



THE COUNCIL  
OF  
THE CITY OF NEW YORK  
CITY HALL  
NEW YORK, NY 10007

CHRISTINE C. QUINN  
SPEAKER

TELEPHONE  
212-788-7210

August 3, 2010

Thomas J. Hughes  
Chairman and Chief Executive Officer  
LNR Property Corporation  
1601 Washington Avenue, Suite 800  
Miami Beach, FL 33139

Dear Mr. Hughes:

We are writing to inform you that we cannot support the proposed transfer of the ten properties in the Bronx that were formerly owned by Milbank. While we appreciate some of the cooperation we have received from your office, we have significant concerns about the planned transaction and its impacts on the tenants.

First among our concerns is the secrecy of the buyer. It is our firm belief that a prospective owner of such distressed properties should be willing to meet with tenants and their representatives and discuss their plans for the buildings. That the person looking to purchase the property is unwilling to do so causes us great concern.

In reviewing the cash flow analysis of these buildings, we are also concerned by a lack of detail on the significant capital repairs that are clearly necessary. Since the cash flow does not include this, we are led to believe that the new owner does not have a plan for how much money will be put into the buildings to get them up to code. These buildings are in serious distress. Without a specific plan, there's very little to assure us – or tenants – that the new owners will make the necessary repairs to ensure that these buildings are safe and livable.

Finally, we are greatly concerned by the level of debt that will remain on the buildings. Like many other urban areas, New York City is facing a major problem from overleveraged multifamily housing. These buildings face debt burdens that are untenable based on the rental income they generate, leaving the speculative owners unable to pay for repairs and maintenance and often debt service as well. While this transaction will bring in a new owner, it will not change the terms of the debt and therefore is highly unlikely to change the outcome for the building.

It is for these reasons that we must oppose this sale. Instead of going ahead with the transaction, we ask that you postpone the closing, come forward with the prospective owner, and work out a deal that will leave the buildings in a situation where they can be repaired and maintained. This is the only solution that ensures the tenants will have a safe and decent place to live.

Sincerely,



Christine C. Quinn  
Speaker



Annabel Palma  
Co-Chair  
Task Force on Financially Distressed Rental Housing



Fernando Cabrera  
Council Member, District 14