

Colleges Teach 'Urban Development 101'

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by Nick Timiraos

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One of the most ambitious real-estate-development projects in Philadelphia involves revamping a 42-acre eyesore on the banks of the Schuylkill River into a hub featuring gleaming office towers, apartments, a hotel and restaurants. The catalyst for the \$2 billion redevelopment: the University of Pennsylvania.

Universities, increasingly, are extending their reach to off-campus development in an effort to give their surrounding areas and town centers a vibrant and modern feel. In the process, they are becoming major drivers of economic development after concluding that their fortunes are directly tied to those of their cities.

"The future of Penn depends on the future of Philadelphia," says Penn President Amy Gutmann. "If we don't take on the challenge of helping to redevelop our part of the city, nobody else is going to do it as well as we are going to do it." University officials say the campaign could eventually bring 4,000 new jobs to the area.

Another reason for the push is that institutions are recognizing that, along with lucrative financial packages and strong academic reputations, they need to have attractive and exciting college towns to lure top faculty and students.

The University of Maryland in College Park is converting a 38-acre tract of industrial development on its campus into a shopping district with a hotel, theaters and a music center to further spur redevelopment along a depressed stretch of U.S. Route 1, the town's main thoroughfare.

"We've actually lost some [potential] faculty who have driven down Route 1 and said, 'We're not going to move here,' " says Douglas M. Duncan, who is overseeing the \$700 million redevelopment project.

Cleveland's Case Western Reserve University is developing an arts and retail district in a neighborhood on its campus border that students and faculty consider unsafe. "We've been living around it for years," says Margaret Carney, Case Western's architect and planner. Other universities, including Harvard and Columbia, have begun to develop recently acquired, large parcels adjacent to their campuses.

Penn's project is part of a \$6.7 billion 30-year expansion and follows a separate effort that began more than 10 years ago to improve blighted parts of its residential community after a crime wave threatened student and faculty recruitment. The university renovated homes, converted a parking lot into a bookstore and movie theater and opened a public school to spur community development. "It turned into a competitive advantage," says Judith Rodin, who served as Penn's president for 10 years until 2004.

But real-estate deals aren't always an easy sell. While a private developer will handle Penn's current project, the university couldn't find a partner during its first wave of development in the 1990s, forcing university leaders to justify the school's decision to invest \$100 million on its own, as some faculty preferred to see more money go toward faculty endowments.

Neighbors also eye some expansion projects warily, such as New York University's proposal to add six million square feet to its campuses in the next 25 years, half of that in Greenwich Village. "There are more and more parts of the neighborhood where you feel like NYU is the sole defining entity, and that footprint is growing and growing," says Andrew Burman, executive director of the Greenwich Village Society for Historic Preservation.

Developers are eager to join ventures with colleges, which they see as providing a steady stream of business. "Universities are fairly reliable partners," says Sal D. Rinella, president-elect of the Society for College and University Planning, who argues that universities are recession-resistant: "As the overall economy gets worse, higher education enrollments tend to go up."

Penn's campus expansion will allow the school to move administrative and nonessential activities to the campus periphery while bringing academic and residential units to the campus center.

Penn has partnered with Brandywine Realty Trust, which has a 90-year lease on the property it plans to develop. Construction has begun on one parcel, but the 2012 completion date for the 43-story Cira Centre South office building could be pushed back by the current credit crunch. The developer says it is looking for partners and will decide next year whether to change its timetable.