

BUCHANAN INGERSOLL & ROONEY PC

Mark Pfeiffer, Esq.

700 Alexander Park, Suite 300

Princeton, NJ 08540-6347

Telephone: (215) 665-3921

Fax: (215) 665-8760

Email: mark.pfeiffer@bipc.com

Attorneys for The City of Pittsburgh

FOX ROTHSCHILD LLP

John R. Gotaski, Jr., Esq. (*admitted pro hac vice*)

Six PPG Place, Suite 1000

Pittsburgh, PA 15222

Telephone: (215) 412-391-1334

Facsimile: (412) 391-6984

jgotaskie@foxrothschild.com

Attorneys for the Housing Authority of the City of Pittsburgh

In Re:

CROWN CAPITAL HOLDINGS LLC, *et al*,

Debtors.¹

Chapter 11

Case No.: 25-15351 (MBK)

(Jointly Administered)

**JOINT MOTION OF THE CITY OF PITTSBURGH'S AND THE HOUSING
AUTHORITY FOR THE CITY OF PITTSBURGH FOR RELIEF FROM THE
AUTOMATIC STAY TO PERMIT ONE OR BOTH MOVANTS TO EXERCISE
EMINENT DOMAIN WITH RESPECT TO THE REAL PROPERTY OWNED BY
DEBTOR HOMEWOOD HOUSE APTS, LLC OR FOR A DETERMINATION THAT
THE AUTOMATIC STAY DOES NOT APPLY**

The City of Pittsburgh, Pennsylvania (the "City") and the Housing Authority of the City of Pittsburgh (the "Housing Authority") (collectively, the "Movants") respectfully submit this

¹ The lead debtor in these chapter 11 cases, along with the last four digits of the debtor's federal tax identification number, is Crown Capital Holdings LLC (1411). A complete list of each of the debtors in these chapter 11 cases and their service address for purposes of these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://omniagentsolutions.com/CrownCapital>.

motion for relief from the automatic stay to permit one or both Movants to exercise eminent domain with respect to the real property owned by debtor Homewood House Apts, LLC (“Homewood House”).² Alternatively, Movants respectfully request a determination that the automatic stay does not apply to the exercise of eminent domain.

I. INTRODUCTION

1. The Movants are entitled to relief from the automatic stay pursuant to 11 U.S.C. § 362(d)(1) to permit one or both Movants to exercise eminent domain powers with respect to the real property of Homewood House (the “Property”). Relief is required to protect vital affordable housing in the City and the well-being of the residents whose leases may be divested by proceedings in this Court.

2. This is a single asset real estate case and the Debtor does not have any equity in the Property due to a significant lien held by a first mortgage creditor. Accordingly, there is no value in the Property which may be saved for unsecured creditors in a reorganization.

3. In the unlikely event there is equity, the equity will be preserved in the eminent domain proceedings which require the party exercising eminent domain to pay Homewood House the fair market value of the Property.

4. Alternatively, the Movants respectfully request a ruling that the automatic stay does not apply to the exercise of eminent domain which is excepted from the automatic stay pursuant to 11 U.S.C. § 362(b)(4).

II. BACKGROUND

The Debtors

² Movants have not yet determined whether the City or Housing Authority, or both, will institute the eminent domain proceeding.

5. Homewood House and the other debtors in these cases are part of an affiliated group of entities owned or controlled by Mark Silber (“Silber”). According to the United States Department of Justice, on or about August 1, 2024, Silber pled guilty to crimes relating to “an extensive, multi-year conspiracy to fraudulently obtain multimillion-dollar loans on commercial and multifamily properties.”

The Property

6. The Homewood House case is a “single asset real estate” case as defined in 11 USC § 101(51B). The Property is an approximately 100-unit multi-family affordable housing complex located at 7130 Frankstown Ave, Pittsburgh, PA 15208.

7. The Homewood House bankruptcy case was filed on October 5, 2025 (the “Petition Date”) which was the eve of a sheriff sale scheduled by the first mortgage holder, Federal National Mortgage Association (“Fannie Mae”). Fannie Mae has a mortgage foreclosure judgment against the Property in the amount of \$7,086,849.39 (the “Judgment”). The Movants understand the Judgment exceeds the value of the Property by more than \$1 million.

8. Fannie Mae’s complaint in the foreclosure action alleged, among other things, that: a) the Property failed a United States Department of Housing and Urban Development (“HUD”) inspection; b) the HUD inspection report “identified serious deficiencies” including defective self-closing latches on entry doors, exposed electrical conductors, missing smoke alarm, inoperable outlets or breakers, restricted airflow on exhaust system, inoperable water heater, inoperable light fixtures, illegible or expired fire extinguisher service tags, missing primary cooking appliance, unprotected outlets within six feet of a water source, and cockroach infestation.

9. On February 12, 2025, the state foreclosure court appointed Sal Thomas, CPM of Tarantino Properties, Inc. as the receiver for the Property.

10. To the Movant's understanding, the Property does not consistently produce positive cash flow and Fannie Mae has funded any cash flow shortages to keep the Property operating.

The HUD subsidies

11. The Property receives subsidies, known as "Housing Assistance Payments" ("HAP") pursuant to a contract with HUD. The residents of the Property have "low income," "very low-income" or "extremely low-income" as those terms are defined by the U.S. Housing Act, 42 U.S.C. 1437f, and implementing regulations.

Preservation of Affordable Housing

12. The preservation of the Property as affordable housing is critically important to the Movants and the residents of the Property. A sale of the Properties in this case, or the confirmation of a plan of reorganization, could divest the residents' leases and result in a housing crisis for the residents and the Movants.

The City

13. The City is a Pennsylvania home rule charter municipality. Pursuant to Article IX, Section 2 of the Pennsylvania Constitution, the City may exercise any power or perform any function not denied by the Pennsylvania Constitution, by the City's home rule charter or by applicable Pennsylvania statute. These powers include the power to take property for public purposes through eminent domain. See examples, *O'Hara v. Condemnation of a Permanent Fee Simple*, 910 A.2d 166, 169 (Pa. Commw. Ct. 2006) (only restriction on the eminent domain power of a home rule municipality is that the municipality must follow the procedures provided under Pennsylvania law); *City of Pittsburgh v. Imler Supply Co.*, 80 Pa. Commw. 285, 471 A.2d 591 (Commw. Ct. 1984); see also, 26 Pa.C.S. § 101 *et seq.* (eminent domain procedures).

The Housing Authority

14. The Housing Authority is a municipal corporation, formed under the United States Housing Act of 1937, charged with providing decent, affordable housing for low-income persons. The Housing Authority provides publicly assisted housing comprised of traditional public housing, scattered sites and Housing Choice Vouchers (Section 8). The Housing Authority currently manages more than 2,200 public housing units and serves more than 18,000 residents. The Housing Authority also provides oversight more than 600 additional mixed-finance units. The Housing Authority has the power of eminent domain under applicable Pennsylvania law. See, 35 P.S. § 1550(n).

III. RELIEF REQUESTED

15. The Movants respectfully request relief from the automatic stay for cause pursuant to 11 U.S.C. § 362(d)(1).

16. Alternatively, the Movants respectfully request the Court determine the automatic stay is not applicable to the exercise of eminent domain power with respect to the Property.

IV. APPLICABLE LAW

Automatic Stay Generally

17. Subject to certain exceptions, upon the filing of a bankruptcy petition, section 362(a) of the Bankruptcy Code creates an automatic stay of:

- (1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under [the Bankruptcy Code];...

- (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate;...

11 U.S.C. § 362(a).

18. The filing of a bankruptcy petition does not operate as a stay under 11 U.S.C. § 362(a)(1) or (3), of the commencement or continuation of an action or proceeding by a governmental unit to enforce the governmental unit's police and regulatory power, including the enforcement of a judgment other than a money judgment, obtained in an action or proceeding by the governmental unit to enforce such governmental unit's or organization's police or regulatory power. 11 U.S.C. § 362(b)(4).

Relief From the Automatic Stay

19. The Court may grant relief from the automatic stay pursuant to Section 362(d)(1) of the Bankruptcy Code which provides in relevant part:

(d) On request of a party in interest and after notice and a hearing, the court shall grant relief from stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay . . .

- (1) for cause, including the lack of adequate protection of an interest in property of such party in interest...

11 U.S.C. § 362(d)(1).

20. The moving party bears the burden of establishing cause justifying relief from the stay. *In re Dupell*, 235 B.R. 783, 788 (Bankr. E.D. Pa. 1999). If the moving party meets this burden, the burden then shifts to the debtor to establish the absence of cause. *Id.* at 789.

IV. ANALYSIS

A. Cause exists for relief from the automatic stay

21. Cause exists to permit the Movants to exercise eminent domain with respect to the Property.

22. “Section 362(d)(1) does not define ‘cause,’ and courts should consider what constitutes cause based on the totality of the circumstances in each particular case.” *Baldino v. Wilson (In re Wilson)*, 116 F.3d 87, 90 (3d Cir.1997); see also, *In re Manley Toys Ltd.*, 2020 BL 122094, 2020 Bankr Lexis 902, 2020 WL 1580244 (Bankr. D.N.J. Mar. 31, 2020). "To establish cause, the party seeking relief from the stay must show that 'the balance of hardships from not obtaining relief tips significantly in [its] favor.'" *Id.* quoting *Atl. Marine, Inc. v. Am. Classic Voyages, Co. (In re Am. Classic Voyages, Co.)*, 298 B.R. 222, 225 (D. Del. 2003).

23. The totality of circumstances and the balance of hardships favor granting the Movants relief from the stay.

24. Homewood House, and the creditors and estate, will not be harmed by granting the Movants relief from the automatic stay to exercise their eminent domain powers with respect to the Property. This case is a single asset real estate case without any equity available for creditors and without any reasonable likelihood of an effective reorganization. See, *Maryland v. Amoruso (In re Quality Supplier General Partn.)*, 176 B.R. 135, 141 (Bankr. D. Md. 1994) (“If a property is not necessary for debtor's effective reorganization, on the other hand, the state should be allowed to proceed with its condemnation.”).

25. The party exercising eminent domain must provide Homewood House with “just compensation” for the taking. U.S. Constitution, Amend. 5; 26 Pa.C.S. § 701 *et seq.* In particular, under the Pennsylvania Eminent Domain Code, the party exercising eminent domain must pay the fair market value of the Property in connection with the eminent domain proceeding. 26 Pa.C.S. § 701. Accordingly, even if Homewood House has equity in the Property, which appears unlikely, the equity will be protected and recovered in the eminent domain proceeding.

26. Conversely, the Movants risk substantial harm if they are not permitted to exercise eminent domain powers with respect to the Property. The Property is of vital importance to the continuation of adequate affordable housing in the City and for the well-being of the residents whose leases may be divested by proceedings in this Court. See, 11 U.S.C. §§ 363(f) and 1141(c). It is also possible that HUD will not consent to the transfer of the HAP contract to any buyer of the Property pursuant to section 363 which would effectively result in the loss of the subsidies for the tenants.³

27. As a result, the balance of hardships favors granting relief from the automatic stay.

B. Alternatively, the automatic stay may not apply to the exercise of eminent domain power

28. Section 362(b)(4) of the Bankruptcy Code provides an exception to the automatic stay for actions by a governmental unit, like the Movants,⁴ to enforce governmental unit's police or regulatory powers. 11 U.S.C. § 362(b)(4).

29. Although there is no binding authority in this Circuit, at least one court outside this Circuit has concluded that a governmental unit's eminent domain power falls within the police and regulatory exception of 11 U.S.C. § 362(b)(4). See, *Bevelle v. Jefferson County, Alabama (In re Bevelle)*, 348 B.R. 812 (Bankr. N.D. Ala. 2006); but see, *In re Royal*, 137 Fed.Appx. 537 (4th Cir. 2005).

³ Any purchaser of the Property, or the reorganized debtor, would take title subject to the Movants' right of eminent domain once the Property is no longer in the bankruptcy estate.

⁴ The phrase "governmental unit" is defined to include municipalities. See, 11 U.S.C. § 101(27). Courts have also determined that public housing authorities are governmental units. See, *In re Stoltz*, 315 F.3d 80, 88 (2d Cir. 2002) (noting "[i]t is undisputed that a public housing authority is a governmental unit within the meaning of 525(a)."); *In re Aleman*, Case No. 6:13-bk-00650-KSJ Chapter 7, 2013 BL 105007, at *3 (Bankr. M.D. Fla. Apr. 19, 2013).

30. Accordingly, the Movants respectfully request the Court determine the automatic stay does not apply with respect to the Movants' exercise of eminent domain powers with respect to the Property.

V. REQUEST FOR RULE 4001(a)(3) WAIVER

31. The Movants respectfully request that the Court's order provide that there is no fourteen (14) day stay of the order pursuant to Bankruptcy Rule 4001(a)(3).

WHEREFORE, the Movants respectfully request relief from the automatic stay so one or both Movants may exercise eminent domain power with respect to the Property. Alternatively, the Movants respectfully request the Court determine that the automatic stay does not apply.

Respectfully submitted,

Dated: November 13, 2025

BUCHANAN INGERSOLL & ROONEY PC

By: /s/ Mark Pfeiffer
Mark Pfeiffer, Esquire
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555
(T): 215-665-8700
(F): 215-665-8760
mark.pfeiffer@bipc.com
Counsel for The City of Pittsburgh

AND

FOX ROTHSCHILD LLP

By: /s/ John R. Gotaskie, Jr.
John R. Gotaskie, Jr., *admitted pro hac vice*
Six PPG Place, Suite 1000
Pittsburgh, PA 15222
(T): 412-391-1334
(F): 412-391-6984
jgotaskie@foxrothschild.com

*Counsel for the Housing Authority of the City
of Pittsburgh*

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-1	
BUCHANAN INGERSOLL & ROONEY PC Mark Pfeiffer, Esq. 700 Alexander Park, Suite 300 Princeton, NJ 08540-6347 Telephone: (215) 665-3921 Fax: (215) 665-8760 Email: mark.pfeiffer@bipc.com <i>Attorneys for The City of Pittsburgh</i>	
FOX ROTHSCHILD LLP John R. Gotaski, Jr., <i>admitted pro hac vice</i> Six PPG Place, Suite 1000 Pittsburgh, PA 15222 Telephone: (215) 412-391-1334 Facsimile: (412) 391-6984 jgotaskie@foxrothschild.com <i>Attorneys for the Housing Authority of the City of Pittsburgh</i>	
In Re: CROWN CAPITAL HOLDINGS LLC, <i>et al</i> , Debtors. ¹	Chapter 11 Case No.: 25-15351 (MBK) (Jointly Administered)

CERTIFICATION OF SERVICE

1. I, MARK PFEIFFER:
 - ☒ represent The City of Pittsburgh in the above-captioned matter.
 - ☐ am the paralegal for ___, who represents ___ in the above captioned matter.
 - ☐ am the _____ in the above case and am representing myself.
2. On November 13, 2025 I sent a copy of the following pleadings and/or documents to the parties listed in the chart attached:

¹ The lead debtor in these chapter 11 cases, along with the last four digits of the debtor's federal tax identification number, is Crown Capital Holdings LLC (1411). A complete list of each of the debtors in these chapter 11 cases and their service address for purposes of these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://omniagentsolutions.com/CrownCapital>.

**JOINT MOTION OF THE CITY OF PITTSBURGH AND THE HOUSING
AUTHORITY FOR THE CITY OF PITTSBURGH FOR RELIEF FROM THE
AUTOMATIC STAY TO PERMIT ONE OR BOTH MOVANTS TO EXERCISE
EMINENT DOMAIN WITH RESPECT TO REAL PROPERTY OWNED BY
DEBTOR HOMEWOOD HOUSE APTS, LLC OR FOR A DETERMINATION
THAT THE AUTOMATIC STAY DOES NOT APPLY**

3. I hereby certify under penalty of perjury that the above documents were sent using the mode of service indicated.

Respectfully submitted,

Dated: November 13, 2025

BUCHANAN INGERSOLL & ROONEY PC

/s/ Mark Pfeiffer

Mark Pfeiffer, Esq.

700 Alexander Park

Suite 300

Princeton, NJ 08540-6347

Telephone: (215) 665-3921

Fax: (215) 665-8760

Attorneys for The City of Pittsburgh

Name and Address of Party Served	Relationship of Party to the Case	Mode of Service
All parties in interest registered with CM/ECF in this case.		☐ Hand-delivered ☐ Regular Mail ☐ Certified mail/RR ☐ E-mail ☒ Notice of Electronic Filing (NEF) ☐ Other _____ (as authorized by the court*)

* May account for service by fax or other means as authorized by the court through the issuance of an Order Shortening Time.