

MIXING IT UP

by BILL BEGGS JR.

**Where Developments Blend Commercial
and Residential, Both Can Benefit**

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One word seems to sum up the difficulty developers are having with any project as we approach the midpoint of the second quarter, but it's a word many from coast to coast and in St. Louis are loath to use, because it's the "R" word.

In two words, a casual consumer of the mainstream media could give you a local example of the trouble that the mixed-use phenomenon is up against: "Ballpark Village."

At the end of March, Centene Corp. cancelled plans to relocate its headquarters from Clayton to a portion of the vacant parcel north of Busch Stadium. The company's concept included a 27-story tower that would include retail space and other features to dovetail with the \$387 million first phase of Ballpark Village. Plans for the Village, a 50-50 development by the St. Louis Cardinals and Baltimore-based Cordish Co., along with possibly millions in State and City monies and tax increment financing (TIF), will continue, but without Centene.

The projected mix remains: 250 condominiums, 270,000 square feet of restaurant and entertainment space, and 100,000 square feet of office space.

"A hiccup" is how Jim Cloar, head of the Downtown St. Louis Partnership, has characterized the Centene no-go. Others will recognize the opportunity, observers say, but in an uncertain economic climate, it could take a while to reconfigure the deal. In any case, it won't be a walk in the park. "Complicated" doesn't begin to describe the circuitous negotiations, long hours, last-minute concession requests and other details in which the devil may be.

Bob Lewis and Brad Beggs (no relation to this writer), principals of Development Strategies, a local development consulting and appraisal firm, are fans of mixed-use development. Beggs also serves as programs chair for the Urban Land Institute's local chapter, and will work alongside other regional urban development experts to select the most successful examples of mixed-use for next year's Urban Marketplace event. The first three in St. Louis were held in 2003, 2005 and 2007.

Just what is a "mixed-use development," anyhow? Beggs says there's no standard definition: the common theme is more than one type of use in the same building or development. However, developers and planners would generally qualify it as compatible uses that benefit from sharing the same building or development site. Those benefits would include:

- Allowing more density of development beyond what standard zoning would permit
- Sharing parking among uses and reducing overall parking needs/costs

- A higher-profile development that might charge higher rents
- Encouraging fewer “vehicle miles” and more pedestrian activity
- Creating areas of greater character and stronger sense of place
- Enabling greater diversity of people

Ballpark Village will be brand-new, from the ground up, while other mixed-use projects will augment what's already there. In either case, Beggs and Lewis say, planners hope for the live-work-play aspect of concentrating different types of uses, as well as making their communities more attractive to potential residents. Consequently, mixing commercial and residential use is typically the best approach.

Of course, St. Louis developers are expert at mixed-use development without losing the historic flavor—what was old is new again, although it may not look or feel that way. Some of the best historic “neighborhood” examples include the Central West End, The Loop in University City, and Old Webster in Webster Groves. Developers try to emulate the successful characteristics of these great places such as these in new mixed-use projects.

Along with downtown Clayton and St. Louis, others with potential include the fresh new face of Maplewood along Manchester Road, Lafayette Square, and stretches of South Grand.

However, what seem like good examples may not be—at least, not yet.

“The Boulevard in Richmond Heights has been criticized for its ‘movie set’ feeling, preference for national retail, and exclusiveness,” Beggs points out. “However, it is only the first phase of a three-phase project and its difficulties are easily taken out of context. The developer, Pace Properties, is striving to make a better shopping, dining, and living environment, but has been met with a greater share of challenges than originally anticipated. It is, in fact, a big improvement over the typical retail center,” Beggs explains.

Several new “town centers” have been built or are proposed in St. Louis County, including Wildwood Town Center, on Hwy. 100 far to the west of I-270. Mostly these seem to be reformatted retail centers; the hope is to have denser residential surrounding these projects, but for now, it's mostly single-family homes.

“New Town St. Charles has certainly been popular with homebuyers, but its local retailers and restaurants have struggled,” Beggs says. “Even with the many households that have been created there, it doesn't have the density to support good restaurants, which rely both on lunch and dinner traffic, and retail, which requires spending patterns that New Town itself cannot support.”

However, he points out, Whittaker Homes is doing its best to incubate restaurants, retail, and a range of services for New Town residents. The issue here may simply be timing.

Along with Ballpark Village, other potential new mixed-use projects include The Bottleworks District and the Lemp Brewery, which will make use of intriguing period architecture. Developers hope to recreate an atmosphere of days gone by, when pedestrians strolled and the carriage trade came to call.

That successful model is evident in many city neighborhoods, notably the Central West End and the U. City Loop. And there's cause to celebrate these “older” mixed-use projects, says Lewis, who hopes that what Ted and Sam Koplars and Pete Rothschild are doing in the CWE will be an inspiration to developers both in and out of town. Add to that the transformation Joe Edwards et al. have accomplished in The Loop.

“Hopefully, they'll encourage the Cardinals and Cordish to emulate successful aspects with Ballpark Village, and Clayco with the Bottleworks District,” Lewis says.

Meanwhile, Development Strategies has been working with the developer of the Lemp Brewery.

"The intent is to bring back the 'walkable' aspect of this formerly abandoned neighborhood with the types of shops and services anyone would want to have nearby, but generally don't exist anymore," Beggs says.

Visitors to the Gateway City often have high praise for the history of our neighborhoods. Unfortunately, many of them are losing their walkability.

"Recreating this is very difficult, not so much in concept, but because of the many different levels at work," Beggs says. "Designing and financing these projects is tricky, zoning is complicated, and they are generally very expensive."

"Everyone, including developers, lenders, homebuyers, and cities using traditional zoning ordinances, are conditioned to understand uses as separate. Homebuilders don't do retail and may not even venture into condos or apartments. Retailers won't compromise on parking. Lenders evaluate different uses with different underwriting criteria. Many homebuyers view commercial uses or rental housing near their home negatively. Traditional zoning ordinances don't adequately address shared parking. Yet successful mixed-use projects often generate value that greatly exceeds conventional development," Beggs says.

Land assembly is another impediment, as owners of small parcels in the middle of planned high-ticket developments may just sit tight, while the price of their real estate skyrockets.

Nevertheless, viable mixed-use development can, and is, being done.

"Although the CWE is 100 years old, it continues to change, which is a very important aspect in keeping the neighborhood vibrant," Beggs says. Maryland Plaza, The Chase Park Plaza, and portions of Euclid Avenue have benefited from completely new development forms and mixed uses. Similarly, The Loop is almost 40 years old: expansion over the past five years, much of it to the east of Skinker to include The Pageant and the Delmar METRO station, is probably doubling its size.

But don't expect to see a McDonald's or Wal*Mart anywhere near either neighborhood, which pride themselves on their unique atmosphere—call it continental, cosmopolitan or both. National chains seem to work just fine in other areas that one could consider mixed-use. Take the stretch of Hanley south of U.S. 40/I-64 adjacent to the Brentwood METRO Station. Just to the northwest, condos are being built. Perhaps yet another Starbucks would do well there. But not a Denny's. That is to say, what worked one place will not necessarily work elsewhere.

And if any of this seems daunting to the first development candidate, eventually all the pieces of the mixed-use puzzle will come together for the next developer, or developers. Plus, they usually get some help from local and/or state taxpayers.

"These complications are no reason for developers using tens of millions of dollars in public subsidies not to do their best," Beggs emphasizes.