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New school construction now comes free of charge.

Officials broke ground recently on a new Manhattan middle school whose \$45.5 million construction tab will cost the city nothing thanks to a public-private partnership resurrected by the Department of Education to boost the number of classrooms in the city.

The mission of the Educational Construction Fund (ECF) is to build mixed-use real estate projects that include schools and to use rents, leases and other payments from the nonschool portion of the projects to finance construction of school facilities.



"We have developers build these sites with the requirement to build a school on the property," Jamie Smarr, ECF executive director, said. "In exchange, they have the air rights."

He added that the ECF had not been utilized in nearly 30 years--the last project was completed in 1980--because the school department lacked the organization needed to make use of the program and the economy was weak, referring to recession in the 1990s. But five years ago, the department made a push to again take advantage of the Fund as the need for new schools to alleviate overcrowding grew, and money was short.

Three years ago, the department issued a request for proposals to redevelop the site of a former school at 333 East 91st Street, which had closed down in 2000. The students of MS114 had been forced to bunk in with PS158 elsewhere in the city and were facing serious overcrowding.

The city used the lure of the coveted air rights to attract 11 bids from developers prepared to rebuild a new school in return for the air, which would enable them to build a luxury co-op next door to the school.

On Monday, ground was broken for the new East Side Middle School (MS114) by joint developers, The DeMatteis Organizations, of Elmont, N.Y., and The Mattone Group, of Queens. Once complete in the fall of 2009, the new building's capacity will enable the school to increase its student body from 350 to 540.

Smarr said that the Department of Education is adamant about keeping control of school properties, especially with the high demand and low supply of land in Manhattan.

"The Department of Education will continue to own the site to ensure there's always a school there," he said. "We never want them to pass hands on the site."

John Caiazzo, of the DeMatteis Organizations, explained that the developers--who hold a 75-year ground lease on the property--will pay the ECF a yearly fee. "The air rights above it support the school financially," he said.

The East Side Middle School project at 333 East 91st St. will be five stories and 80,000 s/f. It will include science labs, a library, gymnasium, according to Smarr, who added, "It's doubly important to get what the government would have done."

The developers will also build an adjacent 241,000 s/f, 34-story luxury co-op tower with about 5,000 s/f of ground-floor retail space.

"We will keep the retail use compatible with the luxury co-op customer," Caiazzo said. He said he has already seen interests from banks and other institutions.



The co-op, named "Azure," will feature floor-to-ceiling windows, marble baths, three stone countertop options and the choice of four cabinetry finishes. Caiazzo said that although pricing has not yet been finalized, the 125-unit complex is currently in the \$1,300 to \$1,400 per s/f range with units varying from studios, one, two, three, four and five-bedroom residences.

"It has been designed with families in mind," he said, adding that alternate floor plans are available, opening the doors for possible conversions.

Caiazzo, who was once an employee with the ECF, has worked on two ECF projects in the past.

"Our company does construction on a lot of schools and also residential towers and we thought a combined effort would be a challenge," he said.

SLCE Architects designed the coop, while Mitchell/Giurgola Architects crafted the middle school.

Since its creation by the State Legislature in 1967, ECF has constructed 15 projects in New York City that include 18,000 school seats, 1.2 million square feet of office space, and 4,500 apartments.

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