

DBQ DOSSIER 1 DOCUMENTS
HIGH-RESOLUTION IMAGES

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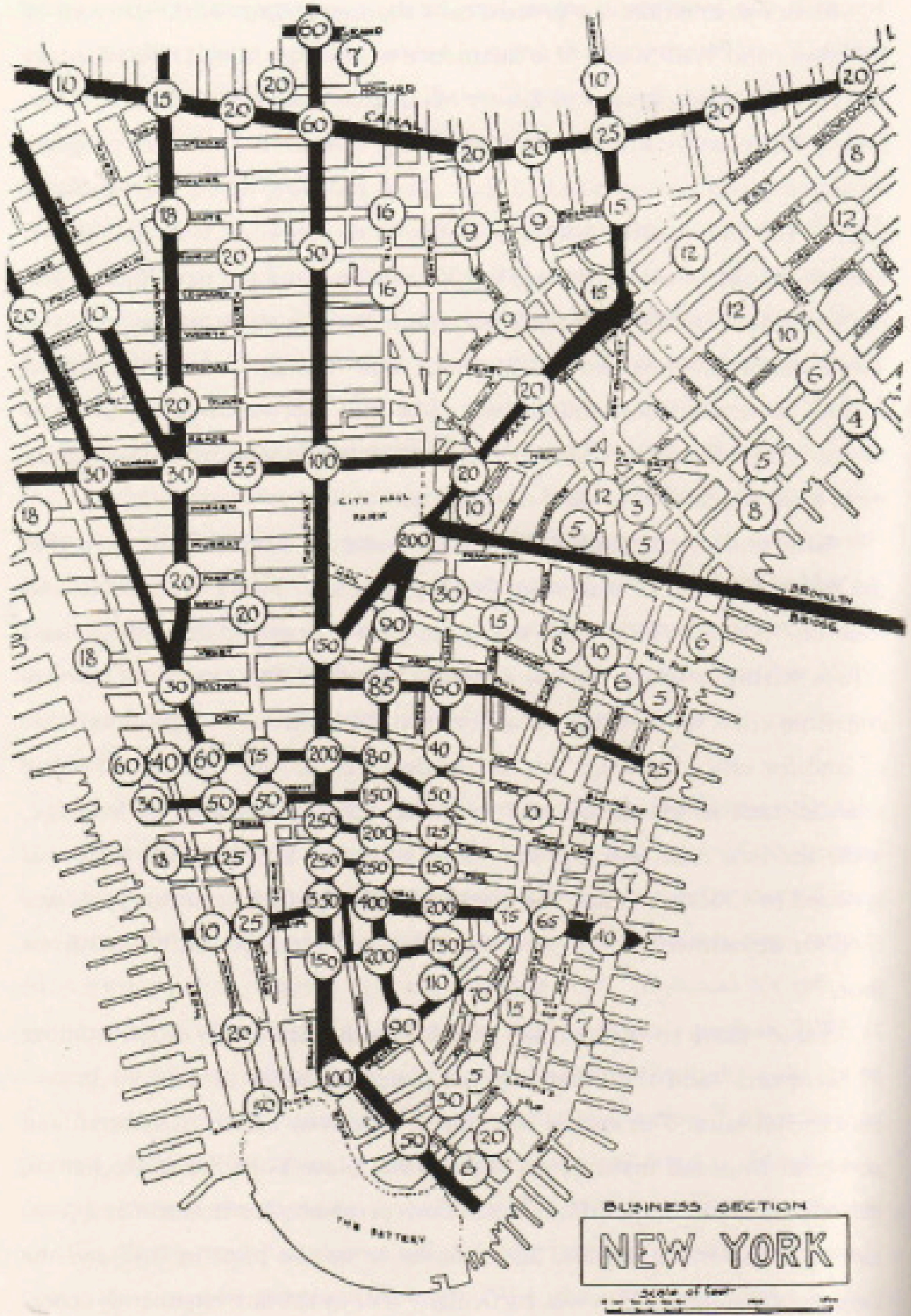
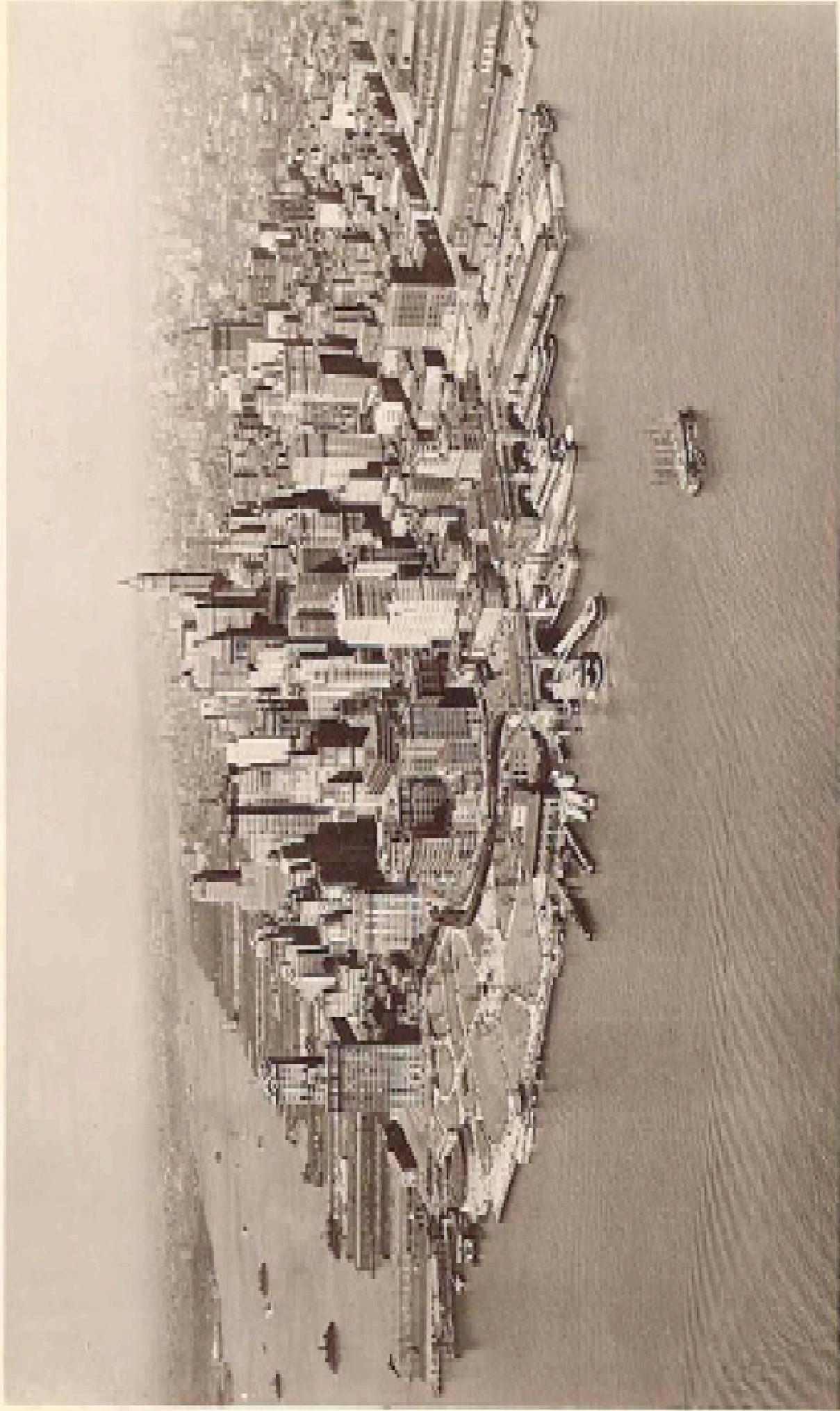


Fig. 163 Land values in Lower Manhattan (1903), dollars per square foot.

image dossier



10781-80

LOWER NEW YORK.
ENTRANCE TO HARBOUR AND HUDSON RIVER, FROM AN AIRCRAFT.

ROBART PHOTO, S.C.

3 3A

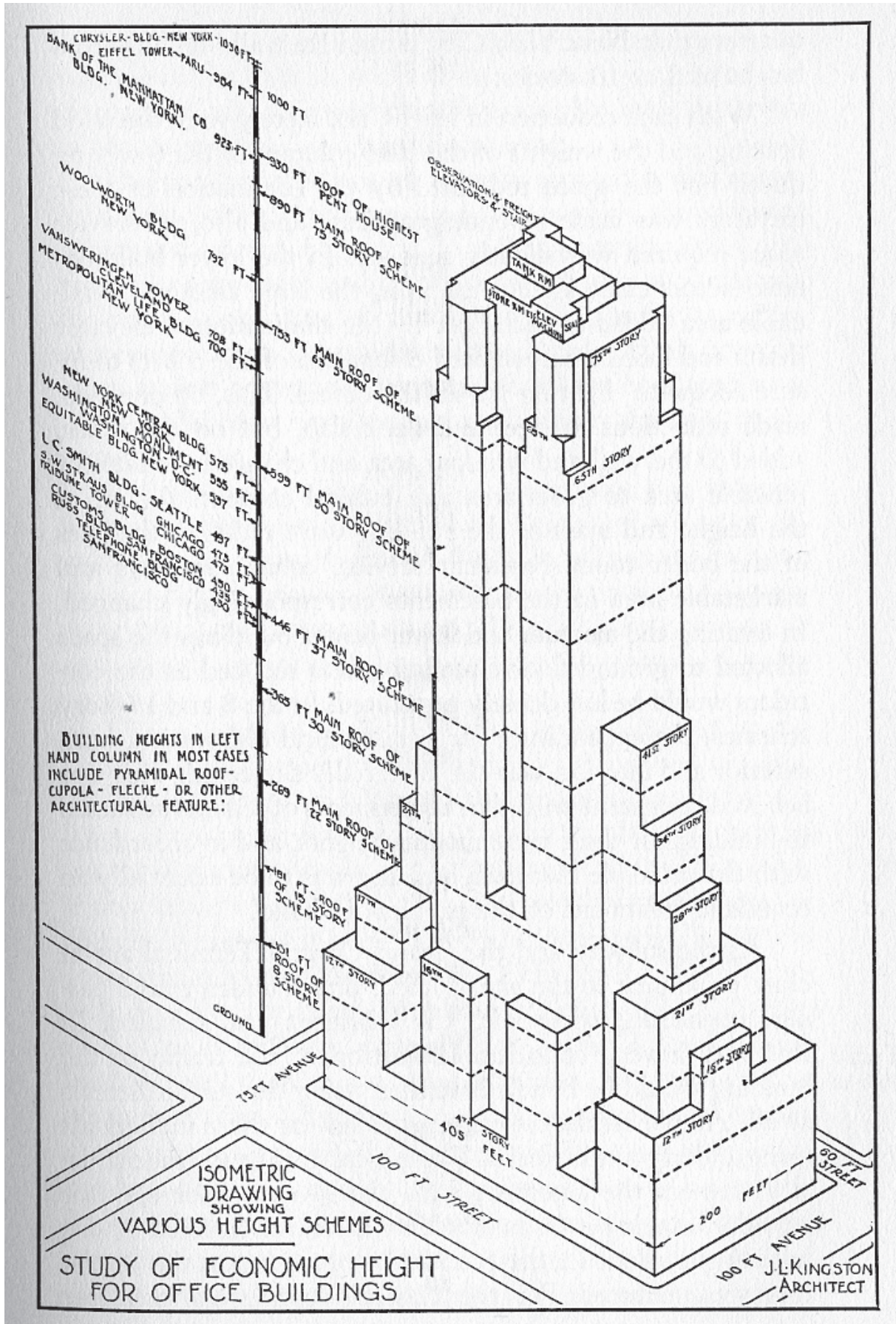


TABLE No. 1
SUMMARY OF INVESTMENT COST, GROSS AND NET INCOME AND RETURN UPON INVESTMENT
 (Assuming land value at \$200 per square foot)

	8-Story Building	15-Story Building	22-Story Building	30-Story Building	37-Story Building	50-Story Building	63-Story Building	75-Story Building
INVESTMENT				(in thousands)	of dollars)			
A. Land (81,000 sq. ft. @ \$200).....	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200	\$16,200
B. Building.....	4,769	7,307	9,310	11,775	13,808	16,537	19,390	22,558
C. CARRYING CHARGES:								
1. Interest during construction:								
(a) Land (6% on cost for full period).....	810	972	1,134	1,296	1,458	1,620	1,780	1,944
(b) Building (6% on cost for half period).....	119	219	326	471	622	826	1,065	1,353
2. Taxes during construction—Land.....	292	350	408	466	524	584	642	700
3. Insurance during construction.....	3	5	8	12	21	35	65	95
TOTAL CARRYING CHARGES.....	\$1,224	\$1,546	\$1,876	\$2,245	\$2,625	\$3,065	\$3,552	\$4,092
D. GRAND TOTAL COST.....	22,193	25,053	27,386	30,220	32,633	35,802	39,142	42,850
Total assignable to Land.....	17,502	17,522	17,742	17,962	18,182	18,404	18,622	18,844
Total assignable to Building.....	4,891	7,531	9,644	12,258	14,451	17,398	20,520	24,006
INCOME								
E. Gross Income.....	1,819	2,780	3,483	4,181	4,755	5,581	6,302	6,901
F. Expenses:								
1. Operating.....	311	482	592	723	814	942	1,058	1,213
2. Taxes.....	479	541	591	653	725	774	846	926
3. Depreciation.....	95	146	186	235	276	331	388	451
TOTAL EXPENSES.....	\$885	\$1,169	\$1,369	\$1,611	\$1,795	\$2,047	\$2,292	\$2,590
G. NET INCOME.....	934	1,611	2,114	2,570	2,960	3,534	4,010	4,311
NET RETURN								
H. NET RETURN ON TOTAL INVESTMENT.....	4.22%	6.44%	7.73%	8.50%	9.07%	9.87%	10.25%	10.06%
I. INCREASE IN INVESTMENT FROM LAST ADDITION OF STORIES.....	\$2,860	\$2,833	\$2,834	\$2,413	\$3,169	\$3,340	\$3,708
J. INCREASE IN NET INCOME RESULTING THEREFROM.....	677	503	456	390	574	476	301
K. NET RETURN ON INCREASE IN INVESTMENT.....	23.69%	21.51%	16.09%	16.15%	18.13%	14.25%	8.12%

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C O P Y

Personal.

28 August, 1929

L. G. Kaufman, Esquire,
Chatham Phenix National Bank & Trust Co.,
149 Broadway, New York.

Dear Lou:

Referring to our several conversations with respect to the Waldorf property would advise that my understanding is as follows:

1. There will be formed a Company to take title to this property paying therefor the actual cost to your group who have purchased it.
2. There will be paid into this new Company \$10,000,000 in cash in return for which there shall be issued all of the stock of the Company.
3. Mr. Pierre du Pont and I will supply half of the \$10,000,000 and you, with certain other gentlemen, will supply the balance.
4. Our understanding is that the property has two mortgages, one of \$8,000,000 and a second mortgage of \$3,000,000, that we will immediately call the second mortgage of \$3,000,000, paying same off at a slight premium which I understand is about 2%, and that we will then immediately proceed with the demolition the buildings, choose an architect and prepare plans for a new building as expeditiously as possible.
5. It is understood and agreed that we will not go ahead with the erection of a new building on this property until we have completed arrangements for financing the cost thereof.

Our present tentative feeling is that we should be able to build a building, the cubicle content of which will be about 34,000,000 feet at \$1.00 per cubic foot including all charges of every kind such as interest, cost of demolition, architect and builder's commission, fees paid for securing mortgages, rental fees, etc. etc. which would mean a total cost of not more than \$34,000,000, which added to the land cost of \$16,000,000 would give a total cost of about \$50,000,000.

It is our present feeling that this capitalization perhaps can be arranged somewhat in the following form:



First mortgage at 5 1/2% for the first five years and 5% thereafter, with a 2% sinking fund after five years.....	\$27,500,000
Second mortgage to be sold on a 6 1/2% basis net to the Company carrying not more than 20% of the common as bonus.....	12,500,000
Balance of money to be supplied by owners for which we will likely take a 7% preferred stock and 7% of the common stock.....	<u>10,000,000</u>
Total	\$50,000,000

It is understood that we will secure the services of a man as President at a salary of \$50,000 per year and in addition set aside 5% of the common stock to be issued in his name and held in escrow with the understanding that it is to be held in escrow for him. In the event of his leaving the Company in one year he is to get only one-fifth of the amount; at the end of two years, two-fifths; at the end of three years, three-fifths; at the end of four years, four-fifths; at the end of five years, five-fifths or all of it. It is further understood, however, that in the event of his death, the stock will be turned over to his estate free and clear of all conditions.

In closing, I want to emphasize the importance of agreeing that under no circumstances will we go ahead with the erection of the building until and unless the financial arrangements are completed to insure the money necessary to pay therefor as the progresses.

I am sure we have a complete meeting of minds on this but in an abundance of precaution thought it well to state my understanding in this letter to you.

I appreciate the opportunity you have given us in this matter and particularly in the privilege of being associated with you and your group in the doing of something big and really worth while. I am sure it will be the most outstanding thing in New York and a credit to the city and state as well as to those associated with it.

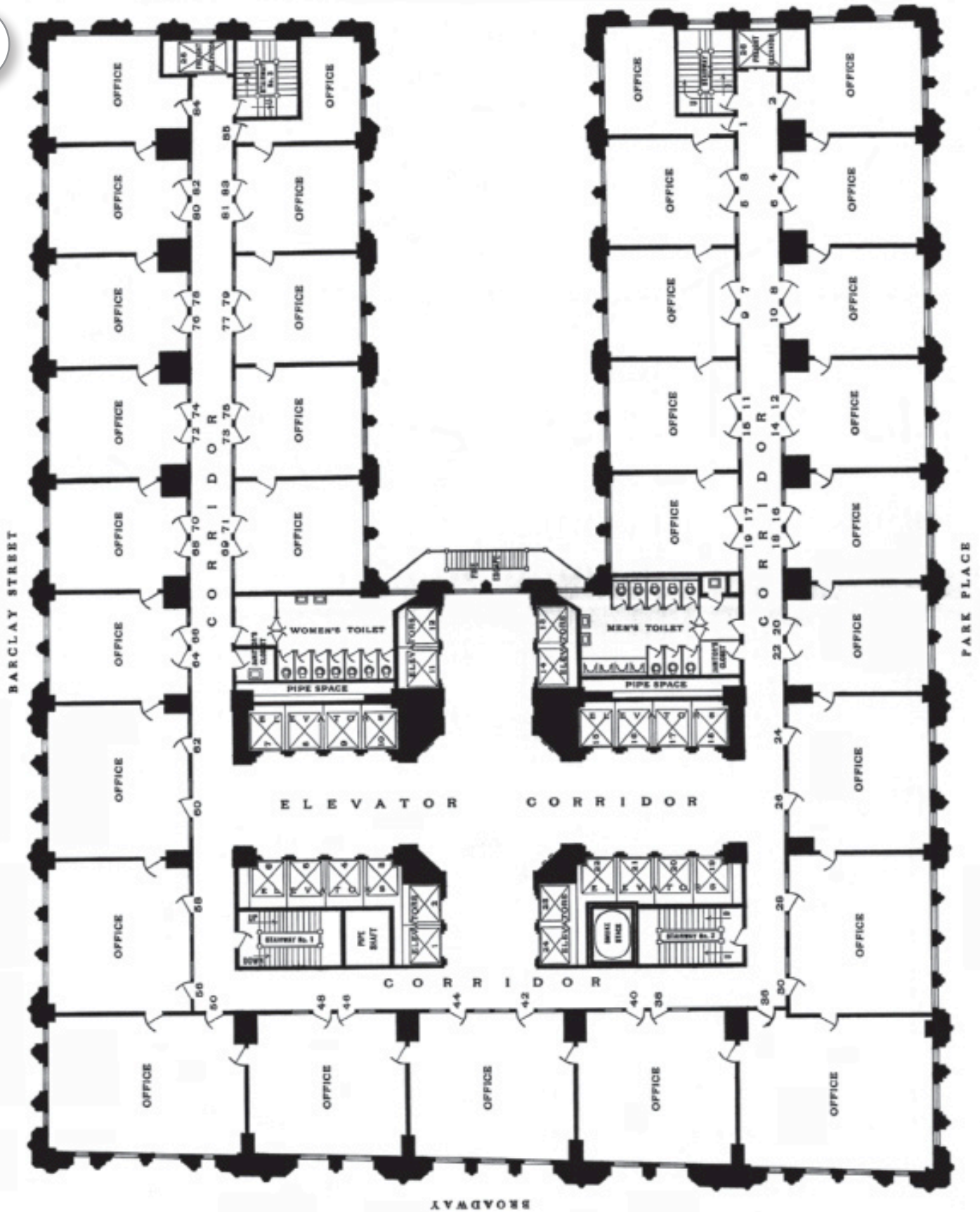
Sincerely yours,

P.S. I forgot to state that it is, of course, understood that the first mortgage will carry 6% interest during the construction period.

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<u>55 Storeys</u>		<u>80 Storeys</u>	
Land - - - - -	-\$16,000,000	Land - - - - -	-\$16,000,000
29,000,000 on ft. @ \$1.00 - - - - -	29,000,000	34,000,000 cu. ft. @ \$1.00 (25 addtl storeys 80 x 240	<u>34,000,000</u>
Total cost - - - - -	<u>45,000,000</u>		<u>50,000,000</u>
1st Mtg (5½% - 2% S.F.) - - - - -	<u>25,000,000</u>		<u>27,500,000</u>
Balance - - - - -	20,000,000		22,500,000
2nd Mtg (6½% with 20% of Com.) (Stk as bonus)	<u>10,000,000</u>		<u>12,500,000</u>
Balance - - - - -	10,000,000		10,000,000
Pfd. Srk (7% with 80% of Com, bonus)	10,000,000		10,000,000
I N C O R P O R A T E D			
1,750,000 sq. ft. @ \$3.25 - - - - -	5,690,000	1,750,000 sq. ft. @ \$3.25	5,690,000
		330,000 " " @ \$4.00	<u>1,310,000</u>
			7,000,000
Vacancies 10 % - - - - -	<u>570,000</u>		<u>700,000</u>
	5,120,000		6,300,000
Op. Exp. 1,750,000 sq. ft. @ 75¢	1,312,500	2,080,000 Sq.Ft. @ 75¢	1,560,000
Taxes 40,000,000 " @ \$2.66	<u>1,047,500</u>	44,000,000 " @ \$2.66	<u>1,170,000</u>
Total Expense - - -	<u>2,360,000</u>		<u>2,730,000</u>
Bal. for Capital - - - - -	2,760,000		3,570,000
1st Mortg. Interest - - - - -	<u>1,375,000</u>		<u>1,510,000</u>
	1,385,000		2,060,000
1st Mtg. S. F. 2% - - - - -	<u>500,000</u>		<u>550,000</u>
	885,000		1,510,000
2nd Mtg. Int - - - - -	<u>650,000</u>		<u>810,000</u>
Bal. for owners	235,000		700,000
\$10,000,000 - 7% Pfd. Stk	<u>700,000</u>		<u>700,000</u>
Bal. for Com. Stk	465,000		0

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. Wolff David M.	3707-11
. Windsor Realty Co.	860-08
. Wright Richard A.	814
. Werther Arthur	928-30
. Wood Matthew W.	1756-8
. Wait John C.	1702-4
. Winter Charles A.	1702-4
. Walkep S. T.	1116-18
. Weldon Richard E.	1501-11
. Westerberg & Williams	1778-84
. Williams Ed. T.	1778-84
. Wright Roy V.	2201-22
. Wolf S. B.	911-15
. Wechsler Ralph V.	2160-64
. Wechsler Sigmund	2160-64
. Wright Boardman	1372-8
. Warrendorf H.	940
. Wright Harold A.	902-4
. Wright Schooley & Morse	902-4
. White William Wallace	1672-84
. Weed N. H.	2279-85
. Woolworth F. W. Co. Executive office	24th floor
. Woolworth F. W. Co. Manhattan office	23d. floor
. Williams W.	24th floor
. Winslow C. B.	24th floor
. Woolworth F. W.	24th floor
. Wallenstein Harry S.	1769-83
. Watson Fire Proof Window Co.	2172-84
. Watson Solar Window Co.	2172-84
. Watts Frank A.	1322-26
. <i>Hord, Francis P.</i>	<i>1669-71</i>
. <i>Hoddrop, C. William</i>	<i>2068</i>