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Billionaire, fund manager buy Coconut Grove properties out of bankruptcy

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A company managed by billionaire insurance magnate William R. Berkley and equity fund manager Bruce Berkowitz acquired a collection of properties in Miami's Coconut Grove at bankruptcy auction for $5.4 million.

The six parcels totaling 43,750 square feet are located in the Central Grove, a historically black neighborhood that has been economically disadvantaged. Not all of the parcels are contiguous, so it would require additional land purchases to assemble a large-scale redevelopment site.

The properties are at 3364, 3384, 3441 and 3461 Grand Ave., plus 3400 and 3412 Florida Ave. They were owned by Nassau Development of Village West Corp. and Grand Abbaco Development of Village West Corp., which both filed for Chapter 11 reorganization protection in U.S. Bankruptcy Court in 2015.

Drew Dillworth, who was appointed Chapter 11 trustee in the case, hired Meland Budwick, P.A. attorneys Peter Russin and Daniel Gonzalez to represent him. Russin said Dillworth tried to negotiate a deal with the third- party owners in the area to sell the majority of the block, but that didn't work out.

County records show that affiliates of Point Group Advisors own a handful of contiguous parcels.

"Anybody who acquires those lots would want to get the rest of the assemblage," Russin said.

After a round of competitive bidding, U.S. Bankruptcy Judge A. Jay Cristol approved the $5.4 million high bid of B and B Grove Properties LLC on Oct. 31. Gonzalez said the deal closed Nov. 7, and he expects the buyer to pursue a mixed-use project with

commercial and residential use.

Records filed in bankruptcy court show that B and B Grove Properties is managed by Berkley and Berkowitz.

Forbes pegged Berkley's net worth at $1.62 billion. The Connecticut resident is the founder and executive chairman of insurance firm W.R. Berkley Corp.

Berkowitz is head of Miami-based Fairholme Capital Management, which runs three large equity funds. He's been in the news this year for his influence over Sears Holdings, where he recently stepped down from the board.

"They are individuals who are respected and have a very good track record in the business world," said Coral Gables attorney Corali Lopez-Castro, who represents B and B Grove Properties in bankruptcy court.

Lopez-Castro said her clients have not yet made specific development plans or engaged in deals to acquire more property in Coconut Grove.

"We appreciate the neighborhood and the special character of Coconut Grove," she said. "Once we formulate those plans, we look forward to reaching out to the community."

Clearly, Berkley and Berkowitz have the financial resources for a major redevelopment in Coconut Grove. The question is how they navigate the concerns of residents. Many people in the neighborhood are concerned about gentrification squeezing out longtime residents.

As for the bankruptcy case, Russin said the majority of creditors were repaid by the proceeds of the bankruptcy auction. Two banks were paid in full, and a third creditor agreed to a negotiated settlement for a reduced amount. However, the new property owner will have to resolve the code violations alleged by the city, Russin added. A few of the lots have older residential buildings.

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