

The buyers of six key lots in West Grove aren't so mysterious after all

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The “mystery” buyers who won six sought after West Coconut Grove lots in U.S. bankruptcy court are not so mysterious after all: They are well known Miami financial figures Bruce Berkowitz and Bill Mahone.

And they insist they have no grand plans as yet for the lots, which constitute a small piece of a much larger set of properties along Grand Avenue that were once slated for a far reaching redevelopment scheme.

Their B and B Grove Properties partnership bid \$5.4 million to beat out three other parties who have been jousting over control of the broader set of properties, which occupy most of six blocks on Grand. The court approved sale of the six lots, which make up just a fraction of the larger redevelopment area, closed on Tuesday, said B and B Grove’s attorney, Cori Lopez Castro.

The purchase nonetheless represents an intriguing and unexpected twist in a long running saga that could help set the future of a historically black neighborhood beset by gentrification, population loss and deteriorating housing.

In an interview, Berkowitz insisted he and his partner acted to seize an opportunity but have no immediate plans for the properties, which are not contiguous and total somewhat less than an acre. He also said he is not pursuing other nearby lots at the moment.

“When I heard about the properties, it seemed like a way to, in a small way, enter the neighborhood,” said Berkowitz, a Coral Gables resident whose Fairholme Capital Management mutual fund is nationally known. “We like the Grove as a neighborhood. We honestly don’t know what we’re going to do in the future. I wouldn’t be so presumptuous.”

But, he added, “It’s a walking neighborhood and I hope it stays a walking

neighborhood. I certainly know the historic significance."

The purchase has raised speculation about the pair's intentions. It could complicate efforts to revive the original redevelopment plan, which called for a mix of mid rise residential buildings and shops, including a supermarket, along six blocks on Grand. Approved by the city in the late 2000s, the project foundered after proponent Pointe Group Advisors failed to close on the assemblage of properties.

A partnership that owns most of the redevelopment properties, meanwhile, has been mired in a legal war among its shareholders.

But Lopez Castro stressed that Berkowitz and Mahone are not acting as spoilers.

"That's not the way that we see it; I don't think that's true," she said. "The clients like Coconut Grove and they like its character. They're going to work with the local community on whatever they do there."

The six lots they bought, which slipped into bankruptcy and were put up for auction by a trustee, sit on the south side of the 3300 block of Grand and both sides of the 3400 block. They include the site of the Range Funeral Home, a neighborhood landmark.

Several other lots in the original assemblage are for sale, and another set of lots, denominated the Andros properties, are also in bankruptcy proceedings.

News that a previously unknown company registered in Delaware had won the auction for the six lots raised eyebrows last week. Though the buyers had been identified in open court, that state's corporate record does not include the names of any officers and elected officials, and community leaders did not at first know their names.

Berkowitz said Mahone, who is managing director of Berkley Capital on Brickell Avenue, is acting on behalf of that firm's parent company, Connecticut based W.R. Berkley Corp. The "B's" in their partnership name stand for Berkley and Berkowitz, he said.

They narrowly beat bids by TC Grove Investments, controlled by prominent Miami developer Terra Group's David Martin, who once had a deal to buy most of the

assemblage for \$35 million before backing out, and Crunch Properties, whose listed principal is Orlando Benitez, Jr., a shareholder in the original assemblage.

The auction means a number of people made out well financially.

GV Nassau, LLC, listing former Pointe Group principal Peter Gardner as registered agent, served as “stalking horse” bidder in the bankruptcy auction, setting a base price of \$3.1 million for the six lots, said attorneys Peter Russin and Dan Gonzalez, of Meland Budwick, P.A., representatives for bankruptcy trustee Drew Dilworth. Though he did not snag the properties, Gardner earned a \$100,000 fee, Lopez Castro said.

Dilworth managed to up the selling price substantially, they noted, ensuring that all secured creditors will be paid and that Benitez will receive a sum in settlement of a claim. An unsecured lienholder who would otherwise have finished out of the money also will receive partial repayment, Russin and Gonzalez said.

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