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On The Block

Former Wellesley Inn Site Slated For Public Auction

New Developer Maintains Condo Plans Still On Track

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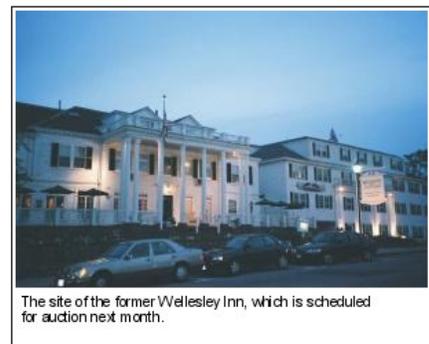
The hole in the ground known as the former Wellesley Inn is slated for public auction this month, possibly ending one chapter of the saga of the downtown Wellesley site.

The parcel at 576 Washington St. has been vacant since 2006, when the old grand dame was demolished to make room for a 19-unit luxury condo project.

Then the recession came, and condo developer Spaulding and Slye's plans tanked when the credit markets froze. The site is still owned exclusively by former Spaulding and Slye partners.

Yet it likely won't be for long, since Sovereign Bank, which holds the mortgage note on the property, has hired Sullivan & Sullivan Auctioneers, of Sandwich, to sell the property to the highest bidder on Feb. 15.

That could dampen plans from one investor who has a purchase-and-sale agreement for the site. Jordan Warshaw, a principal with HRV Development, has signed an agreement to buy the property for an undisclosed sum. Warshaw plans to reduce the size of the previously planned units and increase the number of them, thus reducing their cost to buyers. His plan calls for 25 market-rate units and five affordable onsite. Several industry sources have told Banker & Tradesman that the market for luxury, multi-million dollar condos like those previously proposed just wasn't frothy enough to support the price tags potential buyers would have seen on the shiny new condos, despite the project's proximity to trains and other nearby amenities.



Warshaw's plan is for mostly two- and three-bedroom condos that would cost between \$1.5 million and \$1.8 million. Construction would begin late this year and take a little more than a year to complete.

The new plans would require rezoning a portion of the site and getting a special permit to increase the density to 30 units from the approved 19, said Meghan Jop, Wellesley's planning director.

Industry insiders said it is unlikely the auction will take place as scheduled. And Warshaw said he is proceeding with plans to purchase the property and develop it.

Auction Plans Proceed

Officials from Sullivan & Sullivan, however, paint a different picture.

"We don't know anything about sideshows," said Marianne Sullivan, president of Sullivan & Sullivan. "We just go on information given to us by the bank. Until the bank's paid off and we get direction from the bank and the lawyer that the sale will be canceled, we continue full-steam ahead. All we know is the bank hasn't been satisfied yet and the auction is going forward."

The auction is scheduled to sell the roughly 1.3 acres of land at 576 Washington St. and 53 Grove St. at 2 p.m. on Feb. 15. The property was originally purchased for \$8.1 million in 2004.

Bidders should have a \$100,000 deposit ready to qualify for participation in the auction. The high bidder will be required to put down a deposit of 10 percent of the final bid price within three days of the sale.

The site was originally purchased by New York's Westbrook Partners, which brought in the former Spaulding and Slye group as a partner. Jones Lang LaSalle (JLL) was overseeing development. Westbrook and JLL are no longer connected to the project.

Westbrook purchased the property from the family that had owned the former inn for 40 years for \$8.78 million. No rooms were rented after February 2005 and the restaurant at the inn closed in June 2005. Demolition of the building began in April 2006.

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