



Case Study – Detroit: Value of Historic Preservation New Residential Versus Historic Rehabilitation

Over the last 15 years, there has been a far greater amount of rehabilitation of Detroit’s historic building stock versus new residential construction. Far more existing buildings have been brought back from vacant hulks to productive tax-paying structures than parking lots have been converted to tall residential buildings. Besides the stadia, for the most part, Downtown’s parking lots have remained parking lots. There have been only four major new market-rate residential construction projects in the greater downtown area while there have been countless rehabilitation projects. A partial listing of completed projects and unit numbers in the greater Downtown area are as follows:

Completed Rehabilitation Projects (incomplete listing)

1. Banner Linen	20 Units (est.)
2. Canfield Lofts	38 Units
3. Iron St. Lofts	55 Units
4. Firehouse #5	3 Units
5. Fuchs Building	5 Units
6. Kresge Building	7 Units
7. Garfield Building	56 Units
8. Guoin St. Building	3 Units
9. Harmonie Park Buildings	15 Units (originally part residential)
10. Library Lofts	4 Units
11. Lofts at Rivertown	175 Units
12. Lofts at Woodward Center	59 Units
13. One John R (Wright-Kay)	5 Units
14. Boydell (Niki’s Pizza)	47 Units
15. Randolph Center	6 Units
16. Rocky Peanut Building	9 Units
17. Sixth Street Lofts	7 Units
18. Stroh Riverplace	301 Units
19. Stuberstone Building	13 Units
20. 200 Riverplace	50 Units
21. 2000 Brooklyn	12 Units (est.)
22. 1300 W. Lafayette St.	50 Units
23. Two John R	7 Units
24. Walker Brothers Building	6 Units

There are several other rehabilitation projects that currently in the construction phase with many others in the design or funding stages.

New Construction

1. Harbortown	275 Units
2. Millender Center	339 Units
3. Riverfront Towers	800 Units
4. Trolley Plaza	351 Units

(over)

Three of the four new construction projects were significantly subsidized by the City of Detroit with HUD funded programs (UDAG, CDBG, and/or Section 108 Loans) while many of the rehabilitation projects did not require any City subsidy to be constructed. These new large institutionally designed buildings have had little impact on redeveloping their surrounding neighborhoods while the rehabilitated loft buildings around Harmonie Park, along Woodward Ave., and in Rivertown are great examples of rehabilitation projects having significant positive spin-off impacts on their surroundings.

There are several reasons why historic rehabilitation is better from a public policy perspective:

- Rehabilitation projects tend to be smaller scaled;
- Historic buildings tend to have ground floor retail and large ground floor windows that support and enhance street life;
- Subsidy is already available through Federal and State Historic Tax Credits and not required through federal, state, or local budgeted programs;
- Buildings pay significantly more in property taxes than vacant lots;
- Existing building stock is recycled (reducing landfill space);
- Historic rehabilitation is more labor intensive versus new construction, thus more project money remains in the local communities;
- Historic buildings have more architectural detailing versus new construction and makes for more interesting streetscapes;
- In regions growing slowly (like Metropolitan Detroit), rehabilitation projects are less risky than larger new construction projects;
- Features found in older properties (large windows, high ceilings, brick walls, hardwood floors) are more desirable than new construction;
- Rehabilitation projects, due to their average smaller size, are more manageable for smaller and mid-sized developers;
- Larger number of projects may be occurring at the same time; and
- Market absorption is less of a concern with smaller projects versus projects with larger numbers of units coming on line at once.

As Detroit works to try to retain 24-35 year olds, exciting dynamic districts must be available for this important demographic to live in. To create these types of districts with only new construction is nearly impossible. Historic preservation is the key component to almost every successful urban redevelopment in the country.

Detroit must not try to prepare for Super Bowl XL by demolishing downtown's over 40 vacant mid and large-scale buildings (a listing of these structures is available to participants of the "Super Bowl XL: Building or Unbuilding Downtown" event). As demonstrated in this white paper, it is far more valuable to preserve these structures for future redevelopment. Almost every rehabilitated building on this list was a vacant structure before they were converted into loft residential use. These buildings are a rich redevelopment resource that should be viewed as an asset to the City of Detroit and not as a detriment. We agree that steps must be made to make downtown presentable for Super Bowl visitors, but 20-30 new parking lots is not the answer. Detroit has too few buildings as it is; much of Downtown doesn't feel vibrant and lively because there are few buildings left. Further demolition will only exacerbate this situation.

Demolition money should be redirected at twenty of these buildings to encourage their redevelopment through a mixture of grants and low-interest loans. The remaining structures should be mothballed. Twenty buildings in various states of redevelopment would present a much more welcoming face to Detroit's visitors than 20 new parking lots.

Once Detroit's building stock is lost, it will be nearly impossible to create a lively and exciting downtown.