

DAILY NEWS

MTA reaches deal with Related to develop West Side Rail Yards

By Brian Kates

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The Metropolitan Transportation Authority reached a \$1 billion deal with The Related Companies to create a vast new community over the West Side railyards Monday, a week after negotiations with another developer collapsed.

The terms of the deal with Related are essentially the same as those Tishman Speyer backed out of last week, said MTA Executive Director Elliot Sander.

"That's how we were able to put it together so quickly," Sander said.

Tishman dropped out last week after trying to change the terms, apparently due to fears created by the economic downturn.

The project, known as Hudson Yards, involves building office towers, apartment buildings, a hotel, shops, restaurants and a school over 26 acres on both sides of 11th Ave. between 30th and 33rd Sts.

Despite the \$2 billion cost of building platforms over the railyards, the site is considered one of the city's prime development opportunities.

The MTA is counting on payments from the developer to close a \$700 million gap in its 2005-06 capital program.



Related's emphasis on residential buildings - a total of 5.3 million square feet with 440 rental units earmarked permanently for low-income tenants - is bound to make it more popular with community leaders than the earlier Tishman plan, which pushed commercial development.

Related's financial partner is Goldman Sachs.

"It's not often you get a second chance on the dream of a lifetime," said Related Chairman Stephen Ross, who had been the front-runner in the bidding war until his anchor tenant, News Corp., pulled out in March, leaving Tishman the winner.

Related's plan calls for constructing five buildings on the eastern railyard, which was rezoned in 2005 for mixed-use development, and eight on the western portion, which must still go through the city's complex land-use review and rezoning process.



Related Companies wants to build a mini-city on the rail yards.

Mayor Bloomberg, whose dreams of building a new Jets stadium on the site were dashed by Assembly Speaker Sheldon Silver, called yesterday's agreement "great news for the city."

The deal was hailed by Gov. Paterson as "the foundation of a reimagined far West Side that will expand the midtown business corridor."

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"The more residential there the better," said Anna Levin of Community Board 4. "Related is a very experienced residential developer and they more than anybody know how to produce affordable housing."

The deal is expected to be approved by the MTA board Thursday.