

Island House Tenants Association, Inc.

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<http://islandhouse.us>

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From: IHTA Board

To: Members

Via: Door Drop, Glass-Case Posting, Web Posting

Subject: Newsletter

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PRESENT STATUS OF NEGOTIATIONS FOR ISLAND HOUSE

Island House is STILL at the negotiating table with RIOC, DHCR and Charles Lucido.

IHTA remains committed to: a) ensuring protection for renters and b) viable and affordable purchase options for potential homebuyers as stated in our LOI. We continue to maintain and incorporate these core principles in our most current proposal to RIOC. In fact, in continuing our consultation with RIOC, DHCR and our real estate consultant Community Preservation Corporation (CPC), we are integrating these core principles into the development of a new approach to affordable housing that addresses long-term affordability without becoming a Mitchell Lama coop like Rivercross.

New RIOC President Steve Shane has committed RIOC to doing everything possible to finalizing an agreement to transfer the building to affordable tenant ownership as quickly as possible, including a new ground lease and Tax Equivalency payment agreement.

RIOC and DHCR understand and recognize that we are NOT interested in becoming a Mitchell Lama coop. We continue to negotiate on that basis.

As a result of our first EVER joint meeting with RIOC and Charles Lucido on April 17, 2007, our LOI with Charles Lucido was not extended because RIOC, at the urging of DHCR, removed the inclusion of vacant apartments from the negotiating table. This action, essentially, removed a key pillar of the LOI rendering it obsolete.

That said, it is very important to note that Lucido has committed to negotiating, in good faith, on the basis of a transfer of Island House to affordable tenant ownership. In addition, RIOC and DHCR have made it clear they will not allow Island House to be removed from Mitchell Lama without such an agreement.

The results of taking the vacant apartments off the negotiating table are:

- We are developing an alternate income stream for our proposal that will, ultimately, be synchronized with Charles Lucido and RIOC/DHCR.
- RY Management has activated the waiting list for rentals.
- Tenants currently on the transfer list will be contacted directly by RY Management.

Currently, there is an impasse regarding the price of the building between Charles Lucido and RIOC. As of this writing, the two sides appear committed to negotiating their differences and recognize the adverse impact and the consequences on themselves and the tenancy if there is no agreement. IHTA believes that, eventually, an agreement will be made based on the affordability plan that we are developing.

While we support Westview in its efforts toward tenant ownership, it is important to note that our circumstances, proposals and negotiating approach are significantly different:

- Charles Lucido only has to consult with ONE partner vis a vis the negotiations relating to Island House; whereas he has MULTIPLE partners operating under a more complex partnership agreement to consult with vis a vis negotiations with Westview.
- In addition, Charles Lucido is directly incorporated into Westview's proposal in that he would retain a portion of ownership of their apartments. Island House would retain 100% tenant ownership.
- Island House has engaged the services of a real estate consulting firm, Community Preservation Corporation (CPC), that is well-respected by ALL parties and have and continue to play a critical role in developing detailed scenarios and projections that will underlie a final agreement.
- Our approach towards the stakeholders is different and effective.

OTHER ITEMS COVERED AT MAY 2, 2007 IHTA MEMBERS' INFORMATION MEETING

- Stuart Saft, Esq. has joined a new law firm, LeBoeuf, Lamb, Greene & MacRae LLP. IHTA is exploring our legal options at this time.
- IHTA has negotiated a payment agreement with Stuart Saft's previous firm, Wolf Haldenstein Adler Freeman & Herz LLP.
- Due to independent actions recently taken by two IHTA Board member, all relevant stakeholders (RIOCR President, Board members and DHCR) have been formally informed that the IHTA Chair or someone officially designated by the IHTA Board will be the official spokesperson for the IHTA Board on any matter relating to IHTA. The two pertinent IHTA Board members have been notified of these actions.
- Fundraising efforts are still required.

UPCOMING MEETING DATE

Tuesday, May 22, 7:30 PM: IHTA Members' Meeting on "Island House Façade Repair" featuring RY Management, Lawless and Mangione Engineers, Millennium Contractors and Rand Engineering. The length of meeting will be expanded to address any questions regarding the current status of the negotiations. **Location:** Church of the Good Shepherd, Lower Level. Light refreshments will be served.