

Judge: Long Beach owes 'Superblock' landowners \$5.5M

City vows to appeal award for condemned property

By **DAVID WINZELBERG**

Two former Long Beach landowners are a step closer to a multimillion-dollar payday nine years after the city condemned their waterfront property to clear the way for a long-promised mega development.

On Jan. 14, a state appellate court upheld the Supreme Court's 2012 ruling that real estate investors Louis Bombart and Steve Silverberg, who owned less than an acre of the six-acre "Superblock" project site, are owed an additional \$5.5 million plus interest over the \$3 million they initially got from the city when Long Beach condemned the property in 2006.

The Superblock saga dates back to 1998, when Long Beach laid out an urban renewal plan for the vacant block between Riverside and Long Beach boulevards, East Broadway and the boardwalk. At the time, city officials had proposed a 150-room hotel with a catering hall, convention center, restaurant, some retail shops and an 80-residence assisted-living center for seniors on the site, but the plan never materialized.

Over the years, the city entertained development proposals from a handful of would-be Superblock suitors, eventually deciding on Manhattan-based Philips International, which paid Long Beach \$46.6 million for the six acres in 2006. But Philips defaulted on the loan it used to buy the land, and the Superblock ended up in the hands of iStar Financial, a commercial real estate investment and financing firm. iStar has since taken over the latest incarnation of the Long Beach project: two 15-story towers with a total of 522 one- and two-



MARK MULHOLLAND: Long Beach owes former landowners more than \$10 million.

bedroom apartments and 11,000 square feet of retail at boardwalk level.

After several starts and stops, city officials say construction on the development should begin soon.

"They have always said that shovels will be in the ground this summer," said Long Beach Corp. Counsel Rob Agostisi.

An iStar executive didn't respond to a request for comment.

Bombart and Silverberg have owned the five piano-key-shaped parcels that total 0.79 acres within the Superblock since the late 1970s. The land represents 34 percent of the project's oceanfront and about 13 percent of the over-

all site. The city paid the pair based on their ability to build "one or two single-family or two-family" homes there, according to court documents.

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But the property owners' attorney, Mark Mulholland of Uniondale-based Ruskin Moscou Faltischek, successfully argued that the property's highest and best use turns out to be much pricier.

"The trial judge properly saw that this is an extraordinary piece of property, unique and highly valuable," Mulholland said. "The Appellate Division sustained that determination."

However, Robert Spolzino, a partner at Wilson Elser in Garden City, who represents the city in the case, said the Appellate Court's ruling upheld an award that credited the property owners for the work that the city did to bring the project together.

"They're not entitled to that," Spolzino told LIBN. "What they're entitled to is the value of what they had, not the value of what the city put together."

Mulholland said with accrued 6 percent interest and legal fees the city actually owes his clients more than \$10 million. For now the award has been stayed by the court, pending the forthcoming appeal by the city, Spolzino said.

And while the city waits for the Superblock project to finally get under way, Mulholland said his clients are still waiting to get what's coming to them.

"It's unfortunate it's taken this long," he said.