



Chelsea Now photos by David Gibbons

Developer Robert Gladstone

Seizing the opportunity on Manhattan's West Side

HOUSING & REAL ESTATE THIRD IN A SERIES

BY DAVID GIBBONS

Robert Gladstone is a self-proclaimed "downtown guy" who, next summer, with his new wife (now fiancée), will be moving into the Chelsea Modern, a luxury condominium his company is erecting at 447 W. 18th St., just east of 10th Avenue. Gladstone is positively ebullient about the development opportunities that abound in West Chelsea.

At a recent launch event for his new condo, Gladstone observed that the current building boom along 10th Avenue from 16th to 26th Streets is virtually unprecedented since the Third Avenue corridor went up in the 1960s. But, he said, "this time we're going to do it right; we're building a real community, not just a canyon of high rises." His contribution toward this effort was to hire the distinguished architect Audrey Matlock, whose design features an undulating, paneled façade that has already won awards from both the AIA (American Institute of Architects) and the Society of American Registered Architects.

The Gladstone family established its reputation as a trend-setter in development of mixed-used towers with construction of The Galleria, on East 57th Street, in the 1970s. More recently, Gladstone has built two office towers, 875 Third Ave. and 135 E. 57th St., both recognized for their innovative design, followed by two highly successful hotels, the 57-story W Times Square and the Eastside Courtyard Marriott, at 410 E. 92nd St., which opened last summer.

How did you come to develop this site on West 18th Street, and were there any snags?

We did a lot of research to see if there was any kind of pollution in the area, because wherever there was industry, you have to be concerned. This particular area was where natural gas was once brought in to feed all the gas lamps in New York City. We found out that, remarkably, there wasn't a problem on this site, but there were spots all around with bad soil from gas residue. The edge of the river was on the east side of what is now Tenth Avenue. Three hundred years ago, you would have been fishing there. When we dug down, there was this incredible smell, like good Glenlivet [scotch]. We said, "What was that?" There was still a lot of peat there. It was covered up for hundreds of years, but it doesn't really disintegrate. Incredible!

Why did you focus on this area?

What interested me was the idea that it was up-and-coming. If you remember Firesign Theater, they used to say, "Welcome to the highway already in progress." We're joining something already in progress. It's going to happen with or without me, but I did want to do a signature building, and I think we have. I think a lot of the buildings that are going up in this neighborhood are going to be masterpieces of modern architecture. There's one other really superb one I've seen, the Jean Nouvel job [100 Eleventh Avenue, corner of 19th Street]. He's a friend, a great architect, and I think he's doing a beautiful building there.

Do you have other projects in Chelsea?

I had tried to build a hotel, but somebody else beat me out for the site. I wish we could find more land in Chelsea that is reasonably priced, where we could do some great buildings.

Who started the impetus to rename this stretch of Tenth "West Chelsea Avenue?"

That's my idea, and I'd love you guys to help us. The neighborhood is 16th Street to 26th Street, from 11th Avenue to Ninth Avenue. Tenth Avenue is its backbone. It's a different Tenth Avenue from the one that goes through Hudson Yards or the one that goes through the Theater District. So, why can't it garner a name that distinguishes this area?

What do you feel are the concerns and also the responsibilities for residential developers in New York City in general and specifically in Chelsea?

I think it's the same answer for everywhere in New York. You may buy a piece of land and therefore be the owner. You may build a building and rent out the apartments and therefore be the landlord. You are the owner, in fact, but everybody who has to walk by it every day is the surrogate owner. Buildings, in a more poetic way, belong to everybody. So, at least try to do the best job you can aesthetically. Now, aesthetics are subjective, and that's okay because that's what makes horse races. But try to do something a little different. This city can absorb it.

When you hire a top architect, how much do you dictate your vision?

I have to inspire them to step up to another level. With speculative buildings, the exciting thing is the interplay between the architect and the developer. There's a lot going on today. It's not like, "Louie, go in the stockroom and wrap up a Number Five. It might look good on this site." There's a lot of attitude in buildings. It's more like the '20s

or the '30s now. It's a dynamic business, but it's also a detail business. It's like jousting: The architect is your champion and you're the duke who's watching. It's not about self-aggrandizement. But it is about that interplay, because they're not going to be great unless you challenge them. You've got to give them their parameters and tell them, "I can't afford to do that; let's invent a better way of doing it." That's what I love about working with great architects.

Is it difficult to build a building in New York City?

The answer is no. And that may be surprising. But we are a city where it's difficult to do it if you want a variance. But if you follow the prescription of the zoning law, it's not.

Do you think development in New York City is well regulated?

Actually, New York does it better than most other cities from what I understand. There's a gentleman who works here who was a major developer in New England, and he said in Boston it's three to four years to get a permit.

What's a reasonable amount of time to complete a building here?

An architect and developer can sit down and make a conceptual plan, following the rules and regulations, and get a foundation permit in about six months. This shows you are lawful in terms of zoning and bulk and everything else. Then you get a building permit, and it's another year to year and a half to get it built, depending on the building.

How do you address the concerns of local residents—for example, that the new buildings are all too high, that there isn't enough affordable housing for working people, etc.?

If someone lives in the neighborhood, it's their neighborhood. I'm very neighborhood-bound. Each one should have its own imprimatur. In fact, I think there should be groups of citizens that define neighborhoods—something more specific than community boards but larger than block associations. It would be an ombudsman-type arrangement, not a political organization. The purpose would be to define the neighborhoods and then beautify them.

Are there any improvements you'd make in this neighborhood?

Here's one thing I think could happen: There are public-housing buildings throughout the area that were designed with surface parking. Surface parking in Manhattan—does that make any sense? I think it's much better

if we put those cars underground or into little parking buildings. And to pay for the whole thing, a developer would be allowed to build market-rate [so-called 80/20] housing. Then we can plant trees where the cars are now. So it reads like Chelsea Gardens, with tree-lined streets. It's a win-win—for everybody. It's more oxygen, more green space; the values of all properties will go up, and the quality of life will be enhanced.

What is your decision-making process in choosing a project? In other words, beneath what level of profit or margin are you not willing or able to pursue it?

You build the best-looking product you can that responds to market needs of the consumers and you work hard to produce it at the most efficient dollar. Then you take what you think is the sell-out period and double or triple it. We call it stressing the model. You can stress the model so much that you never get financing, but the bankers know how to do this, too. We [the developers] are the optimists, but I am a conservative optimist.

So, after stressing the model, what are you looking to make?

You should probably make over 20 percent after it's been thoroughly stressed. I don't think you have to stress it in terms of interest rates anymore. For condos, at the end of the day, you look at the carry: How much is outstanding in terms of debt? The bank wants us to complete the building. We study the market as best we can, but this is a manufacturing business that takes over a year to completion.

What do you think of Bloomberg's market-driven approach to building affordable housing, relying on 80/20 housing and the so-called 421-a tax credits, which expire at year's end? Should they be renewed?

I think 80/20 housing and the 421-a certificates are remarkably enlightened programs. We know that the [developers] who build what I call social housing build them better and cheaper than the city. To say that we don't need it anymore I think is wrong; perhaps we need to make some changes in it. We do know that 80/20 works and 70/30 probably doesn't. I know of no other way to get [affordable] housing built. The certificate program also allows very small developers—people who build 20 units a year—to make money. House-building is America's No. 1 industry. Most house-builders build about three-quarters of a house a year. They say, "My dad and I build a house a year and if it doesn't sell, then we move into it." That's part of the American dream. Let it continue.