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Nerves Exposed, 2nd Ave. Waits For Its Subway

By ANNE BARNARD

To entice buyers to spend \$1 million for one-bedroom apartments on the less glossy eastern edge of the Upper East Side, the builders of a shimmering glass tower going up at 91st Street and First Avenue advertise customized stone countertops, a private fitness center, "expansive sunrise and sunset views" -- and the Second Avenue subway.

Now that construction crews have started work on the Second Avenue line after decades of delays, bullish real estate brokers and nervous neighborhood tenants alike expect New York's first new subway in 50 years to join the market forces that are driving Park Avenue-style prices farther east and replacing quirky Hungarian shops with high-end chain stores.

Ending commuters' long walk west to the Lexington Avenue subway will bring new cachet to addresses on Second Avenue and eastward -- or at least that's what developers and real estate brokers are betting. Among them are the builders at 91st and First, who point to the subway's expected opening in 2014 and boldly declare that their tower, christened the Azure, stands at "the heart of the Upper East Side."

"That's really been the aversion to that area, that it was so far from transportation," said Chris Poore, a real estate agent with the Corcoran Group who uses the subway as a favorite talking point when he shows apartment hunters the Cielo, another high-rise of million-dollar condos, at 83rd Street and York Avenue. "People now see the value of moving further east, and what a good investment it is."

But for many longtime residents and business owners, the neighborhood's reputation as a bit of a backwater has been one of its attractions: harder to get to, but cheaper and more intimate. Their attitudes veer between the optimistic and the elegiac: They are excited about the subway, but apprehensive about what the neighborhood could lose.

The subway is not the reason that high rents and high-rises have encroached; that has been going on since the 1980s. But some residents suspect the train line's arrival could be the final step in the transformation of Yorkville and the rest of the eastern Upper East Side from a relatively modest enclave of mom-and-pop stores and restaurants to just another grid of luxury towers and national retailers.

Today, four- and five-story tenements, many rent-regulated, line avenues that show vestiges of Eastern European and German immigration. Many corner lots have sprouted glass towers. But along Second Avenue, old-fashioned businesses like the Heidelberg restaurant, a family-owned hardware store and sellers of Hungarian sausages and pastries jostle with shinier spots like Justin Timberlake's new barbecue joint.

Next year, some local businesses and lower-income tenants will be forced to move to make way for new subway stations. They fear they will have to leave the neighborhood for good. Construction, which could take years, will strain many more businesses, including sidewalk cafes and restaurants that have given Second Avenue its vibrant streetscape and made it the heart of affordable night life on the Upper East Side.

"There's going to be more banks and more chain stores and more high-rises with \$2 million condos. There's no more neighborhood," said Carol Crnabori, who has run Mustang, a Southwestern-style restaurant on 85th and Second, for 14 years. Like many restaurants along the avenue, it is to lose the rights to its sidewalk tables and glassed-in cafe during construction, a blow Ms. Crnabori said could be fatal.

But her bartender, Megan Johnston, 32, confessed that she was looking forward to the new subway to ease the

sardine-can crowding on the No. 6 train.

"We need it," said Ms. Johnston, who lives in the neighborhood. But she added, "If the rents get any higher, I'm going to have to do the Astoria thing."

Sally Ardrey, 69, is one of the tenants the Metropolitan Transportation Authority must relocate because of the subway project. Even though she will be forced to move from her rent-stabilized one-bedroom apartment at 72nd and Second, she supports the subway. But she worries it will kill what little economic diversity remains. When she arrived in 1986, she said, for fancier Upper East Siders west of Third Avenue, "First Avenue might as well have been on Cape Cod."

But between 1980 and 2000, in the area from Second Avenue to the East River and 70th to 96th Street, the population grew 12.9 percent, compared with 7.6 percent for all of Manhattan, according to an analysis of census data by demographers at Queens College. Rents grew by 41.8 percent, compared with 31.1 percent boroughwide.

Many residents say they will believe in the subway when they see it. City officials first proposed it in the 1920s, to replace the elevated trains on Second and Third Avenues. Twice voters approved it. But funds earmarked in 1951 went instead to improve existing lines; a second bond issue in 1967 led to construction that halted during the city's financial crisis in the 1970s.

The idea that a subway could spiff up the neighborhood has come and gone. In 1930, a real estate auctioneer told The New York Times that the Second Avenue line would make Yorkville "high-class apartment house territory" and gentrify the blocks in the East 90s that were then lined with breweries. But in the 1950s, letter-writers complained that the chaos of construction would bring down the neighborhood.

Last year, voters approved a bond issue partly financing the first leg of the line, and the federal government has also committed money. Projected to cost \$4 billion and open in 2014, it will run down Second Avenue from 96th Street, stopping at 86th and 72nd Streets and then at 63rd Street and Lexington Avenue, where it will join existing tracks. Someday, the line is to stretch down Second Avenue to the financial district. Transit officials will not venture to guess when.

Building crews will mostly tunnel underground, out of view. But to build the stations, they will dig up parts of the street.

That means restaurants along swaths of Second Avenue, including from 82nd to 88th Streets and 70th to 74th Streets, will temporarily lose permits for cafes that jut onto the sidewalk. Authority officials do not yet know how long that will last.

The Heidelberg, where German sausages have been served since 1908 and waitresses still wear dirndl skirts, must pull in its outdoor tables, but hopes for the best. The subway will improve business, says the manager, Regina Bryant, if restaurants survive its construction.

At Dorrian's Red Hand, a red-tableclothed neighborhood fixture, a glassed-in balcony may have to go for a time. Similar inconveniences loom for at least a dozen other neighborhood standbys, like A la Turka on 74th and Second, which faces losing a portion of its seating during the subway construction. "That's it; end of life," the manager, Suleyman Secer, said.

For several businesses and residents, the consequences are worse. The authority is using eminent domain to take over and tear down the properties they rent.

Tony's Di Napoli, a chicken-parmigiana-and-spaghetti Italian family restaurant where former Mayor Rudolph W. Giuliani courted his current wife, Judith, must move. Its dining room will become a subway entrance. Falk Surgical Supplies, a drugstore that has sold hard-to-find medical products on 72nd and Second for 50 years, will be torn down. Owners of both say they will never find affordable space nearby.

Four buildings will be demolished, forcing out the tenants of 57 mostly rent-regulated apartments. Federal law requires the authority to find them housing in the neighborhood of a comparable type and price. If there is none, the law requires the authority to pay the difference in rent for their new apartments for up to three and a half years, up to \$5,265 total. Transit officials vow to find apartments the tenants can afford indefinitely, even if it means going above the maximum

amount, but have not determined how they will do that when one-bedrooms routinely rent for more than \$2,000.

Regulars at Tony's saw an ominous sign for their own future.

"We've spent every graduation, birthday party and anniversary here," said Stewart Cohon, 57, a human-resources consultant who lives nearby and was eating with neighbors who fretted that their favorite hangouts would disappear. "This hurts not just Tony's but everybody in the neighborhood," Mr. Cohon said.

In the short term, the subway could hurt real estate owners, too, since dust and inconvenience could spook tenants and buyers. But for the long term, said Deborah Guttoff, a senior director at the brokerage firm Eastern Consolidated, "We're excited."

Earlier, the area was not as prosperous as the rest of the East Side, but that is changing, Ms. Guttoff said. She expects the subway to further raise the value of retail and residential properties, like the four buildings on 71st and Second, a row of modest old tenements, that she is offering to investors in an estate sale.

And the fate of those buildings, with their rent-regulated tenants and shops like the cheap and beloved Afghan Kebab House? Within a decade, Ms. Guttoff said, a buyer could put up an 80,000-square-foot apartment tower, adding to the Upper East Side's population boom.

That growth, which began long ago, is one reason the area needs a new train line despite the even higher rents it will bring, said State Senator Liz Krueger, who represents the district: "It's a chicken and egg thing."