

Developer buys Union Mission, plans middle-income apartments

By Harry Minium | The Virginian-Pilot

NORFOLK

The Union Mission, a 100-year-old downtown building used for years as a homeless shelter, has been purchased by a Columbia, S.C., company that plans to turn it into apartments, Mayor Paul Fraim will announce this morning.

US Development Co., whose partners have renovated nearly a dozen historic structures in Columbia, plans to transform the Union Mission into The Rockefeller, a 90-unit apartment complex.

It is to be named after John D. Rockefeller, who donated \$300,000 a century ago to build the Naval YMCA. The Union Mission was known as the Navy Y for decades and served as a respite for sailors and soldiers during both World Wars.

Fraim will announce the sale of the Union Mission at a Downtown Norfolk Council conference at the Sheraton Norfolk Waterside Hotel.

The executive vice president of US Development, Jeff Pioreschi, is an Old Dominion University graduate who said his company has been negotiating with Union Mission officials for more than a year. He said his group paid more than \$5 million for the building and will spend \$17 million on the project, which will open in about 20 months.

US Development has signed an agreement with local businessman Luke Hillier, a classmate of Pioreschi's at ODU, to help develop this project and others.

US Development President David Bryant said his company plans to spend more than \$100 million developing 1,000 to 1,500 residential units in existing downtown buildings over the next decade. The company is eyeing other historic Norfolk buildings as rental-complex candidates. Downtown Norfolk has experienced a growth spurt in condominiums and, more recently, upscale apartments. More than 500 apartments have been or will be built at Wells Fargo Center and Belmont at Freemason downtown, and 201 Twenty One, near Ghent.

The Rockefeller will not compete with those projects, Bryant said.

"We will market to secretaries, middle managers and restaurant workers who work downtown but can't afford to live there," he said.

Rents will begin at \$800 a month and top out at \$1,600 at The Rockefeller, Pioreschi said. The building will include a basement indoor pool, a rooftop entertainment area with a sun deck, a gym, hardwood floors and stainless-steel appliances.

The developers will use federal and state historic tax credits and finance the project with federally insured loans intended for middle-income housing. It will also tap into a city real estate tax abatement program for historic developments.

"Renovating a historic building with tax credits is a difficult process," said Cathy Coleman, who heads the Downtown Norfolk Council. "This group has a tremendous track record in that regard."

Pioreschi said US Development looked at 20 cities, from Jacksonville, Fla., to Richmond, to expand its business.

"We came here and walked the streets at 6 in the morning and 12 o'clock at night to really get the feeling for what the city is like," he said of a visit to Norfolk in July 2008. "We realized right away that there's so much growth potential here."

The group's apartment conversions include South Carolina's first high-rise, a historic fire station and a school.

The Norfolk deal will allow the Union Mission to consolidate its ministries, including its men's homeless shelter, to the former Virginia Natural Gas headquarters at 5100 E. Virginia Beach Blvd., about four miles east of downtown.

That \$28 million project, under construction on 24 acres, will include nearly 300 beds for the homeless, a day care center and facilities to train the homeless to find work. A thrift store and a limited number of beds already are open, said Linda Jones, a spokeswoman for the mission. Jones said the Union Mission needs to raise \$4.5 million to complete

funding. She said she hopes construction of the men's shelter, a \$16 million project, will begin next year.

For years, city officials have encouraged the Union Mission to move out of downtown. Yet they worried that a developer would buy the building and tear it down, something the city had no power to stop.

"We're obviously thrilled," Fraim said, "to know that the Union Mission will be in good hands in the future and will be redeveloped in a way that we'll all be proud."

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VIRGINIAN-PILOT FILE PHOTO

The Union Mission building serves as a shelter for the homeless. It was built nearly a century ago with a donation from John D. Rockefeller to serve as a YMCA for sailors.



VICKI CRONIS-NOHE | VIRGINIAN-PILOT FILE PHOTO

renovation

A South Carolina-based company will renovate the Union Mission in downtown Norfolk into apartments, targeting middle-income workers. Rents are projected to be between \$800 and \$1,600.
