

RPBNY INC

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***General Contractors
Construction Managers
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March 23, 2017

Ms. Phaedra Kazanas
My Four Dghtrs Realty Corp.
5-44 47th Avenue
Long Island City, NY 11101

DEVELOPMENT OF APARTMENTS AT 123 ROMBOUT AVENUE, BEACON, NY 10508

Dear Ms. Kazanas:

I enclose herewith, my financial analysis of the development at 123 Rombout Avenue, Beacon, NY 10508. Please note the following:

1. I figure that the configuration of the site would only allow subdivision into three or four house lots for single family residences.
2. As an alternate I use information developed by the Architect to also look at a variance to construct 10 single family apartments generally within the confines of the existing structure.
3. The cost information revealed that subdividing the plot for construction of three single family residences is not a viable one both from rental and sale perspectives. Rental assessment revealed a loss of approximately \$25,000 per year for each of the single-family accommodation. Real Estate information revealed that sale of the proposed newly constructed single family residences would end up in an overall loss of approximately \$750,000
4. The cost information revealed that subdividing the plot for construction of four single family residences is also not a viable one both from rental and sale perspectives. Rental assessment revealed a loss of approximately \$20,000 per year for each of the single-family accommodation. Real Estate information revealed that sale of the proposed newly constructed single family residences would end up in an overall loss of approximately \$1,100,000
5. The cost information revealed that the construction of a 10-unit single family apartment building is the only viable alternative that would yield a positive net income.
6. The cost analysis was based on information available as at March 22, 2017. No allowance was made for future increases in cost of labor and materials nor for any changes in activities within the construction industry. Information on sales and rentals was received from a real estate agent covering the location. Even though the costs could be fine-tuned at a later date when more details would be available, it is clear that the construction of single-family residences would result in substantial loss to the Owner. The Owner would, in fact, be in a better financial position by abstaining from developing the property along these lines. However, the construction of the single-family apartments based on a variation in use appears to be the only financially viable arrangement available which would yield a profit to the Owner.

I trust that the foregoing would be sufficient for you to make a decision on the proposed development, but in the event you need additional details, please do not hesitate to contact me.

Yours truly,



Romesh Budhram, FRICS, MBA

10 SINGLE FAMILY APARTMENTS + LOFTS AT 123 Rombout Avenue

	DESCRIPTION	QUAN	UNIT	RATE	TOTAL
1	LAND DEVELOPMENT	14,320	SF	3.00	42,960
2	PARKING	10,000	SF	7.50	75,000
3	LANDSCAPING	1,500	SF	10.00	15,000
4	WALKWAYS	1,500	SF	12.00	18,000
5	1st FLOOR: EXISTING	8,180	SF	85.00	695,300
6	1st FLOOR: NEW	2,500	SF	135.00	337,500
7	Loft	5,040	SF	50.00	252,000
8	UTILITIES	1	LS	100,000.00	100,000
9	SITEWORKS	1	LS	120,000.00	120,000
10	DEMOLITION	1	LS	15,000.00	15,000
11		CONSTRUCTION COST			1,627,800
12	CONSTRUCTION FINANCING		5.00%		81,390
13	DEVELOPMENT FEE		3.00%		48,834
14	A/E FEES		6.00%		97,668
15	CM FEE		7.00%		113,946
16	LAND ACQUISITION				450,000
17		TOTAL COST OF DEVELOPMENT			2,419,638

			RENTAL	TOTAL	
A	PARKING	14	CARS	-	-
B	RESIDENTIAL UNITS	10	UNITS	24,000.00	240,000
C		GROSS YEARLY INCOME			240,000
D		GROSS OPERATING COSTS		17.50%	42,000
E		NET INCOME			198,000
F		REPAYMENT OF DEVELOPMENT COST		7.50%	181,473
G	YEARLY RETURNS				16,527

RENTAL \$ 2,000 PER MTH

AREA 1,572 SF

3 PARCEL SUBDIVISION WITH SINGLE FAMILY RESIDENTIAL HOUSE ON EACH PARCEL

	DESCRIPTION			QUAN	UNIT	RATE	TOTAL
1	LAND DEVELOPMENT	1.00	38,000	38,000	SF	3.00	114,000
2	FOOTPRINT	3.00	1,200.00	3,600	SF		-
3	PAVING & PARKING AREA	1.00	34,400	34,400	SF	7.50	258,000
4	1st FLOOR	3.00	1,200.00	3,600	SF	120.00	432,000
5	2nd FLOOR	3.00	1,200.00	3,600	SF	120.00	432,000
6	UTILITIES			1	LS	75,000.00	75,000
7	SITEWORKS			3	EA	15,000.00	45,000
8	DEMOLITION			1	LS	35,000.00	35,000
9	CONSTRUCTION COST						1,277,000
10	CONSTRUCTION FINANCING				5.00%		63,850
11	DEVELOPMENT FEE				2.00%		25,540
12	A/E FEES				3.00%		38,310
13	CM FEE				7.00%		89,390
14	LAND COST			1	LS	450,000.00	450,000
14	TOTAL COST OF DEVELOPMENT						1,944,090

A	PARKING	10.00	PLACES	10	CARS	1,200.00	12,000
B	RESIDENTIAL UNITS	3.00	UNITS	3	UNITS	24,000.00	72,000
C	GROSS YEARLY INCOME						84,000
D	GROSS OPERATING COSTS					15.00%	12,600
E	NET INCOME						71,400
F	REPAYMENT OF DEVELOPMENT COST					7.50%	145,807
G	YEARLY RETURN						(74,407)

RENTAL \$ 2,000 PER MTH

AREA 2,400 SF

SALE OF HOUSES

4 HOUSES 300,000.00 \$ 1,200,000.00
NET PROFIT \$ (744,090.00)

4 PARCEL SUBDIVISION WITH SINGLE FAMILY RESIDENTIAL HOUSE ON EACH PARCEL

	DESCRIPTION			QUAN	UNIT	RATE	TOTAL
1	LAND DEVELOPMENT	1.00	38,000	38,000	SF	3.00	114,000
2	FOOTPRINT	4.00	1,200.00	4,800	SF		-
3	PAVING & PARKING AREA	1.00	33,200	33,200	SF	7.50	249,000
4	1st FLOOR	4.00	1,200.00	4,800	SF	120.00	576,000
5	2nd FLOOR	4.00	1,200.00	4,800	SF	120.00	576,000
6	UTILITIES			1	LS	100,000.00	100,000
7	SITEWORKS			4	LS	15,000.00	60,000
8	DEMOLITION			1	LS	35,000.00	35,000
9		CONSTRUCTION COST					1,596,000
10	CONSTRUCTION FINANCING				5.00%		79,800
11	DEVELOPMENT FEE				2.00%		31,920
12	A/E FEES				3.00%		47,880
13	CM FEE				7.00%		111,720
14	LAND COST			1	LS	450,000.00	450,000
14			TOTAL COST OF DEVELOPMENT				2,317,320

A	PARKING	10.00	PLACES	10	CARS	1,200.00	12,000
B	RESIDENTIAL UNITS	4.00	UNITS	4	UNITS	24,000.00	96,000
C		GROSS YEARLY INCOME					108,000
D		GROSS OPERATING COSTS				15.00%	16,200
E		NET INCOME					91,800
F		REPAYMENT OF DEVELOPMENT COST				7.50%	173,799
G		YEARLY RETURN					(81,999)

RENTAL \$ 2,000 PER MTH

AREA 2,400 SF

SALE OF HOUSES

4 HOUSES 300,000.00 \$ **1,200,000.00**

NET PROFIT \$ (1,117,320.00)