

Auction Set for Urban Commons' Bankrupt Wagner Hotel

therealdeal.com/new-york/2023/02/06/urban-commons-vs-the-world-firm-shifts-blame-as-wagner-hotel-faces-auction/

February 6, 2023

New York



Urban Commons' Taylor Woods with the Wagner Hotel (Google Maps, Urban Commons, Getty)

By

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Feb 6, 2023, 4:57 PM

Urban Commons vs. the world: Firm shifts blame as Wagner Hotel faces auction

Hotelier battles creditors, residents and its own past over bankrupt FiDi property

Urban Commons has spent the past two years litigating failed projects from coast to coast, but it seems to be at war with everyone over the Wagner Hotel — and its past battles are coming back to haunt it.

The hospitality firm is fighting a foreclosure attempt by its lender as well as allegations of unpaid bills by its landlord and a condo board at the Lower Manhattan property, which it bought for \$151 million in 2018.

Urban Commons put the shuttered hotel at 2 West Street into bankruptcy in November to stop the foreclosure by Silver Creek Development on a \$96 million loan. A judge has set an auction for April 25 with an opening bid of \$60 million, marketing materials show.

But the sale of the property would resolve only one of the many problems facing Urban Commons, whose founders, Taylor Woods and Howard Wu, were labeled “fraudsters” by a Delaware judge in 2021.

“Woods and Wu have a history of wrongful acts and have proven that they are capable of shuffling assets,” the judge said after the pair were accused of misappropriating Paycheck Protection Program funds meant for the Queen Mary, a famed ocean liner turned hotel in Long Beach, California.

Urban Commons’ creditors at the Wagner Hotel are now citing those comments as reasons why Woods and Wu cannot be trusted during the property’s bankruptcy process.

In bankruptcy filings, the developer has blamed the hotel’s problems on its previous operator, Ritz-Carlton, who it alleges mismanaged operations to the tune of millions of dollars in losses.

Woods also points the finger at the nonprofit Battery Park City Authority (BPCA), which controls the Wagner Hotel’s ground lease, claiming the BPCA never approved Urban Commons’ repositioning plans for the property, including bringing on a new hotel operator. Woods claims he had the support of BPCA CEO George Tsunis — currently the U.S ambassador to Greece — but the nonprofit never signed off on the plans.

“Even before the Covid-19 pandemic, BPCA consistently forced debtors into financial distress,” Woods told the bankruptcy court.

Other parties say Urban Commons’ troubles are its own doing.

The condo board, which represents owners of the 100 condominium units above the 14-story hotel, claims the firm has stopped paying its portion of the bills for the building’s common areas. The residents claim they’ve paid more than \$150,000 a month, or \$1.8 million a year, in expenses that should have been charged to Urban Commons. The firm also failed to pay its electric bill, the board alleges, leaving another \$500,000 in Con Edison charges that residents had to take on.

The board further alleges that Wu claimed to have negotiated a resolution with ConEd, but when the board looked into it, no such arrangement was ever made.

Others blame Urban Commons for the zombie hotel's poor performance. The BPCA alleges the developer defaulted on its ground lease payments and racked up \$10.7 million in arrears last year. Highgate, which took over as the 298-key hotel's operator after Ritz-Carlton, claims its operating expenses at the Wagner totaled \$42 million, but Urban Commons only forked over \$19.2 million, according to a lawsuit.

The bankruptcy's marketing and sale process is being run by Greg Corbin, president of bankruptcy and restructuring at Rosewood Realty Group and Adam Etra, vice chairman of Newmark's lodging capital markets.

Rosewood and BCPA declined to comment. Urban Commons' attorney did not return a request for comment.

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