

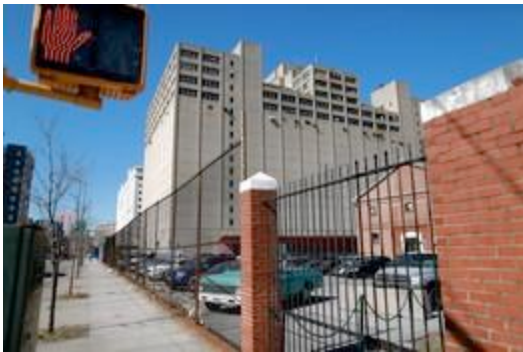
# New Project Brings Anchor to Navy Yard

By LAURA KUSISTO

Once the barren symbol of a lost age, the Brooklyn Navy Yard has been at the center of the city's efforts to revive its dying manufacturing sector. Now, the 10-year undertaking has reached a milestone.

The nonprofit Brooklyn Navy Yard Development Corp. plans to announce Wednesday that it will begin renovating the site's largest structure, Building 77. With 1 million square feet of room, it contains about a quarter of the yard's usable space and is the last large building to be developed on the site.

The project already has landed an anchor tenant: a Brooklyn-based developer and entrepreneur who is taking over 240,000 square feet for his own medical lab and to rent to other companies.



Kevin Hagen for The Wall Street Journal

Building 77 at the Brooklyn Navy Yard, above, is slated for renovation.

But Building 77 represents a gamble that the Navy Yard can build on past, more modest successes and create a bustling hub of biomedical, technology and small manufacturing companies to rival other thriving districts.

The development corporation plans to spend \$60 million to renovate the building, money raised through the federal EB-5 program, which grants visas to foreign investors in local development projects, and state and federal tax credits. It is the corporation's largest investment in a single project to date.

It is part of an upswing in activity planned at the Navy Yard in the next few years, as 1.8 million square feet of space—including a green manufacturing center—is set to be redeveloped. Still empty: a few spaces scattered throughout the site and a Civil War-era hospital that developers envision as a media campus. There are also 20 undeveloped acres that the corporation hopes will attract developers who want to build new construction.

"We're really peaking right now," said Andrew Kimball, the Brooklyn Navy Yard Development Corp.'s president and chief executive.

A recent study by the Pratt Center for Community Development found the Navy Yard gave a \$2 billion boost to the local economy in 2011 and sustains 10,000 jobs, compared with 10 years ago when it contributed \$516 million and supported 2,700 jobs. "It has become this incredible economic engine," said Adam Friedman, director of the center and a member of the Navy Yard's board.

To be sure, the site has a fraction of the 70,000 workers it employed during its heyday as a shipyard in World War II. It is not likely to recapture that moment: The city's diminished manufacturing sector is now dominated by small companies creating niche products.

Renovating Building 77, a 16-story former ammunition depot that has been largely unused for 50 years, is a daunting task. The building has windows only on the top floors and walls that are more than 2-feet thick. The interior is scattered with debris and gives off the odor of decades of decay.



But the upper floors also have clear potential to attract Brooklyn's growing technology sector with huge floor plates and views on four sides of Manhattan, Williamsburg and Downtown Brooklyn.

That helped convince developer Jack Basch to move his own Shiel Medical Laboratory from another building on the site into Building 77, where he expects to add another 300 to 400 jobs to his current 600-member payroll. He is spending \$20 million and taking on 180,000 additional square feet to lease to other companies in his field. Mr. Basch moved the lab to the Navy Yard from Sheepshead Bay, Brooklyn, in 2001.

"It will be no problem because the Navy Yard is one of the hottest areas," Mr. Basch said.

If the plan is successful, it will be an impressive turnaround for the Navy Yard, a center of shipbuilding since the early 19th Century that declined into a windswept home of a police tow pound and warehouses.

The Bloomberg administration spent \$250 million on upgrading the water, sewer, electrical systems and roads. Another \$750 million in private money went into the yard. But experts said its revitalization until the past few years remained uncertain.

The investment led to the creation of Steiner Studios, a 15-acre film production facility that includes five soundstages and office and support space, hundreds of thousands of square feet of new light-manufacturing space, the planned 220,000-square-foot green manufacturing center, and the planned redevelopment of Admiral's Row into a supermarket and retail center.

"I don't think they understood how successful it would really be," Mr. Friedman said. "At the time, it was like, 'We're going to break even. We're going to maintain the yard.'"

Some critics note that other industrial areas around the city haven't fared as well, with less robust public investment and a cloud of uncertainty over whether spaces could be converted to hotels or office spaces that have made companies reluctant to invest.

But others said that the city has made a concerted effort to boost the type of urban manufacturing and other sectors that show signs of healthy growth.

"We're not going back to corsets, we're not going back to building ships," said Mitchell Moss, a New York University urban-planning professor who has been a Bloomberg campaign consultant. "What makes this great, what makes New York different, is not how we build new buildings, it's how we reuse old buildings."

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