

# The Philadelphia Inquirer

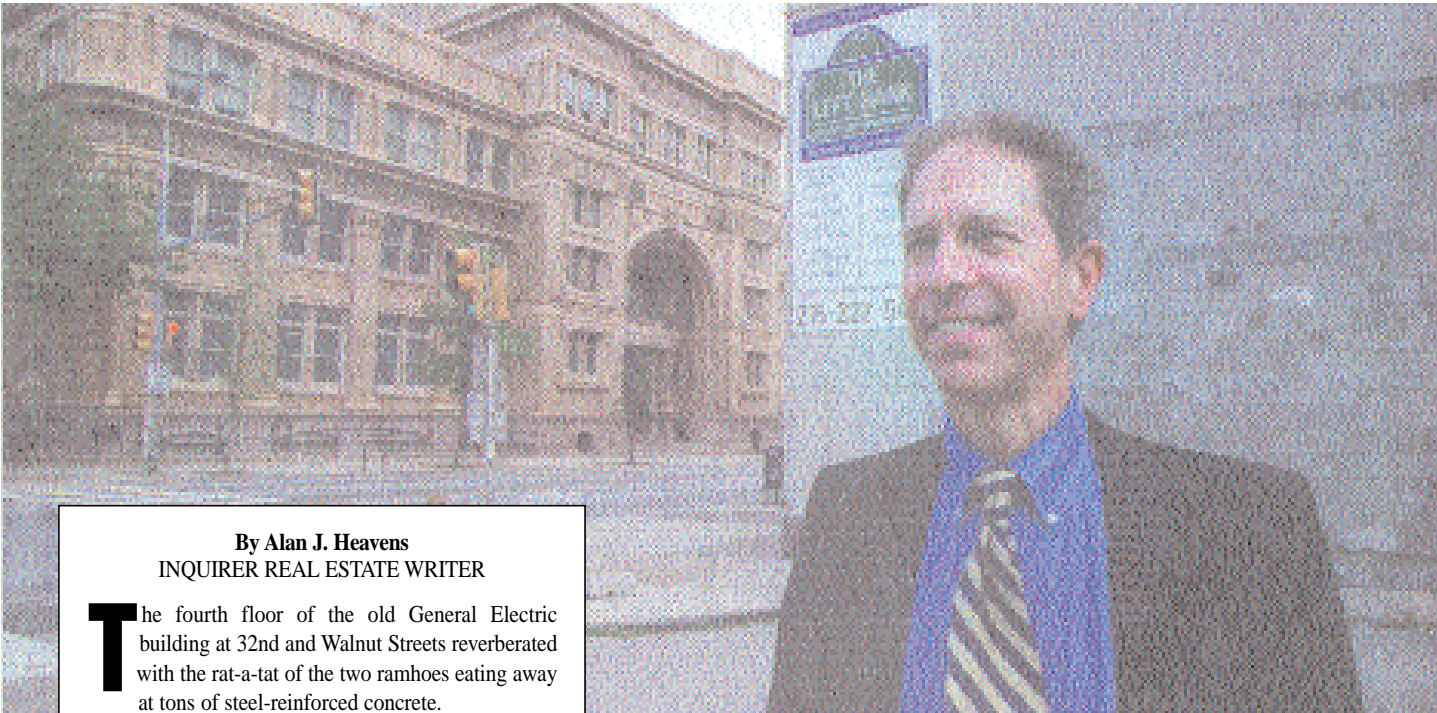
## New Homes

SECTION N

SUNDAY, JUNE 25, 2000

www.philly.com

**Over the Schuylkill to the University of Pennsylvania campus goes Carl Dranoff. He's up to his old tricks, turning an empty building into an apartment complex.**



**By Alan J. Heavens**  
INQUIRER REAL ESTATE WRITER

**T**he fourth floor of the old General Electric building at 32nd and Walnut Streets reverberated with the rat-a-tat of the two ramhoes eating away at tons of steel-reinforced concrete.

Workers navigated deep puddles left by a night of torrential downpours that had converted an early June heat wave into gray skies and chilly ocean breezes.

Developer Carl E. Dranoff drank in every bit of activity. It had been his idea to remove the middle of the 700,000-square-foot building to create a courtyard.

"We figured that we're moving about 18,000 cubic feet of concrete," Dranoff said. "By doing it, we lose rental space, of course. But the result will be spectacular."

Fresh from his success turning the 260,000-square foot National Publishing Co. Plant at 25th and Locust Streets into Locust on the Park with 152 luxury apartments, the veteran Philadelphia developer has headed across the Schuylkill to this seven-story Art Deco building at the "gateway" to the University of Pennsylvania campus.

Called The Left Bank, it is Dranoff's largest conversion project. More than three times the size of Locust on the Park, the conversion will cost \$58 million.

When completed in May 2001, what Dranoff calls "Son of Locust on the Park" will have 282 studio, one-, two- and three bedroom apartments, with monthly rents ranging from \$900 to \$3,200.

For Dranoff, venturing across the river to West Philadelphia for his 68th building conversion, and the biggest job in his 20-plus-year career, is no leap of faith.

**Developer Carl Dranoff** outside The Left Bank, the apartment complex he is building in the former General Electric building at 32nd and Walnut Streets.

## New section of city beckons a developer



**Developer Dranoff** talks with contractor superintendent John Kuhn (center) and Charles Jefferson outside The Left Bank, near the Drexel and Penn campuses.

# Developer takes his revitalization act across the Schuylkill

When he factors in the current economy, the extensive waiting list for apartments at Locust on the Park and other luxury rental buildings in Center City, and Penn's 27,000 employees, The Left Bank appears to offer an incredible opportunity.

In addition, with housing costs much lower here than in New York City, a location 15 minutes from the airport and the debut of Amtrak's high-speed Acela trains later this year make commuting from Philadelphia easier.

"If it is a leap of faith at all, it is an educated leap." Dranoff said as he strained to be heard over the ramhoes. "Penn sincerely wants to make University City to Philadelphia what Cambridge is to Boston."

"From what I've seen, I think it will be even better." Dranoff said.

The Left Bank, then, is part of a larger plan.

Hemmed in by residential neighborhoods on the west, north and south, Penn and Drexel University have nowhere to expand but east toward the river.

The decision of the U.S. Postal Service to relocate from 30th Street to a site near Philadelphia International Airport will give the university a chance to acquire 23 valuable acres of riverfront property, but probably not until 2003 at the earliest.

Until then, projects such as The Left Bank and Penn's new e-business incubator at 3025 Walnut St. Will enable the university to close up the gaps between its campus and the Postal Service property.

In the meantime, people need places to live.

"Expanding the range of quality housing choices in University City is an integral part of our broader efforts to enhance the quality of life in our community," Penn's president, Judith Rodin, said at groundbreaking ceremonies held June 13.

As Penn president, Rodin is overseeing the \$800 million master plan for the renovation and expansion of the university area.

The building that will become The Left Bank began life as the Pennsylvania Railroad Freight Building in 1929. With 30th Street and Suburban Stations, the freight building was part of the Penn's plan to counter the threat to its business coming from cars and trucks.

Initially, the building was used as a milk-and-grocery distribution terminal for the railroad and Abbotts Dairies.

It was designed by United Engineers and Constructors. Actually, it was overdesigned, as Dranoff points out, considering the amount of steel reinforcement in the

"mushroom columns" that support the concrete floors of the building.

"They overdid it, which has made demolishing the interior a big job," he said.

Because of the Depression, the warehouse wasn't fully leased until 1935. Tenants included A & P, American Stores, Handon Boiler Co., Landon Radiator and Raymond Rosen & Co., which distributed Kelvinator and RCA products.

The railroad moved from the building in 1958, when it merged with the New York Central, and General Electric leased the building for its missile and spacecraft division from the 1960s to the early 1990s.

Penn bought the property in 1996, and, according to Dranoff, had considered demolishing it.

However, realizing that there was a need for market-rate housing outside the needs of its students, the university began seeking developers.

Locust on the Park was Dranoff's first Center City residential conversion project since his days as president and chief executive officer of Historic Landmarks for Living in the 1980s.

While with Historic Landmarks, Dranoff converted 20 vacant factories and warehouses in Center City to rental apartments, starting in 1982 with the Wireworks at Third and Race Streets in Old City.

The idea for the interior courtyard for The Left Bank is similar to the one Dranoff created at the Chocolate Factory in Old City in the mid-1980s.

"Except that with the Chocolate Factory, we had five buildings in a pinwheel around a brick infill building, which we razed for the courtyard," Dranoff said. "We didn't have to remove the center of the building as we are doing here."

When Historic Landmarks began its work, Center City was a different place. The residential population of about 25,000, while larger than in downtowns in many older cities even today, was less than half of today's population of about 50,000.

In a survey by the Central Philadelphia Development Corp. Of 14,712 employees of 37 companies in Center City, 15 percent of those responding live in Center

City, while 20 percent of those who don't would consider living here.

When Dranoff sought financing for the Wireworks, banks weren't interested. Such rehab projects were a new idea, and lenders didn't like the prospects, even with the tax credits for historical conversions.

There is less lender resistance today, Dranoff said. He left Historic Landmarks in 1988, when the company ran into a cash crisis he blames on tax law changes that eliminated tax credits for renovating historic buildings.

He went to work for the Rubin Organization's residential division, where his major accomplishment was the conversion of the 36-story former PSFS tower into the 600-room Loew's Hotel on Market Street.

When he went out on his own as Dranoff Properties of Narberth in 1997, it

was because "Rubin merged with the Pennsylvania Real Estate Trust, and I believed that, since they were primarily interested in retail, there would be few opportunities for historic conversions."

Dranoff had wanted to begin work on the National

Publishing Co., building as soon as he completed Locust Point across Locust Street in 1986.

Work didn't begin, however, until the Philadelphia Industrial Development Corp., in 1996, put together a package that helped to relocate workers to the Northeast.

Locust on the Park, a \$24 million conversion financed by PNC Bank and aided by the approval of a 10-year tax abatement measure by City Council, was completed and fully leased by May 1999.

While Penn received a half-dozen proposals for The Left Bank project, it quickly settled on Dranoff, for "the strength of his proposal, his wealth of experience with this type of project and his clear vision for the building and its role in our campus community," according to John Fry, the university's executive vice president.

Financing wasn't a hard sell. Penn offered to sign a 50-year ground lease with Dranoff, if he could provide the money, "but they didn't want to spend money that should

be devoted to education on residential construction," Dranoff said.

Related Capital Co. provided \$10 million that was used to buy historic tax credits. Dranoff also obtained \$40.5 million in permanent and construction financing from the AFL-CIO Building Investment Trust, which manages the union's pension funds.

The loans were closed in May, when interior demolition work began. A sample apartment is to open in September, and the first tenants should begin moving in in January.

Until September, the leasing center will be at Locust on the Park, which has a scale model of the completed project on display.

The building's ground floor, about 100,000 square feet, will be used as a day-care center and as offices for Penn's facilities' management division.

This was the level at which trains entered to discharge freight. The tracks are long gone, but the roadbed that the trains used is being back-filled to even out the floor, Dranoff said.

There also will be 25,000 square feet of retail space one floor above the ground floor, on the Chestnut and Walnut Street sides.

The Left Bank will have secured parking for 250 cars.

Amenities mirror those of Locust on the Park, although Dranoff said that public spaces - fitness center, lobby, library and media room - will be three times the size. There also will be two conference rooms.

Towers on the roof will be closed off "because they don't have the square footage needed for apartments or common rooms," he said.

There will be 24-hour maintenance and security.

And, as one would expect in a technology-oriented university setting, all units will be wired for high-speed Internet access.

Dranoff is clearly enthusiastic about his projects.

Each of his 67 previous projects taught him something, Dranoff said, and he brings the lessons learned to the next project.

So what did he learn at Locust on the Park?

"Remember during construction when I talked about devoting first-floor space to receiving and holding FedEx and UPS packages?" Dranoff asked during a tour of Locust on the Park. "Thanks to the growth of e-commerce, the space was inadequate and packages often spill into the lobby."

"The one at The Left Bank will be much bigger," Dranoff said.

Alan J. Heavens e-mail address is aheavens@phillynews.com

**The Left Bank was first a railroad freight building, then became a center for work on missiles and spacecraft.**

