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PROPERTY

A School Takes Shape With Condos Above

By Josh Barbanel

At a time when many Roman Catholic schools are being cut back, Xavier High School in Manhattan is expanding with a new six-story wing, adding classrooms, a gymnasium and recital space in an unusual real-estate gambit with a local developer.

The new granite-clad school annex adjacent to Xavier's current campus will be topped by a cantilevered glass condominium that will rise 300 feet above 15th Street, just west of Fifth Avenue. Already angled steel struts have begun to poke above surrounding low-rise buildings.

The new 35,000-square-foot wing will enable Xavier, a prominent, Jesuit-run college preparatory school for boys that dates back to 1847, to have more space for its growing student body that will total more than 1,100 students next year. The school's graduates include Supreme Court Justice Antonin Scalia and billionaire investor Wilbur Ross.

"We are bursting at the seams," said Jack Raslowsky, a former school superintendent in Hoboken who has been president of Xavier since 2009, the first lay person to head the school. In recent years, the school has moved to three lunch periods because of its limited space and required some teachers to rove from classroom to classroom, because of space shortages.

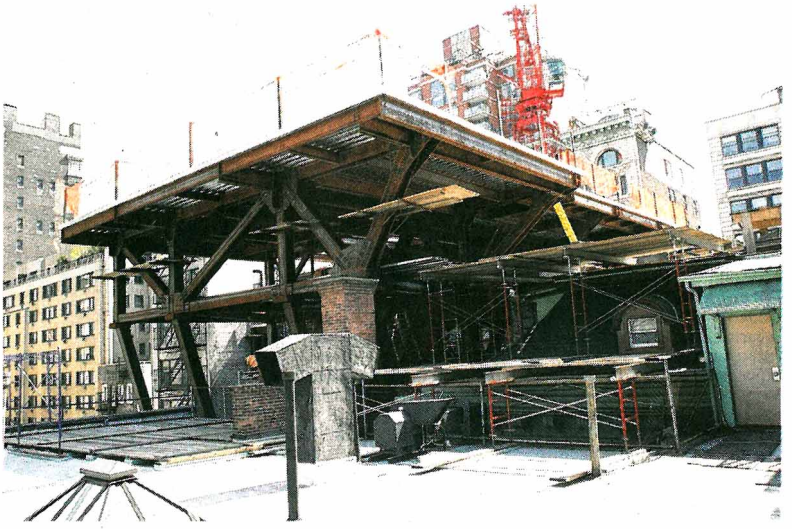
The new building will include a gymnasium with a 25-foot-high ceiling and music practice and recital space with a 17-foot-high ceiling. But just above the sixth floor's chiseled granite walls, there will be a 75-foot-wide private terrace for use by owners of the 55 glass-walled condos above, along with a fitness center, lounge and dining room.

The new condominium, known as 35XV, is now listed with unit prices ranging between about $1.55 million for a spacious, 938-square-foot one-bedroom apartment, and $11.5 million for a four-bedroom near the top of the building. There are marble slabs in the kitchens and bathrooms and many apartments will have open views north to the Empire State Building.

Alchemy is developing luxury condominiums near the top of the Woolworth Building downtown, with about 40 condos due to go on the market early next year.



Williams New york (rendering); Noah Devereaux for The Wall Street Journal (2)





At left: A rendering of the new Xavier High School annex and condo complex on 15th Street, with the current school at far left; above, beams cantilever over the school; and below, the site as seen from the street.

But the 35XV is the company's most expensive project to date, with large layouts, high ceilings and lavish interior designs by Benjamin Noriega-Ortiz. About 40% of the apartments are listed in contract.

The collaboration between the school and the developer grew out of the collapse of an earlier deal near the peak of the real-estate boom.

In that deal, Xavier had agreed to the outright sale to Tishman Hotel & Realty LP of unused air rights it owned to build a hotel on the site of a union hall next door to its campus. Under that plan, the school was to get more than $20 million for its endowment.

When the union hall came back on the market in 2010 in a weaker real-estate market, Mr. Raslowsky said he and the board tried to find a way to "have some control of our destiny and meet some necessary needs."

It turned out the union property was far more valuable with the school's air rights, and the school's air rights were potentially worthless unless sold to the buyer of the union hall.

Rather than selling the air rights to the highest bidder, Mr. Raslowsky and the Xavier board joined forces with Ken Horn, the president of Alchemy Properties. Mr. Horn had put up a condominium across 15th Street from the school a few years earlier and developed a good working relationship with the school during construction.

"We were on the block longer than anybody," Mr. Raslowsky said. "We couldn't say we are going to work with anybody. They needed to be people we trusted. They needed to be ethical."

That deal on air rights gave Alchemy leverage in bidding to buy the union hall at a better price. Working with Angelo, Gordon & Co., Alchemy paid $13.77 million for the air rights, which covered the cost of the school's new wing as well as part of the cost of furnishing it.

By putting a school in the base of the building, Alchemy was able to qualify for a "community-use" zoning bonus to build a larger building.

The unusual design for the two-part building was created by FXFOWLE, while the school space was designed by Beyer Blinder Belle.

Mr. Horn said that the unusual angled glass facade of the building followed the line of the "sky exposure plan" a slope that limits how much the front of a building needs to be set back on narrow street as it goes higher.

Two brokers involved in the air-rights deal at Newmark Grubb Knight Frank, David Noonan and Jennifer Schwartzman, won an award from the Real Estate Board of New York for the "most ingenious deal of the year" in 2010. They represented the union hall.

In order to push Alchemy to bid higher, Mr. Noonan said he found another buyer to sign a letter of intent to buy the property at a higher price, with or without the air rights.

In the end the building sold to Alchemy for $16.6 million, according to property records. Back in 2008, it had been in contract for close to $30 million, according to Mr. Horn. A spokesman for Tishman Hotel & Realty declined to comment.

Xavier is one of 50 Jesuit high schools across the country and is run independently of the Archdiocese of New York, with tuition this year listed at $13,600.

Other schools "don't have the same governance structure and they haven't been at this as long as we have," Mr. Raslowsky said.