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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 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

<table>
<thead>
<tr>
<th>OWENS PROPERTY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS</td>
<td>3106 16th Street</td>
</tr>
<tr>
<td>SCHOOL DISTRICT</td>
<td>6</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>N/A</td>
</tr>
<tr>
<td>SITE AREA</td>
<td>2.933 ac</td>
</tr>
<tr>
<td>ZONING</td>
<td>R2</td>
</tr>
</tbody>
</table>

BUILDING OVERVIEW AND CURRENT CONDITIONS

OVERVIEW

- The property is vacant land
- Located in District 6
# ZONING INFORMATION

<table>
<thead>
<tr>
<th>DESIGNATION</th>
<th>R-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESCRIPTION</td>
<td>Two-Family Residential District with Traditional Main Street Overlay</td>
</tr>
<tr>
<td>ZONING INTENT</td>
<td>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. Traditional Main Street Overlay (a) Certain commercial areas of the City are, or have the potential to be, high quality, pedestrian-scale, walkable areas with traditional urban atmosphere. Areas designated by City Council as Traditional Main Street Overlay Areas are listed in Section 50-11-382 of this Code. (b) Development within Traditional Main Street Overlay Areas should be geared, as much as possible, toward street-level pedestrian-generating uses. Ground level treatment of buildings should be pedestrian scale. (c) Designated Traditional Main Street Overlay Areas are subject to additional development standards as specified in Section 50-14-431 through Section 50-14-450 of this Code in order to address pedestrian needs and to enhance pedestrian interest, access, and enjoyment.</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 and two-family residential, public, civic, family day care home, and institutional uses. No industrial or retail uses are permitted upon the site</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINIMUM LOT SIZE (SF)</td>
<td>Minimum Lot Size (square feet) 6,000 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>
</tbody>
</table>
PARCEL MAP
Section 3
Location Overview and Demographic Analysis
DISTRICT 6: OVERVIEW
DISTRICT 6: NEIGHBORHOODS

[Map of District 6 with neighborhoods marked]
District 6 contains some of the most densely populated areas in the city. This includes the Downtown/central core, but also the Southwest/Mexicantown neighborhoods and the Claytown neighborhood near the border with Dearborn. Many of the schools in this study are located in the less dense and more heavily industrial Midtown neighborhood.
During the 2010s, the eastern portion of District 6 (including the urban core of Downtown, Midtown, New Center, Corktown, and Core City) added significant population. The majority of District 6 vacant schools, however, are located in the Midwest neighborhood in the northern portion of the district, which lost significant population during this period.
DISTRICT 6: AGE

**Median Age - 2018**

District 6 has a relatively young population, particularly in the Southwest neighborhoods and areas bordering Dearborn. The Midwest neighborhood where most of the vacant schools are concentrated is the oldest part of the district.

**Population Age 65 and Older - 2018**

Senior residents do not make up a particularly large portion of District 6’s population. Sampson and Ruthruff are both located in areas with higher numbers of seniors, at around 20%.

**Population Age 18 and Younger - 2018**

The western portion of District 6 has large numbers of youth. Sherrill and Hanneman are both located in areas where more than 30% of the population is under age 18.
DISTRICT 6: AGE

The northern portion of District 6 is a patchwork of age trends, with some tracts growing significantly older while adjacent areas got significantly younger. Sampson and Ruthruff are both located on the borders between tracts with very different trends. Sherrill is in an area that got younger overall.
District 6 is the most diverse district in the city. Although it is commonly thought of as the home of Detroit’s large Latino community, it also has growing numbers of Middle Eastern residents along the Dearborn border, and long-time African American neighborhoods along the northern edge.
DISTRICT 6: INCOME AND WEALTH

Median Household Income (2018)

Ruthuff and Sampson are located in areas where most households make less than the citywide median income of around $31,000. Sherrill and Hanneman are in areas that are at or slightly above the median.

% Population Below Poverty Line (2018)

District 6 has several pockets with high poverty rates. Ruthuff, Sampson, and Sherrill are all in areas where more than two-fifths of the population lives in poverty.

Median Value, Owner Occupied Units (2018)

The northern portion of District 6, where most of its vacant schools are concentrated, has some of the lowest home values in the city. Sherrill and Ruthuff are located in census tracts where the median home value is less than $25,000.
District 6 is heavily industrial and its residential neighborhoods are divided from one another by large bands of manufacturing, as well as disruptive infrastructural corridors such as rail yards and freeways. Outside Downtown, its main commercial corridors are Vernor, Michigan, and Livernois.
Section 4
Market Overview and Analysis
NEIGHBORHOOD OVERVIEW AND PROXIMITIES

SURROUNDING USES

• The subject property is completely surrounded by single-family residential uses and vacant land

PROXIMITIES

• Multiple public bus stops are located within walking distance of the subject
• The subject property benefits from good highway access because it is located in close proximity to I-75, M-10, I-96, and I-94
• The primary market area is approximately 50% developed with a mixture of public, residential, and commercial/retail uses

SIGNIFICANT DEVELOPMENT

• Ford Corktown Campus
• Motor City Casino Hotel- located seven blocks east of the subject at the intersection of Trumbull Ave and Temple St
NEIGHBORHOOD OVERVIEW AND PROXIMITIES

53 Walk Score

Less than 0.25 mi Transit Access
5-10 minute walk to DDOT Connect
Ten or Key Route

0.30 mi Freeway Access
5 minute drive to nearest freeway ramp

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

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

1.3 mi Library Access
30 minute walk to nearest public library

7.9% Vacant/DLBA Property
High rate of vacancy within 1 mile radius (2022)

Less than 1 mi Distance to closest PD
Close proximity to a multifamily housing planned development

16.6% Senior Population Growth
High projected population growth among seniors within a .5-mile radius
MARKET OVERVIEW

Based on PMREIA analysis of data sourced from CoStar to understand the market within a 1-mile radius of the property

MULTI-FAMILY

AVERAGE

RETAIL

BELOW AVERAGE

OFFICE

AVERAGE

INDUSTRIAL

ABOVE AVERAGE

MARKET CONDITIONS
PROPERTY OPPORTUNITIES

- Location characteristics relative to employment centers and supportive development should ensure future growth, and economic conditions are expected to continue to be strong because of the desirability of this neighborhood and surrounding areas
- Market area benefits from an established infrastructure and local culture of Detroit
- The opening of the new Ford Motor Company Innovation Hub is expected to enhance the area's appeal for prospective residents, as will improved employment opportunities within the Detroit CBD and within Corktown's own employment base
- Due to a high concentration of families, there is a need for a community gathering space

PROPERTY CHALLENGES

- Dependent on development use, there is risk of oversupply in the market
- If multifamily is built, the site lacks access to amenities

MARKET BASED HIGHEST AND BEST USE ANALYSIS

CoStar data analysis reveals that the area offers a below average opportunity for retail development due to high vacancy and zoning. Office assets exhibit low vacancy in the area but due to zoning and community needs would not be advantageous to develop. Industrial properties currently have a high vacancy rate, but the site does not comply with necessary zoning. Multifamily development offers an above average opportunity in the market, and it is included in current zoning. However, due to an increase in nearby multifamily development, adding more multifamily on this site could result in oversupply in the market.
COMMUNITY DEVELOPMENT AND NEEDS ASSESSMENT

ECONOMIC ACTIVITY AND PLANNED DEVELOPMENTS NEARBY

Clement Kern Gardens
An affordable housing development that is currently being redeveloped using the funds from the Choice Neighborhoods grant that was awarded to the Corktown community from HUD.

Left Field Development
Located at the old Tiger Stadium site, this mixed-income multifamily housing development was awarded LIHTC and is a part of the Choice Neighborhoods grant project as well.

Michigan Central Station
Ford Motor Company purchased this historic site in 2018 and has been rehabbing it to include 30-acres of outdoor space, event space, offices, and hotel. The property will become Ford Motor Company’s tech center.
Re-establish currently distressed assisted housing with high-quality mixed-income housing.

Reinvest in distressed neighborhoods to offer amenities and assets to support residents.

Improve streets and pedestrian crossings as new housing is introduced in the community.

Creation of a community space that offers residents multiple resources.

The single-family neighborhoods around the site seek youth programs nearby.

The closest school (Burton International Academy) within .5 miles of the property has a 75% utilization rate. Indicating lack of school development needs.
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 R2: Two-Family Residential Zoning District and permits various single- and two-family residential uses. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.*

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 single- or two-family residential housing.*
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. There has been a lack of new construction in the market area over the last few years that did not require a public-private partnership. This indicates external obsolescence is present in the market area. Any new development or alternative use of the site would require investment from both the private and public sectors due to rising construction costs and the local government’s strategy to induce demand in blighted areas in order to revitalize them.

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. Holding for a residential development is the most maximally productive use, unless development is supported by public subsidies.