



Rivertown Neighborhood Project:

How Senior Housing Can
Revitalize a Former Industrial
Area in
Detroit's East Riverfront District

Learn How....

- Historical impacts affect redevelopment in blighted urban core areas
- A collaborative approach can create unique opportunities to serve our aging population
- Bundling incentives can fill the gap for Urban Restoration projects

Introductions

- Nathan Keup, Presbyterian Villages of Michigan
 - Developer, Operator, and Owner
- Tom Wackerman, ASTI Environmental
 - Environmental and Incentives Consultant



The Vision

- Create an innovative senior community that provides continuous and coordinated care targeted at low income individuals
- Serve elders in the community, which happens to be in Detroit
- Use existing buildings and infrastructure if possible.

Rivertown Neighborhood Project: Challenges



Challenges

- Location
- The Project
 - Historical Uses
- Construction
- Implementation
- Financing Gaps

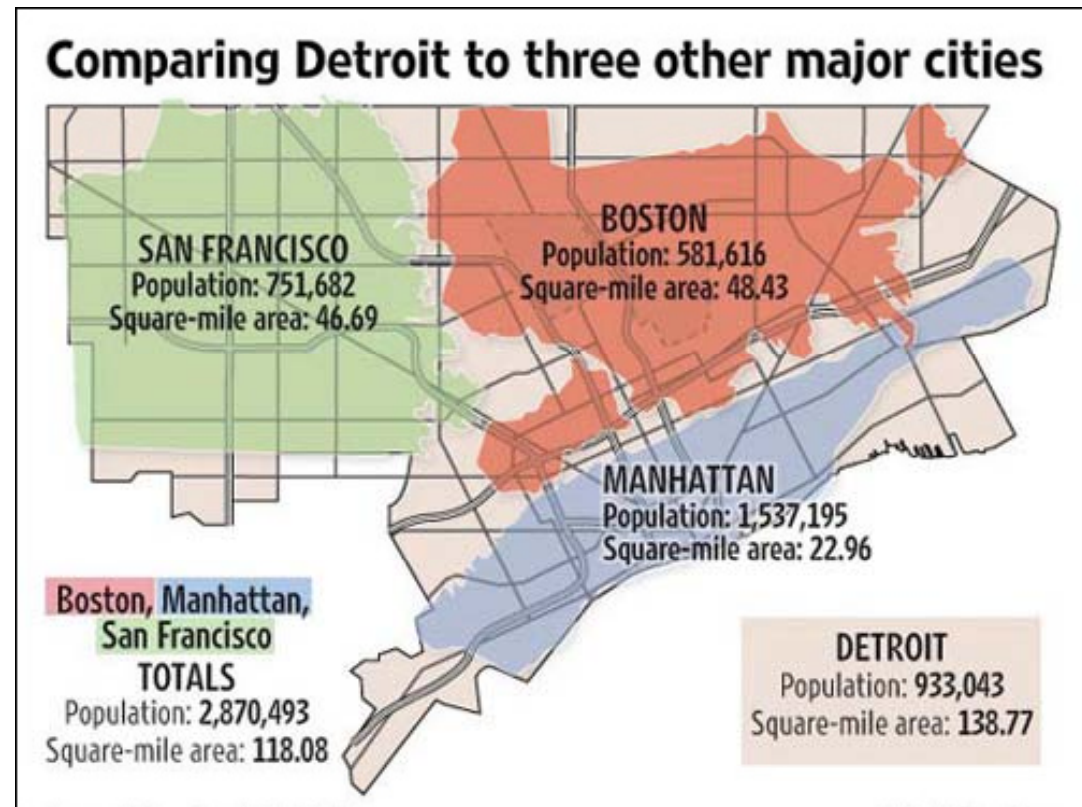
Strategies

- Location
- Restoration
- Partners and Incentives
- Contingencies
- The Village Concept

The Location

Detroit

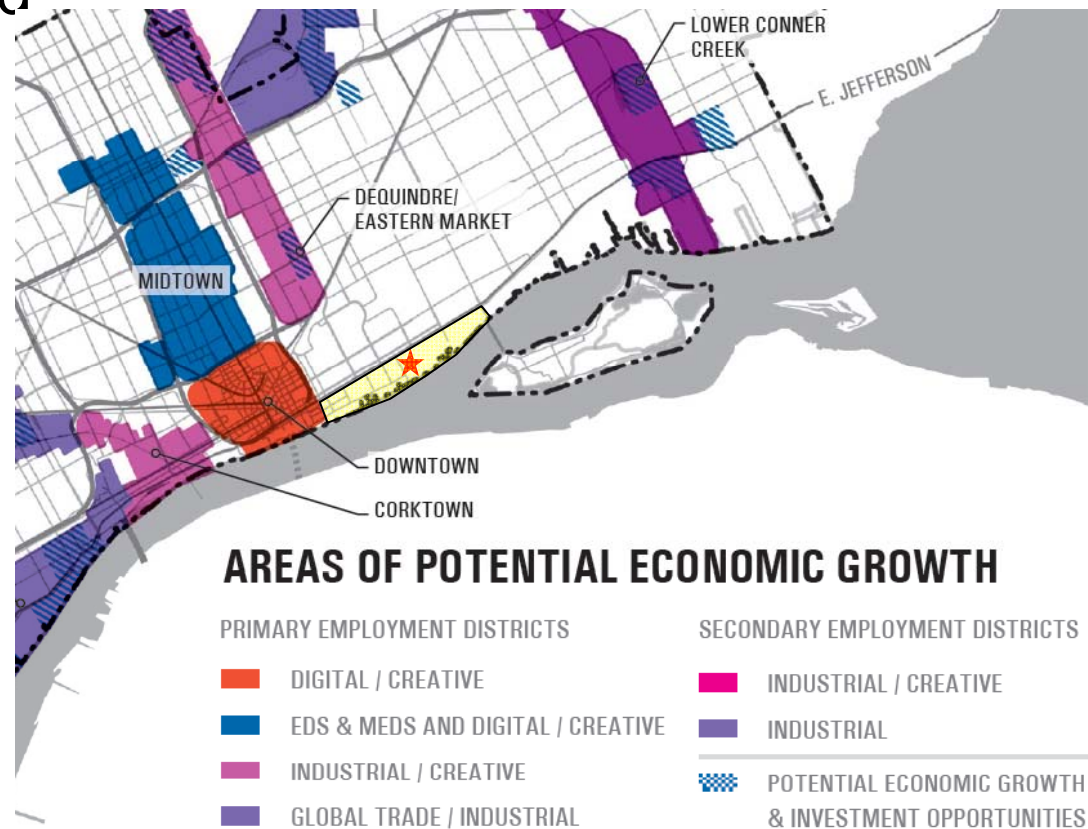
138.77 square miles total
20 square miles of vacant
land
45,000 properties tax
foreclosed since 2010
79,725 out of 348,170
housing units vacant
36% of commercial parcels
vacant
Unemployment at 22.6%



The Location

Rivertown Neighborhood

Not a Targeted
Redevelopment Area
Insufficient redevelopment
connection with
Downtown and Midtown
Traditionally light industrial
and warehousing,
redevelopment stopped
by proposal to build
casinos



Source: Detroit Future City Report

The Location

Area

Located between Jefferson Avenue and the River
Rivertown Neighborhood development concentrated in this area



The Location

Area

In former warehouse area
of undeveloped property
and abandoned, or
underutilized buildings

Some successful, but
isolated, redevelopment
along the river



□ Undeveloped □ Underutilized

The Project

Site

Former Park-Davis and Company manufacturing (meal processing) (1953-1972), mostly vacant

First developed in 1895 for residential

Former uses include residential, manufacturing, and retail

Uses on adjacent properties may have impacted the site



The Project

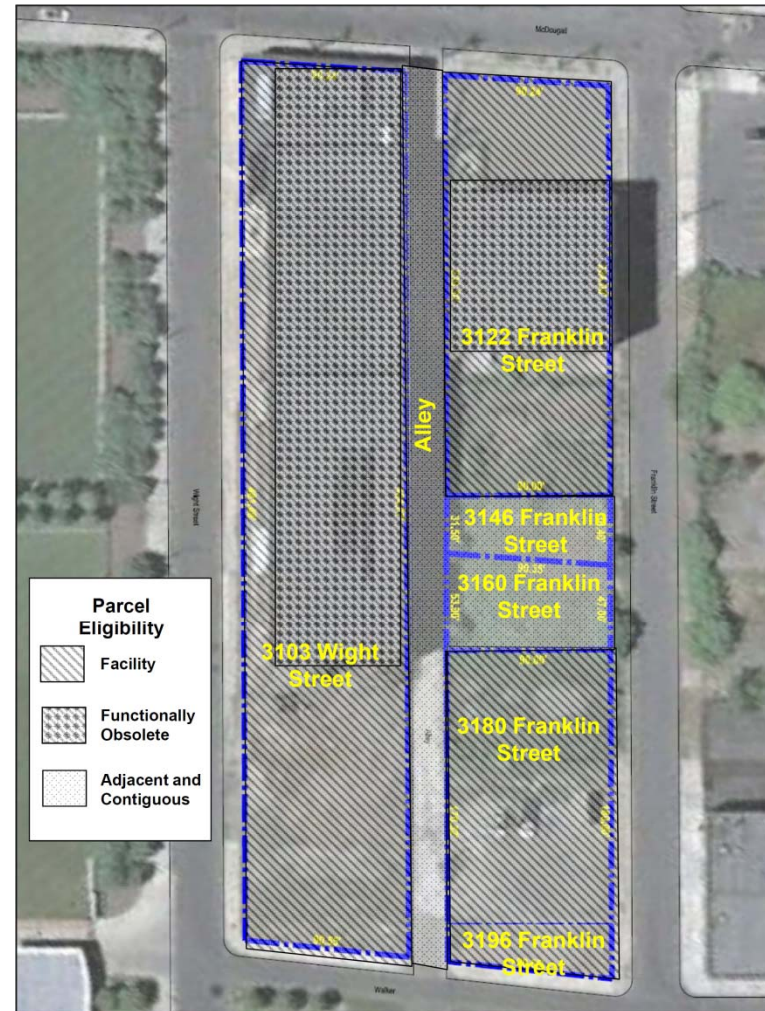
Site

2.26 acre site consisting of
six parcels and an alley

To existing functionally
obsolete buildings
separated by the alley

Four parcels contaminated
above residential
criteria, and three
parcels adjacent and
contiguous

To be completed in two
phases



The Project

Environmental

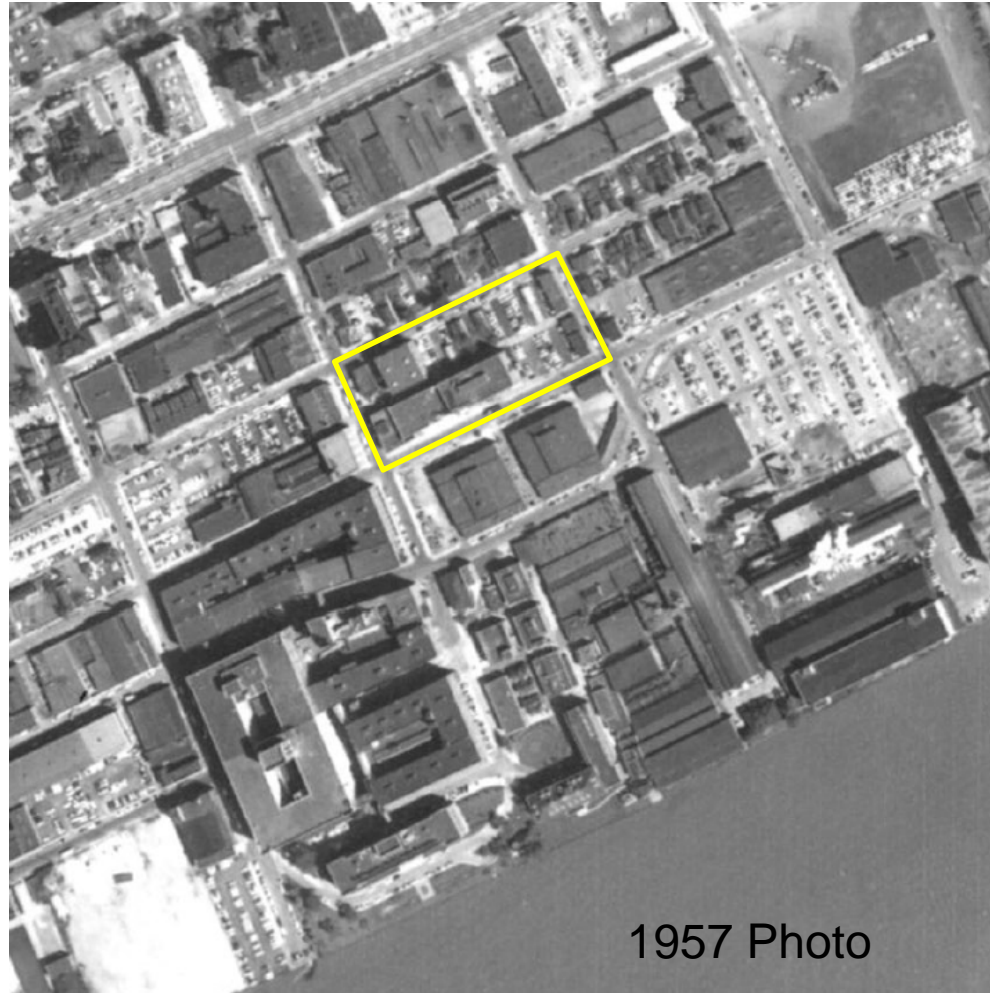
Soils impacted above direct contact criteria with:
Benzo(a)pyrene,
Fluoranthene,
Phenanthrene, Arsenic,
Chromium, Lead,
Mercury, Selenium,
Silver

Soil Volatilization

Investigation required

Underground Storage Tank
Vault

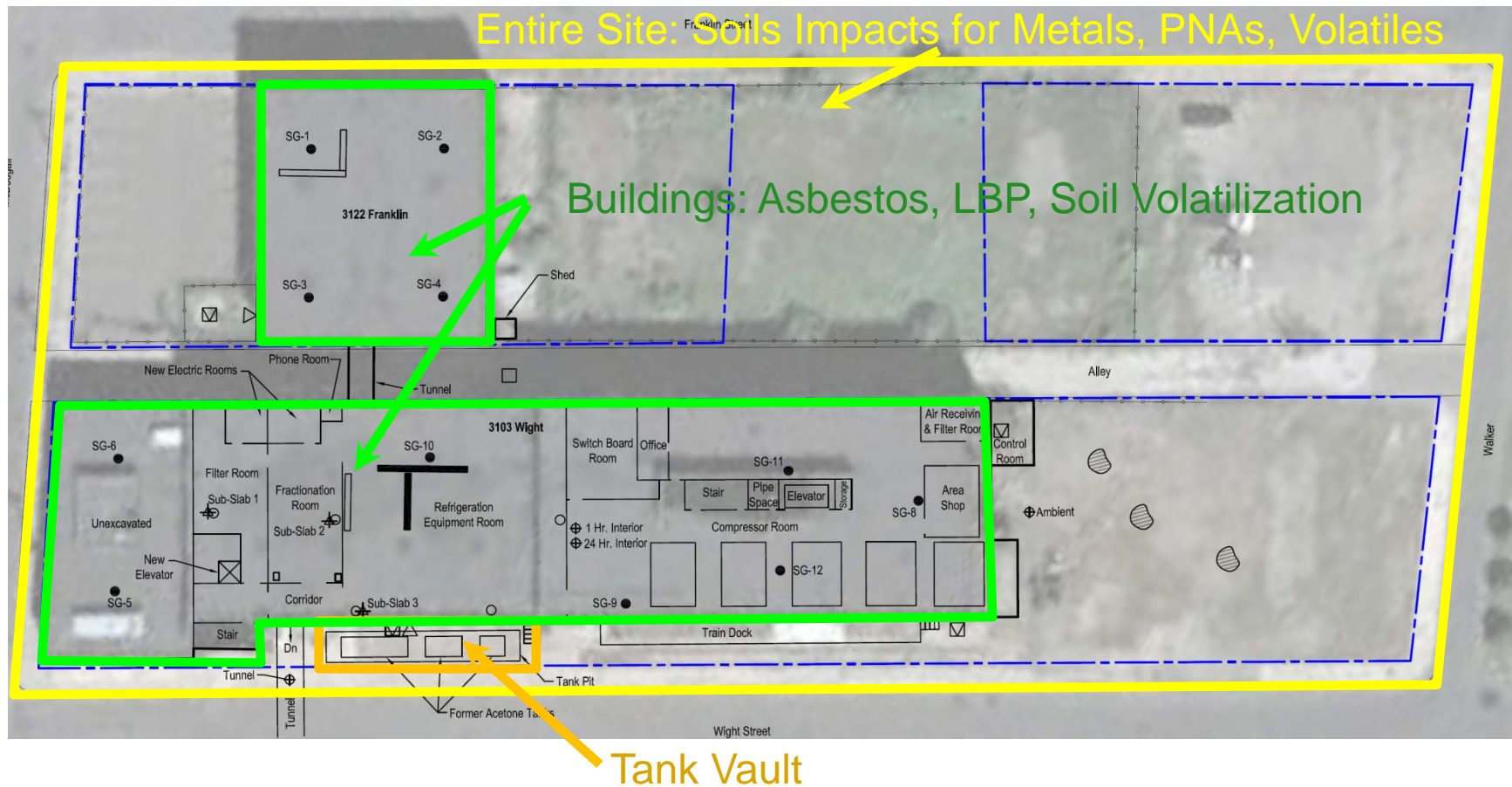
Asbestos and Lead Paint
mitigation required



1957 Photo

The Project

Environmental



The Project

Environmental Reports

- Phase I and Update -Main Project
- Phase I -Private Parcel and Ally
- Phase I Update for all Parcels
- Phase I - Unit 5 Building
- SHPO Documents (Section 106 App)
- HUD Environmental Check List
- Asbestos Survey
- Asbestos Abatement Specifications
- LBP Assessment/Risk Assessment
- Noise Survey
- Phase II - Main Project
- Phase II - Private Parcel and Ally
- BEA - Main Project
- BEA - Private Parcel and Ally
- BEA – Unit 5 Building
- Due Care Plan - All Parcels
- Due Care Plan - Unit 5 Building
- Response Activities Plan – All Parcels
- Response Activities Plan – Unit 5
- No Further Action Report
- Soil Vapor Report (VIA Assessment)
- Geophysical Investigation
- Asbestos O&M Plan
- Asbestos Clearance Inspection
- Brownfield Plan
- 381 Work Plan
- Reimbursement Agreement
- MBT Part I and Part II Applications

Project Construction

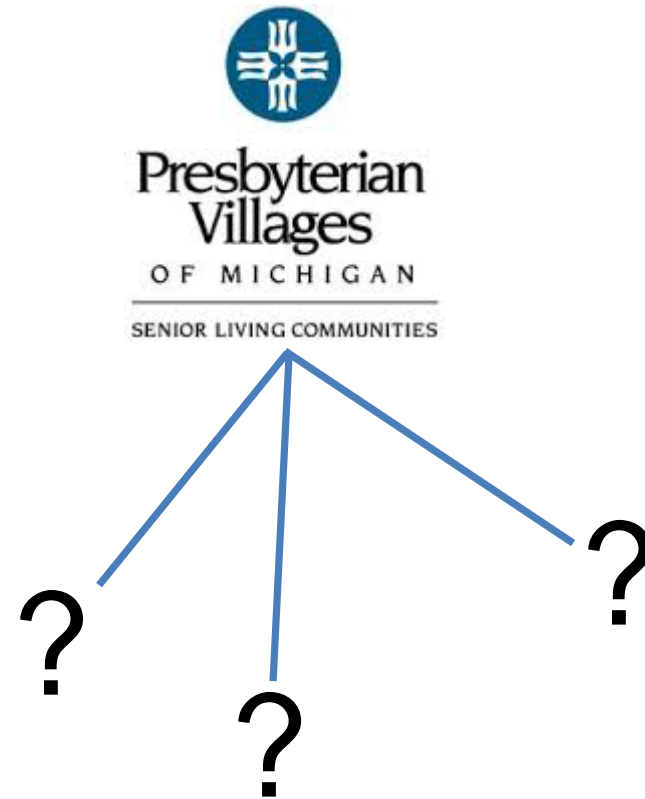
- Freight elevator in one building only, no passenger elevator
- No connections between buildings
- Gutted buildings with no HVAC equipment, electrical or other utilities
- Extensive renovations to buildings required



Project Implementation

Continuous and coordinated senior care requires the cooperation of numerous service providers in long term relationships

Each group has different programming and space needs



Project Financing

\$35 to \$42M Project with
\$17M Gap



Rivertown Neighborhood Project: Strategies



Challenges

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- The Project
 - Historical Uses
- Construction
- Implementation
- Financing Gaps

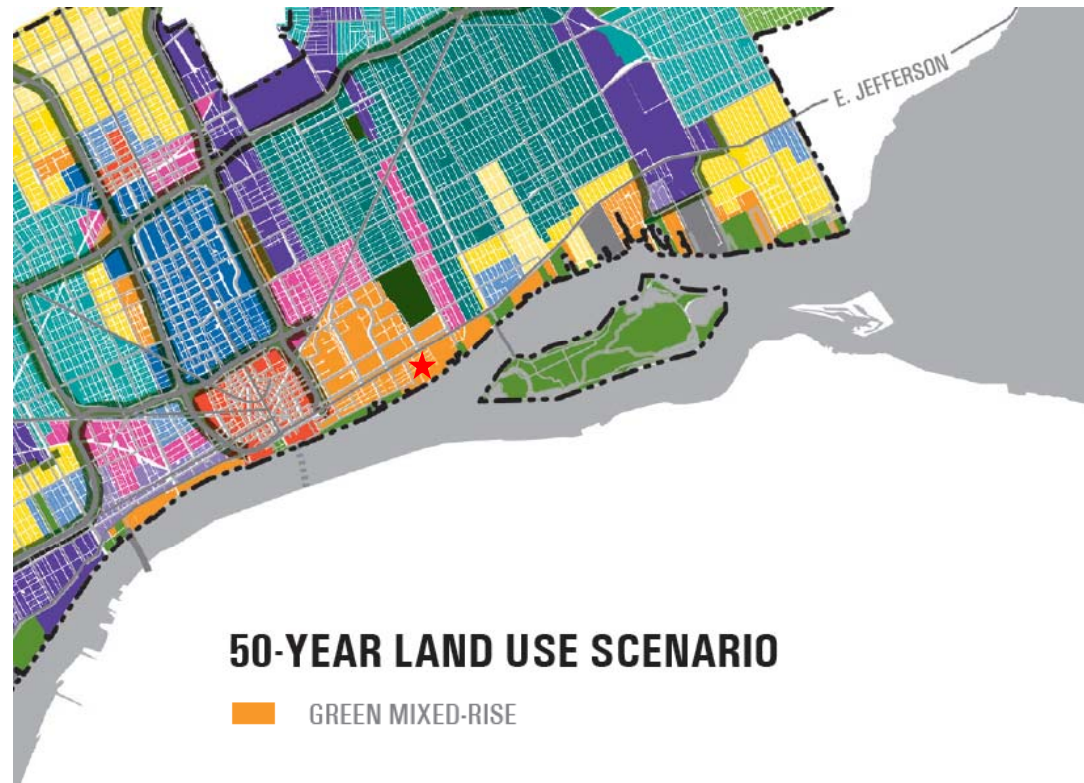
Strategies

- Location
- Restoration
- Partners and Incentives
- Contingencies
- The Village Concept

The Location

Rivertown Neighborhood

Long Term Investment
Future Redevelopment
targeted for Green
Mixed-Rise with
Adjacent Greenways
Future transportation
improvements along
Jefferson



Source: Detroit Future City Report

The Location

Area

Existing bus service along Jefferson

Local retail (Eastern Market 1.4 miles away), hotel and local entertainment

Greenway improvements on the River Walk

Existing and pending parks
1.7 miles from the CBD and
2.5 miles from Midtown
with transportation
provided



The Restoration

Concept



The Restoration

Site

Renovation of existing buildings (Phase II includes new construction)

Removal of asbestos

Encapsulation of remaining lead based paint

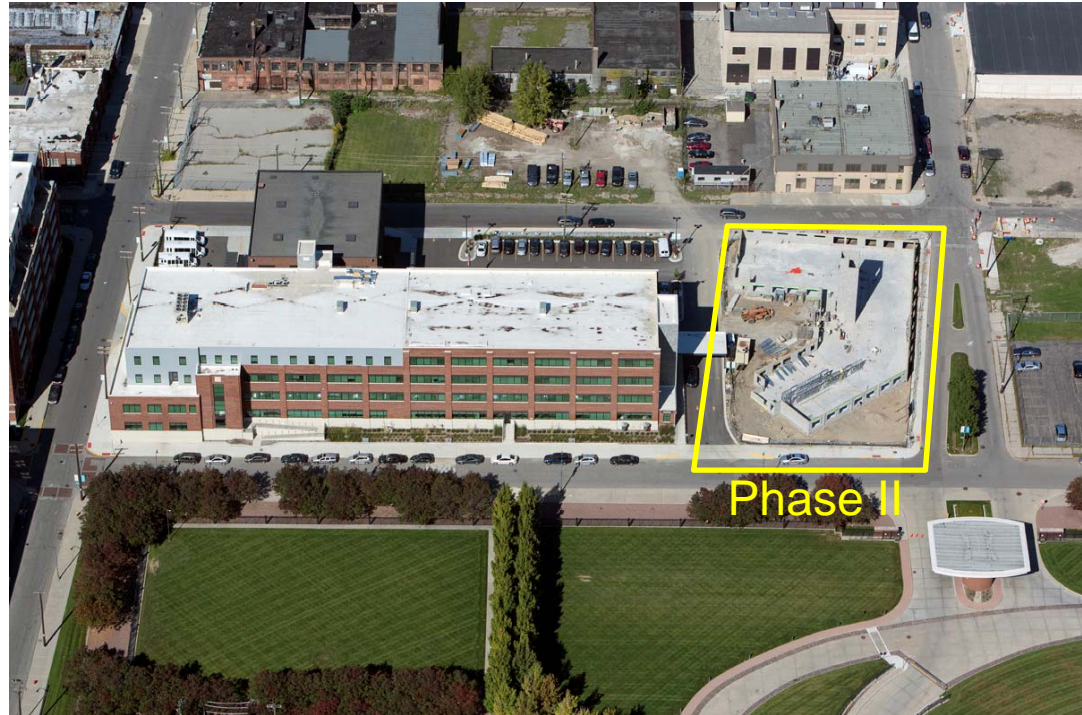
Engineered controls and use restrictions for soils impacts.



The Restoration

Site

- Phase II construction of new building
- Engineered controls and use restrictions for soils impacts.
- Presumptive remedy for radon and volatiles



Partners

Three Development Partners



Three Programming Elements

Center for Senior
Independence PACE

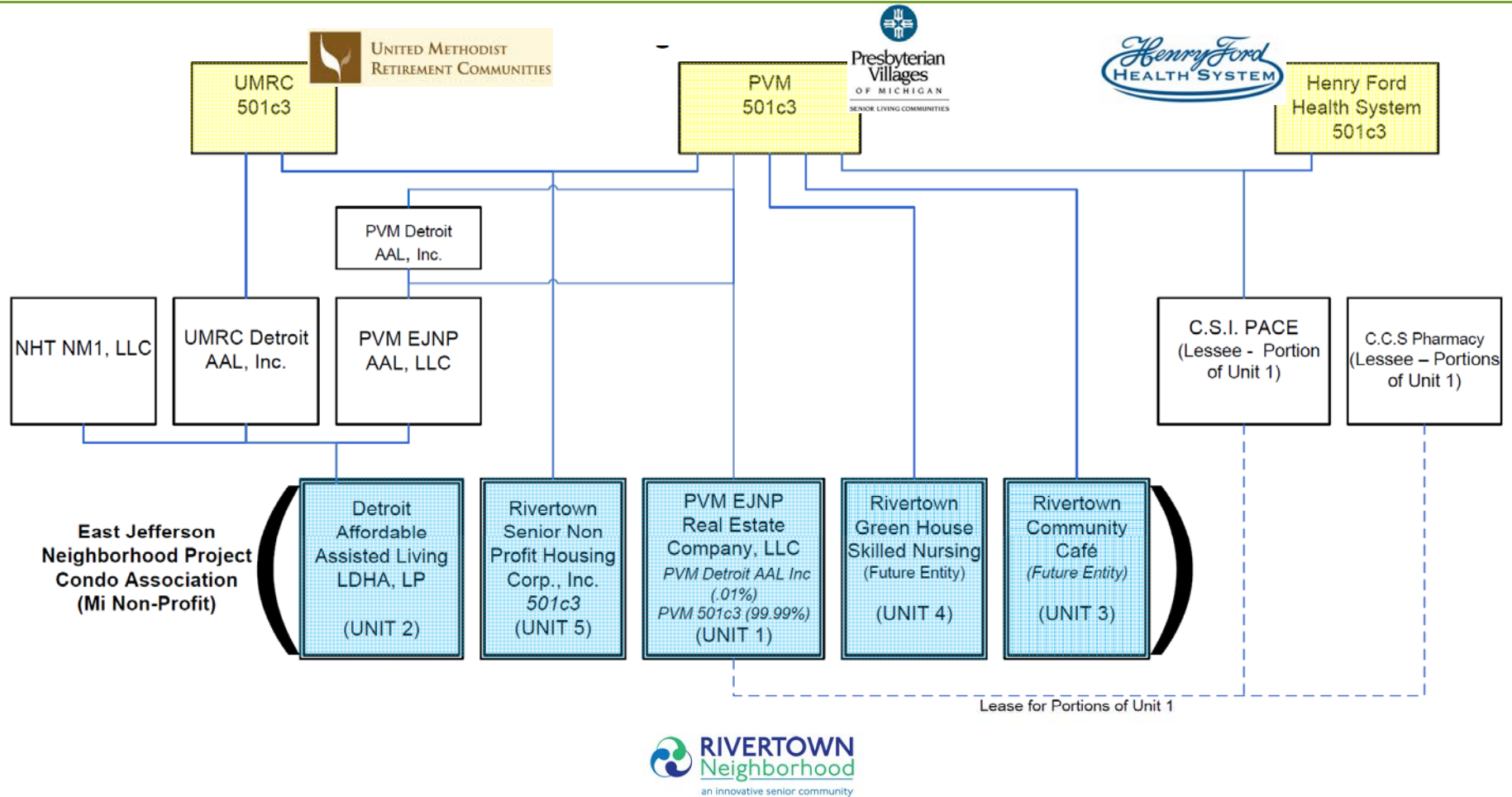
Detroit Affordable
Assisted Living LDHA

PVM EJNP Real
Estate Company LLC



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Partners



Partners

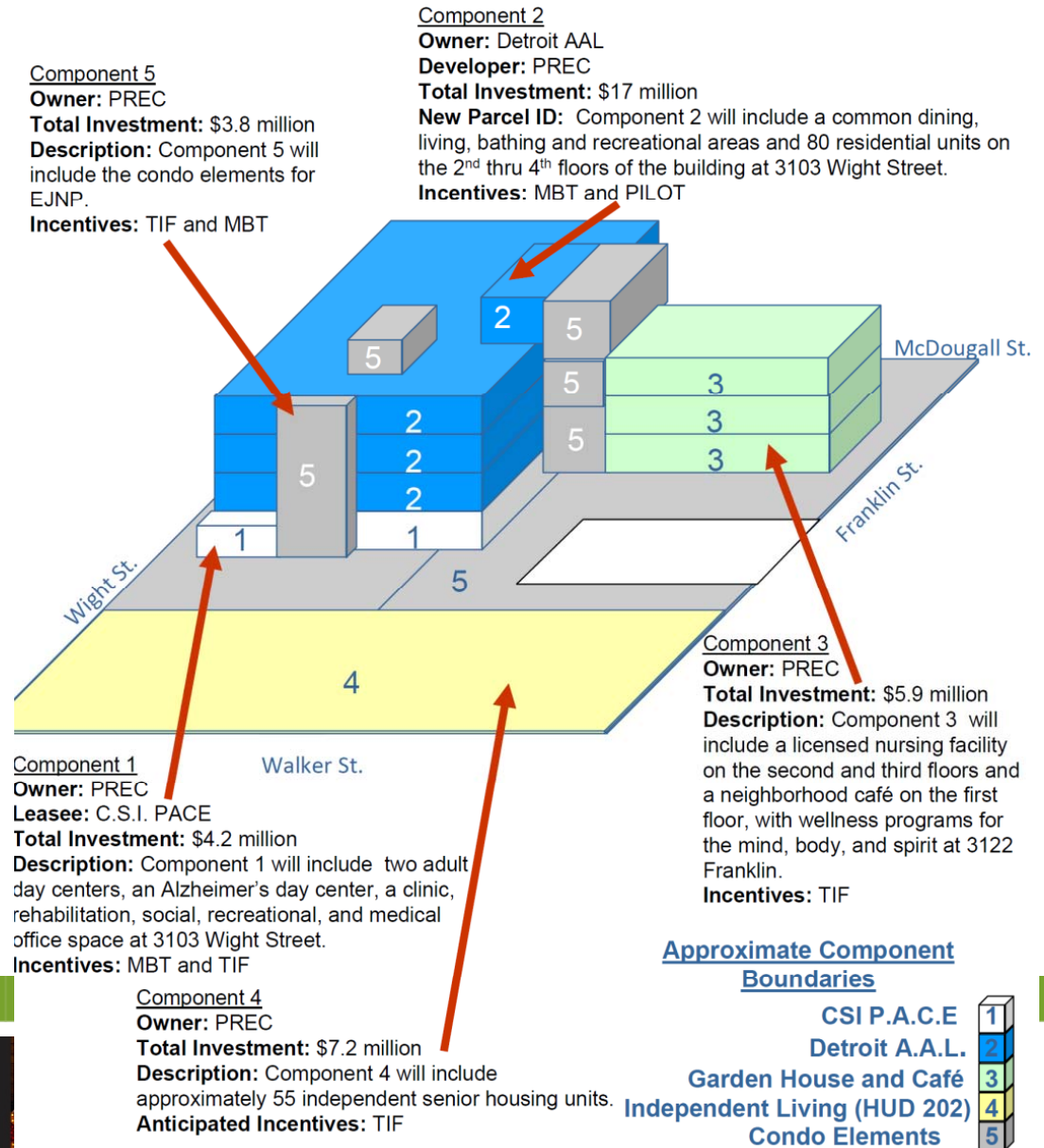
OWNERSHIP MATRIX

	<u>PVM</u>	<u>UMRC</u>	<u>HFHS</u>	<u>NAHT</u>
PVM Detroit AAL Inc.	100%	0%	0%	0%
UMRC Detroit AAL Inc.	0%	100%	0%	0%
Detroit AAL LDHA, LP	.049%	.051%	0%	99.99%
PVM EJNP Real Estate Company, LLC	100%	0%	0%	0%
C.S.I. PACE Joint Venture	45%	0%	55%	0%
CCS Pharmacy	0%	0%	100%	0%
Rivertown Senior NP Housing Corp, Inc.	50%	50%	0%	0%
Rivertown GH Skilled Nursing	100%	0%	0%	0%
Rivertown Community Café	100%	0%	0%	0%

Partners

Five part site condo

Shared common elements
and support equipment
in Component 5



Partners

Program	CSI PACE and HFHS Rx Tenant Improvement	Rivertown (Affordable) Assisted Living	Developer, Site Acquisition & Improvement	Rivertown (Affordable) Senior Apartments	Rivertown Café and Community Gardens	Rivertown Green Houses
Organizational						
Master Developer	PVM	PVM	PVM	PVM	PVM	PVM
Condominium Units	Tenant, Condo 1	Condo 2	Common Areas	Condo Unit 5	Condo Unit 3	Condo Unit 4
Legal Entity	501C3	LDHA, LP	LLC	501C3	501C3	501C3
Sponsors Involved	HFHS/PVM JV	UMRC/PVM	PVM	UMRC/PVM	PVM	PVM
Management Agent	CSI	UMRC	PVM	PVM	PVM	PVM

Incentives

- 11 Funding sources provided by:
 - HUD
 - Michigan State Housing Development Authority
 - National Affordable Housing Trust
 - Detroit Housing Commission
 - Detroit Area Agency for Aging
 - City of Detroit
 - Wayne County
 - State of Michigan and the MEDC
 - Huntington Bank
 - The Kresge Foundation
 - The Harry and Jeanette Weinberg Foundation

Incentives

- Initial grant to start financing
 - \$2M from Community Foundation of Southeast Michigan's Detroit Neighborhood Fund
- State participation with:
 - Low Income Housing Tax Credits \$11.0M
 - Brownfield Tax Credits \$2.3M
 - Brownfield Tax Increment Financing \$0.6M

Incentives

Program	CSI PACE and HFHS Rx Tenant Improvement	Rivertown (Affordable) Assisted Living	Developer, Site Acquisition & Improvement	Rivertown (Affordable) Senior Apartments	Rivertown Café and Community Gardens	Rivertown Green Houses	Total
Capital Investment							
Estimated Capital Investment	\$3,942,035	\$19,714,044	\$5,394,485	\$7,526,000	\$1,590,000	\$3,855,000	\$42,021,564
Construction Jobs Created	65	100	20	80	35	65	365
Annual Addl Regional Impact, PH I Only	63	106	8				\$25 million

Incentives

Key Gap Financing Tools

1. County HOME Funds
2. MSHDA HOME Funds
3. City HOME Funds
4. 9% LIHTC Investor/Limited Partner
5. New Market Tax Credits
6. Brownfield Tax Credits and Tax Increment Financing

Contingencies

Contingency Planning

15% for known items

Unknown items

Unanticipated Elements

Asbestos containing floors

Vapor Intrusion

High water

Lead based paint in
discontinuous areas



The Village Concept

- First integrated senior service campus serving low income seniors at all levels of care in the nation
- Includes Alzheimer's day center, clinic, rehabilitation, social, recreational, and medical office space

The Village Concept

- Program Elements include: expansion of PACE (Program for AI-Inclusive Care of the Elderly), affordable assisted living apartments, affordable senior independent living apartments, Green House supportive 24-hour nursing care, neighborhood café and community center, and garden setting

The Village Concept

- Services 800 seniors on-site
- Housing options for 154 neighborhood seniors

Program	CSI PACE and HFHS Rx Tenant Improvement	Rivertown (Affordable) Assisted Living	Developer, Site Acquisition & Improvement	Rivertown (Affordable) Senior Apartments	Rivertown Café and Community Gardens	Rivertown Green Houses	Total
Elders Served							
Apartments	NA	80	NA	50	NA	10	140
Elders at Any One Point	260	83	NA	53	150	20	566
Elders Served Annually	350	100	NA	60	220	35	765

The Village Concept

- 200 full time employees, and 360 construction jobs
- \$42M in capital investment
- \$276M economic impact over next 10 years
- Catalyst for redevelopment in this area of the Rivertown Neighborhood
- 1 of 7 PVM facilities in Detroit

The Village Concept

Program	CSI PACE and HFHS Rx Tenant Improvement	Rivertown (Affordable) Assisted Living	Developer, Site Acquisition & Improvement	Rivertown (Affordable) Senior Apartments	Rivertown Café and Community Gardens	Rivertown Green Houses	Total
Employment Impact							
Ongoing FTE Jobs Created	138	25	1	3	4	21	192
Base Annual Wage Per FTE	\$48,000	\$30,000	\$40,000	\$35,000	\$25,000	\$42,000	\$39,682
Annual Regional Impact, Ph I Only							\$2.3 million
Capital Investment							
Estimated Capital Investment	\$3,942,035	\$19,714,044	\$5,394,485	\$7,526,000	\$1,590,000	\$3,855,000	\$42,021,564
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Operations

- Operations require 14 funding sources

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Operating Funding Sources						
Medicare/Medicaid Capitated Rate	X					
Resident/Client Rents or Fees	X	X		X	X	X
Medicaid Waiver Vouchers		X				
Food Stamps		X				
DHC & MSHDA Sec 8 Housing Vouchers		X				
Service Contract with CSI PACE		X	X			X
Service Contract with AAL & PSH	X		X			
UMRC/PVM Benevolence Support		X				X
Medicaid Subsidy & Medicare Fees						X
HUD 202 Payment Rental Assist Contract				X		
Local fundraising sources	X	X		X	X	X
Other income, contract services		X				
Commercial Tenant Lease			X			
Condominium Association Dues			X			

Lessons Learned

- This project could not, should not, have been built without the partners and incentives
- The Village Concept was essential in maximizing site usage
- The Village Concept will catalyze existing, isolated developments by providing programming

Questions?

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- Tom Wackerman, ASTI Environmental
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