

# Madison Realty Capital Aims to Take Over NuHart and Company Site

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New York

## Madison moves to take over contaminated Greenpoint site

Company filed preliminary plans for 480-unit building on property



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By

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A Greenpoint development site is a bit of a mess — not just because it's home to toxic waste.

The former Harte & Company plastics factory that has been the subject of multiple lawsuits and ownership disputes is now at the center of bankruptcy proceedings aimed at selling the site.

The property — which includes 10 lots bordered by Clay, DuPont and Franklin streets — was used for manufacturing and commercial purposes starting in 1887. It became a plastics manufacturing warehouse in the 1940s under the Harte & Company banner, and between 1983 and 2004, was used by NuHart and Company to make vinyl siding and other products.

The state declared it a superfund site in 2010, due to contaminated soil and groundwater and the presence of underground chemical storage tanks.

Madison Realty Capital, a senior lender on the site, hopes to take over the property. According to documents filed with the state Department of Environmental Conservation, Madison plans to build an eight-story mixed-use building, with 480 residential units, 144 which would be set aside as affordable through the city's mandatory inclusionary housing program. The plans are still preliminary, pending cleanup of the site and additional approvals.

The site's current owner, developer Bo Jin Zhu's DuPont Street Developers, filed for Chapter 11 bankruptcy in March with the aim of selling the property to someone other than All Year Management, according to court filings.

In March 2018, the owner agreed to sell the 10 contiguous lots to All Year for \$55 million. The parties agreed in November 2019 to increase the price to just over \$57 million, according to the sale contract. All Year had planned its own 325-apartment complex on the site.

But DuPont Street Developers claims the sale dragged, in part, due to lawsuits over its 2012 acquisition of the properties. The owner also alleges that All Year's financing for the deal fell apart, a claim the company disputes. All Year argues in court filings that DuPont Street Developers failed to "deliver [a] clean, insurable title" for the sale.

Both entities are grappling with financial hardship. DuPont Street Developers says its debt obligations are "unsustainable" absent a sale of the property. Madison provided the primary loan for the entity's acquisition of the site, worth \$55 million, and another \$7.7 million in mezzanine financing. Meanwhile, All Year is facing a slew of lawsuits, threats of foreclosure and allegations of fraud against its founder.

Madison declined to comment. Representatives for All Year did not return messages seeking comment.

In April, DuPont Street Developers filed a motion to cancel the sale of the property to All Year, noting that it would not be able to scrounge up the necessary financing for the deal. An attorney for DuPont indicated that the dispute with All Year is resolved, and sale of the property will move forward.

Last week, a Brooklyn Bankruptcy court judge cleared the way for Madison to provide the owner with up to \$11 million debtor-in-possession financing to prepare it for sale. As secured creditor, Madison can make a credit bid on the site, using its \$60 million-plus claim on the property. Other parties will be able to make a play for the site, which will be marketed by Rosewood Realty Group's Greg Corbin.

The state estimates that cleanup of the site will cost \$30 million.

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