



THE URBAN LAND INSTITUTE

PROJECT REFERENCE FILE



The project was conceived to include low-cost loft studio apartments, an industrial park, and a marketplace with shops opening onto a common courtyard.

GENERAL DESCRIPTION

With Santa Fe's growing population of artists, craftspeople, software developers, and other small entrepreneurs, a lack of suitable studio space and affordable housing has become a significant problem in recent years. Many of these people simply cannot afford the rent or debt service to maintain both a home and studio space. Additionally, they often have difficulty marketing their work from marginal locations that do not attract customers.

Second Street Studios was developed to respond to the special needs of this particular market niche. The design permits flexible use of tenant space, including light industrial, studio, office, retail, and residential uses. Most units can accommodate separate work, storefront, and living areas.

Affordability was obtained through low land costs and economical construction methods. The project also offers tenants the ability to minimize overhead through cooperative advertising and shared office services such as fax, copy machines, and secretarial services. The physical design, combined with the presence of live/work tenants, fos-

ters a sense of community that might otherwise have been lacking.

The project's owner and developer is the ASA Group, a partnership of close friends with prior collaborative experience. Partners include developer Jonathan F.P. Rose as managing partner, developers Susan and Wayne Nichols, and architect Peter Calthorpe, pioneer of the "Pedestrian Pocket" plan. The project leased up very quickly and has proven to be extremely viable economically, with rental revenue easily covering operating expenses and construction debt service. In the first year of operation, the project is earning a 13 percent return on total development costs and, since leases are all triple net with CPI escalation clauses built in, the partnership anticipates that the bottom line will only improve.

THE SITE

The project is in a developed area of Santa Fe, two miles southwest of the historic plaza area. The close-in location is conveniently accessible to suppliers, customers, and shopping. The site is adjacent to a railroad right-of-way, proposed for conversion to light-rail transit, that



SECOND STREET STUDIOS SANTA FE, NEW MEXICO

PROJECT TYPE:

A 39,500-square-foot, 35-unit incubator live/work community for artists, craftspeople, and small businesses. Units range in size from 600 to 2,280 square feet; all contain finished full baths and utility sinks, and most feature high ceilings, skylights, and garage doors. Kitchen facilities have been installed in approximately 20 units to provide for residential occupancy. Although there have been loft conversions of this type, the developers believe that this is the first new development of this kind specifically designed for this use.

SPECIAL FEATURES:

- Affordable rents
- Flexible live/work space
- Sense of community
- Shared services

OWNERS AND DEVELOPERS:

ASA Group, a joint venture of—

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Affordable Housing
Construction Corporation
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(914) 232-1396

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(505) 983-1600

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Calthorpe Associates
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San Francisco, California 94105
(415) 777-0181

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Wood-beam walkways and colored canvas sunscreens "soften" the facades of the metal buildings.

forms the boundary between an old blue-collar barrio to the west and an industrial area to the east.

The 35-unit first phase of the project is located on two acres of a 4.5-acre site purchased in November 1988. A vacant concrete industrial building on land west of the phase I site was subsequently sold and rehabilitated; it is now a popular bakery and restaurant whose cafe space doubles as gallery space for artists. The remaining two acres of land to the north are reserved for a 35-unit second phase of the project that will include a small community center.

DESIGN AND CONSTRUCTION

The concept plan for the project, prepared by Peter Calthorpe, features a central courtyard inspired by the classic form of a New Mexican marketplace plaza. The courtyard is enclosed by the two-story sides of six buildings; the one-story sides of the buildings, which contain garage doors, are oriented toward the side and rear property lines of the site. This arrangement effectively removes service functions from the central courtyard area and accommodates the 50-foot easement that runs through the center of the site. Wood walkways providing access to second-floor loft spaces create a shaded arcade at the courtyard's ground level.

All six buildings have a standard depth of 40 feet. Party walls divide the buildings into 20- and 30-foot-wide column-free modules. All but four of the modules are single two-story units, ranging in size from 1,200 to 2,228 square feet. Each of the four remaining 30-by-40-foot mod-

ules is divided into three 600-square-foot units, two on the ground floor (front and rear) and one on the second floor.

Working drawings for the buildings were produced in-house by Communico, Inc., and construction took six months. Foundations are concrete slab on-grade, structures are I-beam construction with metal skin, party walls are metal studs with sheetrock, and interior finishes are standard grade. The buildings were constructed for a cost of approximately \$30 per square foot. As a service to tenants, Communico arranged for tenant improvements during the construction period.

Utilities provided to each unit include 150-amp electric service and natural gas. The project uses passive solar technology through sun-shading, thermal mass retaining floors, and maximized natural daylight. The developers instituted a recycling program; an area is provided on-site for the storage of recyclable solid waste. Water-saving devices are installed in all toilets and showers.

APPROVALS AND FINANCING

The site originally was zoned for general commercial use. To accommodate residential uses, the development team worked closely with the city to modify the existing zoning code. The zoning code now permits residential units in commercial and light industrial districts. Residential occupancy is permitted as a principal use when units are occupied by owners, employees, or tenants of other permitted principal uses, such as commercial or light industrial.

The city had no parking policy for mixed-use development. Its initial approach for calculating the project's parking requirement was to tabulate and combine the maximum amount of parking required for each of the uses that might take place in each unit; this approach would have required an average of one parking space per 150 square feet of building area. Negotiating parking standards based on a use-type program for each unit resulted in a final parking plan with a ratio of one space per 420 square feet.

The project was financed by a construction loan from Bankers Trust Company.

MARKETING AND MANAGEMENT

Because the project was to target a specific market segment, market research was initiated before the preparation of a development program for the site. The partners visited many Santa Fe artists, small businesses, and craftspeople to learn what they wanted in a live/work space. The skylights, the living lofts, the industrial sinks, and many other details are a result of this research.

The project was 50 percent leased on opening and was completely leased within two months after completion of construction. Advertising was minimal, and the marketing approach, directed by the project's marketing and leasing agent, Wayne Nichols of the Nichols Agency, was intentionally low-key so prospective tenants would have the sense that they had discovered the project. A goal was to obtain as many art-related tenants as possible to establish the project as an artists' community.

Rents, initially in the \$7 to \$7.50 per-square-foot range, were increased to about \$8.25 per square foot as the final leases were signed. Leases have 1- to 3-year terms to maintain a stable tenant population. As anticipated, the live/work units proved to be in high demand.



The live/work units are extremely simple inside to achieve maximum flexibility and affordable rents.



The tenant community includes a small fine art printing company that deals directly with publishers and artists.

The current tenant roster includes photographers; painters; sculptors; holistic healing practitioners; a toy inventor; a caterer; a fine art printing company; clothing, jewelry, textile, and computer software designers; aikido and yoga centers; and a learning and networking center that also sells products for "ecological living." The largest tenant is the Santa Fe Arts Institute, where small groups of advanced students work

with such master artists as Richard Diebenkorn, Helen Frankenthaler, and Wayne Thiebaud.

A newsletter airs management issues and serves as a communication vehicle between tenants. The community is currently working to investigate the potential for a cooperative advertising program and events program, to establish standards for special tenant signage, and to consider opportunities for in-

stalling sculpture and artistic banners within the compound.

EXPERIENCE GAINED

- The developers are satisfied that the project is a good prototype for other mini-incubator communities, both rental and for sale. The concept seems to be well suited to artists and to many other types of small creative business enterprises as well. It is important to provide a mix of unit types and to build flexibility into the project wherever possible.
- To get approvals for a project of this type, it is necessary to establish a cooperative working relationship with the city. City code officials' direct involvement and willingness to experiment and compromise was critical to the creation of the project. Without their effort, it would not have been possible.
- The basic concept was to provide the most utilitarian spaces possible at the most affordable rent possible. To maintain the project's affordability for tenants, the developers carefully planned and value-engineered the project's construction in the very early stages of its development.

PROJECT DATA

LAND USE INFORMATION:

Site Area: 2 acres
 Total Dwelling Units: 35
 Gross Density: 17.5 units per acre
 Gross Square Feet: 39,500
 Parking Spaces: 95
 Parking Index: 1 space per 420 square feet building area

UNIT INFORMATION:

Unit Type	Number of Units	Average Monthly Rent
600 sq. ft.	12	\$ 380
1,200 sq. ft.	17	775
1,800 sq. ft.	2	1,060
2,000 to 2,280 sq. ft.	4	1,465

DEVELOPMENT COST INFORMATION:

	Amount	Percent of Total
Site Acquisition Cost:	\$290,000	14.5%
Hard Costs:		
Site Improvement Costs	\$ 163,000	8.2
Building Construction Cost	1,171,000	58.6
Total Hard Costs	\$1,334,000	

Soft Costs:

Financing Cost	\$248,000	12.4
Marketing/Leasing	27,000	1.3
Other Soft Costs	101,000	5.0
Total Soft Costs	\$376,000	
Total Development Cost:	\$2,000,000	100.0%

Average Construction Cost per Unit: \$33,457
 Average Construction Cost per Gross Square Foot: \$30
 Average Development Cost per Unit: \$57,143
 Average Development Cost per Gross Square Foot: \$51

ANNUAL OPERATING EXPENSES:

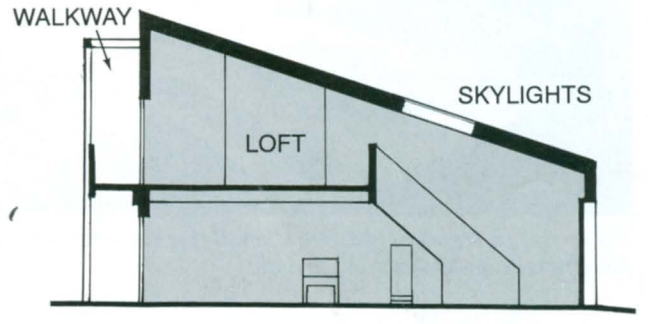
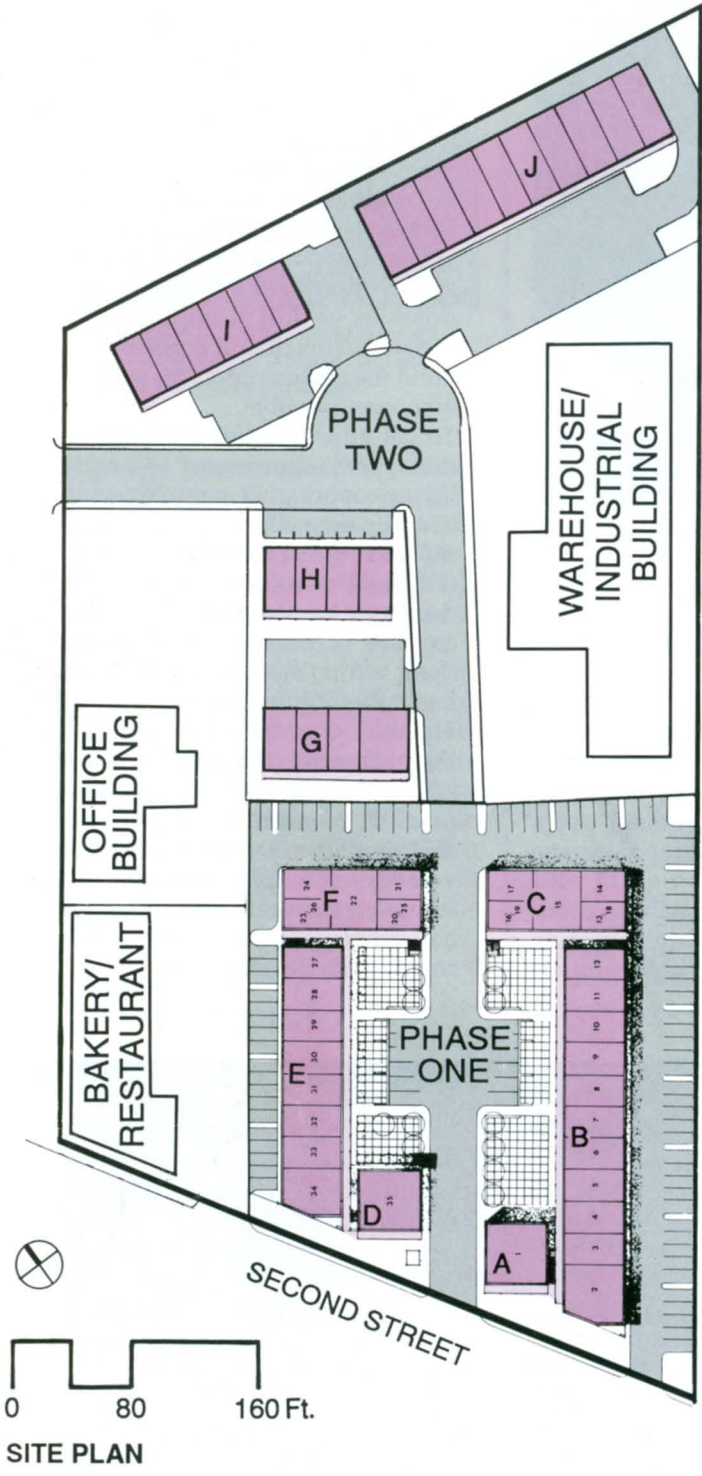
	Amount	Percent of Total
Management Fee	\$12,000	21.2%
General Maintenance	13,700	24.2
Supplies	1,000	1.8
Insurance	6,200	11.0
Garbage and Sewer	6,000	10.6
Real Estate Tax	10,870	19.2
Water	3,650	6.5
Electric	1,400	2.5
Recycling	700	1.2
Miscellaneous	1,000	1.8
Total Expenses	\$56,520	100.0%

DEVELOPMENT SCHEDULE:

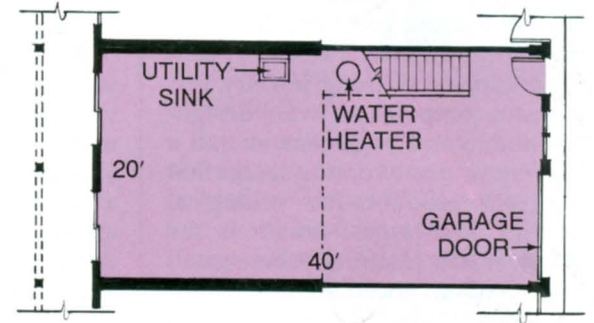
Site Purchased: November 1988
Planning Started: November 1988
Approvals Obtained: May 1989
Construction Started: June 1989
Leasing Started: September 1989
Phase I Construction Completed: January 1990

DIRECTIONS:

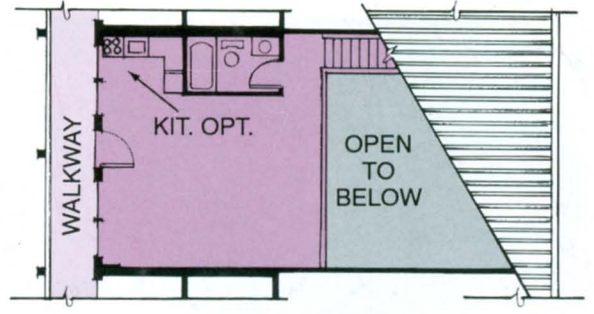
From Albuquerque International Airport: Follow I-25 north approximately 55 miles to the Cerillos Road (Route 25) exit. Follow Cerillos Road north-east for approximately six miles and turn right onto Second Street. The project is on the left side of Second Street approximately 0.3 miles from Cerillos Road.
Driving time: Approximately one hour.



CROSS-SECTION OF TYPICAL UNIT



GROUND LEVEL



LOFT LEVEL

FLOOR PLAN OF TYPICAL UNIT

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METRIC CONVERSIONS

meters = feet x 0.305

kilometers = miles x 1.609

square meters = sq. ft. x 0.093

hectares = acres x 0.405

(1 hectare = 10,000 square meters)