

Fortis Sells Cobble Hill Dev Site After Foreclosure Threat

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New York

Fortis sells large Cobble Hill site to Madison Realty after foreclosure threat

Lender to acquire River Park dev sites where Fortis planned two condo buildings totaling 150 units



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Fortis Property Group has avoided a foreclosure on a large Cobble Hill development site, reaching a deal to sell the properties to lender Madison Realty Capital.

Madison Realty will acquire the sites at 350 Hicks Street and 91-95 Pacific Street, where Fortis had planned two condo buildings totaling 150 units. Madison intends to rework those plans, according to a source familiar with the deal.

Fortis sought to build three developments on the parcel, just south of Atlantic Avenue, dubbed River Park. On the Pacific Street site, the project's tallest component, 2 River Park, was set to contain 102 units. On the Hicks Street site, the 48-unit 1 River Park would rise 20 stories above a parking area and community space.

A separate component of the project, the 15-story, 25-unit 5 River Park at 347 Henry Street, is not part of the UCC foreclosure and is "now almost 75 percent sold," according to [Fortis' website](#).

Madison had initiated a UCC foreclosure on the equity interests in 350 Hicks Street and 91-95 Pacific Street, with an auction date initially set for late last month, but pushed back until late October. The sale of the interests would have satisfied \$47.7 million in debt, according to marketing materials. It is unclear why Fortis defaulted on the debt.

Greg Corbin, president of bankruptcy and restructuring at Rosewood Realty Group, was marketing the foreclosure sale.

Fortis purchased the Cobble Hill sites in 2015 for \$240 million as part of a deal with the State University of New York to acquire 18 buildings that were previously part of the Long Island College Hospital campus.

The deal became controversial due to the involvement of Mayor Bill de Blasio, who was arrested during his 2013 mayoral campaign for protesting the hospital's closure, but allegedly helped broker a deal to sell the property after taking office. Then-Manhattan U.S. Attorney Preet Bharara investigated de Blasio's role in the deal, but did not bring charges.

DeBlasio advocated for a rezoning of the site to increase affordable housing and density, but faced opposition from then-Council member (now city Comptroller) Brad Lander. Fortis avoided the rezoning process altogether by going with market-rate condos, which it could build on the property as-of-right.

After securing the bid, Fortis landed a \$107 million bridge loan from Madison Realty. Two years later, Madison Realty provided Fortis with a \$297 million construction loan for the three condo buildings.

Fortis and Madison did not immediately return requests for comment.

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