
Harlem Developers Near Default

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The owners of the 1,230-unit, rent-controlled Riverton Apartments in Manhattan's Harlem neighborhood anticipate defaulting on the property's \$225 million mortgage by next month, marking one of the housing bust's largest collapses of a New York City residential development.

Developers **Rockpoint Group LLC** and **Stellar Management** have told the mortgage's servicer that they made minimal progress toward their goal of converting half of the 61-year-

old complex's units to market-rate housing since obtaining the mortgage in December 2006, according to Trepp LLC, a data-and-analytics provider that tracks commercial-mortgage securities.

A Rockpoint representative on Thursday declined to comment.

The Riverton mortgage, like many commercial loans in recent years, was sliced up and sold to multiple investors as bonds. The market for such commercial-mortgage-backed securities has been all but shut since the credit crisis began last sum-

mer. Defaults on those bonds remain rare, but mortgages on apartment-complex developments have gone into default more than those on retail, office or warehouse properties.

Most of those defaults have occurred in Florida, Texas and parts of the Midwest. The New York City residential market, so far, hasn't suffered the sharp declines in values seen in other parts of the country. "It's surprising that you'd have a New York City multifamily [default] happening so quickly," said Manus Clancy, Trepp's senior managing director.
