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IT'S THE MAYOR'S ISLAND NOW

GOVERNORS ISLAND COULD BE BLOOMIE'S REAL LEGACY



By Daniel Massey

When city and state officials solicited proposals for the development of Governors Island in 2006, the ideas that came in were all over the map: host a 2015 World's Fair; create an environmental research center; construct a resort complex; establish a branch of a London-based university.

“It was, “we got an island; what do you think?” “ recalls Rob Pirani, executive director of the Regional Plan Association's Governors Island Alliance.

The process lost steam as the city and state sparred over the best course for the former federal military base. But last week, the state ceded sole control of the 172-acre island to the city, setting the stage for Mayor Michael Bloomberg to carve a legacy out of the ice cream cone-shaped mass just off the shores of Manhattan and Brooklyn that time has seemingly forgotten.

“He's going to use his third term to get the island from being this interesting project into being a real success emblematic of the city's overall return to the waterfront,” Mr. Pirani says.

First up: a \$200 million park

The mayor's announcement last week included details of a \$200 million, 87-acre park that could be built starting in late 2012. And later this year, the city is expected to issue the first of a series of requests for proposals for 33 acres of developable land and nearly 1.4 million square feet of space in about 50 historic buildings. This time around, officials want to make targeted requests rather than leave the door open for developers to propose megaprojects.

“I think we know a lot more about the potential opportunities than we did four or five years ago,” says Deputy Mayor for Economic Development Robert Lieber. “It's really important to come up with a critical mass that mixes uses on the island, so people don't feel they're out there alone. That's the challenge, but it's also the opportunity.”

Other challenges remain, most notably regaining the confidence of private investors, who may have been turned off by the repeated false starts in developing the island. The financing market is also far different than it was in 2006.

End housing restrictions?

Steven Spinola, president of the Real Estate Board of New York, adds that federal deed restrictions prohibiting permanent housing will turn off many developers: “Unless you deal with the restrictions, you're going to have limited interest. When you take away permanent housing, you're taking away a major vehicle for assuring that you're going to be able to generate a few bucks.”

Mr. Lieber says the city will not seek to overturn the deed restrictions that prohibit such uses as permanent housing and casinos. He won't tip his hand as to what exactly the city will look for in its requests for proposals, but says educational uses would be “a dominant and important” part of the island's future. “That's going to be our challenge: Being specific enough to give people confidence, and nondirective enough to see new ideas that may be presented.”

Already, New York University has expressed interest in building a satellite campus on Governors Island. The Cornell University Cooperative Extension wants to revive its proposal to build an environmental research center, confirms Executive Director Don Tobias. “Economic times will make it much harder to find funds, but we thought it was a good idea in 2006, and we still do,” he says.

The City University of New York, which had proposed a village for up to 10,000 students and staff, is no longer considering development on the island, a spokesman says.

Other groups that made proposals in 2006 could jump back into the mix. Connecticut-based Becker + Becker Associates, which had proposed housing in some of the historic buildings and a fitness facility, remains interested. California-based Industrial Realty Group would consider revitalizing its plan, which included a marina, conference center and Ferris wheel.

It's uncertain whether major New York developers like The Related Cos. will return to the drawing table, since this time the city does not plan to ask for proposals to develop the entire island. Related

previously pitched a master development plan that included a global health center, aquarium, hotel, conference center and concert shell. A spokeswoman did not return a call seeking comment.

Financing, of course, remains a big question. The city is solely responsible for the island's operational costs—\$14 million this year—under the deal announced last week. Some \$41.5 million has already been committed to the first phase of the park and to infrastructure upgrades, and an estimated \$200 million must be spent to upgrade water, power and voice and data systems.

“These kinds of large projects almost always start with very substantial public commitments for basic infrastructure to set the table for the private sector to come in,” says James Lima, a partner at economic development advisory HR&A and the founding president of the Governors Island Preservation and Education Corp.

Making it “self-sustaining”

Nevertheless, the city faces a \$5 billion budget deficit. “It's nice to have big-picture thinking, but the city already has very high capital expenditures and debt service,” says Carol Kellermann, president of the Citizens Budget Commission.

“It is the hope and goal that Governors Island eventually will be self-sustaining,” insists Leslie Koch, current president of GIPEC.

As a step toward that goal, Ms. Koch is working to confront what she calls the “psychological challenge” of increasing the visibility of a one-of-a-kind site that most New Yorkers have never experienced. The opening of a public high school and artist studios should help her efforts to expand the visitor rolls well beyond the 275,000 people who enjoyed bike tours, concerts, art installations, a Water Taxi Beach and city views during a 60-day window last summer.

“There was a cloud hanging over the island for some time,” she says. “The agreement between the city and state means there is now certainty and commitment to a strategy.”