

NDSU DOWNTOWN IMPACT: Students squeeze, developers swarm

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No one knows how many North Dakota State University students will move to downtown Fargo when the school's business college opens a new headquarters there this fall.

But this much is certain: There aren't enough downtown apartments to accommodate all of them.

That has developers taking a hard look at potential redevelopment sites.

With many of Broadway's gaps filled and old buildings revamped in recent years, attention is shifting to areas around NDSU's new Richard H. Barry Hall at 10th Street and Second Avenue North and Klai Hall, the architecture building that opened in January one block east.

Kevin Bartram, owner of Sterling Co., which has developed downtown apartments in Fargo and Moorhead in recent years, said interest is growing in properties as far west as University Drive.

Keeping downtown housing projects affordable for students will become more challenging as developable downtown property becomes scarcer and more expensive.

Students on Monday began moving into the first downtown housing project geared specifically toward them, the Cityscapes building at 630 1st Ave. N.

Students will write their rent checks to Cityscapes, but NDSU will manage the building as it does on-campus housing.

If successful, the project could become a model for other downtown student housing, said Michael Harwood, NDSU's assistant dean of student life.

Harwood said developers continually ask him whether the demand will be there from students. University officials say more than 2,500 students and potentially as many as 4,000 will visit downtown daily for classes.

Officials hope to have a better grip on the housing demand by the end of fall semester, Harwood said.

"The market's there," he said. "But then you've got to ask what your price point is: What can you afford, what can you build and what's going to help support that building?"

Demand factors

The 104 apartment units in Cityscapes aren't full, but NDSU is getting requests for them daily, Harwood said.

As of last week, most of the 18 studio and 18 one-bedroom apartments were rented, he said. About half of the 37 two-bedroom units were spoken for, and most of the 20 three-bedroom and 11 four-bedroom units were still available.

"I think once they see what they are getting down there, they're going to jump on it," he said.

Not all students will want the downtown apartment life, which is different from campus atmosphere, he said. Parking access may be a bigger challenge, and some students are hesitant about the rental rates downtown, and not just at Cityscapes, he said.

A studio apartment at Cityscapes rents for \$505 a month, compared with \$400 a month for an on-campus apartment in Bison Court. The monthly rent for a two-bedroom, four-person Cityscapes unit is \$1,180, or \$470 more than a comparable unit at Bison Court.

Projects continue

So far, Cityscapes is the lone downtown apartment project reserved for students.

But students also have moved into other recent apartment projects, and more are on the way.

Students and young professionals were the targeted market and now make up a good portion of the tenants in the 21-unit Lofts on Roberts. It opened Aug. 1, 2008, and is now full, said Mike Allmendinger, general manager of Kilbourne Group, which remodeled the warehouse at 309 Roberts St.

The Kilbourne Group's condos being finished at 300 Broadway aren't aimed at students, but at least one retired professor has already claimed one of the units, Allmendinger said.

Kilbourne Group founder Doug Burgum bought the former Northern School Supply building at 650 NP Ave. and donated it to NDSU, which remodeled it and renamed it Renaissance Hall. Burgum believes NDSU is becoming an anchor tenant for downtown, Allmendinger said, adding the influx of students will bring a vibrant, dynamic atmosphere that will create opportunities for redevelopment.

"I know that there are a lot of properties, open spaces in downtown Fargo ... that people have identified as great potential building sites, and we certainly are pursuing some of those," he said.

Earlier this month, Burgum confirmed that Kilbourne Group has secured an option to buy the U.S. Bank parking lot and plaza on Broadway over the next three years.

Downtown Community Partnership President Dave Anderson said if the plaza is redeveloped, he doesn't know if it would necessarily be targeted toward students, as the cost of redeveloping the property would be significant.

Bartram is currently remodeling the two-story brick building at 506 Roberts Street into 12 apartments. In October, he'll start on the nearly 50,000-square-foot KRJ building at 503 7th St. N., just south of Hardee's. The third floor and basement will contain 18 apartment units.

Bartram said the projects weren't done in anticipation of NDSU students moving downtown, noting there was demand for more downtown apartments before that happened.

"But it certainly doesn't hurt," he said.

Another potential site for downtown apartments is the old Union Storage building at 1026 NP Ave.

Its owner, an out-of-state developer doing business as Downtown Fargo Housing Partners, plans to convert the building into 56 rental units, said Konrad Olson, the real estate broker for the property.

Olson said the owner is moving forward with those plans, trying to secure a housing tax credit, but also would sell the building to a willing developer.

Olson, a well-known commercial property broker, said he's aware of "a lot of interest" in the neighborhood around the new NDSU buildings.

Tool of encouragement

Changes to the city of Fargo's Renaissance Zone could spur development around NDSU's footholds.

The city recently approved adding three new blocks to the zone and swapping out four existing blocks in the zone, which would provide property and income tax incentives for those properties to be redeveloped.

The four relocated blocks are west of 10th Street, across from Barry Hall. Current occupants of the blocks include Woodrow Wilson School and Taco Bell, whose owners have both said there's interest in redeveloping the properties, Fargo Senior Planner Bob Stein said.

The blocks immediately north of Barry Hall and Klai Hall, which aren't in the Renaissance Zone, contain a number of single-family residences and income property but have development potential, Anderson said.

Between the blocks west and north of the NDSU facilities, "That's a neighborhood that really has a lot of various empty lots and underused properties," he said.

Rent higher downtown than on campus

Rental rates for North Dakota State University students living in the new Cityscapes building in downtown Fargo are higher than the Bison Court apartments on the main NDSU campus.

Unit type (capacity) Cityscapes Bison Court

Studio (one student) \$505/month \$400/month

One bedroom (two students) \$805/month \$525/month

Two bedroom (three students) \$1,180/month \$710/month

Three bedroom (three students) \$1,506/month n/a*

Four bedroom (four students) \$1,830/month n/a*

* Bison Court doesn't have three- or four-bedroom units.

Editor's note: This is the third in a four-part series about NDSU's impact on downtown Fargo.

- **Sunday:** NDSU officials seek to keep campus unified as growth continues into the downtown.
- **Monday:** Downtown businesses prepare for influx of new students.
- **Today:** Demand for housing increases downtown.
- **Wednesday:** Transit officials prepare for transportation, parking needs.