

Queens Civic Congress continues to follow this development; it already communicated to representatives for the developer community concern that these sites provide for community health care needs.

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Auction of Queens hospital sites stirs up controversy

Brooklyn developer Joshua Guttman was declared winner with \$26 million bid, but a state agency and a competing bidder cry foul.

By [Amanda Fung](#)

The recent auction of two Queens hospital sites continues to generate local criticism, but it looks like the fate of the two sites will fall into the hands of the highest bidder—a group led by controversial Brooklyn-based developer Joshua Guttman.

On Tuesday, the U.S. Bankruptcy Court in the Eastern District of New York rejected the New York state Dormitory Authority's motion to stop the sale of the two hospital sites to Mr. Guttman, a major property owner in Brooklyn's Dumbo neighborhood who was the winning bidder for the Queens real estate last month. The state agency is owed more than \$62 million by the owner of the hospitals, Caritas Health Care, which filed for Chapter 11 bankruptcy earlier this year.

Flushing, Queens-based developer Village Management Group Inc. filed its own objection on Tuesday to the bankruptcy court, claiming that the bidding process was unfair. But it's unlikely that the court will rehear the case, attorneys said.

“The bankruptcy court is sensitive to any criticism, but since it already had a hearing the court will likely ignore the disgruntled bidder,” said Joshua Angel, a bankruptcy and restructuring attorney at Herrick Feinstein. “The court does not need to entertain an objection from the bidder.”

In the filing, Village Management asked the court to re-open the auction, alleging it was conducted unfairly. It further claims that it was the winning bidder for one of the hospital sites: St. John's two-acre campus in Elmhurst.

Last month, Mr. Guttman successfully bid a total of \$26.6 million for both St. John, and Mary Immaculate Hospital's four-acre campus in Jamaica, in the auction conducted by CB Richard Ellis.

Local officials, including Queens Borough President Helen Marshall, are concerned over what the new owner of the sites will do with the properties. Ms. Marshall has been pushing for new hospital facilities in the borough since her office released a report three years ago that cited a lack of healthcare facilities in Queens.

Mr. Guttman, the second-largest owner and operator of property in Brooklyn's Dumbo neighborhood, has approximately \$6 billion worth of real estate across the country and in Israel. Various news reports have cited nearly a dozen unexplained fires at properties that he owns in Brooklyn.

A closing date for the sales of the two Queens sites has not been established, said Isaac Abraham, who handles community relations for Mr. Guttman. Plans for the hospital sites will be shared with the community after closing, Mr. Abraham added.

Mr. Abraham said he is familiar with only one pending case regarding a fire in Greenpoint, but that “it should not in any way interfere or jeopardize his record as a businessman in New York city and this sale in particular.” He did not know when the city's investigation of the Greenpoint fire case will be settled.

Sources said Mr. Guttman will likely construct a commercial building on the Queens sites. But a healthcare component could also be in the offing.

“He was not resistant to bringing medical facilities to the sites,” said Dan Andrews, a spokesman for Ms. Marshall, adding that Mr. Guttman also has insisted that he would not demolish the hospital buildings. Ms. Marshall and Mr. Guttman met last week to discuss the two sites.

Village Management Group said in its court filings that it planned to “incorporate a community-related healthcare facility” in its development plans for the St. John's site. The developer had worked with New York Hospital Queens in developing an emergency services division in Flushing.