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U.S. Bank Tower may join housing along Walnut St.

Kansas City Business Journal - by [Jim Davis](#) Staff Writer

The feeding frenzy of residential redevelopment in downtown Kansas City that already has feasted on such areas as the Garment District and Quality Hill is eating into Walnut Street.

The newest menu item is a half-empty office building at 1101 Walnut St.

Apartment builder Jason Townsend is eyeing the **U.S. Bank Tower** for condominiums.

The 29-year-old building is being offered for sale by Imperial Capital Bank. The California-based bank foreclosed on the property in March after its former owner defaulted on loan payments. Many of the 216,400-square-foot structure's tenants fled as its Florida-based owner deferred maintenance of mechanical systems.

Occupancy now is 50 percent, Grubb & Ellis/The Winbury Group reports.

Bob Mayer, an adviser to Imperial Capital, said he expects the sale to close in October. Townsend's offer was the strongest of several, Mayer said.

Townsend, who is completing a residential conversion of a former office building at 4528 Belleview Ave., near the Country Club Plaza, could not be reached.

Imperial Capital offered U.S. Bank Tower for \$7.5 million, about \$35 a square foot.

Mayer acknowledged that the growing number of other downtown buildings that are becoming apartments raises questions about the viability of further expanding the housing stock.

"It's kind of like drugstore wars," Mayer said. "Everyone wants to be on the same corner."

For Townsend's plan to work, Mayer said, it will have to distinguish itself. U.S. Bank Tower's funnel-like shape and its glass

curtainwall exterior draw attention, he said. Its vintage is more recent than other buildings that now contain apartments, and parking is plentiful in an attached garage.

Glenn Solomon, who leads the group that owns the Fidelity National Bank building at 909 Walnut St., said he hopes Townsend proceeds. Demolition and environmental abatement began this month in Solomon's Depression-era skyscraper.

Plans call for the 36-story building to reopen in the spring of 2005 with 177 rental apartments, two penthouse condominiums and 50,000 square feet of offices.

Solomon said he expects to meet during the week of Sept. 22 with contractors whose bids were due Sept. 18. He wants to start work in November.

This timetable could be extended if the city can't decide how to finance a 347-space garage that's to be built in a vacant lot on the south side of the building.

Andi Udris, CEO of the Economic Development Corp. of Kansas City, said he expected to meet with officials of the Kansas City Finance Department by Sept. 19. Udris said he wants to use the city's credit backing to finance construction of the Walnut Street garage, as well as publicly owned garages proposed in the River Market and Freight House District.

Kansas City Treasurer Randy Landes said Finance Department officials have been meeting with their counterparts at the EDC for several months. Although general agreement exists on the tenets of city-backed financing, Landes said, each proposal still needs to be considered on its merits.

The city wants assurances about debt service coverage and other provisions to reduce its risk exposure, Landes said.

Also along Walnut, developer Dale Schulte said he expects to ask in October for low-income housing credits to help renovate a vacant 12-story building at 823 Walnut St. into apartments. He estimated the price of the project at \$8 million.

Sufficient parking would be available for the units' tenants in existing lots and garages, Schulte said.

This capacity shrank this month when Tower Properties Co. closed the former Sam's Garage at Seventh and Walnut streets. Built in 1891 as the Grand Opera House, the garage had become structurally unsound, said Gib Kerr, Tower's vice president.

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