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Residential over retail: Vertically integrating businesses with residences built above - by Thomas House

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Funny how the future is sometimes the past, come around full cycle.

Consider residential over retail, a common form of mixed use. New England's small cities were built this way, with a high percentage of residences built atop a substrate of businesses.

Today, it's the hot new thing - what's old is new again.

The appeal developers need to keep in mind is that residential buyers will come close to something like a 24/7 lifestyle, perhaps free of the need for automotive resources.

In a vibrant or revitalized community, especially where public transportation is available, curb appeal will be strong.

By vertically integrating businesses with residences above, maintenance costs can be distributed in ways that result in adequate compensation for the developer, at low expense to the tenants or owner association.

Urbane

Larger cities have enclaves that thrive on this model — think Brooklyn, and in closer by, Cambridge, Somerville, and Boston's South End.

This model is actively pushing outward not just to the ring of outer cities, but to the exurbs and New England's small cities.

Done properly, these have the potential to inject life into cities that have been listless, sometimes for decades.

Let's consider what "done properly" entails.

The advantage to the residential side of the equation is privacy and security; the residential areas of such a cluster are raised off the ground floor, and secured — sometimes literally — by the business establishments beneath that almost certainly will have electronic security in place, and sometimes human as well.

As to the retail component, vitality as expressed in a sufficient core of other businesses and clientele is the key. Given this, either a project will have to be sufficiently large to create this from scratch such as Portland's Midtown project, or multiple developers will be tasked by a management agency in a collaborative effort, such as the resurrection of Rantoul St. in Beverly.

As the goal is to provide as big-city an environment as possible, transportation-oriented design (TOD) can exponentially increase the viability of the development's retail and business success.

In places where TOD is not in play, it is not unusual to see large projects offer a few regular shuttles to ferry residents and shoppers to and from trains and other transportation or shopping hubs.

Whether or not the project is officially TOD, transportation-oriented is still a consideration that needs to be at the top of the priority list.

Youth is wasted on the young

Despite the attractions of these neighborhoods to Millennials, it is worth pointing out that these projects can also be very attractive locations in the new aging-in-place models for a cohort of advanced age as well.

It would disappoint few empty nesters to never have to mow a lawn or shovel a sidewalk again, ever. Upgrading to up-to-date living while simultaneously giving up a vehicle (or two) adds to the financial advantages to this population.

Most will be assisted by specialized agencies that make regular visits, and some developers may want to make a point of designing some parts of the residential areas to serve this need more precisely.

Easy in the environment

Developers and architects both will be drawn to the environmental possibilities inherent in this kind of work.

For those with room on their shelf for more LEED trophies, this kind of work fits hand in glove with the requirements for certification — the barriers couldn't possibly be any lower.

Cost distribution across a diverse range of tenants or buyers puts advanced technology within the price range of both developer and end users.

If factoring this into a rehab or renovation project, developers realistically will be looking at a longer payback time as replacing out of date systems with tomorrow's technology today adds a level of difficulty from-scratch projects don't face. This life-cycle calculation is a threshold, though, not a barrier.

And did we mention that renovation has its own set of environmental (and LEED) benefits?

The rooftops of some of these projects also provide real estate not just for climate utilities, but green roof or passive energy collection as well.

Things to consider

Parking is a consideration to be planned early, as residents with automotive vehicles may find themselves in competition with a drive-up retail business. The best, less head-achy solution is to keep these separate.

When the retail mix includes restaurants, ventilation will be a prime consideration of residential areas are located directly or obliquely adjacent. Location of these particular units need to be planned and developed with particular care, and ventilation should be through the roof, away from any air intake vents - not out the sidewall.

Expectations of residential units are higher for purchasers (condominiums) rather than rental apartments, which of course will affect your costs (and their price).

These projects, for reasons discussed in an earlier article, tend to be retail plus three or four floors, which makes meeting local codes much easier in many locations.

One last thought

At a time when our social life seems to be about competition, "residential over retail" offers a way out — an opportunity to live in community, simply by building one.

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