

SPECIAL FEATURE:

U SQUARE
@ THE LOOP -
An interview with
Arn Bortz

STUDENT HOUSING COMES FULL CIRCLE AT U SQUARE

The winner of the National Apartment Association's 2014 PARAGON Award for Student Housing was the U Square @ The Loop project in Cincinnati. Developed by Towne Properties, the mixed-use development that includes student housing along with offices, retail, and parking is a testament to how a big vision can be realized in a small space near a college campus. One such visionary is Arn Bortz, a partner at Towne Properties who played a key role in the 18-month development of U Square and almost immediate lease-up of the entire property:

NATIONAL APARTMENT ASSOCIATION:

Mr. Bortz, can you please tell us about U Square @ The Loop?

ARN BORTZ:

It's actually a project that has been hanging out there unrealized for over 15 years or so. It is at the front door of the University of Cincinnati, which became embarrassed at the condition of the property surrounding it and became determined to find a developer who could execute a mixed-use program that would be consistent with the objectives of the university. I think we have accomplished that with U Square.

NATIONAL APARTMENT ASSOCIATION:

For those unfamiliar with it, could you please talk about what makes U Square so special?

ARN BORTZ:

The key is the layering of uses in a relatively small area in order to generate the kind of energy that is attractive to people. It also provides safety and reassurance to families who are considering the university, that this is a place where my kid can thrive and prosper. There were a lot of people who doubted the intensity of the uses that we put together. Those uses consist of two parking garages with 375 spaces in each garage; 40,000 square feet of office space, all of which is occupied by the University of Cincinnati; and a five-story apartment structure, which sits on top of retail space. The apartment structure consists of 161 units, 75 percent of which are market units and 25 percent of which are marketed as affordable units to people who earn 80 percent of the area median or less. That was a requirement of the new market tax credits, which were part of the capital structure of the project. In addition, we have roughly 80,000 square feet of retail space that covers the first floor of the two development blocks we have...

ARN BORTZ:

...In between the two development blocks, we created a new public street and green space. We call it a piazza. It's for people who want to lie out on a sunny day or listen to bluegrass music or other programming that will take place in this space. It's a very urban environment, and it desperately needed some green space.

NATIONAL APARTMENT ASSOCIATION:

U Square was completed in August 2013, yes?

ARN BORTZ:

That is correct.

NATIONAL APARTMENT ASSOCIATION:

And your apartments were 100 percent leased by mid-September?

ARN BORTZ:

Yes, immediately. And as we speak today, we have zero vacancies going into our second lease year.

NATIONAL APARTMENT ASSOCIATION:

That's outstanding. How were you able to achieve such a fast lease-up?

ARN BORTZ:

There was a huge unmet demand in the neighborhood for quality housing, most of which is occupied by students. Like a lot of colleges, the University of Cincinnati was surrounded by a neighborhood consisting of older building stock, much of which started as single-family homes and over the years became chopped up into five-, six-, and seven-bedroom places where kids would live. They were not ideal in terms of the amenities, the environment, the lack of care with which the landlords dealt with these properties, and so forth. It wasn't hard to conclude that if we raise the bar on housing in terms of the floor plans, the amenities, the appliance packages, safety, appearance, proximity to shopping, proximity to classrooms, we could be successful. We are right across the street from the main campus. You go about 50 or 60 feet, use the crosswalk, and you're on campus. We like to think what we have done at U Square has raised the bar and that area landlords are going to have to improve their building stock if they are going to want to hold onto any of their residents.

NATIONAL APARTMENT ASSOCIATION:

It sounds like the apartments were so appealing that you didn't have to do much aggressive marketing.

ARN BORTZ:

We created what I think is a terrific website thanks to the young folks who work for us here at Towne Properties. We provide lots of fresh material on the site on a regular basis. The kids these days live by their electronic devices, so you have to reach them very quickly and efficiently.

NATIONAL APARTMENT ASSOCIATION:

How has the relationship been with the University of Cincinnati? Did the college help in the initial lease-up, and has it helped in maintaining the occupancy?

ARN BORTZ:

I should stress that this is not university housing. The university and a nonprofit has a 50 percent interest in the project. But in terms of leasing, they made no commitments in terms of number of units they would lease. We were on our own when it came to leasing...

ARN BORTZ:

The university is very pleased with the result of the project. They know now that it is a project that makes them more competitive. This is used to be an area that you made it a point to avoid on tours of campus. Every effort was made not to take anybody along this stretch of this urban street. Now, it is a magnet to start your tour and maybe finish it one of the retailers and get a taco or a beer or whatever else you hunger for.

NATIONAL APARTMENT ASSOCIATION:

What was the property before?

ARN BORTZ:

It was a muddy wasteland. That's the best description I can give to you. It started in the 1960s and became a series of fast-food joints with drive-thrus. Lots of trash, quite a bit of crime, very unsightly. No planning was behind it at all. It got so bad that the university helped finance the assemblage of the land, then the clearance of the land. When we got the property, there was literally nothing on it. The good news is, we had a blank slate to work with. That gave us the freedom to do it right in terms of vertical integration of uses.

NATIONAL APARTMENT ASSOCIATION:

The project has also achieved Leadership in Energy and Environmental Design (LEED) certification, too. Has that proved a draw in any way, or is it just looked upon by occupants and residents as a fortunate plus?

ARN BORTZ:

It's a bigger draw than we had thought. If you were old like me, you'd probably say that it's a nice designation. But it seems to really matter to a lot of these college students. They feel that living here is a small contribution they can make. They like that we did it "the right way" and that we were environmentally sensitive and we continue to be.

NATIONAL APARTMENT ASSOCIATION:

Now that this project has proven to be so successful, will you be duplicating it near other college campuses?

ARN BORTZ:

We sure hope so, and we have a team that is capable of doing this...

Again, this was particularly challenging because the site was very tight. It's all built out around it, and it was very difficult logistically just to get it done. We were also working with another company that had some of the construction responsibilities. So, we had to coordinate and communicate well with them. The project broke ground in February 2012 and was finished in August 2013. In 18 months, the two garages, all of the apartments, all of the office space, and all of the retail were built. We're really proud of that. In fact, sometimes we shake our heads and wonder, "How did we do that?!"