

# CATALYST

## PROPERTY ADVISORS

### Restructuring & Repositioning of Partially Completed Condo Project

**Overview:** Engaged by financial institution to evaluate and execute a strategic workout for a **distressed, partially completed condominium development**. At the time of engagement, **only 30 of 300 planned units** had been completed and were occupied with the remaining improvements in varying stages of construction. The project was encumbered by a **condominium ownership structure**, elevated **carrying costs**, and **mold conditions** in several incomplete units. [Note: Case study is from a prior firm]

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#### The Challenge

- **Unstable Asset:** Partially completed condo development (30 completed units, 270 unfinished units + excess land)
  - **Complex Structure:** Legally structured as condominium association, increasing client carrying costs and complicating site-wide management
  - **Physical Issues:** Mold was present in several partially completed buildings
  - **Market Exit Pivot:** Original condo business plan no longer viable; needed new path to value
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#### Our Approach

- **Condominium Structure Reorganization:**
  - Worked with Condominium legal counsel to **restructure ownership model** to consolidate control and eliminate ongoing HOA obligations tied to all units based on original budget
  - Significantly **reduced ongoing maintenance, insurance, and tax burdens** for client
- **Environmental Remediation:**
  - Engaged environmental consultants and contractors to identify, isolate and **remediate mold** in affected units
  - Implemented protocols to prevent future mold growth during the hold period and eventual marketing

REAL ESTATE SOLUTIONS  
TRANSFORMATIONAL RESULTS

- **Asset Repositioning:**
    - Developed strategy to **reposition entire project as a multifamily rental community**, rather than for-sale condominiums
    - Bundled completed units, partially finished buildings, and raw land into a single **cohesive rental development opportunity**
  - **Marketing & Sale Strategy:**
    - Managed hold period to allow for legal and physical cleanup
    - Created detailed marketing materials to highlight upside for rental developers
    - Brought repositioned opportunity to market after one year
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#### **Results**

- Substantially reduced ownership costs by collapsing unneeded condo governance and HOA obligations
  - Successfully resolved environmental liabilities and de-risked the physical asset
  - Positioned property as a **shovel-ready rental development**, with some improved units, appealing to value-add and Build-To-Rent investors
  - Sold asset in single transaction, capturing value across completed, partially finished and undeveloped portions of the site
  - Delivered a **strong recovery and return for the client** on a previously illiquid and distressed asset
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#### **Key Outcomes**

- Client exited a complex REO position with **maximized recovery value**
- Achieved full asset exit through strategic repositioning
- Legal and financial structure simplified for resale
- Mold fully remediated without litigation or significant delay
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