

DEVELOP

Streets of Buckhead

Best known as Atlanta's lap of luxury, Buckhead also was home to a sometimes criminal and violent nightclub district. The former hot spot now is being redeveloped as a \$1.5 billion mixed-use project called Streets of Buckhead.

If built out as planned, the project promises to transform Atlanta's answer to Bourbon Street into a

high-end lifestyle district tailored after Madison Avenue with European designer shops, fine dining, fitness facilities, luxury apartments, and a world-class hotel.

It also should strengthen Buckhead's brand in the city's \$11.4 billion tourism industry. Already, more than 40 percent of retail sales in Buckhead are derived from shoppers who reside more than 100 miles (160 km) away, according to the Buckhead Coalition, a nonprofit group of business leaders that fosters the district's development.

"As a community, Streets of Buckhead will provide one more reason to attract visitors to stay an extra day in Atlanta, which the Georgia Aquarium has helped do," says Ken Bernhardt, a regents professor of marketing at Georgia State University. "A lot of the future spending will come from outside the metro Atlanta area. If Streets of Buckhead truly has merchandise people want, the

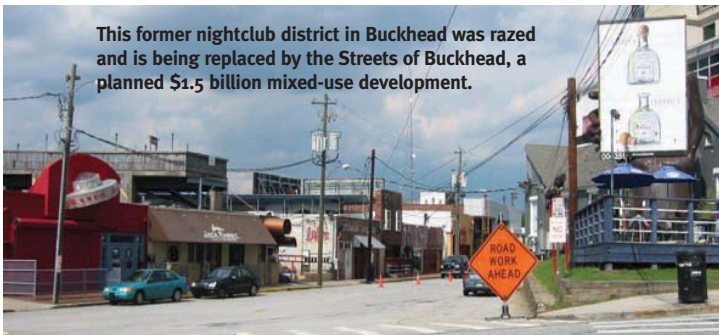
service people want, and at a reasonable value, it will attract higher-income people from the whole [U.S.] Southeast, as well as the millions of people who come to Atlanta for conventions and meetings."

Buckhead's old nightclub setting began taking shape in the mid-1980s. At the time, the city of Atlanta was entering its second decade of population loss. Buckhead's neighborhood-based retail area—characterized by one- and two-story buildings built mainly from the 1920s to the 1940s—was struggling to survive in the shadow of nearby megamalls Phipps Plaza and Lenox Square. After the city granted requests by property owners to waive parking requirements to facilitate development of a nightclub district, the area swiftly evolved into a popular spot and, later, into a late-night bar district where fights could break out among patrons and street prostitution was prevalent.

The party atmosphere died quietly over a two-year period as developer Ben Carter secretly began acquiring land in 2005 for his proposed megadevelopment. Carter, a Buckhead native and scion of commercial broker and developer Frank Carter, hired the Atlanta-based Sutherland law firm to acquire about nine acres (3.6 ha), representing about 35 properties, from about a dozen owners.

The acquisition process posed multiple challenges, according to Sutherland partner Jennifer Van Ness, including the relocation of businesses—other than nightclubs—that were beloved by the community, such as fishing and firearms stores. Also moved was the Fado Irish Pub, which required coordination with artisans from Ireland who needed to

This former nightclub district in Buckhead was razed and is being replaced by the Streets of Buckhead, a planned \$1.5 billion mixed-use development.



BEN CARTER PROPERTIES

Streets of Buckhead is envisioned as a lifestyle destination by developer Ben Carter.



SMALLWOOD, REYNOLDS, STEWART, STEWART & ASSOCIATES, INC./BEN CARTER PROPERTIES

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Streets of Buckhead aims to provide Atlanta's version of the street retail center common in major cities.

finish the new structure and scheduling to accommodate two major income-generating events—the 2007 World Cup and the 2008 St. Patrick's Day celebration.

“A lot of time and energy was spent, and some real money put at risk, before we knew we could get locked up and closed on the core project area,” Van Ness says.

In 2007, the nightclub district was razed—with the exception of a public library branch—and the first phase of the new development is to open in March 2010.

According to Carter, this first phase, which will comprise 375,000 square feet (34,900 sq m) of retail space, will create an additional destination on the six-mile (9.7-km) spine of Atlanta known as Peachtree Road and Peachtree Street. Leases have been signed for 40 percent of the space, and letters of intent have been signed for an additional 10 percent, he says. He envisions that when completed, the project will

serve as Atlanta's version of a core street retail district, similar to the role played by Bond Street in London, Madison Avenue in New York City, and Rodeo Drive in Los Angeles.

“When I was growing up, Buckhead Village had some of the best boutiques and restaurants and entertainment,” Carter says. “I think Streets of Buckhead will make this a prime location for adjacent development and, hopefully, promote the image of the city.”

DAVID PENDERED is a freelance writer who has reported on metropolitan Atlanta since 1982.

Southern Hospitality

The Ellis Hotel on downtown Atlanta's signature Peachtree Street opened its doors to guests in late 2007 after sitting vacant for more than 30 years. The recent renovation restored the building, originally called the Winecoff Hotel, to its former grandeur as an intimate luxury hotel.

When it first opened in 1913, the Winecoff Hotel was the tallest building in Atlanta at 15 stories. Commissioned and owned by William Winecoff, the Chicago-style hotel with Beaux-Arts ornamentation was considered one of the finest in the United States. Designed by William L. Stoddart of New York City, it was advertised as “absolutely fireproof” because of its brick construction—despite its lack of sprinklers, fire escapes, or alarm system.

Tragedy struck on the evening of December 7, 1946, when a fire on the third floor spread throughout

the building, with the central stairwell acting as a flue. Of the 280 guests, 119 perished, including William Winecoff and his wife, who were hotel residents. It remains the most deadly hotel fire in U.S. history and the second worst in the world. This catastrophic event prompted the establishment and enforcement of U.S. safety and fire codes.

The hotel reopened in 1951—with a fire escape—as the Peachtree-on-Peachtree Hotel; then in 1967, the Georgia Baptist Convention converted

Originally called the Winecoff Hotel, this structure on Atlanta's Peachtree Street was renovated (below) and is now the Ellis Hotel (bottom).



THE ELLIS HOTEL



THE ELLIS HOTEL

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the structure into a senior citizens' residence. But since the early 1980s, this building on downtown Atlanta's main commercial street has been vacant except for retail tenants on the lower floors, and has been decaying for decades.

Following a series of failed attempts at redevelopment, the long-neglected property was acquired in 1999 for \$3.35 million by Kelco/FB Winecoff LLC, a joint venture that includes Jay Furman of RD Management LLC, an experienced New York City-based developer.

The project, which had a total budget of more than \$27 million, was financed through a variety of public and private sources. Located in Atlanta's Westside Tax Allocation District (TAD), it received \$3 million through tax increment financing. (See

"Westside Tax Allocation District," page 52.) The TAD provided the developer with essential gap funding in the form of grant dollars, making redevelopment of the blighted project financially feasible. The developer also sold \$4.4 million in historic tax credits to U.S. Bank Corp., secured a \$13 million construction loan through Capmark Finance Inc., and funded the balance of project costs through contributed equity. Ground was broken at the former Winecoff Hotel in April 2006.

Redevelopment frequently entails challenges, and this project was no exception. Significant environmental remediation and structural repair were necessary. All facades had to be refurbished, which included the customization of new windows to accommodate National Parks Service

standards for historic structures. The developer also negotiated the acquisition of and improvements to neighboring land owned by the Metropolitan Atlanta Rapid Transit Authority (MARTA) for use as the site of an outdoor café.

The Ellis Hotel opened to guests in October 2007. The 127-room luxury boutique hotel, managed by Boykin Management Company, now has sleek, classic post-modernist decor coupled with Southern charm and hospitality. On check-in, guests are greeted with the scent of Sea Island Cotton, the sound of Southern musicians, and the taste of a Georgia peach-infused drink. The on-site e Street Grille also offers a number of regional specialties on the newly constructed balcony overlooking Peachtree Street.

This transformative restoration of the Winecoff into the Ellis Hotel

ensures the preservation of this historic landmark and contributes to the continued revitalization of downtown Atlanta.

CHERYL STRICKLAND is managing director of tax allocations districts at the Atlanta Development Authority.

Beltway Burden

Last month, the ULI Terwilliger Center for Workforce Housing released a report showing the heavy toll housing and transportation costs place on workers throughout the Washington, D.C., metropolitan region.

As demonstrated in *Beltway Burden: The Combined Cost of Housing and Transportation in the Greater Washington, DC, Metropolitan Area* (available at www.uli.org/terwilliger), combined housing and

transportation expenses represent about 47 percent of the median household income in the region overall. This burden, however, varies significantly among the 22 areas analyzed—ranging from 58 percent in an outlying county to 39 percent in an inner-ring county.

While these findings are significant, they are hardly surprising. They reinforce what ULI has long known: years of ever-sprawling development have resulted in a widening gap between where people live and where they work. And, while *Beltway Burden* focuses exclusively on the Washington region, its findings could just as easily be applied to virtually any high-cost urban area in the United States.

Despite the recent declines in home prices resulting from the housing market collapse, there is still a shortage of workforce housing near jobs in high-cost urban areas.

Beltway Burden illustrates an area's location cost, which combines both housing and transportation expenses. An online calculator (www.uli.org/costcalculator), developed as a companion to the report, allows consumers in the Washington region to determine precisely how much they are spending, based on factors such as home and work addresses, income, number of cars owned, and number of transit trips typically taken.

The cost burden alone poses dire consequences for many consumers. But, the disconnect between housing and jobs is by no means just an economic issue. It is an environmental one as well because long commutes add to traffic gridlock, which

adds to carbon emissions. It is also a quality-of-life issue because people are spending more time in their cars and away from their families.

In short, workforce housing is a pressing urban need that cannot be shelved and addressed later. And like so many other problems facing the country, this one cannot effectively be resolved with-

out help from the federal government. In particular, Congress and the White House should undertake the following two strategies:

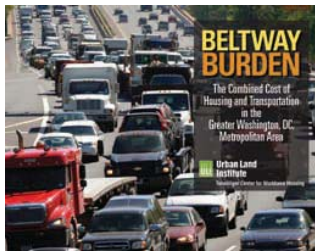
▷ Allocate infrastructure and other economic development funding—including that from the federal economic stimulus package—in such a way as to encourage denser devel-

opment near transit and minimize sprawl and excessive car use, thus tying land use to transportation.

▷ Offer a tax credit to encourage the conversion of existing market-rate units to workforce housing units, which would not only help meet the demand for workforce housing, but also create jobs.

Taking these steps would turn an urban expenditure into an urban investment and catalyze further incentives at the state and local level.

Restoring economic vitality to urban America means fixing many broken parts, but the housing/jobs imbalance is key among those. ULI considers solutions to this problem to be a vital part of creating better growth patterns for the nation's urban areas and aims to encourage private sector construction of workforce housing near where jobs are located.



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Where we build is just as important as *what* we build. The challenge for the land use industry is to build workforce housing where it is needed.

RICHARD M. ROSAN is president, worldwide, of the Urban Land Institute.

ULI Receives \$2 Million Gift to Support Research and Education

The Urban Land Institute recently received a philanthropic gift from the estate of Laurence P. Smith through the ULI Foundation's planned giving program. The gift of nearly \$2 million will be used to establish the Laurence Smith Fund for Real Estate Education and Research.

Smith, a longtime member and former ULI trustee, was one of the foremost authorities on real estate market analysis in the 1960s and 1970s. His work focused on economic, valuation, and feasibility analyses primarily related to shopping center development and redevelopment in urban core environments. He was chief executive of Larry Smith & Co., which had offices in New York City, Washington, D.C., and Seattle. Smith was noted for his expertise in urban retail redevelopment planning, appearing as a frequent speaker at industry events and writing numerous articles and publications. He cowrote, with Victor Gruen, the book *Shopping Towns USA: The Planning of Shopping Centers*, which was published by Van Nostrand Reinhold in 1960.

Smith's gift will enable ULI to undertake projects that advance specific research and education initiatives in the real estate and land use industry. For more information, contact David Howard, executive vice president of the ULI Foundation, at dhoward@uli.org.