

Welcome!



“Virtual” Rev Up Upper Story Housing Part 1

April 22, 2020 11 am-12 noon EST

1. Be aware, phones are muted
2. Use the chat feature to ask questions
3. Please complete the Survey Monkey evaluation

Speaker

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Frazier Associates Architects and Planners



Even with this pandemic..

- Downtown is the place for the community experience...
- People are looking for inviting walkable places so...
- Living downtown has become more popular!

Goals today:

Give you parameters and possibilities to help you identify potential projects and reach out to owners or potential developers

Part 2: Next Week

- The on-site Rev Up was to include visits to projects in Marion, Luray and Danville
- Instead, the virtual Rev Up will take you through several sample projects
- *So, be thinking about projects in your community during this presentation*
- Let us know via email a sample building in your community being considered for upper story residential that you would like some feedback on in Part 2.

Ask Yourself: *Is there Upper Story Housing in My Downtown?*

No

- Why not? (Has zoning been an issue for instance?)
- Has there been any interest?
- Are there good potential buildings?
- Who are the good potential owners or developers?

Yes

- What was the economic driver(s) behind these developments?
- Are they cool places?
- Have they been publicized?

Or

- Has it been there a long time and is dated?

Inherent Parameters



1. Building Stock
2. Underlying Economic Drivers
3. Building Owners
4. Construction Costs and the Market
5. Potential Developers
6. Zoning
7. Building Code

1. Building Stock



- 1-3 stories tall
- 1-3 storefronts wide
- Mixed use- commercial first, variety of uses on upper
- Front and rear windows; few side windows as buildings are smack against each other

1. Building Stock

Factory or Warehouse Buildings



- Theaters
- Courthouses
- City Halls
- Banks
- Post Offices
- Special Use Buildings



These buildings tend to retain their intended use vs. becoming residential

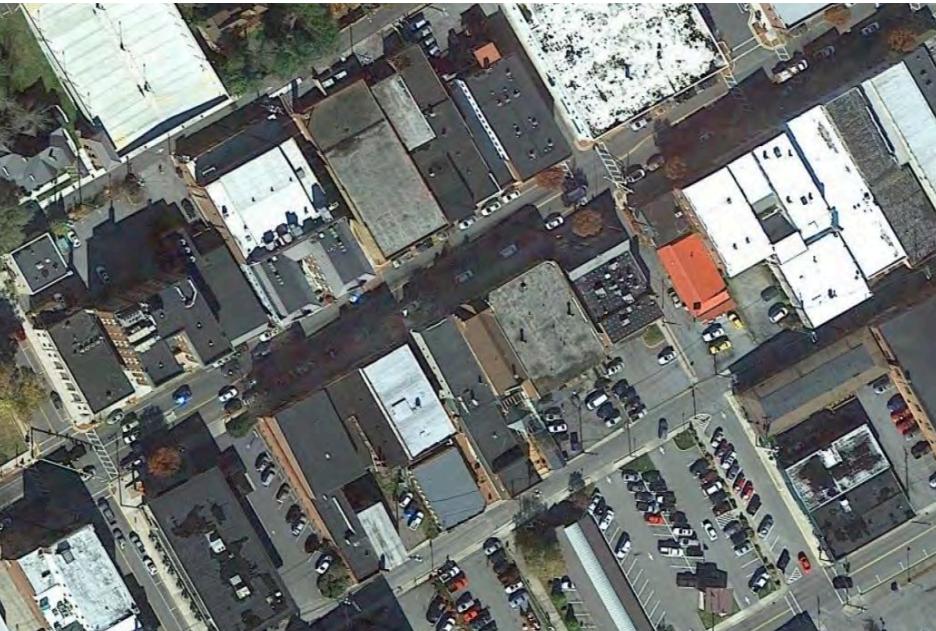


1. Building Stock

1. Building Stock

Typical Downtown Buildings

Zero setbacks except, perhaps,
the rear of the building



1. Building Stock



1. Building Stock.

Upper Story Access



- Inside first floor space
- Front with own door
- Rear



Take a moment...

Think about your building stock and what might be ripe for upper-story housing in your downtown...

- Typical 2-story downtown buildings?
- Vacant or underused factory or institutional buildings?

A simple spreadsheet analysis is available to you or

See what your town can provide about real estate.



2. Larger Economic Drivers

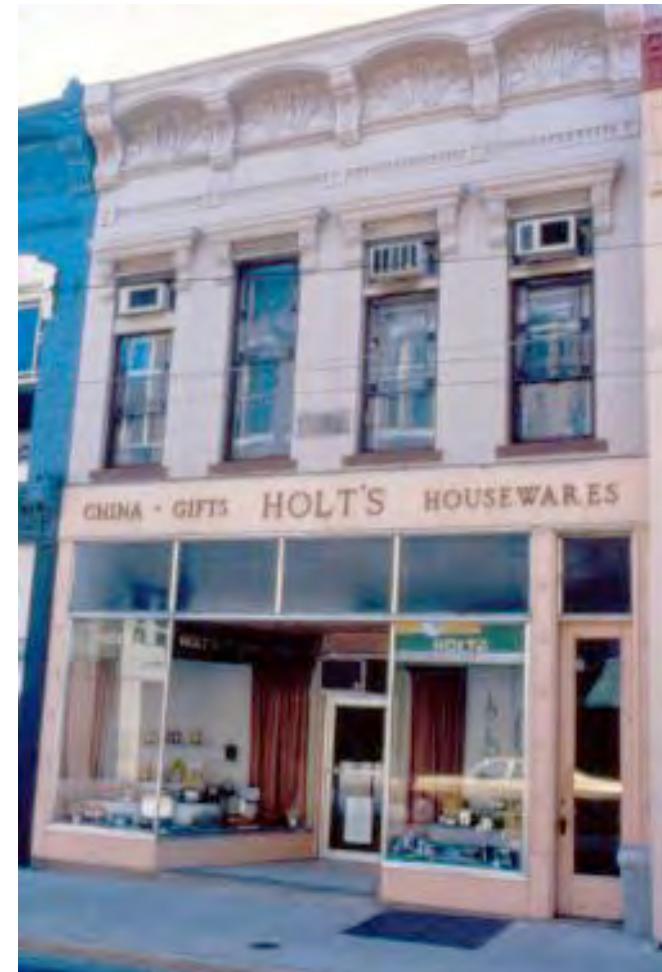
- Adjacent to larger metropolitan area
- Regional industry
- Institutions – such as colleges and universities
- Regional Government Facilities
- Tourism hub – attractions
- Good access to medical facilities and interstates

These drivers can generate potential tenants and inform the kind of units that make sense...

3. Building Owners

Owner Occupied or In-Town Owner

- Getting rent off first floor or may have their own business on first floor
- Probably owned for a long time
- Upper floor vacant or used for storage
- Will take time to educate about potential for development
- Hard to renovate when occupied.



3. Building Owners

Out of Town Owner or Family Trust

- Getting rent off first floor
- Probably owned for a long time
- Upper floor vacant or underused
- May not be fully vested in the efforts to revitalize downtown
- If selling, may have unrealistic ideas of value



3. Building Owners

Institutions

- Universities
- Large companies – regional headquarters
- Government- federal, state, county, local

LLC/Developer

- Already see the potential
- On the move to do the development

4. Construction Costs/Potential Rent

Costs

- Construction Costs are High
 - no matter where
- Smaller communities *could* be higher cost - or same as larger communities where there are more contractors
- ...or not. However, cost of materials are the same.

Rent

- Rents are lower in smaller communities where rental demand is low
- Which could make it harder to pencil out the project...

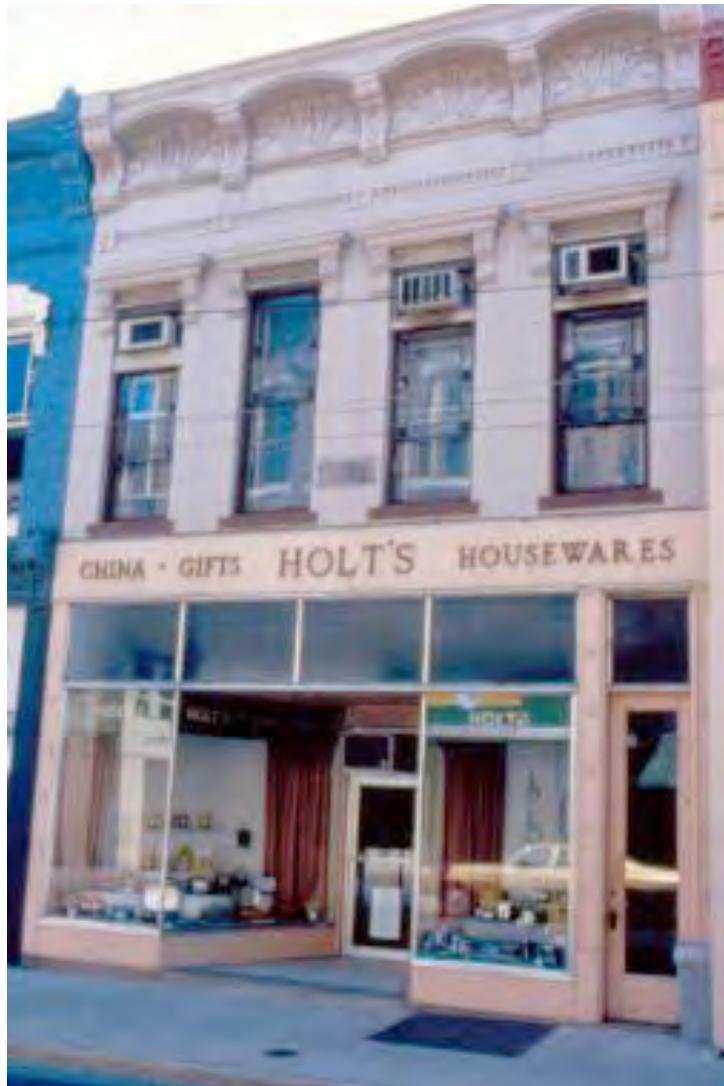
Hence, why some smaller developments often tend to be owner developed and occupied

5. Potential Developers

- A. Owner Occupied
- B. Local Small Developer
- C. Large-scale Developer

Many developers, whether large or small, tend to have their own construction company.

5A. Owner Developed and Occupied





- 1981 Sold for \$35,000
- Several owner-occupied retail first floor tenants
- Fully developed second floor 2010
- Sold about 2 years ago \$850,000

5A. Owner Developed and Occupied

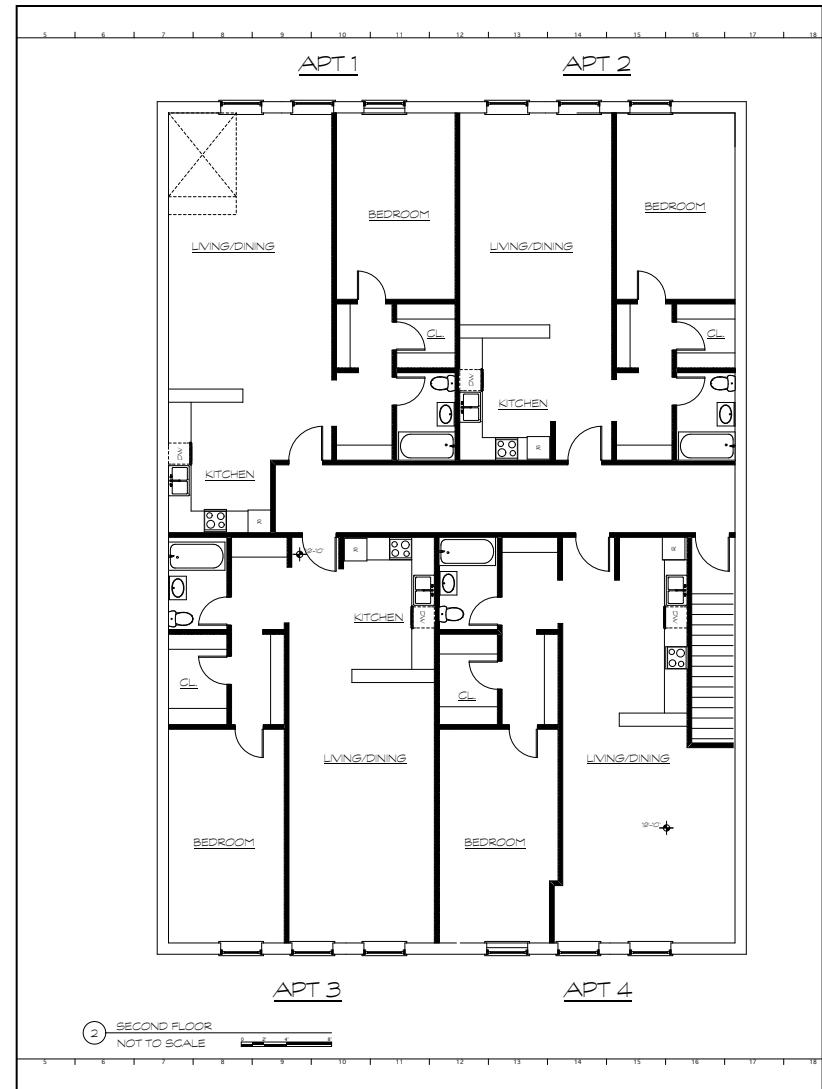
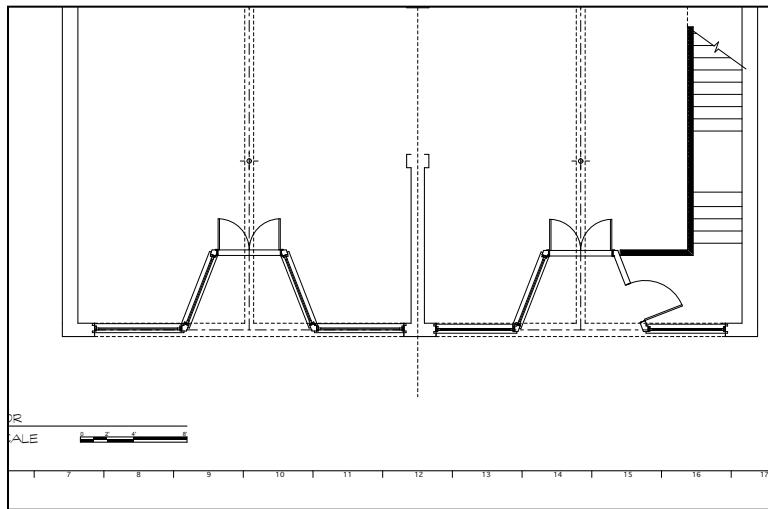
5A. Owner Developed, Occupied, Condoed



5B. Local Small Developer



5B. Local Small Developer



5C. Large-Scale Developer



5C. Large-Scale Developer



5C. Large-Scale Developer



6. Zoning

- Generally downtown buildings are business on first floor and allow residential above.
 - Mixed use
 - Special Use Permits
- Parking – Many cities do not have parking requirements in the downtown
 - Sometimes there are parking lots where spaces can be leased.
 - There may be a rear alley and site with the building that could have a few spaces.

Parking – Know Your Resources



1

2

3

4

5

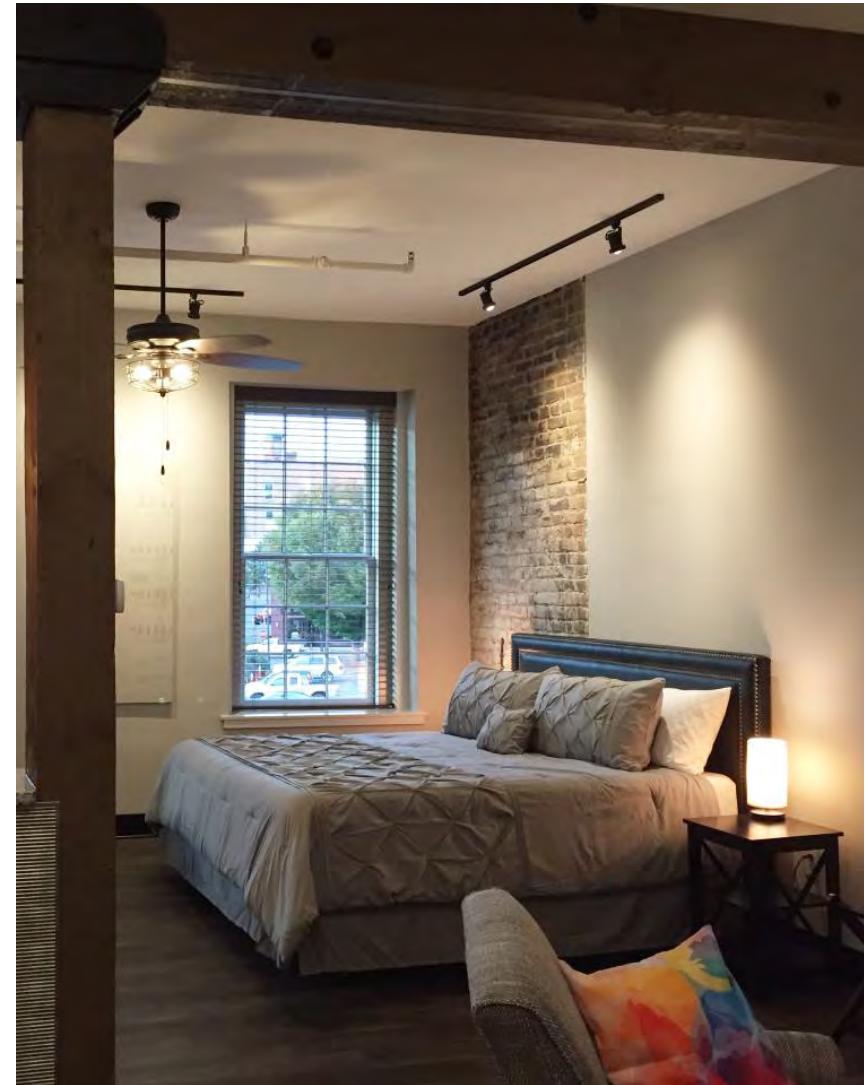
Special Use Permits



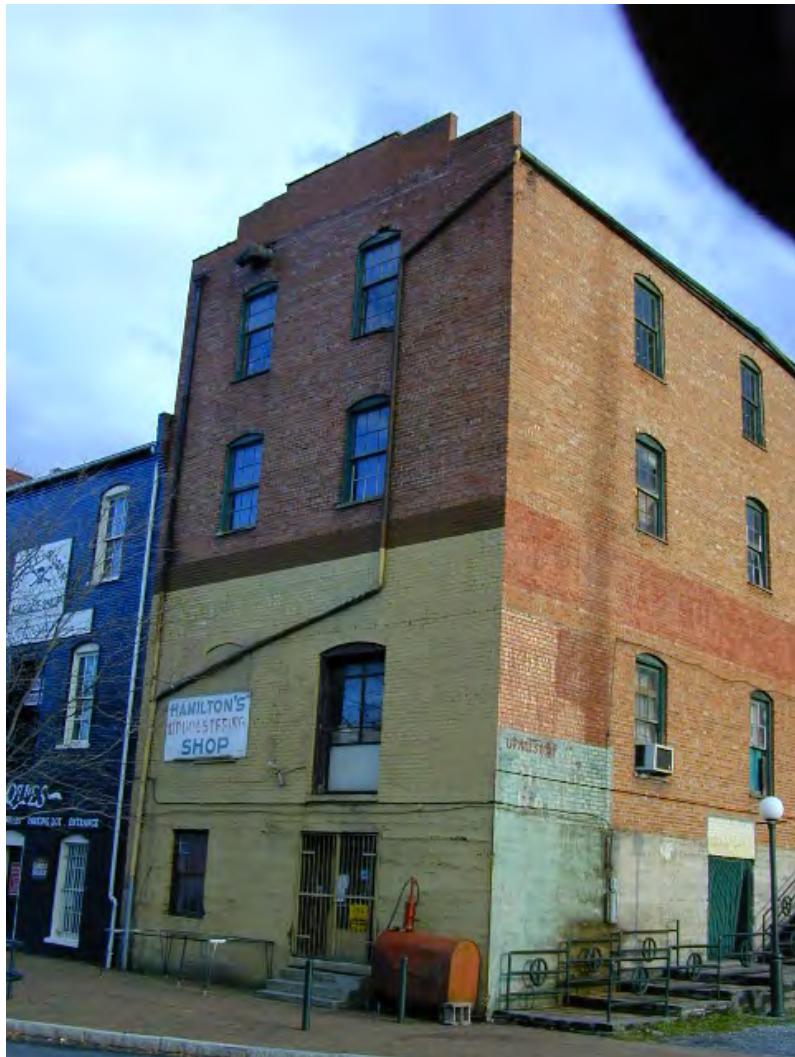
Special Use Permits



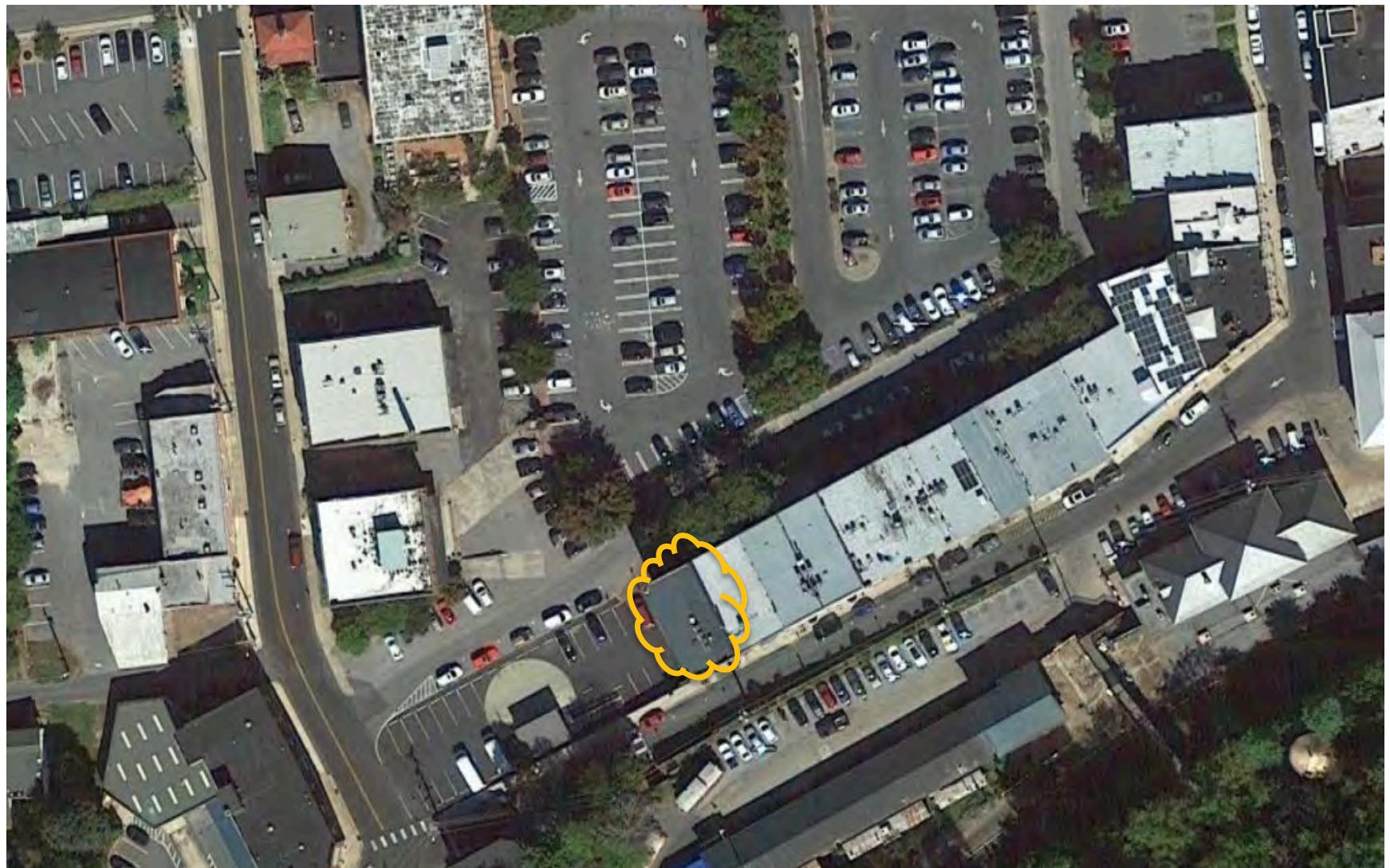
Airbnb



Personal Experience



Parking



7. Building Code Essentials

These Items...

- Use Group
 - Existing and Proposed
- Construction Type
- Area of the Building
- Number of Stories/
Height
- Number of Units
- Level of Alteration
- Historic Designation

Impact these Items...

- Egress
- Accessibility
- Fire Protection
 - Sprinkler Systems

Check with your Code Official:
Virginia Existing Building Code

A Note on Financing

Future Webinar...

- Many avenues these days
 - Enterprise zones
 - Opportunity zones
 - Grants
 - Foundations
- Historic Tax Credits remain an essential tool for historic rehabilitation

Historic Tax Credits

- Helps to bridge the funding gap
- 20% Federal, 25% State
- National and State Registers
- Meet qualifying expenditures
- All work must meet *The Secretary of the Interior's Standards for Rehabilitation*
- Complete a three-part application process
- Larger projects “syndicate” the credits to bring cash into the project

The Secretary of the Interiors Standards – Core Preservation Principles

- Preserve
- Repair
- Rehabilitate
- Reconstruct

- 1. Use aligns with bldg type
- 2. Maintain historic character
- 3. Avoid false historicism
- 4. Recognize changes over time
- 5. Materials and Craft
- 6. Repair rather than replace
- 7. Use gentlest means
- 8. Archeology
- 9. New additions
- 10. Related new construction

Inherent Parameters



1. Building Stock
2. Underlying Economic Drivers
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Available Analysis Forms...

Upper Story Housing		
Questionnaire and Initial Observations		
	Notes	
1 Building Stock		
	Typical number of stories and width	
	Larger vacant building opportunities	
2 Economic Drivers	Potential Tenants	
Near larger metro area?		
Industry		
Institutions		
Tourism Hub		
Access to Transportation Hub		
Other		
3 Building Owner Analysis		
see spread sheet		

...Spread Sheet

Building Analysis for Upper Story Housing Potential																		
Address	Street	# Stories	Current Uses		Ownership						Condition			Second Floor Access			Owner Infor	
			First Floor	Upper Story (s)	Owner Occupied	In-Town Owner - Not Occ	Out of Town owner	Family/ Trust- multipl	Institu tion	Recent - Developer or LLC	Vacant and Not renovated	Occupied first floor only	Fully occupied- Needs reno	Ext door-Front	Rear	Inside first floor		

The Form is available to download right now!

Next Steps

- Take a look at your downtown with this week's parameters.
- Send in a sample building (photos of the exterior and any info on current use and ownership)
- Three completed projects to be shown from simple to complex
- Submitted potential buildings will be paired with sample projects and discussed.





“Virtual” Rev Up Upper Story Housing Part 1

Q & A

Upper Story Housing Part 2

April 29, 2020 – Same time, same place!

Hope to “see” you then!