

Despite unforeseen hurdles, developers recast old sites

Revamping historic spaces is not easy; even adhering to new codes can be costly

By **LYNETTE HAALAND**

George Traikos relishes melding the old with the new.

Early this year Traikos, a developer with Traikos Real Estate Group, bought one of the vacant James Cunningham, Son & Co. buildings at 33 Litchfield St. He is in the early stages of transforming the former carriage factory site in the city into a commercial and residential space. Traikos also is involved with revamping the historic Academy Building on South Fitzhugh Street.

"The challenges are not insignificant, but at the end I think it will be a good thing we are accomplishing," he says.

Traikos is one of a few developers recasting Rochester industrial sites—like chewing gum plants—into modern, functional spaces. Although such developments face challenges, such as conforming to new building codes and transforming space to fill current market demand, these developers are determined to leave a viable legacy.

Redevelopment projects are useful, says William Hudnut III, the Joseph C. Canizaro Chair for Public Policy at the Urban Land Institute in Washington, D.C.

"It is much better than letting a place sit idle and deteriorate," he says. "It is important to promote downtown residential space because it relieves some pressure on outward sprawl."

And, he observes, the younger generation prefers being downtown to being in the suburbs.

But like area developers, Hudnut agrees that redeveloping former factories has its share of trials. He says a market study to help determine the type of adaptive reuse a site is suited for is essential on the to-do list.

Market demand

The Village Gate Square, another former factory site owned by Gary Stern of Stern

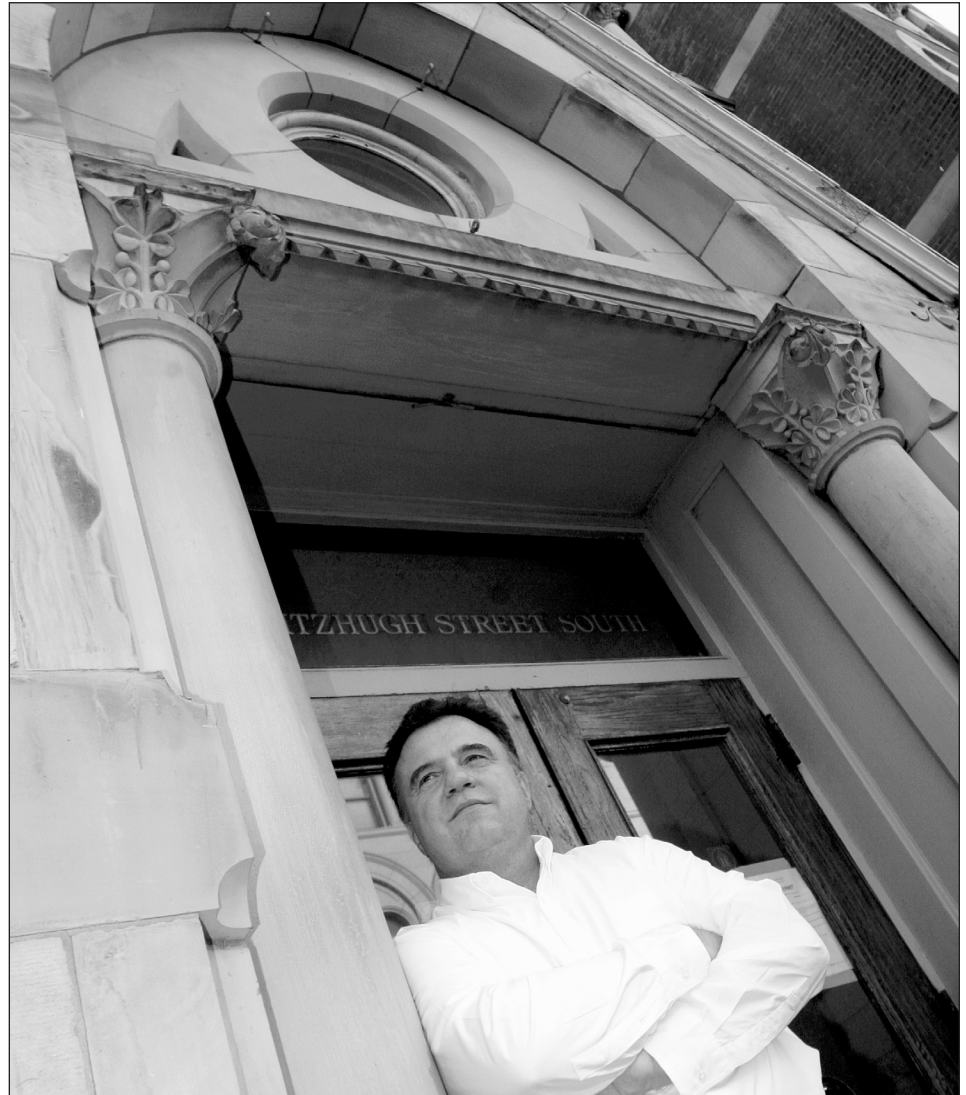


Photo by Kimberly McKinzie

"Conservation includes preserving what you already have instead of throwing it out and starting from scratch," says George Traikos, a developer with Traikos Real Estate Group, who is redeveloping the Academy Building on South Fitzhugh Street.

Properties LLC, is an example of tapping into market demand.

"About every seven years, Gary takes a look at the markets in larger cities and in our city and changes, reforms and upgrades Village Gate based on what he sees for the future," says Susie Fame, facilities and project coordinator at Stern Properties. "We try to provide whatever the market demands."

She adds: "In recent years we have seen the trend going with loft and mixed-use

space. We're trying to go in the direction of what the needs are of the city."

Stern Properties, as part of its latest development to Village Gate, is creating 35 new live-work spaces at the site. Expected to be available late this fall, these lofts will be located at 274 N. Goodman St. in one of the nine Village Gate buildings. Two of the buildings that make Village Gate are in the East End and seven are on Goodman Street.

Part of Village Gate used to be the Stecher-



Rendering courtesy of Charter Real Estate Brokerage

At the Capron Street Lofts project, the water pressure for the sprinkler system was not sufficient to reach the upper floors, an issue that will be fixed this summer. The 44,000-square-foot building used to store goods being shipped along the Genesee River and Erie Canal.

Traung Printing Co. At the time Stern purchased the property in 1982, it resembled an abandoned warehouse. The \$1.50-per-square-foot price tag reflected its poor condition.

One of the buildings was home to American Chicle Co., where chewing gum was made. For many years after that it housed the Rochester Board of Education.

Today Village Gate includes mixed-use space with five restaurants, art studios, lofts, apartments, as well as retail and commercial space. The complex also is part of ArtWalk and Neighborhood of the Arts.

Breathing new life into vacant sites is rewarding, says Patrick Dutton, broker and developer with Charter Real Estate Brokerage.

He is working on Capron Street Lofts, a more than \$4 million, 20-unit loft-conversion project. Dutton has teamed with Belmont Properties Inc. to change the early 1900s empty warehouse into market-rate condominiums, penthouse suites, and commercial and retail space.

The 44,000-square-foot building at 1 Capron St. overlooks the Troup Howell Bridge. It used to store goods being shipped along the Genesee River and Erie Canal.

Plans are to pre-sell a handful of units priced at \$135,000 to \$300,000. The developers are in the final stages of getting approval from the Office of New York State Attorney General to sell the units.

The Capron Street Lofts will feature 12-foot ceilings, timber posts and beams,

exposed-brick walls and hardwood floors. The first units are targeted to be ready by May 2009.

Dutton expresses confidence over demand and interest in the property.

“People like living in historical structures,” he says. “They feel (the history).”

Florida-based developer Traikos’ Cunningham factory conversion offers a taste of history as well. The luxury carriage maker’s roots date back to the 1830s. Traikos, who was a yarn distributor in Brazil for much of his career, says by the early 1900s the Cunningham company evolved and was introducing fancy cars but did not go the way of mass manufacturing and went out of business.

He expects his 60,000-square-foot, five-story Cunningham factory conversion to take 18 months and is looking at availability by spring 2010. The budget for the project is \$8 million to \$9.5 million, but Traikos says that is very “back of the envelope.”

“I did a market study to confirm the need for additional residential space in the downtown area, and there is such a need,” he says.

Traikos wants to create a small Cunningham museum featuring a carriage and car from the plant. It would be within walking distance of both the Frederick Douglass Resource Center and the Susan B. Anthony House.

“I hope to turn around the industrial district. And what that will do, it will help connect the Susan B. Anthony neighbor-

hood to downtown,” he says.

Traikos says the city of Rochester supports the “re-population” of downtown with property tax abatements and occasionally other incentives.

Confronting challenges

Still, redevelopment projects are often confronted with several unforeseen obstacles. For instance, a stairwell or elevator might not be up to code, and it unexpectedly piles on costs to bring it into compliance, Dutton says.

At the Capron Street Lofts, the water pressure for the sprinkler system was not sufficient to reach the upper floors. In order to make the project possible, Dutton says the city of Rochester this summer will be installing a new water main that will have enough water pressure to reach the upper floors.

A previous developer, Patrick Dandrea, began work on the property in 2002, but he did not complete the project, Dutton says, adding however, that Dandrea did some of the “dirty work” including the interior demolition and sandblasting the brick.

Fame says one of the challenges in using the old printing company space at Village Gate is, “we have to build with what is already here sometimes.”

That is a common issue that developers face and can add to costs, especially if it involves adapting to new building codes.

“To conform it to today’s codes and standards (redeveloping) takes longer than building new construction,” Dutton says.

New construction is a much quicker, streamlined process, he says.

Although the projects highlighted in this article are not facing environmental issues such as cleaning up former pollution sites, Urban Land Institute’s Hudnut says it is one of the main issues developers confront while converting industrial spaces.

“To the extent that there needs to be environmental remediation, (that) can be a huge problem ... and can get very expensive,” says Hudnut, who has seen redevelopment projects as former mayor of both Indianapolis and Chevy Chase, Md. He has called Rochester home for 17 years.

Other hurdles, including financing, historical designations and dated infrastructure, can also arise.

Cities like Rochester, Hudnut says, are sitting on 100-year-old sewer systems, so it is important to find out the condition of such infrastructure. It can increase costs to get those repaired or rebuilt, he says.

Financing is not as cut and dried as it is with new construction, Hudnut says. With converting old spaces, in many cases, there are local government tax abatements,

federal grants or loans, and private-sector investing.

“How you cobble together different layers of financing (is important),” he says.

For the Cunningham site, Traikos intends to seek historic tax credits—which help developers invest in the rehabilitation of structures with historic significance—and possibly new-markets tax credits, which provide incentives for individuals to invest in economically distressed neighborhoods.

“Due to the turnaround nature of the project and the risk associated with undertaking such a project, it becomes necessary to make use of all available incentives from all levels of government,” he says.

Traikos adds that those incentives exist because government officials are sensitive

to the financial gaps typically present in projects like this.

“Without them it would be impossible (to do the project),” he says.

Traikos has had a taste of financing challenges already with his work on the Academy Building, which he bought last year.

Plans for the 1870s Academy property at 13 S. Fitzhugh St. are to create residential, office and retail space with possibly another restaurant in the basement where Edwards Restaurant used to be. The budget is estimated at \$8.1 million, he says.

Financing on the Academy is a big part of the equation because it has a restoration covenant on the shell of the building. Traikos estimates it will cost more than \$1.5 million just to restore the exterior,

including specialized labor and materials to work on the masonry, cooper, slate and windows. There are 179 windows, some of which are stained glass, he says.

Traikos is working closely with the Landmark Society of Western New York Inc. and the New York State Historic Preservation Office. With the SHPO’s approval, the property can receive tax credits.

Like other developers, Traikos enjoys saving old buildings.

“Conservation includes preserving what you already have instead of throwing it out and starting from scratch,” he says.

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