

PRESS & GUIDE

New grant, plans move Dearborn projects forward

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DEARBORN

State and local officials are hopeful that two major redevelopment projects — one in the city's east end and one in the west — will bring much-needed jobs and investment capital to the area in the near future.

The first project calls for the development of new office, housing and retail space on the site of the old Montgomery Ward building at the corner of Michigan and Schaefer in the city's east end, while a multi-million dollar grant received last week will help support the construction of a multi-phased, mixed use development across 12 sites along Michigan Avenue between Howard and Military in West Dearborn.

Together, the massive redevelopment projects are expected to bring nearly 900 jobs and more than \$180 million in investment capital to the Dearborn area.

"Given today's economy, we're very pleased to see that these developers have chosen to make an investment in our community," said Mary Laundroche, director of public information for the city of Dearborn.

The city purchased the old Montgomery Ward site for \$3.35 million in 2005, and selected REDICO as the preferred developer earlier this year.

According to Barry Murray, director of the city's Community and Economic Development Department, the company plans to demolish the existing building and construct a new facility, with Oakwood Health Group as its primary tenant.

The medical group is currently in negotiations to purchase Midwest Health Center, which was originally named as the primary tenant. The company is still expected transfer more than 300 employees from its current location if an agreement between the two parties is reached.

According to REDICO Vice President Ken Till, Oakwood/Midwest would occupy approximately 125,000 square-feet of space inside the new building, with an additional 25,000 square-feet space for retail, which could include a pharmacy, coffee shop, restaurant and/or bookstore.

American House, which currently operates more than 29 senior living complexes throughout southeastern Michigan, has also expressed interest in constructing about 120 housing units on or near the property, Murray said.

Earlier proposals also called for the construction of a 624-space parking deck, however, that number was later reduced to about 500 spaces and the structure was separated from the retail building along Schaefer to "improve efficiency and reduce costs."

"As this project has evolved, it's true that some different numbers have been talked about," Laundroche said. "But the project is still evolving and I think that's a good sign — especially in today's economic climate."

According to Murray, the state's current unemployment rate is about 7.7 percent, up from 6.6 percent a year ago. Dearborn is at about 5.8 percent, which is up from 5.3 percent in 2003.

"The U.S. Conference of Mayors has identified southeast Michigan as having over a \$3.4 billion foreclosure and sub-prime mortgage problem and we are all seeing firsthand the impacts of the struggling housing market," he said.

The current market has forced the city to re-evaluate some of its ongoing projects, Murray said, including the construction of a 10-story tower with ground-floor retail space between the West Village parking decks across from the West Village Commons development.

The development officially opened for business in June 2006, and currently houses near a dozen restaurants and shops. However, despite the diverse selection of businesses that have already taken up residence there, nearly 80 percent of the development's available space remains unoccupied.

City officials are hopeful that things will go better in the east end, with REDICO expected to begin demolition of the old Montgomery Ward building in March 2008, with construction of the new mixed-use facility scheduled to begin the following month.

"I believe REDICO has worked in good faith with the city to achieve the provisions of the preferred developer agreement," Murray said. "They have brought a professional and comprehensive team and approach to the project."

On Dec. 17, the Dearborn City Council agreed to extend the company's preferred developer agreement with the city by an additional 90 days in order to allow Oakwood to finalize its agreement with Midwest Health.

The motion passed with a 4-2 vote, despite objections from Council President Tom Tafelski and Councilman George Darany, who expressed concern about the project.

"There are still issues that need to be addressed," Tafelski said. "The development we're being presented with now isn't the same one we were presented with awhile back. That concerns me."

Another project on the opposite end of town will move ahead as scheduled, thanks in part to a multi-million grant approved last week by the Michigan Economic Development Corporation and the Michigan State Housing Development Authority.

The grant provides a state Brownfield tax credit valued at \$9.1 million and state and local tax capture worth \$46 million to support a multi-phased, mixed-use development across 12 sites along Michigan Avenue between Howard and Military.

The Dearborn Village Partners project is one of many being overseen by developer Hakim Fakhoury, and calls for the construction of mixed-use retail and housing, including two 10-story mid-rise condos and a tri-level 881-space parking deck.

It is expected to generate \$125 million in capital investment, and create 350 new jobs, according to a press release issued last week by the office of Gov. Jennifer Granholm. The West Dearborn Downtown Development Authority is assisting the project with \$42.5 million in tax capture for public infrastructure activities.

"Creating vibrant Michigan cities like Dearborn are important to our state's economic transformation," Granholm said. "Restoring blighted properties attracts new investment, jobs and a better quality of life in our community."