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NEW YORK REAL ESTATE NEWS

Take me to the river

About 20 projects to develop piers for commercial, recreational use

By JOHN CELOCK

Developers hope to duplicate the success of riverfront projects like Chelsea Piers at numerous pier sites around the city.

At least 20 projects to develop neglected and underused reminders of the city's days as a shipping hub are now under way or in the planning stages. The biggest projects are in Manhattan and Brooklyn, though Bronx and Staten Island wharves are also being eyed.

Most of the Brooklyn pier projects focus on commercial use, with the exception of Brooklyn Bridge Park, which adds recreational space along the Downtown Brooklyn waterfront and will be financially supported by residential buildings on the site. In Manhattan, over a dozen piers, mainly on the West Side, are being redeveloped for transportation and recreational uses.

Observers see the increased activity as a natural outgrowth of the development policies stressed by the Bloomberg administration, which made opening up the waterfront a priority.

Francis Greenburger, founder of Time Equities, said he is not surprised to see interest in developing the piers. The success of Chelsea Piers as a pricey recreational area encouraged more developers to look toward



Two renderings of the Related Companies' vision for Pier 40 on Houston Street.

working with the city on using vacant piers, he said.

Created in 1996, Chelsea Piers turned a 30-acre, four-pier site, previously used as a Sanitation Department garage, Traffic Violations Bureau impound lot and movie

studio, into a recreational Xanadu offering golf, hockey, swimming, rock climbing and bowling. One pier later became part of the Hudson River Park, a 550-acre waterfront park.

Michael Braitto, senior vice president of

Chelsea Piers, said the complex is completely leased and sees about 4 million visitors a year. He declined to comment on the privately held operating company's profitability.

Greenburger said that while Chelsea Piers has had success, many developers have shied away from pier development projects.

"I think it is a special undertaking not many developers consider themselves experts in," he said.

West Side story

Most West Side Manhattan piers can be used only for recreational uses under state legislation that created the Hudson River Park. The park's borders encompass 34 piers from Battery Park to 59th Street, but only 13 piers are used as public space. The rest are working space, used as ferry docks and municipal facilities such as an impound yard or cruise ship terminal space, and are not part of the park.

Historically, Manhattan's West Side was the center of the city's shipping and cruise line industry. Many of the piers along the West Side were condemned by the state in the 1970s during the failed attempt to construct a new highway along the West Side, and have since been used by the city or left to fall into serious disrepair.

Janel Patterson, a spokeswoman for the city's Economic Development Corporation, said that while pier development is a city priority, no citywide master plan for it exists. Rather, she said, the piers are evaluated

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individually along with their surrounding neighborhoods to develop plans for each site.

"There are different reasons for different piers," Patterson said. "There is not one blanket answer."

Jobs at the Brooklyn waterfront

Earlier this year, the development corporation announced an agreement with the Axis Group to build an auto shipping and cargo facility at the South Brooklyn Marine Terminal in Sunset Park. The project aims to create several hundred jobs in the neighborhood and redevelop 14 acres of open space. Axis plans to use the space for new imported cars entering the country for wholesale distribution. In addition, the company plans on recruiting niche businesses for the site to help create jobs.

Axis is leasing the site from the city for 15 years with a five-year renewal option. The EDC has said the lease will bring the city \$32 million in revenue. Axis has committed to hiring all employees from the Sunset Park and Red Hook communities.

A Bloomberg initiative, known as PlaNYC 2030, places an emphasis on open space and alternative transportation methods. Increased access to the waterfront has been a Bloomberg priority for several years and gained more traction with this plan, which was announced in April. One such example is taking place on the West Harlem waterfront.

As part of the project, which began in 2005, the pier at the end of 125th Street will be connected with Riverside Park. A new pier will be built for ferries to New Jersey. The project is near the proposed new campus of Columbia University in Manhattanville, which will extend the swath of classrooms and academic buildings from the existing Morningside Heights campus. The Columbia plan is considered a catalyst for new developments around 125th Street.

Related takes on Pier 40

Although it is better known for its residential projects, the Related Companies is one of two bidders competing to refurbish Pier 40, on Houston Street, on land controlled by the Hudson River Park Trust. Related has touted its plan as an entertainment complex similar to Chelsea Piers, incurring the wrath of neighborhood activists opposed to the plan.

According to a recent report, the price tag to fix Pier 40, a dilapidated ship terminal, now stands at \$21 million. The facility will have to generate at least \$7 million in annual income to help pay for maintenance of the park, Crain's reported.

Related's plans for the 14-acre site call for a \$626 million complex that would create a permanent home for the

Tribeca Film Festival, a theater for Cirque du Soleil and retain existing athletic fields for the community.

The other bid seems to have less of a chance of succeeding. Urban Dove, a nonprofit organization working with at-risk youth, and the Camp Group, a summer camp operator, would create what they call the People's Pier – a \$145 million project that would create additional park space, sports fields and a high school.

Area residents and activists have organized to fight Related's plan, which they call "Vegas on the Hudson" and say it will not serve neighborhood interests. A spokeswoman for Related declined to comment on the project, citing the controversy.



While the city's requirements for Pier 40 development proposals originally said projects need to generate at least \$5 million to cover 40 percent of the park's maintenance costs, that figure has already grown. After the park is built, its annual maintenance cost will be between \$16.8 million and \$18.9 million.

In another threat to the plan, the Hudson River Park Trust is short on cash needed complete construction of the 550-acre Hudson River Park, leaving the fate of development at Pier 40 in jeopardy. The city and state gave the trust just \$10 million this year, its smallest award ever.

The cash crunch may also impact two additional pier projects at Piers 25 and 26 in Tribeca, near North Moore Street. The trust is seeking developers for projects to replace older piers torn down two years ago.

At the time, Gov. George Pataki announced plans to rebuild a boathouse and create a miniature golf course on the site, but it remains unused today. There are no piers, just abandoned wood pilings poking out of the Hudson.

Plans outlined last month call for Pier 25 to have fields and gardens, and for Pier 26 to house kayak docks and a river research center. In addition, Pier A, at the southern end of Manhattan, is likely to be redeveloped for recreational needs. (See other story on page 72 and this page.)

Also in Manhattan, the city is looking to develop several new piers on the East River as recreational space, with the goal of connecting the East River and Hudson River parks

via Fulton Street and other East River parks, such as the Vietnam Veterans Memorial adjacent to 55 Water Street.

This includes Pier 17, site of the South Street Seaport, a mall now slated for demolition and redevelopment. Plans for Pier 17 call for a combination of retail, residential and open space development. Published reports said the developer, General Growth Properties, is considering a tall, iconic building on the site, along with a ferry landing.

In Brooklyn, Brooklyn Bridge Park is being built on several piers along the East River. In an unusual public and private partnership, the park will be sustained by private residential development on the site. Later this year, RAL Companies will complete One Brooklyn Bridge Park, a 449-unit condominium building, the largest industrial-to-residential conversion in Brooklyn's history.

As *The Real Deal* reported earlier, RAL agreed to pay a share of the park's maintenance costs, starting at \$1.25 million a year, which could be followed by cost hikes and additional lump-sum payments if the development hits revenue targets. When gross sales exceed \$500 million, the contribution begins at \$3 million. That deal is being criticized by some who say officials gave RAL a sweetheart deal on public land. A lawsuit brought by civic activists was dismissed last fall.

A portion of the park has already been completed. Eventually, the 85-acre park will have hills, open plazas, lawns, wetlands, meadows, tidal pools, dunes, marshes, a coastal forest, an aviary island, and 40 acres of playgrounds.

Brooklyn and Manhattan are not the only boroughs to see more pier development. Several projects are pending in the Bronx. Pier 1 in Staten Island, alongside the ferry terminal, will be renovated soon. The 895-foot pier, which currently contains a ball field, the borough's 9/11 memorial and fishing areas, will be designed for increased recreational uses, and a developer has been selected for the project.

Learn from New Jersey

Greenburger believes the city needs to move away from designating outer borough piers for industrial uses and offer more riverfront recreational space. He said that will help spur residential development along the Queens waterfront. Greenburger encouraged city officials to gaze over the Hudson River to New Jersey for inspiration.

"While New York debated, Jersey City acted," Greenburger said of the Garden State's second-largest city, which has seen a residential and commercial building boom on its waterfront over the last decade. Hoboken, just to the north of Jersey City, has partnered with Toll Brothers to re-create several new piers as parks. "If you go to Jersey City, you see an extraordinary amount of waterfront development done well. If you go to Queens, you see a lot of development not done well." **TRD**