No More Buildings, Please

By Joshua Stein, Joshua Stein PLLC

The proposed development project is too big. It will cast shadows. It will cause traffic. It will block views. It's noncontextual, because it doesn't look like all the buildings around it. It's too similar to all the buildings around it; too much sameness. It needs more parking. It has too much parking. It's too near a park. It's too stark. It's ugly. It's the wrong design. It's a misuse of a very special site. We don't need any more buildings like this one. The market isn't ready for this building. It's environmentally unsound. It's a great project, but this is the wrong place for it.

We hear lines like those again and again in response to just about every substantial development project anyone proposes. Community groups stand by at the ready to criticize and object to just about any substantial proposal. Sometimes those "community groups" are actually financed by existing building owners that don't welcome the competition of another similar project, such as a regional mall out in the suburbs.

Our overgrown approval procedures open the door for all of this, by turning every substantial development project into a wide-open opportunity to throw up obstacles great and small, new and old. The process slows down and complicates development, ultimately increasing its cost, reducing competition in the rental and sales markets (not a bad result, some would say), and in extreme cases entirely blocking worthwhile projects that would in fact improve their neighborhood and benefit the local economy.

Over time, the process has gotten worse. It started with zoning and building codes. Then it grew to include environmental considerations, landmarking issues (now afflicting many thousands of potential sites and entire neighborhoods in New York City), affordable housing, labor union agendas, the need to qualify for tax abatements or subsidized financing, and more. It adds up to an obstacle course that makes the actual physical construction of a large project the easy part of any developer's challenge.

Sometimes the same projects that engender so much objection become icons of their cities once built. Rockefeller Center, for example, had substantial detractors when it was developed, in the much simpler era of the 1930s. Now it is a designated historical landmark and part of what makes New York City what it is. In San Francisco, the Transamerica pyramid led to years of protests and objections. Today, though, it is an icon of the San Francisco skyline, something you see on every postcard of the city.

Large neon signs sometimes have a similar dynamic. If Pepsi-Cola proposed today to install a large bright red neon sign across the river from the United Nations building, the approvals process and community input would, without doubt, kill the project. It's ugly. It's garish. It violates the serenity of the river. But somehow Pepsi-Cola got it built many years ago — before everyone was so sensitive — and now it's a much loved element of the shoreline, something worthy of preservation.

The Colgate clock along the New Jersey shore is another similar example. And in Boston, the huge Citgo sign near Fenway Park is clearly out of proportion to its site, a blemish on the skyline, and way too bright. If Citgo wanted to build such a thing today, community groups would make it impossible. But now that it exists, it is an emblem of the city. When Citgo announced they wanted to take it down a few decades ago, that prompted protests and outrage and the sign survived. Other large signs in New York and elsewhere have achieved similar status.

Maybe the pendulum has swung too far in the direction of making any major development project too difficult. Maybe we have become overly sensitive to a long list of concerns that, when considered as a whole, force a developer to thread a needle in order to come up with something that can make its way through the political process. We should perhaps recognize that in a dynamic city with a growing population and a successful economy, more development is presumably a good thing. And we have a wide spectrum of possible choices between "totally unchecked development" and the very difficult development process that seems to prevail today.

Part of the dynamic is that no large organized lobby exists in favor of "more development," beyond the construction industry itself and developers seeking approval for individual projects — all of whom are obviously motivated by crass commercial considerations. In contrast, local groups opposing individual projects (or a whole series of projects, one after another), have lots of voters and the ears of politicians and the ability to claim they act for altruistic reasons. That may be, but the net effect of their objections to almost everything is to substantially constrain and delay development in a city that needs more of it.

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The Changing Face Of LIC Retail

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I attended a conference entitled Queens: The New Retail Frontier. The event was co-hosted by the LIC Partnership in tandem with the International Council of Shopping Centers.

I spoke to an NYC mortgage professional who provided me with the following informational tidbits.

Two speakers from the International Council for Shopping Centers introduced the panel moderator, Elizabeth Lusskin, President of the LIC Partnership and Executive Director of the LIC Business Improvement District [BID].

Elizabeth showed us a map containing blue, green and red squares showing completed real estate developments in LIC; as well as new developments in LIC that will be completed within the next couple of years. All in all about 10,000 units were completed within the past few years and another 18,000 units will come online within the next three years.

Elizabeth went on to say that in addition to the residential growth, a growing number of companies have decided to settle in LIC. She mentioned a few including longstanding MetLife and nearby Jet Blue.

For those of us who've been watching the LIC real estate market evolve, it's easy to add the names of a dozen other large organizations that now have a presence in LIC including: CUNY Law, Citibank, RCN, SilverCup Studios and the NYC DOT — to name just a few. But the list goes on and keeps growing.

Steven Baker of the Winick Realty Group spoke next. He started by talking about a deal they did for a cellular phone company in Flushing in recent years. Steven noted that they were shocked to have to pay Manhattan priced rents for a location in downtown Flushing — but he went on to add that they did — and now that location is one of that company's highest performing stores in NYC and the northeast.

Winick Realty specializes in retail space. Steven started talking about some of the transactions his firm had done in LIC with companies like Blend, NYC Kids Club and Sweet Leaf. He noted that less than four years ago he was renting retail space in LIC for $25 per square foot. He said that he recently leased some space for $50 per square foot.

Steven opined that eventually LIC would become home to a big box retailer — and that after the pioneer big box retailer came in, others would follow.

Aaron S. Fishbean of Winick Realty followed Steven. He returned to the map talking about relative advantages of the Queens Plaza / Court Square area such as access to eight subway lines [7, N, Q, G, E, F, V & R] and twelve bus lines. He also mentioned how other companies like Foodcellar & Co were some of the earliest retail pioneers in LIC.

Steven of Winick Realty responded by saying that retailers "need to see buildings, not cranes." He opined that seeing the residential units filled, the new hotels open and more competitive pricing would, over time, begin to lure large new retailers into the area.

Steven said the erection of the new residential building that will replace the iconic 5 Pointz will change the face and dynamics of the Court Square area. He also cited the Savanna Fund purchase of the 51 story, 1.5 million-square-foot Citi Tower Building for "significantly more" than the half billion paid for it in 2011 as another example of the increasing interest in the neighborhood.

Seth of the Queens Economic Development Corporation remarked that retailing in Queens is vastly different from retailing in most/any other part of the nation.

George of Key Foods commented that it's difficult to predict retail volume, prices and profit when you're in a market where the demographics are changing like they are in LIC. It's a challenge to estimate volume until you see who inhabits the buildings and begin to see the lifestyles they live. He said it's far easier to buy an existing food store and build upon/improve its operations than it is to start a new store. He seemed to think that the smaller independents were more apt to take this risk than the food chain stores.

Elizabeth of the LIC Partnership noted that a few local retailers were expanding into LIC. She mentioned Bareburger of Astoria and Sweet Leaf, both of which opened second locations. She asked when the large retailers will begin to expand into LIC.

George of Key Food said that the population density is not yet in place and that retailers and real estate owners/developers are at odds over prices. Steven of Winick Realty thought that the building owners who bought into Long Island City some time ago were most likely to cut a deal at the prices retailers were seeking because their cost basis is far lower than those who purchased LIC property in recent years. Aaron of Winick Realty opined that prices now will be less than prices in the future.

This is an abbreviated version of the article "The Changing Face of LIC Retail" published by Queens Buzz, www.QueensBuzz.com and reprinted with permission.