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Roosevelt Island headed upscale

New development could transform sleepy Mitchell-Lama housing haven

By Marc Ferris

Change is constant on Roosevelt Island, a sliver of land known by five different names throughout its history as part of New York City. Once a dumping ground for lunatics, smallpox patients, the homeless, and petty criminals, the island became the site of a utopian housing experiment in the 1970s.

Now, two new market-rate developments are transforming Roosevelt Island from a collective of subsidized housing into an upscale residential neighborhood. The end of Mitchell-Lama rules that gave developers tax breaks in exchange for lower rental rates could also free thousands of existing apartments from artificial rent guidelines. In another sign of gentrification, a Starbucks is scheduled to open there before the year's end.

The first large-scale apartment development on the narrow island was built in the mid-1970s under Mitchell-Lama statutes, as developers were drawn to tax abatements and low-interest mortgages in an era of ruinously high rates. Limits on rental income seemed a fair tradeoff at the time. But those covenants have expired, and as the island's cachet increases, some landlords have sought to repay their mortgages and charge market rents.

Owners of the Eastwood accepted a plan to move 1,001 apartments out of Mitchell-Lama, "the last place islanders ever thought" it would happen, said Judith Berdy, president of the Roosevelt Island Historical Society.

Present tenants will be protected, but as they leave, the one-time "bastion of low-cost housing will cease to exist, which is the plan for the entire island," said Matthew Katz, a longtime community activist.

The slow move toward market-rate housing got its start with the Roosevelt Island Operating Corporation, which was created in 1984 and is overseen by a nine-member board appointed by the governor. In 1989, the corporation approved five market-rate buildings known collectively as Manhattan Park, which still operates a full-time rental office, hinting that turnover is high.

The corporation also approved the Octagon and Riverwalk, the two new controversial developments set to transform the island, with occupancy at both expected early next year.

The Octagon is a 500-unit luxury rental complex being built by Becker and Becker Associates on the site of the former New York City Lunatic Asylum. Tenants will move in around March.

Bruce Redman Becker refers to Roosevelt Island as "Manhattan East, though it is quieter, has more open space, and more recreational opportunities." Becker is attempting to bring a water taxi route to a nearby landing.

Market-rate rents range from \$1,400 to \$2,200 for studios and top off at \$4,100 to \$6,000 for three-bedroom units. One hundred units in the building are reserved for middle-income housing.

"It's a lot cheaper than Manhattan and it will fill up," said Deborah Schutt, a Manhattan-based broker at City Connections Realty who specializes in Roosevelt Island rentals. The typical resident profile includes "recent college grads in share situations, out-of-towners, and people who live in walkups and are looking to upgrade," she said.

Though phone numbers begin with 212, and Manhattan is one subway stop or a tram ride away, Roosevelt Island remains terra incognita to a lot of people, said Schutt, "even if they've lived in New York for years."

As a place of residence, the island got its start as a repository for the unwanted. In 1828, the city bought the 2-mile-long, 600-foot-wide island, located a stone's throw from Manhattan between 48th and 86th streets, and erected institutions built by prominent architects, including Alexander Jackson Davis and James Fenwick.

After outliving its usefulness, the island became the site of an urban planning experiment when the New York State Urban Development Corporation leased it for 99 years and hired Philip Johnson to design a mixed-income community.



Developer Bruce Becker in the Octagon's rotunda, once the home of the New York City Lunatic Asylum.

Contributing to its identity crisis, the island is technically part of Manhattan, but the only vehicular bridge leads to Queens.

Still, said Schutt, the Octagon will benefit from the general real estate frenzy gripping the city and will "definitely get rented as quickly as any Manhattan building," though the trick is to find "the right clients who understand the value of what they're getting" and don't mind the lack of nightlife and limited retail outlets.

Development is also booming at Riverwalk, also called Southtown, where nine buildings and 2,000 units are planned. Cornell University Weill Medical College and Sloan Kettering Memorial Hospital bought the first two buildings.

Riverwalk Place, the first condominium on the island, plans to open for occupancy in January. The 230 units, developed by the Related Companies and the Hudson Companies, range from \$400,000 for a studio to \$1.15 million for three bedrooms. Cornell bought four floors, intended for faculty residences, and the developers claim that the building is 90 percent sold.

Newcomers may face resentment from some old-timers, who lost two lawsuits – one to block the Octagon, the other to stop the Riverwalk complex. "There is a concerted effort by the state to gentrify this island, which was created to provide affordable housing," said Katz. "People who live here have no input into the process whatsoever."

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