

Square Feet

The New York Times

The Yale Effect Spreads Out

A Company Town Draws New Housing, Offices and a Community College

By LISA PREVOST

NEW HAVEN — The corner of State and Chapel Streets was a dead spot in the central retail corridor here when economic development officials began soliciting proposals for the site in August 2006. Once home to a department store, the partially paved lot had been vacant for decades, contributing nothing but parking.

With downtown on the upswing, however, it was easier for developers to imagine new possibilities. If this particular corner lacked vibrancy, one had only to stroll a few blocks up or down Chapel to find livelier streetscapes, much of it the product of years of investment on the part of Yale and aggressive efforts by the city to leverage those dollars. Adding to the lot's potential is a direct opposite the State Street Station, a stop for both the Shore Line East and Metro-North railroads.

Bruce Becker, the president of Becker & Becker, a development firm in Fairfield, was among nine developers that competed for rights to the Chapel Street block. "I realized it was a once-in-a-lifetime opportunity to do a large transit-oriented development," he said. "There weren't any other sites like this in the state."

His proposal — a 32-story apartment tower with high-efficiency green features, parking for train commuters and a bike shop and bike storage area — won the city's approval.

When finished, the 500-unit tower will be the city's second-tallest building after the Connecticut Financial Center and, eventually, its largest taxpaying structure. Right now, it is the most visible sign of downtown New Haven's continuing appeal to private investors, even in the midst of a prolonged downturn.

While many large-scale developers are pulling back as they wait for the credit markets to ease up, Mr. Becker is moving his \$180 million project so fast that it is ahead of schedule. A week ago, he stood at the window of his fourth-floor office watching dozens of workable swarms over what will eventually be the second floor of the tower, to be called 360 State.

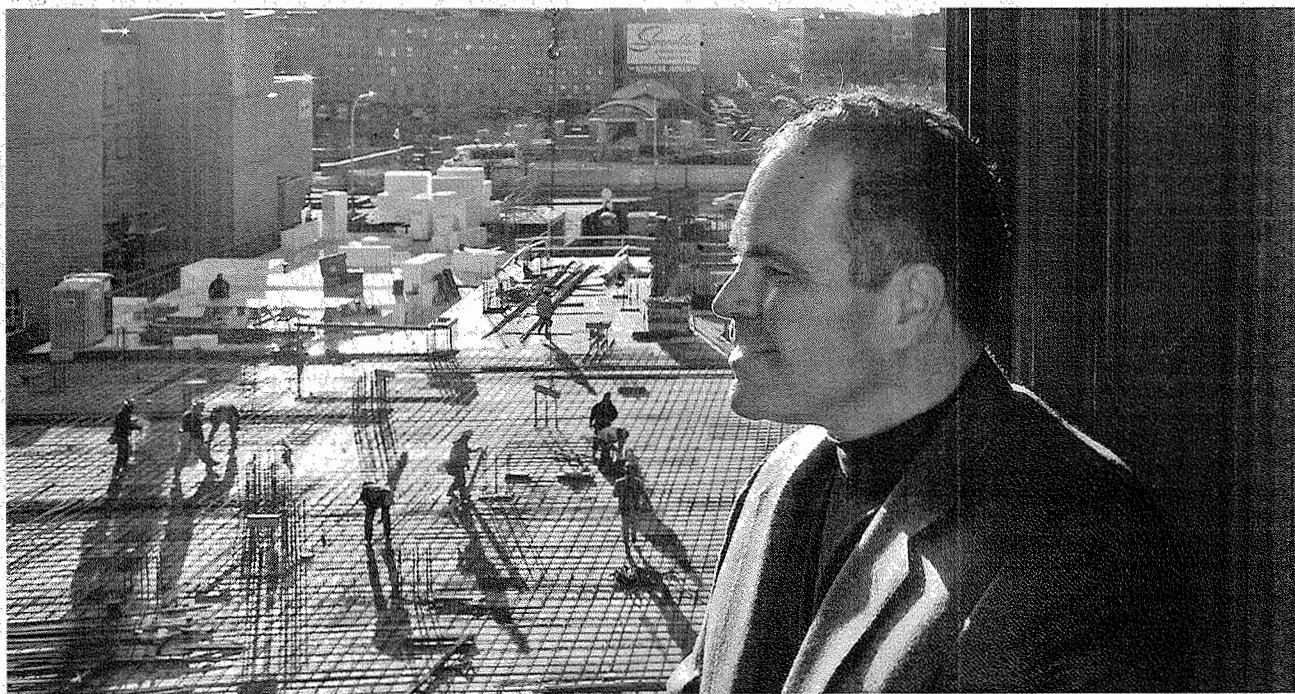
The all-equity project represents the first major new residential construction in the city center in at least 20 years, Mr. Becker said. The majority owner is the Multi-Employer Property Trust, a real estate equity fund representing union pension plan investors.

With rents ranging from \$1,300 a month for a studio to \$5,000 a month for one of the four terraced penthouses, the apartments are aimed at the highest end of the New Haven market.

But Mr. Becker does not see the project as speculative. "If we just looked at the waiting lists at the better buildings downtown, we could see there's a demand," he said.

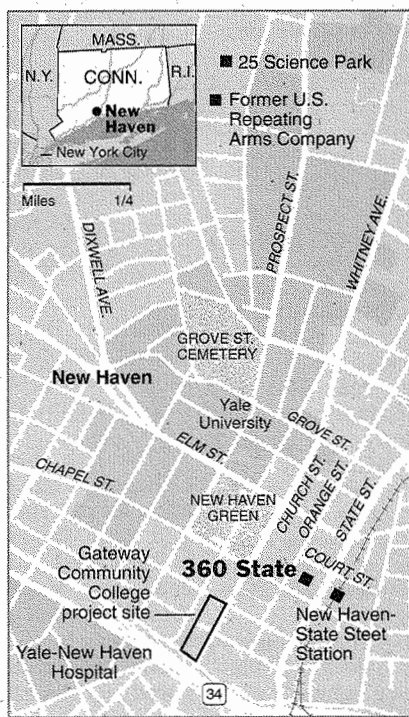
Under the development agreement, the tower must include 50 apartments offered at rents deemed to be affordable. All of these units will be studios and one-bedroom apartments. For two people with an income no more than \$61,300 (120 percent of the area's median income, adjusted for household size), a one-bedroom apartment will rent for an average of \$1,172.

Additionally, a 16,000-square-foot re-



CHRISTOPHER CAPOZZIELLO FOR THE NEW YORK TIMES

Bruce Becker, of Becker & Becker in Fairfield, is developing 360 State in New Haven, a 32-story apartment building.



THE NEW YORK TIMES

Yale and city officials are trying to improve dicey parts of New Haven.

tail space on the ground floor must include a food market.

Mr. Becker recalled that when he was attending the School of Architecture and School of Management at Yale as a graduate student in the 1980s, "Yale was nice, but the rest of the city was pretty dicey in places." The university's decision roughly 15 years ago to invest in its neighborhood has helped to stabilize some shaky areas and set the stage for additional residential and commercial development.

He and other developers say New Haven has many cultural and entertainment options within a walkable area and is reasonably well served by public transit.

This is the sort of transit-friendly climate "that the Rose Smart Growth In-

vestment Fund is focused on," said Dara Kovel, regional director for the Jonathan Rose Companies, a network of green-oriented development firms. The group's Smart Growth Fund recently formed a partnership with an affiliate of the Hurley Group of North Haven to buy an eight-story office building and a vacant bank building on Church Street, south of the New Haven Green.

By financing the \$8 million acquisition under the Treasury Department's New Markets Tax Credit Program for economic development projects in qualifying low-income communities, the partners obtained an interest rate of around 4 percent, enough to allow them to plan for \$3 million in energy-efficient improvements to the buildings, Ms. Kovel said.

The promise of green office space near mass transit has already helped the partners to attract a new environmentally conscious tenant: the Connecticut office of the Nature Conservancy signed a lease this month for the office building's third floor.

Although the buildings are on a stretch of Church Street that is still in transition, Ms. Kovel said, the developers are banking on the city's plan to relocate Gateway Community College diagonally across from theirs. The project will consolidate the college's two campuses — at Long Wharf in the city and in North Haven — at an estimated price tag of just under \$200 million. Scheduled to break ground this summer, the project will be financed primarily through Connecticut bonds.

The New Haven office market is fairly tight as it is, largely because of the steady expansion of the university and Yale-New Haven Hospital, according to John Keogh, senior broker at Colliers Dow & Condon. The two entities have captured about 1 percent of the total market annually for the last seven years, bringing the overall vacancy rate down to roughly 13 percent, and 8 percent in the central business district, Mr. Keogh said.

"This is a company town, simply put,"

he said.

Yale's expansion has recently spread beyond the downtown core to an old factory complex, formerly Winchester Repeating Arms, just north of campus. For decades, the city has worked with the nonprofit Science Park Development Corporation on various strategies for converting the complex into a center for bioscience companies. With the recent involvement of Winstanley Enterprises, a redevelopment company based in Concord, Mass., the enterprise has gained momentum.

After successfully developing 300 George Street, a bioscience building in downtown New Haven, Carter Winstanley, a company partner, began looking at 25 Science Park, a renovated factory building in need of tenants. He purchased the building in 2007 with an upfront commitment from Yale to take 160,000 of its 266,000 square feet. Since then, he has leased an additional 50,000 square feet to Higher One, a financial services company focused on higher education.

Now, Mr. Winstanley said, he hopes to resolve security and parking concerns that have stymied further development of the lighted area with construction of an 1,100-car parking garage. Adjacent to 25 Science Park, the garage will have glass-enclosed stairwells open to outside view and street-level retailing.

That project is still under way, but Mr. Winstanley is already planning the \$20 million redevelopment of the former U.S. Repeating Arms Company, a 230,000-square-foot building on the other side of the garage on Winchester Street. Yale will take most of that space as well.

The city would like to lure more outside tenants to the Science Park, but having Yale there is just fine, Kelly Murphy, the city's economic development administrator.

"They pay taxes when they're in commercial space," she said. "That, from the city's perspective, is a really good thing."