



plante moran | REIA

DLR Group

Highest and Best Use Summary Report

2701 FENKELL ROAD | DETROIT, MI

July 2022



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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

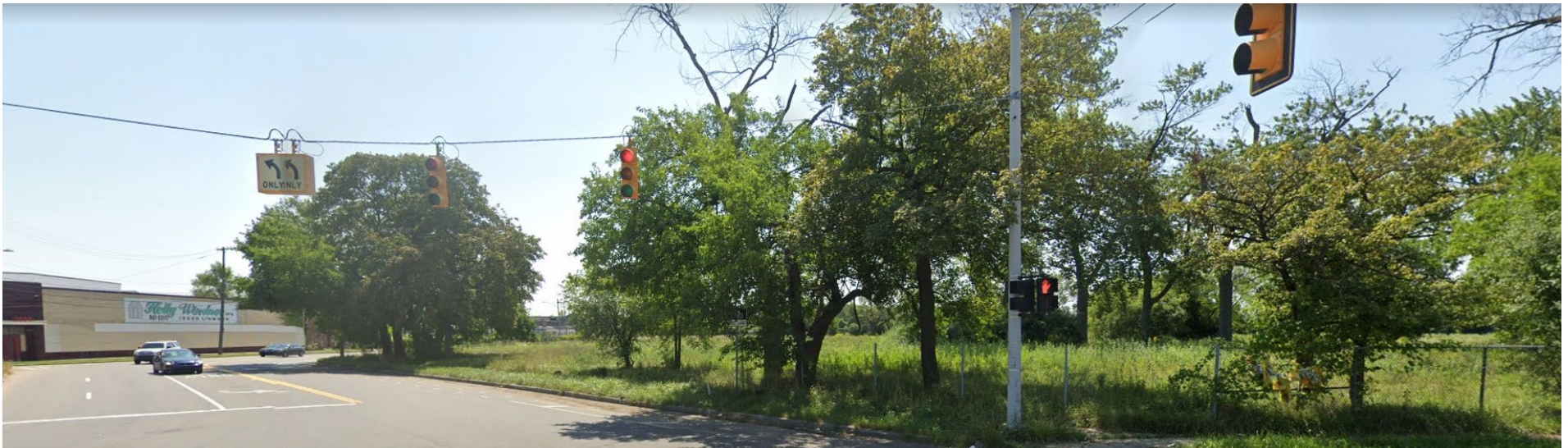


PROPERTY OVERVIEW

PROPERTY SUMMARY

2701 FENKELL ROAD

ADDRESS	2701 Fenkell Avenue
SCHOOL DISTRICT	2
SNF AREA	N/A
OWNER	DPS
SITE AREA	18.03 ac
ZONING	M4



SITE OVERVIEW AND CURRENT CONDITIONS

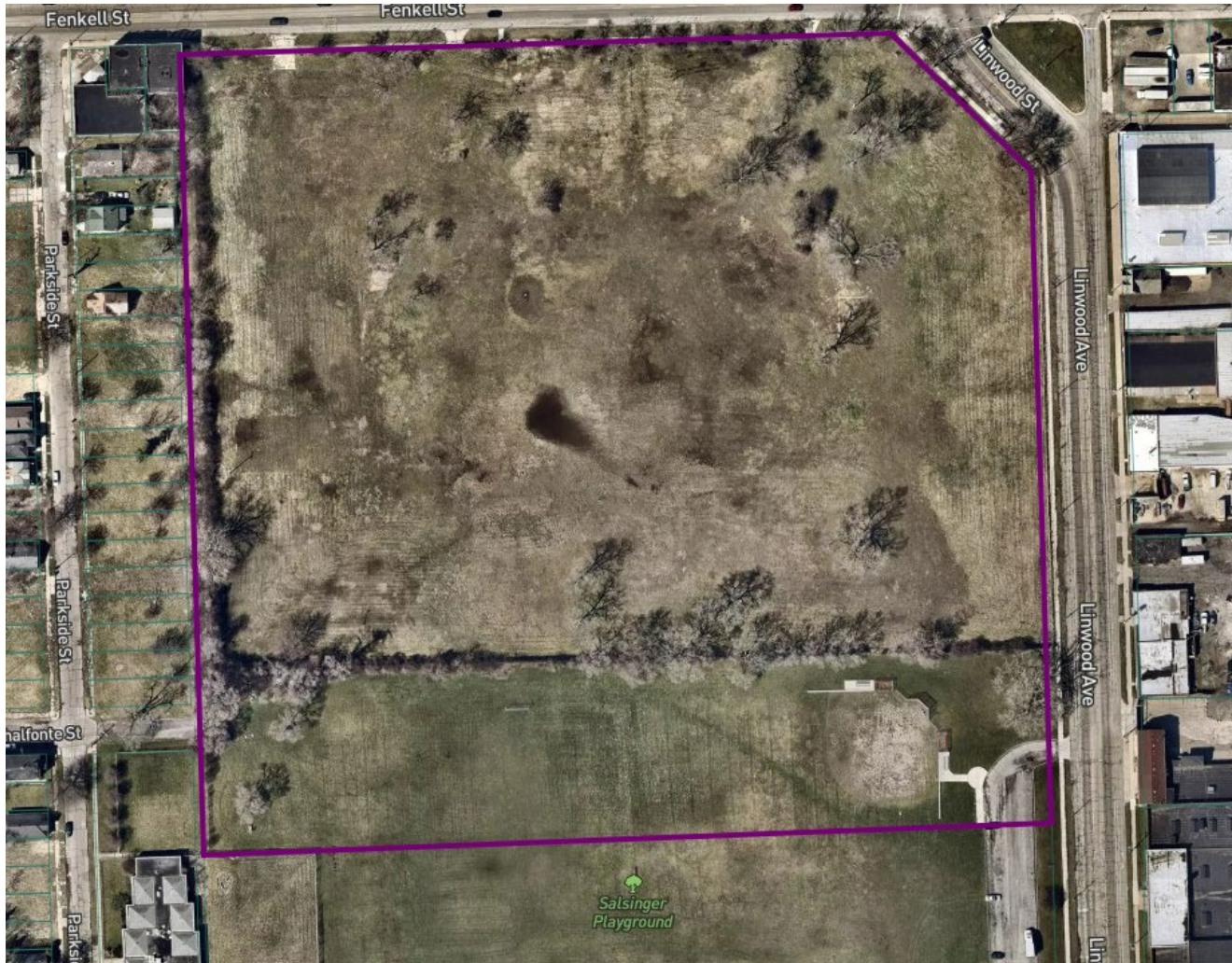
OVERVIEW

- The subject property is a vacant parcel
- Located within District 2
- Former Paul Robeson Academy that was destroyed in a fire. This is a significant potential development site.

ZONING INFORMATION

DESIGNATION	M-4
DESCRIPTION	Intensive Industrial District
ZONING INTENT	<p>This district will permit uses which are usually objectionable and, therefore, the district is rarely, if ever, located adjacent to residential districts. A broad range of uses is permitted in this district. New residences are prohibited with the exception of loft conversions of existing buildings and of residential uses combined in structures with permitted commercial uses. These requirements are to protect residences from an undesirable environment to ensure reservation of adequate areas for industrial development.</p>
COMPLIANCE	<p>According to the city of Detroit zoning ordinance, the subject property appears to be a legal conforming use in this zoning district.</p>

PARCEL MAP





Section 3

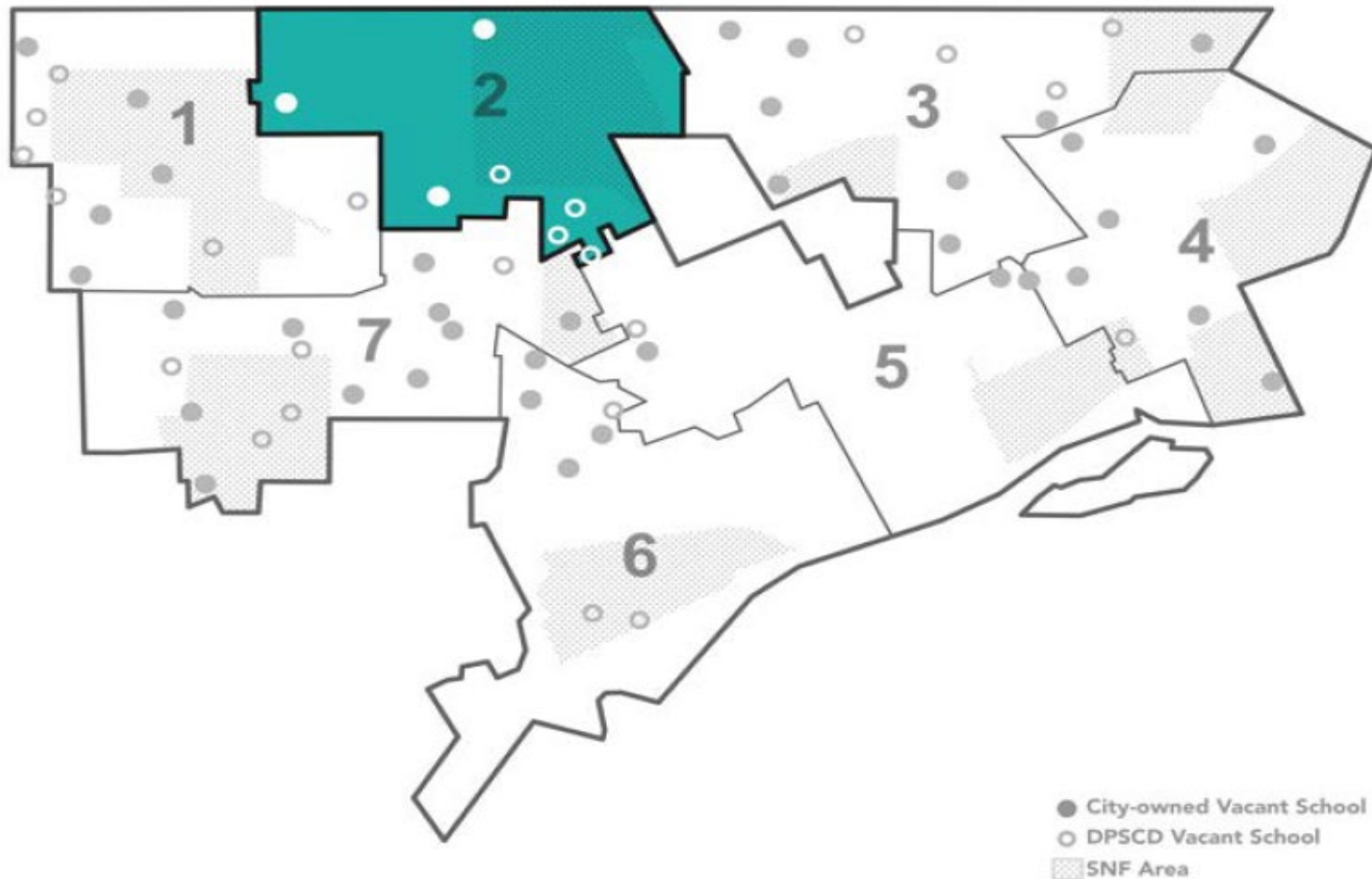
Location Overview and Demographic Analysis



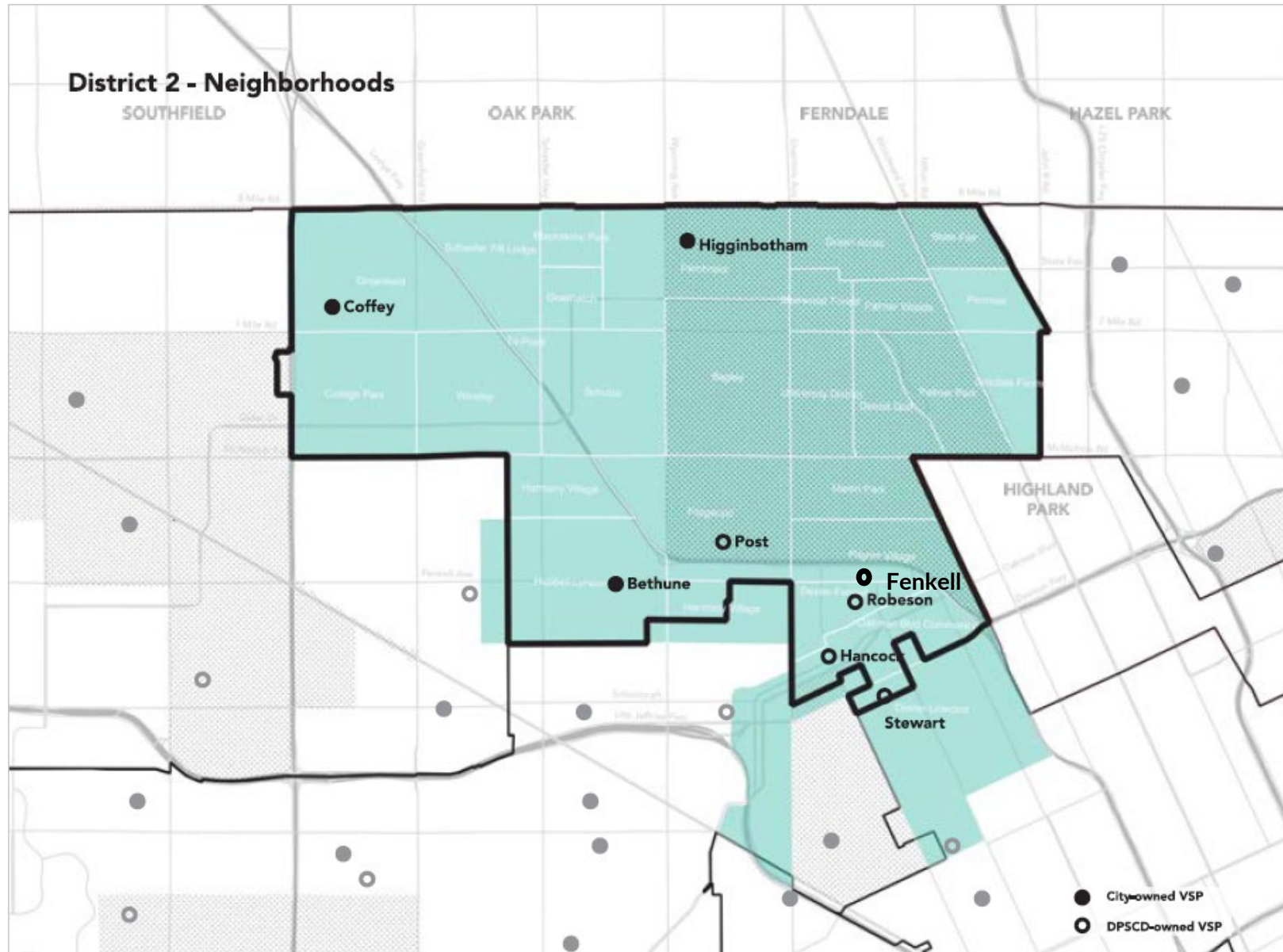
LOCATION OVERVIEW AND DEMOGRAPHIC ANALYSIS

DISTRICT 2: OVERVIEW

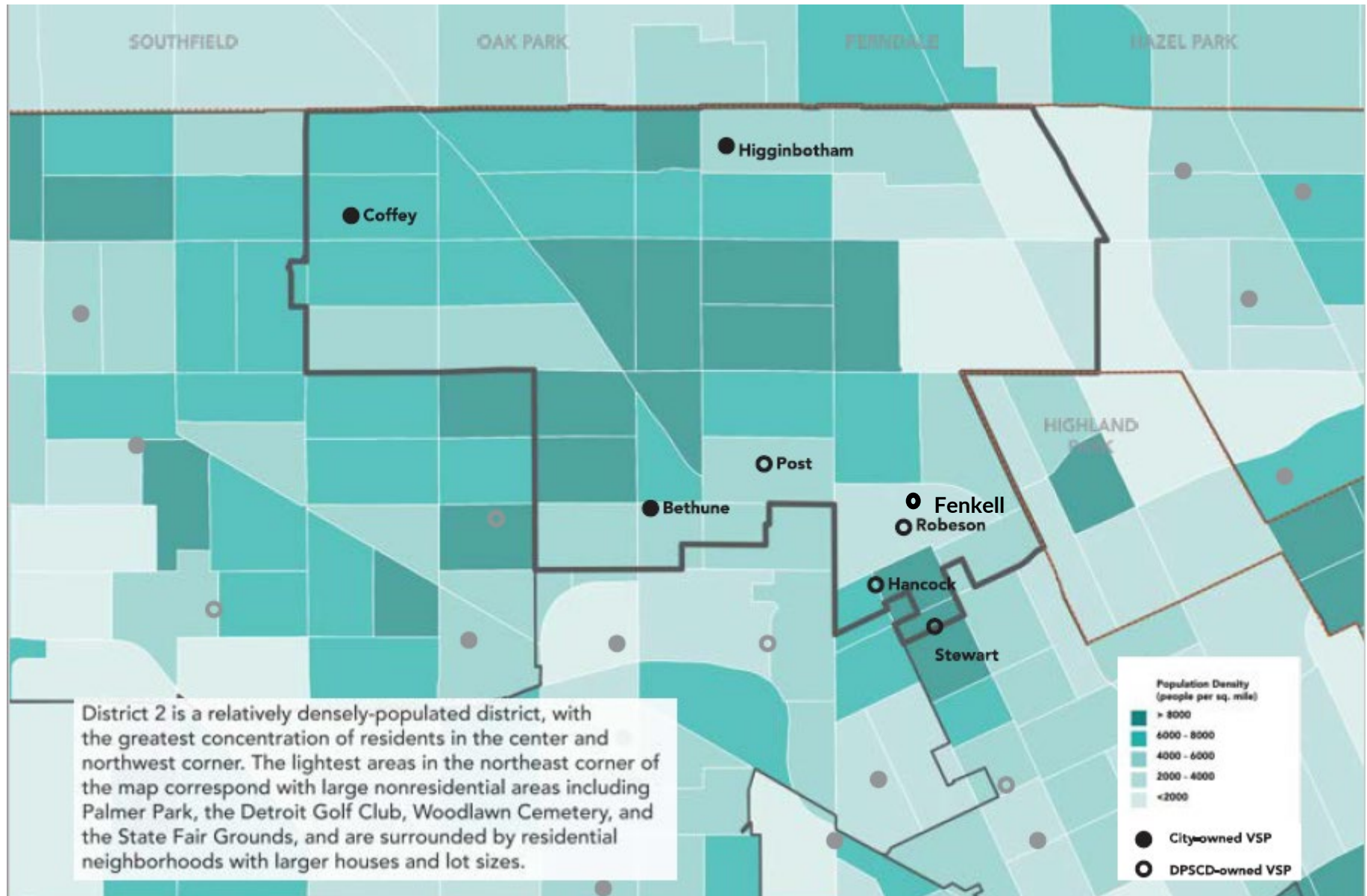
District 2



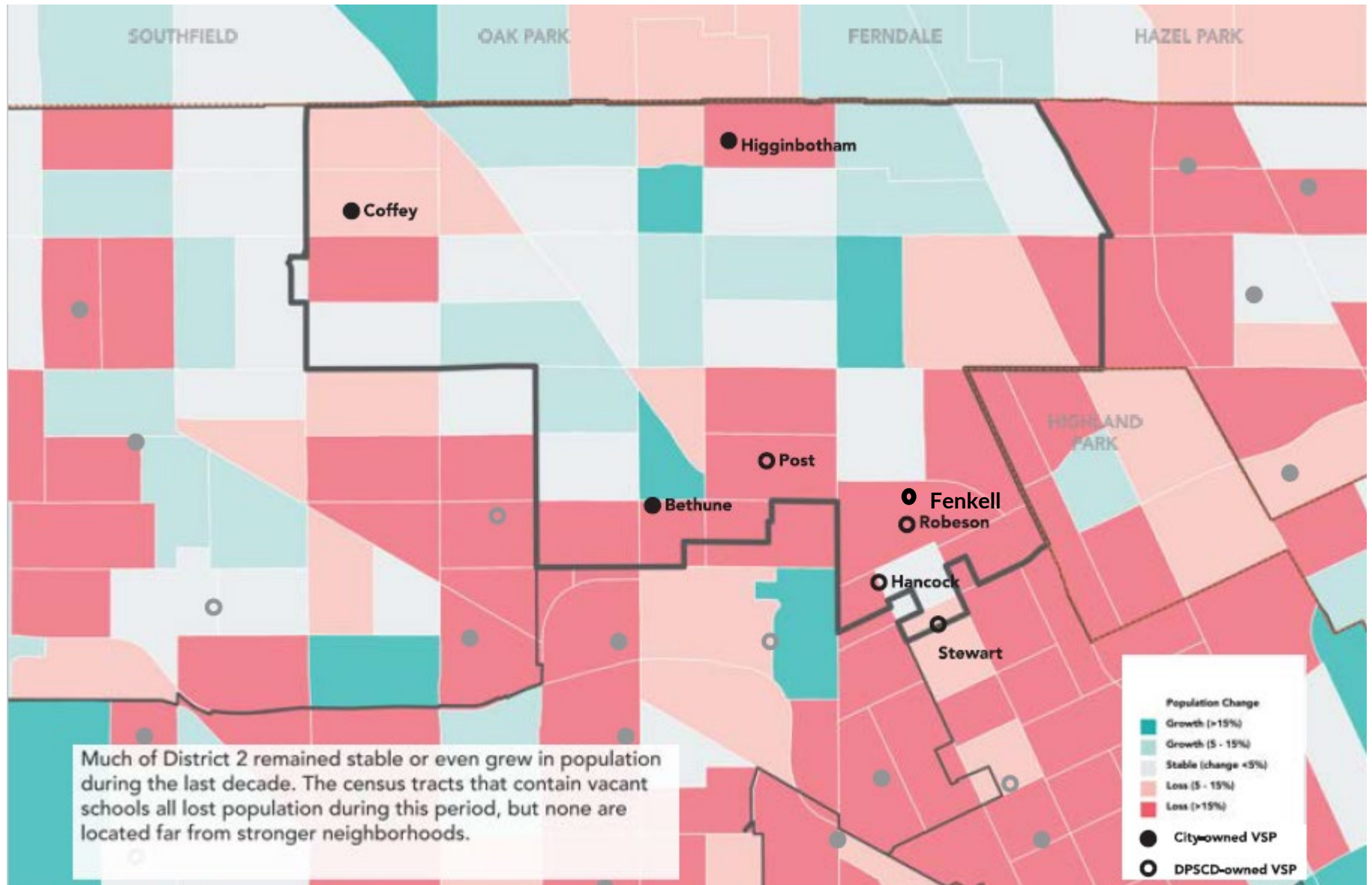
DISTRICT 2: NEIGHBORHOODS



DISTRICT 2: POPULATION DENSITY



DISTRICT 2: POPULATION CHANGE 2010 -2018



DISTRICT 2: AGE



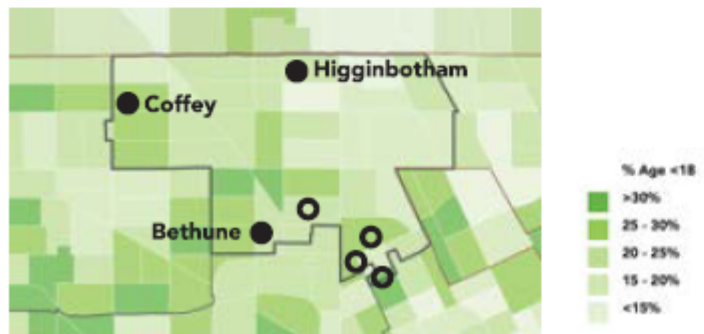
Median Age - 2018

Bethune, Coffey, and Higginbotham are all located in areas with varying median ages. Higginbotham is in a tract with a median age comparable to the national median, but is surrounded by some of the oldest tracts in the city. Bethune is on the border of one of the oldest and one of the youngest tracts in the city.



Population Age 65 and Older - 2018

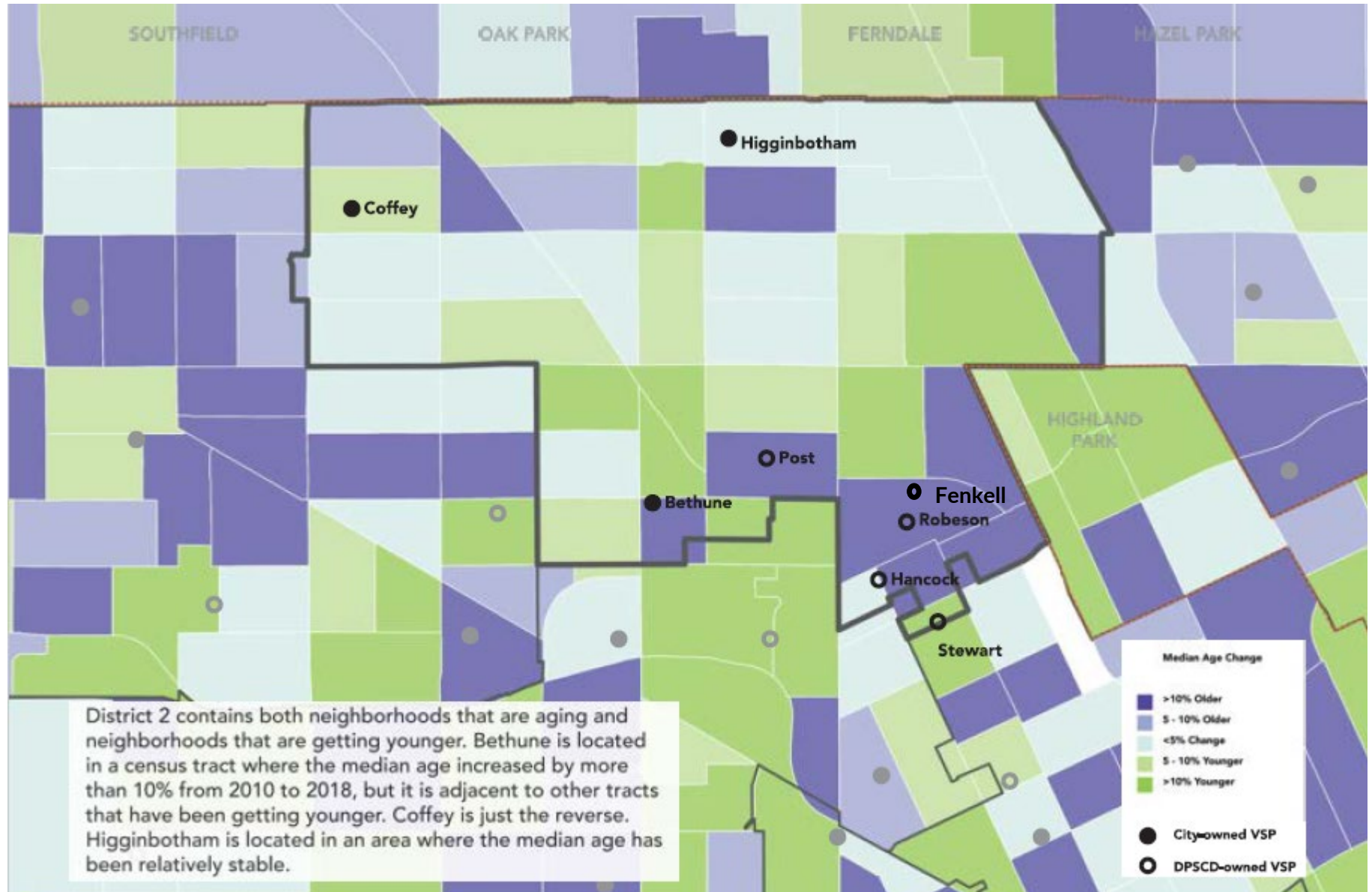
There is a large concentration of senior residents in the neighborhoods in the north of the district, between 7 Mile and 8 Mile roads. Higginbotham school is located in a band of neighborhoods with a relatively high percentage of senior residents. Coffey itself is in a relatively young area, but is near a tract where more than 1 in 4 residents is over age 65.



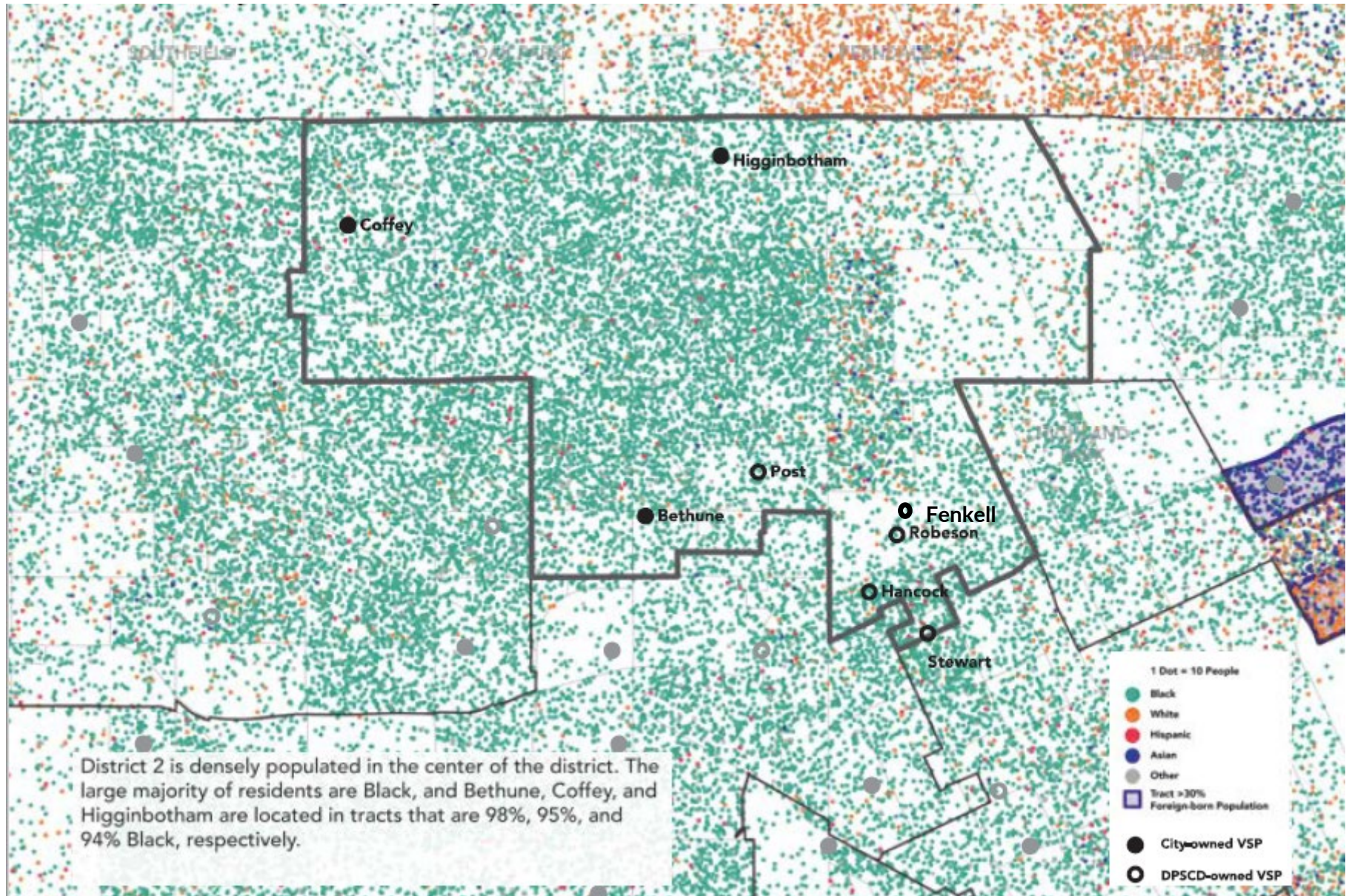
Population Age 18 and Younger - 2018

District 2 has higher concentrations of youth in its southern and western neighborhoods. Bethune and Coffey are both located in areas with relatively large youth populations compared with the rest of the district.

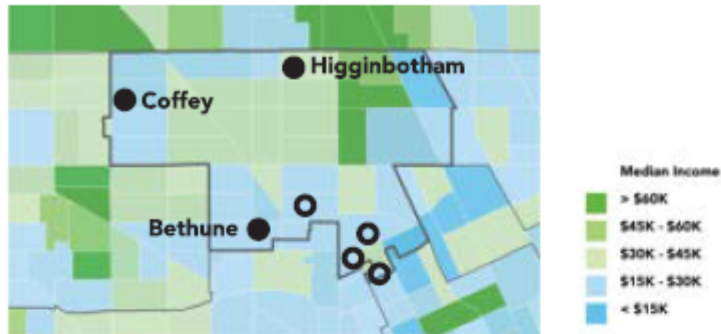
DISTRICT 2: AGE



DISTRICT 2: POPULATION DENSITY AND RACE



DISTRICT 2: INCOME AND WEALTH



Median Household Income (2018)

District 2 includes neighborhoods that span a wide range of incomes, both well above and well below the citywide median of about \$31,000. Higginbotham is the only school located in a neighborhood with a median income greater than 100% of the citywide median, and is located near some of the most affluent neighborhoods in the city.



% Population Below Poverty Line (2018)

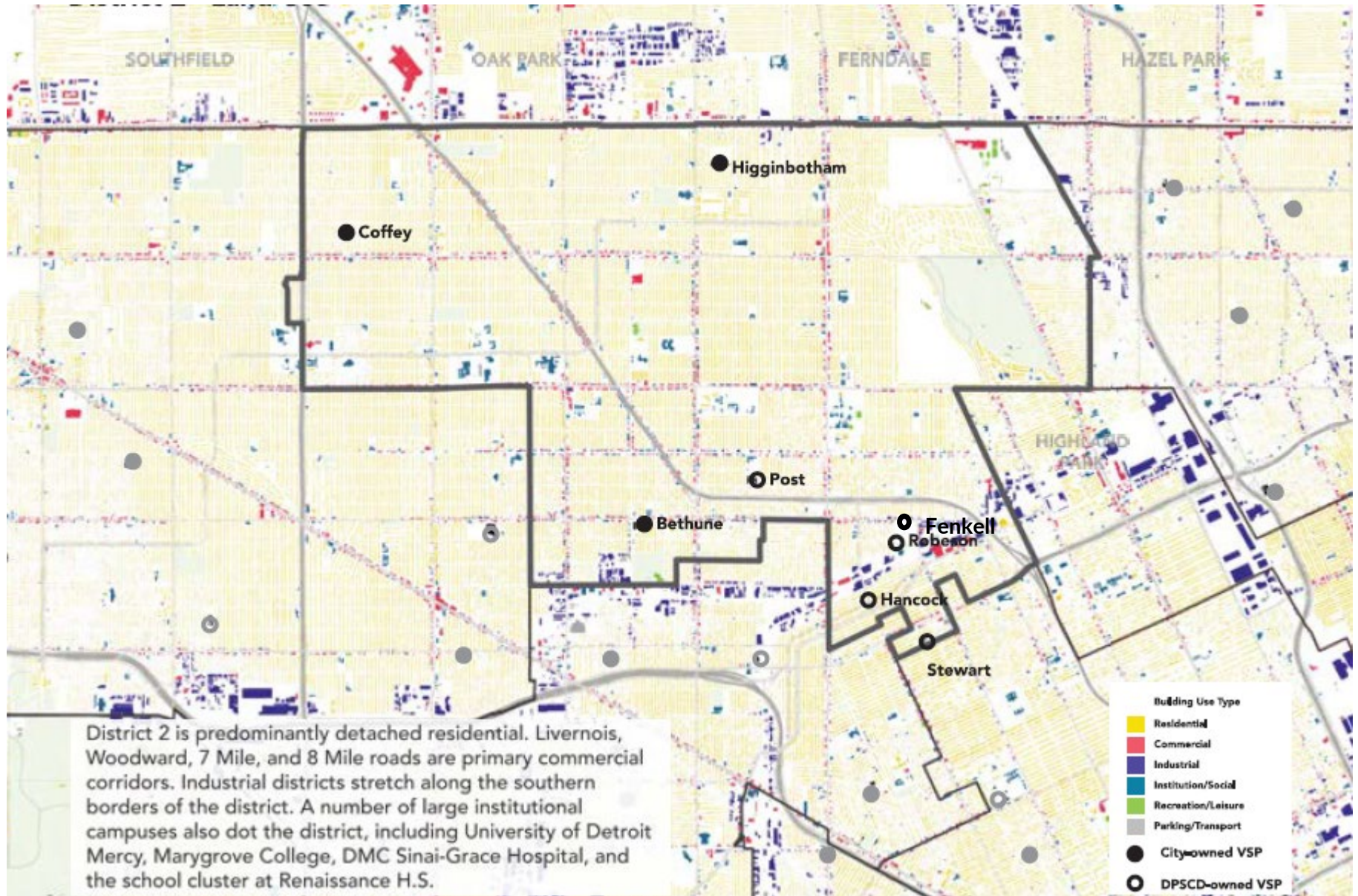
Residents in poverty are concentrated in tracts around the east, south, and west edges of the district. Bethune is adjacent to a neighborhood where more than half of all residents are below the poverty line. At least 40% of residents living near Coffey are below the poverty line.



Median Value, Owner Occupied Units (2018)

District 2 includes the grand neighborhoods of Palmer Woods, Palmer Park, and Sherwood Forest, which have some of the highest home values in the city. However, median home values around Higginbotham school, located just 1 mile to the west, are below \$50,000. Home values near Bethune and Coffey also hover around \$50,000 or less.

DISTRICT 2: LAND USE





Section 4

Market Overview and Analysis



MARKET OVERVIEW AND ANALYSIS

NEIGHBORHOOD OVERVIEW AND PROXIMITIES

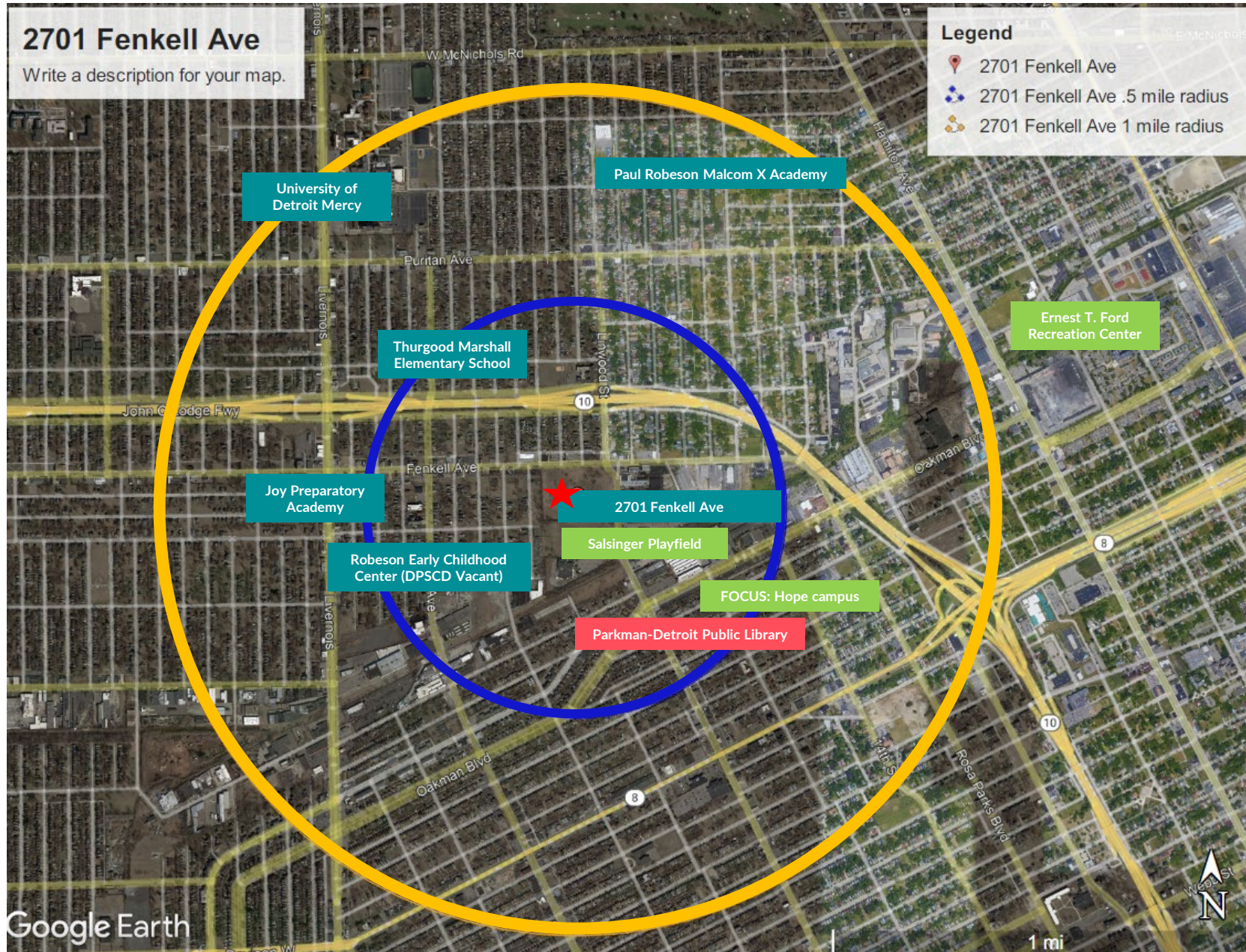
SURROUNDING USES

- Fenkell is a major east-west corridor but is underdeveloped. The stretch near Bethune (indicated on the map) has limited offerings: most common are churches and automotive uses.
- The surrounding residential neighborhoods are physically intact with small but high-quality brick housing stock.
- The nearby stretch of Fenkell Ave does not have much commercial activity.

PROXIMITIES

- Easy access to Lodge (M-10) and Jefferies (I-96) freeways. Lodge access is a quarter-mile to the west at Fenkell and Livernois; I-96 access is about a half-mile to the south.
- Near FOCUS: Hope campus, a well-established non-profit education and workforce training center.
- Site immediately adjacent to large Salsinger Playfield, which hosts youth sports on its baseball and football fields.
- Major grocery chains are located outside the market area, while the closest grocery store to the subject is a local market.

NEIGHBORHOOD OVERVIEW AND PROXIMITIES



NEIGHBORHOOD OVERVIEW AND PROXIMITIES

60

Walk Score

Less than 0.25 mi

Transit Access

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

0.25 mi

Freeway Access

5 minute drive to nearest freeway
ramp

0.0 mi

Park Access

Less than 5 minute walk to park
(1+acre)

1.6 mi

Nearest Recreation Center

More than 15 minute walk to nearest
city rec center

0.75 mi

Library Access

10-15 minute walk to nearest public
library

49%

Vacant/DLBA Property

High rate of vacancy within 0.25 mile
radius (2020)

198

Building Alteration Permits

Moderate rate of construction activity
within 1 mile radius (2016-2018)

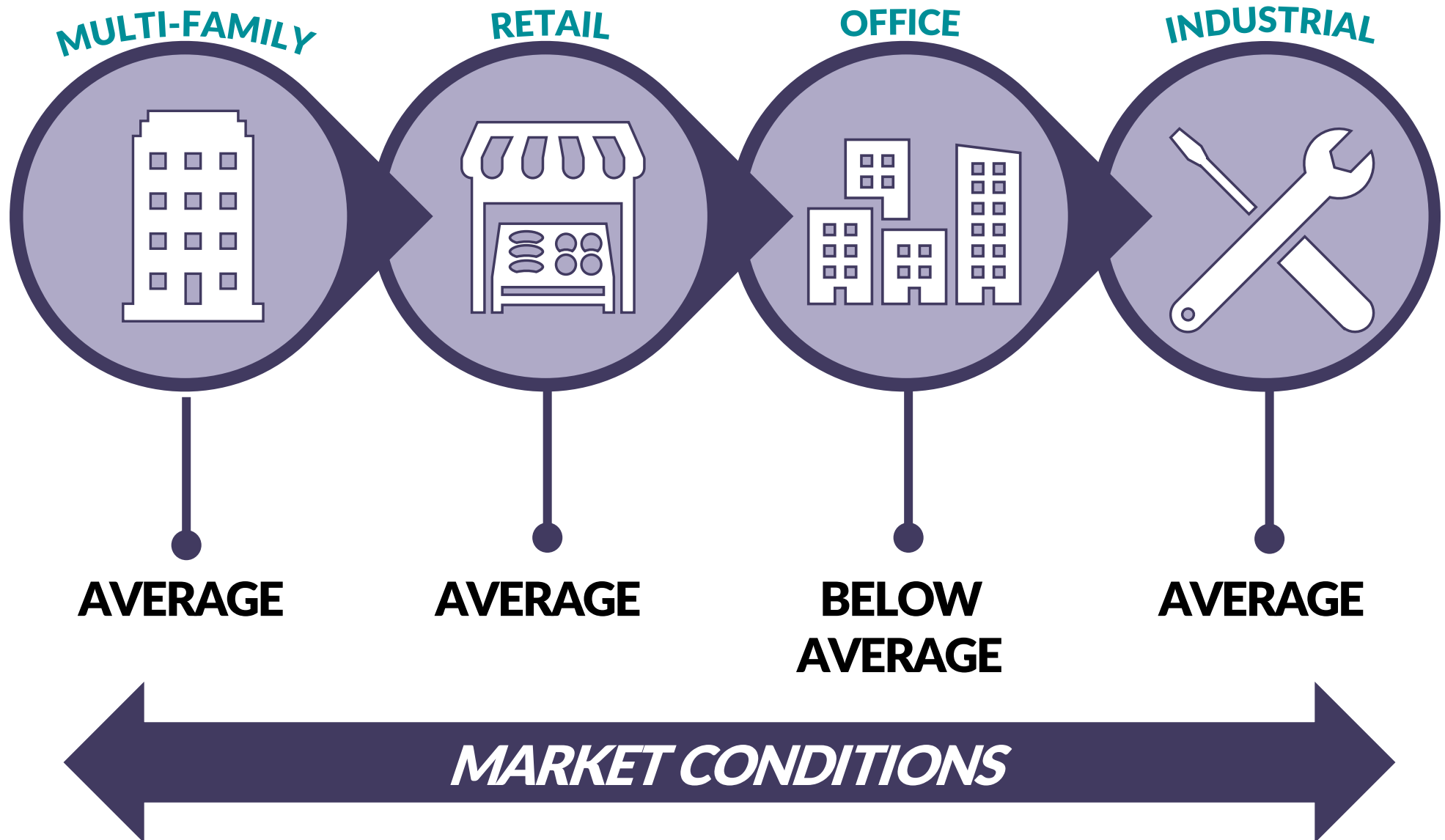
2.2%

Senior Population Growth

Moderate projected growth within 1
mile radius (2019-2024)

MARKET OVERVIEW

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



PROPERTY OPPORTUNITIES

- The subject property is located just southeast of the recent renewal of the 7 mile- Livernois corridor
- Grocery and convenience stores are not plentiful within a 1-mile radius of the subject property
- The FOCUS: Hope community garden project has been a strong neighborhood effort
- The Dexter-Fenkell neighborhood is also known as the Hope Village and is known for its acts of philanthropy done by and for the community
- Located adjacent to a park and another Detroit Public School property
- Due to a high concentration of single-family homes in the area, there is a need for neighborhood resources geared towards youth in the community

PROPERTY CHALLENGES

- The subject property is currently zoned for institutional industrial and would likely need to go through a rezoning process before development could begin on the site
- If multifamily is built, the subject property lacks proximity to amenities

MARKET BASED HIGHEST AND BEST USE ANALYSIS

CoStar data suggests that office development offers a below average opportunity in this area due to a lack of market demand for this asset. Multifamily development is currently not included in zoning code, but this could be changed as the vacancy rate for this type of property is high. Industrial vacancy is high, and an existing industrial park suits the markets needs nearby. Based on data analysis, retail offers an average opportunity. Convenient retail options are not plentiful in the area; however, the site is surrounded by residential housing so retail may not be the best option despite the need.



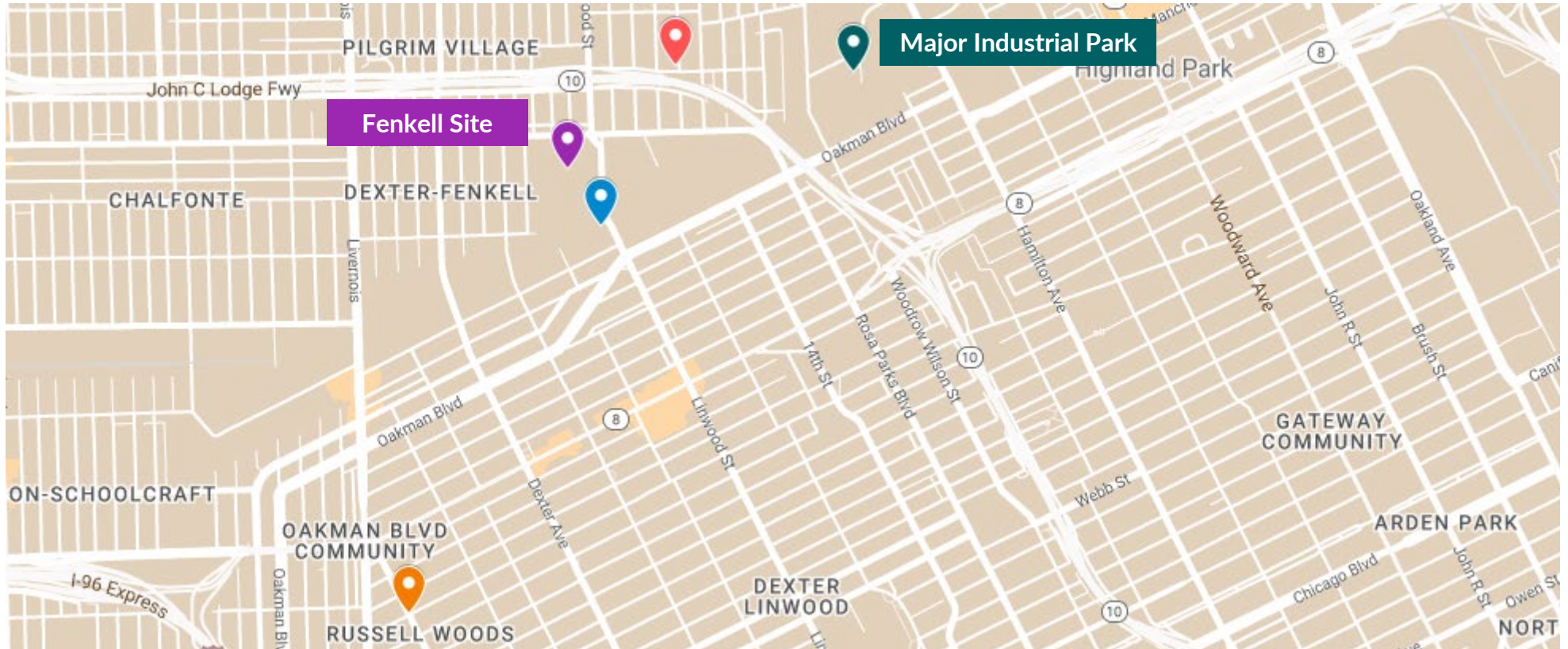
Section 5

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.



Russel-Woods Community

The goal of this project is to build upon the social and cultural heritage of the community while providing a new diverse housing landscape. They also plan to introduce new businesses and green space.



Joe Louis Greenway

A planned biking and walking trail that extends from the Detroit Riverfront to Highland Park. Aimed at providing a place for people of all abilities to safely walk, bike and run while connecting neighborhoods, parks, schools, and public transit.

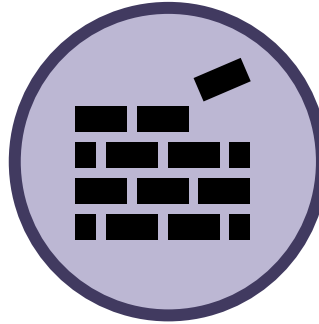


COMMUNITY DEVELOPMENT AND NEEDS ASSESSMENT

COMMUNITY NEEDS ASSESSMENT



The subject property is adjacent to several single-family neighborhoods. There is a need for resources driven towards youth.



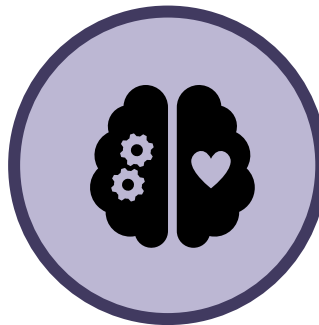
The community desires the removal of existing blight and signs of deterioration around the existing property on the site.



A need for a link between the industrial landscape and new greenway project.



A designated community gathering space.



Educational and social opportunities for residents



A new school is being constructed nearby (Paul Robeson Malcom X Academy) indicating lack of school development needs.



Section 6

Highest and Best Use Analysis



HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE CRITERIA

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:

- 1 ***LEGALLY PERMISSIBLE***
- 2 ***PHYSICALLY POSSIBLE***
- 3 ***FINANCIALLY FEASIBLE***
- 4 ***MAXIMALLY PRODUCTIVE***

* As improved analysis was not included in appraisal

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 M4 (Intensive Industrial District). Permitted uses include a variety of industrial and commercial 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.***

3

FINANCIALLY FEASIBLE

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. Since speculative development is not feasible for the site, an ideal improvement cannot be defined. However, ***industrial uses, 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.***



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