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COVERING THE ENTIRE STATE OF NEW YORK

## By Jeffrey Grob, Vollmer Associates Capital Improvements In BIDs Enhance Property Values

Property values in two showcase neighborhoods in midtown Manhattan have been enhanced as a result of some

\$54 million in capital improvements funded and implemented by property owners in two Business Improvement Districts (BIDs).



The two sections - the Grand Central Terminal area and the neighboring 34th St. section - had deteriorated in the wake of the financial setbacks that hit New York City in the 1970s. Taxes were rising, business had fallen off, and as area merchants began casting an eye in the direction of the suburbs, the tax base was shrinking.

With the city strapped for funds, property owners decided to take the initiative in an effort to revitalize their own neighborhoods. The Grand Central Partnership was created in 1989; the 34th St. Partnership three years later. Massive programs of capital improvements began, and the effects were felt almost immediately.

Through the Partnership's efforts, the Grand Central area, with its mid-to-up-scale retail outlets, is cleaner, brighter, and more inviting to both shoppers and merchants. The 34th Street district, which caters to a mid-to-down-scale shopping clientele, has been spruced up and is attracting a flood of large chain stores and retailers.

In both sections, the rent base has been stabilized, property values have

escalated, merchants have attested to an increase in shopping traffic and there has been more repeat business. All of these improvements represent a return-on-investment to the property owners, who paid for them with a self-imposed real estate tax.

### Funding Capital Improvements

A BID is a private, non-profit organization that raises money from local property owners to fund capital improvements. It is a creation of the state legislature and must rely on the approval and cooperation of city and state agencies. The city acts as a conduit for the collection and distribution of funds.

Once the redevelopment plan is drawn up, accepted by a majority of the owners and tenants in the district, and approved by appropriate state and city agencies, the property owners assess themselves a surcharge on real estate taxes, on a per-square-foot basis. The funds are paid to the city, which holds them in an escrow account to be turned over to the BID as needed. The owners receive their payback in the form of increased business, a cleaner and safer neighborhood, and enhanced property values which enable them to get higher rents. In the cases of the Grand Central and 34th St. BIDs, they have found it to be a profitable investment.

The capital improvements on which the Grand Central Partnership focused involved public spaces, such as: "signature corners" with inclines to accommodate wheelchairs and handcars; old-fashioned street-light stanchions, emitting a more attractive and color-correct white light instead of the city standard yellow; easier-to-read street

signs; unobtrusive newspaper boxes holding from six to 13 different papers; trees and planters along the avenues; convenient trash receptacles; newly striped streets and crosswalks; and private street-cleaning and security crews.

The Grand Central Partnership also implemented a service outreach program for the homeless. It set up a facility on 44th St., between Lexington and Third Aves., that provides meals, seminars, and job-training programs that eventually lead to residents being placed in apartments of their own.

The next major project planned for the area is the creation of a "Library Way" opposite the New York Public Library on the block of 41st St. off Fifth Ave. The block's current retail structure is a random mix of occupants and could be a natural location for small book retailers, in the same way that the Metropolitan Museum of Art is a magnet for art galleries and print shops.

### A Different Approach

The 34th St. Partnership required changes of a more basic nature, not the least of which was the removal of canopies and obtrusive signs from in front of stores and on the sides of buildings, which gave the area the look of an overgrown flea market. Also included were the addition of private sanitation and security forces, increased lighting levels, and upgraded streetscaping. The planned rehabilitation of Greeley and Herald Squares, which had earned an unwanted reputation as a hangout for derelicts, will have a profound effect on the entire district.

Even as work proceeds, large commercial enterprises have begun moving into the 34th St. area. A huge K-mart at One Penn Plaza connected to the Long Island Rail Road concourse, the nation's largest HMV music store, along with a mega-size Woolworth's and Gap, have opened on 34th St. and Sixth Ave., as well as a 17,000 sq ft Disney Store.

Although no city or state funds were used for any of the BID improvements, the full cooperation of agencies of both governments was essential to move the plan forward. The BID's proposal had to be approved by a series of government officials, including the city and state comptrollers, the City Council, and the mayor.

The plans were scrutinized by all appropriate city agencies, most notably the New York City Department of Transportation. Vollmer Associates, which served as design consultant on all the projects, also provided liaison between the BIDs and the City agencies.

All work on the Grand Central BID and the 34th St. district is expected to be completed by Labor Day 1997. The early returns on this urban experience are in, however, and the approval rating is high. Street crime in the areas is down by over 50 percent, the streets and sidewalks are among the most litter- and graffiti-free in Manhattan, the retail business is improving, and property owners and merchants are sanguine about the prospects for the future.

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