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Tishman, BlackRock To Skip Stuyvesant Town Payment

By Dawn Wotapka
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NEW YORK (Dow Jones)--Tishman Speyer and BlackRock Inc. (BLK) said Friday they would not make a full scheduled debt payment to senior lenders, triggering default and leaving Stuyvesant Town and Peter Cooper Village, one of New York City's largest apartment complexes, in limbo.

The joint venture "has been engaged in discussions with CWCapital, the special servicer acting on behalf of the lenders, and hopes to continue good-faith negotiations toward a potential restructuring of the debt," the venture said in a statement.

CWCapital, which could not be reached for comment, is expected to issue a notice of default over the payment, scheduled to be \$16 million.

The announcement should not affect the complex's day-to-day operations, which has become a major concern for current tenants.

A venture led by Tishman Speyer Properties and a unit of BlackRock bought the 11,000-unit complex in 2006 in a top-of-the-market deal valued at \$5.4 billion, hoping to push out long-time tenants and replace them with tenants paying higher rents. But in October, New York's highest court ruled that owners improperly raised rents on thousands of units removed from the city's rent-regulation program, a ruling that sent shock waves through New York City's real-estate community.

Monthly rents have been rolled back on roughly 4,000 units as the saga awaits conclusion.

Already, the court ruling is having an impact elsewhere. It played a role in last month's preliminary injunction by the State Supreme Court halting eviction of 12 Bronx, N.Y., tenants whose rent was raised beyond stabilized levels by landlord Riverview Redevelopment Co., said Garrett Wright, a staff attorney in the Community Development Project at the Urban Justice Center, who filed the Supreme Court suit. The rent spikes were hundreds of dollars; for example, the rents for two bedroom apartments rose from under \$800 to almost \$1,300.

"It was a tremendous help," Wright said of the Stuyvesant Town ruling. "You're going to see more and more cases like our case that are going to be sprouting up throughout the city, and I think the circles... are going to continue to expand."