J. CHRISTOPHER GALLAGHER

The Best of Both Worlds

Three adaptive use projects show that updating a historic property is not an "all or nothing" proposition.

THE MOST SUCCESSFUL SOLUTION is rarely the most obvious when considering the renovation of an existing property versus demolition and new construction—as is the case for three attractive development opportunities in two very active urban markets.

One is a historic three-building property with commanding views of the city skyline, whose present condition, including size of floor plates, does not lend itself to a simple multifamily residential renovation, yet saving the buildings is a condition of the city's request for proposals. The second property is a former cold storage facility in a redeveloping area at the confluence of two rivers, which offers excellent views and water access, yet has too little space to make a mixed-use project feasible. The third is a large vacant brewery site adjacent to downtown with a collection of late 19th-century buildings rich in historic character, as well as industrial buildings, both of which pose significant challenges in adaptive use for residential, retail, and/or office use.

Each property met with the question: Renovate it or tear it down and rebuild? In all cases, blending adaptive use techniques with new construction was the optimal solution. The lessons learned from these and similar successful projects suggest that project leaders should beware of bringing assumptions and preconceived solutions to the table. A careful feasibility analysis of the costs and benefits of renovation versus those of new construction may reveal a unique, highly marketable property. Following are a few of the issues that must be considered for each project.

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Converting a former cold storage building at the confluence of the Milwaukee and Menomonee rivers adjacent to downtown Milwaukee into the mixed-use First Place on the River rather than tearing the building down and starting construction from scratch offered two major benefits: construction time would be reduced by eliminating the need to build a concrete structure, and the structural capacity of the existing building allowed for an eight-floor addition.

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Character at a Cost?

An older, perhaps historic building may offer features that are difficult to construct today except at great expense, such as detailed architectural character and significant ceiling heights. The state and/or city may offer tax credits or incentives for adaptive use of a historic structure, in addition to the federal credits available. When one carefully considers the existing conditions—such as column spacing, size of floor plates, window openings, and other elements of the facade—the benefits compared with the costs of the project become clearer.

A structure that ranges from 60 to 80 feet (18.3 to 24.4 m) in width and has a simple floor plate and generous column spacing often is easier to renovate and achieve the goals of the project, including the desired 85 percent efficiency factor, than a wide structure with an irregularly shaped footprint and close column spacing.

For example, warehouses in older, historic districts often are considered for adaptive use. Typically extra wide, these structures also were built with closely spaced columns to handle significant weight loads. Converting a warehouse into multifamily housing or a mixed-use, residential/retail/office development may require the developer and planners to consider issues such as market acceptance of narrow, deep, urban loft–style units with win-

dowless bedrooms in the rear and the main living area in the front, where the existing windows are. They must also determine whether adequate parking can be accommodated on site or inside the footprint of the building.

The degree of renovation required may range from a "light touch"—for example, adapting the existing corridor walls and stair and elevator shafts of a hospital or school building to multifamily housing—to the "full treatment"—stripping the building and gutting the existing nonbearing walls and finishes down to the structure.

Since an older building may be environmentally contaminated, a consultant should analyze the extent of contamination and estimate the costs of cleanup to ensure that these costs can be absorbed by the budget. Otherwise, they may become a deal breaker.

There is the time factor. In a downtown urban area, the fact that a six- to ten-story concrete frame building is a good candidate for a potentially successful renovation may result in saving construction time, which can be a cost advantage to the developer in addition to the obvious savings in material and labor.

Consider sustainability. Adaptive use is part of a sustainable or "green" design approach. Yet investing in sustainability is usually more attractive to a developer or building owner who is going to retain a building as an asset and reap the returns on that investment unless there is a demand in that particular marketplace. Regardless, there are a number of low-cost, sustainable strategies that can be employed.

Maximizing Control

While adaptive use offers a number of potential advantages, many developers favor starting fresh, for obvious reasons. Generally, it is easier to control costs and meet program requirements including the desired unit mix when there is no need to work around existing floor plates, column spacing, and window openings. It may also be possible to maximize the density and efficiency of the development, as well as desirable views, which could result in a premium lease or sale price. Phasing becomes a feasible option, enabling the construction of new phases of the development as completed units are sold or leased.

However, demolishing an existing building or buildings may not produce the optimal result. The best solution may well be a blend of old and new.

Successful Blends

Rolling Mill Hill is located on one of the highest points of land at the edge of downtown Nashville, offering an excellent view of the city skyline, Gateway Bridge, and Titans Stadium. The first condominium development along the Cumberland River, it is an adaptive use of the city-owned Metro Hospital site. As specified by the city in its request for proposals, Direct Development, Inc., of Green Bay, Wisconsin, and Milwaukee-based Eppstein Uhen Architects (EUA) incorporated three historic buildings into the project.

Because of the existing condition of the historic buildings, an initial proposal that included additions to two of the three historic buildings proved to be too expensive.

The solution selected was to combine straightforward renovations of the existing buildings with efficient new construction. The city is providing tax increment financing (TIF) for a portion of the development related to the parking component and the renovation of the existing buildings.

The 146-unit project comprises three historic buildings (called Art Deco, Victorian, and Power House) and three new structures (Metro, District, and the parking deck). They will contain:

▷ Art Deco: five stories, 24 units, 37,029 square feet (3,440 sq m).
▷ Victorian: three stories, 12 units, 21,963 square feet (2,040 sq m).
▷ Power House: three stories, nine units, 11,381 square feet (1,057 sq m).
▷ Metro: four stories, 23 units, ground-floor retail, 28,688 square feet (2,665 sq m).
▷ District: eight stories, 78 units, 85,000 square feet (7,897 sq m).
▷ New parking deck and landscaped plaza: 200 parking spaces, 75,649 square feet (7,028 sq m).

Construction is slated to begin in fall 2006. The project recently was put on the market and, in the first 48 hours, 57 of the initial 68 units were sold, and 60 reservations were made on the next 78-unit building to be released.

First Place on the River, a 418,000-square-foot (38,833-sq-m), mixed-use development in Milwaukee, presented a different type of challenge for Milwaukee-based KeyBridge

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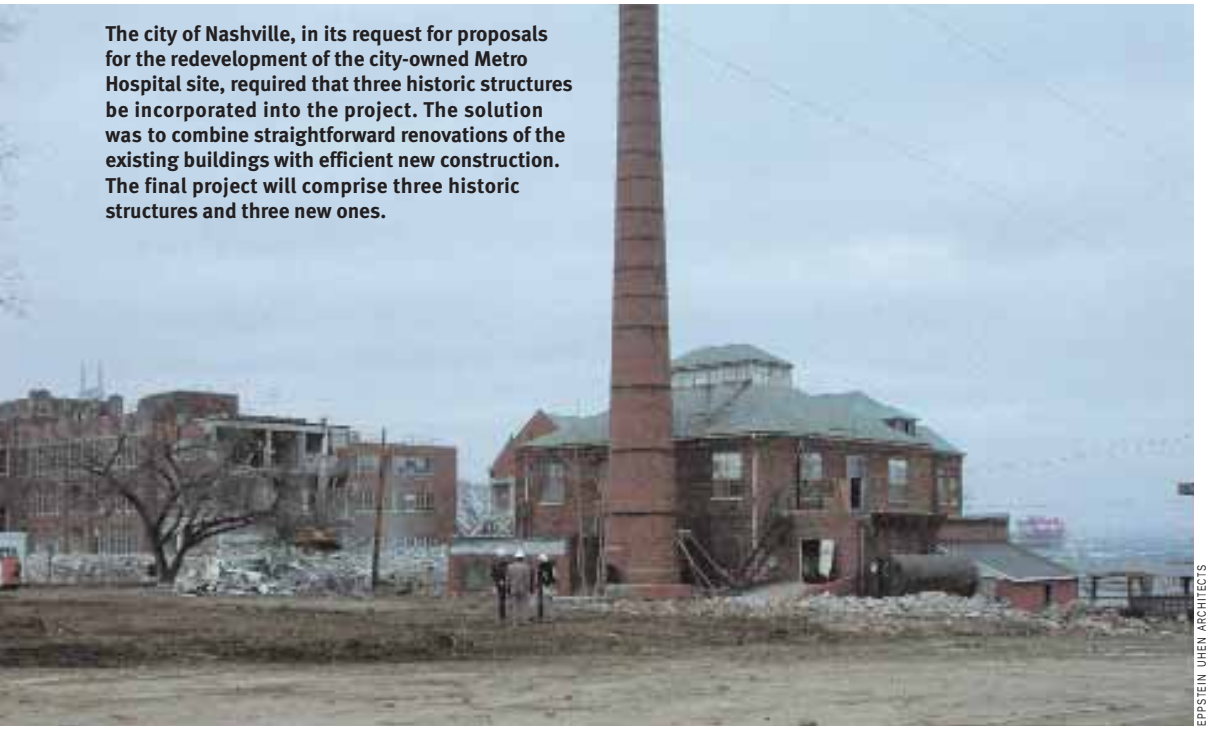
The Brewery, a planned mixed-use redevelopment of the former Pabst Brewery located on the western edge of downtown Milwaukee, faces a number of physical challenges, including narrow or deep floor plates, misaligned existing floors, and finding an appropriate use for seven-story, windowless storage tank buildings. The solution will combine adaptive use with construction of new infill buildings and will keep the door open for developers who might want to participate in the development, using historic tax credits.



The city of Nashville, in its request for proposals for the redevelopment of the city-owned Metro Hospital site, required that three historic structures be incorporated into the project. The solution was to combine straightforward renovations of the existing buildings with efficient new construction. The final project will comprise three historic structures and three new ones.

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Development Group and EUA: how to create enough developable area to make the project feasible. The existing structure under consideration for adaptive use was a former cold storage building located in a redeveloping area adjacent to downtown. Situated at the confluence of the Milwaukee and Menomonee rivers, the project site offers excellent views and water access via a newly planned extension of the existing Riverwalk, which includes public and private boat slips. A railway line borders the opposite edge of the site parallel to the river.

First considered was a plan to demolish the existing structure—a 156,568-square-foot (14,546-sq-m) warehouse comprising three contiguous four-story buildings—and replace it with a new building. Converting the existing structure, however, offered two major benefits: construction time would be reduced by eliminating the need to build a concrete structure; and the structural capacity of the existing building allowed for an eight-floor addition. Furthermore, if the structure were rebuilt, the building footprint most likely would have to be reduced to meet current building and zoning codes.

The solution involved adding a significant amount of space to increase the total salable area and maximize the site's amenities. The building was stripped down to the existing concrete structure. Eight floors were added to that part of the building that fronts on the city street, and four floors were added to the other end of the structure, which faces downtown. A new modern skin was given to the addition and the existing structure, creating a totally new image for the building. The solution maximized the premium views of downtown and the rivers, and provided additional views of Lake Michigan for residents on the upper floors.

The 12-story condominium development will comprise 151 units, 14,580 square feet (1,355 sq m) of retail space, 5,900 square feet (548 sq m) of office space, and 170 parking spaces. The largest condominium project in Milwaukee to be built in a single phase, First Place is still under construction and is slated for completion in fall 2007.

Planned as a mixed-use redevelopment of the former Pabst Brewery located on the western edge of downtown Milwaukee, the Brewery is being developed by Milwaukee-based developer Zilber Ltd. and EUA. The scale and magnitude of the project will include 26 existing buildings on 21 acres (8.5 ha), which will be reconfigured in seven city blocks.

The planning approach focuses on a diversification of uses based on feasibility studies and market perspectives, and with a goal to attract other developers to share in the vision and risks of the project. The feasibility analysis determined what uses are suitable for existing buildings and which existing structures may need to be demolished. Physical challenges range from narrow or deep floor plates and misaligned existing floors to finding an appropriate use for seven-story, windowless storage-tank buildings. The successful solution will combine adaptive use with construction of new infill buildings and will keep the door open for individual developers who might want to participate in the development, using historic tax credits.

The current master plan for the Brewery includes approximately 450 units of multifamily housing, 450,000 square feet (41,806 sq m) of office space, 155,000 square feet (14,400 sq m) of retail space, a hotel and training center, 3,600 parking spaces, and an additional 160,688 square feet (14,928 sq m) of uses that are still to be determined.

While one can make a case for adaptive use or new construction when developing a property for multifamily housing, a careful feasibility analysis often concludes that blending renovation with new construction is the optimal solution, offering the best of both worlds. **MFT**

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