building (its traditional role for many years), but now is committed to sharing the risks and enjoying the financial rewards of a specific venture.

Governmental involvement has come about through the increase in adaptive re-use of distressed urban structures. Specialists in this area are looking more and more to under-utilized public buildings as excellent sources of conversion candidates. These wonderful old structures exist in cities across the nation. By enlisting the aid and cooperation of local city agencies — by making them, in effect, partners in the work — developers have been able to take advantage of some unusual conversion opportunities.

This is especially true if the conversion deals with a landmark structure. But here, developers must expect to take on a lot more than one governmental partner.

Our most recent efforts are concentrated in New York City. One example is the recycling of the former Federal Archive Building in Manhattan's Greenwich Village. The project is unique: it is the first transfer of a national monument for re-use as a residential, commercial, recreational and cultural facility. But it also stands as a classic example of what developers of urban property can expect to face in the decade ahead.

In its planning, financing and construction, "The Archives" project contains all the ingredients of the changed conditions mentioned above. Thus, it may prove helpful here to look at this unusual project in detail.

First of all, the conversion of "The Archives" is consistent with a pronounced trend in many cities of turning old commercial structures into mixed-use buildings. With skyrocketing construction and financing costs pricing new for-sale apartments beyond the means of most first-home purchasers, the re-use of existing buildings has proven to be an attractive alternative for both developers and home buyers.

Such structures offer developers architectural features impossible to duplicate at today's prices. Their rehabilitation can be accomplished at a fraction of the cost of new housing. Hence the number of for-sale apartments created from old factories, warehouses and office buildings in cities is increasing throughout the country.

Another trend is the planned development of "The Archives" as a mixed-use facility of cooperative apartments, commercial space and cultural and recreational activities. Developers are beginning to realize that the numbers will not always pencil out in a large complex devoted entirely to housing. And that the addition of complementing non-residential facilities will not only enhance a development's financial viability, but also make it infinitely more attractive to prospective residents.

Thirdly, the fact that "The Archives" is a historic structure is typical of a growing interest in landmark and national monument buildings by urban developers. These structures abound in cities thoughout the Eastern seaboard. They often can be purchased from governmental agencies for creative adaptive re-use; cities see such re-use as an ideal answer to their acute shortages of apartments and commercial facilities.

Finally, "The Archives" conversion is requiring the complex interplay among developer, lender and government that surely will become a part of the urban developmental scene in the years ahead. Even in its approval phases, this project has involved more than 30 different public and private agencies — each with its own special needs and objectives.

Much of the groundwork for the transfer of this Federally-owned monument has been handled by the New York City Landmarks Conservancy, a local non-profit group. Its help was badly needed because this project has necessitated governmental approvals on city, state and Federal levels.

This building is being donated by the U.S. General Services Administration under the Historic Monument Act of 1949 to a subsidy of the New York State Urban Development Corporation. We are leasing the structure for 99 years under an arrangement in which our payment for the property goes into a revolving fund for preservation of historic buildings in the city. And our lease payments — which amount to about $10,000 a unit — are paid up-front.

We will create 350 large apartments in the building and they will be sold as leasehold cooperatives. We will retain the commercial, recreational and cultural sections of the project and lease out this space conventionally.

Our total development costs, estimated at $35-$40 million, will come from an institutional investor, who will also be our partner in the venture. The lender's money will be repaid on a priority basis. In addition to interest, the institution will share equally in the profits.

It isn't necessary to be involved with a monument or a landmark building, however, to have community groups as a partner, nor need the development contain housing. An apt example is our participation in a $20-million venture to revitalize the downtown Flatbush section of Brooklyn — a strictly commercial project which is also requiring a partnership among developer, lender and community.

Here, we are working with the Flatbush Development Corporation, a non-profit agency composed of people who live and/or work in the area. Armed with $2 million of Federal Community Development Grants, the group has purchased the 4,000 seat Loew's Theater to save it from destruction. As the group's general partner, we will undertake the recycling of this incredible theatre into the heart of a new shopping center. We will also provide a 1,500-car parking facility and construct a 125,000-square-feet commercial link between two department stores already on the site.

There are other members of this partnership to revitalize and solidify Flatbush's business core. Since the area has been declared an urban renewal district, the Federal government is involved. And a major bank is interested in becoming our lead financial institution, and will participate in the profits.

Here then are two very different projects, linked only by the fact that they both emphasize adaptive re-use rather than new construction, and are being developed through the efforts of a unique joint venture composed of developer, financial institution and community. Such partnerships will unquestionably be the hallmark of urban development in the decade ahead. They may likely prove to be the vehicle for saving many of our cities now threatened with economic stagnation. ■

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