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Section 1
Engagement Overview
ENGAGEMENT SUMMARY

It is our understanding that this engagement will generally involve a report to summarize highest and best use and community impact related to vacant buildings and land owned by DPSCD. DLR is currently contracted with DPSCD and PMREIA will act as a subcontractor to DLR to perform the work. At the completion of this assignment, PMREIA will provide DLR a report for each property outlined in Exhibit C that includes a summary of the highest and best use and related support data provided by DLR. The reports may include:

1. Summary of neighborhood population / demographics and related trends as provided DLR provided documentation

2. Highlights of property and local real estate fundamentals as addressed in DLR provided documentation (condition, supply/demand, rents, amenities/proximities)

3. Summary of nearby economic and planned economic activity (new infrastructure, real estate development, community improvements, special zoning districts) as provided in DLR documentation. PMREIA will contact local municipalities as necessary for updated information related to community needs and impact.

4. Description of the highest and best potential uses as identified in the documentation provided by DLR.

Disclaimer

This report and PMREIA’s Analysis is based on information given to DPS in the form of previous studies and appraisals as well as other relevant information available to PMREIA at the time of the issuance of this report. Such information may be subject to change at any time. PMREIA assumes no responsibility to update its Analysis or this report for any changes in events, circumstances, or market conditions after the date of this report. This report and PMREIA’s Analysis were prepared solely for the benefit of DPS. No third party is entitled to rely on this report or PMREIA’s analysis, and PMREIA assumes no liability to any third party because of any reliance on this report or its Analysis.
Section 2
Property Overview
PROPERTY OVERVIEW

PROPERTY SUMMARY

COOLEY HIGH SCHOOL

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS</td>
<td>15055 Hubbell</td>
</tr>
<tr>
<td>SCHOOL DISTRICT</td>
<td>1</td>
</tr>
<tr>
<td>SNF AREA</td>
<td>N/A</td>
</tr>
<tr>
<td>OWNER</td>
<td>DPS</td>
</tr>
<tr>
<td>GROSS FLOOR AREA</td>
<td>302,500 sf</td>
</tr>
<tr>
<td>SITE AREA</td>
<td>18.12 ac</td>
</tr>
<tr>
<td>FLOORS</td>
<td>3</td>
</tr>
<tr>
<td>PLAN TYPE</td>
<td>Irregular</td>
</tr>
<tr>
<td>SCHOOL TYPE</td>
<td>High School</td>
</tr>
<tr>
<td>YEAR BUILT</td>
<td>1928, 1930, 1931, 1971</td>
</tr>
<tr>
<td>ZONING</td>
<td>R1</td>
</tr>
<tr>
<td>BASE REHAB COST (EST.)</td>
<td>$3.6 M</td>
</tr>
<tr>
<td>TOTAL REHAB COST (EST.)</td>
<td>$50.2 M</td>
</tr>
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</table>
BUILDING OVERVIEW AND CURRENT CONDITIONS

OVERVIEW

- Sprawling high school complex, including 3-story 1928-31 building and 2-story 1971 addition.

ORIGINAL BUILDING

- Original unit has T-shaped configuration, with large common areas forming the central axis, and classrooms on the northeast and southeast wings.

- Historically significant original unit features ornate Mediterranean-style flourishes, including golden brickwork, green and blue tile inlays, and elaborate terra cotta embellishments. Grand 100x100' auditorium with 50' ceilings. Heavily damaged by fire. Large 40x60' library with 30' ceilings and detailed woodwork.

- Athletics wing features full-size gym with suspended running track above. Below gym is a 100' pool. All spaces connected to large locker rooms.

- Original building has localized water damage in western classrooms. Main east wing largely intact.

1971 ADDITION

- 1971 addition is nondescript steel structure with EIFS cladding. Scrapped and vandalized, but appears structurally sound.

- 1971 addition includes large cafeteria with kitchen and auto shop with 16' high bay, garage doors, and ventilation.

- 1971 addition's interiors are CMU and drywall on metal stud; spaces should be easily reconfigured.
BUILDING FLOOR PLANS

1st Floor

2nd Floor
3rd Floor
# ZONING INFORMATION

<table>
<thead>
<tr>
<th>DESIGNATION</th>
<th>R-1</th>
</tr>
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<tbody>
<tr>
<td>DESCRIPTION</td>
<td>Single-Family Residential District</td>
</tr>
<tr>
<td>ZONING INTENT</td>
<td>The R1 Single-Family Residential District is designed to protect and preserve quiet, low-density residential areas now primarily developed and those areas which will be developed with single-family detached dwellings and characterized by a high ratio of home ownership. The regulations for this district are designed to stabilize and protect the essential characteristics of the district and to promote and encourage a suitable environment for activities associated with family life. To these ends, development is limited to a relatively low concentration and uses permitted by right are limited to single-family detached dwellings which provide homes for the residents of the area. Additional residential uses such as religious institutions, neighborhood centers, and utility uses necessary to serve the immediate area may be permitted on a conditional basis.</td>
</tr>
<tr>
<td>COMPLIANCE</td>
<td>According to the city of Detroit zoning ordinance, the subject property appears to be a legal conforming use in this zoning district.</td>
</tr>
</tbody>
</table>

## ZONING REQUIREMENTS

<table>
<thead>
<tr>
<th>PERMITTED USES</th>
<th>Single family residential uses, public, civic, and institutional uses.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINIMUM LOT SIZE (SF)</td>
<td>Minimum Lot Size (square feet) 10,000 square feet</td>
</tr>
<tr>
<td>MINIMUM LOT WIDTH (FT.)</td>
<td>70 feet</td>
</tr>
<tr>
<td>MINIMUM COVERAGE RATIO (%)</td>
<td>35%</td>
</tr>
<tr>
<td>MINIMUM FRONT YARD SETBACK REQUIREMENT (FT.)</td>
<td>20 feet</td>
</tr>
<tr>
<td>MAXIMUM REAR YARD SETBACK REQUIREMENT (FT.)</td>
<td>30 feet</td>
</tr>
<tr>
<td>PARKING REQUIREMENT</td>
<td>N/A</td>
</tr>
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</table>
PARCEL MAP
Section 3
Location Overview and Demographic Analysis
LOCATION OVERVIEW AND DEMOGRAPHIC ANALYSIS

DISTRICT 1: OVERVIEW
DISTRICT 1: NEIGHBORHOODS
District 1 is most densely populated in its eastern and northern portions. Most of the vacant schools in this district are located in the western portion, which is more sparsely populated. In the far west, there are more suburban-style developments. In the south, the Brightmoor neighborhood has experienced a great deal of depopulation and vacancy.
Over the last decade, pockets of District 1 have lost significant numbers of residents, while others have remained relatively stable. Detroit Open and Healy, in the far corners of the district were in areas that were stable. Burt and Hubert sit on the boundaries between Brightmoor, a neighborhood with sharp population decline, and more stable areas.
**DISTRICT 1: AGE**

### Median Age - 2018

District 1 residents tend to be older in the northern and middle part of the district, and younger in the south. Detroit Open is in one of the oldest census tracts in the city, with a median age over 45. Burt is in one of the youngest tracts, with a median age below 30.

### Population Age 65 and Older - 2018

Burt, Healy, and Holcomb are located in tracts with low numbers of senior residents. However, Burt is located on the edge of an area where more than 1 in every 5 residents is over 65.

### Population Age 18 and Younger - 2018

Youth are concentrated toward the edges of the district, with an area in the center with relatively few children. Burt is located just on the edge of this youth band, in a tract where more than 30% of residents are under age 18.
While District 1’s population has remained somewhat stable over the last several years, many of its neighborhoods have been getting older. Detroit Open, Healy, and Holcomb are in aging census tracts, while Hubert and Burt are in tracts that have gotten younger—though adjacent to aging areas.
The eastern portion of District 1 is relatively densely populated. The western portion is more sparse, due to a combination of high vacancy and the presence of large parks. Most residents of District 1 are Black.
DISTRICT 1: INCOME AND WEALTH

Median Household Income (2018)

The majority of tracts in District 1 are either at or just below the citywide median household income (about $31,000). The Rosedale Park neighborhood, in the center of the district just east of Burt Elementary, has much higher median incomes than the rest of the district and city.

% Population Below Poverty Line (2018)

The Brightmoor neighborhood in the southern portion of District 1 has a high concentration of residents living below the poverty line; neighboring Rosedale Park and Grandmont, however, have poverty rates well below the city median. Burt Elementary sits on the edge of these two neighborhoods.

Median Value, Owner Occupied Units (2018)

Vacant schools in District 1 are mostly in neighborhoods with home values below the city median. The exceptions are Burt, on the edge of the more expensive Rosedale Park neighborhood, and Healy, which sits in the Castle Rouge enclave west of Rouge Park.
District 1 is predominantly single-family residential. Grand River Ave, one of Detroit’s main radial arteries, is the primary commercial corridor, stretching from southeast to northwest. The Old Redford neighborhood, on Grand River south of Holcomb Elementary, is a vibrant historic business district. Seven Mile, McNichols, and Fenkell are other major corridors.
Section 4
Market Overview and Analysis
NEIGHBORHOOD OVERVIEW AND PROXIMITIES

SURROUNDING USES

- Site is just south of Fenkell Ave, a major east-west corridor. There is some commercial activity along this stretch, though high vacancy. Located approximately 3/4-mile north of Grand River, another major commercial corridor.

- Residential neighborhoods to south have moderate vacancy rates, while neighborhoods to the north and west appear intact and stable.

PROXIMITIES

- Located in Hubbell-Lyndon Neighborhood, near Belmont and Bethune Communities.

- Adams-Butzel Rec Center located just over 1 mile to east.

- DMC Sinai Grace Hospital located just over 1 mile to north.

- No neighborhood parks within a half mile of the school. The large school grounds are the primary open green space in this neighborhood.
NEIGHBORHOOD OVERVIEW AND PROXIMITIES
NEIGHBORHOOD OVERVIEW AND PROXIMITIES

Walkscore
Not available

Transit Access
10-15 minute walk to DDOT Connect Ten or Key Route

Freeway Access
10-15 minute drive to nearest freeway ramp

Park Access
5-10 walk to park (1+ acre)

Nearest Recreation Center
More than 15 minute walk to nearest city rec center

Library Access
10-15 minute walk to nearest public library

Vacant/DLBA Property
Moderate rate of vacancy within 0.25 mile radius (2020)

Building Alteration Permits
High rate of construction activity within 1mi radius (2016-2018)

Senior Population Growth
Low projected growth within 1mi radius (2019-2024)
MARKET OVERVIEW

1-mi radius, compared against 63 City/ DPS-owned vacant schools included in the Interboro study.
PROPERTY OPPORTUNITIES

- High-profile school building, considered an architectural gem
- Widespread community and alumni interest in seeing building rehabbed

PROPERTY CHALLENGES

- Very high rehab cost due to large size.
- Heavy fire damage to centrally located auditorium.

MARKET BASED HIGHEST AND BEST USE RECOMMENDATION*

- Best market for multifamily residential, due to lower-than-average vacancy rate and moderate rental rates.
- Retail market has high vacancy rate.

*recommendation from Interboro study (note: recommendation conflicts with conditions listed on previous slide)
Section 5
Community Development and Needs Assessment
COMMUNITY DEVELOPMENT AND NEEDS ASSESSMENT

ECONOMIC ACTIVITY AND PLANNED DEVELOPMENTS NEARBY

Focus: HOPE Community
- Non-denominational, non-profit organization whose aim is to overcome racism and poverty by providing education and training for underrepresented minorities and others.

Happy Homes Community
- Happy Homes Community Association's goal is to revitalize, revamp and renew every aspect of their neighborhood including residents, businesses, and churches. They work in conjunction with Wayne State University.

Grand River Northwest
- Plan aimed at providing new housing and economic developments, improved connectivity, enhance open space and the public realm, and integration of green stormwater infrastructure.
The subject property is adjacent to several single-family neighborhoods. There is a need for resources driven towards youth.

The community desires the removal of existing blight and signs of deterioration around the existing property on the site.

The site lacks proximity to adequate medical facilities, including mental health and urgent care.

The community lacks basic neighborhood amenities.

The closest recreation center is not near most residential housing.

Due to a declining population in the surrounding area, new school development does not prove to be advantageous.
Section 6

Highest and Best Use Analysis
HIGHEST AND BEST USE CRITERIA

The property appraisal completed by BBG provided the following definition for the site's highest and best use criteria: The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria:

1. **Legally Permissible**
2. **Physically Possible**
3. **Financially Feasible**
4. **Maximally Productive**
HIGHEST AND BEST USE AS VACANT

1  LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R’s, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is zoned R-1, Single-Family Residential District. Permitted uses include Single Family Residential uses, public, civic, and institutional uses. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code. The probability of zoning change is high in the city of Detroit for potential development sites that will benefit the local neighborhood.

2  PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is best suited for mixed income multifamily use or institutional uses such as a community health center, educational, religious facilities, etc.
Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The subject’s location lacks the economic demand the surrounding neighborhood to support new development at the site. This is evidenced by the lack of new construction in the subject’s market area. Thus, near term development at the subject site as vacant is not financially feasible unless through a public-private partnership that includes significant public subsidies.

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. There is no development that can produce a residual land value. A residual land value can only be achieved if the construction project is developed through a public-private partnership. Since speculative development is not feasible for the site, an ideal improvement cannot be defined. However, both mixed income housing and institutional uses such as an educational facility or community health center is in high demand in the subject’s market area. As such, the maximally productive use of the subject site as vacant is to hold for development unless public subsidies are available to develop the site for mixed income housing or institutional uses.
HIGHEST AND BEST USE AS IMPROVED

Since the subject property is in poor condition, the first test of the highest and best use analysis as improved is whether the existing improvements should be demolished and the site to be redeveloped to the highest and best use, as vacant. The subject’s improvements have no remaining economic life and no longer contribute positively to the property’s value. Thus, the land is worth more vacant than as improved due to the significant renovation costs needed to convert the improvements to an alternative use.

The estimated demolition cost is $2,861,550 which is higher than the land value as if vacant of $1,070,000. Thus, it is not financially feasible for a developer to raze the improvements and redevelop the site due to the cost of demolition.

Therefore, there are two options for the highest and best use: one hold the property as an interim use for future development until it is financially feasible to demolish the existing improvements or two, sell - the most likely buyer will be a non-profit organization or a developer that has obtained public subsidies to help defray the cost of demolition.