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Developers Contend that "e-Menities" in Their \$30M Kansas City Complex Are Wave of the Future

AUGUST 01, 2003 -- Kansas City, Mo.--Terry O'Leary and Steven Coon joined forces earlier this year to form ePartment Communities L.L.C., an endeavor they hope will redefine multi-housing development and address the lifestyle needs of today's renter. The team is banking on residents' fixation with technology and providing the "e-menities" to appease and attract them. They call it "Living Outside the Box."

"We wanted to differentiate ourselves from everything else. Without a doubt, ePartments is responding to the living patterns of everyone in America," said Coon.

The concept is being put to the test this year as ePartment Communities breaks ground on Barre Woods, a 340-unit apartment complex in Kansas City's Northland submarket. The prototype is setting the company back \$30 million, but stable market conditions, combined with the project's novelty, will ensure its success, Coon predicted.



We chose this particular location because it is a high-growth market with limited apartment development and very much a niche location. [The Northland submarket] is at 92 percent occupancy," Coon explained. "It's high growth, between two interstates and close into town with strong job growth."

According to Marcus & Millichap's *National Apartment Report 1Q03*, Kansas City is proving remarkably resilient to recent economic woes. In fact, the metro's employment base held its ground in 2002 as it declined only 0.2 percent on a year-over-year basis.

Barre Woods will feature 17 buildings comprised of 20 units each, as well as a clubhouse with 20-seat movie theater and indoor swimming pool. Completion of the community is expected within 18 months.

Among Barre Woods' e-menities are reduced-cost, bundled services including Internet connection, digital TV and phone service; high-speed T-1 Internet connections in all units; computer stations integrated into each central living space; a business center with ongoing, no-cost software training for residents; and wireless Internet service accessible from the clubhouse and pool area as well as the community's cyber cafe.

"We think we've come up with something very unique in the way that we've laid out the floorplans and wired all of the units," said Coon. Added O'Leary: "Barre Woods offers seven floorplans all designed to address a more open, interactive lifestyle coupled with today's frequent use of the computer within the living space."

But the appeal of Barre Woods does not only run through its high-speed Internet connections alone. The community is located in a heavily wooded area and boasts a natural creek and picturesque hillsides, on which the apartments will be built. "We were fortunate enough to find a site that has natural beauty," said Coon. "It is a heavily wooded area, and we were able to save about 70 percent of the trees. There are lighted walking trails and pavilions set in these wooded areas."

As for financing, Coon admitted acquiring a sufficient loan was not the easiest of tasks. The team initially looked towards institutional financing and partnering with insurance companies, but when those efforts fell through, it settled on a Section 221 (d)(4) insured loan. The 40-year amortizing construction and permanent financing was funded by Collateral Mortgage Capital. "I will say that for a HUD loan, and the size of the deal, it went pretty smoothly. It just took time to complete," said Coon.