

# ULI Case Studies

## Sofia Lofts



### QUICK FACTS

**Location**

San Diego, California

**Project type**

Multifamily rental

**Site size**

0.41 acres

**Land uses**

Multifamily rental housing, office, open space, parking

**Keywords/special features**

Historic preservation, infill development, place making, LEED Platinum certification, green building, multigenerational, open space

**Website**

[www.sofialofts.com](http://www.sofialofts.com)

**Project address**

3045–3057 Broadway  
San Diego, CA 92102

**Developer and architect**

Nakhshab Development & Design Inc.  
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**Owner**

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*The house, east building, and front yard, viewed from Broadway. At left, the east building's foundation cantilevers out over the hillside and a historic cobblestone retaining wall.*

### PROJECT SUMMARY

Sofia Lofts is a 17-unit multifamily rental development consisting of two modern apartment buildings inserted on either side of a historic house in Golden Hill, a mixed-use neighborhood one mile east of downtown San Diego, California. The Leadership in Energy and Environmental Design (LEED) Platinum-certified buildings surround a generous interior courtyard landscaped to serve as a shared space for informal resident gatherings, special events, and access to parking. The family-run development company's integrated design/build process streamlined the construction schedule, improved flexibility, and reduced costs.

Perched above a hillside in the midst of San Diego lies a secret garden: a quiet spot to listen to the soft crunch of gravel underfoot or a place for a bustling party lit by a glowing fireplace and filled with neighbors gathering around the grill. Opening onto the garden are a pair of sleek, LEED Platinum-certified buildings and a charming historic home. The new buildings' broad windows illuminate the minimalist, open-plan studio and two-bedroom apartments within. Their sharp lines and proportions contrast with the restored woodwork on the century-old house that sits front and center on the site.

Sofia Lofts—this family of buildings and the garden they embrace—is itself the handiwork of a family business, Nakhshab Development & Design (NDD). The extended Nakhshab family, drawing upon their Iranian heritage, built their own home to strike a balance between living together and living apart. Sofia Lofts seeks to emulate this blend through shared spaces that foster a casual neighborliness, enveloped by private quarters in various sizes that fit people at all stages of life.

NDD undertook Sofia Lofts' development through a tightly integrated and streamlined design/build process. Construction took just ten months, and the entire project timeline from closing on the land purchase to grand opening took 18 months.

### Background: The Company

For NDD founder Soheil Nakhshab, buildings are the family business. His father, Sasan, trained as an engineer at the University of Southern California and launched a career in the construction industry in Iran before political unrest there led him to uproot his family—first to Italy and later to southern California, where he became an engineer for the city of San Diego.

Soheil, the elder son, always knew that he would also build buildings. After studying structural engineering in college and interning with engineers and architects, he launched an engineering business in 2003 that provided consulting services to residential, commercial, and institutional projects around San Diego dur-

ing the boom years. Eventually, the firm's expertise grew to encompass design, development, and construction management. Integrating the three practices within one small firm reduces overhead and consulting costs while tightening construction timetables.

His parents provided a sounding board for his ideas: his father, Sasan, on construction and his mother, Mitra, on interiors and materials. His younger brother, Nima, joined a few years afterward, fresh out of business school. Together, they could offer expertise throughout the design, development, and construction process. "Most of our conversations at the [family] dinner table relate back to our projects," says Nima. He cites his parents as both mentors and mediators: "When we disagree with each other, usually we get our parents involved for a more democratic vote."

A first foray into multifamily development came serendipitously, when Soheil built a large single-family house for his extended family, with each generation having its own separate space within the structure. A second iteration of the



Monthly movie nights in the courtyard are open to tenants and their guests. A dragon tree, transplanted from the front yard, now cuts a striking silhouette in the center of the courtyard.

family house, in the closer-in neighborhood of Bankers Hill, placed a three-apartment building behind a renovated single-family house built in 1888. The multigenerational environment (see ULI's 2014 discussion paper, *Residential Futures II*) not only has a common garden for gatherings but also grants each generation private space: Nima had a studio apartment, the parents live in a penthouse with an airy great room, and Soheil lives in the house with his young family.

Drawing inspiration from central San Diego neighborhoods like Little Italy, where design-forward infill buildings by architect-developers such as Jonathan Segal have gradually transformed the landscape over the past generation, the firm began searching for opportunities to replicate the concept at a slightly larger scale while maintaining the same high standards found on the family homes. Nima, who currently lives at Sofia Lofts, feels "it's necessary for me

to move into every project that we build." Staying with the project long after completion means that "you pay attention to the details, where you possibly could have made those mistakes" and learn from them. "You want to embrace all that heartache that you put into it," he continues.

## The Site and Concept

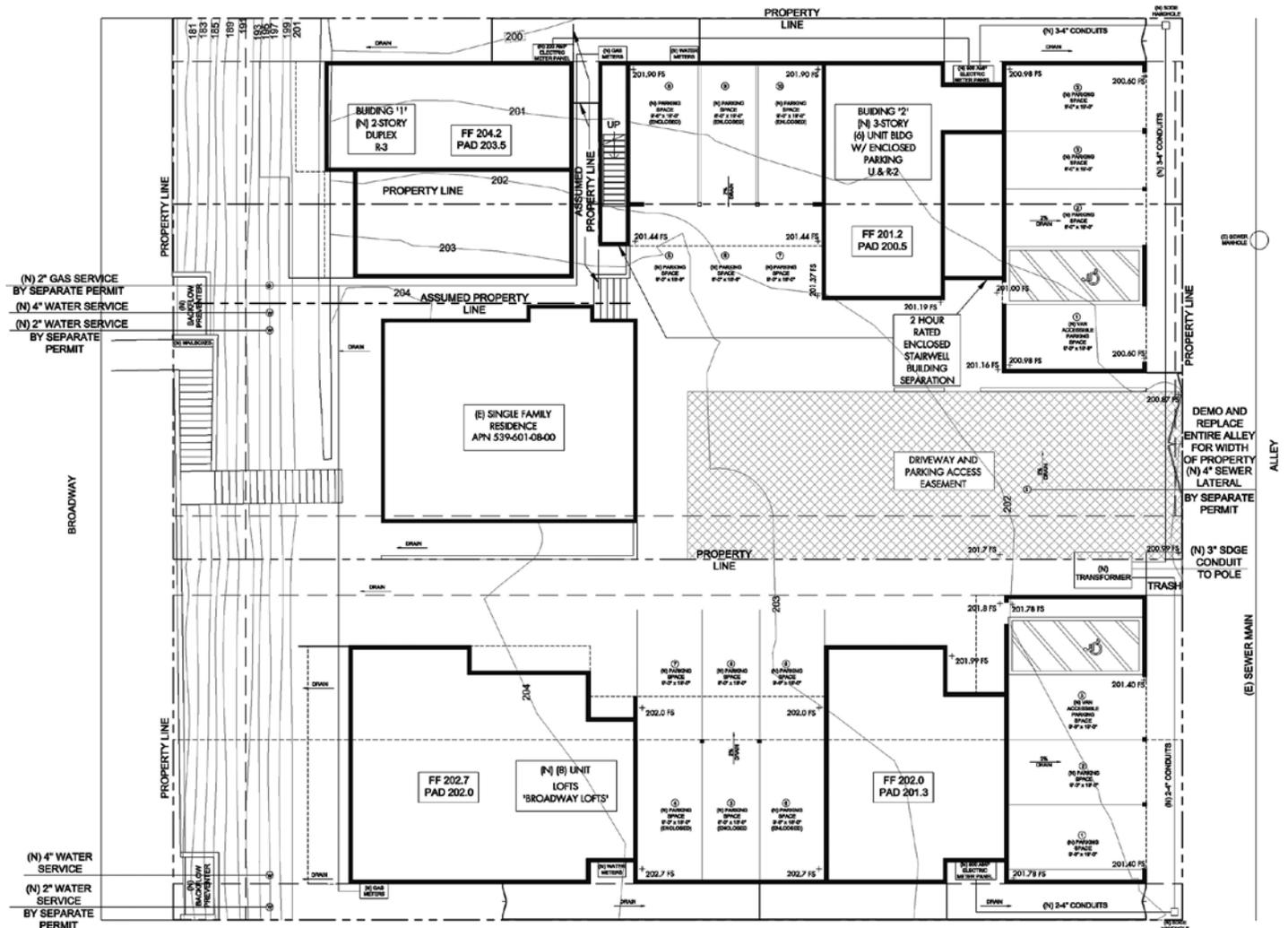
Sofia Lofts sits on a 0.41-acre site on Broadway, historically San Diego's main street, between 30th Street and California 94, the primary freeway heading east from downtown San Diego. The surrounding Golden Hill neighborhood sits one mile east of downtown San Diego and at the southeast corner of Balboa Park, famed for its zoo and museum complex. The hill's commanding views over San Diego's harbor and easy streetcar access along Broadway to downtown made the area a favorite home for the city's early merchant-and-mariner elite. From the 1870s

through the 1920s, they lined its streets with elegant houses—including, in 1928, a house at 3051 Broadway.

During World War II, the burgeoning city of San Diego attempted to address a severe wartime housing shortage by rezoning neighborhoods such as Golden Hill for much higher densities. Many of the area's grand houses became rooming houses or were replaced with low-rise apartments in subsequent years, and Golden Hill was ringed with freeways that drew new investment out to the suburbs. Yet charming old houses and small shops remained along the neighborhood's old streetcar lines, creating a rare oasis of authentic, relaxed walkability amid the southern California sprawl.

In 2013, when NDD purchased the house at 3051 Broadway, it was hardly a diamond in the rough. The house had been vacant and boarded up for several years, having been inherited and

## SITE PLAN



owned by out-of-state heirs before the recession. The house itself was hardly visible from busy Broadway: overgrown plantings had taken over the steep slope leading up to the house.

At the time, NDD had been actively scouring central San Diego for multifamily development sites, checking every day for new listings that met its criteria. The Nakhshab family would gather around the television each evening—but not for the usual television fare. “My brother,” Soheil recalls, “would drive around with a video camera, then bring it home in the evening. We’d watch as a family to say, ‘Hey, that’s not bad, maybe we should go for this property.’”

A listing for the house on Broadway popped up one night, then just as quickly disappeared. Months later, it came back. And “the same day,” Soheil says, “I called the agent and put in an offer, put schematics together, and met with city staff to see the options.”

Well-located, walkable Golden Hill seemed particularly ripe for NDD’s approach; its established rental apartment market was seeing renewed interest as investment and attention shifted back toward central San Diego. With a few exceptions, it hadn’t seen much new development in recent years, much less anything modern.

## Site Plan

The 0.41-acre site offered just enough space to create a self-contained, internal courtyard, essential to NDD’s idea to create a boutique-scale oasis—a bit of Palm Springs or the Riviera in the middle of San Diego. The overgrown front yard and 15-foot slope up from busy Broadway meant the lot felt secluded, even though the front door is less than 800 feet from a freeway on ramp. The site was flat, and the block had an alley, making access to the site simple. Although other developers might have been skeptical about the existing historic house on the site, NDD had experience integrating old and new construction.

Around the courtyard, NDD wanted to offer a range of units that could accommodate a variety of tenants throughout their entire life cycle. To complement the three-bedroom house, NDD planned duplex and flat two-bedrooms, as well as studio apartments. Studios are particularly popular in San Diego because of the city’s young and transient population, and Sofia Lofts could offer studios in a unique community setting.



*At dusk, the glow from the west building’s windows illuminates the courtyard. Plantings partially screen the recessed garage doors.*



*Landscaping and furnishings define zones within the courtyard, such as two different seating areas, thereby creating a human scale within a space that also serves as automobile circulation.*

## Planning

Soheil describes his combined role as architect, engineer, and builder of Sofia Lofts as being its “master sculptor.” The central element of this sculpture is the courtyard at the heart of the site; the courtyard is surrounded on three sides by the house and two eight-unit apartment buildings, and it serves as a communal gathering and entertainment area for all residents.

From the very beginning, Soheil wanted to “create [substantial] outdoor space for interaction within the property,” a space where residents could “feel like a community, feel like a family, and grow together.” There, people could gather as well as see one another as they come and go—a marked contrast to anonymous corridors and elevators. A human-scaled courtyard could “bring some life and spirit to the environment, create friendships and bonds between people.”

The 70-foot-deep courtyard is 60 feet wide at the middle of the site, behind the renovated house, and tapers to 30 feet wide at the gate opening onto the alley. A T-shaped driveway runs through the center, defining two seating areas within its corners. The west side of the courtyard, which gets daylight during the morning and midday, has a gas grill and picnic table, while the east side is set up for afternoon and evening socializing with a gas fire pit and soft seating.

Integrating parking into the site plan was a challenge that spurred a clever solution. Excavating the hillside was ruled out not only because of the cost, but also because it would compromise

the historic integrity of the house and its retaining wall along Broadway. At the same time, maximizing the usable courtyard space meant minimizing driveways and keeping cars out of sight.

The first solution was to line up seven garage spaces with the alley. For the balance of the 21 spaces planned, six more garages are accessed via the courtyard. The plans show seven more spaces within the courtyard itself, immediately in front of the garages, but to keep the space inviting, the spaces in the courtyard are off limits for tenant parking. It’s a small net loss for NDD, which discounts the rent for some tenants who forgo on-site parking, but results in a common area that looks like an expansive garden, rather than a parking lot.

The materials used within the courtyard were also chosen to make the garden feel like a place where cars just happen to be allowed. Part of the driveway near the alley is paved with concrete, but the center of the property is covered in pea-sized gravel. The texture of the gravel slows down cars to walking speed, adds visual and auditory interest, and permits rainwater to filter through. Its inspiration comes from a house in Italy that the Nakhshab family lived in; as Soheil recalls, “The courtyard we would always play in had that type of gravel, and we are seeing the tenants’ children doing the same thing.”

Landscape elements further encourage drivers to carefully maneuver within the shared space. Airy palo verde trees strategically placed between the garage doors soften the wall plane and complement the Dr. Seuss–style dragon tree at the center

of the courtyard. An enclosure for a video projector stands at one of the driveway’s corners, pointing toward a screen mounted on the house’s rear wall. Large beanbag chairs are brought into the courtyard for children to climb upon during events.

## Architecture

The two eight-unit apartment buildings bracket the historic house and courtyard, one at the east edge of the site and one at the west. The house stands a bit toward the east, so the primary passage between the front steps and the courtyard runs along its west wall.

Southern California has a long history of arranging houses around garden courtyards. Architect Stefanos Polyzoides, in his book *Courtyard Housing in Los Angeles*, praises courtyards for providing “direct access from all dwellings, whether ground or upper level, to the ground,” creating an indoor-outdoor living experience so that residents can readily enjoy the pleasant climate. Many historic courtyard apartments are maisonettes—multistory attached houses entered directly from the courtyard—rather than flats (as at Melrose Place, perhaps the most famous example of the genre).

Both of Sofia Lofts’ new buildings have two maisonette-style two-bedroom apartments in the two-story wing at the front; one two-bedroom apartment perched above the three-car garages in the middle; and a three-story “tower” at the rear, with five studio apartments above and beside the alley-facing garage. All of the apartments have decks or Juliet balconies,



Sofia Lofts’ three buildings perch on a hillside, as viewed from across Broadway.

thereby allowing residents to enjoy the views and outside air.

The two buildings are broadly similar in their floor plans but don't exactly mirror each other. The windows and doors facing the courtyard don't face one another, both to provide subtle visual variety within the courtyard and so that residents do not have a direct line of sight into other apartments. At the front, one building has its maisonettes facing east–west, and the other, north–south.

From the front, Sofia Lofts reads as three small buildings perched atop the hill: the historic house in the center complemented by the two apartment buildings' maisonettes on either side. All three buildings are about 30 feet wide and have large expanses of windows and porches facing the street, projecting upper floors, and a shared black-and-white color palette. The west building echoes the house's gabled roof with horizontal black bands outlining its second-floor balcony, while the east building echoes the house's twin dormers with a twin-rowhouse look;

both sit a few feet forward of the house. Both the front gate and the rear gate, as well as other metal elements throughout the property, were fabricated from Cor-Ten steel by a local artisan.

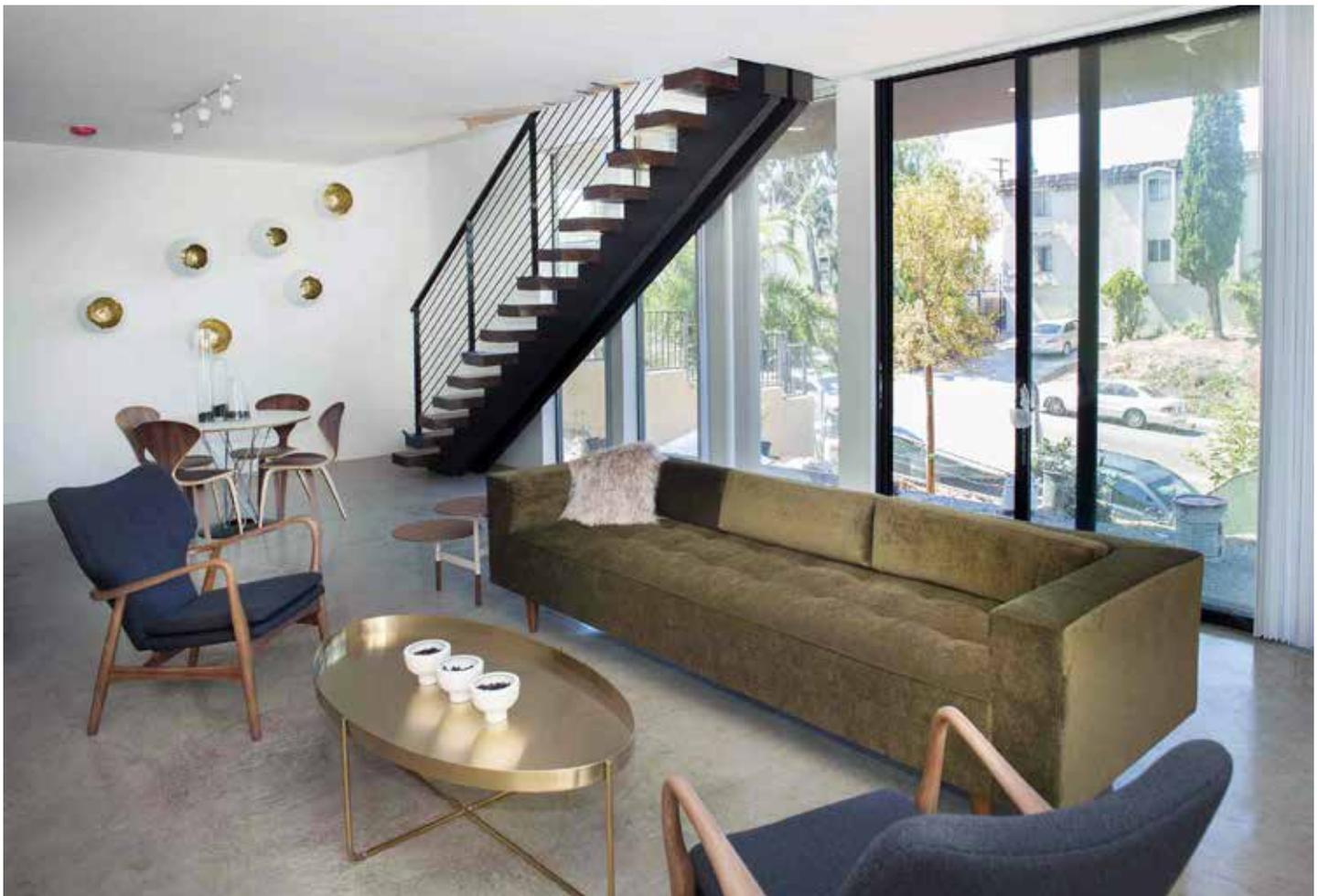
The new buildings hew to NDD's minimalist aesthetic, inspired by the midcentury modern architects who redefined southern California residential architecture during the postwar boom years. The loftlike units have broad windows but few interior partitions, which lets tenants tailor the spaces to their own needs. Even closets are minimized, in favor of wardrobes. The finishes within the apartments are rich but minimalist, with an eye toward maximizing long-term durability: sealed concrete floors rather than wear-prone carpets or wood, custom maple and walnut millwork, and quartz countertops.

NDD had experience working with historic houses, both in the course of its work on custom houses and with the Nakhshab house. "We actually like keeping the property," says Soheil. "It actually lends to the creativity of what you're going to put on the property. In addition to that: How am

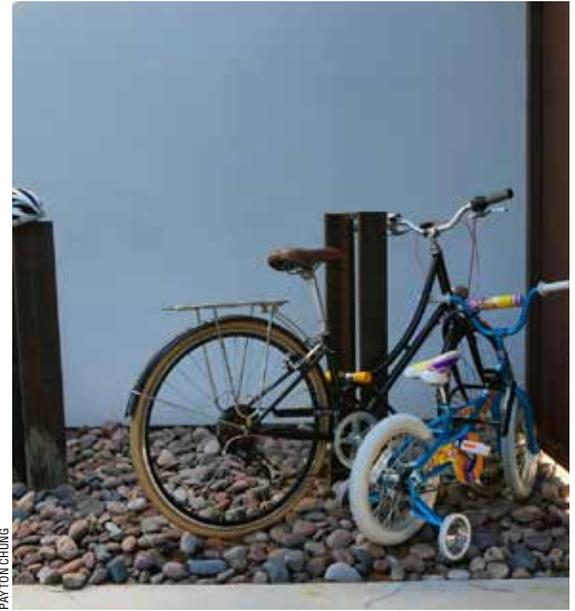
I going to design around it? How am I going to showcase the historic elements on the property?"

The historic house required a complete gut rehabilitation: replacing rotted wood windows, stripping off multiple layers of siding, and piecing together original details like the delicate gable trim. Almost all of the wooden flooring inside was salvaged, and two original retaining walls along Broadway—a concrete wall along the sidewalk and a cobblestone wall right in front of the house—were saved. New cabinets and new bathroom finishes complement the historic materials.

The site's landscape plan aims to create an informal, romantic feel that complements the right-angled architecture. The main focus of plantings is along the passage that leads from Broadway to the courtyard, enveloped by lush shrubs and tall grasses that visually separate the front yard from the courtyard. Within the courtyard, plantings are focused in pockets around the edge, highlighting sculptural plants like the dragon tree. Plantings are largely native or desert plants chosen for drought tolerance. The dragon



*A duplex unit interior, overlooking Broadway.*



One of the garage spaces houses two small shared cars, which recharge from a dedicated set of solar panels. Custom metalwork was used for the front and rear gates and within the courtyard.

Shared bikes are available for both adults and children.

tree was moved from the overgrown front yard and is complemented with colorful palo verde trees and fruit trees, like lemon and pomegranate, that residents can forage from.

## Sustainability

Soheil Nahkshab credits his classmate Jennifer Owens, who now works at the U.S. Green Building Council, with drawing his attention to LEED. Not only did it seem like the right thing to do, it seemed like a good way to gain recognition for his company's work in the crowded design/build marketplace. So far, relatively few developers have applied the same certification to rental apartments, perhaps because the energy savings accrue to end users (renters) rather than to developers.

Yet Soheil noted that, for an infill multifamily building, it is "actually quite easy to reach Platinum without really going too crazy with costly elements." LEED awards substantial credits for site density and walkability, both of which are inherent to the site and program. Those credits, combined with a design that follows passive-solar principles in window placement to maximize daylight while minimizing heat gain, a well-sealed thermal envelope, high-efficiency fixtures, and commissioning, enabled the project to achieve LEED Platinum even before solar panels were placed.

Soheil notes that despite all the attention that the photovoltaic solar panels receive, they are ultimately incidental to the project's over-

all sustainability. Solar panels are still much costlier than energy-efficiency improvements, particularly for new construction where solar orientation and insulation can still be optimized. Once the envelope has been determined, substantial incentives are available in many locations to underwrite a right-sized solar installation: Sofia Lofts took advantage of California's New Solar Homes Partnership program to pay 60 percent of the upfront cost and expects the panels to repay the remainder of their installation cost within two to three years.

The LEED certification does draw tenants to the property, primarily through press coverage about the building's accomplishment. "They've heard about [LEED] but haven't had a chance to live in it," Soheil says of some tenants, and for many, a \$1,350-a-month studio apartment is a small price to pay to experience a LEED-certified building.

All of the units have separate meters for electricity, gas, and water to provide a financial incentive to conserve energy and water. Each unit has its own gas-fired, tankless water heater and in-unit laundry, both for residents' convenience and to separate services. The property has one master water meter, but a third-party submetering system monitors the water flow to each individual unit and bills tenants separately for their usage.

By far the most energy-consuming daily activity for most Californians is driving, and Sofia

Lofts offers its residents two unusual alternatives to car ownership. One of the garage parking spaces is dedicated for the use of Car2Go, a car-sharing service operated by Daimler AG. Car2Go offers by-the-minute, one-way rentals of two-seat Smart cars in 32 cities worldwide, which can be picked up and dropped off in on-street parking spaces across the city.

One common lament about flexible vehicle-sharing systems, like Car2Go or bicycle sharing, is that the vehicles aren't always there when and where users might need them. To address this issue and to ensure residents access to cars throughout the day, Sofia Lofts created an irresistible lure to make sure Car2Go vehicles find their way back to Sofia Lofts: free fuel. In San Diego, Car2Go operates an all-electric fleet, and staff members are responsible for recharging cars. By offering a free garage space and electricity, NDD can almost guarantee that Car2Go will bring cars back to Sofia Lofts all day.

The one-car bay at the eastern edge of Sofia Lofts' garage fits two of the tiny Smart cars, parked in tandem. The garage has its own electrical circuit, fed by its own dedicated rooftop solar array, so the nominal cost of providing the electricity is zero.

For shorter trips, for example to Balboa Park or to the shops in nearby South Park, NDD provides six shared bicycles on site, for both adults and children. Residents reserve the bikes via the online resident portal, grab keys and

helmets from storage, and go. NDD brings the bikes into a local shop for periodic servicing once or twice a year.

## Approvals

Golden Hill's highest-density residential zoning district, GHPD-GH-600, applied to the site. The zoning ordinance would have permitted almost 30 apartments and 22,324 square feet of building on the site. The Golden Hill Planned District zoning, adopted in 2007, also sets forth six pages of design criteria to ensure that new buildings harmonize with the area's eclectic architectural heritage. Specifically, buildings must be designed in the Victorian, Craftsman, Spanish, or Contemporary styles. As an additional measure to ensure architectural continuity, zoning requires a Golden Hill Development Permit for developments of more than 12 units, with additional layers of community review that can take months.

NDD's approach at Sofia Lofts was to maximize quality of life rather than density or return, while keeping the construction timetable lean. Thus, Sofia Lofts has 17 apartments in 16,070 square feet, which "was enough to meet the pro forma," according to Soheil. The site comprises four separate tax parcels on which NDD built two new buildings with eight apartments apiece. By requesting building permits separately for each of the two buildings and for the house, all using separate parcel numbers, the develop-

ment did not trigger the requirement for additional community review.

The existing house on the property presented a potential complication. Even though NDD planned to retain the house, San Diego law requires a historical screening process for sites with structures that are 45 years old or more. City planning staff reviewed the house's original and existing conditions and plans and approved NDD's proposed rehabilitation. Not designating the house as a city historic resource meant forgoing some tax benefits but also skipping more-intensive reviews that would have affected the construction timetable.

## Finance

Sofia Lofts was a huge step up in scale from NDD's previous projects, which required that NDD reach out to new sources for its financing. NDD's principals have been active in local networks for small developers, such as the ULI San Diego-Tijuana Partnership Forum, and they tapped these networks for references and recommendations for community banks that might be interested in a construction loan of this scale. After talking with three lenders, they selected Chula Vista-based Vibra Bank (now part of Pacific Commerce Bank), which stood out for its small-scale, family orientation and favorable loan terms: a 12-month loan with an option to delay interest-reserve repayment by another six months, at an 80 percent loan-to-value ratio. Now that NDD has established this banking

relationship, the company has financed three more projects with the same bank.

The \$800,000 in equity that NDD brought to the project came from friends and family. Sofia Lofts has earned the firm greater credibility with investors; Soheil says that "the key in getting investors is showing a physical example of a successful project," and subsequent projects have seen equity participation from friends, and friends of friends.

Because construction took only ten months, and lease-up took only two months, NDD had the opportunity to fully stabilize the property before having to seek permanent financing through a broker. A first attempt with a life insurance company did not pan out, a mistake that cost the firm transaction fees. A second attempt with Chase Bank was successful, resulting in a ten-year loan over a 30-year amortization period, carrying a 4.17 percent interest rate. The bank's appraisal of the then fully occupied project was substantially higher than the pro forma, which allowed NDD not only to repay the construction loan but also to take out equity.

## Construction

NDD also served as general contractor on the project, with Nima Nakhshab supervising the day-to-day construction activity. The original timetable proposed a very aggressive nine months to complete construction, but in the end it took ten months—a process Soheil calls "a perfect machine." Completing the architecture and structural engineering in-house, NDD turned to outside consultants only for civil engineering and landscape architecture.

Nima strongly recommends an integrated design/build approach for projects of this size. "If there are certain changes that need to be made on a whim, right there we'll be able to make this change," without time-consuming Requests for Information flying back and forth between the architect, engineers, and contractors. Having come from smaller projects, he was surprised by the exponential increase in complexity and degree of forward planning required for a larger job, particularly given the very detailed directives of LEED-certified construction. He credits building inspectors and subcontractors for helping anticipate potential issues before they arose.

One change that needed to be made cropped up early, during the grading. The site appeared to be completely flat but actually had a

*The new buildings mirror the old house's proportions.*





PAYTON CHUNG

An overhead view of the courtyard from a studio apartment.



NDD

The fire pit and dragon tree create a focal point for a west-facing outdoor lounge in the southeast corner of the courtyard, popular for evening gatherings.

three-foot drop at the northeast corner. “Within a few hours,” Nima says, he and Soheil “met on site, established what we needed to do, and moved forward.” Rather than add another retaining wall to the two already in front, the northeast corner of the building was cantilevered out over its footings, keeping the old cobblestone wall intact and complementing it with a smooth plane of new concrete.

The electric and gas utility provided the only major challenge that arose during construction. Soheil laments that “dealing with this big institution throws a wrench in,” because their planners and field inspectors (and the project’s electrician) clashed over the proper way to lay out the necessary connections. The utility connections had to be redone, and consequently the construction schedule slipped by weeks.

## Marketing, Management, and Performance

The project delivered in August 2014 and was leased up within two months. Since then, NDD has maintained a waiting list for vacancies, minimizing vacancy losses, and achieved rents above its expectations. Residents are singles and couples, young or middle aged, with some young families.

The small project has garnered media attention for its architectural merit: it was lauded by the San Diego Architecture Foundation’s annual Orchids & Onions contest, where community members anonymously nominate their favorite (and least favorite) new buildings of the year.

Events showcasing the courtyard as a sociable space have proven key to Sofia Lofts’ marketing success. When the project opened, NDD held an open-house party for the ULI San Diego–Tijuana district council, attracting about 300 people for “an initial welcome to the neighborhood,” Soheil says. The courtyard temporarily served up sandwiches from a local restaurant, and movies were shown on the large outdoor movie screen. Subsequent open houses during the lease-up period were advertised on Craigslist.

Many new tenants since the project’s opening have arrived through word of mouth; several residents have moved in so that they could live near, but not necessarily with, their family and friends. “Not everyone is fortunate enough to have blood relatives” right next door, Soheil says, “but we try to create that bond for people who aren’t related.”

NDD hosts events in the courtyard throughout the year, including a monthly movie night and a holiday party. A roll-down screen on the back wall of the house, large beanbag chairs on the gravel, speakers hidden around the courtyard, and a projector permanently mounted by the fire pit create a cinematic escape from the world outside. Residents vote online, via a resident-only Facebook group, for which movie to show. Throughout the year, the courtyard is a popular gathering place in the evenings, with residents gathering around the fire pit for conversation. The courtyard also sees visitors at lunchtime.

The three-bedroom house was ultimately rented not for a residence, but as an office for Cursive Labs, a venture studio technology incubator drawn to the central location and casual



*The grill and picnic table at the courtyard's southwest corner create a gathering spot for residents and employees at midday.*

feel. One of its employees lives in an apartment next door. The city's apartment zones permit small offices, and Cursive pays the asking rent.

Management is also handled in house by NDD. Soheil says that using a web-based interface, AppFolio, "makes it really streamlined and efficient for us" to keeps tabs on the property.

One optional amenity that has proven popular, especially among younger renters who don't have home phone or cable service, is a wireless broadband network. The property features Webpass, a business-grade microwave-based system that operates in five American metro areas, and NDD provides each resident with a personal high-capacity link to residents via WiFi and Ethernet.

## Observations and Lessons Learned

The Nakhshab brothers strongly believe that NDD's vertical integration is key to Sofia Lofts' success. A short chain of command and frank communication translate into swift decision making and project execution. Soheil even wishes that he had brought even more of the process in house instead of using brokers to find permanent financing.

Outside the family, NDD was able to find a network of counterparts through the ULI San Diego–Tijuana district council. Mary Lydon, its executive director, points out that the district council now has a Small Scale Infill Develop-

ment Local Product Council specifically to connect entrepreneurial developers doing small but cutting-edge buildings with the flexibility to fill narrow market niches as they emerge. Many of them, like NDD, are building lean—keeping project schedules short, and costs down, through design/build integration and a judicious approach to the often-convoluted municipal approval system.

A straightforward approach to those municipal approvals helped NDD stick to its schedule. For instance, NDD built all the parking spaces that were required at Sofia Lofts but chooses to use them as space for residents to enjoy rather than to park cars. Similarly, respecting the city's regulations about historic buildings not only kept the process moving along, but also created a unique and irreplaceable asset.

Sofia Lofts' single strongest selling point is its design. Its modernist architecture and green credentials have clearly distinguished it in a crowded marketplace. Most important, the courtyard at its heart serves not only as an amenity for its residents, but also as a bond that draws them closer together—and creates a sense of place and a sense of community that connect residents (and their friends) to this special place.

## OTHER PARTICIPANTS

### Civil engineer

Coffey Engineering  
San Diego, California

### Landscape architect

Carson Douglas Landscape Architecture  
San Diego, California  
<http://cd-la.com>

### Interviewees

Soheil Nakhshab, principal, Nakhshab Development & Design Inc.

Nima Nakhshab, principal, Nakhshab Development & Design Inc.

## PROJECT INFORMATION

### Development timeline

Site purchased	February 2013
Planning started	January 2013
Construction financing arranged	Fall 2013
Construction started	Fall 2013
Sales/leasing started	Summer 2014
Project completed	August 2014

### Gross building area (GBA)

Residential	13,770 sq ft
Parking	2,300 sq ft
Total GBA	16,070 sq ft
Total automobile parking spaces	16
Total bicycle storage spaces	6

### Land use plan

	Acres	% of site
Buildings	0.17	41
Landscaping/open space	0.24	59
Total	0.41	100

### Residential information

Unit type	Number of units	Square feet	Percentage leased	Rent
Studio (without parking)	3	465–721	100%	\$1,350–1,500
Studio	7	575–807	100%	\$1,450–1,700
Two bedroom	6	802–1,037	100%	\$1,900–2,300
Three bedroom (historic house)	1	1,683	100%	\$2,900
Total	17			

### Development cost information

<b>Site acquisition cost</b>	<b>\$570,000</b>	Title-24 and survey	\$11,128
<b>Hard costs</b>		Legal	\$14,000
Residential units (gross)	\$1,675,500	Accounting, printing, insurance	\$12,000
Existing house rehab	\$169,575	General and administrative	\$44,198
Parking area	\$243,000	Property taxes (24 months)	\$12,320
Stairwell	\$50,000	City fees and permits	\$400,000
Landscape/hardscape	\$87,500	Contingency	\$62,000
Contractor's fee	\$77,895	Financing costs	\$178,390
Administrative overhead and expenses	\$77,895	Subtotal	\$873,943
Contingency	\$333,836	<b>Total development cost</b>	<b>\$4,159,144</b>
Subtotal	\$2,715,201	Hard costs per sq ft	\$169
<b>Soft costs</b>		Total development costs per sq ft	\$259
Architecture	\$44,511	Total development costs per unit	\$244,656
Landscape architecture	\$17,500		
Structural engineering	\$27,820	<b>Financing sources</b>	
Civil engineering	\$22,256	<b>Debt capital sources</b>	
Planning and processing consultants	\$5,564	Vibra Bank	\$3,049,000
Mechanical, electrical, plumbing engineering	\$11,128	<b>Equity capital sources</b>	
Utility consulting	\$11,128	Investor and NDD equity	\$1,110,144



## About the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the Institute today has more than 37,000 members, representing the entire spectrum of land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, academics, and students.

ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environment;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

**Patrick L. Phillips**, Global Chief Executive Officer

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## ULI CASE STUDIES

The ULI Case Studies program highlights and showcases innovative approaches and best practices in real estate and urban development. Each case study provides detailed information regarding the ideas, plans, process, performance, and lessons learned for the development project. Each also includes project facts, timelines, financial data, site plans, photos, location maps, and online videos. The new ULI Case Studies program is the revitalization of a program begun in 1971. For more information, visit the ULI Case Studies website at [casesudies.uli.org](http://casesudies.uli.org).

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