

# DOWNTOWN EXPRESS

## A LOOK INTO B.P.C. LIVING

By Alison Gregor | Volume 17 • Issue 35 • Jan. 21 - 27, 2005



Downtown Express photo by Elisabeth Robert

A dog walker in the south end of Battery Park City. A real estate broker who lives in the neighborhood says it is ideal for people who love “the quiet, the gardens, the kids and dogs.”

Terry Lautin, a neighborhood resident and broker with Prudential Douglas Elliman Real Estate who does a lot of business there. “I try not to bother converting anyone who has serious reservations about being in an out-of-the-way location. You must like the isolation factor — the quiet, the gardens, the kids and dogs — for this neighborhood to work for you.”

For those seeking something different from the rest of Manhattan, Battery Park City may be their premiere option. Real estate brokers say those escapists tend to be young professionals working in the World Financial Center or Downtown, many from foreign countries, or families just starting out or adults seeking pieds-a-terre for their elderly parents.

Due to a heavy influx of people recently, the Battery Park City Authority will seek developers this spring to build out the last two sites (23 and 24 on the west end of the ballfields) in the community of about 9,500 people on the tip of Manhattan. It’s the finishing touch in a neighborhood almost 40 years in the making.

Battery Park City’s desirability is reflected in its appreciating properties. While rental prices, especially for furnished rentals, have remained largely flat, property values for condominiums have shot up as people have ventured back into a neighborhood rife with creatively-designed parks and stunning views of the Hudson River, Statue of Liberty and Ellis Island.

Battery Park City has found itself reluctantly thrust into the limelight in recent years. Though largely abandoned immediately after the 2001 terrorist attacks, it ended up playing a critical and highly public role in the city’s recovery. More recently, it became the unwitting backdrop to the tawdry romantic history of former New York Police Department Commissioner Bernard Kerik.

That’s an ironic turn of events for a neighborhood originally planned in the 1960s as an almost suburban oasis in Lower Manhattan, engineered on a 92-acre landfill at the island’s western periphery. Battery Park City was never envisioned as a community for those who long to be at the center of things.

“There are definitely Battery Park City types,” said

*Continued on back*



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Lyn Guinane bought her condominium in Liberty Court three and a half years ago, shortly after the 2001 attacks, for \$550,000. She recently had it appraised and found out it doubled in value. It is now worth \$950,000 to \$1.1 million, she said — not that she's planning to move.

"I love it here," said Guinane, who has two teenage daughters. "It's a real neighborhood. I love the fact that we're on the water. My kids sail all summer. There's a marina between the north and south parts of Battery Park City. That's just such a beautiful thing to have."

Guinane moved into Battery Park City from Staten Island after the terrorist attacks with the intention, as a New York native, of supporting the city. Despite some of the quirks of the neighborhood — namely, the lack of parking and retail services — Guinane said she has no regrets about her move. The fact that no subway arrives directly in the neighborhood is a plus for Guinane. She has no problem crossing West St. to gain access to a multitude of subway lines.

"I like the fact that people don't just get off the train, and they're in their neighborhood," she said. "It's not as transient here as on the other side of West St. as other Manhattan neighborhoods."

Isolated and self-contained, Battery Park City has evolved into a blend of post-war rental apartments and condominiums. Several developers have taken advantage of federal Liberty Bonds offered after the terrorist attacks to finance their developments. The tax-free bonds require units to be rentals.

One of the complexes completed with \$110 million in Liberty Bonds was the 293-unit Solaire at 20 River Terrace, which opened in May 2003 and within six months was 100 percent rented and setting records for rental prices, marketers said.

While Battery Park City now has green regulations to which developers must adhere, the Solaire went above and beyond those requirements with its design, which includes twice-filtered water and air, along with casement windows and other energy efficient features.

The building's marketers say the green complex has commanded the highest rental prices ever in Battery Park City, with studios starting at \$2,300 a month; one bedrooms starting at \$3,000; two bedrooms ranging from \$4,500 to \$6,500; and three bedrooms starting at \$7,500.

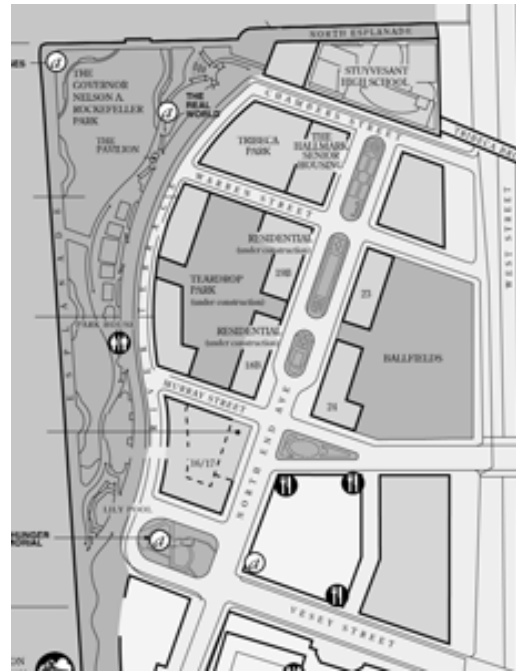
"There was such a strong market for green living that residents were willing to pay a premium of approximately 10 percent," said Lydia Haran, leasing manager of the Solaire, who said she has a handful of units currently available.

The Albanese Organization, which built the Solaire, has another 253-unit green building under construction nearby at Site 18B using \$100 million worth of Liberty Bonds. Both this building and the Solaire were required to make five percent of the units affordable for people of moderate income. That's a total of about 27 units set aside for families of four that earn \$55,000 to \$94,000.

Still, some residents feel Battery Park City could have more affordable housing.

"We could use some middle class, affordable housing," Laitin said. "There are a few 80-20 rental buildings, which are great for our area, bringing in families that help to keep the area economically diverse."

Many of the neighborhood's residents are upper middle class or wealthy, although some of the rental buildings are "80-20s," where 20 percent of the apartments are set aside for moderate income tenants. There are also rent protections on many of the apartments in Gateway Plaza, the oldest and largest housing complex in Battery Park City.



In Battery Park City's north section, above, construction is almost complete on the Related Companies' 274-unit apartment on Site 19B and construction has begun on Albanese Organization's 253-unit building at 18B. Sheldrake Organization is expected to begin construction on 320 apartments at Sites 16/17 later this year. The Battery Park City Authority will soon release requests for proposals for apartment buildings at Sites 23 and 24. In the South, below, Millennium Partners will soon begin building 236 apartments on Site 2A and the Battery Park City Authority is currently evaluating bids to build an apartment tower at Site 3.



Joanna Pajkowska has been living almost a year at 22 River Terrace, next door to the Solaire, with her fiancé, who works nearby in the Citigroup building. The couple loves the neighborhood, but has no plans to settle in Battery Park City.

"It's just too expensive," Pajkowska said. "I've noticed there are quite a few young families with one or two young kids, but for us, I don't think it's do-able."

Pajkowska and her fiancé have paid about \$2,500 a month over the past year for their one-bedroom apartment due to incentives initially offered them by the building owner. Those expire soon, and their rent will go up to about \$2,650, she said.

Pajkowska's fiancé owns a home in Connecticut that he sublets, enabling the couple to afford their Battery Park City home. They plan to leave for a cheaper location to raise a family after they spend a couple years enjoying the Manhattan lifestyle as a young couple. They have friends who plan to do the same. And Battery Park City is a great location to do so.

"It's really nice and clean and friendly," Pajkowska said. "And we have doormen and all the services."

For Pajkowska, there are few drawbacks to living in the northern part of Battery Park City, though she did mention the relocation of the ferry terminal from the World Financial Center to her residential area as somewhat of an annoyance.

"The ferries have their engines roaring from like 7 or 8 a.m., and they go until 10 p.m., and they have squeaky piers — this high pitched squeak," she said. "That's the biggest nuisance."

Widespread construction has not bothered Pajkowska and her fiancé since their apartment faces the Hudson River. East of their complex on Site 19B, the Related Companies, which received more than \$100 million in Liberty Bonds, is building the next development to go on the market this spring with about 274 rental units, meaning about 14 affordable units will also be created this spring.

Also in the northern section, a 32-story, 320-unit condominium building will be constructed at Sites 16/17 by the Sheldrake Organization. The building will also have the neighborhood's first public library.

An 800-ft. tower likely to be the headquarters for Goldman Sachs is being negotiated for Site 26.

In the southern portion of Battery Park City on Site 2A, about a 10-minute walk away or a quick free shuttle ride, construction is to start this month on a 360-ft. tower with 236 units by Millennium Partners with completion projected for the end of 2006. Millennium Partners also built the Ritz-Carlton Hotel, which has both hotel rooms and condominiums and opened in January 2002, the first B.P.C. building to do so after the terrorist attacks.

Matthew Hall, a spokesperson for Millennium Partners, said there have been only five re-sales in the Ritz-Carlton since it opened, and the appreciation rate of its condominiums has been "significant."

Also in the southern portion is Site 3, which is slated for a 360-foot residential building. The Battery Park City Authority took proposals last summer, and officials expect to name a developer for the site within the next two months.

Battery Park City may achieve full build out in the next few years, officials said, as long as the real estate market remains strong. Development of the community has always been market-driven.

Real estate brokers say the neighborhood is not a particularly hard sell, though steep monthly maintenance fees of as much as \$4,000 can make it challenging. Because of the land-lease agreements developers in the planned community arranged, monthly maintenance fees are high and differ in each building. On top of having to pay for a parking garage due to sparse parking, the fees can stretch a budget very thin.

Still, the trade off for high monthly fees are lower prices for housing. The average price for a condominium is \$719,613, making Battery Park City one of the cheapest gentrified neighborhoods in Manhattan. Two bedrooms range from \$650,000 to \$1.8 million and three bedrooms can go from \$750,000 to \$3.5 million.

"I always say to my clients that if you spreadsheet out the monthlies versus the purchase price, you can sometimes come out ahead if not the same if you are purchasing something at a higher purchase price," said Heather E. Stein, a broker who specializes in the Cove Club building for Brown Harris Stevens.

Still, Lutin pointed out that there is a shortage of three-bedroom apartments in the community, which was originally designed for single

young professionals working in the World Financial Center. High monthly fees makes it hard for buyers — for instance, young families — to buy two smaller apartments to combine into a larger space.

Still, young families continue to discover the neighborhood, with its gorgeous riverfront esplanade and the recently opened Teardrop Park, two acres of terrain evoking the Hudson Valley and Catskill Mountains.

“Once they live there, people don’t want to leave,” said broker Maria Cangiano of Halstead Property L.L.C. She said most of the potential buyers who came to view her recent condominium exclusive were already renters in the community.

“People like it,” she said. “If you don’t work in the city, it’s a very convenient area to live in, because it’s right by the Holland Tunnel, the F.D.R. and the West Side Highway, so you’re close to all major access roads.”

All those perks are convincing residents to commit to the neighborhood. Stewart and Jaquelin Barr have been renting in Liberty View since December. They came to Battery Park City for its schools, including the acclaimed Stuyvesant High School, though their child is still a toddler. With its manicured parks and organized recreational activities for kids, Battery Park City is perfect for them — almost.

“The only thing that I really don’t like are the shops,” said Jaquelin Barr. “The supermarkets are awful — very small and overpriced — and the selection of restaurants is limited.”

With the loss of retail at the former World Trade Center, many residents have similar complaints. But for most, Battery Park City’s amenities outweigh its inconveniences.

“I used to work and live here, so I always liked the area myself,” Stewart Barr said. “It’s quiet. There are parks and the water. And now that we have a son, the schools are just fabulous, so it’s the best place to live.”

Stewart Barr was renting a place at Liberty Terrace when the terrorist attacks occurred. He left soon afterward due to the inconvenience.

“It was all checkpoints,” he said. “It was just a horrible place to live at the time.”

But things have changed, and since returning, he and his wife have gotten a better deal on an apartment. While Stewart Barr was paying \$2,900 for a small one bedroom apartment before Sept. 11, 2001 — a cheap price that initially drew him to the neighborhood as a young bachelor — the Barrs now pay \$2,475 for a larger one-bedroom space.

“It’s a pretty good deal,” said Stewart Barr.