

Blatstein reportedly buying former S. Phila. casino site

Written by Administrator
Sunday, 30 March 2014 11:57 -

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Last updated: Sunday, March 30, 2014, 1:09 AM

The Inquirer

PHILADELPHIA Developer Bart Blatstein is buying for \$13 million the site of the derailed Foxwoods Casino project in South Philadelphia, a property he owned 21 years ago, according to people familiar with the deal.

Blatstein declined to comment. Others involved in the transaction say the sale will open up a critical section of the central Delaware River waterfront to the public.

As part of the deal, Blatstein will convey to the Natural Lands Trust, a local land conservation organization, a 100-foot-wide strip of land along the river's edge from Tasker Street to Reed. That will allow the city to continue a waterfront trail across the former Foxwoods site on South Columbus Boulevard, between Tasker and Reed Streets.

The sale of the Foxwoods site also will eliminate a tax bill on the 16-acre property, with the city agreeing to accept \$8 million to resolve back taxes. The amount owed in taxes, penalties, and interest was \$14 million, but that assessment was based on there being a casino and hotel, which never got built.

"I'm very pleased that this got settled," said Alan Greenberger, deputy mayor for economic development.

Greenberger said Blatstein has not shared his plans for the former Foxwoods site. But he added that it would probably be a mix of residential and retail space.

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The city has advocated for extending the grid of streets from neighborhoods to the river's edge to make the waterfront more accessible to the public.

"This has huge potential," Greenberger said.

Blatstein has made headlines recently with his bid to open The Provence, a casino and entertainment complex on North Broad and Callowhill Streets. Tower Investments is one of five groups vying for the second gaming license in Philadelphia.

The South Philadelphia land deal, meanwhile, was part of a protracted and complicated effort to work out lingering issues involving the failed Foxwoods project.

The owners of the land - Philadelphia Entertainment and Development Partners (PEDP) - won a license in 2006 to build a Foxwoods Casino on the site.

PEDP was a partnership between the Mashantucket Pequot tribe of Connecticut and local investors. The Philadelphia partners included Comcast-Spectacor chairman Ed Snider, and charitable trusts for the families of Philadelphia developer Ron Rubin and the daughter of Lewis Katz. Katz is one of the owners of Interstate General Media, owner of The Inquirer, Daily News, and Philly.com.

PEDP raised money to buy a slot-machine license from the state for \$50 million, as well as to pay for initial costs to develop the project. Citizens Bank lent the group a total of \$75 million.

But the recession caused financial problems and costly delays. The state's Gaming Control Board revoked the Foxwoods license in 2010 but did not refund the license fee. When Pennsylvania legalized gambling in 2004, the law made no specific reference on how to handle license fees for failed projects.

The partners sued to get their money back in state court, but lost.

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With the sale of the property to Blatstein, the partnership expects to file for Chapter 11 in federal bankruptcy court in an effort to recoup the \$50 million licensing fee. The filing could take place in the next week, said Brian Ford, a representative for PEDP, who completed the land sale.

Ford said the court would be asked by creditors to "entertain an action against the state."

Any recovered funds, he added, would be applied exclusively to repaying creditors, not partners. The creditors include Citizens Bank, consultants, architects, and lawyers.

"PEDP believes it has valid claims for a return of this fee and that such claims are valuable assets that will benefit PEDP's creditors," Ford said.

The Foxwoods property in South Philadelphia was once the site of a sugar refinery. As large as a city block, the property was assembled by Blatstein in 1993. At the time, he thought he would develop a big-box shopping center.

The deal fell through, but something better came along: gambling.

In 1993, influential politicians were beginning to advocate for riverboat gambling. Blatstein rode a wave of casino speculation. Operators from Las Vegas and Atlantic City were lining up outside Blatstein's door, angling for his land.

A year after spending \$8.5 million to assemble the site, Blatstein flipped it for more than \$64 million to a company that became Caesars Entertainment.

The profit from that transaction gave Blatstein the financial firepower to become a major developer in the city. His signature development, which Tower Investments started in 2000, was the Piazza at Schmidts rental apartments in Northern Liberties.

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