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Riverton Houses in Harlem to Be Sold in Foreclosure

By [CHARLES V. BAGLI](#)

A state judge on Tuesday ordered the foreclosure sale of the storied Riverton Houses, a middle-class [Harlem](#) enclave that ran into trouble a year ago when its new owner failed to make good on optimistic revenue projections and defaulted on his mortgage.

Justice [Richard F. Braun](#) of State Supreme Court in Manhattan ordered the sale of the complex at public auction to satisfy the owner's \$240.6 million debt. The complex sits between 135th and 138th Streets, from Fifth Avenue to the Harlem River.

Riverton, like a number of complexes during the real estate boom, was bought for top dollar in 2005 by a company led by the developer Laurence Gluck, who had a plan to increase profits by replacing tenants in rent-stabilized apartments with market-rate tenants.

"We're about to see a wave of foreclosure sales throughout New York City," said Harold Shultz, senior fellow at the Citizens Housing and Planning Council. "This is the first. For tenants, there's good news and bad news. Excessive debt will be eliminated, but they will be at the mercy of the auction process as to who the new owner will be."

In January, the owners of Stuyvesant Town and Peter Cooper Village, two middle-class housing complexes overlooking the East River, announced that they would give the keys back to the lender after they [defaulted on \\$4.4 billion in loans](#).

Riverton tenants said Tuesday that it was a sad day for the 63-year-old complex, whose residents have included the jazz pianist Billy Taylor; former Mayor [David N. Dinkins](#); Fritz W. Alexander II, the first black judge to serve a full term on the State Court of Appeals; Suzanne de Passe, a former vice president of Motown Records; and Clifford L. Alexander Jr., who was secretary of the Army in the Carter administration.

"We are hoping that whoever buys this property is not another greedy developer," said Cynthia Allen, president of the Riverton Tenants Association.

Lawyers familiar with the Riverton foreclosure said the sale would probably take place in March. Several groups have expressed interest in buying the property, which has 1,228 apartments in seven buildings, many of them surrounding a 700-foot-long grassy mall. But it is unclear whether any of them will offer enough money to satisfy the lender, which is represented by Wells Fargo Bank.

“We’re very interested in buying the property,” said Adam Holland, president of Jackson Management, who heads a group of investors who are circling the complex. Like Stuyvesant Town and Peter Cooper, Riverton was built in the 1940s by the Metropolitan Life Insurance Company. It sold Riverton in 1976 to Jack Holland — Adam Holland’s grandfather — and Charles A. Vincent for \$12.5 million.

They, in turn, sold it to Mr. Gluck of Stellar Management in 2005 for \$135 million. A year later, Mr. Gluck refinanced, getting a \$225 million mortgage and a \$25 million loan. That enabled him to recover his initial investment of \$44 million and collect tens of millions of dollars in profit.

Mr. Gluck landscaped the property and renovated the buildings, installing new elevators and entry doors. The rental income, however, covered only 30 percent of the debt payments. His plan was to convert more than half of the apartments to market-rate rentals by 2011 and increase net income to \$24 million. But the conversion process proved slow, and by 2008 only 10 percent of the units had been deregulated.

Last year, Mr. Gluck, who still manages Riverton, defaulted on his loans and offered to turn over the property deed in lieu of foreclosure. The value of the property had plunged below \$150 million.

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