

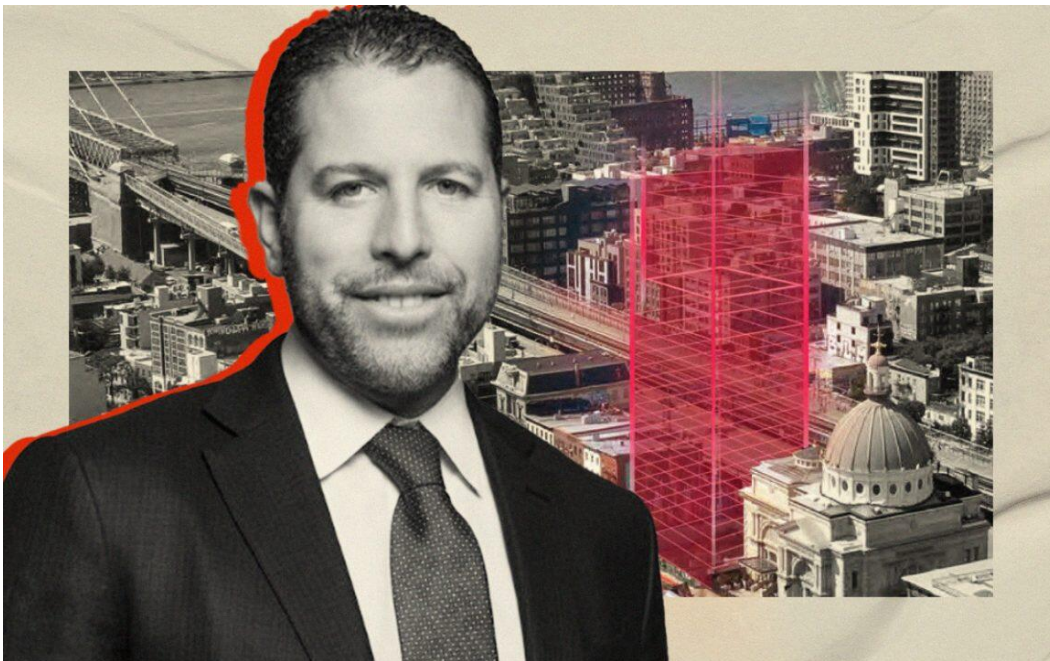
# Lender to Take Control of Hager's Williamsburg Hotel Project

[therealdeal.com/new-york/2022/11/14/madison-realty-to-take-control-of-isaac-hagers-williamsburg-hotel-project/](https://therealdeal.com/new-york/2022/11/14/madison-realty-to-take-control-of-isaac-hagers-williamsburg-hotel-project/)

November 14, 2022

## Madison Realty to take control of Isaac Hager's Williamsburg hotel project

Sale will end two-year bankruptcy proceeding for site of planned 26-story hotel and condo



Nov 14, 2022, 6:00 PM

By

[Keith Larsen](#)

Isaac Hager is having a roller coaster of a November.

Last week the Brooklyn developer partnered with nursing home investor Daryl Hagler to acquire a site in the borough with plans for a major residential project. This week he's set to lose one.

Madison Realty Capital, the senior lender on a development site at 159 Broadway in Williamsburg, where Hager once planned a 26-story hotel and condominium, plans to close on its purchase of the property this week, according to a filing in bankruptcy court. Madison

used its existing debt to acquire the site. PincusCo first reported the sale.

Hager's Cornell Realty bought the site, which sits next to the historic Williamsburgh Savings Bank building and across the street from Peter Luger Steakhouse, for \$26.3 million for 2017. Two years later, Madison Realty provided about \$28 million in loans on the property, while Eli Tabak's Bluestone Group provided a \$3.5 million mezzanine loan. Plans filed in 2018 included a 235-key hotel, condos, a bar and a restaurant.

Hager began excavation and foundation work, but a few months into the pandemic, Bluestone initiated a UCC foreclosure on an equity stake in the site with an auction eventually set for December 2020.

Madison Realty then filed to foreclose on the property's senior debt in July 2020, alleging Hager was in default.

Ahead of the UCC auction, Hager put the ownership entities into bankruptcy protection to halt the foreclosure. The bankruptcy proceeding dragged on for almost two years in front of White Plains judge Robert Drain before Madison's bankruptcy plan was approved this summer.

Greg Corbin, president of bankruptcy and restructuring at Rosewood Realty Group, marketed the sale. Corbin said in a filing that late in the sale process, the property lost a tax incentive known as the Industrial and Commercial Abatement Program, which was valued at about \$3 million a year. The loss of the tax incentive reduced the value and interest in the property, according to Corbin's filing.

Hager has been no stranger to bankruptcy court in recent years. The Tillary Hotel, a property he co-owns, went into bankruptcy protection in 2020 to stave off a foreclosure. This summer, Hager put his minority stake in Churchill Real Estate's office and retail project at 257-263 West 34th Street in Midtown into bankruptcy protection.

But Hager's troubles have not impeded his ability to raise money for new deals. Last week, he partnered with Hagler to buy the former Spice Factory site near the Brooklyn Botanical Garden in Crown Heights, where Bruce Eichner once planned a 1,500-unit residential project, for \$42.4 million in an all-cash deal.

Madison Realty declined to comment. Hager did not return a request to comment.

Tags

New York

