

John G. Testa
Mayor



CITY OF PEEKSKILL
OFFICE OF THE MAYOR



Peekskill Suing CPC For Return of Property.

City Seeking “Declaratory Judgment” That Will Have Key Main Street Lots Revert Back to Its Possession.

Despite Strong Reputation, CPC Continuously Missed Deadlines, Failed to Produce.

For Immediate Release

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PEEKSKILL, NY— The City of Peekskill has filed papers with the Supreme Court of Westchester County to regain possession of property sold in 2004 to CPC Opportunity Fund LLC, Peekskill NC LLC and Peekskill REM LLC, because of the developer’s ongoing inability to meet deadlines and complete the tasks it had committed to accomplish. All of the entities are subsidiaries of CPC Resources Inc. of New York, NY

One of the most respected affordable housing developers in the country, CPC came with the highest recommendations and a sterling reputation.

To date, CPCR has developed or preserved over 7,000 units of affordable housing, and it has an additional 500 units in construction and 1,400 units in pre-development.

Yet, almost since the City of Peekskill signed a Land Disposition Agreement and a Preferred Developer Agreement with CPC in April 2004, the developers consistently failed to meet deadlines and has now demonstrated that it lacks the resources and ability to complete the projects it promised to do.

CPC received development rights to 13 North Division Street, 921 Diven Street, and 922 and 974 Main Street in the agreement. Construction was supposed to complete in 13 months. More than 39 months later work is still in its earliest stages in all the properties involved. The City has sent numerous Default Notices to CPC and CPC has refused to comply by letter.

A “reverter clause” in CPC’s contract with the city stated that if these deadlines were not met, the property would revert back to Peekskill. Peekskill feels the delays have been so frequent and so extensive that they leave it no other recourse than to exercise the city’s rights the reverter clause and cause title of the property to return to the city. CPC does not agree and has ceased cooperating with the city in resolving the current situation, so the city is taking CPC to court.

“Anyone who has ever done renovations understands that sometimes contractors with excellent reputations simply don’t work out. We have done everything in our power to support CPC in achieving its goals, but they were simply unable to get they work done they had contractually obligated themselves to complete,” says Peekskill Mayor John Testa.

“Now that they are no longer cooperating with us, we have no choice but to resort to the courts to resolve this situation,” Testa says. CPC’s subsidiaries purchased five parcels from Peekskill in 2004. The companies were supposed to both renovate existing properties and build new ones. Only one of those project sites has been completed. CPC officials have admitted in conversations with city representatives that they no longer have the resources to complete the project.

Other developers are more than willing to step in and take on the project, City officials say. But in order to do that, Peekskill must have clear title to the property. That is why the city is suing for its return. “We would not resort to the courts unless there was no other alternative in this situation, Mayor Testa says. “Our planning department has put an enormous amount of effort into this project. Extensive and ongoing enforcement efforts occurred because CPC seemed unable to conform to the city’s basic standards.”

“We realized CPC’s difficulties and looked for others to take over the project. CPC could have stepped out of the way with minimum negative financial impact. But they want the citizens of Peekskill to pay for their mistakes, and are demanding \$1.8 million to leave. That is not ever going to happen,” Testa says.

Peekskill remains totally committed to its Artist District and its expansion and promotion,” Testa says. “Our artists and their work have enormously burnished the City’s reputation. This is a path we must follow because it has proven so beneficial so far. Peekskill is not seeking damages from CPC. What the city wants is to regain the title to the property that the developer has forfeited through its non-compliance with a legally binding agreement.

For more information, call Mayor John Testa at 914-734-4105.