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NEW YORK CITY-Schools chancellor Joel Klein on Friday presided over the groundbreaking for the first phase of a mixed-use development that will house two public schools on Manhattan's East Side. At \$500 million, the World-Wide Group's development at 250 E. 57th St. is reportedly the largest project in the 43-year history of the Department of Education's Educational Construction Fund, which partners with private developers on mixed-use projects featuring new school facilities.

The project has already borne fruit in the form of a temporary home for PS 59 on East 63rd Street, on which World-Wide completed renovations in September 2008. New facilities for both PS 59 and the High School of Art and Design are scheduled to open to students in September of 2012 as part of the 250 E. 57th MXD. Whole Foods Market announced last week that it would lease 36,000 square feet of retail space at the complex for the chain's first East Side location.

Phase one of the project will create classroom space for more than 2,100 students between the two schools. Once PS 59 moves out of the temporary facilities on East 63rd, the space will provide additional seats for another school. The project's second phase will include a 59-story, 350-unit residential tower and an additional 78,000 square feet of retail space.

Tax-exempt bonds issued by ECF will finance the school portion of the MXD. The World-Wide Group is leasing the 57th Street site from ECF for 75 years.

In a statement, State Sen. Liz Krueger calls the project "a win-win" for the community. "Not only are we creating a state-of-the-art school in a community that desperately needs new seats, but we are doing so at minimal cost to the City of New York," she says. "This goes to show how rewarding a good-faith partnership between the city and the private sector can be, and I hope we continue to maximize these mutually beneficial opportunities."