



Developers are finding creative ways to restore old buildings

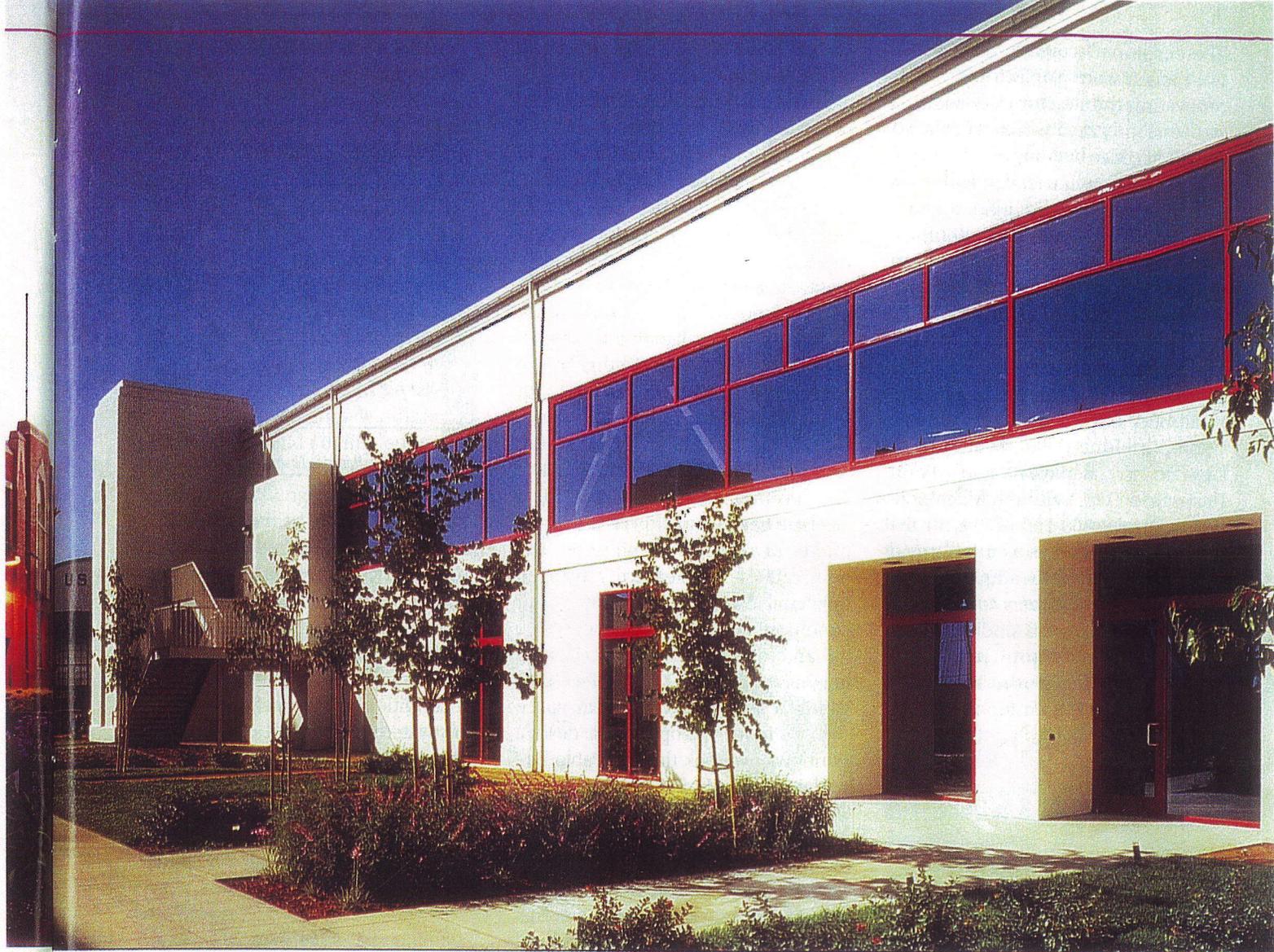
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Whether adaptive reuse—the business of converting existing buildings to fresh advantage—is an art or a science may be a matter best decided by poets and philosophers. However, what is profoundly clear is that recycling old buildings adds charm to a neighborhood—and can make sound economic sense. In this time of tight space markets, especially in the office sector, rehabbing is hot.

Prime location is often a key factor. Many buildings on the National Historical Register were built squarely in a town's business center. With more people pouring into urban areas, decrepit warehouses cannot, for purely economic reasons, be allowed to sit idle. If they are not converted to contemporary service, they fall into disuse, losing tax revenue for the city and valuable space for emerging businesses. Buildings, like people, grow old and must be cared for in order to extend their lives.

Above: Wareham Development turned 800 Heinz Ave. in Berkeley into live/work studio galleries.

Opposite: Turning airplane hangars into office space made perfect sense at Hamilton Landing.



Rehabbing isn't easy. Just how much can a developer intervene before that which is worth saving is lost? How do architects and developers honor the past and meet modern requirements for high-speed Internet connections and environmentally clean office buildings? The questions are endless.

"The rehab market has grown dramatically in Northern California in the past few years, mostly because the office rental market has increased enough to make it economically feasible to renovate an office building," says Len Epstein, a senior partner with California Commercial Investments. The firm is one of the owners of the recently renovated Rotunda building in Oakland.

But the movement toward adaptive reuse has sometimes been hindered

by preservation activists. "It's a little more expensive to renovate a building because preservation groups demand that you adhere to a certain form to restore the building to its earlier glory," explains Epstein. That's one reason why, until rental rates increased, a lot of the buildings sat empty—it was just too expensive to recycle them.

To be eligible for governmental tax credits, the developer must restore the exterior of a building and maintain the integrity of the structure. There are two levels of tax credits—10%, obtained by renovating the exterior, and 20%, which can be achieved only after the interior is restored. The problem is, interiors are difficult to save.

"You're not even sure what's behind the walls," says Mike Covarrubias, president of San

Francisco-based Martin Group. "You think you have a structural system with integrity, but if you don't have the original plans, you're really guessing what is there."

Real economic benefit comes from rehabbing mid-sized buildings. With smaller buildings, down to 20,000 sf or even 40,000 sf, every surprise costs a lot of money on a square foot basis.

Conventional wisdom has it that adaptive reuse makes more sense when the new use is close to the old, but Covarrubias disagrees. "If you can increase the density of the building by adding a mezzanine, if you can change the use to the highest end, which is office space, you have an opportunity to create the biggest delta over what you paid for it."

The Martin Group has such a project in Brisbane at 145 South Hill Dr.

The developer acquired the 51,000-sf warehouse from Nabisco Inc. and is renovating the structure and adding a 20,000-sf mezzanine area to create a 71,000-sf office building.

"The bottom line is, you look for a solid structure, good infrastructure and capacity," says Rich Robbins, president of San Rafael's Wareham Development.

Wareham is an old hand at blending old buildings with innovative land use and dynamic designs. The firm has developed a combination of new and rehabbed structures at Heritage Center in Emeryville, Aquatic Park Center in Berkeley and Point Richmond Tech Center in Richmond. For example, 800 Heinz Ave. in the Aquatic Park Center was transformed from the former headquarters of Durkee Famous Foods into a consortium of artist live/work studio galleries and a ground-floor restaurant. Another building in the mixed-use business park, 717 Potter, a 40-year-

old warehouse, was converted into a stylish R&D/office building.

Robbins says the decision to recycle or start over is largely personal. "I still go by my gut," he comments. "You have to make the numbers work at some point, but more importantly, some decisions are made for the right reasons."

Bay Area properties that have made or are undergoing adaptive reuse include Hamilton Landing in Novato, San Francisco's Pier 1, the Hilton Garden Inn project in Oakland and the Varsity Theatre in Palo Alto.

Hamilton Landing

The seven former Hamilton Air Field airplane hangars in Novato are in the middle of a complete renovation. The new offices will feature advanced mechanical and technical systems, air conditioning that uses 100% outside air and operable windows. Ceiling heights range from 11 to 38 feet, providing a dramatic volume of space with an industrial open-truss design. Windows overlook the San Pablo Bay wetlands and Marin County hillsides. One of the hangars has already been completed and three more will be ready in April, May and June.

"We're dealing in an industry where companies want their employees in a creative environment," says Michael Barker, founder and managing director of Barker Pacific Group of Los Angeles, the project developer. "Oddly enough, that seems to cause companies to want to root themselves in the past by going into older buildings. It's a dichotomy where the companies lean toward the future but have an attitude of recalling the past."

In that case, Hamilton Landing has a past fit to inspire. The 925 acres at Marin Meadows were purchased by Marin County in 1932 in the hopes of enticing the military to build a facility there. When the county donated the property to the federal government, Congress agreed to build an Army Air Corps base on the land.

The facility has been home to the 7th Bombardment Group, generations of pilot trainees, and thousands of Southeast Asian refugees entering the US after the war in Vietnam. It was decommissioned in 1974 and sat par-

tially abandoned for many years.

Changing economics gave the former air base a new lease on life. "This project has been unanimously approved every time there has been



any kind of action at the city, and it has been highly supported by the community," relates Barker.

The completed hangars could win some recognition in the building community for environmental responsibility. There is an underfloor air conditioning natural flow distribution system that significantly reduces the need for air conditioning fans. The pressurized system causes the air to flow gently through the grills in the floor, a much more energy-efficient design than having the air flow down from the ceiling.

Pier 1

San Francisco's Pier 1, built in 1931, was used by C&H Sugar Refining Corp. for loading and unloading sugar. The pier has a new reason for existence as the recently completed home of developer AMB Property Corp., the Port of San Francisco and other tenants.

"We are preserving all of the essential elements of the building, including the ability to get a real sense of the old historic structure," says Kirk Bennett, project manager with the Port of San Francisco. The public/private partnership of AMB and the Port of San Francisco has saved the original shed, all of the aprons, some of the historic stairways, the old passenger gallery and the rollup doors.

It's a perfect partnership. AMB is an industrial REIT whose business focuses around major transportation hubs in the US.

"Pier 1 is illustrative of what our

Recycling At a Glance

Hamilton Landing, Novato
 Owner: BPG Hamilton LLC
 Developer: Barker Pacific Group
 Architect: Daniel, Mann, Johnson & Mendenhall
 Contractor: Swinerton & Walberg

Hilton Garden Inn, Oakland
 Owner: Amin-Broadway LLC
 Developer: Amin-Broadway LLC
 Architect: Ian Birchall and Associates
 Contractor: Swinerton & Walberg

Pier 1, San Francisco
 Owner: Port of San Francisco
 Developer: AMB Property Corp.
 Architect: Simon Martin-Vegue Winkelstein Moris
 Contractor: Nibby Brothers

Varsity Theatre, Palo Alto
 Owner: Keenan Land Co.
 Developer: Keenan Land Co.
 Architect: Carrasco & Associates
 Contractor: Devcon Construction

business is all about," says Janice Thacher, vice president of the firm. The newly converted 150,000-sf office facility was not only placed on the National Historical Register, but also follows the standards set by the Secretary of the Interior to qualify for a tax credit.

AMB spent nearly \$7 million upgrading the substructure to bring it up to current standards, in addition to making necessary seismic repairs to the entire building. A mezzanine was constructed in the facility, and workers added new utilities.

The heating and cooling system is cutting-edge technology. Basically, it's a heat exchange system, but the architect designed a way to use the bay itself, underneath the pier, as a heat pump. The building uses radiant heating that goes through a floor slab and uses the bay as a heat sink for the system. It has operable windows, thus providing for natural ventilation.

"When you look at a successfully designed project when it's done, its design seems obvious," says Bennett. "As you walk to the end of the pier, a view of the bay and Bay Bridge opens up. As you come back toward the city, you're looking back at Downtown."

A third of the site is dedicated for public access, which partially follows the old railroad track right-of-way through the building.

Hilton Garden Inn

Construction of the 217-room Hilton Garden Inn at 11th and Broadway in Oakland will begin later this month. The project demonstrates how a historic bank building can find new life as a high-end hotel.

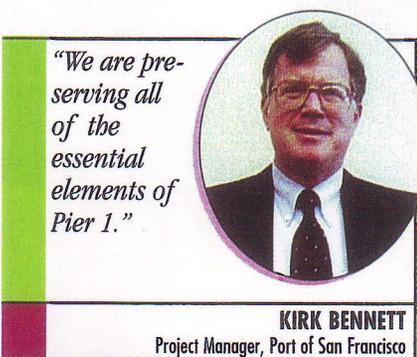
"In Oakland we have many buildings with historic architecture that are not possible to duplicate," reports Alex Greenwood, the City of Oakland's Downtown coordinator for redevelopment.

Built in 1911, the original seven-story steel frame and brick bank and office structure boasted ornamentation drawing from Renaissance and Baroque influences. Some years after its construction, along came F. M. "Borax" Smith, an entrepreneur with

a grand plan to unify the existing public transport systems. The consolidated transportation company, called the Key Route System, bought the bank building.

In the 1989 Loma Prieta earthquake, the old building suffered extensive damage. When the new headquarters for the University of California's office of the president was built next door, workers couldn't drive piles into the ground because the vibrations would demolish the aged building. They had to lay down a membrane foundation for the building so it would not crumble.

"The hotel will be connected to the Key System building," explains Phil Tagami, managing general partner of



California Commercial Investments. "The Key System conundrum is that the building has some seismic deficiencies and, in our efforts to respect and restore the historic fabric of the building, we want to make sure that the seismic solution does not impact the historic elements of the building or the actual usability." A sheer wall on the blind side of the building, which separates the new structure from the old is the seismic solution.

Interestingly, there will be two connections between the two buildings—one on an upper floor and another at the main level. The floor-to-ceiling heights in the historic building are 12 feet, but the heights in the new building will be different. In essence, the floors won't match up with the new building, but at some juncture the floors of the new building will realign with the old. The project architect is Ian Birchall and Associates.

"There is a relationship between the two buildings," adds Tagami.

"The new building was originally designed in 1998 to look like the old. The preservation community felt that this would be engaging in what is called 'false historicism.'" The developer, Amin-Broadway LLC, completely redesigned the building to make it look new while also respecting the detail of the old structure.

The Varsity Theatre

Not all rehabs meet with immediate acceptance from the community. Built in 1912, Palo Alto's Varsity Theatre spent its first half-century amiably entertaining scores of fans with first-run movies and occasional live entertainment that was performed in the courtyard. The theatre closed in 1987, after a final showing of "Cinema Paradiso" and "The Rocky Horror Picture Show." That's when the controversy began.

Some local citizens hoped to keep the theatre, but owner/developer Chop Keenan decided to turn it into a bookstore. The "Friends of the Varsity" collected nearly 7,000 signatures on a petition drawn up to save the old theatre.

"That's the nature of the business," notes Keenan. "You have to be engaged and listen."

The Varsity had been in town a long time. The "Friends of the Varsity" demanded an environmental impact report for the interior renovation, which briefly halted inside work.

But before long the project was restarted. Architects designed the structure so that all the loads were carried on exterior walls. The mezzanine that was put in for Borders Bookstore and Café can be removed and the building can be returned to use as a theatre if the need ever arises. The loge seats are still encapsulated in the building but cannot be seen. In the end, the disputing parties worked together well enough to each get something from the deal.

Despite the difficulties, it still pays to recycle because history sells well, Keenan says. People like the look and tradition of historic buildings. But there must be a satisfactory economic outcome in the end. ♦