

Commercial Property/Garment District

Amid Offices and Factories, Space for Arts Groups

24 agencies now share connected floors of 2 adjoining buildings.

By EDWIN McDOWELL

UNTIL about three years ago, all 25 floors of the 750,000-square-foot building at 520 Eighth Avenue, between West 36th and 37th Streets in the garment district, were filled with manufacturers, almost all of them involved in the garment trade. Since then, 500,000 square feet have been converted to offices and rented to such tenants as the Mason Tenders Welfare Fund, with 50,000 square feet; several real estate agencies; and a number of nonprofit organizations, including Chess in the Schools, a program that uses chess to teach learning skills to pupils from kindergarten through high school.

But the most unusual tenant at 520 Eighth Avenue may be the Alliance of Resident Theaters, better known as A.R.T./New York. As a service and advocacy organization for more than 400 not-for-profit theaters and related arts groups, A.R.T./New York was familiar with the need of its constituents for office and space at affordable rents. Last May, it took action to meet that need when, with the promise of \$3 million in city and foundation financing, it signed a 20-year lease for the entire third floors of 520 Eighth Avenue and adjoining building at 261 West 36th Street.

Last August tenants began moving into the 32,000-square-foot space, in which passageways were made through the walls to join the spaces in the two buildings. There are now 24 tenants, all are connected with the arts and related organizations. They pay \$21 a square foot annually to A.R.T./New York for their space, a dollar more than the alliance pays its landlord, Jeffrey R. Gural, chairman of Newmark & Company, the owner of the two buildings.

If Virginia P. Loulouides, the alliance's executive director, had her way, those companies would not have to pay even that extra dollar. "We're just trying to break even, not make a profit," she said, adding that the additional dollar helps offset operational costs.

Most of the financing to renovate the third floor was provided by the Bloomberg administration, which gave \$1.5 million (non-



Don Hogan Charles/The New York Times

Jeffrey Gural, Virginia P. Loulouides and Paul G. Wolf in the Arts Connection's office at 520 Eighth Avenue.

oring a pledge by the Giuliani administration). The City Council provided \$1 million and the Manhattan borough president, C. Virginia Fields, gave \$250,000. City agencies also hope to give additional funds in future years so that A.R.T./New York can lease and renovate additional floors in the building. Ms. Loulouides said, but whether the hopes will reach fruition will depend on the economy.

OTHER donors included J. P. Morgan Chase, the Andrew W. Mellon Foundation, the Hyde and Watson Foundation and Bruce and Carol Mitchell. In addition, the LuEsther T. Mertz Charitable Trust gave a \$1.2 million recoverable grant, essentially an interest-free loan, to provide financing while A.R.T./New York awaited funds from the city.

A number of people directly involved in the projects also made donations. Mr. Gural, the landlord, donated \$250,000, and

before A.R.T./New York took possession of the floor, he demolished what was there and put in new windows. In addition, according to Paul G. Wolf, a partner in DenhamWolf Real Estate Services, the company that found the space, negotiated the lease and oversaw the work, when A.R.T./New York made known its interest in renting the space, Mr. Gural agreed to hold it off the market until the alliance received the promised money from the city.

Mr. Gural realized that the vicissitudes of fund-raising faced by nonprofit groups, in the theater and other areas, made the eventual success of the idea less than a sure thing. "I happen to like theater," he said, "but honestly I never thought the lease for the floor would get done, so I decided we'd renovate that floor for offices last." And if his pessimism turned out to be warranted, he recalled thinking, "we'd just get on with our lives."

Martin Kapell, the architect for the interi-

or renovation, donated his services — a gift that Ms. Loulouides valued about \$75,000.

The renovation was complex and challenging for everyone involved, according to Jonathan Denham, another partner in DenhamWolf Real Estate Services. "It was essential from the beginning," he said, "that we centralize the process with the architect and the construction company." He added that Ms. Loulouides made it clear to tenants that A.R.T./New York's mission is to serve the community and the only way it could succeed was to maintain the same design criteria and decision-making schedule for all the subtenants. She also promised that tenants would receive proportionate shares of the construction dollars and equal access to the architectural team.

The offices on the third floor at 520 Eighth Avenue come in various sizes, ranging from a handful that are between 100 and 200 square feet; the most recent tenant is the People's Theater Company, with 100 square

feet. About a half-dozen offices range from 1,300 to 2,500 square feet, and the biggest office is the 5,000-square-foot space occupied by the Arts Connection, a nonprofit arts-in-education program.

During the previous 10 years, the Arts Connection occupied 3,000 square feet in the basement and first floor of the Jacqueline Kennedy Onassis High School for International Business (formerly the High School for the Performing Arts) on West 46th Street between Avenue of the Americas and Seventh Avenue. When executives at the Arts Connection, which has a staff of 28, learned of A.R.T./New York's plans for 520 Eighth Avenue, they could not wait to move in.

"We were in three separate offices in the school," said Steve Tennen, the Arts Connection's executive director. "So it was almost impossible to get everybody for meetings, and one of the spaces was near the boiler, so in summer we had to turn on the air-conditioning."

The Arts Connection moved into its current offices last August, and even today, Mr. Tennen said, employees relish the increased space and light.

THE floor at 520 Eighth Avenue also includes two rehearsal studios, as well as a room that can be used for meetings, conferences or rehearsals.

While most offices are without frills except for those added by tenants, they are not cookie-cutter spaces. Indeed, before signing a lease, the STI Company, an ensemble-based theater company, which has a rehearsal hall for actors, had its own architect, Mary O'Connor, create a model of a piece of the floor to demonstrate the soundproofing they would build into their floors to show that it could absorb the shock of the actors' stomping. Ms. Loulouides said that they took the model to Mr. Gural and his son, Eric, senior managing director of Newmark & Company, "and they were comfortable with it."

This project is not the alliance's first venture in connecting arts groups with modestly priced space. Three years ago this month, A.R.T./New York bought a 19,000-square-foot Beaux-Arts building at 138 South Oxford Street in Brooklyn. Today, it is the home of 20 small companies that rent offices for \$12 a square foot. A.R.T./New York supplies a subsidy of about \$100,000 a year.