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Related Jumps Into Bidding for Brooklyn Hospital

Developer Gives High-Profile Boost to Sell Money Loser

By
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Related Cos. is jumping into the bidding for Long Island College Hospital, providing a high-profile boost to efforts to sell the money-losing hospital in the heart of downtown Brooklyn, a spokesman said.

Related would join with Brooklyn Hospital Center, which plans to create an outpatient center and free-standing emergency department on the LICH site, the spokesman said.

Related would create market-rate and affordable housing or workforce housing, though it wasn't clear what percentage would be affordable. The plan wouldn't increase the site's density. The proposal also would include a network of at least four health-care facilities in the hospital's current service area, said the spokesman for the bidders, who include Mount Sinai Medical Center in an advisory role.

Related, led by Stephen Ross, is one of the city's most prominent builders, developing sites such as the Time Warner Center and Hudson Yards. "Our plan is 'Made in Brooklyn,' backed up by a well-established, financially stable health-care provider with deep ties to the community, including the neighborhoods currently served by LICH," the spokesman said.

The State University of New York, which owns LICH, has been seeking a buyer for months in an effort that has divided the city's political establishment. Mayor Bill de Blasio was arrested during his election campaign at a protest outside SUNY's New York offices, and community groups and health-care unions have pushed to maintain LICH's presence as a health-care institution.

The sale of LICH to developers looked even more likely Monday after state Health Commissioner Nirav Shah said none of the \$10 billion in federal health-care money that the state hopes to receive would be used to prop up the ailing hospital.

For Related and other developers, LICH has undeniable appeal, with a location straddling brownstone Brooklyn neighborhoods of Cobble Hill and Brooklyn Heights. Among the other bidders are a group that includes Brooklyn-based Fortis 532843.BY +1.94% Property Group, NYU Langone Medical Center and L&M Development Partners; and a group that includes developer Don Peebles and the Institute for Family Health.

Fortis emerged as the leading bidder for the site in mid-December, but Carl McCall, chairman of the SUNY Board of Trustees, called off a vote at the last minute when it met with skepticism from board members.

SUNY allowed bidders to submit revised proposals by Monday afternoon, when at least some other groups came back with new proposals with more robust health-care and affordable-housing components.

The Fortis proposal includes a promise to create a free-standing emergency room, to set aside one-quarter of the housing units as affordable and to maintain the existing buildings.

Fortis executives also touted the team's Brooklyn credentials. "We are in Brooklyn, our office is in Dumbo, which is a mile away from the site. We live 10 minutes away. This is our backyard," said Joel Kestenbaum, president of Fortis Property Group.

Mr. Peebles also submitted a new proposal that includes a 50,000-square-foot primary care facility. His proposal now includes up to 35% affordable units and larger units that will cater to families in the area. He plans to maintain the existing buildings and is also offering more money for the site.

He was attracted to the site by the ability to do something "transformational," he said.

Local leaders and unions have objected strongly to the process SUNY is using to sell the site, which they said should be more transparent and give the community more of a voice. Many would also like to see a full-service hospital preserved on the site, which few of the proposals allow for.

"These revised proposals did not come out of a process intended to meet the needs of the community," said Jill Furillo, executive director of the New York State Nurses Association.