

For Sale: College Campus, Convenient to New York City, Castle Included



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October 1, 2019 at 2:45 PM EDT

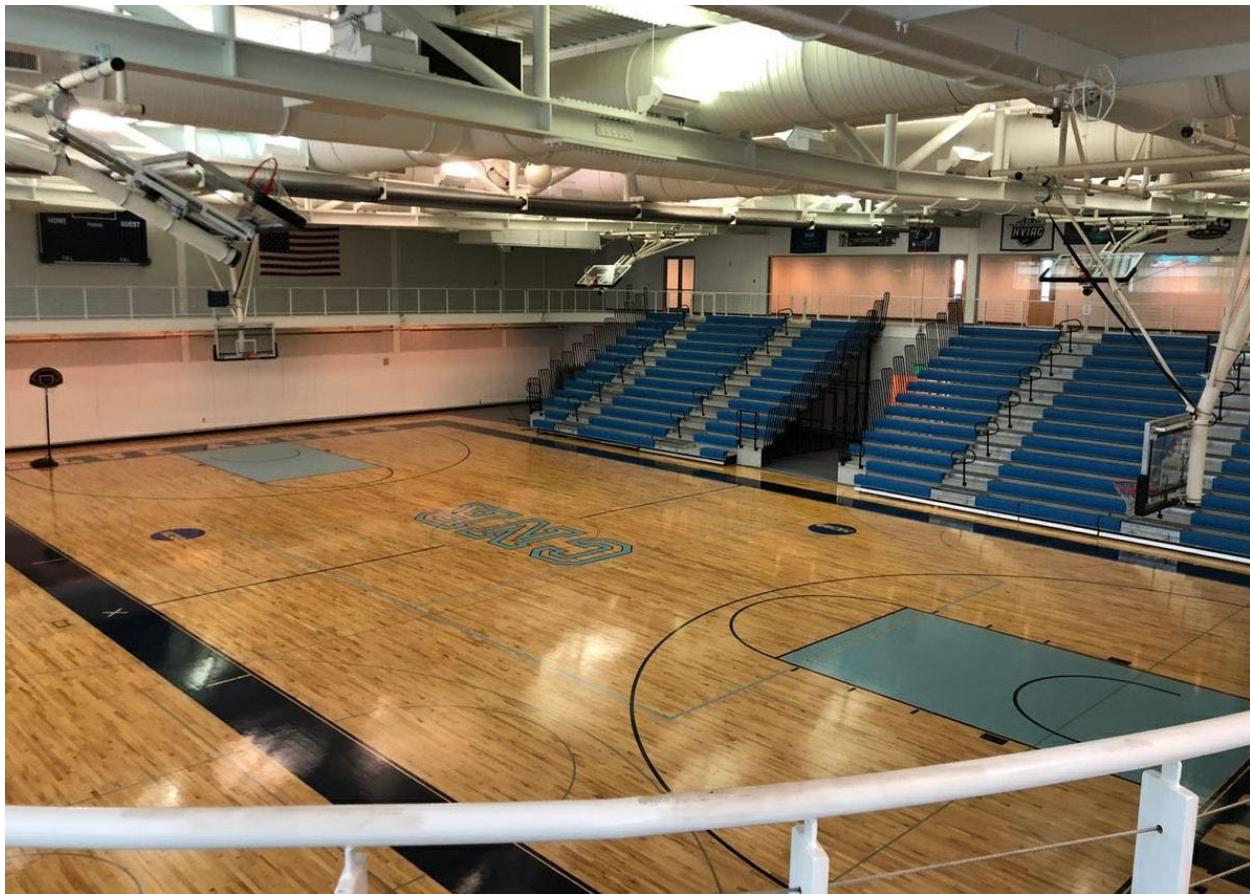
The College of New Rochelle has a 15.6-acre campus with tree-lined paths and a 19th-century castle and it's just 20 miles from New York City. But is it worth \$50 million?

The school, founded as a Catholic women's college in 1904, filed for bankruptcy on Sept. 20, crushed under the burden of \$80 million of liabilities, including \$14 million to bondholders. It's relying on the value of its campus -- its biggest asset -- to repay creditors. The

campus will be sold at auction in November, but brokers retained by the school have been working for months to court potential buyers -- someone who might find a use for a site that includes a TV production studio, four dormitories, and a library of 200,000 volumes.

The property is zoned for residential use -- but not the kind of dense high-rise towers that might make a condo developer swoon. The site would likely draw interest from other educational institutions, as well as senior housing, or wellness and lifestyle firms, said Jeff Hubbard, executive managing director at B6 Real Estate Advisors, which is handling the campus sale with A&G Realty Partners. It's being leased through 2020 by Mercy College, which absorbed about 1,700 students from College of New Rochelle.

"This is a rare opportunity," Hubbard said. "You've got an operating college with all of the things in place that you need to run an educational institution."



Qualifying bids to participate in the auction are due by Nov. 18, according to court documents. The auction will be held on Nov. 21. There is not yet a stalking horse bidder -- a buyer who will set a floor price for others.

Matthew Roseman, an attorney representing the college in its bankruptcy case, estimates the campus is worth between \$35 million and \$50 million. Which means that under the rosiest scenario, \$30 million to \$45 million of liabilities won't get paid with proceeds from the campus auction. On Monday, the college won preliminary court approval for a \$4 million loan to cover operating expenses. That lender would move to the front of the creditors line, according to court [documents](#).



Generally speaking, bankruptcy sales of campus real estate usually don't generate the windfall that debtors hope for, with recent examples -- such as Dowling College in Long Island -- bringing in about 50 cents for every dollar owed, said Joe D'Angelo, a partner at Carl Marks Advisors, who has counseled schools on restructuring. Suburban or rural locations where zoning -- or local officials -- will likely thwart dense development tend to limit the buying pool, he said.

"When you have something that's constrained like that, you can't draw a high expectation that you're going to get very high value," said D'Angelo, who represents College of New Rochelle's largest secured creditor and could not comment on that specific sale.



Underwhelming returns on campus sales might mean the next small colleges to struggle with solvency -- and there will be more -- might reconsider bankruptcy, while their lenders might be more amendable to restructuring debt, he said.

“When you go through enough of them, you see enough data points that show liquidation is not providing the best recovery,” he said.