



CASE STUDY:

GRAMERCY ON
GARFIELD &
GREENWICH ON
THE PARK



GRAMERCY



GREENWICH

SUMMARY

The Gramercy on Garfield and the Greenwich on the Park are two mid-rise rental apartment buildings representing the first two phases of a six-phase master plan for housing in a neighborhood in downtown Cincinnati. Together the buildings offer 212 housing units, garage parking, a fitness center, a rooftop pool, and on-site accessory retail services. Both projects, the first successful downtown housing development in a number of years, were developed in partnership with the city of Cincinnati. By replacing surface parking lots with attractive apartment buildings designed to complement the surrounding area, these projects have helped to fill a hole in the city's urban fabric.

FEATURES

Downtown development
Infill development
Market-rate housing
Affordable housing
Public/private development

Cincinnati, Ohio

Project Type:
Residential

Case No:
C029016

Year:
1999

PROJECT TYPE

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DEVELOPER

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DESIGN ARCHITECT

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EXEC. ARCHITECT

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CONTRACTOR

Turner Construction
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513.721.4224

GENERAL DESCRIPTION

The first two phases of the planned six-phase project feature two new, moderate-income rental apartment buildings with parking and accessory retail uses. The first phase of the project, the six story Gramercy on Garfield, was completed in 1992, featuring 148 residential units with 15,000 square feet of ground-floor retail uses and a 429-stall parking garage with two floors above grade and two floors below. The roof of the garage forms an outdoor courtyard for the building, and the garage provides structural support for the remainder of the building. The second phase of the project, the four-story Greenwich on the Park, which was first occupied in February 1996, has 64 residential units and 43 garage parking spaces. Twenty percent of the units at the Greenwich (13 of 64) are affordable for households earning 50 percent of the area median income. The Greenwich also includes an 1,800-square-foot ground-floor restaurant. The projects are located on the northern edge of Cincinnati's central business district, and they represent the first housing built in the downtown area in more than ten years. The support of the city, which granted the developer a ground lease for the project sites and also contributed substantial amounts of funding, was critical to the feasibility of the project. With a design that both defines the street edge and complements the surrounding area, the Gramercy and the Greenwich have been very successful and have contributed to the ongoing revitalization of downtown Cincinnati.

DEVELOPMENT AND PLANNING

The Gramercy and the Greenwich have a prominent location framing the western end of Piatt Park, the oldest park in Cincinnati. Created in 1817, the park currently lies in the middle of Garfield Place. The location is important because it is at the northern edge of the central business district, where

newer, high-density office buildings and retail stores give way to older, smaller buildings with a greater variety of uses. Having already prepared a master plan for housing in the area, the city of Cincinnati was very interested in seeing the sites developed for housing. The city had acquired the sites, as well as others in the area, over a number of years using a combination of negotiated purchases and power of eminent domain. Initially, the city clung to a vision for the sites that involved high-rise luxury housing, but the market would not support such a use. Two separate developers chosen by the city to develop the sites ultimately opted not to proceed. Eventually the city changed its approach and after issuing a request for proposals (RFP) selected Towne Properties—which had extensive experience developing residential and other properties throughout Ohio and Kentucky—to begin developing the sites. Towne Properties believed that the sites should be developed with lower-density, mixed-income housing with accessory retail space. In fact, the two phases were built at a significantly lower density than the site zoning permitted.

FINANCING

The first two phases were financed separately. Financing for the first phase, the Gramercy, consisted of a conventional loan from a local lender and a community development block grant (CDBG) from the city. Because there were few other successful downtown housing developments to compare the project to, the conventional loan was difficult to acquire. What really made the project work was the fact that Towne Properties was able to get a 65-year ground lease from the city, allowing it to avoid site acquisition costs. In return, the city receives a percentage of the project's net cash flow each year. The parking garage was paid for by the city under a separate contract, for which Towne Properties was the subcontractor. The parking garage, which is operated by the city, provides an amenity to the residents of the

Gramercy, who receive discounted parking. The parking garage at the Greenwich is reserved exclusively for residents. The financing for the Greenwich, the second phase of the project, was more complex. A ground lease from the city also was used to avoid the prohibitive cost of site acquisition. The city contributed CDBG funds, made a conventional loan, granted funds to cover site preparation expenses, and also issued more than \$3 million in general obligation bonds for the project, one of the first projects in Ohio to receive such funding. Towne Properties also contributed its own equity to the project.

Under the terms of the development agreements for these sites, the city receives a percentage of the net cash flow generated each year. Moreover, the city also will receive a percentage of the proceeds if and when the projects are sold or refinanced. In the case of the Gramercy, for example, the city would receive 25 percent of the profits from a sale. The bond issue for the Greenwich stipulated that the project was to provide affordable housing; 20 percent of the units therefore are affordable for households earning 50 percent of the area median income. These units must remain affordable for the life of the bonds, 20 years. Rents from the retail space in both the Gramercy and the Greenwich contribute to the project's cash flow.

DESIGN

Both the Gramercy and the Greenwich were designed to respect the traditional character of the surrounding neighborhood. Both buildings make use of brick, stone, tiles, and other decorative materials, and the facades recall those of the older structures in the area. The buildings also feature contemporary metal-clad tower elements that define the corners of the blocks, and the scale and massing of the structures complement Piatt Park and create an urban street edge. For the first phase of the project, the

developer expected the market to be either young, recently formed households or older empty-nester households looking for a smaller place to live. Therefore there was a strong emphasis on studios and one-bedroom units (129 units of 148). What the developer discovered, however, was a great interest in two-bedroom units, a demand that could not be met in the Gramercy. Therefore, 37 of 64 units at the Greenwich were developed as two-bedroom units, and they have been positively received by the market. In the Gramercy, the units have a comfortable, contemporary feel. They are average in size for the market, and all units include appliances, walk-in closets, and 8-foot, three-inch ceilings. All units have their own furnace and water heater, and many units have balconies. Building amenities include a fitness center, a club room, and a pleasantly landscaped outdoor courtyard and pool on the roof of the parking garage. In addition to the standard apartment units, an interesting feature of the Gramercy is the two-story townhouses with stoops facing Piatt Park. The Greenwich features amenities similar to those at the Gramercy, and the interior design at the Greenwich, with its careful use of wood and tile, alludes to the Arts and Crafts style. The rear elevation of the building helps form a mid-block mews with additional landscaping and traditional paving stones. The retail uses in this project include restaurants, a drycleaner, and a market, which help enliven the project at street level. The market for the retailers includes project residents as well as the many people who work in nearby offices.

MARKETING AND MANAGEMENT

Towne Properties manages these projects, as it does all of the projects that it develops. For both buildings, lease-up proceeded rapidly—three months for Phase I and four months for Phase II. Both phases remain at 98 percent occupancy, and they are meeting pro forma expectations. Conventional marketing tools, such as direct mail and open houses, were used to

advertise the projects; both phases also benefited greatly from receiving positive coverage in the local media. In addition, the Gramercy won an award for best new construction in the National Apartment Association's magazine Units in 1994. In order to enhance tenant retention, Towne Properties conducts yearly resident surveys and organizes occasional parties and other social events. Residents also are offered bonuses for referring new tenants.

EXPERIENCE GAINED

To be successful, the developer must be in touch with the demands of the market. In this case the city held firmly to the idea of developing high-density, luxury residential units, a model of development not supported by the market. The alternative model identified by Towne properties proved successful. Developers must be willing to work with local governments when developing downtown housing, especially in places like Cincinnati where acquiring the land would have been prohibitively expensive without public support. Particularly with multiphase projects, developers must be flexible and willing to change the product over time to conform to changing market conditions and customer needs. Neighborhood and convenience retail is a very important component of successful downtown housing projects. When analyzing the feasibility of downtown housing projects, developers need to be careful that they find truly comparable developments to consider. Previous downtown housing developments in Cincinnati had failed, but this was not because of an inherent resistance to downtown living, but the fact that these projects were the wrong type of product for the market.

PROJECT DATA

LAND USE INFO

Phase I

Site area: 1.1 acres

Total dwelling units: 148

Gross density: 135 units/acre

Parking spaces: 429 (public garage below apartments)

Phase II

Site area: .67 acres

Total dwelling units: 64

Gross density: 100 units/acre

Parking spaces: 43

DEVELOPMENT COST INFO

Phase I

Item	Total	Cost per dwelling unit
Site acquisition	N/A (ground lease from city)	
Site improvement	N/A (improvement cost paid in construction of parking garage)	
Construction	\$8,230,000	\$55,608
Soft costs	\$1,820,000	\$12,297
Total	\$10,050,000	\$67,905

Construction cost per square foot: \$58.57

Phase II

Item	Total	Cost per dwelling unit
Site acquisition	N/A (ground lease from city)	
Site improvement	\$65,000	\$1,016
Construction	\$5,927,000	\$92,609
Soft costs	\$832,000	\$13,000
Total	\$6,824,000	\$106,625

Construction cost per square foot: \$61.00 (including one level parking garage and 1,800 square feet of retail space)

UNIT INFO

Phase I

<i>Unit type</i>	<i>Unit size (sq ft)</i>	<i>Units built</i>	<i>Range of initial rents</i>
Studio	554	16	\$450-485
Studio	592	18	\$450-505
1 bed	698-748	95	\$560-825
2 bed	1,167	8	\$695-715
2 bed	1,277-1,407	5	\$750-795
2 bed townhouse	1,468	6	\$895

Phase II

<i>Unit type</i>	<i>Unit size (sq ft)</i>	<i>Units built</i>	<i>Range of initial rents</i>
Studio	550	19	\$375-545
1 bed	625	8	\$625-695
2 bed	1,044-1,204	37	\$775-830

DEVELOPMENT SCHEDULE

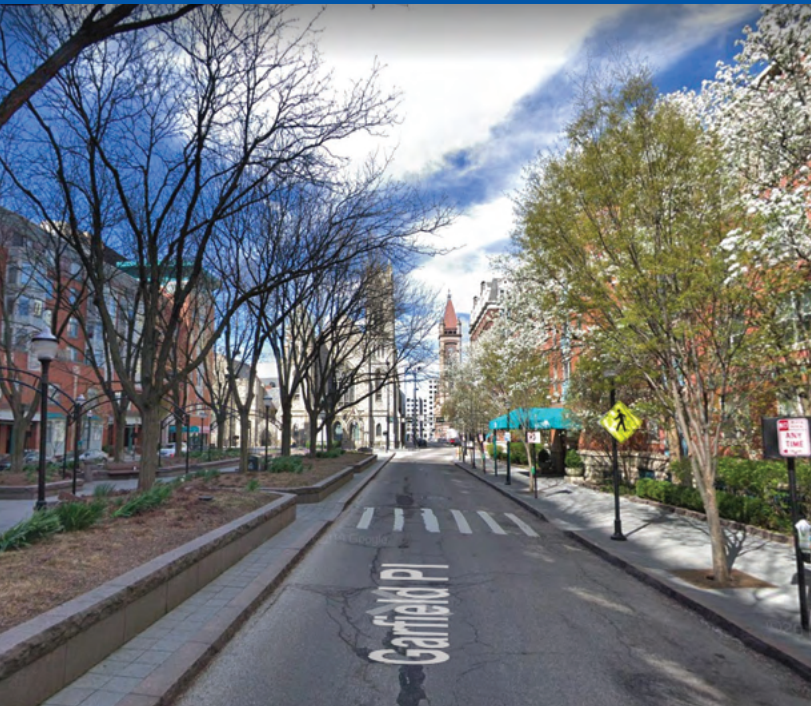
	<i>Phase I</i>	<i>Phase II</i>
Site leased	May 1990	October 1994
Planning started	January 1990	September 1993
Constr. started	June 1992	December 1994
First occupancy	October 1992	February 1996
Leasing complete	December 1992	May 1996

DIRECTIONS

From the airport: Take I-275 to I-71/75 to downtown Cincinnati. Cross the river and exit at Fifth Street. Go east on Fifth Street to Elm Street. Turn left on Elm Street and drive north three blocks to Garfield Place.

Drive time: Approximately 20 minutes in non-peak traffic.

The Gramercy on Garfield combines street-level retail, a parking garage, and 148 apartments and townhouses, bringing vitality to a site formerly occupied by a parking lot.



The Gramercy (left) and the Greenwich (right) frame the western end of Piatt Park, the oldest park in Cincinnati. Both buildings were designed to complement the intimate scale of the park.

Residents of the Gramercy (and all other DownTowne branded properties) enjoy a landscaped courtyard with pool that sits on top of the building's parking garage. The windows visible on the second floor of the building help to disguise the parking garage.

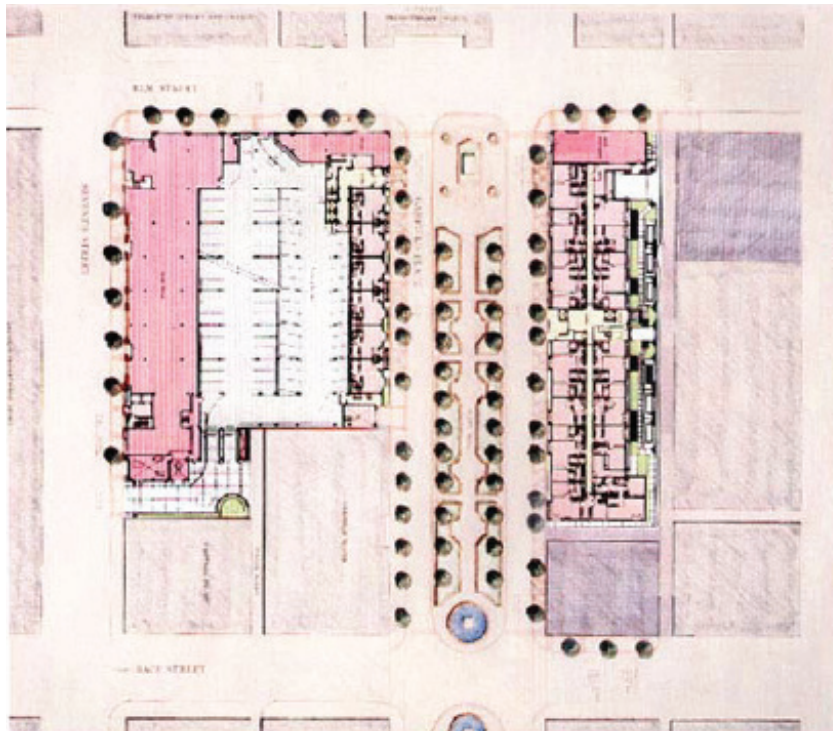




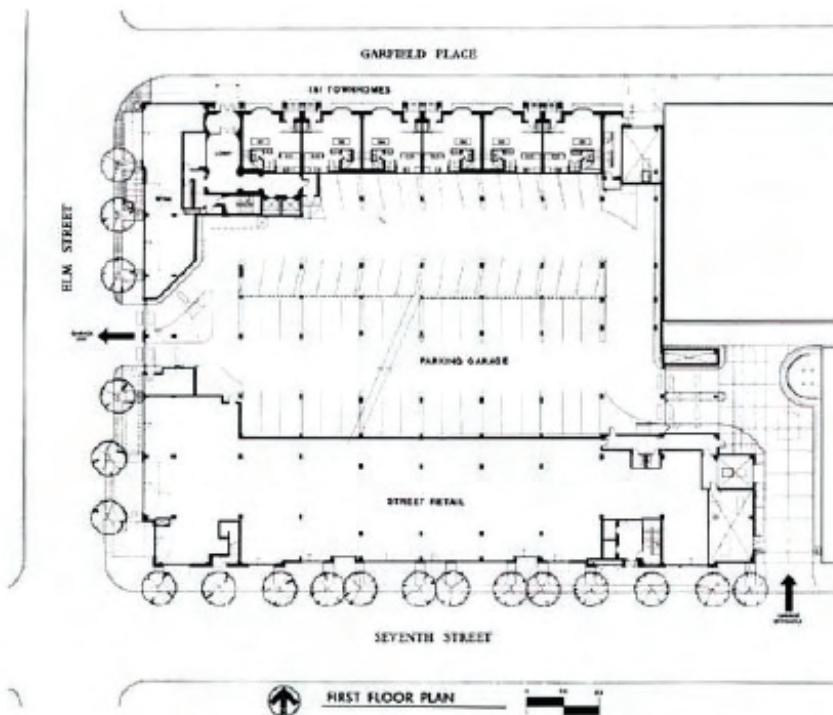
The Greenwich, phase II of this development, features 64 residential units, many of which have a view of Piatt Park.



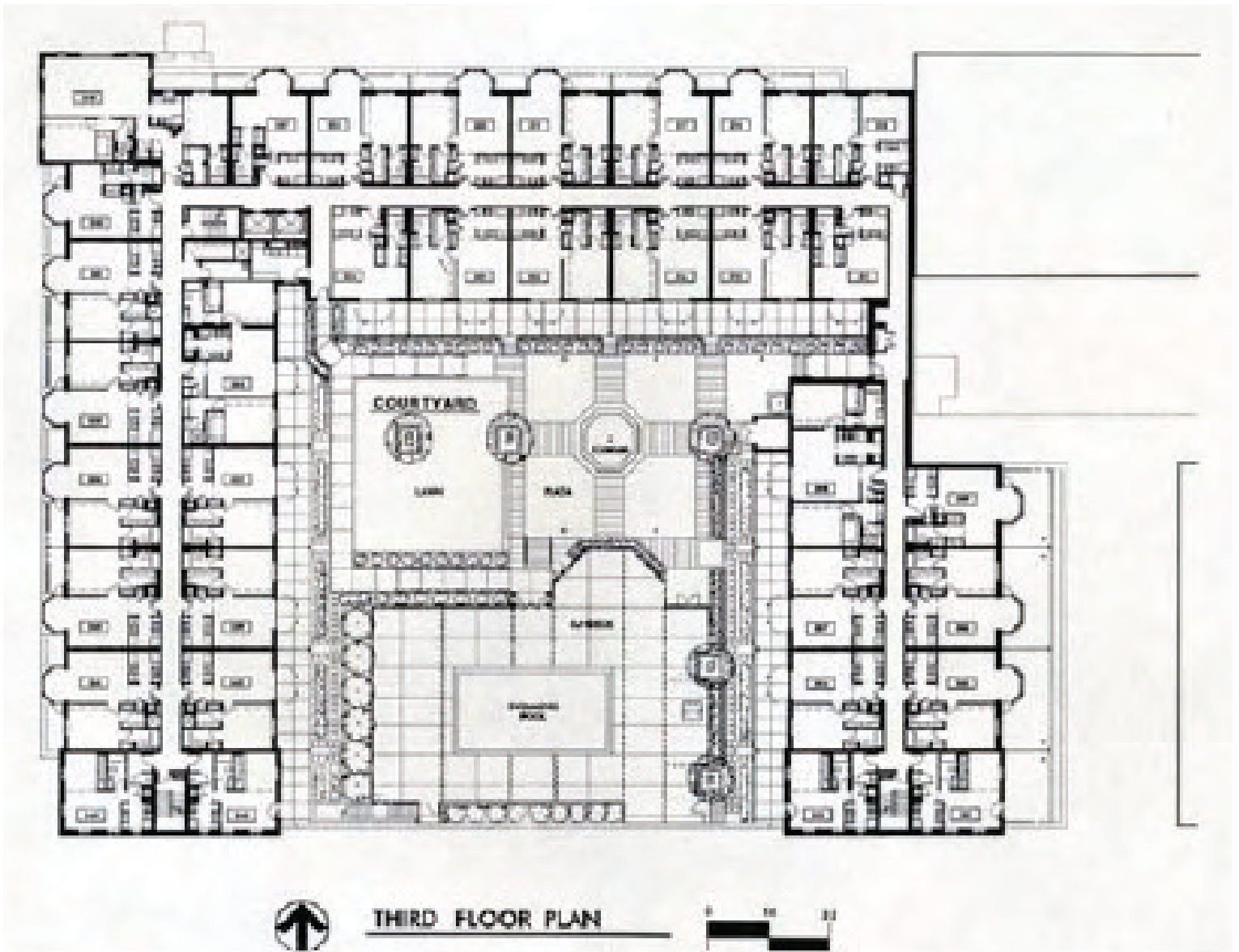
Care was taken in the design of the rear facade of the Greenwich, which features an attractive mews using traditional paving stones.



Site plan showing the relationship of the Gramercy (left) and the Greenwich (right) to Piatt Park.



First-floor plan of the Gramercy, showing the configuration of the project's townhouses, parking garage, and retail space.



Third-floor plan of the Gramercy, showing how the apartment units have been configured along with the rooftop courtyard and pool.

All data within document collected by ULI Development Case Studies