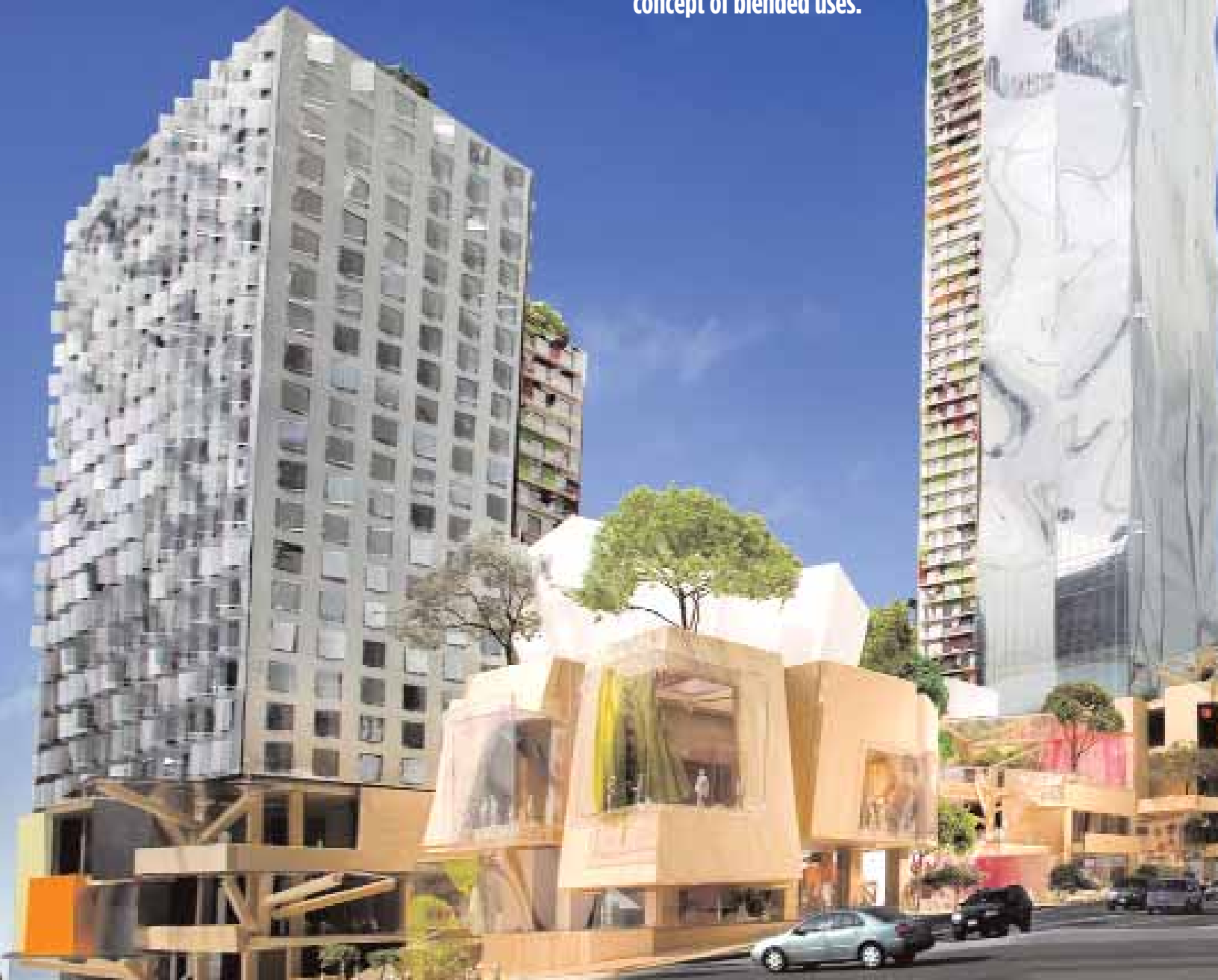


# Mixed-Use *Musings*

PATRICIA L. KIRK

Local governments are attempting to reinvent their municipalities on a traditional planning concept of blended uses.



“PRICE IS DRIVEN by activity in the street,” notes Bruno Bottarelli, managing director of Chicago-based Marquette Companies, which is underway on a \$250 million town center for the village of Lemont, Illinois. “The more vibrant, robust, and alive, the more valuable the [residential] unit. People want to look down on it [activity on the street].”

The complexity of designing, building, and managing development with a mix of uses, however, presents untold challenges for architects, developers, and owners due to regulatory issues, structural differences in product types, and conflicting interests of uses.

“From a planner standpoint, the biggest hurdle is dealing with city regulatory tools,” says Randy Jackson, president of the Irvine, California-based Planning Center, noting that although local governments are increasingly embracing the concept of mixed-use development, relatively few cities have implemented policies to allow it. He notes that even in municipalities with mixed-use overlay zones, zoning codes must be applied uniformly throughout a city, so residential above retail must comply with the commercial standards,

including handicapped accessibility, fire safety, and mechanical requirements.

Forest City West, the western division of Cleveland, Ohio-based Forest City Enterprises, Inc., encountered code challenges at the Mercury, an adaptive use project in Los Angeles’s Koreatown. Company president Kevin Ratner notes that retail space and condominiums had to be completed simultaneously to get the city to sign off on mechanical and fire safety systems, which serve both uses. Ordinarily, retail space is completed first so tenants can move in while residential is being finished up, he says.

Columbus, Ohio, developer Casto had the opposite experience in Chicago, where the company is underway on “demalling” an obsolete enclosed mall to create an open-air mixed-use development. The company had planned to use the same fire-safety system for both commercial and residential uses at a cost of about \$30,000, notes Casto president Brett Hutchins, but the city required separate fire systems, boosting the cost to \$140,000.

Entitlement issues are amplified when a community is divided about growth. In proposing to replace a blighted neighborhood with the \$100 million Village of Lake Lily mixed-use development, the Morgan Group, a Texas-based developer, had anticipated at least cooperation from the city of Maitland, Florida. But antigrowth proponents created such a ruckus that it took three years and \$2.5 million in donations for public projects to get approvals, says Jon C. Wood, the company’s East Coast development partner/regional vice president, noting that, meanwhile, neighboring Orlando is offering developers generous tax abatements to clean up run-down neighborhoods.

**With significant upscale retail and fine-dining restaurants, no expenses were spared in mitigating issues at Grand Avenue, an ultra-luxury residential project designed by Frank Gehry (left), which will be located across the street from Disney Concert Hall in downtown Los Angeles.**

**What complicated the downtown town center project (right) in Lemont, Illinois, was the developers’ partnership with the city on the deal, which involved an excessive amount of time to close on the financing and deal with legal issues.**

While entitlement delays and financial concessions made the project difficult to pencil out, he notes, “It was tough getting approved, but [it] is worth its weight in gold when you do. If barriers to entry are high, you don’t have competition coming in across the street.”

“Local governments have spent 70 years fine-tuning codes based on single occupancy, so mixed use presents a myriad of code-related challenges,” explains architect James Baeck, vice president for Baltimore-based Developers Design Group (DDG), pointing out that vertical projects with residential over commercial present the greatest design challenge due to structural, safety, and quality-of-life issues.

A separate slab between residential and retail space is required to transfer the structural load to accommodate residential and separate plumbing and electrical, he says. In addition, retail space is typically 90 feet (27.4 m) deep, with columns spaced 24 to 30 feet (7.3 to 9.1 m) and ceiling heights of 15 to 18 feet (4.5 to 5.4 m), and it uses a post and beam system so walls can be placed anywhere. Residential is 60 feet (18.2 m) deep and uses load-bearing wall construction with columns spaced 12 feet (3.6 m).

Applying creativity and experience, some designers and developers are converting challenges to opportunities. Baeck, for instance, used the 30-foot (9.1-m) difference in depth of retail and residential components to add cultural flair to a project in Baton Rouge, Louisiana, re-creating the “love shack,” a name affectionately given to the small, detached apartments in southern Louisiana that were popularized in the 1980s hit song by the B-52s. The freestanding apartment, built on the leftover space on the commercial rooftop, is a



RELATED URBAN



MARQUETTE COMPANIES

bonus rental unit and serves as an attractive screen for rooftop mechanicals, he notes.

Chicago-based Structured Development capitalized on the city's green roof requirement to add value to condominiums at its NewCity development adjacent to Chicago's Lincoln Park by creating a landscaped roof terrace as an amenity for residents, rather than covering the roof with the typical brown sorghum plants.

Vertical construction also presents a challenge when it comes to the placement of mechanical systems and dealing with the reality of retail operations, including noise, restaurant odors, pollution, and back-of-house issues like deliveries and garbage collection.

Issues involved in integrating uses are not insurmountable, but drive up costs, points out Ken Himmel, president/CEO of Related Urban, a division of the New York City-based Related Companies focused on infill mixed-use development. "The technology is there, but you have to spend the money to get it," he says, citing strategies like cold storage for garbage to limit odor and the potential for vermin, and smoke scrubbers and cast-iron flues to trap and vent kitchen odors and smoke and clean the air.

No expense is being spared at Grand Avenue, a Frank Gehry-designed project being developed by Urban Related in downtown Los Angeles across the street from Disney Concert Hall, where residential units will be priced at \$1,000 per square foot (\$10,763 per sq m). Richard Gollis, a principal at the Concord Group, a strategic marketing firm based in southern California, points out that type of product, for-sale versus rental, and price points dictate a project's level of convenience, service, and bells and whistles, but certain features are not optional. He notes, for example, that office and hotel uses can share the same lobby and elevators, but residential space must be separate, secure, and safe and, therefore, should not share access with any other uses.

In addition, Bottarelli notes that there is no getting around the need for certain technologies when putting commercial uses in the same building with residential space. He notes, for example: "The trend in retail is open ceilings. The plumbing waste line for residential runs down through retail, so you have to encase it in cast iron, which is way

**Brownfield sites have everything required for urban life, including great infrastructure and proximity to public transit and employment centers, but brownfield contamination presents challenges. One constraint encountered at Harrison MetroCentre, a residential, office, and retail project in Harrison, New Jersey, is lack of a basement, where developers normally put mechanical systems and parking.**



ADVANCE REALTY



STRUCTURED DEVELOPMENT

more expensive, or people will hear it running down while eating."

The exhaust flue to vent kitchen odors and mechanical systems must be run up through the roof, which costs extra and eats up valuable living space, but it is the only correct way to do it, says David Pickett, president of the Gotham Organization, a New York City-based developer.

Noise is another issue inherent to an urban environment, which can be particularly troublesome when mixing uses. "Sounds of the city are part of the romance of living here, but next-door neighbors are not," says Y.E. Smith, managing creative director for FRCH Design Worldwide, a Cincinnati-based architecture firm specializing in retail design. He advises using multiple layers of wallboard or separate walls and extra insulation between

**The pie-shaped urban site in Chicago's Lincoln Park neighborhood where NewCity is being built presented challenges in both reconfiguring national suburban store prototypes to fit the vertical format and creating a safe, easily accessible place where people from surrounding neighborhoods would come to spend time.**

units or concrete or concrete block walls to prevent vibration and constrain noise.

Issues such as noise containment and convenient parking are less critical for rental units than for-sale condominiums, suggests Michael Alston, DDG vice president, because there is no homeowners association (HOA) involved and renters can relocate if they are unhappy. Baeck points out, however, that good acoustics in the subfloor is "across the board—there's no option but to do it,"

he says. “Fashion apparel doesn’t want to be under college kids with music blasting all day, so the noise issue cuts both ways.”

Environmentally responsible details like triple-pane glazed glass and green rooftops pull double duty, saving energy and mitigating noise, points out Graham Wyatt, an architect at New York City-based Robert A.M. Stern Group, who recommended these strategies at Harrison Metro Centre, a multibillion-dollar development he designed for New York developer Advance Realty. The project, which is on a brownfield in Harrison, New Jersey, has 3,500 housing units, 3 million square feet (278,709 sq m) of office space, and 300,000 square feet (27,871 sq m) of retail uses and is adjacent to the Red Bulls Ballpark and train stop about eight miles (12.8 km) from downtown Manhattan.

While high-quality materials and expensive technologies are required to allow commercial

uses to coexist, the higher density drives higher return, says developer Scott Choppin, CEO of California-based Urban Pacific Group, Inc. “But you have to be on game,” he adds, “be doubly, triply careful to flush out the issues to get a better return without losing money because the complexity gets us.”

Choppin points out that most issues can be mitigated with good planning. For example, housing should face away from transit corridors to cut down on noise emanating from freeways and trains, and rules and regulations to promote harmony between commercial tenants and residents—limits on decibel level and hours of operation—should be documented. In addition, the HOA or apartment manager must have the ability to legally address uncooperative retail tenants who ignore the rules, he says.

On the other hand, California developer Bob Champion, who recently completed two

projects with restaurants on the ground floor, contends that people who choose to live in buildings with ground-floor retail uses must accept some of the related negative aspects. He suggests beefing up disclosures in the HOA covenants, conditions, and restrictions (CC&Rs) to address residents’ unreasonable expectations with regard to noise and other conditions inherent to retail operations.

However, litigation issues often arise as a result of developer inexperience, points out Don Neff of La Jolla Pacific Ltd., a construction risk-consulting firm in Orange County, California. He says the popularity of mixed-use development has caused single-use developers to move into unfamiliar territory. Neff suggests that commercial developers may lack understanding and sensitivity to residential users’ concerns and tend to “drop the ball” in regard to HOA governance; the builder warranty service obligation; and issues of disclosure involving noise, smell, early morning deliveries, garbage removal, parking, and rodent control.

Neff emphasizes the need for developers to think about risks in the preconstruction phase and take preventive action, such as retaining the services of a third-party expert to review plans and documenting preexisting conditions of neighboring structures on video. He also advises educating the HOA board about its fiduciary responsibility in handling maintenance requests and other risk management procedures and following up to ensure proper performance.

Ratner says he is a firm believer in the value of expert help in navigating the “imperfect urban environment, where you have to build projects to what’s available to you.” He points out that each project involves a unique situation that takes complexity to the next level, guaranteeing a continuous evolution of the process and requiring a team of engineers and architects who can “think outside the box” to make necessary adjustments.

**In planning the 3.2 million-square-foot (297,289-sq-m) Ballpark Village in San Diego adjacent to Petco Ballpark, the designers had to ensure that Padre fans could get from the freeway into the parking garage quickly without traversing the neighborhood looking for a place to park.**



JOHNSON FAIN

He cites, as an example, a Forest City project in downtown Los Angeles that ran into a problem due to its proximity to a transit tunnel, which required expert engineering know-how to adjust the project's footings to avoid damaging the tunnel's integrity. "You can try to think of everything [that could go



DRANOFF PROPERTIES

**The primary use of Symphony House in Philadelphia is residential, but in addition to the 163 condominiums there is a 375-seat theater, two restaurants, and a 400-car parking structure; each has its own distinctive facade.**

wrong] upfront, but you'll always run into things you didn't think of."

Unlike in greenfields, staging construction in infill locations is a challenge, too. Most important, of course, is the need to employ sophisticated engineers and contractors for structural and site work to avoid injuring adjacent structures and legal entanglements, agrees attorney Mark Himmelstein, a principal at Newmeyer & Dillon, a law firm in California.

He points out, however, that routine construction issues are complicated by the urban location. For instance, a place for workers to park and go to the bathroom, as well as an

area where they can store materials, must be provided. Moreover, work hours must be planned in advance to minimize disruption to the neighborhood, including possibly scheduling material deliveries for the day they will be used and negotiating a construction schedule agreeable to residents and business owners.

The success of any mixed-use project, however, depends on the ability of professionals to understand how the different uses will interact and to mitigate potential conflicts in compatibility of uses and the planning and design/build processes.

"A lot of thought goes into how to lay out the different uses to create harmony," stresses Peter Jacob, principal at Texas-based Weaver Davis & Jacob Realty Group, which is underway on the 112-acre (45.3-ha) Telfair Crossing, a commercial development consisting of retail, office, medical, restaurant, and hotel uses at Newland Communities' new 2,000-acre (809.7-ha) multiuse community in Sugarland, Texas. "You have to consider the overall outcome—you don't put a nightclub next to a day spa," he says, noting that the idea is to select a synergistic collection of tenants to create an atmosphere where people want to spend lots of time.

Appearance and type of retail must meet stakeholders' expectations and be compatible with adjacent uses, concurs Scott Johnson, design partner at the Los Angeles architecture

firm of Johnson Fain. "You can't do Denny's next to a Four Seasons hotel. The neighborhood has to be cohesive," he stresses. "You must have compatible uses and careful mapping to ensure uses support, not compete with, each other."

Michael Drew, a principal at Structured Development who is overseeing the NewCity project, points out that the challenge in designing urban mixed-use projects is how to configure the retail component so that traffic moves through the neighborhood and in and out of the site efficiently. "Otherwise, it becomes a place nobody goes to anymore because it's just too busy," he says.

Clarity in the circulation system is important to both wayfinding and traffic control, adds Johnson, who designed JMI Realty's Ballpark Village in San Diego. He points out that the site's navigability is essential to getting visitors quickly from the freeway into a parking structure, so traffic is not traversing the neighborhood looking for a place to park, which he notes is critical for projects that involve venues like the district's Petco Ballpark, where 100,000 spectators arrive and depart on game days.

"You can't always anticipate every scenario, but [you] can minimize the negative impact," says attorney Oscar Rivera, a principal at the south Florida law firm of Siegfried, Rivera, Lemer, De La Torre & Sobel, which



specializes in construction and real estate law, suggesting that projects should be designed so that there is absolutely no connectivity at all between residential and commercial uses. He notes that segregating residential parking increases the cost of the project, but if planned that way from the get-go the extra cost is minimal. Riveria suggests, for example, simply walling off a portion of the parking deck and adding an entry at a separate access point.

People like the convenience of easy access to retail, but don't necessarily want to interact with shoppers and visitors from an access standpoint, nor compete with them for parking spaces, agrees Stan Braden, a principal at Irvine, California-based architecture firm KTGy Group, Inc., suggesting that total separation of parking and building access is ideal, but at the very minimum, there should be code-, key-, or card-controlled access from elevators and the parking garage to residential floors to ensure security.

"Physically, public access should be on one street and private on another, because people don't want to walk through a commercial area to enter their homes," says Jackson. He stresses, however, that segregation of residential uses from commercial ones is more important when the project involves for-sale condominiums than rental units. "The problem of vibration, noise, and lights comes in when selling."

To get it right, "You have to program a building from the beginning," says Florida architect Kurt Danwolf. "Begin from the start to separate occupancies, from access points down to detailing of walls, glass, and insulation [to reduce noise]." He suggests buffering residential from commercial activity by putting inactive or nonpeak-hour uses in between, such as a parking garage or office space.

Danwolf recently designed a project in which an entire floor of mechanical systems was sandwiched between a Four Seasons hotel and condominiums overhead to isolate residents from hotel activity. He also pulled the entry to the residential lobby to a side of

says, noting that every side of an edifice is someone's entry or front door and has to look good and have a sidewalk and street for arrivals.

When a project is being designed, the size and mass of the building flow from the primary use, emphasizes Philadelphia developer Carl Dranoff, but from the standpoint of appearance, or building aesthetics, each use wants its own identity. He notes that in the case of his latest project, Symphony House, the primary use is residential, but each component is distinctive. The entrance to the 32-story project, which includes 163 luxury condominiums, a 375-seat theater, two restaurants, and



HILLWOOD PROPERTIES



URBAN PACIFIC GROUP

the building not visible from the hotel entrance to give residents privacy.

"It requires a certain amount of finesse to design projects so residents feel comfortable coming in through the back door," says Ratner. "Turning it into a grand entrance, making it feel like part of the whole development is both a marketing and design challenge."

Baek contends, however, that buildings designed according to new urbanist principles do not have a back at all. "We no longer do buildings with a front and three backs," he

**Partnering with the city of Westminster, Colorado, to build an urban-style transit-oriented development in the city's central business district, the developer avoided a clash in interests by sitting down with municipal leaders in advance and finding out what they envisioned for the project.**

**In an attempt to avoid creating huge parking fields at Alliance Texas Town Center, smaller parking areas are being integrated with pedestrian-friendly landscaping to help camouflage them.**

a 400-car parking structure, is traditional with comices, so the building looks at home on downtown Philadelphia's Park Boulevard, while the residential component has a 1920s art deco-inspired style, and the theater and restaurants their own distinctive facades.

"What it comes down to is making each use feel like the most important in the building," says Danwolf, suggesting that each component should have a distinctive appearance and be able to operate as if the others do not exist. "You have to look at each component separately and ensure its needs are met from the standpoint of the market," concurs Melanie

Mann, codeveloper of Park Place, a 1.3 million-square-foot (120,774-sq-m) town center project for the city of Leawood, Kansas. She points out that while ground-floor retail increases the desirability of office space above, tenants expect a similar level of service provided at other Class A office properties in the marketplace, including a dedicated parking area.

Likewise, retailers want convenient parking for their customers, preferably at street level,

they live or work. In addition, this design strategy maximizes valuable storefront space and removes dead gaps in street activity created by parking structures, a problem designers also are addressing by wrapping garage exteriors in active retail uses, notes Neff.

Parking is an expensive infrastructure component, which may qualify for tax increment financing (TIF) if the parking structure is for public use. Baeck points out that developers

and ask what the city envisions. “But you have to forget everything you ever learned as an old school developer, be firm in your own vision, but take a collaborative, not dictatorial, approach,” Choppin warns. “If you don’t, you’ll get a project you don’t want to build at all because the city won’t work with you.”

“This is an exciting time to be a designer,” Baeck adds. “The permanence of mixed use is not replicated in single use. Single use was a trendy chapter. As soon as you put residential with commercial, you have higher standards of care,” he contends, explaining that components are built to stay because they are part of the community and environment people call home. “More thought and care go into this, and its life span reflects the work put into it.”

While the advent of mixed use has created a more interesting world for architects and developers to ply their trades, Dranoff cautions: “Bottom line, this business isn’t for beginners. These are not cookie-cutter projects. They’re all custom designed, and developers need knowledge of architecture to do them,” he stresses. “There is no playbook, and you can’t look at a move and pick this stuff up.”

That’s why Robert Folzenlogen, director of planning and design for Dallas, Texas-based Hillwood Properties, has spent several years visiting projects throughout the nation and amassing a library of information on what works and what does not, before beginning work on Hillwood’s 400-acre (162-ha) town center project at Alliance Texas, a 17,000-acre (6,882-ha) multiuse development northeast of Fort Worth Alliance.

“The key is benchmarking with the best-in-class of people out there,” he advises. “Learn as much as you can about how people deal with problems, and don’t do it unless you know it works.” **U**

**PATRICIA L. KIRK** is a freelance writer based in Dallas, Texas.



CASTO LIFESTYLE PROPERTIES

**The obsolete 1960s-era Randhurst Mall in Mt. Prospect, Illinois, the first regional mall in the Chicago area, is being converted to Randhurst Village, an open-air, mixed-use lifestyle center with residential, retail, and entertainment components.**

points out Braden, suggesting that in planning how to segregate uses, designers and developers need to consider how users will be affected. He says, for example, that it is preferable to put retail parking at or near street level for the convenience of shoppers and residential parking underground or above public parking, because residents can take an elevator directly to the floor where they live.

Increasingly, architects are putting the parking structure at the center of projects, which provides the opportunity to let users park on the level most convenient to where

should consider separating public parking entirely from private parking to take advantage of TIF, or if building apartments, to avoid assigning parking for residents at all in order to qualify for this incentive.

TIF and other tax abatement incentives help projects pencil out and improve returns, but true public/private partnerships offer developers an opportunity to capitalize on public funding to build dynamic, sophisticated projects they may not be able to financially swing alone, notes Choppin, who has partnered with the city of Westminster, Colorado, to develop a high-density, transit-oriented development in the city’s central business district.

He suggests that public/private partners can “look, walk, and talk” like private deals if developers treat government as a real partner, come to the table in a cooperative manner,