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READING LIST

## Understanding Mixed Use and Multi Use

SEPTEMBER 2019





With the popularity of walkable urban environments on the rise, more developers are turning to mixed-use projects, usually bringing together some combination of office, housing, and shops, sometimes with a hotel or community-serving uses. The mixed-use projects help activate the public realm by weaving in open space, pedestrian and transit connections, or ground-floor retail and dining options.

While mixed use has become more popular, the term can be confusing. It is not just limited to a multi-story development that incorporates commercial use on the first floor with residential uses on upper floors. The ULI Mixed-Use Development Handbook characterizes mixed-use development as one that 1) provides three or more significant revenue-producing uses (such as retail/entertainment, office, residential, hotel, and/or civic/cultural/recreation), 2) fosters integration, density, and compatibility of land uses, and 3) creates a walkable community with uninterrupted pedestrian connections. Mixed use is also one of the ten principles of Smart Growth, a planning strategy that seeks to foster community design

and development that serves the economy, community, public health, and the environment.

Zoning also plays a large role in the possibility of mixed-use, as single-use zoning generally prohibits the intermingling of industrial and residential for one example. But many municipalities are opening up to the idea of upzoning for multifamily, while also permitting at least some retail and office, and often even light industrial use and hotel.

ULI has several flights of product councils focused on Urban Mixed-Use and Development, as the expertise required to coordinate one of these projects profitably is generally in short supply.

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# ULX: MULTIFACETED MIXED USE

BY RON NYREN

JANUARY 14, 2019

With the popularity of walkable urban environments on the rise, more developers are turning to mixed-use projects, usually bringing together some combination of office, housing, and shops, sometimes with a hotel or community-serving uses. The following 10 mixed-use projects—all built during the past five years—help activate the public realm by weaving in open space, pedestrian and transit connections, or ground-floor retail and dining options. They include two projects that incorporate schools, two that involved converting buildings originally erected to support international sporting events, a shopping mall redeveloped to add a library and a hotel, and a transit-oriented development that provides affordable housing and a multicultural community center.



(MIKE KELLEY)

## 1. Brickell City Center Miami, Florida

Miami's hot, rainy climate does not make it an obvious choice for an open-air mixed-use complex. When Hong Kong-based Swire Properties assembled a nine-acre (4 ha), three-block site in the Brickell neighborhood, local firm Arquitectonica, the project's designer, collaborated with Paris-based architecture firm Hugh Dutton & Associés to protect

the shopping concourse from the elements with the "Climate Ribbon," an undulating canopy of steel, glass, and fabric. The 150,000-square-foot (14,000 sq m) canopy not only shields pedestrians from the sun and rain, but also directs prevailing breezes through the concourse to eliminate the need for air conditioning. The ribbon also collects stormwater for use in irrigating the complex's extensive landscaping.

Completed in 2016, the first phase consists of two condominium towers, two office buildings, and a 40-story hotel that includes serviced apartments, retail, and entertainment uses. As part of the project, Swire renovated the nearby elevated electric tram station and linked to it. The complex preserves the existing street grid by connecting buildings with bridges above the street. Shops at ground level face the street as well as the concourse; parking is tucked underground.



(MICHAEL MURAZ)

## 2. Canary District Toronto, Ontario, Canada

When Toronto won the opportunity to host the 2015 Pan/Parapan American Games, it also gained a chance to speed redevelopment of a portion

of former industrial land. On 35 acres (14.3 ha) along the Don River, locally based Dundee Kilmer Development constructed an athletes' village with the capacity to house 10,000 athletes and officials before being converted into a variety of uses. To avoid homogeneity in the design, the developer worked with a joint venture of four architecture firms: architectsAlliance, KPMB Architects, MJMA, all of Toronto, and Daoust Lestage of Montreal.

The complex now includes 738 market-rate condominiums, 353 affordable housing units operated by two local nonprofit organizations, a 257-unit student residence for George Brown College, and a YMCA community center. A network of walkways and open spaces enhance connectivity throughout the complex of low- and mid-rise buildings. Precast brick panels reference the city's numerous 19th-century brick buildings and visually unify the complex. Historic railway buildings were incorporated into the project, which was completed in 2016.



(TOM ARBAN PHOTOGRAPHY)

### **3. Delaware North Building Buffalo, New York**

Delaware North has been based in Buffalo since its founding in 1915. When it came time to build a new headquarters, the global hospitality and

food service company chose a site in the city's downtown and embodied its offerings in the mix of uses: the 12-story structure's ground floor contains restaurants operated by Delaware North, as well as shops; and a 132-room Westin Hotel, also operated by Delaware North, occupies floors two through five. Offices for Delaware North and other companies fill the upper floors.

A two-story historic structure previously occupied the site. The local office of Diamond Schmitt Architects replicated that building's curving terracotta facade at ground level, opting for modern terra-cotta cladding on the hotel floors above to bridge the old and the new. The office spaces offer 90-foot (27 m) floor depths, floor-to-ceiling windows, a courtyard, and an accessible rooftop garden. A double-height glazed lobby grants views from the street to a two-story-high living wall inside. Developed by local company Uniland in collaboration with Delaware North, the building was completed in 2016.



(© PAÚL RIVERA COURTESY PERKINS EASTMAN)

### **4. East Harlem Center for Living and Learning New York, New York**

In a dense neighborhood where nearly 60 percent of young people do not complete high school,

on a site that once held a parking lot and a trash compactor, a local public/private partnership has given a home to a public charter school dedicated to inner-city youth, affordable housing, office and community space, and a renovated public park. Created by the New York City Housing Authority, local developers Jonathan Rose Companies and Civic Builders, and local nonprofit organizations Harlem RBI and DREAM Charter School, the facility has a four-story school for 450 kindergarten through eighth-grade students, offices for nonprofits, and 89 affordable housing units.

Completed in 2015 and designed by the local office of Perkins Eastman, the building has extensive glazing at the ground floor to reveal the activity within. A terrace atop the third floor provides additional outdoor space for students; apartment residents have their own terrace. The project improved the adjacent Blake Hobbs public park with new plantings, seating, and play areas.

## 5. Eastland Town Centre



(MICHAEL GAZZOLA)

### Ringwood, Victoria, Australia

A public/private partnership turned a 1960s-era indoor shopping mall into a mixed-use complex in

Ringwood, a rapidly growing suburb of Melbourne. Three London-based architecture firms collaborated on the effort for the Queensland Investment Corporation (QIC), an investment company owned by Queensland's government and headquartered in Brisbane, to create a new civic heart. Acme designed a new, landscaped town square; a 120-room hotel; a library; a department store; parking structures; and a sculptural entry to the mall's underground levels. Universal Design Studio renovated mall interiors, and Softroom designed a glass-vaulted arcade for the new East Mall that links the existing mall to the town square.

Framed by storefronts that give an active public face to the formerly inward-turning mall, the town square hosts weekend market stalls, concerts, movie screenings, and other events. The hotel, which includes a coworking facility, has fritted glass facades that allow the building to glow like a lantern at night. Eastland was completed in 2017.



(GG ARCHARD)

## 6. Here East London, United Kingdom

For the 2012 Olympic and Paralympic Games in Queen Elizabeth Olympic Park, local architecture firm

Allies and Morrison designed the media center, which included the Press Centre—an office building intended for reuse after the games—and the Broadcast Centre, which was intended to be temporary. Local developer Delancey purchased the complex and transformed it into a mixed-use tech campus.

The local office of Hawkins\Brown lightly renovated the Press Centre, inserting ground-floor restaurant and retail spaces along the canal and increasing office space with the addition of mezzanines. Hawkins\Brown transformed the Broadcast Centre by recladding three sides with glazing to give office and retail tenants natural light. Inserting two interstitial floors increased leasable space. Space that previously contained ventilation equipment was converted to artist studios. An outdoor gathering space hosts events and fosters interaction among tenants, which range from television studios to universities to “maker” studios to the Victoria & Albert Museum. Completed in 2016, the complex includes a 950-seat auditorium.



(© HG ESCH)

## 7. Marina One Singapore

Built on land reclaimed from the sea, Marina One responds to Singapore’s need for high-density

development as well as to the city-state’s hot, humid climate. Dusseldorf-based Ingenhoven Architects designed the complex for the state-owned investment funds of Singapore and Malaysia, configuring it as four high-rises—two 30-story office towers and two 34-story residential towers—above a podium containing shops and restaurants. The public-facing sides are rectilinear; at the heart of the complex, the architects carved the buildings away in organically shaped curves to create room for a large, multistory public garden landscaped with tropical plantings.

The garden and the building geometry help facilitate natural ventilation and shade the open space. The two residential towers hold a total of 1,042 apartments; the two office towers, which join at their upper floors, each offer 1.9 million square feet (175,000 sq m) of usable space. External shading and high-efficiency glazing mitigate solar heat gain. Completed in 2017, the complex connects directly to four mass rapid transit lines.



(© 2018 WILLIAM WRIGHT PHOTOGRAPHY WILLIAM-WRIGHTPHOTO.COM)

## 8. Plaza Roberto Maestas Seattle, Washington

Since its founding in 1972, El Centro de la Raza, an educational, cultural, and social service agency for

the Latino/Chicano community, has been operating out of a once-abandoned three-story elementary school in Seattle's Beacon Hill neighborhood. When the city's public transit agency decided to build a light-rail station across the street, the nonprofit organization worked with the community to replace a parking lot on its own site with mixed-use affordable housing. The design team—local firms SMR Architects, 7 Directions Architects/Planners, and Third Place Design Cooperative—worked with local firm Beacon Development Group to create two six-story buildings flanking an outdoor plaza centered on the schoolhouse.

Completed in 2016, the buildings contain 112 apartments for households earning 30 to 60 percent of area median income; seven classrooms for the organization's child development center; a cultural center; shops; office space; and space for micro-retail startups supported by the organization's business training center. The complex celebrates the Latino community with artwork and mosaics and incorporates a variety of spaces to encourage interaction among residents and the community.

## 9. Slate Portland, Oregon



(JOSHUA JAY ELLIOT PHOTOGRAPHY)

To revitalize Portland's Central Eastside neighborhood, just across the Willamette River from downtown, the Portland Development Authority assembled four acres (1.6 ha) of land at the northeast end of the Burnside Bridge. On a half block within the redevelopment area, local developers Beam Development and Urban Development Partners teamed up to create a 10-story building that mixes retail, office, and residential uses.

The design, by local firm Works Progress Architecture, addresses the curving street at the southeast corner with a facade configured as stacked rectangular tubes, some of them projecting to create a three-dimensional effect and break up the visual mass. A mid-block passage doubles as a plaza lined with ground-floor retail space and outdoor seating. Office space occupies floors two through four, with 75 apartments on the top six levels. Parking is tucked underground. The project was completed in 2016.



(COURTESY © SCOTT FRANCES/OT TO)

## 10. Teachers Village Newark, New Jersey

On land that used to hold empty parking lots, Teachers Village serves students and educators



alike. Local developer RBG Group brought in the New York office of Richard Meier & Partners Architects to design two buildings that house three charter schools, completed in 2013. These were followed by four more buildings containing ground-floor shops and 123 market-rate and affordable apartments. Teachers have first priority for renting, whether they work in the charter schools or elsewhere.

Teachers can use flexible community spaces in the residential buildings for tutoring students, and residents have gymnasium access after school hours. The buildings facing the Halsey Street retail corridor match the four-story height of neighboring historic structures, and a through-block pedestrian passage helps break up the scale of the complex. Although Meier is famous for

his use of white in the majority of his buildings, in this case, the architect chose a blend of red brick and white metal panels for the cladding. Teachers Village was completed in 2017.

When Amazon decided in fall 2018 to build a \$2.5 billion East Coast headquarters on the edge of the Crystal City neighborhood in Arlington, Virginia, it picked a location that does not much resemble the sort of hip urban locales that tech companies usually favor. Instead, Amazon will bring 25,000 workers into a comparatively staid, mid-20th-century enclave known largely for providing affordable office space to government agencies and contractors that is conveniently close to both Washington, D.C., and the Pentagon.

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## MAKING A PLACE FOR AMAZON

**BY PATRICK J. KIGER**  
**AUGUST 26, 2019**

With an extensive underground mall that connects the Metro subway system to many of the office buildings, and broad one-way streets that allow autos to zip from one end of the community to the other, Crystal City is not a place designed with walking and cycling in the sunshine in mind. And unlike the lively neighborhoods that youthful tech workers favor, Crystal City has been known for emptying out in the evening after traditional working hours.

But Amazon and JBG Smith, the Washington-area developer partnering with the e-commerce giant, are looking ahead to what Crystal City can become. JBG Smith, known for its focus on placemaking—the art of using the built environment to appeal to people—already is in the process of transforming the area into a 16-hour live/work/play, walkable community with the communal

green space and lifestyle amenities that appeal to a millennial and generation Z labor force that does not typically go straight home in the evening.

Amazon's and JBG Smith's plans call for Amazon, which began moving into temporary space in June, to occupy several renovated buildings during construction of Amazon's headquarters complex. The headquarters buildings, designed by ZGF Architects, will include a pair of 22-story towers containing 2.1 million square feet (195,000 sq m) of office space, plus 50,000 square feet (4,700 sq m) of retail space, restaurant space, and daycare facilities, as well as a 1.1-acre (0.5 ha) public park. Construction could start in early 2020. But by the time the headquarters is completed in 2023, the entire area surrounding it will also be in the midst of a dramatic reimagining.



*In conjunction with the Crystal City BID and local businesses, JBG Smith had already begun promoting social events, from five-kilometer (3 mi) races to wine events and art shows. The area's assortment of small parks was augmented with outdoor sculptures and fire pits to make them more attractive places to hang out. (National Landing)*

National Landing, as the area has been rebranded, also will absorb portions of two adjacent neighborhoods, Pentagon City and Potomac Yard, straddling the border of Arlington County and the city of Alexandria as well as Crystal City. In addition to the Amazon headquarters complex, National Landing will include numerous other new buildings, as well as extensive public-sector enhancements to transit access and a novel pedestrian bridge to nearby Reagan National Airport.

Near a planned Metro station in Potomac Yard, Virginia Tech will partner with JBG Smith and Houston-based Lionstone Investments to build a 15-acre (6 ha), \$1 billion Innovation Campus, which was part of the pitch that helped lure Amazon to Virginia. The Virginia Tech campus will include 300,000 square feet (28,000 sq m) of classroom and research space and 250,000 square feet (23,000 sq m) of space for tech startups and established companies, plus 350,000 square feet (33,000 sq m) of student and faculty housing and 100,000

square feet (9,300 sq m) of retail space and other uses. It will be part of a 65-acre (26 ha) mixed-use district developed by Lionstone and JBG Smith.

In late July, JBG Smith also announced plans to add nearly 1,000 additional units of housing to the existing RiverHouse residential community along the western edge of National Landing, including both traditional and two-over-two stacked townhouse units, and multifamily buildings.

But much of JBG Smith's vision for the area involves repurposing and modifying existing buildings, with the aim of converting a 1960s-style car-centric environment into a vibrant pedestrian streetscape.

"Amazon looked at the neighborhood as it was and wondered what could be done to improve it and make it more vibrant," says Matt Kelly, chief executive officer of JBG Smith. The company has a portfolio that contains 6.1 million square feet (567,000 sq m) of existing operating commercial space at National Landing, amounting to more than 70 percent of the submarket, with another nearly 7.3 million square feet (680,000 sq m) under construction or in the pipeline for future development.

"They saw in our plan a very clear road map of how to get there. And they saw us as a team with experience and capital resources. We and they generally see eye-to-eye on the importance of placemaking, and on what it takes to make a great place."

### **Transforming a Midcentury Vision**

Crystal City arose in the early 1960s from what had been a gritty industrial landscape of brickyards, warehouses, junkyards, and iron-fabricating plants, as growth of the federal government and the military created a rising demand for office space. The area got its name from the Crystal House, one of its early apartment buildings, whose signature flourish was a large crystal chandelier in the lobby, according to the Arlington County Projects &

Planning department's history of the neighborhood.

Crystal City's "unremarkable concrete buildings," as *Washingtonian* magazine once described them, were designed to be utilitarian and competitive for government contract bids rather than architecturally elegant. But after Congress passed the Base Realignment and Closure Act in 2005, which authorized the military to consolidate its facilities, Crystal City suffered a major economic blow. Tenants that had occupied 3 million square feet (280,000 sq m) of office space moved out, and the neighborhood lost 13,000 jobs, the *Washington Post* reported in 2015. By the time Amazon came around, the area was in need of a reboot.

Despite being only a 20-minute bike ride, or four subway stops, from the heart of downtown Washington, Crystal City was built in a decidedly suburban style. "It's a mid-20th-century edge-city development, with mixed use—retail, residential, office space—but a real priority to the automobile," says David Manfredi, chief executive and founding principal of Boston-based architecture firm Elkus Manfredi, which is creating a master plan for National Landing. "Most of the retail is internalized in these almost subterranean arcades."

In addition, "historically, we have not had the right mix of uses," Kelly says. "We haven't had enough housing. Locations that tend to succeed and thrive usually have a balance. There's the resident who comes home in the evening and uses the amenities and retail that serve the neighborhood, [so that they] have a vibrant customer base 18 hours a day, not just nine hours a day. That matters in being able to write the script."

Nevertheless, "this area has great bones," says Tracy Gabriel, president and executive director of the Crystal City Business Improvement District (BID). "It sits by two Metro stations and is adjacent to an airport."

Crystal City has another asset that is critical for placemaking: the district already has a substantial daytime population of 50,000 office workers, Kelly notes. That provides a big potential clientele for new stores and restaurants, a crucial part of changing an area's image.

The reimagining started soon after JBG Smith—a new company formed when Vornado Realty Trust spun off its Washington-area portfolio and merged it with Chevy Chase, Maryland-based developer JBG Companies—took over most of the old Charles E. Smith properties in Crystal City in 2017 and became that neighborhood's biggest commercial real estate operator.

"We spend a lot of time focusing on what is happening outside the four walls of our buildings, and what is happening at the ground plane," Kelly says. He is particularly tuned in to what he describes as the "20-by-20 space"—20 feet (6 m) from the first floor and 20 feet ahead on the street. "That's really where people live, whether they're walking past your building, or stopping in front of the retail shops or the pet groomer or the grocery store, deciding whether to go in or not. Is it pleasant? Is it a place that feels good? Often, they can't put their finger on one thing—it's a combination of things."

Even before Amazon began taking a serious look at the area in summer 2018, JBG Smith set about trying to modify Crystal City's dated ambience. That effort included creative ploys such as wrapping some of its vacant, soon-to-be-renovated buildings in colorful canvas-like covers to indicate that change was on the way and setting up art installations featuring painted bicycles to highlight the area's accessibility to cycling commuters.

The developer also began updating its properties and upgrading their amenities, technology, and tenant services as well. In conjunction with the Crystal City BID and local businesses, JBG Smith

began promoting hundreds of social events, from five-kilometer (3 mi) races to wine events and art shows. The area's assortment of small parks was augmented with outdoor sculptures and fire pits to make them more attractive places to hang out.

### **Construction, Renovation, and Creative Repurposing**

As Amazon's workforce arrives, employees initially will move into more than 584,000 square feet (54,000 sq m) of space in four renovated JBG Smith buildings. To make an office building at 2345 Crystal Drive into a more comfortable environment, the developer remodeled the lobby, adding wood and new furniture to make what had been an overpoweringly large space seem more human scale. When it comes to establishing ambience, the first thing that a tenant sees when entering the building can have an important impact, Kelly notes.

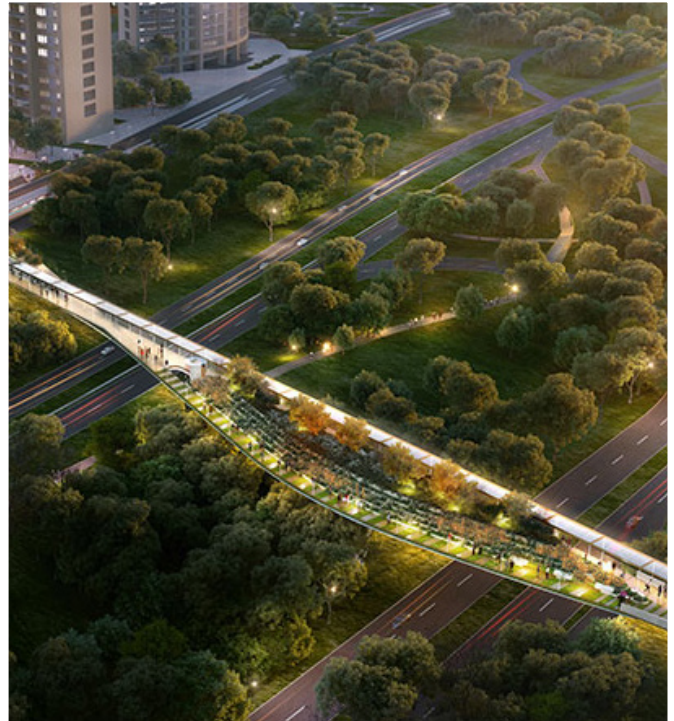
Another building, 1770 Crystal Drive, will be given a new skin to give it a more attractive exterior before Amazon moves in by the end of 2020.

To help enliven Crystal City after working hours, JBG Smith is developing 130,000 square feet (12,000 sq m) of shopping and entertainment space between 15th and 18th streets on Crystal Drive, including an Alamo Drafthouse Cinema, restaurants, bars, and a specialty grocer. Central District Retail, as the project is called, is a key part of the developer's strategy to reinvent the once car-centric Crystal City and its underground retail space with sidewalk-level activity.

"Today, people really value walking and places [that are] appealing to work and live without getting in a car," Kelly says. "When you walk down Crystal Drive, you have loading docks and parking garage entrances where we really should have retail. But as we build new buildings, we'll complete the evolution [to an environment] that's still car accessible but very walkable. The things that cars

and trucks need will be put behind the buildings."

To increase the neighborhood's housing supply, JBG Smith plans to build a pair of apartment towers with a total of 750 units at 1900 Crystal Drive. The buildings will include 30,000 square feet (2,800 sq m) of street retail space, according to Kelly, as well as



*A rendering of the planned pedestrian bridge linking Crystal City and Reagan National Airport. (National Landing)*

provide a significant aesthetic upgrade to the block.

Pam Campbell, a partner at New York City–based CookFox Architects, which designed the two buildings, says they are intended to contrast with the office blocks around them, with “large window openings; warm, natural materials; and architectural features that create softer edges and finer textures.” The towers’ retail space and lobbies will open to the sidewalk, and a plaza will connect the buildings, creating new pedestrian pathways through the neighborhood. Construction is expected to start in 2020.

Moreover, unlike some of Crystal City's more

utilitarian buildings, the two structures will be rich in architectural allusions. For example, Campbell notes, “Crystal City was once the home of brickyards, and the choice of a terra-cotta cladding at the facade [of the south tower] recalls the geological and industrial history of the site.”

One of the big challenges of updating Crystal City is to break up the homogeneity of its existing architecture—the expanses of precast concrete in similar hues, Manfredi says. “One of the nice opportunities to do that is to do infill and break down the sameness,” he says. “By introducing new buildings, you can have a whole new color palette and materials palette.”

To achieve the desired diversity, he notes, JBG Smith has engaged about 10 architects with the goal of creating what he describes as “a more organic environment,” where the new structures will give the skyline a more appealing contrast.

Manfredi also sees untapped placemaking potential in Crystal City’s public areas and green spaces. “It’s quite a remarkable site,” he notes. “You’re above the Potomac River, with a whole system of green belt that runs off the site into the District.” In addition to fixing up the existing parks, he envisions adding more small ones to provide “a more intimate scale in an urban context.”

### **Mobility Can Enhance Placemaking**

Virginia has committed to investing as much as \$195 million in an assortment of projects that will improve transportation in the area, including adding a new entrance to the Crystal City Metro station and lowering an elevated section of U.S. Route 1 to grade, transforming a highway that currently divides the area from north to south into a pedestrian-friendly boulevard.

But perhaps the most dramatic improvement will be a pedestrian bridge that will connect

National Landing to Reagan National Airport.

“The pedestrian bridge will be one of a kind in North America,” Kelly says. “You’ll be able to walk from 1900 Crystal Drive to airport security in less than 10 minutes. It’s another element of enabling walkability. It takes cars off the road and enables [transit] connectivity in the process.”

Manfredi also envisions breaking up Crystal City’s lengthy superblocks to give the streets a more pedestrian-friendly scale. He has calculated that 12 city blocks in the Pearl District in Portland, Oregon, a notably walkable urban environment, would fit inside one Crystal City block. Adding density and infill between buildings and creating smaller, quieter internal streets off arteries such as Crystal Drive will make the area more comfortable for pedestrians, he says.

These plans seem in philosophical agreement with Amazon’s intentions of “creating an urban campus where our future 25,000 employees and the local community can live, work, and play,” as John Schoettler, the company’s vice president for global real estate and facilities, wrote in a recent blog post. He described how the public open space on the campus will include a dog park and a farmers market, among other community amenities, as well as a cycling path.

“You will come back in five years, seven years, eight years, and it will be very different place,” Manfredi says of National Landing. “Even though many buildings will remain, it will be much more urban, a whole different streetscape. There will be a character that doesn’t exist right now.”

# TRANSFORMING INNER-RING SUBURBS WITH WALKABLE MIXED-USE DEVELOPMENT

BY KATHLEEN MCCORMICK  
AUGUST 21, 2017

Most of the United States remains a suburban nation, despite recent migration of jobs and population to the urban core. Yet the suburbs are also changing in cities such as Denver, where new transit lines and placemaking efforts around walkable mixed-use neighborhoods are creating communities more similar to the urban core, said panelists speaking at a ULI Colorado event in Lakewood, Colorado.

The suburbs have been “a critical focus for ULI since our founding,” but have suffered from a lack of definition, said keynote speaker Stockton Williams, executive director of the ULI Terwilliger Center for Housing. He said that areas of many cities are suburban in nature—auto-oriented, with single-use zoning, “you know it when you see it”—while other areas could be characterized as urban. No consistently used definition for the suburbs exists, he noted, and even the federal government specifies only urban and rural lands, with “urban” areas defined as incorporated cities and areas around them. Most methods to define suburbs use jurisdictional boundaries, which generally do not reflect different types of land use and development.

Williams said that the recent ULI and RCLCO publication *Housing in the Evolving American Suburb*, based on data from thousands of U.S. Census tracts, takes a housing-focused approach to classifying suburban neighborhoods with factors such as density, housing type, home value, and proximity to downtown. RCLCO applied its methodology to the Denver metro area to develop a report for ULI Colorado that gives a more nuanced picture of redevelopment opportunities in the region’s changing suburbs.

“Metro Denver growth is starting to skew to the urban core, the same as employment,” after decades of job growth in the suburbs, said Williams. The region’s growth “is very balanced now between city and suburbs, which is a sign of a healthy market.” In the Denver metropolitan-area suburbs, home values are higher than in the urban core, and racial and ethnic diversity is greater, though minority groups are more likely to live in distressed areas. Here as elsewhere, millennials disproportionately live in the suburbs rather than in the urban core. He said that the suburbs will be a strong market for more affordable rental housing and starter homes for millennial and workforce households, including immigrants and native-born families of color.

The region is adding 23,000 jobs per year, and unemployment is a low 2.6 percent, with a deficit of 22,000 housing permits at the end of 2016, said Andrew Knudtsen, managing principal of Denver’s Economic and Planning Systems (EPS). Similar to RCLCO, the EPS research shows that factors pushing the housing market from the core to inner-ring areas include a robust economy, cost, the impact of millennials, and availability. Between 2000 and 2016, home prices rose 94 percent to a median near \$400,000, while rents increased 56 percent since 2010.

New infill neighborhoods such as Midtown, developed by Brookfield Residential Co. in a changing industrial-residential area of north Denver, have “pushed the envelope in terms of square-foot ownership, [and] they’ve done it by focusing on community,” said Knudtsen. Citing Robert Putnam’s *Bowling Alone*, he said that people are

gravitating to urban areas because they have a “very strong need and desire to feel connected” as part of a community. “You can’t underestimate the role of transit” in urbanizing suburban areas, he added, as new jobs generally are located within a half-mile (0.8 km) of transit. “The challenge is, can these inner-ring communities step up and provide the kind of environment they want?”



*At West Line Village in Lakewood, the access plaza combines greater density than traditional driveways with a walkable, multiuse space.*

The ULI Colorado event showcased two new projects in the heart of Lakewood’s 40 West Arts District: One was the ULI panel site at Lamar Station Plaza, the revitalized 1950s-era suburban strip mall on West Colfax/U.S. 40. In 2015, the site’s new owner, Denver-based Broad Street Realty, invested in site improvements, including new lighting, signage, facades, a parking lot, landscaped islands, pedestrian pathways, and banners—plus a new city park in the plaza developed through a public/private partnership with the city of Lakewood. The mall redevelopment, which includes new tenants such

as a brewery, art galleries, and a farmers market, received \$1.4 million in tax increment financing.

The ULI networking after the event was held at West Line Flats, located across from the West Line light rail. The brand-new transit-oriented development (TOD) project, developed by Boulder-based Momentum Development Group and Inland National Development Company, features 155 luxury apartments, a fitness center, and a rooftop deck with a lion mural that is visible for miles.

Both projects are located in an area characterized by aging retail and single-family homes that is redeveloping close to the light-rail line, which opened in 2013 and offers ten-minute service to downtown Denver.

ULI Colorado members presented several other projects that are sparking inner-ring revitalization in the region. In Aurora, Denver’s largest inner-ring suburb with a population 353,000, master developer Mile High-Koelbel (MHK), a partnership between Mile High Development and Koelbel and Company, with the city and the Aurora Urban Renewal Authority, are developing the Point, a TOD on the 22-acre (9 ha) former Regatta Plaza strip mall, located across from the Nine Mile light-rail station at I-225 and Parker Road. Development includes entertainment, retail, a new King Soopers, Key Bank, a potential first-class office tower, market-rate and affordable apartments, and a pedestrian bridge connecting to the station.

“We wanted to capitalize on the location” at light rail connecting to Union Station and DIA, as well as the station’s 1,200 parking spaces, said George Thorn, president of Mile High Development.

In 2007, Arvada (population 106,000), located just northwest of Denver, began planning redevelopment of its suburban form around new rail lines, and invested in the station area in the historic district. “With the train arriving in the heart of our authentic

and thriving Olde Town, we knew there was an opportunity to inject new land uses and density to the area,” said Maureen Phair, executive director of the Arvada Urban Renewal Authority (AURA). The station area now has the city’s first hotel, the 152-room Hilton Garden Inn, and two higher-density apartment projects with 504 units total. The city also constructed a 600-car transit hub to free up valuable land at the station. Trammell Crow Company is planning a mixed-use project on a former surface parking lot, with 256 multifamily homes over a two-story parking garage with restaurants and retail.

Other projects in Lakewood (population 150,000) include West Line Village, a townhome neighborhood next to the Sheridan light-rail station and regional bike and pedestrian trails in Lakewood’s oldest neighborhood. The project represents the city’s first major for-sale residential project to take advantage of the public light-rail investment. Construction will begin by late summer, with 176 “attainable” market-rate townhouses. More than half of the 29 homes in the Phase I initial release are sold, said Doug Elenowitz, principal of Trailbreak Partners, a development partner with DIRC Homes and T.O.D. Properties. Public art, a

park-like stormwater retention area, and a woonerf, or Dutch-style human-centered-design street, will slow activity and “create places for people to come together,” he said. With West Line Village and other projects, he noted, “partnerships are critical to get revitalization projects to happen.”

Bill Marino, executive director of the Lakewood-West Colfax Business Improvement District (BID) and board chair for 40 West Arts, said that focused planning efforts for West Colfax began in 1999 when he was on the Lakewood Planning Commission. Two ULI Colorado Technical Advisory Program panels (TAPs) were instrumental in helping create a vision and develop funding sources for the city’s 40 West Arts District, which won the 2017 ULI Colorado Impact “Inspire” Award for infrastructure. Three organizations—the BID, the arts district, and the West Colfax Community Association—have worked together in revitalizing West Colfax. The key question for the partners, he said: “What do we want this to be in another generation?”

*Kathleen McCormick, principal of Fountainhead Communications LLC in Boulder, Colorado, writes frequently about sustainable, healthy, and resilient communities.*

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## COTTLE TRANSIT VILLAGE: DENSE MIXED USE IN SAN JOSE

**BY KATHLEEN MCCORMICK**  
**SEPTEMBER 25, 2015**

The development of Cottle Transit Village—San Jose, California’s first and Silicon Valley’s largest mixed-use transit-oriented infill site—is well underway after a long Great Recession—led hiatus. Located 15 miles (24 km) south of the city center on a development “island” formed by Cottle Road, Monterey Highway, State Route 85, and the triangulation

of three rail transit stations, Cottle Transit Village comprises two new retail/commercial centers, green infrastructure with parks, a bike trail, sports fields, and more than 3,000 homes sprouting up in new neighborhoods next to the HGST campus.

The consolidation of this bucolic former IBM



campus—now owned by HGST, a data storage technology company—is being viewed as a value-added model for “rightsizing” an industrial site and reentitling its excess land to create a dense urban village in a largely suburban city that has become a development focus for the fast-changing San Francisco Bay area. Early successes include more efficient land use, greener buildings, retention of manufacturing jobs, and a needed mix of housing, services, and recreation—all linked to transit.

Cottle Transit Village is “definitely our first foray into transit-oriented mixed use in a very substantive way,” says Nanci Klein, San Jose’s deputy director of economic development and director of real estate. “San Jose is a city that has been suburban and sprawling, and we want to move to being a comfortable urban environment. We’re aspiring to be a place that has great walkable places, parks and trails, and connections to transit.”

Since the recession, the region’s growth has centered on San Jose, along with San Francisco and Oakland. With more than 1 million residents, San Jose is now the largest city in the nine-county Bay Area, the third-largest city in California, and tenth largest in the United States. Its downtown is considered the unofficial capital of thriving Silicon Valley. Spanning 180 square miles (466 sq km), this affluent city—whose average household income exceeds \$100,000—is expected to have 400,000 new residents by 2040. Freeway congestion, along with demand for new housing, has migrated from northern Silicon Valley and San Francisco, prompting San Jose to shape its own growth around dense urban villages.

### **From Hard Drives to Streetscapes**

In 1956, IBM developed the site as its iconic first West Coast campus for manufacturing the world’s first hard disc drives. At its peak, Big Blue employed 13,000 there. In 2002, Hitachi

Global Storage Technologies (now called HGST, a wholly owned subsidiary of Western Digital [WD] Corporation) acquired the site when it purchased IBM’s hard drive–related land and production facilities. HGST began assessing how best to use the IBM facilities within the framework of its existing business portfolio. It concluded that the site was too large for its needs, and that consolidating operations would be wise.

In 2003, the company hired Ken Kay Associates of San Francisco to evaluate the property for rightsizing 332 acres (134 ha) of the campus and to identify value-creating uses for the remaining land. The urban design and planning firm worked with HGST to optimize the campus size and take advantage of its proximity to transit—the Blossom Hill Caltrain station and the Santa Clara Valley Transportation Authority’s Cottle and Santa Teresa light-rail stations. The goals for HGST and the city of San Jose were to leverage the city’s new transit-related infill redevelopment policies and to keep HGST’s 2,000 jobs—including many in manufacturing. The initiative focused on how to convert an industrial park into a livable workplace and village.

Ken Kay Associates advised HGST to consolidate its workplace on 160 acres (65 ha); led a planning process in collaboration with the city, civic organizations, and local residents; and created a master plan for developing the remaining 172 acres (70 ha) into a mixed-use transit village. In 2005, San Jose’s city council approved the plan, which called for 2,930 homes, 460,000 square feet (43,000 sq m) of retail and commercial space, and 17 acres (7 ha) of parks and open space. The city also allowed HGST to consolidate its operations on half the campus and keep its building capacity of 3.6 million square feet (334,000 sq m) for research and production. Municipal zoning was changed from industrial to mixed-use/residential planned development throughout the transit village acreage.

## Developing the Urban Village

The plan allowed HGST to focus on establishing its brand and growing its business, with support from the sale of development-ready mixed-use land. Since 2006, the company has sold all seven parcels of village land, the majority of which is either completed or in late-stage development. One of HGST's first challenges occurred when the original developer defaulted on its purchase agreement during the recession. HGST took on the role of master developer, engaging a broker for the land sales and constructing the village's streets, sewers, utilities, parks, and open space. It also funded the construction of a \$2 million pedestrian bridge linking the village and campus to the adjacent Caltrain station.

Ken Kay Associates designed and oversaw the construction of the village's green infrastructure—three miles (4.8 km) of walkable streetscapes, a five-mile (8 km) multiuse path, greenways, the 10.6-acre (4.3 ha) RAMAC Park with lighted sports fields, the 5.5-acre (2.2 ha) Raleigh Liner Green, and one-acre (0.4 ha) Charlotte Commons. Completed in 2008, the infrastructure forms a “green apron” that wraps around the HGST campus and provides ten-minute pedestrian and five-minute bicycle connections to transit stations, as well as a buffer and screen for HGST's manufacturing operations.

The firm then advised HGST and real estate professionals on transit village land use strategies and helped the city evaluate proposals. Sales and development of parcels began as the economy bounced back. In 2010, St. Anton Partners of Sacramento, California, purchased the first parcel to build apartments and townhouses on Charlotte Commons; they were completed in July 2014. Village Oaks, the 325,000-square-foot (30,000 sq m) Target- and Safeway-anchored retail/commercial center, developed by Hunter Storm of Cupertino,

California, and San Francisco-based joint venture partner PCCP, opened in 2014. Four developers, including Miami-based Lennar, are building residences ranging from affordable apartments to single-family homes costing \$1 million or more.

In 2014, San Jose's city council approved the Great Oaks Master Plan for 76 additional acres (31 ha) between Great Oaks Boulevard and State Route 85 owned by New York-based iStar Financial. The plan by Ken Kay Associates integrated this final piece of the development island with the village's existing street and greenway system. Again, the city rezoned the land from industrial to mixed-use planned development. Hunter Storm and iStar are developing a commercial center with a Costco, other retail space, and flexible office/research and development space, with a residential neighborhood to follow.

Cottle Transit Village “is an ideal urban village that just needed to be completed,” says Edward Storm, board chairman of Hunter Properties, the parent company of Hunter Storm. “We knew that by completing this village we'd provide ridership for public transit, support for job retention, and then taxes and commercial support would follow.”

### HGST Campus Evolution

HGST demolished 1.3 million square feet (121,000 sq m) of buildings and infrastructure on the village portion and recently began focusing on renovating its campus to address evolving needs in a changing market and to retain some historic elements without compromising future use. Working with Ken Kay Associates, HGST is exploring the preservation of the historic greenbelt pedestrian spine and planning a new campus with taller, greener buildings. HGST is going vertical with a four-story, 122,000-square-foot (11,300 sq m) administration building designed by Gensler that is slated to achieve Leadership in Energy and Environmental Design (LEED) Silver certification. Mountain View, California-based DGA architects

and planners designed a two-story, 102,000-square-foot (9,500 sq m) LEED Silver–certified engineering development building. Sunnyvale, California–based Level 10 Construction is building both, with completion scheduled for July 2016.



*The HGST campus is growing taller and greener with new buildings: DGA Architects' 102,000-square-foot (9,500 sq m) E1 engineering development building (above) and Gensler's 122,000-square-foot (11,300 sq m) administration building (right). Both are aiming for LEED-Silver certification and 2016 completion. (Gensler)*

As Western Digital has acquired other companies and technology and the number of campus employees has grown to 2,200, HGST has focused on creating “flexible, agile work environments for growth and change that will allow us to be a productive and competitive employer in the valley,” says George Horvath, the company’s vice president of global real estate and site operations. The site’s master plan calls for having as many as 3,000 more employees on the campus, so intensified development is in the mix.

Many cities in the region are averse to converting land for mixed-use employment campuses, says Ken Kay, president of Ken Kay Associates. But, he says, “employers and employees both want denser, more urban, integrated mixed-use environments

and do not want to be in a business park. Office space now has to fit more people on less site, which also responds to the trend that workspaces are becoming smaller as demand for space increases.”

### **San Jose’s Urban Villages Plan**

Cottle Transit Village’s densities range from 20 to 60 units per acre (49 to 148 units per ha)—far greater than San Jose’s typical 12 units per acre (30 units per ha) outside downtown. During the recession, some homebuilders wanted to downzone the number of units and build inexpensive single-family houses and townhouses. Ken Kay Associates and the city helped developers understand the need for higher density to create a lively urban place and to support transit. “In the end, the areas closest to transit are being built out at TOD densities of 60 units per acre,” says Kay.

The transit location is key. Cottle Transit Village and HGST benefit from connections to expanding regional transportation infrastructure: their Caltrain connects with downtown San Jose’s historic Diridon Station, a multimodal hub linked to San Jose International Airport, Amtrak, and local and regional bus service. Diridon Station also is a planned stop for the San Jose BART extension and the California High-Speed Rail, which is anticipated by 2029 to run from San Francisco to the Los Angeles basin in under three hours.

Greater density also helps the city’s bottom line, says Klein. Because California’s Proposition 13 limits property taxation, housing alone is a drain on the general fund, which pays for public services. Residential development of 40 to 60 dwelling units per acre (98 to 149 units per ha) “just breaks even—even with mixed uses and retail.”

The Envision San Jose 2040 General Plan calls for as many as 70 “active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings” for new

housing, and job growth for an innovative workforce. City officials say that urban villages are needed for the 400,000 new residents the Association of Bay Area Governments regional planning agency estimates will move to San Jose by 2040.

Though still under construction, Cottle Transit Village “represents a success story in getting balanced growth of jobs with housing,” says Benjamin Grant, urban design policy director

for the San Francisco Planning and Urban Research Association. “The land use for this location is very compelling and appropriate [and] fits into the city’s broader vision of intensifying the city rather than sprawling at the edges.”

*Kathleen McCormick, principal of Fountainhead Communications, is a writer and editor focused on sustainable design, the environment, and healthy and resilient communities.*

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## MAKING SPORTS-ORIENTED MIXED USE WORK

**BY PATRICIA KIRK**  
**APRIL 29, 2015**

The successful development of the Arena District in Columbus, Ohio, set into motion a nationwide flurry of development of urban sports-oriented entertainment districts, as municipal officials across the country reimagined their city centers as places where people live, work, and play.

Breaking ground in 1998, Columbus’s 75-acre (30 ha) Arena District—the brainchild of Columbus-based Nationwide Realty Investors—is a recreation destination with 300,000 square feet (28,000 sq m) of retail, restaurants, and entertainment venues around Nationwide Arena, which is home to the National Hockey League’s Columbus Blue Jackets and Triple-A affiliate Columbus Clippers baseball team.

The Arena District has evolved into popular office, residential, and tourist markets, with 1.5 million square feet (139,000 sq m) of office space, 800 apartment and condominium units, and multiple hotels to accommodate visitors at the Columbus Convention Center. HOK, a global design firm, partnered with the planners at MKSK (formerly MSI Design), on the Arena District and designed Nationwide Arena, the aforementioned 1.5 million

square feet of office space, and four residential projects, as well as a community theater, an amphitheater, a riverside park, and parking garages.

### **Creating “Critical Mass”**

Speaking at a ULI Los Angeles breakfast meeting in March on the subject of sport-oriented mixed-use development, HOK architect Christopher Lamberth, associate director of business development for his firm’s sports, recreation, and entertainment division, noted that a critical mass of both retail amenities and people—residents, daytime workers, and visitors—is required for sports-oriented, mixed-use developments to succeed.

“If you want a critical mass, you need to give people something to do,” he said. “You need a gimmick—a Staples Center. The arena was a big component . . . and pedestrian retail amenities were huge to get people to hang out after the games.” This district attracts 2.75 million visitors annually, according to Nationwide Realty.

Lamberth explained that the retail amenities generated density throughout the Arena District, connected it to the city’s central business

district (CBD), and catalyzed revitalization of the CBD. At present, commercial and residential occupancy is at 90 percent in the Arena District and 80 percent in the CBD.

619-detroit-stadium-in-woodward-square

He noted that Detroit's planned sports and entertainment district, the District Detroit, will create a similar environment, as the 50-block project connects the city's CBD and midtown district—which also are experiencing a spate of pedestrian-friendly residential and commercial development—into a contiguous, walkable area.

Under development by Olympia Development, a division of Detroit's Ilitch Companies, the District Detroit plan comprises five distinct residential neighborhoods, each of which will include commercial space and be anchored by an entertainment venue, including the new Detroit Arena, which will be home to the popular National Hockey League (NHL) Detroit Red Wings hockey team; a Fox theater; Comerica Park, home to the American League's Detroit Tigers baseball team; Ford Field, home to the National Football League's Detroit Lions; and MotorCity Casino Hotel.

At the heart of the district lies Woodward Square, featuring a mix of shopping, restaurants, bars, nightclubs, and other entertainment venues, as well as a large gathering space for community events and activities.

### **Jump-Starting with Public Funds**

For entertainment districts to happen, they need critical mass, which almost always requires a major upfront public investment, says Robin Hunden, president of Chicago-based Hunden Strategic Partners, a real estate advisory practice specializing in destination development.

Hunden points out, however, that Los Angeles

and San Francisco are exceptions, because land values there are so high, but elsewhere the public sector has to put in some money. He also notes that timing is key for success, as are land banking, site control, strong leadership, favorable financing, and big incentives.

The city of Irving, Texas, for example, is providing the land and putting in \$80 million upfront by constructing most of the buildings for Cornelius, North Carolina-based Ark Group's \$165 million Irving Music Factory. The Ark project is also benefiting from tax-increment financing, and tenant property tax is minimal due to city ownership. In addition, sales tax rebates from the city and state, along with the land value, bring the total public incentive to 70 to 80 percent of the \$200 million deal.

Located on the former Texas Stadium site in Los Colinas, this entertainment megaplex features an 8,000-seat Live Nation concert venue; a 50,000-square-foot (4,600 sq m) plaza; 250,000 square feet (23,000 sq m) of entertainment retail, including a movie theater, a comedy club, and 20-plus restaurant options; and 100,000 square feet (9,300 sq m) of office space.

The Banks on Cincinnati's riverfront also is a public/private project with multiple levels of public financing, which included \$157 million in infrastructure improvements by the city of Cincinnati and Hamilton County.

Under development in downtown Cincinnati, this riverfront revitalization project—anchored by the NFL's Cincinnati Bengals' Paul Brown Stadium and the National League's Cincinnati Reds' Great American Ball Park—includes residential, office, hotel, and entertainment-retail components, as well as a 45-acre (18 ha) riverfront park. Developers Carter and the Dawson Company, along with capital partner USAA Real Estate Company, also are investing \$231 million in this development.



*Los Angeles–based Anschutz Entertainment Group builds sports facilities first and then adds an entertainment district. The company built Staples Center in downtown Los Angeles, then added L.A. Live. (AEG)*

“Newport on the Levee, just across the Ohio River from the Reds’ ballpark, is still the leading entertainment complex in the downtown area for before and after games,” says Hundert, although he suggests that the Banks is beginning to keep more of Cincinnati’s sports fans from crossing the bridge into Kentucky as it gains its own critical mass of restaurants and bars. Newport on the Levee is a popular retail-entertainment venue that attracts visitors from both sides of the Purple People Bridge. Fans use this bridge to walk over the Ohio River between Newport on the Levee and downtown Cincinnati.

Despite high property values in downtown Los Angeles, the city’s entertainment district was jump-started with public funds, according to Ted Tanner, executive vice president of real estate development for Los Angeles–based Anschutz Entertainment Group (AEG). A global entertainment company

that develops, owns, and operates sports and entertainment facilities and convention centers, AEG is owner-developer-operator of the Nokia Theatre L.A. Live complex and the adjacent Staples Center.

### **AEG’s Downtown Los Angeles Play**

While AEG focuses on wholly owned assets, Tanner notes that 20 years ago, when downtown Los Angeles was a desolate, blighted place, his company acquired 45 acres (18 ha) in what is now known as the South Park District of downtown, and the city floated bonds to help build the Staples Center. He says that AEG has paid off the bonds and now has \$3.5 billion invested in this sports-entertainment complex, which also includes a flagship Regal Hotel.

But AEG is not done yet. While the company rescinded its proposal for the Farmers Field National Football League (NFL) stadium in South Park, the retail-entertainment project

proposed adjacent to the stadium, however, is still a go, Tanner says, noting that the plan calls for renaming Francisco Street to Avenue of Angels and creating a French Quarter/Gaslamp-style entertainment district along this street.

He notes that a portion of the street will be developed by Chinese developer Greenland USA, as it is part of that company's new \$1 billion mixed-use development, Metropolis. Located on 6.3 acres (2.5 ha) in South Park, Metropolis includes three residential towers, a six-star boutique hotel, and curated, destination retail.

AEG quit its proposed NFL stadium project when two other NFL stadium-entertainment district proposals gained momentum, due to support by three NFL teams. St. Louis Rams owner Stan Kroenke is backing the football stadium at Hollywood Park in Inglewood; and San Diego Chargers owner Dean Spanos and Oakland Raiders owner Mark Davis are partners in competing a proposal in Carson.

"Football is going outside downtown, so this is our mothership [AEG's collective South Park interests], and it's a significant model for what we're doing elsewhere in the world," says Tanner.

### **AEG Goes Where Others Fail to Tread**

"Our approach is to look for opportunities lacking in a core entertainment district," Tanner continues. "We start with an arena, then add the entertainment district." AEG's site selection criterion is an intercity location with developable land around it and good public transit.

An example of this approach is the company's project in the East Berlin area of the German capital. AEG acquired the franchise for the city's Berliner Eisbären hockey team and opened the O2 World Berlin arena, now rebranded Mercedes-Benz Arena, in 2008. The company is currently redeveloping an adjacent train yard to create the Berlin Entertainment

District, a mixed-use project with 600,000 square feet (55,700 sq m) of retail-entertainment amenities, residential uses, and office space.

Tanner notes that this project is not only in a dense urban location, but also adjacent to the largest standing portion of the historic Berlin Wall, which attracts tens of thousands of tourists annually.

### **Proximity to Urban Amenities Key to Successful Sports-Entertainment Projects**

Sports and event facilities are key demand generators for nearby retail amenities, Hunden points out, noting, "They feed off each other and create a sense of place." He warns, however, that proximity is key in developing "packaged districts," as people will walk only in a one-quarter-mile (0.4 km) radius of the sports or event facility. Entertainment retail services also must be "visible, walkable, and safe."

Hunden stresses that critical mass is best achieved by locating packaged projects in urban environments where infrastructure and density are already in place. "The high cost of urban sites is forcing facilities to be developed outside the urban core, or at least providing an incentive for them to be built where land is easier to assemble and less expensive, but proximity matters," he adds, pointing out that entertainment facilities are not generally successful as islands, and isolation limits their economic impact.

By locating Miller Park, home to the National League's Milwaukee Brewers, outside downtown, Hunden notes that the city of Milwaukee missed the opportunity to offer fans the ability to visit restaurants before and after games and the economic impact that would have provided.

Power Plant Live! in Baltimore, for instance, is a very successful project, Hunden says, because it lies just a block from the Inner Harbor and a short walk from many other attractions, including the NFL's Baltimore

Ravens' M&T Stadium; the Baltimore Orioles' Oriole Park at Camden Yards; many downtown hotels; the convention center; and other local attractions.

"People want to know if there's payoff for

these districts," he concludes. "It's what gets developed outside the district that signifies success—walkable streets beyond the district's six to eight blocks buzzing with activity."

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## MILLENNIALS' PREFERENCES ARE GOOD NEWS FOR MIXED-INCOME DEVELOPMENT

**BY KATHLEEN MCCORMICK**

**MARCH 29, 2017**

With Denver's population expanding from about 470,000 in 1990 to 700,000 today, many longtime residents in some gentrifying neighborhoods find it difficult to remain as rents, home prices, and property taxes climb. How do communities in other U.S. cities provide for both lower-income families and local culture while being revitalized?

"Gentrification is something that you should want if you live in a neighborhood without services because it means bringing in needed infrastructure," says Egbert Perry, chairman and CEO of the Atlanta-based Integral Group, made up of for-profit developers of 50-plus mixed-income, mixed-financed projects in nine states. "But we need public officials and others to put some [limits] around revitalization so gentrification doesn't become pure market [forces] driving out longstanding residents."

Perry cofounded Integral 25 years ago to build mixed-income communities. In the mid-1990s, Integral partnered with the Atlanta Housing Authority to develop Centennial Place, the first HOPE VI project, which redeveloped public housing into a mixed-use community with mixed incomes and rental and for-sale homes. Integral develops housing priced from affordable to market-rate, he says, but is "heavily skewed" to providing workforce housing for residents earning from 60

to 140 percent of area median income (AMI).

"We build a product that is responsive to the market with quality, making sure the project fits so it doesn't devalue the real estate," Perry says. "Location does matter." The firm is building the only affordable mixed-income housing so far in the \$2 billion Denver Union Station neighborhood, the 108-unit Ashley Union Station, with 72 percent of apartments reserved as affordable for households earning up to 60 percent of AMI.

Among the lessons learned about trying to avoid displacement with revitalization is "one size does not fit all," says Perry. If a city owns land and is losing its workforce, that land should be developed for workforce housing, and "unless you're going to invest heavily in quality-of-life infrastructure, don't compound the problem by putting [lower-income] affordability there.

"The good news is millennials," Perry notes. What's promising about millennials and equity, he says, is their openness to mixed-income living, walkability, and other elements that "we've tried to engineer as planners—the essential elements of an interactive and socially healthy community."

Panelists presented Denver projects and approaches that address equity in economically



transitioning neighborhoods with longstanding cultures, including land trusts, affordable housing preservation, and development of new mixed-income housing and community services.

The nonprofit Urban Land Conservancy (ULC) has invested in 28 land acquisition deals in Denver and adjacent cities, buying land that developers build on with 99-year ground leases, explains Aaron Miripol, ULC's president and CEO. Located near transit, the land trust purchases provide stable ground for affordable housing preservation, development of new affordable homes, and development of public and nonprofit facilities that serve the community. For example, a two-plus-acre ULC site near the Sheridan transit-rail station in west Denver was redeveloped for the Jody Apartments, a project with 62 permanently affordable homes.

"Owning and controlling the land for the long term and for public benefit [are] key to ensuring that whatever gets built provides a community benefit," Miripol says. "The ground lease can be challenging for financing, but when a lender says, 'Why should we do this?' we say we're there for the long term. It's a positive, not a negative."

Another big challenge is a lack of time to get to know a neighborhood before planning and development begins. "A thorough process to fully understand the neighborhood—its history, culture, values, hopes, and fears—can take literally years," he says.

Asked what kinds of incentives besides money would motivate development of more affordable housing, Miripol says that "the ability to up-zone" was important. One ULC project ended up also being quite financially rewarding, he adds, as the "land appreciated greatly because we could go up."

"Our work plan is driven by community priorities, and housing value and displacement are at the top of the list," says Renee Martinez-Stone, director of the

West Denver Renaissance Collaborative, a collective impact initiative launched in January 2016 by the city and county of Denver, the Denver Housing Authority, and Enterprise Community Partners. The collaborative works to achieve equitable outcomes in ten revitalizing neighborhoods in west Denver, an area with many working-class Latino households and a high rate of homeownership, in which some home values have doubled near new transit stations.

"When you have involuntary displacement, you have gentrification," she says. "Let's not fool ourselves on what's voluntary and involuntary. You might say that residents may sell their homes at a profit, and that's voluntary, but a lot of these homeowners don't know their options and may not know refinancing opportunities."

Martinez-Stone says that extensive public outreach has changed perceptions about what revitalization might look like in neighborhoods where 90 percent of parcels are single-family detached homes. "We thought they needed [more] multifamily, but that's not within the culture." So, the collaborative is exploring multifamily building preservation and options to help homeowners stay in their homes, such as using home equity to build accessory rental apartments or tandem houses on their lots.

Several years ago, Zeppelin Development, a longtime Denver landowner and developer of the Taxi mixed-use community in Denver's River North (RiNo) neighborhood, began talking with residents about what was needed to make a true community in the rapidly redeveloping post-industrial area, says Chris Woldum, Zeppelin's vice president of finance and development. The answer was Freight Residences, an apartment building opened in 2016 for growing families who were priced out of the urban core's single-family market. "As long-term holders, we thought it might be harder to lease up," Woldum says. But the firm found the

48-unit project, with mostly two-, three-, and four-bedroom apartments, was fully leased within three months—far shorter than the market norm.

Also on the Taxi campus, Zeppelin is building Redacted, a multifamily building with 314 apartments which will be affordable for renters such as service-industry workers who earn less than 60 percent of AMI. The project's one- and two-bedroom units are modestly sized, but designed with plentiful light, air, views, and custom elements not typical for multifamily units, says Woldum. He says that adding affordable units to Taxi was appealing to many of the 150 businesses located there. "They want to be aligned with us because we've made this choice."

"These projects are very much local, and it's mission-driven work," says Shannon Cox-Baker, principal of SCB Consulting in Boulder, part of a team redeveloping a six-acre (2.4 ha) site in

Denver's Elyria Swansea neighborhood, near the future National Western Center transit station. ULC purchased the site and selected Zócalo Community Development, with assistance from the city of Denver, to develop the \$200 million Race Street transit-oriented development. The project includes 560 mixed-income rental and for-sale homes and 80,000 square feet (7,400 sq m) of community-serving commercial space, according to ULC. The first phase of construction is scheduled to open with the North Metro Rail Line in late 2018.

*ULI Colorado is developing a report, due out this spring, on best practices related to revitalizing without causing gentrification or displacement.*

*Kathleen McCormick, principal of Fountainhead Communications in Boulder, Colorado, writes frequently about healthy, resilient, and sustainable communities.*

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## CRANE WATCH: SIX CUTTING-EDGE DEVELOPMENTS ACROSS THE CAROLINAS

**BY AMANDA ABRAMS  
FEBRUARY 25, 2019**

It's a long game that benefits from analysis, planning, and—it is hoped—a stroke of luck. That characterization of real estate development was illustrated by six developers who discussed their current projects at the 2019 ULI Carolinas Meeting in Raleigh in February. From projects that benefited from forward-looking church leaders, to decade-long timelines for redeveloping moribund sites, to downtowns that blossomed in the period between land acquisition and groundbreaking, the stories highlighted the patience, hard work, and serendipity needed for a project to come to fruition.

The panelists were Benjamin Cuevas, who is

in charge of real estate development at the Charlotte-Mecklenburg Housing Partnership; Adam Golden, vice president of development at Northwood Ravin; Dan Doyle, senior vice president of development at the Beach Company; Warner Kuppin, director of residential development for Kane Realty Corporation; Robert Hughes, president of Hughes Development Corporation; and Chris Thomas, a partner with Childress Klein.

### **The Mezzanine at Freedom, Charlotte, North Carolina**

It is not quite unheard of, but still radical:

in 2017, Covenant Presbyterian Church in Charlotte announced it would be investing \$2 million in a residential project by the Charlotte-Mecklenburg Housing Partnership. The project, which broke ground last December, is designed to include a substantial number of affordable units. Out of 185 apartments, two-thirds will be rented at below-market rates to people earning between 30 and 80 percent of the area median income; the rest will be set at market rates.

The location, two miles (3.2 km) from downtown, is a good one, said Ben Cuevas, who is in charge of real estate development at the Charlotte-Mecklenburg Housing Partnership, a nonprofit organization. "It's a well-established corridor," he noted. Nonetheless, the group would have struggled to simultaneously deeply lower its rents and earn investors a competitive return—even with low-income housing tax credits, which should cover about 30 percent of the construction cost.

Churches, however, are not necessarily looking for competitive returns on their investments. And Covenant Presbyterian's decision is what made this project possible. "It's a public/private/faith-based model," said Cuevas. "We can only do it because of the partnership."

### **The Van Alen and 555 Mangum, Durham, North Carolina**

"I came across the site about six years ago. I had to buy the whole thing—it was the highest price for land in Durham then," said Adam Golden of Northwood Ravin. "Now, prices are about 50 percent higher and I look like a genius," he joked.

Golden was talking about a six-acre (2.4 ha) block in downtown Durham. It is actually the site of two Northwood Ravin projects: the Van Alen, a residential building holding 418 units that recently opened; and 555 Mangum, an 11-story office

tower that is under construction that will also include 31,000 square feet (2,900 sq m) of retail.

Golden said the biggest challenge was connecting the project to nearby amenities, particularly a sparkling arts and entertainment area just a block away. "How do we tap the energy and magic of the American Tobacco Campus [ATC] and pull it east?" Golden asked rhetorically. "It's not especially pedestrian friendly—there are four major arteries there, and three are one-way."

In response, the company oriented the residential portion of the project closer to the ATC, and added an alley winding through the project that would bring some life into the development.

Despite its difficulties, Golden said his gut instincts about the centrally located site have borne out. "We knew it was a fantastic location" originally, he said. Six years later, the city has simply exploded with new residents and amenities.

### **The Jasper, Charleston, South Carolina**

In 1950, the Beach Company in Charleston built the Sergeant Jasper apartment building, a 14-story, 232-unit building that was compatible with the era's standards. Sixty-five years later, the company was ready for a change. Unfortunately, Charleston's Board of Architectural Review (BAR) and much of the public was not.

"Development in Charleston is a contact sport," said Dan Doyle, a senior vice president with the Beach Company. "It's extremely difficult to develop there."

He knows from firsthand experience. After a decade of planning a new, low-rise use for the property, the Beach Company submitted designs to the planning commission for rezoning. The aim was to almost double the site's density, but opposition to the project became entrenched.

Eventually, the company scrapped those plans and

tried again, with a new design that was the same height as the original building and almost the same number of units. Unlike the earlier plan, however, it included only luxury units, no workforce housing.

Once again, the company was denied. But this time, the Beach Company sued the BAR and won. “The judge recognized that challenges to the [historic preservation] ordinance were needed,” said Doyle. “Clearly, it’s still possible to do a large building in Charleston.” The groundbreaking was last August.

### **Peace Apartments, Raleigh, North Carolina**

Downtown Raleigh was booming, but it still lacked something crucial: a grocery store. Finally in 2017, the Publix supermarket chain announced that the grocery store would be coming to Peace Street downtown. The 45,000-square-foot (4,200 sq m) store will be located on the ground floor of a 12-story, 417-unit apartment tower being developed by Kane Realty Corporation.

It has not been an easy process, said Kuppin. “Challenges include fitting into a tight, funky site. There’s a culvert, transmission lines, and a road realignment going on.” Plus, the parking numbers had to be right. Currently, Kane is planning for 515 parking spaces for residents, and another 200 for Publix shoppers.

But the location is a good one; formerly an underused strip of small, low-rise services, the neighborhood is in the midst of a wholesale shift. And Kane will be part of that. The company owns two other parcels nearby and has plans for office buildings, more residential uses, another 40,000 square feet (3,700 sq m) of retail space, and more.

### **BullStreet District, Columbia, South Carolina**

Like several other cities, Columbia was ready to find a new life for the shuttered state asylum located near downtown. So in 2008, the state

and city partnered to put it up for sale. “They marketed it for two years, and we were the only company to bid on it,” remembered Robert Hughes, president of the Greenville, South Carolina–based Hughes Development Corporation.



*First Base Building in the BullStreet District of Columbia, South Carolina.*

With 181 acres (73 ha) and a number of abandoned buildings, it was not a project for the faint of heart. But Hughes and his partners saw it as a 20-year project, and agreed to serve as master developer, helping set the vision and coordinate with other participating developers.

The idea is a walkable live/work/play campus. That vision came a little closer to fruition in 2016, when a ballpark for Columbia’s new minor league baseball team, the Fireflies, opened adjacent to the site. Next came a private office building that is currently a coworking space, residential units, and a Bone-In Barbeque—the site’s first restaurant, located in the old morgue.

Much more is yet to come: 200,000 square feet (18,600 sq m) of retail space, a hotel, a senior living complex, and a 20-acre (8.1 ha) park. And the entire area was designated an Opportunity Zone

last year, bringing with it a new set of options.

“It’s a balancing act to harness the excitement of the community,” said Hughes. “They want to see things now, but it’s a 20-year project.”

### **Apex South Park, Charlotte, North Carolina**

Another Charlotte developer benefited from a local church’s prudent decision. In this case, Sharon Methodist Church acknowledged that its membership was declining and issued a request for proposals for its property, ultimately selecting Childress Klein. “They challenged us to create a mixed-use scheme that included the church on a new

site,” said Chris Thomas, a partner with the company.

Childress Klein has big plans for the 5.5-acre (2.2 ha) site, which is located across from SouthPark Mall. Along with 350 apartments—a few of which will be rented at subsidized rates—there will be 90,000 square feet (8,400 sq m) of retail, a 175-room hotel, and a six-story parking deck.

“We worked with the city and nearby neighborhoods to address growth-related issues,” said Thomas. And the company consulted closely with the church’s leaders; Childress Klein will build a new home for the congregation, which will be rechristened SouthPark Church.

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## **BALTIMORE’S NEW ZONING HOPED TO BOOST MORE MIXED-USE DEVELOPMENT**

**BY ARCHANA PYATI**  
**AUGUST 8, 2017**

The long-awaited revision to Baltimore’s zoning code, which took effect in June, includes a highly anticipated new zoning category—“industrial mixed-use”—which both city officials and local developers hope will spur economic development while preserving neighborhood character throughout the city.

“We’re really hopeful that this new code . . . will help remove some barriers and provide some new tools to fuel more development in underserved areas across the city,” Tom Stosur, Baltimore’s director of planning, said during a ULI Baltimore panel discussion in April about the new code.

Baltimore’s zoning code update—the first since 1971—took years and hundreds of public meetings to finalize. The process began in earnest in 2012, and, after years of revisions and public debate,

was approved by the Baltimore City Council and signed by then mayor Stephanie Rawlings-Blake in December 2016. The new code arrives at a critical moment for the city, which is still losing population while other major East Coast cities have either seen population stabilize or gained residents.

The new industrial mixed-use category will allow for residential development in areas that were traditionally industrial but now are attractive to tenants and developers who want to mix light-industrial space with office and residential uses. A new “office industrial campus” category also aims to encourage development that mixes light-industrial and office space.

A new “neighborhood commercial conditional use” category will allow for new, creative uses of commercial buildings or spaces that are in

primarily residential neighborhoods. It allows, for instance, property owners of closed corner stores or churches to convert them to offices, retail space, or service-provider establishments. Previously, if a property owner wanted to change the use of a commercial building in a residential neighborhood, the request required approval by the city council.

“From a private sector perspective, this is one of the best things about the new code,” said Ryan Potter, an attorney with Gallagher, Evelius, and Jones. He said that as many as ten projects he represented in recent years that required council approval would not require it now. “It can save you a lot of money and time.”

“Development was really hindered by the process,” said Josh Neiman, ULI Baltimore chair of mission advancement and principal at Hybrid Development Group.

In addition, several generic use categories were introduced into the new code to keep it flexible and up to date, said Laurie Feinberg, Baltimore’s assistant director of planning. The previous code had separate categories for highly specific uses; now generic categories encompass uses that have similar impacts on parking, loading, and servicing. This minimizes the need to change the code when a use becomes obsolete—such as video stores that popped up on street fronts in the 1980s. “We had to revise the code for video stores that are now no longer,” Feinberg said.

A major issue that has not been resolved is how to handle parking lots in a city where new housing or businesses would be a much better use for developable land, Feinberg noted. An initial proposal was to eliminate the ability to build new parking lots downtown, but the city council was not ready to take that step. Feinberg said the city will form a working group focused on parking and is eager to partner with ULI Baltimore on the issue.

ULI Baltimore and the city have partnered on several projects aimed at neighborhood revitalization, including several technical assistance panels on key corridors. One of these is Pennsylvania Avenue, a once-vibrant area that has been in decline for several decades. Several ULI members were also involved in drafting the new zoning code.

The new code is more user friendly than the old version: it presents all information in easy-to-read tables and provides much-needed clarity to local developers seeking sites for infill development, said Neiman.

“This update was a long time coming and long overdue,” he said. “As part of the process, the city looked at every single address and determined what the appropriate zoning is for that address. They looked at what development has taken place on the ground and where they want to direct development in the future.”

Baltimore is known for its authentic and quirky neighborhoods. It was recently labeled “the coolest city on the East Coast” in a Travel + Leisure magazine article. The goal of the new code is to preserve neighborhood character while also providing new opportunities for redevelopment.

“Baltimore is called a city of neighborhoods, which is wonderful, but sometimes the transitions between them are stark,” Neiman said. The new code aims to smooth out some of the stark transitions while also preserving the unique identities of those neighborhoods.

“The whole idea behind this effort was to get rid of an antiquated code, make it flexible and user friendly, and look toward the future while embracing Baltimore’s history,” Neiman said.

# THE MAKING OF MIAMI BEACH'S MIXED-USE GARAGE

BY DAN MALONE AND RICHARD PEISER  
SEPTEMBER 12, 2014

Much has been written about the 1111 Lincoln Road project in Miami Beach, Florida, since its completion in 2010. Essentially a parking garage, it has been featured in the majority of high-profile architecture publications and hailed as a bold and intellectually stimulating piece of modern architectural design. The New York Times covered a wedding held in the seventh-floor event space. It also has been the backdrop for big-budget advertising campaigns promoting luxury products. However, not much has been written about the development process and the visionary developer behind the project, Robert Wennett.

Better described now as a mixed-use building than a garage, 1111 Lincoln Road provides a gateway to the Lincoln Road pedestrian mall conceived by Morris Lapidus, the influential 1950s Miami Beach architect. The structure sits next to a late-1960s brutalist-style office building, formerly known as the SunTrust Building.

In contrast to the heavy-looking mass of the office building, 1111 Lincoln Road is an elegant and breezy collection of stark concrete ramps, slabs, and columns. The varying floor heights provide a variety of spatial experiences throughout the building; it houses about 300 parking spaces, and 40,000 square feet (3,700 sq m) of retail and restaurant space is located on the ground floor, fifth floor, and roof. On the top floor, a 5,000-square-foot (465 sq m) residence with 17,000 square feet (1,580 sq m) of gardens overlooks the ocean, city, and Biscayne Bay. The development included the relocation of the bank tenant into a new purpose-built retail bank branch on an adjacent site and subsequent renovation of the existing office

building. The new structure ties into the existing office building at several upper levels and extends the street-level pedestrian-mall retail frontage.

Wennett conceived 1111 Lincoln Road as less of a building or a development and more as a philosophy or a mind-set. In a 2013 interview, he described it as a “design-driven, experience-based venue.” The building was intended to serve as an extension of the public mall rather than a purely utilitarian parking structure, and today one sees joggers scaling its stairs and ramps, yoga practitioners taking in the expansive view from the seventh floor, and party-goers attending events. All this activity occurs alongside a consistently full parking garage and fully leased retail space with handpicked luxury tenants such as Taschen books, Osklen clothing, Nespresso coffee, and Mac cosmetics.

## The Vision

Before focusing his attention on Florida, Wennett founded and ran Starwood Urban, a \$500 million real estate private equity fund focused on urban redevelopment projects around the United States and sponsored by Starwood Capital.

When the fund liquidated its portfolio in 2004, Wennett became interested in the opportunity he saw in Miami Beach and, more specifically, at Lincoln Road Mall. The pedestrian mall had seen significant growth in the late 1990s, and many national chain retailers had moved in such as Starbucks, American Apparel, and Guess. During the early 2000s, however, the demographics of the area were changing and consumers were becoming more sophisticated. Wennett believed that Lincoln Road could support

a change in the tenant mix to more high-end retail. The office building, with its adjacent surface parking lot, appeared to offer an entry into the market.

In 2004, the building owners accepted Wennett's offer of \$23.5 million—\$200 per square foot (\$2,150 per sq m) for the eight-story office space and \$400 per square foot (\$4,300 per sq m) for the land, including some surrounding surface parking lots covering a total of about one acre (0.4 ha). At the time, Lincoln Road retail space unencumbered by office space above was selling for \$700 per square foot (\$7,500 per sq m). Wennett's purchase of the office building and surrounding land included about 50,000 square feet (4,700 sq m) of developable surface parking lots, much of which faced Lincoln Road. It was the largest undeveloped tract on Lincoln Road Mall.

Once the site was purchased, Wennett began to hunt for an architect that could handle the unique challenge he envisioned. After narrowing the field to eight or nine renowned architecture firms and visiting examples of their work around the world, Wennett chose the Pritzker Prize-winning Swiss firm Herzog and de Meuron. The firm, which is in a position to be picky about clients, was enticed by the site and by Wennett's vision and personality. Herzog and de Meuron "believed the people of Miami would embrace an idea of openness and a place to show off and look good," and "loved the idea of making parking beautiful as well as functional," says Christine Binswanger, the firm's senior partner.

The architects' initial sketches reflected the essence of the final form. Miami Beach planning regulations, which exclude parking area in the floor/area ratio (FAR) calculation, allowed for about 300 parking spaces, or seven floors' worth, and 45,000 square feet (4,200 sq m) of other uses. The concept presented by the architects provided one level of ground-floor retail space, but instead of stacking the parking above it at the typical floor-to-floor height

of about nine feet (2.7 m), the architects varied the heights, ranging from ten to 30 feet (3 to 9 m).

The result was a variable single-, double-, and triple-height skeleton that had a dramatic street presence and allowed a variety of other functions within the building. The increased overall height also balanced the brutalist scale of the adjacent office building. However, the proposed plan exceeded the city's 75-foot (23 m) height limit for the site by 50 feet (15.2 m).

Knowing that this would be a sticking point with the city, the team approached the planning department very early in the process, explaining why the height variance was important to the building and the streetscape, and to the overall vision for the public realm. The team also made it clear to planners that only a height variance was being sought and not an increase in FAR. Binswanger said the planners initially were "shocked by the extra height, but they immediately understood the potential." The planning department quickly became a proponent of the additional height and provided support for obtaining a zoning variance.

### **Project Financing**

While the design and permitting process continued into 2007, the financial climate deteriorated rapidly as Miami led the nation's housing market collapse with a glut of troubled condominiums. When capital markets descended into chaos in 2008, Wennett decided the only chance he had to secure financing was to syndicate the loan himself. Fortunately for him, neighboring SunTrust was still motivated to relocate to its new retail bank branch, so it agreed to participate in part of the syndication. Cash flow from the existing office building also ensured that carrying costs would not factor into a protracted capital-raising period. To secure the remaining capital, Wennett drew on his network of contacts in the banking community and was able to convince them of the project's potential. He previously had



decided not to bring in an equity partner in order to maintain design control and ownership.

A critical component of the pro forma was the retail space. According to Wennett, the Miami Beach market net rent for office space at that time was about \$15 per square foot (\$161 per sq m), whereas Lincoln Road Mall retail space was renting for \$80 to \$90 per square foot (\$860 to \$970 per sq m). He used \$110 per square foot (\$1,200 per sq m) for retail space in the pro forma in the belief that the new building would provide higher-quality space and attract high-end retailers.

Parking rates were projected according to future demand because there was already an undersupply of parking in the area and the project would serve as a destination, increasing demand. Office rents in the existing building were set at market rate of around \$15 net per square foot (\$161 per sq m). Initially, a revenue stream from events held at the building was included, but lenders wanted it excluded from the underwriting.

The pro forma estimated construction costs at about \$40 million, twice the cost of a traditional parking garage because of the unconventional nature of the building. The projected returns were still attractive to Wennett and his financiers, even with event revenue excluded.

Herzog and de Meuron, working with Wennett to refine the retail layouts to better suit prospective tenants, included retail space on the fifth floor to draw people up from the street. The ground floor of the existing office building was converted from a two-story bank branch into double-height retail space in order to maximize the land value and provide a continuous strip of retail businesses along Lincoln Road Mall.

The team considered extension of the pedestrian public space to be integral to the project's prospects for success. The developer's proposal included closing one block of Lincoln Road Mall to traffic and

extending the pedestrian promenade in front of the stores to Alton Road. Working on that extension with Miami-based landscape architect Raymond Jungles and the city, the team created a design featuring multicolored paving, outdoor seating, and greenery. The city approved the design and agreed to fully finance the \$6 million upgrade to the public realm.

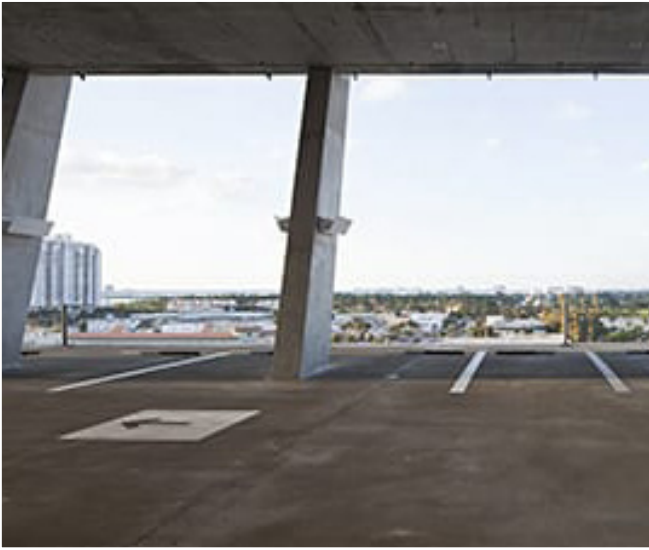
With Art in Public Places (AIPP), a citizens' trust that oversees public art in Miami, Wennett recommended commissioning multimedia conceptual artist Dan Graham to create artwork for the mall extension. Upon his selection by the city, Graham created an elegant, interactive, curved glass sculpture to serve as a focal point for Lincoln Road Mall and attract visitors. The cost of the sculpture, \$150,000, was financed by both the city and Wennett through the AIPP program.

### **Construction Bids**

The project faced a crisis when contractors' bids for the work came in about 50 percent higher than the original estimates. Though the building appeared to be a simple concrete structure, it included a range of details that gave it a refined quality, including a dramatic central staircase. The building also was to have expensive elements, such as indirect lighting and profiled slab edges to add to its impact. The cost of some nonstandard items was particularly difficult to estimate: fire sprinklers and pipe work, for example, were designed to be cast into the slab. In addition, the New York-based structural engineer had relied on the extensive use of steel—a material less commonly used in Miami than elsewhere.

Once the reasons for the cost discrepancies were identified, the design team worked closely with the general contractor in an intensive value engineering exercise. As well as reducing the amount of steel used in the project, the team was able to reduce costs through additional rationalization of the architects' original construction details to better complement local building practices. In the end, the

team was able to bring the building in on the original budget without compromising the design intent.



*The structure offers expansive views of the Miami area.*

When the building opened, with the retail spaces fully leased, it drew the interest of Miami residents—and the broader architectural community. Wennett was surprised not at the level of interest, but by the variety of ways people interact with the building. The interest has also translated into financial success, with retail rents reaching as high as \$300 per square foot (\$3,200 per sq m).

Wennett occupies the 5,000-square-foot (465 sq m) residence on the top floor of the building. Hung from the top slab of the structure, the residence is surprisingly hidden. It has a courtyard serving as a front yard, with lush plantings that hang over the slab edge into the garage below. The house also commands spectacular views of the city and bay.

### **Unorthodox Mix**

The 1111 Lincoln road project represents less an example of a new building typology than a visionary approach to urban redevelopment. In combining such an unorthodox mix of program and uses, Wennett and Herzog and de Meuron have transformed

the character of Lincoln Road Mall to appeal to a new demographic. Though it is unlikely that this particular combination of uses will suit many other locations, the innovative approach to reimagining the urban context, and the people who use it, could be replicated elsewhere. The success of Wennett's unique approach hinged on his responsiveness to the eagerness of new-market millennials to embrace avant-garde architecture, as well as a willingness to take a chance on an untried product.

The development strategy rejects the cookie-cutter approach to urban redevelopment in favor of a more nuanced response to market and urban opportunities that exist in the complex environments of cities. With his previous experience in urban infill projects and his understanding of the local market, Wennett was able to conceptualize, with the help of his architects, a product that appealed to the targeted demographic in an unconventional way. Equally important, he was able to manage the construction cost and value-creation process throughout the design and construction phases. The combination of these two factors produced an outstanding project return that more than compensated for the risk of the untried product and seemingly ambitious underwriting.

Wennett and the team demonstrated that by combining careful consideration of the urban context and its inhabitants with outstanding design and the passion to make it happen, the conventional notion of highest and best use can be raised even higher and better than first expected.

*Dan Malone is an architect, real estate professional, and 2014 graduate of the master in design studies program in real estate at the Harvard Graduate School of Design. Richard Peiser is the Michael D. Spear Professor of Real Estate Development at the Harvard Graduate School of Design.*

# BRINGING MORE MIXED-USE RESIDENTIAL TO DOWNTOWN FORT LAUDERDALE

**BY NICOLE MARTINEZ**  
**MARCH 15, 2019**

In 2018, downtown Fort Lauderdale added just over 1,000 residential units. An additional 3,000 units have already come to market so far in 2019, with more underway. While speakers at ULI Southeast Florida's "Fort Lauderdale Emerges" event acknowledged the risk of overbuilding, they were also confident that a blockbuster mixed-use project will attract interest for decades to come.

The Main Las Olas, a 1.5 million-square-foot (139,000 sq m) residential, retail, and office complex, was driven by Terry Stiles, the founder of Stiles Corporation, who drove the project forward while battling cancer. Though the site was purchased in 2006, the development process did not begin until 2016. A year later, Stiles passed away. Still, Robert Breslau, Stiles's chief development officer, credits Terry Stiles's unwavering pursuit of the project as a key factor in its development.

"Terry was convinced that this was the right property and the last full block available for development in Fort Lauderdale," he said at a panel discussion that included Stiles Corporation president Scott MacLaren; Mark Portner, a director at project partner Shorenstein; and moderator Eric Rapkin, who leads the real estate practice group at Akerman.

The Main Las Olas is being prepared for occupancy by 2020. But the road to getting the project approved was long and involved navigation of an economic crisis and incorporation of both a public/private partnership and nontraditional financing to bring it to life.

"This project goes back some time because [Stiles] wanted to secure a Las Olas tower, and

for years there was nothing happening west of Third Avenue," said MacLaren. Though the site was purchased in 2006, building plans were neither approved that year, nor three years later, when the Great Recession struck—a fact that Breslau now recognizes as a blessing.

Finally, in 2016, it appeared that the project would have a chance to become the immense mixed-use enclave envisioned by Stiles. At that time, Broward College, which owned and operated the land adjacent to the Stiles plot, announced an interest in a possible public/private partnership (PPP) that would help fund an endowment for the college.

"[The college] set out to bid, but the benefit we had was that we controlled the piece of land next door," said Breslau. "We demonstrated we could build efficiently because of that. The process was likewise complicated and took us a roughly a year to execute, between weekly meetings with the college, government officials, and our team."

The PPP with Broward College also complicated the ownership of the property, which would now involve a 99-year ground lease on that portion of the land, including easements between the two structures planned at the site.

"A lender needs to get comfortable with those terms, as does the next buyer," noted Portner. "The lease took a lot of work upfront, but works for institutional lenders and buyers." Though the team originally thought it would seek traditional lending, it ultimately settled on a \$200 million debt-fund loan with Blackstone. "Debt funds are simply more flexible in their funding schedule, and

it just made more sense for us here,” he said.

Portner contends that the Fort Lauderdale market, which is seeing tremendous growth downtown, is just as enticing as that in San Francisco, where Shorenstein has a large footprint. “We’ve been following the urbanization of downtown, and we’re always following the workforce,” said Portner. “We had already worked with Stiles before, and we thought that a new construction opportunity was worth jumping on. As we talk about the features of the project, we truly think this will win every time.”

Along with a 25-story office building and 27-story residential tower, the project includes an array of amenities. “When looking at this building, we spent a long time thinking about how to set it apart. We wanted to take it into 2020, 2030, and 2040 and not appear dated but cutting edge,” said Breslau. “We

wanted it to be the best building in Fort Lauderdale.”

For the office component, upgrades include hurricane-impact 12-foot (3.7 m) windows in each office, using a glass product only recently developed and available in the local market.

In addition, the building has a GreenWise organic grocer on the ground floor, conference rooms, an 10,000-square-foot (929 sq m) amenity deck that includes outdoor fireplaces and a patio, plus a fully quipped athletic center. Among the tenants already signed on at the Main Las Olas are Akerman, Berger Singerman, BBX Capital, and GreenWise.

Thirteen years in the making, the Main Las Olas is poised to debut in 2020. “I think the quality of the building will be on par with anything you see anywhere in the country,” said Portner.

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## FINANCIAL CRISIS HELPED HIGHLIGHT ADVANTAGES OF MIXED-USE DEVELOPMENT FOR INVESTORS

**BY ADAM BRANSON**  
**OCTOBER 1, 2018**

A panel discussion at the recent ULI Europe Real Estate Forum in Dublin examined how investors are driving demand for and managing mixed-use districts and buildings. Speakers said that rather than many small and varied projects, they have concentrated on fewer and larger high-return projects.

Paul van Stiphout, a senior portfolio manager of real estate in the Amsterdam office of APG Asset Management (APG), set out how APG’s strategy has evolved since the global financial crisis. “It was the case that we had a myriad of investments—lots of smaller developments—

but during the crisis we changed our portfolio to concentrate on fewer, large investments,” van Stiphout told delegates. “Coming out of the crisis, we noted how certain locations and asset classes were doing better or worse. We had a field day buying assets. We’re not constrained by sectors—we take a mixed-use approach to investment. We’re city-driven rather than country-driven.”

To illustrate his point, van Stiphout pointed to APG’s investment in London’s East Village, the former Athletes Village adjacent to the Olympic Park in Stratford, which was the United Kingdom’s

first dedicated build-to-rent (BTR) development at scale. He said that APG had been attracted to the project due to the investment made in the area as a result of the Olympics, as well as other infrastructure improvements and the construction of the Westfield shopping center.

The East Village homes are rented out under the Get Living brand, which van Stiphout said was being used to further develop the BTR portfolio, in partnership with developer Delancey. “We’re rolling it out,” he said. “Today, the partners are looking at building further residential on top of the shopping center.”

Van Stiphout also described the strategy behind APG’s decision in 2016 to acquire a 75 percent stake in the redevelopment of the St. James shopping center in Edinburgh. The existing center, he said, was a “monstrosity of concrete” and something of an anomaly in a city as beautiful as Edinburgh.

APG was aware of the project from its inception but decided to sit tight until it was clear that it would go ahead following delays due to the 2008 crash. “We came in just before development began,” said van Stiphout. “We’ve already seen that the investment has loosened up other investments in the area.”

The panel’s second speaker, Rachel Miller, head of strategy at Grosvenor Britain & Ireland, required no lessons on the value of mixed-use development and of placemaking. After all, her employer has been deploying broadly the same strategy for 300 years with its Mayfair and Belgravia estates in central London.

“Placemaking is the buzzword of the moment,” said Miller. “People sometimes think that it is something fluffy or vague, not something fundamental. Or maybe they think it’s part of CSR [corporate social responsibility], but not a core part of the business model. Well, it is for Grosvenor.”

However, Miller added that the way in which

Grosvenor approached placemaking had evolved. For instance, she said that historically the Mayfair estate was surrounded by major roads that acted as a barrier between it and other parts of the city, something that was quite deliberate. Today, on the other hand, the strategy is to create links with other neighborhoods.

“We want our estate to be more integrated into other areas,” Miller said. “It was developed to be exclusive and we want to reverse that.”

Over the next ten years, Miller told delegates, Grosvenor will spend £1 billion (US\$1.3 billion) on its estates, including on creating new links and improving the public realm, and is seeking to measure the value of its estates not just in terms of financial returns but also including factors such as environmental sustainability and placemaking. “We need to look at financial returns as well as social impact if we’re to be sustainable,” she said.

The final speaker, John Mulcahy, chairman of the Irish Property Unit Trust, picked up on the point that, at the end of the day, investors have to concentrate on financial returns. “We only invest in places where we will make a good return,” he said, adding that investing in placemaking can be justified only if it leads to better returns down the line. “We know placemaking is a good thing, but we need a measure and we don’t have one at the moment. We need a measure to persuade investors.”

This, Mulcahy urged, is the only responsible strategy to pursue when one is dealing with other people’s money. “If you’ve taken people’s pension, you have to be responsible,” he said. “You can’t indulge in your own view of social responsibility. But you can be enlightened—public realm works in the long term, but it is very difficult to measure.”

Mulcahy was also skeptical about some of the assumptions made by other investors, particularly those who target millennials when countries

across the Western world have aging populations. “I hear a lot about creating places for young people, but 50 percent of the population isn’t young, so who are we building for?” he asked.

“The vision needs to be clear. My argument is that there needs to be more intellectual vigor about where we are investing and why.”

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## A MIXED-USE VERTICAL VILLAGE REVIVES A RETAIL RUIN IN MEMPHIS

**BY JOE GOSE**  
**SEPTEMBER 17, 2018**

In 1927, Sears, Roebuck & Company opened a distribution center and retail location in the Crosstown neighborhood of Memphis. As business boomed, the footprint more than doubled in size over the next 40 years. After a nearly three-decade decline that hastened decay in Crosstown, the 1.5 million-square-foot (139,400 sq m) building finally closed in 1993, sitting behind a chain link and barbed wire fence for years.

In the last year, the now-historic brick-and-cast-stone behemoth is anchoring a renewal of this part of Memphis. Known as Crosstown Concourse, the ten-story “vertical village” mixed-use project opened in 2017, following a \$200 million redevelopment that took seven years of planning, fund raising, demolition, and construction. Health companies, artists, a high school, educational organizations, retailers, and restaurants occupy virtually all of the commercial space, while residents fill 265 apartments spread across the upper four floors. Between employees, residents, students, and customers, 2,000 to 3,000 people frequent the 1.1 million-square-foot (102,200 sq m) Crosstown Concourse on any given day.

“Crosstown Concourse has really become the most significant part of Memphis in terms of activity at the moment,” says Alan Boniface, a principal with the North American design firm DIALOG and a ULI full member, who was involved

in the effort to reuse Crosstown Concourse. “It is a meeting place for all walks of life.”

Rather than simply paying rent in return for space to serve customers, more than 40 commercial tenants in Crosstown Concourse are pursuing a collaborative mission to become “better together”—a mantra that is cited often in the building’s redevelopment story. It’s a vision that started with Todd Richardson and Christopher Miner, founders of Crosstown Arts, an organization focused on cultivating the creative community in Memphis. They believed that by moving their group into the building, they could rebuild the neighborhood.

Yet, as an art history professor at the University of Memphis, Richardson acknowledges that he may have underestimated the difficulty of selling the idea given the building’s size and the amount of money needed to fix it up, especially in a depressed real estate market.

“We didn’t give ourselves much of a chance for success,” he said. “If you look at the building as just space to be filled, where do you start? It’s the size of 25 football fields.

“But we began thinking about using the building to create a great neighborhood and all the things that make up a great neighborhood. Then we

were asking, ‘Do we have enough space?’”

The rebirth of Crosstown Concourse began in 2010. At that time, local investment manager and entrepreneur Staley Cates owned the property after quietly acquiring it in 2007. He had anticipated moving a small private college into the building, but the Great Recession derailed the plan. When Crosstown Arts founders approached Cates about moving their group into the building to spark the creation of an urban vertical village, he agreed to fund a feasibility study.

The idea of creating collaborative spaces where all occupants are expected to contribute to the broader community is not a new concept, Boniface says, but it is becoming more widespread in the United States as urban neighborhoods are rediscovered. In Crosstown, the challenge was convincing people who assess real estate deals on a fundamental level to buy into the notion, says Frank Ricks, a principal with Memphis architecture firm Looney Ricks Kiss, which also worked on the project.

“When I first met Todd and Chris, I told them I didn’t know how they were going to make the numbers work,” Ricks says. “But to their credit, they wouldn’t quit. They don’t play in the real estate world and kind of defied logic. That’s probably what made success possible.”

The effort to pull together a plan entailed hundreds of meetings with neighbors, civic leaders, and institutions. A significant breakthrough came after Richardson met with Dr. G. Scott Morris, founder and CEO of Memphis-based Church Health, which provides health care to some 70,000 low-income workers who lack insurance.

Initially, Richardson asked Morris if he would set up a clinic in the building to serve artists. Although Morris didn’t consider the idea financially viable, it nevertheless intrigued him along with the mission

to be “better together.” Church Health services were spread over 13 buildings throughout Memphis, and he wanted to consolidate under one roof.

“We had to become more efficient and find ways to better care for people in a holistic approach,” says Morris, who is an ordained minister in the United Methodist Church. “When I chewed on how the financing could possibly work, I could see how there was a path to get there.”

Church Health eventually invested \$40 million and leased 150,000 square feet (13,900 sq m). But more immediately, Morris joined Richardson in the recruitment of additional organizations focused on health, arts, and education. Six more groups ultimately signed up, including St. Jude Children’s Research Hospital, Memphis Teacher Residency, and Crosstown High School.

Together with Crosstown Arts and Church Health, they became the building’s eight foundational partners and over time raised \$200 million from 32 different sources. Meanwhile, the planning process included a tour of Midtown Exchange, a near carbon copy of the Sears distribution edifice in Minneapolis that had been redeveloped into a mixed-use structure, and intensive design sessions.

“For over a year, we worked through how each partner might interact with the others and public spaces by talking about their business models and the resources they would bring,” says Tony Pellicciotti, a principal with Looney Ricks Kiss. “While we talked about their physical needs, they were really secondary to the community we were building.”

Developers and designers held workshops to figure out how to dissect the building to foster connections between people in the corridors and public spaces. But because of its landmark designation, they could not alter the exterior, Boniface says. As a result, they converted the

former loading dock on the building's south side into a continuous front door and retail walkway. To bring in natural light and foster connections between people roaming the corridors and public spaces, the developers cut out numerous floors throughout the building, creating three large atriums and four smaller ones. That and the demolition of a one-story addition wrapped around a rail spur helped reduce the amount of square footage to fill.

In addition, elements such as green and red stairways that draw on the old Sears chute conveyor system were incorporated to entice the public into various parts of the project, Boniface adds. The building includes underground parking, and developers fixed up a 1,150-car garage

across the street. Crosstown Concourse also earned a Leadership in Energy and Environmental Design (LEED) Platinum designation for historic adaptive use and is believed to be the largest project of the kind to earn that distinction.

More important is the influence that the development has had on the Crosstown neighborhood, which is where Richardson, Franks, and Pellicciotti live. Residential development has picked up in the area, and shuttered commercial buildings are coming back to life, Richardson says.

"An abandoned and blighted building for 20 years doesn't do much for property values," he says. "But now it's full of stuff, and people want to be part of it."

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## URBANIZING THE TOWN CENTER OF COLUMBIA, MARYLAND

**BY WILL MACHT**  
**MARCH 12, 2018**

When the Howard Hughes Corporation (HHC) inherited control of the pioneering mixed-use town center of Columbia, Maryland, in 2010, the company became steward of the task of urbanizing Columbia's still-suburban downtown for a city that had grown to a population of 99,615.

In the 1960s, developer James Rouse had conceived of Columbia, which was to be built on open land between Baltimore and Washington, D.C., as a 14,000-acre (5,700 ha) new town of ten villages, including its designated Town Center. The vision was roughly based on Rouse's native Easton, Maryland, although Easton was a mid-19th-century village built on a rectilinear street grid of mostly 200-by-400-foot (61 by 122 m) blocks.

Instead of laying Columbia out as a grid, chief

planner Morton Hoppenfeld followed the planning trends that were popular in the 1960s: he created curvilinear village pods which were separated by the stream valleys the developer was committed to preserving, using the overlay model explained by landscape architect Ian McHarg in his 1969 book *Design with Nature*.

As Columbia exists today, the strong east–west axis never materialized. A slender bridge provides the only pedestrian link between the civic and economic centers of the downtown. (Google Earth)

### **Original Town Center**

Three four- to six-lane divided-median parkways define the 400-acre (162 ha) Town Center and divide it into three loops around three



major areas—the Columbia Mall, the Lake Kittamaqundi lakefront, and Symphony Woods. Elevation changes further separate the areas. The mall occupies the high ground about 60 feet (18 m) above the lakefront and 30 feet (9 m) above the parkway that separates them.

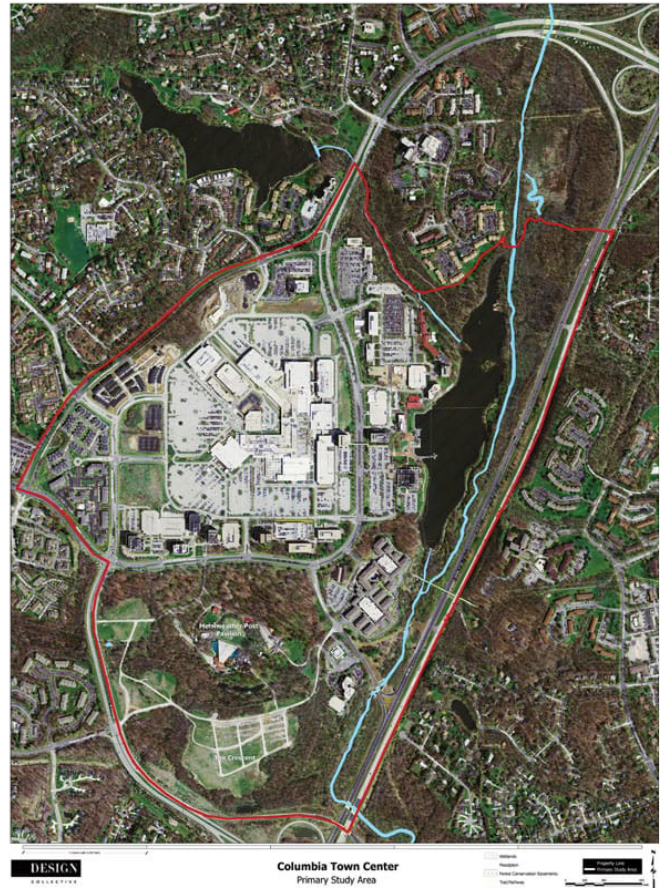
Envisioned by enclosed-mall pioneer Rouse to serve as the Main Street of Columbia, the mall was built in 1971, only four years after Columbia opened, to pre-service the city and its environs. Surrounded by inner- and outer-ring roads, the mall is still a primary economic driver. It contains 1.4 million square feet (130,000 sq m) of retail space that includes more than 215 shops and restaurants supported by 7,200 parking spaces serving a population of 870,000.

Rouse built the 35-acre (14 ha) Lake Kittamaqundi on the Little Patuxent River at the eastern edge of downtown. A two-acre (0.8 ha) plaza and a lakefront amphitheater only 750 feet (230 m) from the mall act as the civic heart of the city, centered on its 3,400-foot-long (1,000 m) lakefront.

From Columbia's inception, the ten-story American City Building, an office structure located at the lakefront and flanked by restaurants, a hotel, a cinema, and a shared parking lot, signaled that a mixture of uses would be sought reasonably near each other, unlike in typical suburban centers at the time. However, the only pedestrian link between the downtown civic and economic centers is a slender pedestrian bridge that starts at the American City Building, traverses the six-lane Little Patuxent Parkway, and climbs the elevation rise to link to a path that goes around another office building, then crosses the inner-ring road to reach a tertiary mall entrance.

The third major loop of downtown, the 150-acre (61 ha) Merriweather District, is built around the ten-acre (4 ha) Merriweather Post Pavilion, accommodating 20,000 patrons and surrounded

by the 30 acres (4 ha) of Merriweather Park at Symphony Woods. The pavilion, park, and additional protected open space occupy about half the district, but its central location shifts future development to its peripheral crescent. A four-lane parkway also divides Merriweather from the other two districts, but the southern-sloping grade change is more gradual than between the mall and lakefront.



*The dominance of the mall, surrounded by parking lots, inner- and outer-ring roads, and three four- to six-lane divided parkways, shows the challenges to transforming the downtown into an integrated, urban-scaled place. (Design Collective)*

## The Urban Challenges

As a city planned to have a town center with a broad mix of retail, office, hotel, entertainment, educational, cultural, and civic uses within its central zone, Columbia is different from many suburbs. But the planning decisions—to forswear

a rectilinear street grid, to break up the downtown with multilane parkways, to concentrate the retail heart in an enclosed mall, to have a paucity of urban housing, and to build at an automobile-centered, set-back building scale—present Columbia with challenges common to many suburbs seeking urban retrofits. The mall, lakefront, and pavilion remain physically and functionally separated.

HHC now has approval for about 13 million square feet (1.2 million sq m) of new downtown development, roughly half the size of downtown Baltimore, including an additional 5,500 market-rate residential units, 900 units of affordable housing, 4.3 million square feet (399,000 sq m) of new office space, 1.3 million square feet (400,000 sq m) of new retail space, and 640 new hotel rooms. Greg Fitchitt, HHC senior vice president of development, says the result will be a “21st-century urban village.”

This program adds to the current downtown, which contains the 1.4 million-square-foot (130,000 sq m) mall; 900,000-square-foot (84,000 sq m) Symphony Overlook offices; the former 100,000-square-foot (9,300 sq m) Rouse headquarters (the building, designed by Frank Gehry, now houses a Whole Foods, spa, and office space); the 120,000-square-foot (11,000 sq m) American City Building; a variety of other small office buildings; a 228-room Sheraton hotel; and the 530-unit Columbia Town Center Apartments, along with a mixture of medium-density condominiums and townhouses.

### **Downtown Columbia Plan**

The Rouse Company had acquired HHC in 1996, then General Growth Properties (GGP) bought Rouse in 2004. GGP spun off HHC as a public company in 2010 when it exited its 2008 reorganization bankruptcy.

HHC inherited the Rouse town center properties, except for Columbia Mall and the 725,000 square

feet (67,000 sq m) of office space and 3,000 parking spaces in six buildings south of the mall; HHC in December 2014 paid GGP \$130 million for the six office buildings. Control of developable downtown land and the majority of developed space by a single developer is a characteristic shared with suburban redevelopers, but not typically enjoyed by their urban counterparts.

As ownership changes were being completed, the Howard County planning department held a ten-day charrette in 2005, facilitated by Baltimore-based architects Design Collective, to initiate a master plan for downtown Columbia. Design Collective partner Matt D’Amico notes that it was a broad-based public charrette with more than 1,000 participants, including downtown property owners, county representatives, elected officials, nonprofit organizations, and residents.

That effort culminated in the county’s adoption of the 2010 30-year Downtown Columbia Plan, which recites Rouse’s vision: “Downtown Columbia will be a diverse, mixed-use, livable, physically distinctive, and human-scaled place with a range of housing choices and recreational, civic, cultural, and educational amenities.” The plan notes that though Columbia had been successful in attracting a wide spectrum of uses for people with a broad range of incomes, the downtown is “still primarily suburban in nature . . . sparsely populated . . . automobile-dependent” and separated by vehicular thoroughfares.

To start retrofitting downtown to create a mixed-use, dynamic, walkable downtown, the plan defines six neighborhoods within the three loops around the mall, lakefront, and woods. A modified street grid articulates 21 blocks of various sizes around the mall, 13 lakefront blocks around the waterfront plaza, and four large blocks that occupy a crescent west and south of the pavilion and woods. Framework plans define land uses, streets, blocks, building

heights, bicycle and pedestrian networks, and open space. In addition, the plan outlines policies for public facilities and sustainability programs.

The enhanced network of planned gridded streets is intended to define a more urban scale for buildings and streetscapes. The streets divide mall environs into development blocks and multiply potential links among the new buildings. Buildings are to be brought forward to the sidewalks.

Ring roads are to be transformed into urban streets. The planners seek to implement road diets to use road widths for bicycle and pedestrian movement as well as for vehicles. To replace the slender link between the lakefront and the mall across the divided parkway, planners envision a fountain terrace stepping down to channel gardens leading to the main waterfront plaza.

In January 2017, HHC acquired the American City Building for \$16.5 million and plans to demolish it to make way for a denser mixed-use development with new office, multifamily, retail, and restaurant components in nine- to 15-story buildings on four parcels in the lakefront core.

### Implementation Structures

The plan creates a system of downtown “community enhancements, programs, and public amenities” (CEPPAs). Enhancements include a variety of environmental assessments, site restorations, stormwater management measures, wetland enhancements, transportation and transit improvements, arts projects, infrastructure renovation, bicycle and pathway improvements, renovation of the pavilion and its dedication to the nonprofit Downtown Columbia Arts and Culture Commission (DCACC), dedication of a site for an elementary school, lakefront terraces, neighborhood squares, and affordable housing.

To implement the downtown plan, the county created

the Downtown Columbia Partnership (DCP), an independent public entity that is the commercial district management authority separate from the county’s legislative and executive branches. It is governed by a seven-member board that includes the regional head of the HHC community developer, the Columbia Mall manager, the county executive, and the president of the Columbia Association, the nonprofit community services corporation that manages Columbia. The board has a wide variety of powers and essentially acts as a downtown business improvement district.



*The enclosed mall (looking to the north) is still successful and economically viable. Restrictive parking covenants with department stores encumber large parking areas where new mixed-use development would logically be placed. As an alternative strategy, HHC chose to build urban neighborhoods on unencumbered land at the periphery of the mall. (Design Collective)*

Funds to manage the partnership and the enhancements come from annual fees assessed on new commercial uses within the district in the amount of 25 cents per square foot (\$2.69 per sq m) of gross leasable area for office and retail uses and net floor area for hotels. This amounts to about \$150,000 per year, which is being supplemented by HHC and the Columbia Association but is expected to become self-sustaining as downtown Columbia continues to develop.

## Affordable Housing

The county also created the Columbia Downtown Housing Corporation (CDHC) to implement affordable housing objectives. Development fees are assessed on developers before issuance of building permits on a sliding scale: \$2,000 per unit up to the 1,500th unit of planned housing in downtown Columbia; then \$7,000 per unit up to the 3,500th unit; and \$9,000 per unit up to the 5,500th unit. HHC also contributed \$3 million in seed funding to CDHC under the CEPPA requirements, paid with the fees on the first two new residential projects.

CDHC can use the proceeds to acquire land for affordable housing, for predevelopment studies, to make loans, or to pay housing operating expenses. The Downtown Columbia Plan conceives of a full spectrum and mix of downtown rental and for-sale housing. CDHC also can help families that meet income eligibility rules acquire primary housing.

In February 2017, HHC, the county, the Howard County Housing Commission, and the CDHC signed a 30-year binding agreement to replace the in-lieu development fees on rental units and instead provide 900 units of affordable housing downtown, including 400 inclusionary units dispersed in market-rate buildings; 417 units in mixed-income tax-credit projects; and 83 units in a live-where-you-work program, which provides rental assistance to qualified households. As a density bonus, the agreement exempts the 744 units, both affordable and market rate, to be built in tax-credit projects by the housing commission from counting against the 5,500-unit entitlement cap permitted to HHC.

Another implementing entity is the DCACC, to which HHC transferred ownership of the Merriweather Post Pavilion in November 2016. The commission manages arts, cultural, educational, and civic programming. Simultaneously, the county approved \$90 million in tax increment

financing (TIF) for public improvements to the Merriweather District, which will include in its first phase a shared 2,000-space parking structure, 1 million square feet (93,000 sq m) of office space, 250,000 square feet (23,000 sq m) of retail space, and 750 apartment units. In 2017, HHC completed 350,000 square feet (33,000 sq m) of space in two new office towers in the district—new education offices for Pearson Connections and a corporate headquarters for health care company MedStar.

## Development Strategy

Defining the appropriate development strategy is critical to the success of transforming a suburban development into an urban downtown. Commonly, a dying mall is at the heart of the development, and if that is the case, the easiest starting point, if it is possible, is usually to close the mall and extinguish its restrictive covenants.

A mall is typically an agglomeration of 50 to 150 acres (20 to 60 ha) of land in a single zone, owned by a single entity (except for department stores that own their own sites) in a visible location, served by good access roads, with large structures that can be demolished or sometimes adapted. The site is usually easily divisible into a rectilinear block pattern. (An office park with similar characteristics might be suitable for such transformation as well.) In those situations, one could simply superimpose a street grid, start development at the core, and phase the growth outward.

But downtown Columbia presents a different array of development challenges. The enclosed mall is still economically viable. In addition, the critical mass of retail space needed to sustain the mall's success challenges the market for new streetfront retail on a scale that would be common in an urban downtown. Restrictive parking covenants with department stores encumber large areas where new mixed-use development would logically be

placed. The capitalized value of the income stream makes the mall too valuable to be demolished and replaced with more-urban streetfront retail space. The opportunity costs are enormous.



*The western mall ring road has added the Metropolitan complex. Retail space lines and activates the streetscape on the first floor of each building facing the mall. The space is leased to service retail tenants and restaurants that face the ring road, which has been transformed into a commercial street with on-street parking, sidewalks, and pedestrian crosswalks. (Design Collective)*

So instead, HHC chose to build urban neighborhoods on unencumbered land at the periphery of the mall at a scale necessary to be viable on their own, then to work toward the current center of Columbia at the mall. At full buildout, just one of those neighborhoods, the Merriweather Crescent, alone will constitute a dense urban neighborhood of nearly 5 million square feet (465,000 sq m) of new development, including more than 2 million square feet of office space (186,000 sq m) and 2,000 apartments, plus shops, restaurants, hotels, and the new central branch of Howard County's public library.

HHC's decision to buy the American City Building opposite the mall only to demolish and replace it with larger-scale urban mixed-use projects

substantiates the company's strategy to intensify lakefront development. And because GGP, not HHC, owns the mall, HHC's strategy is to create vibrant new urban cores on the southern and eastern flanks of the retail core, then link those back to that core.

From a development perspective, creating and controlling new urban cores on open land is more productive than trying to overcome the physical, legal, and financial challenges of developing on more restrictive properties. Moreover, those intermediate properties will become more valuable later when alternative cores flank them, which will make it easier economically to develop them in later phases.

### **The Metropolitan**

While formulating the outside-in strategy, HHC also saw an opportunity closer to the mall. The Warfield area west of the mall consisted of several large parking lots, an office building, and small retail outbuildings just outside the ring road. The downtown plan projected that this ten-acre (4 ha) open lot should be reorganized into three smaller blocks of two-to-four acres each (0.8 to 1.6 ha) with new connecting streets.

HHC determined that about 800 housing units could be developed in three buildings on the three blocks, but decided that for its first downtown Columbia residential project, it would team up in a joint venture with the Kettler Company, a large East Coast apartment developer/manager based in McLean, Virginia. HHC and Kettler hired Design Collective. The three parties determined that each block would contain a central parking structure, wrapped with single-loaded-corridor units to conceal the parking, and landscaped courtyards with pools and other amenities. Double-loaded corridors face the courtyards and the streetscape.

To accommodate their quasi-urban location in downtown Columbia, each of the parking structures

is a modified shared-use garage, with the bottom one-and-a-half floors reserved for retail parking. Exclusive residential parking is on upper floors; residents can park on their respective apartment levels and avoid elevators. Because parking is allocated by use, it is not yet fully shared parking that could reduce parking ratios. Ground-floor retail space lines and activates the streetscape on the mall ring road, which has been transformed into a commercial street with on-street parking, sidewalks, and marked pedestrian crosswalks.

Opposite the mall, across from older apartment buildings and townhouses, the Metropolitan, the first of the three-residential-building complex built, has ground-floor units that include stoops, stairs, unit entrances, and garden walls, mimicking the stoops and stairs of existing buildings across the street. A linear landscaped park about 80 feet (24 m) wide lines the eastern, retail side of the three buildings. In addition to playful sculptures and street furniture, the park contains a stormwater management system that integrates with the larger districtwide strategy. Signs inform park users of the project's sustainability goals, the environmental benefits of micro-bioretenion, and the benefits of districtwide water management.

The Metropolitan, the southern building, is the largest of the three residential buildings, with 380 mostly smaller units that have been leased to younger professionals. Empty nesters mainly chose the 34 available three-bedroom units. The building on the middle block contains 170 larger

units to attract different market segments, including empty nesters, retirees, and single people, and the northernmost building contains 267 units, including the first studio units in downtown Columbia. These 817 apartments, with 45,000 square feet (4,200 sq m) of streetfront retail space, establish a prototype for redevelopment of mall parking lots.

### **Suburban Urbanization Model?**

D'Amico notes that the 16-step process to implement the 2010 plan is intricate. However, he contends that it is essential that the various frameworks for streets, blocks, land uses, density, and open space be followed in order to ensure that a true downtown can be created. Projects must conform to the Downtown Columbia Plan, neighborhood plans, and design guidelines. In addition, the policies and programs for affordable housing, arts and culture, sustainability, and community enhancements are precisely the things that can make a downtown culturally authentic and distinguish it from suburban development, he says.

Those community networks are the very things that James Rouse sought when he conceived Columbia and may well count for its designation by Money magazine in 2016 as the nation's most livable city, with exceptional economic opportunity and social diversity 50 years after it was first developed. Perhaps the process that Columbia now follows to transform its largely suburban core into an urban-scaled downtown may also become a model for retrofits in other suburban areas.

# PEARL MIXED-USE DEVELOPMENT: A SAN ANTONIO GEM

BY JOHN EGAN  
DECEMBER 22, 2017

When three national magazines — U.S. News & World Report, Food & Wine and Travel + Leisure — give you glowing reviews, you must be doing something right.

Such is the case with Hotel Emma, a 146-room luxury hotel that's one of the numerous fascinating facets of San Antonio's mixed-use Pearl complex, which rose from the historic but neglected Pearl Brewery. "Some are calling San Antonio Texas's next capital of cool —and Hotel Emma is at the center of it all," Travel + Leisure enthused in 2016.

In totality, the Pearl project is drawing raves for its functional and charming blend of retail, residential, lodging and commercial components. As a matter of fact, Pearl is a ULI 2017 Global Awards for Excellence award winner. During the ULI Texas Forum, attendees toured Hotel Emma as well as the Cellars and Can Plant apartment projects; a food hall and basement jazz club; and the third U.S. campus of the Culinary Institute of America.

Lynn Knapik, a Realtor in San Antonio, occupies two of the eight units above the culinary institute. One is for living, and the other is for working. Knapik, known as the "unofficial mayor of Pearl," moved to the old brewery property in October 2010.

While on the ULI tour, Knapik remarked that Pearl feels like "an urban village."

"It's the first time I've ever felt like I've lived in a neighborhood," she said.

Among the neighborhood amenities within walking distance of Knapik's living and working quarters are a weekend farmers market; the Twig Book Shop; an array of boutiques selling apparel and accessories,

such as Dos Carolinas, a maker of custom guayabera shirts; a full menu of eateries, including Green, the only kosher vegetarian restaurant in San Antonio; and Larder, a gourmet grocery store at Hotel Emma.

Hotel Emma, which welcomed its first guests in late 2015, occupies the former Pearl brewhouse. It's named after Emma Koehler, wife of the brewery's founder; she became CEO of the brewery after her husband's death in 1914. The brewhouse opened in 1894 — 11 years after the brewery was founded. The brewery shut down in 2001. A year later, the current owner bought the 22-acre site with the goal of revitalizing the property.

Even after being converted into a hotel, the former brewhouse retains its 19th century flavor. And that's definitely by design. San Antonio billionaire Christopher "Kit" Goldsberry, founder of local investment firm Silver Ventures, which owns the Pearl project, insisted that pretty much everything salvaged from the abandoned brewery site be repurposed.

On the ceiling of Hotel Emma's ballroom, you'll spot three "deconstructed" pieces of salvaged bottling equipment that were transformed into chandeliers. Workers discovered the bronze and stainless-steel bottling equipment, slathered in paint, while they were cleaning up the property, according to Allen Sikes, design and construction manager at Silver Ventures. Also accentuating the ballroom are seven huge, bright orange ammonia tanks that had been used in the brewing operation.

Not every building at Pearl is generations old, but all of the buildings pay tribute in some way to the

history of the brewery, the city and the South Texas region. Take, for example, the 122-unit Cellars apartment building, a ground-up development where the average unit measures 1,237 square feet and rents for a little over \$3 per square foot – the most expensive apartment rental rate in San Antonio. Move-ins started in May 2017.

Shawn Hatter, director of development of Silver Ventures, says that when he and others toured apartment properties in Texas, San Francisco and Chicago to borrow ideas for Cellars, “there really was no sense of place” at those locations. That’s the opposite of what Silver Ventures wanted.

Cellars features Mission tile, mesquite furnishings, and salvaged and repurposed ammonia tanks. Busts of Emma Koehler and husband Otto adorn the lobby. When you stroll through Cellars, there’s no mistaking the nod to place and past.

Of course, the apartment project also showcases modern touches, including a spa, valet parking and 24-hour concierge service.

And then there’s the spectacular 10th-floor penthouse. The nearly 4,000-square-foot unit – which is flooded with natural light during the day – boasts three bedrooms, 3.5 bathrooms, a study, and balconies that afford stunning views of the San Antonio cityscape. All of it can be yours for nearly \$14,000 a month.

If Cellars isn’t your style, you’ve got another residential option at Pearl: the 293-unit Can Plant apartment complex, spread among four buildings. Rent there hovers around \$2 per square foot.

Louis Westerman, senior director of real estate at Silver Ventures, was asked during a stop at the Can Plant apartments why Pearl doesn’t offer condos. He and others at Silver Ventures say that having so many individual property owners wouldn’t be worth the associated hassles.

“We’re just not interested in condos. I don’t see condominiums in our future,” Westerman said.

The future of Pearl looks quite secure. Silver Ventures has been eyeing development opportunities on nearby property, as development of the brewery’s original 18-acre footprint wrapped up this summer with completion of a new six-vendor food hall called The Bottling Department.

“Our owner really hasn’t let us take our eye off that ball,” Westerman said of developing the original acreage.

And you can be sure that San Antonio residents won’t be taking their eyes off Pearl.