



FIRE HOUSE ROW DEVELOPMENT
WALNUT HILLS REDEVELOPMENT
FOUNDATION

ABSTRACT

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1. EXECUTIVE SUMMARY

Re-living the Void is the vision that drives the rationale of this project at Walnut Hills. The project aims to recreate a living density in the vacancies. With three themes of Feasibility, Adaptability and Sustainability, the project addresses the challenges of the neighborhood and makes an advantage of its opportunities. Walnut Hills stands at a close proximity to the downtown and uptown area of the City of Cincinnati, the two major hubs of job. The project aims to attract the potential employees, primarily young professionals, and create a bedroom community. At the same time the project also aims to bring in the community young artists and business seekers, who can at the same time live and work in the neighborhood. The ultimate goal is to create a healthy residential density to fill out the vacancies of Walnut Hills, supported by small scale retails and local businesses.

To reestablish the cultural fabric, the project proposes a high density mixed use development along the main access road Mc Millan Street, with flexible first floor retail and commercial places, and dense middle income residential units on upper floors. Matching community needs and to support the lifestyle of potential young generation, adaptable civic places also been proposed along this main circulation spine. The sites along the secondary streets and alleys have been proposed for primarily residential units. To match with the surrounding land use types, sites along Mc Millan street has been used to create main street mixed use development to keep in continuity with the commercial corridor. Similarly, the inner sites have been proposed to match with surrounding low density housing with a better economic utilization of land area. The site portions at a close proximity to the commercial node of Gilbert Avenue and Mc Millan street, have the potential of adaptable community congregation area and hence been proposed for community involvement opportunity.

Keeping in mind the existing park proposal, the project retains the usefulness of green space as a relief from the dense mixed use main street façade. However, considering the potential of that particular site for high rise development opportunity, a portion of the park has been replaced with residential building block. The proposed park area also has the potential of a social interaction place and hence, the park has been reconsidered as a multi-purpose commercial, retail and recreational area. The proposed park will also act as an area for extended outdoor sitting and eating areas for the restaurants and cafes surrounding it. It also has been designed with the potential of transport-retail interrelationship, as spaces for Red-Bike share stations and GoMetro bus stop have been provided in conjunction with its other recreational opportunities.

Lindsay Alley is another potential opportunity for the proposed development. Currently used for major street food event, this alley has been designed as a pedestrian arterial for the festive times. The firehouse-16 abutting the project site has been combined with an Artisan Studio that will at the same time will be an opportunity for young artists to showcase their work to the community, as well as will a potential revenue medium to utilize the space for community events and social functions. The studio will house a community garden at its roof level, which will be primarily maintained by the young residents of the housing units and will acts as a local food source for the community. The studio extends to the Lindsay alley through a semi-open area to a flexible open space that can house food trucks for weekly or bi-weekly farmer's market and will physically connect the event space with Five-point alley. The rationale behind the design is to involve the community in creating a better social space for themselves, at the same time making revenue out of it.

Keeping the values of the community and culture of Walnut Hills, the project also takes into consideration the feasibility of the project in contemporary market situation. To support the market economy the project has been divided into three phases. The first phase concentrates on high density mixed used retail and residential development along the south of Mc Millan Street. This phase will also include the construction of the artisan studio come civic. The residential units in this phase will be rentals units supported by small scale businesses that will address the food desert challenge of the neighborhood. Revenue and full occupancy of this phase will help the commencement of the second phase on the northern side of Mc Millan Street. This phase includes more residential, retail and recreational functions. The third phase concentrates only on residential town-house type units for families. With the idea of owner occupied housing, this phase aims to attract potential residents who will stay in the community for longer times.

In a nutshell, the proposal aims to design a lively community projecting its future residents. At the same time it also retains the historic and cultural elements of the neighborhood to attract the new generation. The goal is to use this project as a catalyst to establish critical mass of residents to support its commercial activities as well as opening up gateway for small entrepreneurs. The notion is to propose a development that will be feasible in the present market, adaptable to the changing market scenarios and sustainable in the long run.

2. PROJECT FINANCIAL PRO FORMA

Phase I Development Costs

Acquisition	Assumption	Units	Amounts
Land		1 Lump Sum	\$ 1.00
Total Acquisition			\$ 1.00
Hard Costs	Assumption	Units	Amounts
Site Development	150,000	Lump Sum	150,000
Construction Hard Cost	95	/Gross SQFT	5,676,725
Total Hard Costs			5,826,725
Soft Costs	Assumption	Units	Amounts
Architecture & Engineering	4.00%	of hard cost	233,069
Financing Fees	1.0%	of loan amount	27,137
Legal & Other Fees	50,000	Lump Sum	50,000
Appraisal	7,500	Lump Sum	7,500
Title / Survey and Recording	500	Per Unit	20,000
Marketing	35,000	Lump Sum	35,000
Due Diligence & Predevelopment	50,000	Lump Sum	50,000
Taxes during Construction	10,000	Lump Sum	10,000
Insurance during Construction	1,500	Per Month	18,000
Construction Loan Interest			116,947
Operating / Lease Up Reserve			95,831
NMTC CDE and Transaction Fees	5.00%	of QEI	302,000
Development Fees	4.00%	of Hard & Soft	233,500
Total Soft Costs			1,198,985
Total Development Cost before Interest and Operating Reserve			7,025,711
Less: Development Subsidies			3,192,022
City of Cincinnati Grant			1,000,000
New Market Tax Credit			2,192,022
Total Project Costs after Subsidies			3,833,689

Sources & Uses			
Sources		Uses	
First Mortgage Debt	\$ 2,713,718	Acquisition	\$ 1.00
New Market Tax Credit Equity	\$ 2,192,022	Hard Costs	\$ 5,826,725
City Grant (CDBG)	\$ 1,000,000	General Development Costs	\$ 965,485
Sponsor Equity	\$ 1,119,971	Developer Fee	\$ 233,500
Total Sources	\$ 7,025,711	Total Uses	\$ 7,025,711

Operating Expenses			
Property Management	5.00%	of Effective Gross Revenue	24,645
Administration / Personnel	550	Per Unit	22,000
Real Estate Taxes		Based on CRA Tax Abatement	20,355
Residential Maintenance / Re-leasing	800	Per Residential Unit	29,600
Accounting	5,000	Lump Sum	5,000
Professional Fees	2,500	Lump Sum	2,500
Insurance	350	per unit	14,000
Commercial CAM	\$ 4.00	Per Net SF	58,680
Replacement Reserve	350	Per Unit	14,000
Total Expenses			190,781

ULI Cincinnati Urban Development Competition, 2014
 Team #2: Maitri Desai, Binita Mahato, Mike Darcy, Taylor Radloff, Thomas Geldof

Cash Flows	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Effective Gross Income	\$ 492,909	\$ 502,767	\$ 512,823	\$ 523,079	\$ 533,541	\$ 544,211
Operating Expenses	\$ (190,781)	\$ (196,504)	\$ (202,399)	\$ (208,471)	\$ (214,725)	\$ (221,167)
Net Operating Income	\$ 302,129	\$ 308,171	\$ 314,335	\$ 320,621	\$ 327,034	\$ 333,574
Annual Debt Service	\$ (192,545)	\$ (192,545)	\$ (192,545)	\$ (192,545)	\$ (192,545)	\$ (192,545)
Cash Throw-Off	\$ 109,584	\$ 115,626	\$ 121,790	\$ 128,076	\$ 134,489	\$ 141,029

Phase I Assumptions & Key Rates

Building Data	SQFT
Residential	27,240
Commercial	14,670
Public	2,225
Core	3,796
Total	47,931
Net Rentable	41,910
Efficiency Ratio	87%
Gross Square Footage	59,755

Expenses & Income	
Effective Gross Revenue	\$ 492,909
Total Expenses	\$ (190,781)
NOI	\$ 302,129

Price Per Square Foot	
Residential	\$ 1.10
Commercial	\$ 12.00

Rent Roll	
Residential	\$ 359,568
Commercial	\$ 176,040
Total	\$ 535,608

Vacancy Rates	
Residential	6%
Commercial	12%

Cap Rate	
Residential	8%
Commercial	9%
Blended	8.4%

Property Value	
NOI/Cap	\$ 3,618,290

ROE	
Cash Throw-Off	\$ 109,584
Equity Invested	\$ 1,119,971
Leveraged ROE	9.78%

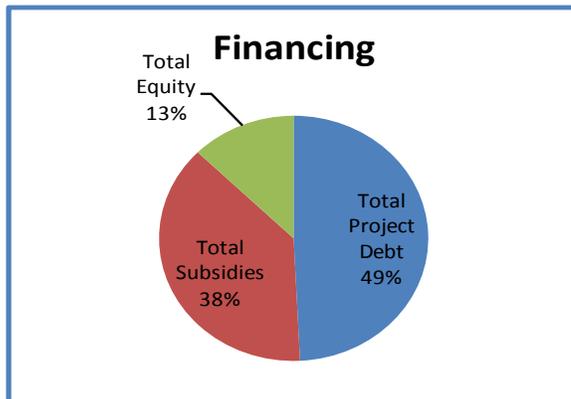
Financing	
Fee	1.5%
Rate	5%
Amortization	25
Term	10
DCR	1.2
Max Loan	\$ 2,713,718
Annual Debt Service	\$ 192,545

Project Costs	
Land Acquisition	\$ 1
Total Hard Costs	\$ 5,826,725
Total Soft Costs	\$ 1,198,985
City of Cincinnati Grant	\$ (1,000,000)
New Market Tax Credit	\$ (2,192,022)
Total Project Costs after Subsidies	\$ 3,833,689

Total Project Metrics (Phase I, II, & III)

Building Data	SQFT
Residential	96,713
Commercial	20,750
Public	2,225
Core	5,017
Total	124,705
Net Rentable	117,463
Efficiency Ratio	94%
Gross Square Footage	146,618

Financing	
Total Projected Costs	\$ 18,019,851
Total Project Debt	\$ 8,873,113
Total Subsidies	\$ 6,872,194
Total Equity	\$ 2,274,544



3. DESIGN COMPONENTS

a. Concept

The design portrays the concept of re-living the void. Being one of the oldest neighborhoods of the city, Walnut Hills has been a thriving neighborhood of art and culture. Its commercial district Peeble's corner has once been a bustling terminus of the old cable car. It has been a neighborhood of young artists, talents and cultural history. As cities started to decay with suburbanization and gentrification, like many other neighborhoods, Walnut Hills eventually lost its glory in time. It lost its population and business district. It became a neighborhood of voids.

As Walnut Hills Redevelopment Foundation (WHRF) aims to recreate the vibrancy of the neighborhood, this project targets to be the missing link. Physically and conceptually this project will connect the redevelopments going on at Peeble's corner, Fire Company 16, Five Points Alley and Trevarren Flats, by creating a sense of harmony with these new projects and with old neighborhood fabric. Walnut Hills has been an escape from the city life for its bedroom community and mixed use commercial district. With that vision the project focuses to retain that neighborhood character by designing a mixed residential community supported by small scale businesses and retails. Carrying the notion of live-work, the project keeps in mind the come-back residents who are primarily young professionals and diverse in terms of race, culture, ethnicity and income.

Supported by the newly implemented Form Based Code by the city, Walnut Hills aims to fill up the vacant lots that comprise almost a third of all land parcels. With the view of a thriving Main Street, the design focuses on creating a dense mixed residential and retail uses along the East Mc Millan street which runs across the project sites. As the street connects to the main business district of the neighborhood and major redevelopment zones, the project aims to recreate a continuity of street façade that has been a unique character of the neighborhood. Also keeping in mind the community needs, the design also creates opportunities for adaptable community spaces and recreation areas. These areas are foreseen to attract targeted population and their need for interactive spaces. Along the secondary streets an emphasis has been given on residential family housing with more owner occupied units to give a wide range of options and to ensure that owner stays in the community for a long time.

Emphasis has also been given on the sustainability of the project. To reduce in heating and cooling cost, general principles of building orientation and innovative use of materials

have been adopted to make the buildings responsive to the environment. As the project makes utilization of land and standards at its maximum permit, attempts have been taken to create green roofs that not only will replace the taken green area from the neighborhood but will also provide the residents with opportunity of living close to nature despite of the aimed high density.

b. Design Materials

The materials chosen for the proposed project are of utmost importance with regards to the overall concept of the proposal. The nature of the site is such that any new construction must take extra care so as not to interrupt the existing historic urban fabric. As a result of this we utilized a strategy for determining facade materials based on important site factors such as adjacent buildings such as the Firehouse, and adjacent public spaces, such as the Five-Points alley, and the community garden. We aimed to create a juxtaposition of old and new both in style and materiality. We therefore utilized brick masonry derived from the historic context, and an adaptable curtain wall system based on concepts derived from studies done in the Five-Points alley that concentrated on adaptable architectural prototypes. Brick masonry is utilized at the ground level because of its general durability and contextual sensitivities. Window types that face the historic context are appropriately sized and designed so as to not create a disruption in the aesthetics currently portrayed by the neighborhood. We aimed to maintain the line of facades along the McMillan Corridor in such a way that did not detract from the historic nature of the surrounding context. A curtain-wall system was developed to accommodate the potential for larger openings on upper residential levels. This curtain-wall system accommodates three types of panels: weathering steel, vegetative, and glass. These panel types are based on contextual sensitivities such as material / color palette as well as realities of residential design with regards to privacy. Weathering steel was chosen as the primary finish type for the opaque portions of the curtain wall as a result of its contextually appropriate color / texture, as well as the diverse finishes that will be created. Each panel will weather differently thus creating a visual and architectural representation of the diverse community that will inhabit the built form. The choice to utilize vegetative wall panels was a direct derivation from the community's connection to the earth. The Walnut Hills Community Garden is only a block or two away from the proposed site thus providing an appropriate inspiration and for the vegetative panel and green roof systems proposed. There is clearly a great amount of community interest in

gardening and urban agriculture. The proposed built form aims to capitalize on this interest by attracting residents who are community focused in an effort to drive further development in the neighborhood. The system is developed in such a way that panel layouts could be customized based to the desires of the future residents. The concept here is similar to that of the five-points alley development in that the community could be a part of designing the new facade layouts.

c. Building Standards

Building Area

PHASE 1		PHASE 2		PHASE 3	
RESIDENTIAL UNITS	43	RESIDENTIAL UNITS	39	RESIDENTIAL UNITS	48
RESIDENTIAL AREA	27,410	RESIDENTIAL AREA	28,814	RESIDENTIAL AREA	40,832
CORE AREA	3,784	CORE AREA	1,213	CORE AREA	5,890
RETAIL AREA	14,664	RETAIL AREA	6,080	RETAIL AREA	-
PUBLIC AREA	2,229				
GROSS AREA	59,716	GROSS AREA	40,055	GROSS AREA	46,722

Building Height

ZONE	T4N.SF	T4N.SF-O	T5MS
BUILDING HEIGHT (from street level)	35 FT	35 FT	43 FT
FIRST FLOOR HEIGHT	15 FT	15 FT	15 FT
UPPER FLOOR HEIGHT	10 FT	10 FT	8 FT
NUMBER OF FLOORS	3	3	5

d. Parking Component

PHASE 1		PHASE 2		PHASE 3	
RESIDENTIAL UNITS	43	RESIDENTIAL UNITS	39	RESIDENTIAL UNITS	48
PARKING	34	PARKING	12	PARKING	38
ADDITIONAL PARKING	Phase 2 & 3 areas	ADDITIONAL PARKING	Phase 3 areas	ADDITIONAL PARKING	Shared Parking

e. Housing

The housing units have been designed to attract the young professionals. Anticipating that this targeted population will use the neighborhood mostly as a bedroom community, housing types and numbers have been designed in accordance to their need.

Phase 1: The first phase houses a total of 43 residential rentals units with a total of 27,410 square feet of leasable space supported by 3,784 square feet of core area.

Phase 2: This phase houses a total of 39 residential rental units with a total of 28,814 square feet of leasable space supported by 1,213 square feet of core area.

Phase 3: The third and final phase aims for 48 owner occupied housing units comprising of 40,832 square feet area.

f. Retail

The project has been developed keeping in mind the bedroom community concept of the Walnut Hills. With this view the proposed retail units serve three basic purposes. First, to serve the residential units with basic needs like grocery, pharmacy, food, laundry, salons; secondly, give many young professionals the opportunity of live-work and thirdly, to address the issue of food dessert in the neighborhood projected with the closing of the Kroger in the community. The retail spaces are designed as below:

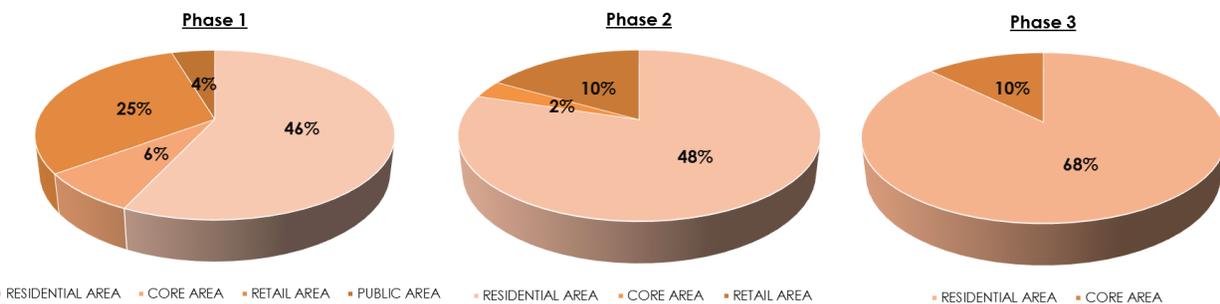
Phase 1: 14,664 square feet of flexible retail space to support 43 residential units. These retail spaces not only will house basic community need businesses but also it will be open for pop-up shops giving marketing opportunities for small business entrepreneurs.

Phase 2: The second phase will have 28,814 square feet of flexible retail space supporting 39 housing units of that phase. These retail spaces will be mostly small scale restaurants and cafes in conjunction with the park and attracting potential residents.

All the retail spaces are flexible and has the ability to house containers for temporary commercial activities.

4. DEVELOPMENT PLAN

For the feasibility of the development, the project has been broken down into 3 phases. The phases are designed with a well-mixed uses. The different use types and their proportions are shown below for all the three phases.



a. Retails:

The design proposes to attract small businesses. As the community is in the verge of losing Kroger from its neighborhood, the retail areas are to provide opportunities for small retailers to replace Kroger and deal with the food desert scenario in the neighborhood. With that vision, we propose potential retailers like bakery shops, grocery shops, laundry, salons, pharmacy, pastry shops, coffee shops and similar outlets that will support the residential life in the proposed area. We would also like to rent out the retail spaces for pop-up shops in its initial phase. This increases the likelihood of small businesses to advertise themselves to the community. At the same these shops turn out to be less risky for developers if they don't do well.

b. Marketing Efforts:

To attract potential tenants for the residential and retail uses, number of contemporary marketing ideas can be implied.

Social media marketing ideas- Facebook, Twitter; Websites.

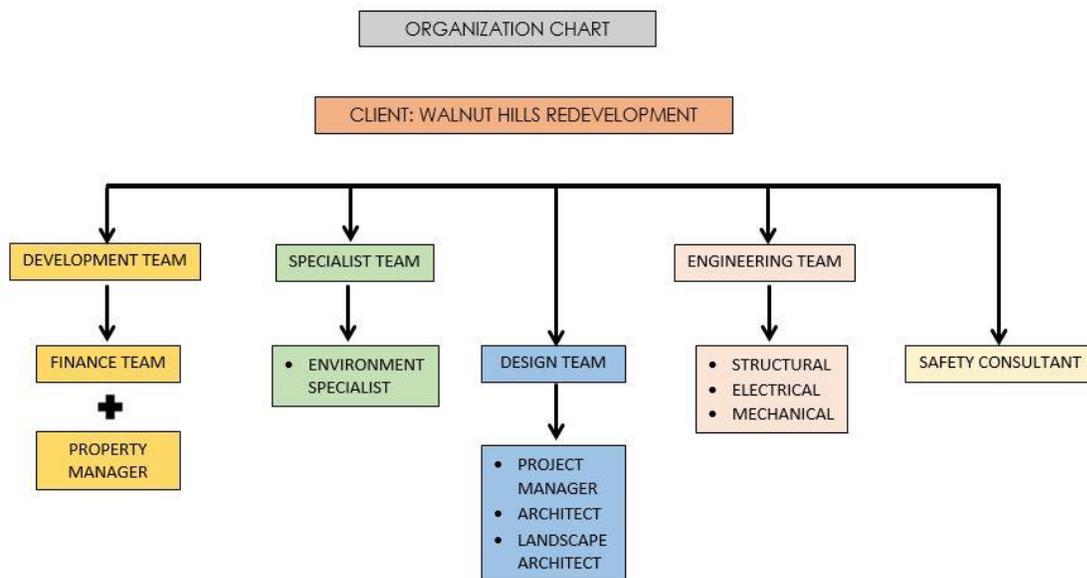
Urban Marketing Ideas- especially for small businesses, advertisement on streets, sidewalks, commissioning a mural, unusual sponsorships like sponsoring GoMetro bus stops and Red Bike share stations can be useful.

Contest Marketing Ideas- participating in photo or video contest, submit your vote contests, caption contests and Sweepstakes. These contests can be promoted by posting on deal sites, hashtags and making these contest super sharable in social media sites.

Content Marketing Ideas- designing the advertisement for specific audiences or target population, adding visual elements, infographics, videos, statistic lines, future predictions and controversial contents.

5. DEVELOPMENT TEAM

The chart below shows different organizations that are likely to involve in the entire development process.



The chart above shows key members of the development team. Their roles and responsibilities are described below:

Finance Team: Responsible for financial planning of the project. Generally they are a part of the developers responsible for the project.

Specialist Team: Hired by the developers, this team is responsible for any special inspection or studies such as environmental experiments for site contaminations.

Design Team: This team is responsible for the production of design, drawing and execution of the project. The project manager manages the scheduling and progress of the development work. Architects are responsible for building permits and construction drawings. Landscape architect is responsible for site and other landscaped area designs.

Engineering Team: The engineering team deals with engineering drawings like structural, mechanical and electrical drawings. This team works in close coordination with the architects and construction workers.

Safety Consultant: This member is responsible for any safety measure surety, such as fire and flood plain hazards.

Property Manager: Property manager manages the property post construction, leasing period and takes care of the maintenance of the property.

6. DEVELOPMENT SCHEDULE

The entire schedule for the proposed development has been broken down into following steps, inclusive of the proposed three phases of the project.

Initial Proposal:

As per the ULI design competition schedule, the final proposal with respond to the Request for Proposal submitted by the Walnut Hills Redevelopment Foundation will be submitted by the competing teams by the third week of October 2014. The winning proposal will be selected by the fourth week of October 2014.

Proposal Negotiation/ Finalization:

With the completion of the competition, the winning proposal will then be finalized over next two months (November- December 2014) with any necessary changes or revisions. The initial proposal includes conceptual designs and financial planning of all three phases of the project.

PHASE 1:

Project Planning:

Beginning January 2015, project planning will be started for the Phase 1 of the project. The finance team will be in charge of this stage conducting overall business plan for the phase with planning and arranging finance, and simultaneously negotiating with the architectural design. By the end of June 2015, it is anticipated that feasibility planning for the project execution will be addressed and all financial arrangements (like loans, subsidies, tax credits etc.) will be completed. This stage will also encompass preparing municipal drawings and submissions required for approval. Specialist teams will be in action with any survey and environment work required.

Technical Drawings:

Once the project planning has been done and municipal permission has been granted, over the period of July to September 2015, all necessary technical drawings will be completed. The primary actors of this phase will be the design team. Along with the construction drawings, this stage will also call out for bids for contractors.

Preparing for Construction:

With the completion of the technical drawings and necessary detailing, a three months' timeline (October to December 2015) has been allotted for hiring contractors and any remaining process to start up with the construction.

7. FINANCIAL PLAN

Financing the Firehouse Row Development posed many challenges with the current market but through creative financing and a proper development schedule we see this project becoming more and more feasible.

We are posing a three phase development plan in which we would bring 27,000 square feet of residential, 15,000 square feet of retail, and over 2,000 square feet of public use space on line in the first phase. We believe that phasing this development not only helps with the financial feasibility side but also allows time for the Walnut Hills market to grow and mature over time.

Phase 1: As stated above phase 1 will bring 27,000 square feet of residential, 15,000 square feet of retail, and over 2,000 square feet of public use space to Walnut Hills. We feel this is a great place to start as it is not too large and will grow interest in the area. To finance our first phase of development we are looking at a permanent loan of \$2,713,718 at 5% amortized over 25 years. Also, we believe this is a perfect development to utilize New Market Tax Credits. Based upon our total development costs we feel we can qualify for \$2,208,955 in New Market Tax Credits as well as \$750,000 in a block grant from the City of Cincinnati. This leaves the developer with \$1,407,312 in equity required to finance the development costs which total \$7,079,985. Once stabilized, phase one of the development will generate an NOI of \$302,129 and an internal rate of return of nearly 10%.

Phase 2: The next phase of the development will complement phase one and bring on an additional 28,643 square feet of residential and 6,080 square feet of retail. We plan on financing phase two similarly to how we financed phase one with a permanent loan, tax credits, and an even smaller block grant. The second phase will cost an estimated \$5.1 million in total development costs and will generate an NOI of \$270,000 that will cover \$174,000 in debt service.

Phase 3: Lastly we will complete development with our third and final phase which will unite the community by adding the largest of the three phases; 41,000 square feet of residential housing. The third phase of development will generate over a half a million in rent role per year with a value of over \$5 million.

Once completed, the Fire House Row development will be valued at over \$12 million and have added 100,000 square feet of residential housing, 21,000 square feet of retail space, and over 2,000 square feet of space available for public use and events.