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**HEADLINE:** \$200 million is key to riverfront plan

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**BODY:**

The ambitious Detroit riverfront plan unveiled last week needs at least \$200 million in additional private investment within five years to trigger the final phase of grant money from the Kresge Foundation.

The foundation can withhold \$8 million of the \$50 million in grants that it pledged last week to spark the project if city and civic leaders fail to attract the investment, said John Marshall III, Kresge president and CEO.

Matt Cullen, general manager of economic development and enterprise services for General Motors Corp., said the \$200 million target is attainable. He said low-rise residential housing probably would be the first private investment in the area.

He envisioned neighborhoods springing up behind a river walk and string of parks planned for three miles of riverfront between Joe Louis Arena and Belle Isle.

The stakeholders in the plan, including government, business and foundation leaders, expect the area to hold 4,000 new residential units by 2006.

"I'd be disappointed if there weren't hundreds of millions of dollars of private investment in the next five years," Cullen told Crain's in an interview last week.

The Kresge grant commitments will provide critical seed money to about \$535 million in public and private projects as part of a grand vision for the east riverfront. That vision includes a 25.5-acre Tri-Centennial State Park and Harbor, a new port terminal and miles of green space with a walkway for pedestrians, bikers and skaters.

The plan came together in just a few weeks after Detroit Mayor Kwame Kilpatrick announced an end to the city's plan to have permanent casinos built on the east riverfront.

Most of the \$535 million in announced projects are already under way or have been announced previously.

For example, the figure includes \$65 million of GM spending at its Global Headquarters in the Renaissance Center and \$70 million more for a new building with a health club, stores and parking.

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The state is spending \$140 million for road work and the city \$190 million to move cement silos, build a parking deck and complete the civic-center promenade.

New private-sector investment, however, is key, said Derrick Miller, chief administrative officer for the city of Detroit. The area is zoned for mixed residential, commercial and office use.

For the plan to work, construction needs to fill in between the green space at the river and East Jefferson to the north.

It will take many years, under the best scenario, for that development to take root. But Kresge thought it important to peg \$8 million of its \$50 million in grant commitments to attainment of \$200 million in new investment within five years, Marshall said.

That investment could be home construction, commercial buildings, retail or even an entertainment venue, such as an aquarium, Marshall said. But Kresge wants its money to be a spark, not an end, he said.

Cullen said private developers have inquired about opportunities on the riverfront. He said the announcement would generate more, and those inquiries would be directed to city officials.

The plan is being applauded widely as the best chance yet to revitalize the decaying riverfront, which recently was hit by the turmoil of an on-again, off-again casino deal.

But one real estate expert says it won't be easy to deal with some property owners who had hoped to sell their land to deep-pocket casinos and failed.

"I love the plan and am inspired by it," said Charles Mady Sr., president of Exclusive Realty Inc. "But as a broker who tried to make deals to assemble casino sites, I can tell you it won't be easy going for anyone to put together land for development.

"Property values are much too high, not realistic; and if they don't control that, I don't know how they can build around it."

Mady said 15-25 acres of land near the center of the project are privately held by owners asking "outrageous prices" for their property. Mady heard the land-owner demands while working on the casinos deal and, later, trying to assemble a site for the Federal Reserve Bank.

"Asking prices were from \$100 a square foot wholesale to \$300 for small pieces - way too high," Mady said.

Alan Ackerman of Troy-based Ackerman & Ackerman P.C. said the plan will allow "private land development through private hands, and hopefully that will readily happen."

Ackerman, an eminent-domain lawyer who has represented property owners in the riverfront area, said developers simply may "build around" owners who won't sell their property at fair prices or develop it themselves.

He said the east riverfront was "ready to take off six years ago, and the casinos cost that momentum."

"Now, it looks like they're getting it together and are really serious about doing something on the riverfront," he said.

Cullen said he thinks land values will "rationalize" as work on the riverfront infrastructure, parks and river walk progresses.

Marshall said the failure of the casino plan paved the way for the new vision for the waterfront. As part of the plan,

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the city purchased private property and now owns about 50 acres in the area, including about 10-15 acres outside of an area designated for parks. That land is developable.

"We should look at the casino debacle as an opportunity. It's Detroit's equivalent of the Chicago fire," Marshall said, alluding to rebuilding that Chicago did after the October 1871 conflagration that destroyed much of the downtown.

The \$50 million grant pledged by Kresge is the largest ever made by the foundation. It calls for \$25 million in matching funds to come from corporations, foundations and individual donors.

The \$25 million in matching funds is earmarked for a nonprofit land conservancy that will operate and maintain green space along the riverfront.

Creation of the Detroit Riverfront Conservancy, headed by Cullen and Miller, is another benchmark that triggers Kresge money for the project, Marshall said.

The green space will be developed in pieces. The Tri-Centennial Park, Michigan's first state park in an urban area, has \$10 million already committed by the state. Phase one is 16 acres incorporating the existing St. Aubin Park and Marina, with renovation of docks and repair of the seawall to be completed by next summer.

Phase two includes removal of the LaFarge cement silo and creation of an additional 9.5 acres of nature area. A future expansion is to increase the park to 40 acres.

Cullen said the park design envisions moving the Chene Park amphitheater, probably to Hart Plaza, because parking and crowds could inhibit residential development desired near its current location.

Also slated to be removed in the riverfront vision is Ford Auditorium, which Cullen said could be replaced with an attraction such as an aquarium. Hart Plaza gets more green space under the plan.

At the other end of the river walk, the city is pledging to turn the long-vacant Uniroyal site into a park leading to the bridge entrance to Belle Isle.

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**GRAPHIC:** Cullen

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