



American Can Company Apartments

New Orleans, Louisiana

Project Type:
Mixed-Use/Multi-Use

Case No:
C034012

Year:
2004

SUMMARY

Set in a historic district in the middle of the city of New Orleans, the American Can Company Apartments is an adaptive use project that has transformed a long-vacant and decaying landmark industrial complex into a vibrant apartment community with neighborhood commercial amenities. The former factory complex now contains 268 apartments—20 percent of which are set aside for low- and moderate-income residents—plus a flexible, 20,000-square-foot (1,858-square-meter) commercial/retail area and parking for 430 cars.

FEATURES

- Adaptive use conversion from industrial to residential and retail uses
 - Public/private partnership
 - Ground-breaking brownfield redevelopment initiative
 - Historic preservation
 - Neighborhood stabilization
 - Mixed-income housing
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SPECIAL FEATURES

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- Public/private partnership
- Ground-breaking brownfield redevelopment initiative
- Historic preservation
- Neighborhood stabilization
- Mixed-income housing

PROJECT ADDRESS

3700 Orleans Avenue
New Orleans, Louisiana 70119

DEVELOPER

Historic Restoration, Inc.
210 Baronne Street, Suite 1717
New Orleans, Louisiana 70112
504-566-0204
Fax: 504-525-3932
www.hrihci.com

TAX CREDIT INVESTOR

Housing Horizons, LLC
351 Phelps Drive
Irving, Texas 75038
972-281-1408
Fax: 972-281-1209

ARCHITECT

HCI Construction and Design
210 Baronne Street, Suite 1717
New Orleans, Louisiana 70112
504-566-0204
Fax: 504-525-3932
www.hrihci.com/hri-management/construction.html

GENERAL CONTRACTOR

Gibbs Construction, LLC
5736 Citrus Boulevard/P.O. Box 23730

New Orleans, Louisiana 70183

504-733-4336

Fax: 504-734-0389

GENERAL DESCRIPTION

A creative public/private partnership has transformed the decaying New Orleans landmark known as the American Can building into a vibrant mixed-use project. The property sat vacant for 12 years, as potential developers were unable to obtain the approvals or financing necessary to renovate the property because of the buildings' physical inefficiencies and challenging market conditions. Historic Restoration, Inc. (HRI), succeeded where others had failed, by taking a holistic approach to the project and involving the federal, state, and local governments as well as big business. The project was the first to complete the Louisiana Department of Environmental Quality's Voluntary Remediation Program—releasing the developer from all future liability—and now serves as a model for other applicants. It also received the city's first Brownfield Economic Development Initiative grant from the U.S. Department of Housing and Urban Development (HUD). The project's economic impact includes more than \$600,000 in annual sales and property taxes.

Completed in September 2001, this brownfield restoration has given new life to a turn-of-the-century industrial complex—listed on the National Register of Historic Places—that also is located in a historic district. The former factory complex now contains 268 apartments—20 percent of which are set aside for low- and moderate-income residents—as well as a flexible, 20,000-square-foot (1,858-square-meter) commercial/retail area and parking for 430 cars. It demonstrates that with determination and a willingness to explore creative solutions in partnership with the public and private sectors, all parties in the development process can achieve their goals.

THE SITE

Consisting of six buildings originally constructed between 1906 and 1929, the 435,000-square-foot (40,412-square-meter) American Can Company facility was a regional manufacturing plant that operated around the clock, producing cans for soda, beer, paint, oil, food, and coffee. After the plant was closed in the 1980s, it sat vacant and decaying for 12 years. Although one of the buildings was destroyed by a fire in 1988, an exterior wall was left standing. The remaining buildings were contaminated with asbestos and lead-based paint; the soil also was contaminated. The structures featured wood and stained concrete floors, expansive wood and concrete columns, exposed brick walls, large windows, and 14-foot-high (4.3-meter-high) ceilings. The Mid-City neighborhood, a pivotal section of New Orleans located in the exact center of the city and surrounded by neighborhoods that contain upper-middle-class housing to the north and west, low-income housing to the east, and middle-class housing to the south.

DEVELOPMENT PROCESS

HRI has spent more than 20 years converting old, empty buildings throughout Louisiana (and, more recently, elsewhere) into residential, commercial, and mixed-use projects. Its mission is to renew cities by creating diverse, vibrant, sustainable communities. In 1996, the firm began exploring the redevelopment potential of the American Can building. In July 1997, HRI sent a letter of intent to the owner, the American National Can Company. The developer purchased the property on March 30, 1999, by forming a limited liability company, 3700 Orleans LLC, for the sole purpose of owning, designing, developing, and managing the buildings. Its goals for the project were to deliver mixed-income housing, provide neighborhood commercial amenities, serve as a catalyst for economic redevelopment in the neighborhood, redevelop a former eyesore and historic landmark into a viable community asset, and preserve key historic elements in order to maintain the buildings' character.

APPROVALS AND FINANCING

In September 1999, the City of New Orleans Planning Commission approved a conditional use permit for the project. The New Orleans City Council's budget and special projects subcommittees considered and reviewed the project at monthly meetings throughout the predevelopment phase, and the entire city council approved a total of \$7 million for the project (a subordinate second mortgage of \$6.5 million and a \$500,000 grant). The city also provided a myriad of support services, including zoning, permitting, construction/architectural review, policy planning, political networking, assistance in application submittals, and various other economic development-related services.

One of the biggest challenges HRI faced was how to remediate the environmental contamination on the site. To limit the firm's exposure for a property it did not contaminate—but that was identified by the city as a major brownfield site—HRI worked with the Louisiana Department of Environmental Quality (DEQ) to develop an acceptable remediation plan, which was the first to be approved under its Voluntary Remediation Program. With this approval, HRI then was issued a "letter of no further action" that relieved the company from further liability. The environmental remediation efforts began in January 2000, prior to the start of construction, and were completed within six months. The general contractor began work in April 2000.

Throughout the development process, the Louisiana State Historic Preservation Office served as the conduit between the U.S. National Park Service (NPS) and the owner to review the project for conformance with NPS design guidelines.

Securing financing, particularly to fill budget "gaps," was another major challenge. Prohibition of the demolition of the structures due to their historic designation, design inefficiencies, and a prohibitively expensive environmental cleanup—which cost almost \$2.5 million—created a \$7 million financing gap that was alleviated through a public/private partnership. Participants in this partnership included the HRI Group of Companies, the Kimberly-Clark Corporation, the U.S. Department of the Interior/NPS, the state of Louisiana (through the Office of the Governor and the Louisiana Department of Environmental Quality), the city of New Orleans, the Fannie Mae Corporation, HUD, Bank One Louisiana and Bank One Texas, the Industrial Development Board of New Orleans, and Gibbs Construction Company.

The multiple layers and sources of financing ultimately required included the purchase of \$8.5 million in historic tax credits; \$29 million in tax-exempt bond financing approved by the Office of the Governor and issued by the Industrial Development Board of New Orleans—which also negotiated a ten-year payment in lieu of taxes (PILOT) agreement for real estate property tax relief; a \$1 million HUD Brownfield Economic Development Initiative (BEDI) grant received via the city; plus a \$5 million HUD Section 108 loan and a \$1 million city economic development loan, also via the city. The city's financing included both a construction loan and a permanent loan. Bank One of Texas and Louisiana issued a \$29 million letter of credit during the construction and lease-up period. Kimberly-Clark, through Housing Horizons, LLC, contributed historic tax credit equity and is an ownership partner. Final development costs reached \$44.5 million.

DESIGN

The designers' primary goal was to retain the character of the original buildings while converting them to modern residential and commercial space. These two- to four-story-high structures represent the largest assemblage of Progressive Factory Architecture on a single site in the United States. Designers were able to incorporate the buildings' original elevator shafts, into which new elevators were installed, thus making efficient use of the space and minimizing construction costs. The buildings' original materials—brick and wood in some, concrete and cement in others—were cleaned, refurbished, and restored. All work was done in accordance with NPS guidelines.

Throughout the complex, designers emphasized the buildings' industrial past. The developers were able to obtain original construction photographs from the American National Can Company; after using them to help ensure that the renovation/rehabilitation process was historically accurate, they hung the photographs in the main lobby and throughout elevator lobbies. Other art in and around the lobby features industrial and can themes, including a large painting of cans and several "salvage art" sculptures made with pieces of canning equipment found in the buildings. Large wheeled trash bins, also found in the buildings, were painted and converted to planters that now line the courtyards. The industrial feel carries through into the complex's hallways and apartments, which feature exposed ductwork and pipes, high ceilings, and restored wood or stained cement floors.

The designers had to arrange the apartments around and within existing columns and other structural elements, which resulted in 52 different floor plans, ranging in size from 640 to 1,615 square feet (60 to 150 square meters). Apartments feature 13-foot-high (four-meter-high) ceilings, large windows and closets, and stone countertops in the kitchens; many offer views of the nearby Bayou St. John, City Park, and the New Orleans skyline. They include one-, two-, and three-bedroom units as well as "Soho-style" lofts; some are available as furnished corporate apartments with short-term leases. Each apartment has a washer and dryer. Twenty percent of the units are set aside for households earning less than 50 percent of area median income (AMI). These affordable units, which rent for \$500 to \$675 per month, are scattered throughout the complex and are identical in design and amenities to the market-rate apartments. Market-rate rents range from \$795 to \$1,910 per month; the average rent is approximately \$1,160.

Common space consists of a lobby (which is staffed 24 hours a day) and landscaped courtyards between the buildings. Designers made the most of the original train shed, which features a corrugated metal roof with skylights that was restored in accordance with NPS regulations. The area below the roof, where workers once loaded cans into boxcars, has been transformed into a lush green space with a barbecue/picnic area and a fountain. Directly beyond the train shed, sheltered by the remaining exterior walls of the building that burned down, sits another, 20,000-square-foot (1,858-square-meter) landscaped courtyard with an in-ground pool. Other community amenities include an entertainment room, a state-of-the-art fitness center, air-conditioned interior storage units, and a business center. Security features include a keyless entry system and gated parking areas. Both indoor parking and outdoor parking are available. Some residents have direct access to the ground-floor, indoor garage from their units; others access it by elevators or via the main lobby. Ground-floor retail spaces feature large windows and high ceilings; they are light, airy, and easily accessible from the lobby and parking areas.

MANAGEMENT

The American Can Company Apartments opened September 1, 2001. As of June 1, 2004, the residential units are 93.6 percent leased and the retail space is 75 percent leased. Retail tenants include P.J.'s Coffee Shop, X-Trainers (a personal training studio), Cork & Bottle (a wine shop), Verizon Wireless, Clothesline dry cleaners, and a 24-hour Liberty Bank ATM. The Crescent City Farmers Market operates one afternoon a week. A lease has been signed with a restaurant tenant, Sunray Grill, which is scheduled to open in late July 2004. Negotiations with an office furniture company and a salon are underway for the remaining available space. A single communications provider, Com One

Interactive, provides telephone, cable television, and high-speed Internet access to all tenants with an on-site technician, enabling quick move-ins. The lobby desk is staffed by a management employee during the day and a security service at night.

Coming from all walks of life, residents include representatives of the medical/health care, banking, sales, education, and movie industries, as well as other professionals and some retirees. HRI reports that many families with children have been attracted to the project by its Mid-City location and open-space amenities. More than half of all residents have incomes above \$70,000 per year. There is a waiting list for the 54 affordable units, which rent to households earning less than 50 percent of AMI.

EXPERIENCE GAINED

The developer believes that the project's greatest contribution to its community lies in its reintroduction as a viable asset to the neighborhood and the city. The redevelopment of this long-vacant property has provided restored, historically designated buildings; introduced 268 new families and several new business enterprises to the community; and served as a catalyst for further residential and commercial rebirth. The redevelopment also generated more than 420 construction jobs and more than 50 permanent jobs, as well as new sales tax dollars, property tax dollars, and direct and consumer spending. Community response to the project was strongly positive throughout the development process; neighborhood residents, anticipating the resulting rise in property values in the surrounding area, were concerned primarily with how quickly the project would be completed.

In historic conversions, close attention must be paid to window and masonry issues to minimize water intrusion. The requirements dictated by local weather conditions, existing window and masonry construction, wind loading, and NPS guidelines must be coordinated to find viable solutions.

This type of project is not easy to develop. It necessitates creative design and financing solutions, and partnerships with federal, state, and local municipalities. It also demonstrates how such partnerships can effectively give new life to a languishing yet historically important complex in a way that both serves the public interest and is profitable for the developer.

PROJECT DATA				
LAND USE INFORMATION				
Site area (acres/hectares): 6.63/2.68 Gross density (units per acre/hectare): 40/98.8 Off-street parking spaces: 430				
LAND USE PLAN				
Use	Area (Square Feet/Square Meters)		Percentage of Site	
Buildings	144,400/13,415		50	
Streets/surface parking	101,080/9,390		35	
Landscaping/open space	43,323/4,025		15	
Total	288,803/26,830		100	
RESIDENTIAL INFORMATION				
Unit Type	Number of Units	Area (Square Feet/ Square Meters)	Percentage Leased	Rental Rates
Affordable				
One-bedroom	44	640/60	100	\$500
Two-bedroom	11	945/88	100	\$675
Market-Rate				
One-bedroom	81	640–1,031/60–96	100	\$795–\$1,120
Two-bedroom	117	945–1,615/88–150	86	\$1,100–\$1,910
Three-bedroom	3	1,430/133	100	\$1,555–\$1,910
Loft	8	735–950/68–88	100	\$735–\$950
DEVELOPMENT COST INFORMATION				
Site Acquisition Cost: \$1,797,000				
Site Improvement Costs: \$3,943,869				
Construction Costs (including contingency): \$26,105,389				
Soft Costs: \$12,653,742				
Architecture/engineering: \$1,913,000				
Marketing: \$350,000				
Legal/accounting: \$760,000				
Taxes/insurance: \$261,500				
Title fees: \$206,000				
Construction interest and fees: \$2,474,300				
Other: \$6,688,942				
Total Development Cost: \$44,500,000				
DEVELOPMENT SCHEDULE				
Planning started: 1996				
Site purchased: March 1999				
Construction started: April 2000				
Leasing started: May 2001				
Phase I completed: July 2001				
Project completed: September 1, 2001				

DIRECTIONS

From Louis Armstrong New Orleans International Airport: Go east on Interstate 10 to exit 231A, Metairie Road/City Park Avenue. Turn left onto City Park Avenue. Continue forward and bear left to continue on City Park Avenue. Turn right on Orleans Avenue.

Driving time: 20 minutes in nonpeak traffic.

Julie D. Stern, report author and interim editor, *Development Case Studies*
Leslie Holst, editor, *Development Case Studies*
David James Rose, copy editor
Joanne Nanez, online production manager

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1025 Thomas Jefferson Street, N.W., Suite 500 West, Washington D.C. 20007-5201



The American Can Company Apartments project has transformed a long-vacant and decaying industrial landmark into a vibrant apartment community.



The six-building, 435,000-square-foot (40,412-square-meter) manufacturing complex was built between 1906 and 1929.



After the American Can Company plant closed in the 1980s, the complex sat empty and derelict for years.



A salvage art sculpture titled Industrial Garden welcomes residents and visitors outside the main lobby entrance.



Ground-floor retail spaces are easily accessible from parking areas.



The complex's pool is set in a landscaped courtyard sheltered by the remaining exterior walls of a building that was destroyed by fire in 1988.



An elevated walkway offers a view of the pool area and the roof of the original train shed (background, between two buildings), which now houses a barbeque/picnic area and a fountain.



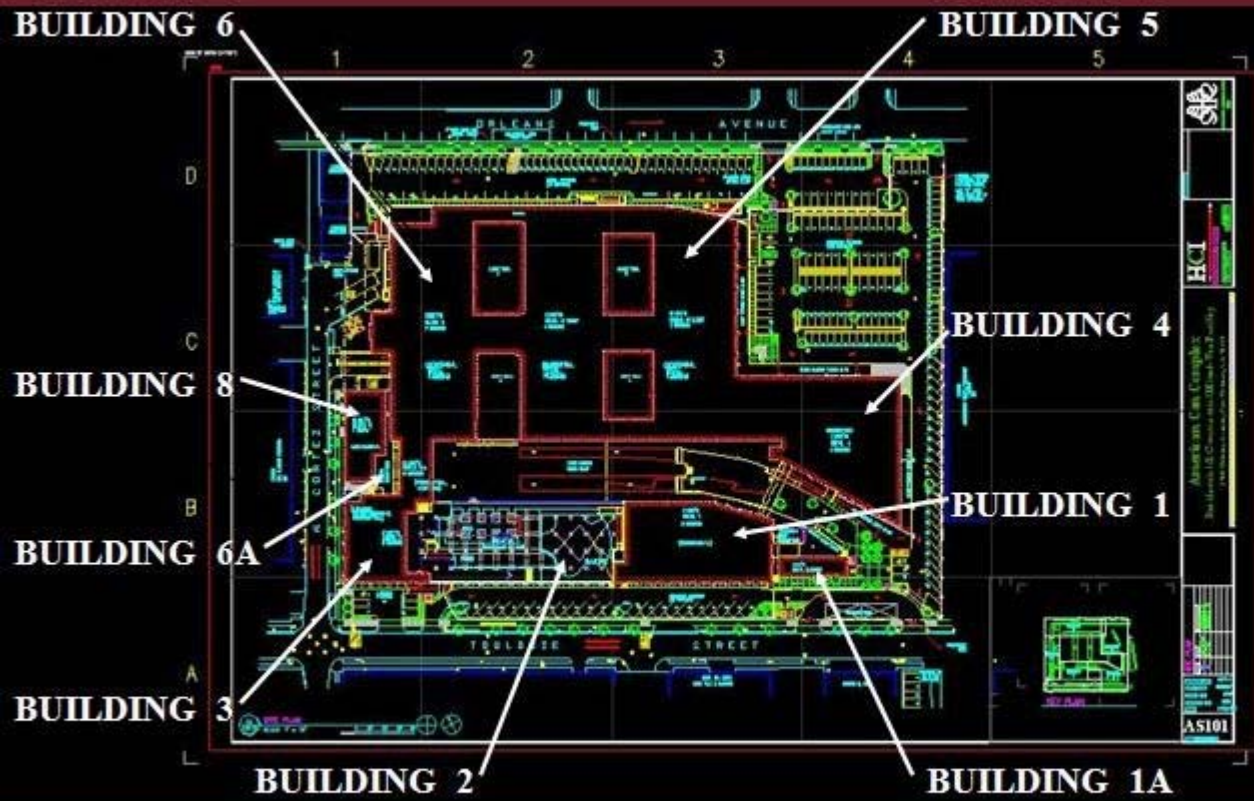
The lobby, which is staffed 24 hours a day, features several pieces of "salvage art" built from pieces of canning equipment found in the buildings.



More can-themed art in the lobby.



The entertainment room.



AMERICAN CAN - OVERALL SITE PLAN 2

Site plan. Building 2 is the site of the structure that burned and is now the pool area; Building 1A, the old maintenance building, is now the barbeque/picnic area; and Building 8 is the current maintenance building. Apartments are located in Buildings 1, 3, 4, 5, 6, and 6A. Building 6A also houses the fitness center, while Building 3 houses the entertainment room and the business center.