

New York's master builders: New megaprojects will remake swaths of the city from scratch



David Handschuh/New York Daily News

Stephen Ross, Chairman of the Related Companies at groundbreaking for the Hudson Yards

The Master Builders are back.

Private companies are masterminding the design and construction of monster real estate projects that will take some of the city's last undeveloped swaths of land and remake them into shiny, designer neighborhoods, the likes of which have rarely been seen since John D. Rockefeller conceived of Rockefeller Center in the 1920s.

New York is suddenly rife with these redefining, high-density projects, a trend driven in part by the demand for housing and made possible by the availability of global financing and the collapse of the industrial trades whose facilities formerly occupied these once far-flung, now hot, parcels of land.

Related Oxford

Hudson Yards will bring lots of new office and residential product to the far west side

The redevelopment of the west side rail yards is by far the largest of the city's ongoing megadevelopments, with more than 17 million square feet of commercial and residential space under design and development, including 5,000 apartments, five new office towers, department stores and a five-acre park.

But there's a string of other projects, such as Essex Crossing, a 1.9 million-square-foot residential and commercial development on formerly industrial land on the Lower East Side; two mass-scale Queens projects, Astoria Cove and Halletts Point, which together comprise 4,000-plus apartments; the South Street Seaport project; Williamsburg's Domino Sugar Factory; and Mayor de Blasio's talk of building 11,250 units on a deck over the 200-acre Long Island Rail Road yards in Sunnyside, Queens.

It's boom time for such megaprojects, even those historically fraught with problems. Pacific Park, the ambitious 15-building Brooklyn megaproject formerly known as Atlantic Yards, was stalled for a decade when developer Bruce Ratner got smacked by an inevitable downturn in the real estate market.

In the end, China-based Greenland Holding Corp. bailed him out by buying 70% of the project in 2013, putting it seemingly back on course.

Jeff Bachner/for New York Daily News

Writing on the beam behind Michael Samuelian (l) and Geoff Butler indicates the building has risen to a height of 333 feet six inches at Hudson Yards

Forget the slow burn of gentrification. These private real estate titans will remake some of the most isolated pockets of the city in one swoop with new condos, subsidized and market-rate rentals, offices, hotels, movie theaters, parks and galleries. At the same time, they'll leave a legacy that will endure for generations.

"When you create a neighborhood from scratch, you are able to think about what it means to develop a 21st century community – what types of buildings people want to live in, what types of public spaces they want to spend time in and what amenities are important," said L. Jay Cross, president of Related Hudson Yards. "It's an incredible opportunity."

But with great opportunity comes great responsibility – and some risk. And the peril extends beyond the developers to the community that they're building.

In other words, are these projects making New York better or worse?

Delancey Street Associates

The Essex Crossing development is slated to change the face of the Lower East Side

"The mass-scale projects that are successful are the ones that can replicate the dynamic energy and the diversity of a real neighborhood," said Mitchell Moss, a professor of urban policy and planning at New York University.

"The great risk is that it will seem sterile or homogeneous. No one wants a high-density suburb in Manhattan," he said.

MaryAnne Gilmartin, CEO of Forest City Ratner, compared the process of building these projects to raising a child.

"It's delicate in its nature and we have to get it right," she said. "It has to seem very natural and authentic. You have to figure out a way to make these spaces come alive in a way that makes them seem part of a neighborhood, rather than something that just landed in a neighborhood."

In order to make it work, developers must balance community interests (or at least appear to!), attract financing and participate in political wrangling.

They must commit to a timeframe that could see them through several real estate cycles, during which the value of their holdings could rise or plummet without warning and also roll out product at a pace where it will be easily absorbed. Each building must receive the appropriate level of financing and kick off construction at the right time or the whole balance of the project could falter.

Ichung

Astoria Cove will transform part of the Queens waterfront

Sometimes, they end in disaster.

The greatest cautionary tale came out of London, where Olympia & York, the developer of the Canary Wharf financial center and at one time the biggest real estate developer in the world, was forced into bankruptcy in the 1990s after taking on too much risk on the 14 million-square-foot project only to have real estate prices plunge around the world.

“It’s like a jigsaw puzzle,” Cross said of Hudson Yards. “You really can’t afford to have any one piece fall out of sync with the others.”

For its part, Related says it won’t build anything until it has commitments from major tenants.

“Our first building was 85% committed before we put a shovel in the ground,” said Related Vice President Michael Samuelian. “We’re not of the mindset, ‘If we build it, they will come.’ We’re building it when they’re already there.”

Ratner’s megadevelopment, which also includes the Barclays Center, didn’t secure enough anchor tenants and nearly collapsed amid community lawsuits and financing delays during the financial crisis.

durst

The Durst Organization is developing Halletts Point in Astoria

“The recession was like a body blow to the project,” Gilmartin said. “We had an enormous amount of equity in the ground and no one wanted to finance anything vertical. Bruce and I only admitted to each other how scared we were that we would fail.”

But times have changed. Greenland’s investment in Pacific Park is just one of many examples that money is flowing into New York real estate at historic rates from all over the globe, thanks to low interest rates and economic uncertainty abroad. And a certain pedigree of foreign wealth funds isn’t looking for small deals — they’re looking for megaprojects.

These projects, most of which resulted from a request for proposals from the city, are the city’s most recent answer to the question of how to build the new New York — and a daring alternative to the massive rezonings that encouraged developers to build skyscrapers in neighborhoods such as Downtown Brooklyn, along Fourth Avenue, and Long Island City that developers hadn’t seen as attractive for decades.

All three areas, and many others, are currently boomtowns thanks to rezonings, which the city calls a shining example of redevelopment done right. The zonings encouraged the construction of thousands of units over the last 10 years, with no one developer singularly responsible.

“Historically, New York was developed incrementally, block by block, as neighborhoods adapted and were reinvented,” said Moss. “With these megaprojects, it’s happening all at once.”

COOKFOX Architects

Atlantic Yards, now known as Pacific Park, has been in the works for a decade

But New York is no stranger to the master builder, either.

Residents of the Queens neighborhood of Forest Hills Gardens can trace its roots back to 1909, when the Russell Sage Foundation tapped architect Grosvenor Atterbury and landscape architect Frederick Law Olmsted Jr. to build a new town from nothing.

And Stuyvesant Town, the sprawling 80-acre housing complex on Manhattan’s east side would likely never have been built if it weren’t for Metropolitan Life Insurance Company, which conceived of it in the 1940s.

But the new generation of master builders is all about creating communities that are contextual and truly mixed-use.

“What you want to do is weave what you’re doing into the existing neighborhood in the most seamless way possible,” said Don Capoccia of BFC Partners, one of the developers of Essex Crossing. “We don’t want to create a ‘project.’ We want it to seem like these buildings have been there forever.”

Hudson Yards

-The Related Companies

-17 million square feet of new buildings

- 28 acres

- 5 office towers

- More than 100 shops

- 5,000 apartments

- 14 acres of public space
- 750-seat school
- 175-room hotel
- Performance venue

*

Essex Crossing

-BFC Partners, L + M Development, Taconic Investment Partners

1.9 million square feet of new buildings

- 6 acres
- 1,000 apartments
- Movie theater
- Andy Warhol Museum
- Supermarket
- Senior housing
- Park

Halletts Point

- The Durst Organization

-2.5 million square feet of new development

- 7 acres
- 2,400 apartments
- School

- Waterfront esplanade

- Supermarket

*

Astoria Cove

- Alma Realty

- 2.2 million square feet of new development

- 9 acres

- 1,700 apartments

- Supermarket

- School

- Waterfront esplanade

*

Pacific Park

- Forest City Ratner, Greenland Holding Corp.

- 8 million square feet of new development

- 22 acres

- 15 buildings

- 6,000 apartments

- Public open space

- School

- Senior center

- Health care facility