

A Difficult Birth for East Harlem Mall

Even by the often sluggish standards of development in New York City, East River Plaza, the big-box vertical mall under construction along the F.D.R. Drive in East Harlem, has proceeded at a glacial pace.



Ruby Washington/The New York Times

East River Plaza in East Harlem. A Costco store opens there on Nov. 12, with more stores moving in next spring.



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David Blumenfeld began working on the project in the early 1990s.

David Blumenfeld, the scion of a Long Island real estate family, first spotted the dormant Washburn wire factory in the early 1990s, while commuting to work in Syosset. To Mr. Blumenfeld, then in his 20s, the site seemed to offer the perfect chance to introduce suburban-style big-box shopping in Manhattan.

Nearly two decades later, workers are finally preparing for the Nov. 12 opening of the shopping center's first tenant: a 110,000-square-foot Costco wholesale warehouse club, the borough's first. Target, Best Buy and Marshall's will start moving in next spring. Of 485,000 square feet, only 30,000 are not yet spoken for.

The opening is coming 15 years after the Blumenfeld Development Group, headed by Mr. Blumenfeld's father, Edward, worked with Canyon Capital Realty Advisers of Beverly Hills, Calif., to buy the six-acre site, which stretches from 116th Street to 119th Street, for \$3.1 million at a foreclosure auction. Five years later, the project was approved by the City Council. In 2004, Canyon Capital sold its interest to Forest City Ratner.

Many factors contributed to the delay, including a long battle with a cabinetmaker whose shop occupied land needed for a parking structure with 1,248 spaces. (Finally the developers bought his shop and five other properties.) The project was stalled for years over the question of whether public subsidies or shoppers would help defray the costs of the parking garage.

Mr. Blumenfeld said the project lost a lot of political muscle when Randy A. Daniels, the state official who had championed it, took a job in the private sector. Mr. Daniels described the delay as a classic example of what is wrong with the development process in New York. "It takes too long to get anything done," he said. "There are many missed opportunities because of that."

Now 45 and graying at the temples, Mr. Blumenfeld said he never expected the project would consume so many years. "We've been to hell and back to get it done," he said. In the interim, the price tag ballooned to \$500 million, partly offset by about \$80 million in tax credits and other subsidies. In 1999, the price was estimated as \$150 million.

One of the largest developments in northern Manhattan in decades, East River Plaza is the most significant commercial development in East Harlem since a Pathmark supermarket opened on Lexington Avenue and 125th Street in 2000. The Target store will be the first to be fully situated in Manhattan (a Target in the Bronx dips its toe into the Marble Hill section of Manhattan).

But these days, East River Plaza no longer seems quite so pioneering. Superstores have proliferated in New York City, and some retailers like Home Depot have squeezed into smaller urban spaces, often on multiple floors. As the crime rate fell, retailers stopped shunning poor neighborhoods and developers took advantage of financial incentives. Even stacking large retailers on top of one another is no longer a novelty.

One new example is Gateway at Bronx Terminal Market, on 149th Street in the South Bronx, which took just five years to build, though it is twice the size of East River Plaza. Mr. Blumenfeld said the Related Companies, which developed Gateway, got the benefit of his trailblazing, even hiring the same architectural firm, GreenbergFarrow. "Obviously, things

went a lot faster for Related,” he said. Related officials have said they were inspired by Dadeland Station, a big-box center in Miami.

Mr. Blumenfeld said his first challenge was getting superstores to accept the idea of operating in Manhattan. He said national chains could not imagine that apartment dwellers, especially renters, would shop in their stores. “They all told me I was crazy,” he said.

Then, too, there were the logistical problems that big-box retailers do not encounter in the suburbs. How efficiently would the traffic flow through narrow urban streets? How would freight be moved to the higher floors?

Eventually, Home Depot and Costco agreed to be anchor tenants. “It took years to get to that point,” Mr. Blumenfeld said. Because of the delays, however, the developers had to redo the leases. The second time, Costco thought it had a deal but the developers decided to lease to Target. But then Home Depot slowed its expansion plans because of the recession and opened a store at Gateway while surrendering its space at East River Plaza to Costco.

Jeffrey H. Brotman, the chairman of Costco, said he expected annual sales at the East Harlem store to exceed \$2,000 a square foot, about double the average.

While some residents living near the project are angry about the prospect of more noise and traffic, most residents are eagerly awaiting its opening, said Robert J. Rodriguez, the chairman of Community Board 11 in East Harlem. “The overwhelming sense in the community is that this has been slated to happen for so long, the community really wants to see the benefits of this project,” he said.

Under an agreement with the developers — including such concessions as the installation of double-paneled windows at the developers’ expense, to block out noise for nearby residents — a local nonprofit group is helping Costco recruit workers from the neighborhood and has identified 900 qualified candidates, more than twice the number of available jobs, he said.

The project began to pick up speed after Forest City, a partner in the development of the headquarters building of The New York Times Company on Eighth Avenue, became involved. Having a well-connected local partner added strength to the project, Mr. Blumenfeld said.

The thorny question of who would pay for the \$62.4 million garage was resolved when the tenants finally accepted the notion of paid parking — \$4 for two hours, and an additional \$9 for a third.

As his project nears completion, Mr. Blumenfeld said he was disappointed that the city's Planning Department had not allowed him to make the center's brick-and-limestone facade more eye-catching from the highway. "This is one of the first properties you see when you come into Manhattan," Mr. Blumenfeld said. "It deserves something more iconic."

Under a design commissioned from Kevin Roche, a Pritzker Prize-winning architect, the facade would have been draped in mesh, with an American flag sandblasted onto it.

But city officials issued a stop-work order in 2007 after the Planning Department discovered that the facade did not conform to the design that had been approved in 1999, said Rachaele Raynoff, a spokeswoman for the department. Though the flag design was not rejected on aesthetic grounds, "that is not to say that anybody liked it," she said.

Amanda M. Burden, the planning commissioner, was one of three commission members to vote against East River Plaza in 1999. "I don't think she thought this was the right use for the site," Mr. Blumenfeld said. Ms. Raynoff said Ms. Burden would not offer an opinion on the shopping center.

The developers got a big shock last Dec. 11, when Bernard L. Madoff, the Blumenfelds' close family friend, was arrested and accused of a multibillion-dollar fraud. Edward Blumenfeld's personal guarantee for the East River Plaza loan was collateralized by his investment with Mr. Madoff, and Ruth Madoff, Bernard's wife, made a small investment in the project, David Blumenfeld acknowledged. "It was a terrible day for us," he said, without further comment.

Looking back on his experience at East River Plaza, Mr. Blumenfeld said that developers of complex projects needed a lot of patience. "Ten to 15 years is probably the right time horizon," he said. "I don't know if a lot of people have the stomach for that."