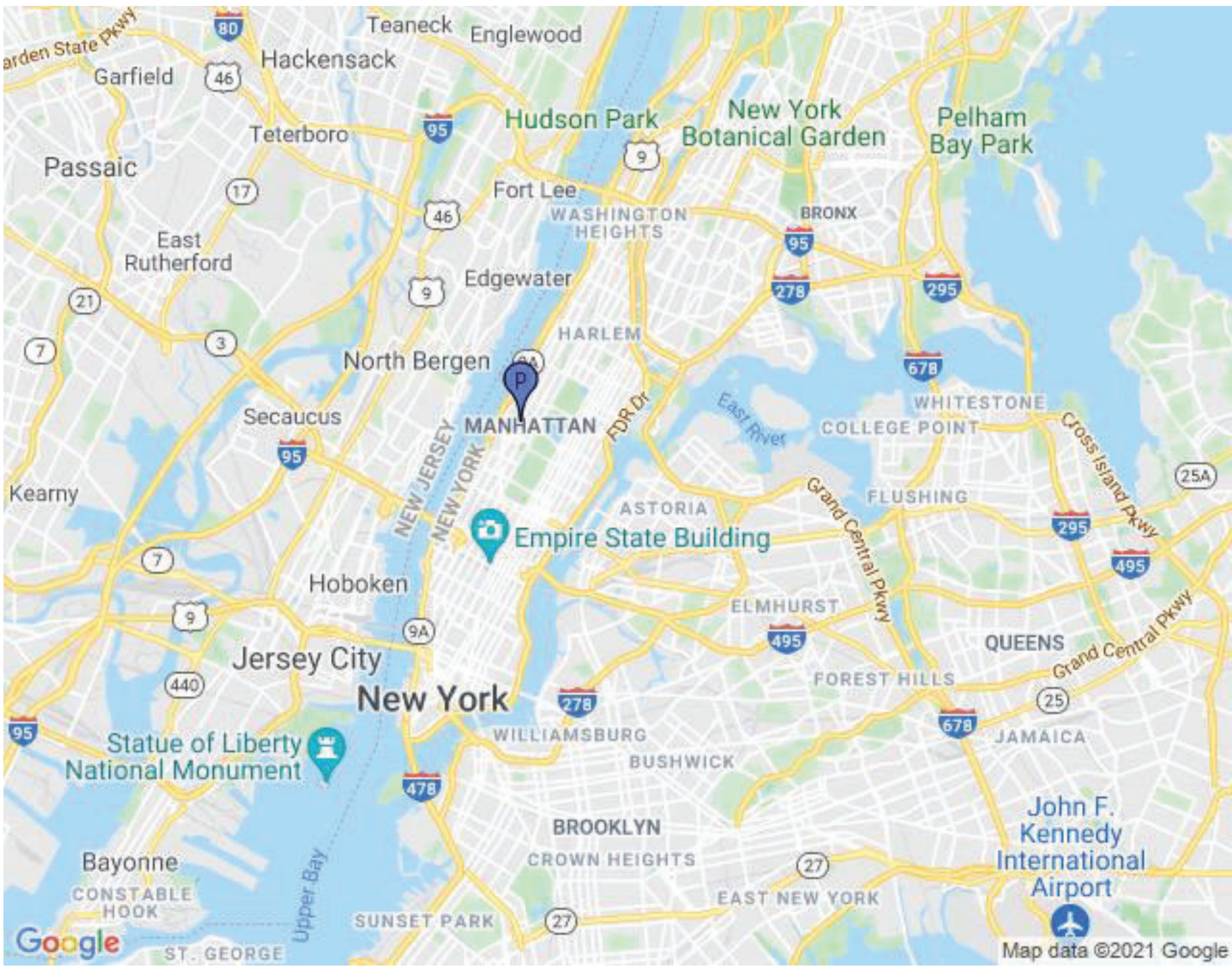
This report is prepared as an **Appraisal Report.** An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Summary Appraisal Report in prior versions of USPAP.

REGIONAL ANALYSIS

AREA OVERVIEW

The subject property is located in New York City, which is recognized as the business and financial capital of the United States. Besides its stature as a financial center, New York City is a leading cultural center populated with some of the world's finest universities, museums, medical centers, libraries, theaters, and music institutions. New York City encompasses 321.8 square miles and is divided into five boroughs: the Bronx, Brooklyn, Manhattan, Queens, and Staten Island. Except for the Bronx, each borough is wholly or part of an island.

REGIONAL MAP



COVID-19 DISEASE; SARS-COV-2 VIRUS

CDC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak a "public health emergency of international concern" (PHEIC). On January 31, Health and Human Services Secretary Alex M. Azar II declared a public health emergency (PHE) for the United States to aid the nation's healthcare community in responding to COVID-19. On March 11, WHO publicly characterized COVID-19 as a pandemic. On March 13, 2020 the President of the United States declared the COVID-19 outbreak a national emergency.

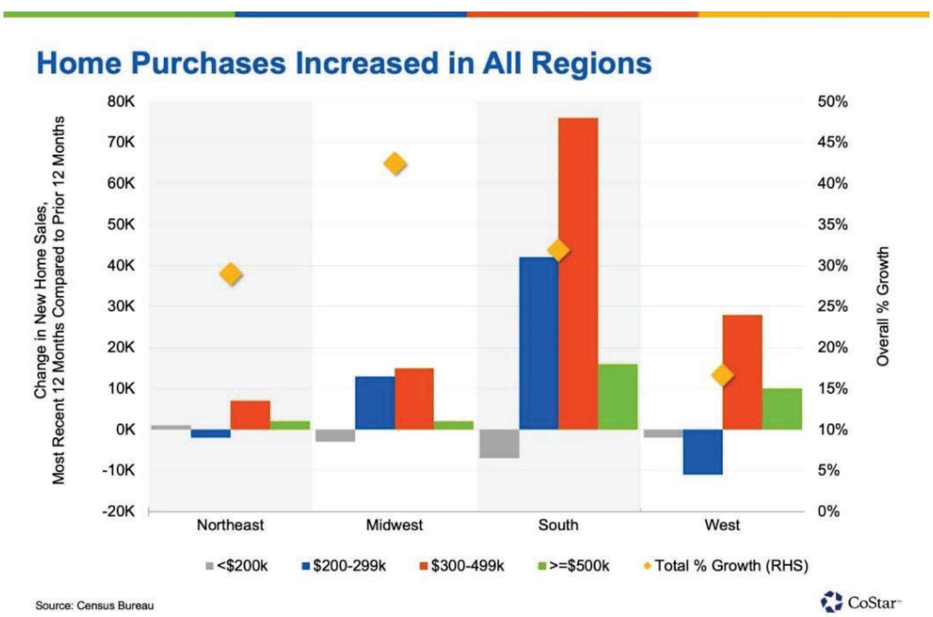
COSTAR | JUNE 1, 2021

How Blistering Home Sales Could Give Way to Better Times for the Multifamily Market

The data for single-family housing activity over the past year is staggering:

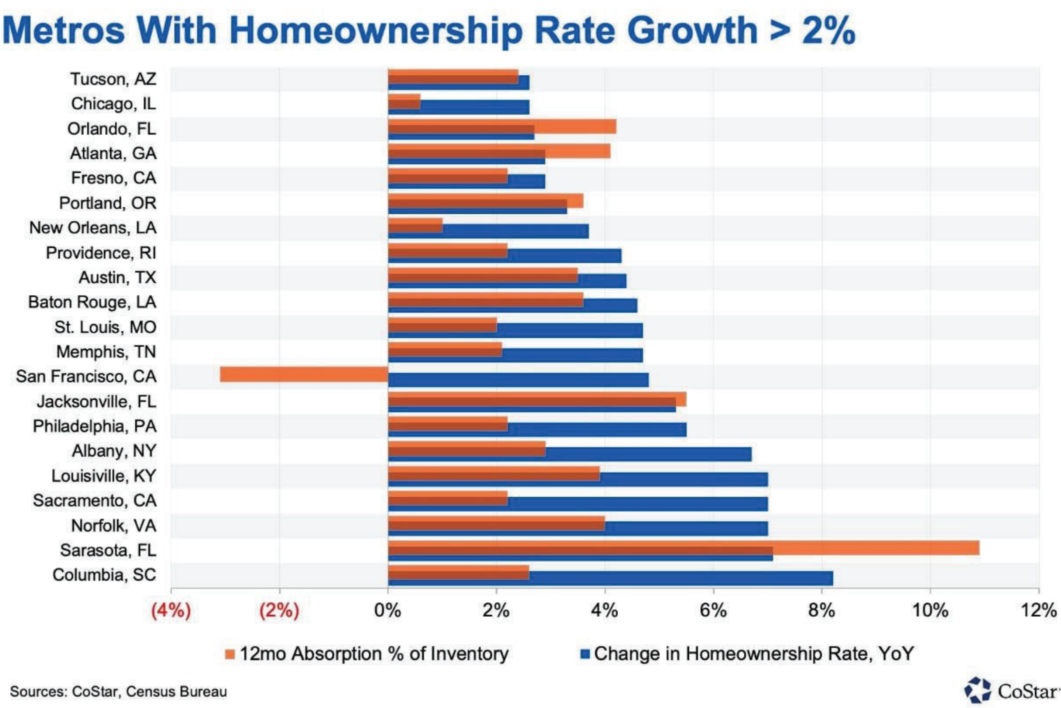
- About 900,000 new one-family homes were sold over the past 12 months, a 33% increase from the 12-month period ending April 2020. While the amount of purchases is still below the 2002-07 period, there has never been a one-year increase this substantial.
- About 5.2 million existing single-family homes were sold over the past 12 months, an 11% increase from the 12-month period ending April 2020.
- Median home prices for existing single-family homes were up 20% from a year ago as of April 2021, the single largest increase on record back to 1969.

The pace of purchases has increased everywhere. In the four-quarter period ending March 2021, the number of purchases was up by a minimum of 17% in the West region compared to the prior four-quarter period, and as much as 42% in the Midwest. Purchases were most concentrated in the $300,000-to-$500,000 price range, which were up by 46% using the same four-quarter total comparison.



BBG

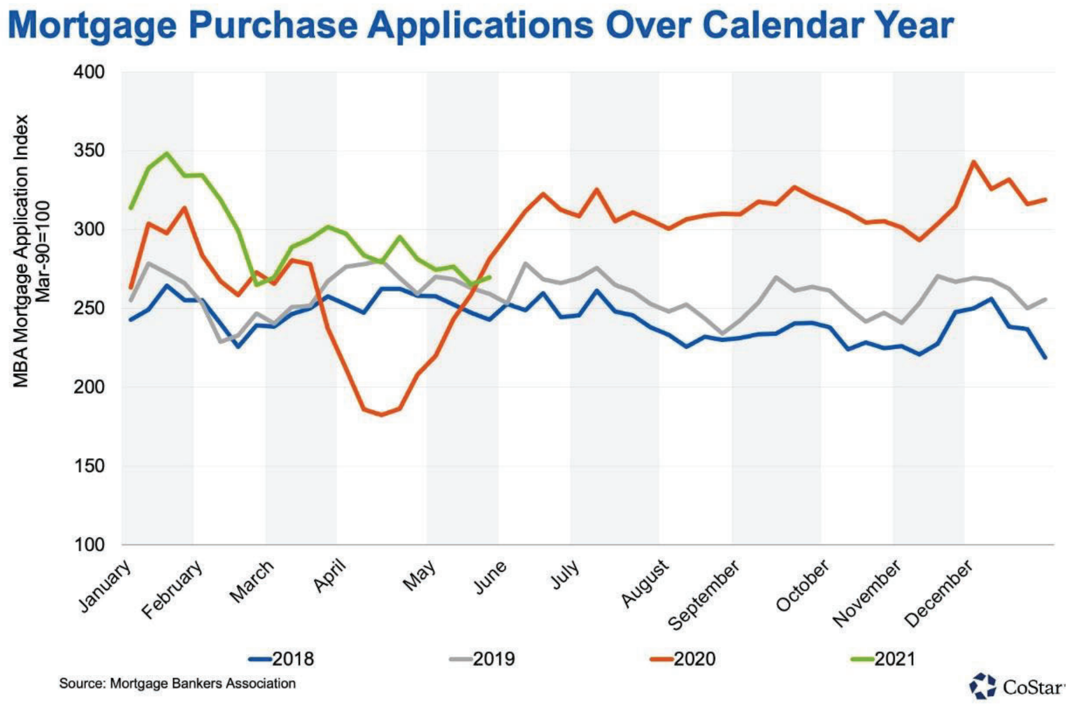
On a regional level, 25 metropolitan areas experienced a 2 percent or greater increase in the homeownership rate from the first quarter of 2020 to the first quarter of 2021. While scattered across the U.S., almost half of these metros are in the South.



Somewhat surprising is how the housing boom was not limited to suburban and rural areas. Philadelphia, San Francisco, Atlanta and Chicago ranked among those with significant increases in homeownership, despite being among the largest regions by population. In San Francisco, it appears that rising homeownership came at the expense of multifamily rentals, which fell by a sharp 3%. Philadelphia, Atlanta and Chicago are unique in being more affordable markets than most major metros, likely lowering the barrier of entry to first-time homebuyers. The National Association of Realtors reported one-third of new homes purchased over the past year, on average, were by first-time homebuyers. This marks the largest first-time homebuyer share since 2012, when sales were depressed after the housing crisis.

Many of the other cities, though, particularly those in Florida and Texas, posted strong homeownership gains in addition to robust multifamily absorption, highlighting strong population growth in a year when many sought more space to work from home.

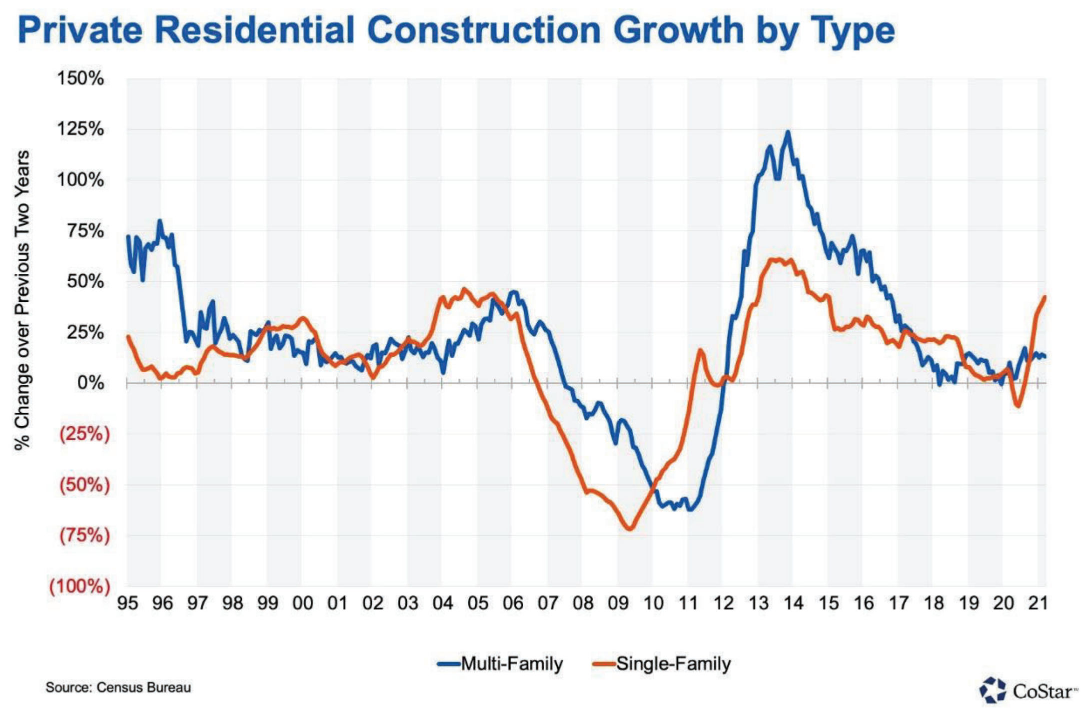
How much longer this trend will continue is open to debate. While millennials continue to age into typical first-time homebuying ages, the pace of mortgage applications appears to have slowed significantly this year. The Mortgage Bankers Association reported a reading of 269.8 on its mortgage purchase application volume index, roughly in line with levels at the same point in the calendar year as in 2018 or 2019. Home purchasing is often seasonal, and this marks a sharp decline from the end of 2020, when mortgage purchase applications were 25% above 2019 levels and 46% above 2018 levels for the last week of the respective years.



Mortgage rates have risen somewhat from their all-time low of 2.68% in January, and the waves of stimulus payments over the past year, which may have aided down payments, are coming to an end. In this case, an easing of the flurry of home purchase activity makes sense.

A slowing of home purchase activity could benefit absorption rates for multifamily communities, as rent growth has been far outpaced by home purchase price growth over the past year. According to CoStar, multifamily rents per unit increased by 2% as of the first quarter, the lowest rate in nearly a decade and far below the 14% gain in single-family home prices.

Another item likely to favor multifamily properties going forward is the improvement in supply. After a sharp increase in the sales of single-family houses, builders have responded by starting new projects. Census Bureau data shows an annualized $390 billion in projects started in March 2021, representing a 42% increase from two years prior compared to only a 13% increase for multifamily projects.



The post-housing crisis period was defined by exorbitant multifamily construction as the single-family market rightsized. A reversal of that trend now should be a boon to the fundamentals of multifamily real estate.

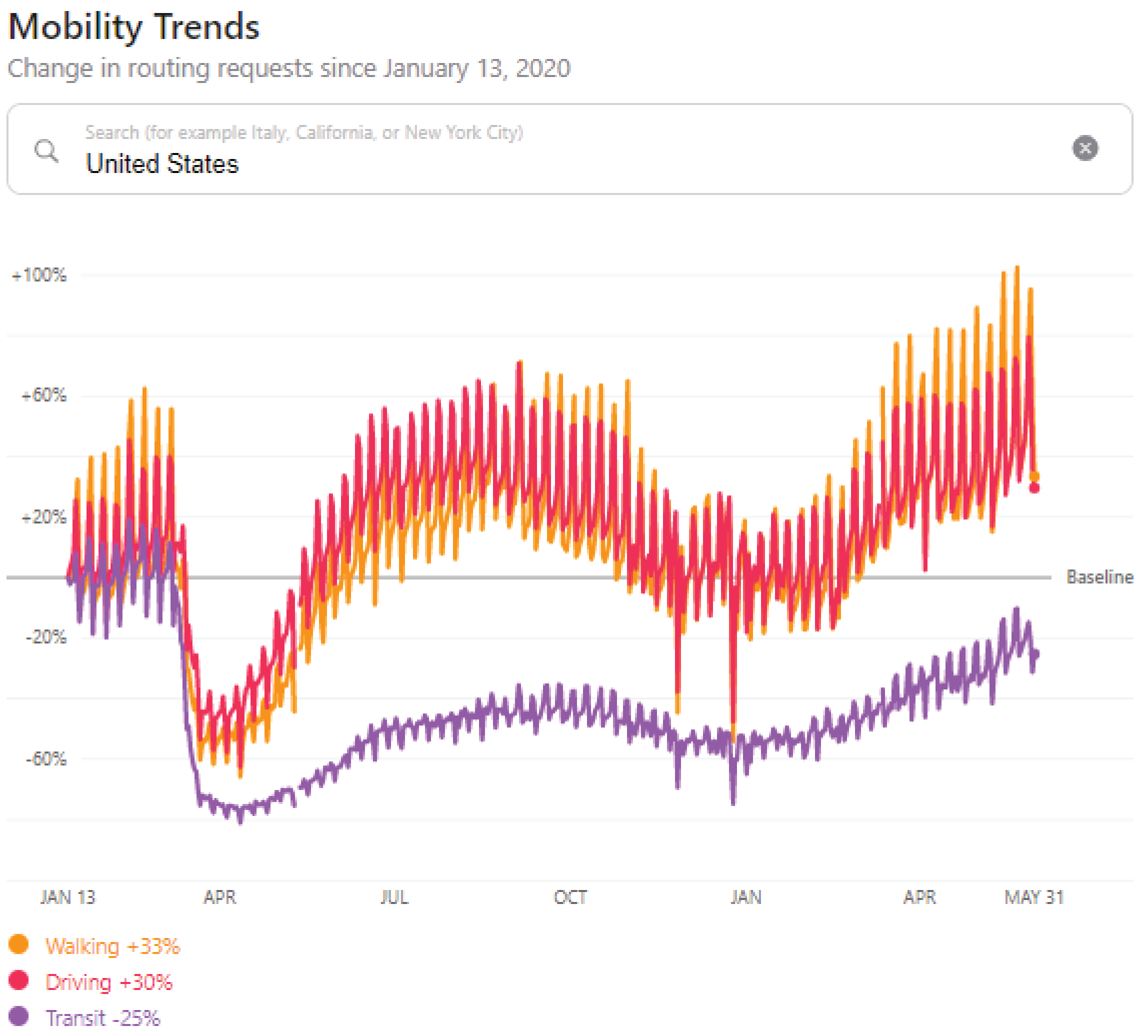
The Week Ahead …

The holiday-shortened week nevertheless includes significant events for the U.S. economy. The highlight of any month for economic data, the jobs report, is scheduled to be released on Friday, with economists expecting a bounce back in April from the disappointing March figures. Hiring in the leisure and hospitality sector is likely to lead the way as activity returns to normal with a substantial share of the U.S. population now vaccinated against COVID-19.

The turn of the month also means the release of business sentiment reports for May. The Institute of Supply Management's Manufacturing Index is set to be released on Tuesday, with the Services Index released Thursday. The news releases should include commentary on the state of supply chains and labor shortage, both essential issues for the continuation of the recovery.

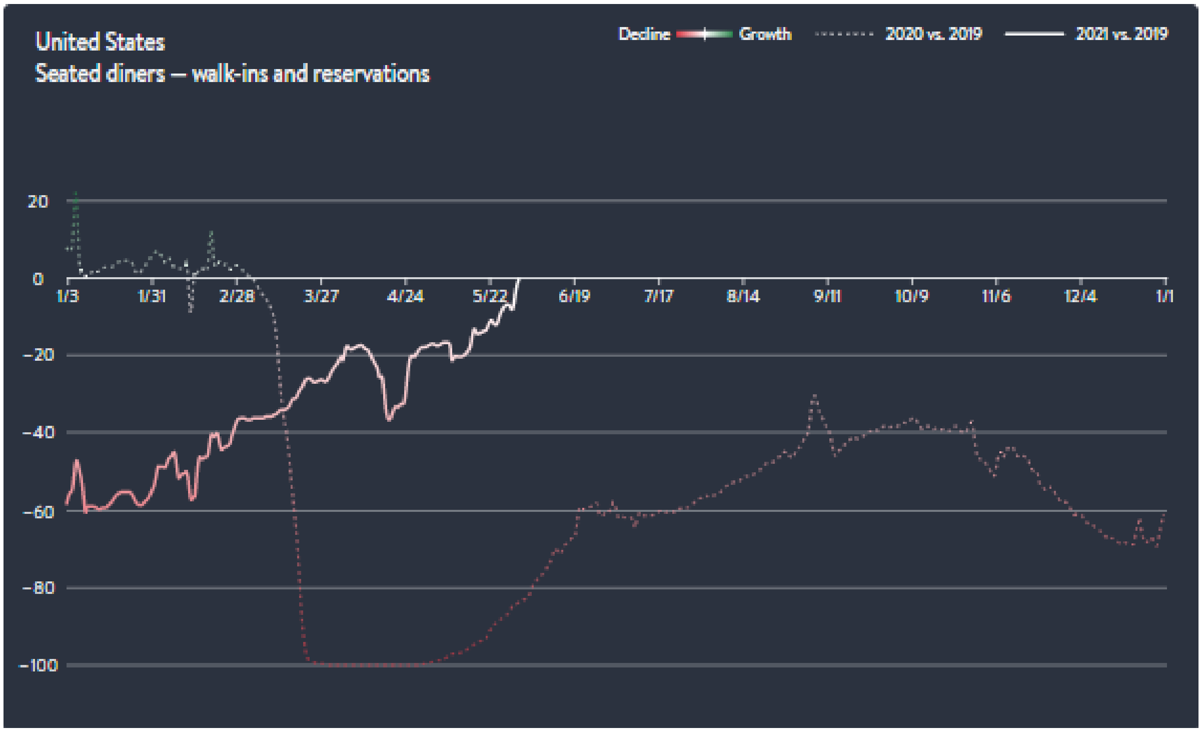
APPLE: DIRECTION REQUESTS | JUNE 1, 2021

Requests for walking and driving directions from Apple's navigation tool, Maps, has shown a material recovery since the bottom in April 2020 although transit remains well below pre-COVID levels. In any event Americans' mobility has improved greatly.



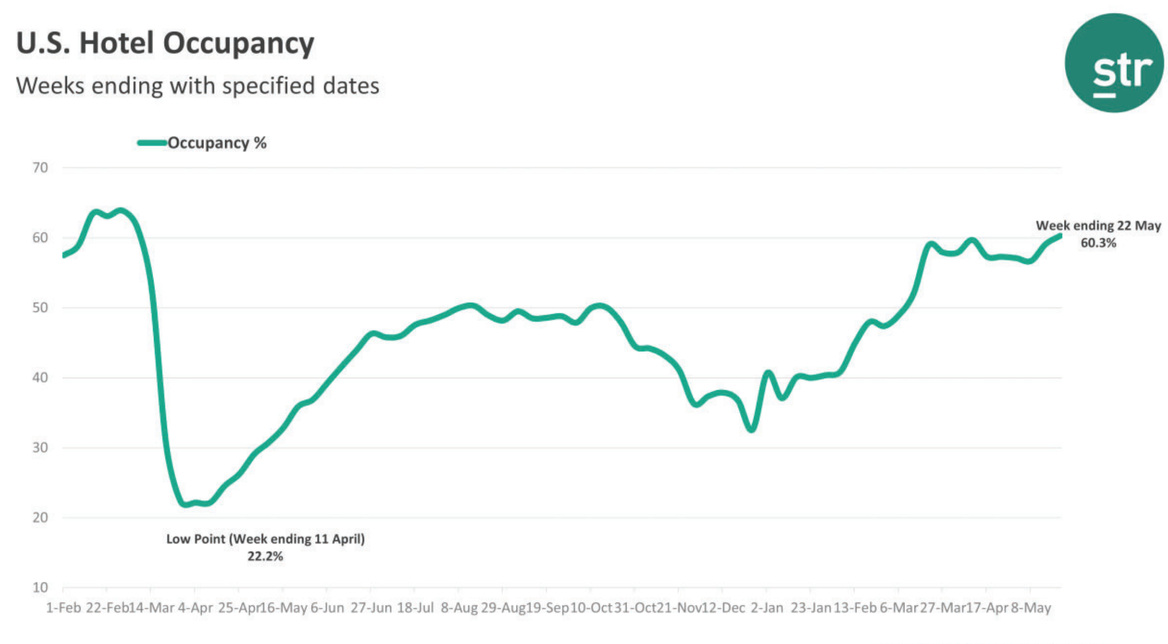
OPENTABLE: RESTAURANT BOOKINGS | JUNE 1, 2021

U.S. restaurant bookings increased to pre-COVID levels in May 2021.



STR: HOTEL OCCUPANCY | MAY 27, 2021

U.S. weekly hotel occupancy reached the 60% mark for the first time since the start of the pandemic, according to STR's latest data through 22 May. ADR also reached its highest point of the pandemic but was still $18 less than the corresponding week in 2019. RevPAR also hit a high point when compared to 2019.



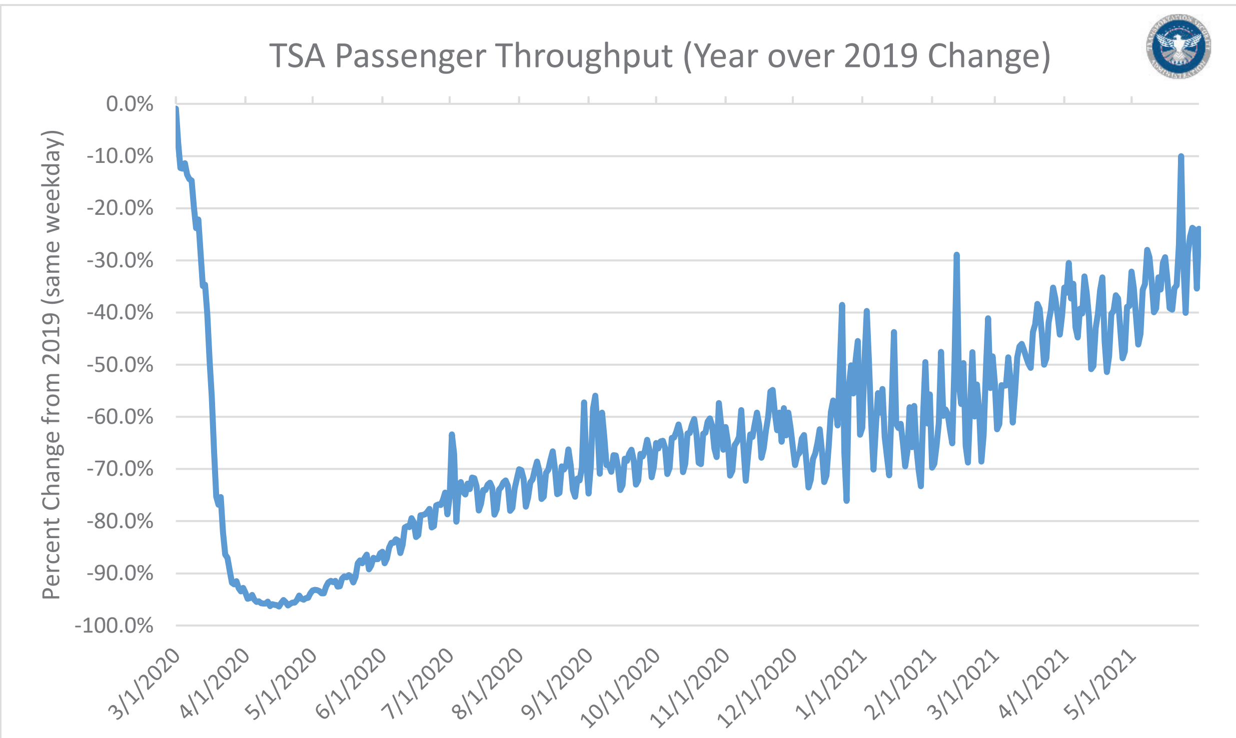
Miami (+2.8% to 76.0%) was the only Top 25 Market to report an occupancy increase over 2019. San Francisco/San Mateo saw the steepest decline in occupancy when compared with 2019 (-45.5% to 47.9%). In terms of ADR, Phoenix (+6.7% to $122.97) and Tampa (+0.3% to $140.09) were the only Top 25 Markets with levels higher than 2019.

None of the Top 25 Markets had RevPAR levels higher than the 2019 comparable. The largest RevPAR deficits were in San Francisco/San Mateo (-70.0% to US$66.53) and Boston (-66.9% to US$64.22).

*Due to the steep, pandemic-driven performance declines of 2020, STR is measuring recovery against comparable time periods from 2019.

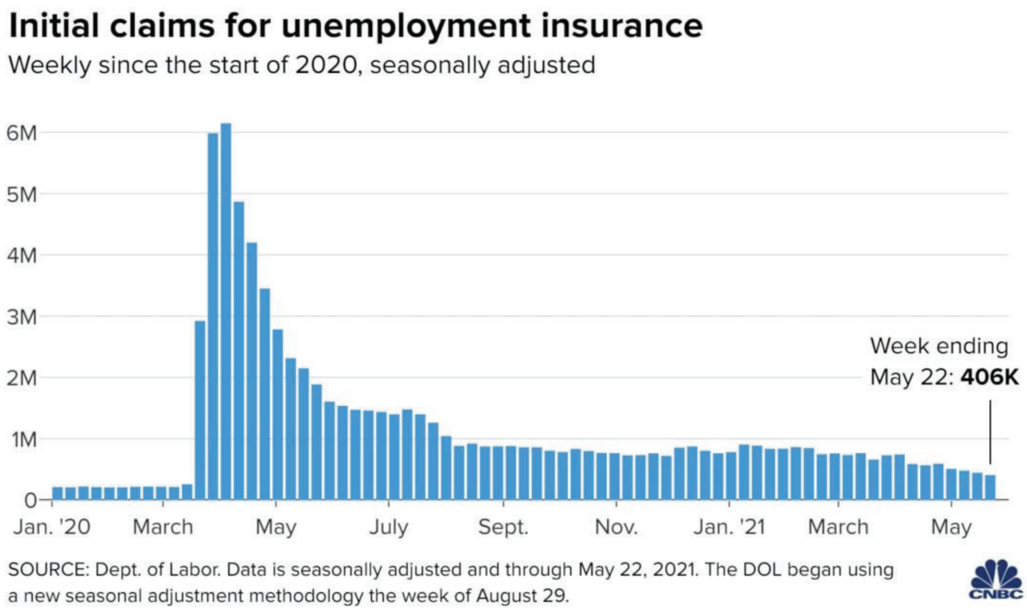
TSA: AIR TRAVEL | JUNE 1, 2021

According to data from the Transportation Security Administration, air travel is down about 25% from the same period of 2019. Air travel demand continues to increase and may reach full recovery by the end of 2021 or the first half of 2022.



INITIAL JOBLESS CLAIMS | MAY 27, 2021

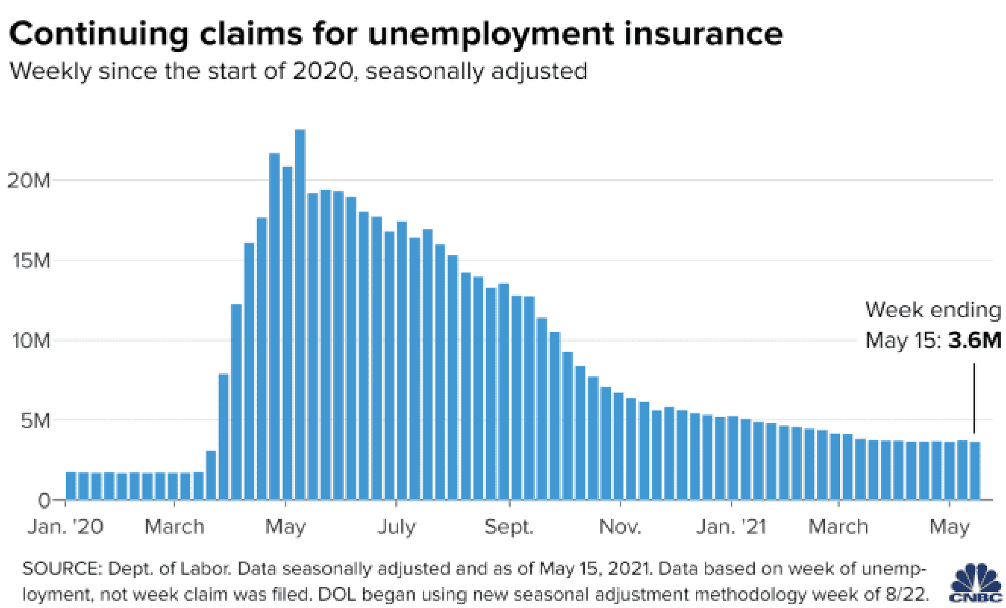
On March 26th, initial jobless claims showed an increase in unemployment by 3.1 million persons for the week of March 16th-20th, setting a record that would be broken the following week at 6.9 million. All weekly claims reported since March 26th are higher than any historical figure prior to COVID-19. The following chart illustrates the weekly initial jobless claims in 2020 and into 2021.



The U.S. jobs market edged closer to its pre-pandemic self last week as initial jobless claims totaled just 406,000 for the week ended May 22, the Labor Department reported Thursday. While that level is still well above the pre-Covid norm, it is the closest to the previous trend since the crisis began in March 2020 and a decline from the previous week's 444,000.

While claims had remained elevated through the pandemic period, they have recently made a marked shift lower amid the economic reopening spurred by accelerated vaccines and sharp decline in Covid cases. Multiple states also have been shutting down their extended benefits programs as business reopens and unemployment levels decline.

Continuing claims fell sharply, declining by 96,000 to 3.64 million, bringing the four-week moving average down to 3.68 million. That number runs a week behind the headline claims total.



BUREAU OF LABOR AND STATISTICS | MAY 7, 2021

The US unemployment rate (U-3) has declined to 6.1% in April 2021 from an April 2020 high of 14.7%. Notable job gains in leisure and hospitality, other services, and local government education were partially offset by employment declines in temporary help services and in couriers and messengers.

Chart 1. Unemployment rate, seasonally adjusted, April 2019 – April 2021

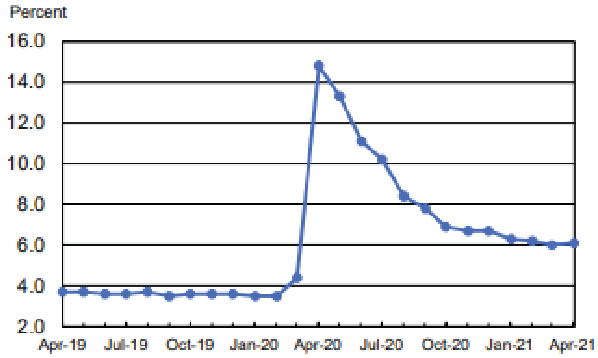
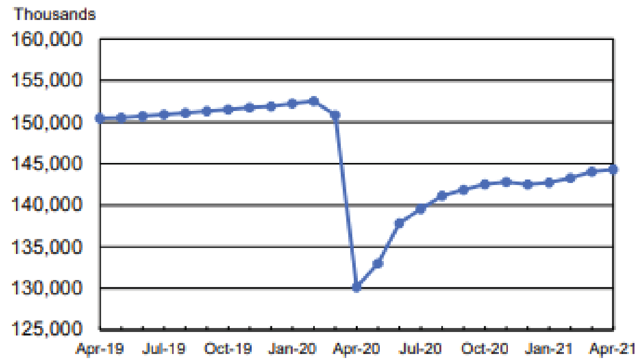


Chart 2. Nonfarm payroll employment, seasonally adjusted, April 2019 – April 2021



GDP FORECASTS

The following chart summarizes GDP forecasts from various economists and institutions. Please note the annualized figures are the quarterly change multiplied by four.

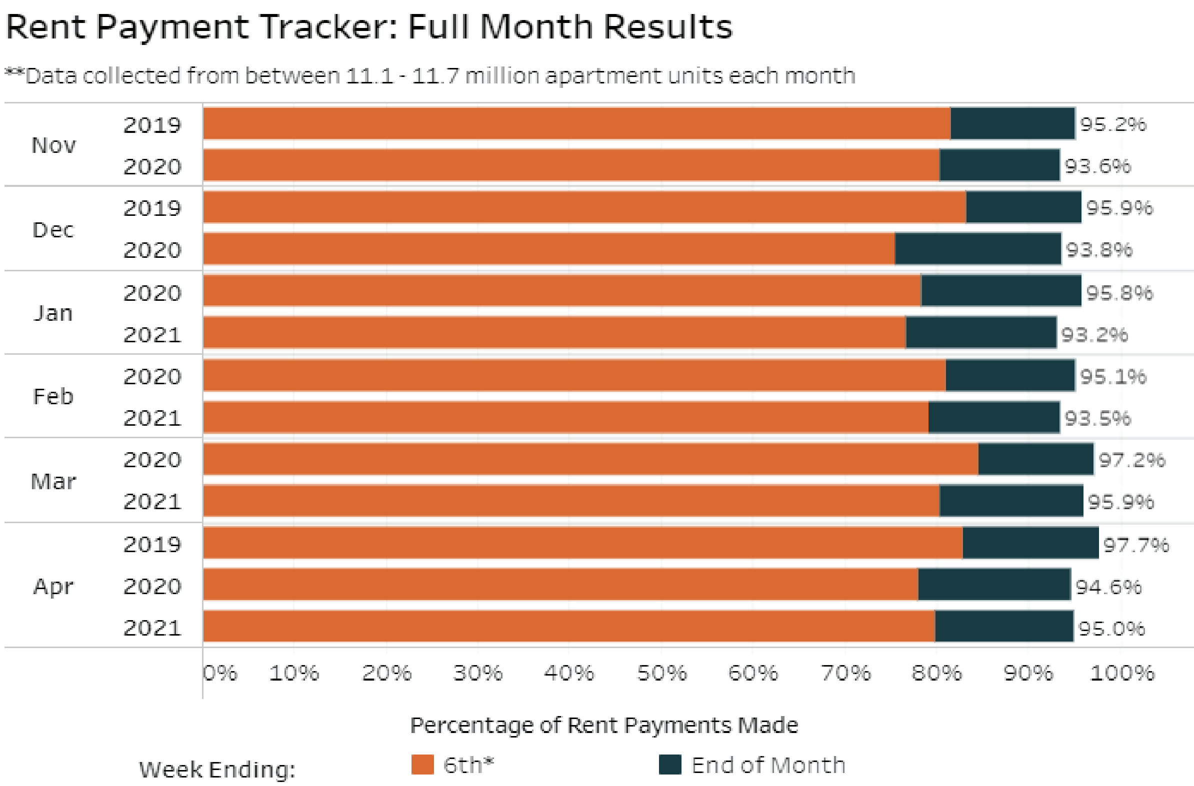
		2020 GDP Actuals Annualized					2021 GDP Forecasts Annualized				
Source	Date	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
CNBC/Moody's Consensus	6/1	--	--	--	--	--	--	10.5%	7.9%	5.8%	7.2%
Mortgage Bankers Association	5/19	--	--	--	--	--	--	8.8%	7.4%	5.3%	7.0%
Atlanta Fed GDP Now	6/1	--	--	--	--	--	--	10.3%	--	--	--
Actual		-5.0%	-31.4%	33.4%	4.3%	-3.5%	6.4%	--	--	--	
Change from Previous Quarter											
CNBC/Moody's Consensus		--	--	--	--	--	--	2.6%	2.0%	1.5%	--
Mortgage Bankers Association		--	--	--	--	--	--	2.2%	1.9%	1.3%	--
Atlanta Fed GDP Now		--	--	--	--	--	--	--	--	--	--
Actual		-1.3%	-7.9%	8.4%	1.1%	-0.9%	1.6%	--	--	--	--

The US economy is clearly in recovery mode. US real GDP remains below pre-COVID levels.

RENT COLLECTIONS

While tenant rent collection was a helpful metric for tracking REITs in 2020, analysts will be turning their attention to operating metrics like occupancy rates this year, according to Nareit VP of Research Nicole Funari. Rent collections stabilized to nearly 100% of typical collections by mid-July 2020 for REIT sectors including industrial, office, health care, and apartments. Shopping centers, bolstered by grocery stores and drug stores, stabilized in the high 80% range in the fall, and regional mall rent collections are in the low 80% range heading into 2021.

NMHC tracks multi-family collections which are summarized in the following chart.

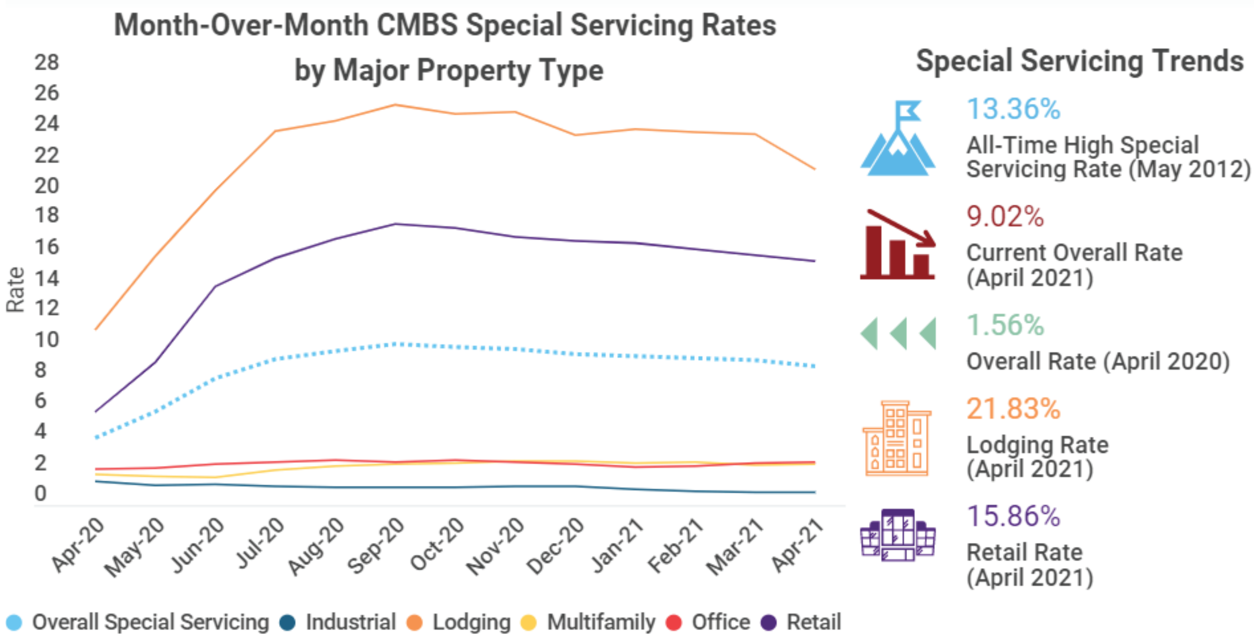


TREPP: CMBS DELINQUENCY | MAY 6, 2021

The Trepp CMBS Special Servicing Rate declined by 40 basis points in April to 9.02% – the largest improvement in the monthly reading during the coronavirus market crisis. This is the seventh monthly decrease in that reading since September 2020, when the rate reached a post-Great Financial Crisis (GFC) peak of 10.48%. With federal plans underway to make vaccinations more widely available in the US and states taking steps to ease lockdown restrictions even further, loan "cures" and special servicing removals should continue at a measurable pace in the coming months.

By property type, the percentage of loans with the special servicer was relatively unchanged month over month, except for that of lodging and retail, which registered a 233 and 37 basis point reduction in April. Roughly 21.83% of lodging loans and 15.86% of retail loans were reported to be in special servicing in April.

.

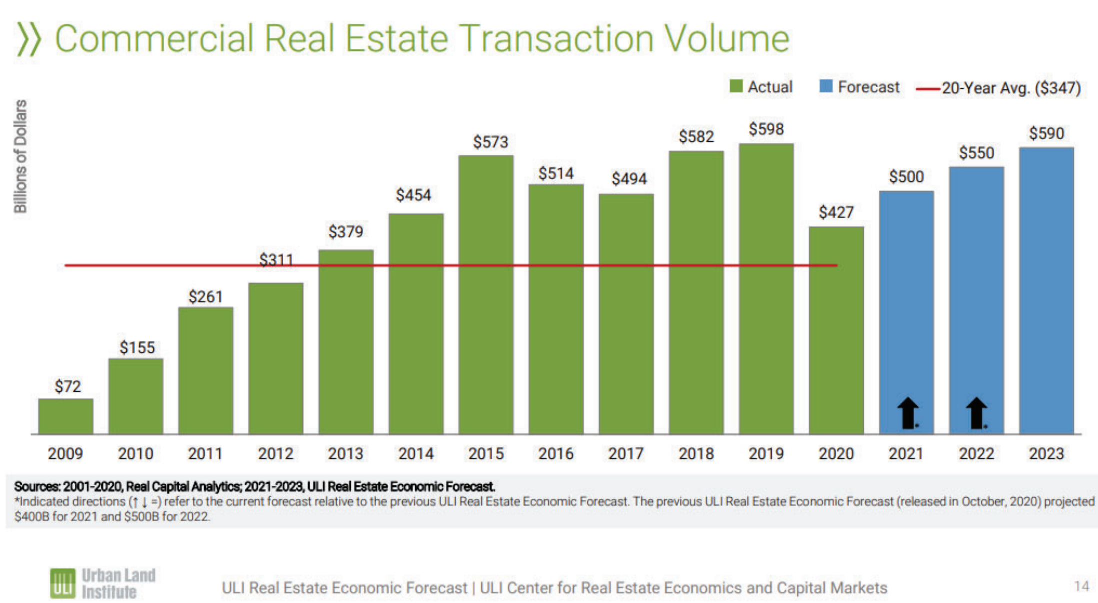


URBAN LAND INSTITUTE: REAL ESTATE ECONOMIC FORECAST | MAY 2021

ULI compiled forecasts from 42 economists at 39 real estate organizations. The key findings are noted as follows.

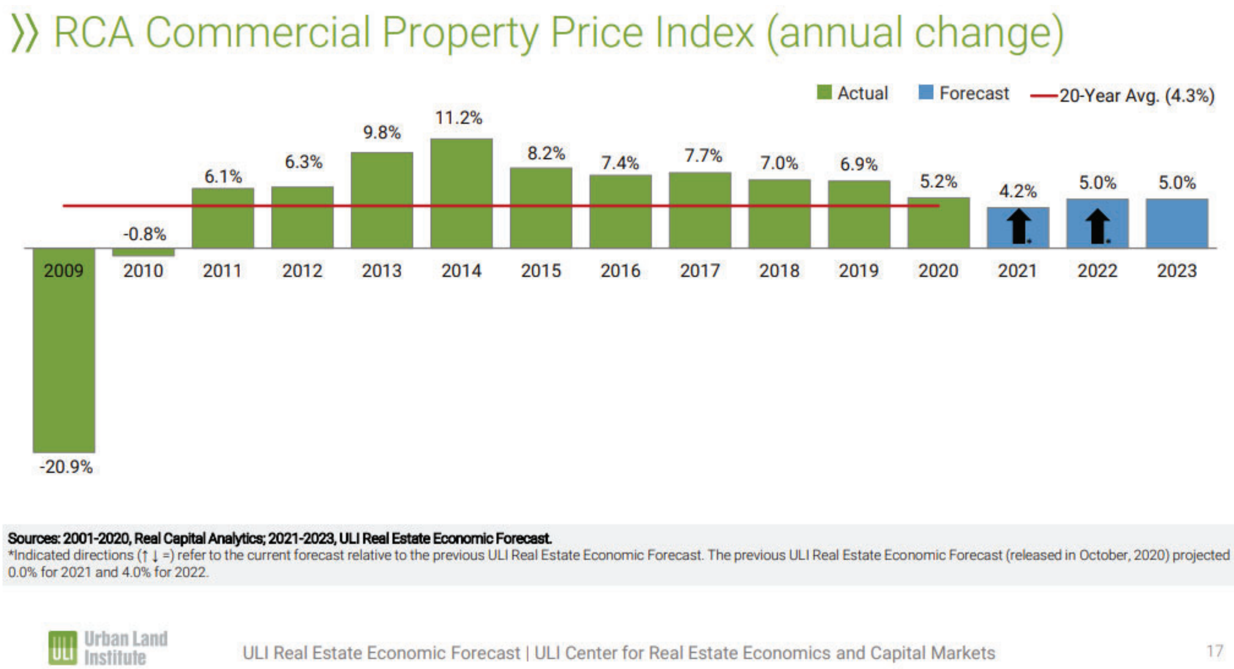
Transaction Volume

Commercial real estate transaction volume reached $598 billion in 2019, a post-Great Financial Crisis peak. Volume fell by almost 30% in 2020 to $427 billion 2020, the lowest volume in seven years, but decidedly above the declines of the GFC. Volume is expected to recover relatively quickly over the forecast period with $500 billion in ‘21, $550 billion in ‘22 and $590 billion in ‘23.



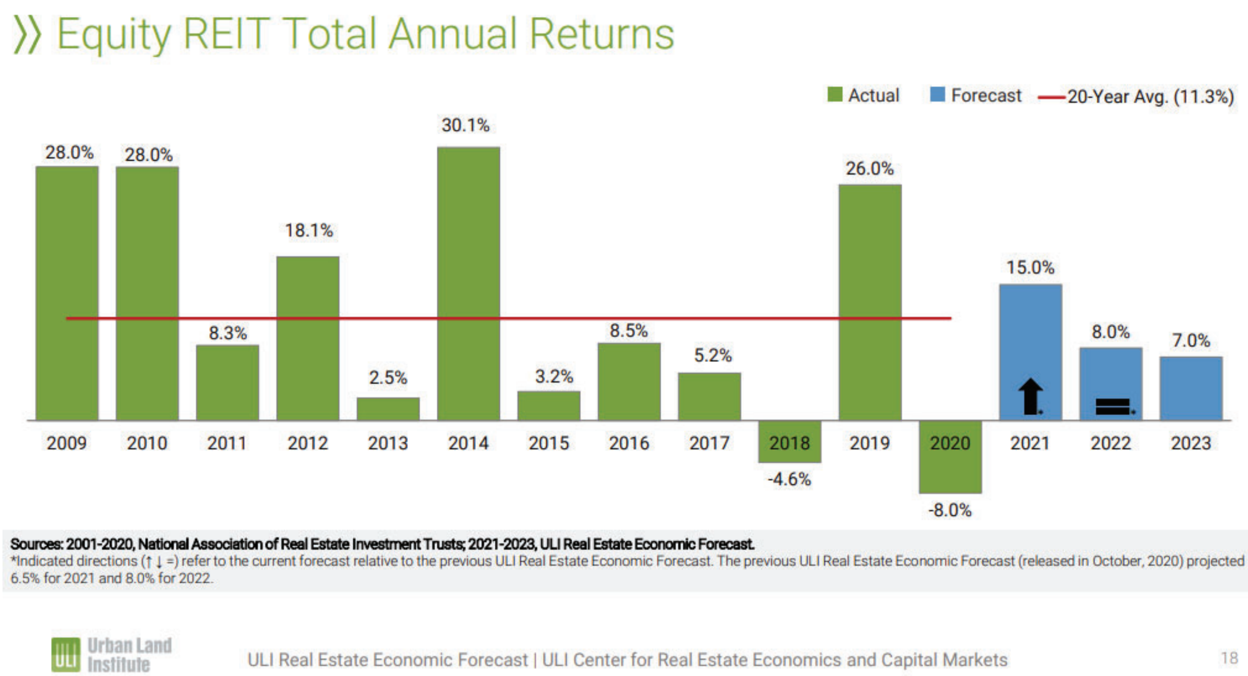
CRE Pricing

The RCA Commercial Property Price Index (CPPI) had experienced strong growth over the nine years from 2011 to 2019, staying consistently above 6 percent annually. Price growth in 2020 moderated somewhat but remained positive at 5.2%. Price growth is expected to remain positive during the forecast period, although further moderating in 2021 to 4.2% and plateauing at 5% in ‘22 and ‘23.

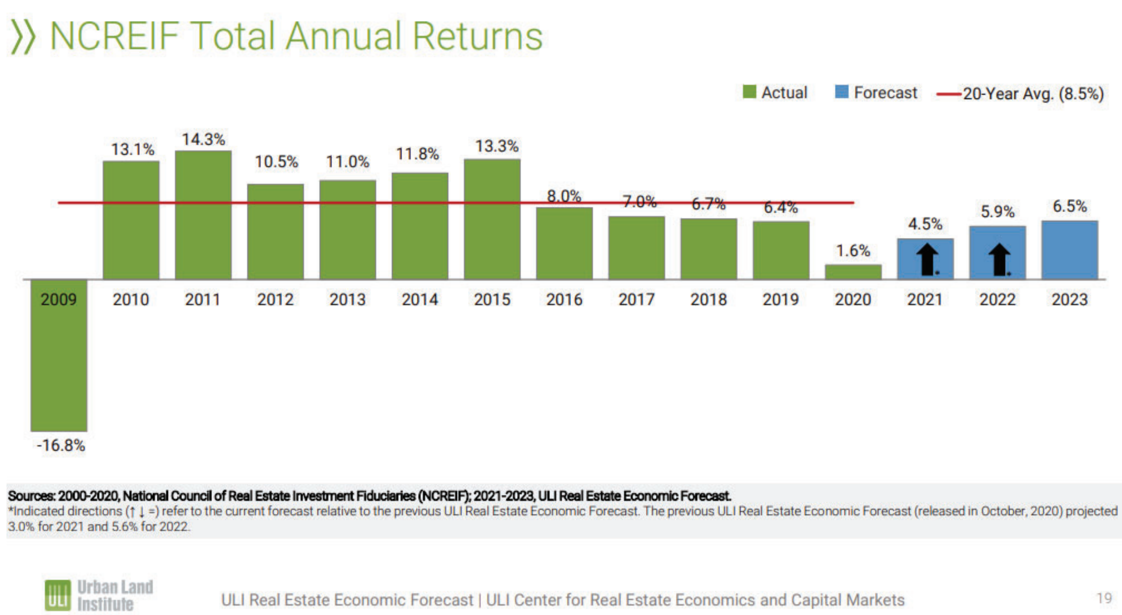


CRE Returns

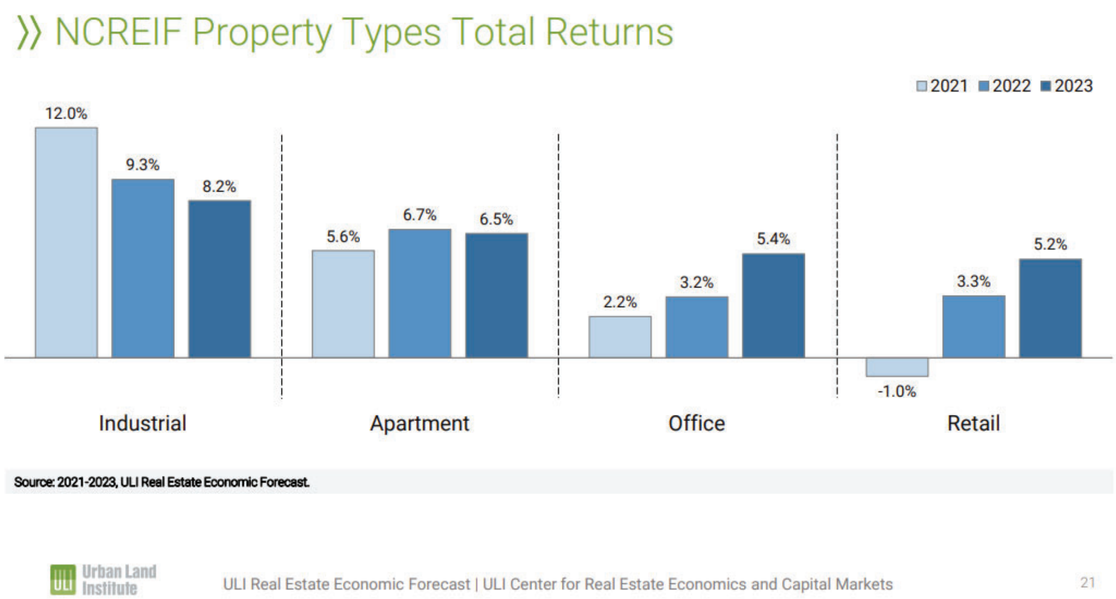
Equity REIT total returns in 2020, according to NAREIT, fell by 8%. Positive returns are expected during the forecast period of 15%, 8% and 7% in ’21, ‘22 and ’23, respectively.



Total returns for institutional-quality direct real estate investments, as measured by the NCREIF Property Index (NPI), were positive in 2020 but, at 1.6%, the lowest in 11 years. Total returns are forecast to increase over the forecast period, returning by '23 to the moderate rates of the years immediately before the pandemic. The forecast is for returns of 4.5%, 5.9% and 6.5%, in '21, '22 and '23 respectively.

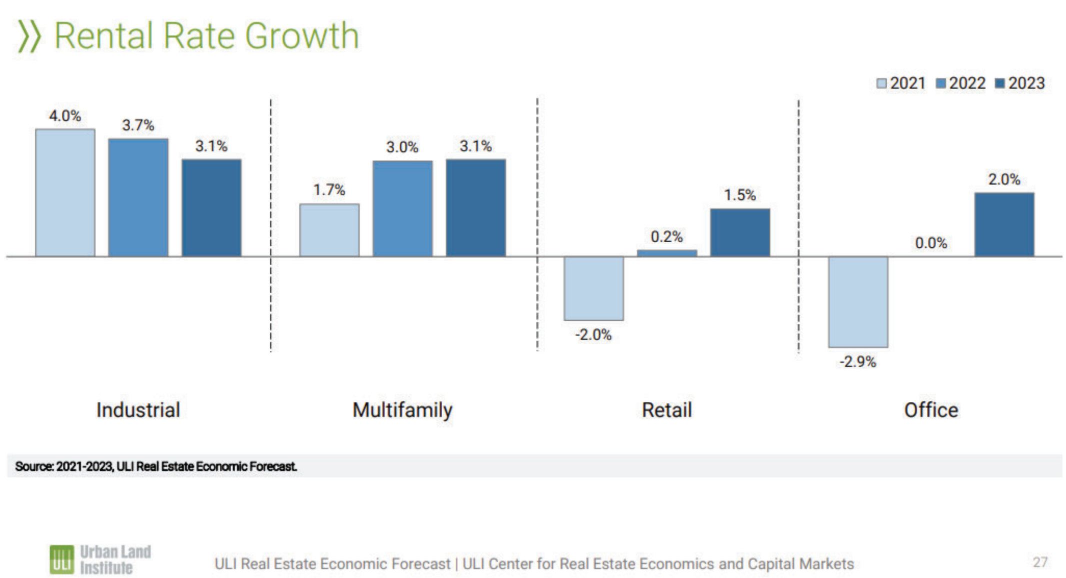


NCREIF total returns in 2021 for the industrial sector are expected to increase relative to '20 to 12%, becoming the 11th year of returns above the long-term average. After an 11-year low in '20, apartment returns in '21 are expected to increase to 5.6%, returning to the level immediately before the pandemic. After an 11-year low in '20, office sector returns are expected to minimally increase to 2.2%. After a substantial decline in '20, retail returns are expected to remain negative although at a more moderate -1%. Industrial total returns are forecast to moderate in '22 and '23, to 9.3% and 8.2%, respectively. Although these returns are stronger than in other sectors, they would be the lowest industrial returns in 14 years. Apartment returns are forecast to continue to increase in ‘22 to 6.7% and moderate just slightly to 6.5% in ‘23. Office total returns are forecast to remain low but increase to 3.2% in ‘22 and 5.4% in ‘23. Retail total returns are expected to turn positive in ‘22 at 3.3% and increase to 5.2% by ’23.



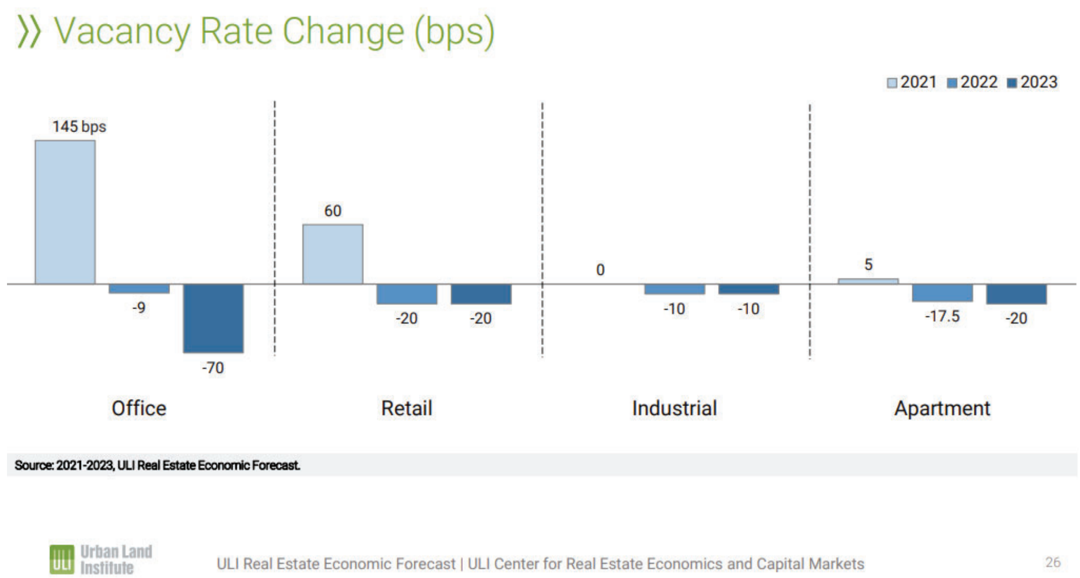
Rent Growth

Commercial property rent growth differs by property type, as well. In 2021, industrial and apartment rent growth is forecast to be 4% and 1.7%, respectively, while retail and office are forecast at -2%, and -2.9%, respectively. In ‘22, industrial and multifamily sectors continue growth at 3.7% and 3% respectively, while growth for retail and office is essentially flat. By ‘23, positive rental growth is forecast for all sectors, ranging from 3.1% for both the industrial and apartment sectors to 1.5% and 2% in the retail and office sectors, respectively.



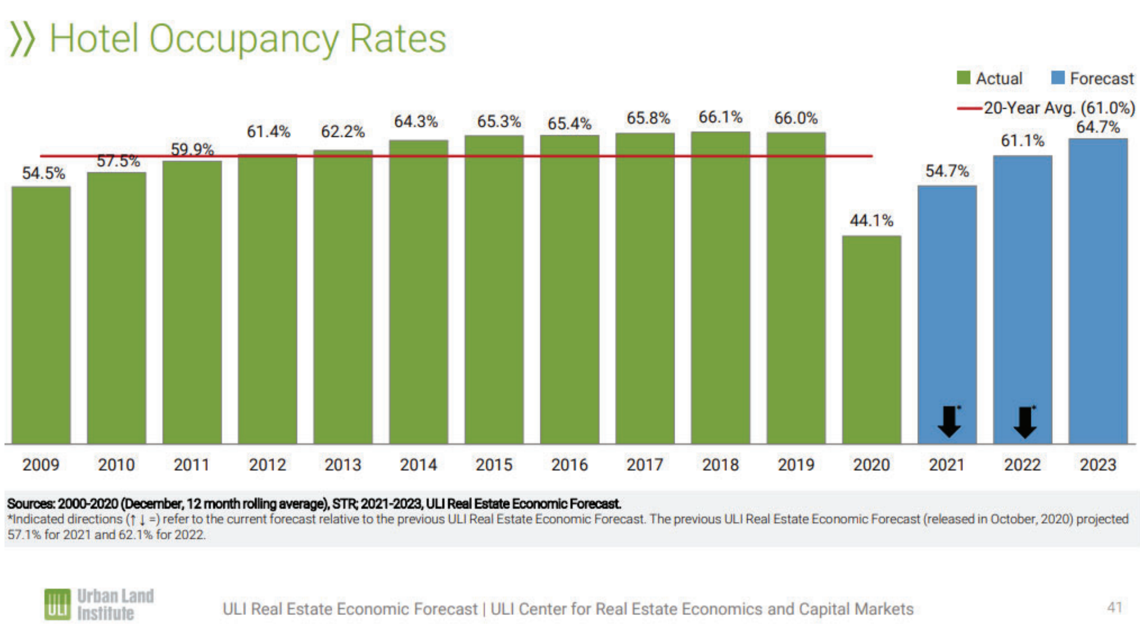
Vacancy

Change in vacancy and availability rates differ by property type. In 2021, industrial availability and apartment vacancy are forecast to be essentially unchanged, while retail availability is forecast to increase 60 basis points and office vacancy is forecast to move up 150 basis points. In '22 and '23, all sectors are expected to show marginal improvement (20 basis points or less), with the exception of the office sectors which is forecast to improve by 70 basis points in '23.



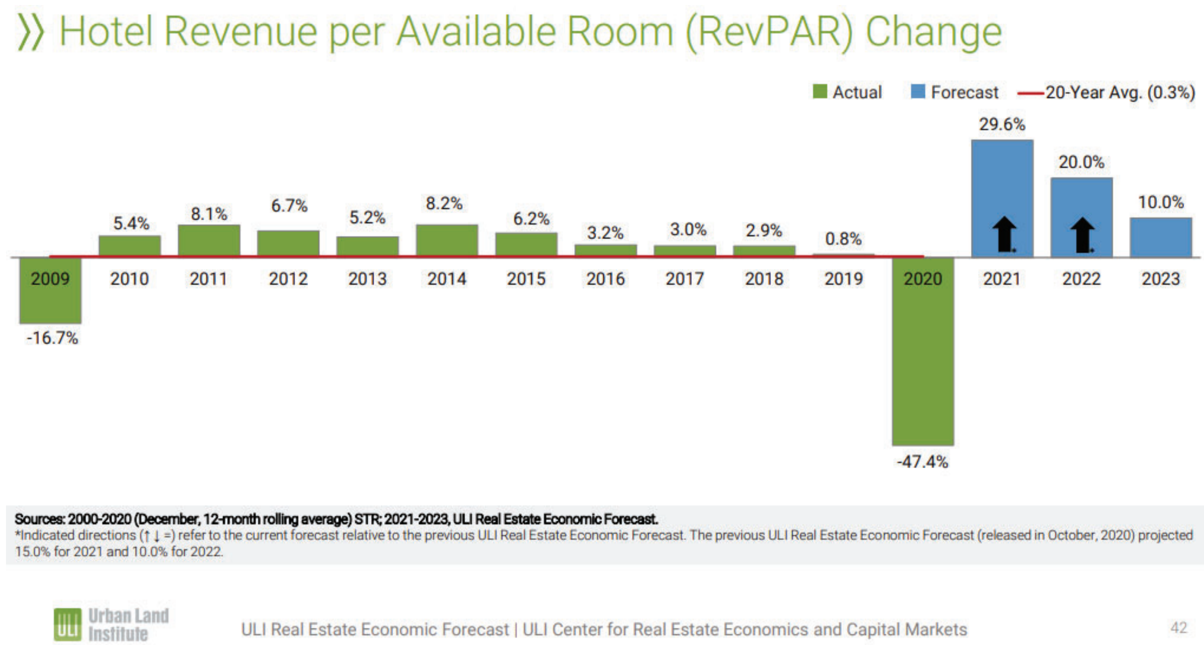
Hotel Occupancy

Hotel occupancy rates, according to STR, were steadily improving over the last ten years, coming in at 66% in 2019, above the twenty-year average. Occupancy in the pandemic year of '20 fell to 44.1%. Continual improvement, although not full recovery, is expected during the forecast period, with occupancy rates of 54.7%, 61.1%, and 64.7%, respectively in '21, '22', and '23.



Hotel RevPar

Following four years of already slowing hotel revenue per available room (RevPAR) growth, the RevPAR growth rate dropped by -47.4% 2020. RevPAR is expected to begin recovery in ‘21 at positive 29.6%, and continue in ‘22 at 20%, and 10% in ‘23. Given the steep decline in ‘20, these growth rates will not yet be sufficient to bring RevPAR fully back to 2019 levels.



CONSTRUCTION COSTS

Construction costs have increased materially over 2019 due to numerous reasons including demand, low supply due to disruptions to the US and global supply chains, tariffs, and possibly inflation. The following chart illustrates the change in lumber prices in the US. While off their 2021 highs the cost of lumber is causing large increases in new construction costs. Expansion of existing lumber mills as well as proposed lumber mills are likely to put downward pressure on pricing in the near term; however, prices could remain elevated for some time. It should be noted that lumber price increases are for processed lumber while raw timber prices are relatively unchanged. In April 2021 the National Associated of Home Builders stated that due to the increase in lumber prices the average single family home now costs $36,000 more to build.

The following chart illustrates steel prices over the past 5 years. Steel prices have declined but are well above 2019 levels.

Overall, a decline in construction costs may not be forthcoming as there is a shortage of skilled labor in the construction industry. Construction cost trends should be followed closely. Cost estimates and budgets could be obsolete within weeks or even days.

INFLATION

Inflation is among the greatest investor concerns. The Federal Reserve will continue its ultra-low interest rate policies and bond-buying program, a sign that it wants to see more evidence of a strengthening economic recovery before it considers easing its support. In an April statement, the Fed said the economy and job market have "strengthened," and while inflation has risen, Fed policymakers ascribed the increase to temporary factors. The Fed left its benchmark short-term rate between zero and 0.25%, where it has been since the pandemic began nearly a year ago, to help keep loan rates down to encourage borrowing and spending. It also said that it would keep buying $120 billion in bonds each month to try to keep longer-term borrowing rates low.

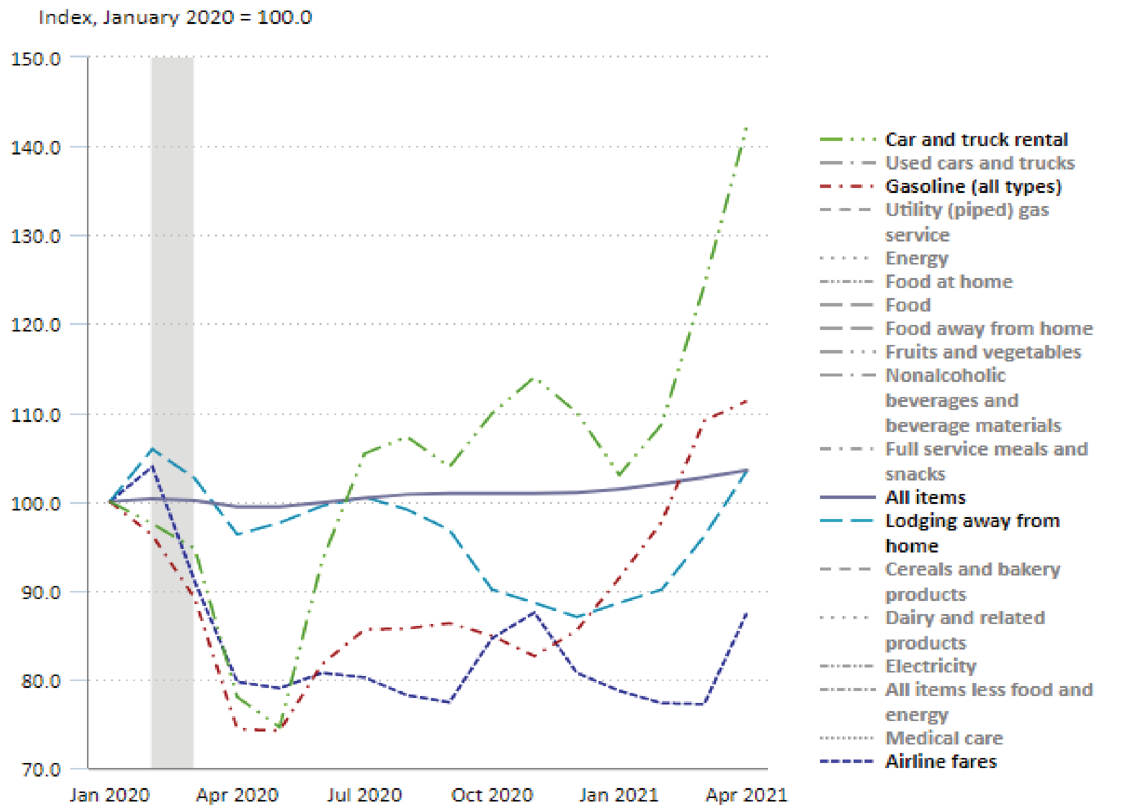
According to the BLS, the Consumer Price Index for All Urban Consumers increased 4.2 percent over the 12 months from April 2020 to April 2021. The index rose 2.6 percent for the year ending March 2021. The 4.2 percent increase in April is the largest increase over a 12-month period since a 4.9-percent increase for the year ending September 2008. Over the longer period from January 2020 (before the COVID-19 pandemic) to April 2021, consumer prices increased 3.5 percent.

Energy prices were up 25.1 percent over the past 12 months. Gasoline prices rose 49.6 percent over the last 12 months, the largest 12-month increase since the year ending January 2010. Natural gas prices increased 12.1 percent, and electricity prices rose 3.6 percent over the year. Over the January 2020–April 2021 period, energy prices increased 7.5 percent, with prices for gasoline up 11.3 percent.

Prices for used cars and trucks increased 21.0 percent over the past 12 months and were up 23.9 percent since January 2020. Prices for car and truck rental increased 42.4 percent from January 2020 to April 2021.

The following chart shows inflationary data for several input components with vehicles and gasoline prices experiencing the highest increases.

Consumer Price Index for All Urban Consumers, selected items, January 2020–April 2021



Click legend items to change data display. Hover over chart to view data.
The vertical line at February 2020 represents the start of a recession, as determined by the National Bureau of Economic Research. When this chart was published, the NBER had not yet determined an endpoint for that recession.
Source: U.S. Bureau of Labor Statistics.

The current inflationary issues are either transitory, which would be due to the reignition of the US economy and disruptions in the US and global supply chains, or a precursor to potentially rampant inflation. Investors remain divided on inflation.

OTHER FEDERAL, STATE AND LOCAL CONSIDERATIONS

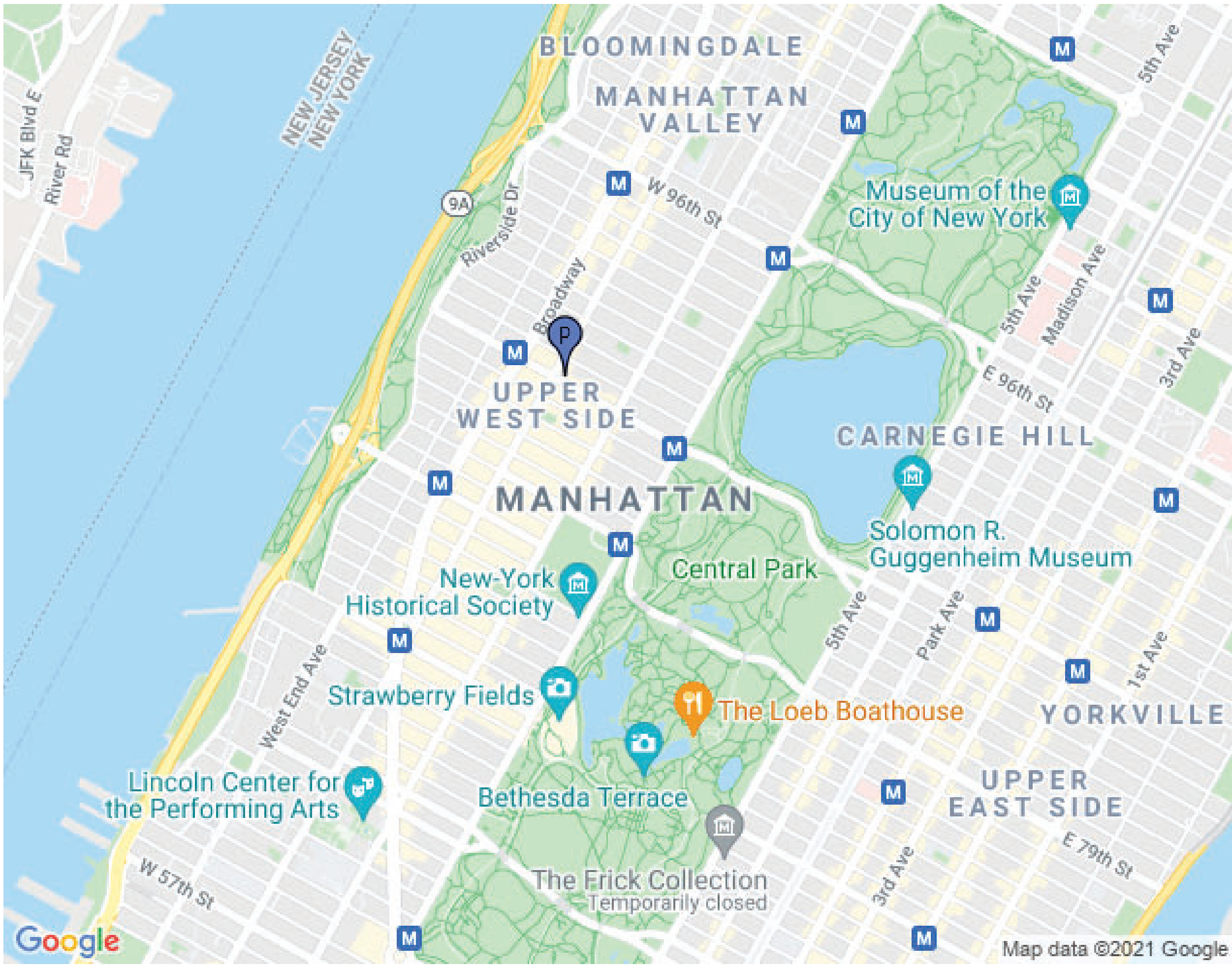
The federal government, states and municipalities have enacted legislation to lessen the economic impact of COVID-19. These issues should be closely monitored as they could place downward pressure on value.

CONCLUSION

Covid-19 vaccines in the US have been a resounding success as death and new case rates continue to plummet. Americans are traveling again, and mobility should continue to increase as consumers spend more money. Strong economic growth is expected throughout 2021 and into 2022 as rates are expected to remain near historical lows. Given recent bond yield increases, investors have expressed worries over upward pressure on interest rates; however, rates remain well below historical norms.

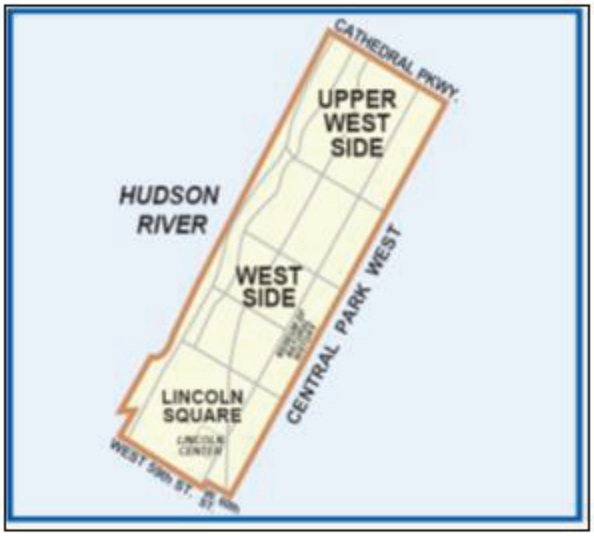
Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants without drive-thrus and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office demand has faced downward pressures due to remote working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.

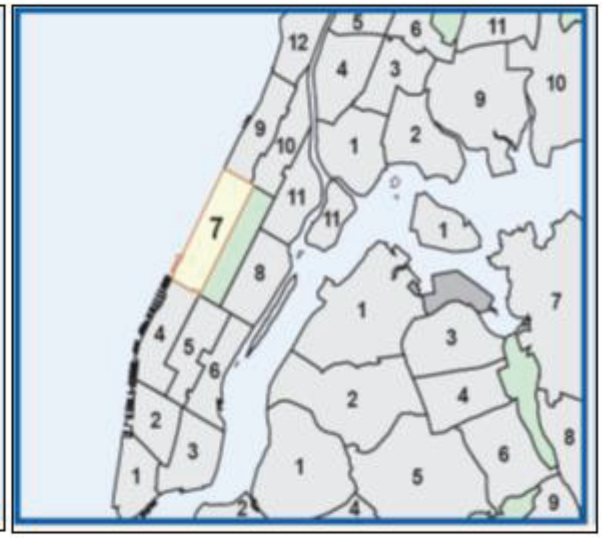
NEIGHBORHOOD ANALYSIS



LOCATION AND BOUNDARIES

The subject property is situated in the Upper West Side neighborhood of Manhattan, which is generally described as the area bounded by West 59th Street to the south, the Hudson River to the west, Cathedral Parkway or West 110th Street to the north, and Central Park to the east. The Upper West Side's primary zip codes are 10023, 10024, and 10025. The 10023 zip code is bounded by West 59th Street to the south and West 76th Street to the north, the 10024 zip code is bounded by West 76th Street to the south and West 91st Street to the north, and the 10025 zip code is bounded by West 91st Street to the south to West 116th Street to the north. The subject property is situated within the 10024 Zip Code. It is noted that the subject property is situated within the Upper West Side-Central Park West Historic District, which was designated by the Landmarks Preservation Commission on April 24, 1990.





NEIGHBORHOOD OVERVIEW

The Upper West Side was developed, for the most part, within a span of 50 years (1885-1935). Land speculation began in the 1860s as plans for Central Park West were developed. The first phase of the American Museum of Natural History (1874-77) initiated the development of the area. The 1880s were the first decade of major development, which included the construction of the Dakota Apartments, the opening of the Ninth Avenue El, and the opening of the cable car route along Tenth Avenue. During this decade, the side streets were being developed with residential brownstones (row houses) while 4 and 5-story tenements were filling up Ninth (Columbus) and Tenth (Amsterdam) Avenues. Many of these tenements were built in conjunction with the side street row houses. The tenement buildings contained ground floor retail to service the area. Institutional buildings, such as houses of worship, schools and libraries, were also constructed along Columbus and Amsterdam Avenues. By 1900, the character of the side streets had been set with streetscapes that were unified by consistent height, setback and overall form, although each brownstone displays individual architectural and design characteristics.

The Upper West Side is still primarily a residential area and is home to numerous stately pre-war cooperative and condominium facilities, elegant brownstones and recently constructed luxury high-rise condominium and rental apartment buildings. A major portion of the Upper West Side has been designated a Historic District. This Historic District encompasses the area from West 62nd to West 96th Streets along Central Park West, from West 68th to West 88th Streets along Columbus Avenue, from West 69th to West 72nd Streets along Broadway, from West 72nd to West 84th Streets and from West 85th to West 87th Streets along Amsterdam Avenue and the side streets in between.

Although most of the housing stock was constructed prior to 1970, several new developments over the past 20 years have introduced modern luxury housing opportunities in both rental and condominium facilities. Examples include the Millennium Partners' One Lincoln Square, the Park Millennium and the Grand Millennium, three luxury condominium apartment and hotel facilities located adjacent to Lincoln Center. In the 1990s, the Brodsky Organization added nearly 2,000 units to the Upper West Side in One Columbus Place, a 729-unit rental facility located between West 58th and West 59th Street along Columbus Avenue; Two Columbus Place, a 102-unit high-rise condominium located at West 59th Street and Columbus Avenue; and West End Towers, a 1,000-unit rental facility located at West 63rd Street and West End Avenue.

CULTURAL OFFERINGS

The Upper West Side is home to many cultural attractions including the American Museum of Natural History, the Rose Center for Earth and Space, the Lincoln Center Entertainment Complex, the New York Historical Society, and the Children's Museum of Manhattan.

The American Museum of Natural History, located at Central Park West and West 81st Street, is one of the largest museums in the world. The museum is situated on four blocks and owns nearly 40 million specimens.

The Lincoln Center Entertainment Complex is situated between West 61st Street and West 66th Street along Broadway. It is home to the New York State Theater, New York City Ballet, the New York City Opera, the Metropolitan Opera House, Avery Fisher Hall, the New York Philharmonic Orchestra, the Vivian Beaumont Theater, Jazz at Lincoln Center, the Library and Museum of the Performing Arts, Alice Tully Hall for chamber music, and the world-famous Julliard School of Music. The Walter Reade Theater is the home of the center's film society. Its central plaza is the focus of summer outdoor performances of all kinds.

COMMUNITY DISTRICT

The subject property is located in Manhattan Community District 7, which is bounded by Cathedral Parkway to the north, West 59th and West 60th Streets to the south, Central Park West to the east and the Hudson River to the west. According to the New York City Department of City Planning, this district contains a total land area of 1.9 square miles.

HOUSING

ESRI estimates that the district contains 127,515 housing units as of 2019, representing an increase of 4.4% over the 2010 figure of 122,145. The 2010 Census indicates an overall vacancy rate of 9.7%, inclusive of rental units, for-sale housing units, part-time use homes, and substandard housing.

INCOME

Based on 2010 Census data, ESRI estimates the 2019 average household income within the district is $177,464 per year, with 57.2% of the households earning more than $100,000 per year and 10.4% of the households earning less than $15,000 per year. ESRI estimates the average household income will increase to $202,780 per year by 2024, representing a 14.3% increase.

RETAIL

The services are located throughout the neighborhood and are primarily contained at grade-level along the main avenues and cross-streets. The main commercial strips are considered to be Broadway, Columbus, and Amsterdam Avenues.

EDUCATION

The district contains 38 public elementary and secondary schools and 39 private and parochial elementary and secondary schools. Institutions of higher education located in the immediate area include; Bard Graduate Center for the studies in Decorative Arts, Fordham University at Lincoln Center, Julliard School, Mannes College of Music (Affiliated with the New School), and New York Institute of Technology. In addition, there is the Richard Gilder Graduate School at the American Museum of Natural History which holds the distinction of being the first Ph.D. degree-granting program for any museum in the Western Hemisphere.

HEALTH CARE

The hospitals in the influencing area are Mount Sinai Medical Center (1,171 beds), St. Luke's-Roosevelt Hospital Center (1,076 beds), and Lennox Hill Hospital (652 beds). In addition, the district is served by a number of hospital-affiliated and free-standing health centers, alcohol and substance abuse programs, and mental health services.

PARKLAND

The major parks in the immediate area are Riverside Park and Central Park. The world-famous Central Park not only has the distinction of being the first public park ever built in America but is also one of its most popular with over 25 million guests per year. Ice skating has been a favorite activity at the park since its inception in 1858. The iconic Wollman rink, along with various sections of Central Park, have been featured in numerous films. The park is comprised of 840 acres of rolling pasture land, lakes, ponds, bicycle and jogging paths, ball fields, theaters and stages, sculpture gardens, a bird sanctuary and a zoo, all set between the high-rise structures which border it on all sides.

Riverside Park is one of only eight officially designated scenic landmarks of the City of New York and is widely regarded as Manhattan's most spectacular waterfront park. Designed by renowned landscape architect, Frederick Law Olmstead, who also co-designed Central Park, the park contains 267 acres of parkland featuring wooded areas, meadows, groves of mature elm trees, running and bicycle paths, and playgrounds. The park serves as a buffer between the Hudson River and the apartment buildings lining Riverside Drive and provides dramatic views of the Lower Hudson Valley.

TRANSPORTATION

Public transportation is frequent with east/westbound bus service available via the M86-SBS bus line along West 86th Street and north/southbound bus service available via the M7 and M11 bus lines along Amsterdam and Columbus Avenues, respectively. The "B" and "C" trains can be accessed at the 81st Street – Museum of Natural History station along Central Park West. These trains provide direct service to the Manhattan employment districts and also provides linkage to the outer boroughs.

Access to the subject property via motor vehicle is considered good. The area's highway network is accessed via the Henry Hudson Parkway, which is located proximate to the subject property.

CONCLUSION

Upper West Side is an established and affluent residential neighborhood. The location benefits from its proximity to the Manhattan's midtown employment center, as well as numerous transportation options, cultural offerings, entertainment options, retail services, and public amenities.

MANHATTAN SALES MARKET

According to the Elliman Report (2Q 2021), “not only are second-quarter sales up sharply from year-ago levels, but the ‘COVID era discount’ has been compressing since the beginning of the year.”

Residential Condominium Market

According to the report, the average sales price for condominiums in Manhattan was $2,691,973 in the second quarter of 2020 and it declined 1.9% to $2,639,486 in the second quarter of 2021. The average price declined 4.6% from $2,014 per square foot in the second quarter of 2020 to $1,921 per square foot in the second quarter of 2021. There was a total of 1,616 sales in the second quarter of 2021 and the average days on the market was 179. The average listing discount from the last list price is 6.7%.

Condo Matrix	Q2-2021	%Δ (QTR)	Q1-2021	%Δ (YR)	Q2-2020
Average Sales Price	$2,639,486	9.3%	$2,414,982	-1.9%	$2,691,973
Average Price per Sq Ft	$1,921	12.1%	$1,714	-4.6%	$2,014
Median Sales Price	$1,650,000	6.5%	$1,550,000	-2.1%	$1,686,000
Number of Sales (Closed)	1,616	48.8%	1,086	162.3%	616
Days on Market (From Last List Date)	179	12.6%	159	39.8%	128
Listing Discount (From Last List Price)	6.7%		4.8%		8.4%
Listing Inventory	3,916	12.2%	3,490	19.0%	3,291
Months of Supply	7.3	-24.0%	9.6	-54.4%	16.0

Source: The Elliman Report: Q2-2021 Manhattan Sales

Luxury Market

In terms of the luxury market, the average sales price in Manhattan was $7,908,491 in the second quarter of 2020 and it declined 2.0% to $7,753,276 in the second quarter of 2021. The average price declined 7.9% from $2,861 per square foot in the second quarter of 2021 to $2,636 per square foot in the second quarter of 2021. There was a total of 342 sales in the second quarter of 2021 and the average days on the market was 256. The average listing discount from the last list price is 7.8%.

Luxury Matrix	Q2-2021	%Δ (QTR)	Q1-2021	%Δ (YR)	Q2-2020
Average Sales Price	$7,753,276	19.4%	$6,495,124	-2.0%	$7,908,491
Average Price per Sq Ft	$2,636	13.4%	$2,324	-7.9%	$2,861
Median Sales Price	$5,587,500	12.9%	$4,950,000	2.4%	$5,456,500
Number of Sales (Closed)	342	37.3%	249	151.5%	136
Days on Market (From Last List Date)	256	17.4%	218	65.2%	155
Listing Discount (From Last List Price)	7.8%		6.9%		11.3%
Listing Inventory	1,522	-3.1%	1,571	9.0%	1,396
Months of Supply	13.4	-29.1%	18.9	-56.5%	30.8
Entry Price Threshold	$3,840,000	12.9%	$3,400,000	3.8%	$3,700,000

Source: The Elliman Report: Q2-2021 Manhattan Sales

New Development Market

In terms of the new development market, the average sales price in Manhattan was $4,291,028 in the second quarter of 2020 and it declined 10.7% to $3,840,043 in the second quarter of 2021. The average price declined 6.7% from $2,767 per square foot in the second quarter of 2021 to $2,581 per square foot in the second quarter of 2021. There was a total of 341 sales in the second quarter of 2021 and the average days on the market was 88. The average listing discount from the last list price is 11.2%.

New Development Matrix	Q2-2021	%Δ (QTR)	Q1-2021	%Δ (YR)	Q2-2020
Average Sales Price	$3,840,043	17.5%	$3,268,615	-10.5%	$4,291,028
Average Price per Sq Ft	$2,581	19.9%	$2,152	-6.7%	$2,767
Median Sales Price	$2,470,000	16.8%	$2,114,354	-7.1%	$2,660,000
Number of Sales (Closed)	341	19.2%	286	145.3%	139
Days on Market (From Last List Date)	88	-66.3%	261	-49.4%	174
Listing Discount (From Last List Price)	11.2%		8.6%		8.9%
Listing Inventory	962	20.7%	797	2.4%	939
Months of Supply	8.5	1.2%	8.4	-58.1%	20.3
Sales Share of Overall Market	10.0%		11.6%		10.2%

Source: The Elliman Report: Q2-2021 Manhattan Sales

DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's zip code (10024) and market (New York). The area is projected to have a 2020 population of 159,507 in 90,275 household units. The current projections, as forecasted by Environics Analytics, are as follows:

UNIVERSE TOTALS

	10024			New York		
Description	2021 Estimate	% Change 2010-2021	% Change 2021-2026	2021 Estimate	% Change 2010-2021	% Change 2021-2026
Universe Totals						
Population	159,507	0.45%	-0.07%	1,629,949	2.78%	0.51%
Households	90,275	0.81%	0.05%	788,725	3.26%	0.65%
Families	32,004	-0.16%	-0.18%	316,531	2.49%	0.47%
Housing Units	106,650			883,946		

HOUSEHOLD INCOME

The estimated average household income is $214,917, while the median income is $139,632. Approximately 10.5% of households have an income of less than $25,000, while 47.4% of the households earn over $150,000 per year.

HOUSEHOLDS BY HOUSEHOLD INCOME				
Description	10024	% of Total	New York	% of Total
2021 Est. Households by Household Income	90,275		788,725	
Income < $15,000	5,827	6.5%	98,092	12.4%
Income $15,000 - $24,999	3,624	4.0%	57,917	7.3%
Income $25,000 - $34,999	3,236	3.6%	43,218	5.5%
Income $35,000 - $49,999	4,793	5.3%	57,120	7.2%
Income $50,000 - $74,999	8,607	9.5%	82,956	10.5%
Income $75,000 - $99,999	8,220	9.1%	73,009	9.3%
Income $100,000 - $124,999	7,188	8.0%	62,390	7.9%
Income $125,000 - $149,999	6,003	6.6%	50,360	6.4%
Income $150,000 - $199,999	9,062	10.0%	66,593	8.4%
Income $200,000 - $249,999	5,970	6.6%	40,248	5.1%
Income $250,000 - $499,999	11,248	12.5%	69,388	8.8%
Income $500,000+	16,497	18.3%	87,434	11.1%
2021 Est. Average Household Income	$214,917		$158,425	
2021 Est. Median Household Income	$139,632		$93,511	

POPULATION CHARACTERISTICS

The neighborhood has an average age of 45 and a median age near 44. 35.29% of the area population is aged 54 and over, while 14.47% is younger than 18 years old.

AGE CHARACTERISTICS

2021 EST. POPULATION BY AGE				
Description	10024	% of Total	New York	% of Total
Age 0-17	23,087	14.47%	242,236	14.87%
Age 18-34	35,782	22.43%	476,502	29.23%
Age 35-54	44,352	27.81%	444,314	27.26%
54 and above	56,286	35.29%	466,897	28.64%
2021 Est. Median Age	44		39	
2021 Est. Average Age	45		41	

In terms of household size, 53.9% of households are single persons, 30.1% have two persons, and 8.6% have 3 persons. Only 2.0% of households have five or more.

HOUSEHOLDS BY SIZE

2021 EST. HOUSEHOLDS BY HOUSEHOLD SIZE				
Description	10024	% of Total	New York	% of Total
1-person	48,698	53.9%	367,490	46.6%
2-person	27,195	30.1%	234,658	29.8%
3-person	7,799	8.6%	92,145	11.7%
4-person	4,797	5.3%	54,952	7.0%
5-person	1,382	1.5%	22,834	2.9%
6-person	319	0.4%	9,530	1.2%
7-or-more-person	85	0.1%	7,116	0.9%

EDUCATIONAL ATTAINMENT

The population is relatively well educated. 3.3% have not earned a high school diploma in contrast to 38.56% with a bachelor's degree and 41.7% with advanced degrees.

EDUCATIONAL ATTAINMENT				
Description	10024	% of Total	New York	% of Total
2021 Est. Pop Age 25+ by Edu. Attainment	128,494		1,261,994	
Less than 9th grade	2,087	1.62%	89,912	7.12%
Some High School, no diploma	2,095	1.63%	70,159	5.56%
High School Graduate (or GED)	8,076	6.29%	162,214	12.85%
Some College, no degree	9,525	7.41%	120,619	9.56%
Associate Degree	3,638	2.83%	48,884	3.87%
Bachelor's Degree	49,553	38.56%	400,595	31.74%
Master's Degree	31,569	24.57%	229,898	18.22%
Professional School Degree	15,808	12.30%	92,678	7.34%
Doctorate Degree	6,143	4.78%	47,035	3.73%

EMPLOYMENT DYNAMICS

According to Environics Analytics, 90.54% of workers are characterized as "white collar," while 3.05% are engaged in "blue collar" activities. 6.42% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Management (22.1%), Business/Financial Operations (12.2%), and Sales/Related (11.3%).

OCCUPATION CLASSIFICATION

OCCUPATION CLASSIFICATION				
Description	10024	% of Total	New York	% of Total
2021 Est. Pop 16+ by Occupation Classification	96,469		893,814	
White Collar	87,342	90.54%	708,369	79.25%
Blue Collar	2,938	3.05%	58,829	6.58%
Service and Farm	6,189	6.42%	126,616	14.17%

OCCUPATION BREAKDOWN

OCCUPATION				
Description	10024	% of Total	New York	% of Total
2021 Est. Civ. Employed Pop 16+ by Occupation	96,469	100.0%	893,814	
Architect/Engineer	1,322	1.37%	10,352	1.16%
Arts/Entertainment/Sports	8,354	8.66%	71,243	7.97%
Building Grounds Maintenance	1,106	1.15%	24,071	2.69%
Business/Financial Operations	11,761	12.19%	94,124	10.53%
Community/Social Services	949	0.98%	13,805	1.54%
Computer/Mathematical	4,141	4.29%	39,963	4.47%
Construction/Extraction	813	0.84%	13,736	1.54%
Education/Training/Library	6,445	6.68%	63,137	7.06%
Farming/Fishing/Forestry	42	0.04%	279	0.03%
Food Prep/Serving	1,377	1.43%	38,238	4.28%
Health Practitioner/Technician	6,839	7.09%	45,105	5.05%
Healthcare Support	999	1.04%	24,592	2.75%
Maintenance Repair	490	0.51%	5,696	0.64%
Legal	6,096	6.32%	37,047	4.14%
Life/Physical/Social Science	2,794	2.90%	17,127	1.92%
Management	21,274	22.05%	148,959	16.67%
Office/Admin. Support	6,453	6.69%	77,605	8.68%
Production	504	0.52%	12,375	1.38%
Protective Services	491	0.51%	11,651	1.30%
Sales/Related	10,914	11.31%	89,902	10.06%
Personal Care/Service	2,174	2.25%	27,785	3.11%
Transportation/Moving	1,131	1.17%	27,022	3.02%

TRANSIT DYNAMICS

There are good links to employment centers via public transport and the local highway network. Based on its urban location, roughly 5.90% of the employed drove alone to work. Given strong public transit service, 52.51% traveled by public transportation. The average travel time is roughly 33 minutes. Within this, roughly 12.6% of workers travel less than 15 minutes, while 49% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 7.8% work an hour or more away from home.

TRANSPORTATION TO WORK

TRANSPORTATION TO WORK				
Description	10024	% of Total	New York	% of Total
2021 Est. Workers Age 16+ by Transp. to Work	94,859		877,201	
Drove Alone	5,601	5.90%	50,159	5.72%
Car Pooled	1,776	1.87%	16,089	1.83%
Public Transportation	49,814	52.51%	527,016	60.08%
Walked	22,739	23.97%	170,660	19.46%
Bicycle	1,375	1.45%	20,164	2.30%
Other Means	4,900	5.17%	30,137	3.44%
Worked at Home	8,654	9.12%	62,976	7.18%

TRAVEL TIME TO WORK

TRAVEL TIME TO WORK				
Description	10024	% of Total	New York	% of Total
2021 Est. Workers Age 16+ by Travel Time to Work	86,667		816,139	
Less than 15 Minutes	10,893	12.6%	91,048	11.2%
15 - 29 Minutes	31,545	36.4%	258,083	31.6%
30 - 44 Minutes	28,809	33.2%	270,396	33.1%
45 - 59 Minutes	8,620	9.9%	104,209	12.8%
60 or more Minutes	6,800	7.8%	92,403	11.3%
2021 Est. Avg Travel Time to Work in Minutes	33		36	

HOUSING DYNAMICS

Housing units are mostly renter occupied (62.83%), with 37.17% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards single unit and two- to four-unit homes which makes up 5.0% of the total.

TENURE OF OCCUPIED HOUSING UNITS

OCCUPIED HOUSING UNITS BY TENURE				
Description	10024	% of Total	New York	% of Total
2021 Est. Occupied Housing Units by Tenure	90,275		788,725	
Owner Occupied	33,556	37.17%	177,901	22.56%
Renter Occupied	56,719	62.83%	610,824	77.44%

HOUSING BY UNITS IN STRUCTURE

HOUSING UNITS BY UNITS IN STRUCTURE				
Description	10024	% of Total	New York	% of Total
2021 Est. Housing Units by Units in Structure	106,599		883,547	
1 Unit Attached	1,149	1.08%	6,520	0.74%
1 Unit Detached	1,674	1.57%	10,135	1.15%
2 Units	1,070	1.00%	9,655	1.09%
3 or 4 Units	1,457	1.37%	19,199	2.17%
5 to 19 Units	15,148	14.21%	141,204	15.98%
20 to 49 Units	18,702	17.54%	200,078	22.64%
50 or More Units	67,384	63.21%	496,220	56.16%
Mobile Home or Trailer	15	0.01%	536	0.06%
Boat, RV, Van, etc.	51	0.05%	399	0.05%

New development in the neighborhood represents 3.86% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1953.

HOUSING BY YEAR STRUCTURE BUILT

HOUSING UNITS BY YEAR STRUCTURE BUILT				
Description	10024	% of Total	New York	% of Total
2021 Est. Housing Units by Year Structure Built	106,650		883,946	
Housing Units Built 2014 or Later	4,118	3.86%	46,317	5.24%
Housing Units Built 2010 to 2013	1,211	1.14%	13,933	1.58%
Housing Units Built 2000 to 2009	5,376	5.04%	63,921	7.23%
Housing Units Built 1990 to 1999	3,297	3.09%	34,794	3.94%
Housing Units Built 1980 to 1989	9,139	8.57%	55,052	6.23%
Housing Units Built 1970 to 1979	7,794	7.31%	68,389	7.74%
Housing Units Built 1960 to 1969	14,846	13.92%	108,600	12.29%
Housing Units Built 1950 to 1959	10,337	9.69%	78,083	8.83%
Housing Units Built 1940 to 1949	5,329	5.00%	59,209	6.70%
Housing Unit Built 1939 or Earlier	45,203	42.38%	355,648	40.23%

The median owner-occupied home value is $1,327,326, with 59% of homes valued at $1,000,000 or more.

OWNER OCCUPIED HOUSING VALUES

OWNER-OCCUPIED HOUSING UNITS BY VALUE				
Description	10024	% of Total	New York	% of Total
2021 Est. Owner-Occupied Housing Units by Value	33,556		177,901	
Value Less than $20,000	266	0.79%	3,196	1.80%
Value $20,000 - $39,999	55	0.16%	1,234	0.69%
Value $40,000 - $59,999	40	0.12%	863	0.49%
Value $60,000 - $79,999	61	0.18%	986	0.55%
Value $80,000 - $99,999	81	0.24%	702	0.39%
Value $100,000 - $149,999	376	1.12%	3,013	1.69%
Value $150,000 - $199,999	110	0.33%	1,112	0.63%
Value $200,000 - $299,999	455	1.36%	3,802	2.14%
Value $300,000 - $399,999	821	2.45%	6,416	3.61%
Value $400,000 - $499,999	1,441	4.29%	8,319	4.68%
Value $500,000 - $749,999	5,622	16.75%	28,927	16.26%
Value $750,000 - $999,999	4,444	13.24%	24,041	13.51%
Value $1,000,000 - $1,499,999	4,238	12.63%	27,403	15.40%
Value $1,500,000 - $1,999,999	4,156	12.39%	17,395	9.78%
Value $2,000,000 or more	11,390	33.94%	50,492	28.38%
2021 Est. Median All Owner-Occupied Housing Value	$1,327,326		$1,088,347	

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. The site area utilized herein is taken from New York County Records.

GENERAL DESCRIPTION OVERVIEW

Location	The subject site is located on the northeast corner of West 86th Street and Amsterdam Avenue in the Upper West Side section of Manhattan, city, county and state of New York.
Tax Lot	Block 1217, Lot 1
Site Area	
Primary Site	10,157 square feet (0.2332 acres)
Configuration	Irregular
Topography	Generally Level
Drainage	Appears adequate
Utilities/Municipal Services	Typical utilities and municipal services available to site including water, sewer, natural gas, underground electricity, telephone and cable tv/internet.
Floodplain:	**Zone:** Zone X (Unshaded) — **Map:** 3604970086F — **Date:** September 25, 2007 Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Census Tract No.	173
Latitude Longitude	40.78772, -73.9745
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.
Environmental Concerns	A current Phase 1 Environmental Acquisition Study Report was not provided. We are not qualified to detect the existence of potentially hazordous material or undergrough storage tanks which may be present on or near the site. The existence of such may have
Land Use Restrictions	A title report was not provided, however, we are unaware of anydetrimental easements, encroachements or other restrictions that would adversely affect the site's use.
Hazards Nuisances	None observed
Frontage	125 feet of frontage on the north side of West 86th Street and 75 feet of frontage on the east side of Amsterdam Avenue
Access	Access to the subject property is from the north side of West 86th Street and the east side of Amsterdam Avenue. The public concrete sidewalks adjacant to the building's public street frontage are in good overall condition. Public roadways were also observed to be
Visibility	Average
Surrounding Land Uses	Consist of similar height, multifamily and mixed-use apartment buildings.
Neighborhood	Upper West Side
Transportation Facilities	The site is readily accessible via car and public transportation via local streets and expressways.
Comments	Overall, the subject site would be well-suited as a development site.

ZONING	
General	
Property Jurisdiction	City of New York
Zoning Classification	R10A (C1-5)
Description	Residential and Commercial
Zoning Intent/Purpose	The Quality Housing contextual regulations, mandatory in R10A districts, typically produce the substantial apartment buildings set on the avenues and wide streets of Manhattan, such as West End Avenue and Broadway on the Upper West Side. Commercial districts which are R10A residential district equivalent, such as C4-6A districts on Broadway and C2-8A districts on some blocks of East 96th Street, are lined with large apartment houses with street level stores. Towers are not permitted in R10A districts. Typical new buildings are 22-story apartment buildings with high lot coverage and street walls set at or near the street line. The floor area ratio (FAR) is 10.0. Residential and mixed buildings can receive a residential floor area bonus for the creation or preservation of affordable housing, on-site or off-site, pursuant to the Inclusionary Housing Program. The maximum base height before setback, which is 150 feet within 100 feet of a wide street and 125 feet on a narrow street, is designed to match the height of many older apartment buildings. Above the base height, the required minimum setback is 10 feet on a wide street and 15 feet on a narrow street. The maximum height of a building is 210 feet within 100 feet of a wide street and 185 feet beyond 100 feet of a wide street. Off-street parking is not required in the Manhattan Core. Elsewhere, it is required for 40% of the dwelling units.
Special Permitting/Overlay	The subject site also has a C1-5 Commercial Overlay. C1-1 through C1-5 and C2-1 through C2-5 districts are commercial overlays mapped within residence districts. Mapped along streets that serve local retail needs, they are found extensively throughout the city's lower- and medium-density areas and occasionally in higher-density districts. Typical retail uses include neighborhood grocery stores, restaurants and beauty parlors. C2 districts permit a slightly wider range of uses, such as funeral homes and repair services. In mixed buildings, commercial uses are limited to one or two floors and must always be located below the residential use. When commercial overlays are mapped in R1 through R5 districts, the maximum commercial floor area ratio (FAR) is 1.0; when mapped in R6 through R10 districts, the maximum commercial FAR is 2.0. Commercial buildings are subject to commercial bulk rules. Overlay districts differ from other commercial districts in that residential bulk is governed by the residence district within which the overlay is mapped. All other commercial districts that permit residential use are assigned a specific residential district equivalent. Unless otherwise indicated on the zoning maps, the depth of overlay districts ranges from 100 to 200 feet. Generally, the lower the numerical suffix, the more off-street parking is required. For example, in C1-1 districts, typically mapped in outlying areas of the city, a large food store would require one parking space for every 100 square feet of floor area, whereas no parking is required in C1-5 districts, which are well served by mass transit.
Compliance Conclusion	The subject appears to be a legal, conforming use in this zoning district that is compliant in size.

CONCLUSION

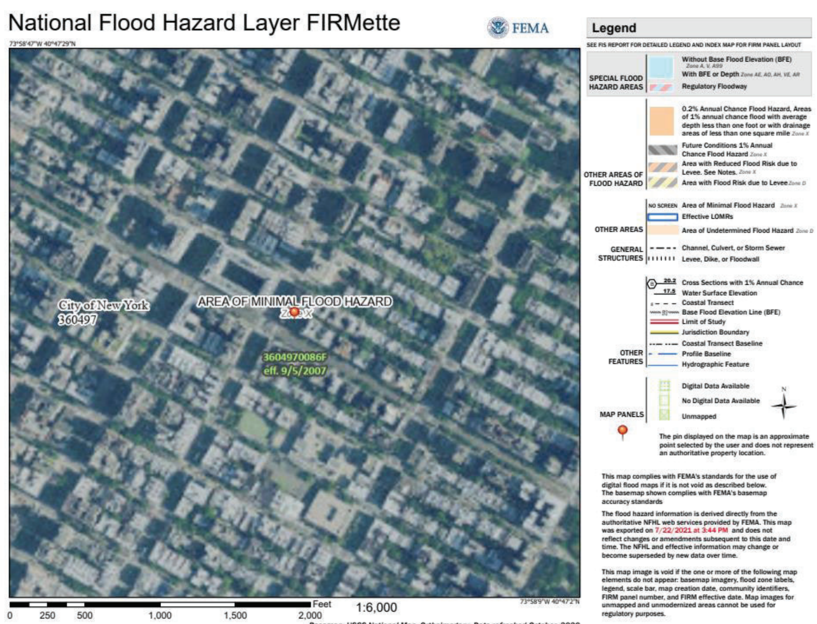
As such, the improvements which consist of multi-family development, represent a legal conforming use under the current R10A (C1-5) (Residential and Commercial) Zoning Designation. Further, the dominant guideline for zoning purposes is the Floor Area Ratio (FAR), which controls bulk or building size. The FAR expresses the relationship between the amount of gross building area permitted in a building and the area of the lot on which the building stands. The subject is also a NYC Landmark.

ZONING CALCULATION								
Block/Lot	Zoning District	FAR	Site Size (Sq. Ft.)	SRDA (Sq. Ft.)	Building Area (Sq. Ft.)	Over/(Under) Built	Conforming Use	Complying Bulk
Block 1217, Lot 1	Residential	10.00	10,157	101,570	16,003	-85,567	Yes	Yes
Block 1217, Lot 1	Commercial	2.00	10,157	20,314	16,003	-4,311	Yes	Yes

SUBJECT MAPS

Zoning Map

Flood Map



IMPROVEMENTS DESCRIPTION

GENERAL DESCRIPTION OVERVIEW	
Address	165 West 86th Street New York, New York 10024
Property Description	Religious Facility
Year Built/Renovated	1885; 0
Number of Buildings	1
Number of Stories	3
Building Construction Class	C
Gross Building Area	16,003 square feet

CONSTRUCTION DETAIL	
General Layout	The subject property is improved with a three-story and basement religious facility building, consisting of 16,003 square feet of gross building area.
Foundation	Poured concrete slab
Construction	Brick
Floor Structure	Wood frame
Exterior Walls	Natural Stone
Roof Type/Cover	Sloped; Shingle
Windows	Single-pane, wood

SUMMARY	
Building Condition	Poor; Based on the overall poor condition of the improvements and the provided information regarding extensive renovations necessary, we believe the subject's highest and best use is no longer its current use.
Design and Functionality	Poor
Actual Age	136 years
Expected Economic Life	60 years
Effective Age	60 years
Remaining Economic Life	0 years
Comments	The subject property appears to be unsuitable for its present use as a religious facility and is considered poor for facilities in this area. The subject property's highest and best use is no longer its current use due to its overall poor condition and should be demolished. Overall, it is our opinion that the subject property does not satisfy the requirements for the present and continued use as a religious facility.

As per our clients, the subject property is in need of extensive interior and exterior renovations. A conceptual budget completed for the subject property as of August 16, 2011 by Sciame, estimated the costs at approximately $15 million. These repairs include items such as masonry work, roof repairs, electrical, and window and door restoration. Since these provided cost estimates are 10 years old, a new report with updated costs is being prepared but has not yet been provided to us.

It is our opinion that the subject's highest and best use is no longer the current improvements, but the demolition of the religious facility and the development a new mixed-use residential condominium building with ground floor commercial condominium units.

REAL PROPERTY TAXES AND ASSESSMENT

TAX MAP

PROPERTY ASSESSMENT

The subject property is identified on the New York County tax maps as Block 1217, Lot 1. In the City of New York, each year's real estate tax liability is calculated based on the property's assessed valuation and current tax rate. The city of New York's fiscal tax year begins on July 1st and ends on July 30th the following year. The following is a summary of the subject's 2021/22 assessed values.

REAL ESTATE TAX ASSESSMENT							
Block/Lot	Assessed			Transitional			Taxable Assessment
	Land	Building	Total	Land	Building	Total	
1217 / 1	$2,047,500	$1,129,950	$3,177,450	$2,047,500	$1,548,360	$3,595,860	$3,177,450
Total Taxable Assessment:							**$3,177,450**

TAX RATES

The City of New York has four tax categories for real properties. The subject property is classified as Class 4 property. The following table illustrates the New York City real estate tax rates over the last 5 years. We have utilized the 2021/22 Class IV tax rate within the analysis.

Year	Class 1	Class 2	Class 3	Class 4
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656
2016/2017	19.991	12.892	10.943	10.574
2017/2018	19.991	12.719	11.891	10.514
2018/2019	20.919	12.612	12.093	10.514
2019/2020	21.167	12.473	12.536	10.537
2020/2021	21.045	12.267	12.826	10.694
2021/2022	19.963	12.235	12.289	10.755

Based on the prevailing Class 4 tax rate, the table below calculates the subject property’s real estate tax liability for 2021/22:

REAL ESTATE TAX LIABILITY				
FY	Taxable A.V.		Class 4 Tax Rate	RE Tax Liability
FY 2022	$3,177,450	x	10.755%	$341,735

Due to the subject’s current status as a religious facility, the subject property is fully tax exempt.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS IF VACANT

LEGALLY PERMISSIBLE

This test addresses which uses are permitted by zoning and private restrictions on the site. The subject property is located within the R10A Residential Zoning District with a C1-5 Commercial Overlay. The maximum unbonused floor area ratio (FAR) is 10.0 for residential use and 2.0 for commercial use. Our analysis of the market indicates that the location supports the current zoning. The subject site has a development potential of 101,570 square feet of zoning floor area. It is our opinion that the site, if vacant, could be developed for the above legally permitted use.

PHYSICALLY POSSIBLE

The subject property is located on the northeast corner West 86th Street and Amsterdam Avenue in the Upper West side neighborhood. This test addresses the physical characteristics associated with the site that might affect its highest and best use. The subject site is irregular in shape and has 125 feet of frontage on the north side of West 86th Street and 75 feet of frontage on the east side of Amsterdam Avenue, containing 10,157 square feet of lot area (as per New York City records). Given the size and shape of the subject site, we are of the opinion that, if vacant, the subject site is suitable for development with a mixed-use residential condominium building with ground floor retail.

FINANCIALLY FEASIBLE

This test addresses the demand for uses that have passed the first two tests. As long as a potential use has value commensurate with its cost, and at the same time conforms to the first two tests, that use is financially feasible. We are of the opinion that the development of the subject site with a mixed-use residential condominium building is financially feasible as of the date of value as sales would more than likely exceed costs. It would also not be difficult to get financing for new mixed-use residential development.

MAXIMALLY PRODUCTIVE

This test is applied to the uses that have passed the first three tests. The maximally productive use is the selected land that yields the highest value of the possible uses. The development of the subject site with a mixed-use residential condominium building with ground floor retail would generate the highest unit price for the land.

CONCLUSION

In consideration of the four highest and best use constraints, we are of the opinion that the subject's highest and best use as if vacant is a mixed-use residential condominium development.

HIGHEST AND BEST USE AS IMPROVED

LEGALLY PERMISSIBLE

The subject site is located within the R10A Zoning District with a C1-5 Commercial Overlay. The floor area ratio (FAR) is 10.0 for residential use and 2.0 for commercial use. Based on the subject's 10,157 square feet of lot area and a 10.0 FAR, the subject site can be improved with 101,570 square feet for residential use. The subject's current improvement of 16,003 square feet represents a legal and conforming use of the subject site that is complying bulk based on its under-built gross building area by 85,567 square feet and an actual FAR of 1.58.

PHYSICALLY POSSIBLE

The subject property consists of three-story and basement, religious facility building. The improvement was constructed in 1885, and has a total of 16,003 square feet of gross building area (as per New York City records). The subject property is in very poor condition and required extensive renovations. Therefore, subject's current use is no longer the highest and best use of the subject site. The demolition of the existing improvements and the development of a mixed-use residential condominium building with all developable air rights is the highest and best use of the subject site.

FINANCIALLY FEASIBLE

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject is no longer capable of producing positive net cash flow to an investor and the existing improvements no longer provide contributory value to the site. Therefore, the existing improvements are no longer the highest and best use of the subject site. Demolition of the existing improvements and the development of the subject site with of a mixed-use residential condominium building is financially feasible.

MAXIMUM PRODUCTIVITY

The improvements contribute return to the site that is far less than that which would be generated if the land were vacant. Since return to the land and improvements is less than the expenses associated with maintaining them, demolition of the improvements and the development of the subject site with a mixed-use residential condominium building is the maximally productive use of the subject site.

CONCLUSION

Based on our analysis, demolition of the current improvements and development of the subject site with a mixed-use residential condominium apartment building is the highest and best use of the subject site.

VALUATION PROCESS

OVERVIEW

The three traditional approaches to valuing improved properties are:

- Income Capitalization Approach - the processing of a projected net income into an opinion of value via one or more capitalization techniques; and
- Sales Comparison Approach - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;
- Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of producing a rental income.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

SUMMARY

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no contributing improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

In order to determine the reasonableness of our opinion of value of the subject's development site via the Sales Comparison Approach, we have also developed an opinion of the subject's prospective market value via the Land Residual Approach in order to determine the subject's highest and best use as improved.

To apply the Land Residual Approach, we first developed an opinion of the value of the proposed property that could be built on the subject site and then deduct all of the costs (hard and soft) in order to develop the property, including an estimate of entrepreneurial incentive, marketing and leasing costs. The resulting value is the value of subject property as a potential development site (land value).

In the present instance, the analysis involves only the value of the site as if vacant. As such, the Cost Approach is not an applicable methodology to value a vacant parcel of land. Therefore, the Cost Approach was not used to value the subject site.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value or is a correlation of all the approaches used in the appraisal.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, whereby prudent, well-informed investors would pay no more for a particular property than they would for another similar property. The application of this methodology involves the survey of recent sales of vacant parcels of land located in the subject's market area.

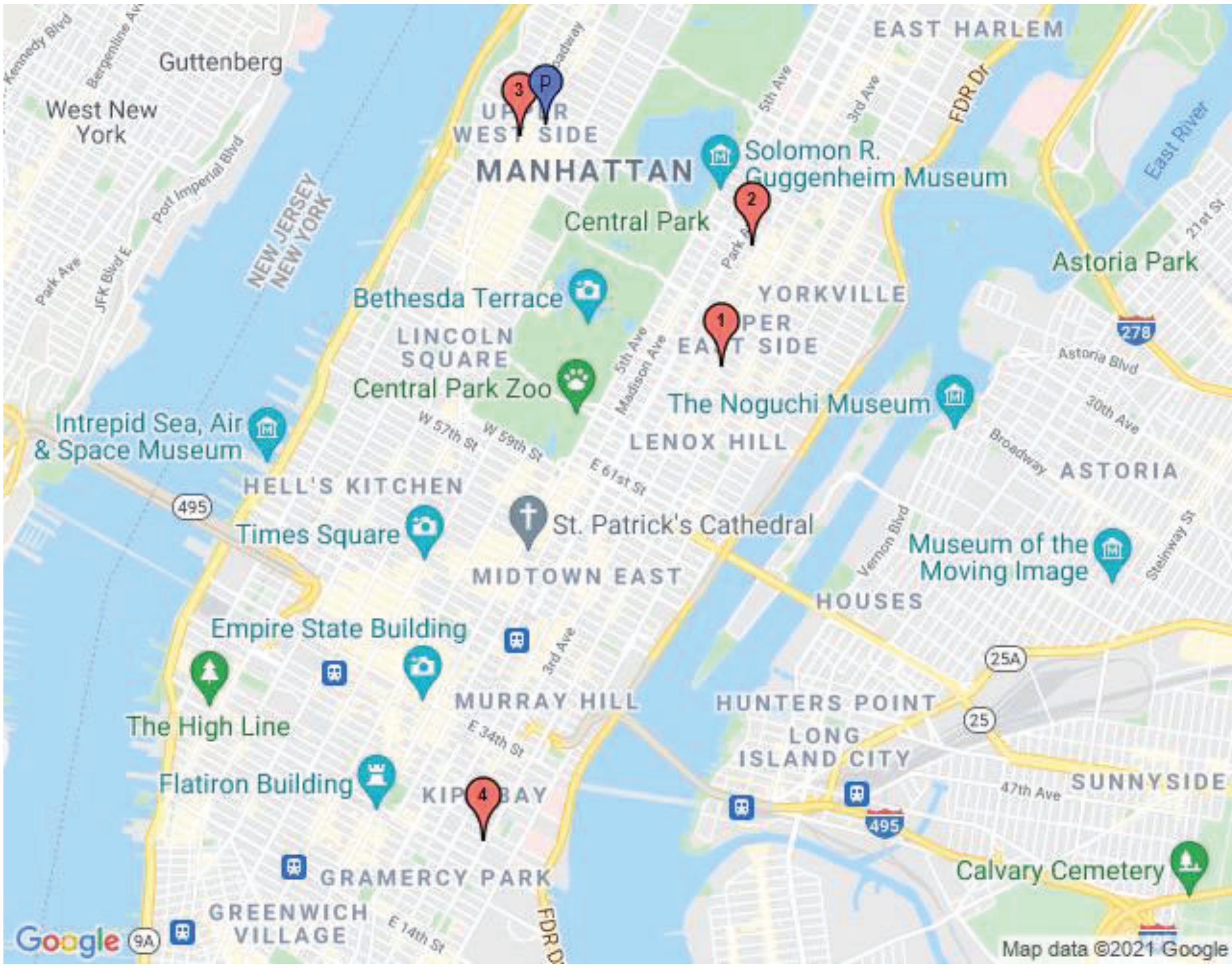
The Sales Comparison Approach is based on an opinion of value derived from prices paid in actual market transactions. This approach may be used to value land that is actually vacant, or land being considered as though vacant for appraisal purposes. This method is the most common technique for valuing land and is the preferred method when comparable land sales are available. In this approach, we searched the market for transfers of similar types of properties. These sales were then analyzed on the basis of the price per square foot of developable area. The developable area is also referred to as the zoning floor area ratio, or FAR.

The comparable land sales are compared with and adjusted to the subject property. Adjustments to the sales first consider property rights, financing, sale terms, changes in market conditions (or value change from when the sale occurred), and possession costs. Subsequent adjustments recognize issues regarding differences in the location of each property, the size or bulk of each parcel, configuration, zoning, access, utility and demolition, if required.

The comparable land sales used in our analysis indicated a range of developable areas from 44,985 to 153,265 square feet. The unadjusted price per square foot of developable area ranges from $329.00 to $503.22 square feet, with an average of $433.16 per square foot of developable area and a median of $460.99 per square foot of developable area.

The following pages contain our summary comparable land sales chart, a comparable land sales location map and a discussion of the adjustment process.

COMPARABLE LAND SALES LOCATION MAP



*Note: we have not included a pin for Comparable 5 as it is stil in contract and we were provided the contract information in confidentiallity.

SUMMARY OF LAND SALES									
No.	Property / Location	Date of Sale	Size (SF)	Block / Lot(s)	Zoning	Maximum FAR	Buildable Area (SF)	Sales Price	Price per Buildable SF
1	202 E 75 St / 1303-1309 3rd Ave, NY, NY	Mar-21	8,163	1429 / 47, 45, 145	C1-9	10.00	81,630	$32,350,000	$396.30
2	126 E 86 St, NY, NY	Nov-20	5,221	1514 / 59 +TDRs	C5-1A	12.30	64,210	$29,600,000	$460.99
3	215 W 84 St, NY, NY	Jun-21	22,102	1232 / 14	R8B / C4-6A (C2-5)	6.32	139,601	$70,250,000	$503.22
4	429 Second Avenue, NY, NY	In Contract	5,982	905 / 30, 32, 34	C1-8A	7.52	44,985	$14,800,000	$329.00
5	*Confidential*	In Contract	10,050	Confidential + TDRs	C2-8	15.25	153,265	$73,000,000	$476.30
Subj.	165 West 86th Street New York, New York	—	10,157	Block 1217, Lot 1	R10A (C1-5), Residential and Commercial	10.00	101,570	—	—

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. The subject and comparable sales are transactions of the fee simple estate. Thus, no adjustments for property rights conveyed were necessary.

FINANCING

The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were reportedly sold all cash to the seller or financed at market rates by a disinterested third party, and no adjustments are warranted.

TERMS/CONDITIONS OF SALE

Adjustments for condition of sale refers to the motivations of the buyer and seller involved in a particular transaction. All other sales appear to be arm's length transactions thus no adjustments were made.

MARKET CONDITIONS

After adjustments for financing and conditions of sale are considered, the adjustment process then considers the necessity to adjust the comparable land sales for the interim market trend between the individual comparables' contract dates and the valuation date. Although we have focused our analysis on timely land sales, we still must recognize the changes in market value for land over this time frame.

According to Cushman and Wakefield's Manhattan Property Sales Report (First Quarter of 2021), the average price per buildable square foot was $375, a decrease of 24% from the Year End of 2020. In the average price per buildable square foot decreased 13.73% from $497 per square foot in the first quarter of 2019 to $437 per square foot in first quarter of 2020.

Bob Knakal, a highly esteemed and knowledgeable New York City investment sales broker, said on July 7, 2021, "the land market has seen a tangible shift in just the last 6-8 weeks as private equity is back in the game, developers are looking at doing condos again and all of this action is exerting upward pressure on land values. Granted we are coming off a very low base, but this is the first time there has been upward pressure on land values in over five years in Manhattan."

We have considered the trends evident within the subject's market area as well as the subject's location. Based on our analysis of market conditions, we have elected to not apply market condition adjustments to the comparable sales. All of the comparable land sales have taken place in the past 8 months during the pandemic and are, therefore, reflective of the market's current state. Comparable Land Sale Number 3 sold in June 2021 and Comparable Land Sales Numbers 4 and 5 are in contract and haven't even closed yet so they are very recent.

LOCATION

Location adjustments are necessary to recognize the varying potential sales or office rental rates commercial office buildings constructed at the different locations represented by our range of comparable land sales. Factors typically considered for our location adjustments include proximity to public transportation and roadways.

Comparable Sales Numbers 1, 2, 4 and 5 are located in inferior areas when compared to the subject site and, therefore, required upward location adjustments. Comparable 3 did not require a location adjustment.

PROJECT SIZE - SF (GROSS)

The subject site represents a potential development of 101,570 zoning square feet for residential building development while the comparable land sales indicate a range of developable areas from 44,985 to 153,265 zoning square feet.

Size adjustments relate to economies of scale, that smaller parcels of land sell at a higher price per square foot compared to larger parcels of land. Each adjustment is based on the comparison of the buildable area of the comparable site under its zoning designation's developable area of 101,570 square feet.

Size adjustments are based on a scale comparison. Comparable sales with a developable area within 25% of the subject's zoning square feet require no size adjustment. Between 25% and 50%, a 5% adjustment is used; between 50% and 100%, a 10% adjustment is used; between 100% and 150%, a 15% adjustment is used; between 150% and 200%, a 20% adjustment is used. At more than a 200% size variance, the size adjustment caps out at 25%.

Comparable Sales Numbers 3 and 5 are larger in terms of buildable area and, therefore, required upward size adjustments. Comparable Sales Numbers 2 and 4 are smaller in terms of buildable area and, therefore, required downward size adjustments. Comparable Sale Number 1 did not require a size adjustment.

CONFIGURATION

Properties that have a rectangular configuration (that presents the easiest opportunity for development), or mostly rectangular configuration that is basically the sum of rectangular components joined in relatively easy configuration for new development are typically considered desirable sites for development.

The subject site is slightly irregular in shape. All of the comparable land sales are rectangular, or near rectangular, in shape and, therefore, did not require configuration adjustments.

ZONING

The subject site is located in an R10A Residential Zoning District with a C1-5 Commercial Overlay and has a 10.00 FAR for residential use and 2.0 for commercial use. All of the comparable land sales are located in residential zoning districts, or a similar zoning that allow for the development of residential uses and commercial uses.

ACCESS

Access adjustments consider the accessibility of the property as well as the advantage of corner, avenue or block-through siting in granting beneficial exposure, and light and air to the new development.

Comparable 2 is inferior in terms of access and, therefore, required an upward access adjustment. The remaining land sales are similar in access and, therefore, did not require access adjustments.

DEMOLITION

After the individual sales are adjusted for all the foregoing factors, a final dollar amount adjustment factor is considered. The demolition adjustment recognizes the cost to the comparable sites' purchasers of creating a vacant parcel, considering that the comparable development sites are often improved properties at the time of the "land" sale.

Demolition adjustments are developed by actual or forecasting probable demolition costs using a unit cost multiplier and an estimate of the gross building area of the improvement(s) on the site at the time of the sale. The demolition estimate derived is then converted into a land cost by dividing the total demolition cost estimate by the developable area of the site that is the basis of all our calculations. In all cases, our opinion of demolition cost considers a basic demolition budget, recognizing no extraordinary conditions or environmental issues that might be present at any of the sites.

Comparables 1 through 5 required upward demolition adjustments ranging from $1.78 and $18.77 per square foot.

SUMMARY OF ADJUSTMENTS

LAND SALE ADJUSTMENT GRID – Per Buildable Square Foot						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Date	—	Mar-21	Nov-20	Jun-21	In Contract	In Contract
Buildable (SF)	101,570	81,630	64,210	139,601	44,985	153,265
Sale Price per Buildable SF		$396.30	$460.99	$503.22	$329.00	$476.30
Rights Conveyed		0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Sales Price		$396.30	$460.99	$503.22	$329.00	$476.30
Physical Characteristics						
Location		10%	5%	0%	15%	10%
Size		0%	-10%	5%	-15%	5%
Configuration		0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%
Access		0%	5%	0%	0%	0%
Subtotal Net Adjustments		10%	0%	5%	0%	15%
Adjusted Price per Buildable SF		**$435.93**	**$460.99**	**$528.38**	**$329.00**	**$547.74**
Demo Adj.		$9.54	$5.29	$18.77	$4.01	$1.78
Total Adjusted Price per Buildable SF		**$445.47**	**$466.28**	**$547.15**	**$333.01**	**$549.53**

ASKING PRICES FOR DEVELOPMENT SITES

We have also searched for Upper East Side and Upper West Side development sites that are currently on the market for sale. A chart with our survey of asking prices for development sites can be found below.

SUMMARY OF ASKING PRICES FOR DEVELOPMENT SITES					
No.	Property / Location	Buildable Area (SF)		Ask Price	Ask Price per Buildable SF
1	1299 Third Avenue	113,038		$67,822,800	$600.00
2	1481-1489 Second Avenue	161,986		$72,000,000	$444.48
3	405 East 60th Street	127,000		$52,000,000	$409.45
4	202 East 75th Street / 1303-1309 Third Avenue*	92,630		$35,100,000	$378.93
			Min:	$35,100,000	$378.93
			Max:	$72,000,000	$600.00
			Med:	$59,911,400	$426.97
			Avg:	$56,730,700	$458.21

*This development site was included in our Sales Comparison Approach. However, as per our client, the developer plans to purchase an additional 11,000 square feet of air rights.

CONCLUSION OF SALES COMPARISON APPROACH

All adjustments are percentages. An upward adjustment indicates an inferior characteristic to the subject. A downward adjustment indicates a superior characteristic to the subject.

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$329.00	$333.01
Maximum	$503.22	$549.53
Average	$433.16	$468.29

We have placed the greatest amount of weight on Comparable Sale Number 3 since it is most similar to the subject property in terms of location, configuration, zoning and access. Comparable Sale Number 3 is also one of the most recent comparable land sales along with Comparable Sales Numbers 4 and 5 which are currently in contract and have yet to close. We have also considered the asking prices from development sites that are currently on the market but have yet to sell. Thus, considering the elements of comparison noted above, our opinion of the subject's fee simple market value is $450.00 per square foot of developable area, calculated:

LAND VALUE CONCLUSION	
Indicated Value per Buildable SF	$450.00
Buildable Area (SF)	x 101,570
Indicated Value	$45,706,500

The indicated value, however, assumes a vacant development site. Therefore, we must deduct a demolition cost associated with clearing the subject site of the existing building for a new mixed-use residential condominium building. Estimated at $40.00 per square foot of gross building area, the cost to demolish the existing 16,003 square foot religious facility building located on the subject site is $640,120 .

After deducting the demolition costs, our opinion of the market value of the fee simple estate of the subject real estate, via the Sales Comparison Approach and as of July 23, 2021, is $45,066,380 is $45,000,000 (rounded). This is calculated as follows:

SALES COMPARISON METHOD VALUE CONCLUSION	
Market Value	$45,706,500
Less:	
Demolition Costs @ $40 psf	($640,120)
Conclusion of Market Value	**$45,066,380**
Rounded to nearest $1,000,000	**$45,000,000**

LAND RESIDUAL APPROACH

We developed an opinion of the subject's market value via the Land Residual Approach since it is also considered an appropriate method to value land. Therefore, in order to develop an opinion of the subject's market value as a potential development site, we have used the Land Residual Approach. This approach is a valid technique, particularly when comparable land sales are not available.

To apply the Land Residual Approach, we first developed an opinion of the value of the proposed mixed-use residential condominium building that could be built on the subject site and then deduct all of the costs (hard and soft) in order to develop the property, including an estimate of entrepreneurial incentive, as well as financing, marketing and leasing costs. The resulting value is the value of subject property as a potential development site (land value).

PROPOSED MIXED-USE CONDOMINIUM DEVELOPMENT

We did not value the subject site based on any one developer's development plans, but we based our land residual approach on the subject site's available developable area and we have developed a plan for the construction of a proposed mixed-use residential condominium building with ground floor commercial condominium units.

As per our discussions with New York City real estate developers, it will take between 20 and 24 months for the construction of a new mixed-use condominium building including permits and approvals and excluding demolition of the existing structure. It will take an additional 6 to 8 months to obtain a demolition permit, a few months for demolition and 2 weeks for demolition sign-off. Therefore, we have estimated it will take approximately 36 months, or 3 years, for the demolition of the existing improvements and the completion of the proposed mixed-use residential condominium building.

Based on the subject's site area of 10,157 square feet and maximum FAR of 10.0 for residential use and 2.0 for commercial use, the subject site can be developed with a 101,570 square foot mixed-use residential condominium building with ground floor retail. The subject's first floor will be designated for a lobby and retail use, while the subject's upper floors will be designated for residential use.

Therefore, in order to determine the saleable area of the residential and commercial condominium portions of the proposed condominium development, we have first determined the square footage of each use allowed at the subject site. Based on the subject's commercial overlay, the subject site allows for 2.0 FAR for commercial use, or 20,314 square feet (10,157 SF X 2.0). However, as per our client, the ground floor of the subject's future residential development will be approximately 8,000 square feet, including a lobby for the above residential units of 1,456 square feet. Therefore, we have estimated the subject's commercial condominium unit at 6,544 square feet. Based on the subject's developable area of 101,570 square feet and 6,544 square feet utilized for commercial use, the remaining portion of the proposed condominium development would include 95,026 square feet of residential space.

We have also considered the potential loss factor a developer would apply to the subject's gross building area in order to derive the net saleable area. The application of a loss factor to derive a saleable area for residential and retail space is common and accepted practice in the New York City market. The developer of the subject property would use this practice in order to account for the costs associated with common areas.

Based on knowledge and conversations with New York City leasing brokers, we have applied a loss factor of 20% to the subject's commercial area to derive the saleable areas for the retail space. However, we have been provided with the subject's residential saleable area from an architect's plans at 90,836 square feet.

Therefore, the proposed development will have 5,235 square feet of retail saleable area on the ground floor and 90,836 square feet of residential saleable area on the upper floors based on the architect's plans for the residential spaces and a 20% loss factor for the commercial space. Our calculations can be found on the chart below.

UNIT MIX	UNIT SIZE (SF)	LESS: LOSS FACTOR (SF)	SALEABLE AREA (SF)
Commercial	6,544	1,309	5,235
Residential	95,026	4,190	90,836
Total	101,570		96,071

RESIDENTIAL CONDOMINIUM SELLOUT

We have not been provided with any information regarding the proposed construction of the subject's new residential condominium building. Speaking with brokers and experts in the New York City residential real estate market, we are of the opinion that the subject site is suitable for development with a residential condominium building with ground floor commercial condominium units. As per our conversation with a New York City real estate property portfolio owner, a developer would most likely build condominium since getting a cash return on a rental property with land value is so high.

As previously discussed, we have first determined the residential square footage allowed at the subject site and accounted for a loss factor for common areas, hallways, and bonusable spaces at the subject site. Therefore, the subject's saleable residential area is 90,836 square feet.

We have then surveyed nearby comparable newly constructed residential condominium unit sales in order to determine the subject's average unit size and average sales price per square foot. We have uncovered five newly constructed residential condominium buildings located on the Upper West Side with sales that have taken place in 2021. The sales from each of these buildings are located on different floor levels, are different in terms of the number of bedrooms and bathrooms and are different in terms of unit size. Therefore, we believe the average unit sales prices of each of these newly constructed residential condominium buildings represent the true overall average unit sales price of newly constructed residential condominium units sold on the Upper West Side in the first seven months of 2021.

Our survey of comparable newly constructed residential condominium unit sales can be found on the chart below.

COMPARABLE NEW CONSTRUCTION CONDOMINIUM SALES									
No	Address	Year Built	No. of Sales Sold In 2021	Total Sales Amount	Average Sales Price	Total SF Sold	Average Unit Size Sold	Average Price/SF
1	1 West End Avenue	2014	9	$38,304,642	$4,256,071	18,490	2,054	$2,072
2	225 West 86th Street	2019 Condo Conversion	6	$32,024,518	$5,337,420	12,781	2,130	$2,506
3	212 West 95th Street	2018	3	$9,875,000	$3,291,667	4,585	1,528	$2,154
4	30 Riverside Boulevard	2016	28	$117,345,000	$4,190,893	42,304	1,511	$2,774
5	15 West 61st Street	2017	15	30642893	$2,042,860	13,230	882	$2,316
						Min	882	$2,072
						Max	2,130	$2,774
						Med	1,528	$2,316
						Avg	1,621	$2,364

The average unit size for newly constructed residential condominium unit sales located on the Upper West Side is 1,621 square feet. However, based on our survey, the average unit size for Comparable 5 is an outlier. Therefore, we have placed less weight on the average unit size of this comparable and we have estimated the subject's unit size slightly above the average of the comparable set at 1,700 square feet.

Based on the subject's saleable area of 90,836 square feet and an average unit size of 1,700 square feet, the proposed residential condominium building would be able to contain approximately 53 residential units.

We have also concluded a market value per square foot for the subject's proposed residential condominium units at $2,400, or $4,080,000 per unit (1,700 SF X $2,400). Therefore, the total net sellout of all 53 residential units is equal to $216,240,000 (53 units X $4,080,000).

RETAIL CONDOMINIUM UNIT SELLOUT VIA THE SALES COMPARISON APPROACH

The proposed mixed-use development will also include 5,235 square feet of net saleable commercial space. Based on our research and comparable commercial condominium unit sales, we believe the subject's commercial condominium can be sold as one unit. Therefore, our Sales Comparison Approach adjustments are based on the commercial condominium unit size of 5,235 square feet.

METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

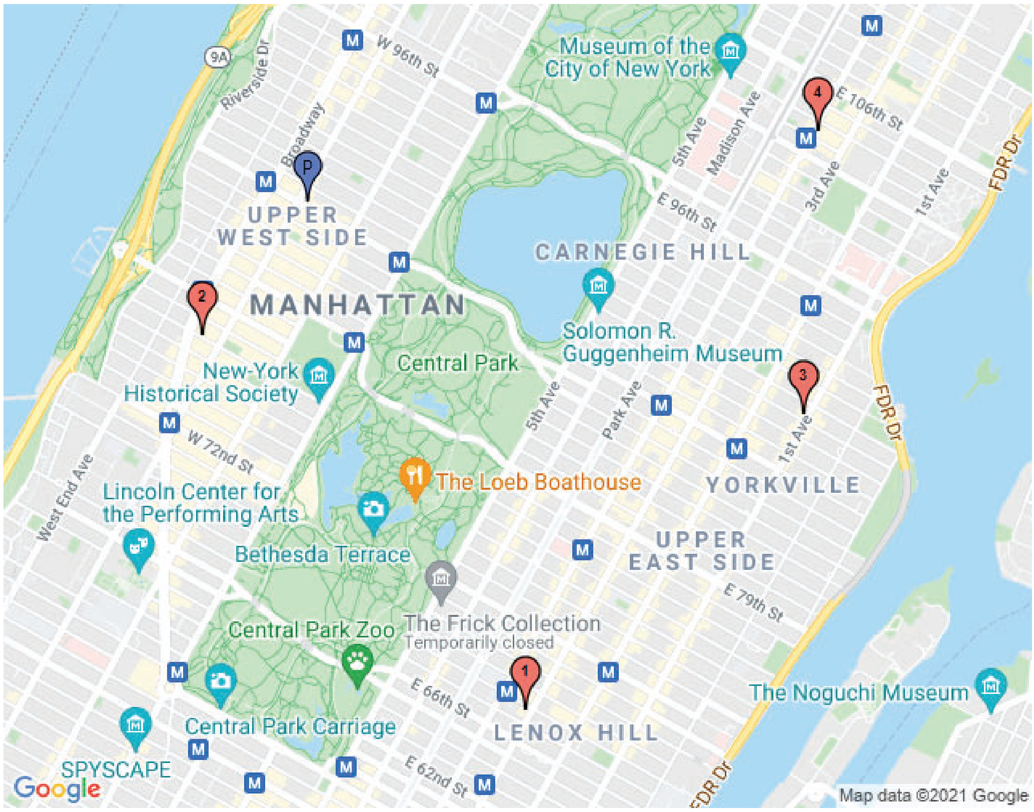
Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

UNITS OF MEASURE	
	1. **Per Square Foot of Net Rentable Area:** For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.
	2. **Per Square Foot of Usable Area:** The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
X	3. **Per Square foot of Leasable Above Grade Area:** Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	4. **Per Square Foot of Gross Building Area:** Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	5. **Per Unit:** Total number of dwelling units in the property. Typically used for apartment properties.

COMPARABLE RETAIL CONDOMINIUM UNIT SALES

On the following pages, we present a summary of the commercial condominium units that we compared to the subject property, a map showing their locations, and the adjustment process.



No.	Property / Location	Date of Sale	Property Rights	Year Built	Unit Size (SF Gross)	Sale Price $/Unit $/SF
SUMMARY OF IMPROVED COMMERCIAL CONDOMINIUM SALES						
1	1160 Third Avenue, Retail Condo Unit 1160 3rd Avenue New York, NY	Jun-20	Leased Fee	1965	7,352	$7,500,000 $7,500,000 $1020
2	221 West 77th Street, Retail Condo 221 West 77th Street New York, NY	Jan-20	Fee Simple	2017	2,369	$2,744,212 $2,744,212 $1158
3	1721 First Avenue, Retail Condo Unit 1721 1st Avenue New York, NY	Oct-19	Leased Fee	2002	11,400	$15,300,000 $15,300,000 $1342
4	1635 Lexington Avenue, Retail Condo 1635 Lexington Avenue New York, NY	Jan-19	Leased Fee	2013	6,845	$8,000,000 $4,000,000 $1169
Subj.	West-Park Presbyterian Church 165 West 86th Street New York, New York	-----	Fee Simple	2023	5,235	-----

COMPARABLE RETAIL CONDOMINIUM UNIT SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Property / Location	West-Park Presbyterian Church New York, New York	1160 Third Avenue, Retail Condo Unit 1160 3rd Avenue New York, NY	221 West 77th Street, Retail Condo 221 West 77th Street New York, NY	1721 First Avenue, Retail Condo Unit 1721 1st Avenue New York, NY	1635 Lexington Avenue, Retail Condo 1635 Lexington Avenue New York, NY
Date of Sale	-----	Jun-20	Jan-20	Oct-19	Jan-19
Unit Size (SF Gross)	5,235	7,352	2,369	11,400	6,845
Unadjusted Price ($ PSF)	-----	**$1,020.13**	**$1,158.38**	**$1,342.11**	**$1,168.74**
Transactional Adjustments					
Property Rights Conveyed	***Fee Simple***	*Leased Fee*	*Fee Simple*	*Leased Fee*	*Leased Fee*
Adjustment		**5%**	**0%**	**5%**	**5%**
Financing		*Similar*	*Similar*	*Similar*	*Similar*
Adjustment		**0%**	**0%**	**0%**	**0%**
Terms/Conditions of Sale		*Similar*	*Similar*	*Similar*	*Similar*
Adjustment		**0%**	**0%**	**0%**	**0%**
Expenditures After Sale		*Similar*	*Similar*	*Similar*	*Similar*
Adjustment		**0%**	**0%**	**0%**	**0%**
Market Conditions	***Jul-21***	*Jun-20*	*Jan-20*	*Oct-19*	*Jan-19*
Adjustment		**0%**	**-20%**	**-20%**	**-20%**
Total Transactional Adjustment		**5%**	**-20%**	**-16%**	**-16%**
Adjusted Price ($ PSF)		**$1,071.14**	**$926.71**	**$1,127.37**	**$981.74**
Property Adjustments					
	Good	*Similar*	*Similar*	*Inferior*	*Similar*
Location		**0%**	**0%**	**5%**	**0%**
	5,235	*7,352*	*2,369*	*11,400*	*6,845*
Project Size - SF (Gross)		**0%**	**-5%**	**5%**	**0%**
	Excellent	*Average*	*Good*	*Average/Good*	*Good*
Condition		**10%**	**5%**	**5%**	**5%**
	Good	*Similar*	*Inferior*	*Similar*	*Similar*
Utility		**0%**	**5%**	**0%**	**0%**
Total Property Adjustments		**10%**	**5%**	**15%**	**5%**
Indication for Subject:		**$1,178.25**	**$973.04**	**$1,296.47**	**$1,030.83**

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$1,020.13	$973.04
Maximum	$1,342.11	$1,296.47
Average	$1,172.34	$1,119.65

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

TRANSACTIONAL ADJUSTMENTS	
Property Rights Conveyed	This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. The subject and comparable sales are transactions of the leased fee interest. Thus, no adjustments were necessary. Sale No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%.
Financing	The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were reportedly sold all cash to the seller or financed at market rates by a disinterested third party, and no adjustments are warranted. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Terms/Conditions of Sale	Adjustments for condition of sale refers to the motivations of the buyer and seller involved in a particular transaction. All other sales appear to be arm's length transactions thus no adjustments were made. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Expenditures After Sale	In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs. All of the comparable sales were considered similar to the subject thus no adjustments were made. All of the comparables were considered similar to the subject and no adjustments were required for this category.
Market Conditions	This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates, and/or capitalization rates. Due to the Covid-19 Pandemic, many retail stores were forced to close, driving down sales prices. Therefore, we have applied -20% market condition adjustments to the retail condominiums that took place prior to the pandemic. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 20.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 20.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 20.0%.
Total Transactional Adjustment	Sale No. 1 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 20.0%. Sale No. 3 was regarded superior to the subject and received a downward adjustment of 16.0%. Sale No. 4 was regarded superior to the subject and received a downward adjustment of 16.0%.

PROPERTY ADJUSTMENTS	
Location	The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and/or employment centers and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 5.0%.
Project Size - SF (Gross)	This adjustment accounts for the difference in size between each of the comparable sales and the subject property. Typically, smaller properties sell for a higher price per square foot than an otherwise similar larger property as there are a greater number of investors that can afford to compete for the lower-dollar volume transaction (and vice versa). As such, we note that there is an inverse relationship between size and price per square foot, such that smaller buildings will sell for a higher price per square foot and vice versa. Sale No. 2 was regarded superior to the subject and received a downward adjustment of 5.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 5.0%.
Condition	This adjustment reflects variations in the building features and condition of the comparable sales relative to the subject property. Physical differences may include different quality and type of construction, architectural style, building materials, age, condition. Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance. Sale No. 1 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 2 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%.
Utility	This adjustment reflects building height or number of stories, land to building ratio, views, access, exterior appeal, and the interior finishes, design and layout of each comparable as compared to the subject property. Further, site amenities are also a contributory factor in this adjustment as properties with significant amenities generally achieve slightly higher rents which translates into higher value contribution to the property. Sale No. 2 was judged inferior to the subject and received an upward adjustment of 5.0%.
Total Property Adjustments	Sale No. 1 was judged inferior to the subject and received an upward adjustment of 10.0%. Sale No. 2 was judged inferior to the subject and received an upward adjustment of 5.0%. Sale No. 3 was judged inferior to the subject and received an upward adjustment of 15.0%. Sale No. 4 was judged inferior to the subject and received an upward adjustment of 5.0%.

CONCLUSION OF SALES COMPARISON APPROACH

The indicated unadjusted range of the comparable commercial condominium unit sales is from $1,020.13 to $1,342.11 per square foot, with an average of $1,172.34 per square foot. Based on the unadjusted unit sales prices, the standard deviation is $367.30. After adjustments, the comparable sales exhibited a range between $973.04 and $1,296.47 with an average of $1,119.65 per square foot. After adjustments, the standard deviation declined to $279.02, which indicates a tightening of the unit sales prices relative to the mean and provides a higher degree of confidence in the adjustments applied. Therefore, we conclude that the indicated value by the Sales Comparison Approach is $1,100.00 per square foot.

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$1,020.13	$973.04
Maximum	$1,342.11	$1,296.47
Average	$1,172.34	$1,119.65

Therefore, based on our concluded average unit sales price per square foot of $1,100 and an estimated unit size of 5,235 square feet, the unit sales price is $5,758,720.

CONCLUSION OF GROSS SELLOUT VALUES

Therefore, based on our conclusion of the subject's residential gross sellout value of $216,240,000 and the commercial gross sellout value of $5,758,720, the total gross sellout value of the subject's proposed condominium units is $221,998,720, or $222,000,000 (rounded).

DEVELOPMENT COSTS

Our opinion of the prospective market value of the proposed development upon completion, as of July 2023, is $222,000,000. In order to develop an opinion of the subject's land value, we must now deduct all of the development costs associated with the construction of the brand-new mixed-use residential condominium building with a ground floor commercial condominium unit.

Hard Costs

We have spoken with New York City real estate developers and other experts in order to estimate the subject's hard and soft costs. Based on our discussions with these developers and other experts, we have determined that the current cost to build a new residential condominium building with a retail condominium unit located in the Upper West Side of Manhattan is between $500 to $700 per square foot. We have relied on the estimated construction costs as per our discussion with the representatives from New York City developers.

Direct costs (aka hard costs) are expenditures for the labor and materials used in the constructions of improvements. We have applied our estimate of the subject's hard cost to the proposed gross building area of 133,324 square feet, as per our client. The total hard costs for the subject's proposed development are $79,994,400, or $600 per square foot. We have assumed a combination of union and non-union labor.

Soft Costs

Soft costs are estimated at 30% of hard costs, or $23,998,320. Soft costs are expenditures or allowances for items other than labor and materials that are necessary for construction but are not typically part of the construction contract. In addition, they include fees from professionals that assist in the development process. This includes fees from architects, engineers, appraisers, attorneys, accountants, the general contractor, and other consultants.

Total hard and soft costs equal $103,992,720 ($79,994,400 + $23,998,320).

Entrepreneurial Incentive

Developers compete against each other in the real estate marketplace, and any project will include an anticipated reward that is sufficient to induce the entrepreneur to incur the risk associated with the project. The ensuing entrepreneurial profit is the difference between the total cost of development and the market value of the property after completion.

Entrepreneurial incentives are customary since they represent an additional expense associated with expected compensation for the developer's due diligence, site location, planning and coordination, securing government approvals, administration and more. We have estimated entrepreneurial incentive at 20% of the total hard and soft costs, or $20,798,544 ($103,992,720 x .20).

Financing Costs

Financing costs associated with the subject property were estimated at $80 per square foot of gross building area, or $10,665,920.

Marketing Costs

This category reflects all costs involved in advertising and promoting the development, forecast at 1.0% of residential and commercial proceeds which are accrued at the time of sale. Marketing costs were therefore estimated at $2,220,000.

Sales Commissions

Sale commissions are paid to brokers and agents who negotiate the sales. Typically, a development similar to the subject will contract a brokerage firm as an exclusive agent. In general, the exclusive agent will accept a 3% commission, while outside agents who bring buyers to the project will require 6%. To account for the fact that units will be sold by both the exclusive and other agents, we forecast this category at 5% of the proceeds from the residential and commercial condominium unit sales. Sales Commissions equate to $11,100,000.

Legal and Transfer Taxes

Costs paid by the sponsor to cover the legal aspects of closing a sale and the transfer taxes owed on each unit. The New York City Transfer Tax for condominiums greater than $500,000 is 1.425%, while the New York State Transfer Tax for condominiums $3 million or above is 0.65%. Therefore, the total transfer tax rate is 2.075%. However, we have increased the legal and transfer taxes at the subject property as the developer will be paying all Mansion Taxes. Based on our discussion with real estate developers and experts we believe 4% is reasonable and will account for the New York City, State and Mansion taxes for the subject property. Therefore, the subject's legal and transfer taxes are $8,880,000.

Total Development Costs

The subject's total development costs include hard costs, soft costs, entrepreneurial incentive, as well as marketing, sales commissions, and legal and transfer taxes. The subject's total development costs are $157,657,184.

Opinion of the Subject's Residual Land Value (as of July 2023)

We deducted the subject's total development costs from our opinion of the subject's prospective market value upon the completion of construction. Therefore, our opinion of the subject's residual land value, as of July 2023, is $64,342,816 ($222,000,000 - $157,657,184).

Opinion of the Subject's Residual Land Value (as of July 2021)

After deducting the total development costs from the subject's prospective market value, we derived the subject's residual land value as of July 2023. In order to develop an opinion of the present value of the subject's residual land value, we must apply a discount rate to the subject's prospective land value.

According to PricewaterhouseCoopers' Second Quarter 2021 Real Estate Investor Survey, discount rates for the National Development Land Market range from 10.0% to 25.0%, with an average of 16.70%.

However, the subject site is located in a strong commercial and residential market with good demand. The above-referenced survey focuses on development sites located across the nation. A local investor would likely seek a return slightly above the return associated with AAA or BBB corporate bonds. In July 2021, the yield for these bonds was 1.27% and 2.20%, respectively.

After considering the returns for alternate investment vehicles, we have selected a 7.0% discount. After discounting the subject's prospective residual land value for two years, the subject's current residual land value, is $52,522,904 ($64,342,816 x 0.81630).

Therefore, our opinion of the subject's residual land value, as of July 23, 2021, is $53,000,000 (rounded). Our opinion of the subject's residual land value is equal to $521.81 per square foot of developable area.

Our land residual analysis is summarized on the chart on the top of the following page.

LAND RESIDUAL ANALYSIS

Opinion of the Subject's Market Value Upon Completion of Construction (as of July 2023)			$222,000,000
Less: Development Costs	*$*	*SF*	
Hard Costs @	$600	133,324	$79,994,400
Soft Costs (30% of Hard Costs)			$23,998,320
Entrepeneurial Incentive (20% of Hard and Soft Costs)			$20,798,544
Financing Costs @	$80	133,324	$10,665,920
Marketing (1% Sales)			$2,220,000
Sales Commissions (5% Sales)			$11,100,000
Legal and Transfer Costs (4% Sales)			$8,880,000
Total Development Costs			$157,657,184
Opinion of the Subject's Residual Land Value (as of July 2023)			$64,342,816
Discount Factor @ 7% for 3 years			0.81630
Opinion of the Subject's Residual Land Value (as of July 2021)			$52,522,904
Rounded			**$53,000,000**
Subject's Developable Area (SF)			101,570
Land Value Per SF of Developable Area			$521.81

RECONCILIATION

SUMMARY OF VALUE INDICATIONS

This appraisal is prepared for the purpose of determining the value of the subject site based on its highest and best use as a development site, as the current use is no longer feasible. We have developed an opinion of the subject's market value via the Land Residual Approach in order to determine the subject's highest and best use as improved. The Land Residual Approach is commonly used to develop an opinion of land value.

To apply the Land Residual Approach, we first developed an opinion of the value of the proposed property that could be built on the subject site and then deduct all of the costs (hard and soft) in order to develop the property, including an estimate of entrepreneurial incentive, financing, marketing and leasing costs. The resulting value is the value of subject property as a potential development site.

This appraisal also employs the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no contributing improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

VALUE INDICATIONS	
As Is as of July 23, 2021	
Sales Comparison Approach	$45,000,000
Approach Reliance	**Sales Comparison Approach**
Value Conclusion - As Is	**$45,000,000**
Exposure Time	6 to 12 months
Marketing Time	6 to 12 months
As Is as of July 23, 2021	
Cost Approach	Not Developed
Land Value	$53,000,000
Approach Weighting	**Land Residual**
Value Conclusion - As Is	**$53,000,000**
Exposure Time	6 to 12 months
Marketing Time	6 to 12 months

Based on our opinions of value via the Sales Comparison Approach and Land Residual Approach, we have placed equal weight on both approaches. The Sales Comparison Approach included a total of five comparable land sales of which one was from June 2021 and two were in contract and have yet to close. The Land Residual Approach, even though based on a number of assumptions, also produced credible assignment results.

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

FINAL OPINION OF VALUE

Based on our inspection of the property, the investigation and the analysis undertaken, subject to the assumptions and limiting conditions, we have developed the following value opinion.

MARKET VALUE CONCLUSION(S)		
Interest Appraised	Date of Value	Value Conclusion
Fee Simple	July 23, 2021	$49,000,000

MARKETING TIME AND EXPOSURE TIME

We believe the concluded market value for the subject property is consistent with an anticipated marketing time and exposure time of 6 to 12 months. Our opinion of value is consistent with recent sales and the return parameters are considered adequate to generate investor interest in the property. Our estimate is reasonably consistent with historic exposure times and is considered a reasonable estimate of the exposure time for the subject. Additionally, a time of 6 to 12 months is typically quoted as an adequate marketing time by area brokers, given proper pricing and an adequate commitment to marketing. Furthermore, market conditions are not expected to change dramatically in the short term, so a marketing time equal to the historic exposure time is considered a reasonable expectation. Based on these factors, our conclusion of 6 to 12 months for an adequate marketing time and exposure time is considered reasonable.

EXHIBITS AND ADDENDA

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1 The statements of fact contained in this report are true and correct.

2 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3 We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.

4 We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5 Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6 Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

8 Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of NY.

9 The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.

10 The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11 As of the date of this report, Eric P. Haims, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.

12 Eric P. Haims, MAI, AI-GRS has not and Sara Blessing has made a exterior personal inspection of the property that is the subject of this report.

13 No one provided significant real property appraisal assistance to the person signing this certification.

14 Eric P. Haims, MAI, AI-GRS has not and Sara Blessing has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Eric P. Haims, MAI, AI-GRS
NY Certified General Appraiser
License #: 46000045128
Ph: 347-537-2136
Email: ehaims@bbgres.com

Sara Blessing
NY Certified General Appraiser
License #: 46000052616
Ph: 347-537-2156
Email: sblessing@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
   a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
   b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
   c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
   d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
   e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal repot based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future

investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.

11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

BBG

Third-party reports by a true third party.

BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation

+ Single Asset Valuation
+ Portfolio Valuation
+ Institutional Asset Valuation
+ Appraisal Review
+ Appraisal Management
+ Lease and Cost Analysis
+ Insurance Valuation
+ Arbitration & Consulting
+ Feasibility Studies
+ Highest and Best Use Studies
+ Evaluation
+ Investment analysis
+ Tax appeals
+ Litigation Support

Advisory

+ ASC 805 Business combinations
+ ASC 840 Leases
+ Purchase Price Allocations
+ Portfolio Valuations for reporting net asset values (NAV)
+ Public and non-traded REIT valuations
+ Valuations for litigation and litigation support
+ Sale-leaseback valuation analysis
+ Valuations for bankruptcy/fresh start accounting
+ Cost segregation analysis

Assessment

+ Environmental due diligence
+ Property condition consulting
+ Small loan services
+ Energy consulting
+ Environmental consulting
+ Zoning

VALUATION ADVISORY ASSESSMENT ZONING

ADDENDA

GLOSSARY

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. [1]

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. [2]

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. [1]

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.[1]

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).[1]

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.[3]

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. [1]

Credible:

1. Worthy of belief, supported by analysis of relevant information. Creditability is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).[1]

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance. [1]

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. [1]

Economic Life: The period over which improvements to real property contribute to property value. [1]

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.[1]

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income. [1]

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. [1]

Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed). [1]

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed). [1]

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value. [1]

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%. [1]

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).[1]

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.[2]

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. [1]

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. [1]

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed. [1]

Gross Building Area (GBA): 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space. [1]

Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Hypothetical Condition: 1) 117.A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) [1]

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. [1]

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector. [1]

Insurable Value: A type of value for insurance purposes. [1]

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), ·future economic benefits (such as revenues or reduced future costs). (IAS 38) [1]

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) [1]

Intended Use: 1) The valuer's intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1]

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1]

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). [1]

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) [1]

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. [1]

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. [1]

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. [1]

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: [1]
Load Factor =

$$\frac{\text{(Rentable Area – Useable Area)}}{\text{Usable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expo- sure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;
Both parties are well informed or well advised, and each acting in what they consider their own best interests;
A reasonable time is allowed for exposure in the open market;
Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
· The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reason ably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Market Value "As If Complete" On The Appraisal Date:
Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future. [4]

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.). [3]

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease. [1]

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. [5]

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.[1]

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. [1]

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value. [1]

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.[2]

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation. [1]

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. [1]

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." [1]

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available. [1]

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016¬2017 ed.) [1]

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based. [3]

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as "the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit)."

Use Value:
The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. [1]

[1]Appraisal Institute, *The Dictionary of Real Estate Appraisal, 6*th ed. (Chicago: Appraisal Institute 2010). [2]Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser, IFRS Website, www.ifrs-ebooks.com/index.html*. [3]Appraisal Institute, *The Appraisal of Real Estate,* 13th ed. (Chicago: Appraisal Institute 2008). [4] This definition is taken from "Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon," Journal of Real Estate Appraisal, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. [5]Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. [6] U.S. Treasury Regulations

SUBJECT PHOTOGRAPHS

Subject Facade

West 86th Street (East)

Amsterdam Avenue (North)

Main Entrance

Side Entrance

Subject Facade

COMPARABLE SALES

Sale Comparable #1

1303-1309 Third Avenue
1303 3rd Avenue
New York, NY 10021
New York County
BBG Property #1211396

Property Data

Improvement Details

Property Type/Use	**Land** **Apartment**	Lat/Long	**40.7714 / (73.9592)**
Borough	**Manhattan**	Neighborhood	**Upper East Side**
Tax Account #	**Block 1429, Lots 47, 45, 145**	# of Buildings	**0**
Year Built	**0**	Renovated	**n/a**
Quality	**Average**	Condition	**Average**
Construction Class		Construction Details	
Gross Building Area (SF)	**31,150**	Rentable Area (SF)	**31,150**
# of Floors	**0**	Floor Area Ratio	**3.82**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			

Site Details

Gross Land Area	**8,163 SF / 0.19 Acres**	Land to Building Ratio	**0.26**
Net Land Area	**8,163 SF / 0.19 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**3/4/2021**	Consideration	**$32,350,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**%**	Cash Equivalent Price	**$32,350,000**
Months on Market		Sale Price PSF	**$1,038.52 PSF GBA** **$1,038.52 PSF Rentable Area**
Property Rights	**Leased Fee**	Sale Price Per Unit	**$172,625,400**
Grantor	**c/o Gastonia Properties**		
Grantee	**EJS 1303 Third, LLC**		
Record Info	**2021030900624001, 2021030900624002, 2021030900624003**		
Comments	**JLL Capital Markets has completed the $32.325M of 1303-1309 Third Ave., a premier corner development site on New York City's Upper East Side.** **JLL worked on behalf of the seller Gastonia, LLC to complete the sale to the buyer EJS Group. The assemblage, located at the southeast corner of Third Ave. and E. 75th St., provides a unique development opportunity, with more than 150 feet of wraparound frontage. The site is ideally positioned for a developer seeking to build in the heart of one of Manhattan's most desirable and established neighborhoods.** **The property is within walking distance to major attractions and amenities, including Central Park, worldclass museums, leading hospitals, premier schools, fine dining and shopping. It is located in close proximity to the Q, 4, 5 and 6 subway lines, providing direct access to Midtown and the rest of Manhattan.** **The JLL Capital Markets team representing the seller was led by Managing Directors Guthrie Garvin, and Jonathan Hageman; Directors Jack Norton and Solomon Michailow; and New York Investment Sales Chairman Bob Knakal.**		
Verification	**Deeds, marketing brochure, press release 07/27/2021**		

BBG

Sale Comparable #2

126 East 86 Street
126 East 86th Street
New York, NY 10028
New York County
BBG Property #1156215

Property Data			
Improvement Details			
Property Type/Use	**Land** **Apartment**	Lat/Long	**40.7795 / (73.9561)**
Borough	**Manhattan**	Neighborhood	**Upper East Side**
Tax Account #	**Block 1514, Lot 59 + TDRs**	# of Buildings	**0**
Year Built	**1920**	Renovated	**1995**
Quality	**Average**	Condition	**Average**
Construction Class		Construction Details	
Gross Building Area (SF)	**13,590**	Rentable Area (SF)	**13,590**
# of Floors	**2**	Floor Area Ratio	**2.60**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**5,221 SF / 0.12 Acres**	Land to Building Ratio	**0.38**
Net Land Area	**5,221 SF / 0.12 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**11/2/2020**	Consideration	**$29,600,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**0%**	Cash Equivalent Price	**$29,600,000**
Months on Market		Sale Price PSF	**$2,178.07 PSF GBA** **$2,178.07 PSF Rentable Area**
Property Rights	**Fee Simple**	Sale Price Per Unit	**$246,954,781**
Grantor	**JP Morgan Chase Bank and 128 East 86th St Associates LLC**		
Grantee	**126 East 86th Development LLC**		
Record Info	**2020111100293001 and 2020111100467004**		
Comments	**This transaction represents the sale of a financial building located at 124-126 E 86th St in New York, NY 10028 which sold on November 2, 2020 for a confirmed $26,000,000.** **Per the Press Release:** **" This represents the sale of a development site at 126 East 86th Street between Lexington Avenue and Park Avenue in the Upper East Side** **neighborhood of Manhattan. The property sold for $26,000,000.** **The development site includes 51 feet of frontage along the highly visible 86th street corridor and is located in a C5-1A zone, which has a R10 residential equivalent. The brokers were also able to assist the buyer to secure additional air rights from a neighboring property to blend down the land basis and make for a more attractive development.** **The property is located within walking distance from the 4, 5, and 6 trains at the 86th Street and Third Avenue Station as well as the Q train at the 86th Street and Second Avenue Station. 126 East 86th Street is also close to Central Park as well as multiple museums, private schools, hospitals, restaurants, cafes, and bars."** **Contacts for the seller and listing brokers have verified the information in the Press Release and marketing material. The seller contact noted that their motivation for selling is that they were no longer using this building. There was no input on the motivation for the buyer. The property was delivered vacant. Covid19 did have an impact on the price per seller contact.** **As per a job filing in the New York City Department Of Buildings (approved on November 17, 2020), there is an approval for a full demolition of this 2-story building using handheld equipment. There is an additional filing (now pending as of January 12, 2021) indicating that there are plans for a new 20 story, 77,326 SF multifamily high-rise. Buyer is seeking approval for 32 dwelling units and commercial space of 6,997 SF. The first set of plans were disapproved as of January 6, 2021.** **Note that an Easement agreement has been attached and a Development Rights document indicating that there was an additional $3,600,000 paid for Air Rights affiliated with this lot 59 & lot 58. The true seller, per this document is C/O the Sanders Investments. There are additional new documents that are being attached. See CoStar Sale Comp ID # 5371430 for the transfer of the air rights on the two lots.**		
Verification	**Public records, deeds, marketing brochure 04/28/2021**		

Sale Comparable #3

Land
215 West 84th Street
New York, NY 10024
New York County
BBG Property #1211450

Property Data			
Improvement Details			
Property Type/Use	**Land** **Apartment**	Lat/Long	**40.7870 / (73.9768)**
Borough	**Manhattan**	Neighborhood	**Upper West Side**
Tax Account #	**Block 1232, Lot 14**	# of Buildings	**1**
Year Built	**1925**	Renovated	**1984**
Quality	**Average**	Condition	**Average**
Construction Class		Construction Details	
Gross Building Area (SF)	**104,810**	Rentable Area (SF)	**104,810**
# of Floors	**5**	Floor Area Ratio	**4.74**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**22,103 SF / 0.51 Acres**	Land to Building Ratio	**0.21**
Net Land Area	**22,102 SF / 0.51 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**6/9/2021**	Consideration	**$70,250,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**100%**	Cash Equivalent Price	**$70,250,000**
Months on Market		Sale Price PSF	**$670.26 PSF GBA** **$670.26 PSF Rentable Area**
Property Rights	**Leased Fee**	Sale Price Per Unit	**$138,453,655**
Grantor	**Eagle Court LLC**		
Grantee	**215 West 84th St Owner LLC**		
Record Info	**2021062100332001**		
Comments	**"Sold to Naftali as a ground up residential condo development for $70,250,000. This equates to $503 per buildable square foot based on the 139,601 as of right ZFA. The basis can be blended down by incorporating an additional ~17,000 SF of inclusionary housing rights, which Naftali purchased for approximately $250 per square foot." - George D'Ambrosio**		
Verification	**George D'Ambrosio, JLL 07/12/2021**		

Sale Comparable #4

Development Site
429-437 Second Avenue
New York, NY 10010
New York County
BBG Property #1156223

Property Data			
Improvement Details			
Property Type/Use	**Land** **Apartment**	Lat/Long	**40.7391 / (73.9804)**
Borough	**Manhattan**	Neighborhood	**Kips Bay**
Tax Account #	**Block 905, Lots 30, 32 and 34**	# of Buildings	**3**
Year Built	**1925**	Renovated	**n/a**
Quality	**Average**	Condition	**Average**
Construction Class		Construction Details	
Gross Building Area (SF)	**7,220**	Rentable Area (SF)	**7,220**
# of Floors	**0**	Floor Area Ratio	**1.21**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**5,982 SF / 0.14 Acres**	Land to Building Ratio	**0.83**
Net Land Area	**5,982 SF / 0.14 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**7/12/2021**	Consideration	**$0**
Sale Status	**Under Contract**	Adjustments	**$0**
Occupancy at TOS	**0%**	Cash Equivalent Price	**$0**
Months on Market		Sale Price PSF	**$0.00 PSF GBA** **$0.00 PSF Rentable Area**
Property Rights	**Fee Simple**		
Grantor	**Unknown**		
Grantee	**Unknown**		
Record Info			
Comments	**"429 Second Avenue, 44,987 buildable square foot site for $14,800,000 or $328 per buildable SF" - George D'Ambrosio**		
Verification	**George D'Ambrosio, JLL 07/12/2021**		

Sale Comparable #1

1160 Third Avenue, Retail Condo Unit
1160 3rd Avenue
New York, NY 10065
New York County
BBG Property #1020137

Property Data			
Improvement Details			
Property Type/Use	**Condo/ Townhouse/ Multi-Project Retail Condo**	Lat/Long	**40.7671 / (73.9629)**
Borough	**Manhattan**	Neighborhood	**Lennox Hill**
Tax Account #	**Block 1402, Lot 1001**	# of Buildings	**0**
Year Built	**1965**	Renovated	**n/a**
Quality	**(Unknown)**	Condition	**(Unknown)**
Construction Class		Construction Details	
Gross Building Area (SF)	**7,352**	Rentable Area (SF)	**7,352**
# of Floors	**0**	Floor Area Ratio	**0.00**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**0 SF / 0.00 Acres**	Land to Building Ratio	**0.00**
Net Land Area	**0 SF / 0.00 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**6/3/2020**	Consideration	**$7,500,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**0%**	Cash Equivalent Price	**$7,500,000**
Months on Market		Sale Price PSF	**$1,020.13 PSF GBA** **$1,020.13 PSF Rentable Area**
Property Rights	**Leased Fee**	Sale Price Per Unit	**$7,500,000**
Grantor	**Frost Store LLC**		
Grantee	**1160 Third GI LLC**		
Record Info	**2020000166502**		
Comments	**On 6/8/2020 the approximately 7,350 square foot retail/commercial condominium located on the ground floor at 1160 Third Avenue sold for $7,500,000 or $1,020 per square foot. The unit, which is situated at the base of the Frost House residential condominium tower, was completed in 1965. It is currently leased to Walgreens until August of 2021, though they went dark in 2017. The buyer confirmed they plan to let the lease run through and have not finalized any plans once the space is vacant.** **The property was on the market for just over a year with an initial asking price of $9,000,000 and an advertised cap rate of 19.98% which yields a net operating income of $1,798,200 annually. The property sold at a $1,500,000 discount which the buyer attributed to the current market conditions and stated that they were primarily motivated by the favorable purchase conditions and the built-in income stream.** **The listing broker and the buyer confirmed the details in this report.** **Update as of September 14, 2020:** **A contact for the listing broker has noted that the long term intent of the buyer is to occupy this space. Given there is a year left on the lease, this contact noted that a Cap Rate of 7.5% is more accurate, yet this is still an owner-user transfer.**		
Verification	**Acris, CoStar 10/21/2020**		

Sale Comparable #2

221 West 77th Street, Retail Condo
221 West 77th Street
New York, NY 10024
New York County
BBG Property #1020149

Property Data			
Improvement Details			
Property Type/Use	**Condo/ Townhouse/ Multi-Project Retail Condo**	Lat/Long	**40.7823 / (73.9801)**
Borough	**Manhattan**	Neighborhood	**Upper West Side**
Tax Account #	**Block 1169, Lot 1201**	# of Buildings	**0**
Year Built	**2017**	Renovated	**n/a**
Quality	**Good**	Condition	**Good**
Construction Class		Construction Details	
Gross Building Area (SF)	**2,369**	Rentable Area (SF)	**2,369**
# of Floors	**0**	Floor Area Ratio	**0.00**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**0 SF / 0.00 Acres**	Land to Building Ratio	**0.00**
Net Land Area	**0 SF / 0.00 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**1/14/2020**	Consideration	**$2,744,212**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**0%**	Cash Equivalent Price	**$2,744,212**
Months on Market		Sale Price PSF	**$1,158.38 PSF GBA** **$1,158.38 PSF Rentable Area**
Property Rights	**Fee Simple**	Sale Price Per Unit	**$2,744,212**
Grantor	**223 West 77th St. Owner LLC**		
Grantee	**QCRE XI LLC**		
Record Info			
Comments	**This was a sale of the ground floor retail condominium unit.**		
Verification	**Acris, CoStar 10/21/2020**		

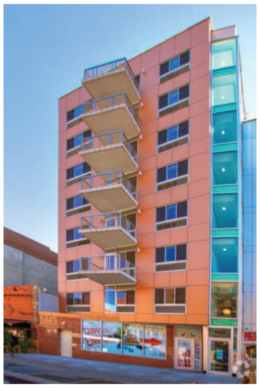
Sale Comparable #3

1721 First Avenue, Retail Condo Unit
1721 1st Avenue
New York, NY 10128
New York County
BBG Property #1025047

Property Data			
Improvement Details			
Property Type/Use	**Condo/ Townhouse/ Multi-Project Retail Condo**	Lat/Long	**40.7791 / (73.9480)**
Tax Account #	**Block 1552, Lot 1301**	# of Buildings	**1**
Year Built	**2002**	Renovated	**n/a**
Quality	**Average/Good**	Condition	**Average/Good**
Construction Class		Construction Details	
Gross Building Area (SF)	**11,400**	Rentable Area (SF)	**11,400**
# of Floors	**0**	Floor Area Ratio	**1.13**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**10,070 SF / 0.23 Acres**	Land to Building Ratio	**0.88**
Net Land Area	**10,070 SF / 0.23 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**10/16/2019**	Consideration	**$15,300,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**100%**	Cash Equivalent Price	**$15,300,000**
Months on Market		Sale Price PSF	**$1,342.11 PSF GBA** **$1,342.11 PSF Rentable Area**
Property Rights	**Leased Fee**	Sale Price Per Unit	**$15,300,000**
Grantor	**MF 389 East89 LLC**		
Grantee	**Affluent Silver International LLC**		
Record Info	**2019101700655002**		
Comments	**This was the sale of a ground floor retail condo unit.**		
Verification	**Acris, Costar 11/12/2020**		

Financial Attributes - Based on Income In-Place at Time of Sale			
	Amount	*PSF*	*Per Unit*
Net Operating Income	**$872,100**	**$76.50**	**$872,100**
Overall Rate	**5.70%**		



Sale Comparable #4

1635 Lexington Avenue, Retail Condo
1635 Lexington Avenue
New York, NY 10029
New York County
BBG Property #1020142

Property Data			
Improvement Details			
Property Type/Use	**Condo/ Townhouse/ Multi-Project Retail Condo**	Lat/Long	**40.7906 / (73.9472)**
Borough	**Manhattan**	Neighborhood	**Upper East Side**
Tax Account #	**Block 1631, Lots 1001 and 1002**	# of Buildings	**0**
Year Built	**2013**	Renovated	**n/a**
Quality	**Good**	Condition	**Good**
Construction Class		Construction Details	
Gross Building Area (SF)	**6,845**	Rentable Area (SF)	**6,845**
# of Floors	**0**	Floor Area Ratio	**0.00**
Parking	**Surface: 0** **Garage: 0** **Other: 0** **Total: 0**	Parking Ratio	**0.00:1,000 SF (Rentable)** **0.00:1,000 SF (GBA)** **0**
Comments			
Site Details			
Gross Land Area	**0 SF / 0.00 Acres**	Land to Building Ratio	**0.00**
Net Land Area	**0 SF / 0.00 Acres**	Flood Designation	

Sale Transaction Data			
Transaction Date	**1/24/2019**	Consideration	**$8,000,000**
Sale Status	**Closed**	Adjustments	**$0**
Occupancy at TOS	**100%**	Cash Equivalent Price	**$8,000,000**
Months on Market		Sale Price PSF	**$1,168.74 PSF GBA** **$1,168.74 PSF Rentable Area**
Property Rights	**Leased Fee**	Sale Price Per Unit	**$4,000,000**
Grantor	**1635 Lex Realty Corporation**		
Grantee	**1010 Lex Realty LLC**		
Record Info			
Comments	**This was the sale the ground floor retail condo unit that will continue to operate as a grocery store.**		
Verification	**Acris, CoStar 10/21/2020**		

APPRAISER QUALIFICATIONS

Eric P. Haims, MAI, AI-GRS
Managing Director
Litigation Support Services Leader
Cell: 917-796-4643
ehaims@bbgres.com

Profile

Eric P. Haims is a Managing Director at BBG, Inc. in the NYC office. With 30 years of commercial real estate appraisal and consulting experience, he has appraised thousands of commercial properties located in the Metropolitan New York area and across the country. Eric's primary market area is the five boroughs of New York City and Eric's secondary market area is the surrounding Counties of Westchester, Putnam, Dutchess, Nassau, Suffolk, as well as Southern Connecticut/Fairfield County and Northern New Jersey/Bergen, Morris and Hudson Counties. Eric's concentration is on Valuation, Litigation and Support Services, Expert Witness Testimony, Arbitrations, Appraisal Review, Discounted Cash Flow Analysis, Estate Tax and Planning, Gift Tax, Matrimonial, Tax Appeal, Consulting, Land Valuation and the Valuation of TDRs.

Eric also specializes in the appraisal of commercial properties for both litigation and condemnation purposes pursuant to eminent domain, including assisting in the preparation of expert witness testimony for both direct and cross examination and the writing of rebuttal reports.

Eric has appeared as an expert witness on real estate valuation in Federal Tax Court, the Surrogates Court of Kings County, United States Bankruptcy Court-Southern District of New York, New York State Supreme Courts in Manhattan, White Plains, Jamaica, Queens and Syracuse, New York and Supreme Court of New Jersey, Hudson County.

Professional Affiliations

Appraisal Institute
MAI Designated Member of the Appraisal Institute
AI-GRS Designated Member of the Appraisal Institute
Member of the Real Estate Board of New York-Appraiser A
Former Member of the Zoning Board of Appeals of the Village of Bronxville
National Board of Director of the Appraisal Institute 2017-2020
Chair of Region IV of the Appraisal Institute 2019-2020
Vice Chair of Region IV of the Appraisal Institute 2017-2018
Third Director of the Appraisal Institute 2016 – Region IV
2014 President of the Metropolitan New York Chapter of the Appraisal Institute

General Certified Appraiser:
State of New York (License #46000045128)
State of New Jersey (License #42RG00206100)
State of Connecticut (License #RCG.0001098)
State of Michigan (License #1205076225)
State of Minnesota (License #40590302)
State of Colorado (License #CG.200001893)

Education

Bachelor of Arts in Political Science, College of Letters and Science, University of Wisconsin, Madison WI

UNIQUE ID NUMBER

46000045128

State of New York

Department of State

DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY

Control No. 119295

EFFECTIVE DATE

MO.	DAY	YR.
04	11	21

EXPIRATION DATE

MO.	DAY	YR.
04	10	23

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

HAIMS ERIC P
C/O BBG INC
112 MADISON AVE
11TH FLOOR
NEW YORK, NY 10016

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

BBG

Sara Blessing
Appraiser
347-537-2156
sblessing@bbgres.com

Profile

Sara Blessing is an Appraiser at BBG, Inc. in the NYC office. Her experience consists of research and analysis of commercial, industrial and residential properties. She has assisted in the appraisals of NYC public schools damaged by Hurricane Sandy, opinions of market rent for the New York City School Construction Authority, opinions of office, residential and retail market rents, residential condominium and cooperative units, retail condominium and cooperative units, retail store buildings located in SoHo and other Manhattan neighborhoods, medical office space, community facilities, multi-family rental apartment buildings, townhouses, single-family and two-family residences, mixed-use buildings, industrial and warehouse buildings and vacant parcels of land for proposed developments. Sara has also assisted with appraisals for estate tax, estate planning, mortgage financing and acquisition and disposition purposes, as well as with review reports and rebuttals in conjunction with litigations and arbitrations.

Professional Affiliations

General Certified Appraiser:
State of New York (License #46000052616)

Education

Villanova University, School of Business
Bachelors of Science in Finance
Business Ethics and Corporate Governance Minor

UNIQUE ID NUMBER
46000052616

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1519857

EFFECTIVE DATE

MO.	DAY	YR.
10	15	19

EXPIRATION DATE

MO.	DAY	YR.
10	14	21

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

BLESSING SARA P
C/O BBG, INC
112 MADISON AVE
11TH FL
NEW YORK, NY 10016

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

Exhibit 2

Letter of Intent

Alchemy Properties Inc.
800 Third Avenue, 22nd Floor
New York, New York 10022

March 30, 2021

West Park Administrative Commission
165 West 86th Street
New York, New York

Re: 165 West 86th Street, New York, NY ("**Property**")

Ladies and Gentlemen:

This letter of intent ("**Letter of Intent**") sets forth the principal terms and conditions pursuant to which Alchemy Properties Inc. or its affiliates ("**Developer**") will acquire the Property from West Park Presbyterian Church ("**Seller**") and redevelop it ("**Transaction**").

Property	165 West 86th Street, New York, NY
Project Summary	The parties will seek approval from the New York City Landmark Commission ("**LPC**") for Developer's construction of a residential rental or condominium tower utilizing the Property's unused development rights ("**Developer Building**") and restoration of the existing church buildings. Developer will purchase the Property from Seller, perform the construction and mutually agreeable restoration work, and convey the renovated church and community space to Seller for $1 upon completion of the Developer Building.
Exclusivity	For a period of ninety (90) days (the "**Exclusivity Period**") after the date of this Letter of Intent, unless the parties mutually decide (or Developer decides) not to continue discussions, Seller, West Park Administrative Commission ("**Seller's Agent**") and all of Seller's and Seller's Agents representatives shall deal exclusively with Developer with respect to the sale or redevelopment of the Property and shall not negotiate with any other party. If during the Exclusivity Period, Developer is satisfied with Restoration Costs (as hereinafter defined) and LPC Feasibility (as hereinafter defined) and the parties proceed with the Contract Negotiation (as hereinafter defined), then the Exclusivity Period will be extended for an additional ninety (90) days to enable the parties to negotiate a Purchase and Sale Agreement (the "**Purchase Agreement**").
Due Diligence	During the Exclusivity Period, Developer will determine (i) the costs to restore the existing church buildings in a manner that would be acceptable to the NYC Landmarks Preservation Commission ("**LPC**") and construct the underpinnings of the Developer Building ("**Restoration Costs**"), and (ii) whether it is feasible to obtain approval from LPC for the construction of the Developer Building ("**LPC Feasibility**"). Developer shall not initiate LPC Feasibility investigations until it has

SSRGA Comments-3/26/21

	determined the Restoration Costs are acceptable to Developer. LPC Feasibility investigations will be subject to the "Confidentiality; Outreach" section below. If Developer is satisfied with Restoration Costs and LPC Feasibility, the parties will negotiate the Purchase Agreement (the "**Contract Negotiation"** and the period in which it occurs the **"Contract Negotiation Period**") in good faith consistent with the terms of this Letter of Intent, it being understood that the other terms and conditions of the Purchase Agreement must be satisfactory to both Developer and Seller in their sole, good faith discretion. In the event a Purchase Agreement is not executed within ninety (90) days after Contract Negotiation begins despite the parties' good faith efforts, either party may discontinue negotiations. During the Contract Negotiation Period, Seller will engage an attorney specializing in not-for-profit/religious organization approvals by the AG/Supreme Court ("**Seller's AG Counsel**") and an independent appraiser acceptable to Developer ("**Appraiser**"). Without limiting the foregoing, either party may discontinue negotiations if Seller's AG Counsel advises that AG Approval (as defined below) may not be obtained in light of the Appraiser's valuation of the Property relative to the consideration to be received by Seller, except that Seller shall not have the right to so discontinue negotiations in the event Developer agrees to increase the consideration accordingly. The cost of Seller's AG Counsel and the Appraiser will be included in Seller Expenses (as hereinafter defined).
Due Diligence Budget	Prior to signing the Purchase Agreement, Seller, Seller's Agent and Developer will agree on a budget for the following costs in connection with obtaining the necessary approvals: FX Collaborative (architect), Capalino and Associates (political consultant), Higgins Quasebarth & Partners (landmarks consultant), Kramer Levin or other firm selected by Developer in the event Kramer Levin is unable to provide such services (land use/entitlement issues), Schwartz Sladkus Reich Greenberg Atlas LLP (legal fees) and reasonable costs attributable to Developer's time and internal expenses ("**Due Diligence Budget**"). At Closing, Developer will receive a credit against the Purchase Price (as defined below) in an amount equal to the actual costs paid by Developer as set forth in the Due Diligence Budget in connection with obtaining the necessary approvals plus the reasonable costs attributable to Developer's time and internal expenses in accordance with the Due Diligence Budget (the "**Diligence Expenses**"). In the event the actual cost payable for a given budgeted item exceeds the applicable line item in the Due Diligence Budget, Developer will not be entitled to a credit with respect to such excess. Developer will provide Seller's Agent with evidence of all Diligence Expenses including invoices and time sheets.
Fees & Expenses	On the date hereof, Developer shall pay Seller an exclusivity payment equal to [redacted], which, except as otherwise provided herein, shall be non-refundable, and which constitutes a portion of the amount of costs and expenses Seller has incurred to date in connection with its efforts to sell the

	Property ("**Exclusivity Payment**"). Subject to Developer's right to offset against the Purchase Price, Developer shall bear all of its own costs and expenses. Furthermore, in the event the parties proceed with Contract Negotiation, Developer shall pay or reimburse Seller, up to [redacted], within thirty (30) days after notice from Seller's Agent from time to time, for Seller's actual third-party costs and expenses incurred from and after the date hereof in connection with this Letter of Intent and the transactions contemplated herein, including legal and appraisal fees and cost/construction consultant expenses ("**Seller Expenses**"). In addition, if Seller and Developer proceed with Contract Negotiation, Developer shall reimburse Seller for its legal fees which have been incurred but are not included in the Exclusivity Payment, of which [redacted] shall be deemed part of the Exclusivity Payment, with the excess being deemed part of the Seller Expenses and accordingly subject to the [redacted] cap. Seller's Agent shall advise Developer of the professionals it engages and will provide Developer with copies of receipts or invoices for the Seller Expenses. Developer will receive a credit against the Purchase Price at Closing for all of Seller Expenses.
Access	Simultaneously with the execution of this Letter of Intent, Developer and Seller's Agent will enter into an access agreement. At Seller's Agent's request, Developer will share all third-party condition reports with Seller's Agent.
Purchase Price	[redacted] per net saleable square foot, with a minimum Purchase Price to be agreed upon prior to execution of the Purchase Agreement. By way of example, if Developer can construct 80,000 gross square feet, and if that translates into 60,000 net salable feet, the purchase price would be [redacted]. Net saleable square footage will be refined by the parties but tentatively means the gross square footage of the Developer Building less common portions of the Developer Building consisting of hallways, stairways, elevators and mechanical areas. The net saleable square footage of the Developer Building will be agreed upon by the parties prior to entering into a Purchase Agreement.
Deposit	[redacted] to be paid by Developer (the "**Deposit**") at the signing of the Purchase Agreement to be prepared by Seller's Agent. The Deposit will be non-refundable unless the Closing Conditions (as defined below) are not satisfied or unless the Developer is entitled to a refund of the Deposit under the terms of the Purchase Agreement. The transaction will not be contingent on Developer obtaining financing.
Closing Conditions	Each party's obligation to close on the sale of the Property ("**Closing Conditions**") will be subject to the written approval of: (i) LPC, (ii) the members of the West-Park Presbyterian Church of New York City

SSRGA Comments-3/26/21

	("**Church Approval**"), (iii) the Presbytery of New York City ("**Presbytery Approval**"), and (iv) the New York State Attorney General or the New York State Supreme Court (as applicable) ("**AG Approval**"). If the Seller's AG Counsel advises that AG Approval may not be obtained [redacted]
Closing	90 days after the Closing Conditions are satisfied, with a 30-day extension right. The balance of the Purchase Price minus any credits which Developer is entitled to pursuant to the terms hereof will be paid at the Closing.
Construction	After Closing, Developer will, at its sole cost and expense, construct the Developer Building and restore the interior and exterior of the existing church and community facility space in accordance with a mutually acceptable scope and budget.
Community Facility	Upon completion of construction, the restored sanctuary space ("**CF Unit**") will be conveyed lien-free to Seller or its designee for $1 ("**CF Conveyance**"). For structuring and tax purposes, the parties may alternatively create a condominium prior to the Closing, and have Seller retain ownership of the CF Unit at Closing.
Back End Participation	Seller will be entitled to participate in net revenues (i.e. after payment of all mortgage or other indebtedness, equity contributions, hard and soft costs, taxes and all other costs attributable to project) from the Developer Building as follows: [redacted]. Developer will provide financial statements for Seller's Agent's review in order to verify the back end participation.
Control	Until the CF Conveyance and the initial sell-out of the Developer Building, (i) Developer will be controlled by Ken Horn and Joel Breitkopf (collectively, the "**Alchemy Principals**"), and (ii) Alchemy Principals (including their family members and estate planning vehicles) and Alchemy Principals' core investors will collectively have at least a 10% direct or indirect ownership interest in Developer.
Confidentiality; Outreach	The terms of that certain confidentiality letter dated February 4, 2021 ("**Confi Letter**") remain in effect and apply to this Letter of Intent. This Letter of Intent is "Confidential Information" (as defined in the Confi

	with the Restoration Costs and is otherwise prepared to proceed with a Contract Negotiation, Developer shall so notify Seller's Agent and Seller's Agent shall agree to a strategic, discreet LPC Feasibility investigation consisting of communication with certain LPC staff and elected officials. Developer shall coordinate the strategy and outreach with Seller's Agent in advance and Seller's Agent shall have the right to be present for all communications.
Governing Law	This Letter of Intent shall be governed by the internal laws of the State of New York.
No Broker	Developer and Seller's Agent represent and warrant to the other that they have not dealt with a broker in connection with the Transaction.
Binding Obligations	This Letter of Intent is not intended, nor shall it be deemed, to create any binding obligation or commitment on behalf of the parties, other than with respect to the Sections hereof entitled "Exclusivity", "Due Diligence", "Fees & Expenses", "Access", "Confidentiality; Outreach", "Governing Law", "No Broker" and "Binding Obligations", which shall be binding. Developer shall not assign this Letter of Intent or any rights hereunder. This Letter of Intent may be signed in counterparts, and electronic or PDF signatures shall be binding as originals.

Please confirm your agreement with the foregoing by countersigning this letter where indicated and returning the same to the attention of the undersigned.

Sincerely,

DEVELOPER

Alchemy Properties Inc.

By: ____________________________
Name: KENNETH S. HORN
Title: PRESIDENT

SELLER'S AGENT

West Park Administrative Commission

By: ____________________________
Name:
Title:

	Letter). Notwithstanding the foregoing, in the event Developer is satisfied with the Restoration Costs and is otherwise prepared to proceed with a Contract Negotiation, Developer shall so notify Seller's Agent and Seller's Agent shall agree to a strategic, discreet LPC Feasibility investigation consisting of communication with certain LPC staff and elected officials. Developer shall coordinate the strategy and outreach with Seller's Agent in advance and Seller's Agent shall have the right to be present for all communications.
Governing Law	This Letter of Intent shall be governed by the internal laws of the State of New York.
No Broker	Developer and Seller's Agent represent and warrant to the other that they have not dealt with a broker in connection with the Transaction.
Binding Obligations	This Letter of Intent is not intended, nor shall it be deemed, to create any binding obligation or commitment on behalf of the parties, other than with respect to the Sections hereof entitled "Exclusivity", "Due Diligence", "Fees & Expenses", "Access", "Confidentiality; Outreach", "Governing Law", "No Broker" and "Binding Obligations", which shall be binding. Developer shall not assign this Letter of Intent or any rights hereunder. This Letter of Intent may be signed in counterparts, and electronic or PDF signatures shall be binding as originals.

Please confirm your agreement with the foregoing by countersigning this letter where indicated and returning the same to the attention of the undersigned.

Sincerely,

DEVELOPER

Alchemy Properties Inc.

By:________________________
Name:
Title:

SELLER'S AGENT

West Park Administrative Commission

By: Roger Leaf
Roger W. Leaf
Chair, West Park Administrative Commission

Exhibit 3

FX Collaborative Study of Alternatives

FXCollaborative
1 Willoughby Square, 7th Floor
Brooklyn, NY 11201
T 212 627 1700
info@fxcollaborative.com

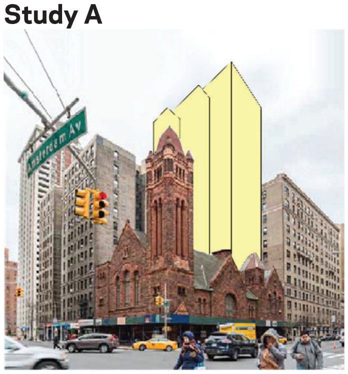
West Park Presbyterian Church
Site Configuration studies
26 August 2022

The following redevelopment scenarios were generated and developed between February 2021 and April 2022. A summary of each follows.

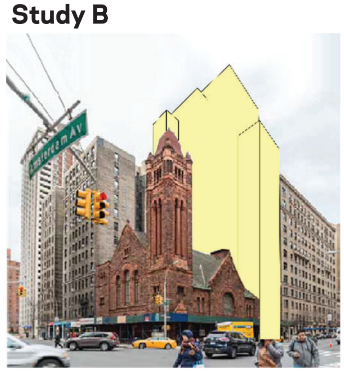
Study A

Study B

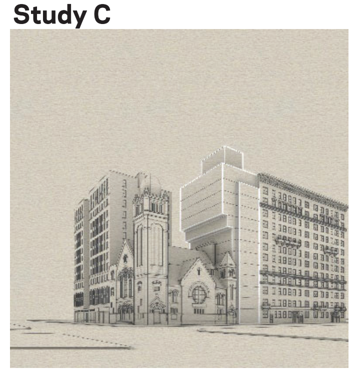
Study C



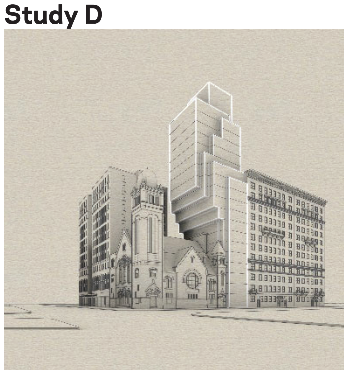
Study D



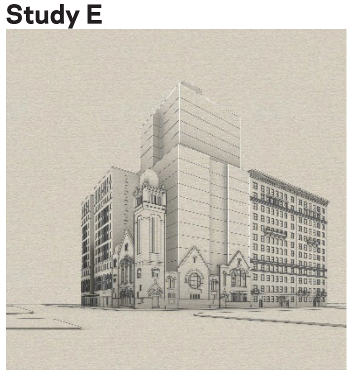
Study E



Study F



Study G



Study H

Study I

Study A: Fully restore existing the two church buildings, with Change of Use:

Area Summary:

Above grade Gross SF:	21,470 sf
Zoning SF used:	20,400 sf
Unused ZSF:	81,174 sf
Residential Rentable / Sellable:	0 sf
Community Facility SF:	24,688 sf

- As of Right
- Requires more than $50,000,000 in repairs and stabilization with no feasibility for funding to pay for repairs.

fxcollaborative

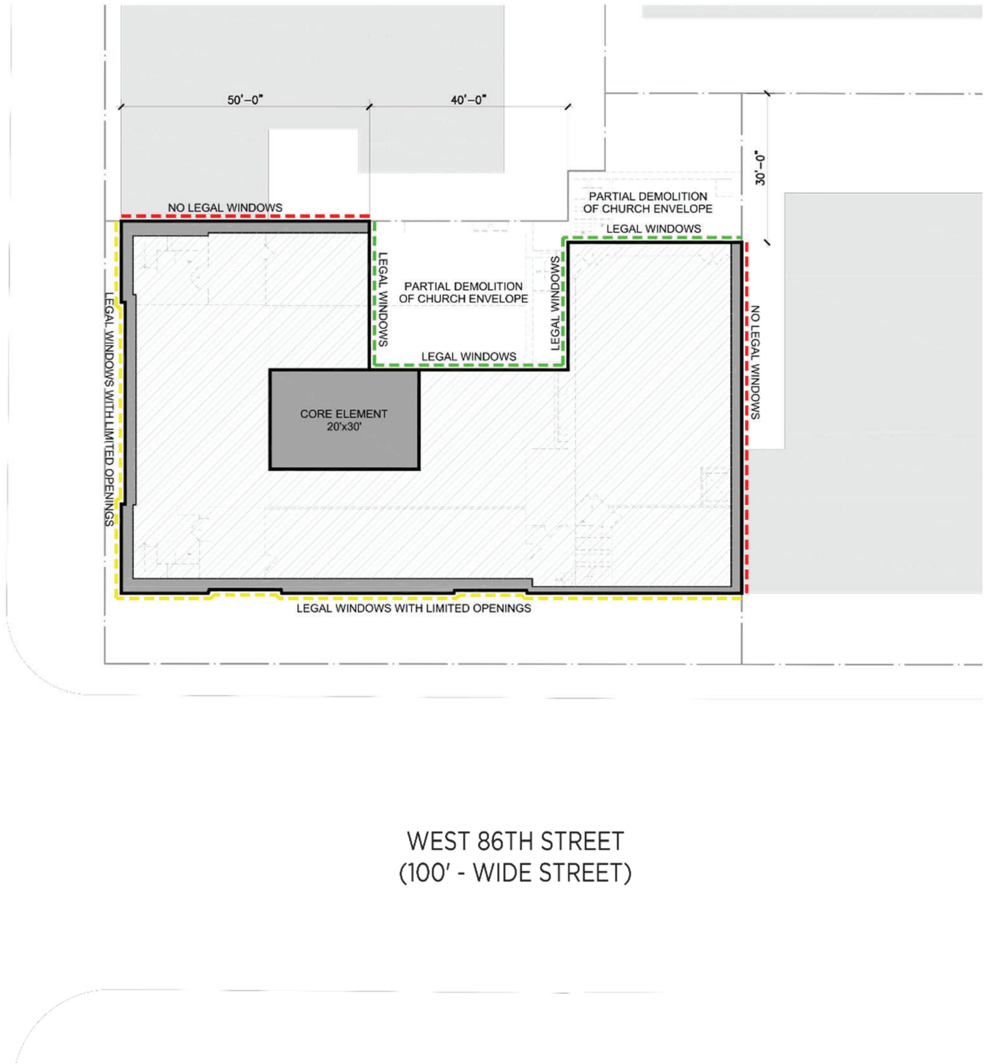
Study B: Convert existing buildings to residential use

Area Summary:

Above grade Gross SF:	28,508 sf
Zoning SF used:	26,798 sf
Unused ZSF:	74,772 sf
Net Residential Rentable / Sellable:	20,600 sf
Community Facility:	0 sf

- As of Right
- Requires Landmarks approval for alterations to buildings
- Requires more than $60,000,000 in initial repairs and stabilization.
- Requires extensive façade alternation (addition of more than 100 new windows) and restructuring to create elevator core, and required rear yards for legal light and air.
- Does not achieve positive financial return.
- No Community Facility space

SOUTH ELEVATION


50'–0"
40'–0"
30'–0"
NO LEGAL WINDOWS
PARTIAL DEMOLITION OF CHURCH ENVELOPE
LEGAL WINDOWS
LEGAL WINDOWS
PARTIAL DEMOLITION OF CHURCH ENVELOPE
LEGAL WINDOWS
LEGAL WINDOWS
LEGAL WINDOWS WITH LIMITED OPENINGS
NO LEGAL WINDOWS
CORE ELEMENT
20'x30'
LEGAL WINDOWS WITH LIMITED OPENINGS
WEST 86TH STREET
(100' - WIDE STREET)

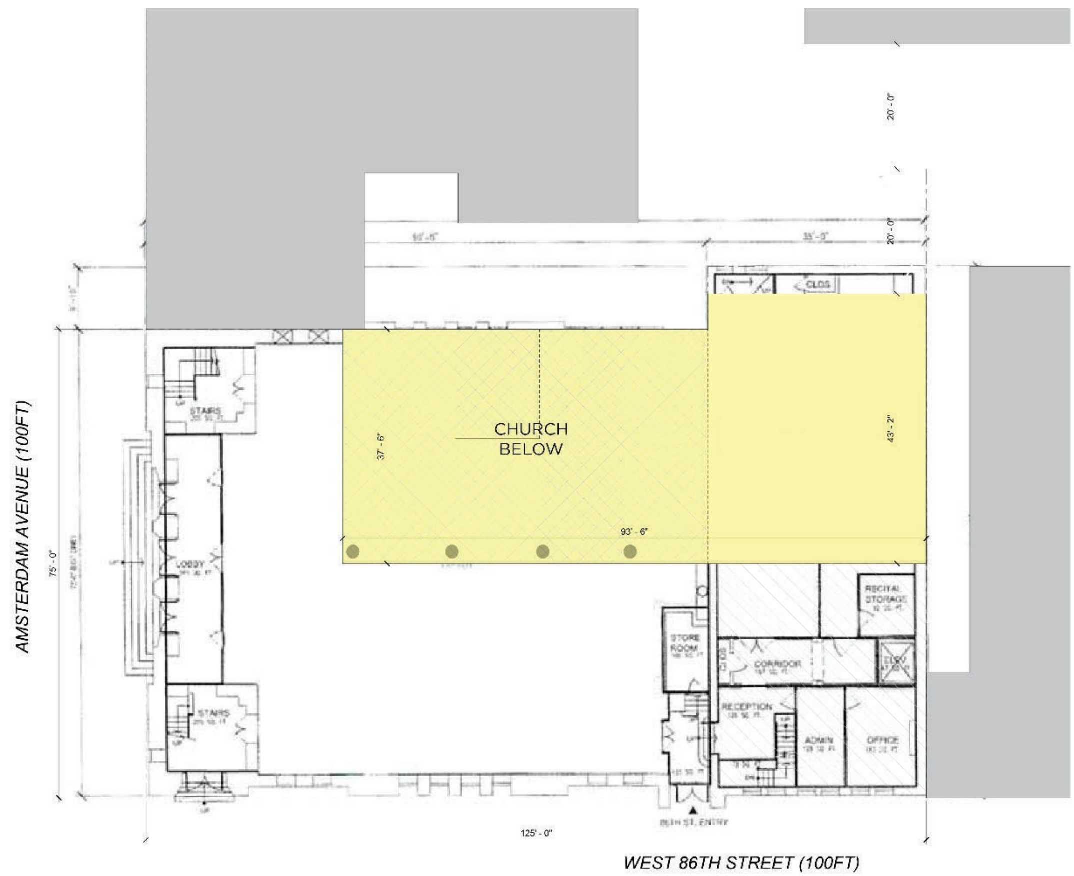
fxcollaborative

Study C: Repair and restore façade; demolish & rebuild Sanctuary structure and interior in reconfigured form for use as Community Facility; demolish & rebuild Parish house structure and interior in reconfigured form for use as Residential entrance + amenities; construct new 210' slab-form residential tower on NE quadrant of site

Area Summary:

Above grade Gross SF:	68,900 sf
Zoning SF used:	65,400 sf
Unused ZSF:	30,170 sf
Net Residential Rentable / Sellable :	47,900 sf
Community Facility SF:	5,500 sf

- Requires BSA Variance for rear yard / legal windows
- Requires Landmarks approval for demolition, alterations and overbuilds to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities and protection of the existing church façade during construction of new building.
- Yields limited, floor area
- Yields compromised Community Facility space


CHURCH
BELOW
AMSTERDAM AVENUE (100FT)
WEST 86TH STREET (100FT)
93' - 6"
37' - 6"
43' - 2"
125' - 0"
75' - 0"
35' - 0"
20' - 0"
STAIRS
LOBBY
STORE ROOM
CORRIDOR
RECEPTION
ADMIN
OFFICE
RECITAL STORAGE
CLOS
86TH ST. ENTRY

fxcollaborative

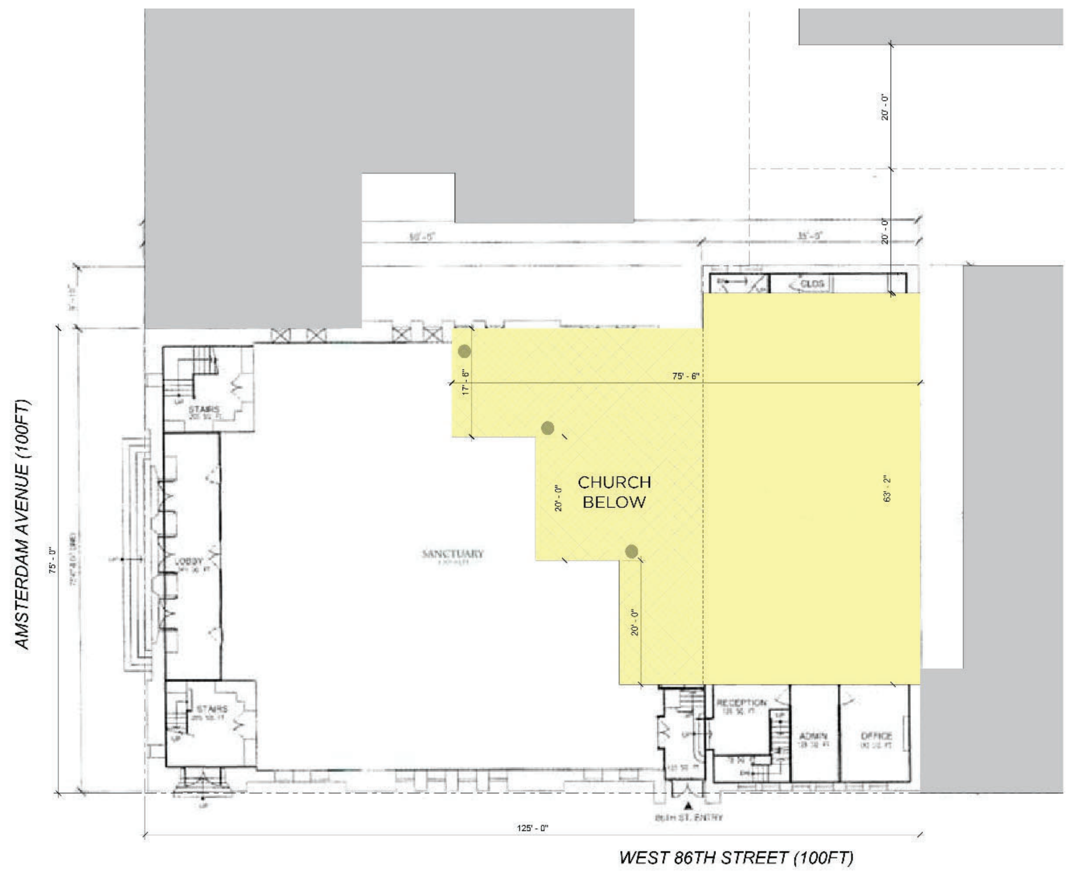
Study D: Repair and restore façade; demolish & rebuild Sanctuary structure and interior in reconfigured form for use as Community Facility; demolish & rebuild Parish house structure and interior in reconfigured form for use as Residential entrance + amenities; construct new 210' tall stepped-form residential tower on NE quadrant of site

Area Summary:

Above grade Gross SF:	65,000 sf
Zoning SF used:	62,000 sf
Unused ZSF:	33,570 sf
Net Residential Rentable / Sellable:	44,000 sf
Community Facility:	5,500 sf

- Requires BSA Variance for rear yard / legal windows
- Requires Landmarks approval for alterations to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities (separating the two buildings) and protection of the existing church façade during construction of new building.
- Yields inefficient, limited, floor area
- Yields compromised community facility space

fxcollaborative



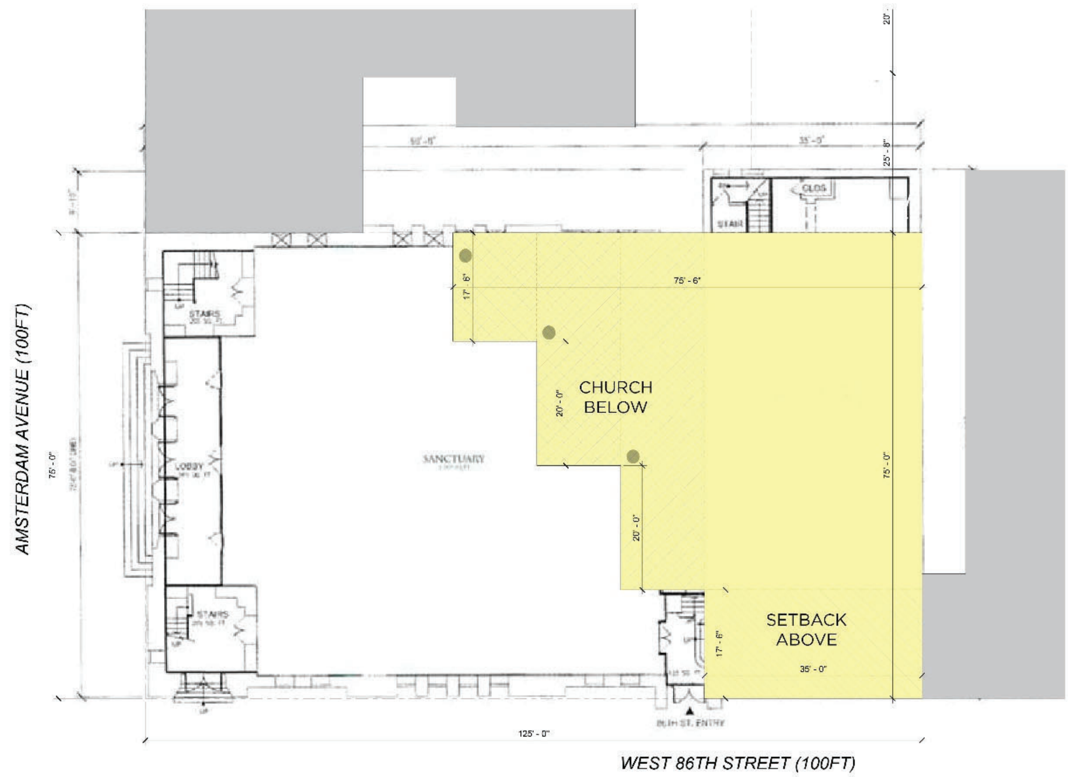
fxcollaborative

Study E: Repair and restore Sanctuary façade; demolish & rebuild Sanctuary structure and interior in reconfigured form for use as Community Facility; demolish Parish house in its entirety; construct new 210' tall, stepped form Residential tower on eastern portion of site

Area Summary:

Above grade Gross SF:	68,500 sf
Zoning SF used:	65,000 sf
Unused ZSF:	30,570 sf
Net Residential Rentable / Sellable:	47,500 sf
Community Facility:	5,500 sf

- Requires BSA Variance for rear yard / legal windows
- Requires Landmarks approval for alterations to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities (separating the two buildings) and protection of the existing church façade during construction of new building.
- Yields inefficient, limited, floor area
- Yields compromised Community Facility space


AMSTERDAM AVENUE (100FT)
CHURCH BELOW
SETBACK ABOVE
SANCTUARY
LOBBY
STAIRS
75' - 6"
17' - 6"
20' - 0"
20' - 0"
17' - 6"
35' - 0"
75' - 0"
75' - 0"
125' - 0"
50' - 0"
35' - 0"
25' - 8"
20'
86TH ST. ENTRY
WEST 86TH STREET (100FT)

fxcollaborative

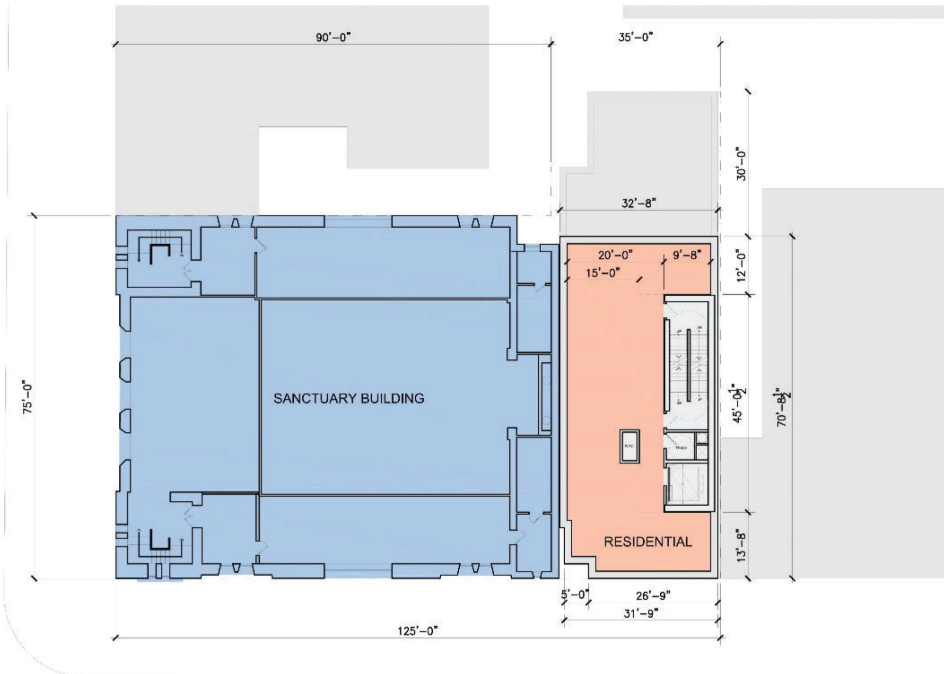
Study F: Repair and restore Sanctuary façade; repair Sanctuary structure and interior, bring up to code for use as Community Facility; demolish Parish house in its entirety; construct new 150' tall, cantilevered-form Residential tower on eastern portion of site

Area Summary:

Above grade Gross SF:	46,253 sf
Zoning SF used:	43,028 sf
Unused ZSF:	58,542 sf
Net Residential Rentable/Sellable:	31,434 sf
Community Facility Area:	6,500 sf

- As of Right
- Requires Landmarks approval for repair, alteration and demolition of to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities (separating the two buildings) and protection of the existing church façade during construction of new building.
- Yields very inefficient, limited, compromised floor area
- Awkward / ungainly building form

fxcollaborative



Study G: Repair and restore Sanctuary façade; repair Sanctuary structure and interior, bring to code for use as Community Facility; demolish Parish house in its entirety; construct new 210' tall, cantilevered-form Residential tower on eastern portion of site (requiring BSA Approval)

Area Summary:

Above grade Gross SF:	66,476 sf
Zoning SF used:	62,038 sf
Unused ZSF:	39,532 sf
Net Residential Rentable/Sellable:	46,424 sf
Community Facility Area:	6,500 sf

- Requires BSA discretionary approval for "Sliver Law" height wavier
- Requires Landmarks approval for alterations to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities (separating the two buildings) and protection of the existing church façade during construction of new building.
- Yields very inefficient, limited, compromised floor area
- Awkward / ungainly building form

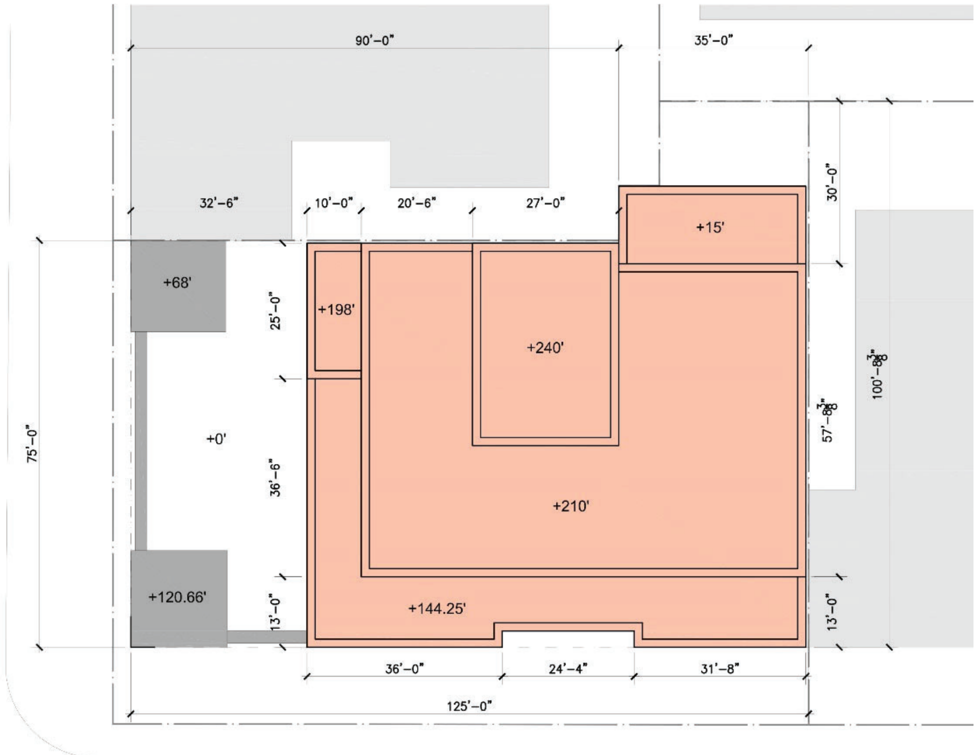
Study H: Repair and restore façade; demolish Sanctuary and Parish house structures and interiors; construct new 210' tall Residential tower on majority of site, behind and above existing façade avoiding belltower on western portion of site

Area Summary:

Above grade Gross SF:	103,147 sf
Zoning SF used:	93,600 sf
Unused ZSF:	7,970 sf
Net Residential Rentable /Sellable:	76,800 sf
Community Facility Area:	6,000 sf

- Requires BSA Waiver for non-complying streetwall
- Requires Landmarks approval for demolition and alterations to buildings
- Requires expensive façade repair and stabilization.
- Requires extensive underpinning, structural complexities and protection of the existing church façade during construction of new building.
- Inappropriate treatment of existing historic fabric / "facadism"

fxcollaborative



WEST 86TH STREET
(100' - WIDE STREET)

Study I: Demolition Sanctuary and Parish House; Construct new as of right residential building

Area Summary:

Above grade Gross SF:	118,010 sf
Zoning SF used:	101,483 sf
Unused ZSF:	87 sf
Net Residential Sellable:	90,626 sf
Community Facility Area:	10,200 sf

- As of Right
- Requires Landmarks approval for Hardship
- Provides state-of -the-art, flexible community facility space for worship, arts and community uses.
- Yields efficient residential floor plates
- Fully utilizes available zoning floor area

fxcollaborative

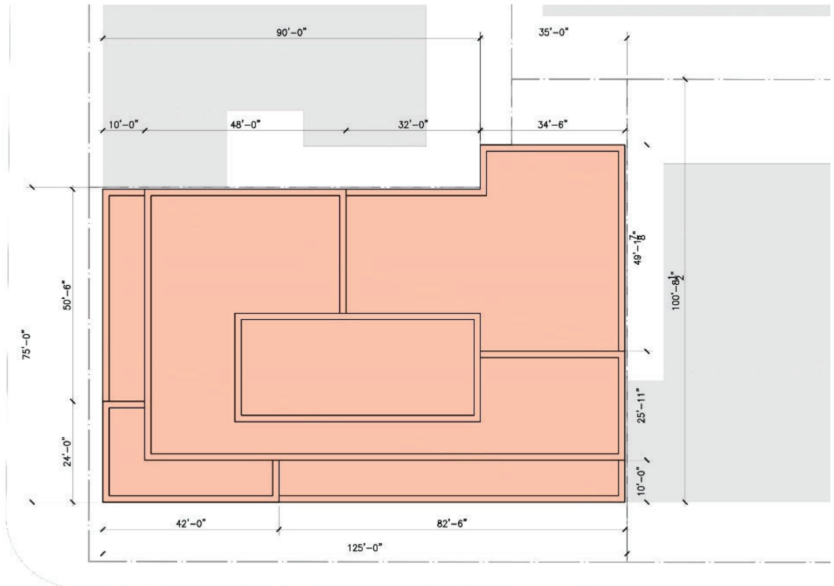


Exhibit 4

July 15, 2022 Letter from the Presbyterian Foundation

Presbyterian FOUNDATION

200 E 12th Street, Jeffersonville, IN 47130
800-858-6127
presbyterianfoundation.org

July 15, 2022

Chair Sarah Carroll & Commissioners
Landmarks Preservation Commission
Municipal Building
One Centre Street, 9th Floor North
New York, NY 10007

Re: West-Park Presbyterian Church
165 West 86th Street, Manhattan

Dear Chair Carroll and Commissioners:

This letter has been prepared at the request of the West-Park Presbyterian Church in the City of New York to explain the relationship between the different entities within the Presbyterian Church (U.S.A.), and to provide greater clarity to their respective duties and responsibilities. In particular, it outlines the extent to which such entities may provide funding to individual congregations within the denomination, as well as the limitations of such funding. Information included in this document is from various public sources, including https://www.pcusa.org/, https://www.presbyterianmission.org/, https://pilp.pcusa.org/, and https://www.pcusa.org/acorp/, and represents my current understanding of the structure. The structure and organization of the denomination is complex with hundreds of years of history. Therefore, there are nuances that could inform and influence the discussion of the structure and organization.

Background

For over 200 years, Presbyterians have been responding to the call of Jesus Christ, taking the gospel into all the world, and bearing witness to Christ's saving love to the ends of the earth.
The Presbyterian Church (U.S.A.) ("PCUSA"), is a mainline Protestant denomination in the United States. The PCUSA has congregations in every state with over 1 million members and with over 8,800 congregations.

The PCUSA has implemented a structure to carry out its work. The structure is consistent with its Reformed Theology heritage. While some denominations can be viewed as "top down", the PCUSA is a denomination with responsibilities and resources that flow up. This paper attempts to explain this structure.

Structure Overview

The PCUSA congregations are members of regional councils called presbyteries and presbyteries are organized by synods. A congregation is governed by its session. The session is responsible for all decisions regarding the program, mission and policies of its congregation. This includes annual operating budgets and capital expenditures, which includes the maintenance and upkeep of facilities. Church buildings and real estate are owned by particular congregations. The maintenance of buildings and facilities are the congregation's responsibility.

The presbytery is a council that provides oversight with respect to the life and missions of the Presbyterian Church (U.S.A.) congregations within its bounds. The presbytery has the power to organize new congregations, to merge or to divide congregations, to dismiss a congregation to another denomination or dissolve a congregation, all this being done in consultation with the members of the congregation involved. Presbytery budgets support this work and presbytery funding comes from per capita, congregational donations, and endowment income, if any. The presbytery's voting members are the local pastors admitted to membership in the presbytery and ruling elder commissioners elected by congregations to represent them in the presbytery.

The synod is a council that provides oversight for the mission of at least three presbyteries within a particular geographic region. Synod funding is derived from and similar to presbyteries. Presbyteries elect representatives to synods.

The highest council of the Presbyterian Church (U.S.A.) is the General Assembly, an unincorporated body of believers. The General Assembly sets parameters for the mission of the entire denomination, determining priorities, developing objectives and strategies, and approving budgets to provide resources to carry out specific national and international work. There is a distinct difference between the work of the General Assembly and local congregations. Funding for the General Assembly focuses on its national and international mission and is not used to support local congregation maintenance and upkeep. Under the Form of Government of the Presbyterian Church (U.S.A.), assets of the denomination are not assets on which local congregations have any claim.

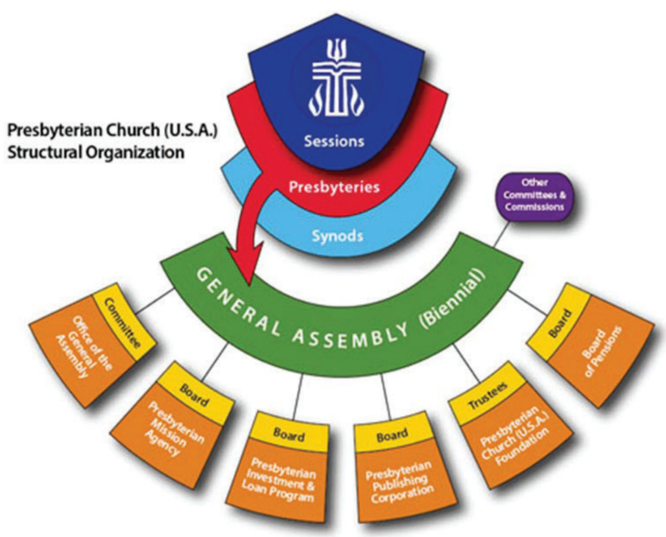
There are four applicable separately incorporated legal entities that are secular corporations to carry out the work of the General Assembly: the Presbyterian Church (U.S.A.), A Corporation (the "A Corp."), the Presbyterian Church (U.S.A.) Investment and Loan Program, and the Presbyterian Church (U.S.A.) Foundation (the "Foundation"). The A Corp. is a Pennsylvania corporation originally formed on March 28, 1799. Its purpose is to hold short term assets and real estate of the General Assembly, to serve as a disbursing agent for the missions of the General Assembly, and to facilitate the management of the General Assembly's corporate affairs. The A Corp. is subject to the Constitution of the Presbyterian Church (U.S.A.) and the direction of the General Assembly. The assets of the A Corp., including its beneficial interest in long term financial assets managed by the Presbyterian Foundation, and any short-term investments, cash, and non-financial property, are held by it primarily for the benefit of the ecclesiastical agencies of the Presbyterian Church (U.S.A.), which are the Office of the General Assembly and the Presbyterian Mission Agency.

The Presbyterian Investment and Loan Program ("ILP") exists to provide loans to congregations for construction and renovation. It underwrites and manages such loans on a commercial basis. It currently has approximately $101 million in loans outstanding against a capacity, according to its most recent Offering Circular, of approximately $150 million in funding to serve the over 8,500 churches in the denomination.

The Presbyterian Foundation (the "Foundation") manages and administers mid to long term gifts of the denomination. The gifts the Foundation holds are either restricted by donors or unrestricted by donors. The Foundation has no discretion on restricted gifts as it must follow donor designation.

West Part Presbyterian Church is not such an entity designated by any donor. The General Assembly requires that the Foundation pay the investment returns or other funds from all unrestricted gifts to the A Corp. for disbursement to the national and international programs of the Office of the General Assembly and the Presbyterian Mission Agency.

The diagram below is an illustration of the structure of the PCUSA. As noted by the arrow, congregations and their sessions, presbyteries and synods support the work of the General Assembly. This is important as it demonstrates the flow of resources.



This paper will now discuss funding options for local congregations including grants and loans.

Grants

The only entity at the national level that might provide grants to an individual congregation such as West Park Presbyterian Church is the Presbyterian Mission Agency. From time to time, it provides small grants to new church developments and communities. Larger grants (over $100,000) are not considered financially sustainable. It is my understanding that grants are not available for capital improvements such as those needed by West Park Presbyterian Church.

Loans

ILP provides low-cost loans to congregations, governing bodies, and related entities of the denomination. The loans are for the construction or purchase of buildings, renovations, and refinancing of existing debt. The total outstanding loans for ILP at end of 2021 were approximately $100 million. This total is for the entire denomination. ILP has no loan even close to the size of the funds needed by West Park Presbyterian Church.

In general, ILP follows commercial underwriting standards for its loans, including a requirement for collateralization (typically at 80% of the loan value) with collateral on which ILP could realize in case of default and a requirement of a guaranty from the local presbytery of any congregational borrower. Collateral that could not be converted to cash—such as property with significant restrictions on use or disposition—would not be adequate.

These results are not a sign that the Presbyterian Church (U.S.A.) is not committed to the mission of its churches in the world. To the contrary, they are a direct result of one of the things that makes our denomination special: its form of governance in which local power is vested in the sessions of individual churches, which then provide representatives to the higher councils of the denomination.

Indeed, this form of government—unique in the late 1700s and the very opposite of episcopal forms, such as that of the Church of England or the Roman Catholic Church—had a strong influence, one well recognized by historians, on the form of government that is now that of our United States. The West-Park Presbyterian Church has no claim of right to the assets of the Presbytery of New York City, or of the national denomination, to repair its interior or façade.

Very truly yours,

Gregory T. Rousos

Gregory T. Rousos, Executive Vice President

cc: Mark Silberman, Esq., Landmarks Preservation Commission
Roger W. Leaf, Chair, West Park Administrative Commission
Robert Foltz-Morrison, Executive Presbyter, Presbytery of New York City

B. Responses from Façade MD

Responses to the Commissioner's questions related to the Façade MD report are provided in the attached letter from Façade MD.

FACADEMD
Architecture
and Engineering

362 Fifth Avenue
11th Floor
New York, NY 10001
(212) 560-9292
(212) 560-9746 fax
www.FacadeMD.com

March 24, 2023

NYC LANDMARKS PRESERVATION COMMISSION
Municipal Building
One Centre Street, 9th Floor
New York, NY 10007

Re: **165 West 86th Street; New York, NY**
Borough: Manhattan
Tax Block: 1217
Tax Lot: 1
BIN: 1032188

Dear Chair Carroll:

The following are responses to specific questions forwarded by Mark A. Silberman in a memorandum dated July 28, 2022 and addressed to the Administrative Committee of West Park Presbyterian Church. The specific questions involve submissions from Façade MD Architecture and Engineering:

a. ***Using the DOB scale (from FISP) of "safe, safe with repair and maintenance, and unsafe", what percentage (roughly) of the proposed work is unsafe and therefore must be performed immediately? What percentage is safe with repair and maintenance? Note that the 2001 LZA report followed these three levels of damage and had the "unsafe" work at less than 5 percent of the total.***

Façade MD response:

The Church building is not subject to the requirement of FISP examination and filing, per 1RCNY 103-04 (C)(1.) "… all parts of all exterior walls and any appurtenances of all existing buildings greater than six stories in height…" No FISP reports or required or have been filed for this building.

Moreover, the FISP scale is inappropriate for a building that is not subject to periodic inspection. The FISP nomenclature is based on the building being examined and repaired every 5 years. 1RCNY 103-04 defines "Safe With A Repair and Maintenance Program (SWARMP)" as:

> "A condition of a building wall, any appurtenances thereto or any part thereof that is safe at the time of inspection, but requires repairs or maintenance during the next five years, but not less than one year, in order to prevent its deterioration into an unsafe condition during that five-year period."

Without the requirement that professional examinations will continue on a periodic basis, leading to repair projects every five years, categorizing deteriorated conditions as "SWARMP" becomes problematic for the licensed professional. The FISP definition of SWARMP assumes the periodic re-evaluation of the building, and repairs to identified SWARMP conditions, will occur within a five-year period. As the last significant façade repairs at this building occurred more than 20 years ago, that assumption seems impractical.

If there is no regulatory requirement for five-year periodic examination and repair, the definition of SWARMP (a condition that will not "deteriorate into an unsafe condition during that five-year period") would need to be reconsidered. If a condition is to be prevented from "deterioration into an unsafe condition" during a period longer than five-years, conditions that could be considered SWARMP under the FISP rule (i.e. five-year period) would need to be upgraded to "unsafe".

Another consideration is the presence of the sidewalk shed. The sidewalk shed is a temporary protective structure, signifying unsatisfactory conditions on the building exterior walls. Until the building exterior walls are free of these unsatisfactory conditions, the shed must remain for the safety of pedestrians. A successful façade repair scope could therefore be defined as "enough repairs to allow removal of the sidewalk shed". This seems to be in full agreement with NYC General Administrative Code Section 28-302.1:

> "§28-302.1 General.
> A building's exterior walls and appurtenances thereof shall be maintained in a safe condition."

NYC DOB seems to agree with this assessment, as ECB Violation 35644126R for "Failure to maintain building walls…" specifically cites "28-302.1" under "Section of Law".

Therefore, of the proposed work indicated in the initial submission, nearly 100% is considered unsafe. Necessary repairs on a building like this very often increase from the initial scope and magnitude due to discovery and effect of performing adjacent work. For example, few repairs were estimated on the brownstone field stones, but it is likely that the need for additional repairs will become apparent once repairs commence. These additional repairs are not included in the initial estimate.

Regarding the 2001 LZA report, which indicated the three FISP levels of deterioration, and estimated "unsafe" conditions at 5% of the total, this report reflects conditions evident in 2001. Since 2001, a sidewalk shed has been in place continuously, and 5 FISP filing cycles have passed. Obviously the reason why five-year cycles were legally mandated is that exterior walls continue to deteriorate when exposed to weather, and the rate of deterioration generally accelerates when repairs are deferred. It is therefore to be expected that there would be considerable additional repair scope twenty-one years later.

b. Can damaged ornament be temporarily removed, patched, or otherwise addressed for the near term (5 to 20 years) in a manner other than full stone replacement?

Façade MD response:

Removal of some stones from the façade is not recommended because it would create horizontal surfaces for water to pond and enter the façade, and would create places for ice to form, creating a hazard to pedestrians. The wall ties supporting the stones are not intended to hold a stone up when the one below is removed. Stones need to be supported by the ones below.

Removal of the deteriorated portion of stones would require an evaluation of the anchorage and support of the surrounding stones and the adequacy of anchors to support the remaining portion of the stone. Deterioration is often to a depth that compromises the attachment of the anchors of the stone and patching does not repair this capacity.

Patching has been successful in limited situations, especially on flat brownstone facades, when there the face of the stone is mostly flat, but here the face of the stone is highly variable, so patching will be much more challenging. Successful patches need to have a substantial minimum thickness and edge detail. Patches are not as durable, and do not appear the same as the original stone over time. Patches become a maintenance item that needs more maintenance than natural stone over time. Patches often show up in contrast to stone when the façade gets wet.

We have also considered the suggestion that cast stone might be more economical replacement material compared to real stone. However, it is our opinion that the use of cast stone at the Church would not result in appreciable savings and would not have the appearance of or perform as well as real stone. The historic façade was hand cut in many unique sizes, with rustic surface finishes that were uniquely hand hewn where the rustication meets the perimeter edges. Each unique stone size would necessitate the use of a corresponding unique mold in order to recreate the rustication at the stone perimeter. Because of the duplicity of molds that would be required, we believe that the cost of cast stone replacement could be comparable to the cost of real stone. In addition, because much of the required replacement stone occurs within fifty feet of the sidewalk, the differences between the cast stone and the real stone would be apparent, particularly when the stone was wet. Moreover, cast stone tends to change its appearance over time, as the erosion of the surface typically exposes more of the aggregate, which typically differs from the color achieved through use of pigments. This could be overcome with the use of coatings to the surface, but this would introduce another material that will need maintenance. Cast stone typically does not provide a good and durable surface for mortar to bond to it, creating a less durable joint. Finally, the introduction of cast stone, with a different compressive strength and coefficient of expansion often manifests itself by degrading the bond at the perimeter mortar joints over time.

c. Why was no cementitious masonry repair considered for the exterior stone, when LPC regularly approves brownstone repairs – up to entire re-surfacing's – with cementitious materials? How would this affect the cost estimate?

Façade MD response:

Cementitious masonry repairs were performed previously at this building, with mixed results. In general, most of previous patches have discolored and much of it has delaminated from the stone. The delamination of the patches has resulted in spalls, creating a hazardous situation. Patches that have spalled appear to trap water and cause more deterioration to the original portion of stone, and original stone very often has dislodged along with the patch. In our experience the cost savings from cementitious mortar repairs is not significant, but they have considerably lower durability and liability. The concerns about patching expressed in item b above would also apply to mortar repairs.

d. Why were no probes or non-destructive evaluations (NDE) performed to verify the exterior wall construction? This information would help assess restoration strategies such as tooling delaminated material to sound material. Non-destructive testing would confirm anchor locations to ensure enough stone remains over the anchors and to verify that the anchors are not rusting and expanding (although there is no visual evidence to suggest that is occurring).

Façade MD response:

Probes were performed October 31, November 14 and November 17 of 2022, pursuant to LPC permit # PMW-23-03714 dated October 21, 2022. Results of these probes are discussed in our report dated January 9, 2023.

Probe locations were chosen to learn more about the existing construction and condition of the wall at various details.

Non-destructive sounding was performed at and prior to the performance of each of the four masonry probe locations by FacadeMD on October 13, 2022. The sounding was documented in video and audio and resulted in varying degrees of soundness across each of the probe areas. This information was compared with the visual results of the probes.

Non-destructive testing was also performed at each of the locations and prior to the probing, by Atkinson-Noland & Associates on October 31, 2022. The testing included infrared (thermal), metal detecting, surface penetrating radar and visual verification of anchor locations with a borescope. Of these methods, only surface penetrating radar and visual verification were able to identify the location of anchors. When anomalies were detected at horizontal mortar joints, holes were drilled into the mortar joint and a borescope was inserted to determine if an anchor could be verified at the location.

Mortar was drilled and/or cut around stones to remove the stones at each probe location.

The results of the probes are as follows:

Though the surface penetrating radar was able to identify many of the anchors, the anchors are not consistently located at or supporting the face stone from the backup. The intent of the original anchors appears to have been to anchor each stone to the backup brick, at the top of each stone. It appears that anchors were installed at only approximately 1 per 3 stones.

In general observations:

Facing stones are between 4” and 5” in depth.

Of the anchors that were present, none were serving as intended. The anchors were either not engaged in the stone kerf or were deteriorated. This deterioration most often occurred at the vertical plane between the back of the stones and the face of the backup brick. This is also an indication that water is penetrating the mortar joints and traveling vertically down the back of the stones. It is likely that moisture traveling between the back of the stones and the face of the backup brick has frozen and expanded, breaking the bond of mortar between the back of the stones and the brick backup wall. This is likely the cause of many of the hollow sounding readings. We believe that new anchors should be installed at 2’ on center to laterally attach the facing layer of stone to the backup wall, at all stone-faced portions of the facade.

In addition to this, the probes yielded the following information at particular locations:

- Probe 1 demonstrated that this area of façade appears to have been rebuilt concurrently with the backup brick wall and not simply refaced, when the church was constructed.

- Probe 2 demonstrated that the facing stone was constructed with the brick backup wall. The backup wall is of brick, approximately 16 inches thick. This is the location of a prior probe.

- Probe 3 demonstrated that the backup wall varies from 16” to 21” deep. This probe was performed at the side of the wood window surround, which was only attached to the masonry with finishing nails. We believe the window surrounds should be supplementally fastened to the masonry backup wall at all windows.

- Probe 4 demonstrated that though the anchor located in the deep window return appeared to be in adequate condition, it was not set into the stone kerf properly. Also, the mortar at the back side of the stone was not adhered to the stone.

i. ***The brown rusticated sandstone ashlar appears to be in generally good condition. NDE would confirm anchor locations and help determine if there is delamination occurring behind the surface.***

Façade MD response:

We have only indicated a small quantity of repairs to specific brown field stones, but there is a possibility that more repairs will become necessary when work begins. Additional NDE has been performed and unfortunately has proved not to be reliable to determine the condition of anchors or stones. We have determined that wall ties should be installed on all stone-faced walls at a frequency of 1 per 2SF, as the spacing, placement and deterioration have rendered the existing anchors compromised or useless.

e. ***Report notes that no removal or testing was done. In addition, at the site visit, it was stated that due to concerns about dislodging debris that there was not a lot of physical interaction with the façade while Façade MD personnel were in the boom lift viewing the upper stories of the façade. What is the basis for the scope of masonry and stone work in the report, which indicates specific numbers of small medium and large stones needing replacement?***

Façade MD response:

Our original assessment of the condition of the façade was based on observations from the lift at close range. Stones were visually evaluated and places into categories related to size. This is a professional estimate based on our professional experience of observed deterioration. The scope of repairs frequently increases once a project begins and unknown conditions become apparent.

Subsequent assessment of the wall was conducted through NDE in October of 2022 and probes in October and November of 2022. These assessments determined that existing anchors are substantially deteriorated and should be replaced, as described above.

i. ***Façade MD suggested up to 25 – 50% stone replacement would be needed. What is this based on? No exploratory removals were made to substantiate this percentage.***

Façade MD response:

See item d. above.

f. ***The Report identifies a lot of window work in the December 13, 2021 report outlining "exterior related repairs." The report notes generally that deterioration of some windows, but what is the basis to assume that all window work is an immediate safety hazard and has to be done now?***

Façade MD response:

An assessment of the Building's windows has been performed by a stained glass conservator, Liberty Stained Glass Conservation, to study and evaluate the conditions of the windows. In a report dated November 2022, Liberty estimated that "lead matrices are reaching the end of their serviceable life, and the longevity of the windows is in jeopardy. The windows require at a minimum, removal for crack repair, re-leading and re-waterproofing. Frames are salvageable through restoration. The tower windows need to be removed and boarded up as soon as possible." The quantity of window repairs estimated by Liberty as needing to be performed prior to the removal of the sidewalk bridge, is consistent with that previously presented by this team of professionals.

i. ***Also, the report notes that all recommendations are based on review of the exterior of the building, and many of the windows are covered with plexiglass. What is the basis for making any estimate of the level or amount of repair/replacement given these limitations?***

Façade MD response:

The windows were reviewed from the exterior and the interior. Many conditions were noted to the wood surrounds, plexiglass, to the leaded glass where it could be seen from the exterior and through the plexiglass from close range. The windows were also evaluated from the interior, where there isn't any plexiglass. In areas where windows were obstructed from view, their condition were assumed to be consistent with other areas where they were more readily visible.

As stated above, Liberty Stained Glass Conservation subsequently performed a study of the windows and provided a scope of work and cost estimate for window repair and replacement.

g. It appears that the copper roof flashing may be original. Has there been a cyclical maintenance program over the course of church ownership to monitor the flashing and roofing conditions? This appears to be the source of the roof leaks and could be addressed at local areas where/when needed.

Façade MD response:

We have noted that the south gable wall has moved away from the roof at the center of the south side of the church. This condition has obviously opened up several inches and permits rain water to enter. We believe this condition is the cause of water infiltration, not related to the condition of the copper flashing.

h. Was a phased restoration plan (addressing the most serious deterioration first, or particular facades or architectural elements) actually considered?

Façade MD response:

Nearly all of the indicated repairs need to be performed prior to the removal of the sidewalk bridge. As described above, a successful façade repair program would allow the sidewalk bridge to be safely removed. Phasing these repairs will require duplicate costs of mobilization at each phase, extension of protection costs (such as insurance, multiple installations of the sidewalk bridge and other safety concerns), over the full duration of a phased project, and added disruption to the building occupants, ownership and the general public. Our conclusion is that increasing the cost of this project by phasing would only make the financial hardship basis of this application more acute.

Very truly yours,

Richard W. Lefever, PE, LEED AP
President

C. Responses from Severud Engineering

Responses to the Commissioner's questions related to the Severud Associates engineering report are provided in the responses below from Muhammad Rahal of Severud Associates.

VII. Severud Associates Report

a. **The areas of wall that have been discussed as having out-of-plane movement are gable-end walls directly above large round windows, or in other words non-bearing and isolated portions of wall with few ties to the wood structure. Such walls are often a problem and are typically stabilized by being tied back to the adjacent roof trusses.**
b. **Has such a stabilization regime been considered?**

These walls are primarily exterior walls, but they also support a tributary width of the church, so they are also structural bearing walls. The issue is that the wood roof is spreading and thrusting the walls outwards, so simply tying the walls to the adjacent trusses does not solve the problem. To stabilize the building, we recommend that girts be attached to the leaning walls and that both the north and south walls be tied together to reinforce the walls and prevent further spread in the roof. We have provided a conceptual drawing illustrating our suggested stabilization measure, which has also been reviewed and agreed upon by the New York City Department of Buildings in a phone conversation during the week of July 25th 2022 with Xhevdet Celo of DOB's Forensic Engineering Unit.

A cost estimate for this proposed repair has been prepared by LBG, with an estimated cost of $1.8 million, which would add to the scope identified in the budget submitted with the original hardship application.

c. **During the walk-through, it was suggested that these areas have moved significantly in the recent past. Has stone damage at the hinge point been observed to support this claim?**

No hinge point was observed, but a hinge point is not necessarily the criterion for judging whether the movement was recent. Based on the survey mapping of the leaning facades, the lean is occurring gradually from the base of the wall to the pinnacle, so any compression on the outer face of the wall is shared among many of the bricks. Regardless of whether the movement in the walls in very recent or over many decades, the fact remains that the current lean in the walls is excessive.

d. **Severud report claims that cracks in the plaster below the main trusses "indicate excessive deformation of the wood truss and/or excessive lateral movement or settlement in the brick bearing walls at the truss bearing points." Has deformation of the trusses or movement of the walls supporting them been observed in the attic, or is the basis for this solely the secondary damage to the plaster?**

The premise behind the current stabilization approach, that the roof is spreading and thrusting the tops of the walls outwards, is substantiated not only by observations of pattern cracks in the finishes from within the sanctuary, but also by general observations of the various trusses, rafters, braces and headers from within the attic. In particular, the enclosed photograph, taken from the opposite side of the wall where the southern truss meets the eastern wall of the Sanctuary, shows a long vertical crack adjacent to the truss. This crack is further evidence that the trusses are deflecting horizontally, relative to one another, which relates to the outward lean of the walls.

i. **Have these structural elements been measured to confirm the assumed deflection? Has the wood been tested?**

The 8” lean in the south wall was estimated by field measurements during the emergency work and later confirmed by facade mapping by a surveyor, so the deflections are not assumed, they are fact. The wood of the trusses has not been tested, but as mentioned in our report, we recommended it to better understand the condition of the structure. However, regardless of the findings of any future investigations into the wood, the fact remains that the walls are leaning excessively.

1. **At the public meeting you stated that the deflection is 2” over 60’, which was “within reason.” When was this reading done, as you said you hadn’t measured it previously? If the deflection is within reason, why do you believe that is causing the roof to sag sufficient to push walls out?**

After recent measurements and analysis, the vertical deflection of the main trusses was determined to be within the acceptable limits for trusses of this length, according to the Building Code, but the overall spread in the roof is a combination of vertical and horizontal movements, as well as rotations of the various elements supporting the roof, including trusses, rafters, hip beams, headers, and braces.

ii. **Has the plaster been sounded to verify it is still attached to the lath, and the lath to the structure? Or have the conclusions on the assumed truss deflections been based solely on visual observations of the plaster cracks, which may be due to unrelated causes.**

It is our view that, based on the pattern of the plaster cracks, they are most likely due to the deflection of the truss and rotation at its bearing ends. However, understanding how the plaster is connected to the trusses is irrelevant to our principal observation: that the entire roof is spreading and the walls are leaning excessively.

e. **You testified that you suspected the north and south walls were leaning out during visual inspections late last year and early this year. Why did it take you so long to actually check it out? Is this leaning condition partially ameliorated by the other structural work already undertaken?**

Our response to the findings was appropriate given the information that was known at the time. We engaged with a licensed surveyor, and they mapped the facade and installed tilt beams to monitor them. The leaning condition of the south wall is partially ameliorated by the emergency work done, and perhaps it helps to keep the condition from being an outright emergency at this point. However, the design intent of the emergency repair was to brace the wall and safely support the sanctuary ceiling adjacent to the wall, not to reinforce and stabilize the wall against excessive lean. The current conceptual repair scheme is intended to do just that – to reinforce the walls so that when snow falls on the roof, and wind hits the wall, there is not an excessive amount of compressive stress in the wall due to its lean, in order to ensure that the north and south walls are stabilized with no possibility of leaning out further.


bearing point of truss top chord
wide crack
bearing point of truss bottom chord

D. Responses from Nova

A response to the Commissioner's question regarding the Nova report are provided from Nova below:

VII. Nova Report

a. **Window replacement and repair, which were not flagged in either the Facade MD report or the Severud report as presenting an immediate hazard, make up more than 85 percent of the Nova cost estimate for the sanctuary building and more than 80 percent of the Nova cost estimate for the chapel building. Is any of this work an immediate hazard? Why is the cost for any of the non-immediate-hazard window work being included?**

As noted above, the Church has commissioned a more detailed survey of the window condition by Liberty Stained Glass Conservation, a stained glass consultant, to determine the degree of deterioration and the priorities for window repair. It shows a revised estimate of approximately $1.8 million for window repair and replacement. The Church has also commissioned a revised cost estimate from LBG, which incorporates the window estimate and other new information.

E. Responses from CCI Code

CCI Code has provided the responses below to the Commissioner's questions regarding the CCI report:

VIII. CCI Code Report

a. **Stone replacement makes up less than $3,000,000 of the Nova cost estimate. The structural repair costs (excluding masonry) are well under $1,000,000. If an intermediate level of repair work (less than full stone replacement) is included, does the overall cost of stabilization and the repair of hazards still trigger full code compliance?**

As outlined in CCI's report, there are different thresholds where the building must be upgraded to be code compliant. There are also conditions when portions of the building must be upgraded, while unaltered portions of the building are permitted to remain as-is.

The question is in reference to the full-code compliance option, which has three main thresholds:

- Full building compliance in accordance with the 1968 Code provisions is required where the cost of the alterations exceeds 60% of the replacement value of the building (27-115).
- Full compliance with Chapter 9 – Fire Protection Systems of the 2014 Code is required where the cost of the alterations exceeds 60% of the replacement value of the building (28.2-901.9.4.1).
- Full compliance with Chapter 11 – Accessibility of the 2014 Code is required where the cost of the alterations exceeds 50% of the replacement value of the building (28.2-1101.3.2).

The replacement value of the building is defined in Section 27-116 of the 1968 Code as either of the following:

- A value of 1.25 times the current assessed value of the building adjusted by the current state equalization rate, or
- The current replacement cost of the building (i.e. the cost in today's dollars to fully reconstruct the building).

By definition, the stone replacement repair work is defined as an alteration, of which the cost must be counted toward the cost thresholds listed above. That is unless the stone replacement repair work is demined to be a "minor alteration or ordinary repair". The minor alteration and ordinary repair definitions and provisions of Sections 27-124 – 27-126 have since been repealed and superseded by Section 28-105.4.2. The definitions for minor alteration and ordinary repair clearly state that they are types of work that do not affect the health or the fire/structural safety of the building for its safe use and operation. Further, Section 28-105.4.2.1 defines work not constituting a minor alteration or ordinary repair as work that includes cutting/modification to any load bearing or fire-resistance rated wall, floor, or roof.

Based on these definitions, it is CCI's interpretation that the DOB would consider the stone replacement and repair work to be an alteration and not a "minor alteration or ordinary repair" since the work would affect the safe use of the building and may include the alteration of a load bearing wall. Thus, the cost of the stone replacement repairs would be counted toward the overall alteration costs.

F. Responses from Appraisers and Planners

The attached letter from Appraisers and Planners responds to the Commissioner's question regarding the Appraisers and Planners report.

APPRAISERS AND PLANNERS INC
9 EAST 40TH STREET NEW YORK, NY 10016
(212) 683-1122 FAX (212) 213-6120
www.appraisersandplanners.com

JAMES L. LEVY, MAI, MRICS, ASA
SHARON LOCATELL, MAI, CRE, MRICS
ADAM L. WALD, MAI
KERRY MARINACCIO, MAI

EDWARD LEVY, ASA (1907-2004)
RUTH A. AGNESE, MAI, MRICS (1962-2013)

Hon. Sarah Carroll, MFA
Chair – Landmarks Preservation Commission
1 Centre Street
New York, New York 10007

RE: West Park Presbyterian Church
Response to LPC Questions Dated July 28, 2022

Question IX(a) Base and infill scenarios: Efficiency ratios typically apply prospective rent to gross, not net, rentable. What is used for the commercial?

Response:

The rent of $50 per square foot was applied to the Usable Areas of the building under both the Base and the Infill scenarios. As detailed in the WPPC application, the property is comprised of two structures that have been combined. The easternmost Chapel section has a four-story portion, while the main church has one- and part-two-story portion. Due to the varying floor heights, the property contains an inefficient layout and inaccessible areas; as a result, the Gross Area and the Usable Areas differ. The Gross Areas presented in the floor plans drawn by FXCollaborative include shaftways, stairways, wall thickness, and areas that would be unusable to a tenant. Under the Base Scenario, the Gross Area is 24,688 square feet and the Net Usable Area is 18,353 square feet, representing a 25.6% difference between the two measurements. Under the Infill Scenario, the total Gross Area is 28,335 square feet and the Net Usable Area is 22,014 square feet, representing a 22.3% difference between the two measurements. Due to the unique layout of the building, and the lack of light to many of the spaces, it is our opinion that a tenant would primarily be concerned with the usable areas of the building that would provide a utility of the space that is typical for the various programming options considered for the property.

The square footages utilized in the analysis of the comparable leases was largely provided by the respective listing brokers. Our experience is that there is no uniform approach to how brokers quote square footage, especially for unique spaces and multi-floor spaces. Floor plans uncovered during the course of our research did not contain specific measurements breaking out rentable areas from usable areas. Without a professional measurement of the spaces, we cannot confirm the efficiency ratios of each of the spaces. In calculation of Usable Area, REBNY guidelines call for the following:

Measure the floor to the outside surface of the building. Subtract from this area the following, including the nominal four inch enclosing walls:

- Public elevator shafts and elevator machines and their enclosing walls.
- Public stairs and their enclosing walls.
- Heating, ventilating, and air-conditioning facilities (including pipes, ducts and shafts) and their enclosing walls, unless such equipment, mechanical room space, or shafts serve the floor in question.
- Fire towers and fire tower courts and their enclosing walls.
- Main telephone equipment rooms and main electric switchgear rooms, except that telephone equipment, and electric switchgear rooms serving the floor exclusively shall not be subtracted.

Comment on Rent Conclusions:

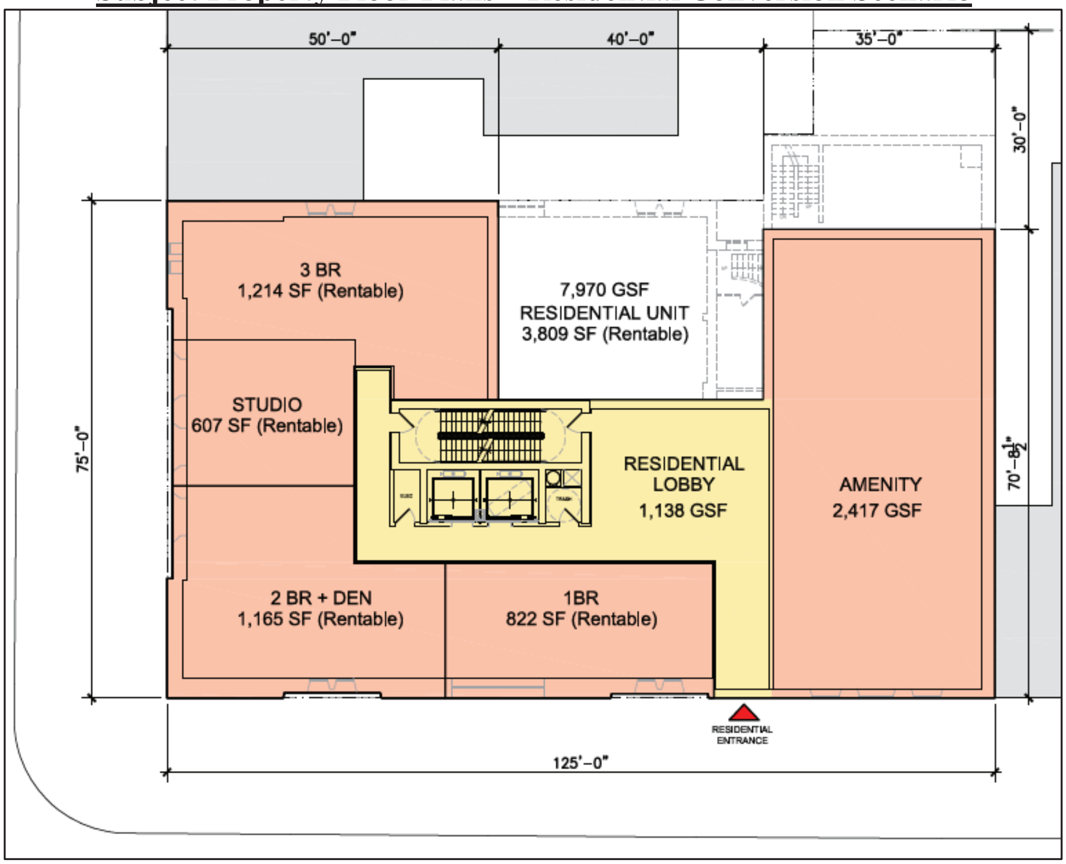
The market rent estimate developed in the Initial Submission of $50 per square foot is at the highest end of the range of reasonableness for the subject space, as renovated and restored. Recent market data is proving this out. For example, Listing 1 in the Economic Analysis Report and included within the Initial Submission was for the multi-floor space at 4 West 76th Street. Our discussions with the listing broker, Denham Wolf, indicated an asking rent of $45 per square foot, and this asking rent was utilized in the market rent analysis. In Mid-August 2022 we became aware that 4 West 76th Street was recently leased for a starting rent of $701,501 per annum or $35 per square foot, approximately 22% less than the quoted asking rate.

Question IX(b) Floor plans. Provide floor plans of comparable apartments used to justify prospective rents.

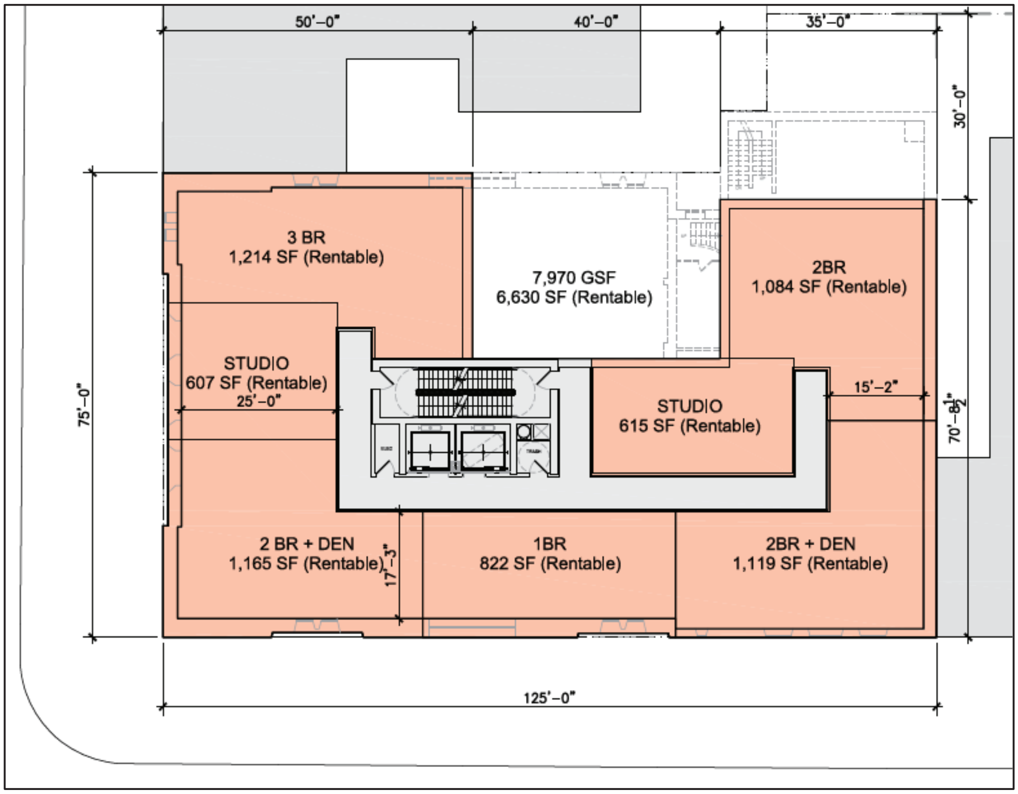
Response:

Floor plans provided by FXCollaborative for the subject residential scenario are shown below, followed by floorplans of the comparable rents, where available.

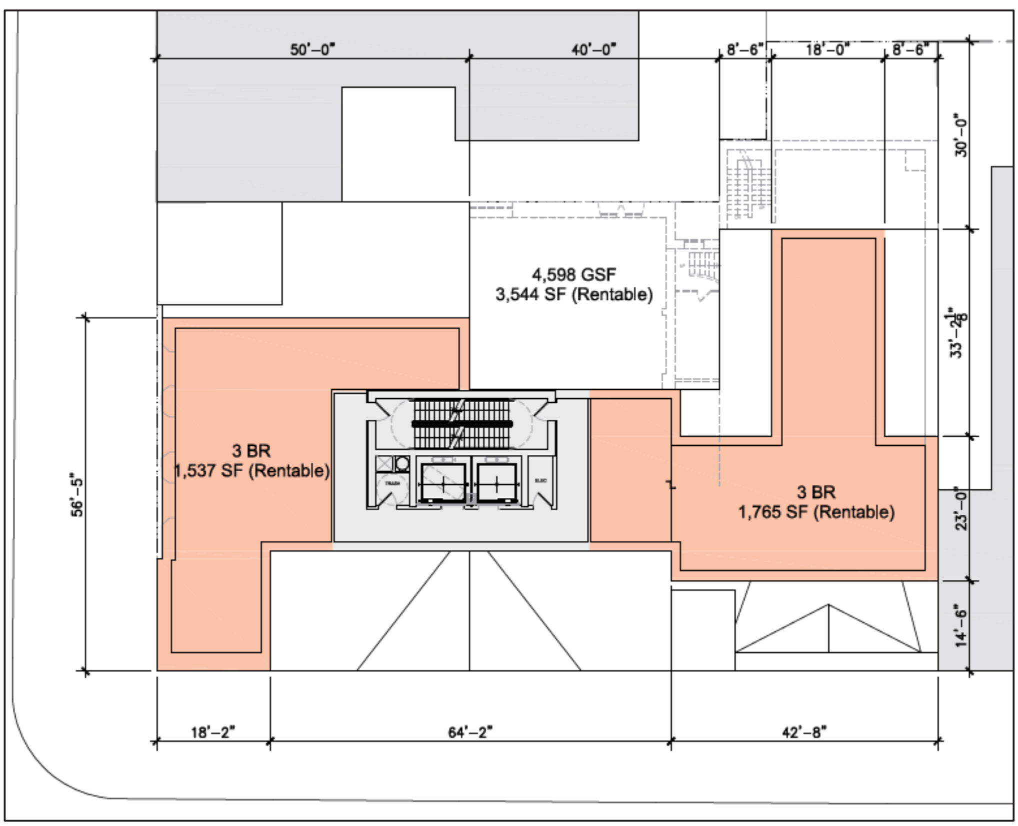
Subject Property Floor Plans – Residential Conversion Scenario



Ground Floor



Second and Third Floors

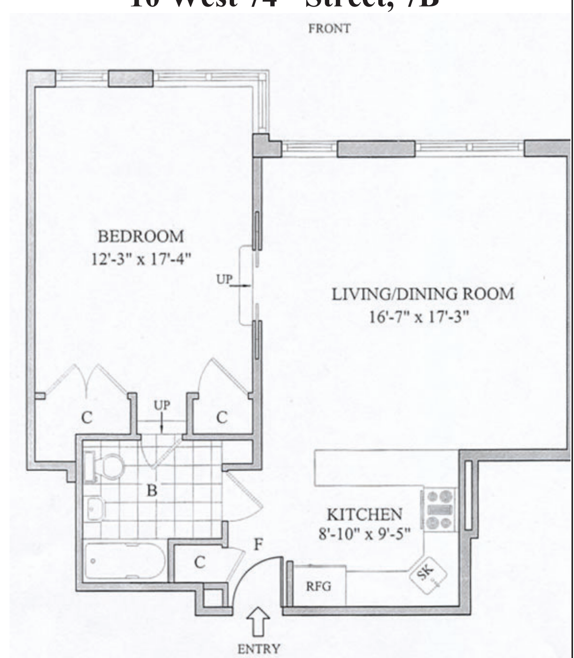


Attic Floor

KL3 3471356.9

APPRAISERS AND PLANNERS INC

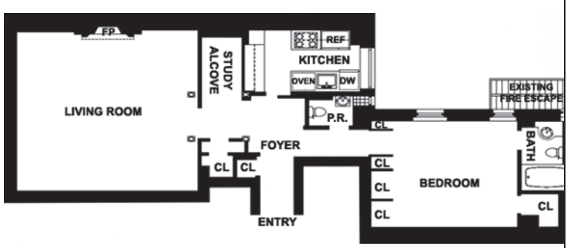
Floor Plans of Comparable Rentals

115 West 71st Street, 1B Floor Plan: Not Available	**38 West 69th Street, B** Floor Plan: Not Available
166 West 72nd Street, 3D Floor Plan: Not Available	**189 West 89th Street, 6L** 
57 West 75th Street, 11G	**10 West 74th Street, 7B** 

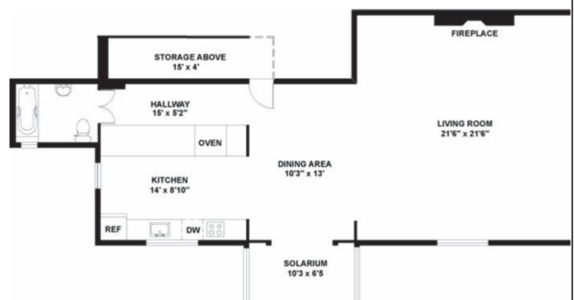
100 West 86th Street, 5A

144 West 86th Street, 4D

11 West 81st Street, 7B



14 West 68th Street, #4

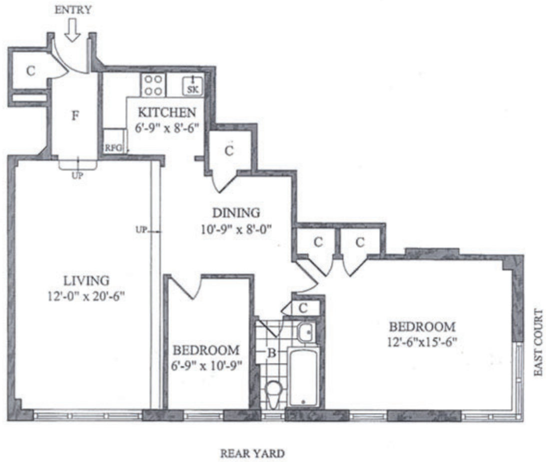


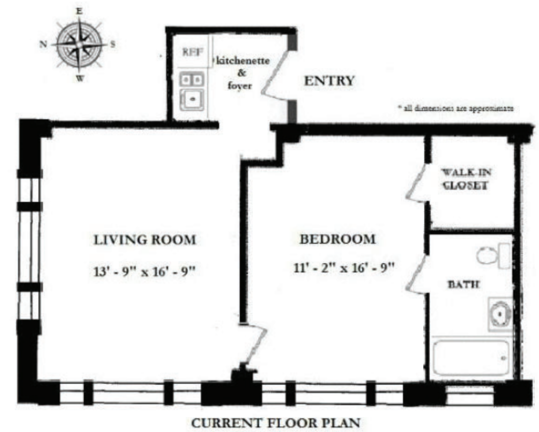
21 West 86th Street, 9B

Floor Plan: Not Available

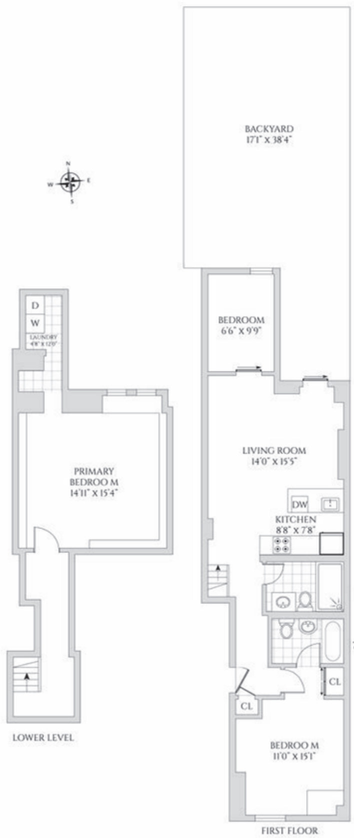
21 West 86th Street, 4B

10 West 74th Street, 6F	170 West 74th Street, #1005/1006 (combo)



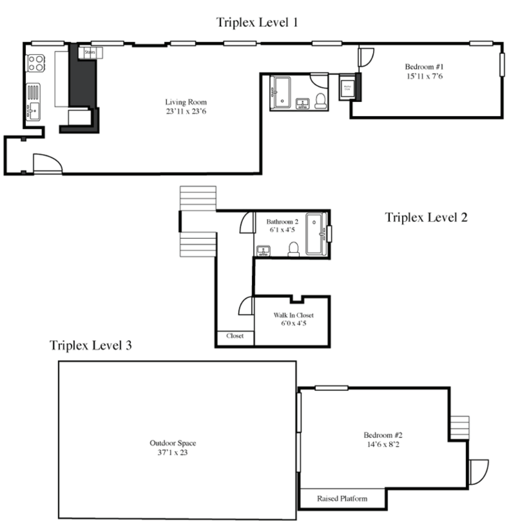


319 West 77th Street, #1

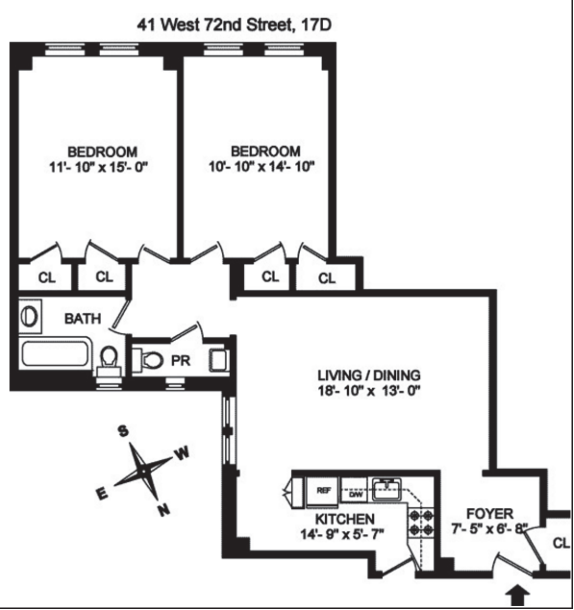


46 West 89th Street, #4

100 West 86th Street, 5B



41 West 72nd Street, 17D



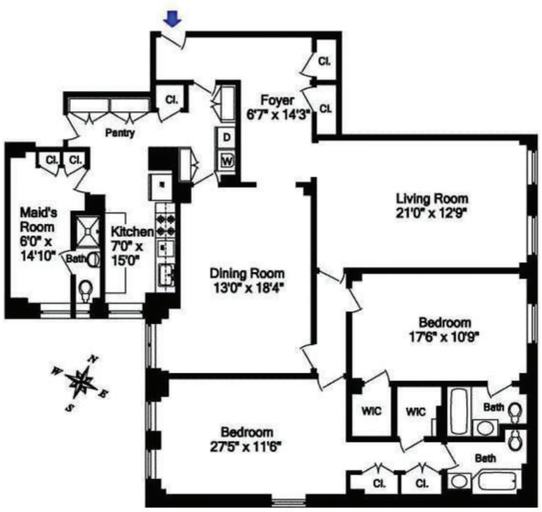
25 West 68th Street, 4A Floor Plan: Not Available	**2350 Broadway, 320A** Floor Plan: Not Available
21 West 86th Street, 7E Floor Plan: Not Available	**21 West 86th Street, 6F** Floor Plan: Not Available
21 West 86th Street, 7G 	**21 West 86th Street, 3F** 
21 West 86th Street, 4C	**21 West 86th Street, 2A** 

233 West 83rd Street, 1A

Floor Plan: Not Available

101 West 85th Street, 5-4

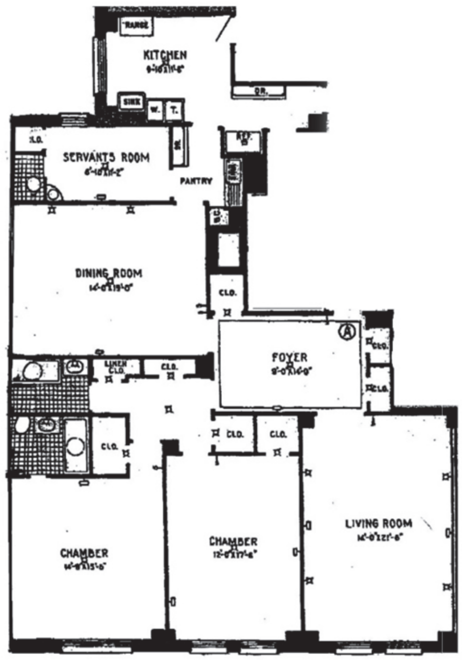
650 West End Avenue, 5A



251 West 89th Street, 9E

<table>
<tr>
<td>

255 West 88th Street, 4A



</td>
<td>

140 West 86th Street, 11B

Floor Plan: Not Available

</td>
</tr>
<tr>
<td>

10 West 74th Street, 7EF

10 WEST 74TH STREET
APARTMENT # 7-E/F

</td>
<td></td>
</tr>
</table>

PART II
Additional Information

A. Severud Associates - Analysis of North and South Sanctuary Walls
   Leeding Builders Group – Estimate of Wall Stabilization

B. Krypton Engineering - Tilt Monitor Data

C. FXC - Parish House Code Issues for Commercial Use

D. Liberty Stained Glass Conservation, LLC - Window Assessment

E. Façade MD – Probe Repor

F. Leeding Builders Group - Revised Restoration Costs

G. Appraisers and Planners – Revised Reasonable Return Analysis

Revised Restoration Costs

At the Commission's request and in response to public testimony, the Church conducted additional studies of the condition of the Building and has explored additional restoration methods. These studies have resulted in several adjustments to the estimated restoration cost. The additional studies and revised cost estimate are described below.

The summary of Building restoration costs that were submitted with our application in March 2022 did not include the cost of several additional condition issues that were identified since our original estimate, and a more rigorous assessment of requirements for Code compliance. The original summary also did not explicitly break out the costs attributable to the use of the Building for religious services vs. the cost of alternative uses. Taking all these factors into consideration, the following is a reconciliation of or original costs to our new estimates.

	March 2022	April 2023			
	Submission	**Church Use**	**Commercial**	**In-Fill**	**Residential**
Façade, Roof and Windows*	$17,994,055	$15,761,920	$14,215,544	$14,215,544	$14,310,544
Structural and Interior Repair**	12,509,635	1,170,947	13,301,430	14,395,830	21,362,694
Code Compliance***	1,533,225	0	3,985,509	4,064,141	1,889,704
Construction Cost Total	**32,036,915**	**16,932,867**	**31,502,483**	**32,675,515**	**37,562,942**
General Conditions	4,164,799	2,201,273	4,095,323	4,247,817	4,883,182
Insurance, Construction Mgt.	7,178,378	3,884,823	7,227,457	7,496,580	8,617,878
Construction Contingency	3,203,692	1,693,287	3,150,248	3,267,552	3,756,294
Design Contingency	3,203,692	1,693287	3,150,248	3,267,552	3,756,294
Hard Cost Total	**$49,704,153**	**$26,405,536**	**$49,125,759**	**$50,995,015**	**$58,576,591**

* April 2023 figures include new costs to secure façade.
** Includes new costs for wall stabilization.
*** Includes approximate allocated costs for fire exits, elevators, fire stairs, ramps, ADA bathrooms, and similar items.

To validate all of our assumptions, we conducted a detailed review of each estimate in our original submission and made adjustments where appropriate. For example, we engaged a specialist in stained glass restoration that conducted a comprehensive assessment of each of the windows in the Building. Their estimate came in much lower than the original estimate, and is reflected in our revised cost estimates. Similarly, additional research and analysis by Façade MD, together with the additional façade condition issues that were identified since our prior submission, has resulted in higher cost estimates for façade restoration. However, the combined cost of façade and window restoration actually declined from $18.0 million in our original submission to $15.8 million.

Our revised estimate also clearly distinguishes between the work that would be required to use the Building solely for worship vs. work that would be required for a change in "dominant use or occupancy," requiring compliance with all code and accessibility requirements of the current Building Codes. Our analysis considered three alternative uses of the Building, which form the basis of our economic return analysis. We therefore also developed a more granular breakdown of repair and restoration costs for each of the following scenarios:

- *Commercial or Non-Profit Use*. This change in dominant use would require the issuance of a Certificate of Occupancy, and all restoration work would have to be completed before use. Cost estimates do not include the cost to carry the property during the extended restoration period.
- *Commercial or Retail Use with In-fill Development*. In addition to the costs above, this scenario includes costs for infill development in the sanctuary and the two-story gym in the parish house, which adds usable square footage to the building that could produce higher rental income. Cost estimates do not include the cost to level the sloping sanctuary floor for alternative use.
- *Residential Apartment Building.* By far the most dramatic repurposing option. It would require the demolition of much of the north wall of the Building, the addition of an interior courtyard and 68 new windows on the primary facades to meet the requirements for light and air to individual apartments. Given the fragility of the existing walls, it is not certain that this option is even viable.
- *Continued use of the Building by the Church.* Assumes continued use of the Building for worship and arts programming, which would not entail a change in dominant use. Restoration costs include stabilizing the north and south sanctuary walls, repairing the stained glass windows, and making the façade to the point where is structurally safe.

The following is a summary of the new condition issues that were identified since our original submission. While they do not materially change the overall restoration cost, they nevertheless highlight the safety concerns associated with not talking remedial action to stabilize the Building.

Leaning North and South Walls. As we reported in our July 19, 2022 testimony, the north and south walls of the sanctuary are leaning outward, raising serious concern about the structural integrity of the Building. Severud Associates, structural engineers for the project, called the leaning walls "excessive," and devised a solution to stabilize the walls with cabling and wall braces. This work could only be undertaken if the sanctuary were closed for an extended period. A schematic design of this repair is included as Attachment A, together with an estimate by LBG of the cost of the repair.

Monitoring Equipment. To ensure that the leaning walls do not impose an immediate risk, the Church engaged the survey firm of Krypton Engineering to install tilt monitoring equipment to record any movement of the north and south sanctuary walls. The reports indicate that there is significant lateral movement of the south wall, west of the large round window, which is the area of the wall with the greatest lean. The results of their most recent report are included as Attachment B.

Code Compliance. Several Code-compliance issues were highlighted and presented in general terms in our July 19 testimony, but they were not broken out in detail or allocated to each of the different alternative use scenarios. To provide greater clarity as to the extent of work required, FXCollaborative prepared representative floor plans of the parish house to illustrate the locations of ramps for egress, ADA-accessible elevator and bathrooms, and fire stairs and exits. (The entire building would also have to be "sprinklered" for Code compliance, which is not shown on the floor plans.) For a change in dominant use, the parish house would also need two fire exits to the street (rather than one to the street, and a second to a blind alleyway). This would necessitate the construction of a new building entrance, presumably to 86th Street. The FXCollaborative renderings are included as Attachment C.

Windows. The original estimate of the cost to repair the stained glass windows throughout the Building was prepared by a general contractor. To provide a more accurate estimate of the costs, the Church subsequently engaged Liberty Stained Glass Conservation, LLC to conduct a complete review of all windows in the Building. Liberty's report is included as Attachment D.

Additional Façade Issues. The Commission staff requested that the Building condition assessment include probes into the façade to determine the condition of the iron "tie bars" that affix the sandstone façade to the load-bearing walls. Probes were undertaken in December 2022, which indicated that the tie bars have corroded to the point that they no longer provide any meaningful support to the sandstone facade. Façade MD has recommended the installation of 3,700 new tie bars to ensure that the façade does not separate from the bearing walls and fall onto the sidewalk or into the street. The Facade MD report is included as Attachment E.

Revised Cost Estimates

The Church has prepared revised restoration cost estimates for each scenario based on these further studies. The revised estimate for stone replacement utilized the more detailed breakdown of the types and quantities of replacement stone on the façade that was set forth in the 2011 Landmarks Conservancy restoration study that was led by Sciame Construction and a team of experts that included Building Conservation Associates, Gil Studio, Famenella & Associates, Old Structures Engineering PC, and Franke Gottesegen Cox Architects. This comprehensive study proposed the use of cast stone and concluded that in 2011 the masonry restoration alone, if done in multiple phases (but with no adjustment for cost increases over time), would have cost $8.1 million ($13.2 million in 2023 dollars, using the Turner Construction Price Index). This compares to our current estimate of $9.9 million, which is a component of the façade estimate shown above, and which assumes the use of sandstone for replacement stonework. Since then, the condition of the façade has deteriorated further, and new structural issues have come to light.

Our $13.7 million estimate for the total cost of façade restoration is actually 10% lower than Sciame's in 2023 dollars, even though, for the reasons set forth in the Façade MD report, our estimate is for real stone and not cast stone. The Sciame estimate included a new roof for the parish house, which has since been replaced, sidewalk repairs that are excluded from our analysis, and assumed the work would be done in six phases, resulting in higher costs for scaffolding. Stone restoration costs in our estimate are $1.8 million higher due to rising costs and the further deterioration of the façade, but a comparison of the two analyses would indicate that our estimate is extremely conservative.

The Leeding Builders Group cost estimates included as Exhibit F show detailed cost estimates for each of the scenarios described above, based on the following assumptions:

Commercial Use. An analysis of the cost of delivering a "white box" to a potential user of the space that would meet all Code and life-safety issues. It assumes that the stained glass windows would be replaced by conventional clear glass windows rather than restored (a major cost savings), and the sloping floors in the sanctuary and balcony would be retained. If the floor needed to be made level and/or the balcony were to be removed, there would be extensive additional costs, including redesigned ramps for ADA access. The design assumes that ADA bathrooms would be located on every other floor in the parish house, and a new fire exit would be needed on the 86th Street side of the Building that would require LPC approval. The commercial user would also have to incur additional fit-out expenses to accommodate its specific use.

Commercial Infill Development. This analysis assumes the removal of the balcony in the sanctuary and replacement with a new full floor, but does not include the cost to level the sanctuary floor. The gym on the parish house would also be divided into two floors to increase the amount of useable space. There are no costs budgeted for roof repairs in either commercial plan.

Residential Use. The cost of altering the Building for residential use is much more complicated and expensive because of requirements for light and air to individual apartments. This approach would require the demolition of much of the north wall of the church and the addition of as many as 68 new windows on the primary facades. The entire roof would have to be replaced, and the plan would require two full service elevators and two fire exits to the street, as well as extensive fit-out costs for 20 apartments. Given the fragility of the existing walls and the number of new window openings, it is not certain that this option even viable.

Church Use. Costs for ADA accessibility, fire safety and other grandfathered code compliance issues were not included in this scenario. Sustained use of the Building by the Church for religious services would necessitate stabilizing the sanctuary walls and restoring the façade so that the sidewalk shed could be removed. The estimate for the cost of this work is in excess of $26 million, which is beyond the resources that the Church has ever had or would be capable of raising. Moreover, it is beyond what the Church has found that other religious institutions would be willing to pay for the Building.

This analysis supports the finding required by Administrative Code §25-309(a)(2)(c) that the Building "has ceased to be adequate, suitable or appropriate for use for carrying out both (1) the purposes of such owner to which it is devoted and (2) those purposes to which it had been devoted when acquired unless such owner is no longer engaged in pursuing such purposes." Given the extraordinary cost of restoring the Building, even for continued use for religious purposes, it has ceased to be suitable for its current use.

Reasonable Return Analysis. Appraisers and Planners has prepared an updated financial analysis using the revised cost assumptions, and has performed a reasonable return analysis for the commercial, commercial infill, and residential scenarios. *In each case, not only does each scenario fall short of attaining a reasonable return as defined in the Landmark Law, none of them even produce a positive return.* The updated analysis is included herein as Exhibit G.

A. Analysis of North and South Sanctuary Walls

The attached analysis by Severud Associates shows the design of a repair to stabilize the leaning north and south walls condition. Also attached is an estimate from LBG dated September 6, 2022 of the cost of stabilizing the walls. The estimate is approximately $1.8 million, not including soft costs. The expense has been added to the revised LBG restoration estimate.

Severud Associates
CONSULTING ENGINEERS P. C.

469 Seventh Avenue • New York, New York 10018 • (212) 986-3700

Edward M. DePaola
John A. Baranello, Jr.
Cawsie Jijina
Steven J. Najarian
Brian A. Falconer
Fortunato Orlando
J. Benjamin Alper

July 15, 2022

Re: #17298
North and South Wall Lean
West Park Church
165 West 86th Street
New York, NY

Roger Leaf
West Park Administrative Commission
165 West 86th Street
New York, NY

Dear Mr. Leaf:

The purpose of this letter is to discuss additional findings and recommendations related to the structural condition of the church building located at the above listed address, subsequent to our initial condition survey and report that was issued in late 2021. This narrative provides a narrower focus on the structural implications of the outward lean that has been detected in the central sections of the north and south exterior walls. The south wall is 8" sandstone with solid brick backup, and the north wall is solid brick.

Surveys of the north and south walls in the area of existing round stained-glass windows were performed and documented by Krypton Engineering in July of this year. The results of these surveys, in the form of facade maps, were reviewed and analyzed by us. The maps indicate that the south wall is leaning outwards toward the top by a dimension of approximately 8" over a height of 33 feet, and the north wall is leaning outwards toward the top by approximately 4" over a height of 18 feet. These deflections are excessive in our professional opinion. It is structurally concerning because walls with significant lean are subject to out of plane bending forces due to the eccentricity of the center of gravity of these walls with respect to the center of the wall at the base. The out of plane bending forces induced by the lean adds to the compressive stress on the outside face of the walls which are already in questionable condition due to weathering and age.

Based on our observations to date, the lean in the exterior walls is most likely due to a horizontal outward thrust imposed by the roof rafters and dormer "hip" beams on the walls. The rafters and hip beams are held up primarily by a system of wood trusses with steel tension rods. Although it is normal for such wood roof systems to slacken and deflect over time, based on observations and analysis, the existing rafters and hip beams appear to have shifted more than normal. Based on our preliminary calculations, the expected maximum stresses in the leaning masonry walls, when subjected to code snow and wind loads are approximately 25% higher than what is normally allowed for historical masonry structures. Please note that although a brace was installed at the inside face of the south wall in December of last year in response to a DOB emergency condition, this brace was not designed to specifically address the outward lean in the south wall, which we were not aware of at the time.

As a result of our observations and preliminary analysis, we recommend that the following actions are taken to ensure the continued safety and stability of the church:

1) Probe existing structure to provide more comprehensive analysis of the structural integrity and stability of the exterior walls and roof trusses. Probes include pilot holes at the exterior walls on all levels to determine the thickness of brick backup, existence of any voids or gaps, and condition of existing mortar. Remove plaster finishes at primary truss bottom chord bearing ends and mid span, to determine if there is any significant cracking, rot, or excessive stress in the wood members that are currently concealed. Please note that in our experience, non-invasive methods such as borescope probing are not reliable due to the presence of various materials around the wood members, such as furring strips, lath, and plaster debris, which would hinder the view of the wood surface.

2) Engage a licensed surveyor to install tilt beams on the inside face of the north and south walls near the round stained-glass windows (COMPLETED.) Monitor the walls for further movement on a monthly basis. This will indicate if the movement in the roof and walls has stabilized or if there is continued movement.

3) Subject to completion of the investigation, install a system of steel girts against the existing north and south walls with tie rods between the two sides of the building. The purpose of the girt system is to reinforce the walls to prevent excessive stresses in the masonry units and mortar joints, and to stabilize the roof system so that the tops of the walls do not continue to thrust outwards. A preliminary example of this system is illustrated on the attached conceptual sketches. The scope of the stabilization system may change based on the results of the investigation.

4) Tighten all existing truss tie rods, mechanically fasten rafters at support points and add additional tie rods at rafter supports so that the roof does not continue to shift and impose outward thrust on the exterior walls. See attached conceptual building section for locations. The scope of the reinforcement may change based on the results of the investigation.

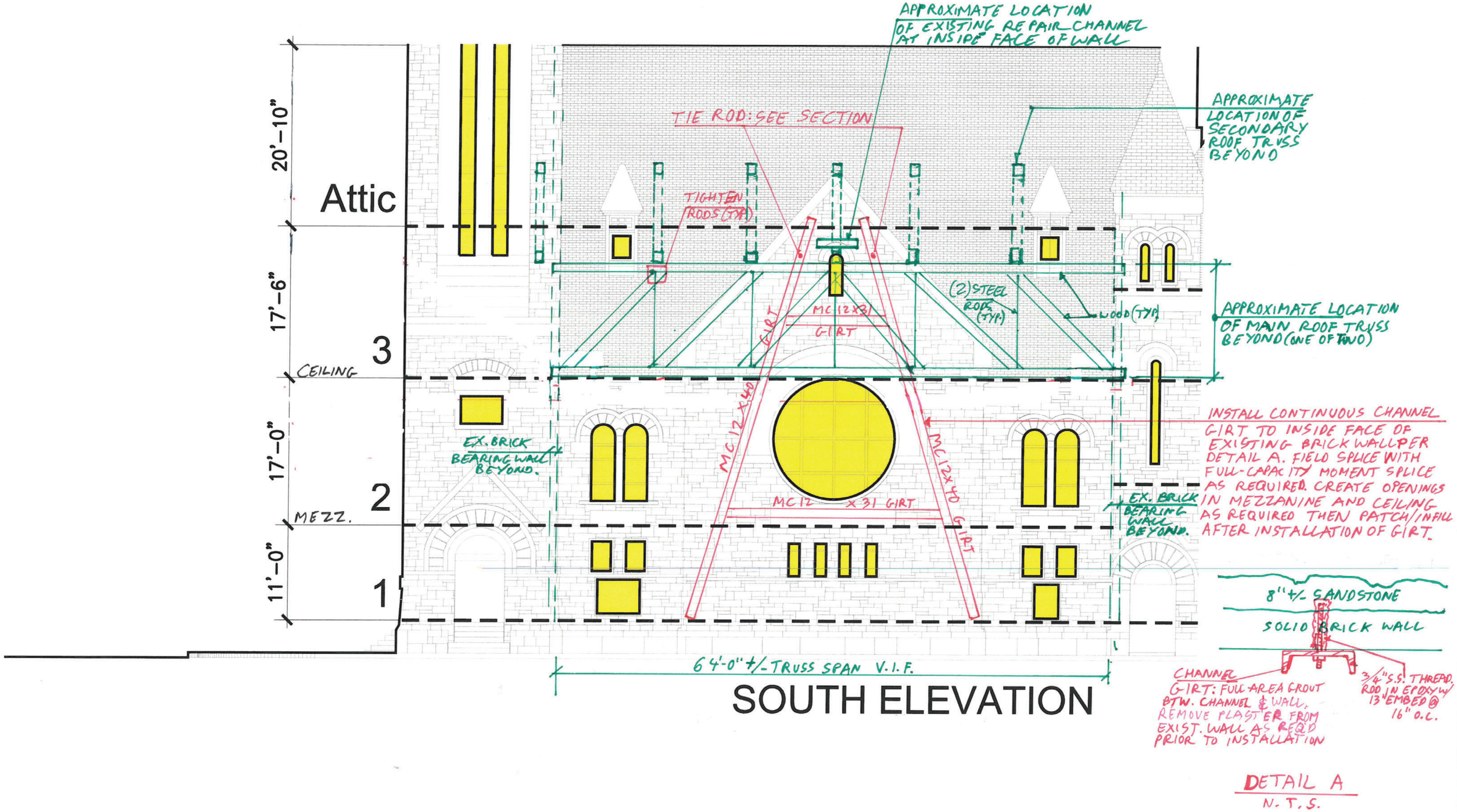
If you have any questions, comments or concerns, please do not hesitate to contact us.

Very truly yours,

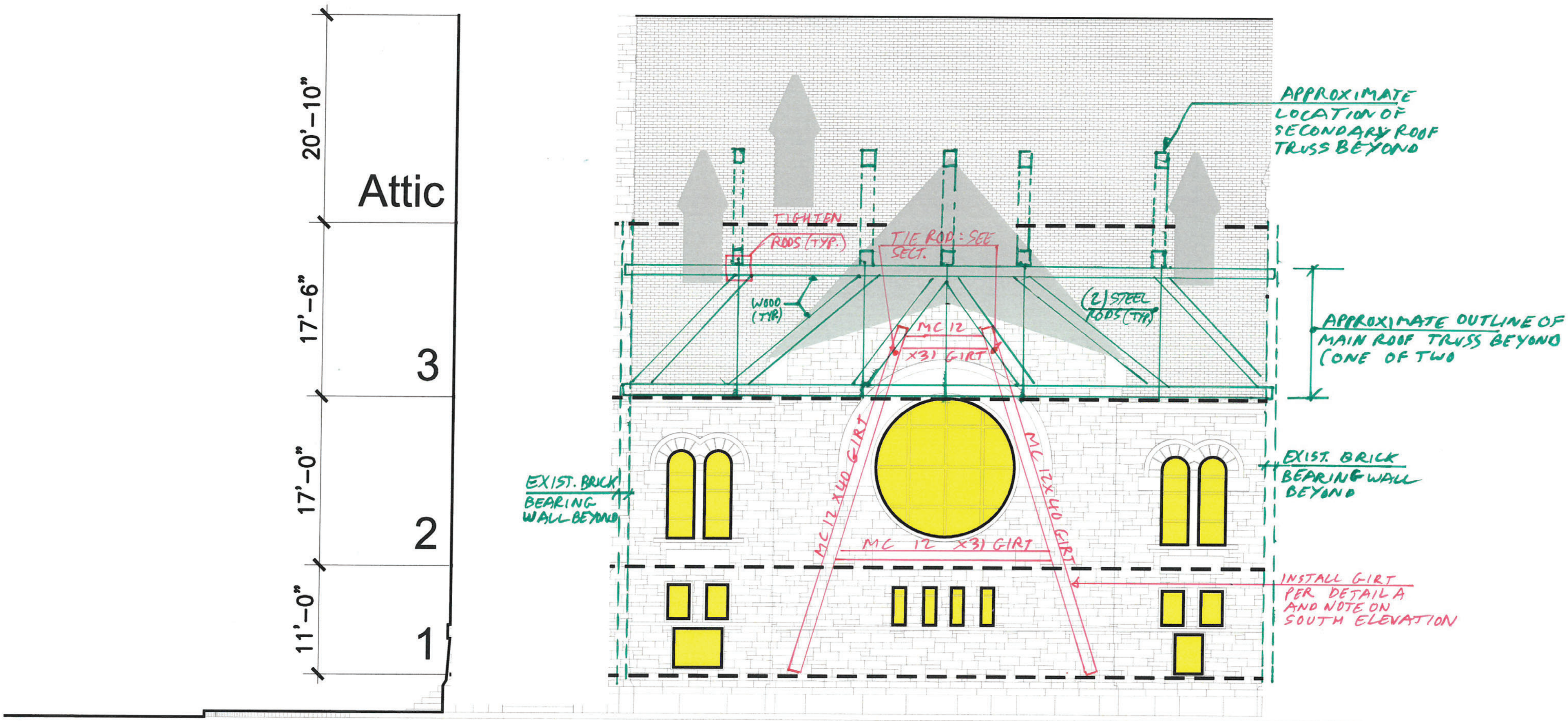
Severud Associates

Muhammad Rahal, PE
Senior Associate

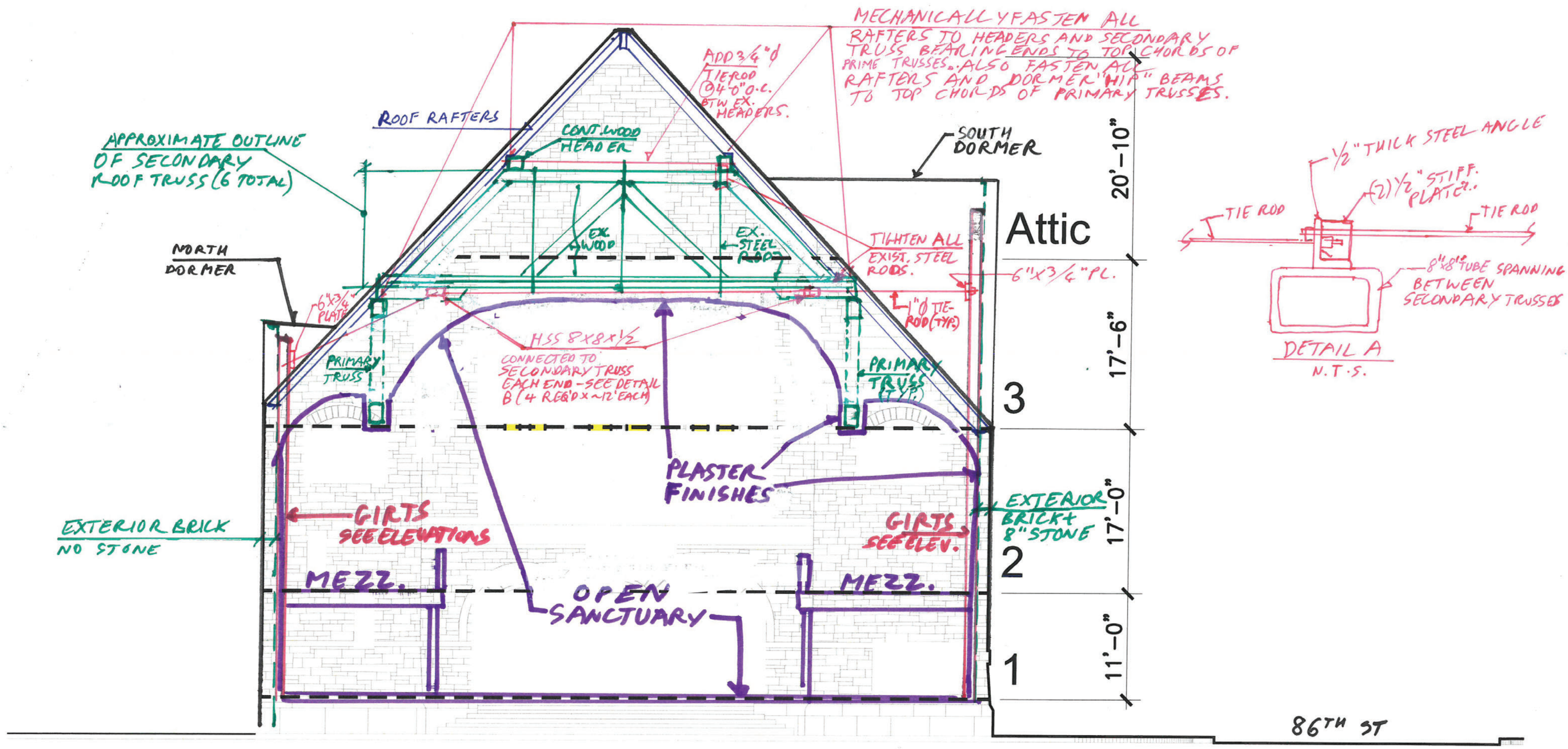
MTR/mmi



SOUTH ELEVATION



NORTH ELEVATION



SECTION LOOKING EAST

9/6/2022

Leeding Builders Group
33 East 33rd St
New York, NY 10016

West Park Presbyterian Church

Order of Magnitude Estimate for Façade Stabilizaiton
Based on "Structural Stability Analysis" from Severud Associates dated July 15, 2022

		Qty	Unit	Unit Cost	Total
02 20 00 - Demolition					
	Selective Demo Plaster for Girt Installation	1020	sf	$ 50.00	$ 51,000
	Demo at floors for Girt Installation	2	ea	$ 5,000.00	$ 10,000
	Demo at Ceiling for Girt Installation	2	ea	$ 5,000.00	$ 10,000
02 40 10 - Abatement					
	Allowance to contain and abate demo areas	1	allow	$ 200,000.00	$ 200,000
	- Note insurance not included (by owner).				
	- Note no surveys have been conducted, allowance is based anticpated material based on age of building				
05 10 00 - Structural Steel					
	FURNISH ONLY				
	MC12x40 North Elev Vert Girts	1.8	tons	$ 15,000.00	$ 27,000
	MC12x31 North Elev Horiz Girts	1.085	tons	$ 15,000.00	$ 16,275
	MC12x40 South Elev Vert Girts	2	tons	$ 15,000.00	$ 30,000
	MC12x31 South Elev Horiz Girts	1.085	tons	$ 15,000.00	$ 16,275
	HSS 8x8x1/2 Tie Rod Girts 48.85 plf	1.954	tons	$ 18,000.00	$ 35,172
	1" Tie Rod and Couplers	0.75	tons	$ 17,500.00	$ 13,125
	Fabricate Truss Clip Connections (L8x8x3/8 x12")	30	ea	$ 500.00	$ 15,000
	Fabricate Rafter Clip Connection (16ga)	450	ea	$ 50.00	$ 22,500
	INSTALL ONLY				
	Drilling / Epoxy Bolts @16" oc	150	ea	$ 150.00	$ 22,500
	Labor to install Girts	640	hrs	$ 200.00	$ 128,000
	Welding MC full connection splice locations	34	ea	$ 2,500.00	$ 85,000
	Fire watch (2 overnight shifts)	320	hrs	$ 280.00	$ 89,600
	Install tie rod allowance	1	ls	$ 75,000.00	$ 75,000
	Install Truss Clips	60	hrs	$ 200.00	$ 12,000
	Install Rafter Clips	300	hrs	$ 200.00	$ 60,000
	Install 3/4" Tie rod at upper trusses	5	ea	$ 2,500.00	$ 12,500
	Allowance to tighten existing truss rods (scope and procedure to be refined)	1	ls	$ 25,000.00	$ 25,000
06 10 00	Carpentry Drywall				
	Restore Sanctuary Walls	1	allow	$ 50,000.00	$ 50,000
	**** NOTE - MC Channels will most likely protrude beyond existing finishes. This is an allowance but exact detail is required to understand cost. This cost is not for a 'historically accurate restoration).				
	**** NOTE No costs are included for restoration of any wood flooring, millwork or trim at sanctuary.				
	**** NOTE - No costs are included for restoration of plaster at ceiling - this allowance is to patch the space with sheetrock only				
07 20 00 - Fireproofing					
	Fireproof new girts and tie rods	1	allow	$ 35,000.00	$ 35,000
09 90 00 - Painting					
	Painting *** Only at patches	1	allow	$ 10,000.00	$ 10,000
14 85 00 - Scaffolding and Access					
	Scaffolding in Sancuary for Access	1	ls	$ 35,000.00	$ 35,000
	Scaffolding in Attic for Access	1	ls	$ 85,000.00	$ 85,000
				Trade Cost Totals	**$ 1,170,947**
	General Conditions	13%			$ 152,223
				Subtotal	$ 1,323,170
	Construction Contingency	10%			$ 132,317
	Design Contingency - for scope added during design development.	10%			$ 132,317
	-Note the above is not intended to cover cost of design (assumed by owner)			Subtotal	$ 1,587,804
	CCIP	9%			$ 142,902
				Subtotal	$ 1,730,707
	Addition Ins (Offsite, Auto, Pollution	2.50%			$ 43,268
				Subtotal	$ 1,773,974
	Construction Services Fee	4%			$ 70,959
				Subtotal	$ 1,844,933
	SDI Program	1.75%			$ 32,286
				Total	**$ 1,877,219**

B. Tilt monitor data

As noted in our prior submission, the Church commissioned an analysis of the condition of the north and south walls of the building, prepared by Krypton Engineering, which finds the walls to be leaning outward by up to eight inches.

After this finding, tilt monitors were installed on each wall by Krypton Engineering to measure any wall movement. The results of the most recent month's data are attached. No meaningful wall movement was detected in this period. The Church will continue to monitor the walls for movement going forward.