

## adaptive reuse

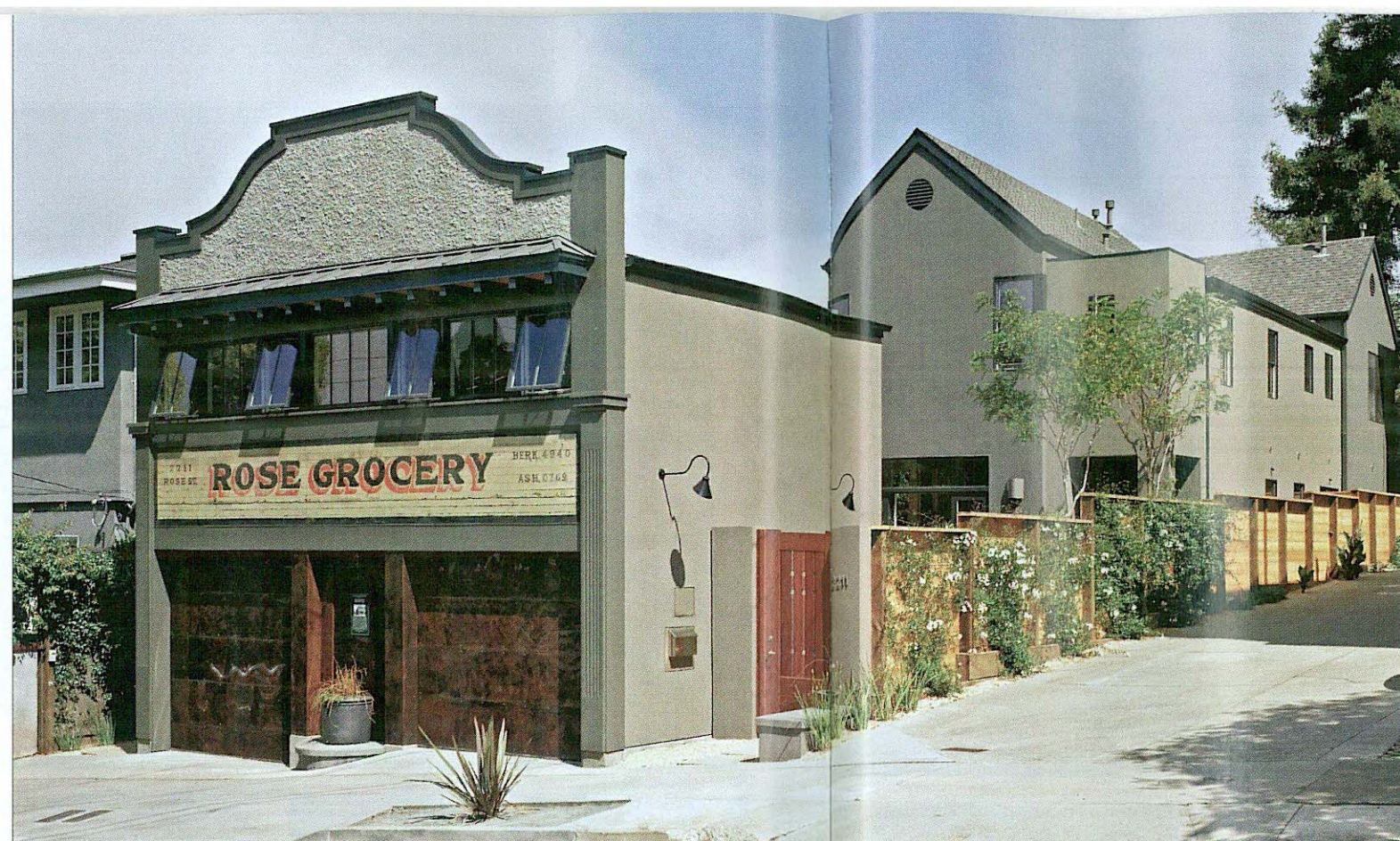
It doesn't matter how good your architecture is: If you haven't built relationships within your community, you won't be able to build much of anything. No one recognizes that more than David Trachtenberg, AIA, the architect and developer of Rose Street Townhouses in Berkeley, Calif. "You have to work in places you understand if you're going to do stuff like this," he says.

Trachtenberg certainly understands Berkeley: He's lived and worked there for 20 years, getting to know local politicians, preservationists, business owners, and residents. These connections served him well when he decided to purchase and redevelop the former Rose Grocery, a century-old retail building that

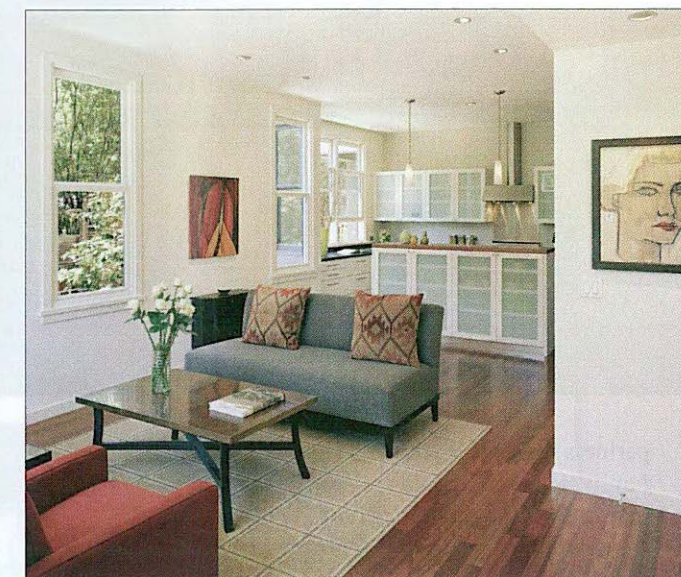
had stood abandoned and crumbling for decades. The property's neighbor tipped off Trachtenberg to its availability, and later in the process, dozens of other locals wrote letters of support to Berkeley's zoning and preservation boards. Trachtenberg hoped to return the favor by creating a project that would enhance the neighborhood. "I think it's a good kind of urbanism to build right on the street," he says.

So he rebuilt the grocery's façade, taking advantage of the land's unusual zero-lot-line status. He and his staff placed a pair of garages and an upstairs guest studio in the front building, and for the lot's rear, they designed a couple of two-story townhouses. The land between the houses and the garage building serves as an internal courtyard, with plantings chosen by Trachtenberg's brother, Robert, a Berkeley landscape architect.

The amenity of a private garden in the middle of the city appealed to buyers, as did the units' 10-foot ceilings and custom cabinetry. "We sold them in June

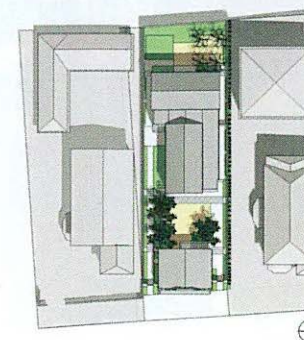


Thoughtful design decisions, such as keeping the original sign and leaving space for a courtyard between the front and back buildings, infuse the project with a low-key charm. Brazilian cherry floors add a luxurious touch.



and July 2005 for \$625 and \$800 per square foot," Trachtenberg says. "We got lucky on the timing."

But even if those fortuitous market conditions can't be duplicated, he's eager to get back into the development game. "The market doesn't discourage me at all," he says. "What works for me is the difficult site, the problematic site, the site that's not buildable. Dealing with the political, geometrical, legal problems—this is what we as architects do for our clients all the time. This is where the opportunities for us are."—*m.d.*



**project:** Rose Street Townhouses, Berkeley, Calif.  
**architect/developer/interior designer:** Trachtenberg Architects, Berkeley  
**general contractor:** Kaufman Construction, Berkeley  
**landscape architect:** Garden Architecture, Berkeley  
**project size:** 1,500 square feet, 2,000 square feet  
**site size:** 0.12 acre  
**construction cost:** \$263 per square foot  
**sales price:** \$1.2 million, \$1.25 million  
**units in project:** 2  
**photography:** Muffy Kibbey

## the art of the deal

**what was the hardest sacrifice you had to make to do this project?**

"The buildings had to meet a strict budget, and we kept the design simple and appealing to a wide market. This being our first development, it was critical that it be financially successful so that we could begin to develop a financial track record and be in a position to do other projects. So we didn't take a lot of chances with the design. But it was the right decision."

**what was the toughest part of putting the deal together?**

"Dealing with the sellers was difficult. It was hard for them to finally commit to selling, and there were several moments when they were going to pull out of the deal. It's funny: Every third person in town tells me they were at one point, to purchase the site. One of the best parts of putting the deal together was that we worked out an arrangement with the sellers whereby we had six months to test the feasibility of the project. During that time, we paid them \$1,500 per month, nonrefundable, toward the purchase price. Because we had our city approvals and a bank loan in place before we closed escrow, our carrying costs were extremely small."

**how are you protecting yourself from liability?**

"We formed a Limited Liability Company for the project. We did a thorough drawing package with thoughtful detailing for a high-quality project. We worked with a general contractor and subs who we knew wouldn't disappear if there were problems. We stay involved with the new owners, and they know they can call us if there are any problems and we will be there to help them."

**what do you wish you'd known about the development process beforehand?**

"I didn't understand the tax implications of development at all. If one isn't careful, one can end up paying as much as 45 percent of the profits toward taxes as ordinary income, as opposed to long-term capital gains, which is only taxed at about 15 percent. It's important to get advice from a tax attorney before getting into too deep."