



Dave Sanders for The New York Times
The Gowanus neighborhood of Brooklyn, divided by the Gowanus Canal, lies between Carroll Gardens and Park Slope

In Gowanus, Big Development Can Wait

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WHEN a baby whale lost its way and wandered into the mouth of the Gowanus Canal in 2007, it was christened Sludgie the Whale.

The name stuck. When Sludgie died after two days of rescue attempts, there was sadness but little surprise. Something from the natural world had found itself in one of the most unnatural places in the country.

Over the years, pollution and neglect have turned the canal into a fetid stew of dangerous chemicals and toxins, an embodiment of the worst excesses of the industrial age. As if that were not enough, every heavy rain washes in fresh tides of raw sewage.

This is hardly the kind of image one would expect to draw homeowners to the neighborhood.

But developers came, envisioning Brooklyn's next big thing. Nothing, it seemed, could slow the rush, not even the sputtering housing market.

The city moved aggressively to rezone much of the area for residential development and spent millions of dollars on new infrastructure — even as it planned major environmental cleanup efforts. One of the nation's largest developers, Toll Brothers, planned a luxury condo complex with the canal as a central feature. Another developer planned to transform a six-acre contaminated site into a complex with more than 700 units, including a large number of affordable apartments.

Cutting through two of Brooklyn's most expensive neighborhoods, Park Slope and Carroll Gardens, the 50 blocks around the 1.8-mile-long canal are dotted with forlorn industrial buildings, warehouses and empty lots, meaning plenty of room for large construction projects, a rarity in this crowded city. With prices soaring for homes only a block from the canal, the potential value of the land outweighed the negatives.

That is, until the canal was designated a federal Superfund site last spring.

Property owners around the canal who had been holding out for the highest price suddenly had no takers.

“We had hundreds of developers knocking at our door,” said Danny Tinneney, who owns several blocks along the canal. “Now, no one.”

With a decade of remediation on the horizon, building on the banks of the canal suddenly had the appeal of building on the hills of Vesuvius.

It has been a year since the developers stopped calling. But something interesting has happened in the interim. A different kind of development, which had been slowly but surely transforming the neighborhood before developers got interested, is now taking advantage of the halt in large-scale building.

Artists and small businesses priced out of other neighborhoods have been taking up residence in the old warehouses. Nightclubs have popped up on streets that taxi repair shops and truck depots once dominated. Restaurants, bars and bakeries have all moved in, creating a scene that longtime Brooklyn residents compare to Dumbo before the multimillion-dollar lofts and Williamsburg before Bedford Avenue became a destination.

The Gowanus neighborhood finds itself at a crossroads, with an opportunity to think afresh about the best way to develop postindustrial land.

“Superfund provided a much-needed pause in the headlong rush to develop the area,” said David Briggs, an architect and a founder of Gowanus by Design, a group created, according to its mission statement, in “reaction to significant community concerns with the planning process in the Brooklyn neighborhoods around the Gowanus Canal.”

“There is a place here, a special place that died and was left a terrible mess,” Mr. Briggs said. “It is now going to go through a long-term rebirth. It needs to be developed as a divergent, rich, textured community.”

The Proteus Gowanus gallery at Nevins and Union Streets on the canal is part art space, part museum and part performance space — and an example of a grass-roots business. Other newcomers include the Gowanus Studio Space, the Brooklyn Artists Gym and Pace Prints. Then there are the designers, light manufacturers and publishers setting up shop at the Old American Can Factory. And the Gowanus Dredgers have long organized canoe and kayak trips along the canal, offering a bankside glimpse at the city's industrial past — and at a handful of houseboats.

Mr. Briggs and Anthony Deen, Gowanus by Design's other founder, hope that the creative use of forlorn spaces will prevent the area from becoming what they describe as a lifeless enclave of million-dollar apartments.

Jim Carden, who in 2008 opened Bell House — a music hall on Seventh Street between Second and Third Avenues and one of the first new businesses to move into the neighborhood — says the change has already been significant.

“Many buildings and storefronts that had been sitting empty have opened with some really interesting retail and restaurant spots,” he said, giving as examples Bar Tano and Michael & Ping's, a Chinese restaurant. “Also, because the rents are not yet astronomical, you're seeing some great businesses that you might not see in a pricier neighborhood. Places like Brooklyn Homebrew on Eighth Street, where you can buy home-brew kits and ingredients, really give the neighborhood a unique quality.

“The fact that this miniretail explosion happened during the recession,” Mr. Carden said, “I think speaks to the potential of this neighborhood.”

That potential can be seen in the prices commanded by apartments and houses near the canal in recent months.

At the corner of Bond and Third Streets, one block from the canal on the Carroll Gardens side, a condo development is 75 percent sold out. Studios in the building start at \$316,000 and go all the way up to \$1.55 million, for a 2,259-square-foot unit with two bedrooms, a recreation room, a rear yard and a terrace.

On the side streets that run between Bond and bustling Smith Street, one- and two-family homes routinely sell for \$1.5 million to \$2 million, and one recently set a local record for a new town house, topping \$3 million.

“I think no one knew what the Superfund designation was going to do to the value of the existing property around here,” said James Cornell, a senior vice president of the Corcoran Real Estate Group and the lead broker for the development at Third and Bond. “At first, it changed the conversation with potential buyers. They would ask how it would affect them, do they need to be worried.”

One woman showed up with her own spoon and plastic container to take soil samples from the backyard, he said.

But those questions quickly faded.

“No one asks about it anymore,” he said, noting that 80 percent of those who bought in the building came from surrounding Brooklyn neighborhoods.

On the Park Slope side of the canal, much of the land, even several blocks away from the water, is still zoned for industrial development.

Neighborhood groups won a fight to prevent the area from being rezoned for residential development, concerned that it would result in a landscape similar to the one along Fourth Avenue, which is generally considered the southern edge of Park Slope. After that thoroughfare was rezoned, large apartment buildings sprang up and the street became crowded with parking garages, leaving scant room for retail spaces and creating zones with little street life.

Below Fourth Avenue, as one moves closer to the canal, new uses are being found for many of the old warehouses. At the Pilates Garage, at Eighth Street and Third Avenue, it’s sweat, not grease, that stains the floor.

Meanwhile, the city is moving ahead with several ambitious infrastructure projects, including a pumping station on Butler Street that will help relieve the flow of sewage into the canal.

There is also a multimillion-dollar renovation at the Smith and Ninth Street subway station that business advocates say will help draw people to the area.

Most significantly, for both developers and residents, a Whole Foods grocery store with more than 50,000 square feet of retail space is to open next spring near the canal on the corner of Third Avenue and Third Street.

The prospect of the new Whole Foods, first discussed as far back as 2006, is what drew many developers to the area before the Superfund designation.

The market is to be built on contaminated land, or what is known as a brownfield, after the city and state oversee an environmental cleanup. Property inland from the canal does not fall under Superfund designation, which applies only to the waterway.

Because of the Superfund designation, many developers say, there are too many unknowns to justify the risk of investing millions of dollars in construction along the canal.

Bill Appel, the executive director of the Gowanus Canal Community Development Corporation, said his organization had joined the Bloomberg administration in opposing the designation.

The group’s fears, he said, have been borne out.

Soon after designation occurred, Toll Brothers backed out of plans to develop several blocks of property along the canal on the south side of Bond Street — jettisoning a \$5 million deposit rather than deal with the ensuing years of remediation and possible litigation.

David Kramer, a principal at Hudson Companies, which developed the property at Third and Bond and is working with the city to develop Public Place, a large-scale housing complex with 774 apartments on the canal near Smith and Fifth Streets, said there were several ways the Superfund designation could stifle future development.

The first worry is that cleanup will take a long time to complete.

“We thought the Superfund was going to put a halt on new development and slow things down for the next 10 to 20 years,” Mr. Kramer said.

Additionally, developers are concerned that they will have to foot the bill for any unforeseen problems federal inspectors find.

The Public Place site, like that of Whole Foods, is not part of the Superfund designation. But it is also on a brownfield, and must go through remediation, which could take years.

Mr. Kramer cited several considerations in developing around the canal, including practical questions about the science of environmental cleanup. Then there is the stigma of Superfund designation, which indicates contamination so severe that a federal mandate was considered necessary to effect a cleanup. Finally, financing issues come into play, both for construction and for property buyers seeking loans.

For the moment, along much of the canal, the risks outweigh the potential reward.

That is bad news for Mr. Tinneney and others who own canal-front land.

“It’s been a disaster,” said Mr. Tinneney, whose several blocks of property are near the spot where Toll Brothers was going to build along Bond Street.

But with little prospect of selling the land anytime soon, his son, also named Danny, decided to make lemonade out of lemons. In July he opened the 383 Bar and Grill in one of his family’s buildings at 383 Carroll Street.

“It has been doing great,” said the younger Mr. Tinneney.

He notes that on the weekends, the banks of the canal become a scene, with the establishment of outdoor parties called Mr. Saturdays and Mr. Sundays.

Parties on the canal; people living in houseboats; kayakers gliding along the waterway; an opera on the canal at the Proteus gallery: all were once unthinkable.

“There has been an environmental scar on this neighborhood for the last 150 years,” Mr. Deen said. “The question is, how can you start stitching these neighborhoods back together?”

The challenge going forward, Mr. Briggs said, will be to encourage the “organic” transformations of space that are already taking root while addressing the accumulated pollution.

As the population continues to grow, in New York City and elsewhere, there will be increasing pressure to develop environmentally problematic sites, which tend to be close to the heart of the city and to offer the kind of large tracts coveted by developers. What happens at the Gowanus Canal will surely be closely watched.

“There are environmental issues, questions of infrastructure, real estate pressures, housing needs,” Mr. Briggs said. “We are hoping to find new ways of developing this 50-block area in a way that is true to the existing texture of the place.”

This article has been revised to reflect the following correction:

Correction: August 7, 2011

An article last Sunday about the status of development along the Gowanus Canal in Brooklyn misidentified the location of a condominium building called Third and Bond. As an accompanying map and picture caption correctly noted, it is on Bond Street and Third Street, not Third Avenue.

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<http://www.nytimes.com/2011/07/31/realestate/gowanus-big-development-can-wait.html>