

THE WALL STREET JOURNAL

WSJ.com

## NY REAL ESTATE COMMERCIAL | JULY 22, 2010 Lengthy Delay Finally Ends For Girls Club

**3y JOSH BARBANEL** 

After years of delay, bulldozers have begun digging out the foundation for a permanent home for the Lower East Side Girls Club, which will be located in the base of a new 12-story apartment building that will soon rise up along Avenue D.

The Girls Club was founded in 1996 to provide support to teen and pre-teen girls in the housing projects on the Lower East Side and has been searching for a permanent site of its own every since. In contrast, boys-only clubs have been a ixture in the neighborhood for about a century.

The new home will provide 35,000 square feet of space for the club, including a planetarium for science studies, a bakery, art rooms, recording studios and classrooms. The project also will include a large outdoor plaza, an indoor roga room and recreation center, but no pool because that was deemed too expensive. There will be 77 market rate and subsidized apartments in the building above.



Cutsogeorge, Tooman & Allen Architects PC Rendering of future Lower East Side Girls Club

"Our dream is finally becoming a reality," said Lyn Pentecost, founder and executive director of the club.

But the path that led to the new clubhouse now under construction wasn't a smooth one. In the end, the solution involved an intricate blend of city tax-exempt financing, federal tax credits, city funds and private and foundation donations.

Then when the project was ready to move forward in 2008, it was delayed again because of difficulty in obtaining private construction financing in the tight credit markets. Construction began a few weeks ago, after the project's housing developer, Dermot Co., closed on a financing agreement with the Bank of America. The project is due to be completed in 2012.

The Girls Club first submitted a proposal to build a club house, the only girls club facility in New York, a decade ago, but initially made little headway, Ms. Pentecost said. Then in 2002, after Mayor Michael Bloomberg took office, the city agreed to provide the site, and the Girls Club announced a 2005 opening.

That proved optimistic. The club worked a variety of city agencies and

## planned on Avenue D.

partners over the years as the plan changed shape. Under one aborted plan, the group hoped to partner with an arts group that was going to

share the site and build studios for artists.

But over the years as much of the Lower East Side began to change—with cafés, clubs, galleries moving in along with a new wave of more-affluent residents—a new plan began to take shape.

The Girls Club selected Dermot, which is planning to build 38 market-rate apartments. Those rents, of about \$2,400 for a one bedroom, will help subsidize low- and moderate-income apartments.

The building will have a gym and a rooftop deck for apartment residents

The development is part of Mr. Bloomberg's New Housing Marketplace plan to build or preserve affordable housing in New York.

"At the end of the day the race doesn't go to the swift it goes to the tenacious," says Marc Jahr, president of the city's Housing Development Corp., which provided tax-exempt bonds for the project. "The Girls Club was tenacious."

Adriana Pezzulli-Newman, director of development at the Girls Club, says the club has raised about \$18 million for its share of the costs, and needs about \$2 million more for furniture, fixtures and equipment.

The mayor's office and the city council provided \$9.6 million, with nearly \$3 million from a federal tax credit program. Ms. Pezzulli-Newman says an anonymous private donor gave \$2 million, and the Kresge Foundation donated \$1.5 million. Dermot provided a \$1 million payment, while the balance came from smaller donations.

Despite, the rise of market-rate housing on much of the Lower East Side, Ms. Pezzulli-Newman said that the club's mission remained vital, with 15,000 teenagers in low-income housing in the neighborhood.

"I don't think public housing is getting gentrified any time soon," she said.

Write to Josh Barbanel at josh.barbanel@wsj.com

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com