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Real Estate

New Building to Be Home For the Health Department

By CHARLES V. BAGLI

The Bloomberg administration and Tishman Speyer Properties have struck a deal to move the city's Department of Health and Mental Hygiene and 2,700 of its employees to a planned \$316 million office building in Long Island City, the first phase of a large-scale project designed to bolster a nascent business district in Queens.

The project, called Gotham Center, has been in the planning stages for more than three years. It is near Queens Plaza, at 28th Street and Thomson Avenue,

A tower is seen as a catalyst for development in Long Island City.

where a six-story municipal garage now sits. Work has begun on demolishing that garage, widely considered to be an eyesore. Tishman Speyer completed the financing for the 21-story building last week and signed a lease with the health department.

"I'm so pleased we finally got here," said Deputy Mayor Robert C. Lieber. "I think this is going to be huge for Long Island City. Hopefully, it will bring a vibrancy and more people to the area and catalyze the development" of more retail and service businesses.

The city has wanted to create an office district in Long Island City for companies unwilling to pay higher Midtown Manhattan

rents. It is using government offices to anchor the project with the hope that private companies will follow. The move would also be able to enable the health department to consolidate some of its operations in more modern space, officials said.

Citigroup built a 48-story tower nearby in the 1980s, and a second, smaller tower was recently completed across the street. But Long Island City has not quite caught on as an alternate commercial district.

The new building would be the first step in Tishman Speyer's plan for 3.5 million square feet of housing, office and retail space. The Modell sporting goods family, which had owned some of the land, is a partner.

The Bloomberg administration has been eager to promote new development projects, especially now that the economy has slowed after a long boom and developers are finding it almost impossible to get financing, delaying a number of projects.

Tishman Speyer obtained financing from Wells Fargo for the Long Island City building, which will be occupied solely by the health department under a 20-year lease. The city comptroller, William C. Thompson Jr., said on Thursday that two municipal pension funds were also investing a total of \$18.6 million as part of an ongoing agreement with Tishman Speyer to back some of Tishman's New York projects. He said the deal had benefited the city and the pension funds.

"We applaud the city's commitment to development, especially in this environment," said Rob Speyer, co-chief executive of Tishman Speyer.