

8 MILE



CATALYZING THE CORRIDOR: REINVESTMENT PRIORITIES ALONG 8 MILE

APRIL 2013

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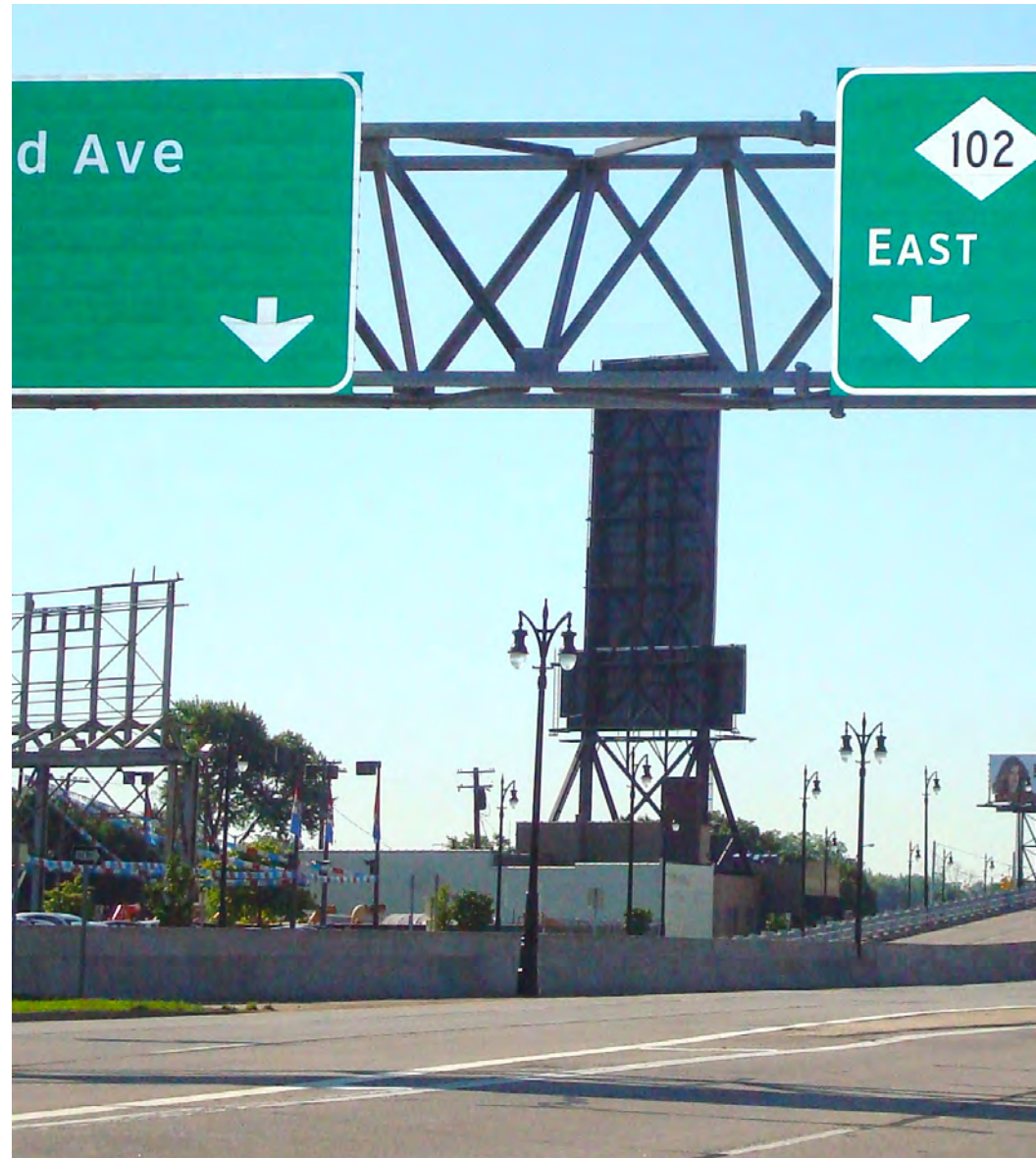
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EXECUTIVE SUMMARY



8 Mile | 2013

INTRODUCTION + SITE EVALUATION FRAMEWORK

8 Mile Road, once a notable economic and cultural corridor in the Detroit Metropolitan Area, has suffered disinvestment, neglect, and blight in recent years. The road is best known as a dividing line and a commuter arterial rather than a destination. Eight Mile Boulevard Association (8MBA) formed in 1993 to reverse the decline by promoting revitalization, façade improvement, and economic activity. In 2009, 8MBA created the Title Holding Company to play an active role in redevelopment by acquiring properties, brokering deals between landowners and potential investors, and cultivating a renewed identity for 8 Mile.

Based on these goals, this report presents a site evaluation framework that will aid 8MBA in prioritizing property acquisition and redevelopment along the corridor. To narrow down which potential developments are likely to meet 8MBA's mission, two priorities are central to the first part of the framework:

- *Market Feasibility* - the likelihood of implementing a successful project in a short time.
- *Catalytic Impact* - the potential to revitalize the surrounding neighborhoods in a significant way.

The second part of the framework takes the subset of properties that best align with 8MBA's priorities and evaluates their ease of development to determine which properties present the most viable opportunities for redevelopment. 8MBA can use this tool to consistently evaluate properties under consideration for acquisition by the Title Holding Company.

This framework is then applied to four sites chosen by 8MBA along the 8 Mile corridor to determine which best match 8MBA's goals for revitalization. These four sites are Werton Plaza, Hayes Lemmerz, Motorama Motel, and Gateway Crossing. Of these, Gateway Crossing scores highest on Market Feasibility, largely because it is a vacant lot requiring no demolition, is currently for sale, and benefits from significant municipal support. Motorama Motel scores highest on Catalytic Impact due to the likelihood that redevelopment would spur other local economic activity, remove an existing nuisance use and source of crime, and improve the aesthetics of a major intersection at 8 Mile and Woodward Avenue. In part two of the site evaluation framework, Gateway Crossing scores highest for ease of development due to its favorable location, existing site conditions, and ease of acquisition. Based on the application of this framework to the sites considered, 8MBA's Title Holding Company should further investigate both the Gateway Crossing and Motorama Motel sites as potentially promising opportunities for revitalization along the 8 Mile corridor.

POTENTIAL DEVELOPMENT SITES

Second, this report presents development proposals for all four sites, demonstrating the next steps following the framework application. Detailed analyses of historical context, existing conditions, and market research for each site were used to guide the development proposals.

Werton Plaza, a 13-acre site at 8 Mile and Grand River Avenue, is located in northeast Livonia. Once a host to a Farmer Jack grocery store, the site now

comprises a large, vacant structure and five smaller active retailers. This report offers proposals for introducing residential uses to the site in concert with a new anchor and locally-serving retail. By activating the site with high-density housing, development can promote further economic development in the area and reduce high commercial vacancy rates along the corridor.

Hayes Lemmerz, at 8 Mile and Pinecrest Drive, is located in Ferndale. Once occupied by Ethyl Corporation, and later by automotive supplier Hayes Lemmerz, Renu Recycling, Inc. recently purchased the site and is demolishing the buildings for scrap metal. This report presents proposals for a Planned Use Development with a broad mix of tenants, creating activity hubs for residential, academic, transit, commercial, and recreational uses. Though the site's existing conditions pose challenges for redevelopment, a visionary investor could make a substantial contribution to the area's vitality.

Motorama Motel, a two-story building topped by a 75-foot billboard, is located at 8 Mile and Woodward in Ferndale. The motel was once a regional tourist destination boasting the "World's Largest Sparkplug" where the billboard now stands. The motel, though still operating, has fallen into disrepair and become a magnet for crime. The site has considerable strengths, notably its location at a high-profile intersection and its proximity to recent development, including a Meijer and the State Fairgrounds. This report includes proposals to retrofit the site into a hip, modern boutique hotel, or to introduce new recreational and fitness uses to the neighborhood. Redevelopment at Motorama Motel would have significant Catalytic Impact on the surrounding area by reducing the blight and nuisances associated with the motel.

Gateway Crossing, at 8 Mile and Dequindre Road, is located in Hazel Park at the intersection of Wayne, Oakland, and Macomb Counties. Though this site has historically been occupied by strip malls, the parcels have sat vacant for a decade. This report introduces proposals for mixed-use development including townhomes, small retail, and an international market. The designs incorporate amenities such as a pedestrian plaza and community green space. The large size of Gateway Crossing has the potential to spur economic activity in the surrounding area and presents a viable opportunity for revitalization.

FUTURE REINVESTMENT ZONES

Finally, this report contains recommendations for prioritizing future reinvestment along 8 Mile. The sites that scored highest in the site evaluation framework tended to exhibit similar strengths: (1) *municipal flexibility or support*, (2) *ability to spur economic development*, (3) *accessibility*, and (4) *location*. Furthermore, areas with high population density, high income density, and low commercial vacancy rates are likely to provide suitable environments for successful redevelopment projects.

This report concludes by recommending that, in order to have the greatest impact, 8MBA should concentrate their efforts in three reinvestment zones that demonstrate the aforementioned qualities. These zones are (1) 8 Mile and Wyoming, (2) 8 Mile and Woodward, and (3) 8 Mile and Dequindre.

The westernmost zone, at 8 Mile and Wyoming enjoys support for redevelopment from Royal Oak Township and the City of Detroit, a strong presence of nearby developments, as well as high population density and low commercial vacancy. Additionally, the location on the axis of two major roads provides accessibility and visibility. The zone at 8 Mile and Woodward is well-suited for development because of its strong municipal support from Ferndale, as well as high visibility and other recent economic activity. The nearby Gateway Marketplace, which will bring a Meijer and supporting retail to the formerly vacant site, serves as a strong anchor for other economic activity. Furthermore, the proposed M-1 light rail and rapid transit systems will improve accessibility and generate significant positive change in this zone. Finally, the easternmost zone, at 8 Mile and Dequindre, lies at the intersection of Wayne, Oakland, and Macomb Counties and on two major roads. This zone benefits from municipal support for redevelopment from Hazel Park, nearby developments, good accessibility, and a strong location.

In order to see the greatest impact, 8MBA should concentrate on these three reinvestment zones rather than pursue individual projects scattered along a 27-mile stretch. By applying the framework to sites within these zones and prioritizing sites with above-average Market Feasibility and potential for Catalytic Impact, 8MBA will be positioned to create meaningful change along the 8 Mile corridor.



SECTION I. INTRODUCTION TO 8 MILE

INTRODUCTION + PROJECT GOALS

INTRODUCTION

For generations, 8 Mile Road has been a prominent and economically significant corridor in the Detroit Metropolitan Area. However, as the region's economy has deteriorated over the past several decades, 8 Mile has experienced major disinvestment. In an effort to combat this decline (8MBA) was formed in 1993 to revitalize development and restore investment along the corridor. 8MBA is a non-profit organization that was collaboratively founded by thirteen communities and three counties to improve the 27-mile stretch of 8 Mile between I-94 (to the east) and I-275 (to the west). Over the past 20 years, 8MBA has served not only as a business association, but an engine for economic development in the region. 8MBA has worked with dozens of businesses to improve the physical and perceptual landscape of 8 Mile.

8MBA's official mission is to "revitalize and promote the 8 Mile transportation, business, and residential corridor by linking the efforts of the public and private sectors."¹ To achieve this mission, 8MBA functions as a quasi-governmental agency for many of the communities neighboring the iconic 8 Mile and is instrumental in shaping the identity of the corridor. 8MBA achieves its mission by working to:

- Bring businesses and communities together to achieve common goals.
- Preserve and revitalize residential neighborhoods and businesses along 8 Mile.
- Improve transportation systems including mass transit systems, vehicular, and pedestrian traffic.
- Serve as a liaison between existing and prospective businesses and the communities.
- Raise money for 8 Mile improvements through fundraising functions and 8MBA memberships.
- Inform existing and prospective businesses of available economic development programs.²

8MBA currently runs several programs and projects to improve the corridor for existing and future businesses and residents. These programs include:

- The Corridor Keeper Program, which identifies code enforcement violations and informs property owners of existing maintenance codes so they can take steps to make their site safer and more aesthetically pleasing.
- The Façade Improvement Program, which provides micro-loans to companies to make aesthetic improvements to their property.
- Technical assistance to developers working on private projects.
- The Clean Team Campaign Beautification Awards, which sponsors annual cleanup and beautification programs.
- The 8MBA Title Holding Company, which is a 501(c)(2) set up to acquire property for development projects that will enhance the business environment along the corridor.

These programs enhance the visual appeal and mental perception of 8 Mile, improve the quality of the built environment, and help foster a sense of community among business owners. With support from the member municipalities bordering 8 Mile, 8MBA is able to create a unified corridor by implementing these programs along 27 miles. Having successfully used the first four of these programs to achieve its objectives, 8MBA is now turning its attention to increasing the role that the Title Holding Company plays in revitalizing the corridor.

PROJECT GOALS

To determine how the Title Holding Company should prioritize property acquisition, 8MBA partnered with a team of 12 Masters of Urban Planning students at the University of Michigan to help create a program for evaluating potential sites. The students spent a semester examining redevelopment opportunities along the 8 Mile corridor, developing a priority framework, and conducting market research on the corridor. This report contains their findings.

The project had three major goals. The first project goal was to create a site evaluation framework for 8MBA staff to use in assessing properties that might be acquired by the Title Holding Company. This framework performs two functions: (1) it provides guidance to examine various properties and determine whether they are suitable for development, and (2) it provides tools to prioritize these potential development sites along the corridor.

The second project goal was to apply this site evaluation framework to four sites chosen by 8MBA – Werton Plaza, Hayes Lemmerz, the Motorama Motel, and Gateway Crossing. After applying the site evaluation framework to these four

sites, the authors proposed realistic development options for each site. These development options will serve as starting points for 8MBA if they choose to pursue acquisition after seeing how each site scored on the framework.

These four sites will demonstrate how best to use the framework to evaluate and rank sites that the Title Holding Company may acquire in the future. Furthermore, the framework will help 8MBA identify opportunities and challenges that could influence future development priorities along the corridor. In addition to the framework, proposals for each site will provide a thorough analysis and assessment of feasibility for development options that support 8MBA's mission.

Finally, the third project goal was to identify zones where 8MBA should concentrate reinvestment in order to achieve the greatest impact by capitalizing on other economic momentum. These reinvestment zones consider those attributes that are non-site specific and where multiple parcels within a zone would present the possibility for high scores.



8 Mile | 2013

8 MILE | HISTORICAL CONTEXT

8 Mile Road is a historically significant commercial corridor in southeast Michigan, stemming from its origins as a state-designated trunkline, M-102, in 1928.³ Once a dirt carriage path, the road is currently an eight-lane boulevard in most areas, spanning more than 27 miles across metro Detroit. 8 Mile runs along the edge of Wayne, Oakland, and Macomb Counties and thirteen municipalities.⁴ The road continues as a local thoroughfare westward to Lake Michigan, ending just north of South Haven.



Originally a baseline for the state survey, known simply as Base Line Road in some areas, 8 Mile is part of the mile-road system created by the Land Ordinance Act of 1785.⁵ This system provides a convenient geographic marker for the streets running east-west approximately every mile throughout the region, starting at the intersection of Michigan and Woodward Avenues at Campus Martius Park in downtown Detroit.

8 Mile became a prominent commercial corridor servicing east-west traffic as the region continued to expand outward from Detroit. Though the radial system of major roads facilitated north-south movement to Detroit, no bisecting freeway facilitated cross-traffic north of Detroit until the state completed I-696 in 1989.⁶ Long a major trucking route, 8 Mile evolved into the primary retail center as auto-centric development led to the decline in traditional downtown retail development. Major department stores, grocers, and specialty stores have all called 8 Mile home.

8 Mile is not only the official dividing line between the city of Detroit and its northern suburbs, but it also carries a troubling legacy in the public imagination as a cultural Iron Curtain. Racial tensions and since-invalidated legal devices, such as restrictive covenants, strictly segregated Detroit's predominantly African-American population to the south of 8 Mile, separating them from the predominantly white, upper-class enclaves to the north. The perception of the road as a symbol of social isolation persists. Metro Detroit remains one of the most segregated metropolitan areas in the nation according to the 2010 Census.⁷ However, recent demographic trends are encouraging.⁸ In the past several decades, some of the region's African American residents have moved in greater numbers to communities north of 8 Mile that were once effectively off-limits, providing a greater degree of social cohesion.

While the corridor has suffered from rising crime and vacancy rates, and diminished property values, all associated with the decline of the regional automotive industry, it remains a crucial artery for commuter traffic and residents to the north and south. In spite of the most recent economic downturn and some less desirable land uses, more than 1,800 businesses still call 8 Mile home, showing a pronounced industrial and retail-oriented character.⁹ With a colorful history, great connectivity and infrastructure, and a dedicated business sector, 8 Mile offers high potential for reinvestment.

HISTORIC 8 MILE



Photos 1.2 - 1.6 (top left to bottom middle): The above images capture the various stages of 8 Mile's development, starting as a single lane dirt road to the State's major thoroughfare.

8 MILE | EXISTING CONDITIONS

Although 8 Mile Road extends across the state to Lake Michigan in the west, the team focused on the 27-mile stretch between I-275 and I-94 that 8MBA is charged with rejuvenating. This section of 8 Mile has transformed over time as economic and social conditions changed around it. The current state of the corridor indicates that another reinvention may be necessary to preserve active and successful development along 8 Mile. Census data, market research, traffic counts, and spatial analysis offer insight into the community context around 8 Mile and imply directions for future development.

8 Mile is designed to move vehicles. Between Grand River Avenue and I-94, 8 Mile is a boulevard with four or more lanes in each direction and a median up to 60 feet wide. At major intersections, as pictured in Figure 1.1, flyovers, extra lanes, and other engineering treatments facilitate faster automobile movement. On the west end of the 27-mile segment, the boulevard transitions to a five-lane highway. Along the length of 8 Mile, median U-turns known as Michigan Lefts increase vehicle capacity and reduce congestion, delays, and accidents.¹⁰ Traffic speeds in excess of 50 mph, the posted limit, are common along this stretch of 8 Mile.

FIGURE 1.1 | AT CHRYSLER FREEWAY, 8 MILE HAS 12 TOTAL LANES



Source: Google Maps. Accessed March 15, 2013. <http://www.maps.google.com>

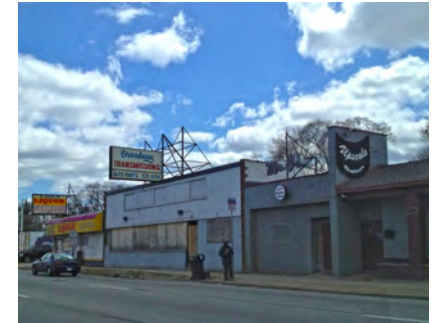
8 Mile serves hundreds of thousands of vehicles across 8MBA's 27-mile focus area.¹¹ However, the traffic demand on 8 Mile is not at an all-time high. The completion of freeways I-96 (1977) and I-696 (1989) in metro Detroit has drawn east-west traffic away from 8 Mile. These freeways run parallel to 8 Mile, to the south and north, respectively, offering faster travel speeds and no traffic signals. Development has followed a predictable pattern of bracketing the freeways, draining the 8 Mile corridor of vital business activity in recent decades.

The Southeast Michigan Council of Governments (SEMCOG) provides traffic count data for major roads in southeast Michigan. At the intersection of 8 Mile and I-75, Average Daily Traffic (ADT) on 8 Mile reaches 84,000 vehicles per day. The rest of the corridor measures between 30,000 and 70,000 vehicles per day, on average. In contrast, the maximum ADT values for I-96 and I-696 exceed 100,000 vehicles in multiple locations. The traffic levels for both I-96 and I-696 exceed traffic on 8 Mile at each comparable location.¹²

Non-motorized access on 8 Mile is very limited. There are no bike lanes on this stretch. Though sidewalks exist throughout most of the corridor, there are many missing pedestrian connections, especially at major intersections and other unique road treatments, as pictured in Figure 1.1. Where pedestrian facilities do exist, the distance from the sidewalk on one side of 8 Mile to the other is as great as 250 feet.

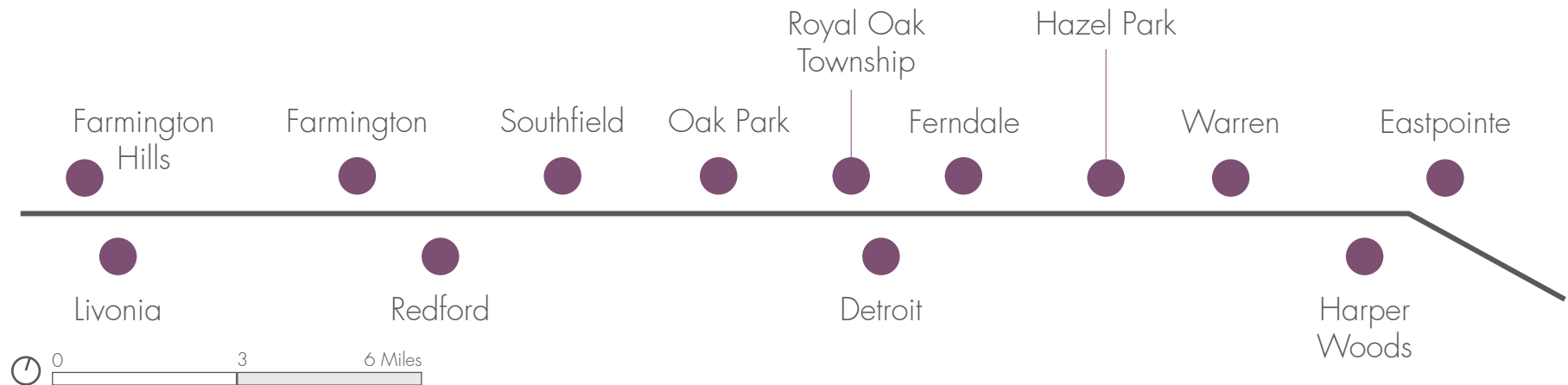
As a state trunkline, 8 Mile is controlled by the Michigan Department of Transportation (MDOT). MDOT maintains the road surface, administers reconstruction or modification projects, and sets speed limits and traffic signals. MDOT considers adjacent municipalities' plans and requests when considering changes to state roads, but the state agency is the final authority on changes to 8 Mile.

The 27-mile section of the road in this study is incredibly varied in both land use and quality; the corridor is home to residential, commercial, retail, industrial, civic, and recreational uses. Some areas along the corridor are well-maintained and very functional, while others contain primarily blighted or undesirable businesses. Building typologies along 8 Mile are generally low-rise and low-density and, in some cases, business owners deploy high walls to protect their properties from theft and noise.



8 Mile Building Typologies | 2013

FIGURE 1.2 | THE 8 MILE CORRIDOR + MUNICIPALITIES



8 MILE | BUSINESS PROFILE + DEMOGRAPHICS

TABLE 1.1 | LAND USES ALONG 8 MILE

	7 MILE - 9 MILE	TRI-COUNTY
RESIDENTIAL	49.3%	45.6%
COMMERCIAL	8.3%	4.9%
INDUSTRIAL	8.1%	6.7%
OTHER	34.4%	42.8%

Source: Southeast Michigan Council of Government (SEMCOG) "Land Use Data." 2008. Accessed through University of Michigan SAND Lab.

TABLE 1.2 | DEMOGRAPHIC DATA ALONG 8 MILE

	7 MILE - 9 MILE	TRI-COUNTY
POPULATION DENSITY [PEOPLE / ACRE]	14.2	6.2
POPULATION OVER 65	25.9%	24.6%
POPULATION OVER 18	11.7%	13.0%
POPULATION THAT IS WHITE	38.1%	62.3%
POPULATION THAT IS AFRICAN AMERICAN	56.7%	31.1%
POPULATION THAT IS ANOTHER RACE	5.2%	6.6%
AVERAGE HOUSEHOLD SIZE [PER PERSON]	2.6	2.6
MEDIAN HOUSEHOLD INCOME	\$42,097	\$54,027
INCOME DENSITY [PER SQUARE MILE]	\$16.4	\$09.3

Source: 2006-2011 American Community Survey Michigan/prepared by the U.S. Census Bureau, 2012. Accessed February 18, 2013. <http://www.census.gov/acs/www/>

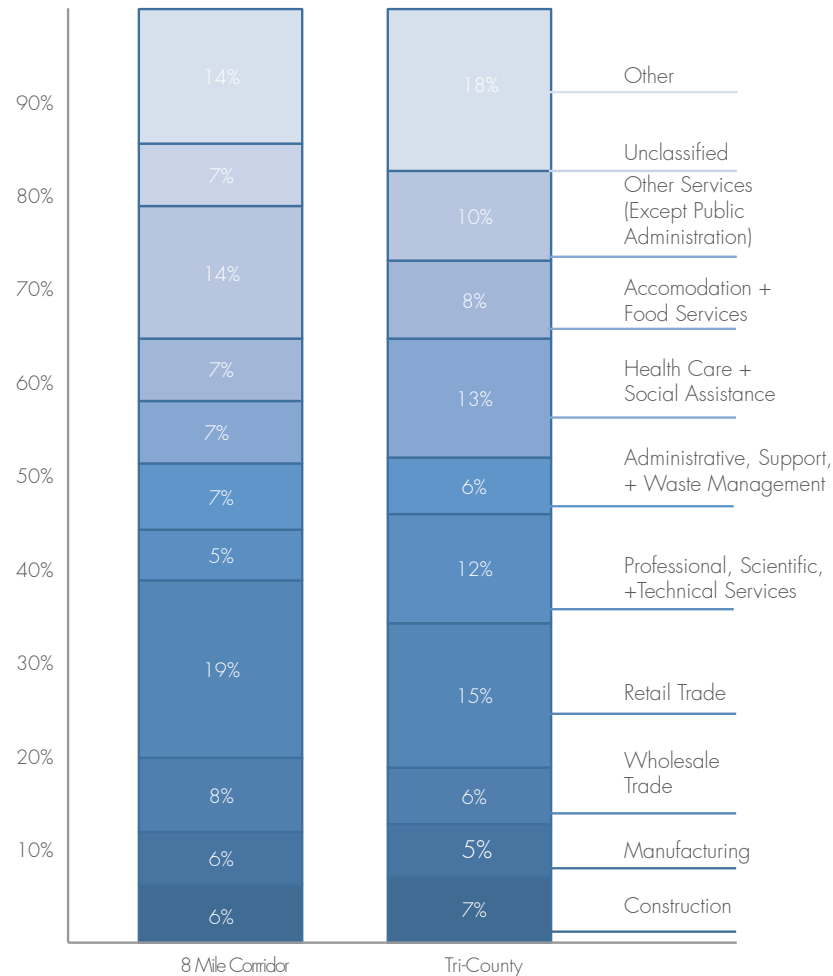
There are currently 1,868 businesses on 8 Mile. *Retail Trade* makes up 19% of all the businesses on 8 Mile, followed by *Other Services (Except Public Administration)*, which comprises 14% of the businesses on 8 Mile.¹³ Further breakdown of specific business typologies is available in Section 3 of this report. However, it is clear that the businesses on 8 Mile serve a diverse customer base.

As showing in Figure 1.3, an analysis of the business concentrations along 8 Mile compared to the tri-county region of Wayne, Oakland, and Macomb Counties reveals that 8 Mile has a high concentration of *Retail Trade*. Relative to the commercial area in these counties, there is a low concentration of *Transportation, Health Care and Social Assistance*, and *Professional, Scientific and Technical Services* on 8 Mile.¹⁴

There is a higher concentration of residential land along the 8 Mile corridor than in the rest of the tri-county region. Tables 1.2 and 1.3 list demographic and housing statistics for the 8 Mile corridor, collected at the block group level, from I-275 to I-94 and for the 7 Mile - 9 Mile. The figures also give the data for the tri-county area. The corridor's importance to residential use is shown by a population density more than twice the level of the tri-county area. This high population density leads to high income density. Income density measures personal income per residential land use area – in this measure, dollars per square foot. Although there is a lower median income along the corridor than in the tri-county area, the higher population density means there is an overall greater purchasing power along the corridor.

Given the current perception about the challenges of doing business on 8 Mile, Table 1.4 shows surprising results for commercial vacancy. While 8 Mile is often portrayed as a declining commercial corridor, the corridor mirrors vacancy rates for the rest of the tri-county area, with fewer than 20% of units vacant.

FIGURE 1.3 | BUSINESS CONCENTRATIONS ALONG 8 MILE VS. TRI COUNTY REGION



Source: Geographic Research, Inc. "Dun & Bradstreet U.S. Company Database. 8 Mile Business Master List." 2013. Accessed February 8, 2013. <http://www.simplymap.com>

TABLE 1.3 | HOUSING DATA

	7 MILE - 9 MILE	TRI-COUNTY
HOUSING DENSITY [UNITS / ACRE]	6.4	2.7
OWNER - OCCUPIED HOUSING	57.0%	62.4%
RENTER - OCCUPIED HOUSING	27.9%	25.1%
VACANT HOUSING	15.8%	13.4%
MEDIAN OWNER - OCCUPIED HOME VALUE	\$93,822	\$135,910
MEDIAN GROSS RENT	\$933	\$930

Source: 2006-2011 American Community Survey Michigan/prepared by the U.S. Census Bureau, 2012. Accessed February 18, 2013. <http://www.census.gov/acs/www/>

TABLE 1.4 | COMMERCIAL VACANCY RATES

	7 MILE - 9 MILE	TRI-COUNTY
VACANT COMMERCIAL UNITS	19.8%	18.2%
VACANT COMMERCIAL UNITS, 12 + MONTHS	15.9%	14.6%

Source: United States Department of Housing and Urban Development (HUD). "USPS Vacant Address Data." 2012. Accessed February 5, 2013. <http://www.huduser.org/portal/usps/index.html>

8 MILE | MAPPING GENERAL TRENDS

8MBA dedicates its attention to the 27-mile business and residential corridor of 8 Mile between I-94 and I-275. The four potential development sites analyzed in this report, however, span a smaller distance with the westernmost site, Werton Plaza, only 12 miles away from the easternmost site, Gateway Crossing. In order to study a geographic area that is big enough to be relevant to all four sites, but small enough to provide some level of detail, these maps are focused on only a portion of 8MBA's target area. This spatial analysis included all census block groups four miles north and south of 8 Mile, and three miles east and west of the outer sites. The resulting area is roughly 18 by 8 miles, allowing for a study of regional demographic and other trends.

All variables are mapped at the census block group level and represented on residential land only with the exception of commercial vacancy rates, which are mapped at the census tract level and represented on commercial land only. The U.S. Census Bureau, the U.S. Postal Service, and SEMCOG all provided data used in this analysis.

Map 1.1 illustrates population densities. Areas that are completely white are non-residential land uses, such as commercial, industrial, or roads. In the study area, population densities range between 805 and 50,830 people per square mile. Additionally, this map shows that neighborhoods with lower population densities tend to have curvilinear road networks, while areas of higher population densities often have a tighter street grid. For instance, Livonia, Farmington Hills, and Southfield – the municipalities on the western extent of this map – have relatively low population densities in comparison with Detroit, located south of 8 Mile and on the eastern two-thirds of this map. This map also demonstrates what a stark dividing line 8 Mile can be in terms of development patterns, as municipalities' zoning ordinances and community profiles differ across the region.

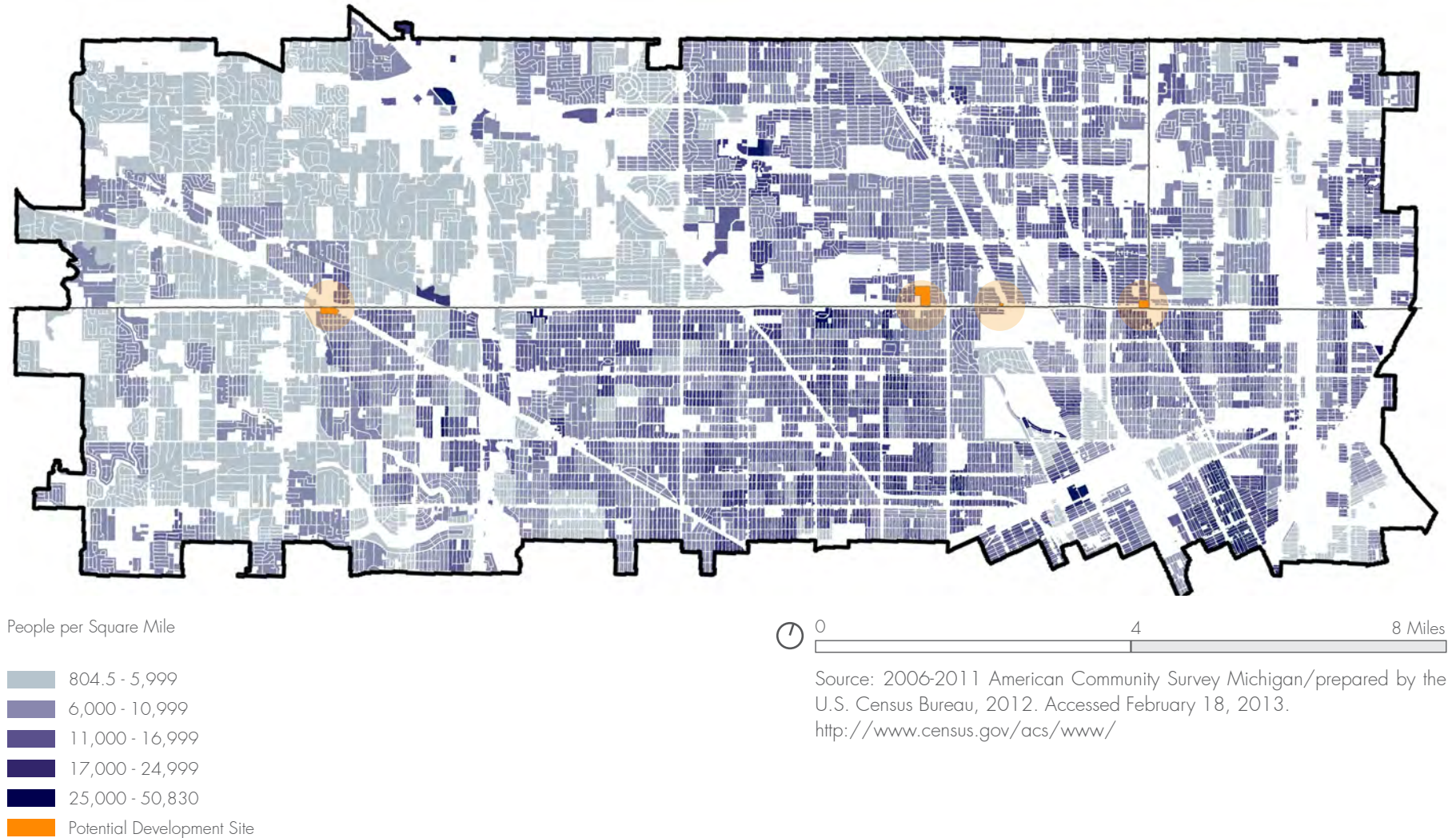
To further understand the purchasing power of the population surrounding 8 Mile, Map 1.2 illustrates income densities. Income density measures household income per residential land area – in this measure, dollars per square foot. This metric is a useful complement to singular demographic data, demonstrating that a census block group with a low median household income but high population density may have comparable purchasing power to a census block group with high median household income but a sparse population.

In the study area, income densities range between \$0 and \$72.77 per square foot of residential land. Some of the lowest income densities are in Southfield and Farmington Hills, which have moderate to high median household incomes but low-density development patterns. Some of the highest income densities are in Royal Oak, where median household incomes are high and development is moderately dense. In comparison, Detroit ranges between some of the highest and lowest income densities, as wealth and housing density vary substantially across the large municipality.

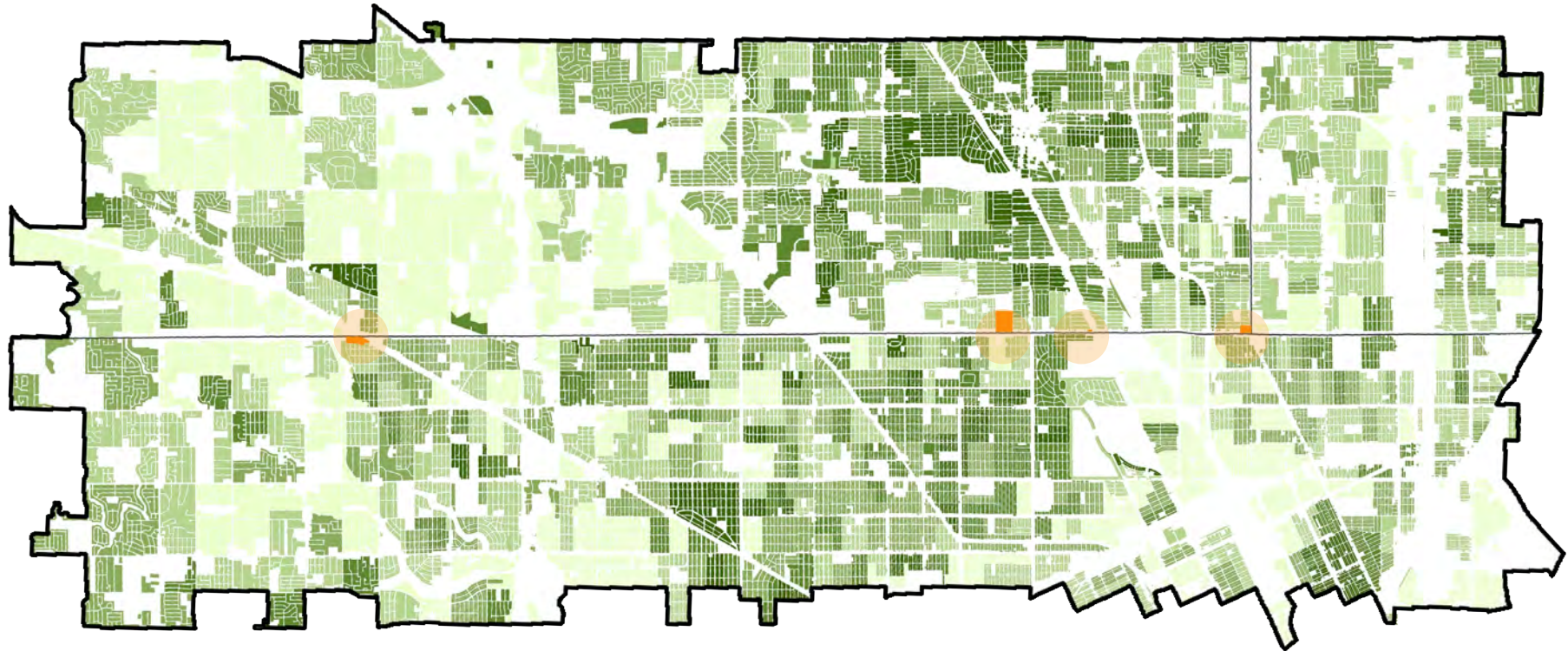
Map 1.3 shows commercial vacancy rates. As mentioned above, this analysis is by census tract and represented on commercial land. Areas that are completely white are non-commercial land uses, such as housing and infrastructure. Most commercial land is clustered around the street network, as businesses choose to locate along major roads with high visibility and accessibility. In the study area, commercial vacancy rates range between 0% and 58.3%. However, since this is a measure of vacancy at the census tract level, a larger unit of analysis than census block groups, the data illustrate wider trends, but not necessarily fine-grain details. Especially notable on this map is that commercial sites in Detroit tend to be on smaller lots than commercial sites in municipalities north of 8 Mile, though vacancy rates are somewhat comparable across the region. Finally, Detroit's census tracts have the highest commercial vacancy rates in the region; however, this is difficult to decipher on the map since Detroit's commercial parcels are relatively small.

In addition to maps for the entire study area, each site is analyzed within a four square mile area to assess local trends. In later chapters of this report, each site will have demographic maps at a smaller scale to provide a more detailed analysis of neighborhood conditions. For most maps, the indicators are indexed against the regional range of values in order to compare the site neighborhood to the larger reference frame. For example, the median house values in a four square mile area around a site might be lower than the regional reference frame, and therefore that map would not have the full extent of values shown in the legend. However, for population density, each site map is indexed only to itself, such that the high and low values for population density are those contained within the four square mile area. This allows for a clearer visual understanding of the density of potential consumers, residents, or employees within the area adjacent to the site.

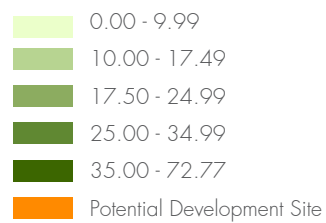
MAP 1.1 | POPULATION DENSITY BY BLOCK GROUP | RESIDENTIAL LAND ONLY



MAP 1.2 | INCOME DENSITY BY CENSUS BLOCK GROUP | RESIDENTIAL LAND ONLY

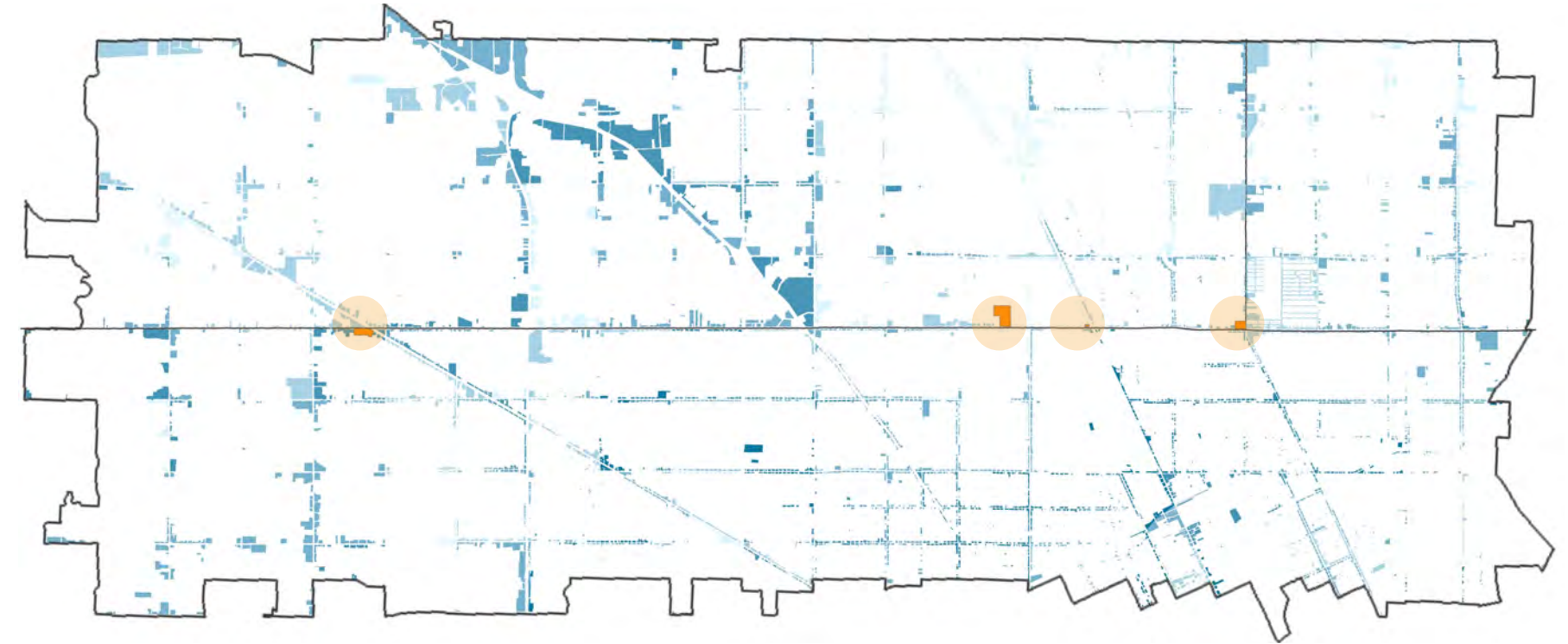


Dollars per Square Foot

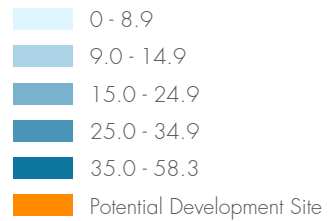


Source: 2006-2011 American Community Survey Michigan/prepared by the U.S. Census Bureau, 2012. Accessed February 18, 2013.
<http://www.census.gov/acs/www/>

MAP 1.3 | COMMERCIAL VACANCY RATE BY CENSUS TRACT | COMMERCIAL LAND ONLY



Percent of Commercial Units that are Vacant



Source: 2006-2011 American Community Survey Michigan/prepared by the U.S. Census Bureau, 2012. Accessed February 18, 2013.
<http://www.census.gov/acs/www/>

8 MILE | BUSINESS SURVEY

A survey of businesses fronting 8 Mile revealed detailed information regarding location decisions, perceived strengths and weaknesses of the corridor, as well as ownership and use patterns of area businesses. Distributed to 266 businesses whose emails were known by 8MBA staff, the survey yielded 29 responses, or a 10.9% response rate. These businesses ranged from owner-operated shops to firms employing over 100 people. The responding businesses indicated they had been at their current location from 4 to 84 years.

Of the respondents, the vast majority see 8 Mile as a good (48%) or excellent (14%) place to do business and a similar percentage are either satisfied (45%) or very satisfied (15%) with the current location of their business. Key characteristics drawing these businesses to 8 Mile included visibility, affordability, parking availability, community identity, configuration of space, and a strong business community. Additionally, most respondents indicated that high traffic, location (primarily proximity to freeways), accessibility, and visibility are major assets of 8 Mile.

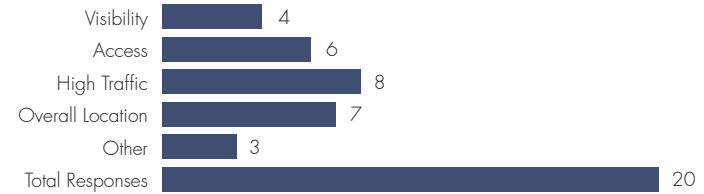
The respondents were overwhelmingly positive about their longevity on 8 Mile, with over 85% indicating they see themselves remaining in the same location long-term. Despite of these positive attitudes, however, respondents also indicated a concern over crime rates, blight, and neglected road conditions. These responses highlighted conditions that contribute to the larger concern of attracting suburban customers to the corridor.

The responses indicated that business owners see many positive aspects of 8 Mile. As a result, prioritizing and redeveloping areas that feature characteristics such as high visibility, high traffic, easy access, and low crime is a strategy that is likely to encourage successful reinvestment along the corridor. Overall, this information helped to guide the site evaluation framework, discussed in Section II. Sites or areas that contain these characteristics are likely to draw in businesses, score high on the framework, and be recommended for redevelopment.

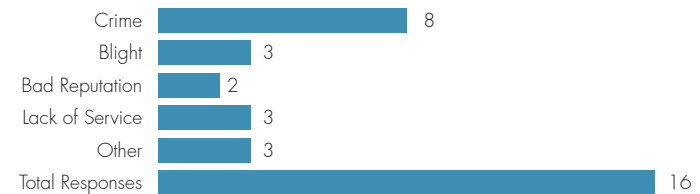
Figure 1.4 shows the responding businesses' perceptions as to positive and negative aspects of 8 Mile, as well as factors that attracted them to their current location. Respondents were allowed to choose multiple factors for each response.

FIGURE 1.4 | SURVEY RESULTS

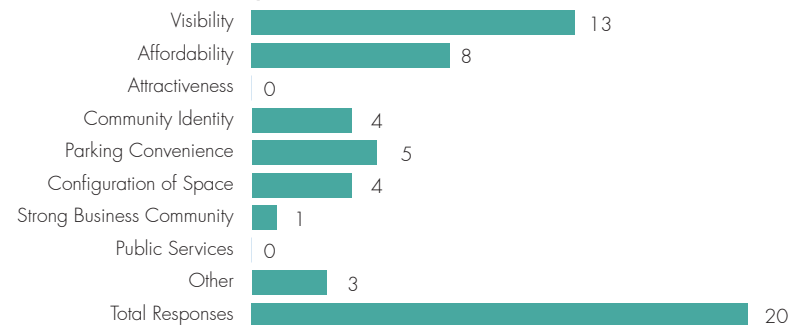
What do you see as positive about 8 Mile as a place to do business?¹



What do you see as negative about 8 Mile as a place to do business?¹



What factors attracted your business to 8 Mile?²



¹ Compiled from write-in responses

² Respondents were able to select more than one response

Source: Figure 1.4: University of Michigan Capstone Team. "8MBA Business Survey." 2012.

SECTION I. REFERENCES

NOTES:

¹ Eight Mile Boulevard Association. "About – Eight Mile Boulevard." Undated. Accessed April 12, 2013. <http://www.eightmile.org/demo/mpc/docs/Site/History.html>

² Eight Mile Boulevard Association. "About – Eight Mile Boulevard." Undated. Accessed April 12, 2013. <http://www.eightmile.org/demo/mpc/docs/Site/History.html>

³ "Eight Mile Road." Detroit Historical Society. Encyclopedia of Detroit. 2013. Accessed April 10, 2013. <http://detroithistorical.org/learn/encyclopedia-of-detroit/eight-mile-road>

⁴ Ibid.

⁵ "History – Eight Mile Boulevard." Eight Mile Boulevard Association. Undated. Accessed April 12, 2013. <http://www.eightmile.org/demo/mpc/docs/Site/History.html>

⁶ City of Oak Park Master Plan. 1996. Accessed April 12, 2013. http://www.ci.oak-park.mi.us/forms_brochures/files/oak_park_master_plan.pdf

⁷ William H. Frey, Brookings Institution and University of Michigan, "New Racial Segregation Measures for Large Metropolitan Areas: Analysis of the 1990-2010 Decennial Censuses." Accessed April 12, 2013. <http://www.psc.isr.umich.edu/dis/census/segregation2010.html>

⁸ William H. Frey, "Census Data: Blacks and Hispanics Take Different Segregation Paths," Brookings Institution, December 16, 2010. Accessed April 12, 2013. <http://www.brookings.edu/research/opinions/2010/12/16-census-frey>

⁹ Eight Mile Boulevard Association. "About – Eight Mile Boulevard." Undated. Accessed April 12, 2013. <http://www.eightmile.org/demo/mpc/docs/Site/History.html>

¹⁰ Ibid.

¹¹ Geographic Research, Inc. "Dun & Bradstreet U.S Company Database. 8 Mile Business Master List." 2013. Accessed February 8, 2013. <http://www.simplymap.com>

¹² MDOT. "Michigan Lefts." http://www.michigan.gov/mdot/0,1607,7-151-9615_44557-161777-,00.html

¹³ SEMCOG. "Traffic Counts: Southeast Michigan." 2012 <http://www.semco.org/Data/Apps/trafficcounts.report.cfm>

¹⁴ Ibid.

PHOTOS:

Photo 1.1: Original AP News Press, 1989 Detroit, Michigan 1-275 at 8 Mile Aerial View. <http://www.ebay.com/itm/1989-Detroit-Michigan-1-275-at-8-Mile-Aerial-View-Press-Photo-/261065810796>

Photo 1.2: 8MBA. http://www.eightmile.org/demo/demo/Assets/8mba_history_photo.jpg

Photo 1.3: AA Roads Forum. <http://www.aaroads.com/forum/index.php?topic=8737.0>

Photo 1.4: Shorpy Historical Photo Archive: Ciro's Lounge baseball team. http://www.shorpy.com/node/13772?size=_original

Photo 1.5: AtDetroit.net. <http://atdetroit.net/forum/messages/6790/81842.html>

All photos not referenced are property of authors.



SECTION II. 8MBA TITLE HOLDING COMPANY SITE EVALUATION FRAMEWORK

INTRODUCTION TO THE SITE EVALUATION FRAMEWORK

In order to expand their capacity for revitalizing businesses along 8 Mile, 8MBA established the Title Holding Company (company) as a 501(c)(2) in April 2009. The company is an essential tool for 8MBA to hold title to land, broker deals between landowners and potential buyers, and ultimately reduce blight in the area. From a legal perspective, 8MBA created the company as a subsidiary in order to protect the non-profit from liability as a result of the company's activities. Moving forward, one of the first priorities for the company is to create a method of selecting properties for acquisition.

This report introduces a site evaluation framework based on 8MBA's mission as well as general development criteria that will help 8MBA prioritize property acquisition along the 8 Mile corridor. This site evaluation framework allows 8MBA staff to identify opportunities that are likely to succeed as well as revitalize the 8 Mile corridor.

To guide 8MBA in pursuing redevelopment projects through the company, this framework features two priorities that are integral to 8MBA's objectives:

- Market Feasibility – the likelihood of implementing a successful project in a short time.
- Catalytic Impact – the potential to revitalize the surrounding neighborhoods in a significant way.

The framework is a pair of spreadsheet applications that allows staff to easily and consistently evaluate the strengths and weaknesses of multiple properties at once by considering a number of factors that may enable or impede site development. The framework produces a quantified representation of staff expertise and experience with evaluated properties. The framework is organized into two parts:

- Maize Workbook – priority evaluation of Market Feasibility and Catalytic Impact.
- Blue Workbook – ease of development evaluation according to multiple key factors.

The Maize Workbook screens up to ten properties to identify the top tier that best aligns with 8MBA's priorities. The properties that score highest in the Maize Workbook are then evaluated using the Blue Workbook. Properties that score highest in the Blue Workbook pose the best opportunities for the company, and should be further investigated for redevelopment.

PART I: MAIZE WORKBOOK | PRIORITY SCORING

PART I: MAIZE WORKBOOK | PRIORITY SCORING

Part one of the site evaluation framework, the Maize Workbook, is used to prioritize a subset of potential sites out of a larger pool of prospective options. The Maize Workbook produces one score for Market Feasibility and one score for Catalytic Impact. Each score is calculated from user input and indexed to produce a result from zero - not feasible or no impact - to 10 - extremely feasible or very high impact. The spreadsheet automatically plots the results against other evaluated properties to create a visual representation of priority rankings.

To calculate each score, the spreadsheet averages scores for five contributing factors. These factors are unique between Market Feasibility and Catalytic Impact, and 8MBA staff will evaluate them separately. Factors are weighted through the varied scales of possible scores, as shown in Figure 2.1.

MARKET FEASIBILITY

The Market Feasibility score includes consideration of the following factors:

- *Environmental remediation requirements*
- *Crime levels*
- *Property acquisition requirements*
- *Demolition, rehabilitation, and reuse costs and/or opportunities*
- *Municipal flexibility or support*

Workbook users enter a score for each factor into the spreadsheet application. The range of scores available to users reflects the factor's relative importance and development implication. For example, *environmental remediation requirements* scores range between -10 and 0, since contamination has the potential to completely disrupt a project while a lack thereof is merely neutral. Conversely, *municipal flexibility or support* may aid or delay a project, but it will not have a dramatic impact, so the available scores range from -5 to 5.

High Market Feasibility scores signal that existing characteristics do not deter development, the property is available for acquisition, and that it draws municipal support. The Market Feasibility score is indexed from 0 to 10. The worst score, 0, indicates that redevelopment would be extremely challenging.

FIGURE 2.1 | MARKET FEASIBILITY FACTOR SCORES FOR GATEWAY CROSSING



CATALYTIC IMPACT

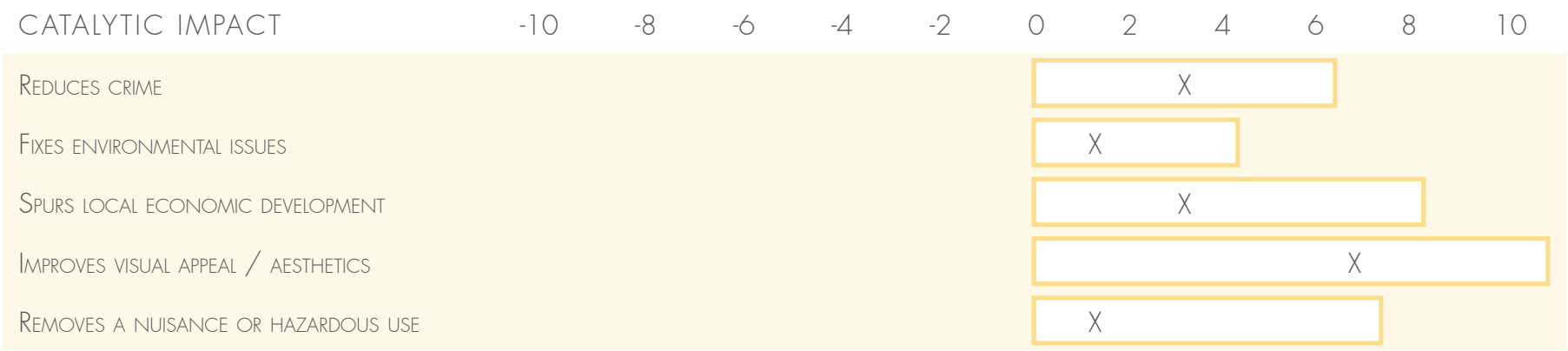
The Catalytic Impact score includes consideration of the following factors, as shown in Figure 2.2:

- *Reduces crime*
- *Fixes environmental issues*
- *Spurs local economic development*
- *Improves visual appeal or aesthetics*
- *Removes a nuisance or hazardous use*

Workbook users will enter a score for each factor into the spreadsheet application. For Catalytic Impact, all scores are positive, but the range varies for each factor. This indicates that, at worst, development could have no impact on a given factor. Though it is theoretically possible that a redevelopment plan could worsen a site, yielding a negative score for factors within Catalytic Impact, it is presumed that 8MBA will only pursue opportunities where proposed development will improve upon current conditions.

The maximum potential weight of the factors varies. For example, users can input a score between 0 and 4 for *fixes environmental issues* because remediation will improve only the property in question. The effects of economic development, however, can reach throughout the surrounding neighborhoods, so the scores for *spurs local economic development* range from 0 to 10.

FIGURE 2.2 | CATALYTIC IMPACT FACTOR SCORES FOR GATEWAY CROSSING



High Catalytic Impact scores indicate that a well-designed development could substantially improve otherwise poor conditions onsite and in the surrounding area and serve as a catalyst for other revitalization nearby. The Catalytic Impact score is indexed from 0 to 10 to allow for easy comparison and plotting in tandem with the Market Feasibility score. The worst score, 0, indicates that redevelopment will have no impact on the property or on the surrounding area.

The spreadsheet produces overall scores from user input, as shown in Figure 2.3.

The value of using this workbook for prioritization is that consistent evaluation leads to efficient comparison and decision-making. The spreadsheet automatically populates a table and plots the results for each property on a scatterplot diagram, as shown in Figures 2.4 and 2.5. The scatterplot includes three shaded regions to help determine which properties score highest. The regions are separated by diagonal lines to reflect the equal consideration that 8MBA gives to Market Feasibility and Catalytic Impact when evaluating redevelopment opportunities. For example, a Catalytic Impact score of 7 and a Market Feasibility score of 2 achieves the same overall priority score as a Catalytic Impact score of 2 and a Market Feasibility score of 7.

FIGURE 2.3 | MARKET FEASIBILITY + CATALYTIC IMPACT SCORES FOR GATEWAY CROSSING

GATEWAY CROSSING PRIORITY SCORES

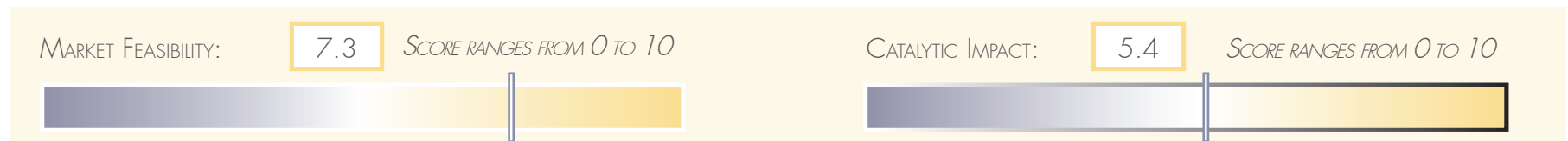
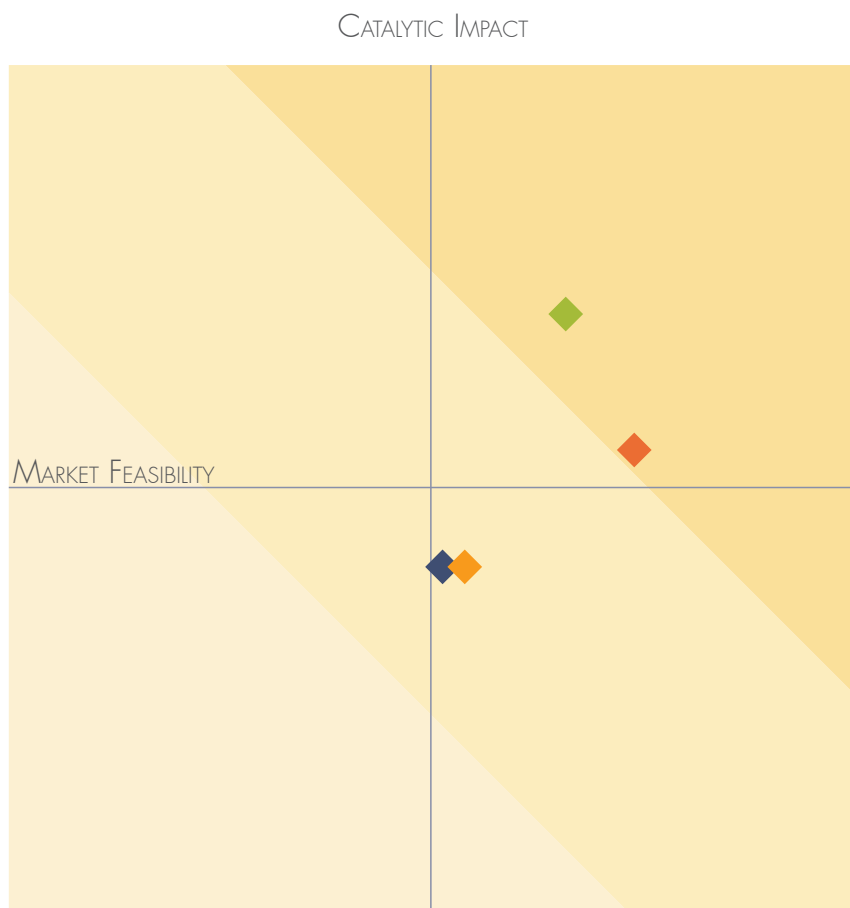


FIGURE 2.4 | MAIZE WORKBOOK PRIORITY SCORE RANKING RESULTS

PRIORITY SCORE RANKING

DATE	PROPERTY NAME	ADDRESS	CITY	ZIP	MARKET FEASIBILITY	CATALYTIC IMPACT
APRIL 2, 2013	GATEWAY CROSSING	1727 EAST 8 MILE	HAZEL PARK	48030	7.3	5.4
APRIL 2, 2013	MOTORAMA MOTEL	100 WEST 8 MILE	FERNDAL	48220	6.5	7.0
APRIL 2, 2013	HAYES LEMMERZ	1600 WEST 8 MILE	FERNDAL	48220	5.3	4.1
APRIL 2, 2013	Werton Plaza	28111 WEST 8 MILE	LIVONIA	48152	5.1	4.1

FIGURE 2.5 | MAIZE WORKBOOK SCATTERPLOT RESULTS



The scatterplot's darkest region (in the upper right) contains the properties that scored the highest and should be evaluated further. The middle region contains the properties that likely pose worthwhile opportunities, but are either less feasible or will have less of an impact than properties in the darkest region. Properties that land in the scatterplot's lightest region (in the lower left) have little anticipated impact, may face significant hurdles to implementation, and should not be pursued further.

At this point, a subset of the high-scoring properties evaluated should be selected to move on to part two, the Blue Workbook. 8MBA may decide on a case-by-case basis where the threshold point is. For example, the user could decide to take the top four properties or any property that totaled more than 10 points between the two scores.

PRIORITY SCORE PLOTTING

- ◆ GATEWAY CROSSING
- ◆ MOTORAMA MOTEL
- ◆ HAYES LEMMERZ
- ◆ WERTON PLAZA

PART II: BLUE WORKBOOK | EASE OF DEVELOPMENT SCORING

PART II: BLUE WORKBOOK, EASE OF DEVELOPMENT SCORING

Properties that pass the threshold of part one, the Maize Workbook, are then evaluated in part two, the Blue Workbook, to generate an Ease of Development (EOD) score. The EOD score is calculated from user input and indexed to produce a result from 0 - impossible to develop - to 10 - very easy to develop. The spreadsheet automatically populates a table with EOD scores for each evaluated property to rank the development feasibility of each site. The spreadsheet also identifies sites that will likely prove especially challenging to develop given very low scores in two or more categories.

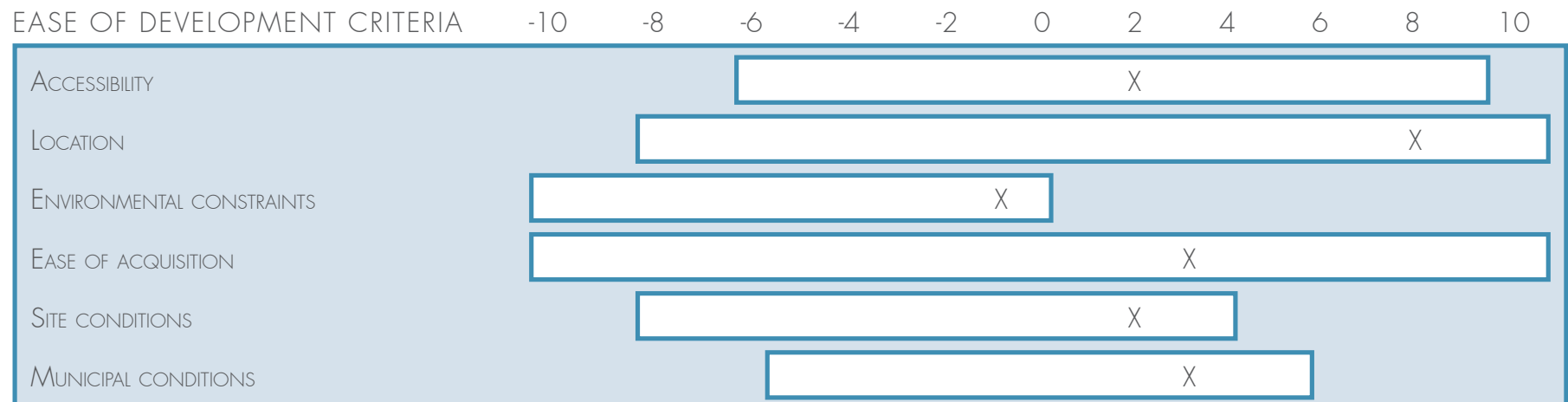
As in the Maize Workbook, the spreadsheet calculates the EOD score by averaging user inputs across a number of factors. However, in the Blue Workbook, each of the six factors has unique criteria within it to guide that factor's score.

These six factors are evaluated according to their influence on development feasibility:

- *Accessibility*
- *Location*
- *Environmental constraints*
- *Ease of acquisition*
- *Site conditions*
- *Municipal conditions*

Workbook users will enter the scores for each factor into the spreadsheet application. As in the Maize Workbook, the range of scores available to users reflects each factor's relative importance and development implications, as shown in Figure 2.6. Only two factors allow scores as low as -10 because it is unlikely that *accessibility*, for example, would completely halt development at any given site. Similarly, only two factors can score up to 10. For example, a property donation should produce an *ease of acquisition* score that influences the overall EOD score more than perfect *site conditions*.

FIGURE 2.6 | EOD CATEGORY SCORES FOR GATEWAY CROSSING
GATEWAY CROSSING EVALUATION



For each factor, there are six or more criteria that contribute to the factor score. When assigning a score for each of these factors, users should consider how each criterion would influence development for that given property. The spreadsheet provides space to record notes and to help identify which criteria are most influential to each factor's score. Figure 2.7 lists the criteria for each factor.

The spreadsheet produces an overall EOD score from user input as shown in Figures 2.8. High EOD scores signal that a property has a number of assets – such as transit access, municipal support for revitalization, or proximity to major roads – that outweigh hindrances like poor drainage, an unmotivated seller, or high demolition costs. The properties that score highest in EOD will display ideal conditions in the factors that are weighted heaviest (i.e. *location* and *ease of acquisition*).

FIGURE 2.7 | EOD CATEGORY CRITERIA

<p>ACCESSIBILITY FACTORS</p> <ul style="list-style-type: none"> BUS STOPS PEDESTRIAN ACCESS AUTOMOBILE ACCESS CURB MANAGEMENT RIGHT OF WAY CONSTRAINTS OTHER ACCESSIBILITY FACTOR(S) 	<p>ENVIRONMENTAL CONSTRAINTS FACTORS</p> <ul style="list-style-type: none"> PROTECTED SPECIES SOIL CONTAMINATION SOIL STABILITY DRAINAGE GROUNDWATER CONTAMINATION OTHER ENVIRONMENTAL FACTOR(S) 	<p>EASE OF ACQUISITION FACTORS</p> <ul style="list-style-type: none"> PUBLIC ACQUISITION <ul style="list-style-type: none"> TITLE STATUS - JUDGMENTS OR LIENS GOVERNMENT COOPERATION PRIVATELY HELD <ul style="list-style-type: none"> TITLE STATUS - JUDGMENTS OR LIENS SELLER MOTIVATION CURRENT TENANT OTHER EASE OF ACQUISITION FACTOR(S)
<p>LOCATION FACTORS</p> <ul style="list-style-type: none"> SETBACK REQUIREMENTS PROXIMITY TO MAJOR ROADS SIGHT LINES TRAFFIC VOLUME PHYSICAL BARRIERS OTHER LOCATION FACTOR(S) 	<p>SITE CONDITIONS FACTOR</p> <ul style="list-style-type: none"> UTILITIES UNDERGROUND STORAGE TANKS DANGEROUS STRUCTURES ASBESTOS CONTAMINATION EXISTING STRUCTURES SITE CONFIGURATION OTHER SITE CONDITIONS FACTOR(S) 	<p>MUNICIPAL CONSIDERATION FACTORS</p> <ul style="list-style-type: none"> CURRENT ZONING ENVIRONMENTAL REQUIREMENTS REDEVELOPMENT INCENTIVES MASTER PLANNING OUTLOOK REDEVELOPMENT READY COMMUNITY GOVERNMENT MOTIVATION & RESOURCES OTHER MUNICIPAL FACTOR(S)

The Blue Workbook also evaluates each property for “Development Challenge” status. Any property that scores less than -5 on two or more factors is automatically identified as a “Development Challenge” on its site workbook and in the summary table. The purpose of the challenge designation is to alert users to properties that present extreme barriers to redevelopment on multiple factors, despite earning priority status in the Maize Workbook and potentially scoring well overall in the Blue Workbook. None of the four properties evaluated in this project received “Development Challenge” status.

The value of the Blue Workbook is to compare the properties that passed through the Maize Workbook. The spreadsheet automatically populates the results for each property in a table in the summary workbook, as shown in Figure 2.9. This table allows 8MBA to sort properties by EOD score to identify sites that will support development that can be implemented quickly.

FIGURE 2.8 | FRAMEWORK PART II, EOD SCORE FOR GATEWAY CROSSING

GATEWAY CROSSING EASE OF DEVELOPMENT SCORE

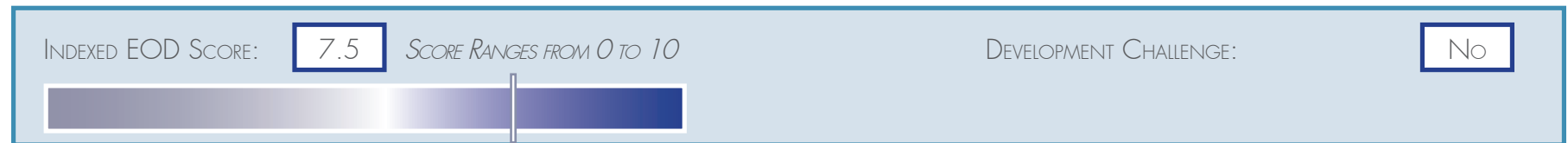


FIGURE 2.9 | PART II, EOD SCORES FOR FOUR 8 MILE PROPERTIES

EASE OF DEVELOPMENT SCORE RANKING

DATE	PROPERTY NAME	ADDRESS	CITY	ZIP	EOD SCORE	CHALLENGE ID
APRIL 2, 2013	GATEWAY CROSSING	1727 EAST 8 MILE	HAZEL PARK	48030	7.5	No
APRIL 2, 2013	MOTORAMA MOTEL	100 WEST 8 MILE	FERNDAL	48220	6.1	No
APRIL 2, 2013	HAYES LEMMERZ	1600 WEST 8 MILE	FERNDAL	48220	5.4	No
APRIL 2, 2013	WERTON PLAZA	28111 WEST 8 MILE	LIVONIA	48152	5.3	No

Figures 2.1-2.9: University of Michigan Capstone Team. “8BMA Framework” spreadsheet. 2012. Available by contacting 8MBA.

SECTION III. FOUR POTENTIAL DEVELOPMENT SITES

INTRODUCTION TO FOUR POTENTIAL DEVELOPMENT SITES



A | Werton Plaza | Livonia



B | Hayes Lemmerz | Ferndale



C | Motorama Motel | Ferndale



D | Gateway Crossing | Hazel Park

An in-depth analysis of four sites, chosen at the outset of this project by 8MBA staff, provided insight into the development prospects, challenges, and opportunities along the 8 Mile corridor. These sites, from west to east, are:

- Werton Plaza, Livonia | comprising the addresses of 28111-28281 West 8 Mile and 27637-27725 Grand River Avenue.
- Hayes Lemmerz, Ferndale | located at 1600 West 8 Mile.
- Motorama Motel, Ferndale | located at 100 West 8 Mile and also including addresses of 250-330 West 8 Mile and 221-303 West Bennett Street.
- Gateway Crossing, Hazel Park | comprising the addresses of 1727-1839 East 8 Mile, 20721 Dequindre, and unaddressed parcels on East Muir Avenue.

In addition to an assessment of the 8 Mile corridor discussed in Section I, a thorough analysis of each site provided detailed context that informed the development proposals for each site. This analysis included a look at each site's historical context, existing conditions, demographics, transportation, community amenities, commercial assessment, and neighborhood assessment.

Each site has two accompanying development proposals in order to highlight the various strengths according to differing development needs. Each of these proposals includes an illustration of the design concept and a financial analysis. These proposals are conceptual in that they present basic, value-adding designs suitable for each site, though 8MBA may need to alter plans as incentives and market conditions change. Additionally, the proposals are not use-specific, though they may suggest example tenants for illustrative purposes. Finally, the proposals are designed to be adaptable and it is expected that 8MBA will work with developers to modify the massing and layout.

Before presenting the analyses and proposals of the four potential development sites, this section includes site-specific scores for the evaluation framework introduced in Section II, followed by site-specific market research. The overall scores for each workbook are explained, as well as the strengths and weaknesses of each site as they apply to the framework. This discussion not only informs each site's development potential, but also guides the final section's recommendations about reinvestment zones along 8 Mile.

MAP 3.1 | 8 MILE POTENTIAL DEVELOPMENT SITES + MUNICIPAL JURISDICTIONS



FRAMEWORK APPLICATION | WERTON PLAZA

MAIZE WORKBOOK

In the Maize Workbook, Werton Plaza scored a 5.1 on Market Feasibility and a 4.1 on Catalytic Impact. These scores signify significant challenges to implementation and suggest that redevelopment will have a moderate impact on the surrounding neighborhood. Despite this score, a redevelopment plan that addresses the site's challenges can have a noticeable positive impact on the corridor and the community. As a result, Werton Plaza could be evaluated in the Blue Workbook application, though redevelopment potential will continue to hinge on the issue of property acquisition. Below is a breakdown of the two scores with notes for how each factor would affect development.

Market Feasibility: 5.1

Environmental remediation requirements | Werton Plaza has no remediation concerns, but with the nearby River Rouge, effective stormwater management is needed.

Crime levels | The property's development potential is not impacted by crime levels in the area.

Property acquisition requirements | The site is for sale, but the price is well above market value. In the current economic climate, successful development at Werton Plaza likely requires a lower acquisition price. In addition, existing tenants and active adjacent parcels may complicate redevelopment plans.

Demolition/rehabilitation requirements | The former Farmer Jack building likely needs to be demolished, but a well-matched use could repurpose the building. The remainder of the property is paved over.

Municipal flexibility or support | The City of Livonia has identified Werton Plaza as a redevelopment priority to improve a visual nuisance. The City is prepared to work with developers in a number of ways, but has not offered any specific incentives. Potential redevelopment program opportunities may be clearer in the future.

Catalytic Impact: 4.1

Reduces crime | Crime is already low in the area. Active development would likely reduce the few instances of property crime committed at the site.

Fixes environmental issues | Environmental remediation is not necessary at Werton Plaza, but stormwater runoff control and detainment would prove beneficial to River Rouge and the existing sewer network.

Spurs local economic development | The surrounding area exhibits some of the highest commercial vacancy rates in the 8 Mile corridor. Redevelopment at Werton would reintroduce economic activity to a critical gateway intersection that has been underused since Farmer Jack went out of business.

Improves visual appeal/aesthetics | The Farmer Jack structure at the back of the Werton Plaza lot has been incrementally boarded up over the past ten years. Other lots in the Plaza are active and maintained, but the site appears largely abandoned with vegetation sprouting up in the broken parking lot. A site plan with a cohesive theme could take advantage of the highly visible, wide angle of 8 Mile and Grand River and make a significant visual impact.

Removes a nuisance or hazardous use | The vacant space does not pose a nuisance or hazard to the surrounding community.

BLUE WORKBOOK

In the Blue Workbook application, Werton Plaza scored a 5.4 on Ease of Development. This score indicates that the opportunity has moderate challenges that the right development team may be able to overcome to produce a successful project. Below is a breakdown of the score with notes for how each factor would affect development.

Ease of Development: 5.4

Accessibility | Werton Plaza was built for automobile access, but circulation is limited and the site is not connected to the surrounding neighborhood. 8 Mile is a five-lane highway adjacent to the plaza, which allows for easier access, but “Michigan Lefts” complicate access to and from Grand River. Bus lines are only available on Grand River. Site frontage includes sidewalks, but the rest of the site is auto-oriented without accommodations for pedestrians or bicycles.

Location | The site is located on a less-traveled segment of 8 Mile, but the additional traffic on Grand River boosts visibility near the level of the other project sites. The angle of Grand River creates an obtuse frontage that features Werton Plaza to the intersection.

Environmental constraints | The City of Livonia highlighted stormwater management as the main significant environmental constraint impacting redevelopment opportunities.

TABLE 3.1 | FRAMEWORK SCORES | WERTON PLAZA

	MARKET FEASIBILITY	CATALYTIC IMPACT	EASE OF DEVELOPMENT
WERTON PLAZA	5.1	4.1	5.4
HAYES LEMMERZ	5.3	4.1	5.4
MOTORAMA MOTEL	6.5	7.0	6.1
GATEWAY CROSSING	7.3	5.4	7.5

Ease of acquisition | The site is privately held, and is for sale, but the price is high. Other businesses in the plaza and the subtenants attached to the Farmer Jack building may provide enough support to carry the property at its current asking price.

Site conditions | Werton Plaza has a wide, shallow configuration that may restrict site plan options. There is a cell tower in the southeast corner of the site.

Municipal conditions | The site is zoned for commercial use throughout, but the City of Livonia indicated willingness to rezone as needed for other uses, as it has done in the past. The City is also likely to alter other code requirements as needed to incentivize redevelopment.

FRAMEWORK APPLICATION | HAYES LEMMERZ

MAIZE WORKBOOK

In the Maize Workbook, Hayes Lemmerz scored a 5.3 on Market Feasibility and a 4.1 on Catalytic Impact. These scores signify that the redevelopment opportunity has several challenges to feasibility and will have a impact on the surrounding neighborhood. Despite moderate scores, a redevelopment plan that addresses the site's unique challenges could have a noticeable positive impact on the corridor and the community. As a result, Hayes Lemmerz could be evaluated further in the Blue Workbook, though close attention should be given to environmental remediation issues. Below is a breakdown of the two scores with notes for how each factor would affect development.

Market Feasibility: 5.3

Environmental remediation requirements | Hayes Lemmerz has two soil contamination hot spots that may complicate future development. The site may require further remediation or developers will need to plan their development around this contamination.

Crime levels | The property is in an area of moderate crime, though not high enough to hinder redevelopment activities.

Property acquisition requirements | The site is currently for sale and the owner is willing to sell the entire property or break it up into multiple parcels.

Demolition/rehabilitation requirements | The current owner, Renu Recycling, Inc., recently demolished several buildings that stood on the site and has addressed asbestos issues. The company is planning to clear the site in preparation for redevelopment.

Municipal flexibility or support | The City of Ferndale highlighted Hayes Lemmerz as a priority for redevelopment in their 2008 Master Plan. The City is prepared to work with developers to redevelop the site but has not offered any specific incentives.

Catalytic Impact: 4.1

Reduces crime | Development at Hayes Lemmerz could reduce crime in the area by introducing additional residential and commercial activity near Ferndale High School, which borders the north end of the site.

Fixes environmental issues | Environmental remediation and redevelopment on the Hayes Lemmerz property would be a significant improvement to a site that used to house chemical processing and auto part manufacturing facilities.

Spurs local economic development | Redevelopment of the Hayes Lemmerz site would reintroduce economic activity to a massive parcel of land that has been vacant for years. Although the site does not have high visibility when compared to other sections of 8 Mile, development on such a large site would have a positive impact on the neighborhood.

Improves visual appeal/aesthetics | Several buildings designed by renowned architect Albert Kahn sat on the site before they were demolished by Renu Recycling Inc. in early 2013. New development would be an improvement.

Removes a nuisance or hazardous use | When Renu Recycling Inc. is done with demolition, the site should be largely ready for redevelopment. Although it may not be the preferred land use, a vacant lot will not pose a major nuisance or hazard to the surrounding community.

BLUE WORKBOOK

In the Blue Workbook application, Hayes Lemmerz scored a 5.4 on Ease of Development. This score signifies that the opportunity has moderate challenges that the right development team may be able to overcome to produce a successful project. Below is a breakdown of the score with notes for how each factor would affect development.

Ease of Development: 5.4

Accessibility | Hayes Lemmerz provides fair automobile access, but the site does not currently provide connections to the surrounding neighborhoods. Although two bus lines run in front of the site, there is no pedestrian or bicycle access from 8 Mile.

Location | Hayes Lemmerz is just south of Ferndale High School, a potential asset for future development. The site sees high traffic volumes and benefits from proximity to Wyoming and Livernois Streets.

Environmental constraints | The site has significant environmental challenges, specifically soil contamination in two areas. With proper remediation and site planning, the property will be able to accommodate most land uses.

Ease of acquisition | The current owner has listed the property for sale and is willing to break the site into parcels or sell it as a whole.

TABLE 3.2 | FRAMEWORK SCORES | HAYES LEMMERZ

	MARKET FEASIBILITY	CATALYTIC IMPACT	EASE OF DEVELOPMENT
WERTON PLAZA	5.1	4.1	5.4
HAYES LEMMERZ	5.3	4.1	5.4
MOTORAMA MOTEL	6.5	7.0	6.1
GATEWAY CROSSING	7.3	5.4	7.5

Site conditions | Although Renu Recycling is clearing the site's asbestos-laden buildings, there may still be underground storage tanks or other hazards on the site. In contrast, the site benefits from several large trees along 8 Mile and scattered through the site.

Municipal conditions | The City of Ferndale included Hayes Lemmerz as a priority for redevelopment in its 2008 Master Plan and has indicated a willingness to assist future developers in restoring the site to an active use.

FRAMEWORK APPLICATION | MOTORAMA MOTEL

MAIZE WORKBOOK

In the Maize Workbook, Motorama Motel scored a 6.5 on Market Feasibility and a 7.0 on Catalytic Impact. These scores signify that although there are minor challenges to site development, the redevelopment opportunity aligns with 8MBA's priorities and the site should be evaluated further in the Blue Workbook. Below is a breakdown of the two scores with notes for how each factor would affect development.

Market Feasibility: 6.5

Environmental remediation requirements | Motorama Motel has no apparent environmental remediation requirements.

Crime levels | The property is in an area of moderate crime, but much of the crime is actually due to the current activities at the Motorama Motel site and would be remedied by redevelopment. Therefore the crime levels do not hinder the market feasibility of redevelopment.

Property acquisition requirements | The current motel operator also owns the site and has not listed the property for sale. The property's income is likely generated primarily by the large billboard that sits on top of the building.

Demolition/rehabilitation requirements | If the site were to be cleared entirely, there would be significant demolition challenges in removing the billboard structure on top of the building. To prepare for new uses, a motel rehab would likely require costs similar to demolition and new construction.

Municipal flexibility or support | The City of Ferndale has a strong desire to see the Motorama Motel site redeveloped and has expressed a willingness to consider new land use and density requirements if they will lead to a productive land use that has a positive impact on the surrounding community.

Catalytic Impact: 7.0

Reduces crime | Because of documented crime activity at the Motorama Motel, any development that replaces the current use would likely result in a reduction in crime at the site. Even a vacant lot is preferable to current conditions.

Fixes environmental issues | Since there are no known environmental issues to begin with, mitigation has a minimal impact.

Spurs local economic development | Motorama is located on one of the region's major intersections, 8 Mile and Woodward. There is significant potential for additional economic development in the surrounding community and replacing the Motorama Motel with a productive use would go far in promoting additional development. Additionally, redevelopment on the site would build upon progress being made at the old State Fairgrounds.

Improves visual appeal/aesthetics | Redevelopment of the Motorama building or construction of a new structure would be a significant aesthetic improvement over the current, run-down building. The current billboard that sits atop the Motorama building is an eyesore. Two options for improvement are either removing the billboard or replacing it with a new permanent sign with that could serve as a gateway to Ferndale.

Removes a nuisance or hazardous use | The current motel is in poor condition and attracts crime and drug activity to the area. Removing the motel would improve neighborhood quality and improve general safety and welfare.

BLUE WORKBOOK

In the Blue Workbook application, the Motorama Motel site scored a 6.1 on Ease of Development. This score indicates that the redevelopment opportunity has some challenges, but has potential for success under favorable conditions and proper management. The site should be further analyzed to identify the right development team and mix of uses. Below is a breakdown of the score with notes for how each factor would affect development.

Ease of Development: 6.1

Accessibility | The Motorama Motel currently has limited automobile access as a result of the Woodward flyover and one-way traffic along the site's 8 Mile frontage. Currently, the only automobile entrance to the site is off Bennett Street, but another entrance may be added on the west end of the site along 8 Mile. Seven bus lines stop within a block of the site. Improved crosswalks make pedestrian trips across Woodward and Eight Mile manageable. Bicycle access is limited.

Location | The Motorama Motel sits at a major intersection with high traffic volumes; however, visibility is limited by road infrastructure. The building cannot be seen by cars in the trench on 8 Mile or on the Woodward flyover. Ferndale's vibrant downtown district is a mile to the north and a new retail development anchored by Meijer will open soon on the southeast corner of 8 Mile and Woodward. A cinderblock wall separates much of the site from 8 Mile, but the wall could easily be removed.

Environmental constraints | There are negligible environmental constraints on the site.

TABLE 3.3 | FRAMEWORK SCORES | MOTORAMA MOTEL

	MARKET FEASIBILITY	CATALYTIC IMPACT	EASE OF DEVELOPMENT
WERTON PLAZA	5.1	4.1	5.4
HAYES LEMMERZ	5.3	4.1	5.4
MOTORAMA MOTEL	6.5	7.0	6.1
GATEWAY CROSSING	7.3	5.4	7.5

Ease of acquisition | It is unclear whether the owner is willing to sell the property.

Site conditions | The current site configuration is not conducive to frequent automobile traffic. Although there are no apparent hazards, the building's structural integrity is unclear and it may require significant investment if redeveloped. The structure that supports the billboard may need to be reinforced or removed.

Municipal conditions | The City of Ferndale has identified the Motorama Motel as a major redevelopment priority. The City has indicated that they are willing to work with developers to replace the motel with a more productive use that contributes to public safety and economic development. In its 2008 Master Plan, Ferndale projected the site to be mixed-use commercial in the future.

FRAMEWORK APPLICATION | GATEWAY CROSSING

MAIZE WORKBOOK

In the Maize Workbook application, Gateway Crossing scored a 7.3 on Market Feasibility and a 5.4 on Catalytic Impact. These scores signify that the redevelopment opportunity aligns with 8MBA's priorities and that the site should be evaluated further in the Blue Workbook. Below is a breakdown of the two scores with notes for how each factor would affect development.

Market Feasibility: 7.3

Environmental remediation requirements | Gateway Crossing has minimal environmental remediation requirements, though stormwater management is a consideration for such a large site.

Crime levels | The property is in an area of moderate crime, though not high enough to hinder redevelopment activities.

Property acquisition requirements | The current owner is motivated and willing to sell at a loss. However, the property is likely still overvalued.

Demolition/rehabilitation requirements | There are no existing structures on the site that would require demolition or rehabilitation, though there is pavement.

Municipal flexibility or support | Hazel Park has expressed an interest in progressive design at this site, and is open to the idea of re-zoning if necessary. There also may be financial incentives available in the future.

Catalytic Impact: 5.4

Reduces crime | A good development at Gateway Crossing could reduce crime when compared to the existing conditions, a vacant lot.

Fixes environmental issues | Since there are few environmental issues to begin with, Gateway Crossing has limited ability to mitigate them. However, proper stormwater management could be the positive result of a new development as compared with the existing concrete lot.

Spurs local economic development | Gateway Crossing is located at the heart of the tri-county area, and has strong potential to catalyze revitalization around the site. A well-designed development here could have a ripple effect into surrounding neighborhoods.

Improves visual appeal/aesthetics | A successful, new development with facades designed to 8MBA's standards would be a vast aesthetic improvement over the current vacant lot.

Removes a nuisance or hazardous Use | The vacant lot is a blight on the corridor and removing it in favor of a new development would be a positive change. However, the vacant lot is not a nuisance or hazard.

BLUE WORKBOOK

In Blue Workbook application, Gateway Crossing scored a 7.5 on Ease of Development. This score signifies that the redevelopment presents a viable opportunity for success and should be more closely scrutinized to determine whether next steps – such as seeking a real estate development partner – should be pursued. Below is a breakdown of the score with notes for how each factor would affect development.

Ease of Development: 7.5

Accessibility | Gateway Crossing is automobile accessible with good curb management. There is a bus stop with two bus lines at the site, but pedestrian and bicycle access is limited.

Location | At the center of three counties, the site is also close to multiple major roads, including I-75. Sight lines are unimpeded, traffic volumes are high, and there are no physical barriers blocking the site.

Environmental constraints | There are negligible environmental constraints. The greatest concern is stormwater management and drainage, but this is not a major impediment.

Ease of acquisition | The current owner has already listed the property with a broker. The seller is motivated and willing to sell at a loss. However, the property is likely still overvalued and the broker indicated that there are other parties interested in purchasing it.

TABLE 3.4 | FRAMEWORK SCORES | GATEWAY CROSSING

	MARKET FEASIBILITY	CATALYTIC IMPACT	EASE OF DEVELOPMENT
WERTON PLAZA	5.1	4.1	5.4
HAYES LEMMERZ	5.3	4.1	5.4
MOTORAMA MOTEL	6.5	7.0	6.1
GATEWAY CROSSING	7.3	5.4	7.5

Site conditions | There are no apparent detriments or hazards, such as underground storage tanks, dangerous structures, or asbestos contamination. The site is a vacant lot and one minor negative aspect might be the existing concrete pavement. The one challenge with the site's configuration is that it is bisected by Muir Road, which has been closed to traffic and may need to be re-instated.

Municipal conditions | The City of Hazel Park is amenable to redevelopment at the Gateway Crossing site and will likely work with the right partner to ensure an attractive design and desirable use.

MARKET RESEARCH | BUSINESS CONCENTRATIONS

INTRODUCTION

In order to understand the character of the 8 Mile study area and determine what uses would be suitable on the four potential development sites, the team analyzed business composition along 8 Mile and in the surrounding area. This analysis revealed the types of businesses along the corridor and these results indicated that retail trade is an important business type that should be considered in the various site proposals.¹ To refine what types of retail uses to suggest for the four sites, the team undertook a retail market analysis to identify retail uses that were over- or under-represented within various radii surrounding each site.

BUSINESS CONCENTRATION ON 8 MILE | METHODOLOGY

The list of businesses located on 8 Mile was compiled using data from D&B's US Company Database. D&B collects this data from a number of sources and updates the information on a quarterly basis. SimplyMap, a third-party data warehouse, provided information from D&B's US Company Database for each business located within the census block groups bordering the 27 miles of 8 Mile in 8MBA's jurisdiction. A filter applied to this data reduced the number of outputs to include only businesses located directly along 8 Mile. Additionally, two-digit North American Industry Classification System (NAICS) codes were used to determine the concentration of various businesses along the 27 miles of the 8 Mile corridor compared to the tri-county region.

BUSINESS CONCENTRATION ON 8 MILE | RESULTS

Results showed that there are 1,868 businesses on 8 Mile, with the most prominent NAICS category being Retail Trade at 19%. Another common category is *Other Services* (except *Public Administration*), which comprises 14% of all businesses along the corridor. The chart below offers a breakdown of the remaining business categories in the 8 Mile study area. Reflecting the diversity of the boulevard, all categories, with the exception of *Agriculture; Mining; Management of Companies and Enterprises; Educational Services; Arts, Entertainment and Recreation; and Public Administration* are represented on 8 Mile.²

Careful comparison of the business makeup on 8 Mile against that of the tri-county region reveals that 8 Mile has a significantly higher concentration of *Retail Trade* and *Other Services*. Under-represented industries include *Health Care and Social Assistance; Professional, Scientific and Technical Services; and Finance and Insurance*.³



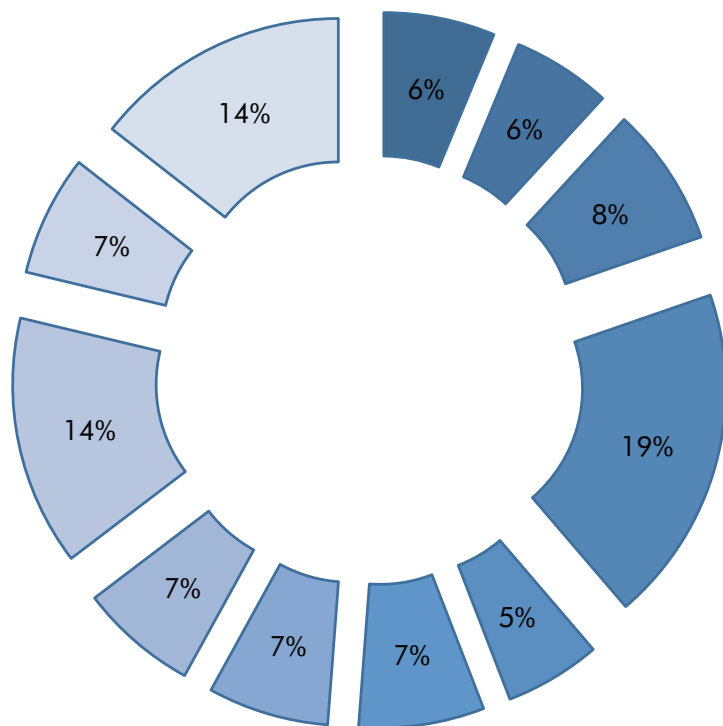


FIGURE 3.1 | BUSINESS CONCENTRATIONS ALONG 8 MILE

- CONSTRUCTION
- MANUFACTURING
- WHOLESALE TRADE
- RETAIL TRADE
- PROFESSIONAL, SCIENTIFIC + TECHNICAL SERVICES
- ADMINISTRATIVE, SUPPORT + WASTE MANAGEMENT
- HEALTH CARE + SOCIAL ASSISTANCE
- ACCOMMODATION + FOOD SERVICES
- OTHER SERVICES [EXCLUDING PUBLIC ADMINISTRATION]
- UNCLASSIFIED
- OTHER

Source: Geographic Research, Inc. "Dun & Bradstreet U.S. Company Database. 8 Mile Business Master List." 2013. Accessed February 8, 2013. <http://www.simplymap.com>.

Commercial Properties Along 8 Mile | 2013



MARKET RESEARCH | RETAIL MARKET ANALYSIS

RETAIL ANALYSIS ON 8 MILE | METHODOLOGY

Retail Sales data, compiled by Easy Analytical Software (EASI), provided insight into the composition of retail types directly surrounding the four sites. This analysis considered 13 major categories of retail trade within block groups of one, two, three, and four-mile radii from each site. Dividing sales in each retail trade category by overall sales yielded the percentage of overall sales for each retail trade category.

Using the percentage of overall retail sales for each category for the tri-counties as a baseline for comparison, this statistic can reveal under- or over-representation of different retail types near each site. Categories with a lower local percentage than the relevant county percentage are under-represented near the site, while those with a percentage greater than the relevant county indicate a retail clustering near the site. Using various radii also helped guide decisions as to whether a retail-sales category is under-represented at certain distances from the site. For example, data that shows under-representation at the one-mile and two-mile radii but not three-miles or four-miles may indicate that only local-serving retail is needed. In contrast, retail under-representation at all radii may indicate a demand for a regional retailer in the area, or multiple local-level retailers to fill the gap.

The team used a difference of 2% as a threshold to identify categories that were under- or over-represented. For example, if *Motor Vehicle* sales represented 17% of the Counties' sales, but only 14% of sales near the site, *Motor Vehicle* stores would be identified as under-represented at a local level.

Source: Tables 3.5 - 3.8: Geographic Research, Inc. "Retail Sales Data." 2012.
<http://www.simplymap.com>

RETAIL ANALYSIS ON 8 MILE | RESULTS

Werton Plaza | This analysis shows that Building Materials and Garden stores are slightly under-represented for all radii, supporting the development of regional retailers such as Home Depot or Lowe's to anchor the site.⁴

TABLE 3.5 | BUILDING + GARDEN STORE SALES, PERCENTAGE OF OVERALL RETAIL SALES | WERTON PLAZA

	WERTON PLAZA	COUNTIES	DIFFERENCE
1 MILE	2.03%	5.28%	-3.25%
2 MILES	2.71%	5.28%	-2.57%
3 MILES	2.24%	5.28%	-3.04%
4 MILES	2.55%	5.28%	-2.74%

Hayes Lemmerz | This analysis shows that General Merchandise stores are under-represented for all radii, indicating a need for a general retailer such as Target, Meijer, or Walmart. However, the final site proposal will take into account a Meijer development currently underway at 8 Mile and Woodward.⁵

TABLE 3.6 | GENERAL MERCHANDISE STORE SALES, PERCENTAGE OF OVERALL RETAIL SALES | HAYES LEMMERZ

	HAYES LEMMERZ	COUNTIES	DIFFERENCE
1 MILE	2.08%	16.19%	-14.12%
2 MILES	5.04%	16.19%	-11.16%
3 MILES	3.92%	16.19%	-12.27%
4 MILES	3.89%	16.19%	-12.30%

Motorama Motel | This analysis shows that General Merchandise stores are under-represented for all radii, indicating a need for a general retailer, such as a Target, Meijer, or Walmart. However, the current Meijer development is located across the intersection from this site.⁶

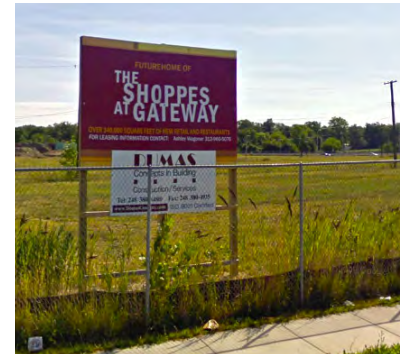
TABLE 3.7 | GENERAL MERCHANDISE STORE SALES, PERCENTAGE OF OVERALL RETAIL SALES | MOTORAMA

	MOTORAMA MOTEL	COUNTIES	DIFFERENCE
1 MILE	2.07%	16.19%	-14.13%
2 MILES	2.22%	16.19%	-13.97%
3 MILES	6.82%	16.19%	-9.38%
4 MILES	5.25%	16.19%	-10.94%

Gateway Crossing | This analysis shows that General Merchandise stores are under-represented for two, three, and four-mile radii, indicating a broader need for such retailers. There is also a slight under-representation for Clothing and Accessories retailers at one, two, and four-mile radii.⁷

TABLE 3.8 | GENERAL MERCHANDISE STORE SALES, PERCENTAGE OF OVERALL RETAIL SALES | GATEWAY CROSSING

	GATEWAY CROSSING	COUNTIES	DIFFERENCE
1 MILE	15.20%	16.19%	-0.99%
2 MILES	10.05%	16.19%	-6.14%
3 MILES	12.22%	16.19%	-3.98%
4 MILES	7.81%	16.19%	-8.39%



SECTION III. REFERENCES

NOTES:

¹ Geographic Research, Inc. "Dun & Bradstreet U.S Company Database. 8 Mile Business Master List." 2013.

² Ibid.

³ Ibid.

⁴ Geographic Research, Inc. "Retail Sales Data." 2012. Accessed February 8, 2013. <http://www.simplymap.com>

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

PHOTOS:

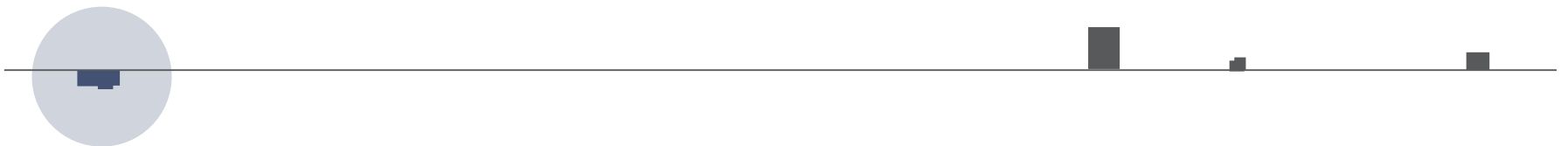
All photos not referenced are property of authors.



8 Mile + Woodward | 2013

SECTION IV. SITE A: WERTON PLAZA

8 MILE + GRAND RIVER AVENUE



WERTON PLAZA | HISTORICAL CONTEXT

Werton Plaza is a vacant commercial strip located at the southwest corner of West 8 Mile and Grand River Avenue in Livonia. The main structure on the strip is a 66,000-square-foot building that housed a Farmer Jack grocery store until 2003. Attached to this structure is a wing with small existing businesses. An auto supply store, a Mexican restaurant, and a vacant office building occupy out-lot structures on the site, as shown in Figure 1. Werton Plaza was developed after the previously-sparse northwest corner of Livonia filled with subdivisions of single family housing quickly in the 1950s and 1960s.

While the neighborhood supported Werton Plaza for a time, the local economy caught up to Farmer Jack in the 2000s. Only four years after closing the Werton Plaza location in 2003, in an effort to regain profitability at other nearby locations, all Farmer Jack locations closed in 2007. Since that time, the main structure has been abandoned, although the subtenants and out-lots continue to operate. Because of this site's prime location and the main building's dilapidated state, Livonia has placed a high priority on redevelopment at the site.

In the years since Farmer Jack left, Livonia has seen limited interest in the property. A former representative of the site attempted to market the site to the nearby Botsford Medical Center to serve future expansions. These efforts were largely unsuccessful as Botsford determined the site did not suit their needs. There have also been some inquiries to allow a flea market or thrift store on the site, uses which the City ultimately discouraged. Recent plans to develop the site to include a church, fitness center, and related office use did not materialize beyond an initial proposal.

TIMELINE

1949 - 2012

1949 Farmland + Sparse Residential Development



1961 Heavy Residential Development





Photos 4.1 - 4.3: Historic Images of 8 Mile

1997 Grand River Commercial Take-Off



2012 Plaza Vacancy + Completion of
Botsford Hospital Cancer Center



Source: Wayne State
University Southeast Michigan
Aerial Photo Collection.
http://www.clas.wayne.edu/photos/ap_index.htm

WERTON PLAZA | EXISTING SITE CONDITIONS



Panoramic View of Werton Plaza | 2013



WERTON PLAZA | EXISTING SITE CONDITIONS

The 13-acre site anchors the northeast corner of the City of Livonia, along Grand River, 14 miles from downtown Detroit. 8 Mile and Grand River are major arterials with a combined daily traffic count of 65,000.

As shown in Table 4.1, the site is currently zoned as C-2, which allows for general commercial uses such as retail and office. According to the City, one of the biggest challenges to redeveloping the site has been property acquisition. In the past, the asking price for the property has been as high as \$4.4 million.¹ In comparison, the property was assessed in 2012 at \$851,020.² However, the current broker, David Bull of Indigo Centers, indicated that the seller has now lowered the sale price to \$2.3 million and may be willing to negotiate.³

There are three smaller parcels totaling two acres that surround the primary lot and complete the study site. These parcels include El Nibble Nook Restaurant, O'Reilly Auto Parts, and a vacant commercial building. Acquiring these parcels requires additional consideration and cost, but the restaurant and auto parts store provide examples of presumably successful uses at this location. In particular, El Nibble Nook is an established restaurant in an area otherwise dominated by fast food chains. It also offers historical ties to the area and a recognized identity. There are also three active tenants in the wing attached to the main Farmer Jack structure. Despite the overall condition of the plaza, these businesses persist and demonstrate the potential for similar neighborhood retail with redevelopment.

Because of its blighted state, the City of Livonia is eager to encourage development on the site and is willing to work with developers to seek incentives and subsidies that would make redevelopment a reality. This includes rezoning the site and considering Planned General Development (PGD) allowances for greater flexibility in use and site design. PGD is not a traditional zoning designation; it is a set of guidelines within the City Code that offers flexibility for development issues like setbacks and parking requirements. Livonia has seen recent redevelopment success with developers using PGD to maximize site potential.

There are few defined incentives or subsidies that are available for this site at this point, but the City would give careful consideration to the Commercial Rehabilitation Act and the Shopping Center Rehabilitation Act. The site is

not part of a Downtown Development Authority (DDA), Local Development Financing Act (LDFA), Tax Increment Finance (TIF) district or other special district, but to incentivize development, the site may be put into a district. The planning department anticipates little resistance from the City's side if a plan were presented that coincides with the City's goals. The City considers itself as redevelopment ready as any community. There may be an opportunity to utilize Community Development Block Grants (CDBG) if public improvements like City-owned senior housing are built on the site.⁴

Other considerations on the site include a minor cell phone tower on the south edge. The tower is likely providing the owner with revenue that may offset carrying costs and lessen his motivation or need to sell the property. Besides the tower and existing structures, the site is paved completely as a parking lot and access drives. An 8' wall along the south edge of the site abuts neighboring residential properties and is a buffer between the commercial and residential uses, but it is unattractive and blocks neighborhood access.

TABLE 4.1 | PARCEL BREAKDOWN | WERTON PLAZA

ADDRESS	PARCEL ID	ZONING	CURRENT USE	ASSESSED VALUE
27637 GRAND RIVER	001-02- 0001-001	C-2	CHASE BANK	\$340,230
27695 GRAND RIVER	001-99- 0001-001	C-2	VACANT	\$250,000
27725 GRAND RIVER	001-99- 0001-004	C-2	EL NIBBLE NOOK RESTAURANT	\$214,830
28111 8 MILE	001-99- 0001-005	C-2	VACANT	\$851,020
27675 GRAND RIVER	001-99- 0001-006	C-2	MOTOR CITY PAWN BROKERS	\$89,380
28281 8 MILE	001-99- 0011-000	C-2	O'REILLY AUTO PARTS	\$329,950

TOTAL ASSESSED VALUE: \$2,075,410

Source: BS&A Software. "City of Livonia Assessor's Database." 2013. <http://www.ci.livonia.mi.us/Departments/Assessor/OnlinePropertyInquiry.aspx>

FIGURE 4.1 | EXISTING STRUCTURES | WERTON PLAZA



Source: Google Maps, 2012.

[1]	Farmer Jack Grocery [empty]	[5]	Yours II Salon + Spa [active]
[2]	O'Reilly Auto Pars [active]	[6]	Clothing Clinic Cleaners [active]
[3]	El Nibble Nook [active]	[7]	Labor Ready [active]
[4]	Vacant		

WERTON PLAZA | DEMOGRAPHICS

Demographic maps of the four square miles around Werton Plaza illustrate neighborhood trends and conditions. Similarly, tables of demographic data for the census block group containing Werton Plaza provide a comparison with each variable's average in Livonia and Wayne County.

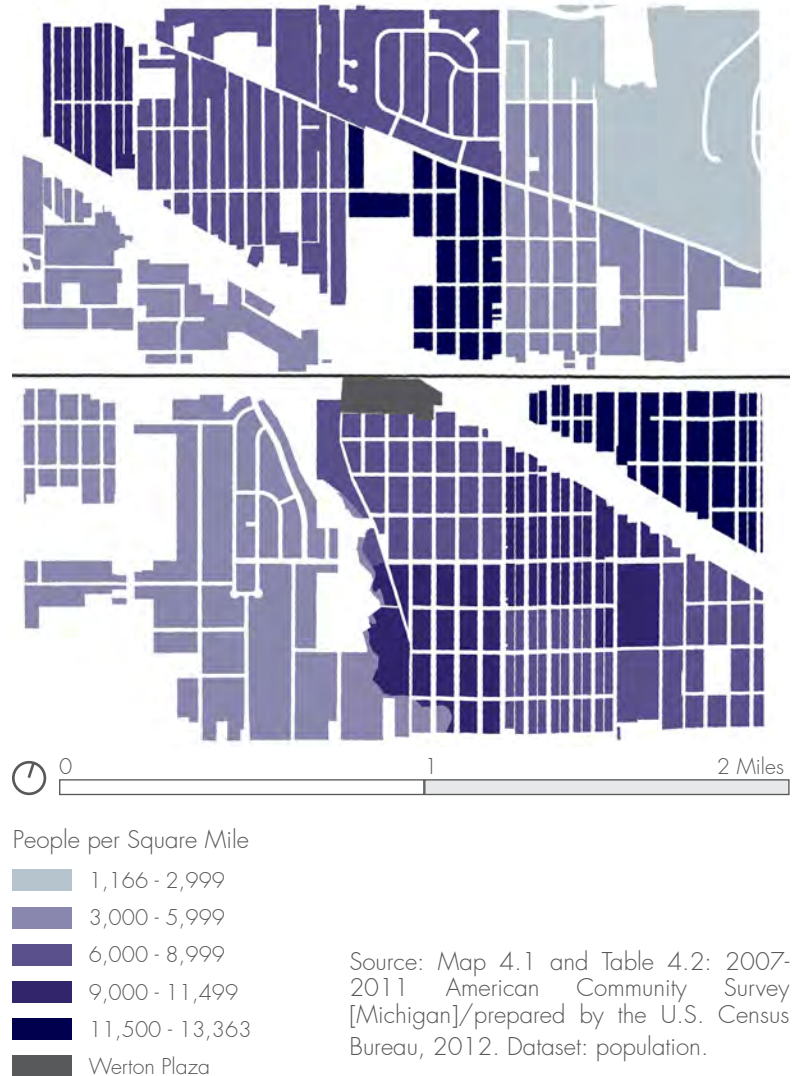
Map 4.1 represents population density by census block group on residential land in the four square miles around Werton Plaza. White areas are a non-residential land use. As shown in Map 4.1, most of the land around this site is residential, generally in small rectangular parcels.

Population density around Werton Plaza ranges between 5,357 and 20,333 people per square mile. For reference, in the larger study area surrounding all four sites, population densities range between 805 and 50,830 people per square mile. As shown in Table 4.2, the census block group containing Werton Plaza has a population density of 7,872 per square mile – notably higher than Livonia's average of 6,016 people per square mile, and slightly greater than Wayne County's average of 6,656 people per square mile. In comparison to this regional range, the population around Werton Plaza is moderately dense and can be expected to support neighborhood retail.

TABLE 4.2 | POPULATION STATISTICS | WERTON PLAZA

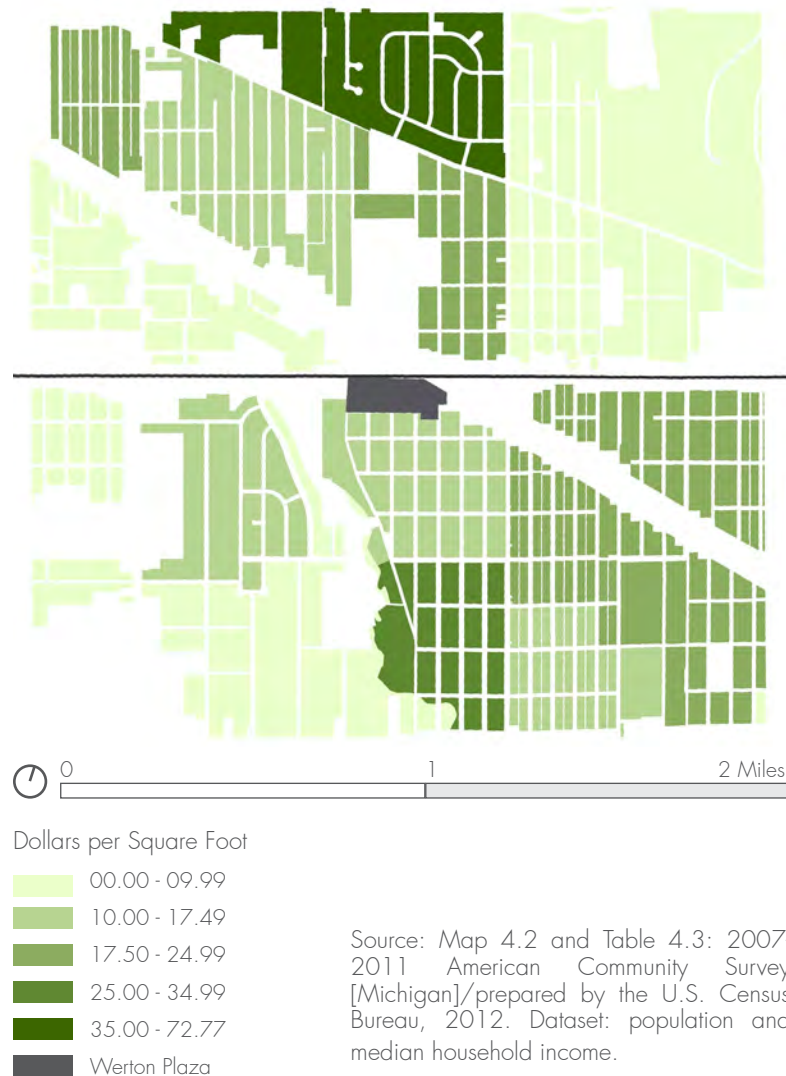
	WERTON PLAZA	LIVONIA	WAYNE COUNTY
POPULATION DENSITY [PEOPLE / ACRE]	12.3	9.4	10.4
POPULATION OVER 65	19.8%	21.0%	25.8%
POPULATION OVER 18	11.1%	17.1%	12.5%
POPULATION - WHITE	91.7%	91.7%	46.5%
POPULATION - AFRICAN AMERICAN	0%	2.9%	47.6%
POPULATION - OTHER RACE	8.3%	5.3%	5.9%
AVERAGE HOUSEHOLD SIZE [PEOPLE]	2.7	2.6	2.7

MAP 4.1 | POPULATION DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | WERTON PLAZA



Source: Map 4.1 and Table 4.2: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population.

MAP 4.2 | INCOME DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | WERTON PLAZA



In order to further understand the purchasing power of the population surrounding the site, Map 4.2 calculates income density by census block group. This is derived by multiplying median household income by population and dividing by square feet of residential land per census block group, with a resulting measure of the dollars of income per square foot, or income density. The land around Werton Plaza has moderate income density when compared with the greater study area. As shown in Table 4.3, income density in the census block group containing Werton Plaza is \$15.10 per square foot – lower than Livonia’s average of \$17.40 per square foot, but higher than the tri-county’s average of \$9.30 per square foot. However, the data shown in Table 4.3 further emphasizes the importance of the 27-mile-long corridor along 8 Mile: in the geographic area one mile to the corridor’s north and south, income density is \$16.40 per square foot. Werton Plaza’s income density is consistent with the overall corridor.

TABLE 4.3 | HOUSEHOLD DEMOGRAPHICS | WERTON PLAZA

	WERTON PLAZA	LIVONIA	7 MILE - 9 MILE	WAYNE COUNTY	TRI- COUNTY
MEDIAN HOUSEHOLD INCOME	\$48,906	\$69,314	\$42,097	\$43,950	\$54,027
INCOME DENSITY [PER SQ. FT.]	\$15.10	\$17.40	\$16.40	\$12.70	\$9.30

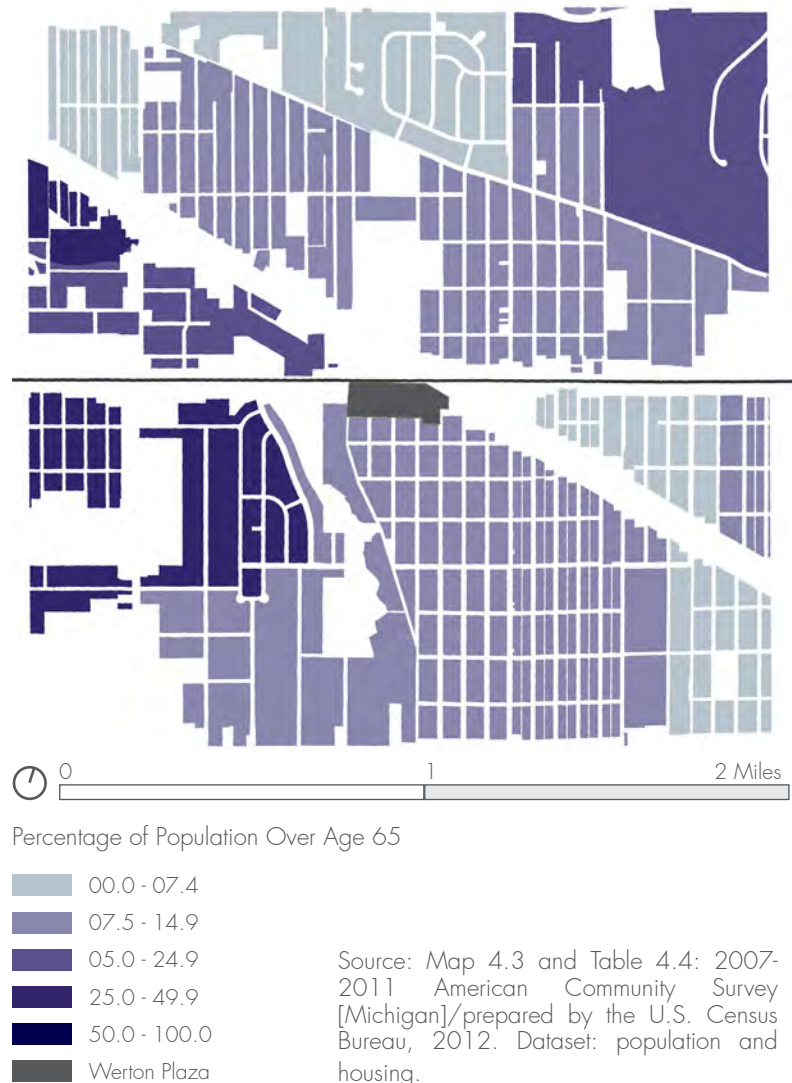
WERTON PLAZA | DEMOGRAPHICS

Map 4.3 depicts the share of population in the Werton Plaza study area that is over the age of 65. As shown in Table 4.4, 19.8% of the population in the Werton Plaza block group is over 65, which is slightly lower than the share for Livonia. More than 25% of Wayne County's population is over 65, which is close to the 7 Mile - 9 Mile corridor and tri-county figures of 25.9% and 24.6% respectively. Such a predominant senior population likely indicates the need for senior housing

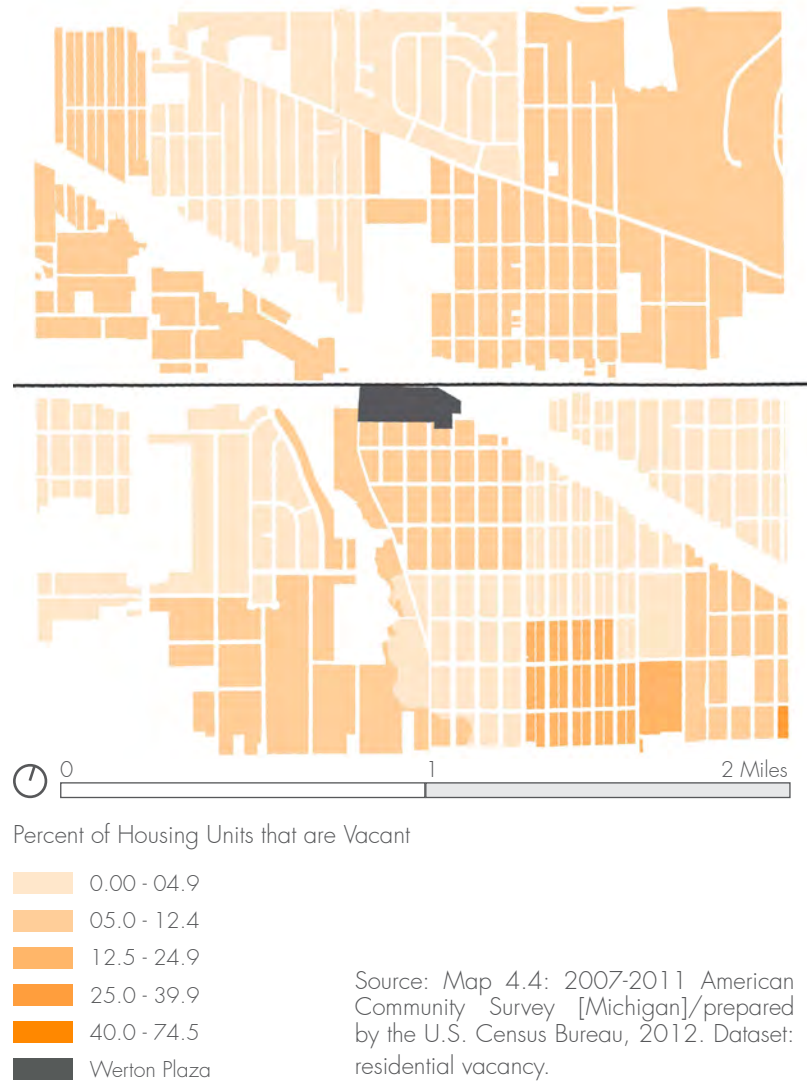
TABLE 4.4 | HOUSING STATISTICS | WERTON PLAZA

	WERTON PLAZA	LIVONIA	7 MILE - 9 MILE	WAYNE COUNTY	TRI-COUNTY
HOUSING DENSITY [UNITS / ACRE]	5.1	3.8	6.4	4.7	2.7
OWNER- OCCUPIED HOUSING	66.7%	83.5%	57.0%	55.1%	62.4%
RENTER- OCCUPIED HOUSING	25.5%	11.9%	27.9%	27.7%	25.1%
VACANT HOUSING	7.8%	4.5%	15.8%	17.9%	13.4%
MEDIAN OWNER- OCCUPIED HOME VALUE	\$97,800	\$172,850	\$93,822	\$106,011	\$135,910
MEDIAN GROSS RENT	\$981	\$882	\$933	\$859	\$930

MAP 4.3 | POPULATION OVER AGE 65 BY BLOCK GROUP
RESIDENTIAL LAND ONLY | WERTON PLAZA



MAP 4.4 | RESIDENTIAL VACANCY RATE BY BLOCK GROUP
RESIDENTIAL LAND ONLY | WERTON PLAZA



Map 4.4 depicts the residential vacancy rate. According to Table 4.4, the residential vacancy rate in the area near Werton Plaza is only 7.8%. While this rate is higher than Livonia's residential vacancy rate, it is approximately half the residential vacancy rate in Wayne County, the tri-county area, and the 7 Mile - 9 Mile corridor. This relatively low residential vacancy rate suggests that additional residential units at Werton Plaza may be a successful part of any proposed development.

Example of Housing Stock in Livonia | 2013



WERTON PLAZA | DEMOGRAPHICS

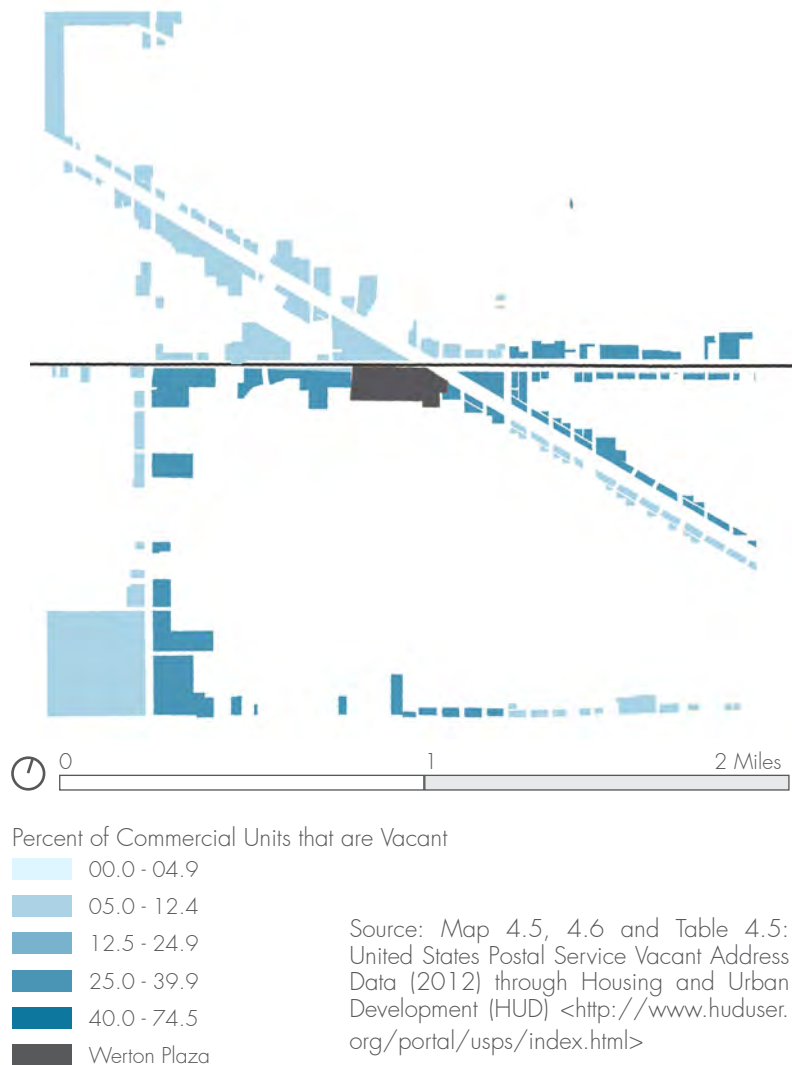
Map 4.5 depicts commercial vacancy rate by census tract, a larger unit of analysis than the census block group with more aggregated data. According to Table 4.5, the census tract containing Werton Plaza has a high commercial vacancy rate at 32.2%. This is significantly higher than the Livonia, Wayne County, the 7 Mile - 9 Mile corridor, and the tri-county average commercial vacancy rates. This relatively high commercial vacancy rate suggests that new commercial development at Werton Plaza is likely to face market feasibility challenges, as other surrounding developments have languished.

Similar to Map 4.5, Map 4.6 depicts the rate of commercial vacancies that last longer than 12 months, by census tract. According to Table 4.5, the census tract containing Werton Plaza has a high extended commercial vacancy rate at 29.3%. This is significantly higher than the Livonia, Wayne County, the 7 Mile - 9 Mile corridor, and tri-county commercial vacancy rates. The extended commercial vacancy rate around Werton Plaza is significant as it shows that 91% of new commercial vacancies remain vacant for at least a year. Throughout Livonia and Wayne County, the rate of extended commercial vacancy is close to 78% of new commercial vacancies.

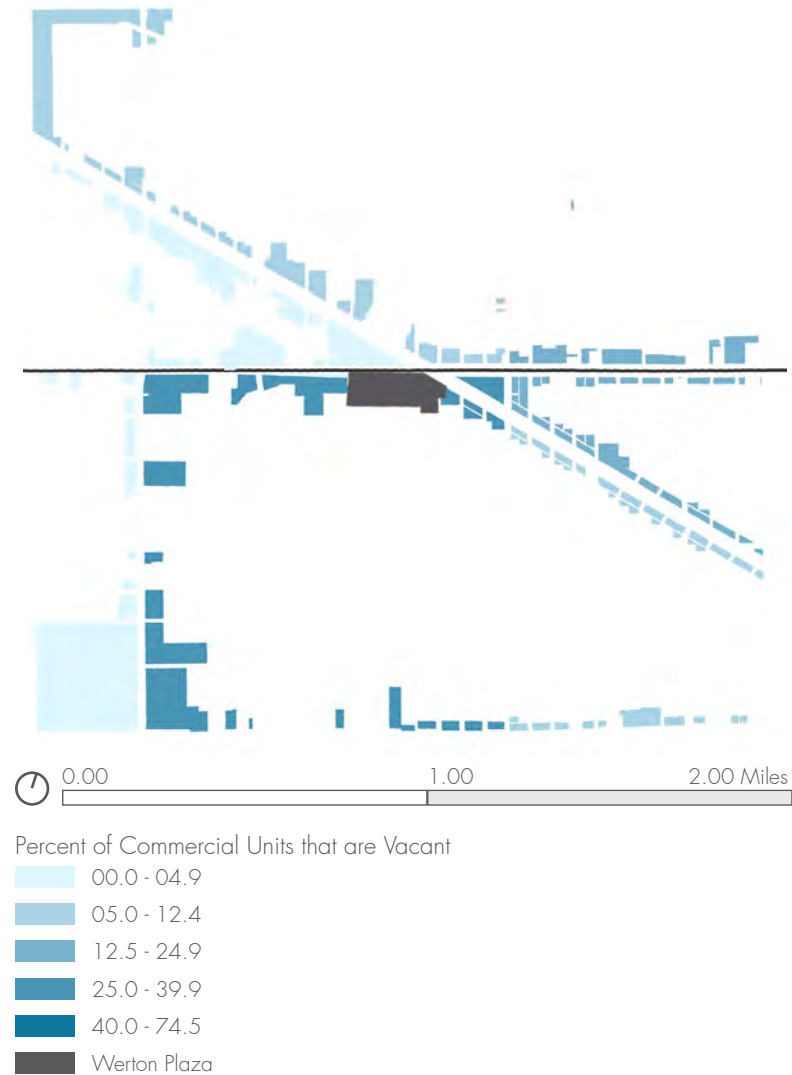
TABLE 4.5 | COMMERCIAL STATISTICS | WERTON PLAZA

	WERTON PLAZA	LIVONIA	7 MILE - 9 MILE	WAYNE COUNTY	TRI- COUNTY
COMMERCIAL VACANT UNITS	32.2%	19.8%	19.8%	22.2%	18.2%
COMMERCIAL UNITS VACANT FOR 12+ MONTHS	29.3%	15.1%	15.9%	18.3%	14.6%

MAP 4.5 | COMMERCIAL VACANCY RATE BY CENSUS TRACT
COMMERCIAL LAND ONLY | WERTON PLAZA



MAP 4.6 | COMMERCIAL EXTENDED VACANCY RATE
BY CENSUS TRACT | COMMERCIAL LAND ONLY | WERTON PLAZA

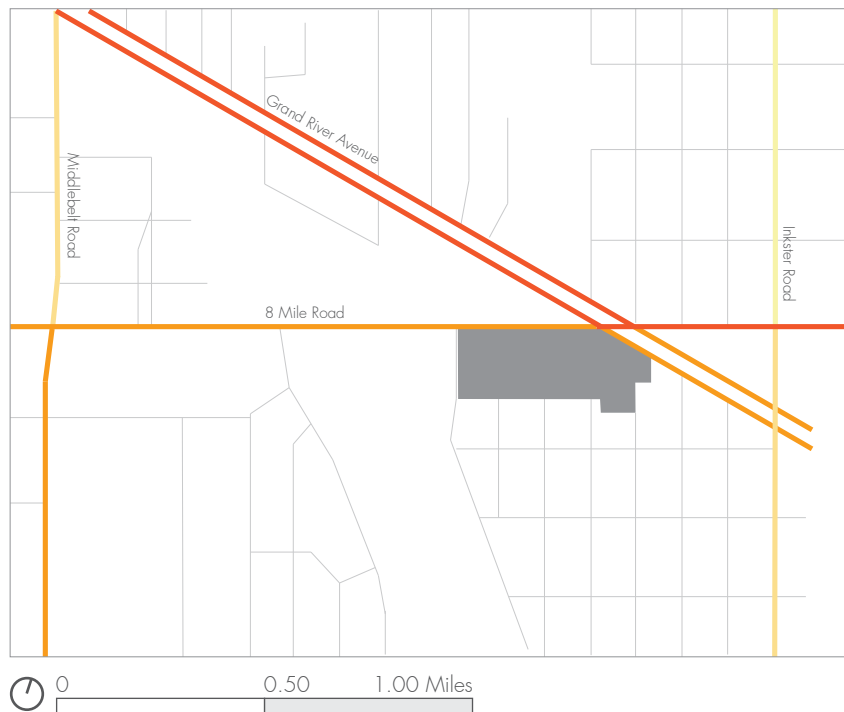


VACANCY ALONG 8 MILE | 2013

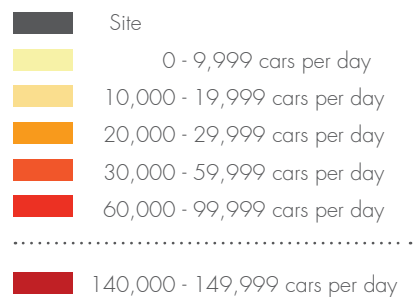


WERTON PLAZA | TRANSPORTATION

MAP 4.7 | AVERAGE DAILY TRAFFIC VOLUMES | WERTON PLAZA

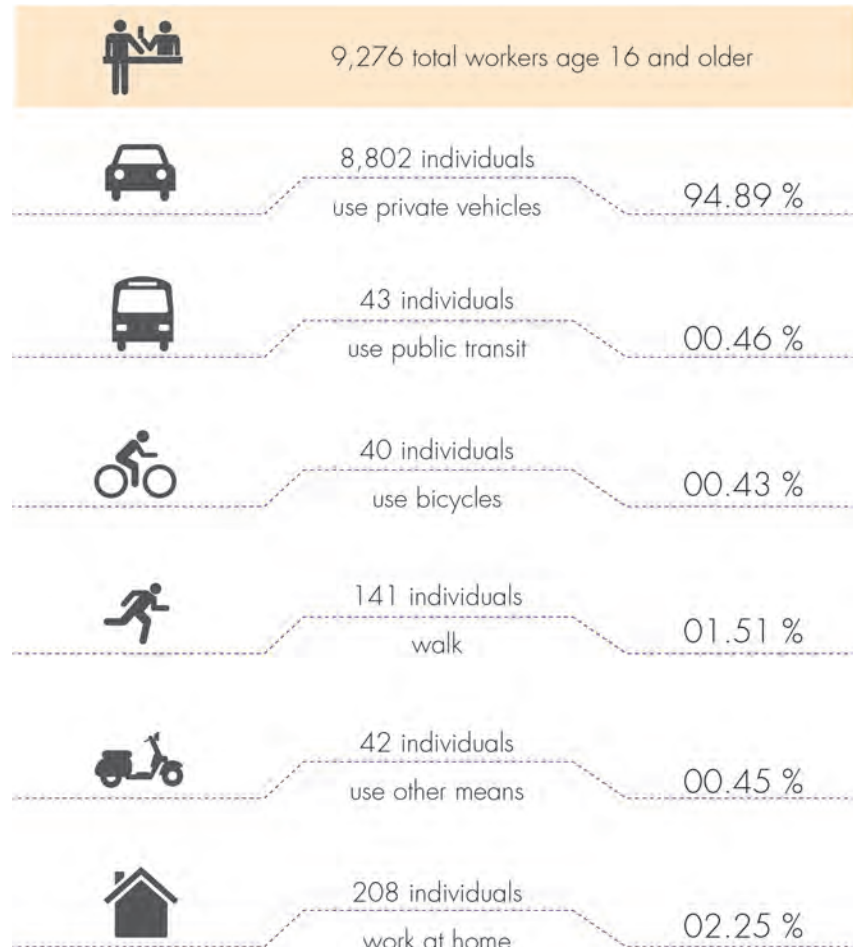


Traffic Volumes



Source: SEMCOG. "Traffic Counts: Southeast Michigan." 2008. <http://www.semcog.org/Data/Apps/trafficcounts.report.cfm>

FIGURE 4.2 | MODES OF TRANSPORTATION TO WORK | WERTON PLAZA



Source: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: mode to work.

As shown in Map 4.7 and Figure 4.2, moderate volumes of traffic along both 8 Mile and Grand River intersect at Werton Plaza, indicating that the site has potential to be a highly visible area. The majority of the area's population, almost 95%, relies on private motorized vehicles to get to work. A small portion of the population, 2.3%, works at home and 1.5% of individuals walk to work. All other modes of transportation—public transit, bicycles, and other

means—are regularly employed by less than 1% of the population. The effect of this is that the design of Werton Plaza must facilitate easy vehicular access from each road. If the entrance is not realigned to allow for safe access, the site will likely face the same fate as prior developments in this location. Reconfiguring the access points is a key component of ensuring success of future development at this site.

8 MILE LOOKING NORTHEAST FROM WERTON PLAZA'S NORTH EDGE

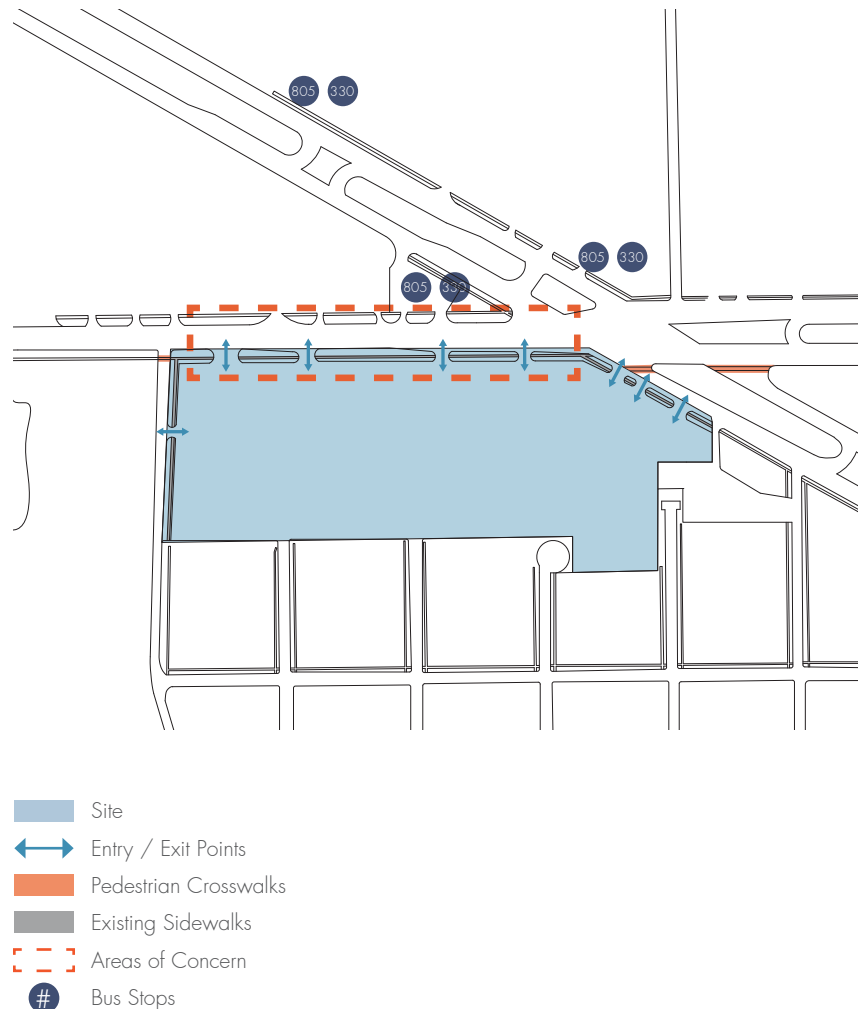


8 MILE LOOKING SOUTHEAST AT WERTON PLAZA



WERTON PLAZA | SITE ACCESSIBILITY

FIGURE 4.3 | SITE ACCESSIBILITY | WERTON PLAZA



MOTOR VEHICLE ACCESS + CIRCULATION

Vehicle access and circulation present both a challenge and an opportunity for developers of Werton Plaza. The high traffic volume and high posted speed limits on 8 Mile and Grand River make ingress and egress challenging. Currently, the site features four entry and exit points for vehicular traffic, which are all located close to the 8 Mile and Grand River intersection. Additionally, given the site position at the intersection and the fact that both roads are boulevards, only southbound traffic on Grand River and eastbound traffic on 8 Mile can enter the site easily. For northbound traffic, this requires that drivers navigate the busy intersection a second time simply to enter the site. Despite these impediments, the site is located on a major intersection in a stable community. Overall, this visibility and location is attractive to many regional-serving retailers and offices.

PEDESTRIAN ACCESS + CIRCULATION

One of the biggest challenges for the site is the lack of pedestrian connectivity to surrounding areas. Although a sidewalk lines the outside of Werton Plaza on 8 Mile and Grand River, there is only one pedestrian crosswalk, located at the south end of the intersection between 8 Mile and Grand River. 8 Mile separates the site from the existing Suburban Mobility Authority for Regional Transportation [SMART] bus stops along Grand River and no bus stops currently exist on the site.

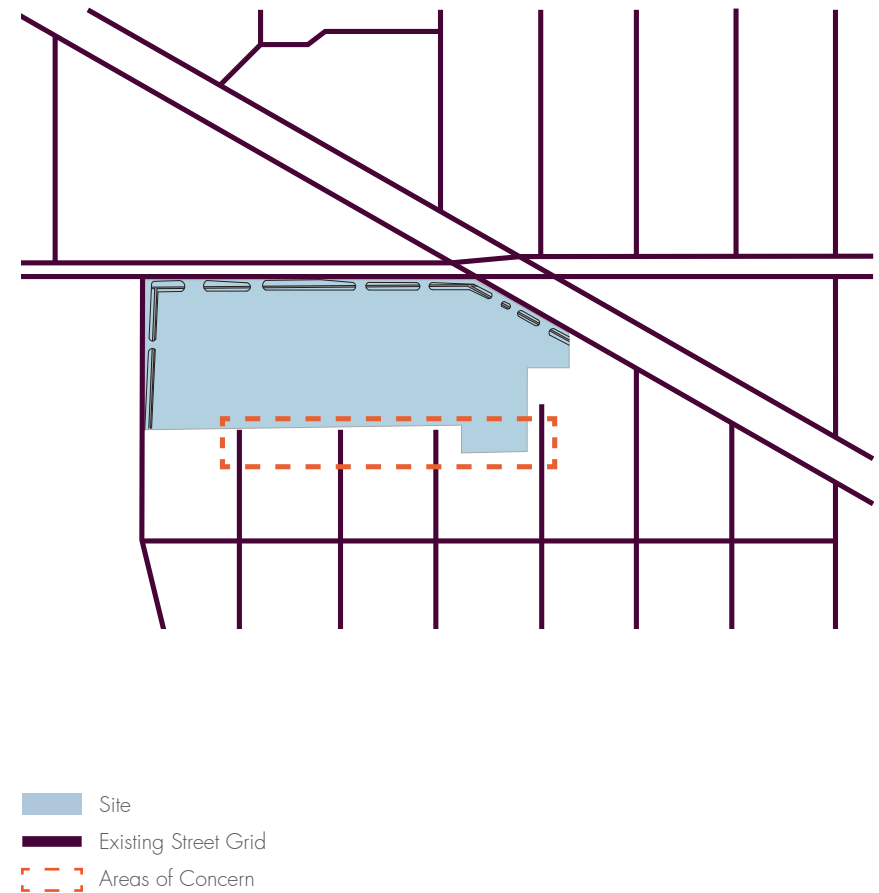
SMART Bus Routes

# 330	Grand River / Beech Daily	# 805	Grand River Park + Ride
	[crosstown route]		

STREET GRID

Werton Plaza is adjacent to a single-family residential neighborhood with a well-defined, traditional street grid. These neighborhood streets, however, dead-end at the south border of the commercial property. While this preserves the neighborhood streets from excessive vehicular traffic that may use the streets as a cutthrough to aerial streets, the current street grid is interrupted and limits access and mobility for residents. Running along this edge of the property line is a six-foot-high concrete wall, which acts as a barrier to reduce noise from commercial use. Unfortunately, the wall also isolates the neighboring community from the site and other commercial activities on 8 Mile. Options to re-instate portions of the street grid while employing traffic-calming techniques to address speed and volume would provide greater access and mobility for both vehicles and pedestrians while integrating the development with the existing community.

FIGURE 4.4 | STREET GRID | WERTON PLAZA

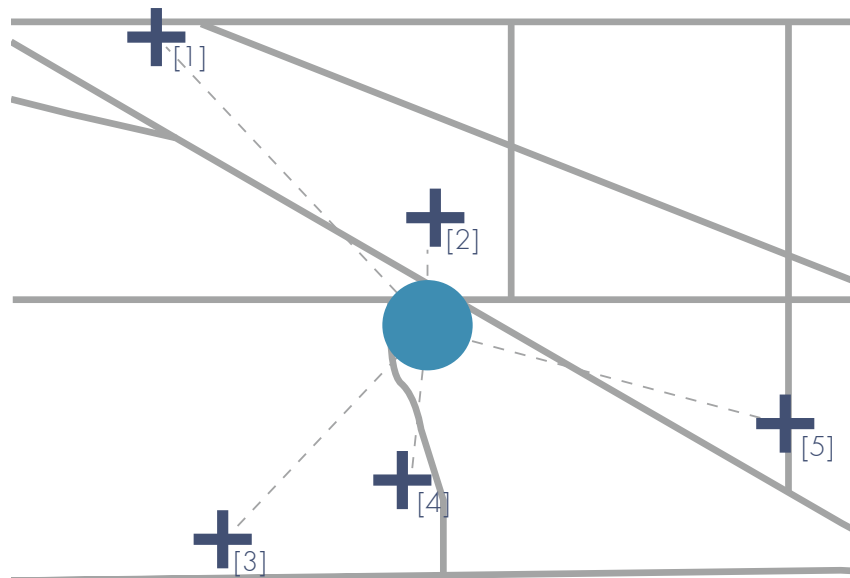


WERTON PLAZA | COMMUNITY AMENITIES

Development at Werton Plaza is supported by a variety of nearby uses and community services that complement the proposed programming. In addition to commercial development on 8 Mile and Grand River, a community analysis revealed six significant locations between 7 Mile and 9 Mile that will support both residential and commercial development at Werton Plaza.

Three schools in the immediate area enhance the stability of the surrounding neighborhoods and a strong residential environment, which supports commercial development at Werton Plaza. Stepping Stone School is an elementary school located on Grand River Drive in Farmington Hills, one mile northwest of Werton Plaza. Botsford Elementary School, directly south of the site in Livonia, is adjacent to the contiguous parks and open space that reach 8 Mile. There is a non-motorized route from the school to proposed residential development at Werton Plaza. Pearson Education Center serves grades 6-12 and is located one mile east of Werton Plaza, in Redford.

FIGURE 4.5 | COMMUNITY AMENITIES | WERTON PLAZA



Major commercial and healthcare facilities also reflect the development potential in the area. Livonia Marketplace, one mile southwest of the site, is a nearby redevelopment project in Livonia that serves as an example of Werton Plaza. Livonia Mall was originally built in 1964 and demolished in August of 2009. By the summer of 2010, Livonia Marketplace opened on the site with its first anchor tenant, and has continued to grow since then. Botsford Hospital is situated a quarter mile north of Werton Plaza. It has been linked to development proposals at Werton Plaza in the past and will continue to be an important factor in future redevelopment plans.



1 Stepping Stone School



2 Botsford Hospital



3 Livonia Marketplace



4 Botsford Elementary School

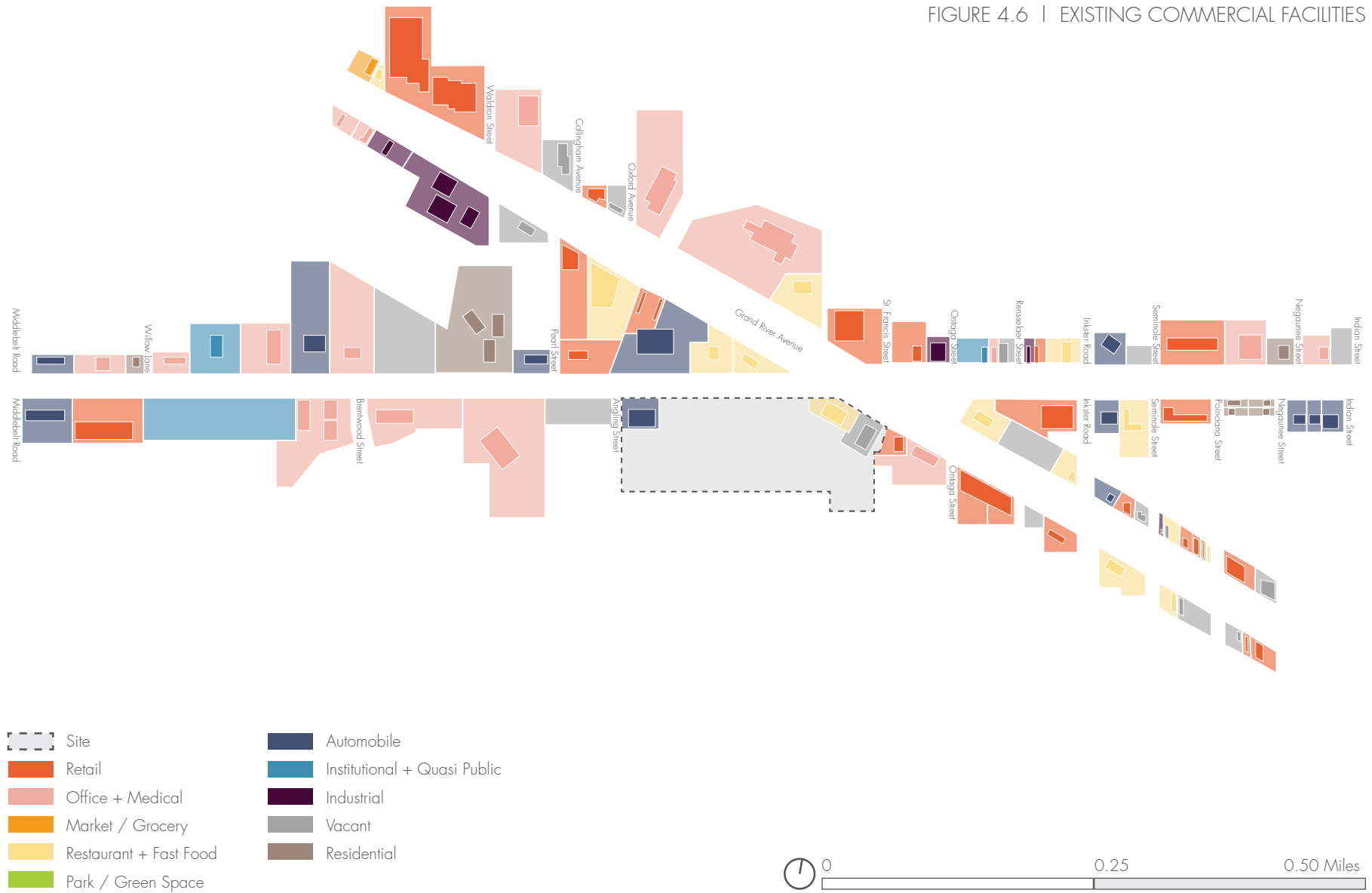


5 Pearson Education Center

● Site
+ Nodes
— Major Roads

WERTON PLAZA | COMMERCIAL ASSESSMENT

FIGURE 4.6 | EXISTING COMMERCIAL FACILITIES



WERTON PLAZA | NEIGHBORHOOD ASSESSMENT



Most of the homes in the neighborhood south of Werton Plaza were built in the 1950s and 60s. Mature trees line the traditional street grid, framing a mix of one- and two-story single-family homes. Census data reveal that the typical home in this Livonia neighborhood is worth approximately \$100,000.⁵ To the east, in Redford, similar housing typologies dominate another traditional street grid layout. Though surrounding residential neighborhoods are single-family, 40-foot wide lots allow for relatively-dense housing compared to neighborhoods further north.

Werton Plaza is cut off from the residential neighborhood by an 8-foot wall. The wall is required by code to separate the commercial uses from the adjacent housing; however, a few houses are less than 5 feet from the wall, which stands as an imposing eyesore. Furthermore, the wall does not have any breaks or openings for pedestrian access.

To the west of the site, a branch of the Rouge River runs through Hearthstone Park, a natural stretch of green space that reaches from 8 Mile to Botsford Elementary School near 7 Mile. Two other schools in the immediate area reflect the residential focus surrounding this location.

Werton Plaza is situated in the center of the medical and commercial strip that serves the adjacent neighborhoods. Along Grand River, Botsford Hospital is a major presence to the north and anchors several medical uses within the larger complex. Within a quarter-mile radius, several small chain dining establishments are present, including a Coney Island, White Castle, McDonald's, Tubby's, Wendy's, Baskin Robbins, and Dunkin' Donuts, in addition to many local restaurants.

WERTON PLAZA | PROPOSED DEVELOPMENT ALTERNATIVES

INTRODUCTION

Both proposals for Werton Plaza seek to redefine the site as a mixed-use development that capitalizes on the strength of the neighborhood and supports local residents. These design concepts utilize the strengths of the site while responding to current conditions in Livonia and the larger metro Detroit region. Each proposal includes commercial uses on the east side of the property that are programmed to feature a strong anchor tenant and retail opportunities that are consistent with current zoning. Both proposals also recommend new residential uses on the west side of site to connect to the existing neighborhood south of the property and extend this residential area while introducing new housing typologies.

The City of Livonia prioritizes redevelopment at Werton Plaza for its potential impact on the larger community. The City is willing to offer assistance and incentives to facilitate redevelopment, and has pointed to several recent examples of innovative and successful redevelopment in the city. The following proposals reflect the trends of redevelopment in Livonia and offer fresh ideas that will reactivate the site.

WERTON PLAZA | PROPOSAL A: MIXED USE

Proposal A employs a contemporary design strategy that offers new residential options, dining, entertainment, and retail. Werton Plaza's wide, shallow footprint is split in the middle to feature commercial uses on the east side and residential uses on the west. This mixed-use proposal embraces density to maximize the use of the site and reactivate the highly visible corner of 8 Mile and Grand River. By opening connections to residential development to the south, this proposal offers residents a local entertainment destination while capitalizing on the stability of the neighborhood. This proposal includes retail to serve neighborhood residents and a commercial anchor to attract regional customers. Senior housing, townhomes, and apartments above retail offer residents the chance to live a dense, urban lifestyle in Livonia.

On the eastern half of the site, a 25,500-square-foot anchor home improvement store is the central feature. Drawing customers to the site from the high traffic on 8 Mile and Grand River, the anchor frames a public square plaza with 3,600 square feet of attached inline retail on its west side. The landscaped plaza includes a 15,000 square foot water feature, a drop-off point for customers, short-term parking, and an outdoor mall atmosphere with seating for the restaurants and entertainment options that line the plaza. Over 8,000 square feet of restaurant and entertainment space frames the west side of the plaza, including the relocated El Nibble Nook – an established community restaurant that currently anchors the corner of 8 Mile and Grand River. At Werton Plaza's north edge, 27,000 square feet of retail borders 8 Mile as well as the north side of the public plaza. Current tenants at the back of Werton Plaza and new retail uses like Comerica Bank will gain visibility at the front of the property and capitalize on an active walkable space. Above the restaurants, entertainment, and retail spaces, sit 800-square-foot apartments units. The far west portion of the site features 54,000 square feet of two-story office units that front Grand River.

To the west of this retail portion, townhomes and senior housing attach to a strong residential community by reopening local connections and offering new green space opportunities. Senior housing is three stories of one- and two-bedroom units. In all, the 78 senior units feature wraparound balconies on the top floor and an outdoor public terrace on the second floor. To the immediate south of the senior housing, 136,000 square feet of space offers 64 townhomes that feature 112,000 square feet of green space throughout

the townhome development, including a centrally located park space. The 2,500-square-foot townhomes feature three bedrooms per unit, roof patios, and garage parking integrated into the first floor.

Circulation improvements on the site include a reduction in curb cuts on 8 Mile to streamline traffic and create safer and easier access to the site. Activating the Grand River frontage as a part of the overall development provides another major access point and relieves the vehicular demand from 8 Mile. The existing street west of the site maintains its main function of connecting the adjacent neighborhood to 8 Mile. Though the residential development opens up local roads to the neighborhood, traffic-calming measures will ensure that this street remains the preferred method for accessing the lower residential neighborhood. New residential use on the site will allow the existing wall to be removed, creating new sight lines for the residences that border the site.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A

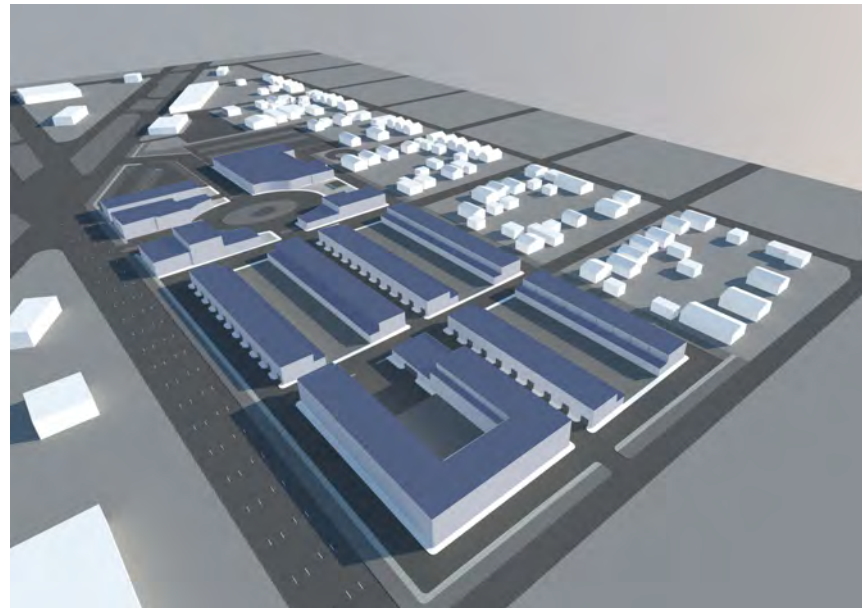
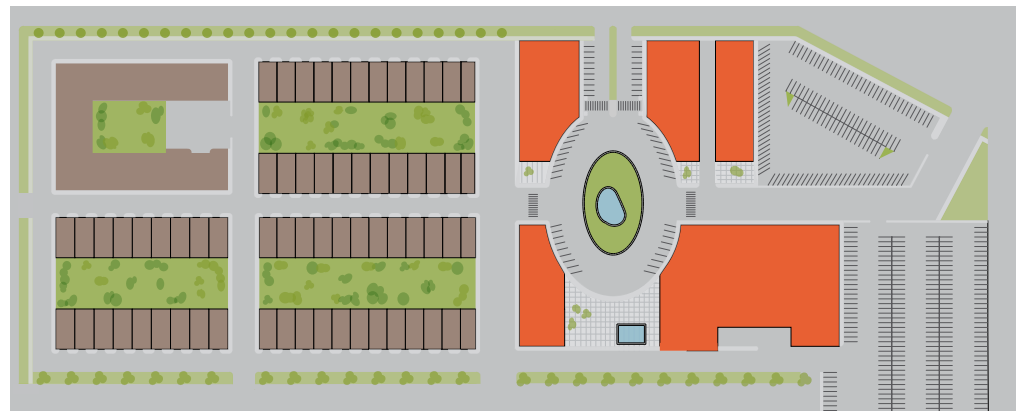


ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A



LAND USE | PROPOSAL A

- Residential
- Commercial



WERTON PLAZA | PROPOSAL A | FINANCIAL SUMMARY

Proposal A encourages a breakaway from traditional development patterns through higher-density development, open green space, and a mix of uses on the site. This proposal adds 211,000 square feet of residential townhomes, 64,000 square feet of retail and restaurant space, and 53,000 square feet of office space.

The total cost of Proposal A is \$56.4 million. At a loan-to-cost ratio of 65%, \$36.7 million is covered by a construction loan and \$19.8 million of equity is required.

The proposal assumes an acquisition cost of \$2.1 million, based on the current assessed value of the site. Proposal A assumes a residential lease rate of \$1.30 per square foot per month for the townhomes. Lease rates for office and retail range from \$14.00 to \$18.00 per square foot annually.

The analysis assumes that at the end of a ten-year hold period, the development will be sold for approximately \$48.4 million, assuming a blended cap rate of 8.20%.

Based on these assumptions, the return on equity will be -0.50% in Year 2 and will rise to 3.72% at the end of Year 9. The leveraged before-tax internal rate of return (IRR) on the project is expected to be 2.19%.

The project returns are sensitive to a change in the assumptions. Changes in the construction cost will likely have the greatest impact on the overall project's IRR. A 20% increase in construction costs could further reduce leveraged before tax IRR to -4.83%. In contrast, a 20% decrease in construction costs could improve leveraged before tax IRR to 9.22%. A change in the terminal cap rate, which is currently set at 8.20% for the entire site, could also have a great impact on overall IRR.

PROJECT ASSUMPTIONS	
SITE ACQUISITION COST	\$2,075,410
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

Nevertheless, these returns for the base case may be too low and the risk too high to be practical for traditional investors. The City may consider a tax abatement that would result in improved returns and entice development and investment at the site.

Abating an assumed 2.10% tax over the ten-year hold would improve the returns for a potential investor. The return on equity will be 3.03% in Year 2 and rise to 8.27% at the end of Year 9. The leveraged before-tax IRR on the project will be 8.87%. In this scenario, the project would still be sensitive to changes in construction costs. Leveraged before-tax IRR would be in the range of 3.18% to 15.21% based on a 20% increase or decrease in construction costs.

RESIDENTIAL	
LEASABLE SF	211,140
CONSTRUCTION COST PSF	\$135.00
MONTHLY RENT PSF	\$1.30
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	7.5%

RETAIL	
LEASABLE SF OF ANCHOR RETAIL	25,500
LEASABLE SF OF INLINE RETAIL	38,845
ANCHOR RETAIL CONSTRUCTION COST PSF	\$100.00
INLINE RETAIL CONSTRUCTION COST PSF	\$112.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$14.00
INLINE RETAIL - ANNUAL RENT/SF	\$18.00
VACANCY	6%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

OFFICE	
LEASABLE SF	53,380
CONSTRUCTION COST PSF	\$140.00
ANNUAL RENT PSF	\$16.00
VACANCY	12%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	10%

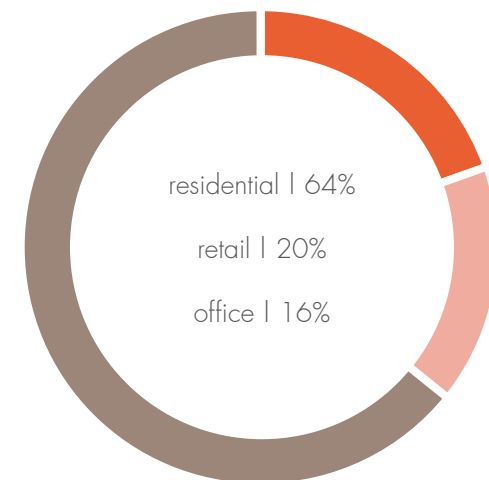
FINANCING	
LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10	
BLENDED CAP RATE	8.20%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	48,365,900
NET CASH FROM SALE IN YEAR 10	17,879,408

RETURNS	
UNLEVERAGED BEFORE TAX IRR	3.95%
LEVERAGED BEFORE TAX IRR	2.19%
LEVERAGED AFTER TAX IRR	0.49%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$19,746,136	-
1	\$0	0.00%
2	-\$101,980	-0.52%
3	-\$64,860	-0.33%
4	\$55,683	0.28%
5	\$181,048	0.92%
6	\$311,427	1.58%
7	\$447,021	2.26%
8	\$588,039	2.98%
9	\$734,698	3.72%
10	\$22,279,806	112.83%

WERTON PLAZA PROPOSAL A | SITE PROGRAM



WERTON PLAZA | PROPOSAL B: A MIX OF USES

Proposal B also integrates a mix of uses, but mirrors more traditional development patterns in Livonia. Though the site incorporates both residential and commercial uses, they are separated by use, with apartment homes occupying the west side and commercial occupying the east side. Each use takes up approximately half of the site's 13 acres. This proposal adopts many characteristics of the successful Fountain Park development at the intersection of Plymouth and Farmington Roads in Livonia, where residential and commercial uses are immediately adjacent to each other. Proposal B considers that residential uses are more suitable for the quieter atmosphere on the west side of the property and complement the existing neighborhood to the south. The intersection of 8 Mile and Grand River provides the necessary visibility and accessibility for retail uses on the east side. Additionally, traffic counts at this intersection average about 60,000 combined vehicles daily. Overall, the commercial use buffers the residential units from the noise and activity from 8 Mile and Grand River and provides residents with accessible amenities.

The residential development to the west features nine 3-story apartment buildings surrounded by open green space. The community consists of 236 one- and two-bedroom units with an average size of 800 square feet. Integrated garages on the first floor provide ample parking spaces for residents. A large green space in the center of the development serves as a recreation area that includes a playground, dog park, and gathering space. A berm separates the residential community from the retail and serve as a buffer between the two uses.

The development to the east includes a retail anchor and several inline commercial spaces that are set back from 8 Mile. An assessment of the retail market suggests that Building Material and Garden stores may be underrepresented near Werton Plaza. A Lowe's or Home Depot fills this gap and draws customers from a wider area. In contrast, the inline commercial spaces consist of more local uses that may include restaurants, cleaners, tailors, salons, gyms, or office space for small businesses. The new development adds 64,700 square feet of additional commercial space to the Livonia market. A large parking lot in the front of the commercial uses provides 575 parking spaces to support the new commercial space, in conformance with Livonia's zoning code. El Nibble Nook, the Mexican restaurant at the northeast corner of the site, continues to operate from its existing location. As a restaurant with

over 50 years in this location, El Nibble Nook is already well-established and helps to distinguish this site from other nearby retail sites.

Two access points off of 8 Mile and one off of Grand River will serve the entire site. Though there is no vehicular road that runs between the west and east, pedestrian paths allow residents to easily access the commercial side.

LAND USE | PROPOSAL B

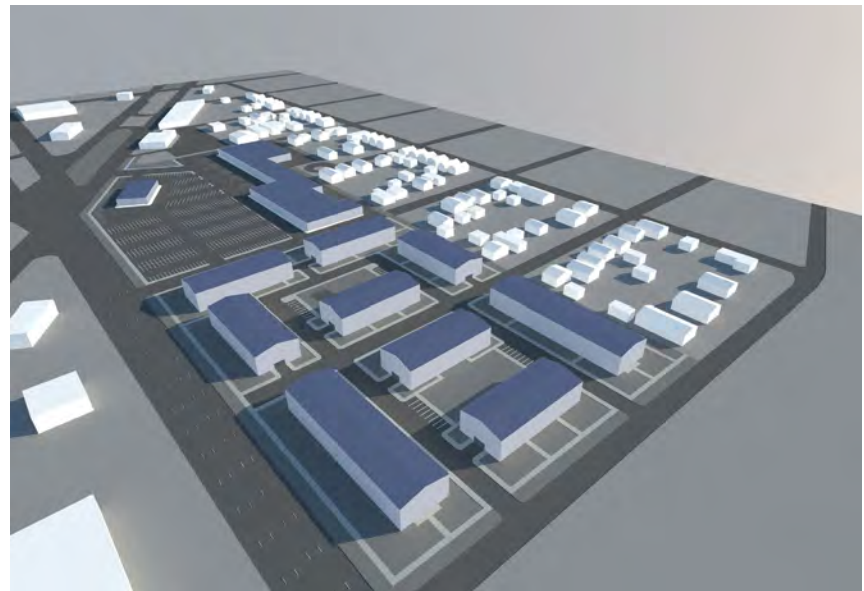
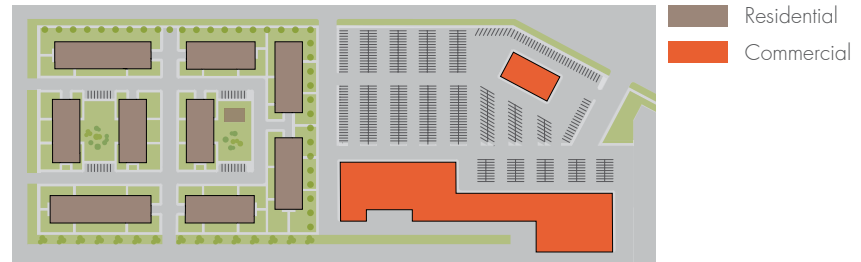


ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



WERTON PLAZA | PROPOSAL B | FINANCIAL SUMMARY

Proposal B offers a more traditional development style that has been successfully implemented in the Livonia area. This proposal adds 188,500 square feet of residential apartments, averaging 800 square feet per unit, and 64,700 square feet of new commercial space. This option has approximately 75,000 square feet less leasable space than Proposal A.

The total cost of Proposal B is \$43.6 million. At a loan-to-cost ratio of 65%, \$28.3 million is covered by a construction loan and \$15.3 million in equity.

Similar to Proposal A, this proposal assumes an acquisition cost of \$2.1 million. Residential lease rates are slightly lower at \$1.25 per square foot per month, or about \$1,000 per unit. Lease rates also range from \$14.00 to \$18.00 per square foot annually for anchor retail and inline commercial spaces.

At the end of the ten-year holding period, it is assumed that the development will sell rate for \$37.2 million, assuming a 7.88% cap rate.

Based on these assumptions, the return on equity will be -1.50% in Year 2 and will rise to about 3% in Year 10. The leveraged before-tax IRR on the project is expected to be 1.51%.

PROJECT ASSUMPTIONS

SITE ACQUISITION COST	\$2,075,410
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

RESIDENTIAL

LEASABLE SF	188,488
CONSTRUCTION COST PSF	\$135.00
MONTHLY RENT PSF	\$1.25
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	7.50%

The project is particularly sensitive to a change in the construction cost. A 20% increase in construction costs could further reduce leveraged before-tax IRR to -5.61%. In contrast, a 20% decrease in construction costs could improve leveraged before-tax IRR to 8.56%. A change in the terminal cap rate, which is currently set at 7.88% for the entire site, could also have a great impact on overall returns.

The City may consider a tax abatement that would improve returns. Abating an assumed 2.10% tax over the ten-year hold would improve the returns for a potential investor. The return on equity will be approximately 2.36% in Year 2 and rise to about 7.40% at Year 9. The leveraged before-tax IRR on the project will be 8.39%. Similar to the base case, the project would still be sensitive to changes in construction costs. Leveraged before-tax IRR would be in the range of 2.70% to 14.69% based on a 20% increase or decrease in construction costs.

Overall, returns do not differ significantly between the two proposals. As a result, in both cases, the City may need to provide financial assistance to spur development at Werton Plaza.

RETAIL

LEASABLE SF OF ANCHOR RETAIL	28,900
LEASABLE SF OF INLINE RETAIL	35,785
ANCHOR RETAIL CONSTRUCTION COST PSF	\$100.00
INLINE RETAIL CONSTRUCTION COST PSF	\$112.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$14.00
INLINE RETAIL - ANNUAL RENT/SF	\$18.00
VACANCY	6%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

OFFICE	
LEASABLE SF	-
CONSTRUCTION COST PSF	\$0.00
ANNUAL RENT PSF	\$0.00
VACANCY	0%
OPERATING EXPENSE RATIO	0%
EXIT CAP RATE	0%

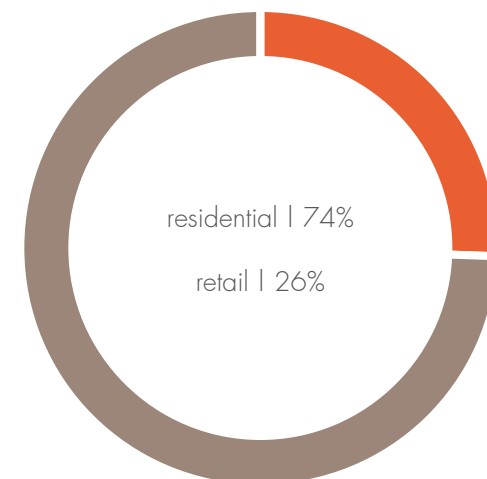
FINANCING	
LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10	
BLENDED CAP RATE	7.88%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	37,241,882
NET CASH FROM SALE IN YEAR 10	13,727,303

RETURNS	
UNLEVERAGED BEFORE TAX IRR	3.70%
LEVERAGED BEFORE TAX IRR	1.51%
LEVERAGED AFTER TAX IRR	-0.05%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$15,263,683	-
1	\$0	0.00%
2	-\$175,065	-1.15%
3	-\$148,595	-0.97%
4	-\$59,354	-0.39%
5	\$33,456	0.22%
6	\$129,979	0.85%
7	\$230,363	1.51%
8	\$334,762	2.19%
9	\$443,337	2.90%
10	\$16,950,768	111.05%

WERTON PLAZA PROPOSAL B | SITE PROGRAM



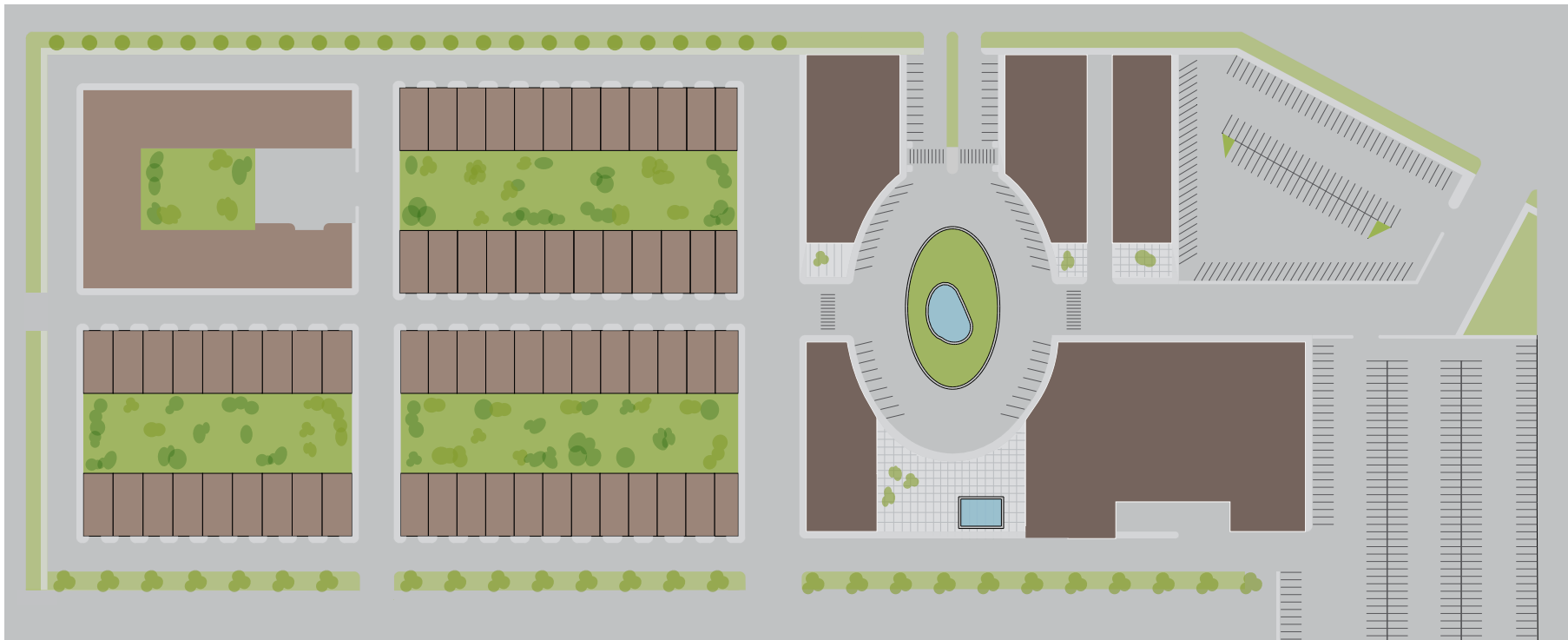
WERTON PLAZA | PROPOSAL CHALLENGES + OPPORTUNITIES

Werton Plaza is well-situated at the intersection of two major roads, 8 Mile and Grand River. The results of the survey of businesses along 8 Mile showed that accessibility, visibility, and high traffic were some of the major factors that attracted businesses to 8 Mile. Werton Plaza has these characteristics and would likely make a great place for businesses based on these criteria.

At 13 acres, the site is large enough to accommodate a variety of uses and proposals that could serve as a model for other developments in the region. However, this would require a developer who is willing to innovate beyond the traditional strip mall style of development.

Based on market research for this area, it is likely that a Lowe's or Home Depot could successfully fill the gap in retail needs surrounding Werton Plaza and serve as a strong anchor for the site's commercial uses.

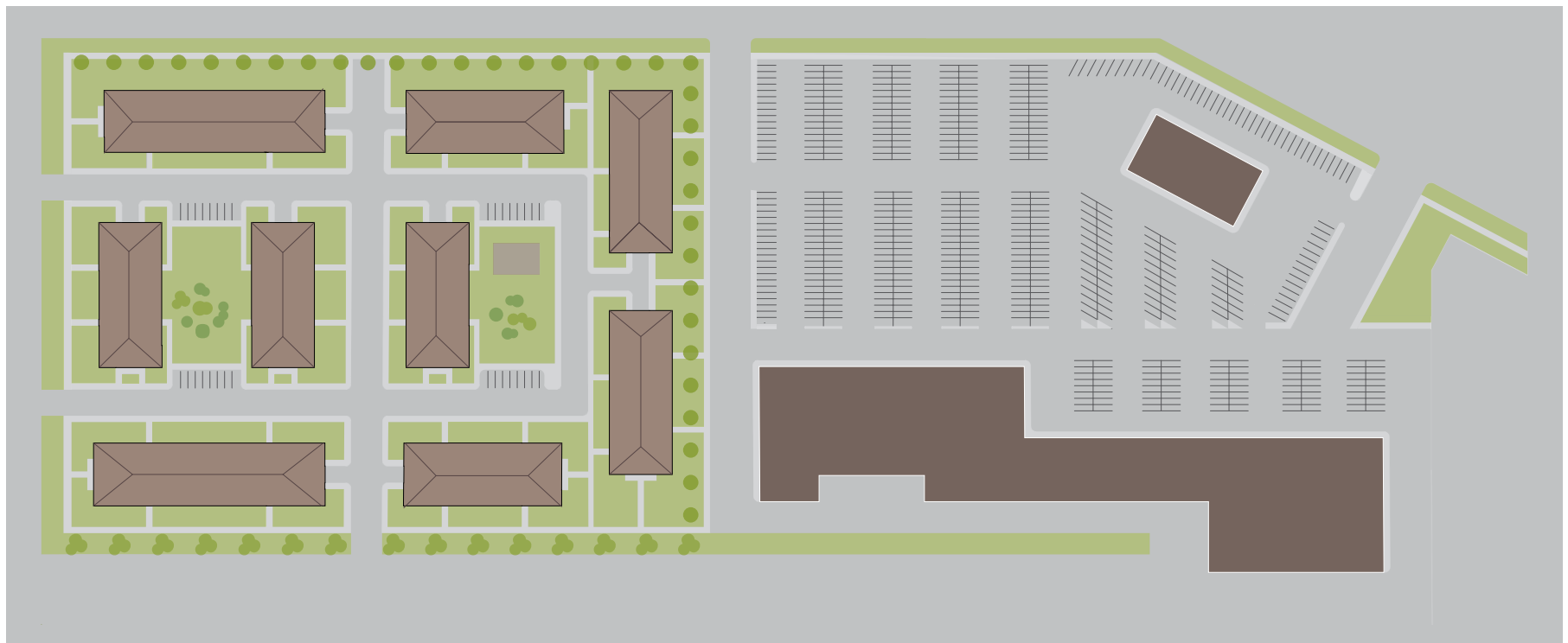
SITE PLAN: PROPOSAL A



High commercial vacancy rates among nearby properties challenge the development of this site. Many buildings near the site have fallen into disrepair and negatively affect the aesthetics of the area. These proposals have the potential to spur economic activity along this major intersection and bring life back to many of these neglected properties. Facade improvement grants and other economic incentives can also help to combat blight and improve the area's overall aesthetics.

Similar to other sites along 8 Mile, high traffic speeds also present a challenge for businesses that intend to set up here. Despite high traffic counts, motorists may not notice the businesses when they pass by at such high speeds. Especially in Proposal B, where the commercial uses are set back far from the street, it may be difficult to attract the attention of motorists.

SITE PLAN: PROPOSAL B



SECTION IV. REFERENCES

NOTES:

- ¹ Taormina, Mark. Interview by authors. Livonia, MI, February 6, 2013.
- ² BS&A Software. "City of Livonia Assessor's Database." 2013.
<http://www.ci.livonia.mi.us/Departments/Assessor/OnlinePropertyInquiry.aspx>
- ³ Bull, David. Interview by authors. Phone interview on February 22, 2013.
- ⁴ Taormina, Mark. Interview by authors. Livonia, MI, February 6, 2013.
- ⁵ 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population and median household value.

PHOTOS:

Photo 4.1: WunderPhoto. http://www.wunderground.com/wximage/viewsingleimage.html?mode=singleimage&orig_handle=takeit&orig_number=36&handle=takeit&number=34&album_id=15#slideanchor

Photo 4.2: Motor Life Blog. <http://reservatory6.blogspot.com/2011/12/c1930-acf-bus-eight-mile-road-livernois.html>

Photo 4.3: Tradephoric's Library - Transportation in Detroit. http://s478.photobucket.com/user/tradephoric/media/Transportation%20Pictures/Detroit/Woodward8Mile_zps8203a242.jpg.html

All photos not referenced are property of authors.





SECTION V. SITE B: HAYES LEMMERZ

8 MILE + PINECREST DRIVE



HAYES LEMMERZ | HISTORICAL CONTEXT

Hayes Lemmerz is located at the corner of 8 Mile Road and Pinecrest Drive on the southwest side of the City of Ferndale. The site is adjacent to Royal Oak Township to the west, and Detroit to the south. As shown in Figure 5.1, Ferndale High School sits immediately to its north.

The site, first developed in the late 1800s, has a long and colorful history. The area was originally the northern gateway to Detroit. Pinecrest, the eastern border of the site, was formerly known as Saginaw Trail and was a major Native American trade route. However, this route was eventually abandoned as Woodward Avenue emerged as the primary automotive thoroughfare into the city.¹

The 34-acre parcel was developed during World War II for research and development purposes by Ethyl Corporation, at one time the country's biggest supplier of lead additives. In the 1980s the site was acquired for a division of automotive supplier Hayes Lemmerz, which then vacated the site in 2006.²

Despite its development for industrial use, the site has retained a remarkably natural character. It is still home to several large, dense tree stands and numerous flower species. The City of Ferndale has identified these historic trees as a preservation priority for any future development.³ However, the site's history as an industrial site presents a number of environmental concerns that have yet to be fully addressed, possibly limiting its ultimate development potential.

Once listed for sale with a price as high as \$7.9 million, the asking sale price for the site has dropped significantly.⁴ The Ferndale School District agreed to purchase the property in early 2011 for \$950,000 pending an environmental assessment, with plans to consolidate its alternative and adult education programs on the site. Although the school district ultimately backed out of the deal for undisclosed reasons, it is likely due to concerns over the cost of demolition and potential remediation.⁵

TIMELINE

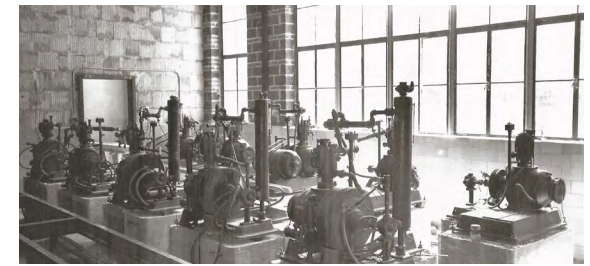
1949 - 2012

1949 Ethyl Corporation + Residential Development



1961 Construction of Ferndale High School





Photos 5.1 - 5.6: Historic Images of the Ethyl Corporation: Buildings + Production

1997 Continued Residential Infill



2012 Demolition of Hayes Lemmerz Property



Source: Wayne State
University Southeast Michigan
Aerial Photo Collection.
http://www.clas.wayne.edu/photos/ap_index.htm

HAYES LEMMERZ | EXISTING SITE CONDITIONS



Panoramic View of Hayes Lemmerz | 2013



HAYES LEMMERZ | EXISTING SITE CONDITIONS

Ethyl Corporation's uses for the property included an emissions lab, engine research, fuel blending, and bulk chemical storage. These industrial operations required the use of contaminants such as petroleum, solvents, and metals – some of which were disposed of on site in a series of pits and underground storage tanks that have since been removed.⁶ Renu Recycling, Inc. recently bought the property, and is currently demolishing the numerous buildings on site for scrap metal and preparing the site for sale to developers.

Ferndale's Master Plan leaves open the possibility for City-backed financial assistance for remediation via its Brownfield Redevelopment Authority (BRA) if a residential component is included in development plans. The BRA would work with the potential developer to create a Brownfield Plan that describes the project in detail and includes the information on eligible activities to be performed at the site. The Brownfield Plan describes the taxes that are to be captured at each property and indicates how the eligible activities will be initially funded. Funding sources may include local mechanisms created by the BRA as well as state Department of Environmental Quality grants and loans.⁷

Multiple companies have performed soil and groundwater testing on the site and found some evidence of contamination and elevated levels of certain contaminants in excess of Michigan's drinking water standards. However, discussions with the construction team on site during demolition indicated that only two moderately sized "hot spots" have been identified, and could be easily capped or remediated before site clearance finishes.⁸ State statute dictates the necessary standard of cleanup depending on the kind of development proposed. Renu is considering whether to perform this cleanup themselves, but exactly what will be done with on-site contaminants before the property is sold has yet to be determined.

The 2008 Ferndale Master Plan specifically mentions the "Hayes Lemmerz Sub-Area," encouraging mixed-use development. In particular, the Master Plan states that redevelopment should:

- Respect the surrounding residential neighborhoods;
- Orient non-residential uses toward 8 Mile Road, with truck traffic prohibited on Pinecrest;
- Provide pedestrian connections to the surrounding areas; and
- Preserve as many trees as possible.

Derek Delacourt, Ferndale's Director of Community Development, has indicated low local demand for office and medical facilities, but encouraged wide variety of other uses outside the current M-1 Industrial zoning designation (see Table 5.1). The City will entertain rezoning requests or designation as a Planned Unit Development.⁹

TABLE 5.1 | PARCEL INFORMATION | HAYES LEMMERZ

ADDRESS	PARCEL ID	ZONING	CURRENT USE	ASSESSED VALUE
1600 W 8 MILE	24-25-33-451-005	M-1	VACANT	\$1,788,680
1600 W 8 MILE	24-99-10-001-600	M-1	VACANT	\$39,940
1600 W 8 MILE	24-25-33-451-003	M-1	VACANT	\$202,120

TOTAL ASSESSED VALUE: \$2,030,740

Source: Oakland County Property Gateway. Accessed February 2013.

FIGURE 5.1 | EXISTING STRUCTURES | HAYES LEMMERZ



- [1] Former Hayes Lemmerz [demolished]
- [2] Ferndale High School [active]
- [3] Dearborn Axle [active]



Photos 5.7 - 5.9: Existing Structures
Source: Figure 5.1: Google Maps, 2012.

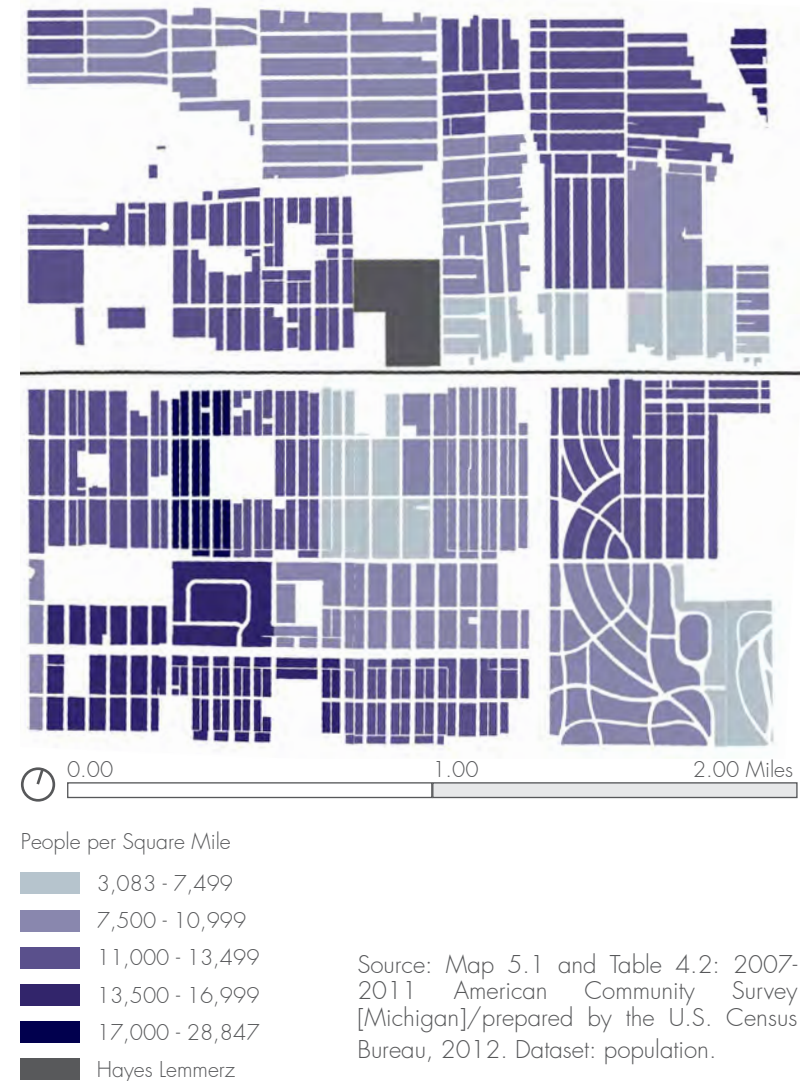
HAYES LEMMERZ | DEMOGRAPHICS

Demographic maps of the four square miles around Hayes Lemmerz illustrate neighborhood trends and conditions. Similarly, tables of demographic data for the census block group containing Hayes Lemmerz provide a comparison with each variable's average in Ferndale, along the 7 Mile – 9 Mile corridor, and in the tri-county region.

Map 5.1 represents population density by census block group on residential land in the four square miles around Hayes Lemmerz. White areas are a non-residential land use, such as commercial, industrial, or roads. Population density around Hayes Lemmerz ranges from 3,083 to 28,847 people per square mile. For reference, in the larger study area surrounding all four sites, population densities range between 805 and 50,830 people per square mile. As shown in Table 5.2, the census block group containing Hayes Lemmerz has a population density of 10,048 people per square mile, which is similar to that of Ferndale, but significantly higher than Oakland County's 2,432 people per square mile. These numbers show the considerable density of the Hayes Lemmerz block group and surrounding Ferndale area, suggesting that retail can be supported in the area, and that this may be a valuable location for a transit station.

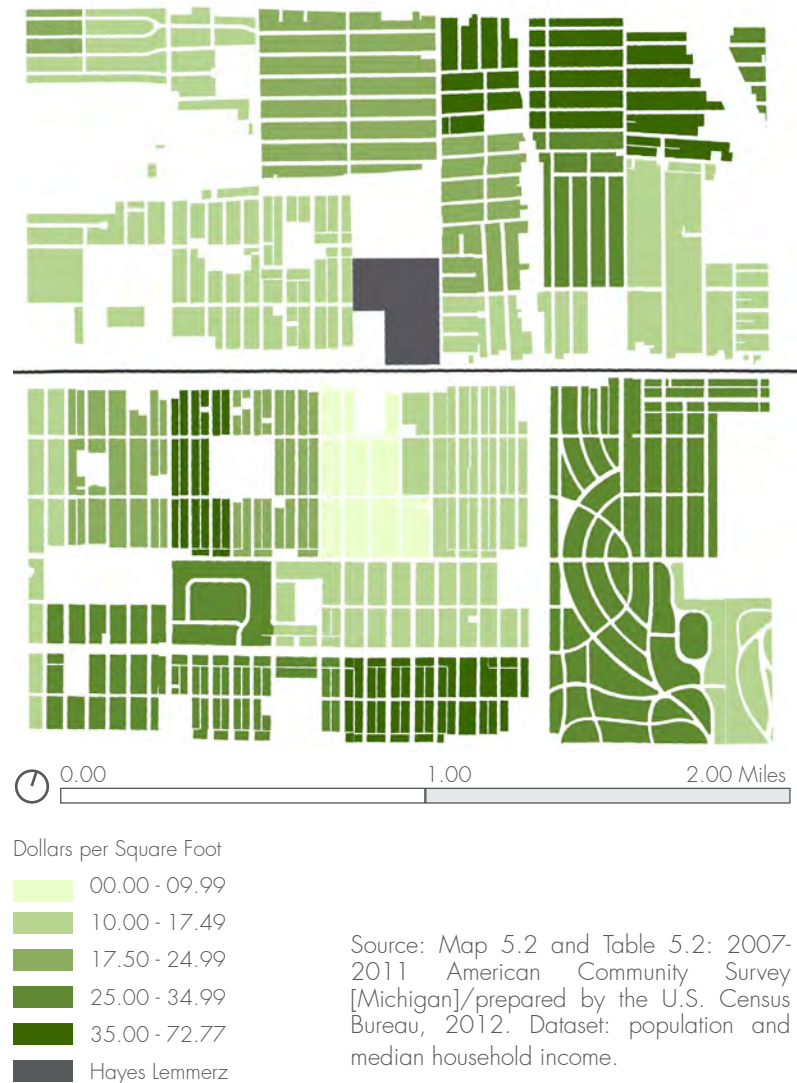
Table 5.2 also indicates that the average household size in the Hayes Lemmerz block group and, more broadly, in Ferndale is 2.1 people, suggesting that most households do not have children. Nearly all of the housing options in Ferndale are single-family homes, which suggests a possible need for other types of housing that are more suitable for two-person households, such as townhouses or apartments.

MAP 5.1 | POPULATION DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | HAYES LEMMERZ



Source: Map 5.1 and Table 4.2: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population.

MAP 5.2 | INCOME DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | HAYES LEMMERZ



Map 5.2 shows income density represented on all residential land. This map demonstrates the extreme mix of income density in the area. In the four square miles surrounding the site, income densities range from the lowest density category of \$0-\$9.99 per square foot to the highest category of \$35-\$72.77 per square foot. Areas with the highest income density are almost directly adjacent to those with the lowest. Areas on both sides of 8 Mile contain the highest category of income density, but only the area south of 8 Mile contains parcels with the lowest income density. The area with the highest concentration of low income density is the land directly west of Hayes Lemmerz, where Royal Oak Township begins. This mix of income density indicates that multiple types of housing should be built in the new development, with some types being more affordable for low-income residents. The mix shows that this area is not dominated by a single income class.

Table 5.3 indicates that the housing density for the block group containing Hayes Lemmerz is 4,800 units per square mile, significantly higher than Oakland County's 1,024 units per square mile. The surrounding area's housing density, along with population density, suggests that high-density housing can likely be supported on Hayes Lemmerz.

TABLE 5.2 | POPULATION STATISTICS | HAYES LEMMERZ

	HAYES-LEMMERZ	FERNDAL	OAKLAND COUNTY
POPULATION DENSITY [PEOPLE / SQ. MI.]	10,048	10,624	2,432
POPULATION OVER 65	18.7%	17.3%	23.7%
POPULATION OVER 18	10.9%	9.5%	13.0%
AVERAGE HOUSEHOLD SIZE [PER PERSON]	2.1	2.1	2.5

HAYES LEMMERZ | DEMOGRAPHICS

Map 5.3 represents the percent of the population over age 65 by census block group. Areas surrounding Hayes Lemmerz have between 50-100% of the population over the age of 65. The concentration of seniors is higher on the south side of 8 Mile, in Detroit, than on the north side. These seniors are concentrated either in areas with lower population density or in the apartment buildings south of 8 Mile. Table 5.2 shows that 18.7% of the population around Hayes Lemmerz and 17.3% of the population in Ferndale is over age 65. The sizeable senior population in Ferndale may indicate the need for senior housing.

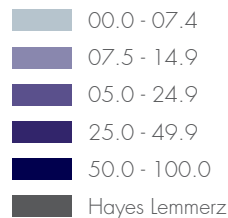
TABLE 5.3 | HOUSING STATISTICS | HAYES LEMMERZ

	HAYES LEMMERZ	FERNDALE	OAKLAND COUNTY
HOUSING DENSITY [UNITS / ACRE]	7.5	8.8	1.6
OWNER-OCCUPIED HOUSING	75.3%	60.5%	67.2%
RENTER-OCCUPIED HOUSING	22.8%	28.7%	24.1%
VACANT HOUSING	1.9%	10.8%	8.7%

MAP 5.3 | POPULATION OVER AGE 65 BY BLOCK GROUP
RESIDENTIAL LAND ONLY | HAYES LEMMERZ

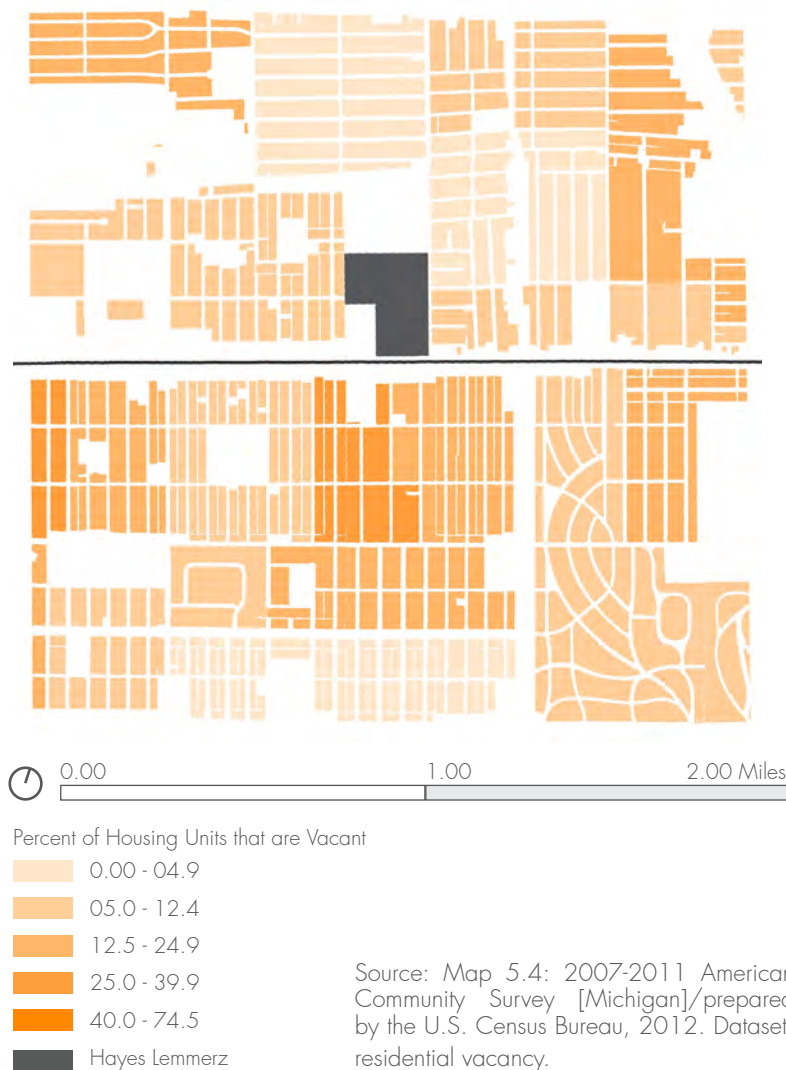


Percentage of Population Over Age 65



Source: Map 5.3 and Table 5.3: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population and housing.

MAP 5.4 | RESIDENTIAL VACANCY RATE BY BLOCK GROUP
RESIDENTIAL LAND ONLY | HAYES LEMMERZ



Source: Map 5.4: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: residential vacancy.

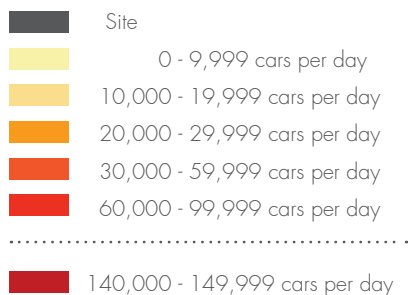
Map 5.4 depicts residential vacancy rate by census block group. Residential vacancy ranges from no vacancy to rates as high as 74.5%. In the area immediately surrounding Hayes Lemmerz, vacancy is lower on the northern side of 8 Mile than on the southern side. Table 2 shows that 1.9% of housing is vacant in the Hayes Lemmerz block group – a very low vacancy rate compared to Oakland County’s 8.7%, the 15.8% vacancy experienced in 7 Mile - 9 Mile corridor, and the tri-county average of 13.4%. A low residential vacancy rate suggests that the market can support more housing. Of the areas with high vacancy, many are predominantly single-family homes, suggesting that other types of housing, such as apartments or townhomes may be more appropriate.

HAYES LEMMERZ | TRANSPORTATION

MAP 5.5 | AVERAGE DAILY TRAFFIC VOLUMES | HAYES LEMMERZ

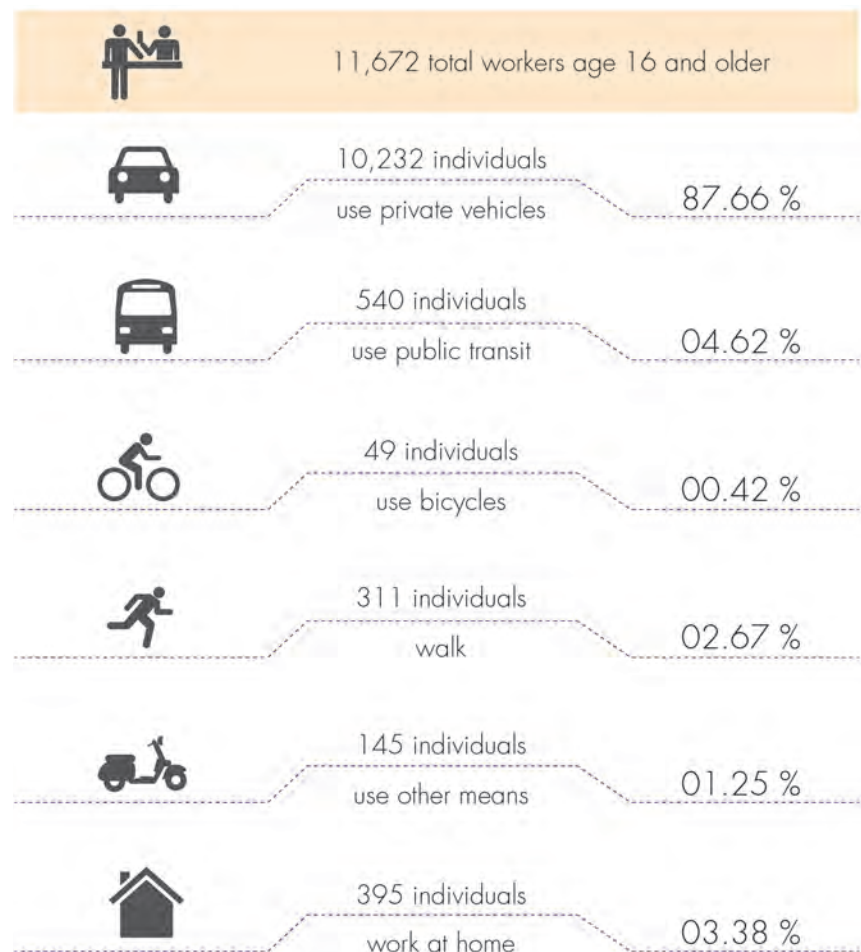


Traffic Volumes



Source: SEMCOG. "Traffic Counts: Southeast Michigan." 2008. <http://www.semco.org/Data/Apps/trafficcounts.report.cfm>

FIGURE 5.2 | MODES OF TRANSPORTATION TO WORK | HAYES LEMMERZ



Source: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: mode to work.

As shown in Map 5.5 and Figure 5.2, 8 Mile is the only major arterial road surrounding Hayes Lemmerz and is the main thoroughfare for vehicles. The only other street abutting the site, Pinecrest, is a residential street that provides access to the neighborhood and high school adjacent to the site. The nearby Livernois and Wyoming Streets have substantially lower traffic counts, though they do facilitate north-south traffic. Although nearly 90% of the population use private vehicles as their transportation to work, a sizable number of individuals,

almost 5%, do use public transportation. A small number of people work from home in the surrounding area and a similar number commute by walking. Very few people in this area commute primarily by bicycle. Due to the residential character of the area immediately surrounding this site, great care must be taken by developers to ensure that development will not negatively affect the neighborhood scale.

8 MILE LOOKING EAST

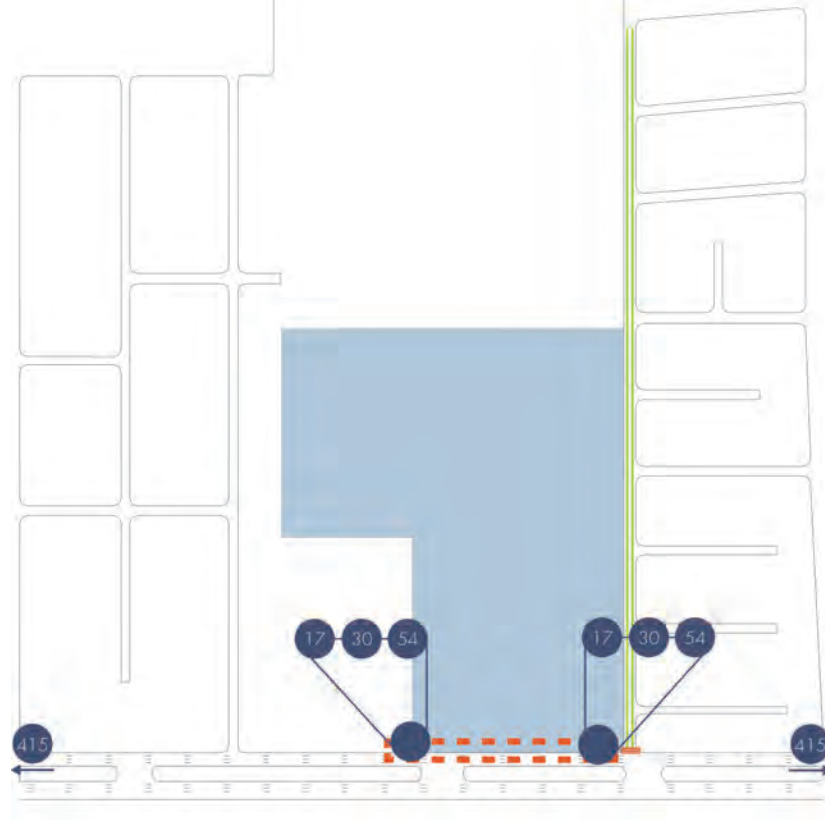


8 MILE AND PINECREST



HAYES LEMMERZ | SITE ACCESSIBILITY

FIGURE 5.3 | SITE ACCESSIBILITY | HAYES LEMMERZ



- Site
- Entry / Exit Points
- Pedestrian Crosswalks
- Existing Sidewalks
- Areas of Concern
- # Bus Stops

MOTOR VEHICLE ACCESS + CIRCULATION

Hayes Lemmerz receives a substantial amount of traffic volume along 8 Mile, but given the depth of the site, a majority of the land is disconnected from passing traffic. As the result of the demolition of the Hayes Lemmerz facility, any new roads and vehicular circulation patterns would be configured to the specific development. Starting with a fresh site provides this location with the opportunity to create a well-designed road network with complete streets for pedestrians and groundwater treatment. However, there are two constraints to the design of roadways and traffic circulation. First, there are three mature tree stands on the site that should be considered into any design. Second, truck traffic is prohibited on Pinecrest, requiring any truck traffic for commercial or industrial uses to have access directly onto the site from 8 Mile.

PEDESTRIAN ACCESS + CIRCULATION

Currently, a sidewalk exists for a portion of the site along 8 Mile. Along this strip are two Detroit Department of Transportation [DDOT] bus stops, serving six lines that are marked by a single sign. Pedestrian movement is difficult across 8 Mile as no crosswalks exist, even at the traffic light at the intersection of 8 Mile and Pinecrest. Additionally, there are no sidewalks for pedestrians along the entire eastern edge of the site, along Pinecrest, though there are bike lanes running along this part of Pinecrest. Future design needs to take into account pedestrian entry and exit points of the site, as well as public transportation amenities.

SMART Bus Routes

415 : Greenfield

DDOT Bus Routes

# 17	8 Mile	# 54	Wyoming
# 30	Livornois		

STREET GRID

Hayes Lemmerz has potential to connect into the existing street grid to the east of the development. Home to single-family housing, these blocks form traditional suburban-sized parcels with a well-defined traditional street grid. However, many of the streets dead-end to the east and do not cut all the way through to the next north-south street, Kensington Avenue. To the west of the site is a neighborhood of Royal Oak Township. The grid on this side of the site is slightly offset from that to the east of the site and due to this configuration of the street grid and the location of adjacent homes, any connection to this area would require residential demolition of occupied homes and is not recommended.

FIGURE 5.4 | STREET GRID | HAYES LEMMERZ

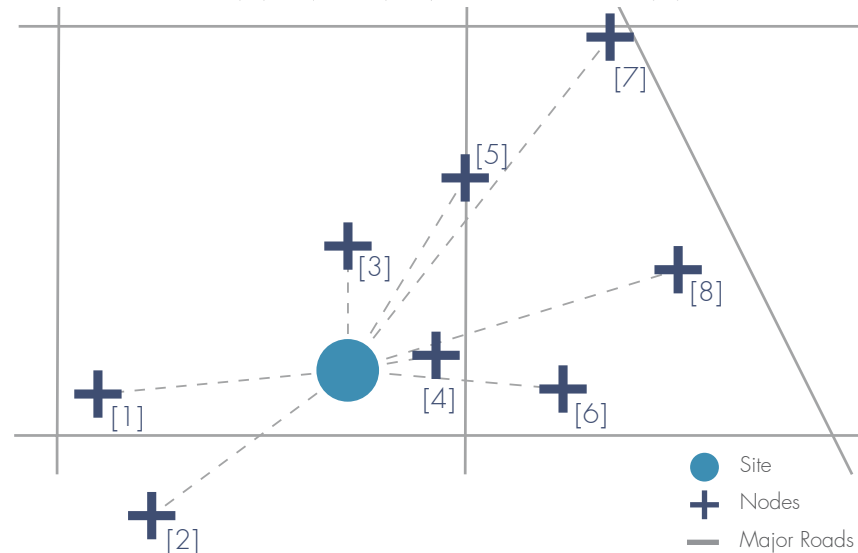


HAYES LEMMERZ | COMMUNITY AMENITIES

There are several locations near Hayes Lemmerz that serve as amenities to Ferndale residents and surrounding neighborhoods and will support development at the site.

The area has several commercial centers, including the Royale Towne Shopping Center and Downtown Ferndale. Royal Towne Shopping Center provides neighborhood-serving retail, including a supermarket, for Ferndale residents. Downtown Ferndale has additional shopping, restaurants, and public art that attracts visitors and consumers into the city.

FIGURE 5.5 | COMMUNITY AMENITIES | HAYES LEMMERZ



1 Royale Towne Shopping Center



2 Joe Louis Park



3 Ferndale High School



5 Gerry Kulick Community Center



4 Marie Park



6 Garbutt Park



7 Downtown Ferndale

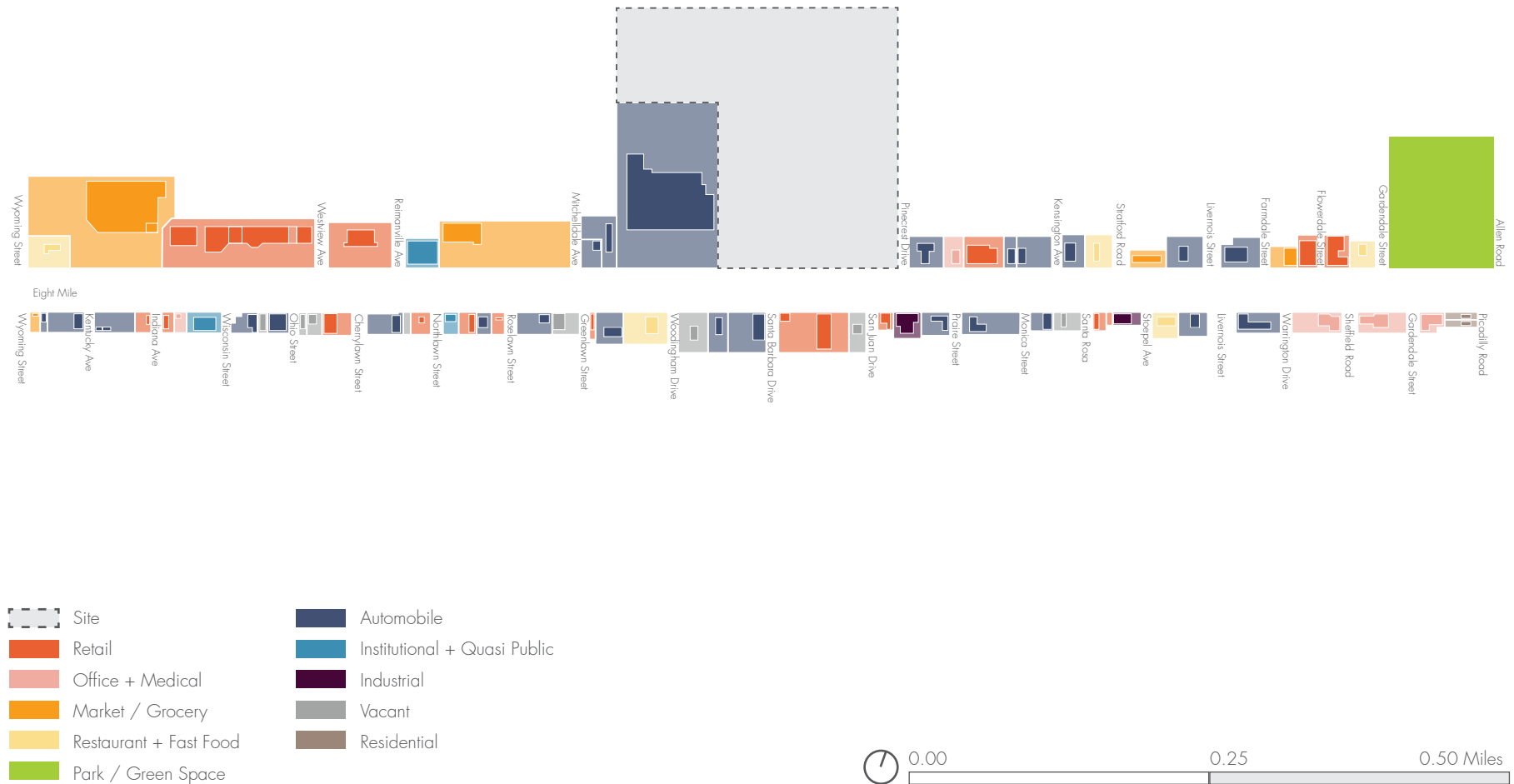


8 Oppenheimer Park

The nearby Ferndale High School and Gerry Kulick Community Center provide education and recreation activities to residents. The Center serves the local community with a place for numerous recreational activities, meeting spaces, and various group activities. While the Center was built in 2001, it recently underwent a renovation, making it very a high quality space and a valuable public amenity for residents.

There are four parks in the area, including Joe Louis Park, Marie Park, Garbutt Park, and Oppenheimer Park. Each park is located in a residential neighborhood and all are set back from 8 Mile, providing quiet, safe locations for outdoor activities.

FIGURE 5.6 | EXISTING COMMERCIAL FACILITIES



HAYES LEMMERZ | NEIGHBORHOOD ASSESSMENT



The area surrounding the site is mostly residential. Aside from the high school and commercial uses located on 8 Mile, most of the streets are lined with single-family homes. Ferndale is a relatively stable, middle class, older inner-ring suburb and its housing stock reflects this character. The homes directly surrounding the site are some of the lowest quality housing stock in the area. Homes across from Hayes Lemmerz on Pinecrest are less well-kept than others in the area. Hayes Lemmerz is also on the border of Ferndale, with neighboring Royal Oak Township just to the west of the site. The homes in Royal Oak Township are smaller and in worse condition than those in Ferndale. These homes are more reminiscent of houses found nearby in Detroit. However, the parcels are much larger in the township and sit farther away from one another. Despite not being in the best condition, homes in Ferndale and nearby Royal Oak Township have low vacancy rates.

The majority of the housing stock in the area consists of early post-war homes in a fairly narrow variety of styles, typically small single-family, one- or two-story bungalows. Most of the homes have detached garages. Approximately 85% of the single-family homes in the neighborhood were built prior to 1960, making its housing stock some of the oldest in the region.¹⁰ Overall, homes in the area are well-kept, possibly due to the fact that their owners tend to remain in them for extended periods of time – over $\frac{1}{3}$ of Ferndale's residents have lived in their homes for over 18 years.¹¹ However, the housing stock is outdated and the City has expressed a need for providing homeowners with opportunities to update and expand their homes in order to keep the supply of housing in the area modern and desirable.

Several mature trees exist throughout the residential neighborhood on the street and in private backyards. Sidewalks exist on every residential street in the neighborhood except in front of the homes on Pinecrest, directly across from Hayes Lemmerz. Most of the sidewalks do not have ample lighting, as street lamps are limited. Pedestrian traffic in these residential neighborhoods is limited and is likely hampered due to the numerous multi-lane roads nearby.

HAYES LEMMERZ | PROPOSED DEVELOPMENT ALTERNATIVES

INTRODUCTION

The large size of Hayes Lemmerz allows for the combination of many uses in one Planned Unit Development. This development strategy is further strengthened by the fact that the City of Ferndale has indicated a desire to make this site a comprehensive mixed-use development. Although Ferndale is interested in developments that introduce new use mixes and building typologies to the area, the City requires that development respect the surrounding residential neighborhoods and preserve the mature tree stands that exist on the site. Each proposed development takes advantage of the opportunity offered by the City to introduce new building typologies into the community. In addition, careful attention to the placement of various uses creates a seamless connection of complementary uses across the site. Finally, both proposals feature “hubs” of activity that will create an exciting sense of place for the various users who live, work, and visit Hayes Lemmerz. These hubs will facilitate residential, academic, transit, commercial, and recreational uses that create a continually active environment.

Both proposals are mixed-use developments that bring new uses to the neighborhood and more residential units that correspond with demand in the area. Proposal A is a Planned Unit Development that is designed as a live/work community with natural features and multi-modal transit options. Proposal B holds a similar emphasis on natural features and transit, but contains less housing than Proposal A in order to accommodate an educational campus.

HAYES LEMMERZ | PROPOSAL A: RELOCATE ADULT AND ALTERNATIVE EDUCATION

Proposal A includes single-family residential homes, apartment buildings, live/work spaces, a senior housing complex, commercial space including a farmer's market, a multi-modal transit station, and a campus for the Ferndale School District's Adult and Alternative Education Program.

Residential

The development contains three housing typologies atypical for the City of Ferndale: (1) live/work units, (2) apartments, and (3) townhomes. The majority of the residential stock in the area is single-family homes, which limits the options for young adults seeking to move to Ferndale. A popular community with this demographic, Ferndale will be served by a mixed-use development that takes advantage of this demand and caters to both potential renters and homeowners. Proposal A includes 30 three-story live/work units, ranging from 2,720 to 3,920 square feet. There will be 160 apartment units and 108 townhomes with detached garages and private backyards. Additionally, 15 new single-family homes integrate this higher density development into the existing residential fabric by mimicking the existing homes on Pinecrest.

Senior Housing Complex

The senior complex consists of two residential towers and one community center that contains a dining hall, meeting rooms, and exercise facilities. The senior housing addresses the area's growing senior population and the lack of suitable senior housing in Ferndale. It also gives seniors who are currently in the community an opportunity to remain within their neighborhood and grow older in the place they call home.

Retail Space

Proposal A also contains 14,000 square feet of retail space, including a café, sandwich shop, and bicycle shop near the transit center. The center of the development houses two larger retail spaces, including a 3,400-square-foot restaurant to serve visitors and local residents.

Transit Center

The 1,000-square-foot transit center is positioned along 8 Mile for easy accessibility to the existing transit lines. Ferndale has expressed a need for a new transit center and this facility includes an indoor waiting area, 10 zip

car parking spots, and bike racks. Its proximity to new and existing residential units provides residents with greater access to public transit. The transit center also brings retail opportunities forward to the corner of 8 Mile and Pinecrest.

Adult and Alternative Education Program Campus

The campus consists of 50,760 square feet of classroom and administrative space on two floors. The Adult and Alternative Education Programs currently take place at three different facilities in Ferndale. Relocating to Hayes Lemmerz allows the Ferndale School District to combine the Adult and Alternative Education Programs into a single campus. This location benefits from close proximity to Ferndale High School and the new multi-modal transit station.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A

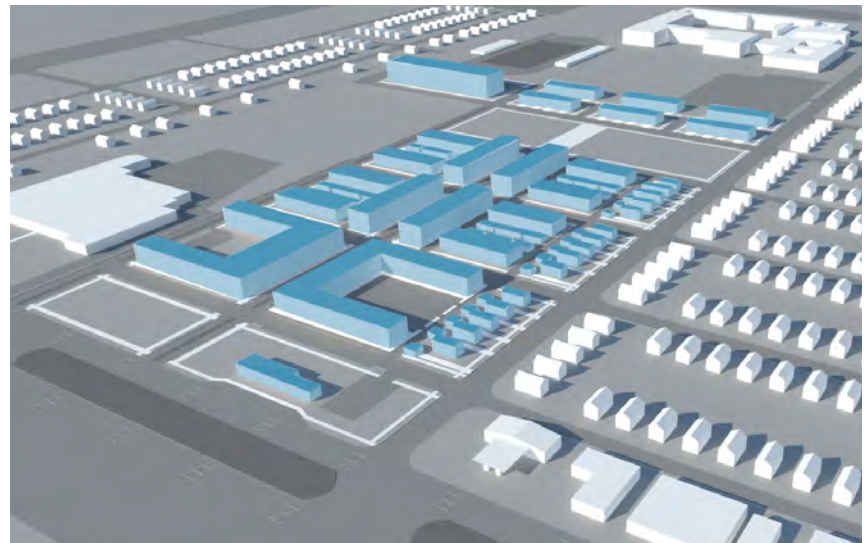


ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A



LAND USE | PROPOSAL A



HAYES LEMMERZ | PROPOSAL A | FINANCIAL SUMMARY

Proposal A redevelops Hayes Lemmerz for high-density residential uses, with limited space for institutional and retail uses. This proposal adds approximately 468,000 square feet of residential development, including a variety of “life-cycle” housing choices – townhomes, apartments, live/work, single-family, and senior units. 8 Mile frontage features 12,000 square feet of inline retail space. Additionally, the site includes about 52,000 square feet of institutional spaces, such as a new campus of the Ferndale School District and a transit center. These latter spaces are excluded from the financial analysis, as they will likely be developed independently of the rest of the site and funded by the public sector.

The total cost of Proposal A is \$80.3 million. At a loan-to-value ratio of 65%, \$52.2 million is covered by a short-term construction loan, financed by a 20-year permanent loan at 5% interest, and \$28.1 million is equity.

Acquisition costs are assumed to be approximately \$2 million, based on the current assessed value of the site. Lease rates are \$1.30 per square foot per month across all residential uses, ranging from 700-square-foot apartments to townhomes of more than 2,500 square feet, and \$16.00 per square foot annually for retail units.

PROJECT ASSUMPTIONS	
SITE ACQUISITION COST	\$2,030,740
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

The risky, large-scale development proposed for this massive site demands a higher rate of return, which the base case may not deliver without significant direct subsidies. From these base case assumptions, the return on equity will be -2.10% in Year 2 and will rise to 1.70% at the end of Year 9. The leveraged before-tax internal rate of return (IRR) on the project is expected to be -4.26%. In this base case, a change in the construction costs could drastically alter the IRR on the project. A 20% increase in construction costs could further degrade leveraged before-tax IRR, but a 20% decrease in construction costs could improve leveraged before-tax IRR to 4.26%. A 30% reduction in the blended cap rate yields an IRR of 2.65%.

Sensitivity analysis demonstrates that even the best case scenario may present significant challenges to implementation without other financial incentives. For example, the City of Ferndale may consider abating an assumed 2.90% property tax over the ten-year hold, significantly improving the returns for a long-term investor dedicated to improving the entire parcel. If the project received a 10-year property tax abatement for the duration of the holding period, returns on equity would rise to 1.70% in Year 2 and 6.55% in Year 9 without any further subsidies. The abatement would boost IRR to 5.04%, making the project more attractive to potential investors, while raising the projected sale price of the development from \$56.5 million to \$72.2 million. If construction came in 20% percent below projections in a “best case” abatement scenario, IRR rises to a more palatable 11.91%.

RESIDENTIAL	
LEASABLE SF	466,871
CONSTRUCTION COST PSF	\$130.00
MONTHLY RENT PSF	\$1.30
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	9%

RETAIL	
LEASABLE SF OF ANCHOR RETAIL	-
LEASABLE SF OF INLINE RETAIL	11,985
ANCHOR RETAIL CONSTRUCTION COST PSF	\$110.00
INLINE RETAIL CONSTRUCTION COST PSF	\$115.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$15.00
INLINE RETAIL - ANNUAL RENT/SF	\$16.00
VACANCY	10%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

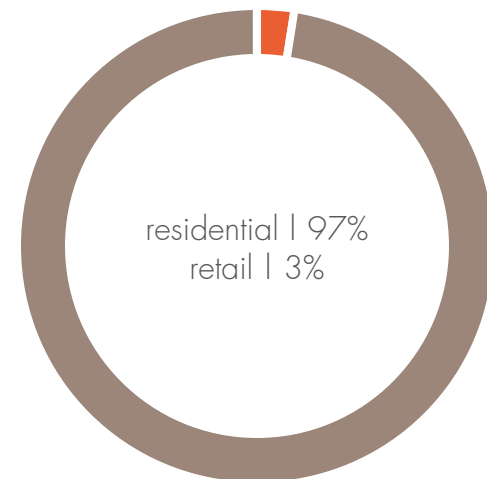
FINANCING	
LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6.75%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10	
BLENDED CAP RATE	9%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	56,445,041
NET CASH FROM SALE IN YEAR 10	14,812,367

RETURNS	
UNLEVERAGED BEFORE TAX IRR	2%
LEVERAGED BEFORE TAX IRR	-4.26%
LEVERAGED AFTER TAX IRR	-5.77%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$28,085,981	-
1	\$0	0.00%
2	-\$589,071	-2.10%
3	-\$549,173	-1.96%
4	-\$394,756	-1.41%
5	-\$234,163	-0.83%
6	-\$67,145	-0.24%
7	\$106,553	0.38%
8	\$287,199	1.02%
9	\$475,071	1.69%
10	\$18,735,159	66.71%

Hayes Lemmerz Proposal A | Site Program



HAYES LEMMERZ | PROPOSAL B: TRADITIONAL MIXED USE

Proposal B follows the same overall mixed-use concept as Proposal A, but does not include a campus for the Ferndale School District's Adult and Alternative Education Program. Although the Ferndale School District is looking to relocate these programs, it is not guaranteed that they will decide to move. It was necessary to create a design that does not include the education campus in case the School District decides to stay at its current location.

Also differing in this proposal is the amount of green space. The inclusion of attached garages to the townhomes allows for more shared green space within the townhomes.

Residential

Proposal B includes 475,280 square feet of residential space. This includes live/work units, apartments, townhomes, and single-family homes. In order to increase density on the site, there are more townhomes and live/work units than in Proposal A. Additionally, 15 new single-family homes integrate this higher density development into the existing residential fabric by mimicking the existing homes on Pinecrest.

Senior Housing Complex

The senior housing complex, as described in Proposal A, is included in this proposal as well.

Retail Space

Proposal B also contains 14,000 square feet of retail space near the transit center. The retail development is centered on two large anchor tenants.

Transit Center

The transit center remains the same, with an indoor waiting area, 10 zip car parking spots, and bike racks.

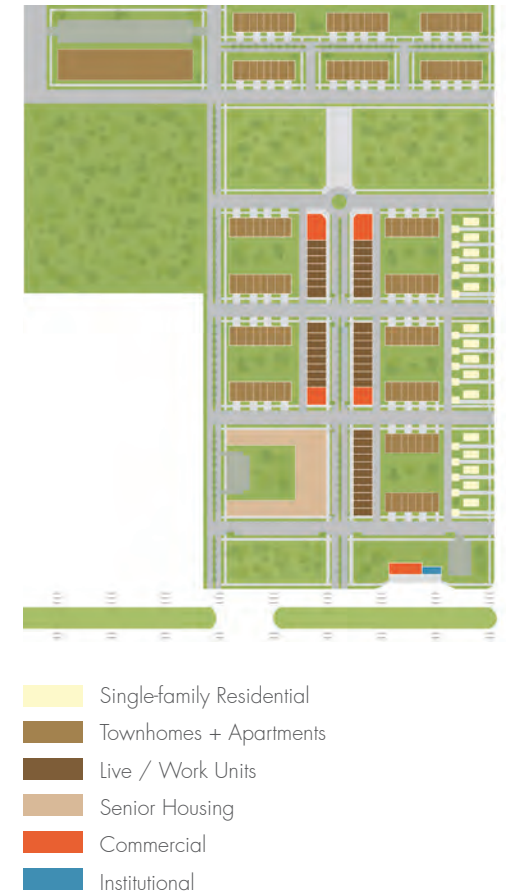
ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



LAND USE | PROPOSAL B



HAYES LEMMERZ | PROPOSAL B | FINANCIAL SUMMARY

Proposal B provides a similar focus on residential and neighborhood-serving retail, substituting more townhomes for the campus proposed in Proposal A. This proposal adds an additional 7,280 square feet of residential space, once again excluding the proposed transit station. This option has only about 6,000 square feet less leasable space than Proposal A, effecting minimal changes on the financial returns.

The total cost of Proposal B is \$81.2 million. At a loan-to-value ratio of 65%, \$52.8 million is covered by a construction loan and subsequent 20-year permanent loan at 5% interest, while \$28.4 million of equity is required.

With acquisition costs and lease rates held constant under base case conditions, the return on equity for Proposal B remains fairly constant at about -2% in Years 2-3 and rising to about 1.70% in Year 10. The leveraged before-tax IRR is -4.24%. A 30% reduction in the blended cap rate yields an IRR of 2.66%, while a 20% increase in residential rents produces an IRR of 2.71%.

The size and complexity of the proposed development again raises concerns about low returns if tax breaks or direct subsidies are not provided. The similar design parameters for this second option yield approximately the same results as the first under the same tax abatement and lower construction costs. Under a 10-year abatement, returns on equity rise to 1.71% in Year 2 and 6.56% in Year 9, raising the projected sale price of the development from \$57.2 million to \$73.2 million. The abatement would boost IRR to 5.05%, while a lower land price, additional grants or redevelopment subsidies could further improve project returns.

PROJECT ASSUMPTIONS

SITE ACQUISITION COST	\$2,030,740
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

RESIDENTIAL

LEASABLE SF	473,059
CONSTRUCTION COST PSF	\$130.00
MONTHLY RENT PSF	\$1.30
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	9%

RETAIL

LEASABLE SF OF ANCHOR RETAIL	-
LEASABLE SF OF INLINE RETAIL	11,985
ANCHOR RETAIL CONSTRUCTION COST PSF	\$110.00
INLINE RETAIL CONSTRUCTION COST PSF	\$115.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$15.00
INLINE RETAIL - ANNUAL RENT/SF	\$16.00
VACANCY	10%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

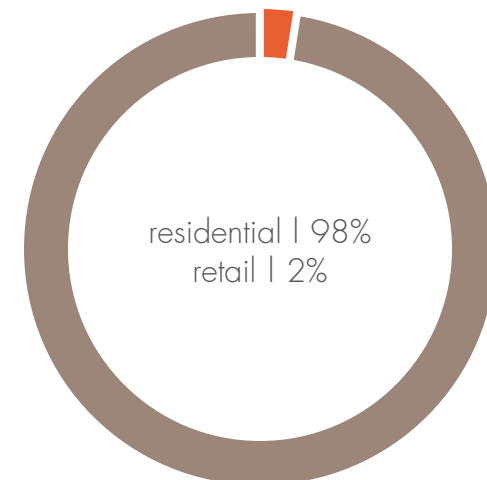
FINANCING	
LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6.75%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10	
BLENDED CAP RATE	9%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	57,170,609
NET CASH FROM SALE IN YEAR 10	15,016,488

RETURNS	
UNLEVERAGED BEFORE TAX IRR	2%
LEVERAGED BEFORE TAX IRR	-4.24%
LEVERAGED AFTER TAX IRR	-5.75%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$28,433,783	-
1	\$0	0.00%
2	-\$594,559	-2.09%
3	-\$554,156	-1.95%
4	-\$397,754	-1.40%
5	-\$235,096	-0.83%
6	-\$65,932	-0.23%
7	\$109,999	0.39%
8	\$292,967	1.03%
9	\$483,254	1.70%
10	\$18,995,609	66.81%

Hayes Lemmerz Proposal B | Site Program



HAYES LEMMERZ | PROPOSAL CHALLENGES + OPPORTUNITIES

The major opportunities for Hayes Lemmerz are its size and location. Ferndale has expressed a need for multiple uses and developments in the city. By developing on a site this size, the city will be able to locate multiple uses in one place while creating a lively center for different activities. The size of the site allows for the community amenities and excitement that will create a new landmark in Ferndale and change the face of 8 Mile.

This major opportunity is also a challenge – the site is so large that it will take careful design to integrate each use and make a logical connection between them. Developers should make a unified plan for the entire site and not leave smaller pieces unused. Neglecting portions of the site will create an inconsistent feel and fail to capitalize on all the possible space. These proposals address this issue by including plans that incorporate the entire site.

The location of Hayes Lemmerz in a neighborhood with a relatively dense population, its frontage on 8 Mile, and its position next to Ferndale High School create opportunities for many different uses. Locating a farmer's market, commercial units, green space, and a multi-modal transportation hub next to residential housing will provide new amenities and increase the value of the Ferndale neighborhood. Nearby residents will also benefit from proximity to the new recreational uses and local-serving retail. In Proposal A, the Ferndale School District will have an ideal location for the Adult and Alternative Education Program adjacent to Ferndale High School. Seniors will have housing options in an area where they can be part of a larger community. A multi-modal transit center will be located in this highly populated area serving current and future residents.

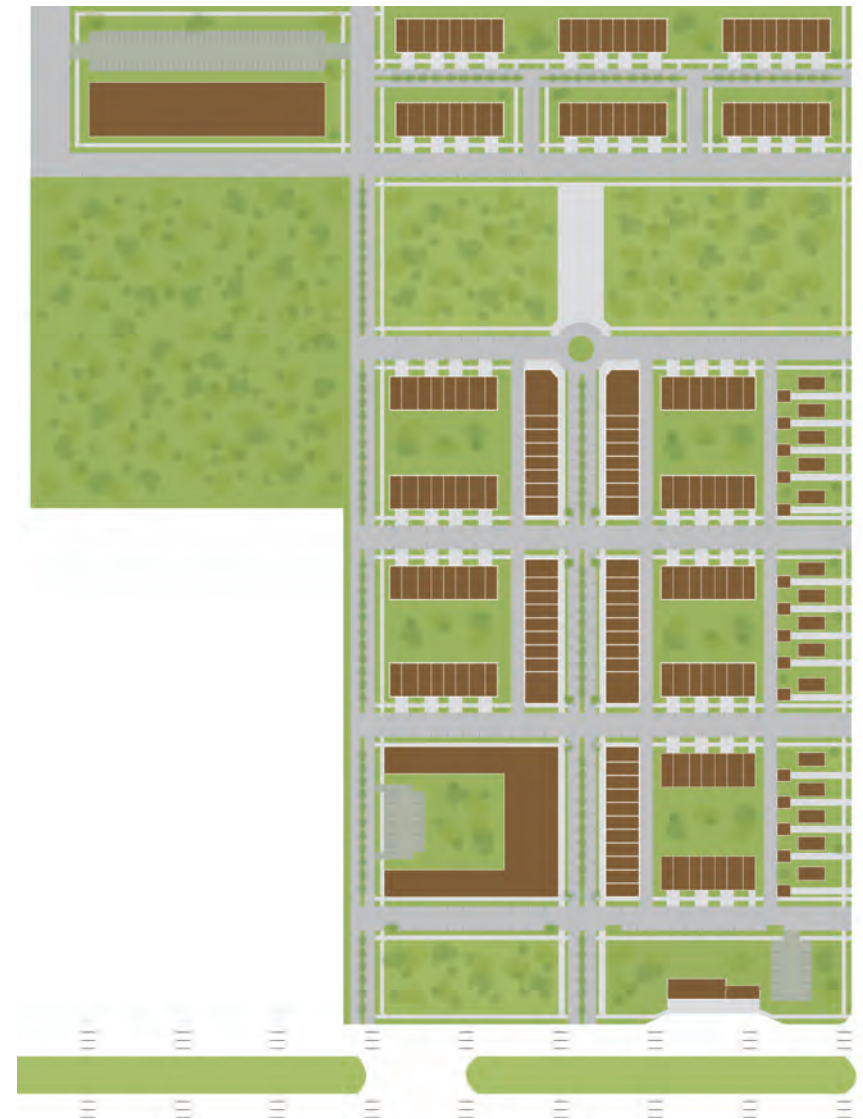
SITE PLAN: PROPOSAL A



A second challenge for both proposals is the high commercial vacancy rate that affects many businesses along 8 Mile. Although not especially high in Ferndale, commercial vacancy rates along 8 Mile do have an effect on the look and feel of the road and have an influence on which of the uses should face 8 Mile. As a result, these proposals do not include large amounts of commercial space.

The final challenge affecting both proposals is environmental remediation. There are two soil contamination “hot spots” that may impede development on the site. Developers must either pay to clean up these spots or design the development in a way that does not put certain uses directly on top of them. To address this concern, both of these proposals have paved over these two hot spots to minimize their impact on uses.

SITE PLAN: PROPOSAL B



SECTION V. REFERENCES

NOTES:

- ¹ Ferndale Master Plan, 2008.
- ² Schrader, Jessica, "Demolition Underway at Hayes Lemmerz Property in Ferndale", Ferndale Patch, December 13, 2012, accessed April 27, 2013. <http://ferndale.patch.com/articles/ferndale-hayes-lemmerz-property-purchased>
- ³ Ferndale Master Plan, 2008.
- ⁴ Mercer, Monica, "Hayes Lemmerz Building Steals Spotlight Again", Ferndale Patch, July 13, 2011, accessed April 27, 2013. <http://ferndale.patch.com/articles/hayes-lemmerz-building-steals-spotlight-again>
- ⁵ Parris Jr., Terry, "Superintendent Recommends Hayes Lemmerz's Purchase be Withdrawn," Ferndale Patch, August 1, 2011, accessed April 27, 2013. <http://ferndale.patch.com/articles/superintendent-recommends-hayes-lemmerzs-purchase-be-withdrawn>
- ⁶ ASTI Environmental, "Phase I Environmental Site Assessment – Executive Summary," 2010.
- ⁷ City of Ferndale Brownfield Redevelopment Authority, "Brownfield Redevelopment," accessed April 27, 2013. <http://ferndale-mi.com/Business/BrownfieldRedevelopment.htm>
- ⁸ Rowe, Brandon and Blatch, Maynard. Interview by authors. Ferndale, MI, February 22, 2013.
- ⁹ Delacourt, Derek. Interview by authors. Ferndale, MI, February 22, 2013.
- ¹⁰ Ferndale Master Plan, 2008.
- ¹¹ Ibid.

PHOTOS:

Photos 5.1 - 5.6: Brandon Rowe + Maynard Blach, Renu Recycling, Inc.

Photos 5.7 - 5.9: Terry Parris Jr., Ferndale Patch. <http://ferndale.patch.com/articles/ferndale-school-board-oks-purchase-agreement-for-hayes-lemmerz-site>

All photos not referenced are property of authors.





SECTION VI. SITE C: MOTORAMA MOTEL

8 MILE + WOODWARD AVENUE



MOTORAMA MOTEL | HISTORICAL CONTEXT

The Motorama Motel is located on the northwest corner of 8 Mile Road and Woodward Avenue in Ferndale. When it debuted in 1961, the motel was a regional destination that featured a restaurant, barbershop, exercise room, sauna, masseur, conference room, and banquet facility. The motel catered to tourists, touting its proximity to the Detroit Zoo and the State Fairgrounds.

The 75-foot billboard that sits atop the building was once home to the “world’s largest sparkplug,” an AC Sparkplug billboard that featured a scrolling electronic message board. The sign was destroyed when it caught fire in 1971.¹

Three hundred feet to the west of the Motorama Motel sits the 8 Wood Motel, which was built in 1958. The property’s most prominent feature is a large green and red sign announcing the daily and weekly room rates to drivers passing along 8 Mile. The sign was once lit by individual bulbs and neon fixtures, but two fluorescent lamps now illuminate the sign at night.

Located between the motels, the Workspace Building was built in 1949. The building was used as an art gallery and studio before Ferndale entrepreneur Chris Johnston bought the property in 2008. Johnston and his brother currently use the building for creating art and metal and woodwork projects for their restaurants.²

The intersection of 8 Mile and Woodward has been a major gateway to Detroit since the 1940s. In 1948, the Ferndale Gazette announced public plans for a new three-tiered bridge to increase traffic flow at the intersection, calling the project the beginning of a “motoring Utopia.” When it was finally built in 1956, the flyover allowed vehicles to cross the busy intersection without pausing at a stoplight.³ While the change allowed for increased traffic flow, it effectively disconnected drivers from the businesses along 8 Mile. After a two-year environmental assessment by MDOT, the bridge was rebuilt in 2005. A 2005 MDOT traffic study estimated that 120,000 vehicles use the intersection each day.⁴

TIMELINE

1949 - 2012

1949

Strong Residential Development along Woodward + 8 Mile



1961

Beginning Stages of Commercial Growth + Expansion of Eight Mile + Woodward Avenue





Photo 6.1 | Postcard of the Motorama Motel

1997 Continued Economic Development along 8 Mile



2012 Demolition of Commercial Properties on 8 Mile



Source: Wayne State University Southeast Michigan Aerial Photo Collection.
http://www.clas.wayne.edu/photos/ap_index.htm

MOTORAMA MOTEL | EXISTING SITE CONDITIONS



Panoramic View of the Motorama Motel | 2013



MOTORAMA MOTEL | EXISTING SITE CONDITIONS

The Motorama Motel is a two-story building located in the center of 0.5 acre lot. Parking lots occupy the northern, eastern, and southern edges of the site, and both 8 Mile to the south and Bennett Street to the north are buffered from the property by cinder block walls. A landscaped corner provides a minor buffer between the east side of the property and the intersection of 8 Mile and Woodward. The massive structure that once housed the world's largest sparkplug now supports a 75-foot billboard that faces southeast. In recent years, siding has been added to the façade of the eastern part of the building, covering large windows that existed as a part of the original design. The west end of the motel is elevated to allow cars to pass under and access the parking lot on both sides of the building. The Motorama Motel was assessed at \$1,155,250 in 2003.⁵

As shown in Figure 6.1, the motel is situated between three streets. The front faces 8 Mile, a four-lane boulevard that dips below surface grade at the intersection. The back faces Bennett, a residential street made up of single-family homes. The east side faces Woodward, another large boulevard with a flyover raised about 30 feet above surface grade. As shown in Table 6.1, the block is narrow and zoned MXD-2 for mixed use. To the west of the Motorama are two single-family homes facing Bennett. A wood and metal fabrication workshop occupies the next lot along 8 Mile, followed by a third single-family residence. To the west of the workshop is the 8 Wood Motel.

There are two bus stops that are readily accessible in the immediate area, one on 8 Mile directly in front of the Motorama Motel, and the other on Woodward slightly north of the intersection. Currently, the parcels on the southeast corner of 8 Mile and Woodward are being redeveloped into a new retail center anchored by a Meijer. The former State Fairgrounds sit directly to the east of this new development and has been the subject of recent action taken to move forward with a mixed-use development.

TABLE 6.1 | PARCEL BREAKDOWN | MOTORAMA MOTEL

ADDRESS	PARCEL ID	ZONING	CURRENT USE	ASSESSED VALUE
303 W BENNETT	24-25-34-455-017	MXD	VACANT	\$6,520
302 W 8 MILE	24-25-34-455-018	MXD	VACANT	\$8,500
267 W BENNETT	24-25-34-455-019	MXD	RESIDENTIAL	\$25,670
259 W BENNETT	24-25-34-455-020	MXD	RESIDENTIAL	\$21,720
251 W BENNETT	24-25-34-455-021	MXD	RESIDENTIAL	\$7,080
250 W 8 MILE	24-25-34-455-022	MXD	METAL & WOOD FABRICATION STUDIO	\$39,920
231 W BENNETT	24-25-34-455-025	MXD	RESIDENTIAL	\$43,990
221 W BENNETT	24-25-34-455-027	MXD	RESIDENTIAL	\$27,740
100 W 8 MILE	24-25-34-455-034	MXD	MOTEL	\$465,900
330 W 8 MILE	24-25-34-455-037	MXD	MOTEL	\$174,150

TOTAL ASSESSED VALUE: \$821,190

Source: BS&A Software. "City of Ferndale Assessor's Database." 2013. <http://www.oakgov.com/propertygateway/Pages/default.aspx> and Oakland County: "Oakland County Property Gateway." Accessed February 10, 2013. <https://gis.oakgov.com/PropertyGateway/Home.mvc>

FIGURE 6.1 | EXISTING STRUCTURES | MOTORAMA MOTEL



- | | |
|-------------------------------|-------------------------------------|
| [1] Motorama Motel [active] | [4] Fabrication Workshop [active] |
| [2] Single-family Residence | [5] Single-family Residence |
| [3] Single-family Residence | [6] 8 Wood Motel [active] |



Source: Google Maps, 2012.

MOTORAMA MOTEL | DEMOGRAPHICS

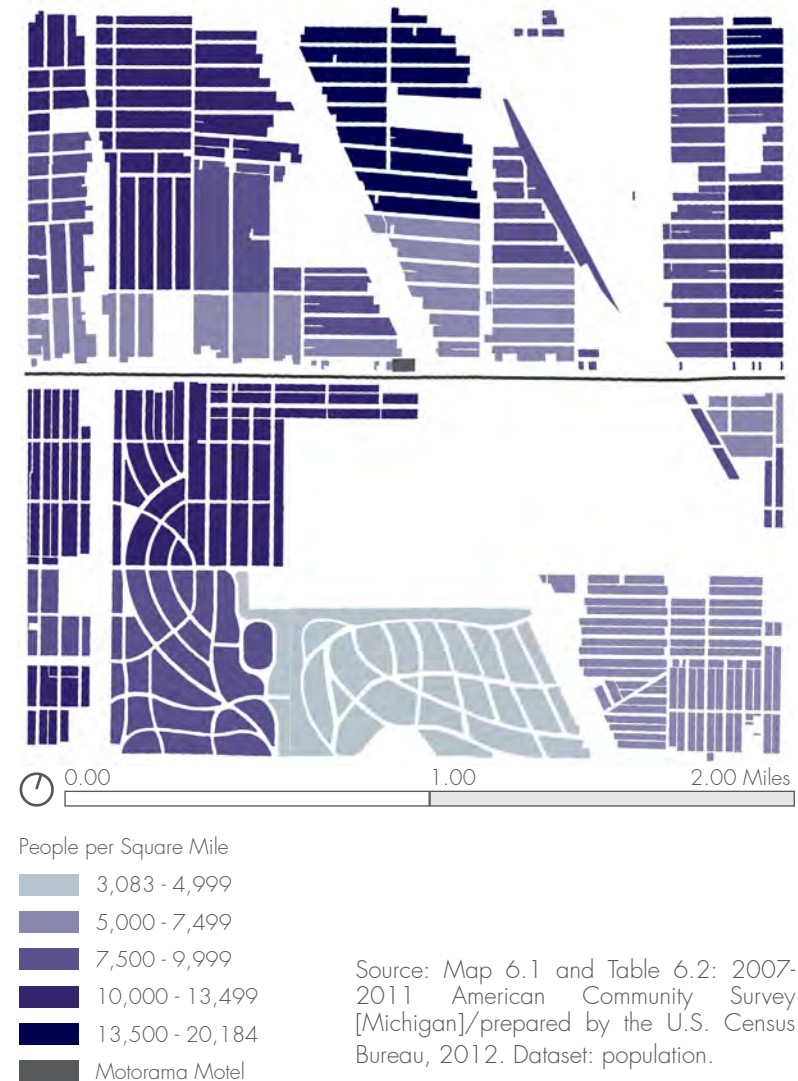
Demographic maps of the four square miles around the Motorama Motel illustrate neighborhood trends and conditions. Similarly, tables of demographic data for the census block group containing Motorama Motel provide a comparison with each variable's average in Ferndale, along the 7 Mile – 9 Mile corridor, in Oakland County, and in the tri-county region.

Map 6.1 represents population density by census block group on residential land in the four square miles around Motorama Motel. White areas are non-residential land uses, such as commercial, industrial, or roads. As shown in Map 6.1, most of the land around this site is classified as residential land, generally in small rectangular parcels evenly spaced along a gridded street network. Population densities around Motorama Motel range from 1,102 to 10,093 people per square mile. For reference, in the larger study area surrounding all four sites, population densities range between 805 and 50,830 people per square mile. As shown in Table 6.2, the census block group containing Motorama Motel has a population density of 6,912 per square mile – significantly lower than Ferndale's average of 10,624 people per square mile, but notably higher than Oakland County's average of 2,432 people per square mile and the tri-county region's average of 3,968 people per square mile. In comparison to this regional range, the population densities around Motorama Motel are moderately dense and can be reasonably expected to support retail.

TABLE 6.2 | POPULATION STATISTICS | MOTORAMA MOTEL

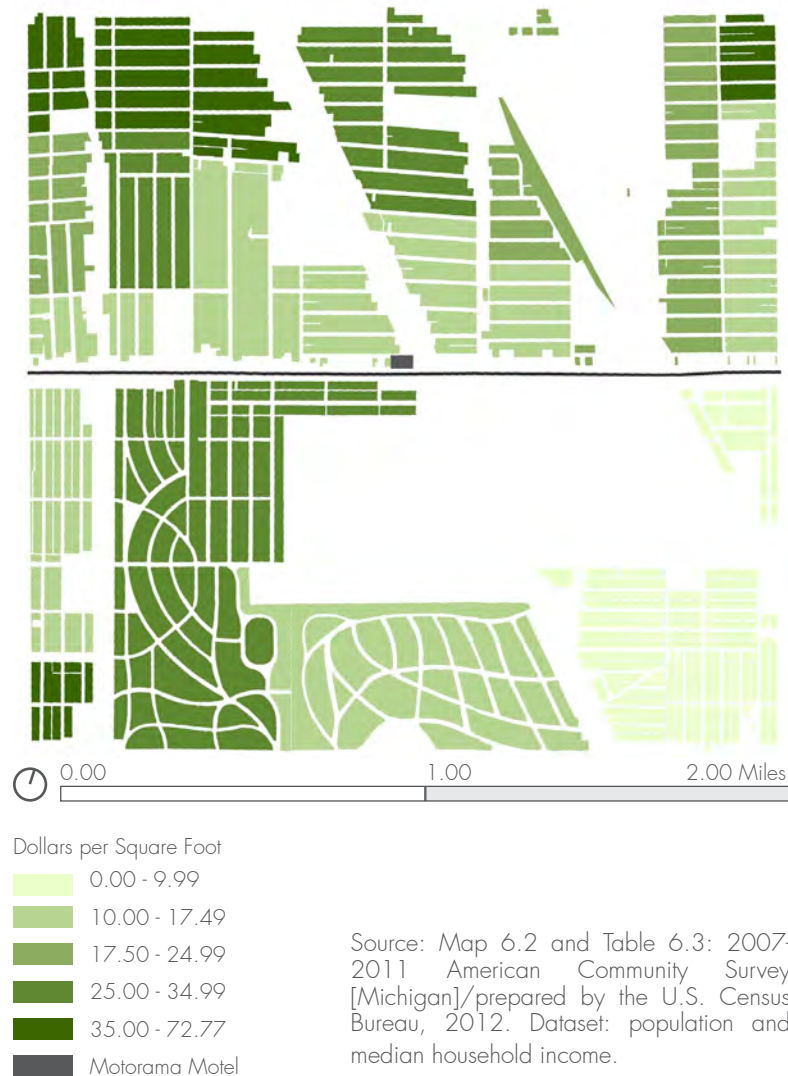
	MOTORAMA MOTEL	FERNDALE	OAKLAND COUNTY	TRI-COUNTY
POPULATION DENSITY (PEOPLE PER SQUARE MILE)	6,912	10,624	2,432	3,968
HOUSING DENSITY (UNITS PER ACRE)	6.0	8.8	1.6	2.7

MAP 6.1 | POPULATION DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | MOTORAMA MOTEL



Source: Map 6.1 and Table 6.2: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population.

MAP 6.2 | INCOME DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | MOTORAMA MOTEL



In order to further understand the purchasing power of the population surrounding the site, Map 6.2 calculates each census block group's income density. This is derived by multiplying median household income by population and dividing by square feet of residential land per census block group, with a resulting measure of the dollars of income per square foot, or income density. The land around Motorama Motel has moderate income density when compared with the greater study area. The census block groups in Map 6.2 cover all of the value ranges shown in the legend, which correspond to the larger study area. As shown in Table 6.3, income density in the census block group containing Motorama Motel is \$19.70 per square foot – slightly lower than Ferndale's average of \$21.30 per square foot, but significantly higher than the tri-county region's average of \$9.30 per square foot.

TABLE 6.3 | HOUSING STATISTICS | MOTORAMA MOTEL

	MOTORAMA MOTEL	FERNDALE	7 MILE - 9 MILE	OAKLAND COUNTY	TRI-COUNTY
MEDIAN HOUSEHOLD INCOME	\$36,810	\$52,815	\$42,097	\$72,869	\$54,027
INCOME DENSITY (PER SQUARE FOOT)	\$19.70	\$21.30	\$16.40	\$7.70	\$9.30

MOTORAMA MOTEL | DEMOGRAPHICS

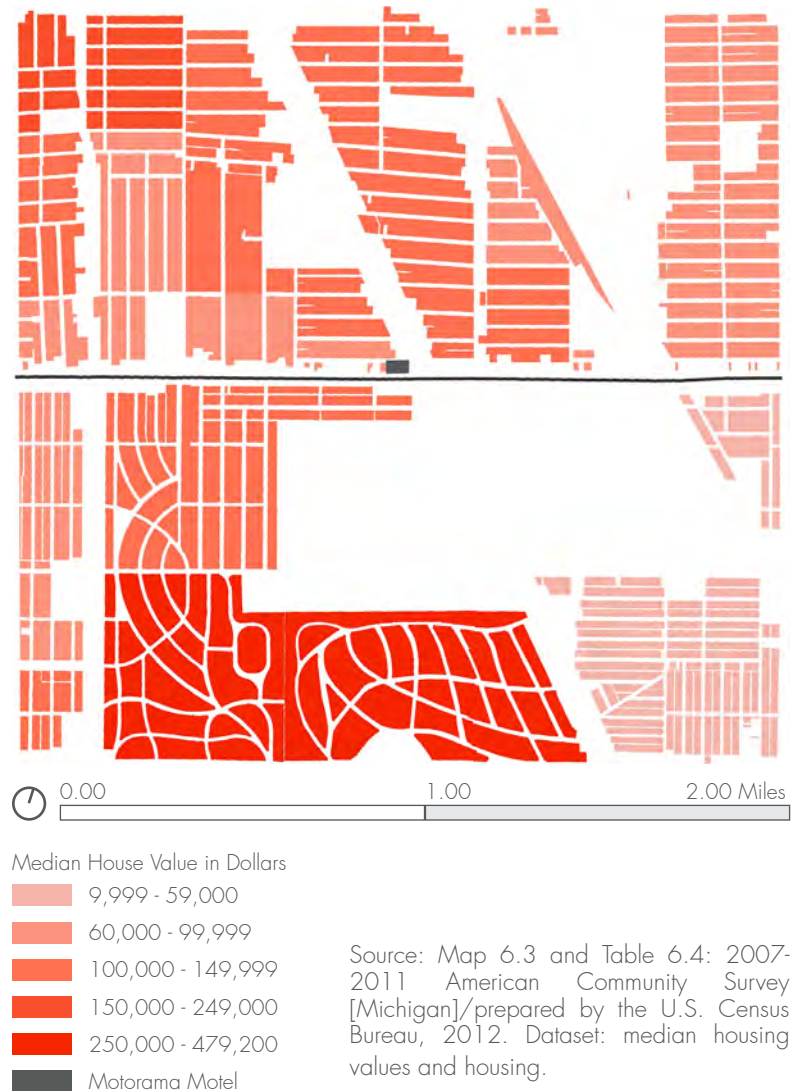
Map 6.3 represents median house value by census block group for owner-occupied housing units. As shown in the legend, median house values in the entire study area run as high as \$479,200. As shown in Table 6.4, the average median house value for all census block groups in the tri-county region is \$135,910, and the average in Ferndale is \$121,895. However, in the area around Motorama Motel, house values are more modest, with a median value of \$78,500 for that census block group. This suggests that for-sale residential properties built on the site should consider affordability as a key component affecting demand.

TABLE 6.4 | HOUSING OCCUPANCY | OWNER-OCCUPIED HOME
MOTORAMA MOTEL

	MOTORAMA MOTEL	FERNDALE	7 MILE - 9 MILE	OAKLAND COUNTY	TRI-COUNTY
HOUSING — OWNER- OCCUPIED	58.1%	60.5%	57.0%	67.2%	62.4%
HOUSING THAT IS VACANT	9.6%	10.8%	15.8%	8.7%	13.4%
MEDIAN OWNER- OCCUPIED HOME VALUE	\$78,500	\$121,895	\$93,822	\$193,501	\$135,910

MAP 6.3 | MEDIAN HOUSE VALUE BY BLOCK GROUP

RESIDENTIAL LAND ONLY | OWNER-OCCUPIED HOUSING UNITS



MAP 6.4 | MEDIAN GROSS RENT BY BLOCK GROUP
RESIDENTIAL LAND ONLY | RENTER-OCCUPIED HOUSING UNITS



In contrast, Map 6.4 shows median gross rent by census block group for renter-occupied housing units. Rents in the entire study area range between \$240 and \$2,001, and similarly, rents in the four square miles around Motorama Motel span the same range. As shown in Map 6.5, rents in Detroit, south of 8 Mile, are moderately lower than rents in Ferndale, north of 8 Mile. In particular, Table 6.5 shows that rents in the census block group containing Motorama Motel are \$1,150 – higher than the Ferndale average of \$893 and the tri-county region’s average of \$930. This suggests that the market will support for-rent residential properties on the site, and that perhaps any residential units built at Motorama Motel should be for rent rather than for sale.

TABLE 6.5 | HOUSING OCCUPANCY | RENTER-OCCUPIED HOME
MOTORAMA MOTEL

	MOTORAMA MOTEL	FERNDALE	7 MILE - 9 MILE	OAKLAND COUNTY	TRI-COUNTY
HOUSING THAT IS RENTER- OCCUPIED	32.3%	28.7%	27.9%	24.1%	25.1%
MEDIAN GROSS RENT	\$1,150	\$893	\$933	\$1,102	\$930

MOTORAMA MOTEL | DEMOGRAPHICS

Map 6.5 depicts residential vacancy rate by block group and shows percent of housing units that are vacant. Immediately surrounding Motorama Motel, this rate goes up as high as 74.5%; however, only a small pocket southeast of the site falls into the 40-74.5% range. As shown in Table 6.4, the residential vacancy rate in the area near the site is only 9.6% – slightly lower than that of Ferndale’s and significantly lower than that of the 7 Mile – 9 Mile corridor. This relatively-low residential vacancy rate suggests that additional residential units at Motorama Motel may be a successful part of a proposed development.

Map 6.6 depicts commercial vacancy rates by census tract, a larger unit of analysis than the census block group, with more aggregated data. According to Table 6.6, the census tract surrounding Motorama Motel has a commercial vacancy rate of 5.3% – significantly lower than the Ferndale average of 10.0% and even lower when compared to the 7 Mile – 9 Mile corridor average of 19.8%. The relatively-low commercial vacancy rates at this site demonstrate the market feasibility of developing here, as compared with other areas in the region that are experiencing much higher commercial vacancy rates.

TABLE 6.6 | COMMERCIAL STATISTICS | MOTORAMA MOTEL

	MOTORAMA MOTEL	FERNDALE	7 MILE - 9 MILE	OAKLAND COUNTY	TRI-COUNTY
COMMERCIAL VACANCY RATE	5.3%	10.0%	19.8%	13.1%	18.2%
COMMERCIAL UNITS VACANT FOR 12+ MOS.	4.3%	7.1%	15.9%	9.8%	14.6%

MAP 6.5 | RESIDENTIAL VACANCY RATE BY BLOCK GROUP
RESIDENTIAL LAND ONLY | MOTORAMA MOTEL

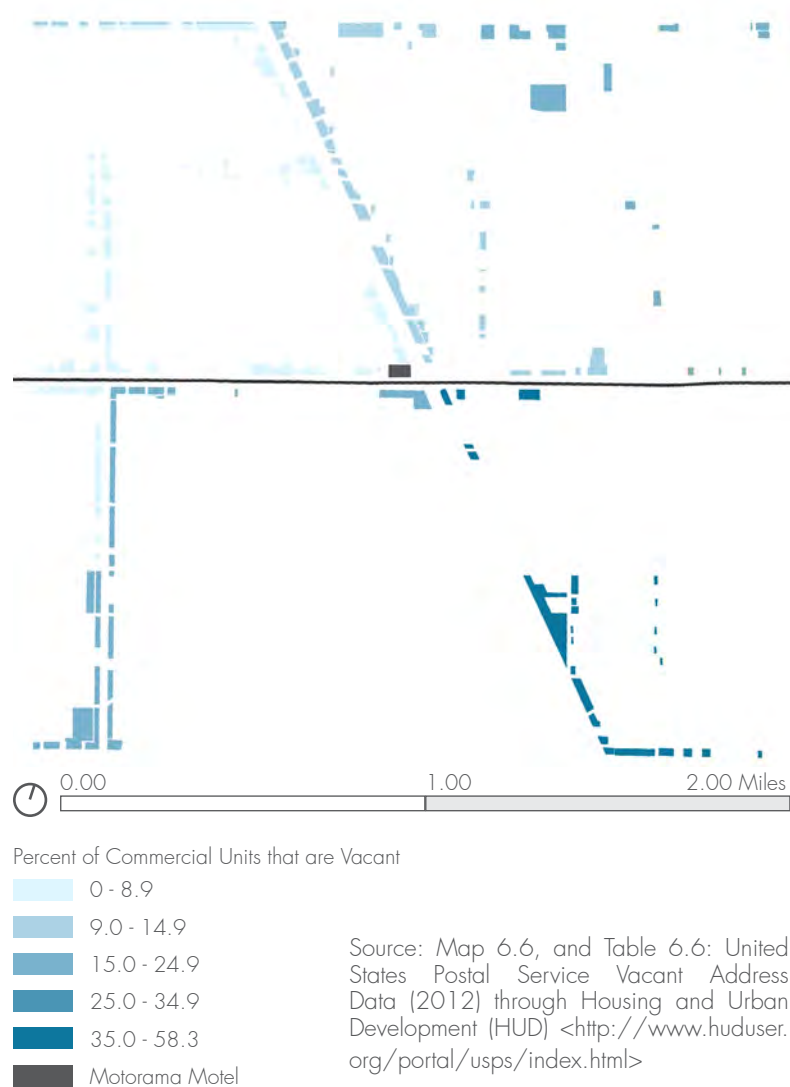


Percent of Housing Units that are Vacant

- 0.0 - 4.9
- 5.0 - 12.4
- 12.5 - 24.9
- 25.0 - 39.9
- 40.0 - 74.5
- Motorama Motel

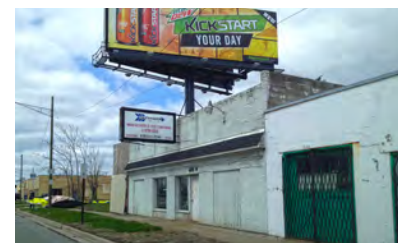
Source: Map 6.5: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: residential vacancy.

MAP 6.6 | COMMERCIAL VACANCY RATE BY CENSUS TRACT
COMMERCIAL LAND ONLY | MOTORAMA MOTEL



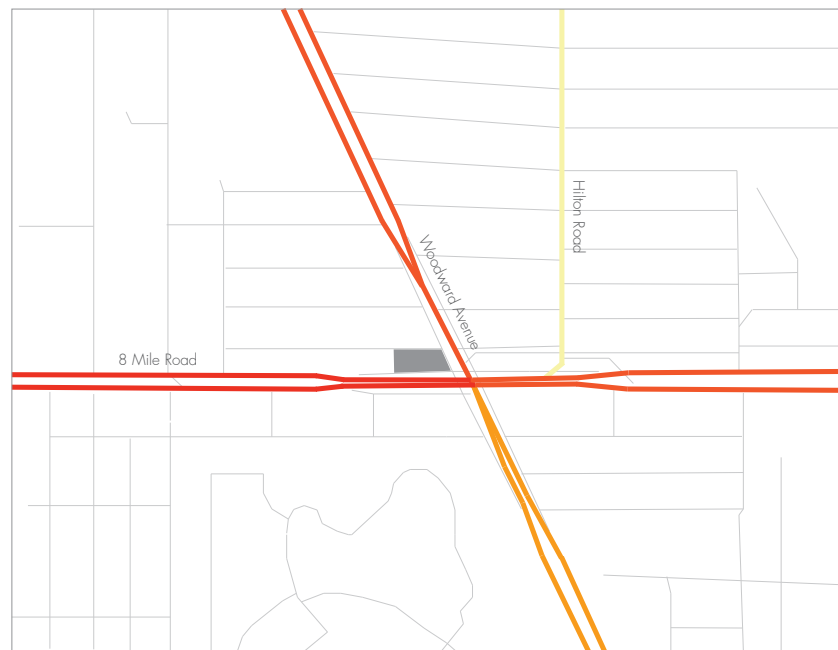
Source: Map 6.6, and Table 6.6: United States Postal Service Vacant Address Data (2012) through Housing and Urban Development (HUD) <<http://www.huduser.org/portal/usps/index.html>>

VACANCY ALONG 8 MILE | 2013

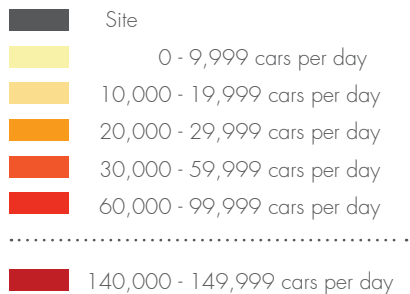


MOTORAMA MOTEL | TRANSPORTATION

MAP 6.7 | AVERAGE DAILY TRAFFIC VOLUMES | MOTORAMA MOTEL

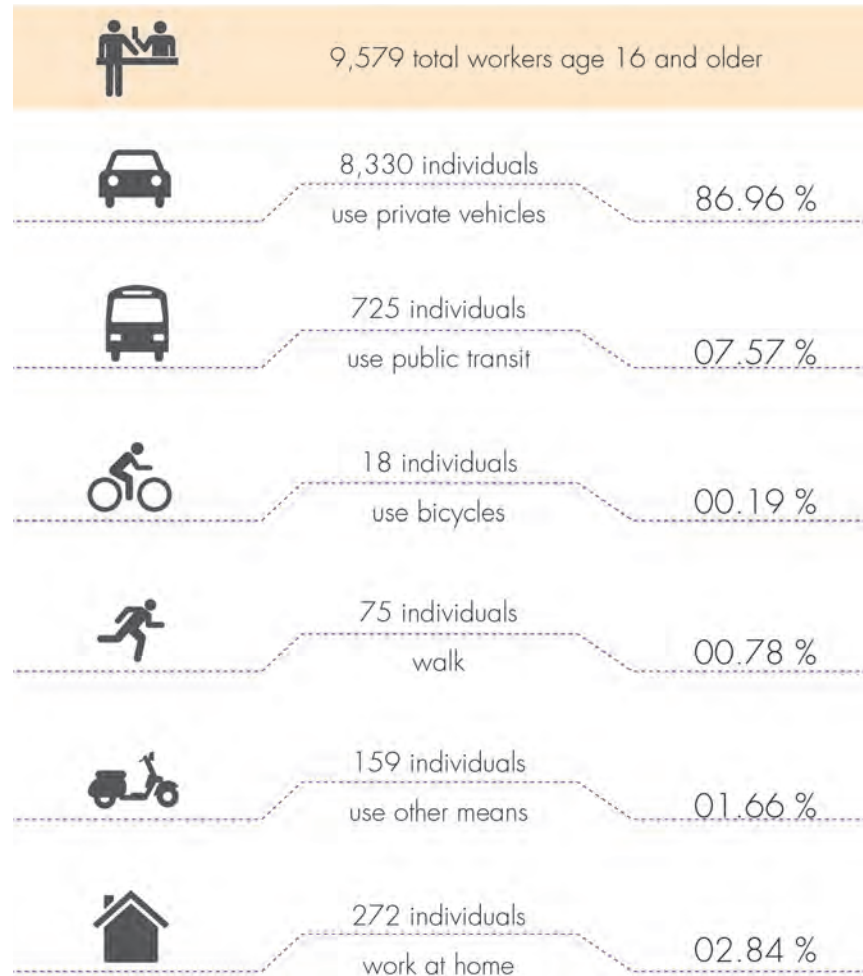


Traffic Volumes



Source: SEMCOG. "Traffic Counts: Southeast Michigan." 2008. <http://www.semco.org/Data/Apps/trafficcounts.report.cfm>

FIGURE 6.2 | MODES OF TRANSPORTATION TO WORK | MOTORAMA MOTEL



Source: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: mode to work.

As shown in Map 6.7 and Figure 6.2 Motorama Motel is situated at the highly trafficked intersection of 8 Mile and Woodward and sees daily vehicle counts over 100,000 between the two roads. While the majority of the population surrounding this site relies on private vehicles as their mode of transportation to work, a substantial number, over 7%, use public transit. The nearby transit station, just south on Woodward, likely increases transit use in this area. Smaller percentages of the population work at home (2.8%) or use

other modes of transportation (1.7%). Less than 1% of the population walks or rides bicycles. Given the high prominence of the two roads, as well as the impediment they may be for pedestrians and bicyclists, development at Motorama must facilitate auto access. The site's proximity to the intersection can make it difficult for vehicles to enter from 8 Mile and the fly-over on Woodward allows access only for vehicles traveling southbound.

8 MILE LOOKING EAST

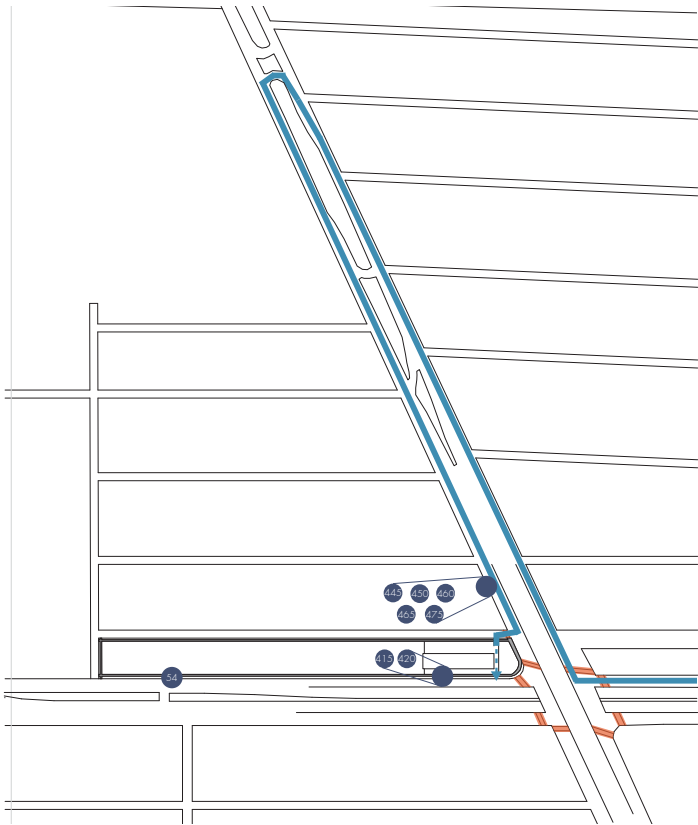


WOODWARD LOOKING NORTH



MOTORAMA MOTEL | SITE ACCESSIBILITY

FIGURE 6.3 | SITE ACCESSIBILITY | MOTORAMA MOTEL



Legend

- Site
- Entry / Exit Points
- Pedestrian Crosswalks
- Existing Sidewalks
- Areas of Concern
- Bus Stops

MOTOR VEHICLE ACCESS + CIRCULATION

One of the biggest challenges to redevelopment is creating access to the site. Although it lies at the major intersection of 8 Mile and Woodward, the restricted sight lines caused by the triple-level Woodward flyover limits where cars can enter and exit the site. Due to the high traffic speeds on 8 Mile and limited visibility caused by the Woodward fly-over, an entrance cannot be placed on 8 Mile near Woodward. Presently the only place to enter the motel is via Bennett, one block north of 8 Mile. This means that cars traveling westbound on 8 Mile must turn right, drive seven blocks north on Woodward before turning around near Channing Street in order to return south to access the site off of Bennett. There is an exit from the parking lot onto 8 Mile, commonly used as an ingress and egress point, which according to a hotel employee is actually only intended to be an exit from the motel.

DDOT Bus Routes

# 17	8 Mile	# 54	Wyoming
# 30	Livernois		

SMART Bus Routes

# 445	Woodward Limited	# 465	Auburn Hills Limited
+ 475			
# 450	Woodward Local	# 494	Dequindre
+ 460			

PEDESTRIAN ACCESS + CIRCULATION

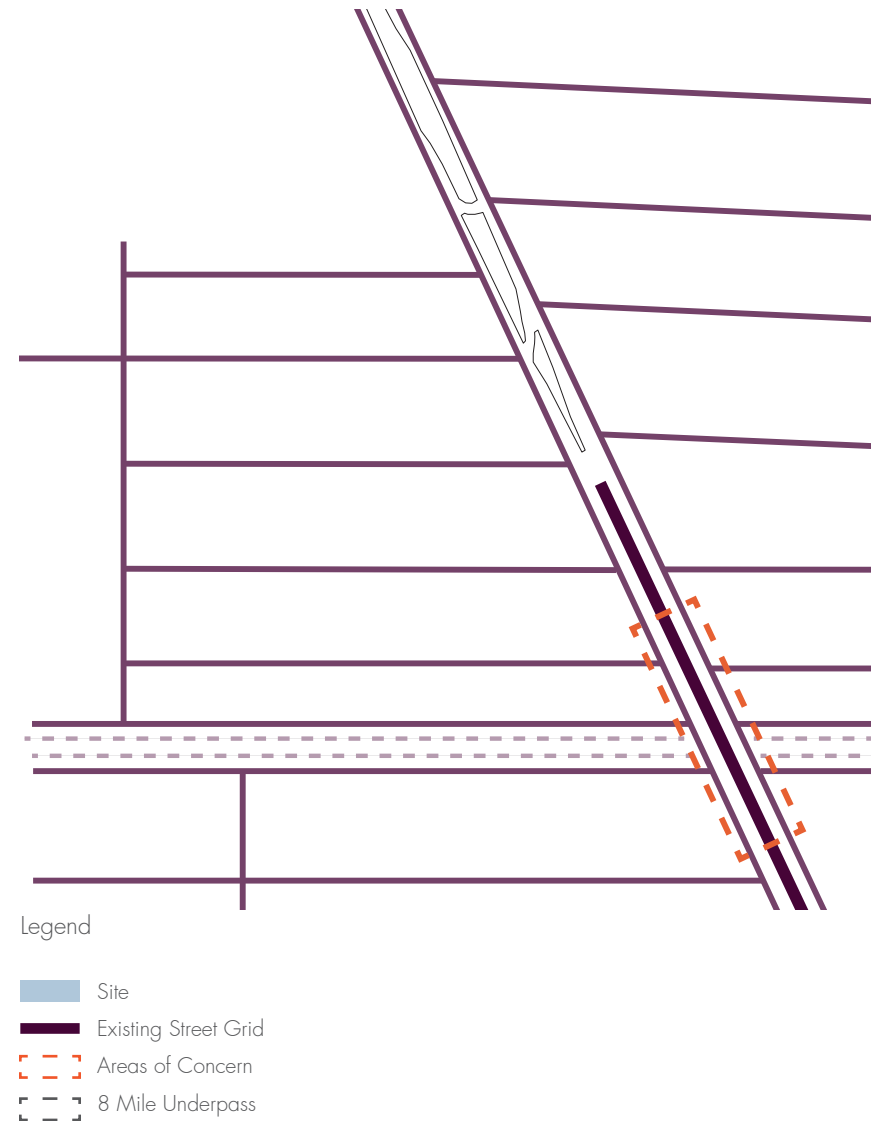
Other than automobile access onto the site, the motel has well-maintained sidewalks on all sides, which are in keeping with the surroundings. Crosswalks with signals at the intersection of 8 Mile and Woodward ensure the safety of pedestrians crossing underneath the Woodward flyover though the size of the intersection presents an impediment to easy pedestrian crossing. As denoted by blue circles on the diagram, there is one Suburban Mobility Authority for Regional Transportation (SMART) bus stop on the site, serving two lines, and one stop just north of the site, serving another five lines. All together, the site has access to seven SMART bus lines, as well as one Detroit Department of Transportation (DDOT) transit stop just west of the motel with access to a single bus line.

STREET GRID

The local grid is long east-west streets lined with residential units on either side of Woodward, the primary access road. The nearest residential north-south street is Edgewood Place, to the west of the site. At Edgewood, the grid rotates so that the primary access streets are north-south, with only intermittent east-west cross streets. The neighborhood corner where the site is located is therefore isolated as residents of Bennett and parallel streets cannot easily access the rest of the neighborhood.

Although the area surrounding Motorama Motel exhibits a strong and continuous grid, the flyover of Woodward and the underpass of 8 Mile create limited visibility and access through the busy intersection. Motorists are given “express” options via the flyover and underpass, as well as a “local” route staying at grade on either street. Although the paths are clearly divided and well-maintained, the structure of the motel becomes virtually unseen because of the infrastructural barricades.

FIGURE 6.4 | STREET GRID | MOTORAMA MOTEL

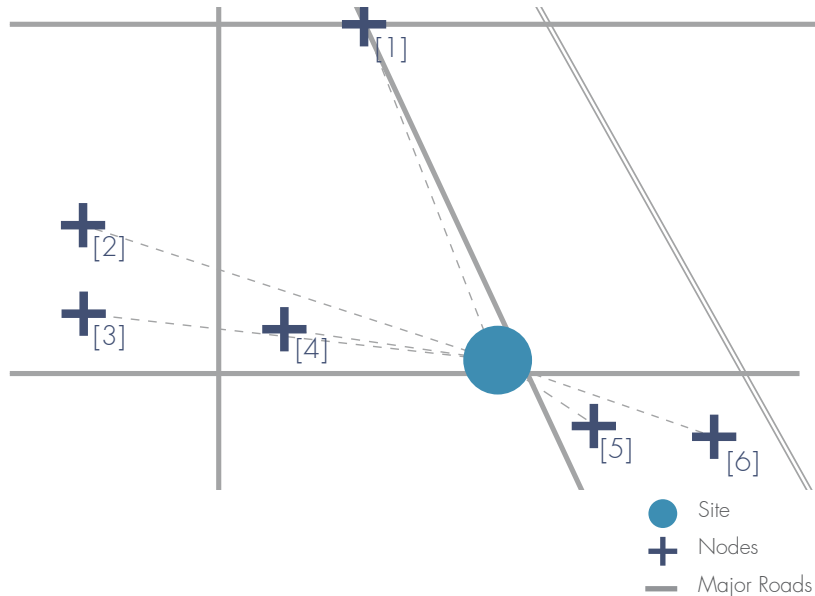


MOTORAMA MOTEL | COMMUNITY AMENITIES

Motorama Motel is surrounded by a number of attractive amenities and upcoming developments. Situated on a busy intersection with access to bus stops, Motorama Motel is a prime site for redevelopment. The site also has potential to connect to additional public transit once the Woodward Light Rail is introduced. Adding to this visibility, Motorama Motel is accessible to valuable neighborhood amenities.

The center of Downtown Ferndale is located at the intersection of 9 Mile and Woodward, one mile north of Motorama Motel. This walkable downtown is home to a variety of restaurants, shops, and services as well as festivals and parades. The Gateway Marketplace development is currently under construction at the southeast corner of 8 Mile and Woodward and will be anchored by a Meijer. The development will also include a Marshall's and a K&G Fashion Superstore. This high-profile development will add a large-scale grocer to the area and increase the traffic and visibility of the entire intersection.

FIGURE 6.5 | COMMUNITY AMENITIES | MOTORAMA MOTEL



Adjacent to the new Gateway Marketplace development is the former Michigan State Fairground. The vacant site is currently a priority for development within the region, drawing interest from groups such as Magic Plus LLC, a group of investors including former NBA star, Magic Johnson. Magic Plus hopes to implement a walkable, transit-oriented hub with environmentally friendly retail and residential.⁶ Garbutt Park is located just west of the Motorama Motel, between Gardendale and Allen Streets. The 6.5-acre park offers seasonal outdoor recreation opportunities for area residents, including playgrounds, athletic fields, an inline skating rink, grills, benches, and restrooms.⁷

Ferndale High School is the city's public high school with an enrollment of approximately 1,000 students. Pupils from all of metro Detroit attend Ferndale High and the school takes great pride in the social, economic, racial, and ethnic diversity of their student body.⁸ Although the Hayes Lemmerz currently sits vacant, the site is a potential location for large-scale development nearby.



1 Downtown Ferndale



2 Ferndale High School



3 Hayes Lemmerz Site



4 Garbutt Park



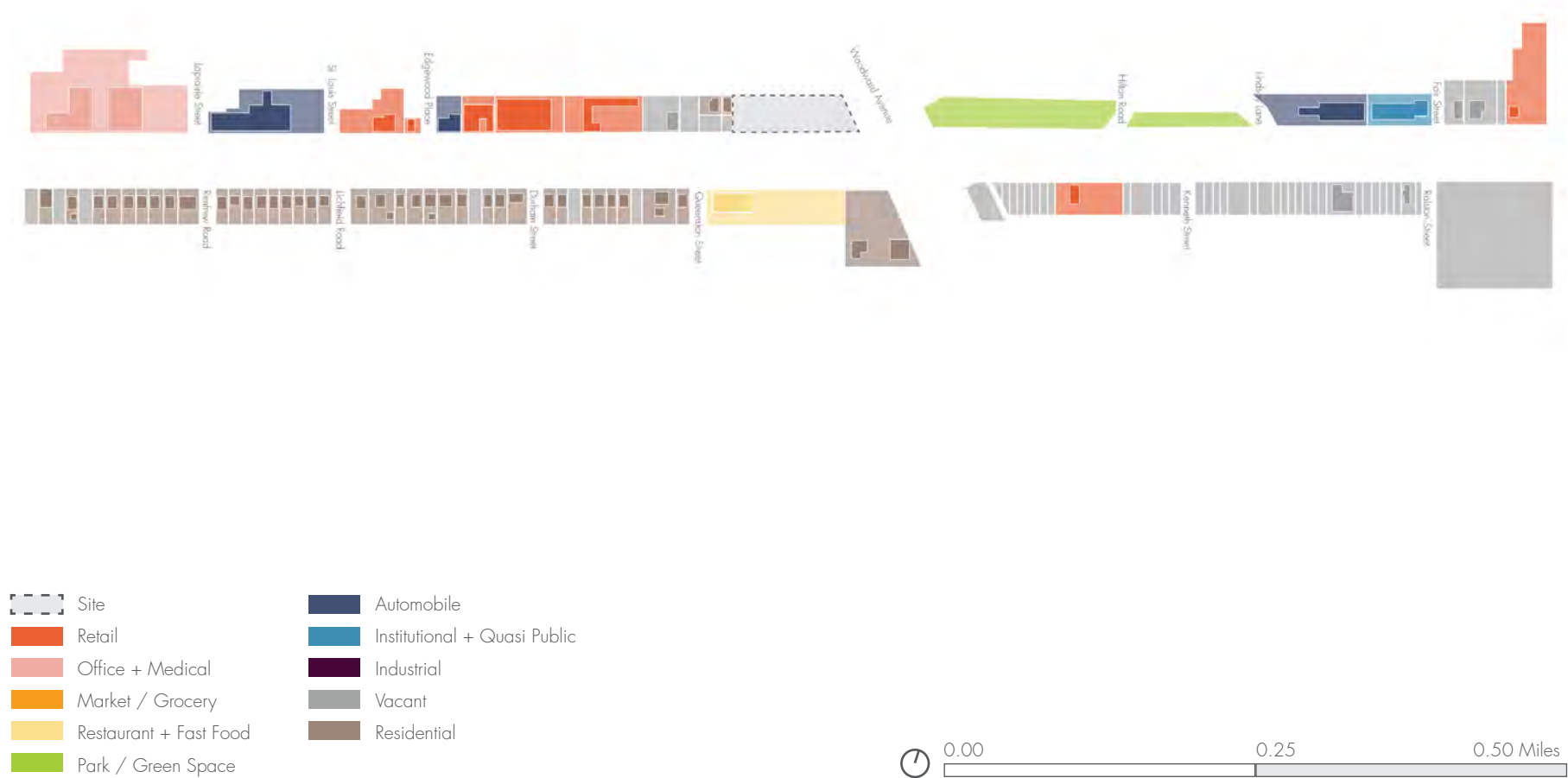
5 Gateway Marketplace



6 State Fairgrounds

MOTORAMA MOTEL | COMMERCIAL ASSESSMENT

FIGURE 6.6 | EXISTING COMMERCIAL FACILITIES



MOTORAMA MOTEL | NEIGHBORHOOD ASSESSMENT



In addition to the three residential properties between the Motorama and 8 Wood Motels, there is a residential neighborhood north of Bennett Street. This neighborhood consists of single-family and duplex units situated on six streets, including Bennett. The overall condition of the neighborhood is fair to good. There are very few vacancies and those residences or lots that are vacant appear to be well-maintained. Additionally, many occupied residences are for sale or lease. The housing stock ranges in age and some older homes show signs of recent renovation. Most homes in the neighborhood were built either in the 1920s or 1940s.⁹ The older properties in the neighborhood have brick exteriors while newer homes have siding.

There are sidewalks throughout the neighborhood; however, the sidewalk adjacent to Motorama Motel block on Bennett is not very well maintained. There are many mature trees throughout the neighborhood, but no street lamps. Many of the back yards are fenced off with chain-link fences and some residences have detached garages behind these fences. Additionally, there is street parking along at least one side of each road. Several of the residences that sit between the motels have unbuffered backyards that run to the sidewalk along 8 Mile. In the case of one home, the owner uses the backyard as a parking space with access off of 8 Mile.

MOTORAMA MOTEL | PROPOSED DEVELOPMENT ALTERNATIVES

INTRODUCTION

Motorama Motel is situated in a primarily-residential neighborhood of single-family homes, near an abundance of available retail and office space along the 8 Mile. Therefore, both development proposals complement the residential character of the area while implementing carefully-selected commercial uses to enhance the intersection. Townhomes are implemented in both scenarios to attract young professionals or families to the development. In addition to residential uses, the proposals include integrated dining, lodging, and recreation to provide attractive amenities to area residents and activate the intersection of 8 Mile and Woodward.

Even though the site is relatively small, there is potential for development with high catalytic impact. By expanding the development area to stretch from the Motorama Motel to the 8 Wood Motel, the site is large enough to support a variety of uses. One of the primary concerns for the site is the noise level on Bennett, one block north of 8 Mile. Both proposals use buildings to provide a buffer between homes along Bennett and traffic on 8 Mile to reduce noise pollution. The intersection of 8 Mile and Woodward is difficult to navigate—Woodward passes over the intersection, the 8 Mile service drives remain at grade, and the remainder of 8 Mile traffic is funneled to a below-grade underpass. These street patterns severely limit access to the site, so each scenario incorporates a direct entrance from 8 Mile. This new entrance keeps traffic off of Bennett and saves drivers the time it would take to turn from Woodward. Additionally, each proposal enhances the two nearby bus stops with improved shelters.

MOTORAMA MOTEL | PROPOSAL A: RETROFIT

Proposal A reintroduces several historic elements of the Motorama Motel while creating a modern boutique hotel. Working with the existing building allows for retention of the structure that supports the large billboard on the roof, one of the primary income generators of the motel. By purchasing the billboard, or partnering with the owner to create a more notable landmark at the significant intersection of 8 Mile and Woodward, the site is branded as a new “Gateway to Ferndale,” featuring a permanent or interchangeable public art piece, or an advertisement for the motel or the city.

There are only a handful of motels within the area. Of those in operation, many are either run down or very expensive. This proposal provides a unique, affordable lodging experience for those visiting the area while also paying homage to the motel’s historical significance at the intersection. Examples of similar motel conversions include the Jupiter Hotel in Portland and the Phoenix Hotel in San Francisco. These hotels target young travelers looking for a hip hotel experience and offer amenities to both locals and visitors. Jupiter Hotel includes a popular music venue and bar. As a nod to the former glory of the Motorama, this proposal reintroduces a classic diner to serve hotel guests and attract local residents. The Motorama Diner is equipped with a walk-up window to quickly serve individuals waiting for the bus and outdoor seating on the extended green space immediately adjacent to the restaurant.

To accommodate the expanded motel, one home from Bennett is removed to facilitate expansion of the driveway into the motel. Two of the three homes situated between the 8 Wood and Motorama Motels are occupied and in good condition and are retained in this proposal, as is the Workspace Building between the two motels. This building is repurposed as a non-profit “Maker Space,” where for a monthly fee, members have access to equipment including saws, laser cutters and welding tools.

One of the most prominent elements is the addition of 11 new residential units facing Bennett. In order to maintain the neighborhood’s residential character while increasing density in the neighborhood, 3 of these units are added between the two existing homes. Each unit is three stories and approximately 4,400 square feet with a garage on the ground floor. Additionally, 8 connected townhomes will replace the 8 Wood Motel. These two-story units are about 2,120 square feet and each includes a detached garage at the back of the property, creating an additional buffer to the noise from 8 Mile.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A

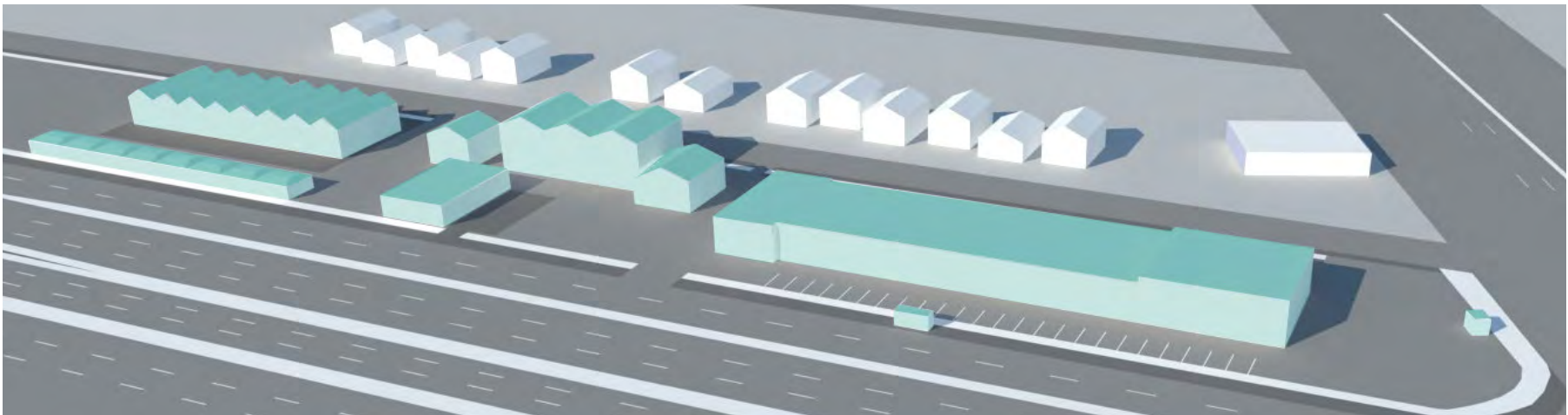
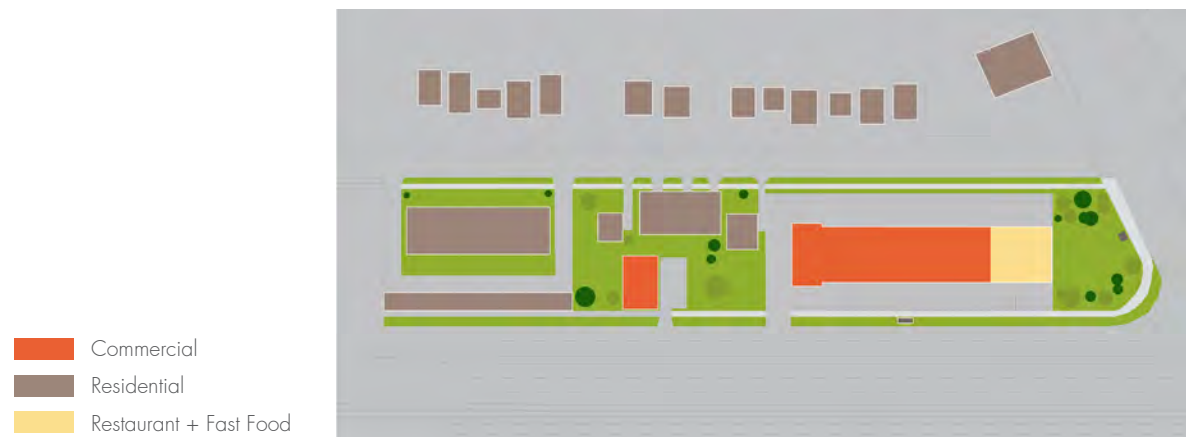


ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A



LAND USE | PROPOSAL A



MOTORAMA MOTEL | PROPOSAL A | FINANCIAL SUMMARY

The Motorama Motel is revamped as a 54-room hotel with a 24-hour diner and adds 26,000 square feet of new townhomes.

The cash flows for the hotel assume an average daily rate for rooms of \$90 per night - more than double the current rate. It also preserves the revenue

PROJECT ASSUMPTIONS	
SITE ACQUISITION COST	\$821,190
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%
RESIDENTIAL	
LEASABLE SF	25,866
CONSTRUCTION COST PSF	\$130.00
MONTHLY RENT PSF	\$1.25
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	8%
RETAIL	
LEASABLE SF OF DINER	7,319
LEASABLE SF OF INLINE RETAIL	-
DINER CONSTRUCTION COST PSF	\$125.00
INLINE RETAIL CONSTRUCTION COST PSF	\$0
DINER - ANNUAL RENT/SF	\$20.00
INLINE RETAIL - ANNUAL RENT/SF	\$0
VACANCY	10%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

stream from the billboard atop the building – assumed to be about \$30,000 per year for the building owner. Including land and construction, total project costs reach \$8.5 million. At a loan-to-cost ratio of 65%, the required equity is \$3 million.

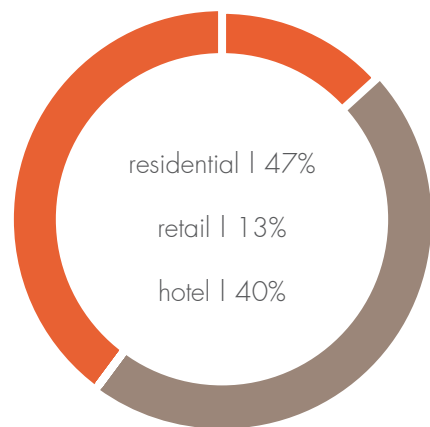
For the townhomes, an assumed a lease rate of \$1.25 per square foot per month or \$15.00 per square foot per year is used. For a 700-square-foot apartment, the rent is \$875 per month before utilities.

The return on equity is 4.54% at the end of Year 2 – rising to 9.67% in Year 9 and a leveraged before-tax internal rate of return (IRR) of 10.02%. A 20% increase in construction costs would reduce leveraged before-tax IRR to 4.35%. In contrast, a 20% decrease in construction costs would improve leveraged before-tax IRR to 16.39%.

INDUSTRIAL	
LEASABLE BILLBOARDS	1
CONSTRUCTION COST PSF	\$0
ANNUAL RENT PER BILLBOARD	\$120,000
VACANCY	0%
OPERATING EXPENSE RATIO	75%
EXIT CAP RATE	5%
HOTEL/MOTEL	
LEASABLE SF	22,100
CONSTRUCTION COST PSF	\$80.00
# OF HOTEL ROOMS	54
AVERAGE DAILY RATE PER ROOM	\$90.00
VACANCY	35%
OPERATING EXPENSE RATIO	70%
EXIT CAP RATE	9%

The proposal assumes a land cost of \$821,190, the sum of the assessed values for all parcels, or \$6.59 per square foot, is the acquisition cost of the land. If the project received a 10-year property tax abatement, returns on equity would rise to 10.40% in Year 2 and over 17.01% in Year 9. The abatement would boost IRR to 17.25%, bringing the project into a range that is attractive for private developers. Any additional reductions in project costs from lower construction costs, a lower land price, grants, or subsidies would further improve returns.

MOTORAMA PROPOSAL A | SITE PROGRAM



FINANCING

LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6.75%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10

BLENDED CAP RATE	8.53%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	\$9,213,912
NET CASH FROM SALE IN YEAR 10	\$4,294,105

RETURNS

UNLEVERAGED BEFORE TAX IRR	7.23%
LEVERAGED BEFORE TAX IRR	10.02%
LEVERAGED AFTER TAX IRR	7.31%

LEVERAGED BEFORE TAX CASH FLOW

YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$2,978,998	-
1	\$0	0.00%
2	\$135,355	4.54%
3	\$129,688	4.35%
4	\$153,584	5.16%
5	\$178,435	5.99%
6	\$204,281	6.86%
7	\$231,161	7.76%
8	\$259,116	8.70%
9	\$288,189	9.67%
10	\$5,396,908	181.17%



MOTORAMA MOTEL | PROPOSAL B: REDEVELOP

Proposal B removes all existing structures on the site and introduces new recreational space, retail, and residential units. Due to a lack of fitness and recreation amenities in the surrounding area, this proposal incorporates a five-story, 71,800-square-foot fitness center that replaces the Motorama Motel and becomes the anchor of the new development. The new recreation space includes a lap pool, track, basketball courts, weight room, daycare center, group-class studios, exercise machines, and locker rooms.

Adjacent to the fitness center is a two-story, 18,200-square-foot flexible retail strip. The added retail space creates a sound buffer that could be strengthened by landscaping facing Bennett. In order to provide flexibility for future tenants and to increase amenities for Ferndale residents, the space behind this retail also serves as a small patio for outdoor restaurant seating along Bennett.

In addition to the new gym and retail space, this proposal includes 14 townhouses to replace the 8 Wood Motel, Workspace Building, and existing residences. Each three-story, 3180-square-foot unit will include a 20' x 25' garage, accessible from Bennett.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B

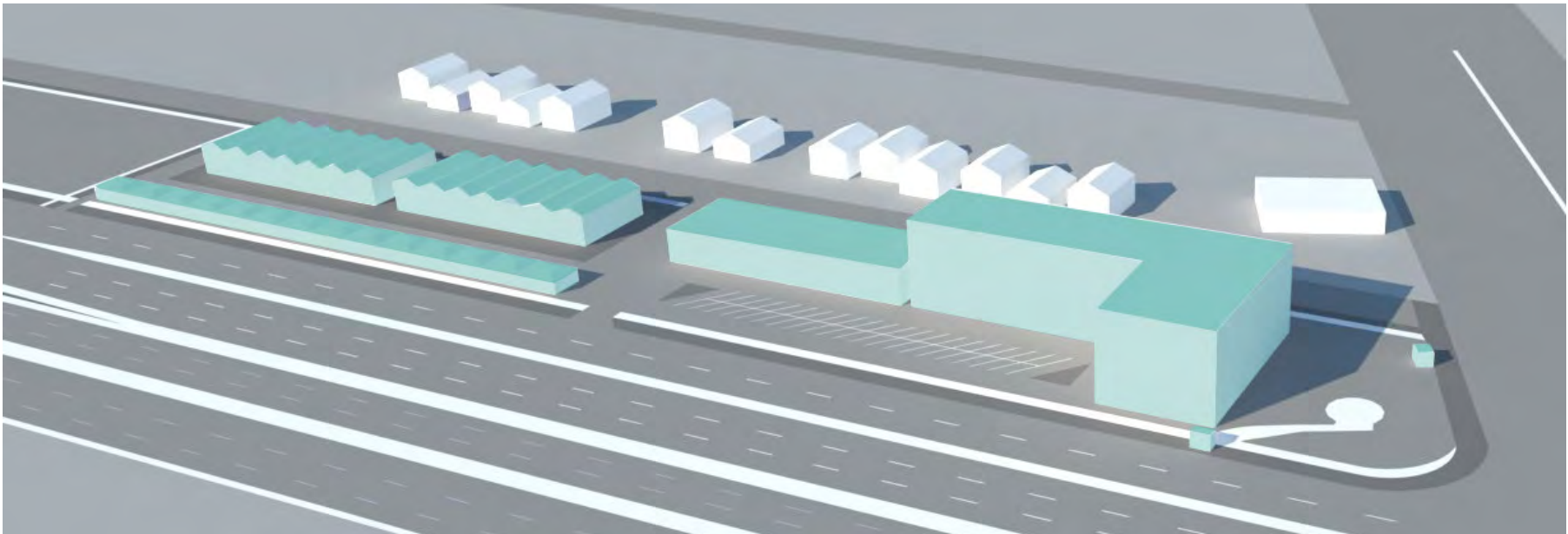
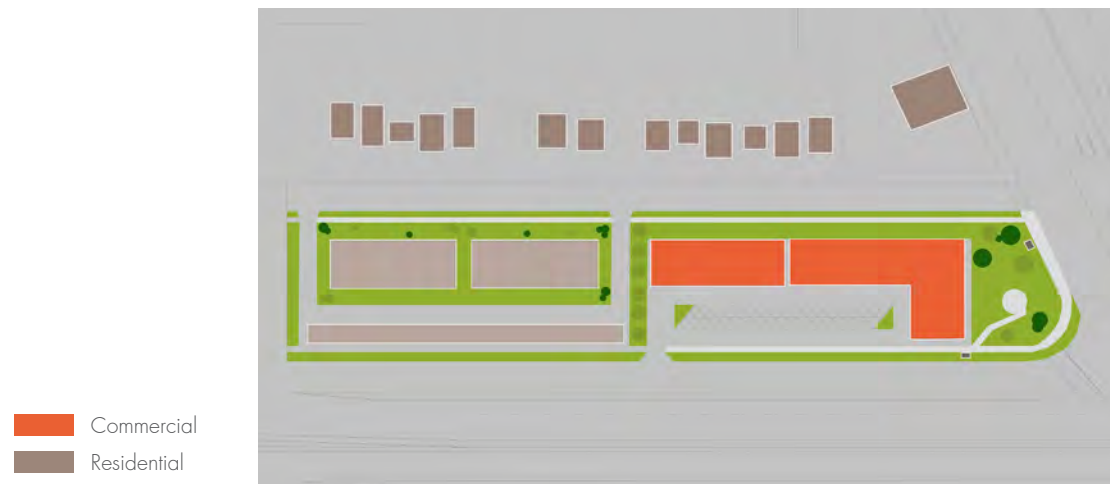


ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



LAND USE | PROPOSAL B



MOTORAMA MOTEL | PROPOSAL B | FINANCIAL SUMMARY

Proposal B relies much more heavily on retail, adding a 60,000 square foot gym, 15,000 square feet of fast-casual restaurants such as Panera and Starbucks, and 27,000 square feet of residential townhomes. Proposal B assumes a lease rate of \$15.00 per square foot for the gym and \$22.00 per square foot for the fast-casual retail. Because all buildings are new construction, the billboard is removed from the site and the associated revenue is lost.

Due to more new construction on the site, total project costs for Proposal B come to \$15.9 million, roughly \$6.8 million higher than Proposal A. At a loan-to-cost ratio of 65%, the required equity is \$5.6 million.

Proposal B assumes the same monthly lease rates of \$1.25 per square foot for the townhomes. Because the rentable square footage for the townhomes does not change substantially, this portion of cash flows remains about the same.

While the project covers debt payments, the return on equity for Proposal B Year 2 is 3.07%. By Year 9, return on equity rises to 8.39%. However, because Proposal B relies more heavily on retail, the project's blended cap rate of 9% is higher than Proposal A. This lowers the project's sale value and results in a leveraged before-tax IRR of 8.43%. To demonstrate how greatly construction costs affect returns, a 20% increase in construction costs would drop leveraged before-tax IRR to 3.19% and a 20% decrease would improve IRR to 15.28%.

Like Proposal A, this proposal assumes a land cost is \$821,190. If Proposal B received a 10-year property tax abatement, returns on equity would bump up to 8.60% in Year 2 and increase to 15.50% in Year 9 while yielding an IRR of 16.26%. It is likely that both Proposal A and Proposal B will require abatements or other subsidy to make sense for private investors.

PROJECT ASSUMPTIONS

SITE ACQUISITION COST	\$821,190
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

RESIDENTIAL

LEASABLE SF	27,200
CONSTRUCTION COST PSF	\$130.00
MONTHLY RENT PSF	\$1.25
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	9%

RETAIL

LEASABLE SF OF ANCHOR RETAIL	61,073
LEASABLE SF OF INLINE RETAIL	15,479
ANCHOR RETAIL CONSTRUCTION COST PSF	\$110.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$15.00
VACANCY	10%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	8%

FINANCING

LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6.75%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%

SALE AT YEAR 10

BLENDED CAP RATE	8.26%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	\$21,822,988
NET CASH FROM SALE IN YEAR 10	\$11,830,320

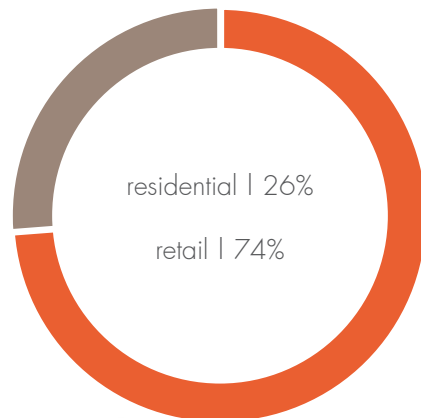
RETURNS

UNLEVERAGED BEFORE TAX IRR	10.27%
LEVERAGED BEFORE TAX IRR	16.26%
LEVERAGED AFTER TAX IRR	13.20%

LEVERAGED BEFORE TAX CASH FLOW

YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$5,557,158	-
1	\$0	0.00%
2	\$478,097	8.60%
3	\$497,678	8.96%
4	\$552,485	9.94%
5	\$609,484	10.97%
6	\$668,763	12.03%
7	\$730,413	13.14%
8	\$794,529	14.30%
9	\$861,210	15.50%
10	\$14,946,430	268.96%

MOTORAMA PROPOSAL B | SITE PROGRAM



MOTORAMA MOTEL | PROPOSAL CHALLENGES + OPPORTUNITIES

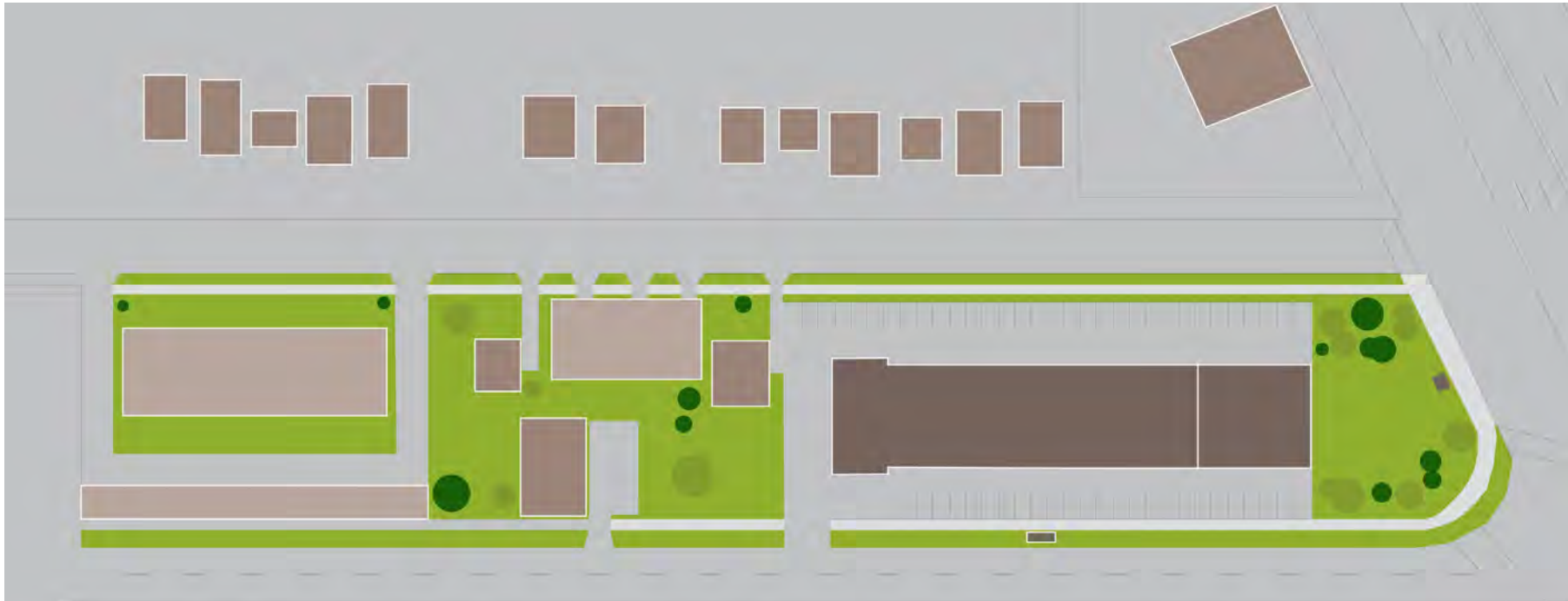
Both proposals offer opportunities to improve economic opportunity along 8 Mile by building on the structure and history of the corridor. Improving vehicular access to the site, accomplished by adding an entrance off of the westbound 8 Mile Service Drive and removing the surrounding high walls, will make the site more accessible for pedestrians.

In Proposal A, not only does the Motorama Diner provide a new restaurant to activate 8 Mile, it also acts as a destination for nearby residents. The diner activates the underused green space at the corner while also catering to transit riders. Integrating transit riders into the activities beyond the sidewalk

will increase the perception of safety and promote social cohesion. Proposal B provides several opportunities to activate 8 Mile. With a unique anchor and improved access, this proposal aims to complement the Gateway Marketplace at the southeast corner of 8 Mile and Woodward. With these complementary uses, the intersection will promote economic development in the area.

Proposal B provides amenities to residents from the neighborhood and surrounding communities, while also acting as a buffer between 8 Mile and Bennett. The building will be visible from Woodward at the intersection, creating an opportunity for an art installation or another iconic landmark to

SITE PLAN: PROPOSAL A

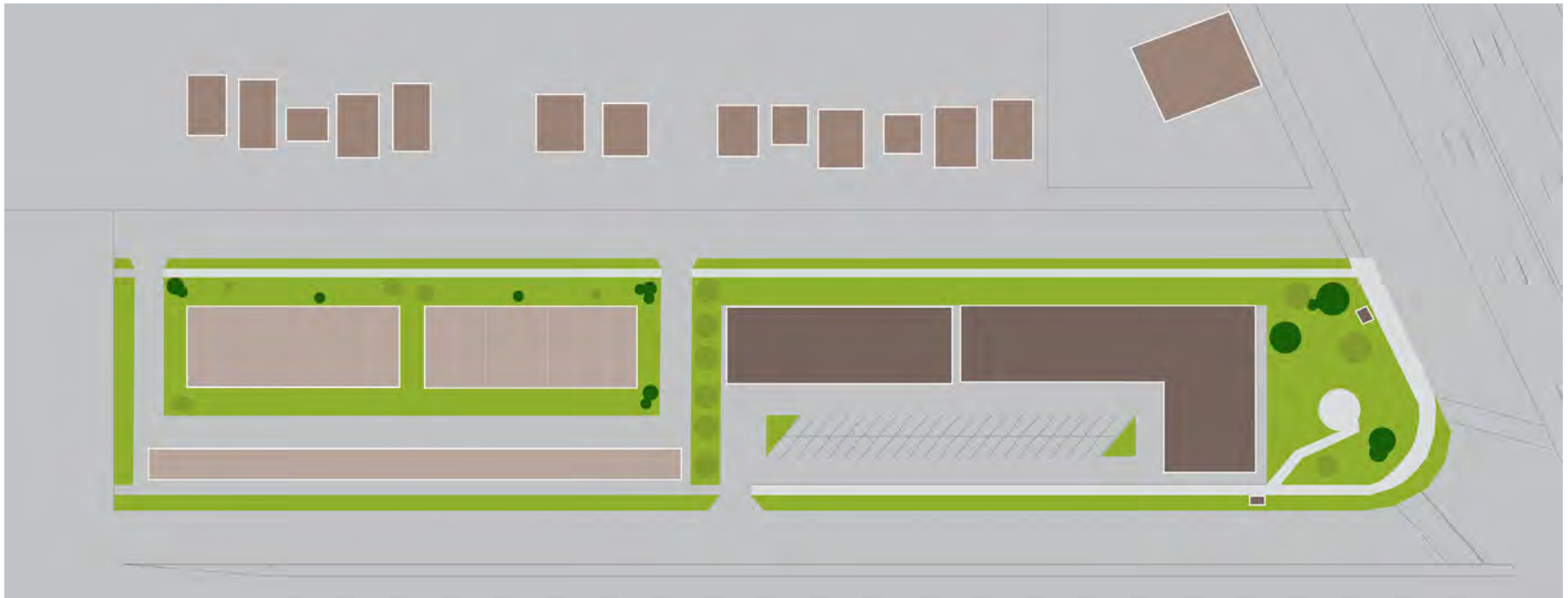


welcome visitors to Ferndale. Adding 14 townhomes will increase residential density and efficiency, while introducing new housing typologies to Ferndale, which currently has very little multi-family housing.

Development challenges include the Woodward flyover as both a physical and psychological barrier to access. Although an improved entryway from 8 Mile makes the site more accessible, getting to the site may still be difficult for out-of-towners. Finally, the lease or ownership status of the billboard may prohibit the improvements necessary to create the “Gateway to Ferndale” signage in Proposal A.

Redevelopment of the entire area between the Motorama and 8 Wood Motels poses additional difficulties. The proposals require developers to acquire the property rights from at least six different property owners who may not be willing to sell. Residents off Bennett may benefit from the development in the long run, but will also have to deal with potentially lengthy construction periods on their street, or the possibility of increased traffic in their neighborhood. However, this challenge could be alleviated with thoughtful construction phasing and by creating strong connections within the neighborhood.

SITE PLAN: PROPOSAL B



SECTION VI. REFERENCES

NOTES:

¹ Ferndale Historical Society. "Winter 2005 Newsletter." 2005. http://ferndalehistoricalsociety.org/assets/newsletter_winter_05.pdf.

² Johnston, Chris. Interview by authors. Ferndale, MI, February 22, 2013.

³ Ferndale Historical Society. "Ferndale Gazette: Here's Woodward – 8 Mile Intersection of the Future." March 18, 1948. <http://www.ferndalehistoricalsociety.org/assets/1948-03-18.pdf>

⁴ SEMCOG. "Traffic Counts: Southeast Michigan." 2005. <http://www.semcog.org/Data/Apps/trafficcounts.report.cfm>

⁵ BS&A Software. "City of Ferndale Assessor's Database." 2013. <http://www.oakgov.com/propertygateway/Pages/default.aspx>

⁶ "Magic Johnson's Michigan State Fairground Development Proposal Accepted." Mlive. February 7, 2013. Accessed April 2, 2013. http://www.mlive.com/news/detroit/index.ssf/2013/02/magic_johnsons_michigan_state.html#incart_river_default

⁷ Ferndale Patch. "Bruce D. Garbutt Park." 2013. <http://ferndale.patch.com/listings/bruce-d-garbutt-park>

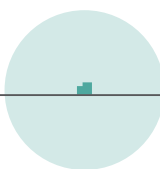
⁸ Ferndale Schools. "Ferndale High School." 2013. <http://www.ferndale.wednet.edu/?q=fhs>

⁹ Oakland County. "Oakland County Property Gateway." Accessed February 10, 2013. <https://gis.oakgov.com/PropertyGateway/Home.mvc>

PHOTOS:

Photo 6.1: Crane, Don. Midwest Color, Inc., Detroit, MI.

All photos not referenced are property of authors.





SECTION VII. SITE D: GATEWAY CROSSING

8 MILE + DEQUINDRE ROAD



GATEWAY CROSSING | HISTORICAL CONTEXT

Gateway Crossing is located in the City of Hazel Park, at the heart of the tri-county area of Southeast Michigan. The site is precisely at the intersection of Wayne, Oakland and Macomb Counties, creating a gateway between jurisdictions. The rectangular site is enclosed by 8 Mile Road to its south, Dequindre Road to its east, East George Avenue to its north, and Merrill Avenue to its west.

Prior uses of the site, like most of 8 Mile throughout Hazel Park, are almost exclusively retail. One of the earlier developments of the site was the Holbrook Supermarket. Later uses include Federal's department store, Wrigley Supermarket, Kresge building, David Supermarket, and Davis Packing Company.¹

The City, although always valuing the important retail presence along 8 Mile, has clearly placed emphasis on making the area around John R and 9 Mile Roads the primary downtown. Perhaps because of this emphasis, the uses along this segment of the 8 Mile corridor have remained almost exclusively retail or commercial with a suburban feel and very little mixed-use or traditional downtown development.

The more recent occupants of the site - a 70,000-square-foot structure that served as a Federal's department store and a Warehouse Club, and a 14,000-square-foot commercial building - were recently demolished for the stalled Gateway Crossing development.²

TIMELINE

1949 - 2012

1949 Small Commercial Buildup on 8 Mile



1961 Larger Scale Commercial Growth + Residential Buildup





Photos 7.1-7.3: Historic Images of 8 Mile + Gateway Crossing

1997

Development of Strip Malls along 8 Mile + Infill Residential Housing



2012

Demolition of Commercial Properties on 8 Mile + Greater Infill Residential Housing



Source: Wayne State University Southeast Michigan Aerial Photo Collection.
http://www.clas.wayne.edu/photos/ap_index.htm

GATEWAY CROSSING | EXISTING SITE CONDITIONS



Panoramic View of Gateway Crossing | 2013



GATEWAY CROSSING | EXISTING SITE CONDITIONS

Currently, the 8.5 acre site on the corner of 8 Mile and Dequindre sits vacant without any remaining structures, as shown in Figure 7.1. The six-parcel area is bisected by East Muir running east to west, which is currently blocked off but will likely need to be restored as a through street. Table 7.1 provides information of the assessed value and zoning for the parcels that comprise Gateway Crossing. A building remains on the small corner lot of 8 Mile and Dequindre, though it is excluded from the site for the purpose of development proposals. Current occupants of the corner lot include an insurance company, an independent drug store, and an adult bookstore.

The site is currently owned by a private company. The group purchased the property to open a grocery store, but has recently informed the City that it will not move forward with plans. The owners expect to sell the property at a loss and have listed it for \$3.5 million with CMP Real Estate Group, a broker specializing in retail and commercial real estate throughout Southeast Michigan. CMP Real Estate Group is negotiating with 2 or 3 private buyers that may be interested in purchasing the property. Their proposed site plan involves a 52,000-square-foot development with tenants such as a Sav-A-Lot grocery store, a Family Dollar, and other retail.³

The City states that development of the site is at a standstill, despite the extensive development plans, with the developer claiming that a nearby adult bookstore discourages investors. However, the City has also indicated that they believe an investor could overcome the challenges posed by this nearby use through careful development and that it need not deter investment.⁴

To further encourage investment on the site, Hazel Park has offered \$1.4 million in tax exemptions for this redevelopment in the form of Tax Increment Financing (TIF) to be paid back in increased property taxes over time. This package includes \$1 million in tax incentives from the Michigan Economic Growth Authority, which will expire in 2013. Additional financing incentives may be possible in the future and the City is eager to attract investment to the site, though the City has been clear that it lacks the capacity to offer immediate development incentives.⁵

TABLE 7.1 | PARCEL BREAKDOWN | GATEWAY CROSSING

ADDRESS	PARCEL ID	ZONING	CURRENT USE	ASSESSED VALUE
E MUIR	25-36-482-001	BC-2	VACANT	\$204,340
1727 E 8 MILE	25-36-483-001	BC-2	VACANT	\$57,420
E MUIR	25-36-483-004	BC-2	VACANT	\$9,090
20721 DEQUINDRE	25-36-483-007	BC-2	VACANT	\$105,530
E 8 MILE	25-36-483-008	BC-2	VACANT	\$23,490
1839 E 8 MILE	25-36-483-009	BC-2	VACANT	\$35,010
TOTAL ASSESSED VALUE:				\$434,880

Source: Oakland County Property Gateway. Accessed February 2013.
<https://gis.oakgov.com/PropertyGateway/Home.mvc>

FIGURE 7.1 | EXISTING STRUCTURES | GATEWAY CROSSING



- [1] | Gateway Crossing [vacant]
- [2] | Insurance [active] | Drug Store [active] | Adult Bookstore [active]

GATEWAY CROSSING | DEMOGRAPHICS

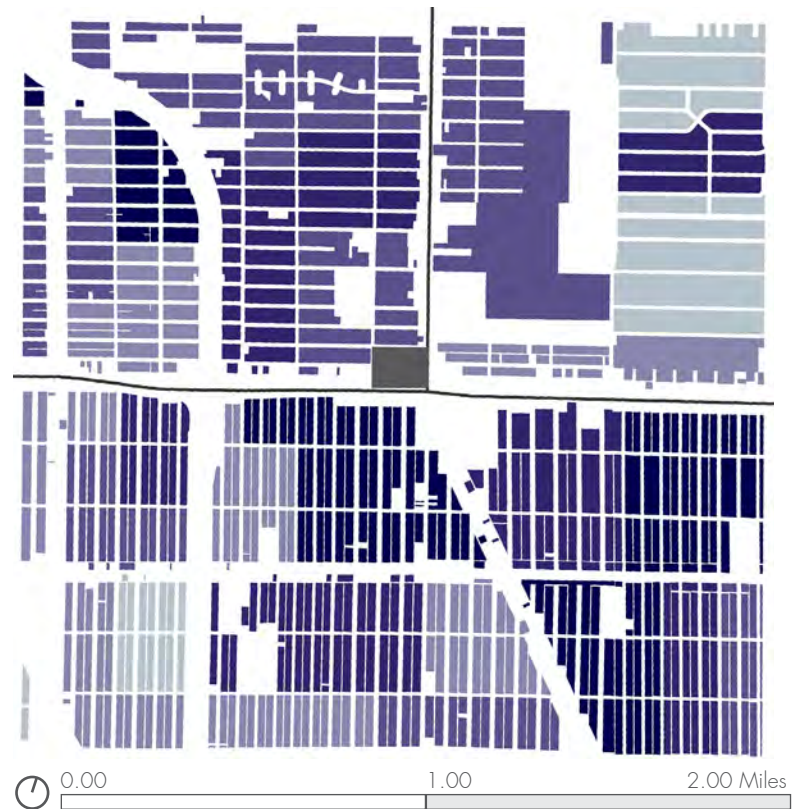
Demographic maps of the four square miles around Gateway Crossing illustrate neighborhood trends and conditions. Similarly, tables of demographic data for the census block group containing Gateway Crossing provide a comparison with each variable's average in Hazel Park, along the 7 Mile – 9 Mile corridor, and in the tri-county region.

Map 7.1 represents population density by census block group on residential land in the four square miles around Gateway Crossing. White areas are non-residential land uses, such as commercial, industrial, or roads. As shown in Map 7.1, most of the land around this site is classified as residential land, generally in small rectangular parcels evenly spaced along a gridded street network. Population densities around Gateway Crossing range from 5,357 to 20,333 people per square mile. For reference, in the larger study area surrounding all four sites, population densities range between 805 and 50,830 people per square mile. As shown in Table 7.2, the census block group containing Gateway Crossing has a population density of 11,008 per square mile – slightly lower than Hazel Park's average of 12,416 people per square mile, but notably higher than Macomb County's average of 4,096 people per square mile and the tri-county region's average of 3,968 people per square mile. In comparison to this regional range, the population densities around Gateway Crossing are moderately dense and can be reasonably expected to support retail.

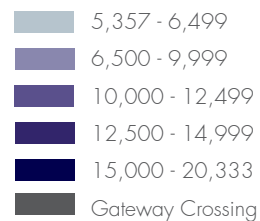
TABLE 7.2 | POPULATION STATISTICS | GATEWAY CROSSING

	GATEWAY CROSSING	HAZEL PARK	MACOMB COUNTY	TRI-COUNTY
POPULATION DENSITY (PEOPLE PER SQUARE MILE)	11,008	12,416	4,096	3,968
HOUSING DENSITY (UNITS PER ACRE)	7.9	9.1	2.7	2.7

MAP 7.1 | POPULATION DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY | GATEWAY CROSSING

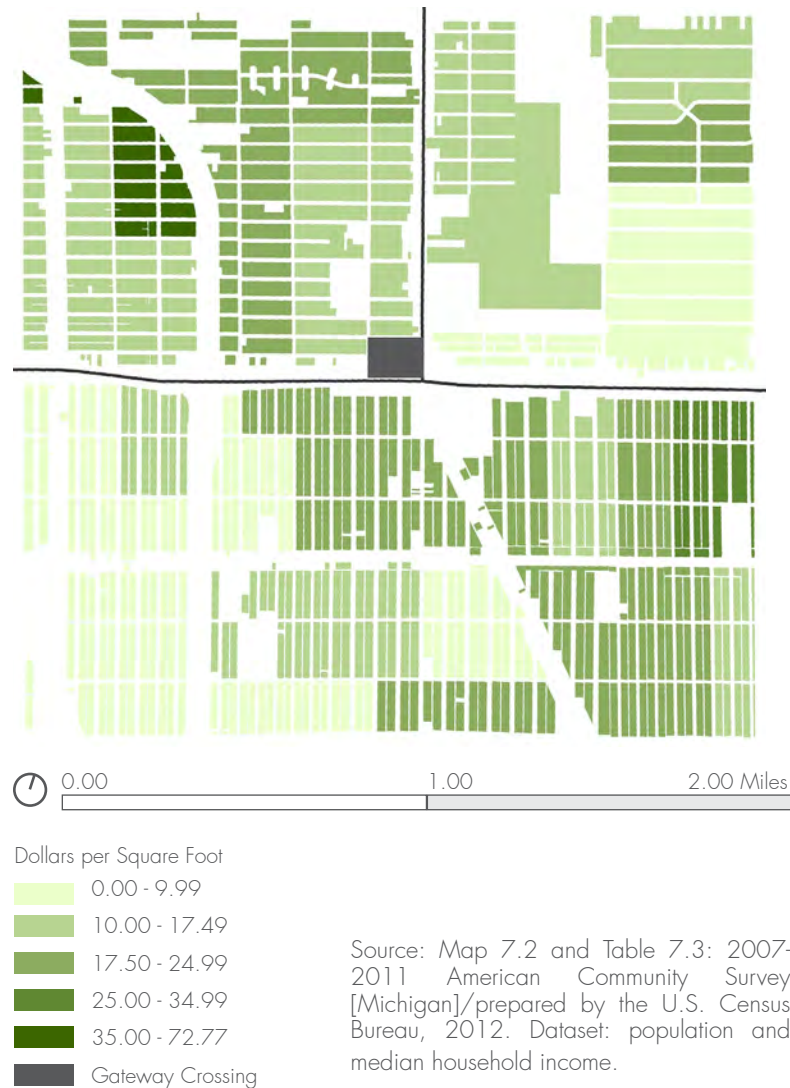


People per Square Mile



Source: Map 7.1 and Table 7.2: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: population.

MAP 7.2 | INCOME DENSITY BY BLOCK GROUP
RESIDENTIAL LAND ONLY



In order to further understand the purchasing power of the population surrounding the site, Map 7.2 calculates each census block group's income density. This is derived by multiplying median household income by population and dividing by square feet of residential land per census block group, with a resulting measure of the dollars of income per square foot, or income density. The land around Gateway Crossing has low to moderate income density when compared with the greater study area; most census block groups in Map 7.2 are in the three lowest value ranges shown in the legend, with the exception of one area with slightly higher income density. As shown in Table 7.3, income density in the census block group containing Gateway Crossing is \$10.30 per square foot – lower than Hazel Park's average of \$13.90 per square foot, but higher than the tri-county region's average of \$9.30 per square foot. However, the data shown in Table 7.3 further emphasize the importance of the 27 mile-long corridor along 8 Mile: in the geographic area a mile to the corridor's north and south, income density is \$16.40 per square foot.

TABLE 7.3 | HOUSEHOLD STATISTICS | GATEWAY CROSSING

	MEDIAN HOUSEHOLD INCOME	INCOME DENSITY (DOLLARS PER SQUARE FOOT)
GATEWAY CROSSING	\$27,600	10.30
HAZEL PARK	\$36,433	13.90
7 MILE - 9 MILE	\$42,097	16.40
WAYNE COUNTY	\$43,950	12.70
OAKLAND COUNTY	\$72,869	7.70
MACOMB COUNTY	\$55,086	9.40
TRI-COUNTY	\$54,027	9.30

GATEWAY CROSSING | DEMOGRAPHICS

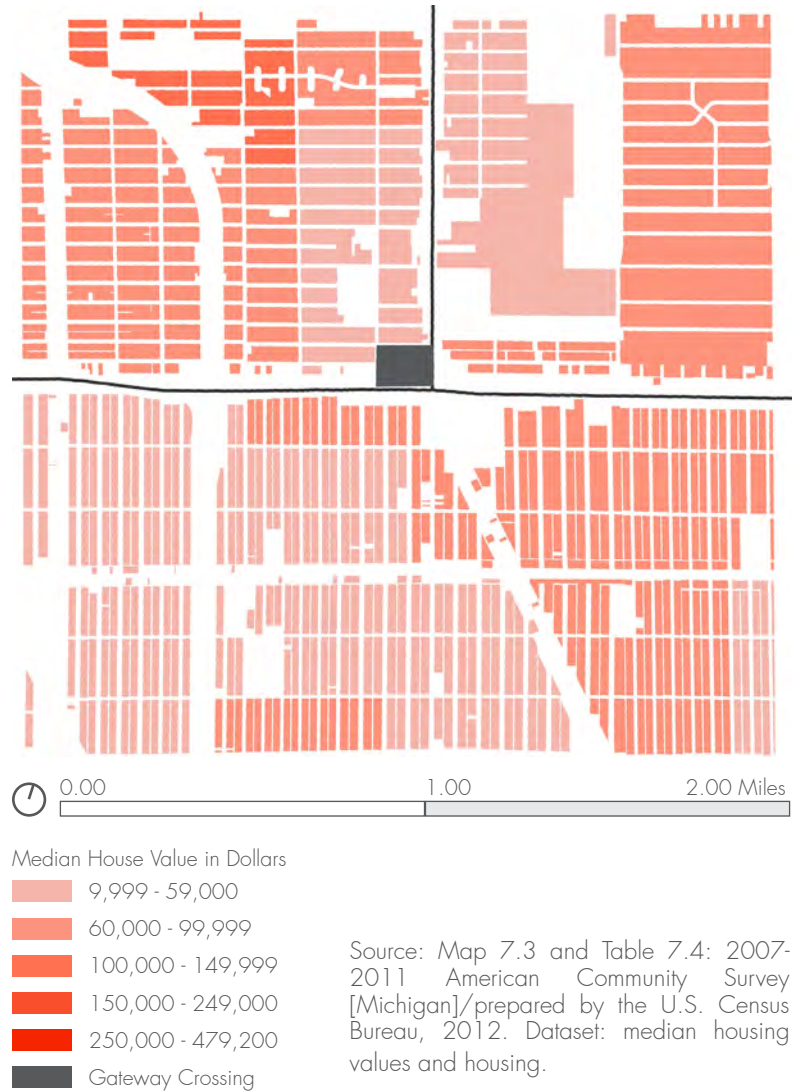
Map 7.3 represents median house value by census block group for owner-occupied housing units. As shown in the legend, median house values in the entire study area run as high as \$479,200. As shown in Table 7.4, the average median house value for all census block groups in the tri-county region is \$135,910, and the average in Hazel Park is \$77,443. However, in the area around Gateway Crossing, house values are more modest, with a median value of \$58,300 for that census block group. This suggests that for-sale residential properties built on the site should consider affordability as a key component affecting demand.

TABLE 7.4 | HOUSING OCCUPANCY | GATEWAY CROSSING

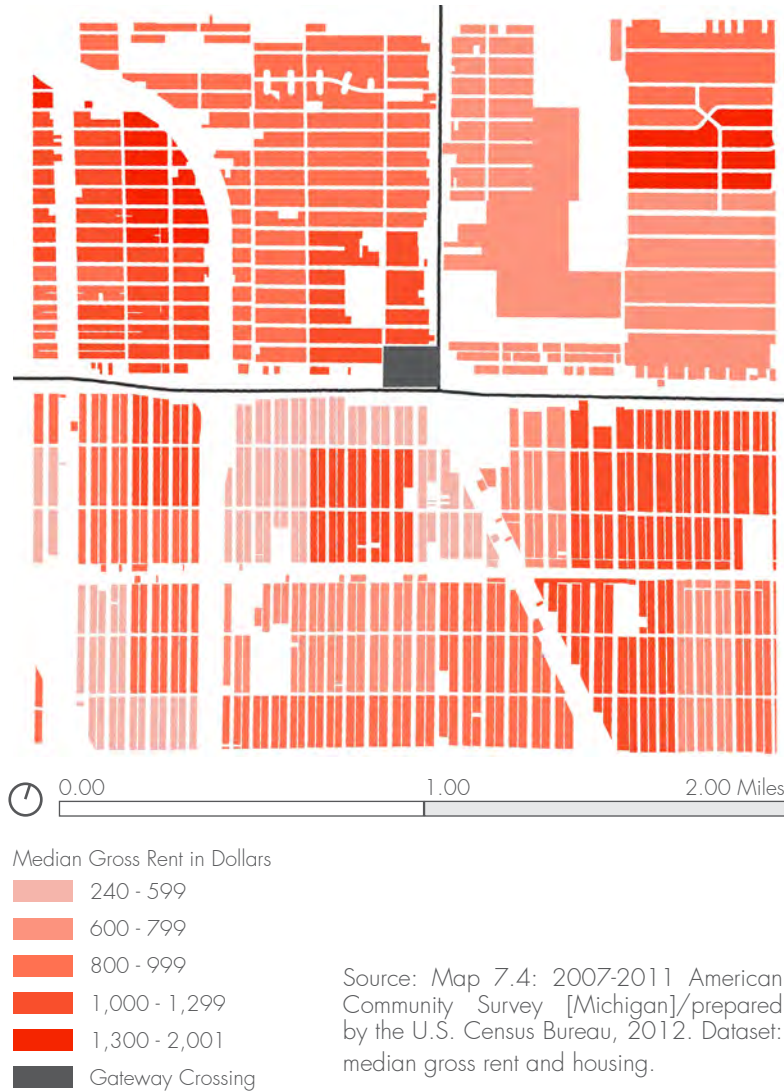
	HOUSING - OWNER- OCCUPIED	HOUSING - RENTER- OCCUPIED	HOUSING VACANCY RATE	MEDIAN OWNER- OCCUPIED HOME VALUE	MEDIAN GROSS RENT
GATEWAY CROSSING	60.3%	29.3%	10.4%	\$58,300	\$1,000
HAZEL PARK	56.3%	29.9%	14.9%	\$77,443	\$885
7 MILE - 9 MILE	57.0%	27.9%	15.8%	\$93,822	\$933
WAYNE COUNTY	55.1%	27.7%	17.9%	\$106,011	\$859
OAKLAND COUNTY	67.2%	24.1%	8.7%	\$193,501	\$1,102
MACOMB COUNTY	72.0%	20.7%	7.3%	\$136,526	\$891
TRI-COUNTY	62.4%	25.1%	13.4%	\$135,910	\$930

MAP 7.3 | MEDIAN HOUSE VALUE BY BLOCK GROUP

RESIDENTIAL LAND ONLY | OWNER-OCCUPIED HOUSING UNITS



MAP 7.4 | MEDIAN GROSS RENT BY BLOCK GROUP
RESIDENTIAL LAND ONLY | RENTER-OCCUPIED HOUSING UNITS



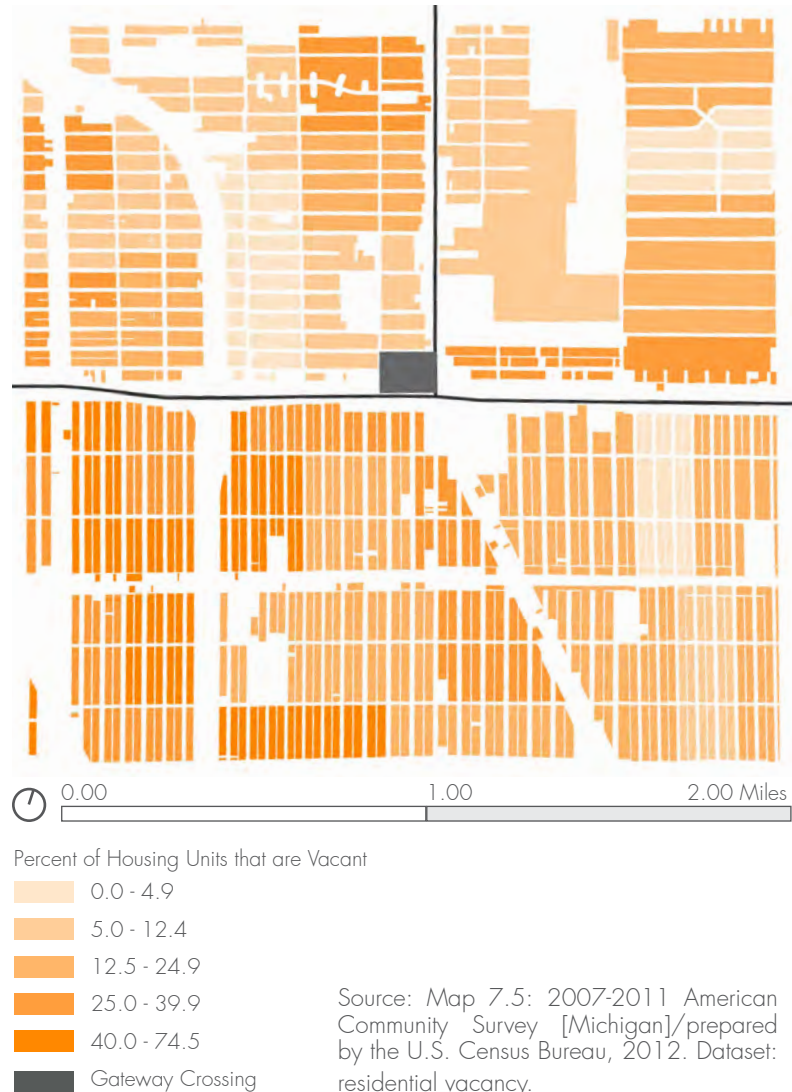
In contrast, Map 7.4 shows median gross rent by census block group for renter-occupied housing units. Rents in the entire study area range between \$240 and \$2,001, and similarly, rents in the four square miles around Gateway Crossing span the same range. As shown in Map 7.4, rents in Detroit, south of 8 Mile, are somewhat lower than rents to the north of 8 Mile, and rents in Hazel Park, the northwestern quadrant of this map, in Oakland County, are higher than in Warren, the northeastern quadrant of this map, in Macomb County.

In particular, Table 7.4 shows that rents in the census block group containing Gateway Crossing are \$1,000 – higher than the Hazel Park average of \$885 and the tri-county’s average of \$930. This suggests that the market will support for-rent residential properties on the site, and that perhaps any residential units built at Gateway Crossing should be for rent rather than for sale.

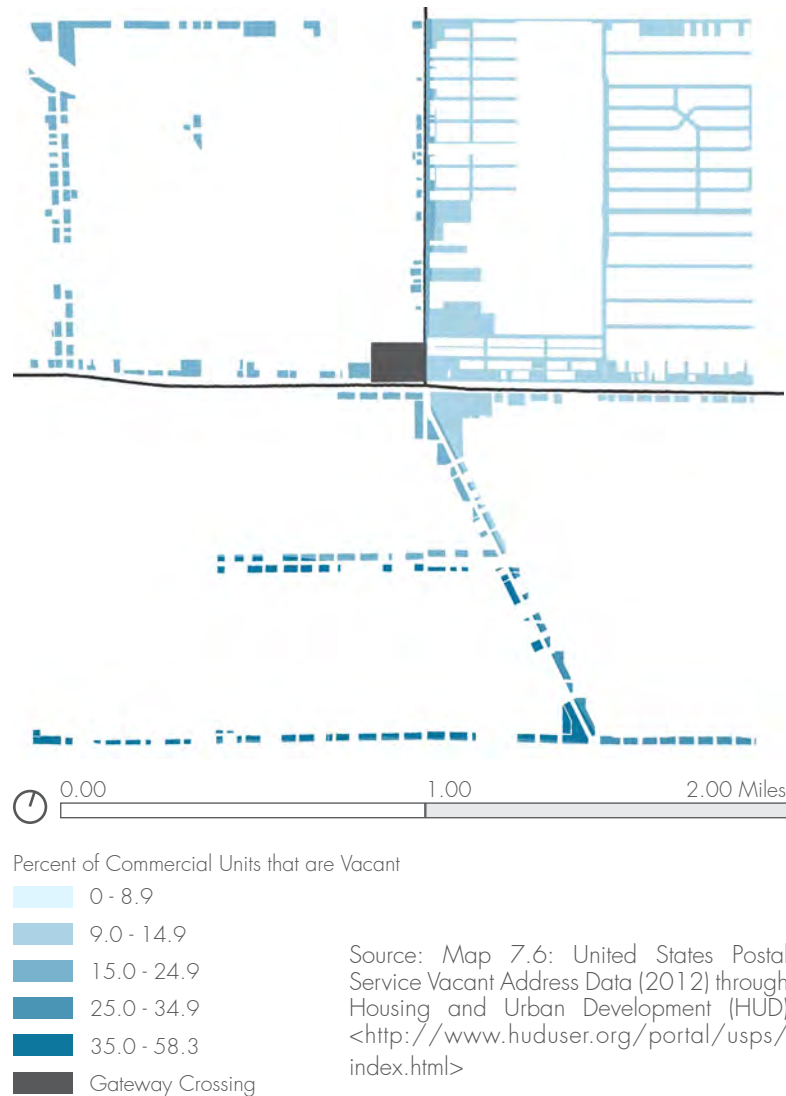
GATEWAY CROSSING | DEMOGRAPHICS

Map 7.5 shows residential vacancy rate by census block group for all housing units. The census block group that contains Gateway Crossing has a residential vacancy rate of 10.4%, and within the four square mile area around the site, higher rates of residential vacancy are observed south of 8 Mile, in Detroit. The census block group containing Gateway Crossing has a lower residential vacancy rate than the Hazel Park average of 14.9% and the 7 Mile – 9 Mile corridor average of 15.8%. Though slightly lower surrounding Gateway Crossing, residential vacancy is a challenge in the entire region.

MAP 7.5 | RESIDENTIAL VACANCY RATE BY BLOCK GROUP
RESIDENTIAL LAND ONLY | GATEWAY CROSSING



MAP 7.6 | COMMERCIAL VACANCY RATE BY CENSUS TRACT
COMMERCIAL LAND ONLY | GATEWAY CROSSING



Map 7.6 depicts commercial vacancy rate by census tract, a larger unit of analysis than the census block group with more aggregated data. Commercial vacancy rates average 17.7% in the census tracts surrounding Gateway Crossing – higher than the Hazel Park average of 13.3%, but slightly lower than the 7 Mile – 9 Mile corridor average of 19.8%. These trends of high commercial vacancy rates present a significant hurdle for the entire region.

GATEWAY CROSSING | TRANSPORTATION

MAP 7.7 | AVERAGE DAILY TRAFFIC VOLUMES | GATEWAY CROSSING

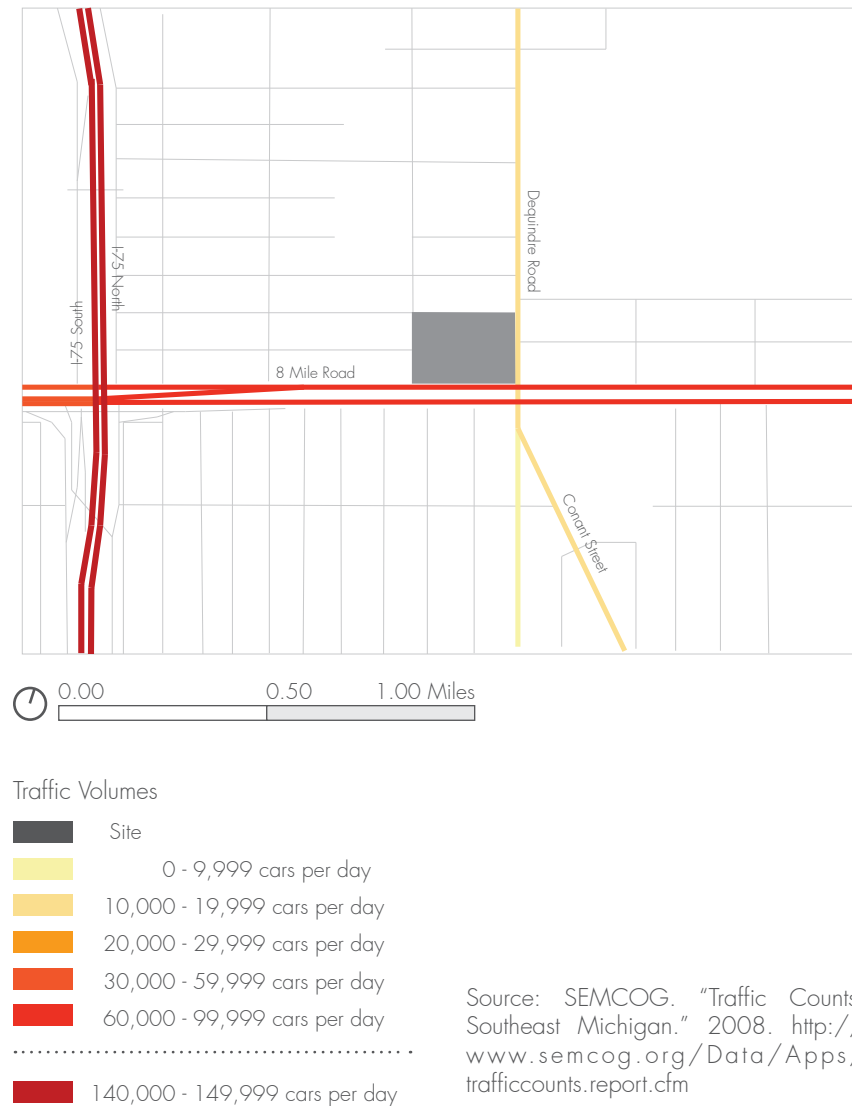
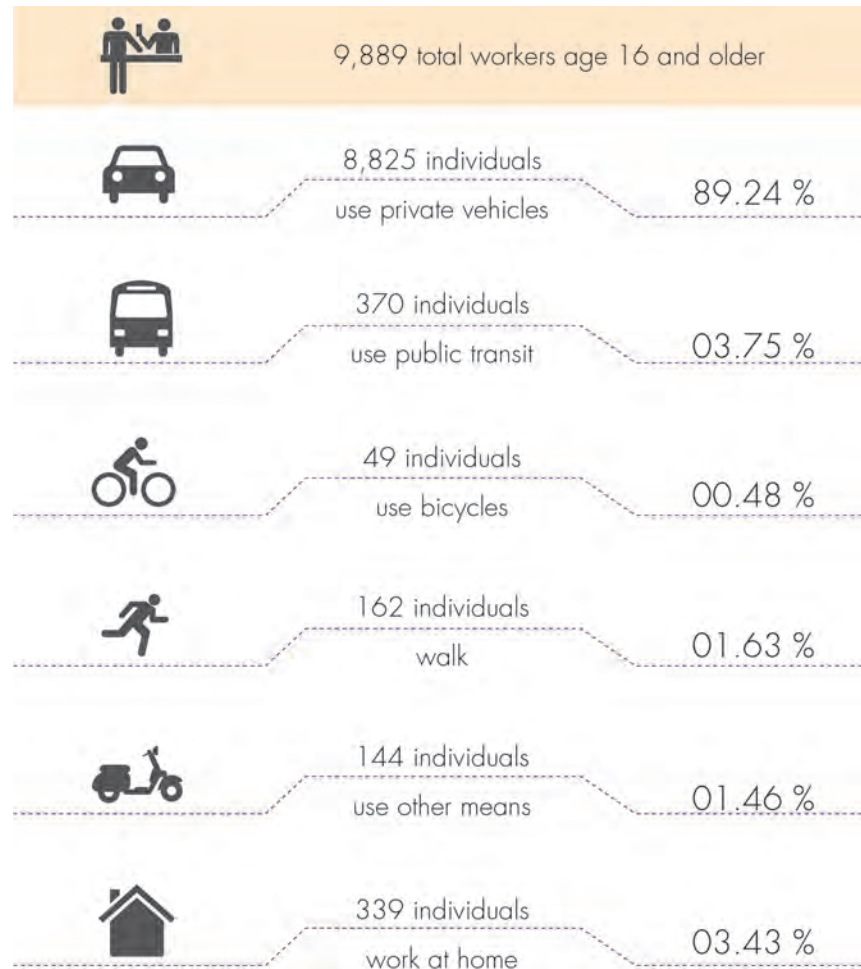


FIGURE 7.2 | MODES OF TRANSPORTATION TO WORK | GATEWAY CROSSING



Source: 2007-2011 American Community Survey [Michigan]/prepared by the U.S. Census Bureau, 2012. Dataset: mode to work.

As shown in Map 7.7 and Figure 7.2, Gateway Crossing experiences high traffic volumes along 8 Mile and Dequindre and it is also within two miles of one of the busiest intersections along the corridor: 8 Mile and I-75. The freeway produces daily traffic counts between 140,000 and 149,999, creating potential for regional access to the site. Almost 90% of the population around the site relies on private vehicles as their transportation to work. Additionally, nearly 4% of the population uses public transit while another 3.5% work at

home. Small percentages of the population walk, bicycle, or use other means to get to work. Like many of the sites already discussed, a major hurdle for access to this site is direct access from 8 Mile. The high speeds traveled by most vehicles on this part of 8 Mile make deceleration difficult and sometimes dangerous. Developers of this site should take care to create alternative access points for vehicles to ensure driver and pedestrian safety.

DEQUINDRE LOOKING SOUTH

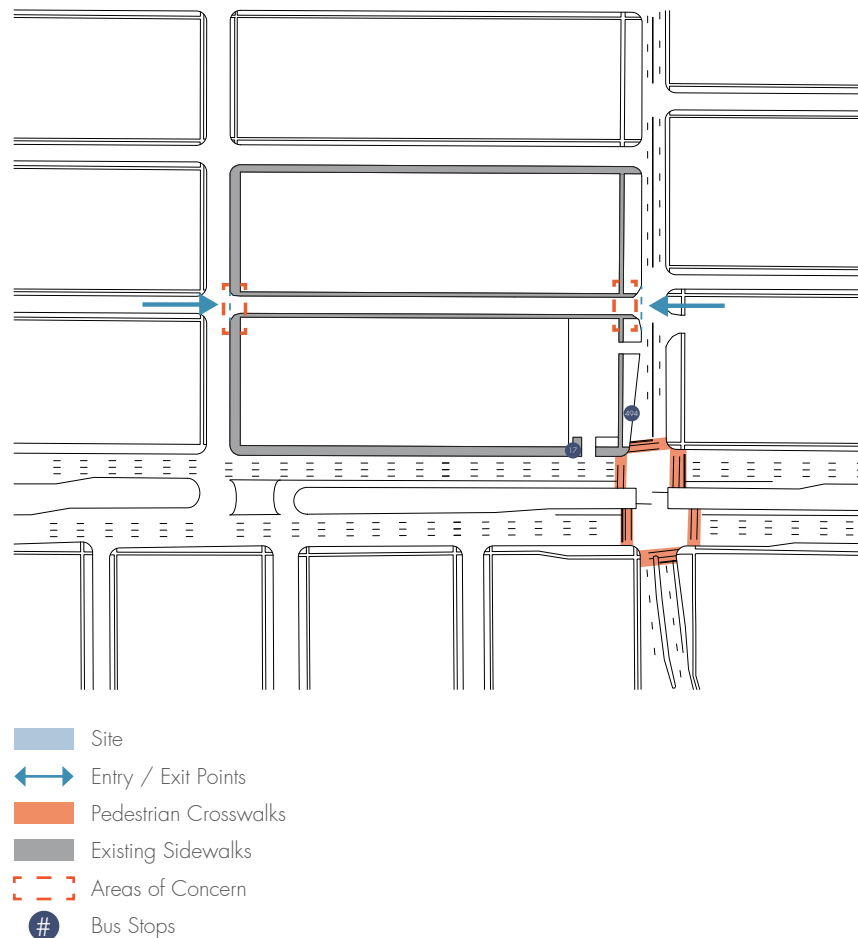


8 MILE LOOKING WEST



GATEWAY CROSSING | SITE ACCESSIBILITY

FIGURE 7.3 | SITE ACCESSIBILITY | GATEWAY CROSSING



MOTOR VEHICLE ACCESS + CIRCULATION

One of the largest strengths of the Gateway Crossing site is its prime location on the corner of 8 Mile and Dequindre, two major roads with high traffic volumes. However, the strength of visibility is matched by the impediment of accessibility as it is difficult for vehicles to access the site from either road – due to high speeds on the roads and a lack of current access points.

Since Muir is closed off through the site, there is no official automobile access onto or between the two blocks that comprise the site, essentially creating a large unobstructed parcel. The active and occupied properties on the southeast corner have two access points off of 8 Mile and Dequindre, but neither of these connects to the other parcels on the site. Although the edges of the former street are still visible, the entrances are barricaded by cement slabs. This creates an obstacle in accessing the back half of the site from any area other than current residential streets. For development to be feasible, it is likely that reinstating Muir between the parcels will be necessary.

On 8 Mile, the high speeds make deceleration difficult after the intersection. Additionally, eastbound traffic must pass the site and turn around to gain access from 8 Mile. However, a turnaround adjacent to the site is available and facilitates an easy exit for traffic heading eastbound.

SMART Bus Routes

494 : Dequindre

DDOT Bus Routes

17 : 8 Mile

PEDESTRIAN ACCESS + CIRCULATION

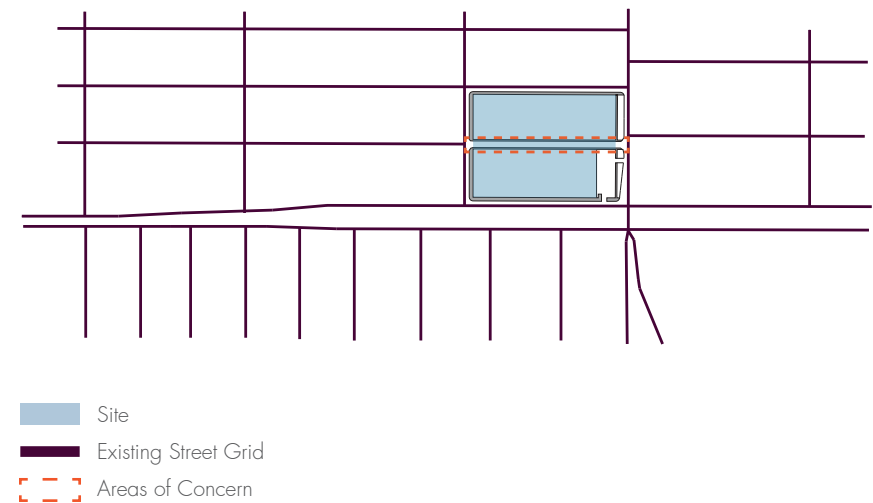
lying at a very busy intersection, there are two crosswalks with signals immediately at the intersection of 8 Mile and Dequindre providing safe crossings for pedestrians. This intersection also provides two transit stops with access to a Suburban Mobility Authority for Regional Transportation (SMART) bus line as well as Detroit Department of Transportation (DDOT) bus line running along 8 Mile. Although the corners connecting to the northern and western residential blocks are marked by crosswalks, there are no other signaled crosswalks for pedestrians to cross either 8 Mile or Dequindre.

STREET GRID

Although the site maintains the structure of the surrounding neighborhood grid, the connection of Muir to Dequindre has fallen into disrepair due to ownership change and neglect. It is unclear when this was last used as an active site, but currently it is blocked off by cement barriers and the curbs have crumbled. Reopening this right-of-way will allow local traffic to resume access to and from Dequindre along Muir, and restore the flow of the existing grid. Based on the existing grid, it is feasible that the site be integrated into the surrounding neighborhood by reinstating Muir.

East of Dequindre, the grid is similar, but offset slightly with Emmons Avenue being the only street adjacent to the site. Similar to Hayes Lemmerz, it is likely that this misalignment cannot be remedied easily. In the current case, the realignment would require either reinstating Muir as a curvilinear street or creating a new offset with the immediate residential neighborhood. Neither of these options should be pursued over reinstating Muir in its prior location.

FIGURE 7.4 | STREET GRID | GATEWAY CROSSING



GATEWAY CROSSING | COMMUNITY AMENITIES

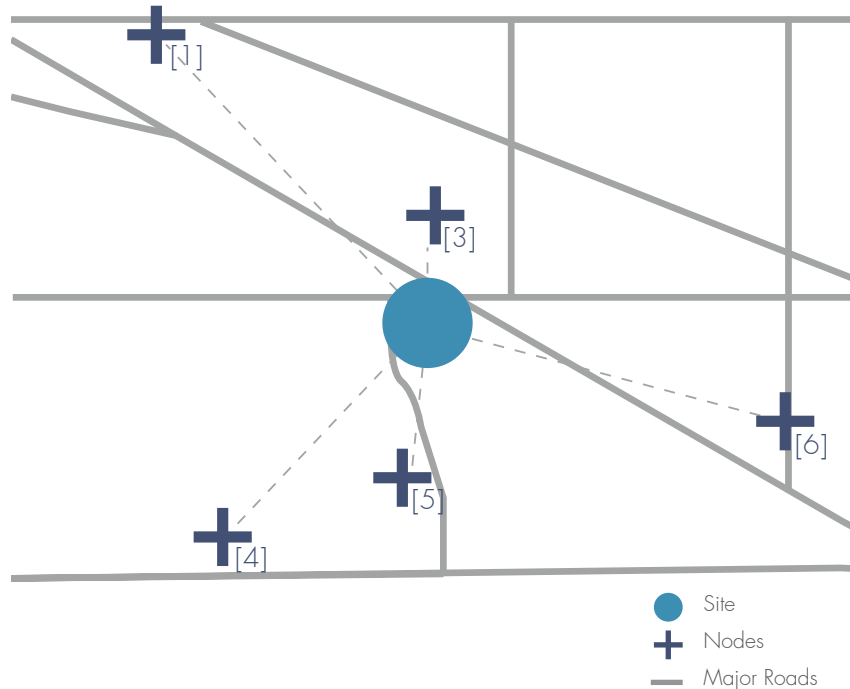
In addition to its close proximity to Detroit and Warren, the Gateway Crossing site benefits from several amenities within Hazel Park that support both commercial and residential development. The city's main commercial center is northwest of Gateway Crossing, centered on the intersection of 9 Mile and John R Roads. This center includes several fast food restaurants and churches, as well as a Kroger, CVS Pharmacy, and Hazel Park Medical Center. In addition to chain retailers, this area is also home to many of Hazel Park's local and independent stores and restaurants.

Following the Chrysler Freeway (I-75) south are three schools: Beecher Junior High (formerly known as Hazel Park Junior High), United Oaks Day School, and the former Ford Elementary School, which the school district recently converted into an administration building. These schools are central points for

many community activities and events. In addition to these nearby educational facilities is the Southeast Michigan Surgical Hospital, a general medical and surgical hospital specializing in inpatient and outpatient surgeries, patient and family support services, community outreach, and imaging services.

These institutional facilities are balanced with commercial activity in the nearby Belmont Shopping Plaza, located on the southeast corner of 8 Mile and Dequindre. Although Belmont Plaza is one of 8 Mile's many strip mall developments, it is a well-maintained and fully occupied center with tenants such as the Footlocker, Rite Aid Pharmacy, Little Caesar's Pizza, and Dots Fashion. The overall success of this shopping plaza is likely to have a positive impact on development at Gateway Crossing.

FIGURE 7.5 | COMMUNITY AMENITIES | GATEWAY CROSSING



1 Downtown Hazel Park



2 Beecher Junior High School



3 United Oaks Day School



4 Ford Elementary School



5 Southeast MI Surgical Hospital



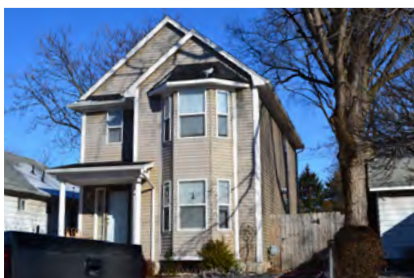
6 Belmont Shopping Plaza

GATEWAY CROSSING | COMMERCIAL ASSESSMENT

FIGURE 7.6 | EXISTING COMMERCIAL FACILITIES



GATEWAY CROSSING | NEIGHBORHOOD ASSESSMENT



Gateway Crossing lies on the southeastern corner of Hazel Park and is bordered by Detroit to the south, Ferndale on the west, and Warren to the east, providing residents with immediate access to Metro Detroit's business district, attractions, nightlife and sporting events. Additionally, the intersection of 8 Mile and Dequindre is a point where Macomb, Oakland, and Wayne counties all meet, making the site truly a "gateway" to the tri-county region.

Just north of the site is Ford Elementary School, one of the city's five elementary schools. Within walking distance of the site are several newly constructed commercial developments which include Walgreens, Radio Shack, T-Mobile, Dollar Tree, Foot Locker, McDonalds, and the Imperial Super Market. Although the large intersection at the site serves as a major auto thoroughfare, there are active pedestrian crossings, making these services accessible by foot and automobile.

The neighborhood north of the site is primarily residential with well-maintained properties and some of the lowest vacancy rates in the area. The housing stock is a blend of Michigan bungalows built in the 1930s and ranch homes which became more popular in the 1950s and 1960s. Just northwest of the site are five newly-constructed homes which appear to have been built in the past decade. Although they differ from the other housing stock, these new homes appear well-cared-for and show a consistent demand for housing in the southern portion of the city.

GATEWAY CROSSING | PROPOSED DEVELOPMENT ALTERNATIVES

INTRODUCTION

Gateway Crossing has the potential to be a vibrant, mixed-use destination at the heart of the tri-county area. The following development proposals capitalize on this site's desirable location and seek to attract residents and visitors from across the region. The two proposals are anchored by strong commercial programming and complemented by residential homes and community space. In both cases, the residential developments are designed to integrate seamlessly into the existing community in order to enhance the long-term success of the project and to help secure neighborhood buy-in and support.

Although the traditional strip mall character dominates much of the 8 Mile corridor, the City of Hazel Park has expressed support for more innovative design on the site. For this reason, the proposals strike a balance: maintaining a strong presence facing 8 Mile, but reconfiguring the building footprints to minimize negative impacts commonly associated with strip development along the corridor. The following proposals integrate new development into the current neighborhood character and seek to improve the aesthetic appearance and experience of living, working and shopping on 8 Mile.

GATEWAY CROSSING | PROPOSAL A: PEDESTRIAN PLAZA

Proposal A exceeds expectations for the types of developments typically built along this section of 8 Mile. This proposal is a mixed-use development that breaks the mold for both commercial and residential design, creating a desirable place at the heart of the tri-county region.

The northern block of the site includes 55 three-story townhomes and a community green space. The attached rows of housing units, as opposed to single-family detached units, have lower construction costs and create a more playful arrangement of residential units. There are three different options for home size, diversifying the market and providing multiple options for potential residents. These include home footprints of 20' x 55', 22' x 55' or 24' x 55'. The two larger home sizes have attached garages, but the smallest option does not, appealing to those who use public transit or non-motorized transportation. Housing units have a rear private patio overlooking a 51,980-square-foot community green space. This central, shared green space substitutes for privately fenced yards and is designed purely for the residents – creating a stronger sense of community among neighbors.

To complement the residential units, the east end of the northern block is lined with four commercial spaces. These provide 7,000 total square feet of retail space and act as a visual and noise buffer from traffic along Dequindre. Additionally, tenants in these commercial spaces will benefit from the new residential development since it will create a local consumer base.

Muir is re-instated and serves as the primary access to the commercial development from Dequindre and Merrill Avenue. This eliminates the large entrance to the site via 8 Mile and creates a more pedestrian-oriented space that provides ample public space for patrons and residents. There are 150 total parking spaces on the development; however, parking is limited to the north side of Muir.

The block south of Muir breaks the norm of strip development along the corridor and places the commercial footprints along the 8 Mile lot line. The commercial buildings on the east end of the southern block, totaling 21,500 square feet, are designed for a collection of restaurant spaces, perhaps suiting a brewery, pub, café, or other restaurants that offer outdoor seating enclosed by the U-shaped orientation of the buildings. The commercial building on the

west end of the southern block is a proposed specialty or international market offering a variety of foods and merchandise and representing the importance of Gateway Crossing as the center of a diverse tri-county area. At 29,800 square feet, the market will feature a number of stalls and vendors, such as a bakery, spice shop, winery, or butcher.

Between this market and the restaurant spaces to the east, a 38,750-square-foot pedestrian plaza creates a shared space for patrons, protected from the automobile traffic of 8 Mile. Consumers could use the patio space to enjoy a cup of coffee from the café, a specialty platter from the market, or a beer from the brewery in the warmer months. Further adding to the pedestrian-friendly nature of the site, a prominent feature of this proposal integrates transit to the site. The existing DDOT Route 17 bus stop located on the corner of 8 Mile and Dequindre will be relocated to a new location between the two commercial buildings along 8 Mile. This multi-modal hub will provide patrons with shelter during inclement weather, benches for long waits, and bike storage facilities for those transferring from cycling to the bus network. Furthermore, transit riders will be drawn to the aesthetic appeal of the patio space, making wait times more enjoyable and attracting customers to the surrounding retail.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A



ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL A



LAND USE | PROPOSAL A

- Residential
- Retail



GATEWAY CROSSING | PROPOSAL A | FINANCIAL SUMMARY

Proposal A embraces the cultural diversity of the region by implementing an international market as the anchor retail tenant, complimented by a café, restaurant, or brewery in the second building. This option adds 161,500 square feet of residential space in 54 townhomes. Each townhome is 2,990 square feet and, at \$1.35 per square foot, the monthly rent for each unit will be at least \$4,040.

The total project cost for Proposal A is \$34.8 million. At a 65% loan-to-cost ratio, \$22.6 million is financed by a loan and \$12.2 million is required in equity.

This proposal assumes that the land is valued at \$434,880. Without any tax incentives from the city or the county, the return on equity is 2.29% in Year 9, and results in a -0.59% leveraged before-tax internal rate of return (IRR). Although using the baseline assumptions result in losses, the addition of local government incentives results in positive gains. If the City provides 10-year tax abatement, returns on equity hover between 2-3% during the early years of investment, and rise to 7.22% in the Year 9. The leveraged before-tax IRR increases to 7.52%, which could be attractive to local investors. This option predicts a final sale value of \$27.6 million with the abatement, or \$35.2 million without, at a blended cap rate of 8.21%.

Changes to base assumptions can drastically improve the leveraged IRR, and potentially attract more investment. Decreasing construction costs by 20% raises the IRR to 6.89%, without tax abatement. Lowering the blended cap rate by 30% to 5.74% would boost IRR to 12.97% and increasing residential rents by 20%, from \$1.30 to \$1.56 per square foot, increase leveraged IRR to 11.64%.

PROJECT ASSUMPTIONS

LAND ACQUISITION COST	\$434,880
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

RESIDENTIAL

LEASABLE SF	161,500
CONSTRUCTION COST PSF	\$145.00
MONTHLY RENT PSF	\$1.30
VACANCY	7%
OPERATING EXPENSE RATIO	30%
EXIT CAP RATE	8%

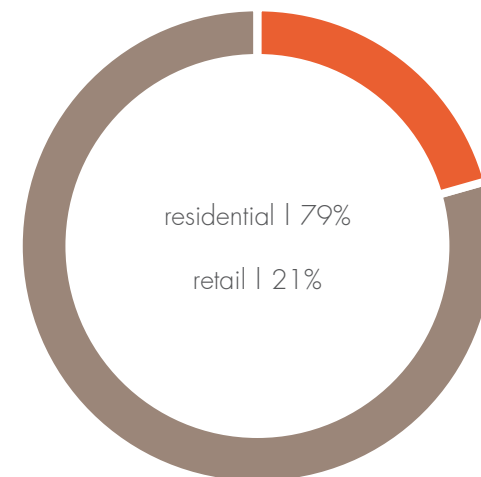
RETAIL

LEASABLE SF OF ANCHOR RETAIL	25,330
LEASABLE SF OF INLINE RETAIL	16,575
ANCHOR RETAIL CONSTRUCTION COST PSF	\$110.00
INLINE RETAIL CONSTRUCTION COST PSF	\$118.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$14.00
INLINE RETAIL - ANNUAL RENT/SF	\$16.00
VACANCY	9%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

FINANCING	
LOAN TO COST RATIO	65%
CONSTRUCTION LOAN INTEREST RATE	6%
PERMANENT LOAN TERM	20
PERMANENT LOAN INTEREST RATE	5%
SALE AT YEAR 10	
BLENDED CAP RATE	8.21%
CAPITALIZED VALUE (SALE PRICE) IN YEAR 10	\$27,555,689
NET CASH FROM SALE IN YEAR 10	\$9,101,614
RETURNS	
UNLEVERAGED BEFORE TAX IRR	2.99%
LEVERAGED BEFORE TAX IRR	-0.59%
LEVERAGED AFTER TAX IRR	-2.06%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$12,163,116	-
1	\$0	0.00%
2	-\$197,531	-1.62%
3	-\$177,890	-1.46%
4	-\$109,156	-0.90%
5	-\$37,673	-0.31%
6	\$36,670	0.30%
7	\$113,986	0.94%
8	\$194,395	1.60%
9	\$278,020	2.29%
10	\$11,350,533	93.32%

GATEWAY PROPOSAL A | SITE PROGRAM



GATEWAY CROSSING | PROPOSAL B: PUBLIC PARK

Proposal B creates a mixed-use development that moves beyond the corridor's dominant single-use patterns, blending aesthetics with functionality. Rather than conform to the strip-mall style common in Hazel Park, the commercial component of this proposal – which grosses 65,100 square feet – is split into two large and four small buildings. Their footprints and layout are configured toward a central patio space, which opens to a public park encircled by single-family homes. This proposal is designed to have compatible uses, with retail serving the neighboring residences, and a commercial anchor attracting customers from the greater region.

The block north of Muir is mostly residential, including 21 two-story, single-family homes with detached garages. The dimensions of these homes and their lots are in keeping with homes throughout the rest of Hazel Park, providing a seamless transition to the existing neighborhood character. The homes encircle a public park designed for residents and Gateway Crossing visitors. This space provides the community with a public playground, dog park, and green space. Lying at the center of the block, the 32,550-square-foot park is visible from 8 Mile and is appealing to passersby, but remains a safe distance from heavy auto traffic. This residential development is influenced and supported by the recent construction of homes just northwest of the site, which indicates the demand and ability to afford new construction.

To complement the residential units, the east end of the northern block is lined with four commercial spaces. As in Proposal A, these provide 7,000 total square feet of retail space and act as a visual and noise buffer from traffic along Dequindre. Additionally, tenants in these commercial spaces will benefit from sales to the development's new residents.

Between the northern and southern blocks of the site, Muir is re-instated to re-connect the surrounding street grid. In this proposal, Muir undergoes a road diet to provide angled street parking for park-goers and Gateway shoppers, as well as two-way traffic connecting to the rest of the neighborhood.

The block south of Muir is dominated by two main commercial spaces. The building to the east is a 25,800-square-foot Save-A-Lot grocery store. Although there is a food market across the street in Belmont Plaza, there remains an overall need for grocery stores in the area. The building to the west is a commercial baker with an on-site bakery and café, also with 25,800 total square feet of space. This proposal includes an attached outdoor patio overlooking the park to the north. The patio is centered on the site so that it is buffered from the sight and noise of heavy traffic along 8 Mile and Dequindre.

In this proposal, cars can access the site via 8 Mile, Muir, or Merrill. The center of the commercial block provides ample parking for both the grocery store and bakery facilities, with a total of 200 parking spaces on the site. While accommodating visitors who arrive by car, the development also integrates public transit. The existing DDOT bus stop at the corner of 8 Mile and Dequindre, servicing Route 17, is re-located to the entrance at the Gateway Crossing. An enclosed bus shelter is constructed for DDOT riders, many of whom will likely shop at the site.

ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



ILLUSTRATION OF THE DESIGN CONCEPT | PROPOSAL B



LAND USE | PROPOSAL B

- Residential
- Retail



GATEWAY CROSSING | PROPOSAL B | FINANCIAL SUMMARY

Proposal B transforms the blank site into a retail destination anchored by a Save-a-Lot and supplemented by a commercial bakery and café. This proposal also adds 48,195 square feet of residential living space in 21 new single-family homes. Each of the single-family homes would cost \$1.35 per square foot in monthly rent and at an average size of 2,295 square feet, monthly rent is approximately \$3,100.

Total project costs for this option are approximately \$16.1 million, including both land and construction. At a loan-to-cost ratio is 65%, \$10.5 million is financed and \$5.6 million of equity is required. Although this option is roughly half the cost of Proposal A, it only includes about 1/3 of the residential square footage that the previous option does, limiting returns.

Just as in Proposal A, this proposal assumes the land value at \$434,880. Without a tax abatement, the return on equity is less than 1% in the first two years and rises to 4.91% in Year 9, resulting in a leveraged before-tax IRR of 3.47%. With a tax abatement from Hazel Park, returns on equity increase to between 4-5% in early years to 10.43% in Year 9. The leveraged before-tax IRR increases to 10.84%, creating a more attractive investment opportunity. This proposal predicts a final sale value of \$17.9 million with the abatement, and \$14.1 million without, at a blended cap rate of 8.52%.

Without tax abatement, there are several changes that can be made to substantially increase returns, including changes to the construction costs, cap rate, and rents per square foot for every use. Decreasing construction costs by 20% will increase IRR to 10.40%. Decreasing the blended cap rate by 30%, or from 8.52% to 5.96%, increases IRR to 8.42%. A 20% increase in residential rents per square foot, from \$1.30 to \$1.56, will increase leveraged IRR to 6.13%.

PROJECT ASSUMPTIONS

LAND ACQUISITION COST	\$2,800,000
BUILDING EFFICIENCY FACTOR	85%
RENT GROWTH RATE	4%

RESIDENTIAL

Leasable SF	48,195
Construction Cost PSF	\$145.00
Monthly Rent PSF	\$1.30
Vacancy	7%
Operating Expense Ratio	30%
Exit Cap Rate	8%

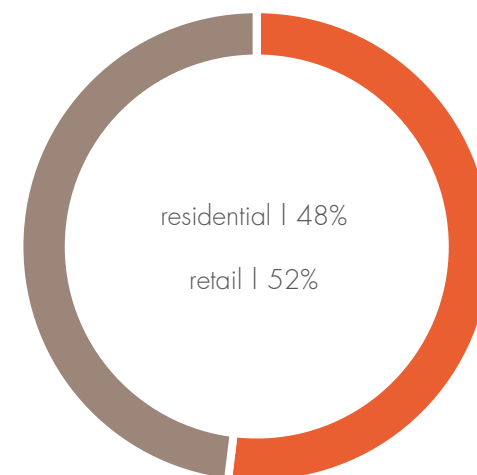
RETAIL

LEASABLE SF OF ANCHOR RETAIL	21,930
LEASABLE SF OF INLINE RETAIL	30,175
ANCHOR RETAIL CONSTRUCTION COST PSF	\$110.00
INLINE RETAIL CONSTRUCTION COST PSF	\$118.00
ANCHOR RETAIL - ANNUAL RENT/SF	\$14.00
INLINE RETAIL - ANNUAL RENT/SF	\$16.00
VACANCY	9%
OPERATING EXPENSE RATIO	15%
EXIT CAP RATE	9%

FINANCING	
Loan to Cost Ratio	65%
Construction Loan Interest Rate	6%
Permanent Loan Term	20
Permanent Loan Interest Rate	5%
SALE AT YEAR 10	
Blended Cap Rate	8.52%
Capitalized Value (Sale Price) in Year 10	\$14,087,205
Net Cash From Sale in Year 10	\$4,530,036
RETURNS	
Unleveraged Before Tax IRR	2.72%
Leveraged Before Tax IRR	-1.47%
Leveraged After Tax IRR	-3.08%

LEVERAGED BEFORE TAX CASH FLOW		
YEAR	CASH FLOW	RETURN ON EQUITY
0	-\$6,456,216	-
1	\$0	0.00%
2	-\$106,460	-1.65%
3	-\$94,505	-1.46%
4	-\$58,024	-0.90%
5	-\$20,084	-0.31%
6	\$19,374	0.30%
7	\$60,410	0.94%
8	\$103,087	1.60%
9	\$147,472	2.28%
10	\$5,496,144	85.13%

GATEWAY PROPOSAL B | SITE PROGRAM



GATEWAY CROSSING | PROPOSAL CHALLENGES + OPPORTUNITIES

The largest opportunity for commercial development on Gateway Crossing is the visibility and accessibility from 8 Mile and Dequindre. The high traffic counts on these roads and the site's proximity to I-75 could foster economic development, and the convenient location will attract homeowners and renters to the residences. Proposal A captures this locational amenity by configuring the layout and uses in a way that provides access yet insulates residents and users from the speed and noise of the major roads.

Both proposals take advantage of the site's strengths, but Proposal A further capitalizes on the opportunity to bring human-scale development to 8 Mile by integrating multi-modal transportation, building to the lot line on 8 Mile, and orienting the commercial buildings to a central plaza. This courtyard-like center of the southern block allows for pedestrian activity while the building footprints offer a buffer of safety from the fast-moving traffic. Additionally, the placement of parking and direction of traffic assists in creating a safe pedestrian environment by routing traffic away from the central space. The inward-facing design not only facilitates local-serving businesses, but also provides such businesses with visibility to attract customers that are simply passing through Hazel Park. Finally, the City has stated that they will support development on the site and are eager to work with developers who propose long-term investment in the site. This support includes investment incentives and flexibility in meeting zoning code requirements and is necessary in developing a mixed-use site in a community following a use-based zoning code.

The major challenges for Gateway Crossing site those generally consistent with challenges along 8 Mile. The high commercial vacancy rates discourage high-value developments and new construction. Generally seen as a site that could spur future development for the area, Gateway Crossing is large enough to address high vacancy by offering higher-value development and a new understanding of what 8 Mile commercial development could look like. However, this requires an investor willing to take the risk of realizing this future vision. Such an investor will take advantage of the unique features of the site rather than simply presenting the all-too-common strip development proposal.

SITE PLAN: PROPOSAL A



Another challenge facing the site is the high traffic speed along 8 Mile. Despite high traffic counts, many of the vehicles are simply passing through Hazel Park on their daily commutes to or from work. This makes it difficult for commercial businesses on the corridor to attract customers, particularly when many customers do not even notice the facades that they pass daily. To combat this highway-like vehicular experience, the site proposals seek to buffer the pedestrian experience with strategic placement of building footprints and traffic flow within the site. Additionally, the proposals integrate public transit stops into the site and provide amenities that could attract these riders.

The northern block for each proposal is primarily residential. In Proposal A, townhome development brings higher density to the neighborhood and a large shared park fosters community cohesion. An increase in the tax base is a clear benefit of this added density, though density often also attracts opposition from neighbors. To address potential opposition, the building height is limited to three stories and ample public green space is included. In Proposal B, the housing stock mirrors that of the existing community and a shared green space provides residents with the central community area that the commercial development lacks. Rather than focus on economic benefits associated with increased density, this block attempts to tie the residential neighborhood into the commercial development.

SITE PLAN: PROPOSAL B



SECTION VII. REFERENCES

NOTES:

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² Metromode. "Hazel Park gets tax credits to redevelop 8 Mile parcels." February 19, 2009. <http://www.metromodemedia.com/devnews/hazelpark8mileredevelopment0104.aspx>

³ Jonna, Chris. Interview by authors. Hazel Park, MI, February 7, 2013.

⁴ Campbell, Jeffrey. Interview by authors. Hazel Park, MI, February 20, 2013.

⁵ Ibid.

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Photos 7.1 - 7.3: Hazel Park Historical Commission. "Hazel Park Historical Commission." 2013. <http://freepages.history.rootsweb.ancestry.com/~hphistorical/>

All photos not referenced are property of authors.



SECTION VIII. RECOMMENDATIONS

RECOMMENDATIONS | SITE EVALUATION FRAMEWORK + APPLICATION TO SITES

SITE EVALUATION FRAMEWORK

An assessment of the 8 Mile corridor offered significant information regarding the trends, characteristics, challenges, and opportunities that exist along 8 Mile. Significant research completed throughout this project provided an understanding of the corridor's dynamics and its relationship with the surrounding communities. This information guided the analysis as to which areas will best facilitate long-term positive development on 8 Mile. Furthermore, surveys of business owners revealed that access and visibility are the most important characteristics they considered when choosing to locate on 8 Mile. Unsurprisingly, business owners indicated that they preferred locations near major intersections and freeway access points. This assessment led to the creation of a site evaluation framework that prioritizes property acquisition along the corridor.

The newly created, two-part site evaluation framework for 8MBA weighs factors that influence a site's development viability and generates a score indicating whether further actions in developing a site should be pursued. Applying the Maize Workbook of this framework allowed for site prioritization along the corridor and showed which factors contributed the most to potential success of developments. Sites scoring highly on the Maize Workbook then are evaluated on their Ease of Development in the Blue Workbook. Overall, this framework not only serves as a tool to evaluate and rank sites that the 8MBA Title Holding Company may acquire, but it also identifies challenges and opportunities that could influence future development along the corridor.

FRAMEWORK APPLICATION TO SITES

Applying the framework to the four potential development sites discussed in detail in Section III yielded valuable results that guide whether 8MBA should pursue development for each site.

Overall, Motorama Motel and Gateway Crossing scored highest on the Maize Workbook in both Market Feasibility and Catalytic Impact. *Municipal flexibility or support* was the strongest factor leading to high scores on Market Feasibility. The municipalities in which Motorama Motel and Gateway

Crossing are located—Ferndale and Hazel Park, respectively—both indicate a willingness to facilitate development. *Spurs local economic development* and *improves visual appeal/aesthetics* were the strongest factors leading to high scores on Catalytic Impact for each site. Both sites are located close to recent economic development, which places them in emerging areas and although it is not necessary for a site to cluster around existing development, the presence of other successful developments provides the opportunity to create a retail hub in the area. Additionally, redevelopment of these sites will significantly improve the aesthetics of each area since the Motorama Motel is deteriorated and enclosed by cinder block walls and Gateway Crossing is vacant and unkempt.

In addition to scoring highly on the Maize Workbook, these same two sites scored highest on the Blue Workbook, with *accessibility*, *location*, and *municipal conditions* being the strongest factors leading to high scores.

First, both sites scored the same on *accessibility*; however, neither site scored extremely high. Both offer numerous bus stops within a half-mile, though lack of a transit shelter and an automobile-centric design discourage transit users. Additionally, both offer potential for high vehicle accessibility since each is located off of a major intersection, but both present some difficulties for vehicular access—the complicated flyover intersection at Motorama Motel and the lack of eastbound access at Gateway Crossing.

Second, both sites scored relatively the same on *location*, with the biggest influences being proximity to major roads and traffic volume. Not only are these two sites situated on major intersections along 8 Mile, but they are both only a couple of miles away from I-75.

Third, favorable *municipal conditions* positively influenced the *ease of development* score for both of these sites. Current zoning, redevelopment incentives, and government motivation all enhanced the scores, though it should be noted that many of these conditions are fluid. Thus, when applying this factor to additional sites, 8MBA ought to consider the likelihood that the conditions will be favorable given prior knowledge about the municipality.

RECOMMENDATIONS | FRAMEWORK APPLICATION TO THE CORRIDOR | INVESTMENT ZONES

Classifying the factors of the two workbooks as either site-specific or non-site-specific allowed for the generalization of some factors to the entire corridor. For example, in the Blue Workbook, *ease of acquisition* and *environmental constraints* are very site-specific factors and should not be used to identify areas of interest along the corridor. However, factors such as *accessibility* and *location* are likely to score similarly within a close region and can therefore be used to determine areas appropriate for concentrated investment.

Using the framework factors and knowledge about 8 Mile led to conclusions about which areas along the corridor are likely to be most successful. The areas, or reinvestment zones, chosen as priority areas for 8MBA are centered on three main intersections:

- (1) 8 Mile and Wyoming,
- (2) 8 Mile and Woodward
- (3) 8 Mile and Dequindre

These three zones are areas in which the 8MBA Title Holding Company should concentrate their future efforts in order to maximize the positive impact on the corridor.

Aspects consistent in these reinvestment zones include proximity to major freeways or intersections and demographic data that supports development. Since local business owners indicated freeway accessibility as a major draw to locating on 8 Mile, each zone contains a major intersection that facilitates both east-west and north-south access. Data and spatial analysis research provided insight as to demographic trends along the corridor. Three of these trends are consistent along all three zones - high population density, high income density, and low commercial vacancy rate. These first two trends indicate that the area surrounding the zones contain enough disposable income to support new development while the third indicates that the business climate in these zones is stronger than along the rest of the corridor.

After examining the framework scoring for Motorama Motel and Gateway Crossing, the analysis showed four factors that have the biggest effect on producing a successful development: (1) *municipal flexibility or support*, (2) *spurs local economic development*, (3) *accessibility*, and (4) *location*.

8 MILE + WYOMING

Municipal flexibility or support | The intersection of 8 Mile and Wyoming, the westernmost investment zone identified, is bordered by Royal Oak Township to the north and Detroit to the south. Royal Oak Township is particularly interested in developing the area and the Detroit officials have shown a commitment to work with investors in the northern part of the city as recent large-scale developments at the Old Redford High School (5.5 miles west and two miles south of this zone) and at the former State Fairgrounds (two miles east of this zone) move forward.

Spurs local economic development | This zone enjoys a strong presence of nearby developments that provide support for commercial uses locating in this area. Nearby developments, including a Family Dollar and the Royal Towne Center, home to a Kroger and TCF Bank, indicate that the area contains ample consumer support for local-serving retail. Population density, especially south of 8 Mile, is relatively high and is likely to serve as a customer base for this area. Finally, commercial vacancy is the lowest in this zone and is another notable asset in attracting development to this area.

Accessibility | Like the Motorama and Gateway sites, Wyoming has numerous bus stops and several routes that service the area; however, public transportation is very limited to the north of 8 Mile. This may not be a substantial deterrent since those who live north of 8 Mile in municipalities such as Ferndale are likely to drive and are willing to commute for desirable goods and services. Additionally, each corner of this intersection is easily accessible from either 8 Mile or Wyoming by vehicle, making developments at the core of this zone especially appealing.

Location | Average daily traffic counts exceed 64,000 and this intersection has a traffic light, which increases visibility as many cars have to slow down or stop.¹ Income density directly surrounding the site is moderate; however, it increases approximately half a mile out and more commercial options in this zone are likely to draw on those living further out with access to a vehicle.

8 MILE + WOODWARD

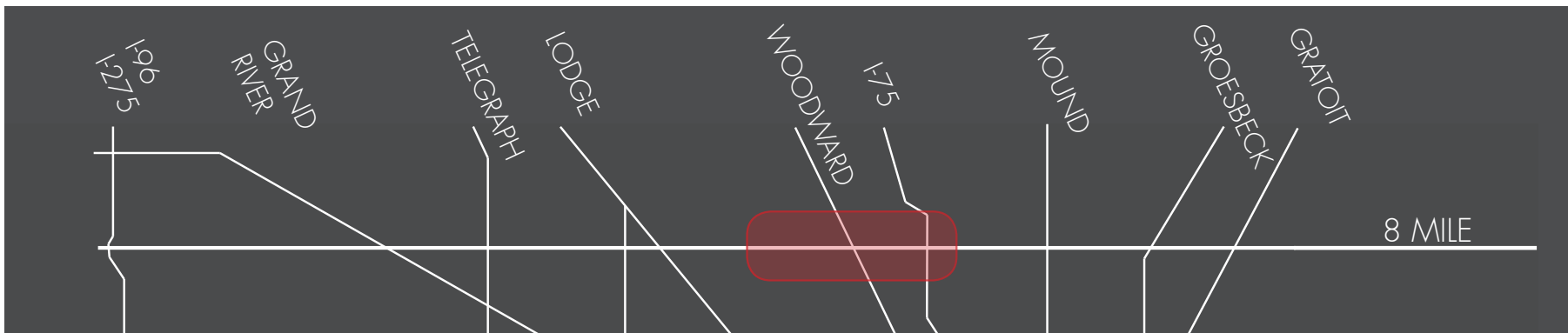
Municipal flexibility or support | Bounded by Ferndale to the north and Detroit to the south, this investment zone at the intersection of 8 Mile and Woodward, home to the Motorama Motel, enjoys strong municipal support. Eager to rid the area of the nuisance use of the run-down motel, Ferndale strongly backs redevelopment of this site. Additionally, the Gateway Marketplace development on the southeast corner of the intersection indicates that Detroit is particularly interested in taking advantage of the vacant State Fairgrounds site. Although the Fairgrounds have been abandoned for many years, the site is now undergoing a transformation as the new Gateway Marketplace development brings a Meijer and supporting retail to the formerly vacant site.

Spurs local economic development | This zone has a rich history and used to be a thriving area surrounding the State Fairgrounds site, located on the southeastern corner of the intersection. This development is already sparking interest from residents and will likely attract customers from Ferndale, Detroit, and surrounding municipalities, as market research revealed that General Merchandise Stores are under-represented in this area. Another aspect that makes this zone well-suited for development is relatively low commercial vacancy in the area, which is likely to decrease even further once Gateway Marketplace opens.

Accessibility | Since Woodward is one of the busiest north-south roads in metro Detroit, the site enjoys regional visibility and high traffic counts in all directions. In addition to many bus stops in the area, the nearby transit center in Detroit and the extensions of the proposed M-1 light rail and rapid transit systems will provide accessibility for non-drivers.

Location | Average daily traffic counts at this site exceed 52,000.² The proximity to downtown Ferndale increases the likelihood of the 8 Mile and Woodward zone being successful. Many residents of Ferndale have not only expressed a desire for new development in this zone, but have also stated that they are willing to go out of their way to visit this site. Population density surrounding the site is moderate and income density is relatively high, partially due to the high-income neighborhoods of Green Acres and Palmer Woods located on the southwest corner of this intersection in Detroit.

FIGURE 8.1 | CORRIDOR CONTEXT OF FUTURE REINVESTMENT ZONES



8 MILE + DEQUINDRE

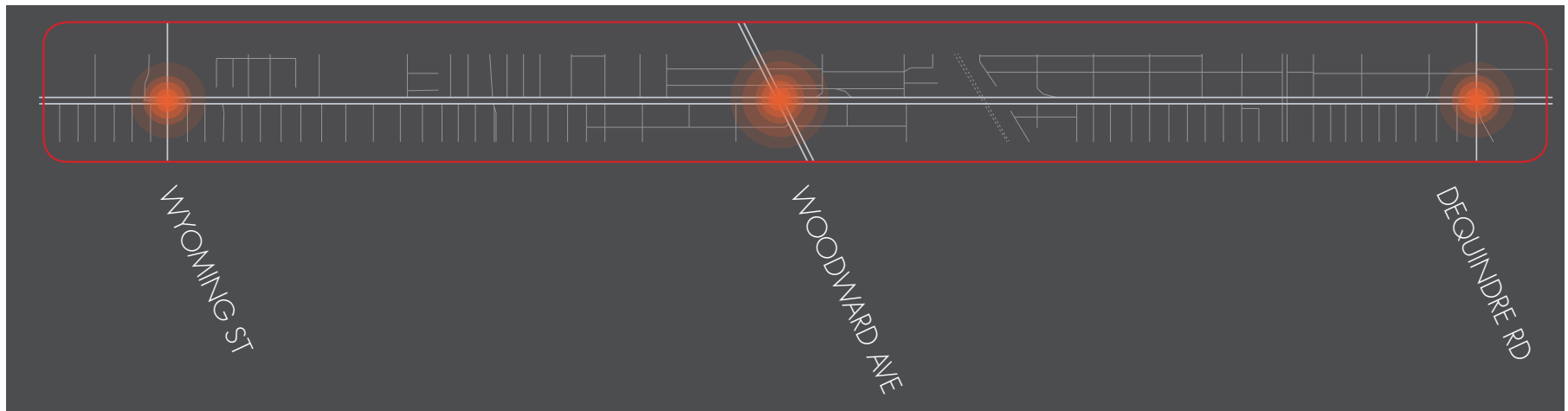
Municipal Flexibility or Support | Located in the southeast corner of Oakland County, the zone at 8 Mile and Dequindre encompasses the cities of Detroit to the south (Wayne County), Hazel Park to the northwest (Oakland County), and Warren to the northeast (Macomb County). Hazel Park views this site as a priority for redevelopment and the efforts of Detroit to encourage development in the region, as discussed above in detail and as evidenced by the successful strip mall development on the southeast corner of the intersection, indicate that needed support is available.

Spurs local economic development | This zone possesses several key aspects contributing to the likelihood of a successful development. This area has already seen recent development; however, the vacant site on the northwest corner of the intersection remains an eyesore. Utilizing this large site has the potential not only to improve visual aesthetics, but also to spur more economic development in the area. The success of a Walgreens on the northeast corner, along with a strip mall housing a Kroger on the southeast corner, provide support that commercial development is likely to thrive in this location. Commercial vacancy is moderate; however, this is in part due to the fact that there is a lot of commercial development in this area.

Accessibility | Located at the intersection of Wayne, Oakland, and Macomb Counties, the site is accessible to many regional residents. Additionally, all four corners of this zone are easily seen and accessible from one of the two major roads at this intersection. Numerous bus stops provide access for SMART and DDOT riders and pedestrian crossings facilitate easy access to each corner.

Location | Traffic counts exceed 68,000 and this intersection is anchored by a traffic light, which increases visibility as many cars have to slow down or stop.³ Additionally, the relatively high population density and moderate income density in this area are likely to bring in ample customer support for developments. Finally, the location, at the intersection of three counties, provides a prime opportunity for regional cooperation, with relatively low stakes for participants compared to other regional efforts. Therefore, the location can be used to leverage county cooperation and funding where other sites may not have such leverage.

FIGURE 8.2 | FUTURE REINVESTMENT ZONES: WYOMING, WOODWARD + DEQUINDRE



RECOMMENDATIONS | CONCLUSION

The site evaluation framework created by Masters of Urban Planning students at the University of Michigan will aid 8MBA in revitalizing and promoting the 8 Mile corridor via the 8MBA Title Holding Company. The application of this framework to four potential development sites revealed which factors are most important in producing a successful project. By using the factors that led to the highest scores on both parts of this framework, the team examined the corridor to determine which zones have these characteristics. Moving forward, 8MBA staff can apply the two-part framework to individual sites within or between these zones to determine specific sites where development is likely to succeed. This two-tiered prioritization effort will help 8MBA efficiently and effectively invest funds and transform the region. This sort of methodical and targeted investment strategy by 8MBA will spur development along the corridor and ultimately change the face of 8 Mile.

The results of this project have important implications for 8MBA. This development framework will allow 8MBA and future developers to more prudently choose sites for development. The ability to determine Market Feasibility and predict Catalytic Impact will allow 8MBA to help that developers choose sites that coincide with 8MBA's development goals. The work done in this report supports 8MBA's mission to revitalize 8 Mile and promote economic development along the corridor.



SECTION VIII. REFERENCES

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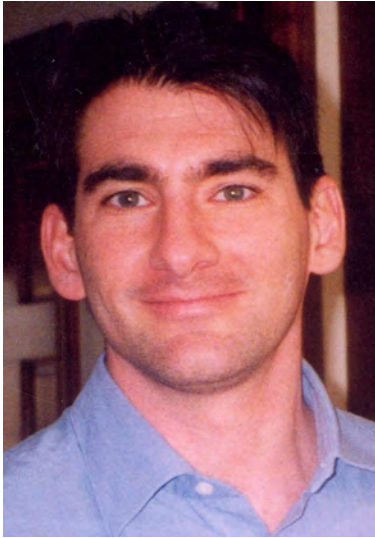
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SECTION IX. APPENDIX

BIOGRAPHIES



MATTHEW COWAN

HOMETOWN | TORONTO,
CANADA

CONCENTRATION | PHYSICAL
PLANNING AND DESIGN

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Matt holds a Bachelor of Business Administration, as well as being certified as a Chartered Financial Analysis and Certified Management Accountant. He received a Master of Urban Planning from the University of Michigan in 2013.

Prior to enrolling at U of M, Matt worked as a portfolio manager in the investment industry before deciding to pursue a career change.

Matt primarily supported the design team on this project.



CARLY GROB

HOMETOWN | HAMBURG, MI

CONCENTRATION | PHYSICAL
PLANNING AND DESIGN

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Carly grew up in Hamburg, MI, located about 10 miles north of Ann Arbor. She double-majored in English and Communications Studies at the University of Michigan as an undergraduate. During undergrad, she also studied abroad in London, England in 2010. She received her Master of Urban Planning degree from U of M in 2013.

Carly currently works as the Project Manager for the Michigan Engaging Community through the Classroom project, and is the former Business Development Intern at Ann Arbor SPARK. She also has substantial experience working in the food industry as a bartender, server, barista, and prep cook.

Carly hopes to pursue a career in the realm of sustainable food production and distribution in California, where she also plans to practice real estate development independently.

Carly's roles in this project include work on the data analysis and financial analysis teams, as well as writer for Motorama site information.



LAURA HAW

HOMETOWN | LIVONIA, MI

CONCENTRATION | PHYSICAL
PLANNING AND DESIGN

Laura received her Master of Urban Planning from the University of Michigan in 2013. Prior to attending U of M, she attended Michigan State University, where she received a Bachelor of Arts in both Political Science-Prelaw and International Development with a specialization in Peace and Justice Studies.

Since the summer of 2012, Laura has worked as a planning aide for McKenna Associates, a community planning and design firm in Northville, MI. She has also worked several summers in Italy and maintains a global perspective on urban form and the built environment.

Laura served as lead layout and graphic design and as a contributor to urban design in this project.



DANIEL JOHNS

HOMETOWN | FLINT, MI

CONCENTRATION | HOUSING,
COMMUNITY, AND ECONOMIC
DEVELOPMENT

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Dan received a Bachelor of Arts in History from the University of Michigan in December 2010, as well as a Master of Urban Planning in 2013. Concentrating in housing, community, and economic development, he has extensive experience in academic research, writing, and data analysis.

Dan is particularly interested in shrinking cities, deindustrialization, and downtown revitalization initiatives and hopes to make a career supporting the latter. Dan has previously interned for a community development corporation on Detroit's northwest side, addressing issues of vacancy, neighborhood stability, and sustainable food systems.

Originally hailing from the Flint area, he is a diehard Michigan basketball fan, having served as a team manager for three years during his undergrad career.

Dan primarily supported the commercial research and financial analysis segments of this project.



CORINNE KISNER

HOMETOWN | NORTH HAMPTON,
NH

CONCENTRATION | TRANSPORTATION
PLANNING

Corinne graduated from Georgetown University in 2008 with a Bachelor of Science in Foreign Service from Georgetown University, with a focus in Science, Technology & International Affairs. While at Georgetown, she studied abroad in Quito, Ecuador and Khon Kaen, Thailand, studying natural resource conflicts and globalization's impacts on local livelihoods and development patterns. She received her Master of Urban Planning degree from the University of Michigan in 2013.

Corinne hopes to apply this background and knowledge in a career promoting vibrant, livable, low-carbon cities.

Corinne worked as a lead on the spatial and demographic analysis and mapmaking team, a contributor on the site evaluation framework team, and writer for Gateway site information.



BRITTANY LAW

HOMETOWN | HARTLAND, MI

CONCENTRATION | HOUSING,
COMMUNITY, AND ECONOMIC
DEVELOPMENT

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Brittany holds a Bachelor of Arts from Alma College, with majors in Foreign Service and Economics. After graduating in 2009, she attended William & Mary School of Law, where she earned her Juris Doctor. While at W&M, Brittany interned for NASA, studied European Union Law in Spain, and was the second baseman for the 2010 champion intramural softball team. She received her Master of Urban Planning degree from the University of Michigan in 2013.

Brittany hopes to pursue a career locally in economic or real estate development and spend her summer weekends at Tigers games.

Brittany served as co-lead editor on this project, and a writer for Gateway site information.



MANDY LEE

HOMETOWN | HONOLULU, HI

CONCENTRATION | PHYSICAL
PLANNING AND DESIGN

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Mandy received degrees in International Relations from Tufts University in 2007 and a Master of Urban Planning from the University of Michigan in 2013. While at Tufts, Mandy spent time studying abroad in Japan.

Mandy is interested in pursuing a career in real estate development or redevelopment that utilizes her specific skills and knowledge to solve complex problems related to the built environment.

On this project, Mandy led the survey team and market research group, and co-lead the financial analysis teams.



ELLEN MANASSE

HOMETOWN | CHICAGO, IL

CONCENTRATION | PHYSICAL
PLANNING AND DESIGN

Ellen received her Master of Urban Planning from the University of Michigan in 2013. Prior to attending U of M, she attended the University of Minnesota- Twin Cities, where she received a Bachelor of Arts in Architecture and Urban Studies, with a minor in Spanish.

While at Minnesota, she studied abroad in Vrindavan, India and Amsterdam, the Netherlands, focusing on urban/rural growth and architecture. These experiences fostered an interest in how culture and communities can impact urban growth, and the importance of preserving these traditions through planning and design.

Ellen served as the lead in urban design and contributed to the layout and graphic design.



KEVIN MULDER

HOMETOWN | GRAND RAPIDS, MI

CONCENTRATION | TRANSPORTATION
PLANNING

Kevin earned his undergraduate degree in Economics from the University of Michigan in 2008 and his Master of Urban Planning in 2013.

While pursuing his Master degree, Kevin interned with the City of Ann Arbor Transportation Program as a Graduate Intern. He hopes to continue on this career path in a position that will allow him to help communities cooperate regionally to combine land use and transportation strategies.

Kevin served as a lead on the spatial and demographic analysis and mapmaking team, writer for Werton site information, and lead on the site evaluation framework team.



ALISON WASSERMAN

HOMETOWN | DIX HILLS, NY

CONCENTRATION | HOUSING,
COMMUNITY, AND ECONOMIC
DEVELOPMENT

Alison completed a Bachelor of Arts in Sports Management at the University of Michigan School of Kinesiology in 2011 and a Master of Urban Planning in 2013.

While at U of M, Alison worked in the Sport Management research lab conducting economic and real estate analysis of specific urban areas for potential development of sport facilities. She also studied abroad a semester in Florence, Italy and interned in the Planning and Construction Department at the University of Nevada- Las Vegas assisting in the planning of an on-campus football stadium right off the Las Vegas strip.

Alison's roles in the project include co-lead on the investment zone team, contributor to the data analysis team, and as a writer for Hayes Lemmerz site information.



MICHAEL WESTLING

HOMETOWN | MILWAUKEE, WI

CONCENTRATION | HOUSING,
COMMUNITY, AND ECONOMIC
DEVELOPMENT

CERTIFICATE | REAL ESTATE
DEVELOPMENT

Mike earned a Bachelor of Arts from the University of Wisconsin in Journalism and Political Science in 2007. He then worked as Press Secretary for U.S. Senator Jeff Merkley and on the 2008 Presidential Inaugural Committee before returning to earn his Master of Urban Planning from the University of Michigan in 2013.

Mike currently lives in Portland, Oregon and is pursuing a career in real estate development. His professional interests include affordable housing, social equity, and sustainability.

Mike served as lead on the financial analysis team and contributor on the site evaluation framework team.



ANNA ZUEVSKAYA

HOMETOWN | KHARKOV, UKRAINE

CONCENTRATION | HOUSING AND
ECONOMIC DEVELOPMENT

DUAL DEGREE | SOCIAL WORK
(M.S.W.)

Anna received a Bachelor of Arts in Psychology and Russian from Wake Forest University in 2009. She also earned a Master of Urban Planning and Master of Social Work from the University of Michigan in 2013.

During her time at the University of Michigan, Anna interned at POWER, Inc., working extensively in the Housing and Economic Development programs. In the next ten years, she aspires to become a financial coach while starting a real estate business on the side.

Anna's roles in this project include co-lead editor and co-lead on the investment zone team.