

Minneapolis architecture giant makes key acquisition to expand affordable housing

CRA's expertise a key for Mpls. architecture giant.

By Jim Buchta (<http://www.startribune.com/jim-buchta/10644536/>) Star Tribune |

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LHB, one of the state's largest architecture and engineering firms, said a recent acquisition will help it meet a growing need for affordable housing in the Twin Cities area.

The company on Tuesday closed a deal to purchase St. Paul-based Cermak Rhoades Architects (CRA), doubling its team of designers who are focused on residential projects. The deal will increase LHB's ability to design supportive and affordable housing in a market where demand for income-restricted housing outstrips supply, said LHB Chief Executive Rick Carter.

"Having CRA join LHB provides our clients with a wealth of knowledge to help them acquire funding, to guide them through approval processes, and to create designs to meet current and future housing trends," Carter said.

Terms of the deal were not disclosed.

Cermak Rhoades closed its operations in downtown St. Paul earlier this week and moved about 10 staffers into LHB's Minneapolis office, one of four in Minnesota and Wisconsin. CRA was founded in 1993 and is known for taking on challenging projects for underserved populations.

Nationwide, there have been several major mergers and acquisitions of architecture firms, but few notable deals in recent years in the Twin Cities.

LHB's work includes a broad range of commercial design projects, such as Duluth Children's Hospital, the National Eagle Center and several buildings at Carleton College.

The architecture division of the company has designed a wide array of complicated residential projects, including Ripley Gardens, a former maternity hospital in north Minneapolis that was converted by a Minneapolis-based nonprofit into housing.

The bulk of the firm's residential design work already is focused on nonprofit and for-profit housing developers that serve socially and economically diverse communities.

"Demand for affordable and supportive housing is always growing," Carter said. "But the funding ebbs and flows, making it a bit tricky."

For LHB, which has 235 employees, it is the biggest acquisition in nearly 20 years, but not the last, said Carter, who took over as CEO in mid-July. Carter said the firm is working on other purchases. Former CEO Bill Bennett is now chairman of the board at LHB.

LHB's Kim Bretheim will continue to lead LHB's Housing Studio; co-founders Terri Cermak and partner Todd Rhoades will focus on client relationship development and design direction.

Bretheim and his team have designed more than 8,700 affordable and low-income living units across the Midwest with a focus on families, older adults and individuals experiencing addiction and mental health issues.



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Rick Carter, CEO of LHB architecture and engineering firm.

"LHB's integrative team shares our commitment to creating regenerative communities," Cermak said in a statement. "Coming together, we have the capabilities to fulfill our clients' needs to create more affordable and supportive housing."

Jim Buchta has covered real estate for the Star Tribune for several years. He also has covered energy, small business, consumer affairs and travel.

jim.buchta@startribune.com 612-673-7376