

THE NEXT HOT AMENITY IN LUXURY BUILDINGS: PUBLIC SCHOOLS

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With the city's population growing **even faster than predicted** and young people less often decamping for the suburbs when they have kids, the Department of Education has a **capacity issue**. Which means it has a **real estate issue**. We took a look at what developers are doing to help solve it.



In a proposed amendment to its **2015-2019 capital plan**, now being considered for adoption by the Department of Education, a plan is laid out to add **44,000 seats** for students in areas of high growth or overcrowding at a cost of **\$4.4B**.

It calls for **5,000 new seats in mixed-use developments** by private developers to break ground by 2019, including at some of the city's most prominent projects, like **Hudson Yards**, Greenpoint Landing, the Domino Sugar redevelopment, Halletts Point and Essex Crossing.

Forest City Ratner’s **Ashley Cotton** tells us the city’s first modern mixed-use development to include space for a school was Forest City’s **8 Spruce St**, a **76-story residential tower** in Lower Manhattan with **100k SF** for a public elementary school.

And at **664 Pacific St** (rendered above), part of Forest City’s **Pacific Park** development in Brooklyn, the developer is building a 600-plus-seat middle school. The School Construction Authority, the arm of the DOE responsible for building and maintaining facilities, commissioned the developer to build the school to its specs, **from scratch**. (The SCA declined to speak to us for this story.)

That project broke ground this past December and Ashley tells us its doors are expected to open within about two years.

“It’s **an amazing amenity** for residents,” Ashley says. “Having a public school helps create the kind of community we set out to create, and it helps attract renters and buyers. So we see it as a **win-win**. And there’s a definite **trend towards more** of these kinds of partnerships, so we should expect to see them happening more.”



Taconic Investment Partners and L+M Development Partners' **Essex Crossing** (above) on the Lower East Side has a site set aside for a new public school, which the developers have the option to buy from the SCA if it doesn't need the site once the **1.9M SF** mixed-use project takes fuller shape.

Taconic co-CEO **Charles Bendit** says the growing trend of mixed-use projects that include schools dovetails with the changing habits of Millennials. More young people are opting to **raise their children in the city**, rather than moving to the 'burbs for the dream of past generations.

"They either don't want to, or can't necessarily afford to, send their kids to **private schools**, but they're going to demand that those schools provide the education they'd expect **in the suburbs**, and that they be convenient," Charles says. "So it makes a lot of sense to do what we can to facilitate that."



The Durst Organization and Lincoln Equities Groups' **Halletts Point** in Astoria (above) is another project that will bring a big inventory of new housing to its area—about **2,400 units**.

It's enough new housing that the project, which passed in October 2014, was required by the city to have a **public school included** in its plans. Lincoln Equities Groups' **Robert Schenkel** tells us matters were complicated by the fact there **wasn't anywhere on the development site** to put the school. The developers were charged with solving that problem.

Even though Lincoln Equities Group wouldn't be building the new facility, Robert's team undertook **several feasibility studies**. They eventually identified a site for possible school on NYCHA-owned land right next to the development and helped tailor an agreement for the housing authority to sell the parcel to the SCA **for \$1** if and when the need arises.

The **new facility**, if built, would serve students from NYCHA's Astoria Houses, as well as from the new market-rate and affordable housing currently in the pipeline.

"They pushed us hard," Robert says, referring to the SCA. "but that's part of the process."

The hard work paid off. When the project went before the local community board for approval, it received a **unanimous vote** of approval, then got a unanimous vote from City Planning, and only one City Council member didn't vote to approve it.

Right now, Halletts Point is in **its first phase** of construction. (The second through fifth phases require the reinstatement of **421-a** or a similar program to make it economically viable.)

The value for developers in working with public authorities to make space for new schools pays off over time, says Charles. "Our assets stay here," he says. **"They don't leave."**