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New York archdiocese looks heavenward for millions of dollars

Tom Gallagher | Nov. 27, 2012 NCR Today

Any serious, big-city real estate developer knows the airspace above an existing building is a major asset. And in cities like New York City, religious denominations have both significant real estate in the form of churches and cathedrals. Often, these buildings are designated as historic or are simply too important for the particular faith tradition to knock down or sell. But what of the valuable air rights above these houses of worship?

In New York City, a preliminary plan is being advanced to create a zone in which the air rights can be sold and the proceeds be plowed back into the neighborhood for development. Now the Catholics, Episcopalians and Jewish leaders are asking to be cut in on the cash bonanza.

Crain's New York Business reports [1] on the "last air rights" story:

> Four months after the city unveiled a preliminary plan to spur new development in the heart of midtown, three prominent houses of worship in the neighborhood are pressing their case to get a share of the cash bonanza the proposal is expected to generate.
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> St. Patrick's Cathedral, St. Bartholomew's Church and Central Synagogue, whose ornate buildings are among the city's most prominent landmarks, have about 2 million square feet of air rights among them -- a trove that could be worth $400 million or more -- that they have never been able to sell. The trio sees the city's proposal, designed to spur construction of a new generation of bigger, state-of-the-art office buildings in the core midtown business district, as a golden opportunity to finally cash in.
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> In order to do so, they want the city to allow them the same flexibility it is giving itself under the plan: to sell air rights to any and all qualifying sites in the wide swath of midtown where the city aims to stoke development.
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> "St. Patrick's Cathedral is surrounded by both tall buildings and landmarked sites like Villard Houses, Saks and Rockefeller Center, which cannot be developed any further," said David Brown, an executive at the Archdiocese of New York, which owns St. Patrick's, the cathedral that occupies the entire city block facing Fifth Avenue from East 50th to East 51st streets.
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> He reports that in the past 50 years, the cathedral has not received a single serious offer for its roughly 1.2 million square feet of air. "We've effectively been landlocked," he said.

Stay tuned.

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[1] http://www.crainsnewyork.com/article/20121125/REAL_ESTATE/311259966