



Luxury Residential Project Construction Delayed by COVID-19

A national real estate developer has a large, luxury residential project in New York City that was scheduled to be completed before the COVID-19 construction shutdown. The project, an 82 story, 162 luxury condominium unit tower in Mid-town Manhattan, has been in progress for seven years. The residential project was undertaken in concert with the major renovation of the Museum of Modern Art, one of the City's most valued cultural institutions. The developer is now in a dispute with the contractor over damages for the delay in completion. We are advising the developer after having been involved earlier in the project with drafting and negotiating the construction contract as well as crafting and negotiating the project labor agreement governing wages and work rules for all labor working on the project.

The pre-pandemic delay set in motion the postponing of the occupancy of the tower. As is the case with large, complex projects such as this one, the contractor committed to meeting milestones throughout the project's construction. Builders are given financial incentives for meeting milestones and disincentives for failure to do so. The final milestone is substantial completion of the project which, in this case was completing the top 22 floors of the building. Due to be completed in late January 2020, the project had not yet attained substantial completion at the time that work was mandated to be shut down. The dispute relates to milestone bonuses and the cost of significant change orders.



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