



plante moran | REIA

DLR Group

Highest and Best Use Summary Report

COURTIS ELEMENTARY SCHOOL | DETROIT, MI

May 2023



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Section 1

Engagement Overview



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 addressed in 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 DPSCD 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

COURTIS ELEMENTARY SCHOOL

ADDRESS	8100 W Davison
SCHOOL DISTRICT	7
SNF AREA	N/A
OWNER	DPSCD
GROSS FLOOR AREA	65,081 sf
SITE AREA	5.62 ac
FLOORS	2
PLAN TYPE	8
SCHOOL TYPE	Elementary School
YEAR BUILT	1965
ZONING	R2
BASE REHAB COST (EST.)	\$525 K
TOTAL REHAB COST (EST.)	\$12.6 M



BUILDING OVERVIEW AND CURRENT CONDITIONS

OVERVIEW

- Double-courtyard building with 2-story wings at north and south ends, and 1-story east, west, and central wings.

BUILDING DESCRIPTION

- Steel frame structure with CMU walls and open-web steel joist and steel deck roof. Facade is brown brick veneer and precast concrete panels.
- Large auditorium and gym located in east wing, with exterior access to rear parking lot.
- Standard classrooms located in north, south wings on second floor. Specialty classrooms located on ground floor in north, south, and central wings. Typical classrooms have two small aluminum-frame windows in corners, simple painted CMU finish, and no built-in furniture.
- Minimal distress observed on interior beyond minor scrapping and vandalism. Basement is flooded.
- Single-glazed aluminum windows are intact and in serviceable condition but damaged by installation of security panels. Recommend replacing with more efficient systems.
- Facade requires localized repair of masonry, mortar, and sealant.

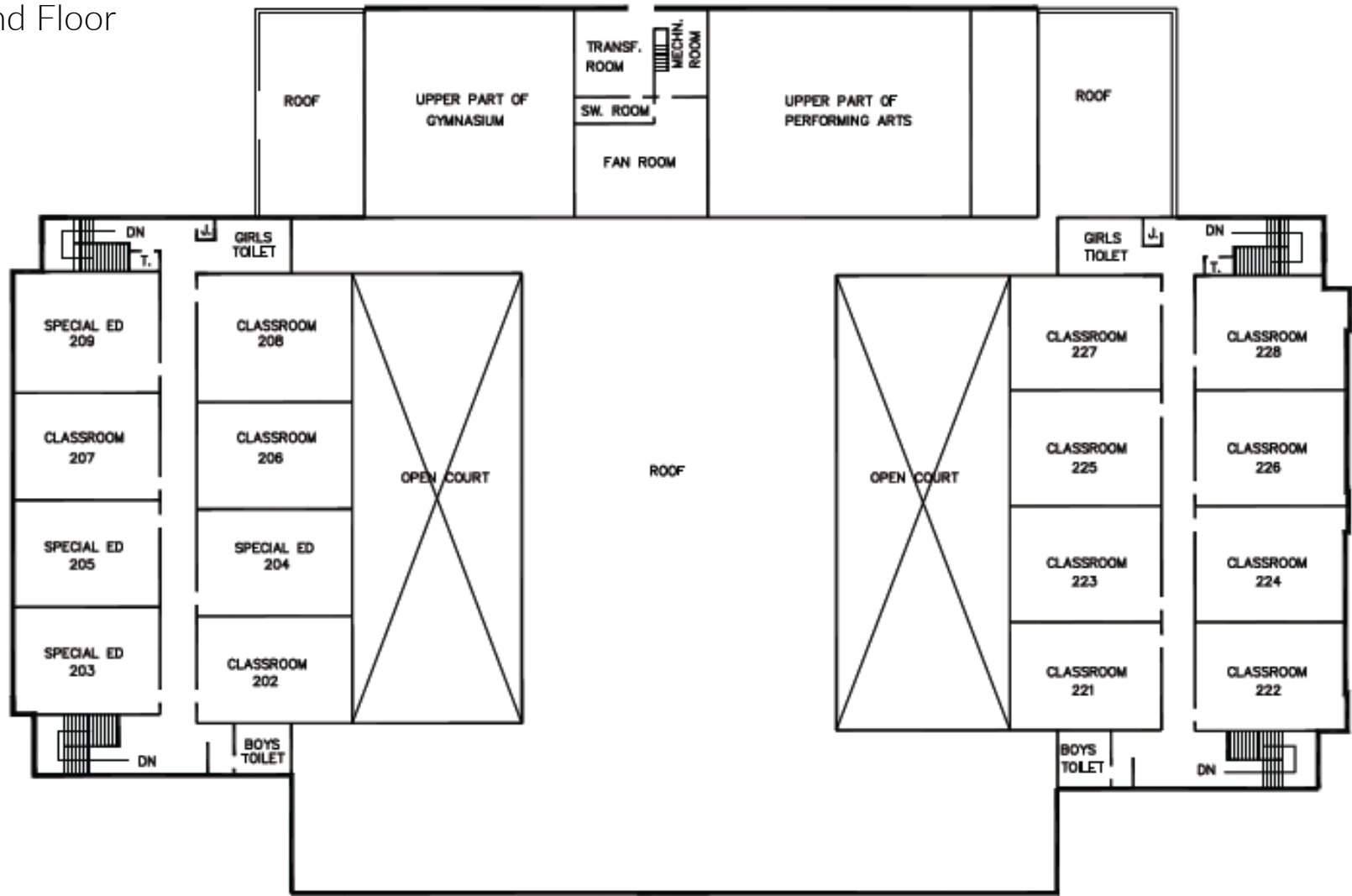
BUILDING FLOOR PLANS

1st Floor



BUILDING FLOOR PLANS

2nd Floor



ZONING INFORMATION

DESIGNATION	R-2
DESCRIPTION	Two-Family Residential District
ZONING INTENT	The R2 Two-Family Residential District is designed to protect and enhance those areas developed or likely to develop with single- or two-family dwellings. The district regulations are designed to promote a suitable environment for homes and for activities connected with family life. The only principal uses permitted by right are single- and two-family dwellings. Additional uses are conditional.
COMPLIANCE	According to the city of Detroit zoning ordinance, the subject property appears to be a legal conforming use in this zoning district.

ZONING REQUIREMENTS

PERMITTED USES	Single family and two-family residential, public, civic, family day care home, and institutional uses. No industrial or retail uses are currently permitted upon the site.
MINIMUM LOT SIZE (SF)	Minimum Lot Size (square feet) 10,000 square feet
MINIMUM LOT WIDTH (FT.)	70 feet
MINIMUM COVERAGE RATIO (%)	35%
MINIMUM FRONT YARD SETBACK REQUIREMENT (FT.)	20 feet
MAXIMUM REAR YARD SETBACK REQUIREMENT (FT.)	30 feet
PARKING REQUIREMENT	N/A

PARCEL MAP





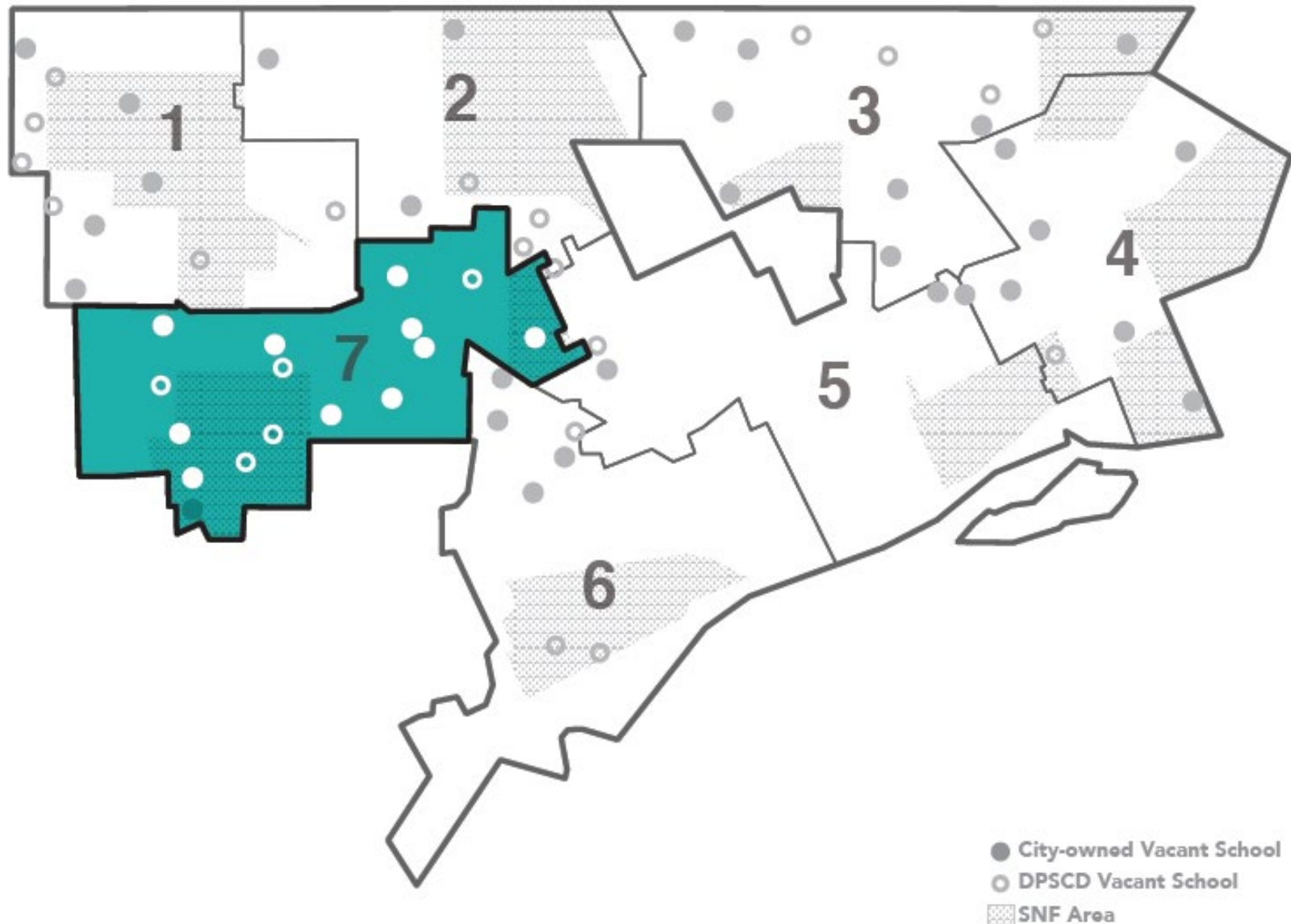
Section 3

Location Overview and Demographic Analysis

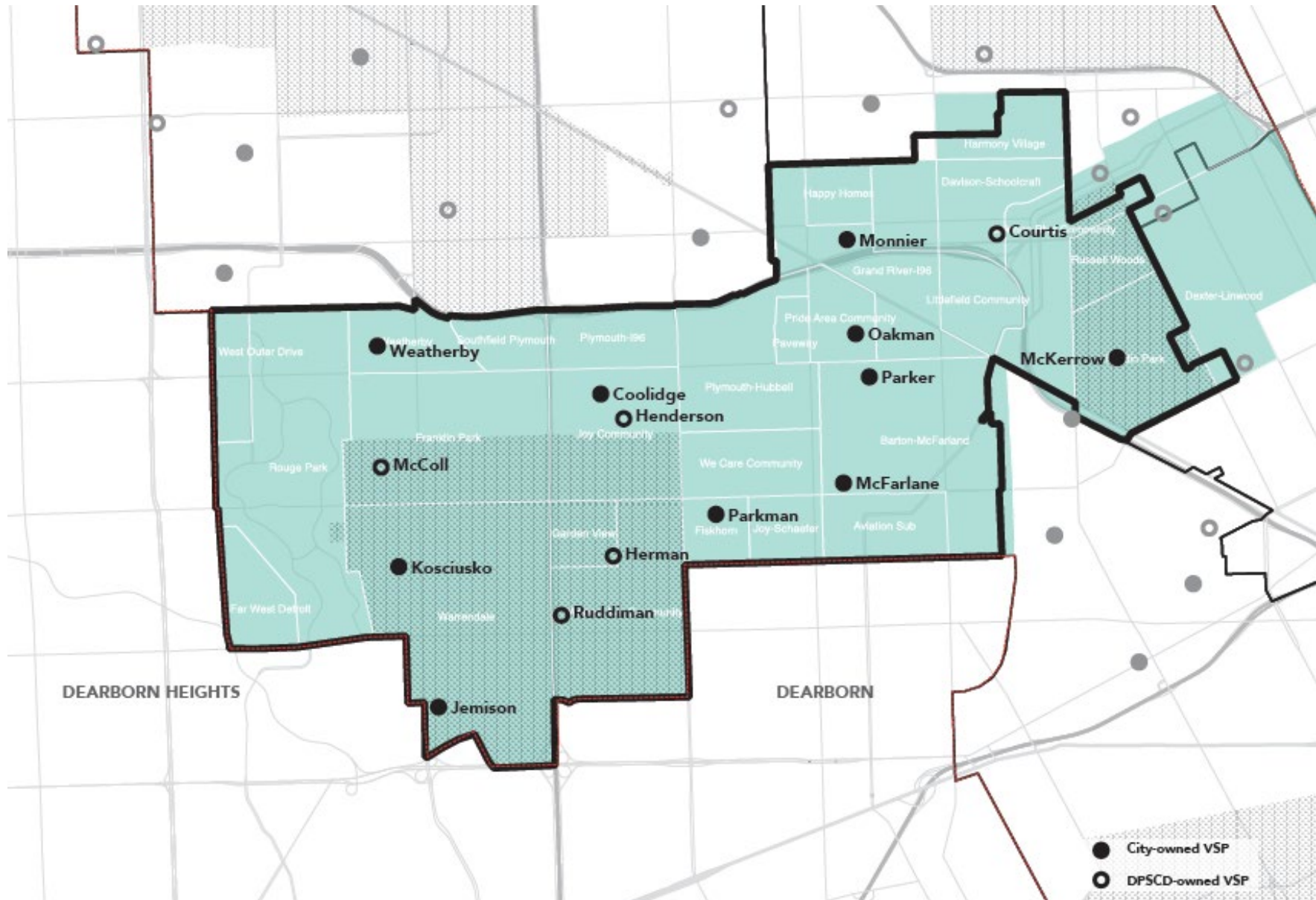


LOCATION OVERVIEW AND DEMOGRAPHIC ANALYSIS

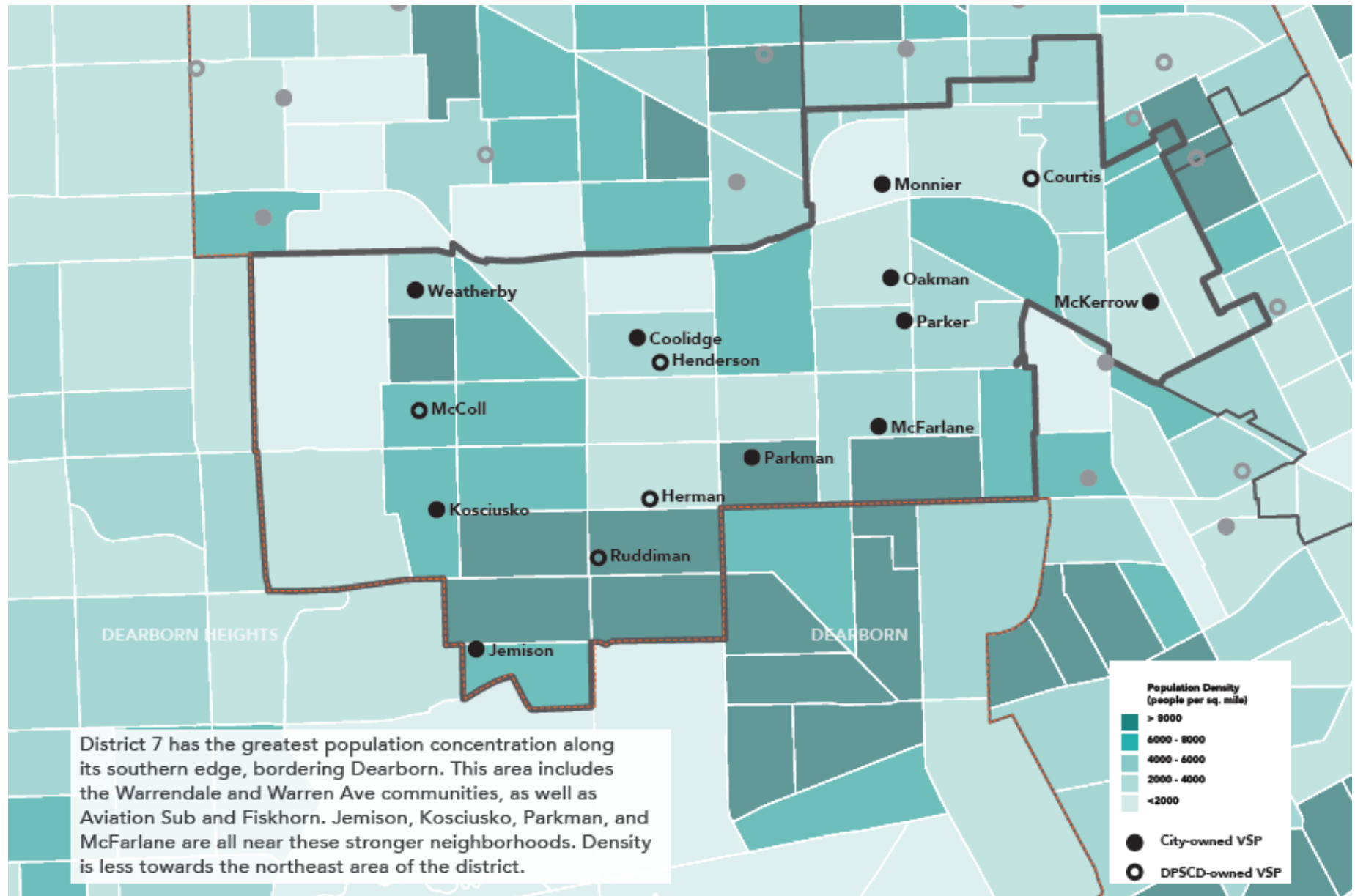
DISTRICT 7: OVERVIEW



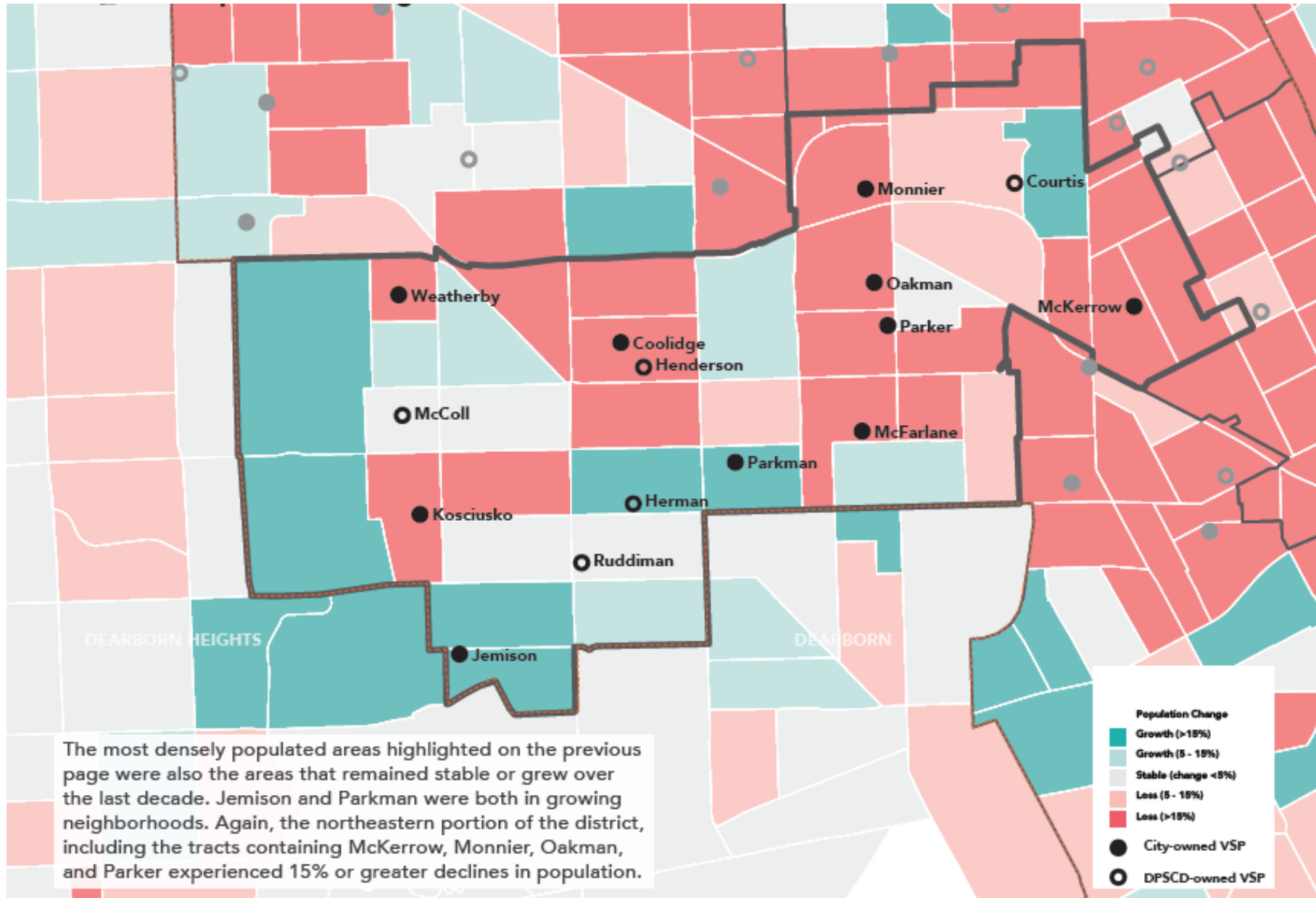
DISTRICT 7: NEIGHBORHOODS



DISTRICT 7: POPULATION DENSITY



DISTRICT 7: POPULATION CHANGE 2010 -2018

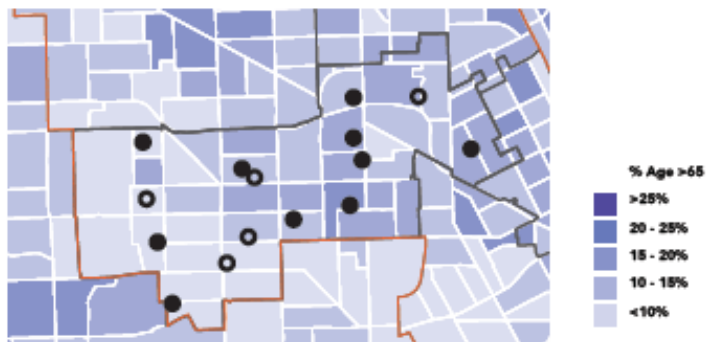


DISTRICT 7: AGE



Median Age - 2018

District 7 as a whole skews younger than other parts of the city. In particular, the south and west portions of the district are some of the most youthful in the city, spurred in part by the influx of younger immigrant families to neighboring Dearborn. The northeast portion of the district is relatively older. The vacant schools in District 7 are evenly divided between these two age regions.



Population Age 65 and Older - 2018

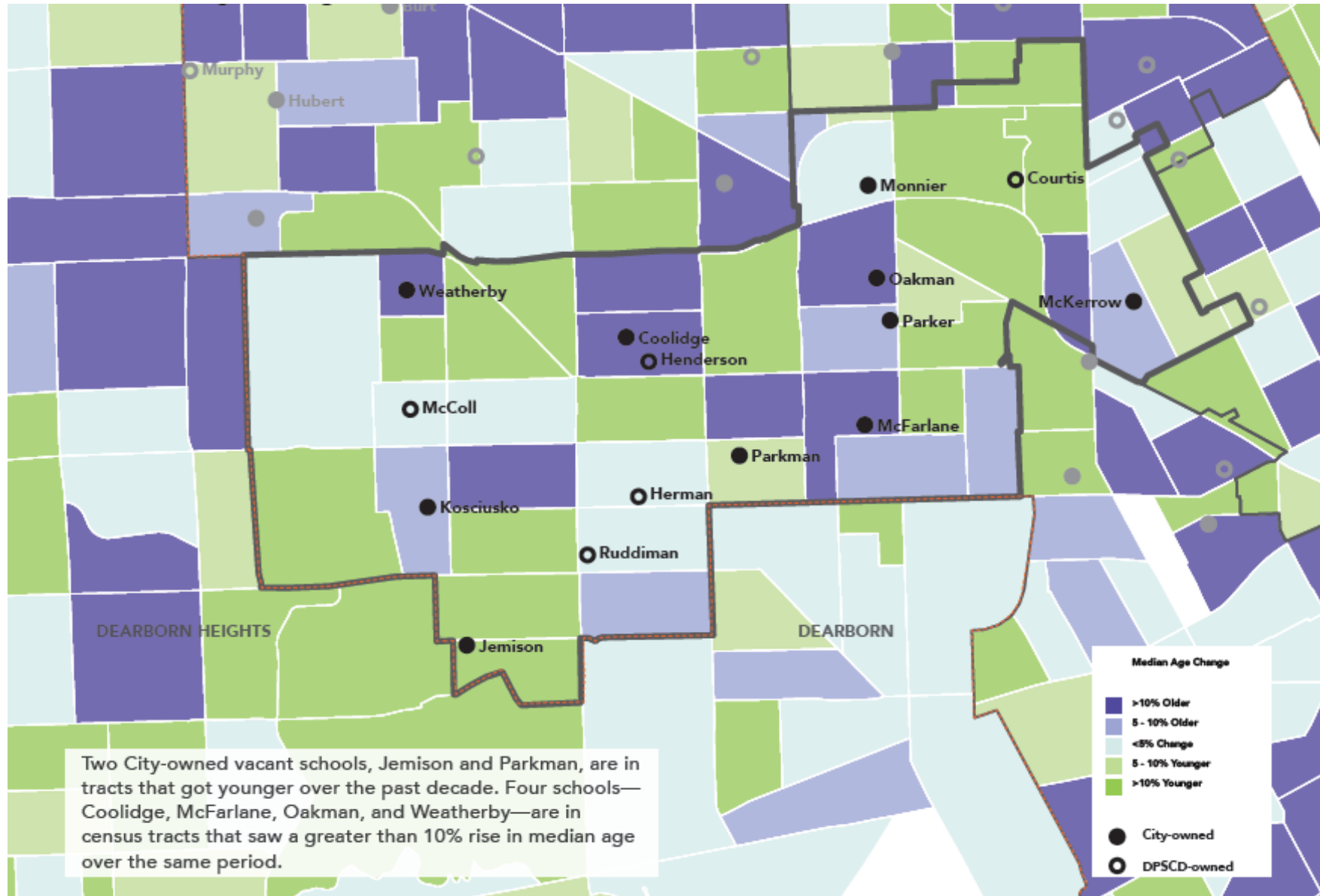
District 7 has lower percentage of senior residents than other parts of the city. The senior population is concentrated in the eastern portion of the district, in particular, the band of neighborhoods between Schaefer Hwy and Meyers Rd, which include the City-owned Monnier, Oakman, Parker, and McFarlane Elementaries. McKerrow's neighborhood, Nardin Park neighborhood in the east of the district, is also one of the oldest.



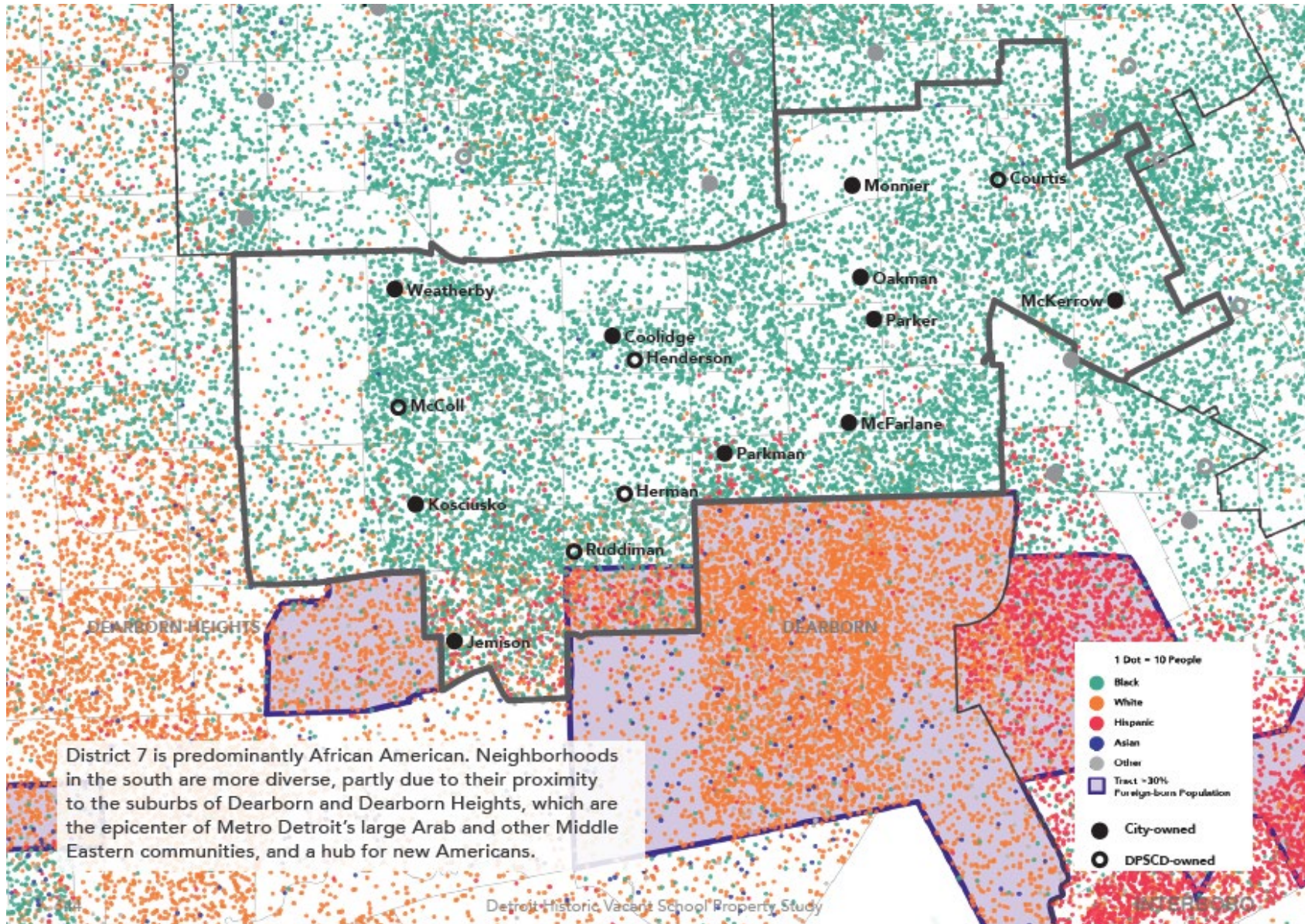
Population Age 18 and Younger - 2018

The southwestern portion of the district is home to one of the largest concentrations of youth in the city. Jemison, Parker, and Weatherby are in some of the most youthful areas of the city.

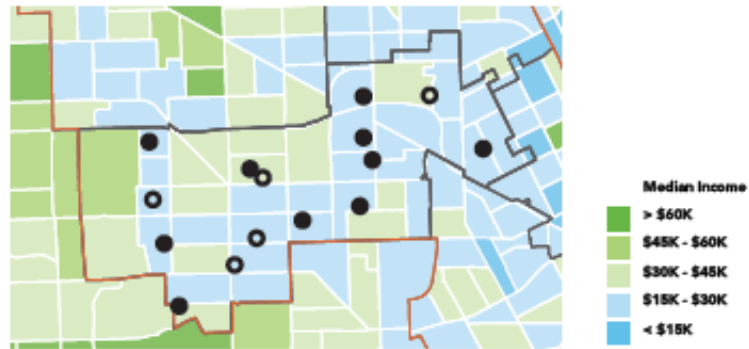
DISTRICT 7: AGE



DISTRICT 7: POPULATION DENSITY AND RACE

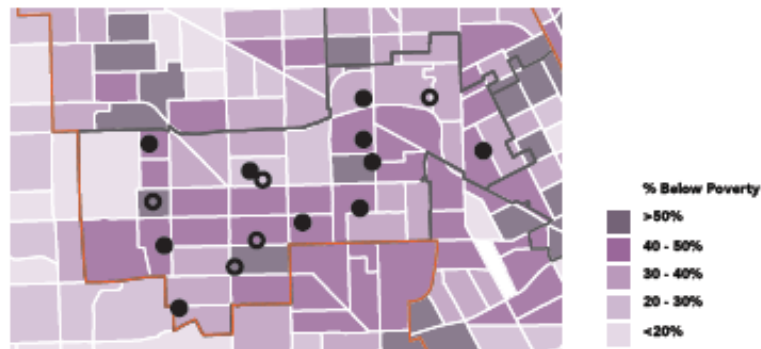


DISTRICT 7: INCOME AND WEALTH



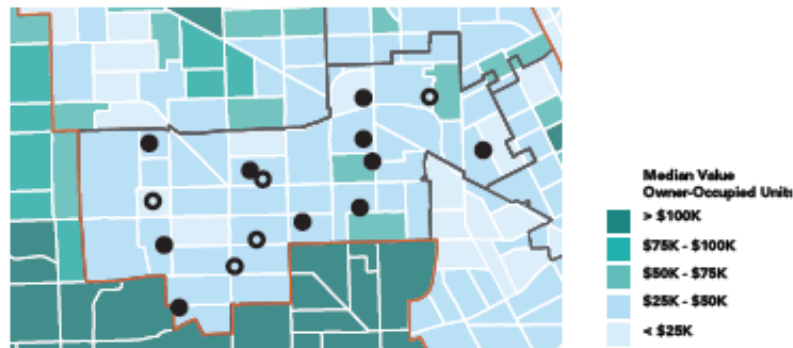
Median Household Income (2018)

District 7 has a relatively even distribution of incomes, with most tracts at or slightly below the citywide median. All of the vacant schools included in this study are in neighborhoods that are below the citywide median income.



% Population Below Poverty Line (2018)

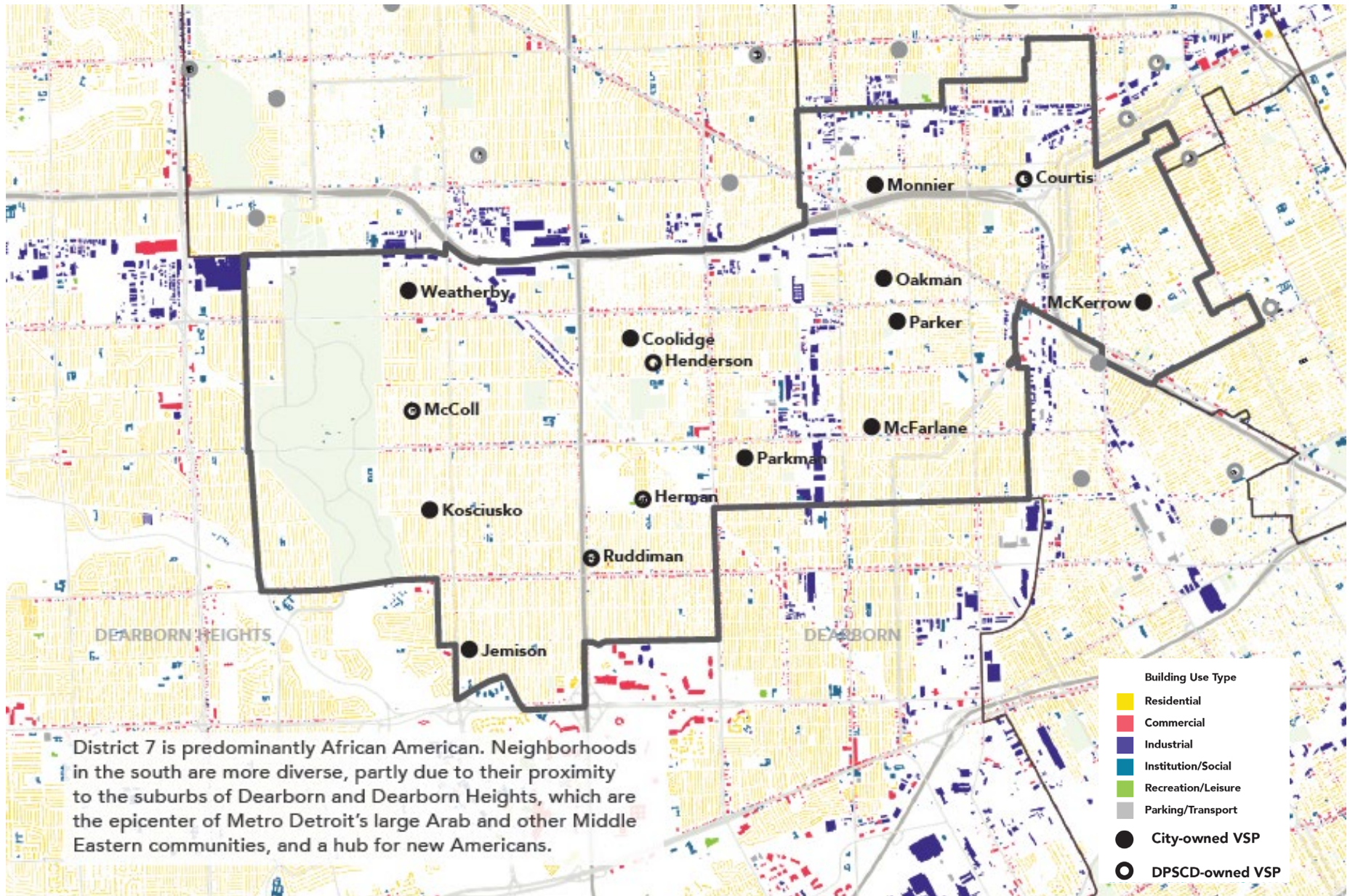
Poverty is widespread in District 7, with the majority of schools located in tracts with more than 40% of the population living below the poverty line. Poverty is most severe near Parker.



Median Value, Owner Occupied Units (2018)

Home values are uniformly low in District 7, with the majority of tracts showing median values below \$50,000. Home values are slightly higher near Parker and just south of McFarlane. The neighboring suburbs of Dearborn, Dearborn Heights, and to a lesser extent, Redford Charter Twp have median home values two or more times greater.

DISTRICT 7: LAND USE





Section 4

Market Overview and Analysis



MARKET OVERVIEW AND ANALYSIS

NEIGHBORHOOD OVERVIEW AND PROXIMITIES

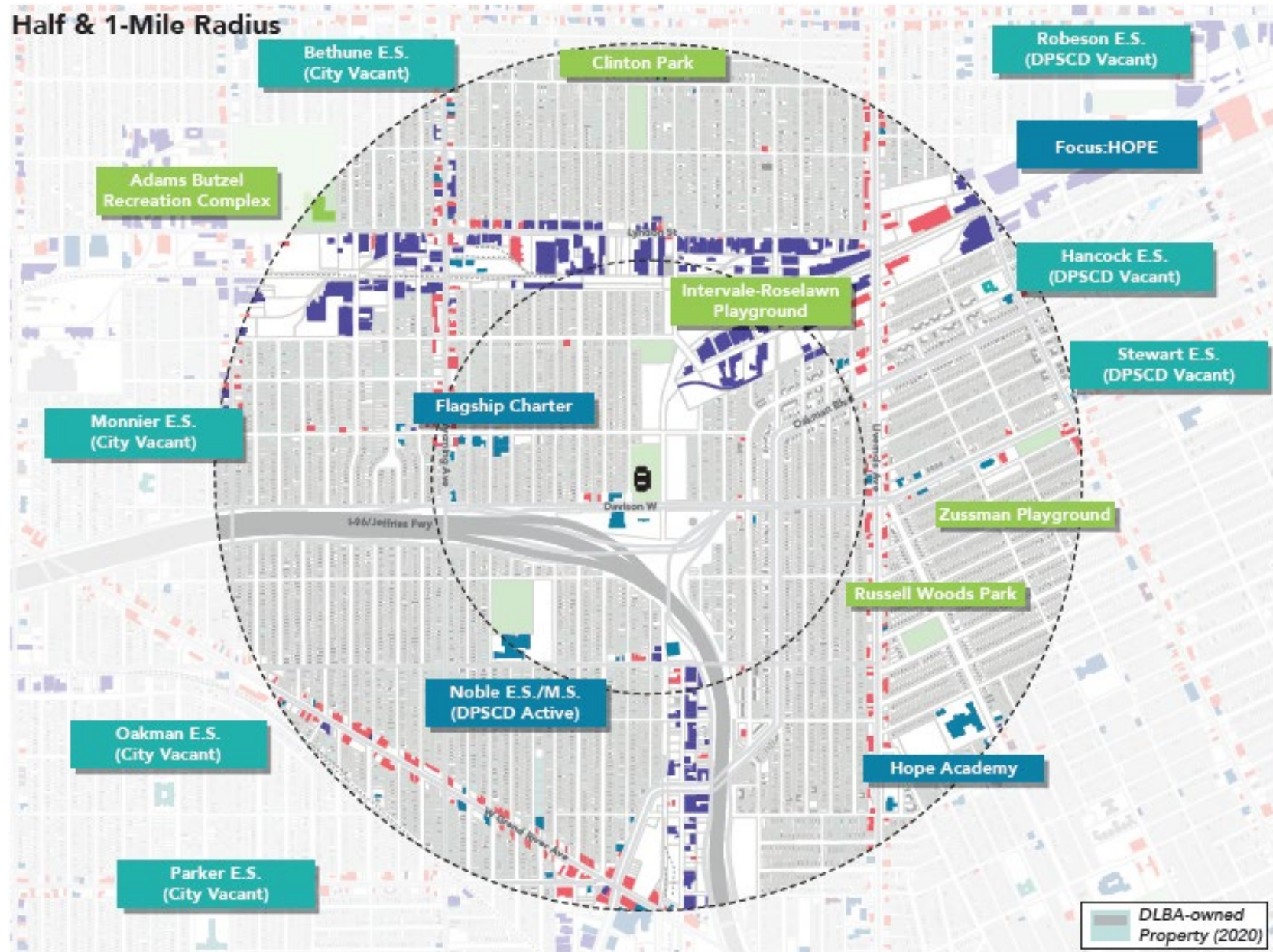
SURROUNDING USES

- Residential neighborhood to west of school consists of an eclectic mix of one and two-story detached homes. Approximately 1/3 of properties are vacant.
- East and immediately north of site are vacant industrial brownfields. A larger industrial corridor stretches along Lyndon Street three blocks to the north.
- School is located on a six-lane divided stretch of Davison Street between Wyoming and Livernois that is mostly empty and exists primarily as a service drive for I-96. A half-mile to the east at Livernois, Davison becomes an important commercial corridor.

PROXIMITIES

- Located in Davison-Schoolcraft Neighborhood
- Across the street from Joe Louis Greenway path (to be constructed)
- Across the street from City of Detroit Department of Public Works facility
- Adams-Butzel Rec Center located just over 1 mile to northwest (natatorium, ice rink, basketball courts, etc.)
- Focus: HOPE located just over 1 mile to northeast
- Hope Academy located 1 mile to southeast

NEIGHBORHOOD OVERVIEW AND PROXIMITIES



NEIGHBORHOOD OVERVIEW AND PROXIMITIES

41_{/100}

Walkscore
Car-dependent

0.5_{mi}

Transit Access
5-10 minute walk to
DDOT Connect Ten or Key Route

0.2_{mi}

Freeway Access
Less than 5 minute drive
to nearest freeway ramp

0.2_{mi}

Park Access
less than 5 minute walk to park
(1+ acre)

0.9_{mi}

Nearest Recreation Center
10-15 minute walk to
nearest city rec center

1.3_{mi}

Library Access
More than 15 minute walk to
nearest public library

34%

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

203

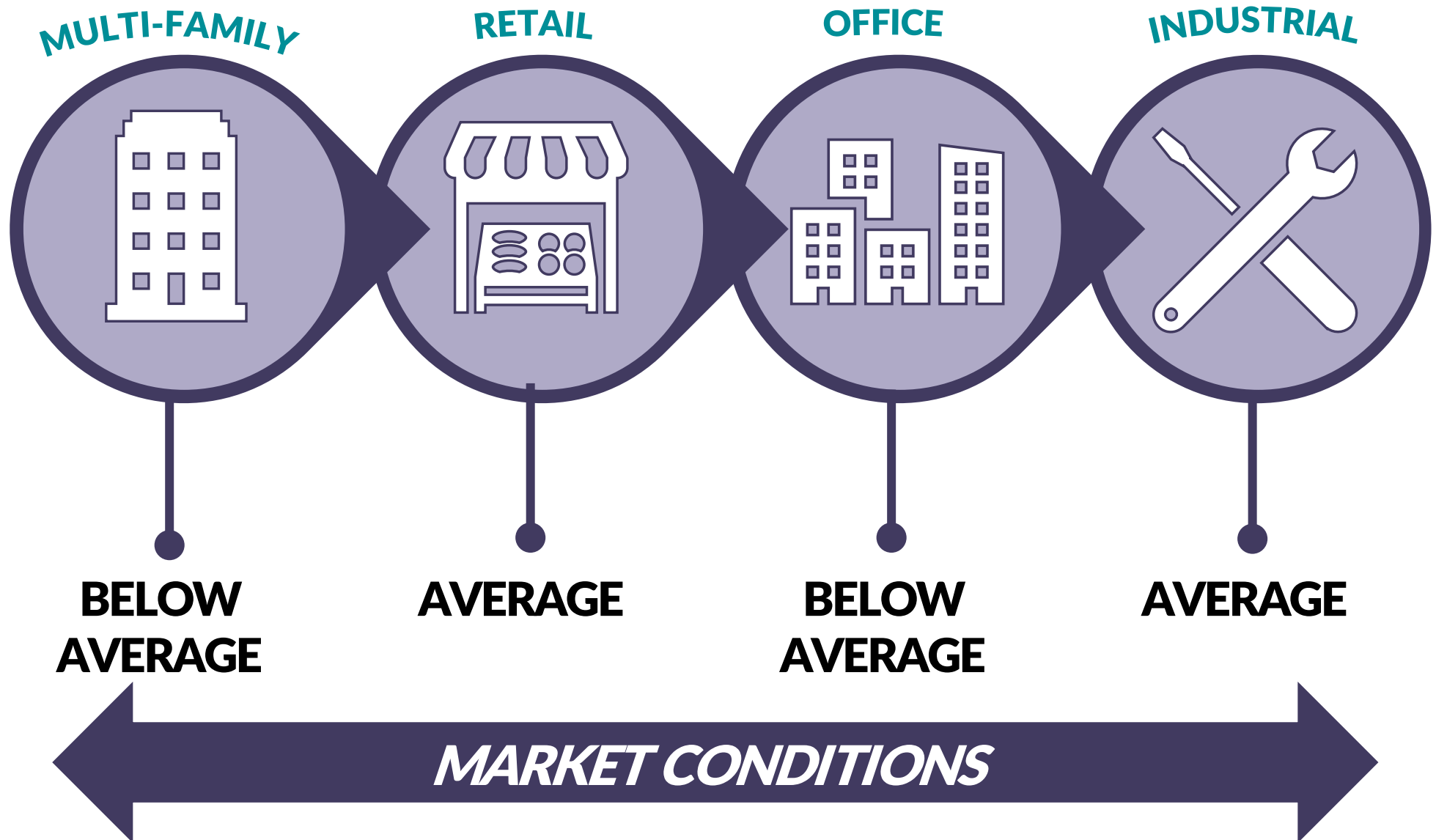
Building Alteration Permits
High rate of construction activity
within 1mi radius (2016-2018)

1.3%

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 that was provided to PMREIA by DPSCD.



PROPERTY OPPORTUNITIES

- Building in fair condition
- Proximity to Joe Louis Greenway expected to stimulate economic development (according to discussion with City's Director of Development & District 7 Manager, businesses within a half-mile radius are expected to benefit)
- Easy freeway access to I-96 (<1 min)
- Near large, industrial zoned vacant parcels

PROPERTY CHALLENGES

- Property is currently zoned R2 – any zoning variance would need to go through a public approval process
- Weak real estate market indicators (declining population, rising vacancy across asset classes, negative net absorption, etc.)
- Isolated neighborhood with few amenities

MARKET BASED HIGHEST AND BEST USE RECOMMENDATION

- **Site has potential for large commercial or industrial development.**
 - **If the City is open to rezoning, site would be well-suited for industrial/light industrial facility – large vacant adjacent parcels zoned industrial, prime accessibility to I-96 freeway, ability to capture workforce from nearby neighborhoods.**
- **Large vacant parcels may provide opportunity for large industrial users.**
- **Good market for retail, specifically neighborhood amenities, due to low retail vacancy rates, above average rents, and good transportation connectivity.**



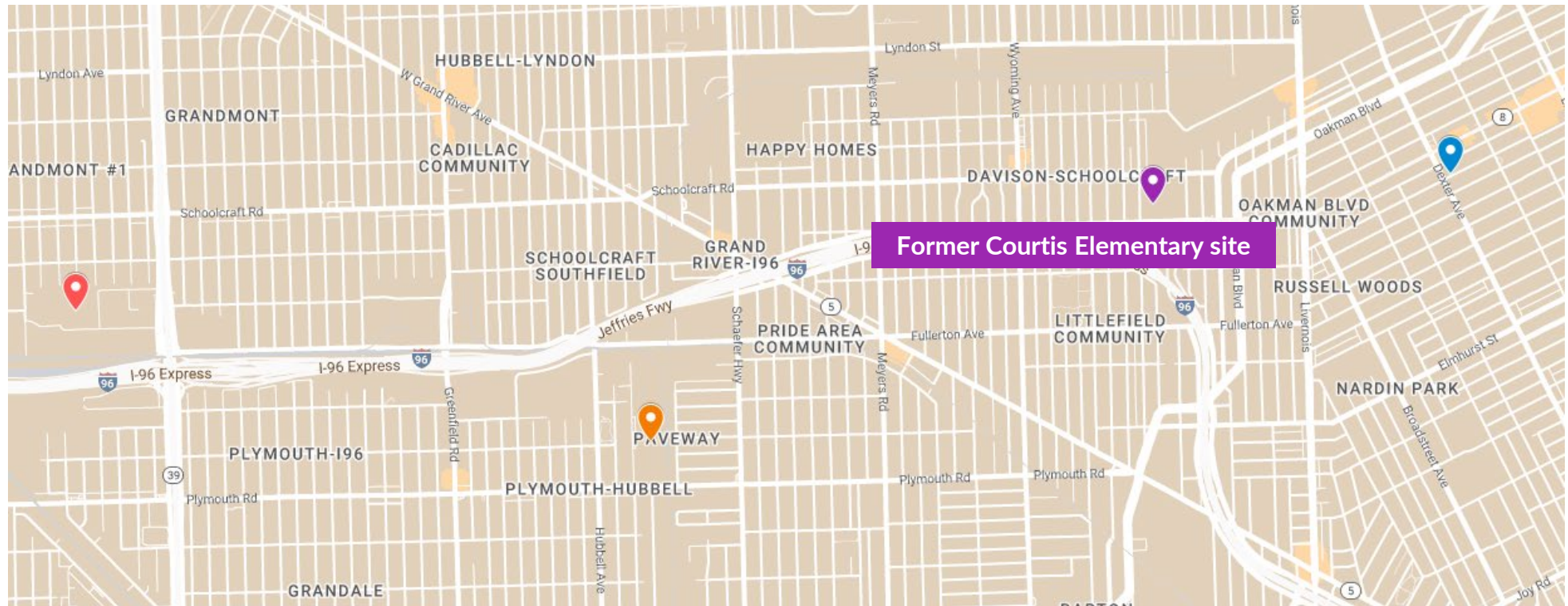
Section 5

Community Development and Needs Assessment



COMMUNITY DEVELOPMENT AND NEEDS ASSESSMENT

ECONOMIC ACTIVITY AND PLANNED DEVELOPMENTS NEARBY



Dexter Ave. Shipping Container Pop-up

The City of Detroit is building a pop-up retail space for neighborhood entrepreneurs using shipping containers as part of a larger project along Dexter between Davison and Fullerton.



NorthPoint Development

Brownfield redevelopment of former American Motors HQ. Construction of ~700,000 SF of manufacturing space. Opening is expected in early 2024.



Gateway Industrial Center

Construction of 425,000 SF industrial building by Kalamazoo-based Innovo Development Group. Refurbishment of existing buildings

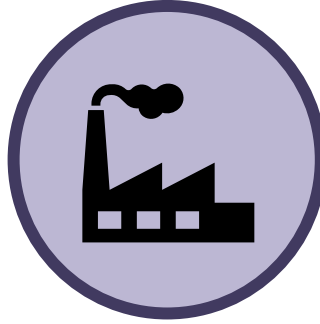


COMMUNITY DEVELOPMENT AND NEEDS ASSESSMENT

COMMUNITY NEEDS ASSESSMENT



The community desires jobs and workforce development programs within walking distance of its major population



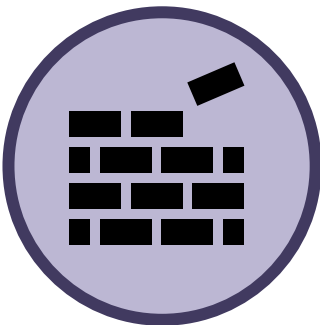
Given properties to north and east, property is well-suited for industrial site



The area will benefit from proximity to Joe Louis Greenway, leading to retail and foot traffic opportunities



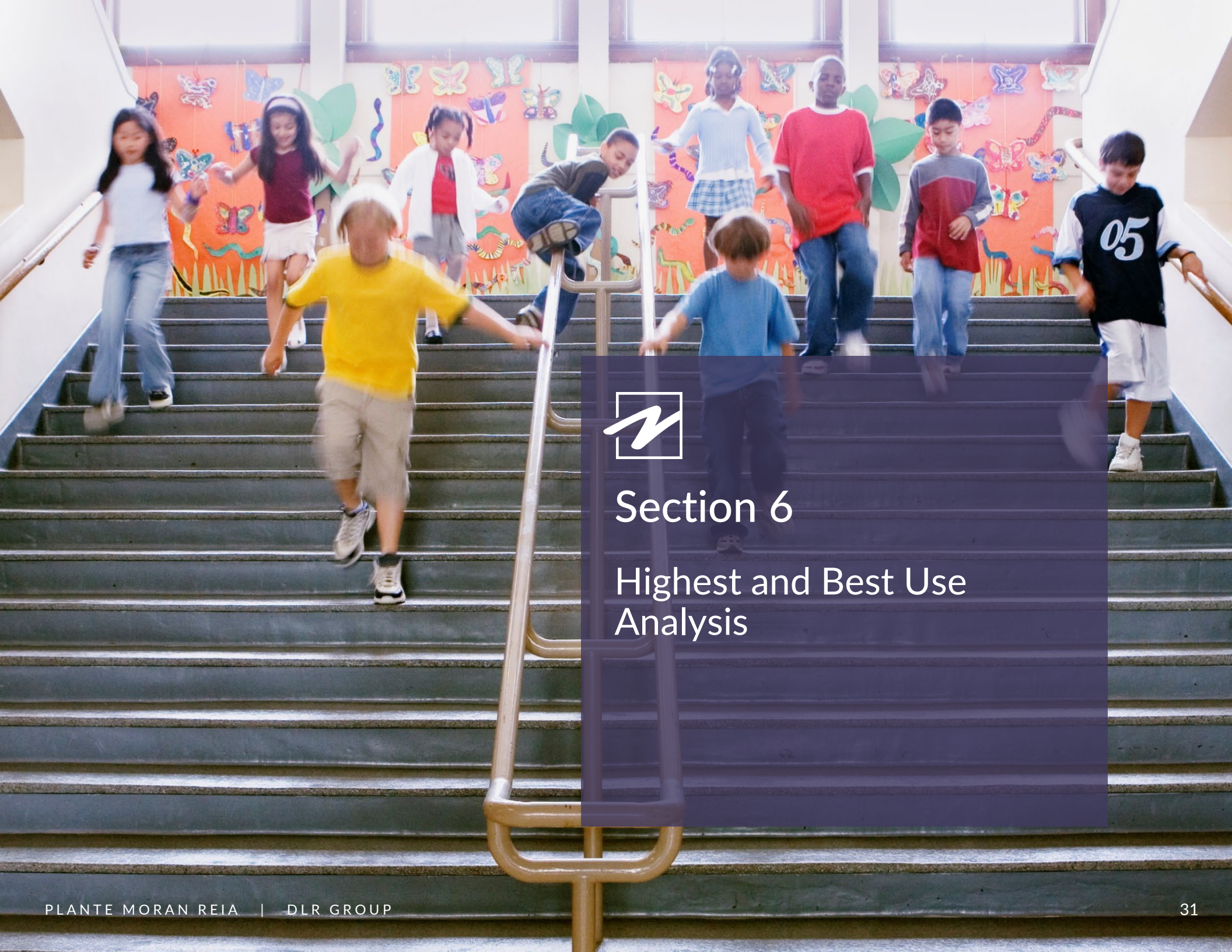
Senior housing and facilities for senior care



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



Home repair services and programs for middle class residents



Section 6

Highest and Best Use Analysis



HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE CRITERIA

PMREIA's analysis is based on information given to DPSCD in the form of previous studies and appraisals as well as other relevant information such as land value, highest and best use, and market information that was made available to PMREIA at the time of the issuance of this report. The property appraisal completed by BBG provided the following definition for the sites 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 that were outlined in the appraisal document provided to PMREIA by DPSCD.

- 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 site is zoned R-2, which allows for single and two-family residential uses.*** The site has good appeal due its size and frontage along Davison West Road. ***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.***

3

FINANCIALLY FEASIBLE

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 in 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.***

4

MAXIMALLY PRODUCTIVE

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. ***Thus, demolition is considered the highest and best of subject property, as improved.***

In order for the site to be considered for redevelopment, the cost of demolition must be determined. We were provided an estimated general demolition cost budget of \$7.20 per square feet based on improvements from Mr. Chatoris Jones—Project Manager with Detroit Public Schools (DPS). The estimated demolition cost is \$455,567 while land value as vacant is estimated at \$730,000. Taking into consideration demolition costs, ***the land's "as-is" value is \$274,433.***

Note: This report and PMREIA's analysis is based on information given to DPSCD in the form of previous studies and appraisals as well as other relevant information such as land value, highest and best use, and market information that was made available to PMREIA at the time of the issuance of this report.



plante moran | REIA

Plante Moran REIA
3000 Town Center, Suite 100
Southfield, MI 48075

PMREIA.COM