

# Nearly Finished Downtown Brooklyn Hotel Files for Bankruptcy

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Commercial

New York

## Abraham Leifer puts Downtown BK hotel project in bankruptcy

Nearly finished 21-story development faces claims by multiple creditors



Avieview Equities's Abraham Leifer with rendering of 291 Livingston Street (LinkedIn, Gene Kaufman Architect, Getty)

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By

Keith Larsen

Facing foreclosure, the owners of a nearly finished hotel in the heart of Downtown Brooklyn have resorted to bankruptcy to satisfy the project's mounting debts.

An entity controlled by Brooklyn developer Abraham Leifer filed for bankruptcy to pave the way for a sale of 291 Livingston Street, a 21-story hotel project known for the distinctive, zebra-like mural that covers much of its exterior.

The project is 95 percent complete, according to the bankruptcy filing, but needs another \$6 million to get across the finish line.

It's among a growing number of properties throughout the city that are turning to bankruptcy court to delay foreclosures or otherwise fend off distress. In this case, the debtor's restructuring officer, David Goldwasser, says the developers simply ran out of cash.

"In order to maximize the value of the property and cut off the continuing accruals and costs associated with the ownership and management," the filing reads, "the debtor will attempt to sell the property during its Chapter 11 case, in order to generate proceeds for payment to its creditors."

Greg Corbin, a bankruptcy specialist, is marketing the auction.

The hotel's odyssey dates back to 2016, when Leifer's Aview Equities was quietly piecing together an assemblage in Downtown Brooklyn for an 220,000-square-foot office and retail project. That never came together, but fellow Brooklyn developer Eli Karp's Hello Living bought the Livingston Street site for \$11.1 million in 2017, and Leifer stayed on as an investor.

Karp filed plans to build a hotel there later that year, but in 2018 Leifer replaced him as the managing member of the hotel's ownership group.

As work on the Gene Kaufman-designed building progressed, the project soon started running into issues with its lenders and subcontractors.

Late last year, lender Acres Capital sued to initiate a UCC foreclosure, alleging the hotel's ownership group had defaulted on a \$29.7 million mortgage. Then, in March of this year, a mezzanine lender sued the owners, claiming they had failed to repay its loan despite a workout agreement that extended the maturity date.

Almost 20 mechanics' liens have also been filed against the property totaling about \$3 million, though they are disputed by the owners, according to the bankruptcy filing.

The owners value the property at about \$29 million.

Leifer's Aview Equities, based in Borough Park, is also facing trouble at a nine-story residential conversion at 19 West 55th Street in Midtown Manhattan, where lender Merchants Bank recently accused it of defaulting on a \$36.7 million refinancing loan.

PincusCo first reported the Livingston Street bankruptcy.

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