

Former Prison in Manhattan Could Be Tough Sell

New York State Looks to Sell Chelsea Building to a Developer

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Laura.Kusisto@wsj.com



A view of the rooftop basketball court at the former Bayview Correctional Facility at West 20th Street and 11th Avenue. Philip Montgomery for The Wall Street Journal

On sunny Friday afternoons, some office workers might peer over the walls of their cramped cubicles and feel as though they are in prison.

Soon, it could be more than just a feeling for workers in one city building. New York state is looking to sell one of its prisons—on prime Chelsea real estate at West 20th Street and 11th Avenue—to a developer to transform it into uses including offices or an educational facility, along with community space, officials said.

The former Bayview Correctional Facility, a medium security women's prison, was closed in October 2012 after inmates were evacuated before superstorm Sandy and the structure's lower floors flooded.

The main eight-story brick building was built in 1931 as a Seamen's House YMCA to accommodate merchant sailors while their ships docked nearby. It was turned into a prison in the 1970s.

Even as luxury condos and trendy offices sprung up around it, the prison's beige brick buildings looked to the casual passerby like any other vestige of the neighborhood's industrial past—the inconspicuous neighbor of the luxury condos at 100 Eleventh Ave., where a penthouse once sold for about \$20 million.



The former Bayview Correctional Facility at West 20th Street and 11th Avenue Philip Montgomery for The Wall Street Journal

But in a hint as to its identity, the faces of inmates could be seen looking through small windows at the people running and pushing strollers in Hudson River Park.

When it closed, the prison housed about 230 female inmates who had served much of their time for offenses as serious as murder, prison officials said.

The coveted waterfront rooms were allocated randomly when prisoners arrived, and the prison was considered a desirable placement, especially for inmates who wanted to be close to their families.

"It's still prison. There's still rules that you follow. But if you had a room in the front with a window, you had a view, the traffic noise of the city probably," said Tobe Corcoran, assistant commissioner of the state Department of Corrections, on a recent tour of the site.

The site would be perfect for luxury condos or even a hotel, developers said, but the state won't accept bids for residential uses—in an attempt to focus on promoting job growth and accommodating the desires of neighborhood residents.



A corrections officer at the former Bayview Correctional Facility in what was an old YMCA building in Chelsea
Philip Montgomery for The Wall Street Journal

The state issued the request for proposals last month, and submissions are due in mid-February. State officials expect to select a developer sometime in the spring.

Developers who have either toured the property or looked closely at the floor plans are skeptical that the property can be profitably converted into office space. The location is excellent, they said, but the ceilings are low, the floor plates small and the windows tiny.

"Because of its limiting factors, there's only so far you can go," said Don Peebles, a real-estate investor. He said his team is evaluating the space, which he said offers a challenge requiring a "creative" approach.

Real-estate experts said Bayview would have fetched a significantly higher price if the government allowed for residential or hotel use.

"The state's going to leave a significant amount of money on the table by dictating the use," said Dan Fasulo, a Real Capital Analytics managing director. "I think they're going to be surprised at how low the bids are."



A basketball court in the former prison Philip Montgomery for The Wall Street Journal

The site is one of the most valuable in the portfolio of properties controlled by Empire State Development, the state's economic-development agency. Previously, Camp Georgetown, a former correctional facility on 31 acres in upstate New York, sold for \$241,000 and is set to be turned into a youth science camp. The Mid-Orange Correctional Facility in Orange County, northwest of New York City, sold for \$3.1 million and is set to become, in part, an industrial and business park.

State officials and developers declined to speculate on what price Bayview could fetch, given the building's unique structure.

Kenneth Adams, president of Empire State Development, said he isn't concerned that the site would prove too challenging to develop. He pointed to the success of other industrial buildings converted to offices, including Chelsea Market and a former storage facility at Eighth Avenue and West 16th Street purchased by Google Inc. for \$1.9 billion in late 2010. "For high tech companies, for media companies, a building like this could lend itself to that," he said.

One possible use for the site is by the Steinway & Sons piano company, which recently sold its showroom facility on West 57th Street, according to people briefed on the proposal. The company, which didn't respond to requests for comment, would move about 30 to 40 employees to the site, including management and some technicians, one person said, potentially transforming a large gymnasium into a concert hall.

The Bayview building also features an Art Deco pool, which corrections officials used for storage, and a small chapel with stained-glass windows that some Chelsea residents want preserved. Community leaders—who would have liked to see affordable housing on the site—said they were happy with the compromise.

"It doesn't radically alter the character of the neighborhood. I think a lot of West Siders feel pressure in this real-estate market when luxury condominiums begin to change the nature of the

area," said state Sen. Brad Hoylman, who represents the area. "This might have been another domino to fall."