

Developing Distinctively Different Multifamily Rental Properties: Two Case Studies

ULI Case Studies Webinar
June 22, 2016

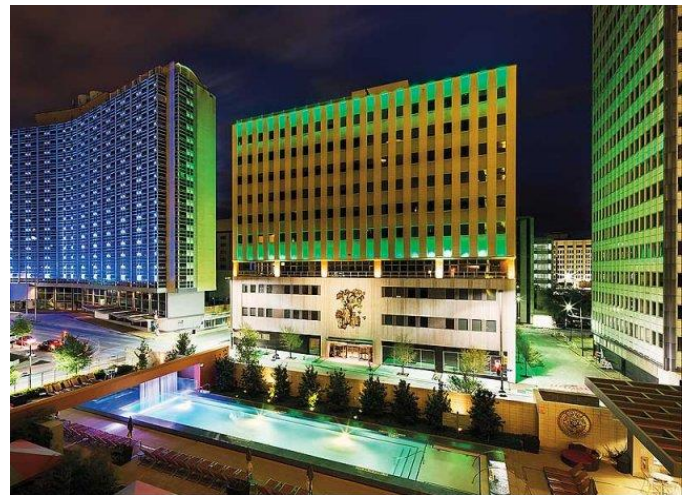
casestudies.uli.org

ULI Case Studies Webinar

Sofia Lofts, San Diego, CA



Mercantile Place, Dallas, TX



Moderator:

Dean Schwanke, Senior Vice President, Case Studies and Publications

Urban Land Institute, Washington, DC

Speakers:

James Truitt, Senior Vice President – Development
Forest City Texas, Inc., Dallas, TX

Soheil Nakhshab, Principal
Nakhshab Development & Design Inc., San Diego, CA



Nakhshab Development & Design, Inc.

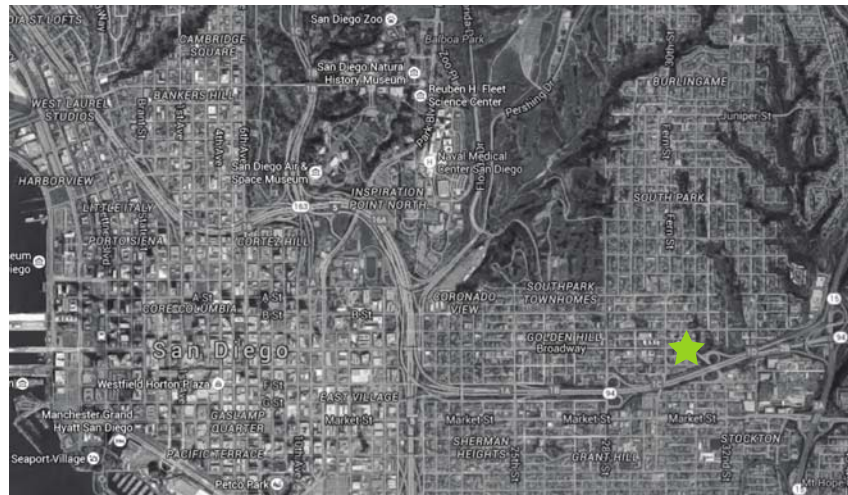
Design + Build: Architecture Engineering Construction



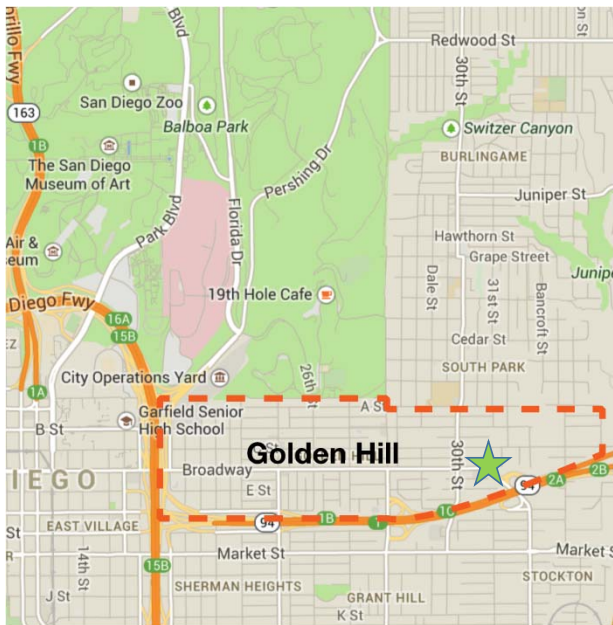


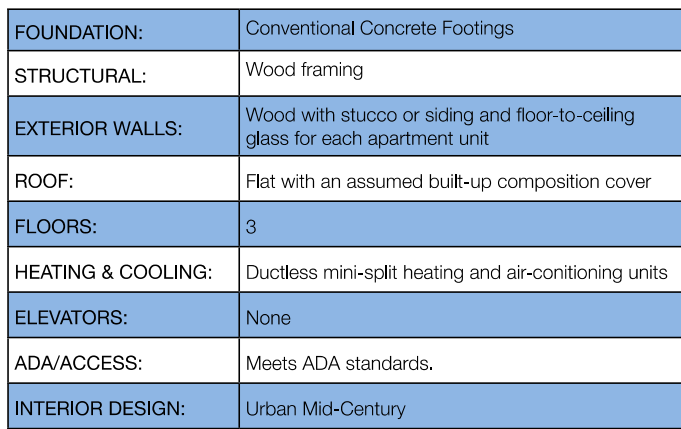
Mutigenerational Multi-Family Project: Fostering Historic Preservation + Modern Design

Sofia Lofts



ND Sofia Lofts: Historic Golden Hill









Development Plan

- Restore and modernize the existing historic home on the property, built in 1928.
- Add 16 new units with modern luxury mid-century aesthetic.
- Develop a harmony between the old and new architecture on the site.
- Create open concept floor plans.
- Design spaces to have plentiful natural lighting and natural ventilation. .
- Create a shared barbeque and communal gathering space for all units on the property.
- Implement a bike sharing program for tenant convenience and sustainability principles.
- Set up separately metered photovoltaic systems for each unit that will offset nearly all energy use.
- Each unit to include individual gas, electric, and water meters.
- Use energy efficient and Energy Star rated fixtures and appliances in the units
- Produce a financially feasible project with a desirable aesthetic and location in an infill setting.





Concept



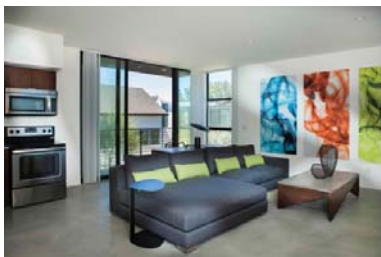
ND Sofia Lofts: Features



Floating Stair Design



Communal Courtyard with Movie Screen + Fire Pit



Floor-to-Ceiling Glass Doors + Windows



Individual Unit Solar PV Systems



Bike Sharing

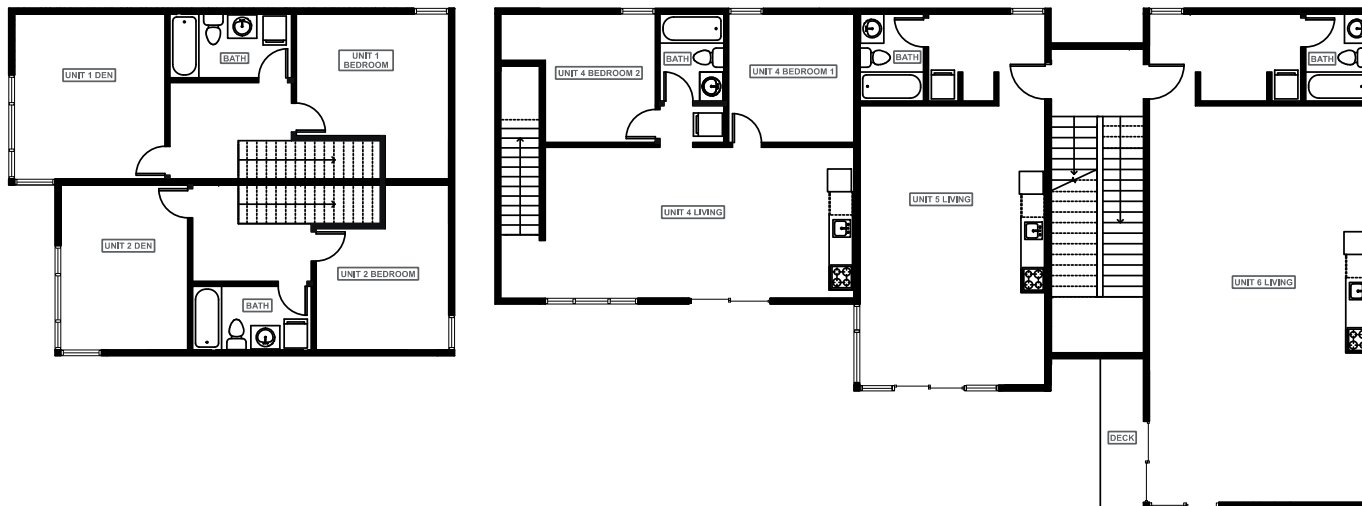


Permeable Driveway



Car2Go on site

Sofia Lofts: Sample Floor Plan



ND Project Summary

Site Purchased	February 2013
Planning Started	January 2013
Construction Started	Fall 2013
Leasing Started	Summer 2014
Project Completed	August 2014

Residential SF	13,770	
Parking SF	2,300	
Parking Spaces	16	
Land Use: Buildings	0.17ac	41% of site
Landscaping	0.24ac	59% of site

	Projected
Land Acquisition	\$ 569,000
Indirect Costs	\$ 414,000
Construction Costs	\$ 2,800,000
Financing Costs	\$ 190,000
Total Project Cost	\$ 3,973,000
Stabilized Value	\$ 4,700,000 (Vibra Appraisal)
Unrealized Profit	\$ 727,000

Actual
\$ 569,000
\$ 340,000
\$ 3,018,000
\$ 180,000
\$ 4,107,000
\$ 6,071,000
\$ 1,964,000

	Per SF
Land Cost	\$ 33
Indirect Costs	\$ 22
Construction Costs	\$ 198
Total Project Cost	\$ 270
Sales Value	\$ 399
Unrealized Profit	\$ 129

ND

Rental Summary

Scheduled Gross Rent	\$382,680
Vacancy	\$8,580
Effective Gross Rent	\$374,100
TOTAL INCOME	\$374,100
OPERATING EXPENSES	\$69,800
Capital Reserves	\$8,000
TOTAL OPERATING EXPENSES	\$77,800
NET OPERATING INCOME	\$296,300

Unit Mix

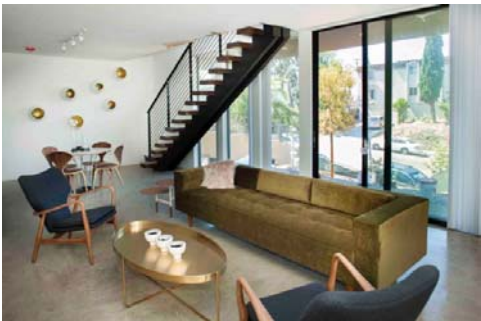
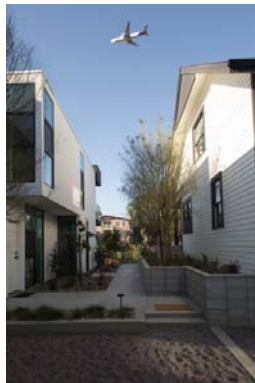
UNIT TYPE	# OF UNITS	AVG SF	TOTAL SF	MIX	AVG RENT	RENT/SF
STUDIO	10	621	6,207	59%	\$1,602	\$2.58
2 BD	6	948	5,689	35%	\$2,189	\$2.31
3 BD	1	1,683	1,683	6%	\$2,900	\$1.72
TOTAL / AVERAGE	17	799	12,579	100%	\$1,875	\$2.36



Sofia Lofts: Completed Photos



ND Sofia Lofts: Completed Photos



MERCANTILE PLACE ON MAIN

DALLAS, TEXAS

June 2016

Mercantile Place on Main

Mercantile Place on Main is a
4 building community

The Mercantile & Element



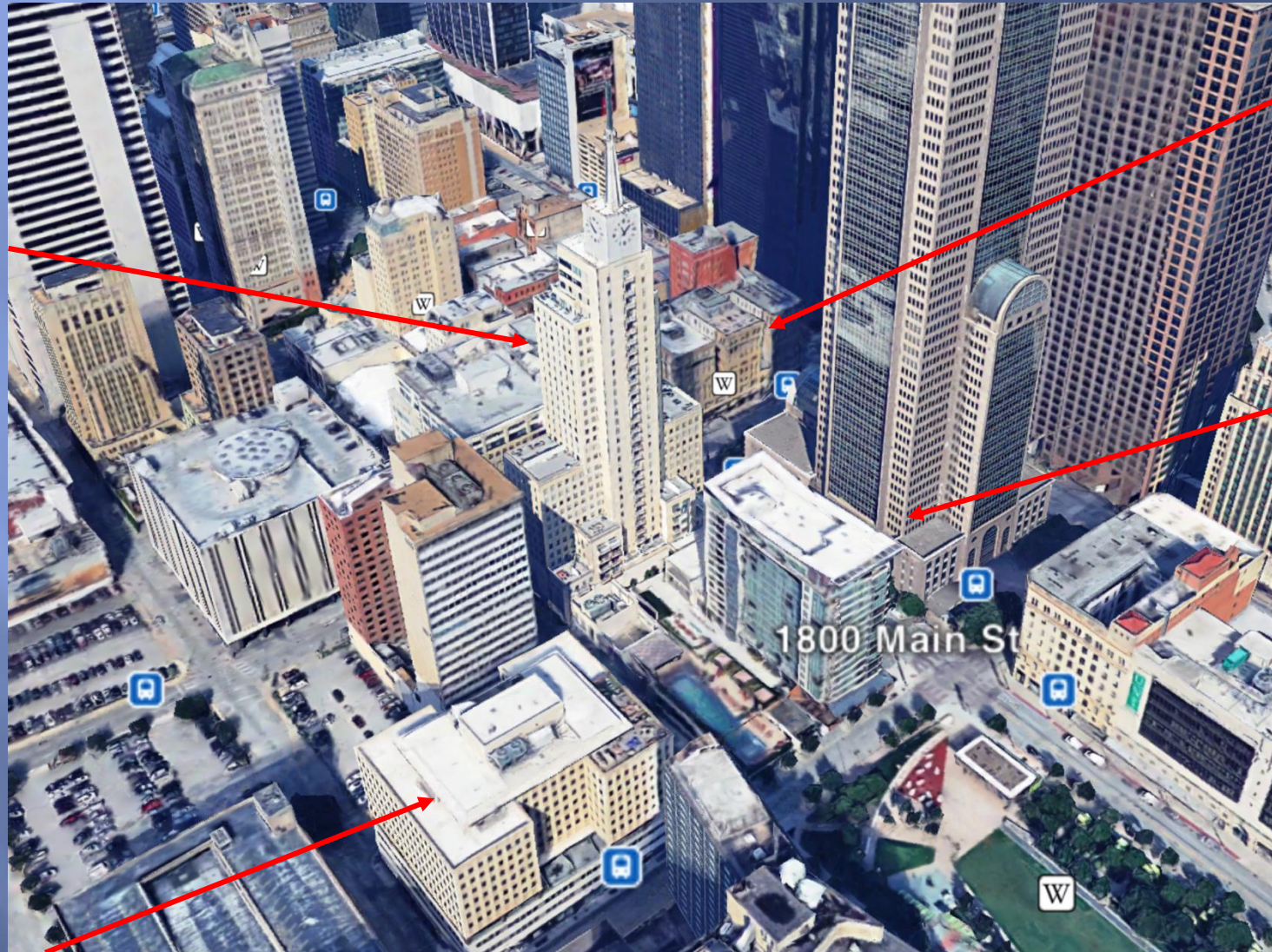
The Continental



The Wilson



Mercantile Place on Main



Wilson

Element

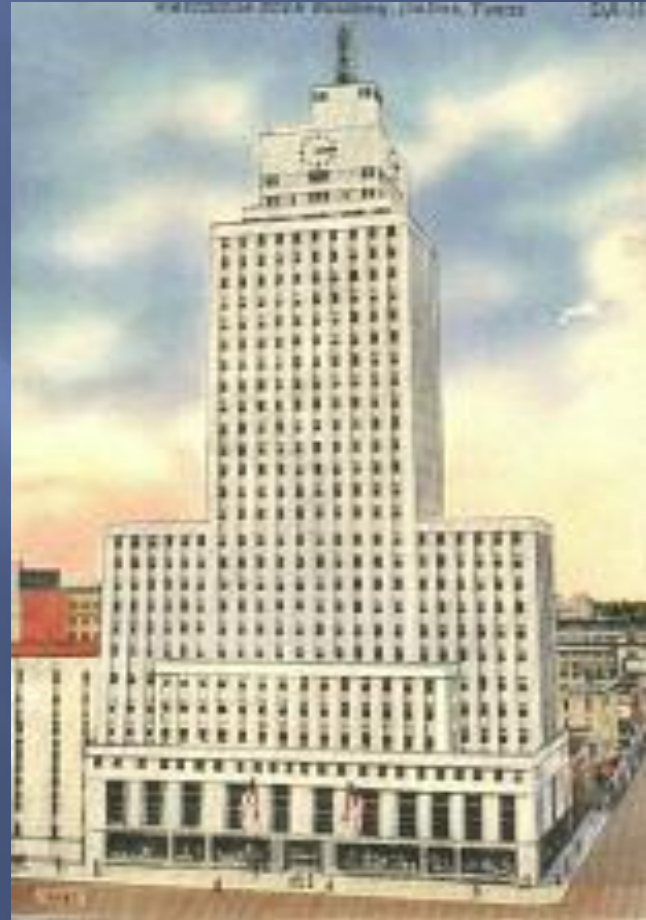
1800 Main St

Merc

Continental

Mercantile Place on Main

- ❑ Former headquarters of Mercantile National Bank Building.
- ❑ 31-story structure completed in 1942, tallest building west of the Mississippi.
- ❑ Mercantile Building vacated in 1993.



Mercantile Place on Main

- ❑ Mercantile Building important historic structure for City of Dallas and its downtown.
- ❑ Mercantile Place on Main brought new housing to downtown.



The Mercantile & The Element Project Capitalization

TIF Award	\$57 Million
Debt Financing	\$48 Million
FC Equity	\$15 Million
Total Cost	\$120 Million



Mercantile Place on Main

The Merc

- ❑ 213 Apartments
- ❑ Adaptive reuse of an office building.
- ❑ Demoed 1.0 mil sq ft.
- ❑ Tried to keep the art moderne design theme of the building.
- ❑ 50 foot deep units as a result of some of the office floor plans.
- ❑ Rents are \$1.45 per sq ft.



Mercantile Place on Main

The Element

- ❑ 153 Apartments
- ❑ The Element is a 15-story new construction building linked to The Merc.
- ❑ The building's architectural styling is heavily influenced by noted architect and homebuilder Joseph Eichler.
- ❑ Designed with sustainability in mind, The Element offers eco-friendly features including bamboo floors, dual-flush toilets, water-conserving fixtures and front-loading washers and dryers.
- ❑ Rents are \$1.75 per sq ft.
- ❑ The Mercantile & The Element ROC is 5.90%.



Mercantile Place on Main

The Wilson

- ❑ 135 Apartments
- ❑ The Wilson is a Dallas landmark. Built in 1904 and patterned after the Paris Opera House.
- ❑ Residents enjoy full use of all amenities at The Merc.
- ❑ True loft style units
- ❑ Made significant upgrades to the units.
- ❑ Rents are \$1.39 per sq ft.



The Continental Project Capitalization

- ❑ Built in 1950
- ❑ Converted to 203 apartments in 2012
- ❑ Capitalization
 - HTC \$6.5 Million
 - HUD 108 Loan \$7.5 Million
 - City Housing \$2.0 Million
 - HUD Loan \$28 Million
 - FC Equity \$12 Million
 - Total Cost \$56 Million
 - Future TIF Award \$7.0 Million
- ❑ ROC 5.65 %
- ❑ ROC after TIF Award 6.77 %



Mercantile Place on Main

The Continental

- ❑ 203 Apartments
- ❑ The newest addition to the Mercantile Place on Main.
- ❑ Boutique property units with a luxury spa theme focused on personal and environmental wellness.
- ❑ The 11th floor terrace and lounge is one of the best in town.



Mercantile Place on Main

35,000 sf of commercial space



Lessons Learned

- ❑ Must have a willing Partner.
- ❑ Plan for the unexpected.
- ❑ Understand costs.
- ❑ Need creative financing.
- ❑ Active participation in neighborhood improvement.



Developing Distinctively Different Multifamily Rental Properties: Two Case Studies

ULI Case Studies Webinar
June 22, 2016

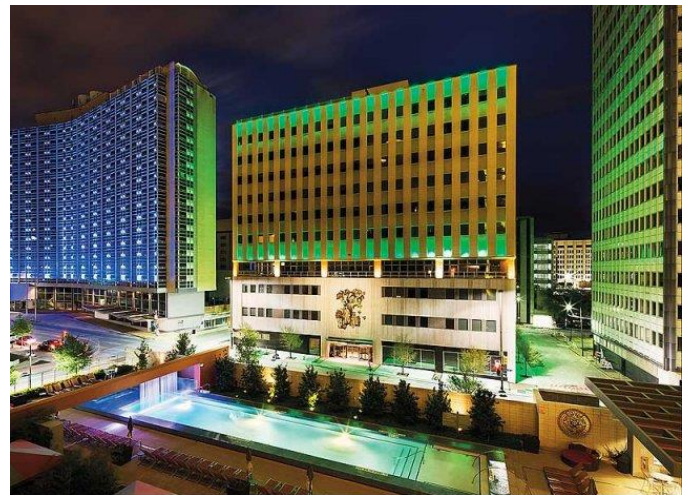
casestudies.uli.org

ULI Case Studies Webinar

Sofia Lofts, San Diego, CA



Mercantile Place, Dallas, TX





PASEO VERDE



STEELSTACKS ARTS AND CULTURAL CAMPUS



OSLO



NORTH HILLS

ULI Case Studies

casestudies.uli.org



◀ View all case studies

📄 DOWNLOAD PDF

SHARE [f](#) [t](#) [e](#)

City

Bethlehem

State/Province

PA

Country

USA

Metro Area

Allentown-Bethlehem

Project Type

Special Use

Location Type

Other Central City

The SteelStacks Arts and Cultural Campus is a former steel mill site that has been restored, adapted, and transformed into an arts and cultural campus that features preserved blast furnaces and other historic steel mill buildings, an elevated walkway/trestle that offers up-close views of the blast furnaces, a visitor/exhibit center in a historic building, parks and outdoor plazas, an outdoor performing arts pavilion, an office building and production studios for the local public broadcasting station, and a new ArtsQuest Center building devoted to performing arts of all types.

The redevelopment was funded via a variety of sources, including tax increment financing revenues, donations from businesses and philanthropic organizations, and funds and tax credits from federal and state governments. The 9.5-acre development has become a major tourist attraction and a source of pride for the city of Bethlehem, and the steel stacks themselves are iconic structures unlike any others in the United States.

Sponsored by:

Allen Matkins

[The Site and Background](#) | [Development Finance](#) | [Planning and Design](#) | [Marketing and Management](#) | [Observations and Lessons Learned](#) | [Project Information](#)

What is an old rusty steel mill good for anyway? To many observers, an obsolete industrial facility is just an eyesore, and the sooner it's gone the better.

But leaders in Bethlehem, Pennsylvania, saw something more than rusty steel stacks and dilapidated buildings in their city's abandoned Bethlehem Steel mill. They saw an important part of their regional heritage, an iconic symbol of U.S. industrial history, and a magnificent example of



New design with information about the design process, videos, photos, financials, and more!

casestudies.uli.org

ALL CASE STUDIES

Project Type

- ☐ Hotel
- ☐ Industrial Facility/Park
- ☐ Mixed Residential
- ☐ Mixed Use
- ☐ Multifamily For-Sale
- ☐ Multifamily Rental
- ☐ Office Building(s)
- ☐ Planned Community or Resort
- ☐ Retail/Entertainment
- ☐ Single-Family
- ☐ Special Use

Location Type

Country

Metro Area

Site Size

Date Started



GRID



LIST



Porta Nuova

Milan, Italy
February 2016



North Hills

Raleigh NC, USA
January 2016



Paseo Verde

Philadelphia PA, USA
December 2015



SteelStacks Arts and Cultural Campus

Bethlehem PA, USA
November 2015



Oslo

Washington DC, USA
October 2015



Lofts of Washington University

St. Louis MO, USA
September 2015

Enhanced search capabilities that will allow you to search by location, project type, site size, and more!

casestudies.uli.org



Connect with the world of real estate at the 2016 ULI Fall Meeting, to be held October 24-27 in Dallas, Texas.



ULI Fall Meeting

October 24-27, 2016 | Dallas, TX



Go behind-the-scenes and get to know fellow members on small group tours of innovative projects throughout the region, including Trinity Groves, a new ULI Case Study.



ULI Fall Meeting

October 24–27, 2016 | Dallas, TX

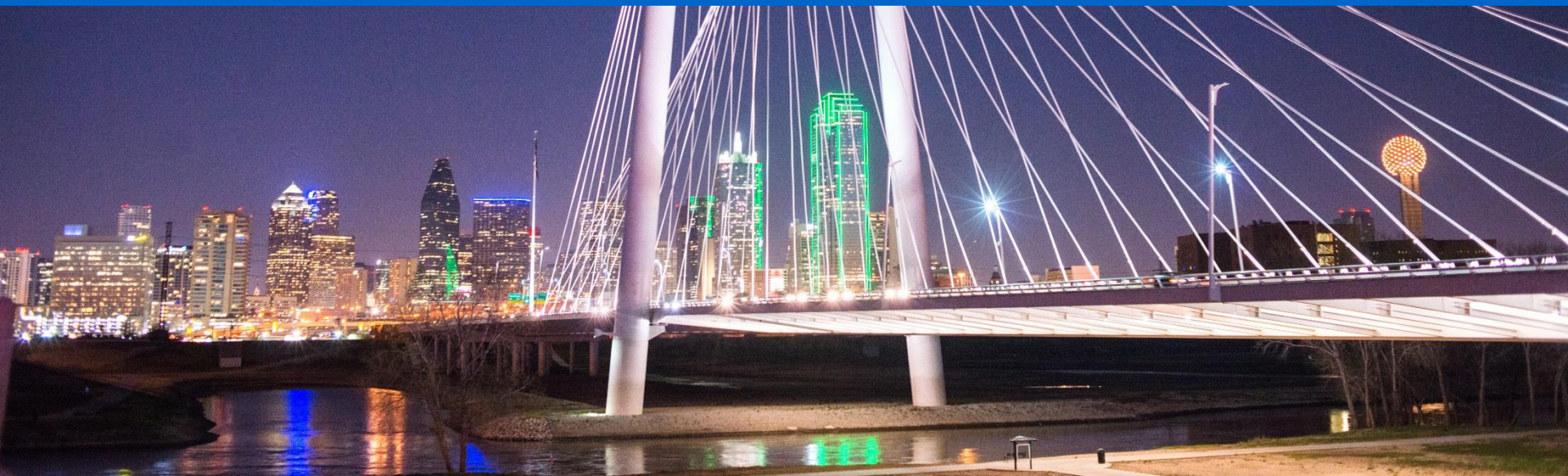


Build relationships face-to-face during interactive sessions and special networking events.



ULI Fall Meeting

October 24–27, 2016 | Dallas, TX



To view the full schedule, see who's attending, and register for the 2016 Fall Meeting, visit **fall.uli.org**.



ULI Fall Meeting

October 24–27, 2016 | Dallas, TX