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New Life and Uses for a Movie Palace in Brooklyn

By TERRY PRISTIN

After decades of neglect, a long-dormant movie palace in Brooklyn, where clouds of dry ice once wafted across the ceiling and stars twinkled in the dark, is being transformed into a charter school and space for national and local retailers.

The theater, the Loew's Pitkin, occupies a triangular block in the Brownsville neighborhood, its imposing 85-foot tower looming over a bustling shopping street of low-slung buildings.

The theater's opulent interior was ravaged decades ago after the roof began to deteriorate. Yet the ornate brick and terra-cotta exterior walls look much as they did when the Pitkin opened in 1929 in the waning days of vaudeville and silent films. It became a church in the 1970s and later a discount furniture store.

Challenges both financial and architectural confronted the developer of the $43.3 million project, Poko Partners of Port Chester, N.Y. A plan to develop the Pitkin as income-restricted housing faltered after credit markets dried up, said Kenneth Olson, the chief executive of Poko. A change in direction was made possible by federal New Markets tax credits, which are aimed at stimulating development in poor neighborhoods. No fewer than five investment funds that specialize in low-income communities were involved.

Though the building has not been designated a landmark, the developers plan to keep most of the exterior intact while essentially building a whole new building inside it. "An entirely new steel structural grid is going inside the existing shell," said the project architect, Dan Garthe of Kitchen & Associates of Collingswood, N.J. "It's one of the biggest challenges of my career to get this to work structurally."

Mr. Olson (Poko is an acronym of his and his wife Pamela's initials) said the theater would be an anchor for the Pitkin Avenue shopping strip, where chain clothing stores like Lane Bryant, Ashley Stewart and Rainbow are interspersed among the local stores. Overlooking a small park, the Zion Triangle, the theater is bounded by Pitkin and East New York Avenues and Legion Street and Saratoga Avenue.

"The community as a whole is really excited to see this investment," said Kat Rutkin, the executive director of the Pitkin Avenue Business Improvement District, which provides marketing, security and sanitation services for the

neighborhood. Having a prominent building go unused for so many years created a dead spot along Pitkin Avenue, enhancing the perception that Brownsville, one of the poorest communities in the city, was also unsafe, she said.

Once a thriving Jewish community known for its radical politics — Eastern European garment workers began settling there in the late 19th century — Brownsville has been largely African-American since the 1960s. The annual median household income within a quarter-mile of the Pitkin Avenue shopping area is $15,700, Ms. Rutkin said.

In recent years the city has made a substantial investment in Brownsville. Since 2004, it has rehabilitated or built 3,871 units of income-restricted housing in the area, said Eric Bederman, a spokesman for the Department of Housing, Preservation and Development. Most notably, the department helped the former Mets first baseman Mo Vaughn buy the Noble Drew Ali Plaza, a complex of 385 apartments on New Lots Avenue that was known as a haven for drug dealers.

Poko, which paid $8 million for the Pitkin in 2008 — a higher price than it would command in today's market, Mr. Olson said — initially intended to redevelop it as income-restricted housing financed by tax-exempt bonds.

When that plan fell through, Mr. Olson, who has developed housing in Harlem, the Bronx and Bridgeport, Conn., was introduced by a partner to Ascend Learning, a charter school company in Brooklyn, and came up with a new approach. Ascend Learning operates three charter schools in Brooklyn, including a new one on Rockaway Parkway in Brownsville, which will relocate to the Pitkin, occupying 90,000 square feet and accommodating 1,100 students.

Instead of bond financing, the developers are taking advantage of the federal New Markets tax credits program by working with investment funds that specialize in low-income communities. These funds were selected to receive allocations of tax credits by the Treasury Department through a competitive process.

For the Pitkin project, Poko and its financial partner, Goldman Sachs, joined forces with five such funds: Seedco Financial Services, Nonprofit Finance Fund, Jonathan Rose Companies and its subsidiary Rose Urban Green Fund, and Carver Community Development Corporation. Goldman made its $13 million equity investment through these funds and in return received credits that can be used to offset federal income taxes. Goldman, along with the Nonprofit Finance Fund and Seedco, also provided $23 million in debt.

Alicia Glen, a Goldman managing director who heads the investment bank's urban investment group, said she had been immediately drawn to the project because of the vitality of the Pitkin Avenue shopping strip. "We try to identify projects that can be catalytic," she said. Since its inception in 2001, Ms. Glen's group has invested $1.2 billion in low-income neighborhoods.

Despite Goldman's enthusiasm, it took six months to work out the financing, Mr. Olson said. "This is the hardest deal we've ever done," he said.

The 2,817-seat Pitkin was designed by Thomas W. Lamb, who designed dozens of New York theaters, including the Cort and the Ziegfeld theaters in Manhattan, and was a Loew's "atmospheric" movie house. Mr. Garthe described the exterior, with its ziggurats, rosettes and diamond patterns, as primarily Art Deco, with some Beaux-Arts and Mayan touches.

The elaborate interior also defied classification. It had a Moorish foyer "decorated with majolica plaques and embroidered hangings," according to records from the Michael R. Miller Collection at the Theater Historical Society in Elmhurst, Ill. The auditorium itself looked like a "vast garden under blue sky, enclosed by high sculptured walls, surmounted by carved towers and balconies." The women's lounge was Persian "with Oriental furnishings," while the men's room sported a "collection of African tribal weapons."

Mr. Olson said great care had to be taken not to disturb the terra cotta on the outside of the building. But he said the exterior walls were strong enough to allow for new windows. The theater marquee and blade (a vertical sign) will also be preserved. The interior was adorned with plaster sculptures, many with Greek and Roman motifs, and some were salvaged for use in the school lobby, Mr. Olson said.

The school is expected to move into the Pitkin in January 2012. A Goldman spokeswoman said that of the 60,000 feet of retail space, 20,000 had been leased to a regional clothing store, which she declined to identify. A national clothing retailer is expected to occupy another 20,000 feet. The remaining space is being set aside for local businesses, Goldman said.

"It was really important to us that in meeting the needs of the larger retailers that we didn't crowd out the local small businesses," Ms. Glen said.

Ms. Rutkin of the business improvement district said she hoped the Pitkin redevelopment would encourage other owners of run-down property in Brownsville to spruce up their buildings.

A recent survey commissioned by her organization found that residents would like to see higher-quality retailers along Pitkin Avenue, including bookstores; specialty food, home improvement and sporting goods stores; and movie theaters. The neighborhood also lacks sit-down restaurants. "There's no place to go to have a nice dinner," Ms. Rutkin said. "People would like to have a nice night out without leaving the neighborhood."