

Burnham Hotel at the Reliance Building

Chicago, Illinois

Project Type:
Commercial/Industrial

Case No:
C031016

Year:
2001



SUMMARY

The Burnham Hotel at the Reliance Building is a 122-room “boutique” hotel in an adaptive use of an architecturally significant building in the heart of Chicago’s downtown. The Reliance Building, reflecting downtown Chicago’s office market in the 1980s, had slipped into disrepair. In order to protect a treasured landmark, the city purchased the building and quickly stabilized it by restoring the exterior. The city then issued a request for proposals (RFP) and awarded a contract to the winning development team, headed by the locally based McCaffery Interests, on the basis of the team’s proposal to convert the office building into a hotel. The development scheme included the reconstruction of the interior to complement the architectural grandeur of the historic building.

FEATURES

- Adaptive use in the conversion of an office building into an intown boutique hotel
 - Restoration of a landmark building, the first modern skyscraper in Chicago, to suit its status as an architecturally significant building, and returning the building to public use
 - Public/private partnership involving the city, tax increment financing (TIF), and private development interests
 - Contributor to, and catalyst for, the rejuvenation of a declining downtown district
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SPECIAL FEATURES

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ARCHITECT

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RESTORATION ARCHITECT

McCluer

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GENERAL CONTRACTOR

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HOTEL/RESTAURANT MANAGEMENT

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SITE DESCRIPTION

The Hotel Burnham at the Reliance Building is located within the Loop—the heart of Chicago’s central business district—in the State Street retail and theater district. The building extends 55.83 feet (17.02 meters) along State Street, presenting it with one bay window 24 feet (7 meters) wide, projecting 3.5 feet (1 meter) over the sidewalk, and 84.83 feet (25.86 meters) along Washington Street, with two projecting bays.

The landmark Reliance Building was designed in two phases by the Chicago firm Burnham and Root, one of the originators of the Chicago school, or style, of architecture. Begun in 1890 as a four-story reconstruction of an existing structure, it was extended to its present 14 stories in 1894, during the height of the building boom that made Chicago a modern city. The structure ushered in a new era as Chicago’s first modern skyscraper: it was framed in riveted steel columns and beams, making it possible to reach its 200-foot (61-meter) height, which was otherwise impractical to achieve with masonry, the predecessor material. The frame was clad in terra-cotta, and a curtain wall of projecting bay windows gave the building a “gossamer” appearance, according to architectural historian William Jordy. It was designed as a speculative mixed-use building, and its first and basement floors were leased to the Carson, Pirie, Scott & Co. department store (before the store acquired its own building). The upper office floors were leased primarily to the service trades and to medical professionals. Over the years, a succession of owners allowed the building to lapse from Class A status. The Reliance Building followed the decline of Chicago’s downtown office market until the city of Chicago purchased the property in 1994 by eminent domain for \$1.2 million in order to protect it from further degradation.

DEVELOPMENT PROCESS

When Chicago Mayor Richard M. Daley took office in 1989, running on a platform that promised commitment to capital improvements in the city’s social and physical infrastructure, downtown Chicago had reached its nadir. Scattered throughout downtown were innumerable landmark buildings, many fading from their former glory due to the high cost of maintaining older buildings in the face of competition from the suburban markets and from newer downtown buildings that offered more amenities and larger, flexible floor plates. The city responded by enacting a series of historic preservation measures that enabled owners of architecturally significant buildings to gain property tax incentives, to waive permit fees, and to make it easier to acquire landmark status. The city also acquired and restored a number of landmark buildings itself, then created TIFs for them and issued RFPs for developers to complete the projects.

One such city-initiated project was the restoration of the Reliance Building. The city had hired Baldwin Development Company of Chicago to lead restoration work on the exterior, and underwrote the project for \$6.6 million. With the completion of this work, the city broadcast an RFP for the building’s purchase and redevelopment for suitable use. Only two proposals were submitted: one by the eventual awardee, McCaffery Interests, and another by a development team that proposed to continue its use as an office building. Instead, McCaffery planned to convert the building to use as a boutique hotel, which would bring a needed, albeit untested, use to the area and give the building greater exposure, while avoiding competition from more efficient and better-situated office buildings in an already weak office market.

San Francisco-based Kimpton Group, the development team’s hotel operator, concluded that the building could accommodate 113 guest rooms, which was too few to make the venture financially feasible. In 1997, when McCaffery’s planning was already underway, Kimpton was operating 14 boutique hotels in San Francisco alone, with six more in three other West Coast cities. The smallest of these had 91 guest rooms, and others ranged upward to 221. But Antunovich Associates, the architecture member of the development team, was able to add one new guest room adjacent to a rear light court on each of the upper nine floors, as the firm reconfigured the stairways and other common elements to meet code requirements. With the number of guest rooms now at 122, Kimpton agreed that a critical mass was achieved, and that the project could succeed.

With the award of the development contract, the city established a TIF program that added \$2.5 million to the available development funds. The city had already spent almost \$8.4 million in TIF-generated funds in two phases to restore the exterior. Private financing exceeding \$19 million was provided by Fremont Investment & Loan of Anaheim, California, and Mid City Financial Corporation of Chicago.

DESIGN AND CONSTRUCTION

The Reliance Building had been listed on the National Park Service’s *National Register of Historic Places* as a National Historic Landmark since 1970, and had been recorded by the Historic American Buildings Survey (HABS) in 1963. The city of Chicago’s designation of the building as a landmark in 1975 completed its protection from nonhistoric alteration, and its purchase under the city’s historic preservation program further ensured the building’s future as a fully functional restored edifice.

The exterior restoration phase, led by Baldwin Development Company and the design/build team of McClier/UBM Joint Venture, involved the restoration of the glazed terra-cotta cladding, replacement of the windows, and the reconstruction of the original overhanging cornice, which had been removed in 1948. After decades of deferred maintenance, the original cream-white terra-cotta panels had accumulated a thick

encrustation of soot, and some 2,000 of the building's 12,000 terra-cotta panels needed replacement. The Reliance Building's storefronts were originally designed by John Wellborn Root, Burnham and Root's acknowledged design partner. Upon Root's sudden death at an early age, when only two stories were completed, Charles Atwood was promoted to assume design responsibilities for the completion of the Reliance Building. In addition to the pioneering steel superstructure and the curtain wall of terra-cotta and cantilevered bays that incorporated Chicago-style windows (i.e., windows with a large central sash flanked by narrower operable sashes), the building was topped by a flat roof with a thin, overhanging cornice that covered the projecting bays.

When McCaffery's ownership/development team, named Canal Street Partners, LLC (which also included Mansur & Company and Granite Development, both based in Chicago), assumed development of the Reliance Building as a hotel, it hired Chicago-based Antunovich Associates as lead architect for the hotel project and brought back the first-phase historic preservation architect, McClier, to work on the ongoing exterior restoration. Also returning was the general contractor, UBM, Inc., Chicago's largest minority-controlled builder, this time teamed with Plant Construction Company of San Francisco. To meet the special requirements for boutique hotel design, Kimpton Group of San Francisco and the interior design firm, Intra Spec Design of Marina del Rey, California, were commissioned to assist Antunovich Associates.

The street-level 20-foot-high (6-meter-high) storefront—not part of the earlier restoration—retained a fragment of the original John Root–designed granite cladding, which, as part of the final restoration, required total replacement, along with replicating the lost cast-bronze filigree. Inside, an 18-foot (5.5-meter) mural was commissioned to depict a composite of scenes from the 1893 World Columbian Exposition, for which Daniel Burnham, the hotel's namesake, acted as chief architect, and from which he emerged as a giant in all aspects of architectural design and practice. During renovation, the original floor pattern in the lobby was uncovered and restored to its original design of multicolored mosaic tiles.

Adjacent to the lobby is a 275-square-foot (26-square-meter) "living room," with club-style furniture gathered around a marble fireplace. Next to it is the 1,500-square-foot (139-square-meter) Atwood Café, with a view of both cross streets. It seats 75, and is named after Charles Atwood, the architect who designed the Reliance Building as a radical stylistic and technical departure from the stolid masonry aesthetic that had made Burnham and Root the preeminent architecture firm of its day, and set the firm—and urban architecture—on a different, and even more successful, course.

The interiors of floors seven through 14—eight floors in all, since the 13th floor was left out of sequence—were protected by the building's landmark status, and were connected by an ornate, freestanding stairway of cast iron with marble treads. Floors two through six long ago had been stripped of historic elements; not protected by historic strictures, they could be reconfigured to maximize guest-room layouts. Nevertheless, the rooms were controlled by the existing doorways. No two floors had identical room layouts, although they all had the same number of rooms. Consequently, offsets in plumbing and mechanical risers were necessary at each floor to conceal utilities within walls. On the "historic" floors, mahogany entrance doors and transoms had to remain intact, and alterations to room layouts were strictly limited by the city's historic preservation commission.

City building codes initially required that the historic stairway be enclosed by a two-hour fire-rated wall, which would have concealed the aesthetic and historic features that the preservation requirements mandated be restored. The designers resolved these conflicting requirements by proposing a smoke removal system that delivered outside air to the base of the historic stair, at the seventh-floor level, creating a chimney effect of fresh air whenever the smoke detection system was activated. Below the historic floors, the new stairwell continues down to the lobby.

Throughout the building, original trim was replaced and restored. Iron grillwork decorating the front of the elevator shafts had been plastered over during the 1920s, and enough original grillwork remained to refurbish elevator lobbies on the historic floors, but replicated grillwork had to be fabricated to complete the original first-floor lobby. The guest rooms, befitting the boutique hotel status, have ceiling heights of 11.25 feet (3.43 meters). Nineteen suites, averaging 470 square feet (44 square meters), were created at the building's three exterior corners.

The design team creatively turned potential problems into rationale for adherence to historical accuracy: when the electronic card-key system turned out to be incompatible with the vintage doors that displayed doorplate escutcheons embossed "Reliance," the original key mechanisms were restored. The signature emblem for the hotel—used in graphics, signage, hotel linens, and ornamental grillwork—is a Gothic quatrefoil design from the same impression used in the exterior terra-cotta panels.

EXPERIENCE GAINED

The developer's expertise is in identifying development potential in underperforming retail projects, assuming ownership, and then reviving them. The Hotel Burnham was McCaffery's first foray into the hotel business. The product type may have been new, but the company was able to use its prior experience in finding the optimal way to convert a building for a new use or a new tenant. In the process, McCaffery acquired new expertise in a new product type. Though this expertise may not be directly transferrable to other product types, the creativity that was necessary to complete this project was a useful exercise in expanding the development firm's ability to

assess new situations, and to do it more confidently with different product types in the future.

Among other new expertise acquired by McCaffery were:

- In the use, application, and benefits of historic tax credits.
- Understanding the intricacy and attention to detail required to meet state and federal historic preservation standards.

PROJECT DATA	
LAND USE INFORMATION	
Site area (acres/hectares): 0.11/0.04 Gross building area (square feet/square meters): 79,000/7,339 Building site coverage: 100% Floor/area ratio (FAR): 15 Floors above grade: 14	
BUILDING USE INFORMATION	
Use	Net Area (Square Feet/Square Meters)
Lobby/reception area	930/86
Guest rooms	39,000/3,623
Restaurants/lounges	2,200/204
Health/fitness	440/41
Administrative offices	610/57
Back-of-house (services)	7,350/683
Circulation	16,360/1,520
Total	67,000/6,224
GUEST ROOM INFORMATION	
Number of rooms: 122 Range of room sizes (square feet/square meters): 270/25 to 307/29 Suite size (square feet/square meters): 470/44 Occupancy rate: 87% Average room rate per night: \$217	
DEVELOPMENT COST INFORMATION	
Site acquisition cost: \$8,600,000 Sitework: \$550,040 Construction Costs Superstructure: \$4,838,631 HVAC: 1,284,577 Electrical: 1,365,468 Plumbing: 1,080,990 Elevators: 568,567 Fees/general conditions: 1,859,242 Finishes: 1,646,247 Graphics/specialties: 110,094 Fire protection: 273,211 Total construction costs: \$13,027,027 Furniture, furnishings, and equipment (FF&E): \$4,050,000 Soft costs: \$1,965,000 Total development cost: \$28,192,100	
DEVELOPMENT SCHEDULE	
Site purchased: August 1998 Construction started: September 1998 Project completed: October 1999	

DIRECTIONS

From O'Hare International Airport: Take I-190/I-90/I-94 (John F. Kennedy Expressway) eastbound into downtown Chicago (approximately 18 miles). Exit at Washington Street. At the bottom of the exit ramp, turn left (east) onto Washington Street. Proceed over the Chicago River to the intersection of State and Washington streets, about a mile from the I-90 exit. The hotel is on the southwest corner, and the entrance is on Washington Street.

Driving time: approximately 30 minutes in non-peak hour traffic.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI-the Urban Land Institute.

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The just-completed Reliance Building in 1895 (here looking toward the southwest), at the corner of bustling State and Washington streets, was the first true curtain-wall skyscraper. Instead of masonry walls acting simultaneously as vertical supports and a weather barrier, the steel frame and curtain wall of the Reliance Building separated the two functions: the steel frame acted as the skeleton, and the terra-cotta cladding and extensive glass acted as the skin.



This view, taken from an identical vantage point as the previous image, shows how the surrounding downtown skyline has changed, while revealing how faithfully the city restored the building. Note the reconstructed cornice and the now-pristine terra-cotta cladding.



The elevator lobby uses original materials in a newly configured space: iron grillwork, mahogany paneling and trim at the walls and ceiling coffers, and a mosaic tile floor that leads past the elevators at left to a new monumental stairway that was extended down to the first floor from the historic seventh floor.



The hotel's dining room has large expanses of glass facing the street. Named after the building's original architect, Atwood Café seats 75 diners in a space once occupied by the Carson, Pirie, Scott & Co. department store.

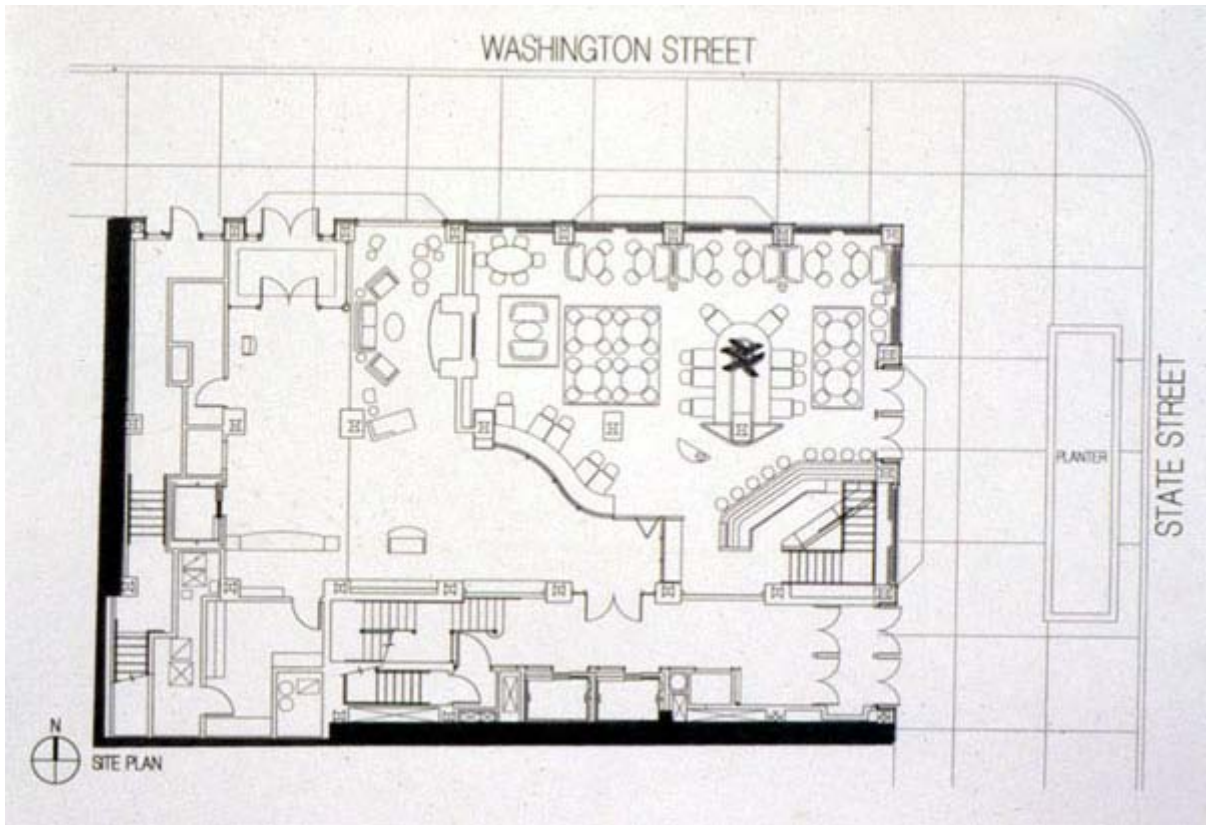


Hedrich Blessing

Fire codes required that exit stairs be enclosed by fireproof walls rated to withstand two hours of heat and flames. Because enclosure would have obscured the original cast-iron stairs, the development team worked with the city permitting office to accept an alternate means of smoke evacuation, allowing the ornamental stairs to remain as originally designed.



Ceiling heights of 11.25 feet (3.43 meters) brought daylight deep into the interiors of the Reliance Building's original offices, which were leased to doctors and dentists. The unusually high ceilings provide a distinctive ambience to the new hotel guest rooms.



Site/Floor plan.