



Goldwasser of FIA Capital Partners acts as ownership's chief restructuring officer for 174-room Tillary Hotel bankruptcy filing

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Brooklyn, NY Faced with foreclosure, The Tillary Hotel filed for bankruptcy last month in yet another example of New York City's hospitality woes.

The 174-room boutique hotel and residential building, located at 85 Flatbush Ave., is owned by Isaac Hager's Cornell Realty Management and partners, including Rubin Equities. The ownership entity filed a Chapter 11 petition in New York bankruptcy court on Dec. 18th.

David Goldwasser

FIA Capital Partners principal David Goldwasser, a debt workout expert hired as ownership's chief restructuring officer for the bankruptcy, said the hotel is staying open. A UCC foreclosure auction over the mezzanine debt on the hotel scheduled last month was halted because of the bankruptcy filing, according to Goldwasser. "The plan is to operate the hotel and increase occupancy, and work through the pandemic," said Goldwasser. "The goal is to stabilize it...a Chapter 11 bankruptcy is meant to reorganize. It keeps the dream alive."

Hager's firm and its partners paid \$95 million for the building, which also features 64 rental apartments and 6,000 s/f parking garage, in September 2019. Madison Realty Capital provided a \$76 million acquisition loan for the purchase.

Earlier this year, Eli Tabak's Bluestone Group issued the ownership group a \$6 million mezzanine loan, which it defaulted on. The owners, doing business as 85 Flatbush RHO Hotel LLC, were told back in August that Bluestone was foreclosing on the property.

According to Goldwasser, the hotel was closed at the start of the coronavirus crisis and operated as a homeless shelter in May and June. It reopened to the public on July 15th but has been operating at reduced occupancy, the owners stated in the bankruptcy petition. In the filing, the hotel ownership claims it has assets between \$10 and \$50 million and liabilities between \$50 and \$100 million.

Only five of the 64 apartments are occupied, the hotel owners said in the filing, and they plan to convert the apartments into condominiums if the hotel is allowed to emerge from bankruptcy. Its

largest unsecured creditors are a Brooklyn-based security company, Greater Shield, which is owed nearly \$370,000, and Chesky Berkowitz, a leader of the Satmar community of Orthodox Jews in Brooklyn, who is owed \$250,000 according to the filing.

It is not the first hotel in the city to be hit hard by this crisis. The Hotel Association of New York City predicts 20% of the city's 124,000 hotel rooms won't reopen after the pandemic subsides. The Hilton Times Square, the W Hotel Downtown, The Roosevelt and Midtown's the Maxwell and Omni Berkshire hotels have all announced they will close in recent months.

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