

# Southwest Detroit Michigan

October 6–11, 2013



# Southwest Detroit Michigan

Detroit Public Works Site

October 6–11, 2013

# 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. 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 built and natural environments;
- 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.

Established in 1936, the Institute today has more than 30,000 members worldwide, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academicians, students, and librarians.

ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

Cover photo: [www.thedetroitfoodie.info](http://www.thedetroitfoodie.info);  
mural by Dasic Fernandez  
© 2014 by the Urban Land Institute  
1025 Thomas Jefferson Street, NW  
Suite 500 West  
Washington, DC 20007-5201

All rights reserved. Reproduction or use of the whole or any part of the contents without written permission of the copyright holder is prohibited.

# About ULI Advisory Services

**THE GOAL OF ULI'S ADVISORY SERVICES** program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfield redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's five-day panel assignments are

able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

## ULI Program Staff

Gayle Berens  
*Senior Vice President, Education and Advisory Group*

Thomas W. Eitler  
*Vice President, Advisory Services*

Daniel Lobo  
*Manager, Education and Advisory Group*

Caroline Dietrich  
*Logistics Manager, Education and Advisory Group*

James A. Mulligan  
*Senior Editor*

David James Rose  
*Manuscript Editor/Managing Editor*

Betsy VanBuskirk  
*Creative Director*

Deanna Pineda, Muse Advertising Design  
*Graphic Designer*

Craig Chapman  
*Senior Director, Publishing Operations*

# Acknowledgments

**THE PANELISTS WISH TO THANK** all the individuals and agencies for their participation in and support of the Advisory Services panel process: Kathleen Wendler and Sarah Pavelko of the Southwest Detroit Business Association; steering committee members Eric Larson, Kate Beebe, Bob Gregory, Lydia Gutierrez, Harvey Hollins, George Jackson, Wendy Jackson, Joel Kellman, Mark LoPatin, Gregg McDuffee, Frank Venegas, and Steve Weiner; ULI Michigan; emergency manager Kevyn Orr and his staff; the governor's staff (John Roberts, chief of staff, and Bill Rustem, director of strategy); and all the leaders and representatives from the community, local

businesses, and organizations, and others who agreed to be interviewed and gave their time and energy to the panel process.

This panel was made possible with support from the Kresge Foundation, LISC Detroit, and Comerica Bank. The panelists want to thank Honigman Miller Schwartz and Cohn for hosting the reception for the panel and local stakeholders. We also thank ULI Michigan governance chair Jim Bieri for hosting a dinner for the panelists and distinguished guests. The panel greatly appreciates everyone's commitment to this endeavor.

# Contents

ULI Panel and Project Staff . . . . . 6

Foreword: The Study Area and the Panel's Assignment . . . . . 7

Market Potential . . . . . 10

Development Strategies . . . . . 17

Design Concept . . . . . 21

Implementation . . . . . 27

Project Costs and Funding . . . . . 32

Management . . . . . 34

Conclusion . . . . . 35

About the Panel . . . . . 36

# ULI Panel and Project Staff

## Panel Chair

Leigh Ferguson  
Director of Economic Development  
Downtown Development District  
New Orleans, Louisiana

## Panel Members

Stephen Dragos  
Consultant  
Southport, North Carolina

Tom Flynn  
Consultant  
Middleburg, Virginia

Stephen Gray  
Urban Designer  
Sasaki  
Watertown, Massachusetts

Anita Morrison  
Principal  
Partners for Economic Solutions  
Washington, D.C.

David Stebbins  
Vice President  
Buffalo Urban Development Corp.  
Buffalo, New York

Mark Troen  
Managing Partner and Principal  
The Winnmark Group  
New York City, New York

Nathan Watson  
Senior Vice President of Development  
Tradition Properties Inc.  
Tradition, Mississippi

## ULI Project Staff

Alison Johnson  
Program Manager, ULI Rose Center

Adrienne Schmitz  
Senior Director, Publications

Kathryn Craig  
Associate, Education and Advisory Group



# Foreword: The Study Area and the Panel's Assignment

**OVER THE LAST HALF-CENTURY**, the city of Detroit has experienced devastating population and job losses. At present, it is being administered by an emergency manager appointed by the governor, as a result of bankruptcy proceedings. The Southwest Detroit neighborhood, located just west of the downtown core, is a kind of bright spot in the city. While not without its problems, Southwest has a relatively stable population and one of the more vibrant business districts in Detroit.

Southwest Detroit encompasses approximately 15 square miles. It is bordered on the west by the city of Dearborn, Michigan; on the north by Interstate 94; on the east by M-10 and downtown Detroit; and on the south by the Detroit River, with the Canadian city of Windsor, Ontario, immediately across the river. The Ambassador Bridge connects Detroit with Windsor, and is the busiest international border crossing in North America. The Canadian government is planning a new bridge, the New International Trade Crossing (NITC), to create a direct connection from Interstate 75 to the 401 in Windsor.

Southwest Detroit has long been a home to immigrants—first from Ireland, then Poland, Lebanon, Italy, and the U.S. South. More recently, immigrants have come from Mexico and other Latin American countries. Today, the neighborhood's population is about 50 percent Hispanic, and almost half of the business community is Hispanic as well, with Middle Eastern merchants representing another 40 percent. Southwest is widely known for its Hispanic restaurants, bakeries, grocery stores, and specialty food processing. Other enterprises involve producing and selling clothing and other goods for Hispanic celebrations, ornamental wrought-iron manufacturing, and auto modifications such as for low-riders.



*Panel members touring the site.*

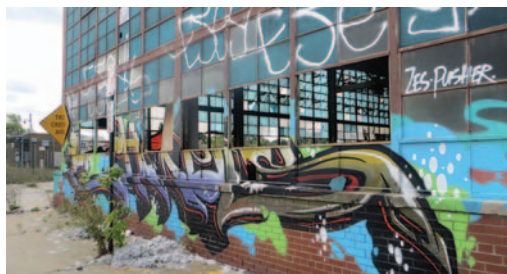
The spine of the business district is the West Vernor Highway corridor, which runs east–west through the community. In the center of the West Vernor business corridor is the subject of this study, a 6.9-acre land parcel with an abandoned streetcar and city vehicle repair facility. The site, owned by Detroit Public Works (DPW), is blighted and hazardous, but has the following locational advantages that could be leveraged for its potential redevelopment:

- It is highly accessible from four major freeways: I-94, I-96, M-10, and I-75 (see site map).
- It lies within one mile of major transportation infrastructure investments relating to the New International Trade Crossing and the Detroit intermodal Freight Terminal.
- It is adjacent to a 2.5-acre vacant lot currently used as a flea market and owned by a private individual.
- It is centrally located along the West Vernor business corridor.





Existing conditions of the DPW building.



## The Panel's Assignment

The Southwest Detroit Business Association (SDBA) is a coalition of businesses and community leaders that focuses on a wide range of activities related to supporting and improving the local business community. In that capacity, the SDBA has asked the ULI advisory panel to study the potential of the West Vernor Highway DPW site.

With the area's resources and assets in mind, the panel was tasked with evaluating potential forms for redevelopment:

- An economic development generator—microbusinesses; artisan production, viewing, and sales; light artisanal manufacturing;
- Retail—big box or strip mall;
- Offices; and
- Light industrial.

Using the evaluation they completed, the panelists were asked to recommend the best option for the DPW site. And based on the option recommended, the panel was asked to address the following questions:

- What is the best program for the identified development? Identify unique considerations involved in the design, business development support, marketing, etc., including a comparative analysis of reuse should the privately owned adjacent lot not be procured.
- Based on the recommended reuse, provide a program and financial feasibility review and timetable for redevelopment.
- What special design considerations are needed to support the end use?
- Identify how Southwest Detroit's immigrant heritage, particularly the Hispanic culture, can be integrated into the design of the site or through adjacent public space improvements.
- If public space is part of the proposed recommendation, include a plan to ensure the sustainability of programming and maintenance of the space.
- Evaluate and identify changes that are needed to support better traffic flow through the West Vernor Highway/Livernois Avenue intersection, given the two privately owned parcels at the intersection.
- What public and private financing tools—such as the EB-5 immigrant investor program—can be used, and how?
- Can the recommended use capitalize on the economic development activity that will occur as a result of the \$7 billion in infrastructure investments coming to Southwest Detroit including the improvements to the Detroit Intermodal Freight Terminal, and the construction of the New International Trade Crossing within one mile of the property?
- Are there specific recommendations for the city of Detroit, Wayne County, or the state of Michigan to facilitate the implementation of the panel's recommendations?

Site map.





Existing conditions of the DPW site.

## Summary of Recommendations

Based on their analysis of the site's size constraints and advantages, design issues, the strength of the local market, and overall feasibility analysis, the panelists have proposed a mixed-use development of 60,000 square feet for the DPW site. The focus should be on creating a gathering place for residents and others that capitalizes on the uniqueness of the community. It should make use of the site's location at the center of the neighborhood and should serve as the missing link between the two ends of the West Vernor business corridor.

To respond to market demand, the 60,000-square-foot development should accommodate the following ranges of space:

- 26,500 to 53,000 square feet of retail space;
- 10,000 to 15,000 square feet of dining and food-related retailers; and
- 5,000 to 10,000 square feet of incubator space for local artisans.

In addition, the panel recommends 10,000 to 20,000 square feet of space for food production in response to local business activity, and the need to support such enterprises.

On-site parking can be provided at a ratio of four spaces per 1,000 square feet of development. This leaves a

central area to be developed as public space. Such space should be designed as a town plaza with seating, fountains, an amphitheater, and landscaping.

Identified for the purposes of this report as "Vernor Square," the project should be conceived as a center for employment and the sale of local goods, a community meeting place, and a significant destination for residents and visitors, which reflects and engages the community of Southwest Detroit. It should be able to generate a reliable cash flow to support its operation.

The next sections of this report describe the panel's analysis, results, and recommendations in greater detail. The report begins with the market analysis, which forms the basis for the recommendations. Then it lays out the development strategies, the design concept, and implementation and funding approaches for the project. Finally, a suggested timeline is provided for accomplishing the steps required to complete the project.

# Market Potential

## THE PANEL EXAMINED THE MARKET POTENTIAL

for a full range of options on the subject site, including retail (strip mall or big box), office, light-industrial, residential, and microbusiness models. The results of the market study were used—along with assessments of the site characteristics and other factors—as the basis for the recommendations.

## Regional Context and Profile

As with all real estate, location is critical in evaluating market potential. Southwest Detroit and the Vernor Square site are well located to compete for new development. Southwest Detroit is generally defined as being bounded by the river on the south, I-75 on the east, I-94 on the north, and the city boundary on the west. It benefits from good road connections to I-75, I-94, the Ambassador Bridge, the New International Trade Crossing, and the entire metropolitan area interstate system. Within Southwest Detroit, the Vernor Square site is centrally located with access

from two major thoroughfares—West Vernor Highway and Livernois Avenue.

The good news about the area's accessibility from other parts of the region is also the bad news: It means that it is easy for Southwest Detroit residents with cars to access retail and service providers in other areas. In fact, a great deal of the area's spending leaves Southwest Detroit for Dearborn, Allen Park, and other jurisdictions. The market analysis examines the area's supply-and-demand patterns to determine what can be developed on the site.

## Southwest Detroit's Potential

Market opportunities are driven largely by the demographics of area residents. Southwest Detroit represents one of the city's most stable and densely populated neighborhoods. With more than 77,000 residents, Southwest Detroit has almost 11 percent of the city's population. From 2000 to 2010, the area lost 19 percent of its population while the city lost 25 percent and the tricounty area lost 4 percent.

## Southwest Detroit Demographic Profile, 2010

|                              | Southwest Detroit | Detroit | Tricounty |
|------------------------------|-------------------|---------|-----------|
| Population                   |                   |         |           |
| 2010 census count            | 77,134            | 713,777 | 3,863,924 |
| 2000–2010 percentage change  | –19%              | –25%    | –4%       |
| Households                   |                   |         |           |
| 2010 census count            | 24,596            | 369,445 | 1,518,114 |
| 2000–2010 percentage change  | –20%              | –20%    | –2%       |
| Average household size, 2010 | 2.87              | 2.59    | 2.51      |
| Age distribution, 2010       |                   |         |           |
| Under 18                     | 33%               | 27%     | 24%       |
| 18–64                        | 59%               | 62%     | 63%       |
| 65 and over                  | 8%                | 11%     | 13%       |

Source: U.S. Census of Population and Housing.

## Southwest Detroit Race and Ethnicity, 2010

|   | Southwest Detroit | Detroit | Tricounty |
|---|-------------------|---------|-----------|
| Race (alone or in combination with other races) | 100%              | 100%    | 100%      |
| White   | 46%               | 12%     | 69%       |
| Black or African American                       | 29%               | 84%     | 26%       |
| American Indian                                 | 2%                | 1%      | 1%        |
| Asian   | 1%                | 1%      | 4%        |
| Pacific Islander                                | 0%                | 0%      | 0%        |
| Other Race                                      | 27%               | 3%      | 2%        |
| Hispanic or Latino (of any race)                | 53%               | 7%      | 4%        |
| Mexican   | 42%               | 5%      | 3%        |
| Puerto Rican                                    | 5%                | 1%      | 0%        |
| Cuban   | 0%                | 0%      | 0%        |
| Other Hispanic or Latino                        | 5%                | 1%      | 1%        |

Source: U.S. Census of Population and Housing.

A higher share of the area's households is families with a larger average household size than elsewhere in the city and the region. Southwest Detroit households have an average of 2.87 residents as compared with 2.59 persons in Detroit and 2.51 persons in the tricounty area.

Southwest Detroit's residents are younger than city and regional residents, with one-third of all residents younger than 18 years old as compared with 27 percent in the city and 24 percent in the region. Only 8 percent of Southwest residents are aged 65 and over versus 11 percent in the city and 13 percent in the tricounty area.

Southwest Detroit is home to a highly diverse population and business base. Hispanics make up just over half of the area's population, with residents from Mexico, Puerto

Rico, and many other countries. African Americans make up 29 percent of the population, and the white population includes a large contingent with roots in Appalachia.

Southwest Detroit's households have relatively low incomes. Their median household income of \$24,964 in 2012 is just 91 percent of the city level and 51 percent of the tricounty area average. However, Social Compact—a nonprofit source of community economic statistics and analysis—conducted a complex review of many additional economic indicators that suggests that incomes are significantly higher, given the immigrant background of the local population coupled with its extensive cash economy. Housing values are relatively modest, with the median value estimated at roughly \$48,000.

## Southwest Detroit Incomes and Homeownership

|                             | Southwest Detroit | Detroit  | Tricounty |
|-----------------------------|-------------------|----------|-----------|
| Median household income     |                   |          |           |
| Census-based estimate, 2012 | \$24,964          | \$27,376 | \$48,935  |
| Expanded estimate, 2010*    | \$35,803          | \$42,165 | NA        |
| Homeowners, 2010            | 49%               | 51%      | 70%       |
| Renters, 2010               | 51%               | 49%      | 30%       |
| Median home value, 2012     | \$47,923          | \$54,644 | \$105,737 |

Sources: ESRI; U.S. Census of Population; and Social Compact.

\*Social Compact estimate.

## Office and Industrial Real Estate Market

In reviewing the Southwest Detroit market and assessing its market potential, the panel reached initial conclusions regarding possible office and industrial uses.

The office market outside downtown and midtown is limited primarily to resident-serving uses. Most often these uses include banks, doctors' offices, dental offices, insurance agencies, law offices, accountants' offices, and other similar businesses. Southwest Detroit is well served by a number of local service providers. The banks and the major health clinic have built their own facilities. Most other professionals and civic/social service organizations occupy existing space in renovated buildings and/or storefronts along West Vernor Highway and Springwells Street. Given the availability of existing space, the neighborhood would be better served by continuing to encourage rehabilitation of additional buildings. Though there may be some long-term possibilities to attract an office tenant, such as a railroad, a customs broker, or a trucking company, these potential uses are too speculative to serve as the basis for future development planning.

Southwest Detroit has a long history of industry, which has left an extensive legacy of industrial buildings. This inventory of available facilities suggests that new light-industrial development would not be appropriate for the site, though individual industrial uses might be incorporated into a mixed-use development.

## Residential

The disruptions in the overall housing market continue to impede the potential for new market-rate housing. Current sales prices and rents do not justify the cost of construction. Also, because it is adjacent to the intermodal rail yards, the Vernor Square site is not appropriate for residential uses.

## Retail Assessment and Evaluation

Business and commercial activity in the larger Southwest Detroit area is dominated by smaller-scale retail and industrial establishments. Within the four ZIP codes that define the area, 471 businesses are engaged in retail trade.

The nature of most of these enterprises has been largely homegrown or nonmanufacturing. Given the low barriers to entry and the immigrant character of the local population, there has been a corresponding concentration of and focus on food assets. The result has been the establishment and growth of more than 112 businesses in food production, food distribution, bakeries, grocery stores, restaurants, fast food, and bars.

The presence of commerce along the primary roads such as West Vernor Highway and Springwells Street is robust. In addition to the food-based establishments, there is a healthy mix of local business such as pharmacies; services such as insurance, tax, accounting, etc.; and various other neighborhood vendors. This is indicative of a commercial landscape that is far healthier than other locations within the Detroit city limits. Even nearby Michigan Avenue contrasts dramatically, with a far smaller number of comparable retail establishments.

Although the local retail environment is relatively active, it masks real gaps in the overall retail picture. While the 24,000 households and overall population of 77,000 in Southwest Detroit have an estimated retail demand potential of \$352 million, nearly one-third of this demand is in key underserved retail trade groups such as furniture and home-furnishings stores; electronics and appliance stores; clothing and accessory stores; sporting goods, hobby, book, and music stores; and general merchandise stores.

A map of the region showing major retail centers highlights this gap and reinforces the potential for new retail investment in Southwest Detroit and along the West Vernor corridor in particular.

The estimated demand potential in this nonfood grouping of soft and hard goods is \$125 million. However, current retail sales for this grouping total a mere \$19 million—





Existing major retail centers.

meaning that more than \$100 million in retail sales is leaving Southwest Detroit. This gap, or leakage, represents an important retail opportunity and business prospect.

Furthermore, these figures represent the documented population and its economic potential. Though statistics are difficult to come by, anecdotal evidence supports the existence of a substantial undocumented population, especially in light of the immigrant nature of the Hispanic community that forms the major ethnic group in Southwest Detroit. Thus, further support for potential investment in

these retail groups most likely exists and only reinforces the need for additional retail establishments and services in the area.

These figures reinforce the thesis that the retail sales leakage to areas outside of Southwest Detroit is real. Furthermore, these figures support the potential for new retail development in the neighborhood and on the DPW site in particular (given its central focus and location)—given the ability of the local population to both walk *and* drive to this destination.

## Current Southwest Detroit Retail Spending and Sales

| Retail category                            | Demand<br>(retail potential) | Supply<br>(retail sales) | Retail gap    | Percentage lost<br>to leakage |
|--|------------------------------|--------------------------|---------------|-------------------------------|
| Furniture and home furnishings             | \$5,872,000                  | \$748,000                | \$5,124,000   | 87%                           |
| Electronics and appliances                 | \$8,804,000                  | \$1,915,000              | \$6,889,000   | 78%                           |
| Clothing and accessories                   | \$18,114,000                 | \$5,890,000              | \$12,224,000  | 67%                           |
| Sporting goods, hobby, books,<br>and music | \$8,097,000                  | \$1,321,000              | \$6,776,000   | 84%                           |
| General merchandise                        | \$76,373,000                 | \$5,328,000              | \$71,045,000  | 93%                           |
| Miscellaneous                              | \$8,032,000                  | \$4,020,000              | \$4,012,000   | 50%                           |
| Total                                      | \$125,292,000                | \$19,222,000             | \$106,070,000 | 85%                           |

Sources: ESRI; Dun & Bradstreet, 2012.

Because an automobile is generally required to transport soft and hard goods (unless delivered directly by the store), this initial analysis merits an in-depth look at the potential for mini-box retail tenants in this location and on the DPW site.

Moreover, not only is there an undocumented population generating retail demand, but there also is an underground cash economy that most likely would add demand potential and revenue-generating trade to the above estimates and mini-box retail tenancy.

## Destination and Regional Draw Potential

Southwest Detroit is unique in the Detroit metropolitan region with its Hispanic and immigrant community. Much like Greektown and other local ethnic communities, the area has the potential to reinforce its position as a destination and regional draw.

Mexicantown and Corktown are long-established food and entertainment destinations. The larger Southwest Detroit community has been able to attract the same attention and interest from the larger region. Thus, food retailing continues to grow and represents another key component of potential opportunity at the DPW site. E&L Supermercado across Livernois from the subject site draws customers from ten miles and beyond, unlike a typical grocery store that would draw its customers from a three-mile radius.

*The Vernor Highway business district.*



As the food and restaurant trade has grown, the destination focus includes full-service restaurants; limited-service eating places; specialty food stores and services; and drinking places (bars/taverns). Total retail sales for this group surpass \$42 million annually—which, in fact, exceeds local demand by about \$5.5 million. Unlike the sales gap for soft and hard goods, this statistic demonstrates the strength of the food and restaurant trade and its ability to be an important draw. As such, incorporating these uses in the redevelopment of the subject site alongside the soft/hard goods group should benefit both retail trade groups.

With direct connections to the interstate highways and the local street grid that extends through the city of Detroit and the nearby suburbs to the west and north, the intersection of Livernois and Vernor is easily accessible from the entire region. This physical accessibility enhances Southwest Detroit and the subject site in particular as a redevelopment and growth opportunity.

## Market Capture and Development Potential

Building on the panel's retail supply-and-demand analysis, the market capture and the resulting development potential can be estimated for the site.

A comprehensive assessment involves numerous criteria; however, the preliminary analysis above accounts for income and potential expenditures on the demand side. On the supply side, the panel has reviewed the location, size, and characteristics of retail centers in the city (which are very few in number); a similar review of those centers adjacent to the city and accessible from Southwest Detroit; and the types of businesses within Southwest Detroit.

The capture rate—defined as the percentage of retail demand that a store or group of stores could achieve—depends on the level of competition for those retail expenditures. In a heavily stored environment with numerous nearby stores and easy accessibility to other destinations, the capture rate for new development will tend to be on the low side. A typical capture rate in this environment would be in the 5 percent range.



## Capture Rate and Development Potential

| Scenario     | Unmet retail demand | Capture rate | Potential sales | Sales per sq. ft. | Development potential (sq. ft.) |
|--------------|---------------------|--------------|-----------------|-------------------|---------------------------------|
| Low capture  | \$106,000,000       | 5%           | \$5,300,000     | \$200             | 26,500                          |
| High capture | \$106,000,000       | 10%          | \$10,600,000    | \$200             | 53,000                          |

Conversely, in a “retail desert,” where few stores exist and where community expenditures leave the area, the capture rate for new development will tend to be much higher. A typical capture rate in this environment would be in the 10 percent range, or double the rate in a highly competitive location.

Using this range as the basis for evaluating the potential sales at the DPW site results in a potential retail sales volume that might range from \$5.3 million to \$10.6 million as shown in the table above.

Use of this sales range, combined with a review of achievable sales per square foot for the various retail groups, can provide guidance on the appropriate development potential and building sizes for the DPW site.

Using \$200 per square foot as a baseline for all the retail tenants would result in a development potential ranging from 26,500 to 53,000 square feet. This development potential must then be measured against the site constraints, including its size, configuration, and access.

Given the size of 6.9 acres (assuming that adjacent parcels are not acquired) and a desirable parking-space-to-floor-area ratio of four spaces per 1,000 square feet of development, the development can be 60,000 square feet. Thus, the market can support a large segment of that space for soft and hard goods retailers within an overall project that includes a variety of targeted users.

## Small Businesses and Entrepreneurs

Southwest Detroit residents are very entrepreneurial, and the business community is extensive. Social Compact evaluated the business base in detail, identifying 1,981 businesses within the highways. Of that total, two-thirds

(1,303) were microbusinesses with one to five employees. Another 30 percent (595) were small businesses with six to 50 employees. Eighty-two medium and large businesses employed 773 workers.

Southwest Detroit is known for its tortilla manufacturers, home-based catering businesses, other specialty food processors, ornamental ironwork craftspersons, industrial glassworks, specialty apparel (e.g., *quinceañera* dresses), accessories, retrofitting of low-riders, and other specialized manufacturing. A wide variety of talented artists and craftspersons live and work in the area as well.

This reservoir of business and artistic talent forms the demand base for development of small studios and manufacturing spaces to support the area’s entrepreneurs. They vary in the degree of their business expertise. For example, some experienced business owners have a key need for modern space in a location that could help in their marketing. Newer businesses, however, may need not only inexpensive space with flexible lease terms but also access to equipment and technical assistance. Long-term leases are expensive and confining for companies that change and grow over time. Early-stage businesses typically prefer much shorter lease terms that offer the ability to change their amount of space as they grow. The proposed Vernor Square development offers an opportunity to provide such space and services.

Several communities have developed “maker” spaces that offer shared spaces and equipment for a monthly fee. In Brooklyn, New York, for instance, the Greenpoint Manufacturing Design Center reused a former jute mill to accommodate an array of woodworkers, ceramists, glass makers, sculptors, furniture makers, cabinet makers, jewelry- and metalsmiths, silk screeners, artists, printmakers, and so on. It has since expanded into seven buildings with

100 businesses and 500 employees. In Detroit, Eastern Market is developing a commercial kitchen that will be shared by several different food producers, caterers, and food-truck operators. Such a concept could be combined with separate spaces for larger, more established companies that prefer full-time facilities for their own workers and equipment.

When coupled with retail spaces, the shared location can be very powerful in helping these businesses develop new markets and new collaborations with other businesses. Given the strength of the Southwest Detroit entrepreneurial base, the Vernor Square project could fill 5,000 to 10,000 square feet or more with small businesses, both startups and established companies looking to grow.

## Development Potential Summary

As mentioned previously, the market analysis demonstrates viability for a range of space for various uses on the site:

- Soft and hard retail goods: 26,500 to 53,000 square feet;
- Dining and food-related retailers: 10,000 to 15,000 square feet; and
- Local businesses, artisans, craftspeople, and entrepreneurs: 5,000 to 10,000 square feet.

The physical constraints of the site will limit the amount of development more than its market potential. According to the panel's analysis, the 6.9-acre site will support a total of 60,000 square feet of development only when served with on-site parking at the aforementioned ratio of four spaces per 1,000 square feet of development.

## Residential Assessment

The city of Detroit is facing a housing crisis of immense proportions, with abandoned housing blighting entire blocks and neighborhoods. While Southwest Detroit has suffered as well, it has fared much better than several other neighborhoods. An estimated 24.6 percent of South-

west Detroit's housing stock stands vacant, with individual abandoned units still affecting the neighborhood. Real estate information firm RealtyTrac identifies 255 foreclosed houses and/or lots in the four ZIP codes of Southwest Detroit. The availability of foreclosed units at very low prices continues to depress housing values.

Stabilizing Southwest Detroit neighborhoods and housing values will be critical to the long-term success of Vernor Square. Investors, businesses, and prospective homebuyers all look to that stability when deciding whether to invest or locate in the neighborhood. Retailers depend on the spending of area households, overcoming the limits of lower household incomes by the concentration of households proximate to their stores, but high vacancy rates diminish population density.

While the panel's charge focused on the specific commercial property, the long-term strategy for its development must include continued efforts to address the blight and instability created by the presence of abandoned houses. In particular, demolition of abandoned and burnt-out units needs to be accelerated to prevent decline in the surrounding neighborhood. The state's current focus on improving the performance of underperforming schools, including several schools in the neighborhood, will help area residents to improve their lives and their children's futures. Overall, Southwest Detroit needs to be able to retain its long-term residents while continuing to attract new immigrants. There are signs of demand that will help achieve that goal. Demand has now exceeded the supply of livable housing in Corktown, Mexicantown, and Hubbard Farms, with almost no vacant rental units.

# Development Strategies

**THE PANEL DEVELOPED A VISION STATEMENT** and a series of key strategies to form the basis of the plan for Vernor Square. The strategies are based on the panelists' investigation of all factors influencing the potential development, from site constraints, to local market conditions, to the range of public and private organizations and businesses that have an interest in the community.

The vision statement is as follows: Vernor Square will be a center for employment and the sale of local goods, a community meeting place, and a significant destination for residents and visitors which reflects and engages the community of Southwest Detroit.

The following are key strategies for establishing a development team and concept, and for beginning the development work.

## **1. Capitalize on the uniqueness of the community.**

Vernor Square lies in a unique neighborhood in Detroit. It is the center of a vibrant Hispanic population and other diverse ethnic cultures in Southwest Detroit. Over the course of a century, the area has received immigrants from many backgrounds and ethnicities. For the past three decades, the Hispanic community has dominated the in-migration trend. The area called Mexicantown has expanded, represented by a thriving *avenida* of Hispanic-oriented businesses, restaurants, and shops. Still, unmet retail needs remain, requiring residents to travel out of the area for certain goods.

While it would be expedient to simply attract major retailers to fill these needs, the development of the site in a way that capitalizes on the unique immigrant character will add value and increase the attractiveness of the site for both the community residents and its visitors. To this end, the project should be developed with an iconic public plaza

and, possibly, a landmark to express the culture of the surrounding area. Architecture for the project should be expressive of the local culture.

## **2. Differentiate the project within the market.**

The site should be used to fill the “retail gap.” The commercial district of Southwest Detroit has ample, excellent neighborhood businesses such as restaurants, fast-food eateries, pharmacies, auto parts and service stores, financial services and banks, and small specialty shops for local residents. But there is a gap in the marketplace for what the industry terms “soft goods,” such as clothing, household textiles, and related products. The soft goods market segment should be one of the central needs that this site supplies.

The Southwest Detroit community includes many artisans, craftspeople, home chefs, and others who do not have a central, organized location for marketing their products. Some of these artisans also need a place for starting or accelerating their entrepreneurial businesses. Providing a place for these users would serve to provide the community with new jobs and a means for wealth creation, as well as establish marketing differentiation. It will help to brand Vernor Square as not just a typical retail strip, but a vital part of the community's culture and economic sustainability.

## **3. Maximize the site's strategic advantages.**

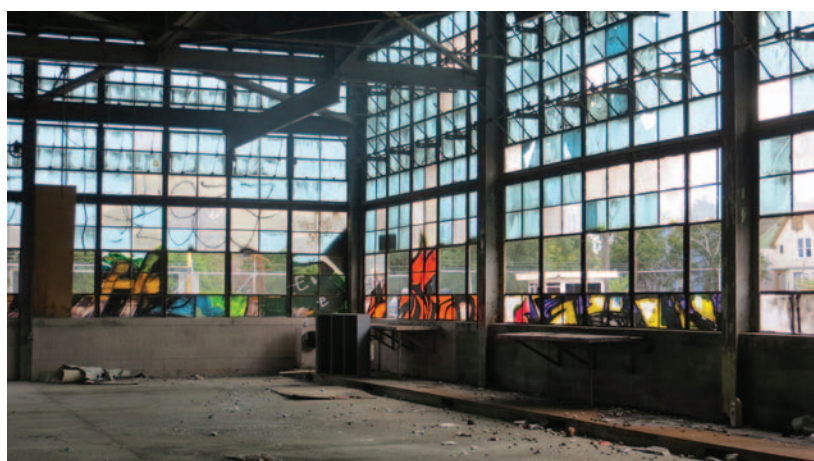
The Vernor Square site will be more attractive to a kind of complementary retailer that is not found in the area. It can be considered an “opportunity site” for the community, with its strategic locational advantages within the West Vernor Highway corridor and Southwest Detroit area. Perhaps the most important site advantage is the relatively large size of the parcel. While not large enough for typical

big-box retailers like Walmart or Target, it is one of the few large, buildable parcels available on the West Vernor commercial corridor. At 6.9 acres, it affords the opportunity to develop a retail center that would serve the larger Southwest Detroit community. Adequate land for parking and service exists on site—something that other businesses along the corridor have to find creative ways of providing.

Another major advantage is its central location within the community, at the midway point of the major east–west commercial corridor, where residents shop, dine, conduct business, and go to school and church. It also lies at an important intersection: Livernois and West Vernor. The high traffic counts on Livernois at this location and the ease of access from all directions make the site easy to access for most area residents, and even for those in the greater metropolitan area. The site should be designed to maximize the retail visibility and public space presence on West Vernor. Access to the site should be designed to capture the traffic from these two corridors.

Another advantage offered by the site is its existing DPW structure. While it appears at first glance to be beyond repair, the basic steel framework is salvageable. It has a large span and is in good condition, affording a developer some cost savings and the ability to make adaptive use of the structure.

*The steel frame of the DPW building is in good condition, and the panel recommends reusing a portion of it for the new development.*



#### **4. Create a significant public place/outdoor plaza.**

Walking to and along West Vernor is a sensory experience, with aromas of Mexican food, bold wall murals, bright colors, and many people walking and biking. However, there remains a need for a centrally located, highly attractive gathering space where the community can hold events and celebrations. The recreational parks at either end of the West Vernor corridor—Clark Park and Patton Park—provide ample passive and active recreational space, but they are more than a ten-minute walk for residents at the center of the community. Furthermore, there remains the need to draw the community to a central gathering place in the tradition of Latin American towns from which so many Southwest Detroit immigrants come. It is a good tradition, and the Vernor Square site provides this opportunity. Incorporating a public plaza in the design of the retail center will improve the viability of the retail for day-to-day shopping and provide the community with a significant venue for celebrating the culture and for welcoming visitors from beyond the neighborhood.

#### **5. Bridge the gap: Connect the community retail corridor using the DPW site.**

The West Vernor corridor is interrupted by the railroad tracks and yard to the west of Vernor Square. Also, the street makes an odd, difficult-to-manuever turn a block west of the site. The creation of a destination along West Vernor at Vernor Square will begin to mitigate the impact of this divide. However, one strategy should be to use urban design and streetscape improvements along the rail yard and railway underpass to strengthen the pedestrian access and visual continuity.

#### **6. Create value for the community.**

The site should be developed with economic sustainability as a guiding principle, in terms of the recommended uses, but also with neighborhood economic sustainability in mind. The development should serve as an economic generator through job creation as well as through tax revenue increases. Components of the project should be included

to improve the entrepreneurial environment and results for Southwest Detroit residents and businesses.

### **7. Create a partnership.**

This project is much more than a real estate acquisition and land development proposal. If planned for maximal community value, it will involve the local community and its leadership, including the SDBA as a major stakeholder in the development of a commercial enterprise along the corridor. The SDBA will be charged with driving the vision and process. Specifically, the SDBA will be key to ensuring that the project complements and does not duplicate existing businesses or cause an oversupply of any type of business. The SDBA will be instrumental in ensuring the development's success both economically and in representing the lively culture of Southwest Detroit. The SDBA will need to expand its small business mentoring services to include many more aspiring entrepreneurs and existing businesses from the community.

Beyond these activities, the development process can be accelerated through strategic partnerships with the Detroit Economic Growth Corporation (DEGC) for development services, the Eastern Market Corporation for food industry entrepreneurship, and others for event sponsorship.

The SDBA has an excellent track record providing development services and operating a 3.1-mile business improvement district (BID); it has a well-respected board that can ensure the project is appropriately steered toward its economic, cultural, and social objectives. The DEGC has a well-deserved reputation for facilitating real estate transactions, open processes, and competitiveness. It is clear that the local foundation core has confidence in the SDBA, the other parties positively affecting the Southwest Detroit area, and this process. Bringing all of these efforts together to create a development partnership is an important development strategy. All parties joining together and applying their specialties will ensure that the project is a success shared by all.

### **8. Create a tenant mix and lease-up of 60,000 square feet.**

Based on the site's size and access constraints, the market potential, and overall feasibility, the panel recommends a development of 60,000 square feet with an approximate tenant mix as follows:

- Soft goods credit tenant retailer—26,500 to 53,000 square feet;
- Dining and food-related businesses—10,000 to 15,000 square feet;
- Local artisans, craftspeople, and entrepreneurs—5,000 to 10,000 square feet; and
- Food production company—10,000 to 20,000 square feet.

### **9. Develop a clear process.**

The process should be viewed as a key component—one that is just as important as the results. The process should serve as a model for others engaging in similar neighborhood revitalization efforts. As such, the panel recommends keeping several things in mind: be entrepreneurial, be open and accountable, engage the community, be able to move quickly, and aim to create a replicable process and project.

- *Be entrepreneurial.* The project should be approached by the SDBA and other partners as it would be by an entrepreneur. The sense of urgency, attention to financial feasibility and returns, awareness of the risk and reward, and financial accountability should be built into the process. The economic benefits will be enjoyed by many indirectly, including the businesses around the site, with improved traffic flow and removal of the blighted property, and more potential customers being drawn to the area. Direct economic benefits should be calculated and distributed in accordance with the participation and risk taken.

- *Be open and accountable.* The process should be implemented in an open, fair, and competitive way. Efforts to minimize the cost of the project to the public and maximize its benefits should guide the process wherever possible. Confidence among community leaders, residents, and state officials can be maximized through this process with regular communications and financial reporting.
- *Engage the community.* The best real estate development projects engage their community and its needs, and reflect its identity. Efforts should be made during key steps in the process to engage the community in decision making.
- *Be able to move quickly.* The old real estate adage is that “time kills all deals.” But the panel heard that sometimes it takes a long time to get things done in Detroit. The West Vernor commercial corridor and the Southwest Detroit community will benefit most from a project that is done expediently, so that its benefits can begin to have positive impacts on the community. Approval of and support from local community leaders should be garnered quickly, and communications with relevant community groups and residents should be undertaken immediately. Acquisition of the parcel, preparation of the requirements for the developer RFP/RFQ, and zoning approvals should be expedited. The SDBA has already requested the assistance of the emergency manager in site acquisition and should continue to request his office’s assistance in the implementation of the project.

- *Create a replicable process and project.* The panel recognizes the immediate local importance of the project in strengthening one of Detroit’s most stable population bases. However, the implementation of this project should also serve as a model for other community development projects around the city, particularly those dealing with blighted, surplus properties of the city.

#### **10. Improve the housing stock, stabilize the population, and encourage growth.**

The health of the Southwest Detroit residential community and that of its commercial businesses are completely intertwined. The pockets of blight and disinvestment along the commercial corridor should continue to be the focus of small-scale redevelopment and business retention and development efforts of the SDBA and the city of Detroit. In addition, the SDBA and the municipal government must catalyze efforts to improve the residential base. Partnership opportunities should be sought out to encourage and enable residents to improve their homes, developers to build new homes, and the community to take pride in its identity.



# Design Concept

**VERNOR SQUARE SHOULD BE DESIGNED** to be a symbol of the vitality and quality of Southwest Detroit's neighborhoods. The 6.9-acre DPW site provides a unique opportunity to achieve several of the SDBA's goals. As the community grows, newcomers and longtime residents alike are keenly aware of the availability of existing open public space (or lack of it) that reflects the quality of the surrounding neighborhood. The commercial corridor of West Vernor Highway is mostly a continuous row of buildings extending from Patton Park to Clark Park, except at its intersection with Livernois Avenue, where the now-vacant and unused DPW vehicle service structure is located.

Applying reasonable walking distances from Clark Park and Patton Park places the central area of the Southwest community outside those walking distances. This evaluation shows the need and sets the stage for creating a new public space and commercial center within walking distance of the underserved residents of the district.

The panel was asked to analyze two additional parcels flanking the site: 1) a 2.5-acre site that houses a part-time flea market; and 2) a triangle formed at the traffic intersection, which includes a private green space, a narrow lane, and a tire store totaling about two acres. Because of conflicting ownerships, the panel chose to focus on the available DPW property, but the design reaches out to the adjacent sites to provide a more cohesive redevelopment plan. Should one or both sites become available over time, the plan can be amended to accommodate an expansion of the public plaza and mixed-use development.

The design concept for this site combines commercial spaces, a substantial public plaza, and parking to serve visitors to Vernor Square. The users of this newly created attraction will be:

- Everyday users—people who live and work in the area;

- Passersby—people going to and coming from other places;
- Visitors and customers—people who visit the area from the greater metro area to shop, dine, and attend special events; and
- Recreational visitors—people who visit commercial and/or community offerings.

The panel's goal is to provide the SDBA with a plan for the continuing discussion of how best to use the land available. It is not an end product, but a starting point from which to create a plan that best meets stakeholders' needs. Following are the components of the project:

- 60,000 square feet of built space to house a variety of commercial tenants, community-based vendors and artisans, food providers, and art and cultural exhibitions. (See the previous section for proposed tenant breakdown.)

*The DPW site is beyond a reasonable walking distance from parks, indicating a need for additional public open space at this location.*

## Primary Open Space Gap





- 240 parking spaces in two discrete and convenient locations.
- An arcade and “winter garden” carved out of the existing steel-truss building.
- Public and private spaces that are usable in the summer and winter, as well as during the daytime and at night.
- The continuation and expansion of the Southwest Detroit Greenway streetscape improvements, especially the distinctive light poles and banners.
- A grand public plaza measuring approximately one acre at the heart of the development that provides a “front door” for the commercial spaces and contains a fountain/water display, movable chairs and tables for outdoor dining, a pergola to cover seasonal vendors and to shelter music and performing arts programs and movies, and landscaped areas to embellish the public spaces.
- Art in many forms—murals, sculpture, ironwork, lighting, and performance.
- Reconnect the urban fabric that has been interrupted by the DPW site;
- Encourage new investment and building improvements in the adjacent neighborhoods;
- Provide a significant outdoor public plaza that serves the neighborhood and that welcomes everyone; and
- Include an arcade/winter garden for year-round use.

## Design Principles

The master site plan provides the overall concept in sketch detail. The following design elements are individually presented to highlight their importance to fulfilling the master site plan, and to provide additional graphic information.

### The Public Plaza

As the organizing element of the proposed development, the public plaza is key. The panel sees this development as an opportunity to provide a place in the heart of the West Vernor corridor that can become a gathering space for the community as well as a regional attraction. The public plaza is an ideal complement to a busy commercial center, offering a community-focused shopping environment in an attractive setting. A memorable public space in the center of a busy commercial corridor can do much to provide an identity for the adjacent community and can be a symbol of the neighborhood's character. In a dense neighborhood environment, a public open space can offer breathing room, increase property values, provide amenities, and lend a distinctive identity that draws businesses and new residents.

Successful parks and public open spaces provide clear connections to surrounding uses and can foster a secure environment. They appeal to people in different age groups and bring together different communities. Also, they offer space for more than one activity. Their design should grow out of input from the public so that it reflects the desires of the community.

The tip of the site at the intersection of the two major streets—West Vernor and Livernois—is the introduction

## Design Objectives

The panel proposes a center where commerce meets culture. It should be designed to accomplish the following:

- Celebrate the culture of the community;

*Proposed master plan suggests public open space and development.*





*Views of the site from West Vernor Highway showing proposed development and open space.*

to a pedestrian system and the axis of a major public plaza that extends north to and through the steel-truss building, and to the major parking lot at the rear. The plaza is a hard surface with a paving pattern that promotes movement through the square to the main commercial building and the arcade, and which suggests a focus on the pergola and the events that it shelters.

The plaza should include the following:

- A pergola to shelter vendors, a performing arts stage, and a movie screen;
- A major fountain and water feature that can produce the sound of cascading water to muffle traffic noises and entertain children;
- Fixed and movable tables and chairs for outdoor dining, relaxing, and socializing;
- The SDBA's \$6.5 million lighting and streetscape project to begin in 2014, which should be extended into the site to firmly link the new development to the surrounding streets; and
- Art, seasonal flowers, and landscape elements.

The plaza should be designed to accommodate the following activities:

- Eating at outdoor restaurants, and picnicking;

- Live music and dance performances;
- Socializing with friends and neighbors;
- Entertaining children;
- Viewing art; and
- Relaxing.

### Physical Structures

The panel strongly suggests retaining a major part of the DPW building. The basic steel-column and steel-truss construction looks strong and sculptural, with soaring ceilings and an expansive volume that can accommodate virtually any use. There will likely be some degree of environmental contamination on the site that will require remediation. Nonetheless, the reuse of the steel-truss building can represent cost savings, and its reuse would be in accordance with sustainable building practices.

In the proposed plan, approximately 35,000 square feet of the steel-truss building in the center of the site will be preserved and renovated to house the bulk of the commercial, vendor, and artisan tenants and to house the central arcade. The arcade is viewed as a covered pass-through most of the year, providing pedestrian access from the larger parking area to the public plaza, and providing a forecourt for the commercial and artisan tenants flanking the arcade. Temporary art exhibits, performances when



*The panel suggests retaining a portion of the steel structure of the existing building as a cost-saving measure, and to be more environmentally sustainable.*





*Industrial buildings like the one on the DPW site provide high ceilings, clerestory windows, and large, open spaces suitable for a marketplace.*

the weather outside is poor, and public gatherings can happen year round in the arcade. In the winter, the arcade converts to a winter garden by enclosing the space at both ends with glass and steel enclosures and doors.

The building is a strong architectural statement that provides flexible space to house small and medium-sized tenants. The building is on axis with the central public plaza and with the bulk of the parking. The panel suggests opening a portion of the south side of the building for the sale of produce and handcrafted items. The bulk of the space can be devoted to art studios, exhibition space, and conventional retailers.

Storage for the performance platform, the movie screen, and tables and chairs is contained in the small ancillary building attached to the primary building.

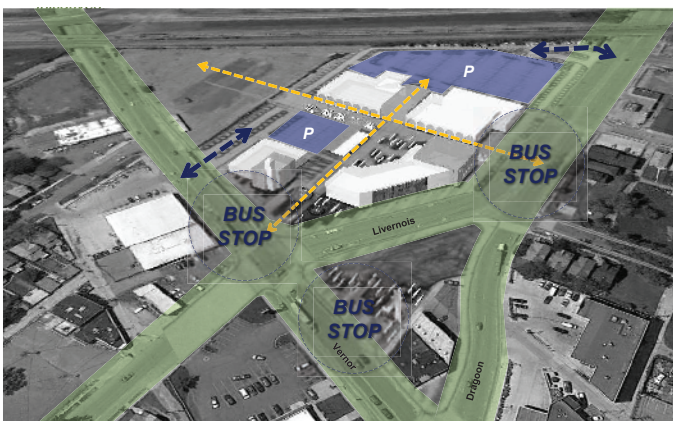
The smaller, 15,000-square-foot building along Livornois Avenue is designed to house places that serve coffee and light fare, and that may house one or more conventional retail tenants. The second small building, the 10,000-square-foot structure at the West Vernor vehicular entrance, is devoted to commercial tenants and an information center providing resources about the community and events. Both buildings will have second-story terraces that will be ideal places from which to view the activities in the public plaza below.

### Site Context and Access

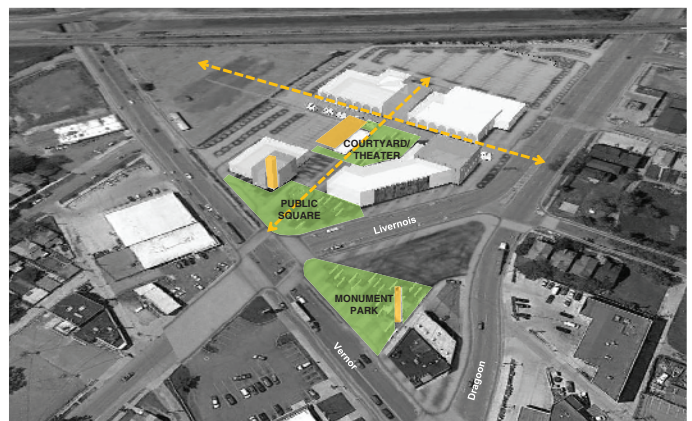
The DPW site represents significant design challenges. It is a virtual island surrounded by two very busy streets and bounded on the north by railroad tracks. A railroad underpass makes the site higher than the adjacent street at the north end. It is adjacent to a parcel of land devoted to a part-time flea market. It is also bounded by a triangle of land with a tire store and a paved lane bordered by more heavily trafficked streets.

The panel included the following series of connections to the surrounding areas in the concept design:

*Bus stops should be enhanced with attractive, themed bus shelters and a pull-off area in front of the development.*



*Pedestrians should be able to access Vernor Square from all sides. Arrows show access points from the surrounding neighborhood.*





- Vehicular access to parking is provided from both West Vernor Highway and Livernois Avenue.
- Pedestrian access is provided along West Vernor from both sides, with pedestrian and bicycle crossings from both the east and south neighborhoods.
- Sidewalk connections would be provided on the West Vernor side of the site as well as on a portion of the Livernois side.
- The triangle to the east that contains the vacant lot, the public lane, and a tire store is viewed as a place to put a major beacon such as a statue, a light exhibition, or other work of art. The public lane behind the tire store is redundant and should be closed.
- The panel suggests a pedestrian connection into the part-time flea market from the public plaza to connect the two functions and any future development that may take place there.
- Bus shelters at the site should be provided for those using transit to and from the development.

### Public Art

A distinct feature of the West Vernor business corridor is the quantity of formal and informal art. From mosaic park benches to wall murals and paintings in restaurants, art is everywhere. Art can enhance a sense of place, make a public space memorable, and engage the community. The panel sees art as a basic design element throughout the buildings and in the outdoor spaces. Some examples of how art can enhance the development include the following:

- A substantial water feature that will also serve as a place for children's play and as a traffic noise mitigation element.
- A sculptural beacon in the center of the traffic triangle where Livernois Avenue splits.
- Murals on the walls of the Livernois and Vernor underpasses adjacent to the site.
- Decorative pavers in the surface of the public plaza.
- A dramatic entrance feature and enclosure at the entrances to the steel-truss building and arcade on both the north and south sides.
- Murals on the east wall of the food service building facing Livernois.
- Three-dimensional temporary art in galleries, exhibits featuring artists-in-residence, in the arcade.
- Artistic lighting of all the buildings surrounding the public plaza.
- Themed bus shelters, bike racks, and street furniture.

*Southwest Detroit has a rich tradition of public art. Vernor Square should build on neighborhood character with themed street furniture, lighting, and so on.*

### Summer and Winter Use

Maintaining the year-round viability of a public place is a challenge in Detroit's climate. While warm weather makes the plaza an ideal gathering space night and day, the colder seasons tend to push people indoors for several months of the year. The panel therefore suggests that the steel building arcade and the public plaza be designed to accommodate and encourage year-round use. The steel-truss building should have garage-type glass doors, open for vendors in summer and closed in the winter. The

arcade should be designed to become a winter garden during the cold months.

The public plaza should also be designed to be useful and attractive during the winter months. For example, a skating rink with skate rentals and seating for watching the skaters could occupy the space in the winter months.

## Transportation Impacts

The panel reviewed and analyzed the potential impact on the site of the New International Trade Crossing (NITC) bridge to Canada, the Detroit International Freight Terminal (DIFT), the Customs Plaza, and Detroit Bus Service. While Livernois Avenue will be terminated at the new NITC Plaza, the panel concluded that there will be little impact on the site. The DIFT is already in place at the north border of the site, and there will be no additional negative impact. In fact, the road and highway improvements proposed to handle the large volume of trucks anticipated may even have the positive impact of removing truck traffic on local roads that are ill-equipped to handle the heavy loads.

The Continental Rail Gateway tunnel is expected to be expanded by the construction of a double-stacked container tunnel adjacent to the current tunnel. No impact is expected from this project.

Public transit is available to Vernor Square. The panel suggests a bus pull-off at the site near the main plaza, and bus shelters, to encourage the use of transit to the development.

The panel studied the concept of creating a traffic circle (a roundabout) at the intersection of Livernois and Vernor. That concept does not seem feasible at present, although it should be revisited in the future. Similarly, the panelists studied the one-way couplet of Livernois and Dragoon as a condition requiring further study, particularly after the customs plaza is built to serve the NITC bridge.

# Implementation

**IMPLEMENTATION OF THE RECOMMENDED** development strategy will require a series of specific actions—some of which can be clearly defined at this time, some of which will require more detailed analysis and thought by the project sponsors and partners. The implementation actions include predevelopment and site preparation, creating an organizational structure, and development packaging and management.

## Creating the Public/Private Partnership

As outlined in the Development Strategies section, both the SDBA and the DEGC are critical to the successful implementation of this project. Combined, they create the core partnership required to achieve the desired goals and objectives of the project in a timely fashion and to move it through the predevelopment process. The SDBA has deep roots in the neighborhood and has a long and successful history of promoting business development and redeveloping real estate, particularly along the West Vernor Highway corridor.

The SDBA's primary tasks will be community outreach, securing foundation support and funding, and championing the project. The organization will likely retain a role throughout implementation and continuing through operations and management. The DEGC has the financial tools, staff expertise, and institutional capacity to make development happen in the city of Detroit. The DEGC will provide the expertise needed to bring this project to construction, and to expedite city permits and approvals; its role will likely diminish after completion.

As an initial step in establishing the partnership, both parties should identify and outline their respective roles, responsibilities, and expectations with regard to the

proposed partnership. The SDBA and the DEGC should prepare and enter into a memorandum of understanding (MOU) to formalize these roles and shared expectations. The MOU can be a first step toward a more detailed partnership agreement or may be sufficient on its own to move the project forward. ULI's *10 Principles for Public/Private Partnerships* is a good reference to use when establishing such a partnership. Some of the key principles are as follows:

- Create a shared vision;
- Be clear on the risks and rewards for all parties;
- Establish a clear and rational decision-making process;
- Secure consistent and coordinated leadership; and
- Negotiate a fair deal structure.

The city of Detroit also will play a critical role in the success of this project. The city should fast-track the conveyance of the property under favorable terms, provide some funding for predevelopment expenses, and commit to expediting permits and other approvals as the project moves toward construction and implementation.

## Project Advisory Group

The panel recommends that a project advisory group be established to provide community input and guidance for the project. Specifically, the advisory group should provide input on the following:

- Design considerations;
- Space and activity programming;
- Micro-enterprise and entrepreneurial training opportunities and programs; and



- Potential artisans, artists, and cultural groups that may become involved in the project either as tenants or programming participants.

The advisory group may include:

- Community and cultural organizations;
- Grants organizations;
- Local residents; and
- Neighborhood businesses and entrepreneurs.

The advisory group can also serve as a public relations vehicle that communicates the progress of the project to the neighborhood, the larger community, and the media. Because a relatively long development period is anticipated, it will be important to keep everyone apprised of the development's progress so that it is not forgotten.

## Property Acquisition and Control

As with any real estate development project, gaining control of the site is critical. The panel recommends that the city of Detroit convey the property as soon as possible to a designated nonprofit entity or a special-purpose entity created for the intent of owning and implementing the project. The property should be conveyed for no fee with a predevelopment grant of \$100,000 with covenants that clearly define the expected community benefits (jobs, future tax base, and so on), the city's environmental liability and indemnification, and a clear set of milestones for delivery of the proposed project. To the greatest extent possible, and perhaps enabled by the emergency manager, "normal" city property conveyance procedures should be expedited in order to maintain the momentum created by this advisory panel process.

## Predevelopment Activities

Once the partnership between the SDBA and the DEGC has been established and site control achieved, the partners can begin to engage in predevelopment activities, including site preparation, geotechnical and environmental

investigations, market studies, preliminary design, financial analysis, preliminary programming, and solicitation of a private development partner.

## Environmental Investigations and Remediation

Preliminary research provided to the panel has identified a number of recognized environmental concerns (RECs). A full Phase I and Phase II environmental site assessment (ESA) should be conducted and a remedial action and soil management plan prepared, based on an assumed development plan for the site. The results of the ESA will help determine the type of funding available and the scope of and schedule for remediation activities.

Some remediation activities—such as the location and removal of underground storage tanks—should occur as soon as possible. It is expected that capping and encapsulation of contaminated material on site will be part of the development program when paving, foundation, and floor slabs are poured. An assessment of the potential for hazardous building materials such as asbestos and lead within the existing structure also will be required and will necessitate removal and/or mitigation as part of both the partial demolition recommended by the panel and reuse of the remaining structure. The panel was provided with a preliminary environmental assessment and cleanup estimate of approximately \$1.4 million (ASTI Environmental), although experts interviewed by the panel believe that the actual cost will be considerably less, especially if the components of the project (paving, building floor slabs, etc.) can be used as part of the remedial plan.

## Geotechnical Studies

Preliminary geotechnical investigations should be conducted in the predevelopment phase to provide a baseline for soil conditions and likely structural systems. More detailed geotechnical investigations will be required once a final site and building plan are established.



## Market Study

The panel recommends that a retail market study be commissioned to confirm and enhance the very preliminary market analysis performed by the panel. The market study should be focused on the private, for-profit retail component of the project. It should be tailored to the expected specifications of potential lenders and investors, including the recommended private development partner. The market study will help to establish the type and size of retail currently missing from the local business district and for which there is demand at this location. It should also recommend viable lease rates.

## Preleasing and Programming

As the lead partner, the SDBA, which has considerable experience providing support for entrepreneurs, should immediately begin the process of detailing the programming for the artisan spaces in the development and soliciting the artists, artisans, craftspeople, and entrepreneurs who will become part of the project. This activity will include reaching out to other partner organizations, cultural and community groups, and neighborhood entrepreneurs.

For example, Southwest Housing Solutions is a delivery organization for the ProsperUS Detroit program that provides entrepreneurial and micro-enterprise support for recent immigrants to the Southwest neighborhood, and it may be willing to program services within the project. Eastern Market Corporation provides services for food-related entrepreneurs. The panel was informed that several neighborhood entrepreneurs were in need of additional production space for their enterprises and may be interested in renting space in the project. The SDBA should begin preleasing the space programmed for noncredit tenants. The SDBA should also begin the process of either building capacity within the organization or collaborating with other neighborhood organizations for events, programming, and management of the complex.

## Preliminary Design

An architectural engineering firm should be engaged early in the process to prepare preliminary designs and cost estimates for the project. The preliminary design may change after engagement of the private development partner and lease negotiations with tenants, but it will establish a general layout, confirm the utility of the existing building, and provide a reasonable cost estimate for the project.

## Preliminary Financial Analysis

With information provided by the market study and preliminary design, the partnership can begin to prepare financials for the project, including sources and uses for development and construction, as well as pro-forma cash flow analysis. The panel recommends that the DEGC take the lead for this activity, given its expertise in this area. The preliminary financial analysis will guide the funding plan for the project, establishing the amount of subsidy, in the form of grants, soft loans, or other incentives necessary for the successful implementation of the project. The panel has provided an initial financial analysis to suggest order of magnitude costs, funding, and operation of the complex, but these will require much more detailed information and analysis. The panel believes that the project must be financially self-sustaining to be successful.

## Zoning

The property is currently zoned M4—Intensive Industrial—and may require rezoning for the purposes of this project. Given the time usually required for a rezoning, this activity should begin immediately. To the degree that this project can be prepermitted for zoning and site plan approvals, such approvals should be secured during the predevelopment period as well in order to expedite the implementation of the project. The DEGC is experienced in this endeavor and should take the lead with securing approvals.

## Capital Fundraising

The partners, with the SDBA taking the lead, should immediately begin the task of identifying potential funding sources for this project, in particular foundations and special-purpose grants. Although the preliminary design, cost estimate, market study, and financial analysis will eventually be required to secure foundation grants, some predevelopment funding will be required and the partners can begin to familiarize the donor community with the proposed project.

## Additional Site Preparation

In order to begin improving the image of the property and to create some early-stage momentum for the proposed development, the panel recommends that some additional site preparation activities be considered before finalizing the development plans. These should include partial demolition of the building, removal of hazardous materials, weed and debris cleanup, and relocation of the cell tower—or at least the initiation of negotiations for this relocation.

## Special-Purpose Entity

Once a preliminary program, market analysis, and financial analysis have been prepared, the core partnership will be ready to solicit private development partners for the retail portion of the project. A request for proposals (RFP) should be prepared that clearly articulates the expectations of all parties, including the community. This must be an open and transparent process. Similar to the principles for successful public/private partnerships, the RFP should include:

- What the public (DEGC) and nonprofit (SDBA) partners are bringing to the project and what their desired outcomes and benefits are;
- What the private sector partner will be asked to bring to the project and what financial and other rewards it can be expected to achieve from the project;
- Expectations for schedule and delivery; and
- Expected decision-making process.

At a minimum, the private sector partner will be expected to take the lead for final design, the financing package, construction management, and leasing of the retail portion of the project, as well as assisting with the overall financing for the total project.

Once a private sector partner is selected and a financing structure is established for the project, the partnership can begin to discuss and negotiate the formal ownership and management relationships and outline the expected terms of the special-purpose entity (SPE) that will be created for the project. Through this SPE, the project can begin to move into final design, financing, construction, lease-up, management, and operations.

## Communication Strategy

A key to the success of the project is to communicate early and often with the entire range of project stakeholders. The stakeholders include neighborhood residents, neighborhood businesses, elected officials, partner boards of directors, funding partners, relevant state and local government officials, and the broader community. Regular communication with these stakeholders will help ensure continued support for the project over the next two to three years as it goes from predevelopment to construction to opening. The panel recommends that the SDBA take the lead in developing and implementing a communication strategy.

A variety of communication vehicles will be needed to target each stakeholder group. Residents and neighborhood businesses, for instance, may be best engaged through neighborhood meetings and flyers posted at neighborhood businesses. E-mail updates should be periodically sent to elected officials and state and local government officials. A simple project website should be created, with links to it from both the SDBA and the DEGC websites. The SDBA should also issue press releases at key project milestones, such as the beginning of demolition and the selection of the private development partner. Once construction begins, the website should include regularly updated photographs and/or video footage of construction

progress. Also, the SDBA should invite stakeholders for tours of the site.

## Timeline

Below is a suggested 30-month timeline for the predevelopment phase. Predevelopment activities include securing the property from the city, establishing a development

partnership and advisory group, beginning site cleanup, conducting analyses, and designing the project. If predevelopment activities begin immediately, the project could be expected to open by spring of 2018.

### Vernor Square Schedule and Assignments

|  | Project month |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|--|---------------|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
|  | 1             | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 1. SDBA & DEGC memorandum of understanding                     |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 2. SDBA communication strategy                                 |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 3. City transfers property                                     |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 4. City predevelopment funding                                 |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 5. SDBA advisory group   |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 6. SDBA conducts capital fundraising                           |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 7. DEGC: Environ. Phase I & II & cleanup plan                  |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 8. DEGC & SDBA RFP for development partner                     |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 9. Create project specifications                               |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 10. Developer conducts market & preliminary financial analysis |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 11. Developer prepares preliminary design                      |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 12. Developer contracts for partial demolition & cleanup       |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 13. Developer secures zoning approvals                         |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 14. Developer conducts leasing & marketing                     |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 15. Developer completes financing                              |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| 16. Developer begins construction                              |               |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

# Project Costs and Funding

**THE PANEL BELIEVES THAT** the Vernor Square project should not only provide benefits to the community, but also operate as a financially sustainable venture for the sponsor and generate sufficient and reliable cash flow to provide proper management of the project over time.

The panel estimates total project costs between \$15 million and \$20 million; however, an important step in the predevelopment process will be to develop a much more accurate and detailed project cost estimate and financing plan. The panel used this cost range in its presentation, but it should be noted that these data are very preliminary and are intended to emphasize that the project should be designed, built, and managed as a special destination and community focal point, not just another nondescript strip mall.

While a traditional strip retail center could be built on the site for less, it would not have the long-term economic impact or other community benefits that the panel's proposal would. The estimated project cost includes significant funds (\$3.5 million) for the public plaza, which is much desired by the community and is an important component of the development. The actual budget could be significantly lower if the scale of the public plaza were to be reduced, but that would also decrease the value of the space for the community. Another consideration is that a donor might be interested in contributing the capital for the plaza and other site work, potentially reducing the proposed budget by more than \$4 million.

Some of the costs can be financed through a traditional mortgage, but the project cannot be realized without significant support from the public sector and nontraditional financial resources. The city and state contributions to this project include, but may not be limited to, the following:

- Providing the site at no cost;
- Funds for environmental cleanup;
- Funds for partial demolition and site cleanup; and
- Predevelopment funds provided when the site is conveyed.

The nontraditional financing may come from a variety of sources including Invest Detroit, new markets tax credits (NMTCs), and foundations. The SDBA should move quickly to approach foundations about this project in order to meet the various foundations' grant funding cycles.

## Preliminary Financial Analysis

Following is a rough financial analysis for the proposed project. The panel cautions that this is very preliminary and would need to be refined once a final plan has been developed.

## Vernor Square Schedule and Assignments

|   |                           |
|---|---------------------------|
| <b>Gross building area</b>                              | <b>60,000 square feet</b> |
| <b>Gross leasable area</b>                              | <b>Square feet</b>        |
| Retail  | 27,000                    |
| Food  | 14,000                    |
| Startup studio  | 8,000                     |
| Flex exhibit  | 6,000                     |
| Arcade/circulation                                      | 5,000                     |
| <b>Project Cost</b>                                     |                           |
| <b>Hard costs</b>                                       |                           |
| Acquisition   | \$0                       |
| Assessment and remediation costs                        | \$1,425,000               |
| Demolition (partial)                                    | \$50,000                  |
| Site work   | \$900,000                 |
| Construction  |                           |
| Base building (reuse)                                   | \$3,500,000               |
| Base building (new)                                     | \$2,465,000               |
| Community plaza   | \$3,500,000               |
| Tenant improvements: retail (\$30/square foot)          | \$1,170,000               |
| Tenant improvements: startup studios (\$15/square foot) | \$120,000                 |
| Upfit: flex exhibit (\$15/square foot)                  | \$75,000                  |
| Subtotal hard costs                                     | \$13,097,000              |
| <b>Soft costs</b>                                       |                           |
| Architectural/engineering (at 7% of hard costs)         | \$916,800                 |
| Leasing/marketing (\$4/square foot)                     | \$200,000                 |
| Development fee (15% of total cost) <sup>1</sup>        | \$2,687,180               |
| Contingency (5% of hard costs)                          | \$700,000                 |
| Market study  | \$15,000                  |
| Other predevelopment expenses                           | \$35,000                  |
| Subtotal soft costs                                     | \$4,553,980               |
| <b>Total project costs</b>                              | <b>\$17,650,980</b>       |
| <b>Funding Sources</b>                                  |                           |
| Predevelopment grant from the city (CDBG)               | \$100,000                 |
| Brownfield redevelopment grant (MDEQ)                   | \$1,000,000               |
| Commercial property demolition grant (city)             | \$50,000                  |
| PRI and other contributions                             | \$4,500,000               |
| Michigan community revitalization grant                 | \$1,000,000               |
| Deferred development fee                                | \$1,492,800               |
| NMTC equity   | \$3,000,000               |
| First mortgage  | \$6,508,180               |

1 Community development projects that are capitalized with significant new markets tax credits and other forms of capital frequently include substantial development fees, a large portion of which is often deferred until the overall economics of the project mature. The panel included a fee of just under \$2.7 million, but deferred nearly \$1.5 million of that amount, recognizing only \$1.2 million as direct development expenses.

# Management

**THE MANAGEMENT OF THE PROJECT** includes the traditional maintenance, administration, and marketing, as well as programming the plaza with activities and events, and providing assistance to the entrepreneurs. These tasks will require collaboration with a variety of service providers and community groups. The developer should be responsible for the traditional management responsibilities, all of which should be spelled out in the development partnership agreement.

To maintain the authenticity of Vernor Square, the plaza and arcade need to be programmed with activities and events that reflect the neighborhood's interests. The SDBA is best positioned to program the plaza due to its community ties and knowledge of the neighborhood. However, the SDBA will require additional staff to do this programming. The staff person could also staff the community space/information center.

One of the SDBA's strengths is in assisting entrepreneurs and partnering with other organizations that share this mission. The SDBA should form strategic partnerships with such organizations to support entrepreneurs at Vernor Square who are in need of mentoring, networking, financing, and so on. Given the likelihood of startup food businesses at the site, the Eastern Market Corporation should be engaged to provide assistance to food-related entrepreneurs. Southwest Housing has been active in providing various services to entrepreneurs in the neighborhood and can provide such assistance to Vernor Square entrepreneurs. Startup and micro-lenders, such as Kiva Detroit and Invest Detroit, should also be brought into this collaboration.

# Conclusion

## **BASED ON THE PANEL'S FEASIBILITY ANALYSIS,**

including studies of the site's market potential, characteristics, financial issues, and design considerations, the panel proposes "Vernor Square," a mixed-use development of 60,000 square feet, for the 6.9-acre DPW site. The goals should be to provide a community-focused center that fills the gaps in the existing retail offerings and provides incubator space, with ancillary services for artisans and other startups. It should create a gathering place for residents and others that capitalizes on the uniqueness of the community. It should make use of the site's prime location at the center of the neighborhood and should be the missing link that connects the two ends of the West Vernor business corridor.

Based on market demand and the site's constraints, the mixed-use development should include 26,500 to 53,000 square feet of retail space, 10,000 to 15,000 square feet of dining and food-related retail space, 5,000 to 10,000 square feet of incubator space for local artisans, and 10,000 to 20,000 square feet of space for food production. It should also include on-site parking at a ratio of four spaces per 1,000 square feet of developed space. The central area should be developed as an iconic public plaza with seating, fountains, an amphitheater, and landscaping. It should serve the needs and interests of the community.

The project should be conceived as a center for employment and the sale of local goods, a community meeting place, and a significant destination for residents and visitors that reflects and engages the community of Southwest Detroit.

The DPW site offers a unique opportunity to develop a project that enhances the community. At the most basic level, it can be used to connect the two halves of the West Vernor business corridor. But with a creative approach, it can become a catalyst to add economic energy to the community, create more local jobs, and provide for neighborhood and regional retail needs. It can also serve as a model for public/private revitalization efforts throughout Detroit and in other cities.



# About the Panel

## Leigh Ferguson

*Panel Chair*

*New Orleans, Louisiana*

Leigh Ferguson is a developer with more than 35 years' experience in the real estate profession. He is an expert on downtown revitalization, affordable housing, mixed-use development, and partnerships with public and nonprofit entities.

As the director of economic development for the city of New Orleans, Ferguson is responsible for facilitating downtown real estate development and investment, assisting the downtown community with issues affecting the business environment, advancing downtown planning, and attracting new business and development projects that will result in the expansion of employment, the tax base, and wealth creation in downtown New Orleans.

Before his time in New Orleans, Ferguson was a senior developer at Bayer Properties, where he was involved with various commercial, mixed-use, and residential products in a variety of locations around the country. His primary duties included operating the residential and mixed-use real estate development and management division that focused on urban mixed-use community development projects in Birmingham, Alabama's revitalizing center city.

Ferguson also managed the Sloss Real Estate Group's participation as a joint venture partner in a \$100 million HOPE VI mixed-income residential development. Before joining Sloss, he was the president of Corker Group Inc., where he managed approximately 2 million square feet of office, commercial, and industrial properties; supervised all leasing, administrative, maintenance, and financial operations; and prepared monthly and annual business plans, budgets, and reports to ownership.

From 1991 to 1999, Ferguson was president of Chattanooga Neighborhood Enterprise Inc. (CNE). At CNE, he managed lending, development, financing, and property management functions of approximately \$30 million per year. Before working for CNE, Ferguson was president and chairman of John Laing Homes Inc. and vice president of development for both the Van Metre Company and the Winkler Companies, all in the Washington, D.C., area.

Ferguson is a full member of ULI, having received its O'Donnell Award in 2007, and a vice chair of the Institute's Affordable Housing Council. He has served on eight Advisory Services panels, five of which he chaired. Ferguson has served on numerous civic and nonprofit advisory boards, including those for the Federal Home Loan Bank of Cincinnati and the Tennessee Housing Development Agency.

## Stephen Dragos

*Southport, North Carolina*

Stephen Dragos directed privately funded nonprofit community development organizations for more than 40 years. Most recently, he was founding president and CEO of the Greater Camden Partnership (GCP), an organization formed and supported by the region's private sector, higher education, health care, and civic leaders to plan, stimulate, and guide reinvestment in the downtown area of Camden, New Jersey.

Before opening the GCP in 2002, Dragos was founding CEO of the Somerset Alliance for the Future in Somerset County, New Jersey; founding president of the Phoenix Community Alliance; executive vice president and principal staff of the Milwaukee Redevelopment Corporation; and executive director of the Valley Development Foundation

in upstate New York. In each position, he was responsible for developing strategic community development plans, crafting a public/private revitalization action agenda, and carrying out key projects in partnership with public and private sector agencies and investors.

Projects in which Dragos has participated have received recognition at the highest levels: the Council on Urban Economic Development Private Sector Initiative Award (downtown Milwaukee revitalization); the New York State Council on the Arts Award (Valley Development Foundation for economic development); the American Institute of Architects Award for Urban Design Excellence (Kakaako District in Hawaii); the Urban Land Institute Award for Excellence in Urban Retail Development (the Grand Avenue Retail Center in Milwaukee); and numerous state design and planning awards for projects that include Arizona Center in downtown Phoenix.

Dragos has been a full member of ULI since 1970. He was a founding member and chair of the national ULI Public/Private Partnership Council. He was also a founding member of ULI Phoenix and ULI Arizona, and a member of the executive committee of ULI Philadelphia.

He has participated in more than a dozen ULI Advisory Services panels. Dragos has been a member of several American Institute of Architects Regional/Urban Design Assistance Teams planning panels, including a joint panel with the Royal Canadian Institute of Architects. He has consulted on planning and development projects in Kingston, Jamaica, for the U.S. Agency for International Development; in Hawaii for the Queen Emma Foundation and also for the government of the state of Hawaii; in Edmonton, Alberta, Canada; and in several other cities for public and private sector clients.

Dragos received his bachelor of architecture degree from the University of Notre Dame and completed continuing education for public service at the Maxwell School of Public Policy at Syracuse University. He was adjunct professor at the University of Wisconsin at Milwaukee graduate schools of urban and regional planning and architecture for

ten years and for six years at the Arizona State University graduate schools of design and planning.

## Tom Flynn

*Leesburg, Virginia*

Tom Flynn is a certified economic developer with 30 years of experience in economic development, public management, and public policy. Most recently, he was economic development director for Loudoun County, Virginia, where he incorporated business development, small business, business retention programs, and social media strategies, resulting in more than \$410 million of private sector investment into the county's economy in 2013. Flynn is recognized for his professional approach to building collaborative solutions between public and private sectors and for developing and implementing strategic plans that produce results.

Prior to his work for Loudoun County, he was the economic development director for the city of Charlotte, North Carolina, where he managed a 16-person department and the city's economic development efforts in business retention, small business development, workforce retention, and public/private development. Flynn's leadership produced the development of the Westin Charlotte and the Metropolitan, a mixed-use development; and the recruitment of Time Warner Cable, General Dynamics, and IKEA. He was instrumental in the development and implementation of Charlotte's economic development programs, including the Business Corridor Revitalization, Small Business Development, and the Business Investment Grant programs.

Before he led its economic development efforts, Flynn enjoyed a successful 20-year career with the city of Charlotte in various positions, including assistant to the city manager, assistant to the mayor, and economic development officer.

Flynn is on the board of directors of the International Economic Development Council, and has been a member of several Urban Land Institute advisory panels. He received his undergraduate degree from Kalamazoo College and

his MPA from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin. He also earned the designation of certified economic developer from the International Economic Development Council.

## Stephen F. Gray

*Watertown, Massachusetts*

Stephen Gray is an urban designer and planner practicing both internationally and domestically. He has extensive experience working in complex urban environments, where he represents a broad base of constituents including municipal agencies, colleges and universities, private developers, nonprofit organizations, and the public.

In addition to his professional responsibilities, Gray is an active member of the Boston Society of Architects (BSA) with the Urban Design Committee and Innovation District Subcommittee, and he was tapped to serve on an Urban Land Institute panel, providing direction to the city of Fremont, California, as it establishes a new innovation district. He also remains actively involved in academia by teaching studios, regularly attending reviews, and giving presentations to architecture and planning students. Gray is a lecturer in urban design at the Massachusetts Institute of Technology, and has been a lecturer in urbanism at Northeastern University and a visiting design critic at several Boston-area architecture and planning schools. His interests center on the intersection of design and engagement as tools for empowerment as well as drivers for the production of progressive urbanism.

Gray grew up in Cincinnati, where he attended college and earned a bachelor of architecture from the University of Cincinnati. He also earned a master of architecture in urban design with distinction from Harvard University, where he was awarded the Thesis Prize and the Award for Outstanding Leadership in Urban Design.

## Anita Morrison

*Washington, D.C.*

Anita Morrison founded Partners for Economic Solutions (PES) after more than 30 years of economic and development consulting. During her career, Morrison has specialized in public/private partnerships, real estate advisory services, redevelopment strategies, and economic impact analysis. From large cities to small towns, she applies her understanding of real estate economic fundamentals to questions of development, redevelopment, and smart growth. Morrison helps decision makers and the community to understand how economics and land planning interact. Her market analysis helps to frame the scale, mix, and pace of development. Financial analysis evaluates project feasibility, quantifies any funding gap and required investment, and assesses the potential for long-term returns. Fiscal impact analysis forms the basis for realistic and creative funding strategies and allows decision makers to evaluate the potential returns and risks associated with their investment.

While working with PES and other consulting firms, she has assisted and represented a number of development agencies with major public/private partnerships, including the city of Charlotte, North Carolina; the D.C. deputy mayor for planning and economic development; the Pennsylvania Avenue Development Corporation; the Atlanta Development Authority; the Maryland Department of Transportation; the Fort Monroe Federal Area Development Authority; the Norfolk Redevelopment and Housing Authority; the Orlando Community Redevelopment Agency; the Armed Forces Retirement Home of Washington; and the city of Dallas.

In her 12 years as real estate adviser to the Pennsylvania Avenue Development Corporation in Washington, D.C., Morrison quantified the potential returns from redevelopment as the basis for disposition strategies that encouraged residential, retail, and arts development. She evaluated development team proposals for a variety of projects, focusing on the financial feasibility of their proposals and the resulting return to the corporation. This

highly successful endeavor remade the face of “America’s Main Street,” attracting \$1.7 billion in private investment.

In her economic development practice, Morrison focuses on entrepreneurial economies and technology-driven opportunities. She helps communities build from the ground up, using local talent and resources to create a sustainable economy that does not depend on attracting industry from outside the area. While a principal at another consulting firm, Morrison helped develop program guidelines and legislation for the Michigan Economic Development Corporation’s SmartZones program that emphasizes collaborations between the state’s universities and cities. At present, she is completing a plan for industrial lands in Washington, D.C.’s Ward 5. That effort has included case studies on models and tools for supporting and growing local businesses, particularly in the “maker” economy.

Morrison has served on ULI panels in Albuquerque, New Mexico; Paterson, New Jersey; Little Rock, Arkansas; Salem, Oregon; and Oklahoma City. She grew up in Ann Arbor, Michigan, and earned a master of public policy from the University of Michigan.

## David A. Stebbins

*Buffalo, New York*

David Stebbins is vice president of the Buffalo Urban Development Corporation (BUDC), a local, nonprofit development entity that specializes in urban redevelopment. BUDC is developing the Buffalo Lakeside Commerce Park, a 275-acre reclamation of the former Hanna Furnace Steel Mill and Union Ship Canal. Stebbins and BUDC are also in the process of redeveloping the 260-acre former Republic Steel site in the South Buffalo neighborhood of Buffalo, New York, along the Buffalo River now known as River-Bend. His role has been expanded to include coordination of and assistance with redevelopment and infrastructure projects in downtown Buffalo in conjunction with the city of Buffalo and other downtown stakeholders.

Prior to his tenure with BUDC, Stebbins worked for several public and not-for-profit organizations in the Buffalo area with responsibilities for waterfront planning, economic development, small business assistance, and real estate development, including multitenant industrial buildings, downtown mixed-use projects, urban infrastructure, brownfield redevelopment, and business park projects.

Stebbins has 35 years of diversified experience in urban planning and development, with a BA in environmental design from the University at Buffalo and an MA in city and regional planning from the University of North Carolina at Chapel Hill. He qualified as a member of the American Institute of Certified Planners in May 1986. A full member of ULI and a member of its Urban Revitalization Council, Stebbins has served on five ULI Advisory Services panels.

## Mark Troen

*New York City, New York*

Mark Troen has 30 years’ experience with investment banking, development companies, real estate firms, institutions, and corporations, having worked on \$10 billion in transactions with high-level returns on high-risk, turnaround, and problem assets. Troen has sourced, negotiated, conceived, analyzed, planned, entitled, developed, completed, and restructured mixed-use, retail, office, industrial, and residential projects nationwide and internationally, ranging in value and size from \$500 million to \$1 billion and up to 1 million square feet and 3,000 acres. He has experience in all aspects of real estate investment, development, and management, including the following: acquisitions and dispositions; financings and refinancing; asset repositioning, workouts, and restructuring; management, leasing, marketing, and sales; and construction, redevelopment, and new development.

He currently focuses on specific asset and portfolio strategies, including opportunistic situations; subperforming and nonperforming loans; distressed, undercapitalized, and bankrupt assets; environmentally challenged and compromised properties; litigation; partnership issues; and management disputes.

Troen has an extensive history in real estate workouts and restructurings, beginning his career at Security Pacific Realty Advisory Services, where he created innovative financial and transaction strategies for troubled assets and opportunistic situations while directing multidisciplinary teams in land development and building projects nationwide.

At the Weitzman Group, Troen created the Development Advisory Services practice for mixed-use, commercial, residential, and land properties. In the process, he transformed and rebranded a highly regarded real estate feasibility firm into a comprehensive real estate services provider.

As chief development officer at Monday Properties, Troen developed new properties; redeveloped existing assets; marketed fee-generating services; revitalized a troubled loft conversion; planned signature developments; and sourced new acquisitions for a 7 million-square-foot New York and Washington, D.C., office, residential, and mixed-use portfolio.

Troen was a cofounder of Racebrook Capital Advisors (where he specialized in the acquisition of opportunistic real estate assets, nonperforming/subperforming loans, and distressed properties) and recently served as the chief operating officer of Sheldon Good & Company (a Racebrook Portfolio Company), where he reinvigorated a 45-year-old nationwide real estate auction services firm; revamped legacy operations and restructured business development, marketing, and project management; introduced innovative technology to prospective clients and managed the sales process; and conducted more than 100 auctions, achieving \$375 million in closed real estate sales.

Troen holds an MBA from the Wharton School and a master of architecture degree from the University of Pennsylvania. He graduated from Harvard College. Troen is active with the Urban Land Institute and has served on its Advisory Services panels in Chicago and Charlotte. He is a fellow of the Royal Institution of Chartered Surveyors; a counselor of real estate (CRE), with which he has served

on Consulting Corps panels in Seattle and Boston; a member of the American Institute of Architects (AIA); and a registered architect. He holds real estate broker licenses in New York, Connecticut, and Maryland.

## Nathan Watson

*Tradition, Mississippi*

Nathan Watson is senior vice president of development with Tradition Properties Inc. in Tradition, Mississippi (a 4,500-acre master-planned community). Watson is responsible for real estate project development, from facilitating new projects and selecting development teams, to the securing of financial resources. Current projects include new community development, village center live/work and townhouse products, and the Tradition Learning and Wellness Commons, which is a collaborative effort with several educational and medical institutions. Prior to his five years with Tradition, he developed new communities in southern Louisiana, including what still is the only residential development sensitively built within one of the last stands of riparian hardwood forests in New Orleans. He has more than 20 years of experience in real estate development, ten of which were spent working with Columbus Properties in New Orleans.

Watson completed his bachelor's degree at the Auburn University School of Architecture, and his master's degree at Columbia University School of Business. He is a member of the Urban Land Institute. Through ULI's Advisory Services program, Watson has served on numerous panels.



# A ULI Advisory Services Panel Report



1025 Thomas Jefferson Street, NW  
Suite 500 West  
Washington, DC 20007-5201

Printed on recycled paper.